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PROCEEDINGS AND DEBATES OF THE 95th CONGRESS, FIRST SESSION

SENATE—*Friday, July 22, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. EDWARD ZORINSKY, a Senator from the State of Nebraska.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, giver of life and liberty, we come to Thee not in our strength but in our weakness. Make us alert and strong in Thy service. May we set our values in the light of Thy word. Help us to be hardheaded without being hardhearted. If we must choose between two ways, both of which are good, help us to choose the better way. And if we face a choice between two evils give us the will to reject both; then seek light for a higher way. Reward our faithfulness with the peace of those whose minds are stayed on Thee. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 22, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable EDWARD ZORINSKY, a Senator from the State of Nebraska, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. ZORINSKY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Thursday, July 21, 1977, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum on my time.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 10 minutes, with statements therein limited to 2 minutes each.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

BUDGET ACT WAIVER

Mr. ROBERT C. BYRD. Mr. President, there is a budget waiver resolution at the desk, Senate Resolution 217, reported today, which has to do with Calendar Order No. 309, H.R. 6550, an act to authorize certain appropriations for the territories of the United States, to amend certain acts relating thereto, and for other purposes.

I ask unanimous consent that the Senate proceed to the immediate consideration of the budget resolution.

There being no objection, the resolution (S. Res. 217) was read, considered, and agreed to, as follows:

Waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 6550

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 6550. Such waiver is necessary to allow the authorization of funds for the territories of the United States.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 16, 1977, because of the large number of matters considered and reported by the Committee on Energy and Natural Resources including S. 7, Surface Mining Act, S. 36, S. 37, S. 266, S. 1340, S. 1341, to authorize funds for the Energy Research and Development Administration, S. 925, emergency drought legislation, S. 393, the Montana Wilderness study bill, S. 1125, Eleanor Roosevelt Historic Site bill, H.R. 4390, to authorize funds for the San Luis unit, H.R. 5306, to amend the Land and Water Conservation Fund Act.

In addition, the Committee on Energy and Natural Resources has held extensive hearings on S. 1469, the National Energy Act, and markups on many other matters since May 17, 1977.

Although the Committee could have considered H.R. 6550 beween the date of referral (May 3, 1977) and May 16, action was deferred at the request of the Office of Management and Budget and the Department of the Interior to allow the administration time to comment on the legislation and at the request of the Congressional Budget Office to permit them to prepare a budget estimate.

The authorizations contained in H.R. 6550 are consistent with the Energy and Natural Resources Committee's March 15, 1977, report to the Committee on the Budget.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR NO ROLLCALL VOTES PRIOR TO 12 NOON TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, if any rollcall votes are ordered prior to the hour of 12 o'clock noon today, the voting not occur prior to the hour of 12 o'clock noon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, there is a nomination on the Executive Calendar for Mr. Barry P. Bosworh to be Director of the Council on Wage and Price Stability. If it is cleared on the minority side, I ask unanimous consent that the Senate go into executive session to consider that nomination.

Mr. STEVENS. We concur.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. STEVENS. I have no objection.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

COUNCIL ON WAGE AND PRICE STABILITY

The second assistant legislative clerk read the nomination of Barry P. Bosworth, of Maryland, to be Director of the Council on Wage and Price Stability.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, having no request for the minority leader's time, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 11:04 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that:

The House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The House has agreed to, without amendment, the concurrent resolution (S. Con. Res. 39) authorizing technical corrections in the enrollment of H.R. 2.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MUSKIE, from the Committee on the Budget:

Without amendment:

S. Res. 217. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 6550 (Rept. No. 95–358).

By Mr. JACKSON, from the Committee on Energy and Natural Resources:

Without amendment:

S. Res. 228. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 977. Referred to the Committee on the Budget.

By Mr. KENNEDY, from the Committee on Human Resources:

Without amendment:

S. Res. 229. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of 1217. Referred to the Committee on the Budget.

With an amendment:

S. 1217. A bill to regulate activities involving recombinant deoxyribonucleic acid (together with supplemental views) (Rept. No. 95–359).

With amendments:

S. 705. A bill to amend the Public Health Service Act to revise and strengthen the program under that Act for the regulation of clinical laboratories (Rept. No. 95–360).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that today, July 22, 1977, he presented to the President of the United States the enrolled bill (S. 1474) to authorize certain construction at military installations, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. THURMOND:

S. 1909. A bill for the relief of certain employees of the Charleston Naval Shipyard, Charleston, South Carolina; to the Committee on the Judiciary.

By Mr. METZENBAUM:

S. 1910. A bill for the relief of George William Allman; to the Committee on the Judiciary.

By Mr. ROTH:

S. 1911. A bill to amend Title XVI of the Social Security Act to permit States to establish work program demonstration projects under the Aid to Families with Dependent Children program; and

S. 1912. A bill to amend Title XI of the Social Security Act to establish work program demonstration projects under the Aid to Families with Dependent Children program; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

(Statements in connection with the above introduced bills and joint resolutions are printed at the conclusion of Senate proceedings today.)

ADDITIONAL COSPONSORS

S. 274

Mr. STEVENS. Mr. President, on behalf of Senator THURMOND, I ask unanimous consent that the senior Senator from Kentucky (Mr. HUDDLESTON) be added as a cosponsor to S. 274, a bill to prohibit unionization of the military services.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 514

At the request of Mr. RIBICOFF, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of S. 514, to amend title XVIII of the Social Security Act.

S. 1531

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors to S. 1531, a bill to amend the Toxic Substances Control Act to establish a program of assistance to the States for protection and indemnification of individuals injured in their business or person by chemical substances to establish a chemical emergency respond team, to increase the authorization for appropriations, and for other purposes: Messrs. STEVENSON, RIEGLE, STEVENS, and GRIFFIN.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 1540

At the request of Mr. TOWER, the Senator from Utah (Mr. GARN), the Senator from South Carolina (Mr. THURMOND), the Senator from Nebraska (Mr. CURTIS), and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of S. 1540, the Federal Construction Costs Reduction Act of 1977.

S. 1694

At the request of Mr. RIEGLE, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 1694, to amend the Federal Water Pollution Control Act.

S. 1763

At the request of Mr. MCINTYRE, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1763, the Civilian Secretaries Information Act.

S. 1819

At the request of Mr. DECONCINI, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 1819, the Federal Criminal Diversion Act of 1977.

SENATE CONCURRENT RESOLUTION 38

At the request of Mr. DOLE, the Senator from Wyoming (Mr. HANSEN) was

added as a cosponsor of Senate Concurrent Resolution 38, disapproving presidential action regarding the sugar industry.

SENATE RESOLUTION 228—ORIGINAL RESOLUTION REPORTED WITH RESPECT TO THE CONSIDERATION OF S. 977

(Referred to the Committee on the Budget.)

Mr. JACKSON, from the Committee on Energy and Natural Resources, reported the following resolution:

S. RES. 228

Resolved, That, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 977. Such waiver is necessary because (1) section 211 of the bill provides that the Administrator of the Federal Energy Administration is authorized to make loans to any person who owns, leases, operates, or controls any existing electric powerplant or major fuel-burning installation which converts to coal or other fuel in lieu of natural gas or petroleum as a primary energy source beginning in fiscal year 1978 and extending through 1982; and (2) section 306(g) authorizes the Administrator of the FEA to expend sums for assistance to regions impacted by expanded coal production for 8 years beginning in fiscal year 1978.

All of these provisions relate to that part of the national energy plan concerning the conversion of electric powerplants and major fuel-burning installations from natural gas and oil to coal and other fuels.

The committee action to report S. 977 was delayed because of the need to consider (1) other major bills which had not been within the committee's jurisdiction prior to adoption of S. Res. 4 and (2) the energy proposals submitted to Congress by the President to implement his national energy plan.

SENATE RESOLUTION 229—ORIGINAL RESOLUTION REPORTED WITH RESPECT TO THE CONSIDERATION OF S. 1217

(Referred to the Committee on the Budget.)

Mr. KENNEDY, from the Committee on Human Resources, reported the following resolution:

S. RES. 229

Resolved, that pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1217, a bill to regulate activities involving recombinant DNA in order to assure that such activities be conducted in a manner to protect the public health and welfare. Such waiver is necessary because section 1822 of the bill authorizes appropriations beginning in fiscal year 1978. Without this legislation, only facilities which receive DHEW funds are required to comply with guidelines for safety and performance of activities in this area in the private sector. These activities are not required to comply with DHEW safety guidelines. Consequently, the Committee on Human Resources finds that there is a compelling need to protect the health and welfare of the Nation by requiring all recombinant DNA activities to comply with the uniform national standards of safety and performance as provided for in S. 1217. Recombinant DNA activities offer many potential benefits but also raise serious questions regarding potential hazards to the evironment and to the public health. Because of these issues, there had developed a wide-range opinion in the scientific community and the general public concerning recombinant DNA activities. The technical complexity of the issue required a careful, deliberative approach to the development of this legislaion. The Administration, private industry and academic scientists all presented testimony. In order to give full and responsible consideration to this legislation, it was essential for the Committee to thoroughly review the received comments before reporting the bill. Due to this necessity, the technical complexity of the issue, and to the press of other major legislative business, the Committee on Human Resources was unable to report the bill prior to May 15. The budget estimate for the bill is sufficiently small that its consideration will not significantly affect the Congressional budget, nor delay the appropriations process.

NOTICES OF HEARINGS

NOMINATION

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, August 2, 1977, at 10 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

John H. Shenefield, of Virginia, to be an Assistant Attorney General, Antitrust Division, vice Donald I. Baker, resigned.

Any persons desiring to offer testimony in regard to this nomination shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

This hearing will be before the full Judiciary Committee.

ADDITIONAL STATEMENTS

(Additional statements are printed at the conclusion of Senate proceedings today.)

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. The time for morning business is closed.

MAGISTRATE ACT OF 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1613, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1613) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of the U.S. magistrates.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment.

The ACTING PRESIDENT pro tempore. Time for debate on the bill is limited to 1 hour, to be equally divided and controlled between the Senator from Arizona (Mr. DECONCINI) and the Senator from South Carolina (Mr. THURMOND), with 30 minutes on any amendment, debatable motion, appeal, or point of order.

Who yields time?

Mr. DECONCINI. Mr. President, I ask unanimous consent that Bob Feidler and Romano Romani be granted privilege of the floor during the debate and votes on this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that Eric Hultman of the Senate Judiciary staff be granted privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the committee amendment be agreed to, and be considered as original text for purposes of further amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the committee amendment be amended by changing, on page 14 of the calendar print, line 12, the words "section 11" to read "section 12".

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, it is with considerable pride that I rise to discuss S. 1613, the Magistrate Act of 1977. As the result of our mutual concern over the present state of the Federal judiciary with its backlogs and ultimate inability to provide reasonable access, especially for persons in lower-income groups, the distinguished majority leader of the Senate, Mr. ROBERT C. BYRD, and I introduced the magistrate bill. After extensive hearings in the Subcommittee on Improvements in Judicial Machinery of which we are both members, we have molded the original concept into what we both believe will be a major instrument in the struggle to make the Federal judicial branch responsive to the many and varied needs of the entire population.

Perhaps more than any other nation in the world, we are a people of laws, laws that define rights and establish mutual relationships between us. The key to any such intricate system of rules is a highly qualified and easily accessible judicial system. As our laws become more complex, cases become more difficult to dispose of because they are more time-consuming. This is no criticism of our system; rather, it is a reflection of our sophistication and high degree of civilization. Nonetheless, the judicial branch of the Federal Government has been slow to develop mechanisms to cope with this growing complexity. We are faced, therefore, today with a situation that demands action. Justice is not served and the intricate system of laws that is our hallmark cannot function if an individual must wait 2 or 3 years to obtain a hearing.

The Magistrate Act of 1977 will not solve all these problems; it is not a judicial panacea. But it will, I believe, make a significant impact. The legislation we are presenting to the Senate today is the culmination of much work and thought, going back well over a decade. Many able individuals have contributed mightily to the effort. The chairman of the Senate Judiciary Committee, Senator JAMES O. EASTLAND, has not only been supportive of our efforts, but has encouraged the freshman members of his committee to take initiatives and repeatedly demonstrated his trust in our judgment. My predecessor, Senator Quentin Burdick, worked long and hard as chairman of the Subcommittee on Improvements in Judicial Machinery. And it was under the able leadership of former Senator Tydings that the original magistrate concept was given life. More recently, the able and forward-thinking Attorney General, Judge Griffin Bell, has taken the initiative within the executive branch to modernize the Federal courts. Senator MALCOLM WALLOP, the ranking minority member of the subcommittee, has played an equally important role. He has displayed a keen understanding of the needs of the Federal judiciary.

Senator THURMOND, the ranking minority member of the Judiciary Committee, has encouraged and supported this legislation.

In the last analysis, however, it is the distinguished majority leader himself who is primarily responsible for the success we have been able to achieve. As a freshman Senator managing his first piece of legislation, I cannot praise too highly the efforts of Mr. BYRD. He has served as mentor to each of the freshmen, teaching us the ways of the Senate—including its pitfalls and sometimes tortuous path—and displaying infinite patience. But most importantly he has shown a deep commitment to legislation which he believes will serve the Nation well.

The bill will amend the current jurisdictional provisions for U.S. magistrates in order to further clarify and expand the jurisdiction of U.S. magistrates and improve access to the Federal courts for the less advantaged. The bill provides for an expansion of the present power of magistrates to dispose of certain minor criminal cases by including all Federal misdemeanors within that jurisdiction and an expansion in civil cases where the parties to the litigation consent to the exercise of such power by the magistrate.

In 1968, the 90th Congress enacted the Federal Magistrates Act and created a system of full-time and part-time judicial officers who would perform various judicial duties under the supervision of the district courts in order to assist the judges of these courts in handling an ever-increasing caseload. At that time there were 340 authorized district judgeships with a caseload of 70,961 civil cases and 32,207 criminal cases—a total caseload of 303 cases per judgeship. Today, the caseload is 431 cases per judgeship. Even with the approval of S. 11 which would authorize an additional 113 district judgeships, the caseload for fiscal 1976 would have been 336, still above the 1967 level. It is clear there is a growing need for the assistance of magistrates in the disposition of the caseload of the district court judge.

In enacting the Federal Magistrates Act of 1968, the Congress clearly intended that the magistrate should be a judicial officer whose purpose was to assist the district judge to the end that the judge could have more time to preside at the trial of cases. As indicated by the increasing caseload there is clearly a need to clarify and broaden the role of magistrates in assisting district judges in the disposition of cases which would ordinarily be tried by the district judge. This is the purpose of the Magistrates Act of 1977.

In the civil area, the bill recognizes the growing interest in the use of magistrates as the exigencies of the Speedy Trial Act increase the demands on the Federal court and force many civil cases out of court where all procedural safeguards are lost. The bill would allow increased use of magistrates to improve access to justice. The bill permits magistrates to try any civil case upon the consent of the parties, and further explicitly authorizes them to finally decide such cases. The bill makes clear that voluntary consent of the parties is required. Under the bill, the appeal, if necessary, can be obtained in one of two ways. An appeal as of right would lie from a final judgment of a magistrate to a judge of the district court in the same manner an appeal is now taken from the district to the circuit court. Further review by the court of appeals would be discretionary. The bill also provides an alternative method for taking appeals, where the parties consent to the alternative procedure at the time the reference is made. In such cases, the magistrate is empowered to direct the entry of final judgment of the district court, and the parties may prosecute an appeal of right to the court of appeals directly.

In the criminal area, U.S. magistrates are currently empowered to try persons accused of minor offenses for which the maximum penalty that may be imposed does not exceed imprisonment for a term of 1 year or a fine of $1,000, or both, with limited exceptions, if the defendant consents to trial before a magistrate rather than before a district judge, and if the defendant also waives whatever right to trial by jury he may have. The bill would expand this trial jurisdiction to include any misdemeanor prosecuted in the Federal district court. A misdemeanor is any offense for which the maximum term of imprisonment that may be imposed does not exceed 1 year, regardless of the amount of a fine that may be imposed. The bill would also eliminate the present requirement that the magistrate not try any petty offense—an offense for which the term of imprisonment may not exceed 6 months and for which the maximum fine may not exceed $500 upon conviction—unless the defendant consents to such trial in writing. The bill would also allow for the first time: First, that trials of misdemeanors above the petty offense level could be by jury before the magistrate, and second, that the Government would be permitted to petition the district court to remove a particular misdemeanor above the petty offense level from the magistrate for good cause shown, including novelty, complexity, and importance. In approving the bill, the committee has restricted the conduct of civil trials by consent to those magistrates who serve as full-time magistrates or in combination positions on a full-time basis.

It is left to the judicial conference to exercise its responsibility to restrict either the jurisdiction or the private practice of part-time magistrates to insure that the appearance of impropriety, as well as the potential for actual conflict of interest, is avoided, while the further development of full-time positions is being accomplished.

In order to reflect the greater responsibility generated by the increased power and jurisdiction of the U.S. magistrates, changes have been made in the selection and appointment process. Currently, the district courts are accorded unfettered discretion to select magistrates once the position is created by the judicial conference. The vesting of the appointment power in those with both the most familiarity with the qualifications of potential applicants and the greatest self-interest in securing competent individuals to serve as magistrates has generally resulted in the selection of well-qualified individuals. The committee believes, as I have maintained, that the determination on the selection and appointment of magistrates should continue to be made by the district judges. To be sure to the greatest extent possible that each and every individual appointed as magistrate will be fully competent and qualified to perform the full range of the duties of the office, the bill requires the judicial conference to promulgate standards for the qualifications of magistrates, as well as procedures for their selection, no later than April 30, 1978. Upon the promulgation of such standards and procedures, the district courts are required to comply with the conference policies in making all appointments to magistrate positions. There are two basic minimum provisions which are included in the bill:

(1) all magistrates must have been admitted to the practice of law for a period of five years, and

(2) each individual appointed by a district court to serve as a full-time magistrate must also be certified by the judicial council of the circuit as qualified to perform the duties of the office.

These will encourage the judicial conference to promulgate standards and procedures that both assure that magistrates have an adequate legal seasoning before assuming office and also provide for a suitable role for groups outside the district courts in assisting the district courts in their selection of magistrates.

The enactment of this bill will not involve any direct additional cost to the Government initially. If the legislation is as successful in its implementation as we would like there will be an increasing amount of work for the magistrates which might at some later time necessitate the need through the appropriation process to authorize additional support personnel such as court reporters and

clerk-criers for the additional full-time magistrates which might be created. It should be noted that these appropriations will be indicators of a successful program which is meeting the goals we have designed it for.

I urge my colleagues to support the passage of this legislation and in doing so would like to express my appreciation for the support of the distinguished majority leader, Mr. ROBERT C. BYRD, and the efforts of the distinguished ranking member of the Subcommittee on Improvements in Judicial Machinery, Mr. WALLOP. His presence and participation in the hearings was invaluable as we received testimony and questioned witnesses regarding each and every aspect of this legislation. His input and suggestions were most helpful as we finalized each section of the legislation which was approved by the Committee on the Judiciary and which we present to you for passage today.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. THURMOND. Mr. President, I yield myself such time as may be required.

Mr. President, I support the pending bill, S. 1613, to enlarge and amend the trial jurisdiction of U.S. magistrates in misdemeanor cases and to improve access to the Federal courts. This measure is a much-needed response to the ever-increasing caseload of our Federal courts, and I commend the distinguished Senator from Arizona for getting this bill through the Judiciary Committee and before the Senate in such prompt fashion. The new Senator from Arizona (Mr. DECONCINI) has proved to be an able man and a very dedicated Senator.

Mr. President, in 1968, when Congress enacted the Federal Magistrates Act, it was intended that the Federal magistrate be a judicial officer whose purpose would be to assist the district judge in many of his duties thereby giving the judge more time to preside at the trial of cases. The record of the magistrates and their activity since 1968 clearly indicates that their assistance to judges has worked, and worked well. Magistrates have fulfilled a vital function in our Federal court system, but because of the increasing workload of our Federal courts, there is a compelling justification to now expand on the responsibilities given to magistrates under the 1968 act. This bill accomplishes just that.

Section 2 of the bill establishes jurisdiction of magistrates to finally determine civil cases upon the voluntary consent of the parties. There have been no restrictions placed on the types of civil cases to be heard by magistrates, thus all parties in the district courts will have equal opportunity to take advantage of the new provisions to speed up litigation.

Mr. President, section 2 would also authorize a magistrate to "conduct any or all proceedings in any jury or nonjury civil matter." The magistrate is empowered to determine the issues of law and the questions of fact and to direct the clerk of the district court to enter a final judgment disposing of the litigation. In addition, section 2(c)(2) authorizes an aggrieved party to appeal, of right, to a judge of the district court from any judgment entered. This parallels the right of appeal process now provided where a party appeals a determination by a district judge to a circuit court of appeals.

Another appeal avenue is provided for in this section which would allow for review of the district court's ruling on the initial appeal, upon petition for leave to appeal to the circuit court. This and other flexibility features of the bill will guarantee litigants a full and fair appeal process from any determination by a magistrate.

Mr. President, other sections of the bill provide for the appointment of magistrates in the discretion of the district courts. These appointees would be selected in accordance with standards and procedures prescribed by the judicial conference of the United States. The outside activities of both full-time and part-time magistrates would be subject to the prohibitions set by the judicial conference. All pending appointments to magistrates would be publicly announced and all nominees will undergo a basic Federal Bureau of Investigation background check and field investigation. These would be persons of stature, of legal competence, and recognized members of the legal profession within each judicial district. I am confident that the procedures under the bill will guarantee good, professional judicial officers in the magistrate system.

Mr. President, section 7 of the bill would expand the existing jurisdiction of magistrates to try minor offenses to include all misdemeanors. It would also allow, for the first time, magistrates to conduct jury trials where the court has specifically designated the magistrate to proceed in that manner. It would eliminate the need for a defendant in a petty offense case to affirmatively consent to the magistrate's conducting the trial. It would not prevent, and I offered an amendment in committee to so provide, a defendant from receiving a jury trial for a petty offense where guaranteed by article VI of the U.S. Constitution.

This is a good bill which is urgently needed to keep pace with the growing workload of our Federal courts. The bill provides for an expansion of the duties and responsibilities of the magistrates in our Federal judicial system. This action is based on a sound record of magistrate activity since 1968 and in face of the increasing number of Federal laws that allow access to our courts.

Mr. President, I strongly support this bill and urge my colleagues to approve it.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Arizona yield me time on the bill?

Mr. DECONCINI. I yield to the distinguished Senator from West Virginia such time as he requires.

Mr. ROBERT C. BYRD. Mr. President, S. 1613, the Magistrate Act of 1977—now before the Senate—represents a significant step in the effort to further improve the quality of our Federal judicial system and to insure that our Federal courts dispense justice swiftly to all who come before them. It takes this step by building upon a concept first recognized by the Congress in 1968 with the enactment of the Federal Magistrates Act. With that act, the Congress created a system of full-time and part-time judicial officers who were to assist the judges of our Federal district courts in handling their ever-increasing caseloads.

The wisdom of the Congress in adopting this concept has since been amply demonstrated; for with the institution of the magistrate system, our district courts have been able to substantially increase the rate at which they dispose of cases—from 315 per judge in 1971 to 386 per judge today. This increase evidences a sincere attempt to insure that justice is not denied any citizen by being unduly delayed.

S. 1613, which I am pleased to cosponsor with the very distinguished Senator from Arizona (Mr. DECONCINI), broadens the magistrate concept and renders it even more effective by expanding the authority of Federal magistrates in both criminal and civil cases.

In the criminal area, the bill expands the magistrates' trial jurisdiction from the more limited jurisdiction they now possess to include any misdemeanor prosecutable in a Federal district court.

In the civil area, it would permit magistrates, where specially designated by their district courts, to try to final determination any civil case—regardless of complexity or the amount involved—upon the consent of the parties; and it is this latter aspect of the bill that best exemplifies the benefit to be derived from it.

I know that everyone in the Senate is well aware of the vast backlog of civil cases crowding the dockets of the district courts throughout the country. Because these cases are deemed to be of a lesser priority than criminal cases, it is often months—and sometimes years—before they are finally resolved and the parties are able to obtain a judgment. Unfortunately, it is all too often those who can least afford to wait for a decision in a civil case who must do so.

This District Court for the Southern District of West Virginia provides a dramatic example of what I am referring to. That court has a pending caseload of 3,134 cases. Of these cases, 1,723 are either "black lung" or social security cases—cases where the plaintiffs are in great need of whatever benefits they will be entitled to if they prevail. Under this legislation, with the consent of both parties, these cases will be able to be decided by a magistrate rather than require trial in the district court. If either party wishes to await such a trial, however, he may do so. In short, no one will be deprived of access to the district court if he wishes it.

For these citizens who have given their labor and their health to provide for the Nation's energy needs, justice in the past has not been swift enough. This bill will expedite the relief due not only to them but to all citizens who elect to exercise the option it provides.

Mr. President, at this point I should like to take particular note of the accomplishments of the distinguished young Senator from Arizona (Mr. DECONCINI) in bringing this bill to the floor for consideration by the Senate. Although he introduced this bill only on May 26, and very kindly asked me to cosponsor it with him, and although he has been chairman of the Subcommittee on Improvements in Judicial Machinery for only a short time, he has been able to hold hearings on the measure, have a thorough report drafted, and is now prepared and already has presented the measure to the Senate. He has made a fine statement. I think that this example of leadership by a new Senator, not only in his first term but also in his first session in the Senate, is an admirable accomplishment.

I should note that I am not surprised by it, because the Senator already has compiled an outstanding record as chairman of his subcommittee. When S. 11, the omnibus district judgeship bill, was before us, he acted as floor manager for that part of the bill dealing with the district courts. He has also held hearings on S. 1819, the Federal Criminal Diversion Act of 1977. The subcommittee is also looking into the controversial issues of judicial tenure and the need for a national court of appeals. Here is a Senator who is building an impressive record, and it is going to be a record of service and usefulness to the Nation. I congratulate the people of his State for having elected him to the Senate.

I also congratulate the distinguished ranking Republican member, the Senator from South Carolina (Mr. THURMOND). He has amply demonstrated his courage, his ability, and his interest in the continuing improvement of the judicial system. By his support of this measure and his active efforts in assisting in the management of it, he is once again demonstrating that interest in the improvement of the judicial system.

Certainly, we have a long way to go; but with men like these, I have very good reason to place my confidence in the continuing future improvement of our judicial system, so that the people of this country will be better served by it.

Mr. THURMOND. Mr. President, I wish to thank the able majority leader for the kind words he has had to say in reference to me.

Mr. DECONCINI. Mr. President, I would also like to thank the majority leader for his kind words, and also for his assistance to me in venturing through the halls of this body. Senator THURMOND, I thank you sincerely for your kind remarks and for your assistance.

Senator THURMOND has demonstrated great ability to assist in the Judiciary Committee through continuous positive questioning, in determining what is needed with respect to judicial action. He has labored diligently for our courts in this body where he has served so long to help bring forth the best legislation that can be put together, and I thank him sincerely.

Mr. THURMOND. Mr. President, I wish to thank the able and distinguished Senator from Arizona for his kind remarks.

Mr. WALLOP. Mr. President, I am pleased as ranking minority member on the Subcommittee on Improvements in Judicial Machinery to lend my full support to the magistrates bill of 1977 which is designed to improve access to our Federal district courts. First, I must commend my distinguished colleague, Senator DECONCINI who has done an excellent job as chairperson of the subcommittee. The subcommittee conducted thorough and enlightening hearings which have served as the foundation for this carefully drafted bill.

The magistrates bill of 1977 is an expansion upon the 1976 jurisdictional amendments to the Federal Magistrates Act. Under existing law, magistrates assist district court judges in the disposition of cases which would otherwise be tried by a district court judge. This bill will broaden the scope of the magistrate's role in our district courts. Magistrates will be able to conduct trials and enter final judgments in both civil and criminal cases. The effect will be a more efficient Federal district court system capable of processing a greater number of cases while preserving and protecting the rights of both civil litigants and criminal defendants.

S. 1613 separately treats civil and criminal cases. In civil cases, magistrates will have jurisdiction to try any civil suit, regardless of the complexity or amount sought in recovery upon the voluntary consent of the parties, and to enter final judgment. Magistrates will also be empowered to conduct jury trials where all parties consent. Civil litigants are provided a choice between two alternative methods of appeal. In both cases, litigants are guaranteed at least one full appeal.

To avoid appearances of impropriety or instances of conflict of interest, S. 1613 provides that civil trials may be heard only by full-time magistrates or those individuals who serve in combination positions on a full-time basis.

As S. 1613 expands the jurisdiction of magistrates in criminal cases, it preserves all the rights of criminal defendants as guaranteed by the U.S. Constitution. The trial jurisdiction of the magistrate is expanded to include any misdemeanor prosecuted in the Federal district court. Magistrates will be empowered to try petty offenses. Misdemeanors above the petty level may, with the consent of the defendant, be by a jury before a magistrate or tried by the magistrate. S. 1613 will aid our district courts in complying with the Speedy Trial Act. Criminal defendants will now have an alternative available in misdemeanor cases above the petty level which should reduce delay in the disposition of their cases.

In order to insure that only competent and qualified individuals are selected to serve as magistrates, S. 1613 provides for a rational system for the selection of magistrates. The Judicial Conference of the United States will promulgate standards for the qualification of magistrates as well as procedures for their selection. The district courts are then required to comply with the Conference standards in making all appointments to magistrate positions. Two basic minimum provisions are set forth in the bill. Magistrates must have been admitted to the practice of law for at least 5 years and each full-time magistrate appointee must be certified as qualified by the judicial council of the circuit.

S. 1613 vests the appointment power in the judiciary because it is clear that district court judges are in the best position to assess the needs of their particular courts and to select the most qualified individuals for the positions.

The magistrate bill in all of its particulars will promote the efficient administration of justice in our district courts. I endorse S. 1613 and urge that the Senate pass this measure.

Mr. President, I would again like to commend the subcommittee chairman, Senator DECONCINI, for his handling of one of the more difficult sections of the bill, that section dealing with the appellate route from a magistrate's decision. In short, two major alternatives presented themselves as a result of testimony at the hearings. The Attorney General pushed for appeals to go to the district courts, citing the faster time for determination of appeals and the lesser cost to litigants. A majority of the witnesses, however, made a strong argument that cases would not be filed before the magistrate unless there was a right of appeals to the appropriate circuit court of appeals. The compromise agreed to was to include both routes of appeal, the choice of which would be left to the parties. Under both methods of appeal the litigants will have a right to one full appeal of all facets of their case. Should the parties choose the district court for their first appeal, they have a further right to appeal to the circuit court on questions of law. The "question of law" language lends itself to expansive interpretation which will permit the court of appeals to delve into any subject matter it feels deserves attention.

Mr. DECONCINI. I would like to thank my distinguished colleague from Wyoming and agree with his observation. Particularly in the early years after this legislation becomes effective, I would hope the courts of appeal would interpet this language broadly. I will stress, however, that this is the second appeal a party could have. Before an appeal taken by this route reaches the courts of appeals, a full review, similar to that given a district court decision by the court of appeals, will have been given the case by the district court where the magistrate sits.

Mr. WALLOP. It is also true that if the parties wished to go directly to the court of appeals they have that option.

Mr. DECONCINI. And if they chose that option their appeal would receive exactly the scope and breadth of an appeal from a district court decision. We are not trying to limit appeals. It is basic to our law that every party has one right to a full appeal. In the case of parties appealing to the district court initially, we are giving them an even further chance at appellate review.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

Mr. DECONCINI. Mr. President, I yield back the remainder of our time.

Mr. THURMOND. Mr. President, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. If there be no further amendment, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The ACTING PRESIDENT pro tempore. The question is, Shall the bill pass?

The bill (S. 1613) was passed as follows:

S. 1613

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Magistrate Act of 1977".

SEC. 2. Section 636 of title 28, United States Code, is amended—

(a) by redesignating subsections (c) through (e) thereof as subsections (d) through (f), respectively;

(b) by inserting immediately after subsection (b) thereof the following new subsection:

"(c) Notwithstanding any provision of law to the contrary, upon the consent of the parties—

"(1) A United States magistrate may conduct any or all proceedings in any jury or nonjury civil matter and order the entry of judgment in the case, when specially designated to exercise such jurisdiction by the court or courts he serves, and under such conditions as may be imposed by the terms of such designation.

"(2) Upon entry of the judgment in any case referred under paragraph (c)(1) of this section, an aggrieved party may appeal on the record to a judge of the district court in the same manner as on an appeal from a judgment of a district court to a court of appeals except that no appendix to the briefs shall be required and all briefs may be typewritten with copies to be filed and served in such number as shall be specified by local rule of the district court. The appropriate United States court of appeals may review any final judgment of the district court entered pursuant to this paragraph, upon petition for leave to appeal by a party stating specific objections to the judgment. Such review shall be limited to questions of law: *Provided, however,* That nothing in this paragraph shall be construed to be a limitation on any party's right to seek review by the Supreme Court of the United States.

"(3) Notwithstanding the provisions of paragraph (2) of this subsection, upon the further consent of the parties at the time of the reference under paragraph (1) of this subsection, a United States magistrate may be empowered to direct the entry of a final judgment of the district court in accordance with rule 58 of the Federal Rules of Civil Procedure for the United States district courts, when specially designated to exercise such authority by the court or courts he serves, and under such conditions as may be imposed by the terms of such special disignation. An appeal from any such final judgment of the district court may be taken to the appropriate United States court of appeals in the same manner as an appeal from any other final judgment of a district court.

"(4) The district court shall inform the parties of the provisions of this subsection: *Provided, however,* That the court shall not attempt to persuade or induce any party to consent to reference of any civil matter to a magistrate.".

SEC. 3. (a) Subsection 631(a) of title 28, United States Code, is amended by deleting the first sentence and inserting in lieu thereof the following: "Pursuant to standards and procedures promulgated by the Judicial Conference of the United States and upon certification by the judicial council of the circuit that the appointee is competent to perform the duties of the office in the case of a full-time magistrate, the judges of each United States district court and the district court of the Virgin Islands shall appoint United States magistrates in such numbers and to serve at such locations as the conference may determine under this chapter.".

(b) Subsection 631(b) of title 28, United States Code, is amended by deleting in the first sentence the colon after "unless" and inserting in lieu thereof: "he has been a member of a bar of the highest court of a State, the District of Columbia, the Commonwealth of Puerto Rico, or the Virgin Islands of the United States for at least five years: Provided also:".

(c) Paragraph (1) of subsection 631(b) of title 28, United States Code, is amended by striking after the word "requirements" the words "of the first sentence of this paragraph" and inserting in lieu thereof the words "of this subsection".

(d) The amendments made by this section shall take effect on April 30, 1978.

SEC. 4. Section 632 of title 28, United States Code, is amended by inserting at the end of subsection (a) the following: "All United States magistrates who exercise jurisdiction under subsection 636(c) of this title shall be considered full-time magistrates for purposes of this section.".

SEC. 5. Subsection 633(c) of title 28, United States Code, is amended by striking the final sentence.

SEC. 6. Subsection 1915(b) of title 28, United States Code, is amended to read as follows:

"(b) Upon the filing of an affidavit in accordance with subsection (a) of this section, the court may direct payment by the United States of the expenses of (1) printing the record on appeal in any civil or criminal case, if such printing is required by the appellate court; (2) preparing a transcript of proceedings before a United States magistrate in any civil or criminal case, if such transcript is required by the district court, in the case of proceedings conducted under subsection 636(b) of this title or under subsection 3401(b) of title 18, United States Code; and (3) printing the record on appeal if such printing is required by the appellate court, in the case of proceedings conducted pursuant to subsection 636(c) of this title. Such expenses shall be paid when authorized by the Director of the Administrative Office of the United States Courts.".

SEC. 7. Section 3401 of title 18, United States Code, is amended—

(a) by deleting the words "inmor offenses" in subsection (a) and inserting in lieu thereof the word "misdemeanors";

(b) by amending subsection (b) to read as follows:

"(b) If the offense charged is a misdemeanor other than a petty offense as defined in subsection 1(3) of this title, however, the person charged may elect to have the case tried before a judge of the district court for the district in which the offense is prosecuted. Unless the offense charged is a petty offense, the magistrate shall carefully explain to the defendant that he has a right to trial before a judge of the district court and that he has a right to trial by jury before a magistrate or a district judge. Petty offense cases shall not be tried before a jury except as guaranteed by the United States Constitution. The magistrate shall not proceed to try the case unless the defendant, after such explanation, signs a written consent to be tried before the magistrate that specifically waives a trial before a judge of the district court. The case shall be tried with a jury, unless the defendant waives a jury trial in writing with the approval of the magistrate and the consent of the Government.";

(c) by adding at the beginning of subsection (d) the following: "A magistrate may impose sentence pursuant to chapter 402 of this title: *Provided, however,* That no such sentence shall include a commitment for a period in excess of the maximum term which could have been imposed on an adult convicted of the same offense."; and

(d) by amending subsection (f) to read as follows:

"(f) The district court may remove a nonpetty misdemeanor prosecution from a United States magistrate for trial before a district judge for good cause shown, upon petition by the attorney for the Government, noting the novelty, importance, or complexity of the case or other pertinent factors, and filed in accordance with regulations promulgated by the Attorney General.".

SEC. 8. (a) The heading for section 3401 of title 18, United States Code, is amended by striking the words "Minor offenses" and inserting in lieu thereof "Misdemeanors".

(b) The item relating to section 3401 in the table of sections of chapter 219 of title 18, United States Code, is amended by striking the words "Minor offenses" and inserting in lieu thereof "Misdemeanors".

SEC. 9. Section 5031 of title 18, United States Code, is amended by adding at the end thereof: "This chapter shall not apply to the prosecution or adjudication of a juvenile accused of the commission of a petty offense unless the Government files with the court a statement that the case is of such a nature that the imposition of a term of commitment or imprisonment might appropriately be considered. Any term of commitment or imprisonment imposed upon a juvenile shall be imposed in accordance with the following sections of this chapter.".

SEC. 10. No additional funds are authorized to be appropriated to implement the provisions of this Act for expenditure prior to October 1, 1978.

SEC. 11. No magistrate shall exercise jurisdiction under section 2 of this Act unless—

(1) he is certified to be competent to exercise such jurisdiction by the district court in the order of reference, in the case of any reference made prior to the promulgation of standards and procedures by the Judicial Conference in accordance with section 3 of this Act;

(2) he has been certified by the district court component in light of the standards promulgated by the Judicial Conference in a statement filed with the judicial council of the circuit and accepted by the council, in the case of referenes made after the promulgation of the standards and procedures required in section 3 of this Act to a magistrate who is serving under an appointment made prior to the promulgation of such standards and procedures; or

(3) he is serving a term to which he was appointed in accordance with the standards and procedures promulgated by the Judicial Conference pursuant to section 3 of this Act.

SEC. 12. Such sums as may be necessary to carry out the purposes of this Act are hereby authorized to be appropriated for expenditure on or after October 1, 1978.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DECONCINI. I move to lay that motion on the table. The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there

again be a period for the transaction of routine morning business, with statements therein limited to 5 minutes each, the period not to extend beyond 30 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—H.R. 7754

Mr. ABOUREZK. Mr. President, I ask unanimous consent that at such time as the HUD appropriations bill is called up Wendy Grieder, of my staff, be given the privilege of the floor during consideration and voting on that measure.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. ABOUREZK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MORGAN). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS, 1978—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I submit a report of the committee of conference on H.R. 7554 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7554) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 12, 1977.)

Mr. PROXMIRE. The report we have before us at this time sets forth the decisions of House and Senate conferees on fiscal year 1978 funding for the Department of Housing and Urban Development, the Veterans' Administration, the National Aeronautics and Space Administration, the National Science Foundation, the Environmental Protection Agency, the Consumer Product Safety Commission, and a number of other, smaller, agencies. It also includes funding for the revenue sharing and anti-recession assistance programs of the Treasury Department.

The pending conference report recommends that the Congress provide a total of $69,370,554,000 in new budget authority in fiscal 1978 for these various departments and agencies. The recommended amount is $2,270,790,000 more than the Congress provided in fiscal 1977, due entirely to an increase of $3,500,758,000 over last year for HUD's assisted housing programs. Except for that, the amount would be substantially less than the funding provided last year. More importantly, the conferees have agreed on a figure that is $1,403,858,000 below the administration's budget request although the recommendations contained in the conference report would add $1,722,063,000 to the funding contained in H.R. 7554 as it passed the Senate.

I want to add at the outset that the conferees could not agree on language cutting off veterans benefits for those whose discharges have been upgraded under a new Presidential program. I will discuss this issue in more detail later in my remarks.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Over half of the funding recommended in the report is for the Department of Housing and Urban Development—$37,388,644,000 to be exact—and the great bulk of this support is for assisted housing. To be more precise, the conferees have proposed $31,483,563,000 in new budget authority for assisted housing in fiscal 1978. As most of my colleagues know, this figure represents the maximum Federal commitment under contracts of up to 40 years in length. Thus, whereas virtually all other Federal programs are funded on a year by year basis, the assisted housing programs administered by HUD receive, in some cases, 40-year advance funding. If we were to express this commitment in terms of maximum obligations over a period of 1 year, the total would be $1,159,995,000, not over $30 billion. This represents an increase in the limitation on annual contract authority.

At the same time we must recognize that in addition to providing HUD with the authority to enter into these new contracts, we are providing the liquidating cash to honor commitments made under authority provided by the Congress in past years. As contract commitments expand, this funding goes up substantially. It will increase by $995,500,000 in fiscal 1978 to a total of $4,382,000,000.

In any event, the new budget authority the conferees are recommending for the section 8 and conventional public housing programs today will result in a maximum of approximately 382,000 additional subsidized units, both new and existing, in fiscal 1978. The figure we are proposing represents an exact split between the House and Senate annual contract authority recommendations. The House agreed to accept the Senate proposal that $42,500,000 of this annual contract authority to be used for the modernization of public housing units. This is a significant increase over the administration's $35,000,000 budget request. The House conferees also accepted Senate language proposed by my colleague from Vermont (Mr. LEAHY) allowing 25,000 assisted housing units to be made available through local public housing agencies under either the section 8 program or the public housing program with the mix to be left to the discretion of the Department.

The distinguished Senator from Massachusetts (Mr. BROOKE) was instrumental in gaining the extra funds for the public housing modernization program. He was also a most effective spokesman for the public housing operating subsidy program. The conferees went more than halfway toward the Senate increase in this area, recommending a total of $685,000,000 for operating subsidies as compared with $665,000,000 in the House bill and $690,800,000 in the Senate bill.

The conferees agreed to place the housing for the elderly program on budget in accordance with administration's request. Although the Senate made a strenuous effort to sustain its position that the program should remain off budget in view of the fact that the long-term loans made under the program would be returned to the Government with interest—this is a program from which the Government has derived revenues—it was the general consensus that a program of such immense popularity would not be placed at an insurmountable disadvantage by having to compete with other Federal programs for scarce budget dollars.

The conferees also recommend the approval of Senate language allowing the use of $2,000,000,000 in recaptured Government National Mortgage Association, GNMA, authority for special assistance functions while proposing the striking of language allowing an additional $2,000,000,000 in recaptured Ginnie Mae authority to be used for emergency mortgage purchase assistance. The administration has not suggested that funds be made available for either of these programs. However, the conferees felt that special assistance functions funds should be available for use in helping to finance mortgages under the section 235 homeownership assistance program if needed.

The conference committee made a number of other relatively minor recommendations. The conferees proposed the appropriation of $57,000,000 for section 701 planning purposes, a research and technology appropriation of $52,000,000, and the provision of $91,000,000 for flood insurance purposes.

The $6,000,000 added by the Senate to the flood insurance program allow HUD

to initiate development work on a new flood plain mapping system that could well cut mapping costs dramatically. The system is to be developed in conjunction with the National Aeronautics and Space Administration's Jet Propulsion Laboratory and the Geological Survey.

Finally, the conferees agreed to a Senate cut of $5,000,000 in the salaries and expenses of the Department, leaving a total of $462,494,000 for this purpose. The cut was made in recognition of President Carter's recently announced plans to reduce HUD staffing by a total of 800 positions below the January estimate and is in addition to a House cut of $6,000,000.

INDEPENDENT AGENCIES

The conferees agreed on a Senate cut of a little over $1,000,000 in the budget request of the Consumer Product Safety Commission. The Commission would have a $39,144,000 program in fiscal 1978 as a result of this cut. Although the Commission has finally set up a priority listing of problems to be addressed, much remains to be done to convince this Senator that these funds are being well spent.

The committee of conference resolved a number of differences between the two bodies regarding the programs of the Environmental Protection Agency. The conference report recommends the appropriation of $272,547,000 for EPA's research and development programs including the following budget add-ons: $600,000 for the Ames, Iowa, solid waste resources recovery facility; $1.600,000 for Great Lakes research; $1,500,000 for staffing regional laboratories; $500,000 for the cold climate research program in Fairbanks, Alaska; and $6.000,000 for health and ecological effects research. The conferees also agreed to provide an additional 200 positions for EPA's research and development effort and to reduce the amount budgeted for interagency transfers under the health and ecological effects program by $2,000,000.

The conferees recommend the appropriation of $428,573,000 for abatement and control, as proposed by the Senate with $2,300,000 earmarked in the conference report for the clean lakes program, $400,000 provided for an environmental impact statement involving the Flathead River Basin in Montana, and $2,300,000 for solid waste planning through the use of the section 208 areawide planning mechanism. The conferees also recommended the appropriation of $3,400,000, in addition to the amount included in the President's budget, for Great Lakes activities.

The conferees concurred with the Senate in deleting EPA's request for $1,142,000 for buildings and facilities in view of the current availability of substantial unspent funds inherited by the agency when it was created in 1970.

The conferees recommend a total EPA budget of $848,803,000, which is $4,478,000 above the budget estimate. No action was taken on funding an extension of the wastewater treatment construction grant program since it has not as yet been reauthorized.

Although the conferees were unable to agree on the Jupiter Orbiter/Probe we did reach a consensus on a number of issues regarding the research and development activities of the National Aeronautics and Space Administration. To be more precise, the conferees recommend the deletion of $5 million added by the House for space industrialization work, a reduction of $3 million in the amount budgeted for the V/STOL program, the full budget request of $136,500,000 for expendable launch vehicles, a total of $279,700,000 for tracking and data acquisition, $3 million for a solar satellite power generating system, and $7 million for studies of a Mars follow-on mission.

The conferees also agreed to recommend the restoration of $56,700,000 deferred by the House for Space Shuttle Orbiter production with conference report language stating that these funds may not be obligated until certain Shuttle program milestones, including engine testing, are met to the satisfaction of the House and Senate Appropriations Committees. Furthermore the conferees agreed to a Senate amendment requiring NASA to spend all funds appropriated under the research and development account by September 30, 1979.

Total NASA research and development funding as recommended by the committee of conference amounts to $2,995,300,000 exclusive of the disputed Jupiter Orbiter/Probe. However, the full House has voted to recede to the Senate and approve a total of $3,013,000,000 for NASA's research and development efforts, including the $20,700,000 approved by the Senate for the Jupiter Orbiter/Probe. In taking this action, the House added only $17,700,000 to the total research and development budget of $2,995,300,000 agreed to by the conferees. Had the full $20,700,000 been added, the final research and development total would have exceeded the higher Senate total. This simply means that NASA will have to reprogram $3 million from lower priority activities to fund the Jupiter mission. Obviously, these funds are not to come from items agreed upon by the conferees. On the other hand, it should not be difficult for NASA to find the relatively small sum of $3 million in a budget of over $3 billion.

The conferees settled on a total of $861,300,000 for the National Science Foundation. This amount includes a total of $63,000,000 for RANN—research applied to national needs—as compared with $50,000,000 in the House-passed bill and $78,000,000 proposed by the Senate. This leaves a total of $720,200,000 for other programs involving research and related activities and $73,200,000 for science education. It should be noted that $4,500,000 was transferred out of the science education account into research and related activities to pay for the new basic research stability grant program. The total proposed for NSF activities is $23,700,000 below the administration's budget request.

The conferees recommend a number of changes in the Veterans' Administration budget in comparison with the Senate-approved figures. Perhaps our most important recommendation was that the Little Rock, Ark., replacement hospital be funded. Senator MCCLELLAN made an overwhelming case for the importance of providing these funds in fiscal 1978, although they were not included in the current year's budget, so that construction could begin at the earliest possible date.

Although we deferred any consideration of the appropriation of construction funds for replacement facilities at Portland/Vancouver pending agreement on the final site to be selected, this will result in a very brief delay. I am sure that the Appropriations Committees of the two Houses will approve this project in the near future.

The conferees also recommend continuation of target system development, making only a modest reduction of $3,500,000 in the $21,927,000 requested for this new computer system intended to streamline the handling of veterans' benefits. The conferees did agree that an automated clinical laboratory reporting system should not be expanded until further information on the effectiveness of the system was available while continuing the existing system at a cost of $1,760,000.

I am happy to be able to report that the conferees concluded that VA's internal audit capabilities should be beefed up by the addition of $3,500,000 and 205 positions to the budget request. This add-on should more than repay the costs of the positions through the savings that can be expected from more frequent audits.

Other steps taken by the conference committee affecting VA activities include a modest reduction of $400,000 in the program of grants to the Republic of the Philippines and a decision to defer consideration of a $5,000,000 budget amendment intended to implement changes in the State extended-care facility construction grant program.

As a result of these various actions the conferees recommend a total budget for the VA of $17,770,282,000, which is $75,110,000 above the budget estimate. This increase is wholly attributable to our decision to recommend the addition of $112,300,000 in unbudgeted funds for the Little Rock, Ark., hospital project.

The conferees were unable to agree on whether or not to include language, added to the bill on the House floor as the Beard amendment, which would deny veterans' benefits to GI's whose less than honorable discharges were upgraded under a new Presidential program. The Senate conferees felt that this issue could best be addressed by authorizing legislation that is currently making its way through the Congress. However, the House recently endorsed its language by

a 251-to-160 vote. Since the issue is outside the conference, I shall be making a motion to go back to conference on the issue, in other words, to sustain the Senate position, after the conference report is adopted.

The conferees made a number of recommendations on general provisions contained in title IV of the bill. Briefly the committee on conference recommends the continuation of language limiting the use of EPA funds to regulate parking pending the enactment of the clean air authorization; the deletion of language dealing with a noise issue affecting Merced County, Calif.; the approval of language nullifying certain public housing regulations setting forth a new definition of what constitutes a public housing family; and the retention of Senate language limiting the rate of pay to a consultant directly or through a grant.

Last, but certainly not least in my estimation, the conferees finally agreed to support language barring the use of Government funds to carry agency executives from home to work and back again, with the exception of the Secretary of Housing and Urban Development. Although this language simply implements the spirit of a law that has been on the books for years, it has required a substantial amount of work on my part to gain its final approval. I am delighted that the conferees, after 3 years of effort, have finally endorsed this approach.

Before we move to the question of the final adoption of the conference report and any further discussion of the items that are in disagreement I ask unanimous consent that a tabulation of the results of the conference be printed in the RECORD at this point. This table will cover the action taken by the conferees regarding funding for a number of smaller agencies covered by H.R. 7554 but not mentioned in the body of my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY

[Figures in dollars]

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
TITLE I									
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
HOUSING PROGRAMS									
Annual contributions for assisted housing (contract authority)	27,982,805,000	32,755,000,000	32,580,000,000	30,336,400,000	31,483,563,000	+3,500,758,000	−1,271,437,000	−1,096,437,000	+1,147,163,000
Increased limitation for annual contract authority	(1,088,143,000)	(1,232,120,000)	(1,203,370,000)	(1,116,620,000)	(1,159,995,000)	(+71,852,000)	(−72,125,000)	(−43,375,000)	(+43,375,000)
Housing for the elderly or handicapped (limitation on loans)	(850,000,000)			(750,000,000)		(−850,000,000)			(−750,000,000)
Authority to spend debt receipts		750,000,000	750,000,000		750,000,000	+750,000,000			+750,000,000
Housing payments (appropriation to liquidate contract authority)	(3,386,500,000)	(4,410,000,000)	(4,382,000,000)	(4,382,000,000)	(4,382,000,000)	(+995,500,000)	(−28,000,000)		
		665,000,000	665,000,000	690,800,000	685,000,000	+685,000,000	+20,000,000	+20,000,000	−5,800,000
Payments for operation of low-income housing projects (contract authority)	595,600,000					−595,600,000			
Appropriation to liquidate contract authority	(595,600,000)					(−595,600,000)			
Federal Housing Administration Fund	1,936,344,000	15,000,000	15,000,000	15,000,000	15,000,000	−1,921,344,000			
Emergency homeowners' relief fund	1,000,000					−1,000,000			
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION									
Emergency mortgage purchase assistance (recapture of repayments)				(2,000,000,000)					(−2,000,000,000)
Special assistance functions fund (recapture of repayments)				(2,000,000,000)	(2,000,000,000)	(+2,000,000,000)	(+2,000,000,000)	(+2,000,000,000)	
Payment of participation sales insufficiencies	21,265,000	16,587,000	16,587,000	16,587,000	16,587,000	−4,678,000			
Total, housing programs	30,537,014,000	34,201,587,000	34,022,587,000	31,058,787,000	32,950,150,000	+2,413,136,000	−1,251,437,000	−1,076,437,000	+1,891,363,000
COMMUNITY PLANNING AND DEVELOPMENT									
Community development grants	100,000,000	3,600,000,000	3,600,000,000	3,600,000,000	3,600,000,000	+3,500,000,000			
Contract authority	3,148,000,000					−3,148,000,000			
Appropriation to liquidate contract authority	(3,148,000,000)					(−3,148,000,000)			
Urban development action grants		400,000,000	400,000,000	400,000,000	400,000,000	+400,000,000			
Comprehensive planning grants	62,500,000	62,500,000	50,000,000	62,500,000	57,000,000	−5,500,000	−5,500,000	+7,000,000	−5,500,000
Rehabilitation loan fund	50,000,000					−50,000,000			
Total, community planning and development	3,360,500,000	4,062,500,000	4,050,000,000	4,062,500,000	4,057,000,000	+696,500,000	−5,500,000	+7,000,000	−5,500,000
FEDERAL INSURANCE ADMINISTRATION									
Flood insurance	75,000,000	108,000,000	85,000,000	91,000,000	91,000,000	+16,000,000	−17,000,000	+6,000,000	
NEIGHBORHOODS, VOLUNTARY ASSOCIATIONS AND CONSUMER PROTECTION									
Housing counseling assistance	3,000,000	5,000,000	5,000,000	5,000,000	5,000,000	+2,000,000			
Mobile home standards program	1,000,000					−1,000,000			
Total, neighborhoods, voluntary associations, and consumer protection	4,000,000	5,000,000	5,000,000	5,000,000	5,000,000	+1,000,000			
POLICY DEVELOPMENT AND RESEARCH									
Research and technology	55,000,000	60,000,000	51,000,000	55,000,000	52,000,000	−3,000,000	−8,000,000	+1,000,000	−3,000,000

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
MANAGEMENT AND ADMINISTRATION									
Salaries and expenses, Department of Housing and Urban Development	200,998,000	244,494,000	238,494,000	233,494,000	233,494,000	+32,496,000	−11,000,000	−5,000,000	
By transfer, FHA funds	(230,365,000)	(229,000,000)	(229,000,000)	(229,000,000)	(229,000,000)	(−1,365,000)			
Total, Department of Housing and Urban Development	34,232,512,000	38,681,581,000	38,456,081,000	35,505,781,000	37,388,644,000	+3,156,132,000	−1,292,937,000	−1,067,437,000	+1,882,863,000
FUNDS APPROPRIATED TO THE PRESIDENT									
FEDERAL DISASTER ASSISTANCE ADMINISTRATION									
Disaster relief	300,000,000	150,000,000	150,000,000	150,000,000	150,000,000	−150,000,000			
Total, title I: Department of Housing and Urban Development:									
New budget (obligational authority)	34,532,512,000	38,831,581,000	38,606,081,000	35,655,781,000	37,538,644,000	+3,006,132,000	−1,292,937,000	−1,067,437,000	+1,882,863,000
Appropriations	2,806,107,000	5,326,581,000	5,276,081,000	5,319,381,000	5,305,081,000	+2,498,974,000	−21,500,000	+29,000,000	−14,300,000
Contract authority	31,726,405,000	32,755,000,000	32,580,000,000	30,336,400,000	31,483,563,000	−242,842,000	−1,271,437,000	−1,096,437,000	+1,147,163,000
Authority to spend debt receipts		750,000,000	750,000,000		750,000,000	+750,000,000			+750,000,000
Appropriations to liquidate contract authority	(7,130,100,000)	(4,410,000,000)	(4,382,000,000)	(4,382,000,000)	(4,382,000,000)	(−2,748,100,000)	(−28,000,000)		
Increased limitation for annual contract authority	(1,088,143,000)	(1,232,120,000)	(1,203,370,000)	(1,116,620,000)	(1,159,995,000)	(+71,852,000)	(−72,125,000)	(−43,375,000)	(+43,375,000)
Limitation on corporate funds to be expended	(230,365,000)	(229,000,000)	(229,000,000)	(229,000,000)	(229,000,000)	(−1,365,000)			
TITLE II									
INDEPENDENT AGENCIES									
AMERICAN BATTLE MONUMENTS COMMISSION									
Salaries and expenses	5,824,000	6,463,000	6,463,000	6,163,000	6,463,000	+639,000			+300,000
CONSUMER PRODUCT SAFETY COMMISSION									
Salaries and expenses	39,759,000	40,152,000	40,104,000	39,144,000	39,144,000	−615,000	−1,008,000	−960,000	
DEPARTMENT OF DEFENSE—CIVIL									
CEMETERIAL EXPENSES, ARMY									
Saries and expenses	6,161,000	5,486,000	5,486,000	5,000,000	5,000,000	−1,161,000	−486,000	−486,000	
ENVIRONMENTAL PROTECTION AGENCY									
Agency and regional management	75,000,000	72,846,000	72,846,000	72,846,000	72,846,000	−2,154,000			
Research and development	259,900,000	263,047,000	273,647,000	266,947,000	272,547,000	+12,647,000	+9,500,000	−1,100,000	+5,600,000
Abatement and control	385,144,000	431,453,000	425,573,000	428,573,000	428,573,000	+43,429,000	−2,880,000	+3,000,000	
Appropriation to liquidate contract authority	(49,182,000)					(−49,182,000)			
Enforcement	56,561,000	70,837,000	70,837,000	70,837,000	70,837,000	+14,276,000			
Buildings and facilities	2,100,000	1,142,000	1,142,000			−2,100,000	−1,142,003	−1,142,000	
Construction grants	1,980,000,000					−1,980,000,000			
Appropriation to liquidate contract authority	(3,800,000,000)	(5,000,000,000)	(5,000,000,000)	(5,000,000,000)	(5,000,000,000)	(+1,200,000,000)			
Scientific activities overseas (special foreign currency program)	5,000,000	5,000,000	4,000,000	4,000,000	4,000,000	−1,000,000	−1,000,000		
Total, Environmental Protection Agency	2,753,705,000	844,325,000	848,045,000	843,203,000	848,803,000	−1,914,902,000	+4,478,000	+758,000	+5,600,000
EXECUTIVE OFFICE OF THE PRESIDENT									
Council on Environmental Quality and Office of Environmental Quality	2,800,000	3,029,000	2,854,000	2,854,000	2,854,000	+54,000	−175,000		
Office of Science and Technology Policy	2,300,000	3,200,000	2,800,000	2,800,000	2,800,000	+500,000	−400,000		
Total, Executive Office of the President	5,100,000	6,229,000	5,654,000	5,654,000	5,654,000	+554,000	−575,000		
GENERAL SERVICES ADMINISTRATION									
Consumer Information Center	1,092,000	3,235,000	4,700,000	3,200,000	4,700,000	+3,608,000	+1,465,000		+1,500,000
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE									
Office of Consumer Affairs	1,631,000	1,779,000	1,750,000	1,750,000	1,750,000	+119,000	−29,000		

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—Continued

[Figures in dollars]

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
TITLE II—Continued									
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION									
Research and development	2,856,425,000	3,026,000,000	2,943,600,000	3,013,000,000	3,013,000,000	+156,575,000	−13,000,000	+69,400,000	
Construction of facilities	118,090,000	161,800,000	160,940,000	160,940,000	160,940,000	+42,850,000	−860,000		
Research and program management	844,575,000	846,989,000	844,000,000	844,000,000	844,000,000	−575,000	−2,989,000		
Total, National Aeronautics and Space Administration	3,819,090,000	4,034,789,000	3,948,540,000	4,017,940,000	4,017,940,000	+198,850,000	−16,849,000	+69,400,000	
NATIONAL INSTITUTE OF BUILDING SCIENCES									
Salaries and expenses			1,000,000	1,000,000	1,000,000	+1,000,000	+1,000,000		
NATIONAL SCIENCE FOUNDATION									
Salaries and expenses	2,311,000	879,000,000				−2,311,000	−879,000,000		
Research and related activities	710,000,000		759,330,000	807,800,000	783,200,000	+73,200,000	+783,200,000	+23,870,000	−24,600,000
Science education activities	59,000,000		79,700,000	71,200,000	73,200,000	+14,200,000	+73,200,000	−6,500,000	+2,000,000
Scientific activities (special foreign currency program)	4,600,000	6,000,000	4,900,000	4,900,000	4,900,000	+300,000	−1,100,000		
Total, National Science Foundation	775,911,000	885,000,000	843,930,000	883,900,000	861,300,000	+85,389,000	−23,700,000	+17,370,000	−22,600,000
SELECTIVE SERVICE SYSTEM									
Salaries and expenses	7,920,000	6,300,000	6,300,000	6,300,000	6,300,000	−1,620,000			
DEPARTMENT OF THE TREASURY									
Payments to State and local government fiscal assistance trust fund	4,991,085,000	6,854,924,000	6,854,924,000	6,854,924,000	6,854,924,000	+1,863,839,000			
Antirecession Financial Assistance Fund	1,570,000,000	1,550,000,000	1,400,000,000	1,400,000,000	1,400,000,000	−170,000,000	−150,000,000		
Office of Revenue Sharing, salaries and expenses	5,793,000	7,727,000	7,500,000	7,500,000	7,500,000	+1,707,000	−227,000		
New York City Seasonal Financing Fund, administrative expenses	1,250,000	1,250,000	1,150,000	1,150,000	1,150,000	−100,000	−100,000		
Total, Department of the Treasury	6,568,128,000	8,413,901,000	8,263,574,000	8,263,574,000	8,363,574,000	+1,695,446,000	−150,327,000		
VETERANS' ADMINISTRATION									
Compensation and pension	8,153,400,000	9,116,800,000	9,116,800,000	9,116,800,000	9,116,800,000	+963,400,000			
By transfer	(588,450,000)					(−588,450,000)			
Readjustment benefits	4,813,000,000	2,665,225,000	2,665,225,000	2,665,225,000	2,665,225,000	−2,147,775,000			
Veterans insurance and indemnities	7,000,000	2,465,000	2,465,000	2,465,000	2,465,000	−4,535,000			
Medical care	4,373,807,000	4,735,926,000	4,723,926,000	4,721,686,000	4,721,686,000	+347,879,000	−14,240,000	−2,240,000	
Medical and prosthetic research	104,533,000	108,000,000	107,000,000	107,000,000	107,000,000	+2,467,000	−1,000,000		
Medical administration and miscellaneous operating expenses	39,941,000	42,238,000	42,000,000	42,000,000	42,000,000	+2,059,000	−238,000		
General operating expenses	525,633,000	557,423,000	550,000,000	541,500,000	550,000,000	+24,367,000	−7,423,000		+8,500,000
Construction, major projects	405,681,000	291,389,000	281,389,000	542,789,000	393,689,000	−11,992,000	+102,300,000	+112,300,000	−149,100,000
Construction, minor projects	92,791,000	95,606,000	94,106,000	94,106,000	94,106,000	+1,315,000	−1,500,000		
Grants for construction of State extended care facilities	10,000,000	10,000,000	10,000,000	15,000,000	10,000,000				−5,000,000
Assistance for health manpower training institutions	45,045,000	48,000,000	45,045,000	45,611,000	45,611,000	+566,000	−2,389,000	+566,000	
Grants to the Republic of the Philippines	2,100,000	2,100,000	2,100,000	1,700,000	1,700,000	−400,000	−400,000	−400,000	
Loan guaranty revolving fund (limitation on obligations)	(550,000,000)	(575,000,000)	(575,000,000)	(575,000,000)	(575,000,000)	(+25,000,000)			
Supply fund		20,000,000	20,000,000	20,000,000	20,000,000	+20,000,000			
Total, Veterans' Administration	18,572,931,000	17,695,172,000	17,660,056,000	17,915,882,000	17,770,282,000	−802,649,000	+75,110,000	+110,226,000	−145,600,000
Total, title II: Independent Agencies:									
New budget (obligational) authority	32,567,252,000	31,942,831,000	31,635,602,000	31,992,710,000	31,831,910,000	−735,342,000	−110,921,000	+196,308,000	−160,800,000
Appropriations to liquidate contract authority	(3,849,182,000)	(5,000,000,000)	(5,000,000,000)	(5,000,000,000)	(5,000,000,000)	(+1,150,818,000)			
By transfer	(588,450,000)					(−588,450,000)			
TITLE III									
CORPORATIONS									
Federal Home Loan Bank Board: Limitation on administrative expenses	(17,100,000)	(17,050,000)	(16,730,000)	(16,730,000)	(16,730,000)	(−370,000)	(−320,000)		
Limitation on nonadministrative expenses	(24,520,000)	(26,230,000)	(26,230,000)	(26,230,000)	(26,230,000)	(+1,710,000)			
Federal Savings and Loan Insurance Corporation: Limitation on administrative expenses	(875,000)	(870,000)	(870,000)	(870,000)	(870,000)	(−5,000)			
Total, title III: Corporations	(42,495,000)	(44,150,000)	(43,830,000)	(43,830,000)	(43,830,000)	(+1,335,000)	(−320,000)		

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
TITLE III—Continued									
CORPORATIONS—Continued									
Grand total, titles I, II, and III:									
New budget (obligational) authority	67,099,764,000	70,774,412,000	70,241,683,000	67,648,491,000	69,370,554,000	+2,270,790,000	−1,403,858,000	−871,129,000	+1,722,063,000
Appropriations	35,373,359,000	37,269,412,000	36,911,683,000	37,312,091,000	37,136,991,000	+1,763,632,000	−132,421,000	+225,308,000	−175,100,000
Contract authority	31,726,405,000	32,755,000,000	32,580,000,000	30,336,400,000	31,483,563,000	−242,842,000	−1,271,437,000	−1,096,437,000	+1,147,163,000
Authority to spend debt receipts		750,000,000	750,000,000		750,000,000	+750,000,000			+750,000,000
Appropriations to liquidate contract authority	(10,979,282,000)	(9,410,000,000)	(9,382,000,000)	(9,382,000,000)	(9,382,000,000)	(−1,597,282,000)	(−28,000,000)		
By transfer	(588,450,000)					(−588,450,000)			
Increased limitation for annual contract authority	(1,088,143,000)	(1,232,120,000)	(1,203,370,000)	(1,116,620,000)	(1,159,995,000)	(+71,852,000)	(−72,125,000)	(−43,375,000)	(+43,375,000)
Limitation on corporate funds to be expended	(272,860,000)	(273,150,000)	(272,830,000)	(272,830,000)	(272,830,000)	(−30,000)	(−320,000)		

ADDITIONAL STATEMENTS SUBMITTED ON HUD CONFERENCE REPORT

Mr. WILLIAMS. Mr. President, I would like to ask a question of the distinguished Senator from Wisconsin.

As you know, the appropriations legislation we are now considering has proceeded at a much faster pace than the corresponding authorization legislation. The Housing and Community Development Act of 1977 is still under consideration by both House and Senate conferees, and several important issues, particularly funding for impaction and for the urban development action grant program, UDAG, contained in title I of the bill, as yet remain unresolved.

The conference committee on the HUD and independent appropriations measure stated in part that the actions of the appropriations conference committee with respect to impaction and UDAG "are not intended to prejudice in any way the deliberations of the conference committee on title I of the Housing and Community Development Act of 1977." I would conclude that the passage of the appropriations measure we consider today would not interfere with the work of the conference committee on the HUD authorization legislation for fiscal year 1978, and that the Secretary of HUD could expend no fiscal year 1978 funds to implement proposed amendments to the 1974 community development program until after the Housing and Community Development Act of 1977 has been signed into law. Does the Senator from Wisconsin concur in my conclusions?

Mr. PROXMIRE. The distinguished Senator from New Jersey is correct. The passage of the fiscal year 1978 HUD appropriations bill would not permit the Secretary of HUD to expend fiscal year 1978 funds to implement proposed amendments to the 1974 community development program until after the Housing and Community Development Act of 1977 has received final approval.

Mr. BENTSEN. Mr. President, I simply want to make some legislative history here with regard to amendment No. 20 of the conference report, entitled "Health and Ecological Effect Program." The distinguished chairman knows of my interest in this section, for I have corresponded with him about it and also talked to him personally. On the House floor, when the additional $10 million was added for this section, the dialog between Congressmen BROWN, ECKHARDT, KRUEGER, and GAMMAGE made it plain that it was the intent of Congress that some of the funds appropriated here would be expended on an air quality study of the Texas gulf coast area, a project which is authorized presently in the Senate version of the EPA R. & D. authorization bill.

The gulf coast study is vitally important to the people of my State, who are not at all convinced that the EPA strategy to get oxidant levels down is the proper course to pursue in that area. EPA has concentrated on hydrocarbon reduction, yet the figures indicate that problems may exist along the gulf coast which make that approach financially and ecologically unsound. We believe we have special problems with liquid and solid aerosols, with topographic and climatological conditions, and with a heavy petrochemical complex. These may call for alternate strategies rather than the present inflexible EPA trade-off policy. This study should have nationwide importance, for it is necessary that whatever we do to reduce oxidant levels proceed from a sound data base; if it does not, we will be spending hundreds of millions of dollars on faulty clean-up strategies.

It is my understanding that a portion of the funds provided in this section of this appropriation bill shall be used to start up the study of the gulf coast area. We have made it clear in previous floor dialog that we do not believe EPA should conduct that study alone, but that it should involve environmental experts at the National Institutes of Health and from outside organizations in the region which are presently working on the problem. One important participant will be the Houston Chamber of Commerce, which is already spending more than a million dollars on its own exploration of the problem.

Is it the understanding of the distinguished chairman that the Texas gulf coast study should be one of the projects to share in the $6 million that was added to the Senate bill in the conference committee?

Mr. PROXMIRE. I have received correspondence from Senator BENTSEN on this matter and I am aware of the legislative history made on the House floor. I am in accord with his interpretation that the Texas gulf coast study should share in these additional funds. The entire question of oxidant control, particularly in his region of the country, tied up the Environment and Public Works Committee for several weeks. I believe the EPA should address this issue promptly with a portion of the additional funds we have provided in amendment 20.

Mr. CRANSTON. Mr. President, I would like to clarify with the distinguished Senator from Wisconsin (Mr. PROXMIRE), the floor manager of this bill, the understanding which has been reached between officials of the Veterans' Administration, the Senate Appropriations Subcommittee staff, and the General Accounting Office pursuant to the directive contained in the Senate Committee on Appropriations Report No. 95–280 at page 69, that the Veterans' Administration should reevaluate its estimates of acute and intermediate care beds and nursing home care beds at three VA facilities in accordance with the recommendations contained in a GAO study of May 20, and assess the feasibility of implementing the GAO's recommendations. That report, in addition, at page 69, directed the VA to implement the GAO's computer-based model for arriving at estimates of acute care bed needs in determining the size and bed mix of future major hospital construction projects.

As a consequence of these directions, a meeting was held with officials of the Veterans' Administration, the General Accounting Office, and staffs of the Senate Veterans' Affairs Committee and of the Senate Appropriations Subcommittee on HUD-Independent Agencies, to discuss the reasons for the discrepancies in the bed estimates between the GAO and the VA. It was a very illuminating and constructive session in which officials of each agency explained their methodologies and their definitions of the three types of care beds in an effort to find where the basis for the differences in the estimates lay.

At that meeting, it became evident that the VA officials felt the characteristics of the veteran population utilizing VA hospitals was not comparable to the pop-

ulation utilizing community hospitals—a population which the GAO utilized in developing its model. In addition, it became evident that the VA's perception of an extended care bed differed from the GAO's perception.

As a result of the discussion, it was agreed that a reasonable approach would be for the VA to assess carefully the GAO model in developing estimates for bed needs for the three facilities included in the GAO May 20 report; and where the estimates derived from the GAO model either by the VA or the GAO did not agree with the VA estimates based on its own estimating techniques, the VA would report to the Congress a detailed justification for the differences between its and the GAO's conclusion.

This same procedure would be utilized in future estimates.

It was also agreed that the VA and the GAO top officials involved in these estimating activities would meet in the near future to try to develop an estimating technique agreeable to both parties.

I would like to ask the distinguished Senator from Wisconsin whether this is not his understanding of the agreement that was reached and whether implementation of these procedures would satisfy the directives contained in the Senate Committee on Appropriations report?

Mr. PROXMIRE. Yes, that is a correct description of the agreement that was reached in order to carry out the underlying intent of our committee report language.

Mr. CRANSTON. I note that the $10 million cut in major construction funds proposed by the House was retained in the conference agreement. I would like to ask the distinguished Senator from Wisconsin if I am correct that the committee believes that further savings in construction funds could still be realized through implementation of this procedure for careful assessment of the GAO model in determining bed sizes or other economics; and whether, if such savings are realized, the direction in the Senate committee report to apply such savings to the construction of the four badly needed research and education buildings listed in the Appropriations Committee report would still be operative and should be applied?

Mr. PROXMIRE. Yes, it is certainly our view that savings are still possible and desirable and that any savings should be applied to the purposes outlined in the Senate committee report.

Mr. CRANSTON. Finally, I would like to clarify the situation with respect to the appropriations for construction of State home facilities. Am I correct that it is the intention of the Senate Appropriations Committee to provide, in the fall fiscal year 1978 Supplemental Appropriations Act, the additional $5 million authorized by Public Law 95–62, enacted July 5, 1977, for the program and to make clear that the full $15 million is available to be expended for the revised and expanded subchapter III of chapter 81 of title 38?

Mr. PROXMIRE. That is correct. We regret that we were unable to sustain the Senate appropriation of the full $15 million authorized, for which we have received a supplemental budget request.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. ABOUREZK addressed the Chair.

Mr. PROXMIRE. Mr. President, normally, if there was no objection, the Senate would act on the conference report and then take up the amendment which is in dispute.

I have indicated I am going to move to sustain the Senate position on this amendment, which I think is the same position taken by the Senator from South Dakota and a number of other Senators, including Senator BROOKE. But I understand the Senator from South Dakota wants to discuss this amendment in connection with the whole conference report, I will defer making that motion until the Senator is ready.

Mr. ABOUREZK. I just want to say that I understand my colleague from Wisconsin agrees with my position on the so-called Beard amendment, which would prevent HUD funds in this appropriation bill being used for veteran benefits on discharges upgraded under the President's April program.

However, I should advise my colleague and other Members of the Senate who are interested that there is presently underway an effort to change, to alter, the provisions under which the upgrading program will apply to veterans.

That work is underway between Senator THURMOND, Senator CRANSTON and the White House, and it is a much more acceptable version of the upgrading program than the so-called Beard amendment is.

I should also announce to the Senator from Wisconsin and other Members interested that I think it would be unwise for the Senate to act on this HUD conference report which contains the Beard amendment until such time as we can see what the compromise worked out by the White House and the Seantors mentioned will be.

So I am prepared to discuss this issue at length. I prefer not to do it.

I ask the Senator from Wisconsin if he will agree at this time to put off any further consideration until next week, until Monday or Tuesday, or whenever he wants.

Mr. PROXMIRE. We are anxious to get action on this whole matter. As the Senator knows, I am prepared now to vote up or down on the Beard amendment.

I think we have a good chance to sustain the Senate's original decision to strike the Beard language. If we lose, that is the way the cookie crumbles.

We can always delay legislation but this is an important appropriation bill. It provides almost $70 billion in new budget authority. I do not want to delay it.

Usually conference reports are adopted rather quickly because there has been extensive debate on the substance of the amendments in question, as the Senator knows, before the conferees resolve the issue.

So I would hope we can adopt the conference report, come to a vote on the so-called Beard amendment, sustain the Senate's position, which is exactly what the Senator from South Dakota would like to have done, and move on.

I understand that there are Senators who might want a vote. If the Senator would like to try to act on this now and——

Mr. ABOUREZK. I am unable to do it. I am personally committed to waiting for a compromise, so I do not intend to allow any kind of a vote to be taken on this measure until we can work out a compromise.

Mr. PROXMIRE. I am not sure I understand the reason for the compromise delay.

As I understand it, if the authorization legislation passes—that is, Senator CRANSTON'S and Senator THURMOND'S proposal—that will supersede the provisions in this appropriation bill with regard to benefits for discharged military personnel.

Mr. ABOUREZK. That is my understanding, as well.

Mr. PROXMIRE. This appropriation bill does not go into effect until October 1. So there is ample time for the Senate to take action on that authorization legislation.

I am assuming the worst case. I am assuming that the Senate does not agree with the Senator from South Dakota, or that we agree we go back to conference and somehow lose on the issue.

It seems to me the position of the Senator is fully protected because he can act on the authorization legislation that will certainly be before us in the near future.

Mr. ABOUREZK. It would seem to me that the leverage for a compromise position would be greater if this particular conference report with the obnoxious amendment in it were not passed.

That is my own judgment. I do not know if it is faulty or perfect. Nevertheless, it is my personal feeling on that matter.

I would prefer not to see the Beard amendment acted on until we get some determination on a better proposal. That happens to be the way I feel about it.

I feel fairly strongly about it.

I think I just might say something about the merits of the Beard amendment. I do not know who said it, but that the House of Representatives, which voted fairly overwhelmingly, as the Senator said, for the Beard amendment, is practicing the politics of spite; and I think, as the President has said, we want to get the Vietnam war behind us. Let us try to do something about it on the discharges, and not be vindictive against people who might have protested the war, one way or another.

I think that for the Congress to come back at this point and try to be vindic-

tive against those people is wrong and it is mistaken.

I hope we can get over that very soon. I intend to try to help Congress get over it.

Mr. PROXMIRE. I have just been informed that those who disagree with the Senator from South Dakota and the Senator from Wisconsin on the Beard amendment, those who favor the Beard amendment, will permit this to come to a vote now. If it comes to a vote now, I have no question, looking around the floor, that the Senate's original position will prevail and we will go back into conference.

Mr. ABOUREZK. Does the Senator mean——

Mr. PROXMIRE. I do not see why the Senator does not want to act.

Mr. ABOUREZK. Is the Senator saying, have it come to a voice vote?

Mr. PROXMIRE. That is my understanding. I think we ought to have a quorum call to check that out thoroughly. But we will not proceed without being sure that is the case.

It is my understanding we could bring the issue to a vote and that the position of the Senators from South Dakota and Wisconsin would, in all likelihood, prevail.

Mr. ABOUREZK. Let me put it this way, Mr. President. I ask unanimous consent that it be in order to vote on the Beard amendment and that the vote be a voice vote only and not a rollcall vote——

Mr. PROXMIRE. No, before we do that we should have a quorum call so that we can check this out thoroughly.

Mr. ABOUREZK. All right.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The clerk will call the role.

The second assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I have discussed this with the majority leader and with the Senator from South Dakota. It is clear that there is no way we are going to be allowed to vote on this measure today, and I regret that very much because I think this is a most important appropriation bill. It contains appropriations for a number of vital agencies. It is one of the major appropriations bills we have before us, and I intend to do all I can to take it up as quickly as possible.

I have great sympathy with the position of the leadership. They have other vital legislation which has to be acted upon promptly, and they have shown the greatest consideration in letting me call up this conference report now. They knew it was controversial. I will simply have to serve notice that I intend to press as hard as I can to get action on the conference report. I assure my good friend from South Dakota that I support his position. I am hopeful we can prevail by persuading the Senate to stand behind the initial Senate position and go back to conference with the House in disagreement.

I hope that the compromise the Senator from South Dakota discussed on the floor earlier, involving the White House and the assistant majority leader, Senator CRANSTON, can be worked out, and that it will permit us to act promptly on this conference report.

Mr. President, I ask unanimous consent to withdraw the conference report for the time being.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I commend the distinguished Senator from Wisconsin (Mr. PROXMIRE) on his decision to withdraw the conference report for the time being.

I commend him on the very diligent and hard work that he has put forth in the course of the hearings on this important bill and in the course of managing it on the floor and, of course, of handling it in conference, and also his efforts today to bring about a resolution of it.

I also commend him on his willingness to work with Mr. ABOUREZK and Mr. CRANSTON, and others, in an effort to resolve whatever problems there may be at the moment that are obstructing the adoption of the conference report.

I would hope that next week these matters may be resolved so that the conference report can be taken up and adopted.

Mr. ABOUREZK. Mr. President, may I say a word?

Mr. ROBERT C. BYRD. Yes.

Mr. ABOUREZK. I simply wish to express my thanks to the Senator from Wisconsin (Mr. PROXMIRE) both for doing what he just did and for his support of my position on this matter—though, however, not the tactics.

He is in a very difficult position. His responsibility is to get the conference report agreed to, even though he opposes the Beard amendment, and I simply wish to say that I understand his position and I am very sorry we had to come to a disagreement in this manner on this question.

I reiterate, if I might, Mr. President, that the Beard amendment or anything that resembles the Beard amendment is nothing more than playing the politics of spite. It is a vindictive approach to a very serious problem that affects the entire country. I hope that the Beard amendment or anything that looks like the Beard amendment will never pass this Congress, because I am afraid that it would be vetoed, and if the veto were overridden and that amendment became law at some point it would have a very bad impact on this country and the people of this country.

This is an extremely important issue, that I feel strongly enough upon to undertake this kind of debate. So I once again express my thanks to the Senator from Wisconsin.

Mr. ROBERT C. BYRD. Mr. President, for the time being I suggest the absence of a quorum. It may be that there are other conference reports that can be disposed of.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess awaiting the call of the Chair.

There being no objection. at 1:01 p.m., the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 2:29 p.m., when called to order by the Presiding Officer (Mr. RIEGLE).

INTERNATIONAL FOOD ASSISTANCE—CONFERENCE REPORT

Mr. HUMPHREY. Mr. President, I submit a report of the committee of conference on H.R. 6714 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. RIEGLE). The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6714) to amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 14, 1977.)

Mr. HUMPHREY. Mr. President, the conference report on H.R. 6714, the International Development and Food Assistance Act of 1977, provides a detailed explanation of the recommendations of the committee of conference. I will take this time to highlight briefly the major provisions of the legislation which includes fiscal year 1978 authorizations for development assistance, international disaster assistance, contributions to international organizations, as well as amendments to the food for peace program.

Mr. President, I ask unanimous consent to have printed in the RECORD a table which compares the executive branch authorization requests, the House bill, Senate amendments and conference agreement on H.R. 6714.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FUNDS AUTHORIZED FOR FISCAL YEAR 1978 BY H.R. 6714

[In millions of dollars]

Program	Executive branch request	House bill	Senate amendment	Conference agreement
Bilateral development assistance:				
Food and nutrition	550.0	613.2	550.0	580.0
Population planning	167.0	181.0	160.0	167.0
Health	104.9	105.9	109.5	107.7
Education and human resource development	84.4	84.9	84.4	84.9
Technical assistance, energy research, reconstruction, and selected development problems	100.0	110.0	100.0	105.0
Sahel development program	50.0	50.0	50.0	50.0
Other programs:				
American schools and hospitals abroad [1]	[1] 7.5	[1] 25.0	[1] 20.0	[1] 25.0
International disaster assistance	25.0	25.0	25.0	25.0
Italy relief and rehabilitation	0	20.0	35.0	30.0
AID operational expenses	220.2	220.2	220.2	220.2
International organizations	254.0	246.0	252.0	252.0
Total	1,563.0	1,681.2	1,606.1	1,646.8

[1] $7,000,000 in excess foreign currencies were also authorized for the American schools and hospitals abroad program under the executive branch request, the House bill, and the Senate amendment, and are authorized in the conference agreement.

Mr. HUMPHREY. Mr. President, I will discuss specific authorization levels in the bill, but first I want to place the fiscal year 1978 authorization for foreign assistance in a proper perspective. The expenditures authorized in this bill represent three-tenths of 1 percent of the Federal budget for fiscal year 1978. I repeat that, three-tenths of 1 percent. All of our foreign aid programs—bilateral and multilateral, economic and security—amount to 1.6 percent of the Federal budget.

I do not believe that three-tenths of 1 percent is an excessive amount to invest in our foreign assistance program.

The most fundamental condition of our time is that we live in an era of international interdependence—a time in which domestic and global distinctions have become blurred. And we are fast approaching the time when domestic and foreign policy will be inseparable. Even now, the importance of our economic relations with developing countries is rapidly increasing. The United States sells more of its products to developing countries than to the European Community, Eastern Europe, and the Soviet Union combined. Further, developing countries provide us with both critical raw materials and essential consumer goods.

A quick review of Africa, Asia, and South America remind us that events and conditions in developing nations also affect our national security. Economics and security aside, we must remember that we 216 million Americans live among 4 billion people on this Earth and that 1 out of every 4 of those people lives in abject poverty. Their future and our future cannot be separated by oceans. We are bound together by our common existence.

Foreign aid will not accomplish miracles in development or improvement in standards of living—that burden falls on the poor people in poor countries. But our assistance is a vital part of their effort.

I believe that we could and should invest more than three-tenths of 1 percent of our Federal budget in foreign assistance. However, I recognize and the conferees recognize that we must balance this priority against others, and I think that we have struck a good balance in this bill.

Mr. President, the table which I placed in the RECORD shows that the bill authorizes the appropriation of a total of $1.647 billion. The Senate bill authorized $1.606 billion and the House $1.681 billion. The conferees agreed to a total figure of $34.4 million below the House level and $40.7 million above the Senate level—a fair compromise between the two Houses.

As reported by the committee of conference, H.R. 6714 authorizes the appropriation of $63.8 million more than the executive branch requested. Of those additional funds, $30 million are for assistance to the victims of the earthquake which struck northern Italy and $17.5 million for contributions to American schools and hospitals abroad.

The $30 million authorized for the continuation of the reconstruction effort in northern Italy is a particularly worthy and important program. Our funds will be used to help the Italian people in reconstructing schools and homes for the aged which were damaged by the earthquake. Our relief effort in northern Italy has been underway for a year, but much more remains to be done to repair the earthquake damage in the Fruili region.

The $25 million authorized for contributions to Americans schools and hospitals abroad is another important, worthwhile effort and one which has substantial support in this country. The executive branch requested only $7.5 million for this program in fiscal year 1978—$17.5 million less than was authorized for fiscal year 1977. I have a feeling that given the long-standing congressional and public support which the American schools and hospitals program enjoys, the executive branch asked for only $7.5 million with the recognition that Congress would restore the funds to fiscal year 1977 levels; and we were more than pleased to accommodate them.

Mr. President, since the passage of the new directions legislation in 1973, the law has required that our development aid be channeled directly to help the poor majority of people in developing countries by providing assistance for projects designed to meet basic human needs—food production and nutrition; population planning and health; education and human resources. Title I of the International Development and Food Assistance Act of 1977 will continue to improve those aid policies, while the provisions of title II will help to provide more effective use of our agricultural commodities, which are distributed through the food for peace program.

Title I of the International Development and Food Assistance Act, as agreed to by the committee of conference, includes the following as its principal features:

The bill authorizes a total of $1.044 billion for the core development programs of AID. With this authorization level, 63 percent of our aid funds will be used for the new directions programs and 55 percent of those funds for food and nutrition assistance—the most important part of our development aid programs.

The legislation authorizes $50 million in fiscal year 1978 for the Sahel development program. This is a unique aid effort in which 12 donors and 8 recipients will undertake a regional development program in one of the poorest parts of the world. We remember only too well the devastating drought which hit the Sahelian region of Africa between 1968 and 1973. An estimated eight to nine million people were directly affected through loss of their livestock, and as many as 100,000 may have died. The Sahel development program, a congressional initiative, will improve the lives of the people of this region and help prevent a reoccurrence of the effects of drought and famine. This program may also serve as a model for future multinational development efforts.

The bill improves the effectiveness of AID's population assistance programs by requiring that they be more effectively integrated with our other development assistance efforts. This bill also specifically prohibits the use of aid funds to pay for the performance of involuntary sterilizations.

H.R. 6714 extends our important and effective housing investment guaranty program through fiscal year 1979, and permits merger of the Latin American and worldwide housing guaranty authorities. The bill also includes specific authority to provide housing guaranties for Israel, Portugal, and Lebanon.

The international organizations' authorization was approved at the Senate level of $252 million, $2 million below the President's request. The bill includes a provision which we consider to be very important—a limitation of $42.5 million on the authorization for contributions to the United Nations Relief and Works Agency (UNRWA). Many Members of the Senate have expressed concern about the effectiveness of UNRWA, and we have now limited funding pending a review of the program by the Foreign Relations Committee. That review will determine

whether the direction and use of the U.S. contributions to UNRWA is sufficient and proper and whether other countries are contributing according to their capacity and interest. Upon completion of this study, the committee will determine whether to recommend the approval of additional UNRWA funding for fiscal year 1978. Among the principal policy provisions of title I as recommended by the conferees are the following:

The human rights policies governing our bilateral aid programs will be coordinated with those governing our contributions to multilateral programs. The administrator of AID will be required to consider specific actions which have been taken by the President or Congress relating to multilateral assistance or security assistance because of human rights practices or policies. He will also be required to consult with the State Department's Human Rights Coordinator before determining whether a country is eligible to receive U.S. assistance.

In addition, $750,000 was earmarked to identify and openly carry out programs which will encourage or promote increased adherence to civil and political rights in recipient countries. This provision originated in the House and is a particularly important and positive feature of the bill as agreed to by the conferees.

This bill includes congressional initiatives relating to energy and the environment. The conference agreed to authorize the expenditures of up to $18 million to carry out cooperative programs with developing countries in renewable and unconventional energy production and conservation. The emphasis of these programs will be on research, development and use of small-scale energy resources for rural areas. The bill also requests the President to consider the establishment of a nonprofit International Energy Institute which would stimulate the application of renewable and unconventional energy to developing countries.

H.R. 6714 authorizes the President to furnish assistance for developing and strengthening the capacity of less developed countries to protect and manage their environment and natural resources. This Senate initiative will encourage the President to address the increasingly serious environmental problems which affect the lives of the poor majority in poor countries.

This bill will permit the provision of development assistance and securtiy assistance to the same country, but only if Congress approves the provision of both security and development assistance as a specific provision of the authorizing legislation.

In other policy provisions included in title I, the bill:

Prohibits the provision of aid to Vietnam, Cambodia, Laos, and Cuba;

Strengthens programs designed to integrate women into the economies of developing countries and development organizations;

Earmarks $10 million for cooperatives and authorizes the use of funds for technical and capital assistance in the development and use of cooperatives;

Abolishes the Office of Inspector General, Foreign Assistance, on July 1, 1978 but permits the President to assign the duties of the office to the Inspector General, Foreign Service; and

Improves the coordination of bilateral and multilateral development assistance programs.

Senator TALMADGE, the distinguished chairman of the Committee on Agriculture, Nutrition and Forestry, will discuss the provisions of title II of this bill in some detail; but I want to mention several of the provisions which I consider to be most important for our Public Law 480 programs and for our overall development assistance effort.

Title II of the International Development and Food Assistance Act continues an effort begun 2 years ago to clarify the priorities of our food-for-peace program, to improve the linkages between food aid and agricultural development and to stabilize the flow of our agricultural commodities.

The increases in minimum levels for title II, the establishment of clear priorities for title II assistance and the new food-for-development program included in this bill will lead to a better food-for-peace program for aid recipients and for American farmers.

Mr. President, I regret that the Senate conferees had to recede on some provisions which were of particular interest to Members of this body. And I am thinking particularly of the prohibition on the United Nations University, which was included in the Senate bill as an amendment sponsored by Senator DECONCINI. However, on balance, I believe that this bill represents a good compromise between the two Houses; and in many ways, by taking the best features of each bill, we are able to come back from this conference with better legislation than the bills passed by either House.

Mr. President, I believe the conference report merits the support of the Senate and I urge its adoption.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by Senator TALMADGE, who was the chairman on our side for the conference with respect to the provisions relating to Public Law 480.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. TALMADGE

On behalf of myself and my colleagues who acted for the Senate to resolve the differences of the respective House and Senate versions of title II of H.R. 6714, I am pleased to speak in favor of the report of the committee of conference. The work of the conferees represents a fair and balanced compromise of the differences which were contained in the respective versions of this bill. I feel that the provisions that we now lay before our colleagues will be a substantial step toward improving our foreign assistance programs, and strengthening our international commodity markets.

The Committee on Agriculture, Nutrition, and Forestry has devoted considerable effort to reviewing Public Law 480 over the past several years. From these efforts the committee reported extensive amendments to Public Law 480, our food for peace program, within S. 275, the omnibus farm bill. Part of these provisions passed the Senate with that legislation. Other provisions were deleted and included with H.R. 6714 in order to facilitate consideration of these provisions under a split jurisdictional responsibility of Public Law 480 in the House of Representatives. It is these latter provisions, those which generally relate to the international operations of Public Law 480, on which we have acted in conference and now lay before the Senate.

Title II of H.R. 6714 as agreed upon in conference with the House of Representatives would do the following. First, it would provide for a new food for development program under title III of Public Law 480, a program which would permit the President to waive the repayment obligation for concessional sales made under title I to the extent that the proceeds from the sale of title I commodities are used for certain specified developmental purposes.

This authority is similar to the so-called "grant-back" authority which was provided for under amendments contained within the "International Development and Food Assistance Act of 1975".

The House bill contained an amendment which would have prohibited the sale of tobacco under Public Law 480. A similar provision was rejected in the Senate. I am pleased that the House accepted the Senate provision. This House provision would have dealt a serious blow to the objectives of Public Law 480, which is intended to promote economic development in developing countries, and expansion of markets for U.S. commodities.

In 1976, alone, total tobacco exports exceeded imports by $1 billion. Furthermore, tobacco production in the United States is vital for a healthy farm economy, and the nearly 600,000 farm families who depend upon it for a major portion of their income.

To insure that the humanitarian programs under title II have access to a stable flow of commodities, the conference committee agreed to increase the suballocation for the voluntary agencies and the world food program from 1.0 to 1.3 million tons annually. The overall allocation for title II, which includes disaster relief, will be increased from a minimum of 1.3 to 1.6 million tons. Both of these minimums will be increased by 50,000 tons annually to 1.4 and 1.7 million tons respectively by 1982. However, the new food for development program would refine this concept to provide for a carefully constructed procedure under which these commodity sales proceeds could be utilized. This program will be an important step toward strengthening the link between food aid and agricultural development. Furthermore, this is specifically in line with the Public Law 480 objective of expanding markets for U.S. commodities, since increased demand for agricultural products goes hand in hand with economic development.

Both versions of H.R. 6714 contained a modification of the formula under which 75 per cent of title I financing is reserved for the poorest countries. Congress agreed to adjust this formula to take into account world inflation, which has made the present allocation criteria outdated by increasing the per capita limit to $520. The new formula will provide greater flexibility for the President to respond to changes in the availability of commodity supplies and world food needs.

The Senate was not able to retain its provision which would set aside not less than 5 per cent of the funds accrued from title I sales for developing markets, storage, and distribution facilities in developing countries. This provision was intended to assist in the development of foreign markets for

U.S. farm commodities. In recent times the lack of adequate storage facilities has become a serious constraint to market expansion. However, it was agreed to insert language in the statement of managers to the effect that such activities be conducted under existing authority. We will be watching the responsiveness to this directive by the administration and will consider further action should such projects not be forthcoming.

The conference committee also agreed on a number of other provisions relating to the administration of Public Law 480. It accepted a number of the Senate provisions dealing with the adequacy of storage facilities in developing countries, and ocean and inland transportation of Public Law 480 commodities.

H.R. 6714 as reported by the Committee on Conference embodies the best of the House and Senate bills. It represents a major step forward in the foreign assistance programs and expansion of U.S. commodities into world markets, and I urge the Senate to accept this conference report.

Finally, I thank the distinguished chairmen of the Foreign Relations Committee and the International Relations Committee for their leadership and assistance in facilitating the consideration of amendments to Public Law 480.

Mr. STEVENS. Mr. President, we have notified all minority Senators of the consideration of this conference report and have checked with those people who had amendments at the time the bill was considered, and we have received no requests for time.

On that basis, we do not object to the immediate consideration of the conference report.

Mr. HUMPHREY. I thank the distinguished minority leader.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERNATIONAL SECURITY ASSISTANCE ACT—CONFERENCE REPORT

Mr. HUMPHREY. Mr. President, I submit a report of the committee of conference on H.R. 6884 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6884) to amend the Foreign Assistance Act of 1961 to authorize international security assistance programs for fiscal year 1978, to amend the Arms Export Control Act to make certain changes in the authorities of that Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 15, 1977.)

Mr. HUMPHREY. Mr. President, the Senate conferees are pleased with the outcome of the conference on the Security Assistance Act of 1977. Virtually all provisions of the Senate bill that the Senate considered important are contained in the conference bill. The total conference authorization is only $1.2 million higher than that contained in the Senate authorization. Authorizations for the eight security assistance programs are as follows:

[In millions of dollars]

	Executive request	House recommendation	Senate recommendation	Conference agreement
Military assistance programs:				
Grant military assistance	230.0	228.9	230.0	228.9
International military education and training	35.0	31.4	30.0	31.0
Foreign military sales credits	707.25	675.85	678.5	677.0
FMS aggregate ceiling	(2,217.5)	(2,098.5)	(2,104.5)	(2,102.35)
Economic assistance programs: Security supporting assistance	1,907.2	1,214.7	1,875.0	1,890.0
Loan to Portugal	300.0	(3)	300.0	300.0
Middle East special requirements fund	25.0	8.0	37.2	25.0
Other programs:				
International narcotics control	39.9	39.0	39.0	39.0
Contingency fund	5.0	5.0	5.0	5.0
Total	3,248.95	3,202.85	3,194.7	3,195.9

About 70 percent of this aid is economic assistance.

Although the $3.2 billion will aid 60 countries, about 92 percent of the program funds will go to four critical troubled areas of the world—the Middle East, Southern Europe, southern Africa, and South Korea.

Let me summarize the dozen most important provisions in the conference bill. The conferees agreed to:

Authorize a $300 million balance-of-payments loan for Portugal;

Authorize grant military assistance to the eight countries specified in the Senate bill;

Authorize military assistance advisory groups in 15 countries, 2 less than contained in the Senate bill;

Provide $80 million for a Southern African Special Requirements Fund, a reduction of $20 million from the House bill;

Accept the Kennedy-Church amendment which would prohibit military assistance and sales to Argentina after fiscal year 1978;

Accept the Glenn amendment which toughens aid prohibitions on countries transferring plutonium;

Accept a House provision allowing congressional disapproval by concurrent resolution of third-country military transfers;

Approve a Senate amendment prohibiting aid to countries that sanction international terrorism;

Authorize an aggregate ceiling of $2,102.35 million for FMS credits, including $1 billion for Israel;

Accept the Senate policy statement on Israel, as well as mutually acceptable language on aid to Greece and Turkey;

Approve House language requesting that the President take effective measures to assure that Korea is cooperating with the Justice Department bribery investigation.

This short summary indicates the successful outcome of the Conference. I urge you to approve H.R. 6884 as presented n Conference Report No. 95–503.

Mr. President, it is my understanding that this conference report has been cleared on the minority side. It was a unanimous report from the conference committee of the two Houses.

Mr. STEVENS. Mr. President, we have requested notice by any member of the minority who wished to speak on this conference report and have had no indication of any objection. On that basis, we agree to the immediate consideration of this conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I thank the acting minority leader for his cooperation.

I am happy to report to the Senate that on these two bills on which we just completed action, the Senate position was very much respected in the conference, and we can be very pleased with the results of these respective conferences.

QUORUM CALL

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President,

I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR COMMITTEES TO HAVE UNTIL 7 P.M. TODAY TO FILE REPORTS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may have until 7 p.m. today to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR SENATORS TO INSERT STATEMENTS AND FILE MATTERS UNTIL 5 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senators may have until 5 p.m. today to insert statements in the RECORD and to file petitions, memorials, bills, joint resolutions, and other resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Has the order been entered for the meeting hour Monday?

The PRESIDING OFFICER. Yes; it is to recess until 12 noon.

Mr. ROBERT C. BYRD. I thank the chair.

Has an order been entered for the recognition of a Senator on Monday?

The PRESIDING OFFICER. Yes; the Senator from South Carolina (Mr. THURMOND) is to be recognized for fifteen minutes.

Mr. ROBERT C. BYRD. I thank the chair.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene on Monday, following a recess. After the two leaders or their designees have been recognized under the standing order, there will be one order for the recognition of a Senator for not to exceed 15 minutes; and following that the Senate will proceed to the consideration of the budget waiver resolution (S. Res. 206), a resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 926.

There is a time limitation of 1 hour for debate on that resolution, and whether or not it will be disposed of by voice vote or rollcall vote I have no way of knowing at the moment.

But upon the disposition of that budget waiver resolution the Senate will immediately proceed to the consideration of S. 926, a bill to provide for the public financing of primary and general elections for the U.S. Senate.

Debate will go forward on the public financing bill on Monday and Tuesday. Amendments thereto will be in order, and votes may occur in connection with the bill on public financing.

Other matters may be taken up if general agreement can be reached to proceed to other matters and dispose of them.

Conference reports are privileged and, of course, can be called up on Monday and Tuesday.

It is not my anticipation that the Senate will be in late either Monday or Tuesday, so I think I would be safe in saying to Senators that the Senate will not be in late Monday or Tuesday.

Come Wednesday I would anticipate offering a motion to invoke cloture on S. 926, the public financing bill, which cloture vote would occur on Friday of next week.

Senators should so schedule their business on next Friday as to allow for the cloture vote which will occur.

I hope that that vote to invoke cloture will result in termination of the extended debate, and that the Senate may then complete its work on that measure. If the vote to invoke cloture does not succeed it will be my intention to have a vote to invoke cloture again and again and again, and possibly again.

So I will be offering cloture motions daily beginning with next Wednesday. I hope that Senators will consider these matters as they vote.

It is my desire and that of the leadership in general to expedite the business of the Senate and dispose of the public financing measure one way or another, and get on with other matters.

But Senators know a week in advance that there will be a cloture vote next Friday. There may be votes daily throughout the week in connection with the public financing measure, and, as I say, on other matters that may be cleared for action and conference reports.

The Senate has disposed of several conference reports within the past few days, but there remain on the conference calendar 28 measures in conference. On many of these, if not most of them, the House of Representatives will be acting first but by the close of next week I should think that the other body would have disposed of several of the conference reports, and hopefully the Senate will have also.

Mr. President, if the distinguished assistant Republican leader has anything he would like to add at this time, I yield the floor.

Mr. STEVENS. Mr. President, at the close of this week and before the start of next week, during which there will be substantial disagreement, on behalf of the minority, again, I thank the majority leader for the manner in which we are proceeding. When he obviously is dealing with people who disagree, his one great claim I believe is that he can deal with those of us who disagree without making any of us disagreeable. I know it will be a tough week next week for all of us, but I think we have heard what the majority leader has said about "again and again and again."

But we will be here, and it will be an interesting week. Because of the manner in which he is proceeding, particularly in these areas of great disagreement, we thank him for doing something without being disagreeable and we look forward to next week.

Mr. ROBERT C. BYRD. Mr. President, the fair, distinguished Senator from Alaska is one of my closest friends. As Scripture says, "There is a friend that walketh closer than a brother." I feel very close to the Senator from Alaska. As I have said many times, he is the ranking Republican member of the Interior Appropriations Subcommittee on which I have served, and I have leaned on him as a very strong pillar of strength repeatedly. He has always been there at my side.

I know there is no feeling that ever goes outside the door. We have our differences here and our disagreements, but underneath it all I think we keep in mind that the Senate is much bigger and much greater than all of the 100 components that constitute its parts, and we cannot always agree. We just do the best we can. We cooperate when we can and we work together, and the Senator can be assured always of my friendship regardless of the position that I from time to time have to take and the position he has to take. But I would say that looking down the road next week and looking at the legislative radar screen——

Mr. STEVENS. The majority leader sees a few blips out there, does he not?

Mr. ROBERT C. BYRD. There are a few blips out there. There is a considerable amount of fog. I can see that it is going to be windy from time to time. There will be mild winds from the west and gusts at times from the east, and the ride will be a little difficult. I would suggest that Senators stay out of the aisles, put their seat belts on, and stay in their seats, and we will weather the storm one way or another. It will eventually subside.

Mr. STEVENS. And the Senate will survive in spite of us.

Mr. ROBERT C. BYRD. Very well put.

Mr. STEVENS. I thank the Senator very much.

RECESS TO MONDAY, JULY 25, 1977

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12 noon on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

The motion was agreed to; and at 2:56 p.m. the Senate recessed until Monday, July 25, 1977, at 12 noon.

CONFIRMATION

Executive nomination confirmed by the Senate July 22, 1977:

COUNCIL ON WAGE AND PRICE STABILITY

Barry P. Bosworth, of Maryland, to be Director of the Council on Wage and Price Stability.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

(Statements in connection with bills and joint resolutions introduced today are as follows:)

By Mr. THURMOND:

S. 1909. A bill for the relief of certain employees of the Charleston Naval Shipyard, Charleston, S.C.; to the Committee on the Judiciary.

Mr. THURMOND. Mr. President, 16 civil service employees at the Charleston Naval Shipyard have been required to repay the Government a portion of their per diem allowances, as a result of an erroneous overpayment by the Navy. Since the Navy has acknowledged the administrative error and the interpretation of current laws prevent cancellation of repayment, I am introducing a private relief bill to relieve these employees of all liability to repay the Government.

The total amount to be nullified by my bill is $12,434.60. The amounts per individual varies from the lowest of $434 to the highest of $1,250.05. This variation among the 16 employees is due to differences in calendar time and training time during the specified temporary duty period for which per diem allowances were authorized and paid.

Mr. President, when my constituents brought this problem to my attention and provided the documentation supporting the administrative error, I requested the Department of the Navy to investigate this matter. For clarification of the problem, I would like to quote an excerpt from the Navy report, as follows:

The employees for whom you have inquired received overpayment of per diem while attending long-term training programs. All of the employees in question were assigned to training programs which lasted in excess of 120 continuous calendar days. Prior to commencing their training assignments, the employees were issued travel orders which authorized per diem not to exceed the maximum allowable, which at that time was $33.00 per day. Effective 1 August 1976, the Joint Travel Regulations (JTR), Volume 2, which set forth the regulations governing travel and transportation entitlements of Department of Defense civilian personnel, were revised to provide that employees assigned to a continuous full-time training program of 120 or more calendar days are entitled to receive 55 percent of the maximum amount allowable for the locality where the training is being conducted. This change thus affected those employees already in attendance at training programs and resulted in a reduction in per diem entitlement effective 1 August 1976. Payments made to those Charleston Naval Shipyard employees on whose behalf you have inquired, were not reduced as required by the change in the regulations, resulting in an overpayment for which repayment has now been sought.

The per diem rates stipulated in the JTR are applicable to all Department of Defense personnel and are mandatory for the various conditions of travel described unless otherwise provided The Comptroller General of the United States has consistently held that amendatory regulations changing per diem rates have the force and effect of law and are applicable from the stated effective date thereof. This ruling is applicable not only in cases where the individual employee has not received notice of the increase or decrease in rates, but also in cases where the installation directing the travel has not received actual notice of the amendment. Furthermore, an employee has no vested right to be paid at the rate in effect on the date his travel orders are issued for the duration of those orders in the presence of a regulatory revision to the rate in the interim.

The current provision of the JTR, which was effective 1 August 1976 and requires a reduction in the rate of per diem for long-term training programs of 120 or more calendar days, was initiated on the basis that when an employee is attending a course of instruction for a period in excess of four months he can reasonably be expected to procure semi-permanent quarters on other than a daily basis and with facilities sufficient for the preparation of meals, thereby reducing lodging and subsistence expenses. This provision is also in consonance with the Department of Defense policy that a civilian employee performing travel on official business is expected to exercise the same care in incurring expenses that a prudent person would if traveling on personal business.

Civilian Manpower Management Instruction (CMMI) 410.10 sets forth the Department of the Navy policy on assignment of employees to long-term training and education provided for by the Government Employees Training Act of July 7, 1958, and as codified at Chapter 41 of title 5, United States Code. In the statement of scope, that CMMI provides in part that *"As used in this CMMI,* the term long-term training and education refers to the off-the-job training (other than apprenticeship, cooperative education, and management intern programs) to which an employee is assigned on a full-time basis and which consists of more than 120 consecutive working days." (italic provided) Such a statement clearly indicates that the definition as used therein relates solely to the expenditure of Government funds as authorized under the law to procure instructional or training services for employees to further their development and thus provide improved service to the Government. It does not indicate that such definition governs in determining entitlement to travel and transportation allowance expenditures.

As requested in your letter of 25 May 1977, following is a list of amounts overpaid to those employees on whose behalf you have inquired:

Henry Brown	$476.00
Byron R. Buchanan	1,077.00
Arthur Canady	450.00
Robert E. Carter	442.00
Edwin L. Clickner	476.00
William F. Cummings	1,077.00
Edward F. Fuller	1,077.00
Wilbur Geathers	482.85
Donell E. Gourdine	1,250.05
David D. Lorick	1,077.00
Martin N. Olmeda	1,077.00
Lawrence E. Riley	617.00
Dean W. Sabo	1,077.00
Leon T. Scarborough	902.75
George B. Stone	442.00
Paul K. Vincent	434.00

It is regretted that the erroneous payments of per diem were caused by a misinterpretation of applicable regulations relating to long-term training, and that the information was accepted in good faith by the employees in question. The Comptroller General has consistently ruled, however, that the United States is not bound by erroneous or unauthorized acts of its officers and employees. Such a misinterpretation may not, therefore, serve as a basis for an exception to the regulations. Though Public Law 92-453 (5 U.S. Code 5584) permits the waiver of erroneous payments of pay and allowances to employees, travel and transportation allowances are specifically excluded from the provision. There is, therefore, no authority under which the overpayments of per diem made to your constituents may be waived.

Mr. President, these employees who are hard working family men have been financially penalized due to a Government error. I strongly urge my distinguished colleagues to support this relief bill.

Mr. President, I ask unanimous consent that the bill be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1909

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That each of the following named employees of the Charleston Naval Shipyard, Charleston, South Carolina, is hereby relieved from all liability to repay to the United States the sum of money specified opposite the name of such employee, such sum representing overpayment of per diem made through administrative error and received in good faith by such employee:

(1) Henry Brown the sum of $476.00;
(2) Byron R. Buchanan the sum of $1,077.00;
(3) Arthur Canady the sum of $450.00;
(4) Robert E. Carter the sum of $442.00;
(5) Edwin L. Clickner the sum of $476.00;
(6) William F. Cummings the sum of $1,077.00;
(7) Edward F. Fuller the sum of $1,077.00;
(8) Wilbur Geathers the sum of $482.85;
(9) Donell E. Gourdine the sum of $1,250.05;
(10) David D. Lorick the sum of $1,077.00;
(11) Martin N. Olmeda the sum of $1,077.00;
(12) Lawrence E. Riley the sum of $617.00;
(13) Dean W. Sabo the sum of $1,077.00;
(14) Leon T. Scarborough the sum of $902.75;
(15) George B. Stone the sum of $442.00; and
(16) Paul K. Vincent the sum of $434.00.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to any employee named in the first section an amount equal to the aggregate of any amounts paid by such employee or withheld from any sum due such employee on account of the liability referred to in the first section of this Act.

SEC. 3. No part of the amounts appropriated in this Act shall be paid or delivered to or received by an agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

By Mr. ROTH:

S. 1911. A bill to amend title XVI of the Social Security Act to permit States to establish work program demonstration projects under the aid to families with dependent children program; and

S. 1912. A bill to amend title XI of the Social Security Act to establish work program demonstration projects under the aid to families with dependent children program; to the Committee on Finance.

WORK INCENTIVES FOR WELFARE RECIPIENTS

Mr. ROTH. Mr. President, I am today introducing legislation which I believe will enable States to strengthen work incentives for welfare recipients. The

greatest tragedy of our existing welfare system is that it all too often discourages people from working.

While I recognize that many welfare recipients are clearly unable to work, there are welfare recipients who are able to work. But under our current system, too many people find public assistance more attractive than working.

A number of States are interested in experimenting with and developing ways to get people off the welfare roles and into useful employment. But our present patchwork welfare system has prevented States from effectively encouraging people to work.

The two bills I am introducing today will help States to increase work incentives for welfare recipients.

The first bill would permit States to conduct community work and training programs for welfare recipients. Before the work incentive program—WIN—was adopted in 1967, Federal law permitted matching AFDC payments to welfare recipients particularly in a community work training program. Since the enactment of the WIN program, Federal matching payments for these programs have been suspended.

However, the WIN program has not been able to be fully implemented to reach all potentially employable recipients. In addition, a number of States, most notably Massachusetts and Utah, have been successfully utilizing other approaches to place recipients in worthwhile work experience programs. Therefore, I believe we should reinstate this provision to give States greater flexibility in developing community work and training programs as an alternative to welfare.

The second bill I am introducing would permit States to conduct demonstration projects to increase work incentives for welfare recipients. Under existing law, the individual States have been inhibited from instituting innovative employment programs for welfare recipients. Existing law allows HEW to waive any of the State plan requirements of Federal law for experimental, pilot or demonstration projects. However, HEW has been extremely slow in acting under this waiver authority. This legislation would broaden the State's authority to set up demonstration projects. Specifically, a State would be permitted to waive certain requirements on its own initiative unless and until HEW disapproved the waiver. I believe this provision would encourage States to experiment with various means of making work requirements more meaningful, and certainly our Federal structure should permit this to occur.

The Finance Committee is currently considering H.R. 7200, which contains a number of revisions to the public assistance statutes, and I intend to offer these two provisions as amendments to that bill. I believe these provisions are extremely important changes which will help States strengthen work incentives for welfare recipients, and I am hopeful that the committee and the full Senate will approve these two welfare program improvements. I ask unanimous consent that the text of these two measures be included in the RECORD at this point.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1911

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 1115 of the Social Security Act is amended—

(1) by inserting "(a)" immediately after the section designation;

(2) by striking out the subsection designations "(a)" and "(b)" and inserting in lieu thereof "(1)" and "(2)" respectively; and

(3) by adding at the end thereof the following new subsection:

"(b)(1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under Part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—

"(A) provide that not more than one such project be conducted on a statewide basis;

"(B) provide that in making arrangements for public service employment—

"(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(ii) such project will not result in the displacement of employed workers,

"(iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

"(iv) appropriate workmen's compensation protection is provided to all participants;

"(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.

"(2) Any State which establishes and conducts demonstration projects under this paragraph, may, with respect to any such project—

"(A) waive, subject to clause (3), any or all of the requirements of sections 402(a)(1) of the Social Security Act (relating to Statewide operation), 402(a)(3) of such Act (relating to administration by a single State agency), 402(a)(8) of such Act (relating to disregard of earned income), except that no such waiver of 402(a)(8) of such Act shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a)(19) of such Act (relating to the work incentive program);

"(B) subject to clause (4) use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individuals participating in such projects under part A of title IV of such Act for any fiscal year in which such demonstration projects are conducted; and

"(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 et seq.), for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subdivision (B).

"(3) Notwithstanding the provisions of clause (2)(A), the Secretary of Health, Education, and Welfare (hereinafter in this paragraph referred to as the 'Secretary') may review any waiver made by a State under such clause. Upon a finding that any such waiver in inconsistent with the purposes of this paragraph and the purposes of part A of title IV of the Social Security Act, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall be terminated not later than the last day of the month following the month in which such waiver was disapproved.

"(4) Any amount payable to a State under section 403(a) of such Act on behalf of an individual participating in a project under this paragraph shall not be increased by reason of the participation of such individual in any demonstration project conducted under this paragraph over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.

"(5) Participation in a project established under this paragraph shall not be considered to constitute employment for purposes of any, finding with respect to 'unemployment' as that term is used in section of such Act.

"(6) Any demonstration project established and conducted pursuant to the provisions of this paragraph shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the questions of this subsection shall be terminated not later than September 30, 1979.".

SEC. 2. The amendments made by this Act shall be effective on October 1, 1977.

S. 1912

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

COMMUNITY WORK AND TRAINING PROGRAMS

SEC. 1. (a) Section 204(c)(2) of the Social Security Amendments of 1967 (Public Law 90-248) is repealed, effective October 1, 1977.

(b) Section 409 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(c) The term 'individuals who have attained the age of 18' as used in subsection (a) above shall not include any individual who is not—

"(1) a father who is not incapacitated; or

"(2) a mother with no children under six, and who is not—

"(A) ill, incapacitated, or of advanced age;

"(B) too remote from an employment program to be able to participate in such program;

"(C) needed at home to care for an incapacitated family member; or

"(D) attending school on a full-time basis; or

"(E) participating in a work incentive program.

"(d) If the relative with whom a child is living is denied aid because of failure to comply with the requirements of subsection (a) above, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subsections (A) through (E) of such section).".

SEC. 2. The amendments made by section 1(b) of this Act shall be effective on October 1, 1977.

ADDITIONAL STATEMENTS

CYPRUS: 3 YEARS AFTER THE TURKISH INVASION

Mr. KENNEDY. Mr. President, just 3 years ago the northern areas of Cyprus were invaded and occupied by the armed forces of Turkey. The human and political consequences of that tragedy are

still with us today, and so are the dangers of new tension and even greater human suffering.

In July 1974, Turkish forces divided Cyprus. Over 200,000 people became refugees. Hundreds lost their lives or were wounded. Others are still missing. The social fabric of the island was torn apart. And its economy and the livelihood of thousands of families—both Cypriot Greeks and Cypriot Turks—were shattered.

Nothing has really changed on Cyprus. And the problems created by the Turkish invasion continue to fester. Turkish troops, armed with American weapons, still occupy nearly 40 percent of Cyprus. No refugees have returned to their homes. And despite the best efforts of the United Nations and others, no solution is in sight. In short, the shambles created by the Turkish invasion remains for all to see.

We cannot ignore the fact that the United States has a special responsibility to help resolve the Cyprus problem—not only because of our close ties with Ankara over the years and because American supplies were used to invade and occupy the island, but also because our past diplomacy has contributed to the continuing tragedy.

But real progress toward an honorable and just resolution of the Cyprus problem remains a crucial element in repairing our traditionally good relations with the people and governments in both Greece and Turkey. And progress on Cyprus is crucial, as well, in stabilizing our security interests in the Eastern Mediterranean. Today, as 3 years ago, it is illusory to believe that these relations can be fully repaired, or our interests fully stabilized, without real progress on Cyprus.

Mr. President, I want to commend the President for his initiatives on Cyprus since January, and I fully support his recent pledge "that the United States will do all that it can to help achieve a negotiated settlement for Cyprus." The President made this pledge on April 15, in the required report to Congress on the situation in Cyprus. And hopefully, some new initiatives can be taken soon.

But I am disturbed by recent reports from Ankara that Turkish leaders are again threatening an independent Turkish state in Northern Cyprus. Surely the new Turkish Government must know that such action would only cause new tensions and conflict on the island, and also endanger the peace and stability of the Eastern Mediterranean.

And the new government must also know that such action would sabotage any new efforts to achieve a peaceful settlement on Cyprus, and place new strains on relations with the United States and other countries.

So I appeal today to the leaders in Ankara for calm and reason in approaching a problem that has festered too long. And I am also hopeful that the administration will publicly renew our country's commitment to work for the protection of human rights on Cyprus—for a just settlement of the Cyprus problem—and for the full restoration of the island's independence, sovereignty and territorial integrity.

It is imperative that the restoration of the full independence sovereignty and territorial integrity of Cyprus be the fundamental objective of American policy and diplomacy. No other goal better satisfies justice or the bringing of peace and relief to the unhappy people of Cyprus—both Cypriot-Greeks and Cypriot-Turks.

And there are some other items that deserve our country's attention, as I have suggested repeatedly over the past 3 years in releasing special reports on Cyprus prepared by the Subcommittee on Refugees.

First, we must continue, in concert with others, to use our influence and good offices with Turkey to persuade Ankara to give its active support to the implementation of the intercommunal agreements, and to the resumption of meaningful intercommunal talks under United Nations auspices. The elements of a negotiated settlement of the Cyprus problem—both territorial and structural—have been there for all to see for many months. But equally clear has been the absence of a will to act on the part of Turkey or the Cypriot-Turkish leadership. However, as the occupying and stronger power on Cyprus, and in accordance with the resolutions of the United Nations, Turkey has a special responsibility to act in helping to resolve the crisis.

Second, the plight and fate of the refugees must remain central in any effort to resolve the Cyprus problem. A viable and just solution on Cyprus simply cannot be found, unless and until the basic principle of the right of the refugees to return to their homes and lands, or to be fully compensated for their losses, is recognized by all parties concerned.

And finally, Mr. President, I believe the United States must continue to help in the recovery efforts in all parts of Cyprus, and continue to contribute to the rehabilitation programs of the Cyprus Government and the United Nations High Commissioner for Refugees. I am pleased that the Senate has adopted an amendment offered by myself and our distinguished colleague from Rhode Island (Mr. PELL) to authorize $15 million in assistance to Cyprus during the next fiscal year, and I am pleased that the Appropriations Committee has acted to fund this authorization. The funds are needed to help the people of Cyprus.

As the Turkish occupation of Northern Cyprus moves into its 4th year, it is time again to recognize that the imperatives for American diplomacy have rarely been more clear—and, equally clear, are the dangers of new tragedies on Cyprus, and new tensions in the Eastern Mediterranean, if our Nation fails to act.

Mr. President, I am hopeful that in the coming days the administration will give further substance to the President's pledge that "working in close liaison with the Congress, we will devote whatever efforts may be required to bring about a truly just and lasting peace in the Eastern Mediterranean."

The place to begin—as it was 3 years ago—is on Cyprus.

ARTICLES FROM U.S.S. "WYOMING"

Mr. WALLOP. Mr. President, yesterday my colleague, Senator HANSEN and I introduced a bill (S. 1908) which would give Wyoming the nameplate, bell and silver service of the U.S.S. *Wyoming*. The ship's bell and nameplate will be used for exhibition and educational purposes by the Governor of Wyoming and the University of Wyoming. The silver service will be displayed in the Wyoming State Museum for reasons of preservation due to its delicacy.

Commissioned in 1912, the U.S.S. *Wyoming* was a rugged battleship which served the Navy for 35 years and saw action in both World War I and World War II. Active in combat in World War I, it fought off the coast of Norway and in the English Channel. In World War II it served as a gunner training boat due to its age. She was finally decommissioned and struck from the Navy in 1947.

I sincerely hope that my distinguished colleagues will support this legislation in the hopes that the State of Wyoming might benefit from the possession of these historic articles.

THE NAVY CHANGES ITS POLICY TOWARD SHARKS

Mr. METCALF. Mr. President, the Navy has decided to stop buying and using a shark deterrent called shark chaser that it has known for 14 years does not repel or even discourage dangerous sharks but which it issued to naval aircrewmen anyway, apparently for lack of a practical, effective substitute.

The policy change on shark chaser at last terminates a Federal agency operation of doubtful effectiveness on which hundreds of thousands of dollars has been spent.

The chemical deterrent—a cake of water soluble wax containing 80 percent nigrosine dye and 20 percent copper acetate—has been in use since World War II, when it was accorded undeserved honors as a shark "repellent."

According to an April 1975 report of the Office of Naval Research on the present status and future direction of shark research, the Department of Defense in the period from November 1969 through February 1974 purchased 84,450 packets of shark chaser at a cost of approximately $345,000.

While the Navy has changed its policy toward sharks, ultimate cancellation of the specification for shark chaser will depend upon the concurrence of the Army and Air Force.

An exhibit on sharks in the Thomas Jefferson Building of the Library of Congress this past winter included a packet of shark chaser—worn attached to a life jacket—and a brochure explaining that—

It is essentially a bag of chemicals similar to a large cloth tea bag which, when hung

in the water, will give off chemicals to form a protective zone around and underneath the individual without injurious effects to the user.

Yet the Library's annotation declared flatly that shark chaser "is of little value in repelling sharks. Under test conditions, sharks have swum through its dye cloud and even consumed the packet itself."

And the ONR report itself advises that—

A mounting body of evidence has now conclusively demonstrated that Shark Chaser has no significant deterrent value against most dangerous sharks. Even such psychological benefits as it may have provided have diminished with the growing awareness that it does not afford effective protection.

Why, then, have Navy aircrewmen been equipped with "a large cloth tea bag" having all of the shark-deterring properties of a large cloth tea bag?

In a neat scientific turnabout, the ONR report further contends:

But the inefficacy of Shark Chaser has not been clearly demonstrated in operational use (a shark exposed to Shark Chaser may have had no intention of attacking in the first place), and no practical, effective substitute has become available. Morever, it is only recently that the growing body of evidence from observations and controlled experiments (Kato, 1962) has conclusively established the lack of value of this chemical deterrent.

To say "only recently" in reference to the work of research fishery biologist Susumu Kato of Tiburon, Calif., in 1962, shows again that scientists use a different calendar than the rest of us. Actually the Navy doubted the efficacy of shark chaser at least as early as 1958.

Moreover, to arrange for a clear demonstration of shark chaser's lack of efficacy in operational use would be virtually impossible. It would appear to require a controlled shipwreck or aircraft ditching. In the real world of operational use, a downed pilot whose shark chaser does not work may well be a dead pilot.

The ONR report, based largely on discussions at a 3-day workshop ONR convened at Monterey, Calif., in the summer of 1974, goes on to declare:

Although an effective substitute for Shark Chaser is clearly needed, it is questionable whether any chemical deterrent which diffuses to form a cloud around the user is practical. The quantity of material required to maintain an effective concentration for the desired period of time and the problem of insuring complete envelopment are among the reasons why such chemical deterrents appear to offer little promise.

Indeed, the workshop participants recommended that the Defense Department stop buying shark chaser and that it objectively assess proposed shark countermeasures.

By discontinuing its purchases amounting to 15,000 to 20,000 packets of shark chaser per year, the Defense Department could save the taxpayer thousands of dollars. By no longer issuing the stuff as survival equipment, it would stop kidding military personnel that there is a proven chemical countermeasure to large and dangerous sharks.

Mr. President, on March 7, I wrote to the Secretary of the Navy, asking about the Navy's policy on shark chaser and posing a series of questions about costs and the planned disposition of current stocks.

It took 90 days to obtain the information, but I learned by letter of June 6, from D. E. Mann, Assistant Secretary of the Navy for Research and Development, that the commander, Naval Air Systems Command, issued a directive on July 30, 1976, canceling the Navy's requirement for continued usage and future procurement of shark chaser.

I ask unanimous consent that the letter from D. E. Mann, the Navy's information sheet on shark chaser, and the directive of last July be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *June 6, 1977.*

Hon. LEE METCALF,
Chairman, Committee on Government Operations, Subcommittee on Reports, Accounting, and Management, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of March 7, 1977, asking certain questions concerning a material known as "Shark Chaser."

The Commander, Naval Air Systems Command, has provided the enclosed information sheet listing your questions and the Command's answers. As you will note, the Navy's requirement for "Shark Chaser" has been cancelled. I am also forwarding a copy of the report of a May 1976 workshop on shark hazards. This report contains substantial additional information that may be of interest.

I trust that the enclosed information sheet and report will be helpful to you.

Sincerely,

D. E. MANN,
Assistant Secretary of the Navy, Research and Development.

INFORMATION SHEET ON "SHARK CHASER"

Q. What is the Navy's policy on "Shark Chaser"? If it has changed its policy on "Shark Chaser" since January 1974, when did the change take place? If it was changed, please enclose a copy of that directive.

A. The Navy's requirement for continued use of "Shark Chaser" has been cancelled and action has been taken to preclude future procurement of this material. These actions were taken by the attached letter dated July 30, 1976, from Commander, Naval Air Systems Command. Ultimately, cancellation of the specification for "Shark Chaser" will depend upon the concurrence of the Army and Air Force; correspondence has already been initiated to accomplish this.

Q. What is the Navy's policy on the issuance of "Shark Chaser" to military personnel? To whom is "Shark Chaser" issued? Will it continue to be issued until current stocks are exhausted? How many packets does the Navy have on hand? What information on the purpose and use of "Shark Chaser" is given to military personnel when the chemical deterrent is issued them?

A. The Navy's policy is indicated in the above mentioned letter of July 30, 1976, cancelling the requirement for "Shark Chaser". As soon as the specification has been cancelled and the stock number has been eliminated, the stocks remaining will be disposed of. At present, approximately 24,000 packets of "Shark Chaser" remain on hand. In the past, personnel have been told of the availability of "Shark Chaser", of its limited usefulness, and how to use it.

Q. Why are the cardboard containers in which "Shark Chaser" comes boxed stamped with a two-year expiration date? Is that for the container or the product? If the shelf life of the container is less than that of the product, please explain.

A. The two-year expiration date was stamped on "Shark Chaser" containers in compliance with an earlier Department of Defense directive for inspection of packaging. This directive is no longer in effect. "Shark Chaser" has an indefinite shelf life, so long as its sealed vinyl cover has not been breached.

Q. How much has the Navy spent on "Shark Chaser" since November, 1969 (the start of the period mentioned in the ONR report). How does this figure comparre with the amount spent by the Navy on shark research over the same period?

A. Approximately $340,000 was spent to procure "Shark Chaser" packets during the period from November, 1969, through February, 1974. No packets have been contracted for since January, 1974. No other expenditures are known to have been made for "Shark Chaser." The Office of Naval Research has spent approximately $4 million on overall Navy shark research since 1969.

NAVAL AIR SYSTEMS COMMAND,
Washington, D.C., July 30, 1976.

From Commander, Naval Air Systems Command.

To Commander, Naval Air Development Center; Commander, Naval Air Engineering Center.

Subject Shark Repellent Compound, MIL-S-2785, FSN 6850-281-6926; proposed elimination of

Reference (a) NADC ltr 404312 ser 2061 dtd 16 Mar 1976; (b) ONR Report ACR-208 dtd April 1975; (c) ONR Memo to COMNAVAIR dtd 12 April 1976; (d) NUC ltr 4002/62 dtd 23 June 1976; and (e) Telecon between CAPT Austin (OP-506N) and Mr. L. Weinstock (NAVAIR) on 28 June 1976.

1. Based on a preponderance of evidence and information gathered by a broad base of technical expertise and Naval Safety Center records, the effectiveness and continued usage of the Navy's "shark chaser" is questionable. The specific recommendations by the Office of Naval Research, and the Naval Air Development Center have been carefully reviewed and have been concurred in by the Program Director, Aviation Medicine and Survival Equipment, Chief of Naval Operations (OP-506N). References (a) through (e) apply. Requirement for continued usage of shark repellent is hereby cancelled.

2. It is requested that the Naval Air Development Center (NAVAIRDEVCEN) take action to remove subject item from all categories of current survival equipment lists and revise technical data accordingly. Additionally, the cognizant procurement activity should be advised to cease future procurement of subject compound for naval aircrewmen requirements.

3. It is also requested that the Naval Air Engineering Center (NAVAIRENGCEN) coordinate action to cancel subject specification after concurrence by all user activities.

J. B. WILDMAN,
By Direction.

PUBLIC FINANCING OF SENATE ELECTIONS

Mr. TOWER. Mr. President, earlier today, I discussed with members of the press my objections to S. 926, a bill to provide for public financing of Senate elections. Proponents of this legislation have touted it as a means to reduce the power and influence of big interest groups in the election process. In my view, this

simply is not true and, if enacted, I think that this bill would have just the opposite effect.

By setting arbitrary expenditure limitations on candidates, we are simply waving a red flag at the large interest groups, encouraging them to increase their level of independent campaign activity, which, under existing law, must be done with neither the consent nor the knowledge of the candidate or his campaign committees, nor is such type of activity subject to public scrutiny or control.

This bill would undermine the strengths of our political system, discourage third party and independent candidates, and, most importantly, it will reduce incentives for individual participation in the electoral process.

Furthermore, S. 926 serves to strengthen the incumbent's position in an election contest, and it ignores the fact that different campaigning conditions exist among the various States. To demonstrate one of its major inconsistencies, S. 926 fails to include primaries, which, in some States, can be tantamount to a general election.

The notion that this bill will provide any relief from burdensome reporting requirements and regulations is an illusion. At the Federal level, a whole new level of bureaucracy will be set up to handle Senate public financing, to the tune of over $1 million for the 1978 election—and this will be paid for, I might add, by all taxpayers, whether they use the dollar check-off or not. In my view, particularly if the House should enact similar financing legislation, we will end up paying for this folly out of general revenues.

Mr. President, I do not intend to take time now to expand my discussion on this subject. I shall do that next week, when the Senate considers this matter. In the meantime, I have prepared some additional background information relative to this issue, and I would like to share these comments with my colleagues. I ask unanimous consent that there be printed in the RECORD a point paper, outlining several objectionable features of S. 926, and a more detailed analysis of this bill's major provisions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MAJOR OBJECTIONS TO S. 926

S. 926 would not eliminate or even limit the influence or the contributions of special interest groups. It would merely supplement their funds with additional revenues from the taxpayers. Powerful lobbies will be able to continue their spending while their favored candidates add to their contributions with the public's money.

The bill does nothing to control some of the biggest and most corruptive political contributions: not money, but services. S. 926 pretends that a $1,000 in cash contribution is bad, while a $1 million contribution in special interest mailings, telephone polling and staff work doesn't matter.

This is an incumbent's bill. It will help to keep in office the persons who are already there. It will help to keep out of office fresh talent and new ideas. The expenditure ceilings in the bill have the effect of freezing the status quo; it discriminates against new candidates who may need to spend larger amounts of money merely to achieve name recognition.

S. 926 is a partisan bill, designed to thwart the historic political pattern in which the American electorate supports the party that is out of power in off-year elections. It will make it harder than ever for the voters to express their dissatisfaction with government.

S. 926 does not cover the financing of either Senate primary campaigns or campaigns for the House of Representatives. In many states, the primary races are tantamount to election and are more important than the general election.

Because this bill mainly benefits the two major political parties, it discriminates against independent and third party candidates. It is designed to cripple dissenters.

The expenditure ceilings are unrelated to political realities.

The ceilings on expenditures serve to curtail the expression of views. As the Supreme Court stated in Buckley v. Valeo, the First Amendment is designed "to secure the widest possible dissemination of information from diverse and antagonistic sources and to assure unfettered interchange of ideas for the bringing about of political and social changes by the people."

The ceilings will prompt candidates to be "well-packaged" and to use the media as the main vehicle of their campaigns. They will reduce personal electioneering among the people, preventing the candidate from learning firsthand about the needs and concerns of the electorate.

Certain special interest groups will be strengthened by the bill. For example, the National Journal reports that "big labor" spent $8.5 million on its own "communications" efforts in the last Presidential election. This was over and above the spending ceiling of the candidates themselves. Moreover, these organizations are allowed to use a special, reduced third-class mail rate (2 cents per letter as opposed to the 7.7 cents to 7.9 cents per letter in regular third-class mail) even for political mailings.

Proponents of the bill claim that public opinion supports taxpayer financing of elections. It should be noted, however, that no more than 27 percent of all American taxpayers have ever chosen to use the dollar check-off on their tax returns, despite the fact that the check-off would not add to their tax burden. Further, a 1976 referendum in the State of Oregon on the subject of public financing was resoundingly defeated.

The cost estimates for this bill are seriously underestimated. Its proponents claim that, if the bill is passed, the Presidential Election Campaign Fund will still have a surplus in December 1980, in the neighborhood of $50 million. However, if House campaigns are added to the bill—as they must be to make it work—the Fund's deficit will be as high as $19 million. Where will this deficit funding come from? The Treasury? The public will not get the complete bill for S. 926 until it is too late to refuse payment.

Persons who refuse to check off the campaign financing option on their tax returns will be forced to pay for congressional campaigns anyway. Their taxes will have to pay the tremendous administrative costs of implementing this legislation.

The bill will only increase bureaucratic redtape and candidate confusion. Anticipating passage of the bill, the Federal Election Commission has already requested an additional appropriation of $900,000 for expenses to handle the administration of public financing of Senate campaigns. Further, since the bill contains conflicting reporting requirements, the FEC will have to issue a considerable amount of new regulations. Finally, candidates will need to incur greater costs for attorneys and accountants in order to be sure that they are in compliance with the law.

The bill gives taxpayers no say as to which candidate their tax dollars will support. Instead, control is given to the FEC—a bureaucracy—which, if the Hatch Act is ever repealed, could become even less independent than it is today.

This bill has no Sunset provisions, to allow a fair test of its provisions before they are set in concrete.

The bill does not treat the States equitably. It takes no account of the vast geographic, demographic and media market differences among them and arbitrarily sets spending limits for which no rationale has been offered.

S. 926—A HOAX ON THE AMERICAN PEOPLE

S. 926 will do more to destroy open and competitive political campaigns in America than any measure yet considered by the U.S. Congress.

Republicans in the Senate are firmly resolved to keep the American political process free, open and honest. However, enactment of S. 926 will not achieve that goal. In fact the bill goes far in destroying the political process for millions of Americans. Let me review, therefore, the major weaknesses of S. 926 in some detail.

MAJOR NEW ADVANTAGES FOR ORGANIZED LABOR AND OTHER SPECIAL INTEREST GROUPS

The bill places no limitations upon expenditures by special interest groups. The Democratic Majority has closed their eyes to the major flaw in the law which funds presidential campaigns. Michael Malbin, writing in the National Journal on March 19, 1977 explained the flaw very graphically.

"When Congress amended the campaign finance law in 1974 and 1976, the bills' supporters said they would bring an end to the days when special interests could have undue influence over elections.

It hasn't worked out that way.

The new law has eliminated some of the ways that money can influence politics. But the net result of limiting some contributors has been to increase the power of other big spenders who were permitted to operate as they always did.

The biggest winner was organized labor. The magnitude and sophistication of labor's efforts last year are even more impressive when stacked up against what others could do, particularly on the presidential level . . . In contrast, labor was able to spend as much as it wanted to in communicating with union members and their families, registering them to vote, and getting them to the polls.

While the total spending on these efforts cannot be determined with any precision, a conservative estimate of what they were worth to the ticket of Jimmy Carter and Walter F. Mondale is at least $8.5 million. Uncounted and unreported additional spending almost certainly pushed the total up to or over the $11 million mark, compared with the $21.8 million that the ticket legally was permitted to spend."

The same flaw exists in S. 926. Labor unions will still be free to spend any amount they wish to educate their members, families and friends. They can spend any amount to defeat a candidate which clearly aids the person running against the candidate labor seeks to defeat. The end result will be similar to the Ford-Carter campaign. Labor endorsed candidates could have 50% more financing than those not endorsed by labor. If that situation arose solely from the free contributions and political philosophy of organized labor it would be defensible. That fact is, however, the 1.5 to 1 financing advantage accruing to the labor endorsed can-

didates in the 1976 presidential election stems from the law of the land.

Again the Republican Members of the Senate Rules Committee have exposed the motives on the majority on the special interest issue.

"This . . . forces one to wonder whether the elimination of special interest influence is truly the aim of the proponents of public financing."

MONEY IS NO LONGER THE TAINT OF POLITICS

Money has been removed as the taint in politics. As a result of past election reform, contributions to a Senate Campaign may not exceed $1,000. Gone are the days when a single contributor could give $5,000, $10,000 or $25,000 to a candidate for Congress. What the majority fails to admit, is that in-kind services—such as phone banks, voter turnouts, literature and political propaganda for or against a candidate—can be just as tainted and buy just as much influence as actual dollars. Under the Presidential Financing law, its proponents claimed, special interests would be eliminated from the Presidential election. In fact, they were increased; and organized labor's impact on the 1976 Presidential election was greater than ever. To adopt the same procedure for U.S. Senate races would be to perpetuate another hoax on the American people.

S. 926 IS WRITTEN BY THE MAJORITY TO PROTECT INCUMBENTS

A vital principle of American representative government has been the continual influx of new people into the governing process. No one can deny that incumbents enjoy certain inherent advantages over political challengers. By simply holding office and performing the official duties thereof, the incumbent holds an advantage in today's political process; the remaining advantages are too long to enumerate here. To partially overcome these permanent handicaps, the challenger must pay privately for the publicity which the incumbent enjoys at the taxpayers expense.

In their Minority Views on S. 926, Senators Hatfield, Griffin and Baker have exposed S. 926 for what it really is:

"Enactment of S. 926 means that its ceilings on campaign expenditures will become law. Thus, not only will incumbents vote themselves tax dollars to fund their next campaigns, they will also set a limit on how much money their opponents can spend to defeat them. Therefore, S. 926 can truly be labeled as an incumbent's bill."

The public financing formula also contains a glaring weakness which turns out to be favorable to a candidate who opts for public financing and whose opponent chooses the private financing approach. Under the bill, if a privately funded candidate exceeds the applicable expenditure limit (which he may do under the Supreme Court's decision in Buckley v. Valeo), then the publicly funded candidate is no longer bound by the expenditure limit which the Court did say was constitutional in the Buckley decision. So far the provision seems equitable and fair. However, if the privately funded candidate should exceed the limit to which he agreed (this person would normally be the challenger), then the publicly financed candidate will be eligible to receive additional matching funds up to 62.5% of the expenditure limit. This represents the maximum which his opponent would have received had he opted for public financing. This provision is triggered if the privately financed opponent fails to file the required declaration of intent to exceed the limitation (which is not constitutionally binding on him according to Buckley v. Valeo); if he files a 60 day declaration stating he may exceed it; or if he in fact exceeds it.

Thus, when a private financed candidate exercises his First Amendment right to spend whatever he chooses, his opponent, who chose to require the taxpayer to finance his political campaign, can now use both public and private funds for his campaign. What it really means is that the one who doesn't have the appeal to finance his campaign from the private sector can require the Federal treasury and the American taxpayer to match the funding raised by his opponent from private sources. Such a provision in the public law belongs in the public trough Hall of Fame.

There is yet another glaring weakness. While the incumbent or the publicly financed candidate is protected by the above described provision, the bill does nothing to protect the Gerald R. Fords of this world whose candidacy is attacked by special interests such as organized labor, which spend thousands or millions of dollars to assist his opponent. Strangely, there are no Federal matching funds to cover that contingency.

PARTISAN LEGISLATION THWARTS THE WILL OF THE VOTERS

The historical pattern of the American electorate has been to limit the power of an incumbent Administration by supporting the opposition party in the congressional elections two years after a presidential contest. This fairly predictable shift in voter sentiment has often provided a constructive balance and moderation to our political system. But S. 926 would disrupt that pattern. It appears to be aimed squarely at the elections of 1978. Intentionally or not, it would make it more difficult for the American people to do what they usually do in congressional elections: express their political dissatisfaction by shifting toward the party that is temporarily out of power. Mr. Patrick Caddell, the President's personal pollster, has warned Mr. Carter that he must change the composition of the electorate before 1980 or run the serious risk of being defeated then. This bill, by drastically concentrating political influence and clout in the hands of organized interest groups, would go far in accomplishing the purposes of Mr. Caddell's advice.

WHY DOES S. 926 EXCLUDE PRIMARY ELECTIONS?

One of the strongest assurances of a continued democracy in America is a strong two party system. I need not cite the problems created for sound, efficient and honest government where one party is so dominant that victory in the primary election is tantamount to victory in November. Yet S. 926 does not cover primary elections. If the objective of the majority is to clean up elections, they have, by exempting primaries (especially those that are tantamount to election), contradicted their stated objectives and exposed other motives.

S. 926 WILL DO SEVERE DAMAGE TO THIRD PARTY CANDIDATES AND INDEPENDENTS

Under the bill, Independents and third-party candidates are given second class treatment. How this can occur under the Constitution's provisions requiring "equal protection" has been ignored by the majority. A minor or third party candidate must raise privately 10% of the total expenditures a candidate would make in the general election or $100,000—whichever is smaller. A major party candidate is not required to meet this requirement. Senators Hatfield, Griffin and Baker, explain this discriminatory provision against minority and third party candidates:

"In practice, the funding discrimination between the major parties and other candidates works as follows. In a state which has an expenditure limit of $400,000, a major party candidate would immediately get a $100,000 block grant. $300,000 would remain to be raised, and if the maximum amount of public dollars were realized, the major party candidate would receive an additional $150,000 public money to match $150,000 in private contributions. Thus, in a $400,000 campaign, the major party candidate would have raised $150,000 in private donations and received $250,000 in tax funds from the U.S. Treasury.

"By contrast, in S. 926 the minor party candidate or independent is ineligible for a block grant. Thus, he can receive a maximum of $200,000 in public financing in the same campaign to match $200,000 in private funds. The Majority has seen to it that for the minor party candidate or independent, the fundraising burden is made tougher than it is for Democrats and Republicans, and the benefits are less. Even after he meets the threshold, evidencing wide public support, the minor party candidate or independent, is treated like a second-class entrant in the race."

With Democrats currently holding majority status and writing the campaign laws for the nation, it is clear their objective is to maintain that majority status at the expense of Republicans, Independents and third parties. Public financing of congressional races, repeal of the Hatch Act, and Election day voter registration certainly give new and terrifying meaning to the phrase, "tyranny of the majority".

Once again the minority members of the Senate Rules Committee have put the matter in perpective with the following quotes from Theodore H. White and Chief Justice Burger:

"We should be mindful of what Theodore H. White said in "Breach of Faith" about the Presidential public financing system enacted in 1974:

"Its new rules will change the nature of American campaigning. They all but eliminate the possibility of new national parties ever again rising from a limited base of opinion; in this sense, they restrict the arena of politics to the established parties."

As Chief Justice Burger noted in his Buckley dissent:

"The fact that there have been few drastic realignments in our basic two-party structure in 200 years is no constitutional justification for freezing the status quo of the present major parties at the expense of such future political movements."

Burger added:

"I see grave risks in legislation enacted by incumbents of the major political parties, which distinctly disadvantages minor parties or independent candidates."

Much of America's political and social change originated with third parties and independent organizations. S. 926 will make it difficult for them to survive in a political environment determined by incumbents and administered by a Federal bureaucracy. The Courts statement in Buckley v. Valeo shows why third parties and diverse groups must be protected in their First Amendment rights.

The First Amendment is designed "to secure the widest possible dissemination of information from diverse and antagonistic sources and to assure unfettered interchange of ideas for the bringing about of political and social changes by the people."

COSTS ARE GROSSLY UNDERESTIMATED

Proponents of the legislation insist that passage of the bill will still leave a surplus of some $46 to $53.4 million in the Presidential Election Campaign Fund in December of 1980.

They estimate receipts of some $150.8 million from taxpayers' check-offs in tax years 1976–1979. (The receipt figures are based on the supposition that there will be a two percent increase each year from the receipts obtained in tax year 1975.) When added to the current balance in the Fund of $23.9 million, the proponents project a total of some $174.7 million available for disbursement for the Senate elections of 1978 and

1980 and for the Presidential election of 1980.

When one subtracts estimated expenditures of $90.9 million for the 1980 Presidential election, and some $30.4 to 37.8 million for the two Senate election years, the projected surplus, on its face, seems correct. The assumption can then be made that the current check-off system will more than adequately cover the public financing of Senate elections. But that is not accurate, however, because there is another version of this legislation percolating in the House of Representatives (H.R. 5157), which calls for the public financing of elections to the House. It is difficult to believe that the majority incumbents in the House will stand idly by while the Senate reaches into the taxpayer's pocket. If the Senate passes S. 926, the House most likely will pass legislation to allow its members to share the taxpayer largess.

According to the FEC, if H.R. 5157 were to pass, the costs for Congressional elections in 1978 and 1980 would increase by some $55.2 to 65.8 million. It doesn't take much of a mathematician to calculate that the projected surplus in the Presidential Election Campaign Fund would soon evaporate, leaving a trail of red ink which could be as high as $19.8 million. At the very least, there would be a one or two million dollar deficit.

The projected red ink poses a serious question: who foots the bill for the deficit financing?

Will we increase the amount of the allowable check-off on tax returns, or will the Congress appropriate funds to cover the deficit? Either choice deprives the Treasury of additional revenues—revenues which some of us hope may soon be used for a permanent, across-the-board tax cut. The projected deficit in the Presidential Election Campaign Fund may seem like small potatoes; but as the saying goes, "a million here, a million there, and pretty soon it adds up to real money!"

The true costs of this legislation represent a major factor in the consideration of the bill, and we cannot allow them to be obfuscated in the debate.

The costs of administering this law will be exorbitant. The Federal Election Commission will spend $900,000 in Fiscal 1978 to administer, enforce and police public financing. The FEC will hand out an additional $250,000 next year to the states to reimburse them for maintaining State election campaign reports.

S. 926 COULD SPELL THE END OF GRASSROOTS POLITICS IN AMERICA

At a time when many political leaders are trying to re-establish grassroots contact with the American people, S. 926 will force the campaign process further away from personal contact and into media campaigns. Television, of course, is a significant campaign tool; but nothing should further erode the candidate's opportunity to meet the people and to explain his or her positions on key public issues. No one denies that television reaches more people than any other media. But with the spending ceilings in this bill, total reliance upon TV and radio may become necessary. That would be sad in this impersonal world, where human values have suffered much damage. America can only lose if its voters cannot shake a candidate's hand, look him in the eye and take personal measure of the man or woman to whom they entrust the great task of making the laws that govern America.

PUBLIC SUPPORT OF PUBLIC FINANCING: IS IT REAL?

The American people have been victimized and their officials misled on this issue. In publishing his poll on the subject on May 5, 1977, George Gallup found that "57% believe the Federal Government should provide a fixed amount of money for the election campaigns of candidates for Congress and *at the same time, prohibit all other contributions*" (Emphasis added).

The current Presidential financing law and S. 926 do not do this. In last year's Presidential campaign, Labor gave nearly $11 million—one half of all the public donations—to Mr. Carter. To claim the public favors S. 926 as now written is to impugn the American people's sense of fair play.

S. 926 SMACKS OF COMPULSORY POLITICAL SUPPORT

Under the current law and S. 926, a taxpayer may not designate the candidate or party which will receive his contribution. Instead, the Federal Election Commission makes that determination. Thus, a Democrat's contribution supports Republican candidates, and a Republican's tax deduction supports Democratic candidates. This is compulsory politics no matter how it is defined. To apply this practice as well to congressional races will further damage the electoral process.

The specter is frightening: a politicized bureaucracy at the FEC if the Hatch Act is repealed; incumbents voting to limit the expenditures of their political opponents; financial discrimination against third parties and Independents; vastly increased power for special interest groups; and Election Day voter registration. Perhaps Lincoln was wrong. The Democrats think they can fool all of the people all of the time.

THE BILL FAILS TO RECOGNIZE THAT EACH STATE'S CAMPAIGN ENVIRONMENT IS DIFFERENT

In the State of Texas, there are 15 major media markets which must be covered if the entire State is to be covered. In other States, especially the smaller ones in population, there may be only one television market and 4 or 5 newspaper markets. To draw a realistic comparison, all 3 of the commercial television stations in Utah are in Salt Lake City. Utah has 6 daily papers and a voting age population of 775,000 people. By contrast, Texas has 48 television stations, 106 daily papers and a voting age population of 8,254,000 people. Yet under S. 926, a Senate candidate in Utah could spend $328,000. Thus the Texas candidate may spend only 3 times as much money as a Utah candidate. However, he must cover 18 times more daily papers, 16 times more TV stations, and almost 11 times the voting population.

A candidate in Rhode Island could spend $313,000 compared to $1,075,000 in Texas. Rhode Island has a voting age population of 626,000 compared to 8,254,000 for Texas. Rhode Island has 1,049 square miles of territory. Texas has 262,134 square miles. Admittedly, much of Texas is wide open spaces; but that only strengthens the case against the formula in S. 926. Rhode Island has one major airport, and the entire State can be traversed by car in 2–3 hours. Texas has 34 airports served by scheduled airlines, and it requires 17–18 hours to cross the State from north to south. Thus campaign travel expenses in Rhode Island are limited to a 2 or 3 hour car trip. In Texas the same car trip, which can seldom be taken in a campaign environment, would take 8 times longer. The expense of campaign travel in Rhode Island is negligible. In Texas it is a major expense because it must be covered by air. Yet a candidate in Texas would receive only 3 times more funding than a candidate in Rhode Island. Clearly, the formula in S. 926 fails to recognize the vast differences in the campaign environment of each State.

THE TIMING OF S. 926 IS WRONG

The 1978 election season is already upon us. Some Senators have already announced their retirement, and others have stated their intent to be candidates for re-election. Non-incumbents have announced their plans to be candidates for the U.S. Senate. S. 926 must yet get through the Senate and the House of Representatives. Should Congress pass and the President sign the bill, it would then go to the Federal Elections Commission for the writing of regulations. Thus the prospect of fully implementing the law before the end of the year is dim indeed. By then, some Senate campaigns will be far along in the planning stages. The Congress should not ignore the lesson of 1971 Federal Election Campaign Act, which was enacted in late summer of 1971 to cover the 1972 election. It caused a great deal of confusion and many headaches for both incumbents and challengers in 1972.

While I believe S. 926 and Public Financing of Congressional Elections should never be enacted, I am doubly convinced it is too late to put this complicated law on the books for the 1978 elections. That would cause utter confusion. The regulations would have to be drafted in haste. Experience has taught us that there would be innocent violations of the new law and that complicated regulations can only further damage the public's perception of our political process.

ON THE DEATH OF MARTIN DIAMOND

Mr. MOYNIHAN. Mr. President, Martin Diamond, one of the country's most distinguished political scientists, died this morning just after testifying before the Subcommittee on the Constitution of the Senate Judiciary Committee. His testimony was lucid and penetrating; his exchanges with Senator BAYH were good natured, witty, and pointed. He had been doing one of the things he did best—bringing his enormous knowledge of the founding and basic principles of American Government to bear on the current political issues of vital importance. He was a man also called upon by our country's highest political figures for instruction and counsel, and that instruction and counsel will be sorely missed in legislative halls and executive offices as well as in the academic world.

Martin Diamond began his political career as an active socialist in his native New York City, and he took pride and pleasure in his long and close association with Norman Thomas. Coming to the University of Chicago for graduate study in 1949, he was profoundly influenced by the teaching and writing in political philosophy of Leo Strauss. He set himself the task thereafter of combining Strauss' philosophical teaching and his own political experience and insight in his study and teaching of American Government.

Diamond turned early to the American founding, and almost single-handedly, he established the relevance of the thought and doings of the American founders for this generation of the students of American Government. His studies of the "Federalist Papers" are the best account of these great founding essays that have ever been written.

Professor Diamond taught and wrote at the University of Chicago, Claremont College, and Northern Illinois University. He had just come to Washington to take the Thomas and Dorothy Leavy Chair on the Foundation of American Freedom at Georgetown University, where he intended to continue his scholarly work, and his political activity as

counselor through the auspices of the American Enterprise Institute.

Professor Diamond was one of the country's great teachers. He was a distinguished scholar. He was extraordinary in his capacity to carry the learning of the academy usefully into practical political life. This fine son served his country well.

HARD ENERGY VERSUS SOFT ENERGY

Mr. GARN. Mr. President, a number of commentators have noted inconsistencies or oversimplifications in Amory Lovins article "Energy Strategy: The Road Not Taken?" published last October in Foreign Affairs. Mr. J. A. L. Robertson of Chalk River Nuclear Laboratories in Ontario, Canada, has taken the time to document some of the internal inconsistencies, and to find other writings of Mr. Lovins which conflict with the stand he has taken in his article.

I ask unanimous consent that Mr. Robertson's comments be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE PLAIN MAN'S GUIDE TO AMORY LOVINS

(By J. A. L. Robertson)

Amory Lovins is attempting to sell a dream without presenting the bill. The dream is attractive: we can have all the energy we need in a world free from many of today's problems. However, the price is not yet known, while the conditions of sale include profound changes in our society. Indeed, Lovins makes it clear that social change is his primary objective, and that changes in our energy systems are merely the means to an end.

It is now widely recognized that the conventional sources of oil and natural gas are being rapidly depleted and will be virtually exhausted in something like fifty years; that all energy sources that might substitute for these fossil fuels will be very much more expensive; that we therefore face a serious energy situation; and that we must soon change many of our uses and sources of energy.

However, Lovins argues that, with strong conservation measures, the transition to an indefinitely stable energy system could be achieved by the year 2025. He suggests that for Canada most low-temperature energy demand (including space heating) could be satisfied by solar heating; that synthetic liquid fuels from forest products could satisfy the energy demand of an 'efficient' Canadian transportation sector; that existing hydroelectric capacity could satisfy all essential demands for electricity; and that wind energy, wood combustion and biogas might each make minor contributions. He advocates the use of coal to bridge the transition, but specifically rejects nuclear power.

Most people would agree that Lovins' proposal is theoretically possible, but many question whether it is either desirable or necessary, let alone practical. Lovins' own advice [1] is relevant here: "Technical experts contributing to public discussion of such choices should call special attention to uncertainties and professional disagreements, lest they give the impression that disputed questions are actually resolved."

RESTRUCTURING NORTH AMERICAN SOCIETY

First, he is very optimistic about the effectiveness of energy conservation measures, which are outlined in only the most general terms. Where others [2] have investigated and documented what could reasonably be achieved here, they have found much less scope for reduction. By all means, let us set optimistic targets for energy conservation, but let us be prepared for short-falls, since the cost to society of failure to meet the demand will be very serious.

Just as important is the need for full disclosure of the societal changes required to achieve the optimistic targets. For example, to achieve the claimed energy savings from district heating, co-generation, mass transit, etc., implies a major restructuring of North American society, converting from the present predominantly city-suburban living pattern to a much larger number of smaller urban centers, each integrating industry with residential and commercial accommodation and having a much higher population density than is now normal. Such a restructuring would facilitate energy saving, but it is very doubtful that the changes could be brought about in the time suggested, except in an authoritarian regime and at great public expense.

By ignoring tar sands and oil shales, by derogating coal and by ruling out nuclear power for doctrinaire reasons, Lovins forces the transitional period to a predominantly renewable economy to something over twenty years. Inclusion of coal and tar sands (or oil shales in the U.S.) could extend this period to two hundred years, while nuclear power permits an extension of something like two thousand years and possibly longer. The longer periods would allow the transition to be made in a much more orderly and less disruptive manner.

As to nuclear power, Lovins' writings clearly show that he regards this issue as only incidental to his primary objective, which is social change. He has stated that even if he were convinced that "nuclear power were clean, safe, economic, assured of ample fuel, and socially benign per se, it would still be unattractive because of the political implications of the kind of energy economy it would lock us into." To him, nuclear power is symbolic of the "hard" path which he believes [1] "nurtures dirigiste autarchy, bypasses traditional market mechanisms, concentrates political and economic power, centralizes human settlements, persistently distorts political structures and social priorities, encourages bureaucratization and alienation, compromises professional ethics, is probably inimical to greater distributional equity within and among nations, inequitably divorces costs from benefits, enhances vulnerability and the paramilitarization of civilian life, introduces major economic and social risks, reinforces current trends towards centrifugal politics and the decline of federalism and encourages—even requires—elitist technocracy whose exercise erodes the legitimacy of democratic government." Nobody should be in any doubt that, for Lovins, abolishing nuclear energy would be merely the first step towards fundamentally changing our society (also see sidebar).

In making the necessary choices as to an energy strategy, economics should not be, of course, the sole criterion, even after all appropriate indirect costs (including the costs of health and environmental protection) have been internalized. Certain value judgments are involved and these choices should not be made by the elite on either side. It is of crucial importance that the public be properly informed of the implications of these possible choices, but we do not agree that Lovins has done this fairly in presenting his "soft" path (see sidebar for some specific inconsistencies). Apparently, Lovins' customers would be able to choose anything they like as long as it is "soft" decentralized, and approved by their local community.

HARD AND SOFT COSTS

Large centralized energy systems are expensive, but dividing them up into a multitude of small systems does not necessarily make the total any less expensive. In areas other than costs, individual problems may be decreased in magnitude but greatly increased in number. It may well be easier to reach agreement on siting a local heating plant than a central power station, but there will be many more of these plants to site and they will have to be closer to residential areas. Nor is it axiomatic that decentralized systems are more reliable, or less vulnerable to interruption of service (e.g., for maintenance, because of a strike, etc.) than centralized systems.

Historically, the trend to centralized energy systems has been largely due to the resulting cost savings and improved reliability. The consequences of deliberately reversing the trend should be carefully considered.

Lovins' broad brush treatment can mislead, too. By his argument, which he himself describes [1] as "incomplete and even naive," the total capital investment needed to supply a consumer with solar heat is less than that required to satisfy the same requirements by nuclear electricity. In practice, however, the comparison depends critically on how much thermal storage capacity the consumer installs and how much reserve electrical capacity the utility has to install to back-up a partial solar heating supply. Complex analysis of the whole system is needed to provide a valid conclusion.

Lovins has also claimed [3] that the proposed U.S. energy program would take about three-quarters of the cumulative net private domestic investment for 1976–1985. This surprising conclusion results mainly from rounding up the annual energy investment from about $500 million to $1 billion, and rounding down the Gross National Product from $1.5 trillion to $1 trillion.

Finally, to claim that doubling our end-use efficiency for energy would make us "twice as affluent" is misleading when energy costs account for only a fraction of production costs and personal expenditures.

SOME INCONSISTENCIES IN LOVINS' PUBLICATIONS

In discussing the "hard" route, Lovins stresses [4] the difficulty in providing investment capital. And although "soft" technologies can be just as capital intensive (sometimes more so), in discussing them he stresses [5] the employment they will create. His spiralling argument then criticizes [6] the "hard" route for its high labour requirements.

Lovins, like us, argues [7] that diversity of supply is desirable in encouraging competition and giving resiliency to the system, but rules out some technologies (nuclear power and tar sands) whose capability has already been demonstrated.

One characteristic by which "soft" technologies are defined [8] is that they are "relatively low technology—which does not mean unsophisticated, but rather, easy to understand and use without esoteric skills." Does Lovins really intend mankind to be limited by the comprehension and skills of the average individual?

"Soft technologies are by definition non-violent.[9] Yet solar energy was used as a weapon of war by Archimedes, and battle ships were powered by wind for centuries. It is the application and not the technology that is violent or non-violent.

Social changes recommended [10] to achieve the desired level of energy conservation are described as "mandatory curtailments or gentler inducements," while those predicted for "hard" technologies are labelled [11] " 'friendly fascism.' "

"For electrical . . . systems, distribution accounts for more than half the total capital cost." [12] But this is inconsistent with Lovins own information "Total distribution capital cost is thus about $420/kW (1974 $)" and "Total cost per installed kW (for a nuclear-electric system) is . . . (over) $1135 in 1974 $" [13]; and even more specifically: "In 1974,

Footnotes at end of article.

privately-owned electric utilities in the United States spent about 35 percent . . . of their total capital expenditures for transmission and distribution equipment." [14] Moreover, the distribution cost of a "soft" energy source will include wholesale and retail mark-ups plus the costs of a service infrastructure. Those costs, for many industrial products, account for about half the cost to the consumer.

QUOTATIONS INDICATING LOVINS' DIRECTION FOR SOCIAL CHANGES

"old political concepts begin to reassert themselves. Grassroots democracy acquires a more concrete meaning. Jefferson and Mao gain a curious affinity—absolute, monopolistic ownership of land—is in a sense blasphemous. In our dynamic, pluralistic culture, our decisions will be made at the points of tension between competing value systems." [15]

"though humanity and human institutions are not perfectable, legitimacy and the nearest we can get to wisdom both flow . . . from the people; pragmatic Hamiltonian concepts of central governance by a cynical elite are unworthy of our people and are ultimately tyrannical." [16]

"the concept of a soft energy path . . . offers a potential argument for every constituency: civil rights for liberals, States' (Provinces') rights for conservatives, availability of capital for business people, environmental protection for conservationists, old values for the old, new values for the young, exciting technologies for the secular, spiritual rebirth for the religious." [17]

"more and more nations are looking for ways of becoming more independent, rather than more inter-dependent, even if to do so they will have to be satisfied with a lower standard of living." [18]

FOOTNOTES

[1] Lovins, A. B., "Scale, Centralization and Electrification in Energy Systems," a discussion draft subject to revision, prepared for a symposium "Future Strategies of Energy Development," Oak Ridge, Tennessee, 20/21 October 1976.

[2] See, for instance, Kneiman, F. H., "Energy Conservation", Science Council of Canada Background Study No. 33, July 1975.

[3] Lovins, A. B., "Nuclear Power for Ontario," revised text of a speech presented at Toronto, Ontario, December 1975. Lovins has also authored "Exploring Energy-Efficient Futures for Canada," Conserver Society Notes, Science Council of Canada, 1, 4, May/June 1976.

[4] Lovins, A. B., "Energy Strategy: The Road Not Taken?," Foreign Affairs, October 1976. p. 69.

[5] Reference (a), p. 73.

[6] Reference (a), p. 67.

[7] Reference (a), p. 77.

[8] Reference (a), p. 78.

[9] Lovins, A. B., "Scale, Centralization and Electrification in Energy Systems," discussion draft prepared for a symposium "Future Strategies of Energy Development", Oak Ridge, Tennessee, 20/21 October 1976, p. 40.

[10] Reference (a), p. 72.

[11] Reference (a), p. 95.

[12] Reference (a), p. 79.

[13] Reference (f), p. 20.

[14] Reference (f), p. 23.

[15] Reference (f), p. 43.

[16] Reference (f), p. 41.

[17] Reference (f), p. 45.

[18] Reference (f), p. 42.

"DUMPING" OF THE AGED FROM STATE MENTAL HOSPITALS

Mr. CHURCH. Mr. President, the Senate Committee on Aging, of which I am chairman, has investigated the escalating trend to dump the aged out of State mental hospitals into nursing homes, boarding homes, and old hotels. The committee documented that between 1969 and 1974 the number of inmates in State mental hospitals was reduced from 427,799 to 237,691 or a 44-percent reduction in just 5 years. Figures relating to the elderly are even more dramatic. Over the same 5-year period there has been a 56-percent drop in the number of aged in State hospitals, from 135,322 to 50,685.

The reasons for the transfers include: humanitarianism, the impact of recent "right-to-treatment" court decisions, and economic motives—particularly the desire to substitute Federal supplementary security income moneys for the State funds funneled into mental hospitals.

Consequences to the elderly who face summary discharge from State hospitals can be severe. Hearings before our committee document the need for careful screening to decide who are proper candidates for discharge and for periodic followup of those who have been transferred.

Last week reporter Marcia Kramer of the New York Daily News wrote an excellent series of articles which outlines this complex problem. I ask unanimous consent that these five articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE MENTAL HOME EXODUS: 50,232 SINCE '68

(By Marcia Kramer)

Harry Mankes was 83. He had no physical ailments. But he could no longer manage by himself. He was tired.

Mankes, who had always lived alone, had no friends, children or relatives to take him in. The only place for him to go was an old-age home.

A Russian who had fled persecution in his homeland and emigrated to the United States 60 years ago Mankes had worked as a laborer until he could no longer lift his tools.

Five years ago, the Jewish Association for Services for the Aged placed him in Klein's Ocean Manor, a home at 1283 Ocean Ave., Brooklyn. He made no friends there and spent most of his time alone, according to a report filed by his social worker, Sarah Pentel. But he seemed content.

Early in 1975, Harry Mankes' peace of mind was shattered. A recently discharged 32-year-old mental patient named Raymond Weinstein, was moved into his room.

Mankes complained about the intrusion, but apparently to no avail.

On Sunday morning, Feb. 2, 1975, Mankes was lying in his bed when his roommate Weinstein picked up a razor blade and slit Mankes' throat. Mankes bled to death within minutes.

REALTY VALUES AFFECTED

The story never got the glare of publicity. Harry Mankes was no celebrity.

But his fate is a shocking example of what has happened since New York State began dumping thousands of mental patients out of state institutions and into community based old-age homes, rooming houses and single-room-occupancy welfare hotels. The sane aged and welfare recipients find themselves living with discharged schizophrenics and psychotics.

In some communities where the discharged have been placed such as Bayshore, and Long Beach, L.I., and neighborhoods in Manhattan, Brooklyn and Queens, real estate values have plummeted. Children, according to neighborhood residents, are restricted to where they may play, and housewives must avoid streets where the ex-mental patients congregate.

"The ex-patients panhandle, they expose themselves to young children and they defecate on the sidewalks," says Long Beach Town Assessor Leon Favata. He adds that homes in Long Beach are being sold for 60 percent or less of their real value.

That impact was not envisioned by architects of the state plan to de-institutionalize mental patients. In 1968, officials of the State Department of Mental Hygiene, with the approval of then Gov. Nelson Rockefeller, began discharging patients on the theory that they would have a better chance of being rehabilitated if they lived in a community setting.

The plan was lauded as innovative.

50,232 DISCHARGED

Since 1968, 50,232 patients have been discharged from state institutions. But critics of the discharge policy, such as Charles J. Hynes, state nursing home prosecutor, and Dr. James Cohen, professor of psychiatry at Albert Einstein College of Medicine, charge that the patients are not being rehabilitated.

"They are given psychotropic drugs to make them comatose, but they are not given the personal psychiatric care intended under the original plan," says Cohen.

He adds that a person in a psychiatric institution gets some kind of therapy every day, "but on the outside, these people may see a psychiatrist or social worker once every two weeks."

Dr. Alvin Mesinkoff, regional director of the State Department of Mental Hygiene, concedes the state has discharged patients from institutions without provision for necessary services and care.

TRAINING IS NEEDED

"They need a comprehensive range of activities including sheltered workshops where they can earn some money and a rehabilitation program to teach them the basic skills of daily living, like how to get dressed," Mesinkoff says.

However, Dr. Kevin Cahill, Gov. Carey's chief medical adviser, has said repeatedly that mental patients are better served in community settings.

Prosecutor Hynes says the state's original plan would be fine if all its provisions were followed. "But they're not getting the care on the outside," he says. The murder of Mankes never should have occurred, he adds, because "Weinstein should have been kept in an institution where he could get the proper drugs and therapy."

MORE DISTURBED NOW

Cohen specified that the first patients discharged were not as disturbed as those later placed in communities.

He cited the example of a patient who was institutionalized because she refused to eat, fearing that people were trying to poison her. With minimal doses of drugs and ongoing therapy she was able to live a "normal" life in society. "She didn't need to be in an institution."

But, Cohen charges, patients are now being discharged without adequate screening.

One reason for wholesale discharges is cash. The state saves, and rooming house owners make money.

IS HOUSING PSYCHOS WITH AGED SANE POLICY?

(By Marcia Kramer)

It's 11 a.m. and the only person left in the dingy, dimly lit dining room of the ILA Home for Adults in Long Beach, L.I., is a wizened old man in a torn baseball cap. He sits in a corner, at a table covered in sticky orange plastic, dunking a charred crust of toast into an oily cup of coffee.

In the kitchen of the home, which houses discharged mental patients and sane elderly people in equal number, there are racks of sesame seed rolls and trays of coffee cakes.

But the old man never gets to taste these because, according to the manager Helen Myerson, they are baked for another home, "a much nicer home" several blocks away.

Situated at 325 W. Broadway, the ILA home is one of a cluster of old-age facilities and nursing homes that form a dreary and heartbreaking procession on a mile-long strip along the water in Long Beach.

The ILA, like other homes along the strip and in neighborhoods of Manhattan, Brooklyn, and Queens, cashed in when state mental health authorities started discharging thousands of institutionalized mental patients under a new plan for rehabilitation.

COMMUNITIES ARE SUFFERING

While the state saved money by dumping people out of institutions, communities where the mental patients have been lodged are suffering. Fifty thousand patients have been discharged since 1968, and in areas where they have been placed, real estate values have dropped drastically.

Children in those communities are restricted from playing in certain areas and the sane elderly live side by side with discharged patients.

Charles J. Hynes, state nursing home special prosecutor, says he gets many complaints about the homes, incidents like ex-mental patients going berserk and old people being abused or dying because of lack of care. He says the ILA home is the subject of numerous complaints.

A reporter posing as the daughter of an elderly woman in need of nursing-home care went to the ILA and found a cramped, dilapidated building with dirt-streaked walls, broken plumbing and toilets that do not work.

Helen Myerson, who seemed to be the only staff employee around, confided that a "nice person" would not put her mother in ILA because "we have a lot of mental patients who do crazy things." She suggested another home, the Paradise Manor, owned by her boss, Morty Berko.

While she talked, the residents, like one woman in her forties who was wringing her hands, walked in and out.

Public officials like Long Beach Town Assessor Leon Favata complain that residents from many of the homes along the strip roam the boardwalk unattended. They panhandle or expose themselves to young children, he says.

Meanwhile, prosecutors have to deal with complaints like the one Hynes received from Mrs. Mary Skrastins of Brooklyn, who said her father had died at the ILA from what appeared to be lack of care.

Mrs. Skrastins told of visiting her father, Frank Kelly, on a cold rainy day in October 1976. Her father, she said, was wearing a short-sleeve shirt and someone else's pants with a rope for a belt. The pants kept slipping down and her father had to hold them up. Mrs. Skrastins wondered what had happened to the suitcase full of clothes she had brought him.

When she went to his room, she found that the small, dark cubbyhole was very cold and damp. The windows were open. The bedsheets and blankets were hanging out to air, despite the rain.

Mrs. Skrastins complained to the administrator that her father seemed ill and had lost weight. She was told that the "old man" had recently been examined by a doctor who pronounced him in fine health. A week after her visit on Oct. 28, 1976, Mrs. Skrastins was notified that her father was dead.

The Royale Manor, 75 E. Broadway, is another home about which prosecutors get complaints. On March 15 of this year Emma Russell complained to Hynes that her schizophrenic son, Stanley, 53, was not getting enough to eat and that the home was filthy. She said she moved next door so Stanley could visit twice a day to eat and shower.

A reporter visiting the Royale found all the filth and decay that Mrs. Russell described.

The dirt-streaked mirrors in the lobby reflect rows of living robots, people with blank stares who are too old or too doped up on drugs to know or care where they are. The only recreation is a blaring, color TV mounted on a wall in the far corner of the lobby before which residents sit on two uneven rows of straight-backed chairs.

When the reporter asked administrators if there was room for her mother, no one bothered to ask how sick the mother was or if she needed special supervision. They were only concerned about whether she is the "type who would walk out and run back to Manhattan."

Dr. Alvin Mesnikoff, the regional director of the state department of Mental Hygiene, says he recently made a tour of five similar facilities in Queens.

"It's a mess. It's terrible. It's unfortunate. The discharged mental patients never should have been placed there," he said.

SHOPPING BAGS CARRY THE REMNANTS OF BROKEN LIVES

(By Marcia Kramer)

The police call her Bloody Mary, and most nights you can find her asleep on a wooden milk-crate near the entrance to the BMT subway at 33d St. and Sixth Ave.

She usually has most of her possessions with her—rags, shoes, newspapers—jammed into two torn shopping bags bound by several lengths of rope and yarn. Ironically, police say, she has a fistful of bank books. She keeps them in various subway lockers, moving them from locker to locker so nobody can rob her.

Mary is a "shopping-bag lady," a panhandler who has learned to capitalize on an affliction. Her dirt-encrusted legs are pocked by large, ulcerous sores. Mary picks the sores until they bleed so people will feel sorry for her and give her money. That's how she got her nickname. She is one of scores of shopping bag ladies, so known because they carry their belongs in shopping bags.

But Mary and thousands of other derelicts aren't on the street by choice. They are discharged mental-hospital patients, pushed out since the state started dumping thousands of institutionalized patients as part of a plan for rehabilitation.

A News survey has shown that while the state has saved money by discharging 50,000 mental patients since 1968, there has been little effort made to provide treatment and supervision for the ex-patients who were thrown into community living.

LINENS GO UNCHANGED FOR MONTHS

Many of the discharged were placed in old-age homes where they live side by side with the elderly people. Often the only therapy they receive is a thrice-daily dose of a psychotropic drug which tranquilizes them so they are unaware of their surroundings.

The quality of care in the old-age homes is often substandard. Linens go unchanged for months, and meals are skimpy and hastily prepared.

In addition to old-age homes, thousands of ex-patients are put into single-room-occupancy hotels and unlicensed boarding homes where they don't even get that little bottle of tranquilizers to help them deal with the strange world they find.

Statistics from the City's Board of Social Welfare and the Department of Mental Hygiene show that 10,000 to 20,000 ex-mental patients live in the SRO hotels throughout the city. These are the people who become the shopping-bag ladies and bums we see on the streets.

So many former mental patients are on the street that the traditional Bowery bum is slowly disappearing.

"It used to be that the men in the Bowery were mostly harmless drunks," said a police spokesman. "But now it's completely different; many of the bums you see are mentally unbalanced ex-patients."

Program analysts for the State Department of Mental Hygiene claim that efforts are made to find supervisory living arrangements for recently dismissed patients.

The problem, they say, is the tremendous number of psychotics and schizophrenics to be placed and the lack of funds.

"It's easy for a person to be shunted from one agency to another and get lost in the shuffle. Somehow, they seem to end up on the Bowery or in a Times Square alleyway," said a community worker who asked that his name be withheld.

But the Bowery and Times Square aren't the only places where the bums and shopping-bag ladies hang out. Commuters see them daily at the Port Authority Bus Terminal and in Grand Central and Penn Station.

And residents of Yorkville, Gramercy Park and on Lexington Ave. in the 50s report that they, too, have their neighborhood crazies.

Their behavior often frightens people. In Washington Square Park in Greenwich Village, mothers say they are afraid to bring their children to play.

On the corner of 86th St. and First Ave., there's a shopping-bag lady who takes her post on the curb about 4:30 p.m. every day. She sits and stares off into space.

A reporter tried to talk to her the other day, but the old lady was off in another world and couldn't respond. At the top of one of her shopping bags was a bottle of multi-colored pills that looked like the tranquilizing capsules prescribed for ex-patients.

But the reporter couldn't confirm that the lady was a former mental patient . . . she didn't hear the reporter's voice or see the bus that nearly hit her when it stopped three inches away to discharge a passenger.

Dr. Alvin Mesnikoff, the regional director of the State Department of Mental Hygiene, confirms that many ex-patients end up on the streets of the city. But right now his biggest concern is trying to help those in old-age homes. He has proposed programs to help them, he says, but funds haven't been approved in Albany.

HOMING IN ON INSTITUTIONS WHERE THE CARE IS CARELESS

(By Marcia Kramer)

When he was 41, George Nies, a Queens construction worker, suffered a nervous breakdown that psychiatrists said was precipitated by a messy divorce and the fact that his son killed himself because his mother dated other men.

George was institutionalized, first in a Veteran's Administration hospital and then in Creedmoor State Hospital for the mentally ill in Queens Village. After two years there, he appeared to be making progress.

Then, without his family's knowledge, state mental health officials discharged him and sent him to the Elmhurst Manor Home for Adults, 100–30 Ditmars Boulevard, Flushing. Approximately half the residents of Elmhurst Manor are sane elderly men and women, the rest are discharged mental patients like George Nies.

"He was treated like a dog there," says his sister, Dorothy Sorrentini.

"He was neglected. He didn't receive food and medication because he didn't know enough to go downstairs for it. And then, the owner, Abe Katz, ordered an aid to shave my brother's head because he (Katz) didn't want to pay to send my brother to a barber."

State prosecutors are now investigating the case of George Nies and the treatment he received as the result of the state's decision to discharge thousands of institutionalized mental patients under a new plan for rehabilitation.

A News survey has shown that while the state saved money by discharging some 50,000 persons since 1968, communities where the mental patients have been lodged are suffering. Real estate values have dropped drastically and children were restricted from playing in certain areas.

Sane elderly persons live side by side with discharged mental patients, and the treatment of both is substandard in many cases.

But the physical abuse endured by George Nies is only one of the complaints that Mrs. Sorrentini has lodged with state nursing home special prosecutors Charles J. Hynes and others.

Mrs. Sorrentini says the home officials tried to take the money that Social Security gives her brother for personal expenses like clothes, toothpaste and other sundries.

Both Hynes' office and the Social Security Administration are investigating the allegations.

A spokesman for Hynes' office said that it is difficult to prosecute an owner of an old age facility where the abuses are rampant because by the time the complaint reaches an authority, the patient has moved, is dead, or has been intimidated by the owner to drop the charges.

Investigators say some of the worst abuses are covered up by owners who force their employes to lie.

Case files detailing some of the abuses include.

The owner of a Queens nursing home who allegedly threatened to discharge an elderly woman, who lost the use of both legs, unless her son made a donation of over $1,000 to the owner's synagogue. The donation was paid and the woman was kept in the home until her death three months ago.

The Leben home in Elmhurst has been the subject of numerous complaints. Relatives of residents claim they are undernourished and are forced to purchase food outside the home. Others says residents' money is mishandled and that some are forced to panhandle to get 10 cents to buy a candy bar. There are also allegations that some male residents are permitted to take female residents to their rooms "for sexual reasons."

An employe of the ILA home in Long Beach, L.I., says that whenever the Board of Social Welfare stages an impromptu inspection of homes in the area, the home owners notify each other. Investigators are looking into charges that administrators instruct their employes to lie about working conditions and patient care.

An employe of a Long Beach, L.I., home claims the Medicaid cards of deceased residents are saved for possible fraudulent use.

At the Stillwell Haven Home for Adults, 1620 Stillwell Ave., Brooklyn, patient Arthur Dixon complained his sheets had not been changed for two months, that there are dining room shortages, and that he receives an allowance of only $2 a month.

The list of abuses goes on and on. Dr. Alvind Mesnikoff, the regional director of the State Department of Mental Hygiene, says the state knows of the abuses and would like to do something.

But, he says, the solution lies in new programs to establish sheltered workshops and rehabilitation facilities. Money from Albany to establish these programs just hasn't been approved, he said.

MENTAL RX: DOLLARS AND NO SENSE?

(By Marcia Kramer)

When state mental health authorities started discharging thousands of institutionalized mental patients under a new plan for rehabilitation rooming house and old-age home owners were overjoyed.

It was 1968. The State Department of Mental Hygiene had decided that much of the institutionalized population would be better off in a community based setting. The patients, under the state plan, would go to the rooming houses, whose owners would receive state and federal subsidies for providing room and board.

A bonanza. Some proprietors with vacant space competed for the new business by showing up at institutions, such as Pilgrim State Mental Institution in West Brentwood, L.I., and Creedmoor in Queens Village, with buses, according to reports by state social workers.

State Hospital employes and case workers in charge of the program were bombarded with promotional material, telephone calls, letters and invitations to cocktail parties and lunches by the rooming house owners, according to a report prepared by Dr. James Cohen, professor of psychiatry at the Albert Einstein College of Medicine.

There is no evidence that the State Department of Mental Hygiene objected to the merchandising, for the state stood to gain as much as the private home owners. By discharging the patients, the state saved money, lots of money, an analysis by The News shows.

"Admittedly, it was an economic thing," says Dr. Alvin Mesnikoff, regional director of the Department of Mental Hygiene. "Home owners were guaranteed a profit of 8 percent above their costs, so a lot of people thought it was a good business and rushed to build more facilities."

It costs $4,632 to maintain an ex-mental patient in a rooming or old-age home, while it costs $12,000 to $15,000 annually to keep a patient in a state hospital. Federal reimbursements to the state make up some of the tab, but the ratio between institution and rooming house care remains the same: three to one.

While the state is saving money, communities where the mental patients have been lodged are suffering. Fifty thousand mental patients have been discharged since 1968, and real estate values in the communities where they have been placed have dropped drastically, a News survey has disclosed. Children in the communities are restricted from playing in certain areas and the sane elderly now live side by side with the discharged patients.

But the rooming house and adult home business is booming. The number of adult home beds in New York State has jumped from 8,719 in 1971 to 20,941 in 1975, according to Department of Mental Hygiene statistics.

Cohen says the adult home owners specified what type of patient they wanted to fill their beds. "Some requested all women, others said 'No blacks!' and some wanted the elderly because they're less active and require less attention," he said.

CARE FOUND WANTING

In addiiton, say Cohen and Special State Nursing Home Prosecutor Charles J. Hynes, the patients are not getting the care stipulated under the original plan. "Many of them shouldn't have been discharged in the first place," said Cohen.

Speaking for the state, Mesnikoff agrees that taking the patients out of the institution and putting them in an age home is "unfortunate. It should not have happened."

"We didn't understand the comprehensive range of services they needed. It's obvious they need more than a visit with a psychiatrist every other week. But they don't get it."

With Gov. Carey in the driver's seat, the state decided to increase discharge quotas in 1974 despite a Department of Mental Hygiene study showing that only 12.1% of those institutionalized could tolerate independent living. For the last nine years the total institutionalized population has been reduced by 60%.

"Unfortunately, Albany looks at things in terms of numbers and dollars rather than patient needs," Mesnikoff says.

He maintains the department is trying to make up for "the mess of mistakes of the past" by proposing comprehensive rehabilitation programs in areas with high concentrations of discharged patients. The programs have not been approved and funded yet.

And while all the planning and rhetoric goes on, many of the nursing homes where the patients have been placed seem no better than the wards of the institutions they came from.

THE PLIGHT OF BORIS PENSON

Mr. HEINZ. Mr. President, I would like to bring to my colleagues' attention the plight of Boris Penson, a Soviet prisoner of conscience. Mr. Penson is one of thousands of victims of the Soviet legal system. He was sentenced to 10 years of forced labor after being convicted in the first Leningrad trial. Other terms of the 10 Jews and 2 Christians arrested ran as long as 15 years; one man was sentenced to death but in response to an outraged Western world, his sentence was commuted to a lengthy term.

Boris Penson is now 30 years old. At 17, he had joined the Jewish study group, was denounced, arrested, and sentenced to 5 years at hard labor. He was released after 3½ years in 1968. Before being rearrested in 1970, Mr. Penson used his skills as an artist painting posters for the commemorations at Rumbuli—the Jewish extermination grounds in Riga, U.S.S.R. He presently languishes in exile under the "Special Regime" of a Soviet camp. Special Regime prisoners are permitted one visitor per year after serving half of their sentence. One letter per year is permitted. Prisoner diet consists of only one-third the calories vital to health.

In a letter dated March 10, 1973, Mr. Penson stated, "All events are dynamic, they lose their importance quickly. Some things must be mentioned now before they recede and get lost—we are constantly persecuted because of our nationality, all kinds of pressures, provocations, discrimination, punishments." This same letter mentions that after 3 years in prison, he was finally permitted to draw again—but only with black pencils and paper.

My initial attempt to correspond with Mr. Penson resulted in the return of my letter to Washington by the Soviet Union. I can only hope that his health and spirit are intact after 7 harsh years. The Soviet harassment of people like Boris Penson, however, has not ended. Every year, more "individuals" in the Soviet Union are arrested for crimes against the State. I urge my colleagues in the Senate not to forget these prisoners, and not to forget the violations of their human rights. Again, I quote from Boris Penson:

Today, October 30, 1975, the day of the Political Prisoner in the U.S.S.R., as I declare a Hunger Strike in protest, I appeal to you . . . from the very darkest depths of the Soviet "paradise"—from a Mordovian Concentration Camp—do everything humanly possible to insure that the bolts and the bars

of the All-Russian Prison of Peoples which have been broken asunder, are not closed and locked once more.

This message should not go unheeded; indeed it is our responsibility to see that justice is done.

LAW OF THE SEA

Mr. PELL. Mr. President, the current session of the Law of the Sea Conference ended this week in New York, but unfortunately did not produce the kind of revised negotiating text which could form the basis of agreement on a comprehensive treaty during the next session which is expected to be held next spring. Because important interests of the United States are at stake in this conference, it is important that Members of the Senate understand the issues which have been debated—often heatedly—in New York.

The Honorable Richard N. Gardner, our Ambassador to Italy, delivered an address on June 15 to the Italian Society for International Organization entitled, "The Law of the Sea—Conflict or Cooperation?" In his address, Ambassador Gardner clearly and succinctly describes and analyzes the issues. He concludes, correctly in my view, that—

It is time for the central issues of the conference to be examined by governments with a new spirit of compromise and with a genuine concern for the protection and wise development of the oceans and their resources. Nothing less will assure the success of the conference and preserve the vital interests in ocean space of ourselves and our descendants.

Mr. President, Ambassador Gardner's address is the best primer I have seen on the issues and national interests involved in this important conference, and I commend it most highly to my colleagues. I also ask unanimous consent that the full text of Ambassador Gardner's address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE LAW OF THE SEA—CONFLICT OR COOPERATION?

(By Richard N. Gardner)

When the American humorist Robert Benchley was an undergraduate at Harvard, he had to answer an examination question in international law on the Northwest Atlantic fisheries dispute. Finding himself unprepared on the issues, he began: "Some people may care to discuss this case from the point of view of England, others from the point of view of the United States, but I shall discuss it from the point of view of the fish."

Because of the official position that I hold as American Ambassador to Italy, it is obvious that I will discuss the Law of the Sea tonight from the point of view of the United States. However, I will also do my best to discuss it, as Robert Benchley put it, "from the point of view of the fish"—or, to put it more broadly, from the point of view of protecting the marine environment and assuring the rational management of the oceans that cover 70% of the earth's surface.

As we meet here tonight, the Sixth Session of the Third United Nations Conference on the Law of the Sea is in progress in New York. What happens at this session may well determine whether conflict or cooperation will prevail in the oceans. The stakes are high, for the wise use of the oceans and their resources is vital to the future of the human race.

The Law of the Sea negotiations also have broader political implications. The success of the Conference would constitute a significant demonstration of the capacity of countries of widely divergent interests, different levels of economic development, and differing political philosophies and cultural traditions to come together in a creative achievement of world law. Conversely, for them to fail would represent a setback for the possibility of success in other areas of multilateral negotiations.

The Law of the Sea is the heart of traditional international law. For three centuries—from the beginning of the 17th century to our time—it was a stable regime. The rules were established on behalf of an open system of freedom of the seas. Most states adhered to a three-mile limit for their territorial waters, allowing free passage on the seas beyond and through most straits and archipelagos.

All of this is now in question. It is in question because of a number of factors. One is the world's rapidly growing demand for resources—for the fish of the sea, the oil that lies beneath the continental shelves, and the nickel, cobalt, copper and manganese that is contained in nodules on the deep ocean floor. Another factor is the development of technology which makes it possible to exploit these resources far beyond the coastline. And still another is the growth of nationalism on the part of both old states and new states that are now asserting sovereign claims to more and more of the earth's surface. For all of these reasons, we have witnessed in the past 20 years a succession of unilateral encroachments over hitherto free spaces of the ocean without precedent in international law.

Underlying the widespread indifference of most people to what is happening to the oceans around us is our anthropocentric view of the environment. From time immemorial, men standing on the shore of the sea or on the decks of ships have been in awe of its seemingly infinite expanse. As the sea before us stretches endlessly to the horizon it seems overwhelming in its size. Horace called it "boundless". Walt Whitman called it "bottomless".

In fact, the marine environment is surprisingly small and vulnerable, even in the context of our own tiny planet. Two thirds of the earth's surface is covered by water. But it is a very thin layer. The average depth of all the oceans is about 1,700 meters. And there are great areas of the open sea that are remarkably shallower. The North Sea, for example, averages only 80 meters in depth. Fifteen years ago, Jacques Cousteau made a comparison that illustrates the point. If the world were reduced to the size of an egg, all its water resources, fresh and salt, would amount to one drop.

Of the total surface of the ocean, only about eight percent lies above the continental shelves. I stress the surface of the ocean for a good reason. There, to the depth that sunlight reaches, on the margins of the continents, is where the lifegiving activity of the sea takes place. That means that 90 percent of all marine life is concentrated in a good deal less than a half of one percent of the volume of the oceans, on the continental shelves.

It is primarily in these areas of the sea that the wastes of modern society are being dumped, that there is the heaviest shipping traffic and that the exploitation of the living and mineral resources of the sea is most intense.

All life in the sea depends directly or indirectly upon tiny surface organisms called phytoplankton. Eons ago, these minute plants gave off the oxygen that turned an inhospitable planet into an earth where animal life was possible. They still produce 70 percent of the oxygen in the atmosphere. They are a central element in the complex food chain of marine life. Without these organisms, quite simply, there would be no fish.

Moreover, as forests and jungles disappear under the onslaught of men with axes, we become increasingly dependent on these tiny organisms for the very air we breathe. Without this vital life in the shallows of our oceans, the oceans would die. And, as Thor Heyerdahl put it in one of his articles, "a dead ocean means a dead planet".

It is against this political, economic and ecological background that we must examine the negotiations now underway in New York.

The Law of the Sea Conference is operating in four major bodies:

Committee I which deals with the questions of the deep seabed;

Committee II which is concerned with general aspects of ocean law;

Committee III which is considering the issues of environment, research and technology; and

The President's Committee which is concerned with the problems of finding acceptable means for the settlement of disputes.

COMMITTEE I: THE DEEP SEABEDS

Most of the discussion in the first committee has centered over the past three years on the crucial issue of what basic conditions should be laid down for prospecting, exploring and exploiting the deep seabed area beyond areas of national jurisdiction.

The developing countries' "Group of 77" (now numbering 110 countries) has insisted from the outset of the negotiations that an international seabed authority must be the sole seabed miner. The technologically advanced nations have insisted that private commercial companies (or state-run enterprises in the case of the socialist countries) be allowed to participate.

In recent discussions, the industrialized nations have accepted the concept of an "Enterprise" run by the International Authority on an equal footing with other would-be miners such as states and corporations, while the Group of 77 has agreed that those other entities could participate in seabed mining in association with the Authority.

The respective powers, rights and obligations of the Authority and the other entities are the crux of the problem. Committee Chairman Paul Engo of Cameroon has defined the issue as follows: "Should the new system of exploitation provide for a guaranteed permanent role in seabed mineral exploitation for state . . . and private firms? Or should such a role be considered only at the option of, and subject to conditions negotiated by, the Authority?"

The Revised Single Negotiating Test now before the Conference describes a "parallel system" which the United States favors. The system is so named because both the Enterprise—the operating arm of the Authority—and states and private entities would have access on essentially the same terms to exploit the seabed.

Under this system, every state or private applicant for a mine site would be obliged to submit to the Authority two sites of equivalent value, one of which would be reserved for development by the Enterprise or a developing country and the other which would be exploited by the state or private applicant. The Enterprise would have the right to choose between the two sites.

In order to defuse criticism that the Enterprise could never compete with private mining concerns, the United States is willing to develop, in conjunction with other nations, means to enable the Enterprise to se-

cure the financial resources needed to commence operations in essentially the same time frame as private companies. This would be part of a package which would include guaranteed access to seabed minerals on the part of private companies and state enterprises.

The U.S. has also proposed to schedule a review of the entire seabed regime after 20 to 25 years, in order to reassess its effectiveness and allow for modification if necessary, and if it is agreeable to the participants.

The formal position of the Group of 77 has been that the system contained in the negotiating text is not acceptable and that only the Enterprise should directly mine the deep seabed. The Group of 77, in addition, has favored giving the Authority broad discretionary powers to refuse to conclude contracts with states and their sponsored private entities. It would also retain for the developing nations a large measure of control of the decisionmaking organs of the Authority. Under this approach the Enterprise would be preeminent and access by states and private entities would not be assured.

In deep seabed negotiations, the Group of 77 has operated in major ways as a bloc despite the existence of substantial divergencies of interest within the group. Thus the outlook for the negotiations in Committee I is unclear.

A key issue that must be resolved by Committee I is economic—the effect on land-based producers of production of the minerals found beneath the oceans, notably copper, manganese, cobalt and nickel, the main constituents of the manganese nodules known to exist in the billions scattered over the deep ocean beds. Some countries stress the importance of protecting developing countries which are land-based producers, while others lay emphasis on the need to encourage seabed production for the benefit of industries and consumers around the world.

The economic clause of the present negotiating text spells out three proposed means of protecting mineral-producing developing countries if their prices drop because of competition from seabed minerals: commodity arrangements, production controls and compensatory economic assistance.

The United States is seeking to persuade the developing countries that all nations should benefit from what the UN has called "the common heritage of mankind" and that in the absence of exploitation, benefits will not accrue to the less developed countries. Since the developed countries have the complex and costly technology, it is necessary to ensure that states and their companies, as well as the Enterprise, have access to the deep seabed. Revenue-sharing from such mining would go to the poorer countries for development.

Ironically, this disagreement centers around an activity that has yet to begin; that by the end of the century may account for fewer than two dozen mine sites out of an area that is nearly half the size of the planet; and that is likely to have less immediate effect on the basic interests of most states than other activities dealt with in the Law of the Sea text. Therefore, it would be a real misfortune if failure to agree within Committee I were to frustrate the achievement of a treaty.

COMMITTEE II: GENERAL ASPECTS OF OCEAN LAW

A number of major issues in this Committee still remain unresolved. Four of these are particularly critical:

The juridical character of the 200-mile Economic Zone;

The definition of fisheries' rights and responsibilities;

The definition of the continental shelf;

Passage through international straits.

The Economic Zone provided for in the present negotiating text is a new concept. Many nations, including the traditional maritime powers, share the U.S. view that the Economic Zone should continue to retain its high seas status, without derogating from the broad coastal states resource and other specified rights. However, there are a number of others, notably South American states, that are opposed to categorizing the zone as high seas. Instead, they claim a 200-mile territorial sea or favor a zone of national jurisdiction in which other nations would have only subordinate rights of navigation and overflight.

The U.S. desires to limit coastal state jurisdiction essentially to a broad right to exploit the living and non-living resources in the 200-mile Economic Zone, subject to certain international obligations. The passage on March 1, 1977 by the United States Congress of the Fishery Conservation and Management Act for controlling foreign fishing off our shores is in no way incompatible with our espousal of the high seas status of the 200-mile Economic Zone. Our primary objective is to retain the traditional high seas status of the zone as far as navigation, overflight and other reasonable and traditional uses are concerned.

We are particularly concerned that with the granting of coastal state jurisdiction over resources the zone not evolve over time into the functional equivalent of a territorial sea. All nations have a shared interest in the freedom of the seas for commerce and global security and this interest is clearly not inconsistent with coastal nations' interests.

Fisheries constitute an immense source of protein for the world's growing population, but one that could be under-utilized or destroyed in the absence of wise and generally accepted rules of jurisdiction, management and conservation.

Although most countries seek a comprehensive international treaty, they are under mounting pressure to take unilateral action to protect their interests. Already 56 nations claim control over fishing rights out to 200 miles from their shores. Some, including the United States, have made provision that their legislation could be superseded by the Law of the Sea Treaty.

Under the present draft negotiating text, coastal states would be given management authority over coastal species and anadromous fish—those that return to their birthplaces to spawn after years at sea—such as salmon. The management of highly migratory species, such as tuna, would be left to international bodies with a fair share of the total being allocated to each country.

The authority given to coastal states in the current text is subject to international standards to ensure conservation as well as full utilization. Both historic fishing activity and the interests of new fishing countries would be taken into account.

Not all countries are happy with the present text, but the prospects for acceptable compromise on fisheries issues are good.

The definition of the continental shelf is important because this is the area in which a state has exclusive jurisdiction to exploit the submarine resources—principally oil—off its coasts. The current negotiating text defines this exclusive jurisdiction as extending to 200 miles or to the outer edge of the "continental margin", whichever is greater. The "continental margin"—where the submerged extension of a continent meets the deep ocean floor—extends beyond 200 miles in the case of "broad margin" countries like the United States, the Soviet Union, Canada, the United Kingdom, Australia, Brazil, Argentina, and India.

Countries that lack broad margins are seeking to confine exclusive jurisdiction in this area to 200 miles. As a compromise, the broad margin states have said that if their right to exploit to the edge of their margins is accepted they would share some of the revenue derived from exploitation beyond 200 miles.

Last year the Trilateral Commission, a group of private citizens from Europe, North America and Japan, went even further. They proposed that revenue-sharing should begin at 12 miles from the coast. In their view, a generous approach of this kind could persuade developing countries lacking in offshore oil resources to make concessions in other areas such as the deep seabed. They also argued that a generous revenue-sharing formula could ensure the greater financial resources needed to help developing countries grow more food, produce more raw materials, control population growth and raise low living standards.

The issue of passage through international straits arises because of the Conference consensus to accept a 12-mile territorial sea in place of the 3-mile territorial sea that was generally accepted in international law until the Second World War. A twelve-mile territorial sea would technically end the right of free transit in 116 major straits throughout the world.

The major maritime nations, including the United States, have insisted that such straits remain open to free and unimpeded transit above, on, and below the surface. This view seems now to have gained widespread support, together with the correlative view that free transit should mean proceeding through straits without delay and without threatening the safety or environment of the straits.

COMMITTEE III: ENVIRONMENT AND SCIENTIFIC RESEARCH

The Third Committee faces two central questions that have thus far prevented agreement. They are:

To what extent should the different states exercise jurisdiction over pollution in various areas of the sea?

To what extent should the consent of the coastal state be required in carrying out marine scientific research in its Economic Zone?

Special importance must be attached to the problem of pollution. For centuries mankind has regarded the ocean as a bottomless receptacle for what is too dangerous or inconvenient to dispose of on land. By accident or design, we have dumped an extraordinary variety of rubbish into the sea in the naive belief that the "boundless" ocean can continue indefinitely to renew itself:

Forty years ago, for example, 7,000 tons of arsenic sealed in concrete containers were dumped into the North Sea. The lethal content of those containers is enough to destroy the entire population of the earth three times over. And they have begun to leak.

The Rhine River alone carries to the sea more than 50,000 tons of wastes—much of it toxic by-products of industry—every day.

More than 60 million tons of wastes are dumped into the sea off the coasts of the United States every year.

Three years ago, only 5 miles off the coast of Otranto a freighter was rammed and sank, taking to a depth of 96 meters a highly toxic cargo of 250 tons of tetraethyl lead. Fortunately, Italy has courageously, at its own initiative, and at great expense, begun to raise the cargo before it can poison the Adriatic marine environment.

We are daily reminded of the pollution of the seas resulting from the transport and extraction of petroleum. Only a few weeks ago, an offshore rig in the North Sea called the Bravo 14 blew out. More than 5 million gallons of crude oil poured into the ocean. As an energy-hungry world continues to exploit offshore petroleum deposits, we can be certain that there will be more incidents of this kind.

Two years ago the American Congress held hearings on the effect of oil tankers on the marine environment. The testimony was ominus. It was estimated that man was dumping 9 million tons of oil into the sea every year—nearly 2 and ½ billion gallons, as much oil as the annual consumption of a country such as Norway. From one-quarter to a third of that amount can be attributed to tankers—loading, unloading, dry-docking, bilge bunkering and tanker accidents. The remainder results from offshore drilling, coastal refineries, fallout from the atmosphere, industrial wastes, and the runoff from urban areas and rivers.

The petroleum industry projects a growth rate in petroleum production that will require 3½ to 4 billion tons of oil to be transported by sea by 1985. If the oil spills from tankers increase at the same rate, we can expect that by 1985 more than 4 million tons of oil will be added to the marine environment by tankers alone every year. There are about 6,000 tankers on the oceans of the world now. Nearly 1,000 of them are supertankers. More than 500 of them are between 200,000 and 400,000 deadweight tons; several dozen are over 400,000.

Tankers of 1,000,000 deadweight tons are being planned. Spills from ships of that size would mean that we would have to drastically revise upward the estimates of the amount of oil that will annually be dumped into the sea within a few years. In the years 1969–73, there were 3,615 accidents involving tankers; 693 of them resulted in significant oil spills.

The primary issue in regard to the protection and preservation of the ocean environment has been how the Law of the Sea Treaty should characterize the respective powers of three categories of states in the different ocean zones:

The coastal states, those states through whose sea areas the ships of foreign states pass;

The flag states, the countries where ships are registered; and

The port states, the countries whose ports are visited by foreign vessels.

The Conference will seek to resolve the question of the balance of authority among these three categories of states. Specifically, it must decide who among these states should have the authority to legislate and enforce pollution regulations under various circumstances, particularly with regard to the contamination caused by ships.

It is clearly desirable that international standards should be established to prevent the pollution of the marine environment from ships, rather than have the world community faced with the potential conflict of a variety of differing coastal state standards. Yet if international standards are inadequate, some coastal or port state measures of self-protection will clearly be necessary.

It should be emphasized that 90 percent of the pollution of the marine environment comes not from ships at sea, not from natural seepages on the ocean floor, and not from mining and petroleum exploration on the continental margins. The overwhelming bulk of the pollutants that find their way into the sea are in fact land-based. Yet the negotiations in New York do not include an examination of the regulation of land-based marine pollution. Additional international efforts on this subject should be undertaken without delay.

The ability to conduct marine scientific research beyond the territorial sea is a traditional freedom of the high seas. The 1958 Geneva Convention on the Continental Shelf introduced a qualification to that freedom, requiring coastal state consent for research undertaken on the continental shelf or concerning it. Under the Convention, scientific interests were to be protected by a provision that the consent of the coastal state would not normally be withheld. But experience has shown that there is virtually no protection for science in that provision: too many coastal states have refused their consent, failed to respond to requests for consent, or imposed such unreasonable preconditions for consent that research becomes impractical.

The question of freedom of marine scientific research on the continental shelf and in the Economic Zone is, therefore, one of the major remaining issues to be faced in New York.

Indeed, the 200-mile Economic Zones are important in marine scientific research because it is within those areas that major ocean currents run; that 90 percent of oceanic biological activity takes place; that the interaction of ocean and atmosphere in determining climate is most important; and that most undersea earthquakes take place. Finally, these are the areas of greatest importance in studying the history of the earth.

Subjecting marine research to a coastal state's exclusive jurisdiction within the 200-mile zone would eliminate the freedom of scientific research in more than one-third of the world's ocean area—and by far the most important part. For marine research in the economic zone is critical to our understanding both of the weather and of the global problem of marine pollution.

The United States believes that a regime should be devised that would encourage marine research rather than create further impediments to scientific exploration in vast areas of the oceans. Such a regime should guarantee researchers reasonable access to the seas for the conduct of marine scientific research as well as allow for necessary predictability in the planning of research projects.

We therefore favor a compromise on marine research that would accept the right of coastal state consent for certain kinds of research activities, such as research bearing on resource exploitation, with other activities being free. We also favor certain guarantees to coastal states such as their right to participate in a research project and to share in its results.

THE PRESIDENT'S COMMITTEE: THE SETTLEMENT OF DISPUTES

A complex draft text has been produced by the special committee under the chairmanship of the Conference President. The draft tries to present alternatives for interpreting and enforcing the Law of the Sea Treaty. Several areas have emerged as particularly controversial:

The freedom of states to select among various forms for dispute-settlement (International Court of Justice a special Ocean Tribunal, and arbitration);

Provisional measures a tribunal might take before making a final adjudication;

The access of private parties to the different tribunals;

The provision allowing a ship's owner or his state to seek prompt release of a vessel detained for violations of law; and

A provision exempting from compulsory settlement certain kinds of disputes over a coastal state's rights in its Economic Zone.

This subject of dispute settlement is of fundamental importance. A Law of the Sea Treaty will not be worth very much if it does not provide compulsory procedures for interpreting its provisions and securing compliance. That is why the United States is placing particular emphasis on successful negotiations in this area.

CONCLUSION

All our nations must work harder to achieve a Law of the Sea Treaty that responds to mankind's needs and aspirations.

It must encourage, not prevent, the use of the mineral wealth of the seabeds.

It must preserve, not destroy, freedom of navigation.

It must support, not stifle, free scientific inquiry.

It must enhance, not frustrate, our ability to protect the oceans and their living resources against pollution and other forms of depredation.

It must provide a secure means of interpreting and enforcing the new international law of ocean space.

And must serve the interests of all nations—regardless of their geographical circumstances, social systems, or levels of economic development.

Time is running out on the Law of the Sea negotiations. New maritime claims are multiplying. New issues are constantly arising. Nations will not continue to send delegates to further meetings unless a successful outcome is in sight.

It is therefore time for the central issues of the Conference to be examined by governments with a new spirit of compromise and with a genuine concern for the protection and wise development of the oceans and their resources. Nothing less will assure the success of the Conference and preserve the vital interests in ocean space of ourselves and our descendants.

TREATMENT OF CAMBODIAN PEOPLE

Mr. THURMOND. Mr. President, as one of the last Members of Congress to visit Cambodia prior to its fall to Communist forces, it is with great sorrow that I continue to read articles in the press of the atrocities being inflicted on the people of that nation.

The most recent article appeared in the July 21, 1977, issue of the Washington Post by Jack Anderson and Les Whitten entitled: "Cambodia: Most Brutal Dictatorship."

During my visit there in January of 1975, a few months before the governmet fell, the city was surrounded by Communist forces and shelling was visible from the city proper. Refugees were pouring in from the countryside, and I visited one of these camps with then U.S. Ambassador Gunther Dean.

These people were bewildered and frightened. Most were farmers and did not know anything of political ideologies. They were almost childlike as I spoke to them and tried to encourage them in their hopeless situation. Soon afterwards, Congress canceled aid to Cambodia, and the government fell to the Communists.

The United States should denounce in the United Nations this inhumane treatment of the people of Cambodia and make efforts in world councils to bring pressure on the Government of Cambodia to cease these inhumane acts. As a world leader for human rights, we have an obligation to deplore this treatment of the people of a former ally.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAMBODIA: MOST BRUTAL DICTATORSHIP

(By Jack Anderson and Les Whitten)

The uproar over human rights has ignored the world's most brutal dictatorship. Adolf Hitler at his worst was not as oppressive as the Communist rulers of tiny Cambodia.

In a nation of 7 million people, as estimated 1 million have already died from mis-

treatment and executions. But the entire populace has been enslaved in a fashion that violates every international standard of human conduct. Only the Communists have any rights in Cambodia.

They have tried, with frightening success, to hide their horrors from the world. They have sealed off their country tightly. The borders are mined and patrolled.

Only nine nations have opened embassies in the capital city of Phnom Penh. Yet these diplomats, most of them Communists from friendly countries, are restricted to a street about 200 meters in length. When they wish to conduct official business, they are picked up in a government car and escorted to their destination.

Yet a few refugees managed to escape, some of them after harrowing experiences. They told essentially the same story about the conditions they had left behind. Some even brought out bootleg photographs of the atrocities.

We picked up their stories from intelligence sources and began publishing them as early as June, 1975. But U.S. intelligence agencies were hesitant to accept the word of refugees. All other intelligence channels had been effectively cut off.

But the reports can no longer be dismissed. Too many independent witnesses have now reached the outside. The story of the brutal Cambodian repression, therefore, can be told with authority.

It began even before the Communists swept to victory in April, 1975. Some of the last classified cables out of Cambodia reported that the Communist guerrillas had turned upon the civilian population with a sudden savagery.

The last American ambassador, John Gunther Dean, gave Washington this secret assessment of the Communist ruthlessness: "Inquiries as to motives of the KC [Communists] have produced a similarity of response, with the answers varying only in degrees of sophistication.

"The refugees express the view that the KC forces control most of the land area but need more people. The attacks are seen by the refugees as enemy punishment inflicted on them for rejecting KC offers to come over to the KC side."

Many of the Khmer Rouge soldiers were young, illiterate and so unsophisticated, according to refugee accounts, that they were frightened of food that came in bottles and tin cans. They were also consumed with uncontrollable hatred.

Within hours after they swarmed over Phnom Penh on April 17, 1975, the wholesale slaughter began. These were not the ravages, however, of undisciplined troops gone wild. On the contrary, they were part of a deliberate, disciplined campaign to remake the society from the ground up.

First, the civilian populace was ordered out of the cities. Hesitation brought instant death. The people were herded into death marches, without food or water, into the countryside.

At the end of the death marches, the harassed people were organized into small villages called "peasant cooperatives" and were put to work planting rice, building dikes and digging canals. Families were separated and marriages forbidden.

The Khmer leaders, meanwhile, grimly began purging every trace of the old culture and foreign influence. Orders went out to execute doctors, teachers, anyone with an education, anyone who could read or write. Every soldier above the rank of private in the old army was sentenced to death.

By the thousands, Cambodians were dragged out of their villages to be shot, stabbed or bulldozed alive into mass graves.

The number of executions apparently, has now fallen off. People are given verbal reprimands for stepping out of line or failing to show the proper "enthusiasm" for the revolution. After three such reprimands, according to refugee reports, the errant citizen simply disappears.

Rice is rationed; the current measure is half a tin can per person each day. Families are still kept separated. Marriages are now permitted, but a love affair can be a capital offense.

There is no monetary system, everything is obtained by barter. There is no education system, no telephones, no newspapers. Three short propaganda messages are broadcast daily.

The cities remain virtually empty. Phnom Penh, once a bustling city of 3 million before the Khmer Rouge came, now has a population around 50,000.

RABBI ABRAHAM FELDMAN

Mr. RIBICOFF. Mr. President, it is with deep sorrow and a profound sense of loss that I learned this morning of the death of my close personal friend, Dr. Abraham J. Feldman, the rabbi of my temple in West Hartford, Conn., and a man of national eminence for his intellectual and spiritual contributions to the overall Greater Hartford and world communities. Rabbi Feldman died Thursday, July 21, 1977, at his home. He was 84 years old. Mrs. Ribicoff and I are extending our most heartfelt sympathy to Rabbi Feldman's widow, Helen, and to other members of the family.

Rabbi Feldman was frequently with my family and myself in times of personal happiness and personal sorrow. When I was inaugurated as Governor of the State of Connecticut, I went to Temple Beth Israel with my family to pray with Rabbi Feldman for divine guidance. Throughout my life he was a dear personal friend and spiritual adviser. My life was nourished by Rabbi Feldman's deep religious and philosophical guidance.

Of Rabbi Feldman, it can be said that he was the most human of men. A devout Jew, he spent his life reminding all of us of the values, hopes, and aspirations that unite mankind, regardless of race, color, creed, or religion. By his example, by his devotion to his faith, by his compassion for people and their problems, and by his rare understanding of the human situation, Rabbi Feldman was an inspiration to all who knew him. He was a great American, a great Jew, and a great human being.

The rabbi of the Temple Beth Israel in West Hartford for 52 years, Dr. Feldman was an advocate of liberal, Reform Judaism. He served on every national Reform board.

His commitment to Judaism, however, was no barrier to an equally strong belief in the brotherhood of man—and the achievement of a world where all people could worship as they wished, secure in the knowledge that God works His will in a diversity of ways.

It was fitting that Rabbi Feldman, a national figure in Jewish affairs as well as a leader in the ecumenical movement, should have made his home in Connecticut, a State proud of its traditions of tolerance and good will, a State composed of virtually all ethnic groups and religions.

I recall with warmth and affection the deep friendship and mutual respect that existed among Rabbi Feldman and Connecticut's Roman Catholic Archbishop Henry J. O'Brien and Episcopal Bishop Walter H. Gray. Aptly described by the Hartford Courant as the "ecumenical triumvirate," they were three kind, compassionate, devout men who worked and prayed together. Now, with Rabbi Feldman's passing, all are dead. But what they stood for—freedom of religious expression in a spirit of cooperation, trust and human dignity—will never die. Their example is one all of us can benefit from.

Throughout his life—a life that witnessed savage religious, racial, and nationalistic strife—Rabbi Feldman spoke out courageously. The pain of one Jew suffering anywhere in the world for his faith and heritage was pain for Rabbi Feldman. In turn, death and destruction and misery, vented by any human being upon another, provoked similar outrage in Rabbi Feldman and he expressed his feelings publicly, with eloquence and passion.

The Hartford Jewish Federation once said of Rabbi Feldman that he was "not only a leader of the Jewish community—he was everybody's leader, everybody's rabbi, everybody's friend." Having known and loved Rabbi Feldman for my entire adult life, I know that is the way he would want us to remember him.

Mr. President, the Hartford Courant printed an article about Rabbi Feldman's death in its edition of July 22, 1977. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ABRAHAM FELDMAN, 84, DIES; RABBI, ECUMENIST

(By Carol Giacomo)

Dr. Abraham J. Feldman, ecumenist, national spokesman for American Jews, civic leader, author and rabbi at West Hartford's Temple, Beth Israel for 52 years, died Thursday at home after a brief illness. He was 84.

He was known throughout the country as a champion of liberal, Reform Judaism, serving on every national Reform board.

Along with his commitment to Judaism, he actively sought out the Christian community for friendship had increased understanding. He was the last surviving member of an ecumenical triumvirate in the Hartford area that included the late Episcopal Bishop Walter H. Gray and the late Roman Catholic Archbishop Henry J. O'Brien.

The three religious leaders shared warm personal and professional friendship long before such ecumenism became popular.

Rabbi Feldman had been head of the Central Conference of American Rabbis, the oldest and largest rabbinical organization in the country. From 1955 to 1957, he was president of the Synagogue Council of America.

Rabbi Feldman came to Temple Beth Israel in 1925 when the congregation numbered only 200 families and was located on Charter Oak Avenue in Hartford.

He helped relocate the temple at its present address at 701 Farmington Ave., West Hartford. In 1935, and when he retired as his spiritual leader in 1968, becoming rabbi emeritius, the congregation had swelled to 1,500 families.

He believed his duty, and the duty of all clergymen, was "to speak the word of God

and the message of religion in the hope of influencing human behavior in every sphere."

He carried this out on state and national levels, but viewed his most important job as being a rabbi. "It's no small thing to be the spokesman for the congregation before God," he said in 1975, when he celebrated 50 years at Beth Israel. "You're the counsel for the defense."

His lifetime of service to the Jewish population was a part of his deep concern for all people, and he was consistently an articulate defender of human welfare.

In 1955 he told a U.S. Senate subcommittee the national-origin immigration system was a "discriminatory and arbitrary scheme" based on a "discredited, racist theory." He urged a first-come, first-served system, with preference given to relatives of U.S. citizens and legal residents, victims of racial, religious or political persecution, and those who possessed special skills.

He spoke out against capital punishment that same year, calling it a "miserable failure" as a crime deterrent and "one of the vestiges of primitive savagery within us."

He remained an optimist, however, seeing "in a world of fear and corruption . . . still so much goodness in the hearts of man."

"A rabbi is the captive of cause and the prisoner of hope," he said, and so he lived his life.

He organized the Interfaith Committee in Hartford and in 1953 was elected chairman of the Connecticut Advisory Committee on Civil Rights.

He earned a bachelor's degree from Cincinnati University in 1917 and later degrees of bachelor of Hebrew literature and an honorary doctor of divinity from the Hebrew Union College in Cincinnati.

He also won honorary doctorates from Hartt College of Music, the University of Hartford, Trinity College and Parsons College in Fairfield, Iowa.

He served in temples in New York City, Georgia and Philadelphia before coming to Temple Beth Israel.

He was editor of the Jewish Ledger from 1929, when he helped found the weekly newspaper in Connecticut.

He served as Jewish chaplain to the State Police and the Institute of Living, and was an officer or member of scores of organizations, including the Hartford Jewish Federation, the Hebrew Home for the Aged and Mount Sinai Hospital.

His death Thursday was mourned by many persons.

Gov. Grasso called him a "magnificent personification of the highest quality of spiritual leadership" and a "dedicated public servant."

Rabbi Feldman was "not only a leader of the Jewish community," said the Hartford Jewish Federation, "he was everybody's leader, everybody's rabbi, everybody's friend."

Formal recognition by civic and religious groups of his contributions are legion, including: the American Jewish Committee Human Relations Award (1973), the City Council's City of Hartford Medal (1968), the National Conference of Christians and Jews award (1969), and Freedom Foundation awards (1956, 1958 and 1975).

In 1960, his name was included in "Who's Who in America." His national reputation brought him invitations from the White House on several occasions and two missions to Hawaii and the Far East for the U.S. Defense Department in 1950 and 1954.

Rabbi Feldman was born in Kiev, Russia in 1893, the son of Jehiel Feldman, a cornet player in the czar's army. His family immigrated to the United States in 1906, settling on the lower east side of Manhattan.

Although he grew up in an Orthodox religious environment and retained his strong Zionism, Rabbi Feldman was committed to the Reform movement.

"Reform is not a frozen idea," he said in a 1975 interview. "The concept of Reform is really the most authentic concept in Judaism. As the human mind expands, we change."

Archbishop John Whealon of the Roman Catholic Archdiocese of Hartford said Rabbi Feldman was "an unusual man in which profound wisdom was surpassed by human qualities. For many decades he was our major link with the Jewish community."

"His deep pride as a rabbi, his affection for his congregation and his sense of responsibility for its honored place in Greater Hartford and in the Reform Jewish movement will long be remembered and cherished," said Mrs. Sol Levitt, president of Temple Beth Israel.

Shirley W. Bunis and Berthold Gaster, publishers of the Jewish Ledger, recalled him as "a man who always led us down the right path of newspaper integrity and responsibility."

He leaves his wife, Mrs. Helen Bloch Feldman; a son, Daniel B. Feldman of Farmington; two daughters, Mrs. Charles Norwood of West Hartford and Mrs. Jerome W. Mecklenburger of Park Forest, Ill.; a brother, Morris Feldman of Hallendale, Fla.; two sisters, Mrs. Sophie Ruben of Brooklyn, N.Y., and Mrs. Bessie Lebetkin of Queens, N.Y.; eight grandchildren and two great-grandchildren.

The funeral will be Sunday at noon at Temple Beth Israel, 701 Farmington Ave., West Hartford. Burial will be in the temple cemetery.

HUMAN RIGHTS VIOLATIONS IN POLAND

Mr. PELL. Mr. President, there appears to be a dangerously escalating confrontation between leaders of the human rights movement in Poland and the Polish Government. Reprisals have taken place in Cracow against striking workers and intellectuals demanding justice and protesting against abuses of police power. This past May, some 80 leaders of the human rights movement were arrested, including members of the Workers' Defense Committee.

Among those arrested was Adam Michnik, one of the foremost leaders of the human rights movement in Poland. Mr. Michnik was arrested shortly after his return to Poland from the United States where, on May 9, he testified before the Commission on Security and Cooperation in Europe, of which I am the Cochairman. Mr. Michnik was charged with disseminating information detrimental to the interests of the Polish state.

Mr. President, the Polish arrests run counter to the obligation, made by Poland in signing the Helsinki accords, to respect "freedom of thought" and to "promote and encourage the effective exercise of civil, political, economic, social, cultural and other rights and freedoms all of which derive from the inherent dignity of the human person and are essential for his free and full development."

In my view, if America is to be true to its own obligations in signing the Helsinki accords, violations must be exposed and denounced. It is my hope—indeed my expectation—that the U.S. delegation to the Belgrade Conference to review implementation of the Helsinki accords will raise specific cases such as Mr. Michnik's and those of the other human rights leaders still in prison.

Mr. President, on May 19 several Polish prominent writers and artists protested the arrests and on May 25 began a 7-day hunger strike at St. Martin's Church in Warsaw. I ask unanimous consent that the full text of the protesters' appeal to the public prosecutor's office and the statement issued in connection with the hunger strike be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

AN APPEAL SENT TO PUBLIC PROSECUTOR'S OFFICE AND TO THE POLISH PRESS AGENCY

Despite promises, some people condemned to many years of prison for having taken part in the June, 1976 protests, have not been released.

These last days, CDW members and supporters are being arrested and charges are brought against them. For many months they have brought material, legal and medical help to the victims; they have set up the only social institution in Poland to which the families of those dismissed from work or put to prisons, could turn to for support. Recently Miroslaw Chojecki, Jacek Kuron, Antoni Macierewicz, Adam Michnik, Piotr Naimski and Wojciech Ostrowski were arrested and a Prosecutor's sanction was applied toward them.

We know these men, we know that they are not criminals, that they acted with selflessness and dedication on behalf of the people. Further arrests are being made.

We appeal to the Polish government to put an end to these activities which bring suffering and increase tensions in the country. We appeal to the public opinion at home and abroad, to workers, intellectuals, Trade Union members, journalists, to all men of good will, regardless of their political convictions, to voice their aversion to the use of police methods in social life, to come out in defence of political prisoners in People's Poland and to demand their release with all means at their disposal.

Jacek Bochenski—writer, Kazimierz Brandys—writer, Witold Dabrowski—writer, Andrzej Drawicz—writer, Jerzy Ficowski—writer prof. Andrzej Grzegorczyk—mathematician, Anna Kamienska writer, Andrzej Kijowski—writer, Tadeusz Konwicki—writer, Bogdan Kosinski—film producer, Seweryn Pollak—writer, Julian Stryjkowski—writer, Anna Trojanowska—painter, Wanda Wilkomirska—violinist, Wiktor Woroszylski—writer, Maria Zagorska—translator.

DECLARATION OF THE HUNGER STRIKERS IN ST. MARTIN'S CHURCH, 25 MAY 1977

Today marks the passing of 11 months since a wave of united protest actions and demonstrations swept through a society confronted with an unjust and arbitrary decision to raise prices. The stand of those making their protest evident proved effective. The people responsible for raising prices withdrew their decision; nevertheless, there immediately followed very numerous instances of repression against many of those taking part in the protest action. Instead of the so many times announced dialogue with the community, attempts were made to create an atmosphere of intimidation. We recall the unusually numerous detentions, arrests, firings, beatings, and even torture during interrogation, court cases conducted in an atmosphere outraging any elementary feeling of objectivity and justice, the campaign of slander and lies, as well as coercion and threatening the lives of people who felt themselves to be wronged.

Throughout the country, people from all walks of life stood up in defense of the victims of the June events. Appeals signed by

thousands flowed in to the authorities. Community assistance was organized spontaneously; there were demands that the basic rights of citizens be respected. To date, these efforts have not produced the expected results. Many people are still out of work, while five workers have been in prison ever since: Czeslaw Chomicki, Wieslaw Skrzypek, and Zygmunt Zabrowski from Radem, and Marek Majewski and Adam Zukowski from Ursus. What is more, in the last few weeks, a number of the people who have displayed the greatest dedication in providing assistance to the imprisoned and their families have been arrested.

We have also learned that the shadow of yet another trial of the innocent hangs over the community. In this situation, the undersigned, motivated by a profound feeling of solidarity with the imprisoned, appeal once more for the immediate freeing of the victims of the June events and of those who stood up in their defense. In view of the futility of all appeals to date and of the gravity of the situation, we are accompanying our pronouncement with a publicly undertaken, voluntary, seven-day hunger strike. For those who are believers, it will be a form of prayer; so far as we all are concerned, it will be an appeal to the community and to the authorities.

We are consciously choosing the form of a hunger strike as a method of fighting for the right to strike, for right and justice, a fight for the dignity of man, a fight against force, a fight without resorting to the use of force and violence. We have many precursors in this type of fight, beginning with Mahatma Gandhi, running through Martin Luther King, up to the hunger strikers who, by staging hunger strikes in Spanish churches, fought the dictatorship for freedom and democracy in their own country, and up to all those persecuted for their convictions who, in many parts of the world, are right now undertaking this form of protest.

We most particularly cast our lot with those imprisoned victims of the post-June repressions who, on May 25, have begun a hunger strike to protest against their fate. This form of protest and appeal seems to us to be the most seemly and intelligible way of calling attention to the danger and to the profoundly immoral character of violence and disrespect for the dignity, rights, and freedom of man. These instances of disrespect strike straight at the nation at all levels of its existence. We have asked Mr. Tadeusz Mazowiecki to agree to be our delegate, and it is through him that we send this declaration to the Council of State of the Polish People's Republic, to the Polish Episcopate, to the Committee for the Defense of the Workers, and to public opinion.

Signed: Boguslawa Blajfer, Lucyna Chomicka, Danuta Chomicka, Bohdan Cywinski, Jerzy Geresz, Aleksander Hauke-Ligowski, Barbara Torunczyk, Henryk Wujec. Warsaw, St. Martin's Church, 25 May 1977.

The undersigned joined the hunger strike and signed the declaration on the evening of May 25: Eugeniusz Kloc and Ozjasz Szechter. May 26th: Joanna Szczesna.

Comment: Ozjasz Szechter is the father of Adam Michnik; a former communist, he is 76 years old, a seriously ill man who has had to undergo two stomach operations.

CAMPAIGN REFORM

Mr. STEVENS. Mr. President, I ask unanimous consent that a statement by the distinguished Republican leader, Mr. BAKER, relating to the forthcoming debate on campaign reform, together with an attachment, be printed in the RECORD.

There being no objection, the statement and attachment were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BAKER

Yesterday I circulated to my colleagues a letter I received from former Senator Sam Ervin regarding the forthcoming debate on campaign reform.

As most will remember, I had the great privilege of serving with him on the Senate Select Committee on Presidential Campaign Activities, better known as the Watergate Committee. Through the weeks and months of inquiry, I came to have a deep and abiding respect for Senator Ervin's knowledge and understanding of the Constitution and the various powers it ordains among the three branches of government.

We often differed on matters, but one subject on which we were in complete agreement was public financing of campaigns for Federal office. He and I opposed public financing of campaigns for Federal office when it was offered in 1973 as a solution to the abuses of Watergate, and we still oppose it. Indeed, a majority of the seven Watergate Committee members opposed public financing.

I believe it was because we felt the need to maintain a sense of proportion or balance about campaign financing and proper reform. Public financing represents a dangerous and excessive reaction to the events of recent years. It is that message which former Senator Ervin effectively conveys in the following statement:

REFORMS MAY DAMAGE THE SYSTEM

(By Sam J. Ervin, Jr.)

I fear my former colleagues in the United States Congress anxious to rid politics of the last remnants of Watergate-type scandals, may be close to damaging the very institution they hope to strengthen.

Several proposals have been introduced in both the House of Representatives and the Senate which would provide for taxpayer financing for Congressional campaigns, in much the same manner as the presidential campaigns are financed every four years.

What they may fail to recognize, however, in their zeal to remove any taint of "special interest" money, is not only the potentially terrible financial burden they may be laying on the taxpayer's shoulders but the damage they may be doing to the election system itself.

Under many of the proposals being considered, only minimal requirements are established before Federal funds are made available to congressional candidates. One proposal in the House even extends the concept beyond the general election to include primaries as well. Thus, one net effect of the bills, if they become law, would be the proliferation of "splinter candidates" or "one issue candidates" much as we saw in the early days of the Presidential campaign last year.

This proliferation of campaigns and individual candidacies would have two detrimental effects on the electoral system. First, it would tend to drain the Federal funds early in the primary season with a large number of candidates drawing from the Federal till. And, second, it would tend to accelerate the demise of the two-party system on the national level, leading us down the coalition road already travelled by many of our Western allies.

One of the most compelling arguments against taxpayer financing of Congressional campaigns is that, according to the Internal Revenue Service, only about 25 percent of the American taxpayers have gone along with the dollar check-off on their income returns for Presidential elections. Thus, if the process is expanded to include congressional campaigns without a parallel expansion of public interest and participation, the U.S. Treasury might be forced to underwrite political campaigns out of tax monies pledged for other, more worthwhile projects.

Administratively, the proposals would cause outrageous havoc. In testimony before the House Administration Committee recently, Ralph K. Winter, Professor of Law at Yale University said, "It has been estimated that the auditing of fifteen Presidential candidates consumed thirty-five person-years of labor by the Federal Election Commission in 1976." He rightly concludes that a proposed expansion from those 15 presidential candidates to possibly more than 1,000 congressional candidates refutes itself.

Further, public funding would place in one executive branch agency, the Federal Election Commission, massive discretionary enforcement power which could increase the potential for election-year mischief, similar to what we saw exposed a few short years ago. Delays in processing the required forms could leave candidates without any funds during critical periods in the campaign and it would be virtually impossible to determine later whether those delays were bureaucratic or political.

It is proper and appropriate that my former colleagues consider measures such as taxpayer financing for congressional campaigns for it allows a full and open debate on the merits of the specific legislation rather than on the perceptions of the goals sought. In this case, the goal is admirable but the route being considered is wrong.

CAPTIVE NATIONS WEEK

Mr. WILLIAMS. Mr. President, this week marks the 19th observance of Captive Nations Week. With the signing of the Captive Nations Week Resolution in 1958, President Eisenhower made it clear that human rights must become a prime concern of this country. Now President Carter has courageously reaffirmed our long-standing commitment to basic human rights by focusing the world's attention on the plight of those whose homelands are no longer their own.

Captive Nations Week affords us an excellent opportunity to voice our own support for the men and women throughout the world who struggle for basic human rights and national self-determination. We in the United States must understand and never forget the intense suffering caused those who are denied human rights. I am especially pleased that President Carter has so effectively reminded the world of our Nation's firm and unyielding devotion to the democratic ideals of liberty, justice, and freedom for all.

This year's commemoration of Captive Nations Week is of even greater importance than before because it affords us a special opportunity to draw public attention to violations of the human rights principles freely undertaken by the Soviet Union when it signed the Helsinki accords in July 1975. Because these accords are now being reviewed in Belgrade, the United States and other freedom-loving lands must demand a reasonable implementation of the human rights provisions.

In no case is human rights more applicable than it is to the plight of the captive nations. The right to freedom is a concept which we cannot afford to disregard. That is the message we should proclaim to all nations which are not free, and we should continue to do so until freedom, self-determination, and human dignity are restored to all.

PROBLEMS ON PUBLIC WORKS

Mr. HEINZ. Mr. President, I feel it is important for Congress to recognize this week the plight of many local governments as a result of the procedures employed by EDA in administering round II of the local public works program. The case, in sum, is how the Federal Government can insensitively trample on unsuspecting and innocent local governments. It is all the more telling because there was probably no plan or intent to do so.

First, some history is necessary.

In round I last fall, EDA received more than 25,000 applications. Local officials throughout this country enthusiastically supported the program and provided evidence of their trust in us by spending substantial amounts of their limited budgets to prepare their plans. Out of those 25,000 applications nationwide, only about 2,000 were able to be funded out of the $2 billion available. Our constituents made us aware of the numerous problems involved in this funding round, although EDA was generally praised for its ability to implement the program in a relatively short period of time.

In spite of the frustrations and disappointments experienced in round I, there was continuing widespread support for the concept of this program, intended to stimulate employment through providing grants to local governments for construction projects in areas of high unemployment. I joined my colleagues in voting to provide an additional $4 billion for another round of the local public works program. We all worked hard to correct some of the mistakes made in administering round I and, with substantial and insightful input from local officials, looked forward to giving additional opportunities for last fall's participants to obtain these needed grants. The legislation was enacted.

On June 9 of this year, EDA announced allocations, termed "planning targets," for local governments and urged speedy action on the part of the lucky ones to get their applications in, applications which they had to revise from last fall's so that project costs would conform to the announced planning target. My strong impression, gathered through numerous conversations with local officials and my own dealings with EDA, is that EDA underplayed the possibility of these planning targets being revised and stressed the importance of completing revised applications as soon as possible.

Once again, in good faith, local officials undertook the monumental and costly task of completing their applications to conform with the planning targets announced on June 9. This involved considerable expenditures for detailed architectural and engineering plans by the local governments involved.

Unfortunately, on July 8, EDA announced revised planning targets which resulted in Pennsylvania's local public works program being thrown into a turmoil.

Here are the hard facts for Pennsylvania as far as my own survey reveals to date: 102 communities which had spent weeks preparing applications to conform with the June 9 figures were informed that their targets had been reduced; 26 of these communities had targets reduced by more than half; and 18 of these communities were informed that they would, after all, receive no funding in round II.

I certainly support EDA's efforts to correct mistakes, but we all should recognize the adverse effect of this procedure on local governments already hard pressed for funds. It is regrettable that these local officials did not understand on June 9, that their allocation could be drastically revised or taken completely away. In fact, EDA's delay in announcing revised planning targets was due, according to statements they have made, to their choosing to apply some "human judgment" to the computer's final figures. For that reason, all of us were patient about the delay.

However, I have a difficult time finding evidence of "human" judgment when I look at some of the situations in my State. Following are some examples, gathered in a survey undertaken by my office:

Allentown, Pa., in Lehigh County, spent more than $10,000 since June 9 preparing its applications to conform with a planning target of $2,264,000. On July 8, they learned that their figure had dropped to zero. We can all have compassion for Mayor Daddona and the city officials who thought they finally had a resource for repairing their bridges, their storm sewers and their firefighting equipment.

Brackenridge, Pa., in Allegheny County, spent more than $5,000 since June 9 to conform with a planning target of $715,000. Their figure dropped to zero, and Mayor Chuck Hanna must be able to explain to the citizens of this small community why, after all, their street improvement program will remain unrealized.

Altoona, Pa., in Blair County, spent $14,000 to resubmit their application for desperately needed storm sewer repair in conformity with the June 9 figure of $864,000. Unfortunately, Mayor Stouffer and the city officials have learned that their planning target is, after all, $422,000. They must repeat this costly process to conform with the new figure, and they are understandably questioning the finality of even this most recent announcement.

Uniontown, Pa., in Fayette County, learned on July 8 that the original $1,538,000 allocation had been reduced to $738,000. Unfortunately, Mayor Bob Jones and city officials had spent $70,000 since June 9 to purchase land so that their June application submission would show that they held free and clear the land needed for a new city hall. EDA, as we know, places this requirement on applicants. The usefulness of this land purchase is now very much in question due to the drastic and unexpected reduction in their planning target.

Kittanning, Pa., in Armstrong County, was reduced from $1,044,000 to $517,000. The more than $10,000 which Mayor James Bowser and borough officials committed to preparing technical applications for a badly needed sewer system and for a new borough building was spent in vain, and the costly process must begin again.

Meadville, Pa., in Crawford County, received on June 9 a planning target of $719,000. Mayor Richard Ruhlman and city officials spent $15,000 to complete their application for a 200-car parking garage vital to the development of downtown Meadville. On July 8, their planning target was reduced to $566,000, an insufficient amount for the needed parking space to be realized. Assuming a completely new project will have to be substituted, the $15,000 spent between June 9 and July 8 is lost.

Greensburg, Pa., in Westmoreland County, was reduced from $1,027,000 to $576,000. Mayor Robert A. Beel and the city spent approximately $6,000 since June 9 preparing their applications for a new parking garage. They must cut their plans in half.

Unfortunately, there are many other examples, among which are the city of Connelsville in Fayette County, which spent $15,000 since June 9 only to have a reduction in planning target from $506,000 to $257,000; the city of New Castle in Lawrence County, which was reduced from $1,752,000 to $946,000; the borough of Palmerton in Carbon County was reduced from $88,000 to zero; the borough of Plymouth in Luzerne County was reduced from $162,000 to zero; and Plains Township in Luzerne County was reduced from $690,000 to zero.

These facts speak for themselves. And I would certainly hope that the Congress and the agencies which administer our Federal programs will learn from this experience.

My principal conclusion is that in order for us to gain the trust of this Nation's citizens, we must recognize that local elected officials are our link with these citizens that we ignore at peril. Local governments do need our help as they struggle daily to provide vital services to individuals, and on the Federal level we must be sensitive to local officials, the public servants in closest contact with the people we are here to serve. We must listen to these officials and learn from their firsthand experiences exactly what happens when we legislate programs which they must carry out in detail.

To correct this, as we enact programs to be administered by local governments, we must intensify our efforts to ask the right questions about how the programs work, and the executive branch must consider seriously the impact of Federal requirements which in many cases place unnecessary additional burdens on communities. Just as Congress should listen to the experiences of local officials in order to understand the long-range effects of legislation, our agencies must learn to communicate clearly the specifics of how they intend to administer a program. This communication was lacking in the recent experience with Local Public Works Round II.

It is often pointed out that this intergovernmental system is too complex. I agree. But this is no excuse for tolerating the status quo or not seeking redress.

The Congress and the Federal bureaucracy can and should begin to improve the workings of the system by applying commonsense and fairness in our dealings with local governments. It is clearly not right for the massive revisions adversely affecting nearly half the award communities in Pennsylvania—to have gone into effect in the way they did. And it is equally unfair that many financially hard pressed local governments should have to bear an unjustified financial penalty for acting in good faith, because of the promises of the Federal Government. I intend to seek solutions to these problems.

CITATION TO CONGRESSMAN JOHN BRADEMAS

Mr. PELL. Mr. President, I am very pleased to bring to the attention of the Senate a citation recently tendered to my friend and colleague, Representative JOHN BRADEMAS, majority whip of the House of Representatives and chairman of its Subcommittee on Select Education.

The citation honors Representative BRADEMAS for his distinguished leadership in education and in the betterment of the cultural life of our country, and brings to him the lifetime status of Fellow of the Association of Science-Technology Centers. Particular mention is made of his sponsorship in the House of legislation to assist our Nation's museums, through the Museum Services Act enacted into law last year.

As one who has been privileged to work closely with JOHN BRADEMAS in these areas, through a long tradition of joint hearings and joint efforts, I am indeed pleased to inform the Senate of this honor; and as chairman of the Senate Subcommittee on Education, Arts and Humanities, I am happy to add my own words of commendation to our distinguished colleague in the Congress.

Mr. President, I ask unanimous consent that the citation to which I have referred to be printed in the RECORD.

There being no objection, the citation was ordered to be printed in the RECORD, as follows:

CONGRESSMAN JOHN BRADEMAS

Congressman Brademas is a native of Indiana and is the United States Representative in Congress of its Third District from which he was elected in 1958 and has been re-elected continuously since.

After service in the United States Navy he was a Veteran Service Scholar at Harvard where he was graduated with the Bachelor of Arts degree, magna cum laude, and elected to Phi Beta Kappa. He was a Rhodes Scholar at Oxford receiving the Doctor of Philosophy in Social Sciences degree, and later was elected an Honorary Fellow of his college there.

He has been honored with the Doctor of Laws degree from Tufts University, Marian College, Notre Dame University, Middlebury College, Saint Mary's College and Columbia College; the Doctor of Humane Letters by Mount Saint Mary's College; and the Doctor of Humane Letters by the University of Evansville and Brandeis University.

He has served as a member of the Board of Overseers of Harvard and is a member of the Advisory Council to the College of Liberal Arts at Notre Dame, the Visiting Committee of the Department of Political Science at M.I.T., the Board of Regents of Saint Mary's, the boards of American University and Woodrow Wilson International Center for Scholars, and is a Fellow of the American Academy of Arts and Sciences.

In view of all this—and much, much more—it is evident that Congressman Brademas is vitally interested in education, both personally and professionally, and is one of our country's truly great legislative leaders. He richly deserves the unique reputation which he has earned for his distinguished initiative in this field. He has been voted one of the nation's four most influential leaders in higher education. Over a period of eighteen years he has played the principal role in writing the legislation concerning elementary and secondary education, higher education, educational research and Federal support for the arts and humanities, and cultural affairs. During the 94th Congress, he was responsible for the successful sponsorship in the House of the Museum Services Act, the first Federal law in our nation's history designed to provide operating funds for museums. Our fraternity will be forever grateful to him.

On behalf of the members and by the authority vested in me by its Board of Directors, it is a personal pleasure to confer upon Congressman John Brademas the lifetime status of Fellow of the Association of Science-Technology Centers.

DANIEL M. MACMASTER,
President, Museum of Science and Industry, Chicago, Fellow, Association of Science-Technology Centers.
MAY 27, 1977.

MUST WE AWAIT NEW ATROCITIES BEFORE SIGNING THE GENOCIDE CONVENTION?

Mr. PROXMIRE. Mr. President, recent reports indicate that Jesuit priests are being killed in El Salvador. At present it is not clear whether the government is sponsoring, tolerating, or otherwise involving itself in those killings.

Although the exact details are unclear, these incidents dramatize the continuing need for this Government to go on record against the crime of genocide.

What will it take before this body is convinced that genocide still threatens the human race?

Do we have to wait for another Hitler to send millions off to gas chambers before this Nation cries out for such crimes to stop? Will it take horrors like those which befell the thousands of Armenian families—many of whom were lined up and gunned down on their front lawns—before this body will rise up and declare to the world that this is wrong, that these atrocities cannot continue?

Mr. President, I have seen enough bloodshed in this world. I have lived through the Second World War, through the massacres which have befallen the Kurds in Iraq, and I have had enough.

Enough bloodshed, enough killing to satisfy me that there is a clear and unmistakable need for the Government and people of the United States to lift their voices in condemnation of the crime of genocide.

The exact nature of the murders in El Salvador may not be known for some time. In the meantime, should we not go on record in support of the Genocide Convention? Rather than wait to possibly learn of another case of genocide, should we not state clearly that we condemn that crime?

I say "Yes." Yes, we should condemn the crime of genocide and yes, there is no excuse for hesitation.

I urge my colleagues to join me in pressing for ratification of the Genocide Convention.

A TRIBUTE TO THE MORMON PIONEERS: PAST AND PRESENT

Mr. CHURCH. Mr. President, Sunday, July 24, marks the 130th anniversary of the arrival of the Mormon pioneers in the Valley of the Great Salt Lake.

On that day, in 1847, Brigham Young looked out from his sick bed in one of the lead wagons and announced to his band of followers an end to their long search for sanctuary:

It is enough. This is the place.

These brave men and women, followers of their conscience and convictions, had left their comfortable homes for an uncertain future in the Rocky Mountains to escape the religious persecutions which had marked their early years together. These faithful modern disciples of Christ were ultimately forced to move more than six times: from New York to Ohio, Missouri, Illinois, and finally to Utah, where their arrival brought to an end the long trek West. Left behind were the assassins whose bullets had downed the young prophet, Joseph Smith. Left behind were those who sought to persecute them for their religious beliefs.

The Mormons settled much of the mountain West, bringing civilization to some places where few other men would have had the will to go. They were the first Anglo-Saxon people to practice extensive irrigation; they made many semi-arid regions of the West green with irrigated crops. The Mormons were early settlers in my own State of Idaho, founding the first permanent town, Franklin, in 1860.

But it was more than faith which enabled the Mormons to endure those first years in the desert. It was hard work, integrity and determination. It was this same spirit that sustained the Saints during the Teton Dam disaster last year.

How often have we asked whether the pioneer spirit still lives in our land? How often have we shaken our heads and expressed our doubts?

A year ago, when the Teton Dam burst in eastern Idaho, those doubts were put to the ultimate test. A terrible devastation had been wrought by the flood. It looked as though the stricken land had been the battleground of Armageddon. Twisted plows, half-buried tractors, wrecked trucks, swept-away homes, smashed barns and outbuildings, broken bridges, and piles of debris of grotesque shapes and sizes peppered the flood plain as far as the eye could see.

What a miracle that today—one short year later—the evidence of that ruination has all but disappeared. The restoration came about so quickly because the pioneer spirit had not died. Neighbor helped neighbor; volunteers came from afar; Ricks College on the hillside above flooded Rexburg served free meals to a multitude of homeless and hungry people. Millions of dollars worth of aid was given by the Mormon Church to members and

nonmembers alike: this was done without remuneration, since the church will not accept State or Federal aid.

Thus, in this valley, inundated as if by a tidal wave, it was proved that the spirit of the old West lives on; that the hardy have not turned soft; that the strength of character and the caring for one another, so conspicuous in the pioneer period, have neither dissipated nor disappeared.

This same spirit is reflected in the rapid and sustained growth of the church. Heber C. Kimball, one of the pioneer leaders of the church and counselor to President Brigham Young, opened the first overseas mission in England on July 20, 1837. Today, more than 26,000 Mormon missionaries, one-tenth of whom are from Idaho, are at work throughout the world. They are serving for up to 2 years, their expenses being borne by themselves or their families and friends.

Eighty-two years ago, when Spencer W. Kimball, currently president of the church, was born, there were slightly more than 200,000 Mormons, nearly all of whom resided in the United States. Now, membership has expanded to 4 million people, one-fourth of whom live outside the United States. Members today reside in over 90 different countries or territories, in which 34 different languages are spoken.

It should be noted that the Church of Jesus Christ of Latter-day Saints encourages its members to seek educational opportunities; to be industrious and honest; to be law-abiding citizens of their respective countries; to take good care of their health and abstain from substances harmful to the body. The application of these principles, along with the church's emphasis on the importance of the family, accounts, in part, for its extraordinary growth and demonstrable appeal.

The Mormons are pioneering in other areas: Taking care of its own, its varied educational and training programs enroll more than 325,000 people. It maintains 71 elementary and secondary schools throughout the world, wherein more than 15,000 students are taught. The church has expanded its scholarship program by providing members in developing countries greater opportunities for education. The international educational program which involved 22 countries and 3 languages 5 years ago, has grown to encompass 54 countries and 17 languages today.

A newer expression of the church's longstanding commitment to the temporal welfare of its members, is the calling of missionaries with special skills. These unpaid volunteers—professional agronomists, physicians, nurses, dentists, nutritionists, home economists, and social workers—now serve 2-year terms in developing areas. They come increasingly from countries outside the United States and are assigned to nations throughout the world. In addition, the church has recently begun postgraduate medical education seminars outside the United States, in which Mormon physicians, generally with foreign language skills, offer advanced instruction to physicians in other countries. The instructors also provide this service at their own expense.

Since becoming president of the church in late 1973, Spencer W. Kimball has visited civic and government leaders in over 32 nations in an effort to foster international understanding. He usually makes the following point, which I have come to appreciate:

> Our missionaries return home and become the best ambassadors and friends that any nation has anywhere in the world. These young men and women have spent two years living with your people, feeling the spirit of your country, learning your language. Their fondest hope is to be able someday to return to the nations where they served and which they grew to love.

To use a personal illustration, a delegation of French officials called on me last month. They were surprised and pleased to be greeted by a member of my staff who conversed with them fluently in their native tongue and then escorted them through the capitol. This fine young man, having completed a mission for the Mormon Church in a French-speaking land, had retained not only his fluency in their language, but also a fondness for the country where he served.

Every American who goes abroad is, in a sense, an "ambassador." Each represents America in his or her own way. But no one has ever expressed better than Alexis de Tocqueville the enoromus impression that our religious zeal can have on foreigners:

> I sought for the greatness and genius of America in her commodious harbors and her ample rivers, and it was not there; in her fertile fields and boundless prairies, and it was not there; in her rich gold mines and her vast world commerce, and it was not there. Not until I went to the churches of America and heard her pulpits aflame with righteousness did I understand the secret of her genius and power.

This is the spirit that has made America great. Today, people throughout my State pause in their daily activities to pay tribute to the Mormon pioneers. Their courage, their valor, their fidelity to a common cause has set a high standard. Their sacrifices deserve our deepest admiration and their accomplishments our deepest respect. Exemplary pioneers in the past, the Latter-day Saints are continuing this same pioneering spirit today. For this, I salute the Mormon pioneers, past and present.

THE 25TH ANNIVERSARY OF THE COMMONWEALTH OF PUERTO RICO

Mr. JACKSON. Mr. President, next Monday marks the 25th anniversary of the establishment of the Commonwealth of Puerto Rico.

The Commonwealth came into being after Congress adopted the Puerto Rican Federal Relations Act, which changed the status of Puerto Rico from that of an unincorporated territory to a self-governing Commonwealth, freely associated with the United States.

This new constitutional relationship—which former Chief Justice Warren called "perhaps the most notable of American political experiments in our lifetime"—has brought about important social and economic progress for Puerto Rico. We have shown in this relationship, as the then Gov. Rafael Hernandez Colon said in 1974,

> That it is possible to evolve successful interdependence between a great wealthy continental power and a small island community—interdependence in which the self-determination, the interests, and the dignity of both partners are observed.

Today, after a quarter century of Commonwealth, the United States and Puerto Rico continue to have strong mutual interests. We have a common commitment to individual freedom and to the traditions of democratic, representative government. We share a common concern for the economic growth and political development of the Caribbean region. Above all, we are bound together by the ties of common citizenship and our commitment to the success of the unique relationship we enjoy.

There are those who would change this relationship. Some have advocated independence for Puerto Rico and others propose statehood. I have always believed that the United States should be responsive to the desires of the people of Puerto Rico. Ten years ago the people of Puerto Rico chose the Commonwealth status by a large majority.

In the next plebiscite, the results may be different. In the meantime, however, the status is Commonwealth and both Puerto Rico and the United States should remain committed to the success of that relationship.

Mr. President, I believe that the unique nature of Commonwealth status carries with it the continuing obligation to examine and, where necessary, redefine the legal, political, and economic characteristics of the relationship. The Puerto Rican Status Commission recognized this in 1966 when it recommended the creation of ad hoc advisory groups to conduct periodic reviews of major issues affecting United States-Puerto Rico relations.

In 1973, former Gov. Rafael Hernandez Colon took the initiative for the creation of an ad hoc advisory group to develop for Puerto Rico the maximum of self-government and self-determination within the framework of Commonwealth. In late 1975 the ad hoc group made its report, recommending a new compact of permanent union between Puerto Rico and the United States. This report could provide the foundation for an effort to recast our relationship with Puerto Rico to reflect the concerns and realities of the 1970's. I hope that the new administrations in San Juan and Washington will consider the proposals of the ad hoc group and recommend to Congress how best to fulfill the goal of greater powers of self-government for Puerto Rico.

On this 25th anniversary of the Commonwealth, we should rededicate our efforts to make this "most notable of American political experiments" an enduring achievement.

SPECIAL CULTURAL ACCOUNT OF THE ORGANIZATION OF AMERICAN STATES

Mr. HUMPHREY. Mr. President, earlier today the Senate, by unanimous consent, passed the conference report on

the International Development and Food Assistance Act of 1977 (H.R. 6714).

Included in this report was $500,000 which the Congress authorized as a contribution to the special cultural account of the Organization of American States.

I am only commenting on this program because, although this item was not included in the original budget request submitted by the previous administration, President Carter regards educational and cultural relations with the countries of the hemisphere an area of high priority in his foreign policy. The President made this point in his April 14 speech before the Permanent Council of the OAS, and Mrs. Carter further emphasized it during her recent trip to Latin America.

As a result of the President's interest in this program, the Office of Management and Budget has included this item in a supplemental request for fiscal year 1978 funds. Before the OAS General Assembly in Grenada in June, OMB Director Bert Lance told Secretary of State Vance that he would give this contribution his full support.

I feel it to be highly important that the United States make a contribution to this program. All the member countries of the OAS, except the United States, contribute to it. It is especially important that the United States begin contributing at this time when President Carter is focusing greater attention in relations with the countries of the hemisphere.

It is for this reason that the conferees of the House and Senate agreed to authorizing the $500,000 as a U.S. contribution to the special cultural account of the OAS.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Wesley David Lane, of Minnesota, to be U.S. marshal for the district of Minnesota for the term of 4 years vice Harry D. Berglund.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, July 29, 1977, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

AN INTERIM SUGAR PROGRAM WE CAN LIVE WITH

Mr. CHURCH. Mr. President, on July 15 I introduced legislation to support the price of sugar at not less than 60 percent of parity. Senators LONG, STONE, HART, HASKELL, HUMPHREY, ANDERSON, MELCHER, METCALF, ZORINSKY, BURDICK, YOUNG, MCGOVERN, HAYAKAWA, CRANSTON, RIEGLE, ABOUREZK, and JOHNSTON have joined as cosponsors of the bill, S. 1872.

Today, the House of Representatives adopted an amendment to H.R. 7171, the Agriculture Act of 1977—also known as the farm bill—almost identical to the bill I introduced on July 15. Introduced by Congressman DE LA GARZA, the amendment would establish sugar as a designated nonbasic commodity to be supported by loans or purchases in much the same manner as milk is supported. Sugar would be supported at no less than 55 percent of parity, about 14 cents a pound. My bill would have set the floor at 60 percent of parity, about 15¼ cents a pound, as I felt that figure more fairly reflected today's cost of production.

To make the program established by this approach function properly, import restrictions would be required to prevent further dumping of subsidized foreign sugar in the domestic market.

I am very pleased that the House has seen fit to adopt the approach of S. 1872. Such a program promises some relief to the hard-pressed domestic sugar industry, relief that is long overdue.

Without an indication by the Congress that our domestic sugar industry is of vital concern, it is likely that the substantial reduction in acreage in sugar beets and sugarcane would lead ultimately to the death of the industry.

I am very hopeful that the Senate conferees on the "farm bill" will accept the House-passed amendment. Seven members of the Senate Agriculture Committee are cosponsors of my bill and several others have indicated that they approve of the amendment.

But the program envisioned in my bill, and adopted by the House today, must only be viewed as an interim approach in our attempt to formulate a national sugar policy. It addresses the immediate needs of producers, in order to assure that we maintain a viable domestic industry.

While much can be done outside of the legislative process, my bill, and the House amendment, offer the administration considerable flexibility in dealing with imports and a workable International Sugar Agreement may be yet negotiated. We need a sugar program that assures the consumer a reasonable price and adequate supplies; that avoids the invitation to graft associated with the old Sugar Act's system of country-by-country quotas; and that provides the producer with a reasonable return on his investment.

S. 1872, and its House counterpart, provides us with some breathing room, an opportunity to reflect upon the best long-term approach to satisfy our Nation's sugar requirements.

HOUSE OF REPRESENTATIVES—*Friday, July 22, 1977*

The House met at 10 o'clock a.m., and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WRIGHT) laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
July 22, 1977.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore for today.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Be still and know that I am God.—Psalms 46: 10.

Almighty God, creative source of light and life and whose glory is in all the world, help us to be still and to know that Thou art God. In this sacred moment may we hear Thy voice which calls us to the life of love, to the power of peace, and to the fortitude of faith. Here may our souls find refreshment and renewed in spirit may we go forward to the tasks of this new day.

Direct the Members of this House in all their doings that our Nation may be served well, the nations be strengthened in peace, and Thy kingdom come a bit nearer in the hearts of us all. For Thy name's sake. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6138) entitled "An act to provide employment and training opportunities for youth."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 701. An act to provide Federal financial assistance to educational institutions in order to assist such institutions to meet the emergency caused by the high costs of fuel and fuel shortages and harsh weather conditions, and for other purposes.

MOTTL DISCHARGE PETITION

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, 1 month ago today, I spoke from this floor and sent personal letters to each of the 225

Members of the House who supported the Mottl amendment to the Labor-HEW appropriations bill, an amendment to prohibit the use of Federal funds for busing students to any school other than the school nearest a student's residence.

At that time, I urged the 35 Members who had supported the Mottl amendment but who had not signed discharge petition No. 1 to join with the 190 of us who had signed in order to bring House Joint Resolution 19 to the House floor for the consideration it deserves and requires. The resolution seeks to accomplish through constitutional amendment what the majority of the House sought to accomplish through the appropriations process by adopting the Mottl amendment.

I am pleased that as of today 196 Members have signed discharge petition No. 1. Only 22 additional signatures must be obtained to bring House Joint Resolution 19 to the floor. I again ask my colleagues who supported the Mottl amendment but who have not yet signed discharge petition No. 1 to do so.

GRIEVOUS MISTAKE OF ADMINISTRATION IN REVERSING RECOMMENDATIONS OF AGRICULTURE COMMITTEE

(Mr. CORCORAN of Illinois asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN of Illinois. Mr. Speaker, I come from a family of farmers. As a matter of fact I am the first member of my family to leave the farm for a career in business, government, and politics—which I suppose is further proof that there is at least one black sheep on every farm.

When I left the farm some 20 years ago, I did so because the Federal Government had such a grip on agriculture that our land could only support one or two families.

Since then two major developments in Government policy have occurred:

First, in recent years we have seen less Government involvement in the marketing of farm products and improved profits for farmers—good news for the farmer.

Second, we have witnessed an increasing trend of bureaucratic agencies such as EPA, OSHA, FEA, and the like playing a greater role in farming—bad news for the farmer.

Mr. Speaker, I have analyzed the debate thus far on the farm bill H.R. 7171. I fear this House and the Carter administration are making a grievous mistake in reversing the modest recommendations of the House Agriculture Committee. I believe the decisions and the philosophy for those decisions to make major increases in the price support program will move us away from a free market to a government market for agriculture.

This marks the end of an era. We are going back to the bad old days of agriculture. This reverses the good news of farm profitability, and will also lead to more bad news of bureaucratic tinkering on the farms of this country.

If the Government buys most of the grain the bureaucrats will surely want to tell us how to raise what they let us raise.

UNITED STATES STEEL CO. AGAIN GUILTY OF ENGENDERING INFLATION

(Mr. RONCALIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RONCALIO. Mr. Speaker, I am pleased to observe the eminent Speaker pro tempore of the House here today.

I would respectfully beseech the distinguished Speaker pro tempore and Speaker O'NEILL to send their approval to President Carter of his attempt to oppose United States Steel's recent bid for another increase in the price of steel.

United States Steel has been the black beast of the inflationary spirals of this Nation for the last 20 years. Steel begins the spiraling inflation price increases constantly. Steel has never waited, it has always taken advantage of every possible push to raise prices while others fight and work hard to resist wage increases and price hikes. Steel ran away with a 20-percent price increase before Richard Nixon could hang up his hat in the White House in 1969.

Steel is guilty again, and I hope President Carter does what his predecessors John Kennedy and Lyndon Johnson did—by "jawboning," and roll back this increase. It will help us help all in the fight against inflation.

AGRICULTURAL ACT OF 1977

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The SPEAKER pro tempore (Mr. WRIGHT). The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 352, nays 4, not voting 77, as follows:

[Roll No. 451]

YEAS—352

Abdnor	Calif.	Archer
Akaka	Anderson, Ill.	Ashbrook
Alexander	Andrews, N.C.	Ashley
Allen	Andrews,	Aspin
Ammerman	N. Dak.	AuCoin
Anderson,	Annunzio	Bafalis
Baldus	Gilman	Moorhead,
Barnard	Ginn	Calif.
Baucus	Glickman	Moorhead, Pa.
Bauman	Gonzalez	Murphy, N.Y.
Beard, R.I.	Goodling	Murphy, Pa.
Beard, Tenn.	Gore	Myers, Gary
Bedell	Gradison	Myers, John
Benjamin	Grassley	Myers, Michael
Bennett	Gudger	Natcher
Bevill	Guyer	Nedzi
Bingham	Hagedorn	Nichols
Blanchard	Hall	Nix
Blouin	Hamilton	Nolan
Boland	Hammer-	Nowak
Bonior	schmidt	O'Brien
Bonker	Hanley	Oakar
Bowen	Hannaford	Oberstar
Breaux	Hansen	Obey
Breckinridge	Harkin	Ottinger
Brinkley	Harris	Panetta
Brodhead	Harsha	Patten
Brooks	Hawkins	Patterson
Broomfield	Heckler	Pattison
Brown, Calif.	Hefner	Pease
Brown, Mich.	Heftel	Pepper
Brown, Ohio	Hightower	Perkins
Broyhill	Hillis	Pettis
Buchanan	Hollenbeck	Pickle
Burgener	Holt	Pike
Burke, Calif.	Holtzman	Poage
Burke, Fla.	Horton	Pressler
Burleson, Tex.	Howard	Preyer
Burlison, Mo.	Hubbard	Price
Burton, Phillip	Huckaby	Quayle
Butler	Hughes	Quie
Caputo	Hyde	Rahall
Carr	Ichord	Railsback
Carter	Ireland	Rangel
Cavanaugh	Jeffords	Regula
Cederberg	Jenkins	Reuss
Chappell	Jenrette	Rhodes
Clawson, Del	Johnson, Calif.	Richmond
Clay	Johnson, Colo.	Rinaldo
Cochran	Jones, N.C.	Risenhoover
Cohen	Jones, Okla.	Roberts
Coleman	Jones, Tenn.	Robinson
Collins, Ill.	Jordan	Rodino
Collins, Tex.	Kasten	Roe
Conable	Kastenmeier	Rogers
Conte	Kazen	Roncalio
Corcoran	Kelly	Rooney
Corman	Kemp	Rosenthal
Cornell	Ketchum	Rostenkowski
Cornwell	Kildee	Rousselot
Coughlin	Kostmayer	Roybal
D'Amours	Krebs	Rudd
Daniel, Dan	LaFalce	Russo
Daniel, R. W.	Lagomarsino	Ryan
Danielson	Latta	Sarasin
Davis	Le Fante	Satterfield
de la Garza	Leach	Sawyer
Delaney	Lederer	Scheuer
Derrick	Lehman	Schroeder
Derwinski	Lent	Sebelius
Devine	Levitas	Sharp
Dicks	Lloyd, Tenn.	Shuster
Dodd	Long, La.	Simon
Dornan	Long, Md.	Sisk
Downey	Lott	Skelton
Drinan	Luken	Slack
Duncan, Oreg.	Lundine	Smith, Iowa
Duncan, Tenn.	McClory	Smith, Nebr.
Eckhardt	McCormack	Snyder
Edgar	McDade	Solarz
Edwards, Ala.	McDonald	Spence
Edwards, Calif.	McFall	Staggers
Edwards, Okla.	McHugh	Stangeland
Eilberg	McKay	Stanton
Emery	Madigan	Steers
English	Maguire	Steiger
Erlenborn	Mahon	Stokes
Evans, Colo.	Mann	Stratton
Evans, Del.	Markey	Studds
Evans, Ga.	Marks	Stump
Evans, Ind.	Marlenee	Symms
Fary	Marriott	Taylor
Fascell	Martin	Thompson
Fenwick	Mathis	Thone
Findley	Mattox	Thornton
Fish	Mazzoli	Traxler
Fisher	Meeds	Treen
Fithian	Meyner	Trible
Flood	Michel	Tsongas
Florio	Mikulski	Tucker
Flowers	Mikva	Udall
Flynt	Milford	Ullman
Foley	Miller, Calif.	Van Deerlin
Ford, Tenn.	Miller, Ohio	Vanik
Forsythe	Mineta	Vento
Fountain	Minish	Volkmer
Fowler	Mitchell, N.Y.	Waggonner
Fraser	Moakley	Walgren
Fuqua	Moffett	Walker
Gaydos	Mollohan	Wampler
Gibbons	Moore	Watkins

Waxman	Wiggins	Wylie
Weaver	Wilson, Bob	Yates
Weiss	Wilson, C. H.	Yatron
Whalen	Winn	Young, Fla.
White	Wirth	Young, Mo.
Whitehurst	Wolff	Young, Tex.
Whitley	Wright	Zablocki
Whitten	Wydler	

NAYS—4

Armstrong	Lloyd, Calif.	Mitchell, Md.
Ertel		

NOT VOTING—77

Addabbo	Dingell	Murphy, Ill.
Ambro	Early	Murtha
Applegate	Flippo	Neal
Badham	Ford, Mich.	Pritchard
Badillo	Frenzel	Pursell
Bellenson	Frey	Quillen
Biaggi	Gammage	Rose
Boggs	Gephardt	Runnels
Bolling	Giaimo	Ruppe
Brademas	Goldwater	Santini
Burke, Mass.	Harrington	Schulze
Burton, John	Holland	Seiberling
Byron	Jacobs	Shipley
Carney	Keys	Sikes
Chisholm	Kindness	Skubitz
Clausen, Don H.	Koch	Spellman
Cleveland	Krueger	St Germain
Conyers	Leggett	Stark
Cotter	Lujan	Steed
Crane	McCloskey	Stockman
Cunningham	McEwen	Teague
Dellums	McKinney	Vander Jagt
Dent	Metcalfe	Walsh
Dickinson	Montgomery	Wilson, Tex.
Diggs	Moss	Young, Alaska
	Mottl	Zeferetti

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7171, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, July 21, 1977, title V had been considered as having been read and open to amendment at any point.

Mr. POAGE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time inasmuch as I have advised a number of the Members that I would offer an amendment on this section which would change the method of payment compensation on the target price on barley and grain sorghum. Since I am not going to do so, I wanted to explain why.

The purpose of that amendment was simply to make sure that the grain sorghum and barley prices were in line with the cost of production, which is somewhat higher than it would be if figured from the feed value of corn. We believe that this would save the Government considerable money because it would tend to encourage people to transfer their plantings. It is felt that by establishing the target price for feed grains on the cost of production, as we do for all other commodities, that it would encourage growers in the western secton of the grain-growing area of the United States to grow, in the North, barley, and in the southern part to grow sorghum rather than growing wheat.

Supports for grain sorghum and barley will cost the Government very little inasmuch as the market for these commodities is much better than the market on wheat. If the land goes into wheat it will cost the Government a good deal more than it would if planted in feed grains. Therefore we feel that there is a substantial saving to the Government if we can encourage farmers of this area to plant feed grains rather than wheat.

The reason I do not offer the amendment is that on July 21, Secretary of Agriculture Bergland wrote to our chairman, the gentleman from Washington (Mr. FOLEY) and stated in the letter as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 21, 1977.

Hon. THOMAS S. FOLEY,
Chairman, House Committee on Agriculture, Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to clarify the intent of the language on lines 20–23, page 16 of H.R. 7171, with respect to the payment rate for grain sorghum and barley.

This language authorizes the Secretary to establish sorghum and barley target prices that are comparable to those for corn. The 1978 target price for corn, at $2.10 per bushel, using 1975 and 1976 cost data, covers average variable machinery ownership, and general farm overhead costs, plus a 7 percent return to management and a 4 plus percent return to land when corn land is valued at its current price.

The inclusion of these same components of the cost of producing sorghum and barley leads to 1978 crop target prices of about $2.35 and $2.30 per bushel respectively. These target prices are, in our view, "fair and reasonable in relation to the rate at which payments are made available for corn," and it is our intention to establish them in this manner. For 1979–81 these target prices would be modified using the formula appearing on lines 13–20, page 16.

If this interpretation is consistent with the language of the bill, there is no need for an amendment. However, if this appears to be at odds with the intent of the Committee, the Administration favors an amendment to permit the Secretary to establish target prices for grain sorghum and barley in the manner described above.

I would appreciate a clarification of this matter.

Sincerely,

BOB BERGLAND,
Secretary.

Last night I talked with the Secretary, and he assured me that the same regulation would apply to the 1977 crop, as to the crops mentioned in this letter. For that reason we feel there is no need for offering an amendment.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

As chairman of the committee, it is my view—and I state this for the purpose of making legislative history—that the interpretation of the Secretary contained in his letter which the gentleman from Texas has just read in the well, and the application of that letter to the 1977 crops are consistent with the language of the bill. There is no need for an amendment, and that the Secretary's interpretation and the bill are in accord.

AMENDMENT OFFERED BY MR. ABDNOR

Mr. ABDNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ABDNOR: Title V, section 501, page 15, line 12, after the words "by the Secretary," insert the words "oats and" and on page 16, line 21, after the word "Secretary," insert the words "oats and".

Mr. ABDNOR. In support of this amendment I would make the following points:

First. Corn, grain sorghums, barley, and wheat are eligible for target price payments—but not oats.

Second. In times of depressed market prices target price protection on other commodities but not oats constitutes a distortion of the market which may induce farmers to plant more acres of the other crops which are already in surplus and less of oats.

Third. Although I think of the area of South Dakota where my farm is located as a winter wheat area, according to USDA's Agricultural Statistics, 1976, yearbook, in the recent years of 1973–75 South Dakota farmers planted nearly three times as many acres to oats as to winter wheat and harvested four times as many bushels of oats.

Fourth. In recent years, South Dakota has been the second largest producer of oats—Minnesota has been first in production of oats.

Fifth. Four States, South Dakota, Minnesota, North Dakota, and Iowa, respectively, plant about 50 percent of the national acreage of oats. South Dakota plants about 15 percent of the total alone. It is easy to understand why my colleagues may have overlooked oats since it may not be important to them, but it is a very important crop to South Dakota farmers.

Sixth. Nationally, in 1975, the acres harvested and value of production of corn, wheat, barley, soy beans, grain sorghum, and oats are:

	Acres	Value (millions)
Corn	77.9	$14,204.7
Wheat	69.66	7,497.43
Soybeans	53.6	7,000.34
Grain sorghum	15.48	1,782.31
Oats	16.65	940.24
Barley	8.7	913.95

Seventh. In South Dakota the acres harvested and value of production for corn, wheat, barley, soybeans, grain sorghum, and oats are:

1975	Acres	Value (millions)
Wheat	3,003	$253.65
Corn	2,250	199.8
Oats	2,230	137.37
Barley	570	38.87
Soybeans	337	37.07
Grain sorghum	237	13.99

So in South Dakota oats is far more important than barley or grain sorgum and nearly as important as corn.

Eighth. Nationally, in 1975, the total value of production of oats was $904,244,000 and sales totaled $363,944,000. The bulk of the oats is consumed on

the farm—404,683,000 bushels used for feed and seed versus 252,179,000 bushels sold.

I suppose this could be used as an argument against providing target payments on oats, but I do not believe it is a valid argument because the economic value of the commodity on the market remains the same whether it is sold or not. Also, target payments for wheat, corn, barley, and grain sorgum are made on yield times allotment acres—not bushels sold.

Finally, much of the corn and barley produced is consumed or planted on the farm too. For example, in 1975 corn for feed and seed totaled 2,096,355,000 bushels versus 3,670,636,000 bushels sold; barley for feed and seed totaled 102,934,000 bushels versus 280,046,000 bushels sold; and grain sorgum for feed and seed totaled 176,612,000 bushels versus 581,842,000 bushels sold.

Ninth. As implied by the large percentage of oats consumed on the farm, target price and disaster payment coverage will provide a measure of additional assistance to America's stockmen, who have been among the most embattled of all farmers in the economic and environmental throes of drought and disastrous market prices. It will, in a small way, help to offset the negative gains they have been forced to endure in feeding animals for which they will be unable to recover their cost of production.

Tenth. In the 1977 farm bill we are moving to an allotment system based on current plantings, rather than historical and outdated allotments. In this context, and particularly with dismal market prospects, the target and disaster coverage inducement to plant wheat, corn, barley, soybeans and grain sorgum will be greatly magnified.

Eleventh. The market price for oats has dropped precipitously in recent months. According to USDA's Agricultural Marketing Service, the Minneapolis market price peaked at $1.93 per bushel in June 1976, declined to $1.62 in November of last year, and continued to decline to $1.38 in June of this year, the latest month for which their statistics are available.

Locally, in my hometown of Kennebec, S. Dak., the drop has been even more dramatic. The manager of the local elevator quoted me a price of 74 cents per bushel yesterday, down from $1.65 only 3 months ago! And prospects are bleak for any improvement in the market in the foreseeable future.

Mr. Chairman, I urge adoption of this vital amendment to bring greater equity to the oats farmers of America and a greater degree of uniformity to the farm program.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I am happy to yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

This amendment has the support of the administration, and I personally accept the amendment and urge its adoption.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to the gentleman from Kansas.

Mr. SEBELIUS. I thank the gentleman for yielding.

I commend the gentleman on his amendment and accept it on this side.

Mr. ABDNOR. I thank the gentleman.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. I thank the gentleman for yielding.

I want to commend the gentleman on this amendment. This amendment is long overdue, because oats is one of the principal crops in certain areas of the country that cannot grow other feed grains. It is an amendment which represents equity and fairness to those of us in the Upper Great Plains. I want to commend the chairman of the committee for accepting the amendment.

Mr. ABDNOR. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota (Mr. ABDNOR).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Iowa: In line 11 on page 18 change "December 30" to "November 15." and on page 19 in lines 22 and 23 strike, "February 15 of the year in which the crop is harvested" and insert "November 15 of each calendar year for the crop harvested in the next succeeding calendar year."

Mr. SMITH of Iowa. Mr. Chairman, this is a short amendment but it is terribly important to the feed grain producers. What it provides is that the Secretary shall announce the loan and diversion programs on November 15 prior to the year in which the grains are harvested. It makes this provision consistent with the wheat provision, which provides that the announcement will be August 15 and that also is 45 days after the beginning of the marketing year, and it should be the same for the feed grains.

The marketing year for corn begins October 1 and farmers begin to prepare land, apply fertilizer, and need to make plans for the next crop as soon as they harvest one crop. The market year for wheat begins July 1. Just as in the case of wheat producers, feed grain producers need to know the program at least by 45 days after the marketing year begins. I urge a "yes" vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. SMITH).

The amendment was agreed to.

The CHAIRMAN. The clerk will read.

The clerk read as follows:

TITLE VI—COTTON

BASE ACREAGE ALLOTMENTS: SUSPENSION OF MARKETING QUOTAS AND RELATED PROVISIONS

SEC. 601. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Sections 342, 343, 344, 345, 346, and 377 of the Act shall not be applicable to upland cotton of the 1978 through 1981 crops;

(2) Section 342a is amended by striking out "1970 through 1976" and inserting in lieu thereof "1970 through 1980";

(3) Section 344a of the Act, as amended effective for the 1971 through 1977 crops, is amended to be effective for the 1971 through 1981 crops and is further amended by striking out from subsection (a) "1978" and inserting in lieu thereof "1982"; and

(4) Section 350 of the Act is amended as follows:

(a) by striking out "1971 through 1977" each place it occurs and inserting in lieu thereof "1971 through 1981";

(b) by striking out "1972 through 1977" and inserting in lieu thereof "1972 through 1981"; and

(c) by striking out "1974 through 1977" and inserting in lieu thereof "1974 through 1981".

COTTON PRODUCTION INCENTIVES: LOAN RATE AND TARGET PRICE

SEC. 602. Section 103(e) of the Agricultural Act of 1949, as amended, is amended by—

(a) striking out "1971 through 1977" each place it occurs and inserting in lieu thereof "1971 through 1981";

(b) striking out "1974 through 1977" each place it occurs and inserting in lieu thereof "1974 through 1981"; and

(c) effective, beginning with the 1978 crop, amending paragraphs (1) and (2) of subsection (e), as they appear therein, to read as follows:

"(e)(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1978 through 1981 crops of upland cotton to cooperators nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (1) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during the four-year period ending July 31 in the year in which the loan level is announced, or (2) 90 per centum of the average, for the first two full weeks of October of the year in which the loan level is announced, of the five lowest priced growths of the growths quoted for Strict Middling one and one-sixteenth inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average Northern Europe price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9)). The loan level for any crop of cotton shall be determined and announced not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. The rate of interest on loans to cooperators under the provisions of this paragraph shall be established quarterly by the Commodity Credit Corporation on the basis of the lowest current interest rate on ordinary obligations of the United States. If the carryover of upland cotton as of the beginning of the marketing year for any of the 1978 through 1981 crops exceeds seven and two-tenths million bales, producers on any farm harvesting cotton of such crop from an acreage in excess of the base acreage allotment for such farm shall be entitled to loans and purchases only on an amount of the cotton of such crops produced on such farm determined by multiplying the yield used in computing payments for such farm by the base acreage allotment for such farms. Nonrecourse loans provided for in this subsection shall, upon request of the cooperator during the tenth month of the loan period for the cotton, be made available for an additional term of eight months: *Pro-*

vided, That such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period: *Provided further,* That whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(i) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available;

"(ii) If a special quota has been established under this subsection during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth above or the amount required to increase the supply to 130 per centum of the demand;

"(ii) As used in subdivision (B) the term 'supply' means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four hundred and eighty-pound bales) in which the special quota is established plus production of the current crop plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are availble plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established;

"(iv) When a special quota is established under the provisions of this subsection, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota; and

"(v) Notwithstanding the foregoing provisions of this proviso, a special quota period shall not be established that overlaps an existing special quota period.

Notwithstanding any other provision of law, the foregoing provisions of this subsection with respect to extension of the loan period and to proclamation of the special quota shall become effective upon enactment of this Act even though the cotton may be of a crop prior to the 1978 crop.

"(2) Payments shall be made for each crop of cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(A) the average market price received by farmers for upland cotton during the calendar year which includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(B) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound. The established price per pound shall be an amount equal to 110 per centum of the loan level determined under paragraph (1) of this subsection for such crop. If the Secretary determines that the producers on a farm are prevented from planting any portion of the allotment to cotton because of drought, flood, or other natural disaster, or condition beyond the control of the producer, the rate of payment for such portion shall be the larger of (A) the foregoing rate, or (B) one-third of the established price. If the Secretary determines that, because of such a disaster or condition, the total quantity of cotton which the producers are able to harvest on any farm is less than 66⅔ per centum of the farm base acreage allotment times the average yield established for the farm under paragraph (3), the rate of payment for the deficiency in production below 100 per centum shall be the larger of (A) the foregoing rate, (B) one-third of the established price. The payment rate with respect to any producer who (i) is on a small farm (that is, a farm on which the base acreage allotment is ten acres or less, or on which the yield used in making payments times the farm base acreage allotment is five thousand pounds or less, and for which the base acreage allotment has not been reduced under section 350(f)), (ii) resides on such farm, and (iii) derives his principal income from cotton produced on such farm, shall be increased by 30 per centum; but, notwithstanding pragraph (3), such increaase shall be made only with respect to his share of cotton actually harvested on such farm within the quantity specified in paragraph (3).".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603. The tenth sentence of section 407 of the Agricultural Act of 1949, as amended effective for the period beginning August 1, 1971, and ending July 31, 1978, is further amended to be effective for the period beginning August 1, 1971, and ending July 31, 1982.

MISCELLANEOUS COTTON PROVISIONS

SEC. 604. (a) Section 408(b) of the Agricultural Act of 1949, as amended, is amended by striking out "1971 through 1977" and inserting in lieu thereof "1971 through 1981".

(b) Section 374(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "1977" in the last sentence and inserting in lieu thereof "1981".

(c) Sections 378, 379, and 385 of the Agricultural Adjustment Act of 1938, as amended effective with respect to the 1971 through 1977 crops, are further amended to be effective for the 1971 through 1981 crops.

(d) Section 706, Public Law 89-321 (79 Stat. 1210), as amended effective with respect to the 1971 through 1977 crops, is further amended to be effective for the 1971 through 1981 crops.

(e) Section 408 of the Agricultural Act of 1949, as amended effective with respect to the 1971 through 1977 crops, is further amended to be effective for the 1971 through 1981 crops.

(f) Section 203 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1978 through 1981 crops.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of title VI be dispensed with and that the title be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. MAHON

Mr. MAHON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAHON: Page 24, on line 16, strike the words "shall immediately" and insert in lieu thereof the word "may".

Mr. MAHON. Mr. Chairman, the cotton section of the farm bill as reported by the House Agriculture Committee was written at a time when the price of raw cotton was relatively high. The Cotton Subcommittee placed a provision in the bill specifying that if cotton prices reached a certain trigger level, an import window would be opened which would allow as much as 550,000 bales of cotton to be imported into this country. At that time there was little controversy over this provision, but since that time, the price of cotton has come tumbling down to a much lower level and cotton producers have become very concerned over this so-called cotton import section.

I have been requested by the Farm Bureau and the Farmers Union, the two most powerful farm organizations in the United States, to offer an amendment making this provision allowing increased cotton imports discretionary rather than mandatory.

In other words, Mr. Chairman, I do not propose to disturb the cotton section generally except to change one word. I would, with this amendment, substitute the word "may" for the words "shall immediately." Instead of automatically triggering imports when the price of cotton goes 130 percent above the average price of the previous 3 years, instead of making it mandatory for imports to be admitted. I have simply made the authority discretionary.

It seems to me this is a reasonable change. We ought to give the President and the Secretary of Agriculture an opportunity to evaluate the situation whenever the trigger point is reached and determine whether the relaxation of the cotton import quota would be in the best interests of cotton producers and the American cotton industry generally.

Historically, cotton prices have gone through recurring cycles of peaks and valleys. This measure endeavors to smooth out the peaks and valleys of cotton prices. But, it worries me that we are taking out the peaks while there is no adequate guarantee that the valleys will be removed. Without the peaks of higher prices, cotton producers simply cannot survive the valleys.

I think if this amendment is not adopted and if the present section as now written becomes law, when the price of cotton does plummet down, as it has and will, then the finger of blame will be pointed to the Members of the Congress and to this provision of the bill as the culprit. The present import limit is about 30,000 bales of cotton a year; but under this new provision whenever the price of cotton reaches the specified level, then as much as 550,000 bales can be imported if it is available. I do not think we want to enact such a dangerous provision into law. I don't think we want to mandate that the President allow increased cotton imports.

So I am offering this amendment as a spokesman for the producers, as a spokesman for the American Farm Bureau, as a spokesman for the National Farmers Union, as a spokesman for the farmers of my area, who have urged that

this amendment be offered so that the President and Secretary will have some flexibility should unforeseen market conditions occur.

I think it is most important that we not make it more difficult for the producers to get an adequate price for his cotton. My amendment does not seriously disturb the interaction of the other provisions of this section. It in effect only changes one word. It says that the Secretary of Agriculture "may" open the gates to increased foreign imports of cotton. The formula specifying the amount of imports allowed remains in the bill. I simply change the provision for one that is mandatory to one that is discretionary.

There are Members of this Congress who come from cotton-producing districts, they know about the increased cotton production this year. Because of this large production, the price is going down. If we have to suffer the downward trends and do not have an opportunity to take advantage of the upward trends, we are in trouble. Let us not take out the farmer's periods of boom and leave him with the busts.

Mr. Chairman, I hope that this amendment will be adopted.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I commend the distinguished chairman of the Committee on Appropriations for offering this amendment. I think it is a genuine cotton producers amendment. Much in this bill gives the Secretary discretion in administering the farm program. By this amendment we are increasing flexibility for the administration of a complex program. I think the gentleman's amendment makes a significant contribution to adding flexibility and opportunity for the Secretary of Agriculture to protect the interest of our real cotton growers.

Mr. MAHON. Mr. Chairman, I thank the gentleman for his support and for his remarks.

If this provision had been in the law the last 6 years, it would have triggered imports up to the possible limit of 550,000 bales three times. What would this have done to the cotton markets? I think the producers of cotton know that the situation is such that it is not a risk which we should mandate in the law. As the gentleman from Missouri says, let us give the Secretary of Agriculture some flexibility. Let us not say, "You shall open the gates," but say, "You may," if you determine that under the circumstances that exist at the time, there is a need to do so.

So I would urge those who are very concerned about the cotton producer to support this amendment. I know the textile industry would like to see cotton in a constant and relatively stable supply, and I am not unfriendly to the textile industry; but the producers need some assurances that the price will not be broken just when they are beginning to make a profit. I trust this amendment may be accepted.

Mr. BOWEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in very strong opposition to this amendment. I speak on behalf of the Cotton Subcommittee and the full Committee on Agriculture as well. The administration also is very strongly opposed to this amendment.

I would like to explain to those here just a little bit about how it works and why I think we will want to vote against it. Of course, we all respect very much the advice, the counsel and contribution of the distinguished chairman of the Committee on Appropriations. We regret, of course, that the distinguished gentleman will be retiring. As we know, from time to time somebody comes to each of us and says he needs a certain amendment in order to get reelected. We are very happy that this is not the case with this particular amendment.

I personally am looking forward if the voters of my district see fit to return me and if the members of the Committee on Agriculture continue to elect me chairman of this subcommittee, to look after the interests of the cotton producers of Texas and the Nation as well as I can during the long and happy retirement of the gentleman from Texas (Mr. MAHON). But I would say that this amendment is absolutely destructive of the work we have done in the full committee, as it was reported out of the Cotton Subcommittee, following lengthy study and some 6 months of deliberations, after which producers throughout the country agreed upon a program which will be destroyed by this amendment.

The program is designed to alleviate the massive swings in price that occur inside the cotton industry. This has plagued the industry for so long. When the price gets too high, we all know what happens. The mills shift to synthetics and the cotton industry suffers. We are just now coming out of the doldrums in the cotton industry. We are just now beginning to get back the markets that synthetics have taken away over the years.

This is what we have worked out—I say we, but really the cotton industry and the farmers themselves, the producers, did it, and with all due respect to the statement made by the gentleman from Texas, the Farm Bureau has not endorsed his position. I think a small bloc within the Farmers Union has, and I respect that view, but in any event the entire cotton industry representing a quarter of a million growers has agreed to the program we are presenting to the Members today and which was reported from the Agriculture Committee.

A part of that agreement was to give the farmer an extended loan of 8 months so that he could keep his cotton off the market to find a better price. That was a part of the bargain he received in the process of agreeing to the program. I think that is very desirable. We have a loan structure designed to moderate the swings of the cycle on the low side, to moderate the cycle of boom and bust we have seen in agriculture. On the top side, we have a feature that the industry itself worked out, the cotton growers of the Nation worked out, which says that when the price of cotton exceeds 130 percent of the preceding 36 months' average, that a small import window is opened, sufficient to meet the demands of the American textile industry for 21 days.

Now, at this point we have been assured that the price of cotton would have to get to 74 cents for that window to open. Cotton is down around 60 cents now. Then, if we add 6 cents worth of transportation for the foreign cotton from this hemisphere—obviously it would be much more from the Far East—but from this hemisphere if we add another 6 cents, it means that the price of cotton has to get to 80 cents before it is going to be in anybody's interest to import any foreign cotton.

Quite frankly, those who are experts in the field tell us that when the price of cotton gets that high, it is in such short supply throughout the world that they will have an extremely difficult time finding very much cotton to bring in. Members will say, "Why have this provision if the cotton is so hard to find?" The answer is, it will have a potent psychological impact on speculation in the market and will help to dampen these extremely high prices which are so injurious to the farmers and to the economy.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to congratulate the Cotton Subcommittee on its excellent work as represented in this bill, and to voice my support for the argument just made by the gentleman from Mississippi. This amendment should be defeated.

Mr. BOWEN. I thank the gentleman from Illinois. We do not want to go back to export controls; we do not want to go back to embargoes, and that is exactly what we are going to do if we accept the amendment offered by the gentleman from Texas. Because, what else are we going to have to guarantee a domestic supply of cotton. What we have here is an automatic mechanism that guarantees our mills the cotton they need if there is a short supply and it guarantees our farmers that these mills will continue to use cotton and provide the market for their cotton.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(By unanimous consent Mr. BOWEN was allowed to proceed for 3 additional minutes.)

Mr. BOWEN. We need very badly this automatic mechanism. If we simply leave it open to the option of the President as to whether or not he does it, he has got to go to the International Trade Commission, argue and hassle back and forth and be subject to pressures from one side or the other. But, when the textile mills of this Nation need certain grades and staples of cotton, they have to have it immediately or they are going to shift to synthetics.

There are 1 million textile workers in this Nation who depend upon this industry and who depend upon the Members of the House to vote to defeat this amendment so that they can have the cotton they need to stay in business. So, I think there are many reasons to vote against this amendment.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I am very happy to yield to the gentleman from Texas.

Mr. MAHON. Is it not true that by merely changing in the cotton section this one word, making it permissive rather than mandatory, the Secretary of Agriculture can act immediately? There is no reason why he cannot. He does not have to go to the Tariff Commission or anyone else. It does not behoove us to consider a 75 or 80 cent price for cotton at a future time as being exorbitant, especially in the light of inflationary trends.

I am telling my friend that with the cost of tractors and the cost of production generally, and all of the problems that the farmer has to deal with, to have this threat of the 550,000-bale mandatory import over his head to depress the price, is not it seems to me, in the best interest of the cotton producer.

Mr. BOWEN. I thank the gentleman for his contribution.

I would like to say this: When the price of cotton gets up to 80 cents and above, I think our farmers are not going to be worried about whether or not the mills of this country are able to find a few bales of cotton somewhere to keep our workers employed. They are going to be taking their money to the bank and counting, and they are going to be prospering.

Mr. MAHON. If the gentleman will yield further, is it not true that since this provision has been put in the Senate and House bills that cotton has taken a sharp drop of 15 cents or 20 cents a pound?

Mr. BOWEN. There are many reasons for that happening, but certainly this provision has nothing to do with it. That window will be open at such a high range that it is not going to affect the farmers of the country adversely. It is the farmer who loses when the price gets so high that the mills have to shift over to synthetics. There is simply no reason to abandon something that the farmers of this country have agreed upon. It is the producers of this country who worked this out. If we simply leave up to the administration a decision of this kind it may not have the desired effect at all. In fact, it will not have an impact on the market. It must be mandatory if we are to inhibit the speculation which drives the price of cotton sky high.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment offered by my distinguished friend, the gentleman from Texas.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has expired.

(By unanimous consent, Mr. BOWEN was allowed to proceed for 4 additional minutes.)

Mr. ALEXANDER. Mr. Chairman, if the gentleman will yield further, I would say that I can understand why the producers in west Texas might want to pass an amendment which would amount to some protectionist legislation. But coming from an area which has produced cotton for many, many years, and coming from an area where we have been through the protectionist problem before, I would agree with the gentleman from Mississippi (Mr. BOWEN) that the absolute worst thing that we could do now is to pass an amendment that would in effect amount to protectionist legislation, which would possibly render the competition that we now have in the world market less than what it is, possibly dry up the supply for our mills and producers, where the mills might go back to synthetics again, as they have in the past. And we all know that once the mills start producing synthetics, it takes several years to convert back to cotton. I think the mills have to depend upon a supply of cotton, and that supply has to be determined by the price on the world market. It would be terribly difficult for many areas of the country if we pass this amendment which would make the future indeterminable, indecisive, and possibly cause a conversion back to the old problem which has taken us 10 years to get over.

Mr. Chairman, I compliment the gentleman from Mississippi, I support his position, and I rise in stern opposition to the amendment offered by the gentleman from Texas.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I thank the gentleman for yielding.

Mr. Chairman, I have listened with great interest to the rationale and reasoning of the opposition to this amendment, the remarks made by the gentleman from Mississippi, and I have listened to the argument of my distinguished colleague, the gentleman from Arkansas. I want to associate myself with the remarks of both in opposition to this amendment.

Mr. BOWEN. Mr. Chairman, I would like to conclude my remarks simply by reminding the Members that the 36-month period which is used as the basis for computing this import quota involves reaching back into a time when cotton prices were in the thirties. Every month that ticks off we are dropping from 30 cents a pound for cotton during those months, and we are picking up higher prices.

That means that the index is going up about three-quarters of a cent a month. That is, it takes that much higher price of cotton before we can trigger any kind of imports at all. It takes about an 80-cent price for cotton to bring in the imports now, and that will go steadily up.

How many farmers can be hurt by that? They can only be helped by this kind of a mandatory mechanism, one which mandates against these wild gyrations in the market. It helps also because we do not have the embargoes and export controls we would have to turn to if we did not have a mechanism like this.

Mr. Chairman, I think that serves the best interests obviously of the consumers of the Nation, and I am quite convinced that it serves the best interests of the producers of the Nation. I urge the defeat of this amendment.

Mr. MOORE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the position of the chairman of my subcommittee, the gentleman from Mississippi (Mr. BOWEN), and regretfully I must oppose the amendment offered by the very distinguished gentleman from Texas (Mr. MAHON).

The gentleman from Texas is the only man who has ever represented his congressional district. I think the cotton farmers of his district have benefited a great deal from the efforts of that distinguished gentleman. It is perhaps regrettable that some Member like myself, with such short tenure, would have to take a stand against an amendment offered by such a distinguished Member.

I must oppose it, however. The offering of the amendment has caused me to think a long time as to whether I should support or oppose it and has caused me to communicate with a great number of cotton farmers to find out what they felt about it, because I realize it does have great appeal. In the last analysis I must oppose it, mainly for the same reasons the Members have already heard.

Basically, this section in the bill now calls for a mandatory program. When the price gets above 130 percent of the last 36-month average price of cotton, this import window is automatically open for 90 days. If we accept the gentleman's amendment, it becomes permissible; it may go into effect, or it may not go into effect.

Let us suppose we get a Secretary of Agriculture who feels somewhat protectionist toward cotton in the United States; he may not trigger that window. Of course, we might get a Secretary who takes a different position, and he might trigger that window. We just do not know. The way the bill reads now we do know because it is mandatory. It will go into effect.

That mandatory feature is part of a very delicate compromise about which we have heard much. I have not before in my 2½ or 3 years on the Committee on Agriculture seen all elements of a particular crop get together, as has been done with cotton. Everybody, from the grower to the manufacturer, has come together toward a very laudable goal of trying to work out a program that is good for the consumer and a program that is good for the farmer. They have done this, and to tamper with it at this point might well result in injuring this compromise.

I plead with the Members that we do not want to risk this without good reason; we should leave this section mandatory, as it is now. It is designed to trim the peaks in the price of cotton, to maintain as much a stable price as can be accomplished, to protect the consumers in this country and, in the long run, the producers of cotton in this country.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I will be glad to yield to the distinguished gentleman from Texas.

Mr. MAHON. Mr. Chairman, I appreciate the very generous remarks that have been made by my friend, the gentleman from Louisiana (Mr. MOORE).

It has been said that this is the product of the cotton farmers and the cotton industry, but the people who are supporting this amendment are the leaders of the Farmers Union and the Farm Bureau and, I assume, the members generally of those organizations. If they do not represent the cotton producers, I do not know who does.

So I do not think we can say that this is a package that is agreeable to all cotton producer organizations at this point. It may have been supported by members of those organizations earlier, but when cotton came plunging down in price, there may have been second thoughts. It apparently is not now a package which is fully supported by the farmers who belong to the National Farmers Union and the American Farm Bureau Federation.

Mr. Chairman, I think that this is a matter of particular significance.

Mr. MOORE. Mr. Chairman, I would like to point out that in my particular State, after checking with cotton farmers and the Louisiana Cotton Producers Association, I find that they oppose this amendment. The cotton committee of the Louisiana Farm Bureau, to the best of my knowledge, does not favor this amendment.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Mississippi.

Mr. BOWEN. Mr. Chairman, I thank the gentleman for yielding.

I would like to remind the gentleman from Texas (Mr. MAHON) that the Farm Bureau nationally has not taken a position in support of his amendment. We all know there is a great deal of variation from State to State in respect to the position of many farm organizations.

I am quite certain that many farm organizations in certain States oppose this amendment, and there may be Farm Bureaus in other parts of this country who have indicated support for the amendment. Those farm organizations in my State have indicated opposition, just as they have in Louisiana and just as they have in many other parts of the country.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, my authority is a letter from the American Farm Bureau Office in Washington, D.C., in support of my amendment.

Mr. MOORE. Mr. Chairman, I might say to the gentleman from Texas (Mr. MAHON) that I am sure he is correct in what he says. The Louisiana Farm Bureau had serious reservations about this provision and asked me to look into it further. We did.

Mr. Chairman, I requested the chairman of the subcommittee, the gentleman from Mississippi (Mr. BOWEN) to study it further. We had one full day of special hearings on just this problem. As I remember, we had the Department of Agriculture officials there, and representatives of the cotton industry there, both users and producers, and the results of those hearings were that the effect on the cotton grower would be absolutely minimal; and when there was an effect, it would hit at a time when the cotton producer could most afford it, at a time when his prices were so high that he would not really feel the adverse effect, as far as anybody knows at this time.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. MOORE) has expired.

(By unanimous consent, Mr. MOORE was allowed to proceed for 2 additional minutes.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I appreciate the gentleman's yielding.

Since we are debating here about whether or not to support this amendment, I would like to advise that as far as my State is concerned, the State of Arkansas, I represent cotton producers. I have represented other cotton producers here in town this week. Of those here—and there are various representatives from various groups here, such as the Farm Bureau, the Agricultural Council, and as far as I know, the Farmers Union people are here, too—we have heard of none who support the amendment or who unanimously oppose it.

Mr. MOORE. Mr. Chairman, at this point I have to say that after looking at this problem during 1 day of hearings, the fears of the Louisiana Farm Bureau, as far as I know, were put to rest.

Mr. Chairman, I conclude by saying that if we look at it from the point of view that we are trying to help consumers, too, by taking the peak out of cotton prices, then if the permissive window was never opened, this would not be good for consumers. As the chairman of the subcommittee has pointed out, in the long run, it would not be good for growers either.

Mr. HIGHTOWER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, it has been very interesting to hear the arguments in opposition to the Mahon amendment.

As I have tried to listen carefully and analyze what has been said, I think it boils down to two things. The opposition says that this is a very delicate compromise on the part of all segments of the cotton industry and that we must not tamper with it. Everybody has agreed in the cotton industry, and we must not touch it now because the whole thing is so apt to disintegrate, and certainly we would not want that to happen.

Mr. Chairman, I do not believe that that is true. If we examine the amendment, all it says is that under certain conditions importation of cotton will be optional rather than mandatory. We do away with the mandate and say that the Secretary of Agriculture may, under certain prescribed conditions, open up the importation of cotton.

That is not going to destroy all of the other parts of the cotton provisions of the bill. Some Members say that not to have mandatory imports would have a disastrous effect on cotton. They proceed immediately from that argument to say that it really does not make any difference anyway because the importation of cotton could come into effect only after the price of cotton had risen 130 percent above the average price of the last 3 years.

Mr. Chairman, if it does not make any difference anyway, then let us make it optional. If it is not going to matter, if it is really insignificant, let us make it optional.

The problems we are facing in other commodities have caused some to consider cotton in great shape, and therefore there is no reason to worry about this provision of the bill. If we believe this, our memories are far too short. Two years ago cotton was in worse straits than wheat is today. The market has been good over the past 8 or 9 months but not great. It has given a reasonable return over the cost of production

The crop reports the past 2 months have sent the cotton futures dropping into the 50- to 60-cent range. If it drops any lower we will find ourselves in another valley once again. I do not believe it was the intention of the House committee or anyone else to level off the peaks of cotton prices and leave the valleys. It was certainly not my intention. Without a floor on how low the loan and target can go, we are in fact perpetuating the valleys.

In writing a farm bill, we must not only consider how to solve problems, we must consider how to prevent problems. If our programs are designed correctly and administered properly, the market will provide moderate fluctuations that can be predicted to some degree. This will enable cotton farmers to chart their course with decisions based on predictable Government programs and their own professional experience. These farm families are willing and able to challenge the weather, markets, pests, and other adversaries of this nature, they cannot cope with continued changing Government policies. They cannot cope with Government policies that help every other segment of our society but do nothing but restrict the farmer.

Cotton has been a mainstay of our export program. To develop more exports and help our balance of payments we must be assured of a good supply of cotton. To be assured of a good supply there must be at least some assurance of a reasonable price year in and year out.

The possibility of the Liverpool index being used as a base for the loan and target prices has given me some concern from the beginning. The nature of the market is such that we could see the possibility of some very low prices in those 2 weeks in October and higher prices the rest of the year. The result of such a circumstance would be farmers not being able to hold cotton on loan because the loan was so low they would

not have operating capital for the rest of the year.

Mandatory imports gives concern because there are many factors we cannot see at this time. The Secretary must have the flexibility to protect our American production. I have worked with the gentleman from Texas (Mr. MAHON) on this and feel this is the least that should be done to correct this provision. The provision as now written could do more to hold down prices than any other factor of this section.

I agree that this provision probably will not go into effect—I hope it does not—but they say that they want to take out the peaks, and the boom and bust in the cotton market. They say let us take out the peaks. Their argument is that, if the cotton farmer is going to make something, then let us cut it down a little bit; we do not want him to make too much.

If you are familiar with the economics of agriculture, then you know that it always has peaks and valleys. The peaks make it possible to survive the valleys. If we did not have some peaks occasionally, we could not make it through the valleys. So, if we are going to try to level it out, let us start at the other end, let us start leveling out the valleys and then see if the peaks will not take care of themselves.

I believe we are approaching this from the entirely wrong point of view if we say we are going to solve the problem by cutting out the potential of the cotton producer to make a little more money.

I appreciate the fact that so many segments of the cotton industry got together and worked out a compromise. I know and appreciate the fact that this is a compromise but I do not believe that this provision is a major portion of that compromise. If we only do what the gentleman from Texas (Mr. MAHON) the chairman of the Committee on Appropriations, suggests, if we just make it optional instead of mandatory, it probably is not going to make any difference, anyway. If you will remember it has to be 130 percent of the average price of the last 3 years before this provision would go into effect anyway. Well, if this occurs and if the Secretary of Agriculture believes that it would be in the interest of the mills and the cotton market to import cotton, then he will have the option to do so and he will not have to ask the President or anyone else. It gives the Secretary the independence that he ought to have. Under the bill as it is written, the Secretary would have no choice. We would have imported cotton.

We know that cotton is a very vital part of the agricultural industry in this country so let us not say that we are going to provide for American agriculture by saying we are going to open up the imports if the price gets a little bit high. Let us let those peaks take care of the valleys.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. MAHON, and by unanimous consent, Mr. HIGHTOWER was allowed to proceed for 2 additional minutes.)

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I am happy to yield to my colleague, the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I must congratulate my colleague, the gentleman from Texas (Mr. HIGHTOWER) for stating the case for the amendment better than I was able to do myself. I appreciate it.

I would also like to mention that when we get back into the House I shall put into the RECORD a letter from the Washington, D.C., based Farm Bureau in support of the amendment and in opposition to the mandatory provision in the bill.

The letter from the American Farm Bureau Federation follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 13, 1977.

Hon. GEORGE H. MAHON,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MAHON: The American Farm Bureau Federation is opposed to the special global import quota provisions for cotton in H.R. 7171, the Agricultural Act of 1977.

Farm Bureau supports the policy objective of a market-oriented agriculture. Interference with supply and demand by imposing ceilings on commodity prices through international agreements or excessive price supports is not in accord with this objective.

Farm Bureau believes that eliminating cotton price peaks is not in the best interest of producers since this has historically meant stabilized low prices in the long run. Should the Congress enact the global cotton import quota, cotton producers will be forced to make their production and marketing decisions without clear market signals. In addition, producers believe that putting a ceiling on cotton prices through this proposed global quota is not a fair trade for an extension of the term of the cotton loan when prices are relatively low.

Farm Bureau urges your support for an amendment to change the wording from "shall immediately" to "may" on page 24, line 16 of H.R. 7171, so as to give the President discretionary authority, rather than a direction, to open a global import quota for raw cotton if careful study should indicate a need for such action.

Sincerely,

JOHN C. DATT,
Director, Washington Office.

Mr. JONES of Tennessee. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, first I want to congratulate the chairman of the subcommittee on cotton, the gentleman from Mississippi (Mr. BOWEN) for having done a splendid job in conducting the hearings that were held. As a member of that committee I believe that the cotton industry is almost in total agreement as to what they want as far as his amendment is concerned.

I believe, Mr. Chairman, that the cotton industry has worked long and hard to come up with a means of coping with damaging gyrations as far as the price of cotton is concerned. On two previous attempts of industrywide committees to come up with these methods they failed. We had hearings and we also had meetings throughout the industry for this purpose but the increasing seriousness of the problem, coupled with actual experience with lost markets that result from wild price movement, brought the industry together in this year, 1977.

Mr. Chairman, never before have we had hearings on a farm bill where cotton people spoke with one voice, so to speak.

Fourteen organizations testified on cotton before our committee, and there was absolutely no disagreement in principle. As a result, our committee had little difficulty in drafting the cotton section that we drafted.

I would have to say that in the years of experience that I have had in growing cotton and dealing with cotton in my district before I became a Member of Congress, I have never seen the cotton industry together like they are at the present time.

For many years we have asked cotton people to do this, and then we have always insisted that they try to have their heads together when they got to Washington because this was the place we needed to work out the difficulties. This year they managed to do it.

If this amendment is passed, it will destroy the very heart of their agreement and with it the chance to correct the serious fault in the otherwise highly desirable market-oriented cotton program our farmers lack so much, and it means so much to the entire country where cotton is grown as far as income is concerned.

Mr. Chairman, a unified cotton industry means much to this Nation of ours. It is most helpful in the work of the Congress here. I urge the Members to preserve that unity and at the same time preserve a provision that will be of great benefit to both farmers and consumers. I hope the amendment will be defeated.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Louisiana.

Mr. HUCKABY. I thank the gentleman for yielding.

I must also rise in support of the position that was just stated. Louisiana is one of this Nation's leading cotton producers, and the overwhelming majority of cotton grown in the State of Louisiana is grown in my district. My cotton farmers made a special point to tell me that they were in favor of the committee bill as written.

Yesterday on this floor we heard mention more than once of the fact that back in 1974 when the price of sugar went extremely high, the sugar producers were not crying then, that they were happy. I think this is an example of cotton farmers saying, "We do not want to make a killing; at the same time we do not want to go broke. We just want a reasonable rate of return upon our investment."

So this is really to the detriment of the individual cotton producer to take this position, because, as the price of cotton goes higher and higher, he will be better off in the short run but he realizes that in the long run he would certainly be worse off. So would the consuming public. I think that this is a very good position for the cotton grower to take in compromise with the entire cotton industry.

Mr. JONES of Tennessee. I thank my friend, and I am also in agreement with him.

Mr. Chairman, I yield back the remainder of my time.

Mr. JENRETTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I shall not take anywhere near the 5 minutes. After having an amendment in the defense appropriation bill last week that carried, and now opposing the distinguished chairman, I guess being a younger Member, in all honesty I can say that I am happy that Chairman MAHON has chosen this year to retire.

The fact that has been reiterated more than once by my colleagues on the Committee on Agriculture is that for the first time in the history of the cotton industry all segments have bound themselves together. I was pleased with the gentleman from Texas, Mr. HIGHTOWER's remarks in that I think he stated very much the thing that we need to do is to bring about a degree of predictability, and that we will not have the peaks and valleys. I think that we would not have the peaks and valleys if we pass the committee bill and opposed this amendment. I think what it will do is to give us that predictability, that all farmers so desperately want.

In South Carolina alone 2 years ago 66 percent of the cotton that had been planted in 1975 was not planted in 1976. Now they all want to come back because the price is higher. Next year it might be low and the same cycle unless we take the committee bill.

What I think the committee bill will do is two things. It will stop this wild fluctuation in prices and it will also stop the excessive speculations that we had and will bring about a stability in the market.

Those who feel that changing it to may will say to the Secretary of Agriculture that he can change at his discretion the formula, I think that in my 3 years here and watching the bureaucrats downtown work, the textile industry in South Carolina and throughout the Nation will be closed before a decision could be made.

So I say in all sincerity, and with the greatest respect for the gentleman, Mr. MAHON, who has brought about a sound economic basis for the Nation through all these years, I think this amendment should be defeated and we should go forward with the passage of the cotton provisions in the farm bill this year.

Mr. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. JENRETTE. I yield to my leader, the gentleman from South Carolina (Mr. DAVIS).

Mr. DAVIS. Mr. Chairman, I compliment the gentleman from South Carolina (Mr. JENRETTE) on a really fine statement that points to the effects this amendment will have beyond what we are talking about in just pure cotton and the cotton process. The textile industry would suffer greatly.

I associate myself with the gentleman's remarks and rise in opposition to the amendment.

Mr. JENRETTE. I thank the gentleman for his contribution.

I would say to my friends who are concerned about the consumer, this is a particularly strong vote for the consumer in the farm bill, and they can go back home and talk about how they voted for the farm bill and for the consumer.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to this amendment and I do so as the only member of the Agriculture Subcommittee on Cotton north of the Mason-Dixon line. I mention only for this one reason: that I think if Members will check the record they will see, for those who are not thoroughly familiar with the cotton industry, that the Western States do not always see eye to eye with our friends from the Southeast and the South.

We had hearings on this issue. Not one witness appeared before our subcommittee in support of the proposition that is now being advanced by the distinguished chairman of the Appropriations Committee, a gentleman whom all of us in this House hold in the highest esteem and a gentleman whom all of us very much regret will be retiring at the end of this term.

Nevertheless, there is a good reason for this unanimity of opinion. Let me hasten to say that the mere fact that an industry or a certain segment of the industry recommends a certain proposition should not mean—and I want to underscore this, should not mean—that we in the legislative arena should necessarily accept any such agreement as gospel.

I believe, however, that in the instant case there are some very good reasons why the proposition was voted out of the committee and which would call for mandatory imports for a very limited period of time for very limited quantities makes some good sense. Certainly this point has been amply covered and I will not reiterate it.

Mention has been made of the opening of floodgates of imports, which obviously puts before many of us a spectacle of a tremendous amount of cotton that would be brought into this country under this program. Nothing could be further from the truth. The fact is, to give Members an idea of what we are talking about, that the maximum that could possibly be imported would be half a million bales of cotton. It is much more realistic, however, that we are talking about something like 25,000 bales of cotton, and this should be compared to the 1977 production, which is estimated somewhere around 12.5 million bales.

So we can see that any temporary relief valve, say, that would be opened in order to protect the industry would be of a very short duration and would involve a relatively small amount.

The main point that frankly bothers me about the amendment is that I think all of us in this body, who are probably as politically aware as anybody, realize that when we leave the discretion to the Secretary of Agriculture to permit the importation of any product, be it cotton or anything else, it becomes a political issue and it becomes an issue which makes any Secretary of Agriculture, no matter how sincere, susceptible to tremendous political pressure.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time as a representative of one of the largest cotton-growing areas in California to ask a few questions of the distinguished panel that brings us this bill and to discuss this amendment at some greater length.

I would ask the chairman, the gentleman from Washington (Mr. FOLEY), if during the discussion on this particular segment of the bill, was testimony received primarily from the textile industry or from the cotton producers?

Mr. FOLEY. Mr. Chairman, if the gentleman will yield, I would say to the gentleman there were a number of witnesses who appeared before the subcommittee with respect to this bill. There were witnesses that appeared on behalf of the National Cotton Council who, speaking as they suggested for the entire industry, and also representatives who were individual producers.

Mr. KETCHUM. To be more specific, I would ask the gentleman, did Calcot testify before the committee in favor of the mandatory provision?

Mr. FOLEY. The entire industry was represented. Those who were producer representatives were a part of that combined testimony and spoke in favor of the entire package, so to speak.

Mr. KETCHUM. Mr. Chairman, I thank my good friend from the State of Washington and would commend the gentleman on the job the gentleman has done on this bill.

Mr. Chairman, despite that fact I do find myself in disagreement with the mandatory provision, I would submit if we had any such provision in this bill regarding wheat or tobacco or peanuts, that we would have a rather substantial and lengthy discussion. It was suggested by my good friend and colleague to the north of me, representing the counties of Fresno, Tulare, and Kings, also a substantial cotton-growing area, that by having a permissive, rather than a mandatory provision in this bill, that it would then become political and that, after all, is what we are all about. If we have a permissive feature in the bill, it would seem to me that at that point where the Secretary was about to make a decision, we then as representatives of the various commodities could discuss it in depth with those individual producers to find if there were any mitigating circumstances that would say, "Yes, we need it," or, "No, we don't."

All of us who have farmed most of our lives are familiar with the fact that we go through these very devious curves of ups and downs. I find myself coming down, not as a producer of cotton myself, but as a farmer, saying let me make a little money once in awhile and I will take my lumps on the other end, just as the beef industry has gone through these cycles; so I find myself coming down on the permissive side, rather than the mandatory, so that we as political representatives of the people might take our case to the Secretary prior to any

decision which might or might not be devastating to the industry.

Mr. Chairman, I urge adoption of the amendment and yield back the balance of my time.

Mr. SISK. Mr. Chairman, I rise in support of the bill and particularly the cotton section. The cotton industry this year has, as never before in my experience, unified behind a program that is reasonable, inexpensive to the Treasury and farsighted in its effect of maintaining an adequate production of this important crop in a way that will retain its competitiveness at home and abroad. I commend the industry and its leadership for bringing this package to us.

Beyond that, however, I want to pay special tribute to my friend DAVID BOWEN who chairs the Cotton Subcommittee, to HENSON MOORE, its ranking member and to the other members of the committee. Under Mr. BOWEN's leadership, we have seen a submerging this year of regional differences that have too long existed in the Cotton Belt. Rather than exhaust its efforts in regional squabbles, the gentleman from Mississippi, Mr. BOWEN, has led the committee on a statesmanlike course that will help to assure a bright cotton future for all cotton farmers.

I am proud of the cotton industry for bringing to the Congress a package that assures that the cotton price support loan will, for the life of this law, remain at a level that is under the world price. This guarantees that the cotton program will continue to be truly market oriented and that U.S. cotton will be priced at a competitive level, not only to our domestic mills, but also in our important export market. This is essential to the continuation of a viable cotton industry in this country which makes many vital contributions to our national economy. It brings pure competition to the U.S. fibers market, which would otherwise be dominated by an oligopoly of only a half dozen or so firms. Its exports average $1.3 billion a year helping to pay for needed imports of oil and other products, and is especially important in today's steep trade deficit situation. It provides millions of jobs on and off the farm. Its seeds are a source of high quality vegetable oil to feed people here and abroad, as well as high protein animal feed and other products. Therefore, it is for the national interest that cotton production be maintained.

As I said earlier, the loan level for cotton and the formula for determining the loan which sets it at 15 percent below the domestic market average achieves the competitive levels needed and assures that the Government support will not make the market. Additionally, the target price level which will be tied to the loan and only slightly higher than the loan, provides that it will not be a false, Government inducement for production that is not needed.

Beyond these provisions, Mr. Chairman, I am particularly pleased that the industry and the cotton subcommittee were able to overhaul and update the archaic cotton allotment system. I want to stress that this was accomplished by cotton producers themselves working within the cotton council's producer steering committee. I understand that Chairman BOWEN prevailed upon the Agriculture Committee in its early deliberations on this subject to set aside consideration of the sensitive cotton allotment question until growers themselves had an opportunity to deal with the question. His confidence in the producer leadership to resolve the question in a constructive manner prevented premature congressional action on the subject which would have been divisive within industry circles.

Now, I understand the industry is unified in its support of an allotment update plan which will be offered by Mr. BOWEN as a floor amendment. I will support that amendment with enthusiasm and urge my colleagues to do likewise.

Mr. Chairman, I would like to conclude with a personal observation. During my tenure in the Congress, I have had a unique opportunity to know and work with the leadership of the American cotton industry. As a former chairman of the Cotton Subcommittee, I have observed and participated in some of the in-house struggles of the cotton industry. They are always difficult when an industry has so many facets and production interests to deal with. But I have seen that leaders acting in good faith, instilled with a degree of patience and a lot of good will toward each other, can move forward in a meaningful manner. I am therefore confident that this spirit of cooperation and responsibility within the cotton industry coupled with the leadership and clear thinking demonstrated by Chairman BOWEN and his subcommittee will assure a bright future for this great U.S. industry.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MAHON).

The question was taken; and on a division (demanded by Mr. MAHON) there were—ayes 17, noes 36.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. POAGE

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 26, line 20 immediately after the word "crop" add the following: "but in no event shall the established price be less than 51.0 cents per pound."

Mr. POAGE. Mr. Chairman, the amendment which I have offered simply puts a floor under the target price of cotton. As written, the bill would allow this target price which in this section is called an "Established Price" to drop without any kind of floor to stop its decline at any point. The target supports, for wheat and feed grains are fixed and cannot drop below the levels mandated by the Congress. In the case of cotton, however, the target or established price is fixed at 110 percent of the loan rate. In other words, it goes down whenever the loan goes down. In turn, the loan on cotton is tied to the world market. Thus, when the world market goes down, the target price goes down. Obviously, the only time that a target price is worth anything to farmers is when the market is going down. We are perfectly willing to let the loan price on cotton drop as the market goes down even though until yesterday cotton was the only commodity with such a provision in its support program. Yesterday, by amendment to the grain section, we extended this policy to other commodities. We put this in the cotton program and in other sections in order that commodities can continue to move into the market rather than to accumulate in the warehouse.

I believe that all of the various interests have agreed that this amendment is needed and that it is desirable. It does not support the price of cotton. It only supports the farmer's income. A 51-cent figure is what the Department of Agriculture has presently estimated the loan to be in the fall of 1978. The same estimates place the established price at 56 cents. The figure in my amendment, 51 cents, is only 60 percent of parity and certainly is a very modest estimate of the cost of production. The Department of Agriculture has indicated that they would accept this amendment. Indeed, they have agreed to go even further. But, in an effort to keep the amendment in the language and in the amounts previously accepted by all of the interested parties, we offer this as a minimum. Clearly, this is in the nature of a "technical" amendment. It has the support of the chairman of the Cotton Subcommittee and of the chairman of the full committee. It has the support of most of the farm organizations. In fact, I know of no organization which opposes it. It should be approved. I hope the House will adopt it without delay.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Mississippi.

Mr. BOWEN. Mr. Chairman, although I cannot speak for the committee or the subcommittee since we did not deal directly with this issue, I would like to indicate, as chairman of the Cotton Subcommittee, that I have no opposition, no disagreement, to this amendment, and I would urge its adoption.

Mr. POAGE. I thank the chairman of our subcommittee.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Louisiana.

Mr. MOORE. Speaking for the Republican side of the Cotton Subcommittee, I likewise have no objection to this amendment. I think it is a good idea, and commend the gentleman for offering it.

Mr. POAGE. I appreciate the gentleman's remarks. I know that this is supported by most of the farm organizations. In fact, I know of no opposition, and I hope the committee will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. POAGE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOWEN

Mr. BOWEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOWEN: Page 20, strike out lines 21 through 23, and page 21 strike out lines 1 through 18 and insert in lieu thereof the following:

"SEC. 601. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938, as amended shall not be applicable to upland cotton of the 1978 through 1981 crops."

Page 22, line 7, strike out "paragraphs (1) and (2) of subsection (e)" and insert in lieu thereof "paragraphs (1), (2), (3), and (4)(A) of section (e)".

Page 23, strike out the sentence beginning on line 15 and ending on line 24.

Page 26, strike out the sentence beginning on line 20 through line 25 and on page 27, strike out lines 1 through 20 and insert in lieu thereof the following:

"If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the smaller of (i) the acreage intended to be planted to cotton, or (ii) the acreage planted to cotton for harvest (including any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton) in the immediately preceding year multiplied by 75 per centum of the program yield established by the Secretary for the farm for the current year times a payment rate equal to 33⅓ per centum of the established price for the crop. If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the program yield established by the Secretary for the farm for such crop during the current year times the acreage planted to harvest for such crop in such year, the Secretary shall make a farm disaster payment to the producers at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop. Compensation made under the foregoing provisions of this paragraph for disaster loss with respect to prevented planting and low yield shall not be regarded as payment for purposes of section 101 of the Agriculture Act of 1970, as amended. In the event payments authorized in the first sentence of this paragraph are required to be made for any crop of upland cotton, the payment rate with respect to any producer who (i) is on a small farm (that is, a farm on which the acreage planted to cotton is ten acres or less, or on which the farm program payment yield times the acreage planted to cotton is five thousand pounds or less), (ii) resides on such farm, and (iii) derives his principal income from cotton produced on such farm, shall be increased 30 per centum.".

"(3)(A) In the event payments are required to be made for any crop of upland cotton under the first sentence of paragraph (2) of this subsection, such payments shall be made to producers on each farm on (i) the farm program acreage determined in accordance with subparagraph (D) times (ii) the farm program payment yield determined in accordance with subparagraph (E).

"(B) The Secretary shall establish for each of the 1978 through 1981 crops of upland cotton a national program acreage. Such national program acreage shall be announced not later than December 15 of the calendar year preceding the year for which such acreage is established. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(C) The Secretary shall determine a program allocation factor for each crop of upland cotton for which payments are to be made as provided for in the first sentence of paragraph (2). The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres which the Secretary estimates will be harvested from such crop.

"(D) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined: *Provided*, That the cotton acreage eligible for payment on a farm shall not be further reduced by application of the allocation factor if the producers reduced the planted acreage on the farm from the previous year by at least the percentage recommended by the Secretary in announcing the national program acreage. In carrying out the foregoing provision, the Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to cotton is less than the preceding year but the reduction is insufficient to exempt the farm from the allocation factor. In establishing the allocation factor under subparagraph (C) the Secretary is authorized to make such adjustment as deemed necessary to take into account the extent of exemption of farms under the foregoing provisions.

"(E) The farm program payment yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years: *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available."

"(4)(A) The Secretary shall provide for a set-aside of cropland if he determines that the total supply of upland cotton will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans, purchases, and payment on upland cotton, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage as determined by the Secretary (but not to exceed 28 per centum), of the acreage planted to upland cotton on the farm in the year for which the set-aside requirement is established. The set-aside acreage shall be devoted to conservation uses in accordance with regulations issued by the Secretary which will assure protection of such acreage from wind and water erosion throughout the current calendar year, however, the Secretary may permit, subject to such terms and conditions as he may prescribe, all or any of the set-aside acreage to be devoted to sweet sorghum, hay and grazing or to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income. The Secretary may limit the acreage planted to cotton on farms by establishing a factor which shall be multiplied by the highest acreage planted to cotton on the farm (including any acreage not planted to cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in any one of the preceding five years. Such limitation shall be applied on a uniform basis to all cotton producing farms. Producers on a farm who knowingly plant cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans or payments with respect to that farm".

Page 28, lines 4 through 7, strike out all that appears after "SEC. 604." and insert in lieu thereof the following:

"(a) Section 408(b) of the Agricultural Act of 1949, as amended, is amended effective for the 1978 through 1981 crops by changing the second proviso to read as follows: *"And provided*, That for the 1978 through 1981 crops of upland cotton a cooperator shall be a producer who has set aside on the farm the acreage required under section 103(e).".

Page 28, line 12, strike out "Sections 378, 379, and 385" and insert in lieu thereof "Sections 379 and 385".

Page 28, line 20, strike out "section 408" and insert in lieu thereof "Section 408(1)".

Page 28 immediately after line 26, insert the following new subsections:

"(g) Section 101(f) of the Agricultural Act of 1949, as amended, is amended by striking out the words "Middling one-inch" appearing in the first sentence and inserting in lieu thereof "Strict Low Middling one and one-sixteenth inches".

"(h) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1982 crop."

Mr. BOWEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BOWEN. Mr. Chairman, I rise in support of the subcommittee amendment, which could not be included in the bill H.R. 7171 because the information needed at the time to prepare it was not available. At the time we took up the full farm bill and the cotton section, I promised the full Agriculture Committee that the cotton industry of the Nation was in the midst of a study which would result in an updating and modernization of the allotment program for that industry, a program which we have had since about 1938. It is one in which the allotments are based upon historic factors or plantings and not upon actual current planted acreage.

I did not realize at the time I made that promise that the industry would move so swiftly and so effectively and with such unity as they have. And they have, through the cotton council's producer steering committee, speaking for

cotton farmers throughout the Nation, arrived at a unified position for a new allotment program. This was printed some 2 weeks ago in the CONGRESSIONAL RECORD. It has been rather widely discussed in the industry. There is no disagreement that I have heard on it.

I will not go into great detail in outlining it. I will merely indicate that rather than using a historical base for allotments, we have a new program in which the Secretary of Agriculture each year will make an assessment and announce on December 15 the national program acreage for the following year based upon what he thinks needs to be planted, to the best of his knowledge and the best of his projections as to what size cotton crop is needed. And then he will, based upon what was planted in the current year, this year, let us say, determine that the projection for next year, for example, calls for a 10 percent cutback. Any cotton farmers in America who would like to have all of their acreage eligible for target price payments may cut back by 10 percent what they planted this year and be eligible.

We also still have open production. They can plant all they want, but then the next year the Secretary will assess what actually was harvested, and if deficiency payments are in effect will come up with a factor for acreage eligibility. For example, if he finds that instead of farmers cutting back by 10 percent, as he recommended, they planted the same and the same amount was harvested, then he will announce a program factor of 90 percent, which means that 90 percent of all of the planted acreage is eligible for payment.

It is a surprisingly simple formula and enables us to upgrade and update a system which we have had for decades, one which I think reflects the needs of the industry. After all, given the open production system which we have now had since 1973, there really is no monetary value any more to the old historical allotments if you are not planting cotton, because they are not worth anything. You cannot sell them or lease them. Nobody wants them. There is, however, some disadvantage to those who are planting cotton but who do not have allotments. As a consequence, the time has come, just as it has in other commodities, to update the program.

I am very happy to present this program to the House, one which I think meets the needs of the cotton industry, addresses the industry's growth and development in the historically shifting patterns of planting across the country, in the same way that I think this legislation does in other commodities. I urge its adoption.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr BOWEN. I yield to the gentleman from Louisiana, Mr. MOORE, the ranking minority member on the Subcommittee on Cotton. And let me say that the gentleman from Louisiana, the ranking minority member, has made an outstanding contribution to the work of our subcommittee throughout the hearings, throughout markups. It has been a real pleasure working with the gentleman in a bipartisan spirit to develop the cotton program of this amendment and of H.R. 7171.

Mr. MOORE. I thank the gentleman for yielding.

Mr. Chairman, I want to point out that the gentleman from Mississippi (Mr. BOWEN) the chairman of the Subcommittee on Cotton, should be commended for coming forward with this amendment. When we had this farm bill before the Committee on Agriculture, we were not ready for this new allotment program. This program has come about by agreement of producers from all parts of the country. It is definitely a step forward. It brings cotton into line with other commodities as to how allotments are to be determined. This is the same language of a bill we reported out of the Subcommittee on Cotton recently and are now offering by this amendment.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has expired.

(On request of Mr. MOORE and by unanimous consent, Mr. BOWEN was allowed to proceed for 2 additional minutes.)

Mr. MOORE. Mr. Chairman, will the gentleman yield further?

Mr. BOWEN. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, we passed this out of the Subcommittee on Cotton after having had hearings and markup, or full and complete consideration.

Mr. Chairman, I joined the gentleman from Mississippi (Mr. BOWEN) as a cosponsor of that legislation, as I do now with this amendment, and I commend the gentleman for bringing this matter before the House at this time.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from California.

Mr. KREBS. Mr. Chairman, as a member of the committee, I, too, wish to join in the remarks made by my good friend, the gentleman from Louisiana (Mr. MOORE), and congratulate the chairman of the subcommittee for the fine leadership he has shown.

I am particularly pleased to support this amendment, since I represent far western producers. Great progress, I feel, has now been made in the updating of the allotment changes. I think we have gotten away from what I had described earlier in the session as an archaic allotment system.

Mr. Chairman, I think we have taken a substantial step forward. I am glad we were able to do that, and I commend this amendment to the members of the committee.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I thank my friend, the gentleman from Mississippi, for yielding.

I want to commend the chairman of the Subcommittee on Cotton for the very splendid job he has done in putting this legislation together. At the same time I commend my friend, the gentleman from Louisiana (Mr. MOORE), who is the ranking minority member, for having done such a good job himself.

I am happy indeed to see that our good friend, the gentleman from California (Mr. KREBS), has seen the light and has joined us in this effort.

Mr. BOWEN. Mr. Chairman, I thank the gentleman from Tennessee (Mr. JONES), the gentleman from California (Mr. KREBS), and all those members of the Subcommittee on Cotton who worked so hard and in such a spirit of unity with regard to this amendment and the entire cotton section of H.R. 7171.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from California.

Mr. KREBS. Mr. Chairman, in response to my good friend from Tennessee (Mr. JONES), let me say that I indeed was the first member to see the light as far as the allotment system was concerned. The gentleman from Tennessee will remember that I was the one who offered that amendment in the full committee.

It was at the urging of the industry that we postponed consideration of this particular amendment until the subcommittee reconvened about a month later.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. BOWEN).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VI?

If not, the Clerk will read title VII.

The Clerk read as follows:

TITLE VII—RICE

ACREAGE ALLOTMENTS

SEC. 701. Section 352 of the Agricultural Adjustment Act of 1938, as amended by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is amended to be effective for the 1976 through 1981 crops of rice and is further amended by striking out "and 1977" in subsection (a) and inserting in lieu thereof "through the 1981", and by striking out "and 1977" in subsection (f) and inserting in lieu thereof "through 1981".

SUSPENSION OF MARKETING QUOTAS AND OTHER PROVISIONS

SEC. 702. Sections 353, 354, 355, 356, and 377 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through the 1981 crops of rice.

SEC. 703. Section 385 of the Agricultural Adjustment Act of 1938, as amended by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is further amended to be effective for the 1976 through 1981 crops of rice.

PAYMENTS AND LOANS

SEC. 704. The Agricultural Act of 1949, as amended, is amended as follows:

(a) Section 101(g), as added by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is amended to be effective for the 1976 through 1981 crops and is further amended by—

(1) inserting at the end of paragraph (1) the following: "For the 1978 through 1981 crops the established price shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information and data as he finds nec-

essary and appropriate for the purpose and shall be limited to (i) variable costs; (ii) machinery ownership costs; and (iii) general farm overhead costs allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.";

(2) inserting after the second sentence of paragraph (2) the following: "Loans and purchases for each of the 1978 through 1981 crops shall be established at such rate as bears the same ratio to the loan rate for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop. If the Secretary should determine that loans and purchases at the foregoing rate for any of the 1978 through 1981 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, he may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for such crop or crops at such level, not less than $6.31 per hundredweight nor more than the parity price thereof, as he determines necessary to avoid such consequences.";

(3) striking out "and 1977" in the third sentence of paragraph (2) and inserting in lieu thereof "through the 1981";

(4) striking out "and 1977" in paragraph (3) and inserting in lieu thereof "through the 1981";

(5) inserting immediately after the first sentence in paragraph (4) the following: "The payments for the 1978 through 1981 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying that portion of the allotment planted to rice by the yield established for the farm: *Provided*, That payments shall be made to cooperators planting no less than 90 per centum of the allotment on the basis of the entire amount of such allotment: *Provided further*, That an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, or other natural disaster, or a condition beyond the control of the producer shall be considered to be an acreage planted to rice."; and

(6) inserting immediately before the period in paragraph (13)(A) the following: "for each of the 1976 and 1977 crops, and beginning with the 1978 crop such limitation shall be reduced 5 per centum for each crop year from the limitation in effect for the previous crop year, except that the limitation shall not be reduced below that in effect for wheat, feed grains, and cotton for the same crop year".

(b) The last proviso in the first sentence of section 408(b) of the Agricultural Act of 1949, as added by section 303 of the Rice Production Act of 1975, is amended by striking out "and 1977" and inserting in lieu thereof "through the 1981".

Mr. BOWEN (during the reading). Mr. Chairman, I ask unanimous consent that this title be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. Title VII is now open to amendment. Are there any amendments to title VII?

If not, the Clerk will read title VIII.

The Clerk read as follows:

TITLE VIII—PEANUTS

SHORT TITLE

SEC. 801. This title may be cited as the "Peanut Production Act of 1977".

PEANUT ACREAGE ALLOTMENTS AND POUNDAGE QUOTAS

SEC. 802. Subsections (a) and (e) of section 358 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through 1981 crops of peanuts.

SEC. 803. Effective for the 1978 through 1981 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections at the end thereof:

"(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided*, That such allotment shall be not less than one million six hundred and ten thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for peanuts for the following marketing year of the following amounts:

"Year:	*Tons*
1978	1,680,000
1979	1,596,000
1980	1,516,000
1981	1,440,000

If the Secretary determines that the minimum national poundage quota for any marketing year is insufficient to meet total estimated requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year may be increased by the Secretary to the extent determined by the Secretary to be necessary to meet such requirements.

"(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided*, That if peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

"(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined beginning with the 1979 crop for any farm shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year were less than the farm poundage quota: *Provided*, That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further*, That the grower must have planted in such preceding marketing year that part of the farm allotment estimated on the basis of the farm yield to be sufficient to produce the total farm poundage quota: *Provided further*, That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

"(p) For the purposes of this title—

"(1) 'quota peanuts' means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and seed and use on a farm."

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENTS

SEC. 804. Effective for the 1978 through 1981 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(a) in subsection (a)—

(i) striking out "if he determines that it will not impair the effective operation of the peanut marketing quota or price support program"; and

(ii) striking out "may" each place that term appears and inserting "shall" in lieu thereof: and

(b) adding at the end thereof the following new subsection:

"(l) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receiving farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.".

MARKETING PENALTIES

SEC. 805. Effective for the 1978 through 1981 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(a) deleting from the first sentence of subsection (a) the language "75 per centum of the support price for" and inserting in lieu thereof the language "120 per centum of the support price for quota";

(b) inserting after the first sentence of subsection (a) the following new sentence: "The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (j) of this section";

(c) striking out "normal yield" in the ninth sentence of subsection (a) and inserting in lieu thereof "farm yield", as determined in accordance with subsection (m) of section 358 of this Act; and

(d) adding at the end thereof the following new subsections:

"(g) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut

acreage in the United States shall be obtained solely from quota peanuts marketing or considered marketed for domestic edible use.

"(h) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval prior to June 15 of the year in which the crop is produced.

"(k) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses plus (A) 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by the producer, or (B) 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, or (C) 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.".

REPORTS AND RECORDS

SEC. 806. Effective for the 1978 through 1981 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 807. Effective for the 1978 through the 1981 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding after the words "farm acreage allotment for such year" the following: "or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota".

PEANUT PRICE SUPPORT PROGRAM

SEC. 808. Effective for the 1978 through 1981 crops of peanuts, title I of the Agricultural Act of 1949, as amended, is amended by adding the following new section:

"PEANUT PROGRAM

"SEC. 108. Notwithstanding any other provision of law:

"(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts of each of the following crops at such levels as the Secretary finds appropriate taking into consideration the eight factors specified in section 401(b) of this Act, and any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, but not less than $420 per ton. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.

"(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts of each of the 1978 through 1981 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.

"(c)(1) In carrying out subsections (a) and (b) of this section, the Secretary may make warehouse storage loans available in each of the three producing areas (described in 7 CFR part 1446, section 1446.4 of the General Regulations Governing 1974 and Subsequent Crop Peanut Warehouse Storage Loans, published by Commodity Credit Corporation) to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Such loans shall include, in addition to the price support value of the peanuts, such costs as such association may reasonably incur in carrying out such responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938, as amended."

"(2) The Secretary may require that each such association establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contract between handler and producer described in section 359(j) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.".

Mr. BOWEN (during the reading). Mr. Chairman, I ask unanimous consent that this title be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. Are there any amendments to title VIII?

If not, the Clerk will read title IX.

The Clerk read as follows:

TITLE IX—MISCELLANEOUS COMMODITY PROVISIONS

SET-ASIDE ON SUMMER FALLOW FARMS

SEC. 901. Notwithstanding any other provision of law, for the 1971 through 1981 crops of wheat, feed grains, and cotton if in any year at least 55 per centum of cropland acreage in an established summer fallow farm is diverted to a summer fallow use no further acreage shall be required to be set aside under the wheat, feed grains, and cotton programs for such year.

LOAN EXTENSION AND SALES PROVISIONS FOR WHEAT AND FEED GRAINS

SEC. 902. The Agricultural Act of 1949, as amended, is amended by adding the following new section:

"SEC. 109. (a) Notwithstanding the provisions of section 401(b) of this Act or any other provision of law, the Secretary shall, with respect to any loan made under this title on any crop of wheat, corn, barley, oats, rye, and grain sorghum, provide that—

"(1) the borrower may, at the end of the initial period for repayment of the loan which shall not be less than eleven months, extend the period of repayment for an additional twelve months, and, if the period is so extended, the Secretary shall pay 1 cent per bushel per month storage costs of the commodity and charge no interest on the loan during such period of extension; and

"(2) the borrower may, at the end of the twelve-month extension period described in paragraph (1), extend the period of repayment for another twelve months, except that, if the market price of the commodity concerned is more than 75 per centum of the parity price for the commodity at the end of the twelve-month extension period described in paragraph (1), the borrower may extend the period of repayment under this paragraph only with the consent of the Secretary; any extension of the period of repayment under this paragraph shall provide that the Secretary shall pay 1 cent per bushel per month storage costs of the commodity and charge no interest on the loan during such period of extension.

"(b) Notwithstanding the provisions of section 407 of this Act or any other provision of law, the Commodity Credit Corporation may not sell any wheat, corn, barley, rye, oats, or grain sorghum owned or controlled by it for less than 150 per centum of the current loan level for such commodity; except that the provisions of this subsection shall not apply to—

"(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; and

"(2) sales or other disposals of such commodities under (A) the fifth and sixth sentences of section 407 of this Act; (B) the Act entitled 'An Act to authorize the sale at current support prices of agricultural

commodities owned by the Commodity Credit Corporation to provide feed for livestock in areas determined to be emergency areas, and for other purposes', approved September 21, 1959 (73 Stat. 574), and (C) section 813 of the Agricultural Act of 1970.".

SPECIAL GRAZING AND HAY PROGRAM FOR WHEAT ACREAGE

SEC. 903. The Agricultural Act of 1949, as amended, is amended by adding the following new section.

"SEC. 110. Notwithstanding any other provision of law:

"(1) The Secretary is authorized to administer a special wheat acreage grazing and hay program (hereinafter in this section referred to as the 'special program') in each of the crop years 1978 through 1981. Under such program a producer shall be permitted to designate, under such regulations as established by the Secretary, a portion of the wheat, feed grain, or upland cotton farm acreage allotment for the preceding year or acreage planted for harvest, not in excess of 40 per centum thereof, or 50 acres, whichever is greater, which shall be planted to wheat (or some other commodity other than corn or milo) and used by the producer for grazing purposes or hay rather than for commercial grain production. A producer who elects to participate in the special program shall receive a payment as provided in paragraph (3) of this section.

"(2) Any producer who elects to participate in the special program under this section shall be required to designate to the Secretary the specific acreage on the farm which is to be used for the purposes set forth in paragraph (1) of this section. No crop other than hay may be harvested from acreage included in the special program.

"(3) The Secretary shall pay the producer participating in the special program an amount determined by multiplying the projected yield for wheat established for the farm times the number of acres included in the special program times $1. The producer shall not be eligible for any other payment or price support on any portion of the acreage allotment for the farm which the producer elects to include in the special program.

"(4) Acreage included in the special program is in addition to any acreage included in any acreage set-aside program otherwise provided for by law.

"(5) Acreage included in the special program shall be deemed to have been planted for harvest for the purposes of acreage history.

"(6) The Secretary is authorized to issue such regulations as may be necessary to carry out effectively the provisions of the section.

"(7) Provisions of this program shall be administered by the Secretary through the Commodity Credit Corporation using the funds of the Corporation.".

AMERICAN AGRICULTURE PROTECTION PROGRAM

SEC. 904. (a) Not withstanding any other provision of the law, whenever the President of the United States or any other member of the executive branch of the Federal Government, either directly or indirectly, suspends or causes to be suspended the export sales of any commodity as defined in subsection (c) to any country or area with which the United States continues commercial trade, the Secretary of Agriculture shall, on the day the suspension is initiated, set the loan level for such commodity under the Agriculture Act of 1949, as amended, if a loan program is in effect for the commodity, at 100 per centum of the parity price for the commodity, as such parity price is determined on the day the suspension is initiated.

(b) The loan level set in subsection (a) shall remain in effect as long as the suspension described in subsection (a) remains in effect.

(c) For purposes of this section, commodity shall include any of the following: wheat, corn, grain sorghum, soybeans, oats, rye, barley, rice, flaxseed, and cotton.

FARM STORAGE FACILITY LOANS

SEC. 905. Section 4(h) of the Commodity Credit Corporation Charter Act (62 Stat. 1070, as amended; 15 U.S.C. 714b(h)) is amended by inserting immediately before the period at the end of the second sentence the following: ": *And provided further*, That to encourage storage for dry and high moisture forage, silage, or grain on farms, the Corporation shall make available during the period October 1, 1977, through September 30, 1981, storage facility loans not to exceed $50,000 to wheat, feed grain, rice, and soybean producers in amounts not less than 75 per centum of the total construction cost of such facility, including but not limited to the cost of structural and equipment foundations, electrical systems, grain handling systems, drying equipment, and site preparation or in the discretion of the Corporation such loans may be made in such amounts not to exceed $50,000 to cover remodeling costs of existing storage facilities, as are set forth in regulations issued by the Secretary; the size of such facility for which a loan is obtained shall be based upon the amount of space required to store the quantity of grain estimated to be produced by the borrower during a two-year period, and such loan shall be for a period not to exceed ten years at an interest rate of 7 per centum per annum".

SOYBEAN PRICE SUPPORT

SEC. 906. The Agricultural Act of 1949, as amended, is further amended by adding a new section 304, as follows:

"SEC. 304. Notwithstanding any other provisions of this Act, the Secretary shall make available to producers loans and purchases on each crop of soybeans at such level as he determines appropriate in relation to competing commodities and taking into consideration domestic and foreign supply and demand factors.".

EXPORT SALES REPORTING

SEC. 907. Section 812 of the Agricultural Act of 1970, as amended, is amended by—

(a) striking out in the first sentence: ", on a weekly basis,";

(b) inserting after the first sentence: "Such reports shall be made on a weekly basis. In addition, reports on large sales shall be made to the Secretary by 3 o'clock post meridian, eastern time, on the business day following the day of the sale. Sales of one hundred thousand metric tons or more shall be considered to be large sales, but the Secretary shall have authority to designate sales of less than one hundred thousand metric tons as large sales.";

(c) inserting in the second sentence, after the words "compilation form", the words: "no later than"; and

(d) inserting after the existing second sentence: "Large sales shall be made public by the Secretary no later than the business day following the day of reporting.".

FILBERTS

SEC. 908. Section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by inserting after "oranges, onions, walnuts, dates," the following: "filberts,".

REPORT ON RECOMMENDATIONS FOR REVISED ALLOTMENT SYSTEM

SEC. 909. The Secretary shall collect and analyze currently available information pertaining to the use of bushels of wheat and feed grains and pounds of rice as the basis for assigning allotments to producers of such commodities. Within six months after enactment of this section, a report of the findings and analysis of the Secretary and any recommended changes in the allotment system for such crops shall be made to the House Committee on Agriculture and Senate Agriculture, Nutrition, and Forestry Committee.

Mr. BOWEN (during the reading). Mr. Chairman, I ask unanimous consent that this title be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. DE LA GARZA: Page 52 insert immediately after line 4 the following new section:

SEC. 910. Section 201 of the Agricultural Act of 1949, as amended, is further amended by:

(a) striking out, in the first sentence, the word "and" after the word "honey,";

(b) inserting in the first sentence, the words ", sugar beets, and sugar cane" after the word "milk,", and

(c) adding a new subsection (d) as follows:

"(d) Effective with the 1977 crop the price of sugar beets and sugar cane, respectively shall be supported through loans or purchases with respect to the processed products thereof at a level not in excess of sixty-five per centum nor less than fifty-five per centum of the parity price therefor.

Mr. DE LA GARZA. Mr. Chairman, we have heard basically the argument that I could make for this amendment. We heard it yesterday from our colleagues from Hawaii, our colleagues from Louisiana, and from several other Members who participated in debate on the amendment, which was defeated, to set a level at which price supports for sugar could be received.

Mr. Chairman, the situation is this: The sugar industry in the United States is in very serious, drastic circumstances because of the chaotic situation that the sugar industry finds itself in throughout the world.

Mr. Chairman, hearings were initiated in London, one of which ended not too long ago in failure, in an effort to try to reach an international sugar agreement.

The President and the administration are trying to assist the sugar industry. They took one course which now the Comptroller General of the United States says is not a proper or legal way.

Another form of assistance has been mentioned now. We have a proposition that would allow the administration the leeway necessary to assist the sugar industry.

Why assist the sugar industry? Oil, coffee, and sugar are three main or major necessary commodities for the American people, in that the supply or the production in the United States is below the rate of consumption by roughly 50 percent. We produce 50 percent or less of the oil that we use. We produce none of the coffee that we use. We produce roughly 50 percent of the sugar that we use, and we are in a very serious, a very precarious situation wherein other countries can, just by the stroke of a pen, cut the production or

saturate our market and cut the price or create such an upheaval throughout the world that every little ripple in that roller-coaster effect that we have had in the past few years, where supplies have fallen from something like 60 cents to below 10 cents, fails to create a steady supply to the American consumer and is killing the American producer.

Mr. Chairman, this is a small attempt to assist the American producer to just hold his head above water. This is not a subsidy. This is not a pork-barrel amendment, as some have called it. This is an attempt to in one small way assist the producer and guarantee the American consumer a supply of sugar at rates that the consumer can afford.

Mr. Chairman, this is a consumer bill. It certainly is a producers' bill, and is to help everyone involved in the sugar industry including thousands of workers at every level.

What we propose has the effect of giving the administration a vehicle, and under the proposal that I would humbly suggest, it would not cost the administration any money whatsoever. If they go under the present law set out in section 22 wherein under an emergency they can, by restricting imports or by limiting imports, raise the level of income to the producer, that would be done as much as possible without raising the level of cost to the consumer or without any cost to the Government.

Mr. Chairman, this is one of those amendments which, if utilized properly, benefits everyone, the producer, the refiner, the consumer, and at no cost to the Government. This can be done. We can utilize section 22 if we pass this amendment.

Mr. Chairman, I know many of my colleagues will support this amendment. Some disagree, but the economics indicate that the American producer is in his last stages if something is not done for him.

Mr. Chairman, the International Trade Commission held hearings, 6 months of hearings, in different parts of the United States. They made a decision and a recommendation to the President.

The CHAIRMAN. The time of the gentleman from Texas (Mr. DE LA GARZA) has expired.

(By unanimous consent, Mr. DE LA GARZA was allowed to proceed for 1 additional minute.)

Mr. DE LA GARZA. The International Trade Commission which was established by Congress, and therefore we can say it is a creature of the Congress, held extensive hearings just this year and recommended to the President that something be done. So we have there the information. We have an agency of this Government that has declared it an emergency and has recommended to the President that he act. This is the legislative contribution wherein we can give the President a vehicle that conceivably can do what we intend it to do at no cost. I certainly would appreciate very much the support of the Members for this amendment, because if you do, then you will be supporting the consumers and the producers and, if it works properly and is handled correctly, there will not be any cost to the Government.

Mr. THONE. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Nebraska.

Mr. THONE. Mr. Chairman, as we know, this is the only commodity for which there is no domestic program or policy, and I rise in strong support of the amendment.

Mr. Chairman, as we all know the only commodity for which there is no domestic program or policy is sugar.

Cost of production for U.S. producers is at least 13 cents. "Rock bottom cost." Imports are flooding our country at a dump price of 9.5 cents.

With this being the situation our fine domestic sugar industry is in dire straits on the hurried road to destruction. Congress must, in this farm bill, provide support for both sugarbeet and sugarcane producers in the same manner other farmers are supported. It is not only fair and equitable, it is essential if the industry is to survive.

If we do not provide this help, we will soon be totally dependent on foreign sugar suppliers. Sugar is most susceptible to OPEC-like control, because only 15 percent of the supply is available for world trade—and the last thing we need is another OPEC-type international control.

Let me reinforce the amendment with the following:

Agriculture Secretary Bergland, on May 4, 1977, described 13.5 cents—raw value—as the absolute "rock bottom cost of production for U.S. sugar producers." At the same time, President Carter proposed a "stopgap" support payment program for sugar pending the successful negotiation of an international sugar agreement. The administration's program called for a payment of up to 2 cents per pound to make up the difference between the domestic market price for sugar and the 13.5 cents estimated production cost. When the proposal was made, the market price was about 11.7 cents and the program could have achieved its goal—at least temporarily.

Since that time, however, the market price of sugar has dropped to below 10 cents. The international sugar agreement negotiations ended in disarray on May 27.

Thus, it is clear that the administration's program cannot save the sugar industry from certain economic destruction and the industry cannot survive on the simple hope that an international agreement on sugar may be reached sometime in the—distant—future.

The U.S. Congress can act, however, for the benefit of sugar farmers, employees, and consumers. The following paragraphs tell how and why it is vitally important that you vote yes on Congressman DE LA GARZA's sugar amendment to Title IX:

Q. What will the amendment do?

A. Purpose of the amendment is to allow survival of the sugar industry in the United States. This will be done by providing a price support level in just the same manner as for products such as honey and milk. Simply stated, the amendment will add sugar beets and sugarcane to the list of designated nonbasic commodities in Section 201 of the Agricultural Act of 1949.

Q. Why is the amendment necessary?

A. At the present time the domestic sugar industry faces total destruction. As was testified by various segments of the industry at hearings of the International Trade Commission, the prices received for sugar have been below the cost of production ever since late last summer. Quite obviously this situation cannot continue for an extended period of time. Domestic producers deliver 55 percent of the nation's sugar supply. Without them our consumers would be entirely at the mercy of foreign suppliers. The present problem is not the fault of the industry, as attested to by the International Trade Commission, which recommended relief. Also, the domestic industry is fully as efficient as any in the world, in fact much more than virtually any other.

Q. Can't U.S. sugar producers compete with the rest of the world's producers?

A. Yes, they can. The American industry is acknowledged to be much more advanced technologically than the rest of the world. However, farmers cannot always compete successfully by themselves with countries where sugar is an instrument of foreign policy. In most sugar exporting countries the crop is heavily subsidized and controlled. In fact it is not uncommon for countries—of which the Philippines is an example—to have the government serve as the marketing agent for the entire production. By setting prices higher in their own markets and taking advantage of long-term trade pacts, exporting countries can dump excess sugar on the world market at below production costs and still realize a net profit to their economy. At times the basic consideration for some countries may be the absolute need for hard American dollars, regardless of price level. Representatives of the Philippines testified before the I.T.C. that selling sugar below production costs was highly undesirable but was preferable to paying welfare to the workers who would otherwise be employed in their industry, which is highly labor intensive. Thus, the efficiency of the American producer is not in question although it is to be noted that he is beset by wage scales, environmental considerations and other aspects of our standard of living that simply do not apply overseas.

Q. Why are sugar prices so low?

A. The International Trade Commission held months of hearings on the subject of sugar and found that American producers were harmed or threatened due to increased imports. But, then, why is the sugar available at all? Several reasons. For one thing, world production the last couple of years simply has exceeded consumption. It is very important to remember that 75 percent of the sugar produced in the world is consumed in the country where it is grown. Another 15 percent is traded under international agreements such as the Cuba-Soviet Pact. The balance, a mere 10 percent, makes up the residual market. It is here the United States buys 45 percent of its sugar. This very thin market is susceptible to quick and violent swings from year to year. In fact the world consumed more sugar than it produced during four of the last seven years. This was the cause of the 1974 fast runup in prices.

Q. We have had farm bills for years. Why hasn't this come up before?

A. For forty years—from 1934 to 1974—the United States had a Sugar Act which provided a remarkable degree of stability to sugar. American consumers purchased sugar at prices comparable to other countries, and American producers had a stable crop, although prices for it were not very high. Since the Sugar Act was terminated sugar prices have been on a roller coaster.

Q. Why weren't hearings held on the sugar amendment?

A. The last hearings by the full House Agriculture Committee were over-sight in nature and not on a substantive legislative proposal. This was two years ago. However, at the direction of both the Senate Finance Committee and the President the International Trade Commission made an intensive and exhaustive study of sugar during the latter part of 1976 and the early months of 1977, including hearings in Washington, New Orleans and San Francisco. The Commission recommended restrictions be placed on imports and stated the domestic industry was being endangered.

Q. Who is supporting the amendment?

A. Virtually all aspects of the sugar and sweetener industry, including sugar beet growers and processors, sugarcane growers and raw mill operators, corn sweetener producers, plus expressions of support from organized labor, various farm organizations, and other groups.

Q. How will the amendment affect consumers?

A. The amendment will not make fat cats out of American farmers and processors. The price support level is pretty much at average production costs, perhaps even lower than production costs in some areas. It would be unreasonable and unrealistic for American consumers to expect or even want to be able to purchase sugar below production costs forever. The amendment will help assure consumers a reliable source of supply for sugar and help avoid the possibility of an OPEC-like international cartel for this valued commodity. It is true that if the amendment were in effect today the effective price of sugar would be 4.5 cents higher than the present New York spot price for raw sugar. However, this simply demonstrates the severe depression of sugar prices and bleak outlook for the producers of sugar. Even under the amendment the price today would be one half cent a pound below the average price of July a year ago and 5.8 cents below the price of July, 1975.

Q. How will the amendment affect jobs?

A. It will help preserve 27,000 union jobs, many of which likely will be lost if the current trend toward factory closures continues. Also, of course, there are many, many thousands more employees in the food and beverage processing industry—where sugar most often is an essential ingredient—whose jobs depend on reliable sugar supplies at reasonable prices. Without this amendment, thousands of farm workers, most of whom have no other marketable skills or ability to secure other employment, will be put out of work. And rural poverty and unemployment, even though they may not be visible to the millions of our cities are no less demoralizing, dehumanizing or demeaning than urban poverty and unemployment. The unemployment compensation and the welfare increase, required when massive numbers of people are no longer producing and being paid, will no doubt total to staggering amounts.

Q. How will the amendment affect farmers?

A. It will simply extend to the 15,000 farm families who grow sugar crops the treatment given to producers of other commodities who have come to expect to be able to regain at least the bare-bones cost of production. The amendment does not guarantee a profit.

Q. How about an International Sugar Agreement?

A. It appears the administration has decided to hang its hat on the concept of such an agreement although the prospects for an I.S.A. appear to be very dim at best. If an International Sugar Agreement should be reached and be ratified by the Senate it would pre-empt the amendment. Thus, there is no reason to reject this amendment on that account. In all candor, it does not seem likely an agreement can be reached. Julius Katz, Chief Negotiator for the State Department on an I.S.A. says only he "has hope." Privately he acknowledges that acceptance of this amendment by the House of Representatives would be a helpful tool in his negotiations because it demonstrates to our trading partners around the world that if they are not willing to get serious the United States is willing to take unilateral action rather than see the industry destroyed.

The de la Garza amendment just must pass, and your support is urged.

Mr. MOORE. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment offered by the gentleman from Texas (Mr. DE LA GARZA).

Mr. Chairman, I rise in very strong support of this amendment and I am cosponsor of this amendment for the Republican side of the aisle.

Mr. Chairman, no one yet in the debate yesterday, the day before, or today, or in "Dear Colleague" letters has said that sugar producers are not in trouble in this country today. They are in serious trouble to the point of being forced out of business. They have been now for several years, not just 1 year, but they have been in trouble for several years. The price of sugar had skyrocketed in 1975, but since that time it has been plummeting and is continuing to go lower. It is expected this year to perhaps go as low as 8 or 8½ cents a pound. In my State it costs 14.8 cents a pound to produce sugar, and no producer can stay in business and produce sugar at that loss for very long, and no consumer can reasonably be expected to buy sugar at that loss for very long. So we are in trouble.

The question then is why should the Congress of the United States take this time to consider passing this amendment to provide a program to help the sugar industry? I believe that there are four good reasons and I want to point them out to the Members.

First, we have programs to keep producers in business for almost every other agricultural commodity you can name. We have been taking them up and going through them one by one in this bill. There was one for sugar for 40 years, the Sugar Act. It expired in 1974. We have not had one since.

The second reason is that the United States produces only about one-half of the sugar we consume in this country. We are importing presently anywhere from 45 to 50 percent of our sugar. The interesting thing is, though, that we are getting that 45 to 50 percent of our sugar from only 10 percent of the available world supply, because almost every country which grows sugar consumes all it grows. The amount of sugar available in the world market is very small. Much of it is under special contract like between Cuba and the Soviet Union. So we really wind up with only 10 percent of the world's supply available for us to import. If we allow our sugar producers to go out of business, we will become totally dependent on this small 10 percent available supply of sugar produced by a small number of countries, and if that would not be the OPEC oil situation all over again, I do not know what is. How can we really and seriously permit that to happen? Prices to the consumer will surely rise if we double our imports from that small a supply and we will be at their mercy thereafter.

Third, sugar producers produce a commodity that the American people want. They are producers. In addition, they hire people. They hire about 18,500 in my State. They pay taxes. We are not talking about welfare, we are doing something here to keep producers producing so as to be able to pay taxes, to be able to keep people at work and to give the American consumers the goods they want and need.

Fourth and importantly, Mr. Chairman, we should pass this amendment because this is the only way we are going to help the sugar producers in time. There is not going to be a new sugar act passed in this Congress just as there was not one passed in the last Congress.

So we know it is not going to happen this time. The President's program is undesirable as it is a handout, and farmers do not want a handout. Legally we now learn it is questionable. It may be blocked in court. There may never be a penny paid. It is also expensive to the taxpayer. The money is going to have to come out of the Treasury to processors and down to the producers with nothing in return to the Government. The President's program is not anywhere near as desirable as is the program of this amendment.

The International Trade Agreement route is not going to work. It has already failed. It collapsed in May. Nobody has any reliable hope that we are going to negotiate a new one. We learn now that Cuba, one of the world's biggest sugar producers, is not going to show up at the sugar negotiations in September. How are we going to have an international meeting when one of the biggest growers is not going to be there? Any hope that we are going to work out an international agreement to take care of the sugar producers of this country is just a hope, and that is not what is going to keep this industry alive. Therefore, the only way and best way we are going to help sugar producers is by passing this amendment.

Now you will hear arguments that this matter has not been heard in committee. It has. The Committee on Agriculture last year had hearings on it and thoroughly discussed the problem. The International Trade Commission studied this matter for 6 months at great length, and came out with recommendations that something be done to limit the amount of imports coming into this country. As the gentleman from Texas (Mr. DE LA GARZA) said, that is exactly what we are after in this amendment, although we give a price support here, which might wind up in supporting the price of sugar from 14 to 17 cents, which is not much. That is not what we are after. We are after triggering section 22 of the Agricultural Adjustment Act of 1933.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

Does the 150 percent release price, that is, if the commodity is owned by the Government, apply in this case, or if the Government owns the commodity, can they release it at the loan rate, or are there restrictions on the price at which it

can be released? We are trying to find out here.

Mr. MOORE. I have been informed by counsel that the 140-percent release price does not apply.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Indiana.

Mr. FITHIAN. I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. FITHIAN, and by unanimous consent, Mr. MOORE was allowed to proceed for 1 additional minute.)

Mr. FITHIAN. If the gentleman will yield, did I understand my friend from Louisiana to say that the sugar growers have been in trouble for years?

Mr. MOORE. They have been in trouble for the last 2 years. They have had depressed prices. In 1975, the prices were very high. Since that time we had a depressed sugar market.

Mr. FITHIAN. I just wondered, if the cost of producing sugar is at 14 cents a pound, I was trying to figure the arithmetic in my own mind how they could be in trouble when sugar was selling for 60 cents a pound.

Mr. MOORE. Sugar sold for 60 cents a pound in 1975. They were not in trouble then but are now. Consumers were disturbed then and we are trying to solve that situation by seeing to it that we have an ample production of sugar domestically and not become more dependent on foreign supplies or we will see the price skyrocket like foreign oil.

Mr. LONG of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Louisiana.

Mr. LONG of Louisana. I thank the gentleman for yielding.

Would it be fair to say part of the reason the sugar went to 60 cents a pound, and the reason for all the wide fluctuations which occurred, is because of the Government's cutting itself out of the sugar program?

Mr. MOORE. I think there is no question that as a result of the Sugar Act's expiring sugar prices soared.

Mr. LONG of Louisiana. And this in turn resulted in over-production not only in the United States, but over the entire world, which has been a major source of the problem which exists today.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of this most important amendment.

Mr. Chairman, we had a Sugar Act in this country for about 30 years, and during that period of time sugar prices were stable. They provided a modestly fair and profitable return for farmers, but they also assured our domestic users of sugar in this country an abundant supply of likewise reasonably priced sugar.

As we just pointed out here earlier, when that act expired we saw our sugar price rise to as high as 65 cents. The fact is, only about 15 percent of the sugar produced in the world finds its way into the world market, which is highly volatile and subject to incredible price swings and fluctuations. When those prices reached those incredibly high levels, the consumers were hurt, and when they reach the disastrously levels that they are today the farmers are catastrophically affected.

I have a sugar beet-processing plant in my district, a $60 million plant which is considered to be one of the most efficient sugar-producing and processing plants in the world. Yet they are on the verge of bankruptcy and have not made a payment on their finance loan for almost 2 years, because of the disastrously low sugar prices.

I hope the committee will recognize the wisdom of the kind of amendment we have here before us, because it has the best of all worlds. Through a loan program we can save the taxpayers money and we can stabilize sugar prices in a way that will help both the farmers and the consumers. It is an excellent program and I urge the adoption of the amendment.

It will give us a good, workable, commonsense program for our 1977 and 1978 sugar crops.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, it is regrettable that we have not had a Sugar Act. It died a few years ago. We have suffered the consequences of not having the stabilizing effect of that law.

The situation now is desperate with the sugar growers. We have got to try to do something on a temporary basis to resolve some of the severe problems that are being encountered.

I rise in support of the gentleman's position and of the amendment.

AMENDMENT OFFERED BY MR. PHILLIP BURTON TO THE AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. PHILLIP BURTON. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIP BURTON to the amendment offered by Mr. DE LA GARZA: At the end of the de la Garza amendment add a proviso as follows: "The Secretary is authorized and directed to establish minimum wage rates for agricultural employees engaged in the production of sugar.".

Mr. PHILLIP BURTON. Mr. Chairman, the amendment is self-explanatory.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. PHILLIP BURTON. I yield to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, the amendment was drafted in order to take care of a very explicit situation. I appreciate the gentleman from California offering this amendment, because it complements my amendment. Certainly it was not our intention to exclude the working people who work in the sugar industry. I certainly endorse the gentleman's amendment.

Mr. JOHNSON of Colorado. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, we just received a copy of the amendment. I would like to discuss it with the author.

This says:

The Secretary is authorized and directed to establish minimum wage rates for agricultural employees engaged in the production of sugar.

Why is this necessary?

Mr. PHILLIP BURTON. I intended to do no more than was established under the Sugar Act.

Mr. JOHNSON of Colorado. Under the Sugar Act wage rates were set by the Secretary of Agriculture. They had a different proviso for payment.

Mr. PHILLIP BURTON. The sole intent of my amendment is to restore what was provided under the Sugar Act, no more or no less. It was not intended to reach beyond that and if it does—and I doubt it does—the conference can clear it up, because I do not intend it to go less than—nor beyond the Sugar Act.

Mr. JOHNSON of Colorado. I am glad the gentleman cleared that up. I do not think this accomplishes what was accomplished under the Sugar Act, because the Secretary used to go around and have hearings to decide what the rate should be and I think this is going to provide the minimum wage rate under the present law.

Mr. PHILLIP BURTON. No. I just want that wage and hour protection to workers that was provided in the Sugar Act to be restored and covered in this proposal, no more and no less.

Mr. JOHNSON of Colorado. Mr. Chairman, in response to the gentleman's answer to my question, I do not think this language does accomplish that. As far as I can tell, it just says that the Secretary is going to see that the minimum wage rate for agricultural employees is to be paid to sugar producers who are agricultural employees. It does not change the law one way or the other, so I have no reason to oppose the amendment, but I do not think it accomplishes anything.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. PHILLIP BURTON) to the amendment offered by the gentleman from Texas (Mr. DE LA GARZA).

The amendment to the amendment was agreed to.

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the de la Garza amendment.

Mr. Chairman, I join in supporting the amendment offered by the gentleman from Texas (Mr. DE LA GARZA). I commend him for seeking to include this language as a provision of the Agricultural Act of 1977.

The adoption of this amendment is essential to the survival of our domestic sugar industry. Otherwise, I see no way these producers can make it and stay in business. They have been struggling along for months under a depressed market which has their products selling far below the cost of production.

As the author of the amendment has explained, it would add sugar beets and sugarcane to the list of "designated nonbasic commodities" in section 201 of the Agricultural Act of 1949, in which act

price support at a minimum specified level is mandatory. That means that the producers of sugar beets and sugarcane would receive supports in the same manner now provided to milk and honey producers.

Lest consumers become unduly concerned about the price of sugar at the supermarket, let me say to you—and I am a consumer, too—the best protection we have in the marketplace is a viable domestic sugar industry.

If our sugar producers go broke, all of us will be like "sitting ducks" for an international sugar cartel, and what the OPEC countries have done to the price of oil, this cartel would do to sugar. The prices would soon be out of sight. Keep that in mind as we debate and vote on this amendment.

Mr. Chairman, in the absence of a program for sugar, those of us who represent areas producing sugar beets and/or sugarcane have been pressing over the last 2 years for action which would improve the price situation for our domestic producers. We sought an increase in the tariff on sugar imports and it was granted by President Ford. We also sought a reduction in the level of imports. Instead, an investigation was made by the U.S. International Trade Commission to determine the impact of imports upon the domestic market. The Commission reached the conclusion that the domestic industry was seriously threatened by foreign-subsidized sugar imported into the United States, and it recommended immediate administrative action to reduce the level of these imports.

The administration did not act to lower imports, but chose instead to offer a 2-cent per pound support payment as a means of making up the difference between the market price and the estimated cost of production. This proposal has been condemned and challenged by growers and processors who seek alternative solutions such as we are considering today.

The Department of Agriculture has estimated that it costs 13.5 cents—raw value—to produce a pound of sugar. The current market price is below 10 cents, so even with the administration's support payment, the producers would still be losing money.

Mr. Chairman, this is another example of why our farm economy is in serious trouble. For reasons beyond their control, our commodity producers are not being paid the cost of production in the marketplace. To the extent possible we must act to correct this imbalance. We can do this for our domestic sugar industry by attaching this amendment to the Agricultural Act of 1977. I heartily recommend the amendment's adoption.

AMENDMENT OFFERED BY MR. M'CORMACK TO THE AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. McCORMACK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK to the amendment offered by Mr. de la GARZA: On line 1 of subsection (d) of section 910 of the DE LA GARZA amendment, strike the words: "Effective with the 1977 crop the price of" and insert in lieu thereof the words: "The price of the 1977 and 1978 crops of".

Mr. McCORMACK. Mr. Chairman, I want everyone to understand that I am an enthusiastic supporter of the de la Garza amendment and that my amendment to it, to limit the support program to 2 years, is strictly a tactical amendment to improve the chances of passage. I propose that we limit the bill to 2 years, so that we have a better chance of passing the amendment.

Most people do not recognize the fact that Washington State is a sugar-producing area, but I have the largest sugar mill in the world in my congressional district. We have hundreds of small farmers raising sugar beets. This year, when we had a threatened shortage of water in the Yakima Valley, a large percentage of the sugar growers did not raise sugar beets. Many simply switched over to a different crop.

In the Columbia Basin, where many acres of sugar beets are raised, the price of alfalfa makes it a potential alternate crop. The simple fact is that if these farmers cannot break even on sugar beets they are not going to raise them. That is why the de la Garza amendment is so important and why I think we should all support it.

I do suggest, however, in support of the amendment I have submitted, that we should recognize that this is not an easy concept for many persons to understand. Putting this 2-year limit on the bill will give us a better opportunity to put the program into place. Therefore, I request support for my amendment.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I appreciate the gentleman yielding to me. I appreciate his interest in behalf of this amendment and the sugar industry. Under the circumstances and considering all of the forces that are coming into play, I would have no objection to accepting the amendment to the amendment at this time.

Mr. McCORMACK. I thank the gentleman for his support.

Mrs. FENWICK. Mr. Chairman, I move to strike the last word, and I rise in opposition to the de la Garza amendment. I will not take more than 2 minutes, but I would like to speak for consumers. I would like to read a short item from the Consumer Federation of America, an organization which we all know:

CFA acknowledges the very difficult circumstances of America's sugar farmers and farm workers. We cannot, however, support any attempt to manipulate market prices at consumers' expense without fully airing the issues before the appropriate Congressional committees. The 55 percent sugar price parity mechanism will raise imported sugar prices thus costing consumers in excess of $1 billion, an amount which will not benefit farmers. The 55 percent level is only a floor and the parity proposal will ultimately raise the price of an ordinary 10-pound bag of sugar by a minimum of 50 cents.

That would be the increased price. Yes, we must help the farmers but we must also think of the people in our cities and towns all across America who will be paying these extra prices.

Mr. McCORMACK. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. Yes; I yield.

Mr. McCORMACK. May I say to the gentlewoman that I completely sympathize with her concern for the consumer, but this amendment, if it can be characterized at all, is a consumer protection amendment.

Mrs. FENWICK. Everybody says that.

Mr. McCORMACK. Yes; because it is true. If I may explain, the reason sugar prices went through the roof in 1974 was because we were at the mercy of the international market. This amendment would probably prevent that in the future.

Mrs. FENWICK. If the gentleman will give me back my time, the problem happens to be that the consumer is not only at the mercy of the international markets. Now, we are putting them at the mercy of the Congress. Is it any better to pay an extra 50 cents per pound because Congress is making them do it than it is to pay it because of outside forces?

Mr. MICHEL. Mr. Chairman, will the gentlewoman yield?

Mr. MICHEL. I thank the gentleman from Illinois.

Mr. MICHEL. I thank the gentlewoman for yielding to me. I think she raises a question that deserves to be answered. If the world price is 8½ cents, and we are by this amendment going to support the price at 14½ cents, we have got a 5-cent spread. I hear arguments here that everybody is to gain from this amendment, the producers, the consumers, and the Government. I suspect for this to be the case there has to be another factor involved.

What happens? If the world price is 8½ cents and we are supporting it at 14 cents here at home, naturally the Government is going to take title to the sugar. What guarantee do we have that we do not have the taxpayers in the end footing an unconscionable bill for sugar that cannot move unless the Government has stepped in and subsidized it.

Is not the answer in some respect an import duty that forecloses that sugar which may be in abundant supply abroad from gravitating toward our domestic higher prices? In the absence of that, we have the taxpayers making up the difference.

Mr. HUCKABY. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Louisiana.

Mr. HUCKABY. I thank the gentlewoman for yielding.

The 8½-cent price is the world price of surplus sugar which is being dumped in the United States. The sugar grown in other countries of the world is selling in those countries at a price of around 14 or 15 cents. What we in America are doing is receiving surplus which cannot be disposed of. We have a unique opportunity today. There are not many chances when Congress can vote to pass legislation which is not going to cost the American taxpayer any money, which is going to help American farmers. It is going to save an industry. Most of all, it is a consumers' bill. Anyone can see

that within 2 years a cartel will be formed and we will be paying 70 cents or 80 cents for sugar, if action is not taken now.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I would like to point out that the gentlewoman has a legitimate objection. If we go back and review the history of sugar prices in the early part of this century, up until the 1930's, we will find that the sugar prices fluctuated all over the lot. They were 75 cents one year and a nickel the next. It was that kind of situation which led to the Sugar Act of the 1930's.

The CHAIRMAN. The time of the gentlewoman from New Jersey (Mrs. FENWICK) has expired.

(On request of Mr. JOHNSON of Colorado and by unanimous consent, Mrs. FENWICK was allowed to proceed for 1 additional minute.)

Mr. JOHNSON of Colorado. If the gentlewoman will yield further, now that we do not have a Sugar Act, and we have not had one for about 3 years, we are beginning to see that kind of pricing pattern and the resumption of sugar dumping. Without sugar legislation that protects domestic sugar producers, consumers are subjected to wildly fluctuating prices and unstable supplies. Consumers should support sugar legislation.

Mrs. FENWICK. And the poor consumer is getting hit every time. The foreign countries may be making sugar more expensive. But is there something better about having to pay 50 cents extra for 10 pounds of sugar because we took some action down here?

Mr. JOHNSON of Colorado. The consumers, it seems to me, have to be willing to pay to reimburse the man who produces it. If we look at the cost of production, it runs anywhere from 14 cents to 18 cents a pound. They have to be paid to produce it or we will not have sugar.

Mrs. FENWICK. We could buy it on the world market.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. MCCORMACK) to the amendment offered by the gentleman from Texas (Mr. DE LA GARZA).

The amendment to the amendment was agreed to.

Mr. LONG of Louisiana. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in active support of Mr. DE LA GARZA'S amendment. I helped put together the bipartisan geographically diverse support for this amendment. The Eighth Congressional District of Louisiana, which I am privileged to represent, is the most productive sugar-growing area of our State, with thousands of farmers, workers, and small businessmen dependent upon the industry for economic survival.

Sugar farmers are not crying wolf: My constituents are desperate, and congressional assistance is their last hope.

The plight of sugar farmers and producers is not the product of their own making. The dramatic decline in world sugar prices is the result, largely, of international overproduction, not of domestic overplanting. And it is difficult, if not impossible, to compete against foreign producers whose products are subsidized in international commerce in a variety of ways by their own governments.

Our domestic sugar industry can compete satisfactorily with the industries of other nations, even with the tremendous disparity in the costs of labor, supplies, and material. But we can compete effectively only when fair trade practices are employed by all producers.

We cannot compete against sugar deliberately dumped on the American market as an instrument of foreign policy by other countries. We cannot compete against sugar intentionally sold in America at prices below production to diminish another Nation's trade deficit. In short, we cannot compete in an international economic game whose rules are rigged against us and against free market competition.

Mr. Speaker, the plight of the sugar farmer is well known to knowledgeable Members of this House and to the administration. Our people have waited in vain for help that has been promised, but which has not come. The International Trade Commission, recognizing that our domestic industry was being crippled by artificially priced foreign supplies, recommended an adjustment in quotas from foreign sources. The President chose not to implement this recommendation. He chose, instead, a system of limited price supports which in some cases did not even cover costs of production. Even this program, inadequate as it would be, might provide some relief. Yet we are now informed that the Comptroller General has declared the program to be illegal.

Finally, we learned last month that negotiations to devise an equitable international sugar agreement have stalled, faltered, or failed.

Where does this leave the American grower? And where will it leave the American consumer when the domestic sugar industry has been destroyed. I submit that the answers are self-evident, and I urge and implore each Member to vote in favor of this amendment.

Mr. ANDREWS of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the da la Garza amendment to title IX, a proposal that seeks the same treatment for sugarcane and sugar beet growers as is now afforded milk and honey producers.

With the New York raw price for sugar now down around 10 cents, well below the cost of production, the plight of America's sugar farmers is well documented. It is recognized by not just the farmers themselves, but by the administration, by organized labor, by the consumers' federation and now the Congress has an opportunity to do something about it.

Everybody, of course, does not like the de la Garza amendment. The big, industrial users of sugar raised their prices in response to the high sugar prices of 1974–75, but they never lowered them when sugar went down and now they are racking up record profits. Some consumers think they are benefiting from depressed sugar prices, but if they take a look, they will realize that the high prices of 3 years ago were the result of a worldwide sugar shortage. This country is the third largest sugar producer in the world and if these depressed prices continue, our productive capacity will be destroyed and we will become totally dependent on the already formed international sugar cartel for every ton of this basic commodity we need. Prices will surely go out of sight.

The administration has indicated they will be responsive to the problems facing sugar producers. But their last effort—the 2 cent income support program—would not do the job if it were in place today—even if it was finally determined legal. Also, if the administration comes up with a responsive program that we can enact into law, the legislative history has been developed so that it can replace the amendment we are voting on today.

Others look to the successful negotiation of an International Sugar Agreement to solve this situation. As you all know, of course, if such an international pact is negotiated and ratified by the Senate, then it will have the force of a treaty and supersede this amendment.

What we are doing here today, then, is not barring future action on sugar by the Congress or the administration. We are simply giving sugar farmers the immediate assurance they need that their crops will earn the basic, rock-bottom costs of production, a price both farmers and consumers have a right to expect.

Pepsi Cola and Continental Bakeries want you to vote "no" on this amendment. Fifteen thousand sugar farmers, 27,500 union employees of sugar processors and thinking consumers who know what will happen if this country's sugar producing capacity is destroyed want you to vote "yes."

Mr. Chairman, I think the gentlewoman from New Jersey has raised a point which should be answered. I think that the consumers of this country today, in the case of sugar, have a choice. Does the consumer want to buy sugar from American producers, or does the consumer want to be totally dependent upon the capriciousness of foreign suppliers? It is about that simple. Let me state for just a moment that there is no Santa Claus. The Consumers Federation would have us believe that out in the great world beyond the boundaries of the United States, sugar is sold normally, for 8 cents or 7 cents or 9 cents. This is, I think, the impression that the gentlewoman has and the impression which others have raised. Let me point out that today the sugar farmer in Canada, the sugar grower who raises beets right across the boundary from sugar growers in my area, has a guaranteed price of $28.75 per ton. That is 20 cents a pound of refined sugar. That is 6 cents higher than we are trying to set for the U.S. producer.

The growers in Europe have a guaranteed price of $32 a ton. That is 25 cents on their consumer shelves.

Brazil, a Latin American country that exports sugar, guarantees 18 cents a pound. Trinidad gets 18 cents for its sales into the European Economic Community.

Now, then, what about this 8-cent price? That 8-cent price 4 years ago was 60 cents.

If a country such as Venezuela has a contract for x million tons of sugar at 25 cents into the European market, let us say, and they overproduce in 1 year, they have a 5-percent surplus, and they cannot store it. So they dump it. Then temporarily somebody gets a windfall. But if they do not produce that overage, boy, whoever has no contracted supply pays through the neck.

That is just what happened to the American consumer when we lost this sugar act protection for the consumer, and in that process we saw sugar prices go up to 60 cents. A bottle of Pepsi or a bottle of Coke went way up in price. I have not seen the price of a bottle of Pepsi come down; I have not seen the price of a candy bar come down. I have not seen many consumer items come down in price. However, I have seen, as my colleague, the gentleman from Minnesota, pointed out, a beet sugar factor in danger of being foreclosed, and I have seen 4 factories in Colorado shut down.

Today we are producing 50 percent of our sugar domestically, and that means we have to import 50 percent.

If we set this amendment in the bill, the Carter administration will do what it should have done a long time ago and go along with the recommendations of the Trade Commission to preclude the dumping of temporary distress stocks so we can maintain a strong, viable domestic industry to protect the American consumer.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding.

I think one concern of which consumers are always aware is how they are going to spend what is left from their pay envelopes after the Federal, State, and local governments have invaded their paychecks for taxes.

Everything has gone up in price. What they are looking for is an answer to their question: What will be left?

They are not concerned so much as to what is happening with consumers in other countries as they are trying to live right here in this country.

I am not being an advocate of the Carter administration. I do not stand here for that purpose, although I think this has been a wise decision of the President and the administration. I stand here because somebody ought to be talking about the consumer.

Mr. ANDREWS of North Dakota. Mr. Chairman, the interest of the consumer, if the gentlewoman will allow me to proceed, is better served by having a stable market supplied by American producers. The interest of our economy is better served in that way, because it helps our balance of payments situation. The $5 billion we spent for sugar in the last 2 or 3 years could far better have been spent for the oil that we cannot produce domestically, and the gentlewoman knows that.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, I appreciate the gentleman's yielding.

The point the gentleman from North Dakota (Mr. ANDREWS) is making to the gentlewoman from New Jersey (Mrs. FENWICK), who is attempting to make a point for the consuming public, is that a more orderly marketing of the commodity in many respects tends to stabilize the price. A stable price over a long period of time is much preferable to these wild gyrations up and down.

Mr. SEBELIUS. Mr. Chairman, I rise in strong support of the de la Garza amendment.

Mr. Chairman, I rise in support of the amendment offered by my colleague, Mr. DE LA GARZA. The simple fact is that today the U.S. sugar industry is on the verge of total collapse.

Sugar prices have gone from 65 cents to 9 cents a pound. Sugar beet and sugar cane farmers are being forced out of business because of their persistent losses. Sugar processing plants have been forced to close.

In my district, sugar beets have historically been an important crop. This current market collapse has adversely affected sugar beet growing to the extent that beet growers are switching acreage from beets to other crops such as wheat and feed grains. This compounds the problem of surpluses of these commodities and adds to the economic problem we are already experiencing within our farm economy in the high plains.

If we do not take appropriate action, we will experience additional plant closings, the elimination of jobs and a series of adverse economic impacts that will cause irreparable harm to this industry. The future of thousands of American farm families that produce both sugar beets and sugar cane, and the more than 20,000 union workers employed in this Nation's home-owned sugar processing plants is in jeopardy.

Let me emphasize our domestic industry is as efficient as any in the world and provides about 55 percent of our Nation's sugar supply. Without them, our consumers would be entirely at the mercy of foreign suppliers.

The present price problem is not the fault of the industry. After 6 months of investigation, the U.S. Trade Commission has determined that the domestic sugar-producing industry has or will suffer injury from increasing low-priced foreign sugar imports. Their recommendations, however, to reduce sugar imports from 7 million tons to approximately 4.3 million tons annually has been rejected by President Carter in favor of a proposed sugar price support program to be conducted through processors.

However, this proposed program has been denounced by all segments of the industry. It fails to respond equally to the interests and needs of producers, processors, industrial users, and consumers. The entire U.S. sugar-producing industry is in unanimous agreement that the situation is so grave that if the amendment offered by my colleague from Texas is not adopted, it will lead to the total collapse of our sugar processing industry.

This amendment would allow survival of the sugar industry in the United States by providing a price support level in the same manner as for products such as honey and milk. It is supported by all aspects of the sugar and sweetener industry, including sugar beet growers and processors, sugar cane growers and raw mill operators, corn sweetener producers, various farm organizations, and organized labor.

Mr. Chairman, the amendment offered by Mr. DE LA GARZA is in effect consumer insurance that will guarantee reliable sugar supplies at reasonable prices. This amendment will also directly affect the thousands of employees within the food and beverage processing industry where sugar is an essential ingredient. It will be of direct help to migrant workers. It will help alleviate rural poverty and unemployment. It will help preserve thousands of farm families. Let me also emphasize the amendment does not guarantee farmers a profit, but does give them the opportunity to recover some of their cost production.

I urge the passage of this amendment by my distinguished colleague from Texas.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Louisiana.

Mr. TREEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think it needs to be brought out that the cost of producing cane sugar in Louisiana, which is one of the larger sugar cane States—Louisiana and Florida producing most of the sugar cane—is about 17 cents per pound. The cost is actually moving higher than that, but the last study, made a year ago, showed 17 cents a pound. The world market in May of this year was just at 10 cents per pound. In other words, the cost of production is 7 cents per pound higher than the world market.

I realize that the sugar farmers made a good deal of money a couple of years ago when sugar prices went literally out of sight. Those of us who were trying to extend the Sugar Act in 1974 predicted that that would happen. We had a stabilized sugar industry in this country for many, many years because we had the Sugar Act which set up quotas for the foreign producers, requiring those producers to meet those quotas and thereby giving us a stabilized sugar market.

This Congress in its wisdom—or lack of it—decided not to extend that legislation which had been so helpful in stabilizing the market, so the prices went up and the farmers prospered.

But after that peak the price has come down, and all the predictions are that we will have a worldwide glut of sugar for many years to come.

So what do we have today? We have producers in sugar beet areas and producers in sugar cane areas who are getting less than the cost of production for their sugar.

Down in south Louisiana the growing of other crops is not really feasible. As one gets a little further north, one can perhaps grow soybeans, but in coastal Louisiana sugar is really the only feasible crop.

There is a tremendous investment in terms of equipment in the sugar mills and in the specialized equipment needed for farming sugar cane that cannot be utilized for other crops, even if the climate and the soil would permit other crops to be raised.

We have a lot of people employed in this industry, and many of them will become unemployed unless something is done.

The cost to this country of the enormous unemployment that will result from the abandonment of sugar farming is difficult to quantify, but it is clear that it will be substantial.

The amendment must be adopted.

Mr. TRAXLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in complete support of the amendment offered by my colleague from Texas (Mr. DE LA GARZA). There should be no doubt in the mind of any Member in this Chamber that foreign sugar has been dumped on the United States, and that this dumping has and will continue to force many American sugar beet and cane farmers and processors out of business.

The situation facing us is a very clear one. Either we want a domestic industry to produce our sugar, or we want to become just as dependent on foreign sources for sugar as we are for our oil. There is no way that the United States can survive if we allow ourselves to become dependent on foreign producers for any of our basic commodities. The American consumer needs to have a guaranteed supply of this very essential commodity, and our consumers deserve better than being the victims of the whims of some producer 8,000 miles away.

Many of those who would oppose a new sugar program say that we cannot enact a program while the United States is attempting to negotiate an international agreement, because any program here, in the opinion of these opponents, would jeopardize the success of the talks being conducted in Geneva. This fear is absolutely false.

Monday afternoon, with growers and processors from my district in Michigan and some growers from Hawaii, I met with Assistant Secretary of State Katz. Secretary Katz is the head of the U.S. negotiating team at these international sugar talks. He told us quite candidly that he has been attempting to tell many of the nations participating in this conference that, unless an international agreement is reached soon, the United States will take unilateral action to protect the domestic industry.

I asked him what he thought of the amendment before us today. While he was not voicing a policy of the administration, he said in his own personal view that the passage of this amendment would help the sugar negotiations. These other nations would see that the U.S. Congress has provided standby authority which would move to rectify the problem as soon as it could be determined that no agreement was in sight. This personal support came from the head of our sugar negotiating team 2 days before he was to resume talks at a working meeting with 15 nations in London.

This amendment provides an opportunity for American sugar beet and cane growers and processors to survive. It provides loans to these individuals which must be repaid to the Federal Government. No one can then claim that the Government is subsidizing one commodity at the expense of another, because this amendment would put sugar on an equal footing with all of our other basic commodities which have had such protection for years.

The amendment provides us with a viable national sugar program which can save the jobs of our 15,000 farm families and 30,000 workers in sugar processing plants.

Most importantly, this amendment creates a program which treats the entire sugar industry on an equal footing. As I have continued to review the President's price support program, I have seen that one intentional effect of the proposal is that it treats different classes of the sugar industry in different fashions. While the regulations say that no processor is to retain more than administrative expenses in passing on the support payment to growers, the plan fails to recognize that there are processors who also grow their own sugar, and processors who are parts of cooperatives that have the ability to share in the entire 2-cent-per-pound payment. This means that the independent processor, like Michigan Sugar Co. and Monitor Sugar Co. in my district, find themselves at a competitive disadvantage with these other processors who can use the larger payment for competitive purposes. No Federal program should give any segment of the industry an advantage over any other segment. We cannot afford to have the industry divided, or we will surely give our foreign competitors the chance they are looking for to further depress prices and drive our companies out of business.

I certainly hope that all of my colleagues will join me in this effort to save American jobs and eliminate our increasing dependency on foreign sources. I also would expect that my colleagues would consider the facts that are before us, and not some potentially false hopes.

Yesterday during the debate on the amendment offered by the gentleman from Illinois (Mr. FINDLEY) our colleague from Virginia (Mr. WAMPLER) read a wire story from the Commodity News Service that left the impression that USDA is going to institute a new type of deficiency payment program in which producers would be guaranteed a floor price of 13.5 cents per pound for their raw sugar. While such an effort would be a welcome one, I checked with various sources in the administration yesterday to determine exactly what kind of program was being implemented.

The answer was a simple but devastating one. The President has not approved any new sugar program. Various officials, including Secretary Bergland, attended a meeting on Wednesday at which alternative methods of providing a floor price for raw sugar were discussed. No commitment was made to use a specific program, but the philosophical commitment to the 13.5 cents per pound price was again emphasized.

During the course of the meeting, discussion centered around the development of a policy which was the least costly to the American consumer. The apparent sentiment at the meeting was that the use of a program similar to the 2-cent support program was the best option, provided the legality of the program could be established.

The press release from USDA was an attempt to demonstrate the philosophical commitment to a price floor to help American producers, and the official release did not in any way announce a specific program. In fact, no program will be announced until President Carter has an opportunity to review all of the options and make a decision. It is very important that everyone here understand that the President did not participate in the meeting on Wednesday.

I am fearful that we may be the victims of a "carrot on a stick" type program. We have well meaning officials holding out an attractive option to us, and while we look at that option, we run the risk of losing sight of the very certain option that we can deal with, the de la Garza proposal.

The opposition will argue that the program is very costly to the Federal Government. I would challenge them to demonstrate how a loan program can be more costly than a potential subsidy program which could cost well over $800 million annually.

The President says that he is committed to an international sugar agreement.

He does not want any program enacted that may jeopardize such an agreement. That goal is the same for every Member in this Chamber and for the entire sugar industry. But we cannot let the industry die while we wait for this agreement. We need an effective interim program, and we need it now!

The intent of the proposal is to create a domestic program which will last until the day that an international agreement is implemented. We are not talking about a long term, irrevocable sugar program. We are talking about the action that must be taken to save an important part of our agricultural economy.

Again, I urge all of you to vote "yes" on the de la Garza amendment.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have no illusions as to what the outcome of the committee action on this amendment will be. I have always been impressed, and never more so than today, with the effectiveness of sugar interests in this country, even though sugar is grown in a relatively few congressional districts. Sugar interests certainly can find the right nerve

centers in every congressional district of the country.

I think the enormous outpouring of support for this most unusual procedure today is clear evidence of that effectiveness.

But I hope the Members will realize what they are doing. I think some plain facts ought to be placed in the RECORD before the vote on this amendment occurs.

This amendment will put the U.S. Government massively in the sugar business—more so than ever was the case under the Sugar Act which expired about 3 years ago. The U.S. Government will be the buyer of sugar and the seller of sugar almost to a 100-percent degree.

If that is not a form of state trading, I do not know what is. We preach a lot about competitive markets. We preach a lot about private enterprise, and then without taking time for any consideration, we take up a measure like this, an amendment which has had the advantage of not one moment's consideration in any committee on either side of the capitol and we vote in with a big hurrah an amendment that goes exactly 180 degrees from a competitive market system which, I think we would all agree in our generalized rhetoric, is best for the consumer.

Mr. Chairman, this amendment has not had any consideration despite the fact that sugar has been on the front burner of public policy consideration since early this year. All of us know that the administration came forward with a rather unique proposal for direct payments to sugar producers, a circumvention of what the courts had interpreted the law to be; and the Comptroller General called a halt to it.

Early this year I urged that the committee take up the question of sugar policy. I do not know why we did not have hearings. I do not know why some proposals were not laid before the Committee on Agriculture. That is the place where consideration should begin.

Mr. Chairman, what is the attitude of the administration? The administration is opposed to the de la Garza amendment, and for very good and sound reasons. I do not suppose the attitude of the administration is going to influence too many votes here; but our concern is for our position in international negotiations which are in prospect in regard to the possibility of international sugar arrangements. Of course, this amendment will definitely impair the ability of the administration to negotiate.

That is not my principal reason for opposing the amendment. It would be far better if the committee did take up a proposal to rationalize the treatment of sugar as a commodity with the treatment we are giving the feed grains and cotton and rice and the other commodities. Let us set up a target-price system in which there is a loan arrangement for marketing convenience tied to a limited payment program to provide relief to producers during times of low prices. This would provide protection to individual producers and still allow the marketplace system to function. Instead, we are mandating a complicated sugar program which I am sure is going to rise to haunt us and make many of us regret our vote, which I assume will be cast today.

Mr. Chairman, this amendment will raise consumer prices, without any question, by about $1 billion a year. This amendment has a $1 billion price tag, an annual $1 billion price tag, for the U.S. consumer. I think it is worth pondering as we decide whether we are going to vote for or against the de la Garza amendment.

I can give the rationale, the reason, for that $1 billion figure; but it is well established by administration sources.

The Government cost of this amendment, of course, has not been budgeted; and a lot of us have voiced a lot of rhetoric in favor of the budget-control process. Here is an enormous new price tag, which may exceed $100 million on the budget process.

Therefore, Mr. Chairman, I hope my colleagues will give serious thought before they say "yes" on this most unfortunate, ill-considered amendment.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. FINDLEY) has expired.

(On request of Mr. WAMPLER and by unanimous consent, Mr. FINDLEY was allowed to proceed for 1 additional minute.)

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I share much of the concern that the gentleman from Illinois (Mr. FINDLEY) has expressed here today as he discussed the de la Garza amendment.

It is my intention, however, to vote for the de la Garza amendment, particularly since it has been amended and would apply only to the 1977–1978 crop.

The gentleman has estimated that if this amendment becomes law, it would cost the consumers of this country an estimated $1 billion. Could the gentleman give us any estimate of what he thinks it would cost the consumers if we failed to pass this amendment and were left at the mercy of imported sugar?

Mr. FINDLEY. In answer to the gentleman, Mr. Chairman, my expectation is that prices will continue for the next year or so pretty much as they are now or probably go up somewhat.

I will say to the gentleman that sugar producers in this country reaped a terrific bonanza just a very short period of time ago.

They were getting 40, 50, and 65 cents a pound, and surely they salted enough away in those rich years to tide themselves over a couple of lean years.

The CHAIRMAN. The time of the gentleman has expired.

(On the request of Mr. WAMPLER, and by unanimous consent, Mr. FINDLEY was allowed to proceed for 1 additional minute.)

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, does the gentleman from Illinois (Mr. FINDLEY) believe there would be a domestic sugar industry in another year unless we took some action of this kind?

Mr. FINDLEY. Yes, I am sure there will be. I am sure that the industry would be comforted by the price trend that I expect to see take effect in the absence of any legislation. I have confidence in the competitive marketplace. We can all rejoice that it has worked as well as it has in the sugar industry since the demise of the Sugar Act and if we give it a little more time the producer will be well served as will the consumer.

Mr. LATTA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I support this amendment because I believe it is needed. I served on the House Committee on Agriculture for three terms when I first came to Congress. I can well recall when we had a Sugar Act that worked. And I can well recall the time when this House defeated that Sugar Act. I believe that the House must now take part of the blame for the peaks and valleys we have suffered since that time in the price of sugar.

I will remember the arguments that were presented at that time, that the producers were reaping too much profit—the processors were reaping too much profit—and the consumers were paying too much for sugar. As a matter of fact, all three of these statements were in error. I can recall the prediction made on this floor by the gentleman from Texas (Mr. POAGE)—and, go back and check the RECORD and I am sure you will find his words to this effect:

If you don't renew this sugar act the price of sugar will go to 6 bits.

Seventy-five cents. And the escallating sugar prices which occurred in the future proved his prediction to be true almost to the penny.

And who suffered? Everybody suffered. The housewife suffered because she had to pay an exorbitant price. The producers suffered, the processors suffered, and friendly sugar-producing nations around the world, who were getting a little piece of the sugar allotment necessary in maintaining their own economies, suffered. This Sugar Act was good for our international relations because we permitted these little countries to have a part of it instead of giving them foreign aid. They were maintaining employment in their own countries by virtue of the Sugar Act. And best of all we had more or less a stable price for sugar and a guaranteed supply year after year.

I have spoken to the chairman of the House Committee on Agriculture, the gentleman from Washington (Mr. FOLEY) about doing something concerning renewing that Sugar Act so that we could once again have some stability in the sugar market and people, not only locally, but worldwide, could depend on it. The sooner the House Committee on Agriculture gets down to work on such a bill the sooner we will have that stability once again. We have nothing in sight at the moment to help our producers but the amendment offered by the gentleman from Texas (Mr. DE LA

GARZA, and we must support it. Hopefully we can get them headed down the road toward such a new Sugar Act. I also must say while I am speaking about "heading down the road" that I could not disagree more than I do with the statement mentioned on the floor the other day that we should have international agreements on farm commodities. That is the last thing I would want to see. It is the last thing our farmers want to see.

We hear talk about an international agreement on wheat. And why would I oppose that? Because we would tie the hands of our American farmers if we did that and he would have no reason to increase his productiveness. The American farmer can out produce any other agricultural producer in the world, and we must not tie his hands by some international agreement and say to the world that we are only going to produce x amount and export x amount? It would be absolutely wrong to do this and I hope the House Agriculture Committee will oppose such international agreements whenever they are proposed.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from California (Mr. SISK).

Mr. SISK. Mr. Chairman, I want to join my colleague, the gentleman from Ohio (Mr. LATTA), in support of the de la Garza amendment and I join in the comments the gentleman has made.

Mr. PANETTA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by my colleague from Texas (Mr. DE LA GARZA). It is obvious from all available information and from the statements offered here by my colleagues from sugar producing areas that our domestic sugar industry faces total destruction. The prices received for sugar have been below the cost of production ever since last summer. This situation simply cannot continue without destroying the American sugar industry. Furthermore, this fact has been recognized by the International Trade Commission and recently by the President in his proposed subsidy program.

I feel the real question today is whether or not Congress, itself, will choose to address this pressing problem. In light of the many questions that surround the President's proposal, including the matter of its legality, it is of utmost importance that the House act to establish a comprehensive program which will not be subject to the pressures of day-to-day politics. A price support program which is tied into the farm bill will provide our domestic industry with the type of financial security it so desperately needs. In addition, it will assure consumers a reliable source of supply for sugar without having to rely on the production of foreign producers.

It is essential that we demonstrate our support to our producers before prices fall any lower, therefore I urge my colleagues to support the de la Garza amendment and prove our commitment to this valuable sector of our economy.

Mr. LEGGETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to take this opportunity to express my support for the amendment offered by the gentleman from Texas, which would classify sugar beets and sugar cane as designated nonbasic commodities under the 1949 Agriculture Act. Such a designation would entitle producers of these commodities to a specified level of support through Federal loans and purchases.

Allow me to direct your attention for a moment to the disastrous situation our domestic sugar industry is now facing. While the cost of production, as stated by Secretary Bergland, is 13.5 cents per pound at minimum, domestic producers are receiving closer to 10.5 cents per pound in return. Moreover, foreign raw sugar arrives in this country, restriction free, at a price of 9.5 cents per pound. This disparity in prices is, of course, self-evident, and heralds the destruction of our domestic sugar industry should we not take action immediately.

In 1976, domestic production of sugar totaled almost 7 million tons, displacing roughly $1.2 billion in imports. With the current price of sugar running approximately 3 cents a pound below cost of production, it should be obvious that we are headed for a marked decrease in domestic production as producers are no longer able to compensate for rising costs. This loss of domestic production can be made up in only one way—an increase in importation, aggravating our negative balance of trade. Two years ago it was a rise in the world price of sugar that caused the unconscionable prices American consumers had to pay. As sure as bust follows boom this will happen again, and with fewer domestic producers to shield us the effect will be even worse.

Not only will we be forced to depend almost solely on sugar imports from foreign countries, but this will greatly increase our vulnerability to fluctuations in price and availability on the world market. No more than 15 percent of a producing country's sugar yield becomes available for exportation, creating a thin, volatile market, susceptible to control by OPEC-like international cartels. Reliance on such an unstable, monopolized market would pose a monstrous threat to the continued well-being of our food and beverage industries, which depend greatly on the availability of reasonably priced raw sugar. This, as well as inflated prices for sugar in the supermarket will lead to an undue hardship on the consumer. Mr. DE LA GARZA's proposal would prevent such an occurrence and help to alleviate our dependence on unpredictable foreign markets.

Passage of the amendment would also aid in stabilizing the precarious position of our small family farms involved in sugar beet and sugar cane production. Without the recommended support payments, the small farmer will be the first to experience economic ruin, or look for alternative crops in which to invest. We are already facing an unfortunate trend by younger farmers away from sugar beet production because of the tremendous risk involved in growing a crop for market at volatile world sugar prices in competition with substantial imports. Loss of these small farmers is a catastrophe which our sugar industry will hardly be able to tolerate.

For these reasons, I urge an aye vote on the amendment offered by Mr. DE LA GARZA. It is high time that sugar producers be afforded the same Federal support as is now enjoyed by producers of all other major crops. If we are to grant availability of Federal loans and purchases to soybean producers, as is included in the measure we are considering today, it is only logical that we should be willing to do the same for our stricken sugar industry. Without such assistance, we may have no sugar industry to speak of in the future.

Mr. STANGELAND. Mr. Chairman, I move to strike the last word, and I rise in favor of the de la Garza amendment.

I rise in support of the de la Garza amendment.

With the depressed price of sugar, it is extremely essential that we include sugar beets in this farm act. While inclusion may result in some increased cost to the taxpayer and to the consumer, failure to include sugar beets could spell the death knell for the sugar beet industry. The cost of this loss on our Nation's economy will be many times more damaging than the cost of including sugar beets in this act.

As the Congressman having the largest sugar beet acreage in my district of any other Congressman and as a former grower of sugar beets. I know firsthand the seriousness of the situation. For all the years that the old Sugar Act was in effect the price of sugar stayed constant with little or no fluctuation. Were we to lose our sugar beet industry our growers would have to turn to other crops already in surplus, at a cost to the taxpayer and the consumer. We would as well become highly dependent on foreign producers of sugar for our supply.

This in effect could put our consumers at the mercy of those producers, just as our Nation is dependent on the OPEC nations for our oil.

Therefore, it is in the best interest not only of the beet farmers but also the consumer, that this amendment should pass. The cost of production per acre of sugar beet will range from $240 per acre and up. This amendment would mean that at the lower level of 55 percent of parity, the price paid the farmer would be less in most cases than the break-even cost of production. The economic benefits of the sugar industry and the spin-off effects due to the high cost of inputs, benefits far more than just the sugar beet farmer.

This amendment could well stabilize the cost of sugar to our consumer just as the old sugar amendment stabilized the price for years. The argument is made that this amendment will upset the U.S. position in the International Trade Agreement. I have to disagree vehemently with this contention. We will fare far better in dealing with foreign producers if we show them that we are not going to abandon our domestic industry and allow them to dump their surplus production in this country.

Again, let me say that I rise in strong support of the de la Garza amendment.

Mr. SIKES. Mr. Chairman, there is general agreement that the need exists for a workable sugar program. There has not been one for U.S. sugar producers since January 1, 1975. I support the amendment of the distinguished gentleman from Texas (Mr. DE LA GARZA).

Currently, imports of foreign raw sugar account for approximately 45 percent of U.S. consumption. These imports, on which there are no restrictions, are arriving in the United States at 9.5 cents. Secretary Bergland has stated that the "rock bottom" cost of production for U.S. producers is 13.5 cents.

The result of these factors may be the complete destruction of the domestic sugar industry, unless Congress takes action to provide for support for the U.S. sugar beet and sugarcane producers in the same manner that other U.S. farmers are supported, that is, through Federal crop loans or purchases.

The destruction of the domestic industry, besides its economic impact on farmers, processors, and their employees, will make American consumers totally dependent on foreign sugar suppliers. About 75 percent of the world's sugar is consumed in its country of origin. Another 10 percent is traded under longstanding international agreements, such as the Cuban-Soviet Bloc pact. The remaining 15 percent, available for world trade and from which the United States obtains its supplies, is a thin, volatile market, susceptible to control by OPEC-like international cartels. Much of this country's food and beverage industry, where sugar is an essential ingredient, could be victimized along with consumers in general.

The sugar situation was thoroughly studied by the U.S. International Trade Commission during a 6-month investigation at the end of which, on March 17, 1977, the Commission concluded that the domestic industry was seriously threatened by foreign-subsidized sugar imported into the United States. The Commission recommended immediate administrative action to reduce the level of sugar imports, action the administration subsequently denied as this country was, at the time, in the midst of negotiations aimed at achieving an International Sugar Agreement.

At the same time, on May 4, 1977, President Carter proposed a 2-cents-per-pound support payment program for sugar producers in recognition of the fact that "a viable domestic sugar industry is vital to the economic well-being of the American people."

The administration's proposal, labeled as a "stop gap" measure pending negotiation of the International Agreement, did not anticipate the unsuccessful conclusion of these negotiations which ended on May 27. Nor did it anticipate events in the world sugar market which saw already depressed prices decline even further. Prices are now well below the level where the 2-cent payment could bring them up to the basic production costs in the United States, the goal of the proposed program.

For all practical purposes, negotiations for an International Sugar Agreement have completely broken down and the price has steadily declined since the conference adjourned.

The program as announced by the President has not helped sugar growers who are still selling sugar from 1976–77 crop. Market indications are for a further decline in sugar prices. At current market prices the authorized payment of 2 cents per pound would give processers less than 12 cents. The cost of production continues an upward spiral and is in excess of 16 cents per pound. I consider it essential that the House take the initiative in bringing about a more orderly situation in the sugar producing industry in this country.

Mr. BROWN of California. Mr. Chairman, I rise in support of my colleague Mr. DE LA GARZA's amendment to include sugar beets and sugarcane in the system of price supports afforded to milk and honey products. This is an important amendment. Sugar is one of the few commodities for which there is no domestic program yet it is an industry that is experiencing tremendous difficulties from foreign imports.

Imports of foreign raw sugar account for approximately 45 percent of U.S. consumption and are arriving at 9.5 cents per pound. Secretary Bergland has stated that the "rock bottom" cost of production for U.S. producers is 13.5 cents per pound yet due to the foreign imports the market price of sugar has dropped to below 10 cents. And the market price of sugar has been below the cost of production since late last summer. How long can we expect this to continue and still have a domestic sugar industry?

President Carter proposed a "stopgap" support payment program for sugar of up to 2 cents per pound pending the successful negotiation of an International Sugar Agreement. The proposal was not implemented and the International Sugar Agreement negotiations ended on May 27 without an agreement. The domestic sugar industry has been left without any hope for a solution to this problem unless we provide one in this bill.

Mr. DE LA GARZA'S amendment would help stabilize the sugar industry and help prevent the wild price fluctuations that this commodity has been experiencing since the expiration of the Sugar Act in 1974. Our imports are drawn from only 15 percent of the world's sugar production. The remainder of the world output is either consumed in the country of production or already committed in longstanding trade agreements such as the Cuba-Soviet pact. With such a small percentage available, it is no wonder that our domestic market is so violently affected by changes in supply and demand. A stable sugar market would help American farmers and processors and protect the jobs of some 4,000 factory workers and 25,000 farmworkers.

If we are to guarantee the continued existence of this domestic industry and protect our interests against the heavily subsidized foreign sugar industry we need to act favorably on Mr. DE LA GARZA'S amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. DE LA GARZA), as amended.

The question was taken; and on a division (demanded by Mr. FINDLEY) there were—ayes 81, noes 3.

So the amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. ROSE

Mr. ROSE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROSE: On page 52, line 5, insert the following:

STANDARD OF QUALITY

SEC. 910. Sec. 203(c) of the Agricultural Marketing Act of 1946 is amended by inserting immediately before the period at the end thereof the following semicolon: "; *Provided*, That within 30 days of enactment of the Agricultural Act of 1977, the Secretary of Agriculture shall by regulation adopt a Standard of Quality for ice cream which shall provide that ice cream shall contain at least 1.6 pounds of total solids to the gallon, and weighes not less than 4.5 pound to the gallon, and contains not less than 20% total milk solids, constituted of not less than 10% milkfat. In no case shall the content of milk solids not fat be less that 6%. They shall not, by weight, be more than 25% of the milk solids not fat. Only those products which meet the standard issued by the Secretary shall be able to bear a symbol thereon indicating that they meet the USDA standard for "ice cream." "

Mr. ROSE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ROGERS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ROGERS. Mr. Chairman, I make the point of order against the amendment offered by the gentleman from North Carolina on the following ground.

May I say the gentleman is certainly a gentleman. He was kind enough to advise me as to when he was offering the amendment. He has been most considerate and I wish to express my appreciation to the gentleman for his courtesy.

I make the point of order against the amendment offered by the gentleman from North Carolina (Mr. ROSE) on the ground that it is not germane to the bill under consideration and thus is in violation of rule XVI, clause 7

The gentleman's amendment is aimed at the Food and Drug Administration's proposed regulations which would change that agency's standard of identity for "ice cream" under the authority of section 401 of the Federal Food, Drug and Cosmetic Act.

FDA established a standard which limits to 25 percent the level of whole whey solids which can be used to meet the minimum level of nonfat milk solids and prohibits the use of casein to meet such level.

Casein is now permitted only after the minimum level has been met. FDA's proposed regulations permit the level to be

met by the use of any level of caseinates or whey solids based upon a minimum requirement for milk derived protein.

Knowing full well that any direct attempts to amend the proposed standard of identity would be nongermane, the gentleman now seeks instead to amend the Agricultural Marketing Act to provide that only products that meet statutory standards, as set forth in his amendment, could bear a symbol indicating that they meet a USDA standard for ice cream.

Now, I would base the point of order on three grounds.

First, it amends an act—the Agricultural Marketing Act of 1946—not otherwise amended by the bill, and thus is in violation of rule 16, clause 7. Three precedents support this ground. I cite the Chair's ruling on June 23, 1960, in which, to a bill amending the Agriculture Adjustment Acts of 1938 and 1949 to provide, in part, for market adjustment and price support programs for wheat and feed grains, an amendment to the Agricultural Adjustment Act of 1933 concerning the importation of agricultural products was ruled out as not germane.

On the same day, an amendment to the 1933 act to direct the President under certain conditions to consider an investigation into imports of specified agricultural products was likewise ruled not germane. These rulings are noted in Deschler's Procedure, chapter 28, section 33.5 and 33.7.

In addition, the point that I think is most important, on July 12, 1962, a point of order was raised to an amendment to an omnibus agricultural bill, just as this bill, a specific precedent from the same committee on the same type of legislation, seven particular laws amended in the particular section to which the amendment was offered—seven changes, there are only about three or four here—seven changes in those laws. The amendment which had been offered proposed changes in the Agricultural Marketing Agreement Act of 1937, which was not otherwise amended in the bill, just as this would be, exactly on point. The amendment was ruled not to be germane. (Deschler's Procedure, chapter 28, section 33.6.) I do not know of any point of order so much on point that I have ever read, even from the committee, even of the type in the bill.

Second. I would like to say, the proposed amendment does not relate to the title of the bill to which it is offered, nor to the bill as a whole.

The proposed amendment would add a new section to title IX of the bill, "Miscellaneous Commodity Provisions", amending the Agricultural Marketing Act of 1946 to direct the Secretary of Agriculture to adopt a standard of quality for ice cream and to prohibit ice cream which does not meet such standard from bearing, on its container, a symbol indicating that it meets the USDA standard for "ice cream."

The provisions of title IX of H.R. 7171 pertain to set-asides under the wheat, feed grains, and cotton programs; loan extensions and sales provisions for wheat and feed grains; a special grazing and hay program for wheat acreage; export sales of wheat, corn, grain sorghum, soybeans, oats, rye, barley, rice, flaxseed and cotton, farm storage facility loans, soybean price supports; reporting of export sales; restrictions on the importation of filberts, and a report by the Secretary of Agriculture on the use of bushels of wheat and feed grains and pounds of rice as the basis for assigning allotments to producers of such commodities. In no such instance, either directly or by inference, is the Secretary of Agriculture's authority to adopt standards of quality for agricultural products under 7 U.S.C. 1621 addressed by title IX or by the bill as a whole.

Furthermore, the title contains no reference to "ice cream", "dairy products," or the general class of "processed or manufactured products."

Now, previous rulings of the Chair support my contention, because the proposed amendment does not relate to the portion of the bill to which it is offered, nor to the bill as a whole. The proposed amendment is not germane.

I might point out also that on October 11, 1967, the Chair ruled that the subject matter of an amendment must relate to the portion of the bill to which it is offered. That ruling was confirmed again by the Chair on October 14, 1971. And finally, in September 1975, during a discussion of the Energy Conservation and Oil Policy Act of 1975, the Chair ruled that an amendment to title IV of the bill, energy conservation measures, one which would place quotas on petroleum imports from OPEC nations in order to control domestic consumption, was not germane to the title on the grounds that the title contained no specific imposition of general importing quotas on petroleum products.

A second amendment to the same title which would have provided a criminal penalty for the use of gasoline or diesel fuel for any school busing other than busing to the school nearest to the child's home was ruled not germane on the ground that title IV did not address the goal of conservation of energy through prohibitions on the use of fuel by individuals, and therefore was not germane to the fundamental purpose of the title.

So, Mr. Chairman, I would urge that the point of order be sustained, specifically on the identical situation as ruled upon in 1962.

The CHAIRMAN. Does the gentleman from North Carolina wish to be heard?

Mr. ROSE. I do, Mr. Chairman.

I would like first to say that this amendment is not directed, either directly or indirectly, at the Food and Drug Act. The Secretary of Agriculture, in the Agricultural Marketing Act of 1946, has been given the specific authority to develop standards of quality. The Secretary of HEW has the authority, under food and drug laws, to adopt standards of identity. Ice cream is defined by the standard of identity laws given by the Congress to the Department of Health, Education, and Welfare.

What this amendment attempts to do is direct, under its existing authority, the Secretary of Agriculture to develop, not a standard of identity, but a standard of quality for ice cream; a standard of quality that shall contain a certain percentage of nonfat milk solids.

The last line is the key: Only those products which meet the standard issued by the Secretary shall be able to bear a symbol thereon indicating that they meet the USDA standards of ice cream.

We are not tampering with Food and Drug authority to write the standards of identity for ice cream. We are merely saying that if manufacturers make ice cream according to current formula under the procedures to be written by the Secretary of Agriculture, that the Secretary can authorize those manufacturers to bear a symbol upon their labels or packages indicating that this ice cream meets USDA standards for ice cream.

My distinguished friend, the chairman of the subcommittee that has direct jurisdiction over the Food and Drug Administration, has cited Deschler's procedure, 33.5. I believe that this headnote is misleading, because I believe that if one were to carefully read that entire procedure, one would discover that this is not the actual, in fact, ruling in that case. But, I would base my main argument on section 28.51 of Deschler's procedure, which states:

To a portion of a bill amending several miscellaneous laws on a general subject—

And this is such a section—

an amendment to another law relating to that subject is germane. (120 Congressional Record 8508, 8509, 93rd Congress, 2nd Session, March 27, 1974.)

So I respectfully submit to the Chair that we are not overstepping our bounds from the agricultural act, that this amendment is germane to this bill. I urge that the point of order not be sustained.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from Florida makes a point of order against the amendment offered by the gentleman from North Carolina on the grounds that it is not germane to the bill or to the pending portion thereof.

The amendment would add to title IX of the bill, which contains miscellaneous commodity provisions, a new section requiring the Secretary of Agriculture to promulgate a Department of Agriculture standard for ice cream based on its contents, and to allow ice cream meeting that standard to bear a USDA symbol. The amendment would accomplish that purpose by amending the Agricultural Marketing Act of 1946, which is not amended by the bill but which authorizes the Secretary of Agriculture to promulgate food standards.

The gentleman from Florida has first argued that the amendment is not germane under the precedents because it amends a law not amended by the bill under consideration. The precedents do not bear out the assertion that an amendment is necessarily out of order if amending a law not mentioned in the bill. As indicated by "Deschler's Procedure," chapter 28, section 28.51, a title of a bill amending miscellaneous laws on a general subject may be broad enough to admit the offering of an amendment changing another law on that subject. The first two precedents

cited by the gentleman dealt with amendments, offered to agricultural price support bills, dealing with the importation of agricultural products, a subject not relevant to the bill under consideration and not entirely within the jurisdiction of the Committee on Agriculture. The third precedent cited by the gentleman involved an amendment to the Agricultural Marketing Act of 1937, not amended by the omnibus agriculture bill under consideration, requiring certain compensatory payments by food handlers to producers.

The basis of the Chair's ruling on that occasion, which is not reflected in the headnote in "Deschler's Procedure," chapter 28, section 26, section 33.6, was that the amendment was not germane to the title of the bill to which it was offered; and the Chair was not called upon to rule that the amendment was not relevant to the bill as a whole. On that occasion, the title of the bill under consideration contained commodity programs dealing with conventional authorities of the Secretary as to price supports and payments through the Commodity Credit Corporation, diverted acreage, acreage allotments, and marketing quotas and levels. The amendment, however, was intended to restore competition to the dairy market by requiring not the Secretary but handlers of dairy products to make compensatory payments to producers of milk, a regulatory authority not related to the provisions of the title under discussion.

The gentleman from Florida also argues that the amendment is germane neither to the subject matter nor to the fundamental purpose of title IX to which it is offered. The title does not appear to the Chair to have any single purpose or subject matter, dealing as it does with the authorities of the Secretary of Agriculture as to set-asides, loans and sales, grazing, export sales, price supports, importation, and an allotment study for various food commodities. Therefore, the addition of a new authority of the Secretary relative to the production or quality of food or the protection of agricultural producers is relevant to the broad question of the Secretary's authority contained in the title.

The Chair is aware of the concern of the gentleman from Florida that this amendment might in theory conflict with the powers and duties of other agencies of the U.S. Government. It is not, however, within the province of the Chair to rule upon the consistency of a proposed amendment with other authorities contained in law. The Chair would note that the amendment offered by the gentleman from North Carolina does not regulate the labeling or marketing of ice cream but only adds a specific emphasis to be followed by the Secretary in carrying out the discretionary authority he already has under law to promulgate quality standards for food products. The subject matter of the amendment being germane to the title under consideration, the Chair finds that couching the authority contained therein as an amendment to another law dealing with general authorities of the Secretary of Agriculture does not on that basis render it subject to a point of order.

For the reasons stated, the Chair overrules the point of order.

The Chair recognizes the gentleman from North Carolina (Mr. ROSE) in support of his amendment.

Mr. ROSE. Mr. Chairman, I would say to my colleagues in the House that we face a very serious problem in this country with respect to dairy products.

My distinguished friend, the gentleman from Florida, who has jurisdiction over the Food and Drug Administration, is completely aware of the standard of identity that has been proposed by FDA Administrator Dr. Kennedy that would allow the substitution of casein and whey solids for the present nonfat milk solids required to be used in ice cream.

I asked Dr. Kennedy, who appeared before our committee several weeks ago: "What is wrong with ice cream the way it is now?"

I do not believe he adequately answered my question.

I say to my friends in the House that in this agriculture bill we cannot deal with the standards of identity that Dr. Kennedy is proposing, but we can tell Secretary Bergland something, if he finds that ice cream is made in this way with this percentage of nonfat milk solids. And I can assure my colleagues that the definition in this amendment is the same as the FDA definition of ice cream is today before the proposed regulations go into effect.

We are telling Mr. Bergland, "If you find that ice cream is made in this manner, you can allow the manufacturers to put the USDA seal of approval on ice cream made according to these standards."

The Members may ask: What is casein, and what are whey solids?

When we put nondiary creamer in our coffee, we are basically drinking casein.

How can we say that when we put casein into coffee, we have to call it nondairy creamer, but when it is used in ice cream, we do not have to call it nondairy ice cream?

Some of my friends have asked me, "What is whey? What is casein?" I say to them, "It is the same thing to the dairy business as sawdust is to the lumber business." It is a part of the industry, but it is not the part they are in the business to sell.

Mr. Chairman, I urge my colleagues to support this simple amendment to put this language in the bill and to send a message to the consumers of this country that USDA will put its stamp of approval on ice cream that is manufactured as it has been for the last 10 years and does not contain chemicals that have been imported from foreign countries. Casein is not manufactured in this country; it would have to be imported.

If casein and whey solids were used in ice cream, it could displace 400 million pounds of powdered milk that go into ice cream now in this country every year. I do not have to tell the Members what that displaced market would do to the dairy price support program.

Mr. BALDUS. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Minnesota.

Mr. BALDUS. Mr. Chairman, I wish to commend the chairman of the subcommittee for bringing forth this amendment. I think it will be beneficial.

I know that the gentleman likes ice cream, and I know that he has the interests of both the dairy industry and the consumer at heart.

Mr. ROSE. Mr. Chairman, I thank the gentleman.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Indiana.

Mr. FITHIAN. Mr. Chairman, I thank the gentleman for yielding.

I rise in very strong support of this amendment and thank the gentleman for offering it.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, I thank the gentleman for yielding, and I rise in very strong support of his amendment.

The dairy industry has gone through numerous trials and tribulations, most of which have been caused by the Federal Government in allowing tremendous amounts of foreign dairy products to flood this country.

It is necessary that we take this action. Past actions of the FDA have dealt a blow to the dairy farm industry. I have been working on this problem and contacting the FDA, and I find there is no way to solve it except by adopting the gentleman's amendment.

Mr. Chairman, I agree completely with what the gentleman from North Carolina (Mr. ROSE) has said.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, this is a wonderful amendment. One line in the amendment alone is going to mean much to consumers, and that is the language which reads:

. . . and weighs not less than 4.5 pounds to the gallon.

Ice cream is a Sunday treat to the families of our Nation.

Too much air has been whipped into our ice cream, and these changes will be of real value to the consumer.

Mr. ROSE. Mr. Chairman, I thank the gentlewoman from New Jersey.

Mr. LEDERER. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Pennsylvania.

Mr. LEDERER. Mr. Chairman, the gentleman from North Carolina (Mr. ROSE) just announced hearings on August 2 before the Subcommittee on Dairy and Poultry with respect to ice cream.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. ROSE) has expired.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from New York (Mr. RICHMOND) is recognized for 5 minutes.

Mr. RICHMOND. Mr. Chairman, just to answer the gentleman's question, yes, the distinguished chairman of the Subcommittee on Dairy and Poultry and our own Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition have scheduled hearings on ice cream early in August.

Mr. Chairman, I would like to commend the distinguished chairman of the Subcommittee on Dairy and Poultry for this outstanding stand that he is taking toward improving the quality of food in America.

For years now we have been seeing more and more junk foods, more and more packaged foods, and more and more foods that are filled with chemicals on the shelves of our supermarkets. I think this is one of the first times that we have seen the Congress actually mandating better quality food for the American people.

Mr. Chairman, I endorse the gentleman's amendment, and want to commend him for his efforts in setting proper basic standards for ice cream.

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Chairman, I just want to point out that I do not know that it is well for us to get into establishing two standards that can be confusing to the American public. I realize that this is voluntary, but I think it could be troublesome. I am not sure that it is well to write into the law particular standards because there may be some reason to change them, and then it becomes difficult.

Mr. Chairman, I understand the problem, and I am sympathetic to it. I just think the amendment has potential for harm. I realize that it will probably pass, but I want to say this, that proceedings under the Food and Drug law are still going on. It has not yet been decided. This is premature until at least some decision is made. The decision may come out exactly on point here, first of all.

Second, this committee has held no hearings on this matter; and it has just been announced that they plan to hold hearings in August, when they plan to go into this whole matter. Consequently, I just want to say that I think in trying to do good, we may be acting a little rapidly. I think we should wait until action is taken by the Food and Drug Administration. I think we should wait until hearings have been held by the committee, and I think it is not a wise idea basically to have two standards on food products for the American public.

Mr. RICHMOND. Mr. Chairman, I thank the gentleman from Florida (Mr. ROGERS).

However, I would like to say that the gentleman from North Carolina's amendment clearly sets one single standard for USDA approved ice cream. We all know the quality of ice cream in America has declined radically during recent years.

Mr. Chairman, I think this amendment is a fine one, which, once and for all, will mandate certain basic contents in ice cream. All Americans know the quality of ice cream varies in the United States. Some ice cream is excellent. However, the quality goes down to the point where some ice cream is nothing but frozen sugar, water, and chemicals.

Mr. Chairman, I think this amendment, once and for all, mandates that a manufacturer cannot have the USDA seal of approval on its ice cream unless it contains reasonable amounts of basic dairy products.

Mr. ROGERS. If the gentleman will yield further, Mr. Chairman, I understand that, and I like good ice cream myself.

Mr. RICHMOND. Let us all remember the millions of pounds of dried milk we have in storage.

Mr. ROGERS. Surely. All I am saying is that the Food and Drug Administration has not made a decision on this matter yet, so it is premature.

Mr. RICHMOND. I think the gentleman from North Carolina (Mr. ROSE) is taking a great step forward in urging the Food and Drug Administration to improve many of its standards on the food that we Americans eat.

Mr. ROGERS. May I say that this does not affect any action by the Food and Drug Administration. It simply goes to another standard that will be placed on ice cream so that we will have two standards, perhaps.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment. It is all we can do. Granted, it is not what we would like to do, but it does have two benefits. One, it does establish what quality ice cream we should have. More than that, it sends a message not only to the Food and Drug Administration, but it sends a message to our State Department; and that is probably where the message must go, as well as to the Food and Drug Administration, because we have a serious problem, a problem not only for consumers, but also for taxpayers.

Mr. Chairman, the problem is simply this—and it has been explained—that foreign governments, the European Community in particular, are being allowed to import casein into this country at lower prices than it would cost them to produce it without the vast subsidization that goes on in these foreign countries.

Casein is coming in now and that is presenting a problem. It is being used in ice cream. It is being used and purchased to replace the products of our dairy farmers. If we do not get the message to them and if we do not change the definition which is presently in our GATT agreements, on casein, which is a "chemical' when it crosses the border and a dairy product overseas and a dairy product after it crosses the border, but it is allowed to be imported as a chemical and it is injurious to us in different ways.

The real problem is that casein, a constituant of milk, has for an extended period of time successfully eluded our dairy import quotas. This is accomplished by the addition of sodium or other chemicals to casein thus allowing it to become a chemically classified compound casein, a highly subsidized dairy product in foreign countries, would under proposed ice cream formula changes displace nearly 400 million pounds of American produced nonfat dry milk. The projected cost to the Commodity Credit Corporation would be $300 million annually. Proponents of the proposed new standards indicated a consumer savings of 5 cents per half gallon of ice cream, however, the $300 million annual cost to CCC was not part of their calculation. The next result would actually be an increased cost to the American taxpayer. More importantly this increased cost would be a subsidy to the European farmer.

Another point I wish to make is that continued efforts must be made to increase the use of whey in ice cream and other products. Certain representatives of the dairy industry appear to want to depress its use. We cannot put one segment of our industry against another. The Environmental Protection Agency has served notice that whey can no longer be a part of runoff into our Nation's waters. Many new facilities and much research have been developed to assist with the whey problem. In view of the facts that cheese consumption is steadily increasing the whey problem will not lessen. Whey is an excellent domestically produced product which should be used prior to any importation of casein.

I have some concern about the possible consumer confusion which might accompany two separate definitions for ice cream. The definition in the amendment is somewhat different from that in the present FDA Standards of Identity and certainly would be different from that in the proposed standard.

The whole problem could be addressed best in a hearing by the FDA Commissioner in their hearing procedures.

The definition in the amendment differs from that in the existing standards by requiring more nonfat solids and butterfat in flavored ice creams. Presently the standard permits ice cream containing bulky flavors to contain 8-percent milk fat and 8-percent nonfat solids compared to 10 percent in the amendment. I understand that very little of the ice cream presently manufactured could obtain the seal of quality.

But the main purpose of this amendment is to send this message to them, the Department of State and FDA. It is a very important message, a message from the dairy farmers, a message from the consumers, a message from the taxpayers, and I hope the Members will support this amendment.

Mr. LEDERER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I represent a district in Philadelphia that at one time, and indeed today, is the ice cream capital of the world.

I believe the amendment is meritorious, but I cannot see why the gentleman

from North Carolina (Mr. ROSE) is bringing it up now when in August, August 2, he said there will be a hearing to deal with this and similar aspects of this amendment.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. LEDERER. I yield to the gentleman from North Carolina.

Mr. ROSE. Mr. Chairman, I thank the gentleman for yielding. May I say to my colleague, the gentleman from Pennsylvania (Mr. LEDERER), that we will have hearings on August 2 about the regulatory process and the comparisons of ice creams that have been manufactured with casein and whey solids, to show the people there the difference between ice cream that is so made and ice cream that is manufactured with milk fat solids.

We have already held hearings, I would say to my colleague, about the particular problem of casein. The unanimous decision of the members of our subcommittee was that this was the action that we should take.

I repeat, we will have a hearing on August 2, but we have already held 3 days of hearings on this in May.

Mr. LEDERER. Mr. Chairman, will the gentleman from North Carolina (Mr. ROSE) please tell me would a delay affect this amendment? Can we not bring it up at another time?

Mr. ROSE. A delay would probably end this amendment for 4 years because this is a 4-year farm bill, and I am not sure that we are going to have a vehicle up that is ready and available to make this selection for the Secretary of Agriculture. We are not changing the identity of the ice cream from those already set forth, we are simply saying in this amendment that when you see the USDA approved sign on that ice cream you will know that it has been made in accordance with a strict set of rules containing certain percentages of milk solids, and we think that is important.

Mr. LEDERER. Mr. Chairman, I thank the gentleman from North Carolina (Mr. ROSE) for his explanation and I withdraw my objection.

Mr. VOLKMER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just want briefly to say that I wholeheartedly support the amendment of the gentleman from North Carolina (Mr. ROSE). I disagree with the gentleman from Florida. I believe that this amendment is in a proper place here in the agriculture bill and that the view that the FDA is being studied, and its operation is being studied elsewhere, should not deter us in any way from adopting this amendment which applies directly to a farm commodity, to wit, milk and the use of milk in wholesome food. Therefore, I support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. ROSE).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 363, noes 11, not voting 59, as follows:

[Roll No. 452]

AYES—363

Abdnor	Drinan	Leggett
Akaka	Duncan, Tenn.	Lehman
Alexander	Eckhardt	Lent
Allen	Edgar	Levitas
Ambro	Edwards, Ala.	Lloyd, Calif.
Ammerman	Edwards, Calif.	Lloyd, Tenn.
Anderson, Calif.	Edwards, Okla.	Long, La.
Anderson, Ill.	Eilberg	Long, Md.
Andrews, N.C.	Emery	Lott
Andrews, N. Dak.	English	Luken
Annunzio	Erlenborn	Lundine
Applegate	Ertel	McClory
Archer	Evans, Colo.	McCloskey
Armstrong	Evans, Del.	McCormack
Ashbrook	Evans, Ga.	McDade
Aspin	Evans, Ind.	McDonald
AuCoin	Fary	McFall
Bafalis	Fascell	McHugh
Baldus	Fenwick	McKay
Barnard	Findley	Maguire
Bauman	Fish	Mahon
Beard, R.I.	Fisher	Mann
Beard, Tenn.	Fithian	Markey
Bedell	Flood	Marks
Beilenson	Florio	Marlenee
Benjamin	Flowers	Marriott
Bennett	Flynt	Martin
Bevill	Foley	Mathis
Biaggi	Ford, Tenn.	Mattox
Bingham	Fountain	Mazzoli
Blanchard	Fraser	Meeds
Blouin	Fuqua	Meyner
Boland	Gephardt	Michel
Bolling	Gilman	Mikulski
Bonior	Ginn	Milford
Bonker	Glickman	Miller, Calif.
Bowen	Goldwater	Miller, Ohio
Breaux	Gonzalez	Mineta
Breckinridge	Goodling	Minish
Brinkley	Gore	Mitchell, Md.
Brodhead	Gradison	Mitchell, N.Y.
Brooks	Grassley	Moffett
Broomfield	Gudger	Mollohan
Brown, Calif.	Guyer	Moore
Brown, Mich.	Hagedorn	Moorhead, Calif.
Brown, Ohio	Hall	Moorhead, Pa.
Broyhill	Hamilton	Moss
Buchanan	Hammer-schmidt	Murphy, Ill.
Burgener	Hanley	Murphy, Pa.
Burke, Calif.	Hannaford	Myers, John
Burke, Fla.	Hansen	Myers, Michael
Burleson, Tex.	Harkin	Natcher
Burlison, Mo.	Harsha	Neal
Burton, John	Hawkins	Nedzi
Burton, Phillip	Heckler	Nix
Butler	Hefner	Nolan
Caputo	Heftel	Nowak
Carr	Hightower	O'Brien
Carter	Hillis	Oakar
Cavanaugh	Hollenbeck	Oberstar
Cederberg	Holt	Obey
Chappell	Holtzman	Ottinger
Clawson, Del	Howard	Panetta
Clay	Hubbard	Patten
Cochran	Huckaby	Patterson
Cohen	Hyde	Pattison
Coleman	Ichord	Pease
Collins, Ill.	Ireland	Pepper
Collins, Tex.	Jacobs	Perkins
Conable	Jeffords	Pettis
Conte	Jenkins	Pickle
Conyers	Jenrette	Pike
Corcoran	Johnson, Calif.	Poage
Corman	Johnson, Colo.	Pressler
Cornell	Jones, N.C.	Preyer
Cornwell	Jones, Okla.	Price
Coughlin	Jones, Tenn.	Pritchard
D'Amours	Jordan	Pursell
Daniel, Dan	Kasten	Quayle
Daniel, R. W.	Kastenmeier	Quie
Danielson	Kazen	Rahall
Davis	Kelly	Railsback
de la Garza	Kemp	Rangel
Delaney	Ketchum	Regula
Dellums	Keys	Reuss
Derrick	Kildee	Richmond
Derwinski	Kindness	Rinaldo
Devine	Kostmayer	Risenhoover
Dicks	Krebs	Roberts
Diggs	LaFalce	Robinson
Dingell	Lagomarsino	Rodino
Dodd	Latta	Roe
Dornan	Le Fante	Roncalio
Downey	Leach	Rooney
	Lederer	Rose
Rostenkowski	Stanton	Walker
Rousselot	Steed	Wampler
Roybal	Steers	Watkins
Rudd	Steiger	Waxman
Russo	Stockman	Weaver
Ryan	Stokes	Weiss
Sarasin	Stratton	Whalen
Sawyer	Studds	White
Scheuer	Stump	Whitehurst
Schroeder	Symms	Whitley
Sebelius	Taylor	Whitten
Seiberling	Thompson	Wiggins
Sharp	Thone	Wilson, Bob
Shuster	Thornton	Wilson, C. H.
Simon	Traxler	Wilson, Tex.
Sisk	Treen	Winn
Skelton	Trible	Wirth
Skubitz	Tsongas	Wright
Slack	Tucker	Wydler
Smith, Iowa	Ullman	Wylie
Smith, Nebr.	Van Deerlin	Yatron
Snyder	Vander Jagt	Young, Alaska
Solarz	Vanik	Young, Mo.
Spellman	Vento	Young, Tex.
Spence	Volkmer	Zablocki
Staggers	Waggonner	
Stangeland	Walgren	

NOES—11

Forsythe	Hughes	Rogers
Giaimo	Mikva	Satterfield
Gibbons	Myers, Gary	Yates
Harris	Nichols	

NOT VOTING—59

Addabbo	Early	Mottl
Ashley	Flippo	Murphy, N.Y.
Badham	Ford, Mich.	Murtha
Badillo	Fowler	Quillen
Baucus	Frenzel	Rhodes
Boggs	Frey	Rosenthal
Brademas	Gammage	Runnels
Burke, Mass.	Gaydos	Ruppe
Byron	Harrington	Santini
Carney	Holland	Schulze
Chisholm	Horton	Shipley
Clausen, Don H.	Koch	Sikes
Cleveland	Krueger	St Germain
Cotter	Lujan	Stark
Crane	McEwen	Teague
Cunningham	McKinney	Udall
Dent	Madigan	Walsh
Dickinson	Metcalfe	Wolff
Duncan, Oreg.	Moakley	Young, Fla.
	Montgomery	Zeferetti

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOLEY: Page 52, immediately after line 4, insert the following:

"SET-ASIDE OF NORMALLY PLANTED ACREAGE

"SEC. 911. Notwithstanding any other provision of law, whenever a set-aside is in effect for one or more of the 1978 through 1981 crops of wheat, feed grains, upland cotton and rice, the Secretary may require as a condition of eligibility for loans, purchases and payments that the acreage normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers, shall be reduced by the acreage of set-aside or diversion."

Mr. FOLEY. Mr. Chairman, this amendment would give the Secretary authority to require a reduction in acreage normally planted to crops whenever a set-aside or diversion program is in effect, and require compliance with the provisions of the set-aside program to be eligible for benefits under any other program crop. Program crops are wheat, feed grains, cotton and rice.

In an analysis made by a department of the General Accounting Office of set-asides during 1971 to 1973, it revealed that when the planted acreage was reduced by an amount less than the set-

aside, that the requirement was totally ineffective. Farmers managed to comply with set-aside requirements without reducing total crop acreage by required amounts.

This amendment is, therefore, desirable from the standpoint of effective administration. It is strongly supported by the Department of Agriculture, and I urge its adoption.

A letter I received from the Department of Agriculture reads as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 22, 1977.

Hon. THOMAS S. FOLEY,
Chairman, House Agriculture Committee,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The Administration urges adoption of an amendment to H.R. 7171 (lines 10 and 11–17, page 14) which would permit the Secretary of Agriculture to require a reduction in acreage normally planted to crops whenever a set-aside or diversion program is in effect, and require compliance with the provisions of a set-aside program to be eligible for the benefits under any other program crop. Program crops are wheat, feed grains, cotton and rice. This amendment would permit the Secretary to require that the total acreage of crops be reduced by the amount of set-aside or diversion. This would make it possible to keep the agricultural plant in balance in a much more effective manner than under current provisions. The only alternative under current provisions is to limit the acreage of an individual crop for which set-aside is required. Rather than dictate what farmers can grow crop by crop, the Administration prefers to permit the nation's farmers to decide what to plant on crop acreage that is not set-aside. This amendment then gives farmers the greatest possible flexibility in deciding how to use the acreage not set aside or diverted.

Analyses made by the Department and the General Accounting Office of set-aside programs in effect during 1971–73 revealed that the acreage was reduced by an amount less than the set-aside or diversion and that the requirement was totally ineffective in numerous cases. Farmers managed to comply with set-aside requirements without reducing their total crop acreage by the required amount. The suggested language is necessary to correct this abuse. It will also provide flexibility to adopt the supply control program to meet changing conditions. Events during 1973–77, when we produced both shortages and surpluses, show this is necessary.

The amendment is therefore desirable both from the standpoint of effective program administration (remembering that compliance is not mandatory; these are voluntary programs) and for giving farmers the freedom to choose the crops which they can grow best.

Sincerely,

BOB BERGLAND, *Secretary.*

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Page 44, strike out lines 22 through 24; page 45, strike out lines 1 through 24; page 46, strike out lines 1 through 19, and insert in lieu thereof the following:

"SEC. 109. (a) Notwithstanding the provisions of any other law, the Secretary of Agriculture shall establish, maintain, and dispose of a separate reserve of wheat, corn, and other enumerated feed grains through storage contracts with producers as described in this section and in accordance with the provisions of this Act. Such reserves shall be no less than twenty-five million tons nor more than thirty-five million tons: *Provided,* (i) That such maximum amount may be adjusted by the Secretary as required to meet such commitments as may be assumed by the United States pursuant to an international agreement containing provisions relating to grain reserves; (ii) that the Secretary is authorized to proportion reserve stocks of grain to correspond to usual marketing demands; and (iii) that the aforementioned totals and proportions of stocks are to be considered norms or averages and shall not prohibit the accumulation or release of stocks as authorized under other provisions of this section. The Secretary shall not charge interest on a loan on grain held by a producer in such reserve.

"(b) The reserve shall be constituted by offering to producers who have eligible commodities under a Commodity Credit Corporation loan or purchase agreement an opportunity to enter into a storage agreement of not less than three nor more than five years, and by providing for storage payments to producers of such amounts as the Secretary determines appropriate to cover the cost of storing the commodities held under these agreements. The grain initially stored under a producers storage contract shall have been produced by the producer and stored at his expense for the first eight months of the marketing year in which it was produced. Such producer agreements shall permit producers to cancel the agreement or redeem the commodity held under the terms of this section during such periods as the Secretary determines that the market price for that commodity exceeds 140 per centum of the then current loan rate for such commodity, and payments for storage shall cease during these same periods. The Secretary shall establish interest and storage penalties, sufficient to offset any advantages which might accrue to producers due to premature redemption of loans (that is, redemption which occurs when the Secretary has determined the market price equals or is below 140 per centum of the then current loan rate), or any other actions in violation of the terms of this subsection.

"(c) Storage contracts made under provisions of this Act shall contain a provision permitting cancellation by the Secretary of storage agreements, and cancellation of any Commodity Credit Corporation loans made under provisions of this section at such time as the Secretary determines that the market price for the commodity exceeds the higher of the following:

"(1) 165 per centum of the then current loan rate for that commodity, or

"(2) 130 per centum of the average market price for the preceding three marketing years.

Provided, however, That the quantity of the commodity covered by such cancellations shall be limited to the net quantities by which estimated domestic consumption and exports exceed estimated domestic production, imports, and carryovers for the marketing year.

"(d) The Secretary may, at his option, reconcentrate all grains stored in commercial warehouses at such points as he deems to be in the public interest, taking into account factors including transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment. In the event of failure to cover his commitment with either the quantity or quality of grain specified, the holding producer shall be required to reimburse the government for any deficiencies in value and the holding warehouseman shall pay twice the amount of any such deficiencies in value.

"(e) The net additional quantity of any commodity covered by such long-term storage contracts under this section in any marketing year shall not exceed the lesser of the following:

"(1) the net additional estimated total carryover in excess of normal for the marketing year; or

"(2) the amount the maximum reserve inventory determined for the given commodity in subsection (a) above exceeds the total stocks of such commodity held in the reserve at the beginning of the marketing year.

"(f) Except as provided in subsection (g) herein, notwithstanding any other provision of law, the Commodity Credit Corporation shall not sell any wheat, corn, barley, rye, oats or grain sorghum owned or controlled by it for less than 150 per centum of the then current respective loan rates. The provisions of this subsection shall not apply to sales or other disposals of such commodities under (a) the fifth and sixth sentences of section 407 of this Act; (b) the Act entitled 'An Act to authorize the sale at current support prices of agricultural commodities owned by the Commodity Credit Corporation to provide feed for livestock in areas determined to be emergency areas, and for other purposes', approved September 21, 1959 (73 Stat. 574), and (c) section 813 of the Agricultural Act of 1970.

"(g) The Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions entered into hereinunder.

"(h) The Secretary shall use the Commodity Credit Corporation to the extent feasible to fulfill the purposes of this section; and to the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.".

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

POINT OF ORDER

Mr. FINDLEY. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Mr. Chairman, the amendment not having been read, I have to assume some things. But it is my understanding that this amendment will establish an international emergency food reserve.

Mr. WEAVER. Mr. Chairman, if the gentleman will yield, that is not part of this amendment.

Mr. FINDLEY. All right. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Illinois (Mr. FINDLEY) reserves a point of order against the amendment.

Mr. WEAVER. Mr. Chairman, I rise to offer an amendment which would create a grain reserve in this country. It is offered jointly by the gentleman from Iowa (Mr. SMITH) and myself. Let me say, first of all, it contains no support price elements, nor does it contain any international provisions.

A grain reserve is an idea, Mr. Chairman, whose time has not only come, but it is an idea that is already with us. The grain is there now, setting on the farms, a billion bushels of wheat, billions of bushels of corn this fall with a bumper crop. We have the surpluses now. Now is the opportunity to make them of benefit to all.

The question on our surpluses and reserves is not do we want one, but how do we manage the surpluses?

Mr. Chairman, this amendment allows only the farmer to place grain into the reserve, only the farmer owns it and stores it, and only the farmer sells it. What the reserve program does is to give the farmer the opportunity to isolate up to 35 million metric tons from the market, to let the market know this amount of grain cannot be sold until it is needed. And that is determined by the rise in prices, for we must have at least a 3 years' term on the storage.

The Weaver-Smith of Iowa reserve program allows the U.S. Department of Agriculture to make loans on wheat and feedgrains up to 35 million metric tons on a 3- to 5-year basis. The grain cannot come out before the term ends unless the market price rises to 140 percent of the current loan price at that time. The farmer can continue to hold or sell. But storage costs and interest charges are then imposed, after the price reaches 140 percent of the loan price. There are no storage and no interest charges to the farmer while it is in the reserve and the prices remain depressed.

Under this reserve, prices will tend to rise because the grain is isolated from the market for a long period of time. Therefore—and I want to make a very important point which I urge the Members to listen to—the Weaver-Smith of Iowa amendment will cost the U.S. Treasury less than the farm bill in its present form, by USDA's own figures, their own projections, at least $200 million less cost to the taxpayer, for a very simple reason: Prices will tend to rise.

The USDA has a comparable program in effect today. But it is only 8 million metric tons. That is not enough to do the job.

What is the job this managed surplus is intended to do?

First, to keep our grain surpluses from depressing the market and to raise prices to the benefit of farmers.

How does this help the consumer? In several ways. If and when the weather once again plays havoc with grain production and we face another sharp inflation, the grain in storage will lessen the rise, but at a very good profit to farmers.

By stabilizing grain prices, it helps our farmers and farmers throughout the world to stay in food production, not driving them out in a "boom to bust" cycle. Thus it performs a great humanitarian service.

As I said before, it helps the U.S. Treasury by at least $200 million.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. WEAVER) has expired.

(By unanimous consent, Mr. WEAVER was allowed to proceed for 1 additional minute.)

Mr. WEAVER. Mr. Chairman, if I may continue, it helps our balance of payments deficit, which, as we know, is skyrocketing because it raises the price of grain that we sell overseas.

Not many years ago wheat was $1.50 a bushel, and oil was $1.50 a barrel. Today wheat is still $1.50 a bushel, and oil is $14 a barrel. It is madness for us to allow our grain to be sold overseas at less than the oil costs us to purchase in exchange.

If OPEC put all its oil on the market, oil prices, too, would be depressed, but OPEC keeps a reserve. We should also keep a reserve of surplus grain off the market, to the benefit of our consumers, and have our cake later when we need it.

The CHAIRMAN. Does the gentleman from Illinois (Mr. FINDLEY) insist on his point of order?

Mr. FINDLEY. Mr. Chairman, I withdraw my point of order on the amendment.

The CHAIRMAN. The gentleman from Illinois (Mr. FINDLEY) withdraws his point of order.

Mr. SEBELIUS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Weaver amendment has far-reaching implications on the future of American agriculture. It is an issue that warrants hearings and serious consideration before it is considered as part of the farm bill.

There is a strong feeling among some of my well-intentioned colleagues for a grain reserve. It is seen by some as a panacea for the problems of world hunger and by some farmers during times of depressed prices as a way to lock up several billion bushels of excess wheat that would be held off the market so that the price of wheat would go up. The fact is that a reserve program would lock grain off the market until ultimately political pressures would force it on to the market to depress prices.

Actually, a grain reserve such as Mr. WEAVER proposes, is a more sophisticated form of price controls on a certain commodity—grain. It raises serious questions about fundamental economic policy for a strong agriculture, which is the backbone of our country. We need to create a strong agriculture, and that means a prosperous agriculture in all areas—not a selective price control applied to one industry such as grain.

Farmers believe a Government-controlled grain reserve could never be protected from pressures by consumers' groups to use such reserves to depress prices if at some future time they felt the cost of food had risen too high.

One of the stated goals of the proposed reserve program is to moderate market swings, create market stability, and end the boom-and-bust cycles. I would like to point out that a certain degree of instability is inherent in agricultural markets because of the vagaries of weather and demand in this increasingly interdependent world. The only time markets are stable is when they are depressed, such as we have now. There is no such thing as a stable high price.

Grain reserve proponents have ignored the depressing influence that large stocks have on grain prices and ultimately, production. The time lag between lower grain prices and reduction of production fools a lot of political economists into believing nothing they do will diminish agricultural output. This may be true in the short run. But in the long run, lower prices mean reduced economic incentives for farmers and ultimately lower annual production.

As far as the emergency food reserve of this amendment is concerned, its purpose is to be fluid, requiring constant replenishing if it is to maintain a certain level of 2 to 6 million metric tons because there would be a constant removal of stocks into countries which are traditionally food-deficient. This means that the reserve would have to be resupplied not only at times when world stocks are ample and prices relative low, but more frequently when supplies are scarce and prices are higher. The question then arises: Who will pay for them? The answer is obvious: We would. It is doubtful that the traditionally food-deficient countries would pay since they cannot afford or barely afford to buy food now. If they could afford to buy, there would be little need of a special reserve. Therefore, the double whammy of cost to the U.S. Treasury and reduced farm income makes this provision unnecessary.

It is erroneous that the United States presently has a weak reserve system. We have the strongest reserve system we have ever had because our grain stocks are in farmers' hands, owned by country elevators and controlled by the grain trade.

We have a marvelous mechanism in America that allows us to get wheat when we need it. It is called price, and if wheat does not seem to be coming to market fast enough, just put 25 to 50 cents on the price and watch it come out of the bins.

The existing provisions of H.R. 7171 would enable farmers to use the reseal program as a tool in receiving interim financing while they ride out periods of depressed prices. There would be a minimum of Government intervention. Farmers would have maximum control over their marketing by being able to redeem their loan at any price without being penalized. My farmers tell me it is this type of marketing freedom and reseal program that they want.

It should also be pointed out that H.R. 7171 contains an antidumping provision which prohibits Commodity Credit Corporation-owned grain from being sold into the market at less than 150 percent of the loan rate. This is a vast improvement over the present law of 115 percent,

and it is this reason farmers are so adamantly opposed to Government ownership of grain, which was dumped onto the market at prices barely above the loan rate.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask him whether or not this proposed amendment would amend the section of the law which would permit the Secretary of Agriculture to put these stocks on the market when they "go out of condition".

The CHAIRMAN. The time of the gentleman from Kansas (Mr. SEBELIUS) has expired.

(On request of Mr. LATTA and by unanimous consent, Mr. SEBELIUS was allowed to proceed for 1 additional minute.)

Mr. LATTA. Mr. Chairman, will the gentleman yield further?

Mr. SEBELIUS. I yield to the gentleman from Ohio.

Mr. LATTA. To continue what I was saying, Mr. Chairman, I can recall when Orville Freeman was Secretary of Agriculture and we had a tremendous stock of corn. All of a sudden, when the price of corn would get up to $1 a bushel, we would have x number of bushels "going out of condition" and the Secretary would dump corn on the market. He kept the price down to $1 a bushel for a long time through that process.

Therefore, I am particularly interested in whether or not this amendment would strike out that provision so that the Secretary of Agriculture could not place these stocks on the market when the price went up.

Mr. SEBELIUS. I cannot reply with respect to the Weaver amendment, but the section he is striking from the bill provides 150 percent rather than 115 percent. How he replaces it I do not know.

Perhaps the gentleman from Iowa (Mr. SMITH) who, I think, is seeking recognition, can answer the rest of that question. However, it certainly takes out a good, effective tool which we are giving to the farmer and the Secretary to put an end to that sort of thing.

Mr. LATTA. That loophole would probably still remain?

Mr. SEBELIUS. It may well be. I do know what he is trying to strike.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Oregon.

Mr. WEAVER. I would like to note, Mr. Chairman, that the figure is 165 percent.

Mr. SEBELIUS. I stand corrected.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

I would first like to answer the question posed by the gentleman from Ohio (Mr. LATTA).

The section of the bill we are replacing permits the Department to sell "deteriorated grain" without limit but the amendment provides that when they sell any grain, they must, within 2 market days, buy the same quantity back.

Mr. Chairman, one must support the amendment to correct what the gentleman from Ohio (Mr. LATTA) complained of.

I would like to explain that we are replacing a section that is in the bill, so one really should look at the section in the bill as well as at this amendment to see exactly what we are doing.

Under the amendment there will be a separate reserve. That does not abolish loan programs that we have had. This separate reserve shall only be acquired as provided in this amendment, and it shall only be disposed of as provided and limited in this amendment. That is necessary in order to isolate it from the market. These are 3- to 5-year contracts for farmers.

Mr. Chairman, the amendment replaces a provision in the bill that requires that grain must be held under loan for 11 months. The amendment provides that the producer must store it at his expense for the first 8 months of the market year.

If the producer must have held it in storage under a storage contract for 11 months as provided in the bill, he must, first of all, have harvested it right at the beginning of the market year. Anybody knows that not everyone can harvest the crop at the beginning of the market year. Under the bill he also must put it under a Government loan program. That should be necessary. A lot of producers will hold it for 8 or 9 months without putting it under a Government loan program. Perhaps they do not have storage that qualifies or they prefer to finance holding it in some other way.

If a producer must have held it for 11 months, we get into the same situation as in the early 1960s where they were trying to deliver the old grain at the same time the new grain was coming in and the interstate transportation facilities were all tied up with the hauling of the old grain from the midwest to the gulf. This is a very bad provision in the section we are replacing.

Under the amendment, the producer must have held the grain himself, under either a contract to purchase agreement or a loan for the first 8 months in the marketing year. Then, if the price rises to 140 percent of the loan rate, we give him a gentle nudge to sell. He does not have to sell if he does not want to, but if he wants to he can sell and the Government discontinues paying storage costs.

Then we provide that the producer cannot dump it. Farmers have been the biggest dumpers of grain. We hear a lot about the Government dumping grain but it is the farmers that have been dumping most of it, because they have got to have the money. Under the amendment they can get as much money as if they had sold it, and then they must hold it off the market until it is needed.

When the price reaches 165 percent of the loan rate we permit the Secretary to withdraw the contract to the extent that grain is needed at that time. If we did not do that, then the producer could sit there and hold the grain and draw Government payments and hold it off the market at a time when it is needed. This is the people's consideration for helping him make the additional money by holding the grain at Government expense.

Actually what happens, if they want to hold it, they can go to the bank at that point probably and borrow the money but, they will no longer get the Government payments for holding the grain because it is in the national interest to provide supplies. If we did not have that, then there will continue to be greater possibilities of embargoes, and we do not want any more embargoes.

The amendment also prevents people selling more than is needed in the marketplace.

I want to point out that there are two cases that stand out where this was done. One was in 1967 and the market needed 150 million bushels of corn in the marketplace. They sold the 150 million bushels. The market went up because the grain companies knew if they bought the other 250 million bushels they would have a lock on the market. They bought the other 250 bushels and then held the whole 400 million bushels off of the market and got more for the grain they previously held than it cost to buy and hold the additional grain. That held up consumption and increased carryover to a year when there was already a surplus. That hurt farmers.

In 1972 Secretary Butz did the same thing, he sold all of the grain.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 5 additional minutes.)

Mr. SMITH of Iowa. Secretary Butz sold all the wheat we had at $1.62 when we had the only reserve there was in the world, and he could have gotten $4.50.

Then, after that, in the fall he was selling corn at a time that it was already in surplus, in fact, it was so much in surplus that the Commodity Credit Corporation was buying at the same time they were selling it. So we have put some limitations on that in this amendment.

The amendment also provides that they can reconcentrate the grain. They ought to have the right to reconcentrate the grain. We ought to be able to get the people downtown out of the grain market business, they should not act like they are grain brokers. We say they can buy and sell the same amount in 2 days. If you have corn in Iowa, they can sell it in Iowa, and buy the same amount within 2 days where it is needed, and let the trade take care of moving it.

In the past if the Government had grain, they actually and physically handled that very grain, secured a boxcar and delivered it down to the gulf, and would go through all that process. That is not necessary at all. If we do not replace this section in the bill, then we will not have that new tool with which to work.

This amendment also provides, which the bill does not provide, that the Commodity Credit Corporation and these

producers must have the same quantity and quality on hand at all times. Here is what happened in the 1960's. The storage people had an obligation to hold No. 2 wheat, but in fact they held No. 5 wheat because the investment was less. The investment that was tied up and the interest on the investment were less. So when we needed the No. 2 wheat for flour, they delivered No. 5 wheat, which was only fit for feed grain. Actually then we had a shortage of wheat for flour at a time when it was needed. So we say they have got to have the quality on hand at all times that are provided in the storage contract.

Then we also say that they cannot add more to the reserve than the increase in the carryover, that is, they limit the amount that can be added in any one year to the amount that is necessary to take off the surplus.

Another provision is the one that is in the bill about the 150 percent. We leave that in. I think that is a good provision. We also leave the disaster provisions that were in section 902 in.

Actually what we are doing here, I think, is to reduce the demand for embargoes. We are reducing the loss of markets that we have had on occasions when we had a shortage. When we were not able to supply our customers, our customers thought we were not reliable suppliers. We did not stand ready, as we should as a supermarket, for grains available to the world.

As was explained earlier, it will save $200 million. Actually what it does is to raise the valleys and take a little off of the hills. I think this is good both for the consumers and the producers.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I am glad to yield to the gentleman who voted for a similar amendment in 1971.

Mr. SEBELIUS. I thank the gentleman for yielding.

I took the well and made a speech, and I do not remember it. It worried me.

The point I want to make is this; 150 percent of parity is just $3.15 for wheat right now and, of course, that is leveling off too soon. That is one of the options, to release it.

Mr. SMITH of Iowa. He can sell it if he wants to. He does not have to.

Mr. SEBELIUS. He does not have to. I just do not want the Government to own it. I do not want Uncle Sam in the business.

Mr. SMITH of Iowa. I say if we do not do this, the Government can continue to dump as they have in the past, because present law permits it. They can only dispose of this part of the reserve in the way it is provided here. What the gentleman is saying is he wants them to continue to have all the flexibility they have had in the past so they can go ahead and dump.

Mr. SEBELIUS. If the gentleman will yield further, the provisions in the committee bill are very adequate. It keeps them out of it.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. WEAVER, and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Oregon.

Mr. WEAVER. I thank the gentleman for yielding.

I just want to say that the gentleman from Iowa (Mr. SMITH) has led the fight for this reserve for many terms of the Congress. He has stood steadfast at one time, and in one year, 1971, his similar amendment passed the Congress. I just want to thank the gentleman from Iowa for all the work he has done.

Mr. SMITH of Iowa. I thank the gentleman.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I rise in support of the grain reserve amendment by Mr. WEAVER and Mr. SMITH of Iowa.

During the debate on various amendments to the farm bill regarding target price and loan levels, it has been pointed out time and again that there is an extreme surplus of grain in the current crop year. This surplus has driven farm prices down to such a low level that many of our farmers are faced with foreclosure, or bankruptcy. The situation is immediate. It is an opportune time for the establishment of a grain reserve. By placing our surpluses into a reserve system like that which Mr. WEAVER proposes we will be using a price mechanism to smooth the boom-and-bust problems that our farmers have been experiencing.

By encouraging farmers to store their grain on the farm through a loan mechanism and hold it until the price rises many beneficial objectives will be achieved. Our farmers will be provided with a mechanism by which they are not forced to dump cheap grain on the domestic and international markets. This will help farmers in this country and in developing countries. Presently we have a tendency of undercutting markets in developing countries when we overload them with cheap grain during surplus years. Their farmers lose the incentive to plant and often turn to cash crops or other products which are more competitive. This is not helping these countries develop their agricultural productivity levels and continues to encourage unnecessary dependence on our grain export.

In lean crop years the reserve will be ready for release so that the food shortages of 1972 will not be experienced to such a sharp degree, and food prices will not escalate to the levels we saw at that time. Consumers will especially benefit during these times since a ceiling on fluctuations of food prices will exist, and our market shelves will stay well stocked. In addition, developing countries will not have to face the tragic starvation levels that horrified all of us in 1972–74, and which led to the World Food Conference of 1974. At that Conference the United States took a lead role in suggesting the need for international grain reserves. In fact, at that Conference it was felt that reserves of 60 to 80 million tons were necessary on a global level. Well, 3 years later, we are finally able to vote for an excellent domestic and international system which establishes levels of 25 to 35 million tons—an adequate U.S. share of the problem.

The surpluses exist now and there is no way of knowing what future years hold in terms of climate, production levels, et cetera. We would be neglectful not to react to this situation of high surpluses and farmer need by establishing a reserve system that would move toward ending the sharply increasing food prices which are a result of the fluctuations in the past few years.

I urge my colleagues to support this amendment.

Mr. SMITH of Iowa. This is one place we can help both the producers and the consumers at the same time, believe me.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. NOLAN, and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 2 additional minutes.)

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, I just want to commend and compliment the gentleman from Iowa (Mr. SMITH) and the gentleman from Oregon (Mr. WEAVER) for their very, very visionary and far-reaching and important proposal here.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I have a couple of questions for the gentleman.

One is that there has been some traditional opposition for grain reserves from the wheat and other grain farmers. How does the gentleman suggest responding to that traditional opposition in terms of the depressing effect on prices? That is the first question.

The second question is this. It is absolutely clear in the gentleman's amendment, is it not, that this is a voluntary program and the farmers can elect to stay out of this program by going through the traditional program?

Mr. SMITH of Iowa. I would point out two things. One is I have found when we explain to them what it is, they are for it. I have had them come into my office and some have been sent by organizations that were against it, and when I explained it they were for it and went back and explained it to their friends.

Another thing is that people have learned a great deal in the past few years. They found that when we had shortages and did not have grain to deliver, then we had embargoes. They know, even though they did not realize it before, that it is better even in those years when we do not have big surpluses if we take a little of it and have it available for de-

livery to our friends in times of shortages.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, I thank the gentleman from Iowa and the gentleman from Oregon for their farsighted leadership. I am for the amendment. I am proud to be a cosponsor of the bill.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, I commend the gentleman on this amendment.

Let me ask the gentleman this as far as storage. We have had trouble in the West in making up partial cargoes. We have never had the grain in the West to make up the partial cargoes and the Department of Agriculture has said that they could never provide the grains in the West because they had never had authority to establish reserves.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(On request of Mr. LEGGETT, and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. LEGGETT. Mr. Chairman, if the gentleman will yield further, under this legislation if the farmers choose, could grain be stored in the western warehouses?

Mr. SMITH of Iowa. They could permit that. However, more important than that yet is if there is a surplus and the Commodity Credit Corporation holds, for example, as it does at the present time, wheat, it is authorized in here and it is not in the bill to reconcentrate grains by merely selling in Kansas and buying in California the same day if they can find the storage out there, and then it will be ready and available if it is needed for shipment.

It permits them to facilitate distribution of their stocks and have them available at the point where they are needed and also will solve a little of this transportation glut we have had in the past.

Mr. LEGGETT. Mr. Chairman, I thank the gentleman for his remarks.

Mr. Chairman, I would like, for a moment, to address the amendment offered by the distinguished gentleman from Oregon (Mr. WEAVER) concerning the establishment of a domestic grain reserve. It is imperative, for a number of reasons, that we incorporate this program into the farm legislation we are considering today.

Domestically, a national grain reserve can be very useful as a means of combating inflationary fluctuations in grain prices. Such major disparities in grain prices from one sale to the next are a frustration and hardship to both producers and consumers. Grain reserve legislation could not be more timely than it is today, when a notable surplus in wheat and other grains has greatly depressed farm prices, seriously threatening the economic survival of many of our small farmers. Under a grain reserve program, producers would receive incentives of free storage to prevent such a flooding of the market as is the case today. As prices rose to a more equitable level, grain would be released for sale on a more stabilized market. Such a program of controlled flow would best serve the interests of both the producer and the consumer.

Not only will a grain reserve program prevent drastic fluctuations in the domestic grain market, but it will reduce the overall cost of the farm bill as well. According to USDA figures, nonrecoverable costs, which include deficiency payments and storage costs, would be reduced by an estimated $420 million. Moreover, recoverable costs such as loan and inventory costs would be increased, creating a $202 million net savings over the life of the bill. While it is true that first-year loan outlays would increase substantially, the greater portion of such increase would be in recoverable costs. All in all, the reserve program will decrease rather than increase the already costly farm bill package. As we are all concerned with curbing expenditure, it would be pure folly to ignore this vital aspect of the proposed grain reserve program.

The worldwide benefits of the program under consideration would, of course, be tremendous. Mr. Weaver's proposal calls for the creation of an international emergency food reserve of 2 million metric tons of grain. This directly corresponds with efforts by the Carter administration in cooperation with the World Food Council and the International Wheat Council to establish a system of food reserves throughout the world. Such efforts are indeed commendable but have, as yet, produced no tangible results. Rhetoric will not solve the world's hunger problems, nor prevent the disappearance of our family farms. The world desperately needs to implement a plan of action aimed at prompting world food security. The grain reserve is such a plan.

There are those who would question the necessity for establishing a grain reserve in light of the abundance of grain available today. But let us not be so hasty in forgetting the tragic food shortage of 1973–1974. The worldwide hunger and skyrocketing grain prices experienced at the time should serve as ample evidence of the need to protect against recurrence of such a catastrophe. With a surplus at hand, now is the time to establish needed reserves. We cannot wait for another shortage to open our eyes to the necessity of such reserves: We must take advantage of our current surplus opportunity.

The United States recently pledged a donation of up to 125,000 tons of grains to the emergency international food reserve set up at the 1974 World Food Conference. Granted that this is a step in the right direction, as the world's leading exporter of grain our country must do much more. This is not to imply that the United States is singularly responsible for world food security. Rather, it is imperative that we exhibit the leadership capabilities necessary to pioneer a successful grain reserve program for the world. Without our leadership, worldwide famine is, indeed, a not-too-distant possibility. Passage of this amendment will reconfirm our commitment at the 1974 World Food Conference to worldwide food security, as well as assure our teetering small farmers that they have not been forgotten. With this in mind, I urge an aye vote on this crucial measure.

AMENDMENT OFFERED BY MR. FOLEY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WEAVER

Mr. FOLEY. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. FOLEY as a substitute for the amendment offered by Mr. WEAVER: At the end of title IX add a new section as follows:

"SEC. — (a) Notwithstanding the provisions of any other law, the Secretary of Agriculture may establish, maintain, and dispose of a separate reserve of wheat, corn, and other enumerated feed grains through storage contracts with producers as described in this section and in accordance with the provisions of this Act. Such reserves shall be no less than twenty-five million tons nor more than thirty-five million tons: Provided, (i) That such maximum amount may be adjusted by the Secretary as required to meet such commitments as may be assumed by the United States pursuant to an international agreement containing provisions relating to grain reserves; (ii) that the Secretary is authorized to proportion reserve stocks of grain to correspond to usual marketing demands; and (iii) that the aforementioned totals and proportions of stocks are to be considered norms or averages and shall not prohibit the accumulation or release of stocks as authorized under other provisions of this section. The Secretary shall not charge interest on a loan on grain held by a producer in such reserve.

"(b) The reserve shall be constituted by offering to producers who have eligible commodities under a Commodity Credit Corporation loan or purchase agreement an opportunity to enter into a storage agreement of not less than three nor more than five years, and by providing for storage payments to producers of such amounts as the Secretary determines appropriate to cover the cost of storing the commodities held under these agreements. The grain initially stored under a producers storage contract shall have been produced by the producer and stored at his expense for the first eight months of the marketing year in which it was produced. Such producer agreements shall permit producers to cancel the agreement or redeem the commodity held under the terms of this section during such periods as the Secretary determines that the market price for that commodity exceeds 140 per centum of the then current loan rate for such commodity, and payments for storage shall cease during these same periods. The Secretary shall establish interest and storage penalties sufficient to offset any advantages which might accrue to producers due to premature redemption of loans (that is, redemption which occurs when the Secretary has determined the market price equals or is below 140 per centum of the then current loan rate), or any other actions in violation of the terms of this subsection.

"(c) Storage contracts made under provisions of this Act shall contain a provision permitting cancellation by the Secretary of storage agreements, and cancellation of any Commodity Credit Corporation loans made

under provisions of this section at such time as the Secretary determines that the market price for the commodity exceeds the higher of the following:

"(1) 165 per centum of the then current loan rate for that commodity, or

"(2) 130 per centum of the average market price for the preceding three marketing years. *Provided, however,* That the quantity of the commodity covered by such cancellations shall be limited to the net quantities by which estimated domestic consumption and exports exceed estimated domestic production, imports, and carryovers for the marketing year.

"(d) The Secretary may, at his option, reconcentrate all grains stored in commercial warehouses at such points as he deems to be in the public interest, taking into account factors including transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment. In the event of failure to cover his commitment with either the quantity or quality of grain specified, the holding producer shall be required to reimburse the government for any deficiencies in value and the holding warehouseman shall pay twice the amount of any such deficiencies in value.

"(e) The net additional quantity of any commodity covered by such long-term storage contracts under this section in any marketing year shall not exceed the lesser of the following:

"(1) the net additional estimated total carryover in excess of normal for the marketing year; or

"(2) the amount the maximum reserve inventory determined for the given commodity in subsection (a) above exceeds the total stocks of such commodity held in the reserve at the beginning of the marketing year.

"(f) Except as provided in subsection (g) herein, notwithstanding any other provision of law, the Commodity Credit Corporation shall not sell any wheat, corn, barley, rye, oats or grain sorghum owned or controlled by it for less than 150 per centum of the then current respective loan rates. The provisions of this subsection shall not apply to sales or other disposals of such commodities under (a) the fifth and sixth sentences of section 407 of this Act; (b) the Act entitled 'An Act to authorize the sale at current support prices of agricultural commodities owned by the Commodity Credit Corporation to provide feed for livestock in areas determined to be emergency areas, and for other purposes', approved September 21, 1959 (73 Stat. 574), and (c) section 813 of the Agricultural Act of 1970.

"(g) The Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions entered into hereinunder.

"(h) The Secretary shall use the Commodity Credit Corporation to the extent feasible to fulfill the purposes of this section; and to the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment offered as a substitute and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. FOLEY. Mr. Chairman, the purpose of this amendment offered as a substitute is twofold.

One, it does not strike the language of the bill on page 44 and page 45 which the Weaver amendment would strike. It adds a new section at the end of title IX and incorporates in that new title the exact language of the Weaver amendment with one exception, and that is that it strikes the word "shall" on line 2 of the amendment and substitutes therefor the word "may." In every other respect it is the same amendment.

It keeps in the bill the language for the extended loan program that the committee worked very hard to develop. The gentleman from Kansas (Mr. SEBELIUS) was very active in providing that part of the bill.

My substitute makes this entire program discretionary at the option of the Secretary as an alternative program.

Mr. Chairman, I hope that this amendment in the nature of a substitute will be adopted.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I think there are some things that are wrong in section 920 in the bill, but I have confidence the gentleman will try to work those out in conference. I hope we will have time to sit down and go into detail on some of those things, such as I explained about the 11 months' requirement; that is just not workable, but I think it is taken up in conference. I have confidence we will come out with a good reserve proposal. While I would prefer sending the reserve amendment to conference intact, I believe a good reserve proposal should be worked out one way or another and appreciate the willingness of the Chairman to try to do so.

Mr. JOHNSON of Colorado. Mr. Chairman, I move to strike the requisite number of words. I rise in favor of the Foley substitute amendment.

Mr. Chairman, I would just like to briefly urge our colleagues to go along with the chairman of the committee on this particular subject. The talk about the grain reserves has been around for a long time and it is very attractive, but it might be a siren sound. As a matter of fact, we have never held any hearings. We do not know what the cost will be or what the effect would be. It may just be delaying the problems we have for another 2 or 3 years and we will have to face them at a later time. We do not have any way of really dealing with the surpluses that we have generated, and surpluses are usual situations in this country. As we have tried to deal with the surplus commodities that we produce, under the present bill we at least have a philosophy and we have a program that has been in effect for some time. It works perhaps not as well as we would like to see it work, but when we start to change the whole system radically without any hearings, without knowing the effect of what it will be, we are engaging in fallacy.

Mr. Chairman, I urge we go along with the chairman of the committee.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I echo the gentleman's remarks and also I believe the original amendment of the gentleman from Oregon is faulty in that we must remember, as the gentleman from Kansas has brought out, what occurred just a few years ago.

It bothers me a great deal to stop and think if the amendment was adopted as it presently is recorded and the Secretary of Agriculture had no discretion in regard to this, in another year's time we may be paying out millions of dollars for storage of grain and far more family farms will go out of business and lose out under the amendment of the gentleman from Oregon.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I recognize myself as a voice crying in the wilderness. I, however, would suggest that the House would do well to adopt the substitute amendment offered by the chairman. Certainly it is not as bad or as vicious as the original amendment, but even the substitute amendment is based upon what seems to me to be an entirely erroneous philosophy of Government. This is not a new idea whose time has come. It is as old as civilization. It has always failed to sustain farm income. Indeed, it has in most cases been used by governments to keep the price down. Only when so used has it been effective. Its support today as in the past, comes very largely from those who did not experience or do not remember the failures of the past.

This amendment's time has not come.

The Government can no more guarantee farm prosperity today than it could 50 years ago. For about that length of time we have been talking about the Government taking over the agricultural business of this country. The road is strewn with failures. Nor has Government money and control done much better in other fields. It has taken over the railroads of the Northeast. It has paid the losses of Amtrak. It has taken the Post Office Department "out of politics." It has taken over a great many things that certainly do not operate very efficiently. The Government will not operate these reserves any more efficiently.

I guess I am just speaking for my own benefit, but I want it on the record, that BOB POAGE said that when we adopt this thing, we have done nothing except assure depressed prices for grain for the next generation, if we can keep it in effect that long or unless unfavorable weather should bail us out.

There never was a time when we could store commodities, whether they be grain, cotton, or anything else without depressing the market. We have tried it time and again. Most of us are old enough

to have at least known when we had 13 million bales of Government-owned cotton held in storage and the price stayed low just as long as we held it there.

Why, it has been suggested by proponents of this amendment, right here, right today, in this debate, that we can keep prices down by having this storage; that we would hold the price down on these commodities. This was proposed as a desired objective. It was suggested right here in this debate, and Members can read it in the RECORD.

I will not attempt to say what others hope to secure by this proposal, but I know what it will do. Over the years it will hold down the price of farm commodities.

I recognize that probably there are a good many more Members here who are interested in doing that than there are who are interested in seeing that farmers get a fair return. I do not want anything more than a fair price for farmers, but I do want that. I am one of those who has believed that "Parity" was a fair formula, and it is something we ought to seek.

Farmers ought to get parity. Consumers ought not to have to pay any unfair prices, but they should not have their Government come in and destroy their income. The minute we go to storing grain—you say, "We will bring it out. We made great provisions here to see that it is taken out. Whenever the price gets high, we will take it out."

You know—you know as well as I do that when the price gets low, you are going to take it out "to get rid of the surplus." When the price goes up, you are going to take it out "to meet the need of hungry people." It is going to come out, and everybody who trades in grain knows it is going to come out. They all know that what this Congress can do, the 96th Congress can undo. If you have not learned that, you ought not to be here.

We ought to know that storing large quantities of any commodity is bound to lower the price and keep it down. What you are doing today is going to guarantee a reduction of farm income from here on out, except to the extent that you make it up out of the U.S. Treasury or let bad weather raise the price, and I think these are two mighty poor solutions.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will yield to the judgment of my colleague from Oregon (Mr. WEAVER) and my colleague from Iowa (Mr. SMITH) on what should be done on the substitute amendment, although I hope that if that substitute amendment is accepted the conference committee will come in with a mandated program.

Let me touch on just a few reasons why this is extremely important. We pass a great deal of legislation in many amendments that have marginal impact on our lives and on the lives of people all *over the face of this* Earth. This is something that can have infinitely more than marginal impact on people who are desperate for food. It is a way of assuring that the world's food supply can have some stability.

That, my friends, is important if we want to build a world of peace and stability for our children.

This proposal will help farmers. I have great respect for the gentleman from Texas (Mr. POAGE) who just spoke, but my friend from Iowa, NEAL SMITH, would not have been up here speaking for this bill if it would hurt farmers.

We have experience with reserves, Government-held reserves that have prejudiced many against reserves, but we are talking about a different type of reserve now—farmer-held reserves—with a formula that protects farmers and protects the consumers; that takes the price peaks and valleys away; that protects not only the farmers here in the United States but the small peasant farmers all over the face of the Earth who get drastically hurt by things that hurt us with much less impact.

I would particularly like to address one aspect of this that is extremely important to those of us who are concerned about our economy and the deficit of this Federal Government.

Mr. Chairman, I serve on the Budget Committee, and I asked the staff of the Budget Committee to give me the impact on the economy and specifically on the Federal budget of the Weaver amendment.

If I may just slightly disagree with my friend, the gentleman from Oregon, not only is there a $200 million saving, there is an appreciably larger saving that we cannot calculate, and that larger saving comes about in this way: Whenever the Consumer Price Index goes up by 1 percent, there is a loss to the Federal Government of $4 billion. About one-fourth of the Consumer Price Index is made up of food. And what happens when we have these gyrations in food prices is that when food goes up the Consumer Price Index in food goes up, and then everything else follows. We have that inflationary impact. The price of food goes down again, but the Consumer Price Index stays up, so the farmers do not benefit. But in the meantime, we have inflation. So the economy is hurt and our Federal budget is hurt.

Precisely how much this new stability will save the Federal Government, no one knows; but it is there. It is a factor which would stabilize our economy and help in this very vital problem of trying to move toward reducing our deficit.

Finally, it puts a formula in so that we move away a little from food speculation.

Who wins when the prices go way up and then the prices go way down? The farmers do not win. The consumers do not win. The food speculators win.

We are taking a little of that away, and I say that is good for the Nation.

The Christian Science Monitor, on May 31, had an editorial on this general subject, and they made reference to the history of Egypt, when that Nation had the 7 fat years and the 7 lean years. I say to the Members of the House that we are in one of the fat years now, and it just makes good sense that we store up for the lean years.

Let me just quote from the end of this Christian Science Monitor editorial, which refers to those 7 fat years and those 7 lean years.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, the Christian Science Monitor editorial, at the end, said:

> But the point is not to wait until a period of scarcity to get going. The world's largest producer of grain has a responsibility to take a lead now when the years are fat.

That editorial hits it right on the head.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished colleague, the gentleman from Kansas.

Mr. SKUBITZ. I thank the gentleman for yielding.

Mr. Chairman, the gentleman's statement concerning the 7 lean years and the 7 fat years takes my mind back some 50 years ago. That is exactly the argument that was used by Henry Wallace in support of his proposal to store wheat during the good years to take care of the lean years. Those of us who lived during that period can recall what happened. It failed. It did not stabilize prices, it only created larger surpluses to the detriment of agriculture.

Mr. Chairman, let me tell the Members that those who fail to read history will relive it. Those who are talking about storing now, to take us into another period, will take us right back to the 1930's.

Mr. SIMON. Mr. Chairman, if I may respond to my esteemed colleague, the gentleman from Kansas (Mr. SKUBITZ), I suppose, first of all, his memories of 50 years ago are a little more vivid than mine.

Mr. SKUBITZ. Yes. If the gentleman will yield further, I am quite sure the gentleman from Illinois was in three-cornered pants at that time.

Mr. SIMON. Let me respond further to my colleague, the gentleman from Kansas.

The gentleman is absolutely right: If we do not learn the lessons of history, we have to repeat them, but we had better learn those lessons accurately.

What the gentleman is talking about is a Government surplus and Government dumping, and here we are talking about something totally different, something that has safeguards built in it. I think those safeguards are built in for the protection of both the consumer and the farmer.

Mr. SKUBITZ. Mr. Chairman, we thought we had safeguards then, but political pressure came into play as they always do and always will.

Mr. SIMON. But we did not have them in this form.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I think the rest of that story we heard is that they had 7 percent lean cows and 8 percent fat cows, and when it was finished, they were all lean. That is what I am worried about here.

35 million metric tons. That is 1,280 mil-

Let us take a certain amount of grain, lion bushels of grain at 60 pounds. The storage charges on that will run to a third of a billion dollars.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 1 additional minute.)

Mr. SIMON. Mr. Chairman, it is true there are storage costs. We have to balance these things out, but the balance, it seems to me, weighs heavily on the side of moving in this direction.

Second, while a billion bushels sounds like a lot, when we look at where our world population is going, we had better set aside something for some lean years.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, if we do not have a reserve, then the producers' corn under loan will be delivered to the CCC and the CCC pays the charges. They are going to pay storage costs anyway. The storage costs are no more when paid to a farmer under this arrangement than they are when they are paid to an elevator under the proposal in the bill.

Mr. QUIE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I hope my colleagues who are here listened intently to what the gentleman from Texas (Mr. POAGE) said. The gentleman from Texas has had years of experience and has been over the years one of the wisest Members we have had on farm legislation. He is one of the most valuable Members on farm legislation who has ever served in the House.

We have seen the same attempts in the past by our Government to store grains in the hope of getting away from problems of an excess supply and somehow or other protect people from the so-called lean years.

Just a few years ago everybody thought we were at a point of shortage from now on, that never again will we have to worry about the storage of surplus commodities.

I told people then, "Don't ever think that. The shortage can turn around very fast and surpluses be back."

We have great productive capacity in this Nation. There is one thing the Weaver amendment is going to do; it is going to hurt the farmer. One only has to count where the votes are. Only about 4 percent of the American people live on farms.

And what about the other 96 percent? If the Government gains control of a large portion of grain, they will push to hold prices down.

We talk about the situation in Egypt. If the farmers of the United States want to live as the farmers of Old Testament Egypt did at that time, then we will make sure we have this big surplus hanging over the head of the market. Just compare with the Government control of other commodities.

Let me tell the Members, they will rue the day when we moved in this direction. I was pleased that the House Committee on Agriculture could stand up to those pressures and come out with the bill as it did. I was pleased with the bill, but now I am really dismayed that it seems as though the towel has been thrown in and we are going to move in this different direction where large surpluses will be aquired again.

Mr. Chairman, I think that is an unwise move. I urge the Members to vote for the substitute because it is better than the Weaver amendment, and then I urge them to vote against the whole thing.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding.

Mr. Chairman, I very rarely disagree with my colleague, the gentleman from Minnesota (Mr. QUIE), but here we are talking about a whole new world. We are talking about a world in which people starve. It is known to us that they are starving, and we have at times no way to help them. This is a situation that did not face us in the 1930's. It was not that kind of a world. People then were able apparently to feed themselves with more regularity.

I think the only hope for our farmers is that there is going to be some kind of cushion which will mean that we can help the people who are starving and who are receiving food from Public Law 480 or some other program. Then they can still maintain their incomes and receive their food at a reasonable price.

Mr. QUIE. But, Mr. Chairman, I think we ought to have some concern for the American farmer.

What is going to happen if we do this? We would attempt then to be the grain reserve for the entire world, but there is no way the United States is going to feed all the other people of the world. There is tremendous productive capacity in other parts of the world. I visited Africa, and I found that to be true.

The productive capacity in nations in Africa is so great that Africa could come back to be the exporting continent it once was.

This world is not one that is about ready to starve because the United States is the only place left that has any productive capacity. We have a tremendous productive capacity, but there are other nations of the world which have tremendous productive capacity also.

One only has to look at China. Fifty years ago who would ever have thought that China would be able to feed its own people as they are now? Nobody would have.

I would simply like to have that kind of agriculture that we have had in this Nation once we got rid of the surpluses that were a glut on the market. I am just concerned that we are going to go into that same storage and surplus situation again as we did in the 1940's and 1950's.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Foley substitute amendment.

Mr. Chairman, I have a very brief case to make against the Foley substitute. I would like to say that the amendment is much misunderstood.

The Government does not come in; it is only the farmer. Only the farmer can put his grain in the reserve. If no farmer elects to put his grain in the reserve, there will be no grain in the reserve. Only the farmer can do it. The Government cannot compel one single bushel of grain to be put into this reserve; only the farmer can put it in. Only the farmer can take it out. Only the farmer can sell it.

However, the whole point of the Smith-Weaver amendment is that, if the farmer wishes to place his grain in a 3- to 5-year reserve program, we require the Secretary to accept the farmer's wishes, to do what the farmer individually wants. Only the farmer can elect to do it.

This amendment says, "Mr. Secretary of Agriculture, if the farmer wishes to put his grain in a 3- to 5-year program, you must do it." Therefore, Mr. Chairman, we actually place a restriction on the Secretary to the benefit of the farmer. It is discretionary with respect to the farmer. Therefore, by putting the word "may" instead of "shall" into this language, it does not require the Secretary to accept what the farmer desires.

For those reasons, Mr. Chairman, I strongly oppose the substitute amendment offered by the gentleman from Washington (Mr. FOLEY).

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment offered by the chairman of the Committee on Agriculture, the gentleman from Washington (Mr. FOLEY).

It seems that the House Agriculture Committee has a reasonable procedure in which we can give the farmers an opportunity to hold their grain for long periods of time until the prices rise to reasonable levels when we will force that grain onto the market by forcing them to pay off their loans.

We were in a period recently, at the end of the last crop year, when we had a carryover of 1.1 billion bushels. In another year we are going to have between 1.5 and 2 billion bushels of wheat, if the current crop produces that amount, which I think it will.

In the area of feed grains, our corn crop just a year ago was almost 1 billion bushels. It is going to be about 1 billion this year, and who knows what it is going to be next year?

We have plenty of productive capability in this country.

Mr. Chairman, I think we should give the chairman of the committee and the conferees the opportunity to go into conference with discretionary authority to negotiate with the other body and to

give the Secretary of Agriculture some discretionary authority as well.

It is for those reasons that I urge this body to support the committe chairman on this particular issue.

Furthermore, Mr. Chairman, when this issue was considered in the Committee on Agriculture, we had relatively few minutes of discussion on it compared to the rest of the farm bill. Perhaps that was shortsighted.

In any event, we should not adopt on this floor today an amendment of this consequence without the full study of the committee and giving full discretion to the committee chairman, and other conferees from the House.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, while the proponents of a federally controlled grain reserve are to be commended for their interest in protecting consumers from high food prices, I think their understanding of the workings of agricultural markets is limited.

There are three arguments commonly used to justify a Government-controlled reserve. First, it is argued that such a reserve would protect consumers against wide fluctuations in food prices. In the case of grains, there are serious doubts about how effective such a reserve would be. For instance, only about 3 cents of a loaf of bread consists of wheat. Thus, any drastic change in wheat prices is bound to have little effect on the price of bread.

The second argument, that farmers would enjoy a more stable income, certainly is unproven, and unaccepted by farmers. I know of no farmer who favors a federally controlled reserve. I know many, many farmers who would rather have the market serve as a basis for deciding when to sell their grain, than some bureaucrat in Washington. In addition, experience has demonstrated that when the Federal Government holds a lot of grain, prices remain at depressed levels. Stability in income is of little value when such stability means poverty.

Finally, some advocates of grain reserves feel these would help prevent starvation abroad. The United States already has a program to help feed starving people, and contributes to many organizations which do the same, including in emergency situations. A grain reserve would thus be duplicative. In addition, the GAO has issued two reports which suggest that the solution to hunger abroad is incentives in developing nations to produce food. Many of these nations actually have policies which discourage the full production of food.

Grain reserves can solve no problems. Their supposed benefits are only imaginary. Thus, I urge the defeat of this amendment.

AMENDMENT OFFERED BY MR. HARKIN TO THE AMENDMENT OFFERED BY MR. FOLEY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WEAVER

Mr. HARKIN. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARKIN to the amendment offered by Mr. FOLEY as a substitute for the amendment offered by Mr. WEAVER: On line 2 of the Foley amendment, strike the word "may" and insert word "shall".

Mr. HARKIN. Mr. Chairman, the gentleman from Oregon (Mr. WEAVER) while he might have made a slight slip of the tongue, is absolutely correct that the Foley substitute clearly destroys the provisions of the Weaver amendment.

The thing that the gentleman from Washington (Mr. FOLEY) has done to the Weaver amendment is to take out the word "shall" and put in the word "may".

The only point I make is that we are talking about Secretary Bob Bergland, and I am sure he will do what is right in terms of providing an adequate carryover and reserve to meet the contingencies that the gentleman from Illinois spoke of and the gentleman from Iowa (Mr. SMITH) spoke about, but we do not make laws down here just for whoever happens to be down at the end of Pennsylvania Avenue at any one point in time, we make laws that extend over a long period of time, laws that extend for this year, and the next year and many years into the future. None of us can forecast what will happen after Secretary Bergland leaves. Up to that time we know that Mr. Bergland will provide for a reserve held by fairness, but, after that, maybe we will get another Secretary Butz. Who knows?

With my amendment both the Foley substitute amendment and the Weaver amendment, both grain reserve sections are left intact.

The gentleman from Washington (Mr. FOLEY) has stated that he wanted to go to conference with both of these provisions. I will support that. We will maintain both provisions absolutely the same as section 902 was when it came out of the committee or as the Weaver amendment was as it was offered on the floor. If the gentleman from Washington wants to go to conference, fine, let us have them both in, then, but let us have the conferees go over both of these as they are both intact and not destroy the Weaver amendment by making it a voluntary program.

I was one of those in the Committee on Agriculture that opposed the amendment when it came up in the committee. I spoke against it in the committee, but at that time there was a provision in there that would have allowed the rate range to be set at 80 percent of the last 3 years' market price. I opposed that because I thought we might be building in a downward pressure on the price. That has been taken out. The Weaver grain reserve amendment now has a lower provision in the present bill than that which came out of the committee, that has taken care of that one objection of mine.

The world has changed since the 1930's and the 1940's when some of the Members first came here, but let us remember one thing: that from the beginning of time until 1850, it took that long to get the first billion people on the face of the Earth. From 1850 to 1930 we got the second billion people. From 1930 to 1960 we got the third billion people. And from 1960 to 1975, we got the fourth billion people. There were as many people added to the face of the Earth in 15 short years as from the beginning of time until 1850.

Yes, the world has changed. Also we are going to add another 3 to 4 billion people to the face of the Earth by the turn of the century.

The gentleman from Minnesota spoke about Africa and the great productive land that we could have over there, but has the gentleman forgotten about the Sahel and the dramatic changes in climate that seem to be taking place around the world, that are destroying valuable croplands and the drought that is now in my part of the country. There was an article in the Washington Post the other day that spoke about the crazy weather patterns we are having.

Most scientists say that we are now entering a period when weather will not be like it was for the past 15 to 30 years. It is going to be totally unpredictable and not as stable.

The gentleman from Texas spoke about farmers having the free market and spoke about how good it has been not to have a reserve. Has it really been that good for farmers not to have a reserve? Let me read to the Members some prices. In 1974 in the fall, the price of corn, the market price of corn, in Iowa was over $3 a bushel. In the fall of 1975 the price was $2.76 a bushel. Last fall in October it was $2.33 a bushel, and now in markets in central Iowa the corn is selling at $1.85 to $1.90 per bushel, completely below the cost of production.

What has happened to the prices that the farmers pay at the same time? In the fall of 1974 a 90- to 95-horsepower tractor cost $12,900. Last year it cost $17,400 for that very same tractor. A large combine in 1974 cost $29,900, but last year that price had increased to $42,300. A tendem disk in 1974 cost $2,970. Last year that increased to $4,300.

Last, the price of seed corn per bushel in 1974 was $25. In 1976 that increased to $36.50 per bushel. Is this the kind of thing we want without a reserve?

I am not proud of that kind of record for farmers.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. HARKIN was allowed to proceed for 4 additional minutes.)

Mr. HARKIN. I am not proud of that kind of record if, in fact, these can be connected directly to a grain reserve. But I do not think they can be. I do not think these prices had anything to do at that point in time with the lack of grain reserve, but the vast fluctuations in price that are going to be taking place now and are going to be taking place in the future because of the changing climatic conditions will, in fact, have something to do about the reserve, and the reserve could tend to stabilize those prices at a high level for farmers throughout the country.

Aside from supporting the farmers in this crucial amendment, I think there is one other thing that we have got to think about in this body. We have got to think

about world peace. Peace is a process. It is not something that we get after we wait some time and then all of a sudden we get peace. Peace is a process. Just as war is a process by which we kill and maim our fellow human beings, peace is a process by which we increase the humaneness and decency of people around the world. I submit that this process of peace can only take place within the framework of human rights. I will submit to this body that one of the most basic human rights of every citizen of this world is the right to a nutritionally adequate diet.

Mr. Chairman, I urge adoption of my amendment.

Mr. SEBELIUS. Mr. Chairman, I rise in opposition to the substitute amendment. Actually what the gentleman is saying is we are going to mandate an actual minimum of 25 million metric tons of grain. He wants it to be "shall" rather than "may" directed directly to the Secretary of Agriculture to get 25 million tons of grain.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I thank the gentleman for yielding.

It is only to the extent that farmers offer it and only to the extent that there is a surplus by which they can put it in. It might be only 8 million.

Mr. SEBELIUS. But still the gentleman is mandating that it take place, and he is actually talking about a billion a year in expense.

Mr. SMITH of Iowa. Will the gentleman yield?

Mr. SEBELIUS. No. I would like to make a couple of remarks about what the gentleman from Iowa, Mr. HARKIN, was talking about. Then I will be glad to yield to the gentleman.

We probably have the smallest percentage of hungry people in the world today than the time when Thomas Malthus wrote his theory back in the 1800's, and the reason is the incentive to produce food. That incentive needs a price. We are going right down the old road again when we mandate this sort of action, going down the old road again getting a lot of grain in the hands of government officials. The gentleman from Iowa, Mr. SMITH, himself named several occasions when it has been misused and mishandled. I think that the provision that the chairman put in this bill is fine. We can go to conference on that.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, as I read the Weaver amendment, page 2, line 4, section (b), it says:

> The reserve shall be constituted by offering to producers who have eligible commodities under a Community Credit Corporation loan or purchase agreement an opportunity—

an opportunity—

> to enter into a storage agreement . . .

What we are doing is offering the farmer an opportunity to set up a grain reserve not to exceed 25 million tons which would be held on their farms. I cannot think of anything better or more constructive for the farmers or the world at large.

Mr. SEBELIUS. No. Let me read the gentleman the first page:

> Such reserves shall be no less than 25 million tons nor more than 35 million tons . . .

We are talking about 1 billion bushels of grain. So it should be "may" and not "shall" if we are going to play around with that. My farmers do not want to have anything to do with that.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. SEBELIUS) has expired.

Mr. HARKIN. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. FOLEY. Mr. Chairman, reserving the right to object, I reserve the right to object because I would like to determine whether we can vote on this amendment today, and I would hope the gentleman would withdraw that request for 2 additional minutes so that I can offer a unanimous-consent request.

Mr. HARKIN. Mr. Chairman, I will be glad to do that.

Mr. Chairman, I withdraw my unanimous-consent request.

The CHAIRMAN. The request is withdrawn.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that all debate on the Weaver amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. Mr. Chairman, I would just like to indicate my strong support for the Harkin amendment and for the original Weaver-Smith of Iowa amendment.

(By unanimous consent Mr. SIMON yielded his time to Mr. SMITH of Iowa.)

(By unanimous consent, Mr. VOLKMER yielded his time to Mr. FOLEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I rise in support of the position taken by the chairman of the committee, the gentleman from Washington (Mr. FOLEY). As a farmer myself, I certainly agree with the intent of what the Weaver amendment does, but it really casts some doubts and fears in my mind.

I think we certainly need to have the flexibility, at least as we go into this radical a change, to let the Secretary have some say and authority in this matter.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, I rise in support of the Harkin amendment to the Foley substitute for the Weaver amendment.

Mr. Chairman, I rise in strong support of amendments to establish a farmer held domestic grain reserve of 25 million to 35 million tons.

The economic stability that would result from such a reserve is only one reason why the United States should move now to establish and maintain a system of domestic reserves. The economic wisdom of buying grain when the price is low and storing it until the price is high dates back to the Old Testament story of Joseph warning the Pharoah to store grain produced during 7 "fat" years for consumption during 7 "lean" years.

It is imperative that we move to implement this program as soon as possible. Farmers are currently holding huge supplies of grain which threaten their incomes as the market price falls in response. Historically, American consumers have not seen the effects of these price falls at the retail market as the middleman absorbs the margin. By creating a working inventory of grain, adequate prices for farmers can be maintained, while assuring more stable prices to consumers. Planting decisions will be easier if there is a buffer stock to protect farmers and consumers.

It is important to distinguish grain reserves from grain surpluses. With large surpluses, but without a system of grain reserves, we will continue the tragic practices which led to the 1972 and 1975 great American grain robberies under the Nixon/Ford administrations. Huge surpluses controlled by five or six grain trading companies only add profits to these monopolies at the unfortunate expense of both the farmer and the consumer.

Without reserves, and in the face of disastrously high food prices, the stability of the entire world trade system is at stake. While half of the American wheat crop is destined for foreign trade, the only sensible thing to do is to maintain an adopting inventory by a system of domestic reserves as one aspect of a comprehensive farm program.

Rather than continuing the irreversible upward spiral of wages and prices created by climbing food prices, grain reserves can be used as an economic tool to even out the disastrous effects of weather and fluctuating foreign demands.

Instead of using occasional surpluses as a carrot on a string for starving nations, reserves can be used as a means for stabilizing the international market so that the developing world can concentrate on stimulating its own self-sufficient agricultural systems. These advances are impossible when a great number of the population is starving.

The stability provided by reserves would not only maintain an essential part of America's balance of trade, it would also provide greater security for both affluent and impoverished food importers.

These amendments are crucial to adopting a comprehensive domestic farm policy. While grain reserves contain benefits for both the farmer and the consumer, they also provide a means for establishing a rational and responsive domestic and international grain mar-

ket. If we continue to produce surpluses, it is essential that we adopt a system to use the food we grow in the most beneficial manner. I enthusiastically urge both my rural and urban colleagues to support these vital amendments.

(By unanimous consent, Mr. BONIOR yielded his time to Mr. HARKIN).

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, I urge my colleagues to recognize that the emotional statements made on behalf of the Weaver amendment have no relationship to the realities of world hunger.

Please stay with the chairman of the committee. The gentleman knows what he is talking about.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Chairman, the amendment by Mr. HARKIN as well as the original amendment by Mr. WEAVER will move our Nation in the direction of repeating undesirable history. The development of the type reserve advocated by these amendments may well lead to unmanageable surplus reserves which will hurt farmers and consumers and do nothing to solve the problems of world hunger.

Every time our supplies of farm commodities meet and begin to exceed immediate needs, proposals are made for the establishment of Government controlled reserves. We all remember the grain stacked in the streets just a few years ago and there is no real reason this proposal will not result in the same type excess surplus accumulation. While it claims to be a reserve held by farmers, they really are only custodians of their own grain that is controlled by the Government. The Government, not the farmer will decide when the grain may be sold.

While reserves are advocated in the name of preparing for the lean years and with the intention of helping the peoples of the world find adequate food, they have not reached their goals in the past. Farmer developed and held and controlled reserves work to reach those goals, but that is not what these amendments seek to establish.

History shows that once a reserve is built, it becomes impossible, politically, to resist the pressures to "dump" that reserve if domestic prices begin to climb. Very few farmers today have difficulty remembering the last time Government dumped grain when prices started to rise.

The Weaver amendment sounds good. We have been told that it will help the farmer by removing the fluctuations in prices that are natural in competitive situations. We are also told this amendment will resolve part of the world food shortage problem. All of this sounds good, but there is no reason to believe this amendment will work where others have failed.

Government reserves do stabilize prices. But, the stability comes at the lower end of the swing and farmers cannot afford that kind of stability.

The original language contained in the House bill established a system that allows farmers the flexibility to save part of the crop for future sale. It gives the farmer the control, as well as the possession, of the grain. I favored that approach and I hope the House will adopt that language.

If we do not stay with the original committee language exclusively, I hope our conferees will work to remove the undersirable parts of the Weaver amendment when they meet with the Senate to resolve differences in our farm bills.

(By unanimous consent, Mr. SKUBITZ yielded his time to Mr. SEBELIUS.)

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I rise in support of the Weaver amendment.

(By unanimous consent, Mrs. FENWICK yielded her time to Mr. SMITH of Iowa.)

(By unanimous consent, Mr. DICKS yielded his time to Mr. FOLEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Chairman, I rise in support of the Smith-Weaver amendment and the Harkin amendment. The United States has made a commitment to develop an international grain reserve program. This would get us well underway. It would help to stabilize farm income and enable us to continue meeting our markets abroad without further embargoes. I think it makes a lot of sense and I hope it is supported.

The Weaver amendment authorizes extended Commodity Credit Corporation—CCC—loans and storage agreements allowing farmers to hold, on-farm, 25 to 35 million tons of wheat and feed grains. The reserve would be accumulated through interest-free loans and storage payments to farmers. It would be drawn down when prices rise significantly.

Despite repeated domestic and international urgings and admonitions, we have been unable to move toward a system of nationally held and internationally coordinated food reserves. There is a growing consensus that a reserve system would help: First, reduce the wide price and supply fluctuations that have plagued domestic wheat and feed grain markets; second, prevent famine in food-poor nations; third, insure that farmers receive a fair return on their investment, and, fourth, prevent the build-up of extreme surpluses that can in turn depress food prices abroad and serve as a disincentive to increased food production in developing nations.

The administration has voiced concern that the Weaver amendment is unnecessary and could actually restrict its ability to negotiate an international reserve agreement. It has stated:

> The Weaver amendment provides no flexibility to administratively tailor the release mechanisms to conform to those negotiated for an international system. The amendment would lock the U.S. into a rigid system which other nations could only accept or reject.

A number of points should be raised in defense of the Weaver proposal.

First, the Weaver proposal and the Carter administration's proposal for a domestic reserve are virtually identical philosophically. Both are based on the feeling that the time is propitious and the need is real for a domestic reserve system. Both agree that CCC loans and storage payments should be used to build up and draw down stocks. Only the actual numbers are in question. The administration suggests cancellation of storage payments at 145 percent of the loan level; Weaver proposes 140 percent. The administration suggests recalling loans at 175 percent of the loan rate; Weaver proposes a minimum level of 165 percent—this may be set higher at the discretion of the Secretary.

Second, the Secretary of Agriculture is given a great deal of flexibility and discretion under the Weaver proposal in structuring the reserve. He is allowed to determine the quantities to be held within the range of 25 to 35 million tons. He is also permitted to call loans at any time after prices reach 165 percent of the loan rate.

Third, the Weaver proposal, by using price levels as the mechanism for accumulating and releasing stocks, would bring the United States into harmony with international thinking. In previous international negotiations, the U.S. desire to use quantity as the trigger was one obstacle to agreement.

Fourth, the Weaver proposal would not prevent the Secretary from doing whatever he feels is necessary to facilitate international negotiations. The current commodity situation requires that some action be taken to manage domestic surpluses. This in turn necessitates a definition of "mechanism" so that planning can be done. If the mechanisms we decide on in some way contradict international negotiations, the mechanisms can be changed. This would be true whether they are established by Congress or by the Executive. If international negotiations result in proposals that do not fit our domestic system, the farm bill simply could be amended to bring our system into line with these proposals. Assuming good cause, it would be easy enough to change our mechanisms. It is not as if this would be a unique situation; we have legislation on tariffs, for example, but this does not mean that our efforts to negotiate international trade and tariff agreements are automatically impeded.

Fifth, we should move while we have massive surpluses to establish a reserve system. Inaction could well result in a gradual disappearance of these surpluses.

Mr. Chairman, by establishing a reserve program—by setting out quantity levels and by defining "operating mechanisms"—the United States would be sending an unmistakable signal to the international community. We would clearly be stating our commitment to help create an international food reserve system. Such an unequivocal declaration is long overdue. Again, I urge adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I rise in opposition to all pending amendments. When one goes around the countryside and listens to the farmers, he finds there

is a lot of disagreement among the farmers about various aspects of the farm program; but if there is any one thing he finds agreement on among farmers, it is their opposition to the Government holding reserves or doing anything to accumulate grain that is going to be a psychological depressant on the market

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I just would like to again read the first line of this dadgummed amendment:

Such reserves shall be no less than 25 million tons.

Twenty-five million tons is 1 billion bushels of wheat. It is foolish to give them that authority.

The gentleman from Connecticut (Mr. GIAIMO) should be down in the well waiving his arms up and down and crossways because we are talking about somewhere around half a billion dollars a year.

Let us adopt the Harkin amendment, put "shall" in there. We are mandating 25 million tons. That is foolishness.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I would be the first to tell everyone that not every farmer I represent, and I represent the eighth most rural district in the United States in this body, not every one of my farmers support me in this. As a matter of fact, at least one-half of them oppose me in this; but sometimes in this body we have to rise above parochial interests and take a look at the world view.

All my amendment does is permit the conferees to go to conference with section 902 intact, that is the one that came from the committee, and with the Weaver amendment, the Weaver grain reserve, also intact. That is all it does.

Let the conferees work it out. Someone said that this does not have much relevance to world hunger, but that is all wrong. When stocks are short in this world, only the rich nations can afford to buy those grain stocks. Is this the kind of world we want, where only the rich can eat when stocks are low?

If Members want a world that will be in turmoil, if they want to see a world that will be pushed off the cliff toward war and not toward peace, then defeat the Weaver amendment. If they want to see a more peaceful world, adopt my amendment and the Weaver amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, I would naturally rather see the conferees go to conference with the amendment that we offered intact. That would mean adopting the Harkin amendment, and then adopting the substitute as amended. That would permit 902, as it is in the bill, to go to conference intact along with the full substitute. But, if the Harkin amendment does not prevail, I still urge the Members to vote for the substitute.

The 902, as it is, has some very grave deficiencies in it. If the Members vote no against both, what they are saying is that they like the way we have had it in the past; they like Government dumping, followed by embargoes; they like surpluses followed by shortages. It is time we take a little awareness of what we have seen in the last 2 years. It is time we paid some attention and vote for this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, I rise in support of the Harkin amendment. It again leaves grain reserve deposits entirely discretionary to the farmer, but requires the Secretary to accept whatever the farmer wishes to put into reserves. It accommodates the distinguished chairman of the Agriculture Committee by leaving the committee language in, as well as the Smith-Weaver amendment.

Mr. FOLEY. Most reluctantly, I must strenuously oppose the Harkin amendment to the substitute. Far from accommodating the chairman, as Mr. WEAVER said, this gives us insufficient flexibility in conference to arrive at a meaningful and responsible agreement on these sections of the bill. If the Harkin amendment is adopted, I must reluctantly oppose the adoption of the Weaver amendment in any form.

The Harkin amendment to the substitute I cannot personally accept in any way. I would like to accept it with my substitute, which provides discretion. Then we could permit the conferees to resolve the matter. If the Harkin amendment, which mandates this particular provision, is locked into the House bill, then I will have to use whatever persuasion I have—whether unsuccessfully or not—to defeat the Weaver amendment in its entirety.

I ask very strongly for a vote against the amendment offered by Mr. HARKIN.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. HARKIN) to the amendment offered by the gentleman from Washington (Mr. FOLEY) as a substitute for the amendment offered by the gentleman from Oregon (Mr. WEAVER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WEAVER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 141, noes 223, not voting 69, as follows:

[Roll No. 453]

AYES—141

Ambro	Blanchard	Burton, John
Aspin	Blouin	Burton, Phillip
AuCoin	Bonior	Caputo
Beard, R.I.	Bonker	Carr
Beilenson	Brodhead	Cavanaugh
Benjamin	Brown, Calif.	Chappell
Bevill	Buchanan	Conyers
Biaggi	Burke, Calif.	Cornell
Bingham	Burlison, Mo.	Cornwell
Coughlin	Le Fante	Rangel
D'Amours	Lederer	Richmond
Delaney	Leggett	Rinaldo
Dellums	Lehman	Rodino
Derrick	Levitas	Roe
Dodd	Lloyd, Calif.	Rosenthal
Downey	Long, La.	Russo
Drinan	Long, Md.	Ryan
Edgar	McCloskey	Sarasin
Edwards, Calif.	McHugh	Scheuer
Emery	Maguire	Schroeder
Fenwick	Markey	Seiberling
Ford, Tenn.	Martin	Simon
Fowler	Mazzoli	Smith, Iowa
Fraser	Meyner	Solarz
Gephardt	Mikulski	Spellman
Giaimo	Mikva	Stanton
Gibbons	Miller, Calif.	Steers
Gilman	Mineta	Stokes
Glickman	Minish	Stratton
Hanley	Moakley	Studds
Hannaford	Moffett	Traxler
Harkin	Moorhead, Calif.	Tsongas
Harris	Murphy, Pa.	Udall
Hawkins	Neal	Van Deerlin
Heckler	Nedzi	Vanik
Hollenbeck	Nichols	Vento
Holtzman	Nolan	Walgren
Howard	Nowak	Waxman
Hughes	Oberstar	Weaver
Hyde	Ottinger	Weiss
Jacobs	Panetta	Whalen
Jeffords	Patterson	Whitehurst
Jones, Okla.	Pattison	Winn
Kastenmeier	Pease	Wirth
Keys	Pettis	Wydler
Kildee	Pritchard	Yates
Kostmayer	Rahall	
LaFalce		

NOES—223

Abdnor	Edwards, Okla.	Latta
Akaka	English	Leach
Alexander	Erlenborn	Lent
Allen	Ertel	Lloyd, Tenn.
Ammerman	Evans, Colo.	Luken
Anderson, Calif.	Evans, Del.	Lundine
Anderson, Ill.	Evans, Ga.	McClory
Andrews, N.C.	Evans, Ind.	McCormack
Andrews, N. Dak.	Fary	McDade
Annunzio	Fascell	McDonald
Applegate	Findley	McFall
Archer	Fish	McKay
Armstrong	Fisher	Madigan
Ashbrook	Fithian	Mahon
Ashley	Flowers	Mann
Bafalis	Flynt	Marks
Baldus	Foley	Marlenee
Barnard	Forsythe	Marriott
Bauman	Fountain	Mathis
Beard, Tenn.	Ginn	Mattox
Bedell	Goldwater	Meeds
Bennett	Gonzalez	Michel
Bolling	Goodling	Miller, Ohio
Bowen	Gore	Mitchell, Md.
Breaux	Gradison	Mollohan
Breckinridge	Grassley	Moore
Brinkley	Gudger	Moorhead, Pa.
Brooks	Guyer	Moss
Brown, Mich.	Hagedorn	Murphy, Ill.
Brown, Ohio	Hall	Murphy, N.Y.
Broyhill	Hamilton	Myers, Gary
Burke, Fla.	Hammer-schmidt	Myers, John
Burleson, Tex.	Hansen	Natcher
Carter	Harsha	Nix
Cederberg	Hefner	O'Brien
Clawson, Del	Heftel	Obey
Cochran	Hightower	Patten
Coleman	Hillis	Pepper
Collins, Ill.	Holt	Perkins
Collins, Tex.	Horton	Pickle
Conable	Hubbard	Pike
Conte	Huckaby	Poage
Corcoran	Ichord	Pressler
Corman	Ireland	Preyer
Daniel, Dan	Jenkins	Price
Daniel, R. W.	Jenrette	Pursell
Danielson	Johnson, Calif.	Quayle
Davis	Johnson, Colo.	Quie
de la Garza	Jones, N.C.	Regula
Derwinski	Jones, Tenn.	Reuss
Devine	Jordan	Rhodes
Dicks	Kasten	Risenhoover
Dingell	Kazen	Roberts
Dornan	Kelly	Robinson
Duncan, Oreg.	Kemp	Rogers
Duncan, Tenn.	Ketchum	Roncalio
Eckhardt	Kindness	Rooney
Edwards, Ala.	Krebs	Rose
	Lagomarsino	Rostenkowski
		Rousselot

Roybal	Steed	White
Rudd	Steiger	Whitley
Satterfield	Stockman	Whitten
Sawyer	Stump	Wiggins
Sebelius	Taylor	Wilson, Bob
Sharp	Thompson	Wilson, C. H.
Shuster	Thone	Wilson, Tex.
Sisk	Thornton	Wolff
Skelton	Treen	Wright
Skubitz	Trible	Wylie
Slack	Tucker	Yatron
Smith, Nebr.	Ullman	Young, Alaska
Snyder	Volkmer	Young, Mo.
Spence	Waggonner	Zablocki
Staggers	Walker	
Stangeland	Watkins	

NOT VOTING—69

Addabbo	Diggs	Mottl
Badham	Early	Murtha
Badillo	Eilberg	Myers, Michael
Baucus	Flippo	Oakar
Boggs	Flood	Quillen
Boland	Florio	Railsback
Brademas	Ford, Mich.	Runnels
Broomfield	Frenzel	Ruppe
Burgener	Frey	Santini
Burke, Mass.	Fuqua	Schulze
Butler	Gammage	Shipley
Byron	Gaydos	Sikes
Carney	Harrington	St Germain
Chisholm	Holland	Stark
Clausen, Don H.	Koch	Symms
	Krueger	Teague
Clay	Lott	Vander Jagt
Cleveland	Lujan	Walsh
Cohen	McEwen	Wampler
Cotter	McKinney	Young, Fla.
Crane	Metcalfe	Young, Tex.
Cunningham	Milford	Zeferetti
Dent	Mitchell, N.Y.	
Dickinson	Montgomery	

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Santini against.
Mrs. Boggs for, with Mr. Montgomery against.
Mr. Zeferetti for, with Mr. Fuqua against.
Mr. Shipley for, with Mr. Gammage against.
Mr. Harrington for, with Mr. Teague against.
Ms. Chisholm for, with Mr. Burke of Massachusetts against.
Mr. Ford of Michigan for, with Mr. Broomfield against.
Mr. Koch for, with Mr. Butler against.
Mr. Metcalfe for, with Mr. Crane against.
Mr. Mottl for, with Mr. Cunningham against.
Mr. Stark for, with Mr. Frenzel against.
Mr. St Germain for, with Mr. Lott against.
Mr. McKinney for, with Mr. Quillen against.
Mr. Badillo for, with Mr. Railsback against.
Mr. Clay for, with Mr. Brademas against.
Mr. Baucus for, with Mr. Ruppe against.
Mr. Carney for, with Mr. Symms against.
Mr. Diggs for, with Mr. Schulze against.
Mr. Eilberg for, with Mr. Sikes against.

Messrs. HEFTEL, BROWN of Michigan, RHODES, and MOLLOHAN changed their votes from "aye" to "no."

Mr. HUGHES and Mr. LLOYD of California changed their vote from "no" to "aye."

So the amendment to the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY) as a substitute for the amendment offered by the gentleman from Oregon (Mr. WEAVER).

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. WEAVER) as amended.

The amendment, as amended, was agreed to.

Mr. SEBELIUS. Mr. Chairman, this body's vote yesterday to raise the target price for the 1977 wheat crop from $2.65 per bushel to $2.90 and for the 1977 corn crop from $1.85 to $2 was the result of long and diligent work by many of my grain States colleagues. I would especially like to commend the colleague from my neighboring State to the south, the Honorable GLENN ENGLISH of Oklahoma, for his assistance in persuading the majority leadership of the critical need for an improved target price.

I would also like to extend compliments to the colleague from my State to the north, the Honorable CHARLES THONE of Nebraska who also did yeoman work, both in the Agriculture Committee and in personal visits with many of our colleagues to successfully point out the need for higher wheat and corn target prices. I am particularly indebted to him for his efforts to raise the corn target price to $2 because my district produces about three-fourths of the Kansas corn production and will enable many deserving irrigated corn producers to receive additional price assistance for their hard work in feeding this Nation and the world.

Although many helped out, or we could not have been successful, I would be remiss if I did not mention the hard work of MARK ANDREWS of North Dakota, RON MARLENEE of Montana, VIRGINIA SMITH of Nebraska, JAMES ABDNOR of South Dakota, ARLAN STANGELAND, TOM HAGEDORN of Minnesota, and JAMES JOHNSON of Colorado on our side of the aisle.

I would also like to point out that the increase in the wheat target price to $2.90 for the 1977 crop represents a potential maximum increase of $182.4 million over the existing $3.47 target price and $106.1 million over the Agriculture Committee's figure of $2.65 for the State of Kansas alone. The efforts of all my friends and colleagues who worked and voted in favor of these two amendments are greatly appreciated.

Mr. GILMAN. Mr. Speaker, I supported the gentleman from Oregon, Mr. WEAVER'S amendment to the omnibus agriculture bill, calling for the establishment of a national grain reserve program. My distinguished colleague from Oregon has introduced this worthy legislation to insure future food security, and to protect our Nation's farmers and consumers by easing the strains placed upon them by surpluses.

In the past, I have cosponsored several measures and have introduced others which call attention to the critical problems of world hunger and which work toward the elimination of hunger and malnutrition throughout the global community. My colleagues will recall that last Congress the "right to food resolution" passed the House with a majority support. Indeed, the Congress is acutely aware of the need for such legislation and I believe that Mr. Weaver's amendment should be accepted and signed into law.

At a time when our economy can no longer sustain the burdens of high prices and unnecessary markups in farm prices, it is a provident idea to accept an amendment which incorporates a great deal of "common sense" and foresight. The Weaver amendment is just such an amendment.

We have vividly seen over the past decade the toll taken by famine and waste. It is time to employ the lessons that we have learned from witnessing those sad events. In order to protect ourselves, and future generations, it is imperative that the Congress accept the Weaver proposal. As a cosponsor of this needed legislation, I joined with Congressman WEAVER in support of his amendment in order to establish a grain reserve which will help moderate the extreme fluctuations in grain supplies and prices and in farm incomes. Such a reserve will also be available for use in foreign disasters and for famine relief.

Mr. FOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. WRIGHT, having assumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill H.R. 7171 during its consideration today in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR TWO ADDITIONAL POSITIONS ON THE CAPITOL POLICE

Mr. ANNUNZIO, from the Committee on House Administration, submitted a privileged report (Rept. No. 95–522), on House Resolution 661 providing for two additional positions on the Capitol Police, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT DURING THE SESSION ON TUESDAY NEXT

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Oversight and Investigations

of the Committee on Interstate and Foreign Commerce be given permission to meet during the general session on Tuesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Reserving the right to object, can the gentleman tell us why it is so important that this subcommittee meet on a day when we have such an active calendar and items that affect California and other areas?

Mr. WAXMAN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the gentleman.

Mr. WAXMAN. I thank the gentleman for yielding.

I am making this request on behalf of the chairman of the subcommittee, the gentleman from California (Mr. Moss), who has had an investigation scheduled, the nature of which I cannot describe for the gentleman at this time. He has scheduled it, and he has witnesses coming to testify and has asked me to make this request in his behalf. I am sure that the gentleman from California (Mr. Moss), is well aware of the nature of the business on the floor and understands the significance of that, not only to those of us in California but to the rest of us in Congress.

Mr. ROUSSELOT. Further reserving the right to object, is there any legislative business to be conducted, or is it a hearing?

Mr. WAXMAN. If the gentleman will yield further, this is an Oversight and investigations Subcommittee.

Mr. ROUSSELOT. I have had during the day a substantial number of people on the gentleman's side of the aisle requesting that we do not have too much competition during next week since we are trying to get most of the legislative business cleared, so I am really constrained to object, if we can take it up Monday.

Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to inquire of the distinguished gentleman from Illinois (Mr. ROSTENKOWSKI) as to the program for the balance of the week and for next week if he is in a position to enlighten the House.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. I thank the gentleman for yielding.

Mr. Speaker, this concludes the business for this week. Next week the program for the House of Representatives for the week of July 25, 1977, is as follows:

On Monday, the House meets at noon. There are no District bills and no suspensions to be considered.

There will be continued consideration of H.R. 7171, the Agriculture Act of 1977, and we will rise from the consideration of that legislation at 2:15 p.m.

Then we will go to H.R. 4544, Black Lung Benefits Reform Act of 1977, under an open rule, with 2 hours of debate. We will consider general debate only on Monday.

On Tuesday, the House would hope to meet at 10 o'clock. There are no suspensions to be considered. We will complete consideration on H.R. 7171, the Agriculture Act of 1977.

On Wednesday through Friday, I will ask unanimous consent that the House will meet at 10 a.m. each day for consideration of the following legislation:

H.R. 3744, the Fair Labor Standards Amendments of 1977—minimum wage—subject to a rule being granted;

H.R. 5400, Universal Voter Registration Act of 1977, under an open rule, 2 hours of debate;

House Resolution 70, Select Committee on Population;

H.R. 4544, Black Lung Benefits Reform Act of 1977, on which we expect to complete consideration;

H.R. 3816, the FTC Amendments of 1977, and this is also subject to a rule being granted; and

H.R. 8309, Navigation Development Act—locks and dam 26—which is subject to a rule being granted.

The House will adjourn by 3 p.m. on Friday and by 5:30 p.m. on all other days except Wednesday.

Conference reports may be brought up at any time and any further program will be announced later.

Mr. Speaker, that concludes the schedule for next week.

Mr. RHODES. Mr. Speaker, I thank the gentleman from Illinois.

REQUEST THAT HOUSE MEET AT 10 A.M. ON TUESDAY AND ON WEDNESDAY OF NEXT WEEK

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the House may meet at 10 a.m. on Tuesday and on Wednesday next.

The SPEAKER pro tempore (Mr. MCKAY). Is there objection to the request of the gentleman from Illinois?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADJOURNMENT TO MONDAY, JULY 25, 1977

Mr. ROSTENKOWSKI. Mr. Chairman, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE LATE HONORABLE OLIVER QUIMBY MELTON, SR.

(Mr. FLYNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FLYNT. Mr. Speaker, it is my sad duty to announce the death of one of Georgia's most prominent and distinguished citizens, the Honorable Oliver Quimby Melton, Sr. Mr. Melton died in the early morning hours of today and his passing marks the close of a rich and fruitful life dedicated to the service of his country, State, community, and fellow man.

Mr. Melton was born on November 17, 1890, at Chepultepic, Ala., the son of Dr. Wightman F. Melton, a long-time teacher at Emory College and a poet laureate of Georgia. Mr. Melton attended and graduated from Emory College at Oxford, now Emory University, Atlanta, Ga. During World War I he served with honor and distinction as a commissioned officer in the 82d All-American Division, U.S. Army, in France. He achieved the rank of major and served as a battalion commander in the battles of Belleau Wood and Meuse-Argonne. He was cited and decorated for gallantry and bravery, and he was twice promoted in combat.

Returning home following World War I, he entered the newspaper business and worked as a newspaperman in Jacksonville, Fla.; Americus, Ga.; Birmingham, Ala.; and Atlanta, Ga.

In 1925, he acquired the Griffin, Ga., Daily News and served as its editor and publisher until his retirement from active direction of the paper about 6 years ago. He was succeeded as editor and publisher by his son, Quimby Melton, Jr.

Mr. Melton was a former State commander of the American Legion, Department of Georgia; national vice commander of the American Legion; National Executive Committeeman of the American Legion; and an active member of Barnett Harris Post No. 15, American Legion, Griffin, Ga., and a charter member of Noah W. Barfield Post No. 5448, Griffin, Ga., Veterans of Foreign Wars of the United States of America.

For more than 50 years he was an active and devoted member of the First Methodist Church of Griffin, Ga., serving as chairman of the board of trustees and the board of stewards. He was a classmate and close friend of Methodist Bishop Arthur J. Moore.

As a citizen, a newspaperman, an active church leader, a patriotic American, and a devoted husband, father, and friend, he will be missed by all who knew, admired, respected, and loved him.

Nearly 60 years ago he was married to Miss Mary Davenport of Americus, Ga. Mrs. Mary Davenport Melton was a granddaughter of the late Speaker Charles Frederick Crisp, who served as Speaker of the U.S. House of Representatives. Their union was blessed by two

fine sons, Oliver Quimby Melton, Jr., himself a prominent citizen of Georgia and a 14-year veteran of the Georgia General Assembly and chairman of the House Ways and Means Committee, and Lt. Frederick Davenport Melton, a gallant soldier in World War II, who was killed in action in the European Theater and buried in the American cemetery near Arnheim in the Netherlands.

In addition to his son, Quimby Melton, Jr., Mr. Melton is survived by four grandchildren: Quimby Melton III, editor of the Fayette County News; Mrs. Mary Forhand of Lawrenceville, Ga.; Miss Laura Melton, R.N., Athens, Ga.; and Miss Leila Melton, Griffin, Ga.

Our Nation, our State, and Griffin-Spalding County, Ga., are better places in which to live, because of the contributions of the life and service of Oliver Quimby Melton, Sr. Mrs. Flynt and our children join me in expressing our love and sympathy to Mr. Melton, Jr., and his family.

THE CONGRESSIONAL BUDGET FOR FISCAL YEAR 1977

(Mr. GIAIMO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GIAIMO. Mr. Speaker, on behalf of the Committee on the Budget, and as called for by the Congressional Budget Act, I am reporting to the House on the status of the fiscal year 1977 congressional budget under the resolution adopted by the House on May 17, 1977.

Since my last report to the House on May 24, the House has passed and sent to the Senate all but one of the appropriations bills for fiscal year 1978. Two of these bills, State, Justice, Commerce and Judiciary, and Transportation and related agencies, contain supplemental appropriations for fiscal year 1977. In the case of the State Justice appropriation. approximately $200 million for the disaster loan assistance program within the Small Business Administration has been appropriated for fiscal year 1977, with associated outlays of approximately $132 million. The Transportation and related agencies appropriation contains fiscal year 1977 funding for payment on the interest on the bonds of the Washington Metropolitan Transit Authority. Budget authority and outlays are, therefore, increased by $12 million. As both of these appropriations conference reports have been adopted by both the House and the Senate, it becomes necessary to adjust the current level for spending.

It can be seen from the attached chart that these increases in budget authority and outlays result in an "amount remaining" under the third revised resolution of $7,477 million in budget authority and $845 million in outlays. The current level for revenues has remained the same as my previous report to the House.

As I am sure you are aware, we are rapidly approaching the close of this fiscal year. On September 30, the Congress will be able to look back upon another full year of successful implementation of the budget process. Fiscal year 1977 was marked not only by Congress setting its own national priorities but also by retaining the flexibility to accommodate the stimulus proposals sent to Congress by the new administration.

The Congress has acted responsibly in setting its spending and revenue limits and living within them for the duration of the fiscal year. I feel confident that this spirit of discipline will continue as we begin consideration of the second budget resolution for fiscal year 1978.

Mr. Speaker, I commend my colleagues for their responsibility and cooperation in dealing with the budget.

CHANGES TO THE CURRENT LEVEL OF SPENDING AND REVENUES FOR FISCAL YEAR 1977

[In millions of dollars]

	Budget authority	Outlays	Revenues
Current level as of May 24, 1977	462, 499	408, 211	356, 700
Supplemental appropriations for fiscal year 1977:			
Fiscal year 1978 State-Justice appropriation	212	132	.....
Fiscal year 1978 Transportation and related agencies appropriation	12	12	.....
Current level as of July 20, 1977	462, 723	408, 355	356, 700
Appropriate level in the 3d revised resolution	470, 200	409, 200	356, 600
Amount remaining	7, 477	845	100

INTRODUCING BILL AFFECTING THE LAND SELECTION RIGHTS OF SEALASKA CORPORATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 10 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, I am introducing today a bill to correct a legislative oversight affecting the land selection rights of Sealaska Corporation, the regional corporation organized by the Natives of southeast Alaska under the Alaska Native Claims Settlement Act.

Under section 14(h)(8) of the act, the corporation is entitled to select and be conveyed upward of 250,000 acres of land. Section 16(b) of the act, as amended, provides that this land shall be selected from the areas withdrawn for, but not selected by, the Native villages in southeastern Alaska.

Klukwan is one of these villages. In October 1976, being informed that there was insufficient land of suitable quality in the area withdrawn for Klukwan from which the Klukwan village corporation might select the 23,040 acres to which it is entitled, Congress further amended the Settlement Act to require the Secretary of the Interior to withdraw 70,000 acres elsewhere in southeast Alaska from which the village corporation might select its land.

Due to an oversight on Sealaska's part when the Klukwan amendment was being considered by the Congress, it did not seek the inclusion of language to authorize it to select lands to which it is entitled under section 14(h)(8) from the new lands withdrawn for Klukwan and not selected by the village corporation. Consequently, it is now doubtful that under existing law Sealaska can select lands from the area withdrawn for Klukwan. The bill I am introducing would permit Sealaska to do so.

As noted, the area withdrawn for Klukwan under section 16(d) comprises 70,000 acres, from which the Klukwan village corporation is entitled to select 23,040 acres. My bill would permit Sealaska to exercise its selection right under 14(h)(8) on the approximately 47,000 acres that will remain in the area after the Klukwan village corporation has made its selection, just as Sealaska is permitted to exercise such right on the lands remaining in the other southeast village withdrawal areas after the village corporations have made their selections.

The bill would not increase Sealaska's entitlement to land or affect the rights of any other Native corporation in any way. It would simply make available for the selection by Sealaska, in accordance with its existing right under section 14(h)(8), the surplus lands in the area withdrawn for Klukwan.

Enactment of this legislation is a matter of great urgency. Sealaska's right to make selections under section 14(h)(8) will expire on December 17 of this year. Thus, if Sealaska is to select surplus lands from the Klukwan withdrawal area, it is essential that enabling legislation be enacted this session.

MATHIAS SPEECH ON PRIVACY IS COMMENDED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 10 minutes.

Mr. WHALEN. Mr. Speaker, the recent publication of the report of the Privacy Protection Study Commission is helping to bring the privacy issue back into public view. This is important, because many Americans are no longer sensitized to the continuing erosion of their civil liberties, particularly their rights to privacy.

One legislator who has been in the forefront of the struggle to protect citizens' rights to privacy is Senator CHARLES MCC. MATHIAS, JR. For as long as I can recall, MAC MATHIAS has been speaking out, doing his best to put a brake on the erosion of our privacy rights.

In this 95th Congress, it is my privilege to cosponsor, with Senator MATHIAS, the Bill of Rights Procedures Act (H.R. 215 and S. 14). This is one of the major bills in the rights to privacy area and was originally introduced by Senator MATHIAS and then-Congressman Charles Mosher over 3 years ago.

On March 19 of this year, Senator MATHIAS addressed the Young Lawyers' Section of the Maryland State Bar Association. The subject of his speech was "Privacy: At the Crossroads."

In light of today's renewed interest in the privacy issue, I commend Senator MATHIAS' remarks to the attention of my colleagues and the public. At this point in the RECORD, I wish to insert the text of his excellent speech:

PRIVACY: AT THE CROSSROADS

(By Senator CHARLES McC. MATHIAS, JR.)

The right to privacy—the right to be let alone—is perhaps the most fragile and elusive guarantee in our Constitution. It is the natural child of the First, Fourth and Fifth Amendments, and until recently the due process clause of the Fourteenth.

Its genesis is found in Eighteenth Century Common Law, in the idea of the sanctity of the home and private papers. It was a notion that stirred up hot dispute in England in the years leading up to the American Revolution. And, it is a notion that still contains the germs of hot dispute. . . .

After the Founding Fathers added the Bill of Rights to the Constitution, it appeared that the old disputes over personal freedoms had at last been settled.

The Bill of Rights was written to clarify basic liberties in terms that would be unalterable and unambiguous. It is fair to suppose, I think, that James Madison and his colleagues were satisfied that they had guaranteed the sanctity of the home and protected the people from arbitrary intrusions and searches and seizures, beyond all doubt and for all time.

With the passage of the Bill of Rights, every American had the explicit guarantee that he would be free from arbitrary invasions of his home and that his papers were inviolable. These are freedoms no despotism can accommodate. They are rights no free society can be without.

But, just as Thomas Jefferson predicted, it has constantly been necessary to curb the impulses of men in power to encroach on these rights. Watergate was not the first encroachment and it probably won't be the last. The old saw about power corrupting proves itself true with discouraging frequency.

Over the years, the United States Supreme Court has been a primary guardian of our civil liberties. The court has traditionally been sensitive to the privacy issue and has been careful in its decisions to define the scope of the privacy protections under the Constitution.

Recently, however, the Supreme Court seems to have faltered as the guardian angel of our right to privacy. There is a discernible trend toward narrower interpretations by the Supreme Court of the Constitutional provisions in the privacy area especially regarding the Fourth Amendment and the due process clause of the Fourteenth Amendment.

Two recently decisions—*United States* v. *Miller* and *Paul* v. *Davis*—concern me particularly.

With the electronic age the possibilities for intrusion have proliferated and the meaning of privacy has become blurred in many minds. In the confusion, electronic prying has outrun the restraints of the Fourth Amendment. In the *United States* v. *Miller*, the Supreme Court ruled that a citizen's bank records are not his private papers and are not subject to the protections of the Fourth Amendment.

The *Miller* decision was a great disappointment to those of us who had hoped for a definitive decision applying the Fourth Amendment to a citizen's bank records, and to similar third-party records. By ruling to the contrary, the court ignored the reasonable expectations of millions of Americans, as well as the realities of modern finance.

A bank account is an essential adjunct to contemporary living. Must a depositor run the risk his financial transactions will be subject to arbitrary government inspection? What recourse is there now for someone who wants to keep his financial records private? Is he to abandon the bank in favor of a stuffed mattress?

The potential consequences of the *Miller* decision were graphically illustrated recently on "60 Minutes". A TV audience of millions watched while a private investigator, using nothing but a couple's credit card records and cancelled checks, pieced together a frighteningly accurate picture of the couple, their tastes and their life-style.

From those anonymous scraps of paper which clutter all our lives, he produced this revealing collage:

"They are in the middle-income group . . . live in a middle-income area. They're Catholic. They have a child . . . a pet, live in their own home. Mr. X. is living up to his earnings and possibly extending himself; may be in difficulties financially. They own an older model car. His earnings are average.

"The wife is not employed at this time. She might have been pregnant at the time that we conducted this investigation, which was relative to the year 1975.

"(They) live in an integrated neighborhood. He's liberal minded in his political thinking; very concerned about the environment . . . we learned who he buys his liquor from . . . where he shops.

"Q. Is he a heavy drinker?

"A. No, he's not. He appears to have a tendency to drink wine. And that's derived, simply, from his checks. They're usually to the liquor store, two dollars or three dollars. Apparently he's a wine drinker.

"He's very concerned, apparently, about his personal appearance—because, for his income, he spent an unusually large amount for a hair stylist, which he apparently goes to regularly.

"The dog has had some medical problems.

"His wife may wear something called an alert—medical alert bracelet (she does because she is allergic to bee stings)."

There was more—physical descriptions and so on—but I'm sure you get the idea. As this show proved, bank and credit records contain more than simple statistics of your net worth and income. There is enough information in these records to describe your politics, what you read, what you own, what you buy, the charities you support, the cause you oppose, even that you are allergic to something.

But, despite all this, the *Miller* decision says you have no Constitutional right that prevents arbitrary inspection of these records.

Equally disturbing to me is the court's holding in *Paul* v. *Davis*.

I'm sure you're all familiar with the facts of the case, so I'll touch on them only lightly. Davis was arrested for shoplifting, pleaded not guilty at the arraignment but a year and a half went by before the prosecutor dismissed the charge. In the meantime, a flyer on shiplifters, including Davis' name and picture on a page headed "Active Shoplifters', was circulated by the police to 800 stores.

Thus on the basis of one charge, inactively pending at the time, Davis was publicly labeled a shoplifter.

The Supreme Court's troubling decision found that the victim of police action, which resulted in public defamation, could not sue for damages. It further ruled that injury to reputation is not protected under the due process clause of the Fourteenth Amendment.

So, all in one fell swoop, Blackstone and two centuries of legal precedent are out the window.

In this situation, Congress and State Legislatures must wake up to the fact that it's no longer safe to step aside as they have in the past and allow the courts to define the breadth of the privacy safeguards in the Constitution.

Even when the Congress has had opportunities to delineate the scope of these protections, it has either failed to do so, or else has purposely left such determinations to the courts. Let me give you a few specific examples where Congress abdicated its Constitutional role:

In the 1968 Omnibus Crime Control and Safe Street Act, Congress avoided the question of whether wiretaps in foreign intelligence cases could be conducted without judicial warrants. Since presidents have consistently claimed this power, Congress' action in effect permitted warrantless wiretapping to continue in so-called national security cases. The abuses of Watergate followed, as night follows day.

In the Bank Secrecy Act, Congress authorized surveillance of the bank records of millions of Americans without making clear whether these administrative powers were subject to the prohibition in the Fourteenth Amendment.

In the Border Search Statute, Congress allowed searches of persons within 100 miles of the border without stating whether the Fourteenth Amendment was applicable to governmental actions of this type.

Now, I think it's high time Congress and State legislatures started passing some legislation to protect the privacy which is so essential to a democratic society.

I have introduced two pieces of legislation which I believe will redress the Constitutional balance thrown off kilter by Miller and Davis. The first is the Bill of Rights Procedures Act which is designed to ensure that the Fourth Amendment's requirement of a warrant is applied to virtually all forms of government surveillance. The bill has attracted wide interest and support and I'm optimistic that it will be enacted in the 95th Congress.

The Bill of Rights Procedures Act would guarantee the privacy of a citizen's bank records, credit records, telephone records and mail. No government official could have access to any of these without the consent of the owner, a subpoena or a search warrant. The Bill would also restrict mail covers—the practice of monitoring the information on the outside of pieces of first class mail. Only the Attorney General or high officials in the Postal Inspector's office could order mail covers, and then only with a signed affidavit supporting the request. Records would be kept, establishing who had responsibility and why. This legislation would prevent the recurrence of cases like that involving Lori Paton, the 17-year-old who wrote to the Socialist Labor Party as part of a school project and ended up under criminal investigation by the F.B.I. to determine if she was "engaged in subversive activities".

There is nothing startling or new in the Bill of Rights Procedures Act. Maryland has its own version of the Act. Legislation was passed last year to make it illegal for a bank or credit union to give out a client's records without that client's permission or in response to a subpoena or court order.

In fact, Maryland is in the vanguard of States that have acted to guarantee personal privacy of medical, psychological, adoption and welfare records; personnel files, letters of reference and school records, including data relating to family, religion and mental ability. The records and data assembled by our State Board of Health and Mental Hygiene must remain confidential. We have a Consumer Protection Act, which limits the dissemination of consumer credit information.

I have also introduced in this Congress, S. 35, "The Civil Rights Improvement Act of 1977". This bill is primarily aimed at overcoming a series of recent decisions by the Supreme Court which have limited access to the Federal Courts, especially for those most in need of judicial relief. But, one provision in the Bill reasserts the principle that a person's interest in his good name is fundamental to the concept of ordered liberty. It specifically provides that the right to one's reputation is protected by the Fourteenth Amendment. I believe enactment of this legislation will supplant Davis and get us back

in line with the intent of the Framers of the Constitution and legal tradition.

I urge you to review these bills and I invite you to work with me to enact them. That would take us a long way down the road toward restoring to its proper place in the affairs of our democratic society the fundamental right to privacy.

THE 19TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Pennsylvania (Mr. McDADE) is recognized for 5 minutes.

Mr. McDADE. Mr. Speaker, the 19th anniversary of Captive Nations Week is upon us. It is time once again to express publicly what this House endorses privately every day of the year. We have taken this opportunity every year since 1959 to join other public and private organizations across the country in deploring the fate of captive nations all over the globe. The denial of the right to speak, act and live freely is antithetical to the spirit of this House and to the very nature of mankind.

We who have for years championed the interests of captive nations realize that the doctrine of human rights only reiterates what we have been saying for some time. Nineteen years of perseverance have not gone unrewarded.

However, this crusade must not falter over a false sense of achievement; the work is not done. We should celebrate this 19th anniversary with a renewed commitment to the pursuit of economic, political and intellectual freedom for all nations. We have secured but a foothold for the long climb ahead.

The Belgrade Conference this year will place the issues of human rights and national self-determination squarely before the international community. We urge that the right of captive nations to choose their destiny receive top priority by our negotiators at the Conference. This level of human rights must be secured before any other can be considered. We must not be cajoled or deluded by the misrepresentations of oppressive governments into believing that the nationalities of Eastern Europe, the Baltic States, Southern Asia, and recently, a number of fledgling African nations are not under Soviet or Chinese Communist domination. Their people and their resources are exploited to satisfy the desires of a coercive monolith intolerant of freedoms which are the natural right of all mankind.

We demand an unwavering commitment by the international fraternity to guarantee human rights and self-determination for all the peoples of the world. A world in which more than a third of mankind lacks intellectual freedom and is denied the opportunity to honor the God of their choice in a manner of their choice is not a world conducive to international cooperation and lasting peace.

Therefore, in celebrating the 19th anniversary of Captive Nations Week, we wholeheartedly lend our support to all captive nations in their quest for national autonomy, and we commit ourselves to the role of leader and model of global freedom with greater zeal than ever before. The international campaign for human rights demands nothing less.

LABOR-MANAGEMENT COOPERATION AND PRODUCTIVITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 10 minutes.

Mr. CORCORAN of Illinois. Mr. Speaker, I would like to share with my colleagues an interesting experience I had this past Saturday in Aurora, Ill., which is in my district, I sponsored a labor-management seminar on productivity and over 60 leaders from labor and management from throughout the 15th Congressional District attended Speakers included Mr. Leon Skan of the Chicago office of the National Center for Productivity and Quality of Working Life; Mr. Vernon Talbott of the Illinois Institute of Labor and Industrial Relations; Mr. Lee Hess, a general manager of one of Dana Corp.'s plants; Mr. Ronald Sanderson, the local UAW president of that same plant—as described on the CBS–TV prime time program "Mr. Rooney Goes To Work" shown on July 5—and Mr. Robert Callaway of the Rockford office of the Federal Mediation and Conciliation Service. A half-hour color film, "A Better Way" produced by FMCS was also shown.

For 4 hours we listened to these speakers relate their past experiences as well as offer their assistance to the people of the 15th District of Illinois. There was considerable give and take and I was extremely pleased by the number of good questions and the high level of the entire discussion. Despite the presence of two potentially adverse groups, labor and management, the discussions were fruitful and will definitely provide a starting point for future activities on the part of the people in the north-central Illinois area who are concerned with the decline of job opportunities in Illinois.

My concern in sponsoring this labor-management seminar was in the direction of doing something which would encourage existing industry to stay in Illinois, encourage it to expand, and encourage new industry to locate in Illinois.

The importance of good labor-management relations cannot be overemphasized. If a region or a State or a local area has a reputation of having a "bad labor climate," then that area is going to have a difficult time in any efforts it may make to retain existing industry, encourage its expansion, and attract new industry.

The reputation of Illinois in this area has not been the best in the recent past and I thought that one way I could contribute was to sponsor this type of seminar. And judging from the enthusiastic response of those in attendance, I think it is fair to say that the seminar was a success and, as a result, Illinois now has a few more people thinking in terms of improving labor-management cooperation. I pointed out at the seminar that increased cooperation between union and management is not only possible but is urgently needed and needed now. There is a rich resource which, in most companies, is as yet untapped in rank and file workers throughout every region of the country. The challenge to both management and labor is to release that human resource in the self-interest of both parties. This requires initiative on the part of management. Union contracts spell out the right of management to manage the organization. It is clearly management's responsibility if it wishes to change the organizational practices which have led to the stifling and ignoring of the creativity of the average employee. Without management's initiative, this change will not occur. Those managers who view the members of the bargaining unit as a necessary evil will have to change that view if they are to survive and prosper in the seventies and eighties.

At the same time it is essential that efforts by management to utilize human resources in the organization be met with cooperation on the part of the unions. Management's concern with productivity and costs is legitimate. It is not simply a shell game to trick unions into low settlements and harder work, but represents a genuine problem that economic institutions face in an increasingly competitive world market. Management must have the cooperation and involvement of its production employees and their bargaining agents if the goals of higher productivity, satisfactory profits, and long-term employment stability are to be achieved. To get that cooperation, management will need to involve labor in decisions affecting the workplace.

Undoubtedly there will always be issues of contention between labor and management. But I do believe that the time has arrived when management and labor must acknowledge that mutual survival—with sales for management and long-term security for labor—requires a serious effort at cooperation for the success of the total enterprise. Success in such an effort will require managers to give up long-cherished notions about workers which assume that the worker has only muscle and physical coordination to contribute to getting the job done. On the other hand, it will require workers and their selected representatives to adopt a better stance toward management when it seeks to gain their cooperation and support for effectively running the organization and getting a quality product out the door. Both parties will need to understand in the most basic way that job security and productivity go together and that the emphasis must be on "working smarter" rather than on "working harder."

Joint action on issues of mutual concern is essential for any community. These joint actions must be undertaken on a plant-by-plant, company-by-company basis.

There are no panaceas for Illinois or any other area of the country. There is no decision that can be made in Washington or anywhere else that will settle our problems. Progress will only be made when we commit ourselves to a joint effort to solve our mutual problems and meet our common goals. Such an effort will have to be based on respect and on

trust. It will have to be built slowly and painfully over time, and it will have to be based on the recognition that when we're in the same boat we either float together or we sink together.

And so, Mr. Speaker, I hope that my experience this past weekend will serve as an example to other Members who may be interested in becoming further involved in the economic activities of their districts, particularly in terms of labor-management relations and productivity. My experience with this seminar was a good one—it helped open up communications with several important groups of constituents and will provide a basis for continuing followup. Whether we are talking about labor-management cooperation in the public sector or in the private sector, and whether we are talking about it in a union setting or a nonunion setting, it is a very important aspect of an area's economic well-being, both now and in the future.

PROHIBIT CONSUMER CREDIT REDLINING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 30 minutes.

Ms. HOLTZMAN. Mr. Speaker, yesterday I introduced a bill that would put an end to present practice of credit redlining on the basis of geography. It would insure that consumer credit is not withheld from creditworthy people merely because of where they live.

A newspaper recently reported that a Detroit couple, with an annual income of $50,000, was denied a gasoline credit card because they live in an older section of the city. It is intolerable that individuals, otherwise eligible for credit, are denied credit just because they live in a particular city neighborhood that a bank or credit card company does not like.

Credit redlining on a geographic basis is discriminatory and unfair. In addition, consumer credit redlining, like mortgage and insurance redlining, undermines efforts to keep our cities alive.

My bill which amends the Equal Credit Opportunity Act, would halt consumer credit redlining by prohibiting the denial of consumer creidt on grounds of geography. The Equal Credit Opportunity Act now prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, receipt of welfare funds, or the exercise of any right under the Equal Credit Opportunity Act.

My legislation would help insure that people are not arbitrarily denied consumer credit. It would require that applicants for credit be judged on their merits and not on the discriminatory criterion of geographic location. I urge prompt passage of my bill.

A Washington Post editorial commented on the seriousness of this problem and urged corrective legislation. A copy of this editorial and the text of the amendment follow:

"REDLINING" WITH CREDIT CARDS

We were intrigued by a story we read the other day about a husband and wife in Detroit with a combined yearly income of $50-000 who have been unable to get a credit card from the Mobil Oil Corporation. The reason is that Mobil, like a lot of other credit corporations, uses geographic location as one measure of "credit worthiness," and the couple in question lives in an older, relatively poor section of Detroit. Mobil says that it divides the country into regions and can determine statistically in which regions people are more likely to default on credit. It says that its tri-state Midwest region, which includes Michigan, has a history of poor "credit experience." Other corporations acknowledge that they make similar judgments by using zip codes as an important test of a person's credit acceptability.

Now, it is true that the country has done much in the past few years to clean up unfair and arbitrary credit-rating practices. Through the Equal Credit Opportunity Act, a lot of flagrant credit discrimination has been identified and is on its way out. But the test of residential location apparently is still with us—and widely used. One reason is that the law does not prohibit discrimination on that basis. That's why the various federal agencies that regulate the credit corporations argue that they have no way to stop the practice—so long as it doesn't clearly take the form of discrimination against any one race or sex.

There is a particularly disturbing aspect to this problem—apart from the effects of this form of discrimination on individuals—and that is the area-wide effect, especially on inner-city neighborhoods. In practical terms, the determination of a person's entitlement to credit based on a region, a state or the location within a city is a form of "redlining"—a term more often associated with discriminatory mortgage lending, but applicable in this instance. At a time when local and federal officials are developing programs to get more people to live in cities—and in older neighborhoods in particular—a denial of credit to otherwise credit worthy residents of the areas concerned is, to say the least, unhelpful.

Serious consideration ought to be given to amending the Equal Credit Opportunity Act so that geographic location does not remain a basis for discrimination. Credit worthiness should be determined uniformly and on the individual merits, not by the arbitrary application of tests having only to do with where the credit-seeker happens to live.

H.R. —

A bill to amend the Equal Credit Opportunity Act to prohibit discrimination against any applicant for credit on the basis of the geographical location of the applicant's residence

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 701(a) of the Equal Credit Opportunity Act is amended by striking out "or" at the end of paragraph (2) thereof, by striking out the period and inserting "; or", and by inserting at the end thereof the following:

"(4) on the basis of the geographical location of the applicant's residence (other than any extension of credit which is secured by real property which is the applicant's residence).".

RELIGIOUS CHARITIES SHOULD DISCLOSE INFORMATION TO PUBLIC

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. CHARLES H. WILSON) is recognized for 5 minutes.

Mr. CHARLES H. WILSON of California. Mr. Speaker, in the past few years I have devoted considerable time and effort in developing charity disclosure legislation which would protect the public against the kinds of moneymaking schemes posing as legitimate charities which have drawn so much publicity in recent years.

My intent has been to attack this problem by carefully drafting legislation which would give the public the information necessary to confirm that an organization soliciting funds is indeed legitimate and efficient while at the same time not imposing unreasonable expensive requirements on reputable charities.

With the help of many of these charities as well as experts from the accounting field and other knowledgeable persons, I have developed a bill, H.R. 41, which can responsibly provide for public disclosure in the philanthropic sector.

H.R. 41 is strongly endorsed by groups such as the American Heart Association, the National Kidney Foundation, the American Lung Association, Save the Children Federation and many other groups.

In hearings on the bill in March, Illinois Attorney General William J. Scott, chairman of the Charitable Trust Committee of the National Association of Attorneys General, gave his strong personal endorsement to H.R. 41. Attorney General Scott noted that his office spends $1 out of every $8 on charity fraud but he added that—

In no way can we (in the Attorney General's office) deal with this ourselves . . . (H.R. 41) complements the type of activity we are involved in.

Recently the National Association of Attorneys General Charitable Committee went on record in support of Federal disclosure legislation of the type provided for in H.R. 41.

The secretary of the Commonwealth of Pennsylvania, Mrs. C. Delores Tucker, testifying in support of the bill stated that—

Critics who argue against this piece of legislation are arguing for a continuation of what can be described only as spotty protection for the public from unscrupulous operators.

Mrs. Tucker said:

Public disclosure is a far cry from regulation, and the public has a right to be protected against frauds perpetrated under any guise, including religion.

It is extremely important to remember that H.R. 41 is not only a consumer protection bill but it also is designed to restore any diminished credibility which reputable charities have suffered as a result of the publicized abuse of fraudulent operators.

Clearly, H.R. 41 represents a golden opportunity to take a positive step that will insure that the vital work done by legitimate charitable organizations can be continued in the future in an environment that is not tainted by frequent scandal.

Mr. Speaker, I wish I could state today that well-known religious fundraisers have been in the forefront of this effort, but unfortunately that has not been the case.

This is particularly ironic in light of the fact that much, if not most, of the charity scandals which have come to light in recent years have been religious-affiliated.

Mr. Speaker, some of these organizations have leveled erroneous charges against H.R. 41, but a recent article from the Religious News Service reveals that they really oppose disclosure to the public in any form.

H.R. 41 does require that religious-affiliated organizations soliciting charitable contributions from the general public—in other words individuals who do not belong to the congregation or parish—provide some very basic information to the potential donor about what the money solicited is used for. In the case of the Pallottine Fathers in Baltimore who raised $20 million, the simple statement that less than 5 cents out of every dollar actually went to the alleged purpose—starving children in overseas missions—would be included with the solicitation. The public does have the right to know this.

At any rate, the article which follows demonstrates that certain religious-affiliated organizations are even refusing to provide information to the Council of Better Business Bureaus:

[From the Washington Post, July 1, 1977]

PUBLIC FUND REPORT REFUSED BY GRAHAM

MINNEAPOLIS.—"As long as we have the Lord's stamp of approval that is all we need . . ."

That is the way George M. Wilson, executive vice president of the Billy Graham Evangelistic Association, explained the organization's refusal to make public its financial statement to a Washington group that evaluates charitable endeavors.

The Graham association is classified as a "church" by the Internal Revenue Service and does not have to file a report on finances with the government or anyone else.

The Council of Better Business Bureaus, a private Washington group that monitors about 10,000 groups that seek money from the public, has tried 10 times since 1973 to secure an audited financial report from the Graham association.

The requests have been ignored, according to Helen O'Rourke, a vice president of the council and director of the bureau's philanthropic advisory service.

Wilson said the Graham association board has taken the position that publicizing the association's finances would be "counter-productive" in bringing in contributions. Small givers might question whether their gifts were needed if there were reports of multi-million dollar budgets he explained.

"We have no problem with donors," Wilson continued. "They believe in our integrity."

He said the association does reply to questions from donors, but feels it would be a waste of donor dollars to respond to the Better Business Council and other organizations that ask for financial information.

The association, he held, maintains the "highest standards of business practices" and is audited annually by a national accounting firm, Ernst and Ernst.

One of the most detailed articles about the Graham association's finances was published in February by the Charlotte (N.C.) Observer as part of a series on the evangelist.

According to the Observer, contributions to the association in 1975 totaled a little more than $23 million, 90 per cent of the association's $26 million budget. The average contribution was reported at $8 to $10 with 40,000 to 50,000 letters received weekly.

To keep gifts coming, the association's computer prepares 20 to 25 million letters annually asking for money. In 1975, mailings cost $1.6 million. About 10 per cent of the 1975 budget, or $2.6 million was spent on Decision magazine, a 16-page monthly mailed to 3.5 million contributors in the United States.

According to figures provided to the Observer, $8.8 million was spent in 1975 on radio, television and films. Most of that went to televise the Graham crusades in 310 metropolitan areas.

The Observer reported that the rest of the association's $26 million budget was spent this way:

$7.9 million for evangelism ministries, crusades, literature, counseling, other organizations and scholarships.

$3.7 million for foreign ministries and world emergency funds, such as contributions made after a famine in Africa and an earthquake in Guatemala.

$1.3 million for administrative expenses.

Graham receives an annual salary of $39,500. That, combined with the income from his newspaper column, $240,000 he got the land his father left and $420,000 worth of land he has acquired leaves him financially comfortable, the Observer pointed out.

The evangelist's money is kept in a trust fund administered by a Charlotte bank. Graham told the Observer he has not handled his money for 25 years and "wouldn't have any idea how much he is worth." He does say he isn't a millionaire. "I want to keep it way under a million," he said.

LEGISLATION TO REDUCE RADIO FREQUENCY INTERFERENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, today I am introducing important consumer legislation that will eliminate up to 90 percent of the interference problems that radio and television users experience. This bill is an improved version of a bill I introduced in the 94th Congress (H.R. 7052).

Nearly everyone has at one time or another experienced interference to his television or radio. Strange voices may suddenly interrupt a favorite television show for no apparent reason. Such interference problems are not limited to television and radios. Radio frequency interference—RFI—also affects stereos, phonographs, and electrical musical instruments. The entire range of audio and visual electronic equipment is subject to RFI. Even medical devices, such as pacemakers, and new braking equipment in cars and trucks are dangerously susceptible to this growing problem.

Radio frequency interference is generated by a wide variety of electronic devices, including microwave ovens, automatic garage openers, and medical and hospital equipment. The most frequent complaints come from people who live near amateur and citizen band radio operators. The great growth of CB radios, in particular, has contributed to the increase in complaints that the FCC has been receiving. The FCC expects to receive 200,000 RFI complaints in the next fiscal year. This is five times the number received by the FCC in fiscal year 1974. In my district, for example, an entire community was affected by one apparently legally operating source. However, the enforcement division of the FCC, which is charged with handling such complaints, can only respond to them by sending a form response. Nevertheless, it currently costs the FCC over $1 million per year to process these complaints.

Even if the FCC had the manpower to deal individually with these complaints, it does not have the jurisdiction to correct 80 to 90 percent of the problems. In most cases, the broadcasting unit, such as the CB radio, is operating within its assigned frequency, in accordance with FCC regulations. It is the receiving unit, the television or radio being interfered with, that is at fault in most incidences of RFI.

It would seem only natural that a new television set or other electronic device should work properly. In fact, however, televisions and radios have not been made well enough in the past to block out unwanted signals from other broadcasting sources. The receiving unit indiscriminately picks up radio signals that are in the atmosphere in addition to the desired signal. As a result, the TV or radio tries to broadcast more than one signal at a time, causing interference to the desired program. As electronic equipment has begun to use less shielding and more solid state circuitry, the equipment has become increasingly susceptible to picking up and broadcasting unwanted signals.

In the typical situation, an individual will buy a CB radio and begin broadcasting over it. His neighbors will suddenly find their television reception interfered with whenever he goes on the air. To the neighbors, who have never experienced any problems before, it would seem only logical to assume that the CB owner is at fault. The uninformed consumer will mistakenly blame his neighbor. However, the fault is actually in the television set, which has not been properly shielded and filtered against unwanted radio signals.

Mr. Speaker, in many cases, the installation of a simple filtering device is all that is needed to correct this problem. However, these filters are difficult to find. It is also very expensive to have a service call for the installation. It would be much simpler, more effective, and less expensive for the manufacturer to install the appropriate filtering device when the set is first assembled. The cost, after mark-up, would be minimal, far cheaper than the cost of a later service call. In many cases, simpler approaches, such as shortening or shielding antenna leads, would be all that would be necessary to eliminate RFI, caused by legally operating broadcasting units.

The legislation I am introducing today would permit a wide variety of solutions to the RFI problem. Briefly, this bill would authorize the FCC to establish reasonable standards for the rejection of RFI in televisions, radios, and other audio and visual electronic equipment. Unlike my legislation in the last Congress, this bill would permit the manufacturers to develop their own solutions to reject interference from unwanted radio frequency energy. This minimum rejection standard would meet industry's objection that the FCC should not be dictating how equipment is manufactured. The elec-

tronics industry would be free to develop its own technical solutions to blocking out RFI.

The electronics industry has been very reluctant to try to correct the RFI problem itself. In a survey that I conducted last year of the major manufacturers of televisions, some manufacturers stated that they have incorporated a device that only minimally rejects RFI in the design of their sets. Those whose equipment already rejects RFI would not be affected by my legislation. Others, however, said that they only respond to individual customer complaints. However, due to the confusion over what causes the RFI problem, the average customer is more likely to blame his broadcasting neighbor than to write the manufacturers of his set. Other nations appear more responsive to the RFI problem. Grundig, a major television manufacturer in Germany, has already manufactured an interference-free television set that is cost-competitive. Given the increasing RFI problem in this country, there is little reason for further delay by U.S. manufacturers. The FCC has the technical expertise to set the rejection standards, and the manufacturers have the ability to meet them. The consumer simply is not capable of evaluating and correcting the problem on a technical level.

Mr. Speaker, our atmosphere is flooded by millions of different radio signals, some of which, such as microwave radiation, are even dangerous to health. This form of "pollution" has been with us for some time and is growing at a phenomenal rate. The FCC currently can regulate the equipment that emits radio signals and interference. However, it has no authority to insure the quality of the receiving unit. My legislation would simply permit the FCC to regulate both sides of the same coin.

In view of the growing and serious problem of radio frequency interference, I hope that this legislation can be seriously considered by the Congress. As this Nation grows more and more dependent on electronic media as primary means of communication, it is imperative that we work to insure that these media operate free from mechanical and electronic interference.

A BILL OF WORKERS' RIGHTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PHILLIP BURTON) is recognized for 5 minutes.

Mr. PHILLIP BURTON. Mr. Speaker, today's New York Times has a very fine editorial on the Thompson-Williams labor-reform bill, H.R. 8410. As the editorial declares, the Thompson-Williams bill "reasserts a basic principle of the Wagner Act and should be adopted."

The complete text of the editorial is as follows:

A BILL OF WORKERS' RIGHTS

The labor legislation sent to Congress this week under the joint sponsorship of President Carter and organized labor is not the outrage that business contends. It is designed to assure that workers attempting to organize a company, or unions trying to negotiate a first contract, will not be tied up in endless litigation.

Despite impressive efforts by labor and the Administration to weed out the most controversial aspects of the legislation, business still plans to go to the barricades. Business spokesmen charge that the legislation is loaded in favor of unions and against the rights of individual workers who don't want to be organized. They contend also that the new law might generate more, not less, litigation for the National Labor Relations Board and the courts.

Such claims have little merit in light of the abuses that have grown up under existing legislation, particularly in the South, where many companies depend on the availability of relatively cheap, non-unionized labor. A conspicuous example is J. P. Stevens & Company, the nation's second-largest textile manufacturer, whose resistance to organizing efforts since 1963 has resulted in 15 N.L.R.B. findings that it has violated the law by refusing to bargain or by dismissing and intimidating workers.

Such successful stalling has spawned many imitators as well as a cadre of lawyers skilled in blocking efforts to organize. The new bill would discourage such obstructionism by introducting stiff penalties, including cancellation of Government contracts, against employers who willfully and repeatedly violate N.L.R.B. orders.

Another provision calls for speedy and fixed deadlines for elections on union representation once a union has collected the required number of signatures from interested workers. Employer group maintain that this provision would not give management enough time to make its case to the workers. But unions are rightly concerned about management stalling until organizers run out of money or steam.

In the debate to come, legislators might keep in mind the original National Labor Relations Act passed by Congress 42 years ago. It guaranteed unorganized workers the right to choose a union to represent them. Excessive litigation by resistant companies has, in recent years, denied some workers that right. The new labor package reasserts a basic principle of the Wagner Act and should be adopted.

THE ADMINISTRATION IS PLAYING FAST AND LOOSE WITH THE BUDGET CONTROL ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, I rise today to report on what I consider to be a serious breach of the intent, and quite possibly the letter, of the Budget Act by the administration. And I also want to propose an interpretation of that act which, if it is accepted, would prevent this and future breaches of this kind from occurring.

The facts are as follows: On Wednesday, July 6, the Department of Defense issued a press release announcing its decision to terminate production on the Minuteman III intercontinental ballistic missile. Production had continued last year on 60 missiles authorized by Congress and funded in the 1977 military procurement appropriation. The Defense Department announcement said that the contracts would be terminated after completion of the first 10 of these 60 missiles.

On the following Monday the prime contractor and the major subcontractors received mailgrams from the Air Force directing them to shut down production after the first 10 were completed. Consequently, at least one of the major subcontractors, Bell Aerospace, will begin laying off workers next week.

The Budget Act, of course, requires congressional review of decisions of this kind. That act prohibited impoundments and, in effect, required that the President recommend changes in appropriations to Congress for its approval or disapproval. Unilateral action by the executive branch was forbidden, or so we thought.

But in this instance, it appears that administration officials may be deliberately dragging their feet on sending up a rescission message—which, by the way, they readily acknowledge is required. I have asked, time and again, how they reconcile the almost overnight completion of the paperwork required to send out the notices to stop production with the fact that it is now over 2 weeks since announcement of the decision and they still have not completed the rescission message.

I regret, Mr. Speaker, that I have not received a satisfactory answer to this question. Indeed, some administration spokesmen to whom I have put the question have agreed that my point—that the two should be reasonably contemporaneous—is very well taken.

One reason why this is so very important is that the Budget Act requires affirmative action by Congress approving the President's recommendations on rescissions within 45 legislative days. If such action does not occur then it is equivalent to disapproval, and the administration must spend the funds. Thus, any delay up front effectively extends the 45-day period. In this instance we have had 13 legislative days since the Defense Department's announcement.

I propose that in situations like this, Mr. Speaker, the Budget Act's requirement that the President send us a rescission message be interpreted, with respect to the 45-day period, under a "constructive notice" approach. What I suggest is that the clock begin to run as soon as Congress receives "constructive notice" of a rescission proposal.

In this case, Mr. Speaker, we received notice of the administration's intentions on July 6 when the Defense Department issued its press release. As I said before, 13 legislative days have passed since that time. Under my proposed interpretation of the Budget Act, we would now have 32 more days left.

I submit that this approach would totally prevent foot dragging, whether intentional or merely bureaucratic procrastination. It would strengthen the impoundment control provisions of the Budget Act. I intend to pursue this with the appropriate committees of the House in hopes that they will agree that the constructive notice approach should be made part of the rescission process.

COMPUTER POST CARD LOBBYING—WHERE IT COMES FROM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 30 minutes.

Mr. DANIELSON. Mr. Speaker, recently I have been deluged with a large number of computer-typed post cards,

on a variety of subjects, which are obviously stimulated from a central source. The most recent of these standardized mailings opposed any change in the Hatch Act.

Indirect lobbying of this type, some call it solicited lobbying, is not new. There are some new twists to these recent mailings, however, including preprinted return addresses and mailing addresses to one's own Congressman, so that a constituent has nothing to do but place stamps on the cards, sign the message if he or she wishes, and drop it in a mail slot.

I feel sure that all of my colleagues have been receiving similar correspondence and might be interested in how it is generated and in the identity of the central source which stimulates it. A thoughtful constituent who was offended by the contents of a letter asking him to mail the cards to me and telephone me, provided me with a copy of the entire mailing he had received. I feel that the Members would want me to share that information.

The most surprising fact that I learned from this information was that the people who were asked to mail these cards to their Congressman opposing changes in the Hatch Act were told that passage of the Hatch Act revisions was part of a plot that would "mean new strong gun confiscation laws."

Let me quote a portion of a letter signed by California State Senator H. L. "Bill" Richardson. The letter was the cover letter of the mailing that went to my constituent and was printed on the letterhead of "Gun Owners of America" and was addressed to "Dear Fellow Gunowner". Senator Richardson wrote:

Big City union bosses have joined up with ultra-liberals in Washington to push through legislation that would virtually guarantee election victories for the anti-gun lobby and the big city union bosses. At the same time reduce the political power and influence of us gun owners.

As you know from my previous letters to you, I believe the only way we can save our right to own firearms is to win elections. To "boot out" gun confiscation politicians like Conyers and Kennedy.

Well right now these back-door politicians are setting the stage to totally control Congress and all future elections with three bills: The Hatch Act revision, Instant Voter Registration, and forced Taxpayer Financing of election campaigns.

I guarantee you, this will mean new strong gun confiscation laws.

You and I have kept hold of our guns in the past because we've made ourselves heard in Washington. You can now help protect our voice for the future . . . by mailing the enclosed postcards to your Congressman.

Your immediate action will tell Congress to stand firm against election fraud and especially the Hatch Act revision.

I think every Member of Congress ought to realize that when he received a card from someone expressing his opposition to changes in the Hatch Act, that constituent may have believed that he was fighting against "gun confiscation" and may have cared little or nothing about Hatch Act revisions for their own sake. We should also keep this same factor in mind when we note the mail concerning the Universal Voter Registration Act and campaign financing.

It is unfortunate that anyone who would go so far to confuse the issues with which we are dealing in attempting to influence the outcome of a vote. If a legislator is to put any faith in this particular type of constituent mail, he should at least be able to rely on the fact that when his constituent expresses his views on a particular issue he is basing it on that issue and not on a complete misrepresentation of what the vote would mean.

The letter from the "Gun Owners of America," addressed to "Dear Fellow Gunowner," transmitted another letter, from "Americans Against Union Control of Government," which asserted that passage of the Hatch Act revisions would give "union bosses—the right to use coercion to force more than 2½ million Federal employees into their political machine,"

The insert from "Americans Against Union Control of Government," signed by David Y. Denholm, executive vice president, contains some of the same type of scare tactics, claiming that:

Once the unions force through H.R. 10, they will be so powerful that Congress will not be able to resist their demands to legalize compulsory unionism in the postal service, legalize strikes by federal unions, etc.

Beyond that, bills like the repeal of Section 14(b) of the Taft-Hartley Act, which authorizes states to enact Right to Work laws, and the bill to legalize immoral "common situs" picketing will fall like dominoes.

Even legislation to unionize the military will be within their grasp.

So now we find that some of the persons who sent us post cards opposing changes in the Hatch Act may have been convinced they were, in actuality, fighting the concept of a unionized military force.

Enclosed with the mailing are two post cards, as I mentioned earlier, both pretyped by computer. One is pretyped with the name and address of the recipient's Congressman in Washington, and the other to the same Congressman at his district office address; otherwise they are identical. Each of them bears the pretyped return address of the constituent. In addition, constituents are provided with their Congressman's district office telephone number and are requested to phone in their objections to Hatch Act changes. The idea seems to be that they will have contacted their Congressman three times with, supposedly, a triple effect on their Congressman's vote. They are then asked to inform Mr. Denholm when they have taken these actions, and to send him a copy of the Congressman's reply when it is received. Mr. Denholm explains that:

This will assist our Congressional Affairs staff in tracking Congressmen *whose positions change when they have heard from their constituents* (emphasis added).

Mr. Speaker, I think that it is reprehensible for organizations such as this to use misleading and dishonest arguments in a blatant effort to influence the vote of a Member of Congress because of his constituent's reaction to these misleading and dishonest arguments. For this I wanted to bring this mailing to the attention of my colleagues. The complete text of the mailing follows:

GUN OWNERS OF AMERICA,
Sacramento, Calif.

DEAR FELLOW GUNOWNER: You're probably wondering why the founder of the Gun Owners of America Campaign Committee, and a member of the Board of Directors of the N.R.A., would be writing you about union bosses like George Meany.

As you know, I've asked you to get politically involved in the past on our most important issue—keeping our guns.

And now I'm asking you for another favor. Let me explain.

Big City union bosses have joined up with ultra-liberals in Washington to push through legislation that would virtually guarantee election victories for the anti-gun lobby and the big city union bosses. At the same time reduce the political power and influence of us gun owners.

As you know from my previous letters to you, I believe the only way we can save our right to own firearms is to win elections. To "boot out" gun confiscation politicians like Conyers and Kennedy.

Well right now these back-door politicians are setting the stage to totally control Congress and all future elections with three bills: The Hatch Act revision, Instant Voter Registration, and forced Taxpayer Financing of election campaigns.

I guarantee you, this will mean new strong gun confiscation laws.

You and I have kept hold of our guns in the past because we've made ourselves heard in Washington. You can now help protect our voice for the future . . . by mailing the enclosed postcards to your Congressman.

Your immediate action will tell Congress to stand firm against election fraud and especially the Hatch Act revision.

The enclosed letter from Dave Denholm tells the story of the Hatch Act in detail. I urge you to read it and then ACT.

Sign and mail the enclosed postcards right away. We gun owners must demonstrate a united front. We must keep our elections free and honest. This is the only way we can elect the people who will help us keep our guns.

Thanks for your help,

H. L. "BILL" RICHARDSON,
State Senator, California.

P.S.—These bills, particularly the Hatch Act, will come before Congress in a matter of days. We must act quickly. You and I and the rest of the gun fraternity can help save our 2nd Amendment rights by getting politically involved. No matter what else you do today, please mail your postcards to your Congressman. Thanks again.

AMERICANS AGAINST
UNION CONTROL OF GOVERNMENT,
Vienna, Va.

DEAR FELLOW AMERICAN: Are you one of the majority American voters who, according to a recent survey, believes that union bosses are already too powerful?

Can you imagine how powerful they will be once legislation is enacted giving them the right to use coercion to force more than 2½ million federal employees into their political machine?

And did you know that Congress may pass a bill doing just that in the next few days?

Let me give you an example of just how vicious union coercion and harassment can be.

In Virginia, three employees of the federal postal service chose not to join the Letter Carriers Union.

These men were called "scabs" by the union newsletter and described as "a two-legged animal with a corkscrew soul, a water brain, a combination of backbone of jelly and glue. Where others have hearts, he carries a tumor of rotton principles."

These men were taunted, jeered, and intimidated by the union for exercising their right of free choice.

They sued the union, and their case went before the U.S. Supreme Court. The Court ruled against them in these words:

". . . Federal law gives a union license to use intemperate, abusive, or insulting language without fear of restraint or penalty if it believes such rhetoric to be an effective means to make its point."

Well, that's what federal workers can expect from the union bosses if we don't stop their power grab in Congress right now.

Let me explain.

There is a law called the Hatch Act which protects federal workers from being forced to participate in partisan politics.

The union bosses want to get this law revised so they can use their influence to mold the federal work force into a huge political machine.

A bill—H.R. 10—has been introduced by Rep. William Clay of Missouri which would amend the Hatch Act just the way the union bosses want. Clay gets more than 30 percent of his campaign contributions from the labor bosses.

A vote in Congress on this bill could come at any time!

Last year, a similar bill was approved by Congress, but President Ford vetoed it.

In the days before the Hatch Act, politicians gave out civil service jobs for political favors. That was in 1939 when the civil service was much smaller and unions weren't the factor they are today.

If we lift the lid on politics now, it will be the union bosses who pull the political strings and pass out the patronage.

This is the neatest little back-scratching deal ever.

The politicians are giving the union bosses the right to coerce federal workers into politics.

Then the union bosses will use their power to re-elect their friends and elect a few more who will do their bidding once elected.

The politicians, in gratitude, will make sure that the union bosses will have control of the workers through their jobs.

Just think about it! A federal employee who is already required by law to have a union handle his grievance could find that, unless he worked in the "right" political campaign, the union wouldn't represent him.

I'm not joking and I'm not overstating the problem. An editorial in the Washington Star said it even better than I can:

"Opening the federal service to partisan politics is almost sure to give the union leaders more muscle. The Hatch Act tends to inhibit union activity by federal employees. . . . It is no coincidence that the AFL–CIO, to which the biggest of the federal employee unions belongs, is pushing strongly to remove the Hatch Act restrictions. George Meany & Co. would love to be able to enlist or pressure the giant federal service in the AFL–CIO's political causes."

Let's face it: if this happens, we can just forget about ever bringing union power, government spending, taxes and inflation under control.

As one union boss put it last year, "If we can get the Hatch Act reform bill into law, we can really get moving."

Once the unions force through H.R. 10, they will be so powerful that Congress will not be able to resist their demands to legalize compulsory unionism in the postal service, legalize strikes by federal unions, etc.

Beyond that, bills like the repeal of Section 14(b) of the Taft-Hartley Act, which authorizes states to enact Right to Work laws, and the bill to legalize immoral "common situs" picketing will fall like dominoes.

Even legislation to unionize the military will be within their grasp.

President Carter received a great deal of support in his election campaign from the unions. If this terrible legislation is approved by Congress, he has already said he would sign it.

Americans Against Union Control of Government is sending you this letter because we know the only thing that can stop the unions is a massive groundswell of public opposition to this vicious union power grab.

We know from scientific public opinion surveys that 3 out of 4 Americans oppose the Hatch Act amendments. We also know that Congress won't cave in to union pressure if they hear from you.

We are already doing everything we can to provide Congress with the facts and figures, but they have to hear from you.

Just ask yourself this question:

On such a vital issue, don't I as a citizen have a responsibility to take a few minutes of my time to let my Congressman know how I feel?

That's all I ask: a few minutes of your time to mail both of the enclosed postcards to your Congressman.

Your Congressman has an office in Washington and an office back home. One postcard is addressed to each office.

Every day your Congressman gets a report from his home office. Every day he sees the mail that comes into his Washington office.

We must put maximum pressure on both these offices so your Congressman will be sure to know that this time we mean business.

That's why you must call him on the telephone too. I've written his phone number down for you on the enclosed card.

Is this too much to ask to help save 2½ million federal workers from becoming pawns in the union boss political power game?

Now let me ask you another question:

If you believe that Americans Against Union Control of Government is performing a vital public service by alerting hundreds of thousands of Americans to this very dangerous legislation, don't you think you should make a contribution to help defray our expenses?

I hope so, because quite frankly we are desperate. We're not a group that pays high salaries to a few people and sits back on its haunches.

Ever since we were formed three years ago, we have been slugging it out toe-to-toe with the unions; and believe it or not, we win more often than we lose. In fact, last year we fought union power grabs in 20 states and won every time. And, in the Congress, not one bill we opposed became law.

But things are different now. We have a new Congress and a new President and we are in a fight to the finish. We know we can win if you will help.

We've used our limited funds to run newspaper ads and to write to you and others. We're strictly non-profit. We don't accept any grants from the government or from foundations. The only money we receive is what you send.

I hope that you can help on this important project. Your check for $10, $25, $100, or any amount, sent today will make the difference if we're going to generate enough citizen action to defeat this dangerous legislation.

Please act now; call your Congressman and send us a check today.

Thank you,

DAVID Y. DENHOLM,
Executive Vice President.

P.S.—I need to know how many people are taking action so that I can report to Senator Helms, Congressman Treen and other members of our Advisory Board on our progress.

Just use the enclosed card and postage-paid envelope to tell me whether you agree with us and whether you have written and will call your Congressman.

Also, when you receive a reply from your Congressman, it would help us if you could send us a copy of his letter. This will assist our Congressional Affairs staff in tracking Congressmen whose positions change when they have heard from their constituents.

P.P.S.—Your 13 cents stamp on the return envelope will save us critically needed funds.

URGENT REPLY-GRAM

-- YES, I agree we must stop the Union Bosses from destroying the Hatch Act. If we don't, they'll get political control over 2,700,000 federal employees.
-- YES, I an enclosing my contribution for . . . $———.
-- YES, I have mailed my postcards. I will urge my friends and neighbors to call and write.

(Constituent's name and return address appears in this position.)

Please call Rep. Danielson at 213–287–1134.

P.S.—Please try to send at least $10.00 or even $15.00.

[Mail this postcard to your Congressman's Washington office.]

(Constituent's name and
return address appears
in this position.)

Congressman George E. Danielson
U.S. House of Representatives
Rayburn Office Building
Washington, D.C. 20515

[Mail this postcard to your Congressman's home office.]

(Constituent's name and
return address appears
in this position.)

Congressman George E. Danielson
8873 E. Valley Blvd.,
Rosemead, California 91770

DEAR SIR: I strongly oppose any changes in the Hatch Act.

It appears to me that this is another attempt by Congress to keep themselves permanently in office. Please vote against this partisan political grab. Let's keep our 2,700,000 government employees out of politics.

Please write to me in the next few days and tell me how you plan to vote on this matter.

Sincerely,

Your help is needed to run more ads like this one!—D.Y.D.

[From the Federal Times, May 9, 1977]

WHO GIVES A HOOT ABOUT THE HATCH ACT?
THE UNION BOSSES DO—YOU SHOULD!

(In upholding the constitutionality of the Hatch Act . . . the U.S. Supreme Court noted that one reason for its enactment was the conviction "that the rapidly expanding government work force should not be employed to build a powerful, invincible and perhaps corrupt political machine." *The Wall Street Journal*, June 24, 1975.)

Thirty-eight years ago, the Hatch Act was passed to protect Federal employees—and you—from the corrupt designs of the old-style political bosses.

Today, a new and far more powerful breed of boss—the Union Kingpins—are well on their way to overthrowing this one piece of legislation that now bars them from politicizing the entire Federal bureaucracy.

Overstatement? Try this:

Last year, despite the known fact that 74% of All Americans—and 73% of All Government employees—want to keep the Hatch Act the way it is, big labor went to bat with a battle axe in the 94th Congress and missed scuttling the Act by the skin of a Presidential veto, finally sustained by Congress.

This year, they do not plan to miss, and their new version of last year's plot—HR 10—is already off and running to passage in the 95th Congress, greatly encouraged by the new President's expressed interest in amending the Hatch Act.

Why is the Hatch Act big labor's target right now?

The name of the Boss game is Power and Political Control.

The Federal Government employs 2.8 million people—a potential labor union membership that outstrips anything in private industry today.

Unfortunately for the labor bosses, that vast work force is under the protective umbrella of the Hatch Act—and its agent, the Civil Service Commission.

Boss power and boss riches feed on the beholden constituent who has been led to believe he owes his livelihood to the boss. It was true in the hey-day of the old city bosses, and the pattern is the same in the realm of the national labor bosses.

Their solution: Get rid of the Hatch Act, and replace it with a self-feeding system of political patronage; a rebirth of the "spoils system" under the control of the union power structure.

Next question: How can the unions muster such strenuous Congressional support for H.R. 10 when three-quarters of the American people—i.e., Voters, favor the Hatch Act, as is?

The first part of that answer is political muscle. Unions are the largest contributors to political campaigns. Their propaganda machine is the most powerful in the country. It takes a tough Congressman to oppose any union position.

But, more than that, the Hatch Act is not an overriding glamor issue that gets the average voter all choked up. To any Congressman H.R. 10 is an "easy" favor to the union, hardly designed to churn up the folks at home.

It is a classic case of Bossism in action. And the only way to stop it Is To Get Churned Up! These facts might help:

1. The flat-out design of H.R. 10 is a raw union power grab. It would throw open the doors of public service to partisan politics and subtle political coercion.

2. Instead of responding to the needs of the people, the Federal employee will be the servant of political supervisors, hand-picked by the unions.

3. "Free" of the Hatch Act protection, they could be subtly coerced into making decisions, not on the merits of a case, but on the basis of political favoritism—in government contracts; housing, business and student loans; on regulations reaching deep into the American system of free enterprise and freedom of choice; in civil suits—the list is endless.

4. It could become routine for any private business, or private citizen, engaged in any union dispute, to be penalized or threatened by union-dominated government bureaus.

The great rallying cry of the demagogues on Capitol Hill, who would serve their union masters is wrapped in the American flag of "Civil Rights"—that is, the Hatch Act makes the Federal employee a "second class citizen."

The truth is that the only "Right" the Act denies is not a Right—it's a Wrong!

The Wrong of a public servant being influenced to electioneer, raise funds or conduct campaigns for partisan political candidates. The Wrong of a bureaucrat running on a partisan ticket for an elective office that could make him a double-agent for his own personal designs, and a threat to the security of the Federal employees he oversees.

The "Right" the Hatch Act *does* protect is the right of every Federal employee to express political preferences and opinions regardless of who is in office—*without fear of reprisal.*

Help them retain that freedom.

Give a hoot about the Hatch Act.

Write, wire or call President Carter.

Write, wire or call your Senators.

Write, wire or call your Congressman.

Contact these Congressional Committees:

1. House Post Office and Civil Service Committee, Rep. Robert N. C. Nix, Chairman.

2. Senate Government Operations Committee, Sen. Abraham A. Ribicoff, Chairman.

Write, wire or call us for more information about HR 10 and the Hatch Act.

Stop HR 10 Dead in its Tracks!

DAVID Y. DENHOLM,
Executive Vice President, Americans Against Union Control of Government, 8320 Old Courthouse Road No. 430, Vienna, Virginia 22180.

[From the St. Louis Globe-Democrat, Dec. 30, 1975]

If the Hatch Act is diluted there can be no assurance that promotions and jobs will not be dependent upon the recipient backing the right political horse.

[From the Houston Post, June 20, 1975]

Inexplicably, Congress is thinking of torpedoing the Hatch Act. For 38 years the Hatch Act has protected federal employees from political pressures and has protected the nation from potential efforts to organize the federal bureaucracy into a political legion supporting incumbents.

[From the Chicago Tribune, Mar. 9, 1977]

With Congress as heavily indebted to Big Labor as ever, it is more important than ever that the voters recognize the move to repeal the Hatch Act for what it is: a power play by Big Labor.

CUBA: A CAPTIVE NATION

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I am pleased to call to the attention of our colleagues an excellent address on the situation in Cuba which was delivered July 15 to the Greater Miami Kiwanis Club. In it, Dr. Manolo Reyes, a distinguished television commentator in our area, points up the heavy Soviet military presence in Cuba. I think this address is very appropriate for the RECORD during Captive Nations Week and I include it at this point:

SPEECH BY DR. MANOLO REYES, GREATER MIAMI KIWANIS CLUB, JULY 15, 1977

On April 10, 1969, I had the privilege and the opportunity to address the Greater Miami Kiwanis Club . . . the largest civic club in the world.

For those who were at that meeting, you will remember that I showed a number of slides of the so-called Komar boats built by the Soviets. At that time the Fidel Castro regime had tripled the number of Komar boats. They carried two missiles named STYX with a range of 40 to 50 miles.

In that speech I said that those Komar boats could be put 25 miles from the Florida coast, push the missile button and hit the Key West Naval Base, the Homestead Air Force Base or the Key Biscayne White House where President Nixon used to visit.

Just a few weeks ago, Jack Anderson disclosed the recent discovery of a plot by the Castro regime in 1969 to send frogmen to the South Florida coast to blow up the Key Biscayne White House.

Eight years ago, on April 10th, 1969, I denounced from this podium that there was solid evidence of a Soviet military build-up inside Cuba.

The same year on July 26th, for the first time in the history of the Western Hemisphere, and for the first time in the history of Cuba . . . a Soviet naval squadron anchored in Cuba. They claimed they were to commemorate the anniversary of Castro's revolution. All of this triggered a series of hearings in Washington.

In the last six years I have testified twelve times before Committees and Subcommittees in Washington about the Soviet military presence in Cuba and the internal situation of the communist island. My reports are provided by the Cuban underground or Cuba patriotic Resistance, and as time goes by, they have been proven right.

Seven of the twelve presentations are contained in the first book which I wrote in english and was published just a few weeks ago. I brought some copies with me for those who would like to have it. The prologue is whitten by a very distinguished newsman, also a Kiwanis, Mr. Ralph Renick. And there are two letters in the book from Congressman Dante Fascell and Claude Pepper, who presided the hearings in which I testified in Washington. And in those letters they supported my denouncements.

As I said before, the first Soviet naval squadron went to Cuba on July 26, 1969. Since that time up to now, 16 naval task forces from Moscow, with war vessels and nuclear submarines, have been anchoring on Cuban bays and ports. The last of those task forces went to Cuba on July the second of this year. It was composed of two destroyers, one missile cruiser with teleguided missiles with a range of almost 500 miles, and a supply ship.

On the night of July 6th, a week and a half ago, the four Soviet war vessels joined with two Castro gun boats and began war naval maneuvers only 35 miles from Apalachicola in the Florida coast. It is the deepest penetration ever done by communist war ships to the coast of the United States.

Something similar happened several weeks ago with a Soviet bomber called Bear Plane . . . TU–95 . . . the biggest of the Moscow arsenal . . . which came as close as 60 miles from Jacksonville.

The Soviet plane was based in Cuba and the American jet planes scrambled to chase the Soviet bomber out. It was the deepest air penetration ever made by a Soviet plane into the American air space. They generally fly about 135 miles away from the American coast. The Soviet Bear Plane carries a nuclear war head missile called Kangaroo missile.

At the beginning of this decade in the first months of 1970, the Russians started to build naval facility at Alcatraz Key in the Bay of Cienfuegos in the southern part of Cuba. I denounced this facility on July 1970 before the Congress in Washington. Two months later the Cienfuegos facility produced a mini-crisis between Washington and Moscow. Then, Andrei Gromyko, the same man who told President Kennedy in 1962 that there were no ICBM missiles in Cuba . . . told President Nixon in 1970 that the Cienfuegos facility was dismantled.

Today . . . the Cuban underground has reported that the facility is in operation at a cost of 25 million dollars and is part of a Soviet naval complex in the southern part of Cuba formed by the Isle of Pines, the Bay of Pigs, Cayo Largo and Cienfuegos. This facility is frequently visited by Soviet nuclear submarines Echo II type with Shaddocks missiles with a range of 500 miles.

In one instance, an H-two Soviet submarine visited the Bay of Nipe in the northern part of Cuba, and it carried two big missiles called SERB with a range of 750 miles.

Externally, Fidel Castro continues exporting his revolution and imposing it by force to different nations.

For two years, the United States, in two different administrations, has been asking Castro to withdraw his Cuban mercenary troops from Angola. They are still there.

There are Cuban troops in Mozambique, in Tanzania, in Syria and in Uganda.

Castro recently denied he had troops in Ethiopia, but he also said he could send troops there without justifying it to anyone.

He emphatically confirmed he will continue to aid revolutionary movements throughout the world.

In the Western Hemisphere, two months ago, Mauricio Borgonovo, the Foreign Minister of El Salvador was kidnapped and murdered. The President of El Salvador accused Castro of this murder.

Last Wednesday, Osmin Aguirre Salinas, an 82-year-old former President of El Salvador, was shot and killed by two assassins when he was talking with his grandchildren in front of his home. A military spokesman said the murder was done by the same leftist group who killed Borgonovo.

Several weeks ago the Ambassador of El Salvador to Guatemala was kidnapped in Guatemala City. The President of Guatemala accused Castro of supporting the guerrillas who made the kidnapping.

The Cuban underground reports that there are some 300 Cuban blacks infiltrated by the Castro regime in Belice to defend the independence of that small nation against Guatemala.

The Cuban underground also reports that there are several thousands of Haitians being trained in the eastern part of Cuba, in the Oriente province, to launch an invasion of Haiti at a given time. The idea is also to penetrate Dominican Republic from Haiti with these troops, because one of the golden dreams of Castro is to implant a communist regime in Santo Domingo.

Inside Cuba, the situation is chaotic.

The Soviet Union is spending between three and five million dollars a day to maintain his costly puppet of the Caribbean. Castro owes Moscow more than seven billion dollars.

However, Castro continues his military adventures even in the Florida Straits as if the International waters surrounding Cuba were a private Red Lake. At the beginning of this month, on July 3rd, 1977, he captured four fishing vessels in international waters and took them to Cuba. Three of the vessels were owned by native Americans, and days after, they were released. Nevertheless, Castro is keeping in jail, without any reason, three Cuban fishermen of the fourth vessel named "Gilberto". One of them, Pedro Pacheco, is a legal resident of the United States. The other two: Captain Lorenzo Aros and Mariano Iglesias are American citizens by naturalization. One of them has three children of 12 and 6 years of age and another of 16 months. Their wives are desperate here in Miami. They were captured about 100 miles off the Cuban coast, and Castro is still holding them without charges.

In an interview with Barbara Walters, Castro told her that he has some three thousand political prisoners.

Just last month, a young Cuban of 27 years of age, came in a raft from the island. He was lost in the Florida Straits five days and five nights. His name: Lorenzo Cano Perez. He revealed to me that there are more than 15 thousand political prisoners in his native Matanzas province alone. And Cuba before Castro had six provinces; now it has 15 provinces.

In Cuban jails there are more than 20 Americans sentenced to long-term prison for political motives.

There are some 750 Americans, many of them native-born Americans, still in Cuba who Castro does not allow to come back to the United States or their Cuban relatives . . . some 2-thousand of them.

Castro stole some 2 billion dollars in American properties in the sixties and has not repaid a single penny of this money.

The Cuban underground reports that there are some 50-thousand blacks who would like to get out of the island, but Castro does not allow them to do it.

With all these facts . . . can the United States . . . champion of the human rights . . . restore diplomatic relations with Cuba?

The answer is yours!

TELEVISING CONGRESS: WHO WILL RUN THE SHOW?

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, in 1945 I introduced a resolution in the Senate, of which I was then a Member, providing that the proceedings of the Congress should be broadcast by radio—radio, of course, being the only electronic medium which we then had. I continued through the years to introduce that resolution, amending it when television came in to include television. I have continued to introduce such a resolution through most of the intervening years. I have appeared before many committees of the Congress advocating the broadcast of the proceedings of Congress by radio and television. I have also many times made public appeals for the adoption of such a policy by the Congress. I have been a member of the Rules Committee which has been considering the broadcast through radio and television of the proceedings of the House of Representatives. I have been gratified when our distinguished Speaker agreed to an experimental period of broadcasting the proceedings of the House under the direction of the House on closed circuit media. I think the experience that we have had with that experiment has eminently justified the broadcasting of the proceedings of the House. Still to be determined is how the broadcasts of proceedings of the House shall be initiated and supervised. I think, however, that the House can work those details out, so that the House's interest will be properly safeguarded but the public interest will be protected by giving the people, by the miracle of radio and television, the privilege to see and/or hear the proceedings of the House of Representatives, as they could do if they were privileged to come to Washington and sit in the gallery and watch such proceedings or to view them as a member of the press, radio, or television corps.

We are the people's Congress. Why cannot we make available our proceedings to those who cannot come to see us from the gallery, as we make them available to our guests in the gallery?

There was an interesting article on this matter, "Televising Congress: Who Will Run the Show?" in the July-August 1977 issue of the Columbia Journalism Review.

I was pleased that in this article there was included a picture of me looking at the televising of the proceedings of the House, under our present policy, in my office and there was a legend under the picture, "Representative PEPPER, a longtime advocate of TV in Congress, watches current test." I hope all the people of this country will soon be able to watch the proceedings of the House of Representatives and the Senate on television and to hear them on radio, as well as read about them in the press.

The article follows:

TELEVISING CONGRESS: WHO WILL RUN THE SHOW?

Broadcasting Congress is hardly an original or new idea. More than twenty national legislatures, including those of West Germany, France, Austria, Japan, and Sweden, permit the televising of their sessions, as do at least forty-four American state legislatures. Congress itself heard such a proposal as early as 1945, from Senator Claude Pepper of Florida (who is now a representative, and still favors it).

Later this year, the House of Representatives at last will approach a decision on whether to allow broadcasts of its sessions—and an equally important decision on who should control such broadcasts, the House itself or the broadcasters. A closed-circuit test comprising ninety legislative days is scheduled to be completed in mid-September and then the matter will be in the hands of the speaker of the House, Thomas P. O'Neill, and the rest of the leadership.

Both the public and most members of the House seem to favor broadcasts. A Roper poll taken two years ago found that 53 percent of those surveyed wanted television coverage of all sessions, while 15 percent more favored coverage of at least the major events. In the House, Pepper last year surveyed 346 representatives; 238 of them favored broadcast coverage. An American University School of Communication poll, also taken last year, produced about the same results, and showed further that of the 65 percent of House members who favored broadcast coverage, more than half favored allowing a pool of network cameras to offer unrestricted gavel-to-gavel coverage.

The issue of who is to control the coverage—employees of the House or journalists—seems to be the one most disturbing to Speaker O'Neill and other House leaders. (The American University poll showed that House leaders were evenly split on whether to allow coverage at all.) O'Neill has said little publicly about the issue. But those close to the situation say he has made it clear behind the scenes that if coverage is to be permitted, it must be strictly controlled by the House.

"He fears this as being something that will destroy the institution," says one House staffer who has followed the issue for years. "Basically, I think it's just a deep-down fear of what the media might do to the House if they were given free access."

Broadcasters, quite understandably, feel that they, like print journalists, ought to be given full access to House proceedings, as well as the unlimited right to select what is newsworthy. Donald Meaney, vice-president of NBC News in Washington, says, "If we can't have access to whatever is there and happening, we can't say that we're actually covering it . . . and we can't live with that kind of thing."

Len Allen, managing director of the Radio Television News Directors Association in Washington, summed up the position of broadcasters last year in a report he prepared for a Senate committee: "Senate sessions are news, just as a White House press conference is news, and no one suggests the president ought to set up his own cameras to feed that out to the nation." (A government-run system also would create labor problems for the networks, because contracts with cameramen and technicians specify that only in rare instances can networks use film produced by non-union personnel.)

Predictably, the closed-circuit test ordered by O'Neill last March has produced amateurish results. Three remote-controlled, fixed mini-cameras, controlled by House employees, are focused on the speaker's rostrum and

on the majority and minority debate tables. The cameras can zoom in and out, but they cannot pan the House floor to pick up the gladhanding and arm-twisting that is so much a part of the lawmaking process. The resulting pictures roughly resemble home movies.

These rigid restrictions reflect the qualms of some House members. They fear that the cameras might somehow lessen the dignity of Congress; that they will catch members who are posing, or dozing; that television will reveal a sea of empty seats; or that flamboyant publicity-seekers will put less articulate members at a disadvantage before a nationwide television audience.

There is another, less frequently expressed concern: that broadcasts will present too accurate a record of the proceedings. With television, members would no longer be able to correct misstatements, or delete slurs, or clean up syntax, as they are permitted to do before their remarks are printed in the *Congressional Record*.

But the experience of state legislatures that already permit broadcasts suggests that such apprehension is unfounded. Most states report that television has actually streamlined their lawmaking processes, and that grandstanding is rare. As Allen of the R.T.N.D.A. pointed out in his report to the Senate, Congress could well benefit from unrestricted broadcast coverage. "What the public sees it has a far better chance to understand," he wrote. "What is kept from it can only contribute to ignorance and apathy."

It seems likely that broadcasts of some sort soon will originate from the floors of both houses of Congress. A resolution introduced in the Senate last April would provide for continuous audio and video coverage of its sessions, with commercial broadcast outlets able to cut in for a live feed or to tape segments for later airing. However, the question of who would control the broadcasts is not answered. That resolution was referred to the Senate Rules Committee, where it is expected to remain until the House acts.

It would be a mistake if broadcasters were tempted to concede control of the cameras to congressional employees in return for the right to broadcast at all, and put off the fight for control until later. Broadcasters have a right to expect, and should insist upon, the same unrestricted access to congressional proceedings that other reporters have.—Andrew Alexander.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. RUDD (at the request of Mr. RHODES), for July 25, 1977, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CORCORAN of Illinois) to revise and extend their remarks and include extraneous material:)

Mr. WHALEN, for 10 minutes, today.

Mr. MCDADE, for 5 minutes, today.

Mr. CORCORAN of Illinois, for 10 minutes, today.

(The following Members (at the request of Mr. RAHALL) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Ms. HOLTZMAN, for 30 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. CHARLES H. WILSON of California, for 5 minutes, today.

Mr. VANIK, for 5 minutes, today.

Mr. PHILLIP BURTON, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes, today.

Mr. MARKEY, for 5 minutes, today.

Mr. DANIELSON, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. SISK, to revise and extend his remarks in connection with the debate on the Mahon amendment.

(The following Members (at the request of Mr. CORCORAN of Illinois) and to include extraneous matter:)

Mr. STEIGER in two instances.

Mr. RUDD.

Mr. GILMAN.

Mr. HYDE.

Mr. VANDER JAGT.

Mr. WHITEHURST.

Mr. MICHEL.

Mr. ASHBROOK in three instances.

Mr. GRADISON.

Mr. MARTIN.

Mr. GOLDWATER.

Mr. DORNAN.

Mr. CORCORAN of Illinois.

Mr. MARRIOTT.

Mr. LAGOMARSINO in two instances.

Mr. SYMMS.

Mr. COLLINS of Texas in four instances.

Mr. HORTON.

Mr. MOORHEAD in two instances.

Mr. ERLENBORN.

Mr. YOUNG of Florida.

(The following Members (at the request of Mr. RAHALL) and to include extraneous matter:)

Mr. HANNAFORD.

Mr. DE LA GARZA.

Mr. D'AMOURS.

Mr. FARY.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Ms. MIKULSKI.

Mr. NOWAK in two instances.

Mr. BONKER.

Mr. SIMON in two instances.

Mr. FOWLER.

Mr. LEDERER.

Mr. TEAGUE in three instances.

Mr. MURPHY of Illinois.

Mr. STUDDS.

Mr. VANIK in two instances.

Mr. LEHMAN.

Mr. EILBERG in 10 instances.

Mr. EVANS of Indiana.

Mr. RODINO in two instances.

Mr. PHILLIP BURTON in six instances.

Mr. THOMPSON.

Mr. WOLFF.

Mr. FLORIO.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on July 21, 1977, present to the President, for his approval, bills of the House of the following title:

H.R. 4088. To authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 7556. Making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1978, and for other purposes.

ADJOURNMENT

Mr. RAHALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 15 minutes p.m.), under its previous order, the House adjourned until Monday, July 25, 1977, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1989. A communication from the President of the United States transmitting his determination (77–16-supplement to 77–8) that the sale and financing of certain defense articles to Turkey during fiscal year 1977 is necessary to enable her to fill her obligations as a member of the North Atlantic Treaty Organization, and his suspension of the provisions of section 620(x) of the Foreign Assistance Act and section 3(c) of the Arms Export Control Act, pursuant to section 620(x) of the Foreign Assistance Act of 1961, as amended (90 Stat. 757), together with notice of the intention of the Department of Defense to issue related letters of offer, pursuant to section 36(b) of the Arms Export Control Act (H. Doc. 95–192); to the Committee on International Relations and ordered to be printed.

1990. A letter from the Acting Administrator, Environmental Protection Agency, a draft of proposed legislation to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended; to the Committee on Agriculture.

1991. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a list of contract award dates for the period July 15, 1977, to October 15, 1977, pursuant to 10 U.S.C. 139; to the Committee on Armed Services.

1992. A letter from the Acting Director, Defense Civil Preparedness Agency, transmitting a report on property acquisitions of emergency supplies and equipment during the quarter ended June 30, 1977, pursuant to section 201(h) of the Federal Civil Defense Act, as amended [50 U.S.C. App. 2281 (h)]; to the Committee on Armed Services.

1993. A letter from the Assistant Secretary of Agriculture for Food and Consumer Services transmitting notice of a further postponement in the submission of the Secretary's recommendations based on the advisory committee's report on methods of evaluation of the health benefits of the special supplemental food program, required by section 17(f) of the Child Nutrition Act of 1966, as amended (89 Stat. 520); to the Committee on Education and Labor.

1994. A letter from the Chairman, International Trade Commission, transmitting notice of a proposed new records system for Commission, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1995. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during June 1977, pursuant to section 234 of Public Law 91–510; to the Committee on Government Operations.

1996. A letter from the Secretary of Health, Education, and Welfare, transmitting the first annual report on the operation of title XX of the Social Security Act (Social Services Amendments of 1974) for the period October 1975 through September 1976, pursuant to section 2006(c) of the act; to the Committee on Ways and Means.

1997. A letter from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to provide for a study of certain segments of the Oklawaha River for potential addition to the National Wild and Scenic Rivers System; to adjust the boundary of the Ocala National Forest, Fla.; and for other purposes; jointly, to the Committees on Agriculture, Interior and Insular Affairs, and Public Works Transportation.

REPORT OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PERKINS: Committee on Education and Labor. H.R. 3744. A bill to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to provide for an automatic adjustment in such wage rate, and to repeal the credit against the minimum wage which is based on tips received by tipped employees; with amendment (Rept. No. 95–521). Referred to the Committee of the Whole House on the State of the Union.

Mr. ANNUNZIO: Committee on House Administration. House Resolution 661. Resolution providing for two additional positions on the Capitol Police, and for other purposes (Rept. No. 95–522). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK (for himself, Mr. MICHEL, Mr. CEDERBERG, Mr. DERWINSKI, Mr. BAFALIS, Mr. MONTGOMERY, Mr. BADHAM, Mr. WALKER, Mr. EDWARDS of Oklahoma, Mr. BAUMAN, Mr. STOCKMAN, Mr. DORNAN, and Mr. WHITLEY):

H.R. 8483. A bill to amend the National Labor Relations Act to protect the rights of employees, to strengthen the remedies under such act, and for other purposes; jointly, to the Committee on Education and Labor, and House Administration.

By Mr. ERLENBORN:

H.R. 8484. A bill to amend part C of title IV of the Federal Coal Mine Health and Safety Act of 1969; to the Committee on Education and Labor.

By Mr. FLORIO:

H.R. 8485. A bill to authorize appointment of a Presidential Commission on the feasibility of Nationalizing the Nation's railroads; to the Committee on Interstate and Foreign Commerce.

By Mr. GAYDOS:

H.R. 8486. A bill to authorize financial assistance to States for major highway repairs; to the Committee on Public Works and Transportation.

By Mr. GRADISON:

H.R. 8487. A bill to increase the authorization of appropriations for the development of the William Howard Taft National Historic Site, Ohio, to change the boundaries of such site, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HAGEDORN (for himself, Mr. COCHRAN of Mississippi, Mr. CRANE, Mr. DEVINE, Mr. GUYER, Mr. HANSEN, Mrs. HOLT, Mr. KINDNESS, Mr. LONG of Maryland, Mr. LOTT, Mr. MCCLORY, Mr. MONTGOMERY, Mr. QUAYLE, Mr. RUDD, and Mr. WINN):

H.R. 8488. A bill to amend the Davis-Bacon Act and for other purposes; to the Committee on Education and Labor.

By Mr. KEMP (for himself, and Mr. BURKE of Massachusetts):

H.R. 8489. A bill to limit the retroactive application of section 1056 of the Internal Revenue Code of 1954 (as added by section 212 of the Tax Reform Act of 1976); to the Committee on Ways and Means.

By Mr. OTTINGER (for himself, Mr. HOLLAND, Mr. MIKVA, and Mr. COTTER):

H.R. 8490. A bill to amend chapter 21 of the Internal Revenue Code of 1954 to clarify, extend, and facilitate compliance with the recently enacted provisions relating to social security coverage for employees of nonprofit organizations which failed to file certificates providing coverage for such employees but which nevertheless treated such employees as having such coverage; to the Committee on Ways and Means.

By Mrs. PETTIS:

H.R. 8491. A bill to amend the act of 1906 relating to the preservation of antiquities to include meteorites in the coverage of such act, and to require that all objects of antiquity be preserved in public museums in the county in which they are found; to the Committee on Interior and Insular Affairs.

By Mr. RODINO:

H.R. 8492. A bill to establish fees for services performed by U.S. marshals; to the Committee on the Judiciary.

H.R. 8493. A bill to remove the limitation on payments for consultant services in the Community Relations Service; to the Committee on the Judiciary.

By Mr. RODINO (for himself, Mr. DANIELSON, Mr. FLOWERS, Miss JORDAN, Mr. MAZZOLI, and Mr. HARRIS):

H.R. 8494. A bill to regulate lobbying and related activities; to the Committee on the Judiciary.

By Mr. SIMON (for himself, Mr. MOAKLEY, Mr. ARMSTRONG, Mr. LEHMAN, and Mr. PATTISON of New York):

H.R. 8495. A bill to amend the Legislative Reorganization Act of 1946 to establish a board to supervise a school for congressional pages; to the Committee on House Administration.

By Mr. VANIK:

H.R. 8496. A bill to amend section 302 of the Communications Act of 1934 to authorize the Federal Communications Commission to prescribe regulations establishing minimum standards with respect to certain electronic equipment that is susceptible to radio frequency energy interference; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself and Mr. NOWAK):

H.R. 8497. A bill to restore to certain institutions of higher learning their rights to determine academic standards of progress with respect to veterans and to provide counseling to veterans whose educational assistance allowance is discontinued under certain circumstances, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WOLFF (for himself, Mr. MCHUGH, Mr. NOWAK, and Mr. FLOOD):

H.R. 8498. A bill to amend title 38, United States Code, to provide counseling for certain veterans; to permit acceleration of monthly educational assistance payments to eligible veterans and dependents; to revise the criteria for nonaccredited courses; to provide alternative financial and educational assistance to peacetime post-Korean veterans affected by the expiration of their delimiting period; to provide for a conditional extension of the delimiting period for certain Vietnam-era veterans; to provide for the development of additional educational, employment, and readjustment assistance programs for veterans; to provide for the correction and preclusion of, and protection against, abuses and misuse of veteran benefits; and to otherwise enhance and improve the effectiveness, integrity, and utilization of veteran readjustment assistance programs; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Alaska:

H.R. 8499. A bill to amend section 16(b) of the Alaska Native Claims Settlement Act; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of Illinois (for himself, Mr. BROWN of Ohio, Mr. HORTON, Mr. WYDLER, Mr. BROWN of Michigan, Mr. STEIGER, Mr. COLLINS of Texas, Mr. GOLDWATER, Mr. ARCHER, Mr. MARTIN, Mr. MOORHEAD of California, Mr. EDWARDS of Oklahoma, and Mr. STEERS):

H.R. 8500. A bill to establish a comprehensive national energy policy; jointly, to the Committees on Banking, Finance and Urban Affairs, Government Operations, Interstate and Foreign Commerce, Public Works and Transportation, and Ways and Means.

By Mr. CEDERBERG (for himself and Mr. BROWN of Michigan):

H. Res. 706. Resolution that Congress move expeditiously to resolve pending issues regarding national telecommunications policy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. REGULA:

H. Res. 707. Resolution providing that the Congress should act expeditiously to resolve pending issues regarding national telecommunications policy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WYLIE:

H. Res. 708. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII,

235. The SPEAKER presented a memorial of the Legislature of the State of California, relative to human rights; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARNARD:

H.R. 8501. A bill for the relief of Florence C. Rutan; to the Committee on the Judiciary.

By Mr. CHAPPELL:

H.R. 8502. A bill to direct the Administrator of General Services to release a covenant contained in a deed conveying certain real property to Argyle Southern Co., a Delaware corporation; to the Committee on Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4544

By Mr. ERLENBORN:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Black Lung Benefits Amendments Act of 1977".

SEC. 2. Part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 is amended by striking out sections 421 through 425 and inserting in lieu thereof the following:

"SEC. 421. Claims for benefits in respect of death or total disability of any miner due to pneumoconiosis filed during the period which begins on the effective date of the Black Lung Benefits Amendments Act of 1977 and ends one year thereafter shall be paid by the Secretary in accordance with the provisions of this part. After the end of such period, claims for occupational disease or death of a coal miner may be treated in a manner similar to other claims under applicable State workers' compensation laws.

"SEC. 422. (a) Benefits shall be paid by the Secretary under this part to the categories of persons entitled to benefits under section 412(a) of this title during the same period for which those categories of persons are entitled to receive those benefits in accordance with regulations of the Secretary.

"(b) The Secretary shall by regulation prescribe standards, which may include appropriate presumptions, for determining whether a miner is totally disabled due to pneumoconiosis, whether the death of the miner was due to pneumoconiosis, and whether pneumoconiosis arose out of employment in a coal mine or mines.

"(c) In prescribing such standards under subsection (b), the Secretary shall not apply the interim standards prescribed under section 411(b) of this title to determine whether a miner is totally disabled due to pneumoconiosis or whether the death of a miner was due to pneumoconiosis for purposes of payments of benefits.

"SEC. 423. Benefits payable under this part shall be paid on a monthly basis and shall be equal to the amounts specified in section 412(a) of this title.

"SEC. 424. No payment of benefits shall be required under this part except pursuant to a claim filed therefor in such manner, in such form, and containing such information as the Secretary shall by regulation prescribe.

"SEC. 425. The amount of benefits payable under this part shall be reduced, on a monthly or other appropriate basis, by the amount of any compensation received under or pursuant to any Federal or State workmen's compensation law because of death or disability due to pneumoconiosis."

SEC. 3. The amendment made by section 2 shall take effect with respect to claims for benefits under part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 in respect of death or total disability of any miner due to pneumoconiosis filed during the period which begins on the effective date of this Act and ends one year thereafter, except that claims filed under Part C as it existed prior to the effective date of this Black Lung Benefits Amendments Act of 1977 shall be paid in accordance with such Part C, as amended by such Section 2 of this Act, for periods beginning on or after the effective date of this Act.

SEC. 4. The provisions of this Act shall take effect 30 days after the date of enactment of this Act, or October 1, 1977, whichever is later.

H.R. 5400

By Mr. THOMPSON:

Page 26, beginning on line 7, strike out "and unit of general local government shall" and insert in lieu thereof the following: ", acting through the units of general local government in such State or as otherwise provided in State law, may, at its option,".

Page 26, strike out line 15 and all that follows down through page 27, line 7.

And redesignate the following paragraph accordingly.

Page 43, line 8, insert after "State" the following: "which receives financial assistance under section 7".

Page 30, strike out line 21 and all that follows down through page 31, line 2.

Page 31, line 3, strike out "(2)" and insert in lieu thereof "(d)".

Page 31, line 5, strike out "201 of the Voting" and all of line 6 and insert in lieu thereof "4(c)(4) (42 U.S.C. 1973b(c)(4)) and section 201(b)(4) of the Voting Rights Act of 1965 (42 U.S.C. 1973aa(b)(4)) except with respect to a declaratory judgment brought pursuant to section 4(a) of the Voting Rights Act (42 U.S.C. 1973b)."

Page 31, line 16, strike out "35" and insert in lieu thereof "50".

Page 31, line 25, insert after "election" the second place it appears therein the following: "occurring after the date of the enactment of this Act".

Page 32, line 3, insert "and" after the semicolon.

Page 32, line 4, strike out "20" and insert in lieu thereof "30".

Page 32, line 14, insert "and" after the semicolon.

Page 32, line 15, strike out "20" and insert in lieu thereof "25".

Page 32, line 24, strike out "; and" and insert in lieu thereof a period.

Page 32, strike out line 25 and all that follows down through page 33, line 9.

Page 33, line 11, strike out "or subparagraph (C)".

Page 33, line 20, strike out "subparagraphs (A) and (C)" and insert in lieu thereof "subparagraph (A)".

Page 34, line 1, strike out "subparagraphs (A) and (C)" and insert in lieu thereof "subparagraph (A)".

Page 35, line 21, strike out "and subsection (b)(1)(C)".

Page 37, strike out line 3 and all that follows down through line 8.

And redesignate the following subsections accordingly.

Page 39, line 5, strike out "Any State which does not require any registration".

Page 39, strike out line 6 and all that follows down through line 9.

By Mr. WIGGINS:

On page 47, line 6, add the following new section 18 to the bill:

EFFECTIVE DATE

SEC. 18. Notwithstanding any other provision of this Act, the Act shall be effective upon such a date as the United States Constitution is amended to provide that the Office of President and Vice President of the United States is filled by persons elected solely on the basis of popular vote.

On page 22, line 14, after the word "means" add: "any primary election" and strike the balance of line 14, line 15, line 16, and line 17 to and including "tion".

H.R. 7171

By Mr. JEFFORDS:

In title XIII, page 28, insert after line 8 the following new section:

"RECOVERY OF BENEFITS WHERE INDIVIDUAL'S ADJUSTED GROSS INCOME FOR YEAR EXCEEDS TWICE POVERTY LEVEL

"SEC. 9. (a)(1) If—

"(A) any individual receives food stamps during any calendar year after 1977, and

"(B) such individual's adjusted gross income for such calendar year exceeds the exempt amount,

then such individual shall be liable to pay the United States the amount determined under subsection (b) with respect to such individual for such calendar year. Such amount shall be due and payable on April 15 of the succeeding calendar year and shall be collected in accordance with the procedures prescribed pursuant to subsection (g).

"(2) If, at the time prescribed by paragraph (1) for the payment of any liability imposed by such paragraph on any individual, such individual is a member of a household receiving food stamps, the time for payment of such liability to the extent that such liability exceeds any offset which may be allowable under any other law shall be extended until such individual is no longer a member of a household receiving food stamps.

"(3) Except in the case of a husband and wife who live apart at all times during the calendar year, in the case of a married individual—

"(A) this section shall be applied by treating both spouses as one individual, and

"(B) the liability imposed by paragraph (1) shall be apportioned among the spouses in accordance with regulations prescribed by the Secretary (after consultation with the Secretary of Treasury).

"(b)(1) For purposes of this section, the amount determined under this subsection with respect to any individual for any calendar year is the lesser of—

"(A) the value of the food stamps received by such individual during such calendar year, or

"(B) the excess of (i) the adjusted gross income of such individual for such calendar year, over (ii) the exempt amount.

"(2) For purposes of this section—

"(A) if an individual maintains a household for any calendar year, such individual shall be treated as receiving all of the food stamps received by such household during such calendar year, or

"(B) if subparagraph (A) does not apply with respect to any household for any calendar year, each member of such household shall be treated as receiving a portion (determined under regulations prescribed by the Secretary) of the food stamps received by such household during the calendar year.

"(3) For purposes of this section, an individual shall be treated as maintaining a household for any calendar year if at least 80 percent of the cost of maintaining such household for such year is furnished by such individual.

"(c) If the Secretary determines that this section may apply with respect to any individual for any calendar year, not later than January 31 of the succeeding calendar year, he shall furnish such individual a written statement which—

"(1) sets forth the value of the food stamps received by such individual during such calendar year, and

"(2) contains an explanation that such amount may be recovered in accordance with the provision of this section.

"(d) The Secretary (after consultation with the Secretary of the Treasury) may waive any liability imposed by subsection (a) if he determines that such liability would result in an undue hardship.

"(e)(1) For purposes of the section—

"(A) The term 'exempt amount' means, with respect to any individual for any calendar year, an amount equal to twice the income poverty guidelines for a household which consists of such individual, his spouse, and any dependent of the individual with respect to whom the individual is entitled to a deduction under section 151(e) of the Internal Revenue Code of 1954 for such calendar year. For purposes of the preceding sentence, the term 'income poverty guidelines' means the guidelines as calculated in section 5(c) of this Act.

"(B) The terms 'taxable year', 'adjusted gross income' and 'dependent' have the same meaning as such terms have when used in chapter 1 of the Internal Revenue Code of 1954.

"(C) The determination of marital status shall be made under section 143 of such Code.

"(2) In the case of any individual whose taxable year is not a calendar year, this section shall be applied under regulations prescribed by the Secretary.

"(f) All funds recovered pursuant to the provisions of this section shall be deposited as miscellaneous receipts of the Treasury and shall be available to the Secretary of the Treasury to defray administrative costs incurred in carrying out the provisions of this section and shall be available to the Secretary of Agriculture to carry out the provisions of this Act in such amounts as may be specified in appropriation Acts.

"(g) The Secretary of the Treasury shall collect any liability imposed by this section in accordance with regulations prescribed by him (after consultation with the Secretary).

"(h) Nothing in this section shall be construed to affect in any manner the application of any provision of the Internal Revenue Code of 1954".

Redesignate the succeeding sections, and any references thereto, accordingly.

EXTENSIONS OF REMARKS

REVIEW OF WEAPONS SYSTEMS

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 21, 1977

Mr. NICHOLS. Mr. Speaker, controversy still remains over the President's decision to cancel the construction of the B–1 bomber.

To many members of the House Armed Services Committee, including myself and our esteemed chairman, MEL PRICE, this decision is a matter of grave concern. Today, when the Armed Services Committee began consideration of a supplemental authorization bill to fund the cruise missile and related items which are being requested by the administration in connection with the halt of B–1 construction, Chairman PRICE demonstrated astute leadership in directing the committee members to consider not only individual authorizations but also recommended that the committee review the present state and future viability of our strategic forces. In this regard, the committee is planning a trip of our SAC headquarters in Omaha, to review the B–1 decision as well as cancellations in the production of other weapons system. Most notably among these are the Minuteman III and the SRAM missile programs.

Certainly there have been many arguments, on both sides of the aisle, concerning our present military situation in light of recent administrative decisions to halt important and vital weapons programs. Nowhere, however, have I read a clearer or more concise commentary on these decisions than in Chairman PRICE's remarks as presented to the Armed Services Committee today. Regardless of any particular persuasion on these matters, I believe it is imperative that each Member of Congress have the opportunity to read these remarks. In order to facilitate this, I am submitting to the RECORD of this body, today's statement by Chairman PRICE. I believe all Members will have much to gain from the facts, figures, and philosophy contained within this statement:

OPENING STATEMENT

Today, the committee begins what may well be one of the most important set of hearings that this committee has ever undertaken.

We have before us a bill, H.R. 8390, which will provide supplemental authorization for the cruise missile and related items which are being requested by the Secretary of Defense in connection with the Presidential decision to cancel the B–1 Bomber. We have with us today Dr. William Perry, the Director of Defense Research and Engineering, who is prepared to discuss the present state and planned capabilities of the cruise missile and how the cruise missile relates to missions that would have been performed by the B–1.

But in my view, we will not be doing our job if the committee merely considers an isolated authorization for a few changes in the cruise missile program.

Rather, I propose that the committee undertake a thorough review of the present state and future viability of our strategic forces. This is the kind of major policy issue which I believe should be reviewed by the full committee with all Members of the committee participating.

In the public statements made in connection with the cancellation of the B–1 and the future dependence on the cruise missile, I note an absence of discussion of the relationship to the SALT negotiations. I think that we have to examine the new reliance on the cruise missile and the B–52 in the years ahead, not only in relation to mission requirements, but also as regards proposals being considered in the SALT negotiations—particularly proposals being advanced by the United States.

You are all aware that I am one of those who urged the production of the B–1 Bomber. I have long supported the continuation of an adequate manned system as part of the strategic force. It has been my view that we should give the Commander-in-Chief, as part of his strategic options, a system which allows the discretion to recall the weapon up to the latest possible moment before the encounter.

For a considerable period of time, our strategy has been based on the doctrine of assuring deterrence by being assured of the capability of destroying an enemy even after absorbing an attack—and of making sure that a potential enemy was aware of that capability. The deterrent strategy that we have followed is a paradox: a force whose existence is chiefly designed to obviate the necessity for its use. In line with that strategy, we have forgone any ABM defense, even that allowed by treaty, have not prepared for survival of a nuclear exchange and have a miniscule civil defense budget. By contrast, the Soviets, we know, follow a doctrine of surviving and winning a nuclear exchange.

These dissimilar strategies are not necessarily at issue in these hearings. I mention them because they signify the crucial importance to the American strategy of the perception that the Soviets have of U.S. capability. In order for the U.S. strategy to achieve the deterrence it intends, the Soviets must clearly understand that a first strike would be unsuccessful—that the U.S. force, even after absorbing an initial attack, could destroy the Soviet Union—despite all of their expensive civil defense programs and SAM defenses.

Nothing less than firm belief by the Soviet leadership in the inevitability of U.S. retaliation can insure absolutely the deterrence that the U.S. force is designed to create.

What is crucially important, therefore, as we examine where our Triad is going in the next decade and beyond, is both the capability of the force we intend to maintain and equally, the clear ability to demonstrate that such projected capability does indeed exist.

The possibility of creating in the Soviet military mind the perception of a degradation in U.S. capability causes me the most serious concern.

The three legs of our Triad have been the manned bomber, the land-based missile, and the nuclear ballistic missile submarine.

We have updated one leg of the Triad by developing the Trident submarine as a follow-on to the Polaris-Poseidon. We developed the Trident, which provides an increase in capability over Polaris, despite a substantial increase in comparative cost.

However, a recommendation has been made by the President not to develop the B–1, with its improvement in capability, as a replacement for the B–52 because of the substantial increase in cost.

In addition, this committee has no assurance that a follow-on system will be developed for the other leg of the Triad, the Minuteman, although there is substantial agreement among informed observers that the increasing accuracy of Soviet missile systems will seriously threaten the survivability of our Silo-based Minuteman missiles by the middle of the next decade.

There is presently nowhere in the free world a production line producing intercontinental range bombers, or land-based ICBM's.

Consider the major actions that our nation has taken since the first of the year:

First. The funds for building another nuclear carrier have been rescinded;

Second. The B–1 Bomber has been cancelled;

Third. All production of the Minuteman III missile has been terminated;

Fourth. The budget request for a new land-based missile system, the M–X, was reduced more than 50 percent and the decision was made not to begin engineering development during fiscal 1978;

Fifth. The SRAM missile production was terminated.

It is rare indeed when any nation forgoes the development of the most advanced weapons it is capable of producing. It is wholly unique for a nation whose potential adversary is producing new weapons at an undiminished rate.

I do not like to overstate the case and I would not agree with those who say we are practicing unilateral disarmament. But certainly it can be said that the U.S. is practicing unilateral arms restraint.

Mr. Warnke, our senior arms negotiator, stated that "our cancellation of the B–1 should be followed by a similar act of arms restraint by the Soviets." The reaction of the Soviets, of course, was to criticize us for the development of the cruise missile. If there has been any arms restraint by the Soviet Union, I am unaware of it.

I am prepared to withhold judgment on the adequacy of our new approach until the committee has all the facts. But we have to get the facts. I think the committee has the responsibility to examine the strategic concepts on which our future security is based.

To this end, I would propose that the committee travel to SAC Headquarters in Omaha to receive a briefing from the Joint Strategic Targeting Planning Staff on the Nuclear Strategic Targeting Attack Policy. This very sensitive briefing can provide the background for the Members to understand how the various systems can meet the strategic missions defined in the SIOP—the Single Integrated Operational Plan.

I think we should also have briefings on the issues at the SALT negotiations and examine the proposals being advanced by both sides. An updated intelligence briefing on the

present capability of Soviet strategic systems and the rate of buildup in those systems is also in order.

I also believe that, in addition to the witnesses from the military departments whom we will hear on various weapons systems, the committee should be prepared to hear from outside witnesses.

We will hear Dr. Perry today, and we plan to hear Secretary Brown during the first week in August. I don't believe that action on the supplemental authorization can be completed until after the August recess.

Before calling on our witnesses, I would welcome the comments of any Members on the review I have proposed.

ONE AND ONE-HALF BILLION DOLLARS DOWN THE DRAIN

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 21, 1977

Mr. TEAGUE. Mr. Speaker, the American people are being deceived. The administration has requested $33 million to terminate the Clinch River Breeder Reactor Project. Although this figure refers to authorization and not the balance of appropriations, the Energy Daily of July 20, 1977, quotes the $33 million as what the administration figures is needed to finish design work and terminate the project. Supposedly, this is a small sum compared to the $2.2 billion price tag for Clinch River. Mr. Speaker, the $33 million does not begin to pay the bill for termination and the administration knows that even if some of my colleagues do not.

According to a Government document prepared by the Clinch River Project Office, the minimum termination cost is in excess of $154 million. But, the total cost of termination is much greater than that. Approximately $380 million has already been spent giving us a total of $534 million of which $102 million was funded by private utility companies.

The $534 million does not represent the whole cost of termination either. The U.S. Government legally contracted with the utility companies to build Clinch River. All parties share in the cost and the benefits, not only in terms of financial support but in terms of furnishing professional services. The utility companies have not stated their final position, pending the outcome of H.R. 6796. However, the utility companies are considering taking legal action against the Government if Clinch River is terminated.

Mr. Speaker, if you take the projected revenues of $700 million, the proceeds from supplying electrical power to the TVA grid, the cost of terminating Clinch River is just about the same price as continuing with the project.

To summarize, the following table reveals the fact, that it will cost almost as much to terminate Clinch River as it will to proceed with the project:

[Dollars in millions]

	Terminate	*Continue with Clinch River*
Cost to date	$380	$380
Clean up design	52	-----
Complete design	-----	222
Complete equipment procurement	-----	393
Construction	-----	386
Possible refund to utilities	102	-----
Termination costs	154	-----
Loss of revenue	700	-----
Contingency	-----	156
Escalation	-----	$630
R. & D	-----	33
Total	$1,388	2,200

While we contemplate throwing one and a half billion dollars down the drain, let us also remember that we in the Federal Government are sitting on the equivalent energy of 1 trillion barrels of oil while we ask the American public to turn down thermostats and wait for gas rationing.

HERBITS ANALYSIS OF THE KING REPORT—PART VII

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. STEIGER. Mr. Speaker, this continues my insertion of the analysis prepared by former Special Assistant to the Secretary of Defense Stephen E. Herbits of the report Dr. William King presented to a Senate Armed Services subcommittee. The King report was entitled, "Achieving America's Goals: National Service or the All-Volunteer Armed Force?" Today's extension continues the appendix to Herbits' analysis.

Information in today's insertion includes: Army disciplinary trends, nonprior service accessions, profile of Army enlisted personnel, special skill bonuses, racial makeup of the force, economic makeup of the force, and reserve strengths. These statistics, coupled with those I placed in the RECORD yesterday, provide insights into the status of and prospects for the Nation's defense force:

DEPARTMENT OF THE ARMY, MAY 26, 1977

DISCIPLINARY TRENDS

[Rate per 1,000]

	Calendar year—					
	1971	1972	1973	1974	1975	1976
AWOL	172.6	157.5	156.5	108.0	74.2	56.4
Desertion	68.5	52.8	51.4	32.8	19.6	13.6

DISCIPLINARY TRENDS

[Rates per 1,000]

Calendar year and quarter	Total courts-martial	Nonjudicial punishment	Separations less than honorable
1973:			
1	7.01	57.05	7.76
2	7.57	56.38	9.35
3	7.42	57.71	8.83
4	6.88	51.80	8.69
1974:			
1	6.85	56.49	7.79
2	6.50	54.32	7.21
3	6.02	52.78	7.05
4	5.25	48.01	6.38
1975:			
1	5.05	57.48	5.95
2	4.25	55.76	6.21
3	3.83	52.24	7.47
4	3.33	45.72	6.11
1976:			
1	3.18	51.87	6.05
2	2.92	53.05	6.02
3	2.63	56.95	5.01
4	2.71	50.58	4.66

ACTIVE ARMY MAJOR COMBAT UNITS ACHIEVING READINESS GOALS

	Total number combat units	Achieving goals	Percentage
June 1974	21	15	71
June 1975	22	15	68
June 1976	23	18	78
January 1977	24	19	79
January 1977 (personnel)	24	24	100

ALL ACTIVE ARMY UNITS ACHIEVING READINESS GOALS

	Total reporting units	Total achieving goals	Percentage
June 1974	910	488	54
June 1975	877	556	63
June 1976	859	583	68
January 1977	869	576	66
January 1977 (personnel)	869	714	82

DEPARTMENT OF THE ARMY KING REPORT RESPONSE, MAY 1977

ARMY NONPRIOR SERVICE ACCESSIONS[1]

		Mental category				
	HSDG	I, II	III	IIIa[2]	IIIb[2]	IV
Fiscal year:						
1964	67	38.0	54.8	NA	NA	7.2
1974	50	31.1	51.1	21.4	29.7	17.8
1975	58	34.9	55.1	22.7	32.4	10.0
1976	59	32.9	59.5	21.9	37.6	7.6
1977	60	33.5	57.5	18.1	39.4	9.0
1977 (1st quarter)	51	27.1	66.2	19.5	46.7	6.7

[1] Includes updated Army data.
[2] This breakout not included in Dr. King's analysis.

PROFILE OF ARMY ENLISTED PERSONNEL

	HSG diploma and GED	Mental category I, II	Mental category III	Mental category IV
Last 3 draft years	70.6	31.4	47.2	21.4
1st 3 AVF years	80.4	33.6	52.9	13.5

DEPARTMENT OF THE ARMY KING REPORT RESPONSE, MAY 1977

Group and category	1977	1990	Military service eligibility
A—Fully qualified and available (prime target).	2.8	1.8	Only group qualified and available for active components but can also be recruited by Reserves.
B—Students in college and technical schools.	2.0	1.5	Not available for active duty but due to part-time nature and geographic stability can be recruited by Reserve component.
C—Active, Reserve, Guard, and veterans.	1.4	1.4	Not available.
D—Unqualified, mentally and physically.	4.4	3.3	Not eligible.
Total pool	10.6	8.0	

Based on the above, required DOD enlistments from among the Active and Active plus Reserve pools are as follows:

	1977	1990
DOD Active enlistments: Active pool (A)	1 in 7	1 in 5±.
DOD total enlistments: Active and Reserve pool (A plus B)	1 in 10	1 in 7±.

DEPARTMENT OF DEFENSE TRANSITION DOCUMENT, DEC. 17, 1976

TOTAL ACTIVE MILITARY STRENGTHS, OFFICER AND ENLISTED, MEN AND WOMEN, FISCAL YEAR 1976–77 (OCTOBER)

	Fiscal year 1976 Objective (thousands)	Fiscal year 1976 Actual percent	Fiscal year 19TQ Objective (thousands)	Fiscal year 19TQ Actual percent	Fiscal year 1977 (October) Objective (thousands)	Fiscal year 1977 (October) Actual percent
Army	782	99+	790	99	784	99
Navy	525	100	532	99	531	99
Marine Corps	196	98	196	97	192	99
Air Force	584	100	584	99	582	100
All services	2,087	99+	2,102	99	2,090	99

NONPRIOR SERVICE ENLISTED ACCESSIONS, MEN AND WOMEN, FISCAL YEAR 1976–77 (OCTOBER)

	Fiscal year 1976 Objective (thousands)	Fiscal year 1976 Percent	Fiscal year 19TQ Objective (thousands)	Fiscal year 19TQ Percent	Fiscal year 1977 (October) Objective (thousands)	Fiscal year 1977 (October) Percent
Army	192.1	100	59.4	96	16.9	94
Navy	101.6	100	35.2	95	10.2	99
Marine Corps	53.1	100	15.4	95	4.4	86
Air Force	73.3	101	21.0	101	6.3	103
All services	420.1	100	131.0	97	37.8	96

SPECIAL SKILL BONUSES, FISCAL YEAR 1976

Type bonus	Cases	Cost (millions)
Enlistment:		
Deferred: [1]		
$1,500 combat arms	928	$1.4
$2,500 combat arms	10,042	25.1
$1,500 technical skills	790	1.2
$2,500 technical skills	1,015	2.5
Total	12,775	30.2
New:		
$1,500 combat arms	2,229	3.3
$2,500 combat arms	12,352	30.8
$1,500 technical skills	1,259	1.9
$2,500 technical skills	542	1.6
Total	16,482	37.6
Total enlistment bonuses	29,257	67.8
Total reenlistment bonuses	NA	103.8
Total bonuses	NA	171.6

[1] Deferred enlistment bonus reflects payment of bonus upon graduation from initial training during fiscal year 1976 for those enlisting in fiscal year 1975.

DEMAND/SUPPLY ILLUSTRATIVE ADJUSTMENTS FOR MALE NONPRIOR SERVICE ACCESSIONS, FISCAL YEARS 1985–90—QUALIFIED AND AVAILABLE MALES (AGES 17–22)

[Manpower in thousands]

Reduced demand:	
Demand base	+380
Recruit more women (up to 15 percent of DOD end strength)	−20
Reduce current losses among 1st-term personnel (reduce 1st-term attrition by 20 percent)	−24
Replace military men with civilians (convert 50,000 military positions to civilian positions)	−10
Recruit more prior service veteran males (lateral entries also increase prior service accessions by 20 percent)	−5
Decrease support manpower requirements (5 percent)	−10
Change 1st-term to career ratio from 60/40 to 55/45 mix	−15
Adjusted demand base	+296
Increased supply:	
Supply base	+887
Attract 5 percent of the junior college grads, and 3d and 4th yr college students	+14
Reduce physical requirements: Relax weight standards by 10 percent	+18
Adjusted supply base	+919
Adjusted ratio (+296/919)	1/3.1

AMBASSADOR RICHARDSON ON LAW OF THE SEA CONFERENCE

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Friday, July 22, 1977

Mr. METCALF. Mr. President, in view of the scheduled appearance of Ambassador Elliot Richardson before the Subcommittee on Public Lands and Resources on July 26 to discuss the recently concluded United Nations Law of the Sea Conference session, I believe my colleagues would be interested in a statement issued by Ambassador Richardson on July 20.

In assessing the Informal Composite Negotiating Text which belatedly emerged from the 6-week round of negotiations, Ambassador Richardson terms the portion relating to ocean mining of manganese nodules as "fundamentally unacceptable". He cites serious unresolved problems with assurance of access to the deep seabed, requirements for technology transfer, unreasonable financial burdens, and production limits placed upon ocean miners, and open-ended powers to be conferred upon the Seabed Authority, as among his reasons for recommending a long, hard look at whether the United States should continue its participation in the Conference negotiations.

I ask unanimous consent that Ambassador Richardson's statement be printed in the RECORD:

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The informal Composite Negotiating Text resulting from this session of the U.N. Law of the Sea Conference evidences real progress on vital issues relating to international security and freedom of navigation. At the same time it substantially sets back prospects for agreement on an international regime for the conduct of seabed mining. Both the substance of the text on this issue and the lack of fair and open processes in its final preparation require me to recommend that the United States undertake a most serious and searching review of both the substance and procedures of the Conference.

It is with a sense of considerable frustration that I make this accounting. For true progress was made during the past session:

New provisions were negotiated to clarify the legal status of the new 200 mile economic zone. They seek to safeguard traditional high seas freedoms within this zone except for specific resource-related rights accorded coastal states by the Convention. These provisions are a marked improvement over previous texts and may help prevent erosion of high seas freedoms by coastal state attempts to extend their sovereignty over ocean space.

We successfully retained the generally satisfactory previous texts on passage of straits which a determined minority sought to change. At the same time we found a way to accommodate the real need for environmental protection in straits, particularly in areas such as the Straits of Malacca.

The provisions of the text dealing with

scientific research were improved. An effort by some delegations to increase the degree of coastal state control of scientific research in the economic zone was defeated. In the new text, the conditions for conducting scientific research are set out clearly, and are likely to be copied into national laws, thus regularizing what has until now been a capricious situation. Also, we successfully eliminated a clause that could have obliged the U.S. to restrict publication of scientific data after the fact and without the consent of scientists, which was highly offensive to our concepts of free science and free speech. Now the coastal state, in granting consent, must indicate in advance if it wishes to impose such a restriction, and if so the scientist can decide whether he wishes to proceed with the project under such circumstances.

We were successful in eliminating texts that could have prevented us from imposing rules in our territorial sea to prevent pollution from foreign ships. At the same time, we retained our right to fix strict environmental conditions—including construction, manning, equipment and design regulations—for entry into U.S. ports. These changes bring the text into full harmony with the Administration's anti-pollution program.

Continued progress was made in the design of a comprehensive system for peaceful settlement of disputes relating to ocean uses.

Under the fair and judicious leadership of Minister Jens Evensen of Norway a responsible and effective discussion of seabed issues took place. This discussion and the texts formulated by Minister Evensen offered real prospect that the impasse on seabed mining issues could be resolved on terms acceptable to both the developed and developing nations.

Regrettably, however, the new "composite" text concerning the system of exploitation and governance of the deep seabed area (Part XI) is now fundamentally unacceptable. It deviates markedly from the proposed compromise text which had been prepared on the basis of full, fair and open discussion under Minister Evensen's leadership.

The Evensen text, although not without problems, was generally viewed as a useful basis for further negotiation. The newer text—produced in private, never discussed with a representative group of concerned nations, and released only after this session of the Conference terminated—cannot be viewed as a responsible substantive contribution to further negotiation. Indeed, the manner of its production—treating weeks of serious debate and responsible negotiation as essentially irrelevant—raises an equally serious procedural problem: whether the Law of the Sea Conference can be organized to treat deep seabed issues with the seriousness they, and the Conference which depends upon their satisfactory resolution, demand.

Among the serious points of substantive difficulty in the latest deep seabeds text, and the system it would define, are the following:

It would not give the reasonable assurance of access that is necessary if we and others could be expected to help finance the Enterprise and to accept a "parallel system" as a basis of compromise.

It could be read to make technology transfer by contractors a condition of access to the deep seabed—subject, at least in part, to negotiation in the pursuit of a contract.

It could be read to give the Seabed Authority the power effectively to mandate joint ventures with the Authority as a condition for access.

It fails to set clear and reasonable limits on the financial burdens to be borne by contractors; indeed, it simply combines a wide range of alternative financial burdens, as if such a combination could be a compromise—when, in fact, it is likely to prove a compound burden sufficient to stifle seabed development.

It would set an artificial limit on seabed production of minerals from nodules—which is not only objectionable in principle; it is also far more stringent than would be necessary to protect specific developing country producers from possible adverse effects, and is incompatible with the basic economic interests of a developing world generally.

It would give the Seabed Authority extremely broad new, open-ended power to regulate all other mineral production from the seabed "as appropriate."

It would appear, arguably, to give the Authority unacceptable new power to regulate scientific research in the Area.

It would fail adequately to protect minority interests in its system of governance and would, accordingly, threaten to allow the abuse of power by an anomalous "majority."

It would allow the distribution of benefits from seabed exploitation to peoples and countries not party to the Convention.

It would seriously prejudice the likely long-term character of the international regime, by requiring that—if agreement to the contrary is not reached within 25 years—the regime shall automatically be converted into a "unitary" system, ruling out direct access by contractors, except to the extent that the Authority might seek their participation in joint ventures with it.

With this unfortunate, last-minute deviation from what had seemed to be an emerging direction of promise in the deep seabed negotiations, I am led now to recommend to the President of the United States that our Government must review not only the balance among our substantive interest, but also whether an agreement acceptable to all governments can best be achieved through the kind of negotiations which have thus far taken place.

A MEMORIAL TO FRANK JOSEPH MERRICK

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. VANIK. Mr. Speaker, on July 8 the State of Ohio lost one of its most distinguished jurists, the Honorable Frank J. Merrick, retired probate judge of Cuyohoga County. For 40 years Judge Merrick served in the State's judicial system. Beginning in 1933 with a seat on the Cleveland municipal bench, Judge Merrick concluded his career on the probate bench as presiding judge of the court in 1973.

His long service to the community was not the true mark of Judge Merrick's contribution to Ohio. Rather the quality of his work and the depth of his commitment to the citizens of the State is the memorial he has left us. During his service, Judge Merrick was widely considered to be the best probate judge in Ohio. His legal mind was incisive; his caseload commonly exceeded two or three times what his colleagues on the bench were able to accomplish. What is more important, perhaps, is the fact that Judge Merrick took the time to distill his experience for others. He coauthored authoritative text on Ohio probate law.

Judge Merrick's compassion for his fellow man was matched by his disdain for the pretentious and the superficial. "Never be afraid to criticize your enemies, no matter how big they are." That was the judge's motto throughout his years in public life. By speaking his mind openly, clearly and oftentimes bluntly, Judge Merrick became a trusted ombudsman for the public interest. His contribution to the community will be missed; men of such quality and energy are rarely replaced. We can only recall their fine work and use it as an example to model our own lives.

USER FEES ON OUR INLAND WATERWAYS

HON. RAYMOND F. LEDERER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. LEDERER. Mr. Speaker, I would like to comment on some proposals made by the President regarding the subject of user fees on our inland waterways. These proposals are now before the Committee on Ways and Means where mark-up will be held on Monday, July 25.

Specifically, I would like to quote from the testimony of Mr. Jack A. Kirkland, Director, Department of Transportation, State of Missouri, on a recommendation of Governor Teasdale before the committee on Thursday, July 21.

"However, during the early stages that the fee is in operation, a study should be conducted simultaneously to ascertain the economic impact upon regions, cities and areas which might have emerged waterway systems and the accompanying losses accrued, as well as the marginal waterways which might terminate their activities as a result of this anticipated action."

I support the concept of the user fees to help defray the ever growing costs of constructing and maintaining river navigation at its present level. It has long since past when the general taxpayer should be required to pay the bill and when companies have free use.

In addition, I support the statement made by Mr. Kirkland and call upon the Department of Transportation, in cooperation with other Departments, to conduct a study of all Government owned facilities in this country, once Congress enacts a users tax, to insure that any tax will not have a serious economic effect on any region, city or area in the United States. Further, the Department of Transportation and other appropriate Government agencies should be required, as a condition for this legislation, to report their findings and recommendations to the Congress especially if a negative economic impact occurs.

As the Secretary of Transportation, Brock Adams, has indicated, "the beneficiaries of Federal water projects do not bear a fair share of the enormous capital and operating costs." Since the commercial users of our waterways have been receiving enormous capital for operating costs, it seems fair and equitable that

they are called upon to pay a portion of these costs.

Inland waterways serve an essential economic service for the United States. These waterways move 16 percent of the Nation's cross-country freight at a minimal portion of the total freight transportation revenues. In light of this fact, I do believe the Congress must pass legislation to recover a portion of the cost.

Mr. Speaker, I am very concerned that the Congress not pass any legislation which is going to aggravate our current economic woes in areas of this Nation that can least afford.

Therefore, while I support the concept of an inland waterways tax, I believe this Congress deserves to be given all the facts, even the bad ones.

CAPTIVE NATIONS WEEK

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. MURPHY of Illinois. Mr. Speaker, this week the United States is commemorating Captive Nations Week. The purpose of our observance is to express support for all nations held in subjection by the Soviet Union.

Among those nations are: Poland, Hungary, Lithuania, Czechoslovakia, Latvia, Estonia, Romania, East Germany, Bulgaria, Armenia, and many others.

When we observe Captive Nations Week, we are sharing with those countries our aspirations for their eventual freedom and independence. It is fitting that the United States should do this, since the freedoms we enjoy in America are all too often taken for granted. The Captive Nations do not have freedom of religion; freedom of speech; freedom of the press; the right to peaceably assemble; the right to be secure in their persons, houses, and papers; the right to a speedy and public trial; and many other liberties.

Therefore, our hearts go out to the over 100 million non-Russians who yearn for the same freedoms we are so privileged to enjoy. Perhaps our sympathy stems from the belief that "No one can be perfectly free till all are free," as Herbert Spencer once said.

Recently Joseph C. Harsch of the Christian Science Monitor wrote:

> Back in the days of Lenin it was widely assumed among communists that Marxism itself would be the cement which would bring together and unite in common purpose all the different people who live inside the geographic area known now as the Soviet Union.

But, Harsch noted,

> The essential fact about the Soviet Union today is that Marxism has not proved successful as the cement even of the people inside the borders of the Soviet state itself. It is proving even less effective as a means of tying the peoples of Eastern Europe to the Soviet cause.

Mr. Speaker, perhaps someday the Soviet Union will realize that what truly cements human beings to one another is their common desire to live in freedom and enjoy their right to life, liberty, and the pursuit of happiness. When that day comes, people now under Soviet domination will be tied to their governments with bonds of affection rather than chains.

But until that day comes, we will lend our support to all Captive Nations in the hope that they too one day can live in freedom and independence.

KOREAN BRIBERY INVESTIGATION: SPECIAL PROSECUTOR STILL NEEDED

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. MARTIN. Mr. Speaker, the Speaker of the House of Representatives and the chairman of the Ethics Committee have appointed former Watergate Prosecutor Leon Jaworski to conduct an investigation into the alleged bribes of Congressmen by representatives of the South Korean Government. This is a commendable move. However, it does not alleviate the necessity for an independent special prosecutor to follow-up on any illegal acts uncovered by Mr. Jaworski. He is working for the House Ethics Committee and Congress, the same body he is charged with investigating. Since Mr. Jaworski has made it clear that he will go public with his investigation if attempts are made by Members of the House of Representatives to interfere, I am confident he will conduct a credible investigation. However, since he will not have the authority or responsibility to prosecute based on his findings, a special independent prosecutor needs to be appointed by the President to complete the probe and thoroughly pursue the case to its conclusion.

Those opposed to having a special prosecutor say "let the Justice Department do the prosecuting. That is their job". I think part of the foot dragging which has been going on regarding this investigation can be blamed on the Justice Department, which has been cool toward an all-out, vigorous investigation.

The casual pace of the investigation so far in both the Ethics Committee and the Justice Department has managed to obscure the real scandal of alleged bribes, gifts, and campaign contributions from the Korean Government. It has allowed most attention to be diverted instead to reports of relatively innocuous relationships which are legal, ethical, and even necessary to a complete understanding of our legislative responsibilities.

By tagging social gatherings and legitimate, legally financed factfinding missions with the new code word "Korean," these defensible activities have become intermingled and confused with those other illegal activities which have only been hinted at. This achieves two unfair results: First, it subjects legitimate activities of many Members to what amounts to a witch hunt, and second, it protects the illegal actions of a few by diverting public attention away from them.

A special prosecutor can guarantee that the real culprits are pursued. Only if an independent special prosecutor is named, can the public be assured that the same thorough impartiality that characterized the Watergate investigation of the White House in 1974 will be applied to these scandals in Congress in 1977.

TRIBUTE TO MARCO COLOSI

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. WOLFF. Mr. Speaker, I would like to bring to the attention of my colleagues the achievements of Marco Colosi, a dedicated volunteer on behalf of tenants, homeowners, and senior citizens. For the past decade, Mr. Colosi has worked both with and for these groups initiating programs and legislation to better their living conditions.

Marco Colosi is a major force behind the Tenants Movement in Queens, N.Y. For the past 6 years he has served as the president of the Queens Presidents' Council. This organization, which represents some 400 tenant associations and various senior citizens groups, has, by its general board, requested that I call attention to Mr. Colosi's service.

Through his vital position as president of the Q.P.C., and as the founder of the county tenants organization, Mr. Colosi has assisted many people by helping them deal with rent control problems, landlords, and home improvement. In addition to this area of work, Mr. Colosi is the founder of the coalition of senior citizens and homeowners. This coalition, founded in 1974, takes on the task of guiding and speaking on behalf of senior citizens and helping them to receive adequate treatment and service.

Mr. Colosi has stepped beyond his call of duty in this area, for not only does he serve his own community, but he has been a vital force in many other areas and communities as well.

The presence of Colosi has also been felt in Albany, for recently he has initiated legislation dealing with housing and rent. Some of his successful achievements along these lines include: extending rent controls, proposing a warranty of habitability bill to maintain apartments as more livable, a Landlord-Tenant Relation Act, and most recently, he is responsible for raising the senior citizens rent exemption from $5,000 to $6,500.

I recently received a letter from a young man asking my advice on how to become a good citizen. In response to that question, Marco Colosi is certainly a fine example. I am proud to have him as one of my constituents, and am honored to pay tribute to a fine man.

HERBITS ANALYSIS OF THE KING REPORT—PART VIII, JULY 21, 1977

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. STEIGER. Mr. Speaker, today's extension concludes my eight-part insertion of former Special Assistant to the Secretary of Defense Stephen E. Herbits' analysis of Dr. William King's report to a Senate Armed Services Subcommittee. King's report was entitled "Achieving America's Goals: National Service or the All-Volunteer Armed Force?"

Before working under Defense Secretary Rumsfeld, Herbits was Special Assistant to the Assistant Secretary of Defense for Manpower and Reserve Affairs. He researched and edited the book, "How to End the Draft" (Congressmen STAFFORD, HORTON, SCHWEIKER, SHRIVER, and WHALEN, 1967, National Press, Inc.), and he was a member of the Gates Commission.

A graduate of Georgetown Law School, Herbits spent 4 years as a specialist on military manpower legislation on Capitol Hill. He is now assistant to the chairman of the president of Joseph E. Seagram & Sons, Inc., New York.

My hope is that all who are concerned about this important issue will give close attention to Herbits' analysis. It was presented at the West Point senior conference on National Service last month.

Herbits has said his comments "should be read as a specific response to Dr. King's congressional report."

He said:

I believe it essential in any consideration of these topics to discuss the All Volunteer Force in a fair and complete way. . . . No useful purpose is served in one-sided analysis. I am hopeful that adding my paper to that report will begin to rebalance its treatment.

The Herbits analysis is an important document. It merits careful review. Following is the final segment of his paper:

NONPRIOR SERVICE ENLISTED ACCESSIONS, MEN AND WOMEN, FISCAL YEAR 1964–197T

[In thousands]

	Percent high school diploma graduates						Percent high school diploma graduates				
	Army	Navy	Marine Corps	Air Force	All services		Army	Navy	Marine Corps	Air Force	All services
Fiscal year:											
1964[1]	67	58	61	84	68	1975	58	71	53	91	66
1974	50	52	50	92	61	1976	59	76	62	89	69
						197T	60	77	76	87	71

[1] GED's included.

PERCENT SHARE OF MALE NONPRIOR SERVICE ENLISTED ACCESSIONS IDENTIFIED BY MENTAL CATEGORY, FISCAL YEARS 1964–197TQ

	Army			Navy			Marine Corps			Air Force			All services		
	I and II	III	IV	I and II	III	IV	I and II	III	IV	I and II	III	IV	I and II	III	IV
Fiscal year:															
1964	38.0	54.8	7.2	41.1	48.0	10.9	37.5	53.3	9.2	49.9	45.8	4.3	42.0	50.3	7.7
1974	31.0	51.1	17.8	34.7	61.8	3.5	33.4	59.1	7.5	45.6	53.9	0.6	34.9	54.9	10.2
1975	34.8	55.1	10.1	38.0	57.1	4.8	36.7	59.7	3.5	44.0	55.6	0.4	37.5	56.3	6.1
1976	35.3	57.3	7.4	43.8	52.1	4.1	40.4	56.7	2.9	51.0	48.5	0.5	40.8	54.4	4.8
197TQ	33.5	57.6	8.9	48.5	48.5	3.0	44.6	51.5	3.9	63.9	35.8	0.3	44.1	50.7	5.3

PERCENT DISTRIBUTION OF EARNINGS OF PARENTS OF RECRUIT S (MAY 1975) COMPARED WITH U.S. FAMILY INCOME (MARCH 1975)

	Army	Navy	Marine Corps	Air Force	All Services	U.S. family earnings March 1975		Army	Navy	Marine Corps	Air Force	All Services	U.S. family earnings March 1975
0 to $2,999	8.7	3.9	8.9	3.6	6.4	5.3	$11,000 to $13,999	15.2	17.8	16.2	19.4	17.0	14.8
$3,000 to $7,999	24.0	17.8	20.6	17.7	20.5	21.0	$14,000 to $19,999	18.7	23.1	23.5	25.2	22.0	22.3
$8,000 to 10,999	19.6	16.3	17.1	17.8	18.1	14.5	$20,000 plus	13.9	21.1	13.6	16.2	16.0	21.8

Source: Preliminary results May 1975 AFEES survey; consumer income, families by total money income, money income of families and persons in the United States, U.S. Department of Commerce Bureau of Census.

COMPARISON OF STATE DISTRIBUTIONS OF U.S. MALE POPULATIONS (AGES 17–21) AND MALE ENLISTED ACCESSIONS, ALL SERVICES, FISCAL YEAR 1976

State	Pop.		Army		Navy		Marine Corps		Air Force		All services	
	Percent of total	Cumulative percent	Percent of total	Cumulative percent	Percent of total	Cumulative percent	Percent of total	Cumulative percent	Percent of total	Cumulative percent	Percent of total	Cumulative percent
California	9.2		9.9		11.0		10.8		9.9		10.3	
New York	7.9		6.8		7.3		7.9		7.6		7.2	
Texas	5.9		5.7		6.0		6.2		6.6		6.0	
Pennsylvania	5.6		5.0		5.6		4.7		5.6		5.2	
Illinois	5.3		4.4		4.6		5.6		3.2		4.4	
Percent		33.9		31.8		34.5		35.2		32.9		33.1
Ohio	5.1		5.5		6.0		5.1		6.6		5.8	
Michigan	4.5		4.6		5.2		4.9		4.3		4.8	
Florida	3.6		4.2		3.9		3.2		4.6		4.1	
New Jersey	3.3		2.6		3.1		2.7		2.7		2.8	
Massachusetts	2.6		2.0		2.4		3.0		3.1		2.4	
Percent		53.0		50.7		55.1		45.1		54.2		53.0
Indiana	2.6		2.7		2.7		3.4		2.8		2.8	
North Carolina	2.6		3.1		2.0		1.7		2.0		2.4	
Georgia	2.3		2.8		2.0		1.9		1.9		2.3	
Virginia	2.2		2.7		1.8		2.1		1.9		2.3	
Wisconsin	2.2		1.9		2.0		3 3		2.1		2.2	
Percent		64.9		63.9		65.6		66.5		64.9		65.0
Missouri	2.2		2.2		2.7		3.0		2.4		2.5	
Tennessee	2.0		2.2		1.7		1.4		1.9		1.9	
Alabama	1.9		2.0		1.6		1.4		1.4		1.7	
Minnesota	1.9		1.6		2.1		2.2		1.8		1.9	
Maryland	1.9		1.		1.7		1.7		1.6		1.7	
Percent		74.8		73.7		75.4		76.2		74.0		74.5

WOMEN AS A PERCENT OF ENLISTED ACCESSIONS, FISCAL YEAR 1964, 1974–77

	Army	Navy	Marine Corps	Air Force	All services
Fiscal year:					
1964	1.1	2.6	2.4	2.1	1.8
1974	8.3	8.0	2.6	10.6	8.2
1975	9.9	7.9	2.5	13.0	9.0
1976	8.5	6.1	2.5	12.0	7.9
1977 (planned)	9.2	3.7	2.6	13.0	7.6
1976	6.3	4.4	1.8	5.8	5.3
1977 (planned)	6.7	4.4	1.9	7.0	5.7
1978 (planned)	6.7	4.4	2.0	8.5	6.2

WOMEN AS A PERCENT OF STRENGTH, OFFICER AND ENLISTED, FISCAL YEARS 1964, 1974–78

	Army	Navy	Marine Corps	Air Force	All services
Fiscal year:					
1964	1.2	1.1	0.8	1.0	1.1
1974	3.9	3.1	1.5	3.8	3.5
1975	5.4	4.0	1.5	5.0	4.6

BLACKS AS A PERCENT OF NONPRIOR SERVICE ENLISTED ACCESSIONS, MEN AND WOMEN, FISCAL YEARS 1964, 1974–76

	Army	Navy	Marine Corps	Air Force	All services
Fiscal year:					
1964 [1]	13.7	4.7	8.5	9.6	10.6
1974	27.4	11.1	21.5	16.6	20.9
1975	23.0	10.6	20.4	14.7	18.2
1976	24.4	8.6	16.0	9.9	16.9

[1] Includes males only, other minorities: Asian Americans and American Indians (Navy only includes blacks), and includes Army inductees.

BLACKS AS A PERCENT OF STRENGTH, OFFICER AND ENLISTED, MEN AND WOMEN, FISCAL YEARS 1964, 1974–76

	Army		Navy		Marine Corps		Air Force		All services	
	Enlisted	Officer	Enlisted	Officer	Enlisted	Officer	Enlisted	Officer	Enlisted	Officer
1964 [1]	11.8	3.3	5.9	0.3	8.7	0.3	10.0	1.5	9.7	1.8
1974	21.3	4.5	8.4	1.3	18.1	2.5	14.2	2.2	15.7	2.8
1975	22.2	4.8	8.0	1.4	18.1	3.0	14.6	2.5	16.1	3.1
1976	23.7	5.2	8.0	1.6	17.0	3.4	14.7	2.8	16.6	3.4

[1] December.

SELECTED RESERVE STRENGTHS [1] (AS OF OCT. 1, 1976)

[In thousands]

	Actual strength	Congressional floor	Shortfall
ARNG	367	390	23
USAR	192	212	20
USNR	98	97	(1)
USMCR	29	33	4
ANG	91	93	2
USAFR	49	52	3
Total DOD	826	878	52

[1] May not add due to rounding.

ENLISTED INDIVIDUAL READY RESERVE (IRR) STRENGTH, ACTUAL FOR FISCAL YEAR 1976 AND PROJECTIONS, FISCAL YEARS 1977–82 [1]

[In thousands]

	1976	1977	1978	1979	1980	1981	1982
IRR strength	469	401	373	348	355	319	298

[1] Program objective memorandum estimates.

DEREGULATION WOULD PROTECT CONSUMERS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. COLLINS of Texas. Mr. Speaker, deregulation of natural gas prices is the one policy that, more than any other, gives protection to gas consumers.

This concept is difficult to understand, but it is nevertheless true and supported by irrefutable documentation. The continuation of natural gas prices at the wellhead will cause consumer prices to rise much higher than they would under a deregulated system. There are two contributing factors to this seemingly paradoxical price response.

First. Amortization charges and other fixed costs associated with transporting and distributing natural gas to the consumer will have to be borne, regardless of throughput volumes. Pipeline and distribution costs represented 87.3 percent of the overall price of natural gas paid by the New York residential consumer in July 1976. If controlled gas prices result in a 20-percent natural gas shortage, the reallocation of fixed costs to the remaining pipeline gas would drive up prices to New York consumers from $4.18 per Mcf to $5.10 per Mcf.

Second. In addition, the 20-percent loss in natural gas availability will have to be made up by alternative sources of energy. If the substitute energy is SNG at $5.50 per million Btu, averaging the 20-percent makeup energy into the price of natural gas will raise it from $5.10 to $5.18, that is, 24 percent above current prices. If the substitute energy is electricity at $11 per million Btu, the corresponding average consumer price will be $6.28, or 50 percent higher than current prices.

Rather than protecting the consumer, wellhead price controls of natural gas will hurt him.

AMERICAN FUNDAMENTALS

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. MOORHEAD of California. Mr. Speaker, Mr. Stephen A. Harris of Los Angeles, Calif., has set forth his views about America in a short essay entitled "American Fundamentals." I thought my colleagues would like to read his thoughts on this subject.

AMERICAN FUNDAMENTALS

When George Washington took the oath of office as the first President of The United States in 1789, this new nation had a population of four million persons.

History tells us that our nation was a weak agricultural republic in a world dominated by unfriendly monarchies. Our national treasury was empty; the colonies had no army or navy worthy of the name.

But the colonies had something else—what Washington himself may have called "that little spark of celestial fire." They had a freedom earned through the bitter sacrifice of six years of the revolution. They were determined to keep it at any price.

The initial investments in the republic were excellent—a constitution to guarantee survival of its principles and a new president who had refused the title of monarch because he believed so firmly in the "experiment" of a government by the people.

George Washington was well aware that the critical time for national survival was in the initial years. He reminded the four million people of the new republic of the sacred trust in their keeping during the first inaugural address, April 30, 1789, in New York: "The preservation of the sacred fires of liberty and the destiny of the republican model of government," he said, is "staked on the experiment entrusted in the hands of the American people."

Under this form of government and under the guidance of George Washington, and his successors, this young nation grew and prospered.

Not until our immigration laws were slackened, and/or set aside, and our requirements for citizenship materially weakened near the end of the nineteenth century, did our nation experience a rapid growth in population. Neither were our fundamental principles en-

dangered prior to the influx of foreign and inimical elements into our free society. These foreign elements and ideologies were infiltrated into the mainstream of American life. In like proportion has the noble experiment of our republic become degraded and materially weakened.

History has time and again repeated itself in this respect. In whatever country a sound form of government based on fundamental principles was established and became great it would remain such only as long as these principles were upheld and outside influences prohibited. Ages and moods change; fundamentals are changeless. Just as soon as infiltration of the doctrines of an alien people were permitted, that government began to depart from the fundamentals which made it great and to that extent weakened and began to decay. History has recorded no exception to this rule. America, as an example, became great within a very short time because it cast off the yoke of all but pure native and sound principles, but now we see the influx of foreign elements and inimical doctrines. Anarchy, under the guise of liberty, is creeping in and decay in every direction is clearly indicated.

Communism under any name is communism.

THE 19TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. HYDE. Mr. Speaker, this week is a special time for Americans—particularly those Americans whose roots are in the captive nations of the world—because we are observing the 19th anniversary of Captive Nations Week.

Though we ourselves have been blessed with over 200 years of freedom and independence, we can appreciate and sympathize with the misfortune of the people of the captive nations.

With human rights on the ascendancy of our concerns, our observance of Captive Nations Week this year should be all the more significant. As Dr. Lev E. Dobriansky, Chairman of the National Captive Nations Committee has said:

> . . . no part of the world represents a graver denial of human rights, including the right to national independence, than the totalitarian world imprisoning the captive nations.

Because people throughout the world look to the United States as the leader of the free world and the champion of the oppressed, we have a responsibility to continue to speak out strongly in behalf of those whose basic human rights have been obliterated. The inalienable rights we take for granted in the United States—freedom of speech, press, religion, assembly, and petition, and the rights of life, liberty, and the pursuit of happiness are consistently denied the people of the captive nations.

We have heard so many horror stories of the grief and anguish perpetrated against these people that it is almost too difficult for a free people to comprehend. Cambodians tortured and slaughtered by the Khmer Rouge. East Germans gunned down while trying to scale the Berlin Wall. Soviet Jews separated from their families and denied the basic human right to emigrate. Foreign dissidents in all of the captive nations tortured, imprisoned, and executed. When will it all end? How many more nations must fall to the tyrannical, totalitarian Communist rule?

As a nation of people whose ancestors came from every corner of the globe, we Americans cannot ignore the plight of our distant relatives. Our Nation was founded on the concept of liberty and justice for all. How long can we enjoy our freedoms while the dark cloud of Communist oppression continues to descend on yet one nation after another?

We, the American people, while striving toward peace and understanding among all nations, must rededicate ourselves to the restoration of human rights, national freedom, and the cause of justice throughout the world. The legitimate goals and aspirations of the people of the captive nations to win back their independence must be shared by all of us. We should monitor closely the Soviet's compliance with the agreements reached in the Helsinki accords. The weight of all future agreements and commitments we enter into with the Soviets may well bear a striking resemblance. Especially do we admire the strength and courage of those people who survive within the captive nations. Their example says loudly that there is yet hope for the human race.

CAPTIVE NATIONS WEEK, 1977

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. NOWAK. Mr. Speaker, I am pleased to join my colleagues in the 19th annual observance of Captive Nations Week.

With President Carter accenting human rights issues as cornerstones of his foreign policy, this year's observance of Captive Nations Week has particular meaningful significance. Additional opportunity for highlighting this issue occurs this year at the Belgrade Conference over compliance with the Helsinki accords.

Our Declaration of Independence and Bill of Rights speak eloquently of our Nation's traditions of freedom and dedication to the pursuit and maintenance of our liberties. Our annual observance of Captive Nations Week, therefore, is a natural extension in keeping with our national traditions.

Ignoring injustice and tyranny amounts to a subsidy of that injustice and that tyranny. Silence spells support. But in addition to highlighting the fact that injustices continue to exist and that there is much room for improvement in the human rights aspects of our world community, our observance also offers solace and inspiration to those who daily have their freedoms frustrated, their rights regimented.

Therefore, today we hope that many other world leaders will join President Carter in a sincere effort to promote serious discussion of human rights issues and stimulate genuine progress throughout the community of nations.

STATE AND LOCAL TAXES IN THE YEAR 2000—A CRS ASSESSMENT

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. VANIK. Mr. Speaker, during the past week I have focused my attention on a study I received from the Congressional Research Service on taxes in the year 2000. One important component of the tax burden of a median income family are the State and local sales and property taxes.

That portion of the CRS study dealing with this subject is included in the RECORD at this point:

C. STATE AND LOCAL GOVERNMENT RECEIPTS AND INCOME, SALES AND PROPERTY TAXES

Table 4 displays projections of total State and Local Government receipts from own sources (excluding Federal aid), total State and Local individual income tax receipts, total State and Local sales tax and property tax receipts, and the State and Local individual income tax liabiltiy and sales and property tax liability for a median income family in nominal and real terms.

All the projections in the Table were derived by procedures analoguous to those used to obtain the estimates in Table 3. (Table 3 not reproduced.) The assumed annual growth rates for the last decade of the projections of the variables are as follows: total State and Local Government receipts from own sources, 8.8 percent; individual income tax receipts, 11.2 percent; sales and property tax receipts, 7.6 percent.[1] The 1975 tax liabilities for the median income family were estimated using calculations of the average State and Local tax burden borne by an average family by the Advisory Commission on Intergovernmental Relations (ACIR).[2] The ACIR estimated that in 1975 the average family ($14,000 income) paid 1.9 percent of its income in State and Local income taxes, 1.3 percent in State and Local general sales taxes, and 4.0 percent in property taxes. These figures for 1975 were used as the basis for the projections of State and Local tax liabilities in a procedure similar to that used to project Federal individual income tax liability in Table 3. (Table 3 not reproduced.)

[1] Again, the DRI model does not project "State and Local individual income tax receipts", but rather it projects "personal tax and nontax receipts"; similarly the DRI model does not project "sales tax and property tax receipts", but rather it projects "indirect business tax and nontax accruals". As in the projections for the Federal individual income tax, the estimates in Table 4 were obtained by assuming the percent of the total figure represented by the relevant taxes in each category remains constant. Sales tax and property tax data were not estimated seprately because they are both part of "indirect business tax and nontax accruals" and sales taxes have proportionally increased and property taxes proportionately decreased over the past several years. To the extent these trends are offsetting in the future, the constant proportion assumption will remain valid.

[2] Advisory Commission on Intergovernmental Relations. Significant Features of Fiscal Federatism, 1976 Edition, 1. Trade. June 1976, p. 41.

TABLE 4.—TOTAL STATE AND LOCAL GOVERNMENT RECEIPTS FROM OWN SOURCES, INDIVIDUAL INCOME TAX RECEIPTS, SALES AND PROPERTY TAX RECEIPTS, AND MEDIAN INCOME FAMILY STATE AND LOCAL INDIVIDUAL INCOME TAX LIABILITY, AND SALES AND PROPERTY TAX LIABILITY IN NOMINAL AND REAL TERMS, 1975–2000

Year	Total State and local government receipts from own sources			Total State and local individual income tax receipts			
	Billions of nominal dollars	Billions of 1975 dollars	Percent of GNP	Billions of nominal dollars	Billions of 1975 dollars	Percent of personal income	Percent of total State and local receipts
1975	$179.9	$179.9	11.9	$22.8	$22.8	1.8	12.7
1976	200.1	190.4	11.8	26.7	25.3	1.9	13.3
1977	218.5	196.5	11.6	29.5	26.2	1.9	13.5
1978	238.5	202.5	11.4	32.8	27.6	1.9	13.8
1979	260.4	209.3	11.3	37.8	30.2	2.0	14.5
1980	280.2	213.6	11.0	42.3	32.1	2.0	15.1
1985	458.9	276.8	12.0	77.2	46.2	2.5	16.8
1990	701.6	347.3	13.0	128.9	63.1	3.0	18.4
1995	1,069.6	435.3	14.1	219.2	88.2	3.5	20.5
2000	1,630.7	545.4	15.2	372.6	123.2	4.3	22.8

Year	Median income family State and local individual income tax liability			Total State and local sales tax and property tax receipts				Median income family State and local sales tax and property tax liability		
	Nominal dollars	1975 dollars	Percent of income	Billions of nominal dollars	Billions of 1975 dollars	Percent of personal income	Percent of total State and local receipts	Nominal dollars	1975 dollars	Percent of income
1975	$260.66	$260.66	1.9	$103.9	$103.9	8.3	57.8	$727.11	$727.11	5.3
1976	302.41	286.10	2.0	114.8	108.6	8.3	57.4	794.33	751.40	5.3
1977	332.27	295.35	2.0	124.4	110.6	8.2	56.9	853.83	758.96	5.2
1978	365.44	307.61	2.0	134.4	113.1	8.0	56.4	914.89	770.11	5.1
1979	417.35	333.61	2.1	143.7	114.9	7.7	55.2	969.40	774.90	4.9
1980	461.60	350.23	2.1	151.6	115.0	7.3	54.1	1,011.91	767.76	4.7
1985	804.72	481.58	2.6	240.6	144.0	7.8	52.4	1,529.50	915.32	5.0
1990	1,282.33	627.67	3.1	357.0	174.7	8.2	50.9	2,172.32	1,063.30	5.2
1995	2,106.02	847.49	3.7	514.9	207.2	8.3	48.1	3,019.05	1,214.91	5.3
2000	3,454.96	1,142.51	4.4	742.7	245.6	8.5	45.5	4,206.62	1,391.08	5.4

As indicated in Table 4, these methods lead to estimates of total State and Local Government receipts of $701.6 billion in 1990 and $1.63 trillion in the year 2000, representing $347.3 billion and $545.4 billion respectively in terms of constant 1975 dollars. Thus, the projections imply a 93 percent increase, in real terms, in State and Local receipts from 1975 to 1990, and a 208 percent increase from 1975 to 2000. The projections also imply a further increase in the role of State and Local Governments in the economy, claiming 13.0 percent of GNP in 1990 and 15.2 percent of GNP in 2000, compared to 11.9 percent in 1975. These results combined with those in Table 3 project the total government sector of the economy growing from 30.8 percent of GNP in 1975 to 34.6 percent in 1990 and 37.5 percent in the year 2000.

Total State and Local individual income tax receipts are estimated to grow to $128.9 billion in 1990 and $372.6 billion in 2000, representing $63.1 billion and $123.2 billion respectively in 1975 dollars. The individual income tax is projected to play a rapidly increasing role in financing State and Local Governments, growing from 12.7 percent of total revenues in 1975 to 18.4 percent in 1990 and 22.8 percent in 2000. The tax is also projected to grow as a percent of total personal income from 1.8 percent in 1975 to 3.0 percent in 1990 and 4.3 percent in the year 2000.

The burden of State and Local income taxes on the median income family is estimated at $1,282 in 1990 and $3,455 in 2000. In constant dollar terms, the tax is estimated to grow from $261 in 1975 to $628 in 1990 and $1,143 in 2000. The estimates imply the tax will claim an increasing percent of the median income family's income, rising from 1.9 percent in 1975 to 3.1 percent in 1990 and 4.4 percent in 2000.

Total State and Local sales tax and property tax receipts are projected at $357.0 billion in 1990 and $742.7 billion in 2000. In real terms, this represents an increase from $103.9 billion in 1975 to $174.7 billion in 1990 and $245.6 billion in 2000. These two taxes as a percent of personal income remain roughly constant in the projections, however it should be remembered that, unlike individual income taxes, a portion of sales and property taxes is paid by businesses rather than individuals. Sales tax and property tax revenues are estimated to decline as a percent of total State and Local receipts, probably because of the continuing shift away from the property tax. These taxes are shown as providing 50.9 percent of total State and Local receipts in 1990 and 45.5 percent in 2000, down from 57.8 percent in 1975.

The average burden of State and Local sales and property taxes on the median income family is projected to grow to $2,172 in 1990 and $4,207 in 2000, representing an increase, in constant dollar terms, from $727 in 1975 to $1,063 in 1990 and to $1,391 in 2000. This liability, expressed asa percent of the family's income, represents 5.3 percent in 1975, 5.2 percent in 1990, and 5.4 percent in 2000.

PUERTO RICO CONSTITUTION DAY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. RODINO. Mr. Speaker, July 25 marks the 25th anniversary of the enactment of the constitution of the Commonwealth of Puerto Rico. In commemorating this event we acknowledge the contributions Americans of Puerto Rican descent have made to the cultural diversity and growth of American society. It is a recognition well deserved.

Our Nation's development has been enriched by the vitality of its immigrant community. Citizens of Puerto Rican heritage have played an important role in America's progress, and, at the same time, have maintained their own identity. This is indicative of the pride Puerto Ricans have in both their native culture and America's.

Constitution Day also marks the beginning of self-government in Puerto Rico. On this date, 25 years ago, the Governor of Puerto Rico proclaimed the constitution to be in effect. Its success over this past quarter-century is a tribute to the principle of democracy and is a strong example to other nations of the viability and benefits of American democratic ideals.

This coming Sunday, the Puerto Rican community in my home State of New Jersey will hold its annual Puerto Rican Day Parade to celebrate the significant contributions of Puerto Rican Americans. I commend the efforts of the parade president, Miguel Rodriquez; the master of ceremonies, Rual Davila; the parade coordinator, Leo Mendez; the parade queen, Carmen Colon; and especially Marie Gonzalez, the liaison coordinator between the Newark Human Rights Commission and the community, and Jose Rosario, both of whom have worked on the parade for 15 years.

The Puerto Rican Day Parade and Constitution Day provide an excellent opportunity to publicly salute the proud exercise of self-government the Puerto Rican people have undertaken, and have made work; and their positive and profound impact on American society and culture.

NOMINATION OF ALLARD K. LOWENSTEIN

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 18, 1977

Mr. HAMILTON. Mr. Speaker, I was pleased to learn that President Carter has nominated the Honorable Allard K. Lowenstein to be Ambassador for Special Political Affairs at the United Nations. I want to take this opportunity to commend the President on a fine nomination to a very important position. I know that Mr. Lowenstein will be a skillful and resourceful ambassador.

Mr. Lowenstein certainly has the ability to work effectively in a situation where there are many entirely different

ideological views being expressed. I am confident that he can portray the concerns and policies of the United States in ways that will allow them to be understood and respected. Mr. Lowenstein's facility in relating to people will be a tremendous asset to our representation at the United Nations. It is encouraging to know that he will be contributing his vigorous and active approach to solving the complex world problems before the United Nations.

I highly recommend confirmation of Mr. Lowenstein as an ambassador to the United Nations and I wish him well on this special assignment.

BLACK LUNG BENEFITS

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. ERLENBORN. Mr. Speaker, when H.R. 4544, the proposed Black Lung Benefits Reform Act, comes before the House, I will offer a substitute bill.

My substitute fulfills the promise of the program as enacted in 1969. It provides lifetime Federal payments for claims filed and approved since 1969 and for 1 year after enactment. Claims made after that will then be filed and paid pursuant to State workers' compensation laws.

A summary and copy of my substitute follow:

SUMMARY OF ERLENBORN SUBSTITUTE

Sec. 1 of the bill entitles the bill the "Black Lung Benefits Amendments Act of 1977."

Sec. 2 of the bill amends Part C of title IV of the Federal Coal Mine Health and Safety Act of 1969, hereinafter "Act," by striking the present sections 421 through 425 of the Act and creating new sections as follows:

New Sec. 421 of the Act will allow claims to be filed for one year after the effective date of the bill and provides for payment of eligible claims by the Federal Government through the Secretary of Labor. At the end of the one-year period, all claims shall thereafter be filed pursuant to State workers' compensation law.

New Sec. 422 provides for payments to miners and eligible survivors who are entitled to benefits in the same manner as Part B (administered by Social Security), except that the Secretary of Labor prescribes standards, including appropriate presumptions, and the interim medical standards are not to be used in determining total disability.

New Sec. 423 provides for monthly payment of benefits equal to amounts described in the present Act under Part B.

New Sec. 424 provides that the Secretary of Labor prescribes procedural regulations under this Part (C).

New Sec. 425 provides that benefits will be offset only by other government compensation due to pneumoconiosis.

Sec. 3 of the bill provides that the bill as it amends the Act is applicable to claims filed for one year after date of enactment of the bill, except that claims under Part C, as it existed prior to the effective date of this Act, shall be paid under this Act for periods beginning on the effective date of this Act.

Sec. 4 of the bill provides that the effective date shall be 30 days after enactment, or October 1, 1977, whichever is later.

H.R. —

A bill to amend part C of title IV of the Federal Coal Mine Health and Safety Act of 1969

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Black Lung Benefits Amendments Act of 1977".

SEC. 2. Part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 is amended by striking out sections 421 through 425 and inserting in lieu thereof the following:

"SEC. 421. Claims for benefits in respect of death or total disability of any miner due to pneumoconiosis filed during the period which begins on the effective date of the Black Lung Benefits Amendments Act of 1977 and ends one year thereafter shall be paid by the Secretary in accordance with the provisions of this part. After the end of such period, claims for occupational disease or death of a coal miner may be treated in a manner similar to other claims under applicable State workers' compensation laws.

"SEC. 422. (a) Benefits shall be paid by the Secretary under this part to the categories of persons entitled to benefits under section 412(a) of this title during the same period for which those categories of persons are entitled to receive those benefits in accordance with regulations of the Secretary.

"(b) The Secretary shall by regulation prescribe standards, which may include appropriate presumptions, for determining whether a miner is totally disabled due to pneumoconiosis, whether the death of the miner was due to pneumoconiosis, and whether pneumoconiosis arose out of employment in a coal mine or mines.

"(c) In prescribing such standards under subsection (b), the Secretary shall not apply the interim standards prescribed under section 411(b) of this title to determine whether a miner is totally disabled due to pneumoconiosis or whether the death of a miner was due to pneumoconiosis for purposes of payments of benefits.

"SEC. 423. Benefits payable under this part shall be paid on a monthly basis and shall be equal to the amounts specified in section 412(a) of this title.

"SEC. 424. No payment of benefits shall be required under this part except pursuant to a claim filed therefor in such manner, in such form, and containing such information as the Secretary shall by regulation prescribe.

"SEC. 425. The amount of benefits payable under this part shall be reduced, on a monthly or other appropriate basis, by the amount of any compensation received under or pursuant to any Federal or State workmen's compensation law because of death or disability due to pneumoconiosis."

SEC. 3. The amendment made by section 2 shall take effect with respect to claims for benefits under part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 in respect of death or total disability of any miner due to pneumoconiosis filed during the period which begins on the effective date of this Act and ends one year thereafter, except that claims filed under Part C as it existed prior to the effective date of this Black Lung Benefits Amendments Act of 1977 shall be paid in accordance with such Part C, as amended by such Section 2 of this Act, for periods beginning on or after the effective date of this Act.

SEC. 4. The provisions of this Act shall take effect 30 days after the date of enactment of this Act, or October 1, 1977, whichever is later.

THE MURDER OF LOVELY LOTUS LAND

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. DORNAN. Mr. Speaker, yesterday, I read into the RECORD a Jack Anderson column about the atrocities which are being perpetrated by the Communists in Cambodia. Murder on a massive scale is being committed there. It is brutal, systematic, and counter to every human right. But hideous as the situation is in Cambodia, we need not look far across its borders to see another nation which rivals it for brutality and oppression.

Laos is that country.

Many of the liberal intelligentsia will soft pedal the situation there by claiming that it is the distasteful, but unavoidable, result of nationalistic fervor. And in any case, it is in a much happier state than its sister nation, Cambodia.

That is like saying one is happier when only beaten half-unconscious. I traveled to Laos at my own expense 4 times over the last decade. I urge my colleagues to ask me about my own first-hand observations. For another first hand current account. I refer you to the July 18 issue of Newsweek which has an article showing just how unhappy a state Laos is. John Everingham, the author of the article, lived in Vientiane for 10 years. He was imprisoned there a month ago and was released three weeks ago. His recount of his experiences in prison and the results he has seen of the Communist conquest are impressive and frightening.

I commend it to my colleagues and to those of the liberal intelligentsia who delude themselves about the motivation and purposes of the Communist takeover in Indochina. Thailand is next. Domino theory? Ask the pathetic dominos, those fallen or falling.

The article follows:

INSIDE THE NEW LAOS

(For nearly ten years, Australian journalist John Everingham had lived in the Laotian capital of Vientiane, reporting at times for Newsweek and several other Western publications. Three weeks ago, he was imprisoned. A fortnight ago he was expelled and crossed the border into Thailand. His report:)

After almost ten years of living in Laos, I crossed the Mekong River for the last time, carrying a toothbrush and a bottle of Benedictine and under close police escort. My expulsion from Laos was based on that most favored of all Laotian Communist accusations—that of being not a journalist, but a CIA spy.

For a week I had slept handcuffed, on boards, and eaten rice-and-nothing as my intelligence-branch captors concocted "confessions." I signed some of them at pistol point. Locked up along with me in one of Vientiane's former churches were three Britons and two French nationals. To become accessories to my spying, these five friends had simply visited my house on the day of arrest. But on balance, my own treatment was relatively mild compared with that now being meted out to the Laotians themselves by their Communist masters.

For Laotians, contending with secret police, widespread arrests and arbitrary justice are matters of everyday life. Tens of thousands of them are still imprisoned in re-education camps and farms. Uncounted thousands more have been sent off to corrective institutions to reform social behavior repugnant to the puritan Pathet Lao revolutionaries. Those considered a political threat have been shipped off to far northern Phongsaly Province. All of these actions are part of the Communist Pathet Lao's ongoing efforts to purify the previously Western-influenced societies of the major cities and to recast them into a new mold: tightly disciplined socialist community.

SILENT STREETS

Fear of reporting by unknown neighborhood spies keeps people in their homes by night. Fear has also drastically reduced gambling, drinking and prostitution. The once gaily swinging streets of Vientiane are silent by 9 o'clock. Local temple festivals are rarely permitted, and many of the traditional seasonal festivals have been suppressed for what the new regime calls "extravagance" and the "waste of productive time." Suppression of the Laotians enormous potential for festivity in order to channel all energies into production is a major goal of the new regime.

Buddhism, to which the Communist Party pays polite lip service, is destined to be drastically downgraded to a curiosity of the ancient past. The Laotian Communist Party's tough-minded Marxist-Leninists have no time for religion. These unsmiling, loyal and highly motivated revolutionaries are samples of what the party leaders call "The New Socialist Man."

The standard of political awareness of the average Communist trooper is not always high despite the party's pleas for unity between people and soldiers. The victorious Pathet Lao have not been able to forget that Vientiane was the enemy capital for twenty years. Often the Communists act like the conquering army they are and herd people about with their guns. Some villages have seen the Communists assimilate, but many more have seen only friction between the two groups of Laotians. At least 200,000 Laotians in a population of 3 million or 4 million have fled their homeland rather than make the drastic adjustments to their life-styles or living standards necessary to remain behind in Laos.

Thousands of patriots, who at first wanted to stay on to participate in the development of their homeland in spite of the political system, have since changed their minds. The Communists are unwilling to put ex-rightists in positions of authority, reluctant to open any of the decision-making processes to them, and incapable of trusting them. So thousands of valuable tradesmen, technicians and managers have since fled across the Mekong River into exile, disgusted at being second-class citizens in their native land.

Farmers also protest bitterly about the beginnings of the new regime's farm communalization. In a country where almost every farmer can own as much land as he cares to clear and landlords are unknown, it will take massive doses of long-term propaganda to revolutionize the rural thinking. The cadres and soldiers have organized farmers into communal work groups that farm the sum of all their lands together as one. The work-points system is used for sharing the harvest. Last year, a Hungarian communal-farms expert advised the Laotians that the country's present state of development did not ideally call for collectivization. The Laotians angrily dismissed the adviser, and continued in their apparent determination to move toward rural collectives and communes at the fastest possible rate.

PITTANCE

The growth of the socialist economy within the cities remains stagnant. Rice is cheap—thanks to heavy government subsidies, 100 pounds costs little more than $1—and efficiently distributed. But meat and vegetables are available only to those who can afford them on the free market. With the average government salary a pittance of 6,000 kips (only $4 U.S.) a month, many city families are now eating little but rice and salt.

In the better urban residential areas, the Soviets have taken over. Moscow is now the Big Brother that the U.S. was in Vientiane three years ago. About 400 Soviet technicians and advisers and their families are currently living there, principally to help Communist Laos build a national airline and a new capital near the Plain of Jars.

Today's Laos is virulently pro-Moscow, emitting a constant stream of praise of everything Soviet, and has so proved itself, along with Cambodia, another radical of Southeast Asia. There is no doubt that what was once one of Southeast Asia's loveliest lotus lands is now in for an ever grimmer and uglier future.

PHILADELPHIA BEGINS CONSTRUCTION OF ADDITIONAL SIDEWALK RAMPS TO AID THE PHYSICALLY HANDICAPPED

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. EILBERG. Mr. Speaker, as one who has long recognized the need to help the physically handicapped in their efforts to move about more easily in our cities and public institutions, I am pleased to be able to announce that the City of Philadelphia has begun constructing 150 additional sidewalk ramps in center city to aid the physically handicapped.

In announcing this important project, the Honorable Frank L. Rizzo, Mayor of the City of Philadelphia, took note of the fact that some sidewalk ramps were constructed previously with Federal funds in Bicentennial areas and on such special projects as the Chestnut Street Transitway.

The Mayor has said that this marks another forward step for our city, which already has received national recognition for its innovative public improvements to assist the handicapped.

The new center city program will cost $76,700 and will provide 150 ramps at 30 intersections. In the future, the city will also provide sidewalk ramps in conjunction with all new highway construction as well as reconstruction projects.

According to Mayor Rizzo, the city's plans go far beyond the requirements of the Federal and State governments which require the construction of sidewalk ramps for the physically handicapped in all public transportation projects.

Future projects planned for commercial and institutional areas include University City in West Philadelphia, Temple University and Hospital, Einstein Hospital Northern Division, Moss Rehabilitation Center, Inglis House, and additional locations in the central business district.

The sidewalk ramp program for the physically handicapped is being administered by the Streets Department in cooperation with the Mayor's Office for the Handicapped.

GEN. RUSSELL DOUGHERTY TO BE RETIRED

HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. WRIGHT. Mr. Speaker, on August 1 of this year, Gen. Russell E. Dougherty will relinquish his position as commander in chief, Strategic Air Command, for retirement from the U.S. Air Force. He is completing 35 years of distinguished commissioned service and a total of almost four decades of his life to outstanding service in the uniform of his country. I ask all Americans to join me in paying tribute to this true patriot for his selfless dedication to country and his fellow human beings.

General Dougherty first saw service as an enlisted member of the Kentucky National Guard, later joined the FBI and then as now, with a keen sense of responsibility to his country, joined the Army Air Corps the day after Pearl Harbor. He returned to college after the war to complete his law degree and then returned to flying. He has flown almost every aircraft in the Air Force inventory and is the first SAC commander to have served on a SAC combat crew.

He is one of the finest staff officers the Air Force has ever had, serving with distinction in 20 staff positions around the world—and he also participated in the first nonstop jet round-the-world flight in 1957. He is a participant commander who leads by example and intellect, one who has a personal sense of caring for his fellow airmen. And he has been a superb manager, for during his tenure as head of the Strategic Air Command the number of people was reduced by one-fifth while at the same time the number of weapons on strategic alert increased.

Throughout his career, Russ Dougherty has been an articulate and effective public spokesman on defense issues. Emphasizing that America's people in uniform are members of military "services" and therefore, servants of the people, he has made it clear that these services are critical threads in the fabric of our society, but that they have no needs independent of the needs of the society itself.

Before commanding SAC, General Dougherty served as Chief of Staff, Supreme Headquarters Allied Powers Europe. During that assignment he represented the United States with unusual dedication and diplomacy, making lasting friendships for America, while strengthening the sinews of our defense alliances.

Russell E. Dougherty is a man of many skills and dedications—brilliant military commander, skilled flyer, professional lawyer and scholar, talented musician, loving husband, devoted father, tireless worker. It is perhaps appropriate that

such a man should also be modest. He has announced himself as the "first nonhero to command SAC." To which one of his airmen responded:

You know, it's funny he should say that. He's done it all, Buck Private to Four Stars, horse-holder to Commander in Chief of SAC. He may be a non-hero to himself, but in my book, he's a superstar.

For my part, I am grateful that Russ Dougherty's courage, intellect, dedication and patriotism have been devoted to what he considers a great calling. He is fond of quoting from memory words of Sir John Slessor in this regard:

The most important social service that a government can do for its people is to keep them alive and free.

It is my hope that the military career of Russell E. Dougherty can be a stirring example to other men and women of similar talent and dedication, and that—whatever his future career—he can continue to help keep America "alive and free".

CAPTIVE NATIONS' WEEK RECOGNIZED BY PRESIDENT CARTER

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. BIAGGI. Mr. Speaker, the millions partaking in the 19th annual observance of Captive Nations Week were deeply saddened by the belated issuance of President Carter's official proclamation. It represented a significant step backward in the President's announced campaign for human rights.

Certainly in no other areas of the world are the denials of basic human and civil rights more prevalent than in the captive nations, largely under the control of the Soviet Union. For the millions living under captive rule in some 29 nations, the desire to obtain or regain freedoms is a daily struggle. Yet these people have also been heartened by the great amount of support they receive from the people of the United States, the greatest free nation in the world.

The success of the President's human rights campaign will ultimately be judged on its ability to gain greater freedoms for the captive peoples of the world. The potential for improvement in the lives of these people is real provided the policy is pursued diligently and consistently by the administration and Congress.

This Nation has basked in the glory of 201 years of independence. All of us here have lived our entire lives in freedom. Instead their lives are characterized by persecution and systematic violations of human, civil, political, and religious rights.

Captive Nations Week has always had great significance for this Nation. Yet, we continue to be concerned over increased losses of individual freedoms in many regions of the world. We are aware of almost 30 official captive nations in the world. Yet the potential for other nations succumbing to this status is very real. We are cognizant of threats to freedom in Italy and France as well as in certain nations in Africa. We must avoid adding these nations to the ranks of captive nations.

Captive Nations Week also serves as a reminder to this Nation that our freedoms must never be taken for granted. Complacency about freedoms has toppled governments in the past. We must reaffirm our own freedom as a nation and also work to preserve the democracies in our ally nations. We must do this to strengthen our position as the leader of their free world and it will clearly demonstrate our active commitment to preserving and extending freedom here at home and wherever its roots want to grow.

Many marches and observances have been conducted around the Nation to note Captive Nations Week. I participated in one of the largest conducted last Sunday in New York City. I salute the main sponsor of the march, Dr. Ivan Docheff, chairman of the Captive Nations Week Committee of New York. He is a tireless advocate of the rights of captive peoples. It is my hope that his desires for freedom being returned to captive nations may yet become a reality.

BILL ALLISON SWORN IN AS DEPUTY DIRECTOR OF THE COMMUNITY SERVICES ADMINISTRATION

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. FOWLER. Mr. Speaker, I want to congratulate my friend, Bill Allison of Atlanta, who is being sworn in today as Deputy Director of the Community Services Administration—CSA.

Community Action and Bill Allison are synonymous. Bill has dedicated much of his adult life to helping the poor help themselves and to insuring that poor people have a voice in their destiny and in the democratic process.

Eleven years ago, Bill Allison joined Economic Opportunity Atlanta, Inc.—EOA—and helped that agency become one of the Nation's most outstanding community action programs. He quickly moved from Director of Planning to Deputy Administrator and in 1969 took over the helm of EOA as its Executive Administrator.

Through Bill Allison's leadership, EOA became a model for other community action programs throughout the country. His ability as an administrator was surpassed only by his deep concern and determination that the poor would have a voice—a strong voice on the boards, agencies, councils and government bodies within the Atlanta metro area.

Bill Allison's success in Atlanta became known throughout the country. He was asked to serve on national boards and advisory councils, including the board of the National Community Action Agency Executive Directors Association. He was the first black to serve on the board of directors of the Coca-Cola Co. He is immediate past president of the Georgia Community Action Association and a member of the American Society of Public Administration.

Bill Allison is a great asset to the Community Services Administration, and I commend our Government for selecting him as its Deputy Director.

THE CLINCH RIVER BREEDER REACTOR PROJECT: WHAT DOES IT DEMONSTRATE?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. BROWN of California. Mr. Speaker, recently there has been a considerable debate over whether the Clinch River breeder reactor demonstration project has more to do with breeder commercialization or with research and development. The muddling of the demonstration concept between R. & D. and commercialization is deeply enmeshed in the Clinch River project. Many critics have pointed out that the project was too small and too far from commercial scale—that it could not really be adapted directly to the commercial economy. Others felt it was too big, and too cumbersome to be useful for try-out or demonstration concepts. It obviously has been compromised between the two notions. Perhaps, as with many compromises, the design compromise may have been worse than either extreme. Financially, the same muddling has occurred. At first the utilities were going to be a major contributor to the capital cost. But as the costs escalated, and the introduction date of the breeder became more remote, utilities refused to contribute further. Their investment fraction shrank, now on the order of 12 percent of the $2.2 billion total cost. This very muddling of demonstration, commercialization, and research and development is one of the factors which points in my mind to a delay.

We need to rethink what we want our operating breeder to do, why we are constructing it, and what information we want. If we go either more toward commercial scale, or more toward demonstration scale, we may want a very different design. A negotiating pause, with a breeder redesign effort in the interim, may be a golden opportunity for this rethinking.

I would also like to insert into the RECORD the following analysis of recent and past descriptions of the Clinch River project which I feel makes a reasonable case for saying that Clinch River is really part of a commercialization program. The analysis follows:

THE DISPUTE OVER THE WORD "COMMERCIALIZATION"

The crucial point is that the Clinch River Breeder Reactor Project (CRBRP) is an in-

tegral component of a commercialization program (as distinguished from a research and development program). Although one-third full size and sometimes called a demonstration plant, the project has the purpose of demonstrating commercial feasibility and acceptance of the breeder reactor. This fact is illustrated by the following three points taken from the Final Environmental Impact Statement:

(i) electricity produced by CRBRP would be purchased by TVA and distributed to loads on its power system (TVA may even purchase the plant after the conclusion of its five year "demonstration" period). (ii) the project was authorized as a cooperative effort (both managerially and financially) of the electric utility industry and the government, and (iii) one important purpose of CRBRP is to demonstrate the licensability of the breeder reactor (from the NRC, Corps of Engineers, Coast Guard, EPA, FAA, FCC, DOT, and even to the degree of obtaining licenses and permits from State and local authorities while not legally required to do so). In other words, CRBRP is to break down the institutional barriers to the commercial operation of a breeder reactor.

The crucial connection of the CRBRP to a commercialization program is emphatically stated by Dr. Schlesinger in his testimony before the Science and Technology Committee on June 7, 1977:

"For that reason, he (the President) has urged a deferral of the plutonium economy and a deferral of commercialization of the breeder and a cancellation of the Clinch River Breeder Reactor, which is intimately tied in with the commercialization program." pg. 7, lines 2–5.

"The Clinch River Plant, the demonstration plant, was justified as a part of the commercial program, a program for commercialization. I know that full well because at the time I was Chairman of the AEC. I told the staff to go away and to bring me a cost benefit study on the demo plant by itself, and one could not emerge from such a study with a positive benefit-cost ratio, simply looking at the demo plant in isolation as an R&D experiment. It had to be embedded in an entire program of commercialization. So the Clinch River plant turned out to be integral to the program of commercialization." pg. 7, line 24 to pg. 8, line 8.

"If we are to avoid the commitment to commercialization, we must accept the corollary which is that the Clinch River plant has an unfavorable cost-benefit ratio as an R&D experiment. In order to come to the conclusion that it is an appropriate plant to proceed with, we must commit ourselves exclusively to commercialization of the breeder." pg. 9, lines 13–18.

"The nuclear technology of Clinch River is not too different from that of the fast flux test facility. So the technical step forward is relatively small." pg. 9, lines 23–25.

"So in conclusion, the cost-benefit ratios for the breeder plant at Clinch River, the demo plant, are unfavorable alone unless it is part of a commercialization program. The commercialization program depends upon assumptions of perfect knowledge about the future and a high return on plutonium which make those assumptions invalid." pg. 13, lines 6–11.

"We are finishing belatedly, regrettably belatedly, the Fast Flux Test Facility whose nuclear characteristics are similar to those of the Clinch River plant. The Clinch River plant is intended not as technical R&D but really as commercial R&D. Its chief underlying characteristics are that it will permit the utilities to demonstrate that they can sell electric power produced by a breeder reactor. That is no vast step forward in my judgment. If you can produce electric power, you can sell it. It will demonstrate that you can license a breeder. Once again that is not a question of R&D, but it is a question of institutional arrangements which in an emergency we indeed could change. And sometimes it is said that the other favorable aspect of the Clinch River plant is that we will maintain momentum in that program. Well, each person can make his own estimate of the desirability of maintaining momentum." p. 14, line 24 to pg. 15, line 14.

"But the main point is that we can proceed with the R&D that is necessary, Mr. Chairman, save for the commercialization aspects. We can reserve, with regard to those aspects. We can do further experiments in which you (Mr. Flowers) have been interested at the Fast Flux Test Facility to demonstrate that indeed if you have heat you can generate electric power, if that needs to be demonstrated again." pg. 17, lines 8–14.

Even in the FY 1977 and 1978 budget books of ERDA are found the following statements:

"The CRBR Project is a vital element in LMFBR planned development. It provides the key transitional step from the technology development stage to large scale commercial application." ERDA FY 77 Budget, pg. FR/D–76.

"The objective of the liquid metal fast breeder reactor program is to demonstrate the operation of LMFBR plants of successively increasing size and commercial acceptability, with extensive utility and industry involvement, in order to provide the option for the establishment of a commercial breeder reactor (CBR) power economy." ERDA FY 78 Budget, pg. LM–3

Similar quotes can be found in the policy statement of the Atomic Industrial Forum. Also, the proposed final environmental statement (PFES), which was issued by the AEC to comply with a court order to issue an environmental impact statement of the "LMFBR program as a whole, including ramifications of commercial deployment and alternative courses of action," includes the following statement:

"The demonstration plant is the first point at which utility companies become deeply involved in the demonstration of the LMFBR concept. Each involved utility evaluates the technology in terms of its own needs and methods of operation, factoring its requirements into the program. At the same time, the utility develops its capability to maintain and operate power plants of this type. This plant also constitutes a step increase in the involvement of industrial suppliers because it now entails a utility-related power plant designed to demonstrate commercial application rather than a government-owned facility. Thus, there is a commercial overtone to the relationship because of the expectation that the utility will be making future purchases from reactor manufacturers. At this point, therefore, development of the industrial base broadens and industry is expected to develop sufficient breadth so that the utilities will eventually have a number of vendors and reliable components from which to choose." (Section 3.5.1.)

Many proponents of CRBRP will say that commercialization will not occur until the commitment to construct Commercial Breeder Reactor-One (CBR–1). This follows construction, licensing, and operation of CRBR for three years as well as completion of design, procurement, component fabrication and issuance of a NRC construction permit (but before construction) for the Prototype Large Breeder Reactor (PLBR). However, the various steps are closely intertwined, with commitments to one facility leapfrogging even the first operating elements of the preceding program. This is another characteristic of a program aimed at early commercialization rather than research and development. Thus, the semantic dispute over the word "commercialization" is really part of the policy dispute concerning the breeder program.

FEDERAL PREVAILING WAGE RATE

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. WHITEHURST. Mr. Speaker, today my colleague, the Hon. ROBERT W. DANIEL, Jr., and I met with representatives of the Tidewater Virginia Federal Employees Metal Trades Council, AFL–CIO, and District 74, International Association of Machinists and Aerospace Workers—IAM & AW, to discuss the hearings currently being held by the Subcommittee on Compensation and Employee Benefits of the House Post Office and Civil Service Committee on the Federal prevailing wage rate.

Mr. Speaker, both Congressman DANIEL and I share a deep concern over the recommendation made by the Rockefeller Panel, which would adversely affect Federal blue collar workers. Those of us in the Congress who have labored in behalf of the blue collar workers and in particular have fought for Public Law 92–392, granting them five steps in their step rate structure, believe that any move to reduce those steps will work a hardship on those employees and seriously undermine their morale.

We also favor retention of the Monroney amendment, to insure that comparable wages are paid for trades in the Federal sector to those in the private sector. These and other gains that have been won with such difficulty are in jeopardy unless the subcommittee acts positively and the Congress itself emphatically rejects these inroads on the earnings of Wage Board employees.

Our dedicated, hard-working Federal production workers deserve full consideration.

Mr. Speaker, I ask unanimous consent to have printed in the RECORD at this point the statement submitted by these fine locals to the Subcommittee on Compensation and Employee Benefits.

STATEMENT BY COET COMBS,
DISTRICT REPRESENTATIVE, IAM & AW

We wish to thank you for this opportunity to appear today and comment on certain proposed changes in the Federal Wage System and to point out the adverse effect these changes would have upon the workers covered by this system.

The Tidewater Virginia Federal Employees Metal Trades Council, AFL–CIO, and District 74, International Association of Machinists and Aerospace Workers, (IAM & AW), represent the majority of the blue collar workers in the Tidewater, Virginia, area. We are testifying on behalf of the 20,000 plus blue collar workers in the area.

My testimony today is directed toward those recommendations of the Rockefeller Panel, specifically:

1. Repeal the Monroney Amendment.
2. Eliminate or reduce the five automatic step pay increases.
3. Change the current night shift differentials.

4. Include state and local government pay scales in wage data used to determine prevailing local rates.

Under Needed Improvements beginning on page 109 of the Rockefeller Panel Report we agree that the system in general is based upon a sound basis and requires no drastic alteration or revision.

The Rockefeller Panel has taken exception to several features of the system which, in our opinion, were specifically designed to achieve true comparability with a broad spectrum of private firms; and for this Subcommittee and the Congress to adopt the Rockefeller recommendations would destroy the comparability principle now embodied in the system.

The Rockefeller Panel wants to eliminate all survey data obtained under the Monroney Amendment supposedly because its use and application is unfair to local employers and distorts the local wage structure. This is absolutely not true. This specific amendment was enacted into law after many months of study by the Congress and many hours of debate by those in opposition who are now again attempting to distort the true picture.

They are claiming that use of the Monroney Amendment results in rates above the local rates for a given level of job in the area. Its use is alleged to be inflationary and also that the work may be contracted out cheaper. This is simply not so. The application of the Monroney Amendment is used only in instances where no comparable position exists in the immediate local wage survey area. Therefore, it is not in competition with local rates since no comparable jobs exist upon which a survey may be made. There is simply no way a pay rate for a specific type of job can compete with a non-existant job in the area. This simple fact was the very basis for the Monroney Amendment in the first place. In many instances military installations are located in remote areas, and there are no jobs within the basic area with which to compare duties and responsibilities and rates of pay paid comparable workers in the same type of industry or trade skill. Therefore, we are fully persuaded that either the Rockefeller Panel or some private employer is yelling "WOLF" when, in reality, there is no wolf.

To remove or modify the Monroney application as suggested by the panel, would not only result in inequity, but would result in loss to the Government of critically needed skills to maintain mission capability as skilled technicians would seek more worthy employment as pay disparities grew from year to year. We would no longer have the concept of equal pay for equal work, and it surely would discourage younger employees from learning or going into the critical skills, trades, and crafts, many of which are specialized to the military establishments especially, where secret and more sophisticated weaponry is concerned, vital to the security of the nation.

In the Tidewater, Virginia, area there is no comparable private sector aircraft industry, and a survey is, therefore, conducted in the nearest area (Philadelphia, Pennsylvania) which has similar industry and job matches. Thus, the degree of comparability can only be maintained by picking up rates for key jobs in a similar but contiguous area and averaging such rates into the local rates which, even then, does not in many instances result in actual comparability for these specialized critical jobs but approaches it when averaged into the various classifications and pay levels used by the Federal Government. Nationwide, we strongly support the Monroney provisions on the basis of the principle that it is one guarantee of insuring equal pay for equal work.

The panel also recommends a change in Shift Differentials and, in essence, suggests we revert to the old system of picking up various local rates ranging from a cents per hour to percentage rates which may be practiced by the various firms. It should be pointed out that such was the practice prior to enactment of P.L. 92–392 and was found to be wanting in many respects. First, the local establishments had varying systems as well as rates which could not be reconciled without difficulty and detailed computation, only to find that in the overall picture the average would come out to the percentages arrived at as now set by law. Moreover, the classified or graded employees had the differential already set by law; and if equity of treatment was to be accorded Federal employees, it was reasonable to treat night differentials on an equal footing for all Federal personnel. It made little sense to pay employees working side by side, on the same project, working the same hours, a different night differential simply because one was classified as graded and his co-worker ungraded. In past testimony on the Federal prevailing wage rate system, it has been shown that many private sector firms pay the same night shift differentials for both white- and blue-collar workers. For this reason, and because of the vast difference in the range and number of firms surveyed in the Tidewater area and the possibility that some firms have very little night shift work while their Federal counterparts may have a great amount of night shift work, it was deemed most appropriate to have a uniform night shift differential. No doubt, there may be certain areas where payment of a national night differential may be a bit above an average local rate, but by the same token, it may well be the same or less in other areas, not to mention the many inequities which would exist as found in the old system to which the panel seeks to return.

The Congress had studied the system then prevailing in considerable detail and rightfully found the mechanics of P.L. 92–392 to be uniform and equitable in its treatment for Federal employees on a nationwide scale. Had the Congress found otherwise, it would not have enacted P.L. 92–392 into law. No system yet devised can be perfect, and we are not saying that improvements cannot be effected. In fact, labor seeks to correct and refine the system in a number of respects primarily in the mechanics of the system and much of this can be accomplished through its role on the Prevailing Rate Advisory Committee of the Civil Service Commission as set forth in the law.

However, refinement may not take place by going backward and dismantling legislation piecemeal simply because parties in office at a given time do not like certain aspects of the law. The Congress, in passing P.L. 92–392 sought to bring stability as well as equity to the Federal system for compensation. Prior to the enactment of the law, Federal pay systems were a hodge podge of inequity with each agency paying a different way and a different level for the same job classification. There was no uniformity of treatment in classification or pay. While some disparity may yet exist in some few areas, we now have the means and machinery to keep refining the system which we believe the Congress intended.

The Panel also recommends a step backward in the Step Rate structure of the present law currently calling for five (5) steps. Prior to enactment of P.L. 92–392, the structure was only three (3) steps and thus inequity existed in progression steps between classified (Graded) and Wage Board employees. The Classified and Postal employees had grade progression steps and calls for ten (10) steps in the progression. Wage grade workers had only three (3) steps and the law now provides five (5) steps under the system in efforts to achieve some parity among Federal employees especially where grades and levels overlap between the system. These steps were not "extras" or "bonuses" as the panel implies. The step structure goes back some in history not just in Federal service, but in private industry as well and represented not merely tenure of service, but progressive expertise as well. In the majority of cases the private sector offers a range of rates which exceed the 96–112% spread authorized by statute (P.L. 92–392). Most of the major companies in our wage area do have this spread, and the data indicates that it exists in industry as a whole.

It would be inconsistent and incorrect to argue that in the blue collar area alone, a single or two-step system is valid when Postal Corporation employees and Federal white collar employees have multiple step systems. In fact, the GS schedule provides ten steps while the postal system provides 12 steps for most grades and ten steps in the highest three grades.

Clearly, an experienced worker became more knowledgeable and proficient in the operation of the work, his plant and the system in general. In addition, prior to enactment of Pay Comparability Acts covering graded and ungraded employees; legislation, Administrative Action or both were necessary to raise employees base pay. Such action was relatively infrequent and inconsistent and employees waited years in some instances to get raises. Federal employees were soon and often outdistanced by their counterparts in the private sector. This fact, coupled with retention and recruitment problems led to legislation now in existence. Even under current law, time lags due to making surveys and other administrative action leave many Federal workers behind the current market rates. Then too, it must be borne in mind that Federal pay scales are not necessarily the market rate at the time of the survey but a composite of "average" rate due to averaging and classification levels for jobs as set forth by job standards. To "fit" about 2½ million workers into 15 or 18 grades leaves considerable room for disparity in itself. Finally, the panel cited studies which are not truly representative in that it allegedly studied 1944 firms and 172 firms respectively, which is hardly representative especially when chosen on a selective basis to suit their purposes and objectives of the last Administration. Even these studies showed where firms had multiple steps, the average was 3.88 or realistically four (4) steps. Thus, we see no reason to now change the Step Rate Structure.

For similar reasons, we must oppose the suggested change of the panel to alter the fixed payline step. The panel cites that most employees would be in steps four and five. As with any systems change, senior employees would be likely to fall under step four or five because of the many years held in the previous step three of the former system. However, as the older employees retire, new employees would not be paid at these step rates and the average step rate line would average out in time and in step with turnover. Newly hired employees start at step one which is a lesser rate than the average base rate. The Panel suggests the first step in hire rate may be a disadvantage to the Government in recruiting.

This is simply not so. Private industrial plants also have in most instances a new hire rate and only move the employee to the going rate after a probationary, or break-in period. Moreover, the system was patterned from private industrial plant practices, a basic fundamental fact the study panel seems to have overlooked. As stated earlier, the Government "fits" all classifications into 15 wage and 18 graded levels and hence only "benchmark" job categories are surveyed and composite findings are averaged. In addition, many jobs, even like jobs, are *not* included where pay rates are considered above average. Therefore, private industry also has pay categories which the Government considers excessive. With all the specialized skills required in Federal plants lumped into 15 base

levels, each divided into five steps, it is certainly equitable when compared to the wide range of job categories found in private industrial plants. The real truth of the matter is that the Federal pay system is inequitable to the Federal employee. The panel conveniently failed to point out the many exclusions which are not presently considered in area surveys. For example, the additional holidays, bereavement pay, fully paid insurance such as health, life, and dental, which have been negotiated into private industry collective bargaining agreements are not included. Other examples are Construction rates and job shop rates. If these exclusions, and there are many, were to be incorporated into area survey findings, it would show the Federal employee to be underpaid despite his "four" or "five" step rate which is only earned after years of service.

Finally, the panel recommends the inclusion of State and Local government rates to be weighed and averaged into the system. We must also reject that recommendation for a number of reasons. First of all, governments do not lead but follow private industry practice and to achieve some reasonable equity the law, therefore, specifically provided that rates be paid based upon wages paid by private employers in the wage area. Rates would never be really comparable if there were little or no private industry from which to draw pay samplings. Secondly, states and local municipal rates vary widely according to the size and nature of the township, city, county, or state. Some of these smaller municipalities operate on part time basis and often on voluntary basis such as volunteer fire departments and so forth. Most Tidewater city and county employees are retired personnel from both the military and the private sector. It is, therefore, impractical and inequitable to survey such rates.

In summary, we must oppose, and reject out of hand, the recommendations made by a panel whose findings and conclusions, were specifically biased and actually tailored to the whim and philosophy of a past Administration. The legislation now on the books was specifically passed to bring some system and order to the Federal pay system and includes machinery for the resolution of disputes and inequities, and permits of necessary changes to the system when warranted or required by technological change. The Advisory Committee is composed of representatives of labor and management and chaired by an independent Chairman. We now have a new Administration and a new Congress, and we believe it to be a step backward to adopt recommendations to dismantle the Federal pay system by an Administration now past and which the electorate has rejected. Changes, if any are in fact warranted, should come after thorough and careful review by this new Administration and Congress, and only following proper input and consultation with labor representatives. It should be noted by the Committee that the Pay Panel had no labor representation whatsoever, and was organized solely for the purpose of dismantling legislation designed to bring a measure of uniformity and equity to Federal employees.

We appreciate this opportunity to appear before your subcommittee and make our views known. We trust that this Congress will reject the Panel Recommendations for the reasons stated.

PERSONAL EXPLANATION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. LEHMAN. Mr. Speaker, yesterday I missed a vote on the motion to close the conference meetings considering H.R. 7933, Department of Defense appropriations, at such times when classified national security information is being discussed.

At the time when the vote was taken, I was meeting with Prime Minister Begin of Israel at Blair House. Had I been present, I would have voted "yea."

A "VIEWPOINT" WITH MERIT

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. VANDER JAGT. Mr. Speaker, I have just had the opportunity to read an outstanding column in the most recent edition of Life Association News written by C. Carney Smith, executive vice president of the National Association of Life Underwriters—NALU. The publication, circulated nationally to thousands within the membership of NALU, features Mr. Smith's "Viewpoint" column in each edition. The one featured in the July 1977 issue, entitled "Equality and Equality of Opportunity" does have a great deal of food for thought for all of us.

Permit me to quote Mr. Smith's excellent closing paragraph, summarizing very well his comments on this matter. Mr. Smith concluded:

Men and women must march to the drummers they hear. But let us recognize that equality has nothing to do with equality of opportunity. And let us recognize that men and women who have risen to the challenge of opportunity have, by their actions, become stars in our business and in other fields of endeavor.

At this time, I would like to include Mr. Smith's entire column:

EQUALITY AND EQUALITY OF OPPORTUNITY

(By C. Carney Smith)

It occurs to me that we are becoming more and more confused about equality and equality of opportunity. We all endorse the principle of equal opportunity for everyone; it is a goal toward which we must strive. But striving to make everyone equal is an entirely different matter. Many government regulations being imposed on business and education are so extreme that the result will be equal mediocrity, not equal opportunity.

As noted in The Wall Street Journal, a group of poets protested that a famous magazine did not publish very many poems from minorities or women Because the magazine was being given government money, the poets felt that the magazine should publish more poems from these groups. Are they suggesting the magazine lower its standards?

I'm told the government is now considering regulations that would require colleges to accept students regardless of their background or habits. Colleges would be forced to accept alcoholics and drug addicts. Private colleges today can't get an honest evaluation of a high school student other than his grades because the teachers and principals are afraid to write anything but innocuous letters of recommendation. If the trend continues, even our litreature and schools will become bastions of mediocrity.

Such things impinge upon freedom of choice and individual initiative. The government seems to be trying to put us all into the same mold. Maybe we should now ask ourselves whether we really are free. Do we dare to stand out in a crowd? If not, we are not free. We have lost our individualism; we have become "yes" men to the masses. When enough people are enslaved by this social tyranny, it is easy for a dictator to step in and take over.

Democracy is committed to equal opportunity; without it, democracy will perish. No society, however, can guarantee its citizens equality of condition, of social and economic status. We are unequally endowed by our Creator. We cannot make good poets by forcing a magazine to publish poems just because they are written by members of minorities. On the other hand, if those members write good poems, they should be published. Any change in that position by the magazine would be a disaster. Our country cannot advance unless we reward ability.

Development of ability comes from self-discipline. Through self-discipline the individual can gain knowledge to take advantage of equal opportunity. In life insurance selling, for example, equal opportunity is available to all. That all do not want to pay the price for Million Dollar Round Table membership does not deny the fact that the opportunity is there. The fact that more agents do not make MDRT does not mean they are inferior, that they are not making contributions to society. It's possible that in many respects they are making greater contributions than MDRT members; they just have different goals, different talents, different backgrounds. If we ever get to the point where we have to have so many people in MDRT simply because we do not have enough of one minority or another represented, then all will be lost.

Men and women must march to the drummers they hear. But let us recognize that equality has nothing to do with equality of opportunity. And let us recognize that men and women who have risen to the challenge of opportunity have, by their actions, become stars in our business and in other fields of endeavor.

D.C. ANTIGUN LAW HURTS BUSINESS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. ASHBROOK. Mr. Speaker, I strongly opposed the gun control law which the D.C. City Council adopted last year. The extreme provisions of this law—including registration of existing handguns and a complete ban on their future acquisition—violate the constitutional rights of D.C. residents. There also is a serious question as to the validity of the Council's action under the Home Rule Act.

The D.C. antigun law is proving to be about as disastrous as I expected. This winter thousands of people stood in line for hours waiting to register their handguns. Now we learn that the D.C. gun law is pushing many small private security firms to the edge of bankruptcy. Some of these firms have resorted to arming their guards with illegal guns as a means of staying in business.

According to today's edition of the Washington Post:

The District of Columbia's controversial gun control law is driving some area security firms out of business, discouraging other agencies from accepting jobs in the city and forcing a few security firms to arm their guards with illegal weapons in order to stay in business.

The problem faced by many of the estimated 50 or more private security firms that

do business in the city is that the law requires them to register their handguns in the same fashion as ordinary citizens. In addition, as written, the measure forbids the firms from acquiring more guns.

The Post article further illustrates that the D.C. gun control law is a preposterous and unworkable piece of legislation. It should be wiped off the books.

Following is the full text of the article from the July 22 Washington Post:

GUN CONTROL LAW HURTS CITY GUARDS—SECURITY FIRMS LOSING BUSINESS UNDER NEW RULE

(By Milton Coleman)

The District of Columbia's controversial gun control law is driving some area security firms out of business, discouraging other agencies from accepting jobs in the city and forcing a few security firms to arm their guards with illegal weapons in order to stay in business.

The problem faced by many of the estimated 50 or more private security firms that do business in the city is that the law requires them to register their handguns in the same fashion as ordinary citizens. In addition, as written, the measure forbids the firms from acquiring more guns.

The tough law was passed by the City Council last year and was aimed at freezing the number of handguns in the city. It required all handguns then registered to be registered with police again. Any guns not registered by last Feb. 22 were declared illegal.

Several security firms, believing they would be exempted from the law as are government security agencies, did not re-register their handguns by the Feb. 22 deadline and thus can no longer legally perform armed security duties in the city.

Still other security firms are having to forfeit contracts or turn down any new contracts that would require more handguns than those they already have legally registered wtih the city's police department.

Until now, there has been some uncertainty about the application of the law to the private firms, which employ an estimated 23,000 persons. This week, however, D.C. Corporation Counsel John R. Risher issued a legal opinion which, in effect, affirmed that the law as written does not give private security firms or their employees the same exemption granted government-employed officers, even though the private firms are licensed by the city.

"It's going to bankrupt me," said Stuart Kaufman, president of Guardian Security Agency in Washington, who said he will probably have to lay off 75 per cent of the 200 persons he employs if he cannot get properly registered weapons.

"We can't expand our present operations," said Charles Quillin of Metropolitan Protective Service. "Gun control is one issue, but the true issue of what they're doing is strangling business."

The owner of one Washington security agency, who asked not to be named, failed to register the weapons his firm uses prior to the Feb. 22 deadline. Now, he said, his employees are using 12 to 15 unregistered guns every day in order to maintain contract commitments made before the law became effective.

Owners of small and minority-owned agencies blieve the legislation has hit them especially hard because they were just on the brink of expanding business and now are no longer able to bid on additional jobs.

"I don't even try to get armed jobs any more," said Walter Pittman, president of the black-owned and black-staffed W. R. Pittman Detective Agency. "I only have two extra guns. Suppose I lose one or somebody calls in sick? I don't want to put myself in a bind."

Howard Security Agency, which is using unarmed men on a Metro security job originally intended for armed guards, was thinking of using Washington as a base for a black-owned armored car services—probably the first of its kind in the country.

But now, according to general manager Giles Hagood, the restrictions on new handgun acquisitions, "has got us backing down in our boots" on that and other jobs. "We're not even looking for any new business in the District because we know that most people want armed guards and we know we can't perform the service," he said.

Even larger firms believe that unless the law is changed, they will not be able to expand their operations in the city. In addition, said William Shoemaker, Washington manager for Pinkerton's Inc., the lack of available security services could drive some commercial business out of the city.

One firm not having trouble is Seaboard Security Systems Ltd., based in Bethesda and headed by former D.C. Police Chief Jerry Wilson. "We have an adequate number of weapons registered at this time for the District," Wilson said. "It's had no direct impact on us."

Council member David A. Clarke said Risher's opinion is "legally sound because the Council's intention of exempting security agencies from buying additional guns was not clearly spelled out. Clarke (D-One) has already introduced legislation that would permit additional gun purchases but would not allow those who missed the Feb. 22 deadline to register those weapons late.

HUMAN RIGHTS—RHETORIC AND POLICY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. BONKER, Mr. Speaker when I arrived in Congress more than 2 years ago, the only people talking about human rights were a few church organizations, Amnesty International, and Representative DON FRASER, who had been the lone voice in Congress on the subject for many years.

Then there was Jimmy Carter, a distant runner in the Presidential sweepstakes, campaigning on the human rights issue. His outspoken call to "end American silence on flagrant violations of human rights" struck a latent chord in the American electorate.

As President, Mr. Carter has been unrelenting in his pursuit of human rights causes. From verbal denunciation of human rights abuses in the Soviet Union to major addresses before the U.N. and Notre Dame University, the new President has made the advancement of human rights both a personal commitment and a cornerstone of U.S. foreign policy.

All this was a dramatic contrast to the policies of previous administrations. Alarmed by Kissinger's singleminded focus on great power politics, Congress in those years legislated human rights in selected areas of U.S. foreign policy. Notable were the human rights criteria imposed on our military aid programs, the cutoff of arms to Chile and the Harkin amendment, which directed U.S. representatives to several multinational lending institutions to vote against loans to countries who engage in a "consistent pattern of gross violations of internationally recognized human rights."

The Harkin amendment was backed, it should be noted, by an unholy alliance: pro-aid liberals waving high the human rights banner, and anti-aid conservatives figuring to sink development aid under an unbearable load of human rights.

The momentum of these congressional initiatives carried over to the 95th session, where human rights criteria for both military and economic aid and for our financial support of world lending institutions have been broadened and strengthened.

But having Congress and the President both attuned to human rights raises as many problems as it solves; applying the rhetoric to actual foreign policy decisions is proving no easy task.

First, U.S. human rights initiatives may prove ineffective in correcting the abuses we cite. In Uganda, for instance, Idi Amin quickly muffled President Carter by threatening several hundred Americans in his country. The President's tough talk to the Russians has prompted the worst crackdown on dissidents there in years and may have jeopardized the SALT II talks. Congressional cut-off of U.S. arms sales credits to Brazil this year meant little since that country had ample alternative sources of comparable credits.

Second, human rights issues may at times conflict with other important American values, forcing difficult choices for American decisionmakers. Today, like it or not, we are heavily dependent on foreign oil, and most of the suppliers are countries not known for their respect for human rights. How far are we prepared to push Indonesia or Nigeria before they retaliate with an oil embargo? We have pulled our human rights punches on South Korea and the Philippines on the grounds of national security. And "traditional friends" like Zaire and Iran also seem to escape human rights criticisms.

Third, by imposing sanctions on foreign governments who violate human rights we run the risks of hurting poor people who are the subjects, not the perpetrators, of human rights abuses. Although recent human rights legislation has a loophole designed to minimize the problem, the fact remains that the U.S. aid cuts, as sanctions against human rights abuses, are blunt instruments with effects on poor people we may not intend.

In short, while the human rights we seek to promote must be universal human values and not just manifestations of the American experience, we still need to measure their application to the real world on a case-by-case basis. Will our initiative indeed be effective in advancing the cause of human rights? What other American values and goals are at stake? Will our sanctions affect the oppressors and not the oppressed?

Perhaps the key danger in applying human rights in foreign policy is that of politicizing our actions—to see U.S. human rights initiatives as just another political gambit in the international power game. While anything this Nation

does abroad has political effects, great care must be taken to maintain the basic human-centered motivation for our human rights actions and to gain the confidence of fellow nations that this is so. Criticisms we level in the name of human rights must be even-handed. We should speak out against repressive right-wing dictatorships just as strongly as we do against abuses in leftist or Communist countries.

In Africa, we are playing politics if we lash out at the indignities of aparthied in Southern Africa and ignore the wholesale abuses of human rights in black states like Uganda and Zaire. Our human rights policy will be credible only if our concerns for the world's oppressed transcend political, geographical, and racial barriers.

I sense today in this country a widespread public awareness and growing support for the expression of human rights values in foreign policy. Along with that, however, is a very logical concern that we proceed with commonsense and sensitivity in applying universal human rights standards. Fortunately, a growing body of world opinion exists to assist us in defining those standards:

First. The U.N. Universal Declaration of Human Rights, signed by virtually all members of the United Nations, outlines the obligations of states in protecting a broad spectrum of basic universal human rights;

Second. Freedom House, an independent international organization publishes a country-by-country survey of the status of political and civil rights worldwide. According to Freedom House, only 23 of the world's 160 national governments are free of human rights abuses;

Third. The Helsinki accords—more formally, the Conference on Security and Cooperation in Europe—reaffirmed the existence of basic freedoms and provided a monitoring mechanism, now convening in Belgrade;

Fourth. While not an international effort, the U.S. State Department, at congressional direction, now prepares human rights reports on all nations receiving U.S. military aid. These reports have already resulted in the curtailment or cancellation of military assistance to a number of countries systematically violating accepted standards of basic human rights;

Fifth. Finally, the strong emphasis given to human rights by the Carter administration is prompting much more effective analysis and definition of the issue than ever before. In a recent landmark speech in Atlanta, for example, Secretary of State Vance specifically included social and economic rights in his definition of human rights. Heretofore, many Third World nations had rightfully criticized the American approach as overemphasizing political and civil rights, in keeping with the American historical experience.

In pursuing definitions, however, the basic American purpose and commitment should not be obscured. Human rights initiatives should not be used to satisfy our prejudices or to justify narrow national political purposes. Our Government should set and maintain a human-centered moral tone in its statements, gestures, and actions. It should seek truly universal standards, emphasizing universal humane and moral concerns for the dignity of man and basic rights to life, sustenance and freedom of expression and belief.

Aside from these policy considerations, there is a personal side. This was recalled to me recently by a 20 year old girl, took her to a remote encampment for interrogation and, subsequently, subjected her to repeated beatings and torture that included electrical shocks—intensified with water—and dunkings to almost, but not quite, the point of drowning. At night she was chained to the floor as the prey of rats and raped repeatedly.

American born, whose parents pastor a church in Argentina. She related to me how the police broke into the family home one evening and abducted her.

Nothing says more for the cause of human rights than to hear a devout young girl dispassionately describe such gross inhumanities.

Nor is it likely that this great country is going to abandon its moral responsibilities. As President Carter said:

We want to establish a pool of moral commitment and make the United States a rallying point around the world. We want to be a beacon light. . . .

It is the people of the world, not necessarily their governments, who look to us for that "beacon light." From refugee camps in the Middle East and small communities in Africa to the countless individuals who suffer under tyrannical regimes, the humanity of the world is looking to us for that light.

ERDA EMPHASIZES CIVILIAN APPLICATIONS OF LASER FUSION

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. TEAGUE. Mr. Speaker, energy from laser fusion is a notion that fires the imagination of many people—technologist and environmentalist alike. Clean and with a virtually inexhaustible fuel supply, it may be the ultimate solution to our energy problems. Until recently, laser fusion has been seen primarily as a tool to improve the modeling of nuclear weapons and so has been pursued at the ERDA laboratories which have a long tradition of weapons research. But there is no question ERDA has rethought its goals for the program. Though the energy payoff is long term, it is now the driving force in the strategy of the program. Dr. Martin Stickley, director of the program, appeared before the Science and Technology Committee, as part of its hearings on the ERDA laser fusion authorization. He offered the following testimony which describes the relative roles of the weapons and nonweapons applications and the program structure and goals. His statement also indicates that presently 85 percent of laser fusion funding goes to basic developmental research that impacts weapons and nonweapons programs equally:

PROGRAM STRUCTURE AND GOALS

1. INFLUENCE OF WEAPONS DEVELOPMENT EXPERIENCE

Experience with nuclear weapons development provided much of the impetus to inertial confinement fusion research and has contributed to the advanced pellet designs that appear at this time to have the best change of attaining high energy gain implosions. In return, actual experimental results have begun to contribute to weapons technology development. This contribution is expected to grow to be very significant one as we attain higher and higher thermonuclear yields from pellet implosion experiments.

It is our best judgment at this time that the advanced pellet designs will permit us to reach the fusion regime, in which pellet energy gains substantially exceed breakeven, by the early to mid-1980's. A relatively low-cost program to continue experimentation with unclassified pellet concepts appears to be warranted because of the eventual need to develop very low cost pellets for use in civilian inertial confinement fusion reactors.

2. DIFFERING MILITARY AND CIVILIAN APPLICATIONS REQUIREMENTS

High pellet energy gains, that is many times more energy from each pellet implosion than is deposited in the form of beam energy for driving the implosion, must be achieved before we think we would be justified in embarking on a major program to develop the reactor technology required for civilian energy applications. Furthermore, the weapons applications do not require high repetition rate operation. A few shots per week, which is well within present capability, are all that will be required for the weapons applications that we now foresee. Many weapons technology applications are possible in the ERDA weapons laboratories before we have achieved high pellet gain implosions.

3. ROLES OF ERDA LABS AND OTHER ORGANIZATIONS

The development of the full inertial confinement fusion technology capable of meeting near-term program goals requires the construction and operation of large driver systems, the use of classified pellet design concepts, and the use of high-speed computer facilities and diagnostics, all in the iterative process of pellet design and experimentation. These capabilities are uniquely available at the ERDA weapons laboratories." "Furthermore the weapons laboratories facilitate the use and safeguarding of classified data. Also large investments in facilities are more appropriate at Government installations having broad and deep research and development programs and capabilities thus enabling the application of these resources to a broad range of technical efforts of national importance.

Supporting research and technology development are performed by other Government laboratories, industry and universities, or by the ERDA laboratories on a competitive basis.

Other research efforts are directed toward meeting the long-range energy technology goals of inertial confinement fusion. These latter efforts are relatively small because the energy goals are more distant ones and are contingent on our ability to demonstrate in the near-term the scientific feasibility of high energy yield from pellet implosions.

4. PROGRAM GOALS

Based on the pertinence of the background experience of the ERDA weapons laboratories to inertial confinement fusion, the relevance of the early phases of this research to weapons technology design questions, and the relative ease of carrying out single pulse (one firing per day) experiments, the following program objectives have been established: Near term—demonstrate single-pulse inertial confinement fusion, assist nuclear

weapon development and testing; long term—develop the technology for energy and power plant (multiple pulse) applications.

5. OVERVIEW OF PROGRAM FUNDING

ERDA is requesting $94 million in operating outlays for the program in FY 1978. About 85% of the total would go to support laser and particle beam machine development and fusion experiments leading to high-gain, single-pulse operation of experimental devices that will be applicable to both nuclear weapons technology development and eventual use in civilian power systems. The total amount of $8 million in funding for construction projects, and about 92 percent of the $13 million in funding for capital equipment other than construction, would support near term and long term goals.

Some 13 percent of operating funds, would support program efforts that are directed primarily toward power plant technology development.

CAPTIVE NATIONS WEEK

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. RUDD. Mr. Speaker, I have just had the privilege of joining the Honorary Advisory Committee of the Arizona Branch of the National Captive Nations Committee. This organization has done an excellent job over the years to keep alive the hopes and dreams for freedom of the 150 million people in captive nations behind the Communist Iron Curtain.

This week marks the 19th national observance of Captive Nations Week. Throughout the country, Governors of the various States, including my own State of Arizona, have issued official proclamations in accordance with the joint congressional resolution signed into law by President Eisenhower in 1959, which established this observance.

In the spirit of that law, which states:

It is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive.

I hope that the current administration will actively support and advance the cause of captive people under Communist domination throughout the world, in every possible way.

As Secretary of State Cyrus Vance prepares for his coming trip to Peking, where a Communist dictatorship is in power, it is expected that he will uphold the principles and commitments to freedom that we as Americans share, including our strong support and national commitment to the freedom, independence, and security of the Republic of China and its people on the island of Taiwan.

The Republic of China on Taiwan has been a faithful ally and friend of the American people for the past 40 years. Nothing, including better relations with Communist governments, must interfere with or weaken in any way that friendship with Taipei and our solemn commitments to the people of the Republic of China.

Mr. Speaker, I would like to include at this point in the RECORD Gov. Raul Castro's proclamation of this week as Captive Nations Week in the State of Arizona:

PROCLAMATION: CAPTIVE NATIONS WEEK

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom loving peoples in the capitive nations look to the United States as the citadel of human freedom and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86–90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities and expressing their sympathy with and support for the just aspirations of capitive peoples;

Now, therefore, I Raul H. Castro, Governor of the State of Arizona, do hereby proclaim the week of July 17 through 23, 1977 as "Captive Nations Week" and call upon the citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of the captive nations.

REPUBLIC OF CHINA

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following letter I received from Hirokichi Nadao, a member of the Japanese Parliament. Mr. Nadao discusses a number of the concerns the Japan-Republic of China Parliamentary Association has about U.S. relations with the Republic of China.

At a time when our relations with Taiwan are being reassessed, I believe it is important to consider the opinions of our closest Asian ally.

The letter from Congressman Nadao of Japan follows:

DEAR SENATORS AND CONGRESSMEN: Japan and the United States share close mutual interests. The maintenance of the ever lasting friendly relationship with the United States is the major objective of Japanese diplomacy. Your world policy and Asian policy deeply influence the future of Asia, including Japan, and its outcome may also affect your country's future. The very existance of Republic of China, a liberal democratic country, symbolizes the degree of freedom in Asia. The confidence which Asian nations share toward the United States and the peace and security of Asia and Pacific countries depend heavily on the continual diplomatic relations between the United States and the Republic of China. Based on these assumptions, we would like to express our views concerning the relations between your country and the Republic of China.

In September, 1972, before starting the negotiations to normalize relations with the People's Republic of China, the Liberal Democratic Party, which enjoys the support from the majority of the Japanese people, and sets forth in its Party Resolution that Japan would normalize relations with the People's Republic of China but at the same time would retain its diplomatic relations with the Republic of China. However, this decision was not embodied in the agreement reached between the Japanese and Chinese governments in Peking, and we were compelled to break our diplomatic ties with the Republic of China, a friend of Japan for many years. We still deeply regret this today.

Although diplomatic relations have been established between Japan and the People's Republic of China, due to the complete difference in culture and tradition between the two countries, we do not necessarily share common views and interests. The mutual relations between the two countries have not smoothly developed, to the disappointment of some people here in Japan. I believe you can wisely deduce these circumstances from the fact that the Treaty of Peace and Friendship has not yet been signed between the two governments.

On the other hand, non governmental relations between Japan and the Republic of China has continued to develop, based on common ideal and inseparable ties of friendship, even after the severance of diplomatic relations between the two governments. However, what we have lost through the severance of diplomatic relations is uncalculable. In particular, we have had difficulty in security and other fields of mutual interests.

When you study the future of the relations between your country and the People's Republic of China, we sincerely hope that you would take into consideration the above mentioned experience of Japan.

Furthermore, when we look at the future of the mainland China many forecasts are being made but we must remember that predictions by non-orientals tend to misinterpret the circumstances, leading to a wrong judgment. To fortell the future of the Chinese continent, it is essential that one bases his judgement on a thorough understanding of Chinese history and the Chinese mind.

It is often said that history repeats itself. The history of China is indeed a history of repetition and, one cannot say that the present China is not related to her past experience. As a matter of fact, China is contradicting herself in denying her past while praising Chin Shih-huang. I think I should call your attention to the following characteristics governing Chinese history.

First, political instability. The history of China is a continual sequence of unity followed by division. China has repeated in her history numerous struggles for power and revolutions. Stability is a warning to forthcoming instability.

Secondly, alienation of the people from the Government. If the people thought the Emperor had made no contribution to their peace and happiness, they stood up and overthrew the ruling dinasty.

Thirdly, the rupture which rooted in the contradictory policy of national defense and welfare. The Chinese history has been a history of struggle between the Han people and other peoples. China had to defend her territorial border to secure people's livelihood. The huge expense required for the defense was financed through imposing heavy tax burden on her people, which always entailed internal disturbances.

Fourthly, the everchanging nature of China's diplomatic policy. The Chinese diplomacy has always been tactful. In the eyes of China, the end justifies the means, and the end never changes. The path of People's Republic of China since her foundation has evidently been affected by thousands years of her history.

We assume the internal politics of mainland China after the death of Chairman Mao will be governed by those characteristics of the Chinese history. We can foresee disturbance and instability.

Taking the Asian situation into consideration, normalization of relations between your country and the People's Republic of China will not be in your interest in conducting your policy toward the Soviet Union. Furthermore, the normalization of diplomatic relations between your country and the People's Republic of China accompanied by the abrogation of your Mutual Defense Treaty with the Republic of China will no doubt bring about serious impacts on the Asian countries which have close ties with your country based upon ties such as the Treaty of Mutual Cooperation and Security between Japan and the U.S. or the Mutual Defense Treaty between the Republic of Korea and the U.S.

We ventured to express our views out of our deepest concerns and most sincere wish to maintain and further prosperity of our two countries based on peace and security in Asia and the World.

Our conclusion is "We do not wish an abrupt and drastic change in U.S.-China relations".

We sincerely hope that you will use your wise discretion based on global perspective in discussing this problem.

HIROKICHI NADAO,
Japan-Republic of China Parliamentary Association.

OCTOBER 20, 1976.

JAPAN–REPUBLIC OF CHINA PARLIAMENTARY ASSOCIATION

The association is dedicated to maintain and develop traditional friendship and amity which exist between Japan and Republic of China.

The association was established in 1972 and is composed of those members of House of Representatives and the House of Councilors as well as former members of the parliament who support the purpose of the association.

PUERTO RICO'S RESIDENT COMMISSIONER MR. BALTASAR CORRADA AIRS HIS DISAGREEMENT TO CERTAIN STATEMENTS OF JONATHAN EVAN MASLOW

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. CORRADA. Mr. Speaker, as Puerto Rico's Resident Commissioner to the United States and that island's elected Representative to Congress I would like to express my disagreement with certain statements in Jonathan Evan Maslow's article, The New Republic, July 2 edition.

JEM apparently wants to emphasize, for reasons known to him, an alleged close relationship between mainland Republicans and Governor Carlos Romero-Barceló's new administration in Puerto Rico. He claims Governor Romero's election marks the first time statehood forces, "allied with the mainland's Republicans—won an electoral majority against the popular democrats." He then calls the "Populares" "the counterpart of the mainland Democrats." Later he repeats this theme by saying that the despair of Puerto Rico is demonstrated by the fact they have turned "to—of all people—the Republicans."

JEM's perception of our relationship to mainland politics is absolutely distorted. He fails to inform his readers that Governor Romero's New Progressive Party is not affiliated to the mainland GOP, but rather is an independent party.

As a matter of fact, I ran with Governor Romero on the New Progressive Party ticket in Puerto Rico for Resident Commissioner to Congress. At the same time I fully endorsed Jimmy Carter for President in March 1976 and publicly stated before the November 2 general elections in Puerto Rico that, if elected, I would seek to be a member of the Democratic Party Caucus in Congress. I am a member of the Democratic Party Caucus in Congress as well as of the National Democratic Congressional Committee.

In addition, JEM fails to mention that of the 22-member Puerto Rican delegation to the Democratic National Convention in 1976, 9 were members of the New Progressive Party, Governor Romero's party, and their votes were committed to President Carter's nomination from the start. The leader of this group of "Democrats—New Progressives" in Puerto Rico is Franklin Lopez, a close associate and former press secretary of Governor Romero when he was mayor of San Juan, who actively worked for President Carter's election both in Puerto Rico and the mainland. It is not accurate to affirm, as JEM does, that Puerto Ricans have turned to the Republicans by electing Governor Romero.

We, in Puerto Rico, are looking for bipartisan support in the mainland for Federal plans and programs badly needed in our island to improve our economic and social conditions. That is why in Congress I initiate and participate in efforts to bring to Puerto Rico Federal funds, not as an instrument of dependency but as an instrument of economic and human development for 3 million Puerto Ricans who are citizens of the United States; funds not just for welfare, but for economic recovery, jobs, education, housing, health, transportation and communications as well.

President Carter, at the request of Governor Romero and myself agreed to create a special interagency task force headed by Secretary of Commerce Juanita Kreps to take a comprehensive look at Puerto Rico's economic and social problems. It is hoped that by the first quarter of 1978 this group, in coordination with our Government, will come up with recommendations not just to increase Federal welfare in our island but to develop joint United States-Puerto Rico policies to enhance our economic growth and development. While Federal funds come to us to promote jobs—CETA and public works—we Puerto Ricans through the efforts of Governor Romero's administration are trying to improve our economy by revitalizing and implementing new programs in agriculture, tourism, commerce, manufacturing and the service industries.

We Puerto Ricans look to ourselves, to Democrats, to Republicans and to anyone who is willing to help an island which, in spite of shortcomings, is more developed than any of the Latin American nations, is fully committed to the principles of democracy and buys from the United States more goods and services than any of the nations of the Western Hemisphere with the exception of Canada.

We are deeply interested in having mainland Americans become more acquainted with the problems and the potential of Puerto Rico. Those of us who are elected officials know that we will and should face analysis and criticism from the press. We do expect that reporters from a magazine of the stature of the New Republic will be more careful about their research and will have a better historical perspective than Mr. Maslow.

AWACS: A BAD SALE

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. STUDDS. Mr. Speaker, on July 11, I introduced a resolution in the House to disapprove the proposed sale of seven early warning aircraft—AWACS—to Iran. This resolution has now been cosponsored by nearly 40 other Members of the House, and will come before the International Relations Committee for a vote on July 28. The following is an article by Senator THOMAS EAGLETON on this subject which appeared in today's New York Times and which I believe will be of interest to my colleagues:

A "NO SALE" FOR IRAN

(By Thomas F. Eagleton)

WASHINGTON.—My illustrious fellow Missourian Mark Twain once wrote a novel called "A Connecticut Yankee in King Arthur's Court," detailing the adventures of a 19th-century New England machinist who was magically transported back in time to the days of the Round Table.

The Yankee (who was known to his Camelot contemporaries as "The Boss") gave the medieval Britons centuries-advanced technology—electric lights, railroads, guns, mines and torpedoes. He also tried to install advanced concepts of egalitarian government. But in the end, he failed. The Knights of the Round Table just weren't ready to handle such futuristic stuff.

Unless Congress successfully intervenes, the United States is about to assume the Yankee's role in relation to the rich but only semideveloped nation of Iran.

The technology involved is not guns and torpedoes but rather the Airborne Warning and Control System, known as AWACS, which is a Boeing 707 loaded with tens of millions of dollars worth of sophisticated and esoteric radar, computer and communications equipment.

It is the most expensive aircraft system we have ever developed (the lately deceased B–1 notwithstanding), and is the state-of-the-art in our electronic arsenal. Iran wants to buy seven such aircraft. The Carter Administration has informed Congress that it intends to close the deal.

I believe this would be a grave error, and a Senate resolution has been introduced to block the sale.

Since 1972, Iran has purchased more than $10 billion worth of American arms. But while Shah Mohammed Reza Pahlevi has an abundance of money for military technology, he does not have the highly trained personnel needed to competently operate and maintain his arsenal.

Iran's answer to this problem has been to import American arms technicians; there now are more than 30,000 United States nationals in Iran, and there could be more than 50,000 three years hence.

The Airborne Warning and Control System, far more complex than anything Iran now possesses, would require even more American technicians, who would not be required simply to train Iranians but rather would have to operate the system for Iran.

In the event of hostilities, American lives would be in jeopardy. President Carter would face a disturbing policy decision: either to allow Americans to fight a foreign war or to withdraw the technicians, thereby assuring Iran's defeat.

Selling the AWACS to the Shah poses another, even more direct threat to our national security; the threat of losing it and its 21st-century technology to the Russians.

Iran shares a 1,200-mile border with the Soviet Union. Iran is not known for rigid border security. It is not inconceivable that a hostile government could acquire some of our most sensitive military secrets through espionage, sabotage or theft.

Even simple reproduction or diversion of the warning and control system's secret technical manuals would be an intelligence coup for a foreign power.

President Carter recently decided that it would be imprudent to sell advanced civilian computers to the Russians. Surely it would be the height of folly to place within the Soviet Union's easy reach the largest airborne military computer ever flown.

It is difficult to conceive how the system would enhance Iran's security. The Russians would have to take Iran's Air Force more seriously, and would deploy jammers and interceptors along the common border. The Soviet Air Force, during any crisis, could simply shoot down the Boeing 707's.

Iraq, which also shares a border with Iran, would be encouraged to ask for Soviet protection against a perceived threat from the AWACS. This is exactly the way Iraq has reacted to past Iranian arms purchases.

It is unlikely, therefore, that the system would enhance Iran's overall security; the Iranians probably would be better off with a less expensive and less dangerous radar system.

The Carter Administration has made praiseworthy initiatives to restrain arms sales, and even Administration officials frankly admit that the Airborne Warning and Control System deal runs against the grain of this policy.

If there are to be such policy exceptions, they should be justified by United States national-security interests. The only justification for this sale is that we have found a rich and eager buyer. But that is not good enough.

TWENTY-FIFTH ANNIVERSARY OF THE COMMONWEALTH OF PUERTO RICO

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. THOMPSON. Mr. Speaker, congratulations to the people of Puerto Rico on the 25th anniversary of Commonwealth status. It has been a rewarding quarter century both for Puerto Rico and for the United States: Rewarding in the strengthening of the political, economic, and ideological bonds which unite our two peoples; rewarding also in the better understanding each side has gained.

Puerto Ricans and their mainland fellow citizens have been partners in freedom, peace, and in striving for a more just society and better world. May the Commonwealth's next quarter century be at least as rewarding as the first one we now celebrate.

THE RECORD OF THE JOINT COMMITTEE ON DEFENSE PRODUCTION

HON. DAVID W. EVANS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. EVANS of Indiana. Mr. Speaker, in the conference on the legislative branch appropriations bill, H.R. 7932, the Senate conferees stood firmly for the restoration of funding for the Joint Committee on Defense Production. Funds were denied by the House last month on the basis of inadequate information. I am submitting for the record an overview of the committee's accomplishments and impact on the 94th Congress in the hope that, on reviewing the record, the Members of the House will agree that retention of the funds for the joint committee is the reasonable and appropriate course of action.

The basic function of the joint committee is to review emergency preparedness and mobilization programs to insure that they are adequate for defense without imposing "undue strains" on a peacetime economy. It is the only committee of the Congress which has examined and possesses expertise on industrial preparedness, cost accounting standards, defense profit policy, the erosion of the defense industrial base, the defense priorities system, the availability of materials for defense production and conflict of interest in defense procurement.

During the 94th Congress the joint committee held hearings on or reviewed every major program authorized under the Defense Production Act. To be specific, during 1975, besides reorganizing and laying out an agenda for the 94th Congress, the joint committee held 4 days of its own hearings, arranged 2 days of hearings for the Senate and House Banking Committees, prepared and obtained enactment of a major revision of anti-trust laws relating to the international energy agreement, reviewed the state of the DPA materials inventory and programs, reviewed the administration of the defense priorities system, reviewed compliance with the cost accounting standards board's directives, analyzed the security of the opium stockpile and initiated a comprehensive investigation of enforcement of standards of ethical conduct for defense officials.

In 1976 the committee continued its review of standards of conduct compliance, initiated a comprehensive review of the state of the Nation's emergency preparedness organizations and programs, undertook the Congress last review of the new Department of Defense profit policy, advised the Cost Accounting Standards Board on its new standards and exemptions, conducted an intensive inquiry into allegations of conflict of interest in connection with the Navy's Condor air-to-surface missile program, began a review of the state of the defense industrial base, examined Soviet civil defense programs, inspected a new methodology and program for the stockpiles of critical and strategic materials proposed by the Ford administration, and sponsored a review of Federal materials policy recommendations by the Congressional Research Service.

The record of accomplishments of the joint committee shows a host of regulations that have been revised solely as a result of the committee's oversight. It shows improved compliance with existing standards and regulations as a result of the joint committee's activities. It shows the remedial legislation which members of the joint committee have offered to deal with other problems uncovered in its oversight inquiries. It should also be pointed out that the reports of the joint committee are widely used in both the Government and the private sector for educational purposes.

No case has been made that the joint committee has failed to discharge its mandated duties. There was, in fact, widespread agreement among the conferees on the need and value of this oversight. The joint committee has been diligent as well as thrifty in every aspect of its oversight program.

In the absence of a single compelling or documented reason for withholding funds from this committee, there can be no justification for denying it appropriations. It is my hope that with full knowledge of the facts, the vote will be in favor of this action when H.R. 7932 is again before the House.

INSTANT REGISTRATION

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. MICHEL. Mr. Speaker, there have been numerous scholarly and political arguments raised against the administration's instant registration plan. I want to bring to your attention an editorial of Station WGN in Chicago which presents a compelling and persuasive argument against this plan, even in its newest form. I insert into the RECORD, "Voter Registration," an editorial broadcast June 22, 1977, by Station WGN:

VOTER REGISTRATION

The Carter administration and leaders of the House of Representatives have reached a compromise on instant voter registration. But, while we still agree with the President that voter registration needs to be simpli-

fied, we feel the compromise is not much better than the original plan.

President Carter's original proposal called for no registration being necessary prior to casting a ballot in a federal election. People who had not registered would merely have to appear at a local polling peace, satisfy local election officials they were who they said they were and lived where they said they lived—to be allowed to cast a ballot. We felt such a system could be compromised too easily by persons voting more than once, as long as they did it in different precincts. We also felt the system of polling-place registration at the time of the election would create delays and perhaps discourage many people—including many previously registered voters—from voting.

The compromise between the White House and the House leadership addresses only one of these problems, possible delays at polling places. The compromise calls for establishing satellite polling places for the unregistered only, a center to serve several precincts in a community. But, even this system provides no safeguard against duplicate or triplicate . . . or quadruplicate registration and voting by those willing to compromise the electoral process. This is something we can't accept.

AIRCRAFT NO OZONE THREAT

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. GOLDWATER. Mr. Speaker, for some time now it has been alleged by extremists in the environmental movement that certain airplanes, especially highflying aircraft, are a threat to the ozone layer surrounding the Earth. Recently, a Federal Aviation Administration scientist has discovered that aircraft are no threat to the ozone. An interview with FAA scientist Anthony J. Broderick and the results of his findings appeared on the front page of the New York Times on Sunday, July 17.

So that my colleagues might also be aware of this latest scientific evidence discounting the effect of aircraft on the ozone, I am placing the New York Times article in the CONGRESSIONAL RECORD:

AIRCRAFT TERMED NO OZONE THREAT IN TESTS DISCLOSED BY FAA AIDE

(By Walter Sullivan)

New laboratory findings indicate that no existing aircraft presents an imminent threat to the atmosphere's protective ozone layer, according to the head of the Federal Aviation Administration's high altitude pollution staff.

However, the findings, if substantiated, indicate that fluorocarbons are considerably more of a threat to the ozone than was previously believed.

The conclusions about the effects of aircraft differ sharply from those of earlier American, British and French studies, including the multimillion-dollar Climatic Impact Assessment Program conducted under the Department of Transportation from 1971 to 1974.

The new evidence was summarized last week by Anthony J. Broderick of the aviation administration, whose follow-up studies were initiated in 1975 as the High Altitude Pollution Program. He described the findings to a meeting of propulsion specialists in Orlando, Fla., sponsored by the American Institute of Aeronautics and Astronautics.

The chief concern with regard to supersonic transports has been that oxides of nitrogen from their exhaust, and that of higher-flying conventional (subsonic) airliners, would stimulate chemical reactions that would deplete ozone in the lower stratosphere. It was feared that this would allow additional solar ultraviolet rays to reach the earth, which might, for one thing, increase the incidence of skin cancer.

The new findings seem to rule out such a threat, Mr. Broderick said, but he added in a telephone interview that they implied that ozone depletion caused by fluorocarbons might be double previous estimates.

Fluorocarbons have been accumulating in the atmosphere from their use as spray-can propellants, as refrigerants and in other roles. A variety of measures are projected or have been enacted to limit their release.

Mr. Broderick emphasized that the new studies not only have changed estimates of stratospheric chemistry but have also made it clear that considerable uncertainties remained. Nevertheless, his final conclusion was clearly welcome to an audience of aviation engineers:

"Thus," he said, "there appears to be no immediate requirement to develop regulations which would mandate a reduction in cruise-altitude emissions of subsonic or supersonic aircraft."

There is, however, "a clear necessity," he added, to reduce existing uncertainties and develop an internationally agreed method for accurate measurements of nitrogen oxide emissions. He also recommended "building a framework for regulation if necessary" of future very-high-flying aircraft, such as the proposed hypersonic transports.

Mr. Broderick said he was speaking privately and not on behalf of the F.A.A. or its parent agency, the Department of Transportation.

CHANGES IN RATES OF REACTIONS

While a number of new findings have led to downward revisions of the assessed threat from aircraft emissions, the most dramatic change has been in the estimated rates of two chemical reactions. At least 100 such reactions are involved in the chemistry whereby ozone is constraintly depleted and replenished in the stratosphere.

An important one of these reactions has been found, under simulated stratospheric conditions, to run about 20 times as fast as previously believed. It is a reaction in which the perhydroxyl radical (a hydrogen atom mated with two oxygen atoms) combines with nitric oxide (paired nitrogen and oxygen atoms) to form the hydroxyl radical (paired hydrogen and oxygen) and nitrogen dioxide (one nitrogen and two oxygen atoms).

The tests were conducted at the laboratories of the National Oceanic and Atmospheric Administration in Boulder, Colo., by C. H. Howard and K. M. Evanson, using a laser system.

Another major finding, according to Mr. Broderick, has been the discovery that hydroxyl and perhydroxyl react together at one-fifth to one-tenth the rate previously estimated.

COMPETITIVE ROLES ALTERED

These two discoveries, plus other revised estimates, so alter the competitive roles of stratospheric reactions that, when all are combined, estimates for the effect of emissions from a large fleet of supersonic transports are radically reduced.

The study ending in 1974, according to Mr. Broderick's paper, concluded that "such a fleet operating at a height of 17 kilometers (56,000 feet) would deplete the ozone by almost 5 percent. If the oxides of nitrogen were injected at a height of 20 kilometers (66,000 feet), the study found, the depletion would be about 10.5 percent.

But the new estimates actually show a slight increase in the ozone for operations at both levels, although Mr. Broderick said it is "not at all clear" whether the effect would actually be a slight increase or a slight decrease. "It is possible—even likely," he added, that some of the revised data "will be revised once again.

Among added factors has been the introduction of chlorine into the stratosphere from the breakdown there of fluorocarbons. The latter, widely marketed under the trade name Freon, are very stable chemically under normal circumstances and therefore do not alter substances ejected from an aerosol can. Hence they have been widely used as propellants for hair sprays, antiperspirants and other toiletries.

It has been found that fluorocarbons, when exposed to ultraviolet rays such as those bathing the stratosphere during daylight, break down, releasing chlorine, which may then play a significant role in depleting the ozone.

The revised picture of stratospheric chemistry that has emerged from the new laboratory tests and the added role of chlorine indicates that fluorocarbons are considerably more of a threat than was previously believed, Mr. Broderick said.

THE CARTER ADMINISTRATION—HONESTY AND OPENNESS IN GOVERNMENT?

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. SYMMS. Mr. Speaker, Jimmy Carter ran for President and was elected on a platform stressing honesty and openness in Government. Consequently, I am especially disturbed over reports that the Carter administration has ordered the Energy Research and Development Administration to confiscate and destroy ERDA publications of a scentific and technical nature that do not support Carter administration political policies relating to nuclear fuel recycling and breeder reactors.

Mr. Speaker, the destruction of scientific and technical books on the basis that they contain statements which are not in accord with proposed political considerations is, in the United States, a most unusual act. This type of action, sometimes described as book burning, has, of course, taken place on a number of occasions in other countries—especially those with totalitarian governments.

Mr. Daniel Kane, president of the Council on Energy Independence, sent to each Member of Congress a copy of the letter addressed to you, Mr. Speaker, dated July 8, 1977. His letter expressed his concern over the actions of the administration with regard to the ERDA publications. I would like to include Mr. Kane's letter in my remarks at this time:

CHICAGO, ILL., *July 8, 1977.*

Hon. THOMAS P. O'NEILL,
Speaker of the House of Representatives,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: As you may be aware, officials of the Energy Research & Development Administration (ERDA) recently recalled and destroyed a number of nuclear energy related government publications. Among those documents destroyed were the following:

"The Economics of America's Energy Future."

"Nuclear Power and the Environment."
"Atoms on the Move."
"High-Level Radioactive Wastes from Nuclear Power Plants."
"The Economics of Nuclear Power."
"The Breeder Reactor."
"Shipping of Nuclear Wastes."

The stated reason in the official directive ordering the destruction was that "these publications do not reflect current policies." Apparently, the ERDA officials were referring to the fact that the destroyed documents presented both the Liquid Metal Fast Breeder Reactor (LMFBR) and commercial nuclear fuel reprocessing in a favorable light. The destruction of scientific and technical books on the basis that they contain statements which are not in accord with proposed political or other non-technical considerations is, in the United States, a most unusual act. This type of action, sometimes described as book burning, has, of course, taken place on a number of occasions in other countries.

There is no question that current United States official policy is unsympathetic to the LMFBR and nuclear fuel reprocessing. However, the shift in national policy in this regard did not originate in the United States nuclear community, nor did it originate in any foreign nuclear establishment. The nuclear communities in the United States and abroad have, in their technical judgment, considered that commercial nuclear fuel reprocessing and the utilization of LMFBR's for plutonium fuel production were valid courses of action for over twenty years. Virtually all foreign nations continue to hold their considered opinions in this regard. The United States is the only government which has changed its policy.

The policy shift which has been implemented was apparently first conceived by certain individuals in the U.S. State Department who were preoccupied with nuclear weapons proliferation. Their opinions were later codified in the recently issued MITRE Report* on nuclear power. Their thesis was that commercial nuclear fuel reprocessing and operation of LMFBR's are extremely critical items in presumed nuclear weapons proliferation. It is a very disconcerting fact that the vast majority of members of the United States nuclear industry and the members of virtually all foreign nuclear communities emphatically state that the recently adopted U.S. position is not technologically valid. The position of the majority of the members of the nuclear communities, both here and abroad, is that there is no valid reason to believe that controlled utilization of commercial nuclear fuel reprocessing and operation of LMFBR's would necessarily cause any significant increase in nuclear weapon proliferation hazards. The production of plutonium via LMFBR's and recovery of plutonium via commercial fuel reprocessing is by no means the only way in which nuclear weapon materials may be produced. There are at least five other methods in which weapon materials may be produced in a less costly manner and in much less time.

The present U.S. policy effectively stops commercial nuclear fuel reprocessing and development of LMFBR's within the United States but has virtually no effect on worldwide nuclear weapons proliferation. It is respectfully requested that members of the United States Congress consider what has been the foreign reaction to the recently announced U.S. policy in this area. The French, German, and Russian governments, all of whom are presently operating their own LMFBR's and who count on commercial nuclear fuel reprocessing, have all emphatically rejected the proposed U.S. policy. The new policy is already an admitted failure on the international level. The United States is now effectively isolated from the rest of the world on this issue. It certainly is to be hoped that the United States Congress will, in view of the impending energy crisis and in the best interests of the nation, consider reestablishing commercial nuclear fuel reprocessing and the development of the Liquid Metal Fast Breeder Reactor in the United States.

Respectfully yours,

DANIEL W. KANE,
President, CEI.

*"Nuclear Power Issues and Choices," Ford Foundation—MITRE Corp., Ballinger Publishing Co., Cambridge, Mass., 1977.

A TRIBUTE TO GENERAL PULASKI ON HIS 200TH ANNIVERSARY

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. FARY. Mr. Speaker, the United States is properly called "A Nation of Nations." From its beginnings, people came to our shores from all parts of the globe. During the revolution which we were engaged in at this time 200 years ago, men from many nations came to participate in our war. Among these countless individuals are a number of outstanding names. France gave us the Marquis de Lafayette and Admiral d'Estaing. Scotland gave us John Paul Jones, Ireland gave us John Barry, Poland gave us Thadeusz Kosciuszko and Count Casimir Pulaski.

Two hundred years ago tomorrow—July 23, 1777—Count Pulaski, age 30, debarked from a ship at Marblehead, Mass., to make his contribution to our revolution.

Before coming to our shores, Count Pulaski since he was 20 had already made a name for himself as a revolutionary in his Polish homeland. In 1769, in protest against the growing foreign domination of Poland, he joined his father and brothers in an uprising against King Stanislav II. When he failed to kidnap the king, he was declared an outlaw in his homeland. After that rebellion failed, he fled his homeland and eventually went to France where he was penniless and unemployed.

In Paris his fame as a revolutionary soon secured for him an introduction to the American representatives—Benjamin Franklin and Silas Deane. He offered his services to the American insurgents. Around that time he wrote:

I would rather live free, or die for liberty. I suffer more because I cannot avenge myself against the tyranny of those who seek to oppress humanity. This is why I want to go to America.

On May 29, 1777, Franklin wrote a letter from Paris to General Washington introducing Count Casimir Pulaski. On June 5, Deane advanced him the necessary funds for his voyage to America.

A month after he arrived in Massachusetts, he met with General Washington, who accepted Pulaski's services in the American Revolution. Washington wrote to the Continental Congress suggesting that Pulaski be given the command of all the cavalry.

The Continental Congress commissioned him with the rank of brigadier general. Later they made him chief of the cavalry.

In Washington's army he served in the battles of Brandywine and Germantown. In 1778 he formed the Independent Corps of Light Cavalry and Infantry—known in history as Pulaski's Legion—at the head of which he tried to exploit his experiences in guerrilla warfare.

After complaining personally to the Congress that he blushed to find himself "languishing in a state of inactivity," he was sent to protect American vessels operating against British shipping at Egg Harbor, N.J. There, on October 15, 1778, through information given by a deserter, the British surprised and cut up Pulaski's Legion.

After this defeat, he gradually became restless and disappointed at the way the revolution was going. He even expressed the wish of returning to his native Poland. He complained again on November 26 to the Continental Congress that there was "nothing but bears to fight."

After 3 months he was ordered to support General Lincoln in South Carolina. He suffered another defeat in Charleston, S.C.

Later, in Georgia, he joined forces with General Lincoln. Assisted by the French fleet under Admiral d'Estaing, they prepared to attack Savannah. On August 19, before the battle, he wrote a long letter in which he detailed the disappointments that he had encountered in the American military service "which ill treatment makes me begin to abhor." He expressed the hope that he might still find the opportunity of proving his devotion to the American cause.

On October 9, 1779, at the siege of Savannah, General Pulaski bravely and impatiently charged the British lines at the head of his cavalry and fell with a mortal wound.

He was removed to the American ship *Wasp*, where surgeons were unable to remove the bullet. He died on board that ship, probably on October 11, on its way back to Charleston. He was only 31 years old.

General Pulaski is still remembered in the history of our Nation. Monuments exist in many cities to keep his memory alive. In my hometown of Chicago a plaque commemorating the memory of Casimir Pulaski is at the new John C. Kluczynski Federal building, where I have a district office. In Washington here in the U.S. Capitol Building General Pulaski's status stands in recognition of his services to the American Revolution.

Casimir Pulaski's service to the cause of the American Revolution was not unlike those of our other great leaders, including George Washington. History records that the 7 years of the Revolutionary War were years of disappointment, discouragement, and despair for these leaders. Money was scarce, desertion was high, and the defeats were discouraging. Yet, history also records the victories and the eventual final victory at Yorktown.

Washington and Lafayette lived to see the final victory, but unfortunately Pulaski joined the ranks of other heros who

gave their lives in battle. Pulaski was fortunate in his last days for his gallant charge served to ennoble him in the eyes of posterity despite his mistakes.

He won for himself the title of "Father of the American Cavalry." He also saved Washington's army twice from disruption. He was willing to make the necessary sacrifices for his ideals—both in his native Poland and here in the United States. He abandoned the wealth and comfort that one associates with the nobility of Europe to help win independence for Poland and for the United States.

And so, Mr. Speaker, I join with my fellow Polish-American colleagues in the House of Representatives as well as my fellow Americans of Polish heritage, in paying tribute to Count Casimir Pulaski, who won a place in the history of both Poland and the United States.

Finally, Mr. Speaker, a small group of Polish-Americans from New Jersey and from my hometown of Chicago State Senator Leroy W. Lemke and State Senator Norbert A. Kosinski are traveling this weekend to Savannah, Ga. to pay tribute to the memory of this great Polish-American patriot.

A weekend of activities in Savannah are planned. This afternoon the leaders will be meeting with the mayor of Savannah. Tomorrow the group will tour the Polish points of interest in the city, including the civil war Fort Pulaski. On Sunday they will lay a wreath at the statue of General Pulaski in Savannah.

HONORING GEN. CASIMIR PULASKI

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. NOWAK. Mr. Speaker, this weekend in Savannah, Ga., representatives of the Polish American Congress will be meeting to commemorate the 200th anniversary of the arrival in America of Gen. Casimir Pulaski, who became a legendary hero of our Revolutionary War.

General Pulaski was mortally wounded in 1779 during a battle near Savannah, which has memorialized him with a beautiful monument, a fort, a school, and a park.

In his letter informing me of the observance planned starting Saturday in Savannah, Dr. Edward C. Rozanski of Chicago, chairman of the Polish American Congress General Pulaski Commemoration Committee, explained that this "provides an opportunity for informing the American people of his—Pulaski's—service during our struggle for independence."

In my home city of Buffalo, N.Y., each October the Pulaski Day Parade marks the contributions this gallant, courageous soldier and patriot—the Father of American Cavalry—made to our fledgling Nation.

Bronislaw Durewicz, president of the western New York division of the Polish American Congress, will be representing the Buffalo area at the Savannah ceremonies. This weekend also, a similar observance will be conducted in Marblehead, Mass., where Pulaski arrived in America on July 23, 1777, aboard the ship *Massachusetts*. Dr. Joseph F. Kij and his son, Daniel Kij, national president, Polish Union of America, will represent the western New York area in Marblehead.

The life of Pulaski, along with his contemporary Thaddeus Kosciuszko, illustrate the prominent role that immigrants from Poland played in helping create the United States of America. They also stand as a source of constant inspiration, particularly to thousands of Americans of Polish descent.

Commemorative events, such as the impending ones in Savannah and Marblehead, are noteworthy vehicles for stimulating a deeper and broader appreciation of our national heritage and I should like to commend the Polish American Congress for its leadership in spearheading this effort.

THE APPOINTMENT OF ALLARD K. LOWENSTEIN AS AN AMBASSADOR TO THE U.N.

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 18, 1977

Mr. WEISS. Mr. Speaker, it is a source of great pride to me to be able to claim Al Lowenstein as a friend and a colleague in many worthwhile campaigns and endeavors. I have known Al for over 25 years and have, in that time, found him to be totally dedicated to matters of great national and international concern. A deep concern for human rights has characterized Al's involvements, not just the rights of individuals, his main concern, but the rights of peoples and of nations who were persecuted and oppressed.

I would like to recall just a few highlights of Al Lowenstein's activities. In the summer of 1959, he traveled to Namibia. Not only did he meet with the people and their leaders and then write a book about the abuse of the Union of South Africa's trusteeship, but he was able to bring out of the country a young student leader who was facing arrest and worse.

Shortly thereafter he journeyed to Spain to meet with members of the student underground who were working in that most totalitarian of circumstances to try to bring democracy back to Spain.

Domestically, Al Lowenstein, perhaps more than any other single individual, was responsible for organizing the political challenge to America's participation in the war in Vietnam and, contrary to the accepted political wisdom, brought about the end of an administration which, until that effort of Al Lowenstein's began, seemed impervious to the will of the people.

Much has already been said by those Members who served with him of their proud recollections of the term which Al Lowenstein served in this House. I recall the courageous efforts he made to retain his seat in spite of the most blatant gerrymandering which ultimately caused his defeat.

Through all these years and through all these efforts Al Lowenstein has maintained his role as the political personality most favorably looked upon by students throughout the United States.

The position which he discharged so ably and so effectively as U.S. representative to the United Nations Commission on Human Rights in Geneva surprised none of us, but it did provide us all with a great sense of continuity as we recollected Al's close friendship and association with Mrs. Eleanor Roosevelt, who so nobly filled the same position.

As Ambassador Allard K. Lowenstein, alternate U.S. Representative for Special Political Affairs to the United Nations, he will be an able and effective member of the team headed by Ambassador Andrew Young. The personal friendship which I have been privileged to have with Al Lowenstein provides me with a special source of pleasure upon his appointment, but all of us who serve in the U.S. House of Representatives, where he once served, have reason to share in the pride of this appointment. Beyond that, the American people have the best reason for proud satisfaction. This appointment by reason of Al Lowenstein's eloquence and dedication, helps to underscore our Nation's commitment to the basic principles of the United Nations and to the cause of universal human rights.

FROSTBELT CONTINUES TO LOSE TO SUNBELT

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. CORCORAN of Illinois. Mr. Speaker, once again, Illinois, along with the other States in the Great Lakes and Northeast regions, has been shown to receive far less in Federal funds than it pays in Federal taxes. The July 2, 1977, issue of the National Journal, in a 10-page article by Joel Havemann and Rochelle L. Stanfield, clearly delineates how the "sunbelt" States generally profit at the expense of the "frostbelt" States in terms of Federal assistance received as compared to Federal taxes paid.

Illinois, for instance, gets back only 71 cents for every dollar it sends to Washington, a record broken only by three other States—New Jersey at 67 cents, Michigan at 64 cents, and Delaware at 63 cents. In terms of total net dollar outflow to Washington, Illinois has the dubious distinction of coming in "first" with a fiscal year 1976 figure of just under $6 billion. In other words, Illinois taxpayers sent $6 billion more to Washington than they got back in Federal funds—a record matched by no other State.

This record concerns me greatly, as it should other Members of Congress, espe-

cially those from the Great Lakes and Northeast regions. Particularly as a freshman member of the Government Operations Committee, which considers legislation dealing with revenue sharing and other aid formulas, I am adding my voice to the already considerable number of Members who have expressed deep concern over this glaring inequity.

Mr. Speaker, in a July 10 Washington Post article by Susan W. Stewart, the July 2 National Journal article was summarized and I submit it for the RECORD as follows:

"DOLLAR DRAIN" CONTINUES FROM FROSTBELT TO SUNBELT

Using government statistics that are admittedly "raw and rough," the National Journal released a study last week that documents what appears to be a continuation of the flow of federal dollars from the Northeast and Midwest to the South and West.

The Northeast paid $12.6 billion more in taxes than it received from Washington in federal spending in fiscal 1976, according to the study, while the South received $12.6 billion more from the federal government than it paid in taxes. This trend, according to the study, became slightly more pronounced last year than it had been in 1975 when first analyzed.

Findings by the magazine:

The five Great Lakes states saw an increase in their "balance-of-payments" deficit with the federal government from $18.6 billion in 1975 to $20.1 billion in fiscal 1976.

The South's surplus of federal funds contrasted to taxes paid increased slightly last year, from $11.5 billion to $12.6 billion.

The Northeast states' deficit in the "balance-of-payments" analysis also increased slightly, from $10.8 billion to $12.6 billion.

The 13 Western states received $10.4 billion more last year than they paid in taxes, a slight drop from fiscal 1975's $10.6 billion.

Another way the National Journal looked at the government-compiled data was to determine the money received by states in federal spending for every tax dollar sent to Washington, thus computing a spending-taxes ratio on the individual dollar.

From the dollar-by-dollar viewpoint, New Mexico led all states last year in money received, with an estimated $1.91 return on every tax dollar. Alaska, home of the pipeline, ranked second with an average return of $1.89 on the dollar.

The District of Columbia received a whopping $7.59 in federal spending for every dollar paid in taxes, but that figure is misleading, according to coauthor Joel Havemann, because the federal expenditures number includes all salaries paid to civilian government workers in the District, as well as the federal expenditure involved in local military installations.

Virginia's relatively large return on the tax dollar—$1.40 last fiscal year—is similarly misleading. The Pentagon and Eastern Virginia military installations account for much of the surplus.

Thus federal expenditures for defense ranked higher in Virginia than those in most other states, while federal spending for welfare programs was below the national average.

Defense contract spending by the federal government, which totaled $44.9 billion in fiscal 1976, accounted for more than half of all regional spending inequities.

Havemann explained that state-by-state inequities may be misleading because subcontracting by firms awarded primary contracts by the federal government does not show up in Community Services Administration data.

"Take a theoretical example—the B–1," he said in an interview. "The B–1 contract would have gone to North America Rockwell in California, so that state would have shown a huge federal expenditure. In fact, though, Rockwell was planning to subcontract to companies in 47 states, and the expenditure in those states would not have appeared in their statistics."

The National Journal study also used Community Services Administration data in computing welfare-related expenditures which accounted for an estimated $25.4 billion last fiscal year. The problem with these statistics on a state-by-state basis is similar to the defense numbers, according to Havemann.

The CSA allocated spending for Medicare and Medicaid, among other benefit programs, by distributing the national spending total proportionally among states according to their eligibility lists, regardless of whether benefits were received.

There exists a "geographical bias" in incidence of these welfare payments, Havemann said.

"In some states, it's probably harder to get medical care, and that care is cheaper in the South—in fact, then, the South is getting less than the figures show," he said. "So the figures tend to exaggerate Medicare and probably Medicaid money expenditures to the South and to minimize money going to the North."

The National Journal study did not take into account interest payments of the national debt, which amounted to $27.2 billion in fiscal 1976.

Of that, $18 billion was assigned in CSA figures to three states served by the New York Federal Reserve Bank, which dispersed the money throughout the country where it did not show up on CSA charts.

"If we had left out everything with a little problem, we wouldn't have included anything at all," said Havemann. "But the interest payments on the national debt were such awful data we decided not to include them at all."

Although the figures for federal expenditures in the states are full of holes because, as Havemann pointed out, "the federal government just doesn't keep good records," they suggest the appearance, at least, of a massive flow of funds toward the Sunbelt.

This appearance has been enough to lead to the emergence of a Frostbelt lobby in Congress aimed at stemming the flow of money from the Northeastern and Midwestern states.

The Frostbelt lobby is bipartisan and consists of coalitions in the House and Senate as well as local and state businessmen and academics organized into about a dozen groups.

Representatives of Frostbelt states protest what they see as discrimination in federal aid formulas and tax laws that favor new construction over rehabilitation, which is prevalent in older, declining northern cities.

The lobby is on the offensive, and thus far has won several victories in its attempt to get federal spending back into northern states.

Frostbelt representatives in Congress were successful this spring in devising an alternative formula for federal aid that computes housing figures as well as population loss in distributing grant money, thus favoring older cities over the boom towns of the Sunbelt.

Future fights between Frostbelt and Sunbelt factions in Congress will probably focus on attempts to reverse the movement of military installations from North to South, and thus the flow of dollars southward.

Another topic sure to be debated is the question of whether to simplify and standardize federal aid programs as the administration wants, or to recognize cost-of-living factor in recognition of higher living costs in the Northeast and Midwest.

National Journal's latest analysis of the funds flow for fiscal 1976 before the emergence of the Frostbelt lobby—shows the following "winners" and "losers":

Top 10 "Winners" (Millions of Dollars)

District of Columbia	+$9,032
California	+4,724
Virginia	+2,922
Missouri	+2,191
Mississippi	+1,749
Washington	+1,511
Alabama	+1,342
Tennessee	+1,188
New Mexico	+1,156
Kentucky	+1,140

Top 10 "Losers" (Millions of Dollars)

Illinois	−$5,979
Michigan	−5,389
Ohio	−4,777
New York	−4,710
New Jersey	−4,514
Pennsylvania	−2,453
Indiana	−2,061
Wisconsin	−1,886
Connecticut	−1,109
Iowa	−858

CAPITALISM IN AMERICA'S THIRD CENTURY

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. MOORHEAD of California. Mr. Speaker, the following essay which appeared in the annual report of the United California Bank has recently come to my attention. I found it most timely and thought provoking and believe that my colleagues will enjoy reading it:

CAPITALISM IN AMERICA'S THIRD CENTURY

When Calvin Coolidge said in 1925 that "the business of America is business" he expressed the belief, as Alexander Hamilton had more than a century before him, that private business through the free play of competition would prosper and contribute to the freedom and well-being of America's citizens. He did not conceive of America's business as multiple levels of government that with a plethora of reports, regulations, restrictions and resource allocations would fix prices and share a large measure of the management and profits of privately-owned firms.

Neither did Hamilton imagine when he argued for the constitutionality of the first national bank—the precursor of the Federal Reserve System—that his reasoning would be carried so far. Hamilton wrote in 1971: ". . . it is unquestionably incident to sovereign power to erect corporations, and consequently to that of the United States, in relation to the objects intrusted to the management of government." Hamilton did not conceive of such colossal money-losing government corporations as ConRail, Amtrak, or Tennessee Valley Authority.

Thus it has been that a slow but inexorable process of government intervention has eroded the free enterprise concept and has torn at the fabric of capitalism, the economic system that has created the greatest concentration of wealth and the highest standard of living that the world has ever known. Herein is the first challenge of American capitalism as it enters its third century.

It was the conservative Harvard economist Joseph Schumpeter who first wrote about the dangers to capitalism that would be posed not by the dispossessed but by the beneficiaries of the system. Schumpeter more accurately foresaw the perils to capitalism than did capitalism's arch-enemy, Karl Marx, who predicted that the system would collapse because the proletariat, the workers, would be-

come ever more desperately poor and unable to buy the goods that the system produced. This obviously has not happened. But government has encroached more and more in the free enterprise territory, giving us what is called a "mixed" economy, partly capitalist, partly socialist.

"The first mistake in public business is the going into it," Benjamin Franklin wrote in Poor Richard's Almanac. Yet, despite Franklin's advice and the sharp contrasts between efficient, profitable operations like United Parcel Service and the inefficient, deficit-ridden U.S. Postal Corporation, pressures continue for more government ownership of private industries ranging from utilities to oil. Some free world countries have moved further in this direction than the United States. Nobel-prize winning economist Milton Friedman writes about the results.

"Government-owned and -operated industries are a major cause of the economic crisis now raging in Great Britain and Italy. These industries lose money hand over fist, swelling already large government deficits. They are inefficient, wasting the nation's resources. They create political unrest by converting economic disputes into political battles between unions and taxpayers."

Short of taking over corporations and competing with them, government continues to loop millstone after millstone around the neck of the private enterprise system. It is estimated that the federal paperwork burden alone now costs businesses in excess of $40 billion per year, much of it for filling out forms which are overlapping, duplicative and obsolete. (The Congressional Commission on Federal Paperwork is due to make its report in October of this year. There is some hope that at least in this area some waste might be reduced.)

Even, however, in government's most accepted intrusion into the economic sphere—monetary and fiscal policy—recent research indicates a high order of failure. Karl Brunner, writing in the November 5, 1976 issue of the respected journal, Science, discusses Milton Friedman's detailed study of the massive volume of historical data on the great depression of the 1930s.

Brunner states: "Most important probably is the inversion of a central Keynesian idea emanating from the work. Keynesians emphasize the basic instability of the private sector and the stabilizing function of a stable government sector. The profession's most thorough study of the great depression led Friedman to invert the proposition—*an essentially stable private sector operates as a shock absorber to the shocks imposed by an erratic and 'unstable' government sector.*" (our emphasis)

In the most recent recession, the deepest since the great depression of the 1930s, indications are that government again tilted the scales more toward instability than stability. Dr. Friedman, in his Nobel acceptance speech late last year argued against the proposition that government by tolerating huge budget deficits and high rates of inflation has reduced the level of unemployment.

Friedman said: ". . . as the '50s turned into the '60s, and the '60s into the '70s, it became increasingly difficult to accept the hypothesis in its simple form. It seemed to take larger and larger doses of inflation to keep down the level of unemployment. Stagflation reared its ugly head." Not only did inflation not help reduce unemployment, Friedman maintained, it might have even increased it. "The data," Friedman points out, "are not inconsistent with the stronger statement that, in all industrialized countries, higher rates of inflation have some effects that, at least for a time, make for higher unemployment . . ."

Yet, despite this evidence it is deceptively easy to take the fruits of capitalism lightly and accede more power and responsibility to a supposedly benevolent government. But before doing so, people should consider the fruits.

Few Americans think much about telephones, hard surfaced roads, electricity universally available, for example, or potable water available at the turn of a tap, but these simple, everyday possessions would be unspeakably grand luxuries for billions of the world's people.

The $1.7 trillion gross national product of our 2.15 million citizens is 75 percent larger than that of the 257 million people of the Soviet Union and five times that of 837 million people of the People's Republic of China. Our technology has transformed human communication with computers, telephones, movies, radios and television; human movement with automobiles, diesel locomotives, and jet planes; and human health with the elimination of infectious diseases ranging from smallpox to polio.

Our wealth has brought us unparalleled leisure to pursue individual fulfillment, whether in the valley of Yosemite or the quiet of our own living rooms. Our material possessions have increased rapidly. In 1974, more than 50 percent of all households had clothes dryers, more than one-third had freezers, and more than one-quarter had dishwashers. As many as 96 percent of all households had televisions and more than 80 percent had automobiles.

Equally impressive is the amount of education that our society has been able to afford. In 1975, 61 million Americans, or 54 percent of the population between the ages of three and 34 were enrolled in schools.

One-fourth of all Americans enter college. Ben Wattenberg, writing in his book, The Real American, says: "Today, about 60 percent of college students are from families where the head of the household had not even completed a single year of college. Among blacks, that figure is 80 percent.

What has made this all possible is profit, the linchpin of the capitalist system. It is profit which has efficiently allocated resources to the production of goods and services that people want. It is profit which has provided the investment to create the increasing wealth of succeeding generations.

Yet, profits as a dirty word traces back to at least Aristotle. Montaigne expressed the viewpoint most succinctly in his Essays: "No man profiteth but by the loss of others." And, recent abusive practices by a small minority of present-day corporations which have engaged in activities such as illegal political contributions, price-fixing, false advertising, environmental pollution, and discrimination have further undercut respect of the word and the system.

But, the system has worked and profit is not a dirty word for the great majority of Americans. Montaigne was wrong precisely because he did not acknowledge the freedom to purchase or not purchase which is inherent in the market system. This freedom to enter into or to reject a transaction is the greatest guarantee that neither party will be the loser, that each will get exactly what he or she desires.

And, the market system, which makes no distinction between various buyers or various sellers, is the underpinning of our political system. As Mortimer Adler points out in his preface to the Capitalist Manifesto: ". . . political democracy cannot flourish under all economic conditions. Democracy requires an economic system which supports the political ideals of liberty and equality for all." Because the economic democracy of a free market system and the political democracy of a constitutional republic are inextricably linked, failure to defend one is to condemn the other. Herein is the second challenge of capitalism—defending and reforming itself. To the extent that it is successful, capitalism also rises to its first challenge—halting government encroachment.

"It is by the goodness of God," Mark Twain wrote in Pudd'nhead Wilson's Calendar, "that in our country we have those three unspeakably precious things: freedom of speech, freedom of conscience, and the prudence never to practice either." Business has been too prudent, in Twain's terms. The time has come to exercise vigorously speech and conscience.

There are signs that businessmen and corporations are doing both. People are being reminded not to take their prosperity for granted. A recent advertisement for Mobil Oil Corporation made the point that it is profits that create jobs: "A business that can't make an adequate profit will sooner or later need fewer employees and maybe even none at all."

And, businessmen are engaging in healthy self-criticism as well. Thomas A. Murphy, Chairman of General Motors Corporation, wrote recently in Newsweek: "We cannot overlook the admitted wrongdoings of some of our country's largest and most respected corporations. No one believes that business is blameless in every respect. For us to try to make it seem blameless suggests that we can no longer distinguish between what is right and fair and honest and what is not." Murphy's solutions: ". . . strive for greater product quality and improved service, and at least equal care and attention to the individual customer. Let us admit when we are wrong—and correct our mistakes, promptly and fully." Mr. Murphy is not alone. Henry Ford 2nd, Chairman of Mr. Murphy's company's principal competitor, voiced similar sentiments in a recent interview with The New York Times.

Both Mr. Murphy and Mr. Ford acknowledge that capitalism is on trial. Its adversary and replacement is government. More than one out of every six people employed now work for government at the federal, state or local level. Total government spending accounts for more than one-fifth of gross national product, and transfer payments (welfare and social security), which produce no new wealth for the society, account for one-half of the federal budget.

Capitalism's critics are encouraged, therefore, to continue to predict its end with the certitude of a geologist predicting the likelihood of another California earthquake. But capitalism is still alive and still thriving. And despite the trends toward greater collectivization in the economy and more reliance on inefficient government services, capitalism can prevail and can achieve an even greater measure of its promise in America's third century.

As sociologist Daniel Bell observes, capitalism need not have "the fated trajectory of a culture," that is, the destiny to disappear like the cultures of the pyramid builders of ancient Egypt or the philosophers of classical Greece. Neither does it need to succumb to so-called historical rationality and be supplanted by a "higher" economic system. As Professor Bell says in his book, The Cultural Contradictions of Capitalism: "History is not dialectical. Socialism has not succeeded capitalism. . . ." And it need not.

But capitalists must be clear about their mission and must recognize that they exist because the public permits them to exist. Capitalists must live up to this public trust. Adam Smith wrote in Wealth of Nations in 1776:

"Every individual endeavors to employ his capital so that its produce may be of greatest value. He generally neither intends to promote the public interest, nor knows how much he is promoting it. He intends only his own security, only his own gain. And he is in this led by an invisible hand to promote an end which was no part of his intention.

By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it."

Yet, it may be that 201 years later life is so complicated and interconnected, human and material resources so limited and so precious, and society's institutions so powerful that businessmen must make Adam Smith's mysterious "hand" more visible in every business decision and consciously promote societys interests as well as their own. Then, one might hope, capitalism will continue its ascent, and freedom, justice and prosperity will continue to be the hallmark of the American experience.

"How small, of all that human hearts endure,
That part which kings or laws can cause or cure."

(Samuel Johnson, in Oliver Goldsmith's The Traveler.)

CAMBODIA: MOST BRUTAL DICTATORSHIP

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. YOUNG of Florida. Mr. Speaker, I would like to call attention to a column by Jack Anderson and Les Whitten which appeared yesterday in the Washington Post. The article, entitled, "Cambodia: Most Brutal Dictatorship," explains in some detail the violations of human rights taking place in that country right now, and perhaps more importantly, the extreme measures that are being taken by the government of that country to shield from the world all of the atrocities that are going on there. This information only serves to strengthen my position, that our country must take no steps to support or condone the actions of the Cambodian Government—and any contribution of U.S. dollars to Cambodia through our foreign aid program, either directly or indirectly through the multilateral organizations, would have that effect. I urge my colleagues to read this carefully and consider our credibility on human rights in the eyes of other nations of the world, if we should not stand firmly on our decision to prohibit aid to Cambodia from the United States, either directly or indirectly.

The article follows:

[From the Washington Post, July 21, 1977]

CAMBODIA: MOST BRUTAL DICTATORSHIP

(By Jack Anderson and Les Whitten)

The uproar over human rights has ignored the world's most brutal dictatorship. Adolf Hitler at his worst was not as oppressive as the Communist rulers of tiny Cambodia.

In a nation of 7 million people, an estimated 1 million have already died from mistreatment and executions. But the entire populace has been enslaved in a fashion that violates every international standard of human conduct. Only the Communists have any rights in Cambodia.

They have tried, with frightening success, to hide their horrors from the world. They have sealed off their country tightly. The borders are mined and patrolled.

Only nine nations have opened embassies in the capital city of Phnom Penh. Yet these diplomats, most of them Communists from friendly countries, are restricted to a street about 200 meters in length. When they wish to conduct official business, they are picked up in a government car and escorted to their destination.

Yet a few refugees managed to escape, some of them after harrowing experiences. They told essentially the same story about the conditions they had left behind. Some even brought out bootleg photographs of the atrocities.

We picked up their stories from intelligence sources and began publishing them as early as June, 1975. But U.S. intelligence agencies were hesitant to accept the word of refugees. All other intelligence channels had been effectively cut off.

But the reports can no longer be dismissed. Too many independent witnesses have now reached the outside. The story of the brutal Cambodian repression, therefore, can be told with authority.

It began even before the Communists swept to victory in April, 1975. Some of the last classified cables out of Cambodia reported that the Communist guerrillas had turned upon the civilian population with a sudden savagery.

The last American ambassador, John Gunther Dean, gave Washington this secret assessment of the Communist ruthlessness: "Inquiries as to motives of the KC [Communists] have produced a similarity of response, with the answers varying only in degrees of sophistication.

"The refugees express the view that the KC forces control most of the land area but need more people. The attacks are seen by the refugees as enemy punishment inflicted on them for rejecting KC offers to come over to the KC side."

Many of the Khmer Rouge soldiers were young, illiterate and so unsophisticated, according to refugee accounts, that they were frightened of food that came in bottles and tin cans. They were also consumed with uncontrollable hatred.

Within hours after they swarmed over Phnom Penh on April 17, 1975, the wholesale slaughter began. These were not the ravages, however, of undisciplined troops gone wild. On the contrary, they were part of a deliberate, disciplined campaign to remake the society from the ground up.

First, the civilian populace was ordered out of the cities. Hesitation brought instant death. The people were herded into death marches, without food or water, into the countryside.

At the end of the death marches, the harassed people were organized into small villages called "peasant cooperatives" and were put to work planting rice, building dikes and digging canals. Families were separated and marriages forbidden.

The Khmer leaders, meanwhile, grimly began purging every trace of the old culture and foreign influence. Orders went out to execute doctors, teachers, anyone with an education, anyone who could read or write. Every soldier above the rank of private in the old army was sentenced to death.

By the thousands, Cambodians were dragged out of their villages to be shot, stabbed or bulldozed alive into mass graves.

The number of executions, apparently, has now fallen off. People are given verbal reprimands for stepping out of line or failing to show the proper "enthusiasm" for the revolution. After three such reprimands, according to refugee reports, the errant citizen simply disappears.

Rice is rationed; the current measure is half a tin can per person each day. Families are still kept separated. Marriages are now permitted, but a love affair can be a capital offense.

There is no monetary system, everything is obtained by barter. There is no education system, no telephones, no newspapers. Three short propaganda messages are broadcast daily.

The cities remain virtually empty. Phnom Penh, once a bustling city of 3 million before the Khmer Rouge came, now has a population around 50,000.

NAVAL SERVICEMEN'S PARK

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. NOWAK. Mr. Speaker, on July 17, the city of Buffalo, N.Y., dedicated its Naval and Servicemen's Park, the first of its kind on an inland waterway. The park will stand as a lasting tribute to those who have served in the defense of our Nation. The focal point of the park will be two decommissioned Naval vessels, the USS *The Sullivans*, a Fletcher class destroyer, and the USS *Little Rock*, a guided missile cruiser, which were donated to the city of Buffalo by the Department of the Navy.

The park is designed to be a major component of the city's tourism industry and is expected to promote private investment in the adjacent area. It is an integral part of the Buffalo waterfront renewal plan and represents a concerted effort on the part of the Federal Government, local government and the citizens of Buffalo. This project has enjoyed broad community support as well as a tangible demonstration of support from various areas of the country. An example of this is the commitment on the part of former Sullivans' crew members to raise $10,000 for operation and maintenance of the vessel, with $3,000 presented at the ceremony.

Attending the ceremony was James Sullivan, son of Albert Sullivan, one of the brothers after whom the ship was named. The five Sullivan brothers lost their lives during World War II while serving on the USS *Juneau*. Mayor Stanley Makowski called the park—a symbol of a new spirit in the city. The economic Development Administration has approved a transfer of $1.4 million for the purpose of constructing a Naval museum on the site. This activity, coupled with imminent economic development of various types, insures that the implementation of the Buffalo waterfront plan will be successful.

Mr. Speaker, at this point, I would like to insert in the RECORD articles that appeared in local Buffalo newspapers detailing the events at last weekend's dedication ceremony, and the program of events:

[From the Buffalo Courier-Express, July 18, 1977]

3,000 ATTEND PARK DEDICATION

(By Mitch Gerber)

As two retired warships towered in the background, Buffalo's civic leaders gathered with Navy officers and a crowd estimated at 3,000 near the foot of Main St. Sunday afternoon to dedicate the city's new Naval and Servicemen's Park.

Rep. Henry J. Nowak, D-Buffalo, announced that $1.4 million in federal funds has been approved for developing the park by the U.S. Economic Development Administration. The approval, reported in Sunday's Courier-Ex-

press, will allow work on the six-acre site to begin this summer, Nowak said.

The park is expected to be completed, with a parking lot and a museum building, next year, officials said later.

Among the crowd were about 25 former crew members of the destroyer USS The Sullivans or the guided missile cruiser USS Little Rock. They came from as far as Illinois and as near as Kenmore to see the ships, which will be the centerpieces of the park.

SULLIVAN SON PRESENT

Also in attendance was James T. Sullivan of Cedar Falls, Iowa. He is the son of Albert Sullivan, the youngest of the five Sullivan brothers who were killed together when their ship was sunk in action in 1942, and for whom the destroyer now moored in Buffalo was named.

"All I can say is, thank you to everybody in Buffalo," Sullivan said when presented with a bison statuette by Corporation Council Leslie Foschio. "It's something I'm never going to forget for the rest of my life."

He was accompanied by his son, John, 9, daughter Kelly 6, and his wife, Sally, who promised after the ceremonies that the family would return to Buffalo for the next reunion of the crew of The Sullivans, in August, 1979.

SULLIVANS CREW HELPS

Robert Stander, of River Forest, Ill., a chief yeoman on The Sullivans during World War II and now president of the crew's reunion committee, presented checks totaling $3,000 to Mayor Stanley M. Makowski and promised $7,000 in contributions from former crew members for the upkeep of the ship.

Makowski, in turn, promised the Navy that "Buffalo will make you proud you chose us to take care of your ships."

After a campaign headed by Buffalo City Court Judge Anthony P. LoRusso, chairman of the Committee for the Naval and Servicemen's Park and Museum, the Navy agreed last February to donate the two ships, decommissioned earlier, to the city to serve as a memorial to the nation's wartime servicemen.

A "FIRST" FOR NAVY

According to the Navy, it is the first time two ships have ever been donated to the same recipient at the same time.

Manned by crews of volunteers from among city employes, the ships were towed from Philadelphia Navy Yard, up the Atlantic coast, and through the St. Lawrence Seaway and the Welland Canal to Buffalo. The 376-foot, 2,050-ton The Sullivans arrived July 4, and the 610-foot, 10,700-ton Little Rock late last Friday.

The transfer was arranged under a $250,000 state grant by Buffalo's Urban Renewal Agency, coordinated by URA Director Louis J. Clabeaux.

CITY HANDLES MAINTENANCE

The city is responsible for the maintenance of the ships under the terms of its contract with the Navy. LoRusso's committee has estimated that eventual revenues from admission fees to the ships and other sources will more than pay for their cost to the city, although their annual attendance prediction of 200,000 has been disputed.

Sunday, however, calculations were for the most part put aside as the speakers—including Rear Adm. Gordon R. Nagler, a former commander of the Little Rock who now works in the Pentagon—paid tribute to the two ships and to the men who served on them.

FLAGSHIP PRIDE

"Let me tell you how proud the crew of the Little Rock was," Nagler said. "When we were the flagship of the 6th Fleet in the Mediterranean in 1962, we often sailed past the Rock of Gibraltar into the Atlantic Ocean.

"The British Navy, following procedure would hail us by signaling, 'What ship'?

"Our crew would signal back, 'What rock'?"

The day was particularly special for the ships' former crew members who journeyed to Buffalo.

Burdett Rust, of 88 Stillwell Ave., Kenmore, came to the waterfront with his former shipmate on the Little Rock, Brian Nicholas of Rochester, for the occasion.

"It needs a paint job, but other than that it looks in good shape," said Rust, surveying the massive, gray cruiser.

LEFT SHIP IN ITALY

He and Nicholas last saw the ship when they finished their hitches in Gaeta, Italy, in 1974.

"If someone told me then that the next time I'd see the Little Rock, it would be moored off Main St., I would've told him he was nuts," Rust said.

"It was my home for three years. I feel special about it."

There was a certain amount of joshing among the members of The Sullivans' World War II and later crews, who were allowed on board the ships, currently closed to the public, for a brief look around after the ceremonies.

"This guy here, he was the biggest character on the ship," laughed Charlie McCarthy, throwing his arm around George "Moose" Mendonsa. "This is the first time he's ever walked on board sober."

"THE ONLY GENTLEMAN"

Mendonsa, 54, who served as a quartermaster first class on The Sullivans from 1943 to 1946, and is now a commercial fisherman in Newport, R.I., bristled in mock outrage.

"What are you talking about?" he retorted. "I was the only gentleman you guys knew."

And they walked down the gangplank, back onto the land, laughing and talking about the old days.

[From the Buffalo Evening News, July 18, 1977]

EMOTIONS SOAR AT DEDICATION OF WATERFRONT PARK

(By Rose Ciotta)

It was a day marked by emotion for former Navy men and civic officials.

The city's new Naval and Servicemen's Park at the Port of Buffalo was dedicated Sunday and given an immediate boost with the announcement by Rep. Henry J. Nowak (D., Buffalo) of a $1.4 million federal award for construction of a memorial museum.

As many as 2000 came to the waterfront behind Memorial Auditorium to participate in the ceremonies and to catch a dockside view of the guided-missile cruiser USS Little Rock and destroyer USS The Sullivans.

The two massive gray vessels, now decommissioned by the Navy, were brought to Buffalo to become permanent attractions of the planned park. Officials are optimistic that construction of the museum, designed to house Naval memorabilia, can begin this fall.

The Park, Rep. Nowak said, is "one component" of the city's overall economic development and will, with other planned developments, stimulate tourism.

After assembling aboard The Sullivans, officials were led to the podium site by the 18 member Caledonian Pipe Band, where Mayor Makowski described the park project as signaling a "rebirth" of the Buffalo waterfront.

He was joined by City Court Judge Anthony J. LoRusso, the Citizens Committee chairman, who referred to the vessels as "the foundations and touchstones of our future in the Buffalo waterfront."

Buoyed with the news of the federal funds, Judge LoRusso called for renewed commitment to the project, still dependent for success on the efforts of volunteers.

A commitment to contribute $10,000 was made by Robert Sanders of Riverforest, Illinois, who led a group of 12 former crew members of The Sullivans. They presented $3000 to Judge LoRusso Sunday.

The reunion group already has chosen Buffalo for their 1979 gathering. They sat proudly during the ceremonies and remembered the vessel's World War II performance and their commitment to "stick together"—a motto they adopted from the five Sullivan brothers.

For honored guest James T. Sullivan, son of Albert Sullivan, the ceremonies held special significance.

Mr. Sullivan, an electrician from Cedar Falls, Iowa, was brought to Buffalo for the park celebration with his wife Sally and children John, 9, and Kelly, 6, as guests of The Buffalo Evening News.

Shy and obviously not used to the celebrity treatment including autograph-seekers, Mr. Sullivan choked with emotion and brushed away a tear referring to the ceremony as something he would "remember for the rest of my life."

He was an infant of 18 months when his father and four uncles were killed in action.

He described his visit to Buffalo "as a very moving experience I really can't describe. I feel very honored to be here."

A family tour of the vessel Saturday marked the first time Mr. Sullivan had been aboard since he was 11.

The hot, humid afternoon Sunday, which saw many families strolling beside the massive structures curiously eyeing the worn, somewhat rusty spots, was punctured by passings of four F-4 Phantom jets courtesy of the Niagara Falls Air Base.

Mayor Makowski was presented with two hand paintings of the vessels for the museum by Stephen C. Yednock of the Naval Sea Command, who said that of the 29 ships released by the Navy, this is the first time two are in the same city.

Rear Admiral Gordon R. Negler, who represented the U.S. Department of the Navy and who once commanded the flagship Little Rock, echoed the sentiments of her former crew members when he said: "All of us who serve know we leave a little bit of ourselves behind."

CITY OF BUFFALO,
July 17, 1977.

MESSAGE TO THE CITIZENS OF THE CITY OF BUFFALO

Today, we are celebrating the establishment of the Naval and Servicemen's Park at the Port of Buffalo. The hard working men and women who are members of the Advisory Committee led by City Court Judge Anthony P. LoRusso deserve our sincere gratitude for selecting two great vessels which have rich historical significance as proud defenders of freedom—U.S.S. *Little Rock* and U.S.S. *The Sullivans*. Many men from Western New York served with distinction aboard these magnificent ships. We must pay special tribute to Congressman Henry J. Nowak for his tremendous efforts in the Congress and with the Department of the Navy to assist the City of Buffalo obtain this guided missile cruiser and the Fletcher class destroyer. As "Queen City of the Great Lakes" with an extraordinary Maritime history, the City of Buffalo is an appropriate home for these beautiful ships.

This Naval and Servicemen's Park will, of course, be a fine memorial to the American men and women who were killed fighting for the survival of democracy around the world. I also hope that these outstanding Naval vessels will remind us of the frightening horrors of war.

Let us view this Naval and Servicemen's Park as a symbol of the "New Spirit" that exists in Buffalo today. This park, which will be completed next spring, together with our new rapid rail transit system, the new Metro Transportation Center, a new Studio Arena Theatre, and a renovated Shea's Buffalo Theatre will revitalize downtown Buffalo. It will help attract hotels and commercial investments to the prime waterfront land that is now vacant. As a new tourist attraction, the Naval and Servicemen's Park will stimulate our economy by pumping money into our City and creating jobs in the service industry. It will also enhance the success of the Convention Center. Other efforts are underway to construct industrial parks in the City that will create new jobs. And, our neighborhood business districts are also being improved.

This ceremony today should stand for the rebirth of downtown, the renewal of our neighborhoods and the strengthening of our industrial base. Let's enjoy it!

STANLEY M. MAKOWSKI.

FLAG CEREMONY AND NATIONAL ANTHEM

Invocation: Bishop Edward D. Head, Bishop of the Roman Catholic Diocese of Buffalo.

Remarks of City Court Judge Anthony R. LoRusso, Chairman, Buffalo Naval and Servicemen's Park Advisory Committee.

Remarks of Richard L. Miller, Commissioner, Department of Community Development.

Remarks of Anthony Masiello, Majority Leader of the Buffalo Common Council.

Dedication: The Reverend Cannon George M. Chapman, St. Paul's Episcopal Cathedral.

Remarks of Representatives of the U.S. Department of the Navy, Rear Admiral Gordon R. Negler, U.S. Navy, Deputy Director, Commands, Controls and Communications Program, Office of Chief of Naval Operations.

Stephen C. Yednock, Naval Sea Systems Command.

Gun Salute: North-South Skirmish Team, City of Lockport.

Remarks of Henry J. Nowak, Congressman 37th Congressional District.

Remarks of Stanley M. Makowski, Mayor of the City of Buffalo.

Presentation to James T. Sullivan by Corporation Counsel Leslie Foschio.

Benediction: Rabbi Robert A. Alper, Temple Beth Zion.

CONGRESSIONAL RECORD COMMENT ON 200TH ANNIVERSARY OF GENERAL PULASKI

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Ms. MIKULSKI. Mr. Speaker, 200 years ago on July 23, 1777, Gen. Kazimierz Pulaski arrived in America. I wish to remind Americans of the vital role that General Pulaski and others of Polish descent played in shaping our country. The actions of Pulaski in the Revolutionary War attest to the fact that he and other Poles fought hard in America's wars, as well as contributing to our country's greatness.

After his brave fight at the Battle of Brandywine, General Washington and the Continental Congress elected Pulaski to the rank of brigadier general. With their approval, he formed the independent corps of light cavalry and infantry, later known as Pulaski's Legion.

General Pulaski was a man of courage and valor, who fought with all of his strength to preserve independence in our country. His remarks to the council chamber in Charleston, S.C., saved the city from being needlessly surrendered to General Provost and his British Forces. During his gallant attack on the British troops at Savannah, Ga., General Pulaski was mortally wounded. He died 2 days later on October 11, 1779, and his body was consigned to the sea off of the Georgia coast.

Across the Nation, great numbers of Polish-Americans are commemorating the anniversary of Pulaski's arrival in America. These events serve as a symbol of the strong and friendly ties between the United States and Poland. General Pulaski himself stands as a symbol to all Americans of the need for self-sacrifice in supporting the ideals of freedom and independence, so strong in our country.

FRENCH LEFT DISCOVERS GULAG

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following commentary by Walter Laqueur, which appeared in the July 19 Wall Street Journal. Mr. Laqueur describes a new interest and concern being shown by French leftists about a possible victory by the French Communist Party in next March's election.

The very real problems of Eurocommunism are realities which must be faced by the French if the Communist Party forms the new Government next year.

The article follows:

FRENCH LEFT DISCOVERS GULAG

(By Walter Laqueur)

During the last few months a passionate debate has commenced in French intellectual circles the likes of which haven't been witnessed in Europe for three decades.

Seemingly every week new books and articles are published that only a year ago would have been dismissed as vulgar anti-Sovietism and anti-communism. "Gulag" has suddenly become part of the French political dictionary. Hard questions are finally being asked about what would happen if, as predicted by many observers, the Socialists and Communists win next March's elections.

The most remarkable feature of this sudden burst of political pamphleteering, much of it on a fairly high level of sophistication, is that it emanates almost entirely from the radical left, the mainstream of French intelligentsia.

What has poor Mr. Brezhnev done to deserve these often savage attacks? Why are the French Communists making almost superhuman efforts to dissociate themselves from the Soviet Union and stressing their undying attachment to the ideals of freedom and human rights? Why is all this happening at the very time that the realization of the fondest dreams of left-wing intellectuals seems virtually assured?

It isn't that the radical left has suddenly discovered hidden virtues in Giscard d'Estaing's government or the Gaullists, whose record has been deplorable and for whose removal from office much could be said. Rather, the French intelligentsia, which Raymond Aron calls "the most intelligent and the most unreasonable in the world," has suddenly taken fright after taking a closer look at the alternative.

When Jean-Francois Revel published his "*La Tentation Totalitaire*" a little more than a year ago (now available in translation, "The Totalitarian Temptation," from Doubleday), it was considered the work of an eccentric. How could one seriously argue that no Communist state has ever been other than Stalinist, and that Communist concessions to democratic ideals would always be reneged upon?

DOES NOT AND WILL NOT EXIST

Revel's angry and powerful indictment shocked many readers, but it also made them rethink some of the conventional wisdom. One of its main theses has now been taken up by Raymond Aron: Liberal society has many faults and imperfections but its critics are intellectually dishonest if they apply as a yardstick for comparison a society that never existed in history, does not now exist and will not exist in the future.

Professor Aron's massive tome, "*Plaidoyer pour l'Europe Decadente,*" which may be translated as "Plea for a Decadent Europe" but is really a plea for a liberal Europe, appeared two months ago and deals at great length with Soviet economic performance. Aron finds the Soviet record no more impressive than that of other industrialized countries. He notes that whatever achievements that can be claimed, mainly in military development, were made at a price unacceptable in terms of elementary human freedom.

Aron concludes that France faces next spring an historical decision on which the survival of the Atlantic and European community will depend, not to mention the future of France. This, he says, has nothing to do with the intentions of Socialist leader Francois Mitterand and his colleagues, but the consequences of their projects.

The radical alternative which they propose—non-repressive, non-bureaucratic—doesn't and cannot exist. As another critic has put it: How can large-scale nationalization take place in a country like France without further massively swelling the state apparatus? Isn't this as likely as a capitalist system without profit-making? Support for Aron has come from unexpected quarters; in an attack of suicidal (or Machiavellian) candor, the Communist Party has recently provided detailed figures showing the astronomical costs involved in carrying out their program. It is perfectly obvious these sums cannot possibly be raised.

Aron, a liberal in the European sense of the term, is France's most distinguished political commentator and he has an admirable record of having almost always been right over three decades. Yet in the past his cool, rational reasoning has had infinitely less appeal for the younger generation than has the romantic revolutionism of his erstwhile friend and classmate—Jean-Paul Sartre, a literary genius, an original philosopher and a child in the maze of politics. For the first time since the end of the war, Sartre finds himself on the defensive.

The names of the other men and women who have brought about this revolution in the mood of the left are virtually unknown outside France. A few of them belong to the old left, most were supporters of the new left in the 1968 upheavals, some are only in their twenties, all have impeccable Marxist credentials.

One need not look far for the reason for this sudden break in the French intellectual climate. For a long time, the French intelligentsia, debating politics on the highest level of abstraction, was the most backward in understanding and accepting the realities of world politics. They weren't altogether unaware of the real state of affairs in the Soviet Union and other Communist countries. But somehow all this didn't register; also, there was to be no criticism because this would have provided aid and comfort to the "forces of reaction."

Of late, partly as the result of the revelations of the Soviet dissidents, it has dawned on French left-wing intellectuals that what happened in Russia, Eastern Europe, China and Cuba was not just a regrettable aberration soon to be rectified, but that developments in such countries have an iron logic of their own. More likely than not, it has come to be understood, such developments would repeat themselves wherever Communists find themselves in power.

The left had always been the first to protest against "fascism" in Spain, Portugal and Greece. But these dictatorships had never claimed to be the vanguard of progressive mankind and, in any case, have eventually been replaced by democratic regimes, which is more than can be said about any Communist country. This has led the "new philosophers" to a critique not only of Lenin but also of Marx and many traditional shibboleths of the radical left. Nor do they have great faith in the alleged liberalization of the French Communist Party; it has certainly become more chauvinistic, but its basic totalitarian character hasn't changed to this day.

WILL COMMUNISTS UNDERMINE?

The Socialist leadership chooses to ignore this fact for a simple reason; without Communist help, the Socialists see no hope of coming to power. The Popular Front may be defeated, of course, or it may win by such a small margin that it would be incapable of carrying out far-reaching changes. But if it wins handsomely, the chances are that the Communists will try to undermine the Socialists, just as Mitterrand will try to outmaneuver the Communists.

But the Socialists will be hemmed in by the Communist-dominated trade unions, on the one hand, and a substantial minority within their own ranks whose attachment to democracy is more than suspect. In any case, the country will enter into a period of deep trouble. France, no doubt, will survive, but hardly on a level to be envied.

In the 1930s, at the time of the first Popular Front, and again immediately after the war, there was a great deal of optimism on the left, a real belief in the *lendemains qui chantent*. Today one looks in vain for such high hopes even among staunch advocates of the Popular Front. One of America's leading experts recently was quoted in an interview that in his view a victory of the Popular Front would not be a disaster for the Western alliance. This raises the question as to what constitutes a disaster and how to classify it on the political Richter scale.

In any event, it is far easier to be optimistic (and less risky to be confused) from a safe distance. The fears expressed by the "new philosophers" in Paris (and not only by them) once again show that there is much truth in Samuel Johnson's well-known observation that certain circumstances have a wonderfully concentrating effect on the human mind, and that these circumstances are usually not joyful in character. The debate that's under way in France may prove to be more than one of those periodical storms in a left-bank teacup.

SUNDAY, JULY 24—MORMON ANNIVERSARY

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. MARRIOTT. Mr. Speaker, this Sunday, July 24, marks the 130th anniversary of the arrival of the Mormon pioneers into the Salt Lake Valley. In June of 1950 this statue of Brigham Young, now sitting in Statuary Hall of the U.S. Capitol, was presented to the people of America by the people of Utah. Today, as then, the evidences of the accomplishments of this man stand as living monuments to perseverence, patriotism, and dedication to right principles.

I would like you to join with me and my fellow Utahans to celebrate an event from history. Although the "Days of '47" is a State holiday, the entrance of Brigham Young and the Mormon pioneers into the Great Salt Lake Valley was not just a local event. It was an event which profoundly influenced the course of American history. It is appropriate that such a great leader and statesman as Brigham Young be honored by a statue in the halls of our Nation's Capitol. Those of us who are the heirs of his efforts would do him justice to stop for a moment and assess our debts to the past as well as our promises for the future.

History is not a thing to be found among the dust of aging books. It is made by the lives we are living today. It was made by the lives of those who went before us. The past is as much a part of us as we are a part of the future. The place we occupy on the line of time has been prepared for us by men like Brigham Young.

Much has been said and written about Brigham Young, and no doubt much more will be said and written. The odd thing about all the flowery phrases and superlatives that have been used is that they are true. Rarely, among the uncounted numbers of people that have lived on this or any other continent, has a man of such stature risen to put his milestone so boldly on the path of history.

There have been many religious leaders; some men have helped organize a community, or build a university. There have been many gentle and courageous men; many have been instrumental in founding an industry, a theater, an agricultural system, or a newspaper. But few have done all of these things; Brigham Young was one of the few.

Born in 1801, he was a New England cabinetmaker until he was well into his thirties. He was then to embark upon a career which made him the founder of a hundred cities, the Governor of a territory of the United States, and one of the most impressive characters of the 19th century. George Bernard Shaw said:

Brigham Young lived to become immortal in history as an American Moses by leading his people through the wilderness into an unpromised land.

He was an empire builder, a man who personally influenced on a grand scale the westward expansion of the United States. Although he led his people off United States territory to seek religious freedom, he and his people remained loyal. When Captain James Allen asked for a battalion of Mormon men to fight in the war against Mexico, Brigham Young unhesitatingly said, "Captain, you shall have men." Those men made the longest infantry march in history. They were later forced to defy a U.S. army sent out to subdue an imaginary rebellion.

Always the strong and just leader of his people, he established a civilization in the West destined to become a fruitful and loyal portion of today's United States.

And today we are proud of the words spoken by this American leader:

We will cling to the Constitution of our country and the government that reveres that sacred charter of freemen's rights; and if necessary pour out our best blood for the defense of every good and righteous principle.

I urge my colleagues and all Americans to pause on this significant day in history and pay tribute to this great statesman, remembering the key role that he played in the building of the United States of America—and that, with the people of Utah and the West, we should renew within ourselves the kind of character traits that motivated Brigham Young to make his mark in history.

ALLARD K. LOWENSTEIN, A FINE NOMINATION

SPEECH OF

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 18, 1977

Mr. PANETTA. Mr. Speaker, I would like to take a few moments to comment on the recent nomination of Allard Lowenstein as Ambassador for Special Political Affairs at the United Nations.

During my tenure as Director of the Office for Civil Rights in the Department of HEW during the late 1960's, I had the opportunity to learn of the activities of then Congressman Lowenstein. I have the highest admiration and respect for this gentleman's commitment to human rights and racial equality.

A number of my colleagues have already described the many excellent qualities Al Lowenstein possesses which suit him for this new position: Intelligence, moral integrity, a keen political sense, an uncanny ability to do the seemingly impossible. I concur with their comments.

I commend the President for his good judgment in nominating Al Lowenstein. I know that his confirmation by the Senate will mark the beginning of a new chapter in our participation in the United Nations.

"AMERICA, MY COUNTRY"

HON. NORMAN E. D'AMOURS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. D'AMOURS. Mr. Speaker, it has recently been my privilege to receive from a distinguished constituent of mine, Anne B. Currier, her proposal for a new national anthem. This gifted composer has written an anthem entitled "America, My Country" which depicts a nation rich in natural beauty and at peace with herself and the rest of the world.

There has been much discussion recently of changing our national anthem because the present one is too hard to sing. If the Congress should decide that a new anthem is necessary, then "America, My Country" is well worthy of consideration as its replacement. It is my honor to present this work to my colleagues for their consideration.

AMERICA, MY COUNTRY

America, my country where God has walked with me.
Among the hills and valleys and on the ships at sea.
To hold the torch of freedom in peace and harmony.
The stars and stripes, for ever United States are we.
America, my country my home eternally.
America, my country sweet land of liberty!

This talented artist has also composed songs to commemorate the 100th birthday of the Deerfield Country Fair and the proud heritage of the town of Londonderry, N.H. At its 1977 town meeting the town of Londonderry adopted Anne Currier's "Londonderry, New Hampshire" as its official town anthem.

My favorite of her compositions, however, remains her tribute to her native State entitled, "New Hampshire's Granite States." This song brings together all of those attributes which attract people to the Granite State, and which makes them very reluctant to leave once they have entered.

NEW HAMPSHIRE'S GRANITE STATE

God must have loved New Hampshire from the mountains to the sea.
He made her scenic splendor under skies of unity.
And high above the Granite floor, He made his image great.
In profile He is watching o'er New Hampshire Granite State.
Then he made the strongest rivers carry melting sheets of snow
From the valleys and the hilltops where the seasons come and go.
He sent the purple finches, and He marveled as they flew
Straight to New Hampshire borders where the purple lilac grew.
Until he made the ocean's roar, the tide was coming late
On shores of old New Hampshire, old New Hampshire's Granite State.
Made the wind and little breezes cooled the crystal lakes below
Filled the streams and every forest for the fireplace a glow.
When ever in New Hampshire, blazing colors from the trees
You may not find His image though you're standing much at ease
But if you aim toward heaven's door, you may pronounce it "fate"
In silence He'll be waiting in New Hampshire's Granite State.

TERMINATING THE OFFICE OF DRUG ABUSE POLICY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. GILMAN. Mr. Speaker, earlier this month, the House Select Committee on Narcotics Abuse and Control, of which I am a member, held hearings pertaining to opium production in Southeast Asia, specifically the golden triangle region of Burma, Laos, and Thailand. The committee heard alarming testimony concerning the influx and distribution of narcotics throughout our Nation from administration officials charged with the responsibility for narcotics abuse and control, most of whom voiced the President's personal commitment to the interdiction and eradication of illicit narcotics.

However, despite these protestations, the President's failure to present and to implement a national narcotic strategy, in addition to his recent decision to scrap the Office of Drug Abuse Policy—ODAP—constitutes a serious setback in the Nation's "war" on drugs. ODAP, the principle agency within the White House that has the responsibility for coordinating this Nation's fragmented narcotics policy, was dismantled without first soliciting the views of any of these executive narcotic officials.

Mr. Speaker, in seeking to focus President Carter's attention on this critical issue, I recently wrote him protesting his decision to terminate ODAP. In the interest of arousing my colleagues attention to this inaction by the administration, I request that the complete text of my letter be inserted at this point in the RECORD and I urge my colleagues to join me in calling upon the President to reconsider his regrettable, ill-advised decision in dismantling this executive office:

Washington, D.C., July 21, 1977.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On July 12th and 13th, 1977, the House Select Committee on Narcotics Abuse and Control, of which I am a member, held hearings pertaining to opium production in Southeast Asia, specifically the Golden Triangle region of Burma, Laos, and Thailand. The committee received statements and heard testimony from Dr. Peter Bourne, Director of the Office of Drug Abuse Policy (ODAP), Dr. Robert DuPont, Director of the National Institute on Drug Abuse (NIDA), Mathea Falco, Senior Advisor to the Secretary of State and Coordinator for International Narcotics Matters, Peter Bensinger, Administrator of the Drug Enforcement Administration (DEA), and Robert Oakley, Deputy Assistant Secretary of State for East Asian and Pacific Affairs.

One of the themes that emerged from these hearings was the assertion that the Administration was personnally committed to the interdiction of illicit drug trafficking and to the eradication of the supply of opium at its source, notwithstanding that, as President, you have not publicly stated your views on this national issue to the American people. The Select Committee was also informed that you would be delivering a message on narcotics abuse and control within a few weeks and that some witnesses had received a draft of this message, presumably for their comments. Dr. Bourne testified before the Select Committee:

"The suppression of illicit narcotics traffic is a high priority of this Administration. The President has a personal interest and deep concern about the effects of narcotics as they continue to drain our human resources, particularly the youth of our nation, and as a result of that special concern, has taken a number of steps designed to impact on the problem,"

including, he asserted, the activation of ODAP.

As it turns out, none of these dedicated witnesses . . . individuals charged with the primary responsibility for narcotics abuse and control . . . were aware of your recent decision to curtail ODAP and to disperse its functions to various Executive Branch departments. Your decision has the effect of nullifying their testimony. Apparently, neither they, nor Members of Congress, had any input in your decision to scrap ODAP.

The testimony further indicated that in March of this year you disbanded several Cabinet level narcotics committees and created in its place a Strategic Council on narcotics which has yet to meet.

Mr. President, it is regrettable that your decision to scrap ODAP further contributes to the fragmentation that exists among the more than 50 departments, agencies, bureaus, and administrations of the Executive Branch having jurisdiction over drug trafficking and drug abuse.

Several questions come to mind as a result of the nonutilization of the Strategic Council on narcotics and the gutting of ODAP: Who, within the White House is coordinating trafficking and drug abuse, and who will assist you in formulating a national narcotics strategy?

Mr. President, the problem of waging "war" on narcotic traffickers and drug abuse is a global problem. It will require the concerted efforts of all nations of the international community to remove the heroin peddlers from our cities, towns and schools and to eradicate the illicit supply of opium at its source. Your decision to scrap ODAP constitutes a setback in the Nation's efforts to achieve this objective. It erases with one stroke of the pen the dedicated efforts of narcotics experts who have appeared before the Select Committee (and other Congressional committees) to develop an effective mechanism that would coordinate this Nation's scattered narcotics policy.

The eradication of ODAP in order to fulfill a campaign promise to reduce personnel in the Executive Office of the President is a tragic irony and high price for the American people to pay, particularly for those heroin victims and law enforcement officials who already have an insurmountable difficulty in coping with this global problem.

Mr. President, I urge you to expeditiously provide and coordinate a comprehensive national drug policy, and in order to enhance our "war" on drugs, I urge you to reconsider your decision to terminate ODAP.

With best wishes.

Sincerely,

BENJAMIN A. GILMAN.

INFANT MORTALITY RATE

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. FLORIO. Mr. Speaker, I am pleased to introduce a bill which I feel will lay the groundwork for the improved delivery of maternity services in this country and which can improve, in a cost effective manner, our tragically poor record in infant mortality.

My bill, H.R. 8459 would amend the Social Security Act, title XIX, to reimburse maternity services provided by nurse-midwives. Nurse-midwives are registered nurses who have completed a special educational program and who, as part of the obstetrical team, provide care for women undergoing a normal pregnancy, labor, delivery, and postpartum course. Nurse-midwives emphasize prevention, patient education, family-centered care, good nutrition, prepared childbirth, and responsiveness to consumer input.

A unique feature of this bill is that, rather than continuing the costly tradition of fee-for-service, nurse-midwives will be reimbursed by a single rate covering the package of maternity services provided. The single rate provides a cost control incentive and follows the precedent set by most insurers for maternity services. Use of nurse-midwives, a group of mid-level practitioners, with a well defined scope of practice, can provide both cost savings to the Government and benefits to patients which should surpass traditional obstetrical services.

The future health of our Nation is determined by the current health of our mothers and babies. In 1975, 15 other industrialized countries had lower infant mortality rates than the United States. Infant mortality represents the number of children who die before they reach 1 year of age per 1,000 live births. Sweden's infant mortality rate of 8, the lowest rate worldwide, was one-half of our rate of 16 in 1975. The infant mortality rate within this country ranges from 14.2 for white babies to 24.2 for nonwhite babies whose mothers are disadvantaged by low socio-economic positions and require extensive catchup prenatal education and assistance. The District of Columbia, in the shadow of our Capitol, in 1975 had the phenomenally high rate of 29 infant deaths per 1,000 live births, almost 4 times the rate in Sweden.

Sweden's historical success in reducing infant mortality is marked by several distinguishing factors. There is a countrywide network of maternal and child health services which are free, and even in remote areas, accessible to every woman. Swedish mothers are under the supervision of trained nurse-midwives throughout pregnancy and see a physician for only three examinations. The other Western European countries which have a lower infant mortality rate than the United States also use nurse-midwives extensively in providing obstetrical services.

While there are many variables which influence the health of a newborn child, such as nutrition, housing, socio-economic status, et cetera, it has been shown that supplementary counseling, education and assistance to mothers of deprived educational and economic situations, as provided by nurse-midwives, improves the chances of the newborn child. Mothers who are at high risk for obstetrical problems by virtue of their poor socio-economic status, as are medicaid patients, do better when attended by a nurse-midwife. Several examples in our own country attest to this statement.

For example, the nurse-midwives of the Frontier Nursing Service in Leslie County, Ky., an area named by the DHEW as a manpower shortage area, has been attending home and hospital births since 1925. Their success in lowering the infant mortality rates, for the rural population they serve, has always and continues to surpass national averages. And yet, rather than reward this exemplary and cost-effective service, the nurse-midwives are denied medicaid reimbursement since they are not physicians.

A demonstration project in Madera County, Calif., is another dramatic example of the effectiveness of nurse-midwifery care. Two nurse-midwives worked in this rural area from 1960–63 during which time both prematurity and neonatal deaths decreased significantly. The Madera County demonstration program was discontinued in 1964, however, because the Council of the California Medical Association refused to expand the restrictive State law so that nurse-midwives would be permitted to practice. Within a year after the program was terminated, the prematurity rate went up from 6.6 percent to 9.8 percent and the deaths of infants under 28 days of life rose from 10.3 to 32.1 per 1,000 live births. Three more babies died for every hundred born when the midwives were no longer in practice.

Another vivid example of the effectiveness of nurse-midwifery care is provided by the University of Mississippi. Mississippi had an infant death rate of 41.5 compared to the national average of 24.2 in 1965, and a maternal mortality rate double that of the Nation as a whole. But the University of Mississippi nurse-midwifery service was able to reduce the infant mortality rate to 21.3 in the large Mississippi county—which they served—in 1968–71.

The American College of Nurse-Midwives, the professional organization which certifies nurse-midwives who have graduated from accredited programs, has 1,300 members and estimates an additional 500 uncertified nurse-midwives in this country. Within the past year, the few remaining States which outlawed midwifery practice amended their nurse practice or medical practice acts to allow the practice of professional midwifery. However, the tradition of legal restrictions and local medical resistance, coupled with the inability to receive reimbursement for services from medicaid, have discouraged opportunity for practice.

However, in the past year, many commercial insurers have recognized the quality of nurse-midwifery care for obstetrical patients and have begun to cover their services. Many health maintenance organizations have hired nurse-midwives to complement physician services and to offer an alternative in maternity care to their prepaid members. Medicaid patients, however, are virtually denied this opportunity. Again the Federal Government, rather than leading the way to quality and cost-effective care, has lagged behind.

I believe that this bill, by requiring the States to reimburse the services of qualified nurse-midwives who are part of an obstetrical team in clinics, home health agencies, and maternity centers, will develop a healthy competition in the provision of care to patients and a recognition of the nurse-midwives and physicians who work with them. We can prove that the United States is committed to quality care and to efforts to insure and protect the public health of all our citizens.

CAPTIVE NATIONS

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. KOSTMAYER. Mr. Speaker, as America enters its third century of independence we look to those in other lands who are deprived of the most basic and fundamental human freedoms.

We in the Congress join the President of the United States by speaking out on behalf of those who live in the captive nations of Eastern Europe.

The Soviet Government has for the last three decades dominated and controlled the lives of those who reside in that unhappy corner of the world. That denial of human dignity has shown itself in many ways, including the separation of families, the imposition of restrictions upon freedom of speech, travel and religion, and the exiling and imprisonment of those who still dare to speak out against oppression in their native lands.

The almost daily indignities to which the people of Poland, the Ukraine, Yugoslavia, Hungary, and the Baltic States are subjected should serve as a constant reminder to all of us that the freedom which we take for granted is still denied to millions of men and women.

This week the Congress and President Jimmy Carter speak out with one voice against these basic violations of human rights. But we must not limit our words to a single week. We must continue to raise our voices each day on behalf of those who still suffer.

Today, largely because of the new leadership of President Carter, there is a glimmer of hope for those who see only

the ugliest kind of oppression in their own governments. We must not let that hope die. For while a spark of freedom still burns, our words can help to make it a mighty flame once again.

TRIBUTE TO DR. JOSEPH JOSEPHSON

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. EDWARDS of California. Mr. Speaker, my colleague, NORMAN MINETA, and I have had the privilege to learn of the retirement of Dr. Joseph Josephson, of San Jose, Calif. This man has had an active orthopedic practice in Santa Clara Valley, and we certainly hope that he will remain as active and busy in the years to come.

"Dr. Joe" as he is known affectionately by patients, friends, and colleagues, first came to San Jose in 1932, and established the first orthopedic practice in Santa Clara Valley. For the next decade, he was the only certified practitioner of that specialty between San Francisco and Los Angeles.

A graduate of the University of California and its school of medicine, Dr. Josephson interned at Southern Pacific Hospital, San Francisco, and won a coveted surgical residency at the Shriners Hospital for Crippled Children in the same city. In addition, Shriners Hospital awarded him a traveling fellowship that involved a 6-month tour of the principal hospitals in the United States dealing with orthopedic trauma.

In addition to his 45-year private practice in San Jose, Dr. Josephson served the community in many other ways. Professionally, he was chief of staff of the medical staffs of the San Jose Hospital and Health Center and O'Connor Hospital. He served for many years on the medical staff of the Santa Clara County Hospital, now known as Santa Clara Valley Medical Center. He was the founder of the children's orthopedic unit at Santa Clara Valley Medical Center, and actively worked with the Crippled Children's Society and the Crippled Children's Service.

For many years, Dr. Josephson served as medical director of Santa Clara County's Poliomyelitis Foundation, was chairman of the Health and Welfare Commission of Santa Clara County, and was a member of the Santa Clara County American Red Cross. He was also a member of the San Jose Rotary Club, the San Jose Chamber of Commerce, and the United Way of Santa Clara County. A commander in the U.S. Navy during World War II, he served 4 years of duty in the South Pacific and at Oak Knoll Hospital. He is a diplomate of the American Board of Orthopedic Surgery and holds memberships in the AMA, the California Medical Association, the Western Orthopedic Association, and the Santa Clara County Medical Society.

I think it is not only fitting, but necessary to call attention to the endeavors and accomplishments of one individual who has so greatly served his profession, his family, and his community. Congressman MINETA and myself would like to take this opportunity to honor and laud Dr. Joseph B. Josephson, and wish him and his wife happiness and health in their retirement from public service.

COMPUTER FORMULAS AND THE DISTRIBUTION OF FEDERAL FUNDS

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. HANNAFORD. Mr. Speaker, on May 10 the House of Representatives voted to retain the dual formula for dispersion of community development funds in H.R. 6655, the Housing and Community Development Act of 1977. At that time, I offered an amendment to delete the dual formula for several reasons. One of my arguments pointed out that we must carefully scrutinize variables used in proposed formulas for the allocation of Federal funds. For instance, are the variables valid proxies for conditions which they are supposed to represent?

The conferees on H.R. 6655 have yet to decide on whether to retain the dual formula or to adopt the Senate's "impaction" formula. While 148 of my colleagues and I opposed the dual formula on May 10, my review of the proposed Senate formula compels me now to urge the conferees to stand fast for the House formula. In other words, the impaction formula is even more unfair toward the West and South than the House dual formula. The impaction formula would direct an additional $355 million of urban development action grant funds for fiscal years 1978 to 1980 to certain cities predominantly in the Northeast and Midwest. This $355 million reduction of UDAG funds, moreover, means that less money will be available for revitalization programs of cities throughout the Nation and especially to many smaller cities. This Senate formula has not been thoroughly studied by the Department of Housing and Urban Development and if adopted may result in an unwise distribution of Federal money.

In this regard, I refer to an article from the July 19 Long Beach Independent Press-Telegram which reveals that Winter Park, Fla., a city of 23,000, received a $2.65 million Federal grant after requesting $900,000 for a new library. According to the Economic Development Administration, this grant "resulted from a very logical computer formula."

Mr. Speaker, the city now finds itself in the position of having too much money and not knowing where to spend it. According to an EDA representative, the $2.65 million grant was appropriated "according to a statistical formula" and EDA does not "claim it [the formula] is accurate."

Mr. Speaker, this is only one example, but it is a good example of how a "logical computer formula" is only accurate to the extent that it uses accurate variables. I refer my colleagues to the following article:

[From the Long Beach (Calif.) Press-Telegram, July 19, 1977]

WELL-TO-DO CITY GETS EXTRA U.S. FUNDS

WINTER PARK, FLA.—This affluent community in central Florida applied for a $900,000 federal grant and got $2.65 million.

The unexpected windfall amounts to more than $100 for every man, woman and child in this city of 23,000, or more than one-half the city's annual budget of about $5 million. It also carried a condition that the money had to be spent within 28 days.

"I haven't any idea what we are going to spend it on," one official said when he heard about the grant. A city councilman suggested that a computer in Washington may have erred.

But the grant, "a panning target for spending" in Economic Development Administration jargon, resulted from a very logical computer formula.

A year ago, Winter Park applied for $900,000 to build a new library. The existing library is small, cramped and old. After some delay, the news came just over four weeks ago: Winter Park would receive $900,000 for a library, plus $1.75 million for unspecified projects.

Six other communities in Orange County, which encompasses the city of Orlando and a wide swath of central Florida, also requested funds but did not get a dime, so Winter Park's windfall stirred immediate resentment. And when the city proposed to use the funds for such items as 15 tennis courts—it already has a dozen—and extensive bicycle paths, there was an outcry among its neighbors.

"The size of someone's request on an application has nothing to do with the money that is appropriated. The money is allocated according to a formula," said Dave Davis of the Economic Development Administration in Washington.

The formula is based on a comparison between 1970 and 1976 unemployment and labor force figures. In 1970, 6.3 percent of the unemployed persons in Orange County lived in Winter Park. By 1976–1977, the city's percentage of unemployed rose to 9 percent, compared to an 8.4 percent rate in the balance of the county outside Orlando.

"This is a statistical formulation and we do not claim it is accurate," said Davis, "but it is as close as we can get."

INCREASING DEPTHS OF WELLS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. COLLINS of Texas. Mr. Speaker, Freestone County, Tex., is another example of the price responsiveness of natural gas reserves. Shallow oil and gas were orginally discovered in the county during the wildcatter era 1920–30, at depths ranging from 1,500 to 3,000 feet. Many such 50-year-old fields are signposts to deeper deposits.

In the wartime 1940's and the fuel-hungry expanding economy of the early 1950's, deeper, more expensive horizons were penetrated in the 8,500-foot range. In the mid-1950's, price controls on natural gas stifled exploration. Drilling activities declined and the United States began to draw down existing reserves, a process that was ultimately to lead to the energy crisis.

Decontrolled intrastate gas prices led to a revival of exploratory activities in Freestone County in the early 1970's. Six

new deep gas reservoirs were discovered in the county at depths of approximately 13,000 feet, and active exploration and development drilling is underway. The six fields have proved reserves of 350 billion cubic feet, with an estimated reserve potential in the area of 3 trillion cubic feet.

This historical development confirms what the latest MOPPS study postulates: decontrolled gas prices will provide substantial new gas reserves in the United States.

FEDERAL RAILROAD ADMINISTRATION CAN AND SHOULD ACT TO SAVE LIVES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. SIMON. Mr. Speaker, I have introduced H.R. 8017 in an effort to speed up the day when all train locomotives will have strobe lights. If the Federal Railroad Administration, FRA, does not act immediately to issue a regulation to require strobe lights on locomotives, I hope that Congress will act, either through my bill, or an amendment to another bill, to require strobe lights, as an inexpensive way to save hundreds of lives.

I would like to share with my colleagues, the reasons for my strong interest in requiring the installation of strobe lights on trains.

There is a great need for improving the safety of trains. There are about 12,000 train-vehicle collisions at grade crossings every year. In 1976, there were 1,126 fatalities at grade crossings, an increase of 148 over 1975 fatalities. This is an unnecessarily high number of casualties, and my bill is an attempt to prevent many of these accidents.

My interest in improving railroad safety was dramatically increased a little over a year ago, when 12 children were killed in Beckemeyer, a town in my district. Whether this tragedy would have been prevented if the train had strobe lights will never be known; we know only that there is a good chance that the strobe lights would have made the difference.

After hearing about the use of stroboscopic lights on locomotives as a safety feature, I decided to investigate the safety record of trains with such lights. When I found out that the FRA considered strobe lights to be an easy way to prevent accidents and to save lives, I wondered why the train that killed the 12 children in Beckemeyer was not equipped with strobes.

I have learned that as early as 1971, the FRA published a report that gave strong support for the installation of strobe lights on train locomotives. Since then, at least two other studies from FRA have come out in strong support of strobes. One of the studies by the Federal Railroad Administration said that strobe lights are "the simplest, most practical and, potentially, most effective, active warning system" for locomotives.

The Boston & Maine, Santa Fe, Chessie, and Union Pacific lines are among those currently using strobe lights. By the end of the year, one half of all Amtrak train locomotives will have strobes. All of these lines give enthusiastic support for strobe lights.

Not only does the FRA support the use of strobe lights, the people who are involved with the actual use of them also give their support. In an FRA interview, there was unanimous agreement that strobe lights are "definitely desirable."

Some people have raised the concern that the strobe lights might cause epileptic seizures. I have contacted three of the Nation's leading experts in the field of epilepsy. All three have stated that there is no chance that strobe lights will cause seizures if they are flashed at less than 3 flashes per second.

The concern that strobe lights will cause other problems for the people working around them is also unnecessary. An FRA report stated that—

Crews have reported no adverse effects, even when operating in fog or blowing snow.

Purchase of strobe lights, plus installation, would cost less than $500 per locomotive.

The annual expense associated with these devices, including both maintenance and amortization is estimated to be approximately $50.00. Conservative estimates of system effectiveness yield a potential benefit-cost ratio greater than 10.

Further studies might find a slightly better safety device. They might tell us how many lives can be saved by each different type of device. Nevertheless, studies take time—and results would be measured in lives lost. We know that strobe lights will save many lives, and we know that they are cost effective. Because there will be over 1,000 people killed by trains this year, we must act now. We have all of the information that we need; waiting for further studies is a luxury that we cannot afford.

GAS SUPPLIES ARE PRICE RESPONSIVE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. COLLINS of Texas. Mr. Speaker, ERDA's market oriented program planning study, MOPPS, contains three estimates of conventional U.S. natural gas supplies. Even though these estimates show widely differing price elasticities, they all reflect a supply elasticity substantially greater than zero at a price above $1.75 per MCF. This is in stark contrast to administration estimates, which claim that no additional natural gas can be developed at prices above $1.75, which just happens to be the administration's magic ceiling price.

ERDA's estimate No. 2 falls approximately midway between estimates No. 1 and No. 3. Using estimate No. 2 as a reasonably representative supply curve, the following gas availabilities emerge:

Price per dollar/Mcf	Gas reserves (tcf)	Additional reserves per $1 price increase (tcf)
$1.00	330	
		160
$2.00	490	
		100
$3.00	590	
		90
$4.00	680	

As the preceding table shows, an increase in the average domestic price of natural gas from $1 to $2 per MCF will produce an additional 160 TCF, the equivalent of 8 years' worth of U.S. gas demand. Even at $2 per MCF, natural gas would be a bargain, since that is 20 percent less than the equivalent energy price of imported crude oil.

The rate at which the additional 160 TCF will be available to the U.S. consumer depends on the intensity of exploratory efforts, and that depends on the rate at which the higher price is available to the producer. The deregulation of all new natural gas would help in providing the needed incentive for full-fledged exploration.

THE CARDENAS THESIS

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. DE LA GARZA. Mr. Speaker, recently the Ambassador of Mexico to the United States, the Honorable Hugo B. Margain, made a stirring and inspiring address on the inauguration of the Mexico-Cardenas Museum in Waxhaux, N.C., June 18, 1977.

He enunciated so completely the thesis of Gen. Lazaro Cardenas and I want to share this with you. The Cardenas thesis was later accepted by the United Nations and as Ambassador Margain said in his speech:

Its influence within the country was a definite factor in the economical progress of Mexico which benefited all Mexicans.

The address and a newspaper article follow:

ADDRESS

(By H. E. Hugo B. Margain, Ambassador of Mexico to the United States of America)

Dear friends: General Lázaro Cárdenas was born May 21, 1893 into a modest family in Jiquilpan in the State of Michoacán. Never during his life did he lose the meaning of the painful reality of Mexican society that offers sharp contrasts in education and wealth. His merits carried him to positions of the highest responsibility.

In 1913 Lázaro Cárdenas joined the Revolutionary Army and gradually reached the rank of Division General. Years later he ran for Governor of his native State and was elected to that post. He excelled because of his great sense of equity. During his military career, as Commander of various military zones in the country, he became acquainted with the practices of the petroleum companies on the sites of the oil fields that were being exploited, and he protested against the discriminatory practices established by the foreign companies in detriment of the Mexicans.

In 1933 Lázaro Cárdenas was a candidate for President of the Republic. He was elected and became the first President to preside over the post for six years, according to the Constitutional amendment. At his inauguration he declared: "Nothing can justify more eloquently the long struggle of the Mexican Revolution as the mere existence of entire regions in which the people of Mexico live far removed from all spiritual and material civilization, immersed in the most absolute forms of ignorance and poverty, subjected to inferior nourishment, vesture and housing unfit for a country such as ours that possesses sufficient resources to ensure a just civilization".

In the political order, the democratic institutions consolidated as a result of the confrontment with General Calles, who until then had been the highest leader of the Revolution. Cárdenas refused to accept General Calles' criticism of the trade unions' striking trends for the purpose of establishing more just foundations for labor agreements.

The President of the Republic could not allow the politics of his Government to be publicly criticized. He expelled one of the most prestigious and powerful leaders of the Revolution from the country in order to preserve the institutions that the movement had consecrated. Ever since that time the Presidential responsibility has been indivisible and has not been shared. The indisputable authority of the Chief Executive was confirmed and personal parties were eliminated. Once Callism had disappeared, the institutional regimes were initiated, in the historical perspective, all with terms of a duration of six years, according to the mandates of the Constitution.

In the social order President Cárdenas' regime was significant for its continual struggle in favor of the rights of the workers and the peasants. He distributed the land in "ejidos" (common public land) thus giving birth to the agrarian reform of the Constitution of 1917.

On behalf of the native races, Cárdenas used all his power to better the miserable material and spiritual conditions in which they lived.

In the First Inter American Congress on Indian Affairs in 1940, he said:

"As long as human contingents exist, who have been dispossessed of the lands of their forefathers as well as of their rights as men and citizens, and as long as they are treated as beasts of burden or machines, it cannot be said that equality and justice reign in America".

His nationalistic attitude was remarkable as it was demonstrated when, due to a labor dispute, he expropriated the foreign petroleum companies. As a result, ever since 1938, petroleum has remained in the hands of the State and its exploitation was to be carried out by Mexican laborers and technicians.

My peer group passionately lived those days at the Faculty of Law, where we were guided to struggle for the recovery of the national wealth, that must benefit, above all, the natives of the country. Cárdenas' thesis was later accepted by the United Nations and its influence within the country was a definite factor in the economical progress of Mexico which benefited all Mexicans. Internationally, it produced a more just distribution of the profits of the foreign concerns in all the countries of the world where they operated.

There is yet another advantageous impact which Cárdenas executed in our historical process. Each new Administration would attempt to emulate the regime of President Cárdenas; to recover the activities granted to foreign companies. Thus, later Cárdenas' thesis was again applied with the Mexicanization of the electrical power plants.

Ever since the far-reaching regime of Cárdenas, all Mexican peasants, workers, intellectuals and professionals have experienced a definite guidance towards social justice according to the ordinances of the Constitution of 1917, the recovery of natural wealth and the constant affirmation of those essences that shape the Mexicans. This has allowed us to survive past and tremendous crises that are the basis for the future projection of our vigorous national being.

Ladies and gentlemen, on behalf of President López Portillo, I am delighted to proclaim the inauguration of the Cárdenas Museum, thanks to the author, Mr. William C. Townsend, who has written numerous works on the character of General Lázaro Cárdenas.

President López Portillo has asked me to extend his gratitude to William C. Townsend for his work of extraordinary dimensions which projects the personality, rich in facets, of one of our greatest heroes in the history of contemporary México. Townsend knew and lived very close to the outstanding achievements of Cárdenism. In a gesture of loyalty to the man he admired, not only has he written about his heroic feats but he has been the soul of this extraordinary Museum in the International Center of the Summer Institute of Linguistics in Waxhaux, North Carolina, that today the 18th of June of 1977, in the presence of Mrs. Amalie Solórzano de Cárdenas, Under Secretary Cuauhtémoc Cárdenas and Mrs. Cárdenas and their sons Lázaro and Cuauhtémoc, I have the honor to inaugurate.

[From the Journal of Commerce, June 8, 1977]

NEW ADMINISTRATIONS OF UNITED STATES, MEXICO JOIN FORCES TO RESOLVE PROBLEMS

(By Hugo B. Margain, Ambassador of Mexico)

The 32nd Annual Mississippi Valley World Trade Conference, held in honor of our country, and which begins tonight in New Orleans, has a very special significance when we consider the circumstanes in which it is held.

Mexico and the United States are two neighbors who share a common 1,942-mile border and who for many decades have maintained a peaceful relationship that enables them to develop their respective countries for the benefit of their people.

We have on our borders the Presa de la Amistad (Friendship Dam) known by its Spanish name in the United States to symbolize many other joint operations that are undertaken in a remarkable fashion, that clearly show that people from different countries, however diverse their historical roots may be, can live in harmony.

The Presa de la Amistad.

* * * * *

This dam controls the waterflow from the Rio Grande (which constitutes a portion of our mutual borders), prevents floods that have plagued the region in the past and utilizes the water for agricultural purposes.

We share the waters controlled by the Presa de la Amistad between the two countries, and a joint commission oversees the execution of the existing treaties. The joint Mexican-American Commission in charge of this task has never had any serious misunderstanding, and the level of mutual trust reached by this international commission, I strongly emphasize, is an excellent example of harmony between two great countries.

The conference in honor of Mexico is the first one that takes place during President Lopez Portillo's administration, who was inaugurated on December the first of last year. It is also coincidentally the first conference held since President Carter took office on January the 20th of this year. The new administrations in our countries have begun their tasks and have placed special emphasis on solving the numerous and different problems of a bilateral nature that we share.

PROBLEMS DISCUSSED

With that in mind, President Carter's administration invited President Lopez Portillo to pay a State Visit, a few weeks after he took office. On February 13 of this year, President Lopez Portillo arrived on an official visit to the historical city of Williamsburg, from which on the following Monday he was flown by helicopter to the gardens adjacent to the White House for the start of the official ceremonies.

On two different occasions Presidents Lopez Portillo and Carter had ample talks regarding common problems, and throughout the talks, as it was faithfully reported, there prevailed an atmosphere of cordiality and mutual understanding. The proper mechanism to study the solving of all our current problems and the feedback of ideas was established to strengthen even more the ties of friendship and mutual respect that will undoubtedly benefit our two countries.

Mexico, as have many other countries in today's world, due to the workings of international forces, has suffered recently a very serious economic crisis which has caused the devaluation of the peso. The measures taken by President Lopez Portillo's administration are beginning to show their effectiveness, as progress is starting to speed up for the benefit of all Mexicans, specially for those belonging to the needy social classes that unfortunately are very large, particularly in the rural areas of my country.

IMPROVED TRADE SOUGHT

One of the subjects of utmost relevance discussed during the presidential meetings was the problem dealing with the improvement of our commercial trade. In 1974, I use it as an example, the deficit in our commercial balance between Mexico and the United States reached the figure of $2 billion in round figures. The Mexican theory has been that this deficit would shrink considerably if we could find more favorable conditions for the placement of our raw materials and semi-manufactured and manufactured products that we are willing to sell but that are hindered many times by obstacles for their entry into the United States Market.

President Lopez Portillo also expressed that, although it is true that Mexico is suffering from a temporary economic crisis, it has an advantage, not common to other countries, which is its natural resources that are only waiting for rational utilization in direct benefit of the Mexican people and obviously for the international community through a more active role for Mexican products in the foreign markets.

In all truth, Mexico has at its disposal huge natural resources. Its current government has set two fundamental goals with a top priority rating: to develop our food production, that is to say, to provide enough nourishment to our population and to develop a wise policy in energetics that are becoming increasingly scarcer throughout the world.

TO EXPAND FARM OUTPUT

To achieve the first goal, Mexico has its traditional land and cattle wealth. We must remember that Mexico was primarily an agricultural country and we have, above all, the dedication of the Mexican peasant, a man that knows how to farm the land, as well as how to love it. We must furnish that peasant with an education and the modern means for the highest productivity possible.

Mexico must place special emphasis on this task: it has provided sustenance for its people, but the growing size of the Mexican population is a source of increasing worry for the government. Therefore, we must make a special effort to increase our farm

productivity so that we may provide nourishment to our people.

Paramount to this goal is the production of fertilizers which Mexico is fortunate enough to possess unlike many other countries. Enormous deposits of phosphoric rock were discovered only recently in Baja California. This phosphoric rock, along with sulfur and ammonia will provide us with enough fertilizers to cover our needs and will enable us to export the remainder.

OIL PRODUCTION CLIMBS

In regard to energetics, Mexico is a very uncommon example in these times of worldwide crisis. In the year of 1974, in the midst of the oil crisis, Mexico ceased to be a net oil importer, which forced us to take 60,000 barrels of crude oil a day from Venezuela, and became a current net exporter which permitted us to send abroad 170,000 barrels a day of crude oil and liquid gas. Only three years ago, Mexico produced ½ million barrels a day in round figures. Today, thanks to the discoveries and exploitation of the deposits in Chiapas and Tabasco, Mexico produces more than a million barrels a day.

The new refinery in Tula has begun production with a capacity of 150,000 barrels a day. We have under construction the refineries of la Cangrejera, near the petroleum complex; Pajaritos, in the State of Veracruz, the refinery of Cadereyta, in the State of Nuevo Leon, and the one in Salina Cruz, on the shores of the Pacific, in the State of Oaxaca. This will enable us to send the foreign markets processed products with a direct benefit to our Gross National Product.

With those refineries, Mexico will double its capacity to refine oil.

In regard to the petrochemical industry, we must remember that Mexico has a varied industry in this field and that during the current government we are determined to increase on a three fold basis.

POPULATION DIPS

To face the problem of our increasing population, with one of the highest rates in the world, the measures taken by the previous administration are already showing positive results in the urban areas of our country; from a high yearly rate of 3.6 per cent we have descended currently to 3.2 per cent per year. The goal set by this administration is to lower this figure to a 2.2 per cent rate per year.

The decrease in the growth of our population will enable us to furnish all Mexicans with a higher standard of living, chiefly in the areas of education and the essentials of life. During the presidential conversations, the problem of the illegal Mexican immigration to the United States was discussed extensively.

President Lopez Portillo, in his comments about this problem, very rightly expressed that in Mexico we are capable of providing employment for our people upon the development of the economic sectors that are still awaiting human intervention before they can bear fruit; it is certain that those Mexicans would rather stay near their land and families instead of coming illegally to seek work in this highly developed country. The goal is clear, if through economic progress we can provide employment for the Mexicans, the exodus will end.

CONFIDENCE EXPRESSED

Those are arms we need for our country so that we may increase every day the country's per capita income and, as time passes, to bring into equilibrium the economy of these two great countries, instead of the disparity that now exists.

As it was done during the rekindling of the sacred fire on top of Estrella hill during our pre-columbian era, Mexico's new administration is renewing hope. We are confident about Mexico's progress within our democratic institutions; and about achieving the crucial goal of furnishing equal opportunities for all Mexicans, together with a higher standard of living in its material and cultural aspects.

And in regard to this country, the rule of the new Mexican administration is exemplified in President Lopez Portillo's thought contained in his inaugural speech: that we are not willing to ask from another country what we are not willing to give.

STATEMENT ON 19TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. HORTON. Mr. Speaker, I am indeed fortunate to represent a congressional district that is truly a melting pot of citizens of many races, religions, and nationalities.

Captive Nations Week and the support for human rights and self-determination which it symbolizes has always had a deep personal meaning for thousands of families in the 34th Congressional District. Tens of thousands of my constituents are either immigrants themselves or descendants of immigrants from the captive or absorbed nations of Czechoslovakia, Estonia, East Germany, Hungary, Latvia, Lithuania, Poland, Romania, the Ukraine, Yugoslavia, and Byelorussia. These people are well aware that their relatives and countrymen do not enjoy anything like the freedom and human rights that we in America take so much for granted.

Each year by Presidential proclamation a week in July has been set aside to keep the plight of these tens of millions of captive peoples in the forefront of the American public's consciousness. I would like to share with my colleagues at this time a portion of my message on Captive Nations Week at a gathering in the city council chambers, city hall, Rochester, N.Y., which was held on Wednesday, July 20, 1977.

The statement follows:

A new spirit has caught fire in our land. With the help of the Bicentennial celebrations which reminded each and every American how precious our freedoms and human rights are and how difficult they have been to retain and defend over the last 200 years, our people are more aware today than at any time in the past decade of the oppression and deprivation of human rights which takes place behind the Iron Curtain.

Those who study and try to interpret the behavior of the Soviet political mind are convinced that Brezhnev felt he could achieve the benefits of detente with the United States without sacrificing either difficulties for the USSR's oppressive internal policies or the chance for military superiority over the United States.

The strong international reaction to the Helsinki Agreement, the continued and relentless pressure by world public opinion for human rights for Soviet dissidents, for Soviet Jews and other minorities, for the Hungarian minorities in Romania and for the continued assertion of independence for the Baltic countries has forced Mr. Brezhnev and his colleagues to deal with a degree of world scrutiny of Soviet internal affairs which he had not anticipated.

Last year I had the privilege of serving as National Chairman of the Committee to Commemorate the 20th Anniversary of the 1956 Hungarian Revolution against Communist oppression. From the experience of that chairmanship, I noted two things most of all. First, that there is still deep suspicion and distrust of Communist regimes and Communist pronouncements among people of this country. Secondly, that the American media is in large measure reluctant to accept or discuss captive nations' concerns. While our efforts to bring home to the American people last year the lessons of the 1956 uprising in the City of Budapest were by and large successful, there was still a feeling on the part of many media representatives and some officials that dwelling too much on the 1956 Revolution would risk rocking the boat and setting back what is viewed as progress under the current Hungarian Communist regime.

The continuing purpose of Captive Nations Week and of gatherings like yours today must be to underscore and underscore and underscore the fact that a tremendous portion of the world's people are living in societies where human rights are looked upon as gifts to be handed down and taken back at will by oppressive rulers whose one party system of government guarantees their continued power to oppress.

I urge each and every one of you therefore not to shy away from telling your friends, neighbors and associates, even those who are skeptical and don't want to rock the boat, just how it really is for people living in the absorbed nations of the Soviet Union and the captive nations of Eastern Europe.

Mr. Speaker, the gathering in Rochester, N.Y., at which my message was presented was one in a long series of annual gatherings in my home community to mark Captive Nations Week. The people of Rochester are indebted to my good friend William Andrushin, who chairs the Rochester Captive Nations Committee, and to Louis Lote, publisher of the Carpathian Observer, who delivered a most eloquent address at this year's Captive Nations Week gathering.

THE WILLIAM HOWARD TAFT NATIONAL HISTORIC SITE

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. GRADISON. Mr. Speaker, William Howard Taft was born September 15, 1857, in a two-story brick house in Cincinnati, Ohio. For 25 years, this was his home. Here, he associated with friends of his father, Alphonso Taft, who served as Secretary of War and Attorney General during the Grant administration. It was in this environment that the character and philosophy of this dedicated public servant were formed.

Educated at Yale and Cincinnati Law Schools, Taft practiced law briefly before entering public life. He held a variety of Federal posts from 1890 to 1913, the last of which was the Presidency. He was appointed Chief Justice of the

United States in 1921 and served in that capacity until a few weeks before his death on March 8, 1930. In this respect, Taft is uniquely distinguished; he is the only man in history to have served the United States both as the Chief Executive and as the Chief Justice.

Because of the historic significance of the Taft home, the Advisory Board on National Parks, Historic Sites, Buildings, and Monuments found it eligible for registered landmark status in 1963. Then, in 1969, the Congress of the United States graciously established the William Howard Taft National Historic Site at Taft's boyhood home on Auburn Avenue, in Cincinnati.

Under the creative guidance of the William Howard Taft Memorial Association, this national historic site has given visitors an understanding of the environment in which young Taft was raised. In order to continue to accomplish this objective, I have today introduced legislation which would authorize an increase in the development ceiling for the Taft Historic Site to complete restoration of the house and its immediate grounds. These funds will be used to further restore the Taft home and develop a visitor contact center.

In addition, I have proposed that the National Park Service be permitted to acquire lands by donation to provide the space required for complete restoration of the site and for additional parking facilities. The Hamilton County Commissioners and the Mount Auburn Good Housing Foundation have been very generous by offering to donate property which will hopefully become part of the William Howard Taft National Historic Site.

It is my hope that this bill will enable necessary improvements to be made, so that this national historic site can properly honor the great American, William Howard Taft.

The text of the bill follows:

H.R. —

A bill to increase the authorization of appropriations for the development of the William Howard Taft National Historic Site, Ohio, to change the boundaries of such site, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled, "An Act to provide for the establishment of the William Howard Taft National Historic Site," approved December 2, 1969 (83 Stat. 273) is amended as follows:

(1) Section 1 of the Act is amended by substituting for the phrase "TAHO 20009, dated August 1969" the words "448–40,021, dated January 1977" changing the boundary of the William Howard Taft National Historic Site, and

(2) Section 3 is amended by changing "$318,000" to "3,112,000."

BLACK LUNG LEGISLATION

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. SIMON. Mr. Speaker, my colleague, Mr. SARASIN, has asked Members to read a report by the National Academy of Sciences on the subject of coal workers' pneumoconiosis before voting on current black lung legislation.

My colleagues should be aware, if they take the time to read that report, that it has been thoroughly repudiated by many of those in this country with the longest and most intimate knowledge of this occupational disease.

The following letters indicate some of the more serious errors and inconsistencies that make that report totally unreliable as a basis for any judgment about the need for black lung legislation:

[From United Mine Workers of America, Charleston, W. Va., May 28, 1976]

NOTES ON THE NATIONAL ACADEMY OF SCIENCES "SUPPLEMENTAL REPORT: COAL WORKERS' PNEUMOCONIOSIS—MEDICAL CONSIDERATIONS, SOME SOCIAL IMPLICATIONS"

INTRODUCTION

For nearly three years I have been a staff attorney for the International UMWA assigned to work on litigation and legislation relating to occupational pneumoconoisis. For nearly two years before that I represented numerous low income miners on black lung claims in Boone County, one of West Virginia's major coal-producing counties.

Because of this experience I looked forward with interest to reading the Report of the National Academy of Sciences on coal workers' pneumoconiosis. However, instead of a broad examination and synthesis of a profoundly complex set of medical and social problems, I found it to be an incredibly narrow and one-sided document, and I feel compelled to comment on some of the most objectionable and erroneous aspects of the report.

WHOSE OPINIONS?

At the outset I must point out the misleading comment on page two that representatives of government, labor, and industry were invited to participate. (See also comments on page 29). At all relevant times I was the UMWA staff attorney responsible for black lung concerns. Furthermore, my job included maintaining liaison with Black Lung Associations throughout the country and with lawyers and lay representatives of claimants for black lung benefits throughout the country. I never knew of the National Academy meetings, nor was there knowledge of these meetings in the network of claimants' representatives throughout the country.[1] The panels included no claimants' attorneys. Even more striking, they included no disabled miners, no working miners, and no widows. In contrast, industry was included in the form of its own representatives and by academics with close ties to industry.[2] And various branches of the government were fully represented.

The content of the report strongly reflects these biases.

The report purports to "review and summarize the current medical and scientific information on respiratory disease associated with coal mining." In fact the report uncritically accepts a set of orthodoxies presented to the Academy by Dr. W. K. C. Morgan, and ignores the broad literature, both in this country and abroad, which casts doubt upon, reanalyzes, or disproves various propositions of the Morgan "school."

FAULTY ANALYSIS

The conclusions of the report are based upon an interlocking set of illogical assumptions:

1. In the report CWP is defined in practice as a disease which produces certain markings on an x-ray film. It is acknowledged to be occupationally caused. Black Lung Disease is defined as any chronic respiratory disease experienced by coal miners. This duality fails to leave conceptual room for the fact that coal miners suffer from other occupationally-caused lung diseases besides CWP (as CWP is narrowly defined in the report).

Thus, any survey of the extent of disease and disability caused by CWP is inherently an underestimate of the problems of occupationally-caused lung disease in coal miners. The fact that a miner does not suffer from CWP (i.e. exhibit the markings characteristic of CWP on an x-ray) in no way proves or even suggests that he does not suffer from occupationally-caused lung disease. All it proves is that, whatever occupationally-caused lung disease he may have, does not show up on x-ray.

2. The report implies, (pp 6–7), that adequate standardization of x-ray techniques will make the x-ray a more perfect indicator of CWP. In fact, perfection of x-ray techniques can only improve x-ray detection of those cases of CWP which can be revealed by x-ray. The report simply ignores the literature and unpublished pathological work which reveal a substantial discrepancy between what shows up on an x-ray and what shows up on autopsy. Thus the report inherently underestimates the prevalence of pneumoconiosis by measuring only CWP which is revealed by x-ray.

3. The conclusions on p. 7 of the report are based on studies which suffer from the logical flaw described above. The studies cited do not prove that simple pneumoconiosis does not cause substantial functional impairment. They simply show early changes detectable by x-ray do not correlate well with functional impairment. The statement that simple pneumoconiosis does not impair life expectancy is based upon similarly flawed logic and ignores widely accepted studies demonstrating reduced life expectancy and a higher than expected rate of deaths related to respiratory disease among coal miners. The prevalence studies (pp 8–13) are similarly inconclusive because at best[3] they measure only the extent of pneumoconiosis which is measured by x-ray; they do not measure the prevalence of occupationally caused lung disease among coal miners.

An example of the errors caused by this faulty reasoning is found at the top of p. 14. The work of Naeye is dismissed with the statement that "the relation between coal mine dust and these pathological states is tenuous." This comment is misleading for two reasons:

1. Naeye does not purport to claim that all occupationally caused lung disease in coal miners is caused by coal dust. The central insight of Naeye's studies is that coal mine work exposes miners to a broad range of substances, including but not limited to coal dust, which are harmful to the lungs.

2. The relation between coal mine dust and pathological states is tenuous, not because it does not exist but because it has not been adequately explored. Despite the pethora of studies based upon x-ray which have come out of the ALFORD laboratories, and despite the existence of the National Autopsy Study, only one study has ever been published based on ALFORD's pathology work. (Interestingly,

[1] Dr. Lorin Kerr, who works in the UMWA's Washington, D.C. offices, was included in the program. However, I'm sure Dr. Kerr would be the first to acknowledge that he represents primarily a medical-professional perspective, and his presence was neither a substitute for miners or for miners' legal representatives.

[2] For instance, Dr. W. K. C. Morgan regularly testifies on behalf of major coal companies on occupational pneumoconiosis claims before the Pennsylvania Industrial Commission.

[3] Assuming proper X-ray technique.

this study suggests a higher likelihood of certain forms of cancer among miners. Cf para. 1, p. 8 of the Report).

MISINFORMATION ABOUT DUST PROGRAM

The comments on pp. 15, and 17–20, regarding MESA's claim of a 94% compliance rate in underground sections has now been totally discredited by the December 1975 GAO report on the dust sampling program. However, the report's unquestioning acceptance of the MESA figures, despite the universal claims of coal mine workers that the dust levels were not being complied with, is an example of the Academy's lack of perspective due to its failure to consult any coal miners.

MISUNDERSTANDING OF THE LAW

The report's comments on the Act represent, at best, a misunderstanding of the legal and practical aspects of the law, at worst a serious distortion of the intent and effect of the law.

On p. 16 the report errs in claiming that the purpose of the Act was to compensate only those miners who suffer from the narrowly defined CWP which is defined in the report. On the contrary, the Act clearly indicates a broader definition: In Section 402 (b) compensable pneumoconiosis is defined as "a chronic dust disease of the lung arising out of employment in a coal mine." Obviously, words have any meaning one chooses to give them. It is obvious from the Act's definition that Congress wanted to provide benefits to miners who were disabled by lung disease due to exposure to dust on the job, and they chose to label the complex of such dust diseases "pneumoconiosis". The fact that certain doctors may choose to define CWP in a narrower way in no way derogates the Congressional intention to compensate a broader range of occupationally-related lung diseases.

The discussion of the 1972 amendments on p. 17 and p. 21 reveals a complete lack of familiarity with legal and administrative facets of the Act. In the first place, inclusion of miners with chronic respiratory disease is not "automatic"; rather it is in the form of a "rebuttable presumption." "Rebuttable presumption" is a legal term describing the burden of proof and does not accurately translate into the term "assumption", as the report misleadingly does on p. 2. In effect, the presumption contained in Section 411 (c)(4) of the Act says that any chronic disabling respiratory disease will be presumed to be caused by pneumoconiosis until the government or the coal operator presents proof that the respiratory disease was caused by something else. The alternative to this would be placing the burden of proving that coal dust was the cause of the disease upon the coal miner. Congress decided that, taking into consideration the difficulties for an individual miner in establishing casualty, it was fairer to write the presumption in favor of the miner.

In the second place, the presumption in Section 411(c)(4) is hedged with qualifications. Contrary to the suggestion of the report on p. 17, surface workers are covered only if they demonstrate to the government that they worked under dust conditions equivalent to dust conditions in an underground mine. The presumption applies only to miners who worked 15 years in the mines. On new claims the presumption benefits only miners who worked 15 years before 1971. Thus the law presently reflects the "third policy alternative" described on p. 22. It does inadequately, however, because the GAO report demonstrates that we have no basis for believing that federally mandated dust levels have yet been achieved.

CONCLUSION

I have pondered quite a long time the meaning of the last sentence of the report, which says:

"Unless these anomalies are corrected the costs could become disruptive."

Disruptive to whom? of what? Surely not coalminers and their families. Their lives are disrupted by disease and by the psychological, social, and economic privation it causes. Their lives are disrupted by their inability to qualify for benefits when they need them—a problem not at all addressed by the report. But they are not disrupted by the costs of the program. Will the American public be disrupted? No. At most they would have to pay slightly higher fuel costs. But other federally supported studies demonstrate that the skyrocketing costs of fuel are not closely related to increased costs of production. Will the government be disrupted? The costs of the program have probably already peaked, and while this is assuredly a time of disruption in our national government, I have not heard any commentator on the national political scene blame this on the black lung program. Thus I can only conclude that the representatives of industry feel they will be disrupted by the costs. If the National Academy has issued this report to protect the interests of industry, they should say so explicitly.

GAIL FALK,
Staff Attorney.

Postscript: These comments are not documented by references to the studies, articles, and cases to which they refer. If anyone thinks these comments would be more valuable with footnotes, I'll be glad to provide them.

UNITED MINE WORKERS OF AMERICA,
Washington, D.C., April 13, 1976.

BRIAN J. SKINNER, Ph. D.,
Chairman, Committee on Mineral Resources and the Environment, National Research Council, National Academy of Sciences, Washington, D.C.

DEAR DOCTOR SKINNER: The United Mine Workers of America is pleased to note the interest of the National Research Council in black lung manifest in the National Academy of Sciences recent publication of the Supplementary Report of the Committee on Mineral Resources and the Environment (COMRATE) entitled Coal Workers' Pneumoconiosis—Medical Considerations, Some Social Implications. However, we must take exception to some items contained in the Report.

Noteworthy is the opening "Notice" of the Report which states that the members of COMRATE "responsible for the report were chosen for their special competences and with regard for appropriate balance." Of the fifteen members of the Committee ten appear to have full-time appointments at universities only one of which is located in a coal mining state. Five of the appointments are to departments of geology, two to economics, one each to public policy and environmental health and lastly a chancellor. Four additional members have obvious strong management orientation and the fifteenth member is attached to the U.S. Geological Survey. Unfortunately the absence of a listing of the COMRATE members responsible for the Report makes it necessary for this brief focus on the entire Committee membership.

With due respect for the prerogative of the Academy to appoint its own Committee members, it is exceedingly difficult for us to give credence to the opening Notice that COMRATE has either "special competences" or "appropriate balance" to issue a Report on some social implications of the medical considerations of coal workers' pneumoconiosis. In addition to the lack of committee representation from the nation's 23 coal mining states noted above there is also an absence of members knowledgeable in occupational health and in particular coal workers' pneumoconiosis. Moreover, there is no apparent competency in labor relations, social sciences and the working conditions of coal miners.

The composition of the Panel on Coal Workers' Pneumoconiosis is equally culpable. Of the six members there are only two knowledgeable in varying degrees about coal workers' pneumoconiosis and there is an absence of "regard for appropriate balance" of their contentious opinions. The absence on the Panel of the additional discipline representation noted above in COMRATE accounts in large measure for the limitations of the Report.

Initially we were hopeful this eventually would be avoided. We shared your concern about the medical aspects of coal workers' pneumoconiosis presented at the Panel's first workshop on January 31, 1975. In our opinion that material had been elaborately and dispassionately elucidated in voluminous Congressional hearings, two texts and three conferences specifically conducted to clarify the issues and technical problems associated with coal workers' pneumoconiosis. In my presentation at the Panel's workshop on March 1, 1975 I carefully specified these items including the conferences and reports. None of these publications appear in the reference listed in the Academy Report. In fact the only Conference Report listed is the single Conference in which the Medical Director of the British National Coal Board refused to participate following his arrival at the meeting. I also noted that in the few years which had elapsed since the publication of this information there had been no major technical developments contradicting these earlier contributions. However, as I stated, there were still differences of opinion concerning certain technical procedures and their interpretation which needed clarification. Today, one year later, that statement is still valid.

In an effort to assist the Academy's expressed desire to publish a balanced Report I met with a member of the Panel on my own initiative following receipt of an early draft of the Report. Considerable time was devoted to a careful and detailed review of the draft. Unfortunately, the final Report belies these efforts and reflects those solely concerned with a strict interpretation of medical terms and causal relationships. Today this is far more difficult than prevailed when medicine's major and oft times sole concern was the communicable diseases.

To refer to black lung as "Black Lung Disease (BLD) a legal entity" is inaccurate. The term "black lung" may be an anathema to some but it is now a well-known household term almost as widely recognized as the "common cold." It is also being given the Madison Avenue treatment by drug and medical supply companies. Congress gave the term legislative status with the entitlement of Title IV of the Federal Coal Mine Health and Safety Act of 1969 (P.L. 91–173) as "Black Lung Benefits." However, as you know, the only disease entity specified in that Act was coal workers' pneumoconiosis which was defined in Title IV as "pneumoconiosis means a chronic dust disease of the lung arising out of employment in an underground coal mine." P.L. 92–303 amends only Title IV of the 1969 Act and is thus entitled Black Lung Benefits Act of 1972. The term "black lung" apears only in the title of P.L. 92–303—throughout the text "pneumoconiosis" is the entity specified.

Congress amended the 1969 Act because of the large number of disabled miners unable to comply with the 1969 regulations. The problem is best stated in a Senate Report (No. 92–743) which reads as follows:

"Although Title IV of the 1969 Act is couched in terms of pneumoconiosis, it has become glaringly apparent that the Act is not benefiting many of the nation's disabled coal miners who Congress intended to

benefit. Testimony had indicated that miners with disabling breathing impairments who cannot be diagnosed medically as suffering from pneumoconiosis, because of the state of the art, are being denied benefits though they are severely and often times more severely impaired than miners whose claims have been granted.

"The reasons for these denials are many. The great majority of denials are attributed to the inability of the miner to present x-ray evidence of the disease. Some have been denied because the simple breathing test, which measures only ventilitory capacity, may not adequately detect disabling respiratory or pulmonary impairment. Some have been denied because of the failure to recognize the special problems encountered by disabled miners in obtaining gainful employment outside of coal mining in Appalachia."

Among other things the 1972 Act as reported by the same Senate Report does:

"Relax the often insurmountable burden of proving eligibility by prohibiting a denial of claims based solely on a negative chest roentgenogram and by presuming that miners with 15 years experience who are disabled by a respiratory or pulmonary impairment are disabled by pneumoconiosis;

"Alter the definition of total disability to permit claims based upon an inability to work at a mining job in which the miner was gainfully and regularly employed over a substantial period of time;

"Provide that additional tests, medical and lay evidence be utilized, where relevant, to establish eligibility for benefits."

These changes enabled payment of benefits for dust-induced bronchitis and emphysema in addition to coal workers' pneumoconiosis. Black lung is a generic term including all of these conditions or it may even be restricted to just one. Obviously it is not a legal entity. Moreover, it is biased and vexatious to state that "In many instances the "blackness" is indistinguishable from that present in the lungs of elderly inhabitants of industrial cities like Pittsburgh or New York." I am aware of only two studies reported in the 1930s which attempted such a non-comparable assessment. Their current value is solely historical.

It should be noted that had the Social Security Administration acted in accordance with the Congressional intent mandated in the 1972 amendments the Academy Report would be moot. Congressional intent was blocked by the inability of the Social Security Administration to respond largely because of the highly technical proscriptions imposed on the regulations by those convinced of the immutability of medical technology. Unfortunately they overlooked the close relationship of medicine to social problems which more than 125 years ago Virchow formulated in the somewhat rhetorical but striking slogan: "Medicine is a social science, and politics nothing but medicine on a grand scale."

Medical evidence presented during the 1969 hearings on the Federal coal mine legislation convinced Congress of the need to stipulate a number of measures designed to prevent the development of new cases of coal workers' pneumoconiosis and the progression of existing disease. The former they sought to implement by combining reduction of respirable dust in the mines with periodic chest x-rays of the working miners. The latter is additionally implemented by providing miners the option to transfer to less dusty areas of the mine when the working miner x-ray is diagnosed as simple pneumoconiosis category 2 or 3 or complicated pneumoconiosis. Contrary to the Academy Report this provision was based on studies indicating both categories 2 and 3 may progress and eventually become complicated in the absence of dust exposure. In compliance with the Congressional mandate, regulations also provide the same transfer option to those miners diagnosed as simple pneumoconiosis category 1 in less than ten years.

Following completion of the second round of working miner chest x-ray examinations a total of 1,093 miners have been notified they are category 1 in less than ten years; 3,200 category 2; 315 category 3 and 1,207 complicated. Of those less than 10 years approximately 250 were diagnosed as having coal workers' pneumoconiosis in less than 5 years. It is presumptuous for the Academy to maintain that for these 250 men "—it is unlikely that coal mine dust is the cause." Regardless of the etiology of the dust opacities these 250 minutes do have sufficient disease to warrant their protection by removal to a less dusty area of the mine. I am certain the Academy would not condone the interpretation of this Report in a manner supporting any delay or refusal to notify all miners with category 1 in less than 10 years of their legal right to request MESA to direct the employing operator to transfer those exercising their option. I am equally certain the Academy would agree to the need for strict compliance with regulations and procedures established to maintain the confidentiality of all related reports. Past violations have sensitized us to the need for extra caution and vigilance in this matter.

The Report maintains progressive massive fibrosis (PMF) decreases longevity whereas neither simple pneumoconiosis nor years underground has such an effect. Validation of this statement is not apparent in the Report. In fact it is questionable that sufficient information is available in the U.S. to reach such a conclusion. Unsupported, this position on longevity combined with the allegation of little or no respiratory disability among miners afflicted with simple pneumoconiosis supports those who maintain that only PMF is disabling and life-threatening. In other words a little bit of disease is not dangerous. This position is reminiscent of the refusal 20 years ago of the Journal of the AMA to publish my article on CWP because it reported British observations of pulmonary disability in some miners with simple pneumoconiosis.

The United Mine Workers of America welcomes the charge in the Report that we question "—the validity of the measurements of dust level." In my statement presented at the March 7, 1975 meeting of the Panel, I challenged the veracity of the reported statement that about 94 percent of the operating sections had achieved 2 mg. or less of respirable dust. I stated that President Miller on January 24, 1974 requested Senator Harrison Williams to ask for a GAO investigation of the dust reports. I also indicated on March 7, 1975 that the GAO Report was to be released "in the near future." On December 31, 1975 the GAO did release its report which did confirm our suspicions. It is unfortunate the Panel was unwilling to heed our word of warning. Instead the Committee Report supports the invalid 94 percent to the additional disadvantage of the Academy.

A further correction on this point is necessary. I have at no time criticized the National Study of Coal Workers' Pneumoconiosis jointly sponsored by NIOSH and MESA by questioning the validity of the dust reports. The two programs are separate entities. In fact we have been little concerned about the dust control program as it may relate to the National Study. The present levels of dust have no bearing on the prevalence and extent of CWP which is being detected by the chest x-ray program of the National Study. The dust opacities in these x-rays are the living record of long years of unnecessary exposure to excessively high levels of coal mine dust. The correlation of current dust reports with these films is essential, however, for assessing the effectiveness of the Congressionally mandated dust suppression program.

A final error concerning the National Study wherein the Report as noted above states that I (by reference) have criticized the study by "—questioning—the objectivity of the medical assessments." There is nothing in my March 7, 1975 presentation nor in any of my other writings to substantiate this statement. Moreover, no such criticism of the National Study can be gleaned from any statement by a UMWA official. We have unequivocally supported the National Study and joined with others seeking to improve the quality and interpretation of the chest x-rays. In fact we have been a long-time proponent of regulations charging NIOSH with complete authority and responsibility for taking all the chest x-rays of working miners. Despite this overt support of the National Study I have on occasion voiced a concern about those physicians who interpreted the National Study x-rays in such a manner that the results of the first round markedly differed with the second round. Contrary to the Academy Report 30 percent of the miners in the first round were found to have CWP and 13 percent in the second round. This differential cannot be totally attributed as occurs in the Report to the departure from the industry of those men found to have CWP. Not that many have departed.

Objection to a portion of the black lung chapter was covered earlier. Regardless of the citation of two investigator's opinions that CWP is a composite of several disorders the preponderance of investigative opinion seems to be quite the opposite. Moreover, the relationship of coal mine dust to cor pulmonale is not "tenuous"—it is reported to be the usual cause of death of those afflicted with CWP.

As noted earlier, Congress in 1972 authorized black lung benefits for dust induced bronchitis and emphysema. Although the Academy Report attempts to deny this, the 1972 Congressional hearings contained evidence sufficient to convince Congress. They stated, the "state of the art" (of medicine) is such that the disabled miner must be given the benefit of any doubt that his disability is not dust induced. Any questioning of this rebuttable presumption was removed from his shoulders and made the responsibility of those questioning the decision. Following transfer of the black lung benefit program from Social Security to the Department of Labor on July 1, 1973 the coal mine operators lost little time in trying to rebut this presumption. In fact they are now contesting 97 percent of all cases approved for payment by Labor. It is interesting to note the operators are being supported in their federal and state disputations by the strong medical exponent of the "cigarette menace."

Briefly the Report does confirm Congressional assessment of the "state of the art." In the presence of a single insult the cause and determination of pulmonary disability can be safely attributed to that agent. With two insults it is impossible to accurately assess the damage caused by either. Among coal miners it must be recognized that approximately 25 percent are non-smokers and some of them do develop pulmonary disability—an "industrial bronchitis." Conjecture was voiced at the December 10, 1971 meeting of the Coal Mine Health Research Advisory Committee by Dr. W. K. C. Morgan that "If bronchitis exists it is likely to be produced by larger (5–10 microns) particles (of coal mine dust) in the larger airways." This theory seems to have given way to the more popular one of cigarette smoking.

Allegations that miners smoke slightly less than the average population but such smoking as they do occurs in a shorter time than non-miners because miners do not smoke underground, is a tedious endeavor to incriminate cigarette smoking. Much the same can be said of statements claiming that "most" black lung benefits pay for obstructive disease which is related to cigarette

smoking rather than coal dust. Social Security statistics do not validate this assumption. Of the total of 212,100 miners allowed black lung benefits by the Social Security Administration 65 percent were diagnosed as coal workers' pneumoconiosis on the basis of x-ray interpretation.

Contrary to Morgan's article in the Report it should be noted that in January, 1975 there were about 145,000 working coal miners in the United States and the nation's civilian work force in June, 1974 numbered about 91.7 million rather than "125,000 coal miners" and a "total working population of 30 to 60 million." Much as some may deplore the current annual expenditure of $1 billion it is scant recognition of the long years of neglect the miners have endured. These payments to the living survivors of decades of uncontrolled dust exposure can never equal worker's compensation payments which should have been initiated in 1943 when the British first provided coverage. The costs will decrease with the gradual demise of the widows and the totally disabled miners. The number of totally disabled miners receiving black lung benefits from the Social Security Administration has dropped from the initial high of 212,100 to less than 1 0,000.

A recent Mortality Study Among Coal Miners Covered by the UMWA Health and Retirement Funds supported by NIOSH provides substantial new information. This report is based on a cohort of 23,233 active and retired miners alive in 1959. By December, 1971 the Funds had received death certificates for 33 percent (7,628) of the cohort. The report shows excess mortality from many of the nonmalignant respiratory diseases; the SMR for influence was 189.6, emphysema 143.7, asthma 174.9 and tuberculosis 145.5. The total for all other nonmalignant respiratory diseases had the unusually high SMR of 415 due primarily to the large number (187) of death from pneumoconiosis. The detailed breakdown of deaths due to neoplasms shows that the only cancers which are significantly high are those of the respiratory organs with an SMR of 112.5. Of the 375 deaths from respiratory cancers, 352 were classified as cancer of the lung. While the overall mortality of coal miners is not excessively high when compared to the mortality of the total U.S. male population this report now confirms the fact that the only major causes of death revealing elevated risks are those (respiratory diseases and accidents) directly attributable to the health and safety hazards of the coal mining industry.

Finally, those who contend that "the belief that dust control will reduce the number of miners applying for black lung benefits" is fallacious and is best referred to as the "immaculate deception" have overlooked the ethics and morality of our profession. As physicians we are committed to the prevention of disease and disability which in this instance requires active support of a dust control program—if for no other reason than the elimination of CWP—plus the additional salutary effect it will have on reducing black lung. Is distortion of facts and perversion of ethics "malevolent deceit?" The antithesis of this callous disregard of individuals and community welfare is best expressed by the famous Hillel epigram:

"If I will not be for myself—
who will be?
And if I am only for myself—
what am I?
And if not now—when?

Please be assured of our continuing interest in the projects conducted by the National Academy of Science.

Sincerely yours,

LORIN E. KERR, M.D.

PARENTHOOD: THE ART OF BEING MOURNED

HON. JAMES P. (JIM) JOHNSON

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 22, 1977

Mr. JOHNSON of Colorado. Mr. Speaker, I would like to share with you, and with my colleagues in the House of Representatives, the text of a sermon that was delivered by Dr. William A. Holmes, the senior minister of the Metropolitan Memorial United Methodist Church, in Washington, D.C., this past Father's Day.

Dr. Holmes refers to parenthood as "the art of being mourned," and notes that the greatest gifts we, as parents, can give our children are maturity, partnership, and freedom. I found Dr. Holmes' remarks to be very perceptive, and sensitive to the problems of parenthood. While it is often difficult, as a father or mother, to live up to the ideals described here, I think that Dr. Holmes' sermon can serve as inspiration to all of us, and I am grateful for this opportunity to bring it to your attention, Mr. Speaker, and to the attention of my fellow colleagues.

The sermon follows:

PARENTHOOD: THE ART OF BEING MOURNED

(Dr. William A. Holmes, Senior Minister—the National Methodist Church, Metropolitan Memorial)

On this Father's Day, our text is taken from one of the short pastoral epistles of the New Testament—the Third Letter of John. It is a brief piece of correspondence between two friends. The author of the letter refers to himself as "the Elder" and the recipient of the letter goes by the name of Gaius.

Although the substance of the letter deals with a third person who is the occasion of some dispute in the congregation, in the first part of the letter the Elder says to Gaius, "I have no greater joy than hearing that my children are walking in the truth." Of course, the word "children" here refers to the sons and daughters of the Christian faith, the members of the Body of Christ, including Gaius. But, surely, it is appropriate—especially on this Father's Day—to assume that within a Christian context, a father or a mother might say of their own sons and daughters, "I have no greater joy than hearing that my children are walking in the truth". And so our subject for the morning is, Parenthood: The Art of Being Mourned.

Before we deal with parents and parenthood, let's deal with childhood and adolescence. I want to contend this morning that a successful childhood and adolescence includes, at least in part, the art of mourning—the phenomenon of creative grief, disillusionment and disenchantment. Now, let me tell you what I mean.

We're all aware that in the very early stages of a child's development, certain images of one's parents begin appearing. A child begins to see its mother and its father as all-sufficient, all-knowing and consistent. Parents are endowed with magic powers and with a wondrous kind of infallibility. After all in the very early years of a child's helplessness and dependency, parents are almost absolute providers, protectors, guardians, counselors and moral examples. And that's alright. It's one of the few times in your life when you have "divine permission" to ascend to the Olympian heights of being considered comparable to a god.

An incident from my childhood reminds me of my own early image of my parents. When I saw our family dog run over by a car and killed, I remember rushing immediately into the house to tell my parents, confident that, as they had fixed so many other things, so they would fix this too. And the shock of losing that family pet was surpassed only by the shock of discovering my parents' helplessness to fix that situation.

Is childhood not an odyssey, a pilgrimage? Along the way, you keep discovering that your parents don't have the magic powers that you first thought they had. There are certain things they cannot change: your age, your appearance, that fact that at certain stages in life you seem too tall or too short or too thin or have pimples or whatever. They can't change bad grades in school, the dangers of riding in someone else's car, conflicts with your peers, the weather, certain kinds of illnesses and death itself. The evidence begins to mount, the discoveries become accumulative until by the time you reach adolescence you enter a mourning process, a grieving for the death of childhood parents once seen as all-sufficient, all-knowing, infallible.

The adolescent years are also accompanied by the asking of some of the most profound questions that people every ask. There is the question, "Am I loveable"? That question preoccupies every adolescent. And, by the time you've reached the teenage years, that question cannot be answered by your parents. That's why one's first love occupies such a special place in the heart of almost every person. Not because that person was, in and of themselves, so special or important; but because that person, at that moment in life, communicated an enormously important "Yes". They become the first peer to really assure you that you were lovable to someone other than your parents. And we all know teenagers who have over reacted to that affirmation and married prematurely, because they believed that never again would they be lovable to any other person. The question, "Am I loveable"? preoccupies every adolescent. As do the equally profound questions, "Am I adequate"?, "Will I make it as an adult"?, "Will I succeed in the world of maturity"? And, I'm convinced this morning that one of the reasons so many teenagers are turning to drugs and alcoholism, and other chemical escapes is because they're not sure they can handle the assignment of becoming an adult. They are overwhelmed and filled with selfdoubts about their own abilities to succeed in fulfilling grownup expectation. And so, they turn to stupors, intoxications and "tripping out."

We have misrepresented the teenage years. They are not the carefree, untroubled times that we've portrayed them. Adolescents have some fun, but let us never forget that in the midst of all of their apparent nonchalance, they are struggling with some of the most profound and primal questions of human existence: "Am I lovable"?, "Am I adequate"?, "Can I succeed as an adult"? And, beneath it all, there runs the process of mourning the death of childhood parents.

Well, if adolescence is the art of mourning, then parenthood is the art of being mourned. Parenthood is the art of allowing growing sons and daughters to make those sober discoveries that you are limited in power, limited in knowledge; that you are secure in some things, insecure in others; that you are morally consistent at some levels, and morally inconsistent at other levels. I call that an art, because it's hard to do. It means allowing sons and daughters to see that a parent's feet are planted not on Mount Olympus, but on the clay of earth and in the dust from which all human beings come and to which they all return.

It's an ego trip in the early years, to be considered all-sufficient, all-knowing, infallible,

morally consistent; and, in some ways, it's just the opposite of an ego trip for growing sons and daughters to "catch on" to your humanity and limitations. Some parents cannot take upon themselves the agony of this discipline and art, and so they try to perpetuate among their children the illusion that, as parents, they still possess those magic powers once characteristic of the childhood image.

I know a young man in college who lives in the kind of quarters, drives the car, enjoys the kind of allowance and indulges in the kind of lifestyle that only about five percent of people in the Nation can afford. Of course, he's supported by his parents, but not because they can afford it. They're middle- to upper-middle class. They have gone inordinately in debt and mortgaged the future, because they cannot bear the thought of their son mourning the loss of that childhood image of his parents as all-sufficient, inexhaustible providers. So, they've frozen him in childhood, as it were, and perpetuated an illusion. Inadvertently, they have kept him from moving on through the mourning process and into the promise of adulthood.

I could go on and on with illustrations. We can all think of examples of parents who, with the best of intentions, have indulged, spoiled and overcompensated their offspring. It's the easiest thing in the world to do.

But now, let's put the spotlight on ourselves for just a moment, especially those of us who are parents and, since I'm a Poppa, I'll begin. As you all know, Nancy and I have two sons, both of whom have passed through the teenage years—one of them just a little on the far side of being twenty, the other just a few months shy of that crucial water shed. And I have to say that, for myself, during these crucial adolescent years, one of the most difficult things for me to see die has been that image of myself as an "answer man". When the boys were young, I was a walking Encyclopedia Britannica, and I had all the answers for all the questions they could ask. That was a real ego trip for me, and I must say that there are still some things I think I know which they have yet to understand.

You can guess the rest. Those boys went through school and now they're off to college. When they come home, they're into some subjects I never heard of, and there are times when I have to say, "I don't know". There are even times when I'm beginning to learn from them. The "answer man" is dead or dying fast.

I think the hardest thing of all for me has been the loss of that image of myself as being morally and ethically consistent. I'd like to present that image to every person who knows me. Not because I'm a preacher, but that's just the kind of human being I'd like to be. But, those who really know me—and who knows you better than your family—know that woven through my life are all kinds of inadequacies, inconsistencies, ambiguities and contradictions. That means the folks who really know you have to love you in a way they can forgive you, and let you start all over in your relationship with them. I think even harder than saying to my sons "I don't know", is saying, "I was wrong. I hope you will forgive me." Parenthood is the art of being mourned.

The final word is on the plus and hopeful side. For the word mourning, meaning to grieve, leads to morning—meaning a new day. One of the life-giving things that occurs when parents allow their children to mourn their loss is that parents begin making adulthood viable and accessible to children. If children can see, for instance, as they begin to grow, that to be an adult means that you're not in control of everything, that you're not able to shore up the world, that you're not able to hold back all the dangers and the risks; that you can meaningfully exist in the midst of boundaries and conditions drawn around your life—then a teenage son or daughter might begin to say to themselves, "Hey, if that's what it means to be an adult, I just might make it, too."

If parents can communicate to their children that to be an adult you don't have to go around wearing an "answer man" or "answer woman" mask all the time, that it's alright to say, "Hey, I don't know, that's a new one on me, the world's still my classroom, and I'm still learning", then perhaps a teenage son or daughter might say, "Gosh, If that's what it means to be a genuine adult I can make it, too!"

If parents can communicate to their children that, try as you may to be morally consistent, struggle as you may to remain faithful to the values, ideals and commitments of your life; you still foul up, you still let people down, you still hurt people and say, "I'm sorry, I blew it, I'd like to start all over." if that's what it means to be an adult, maybe human being, then perhaps teenage sons and daughters might conclude, "I can be that kind of person and begin to move into that kind of maturity." One of the bonuses of the grieving process is that parents make adulthood viable and accessible to children.

The other life-giving phenomenon that occurs during the grieving process is that grownup sons and daughters learn to care for their parents, as beloved friends and equals. No longer a relationship built on the high helping the low, the wise helping the foolish, the strong helping the weak, the superior helping the subordinate. Now, a relationship is built on reciprocal trust, mutual respect, and forgiveness for one another. Because from time to time, parents have things to forgive their grown sons and daughters for; and, grownup sons and daughters have things to forgive their parents for. That's possible for those who know what it means to love as equals.

Well, everything I've said this morning is in this brief and final reading. It's the words of Alan Paton, upon the occasion of his son becoming a man. He writes:

"I see my son is wearing long trousers, I tremble at this;
I see he goes forward confidently, he does not know so fully his own gentleness.
Go forward, eager and reverent child, see here I begin to take my hands away from you,
I shall see you walk careless on the edges of the precipice, but if you wish you shall hear no word come out of me;
My whole soul will be sick with apprehension, but I shall not disobey you.
Life sees you coming, she sees you come with assurance towards her,
She lies in wait for you, she cannot but hurt you;
Go forward, go forward, I hold the bandages and ointments ready,
And if you would go elsewhere and lie alone with your wounds why I shall not intrude upon you,
If you would seek the help of some other person, I shall not come forcing myself upon you.
If you should fall into sin, innocent one, that is the way of this pilgrimage;
Struggle against it, not for one fraction of a moment concede its dominion.
It will occasion you grief and sorrow, it will torment you,
But hate not God, nor turn from Him in shame or self-reproach;
He has seen many such, His compassion is as great as His Creation.
Be tempted and fall and return, return and be tempted and fall
A thousand times and a thousand, even to a thousand thousand.
For out of this tribulation there comes a peace, deep in the soul, and surer than any dream . . .

That's the mourning that leads to morning. That's the grief that leads to a new day. It's in such moments that elders can say with the Elder in our text, "I have no greater joy than hearing that my children are walking in the truth". That's the double joy of parents making adulthood viable and accessible to children, and the joy of grownup sons and daughters caring for their parents as beloved friends and equals. Let us pray.

Almighty God, Thou who art the Mother and the Father of us all, help us to find within your love for us a model of what it means for us to love each other. You did not leave us in childhood, nor did You leave us in adolescence. You brought us to maturity, responsibility and freedom. To the extent that you have made us partners in the creative process and in the ongoing of human history, may we, as parents, understand that there is no greater gift we can bestow upon our children than the gift of partnership, maturity, and freedom. As You allowed the world to grieve at Calvary for the sake of a new day which we call Easter, so may all our mourning lead to morning in Jesus Christ, our Lord. AMEN.

GOVERNMENT PUBLICATIONS FOR SALE

Additional copies of Government publications are offered for sale to the public by the Cuperintendent of Documents, Government Printing Office, Washington, D.C. 20402, at cost thereof as determined by the Public Printer plus 50 percent: *Provided*, That a discount of not to exceed 25 percent may be allowed to authorized bookdealers and quantity purchasers, but such printing shall not interfere with the prompt execution of work for the Government. The Superintendent of Documents shall prescribe the terms and conditions under which he may authorize the resale of Government publications by bookdealers, and he may designate any Government officer his agent for the sale of Government publications under such regulations a sshall be agreed upon by the Superintendent of Documents and the head of the respective department or establishment of the Government (U.S. Code, title 44, sec. 1708.)

SENATE—*Monday, July 25, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by Hon. JOHN J. SPARKMAN, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, whose grace is sufficient for all our need, at the beginning of another week we come to Thee with all our doubts and uncertainties seeking

to know what Thou wouldst have us to do, that the spirit of wisdom may save us from all false choices and that in Thy light we may see light, and in Thy straight path may not stumble. May the banner of righteousness which exalts a nation be lifted high. Give us courage to follow it wherever it leads.

Grant Thy higher wisdom to the President of the United States and his counselors, the Vice President and Members of Congress, all diplomatic and military leaders, and to all those trusted with authority, that this Nation may be well served and Thy kingdom set forward among all the nations of the Earth.

We pray in the name of our Redeemer and Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 25, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JOHN J. SPARKMAN, a Senator from the State of Alabama, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. SPARKMAN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized under the standing order.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, July 22, 1977, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE DEATH OF SENATOR JOHNSTON'S FATHER

Mr. ROBERT C. BYRD. Mr. President, over the weekend, I learned of the death of the father of our colleague J. BENNETT JOHNSTON, JR. of Louisiana. I wanted to speak for a moment this morning about Senator JOHNSTON's father, and in doing that extend my sympathy to our good friend and fellow Member from Louisiana.

Senator JOHNSTON's father, J. Bennett Johnston, Sr., graduated from Louisiana State University and practiced law for many years in Shreveport, La. In fact, our colleague practiced law with his father in Shreveport during the terms he served in the Louisiana State Legislature prior to his election to the U.S. Senate.

In addition to his legal work, the senior Mr. Johnston acted as a city judge. He was active in a number of civic and veterans organizations, and served as the commander of the Department of Louisiana Veterans of Foreign Wars. Mr. Johnston was a veteran of World War I. He also served as a member of the board of directors of the First Baptist Church in Shreveport.

I know that all Members of the Senate join with me in extending our sympathy to Senator JOHNSTON and his family.

Mr. BAKER. Mr. President, will the majority leader yield?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. On behalf of the Members on this side, Mr. President, let me express my sympathy to our colleague on the passing of his father. That is an experience that comes to most of us at some time in our lives, but no matter how much it may have been anticipated, it is seldom if ever a situation for which we are fully prepared.

So may I simply say I thank the majority leader for bringing this matter to our attention, and extend to Senator JOHNSTON and his family the good wishes and sympathy of the Members of the Senate on this side of the aisle.

Mr. ROBERT C. BYRD. Mr. President, I appreciate the comments of the distinguished minority leader, and I am sure that the Senator from Louisiana (Mr. JOHNSTON) will appreciate them deeply.

OMNIBUS TERRITORIES BILL

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. JOHNSTON), I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 309, which I believe has been cleared.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 6550) to authorize certain appropriations for the territories of the United States, to amend certain acts relating thereto, and for other purposes.

The PRESIDING OFFICER (Mr. HOLLINGS). Without objection, the Senate will proceed to its consideration.

Mr. BAKER. Mr. President, I wanted to say that H.R. 6550 has been cleared on this side for passage, and there is no objection to its consideration.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Energy and Natural Resources with amendments.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 700

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. JOHNSTON) I send to the desk a series of unprinted amendments, and ask that they be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be considered in bloc. The clerk will state the amendments.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), on behalf of Mr. JOHNSTON, proposes an unprinted amendment numbered 700.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

On Page 2, beginning on line 3, delete "plus such sums as may be necessary to offset any decrease in Federal grant programs;"

On Page 2, line 18, delete "86" and insert in lieu thereof "68".

On page 2, beginning on line 19, delete "deleting all the language beginning with the words 'which amounts for each fiscal year' to the end of section 2, and substituting a period for the comma after the word 'agencies' which comes before the language to be deleted."

And insert in lieu thereof "(1) deleting 'but not to exceed $10,000,000,' and (2) deleting all of the language beginning with the words 'which amounts for each fiscal year' up to and including the words 'calendar year 1974.'"

On page 22, line 13, delete "1974" and insert in lieu thereof "1975".

On page 22, line 14, delete "1975" and insert in lieu thereof "1976".

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 6550) was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS TO THE FEDERAL RULES OF CRIMINAL PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 330 which I understand is cleared across the aisle.

Mr. BAKER. Mr. President, reserving the right to object, the majority leader is correct; it is cleared for passage on this side, and we have no objection to proceeding to its consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 5864) to approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment in the nature of a substitute.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed, as follows:

That notwithstanding the first section of the Act entitled "An Act to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the United States Supreme Court" (Public Law 94-349, approved July 8, 1976) the amendments to rules 6(e), 23, 24, 40.1, and 41(c)(2) of the Rules of Criminal Procedure for the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, shall take effect only as provided in this Act.

SEC. 2. (a) The amendment proposed by the Supreme Court to subdivision (e) of rule 6 of such Rules of Criminal Procedure is approved in a modified form as follows: Such subdivision (e) is amended to read as follows:

"(e) SECRECY OF PROCEEDINGS AND DISCLOSURE.—

"(1) GENERAL RULE.—A grand juror, an interpreter, a stenographer, an operator of a recording device, a typist who transcribes recorded testimony, an attorney for the Government, or any person to whom disclosure is made under paragraph (2)(A)(ii) of this subdivision shall not disclose matters occurring before the grand jury, except as otherwise provided for in these rules. No obligation of secrecy may be imposed on any person except in accordance with this rule. A knowing violation of rule 6 may be punished as a contempt of court.

"(2) EXCEPTIONS—

"(A) Disclosure otherwise prohibited by this rule of matters occurring before the grand jury, other than its deliberations and the vote of any grand juror, may be made to—

"(i) an attorney for the government for use in the performance of such attorney's duty; and

"(ii) such government personnel as are deemed necessary by an attorney for the government to assist an attorney for the government in the performance of such attorney's duty to enforce Federal criminal law.

"(B) Any person to whom matters are disclosed under subparagraph (A)(ii) of this paragraph shall not utilize that grand jury material for any purpose other than assisting the attorney for the government in the performance of such attorney's duty to enforce Federal criminal law. An attorney for the government shall promptly provide the district court, before which was impaneled, the grand jury whose material has been so disclosed, with the names of the persons to whom such disclosure has been made.

"(C) Disclosure otherwise prohibited by this rule of matters occurring before the grand jury may also be made—

"(i) when so directed by a court preliminarily to or in connection with a judicial proceeding; or

"(ii) when permitted by a court at the request of the defendant, upon a showing that grounds may exist for a motion to dismiss the indictment because of matters occuring before the grand jury.

"(3) SEALED INDICTMENTS.—The Federal magistrate to whom an indictment is returned may direct that the indictment be kept secret until the defendant is in custody or has been released pending trial. Thereupon the clerk shall seal the indictment and no person shall disclose the return of the indictment except when necessary for the issuance and execution of a warrant or summons.".

(b) The amendments proposed by the Supreme Court to subdivisions (b) and (c) of rule 23 of such Rules of Criminal Procedure are approved.

(c) The amendment proposed by the Supreme Court to rule 24 of such Rules of Criminal Procedure is disapproved and shall not take effect.

(d) The amendment proposed by the Supreme Court to such Rules of Criminal Procedure, adding a new rule designated as rule 40.1, is disapproved and shall not take effect.

(e) The amendment proposed by the Supreme Court to subdivision (c) of rule 41 of such Rules of Criminal Procedure is approved in a modified form as follows: Such subdivision (c) of the Federal Rules of Criminal Procedure is amended—

(1) by striking out

"(c) ISSUANCE AND CONTENTS.—A warrant shall" and inserting in lieu thereof the following:

"(c) ISSUANCE AND CONTENTS.—

"(1) WARRANT UPON AFFIDAVIT.—A warrant other than a warrant upon oral testimony under paragraph (2) of this subdivision shall"; and

(2) by adding at the end the following:

"(2) WARRANT UPON ORAL TESTIMONY.—

"(A) GENERAL RULE.—If the circumstances make it reasonable to dispense with a written affidavit, a Federal magistrate may issue a warrant based upon sworn oral testimony communicated by telephone or other appropriate means.

"(B) APPLICATION.—The person who is requesting the warrant shall prepare a document to be known as a duplicate original warrant, verbatim, to the Federal magistrate. The Federal magistrate shall enter, verbatim, what is so read to such magistrate on a document to be known as the original warrant. The Federal magistrate may direct that the warrant be modified.

"(C) ISSUANCE.—If the Federal magistrate is satisfied that the circumstances are such as to make it reasonable to dispense with a written affidavit and that grounds for the application exist or that there is probable cause to believe that they exist, the Federal magistrate shall order the issuance of a warrant by directing the person requesting the warrant to sign the Federal magistrate's name on the duplicate original warrant. The Federal magistrate shall immediately sign the original warrant the exact time when the warrant was ordered to be issued. The finding of probable cause for a warrant upon oral testimony may be based on the same kind of evidence as is sufficient for a warrant upon affidavit.

"(D) RECORDING AND CERTIFICATION OF TESTIMONY.—When a caller informs the Federal magistrate that the purpose of the call is to request a warrant, the Federal magistrate shall immediately place under oath each person whose testimony forms a basis of the application and each person applying for that warrant. If a voice recording device is available, the Federal magistrate shall record by means of such device all of the call after the caller informs the Federal magistrate that the purpose of the call is to request a warrant. Otherwise a stenographic or longhand verbatim record shall be made. If a voice recording device is used or a stenographic record made, the Federal magistrate shall have the record transcribed, shall certify the accuracy of the transcription, and shall file a copy of the original record and the transcription with the court. If a longhand verbatim record is made, the Federal magistrate shall file a signed copy with the court.

"(E) CONTENTS.—The contents of a warrant upon oral testimony shall be the same as the contents of a warrant upon affidavit.

"(F) ADDITIONAL RULE FOR EXECUTION.—The person who executes the warrant shall enter the exact time of execution on the face of the duplicate original warrant.

"(G) MOTION TO SUPPRESS PRECLUDED.—Absent a finding of bad faith, evidence obtained pursuant to a warrant issued under this paragraph is not subject to a motion to suppress on the ground that the circumstances were not such as to make it reasonable to dispense with a written affidavit.".

SEC. 3. Section 1446 of title 28 of the United States Code is amended as follows:

(a) Subsection (c) is amended to read as follows:

"(c)(1) A petition for removal of a criminal prosecution shall be filed not later than thirty days after the arraignment in the State court, or at any time before trial, whichever is earlier, except that for good cause shown the United States district court may enter an order granting the petitioner leave to file the petition at a later time.

"(2) A petition for removal of a criminal prosecution shall include all grounds for such removal. A failure to state grounds which exist at the time of the filing of the petition shall constitute a waiver of such grounds, and a second petition may be filed only on grounds not existing at the time of the original petition. For good cause shown, the United States district court may grant relief from the limitations of this paragraph.

"(3) The filing of a petition for removal of a criminal prosecution shall not prevent the State court in which such prosecution is pending from proceeding further, except that a judgment of conviction shall not be entered unless the petition is first denied.

"(4) The United States district court to which such petition is directed shall examine the petition promptly. If it clearly appears on the face of the petition and any exhibits annexed thereto that the petition for removal should not be granted, the court shall make an order for its summary dismissal.

"(5) If the United States district court does not order the summary dismissal of such petition, it shall order an evidentiary hearing to be held promptly and after such hearing shall make such disposition of the petition as justice shall require. If the United States district court determines that such petition shall be granted, it shall so notify the State court in which prosecution is pending, which shall proceed no further.".

(b) Subsection (e) is amended by striking out "such petition" and inserting "such petition for the removal of a civil action" in lieu thereof.

SEC. 4. (a) The first section of this Act shall take effect on the date of the enactment of this Act.

(b) Sections 2 and 3 of this Act shall take effect October 1, 1977.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time under the standing order.

RECOGNITION OF LEADERSHIP

The PRESIDING OFFICER. The Senator from Tennessee is recognized under the standing order.

PUBLIC FINANCING OF ELECTIONS

Mr. BAKER. Mr. President, I shall take only a moment.

According to the unanimous-consent order previously entered, the Senate will proceed today to the consideration of the so-called public financing legislation and

the budget waiver resolution attendant to that subject.

I think this is a matter of extraordinary importance, and I shall have a great deal to say, no doubt, about this subject as the week progresses. I doubt that in the 10½ years I have served in the Senate I have ever participated in a debate that had more far-reaching effects on the future of government in the United States as we know it.

I think the Senate will be called on to exercise the highest sort of good judgment and responsibility in deciding what disposition will be made of this legislation. I think that not only the two-party system, but the political structure, the image of Congress, and its future utility and value as a forum in which the great issues of the country are debated and resolved, are all intertwined in our consideration of this measure.

So, Mr. President, at this point I urge our colleagues on both sides of the aisle to give most careful attention to the discussion on both sides of the issue and to consider most carefully the measure and the amendments to it which will no doubt be offered during the course of the debate. I believe the country will be watching us most carefully, and, in turn, I believe it is incumbent upon us to consider and debate this issue most carefully.

I yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I simply want to add to what the distinguished minority leader has said by saying, on my own behalf, that I too think this is a most important issue.

I think it would have as positive an impact on the electoral process and the political system of this country as a sound energy program can have on the American economy. I will have more to say later in the day and as the debate goes forward, but I do not believe the budget resolution in itself should be regarded as an issue on which we should determine the ultimate results of our thinking, feeling, and viewpoints vis-a-vis the public financing bill.

I am sure the distinguished minority leader does not imply that, and I have not inferred that from what he has said. I want to take this moment just to say that I believe that budget resolution in itself has an impact on it. We consider that for its impact on the budget process itself, and it does not go to the merits, demerits, or substantive issues involved in public financing.

Mr. BAKER. I thank the majority leader.

Mr. ROBERT C. BYRD. I ask unanimous consent that the time I have utilized not be charged against the 10 minutes of the minority leader because he intended to yield to his colleague in the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the majority leader. I would say he is correct, I did not imply, and he was correct in not inferring, that we have a fullblown debate on the budget resolution. We might have done so; I sometimes have great concern about our implementing the provisions of the Budget Reform Act, but we have crossed that bridge. The distinguished majority leader and I together with others, considered methods and measures by which the Senate could turn to the consideration of the fundamental issues involved here. We want only to have the fullest and most unrestricted debate in terms of the ventilation of ideas and the exchange of thoughts in the Senate, and the effort to increase the awareness of the people of this country regarding this legislation.

So we agreed to enter into a unanimous-consent agreement to proceed with the consideration of this measure, meaning the Public Financing Act, and to the attendant budget waiver in what I think is an orderly and effective way.

I would tell my good friend, the majority leader, that I do most ardently still subscribe to that view. I think we will have a good, thorough and energetic debate, and, no doubt, a long debate.

Mr. ROBERT C. BYRD. I hope it is not any longer than 4 or 5 days.

Mr. BAKER. I thank the majority leader. I may have an opportunity to test our respective wills in that respect. In any event, it will not come on the budget resolution.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader for that assurance. I wonder if he would agree to transferring the time that I have given to Mr. BELLMON to Mr. CANNON because the resolution came out of the Rules Committee and I feel Mr. CANNON should handle it.

Mr. BAKER. By all means.

Mr. ROBERT C. BYRD. I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. The Senator is speaking about the budget waiver resolution and he is transferring that to Mr. CANNON as chairman of the Rules Committee.

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I do not have a similar request on our side but I may at a later time want to transfer control of the time to Senator HATFIELD under the same circumstances.

Mr. President, I yield the remainder of my time to the distinguished Senator from New Mexico.

The PRESIDING OFFICER. The Senator is recognized.

PUBLIC FINANCING OF SENATE GENERAL ELECTIONS

Mr. SCHMITT. Mr. President, I wanted to concur completely with the remarks of the minority leader about the gravity of the issue before us in the form of S. 926. This issue, in addition to everything else the minority leader has said, is important for another reason, in that it illustrates already the misunderstandings which exist with respect to that issue and other considerations relative to public financing, misunderstandings which not only include the issue of special interests, whether their role in our society will be limited or enhanced by such legislation, but the fairness of such legislation with respect to the ability of challengers to run for public office; the issue of whether or not a new bureaucracy will be created which, in turn, will have vast power over our abilities to elect or not elect citizens to the Congress.

I hope that all Senators, all members of the press, and all citizens in this country will pay close attention to the debate which will ensue over the next many days and possibly 2 weeks or more, and understand just how grave this issue is to the future direction of our Republic.

We have dealt this Republic, in my opinion, some severe blows, not only in this Congress but in recent Congresses. The question will be, Will we deal another blow in the form of public financing for congressional elections?

Mr. President, I yield the remainder of my time back to the minority leader.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

ORDER FOR RECOGNITION OF SENATOR THURMOND ON TOMORROW

Mr. BAKER. Mr. President, I have no further requirement or request for my time under the standing order. I understand there is one special order this morning. Mr. President, I understand there is an order for the Senator from South Carolina (Mr. THURMOND). I would ask the majority leader if he can transfer that until tomorrow. With that, I would have no further need for my time under the standing order.

Mr. ROBERT C. BYRD. Mr. President, I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield back the remainder of my time under the standing order.

BUDGET WAIVER RESOLUTION

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Resolution 206, which will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 206) waiving Section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 926.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The time for the debate on this resolution is limited to 1 hour, to be equally divided and controlled by the Senator from Maine (Mr. MUSKIE) and the Senator from Nevada (Mr. CANNON). Is that correct?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the role.

The second assistant legislative clerk proceeded to call the role.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. STEVENSON may speak out of order for not to exceed 3 minutes, without the time being charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

AUTHORIZATION FOR SERVICES—SELECT COMMITTEE ON ETHICS

Mr. STEVENSON. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 230) authorizing the Select Committee on Ethics to Procure the Temporary or Intermittent Services of Individual Consultants or Organizations Thereof.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. STEVENSON. Mr. President, section 3 of Senate Resolution 338 was intended to afford the Select Committee on Ethics contract authority. There is some ambiguity in the wording of that section.

This resolution eliminates the ambiguity. It simply makes it clear that the Ethics Committee does have authority to contract for the services of consultants, accountants, and the like.

It carries out what was plainly the intent of the Senate and I urge its favorable consideration.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. SCHMITT. Mr. President, reserving the right to object, and I will not object, I want to concur with the remarks of the Senator from Illinois.

It is a very important aspect of our needs on the Ethics Committee to get experts in a variety of fields, and to have this resolution agreed to.

I certainly also urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 230) was agreed to, as follows:

S. RES. 230

Resolved, That section 3(a) of Senate Resolution 338, Eighty-eighth Congress, agreed to July 24, 1964, is amended by striking out "and" before "(7)", and by inserting before the period at the end thereof "; and (8) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, by contract as independent contractors or, in the case of individuals, by employment at daily rates of compensation not in excess of the per diem equivalent of the highest rate of compensation which may be paid to a regular employee of the Select Committee".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. STEVENSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I again suggest the absence of a quorum while awaiting the arrival of a Senator, and I ask unanimous consent that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the role.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET ACT WAIVER

The Senate continued with the consideration of Senate Resolution 206.

Mr. CANNON. Mr. President, I ask unanimous consent that Ed Hall, of my staff, be permitted floor privileges during the consideration of this budget resolution and the following Campaign Financing bill, S. 926.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Also, Carol Darr from the committee staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, what is the pending business?

The PRESIDING OFFICER. Senate Resolution 206.

Mr. CANNON. Mr. President, Senate Resolution 206 was reported from the Committee on Rules, June 24. It, in effect, is a waiver, of 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 926, which is the public financing bill.

The Federal Election Commission testified, Mr. President, before the Committee on Rules that they would need the sum of $900,000 in fiscal year 1978 for the purposes of administering S. 926 in the event that bill should be passed. The authorization is in the bill.

There is also a provision to assist the States in carrying out the provisions of the bill, and that would require up to $250,000 of fiscal year 1978 funds to reimburse the States for maintaining Federal Election Campaign Act reports pursuant to section 439 of title 2 United States Code.

Therefore, Mr. President, the Rules Committee urges the Senate to approve this resolution waiving the Congressional Budget Act with respect to the consideration of S. 926.

Mr. MUSKIE. Mr. President, as chairman of the Committee on Budget—and I note that the current Presiding Officer of the Senate (Mr. HOLLINGS) is also a member of that committee—I rise in support of Senate Resolution 206, which the Budget Committee has recommended be adopted.

Senate Resolution 206, as the distinguished floor manager has pointed out, waiving section 402 of the Budget Act with respect to S. 926, is necessary because S. 926 provides authorization for new budget authority for fiscal year 1978. Because the Congressional Budget Act prescribes a very definite timetable for completion of all authorization and appropriation legislation, section 402 requires that authorizations contemplating new budget authority for a fiscal year must be reported before May 15 preceding the beginning of that fiscal year.

This section was included to provide the Appropriations Committee with reasonable notice of appropriations anticipated for the coming fiscal year so that the Appropriations Committee can complete its work within the timetable set forth in the Budget Act. Legislation authorizing the enactment of new budget authority which is reported after May 15 could delay the enactment of appropriations bills past the Budget Act deadline of 7 days after Labor Day and could thereby jeopardize the budget and appropriations process.

However, the Budget Act also recognizes that there may exist certain unusual circumstances in which an authorizing committee could not meet the May 15 deadline and where enforcement of that deadline is not necessary to implement the policies of the act. Hence, the act permits the Senate to grant waivers under section 402(c). In carrying out its responsibilities under that section, the Budget Committee has made the following procedural inquiries:

First. What is the effect of defeating consideration of the authorization.

Second. Did the reporting committee make a good faith effort to meet the May 15 reporting deadline for the bulk of its legislation.

Third. What is the effect of the authorization on the appropriations process; that is, will it delay the Appropriations Committee?

Fourth. What is the effect of the authorization on the budget resolution; that is, was the amount involved considered in the first budget resolution?

Fifth. What is the size of the authorization and likelihood of its appropriation.

It is evident that in recommending the adoption of a waiver resolution, the Budget Committee is not prejudging the merits of the legislation, but simply permitting full consideration of the bill by the Senate. Our concern and that of the Budget Act is aimed at preserving the integrity of the budget and appropriations process and does not constitute a vote on the underlying bill.

Therefore, in considering Senate Resolution 206, we should not dwell on substantive features of the bill. That will come when we get to the bill itself. That debate will follow disposition of the

waiver. Our only concern now should be whether the authorization contained in this bill will delay or unravel the budget resolution and appropriations action.

The Budget Committee carefully considered the facts surrounding the late report of S. 926. We concluded that the Committee on Rules and Administration had a large number of matters to consider and report on, including Senate Resolution 4 to reorganize the committee system of the Senate, Senate Resolution 5 to amend the standing rules of the Senate, S. 703 to extend Overseas Citizens Voting Rights Act of 1975, S. 1435 to extend the authorization of the Federal Election Commission, S. 1072 to establish a universal voter registration program, 18 resolutions to fund the committees of the Senate, and many other measures since its organization meeting on March 2, 1977. All of the foregoing bills which were subject to the May 15 reporting deadline were reported in a timely fashion. Coordination of hearings on S. 926 and amendments to the Federal Election Act necessitated some delay in reporting this bill. The Rules Committee made a good faith effort to comply with the requirements of the Budget Act in timely reporting other authorizing legislation within its jurisdiction and reporting out S. 926 as soon as practicable.

Furthermore, action on S. 926 was anticipated in the Rules Committee's March 15 report to the Budget Committee. Full funding of this legislation is consistent with the first budget resolution.

The provisions contained in S. 926 will not delay the appropriations process and the small amount—$1.15 million—required to fund the authorization can be included in a supplemental appropriation.

For these reasons, the Budget Committee concluded that a favorable report on Senate Resolution 206 was both necessary and appropriate. Our committee specifically refrained from commenting on the merits of this bill which we think should be considered only after this resolution is adopted.

So, Mr. President, I urge my colleagues to adopt this resolution so that the Senate may proceed to consideration of the merits of this important legislation.

Mr. BELLMON. Mr. President, I have no intention of suggesting to the Senate that this budget waiver be declined. Rather I want to point out some of the background and raise some questions as to the waiver, proceeding under the waivers, in light of what the intentions of the Budget Act are.

I would like to first point out this waiver barely passed the Committee on the Budget. It was passed by a vote of 9 to 7. As one of those who voted against it, I think the votes were cast generally not on the merits of the waiver, on the merits of the legislation, but rather because already in calendar year 1977 we have had 33 waivers, and that since May 15 of this year we have had 16 waivers and bills that, in most cases, were not emergencies, and bills that could very well have been acted upon in advance of the May 15 cutoff date.

So I think that here is a case where some members of the committee, and I am one of them, feel that we should begin to point out the fact that the waiver provisions of the Budget Act are being abused and that the Budget Committee should not be expected to rubberstamp every waiver that comes to us.

I am very concerned that we have become so free with these waivers that the waivers are in danger of becoming meaningless, that there really are not these many emergencies and these many extenuating circumstances, and that the Senate should not expect the Budget Committee to go ahead automatically providing waivers on so many bills into the future.

I think many of us voted against the waiver to run up a warning to the Senate that we are going to start looking more closely at the waivers as they come to us and that we may very well be turning down waivers unless there is a demonstrable need for the waivers, unless there is a good case made that there is an emergency that could not have been foreseen.

I wish to point out, again, that this makes 33 bills that have required waivers in 1977, and 16 of those waivers have come since May 15. I hope that we will not see a continuation of this process, and I simply wish to warn the Senate that from here on waivers are going to be a little harder to come by.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. BELLMON. I yield.

The PRESIDING OFFICER. Who yields time to the Senator from Oklahoma?

Mr. BELLMON. I am glad to yield to the Senator.

The PRESIDING OFFICER. Who is yielding on whose time?

Mr. BELLMON. I yield to the Senator from Maine.

The PRESIDING OFFICER. On whose time? I am trying to find out.

Mr. BELLMON. On my time.

The PRESIDING OFFICER. There was a unanimous-consent agreement, I think, that time was to be controlled by the Senator from Maine and the Senator from Nevada.

Mr. MUSKIE. Mr. President, then I yield myself time to make this comment.

First of all I rise at this point to applaud the point that the Senator from Oklahoma is making.

We are concerned in the Budget Committee with a tendency—I am not sure that I would describe it as out of control at this point—but a tendency to take waivers as a routine sort of procedure. It is not routine. It should not be regarded as routine.

Just this past week, the Senator from Oklahoma and I found ourselves as a minority of two in opposing a waiver in the case of a committee which has had more waivers than any other committee. I think we should put that committee and other committees on notice now, after we have had 2 years of experience that we are going to make it clear that waivers not be regarded as routine; there must be a good faith effort by committees to meet the deadlines, and it is only when that good faith effort can be demonstrated that the distinguished Senator from Oklahoma and I will be acquiescing in that respect.

It has nothing to do with this particular resolution, as to which the Senator from Oklahoma and I find ourselves on opposite sides. He and I, I think, are in complete agreement that the waiver discipline must now begin to take hold and be enforced if it is not to lose its meaning, and I rise to applaud my good friend from Oklahoma for making this point.

Mr. BELLMON. Mr. President, the Senator from Maine said it much better than I. We are in agreement, and I believe the Senate should be on notice that the Budget Committee is going to look very closely at waivers of this kind.

Mr. President, I yield the floor.

Mr. DOLE addressed the chair.

The PRESIDING OFFICER. Who yields time to the Senator from Kansas?

Mr. MUSKIE. I yield 5 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, it is the view of the Senator from Kansas that the Senate should defeat the budget waiver resolution for S. 926. As a member of the Budget Committee, I voted against this waiver resolution during the committee deliberation on the resolution earlier this month.

This resolution, of course, is necessary because the committee on Rules and Administration did not report the bill out of committee until June 24. Section 402A of the Budget Act places a specific deadline on the reporting of new legislation for the upcoming fiscal year. That deadline was May 16 this year. The Rules Committee was more than 1 month late in reporting this bill. The Rules Committee indicated to the Budget Committee that their reason for this late reporting was the large number of other matters which were being considered and reported by the committee this year, including Senate Resolution 4 to reorganize the committee system of the Senate, Senate Resolution 5, to amend the standing rules of the Senate, S. 703 to amend the Overseas Citizens Voting Rights Act of 1975, S. 1072 to establish a universal registration program, 18 resolutions to fund the committees of the Senate, and other matters. Certainly the Committee on Rules and Administration has been extremely busy. All of the foregoing bills which were subject to the May 16 reporting deadline were reported prior to May 16, 1977. In light of this delay, I do not believe the Rules Committee placed much importance on this public financing bill. Yet, the Senate is being asked to waive a provision of the law to allow us to consider this legislation.

The Budget Act did not anticipate that these waivers would be granted freely. Section 402a of the act states in part:

> It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year unless that bill or resolution is reported in the House or

the Senate on or before May 15 (May 16 this year) preceding the beginning of such fiscal year.

The act does allow for waiver of this rule for cause upon the review of the Budget Committees of either House. Unfortunately, the law does not describe the conditions under which the Senate Budget Committee should grant a waiver. The law does, however, require that an emergency condition exist before a waiver can be granted by the House.

Almost certainly, the waiver provision was included to allow legislation of overwhelming importance or emergency proportions to be considered by Congress even though required deadlines were not met. The Senator from Kansas does not believe that public financing of senatorial campaigns meets this intent and is sure that most of our constituents would agree.

We are just now surviving the recent pay raise and now seeking to rip off the Federal Treasury another way to pay for our campaign expenses.

Despite the intent of section 402a of the Budget Act, the Budget Committee did consider and favorably report several budget waivers this year. In some cases, the arguments for granting these waivers were compelling and did clearly support the waiver. Legislation for emergency drought assistance and for small business disaster loans are two good examples. In other cases, the arguments, if not fully compelling, were at least worthy of consideration and waiver. The waiver resolution we are considering today, however, came as close to failure in the Budget Committee as any we have considered to date. The Budget Committee voted to favorably report this waiver by a slim margin of 9 to 7, with two Democrats joining most committee Republicans in voting to recommend against granting this waiver in committee.

This Senator believes that the budget process established by the 1974 Budget Act should be respected. The process of granting waivers was intended to provide for extraordinary or emergency circumstances.

In reviewing a budget waiver resolution before this body earlier this year, the distinguished chairman of the Budget Committee said:

> The legislative history of the Budget Act indicates that the May 15 reporting deadline is not to be lightly waived.

This concern for the budget process was even more explicit during debate over the pending Senate farm bill in May of this year:

> Let us not delude ourselves about this budget process. Either the first concurrent resolution is meaningless or it is not. If all it is is an open invitation to every committee to come in between May 15 and September 15 and ignore the targets that are set in the first concurrent resolution, we might as well junk the process; because by September 15, when the second resolution is to be adopted, all of the appropriations bills are scheduled to have been passed and all of the spending bills such as this one are scheduled to have been passed. So if the first concurrent resolution is meaningless and if the targets are meaningless and are to be ignored at the invitation of every authorizing committee, then all that will happen is that the appropriations bills will be responsive to every pressure group, the way they were prior to the budget process.

This Senator cannot imagine a more effective and enthusiastic pressure group than those in the Senate who would like the Federal Treasury to finance part of their campaigns. We have a large group of incumbent Senators hoping to use public funds to get reelected

The true cost to the taxpayer for public financing of Senate campaigns may be enormous. Enactment of this bill means that ceilings on campaign expenditures will become law—allowing incumbents to vote themselves tax dollars to fund their next campaigns and to set a limit on how much money their opponents can spend to defeat them.

Certainly, a substantial amount of additional work will be required. With uncertain additional costs to the taxpayer. And by what logic would this bill totally ignore the costs of public financing for Members of the House of Representatives? Without question, members of that coequal body would expect similar assistance for their more frequent campaigns. Support of this measure by the Senate would certainly be used to support similar legislation in the House.

The PRESIDING OFFICER (Mr. SASSER). The Senator from Kansas has consumed 5 minutes.

Mr. DOLE. Two additional minutes.

The bill extends to State and national political party committees, including campaign committees, a reduced bulk mail rate for communications relating to any political or legislative subject. This would result in a $9.8 million general revenue loss to the Federal Government in election years.

The Senator from Kansas strongly opposes this additional drain on Treasury and Postal Service funds to support senatorial campaigns, and finds good reason to oppose a waiver of the Budget Act to help finance this activity.

The public financing of Senate general elections is not of such overwhelming importance or of such emergency proportion that a waiver of the Budget Act should be granted. As I have stated here, the drain on the U.S. Treasury for financing of public campaigns—when the House Members join in on this incumbent's bandwagon—will be substantially greater than estimated by the Rules Committee. The voters in this country, already confused and discouraged by $64 billion budget deficits, will not tolerate it.

I urge my colleagues to vote "no" on the waiver resolution.

I thank my distinguished chairman for yielding the time.

ADDITIONAL STATEMENTS SUBMITTED

Mr. HEINZ. Mr. President, as a member of the Budget Committee, it distresses me that the disposition of a waiver resolution may turn not on its merits but on extraneous political considerations. The only question we should be addressing today is a narrow, somewhat technical one: Did the Senate Rules Committee make a good faith effort to report S. 926 by May 15? That is the deadline for authorizations as established in the Congressional Budget Act of 1974. The purpose of this procedure is to keep our new and still fragile budget process on track, and not to provide a convenient subterfuge for sabotaging disagreeable legislation. If the Senate, in its wisdom, does not like a particular bill, it should say so directly—through an up or down vote on the bill itself.

The fact is, there is little objective reason for denying a waiver in this case. The Rules Committee was delayed in its consideration of the public financing bill for good reason: it was preoccupied with numerous other important matters, from the mammoth Senate Resolution 4 reorganization proposal to bills for universal voter registration, overseas citizens' voting rights, extension of the authorization of the Federal Election Commission, and funding of Senate committees. Hearings could be convened only on May 5 and 6, and markup was not concluded until June 14. Nevertheless, the budget impact of the bill was estimated early on, reported in a timely fashion to the Budget Committee, and assumed in the first concurrent budget resolution.

The nominal cost of this bill in no way threatens the Federal budget, and the delay in reporting the bill has not damaged the integrity of the budget process.

As it happens, I myself have reservations about the bill in its present form, but I do not therefore feel entitled to prevent the full Senate from considering it, so long as our traditional standard for waivers is met.

Already this year, dozens of waiver resolutions have been approved routinely, and the cases for them were not all more compelling than this one.

Mr. President, I urge approval of the waiver, so we can get on to considering the public financing of elections on its own substantive terms.

Mr. MUSKIE. Mr. President, I have no further requests for time, and I am prepared to yield back the remainder of my time.

Mr. CANNON. Mr. President, I have no requests for time. Unless some Senator wishes to speak, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the resolution.

The "yeas" appear to have it. The "yeas" have it.

The resolution was agreed to, as follows:

S. RES. 206

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 926, a bill to provide for public financing of Senate general elections and to amend the Federal Election Campaign Act of 1971. Such waiver is necessary to allow for the authorization of $900,000 of fiscal year 1978 funds for use by the Federal Election Commission to administer a program of public financing of Senate general elections, to authorize payment, pursuant to S. 926, of funds from a Senate campaign account within the Presidential Election Campaign Fund established by section 9006(a) of title 26, United States Code during the latter half of fiscal year 1978, (which would not require an appropriation of funds during

said fiscal year) and to authorize the Federal Election Commission to disburse up to $250,000 of fiscal year 1978 funds to reimburse states for maintaining Federal Election Campaign Act reports pursuant to section 439 of title 2, United States Code.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 16, 1977, because of the large number of matters considered and reported by the Committee on Rules and Administration, including S. Res. 4 to reorganize the committee system of the Senate, S. Res. 5 to amend the Standing Rules of the Senate in a numer of respects, S. 703 to amend the Overseas Citizens' Voting Rights Act of 1975, S. 1435 to extend the authorization of the Federal Election Commission, S. 1072 to establish a universal voter registration program, eighteen resolutions to fund the committees of the Senate and many other matters the Committee on Rules and Administration has been required to consider and hold hearings on since its organization meeting on March 2, 1977. The matters contained in S. 926, as reported, were part of the Committee on Rules and Administration's March 15, 1977 report to the Committee on the Budget.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the waiver resolution was agreed to.

Mr. CANNON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PUBLIC FINANCING OF SENATE ELECTIONS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 926, with no cloture motion thereon to be in order until Wednesday, July 27, 1977.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 926) to provide for the public financing of primary and general elections for the United States Senate.

The Senate proceeded to consider the bill, which had been reported from the Committee on Rules and Administration with an amendment.

The following Senators requested and, by unanimous consent, the privilege of the floor was granted in behalf of the following staff members: Mr. CANNON: Mary Daly and Rose Reckner; Mr. SCHMITT: John Ryan; Mr. CLARK: Andrew Loewi; Mr. HATFIELD: Marty Gold and Larry Smith; Mr. HATCH: Mary Ann Hansen, Gordon Tanner, Charles Moser, John Baldwin, and Cindy Farr; Mr. DOLE: Dick Friedman.

Mr. CANNON. Mr. President, today we begin consideration of S. 926, a bill which has two overall purposes. The first is to provide for public financing of general elections for the U.S. Senate; this is set forth in part I of the bill. The second purpose is to amend the Federal Election Campaign Act of 1971 to improve the operation of that law. These amendments are set forth in part II of S. 926.

Part I of S. 926 would provide public financing for candidates to the U.S. Senate in general elections, beginning in 1978. The constitutionality of public financing of Federal elections was clearly affirmed by the Supreme Court in *Buckley* v. *Valeo*, 96 S. Ct. 612 (1976), as a proper exercise of congressional power under the general welfare clause of the fifth amendment, directed at reducing the deleterious influence of large political contributions and freeing candidates from the rigors of fundraising. The Court found public financing facilitates and enlarges public discussion and participation in the electoral process. The report of the Committee on Rules and Administration (95–300) describes in detail how public financing would be extended to Senate general elections. At this time, I would like to summarize the major provisions of this part of S. 926.

There are basically two ways a candidate can become eligible for public funds. First, one will be eligible if he or she is the nominee of a major political party. Second, any other candidate, independent or minor party, will be eligible if he or she has received contributions in amounts of $100 or less which aggregate 10 percent of the applicable State expenditure limit, or $100,000, whichever is smaller.

All candidates who receive public funds will have expenditures they may make in their general election campaign limited to $250,000 plus 10 cents times the voting age population of their States. These expenditure limits, together with the threshold requirements for independent and minor party candidates, are set forth on page 6 of the committee report. In addition, each candidate who accepts public funds will not be able to make expenditures in excess of $35,000 in the general election from personal funds or from the personal funds of his or her immediate family.

A candidate who is the nominee of a major party will receive a direct grant of 25 percent of the expenditure limit and thereafter funds on a matching basis for every contribution up to $100 accepted from individuals. Contributions from political committees will not be eligible for matching funds. Upon reaching the eligibility threshold, an independent candidate or candidate of a minor party would be entitled to funds to match the contributions accepted to attain the threshold, and contributions up to $100 thereafter. In all instances, the total amount of public and private funds received may not exceed the applicable expenditure limitations. Thus, for example, a $1,000 contribution from an individual, only $100 of which would be matchable, or a $5,000 contribution from a multicandidate political committee, would reduce the potential amount of public funds which a candidate might receive.

Mr. President, there have been objections raised to the manner by which this bill distinguishes between major party candidates and minor party and independent candidates. The 10 percent threshold in the bill was reduced in committee from 25 percent and is low enough to encourage participation by minor and independent candidates. At the same time, it will require a reasonable measure of popular support to avoid a potential raid on the Treasury and the splintering of existing parties. In Buckley against Valeo, the Supreme Court concluded that the Constitution does not require Congress to treat all candidates the same for public financing purposes, and upheld the use of monetary thresholds to gain access to public funds.

The imposition of expenditure limitations on those candidates who accept public funds was determined to be a constitutional limitation by the Supreme Court in Buckley against Valeo. Those candidates who do not accept public funds may not be limited, but they will be required to file a public declaration prior to the election as to whether they intend to exceed the applicable personal or overall expenditure limits. If a candidate declares such an intent, or, in fact, does exceed either of the expenditure limits, then the candidate who accepted public funds will be free to exceed the overall expenditure limit as well. Furthermore, the publicly funded candidate will then be eligible to receive additional matching funds up to 62.5 percent of the expenditure limit, which is the maximum that candidate's opponent would have been eligible for should he have accepted public financing. Additional private funds which such a candidate could accept and spend would, at that point, be unlimited.

These disclosure provisions and the subsequent lifting of expenditure limits, which are described in detail on pages 8 and 9 of the committee report, are intended to enable the issue of excessive campaign spending to be a matter of public records and debate during the campaign, rather than after. Lifting the limits and allowing additional matching funds will also provide a rough equalizing of opportunities while not infringing on the constitutional rights of the privately funded candidate. It is hoped that this will serve as a deterrent to excessive campaign expenditures by candidates for the U.S. Senate.

The funds for financing Senate general elections will be derived from the existing dollar checkoff and put in a Senate campaign account as part of the Presidential campaign fund, after sufficient amounts to fund the Presidential general elections, conventions and primaries have been set aside. Consequently, this bill would not increase the one dollar checkoff nor would it require an appropriation of funds to make the requisite payments to candidates. The committee estimates the 2-year cost for funding Senate general elections in 1978 could range from approximately $14 million to $18 million, with administrative costs for fiscal year 1978 of $900,000.

Mr. President, there has been criticism that S. 926 does not apply to primaries. The committee considered this question, and determined the matter of possible application of public financing to primaries should be deferred to a later date. This would provide the Congress and the Federal Election Commission, which must administer the law, an opportunity to review its operation in the general elections. In addition, limiting public financing to Senate general elections would result in substantial cost savings of approximately $10.5 million to $17.5 million. By limiting S. 926 to Senate general elections, we help insure that the financing of Federal elections with public moneys can be maintained from the

funds designated by citizens to the Presidential election campaign fund, without having either to increase the amount permitted to be designated to that fund or reduce that funds which could be available to candidates.

S. 926 does not provide for public financing of elections to the House of Representatives, as it was felt this was a matter to be initially determined by the House. Until a companion bill is reported by the House Administration Committee, and acted on by the House, it will be difficult, if not impossible, to project a realistic range of costs for public financing of both Senate and House general elections.

Senate public financing will be administered by the Federal Election Commission which will have authority to certify the eligibility of candidates and the payment of funds. The Commission will also be required to audit all recipients of public funds, and is authorized to require repayment of excess funds and those funds which are not used for proper campaign expenditures. All such repayments will be redeposited in the Senate campaign account. Violations are punishable by a fine of not more than $10,000, imprisonment for not more than 5 years, or both.

The amendments proposed by part II of the bill to the Federal Election Campaign Act of 1971 are described at pages 9 to 13 of the committee's report. A major thrust of these amendments is to substantially reduce the recordkeeping and reporting requirements of the campaign law, generally accepted to have been an unnecessarily burdensome infringement on the political process in the 1976 elections. In the 1976 elections, 9,049 reporting entities representing 3,390 campaigns, filed one million pages of disclosure forms containing 20 million separate pieces of information, which the Federal Election Commission attempted to process through its computer-based information system. The Commission has informed the committee that the large number of excess reports and requirements made it more difficult for the press and the public to effectively use campaign financing reports. These amendments will, for example, reduce from a maximum of 24 to 8 the number of reports a candidate would have to file in a 2-year election cycle and at the same time maintain adequate disclosure of campaign activity.

Another major thrust of the amendments in part II of the bill will be to substantially strengthen and broaden the scope of permissible activity of the Nation's political parties. In a number of areas existing law only exempts from the act certain volunteer related activity if directed toward a candidate. This bill would extend these exemptions to political party activities as well. In addition, State and local communities of a political party will be able to pay the costs of certain compaign material used in connection with volunteer activities on behalf of a candidate without those costs constituting a contribution or expenditure under the act. This would include items such as pins, bumper stickers, handbills, posters, and yard signs, but would not include use of broadcasting, newspapers, magazines, or other similar types of general public political advertising. State and local political parties will also be able to raise contributions and make expenditures on behalf of a Presidential candidate at the State and local level, an activity severely restricted by the campaign law during the 1976 Presidential election. Finally, the ability of political parties to communicate with the public will be assisted by the extension of reduced second- and third-class bulk mailing rates to party committees.

In a further attempt to refrain from infringing on the vitality of the political process through unnecessarily extensive regulation, the committee has exempted the Presidential delegate selection process from the scope of the Campaign Act at this time. The committee does not see a present need to extend the scope of the campaign law to such delegates and would exempt them from the reporting and contribution requirements of the law. It should be made clear, however, that should an individual otherwise come under the act's coverage by, for example, acting as an authorized agent of a candidate, or by making independent expenditures subject to disclosure, the very fact that this individual is also a candidate for delegate, or is a delegate, will not exempt that person from the law's requirements in those respects.

Part II of S. 926 contains a number of additional amendments to the campaign finance law which are described further in the committee's report. These reflect the experience of the 1976 elections and are designed to improve the operation of the law while maintaining the essential principles of full and adequate disclosure of campaign activities.

At this time, I would like to yield to any questions my colleagues may have with regard to either part of S. 926. I also ask unanimous consent that a brief summary of S. 926 be printed in the RECORD at the conclusion of my remarks for assistance in the Senate's review of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CANNON. A more detailed section-by-section summary is set forth at pages 17 to 25 of the committee report.

EXHIBIT 1

BRIEF SUMMARY OF S. 926, PUBLIC FINANCING OF SENATE GENERAL ELECTIONS ACT AND FEDERAL ELECTIONS CAMPAIGN ACT AMENDMENTS OF 1977

I. PUBLIC FINANCING OF SENATE GENERAL ELECTIONS

A. Level of Public Financing

Upon nomination, major party candidates will be entitled to receive an initial grant of public funds from the dollar tax check-off equal to 25 percent of the spending limit. Thereafter, the candidate will receive matching funds for the first $100 given by any individual contributor. A candidate cannot receive more than a total of 62.5 percent of his/her spending limit in public funds. Minor party and independent candidates may qualify for matching funds only in the general election if they raise an amount equal to the smaller of 10 percent of the spending limit or $100,000 in contributions of $100 or less. In all instances, total private and public funds received may not exceed the expenditure limit.

B. Overall Spending Limit

In Senate general elections, candidates accepting public funds can spend no more than an amount equal to $250,000 plus 10 cents times the voting age population of the state (see chart at page 6 of Senate Report 95–300). In *Buckley* v. *Valeo*, the Supreme Court held that a spending limit can be imposed on candidates accepting public funds.

C. Limits on Candidate's Personal Spending

Candidates accepting public funds may not spend more than $35,000 of their own funds or funds of their immediate family in a general election.

D. Waiver of Spending Limits

If a candidate who does not receive public funds spends or obligates to spend more than either the overall spending limit or the limit on the use of personal funds, the overall spending limit on the candidate receiving public funds is automatically waived. In addition, the publicly financed candidate will be eligible to receive additional matching payments up to an amount equal to the maximum he was originally eligible to receive in public funds (i.e., another 62.5 percent of his spending limit). A candidate is required to notify the F.E.C. if he intends to exceed either the personal or overall campaign spending limits.

E. Senate general elections would be financed from the dollar check-off after sufficient amounts to fund the Presidential elections and conventions have been set aside. Estimated two-year costs for the 1978 election range from $14 to $18 million, with administrative costs for Fiscal Year 1978 of $900,000.

II. FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS

A. Political Parties

1. The present exemption granted for legal and accounting services contributed to the national committee of a political party would be extended to all political party committees.

2. The present exclusion of certain residential, vendor and volunteer travel expenses (up to $500) from the definition of contribution or expenditure, presently applicable only to candidate activity, would be extended to political party activities as well.

3. State and local political parties would be able to purchase volunteer-related campaign materials (buttons, bumper-stickers, yard signs, handbills) to support a candidate without the cost being charged as a contribution or expenditure. General types of public political advertising, such as broadcasting, newspapers, etc. are not included.

4. Reduced 2nd and 3rd class bulk postal rates now available to non-profit organizations would be extended to all state and national political party committees, including the Democratic and Republican Senatorial and Congressional Campaign Committees.

5. State and local political parties would be able to spend 2 cents times the voting age population or $20,000, whichever is greater, on behalf of presidential candidates, unless the presidential nominee designates a specific committee in that state to make these expenditures.

B. Candidate and Committees

1. Excess campaign funds could be transferred without limit to political parties, but may not be converted to personal use by any person.

2. Reporting requirements are simplified, including a reduction from 24 to 8 in the maximum number of reports required to be filed by candidates in a 2-year election period.

3. The threshold for reporting the details of contributions and expenditures would be increased from $100 to $200, but detailed record-keeping is retained.

C. Corporate and Union Political Action Committees

The bill requires disclosure of the sponsoring corporation or labor organization in PAC name; provides stricter requirements to qualify as a "multicandidate committee;" authorizes solicitation of corporate divisions by trade associations, allowing corporate approval of trade association solicitation to stay in effect until revoked; and permits solicitations by PACs of members of their membership organizations which are themselves members of the organization which established the PAC.

D. Presidential Candidates

1. The presidential delegate selection process would be exempted from the Act.

2. Joint congressional/presidential campaign materials may be used without the costs of such materials being charged as a contribution by the congressional candidate.

3. Presidential candidates would be given an additional grant of $500,000 to defray legal and accounting costs in general elections.

E. Administrative Changes in Act

1. The mandatory Federal Election Commission "conciliation" period would be reduced from 30 to 20 days.

2. The Congressional review period of FEC regulations would be reduced from 30 to 20 "legislative" days.

F. Miscellaneous

1. The threshold reporting obligation for independent expenditures would be increased from $100 to $250 per year.

2. The names and addresses of any political committee on file at the FEC could be utilized to solicit contributions from that committee.

3. The burden on state Secretaries of State of retaining campaign reports would be reduced, and $250,000 would be authorized to reimburse the states for retaining campaign reports in Fiscal Year 1978.

4. The current prohibition on solicitation or receipt of contributions in a Federal building would be changed to permit such activity by a Senator's two assistants designated pursuant to Senate Rule XLIX to solicit, receive or distribute campaign funds. Contributions received in the mail and promptly deposited in a designated campaign depository would not be in violation of the Federal building prescriptions.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I rise to speak today in opposition to S. 926. I fully recognize that this legislation is considered meaningful and it is considered meaningful by those who advocate it because they believe that it is campaign reform. I am also sensitive to the thought that our elections must be clean both in appearance as well as in fact. Therefore, I have given this bill very serious consideration. For the reasons I will set forth in these remarks, I must say I will fight vigorously against the enactment of S. 926, to finance Senate campaigns.

Mr. President, S. 926 has been promoted as a meaningful deterrent to the corruption which allegedly besets the Congress due to private campaign financing. The sponsors of this measure argue that substituting tax dollars for private dollars is necessary because recipients of citizen contributions are made beholden to special interests. Stripped to its essentials, that is the theory underlying this bill. The sponsors perceive a Congress that is bought and paid for by private campaign contributors. Their theories and innuendos do a great disservice to the overwhelming majority of Senators and Congressmen whose integrity and record are unimpeachable.

The proponents of S. 926 market a false promise of reform. In the days which follow, we who oppose them shall bring the true costs and regrettable realities of this bill to the attention of the Senate and the American people. We shall establish that public financing in the form proposed here does nothing to reduce the influence of special interests in political campaigns. We shall show that the bill is unduly expensive in relation to the results it will actually achieve. We shall demonstrate that the bill will further saddle American elections with unnecessary regulations and cumbersome bureaucracy. We shall prove that this measure is laden with inequities and unfairness toward our political competitors. In short, Mr. President, we shall establish that this "reform" is no reform—that it is a hoax on the public—and that it must be defeated in this body.

Mr. President, because I believe elections must be clean, both in fact and in appearance, I do not take a laissez-faire attitude toward the regulation of Federal campaigns. Rather, I support, and voted for, the present ceilings on individual campaign contributions. And I think that full disclosure of all campaign contributions must be required. Ceilings and disclosure work in tandem. Together, they meet the public's expectation that campaigns not be funded by a wealthy few and that the people must know who is financially backing a particular candidate. Such reasonable controls over campaign financing are sufficient to give voters fair assurance that Federal elections will be clean. Public financing, which has the same objectives, adds nothing to these achievements. It creates, however, enormous and unnecessary burdens for the taxpayers, the candidates, and the political system in this country. When we commence to tinker with election machinery, Mr. President, we must know when to let well enough alone.

S. 926 can readily be identified as a piece of post-Watergate reform. The Watergate scandal is too fresh in our minds to forget how its abuses shook the people's confidence in our political institutions. But, Mr. President, our memory conveniently fades when we seek a proper response to that crisis. We seem to forget that the Watergate activities were already illegal at the time they were committed and were successfully prosecuted under laws already on the statute books. We fail to recall that Senator Ervin and all but two members of his Watergate Committee specifically recommended against enacting public financing as an answer to Watergate and its abuses. I remind the Senate now of these facts because I believe the Ervin committee was correct. We do not condone—in fact we condemn—political abuse and corruption in any form. But our response must be carefully tailored to the needs of the American electorate. An inappropriate response—such as S. 926—is worse, in my judgment, than no response at all.

Mr. President, the sponsors of this measure have argued that public opinion is on their side. They would have us believe that the American people want the reform they are marketing. To buttress their argument, they cite opinion polls which indicate support for public financing. But I contend that such polling has produced invalid results. People responding affirmatively on the public financing question likely did so in the belief that enacting taxpayer-funded elections would eliminate special interest influence in campaigns. Yet I must emphasize that the premise underlying the poll is incorrect. This bill does not and cannot stop private interest giving. Public funds will be in addition to and not in lieu of private dollars. Special interests can and will continue to spend. I submit, Mr. President, that, as the premise of that poll is faulty, so are the poll results.

In fact, I can cite other opinion indicators which prove more conclusively where the people really stand on the public financing issue. In my own State of Oregon, for example, voters in a 1976 referdum defeated, by 659,000 to 264,000, a public financing plan for State races. Put in percentage terms, public financing was scuttled 72 to 28. In a State traditionally known for progressive legislation, particularly in the conduct of its elections, that referendum is quite a testament to public opinion as it really is.

Furthermore, Mr. President, the American people have shown a notable lack of enthusiasm for public financing on yet another level. I speak of the dismal support given to the dollar checkoff mechanism which sustains the Presidential election campaign fund. Never more than 27 percent of all American taxpayers have exercised their right to make a checkoff. That is true despite the fact that the option to do so is clearly displayed on tax return forms and that checking off a dollar in no way increases the taxpayers' liability. I submit that, when the people's support for public financing has been put to an actual test, both in Oregon and on the Federal level, taxpayer funding of elections has been resoundingly rejected.

In 1976, the percentage of the taxpayer checkoff was as follows: 27.1 percent checked off the box in favor of the $1 for Presidential campaigns; 40 percent elected to say no, they did not want to check off the fund. We find that this is, in itself, a very conclusive piece of evidence as to the actual reaction of the taxpayer.

Mr. President, it has been urged upon us that public financing curbs the influence of special interests in political campaigns. Such a contention is attractive in theory. In reality, it is nonsense. Buckley against Valeo holds that ceilings on direct campaign contributions are proper, but limits on truly independent expenditures are unconstitutional. Therefore, Mr. President, while a special interest must observe a ceiling on how much it can give directly to a candidate, it faces no limit on how much it can spend independently to urge his elec-

tion or his defeat. The important point is that the right of special interests to spend money relative to campaigns cannot be trammeled. They will go right on spending. Their dollars will continue to play a part in the outcome of elections. By reason of the first amendment, we cannot stop this.

If my colleagues want a practical example of how special interest money works in a publically financed election, I refer them to our minority views which discuss the influence of big labor in the 1976 Carter campaign. Labor's influence, and that of other special interests, was significantly strengthened because of the distortions which Presidential public financing brought to our political system. Now the proponents of taxpayer funding would enlarge that distortion to include congressional campaigns. I cannot acquiesce to such efforts.

Mr. President, the true costs of S. 926 go far beyond those quoted by the sponsors of this measure. Not only will the bill create a greater tax burden than they claim, it will expand the reach of unwieldy and extensive regulations and redtape. The experience of the last Presidential campaign was that Federal election laws, and the regulations they spawned, were excessively cumbersome to observe and very expensive to administer. Now the proponents seek to extend this bureaucratic morass to Senate general election campaigns as well. Such a step, Mr. President, would truly make a bad situation worse.

As I have stated previously, I do not accept the concept that public financing is necessary to protect the integrity of elections. But that premise is the foundation of the proponents' entire case. I am, therefore, both puzzled and curious over their willingness to delete primaries from the scope of this bill. Surely, they are aware of the critical importance of primaries in the Nation's political system. Surely, they know of the many States in which a primary victory is tantamount to success in the general election. Surely, they cannot ignore the fact that approximately one-third of all Members of Congress elected in 1976 won their decisive victory in the primaries and not in November. Surely, they cannot believe that, if general elections are corrupted by private money, primaries are any cleaner.

Just as surely, Mr. President, they must know that extracting primaries from S. 926 neutralizes the bill as a tool for meaningful campaign reform.

In their efforts to doctor the ills which they claim infect American politics, the proponents prescribe a costly dose of tax dollars. Yet, their treatment cannot succeed when so much of the disease they hope to cure remains to afflict the patient.

The deletion of primaries from S. 926, Mr. President, is an act of expediency—and nothing more. It represents a determination by the proponents that with primaries included the legislation could not pass. I do not know if that assessment of the bill's prospects is correct. I am certain, however, that the earnest proponents of campaign reform now offer us legislation that they must realize is no reform at all. If their premise is wise, then the proponents must be willing to fight for its extension to all Federal elections—and that includes the primaries. Then the system will achieve maximum benefits under their theory. If their premise is faulty, then the bill should not be enacted for either primaries or general elections. The proponents cannot have it both ways, but in this bill's present form, that is exactly what they are attempting to do, to foist upon us and the American people.

Of even greater concern, Mr. President, is the fact that S. 926 does not even touch upon the public financing of House campaigns. This is a most unusual occurrence, since in the past Senate election reform bills have always included House campaigns. The absence of House campaigns in S. 926 and the absence of Senate campaigns in H.R. 5157 seems most unusual. I can appreciate the need for comity to exist between the two Chambers of Congress, but this circumstance goes further than just comity. In fact, this situation gives the appearance that a sweetheart deal has been struck between the majority party in the House and in the Senate. In short, we are to accept the formula the House derives for the financing of their campaigns, and they, in turn, will acquiese to our formula for Senate campaigns. I find this arrangement circumvents the purposes underlying a bicameral legislative system. The entire system of public financing must be considered in one comprehensive package wherein its costs and burdens can be analyzed.

The piecemeal approach we are following here will result in bad laws written for the sake of political convenience. Such expediency in the case of election law will do irreparable damage to our political system.

Now, Mr. President, I turn to an aspect of this legislation that I find highly destructive to the fluidity of our political system. I address specifically the negative and unfair impact of S. 926 against minor party and independent candidates.

As discussed in the minority views, S. 926 treats majority party candidates and their political competitors differently in two principal respects. First, it requires candidates who do not represent a major party to meet a contributions threshold before they can qualify for public funds. The purpose of this requirement is twofold: By insuring that such candidates must first demonstrate substantial public support, it guards against a raid on the Treasury by fringe organizations. Moreover, it stops tax dollars from being used to proliferate artificially the platforms and candidates of truly splinter parties.

Mr. SCOTT. If I may, I would interrupt the Senator's train of thought to pose a question.

Mr. HATFIELD. I yield for a question.

Mr. SCOTT. Mr. President, I appreciate the distinguished Senator yielding.

I am not familiar with the details of this measure, but was told that in order for a candidate for the Senate to receive public financing, that his party would have to have received at least 25 percent of the vote in the preceding election.

Mr. HATFIELD. That is right.

Mr. SCOTT. I am not a candidate for reelection and have publicly announced this some time ago. Of course, in my election 5 years ago I did receive more than 50 percent of the vote, in a three-way race. I am rather pleased with the results.

In last year's Senate election, we did not field a Republican candidate. My colleague from Virginia (Mr. HARRY F. BYRD, JR.) was the successful candidate. He ran as an Independent. No Republican was in the field. So the Republican Party did not receive 25 percent of the vote. Were I to change my mind—and I do not have the slightest intention of doing it—but were I to be a candidate for reelection, I am told that because the Republicans did not field their candidate, did not receive 25 percent of the vote, I would be excluded from participating.

I ask the distinguished Senator if that is the case.

Mr. HATFIELD. The Senator is correct.

The situation in the State of Virginia indicates that the Republican Party would now have to qualify in next year's election as a third party or as a party representing a minor position, and it would have to meet the threshold amount to prove that it can qualify.

The State of Virginia is not unique in this situation. In 1978, the same situation would occur in Louisiana, in Mississippi, in Alabama, Hawaii, in West Virginia, as well as in Virginia.

Mr. SCOTT. I do not want to infringe unduly on the Senator's time. However, it seems strange that in Virginia, where we have a Republican Governor, where the Republican Party holds 6 of the 10 seats in the House of Representatives, and where we have a Republican Senator as well as a nonpartisan Senator or independent Senator, a candidate for the U.S. Senate would be excluded from participating in this.

I think this is one part of the bill that certainly should be corrected. It would be grossly unfair on the surface, it seems to me.

Mr. HATFIELD. I will read to the Senator the specific language of the bill which puts this further encumbrance upon not only the minor parties but also the Republican Party as a national party and the party that the Senator says holds major offices including the governorship, in the State of Virginia. Under title 5 of the bill, on page 20, subsection (A) reads:

> The political party whose candidate for election to that office in that election received, as the candidate of that party, the second greatest number of votes cast in that election for all candidates for that office (if such number is equal to 15 percent or more of the total number of votes cast in that election for all candidates for that office);

So that is the threshold—15 percent.

In the case either of Virginia, where there was no candidate, or in the other States which I enumerated, in which the Republican candidate received less than 15 percent of the vote, we have very effectively foreclosed the Republican Party for that particular race, under the wording and the concept of this bill.

Mr. BAKER. Mr. President, will the Senator yield for a question on that point?

Mr. HATFIELD. I yield.

Mr. BAKER. I ask the distinguished Senator, then: If in those States no provision is made for a Republican candidate in the general election, what provision does the bill make for any of the primary elections in which, in some of the States the Senator mentioned, the primary is tantamount to election?

Mr. HATFIELD. No provisions are made for primaries. The primaries are excluded from this bill.

As the Senator from Tennessee knows, we raised that question in the Rules Committee during the time this bill was considered; and the majority party very effectively discarded the objections, the questions, and the concerns raised, because they rejected the inclusion of primaries in the concept and in the scope of this bill. So we not only face those States but other States as well.

Conversely, there is no State that would strike the Democratic Party as it would strike at the very heart of the Republican Party, in those States I enumerated, plus the other Southern States, particularly where the primaries oftentimes are tantamount to election.

Mr. BAKER. Will the Senator from Oregon indicate to me whether he intends to offer an amendment to provide in this bill for public financing in primary elections?

Mr. HATFIELD. Yes. I have an amendment ready to send to the desk, to expand this bill to include primaries, to let that issue rise in the general debate on the floor here—not only to bring a better understanding to our colleagues of the inadequacies and the void in this bill but also to bring to the public, again through the medium of debate on this floor, an awareness of the true inequity in this bill; not only the cost to the taxpayer which could be measured in dollars but also the cost to the political system of this country. This not only affects the Republican Party today and the Democratic Party, but possibly all great causes and great issues being raised by third parties.

I think that any of us who have studied our history recognize that some of the great wisdom and some of the great programs that have been adopted by the major parties were actually out of the soul and heart of third party movements and minor parties, which this bill would restrict further and almost freeze out of our political system. By doing this to the Republican Party, I would go one step further and say that, in effect, it could lead to a one-party system in this country.

Mr. BAKER. I thank the Senator for yielding, and I thank the Senator from Virginia for permitting me to interrupt briefly this fine colloquy he is having with the distinguished manager of the bill on this side.

Mr. SCOTT. Mr. President, will the distinguished Senator from Oregon yield further?

Mr. HATFIELD. I yield for a question.

Mr. SCOTT. I understand that the distinguished Senator is the ranking member on the Rules Committee. As previously indicated, this will not affect me personally, but as the incumbent Senator, whose term will terminate at the end of the present Congress, it seems grossly unfair that if I were to be a candidate for reelection, I would not be entitled to public funding if this bill were passed.

The question I am leading up to is this: Were I candidate for office, is it true that I would not receive public financing but that the Democratic opponent seeking to replace me in the Senate would receive public financing?

Mr. HATFIELD. Under the present wording of the bill, as the bill is presently constituted, that situation would exist in the State of Virginia.

Mr. SCOTT. Again, I have not a personal interest, but that is grossly unfair. It is unfair on its face, and I think every Member in this Chamber can see the unfairness.

Mr. CLARK. Mr. President, will the Senator yield for a brief comment?

Mr. SCOTT. I do not have the floor.

Mr. CLARK. With regard to this point.

Mr. HATFIELD. I yield for this one question, but I should like to finish my opening statement.

Mr. CLARK. I say for the record that, as one of the authors of this bill, we discovered this particular fact only yesterday.

I agree with the Senator from Virginia that it would be grossly unfair if that provision were to remain in the bill as written. As one of the authors of the bill, I can tell the Senator that we are in the process of drawing an amendment to correct that.

Mr. SCOTT. I appreciate the Senator's comments, and I thank the Senator from Oregon for yielding.

Mr. HATFIELD. I thank the Senator from Virginia for bringing up the issue.

Mr. McCLURE. Mr. President, will the Senator yield for a unanimous consent request?

Mr. HATFIELD. I yield.

Mr. McCLURE. Mr. President, I ask unanimous consent that Sylvia Kostalenitz, of Senator HAYAKAWA's staff, be accorded the privilege of the floor during the debate on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I make the same request for Mark Steinberg, of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. I also thank the Senator from Iowa for his response to the point that was raised by the Senator from Virginia. I can appreciate the sincerity of his approach to this general subject, since I have worked with him for a number of years, both on this committee and otherwise.

I do think, Mr. President, that it does point up the many pitfalls this bill has presented to us and the fact that a bill of this complexity certainly has to be considered carefully. I think it calls for rather extensive discussion on the floor of the Senate in order to bring out these points and to focus upon not only this particular inequity but also the others to which I will address myself.

We believe that the objectives behind the threshold requirement are valid, so we do not object to them. But I point out that once the threshold is reached and the minor party candidate qualifies for public funds, we believe this entitlement should be equivalent to that of Democrats and Republicans, and that inequity still remains in the bill.

The sponsors of S. 926, however, do not agree. Their bill perpetrates funding discrimination against these qualified candidates. It denies them eligibility for Federal block grants which are immediately available to Democrats and Republicans at the time of nomination and which represent vital seed moneys for their campaigns. This discrimination serves to freeze in place the political status quo. We strongly contend such a bias may well be unconstitutional as a matter of law and are certain that it is grossly unwise as a matter of policy.

In practice, the funding bias works as follows:

In a State such as Arkansas, which has an expenditure limit of $400,000, a major party candidate would immediately get a $100,000 block grant.

(Mr. BAYH assumed the chair.)

Mr. HATFIELD. The sum of $300,000 would remain to be raised, and if the maximum amount of public dollars were realized, the major-party candidate would receive an additional $150,000 public money to match $150,000 in private contributions. Thus, in a $400,000 campaign, the major-party candidate would only have raised $150,000 in private donations in order to receive $250,000 in tax funds from the U.S. Treasury.

On the other hand, Mr. President, S. 926 provides that the minor-party candidate or independent is ineligible for a block grant.

Thus, he can receive a maximum of $200,000 in public financing in the same campaign to match $200,000 in private funds. The sponsors had seen to it that for the minor-party candidate or independent the fundraising burden is made tougher than it is for Democrats and Republicans, and the benefits are less. Even after he meets the threshold, evidencing wide public support, the minor-party candidate or independent is treated like a second-class entrant in the race. This is a principle, which we as Republicans cannot tolerate.

Even if the Supreme Court were to find the discrimination against minor parties and independents to be constitutionally permissible, I believe it is reprehensible on policy grounds. With respect to this issue, Mr. President, I find that the constitutional and policy arguments interrelate but are not interdependent. Either one of these arguments, standing on its own, is strong enough and reason enough for me to oppose this discriminatory legislation.

The constitutional argument really turns on a simple question of fact. And the question is this—does meeting the

contributions threshold in S. 926 put minor parties and independents on equal footing with the major parties for the election in which the threshold is met? Clearly, Mr. President, such parties are not on equal standing all the time. A distinction can generally be drawn between the broad-based nature of the Republicans and Democrats and the typically fringe character of minor parties and independents. But, I believe that meeting the threshold in a given election obliterates this distinction.

In my view, candidates who successfully shoulder this burden demonstrate sufficient public support so that:

First. They cannot be considered as mere fringe candidates, and

Second. Public financing of their campaigns, on a basis equivalent to that of the major parties, does not artificially foster splinter groups.

I therefore contend that meeting the threshold satisfies any reasonable governmental interest in fiscal integrity and political stability.

If that is so, then all candidates qualified for public funds must receive equal treatment before the law. Facts are facts, Mr. President. We know from studying the political history of this country that most minor-party and independent candidates will never show enough support to meet the threshold. Therefore, they will never qualify for public funds. Upon occasion, however, strong, independent candidates such as George Wallace or Eugene McCarthy have made a real impact on the American electorate. Where such candidates can generate enough public support to meet the threshold burden, surely we cannot create additional barriers to them by unfairly allocating public funds. I find that meeting the threshold places a minor party or independent candidate on equal footing with Democrats and Republicans. With that as my premise, I believe the funding bias in S. 926 cannot be constitutionally tolerated.

Further, Mr. President, I oppose the bill's discriminatory provisions on philosophical grounds. There can be no doubt that bias in the availability of public funds further advantages the two major parties over qualified minor party and in independent candidates. To reiterate, that situation serves to freeze the political status quo. In the minority views, we recall what Theodore H. White said in Breach of Faith about the presidential public financing system enacted in 1974:

> Its new rules will change the nature of American campaigning. They all but eliminate the possibility of new national parties ever again rising from a limited base of opinion: in this sense, they restrict the arena of politics to the established parties.

I quote as well the wisdom of Chief Justice Burger who argued in Buckley against Valeo:

> The fact that there have been few drastic realignments in our basic two-party structure in 200 years is no Constitutional justification *for freezing* the status quo of the present major parties at the expense of such future political movements.

And, the Chief Justice added:

> I see grave risks in legislation enacted by incumbents of the major political parties, which distinctly disadvantages minor parties or independent candidates.

In Buckley, the Chief Justice expressed his concern over "enactments that tend to perpetuate those who control legislative power." The discriminatory treatment of minor parties and independents in S. 926 represents just such an enactment. This is a principle I cannot accept. In my judgment, this is wholly unwarranted and must cause the Senate to defeat this bill.

I will predict, Mr. President, that debate on S. 926 will be full and extended. We do not intent to permit this bill to be railroaded through Congress. It is our obligation as Senators to insure that S. 926 receives extremely careful and thorough consideration. I feel confident that in the course of our deliberations the weaknesses of this legislation will become manifest. I am equally confident, therefore, that the Senate will not pass this bill.

Mr. President, in the case which is oftentimes quoted relating to public financing and other election matters in Buckley against Valeo, I wish to call to the mind of the Senate that this case characterized the making of campaign contributions and the disbursing of campaign expenditures as free speech, protected under the first amendment. It, nevertheless, upheld restrictions on contributions while striking down ceilings on expenditures. The distinction drawn is the result of judicial gymnastics but essentially it is this:

The court reasoned that contributions are less a direct form of political expression than are expenditures. A contributor is giving money to someone else so that second parties can engage in political expression, the court reasoned. On the other hand, the person making campaign expenditures is directly expressing a political view.

The sum of the argument is that a reasonable ceiling on contributions is only an incidental burden to freedom of speech. But, any ceiling on expenditures is a direct burden on speech and can only be permitted as a condition of accepting public funds.

Thus, adhering to a restriction on one's right to unfettered political speech is the price one pays for the benefit of public financing.

For this reason, I think the following principles hold true:

First, contributions ceilings on individuals or committees are permissible; second, expenditure ceilings on campaigns are permissible only if the candidate accepts public funds; third, expenditure ceilings on the amount a wealthy candidate can personally spend in his own behalf are permissible only if he accepts public funds; and fourth, independent expenditures, not made in collusion with the candidate, cannot be subjected to ceilings. The only burden that can be levied upon them is that they be reported.

Additionally, I wish to say that funding discrimination against minor parties was held permissible because the court accepted Congress determination that such parties were distinguishable from the two major parties. Since the minor parties did not stand on similar footing with the big two, there was no reason why Congress needed to treat them with equality. The key point, though, here is simply that parties which are not similarly situated are not constitutionally entitled to equal treatment. That is why I argue that meeting the threshold obliterates the distinctions that otherwise exist between the parties and for that given election they must be treated with equality.

On this subject, I wish to note one final item:

If one accepts the idea that meeting the threshold eliminates party distinctions, then one buys my constitutional argument, or at the minimum one sees compelling reasons to justify opposition to the bias on policy grounds. If one does not accept that idea, but thinks that the bias is fundamentally unfair, policy grounds suffice for him to support us.

In sum, we are giving our colleagues two options—back us on constitutional grounds or, if my colleagues think they are insufficient, then back us for policy reasons. That way we build the broadest possible base of support for our amendment—to strike funding discrimination from the bill.

ADDITIONAL STATEMENTS SUBMITTED

Mr. BAKER. Mr. President, we embark today on the consideration of a question critical to the fundamental nature of our Government—whether to provide for funds from the Treasury of the United States to finance the selection of Members of the U.S. Senate. I will say at the outset that in the 10½ years it has been my privilege to serve the people of Tennessee, there has seldom been a proposition considered in this Chamber to which I was more unalterably opposed than the one put forth here today.

In the normal course of our consideration of the many issues with which we deal, only rarely is the choice so clearly cut. Usually in our consideration of issues, we must weigh carefully the advantages and disadvantages of any given propostal and make a fairly fine judgment on the balance. With this proposal there is no fine judgment to be made; this proposal, this proposition that we finance out of the Federal Treasury our own selection, is wrong, clearly, unalterably, irrevocably wrong. I regret that we are even considering it, and I shall oppose it with every resource available to me.

Our Government, Mr. President, is changing; and this is but one step, albeit an important one, in that process of change. We in the Congress have become a full-time, bureaucratic institution in self-imposed isolation from the public by whom we were elected; we are paid handsomely because the job of regulating the minute details of the lives of the citizenry is incessant and demanding, and since we have presumed to take on that task, I suppose we should be paid for it. But the question now is whether we should legislatively finance our own selection.

In a sense, this is only a partial step. That is, due to constitutional considerations and administrative failures, the proponents have decided temporarily to forego comprehensive financing of congressional campaigns and allow the individual to retain some vestige of involvement in the financing process. But their goal is still the comprehensive financing of all campaigns for Federal office, and I would wager with some confidence that should S. 926 ever become law, the very next step would be to exclude the individual entirely, despite its unconstitutionality.

And then we will have come full cricle, isolated in Washington, legislatively prohibited from participating in the life of our communities, paid hardsomely from the Federal Treasury as befits a full-time Federal employee, and selected by a process completely financed by the Federal Treasury. We will be standing foresquare in the public trough, and the individual's role in this process will be relegated to that of paying his taxes and, perhaps, voting on election day. It is an incestuous arrangement, and we ought not to let it happen.

The proponents of this bill would have us believe that its passage will limit the influence of special interests in the political process. That assertion could not be further from the truth. The only influence to be limited is that of the individual, whose role will be steadily diminished and eventually eliminated if these proposals are allowed to progress to their logical end. But special interest spending will go on unchecked through independent expenditures, through indirect expenditures and by limited but still large direct contributions.

It was my privilege, Mr. President, to participate in what must be the most exhaustive investigation and analysis of a political campaign that has ever been conducted—the Senate Select Committee on Presidential Campaign Activities. As that astounding chain of events unfolded before the Nation, we all became painfully aware of the insidious influence of special interests in the political process. For obvious reasons, Mr. President, it was an especially painful ordeal for me, but it was necessary, and just as it disclosed the weaknesses of some members of the system, it demonstrated the abundant strength of the system itself. In terms of reform, it was also a fruitful experience.

From that ordeal came many recommendations that have since become law—the establishment of an independent election commission, central campaign depositories, severe limitation on cash contributions, a more relaxed limitation on any type of political contribution, prohibition of contributions by foreign nationals, and limitation on contributions by organizations—all these recommendations, along with the requirement for strict public disclosure of contributions and expenditures, were designed to limit the influence of special interests.

The committee made two other recommendations, Mr. President: the first of these was a recommendation to increase the income tax credit given to an individual who has contributed to a political campaign; and I shall come back to this recommendation in a moment. The second of these recommendations was, and I quote from page 572 of the committee's final report:

> The Committee recommends against the adoption of any form of public financing in which tax moneys are collected and allocated to political candidates by the federal government.

The committee's rationale is as valid today as it was 3 years ago, and I ask the Chair's indulgence while I quote from a portion of that report.

> Thomas Jefferson believed "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical."
>
> The Committee's opposition is based like Jefferson's upon the fundamental need to protect the voluntary rights of individual citizens to express themselves politically as guaranteed by the First Amendment. Furthermore, we find inherent dangers in authorizing the federal bureaucracy to fund and excessively regulate political campaigns.
>
> The abuses experienced during the 1972 campaign unearthed by the Select Committee were perpetrated in the absence of any effective regulation of the source, form or amount of campaign contributions. . . .
>
> What now seems appropriate is not the abandonment of private financing, but rather the reform of that system in an effort to vastly expand the voluntary participation of individual citizens while avoiding the abuses of earlier compaigns.

That, Mr. President, should be our goal, rather than limiting the participation of the individual in the democratic process, we should be doing everything in our power to encourage increased participation of the individual. One way to accomplish this would be to adopt the committee's recommendation and provide for an expanded tax credit for individual contributions for the campaigns of candidates running for Federal office. The size of the contribution should be limited, as it it under present law, and it should be fully disclosed, as it is under present law; but the individual should have an otherwise unfettered freedom selectively to support those candidates he deems merit his support and be allowed to withhold that support if he so chooses. Should this legislation become law, that freedom of choice becomes severely limited and in the stead of the willing individual, we place the disinterested and perhaps unwilling taxpayer.

Why is it that we return to the beleaguered taxpayer for the solution of every problem, real or perceived? Is it the ease and anonymity involved in simply requiring the Treasury to disperse funds to finance our selection? Have we become so isolated, so bureaucratized that we are afraid to go out among the communities we wish to serve and say to the individuals in those communities "I want to represent you in Congress. I ask not only for your vote, but also your financial support." I admit, Mr. President, that seeking the support of individuals is much more demanding than running a campaign on the public dole, but I believe that is the way it should be, and I do not believe that we should undertake lightly the task of changing it.

Mr. HUMPHREY. Mr. President, today we are considering a major cornerstone in President Carter's proposals for election reform. The Public Financing of Senate General Elections Act and Federal Elections Campaign Act Amendments of 1977 provide for mixed public and private financing of Senate general elections and respond to needs and problems that developed during the 1976 election experience.

This bill is a confirmation and an extension of a philosophy already widely accepted and endorsed by the public, and by a majority of the U.S. Senate as demonstrated in previous votes.

It is also the crest of a wave of reform that began with Watergate. The multitude of reforms affecting the election and the performance of public officials undeniably have complicated our lives with new restrictions, duties and details. But I believe the ultimate dividends far outweigh any attendant inconvenience.

A conscientious public official who performs his role with integrity must certainly be discouraged by the repeated implication—regardless of whether it is patently unjust—that every Senator is up for bids, and that the proverbial fat cat can intimidate or devour a Congress of mice.

The credibility of Congress and the respect it commands are on the line. This great institution is a bulwark of representative government. It has been the voice of the people throughout our history and cannot function without public trust. Its vitality is essential to preserve the U.S. honored position as the world's oldest, continuous democracy.

The credibility essential to this role will be reinforced by our vote to extend public financing to Senate general elections.

I am voting for this bill because it is a good bill, painstakingly drafted after an attentive hearing to individuals and organizations with widely different views but with the common objective of responsible and responsive government. There are still some unresolved questions concerning the equitable and optimum operation of public financing that deserve continued attention. But I believe we should have a law in place before the 1978 elections, and that the provisions of this bill are generally satisfactory, and may be refined as necessary based on our experience.

There is a real danger that increased private spending competes unfairly with the wider public interest, causing distortions in both the electoral and legislative processes. After the enactment of legislation providing for the public financing for the Presidential election, big money has been rechanneled into congressional races. Special interest groups spent $22.6 million on congressional campaigns in 1976 as against $12.5 million in 1974, an 80-percent increase.

Since public financing has proven feasible for our Presidential election, why should the Senate not enjoy this added immunity to mistakes or bad judgments? Why should senatorial candidates not

have a comparable opportunity to run for office, independent of any economic interests, and have a comparable certainty that funds will be available for an effective campaign?

Issues before Congress affect every sector of our economy, sometimes dramatically. Special interests are intensely involved, and their concern and participation will increase. They have a responsibility to present and defend and promote their interests, and we have a responsibility to listen. But without public financing, the independence of congressional judgment on almost any issue can come under suspicion. Public financing can eliminate the disruptive effect of real or imagined abuses. Our political system is premised on the equality of every vote. That equality is threatened wherever political obligations appear to give some voters special access to the corridors of power, and where financially hard-pressed candidates must solicit and depend on private support.

Let me summarize briefly the arguments for this bill.

Public financing dilutes the power of big contributors.

It increases access to public office, and injects a healthy element of competition. Special efforts have been made to set the campaign spending limit at a level which will enable an outsider to challenge an incumbent, and representatives of the interests of the economically powerless to have a fighting chance.

I need not rehearse my own experience to demonstrate the difficulty a candidate confronts in addressing the issues and in using transportation and media effectively when he is constantly harassed and limited by the need for fundraising, or hopelessly outstripped by an opponent's private resources.

Special provisions are included in this bill to increase the funds available to a candidate who faces an opponent who chooses unrestricted private resources over public funding. Public funds are available to all major contenders at the same time to prevent an unfair head start.

In Buckley against Valeo, the Supreme Court ruled that a campaign expenditure limit is a constitutional condition of public financing. This is a sound move to discourage wasteful and excessive competitive spending.

Most importantly, the matching of small, private contributions with Federal funds widens participation in the electoral process by candidates who have demonstrated substantial public support.

With this broad base of participation comes increased accountability and an increased trust in our representative institutions.

The Senate has previously endorsed public financing of both primaries and general elections. The committee's decision to include only general elections is an acceptable and prudent beginning that will enable us to proceed slowly, guided by experience.

Mr. President, the last election showed us that public financing does work, and is more economical. Our current President has not secret debts to big donors or special interest groups. Now, we can improve the law on the basis of experience and precedents. But that is only half the job. The good effect would be largely dissipated if a President responsible to all the people must work with a Congress besieged by escalating private dollars.

The Rules Committee amendments and modifications address and refine certain provisions of the law to improve its operation. The cost is relatively small to extend public financing to the 1978 senatorial elections. We have ample evidence that this approach is viable and practical and promotes participation in our democratic political process. It underscores the validity and power of a single vote and makes a modest contribution to make our democratic process work to the general good.

I urge that we pass this measure without delay.

Mr. SCHMITT. Mr. President, public financing of congressional campaigns is probably the least understood and the most potentially damaging political legislation the Congress has faced this session.

Public financing puts the Federal Government squarely in the business of controlling its own perpetuation. Incumbents and a new bureaucracy will control elections. Such action strikes at the heart of our traditional concepts of government. The people, not the Government itself, should control the recreation of the Government.

I am not personally convinced that the Congress should even be considering whether or not the taxpayer should be required to finance congressional campaigns. I am certain that this legislation offers a grave blow to individual rights and the American democratic tradition.

Disguised as reform, this legislation would strengthen the influence of special interest groups and the bureaucracy over our lives. It would limit the individual's right to participate in elections; and it would discourage challengers from seeking office.

This legislation is designed to protect the incumbent who has the inherent advantages of holding office. This would be most obvious in raising the campaign finances required to receive the matching Federal dollars. At best, both challenger and incumbent would both receive the same funds, provided the challenger could reach the matching fund limits.

Finally, and probably most importantly, this legislation guarantees more Federal intervention and restriction on our lives. It denies the individual the constitutional right to support the candidates of his choice and not support those he opposes. It allows the individual no control over how his tax contribution is spent. Put simply, this legislation would create a "Big Brother" for Federal elections.

If Americans want honest and efficient Government, they should fight to retain their right to fully participate in the elective process and oppose public financing.

(This concludes additional statements submitted.)

UP AMENDMENT NO. 701

Mr. HATFIELD. Mr. President, I send to the desk at this time my amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment No. 701.

On page 21, line 4, strike out "and".

On page 21, line 10, strike out the period and insert in lieu thereof a semicolon and "and".

On page 21, between lines 10 and 11, insert the following:

"(7) 'primary election' means (A) an election, including a runoff election, held for the nomination by a political party of a candidate for election to the United States Senate, or (B) a convention or caucus of a political party held for the nomination of such candidate.

On page 22, between lines 6 and 7, insert the following:

"(c)(1) To be eligible to receive any payments under section 506 in connection with his primary election campaign, a candidate must certify to the Commission that he is seeking nomination by a political party for election to the Senate and that he and his authorized committees have received contributions for that campaign equal an amount to the smaller of—

"(A) 5 percent of the maximum amount he may spend in connection with his primary election campaign under section 320 (b)(3) of this Act, or

"(B) $50,000.

"(2) To be eligible to receive any payments under section 506 in connection with a primary runoff election campaign, a candidate must certify to the Commission that he is seeking nomination by a political party for election as a Senator, and that he is a candidate for such nomination in a runoff primary election. Such candidate is not required to receive any minimum amount of contributions before receiving payments under this title.

"(3) For purposes of this subsection, no contribution from any individual shall be taken into account to the extent that it exceeds $100 when added to the amount of all other contributions made by that individual to or for the benefit of that candidate in connection with his primary election campaign.

On page 22, line 7, strike out "(c)" and insert in lieu thereof "(d)".

On page 23, line 8, strike out "(d)" and insert in lieu thereof "(e)".

On page 24, line 1, strike out "(e)" and insert in lieu thereof "(f)".

On page 24, line 4, strike out "(f)" and insert in lieu thereof "(g)".

On page 24, between lines 20 and 21, insert the following:

"SEC. 503. (a) Every eligible candidate is entitled to payments in connection with his primary election campaign in an amount which is equal to the amount of contributions he and his authorized committees accept for that campaign.

On page 24, strike out line 21, and insert in lieu thereof the following:

"(b)(1) Every eligible candidate who is

On page 24, line 23, strike out "502(c)(2)" and insert in lieu thereof "502(d)(2)".

On page 25, line 12, strike out "(b)" and insert in lieu thereof "(c)".

On page 25, line 20, strike out "(c)" and insert in lieu thereof "(d)".

On page 25, line 20, strike out "subsection" and insert in lieu thereof "subsections".

On page 25, line 21, insert "and (b)" immediately after "(a)".

On page 25, line 25, insert "primary" immediately before "general".

On page 26, line 14, strike out "(d)" and insert in lieu thereof "(e)".

On page 26, line 22, insert "in the case of a general election," immediately after "(C)".

On page 27, line 17, strike out "502(f)(1)" and insert in lieu thereof "502(g)(1)".

On page 27, line 20, strike out "502(f)(1)" and insert in lieu thereof "502(g)(1)".

On page 27, line 22, strike out "502(f)(2)" and insert in lieu thereof "502(g)(2)".

On page 28, line 3, strike out "502(f)(1)" and insert in lieu thereof "502(g)(1)".

On page 28, between lines 3 and 4, insert the following:

"(2) The limitations on expenditures contained in section 320(b)(3) of this Act shall not apply to any candidate for nomination for election to the Senate of the United States if any candidate for the same nomination makes any expenditures or incurs any obligation to make an expenditure that will cause such candidate for nomination to exceed the limitations on expenditures under section 320(b)(3) of this Act or subsection (b) of this section.

On page 28, line 4, strike out "(2)" and insert in lieu thereof "(3)".

On page 28, line 4, insert "for nomination for election, or" immediately after "candidate" and insert a comma immediately before "to".

On page 28, line 6, insert "nomination or" immediately after "same".

On page 28, line 11, strike out "(3)" and insert in lieu thereof "(4)".

On page 28, line 13, insert "nomination for election, or" immediately before "election" and insert a comma immediatey before "to".

On page 28, line 18, insert "primary or" immediately before "general".

On page 30, line 24, insert a comma and "in the case of a general election," immediately after "if".

On page 32, line 17, insert "primary election camapign" immediately before "general".

On page 39, line 10, insert "and (2)" immediately after "(1)".

On page 39, line 13, strike out "$250,000" and insert in lieu thereof a dash.

On page 39, strike out lines 14 through 17, and insert in lieu thereof the following:

"(A) in the case of a campaign for nomination for election to such office, the greater of (i) 15 cents multiplied by the voting age population (as certified under subsection (e)) of the State in which the election for such nomination is held, or (ii) $225,000; or

"(B) in the case of a campaign for election to such office, $250,000 plus 10 cents multiplied by the voting age population (as certified under subsection (e)) of the State in which the election is held.".

On page 71, in the amendment to the title, insert "primary and" immediately before "general."

Mr. BAKER. Mr. President, I commend the distinguished Senator from Oregon for offering this amendment at this time. I think it moves us into one of the important, difficult, and probably the most controversial aspects of this measure that we are likely to debate. It is characteristic of the distinguished Senator from Oregon that he would move immediately to the heart of this issue.

I believe nothing illustrates better the inequity of this proposal as reported by the majority of the Rules Committee than their deletion in committee of primary election financing. So, Mr. President, I very much hope that we will turn to a full, thorough, and energetic consideration of this measure in that light.

Mr. President, I do not believe it is an overstatement of the importance of this issue to say that in the 10½ years that I have served in the Senate, I have never had the responsibility of participating in a debate that had more far-reaching and more fundamental implications for the future of the political system in the United States than this measure.

In fact, I believe that not only is the Republican Party placed in jeopardy from the threat of the passage of this measure; this legislation places in jeopardy the two-party system as it may be constituted with or without the Democratic or the Republican Party, a system of two broad-based national parties in competition for the right to serve and the obligation to synthesize ideas and points of view. Moreover, this measure has something very important to say about the public perception of Congress itself as an institution, as an integral part of the national debate, and as a part of that mechanism by which we define, discuss, and resolve the great issues—indeed, often the cataclysmic issues—that have been discussed and resolved by this Republic so successfully so many times in the first two centuries of our existence.

I think this measure is of fundamental importance to the future and the freedom of this Republic as we know it. I think we are meddling with the most fundamental of all political processes when we speak of using the Federal Treasury to finance the campaigns for election of Members of the House of Representatives and the Senate of the Congress of the United States. I think it requires no particular understanding of the inherent rules of fair play to see, then, that the Senator from Oregon has done us great service by pointing up the fundamental inequity of the omission of primary elections from this scheme for Federal financing.

Mr. President, I, as do some of my colleagues, come from a part of the country where the two-party system has not always flourished. It was not many years ago—well within the reach of my memory—when there was not a single Republican in this Chamber from the States of the old Confederacy; victory in the primary election, for whatever office, was tantamount to election. I daresay it came as a startling shock to some when that situation no longer endured, and the South began to turn its attention to the possibilities of alternative participation, not in the primary but in the general election in November.

That is what enabled me to come to the Senate in 1966. That is what permitted me to be reelected in 1972. That is the basis on which I shall aspire to reelection, if indeed I do, in 1978.

The fact is that there is an emerging and growing two-party system throughout this country, and that the United States is more nearly a nation-state than at any time in the history of its existence, partially as a result of instantaneous communications, and of almost instantaneous transportation throughout the country. As a result of a heightened and growing social conscience, of greater awareness of social and national issues of significance, and of higher educational attainments, through which there will be an improvement of civilization, the two-party system as a civic entity has grown and flourished still further.

But this bill, Mr. President, would set back the growth of the two-party system almost 100 years. I have firmly felt, as I do now, that this country has emerged from the Civil War century—that terrible time after the War Between the States when issues other than fundamental debate decided electoral races, and the choice for a Member of the Congress was more often than not decided on the basis of the label worn by the candidate and the traditions of the War of Disunion, instead of the issues that the candidate attempted to formulate for the benefit of those whom they hoped to serve.

I had thought that we had emerged to the place where this heightened social conscience and this homogeneity of the American nation-state had brought us to the place where we could consider issues of grave national importance on the basis of their merits or demerits. But by omitting, Mr. President, even to consider the inclusion of the Federal financing of primary elections, when there are many regions of the country where unfortunately victory in the primary election is still tantamount to election, I believe the majority has demonstrated beyond the shadow of a doubt the unfair and destructive nature of this proposal.

So I offer my special thanks to the distinguished Senator from Oregon for forcibly bringing this matter to our attention in the traditional and most effective legislative way that is available to him—by offering an amendment to this bill to include primary campaigns for Federal elections.

Make no mistake, Mr. President; I am not for this bill. I think it is a bad bill. I think it will undo 100 years of post-Civil War progress. I believe that it threatens the extinction of the Republican Party, and that it spells disaster for the two-party system as we know it. Whether the Hatfield amendment is adopted or not, I will vote against this bill and I will devote all my energy in debate and in every device that is available to us to try to marshal the opinions and the point of view of this country in opposition to this proposed change of such a fundamental nature.

But I think simple fairness, Mr. President, dictates that if we are going to consider this matter at all, we should extend it to primary elections as well as to general elections. So I hope at an appropriate time that we will get to a vote on the Hatfield amendment, and I will certainly vote for it.

Mr. President, I recently received a communication from a former colleague of ours, a man with whom I served for some time at an unpleasant and unhappy time in my congressional career. I am speaking of former Senator Sam Ervin of North Carolina, who was the chairman of the so-called Watergate Committee. I was reminded when I received that statement from Senator Ervin, which I have sent to each Member of the Senate for their careful consideration, that after that terrible time we

call Watergate, after the chorus of cries for reform and the elimination of abuses from the political system had reached a crescendo, that both the chairman of that committee and I—I had the privilege of being vice chairman of that committee—warned against throwing the baby out with the bath water; warned against reform which would be destructive to the system instead of an improvement to it.

Both of us warned against the adoption of Federal financing of Presidential elections. The Watergate Committee report, the majority report, meaning a majority of its members, not Democratic or Republican although some of each joined that view, recommended against Federal financing of Presidential elections. The rationale for that recommendation is equally applicable to the measure now before us. That is that it is dangerous to intrude the power of the Federal Treasury into the most delicate, most intimate of all of the American political processes, the elections process.

We expressed the fear, as I now express the fear, that Federal money inevitably means Federal regulation. No matter how well intentioned we may be and how thoroughly we may try to avoid Federal rulemaking, it has always happened in every program we have adopted before, and it will happen here again if the Congress is unwise enough to adopt this legislation.

The fact that Federal financing worked pretty well in 1976 in a Presidential race in my view is no sound argument against that point. Federal rulemaking and guidelines and regulations are insidious things. The anonymous bureaucracy is well intentioned but it is still anonymous, by and large, and it is not directly responsive to the combined judgment, the desires and dissents of the electorate. One rule begets another. Before long, the whole body of rules is supplemented by further regulations. Before long the rulemaker has more authority oftentimes than the legislature, and even more, I sometimes think, than the sovereign.

The sovereign of this Nation is the collective judgment of the people. It is not a mythical concept. It is real. It has worked well, Mr. President, not because of the symmetry of its arrangement, but because we have an efficient system that does sense out and determine that combined judgment, that political genius that has made remarkably right decisions for this country for so long.

But that is the process that is so fragile and so susceptible to the abuses, although often usually unintentional, of rulemaking and regulations.

Were this measure to become law, Mr. President, I wonder how long it would be before some Federal official decided, for instance, that spot announcements on television are not in the public interest. That is a measure that is often discussed and on which there is substantial disagreement—whether or not a candidate should have a 30-second spot, a 1-minute spot, 5-minute discourses, or even debate.

I wonder then how long it would be after this measure passed before some well-intentioned Federal official said, "Well, if it is not in the public interest to have a 1-minute spot or a 30-minute spot, we will make a regulation against it and henceforth no one can run for the Senate of the United States and use Federal funds to buy 1-minute spots."

Or maybe some future Federal official beyond that will decide, "Well, that did not work too well. People got tired of having their regular programing interrupted with our 5- and 30-minute requirements for political communications, so maybe we ought to allow 1-minute spots and eliminate 30-minute programs. Maybe we should do that."

Sometime in the future some other Federal official in his rulemaking capacity, according to the statute law that says the rules and regulations made pursuant to the provisions of this act shall have the full force and effect of law, will decide, "Well, that was a mistake. We will just change it. We will publish the notice of our change in the Federal Register."

Or some future Federal official decides, "Well, that is not quite right. Why not have billboards? Television is such an uncertain medium and places such a premium on showmanship. There is such an advantage to those who have the slick producer or professional director. Maybe we ought to just outlaw television altogether. Let us just have billboards."

Then maybe some future Federal official will say, "Well, do you think that billboards are an assault on the ecological integrity of the country and we should not have billboards?"

Here comes another notice in the Federal Register which says, "No billboards."

Mr. CURTIS. Mr. President, will the senior Senator yield?

Mr. BAKER. I will be happy to yield.

Mr. CURTIS. If it is in the public interest and the Congress has a right to regulate how money shall be spent in an election, does it follow that there is danger that they might attempt to exert a right to interfere with personal work in connection with an election?

Mr. BAKER. Mr. President, I believe the Senator is right. If we extend the concept that government can intrude in the political process by rule and regulation, and by the utilization of the rationale and justification that Federal money must be followed by Federal regulations, there is almost no end to the potential for mischief.

Mr. CURTIS. It seems to me that if the Congress can say to friends and neighbors of someone who aspires to political office, "This is how you shall donate your money, this limit shall prevail, and this is what the money has to be spent for," that the day might arise when another candidate has a supporter, a dear lady living on the block, who wants nothing. She does not want to be postmistress; she does not want a Government job; she wants no preference, but she is interested in good government. She enjoys politics. She believes in a cause. She believes in the honesty and integrity of a chosen candidate. She decides she just wants to work every day, to go up and down the street and work for her candidate.

If the Government is going to interfere with somebody else and tell them how to spend their money, are we treading on the ground which could well lead to the control of all political activity?

Mr. BAKER. Mr. President, the Senator is right, of course. I think the point that is often overlooked by advocates of public financing, a point which is certainly not discussed very frequently or very thoroughly, is that this system, this two-party system of two broad-based national parties, is purely a product of the American political genius. It is not required by the Constitution or the Declaration of Independence. As a matter of fact, there is no sanction for the two-party system, as my colleague knows, and no requirement for it in the statute law of the United States.

It really is a growth of the spontaneous effort of Americans to gather together and express their viewpoints and ideas collectively and, thus, effectively. I think that the rules and regulations which will follow Federal financing will deprive the great numbers of concerned and conscientious Americans of the opportunity to express their own political genius.

Mr. CURTIS. Does the Senator believe that political involvement is a wholesome thing for our system of self-government?

Mr. BAKER. I think it is an essential part of the American concept of self-government.

Mr. CURTIS. If we go to public financing, will that enhance or curtail individual involvement in the election process?

Mr. BAKER. Mr. President, I do not think there is any doubt that it will curtail the option and the opportunity for the individual citizen to express his point of view. Let me make just one case for the consideration of the distinguished Senator from Nebraska.

Take the $1 checkoff on the Federal income tax return for President, a popular bill. I expect it is still considered the smart thing to be for Federal financing of the Presidential races by the $1 checkoff. I know there are some on both sides of the aisle who supported that and do not support this measure. But let us just take it as an example.

A fundamental right of the individual citizen to express his agreement or disagreement to the point of view of a given candidate was eroded and diminished when we adopted the $1 checkoff, because that $1 has to be distributed with exquisite impartiality to both candidates. I make no bones of the fact that, in 1972, I was for the Republican nominee for President and not the Democratic nominee—not because I am that fiercely partisan, but that was my choice. But the $1 checkoff deprived me of part of that ability to express my point of view. If we proceed now to Federal financing of congressional races, the inevitable net effect will be that people from the Senator's State of Nebraska will be contributing to me and my opponent in Tennessee. So I think Federal financing not only diminishes but significantly dilutes the impact of the individual's participation in politics.

Mr. CURTIS. As my distinguished friend, I am opposed to this bill and will

vote against it even if the Hatfield amendment is adopted. But is it not true that, in addition to the fairness and justice of the situation, there is actually more need for help for many candidates in the primary than when the time arrives that they have gotten the nomination of the party and have the benefit of general party support?

Mr. BAKER. I think so, beyond a doubt. I think that the primary elections in seven or eight States are still the real election in those States. I regret that, because in not one of those States, is the primary a Republican primary. There is not a single State where the Republican primary election any more is tantamount to election. When we exclude those, we diminish Republican prospects in a very significant way.

Mr. CURTIS. Is it not true that, if this bill becomes law, it is going to redound in favor of the incumbent?

Mr. BAKER. Mr. President, a little while ago, I was favored with an interview with some of our friends in the press, who asked me if I thought that this was not an appropriate way to eliminate special interests in politics. My reply was that I thought this bill promoted a very special interest—mine—and that of every other incumbent who seeks reelection.

The question was put, "Well, don't you think that the closeness of the Presidential race of 1976 argues against that proposition?"

My reply then was, and my reply now is, No, of course not. Every Presidential election has the attention, the exposure, the media coverage, the thoroughness of communication that we have come to expect, and, which guarantees that the issues will be thoroughly discussed and ventilated.

That is not so in a congressional race. I am convinced that Federal financing, as proposed in this bill, will have a very significant effect on the chances of reelection for an incumbent. I think they will greatly enhance the reelection opportunity of an incumbent.

I think, Mr. President, that if there is anything we do not need, it is to improve the odds on getting elected for an incumbent. I must confess, however, a personal preference in that respect, since I am up for reelection in 1978. But I still believe it is a bad idea.

The only statistic that I think is truly meaningful in a fundamental way from the 1976 election is that more than 96 percent of the incumbents in Congress who sought reelection were reelected.

Mr. CURTIS. I thank my distinguished friend for yielding so liberally. If I may, I shall offer an observation, and he may respond or not, as he pleases.

I am very slow to give anybody advice. If I were to advise the proponents of this bill, I would say to them, "You will have a hard job getting 60 votes for cloture if you make this bill to the advantage of the challengers and against the incumbents."

I thank the Senator.

Mr. BAKER. I thank the distinguished Senator. I am certain he is correct; that would extinguish any possibility that this bill would pass. Indeed, in fact, if the opportunities were simply equalized in terms of the advantages we already have as Members of Congress, the bill would not even be on the calendar for legislation this session.

Mr. SCHMITT. Will the Senator yield for a comment that I hope will further clarify the advantages the incumbent has? I think it is very simple. What we are doing is providing equal funding for each candidate and each challenger of a major party that can get into a race. We are not providing the challenger with all the other advantages that naturally come to an incumbent. All of us who, at one time, were challengers against an incumbent are well aware and should be well aware of those advantages. When you arrive in the U.S. Senate, they become even more obvious because suddenly they are your advantages.

I think it is extremely important that this point be emphasized, again and again, in this debate, and that we all, for another reason, recognize that we have those advantages and, if we are going to maintain our integrity, we must be sure that we admit that we have those advantages and do nothing to further those advantages by our own actions here, on the floor of the U.S. Senate or in the House.

Mr. BAKER. The Senator is entirely right. If I could comment on that in one further respect, I remember, in my own first efforts to reach the U.S. Senate, unsuccessfully, in 1964, and then successfully in 1966, the first indication I had that there was some prospect for success in that Democratic State of Tennessee was when our financial support, in the number and size of our contributions, began to increase. Even at that young and tender age, I was well aware of the fact that that outpouring of money had more to do with the opposition that some people were expressing to certain issues that were raised in Congress than they did with me. It was a Democratic administration in that particular case.

But, Mr. President, if we simply equalize—which, on the surface sounds like a terribly attractive thing—if we equalize the money and resources available from the Federal Treasury for an incumbent and a challenger, what we have done is put a lid on the efforts of those who disagree—in some cases violently disagree—with the points of view and issues proposed by incumbents. We diminish the chance that you can "throw the rascals out." We are the rascals these days, those of us who are incumbents. But I was once in that role, as the distinguished Senator from New Mexico was most recently in that role, as challenger to the present order.

I think the most fundamental approach to this question of political reform in the United States is that we are diminishing the opportunity that we have to express energetic disagreement from the point of view of the proposals and policies of incumbent officers.

Mr. SCHMITT. I thank the Senator.

Mr. MORGAN. Will the Senator from Tennessee yield?

Mr. BAKER. Yes.

Mr. MORGAN. Earlier in his remarks, the Senator made the comment that he thought the public financing of the Presidential campaign had worked very well, or fairly well.

I wonder if the Senator would point out to the Senator from North Carolina wherein he thinks it worked very well.

Mr. BAKER. I thank the distinguished Senator from North Carolina. It gives me an opportunity to clarify what I meant to say.

I think, even notwithstanding that the Presidential race of 1976 may have worked fairly well in terms of the administration's public financing, it was a mistake.

I do not think we should ever have enacted public financing in Presidential races. Instead, I think we should have had full disclosure with careful limitation on the amount of contribution, and we should have timely disclosure well in advance of election, at least several days before it, so people can take account of who is supported by whom, as well as how much money is spent.

I think they are all preferable to Federal financing.

I also support the proposal made by the distinguished junior Senator from Oregon that instead of Federal Treasury funds for political campaign purposes, we ought to increase tax incentives for private contributions to political campaigns.

But I must say in all candor to the distinguished Senator from North Carolina, I do not know how. I would be hard put to say how it worked well.

I do not think there are any significant anomalies in the act itself; but, it did not turn out as I wanted it to, or produce the considerable debate and the ventilation of issues I think we should have had. I think we would have been better off without it. I am not sure that is the answer I ought to give, but it is an honest answer.

Mr. MORGAN. I am not seeking any particular answer. I was trying to find out—and I still would be interested to know—why.

I say in all candor to the distinguished minority leader, that I, too, earlier had made the similar statement, and have made the same statement on many occasions, but the more I reflect on it, the more serious doubts I am beginning to have.

May I ask, is it the Senator's understanding, under the Presidential public financing law, that an individual was limited and is limited to $1,000—$1,000 contribution to a candidate—prior to the time of the convention?

Mr. BAKER. That is my understanding.

Mr. MORGAN. That was my understanding, also.

But does the Senator from Tennessee recall if there is any limit at all on how much an individual can give to the national committees of either party?

Mr. BAKER. There is a limitation, as I recall the act, not only to national committees, but to so-called multicandidate PACS—political action committees—$5,000 under certain circumstances if they meet certain criteria. So there is a limitation, not only $5,000, not

only for national committees, but also for certain other political committees.

Mr. MORGAN. Was there a limitation on the amount that could be contributed to the Democratic and Republican National Committees?

I seem to be under the impression that there is no limitation, or it was $20,000.

Mr. BAKER. Mr. President, I have not examined the 1976 act recently, but I understand that there is a $5,000 limitation on the amount that can be given a particular committee and a $20,000 aggregation of limitation on the amount given to committees.

Mr. MORGAN. So, in effect, one individual candidate, give a $1,000 contribution to the candidate, then he could give as much as $20,000 to the national committee and as much as $5,000 to a local committee.

I wonder is there a limit on the number of local committees he can give to; does the Senator know that?

Mr. BAKER. Once again, I must say to the distinguished Senator from North Carolina that I have not seen the act recently. But I understand there is an aggregate total limit of $20,000.

Mr. PACKWOOD. If I might answer the question, there is an aggregate limit, $25,000 total, on all Federal races.

Mr. MORGAN. Is that for a year?

Mr. PACKWOOD. Per year. And one is allowed to give up to a maximum of $20,000 to the National Democratic Committee and the National Republican Committee, or House and Senate campaign committees, but it counts against the $25,000 limit.

So if he gives a committee that much money, he has only $5,000 left for all other Federal races in that year.

Mr. MORGAN. And that is only an aggregate for any 1 year?

Mr. PACKWOOD. That is correct.

Mr. MORGAN. If I am seriously interrupting the presentation of the Senator from Tennessee, I would be glad to wait. I was seeking enlightenment.

Mr. BAKER. Not only not interrupting, but it is a good point.

Mr. MORGAN. When I made the statement earlier that I thought the Presidential public financing law had worked very well, I did it on the basis that during the earlier part of last year's election I had some small part in raising funds for a candidate of my choice.

In doing so, I, quite frankly, got on the telephone and called many of my friends across the State and said, "Look, how about coming to a little $1,000 dinner we're having?"

The $1,000 dinner, at $1,000 for a dinner, is pretty shocking to anybody. Then I said, "Really it's a contribution to our candidate and you're going to be able to give just as much as anyone else, therefore, you're contribution will be as meaningful."

We know in the years past, in a Presidential campaign, a $1,000 contribution would not have been very meaningful in light of some of the very large contributions that have been made.

So I think my argument prevailed pretty well. We had a very successful dinner. So I was boosting, in fact, that the campaign finance law was working, more people were contributing to the Presidential campaign.

But the thing that is causing me to reflect on my judgment is that after that, after the conventions, I think both parties were just beginning to pass the word that we do not give to the candidate any more, just to the national committee. Then the big givers began the $5,000, $10,000, $15,000, $20,000, to the national committee.

I wonder if the Senator agrees that, basically, when we are giving to a national committee in a Presidential year, we are basically giving to the Presidential candidate, does the Senator agree with me?

Mr. BAKER. I certainly do.

Mr. MORGAN. I say to the Senator, I am not sure how I am going to vote on this matter. I am sitting here listening to the debate, trying to find out how I will vote now, and also on the cloture motion. But, as I understand the law, the limitations that applied in 1976 do not apply in 1977; is that correct?

Mr. BAKER. Is the Senator talking about the aggregate limitation?

Mr. MORGAN. Yes.

Mr. BAKER. That is correct.

Mr. MORGAN. So the same man that gave $25,000 last year as an aggregate to the political committees, the national committee, Republican or Democrat, and local committees, could give another $25,000 this year; is that the Senator's understanding?

Mr. BAKER. That is my understanding.

Mr. MORGAN. So I wonder if we really eliminate the big time givers to the Presidential campaigns, and would that same analysis apply under this bill to the senatorial races?

Mr. BAKER. Let me yield to the distinguished junior Senator from Oregon who is on his feet.

I yield to the Senator.

Mr. PACKWOOD. What we found in the last campaign as far as the Presidential elections were concerned, is that indeed large amounts of private money could be spent so long as they were outside of the control of the candidate. There are some rules of attribution so far as spending by the national committees is concerned. You cannot give $20,000 to the national committee and the national committee cannot then go out and spend directly $20,000 on the Presidential campaign. That, in theory—I say in theory—is a violation of the law.

What did happen was that under the case of Buckley and McCarthy against Valeo, the Court very clearly said that money cannot be spent independently outside of public funds. You cannot stop an individual or an organization from spending money independently.

So, in the last election, in addition to the roughly $22 million that each candidate—President Ford and President Carter—received in public funds, organized labor was able to spend between $11.5 and $12 million that was accounted for. It does not count a fair amount of "in kind" contributions that were not accounted for. They were able to spend between $11.5 million and $12 million independently, almost all of it on the Democratic ticket. I am not saying that this happened simply because they were supporting the Democrats. It is just that labor has a better experience and a longer understanding with respect to independent expenditures.

I will tell the Senator what is going to happen in public financing. Labor, the National Rifle Association, the Right to Life Association, the American Automobile Association, any group with great numbers of members, is going to learn that their interests would be well protected, and they will simply spend their money "independently." Trying to prove coordination or conspiracy between an independent group and a candidate would be very difficult.

So the big money is not stopped by public financing of commissions. It is transferred to other groups of which the candidate may not have control, but it can be spent on that candidate's behalf.

Mr. MORGAN. If the Senator will yield further, is it correct to say that if a committee is working for the election or reelection of a given Senator, so long as that committee is completely independent of the Senator, it can spend what it wishes?

Mr. PACKWOOD. Absolutely. I cite a situation in the Republican Party in the primaries last spring.

There was an independent committee for Governor Reagan. That independent committee was headed by either a Republican National Committeeman or the Republican State Chairman from Florida. This was a Reagan supporter. It was held to be an independent committee. They raised the money, spent it in that Presidential race, outside of the control of Governor Reagan, for Governor Reagan, in a primary.

Mr. MORGAN. And it did not count against his limit?

Mr. PACKWOOD. It did not.

Mr. MORGAN. What prompts me to raise that question—if my colleague from North Carolina does not object, and I do not think he will—is that there has been an organization in North Carolina during his tenure in the Senate called the Congressional Club. It has been going around the State meeting and having dinners. I confess that we Democrats sort of suspect that it was a fundraising deal all along.

Recently, looking toward next year's campaign, he announced that, in all fairness, he thought it should be associated with his campaign. So I assume that by that association, that would be counted as a part of next year's expenditure.

Mr. PACKWOOD. That is correct, assuming that you have some kind of limitation.

Once a candidate incorporates—I do not mean that in a legal sense—takes under his wing that organization, it would count.

Mr. MORGAN. I want to raise a question I raised with my staff this morning.

Mr. BAKER. Mr. President, I think it would be helpful, from the procedural standpoint, if I yielded the floor at this

point and the Chair could recognize the Senator from North Carolina or the Senator from Oregon.

Mr. GRIFFIN. Mr. President, I wish to add something to the present discussion as to what is an independent expenditure and the point at which the candidate becomes eligible.

If you check the present law, you will find that the only prohibition is against any cooperation or coordination on the part of the candidate in determining the expenditures of an independent committee.

The ridiculous and ironic thing is that at the present time, a candidate can actually go and help that committee raise money, give speeches at fundraising events, help the independent committee get the money, and as long as he is not involved or does not cooperate or coordinate in the expenditure of the money, it is still an independent expenditure and can be spent on his behalf.

Mr. MORGAN. That was the next question I was going to ask. I wonder whether the Senator from Michigan can tell me if that is spelled out in the bill or in the report language.

Mr. GRIFFIN. That is the present law, and this bill does not change it. This legislation is being promoted and sold to the American people on the basis that it is eliminating special interest funding in campaigns. It is not all. All this will be added on top of the public funds that are going to go out under this bill.

Mr. PACKWOOD. Under the Supreme Court decision, you probably could not limit what goes on under the present law or what will go on under public financing.

Mr. MORGAN. The Senator from Michigan may have answered the question I posed to my staff this morning. I should like to pose it again and make sure that I am clear on it.

Suppose, for the sake of argument, a given political action committee, such as the AMA—whatever the group is called—decides that they do not particularly like the voting record of the junior Senator from North Carolina, and in the next election they begin to turn their guns toward me.

I hasten to point out that they no longer would do that. There was a time when I think they might have. I am just using this as an illustration.

Suppose they decide that, as an independent committee, they are going to work for my opponent. Then I begin to look around and I say, "Look, they are killing us, and we are caught by campaign limitations. We have to find us some committee that will go out and work for us."

Suppose I find a committee, a political action committee, and I approach them and say, "Look, this other political action committee is really burning me up. Can you help us?"

If they begin to help me, at my request, would that count against my spending limitation?

Mr. PACKWOOD. I think it would, but that is debatable. In my opinion, yes, if you have that kind of coordination, if you went out and sought them and said, "Can you help me?" the Federal Election Commission probably would say that is not an independent expenditure on their behalf.

(Mr. GRAVEL assumed the chair.)

Mr. MORGAN. It seems to me that this situation probably does not go as far as the illustration of the Senator from Michigan, where the candidate goes out and helps that committee raise money, but it seems to me that unless it is specifically spelled out, a court would be inclined to say that that committee was acting at my request and that, therefore, I should be accountable for it.

Mr. PACKWOOD. I say to the Senator from North Carolina that I appreciate the problem he is up against in that situation. He has his limit, his opponent has his limit, the Senator has programed his expenses, and he has his personnel and his advertising all set. The last 10 days, in comes whatever particular committee does not like the Senator from North Carolina—and most of this independent money is spent against rather than for. They come in and buy $150,000 or $200,000 worth of television advertising, good newspaper advertising, against the Senator from North Carolina, and defeat him.

First, I do not think the Senator could go to another committee and say, "Help me," without being tagged as having them under his jurisdiction.

Second, the likelihood of raising any significant amount of free money in the last 10 days is so unlikely, the Senator might as well write it off and pray that the money is not used against him.

Mr. MORGAN. Finally, I say to the distinguished Senator from Tennessee—a little facetiously—that I do not have that kind of sympathy for the Republican Party under this bill, because, as I read the bill, if the party offers any candidate against me in 1980, he automatically would get $133,000 from the Federal Government. A few years before Senator HELMS, we did not always have formidable opponents in the Republican Party. It seems to me that this might assure me of a formidable opponent if he gets that kind of money. I am not so sure that it would be detrimental to the Republican Party.

Mr. BAKER. In response to the Senator from North Carolina, I, too, can remember when the Republican Party did not offer a very formidable opponent in North Carolina, or in Tennessee or Kentucky, for that matter. But I also will stand here as testimony to the fact that "You ain't going to get far in North Carolina or Tennessee or Kentucky on $133,000."

The advantages of incumbency are so great and name recognition is so superior, the opportunities for other political advantage is so clear, that the amount that is offered here to a challenger, in the sweet name of equality, would put them on distinctly uneven footing.

So I think this bill is a bill to guarantee the security of incumbents. I think this would preserve the status quo in an area where we need to change the status quo. I think it would tend to move in the direction of permanence of one party or the other in the majority in Congress and, unfortunately, it is not my party now in the majority.

But I do not think the balance in Congress ought to change just because it ought to change. I believe the balance should change in response to ideas, proposals and suggestions that may be made by Republicans in North Carolina or Democrats in Nebraska or Maine.

I think the day of the one-party system is over, and this bill is an effort to return us to one-party domination, utilizing the advantages of incumbency.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, in 1971 the Congress passed the Federal Elections Campaign Act, which required, among other things, disclosure of campaign contributions and expenditures. That bill became law in early 1972.

Partly as a result of what the Congress and the public learned as a result of the operation of that law, Congress—in 1973 and 1974—extensively debated and then passed amendments to the Campaign Act which provided for partial funding of Presidential elections, including primaries. That important piece of legislation, which became law in 1974, also tightened disclosure requirements and placed limitations on campaign contributions and expenditures.

Again, in 1976, Congress debated and further amended the Campaign Act. The 1976 amendments were partially in response to a Supreme Court decision which invalidated certain portions of the 1974 law. They also responded to problems which had developed in the operation of the law up to that time. The Congress acted to cure the constitutional flaws and further improve upon disclosure and other procedural provisions of the Act.

Now we have before us S. 926, a bill to provide for partial public financing of Senate general election campaigns and to further amend and improve other campaign laws. This legislation is a logical and important step in the progress of improving the campaign system which Congress began some time ago. As in the case of earlier legislation in this area, it responds to a need not previously addressed.

Mr. President, I support public financing of congressional elections and I support S. 926 because I believe it is the best way to achieve three important objectives.

First. Honest, open elections, free of domination—or even the hint of domination—by special interests.

Second. Fair competition between candidates.

Third. Increased public participation in the electoral process.

We need to achieve these objectives in order to increase the faith and confidence of the public in their elected officials.

I know that there are those who are opposed to a congressional campaign financing bill and that they do not quarrel with its objectives, but they do question whether this is the way to proceed.

I think it is.

The legislation before the Senate, which I support, is voluntary as to financing, and this is consistent with democratic principles. The only money that can be used to finance elections are dollars voluntarily checked off on income tax returns. Any candidate or potential candidate can choose not to receive public financing and thereby opt out of the campaign expenditure limitations as well.

I also want to emphasize that the legislation which I support is partial public financing.

Because only contributions from individuals of $100 or less are eligible for matching public funds, the role of the small contributor—the average voter—is enhanced. The influence of a few wealthy individuals or special interest groups will be diminished. I view this as an increased democratization of the political process.

As I mentioned previously, the time is ripe for this legislation. Congress began, in 1971, the first of several major steps in the process of electoral reform. Until that time, our record in this area was not all that it could have been. As a result, men and women who today hold or seek elective office do so in a climate of public opinion that is cynical and untrusting. Honest people of the highest integrity are tarred by the same brush as the candidate whose standards may not be so high.

We have already enacted stiff disclosure laws and limited the size of campaign contributions. Just 3 years ago, we established a system of partial public financing for presidential elections. It was a bold experiment, and I supported it, although I did not at that time support such a system for congressional elections.

We have behind us now the 1976 presidential elections which operated under the new system. Although there were some problems, I think that the system worked and worked well. It has earned the approval and support of the American public. With the benefit of that experience, I now believe that the Congress should complete the process of electoral reform and extend public financing to congressional elections.

The need for this legislation has been emphasized by the experience of the last election. In 1976, the dependence of Presidential candidates on large contributors was substantially reduced. As a consequence, special interest money gravitated to congressional races in record amounts. Some $22 million was contributed by these groups to congressional candidates that year—a $10 million increase compared to 1974.

Some of the fears that were expressed as to the results of public financing have been put to rest, I think, because of the 1976 Presidential campaign experience. Critics feared that public financing would unfairly favor incumbents. But last year President Ford came within a hair's breadth of losing the nomination of his own party. And last year saw the defeat of the first incumbent President since Herbert Hoover.

To the contrary: numerous studies have shown that, under the present system of reliance on private contributions, incumbents are far more successful in raising campaign funds than are challengers. Public financing will restore competition. Under the proposed legislation, major party nominees, whether incumbent or challenger, will receive the same amount of funding upon being certified as their party's candidate; a candidate who received 25 percent of the vote in a prior Senate election will similarly qualify. A slightly different rule applies to a nonaffiliated candidate who has not previously received 25 percent of the vote in a Senate race, but this difference might be necessary to prevent raids on the campaign fund by frivolous candidates. And, once a candidate qualifies, they are all treated the same in terms of receiving matching payments.

Critics of the Presidential financing legislation worried that only well-known candidates with national reputations could possibly raise enough small contributions to meet the matching requirements. But the system enabled an ex-Governor who was not nationally known to become President.

There are those who are concerned about the cost of financing congressional elections. The legislation which the Senate is considering, which applies to Senate elections only, is estimated I believe to cost from $14 to $18 million for the 1978 elections, or less than $10 million a year. I think this is a modest price to pay for the increase of public trust. I do not believe that this is too high a price when we are talking about preserving a system of Government which cannot remain strong unless the public believes in and participates in it.

Once again, I will point out that the funds for financing congressional elections do not come out of general revenues—but only out of a fund established through voluntary $1 check-offs on individual income tax returns.

In summary, I want to state that I consider the bill before us, S. 926, to be a carefully constructed and crafted and measured response to a clear desire on the part of the American public to have the electoral process brought closer to the average voter. This legislation will equalize disparities in wealth in the campaign process, which is as it should be. It will assure that the voice of the average American will be heard as loudly and clearly as well as any wealthy organization or group.

I strongly believe that this step is a return to the basic principles of American democracy. It is an innovation—but one made necessary because of fundamental changes in our country over the past 200 years. This is a case where changes in the process are necessary in order to preserve basic principles. Because I believe in these principles I support—and urge my colleagues to support—this legislation.

I also hope that the Senate will invoke cloture so that the Senate can work its will, and proceed to make any modifications which appear to be necessary as the debate unfolds.

I thank the Senator for yielding to me.

The PRESIDING OFFICER. Who yields time?

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that John Backer and Preston Meridith of my staff be given access to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, I ask unanimous consent that Jerry Gauche of Senator GRAVEL's staff be given the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

Mr. MORGAN. Mr. President, I ask unanimous consent that Lee Johnson have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I make the same request for Mr. Carey Parker of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, for the fourth time in the last 5 years we are embarking today on yet another effort to reform our campaign finance law. Four times in 5 years. These campaign bills, in fact, are becoming very much like appropriations measures: we take them up annually. Each year we have made progress—public disclosure of contributions and expenditures, limitations on contributions, creation of an independent election commission, and more. Above all we have dramatically revamped the process of electing the President of the United States.

There have been several Senators here today who have indicated that they think that action was unwise, to go to public financing of presidential elections. I think before the debate is completed it will be clear, and I think it is already clear to the vast majority of the American people, that we do not want to go back to the system of financing campaigns that we saw in the previous presidential election in 1972.

But each year we keep coming back to campaign finance reform because the problems that plague our own congressional elections just do not seem to go away, and public confidence in Congress and in the process by which it is chosen I think continues to decline. That decline will continue, and we will have to keep coming back year after year, unless we realize that we can no longer tinker with an antiquated system of total private financing of congressional elections. Like an old tire with too many miles and too many patches, it simply cannot be repaired. It must be replaced, and the bill that we debate here this week, S. 926, is the replacement that is needed.

S. 926 will provide for a mixed system of public and private financing of Senate general elections. S. 926 is not nearly as ambitious as the bill that this body passed in 1974. S. 926 does not apply to elections for the House of Representatives, for example; the sponsors believe it would be more appropriate for the House to fashion its own campaign reform bill. S. 926 does not apply to primary elections; while we have always

supported public financing in primaries, it is our belief that the new system should be proven in the general elections before being extended to primaries.

Unlike the 1974 bill and the existing Presidential system, S. 926 would not eliminate private contributions from general election campaigns. There seems to be some misconception in the earlier debate that individuals are somehow limited by this legislation. They are in no way affected in terms of private contributions in S. 926. Indeed, by using the matching concept that worked so well in last year's Presidential primaries, S. 926 will significantly increase both the value and the impact of small contributions from individual citizens.

But while the proposed framework for public financing may have changed since the 1974 campaign reform legislation, the reasons for adopting it clearly have not.

Contrary to what the Senators from New Mexico and Tennessee argued a few moments ago, about the bill being an incumbent's bill, let us look at the facts. Under the present system incumbents continue to spend twice as much on their campaigns as challengers—that is what the record shows—ever since we have been keeping records on public disclosure since 1972. And special interest groups continue to contribute more than three times as much money to incumbents as to challengers. And not surprisingly incumbents under the present system continue to get reelected more than 95 percent of the time.

In one important respect, however, things have changed since 1974, and they have changed for the worse: Because of public financing special interests were largely removed from last year's presidential campaign. But having been shut out of the race for the White House, the private dollar managed to find a new home in Congress.

Let me just cite three or four statistics. In only 2 years from 1974 to 1976 the increase in special interest giving was astronomical. Business, professional, and agricultural group contributions went from $4.8 million in 1974 to $11.6 million in 1976, more than double in that one election. Business groups alone increased their contributions from $2.5 million in 1974 to $7.1 million in 1976, nearly tripling in only 2 years. Labor contributions, already high in 1974 at $6.3 million, exceeded $8.2 million in 1976.

All told, special interest giving by the various PAC's—labor, business, farm, et cetera—increased by more than 80 percent in only one election, in 2 years, from $12.5 million in 1974 to $22.6 million in 1976.

There is every reason to believe that that trend will continue and by next year congressional elections promise to be virtually flooded with special interest money.

It has been argued that we should have continued private and special interest money in the presidential races in some of the earlier debate here today. But I think that one of the things we should cover in this weeklong debate is exactly what kind of special interest money went into the 1972 presidential race, the 1968 races, and the 1964 races, to show indeed how much money, and what kind of money particularly, went into these races.

Under the present system of total private financing, candidates have little choice but to accept special interest dollars. Few candidates even among well-established incumbents can raise sufficient funds from individual citizens to finance a competitive race, and I think the records will show that quite clearly in the disclosures that have occurred since 1972.

While large private contributions may not directly buy a Senator's vote they certainly buy access and influence. As Senator RUSSELL LONG put it so well, it is "monetary bread cast upon the water to be returned 1,000-fold."

Each of us know, I believe, that we lose at least a small piece of independence with special interest dollars that are accepted. It is not a question of corruption. Of course not. It is a question of influence and access. I personally believe that it is naive to hold that millions of dollars of special interest campaign funds go into campaigns for no purpose of influence, whether that be labor money, medical money, or other kinds of special interest money.

I just do not believe that all of these people get together, group their money, and put it into elections for no particular purpose, without any intent of influence, and without it ever having any impact on anyone's decision. I find that difficult to believe.

And that is what one must believe, it seems to me, if you hold that the special interest contributions, and the level of those contributions, are indeed a wise occurrence.

Mr. DANFORTH. Mr. President, will the Senator yield for a question?

Mr. CLARK. I prefer to wait until I finish my statement and then I will be happy to yield, yes.

But under the Constitution we cannot simply prohibit special interest contributions. That became clear I think in Buckley against Valeo. We could, of course, reduce the contributions limits, but without providing an alternative source of funds we would only be further locking present incumbents into place.

I must say that if one argues that the special interest money, as was argued here earlier today, really has no impact, there is nothing about it that really influences one, then it seems to me that you cannot at the same time argue that disclosure is a good idea. Why do we need disclosure if there is absolutely no effect on any Member in terms of accepting special interest contributions?

I think we need another way to finance elections, a system that will enhance the power of the individual citizen, that will encourage small private contributions, that will restore competition in the political process. That system, funded by the voluntary $1 tax checkoff and small contributions from individual citizens, is exactly what is involved in S. 926.

It has been said earlier in the debate that this will limit participation in the political process. That is not the case; it in no way affects any individual's contributions.

Mr. President, over the next several days the opponents of this bill will use every conceivable argument in pleading their case—and that is fair enough; it is a natural thing. But I urge our colleagues to keep track of their arguments very carefully, and not to be surprised to find these opponents on both sides of several issues.

Let me cite a few arguments that have been made here today.

It has been said that public financing is too costly, that it is a raid on the Treasury, and that it is bad by its very nature; and then we see the amendment offered to double the cost of public financing by covering primary elections. Even though public financing is a very bad idea from that point of view, it is argued that it ought to be extended beyond general elections to include primary elections.

It does not seem to me that we can have it both ways. If it is bad, if it is undesirable to have public money, why would anyone want to extend it to primary elections?

It may be said that the spending limits are too low.

Mr. HATFIELD. Mr. President, will the Senator yield on that point?

Mr. CLARK. I will be happy to yield at the end of my statement, if I may finish first.

It may be said that the spending limits may be used to protect incumbents. I do not think that argument has been used on the floor yet today, but it no doubt will be: that it is just too low, and protects incumbents.

Then it seems to me that they have said, on the other hand, that in fact the limits are too high, because it involves putting too much money into the political process.

They will say that the bill does nothing to cut special interest money, and then will offer a substitute bill, as I understand it, to provide tax credits, which does nothing to cut special interest money. And while arguing that special interest money is in no way controlled in S. 926, it has been argued that special interest money in no way affects Members of Congress in any case.

It has been said that the bill does not give enough money to minor parties; and then it has been said that it is a raid on the Treasury.

It has been said that the two-party system must be maintained, and that this bill will undermine the two-party system; but at the same time it is said that we need to better finance third and fourth parties to challenge those two parties.

I think we will hear these arguments and more, and I think when one gets all done and looks at all the arguments, one thing is clear: It is a plea to preserve the status quo—that is what is at issue—where incumbents dominate and special interests foot the bill. And while I disagree with the distinguished minority leader (Mr. BAKER) on the merits of public financing, I believe the distinguished

minority leader was absolutely correct earlier today on two occasions, and last week, when he said that if this bill should pass, "it will change, in a very basic way, the nature of the political system."

Mr. President, I think it is high time for such a change. I yield for a question to the Senator from Missouri.

Mr. DANFORTH. Mr. President, I would like to ask the Senator a question, and I wonder if I could have the attention of the junior Senator from Oregon for this line of questioning.

I have been on record for some time as favoring the principle of public financing, but there is one feature in this bill, or I could say lack of a feature in this bill, that causes me grave concern, and now has me tilting against it. That is precisely the question of special interest spending in an election.

What I would like to know from the Senator from Iowa is, what is there in this bill that would in any way retrench special interest spending in an election?

Mr. CLARK. Let me say that there is no further limitation on special interest contributions in the bill. My hope is that such an amendment will be offered and adopted, I hope with the Senator's support. But the fact of the matter is that whether such an amendment is adopted or not, if one can replace private money with public money, to the same degree, it seems to me, you can lessen the amount of money that you accept from special interests.

For example, the spending limit in Iowa would be $450,000. Iowa is the 25th State among the 50 in terms of population, so it is a pretty good example.

Ordinarily, the candidates of the two major parties would receive one-quarter grants, or $112,500. That would leave, between the grant and the spending limit, something like $350,000 to be raised. If half of that amount, or $175,000, can be raised in under $100 amounts, no special interest money would be required to finance a campaign.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. PACKWOOD. Is it the Senator's opinion that $100 is below the special interest level?

Mr. CLARK. It is my feeling that the $100 is obviously not a PAC. It is not an organizational contribution.

Mr. DANFORTH. Mr. President, I would like to press the question, if I may, by giving the Senator a hypothetical situation in his State of Iowa.

The limitation, as I understand it, under this bill, would be $450,000 for your campaign?

Mr. CLARK. Correct.

Mr. DANFORTH. And $450,000 for your opponent's campaign?

Mr. CLARK. Right.

Mr. DANFORTH. And if you were both to agree to coming within the provisions of this bill, each of you would be limited in your campaigns, and the spending of committees acting on your behalf would be limited to $450,000?

Mr. CLARK. Yes.

Mr. DANFORTH. Now, then, let me put to the Senator the following situation: Suppose you and your opponent each agreed to the limitation, and then suppose that I am a person of immense wealth, and I go to my lawyer, Mr. PACKWOOD, and I say to him, look, I want to spend a million dollars in the Iowa campaign to defeat Senator CLARK, because he once voted in a way that I would not have voted.

Is there any meaningful limitation on my spending an unlimited amount of money to defeat you?

Mr. CLARK. I think it is very clear from the Supreme Court decision in Buckley against Valeo that there is no constitutional way such a limitation can be imposed; so it is clear that the answer is there is none in S. 926.

Mr. DANFORTH. As a matter of fact, I ask the Senator from Oregon, if I were to go to you as your client and say I wanted to spend $1 million to defeat Senator CLARK in his campaign, how would you advise me?

Mr. PACKWOOD. As your lawyer, I would say, "First, operate independently, so there is no allocation." I would say, "Look at the direct mail lists that are available, and do a lot of direct mailing to those groups."

Second, I think I would advise my client to monitor the television newscasts and the television advertisements of the candidate he seeks to promote, tape them himself, and buy station time to replay them at his expense, which would be legitimate, because you would not get them from the Senator's opponent, and you could spend $2 million very effectively without in any way ever talking to his opponent or having any connection with his opponent.

Mr. DANFORTH. So I could spend money on direct mail or buying television time?

Mr. PACKWOOD. Billboards.

Mr. DANFORTH. I could spend money on buying billboards, I could spend money on buying radio time; could I spend money on television broadcasts?

Mr. PACKWOOD. You can spend money on anything you want.

Mr. DANFORTH. I could spend money on anything I want.

The problem that I see with this bill is the caps that are established. That is, in the hypothetical situation, a cap is placed on you and a cap is placed on your opponent. You were both going along abiding by the caps that are placed upon you, and I think you would be restricted under this bill to spending $450,000, and your opponent would be restricted to $450,000; but the special interest spending that would go on top of that could double or triple the total that is being spent on behalf of his campaign, and you could not do anything about it at all, unless you went out and hustled the same kind of special interest spending that he could.

So my question and my problem with this bill is, is not this bill a tremendous incentive for special interests? Is not this bill the kind of thing which gives, by its very nature, the special interests, the unions, the National Rifle Association, and all the rest of them, a tremendous incentive to go out, in a very clever way, and spend money very effectively, and you could be not on the receiving end and would be disadvantaged as well?

Mr. CLARK. Let me answer. I promised to yield to the Senator from Massachusetts. I believe there is no question, but that the court decision makes it very difficult for any candidate for public office in this sense: There is no way, constitutionally, that someone can be restricted from spending money to express themselves. We do presently have a provision in law which makes it illegal for a person spending that money to in any way coordinate with the campaign, to in any way have any contact or discussion, even, of what he wants that other individual to advertise, to do, or to say. But there is no way constitutionally to forbid that under S. 926, or any other provision.

I understand the Senator's argument that by putting limitations in this bill we further restrict that or invite that. My own feeling is that it does not. I believe there is a limited amount of campaign money in any case that I would feel I could raise, and I think most people feel they could raise. At least if candidates started off with an even amount, they are better off. As a challenger I would have felt that if I could have had an equal amount of money in a campaign with the incumbent, regardless of that factor, I would have had a much better advantage than simply going as most challengers do, where they spend half as much money as the incumbent.

I promised to yield to the Senator from Massachusetts.

Mr. DANFORTH. Could I get a comment as long as we are engaged in this particular issue? Would it be all right if Senator PACKWOOD could comment on that?

Mr. CLARK. If he can comment briefly on it.

Mr. DANFORTH. I think it is absolutely crucial. I think the Senator has raised in his comment the specter of public interest spending.

Mr. CLARK. I yield to the Senator from Oregon.

Mr. PACKWOOD. It is not hard to fathom on what the favorite candidate wants to spend his money. A look at the billboards shows he will spend more money for more billboards like them. It is not hard to tell that. A look at his television advertisements shows what he is saying. It is not that hard to put together additional television production or additional radio ads, almost identical to what the candidate is putting on, without ever talking to him.

The last election is a good example. Organized labor spent between $11.5 and $12 million in the Presidential election on behalf of President Carter outside of public financing. That was probably the difference in the election. It was not the public money that each candidate had but the private, special interest money that was spent outside of the Election Commission on behalf of President Carter.

Mr. DANFORTH. It is my understanding from what Senator CLARK said that

the special interest spending in the last Presidential election went through the roof. Is that correct?

Mr. PACKWOOD. Well, there was a statement in the report indicating that we drove the special interests out of the Presidential campaign. We did not drive them out of the Presidential campaign, but there was a specific shift of money over to the congressional campaign.

Mr. CLARK. Mr. President, I yield to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized in his own right.

Mr. KENNEDY. Mr. President, the chairman of the Armed Services Committee has a conference report to present. I will yield to him for that purpose.

PUBLIC WORKS APPROPRIATIONS—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on H.R. 7553 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7553) making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 20, 1977.)

Mr. STENNIS. Mr. Presdent, I am pleased to present to the Senate this conference report on H.R. 7553, the public works for water and power development and energy research appropriation bill for fiscal year 1978.

The conference began on Wednesday morning, July 20, and after full and free discussion and work on the items in disagreement, the conferees agreed by early evening to file this conference report. It was officially filed later that same night. Because of typographical and printing errors and omissions the conference report had to be reprinted. It is House Report No. 95–507 for which a star print has been made. This is the corrected report.

As chairman of the conference, I take this brief opportunity to thank all of the House and Senate conferees for their fine attitude and spirit in resolving the differences between the House and Senate-passed bills.

I want to make special recognition of the chairman of the House Subcommittee on Public Works Appropriations, the Representative from Alabama (Mr. BEVILL). This is his first year as chairman of the subcommittee and I thank him and commend him for his fine work in handling this bill. Earlier today, the House of Representatives adopted this conference report by a vote of 318 to 61.

Mr. President, the conference agreement on the fiscal year 1978 bill provides a grand total of $10,294,414,000 in new budget obligational authority for the agencies and activities funded in this bill.

This conference amount is $56,255,000 less than the Senate-passed bill and $107,668,000 more than the House-passed version. The conference bill is $73,697,000 less than the President's budget estimates of $10,368,111,000 submitted for fiscal year 1978.

Mr. President, I will not take the time of the Senate to go into all of the details or elaborate on all of the many differences that were in conference. But, briefly, I will review the major items of difference and the conference agreement.

For the Energy Research and Development Administration, title I of the bill, the conferees agreed to a total of $5,978,155,000. This is $95,091,000 more than the House bill and $63,110,000 less than the Senate bill. Most of the reductions below the budget estimates are in areas other than the energy research and development activities of the ERDA program. The conference bill includes in full the language as passed by the Senate relating to the production of enhanced radiation weapons. This refers to the so-called neutron bomb language which was debated at length and passed by the Senate.

On the matter of the Clinch River breeder reactor demonstration project, the Senate conferees receded to the House, which did not have any funding for the project in their bill. The Senate-passed bill included $75 million to become available upon enactment into law of authorizing legislation. The statement of the managers accompanying the conference report includes the following language which is self-explanatory:

The Committees on Appropriations have consistently supported the Clinch River Breeder Reactor Demonstration; however, due to lack of enactment of authorizing legislation the conferees have deleted funding for this item without prejudice with the understanding that funding will be forthcoming by way of a supplemental immediately following enactment of the appropriate authorizing legislation.

For title II, the Army Corps of Engineers, the agreement provides $2,728,242,000, an increase of $8,590,000 over the Senate amount.

For title III, the Department of the Interior's Bureau of Reclamation and power agencies, the conference report provides $785,168,000, which is $1,991,000 more than the Senate-passed amount and $49,845,000 less than the House allowance.

For title IV, independent offices and commissions, such as TVA, the Appalachian program, Federal Power Commission, and the Nuclear Regulatory Commission, the agreement is $802,849,000. This is $3,726,000 less than the Senate and $19,152,000 more than the House.

Now, Mr. President, on the matter of the water resources development projects that were in contest so to speak, the conferees agreed to the Senate-passed version of the bill.

As members will recall, the Senate agreed to delete funding on 9 of the 18 projects which the President had removed from the budget and we agreed to a policy for this bill of not putting in any new construction starts. That policy carried with it the deletion of new construction starts which had been added by the House. The conference agreement is the same as the Senate position on this matter.

Mr. President, this has been a brief review of the major conference actions. The conference agreement provides for a good, balanced bill for fiscal year 1978. This is a highly important bill which provides necessary funds to carry out highly important activities in the public and national interests.

Mr. HATFIELD. I concur with the distinguished Senator from Mississippi in his support for this conference report.

The differences with the other body have been resolved amicably and, in most cases, in favor of the Senate position.

Title I of the bill, provides funding for the Energy Research and Development Administration, representing almost 50 percent of the total funds in the bill. The conferees have agreed to provide $5,978,155,000 for ERDA's activities. This is $95 million over the House allowance, $63 million less than the Senate allowance, and $294 million less than the administration budget request.

Title II provides funding for the civil works functions of the U.S. Army Corps of Engineers and represents about 25 percent of the total amount included in the bill. The conferees agreed to provide a total of $2,728,242,000 for title II, which is $43 million more than the House allowance, $8.6 million more than the Senate allowance, and $162 million over the budget request.

Title III of the bill provides funding for water and power agencies within the Department of Interior, the largest of which is the Bureau of Reclamation. For title III the conference agreement provides $785,168,000, which is $50 million under the House allowance and and $2 million over the Senate allowance.

Title IV of the bill includes funding for TVA, the Nuclear Regulatory Commission, the Water Resources Council, the Federal Power Commission, and several river basin commissions. The conference agreed to provide a total of $802,849,000 for this title, which is a $19 million increase over the House allowance and a decrease of $3.7 million from the Senate allowance.

In total the conference agreement provides $10,294,414,000 for the four titles in the bill. This is an increase of $108 million above the House allowance, a decrease of $56 million below the Senate allowance, a decrease of $74 million below the budget request and an increase of $192 billion above the fiscal year 1976 appropriations.

It has been a great pleasure to work with the distinguished Senator from Mississippi on this bill again. He has been responsive to the Members of the Senate in subcommittee, and he has been firm with the House in conference. I believe a fair compromise has been reached with the House. Therefore, I

join with the distinguished subcommittee chairman in urging approval of this conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. STENNIS. Mr. President, there is one small item. We brought back one amendment, amendment No. 12, in disagreement, wherein in one provision of the bill the figure ran $3 million, in round numbers, over the higher figure in either bill. In this $10,370 million bill, I think that is a fairly small amount. I hope that amendment will be agreed to. It is amendment No. 12.

The PRESIDING OFFICER. The clerk will state the amendment in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 12 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $103,646,000.

Mr. STENNIS. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate, amendment No. 12.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to.

Mr. CASE. As I understand it, the House and Senate provided the same level of funding for the New York-New Jersey Harbor collection and removal of drift project, but the House report contains language that earmarks some of the funds for specific items. This difference between the House and Senate reports was not addressed in the deliberations of the conference committee. Without some clarification of intent by Congress, there could be confusion and lengthy delays in executing work on the project.

Therefore, I would like to ask the distinguished Senator from Mississippi, who was the chairman of the conference committee, if my understanding is correct that it is intended that, if matching funds for the harbor cleanup activities earmarked by the House are not available, the Federal funds appropriated in this bill should be used for other projects for which matching funds are available.

Mr. STENNIS. The Senator from New Jersey is correct. It is not the intention of the conferees to provide funds which cannot be spent if matching funds for the earmarked items are not available. It is the conferees' intent that the funds provided in this bill for the New York-New Jersey Harbor collection and removal of drift project are to be used on the portions of the project for which matching funds are available. This is the regular, customary procedure in appropriating funds to carry out work on an authorized project, and there would be no exception in this case.

Mr. President, I yield to the Senator from North Dakota.

Mr. YOUNG. Mr. President, at the top of page 50 of the report appears this language:

The conferees agree with the Senate report language on the Garrison Division, North Dakota, Project.

The word "Division" should be "Diversion." I take it that is the understanding of the chairman and the ranking minority member.

Mr. STENNIS. The Senator is correct. It should read, "Garrison Diversion, North Dakota, Project." We regret that error and appreciate the Senator's calling our attention to it.

Mr. President, I have received a late request, which I knew nothing about, with reference to the possibility of someone wanting to go into this report. That would require some time. We have exhausted the time the Senator from Massachusetts has so very generously yielded to us.

Mr. President, I ask unanimous consent that we leave this matter in abeyance. I ask unanimous consent that the final adoption of this conference report be set aside, and that the matter be continued until such time as we can discuss this further.

The PRESIDING OFFICER. The Chair informs the Senator that in order to lay the conference report aside, a report that the Senate has already adopted, and the Senate has agreed to the amendment, we would have to similarly undo the amendment and put both items aside. If that is the wish of the Senator, it would take unanimous consent to do so.

Mr. STENNIS. Mr. President, I ask unanimous consent that this proceeding on adoption of the conference report be held for naught and the report remain on the desk, to be taken up later.

The PRESIDING OFFICER. Without objection, all action on the conference report and on the amendment is vitiated.

Mr. KENNEDY. Mr. President, I ask unanimous consent that that exchange appear at an appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Subsequently the following occurred.)

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. STENNIS. Mr. President, we are making a second attempt to call up a conference report on an appropriation bill. We are not quite ready, but I should like to have an understanding with the Senator that he will yield to me.

Mr. CLARK. I am prepared to yield at any moment.

Mr. HATFIELD. Mr. President, will the Senator yield for a question to the Chair on the matter of the conference report?

Mr. CLARK. I yield.

Mr. HATFIELD. Mr. President, I should like to make an inquiry of the Chair.

Earlier, when the Senator from Mississippi asked that the matter be laid aside, the Chair said that the amendment we had already approved would have to be undone as well.

The question I am raising is this: The Senator from North Dakota (Mr. YOUNG) during the same period, had pointed out that a typographical error was made on page 50 relating to the Garrison diversion, North Dakota project. Does that have to be brought up and acted upon, or does that carry through from the original correction?

The PRESIDING OFFICER. The RECORD will reflect the correction.

Mr. HATFIELD. Mr. President, it is only a typographical error.

The report language on page 50 refers to the "Garrison division."

The word should be "diversion." So it is not a substantive correction. It is only a typographical error, and that is what we asked to have corrected earlier, in the colloquy during the initial presentation of the conference report.

My question is this: Does the typographical error question that was raised before have to be reraised at this time?

The PRESIDING OFFICER. It still will be corrected in the RECORD. The Chair had thought it was the report that had to be corrected, but the report as submitted in the Senate is correct.

Mr. HATFIELD. I just want to make sure, for the legality of the project, that the action we have taken in the Senate and in the House and in the conference committee—and now in the passage of this conference report—makes clear that the committee's intent at all times was to address itself to the Garrison diversion project of North Dakota.

The purpose is to make it clear, in case anyone raises legal questions on a technicality as to what the intent of Congress was in this conference report on page 50, that Congress was addressing itself to the Garrison diversion North Dakota project.

The PRESIDING OFFICER. The Chair thanks the Senator.

Mr. CLARK. Is the Senator from Mississippi prepared to take up the conference report?

Mr. STENNIS. In one moment.

Mr. CLARK. I yield the floor.

PUBLIC WORKS APPROPRIATIONS—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I thank the Senator from Iowa for his courtesy and cooperation so that we can bring up the conference report.

Mr. President, the conference report on the appropriation bill for public works was submitted about an hour ago, and a matter arose to which a Senator who could not be here wished to address himself, and we could not wait at that time. So we undertook to withdraw or suspend action.

Mr. President, I make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. The Chair is familiar with the proceedings. Are the proceedings heretofore had already in effect, or shall we proceed again?

The PRESIDING OFFICER. Those proceedings were vitiated, and the Senator should start ab initio.

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on H.R. 7553 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7553) making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

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(The conference report is printed in the House proceedings of the RECORD of July 20, 1977.)

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Mr. President, this has been a brief review of the major conference actions. The conference agreement provides for a good, balanced bill for fiscal year 1978. This is a highly important bill which provides necessary funds to carry out highly important activities in the public and national interests.

Mr. HATFIELD. I concur with the distinguished Senator from Mississippi in his support for this conference report.

The differences with the other body have been resolved amicably and, in most cases, in favor of the Senate position.

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In total the conference agreement provides $10,294,414,000 for the four titles in the bill. This is an increase of $108 million above the House allowance, a decrease of $56 million below the Senate allowance, a decrease of $74 million below the budget request and an increase of $192 billion above the fiscal year 1976 appropriations.

It has been a great pleasure to work with the distinguished Senator from Mississippi on this bill again. He has been responsive to the Members of the Senate in subcommittee, and he has been firm with the House in conference. I believe a fair compromise has been reached with the House. Therefore, I join with the distinguished subcommittee chairman in urging approval of this conference report.

Mr. CASE. As I understand it, the House and Senate provided the same level of funding for the New York–New Jersey Harbor collection and removal of drift project, but the House report contains language that earmarks some of the funds for specific items. This difference between the House and Senate reports was not addressed in the deliberations of the conference committee. Without some clarification of intent by Congress, there could be confusion and lengthy delays in executing work on the project.

Therefore, I would like to ask the distinguished Senator from Mississippi, who was the chairman of the conference committee, if my understanding is correct that it is intended that, if matching funds for the harbor cleanup activities earmarked by the House are not available, the Federal funds appropriated in this bill should be used for other projects for which matching funds are available.

Mr. STENNIS. The Senator from New Jersey is correct. It is not the intention of the conferees to provide funds which cannot be spent if matching funds for the earmarked items are not available. It is the conferees' intent that the funds provided in this bill for the New York–New Jersey Harbor collection and removal of drift project are to be used on the portions of the project for which matching funds are available. This is the regular, customary procedure in appropriating funds to carry out work on an authorized project, and there would be no exception in this case.

Mr. YOUNG. Mr. President, I wish to commend the distinguished chairman of the subcommittee and the distinguished ranking minority member for their excellent work in putting together this bill and achieving the conference agreement before us. I have attended the numerous and arduous subcommittee, full committee, floor and conference sessions on this bill and have been impressed with the responsible approach taken by the two gentlemen.

The conference agreement provides $10,294,000 for fiscal year 1978 for water and power development and energy research. This amount is under the administration's budget request by $73,697,000 and under the Senate bill by $56,255,000. Clearly the conference agreement is fiscally responsible and should merit the approval of the Senate and of the President.

As one who has fought for many years for completion of the Garrison diversion project, I am particularly pleased that full funding for the project has been included and that the Senate language on the project was agreed to by the conferees.

In sum, I fully support this conference agreement and urge my colleagues to support it too.

Mr. STENNIS. Mr. President, there will be a motion for adoption of the conference report and a motion that will relate to amendment No. 12, which requires a special disposition. I should think that any debate on this matter or remarks about the matter could well come at this point.

Mr. President, the senior Senator from Tennessee has indicated that he might wish to make some remarks.

Mr. BAKER. I think it is the junior Senator from Tennessee.

Mr. SASSER. Mr. President, I ask the distinguished Senator from Mississippi to clarify one action taken by the conferees on H.R. 7553.

Mr. STENNIS. Will the Senator repeat his remarks, please?

Mr. SASSER. I was addressing a question to the distinguished Senator from Mississippi. I am requesting a clarification as to one action taken by the conferees on H.R. 7553.

Mr. STENNIS. I will be glad to respond to any question the Senator may have.

Mr. SASSER. I note from the conference report that the conferees have agreed to delete $75 million included in the Senate-passed bill for the Clinch River Breeder Reactor project.

Mr. STENNIS. Yes, that is correct. That is not in the conference report.

Mr. SASSER. Well, in the statement of the managers on the conference report the following language appears, and I would like to quote that language, if I may. Quoting the language directly from the conference report:

> The Committees on Appropriations have consistently supported the Clinch River Breeder Reactor Demonstration; however, due to lack of enactment of authorizing legislation the conferees have deleted funding for this item without prejudice with the understanding that funding will be forthcoming by way of a supplemental immediately following enactment of the appropriate authorizing legislation.

Now, may I ask the Senator if it is his understanding that once the House of Representatives has acted affirmatively upon the authorization bill, which includes authorizations for the Clinch River Breeder Reactor project, that the Appropriations Committee will then include appropriations for the continuation of the breeder reactor project, consistent with the intent expressed in authorizing bills passed by both the House and the Senate?

Mr. STENNIS. Well, I do not think the conferees can speak for the Appropriations Committees. It does not work that way. The question arose during the discussion of this matter as to whether or not this would kill the project or that it was a termination of the whole subject matter, and related questions of that kind.

I think Senator SASSER himself was one of those who raised the point, and I know it was agreed that the situation we were faced with there was there was no new authorization for the money, for the project in the House, and the House conferees could not see fit to take the item back in disagreement and try to get it approved, notwithstanding the lack of this new authorization. So that brought it down to that roadblock or that barrier where it could not move further.

But it was agreed that this does not intend to be forever and final, that we are killing the project, or trying to kill the project; that when and if legislation is passed—that is really as far as we could go there—when legislation is passed as stated in the conference report, that it has authorized some amount, that then it certainly would be the expectations—and I believe those who were present will speak for themselves to that extent—to consider this matter further.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. STENNIS. I want to be sure I have covered it. It fell out of the report right at that point.

Later I was asked about it, the press asked whether this killed the project, and I said, "No, not in my estimation." It deletes the project funding for this bill—someone reminded me I said "Hemmed in, but it does not kill it." That is the best I can do.

Mr. SASSER. I yield to my distinguished colleague.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Tennessee for yielding, so that I can be sure I understand what the distinguished manager has said.

I was on the Joint Atomic Energy Committee at the time the project was authorized. As the Senator from Mississippi knows, it was authorized at an early date and, in my view, it, indeed, was authorized. There is no need to argue the point now.

As the distinguished chairman pointed out, there is nothing we can do about what the House does in this respect.

Mr. STENNIS. That is right.

Mr. BAKER. But could the distinguished Senator from Mississippi assure us, the distinguished junior Senator from Tennessee and myself and others, such as the senior Senator from Idaho and the senior Senator from Washington, who have been interested in this project and continue to be vitally interested, that if there is a suitable supplemental appropriation after Labor Day, as we have discussed and as appears now will be likely, the Senator from Mississippi, in keeping with this language of the managers of the conference report, would be willing to consider including money for the CRBR project in that supplemental?

Mr. STENNIS. Yes, that is after, assuming there is, an authorization of some kind for some amount.

Mr. BAKER. Waiting for the House authorization action troubles me a little because it may be that the House will not achieve an authorization in time. My point is could the Senator from Mississippi give me any assurance that, in any event, the Senate would attempt to include the project in our version of the supplemental appropriation bill, and then, if necessary, we can wait and see what the House does?

Mr. STENNIS. Well, I stand for the authorization procedure now. I am privileged to be chairman of an authorizing committee, you know, the Committee on Armed Services, and we insist on that rule being followed, and that is my record.

But I think the conferees were talking about an authorization, as I have said, and the conferees there were willing to proceed further on this matter, if authorized. But as the Senator from Tennessee says, we cannot speak for the House and we cannot speak for other members of the conference, but I speak for myself. I would be willing to proceed if I considered it authorized.

Mr. BAKER. Of course, it is authorized on the Senate side. Hence, all that I am asking the distinguished manager of the conference report is since we have authorizing legislation on the Senate side, if there is a Senate supplemental appropriation, for instance, after Labor Day, would it be the intention of the distinguished Senator from Mississippi to include this project, in the Senate version of the supplemental appropriation?

Mr. STENNIS. I do not think we can just anticipate too much ahead. It would be a question then of authorization, and you could present any version of authorization you wish. But this matter went off on the idea of authorization, Senator, for the money for the project, and I do not think we can speak any further than that. But if the authorization is there, why, I would favor proceeding, if I were satisfied with that.

Mr. BAKER. Mr. President, if the Senator will yield, I am not making myself clear, I believe. What I am asking is whether, since the Senate has authorized this project, and if there is a Senate supplemental appropriation bill later, it would be the view of the distinguished Senator from Mississippi that, based on the Senate authorization, the Senate supplemental appropriation at least would carry the Clinch River project? I am not trying to speak for the House, and I do not know what the House might do. I do not know whether they are ever going to authorize it or have the equivalent of it, but I do know on our side we have authorized it, and I was just respectfully asking if the Senator's view is that any future Senate supplemental would include this money.

Mr. STENNIS. Well, of course, I could not answer whether it would include it or not; the Senator knows that. But certainly if it comes back in again in the same way and all, why, you would have authorization in the Senate but not in the House, if it came that way, and I hope it would be settled more than that——

Mr. BAKER. I hope so, too.

Mr. STENNIS. And then we would be wide open here for consideration in amendments and everything else.

I voted for the $75 million figure last, it was kind of a compromise figure, and I, perhaps, would again. But I cannot just throw away my birthright to make a judgment under those conditions, and to that extent I would have to reserve my final judgment on it.

Mr. BAKER. I respect the Senator's point of view, and I hope he understands I was not asking him to commit beyond what the Senate itself might do. It had nothing to do with what the House might do. I was just seeking reassurance that the clearly expressed view of the Senate, which has clearly authorized this project, would be carried further into any future Senate supplemental appropriation.

It seems to me that if the Senate has authorized it, and there is a supplemental, the Senate version of that supplemental in any event should include this. But I understand the Senator's point of view. I will continue, of course, to urge the construction of this project, and do that in the Senate as my only forum.

Mr. STENNIS. All right, Senator, I thank you very much.

Does the Senator have anything further?

Mr. SASSER. I want to be sure I completely understand what the distinguished chairman has indicated. As I understand it, if the House acts affirmatively with regard to authorization then we, in the Senate, could go forward with our appropriation; am I correct in that?

Mr. STENNIS. Here is the wording of the report, Senator. I have just been over this thing twice. The wording of the report that the Senator quoted, and I will just read it in here in connection with the last question, and reading from page 9, is as follows:

The Committees on Appropriations have consistently supported the Clinch River Breeder Reactor Demonstration; however, due to lack of enactment of authorizing legislation—

So the conferees considered the question of authorizing leglislation—

the conferees have deleted funding for this item without prejudice with the understanding that funding will be forthcoming by way of a supplemental—

a supplemental bill, of course—

immediately following enactment of the appropriate authorizing legislation.

That is very clear language to me, but the distinguished Senator from Tennessee said there are different kinds of authorizations, and that is a matter to be presented. But I think this language is very clear that we did not want to prejudice the merits of this project. It was dropped out of this bill for the lack of authorization by the House. When authorization is provided, then we will go back to it, and it says it in a friendly way at least. It goes that far. But it has to have the authorization.

That is the best I can do. Of course, that was the agreement of the House and Senate conferees or it could not be accomplished, of course.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. BAKER. And will my colleague yield?

Mr. SASSER. I yield.

Mr. BAKER. I understand it this way, and I do not presume to put words in the mouth of the Senator from Mississippi. I am trying to recapitulate for the RECORD my understanding of the present state of affairs.

First, the House conferees felt that Clinch River had not been authorized on the House side and therefore should not be considered in this conference report. Second, the statement of the managers was that not including it did not in any way prejudice this project but rather simply recognized the point of the House conferees.

I was delighted to see that language because I think that was a ray of hope for those of us in the Senate who feel there is a good project.

What I was asking then was the third point. While we have no control over what the House may or may not do in terms of authorization, we do know what the Senate has done. It appears likely in view of a number of things that we will have at least one supplemental appropriation bill. If there is a supplemental appropriations bill considered by the Senate, I hope the Senate will take account of the action we have already taken and would include that in the Senate version of any future supplemental appropriation. I understand no one can commit the Senate let alone Congress or conferees.

It would be my hope in any future supplemental we would go ahead and include money for the Clinch River breeder and go to conference and see how we go on from there.

That is the point I make, Mr. President, and I am deeply in the debt of the distinguished Senator from Mississippi who gave me this time to express my hope in that respect, and I thank him for his patience in listening to me. I express my optimism that it will work out that way.

Mr. STENNIS. I thank the Senator for those facts.

There is one matter. I remember making a point at the conference representing the Senate that we were trying to get the $75 million, and I made the point to the House conferees: Will you take it back in disagreement and cover the authorization question in that way? They very respectfully declined to undertake that, thinking that they could not prevail, as I understood it. So that is what dropped the matter there. They not only did not have it in their bill but they respectfully declined to undertake to get it in that method—taking it back in disagreement. There was not any question about what was intended here. I think every conferee would agree to this. It is very clear.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. STENNIS. Mr. President, we brought back one amendment, amendment No. 12, in disagreement, wherein in one provision of the bill the figure ran some $3 million, in round numbers, over the higher figure in either bill. In this $10,370,000,000 bill, I think that is a fairly small amount. I hope that amendment will be agreed to. It is amendment No. 12.

The PRESIDING OFFICER. The clerk will state the amendment in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 12 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $103,646,000

Mr. STENNIS. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate, amendment No. 12.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

Mr. KENNEDY. Mr. President, I congratulate the leadership for the decision to call up S. 926, the pending Election Reform Act of 1977, and I urge the Senate to move expeditiously to enact this landmark and far-reaching legislation.

S. 926 represents a major effort to improve the quality of elections in our Nation and to enhance public confidence in our political institutions.

I am proud to be a consponsor of this essential measure, and I commend the skillful work of the Senate Rules Committee, particularly the efforts of Chairman HOWARD W. CANNON of Nevada and Senator DICK CLARK of Iowa, in guiding this measure through the committee to the floor for the debate that begins today.

Some of the most important aspects of S. 926 are its provisions to extend public financing to Senate general elections. Public financing of elections is a reform

well-known to the Senate. For more than a decade, Congress has been moving toward the goal of comprehensive public financing of Federal elections. At every stage, the idea has had to run a gauntlet of heavy opposition. It is a tribute to the appeal and tenacity of the idea that so much progress has been made in recent years.

In 1966, Congress first enacted the dollar checkoff for Presidential general election under the leadership of Senator RUSSELL LONG, the chairman of the Senate Finance Committee. Unfortunately, the implementation of the act was deferred indefinitely by legislation enacted in 1967, after a lengthy controversy on the Senate floor.

In 1971, we again enacted the dollar checkoff for Presidential general elections, but its effective date was deferred until after the 1972 elections.

In 1973, as a floor amendment to a debt ceiling act, the Senate initially approved the extension of public financing to Presidential primaries and to Senate and House primaries and general elections. But in a parliamentary impasse, the measure was returned to the Senate and died in a subsequent filibuster.

In 1974, under the leadership of Senator CANNON and the Rules Committee, the Senate once again approved public financing for Presidential primaries and for Senate and House elections—this time after defeating a filibuster—only to see the congressional provisions deleted in the conference with the House.

At last, in the Presidential election of 1976, the long delays were over. Public financing was applied in both the primaries and general elections of 1976.

And the concept worked. Gone were the campaign financing abuses of the 1972 elections; gone were the huge private contributions; gone were the corruption and the appearance of corruption that were so much a part of the 1972 election and that later became so deeply involved in the Watergate scandal.

But we had left the job undone in the 1976 elections. In fact, in two important respects, we had left the situation worse than before with respect to congressional elections.

First, the Supreme Court's decision in Buckley against Valeo in January 1976, upholding the constitutionality of public financing, left in disarray the portions of the 1974 act setting limits on campaign spending in congressional elections. In the wake of the Court's decision, spending limits could be validly applied only as a condition on candidates using public funds. The Court's decision enhances the need for public financing of congressional elections, since only through this reform can we apply effective spending limits and end what has been aptly called the "arms race" of escalating campaign spending.

Second, and equally important, the very success of public financing in Presidential elections has exacerbated the serious problems of campaign financing in elections to the House and Senate. The special interest groups are all dressed up with nowhere to go—except to congressional elections. With their massive warchests of campaign funds for favored candidates, they have great and growing power to tilt the issues in their favor, against the public interest.

In the 1976 elections, Congress was awash in a sea of special interest giving. The figures compiled by Common Cause on the 1976 elections reveal the extent of the problem and the urgency of finding an effective solution. Two facts illustrate the point:

Special interest contributions—often at $5,000 a clip—soared to over $20 million for Senate and House candidates in 1976, nearly double the amount of such contributions in 1974.

In 1974, only about 100 corporations had formed political action committees for Federal office. By 1976, the number had increased by over fourfold, with more than 450 corporations forming such committees last year.

The proliferation of political action committees may be just beginning. More and more special interest groups and organizations are joining the parade. Their lobbyists are seldom far behind. They know that the "investment" of substantial contributions in particular campaigns can pay rich "dividends" in terms of later legislation.

This "lobbying connection" to campaign financing may well be the most insidious aspect of the many abuses in the current system. It is also a difficult abuse to trace, but few if any of us would deny that it exists—especially when millions, or even billions, of dollars in Federal benefits may depend on the outcome of a single vote in the House or Senate.

As the role of special interest groups proliferates, the interests of the average citizen, the ordinary voter, are in danger of being swamped by a rising tide of special interest money, whose influence now pervades many different areas of congressional action. This tide will undoubtedly go higher if the pending reforms are not enacted.

The solution to the problem is clear. It has been debated for a decade, and it has now proved itself in practice. The simple fact is that public financing worked—and worked well—in the 1976 Presidential election. If public financing was the right reform for Presidential campaigns, it is also the right reform for Senate and House elections. The successful practical experience with public financing in 1976 should be sufficient to remove the last substantial objection to adopting this reform for Congress.

It is time to end the double standard. The integrity of Congress is at stake. We cannot afford to continue a situation in which we require Presidential candidates to take the high road of public financing, but allow ourselves to continue on the low road of the past.

In a sense, the debate has shifted—it is no longer whether to adopt public financing for congressional elections, but what method of public financing to adopt. The provisions of S. 926 are an effort to adapt the principles of this reform to the needs of Senate elections.

The bill itself includes the following major approaches.

A "mixed" system of partial grants and matching grants is established for major party candidates in Senate general elections. Candidates nominated by major parties qualify for grants of 25 percent of their spending limits. A major party is defined as a party whose candidate received 25 percent or more of the votes cast in the preceding Senate general election for the seat. In addition, such candidates are also entitled to receive matching grants for each small private contribution of $100 or less, up to their spending limit. Thus, major party candidates may receive public funds in amounts up to 62.5 percent of their spending limits—25 percent plus 75 percent/2 equals 62.5 percent.

The spending limit in Senate general elections for candidates receiving public funds is keyed to the voting age population of the State. The limit is set at $250,000 plus 10 cents for each eligible voter. The limits range from $273,000 in Alaska to $1,688,000 in New York.

Publicly financed candidates may not spend more than $35,000 from their own funds or from funds of their immediate family—defined as a spouse, or a child, parent, grandparent, brother, sister, or the spouses of such relations.

To insure that publicly financed candidates are not swamped by candidates relying solely on private funds—the spending limits are not applicable to the latter candidates—the bill contains a "trigger" waiving the overall spending limits for publicly financed candidates in cases where a privately financed candidate exceeds either the overall spending limit for the election or the limit on spending from personal or family funds. In addition, in such cases, publicly financed candidates may qualify for an extra 62.5 percent of their spending limits in public funds through matching grants for small contributions. The extra 62.5 percent is equal to the amount of public funds for which the opponent might have qualified if he had used public financing.

Minor party and independent candidates will be entitled to matching grants in general elections, after raising a substantial threshold in private contributions of $100 or less; the threshold is set at 10 percent of the spending limit or $100,000, whichever is smaller.

As in the case of Presidential elections, the public financing of Senate elections will be administered by the Federal Election Commission.

Public financing for Senate general elections will begin in the 1978 elections.

The public funds for Senate general elections will be derived from the existing dollar checkoff in the Internal Revenue Code, under which taxpayers voluntarily earmark $1 of their taxes for public financing. Under the priorities established in the bill, adequate funds must be available to meet the needs of public financing in Presidential campaigns, before funds may be used for Senate general elections. Current projections indicate that the existing dollar checkoff will be adequate to fund Senate and House general elections in 1978 and the Presidential and congressional elections in 1980.

As a matter of comity, the bill does not deal with House elections. But I am pleased with the progress that public financing is now making in the House,

and I am hopeful that the final legislation will apply public financing to all congressional general elections, both House and Senate.

Although I am disappointed that the Rules Committee deleted the provision from our bill applying public financing to Senate primary elections, I recognize the wisdom of that course in light of the limited resources in the dollar checkoff fund and the heavy administrative burden that would be imposed on the Federal Election Commission in launching congressional public financing for both primaries and general elections in 1978.

But the time for public financing has come. I am confident that these problems can be resolved. And I am also confident that the successful application of public financing to Senate and House general elections in 1978 will enhance the prospects of public financing for Senate and House primary elections in 1980. As we have done so often in the past, we shall return again and again to the issue, until this long overdue reform has been achieved and we have ended the abuses that undermine public confidence in our congressional elections.

The modest cost of this legislation—less than $20 million for the 1978 Senate elections, or less than $10 million a year over the 2-year Senate elect cycle—is a small price to pay to help restore the faith of the people in their Congress.

To me, public financing of elections is the wisest possible investment that American taxpayers can make in the future of their country. I urge the Senate to act favorably on this measure, so that it may take effect in time for the 1978 elections.

Mr. President, in recent weeks, a significant number of editorials have appeared in newspapers around the Nation, supporting the concept of public financing of congressional elections. I am pleased to see this broad support for the concept, and I ask unanimous consent that a sample of these editorials may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ALASKA

[From the Anchorage Daily News, July 8, 1977]

SENATORS, TOO

Sen. Ted Stevens says he has serious reservations about it, and probably would vote against it. Alaska's other U.S. senator, Mike Gravel, says he'd vote for it.

The trouble is that neither senator may have the opportunity of casting a vote on the bill this session because the legislation that would allow the public financing of Senate election campaigns is severely threatened. Not only is there the possibility of filibusters over the bill, but a loaded Senate calendar—packed with energy and appropriations bills—may conveniently thwart the controversial legislation from reaching a vote.

This should not be allowed to happen. The public financing of congressional campaigns is an idea whose time has come. A voluntary $1 income tax check-off would supply the public funds that would match small private contributions given the candidates.

There are three good reasons for this campaign reform:

1. The influence of special interests on congressional decisionmaking would be substantially reduced. This means the role of private citizens would be enhanced.

2. The political process would become more competitive. In the U.S. Senate races this is particularly important because the initial victory of a six-year term often means a re-election ticket with little future opposition.

3. Wealthy candidates would no longer have an advantage over those with much smaller fortunes.

Senator Stevens, who objects to the legislation, is concerned about the loophole found in an earlier election financing law. The Supreme Court has ruled that limits may not be placed on the amount of personal resources that candidates spend in an election.

But spending limits can be made contingent on the acceptance of public financing, and the Senate bill, S. 926, would limit spending by candidates who accept public financing to no more than $35,000 of their own money. So there would be less incentive for wealthy candidates to spend the large sums that they may possess.

The proof of the pudding is the success of public matching funds in last year's presidential election campaign. No private money was allowed in the general election. It meant wealthy individual donors were not able to buy ambassadorships and powerful corporations could not purchase special favors.

It meant simply that presidents could not be bought. That should be the case for senators, too.

If you agree, write your senators and tell them so. It could speed the Senate vote, and maybe even change a vote.

ARIZONA

[From the Arizona Daily Star, Tucson, Ariz., July 5, 1977]

TOO MUCH INFLUENCE

A Congress that is bought and paid for by large special interest groups, be they corporate, professional or organizational, is not in keeping with the democratic system.

Yet that is the kind of Congress we unwittingly maintain. In the last decade more than 90 per cent of congressmen seeking re-election have been successful. In 1974, more than 75 per cent of a total $22.5 million donated to congressional campaigns by special interest lobbies—ranging from the oil industry to organized labor to environmental groups—went to incumbents.

That is not "buying" legislators in the sense of illegal kickbacks and payoffs. But, as Common Cause president David Cohen said in Phoenix last week, "There is a thin line between contributions and bribes."

The contributions of lobbying interests in the 1976 elections totaled nearly twice the amount donated in 1974, partly because the big-money powers were unable to invest influence in the presidential campaign.

Presidential campaigns now have spending limits and public financing to protect them from purposeful generosity. So should campaigns for Congress.

Such limits were not so necessary a couple of decades ago, before corporate, labor and professional interests grew so large and affluent that they could financially subvert the will of the public majority. The saga of Richard Nixon amply demonstrated how powerful those interests had become.

It has become equally as obvious, through such organizations as Common Cause, that the influential special interests do not represent the most abiding concerns of the electorate.

CALIFORNIA

[From the San Diego News Pilot April 5, 1977]

ELECTION LAW

President Carter has proposed a package of election law reforms that make sense—public financing for congressional election campaigns, a direct popular vote for president, reform of the Hatch Act.

But we can't go along with the centerpiece of his package, a proposal for election day registration of voters.

In the past we have opposed public financing for congressional election campaigns. We are now prepared to give the proposal our support.

It may cost $30 million in taxpayer money every two years. But that would be a sound investment if it protects the Congress from domination by the special interests.

The 1976 election year was the first one in which public financing of presidential campaign was tried. The new system was found constitutional by the Supreme Court and it worked well. It protected the presidency from any scandal like the Watergate, which was a result in part of the huge amount of special interest campaign money raised in 1972 by the White House.

Now it is time to extend the system to protect Congress in a similar way from the insidious corruption caused by huge campaign contributions from lobby groups.

In 1976 the special interest money that could no longer be given to the presidential candidates flowed in massive amounts into congressional campaign coffers. Such contribution rose from $12.5 million in 1974 to $22.6 million in 1976.

Analysis showed that millions went from corporations, labor unions and professional and trade associations to the members of committees handing legislation that directly affects those interests. These were investments made to buy influence.

The public interest demands that our congressmen be freed from dependence on the special-interest dollar.

Reform of the electoral college system to provide for a direct popular vote for president would eliminate the possibility that a presidential candidate could be defeated in the popular vote yet win the electoral vote—an eventuality which could undermine the people's perception of the legitimacy of their government.

The Hatch Act unnecessarily restricts the participation of federal civil service employes in the political process. They should be restored to full citizenship.

But we see hazards of fraud in election day registration of voters. The present system is not onerous. Many states have moved in recent years to make it easier to register. California has a postcard registration system.

The Hatch Act unnecessarily restricts the states free to adopt their own voter registration system.

[From the El Cajon Californian, Apr. 1, 1977]

ELECTION REFORM: YES, YES, NO AND YES

Abolition of the electoral college. Public financing of congressional campaigns. Instant registration on Election Day. Revision of the Hatch Act to permit most federal civil service employes to engage in partisan political activities.

These are the basic ingredients of President Carter's election reform proposal.

The electoral college poses a remote threat to majority rule. Under this system a candidate for president who gets the most votes conceivably could be denied the office to which a majority of the voters wished him/her to be elected. This, in our view, is a greater evil than any erosion of federalism that might occur if we went to a system of direct election of the president.

Each vote should have equal weight. Abolition of the electoral college, by way of a constitutional amendment, would assure the application of that principle.

Public financing of congressional campaigns is an idea whose time has come if the people wish to regain control of their federal government, now dominated to a large extent by special interest groups who

buy votes with their bottomless bags of cash.

Opponents say this is a sure way to keep the incumbents in office forever. Well, the presidential campaign of 1976 was financed with public funds. The incumbent lost.

Some adjustment may have to be made in the way funds are disbursed to compensate for the incumbent's advantages. Such a system can be worked out. What is important is that Congress should become responsive to the best interests of all citizens, not the powerful interest groups capable of filling the campaign war chests.

Instant registration strikes us as an invitation to fraud, bribery and uninformed voting. In most states, registering to vote is a simple process. Those who are truly interested in the outcome of an election will make the effort to get properly registered.

Certainly it is shameful that so many people elect not to vote. But that is their prerogative. Nothing is to be gained by making it easier for unscrupulous politicians, or the advocates of any cause, to round up as many bodies as possible on election day and herd them to the polls like so many sheep.

Charges of vote-stealing are occasionally leveled despite rather strict registration procedures. Instant registration would multiply the instances of suspected fraud.

We are basically opposed to a politicized bureaucracy, but if public funding of congressional and presidential races were enacted we would have less objection to revising the Hatch Act so that 2.8 million federal employes could participate more fully in the political process.

The prevailing opinion is that the Democrats will benefit substantially more than the Republicans by this change, since the former are usually freer with the public's dough.

But that is really not a good reason for denying one class of citizens the rights that every other class enjoys. Nobody is proposing to strip defense contractors of the right to promote their favorite candidates even though they survive with the money voted by Congress.

The purpose of election reform should be more responsive government and assurance that all who wish to participate and vote are not arbitrarily prevented from doing so.

Abolishing the electoral college, financing congressional campaigns with public funds and revising the Hatch Act would help achieve those objectives. Instant registration invites fraud and should be stricken from President Carter's proposal.

[From the Sacramento Bee, Mar. 28, 1977]

CAMPAIGN CASH

One of the welcome signs in Washington—cherry blossoms aside—is that, at last, everything seems to be going right for public financing of congressional election campaigns.

President Jimmy Carter is solidly for it. Vice President Walter F. Mondale, as a senator, was a leading advocate of the idea. Senate Majority Leader Robert Byrd has come out for it. House Speaker Thomas O'Neill has reversed himself and supports it, too.

Moreover, Wayne Hays is no longer around as chairman of the House Administration Committee to block the legislation, as he did for so many years. His successor, Rep. Frank Thompson, D-N.J., is an active supporter of the public financing concept.

O'Neill, who twice voted against such proposals in the past, is not the only convert. There are others among the 71 House members who joined in introducing a bill to make federal funds available for the 1978 congressional campaigns. The Senate twice has approved similar legislation in previous years, so the switch of sentiment in the House is significant.

The 1976 presidential election demonstrated that public financing can work. It convinced a lot of people the system should be extended to congressional candidates. The enormous increase in political contributions by special interest groups to congressional races emphasized the need to reduce the role and influence of big money in the choosing of the nation's lawmakers.

Public financing has faltered in earlier House votes because of concern by incumbents that it would help their prospective opponents run again them. There is a greater concern now about improving the image of Congress—enough, hopefully, to make the difference this year.

COLORADO

[From the Colorado Spring Sun, Apr. 13, 1977]

ELECTION-REFORM PLANS HOLD PROMISE

President Carter has offered his package of election reforms—public financing of congressional campaigns, elimination of the Electoral College, election-day voter registration and reform of the Hatch Act.

Most of his proposals make sense to us; a few leave us with some nagging doubts.

Public financing of the presidential campaign was tried for the first time in 1976. We believe it worked well, and see some sound arguments for extending it to congressional elections.

Estimates are the taxpayers would have to provide $80 million every two years to finance such a plan. It sounds like a large sum, but it could effectively dilute the clout of special interest groups and lobbyists. Such sources have provided millions to congressional candidates in the past. By freeing candidates of the necessity of relying on big donors to finance campaigns, we can free our representatives from obligations they might feel toward the donors. That makes sense to us.

The Hatch Act restricts the participation of federal civil service employes in political activities. It was passed to prevent officeholders and political appointees from exerting undue influence on their subordinates, and to minimize some of the advantages of incumbents.

Those are certainly worthwhile objectives, and they should not be tossed away. But civil service employes should not have their basic rights taken away, either. We endorse any reasonable and workable compromise in this area.

Election-day registration is a concept we endorse in principle but question in practice. We do not believe voters should be disenfranchised, especially in national elections, just because they have moved shortly before election day. But we are not convinced that an instant registration" system can be devised that is fraud-proof, or reasonably so.

Rep. Charles Wiggins, a California Republican, makes a strong argument against this Carter proposal. He points out that a few large states—such as California and Texas—can swing a national election under the present voting system. And both states have large numbers of illegal aliens. If voters used driver's licenses to obtain voting credentials, as has been suggested, there would be no way to prevent non-citizens from voting.

Election-day registration has been tried in three states with some success, however, so we withhold our final verdict on this proposal until we learn the proposed mechanics of identifying qualified voters.

FLORIDA

[From the Miami Herald, July 13, 1977]

SENATE BILL ON RIGHT TRACK

One remedy for abuses such as "Koreagate" is public financing of congressional campaigns, thus ending the lawmakers' dependence on large donors and special interest contributions.

Senate Bill 926 would set up a system under which campaigns would be financed by a combination of public funds and smaller private gifts. It is, as Senate Majority Leader Robert Byrd observed, "an idea whose time has come."

The question now, however, is whether S. 926 is a bill whose time on the Senate calendar will come. Opponents are threatening a filibuster to keep the reform from going to a vote of the full Senate, where it is expected to muster a majority.

If a filibuster occurs, 60 votes will be needed to end it. We hope the votes will be there, including those of Florida's two senators, for it seems to us that a matter of such importance in restoring the integrity of the system ought to be decided on its merits.

Certainly there is no need for weeks of debate. The concept is not new. It has been thoroughly discussed in committee and, on the floor of Congress during previous attempts to pass such a bill.

There is no valid reason, then, why senators shouldn't vote on the bill before they go home for their month-long August recess. Besides, approval of S. 926—and its companion measure in the House—might insure a somewhat warmer welcome home for the congressmen from a public which is becoming slightly cynical about Congress and money.

[From the Miami Herald, June 28, 1977]

CAMPAIGN FUNDING REFORM IS KEY TO A BETTER CONGRESS

Public financing of congressional campaigns is "part of the whole kit and caboodle of restoring public confidence in Congress," declared Senate Majority Leader Robert Byrd in endorsing it as an "idea whose time has come."

Indeed. The success of public financing of last fall's presidential campaign has done much to resolve the doubts about the concept, making believers out of former doubters such as Sen. Byrd and House Speaker Thomas O'Neill.

But still there is considerable opposition and inertia to be overcome if Congress is to act in time to have a plan in operation for the 1978 elections.

Moreover, there is some evidence to indicate that the longer the matter continues unresolved, the harder it may be to overcome the stalling of opponents who have thrived under the old system.

As David Cohen of Common Cause explains it, with special interest groups losing their clout in the presidential race because of public financing, they have shifted their attention to Congress. Last year they poured $22.6 million into House and Senate races—up from $12.5 million in 1974.

Much of that money was funneled into the coffers of a few powerful congressmen with key committee chairmanships which enable them to block or further legislate at its crucial formative stage.

Breaking the stronghold that special interests have on Congress—and doing so before it becomes unbreakable—is the chief aim of the public financing legislation now making its way through both houses.

The Senate Rules Committee has already approved a version which should be taken up soon by the full Senate. In the House, the bipartisan bill cosponsored by Reps. Morris Udall and John Anderson awaits final markup in the Administration Committee—formerly the graveyard of reform under the notorious Wayne Hays, but now chaired by Rep. Frank Thompson, a proponent of public financing of campaigns.

For very practical reasons, both the House and Senate bills contain compromises. They cover, for example, general elections, not party primaries—an omission which can be remedied at a later date.

But for now the important thing is to make the concept of public financing oper-

ational before special interests tighten their grip. Already at this session there have been disquieting signs of how tight their hold is becoming.

Congress is scheduled to leave Thursday for a 10-day recess for the Fourth of July. When the lawmakers return to the Capitol July 11, the campaign finance bills ought to be a high-priority item.

Granted, there are other concerns—energy, health, environment, the budget. But as recent action (and inaction) on several of these issues demonstrated, unfettering congressmen from their dependence on special interest contributions may be what it takes to free them to act in the public interest on these other matters.

[From the Bradenton Herald, Mar. 26, 1977]

CAMPAIGN TAX CHECKOFF GAINING PUBLIC SUPPORT

Taxpayers are giving increasing support to the income-tax election-funding checkoff, which funded much of the 1976 presidential campaign.

Common Cause, an independent, citizens' lobbying group, calculates that 28.6 per cent of the taxpayers filing early returns this year designated $1 or $2 to the fund. In 1975, 25.8 per cent of the taxpayers contributed to the fund.

The lobby group estimates that current checkoff trends will give the fund a balance of $180 million in 1980. It estimates there will be a balance of $10 million if the funds are used both to finance the 1980 Presidential election and to finance the 1980 congressional elections, which Congress is considering.

It is clear that the people like public financing and that the system is working to correct the problem of candidates being indebted to a few rich supporters who paid for their campaigns.

The 153 individuals who contributed more than a third of President Nixon's campaign funds in 1972 were replaced last year with millions of Americans who helped pay for the Carter-Ford campaigns.

This is a healthful impact on the way we choose our elected officials. Its success is great enough that public funding should be expanded to congressional races.

There need to be modifications in the law to make it easier for third-party candidates, and candidates challenging incumbents to get their share of the money and to get it in time to help their campaigns.

With those modifications public financing for presidential and congressional campaigns deserves our backing and our dollars.

GEORGIA

[From the Atlanta Journal, June 2, 1977]

CAMPAIGN FINANCING

Common Cause, the citizens' lobby that successfully spearheaded campaign finance reform for presidential races, is preparing a major push for changes in the laws governing congressional campaigns.

There will be many doubts and questions as this issue is raised for debate.

But for background and a good perspective of campaign financing a few facts concerning the corrupting role of big money in politics ought to be clear, especially as it affects a competitive political system.

Regarding incumbents, those in office tend to stay in office. More than 90 percent of all incumbents who ran for re-election during the last decade, won. In 1976 they were given $3 of special interest money for $1 given to challengers.

Regarding competition, little competition develops because of the difficulty in raising money to run against an incumbent. Proposed legislation in the House would use the $1 income tax checkoff provision which proved successful in helping to publicly fund the presidential contest. It would also require that a candidate raise a threshold amount in small contributions in order to qualify.

Regarding women and minorities, such candidates have historically had trouble raising enough money to run an effective and competitive political campaign. Blacks, who make up 12 percent of the U.S. population, make up only four percent of the House. There is an equally disproportionate number of women. Although reform legislation is not a requirement for quotas, it would tend to probably lower the gaps in proportionate representation.

In regard to power in Congress, special interests put their support primarily behind incumbents, especially incumbents who hold chairmanships or key committee assignments.

The challenge before the Congress and the American taxpayers is to shape a political system that is open to more competition without being overwhelmed by frivolous candidacies or a new maze of bureaucratic administration.

That will not be easy.

[From the Atlanta Constitution, July 19, 1977]

KOREAN SCANDAL IS ONLY PART OF IT

Georgia Congressman John Flynt has a hard time, as the lead editorial on this page suggests, dealing with the problems of ethics that come before the committee he chairs, the House Ethics Committtee.

Flynt indeed shows all the enthusiasm of a man invited to put on a barbed-hair shirt when it comes to investigating the misdoings of some of his old colleagues in the U.S. House. His foot-dragging on such matters was already evident even before the House Ethics Committtee chief counsel, an attorney of excellent reputation, resigned in protest at the committee's slow pace in looking into alleged bribery of members of Congress by South Korean agents.

But beyond Flynt, and the lack of action by the House Ethics Committee, there is a deeper and more disturbing problem.

Maybe money is not necessarily the root of all evil, but the handling of money in political campaigns in the last several years has done its share of political evil in the United States.

The entire mess of Watergate, the assorted lies and crookedness that led to the first resignation of an incumbent President of the United States in this nation's history, in many ways started with the use of campaign money. The committee to reelect President Nixon in 1972 quite simply had too much campaign money. They looked for ways to use it, the millions of dollars squeezed out of every special interest around. It is ironic but true; had that committee been less well financed, it is probable that the initial burglary at the Watergate would never have taken place, nor all that followed.

Virtually every political candidate of even half-way integrity dislikes the process of raising campaign funds. It is too often demeaning, the hat in hand effort to persuade people, often people you hardly know personally, to give you cash for an election campaign. Yet every candidate in a major campaign, every candidate seeking either election or reelection to a major office, finds the money raising necessary.

That process changed for the first time in a national presidential campaign last year. Individual candidates had to raise money in relatively small contributions, with $1,000 the top individual contribution even from the richest citizen, and then federal matching money was available for any candidate demonstrating serious support.

The current Korean scandal however points up a comparable issue; members of Congress are still fully vulnerable to the pressures of raising campaign funds. Why should not congressional races also be covered by the new campaign finance law?

John Gardner, the founder of Common Cause, observed recently that even the "Korean affair" is not the biggest shock in this area. It is more shocking to realize that special interest committees contributing to the campaigns of U.S. senators and congressmen "almost doubled in the two years from 1974 to 1976." That money, said Gardner, "is spread over Congress like rich manure. And the odors rising therefrom do nothing to give Congress the respectability it longs for."

He is right. But Congress could take action towards such respectability by voting for the public financing of congressional campaigns. That would go a long way to eliminate the kind of money scandals now surfacing, the kind that Congressman Flynt is so reluctant to investigate.

[From the Macon Telegraph and News, Mar. 26, 1977]

CONGRESSIONAL RACES NEED TAINT REMOVED

The outlook for passage of legislation authorizing public financing of congressional races has improved dramatically of late—and we think that's great.

Public sentiment seems to be swinging toward the change, which is viewed as another step in reducing special interest influence in Washington and improving the image of the national lawmakers. President Jimmy Carter has endorsed the idea.

But more important is a turnaround by House Speaker Thomas P. "Tip" O'Neill Jr. O'Neill, who opposed similar legislation that was defeated in 1974 and 1976, now says he favors the proposal. His switch, O'Neill says, came because of the "success" of public funding of the 1976 presidential election.

Public financing of the presidential campaigns grew in part out of the Watergate scandals. There were revelations of massive, shady contributions to presidential candidates in past campaigns.

Fred Wertheimer, vice president of the citizens' lobby Common Cause, called O'Neill's reversal "a big, big breakthrough." The influential O'Neill earlier this year helped push through a new code of ethics for the House.

Bills have been introduced in the House and Senate that would provide some $60 million to help finance congressional races for the Senate and House in 1978. The bills would place generous ceilings on spending by the candidates. More significantly, they would drastically reduce the maximum contributions allowed by special interests. The shift would be toward a mix of small contributions and federal matching grants.

It's important to note that concurrent with the new limits on presidential campaigns, special interest donations to congressional races increased sharply. According to Common Cause, these contributions pumped from $12.5 million in 1974 to $22.6 million in 1976.

In many cases the donors are simply buying influence. The contributions represent subtle investments; some even call them legal bribes. Groups give money to lawmakers who can help or hurt them most. Dairy groups gave $141,500 to 25 members of the House Agriculture Committee in 1974, for example. Last year a group representing the debt collection industry, which has been opposing legislation designed to curb abuses by bill collectors, gave more than $28,000 to various House and Senate candidates.

Public financing would take much of the taint out of congressional races while equalizing the opportunities of challengers as against incumbents. Except for public financing, a peanut farmer from Georgia probably couldn't have been elected President.

IDAHO

[From the Idaho Statesman, Boise, Idaho, Mar. 13, 1977]

THE "AUCTION BLOCK"

Ethics codes for U.S. senators and representatives are a significant step toward restoring public confidence in Congress. Legislation calling for public campaign financing is equally important.

The Senate is considering a $38-million plan for partial public financing of all Senate elections. Private campaign contributions to candidates who received federal campaign money would be limited to $100 and personal campaign spending could not exceed $35,000. Total campaign spending could not exceed $300,000 or 20 cents per voter, whichever is greater. A companion measure for public funding of House races is expected later this year.

There is a legitimate need for such legislation. Under the new law providing public financing of presidential elections, Jimmy Carter and Gerald Ford were limited to spending about 50 cents per vote last year. Senators and representatives, on the other hand, spent up to $5 per vote.

Aside from the fact that it seems a bit silly for a congressional candidate to spend 10 times as much per vote as a presidential candidate, the major problem is the source of much campaign financing. A Common Cause study shows special interests contributed $22.6 million to House and Senate candidates in 1976; a record high and almost twice as much as the amount contributed by special interests in 1974.

Raising money for public funding of campaigns apparently wouldn't be a problem. The voluntary check-off system, in which citizens authorize $1 deductions on their federal income tax forms, raised more money than needed for the last presidential election. By 1980, enough volunteer money should be available from this source to finance the presidential, House and Senate campaigns.

The greatest opposition to public financing appears to be in the House, where most of the problems exist. Idahoans concerned about the influence of vested interests on federal legislation should write their congressmen that they support ethics codes and public financing of congressional elections.

Both are needed to improve the sagging congressional reputation. A recently completed national public opinion survey on ethics places Congress lower than eight other institutions. Only corporate executives and labor leaders received lower ratings.

It's time for Congress to clean up its act. The new House ethics code will limit outside income, gifts and travel and require financial disclosure. Public financing of elections would, as Sen. Edward Kennedy puts it, take Members of Congfess "off the auction block."

ILLINOIS

[From the Chicago Sun Times, May 15, 1977]

IT'S TIME TO EXTEND PUBLIC FINANCING TO CONGRESS CAMPAIGNS

Since 1971 federal taxpayers have had the opportunity to contribute to the Presidential election campaign fund by so indicating on their income tax return. The allotments are limited to $1, or $2 in the case of a joint return. Now about 30 percent of the taxpayers are marking for the contribution, enough to put $25 million in the fund.

Last year's Presidential campaign was the first real test of public financing and the results have been generally favorable. There is general agreement that the new system worked very well, substantially eliminating Presidential candidates' dependence on special interest groups and wealthy individuals.

Interest groups gave only $1 million to Presidential candidates during the 1976 primary season. Primary campaigns were mostly financed by contributions of $250 and under, matched by public funds from the income tax dollar check-off. In the general election Gerald Ford and Jimmy Carter received flat grants from the check-off funds and no private contributions were allowed.

In view of the success of public financing in the Presidential campaigns it is natural that a proposal be made to extend the system to Congressional campaigns. To this end two bills have been introduced. The House bill is known as HR 5157 and one of the sponsor, John Anderson, is a Republican from Illinois. Others are Morris Udall (D-Ariz.) and Phillip Burton (D-Calif.). The Senate bill is S. 926, sponsored by Senators Edward Kennedy (D-Mass.); Dick Clark (D-Iowa); Alan Cranston (D-Calif.); Charles Mathias (R-Md.) and Richard Schweiker (R-Pa.).

While the bills have the support of President Carter and Congressional leadership is encouraging, they need to be started on their way through committees if they are to be passed and put in effect for the 1978 Congressional campaigns.

* * * * *

The reason is that a vast amount of special interest money that formerly went to the Presidential campaigns is now available for Congress races, thereby increasing the opportunity and possibility for corruption. For example, a Common Cause study shows that labor, business, professional and agricultural groups gave a record $22.6 million to House and Senate races last year, almost double the $12.5 million they gave in 1974.

Sen. Russell Long (D-La.), chairman of the Senate Finance committee, has said, "When you are talking in terms of large campaign contributions . . . the distinction between a campaign contribution and a bribe is almost a hair's line difference." An amazingly frank statement from a senator who through his position not only as Finance committee chairman but also as chairman of the Subcommittee on Merchant Marine is in a position to be literally showered with campaign contributions by special interest groups. Obviously, in supporting public financing he is sacrificing much of this opportunity. We would hope that other incumbents would adopt the same public spirited attitude and come out in favor of S. 926 and HR 5157.

Common Cause assures that there is an ample amount of money in the Presidential campaign fund to extend it to Congress and as the income tax check-off becomes more popular the resources will grow.

HR 5157 proposes that after meeting a threshold requirement by raising $10,000 in donations of $100 or less, House candidates agreeing to abide by the bill's spending limit would receive $1 in public funds for each $1 raised, with a maximum of $100 being matched from each contributor and a ceiling of $50,000 on the amount of matching funds that any House candidate can receive.

* * *

INDIANA

[From the Greensburg News, June 1, 1977]

STRINGS ATTACHED FINANCING NO GOOD

A recent report on election finances by Common Cause, a national public affairs lobbying organization, made several startling facts abundantly clear.

Money is the lifeblood of politics, the report contends. One might even say that money buys elections—simply because it can buy the exposure necessary to get a candidate elected.

However, a vote for President of the United States last year during the General Election was different from any vote ever cast in this country—because the 1976 Presidential election was funded entirely without private contributions.

There were no money-stuffed bags exchanged in airports, no selling of ambassadorships and no extortion of corporate executives in money-raising efforts to cover a costly national campaign.

Millions of Americans had taken the game away from the "fat cats" and paid for the campaign through a one dollar check-off on their tax returns.

Awaiting action now in both the Senate and House of Representatives is legislation to extend the new system of public financing used in last year's Presidential race to Congressional election campaigns.

If Congress passes this legislation, the importance of special interest contributors to candidates will be substantially reduced and the role of the average contributor greatly enhanced.

President Carter wholeheartedly endorses the new system, which he credits for his election to the nation's highest elective office.

Secondly, he has said that the new finance laws made it possible for him to be elected without having unwarranted obligations to people because of financial contributions.

A system of federally financed election campaigns was proposed as far back as 1907 by none other than President Teddy Roosevelt in his State of the Union address.

Special interest money has often been cited as influencing votes in Congress and, although many congressional leaders such as House Speaker Tip O'Neill and Senator Edward Kennedy have backed this method of financing, it still has never been enacted by the House and Senate.

There are those who oppose spending tax dollars for election campaigns, especially for those with whom they don't agree politically.

We feel that it would be of benefit to the American people to not have members of Congress beholding to any special interest groups, such as oil companies.

No candidate should have to beg for contributions or accept donations from vested interest groups.

The time has come to establish public financing of all election campaigns in the Senate and House as well as for the Presidency.

We believe a fair law can be drafted and its enactment would move members of Congress measurably closer to the ideal of disinterested public service that should prevail on Capitol Hill.

KANSAS

[From the Wichita Eagle, May 13, 1977]

AN IMPORTANT TOOL

Public financing for congressional election campaigns could be an important tool for restoring public confidence in federal politics but the House and Senate must move soon if the new system is to be in place for the 1978 elections.

Strong support from President Carter, Senate Majority Leader Robert Byrd, House Speaker Tip O'Neill and House Majority Leader Jim Wright may signal quick action on the issue. However, special interest groups can be expected to gear up to fight the legislation, realizing that it would reduce Congress' dependence on their campaign contributions—a dependence that could grow even greater next year.

A Common Cause study of the 1976 congressional campaign shows that labor, business, professional and agricultural groups gave a record $22.6 million to House and Senate races, almost doubling the $12.5 million they gave in 1974.

It's not surprising that a number of congressmen who have thrived on the old campaign financing system are in no hurry to change that system in time for their 1978 reelection bids.

Congress last seriously considered public funding for its own races in 1973 and 1974. The Senate twice passed measures similar to those introduced in this Congress, but the legislation was defeated in the House.

Public financing underwent its first test in the 1976 presidential campaign and the results have given congressional financing measures a boost. There is general agreement that the new system worked well, substantially eliminating presidential candidates' dependence on special interest groups and wealthy individuals.

Interest groups gave only $1 million to presidential candidates during the 1976 primary season. Primary campaigns were financed mostly by contributions of $250 and under, matched by public funds from the income tax dollar check-off.

The system's operation in the presidential race proved to some wavering members of Congress that public financing can achieve the goal of freeing candidates from the demeaning task of soliciting the bulk of their funds from special interest groups and wealthy donors.

KENTUCKY

[From the Paducah Sun Democrat]

PUBLIC FINANCING OF CONGRESSIONAL ELECTIONS

Special interest groups doled out more than $22.5 million to congressional candidates last year, almost double their 1974 contributions, according to a report recently released by Common Cause.

This huge pile of cash was stacked behind favored candidates by business, labor, and other big money interests like the American Medical Association (the largest single contributor) and the dairy industry. It dramatically underlines the need for public financing of congressional as well as presidential elections, a major plank of Jimmy Carter's presidential platform.

The 1976 presidential election was financed mainly by public funds from the voluntary tax check-off. This evidently caused pressure groups to turn most of their attention to Congress. As outgoing Common Cause President John Gardner lamented: "It might be said of the well-heeled special interest groups that being unable to buy themselves a president, they bought as many members of Congress as they could."

Already representatives of these groups are knocking on the doors of victorious senators and representatives with a handshake of congratulations and a hand out for favors in return for their investments.

Public financing of their elections would make congressmen less dependent on interest groups and more responsive to their constituents. At the same time, it would prevent a rich candidate from using his money to the disadvantage of a poorer candidate. Last year, Republican H. John Heinz III, the soup and catsup heir, pumped $2.2 million in personal funds into his successful Pennsylvania Senate campaign—considerably more money than his opponent could spend.

Admittedly, too much federal encroachment into certain areas of American society has caused problems. But in the light of Watergate and shenanigans of several congressmen, public financing of congressional elections deserves a chance.

[From the Louisville Courier-Journal, July 5, 1977]

TIME TO USE PUBLIC FINANCING IN CONGRESSIONAL RACES, TOO

It cost less to run for president of the United States in 1976 than in 1972. In addition, a far smaller proportion of campaign funds came from special-interest groups. By those major measurements, at least, the idea of curbing political spending and reducing the clout of special interests must be counted a success. Why not, then, extend the principle to Congress?

Strengthening this argument is the fact that the 1974 law had less than a completely fair trial run. The measure had to be amended in mid-primaries last year, after a partially unfavorable Supreme Court decision. Backers of the measure got no help from President Ford, who had earlier shown his attitude by dallying in setting up the Federal Election Commission.

Even so, the law did seem to work, for all the odd things that happened during the campaigns. Special-interest contributions were substantially displaced by income-tax checkoff funds, the public money that accounted for 60 per cent of the $114 million spent in last year's presidential races.

One result of this increasing reliance on public funds was that some of the accustomed contributions of labor, business, professional and other special-interest groups found a home in congressional campaigns. Because of this, candidates for the House and Senate rang up record fund-raising tallies, almost doubling the previous total for electing a Congress.

As a further consequence, many incumbents who faced little or no opposition were able to save large sums for future use. Because of the magnetic attraction that power has for special-interest dollars, many of these incumbents hold key posts in Congress. The public is entitled to hope, but has no guarantee, that that money will be used for politically constructive purposes.

The advantages of public financing in the presidential campaign weren't overlooked by the public. In May, a Louis Harris survey found an overwhelming 49–28 per cent majority for extending this concept to congressional races.

FILIBUSTER IS THREATENED

That's strong backing for a plan still at the hearings stage in the House and awaiting floor debate, possibly later this month, in the Senate. But public support, the logic of campaign reform and the success of such financing in last year's presidential election still may not be enough to assure success. The major bugaboos of the filibuster and partisanship still threaten the bill.

The filibuster is the chosen weapon of conservative Senator James B. Allen of Alabama, a Democrat who sided with the Republicans in efforts to sidetrack public financing before it was reported out of committee June 14. By one count, 60 senators have said they will vote to cut off debate, but that's the bare minimum required. This leaves no margin for error.

It is at this point that Indiana's citizens might want to get busy. Their Senator Richard Lugar, who opposes some features of the bill, also reportedly is unwilling to say whether he'd vote to end a filibuster. He would serve his constituents better if he'd press, instead, for fuller debate on some of the bill's weaknesses.

One of these weaknesses, which troubles many Republicans and a good many independents, is the bill's weak restrictions on labor spending in congressional campaigns. The criticism that unions would be freer than business to use both direct and indirect funds contributions and dues) in partisan ways, despite the law's reporting provisions and spending ceilings, is valid. While corporations and business associations have begun to catch on to the loophole in electoral laws, the advantage remains with labor and its party, the Democrats.

The crusade against wastefully expensive and politically corrupting fund-raising should not be partisan. It is the duty of Democrats, as well as Republicans, to find the weak spots in the law and repair them, with a view to ending partisan advantage.

In the course of the congressional debate, supporters of campaign financing for congressional races have pulled in their horns a little. They have agreed, for instance, to start by offering public funds only for general elections, not primaries. This may not sit well with purists, who note that primaries have been the downfall of many a candidate without funds. Still, postponing a fight on this part of the bill has its good points. The change would reduce the probable costs of public financing for congressional elections from $38 million to an amount as low as $21 million.

In addition, such a cutback at the start should reduce the complexity of enforcement, which appeals to those foes of public financing who criticized the Federal Election Commission last year for what struck them as laxity and one-sidedness.

MASSACHUSETTS

[From the Boston Globe, July 21, 1977]

THE CURSE OF POLITICS

If nothing else, the smoldering Koreagate scandal demonstrates once again the poisonous effect of special-interest money on political life. It dramatically reaffirms the need for Congress to act quickly on legislation to allow public financing of congressional elections in time for the 1978 balloting.

Ten congressmen have acknowledged taking money from Koreans, mostly in campaign contributions, seven more are alleged to have done so. And that still may prove to be the tip of the iceberg, if the notations in the little black book of Korean businessman Tongsun Park, revealed last weekend, indicated what they seem to—massive contributions to 1970 congressional campaigns.

The acceptance of campaign contributions from foreign sources is a violation of both the law and the House code of ethics, provided it can be proved the candidate knew the source of the funds, a loophole that often permits the contributions to flow. Whether or not prosecutions arise from Koreagate—and Atty. Gen. Bell has promised they will—the whole, contorted congressional dependence on special-interest money must be eliminated.

Both the House and the Senate are working on measures that would provide Federal subsidies matching small private contributions to the candidates. The exclusion of primaries from the bills is regrettable but apparently a political necessity. And questions still remain about the appropriate spending limits that ought to be imposed on candidates.

The most important thing, however, is to get congressional action soon so legislation can be enacted in time for the 1978 elections.

The issue has now reached the Senate floor and the filibusters are coming into their midseason form.

Sen. Kennedy, a principal sponsor of the bill, will undoubtedly play a key role in efforts to break the filibuster. Sen. Brooke, who is up for re-election in 1978, has not been heard much on the public financing issue this year, though he has supported it in the past. Certainly a man who has spent much of his Senate career fighting filibusters of civil rights legislation can do nothing less than join the efforts to break the filibuster of the campaign financing bill.

There will be those who argue that with the other issues facing Congress, the whole campaign financing issue ought to be scuttled for now to prevent a legislative logjam. But as the Koreagate scandal graphically illustrates, there is no more urgent business before Congress than exorcising special-interest money from national politics.

[From the Boston Sunday Globe, June 5, 1977]

NOURISHING POLITICAL REFORM

The chance for obtaining a full loaf of congressional campaign reform by 1978—public financing of both primaries and general elections—has been lost. But a half a loaf, limiting public financing only to general-election contests for Congress, is still

available, and it would provide needed nourishment for the American political system.

For those who argue that there should be no public financing of congressional campaigns, that we already furnish our Capitol Hill representatives with too many perquisites of office without financing their political operations, there is one compelling answer: If the public does not start picking up a portion of the tab, the special interests will continue to do so, and with their lavish contributions, continue to buy the access and influence that has so frequently made Congress oblivious to the public interest.

The more troubling criticism of the legislation authorizing public financing of congressional elections is that by excluding primaries it runs the substantial danger of becoming an incumbent's protection act. That criticism is well taken.

However, on balance, it will be far beter to take the first step toward public financing of congressional campaigns than to do nothing at all. To simply retain the status quo would be to perpetuate a system which, in 1976, saw interest groups contribute a whopping total o fnearly $20 million to congressional candidates. Most of that went to incumbents, and a disproportionate share went to congressmen strategically placed on key committees.

Even the limited legislation now before Congress will bring substantial reform. In 1976, 51 candidates for the House of Representatives were unopposed in the general elections. The availability of public funds will undoubtedly encourage political competition in those districts. At the same time, the public contributions to congressional campaigns would be limited to grants matching small private contributions, a guarantee that substantial quantities of public funds won't simply be squandered on candidates with virtually no public support.

Further, by accepting public financing—and there will be considerable pressure to do so—candidates for Congress will, for the first time, have to agree to spending ceilings. This will lessen dramatically the chances that the rich will simply spend their way into office.

In addition, the experience with even limited public financing will demonstrate that the system can work, not just with 15 presidential candidates, but with 1000 candidates for the House and Senate across the country.

And once the salutory effects of public financing are fully demonstrated, Congress will be under irresistible pressure to expand it to primaries. Then, and only then, will the special interests be curbed. Then, and only then, will the electorate have confidence that it is the public interest which is being served on Capitol Hill.

[From the North Adams Transcript, June 1, 1977]

FAT CATS SHOULDN'T ELECT CONGRESS

Only two months after its introduction, President Carter's election reform package, including the public election financing proposal that would take the "for sale" sign off Congress, is in political trouble.

This might well be a good time for the new administration to once more demonstrate its ability to give way on a lesser objective in order to demonstrate its ability to improve the chances fo · a major one, as it did on the $50 tax rebate.

Of the four proposals in the election reform package—revision of the Hatch Act, election day voter registration, abolition of the electoral college and government financing of congressional campaigns—the last is by far the most urgent and critical.

Presidential elections have already been taken out of the hands of the fat cats. Instead, millions of Americans paid for the general presidential campaigns themselves through the $1 checkoff on their tax returns.

What the Carter administration proposes is to do the same thing in general elections for the Senate and House of Representatives.

That it should be done is demonstrated by the fact that, unable to hand out great wads of money to presidential candidates and thus get the highest office in the land under obligation to them, the special interests took the same money and zeroed in on trying to influence as many members of Congress as they could.

According to Common Cause, in last year's congressional elections, special interest groups poured an unprecedented $22.6 million into campaigns for the Senate and House. "But when you realize," says the people's lobby, "that $22.6 million amounted to nearly $1 million more than the total spent by Jimmy Carter in the general election to become President of the United States, then the meaning of this special interest money begins to fall into place."

President Carter himself offers convincing testimony as to the cleansing and freeing effect of public campaign financing. He says, "The new campaign laws . . . made it possible, first of all (he was certainly not the favorite of the wealthiest buyers of elections) for me to be elected president. Secondly, they have made it possible for me to be elected President without having unwarranted obligations to people because of financial contributions. They give me a unique freedom to make my decisions as President based upon my current analysis of what's best for you and me and for this country."

In short, for the first time in history, last year there were no under-the-table handouts to presidential candidates. There were no money-stuffed bags exchanged at airports. There were no attempts by campaign fund raisers to extort vast sums from corporate officers who hoped to do business with the government.

There was no Watergate.

But in Congress, the story was different Special interests, no longer able to buy presidents, put their money where it counts the most, giving generous campaign donations to those in Congress who hold the most power—committtee chairmen, key committee members, party leaders.

For example, according to the New Times, in 1976 two-thirds of the campaign expenditures of 15 major House committee chairmen came from special interest groups.

And you can rest assured that they didn't give this money just because they love these 15 chairmen.

It is high time to end this biennial auction of influence in Congress.

That can best be done by adopting the Carter proposal for public financing of congressional elections.

The other reforms, desirable as they may be, we can live without for a bit longer.

Mr. Carter should defer attempts to put his whole package through, and concentrate all his power and clout on the financing reform.

In doing this he would certainly have the backing of millions of American voters.

MICHIGAN

[From the Detroit Free Press, Feb. 11, 1977]

A SYSTEM THAT INVITES ABUSE

The U.S. will be a long time sweeping up debris of the traditional methods of financing political activity in this country. And a lot of people are going to be hurt, perhaps some of them without even really knowing that the contributions they accepted in the past were in fact illegal.

This is not to say that the officials are blameless or that their organizations should not have been more tightly run. At this point, the fact that former President Ford, and Sen. Robert Griffin, and Gov. Milliken, and a number of congressmen of both parties were on the list of recipients of illegal American Airlines contributions is worrisome indeed.

They ought to show, as precisely and convincingly as they can, exactly how the money came into their campaign treasuries. Then the public will have to judge whether their explanations have any credibility.

At the same time, though, there is a larger point that ought not to be lost. That is, the system invites and almost insures this kind of problem. It costs money to run campaigns. That money is likely to come, in all too many instances, from those who think it is to their interest to curry favor in political circles. The system itself creates pressure on politicians to succumb to temptation, not for personal profit, but because it is made to seem essential for running an adequate campaign.

The answer is to provide the kind of public financing for congressional elections that we provided in 1976 for the presidential election. The system, now being set up for Michigan's governorship as well, isn't perfect. But it does at least help to insulate politicians from undue influence of the easy money that has for too long flowed in the political world.

It goes almost without saying that past illegal acts must be challenged squarely. Even more important is to try to minimize the chance of a repetition of this sort of thing in the future.

MINNESOTA

[From the Fenton Independent, June 16, 1977]

CAMPAIGN REFORMS ARE NOT OVER

No ready solution appears ahead of us on solving campaign expenses by candidates running for office. While there has been campaign reforms affecting disclosure, contribution limits and public financing, there still remain problems in which the wealthiest candidate stands the best chance of winning.

Big money tends to corrupt politics. It destroys a competitive political system, all the way from a school board election to the presidency. It has been disclosed that in last year's Congressional elections, special interest groups poured an unprecedented $22.6 million into House and Senate campaigns—nearly double their "investment" of 1974. This total was a million dollars more than the total spent by Jimmy Carter to become President of the United States, and that was large enough.

"According to the New York Times it cost the winners of House of Representatives and Senate seats last November $607,000 to $800,000 as the average cost of winning. Obviously, if the candidates could not pay for it out of their own pockets they searched for other sources—inevitably leading to special interest groups.

What about last year's election? Incumbents—those in office—stayed in office. More than 90 per cent of all incumbents who ran for re-election during the last decade have won. In Congress in 1976 incumbents were given $3 of special interest money for every $1 given to challengers. One group—the daily interests—favored incumbents over challengers by more than 7 to 1.

Because of the difficulty in raising money to run against an incumbent, competition often fails to develop. In the last election, 51 House seats went unopposed by major party candidates—nearly 11 per cent of the total House of Representatives. Voters in those 51 districts had virtually no choice.

Women and minority candidates have historically had trouble raising enough money to run an effective and competitive political campaign. Blacks, while making up 12 per cent of the U.S. population, make up only 4 per cent of the House with 16 members. The situation for women is even worse. They make up 51.3 per cent of the population but

are represented by only 18 women in the 435 member House and among the 100 Senators there is only one black and no women.

What about wealthy candidates? Because the Supreme Court has ruled there can be no restrictions on the amount of personal money a candidate can spend—unless there is public financing—any wealthy candidate can spend as much as he feels is necessary to win victory at the polls—and that is an enormous advantage. It has been said that H. John Heinz III spent more than $2.5 million of his own money in 1976—double what his opponent was able to raise—to become a U.S. Senator from Pennsylvania.

Special interest groups put their money where it counts—in those who hold power through chairmanships or key committee assignments in Congress. The New York Times said two-thirds of the campaign expenditures of 15 major House committee chairman in 1976 came from special interest groups.

Contributions have the effect of obligating a candidate. A legislator who plays the game hopes he will be supported financially the second time around. An office holder, when it comes time to vote on an issue, remembers his indebtedness for past support as well as his hopes for future financial help.

As Common Cause has pointed out there can be little doubt that Congress has become a new dumping ground for special interest money. Political action committees have been formed in labor, business, agricultural and professional groups. Business, which gave $2.5 million in 1974, "invested" $7.1 million in the 1976 campaign nearly tripled the 1974 total.

Sen. Russell Long said there is only a hairs line difference between a campaign contribution and a bribe.

We can only conclude that special interest money is clearly influencing the decisions of Congress at the expense of the public. To prevent an even greater amount being contributed next time around Congress will have to pass public financing contributions for itself, as well as the president, if a new system is to go into effect before the 1978 campaigns.

[From the Minneapolis Tribune, June 20, 1977]

FINANCING OF CONGRESSIONAL CAMPAIGNS

Members of Congress still aren't ready to cut their ties to big contributors entirely. So the idea of public financing of both primary- and general-election congressional campaigns is apparently dead for now. But there's a chance this year for passage of a bill providing for public financing of general-election campaigns alone, and that chance was improved when the Senate Rules Committee approved such a bill this week. Such a reform wouldn't go so far as it should, but it would be an important step forward.

Public financing's main advantage is that it substantially lessens the influence of big contributors and special-interest money; last year's publicly financed presidential campaign demonstrated that. In 1976, special-interest groups gave nearly $20 million to congressional candidates. Most of it went to incumbents—often to incumbents on key committees dealing with legislation affecting the special-interest contributors. The availability of public funds, if only in general elections, would at least reduce candidates' reliance on big bankrollers.

Another advantage is that public financing would put challengers and incumbents on a more-or-less even footing, reducing the advantage enjoyed by incumbents, with their better access to big contributors. Last year, 51 House candidates, most of them incumbents, were unopposed, partly because there was no chance of challengers raising enough money to mount effective campaigns. Public financing would encourage healthier political competition in heretofore one-sided districts. The drawback to excluding primary campaigns from public financing is that incumbents will retain their edge in primaries—which, in some districts, are more important than general elections.

There are still a lot of hurdles facing the bill approved by the Senate committee. A filibuster is expected when the proposal reaches the Senate floor later this summer. A similar bill in the House has yet to win committee approval. But Americans, in repeated surveys, have indicated a lack of confidence in Congress—and have cited, as a reason, their belief that special-interest money has too much influence there. Even limited public financing would be a start toward combating that belief and toward rebuilding confidence in congressional integrity. For its own good, Congress should recognize the need to pass a public-financing bill this year.

MISSISSIPPI

[From the Greenwood Commonwealth, June 9, 1977]

PUBLIC FINANCING OF CONGRESSIONAL ELECTIONS?

Common Cause is a citizen's lobby group which has had a tremendous effect in Washington and throughout the Nation. The group fights an endless battle against the special interest groups which try to control government at the state and national levels. A Common Cause brochure suggests that the distinction between a large campaign contribution and a bribe is "very little."

Common Cause reports that during last year's congressional elections, four groups did their best to insure their self-interests. The maritime unions contributed $741,000, the dairy lobby gave $1,232,259, real estate interests doubled their efforts from 1974 to the tune of $501,000 and the American Medical Association topped the list with $1,637,629.

Common Cause suggests that the contributions may well have been "investments." Unfortunately, you and I can't afford such "investments" and legislation in Congress often favors special interests rather than the interests of the average taxpayers. It may be another reason why we should give a closer look towards public financing of congressional elections.—From the Ocean Springs Record.

MISSOURI

[From the Clarksdale Press-Register, March 29, 1977]

FAVORABLE RESPONSE

The principle of public financing for federal campaigns came of age in 1976: it is generally agreed that it passed its first test in the Presidential race with flying colors. The favorable response to the new system apparently has moved more taxpayers to contribute a dollar of their tax payment to support it this year. If current trends continue—as more Americans become aware of the opportunity to direct one dollar of their taxes to the financing of federal elections without increasing their own tax obligations—the support necessary to extend the system to House and Senate races will be assured.

The Federal Election Campaign Act provides federal funds to match private contributions of up to $250 to candidates seeking a Presidential nomination who qualify for funds during the primary season. The law also provides full federal funding for the general election campaigns of the Republican and Democratic Presidential nominees and proportional funding for minority and independent candidates based on performance. (None got enough votes to qualify in 1976.)

Last year, 15 candidates in Presidential primaries received $24.5 million in matching funds for private contributions; major party nominees in the general election received a flat grant of $21.8 million each. The money was provided through the income tax form's dollar checkoff, which permits the individual taxpayer to designate $1 of his or her tax payment as a contribution to the Presidential Election Campaign Fund.

A bare three percent of taxpayers contributed to the fund in 1972, the year it was established, because most knew little or nothing about it. A 1973 Common Cause lawsuit against the Internal Revenue Service helped lead to a check-off box being placed on the first page of the Form 1040 income tax returns, where taxpayers indicate whether they want $1 of their payment (or $2 on a joint return) added to the fund. (The IRS added a "no" box in 1974.)

As more and more taxpayers learned about the new public financing system, the number of contributions and the fund's dollar size rose steadily year after year. Contributions jumped from the poor first-year showing of $2.4 million in 1973 to $27.6 million in 1974, and then to $31.9 million in 1975.

On their returns filed during 1976, 8,638,000 citizens designated $1 of their taxes to defray the cost of Presidential campaigns; 12,544,000 married couples used the $2 check-off, contributing $25,084,000 to the funds. (A few $2 designations were reduced to $1 by the IRS because taxpayers did not meet the requirements for filing a joint return.) The IRS received 21,182,000 checked-off returns, or 25.8 percent of those filed. In all, tax contributions in 1976 totaled $33.7 million.

[From the St. Louis Post-Dispatch, July 1, 1977]

FATE OF S. 926

One of the important bills that the Senate is expected to take up this month after its Fourth of July recess is S. 926, which, as amended and approved by the Rules Committee, provides for public financing of Senate general election campaigns. Although public financing of presidential campaigns is now established by law, contests for congressional seats are still largely dependent on special interest donors.

How the public financing bill fares in the Senate will be dependent not only on how senators vote on the substance of the measure but also on whether they vote to end a filibuster that its opponents have threatened. The vote of Missouri's Senator Danforth could be crucial. Although he endorsed the idea of public financing during his 1976 campaign, his commitment now does not appear to be categorical.

Critics of S. 926 are supporting another bill, approved by the Senate Finance Committee, which would merely liberalize tax credits for contributions to political campaigns. This bill, sponsored by Mr. Danforth's Republican colleague, Senator Robert Packwood, is expected to serve as an amendment to or a substitute for S. 926. Rather than providing a useful substitute for public financing, the Packwood bill would simply hold out a small inducement to encourage more individuals to make political contributions. But it would leave in place the corrupting system of big contributions from those who want to buy influence.

[From the St. Louis Post-Dispatch, June 19, 1977]

SEATS FOR SALE

A bill to provide for public financing of Senate general election campaigns has been cleared by the Senate Rules Committee for floor action. But the measure has only a fair chance of passage by the Senate, al-

though similar legislation has twice before been approved by that body. With the Carter Administration, unlike the Ford Administration, supporting the concept, this year's bill is being threatened by a filibuster by Democrats as well as Republicans.

Despite the fact that public subsidies for Senate campaigns would be derived from voluntary checkoffs by individual taxpayers, opponents prefer to hold on to the present system under which financing comes from private contributors, mostly special interests. In the House, which has never approved public financing of congressional campaigns, the public subsidy measure is likely to face even harder going than in the Senate. Each chamber must approve the financing arrangement for contests involving its own members.

Apart from the opposition to public financing in principle, there is built-in opposition to change among incumbents, who have an advantage under the present system in which they have already established a workable relationship with big givers. Under public financing, challengers would have a better chance. But this is no reason to stick with a system under which congressional seats are in effect auctioned off to the biggest special interest contributors.

[From the St. Louis Globe-Democrat, June 28, 1977]

DANFORTH, PERCY CALLED KEYS TO ELECTIONS BILL

(By Jack Flach)

The votes of Sen. John C. Danforth, R-Mo., and Sen. Charles H. Percy, R-Ill., will play a key part in determining whether the proposed public financing of Senate elections passes this year, the president of Common Cause, David Cohen, said here.

Cohen was in the St. Louis area Monday to confer with Common Cause leaders on strategy to line up votes in the Senate to approve the proposal which calls for the public financing of Senate elections beginning in 1978.

Danforth and Percy are still undecided on the bill, which has been approved by a Senate committee and may be ready for floor action early next month, Cohen said.

Senators Thomas F. Eagleton, D-Mo., and Adlai Stevenson III, D-Ill., generally favor the measure, which is part of President Carter's program and has the backing of Senate Majority Leader Robert C. Byrd, D-W. Va.

The bill would provide partial public financing of Senate general elections and set new spending limits for candidates who chose to accept the federal campaign funds. In Missouri, the limit would be $581,000 for senatorial candidates; the Illinois limit would be $999,000.

Challengers to an incumbent would be eligible for 25 percent of the total at an early stage in the campaign, Cohen said.

A partial public financing bill in the House of Representatives has not come out of committee.

Cohen said he believes the Senate measure has a better than even chance of passage if opponents don't filibuster it to death.

He said Common Cause, a national citizens' lobby formed in 1970 with more than 4,000 members in Missouri, believes the measure is necessary to keep millionaires from buying their seats in Congress.

"We find that many of the new faces in Congress don't want to go on bended knee and beg for contributions. It's degrading, and the lobbyists use the old method of large contributions to gain favors once their candidate is elected. There is such a fine line between a large campaign contribution and a bribe," Cohen said.

Cohen also is visiting Ketnucky, Florida, New Mexico and Arizona to urge senators to back the bill.

[From the Kansas City Times, July 1, 1977]

TIME FOR CAMPAIGNING REFORM ON CAPITOL HILL

A system to publicly finance the congressional elections in 1978 can be ready if Congress acts this summer. Proposals are going through committees now, and if there is action by August a law can become reality. The assumption now is that a reasonable measure could clear both houses, but that there will be a filibuster in the Senate. Thus the two-thirds vote necessary for cloture may be the determining factor.

In this area Sen. Bob Dole of Kansas is opposed to public financing and Sen. Tom Eagleton of Missouri is for it. Sen. John Danforth of Missouri and Sen. James Pearson of Kansas, both Republicans, have not yet made up their minds. Danforth's position apparently is that he would be for the principal public finance measure now before Congress if another proposal, one based on tax credits for campaign contributions, gets nowhere. Pearson's office says he is still undecided.

One of the most common arguments against public financing is that tax money shouldn't be used to advance the ambitions of a bunch of politicians. "Why should my hard-earned taxes be used to elect those bums" is the sort of cry you can hear. Public financing has been called "a welfare plan for Congress."

This is absolute nonsense, and anyone who tries to use that argument puts a low estimate on the intelligence of the people. There is nothing wrong with using tax dollars to keep the polls open on election day, and there is nothing wrong with using tax dollars to finance campaigns. To say otherwise is to throw up a phony smokescreen. The whole purpose of the income tax checkoff system for congressional campaigns is the same as for the presidential campaign: To take the powerful influence of special interests out of the picture. In most instances you can assume that members of Congress who strenuously oppose reform probably rely heavily on those special interests for support.

The people remember very well how the electoral system was corrupted in 1972. They recall the long parade of illegal contributors in the wake of the Watergate excesses. They are aware that, with the advent of public financing of presidential elections, a lot of money was quickly shifted to Congress. The people know, too, that the investigation into Korean bribery and questionable lobbying on Capitol Hill still is under way. This is not the time for Congress to try to fool the people on campaign reform.

NEW HAMPSHIRE

[From the Concord Monitor, March 22, 1977]

ELECT CONGRESS WITH PUBLIC FUNDS

The presidential election last year was financed primarily with public funds derived from income tax return checkoffs. And now a drive is gathering steam for public financing of congressional elections.

The time is ripe for this reform which would have the effect of taking down what many members of the public perceive as a "for sale" sign on congressional candidates.

Special interest groups last year contributed a record $22.6 million to candidates for Congress, nearly double the amount contributed in 1974, according to reports filed with the Federal Election Commission.

It probably is too bald a statement to say that this money "bought" the candidates to whom it was contributed, but when a labor organization gives a U.S. senator $100,000 it is naive to believe his objectivity has not been compromised.

And the climate appears to be favorable—or at least improving—to take congressional elections off the auction block.

President Carter is committed to public financing of congressional elections, and Vice President Mondale was a Senate leader for this reform before his election last year.

For years the biggest hurdle in Congress on election reform was Rep. Wayne L. Hays, D-Ohio, the chairman of the House Administration Committee whose involvement in a sex scandal forced him out of Congress.

Hays' successor, Rep. Frank Thompson Jr., D-N.J., is an active backer of public financing. Thompson's committee would have jurisdiction over a proposed public financing law.

In addition to this potent support, Congress has shown signs of responding to the dissatisfied glare of public scrutiny. The House already has adopted a code of ethics that requires public disclosure of earned income and limits on income aside from congressional salary.

Also, Congress still is taking a public beating because it voted itself—without voting—a $12,900 yearly pay increase to $57,500 a year. Some moves are afoot to block the appropriation of funds for the pay hike, and members of Congress are sensitive about it.

As a further indication of Congress willingness to reform, just last week it voted to allow closed-circuit televising of its proceedings on the House floor. Though the pictures only will be piped into members' offices, it is a tentative first step toward public televising of House sessions.

Bills to provide for public financing of congressional elections are being drafted in both the House and Senate. Rep. Morris K. Udall, D-Ariz., was expected to be the principal sponsor of the House measure, and he already has lined up 57 co-sponsors.

Five senators are sponsoring the Senate version of the measure.

The drive for public financing of elections to the House and Senate is being led by the citizens' lobby Common Cause. It has alerted its 280,000 members nationwide to turn the heat on their congressmen to favor one or the other of the bills.

But Congress is notoriously reluctant to change. Opposition to public financing from within Congress was expected to be stubborn and a new organization has been formed, with backing apparently coming from industry, called the Committee for Open Politics, to counter the Common Cause campaign.

Spending last year by special interest groups should make the need for public financing evident. The New York Times reported last month that interest groups donated nearly two-thirds of the re-election campaign money for 15 major House committee chairmen.

That is placing money where it is likely to be most effective, and also, ironically where it probably is least needed. Committee chairman gain their positions by seniority, and usually have to wage only perfunctory campaigns.

Public financing of congressional elections would assure independence from the influence of big money and Congress should adopt it.

[From the Lebanon Valley News, May 13, 1977]

CAMPAIGN REFORM

Common Cause, the citizen's lobby, has been working overtime for its number-one priority for the 95th Congress—passage of a law to extend public financing to Congressional races in time for the 1978 elections.

Public financing is already in effect for Presidential races, and seemed to work well in 1976. The intent of public financing is to guarantee a competitive election system and to reduce the influence of special interest groups contributing to Congressional campaigns.

Measures in the House and Senate propose a mixed system of small private contributions matched by public funds.

A prime target of the Common Cause blitz, by the way, is Rep. James C. Cleveland (R.N.H.), who holds an important post as third-ranking Republican in the House Administration Committee. He has not yet come out in support of the proposed bills.

We can appreciate some of Cleveland's reservations about the bills. Spending ceilings may very well favor incumbents, since newcomers need to wage a more ambitious campaign to make themselves known to voters. Other problems are whether the federal law should supersede state campaign laws and whether a lot of money would be wasted on third-party or one-issue candidates, particularly if the law is extended to primary races.

But, overall, we think a reform law should be passed.

Incumbents already have the edge, not only for the obvious reason of greater exposure, but also because they get the great bulk of the support from special interests.

In a toss-up, it is better for incumbents to be beholden to a public finance law for a slight advantage than to a gang of special interest groups.

Further, we don't believe third-party or one-issue candidates who conform to all other requirements of state and local election laws should be excluded because they are considered on the fringes of the system. They should be made a part of the system.

Finally, people who don't like the idea of public financing don't have to contribute to it. They would have the choice on whether to support it when they fill out their federal income tax forms.

We join Common Cause in urging Rep. Cleveland to throw his support behind campaign reform.

Despite the reform law's drawbacks and limitations, we think in the long run it will help democratize campaigning at the Congressional level.

[From the Lebanon Valley News, May 12, 1977]

THE "GOOD GOVERNMENT BOX"

Common Cause came to Vermont this week to deliver a good news assessment of the effectiveness of the new public financing laws for Presidential elections and to promote expansion of the system to cover congressional elections. But there was also bad news about low public support for the contribution part of the system that makes us wonder if public election financing isn't suffering from a bad case of communication gap.

By the Common Cause account, an increasing number of taxpayers has checked off the $1 contribution box on the income tax forms since the check-off system began in 1972. But in the last two years, the percentage of taxpayers checking the "no contribution" box has also increased from 41 per cent in 1975 to 44 per cent last year. In addition, 30 per cent in both years checked neither box, leaving about 25 per cent of the nation's taxpayers contributing the $72 million in public financing money distributed to presidential candidates in 1976.

Those are pretty disturbing figures for a political financing system that is dead if it doesn't spark individuals to contribute a measley $1 to further the cause of better government. And unless somebody finds out why more than 70 per cent of the taxpaying public failed to take that modest plunge, anti-public financing forces in Congress may have just the ammunition they need to avoid approving the system for Congress and to kill the system for future Presidential races.

That may seem an extreme possibility given all the support from citizen-lobby groups and the very real and long needed benefits that this change in the nation's political financing system is producing. But like so many other good things, the positive results are difficult to see in black and white. That could help explain one reason why the average taxpayer continues to look at the tax form check-off box with uncertainty.

How can you dramatize, for example, the positive impact on President Carter's behavior in office when it cannot be documented precisely how he might have dealt with an issue had he received an unlimited, undisclosed and untraceable contribution from a special interest group? The best you can do is talk about the way the Nixon campaign of 1972, and other earlier campaigns, abused the unchecked flow of campaign money in the past. Or talk about how so many members of the Congress, still under a relatively free-wheeling campaign contribution system, so often appear to have been bought by the high campaign contributor.

And how often must this be repeated before a majority of the public gets a warm feeling at the sight of that "good government box" at the bottom of their income tax forms? About once a day if Common Cause is right that many taxpayers are still ignorant of the box entirely, and we are right about questions that may go through the minds of many taxpayers who do know about the box:

Why should I give politicians another dollar when their income taxes have just taken so much away from me?

Whose pocket will this $1 end up in anyway?

Why should I help some bum I don't even know get elected? Let him spend his own money.

What's a political gimmick like this doing on an income tax form in the first place?

As unrealistically antagonistic and shortsighted as such gut-feelings are, it will take an unusually forceful and persistent information campaign by public financing supporters to drive them away. Meanwhile, some major improvements in the performance of Congress in the next year wouldn't hurt public interest in the "good government box" either.

NEW JERSEY

[From the Trenton Times, Feb. 17, 1977]

PAYING FOR ELECTIONS

Common Cause has just released a study that shows that $22.5 million was spent by special interest groups on the 1976 elections for the U.S. Senate and House of Representatives.

That is nearly twice the amount spent by labor unions, corporations, professional groups and trade associations in 1974. One reason for the rise is that the 1974 campaign reform law formally authorized business political action committees for the first time. Freed of legal scruples, such committees multiplied and increased business spending from $2.5 million in 1974 to $7.1 million last year.

The reason so much money was available for congressional races was public financing of the presidential campaigns, which in 1976 for the first time took the candidates for the top office out of the bidding for special interest funds.

The interest of Common Cause comes from their desire to start federal financing for congressional campaigns, similar to the financing of the presidential campaigns.

Does the fact that the American Medical Association and its affiliates were the single biggest contributor, at $1.8 million, have anything to do with the fact that medical costs in this country are rising at twice the rate of inflation? A cause-and-effect relationship is impossible to establish. Still, it is an interesting question.

Common Cause believes that such questions could be avoided if there were public financing.

Other evidence in the study is more ambiguous. Incumbent Sen. Vance Hartke of Indiana was the biggest spender of contributed money ($245,000), and he lost. New Jersey's Sen. Harrison A. Williams Jr. spent only $1,000 less and was re-elected, but he could have been re-elected with a lot less spending than he did.

The figures also show that Hartke hit up both labor and business groups for more than $100,000 each, which speaks well for his ability to carry water on both shoulders but doesn't settle Common Cause's case one way or the other.

Labor gave more than $100,000 to 11 Senate candidates and six lost. Business anted up more than $100,000 for eight Senate races and picked losers in five of them.

The lesson there may be that elections can't be bought. Or it may be that they can be bought, but in some cases the contributors just didn't have the price.

The crux of the case, though, is the simple question: If you are a congressman, whose needs do you see to first—the big giver's, or the little voter's?

We are still in the first stages of experience with public funding of presidential campaigns. This year for the first time New Jersey will see how it works with a gubernatorial campaign, limited to the general election.

Public funding still leaves inequities. The rich candidate spending his own money without restriction still has a financial advantage. But campaign financing probably will never be 100 per cent pure.

The goal should be to filter out as many impurities as possible. As we keep tinkering with campaign financing reforms, public spending is the tool with the most promise at the moment.

NEW YORK

[From the New York Times, Mar. 22, 1977]

LET'S PAY FOR CONGRESSIONAL CAMPAIGNS

Public financing of Congressional elections begins to look like an idea whose time has come. The financing of last year's Presidential election largely out of public rather than private funds showed that the general principle is sound and workable. Now, Speaker O'Neill and Senate Majority Leader Byrd, both of whom have opposed the concept in the past, have endorsed extending it to Congress and predict its adoption. Their support is significant. They are leaders of their respective branches of Congress because, among other reasons, they are good at reading the sentiments of their colleagues.

Both men candidly account for the shift in their opinions by a sensible wish to reduce public uneasiness about the ethical atmosphere on Capitol Hill. Denied any role in the financing of the general campaign last summer and autumn, politically sophisticated interest groups turned their attention and their money to Congressional races. According to a study by Common Cause, contributions from private interest groups to Congressional campaigns doubled between 1974 and 1976, rising to $22 million.

The members of the House Ways and Means and Senate Finance Committee that write tax, social security and foreign trade legislation received more than $2 million in campaign contributions last year, even though many of them had safe seats and faced nominal opposition or none. In the same pattern, the dairy lobby gave to members of the Agriculture Committee, the maritime unions to those on maritime committees, and the teachers' lobby to members of the education committees. There is nothing unusual about this pattern of special-interest giving, but there is nothing very good about it either.

Any plan for public financing of Congressional elections would have to take account

of certain complexities that do not arise at the Presidential level. A candidate for Congress in the wide open spaces of Nebraska or Wyoming has a different problem reaching his potential constituents than does a candidate running in densely congested Queens. Levels of spending would also have to be set fairly high since it usually requires a lot of money for a challenger to compete effectively against a well-known incumbent. If levels are set too low, public financing might become, as it is sometimes cynically called, "an incumbent's protection bill." Notwithstanding these special problems, we believe that a fair law can be drafted and that its enactment would move members of Congress measurably closer to the ideal of disinterested public service that should prevail on Capitol Hill.

[From Newsday, May 9, 1977]

CONGRESS AND CAMPAIGN FUNDING

It may seem as though the last election is barely behind us, but the fact remains that the start of the 1978 congressional campaign is only about nine months off. If a system of public financing is to be in effect by then, Congress had better get itself in higher gear right away.

The Senate has passed public financing bills twice before, and its Rules Committee held hearings last week. The House Administration Committee has yet to schedule any action at all, but at least its new chairman, Frank Thompson of New Jersey, is a strong advocate of publicly financed congressional campaigns, in contrast to his predecessor, Wayne Hays. The Democratic congressional leadership favors public financing, as does President Carter, who made it one of the five provisions in his election reform package.

The road is thus paved with good intentions, but the opposition is still considerable. It includes senators and representatives who don't want to run against challengers who have as much money to spend as they have, as well as special interest groups who fear their influence will diminish. They're right about that, of course; indeed, that's the main purpose of public financing.

When special interests no longer could contribute to presidential contenders, they showered far larger sums than before on congressional hopefuls. And contributions to incumbents far outstripped contributions to challengers.

As John Gardner, whose Common Cause has been a prime force for campaign reform, noted last December: "A lot of congressmen were bought and sold in 1976, just like in the good old days except that the going rates were higher . . . The money-heavy special interests couldn't buy themselves a president so they tried to buy as many members of Congress as they could." The rates could go higher yet for the next Congress if the present one doesn't pick up the pace and get the reform enacted.

OKLAHOMA

[From the Norman Transcript, Apr. 28, 1977]

VESTED INTERESTS

Opposition to public financing of congressional races comes primarily from two sources—special interests who see their influence threatened, and members of Congress who fear challenges from adequately funded opponents.

What is behind public financing of any campaign of course, is to strengthen the influence of the citizen and to eliminate the undue influence of special groups.

Two measures passed in the last Congress—Common Cause points out—illustrate how campaign funds may intertwine with legislative decisions.

Last year, the Senate approved a maritime industry tax break which the Ford treasury department deemed unjustified. The tax break would cost the government $21 million in 1977 and $45 million annually by 1981.

Of the 55 Senators who voted in favor of the measure, 30 had received more than $270,000 in campaign contributions from maritime unions between 1972 and 1976.

Sen. Russell Long, the measure's chief sponsor, received $22,000 in campaign contributions from maritime unions for his 1974 re-election bid—in which he had only token primary opposition and was unopposed in the general election.

In December, 1975, the House rejected an amendment to tighten real estate tax-shelter loopholes. The treasury department said the amendment would eliminate an unjustified giveaway costing $167 million in 1976 alone. A Common Cause study of campaign financing reports for the 1974 elections showed that 100 House members who voted to retain the real estate tax shelter received a total of $100,050 from the Real Estate Political Education Committee (REPEC) that year.

In 1976, the maritime unions raised their gifts from $738,000 in 1974 to almost $980,000. The real estate group upped its campaign gifts from $260,000 in 1974 to $605,000 in 1976.

Seamen and real estate dealers were by no means the largest contributors. They were outstripped in 1976 by two particularly heavy spending groups: the American Medical Association and dairy associations topped the list of special interest donors with contributions of $1.8 million and $1.4 million respectively. Their gifts were carefully targeted:

AMA contributions went to 29 of the 37 incumbents who were members of the House Ways and Means Committee in the 94th Congress, including 19 Democrats and 10 Republicans.

All five members of the Senate Finance Committee up for re-election also received AMA gifts. House Ways and Means and Senate Finance are the principal battlegrounds where the fight over national health insurance proposals will be waged.

Dairy interests spent $205,000 on the campaigns of 23 House Agriculture Committee incumbents, who have jurisdictions over dairy price supports. The recipients included 17 Democrats and six Republicans.

In broad categories, labor groups led the 1976 giving with $8.2 million in contributions, up $2 million from 1974. Business interests came in a close second with a big effort: their $7.1 million in contributions last year represented a huge jump of almost 300 per cent over the $2.5 million they gave in 1974.

Business interests are now gearing up for a pitched battle over public financing legislation to protect their financial power on Capitol Hill. Interest groups in 1974 favored incumbents over challengers by almost 3 to 1, a fact that says something about why public financing of congressional campaign attracts strong opposition.

PENNSYLVANIA

[From the Philadelphia Inquirer, June 25, 1977]

GOOD VOTE ON CAMPAIGN FUNDS

The U.S. Senate Rules Committee's approval of a measure that would provide for public financing of Senatorial elections is good news because public financing of the 1976 Presidential proved to be a successful venture that deserves to be extended to congressional races.

While not without snags and faults, the public financing law produced a Presidential election reasonably free of the influence of special interest money or big-money contributors. Unfortunately, however, such contributions did not fade away completely; they simply found their way to congressional candidates.

In 1976 special interest groups poured well over $20 million into congressional campaigns, as compared with $12.5 million in 1974. Former Common Cause chairman John Gardner explained, "The money-heavy special interests couldn't buy themselves a President so they tried to buy as many members of Congress as they could."

The proposal passed by the Rules Committee promises to take senators out of the market place as well. First, it would impose a spending limit on Senatorial campaigns limiting them to $250,000 plus 10 cents for each person of voting age in the state.

Each major party candidate would be entitled to an initial subsidy equal to 25 percent of his state's spending limit. Additional public funds would be allocated to match individual private contributions of $100 or less. The total public subsidy could not exceed 62.5 percent of the spending limit. Independents and third party candidates would also be eligible for public funds, but their eligibility requirements would be somewhat stiffer.

Although the proposal would impose spending limits, it could not constitutionally prevent a wealthy candidate from refusing public funds and instead use his own money. Such candidates would be dissuaded from doing so, however, because their opponents would then qualify for more public funds and be given a higher spending limit.

The Rules Committee's favorable action is only the beginning of what promises to be a long arduous struggle. But with the proposal already receiving the support of the Carter Administration and the Senate leadership and with favorable results from the Presidential test, it is one more hopeful sign that special interest money will have no place to go in 1978.

[From the Reading Times, Apr. 28, 1977]

PUBLIC FINANCE

Public financing for congressional campaigns is an idea whose time finally has come.

It is an important part of the whole picture of restoring public confidence in Congress.

But the measures, which propose a mixed system of small private contributions matched by public funds. MUST be top priority in 1977 in both houses if the new system is to be in place for the 1978 congressional campaigns.

It can't even allow the President's energy program, which will take up much of Congress' time this year, to knock it out of the box.

If the committees don't move quickly, the next Congress elected in 1978 will run up record debts to special interest campaign contributors, who are now gearing up to fight the legislation, which would reduce Congress' dependence on their campaign contributions.

How strong is this influence?

A Common Cause study of the 1976 congressional campaigns shows labor, business, professional and agricultural groups gave a record $22.6 million to House and Senate races. This almost doubled the $12.5 million they gave in 1974.

We are sure that representatives and senators who have thrived on the old campaign financing system (which gave them a break over adequately financed competitors) are in no hurry to change it in time for the 1978 reelection bids.

Time is on their side.

If a new system is to operate during the 1978 congressional elections, legislation will have to be enacted in 1977 for a new Congress not massively indebted to special interest groups to take office.

Sometimes the distinction between a campaign contribution and a bribe is almost a hairline difference.

[From the Scranton Times, June 3, 1977]

CONGRESSIONAL ELECTION REFORM NOT COSTLY

Perhaps some day, a new member of Congress can say in kind of his or her election what President Jimmy Carter was able to say after he took office: "The new campaign finance laws, which I strongly favor, made it possible, first of all, for me to be elected President. Secondly, they have made it possible for me to be elected President without having unwarranted obligations to people because of financial contributions. They give me a unique freedom to make my decisions as President based upon my current analysis of what's best for you and me and for this country."

Substituting the title of the office, few if any federal legislators can say the same thing of their own elections. Each is obligated to some special interest contributors for financial help. It doesn't have to be that way. Passage of legislation extending the system of financing presidential elections to those of candidates for the House and Senate would eliminate much of the influence of special interest donors.

But won't public financing of congressional elections be a big drain on the federal treasury? Not according to Common Cause, the citizens group which is strongly advocating this reform.

"The cost of public financing for congressional races, under the legislation proposed, is estimated to be $35 to $40 million per election year," Common Cause reports. "If taxpayers continue to check off $1 of their taxes for the Election Fund at the same rate they now are, there will be enough money in the fund to pay not only for the two congressional campaigns of 1978 and 1980 but for the 1980 presidential race as well."

As for members of Congress getting a free ride at public expense, Common Cause points out that were this the case, Congress would have helped itself to this system years ago. "It is largely because public financing helps challengers that Congress has never passed this legislation," Common Cause contends.

Public financing of all of our federal elections is an idea that will become a reality only through sustained pressure on Congress by the public.

TENNESSEE

[From the Commercial Appeal, Feb. 17, 1977]

BIG BUCKS

Anyone who was watching the periodic reports during the recent congressional campaigns had to know a lot of big money was being poured into those races.

But the totals released this week by Common Cause, the public interest lobby, still comes as a shock.

That report shows corporations, labor unions and professional and trade associations channeled more than $22.5 million into the efforts to get certain candidates elected. What is even more surprising and shocking is the fact that this not only was a record amount but it was nearly twice the amount the same groups had sunk into the federal elections in 1974.

Those who countenance such efforts to influence the voters with big chunks of cash may find some satisfaction in the fact that these pressure groups were not always successful in buying elections. For example, former Sen. Vance Hartke (D-Ind.) got the largest single amount of help from such pressure groups, $245,000, and still lost his bid for re-election.

But that is small comfort, really. A lot of candidates who got pressure group funding did get elected or re-elected.

No doubt each of those members of this Congress says the contributions to the campaign will not influence decisions on legislation or in any way sway opinions when the affairs of the contributing groups may be under investigation in the future. But can anyone really believe that? Friends are nice, and friends who give generously to campaigns are even nicer. Besides, there will be another election two years or six years from now and such contributions will be needed again then.

This big jump in contributions to the congressional races is being attributed in part to the fact that such groups now are much more restricted in the amount of money they can give to the presidential races.

It was Congress that saw to it that the presidential campaign funding was brought under control. And for good reason, as anyone who remembers the Watergate affair should know.

Does Congress want to let the campaign funding scandal it cleaned up in the White House devolve now on its own house? It may not, of course, but unless Congress takes steps to put proper limits on candidates for the legislative branch as it did on the presidential, it lays itself open to the same kind of shenanigans. And a Congress which already is held in lowest esteem by the citizens cannot afford that.

TEXAS

[From the Austin American-Statesman Apr. 4, 1977]

ELECTION REFORM: A GOOD PACKAGE

President Carter has sent to the Congress a five-part election reform package. It is an excellent proposal and should become law.

Most of the reforms are long overdue. They will make it easier for people to vote and lessen the influence of special-interest groups.

There has been a steady decline in citizen participation in the election process. The White House says nearly 70 million Americans failed to vote in 1976 presidential elections. The percentage voting in such elections has dropped about 10 points in 16 years. The President's plan should stimulate voter interest, but even if it does not, the process will be more democratic.

The plan proposes:

Direct popular election of the president. A Constitutional amendment is proposed to get rid of the vestigial and undemocratic Electoral College, so that when a voter casts his ballot for a presidential candidate, it is a vote for the candidate, not for electors who may not even honor the vote.

Universal voter registration. Qualified voters could register on federal election days and vote, simply by proving their eligibility with approved identification. This would encourage voting. Severe penalties would inhibit those tempted to cheat.

Public financing of congressional races. This would extend to the congressional level the 1976 system of providing public financing to presidential primary and general elections. Every American could check off on his income tax form to participate in the program. It would reduce the need for candidates to rely on special-interest financing. There would be built-in safeguards to rule out frivolous candidates and not give an automatic edge to incumbents.

Strengthened Federal Election Campaign Act. The White House says more grass roots participation in presidential contests would be encouraged by allowing candidates to designate a committee in each state to spend a limited sum for campaign activities.

A revised Hatch Act. The act would be changed to allow federal employes who are not in "sensitive" positions to take part in federal, state and local elections and other political functions on their own time. There would be safeguards against coercion and the Civil Service Commission would determine "sensitive" positions, guided by Congress.

[From the San Antonio Express and News, Apr. 3, 1977]

FUNDING RACES FOR CONGRESS

President Carter has proposed that the public financing of presidential election campaigns be extended to congressional races.

The proposal could not come at a more appropriate time.

Common Cause recently disclosed that special interest groups contributed a record $22.6 million to congressional campaigns in 1976. This was twice as much as they gave in 1974.

The American Medical Assn., including its political committees, was the top giver with $1.5 million.

Agriculture and dairy special interests gave candidates $1.4 million. This was four times the amount they gave in 1974. The lesson of Watergate when the dairy groups had such a disgraceful role in the Nixon campaign did not last very long.

Eleven candidates for the U.S. Senate received more than $100,000 each from labor unions.

It is particularly disgraceful that two-thirds of the money spent by 15 major House committee chairmen seeking re-election came from special interest groups. Those chairmen wield much power and the special interest groups frequently gave to the committee chairman who handles matters concerning them.

Common Cause reports that more people than ever before are using their income tax returns to contribute to the Presidential election campaign fund.

On the front page of the return, a taxpayer can designate a $1 contribution—$2 if a joint return. It costs the taxpayer nothing.

So far this year, 28.6 percent of those filing returns have designated contributions. This is up from 25.8 percent last year.

The program started in 1972 and the number contributing each year has increased each of the five years since then. By 1980, it seems certain that the fund will bring in enough money to finance both the presidential campaign and all congressional campaigns.

That will be the day!

[From the Milwaukee Journal, Mar. 26, 1977]

CLEAN UP CONGRESSIONAL CAMPAIGNS

Public funding of congressional election campaigns looks like an idea whose time has come.

In the past, Congress has rejected the proposal. Incumbents were not eager to change a financing system that gave them an advantage over challengers. Symptomatically, the present House speaker, Thomas O'Neill (D-Mass.), twice voted against public financing.

But things have changed. For one, the public is showing a keen interest in ethics. As Rep. William Cohen (R-Maine) points out, the Watergate scandals dramatized "the corrosive and corrupting influence that large contributions from special interests can have on public policy."

Certainly Congress has cause to squirm. A Common Cause survey shows that special interests doubled their contributions to congressmen in the 1974 election. A New York Times study finds that two-thirds of the campaign financing of 15 major House committee chairmen came from such groups.

Meanwhile, there are other wholesome pressures for reform. President Carter favors public financing and his vice president, Walter Mondale, was a champion of the idea when in the Senate. Suddenly, O'Neill is a backer, too. And Rep. Frank Thompson (D-N.J.), a proponent, has replaced the notorious Wayne Hays as head of the committee that

used to kill the proposal. In short, the climate looks good.

Legislation introduced in the House would provide matching funds for House candidates and require recipients to accept a reasonable $150,000 spending limit. For many, that's much more than they spend; for some, it's much less. Rep. Frederick Richmond (D-N.Y.), for instance, spent $333,347 to get reelected in 1976.

House candidates who raised $10,000 in donations of $100 or less would be eligible for matching funds. They would get $1 for every $1 raised, up to a limit of $100 per contribution and $50,000 overall. Outside contributors would be limited to gifts of $2,500 each. Candidates could not spend more than $25,000 of personal funds. If they exceeded that, their opponents would be freed from the $150,000 limit.

A big thing going for public financing of congressional races is the success of the public financing of the 1976 presidential race. It worked for the presidential candidates. Why not for congressional candidates? It is high time that the influence of special interests on Capitol Hill was curbed.

Mr. KENNEDY. Mr. President, during the earlier exchanges here on the floor, the question about the appropriateness of this amount of resources has been raised. The fact of the matter is that the public will pay, one way or the other. If the only issue is the question of where we are getting the resources, S. 926 is by far the most efficient and effective way to expend the resources of the taxpayer—the $10 million a year, $20 million per 2-year election cycle.

Special interest groups are already pouring tens of millions of dollars in their own resources into the various committee structures in the form of campaign contributions to the Members of the Senate.

Make no mistake about it. Those contributions have a corrosive and corrupting influence on the whole legislative process.

This body must make important decisions affecting billions of dollars of Federal funds. In the next year, we will be considering the Tax Reform Act of President Carter, which will involve many billions of dollars. There will be decisions on issues here on the floor of the U.S. Senate by one, two, three, maybe four or five votes. These issues will make a difference of billions of dollars to the average American taxpayer. The same is true for most other public policy questions we will be debating here on the floor of the U.S. Senate.

So the American taxpayers' interest in insuring that their representatives are accountable to them, as individuals and taxpayers, rather than to fat cat contributors, is really the issue in this legislation.

A further issue that is raised is whether we can get people more involved in the political process.

The Senate Rules Committee and those who support this legislation, have tried to fashion some means by which the smaller contributor would be attracted to participate in the system. I believe we have succeeded in doing so, by offering to match small contributions with public funds.

There are other ways, of course, to involve the average citizen without reaching for his pocketbook. We can try to interest the average citizen in participating in the political process by talking about the issues, by canvassing political constituencies, by spending time in bringing the positions of the candidates to the people in their homes, plants, factories, and their places of business—by maximizing the use of the educational process, we can bring more people into the political process, rather than simply reaching for their pocketbooks.

All kinds of other opportunities are available to involve people in the political process.

Then we hear the argument that this is an incumbent's bill. But I can name Members of the Senate on my side of the aisle who believe just as deeply that this is a challenger's bill, and that there will be stronger challengers to existing incumbents, because the challengers will have access to the kind of resources that an incumbent is able to raise for Senate elections. They are concerned about supporting this bill, because they feel it may give a very significant advantage to the challenger. I do not minimize that argument, Mr. President.

Who really loses from that kind of exchange? Potentially, perhaps, the incumbent loses to the challenger. But certainly, the people as a whole do not lose from the kind of campaign that would take place.

(Mr. SARBANES assumed the chair.)

Mr. SCHMITT. Will the Senator yield?

Mr. KENNEDY. Yes, for a question.

Mr. SCHMITT. I believe the Senator from Massachusetts was present during the colloquy between the Senator from Iowa, the Senator from Missouri, and Senator MORGAN. Would he care to comment on the question, and that is, are special interests truly eliminated from the campaign process or, on the contrary, are they enhanced by this particular piece of legislation?

Mr. KENNEDY. They are not eliminated, but they are certainly not enhanced. They are substantially weakened. The Supreme Court's ruling in the Valeo case puts obvious constitutional limits on what we can do. We can't eliminate independent spending by special interest groups. But we can limit the role they play in coordination with candidates. And we can offer every candidate the alternative of funding his campaign with public funds, free of the taint of special interest money.

The role of independent spending is hypothetical so far. The example in the colloquy of the Senator from Missouri is farfetched, at least in terms of past experiences. One answer to the potential abuse of independent spending is to ask the Supreme Court to rule again. One reason for the Court's restrictive decision, I suspect, was that abuses of independent spending are not a problem so far. We drafted this legislation to be consistent with, under the holding and of the Valeo case. We should not abandon the very real reforms the bill achieves in other aspects of special interest money, simply because there are constitutional difficulties in dealing with possible problems of independent spending by special interest groups.

Mr. SCHMITT. I think the Senator will agree—and by his comments he has agreed—that in spite of the way this bill is being presented to the public, special interests still are going to be there. It is the opinion of the Senator from New Mexico, and I believe of many other Senators, that the incentive is even greater, because they no longer can contribute a small amount to campaigns of individual Senators.

It is also important to realize that the individual contributor, the little guy, is now restricted in his ability to contribute to candidates because there is a cap, a limit, as to how many small contributions can be made, just by the fact that there is a financial cap on the total that can be spent.

On the one hand, we are limiting the mass contributions of the little guy. On the other hand, we are adding an incentive to special interests to work outside the normal political process, outside the campaign organizations in which they have worked in the past—legitimately, in most cases. We are giving those kinds of incentives, and I think that the Senator, by his remarks, has admitted it.

Mr. KENNEDY. The Senator from New Mexico is talking about a situation that is remote from practical political reality. Where are the thousands of small contributors who want to contribute to a political campaign and will be denied that opportunity because of the limitation? We encourage small contributions by matching grants. We provide a real incentive to every candidate to solicit for contributions of $100 or less, because those contributions can be matched by public funds.

But people are not breaking down the doors to give a candidate a $1 or $5 contribution, whether it be Democrat or Republican, at lease in my experience. To oppose this bill because it is going to preclude them or lock them out, I daresay, is an erroneous argument. The bill encourages them, by its matching grant provisions. Maybe it has been different in New Mexico.

Mr. SCHMITT. It definitely has been different in New Mexico.

In the last election, it would have restricted the ability of the small guy to contribute to my particular campaign, because we exceeded those limits by a modest amount. Nevertheless, most of our contributions were from people who gave a hundred dollars or less.

Mr. KENNEDY. I ask the Senator whether he had to turn back money in his own campaign. Did he abide by any ceiling in the last campaign?

Mr. SCHMITT. I did not abide by any ceiling. However, we came in slightly above.

Mr. KENNEDY. I think the practical record is quite clear, Mr. President. We do not have the type situation where small contributors are storming the barricades, trying to give us their contributions.

The whole thrust and drive of this proposal is to encourage the smaller giver. That is the purpose.

It is unrealistic to argue that a candidate, under this proposal, will raise

money from the $1 and $5 giver and reach his spending limit with the matching provisions, and then have to close down his fund raising. I do not think it is a problem.

Mr. SCHMITT. Mr. President, if the Senator will yield further, the fact is that organized labor and other interest groups—including, to some degree, business—spent great amounts of money in the last Presidential election, which was operated under provisions comparable to the one being put forward in S. 926.

Mr. GRIFFIN. Mr. President, will the Senator yield for a comment?

For example, under the Packwood amendment, organized labor spent some $12 million in communicating with their members, advocating the election of Candidate Carter; whereas, corporations reporting under the Packwood amendment reported a little more than a million dollars.

Mr. PACKWOOD. Actually, $41,000.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I believe I still have the floor.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. KENNEDY. Mr. President, I should like the Senator from Michigan to itemize the figures he has mentioned. I have what I understand to be the itemization. I would be glad to go over that with him. As I understand it, labor reported $1 million in such spending, not $12 million. The difference is that labor chose to use this technique, and business did not.

Mr. SCHMITT. The Senator must agree, I believe, that this bill does not eliminate special interests from the process—and that is being sold to the public right now—and the reason for this extended debate is to get a different position before the public. But it is being sold to the public as removing special interests from the election process. That is an absolute farce.

Mr. KENNEDY. Mr. President, as one of the prime sponsors, I say that none of us believes this is going to resolve all the problems of special interest groups in campaign financing, or that it will elect saints to the U.S. Senate. No one is suggesting that. What we are suggesting is that this is a meaningful, responsible reaction to the outrage of the average American citizen when he saw the explosion of corrupting influence money in past campaigns. We cleaned up Presidential elections in 1976, and we ought to do the same for Congress.

This bill does not solve all the problems. I am sure we will hear arguments in the debate, that because the bill does not solve all the problems, we should not try to solve any of the problems. I reject that argument. We can make a great deal of progress now. We can make our own elections a great deal clearer and more honest.

What we hear here is an extremely meaningful step forward in dealing with the fact of large influence spending and large influence peddling by major economic groups in this society.

The average citizen knows the stakes. He knows the strawmen. He understands the issue. The control question is whether, as Members of this body, we are going to perpetuate a campaign system where large financial interests have special access to the political process.

No one is saying this bill is going to solve all the problems. But the average American taxpayer understands the nature of the problem, and this bill is a meaningful response to it which the Senate ought to approve.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, I would just like to respond to some of the statements of the Senator from Massachusetts.

I am discouraged by his pessimism about being able to raise money in small amounts.

I am chairman of the Republican Senatorial Campaign Committee this year. I can tell now, based upon the money we have raised to date, most of it by direct mail, that by the time the 1977–78 campaign year is over, we will be able to raise someplace between $3 million and $3.5 million from over 200,000 contributors, with an average contribution of about $20.

Because there are a number of contributors who contribute more than $20 or $30 or, frankly, $500, the real average for 98 or 99 percent of the contributors is less than that.

These are not people who have ever been solicited by the Republican Party before. These are people who are on mailing lists, who have a history of giving to churches or other causes in which they are interested. They are interested in government. They never have been asked by a political party, they never have been asked by a political candidate, for money.

If the Senator from Massachusetts and the Senator from Iowa are serious about the concern of big money in politics, big money, first, they admit you cannot stop it because even under the public financing law special interests, be they individual or corporate or union or the Nation Rifle Association or Right-to-Work or Right-to-Life, can spend all of the money outside of the control of the candidate they want.

But if that is what the proponents want, if they want to separate the big money from the political campaign of the candidates, then all they have to do is change the present law and lower the contribution limits, lower them to $500, lower them to $100. That will take care of all the special interests and all the big money and that will put it outside the campaign.

It will still get spent, but at least it will not taint the candidate, if that is what it does apparently when the candidate gets it.

That is going to force the candidate to do one of two things: To either dramatically reduce his spending, because he will not have the so-called access to the large money or, more likely, and GEORGE MCGOVERN proved it in 1972 and BARRY GOLDWATER proved it in 1964, they will go out and they will raise great quantities of money in very small amounts. Both of those candidates proved that, by asking people who believe in you to give $5 or $10 or $15 or $20, people will give.

I saw this seventeen years ago when I was then chairman of the Wallowa County Central Republican Committee, which is the central area. Every year we would go out and ask people to give money to the Republican Party, knock on doors. Our problem was not in getting people to give, but in getting people to ask. People do not like to knock on doors. But our experience was that one household or two would give a dollar or $2 if you just asked for it. It did not matter if they were in a Democratic household. There is money to be obtained in politics in contributions of $100 or less.

I use that figure because the Senator from Iowa said at $100 or less, it is not tainted, not corrupting money.

We can do it. We can put that limit on it. You can keep the present law. You can separate the special interest contributors from the candidate, and the effect will be for candidates to get out and get millions of people to give $10, $20, $40. That, in my mind, is a healthy process, healthier than the Federal Government doling out money through the Federal Election Commission to candidates you may wish you had not supported. But you did not know who the candidate was going to be at the time you had to make a checkoff; to have the Federal Election Commission have to expand its bureaucracy to audit and supervise all of the candidates to see what kind of matching funds they get, all apparently for the purpose not of stopping the special interests from spending money, but just for the purpose of shoving them outside the parameters of the individual candidate's campaign.

I ask you if that is the desire of the Senate—and it may be a laudatory desire—but if the desire of the Senate is to stop that association of big money and campaigns, lower the contribution limits, keep the laws exactly as you have them now, and you will have effectively at least made that legal separation.

Let us not beguile ourselves, however, into thinking that under the present law as interpreted by the Supreme Court you can stop Stewart Mott or Joseph Coors from spending all of the money they want to spend for or against the candidates they want to spend them for or against. Let us not fool ourselves into thinking that the power of organized labor is going to be diminished.

I cite again the National Journal article, a respected publication, of March 17 of this year, and I might just read the first paragraph:

> When Congress amended the campaign finance laws of 1974 and 1976 the bill's supporters said they would bring an end to the days when special interests could have undue influence over elections. It hasn't worked out that way. The new law has eliminated some of the ways that money can influence politics. But the net result of limiting some contributors has been to increase the power of other big spenders who were permitted to operate as they always did. The biggest winner was organized labor. While the total spending on these efforts cannot be determined with any precision, a conservative esti-

mate of what they were worth to the ticket of Jimmy Carter and Walter F. Mondale is at least $8.5 million uncounted and unsupported.

Additional spending almost certainly pushed the total up to or over the $11 million mark compared with the $21.8 million that the ticket legally was permitted to spend.

I will say again flatly that money was the difference between President Carter's and President Ford's being elected last November.

I do not begrudge organized labor that effort. I support organized labor in about half of the issues they ask for here when I think they are right. But that was the effect of public financing in the Presidential election, to transfer control of the election to money spent by organized labor above and in addition to the amount of public funds that President Carter was entitled to spend.

If that is what this Congress wants, then let us say what we are getting. Let us not try to hide it, let us not try to fool the voters, that what we are doing is puting a limit on what candidates can spend in turning control of politics over to the so-called special interests. They will go ahead and spend for the special interests, as they are constitutionally allowed to do, and they will spend as much as they can raise for or against the candidates they choose, and it will not be counted by 1 sou in the limit that the candidate is allowed to spend.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, the Senator from Oregon was speaking about the special interest money in the last Presidential campaign, especially that spent by organized labor.

I could not help but note that the main argument for this bill of the Senator from Iowa as well as the Senator from Massachusetts was their concern about special interest money. Yet not only does this bill leave that untouched but, frankly, when there were efforts in the committee to do something about it, those efforts were voted down.

I rather suspect, although I hope it will not be the case, that when amendments are offered on the floor here in connection with the consideration of this bill to do something about eliminating full reporting at least on the special interest money that comes into the campaigns, we will get some support from those advocates of this legislation on the other side of the aisle and on this side as well who are truly concerned about special interest money going into campaigns.

While the Senator from Oregon has pointed out that somewhere between $11 million and $12 million of the additional money was poured into the Carter campaign over and above the public financing money that was put in, I might say that that does not include an additional subsidy that is provided by the taxpayers in the way of a 2-cent postal frank that is used by organized labor every time they mail out a political piece of political literature to their members or to anyone, because under the laws as they are now applied organized labor has a special postal rate, along with some other nonprofit organizations, which allows them to mail not only the literature that deals with their union but has been interpreted to allow them to mail out political literature. Purely, straight political literature is mailed by organized labor through the mails at a subsidized rate of 2 cents apiece. The regular third-class postal rate for anyone else is in the neighborhood of 8 cents. Of course, the first-class letter costs anyone else 13 cents.

So, you can imagine how many millions of dollars were also actually added by organized labor in the way of expenditures made by organized labor by the taxpayers' additional public financing on top of the public financing that is otherwise indicated in this legislation that goes through the post office.

I find another point worthy of some comment. The Senator from Oregon called attention to the fact that only 27 percent of the taxpayers took advantage of the opportunity on their 1040 income tax returns to check whether or not they wanted a dollar to go into the Presidential campaign fund. Only 27 percent indicated their approval that they wanted $1 to go into that fund. Over 40 percent indicated they did no want it, and the remainder did not make any election or choice at all. Twenty-seven percent of those who filed returns on 1040 forms wanted $1 to go into the Presidential campaign fund. I think it should be noted that this bill does not purport to set up another fund for Senate or congressional campaigns but relies upon the money that will be going into the Presidential campaign fund to finance the Senate campaigns.

At the present time, there is $23 million in surplus in the Presidential campaign fund accumulated, and this bill that is before us now contemplates that that surplus, which taxpayers indicated they wanted to go to the Presidential campaign fund, will now be diverted to be used for the financing of senatorial campaigns.

I think that is an interesting device or gimmick. I wonder how honest and straightforward it is to take this money that was put in trust, so to speak, by taxpayers who indicated they wanted a dollar to go into Presidential campaign funds and then use it, without asking them, to put it into Senate campaign funds?

It seems to me that there is some kind of a trust that was involved when under the pre-existing law the taxpayers were asked on their income tax return whether they wanted this to go into a Presidential fund, and I do not exactly understand how we can keep faith with that trust if we just now, without their consent, divert that money and use it for some other purpose which this bill contemplates doing.

You would think that, if we were going to have Senate campaigns publicly financed with dollars checked off by taxpayers on their income tax returns, we would in this bill provide hereafter for a separate and additional opportunity for the taxpayer to indicate that, first, he wants or does not want to allocate a dollar for the Presidential campaign and, thereafter, he does or he does not want to allocate another dollar, or some such amount, to the Senate campaign fund. But that is not provided for in this bill.

If only 27 percent of the taxpayers who filed 1040 returns were willing to indicate they wanted a dollar to go into a Presidential campaign fund, I wonder what percentage would indicate they would like to have a dollar allocated to a Senate campaign fund if there were an opportunity to indicate a preference.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. GRIFFIN. I am glad to yield, yes.

Mr. CLARK. This brings up a question raised in my mind that really deals with the amendment of the Senator from Oregon as well. I have heard now several times that on the checkoff only about 27 percent, or a maximum of 27 percent chose to contribute to the fund.

Mr. GRIFFIN. Is that incorrect?

Mr. CLARK. No, I think that is correct.

Mr. GRIFFIN. That is the figure that I understand.

Mr. CLARK. That is my understanding. But now the Senator from Oregon has a bill reported from the Finance Committee, and indeed it was offered by Senator BAKER in the Rules Committee as a substitute, and the Senator from Michigan voted for it as a practical substitute to public financing of campaigns, and I yet I think the record will show—and the Senator from Oregon can certainly correct me if I am wrong—only 3 percent of the American people have ever chosen to use tax deductions for the purpose of financing campaigns.

If only 3 percent of the people are willing to contribute and take a tax deduction and 27 percent are prepared to at least participate in the checkoff, it seems to me that the alternative which the Senator from Oregon offered and the Senator from Michigan accepted is hardly a practical alternative to that process if we are talking about more people participating in the process.

Mr. PACKWOOD. The Senator means the same alternative that we give the voters now for the Presidential campaign. What I said is very few have because they have not been asked. When they are asked they will give. If we put on the income tax form a checkoff box, "Do you want a dollar to go to the political party of your choice," more people are going to check it than otherwise give because they are just being asked. I am telling the Senator what would happen if we put a $100 limit on contributions, and in the Senator's State and in mine, the amounts are very similar. Mine is $430 and the Senator's is $450. Under that bill, an unknown challenger, under the $100 limit, would have no difficulty raising $400,000 or $500,000 against either the Senator or me if a challenger went out and asked for it, especially if my bill is adopted that give a 75-percent tax credit.

It is just that politicians too long have gone up and asked for 20 contributions of $5,000 apiece. It is easier to ask for 20 contributions of $5,000 apiece than for 10,000 contributions of $10 apiece. But the money is there and the people are willing to give. Do not blame them that they have not given. Blame us that we did not ask.

Mr. CLARK. I sympathize with a great deal of what the Senator is saying.

But I do think that the Senator's assertion that you can go out in my State or his State or other States and raise hundreds of thousands of dollars in under $100 amounts is an interesting theory. I do not have any question but that the money is there too raise 10 times as much as the Senator mentioned. But I think that the record would show that with all of the attempts made so far in the country, there have been many attempts to do that, but so far they have been unsuccessful. I knw the Senator from Oregon has attempted it, as he testified in the Rules Committee a few weeks ago. But I do not think the record would show that, so far, that has really been done.

The Republican Committee has come up with something like $3.5 million in smaller contributions; I assume the Senator is speaking of under $100 contributions.

Mr. PACKWOOD. I believe the Senator was not here at the time. What I said was that by the end of 1978, at the rate we are going now, we will have over 200,000 contributors with an average contribution of around $20, and of these, around 170,000 who may be contributors that have never given before.

Mr. CLARK. Those would be under $100 contributions?

Mr. PACKWOOD. Most of them will be under $100 contributions. We will have some contributions in excess of $100, up to $500. But the average, including those, will be slightly in excess of, or possibly under, $20.

Mr. CLARK. I would say that even with that rather impressive record, that will not be more than 10 percent of the amount the special interests will contribute to the next congressional election.

I base that on the fact that in 1974, the various PAC's in this country contributed $12.5 million. Last year that jumped to $22.5 million. Certainly with even a modest jump in the 1978 election it will be in the area of 30 million.

If the Republican Committee is able—and I commend its efforts—to get $3.5 million in under $100 contributions, or mostly under $100, it does not seem to me that that will change the basic tendency of Republican candidates to look for special interest money.

Mr. PACKWOOD. Why not lower the limit that people can give?

Mr. CLARK. Lower the limit for what?

Mr. PACKWOOD. That people can contribute. Then you will have achieved your objective, and will not have to vote for all this public financing rigmarole.

Mr. CLARK. I agree that if you lower the contribution level, more people will contribute to campaigns, but you will have more of the taxpayers' money returned to people who would not otherwise contribute.

Mr. PACKWOOD. If I were to show to the Senator specific evidence that would prove that, will he support my bill?

Mr. CLARK. I might not support the bill, but I would be interested in the evidence.

Mr. PACKWOOD. Go ahead and talk for a moment; I will find it here.

Mr. CLARK. The Senator from Michigan has the floor.

Mr. GRIFFIN. I am willing to yield the floor to the Senator from Oregon.

Mr. CLARK. Let me, while the Senator from Oregon is looking up some information, point out that I have not yet had an answer to my original question. Why is it that when only 3 percent of the people use the tax deduction, it is considered an alternative to public financing?

Mr. GRIFFIN. I think it would be very interesting if citizens had a choice between allocating $1 over to the Presidential campaign fund, or, right under that, giving them an option or an alternative of contributing a dollar to a candidate of their choice. My guess is that it would not be 27 percent, but there would be an overwhelming majority who would be willing to contribute a dollar to a candidate of their choice. Then you would have a valid comparison, which you do not now have.

But even taking the case on the Senator's terms, all he is saying is that in neither case is there anywhere near a majority of the people who are for public financing, and we ought to throw them both out.

Mr. CLARK. The difference between 3 percent and 27 percent is not insignificant to me. That is about seven or eight times as many people who are participating for their individual candidates when they are allowed to get a tax credit for contributing to any individual candidate.

Mr. GRIFFIN. The Senator from Iowa is trying to compare apples and oranges. If he wanted to have the same comparison, he would have to have the kind of contrast that I have indicated. But contrast the support that is going into the Presidential campaign fund, which is not even the taxpayers' own money, and you still only get 27 percent of them indicating they are for it, even when there is an indication right under there that this will not affect their tax liability. I think that is a mighty sad record for public financing, so far as the support of people across the country is concerned.

Incidentally, I did not hear the Senator say anything about the fact that labor organizations had a 2-cent frank incentive for direct mailing.

Mr. CLARK. Mr. President, as the Senator well knows, every nonprofit organization in America, including agricultural groups and any other nonprofit groups, has exactly the same privilege.

Mr. GRIFFIN. First of all, let me point out that many organizations do not, particularly if the money is used for political purposes. Would not the Senator from Iowa be in favor of eliminating the 2-cent frank for any political organization?

Mr. CLARK. I think the Senator knows my position. I believe he took that up in the Rules Committee.

Mr. GRIFFIN. No; the Senator from Michigan did not. The Senator from Michigan had an amendment seeking to eliminate the 2-cent frank.

Mr. CLARK. As a matter of fact, the amendment we have in the bill, I believe, allows the Republican Party to do exactly the same thing.

Mr. GRIFFIN. Would the Senator join me in seeking to eliminate that?

Mr. CLARK. No; I think the limitation ought to be extended to the Republican Party.

Mr. GRIFFIN. And leave it intact for labor organizations?

Mr. CLARK. It is not for labor organizations. The Senator knows that it is for nonprofit organizations, including the Republican National Committee and the Democratic National Committee. It is not the kind of loophole that says only labor organizations may receive this 2-cent postage benefit; it is for every nonprofit organization in America, and we extended it even further, to include the political parties in the amendment.

Mr. GRIFFIN. If I have the floor, a national party——

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. GRIFFIN. A national party is severely limited in how much it can help a candidate running for the Senate. Is that not correct? They are very specifically limited by law; is that not correct?

Mr. CLARK. As I remember.

Mr. GRIFFIN. Either the Democratic National Party, which has a 2-cent frank under your amendment, which I think is wrong, or the Republican Party, are very severely limited in terms of what they can do in the way of mailings for a candidate. The candidate, of course, and his committee do not have a frank. They have to mail it out under the 8-cent rate. But the one class of organization that can use it is organized labor.

Mr. CLARK. Why does the Senator conclude that? Why cannot, for example, the Dairy Association, let us say, use exactly the same method?

Mr. GRIFFIN. If they can, and they use it for political mailings, does not the Senator from Iowa think that is wrong?

Mr. CLARK. I do not think there is any restriction—the Senator spoke earlier of restrictions on political gifts, and so on—if it is not on behalf of a candidate.

Mr. GRIFFIN. Does the U.S. Chamber of Commerce, for example, enjoy a 2-cent frank for political mailings?

Mr. CLARK. I frankly do not know.

Mr. GRIFFIN. I can tell you the answer is "No."

Mr. CLARK. But I know there are dozens and dozens of other nonprofit organizations that we looked at and went over in the Rules Committee that have exactly the same privilege. It is not a privilege carved out only for one group.

Mr. GRIFFIN. So this is public financing for labor organizations on top of the public financing in this bill; is that not correct?

Mr. CLARK. The Senator does not wish to recognize what I have said it is.

In fact, it is not. It is a provision which applies to nonprofit organizations in America.

Mr. GRIFFIN. I believe the answers of the Senator from Iowa certainly demonstrate why this legislation is being sold under the wrong label. Over and over again I read in the paper and I hear the argument of the Senator from Massachusetts and the Senator from Iowa that this legislation will eliminate special interest funding in campaigns. It does not do that.

Mr. CLARK. Of course it does not.

Mr. GRIFFIN. It leaves labor organizations completely free not only to spend everything they did before but to spend on top of the taxpayers' money that will be used under this bill. I hope the American people, through reading the press and listening to the media, will get the story and will realize what this legislation really is.

Mr. CLARK. Mr. President, I believe what the Senator from Massachusetts said in answer to the Senator from New Mexico should be clear, and I will say it again: I do not believe for a moment the passage of S. 926 suddenly and totally eliminates special interests in politics. It obviously does not. It does not include total public financing as in the Presidential election.

Of course it does not do away with it. We hope it will eliminate——

Mr. GRIFFIN. But I thought the Senator was interested in doing away with it. He will not support an amendment to do that.

Mr. CLARK. Let me ask the Senator, if I were to offer an amendment on this floor which would cut the amount special interests could contribute to political campaigns in half, let us say from $5,000 to $2,500, would the Senator support that?

Mr. GRIFFIN. I certainly will. What does the Senator have in mind?

Mr. CLARK. That is good. I believe such an amendment will be offered. But I do not believe one can argue that public funds——

Mr. GRIFFIN. Can I expect the Senator to support my amendment, to eliminate the 2-cent frank for labor organizations?

Mr. CLARK. As the Senator knows, I voted against that in the Rules Committee because it did not apply to labor. In spite of the number of times the Senator from Michigan may say it, it does not make it true, that that 2-cent postal benefit goes only to labor organizations, as the Senator continues to say over and over again. Let me read to the Senator.

S. 926 would extend to State and national political party committees these same postage rates as a "qualified nonprofit organization" as defined in 39 U.S.C. 4452(d), so long as such organization is entitled to use these rates for communications relating to any political or legislative subject under existing law and present Postal Service regulations (parts 132 and 134), eight categories of nonprofit organizations . . .

And let me read them:

. . . (religious, educational, scientific, philanthropic, agricultural, labor, veterans and fraternal) are entitled to reduced 2d class and reduced 3d class bulk mail rates, even though the organization may be engaged in lobbying, legislative or political related activities, as long as it only mails its own matter at these rates. The State and National political party committees eligible for these reduced rates would include the House and Senate campaign committees. This amendment would assist in expanding communications on political issues, thus encouraging a better informed public to participate in the Nation's elections.

Of course I am reading from page 11 of the committee report. Let me quote again so there is no misunderstanding, because the Senator keeps saying labor organizations. It specifically applies to qualified nonprofit organizations: Religious, educational, scientific, philanthropic, agricultural, labor, veterans, and fraternal.

So let us not have any mistake about this being carved out for one single solitary organization and group in America. It is not.

Mr. PACKWOOD. Will the Senator yield?

Mr. CLARK. I yield.

Mr. PACKWOOD. I want to ask another question. The Senator asked about any evidence that induced them to give money for politics. I will cite the 20th Century Fund Survey of Political Finance, conducted by the National Opinion Research Center of the University of Chicago. A nationwide random sample yielded 1,481 usable responses. The survey was taken in November–December 1972, and was published on page 129 of the book "Political Money," by David W. Adamany and George E. Agee, and published by Johns Hopkins University Press, 1975.

This is what it showed in income classes: Of those from zero to $4,999, 8.2 percent said they would give if they could get a tax credit for it. In the income class of $5,000 to $9,999, 8 percent, and so on. A significant number said, "Yes, if we have a tax break, we will give."

Mr. CLARK. If I understand the Senator's survey, it shows that 8 percent of the people in America would participate.

Mr. PACKWOOD. That was by one income class, zero to $4,999, 8 percent of that class would participate.

Mr. CLARK. What does the total survey show?

Mr. PACKWOOD. Show in terms of what?

Mr. CLARK. Of all categories. It seems that would be the relevant figure.

Mr. PACKWOOD. Sixteen, 20, 22, 23. About 24 percent.

Mr. CLARK. Twenty-four percent of the American people say in this survey that they would participate if they could what? Have a total tax credit?

Mr. PACKWOOD. Twenty-four percent said they would contribute, added to the figures here of 8 percent who already do contribute giving a total of 32.8 percent. Broken down by income classes, the higher the income class the less the inducement has any effect. That is true, obviously, with tax credits of all kinds, that they are meant more for the lower-income scale.

Mr. CLARK. I think the record would show those in the higher income scale are the people who would benefit the most.

Mr. PACKWOOD. I am curious about the Senator's bill.

It does not apply to private citizens. What happens when there is a contested primary and there is left over campaign literature or radio ads that a candidate wants to use in the general election. How is that cost figured in the general election?

Mr. CLARK. I think any funds unexpended upon the nomination of the candidate count against their spending limit.

Mr. PACKWOOD. Not funds but leftover campaign material.

Mr. CLARK. That would be something that this bill clearly leaves to the FEC to regulate. It is not something we have written into the bill for every single kind of campaign literature or broadcasting. Broadcasting would be pretty clear, if it was not used up, it would seem to me. That has been made clear.

Mr. PACKWOOD. That disturbs me right away, to leave it to the FEC. Oregon at one time had a campaign limitation law. It went to the Oregon Supreme Court. The supreme court uanimously threw it out as violating Oregon's constitution. The issue was then placed on the ballot to change the constitution, to allow public financing of campaigns. The Oregon voters defeated it about 2½ to 1, which is the only accurate public opinion I know of which has been taken in this country, statewide, as to what voters think of public financing.

It was a $180,000 statewide limit, $90,000 from the public treasury. It is very similar to the bill advocated here. The voters had a chance to look at it and turned down the proposal. Prior to that, prior to the supreme court decision in Oregon declaring our law unconstitutional, Oregon went through one campaign with this problem of what do you do with money spent in the primary for materials, pamphlets, that you send to all your block captains and they have them left over in their house.

There was an attempt to figure out a way to apportion it. Finally, the Oregon law simply said, "Look, money is spent when it is spent. If you spend it to produce radio ads in your primary and your primary is in May and you spend it in April, that is spent. We are not trying to allocate that in the general election." Does the Senator have anything like that in this kind of an expenditure?

Mr. CLARK. I think it is clear that the legislation would have the exact determinations of such matters made by regulation of the FEC, obviously subject to congressional veto.

Mr. PACKWOOD. But why leave it to the FEC?

Mr. CLARK. I think it is impossible to think of every circumstance in which expenditures for materials may exist and to write it into statute. I think there are so many ways, from buttons to numbers of bumper stickers on hand, to posters. They may well decide, just as the Senator from Oregon indicated, that that is the best way to handle the prob-

lem. In any case, the Senate and the House reserve the right to reject that regulation.

Mr. TOWER. Will the Senator yield for a question?

Mr. CLARK. Yes.

Mr. TOWER. Does that raise the other question, the fact that the Senate and the House can sign off on what the FEC does? One of the strongest allegations against this bill is that it is weighted heavily in favor of the incumbent. We are incumbents and those of us who are incumbents up for reelection can make the final determination of what the FEC does. Is that fair to nonincumbents?

Mr. CLARK. We cannot make the determination. We can only reject.

Mr. TOWER. We can reject what they do, but we can make sure that the thing is rigged in behalf of the incumbent. This whole thing is weighted in behalf of the incumbents. No one can stand here and say, objectively, "No, it is not, it does not benefit the incumbents." Any incumbent Member of the Congress has a natural advantage over a challenger, unless that challenger is already a statewide officeholder or has built up a name on his own. The fact is we are the final voice. We, the incumbents, are the final voice on regulations made by the FEC.

(Mr. MOYNIHAN assumed the chair).

Mr. TOWER. Now, can anybody then contend that we have not placed ourselves at an advantage over nonincumbents? The fact is, we have, and we are going to continue maintaining that advantage.

Mr. CLARK. If I may speak to that point briefly, first of all, I happen to agree with the Senator if he is advocating giving Congress the right to redress that. I would vote for such an amendment if he cared to offer it.

Mr. TOWER. I do not advocate that. I advocate not passing the bill at all.

Mr. CLARK. Well, as to that, if we are going to have incumbents and nonincumbents treated fairly, I cite two facts. Under the present system—and we only know those figures since 1972, because that is the period in which we have had the disclosure laws—incumbents have outspent nonincumbents 2 to 1 under the present system. Under this system, we shall have at least exactly the same limitation. The Senator from Texas and the Senator from Iowa cannot spend any more than their opponents in terms of limitations.

Furthermore, we are talking, in this bill, about trying to lower the impact of private interests—the special interests, the PAC's—whether they be labor, business, or others. The record shows that since 1972, incumbents received three times as much money as nonincumbents from those PAC's.

It seems to me, therefore, that the Senator is saying that, if we just go ahead under the present system and let the PAC's fund the incumbents, principally, three times as often as nonincumbents, that is somehow not an incumbent bill; but to go to public financing and have exactly the same limitation for both sides and the same availability of public funds is an incumbent's bill.

Mr. TOWER. That is to suggest that the money given by the PAC's is the sole influence. When we have a $5,000 limitation per PAC, it does not seem to me that they are going to have an enormous impact on a campaign that spends a half million dollars, or a million dollars.

The fact of the matter is, it is the support in kind given by these organizations that has an enormously greater impact than the money contributed. As I see it, this bill enhances special interest group influence over a political campaign.

Take an organization that is well disciplined, well organized, and has good in-house communication. They are going to have an enormous advantage over an organization that merely contributes money. We have used organized labor as an example. It is a good example, because nothing ever passes here that organized labor does not want passed, or rarely does. Let us not try to ignore the great influence that organized labor has. It obviously has it over the President; he had to back down from his $2.50 minimum wage because labor raised the devil about it.

The fact of the matter is that a PAC does not have nearly the impact that an organization does that comes in and says, we will bring our numbers, our professional know-how, and our ability to communicate with our constituent members to bear in this campaign. We will not contribute a dime in direct funding, but this is what we will bring to bear. That is eminently more formidable than a $5,000 contribution, eminently more formidable. I do not see how anybody can contend otherwise.

Mr. CLARK. If the Senator would look at the statistics, I do not think that it is really the case that, somehow, making a $5,000 contribution from the PAC would have relatively little influence, because the facts show that what happens is that several PAC's join together, giving $5,000 each, whether it might be business PAC's or labor PAC's or some other.

If one looks down through the records, and those records are now available since 1972, of where candidates got the money and in what groups, we find that they tend to get them, with few exceptions, in $5,000 amounts, since we have had that limitation, either from labor or from business or some special interest group. The result of that is that if we take a campaign, the average campaign in America, the average campaign since 1972, since we have had these figures, spends about $400,000. If we group as much as $100,000, as these PAC's often do, for a particular candidate, there is a very significant influence.

I must say that I doubt that a candidate is less influenced by receiving direct contributions in amounts of $60, $70, or $100,000 by grouping these PAC's—that somehow, that has less effect in terms of access or influence than an organization someplace else who is communicating with their own members about something, whether it is business or labor.

Mr. TOWER. If the Senator takes the total impact of the PAC organizational effort, considering access to mass media and everything else that some of these big pressure groups have, like organized labor, it is much greater. I think that, in terms of a candidate that has to run for office, the fact of all these local union organizations having their PAC's, as well as the national PAC, contribute money is still not nearly so formidable as having this enormous organizational effort—the use of the house organs, and the easy access to the media that they have.

The question raised here is, have those of us sitting here, who have run in political campaigns in the last few years, been tainted? In the mind of the Senator from Iowa, have those Members in the Senate now sitting been tainted with an inordinate influence by PAC money?

Mr. CLARK. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. CLARK. In my opinion, Mr. President, it is not a question of corruption. On the other hand, I think there is no doubt——

Mr. TOWER. Have we been unduly influenced, does the Senator think?

Mr. CLARK. If the Senator will let me finish, my own view is that it is not a question of corruption, but neither do I believe that people give hundreds of thousands of dollars or tens of thousands of dollars in PAC's money and say, "We just happen to be giving that to this distinguished Senator for no purpose;" that somehow, if we group the tens of thousands of dollars from PAC's they never have any influence, they never get any access, they are giving that simply for the sake of good government.

I think that would be naive. I do not think that is the case. I think there is some intent in terms of those contributions.

I think it is quite clear that that intent is that they hope that Senators and Congressmen will look upon their legislation with somewhat greater favor.

Mr. TOWER. Have they been successful in realizing their aspirations in terms of influence in this body?

Mr. CLARK. I have no idea. All I know is that they continue to give more and more.

Mr. TOWER. Well, the clear suggestion is that they do.

Mr. CLARK. The Senator may draw that suggestion.

Mr. TOWER. That is the suggestion of those who advocate this legislation. For my part, I do not believe this body has been corrupted by PAC money.

Mr. CLARK. I do not, either. That is why I was very careful to use the term, "corruption." I do not think it has been corrupted. But if we take the figures between 1974 and 1976 and realize the PAC money that has gone into these campaigns and congressional elections, we begin to see what kind of view we get.

Let me quote them very briefly: business, professional, and agricultural group contributions went from $4.8 million in 1974 to $11.6 million in 1976. They more than doubled. Business groups alone increased their contribu-

tions from $2.5 million in 1974 to $7.1 million in 1976. They nearly tripled in 2 years.

Labor contributions, which were already very high in 1974—$6.3 million—exceeded $8.2 million.

If we take all of these PAC's combined, they increased by more than 80 percent, from $12.5 million to $22.6 million.

Unless one is prepared to assume that there is no meaning behind any of these groups making these contributions and no hope for gaining any further access or influence, it seems to me they are just throwing their money away.

Mr. TOWER. The Senator mentioned that this money tends to go to incumbents, which would suggest to me, and I think to almost anybody else, that ordinarily, groups tend to support incumbents whose records they agree with and whose views they find consonant with their own. In other words, they do not necessarily start out supporting challengers. A PAC that might support an incumbent in one race might support his opponent in another time, because his views may turn out to be their own.

I suggest to the Senator that one of the reasons for the increase in PAC contributions is the severe limitations placed on individual contributions, so other ways have been found to give that money politically. Now, with this Federal funding, we propose to reduce individual contributions even more, but we substitute for those contributions in kind. Contributions in kind can have eminently more impact, and that means less control over the campaign by the candidate, and more control by the pressure groups that are involved.

I can tell the Senator that it depersonalizes elections. It means less citizen participation, it means greater influence by pressure groups.

This bill is calculated to enhance the influence of pressure groups, because now their organizational effort is going to have a much greater impact on a campaign, because all the financial support comes from elsewhere.

Mr. CLARK. Why does the Senator assume that S. 926, or in what specific ways does it limit individual contributions? There is no additional limit or no limitation put on individual contributions that does not exist under the present law.

Mr. TOWER. It puts a ceiling on the amount that can be contributed, so we shrink the numbers.

Mr. CLARK. That ceiling on how much an individual can contribute was put on in 1974, not in this bill.

Mr. TOWER. I mean the aggregate. Once we reach that amount, there can be no more private contributors, even those who want to contribute.

Mr. CLARK. I do not think very many people are going to reach their maximum in small contributions.

Mr. TOWER. Why not? I had 33,000 contributors in my 1972 campaign with an average contribution of $78 apiece.

Mr. CLARK. I doubt that if the Senator were to collect $100 contributions or less, giving the spending limit that protects him, he would have any trouble with turning any of it back.

I could be wrong, but I do not think statistics would indicate that is a problem.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE UNITED STATES-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM—MESSAGE FROM THE PRESIDENT—PM 100

The Presiding Officer laid before the Senate the following message from the President of the United States, which was referred to the Committee on Human Resources:

To the Congress of the United States:

As required by the International Health Research Act of 1960, Public Law 86–610, I herewith transmit to the Congress the Tenth Annual Report of the U.S.-Japan Cooperative Medical Science Program. This Report covers events prior to the beginning of my Administration.

JIMMY CARTER.

THE WHITE HOUSE, *July 25, 1977.*

MESSAGES FROM THE HOUSE

At 2 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that:

The House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7553) making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes; the House recedes from its disagreement to the amendments of the Senate numbered 5, 6, 7, 15, 26, and 30 and concurs therein; and the House recedes from its disagreement to the amendment of the Senate number 12 and concurs therein with an amendment in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

The Speaker has signed the following enrolled bills:

H.R. 2. An act to provide the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

H.R. 6138. An act to provide employment and training opportunities for youth, and to provide for other improvements in employment and training programs.

H.R. 6714. An act to amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that act, and for other purposes.

H.R. 6884. An act to amend the Foreign Assistance Act of 1961 to authorize international security assistance programs for fiscal year 1978, to amend the Arms Export Control Act to make certain changes in the authorities of that act, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following communications, which were referred as indicated:

EC–1719. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on a rescission proposal of $850,000 for the National Transportation Safety Board; three proposed deferrals for the Departments of State, Treasury, and Transportation; and revisions to previously transmitted deferrals contained in the President's 13th special message for fiscal year 1977; jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations; the Budget; Commerce, Science, and Transportation; Armed Services; Foreign Relations; and Finance, and ordered to be printed.

EC–1720. A letter from the Deputy Secretary of Agriculture transmitting, pursuant to law, a report relative to designating the Oklawaha River as a Study River in the Wild and Scenic River System (with an accompanying report).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication from the Deputy Secretary of Agriculture, relative to designating the Oklawaha River as a study river in the Wild and Scenic River System be referred jointly to the Committees on Agriculture, Nutrition, and Forestry; Environment and Public Works; and Energy and Natural Resources.

The PRESIDING OFFICER. Without objection, it is so ordered.

EC–1721. A letter from the Secretary of Commerce transmitting, pursuant to law, the annual report of the National Sea Grant Program (with an accompanying report).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication from the Secretary of Commerce relative to the annual report of the national sea grant program be referred jointly to the Committees on Human Resources, and Commerce, Science and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

EC–1722. A letter from the Assistant Secretary for Food and Consumer Services, Department of Agriculture, transmitting, pursuant to law, notice that the Committee on Assessment and Evaluation of WIC will submit its study to the Secretary in mid-June 1977, and the Secretary will submit its study to the Congress on or about September 1977; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1723. A letter from the Assistant Secretary of Defense transmitting, pursuant to law, a listing of contract award dates for the period July 15, 1977, to October 15, 1977 (with an accompanying report); to the Committee on Armed Services.

EC–1724. A letter from the Acting Director of the Defense Civil Preparedness Agency transmitting, pursuant to law, a report on property acquisitions of emergency supplies and equipment for the quarter ending June 30, 1977 (with an accompanying report); to the Committee on Armed Services.

EC–1725. A letter from the Acting General Counsel for International, Conservation, and Resource Development Programs, Federal Energy Administration, transmitting, pursuant to law, notice of a meeting related to the international energy program (with accompanying papers); to the Committee on Energy and Natural Resources.

EC–1726. A letter from the Secretary of the Interior transmitting, pursuant to law, a report on the Department's evaluation of the Kittanning Path, Pennsylvania, not to be designated as a National Scenic or Historic Trail (with an accompanying report); to the Committee on Energy and Natural Resources.

EC–1727. A letter from the Chairman of the Council on Environmental Quality, Executive Office of the President, transmitting, pursuant to law, a report on the legal and factual sufficiency of the environmental impact statements prepared for Alaskan natural gas transport systems (with an accompanying report); to the Committee on Environment and Public Works.

EC–1728. A letter from the Administrator of the Environmental Protection Agency transmitting, pursuant to law, a report on the administration of the ocean dumping permit program for calendar year 1976 (with an accompanying report); to the Committee on Environment and Public Works.

EC–1729. A letter from the Secretary of Transportation transmitting, pursuant to law, the third annual report on Administrative Adjudication of Traffic Infractions during the period July 1, 1976, to July 1, 1977 (with an accompanying report); to the Committee on Environment and Public Works.

EC–1730. A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, the first anual report on title XX of the Social Security Act for the period October 1975 through September 1976 (with an accompanying report); to the Committee on Finance.

EC–1731. A secret communication from the Comptroller General of the United States transmitting, pursuant to law, a report on Foreign Military Sales—A Potential Drain on the U.S. Defense Posture (LCD–76–455) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1732. A letter from the Assistant Secretary for Management and Budget, Department of Health, Education, and Welfare transmitting, pursuant to law, a report on new systems of records, in accordance with the Privacy Act (with an accompanying report); to the Committee on Governmental Affairs.

EC–1733. A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the General Accounting Office of the month of June 1977 (with an accompanying report); to the Committee on Governmental Affairs.

EC–1734. A letter from the Chairman of the International Trade Commission transmitting, pursuant to law, a report on a modification on a system of records, in accordance with the Privacy Act (with an accompanying report); to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Energy and Natural Resources:

With an amendment:

S. 977. A bill to require that new and, to the extent practicable, existing electric powerplants and major fuel-burning installations, in categories to be determined, utilize other than natural gas or petroleum as their primary energy source in compliance with applicable environmental requirements, and for other purposes (title amendment) (Rept. No. 95–361).

By Mr. KENNEDY, from the Committee on Human Resources, on July 19, 1977:

With amendments:

S. 1750. A bill to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act, as amended, to conduct studies concerning toxic and carcinogenic substances in foods, to conduct studies concerning saccharin, its impurities and toxicity and the health benefits, if any, resulting from the use of nonnutritive sweeteners including saccharin; to ban the Secretary of Health, Education, and Welfare from taking action with regard to saccharin for 18 months, and to add additional provisions to section 403 of the Federal Food, Drug, and Cosmetic Act, as amended, concerning misbranded foods. (Rept. No. 95–353). Referred to the Committee on Commerce, Science, and Transportation, on July 22, 1977, pursuant to unanimous consent agreement of June 29, 1977.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. McCLURE:

S. 1913. A bill for the relief of Frank Norman Addeman; to the Committee on the Judiciary.

By Mr. BAYH:

S. 1914. A bill to amend title XIX of the Social Security Act to assure that the criteria employed for determining the extent to which income and resources are available to applicants for medical assistance will be the same in those States which do, and in those States which do not, automatically extend eligibility for such assistance to recipients of supplemental security income; to the Committee on Finance.

By Mr. CHURCH:

S. 1915. A bill to extend and improve certain provisions relating to the treatment to be accorded to certain disaster victims in the administration of the supplemental security income program established by title XVI of the Social Security Act; to the Committee on Finance.

By Mr. McINTYRE:

S. 1916. A bill to limit mergers and acquisitions of competing energy resources by energy companies; to the Committee on the Judiciary.

By Mr. SARBANES:

S. 1917. A bill to amend the Regional Rail Reorganization Act of 1973 in order to authorize two or more States to combine their use of rail service continuation subsidies; to the Committee on Commerce, Science, and Transportation.

S. 1918. A bill to amend the Regional Rail Reorganization Act of 1973 and the Department of Transportation Act to extend for 15 months the period during which the Federal share of the cost of rail service continuation assistance is 100 percent; to the Committee on Commerce, Science, and Transportation.

By Mr. GRAVEL:

S. 1919. A bill to amend the Headstart-Follow Through Act to provide more flexible criteria for participation in Headstart programs, and for other purposes; to the Committee on Human Resources.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 1920. A bill to amend the act of July 13, 1970, 84 Stat. 431 (25 U.S.C. 1211), relating to the Tlingit and Haida Indian Tribes; to the Select Committee on Indian Affairs.

By Mr. DOLE (for himself, Mr. TALMADGE, Mr. FORD, Mr. HUDDLESTON, and Mr. YOUNG):

S. 1921. A bill to amend the Internal Revenue Code of 1954 to exempt from taxation amounts received under certain scholarship programs; to the Committee on Finance.

By Mr. STEVENS (for himself, Mr. METCALF, and Mr. GRAVEL):

S. 1922. A bill to amend section 16(b) of the Alaska Native Claims Settlement Act; to the Committee on Energy and Natural Resources.

By Mr. ROTH (for himself, Mr. HUMPHREY, Mr. ANDERSON, Mr. CASE, Mr. CURTIS, Mr. FORD, Mr. GRAVEL, Mr. HEINZ, Mr. LUGAR, and Mr. METCALF):

S. 1923. A bill to amend the Consolidated Farm and Rural Development Act and title V of the Housing Act of 1949 to authorize Federal assistance under such acts with respect to the installation of solar heating and cooling devices in residential and farm structures; to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Banking, Housing, and Urban Affairs, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BAYH:

S. 1914. A bill to amend title XIX of the Social Security Act to assure that the criteria employed for determining the extent to which income and resources are available to applicants for medical assistance will be the same in those States which do, and in those States which do not, automatically extend eligibility for such assistance to recipients

of supplemental security income; to the Committee on Finance.

MEDICAID LEGISLATION

Mr. BAYH. Mr. President, I am pleased to introduce legislation today which seeks to correct a basic inequity in the treatment of married couples under the medicaid program. At the present time there are two widely divergent standards being applied by State welfare departments to couples in need of financial assistance for medical care. The legislation I am introducing will establish a uniform standard in the financial evaluation by a State welfare department of a married couple where one spouse is an institutionalized medicaid recipient.

I. BACKGROUND

The problem confronting many married couples across the Nation concerns a practice known as "medicaid deeming." Under this practice several State welfare departments "deem available" certain amounts of income from a noninstitutionalized spouse to care for the institutionalized partner. Although the precise methodology varies by State, the common premise is that the spouse has an obligation to provide some portion of the cost of the care of the other partner; the remainder of which is to be paid for by the State and Federal Government as part of the medicaid program. The amount an individual could be required to provide is determined by the State's maintenance allocations for institutionalized care. Thus while it varies from State to State, a noninstitutionalized spouse could be reduced to living below the State's welfare level.

The logical inconsistencies with such an approach are several. The most glaring, of course, is that the effective result is to force the noninstitutionalized spouse into a poverty-level lifestyle in order to insure that the institutionalized spouse remains eligible for medicaid. Second, deeming income in this context is an irrational application of the "economies of scale" theory, which presupposes that two can live more cheaply than one. That may well be the case when the two spouses are living together under the same roof, but when they are physically separated by the institutionalization of one, the analysis is inappropriate. The fixed costs of the noninstitutionalized spouse remain the same; there are still mortgage or rent payments, automobile costs and insurance, utility bills, water bills, and the other myriad living costs which a couple might have. Whereas a couple previously living in poverty would be less likely to have many fixed costs, a working class or retired couple, with a reasonable, if not substantial income, would suddenly find that the need for institutionalization of one spouse meant that the couple would lose everything.

The choices open to the noninstitutionalized spouse are not appealing. If they pay the full deemed amount, they are likely to suffer themselves. If they do not pay, they take the serious risk that their spouses will be evicted, for the nursing home will not be receiving the full cost of care; only that portion for which medicaid reimburses them will be available. A third alternative has often been suggested by probably well-meaning welfare workers: That the couple obtain a divorce, thus negating the problem.

This is precisely what occurred to a couple in my own State of Indiana. Wilbur Leming and his wife Eileen were advised by the Indiana State Welfare Department to get a divorce after 30 years of marriage in order for Eileen, who suffers from multiple sclerosis, to receive medicaid assistance. Wilbur's take-home salary of $125 a week exceeded the maximum rate allowed by Indiana for medicaid eligibility.

I would like to point out that there are serious questions regarding the legality of deeming. The Supreme Court, on three occasions, has indicated that the deeming of income from a man-in-the-house to children otherwise eligible for aid to families with dependent children—AFDC—violated the Social Security Act because it uses the children as pawns to force an otherwise unresponsible person to provide support. Further, in *Franssen* v. *Juras*, 406 D. Supp. 1375 (D. Ore. 1975), the deeming procedure was invalidated due to Oregon's failure to have an appropriate relative responsibility law. A more recent case has taken the next step by concluding that the presence or absence of a relative responsibility law is irrelevant, in that deeming per se violated the medicaid statute. *Burns* v. *Vowell*, 424 F. Supp. 1135 (S.D. Tex. 1976).

The language of the medicaid statute, 42 U.S.C. 1396(s)(17), strongly suggests that States are not permitted to consider income available from a noninstitutionalized spouse to an institutionalized spouse unless it is actually available. Furthermore, the legislative history of that section indicates that its purpose was to insure that spouses of institutionalized medicaid recipients would not be forced to provide a degree of support to their spouses which is beyond their means, The history specifically noted that spouses should be forced to make contributions only "if able" to do so. Senate Report No. 404, 89th Congress, 1st session, in United States Code Congress and Administration News, 2018 (1965).

At the present time, deeming of income remains a problem in only 15 States. A 1973 amendment to the Social Security Act permitted States the option of allowing all those persons eligible for SSI payments to be eligible for medicaid assistance as well. The Department of Health, Education, and Welfare has interpreted this amendment to allow States to use whatever medicaid eligibility standards were in effect as of January 1972 or to use the minimum criteria for SSI eligibility. As a result, 34 States have chosen to employ SSI standards for medicaid eligibility while 15 States have used more stringent eligibility standards in effect in their State as of January 1972.

The Department of Health, Education, and Welfare issued regulations in January 1977 which attempted to clarify financial eligibility for medicaid for all those States choosing to use SSI standards. These regulations effectively ended the practice of "deeming" for 35 States. For 14 States and the District of Columbia, however, the practice of deeming continues to provide an arbitrary portion of one spouse's income for the care of the other without any regard to the financial needs of the spouse living outside the nursing home. These States include: Colorado, Connecticut, Hawaii, Illinois, Indiana, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Carolina, Ohio, Oklahoma, and Utah. Ohio has been attempting to change its status, but a court case brought by some Ohio legislators has kept the State in the minority fold.

II. SUMMARY OF LEGISLATION

My legislation will amend section 1902(f) of the Social Security Act so that even if a State has opted not to provide automatically for medicaid benefits to SSI recipients, that State will not be able to employ deeming as a method of requiring support from a noninstitutionalized spouse. All States will thus be subject to the January 1977 HEW regulations, 45 CFR 248.3(b)(2), which have been interpreted to require that the spouses be treated separately in the calendar month beginning after the month in which the institutionalization begins. Thus couples will be able to remain married, but will have their incomes evaluated on an individual basis, which should at least permit the noninstitutionalized spouse to retain a reasonable portion of the couple's total income.

This change will not deflect the intent of section 1902(f) of the medicaid statute. That section's purpose, as set out in its legislative history, was "not to impose a substantial fiscal burden on these States". Senate Report No. 93-553, 93d Congress, second session, at 56 (1973). The congressional fear at the time of enactment was that the requirement that States provide medicaid benefits to all SSI recipients would have had a devastating financial impact, as the SSI eligibility guidelines were considerably more liberal. The numbers of eligible medicaid recipients would have increased dramatically.

Mr. President, our responsibility in cases like this is very clear. Our intentions in writing the medicaid provisions to provide necessary health care in a fiscally responsible manner were entirely proper. Unfortunately, the complexity of the law has led to unforeseen inequities. The deeming requirements are forcing many of our citizens to live in poverty. Some have even sought divorce, so their loved ones can receive proper care. This situation cannot be tolerated, and we must take action to set the law straight. I hope the Senate committee will act quickly on this legislation to end the unnecessary emotional and financial problems created by the inequitable treatment of married couples under medicaid in States such as Indiana.

By Mr. CHURCH:

S. 1915. A bill to extend and improve certain provisions relating to the treatment to be accorded to certain disaster victims in the administration of the supplemental security income program established by title XVI of the Social

Security Act; to the Committee on Finance.

SUPPLEMENTAL SECURITY INCOME DISASTER RELIEF AMENDMENTS

Mr. CHURCH. Mr. President, I introduce for appropriate reference a bill to protect disaster victims from having their supplemental security income benefits either reduced or terminated.

Last year I won approval of two amendments for this purpose:

First. To exempt from countable income under the SSI program assistance received under the Disaster Relief Act or other Federal statute because of a Presidentially declared disaster.

Second. To allow SSI recipients to continue to receive their full benefits for 18 months if they are forced to move into the household of another because of a Presidentially declared disaster.

These measures were designed to protect victims of the Teton Dam disaster in my home State of Idaho, as well as others suffering loss from a major casualty.

My amendments, however, were only applicable to victims affected by disasters occurring on or after June 1 and before December 31, 1976. Senator LONG, the chairman of the Finance Committee, suggested this trial period to determine the effect of these provisions.

The Social Security Administration has informed me that my amendments have presented no significant administrative problems. But, these measures have provided valuable protection for aged, blind, and disabled recipients who have been adversely affected by a disaster. In many cases these individuals have already suffered substantial losses. To my way of thinking, our Nation should do everything possible to insure that they do not suffer any further hardship.

My bill is designed to achieve this in two ways. First, it would make permanent the protection provided in my two amendments which were enacted into law last year. The effect is that SSI recipients would not have their benefits reduced or terminated because:

They receive Federal disaster assistance; or

They must move into the household of another for up to 18 months while their home is repaired or replaced.

This protection, though, would no longer be limited to disasters occurring from June 1, 1976, to December 31, 1976. It would also apply to disasters occurring on or after December 31, 1976.

There have been approximately 40 Presidentially declared disasters since then. Nearly 94,000 persons—many of whom are SSI recipients—have applied for assistance under the Disaster Relief Act.

My proposal would help low-income aged, blind, and disabled SSI recipients by assuring that they would not incur unintended hardships.

Second, my bill would provide further protection for victims of the Teton Dam disaster and others similarly situated.

The Teton Dam disaster victims received financial assistance under legislation I sponsored to compensate them for lost housing and other property damage. However, it has taken these persons considerable time to rebuild or repair their housing because of the massive reconstruction in the area.

Under these circumstances, this assistance can become a resource for determining SSI eligibility. Existing law permits SSI recipients to have up to $1,500 in countable assets for a qualifying individual and $2,250 for a couple.

My bill would help to remedy this problem by exempting disaster assistance compensation as a countable resource for 9 months after SSI beneficiaries receive these payments because of a Presidentially declared disaster. The purpose is to allow SSI disaster victims sufficient time to make suitable arrangements to replace or repair damaged property without being penalized. The Secretary of Health, Education, and Welfare would also have authority to provide an extension of time for good cause. Finally, my proposal would exclude as countable income any interest earned on disaster compensation payments for nine months. Here again, the Secretary would have authority to provide an extension for good cause.

These amendments, I want to emphasize, would only apply to Presidentially declared disasters.

Nobody can say for certain how often these measures will be needed.

However, low-income SSI recipients victimized by catastrophes have already suffered enough and should not be forced to endure further economic hardship.

America is a humane Nation. We have repeatedly helped others in time of tragedy, whether they live here in the United States or elsewhere throughout the world. We have compiled a record of which we can be proud.

SSI disaster victims should not be further penalized by having their benefits reduced or terminated.

My bill would provide fair treatment for these individuals, as well as assure that their assistance payments are not diluted when their need may be the greatest.

For these reasons, I urge prompt approval of this legislation.

Mr. President, I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1915

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

EXCLUSION FROM INCOME UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM OF CERTAIN DISASTER ASSISTANCE

Section 1. (a) Section 2(b) of Public Law 94-331 is amended by striking out "and before December 31, 1976".

(b) The effective date of this section shall be the first day of the calendar quarter following enactment of this Act.

TREATMENT OF SUPPORT AND MAINTENANCE, UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM, IN THE CASE OF VICTIMS OF CERTAIN DISASTERS

SEC. 2. (a) Section 4(b) of Public Law 94-331 is amended by striking out "and before December 31, 1976".

(b) The effective date of this section shall be the first day of the calendar quarter following enactment of this Act.

EXCLUSIONS FROM INCOME, UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM, OF INTEREST RECEIVED ON CERTAIN DISASTER RELIEF FUNDS

SEC. 3. (a) Section 1612(b) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (10) thereof,

(2) by striking out the period at the end of paragraph (11) thereof and inserting in lieu of such period the following: "; and", and

(3) by adding after and below paragraph (11) thereof the following new paragraph:

"(12) interest income received on assistance funds referred to in paragraph (11) within the 9-month period beginning on the date such funds are received (or such longer periods as the Secretary shall by regulations prescribe in cases where good cause is shown by the individual concerned for extending such period)."

(b) The amendment made by this section shall be effective July 1, 1976 with respect to catastrophes which occurred on or after July 1, 1976 and before December 31, 1976. With respect to catastrophes which occurred on or after December 31, 1976, the amendment made by this section shall be effective the first day of the calendar quarter following enactment of this Act.

EXCLUSION FROM RESOURCES, UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM, OF CERTAIN DISASTER ASSISTANCE AND INTEREST INCOME THEREFROM

SEC. 4. (a) The first sentence of section 1613(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (4) thereof,

(2) by striking out the period at the end of paragraph (5) thereof and inserting in lieu of such period the following: "; and", and

(3) by adding after the below paragraph (5) thereof the following new paragraph:

"(6) assistance referred to in section 1612(b)(11) for the 9-month period beginning on the date such funds are received (or for such longer period as the Secretary shall by regulations prescribe in cases where good cause is shown by the individual concerned for extending such period); and, for purposes of this paragraph, the term 'assistance' includes interest thereon which is excluded from income under section 1612(b)(12).".

(b) The amendment made by this section shall be effective July 1, 1976 with respect to catastrophes which occurred on or after June 1, 1976 and before December 31, 1976. With respect to catastrophes which occurred on or after December 31, 1976, the amendment made by this section shall be effective the first day of the calendar quarter following enactment of this Act.

By Mr. GRAVEL:

S. 1919. A bill to amend the Head Start Follow Through Act to provide more flexible criteria for participation in Head Start programs, and for other purposes; to the Committee on Human Resources.

Mr. GRAVEL. Mr. President, Head Start is an antipoverty program designed to be a comprehensive system of health, educational, and social services for low-income parents and their preschool children. In Alaska, Head Start provides critically important services such as medical examinations, a preschool enrichment program, dental examinations, and treatment to children throughout the State.

Under the authorizing legislation, the Secretary of HEW prescribes the criteria for eligibility for participation in Head

Start programs. One of the criteria provides that, pursuant to regulations as the Secretary may prescribe, participation may include children in the area served who would benefit from such a program but whose families do not meet the low-income criteria.

The Secretary has established a 10-percent limitation on the number of overincome children who can be enrolled in any Head Start classroom. For many areas of the country, this limitation strikes a proper balance between the need for an economic mix among participants and the need to target low-income persons.

However, the limitation has caused problems in some rural areas. In Alaska, the typical Head Start community has approximately 20 children. This represents the total preschool population in a given community. Three or four of these children may be overincome, therefore putting the Head Start community out of compliance with the regulations. However, the difficulty of excluding two children in a given community is obvious: these will be the only two children in the community who cannot attend Head Start. Not only is the regulation unenforceable, but it will cause a division within the community which virtually guarantees the total failure of a Head Start program.

In addition to the psychological problem of exclusion, there is the unique problem of poverty of access. In urban areas, families with middle and upper incomes can readily purchase those services offered by Head Start to low-income families who, because of their poverty, are denied access to such critically important services.

Alternative programs are simply not available in rural Alaska. For example, all residents of the community of Alaka-nuk share in the poverty of access, regardless of income. There is neither a doctor nor a local public health nurse in the community. Outside of infrequent professional care, the only health services available are through paraprofessional health aides who screen and refer patients, but cannot perform such basic services as physical examinations and diagnosis. Most social services are provided on an itinerant basis. Preschool development materials, such as preschool toys and development readers are not available in the community. The point is that regardless of family income in many communities in the State, there is simply no access to information, materials, and services which would help parents provide a well-rounded preschool program.

Mr. President, I ask unanimous consent that three letters from communities in Alaska be included in the RECORD at this point.

There being no objection, the letters were orderd to be printed in the RECORD, as follows:

UNALAKLEET, ALASKA,
November 11, 1976.

Dr. JOHN MEIER,
Director, Office of Child Development, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. MEIER: Our local Parent Committee of the Alaska RurALCAP Head Start Program, has been made aware of the possibility that "non-low income" preschool children may be disqualified from the Head Start program in the future. We are very concerned about this and would appreciate your office learning of our concern.

As you are probably aware, Alaska sits in a very unique situation in relation to the rest of our United States. This situation is caused by mainly the cost of living, and for the fact that Alaska's population is one of the lowest in the Nation, and especially if it is measured in population per square miles. These two facts alone make it impossible to arbitrarily force regulations developed on a national scale, and have them fit the situation in rural Alaska. This seems to be the cause in determining eligible students for the Head Start program.

Unalakleet has a population of around 600 residents. We have a very high rate of unemployment. In fact, if Washington, D.C., had the same unemployment rate as our community, President Ford would probably call it a "National Disaster". This high rate of unemployment would probably put our community, and many other communities in Alaska, quite close to the bottom of the totem pole, as far as looking at a community's income in relation to the rest of the Nation. There are, fortunately, a few people working in the community who also have children in the preschool age. Were they disqualified because of income levels, it would be felt very heavily, and a number of our students would be disqualified, with no other program for them to attend.

We have enclosed a copy of a petition circulated throughout our small community. This petition supports our requests that either of two income level decisions be made that would affect our program: 1. Have your office accept regulations that would allow income levels to be on the same par as the State of Alaska now accepts in its programing, and 2. request that the Federal Government create regulations that would waiver ALL income barriers in communities with a population of less than 2,000 residents. These two stipulations would, if accepted, be very fit for rural Alaska especially because of some unique conditions in our area.

Thank you for your consideration on this matter.

Sincerely yours,

ROGER NANOUK,
President, Unalakleet Head Start Policy Committee.

PARENT ADVISORY COMMITTEE,
Chevak, Alaska, November 8, 1976.

Hon. MIKE GRAVEL,
Dirksen Senate Office Building, Washington, D.C.

DEAR SIR, We are representing the community of Chevak, Alaska in supporting a waiver of all income guidelines in any community in Alaska concerned with Headstart Program, which was asked by the State Policy Council and the Rural Cap Board to the office of the Child Development, Department of Health, Education and Welfare. We feel the change should be made concerning the family income guidelines for use in determining eligibility for participation of children in Headstart Programs which were made by the federal government.

The following reasons are from the families of this community:

1. There are no families that are employed with permanent jobs except those city officials, school staff and store workers.

2. The people are from low income families, living mostly on subsubsistence hunting.

3. Headstart Program is the only opportunity for pre-school children to get into early childhood education. There are no other early child development programs in this community and other communities in rural Alaska. (In Western Coastal area).

4. The early learning of a child is important to prepare the pre-school child to become familiar with other cultures other than his own. This is very important for the education of the child.

5. Many families cannot afford learning materials and even educational toys that the headstart have available.

We strongly urge you to support for our cause in having Headstart Programs in this part of Alaska continuing for the years ahead. We know that you are familiar with the way of life in Rural Alaska and you would know what is best for such programs and many others. The welfare of our children's education is very important to us and for the future generations.

We will be happy to get a reply from you concerning this letter.

Sincerely,

PARENT ADVISORY COMMITTEE OF CHEVAK.

MOUNTAIN VILLAGE HEAD START
PARENT COMMITTEE,
Mountain Village, Alaska, November 10, 1977.

Dr. JOHN MEIER,
Director, Office of Child Development, Department of Health, Education and Welfare, Washington, D.C.

DEAR DR. MEIER: We the Head Start Committee of Mountain Village have been made aware of the Guidelines made by the Department of Health, Education and Welfare for the whole Nation which includes Alaska. We are deeply concerned with these guidelines and we hope you and your committee will take time to consider this letter, as we hope you are doing your best for the good of the Nation and its People.

Alaska, as you know is the biggest state in the nation, with the highest cost of living with the exception of Hawaii. It also has the highest prices on food, on fuel, on clothing and other merchandises which are urgently needed to live healthy, halfway happy and normal lives. It also is the coldest spot in the Nation. Regardless of the prices, we are constantly forced to purchase these materials to counteract the cold long winters. The majority of the families here earn their annual income in the three short months, which are June, July and August. This income is usually used to pay the past and future winter bills. Therefore, we hope you will deeply consider the Guidelines that were presented to you by the Department of Community and Regional Affairs in Juneau. Or consider waivering the guidelines in any community with a population of less than 2,000.

To avoid a lengthy letter, we invite you or your committee members to come and live with us, so that you can see what we are trying so hard to get across to you. Maybe if you go through what our people go through here, you will be more considerate in some of your decisions. In our opinion, there are no such people as over income parents, just a few parents who are a little more fortunate. We have only one Early Childhood Program which is Head Start. And who knows, because of your decisions, this may be taken away from us, or a few children from a few fortunate families will not be allowed to attend Head Start because they have to pay.

Thank you for your time to hear us out and we will continue to support our Government and its Officials like you.

God Bless you and your work.

Sincerely,

MOUNTAIN VILLAGE
HEAD START PARENTS.

Mr. GRAVEL. Mr. President, I am today introducing an amendment to the Economic Opportunity Act that would require the Secretary to recognize the

poverty of access in the remote communities of Alaska. This legislation provides that whenever a Head Start program is operated in a community of 1,000 or fewer individuals and in which, first, there is no other preschool program; second, there is no resident professional medical service provider; third, the population resides in a location which, by reason of remoteness, does not permit reasonable access to services described in first and second; and fourth, at least 50 percent or more of the families to be served are eligible under income guidelines established by the Secretary, the Head Start program in each such locality shall establish the criteria for eligibility.

I encourage my colleagues to take a close look at the type of poverty that exists in Alaska and act speedily on this legislation. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1919

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second sentence of section 518(a) of the Economic Opportunity Act of 1964 is amended by striking out "Such" and inserting in lieu thereof "Except as provided in the last sentence of this subsection, such".

(b) Such section 518(a) is amended by adding at the end thereof the following new sentence: "Whenever a Headstart program is operated in a community of 1,000 or less individuals and (1) there is no other preschool program in the community; (2) there is no resident professional medical service provider in the community; (3) the community is in a location, which by reason of remoteness, does not permit reasonable access to services described in clauses (1) and (2); and (4) at least 50 percent or more of the families to be served in the community are eligible under income guidelines established by the Secretary, the Headstart program in each such locality shall establish the criteria for eligibility.".

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 1920. A bill to amend the act of July 13, 1970, 84 Stat. 431 (25 U.S.C. 1211), relating to the Tlingit and Haida Indian Tribes; to the Select Committee on Indian Affairs.

Mr. GRAVEL. Mr. President, today, Senator STEVENS and I are introducing, at the request of the Central Council of the Tlingit and Haida Indians, a bill to confirm that the Tlingit and Haida Indians constitute a single tribal entity of which the Central Council is the general and supreme governing body.

Mr. President, I ask unanimous consent that a resolution of the Central Council of the Tlingit and Haida Indians of Alaska be inserted in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION No. 77-78-22

Entitled: To direct the President of the Central Council to seek legislation reaffirming the status of the Tlingit & Haida Indian Tribes as a sovereign and single Indian Tribal Entity and the status of the Central Council as the governing body thereof:

Whereas, the Tlingit and Haida Indian Tribes of Alaska are historic Indian tribes that have been consolidated and recognized by the United States as a single tribal entity; and

Whereas, by the Act of June 19, 1935, 49 Stat. 388, as amended by the Act of August 19, 1965, 79 Stat. 543, and other Acts, Congress constituted the Central Council as the general and supreme governing body of the consolidated Tlingit and Haida Indian Tribes; and

Whereas, it would be desirable and in the best interests of the tribes and the Central Council to obtain legislation reaffirming their respective statuses;

Now, therefore be it *resolved,* That the President of the Central Council is authorized and directed to seek the enactment by Congress of legislation reaffirming the status of the Tlingit and Haida Indian Tribes as a sovereign and single tribal entity and reaffirming the status of the Central Council as the general and supreme governing body of such entity: provided that nothing in such legislation should eliminate the eligibility of any other qualified Native village or community organization within or under the jurisdiction of the Central Council to receive benefits under P.L. 93-638, the Indian Self-Determination and Education Assistance Act, 88 Stat. 2203.

Mr. GRAVEL. The American Indian Policy Review Commission fully recognized that the Tlingit and Haida Indians constituted a single tribal body and that the central council was the supreme governing body of that tribe. The Commission went on to recommend to Congress that legislation be enacted to effectuate their finding.

This finding and recommendation was based on a long and indisputable history of congressional legislative intent regarding the Tlingit and Haida Indians.

Congress, with the adoption of the Indian Reorganization Act in 1934, hereafter called IRA, undertook to promote the strengthening of tribal governments.

All 12 of the Native villages and groups located in southeastern Alaska that organized between 1938 and 1941 under the IRA, as well as several which did not, were all components of the confederated Tlingit and Haida Tribes, which the United States had recognized as a single tribal entity by the adoption of the act of June 19, 1935.

In response to the desire of the Tlingit and Haida Tribes of southeastern Alaska to strengthen their tribal government, Congress enacted legislation in 1965 to provide for the reorganization of their central council as a democratic and representative body and to confirm the central council as the general and supreme governing body empowered to act for the tribes as a whole, notwithstanding that many of its component villages had been individually organized under the IRA.

Congressional enactments of 1970 and 1971 further established the recognition of the central council. The Alaska Native Land Claims Settlement Act enacted in 1971 specifically designated the central council as the existing organization having exclusive authority and responsibility on behalf of the Natives of southeast Alaska to initially implement its provisions.

Historically then, there can be no legitimate doubt that the Tlingit and Haida Tribes have been recognized by Congress as a single tribal entity or that the central council has been constituted as the general and supreme governing body thereof.

The legislation we seek here is not intended to change the status of the Tlingit and Haida Tribes or the Central Council but rather to confirm them in terms too clear to be misunderstood.

It took the Tlingit and Haida people many years to evolve a strong central government that could speak and act for the tribes as a whole. The BIA had in the past actively supported efforts to constitute a Central Council that could function as the governing body of the Tlingit and Haida Tribes. The Central Council is not the aggregate of smaller Tlingit and Haida organizations, rather the latter are now subdivisions of the council. The constituents of the Central Council are all of the Tlingit and Haida Indians as individuals.

For over 6 years the Central Council has been managing the BIA's Southeast Alaska Agency and administering Native affairs in that area under contract with the Department of the Interior. The continuation of this highly successful contract, one of the first of its kind, is presently threatened by the ambiguity, concerning the legal nature of the Central Council and misconstruction of the Indian Self-Determination Act.

The Indian Self-Determination Act (Public Law 93-638) defines "Indian tribes" as meaning:

Any Indian tribe, band, nation, or other village organized group or community, including any Alaskan Native village or village or regional corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act.

Real problems arise from the section which provides that—

In the case where a contract is let or grant made to an organization to perform services benefiting more than one Indian tribe, the approval of each such Indian tribe shall be a prerequisite to the letting or making of such contract or grant.

The insistence on the primacy, for purposes of the Self-Determination Act, of such entities as village councils organized under the Indian Reorganization Act, if unchecked, will fractionalize the Tlingit and Haida Tribes and will restore the very condition that the Congress, the Tlingit and Haida people, and the Secretary of the Interior struggled so long to remedy. The provision of the Self-Determination Act, relating to the situation "where a contract is let—to an organization to perform services benefiting more than one Indian tribe," clearly has no application in the case of the Tlingit and Haida tribes and their Central Council.

The legislation we propose to reaffirm the status of the Tlingit and Haida Tribes and the Central Council would not eliminate the eligibility of any of the otherwise qualified smaller organizations of Tlingit and Haida Indians to apply for or

receive benefits under the Self-Determination Act or any other act or program. It would simply confirm, as is the case under existing law, that they are subordinate to the Central Council and that, for the purposes of Federal laws and programs making benefits available to Indian groups, the Central Council is superior and takes precedence over such smaller organizations where they come into competition.

The effect of this legislation's enactment would be that the BIA would be able, without hesitation, to look upon the Central Council as the supreme governing body empowered to negotiate and enter into contracts with persons and entities of every kind; to acquire and dispose of property; to borrow and raise money; to employ persons to render professional, technical, and other services; to authorize the use and expenditure of funds belonging to the Tlingit and Haida Indians; and to authorize and provide for the organization or subordinate entities to perform governmental and proprietary functions. All of these functions for all of the Tlingit and Haida Tribes are provided for in their own constitution.

Our swift enactment will effectuate the true intent of Indian self-determination and insure that there are no disputes over what does constitute the tribal entity in southeast Alaska.

It is my sincere hope that Congress act favorably and expeditiously to implement the recommendation of the American Indian Policy Review Commission and the resolution of the Central Council of the Tlingit-Haida Indian Tribes. I respectfully urge its early consideration and enactment.

Mr. STEVENS. Mr. President, it is my pleasure to join today with Senator GRAVEL in cosponsoring this bill at the request of the Tlingit-Haida Indians.

On January 4, 1975, President Ford signed into law the Self-Determination and Education Assistance Act (P.L. 93-638). This was a congressional effort to declare as U.S. policy the basic principle of self-determination. It was felt that freedom from governmental control in decisionmaking was a necessary prerequisite for developing the human resources of the Indian people.

It is ironic that this legislation, designed to enable Natives to regulate their own affairs and develop their own leadership, has, in effect, further restricted groups of Alaskans Natives from implementing the policy of self-determination.

The problem lies in the specific language of the bill. In the definition of "Indian tribe" and "tribal organization," the specific mention of the Alaskan nonprofit corporations is conspicuously absent. This omission has kept these Native corporations from reaping the benefits intended to be derived from this act. Government agencies which award contracts to Native groups have given priority to those groups specifically mentioned in the definition of "tribe" or "tribal organization." The fact that there are over 500 tribes in the State of Alaska has left the determination up to the arbitrary discretion of the BIA and other agencies.

It is the contention of the Central Council of the Tlingit-Haida Indians that this has continually frustrated their attempts to fulfill their responsibility to their tribal members and to carry out much needed social services with grants and contracts from Government agencies. It is on behalf of the Central Council that we are introducing today legislation which is intended not to change the status of the Tlingit-Haida tribe or the Central Council but to reaffirm their position so as to assure their recognition by Government agencies.

The Tlingit and Haida Indians have, in the past, been recognized by Congress in specific acts, hearings, and congressional reports. The Central Council of this tribal entity has repeatedly been described as the representative governing body of this group of Indians.

What must now be done is to state, in a legislative amendment, what has always been assumed. We must remove any doubt that the Tlingit and Haida Indians constitute a single recognized tribal entity of which the Central Council is the supreme governing body.

A brief summary of the unique history of the Tlingit and Haida tribes will, I am sure, convince my colleagues that the contention of this group is justified and deserving of this legislation.

The Tlingit and Haida Indians have used and occupied the land that is now southeast Alaska for hundreds of years. As early as the 18th century, thousands of these Indians lived within sophisticated clan organizations with a substantial material culture and established rights and laws. Their traditional way of life was disturbed by the Russian sale of the Alaskan territory in 1867 and the establishment of Army posts in the southeastern area. The Tlingit and Haida Indians conducted organized meetings to discuss their objections to the sale, claiming that they were the rightful owners, not the Russians.

Since that time, the group of Indians has proved their status as a united tribe, and their ability to organize politically to work for their betterment. In 1912, they formed the first Alaskan Native organization, the Alaskan Native Brotherhood. The ANB was instrumental in attaining citizenship for Natives in Alaska.

It was also the work of this group which led to Court of Claims action. In 1935, the Tlingit and Haida Indians sued the United States for the loss of their land. The court decided in favor of the tribes by claiming that the lands and waters of virtually all of southeastern Alaska belonged to the Tlingit and Haida Indian tribe. The compensation awarded was $7.5 million.

In 1965, further legislation was enacted with regard to the Tlingit and Haida tribes. At this time, it was specifically stated by the Under Secretary of the Interior that this 1965 act would:

> Create a representative tribal governing body with all the authority necessary to work with the Bureau of Indian Affairs and with the smaller organized groups of Tlingits and Haidas. The absence of any such body has greatly handicapped both the Bureau and the Indians during the past 30 years.

The principal focus of the Congress and the Department of the Interior at this time was to enhance the organizational capacity of the Tlingit and Haids Indians to prosecute their claims against the Government and to administer the proceeds. However, the Senate report which accompanied this bill stated that the absence of a representative tribal governing body severely handicapped the tribe and the BIA in arriving at a consensus of how the compensation should be awarded. Because the Central Council was provided for in this act, it must be assumed that the intent of this act was to have the Central Council recognized as the representative body of the Tlingit and Haida tribes as a whole. In addition, the House stated that—

> The existing Central Council of the Tlingit and Haida Indians is recognized, provided its future members are elected pursuant to rules and regulations found by the Secretary of the Interior adequate to ensure fair representation of the Tlingits and Haidas.

Following the enactment of the 1965 bill, the Central Council organized under the rules of election approved by the Secretary. These rules show that the Central Council is democratically elected and truly representative of all the Tlingit and Haida Indians and thus is "rocognized" as the governing body.

Several times since 1965 Congress has recognized the representative status of the Central Council. In the Tlingit and Haida distribution of judgment fund of 1970, both Houses of Congress stated their understanding that the Central Council is the governing body of the Tlingit and Haida Indians. Again in the 1971 Alaska Native Claims Settlement Act Congress assigned the implementation and organizational responsibilities for the Natives of southeastern Alaska exclusively to the Central Council.

Earlier this year, the Indian Policy Review Commission reported to Congress that the Tlingit and Haida Indians constitute a single tribal entity of which the Central Council is the general and supreme governing body. The Commission recommended that Congress enact legislation confirming this fact.

It is disturbing to me, in light of what Congress has already done in the past, that we must again seek legislative amendments. I believe, however, that it is necessary to correct a situation which is threatening the contractual relationship between the Tlingit and Haida Indians and the Government.

I realize that although the case of the Natives in southeast Alaska is a unique one, the basic problem of tribal definition is shared by all the regions in Alaska. The question of just what is a "tribal organization" is one that must be answered by the Natives themselves. They are the ones who must decide who they want as their representative and governing body. Therefore, it is my intent, Mr. President, to circulate this bill in Alaska. The expressed opinions of Alaskan Natives must be voiced and recognized. Only through a united effort and united support of this legislation can we determine once and for all the status of the regional Native associations so that the policy of self-determination can be pursued unfettered.

By Mr. DOLE (for himself, Mr. TALMADGE, Mr. FORD, Mr. HUDDLESTON, and Mr. YOUNG):

S. 1921. A bill to amend the Internal Revenue Code of 1954 to exempt from taxation amounts received under certain scholarship programs; to the Committee on Finance.

TAX EXCLUSION TO ATTRACT STUDENT HEALTH PROFESSIONALS

Mr. DOLE. Mr. President, today, along with my colleagues, Senators TALMADGE, FORD, HUDDLESTON, and YOUNG, I am introducing legislation designed to reinstate the tax-exempt status for amounts received by individuals under the Public Health Service/National Health Service Corps and Armed Forces health professions scholarship programs. This legislation is a companion bill to one introduced by Representative TIM LEE CARTER on June 23, 1977. Before sharing with you my rationale for such action, I would like to provide my colleagues with a brief historical view of the scholarship programs we will discuss today and the problems that face them.

In 1972, Congress passed legislation that recognized two major areas of concern. First, the health manpower shortage in certain medically needy communities and second, the need to insure there were sufficient health professionals to care for our military personnel and their families. In that year, the Emergency Health Personnel Act amendments, Public Law 92–585, and the Uniformed Service Health Professions Revitalization Act of 1972, Public Law 92–426, became law. These new laws created two scholarship programs designed to support the training of health professions students in return for certain service commitments. The programs that were authorized were: The Armed Forces health professions scholarship program—AFHPSP—and the Public Health Service/National Health Service Corps scholarship program. The programs have done an admirable job of accomplishing the goal of providing health professionals to underserved communities and to the military.

In 1975, the military enrolled, 4,829 health professions students in the scholarship program.

In 1976, 4,856; and in 1977, the projection is 4,863.

NATIONAL HEALTH SERVICE CORPS

The National Health Service Corps program shows an even more remarkable growth pattern. We must recognize that their funding has also grown, from $3 million to $22.5 million in 1976, with an even larger amount being discussed in the HEW/Labor appropriations bill.

In 1974, when the Corps program was finally funded, 391 awards were granted; in 1975, 2,371; in 1976, 2,288; with an additional 2,247 given in the transition quarter.

I am convinced that the Public Health Service/National Health Service Corps program is a major step towards addressing the critical issue of the maldistribution of health manpower. This scholarship program is by no means ordinary. Indeed, it has as its goal not simply financial support of health professions students but, more importantly, the provision of health services to the medically underserved. As a Senator from a predominantly rural State, I am well aware of the need for such a program.

ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP

The Armed Forces health professions scholarship program provides that for the purpose of obtaining adequate numbers of commissioned officers on active duty who are qualified in the various health professions, the Secretary of each military department may establish and maintain a health professions scholarship program for the Department.

This program is in a particularly distressing situation at this time. A June 6, 1977 article in the Washington Post by Ms. Elizabeth Becker noted that—

For the first time in memory, no branch of the U.S. armed services has enough physicians . . .

In the Washington area alone, there are 114,000 service dependents who rely on military health personnel. There are many more personnel throughout the country.

It has been said that, "both the scholarship programs are publicly funded programs which have vital social goals. The principal beneficiaries of these programs are intended to be the American people—the taxpayers themselves who will receive the benefit of needed health services. It is essential that these programs remain viable and attractive to students entering health careers so that the public service goals can be achieved."

The Armed Forces health professions scholarship program will have its work cut out—even more so because we have removed one of the more attractive incentives, tax exclusion for the scholarship moneys.

The Public Health Service/National Health Service Corps is in the same predicament. Having lost tax exclusion status for its scholarship program, it too has experienced difficulties in recruiting students. This situation has occurred only recently and was certainly not the original intent of the Congress.

Subject to certain limitations, the tax code provides that gross income of an individual does not include any amount received as a scholarship at an educational institution or as a fellowship grant.

Whether an amount received by an individual is excludable from gross income depends upon the facts and circumstances under which the payment is made.

The regulations further provide that any amount or amounts paid or allowed to, or on behalf of, an individual to enable the individual to pursue studies or research shall not be considered to be an amount received as a scholarship or fellowship grant if such amounts represent compensation for past, present, or future services. The Internal Revenue Service has ruled that the Armed Forces health professions scholarship program—AFHPSP—and the National Health Service Corps meet this definition and thus amounts received from the programs should be included as gross income. Recognizing the special nature of these programs, Congress passed legislation that exempted amounts received under the Armed Forces health professions scholarship program or any similar program.

This legislation expired in 1975 but the Tax Reform Act of 1976 contained a limited extension of the tax exclusion for those students who were participating in the program in calendar year 1976. Without further action on our part, students entering these programs in 1977 or any year thereafter, will be taxed on all amounts received from these programs.

SITUATION CRITICAL

The situation has become critical. Education for health professions students has become increasingly more expensive. In medical schools alone, the tuition rates range from $300 a year to $14,000 a year. Minority students and other economically disadvantaged students are particularly hard hit. While approximately 1 in 10 medical students are of minority/low income status, 1 in 4 is a scholarship recipient. Health manpower is increasingly difficult to recruit into underserved areas and the military.

During discussions on the 1976 Tax Reform Act, it was decided to continue the exclusion of these scholarships from gross income pending a thorough staff review of the appropriate tax treatment of the grants in view of the overall national policy toward the military—and other uniformed services—health professions programs. This study has not yet begun.

In the meantime, the programs may experience a serious setback as they no longer can offer as an incentive tax exclusion for the moneys granted. Students entering the program may be faced with the situation of insufficient funds to cover expenses because of taxes.

On June 15, Senators HUDDLESTON and FORD introduced legislation that would have excluded those moneys received by students in the uniformed services scholarship programs from taxation. It is my intention to cover those students and the students in programs of similar intent, such as the Public Health Service/National Health Service Corps. I am pleased that these distinguished Senators have joined me as cosponsors.

Mr. President, I believe it is in the best interests of the public to continue to support these programs by providing for this tax exclusion designed to provide health professionals to the medically underserved and the military.

I urge my colleagues to give this matter their attention.

By Mr. STEVENS (for himself, Mr. METCALF, and Mr. GRAVEL):

S. 1922. A bill to amend section 16(b) of the Alaska Native Claims Settlement Act; to the Committee on Energy and Natural Resources.

Mr. STEVENS. Mr. President, today I introduce legislation on behalf of the

Sealaska Corporation, one of 12 Native regional corporations established pursuant to the Alaska Native Claims Settlement Act. This legislation would allow Sealaska to select certain lands which have been withdrawn for selection purposes by the Village Corporation for Klukwan, located in southeast Alaska. Under the Alaska Native Claims Settlement Act, the Sealaska Corporation is permitted to select certain lands which are not selected by certain village corporations in Sealaska's region following the completion of the selections by those village corporations.

However, the Klukwan situation is unique. Klukwan is a village located in the northern part of southeast Alaska Following the enactment of the Settlement Act, the Secretary of the Interior determined that there were not sufficient lands located near Klukwan for that Village Corporation to select its land entitlement under the act. Consequently, special legislation was necessary to allow the Secretary to withdraw lands located elsewhere in southeast Alaska for Klukwan selections. This legislation was passed in 1976, but due to an oversight, the bill did not provide that the regional corporation associated with Klukwan, Sealaska Corporation, could select certain lands which were not selected by Klukwan pursuant to procedures established by the Settlement Act.

The legislation I introduce today, which is cosponsored by Senators METCALF and GRAVEL, will conform the selections procedures relating to lands withdrawn for Klukwan with the procedures established by the Settlement Act. I feel this legislation is noncontroversial and can be acted upon swiftly by the Senate. Mr. President, I ask unanimous consent that the text of the legislation and an explanation of the proposed legislation be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1922

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16(b) of the Alaska Native Claims Settlement Act of December 18, 1971, 85 Stat. 688, as amended, is further amended by inserting in the last sentence thereof, following the comma (,) after the word "section," the following: "and from lands withdrawn by subsection (d) of this section for the Village Corporation for the village of Klukwan and not selected by such Village Corporation,".

EXPLANATION OF SEALASKA'S PROPOSAL TO AUTHORIZE IT TO SELECT LANDS IN AREA WITHDRAWN FOR KLUKWAN

It is expected that Sealaska Corporation, the regional corporation organized by the Natives of Southeast Alaska under the Alaska Native Claims Settlement Act,[1] will be entitled to select and be conveyed upwards of 250 thousand acres of land under section 14(h)(8) of the Act.[2]

Section 16(b) of the Act as amended [3] provides that this land shall be selected from the areas withdrawn for the villages in Southeast and not selected by them.

Klukwan is one of these villages. In October 1976, being informed that there was insufficient land of suitable quality in the area withdrawn for Klukwan from which the Klukwan village corporation might select the 23,040 acres to which it is entitled, Congress further amended the Settlement Act to require the Secretary of the Interior to withdraw 70 thousand acres elsewhere in Southeast Alaska from which the village corporation might select its land.[4]

Due to an oversight on Sealaska's part when the Klukwan amendment was being considered by the Congress, it did not seek the inclusion of language to authorize it to select lands to which it is entitled under section 14(h)(8) from the new lands withdrawn for Klukwan and not selected by the village corporation.

As the law now stands, it is doubtful that Sealaska can select lands from the area withdrawn for Klukwan pursuant to section 16(d) of the Settlement Act, as added by the October 1976 amendment. The bill Sealaska proposes would permit it to do so.

As noted, the area withdrawn for Klukwan under section 16(d) comprises 70 thousand acres, from which the Klukwan village corporation is entitled to select 23,040. The bill proposed by Sealaska would permit it to exercise its selection right under 14(h)(8) on the approximately 47 thousand acres that will remain in the area after the Klukwan village corporation has made its selection, just as Sealaska is permitted to exercise such right on the lands remaining in the other Southeast village withdrawal areas after the village corporations have made their selections.

The urgency is that Sealaska's right to make selections under section 14(h)(8) will expire on December 17 of this year. Thus, if it is to select surplus lands from the Klukwan withdrawal area it is essential that enabling legislation be enacted this session.

Sealaska's proposal would not increase its entitlement to land or affect the rights of any other Native corporation in any way. It would simply make available for the selection by Sealaska, in accordance with its existing right under section 14(h)(8), the surplus lands in the area withdrawn for Klukwan.

By Mr. ROTH (for himself, Mr. HUMPHREY, Mr. ANDERSON, Mr. CASE, Mr. CURTIS, Mr. FORD, Mr. GRAVEL, Mr. HEINZ, Mr. LUGAR, and Mr. METCALF):

S. 1923. A bill to amend the Consolidated Farm and Rural Development Act and title V of the Housing Act of 1949 to authorize Federal assistance under such acts with respect to the installation of solar heating and cooling devices in residential and farm structures; to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Banking, Housing and Urban Affairs, jointly, by unanimous consent.

Mr. ROTH. Mr. President, I find it incredible that this bill should ever become necessary. That it is necessary bespeaks the insulation of many Government agencies from national policy as determined by both the Congress and the President.

In this year's budget we have hundreds of million dollars set aside for solar energy development. Pending in the House and Senate are bills to provide tax credits for the use of solar energy. At both the Federal Housing Administration and the Veterans' Administration, solar energy installations are supported by loan guarantees and other assistance. In short, it is clear that in the minds of the Congress, the administration, and the American public solar energy systems are not scientific pipedreams, but here and now technology. But one Federal agency refuses to acknowledge this march of time: the Farmers Home Administration.

I ask unanimous consent that an article which appeared in the June 25 Washington Post be printed in the RECORD following my remarks. The article states that the Farmers Home Administration refused to help finance solar energy systems, because it considers them too "innovative" and "experimental." Frankly, I could not believe the article was accurate, so I directed a member of my staff to telephone Farmers Home officials. I am sorry to say the facts as related in the article are essentially true.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 1.)

Mr. ROTH. Mr. President, I will agree that solar technology is new. And I agree that we need more experience; that we must build a cadre of plumbers, architects, engineers, sheet metal workers, and other skilled professionals with experience in the design and installation of solar systems. But I disagree that the technology is "innovative" or "experimental." Solar units which supply individual homes, apartment buildings, or other structures are serious options.

Solar equipment can be used to heat or cool buildings, provide power for machinery or processes, or even generate electricity. But so far as the Farmers Home Administration is concerned, solar applications are limited to the area where we are the most advanced and developed: Heating and cooling. I might agree that in some areas of the country solar heating and cooling systems are not yet cost effective options to conventional systems, but in many others they are. I can see no justification for a blanket policy or refusing to finance any solar systems whatsoever, regardless of location, design, or use. My bill would change that.

The bill is self-explanatory. It merely requires the Farmers Home Administration to finance solar energy systems. That is not to say that officials must approve each and every solar device. On the contrary, there are fraudulent and ineffective systems beginning to flood the market in some areas of the country, and FmHA would be at fault if it financed these. Farmers Home has an obligation to protect the citizens seeking its help. But it also has an obligation to heed national policy, and to get in step with the rest of the Nation. That is all my bill would force it to do.

EXHIBIT 1

RURAL LOAN AGENCY REFUSES TO FINANCE SOLAR ENERGY UNITS

(By Lynne F. Peterson)

The Farmers Home Administration, an Agriculture Department agency that makes low-interest loans for construction projects in rural areas, is refusing to help finance solar energy systems on the grounds that they are still too experimental. The agency's stand comes at times when the Carter administration is working to promote the use of alternative forms to energy.

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[1] Act of December 18, 1971, 85 Stat. 688, as amended, 43 U.S.C. 1601 et seq.

[2] 43 U.S.C. 1613 (h)(8).

[3] 43 U.S.C. 1615 (b).

[4] Act of October 4, 1976, 90 Stat. 1934, 43 U.S.C. 1615(d).

The Department of Housing and Urban Development through the Federal Housing Administration, and the Veterans Administration have been helping finance solar heating projects since 1975. But Farmers Home Administrator Gordon Cavanaugh said his agency is precluded from financing solar systems because they are not covered by Federal Housing Administration's minimum property standards, the guidelines used to qualify projects for federal mortgage insurance and public housing assistance.

These standards include specifications for insulation, site design, room size, materials, construction methods and heating systems.

The Farmers Home Administration makes low interest loans for public or non-profit construction projects in rural areas. They review about 200,000 requests a year, granting $5.4 billion in loans for construction or repair of anything from courthouses to farmhouses.

In Maryland alone, FmHA in the past year funded 2,452 projects with $65.9 million.

But none of it has financed solar energy systems. In April, FmHA Maryland state director Morris Monesson rejected an application for a solar loan for the Calvert County Nursing Center. Monesson's letter stated, "Present policy, nationally, does not permit the use of either FmHA loan funds or FmHA grant funds for the purpose of constructing solar systems."

Characterizing solar systems as "innovative," he continued, "Our loan and grant authorities were not intended for such uses." Monesson said solar hot water and space heating systems fall into a research and development category as far as "their cost effective feasibility is concerned," which disqualifies them for financing consideration.

Several years ago, HUD put out a preliminary report on solar energy systems and in early 1975, FHA began making solar loans based on that report. Last year HUD issued an interim report, and FHA field offices were told they could rule directly on solar hot water system applications without higher approval, using the interim study. HUD's final supplemental report is due to appear in the Federal Register within a month.

To date, FHA has approved the 75 to 85 requests it received in Florida for solar hot water system loans, along with three homes with solar water and space heating systems in California and two projects, involving 60 units, in Hawaii.

The VA has approved at least 100 loans for purchases of homes with solar hot water systems in the "Sun-belt" stretch of the South and Southwest; 18 loans for solar space heating have been made in Denver.

Despite the fact that FHA and VA are reviewing solar loan applications under the early reports, Farmers Home officials maintain that there are insufficient guidelines to protect the public.

In correspondence with applicants for such loans, FmHA officials have characterized solar energy systems as "experimental" and "innovative," and have turned the applications down.

When told of the FmHA policy, David Freeman of the White House Energy Office said the situation would be investigated. While "we don't dictate agency activities," he said, "We are going to stamp out the obstacles (to the Carter energy program) as they are discovered."

One Farmers Home official told an applicant that if he could afford an innovative system like solar heating, it was an indication that the applicant didn't need FmHA funds.

Jennings Orr, the Farmers Home Administration's deputy assistant administrator for housing programs, contends that his agency's loans "are only for low- and moderate-income families. Solar equipment is expensive," he said. "As such it is not appropriate for this type of housing."

Low- and moderate-income families, however, are least able to cope with rising energy bills from conventional systems.

FmHA policy is somewhat more liberal on solar systems for institutions. The agency claims that any institutional solar project that is proven, workable, economically feasible and meets state engineering standards can qualify for a loan.

In order to prove economic feasibility, the project must be proven to be cost effective. That is, it must be able to pay for itself over the life of the mortgage. And it must have a useful life equal to the length of the mortgage.

To show that it is a workable system, there must be a similar project in the same general climatic area which can provide data for FmHA to compare and analyze, according to Monesson. Then the agency's solar consultant must approve the project.

To date no application has been processed as far as the national office, much less approved.

The Quaker-run Friends Home in Sandy Spring, Md., is still fighting to win approval of its solar heating plan. Sen. Charles Mathias (R-Md.) and his staff have gone to work to help get approval for the nursing home expansion.

In a letter to the architect for the projects, W. McNeill Baker of Edmunds and Hyde in Baltimore, acting administrator Denton E. Sprague wrote: "We have no authorization . . . to use community facility loan funds for experimental projects."

An FmHA official said the agency is involved in several solar projects on an experimental or demonstration basis. But while FmHA has made loans to some projects that have solar hot water or space heating systems with conventional back-up systems, all the funding for the solar hardware has come from sources other than FmHA.

One, in Quakerstown, Pa., is still under construction. It is a 152-unit senior citizens housing complex of rental apartments. Fifty of these units are to be heated (water and space) with solar systems. The solar hardware is funded by the Energy Research and Development Administration and the Pennsylvania Department of Community Affairs.

Another solar project in Greeley, Colo., has been completed. It is a low-income, self-help (labor furnished by the owner) housing project with 22 single-family homes using solar space heat with backup forced air heat. The money for the solar equipment came from the Community Services Administration and the Colorado Division of Housing.

Orr insists that Farmers Home "has a positive attitude toward these systems and hopes to finance them in the future." But Orr said that won't be until solar has passed the experimental stage.

In contrast, HUD is making a concerted effort to promote solar systems. Memos have been sent to all field offices alerting them to the new emphasis on solar energy.

FHA is sending its employees to school in groups of 50 to learn about solar systems. As their training is completed, field officers are permitted to make final decisions on all solar systems without review by the national office.

Mr. ROBERT C. BYRD subsequently said:

Mr. President, I ask unanimous consent that a bill introduced today by the Senator from Delaware (Mr. ROTH), amending subtitle D of the Consolidated Farm and Rural Development Act, and title V of the Housing Act be jointly referred to the Committees on Agriculture, Nutrition, and Forestry; and Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 247

At the request of Mr. GOLDWATER, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 247, to provide recognition to the Women's Air Forces Service Pilots.

S. 708

At the request of Mr. CLARK, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 708, to amend title XVIII of the Social Security Act to provide payment for rural health clinic services.

S. 1055

At the request of Mr. HUMPHREY, the Senator from Massachusetts (Mr. BROOKE) was added as a cosponsor of S. 1055, the Investment Policy Act of 1977.

S. 1610

At the request of Mr. ALLEN, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 1610, the Taxpayer's Attorney Fee Award Act of 1977.

S. 1675

At the request of Mr. HATHAWAY, the Senator from New York (Mr. JAVITS) is to be added as a cosponsor of S. 1675, the Social Security Act Amendments of 1977.

S. 1726

At the request of Mr. HUMPHREY, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 1726, a bill to amend the Small Business Act to declare a national small business economic policy.

S. 1736, S. 1737, AND S. 1738

At the request of Mr. LEAHY, the Senator from Arizona (Mr. DECONCINI), the Senator from Michigan (Mr. RIEGLE), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of S. 1736, S. 1737, and S. 1738, relating to solar energy for homes.

S. 1824

At the request of Mr. MCCLURE, the Senator from Indiana (Mr. LUGAR), the Senator from Nebraska (Mr. ZORINSKY), the Senator from Montana (Mr. MELCHER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Alabama (Mr. ALLEN) were added as cosponsors of S. 1824, to suspend the use of certain Office of Civil Rights forms.

S.J. RES. 29

At the request of Mr. BURDICK, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of Senate Joint Resolution 29, to designate National Family Week.

S.J. RES. 61

At the request of Mr. SPARKMAN, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of Senate Joint Resolution 61, to designate National Grade Crossing Safety Week.

AMENDMENTS SUBMITTED FOR PRINTING

PUBLIC FINANCING OF ELECTIONS—S. 926

AMENDMENT NO. 531

(Ordered to be printed and to lie on the table.)

Mr. HATFIELD submitted an amendment intended to be proposed by him to the bill (S. 926) to provide for the public financing of primary and general elections for the U.S. Senate.

AMENDMENT NO. 536

(Ordered to be printed and to lie on the table.)

Mr. McINTYRE submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 539, 540, AND 541

(Ordered to be printed and to lie on the table.)

Mr. LUGAR submitted three amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 542, 543, AND 544

(Ordered to be printed and to lie on the table.)

Mr. CANNON submitted three amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 545 THROUGH 569

(Ordered to be printed and to lie on the table.)

Mr. BAKER submitted 25 amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 537

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL. Mr. President, today I submit an amendment to S. 926, the public financing of campaigns bill. This amendment is designed to deal with a potential problem in States which have late primaries. In section 503(d) of the bill candidates are prohibited from spending any contributions deposited in their matching fund accounts prior to their qualification as a candidate for the general election.

In States which hold late primary elections this restriction could cause problems for all candidates. It is often necessary for a candidate to spend funds prior to the primary election in anticipation of the general election campaign. Such things as major media presentations and the printing of major documents may require long leadtimes. These items and the accompanying expenditures must be begun prior to the date of the primary election, or what the bill refers to as "the date on which such candidate qualifies under the law of the appropriate State for election."

The amendment which I submit today would allow a candidate to spend the money in his matching fund account prior to the date of the primary election if those expenditures were made solely in connection with the general election. This would allow the money in the matching fund to be used in preparation for the general election, yet prevent its use for any purpose with respect to the primary election.

I would remind my colleagues that under this bill the money in the matching fund prior to qualification to run for office is money which has been contributed to the candidate by individuals, it is not Federal moneys. This amendment would only allow the candidate to spend money contributed on his behalf for general election purposes prior to his official nomination or primary victory. Funds so spent would be eligible for matching Federal funds once the candidate had been nominated or victorious in the primary election.

This amendment does not change the substance of the bill, but merely allows a bit more flexibility in the administration of the new Federal financing of Senate elections. I hope that my colleagues in the Senate will see fit to support this amendment to S. 926.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of the States in which 1976 primaries were held after the first of August. The list includes the date of the 1976 primary election in those States.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

State:	*Date of election*
Alaska	August 24
Arizona	September 7
Colorado	September 14
Connecticut	September 7
Delaware	September 11
Florida	September 7
Georgia	August 10
Hawaii	October 2
Idaho	August 3
Kansas	August 3
Louisiana	August 14
Massachusetts	September 14
Michigan	August 3
Minnesota	September 14
Missouri	August 3
Nevada	September 14
New Hampshire	September 14
New York	September 14
North Carolina	August 17
North Dakota	September 7
Oklahoma	August 24
Rhode Island	September 14
Tennessee	August 5
Utah	September 14
Vermont	September 14
Washington	September 21
Wisconsin	September 14
Wyoming	September 14

AMENDMENT NO. 538

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL. Mr. President, in addition to the foregoing amendment to S. 926 I would like to offer this amendment which incorporates the amendment which I just introduced. In addition to the provisions of the amendment which I just described this amendment, subparagraph (ii) deals with the situation in which a candidate makes an expenditure for items which are subject to use during both the primary and general election. Such items might include rent for offices, materials, and equipment, and media packages. My amendment would allow a candidate, after his qualification as a candidate for the Senate, to pay for a portion of such items out of his separate matching fund account. As the bill is presently drafted a candidate would be required to pay for any item used in both the primary and general election solely out of primary campaign funds, no separate account funds or matching funds could be used to pay for these items.

My amendment would allow a candidate to use separate account funds and Federal matching funds to pay for a portion of the expenditures for items used both in the general and primary elections. The separate account and matching funds could be used to pay only for that portion of the expenditure attributable to the general election. Thus, if a candidate purchased 2,000 flyers for distribution during the primary and general election campaigns at a cost of $200 and used 1,000 flyers during the primary election and 1,000 during the general election, the candidate could pay for 1,000 of the flyers out of separate account or matching funds, in spite of the fact that the flyers had been delivered and some used during the primary campaign.

The same principle would apply with respect to more sophisticated problems such as the use of media material. If the candidate made a television film during the primary campaign for use during the primary and general elections he could pay for a portion of that film from his matching fund account. However, he could not make the payment for that portion payable from the matching fund account prior to the date on which he became a qualified candidate for the Senate. The expenditure attributable to the general election would be based on the use of the film during the general election over the total use of the film during the general election and the primary election times the cost of the film. The use of the film could be allocated based on the number of hours the film is used during the campaigns.

It is my opinion that this amendment is a necessary improvement to S. 926. It allows flexibility to the operation of public financing of Senate elections and recognizes that the realities of the political process are not neatly compartmentalized. While this provision may complicate the administration of the statute somewhat, it will simplify the operation of the law for candidates and political parties. This amendment will prevent us in this body from remaking the political process in the name of administrative convenience.

AMENDMENT OF RULE XV—SENATE RESOLUTION 184

AMENDMENT NO. 532

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted an amendment intended to be proposed by him to the resolution (S. Res. 184) amending rule XV of the Standing Rules of the Senate relative to reading of amendments when submitted for Senate consideration.

AMENDMENT OF RULE III—SENATE RESOLUTION 185

AMENDMENT NO. 533

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted an amendment intended to be proposed by him to the resolution (S. Res. 185) to amend rule III of the Standing Rules of the Senate relative to the reading of an amendment to the Journal.

AMENDMENT OF RULE XXVII—SENATE RESOLUTION 186

AMENDMENT NO. 534

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted an amendment intended to be proposed by him to the resolution (S. Res. 186) to amend rule XXVII of the Standing Rules of the Senate relative to the reading of conference reports when submitted for consideration.

AMENDMENT OF RULE III, RULE XV, AND RULE XXVII—SENATE RESOLUTION 226

AMENDMENT NO. 535

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted an amendment intended to be proposed by him to the resolution (S. Res. 226) to amend rule III, rule XV, and rule XXVII of the Standing Rules of the Senate relative to the reading of and amendments to the Journal, the reading of amendments when submitted for Senate consideration, and reading of conference reports when submitted for consideration, respectively.

NOTICES OF HEARINGS

THRESHOLD TEST BAN AND PEACEFUL NUCLEAR EXPLOSIONS TREATIES

Mr. PELL. Mr. President, the Committee on Foreign Relations will hold two hearings on the proposed Threshold Test Ban and Peaceful Nuclear Explosions Treaties before the August recess. A final two hearings will be held in September. I had anticipated beginning these hearings earlier this month, but the heavy schedule of business on the floor led to a delay.

As chairman of the Subcommittee on Arms Control, Oceans and International Environment of the Committee on Foreign Relations, I have a special interest in these two proposed treaties. I will be chairing the four committee hearings.

The proposed Threshold Test Ban Treaty would limit both the United States and Soviet Union to weapons tests no larger than 150 kilotons. It was agreed to in mid-1974. However, the executive branch withheld submission of that treaty for the Senate's advice and consent pending agreement on a treaty limiting peaceful nuclear explosions. That second agreement was reached in late May of last year, and the two treaties were sent to the Senate last July. Following a recent review, the executive branch has asked that the committee consider these two proposed treaties.

The first hearing will be held this Thursday, July 28, at 10 a.m. in room 4221 of the Dirksen Senate Office Building. The Honorable Philip C. Habib, Under Secretary of State for Political Affairs, will represent the Department of State. The Honorable Paul C. Warnke, Director of the Arms Control and Disarmament Agency, will also testify. He will be accompanied by the Honorable Thomas D. Davies, Assistant Director of the Arms Control and Disarmament Agency for the Bureau for Multilateral Affairs, and, Robert W. Buchheim, Acting U.S. Commissioner for the Standing Consultative Commission and deputy chief of the U.S. delegation to the Peaceful Nuclear Explosions Treaty negotiations. Mr. Davies was a negotiator of the proposed Threshold Test Ban Treaty.

The second hearing is scheduled for Wednesday, August 3, in room 4221. The committee will hear witnesses from the Central Intelligence Agency in executive session at 10 a.m. The Honorable David E. McGiffert, Assistant Secretary of Defense for International Security Affairs, accompanied by Vice Adm. Patrick J. Hannifin, Director of the Joint Staff of the Joint Chiefs of Staff, will testify in open session beginning at 11 a.m.

ENVIRONMENT, SOIL COSERVATION AND FORESTRY SUBCOMMITTEE

Mr. CLARK. Mr. President, on Tuesday, August 2, and on Thursday, August 4, the Environment, Soil Conservation and Forestry Subcommittee of the Committee on Agriculture, Nutrition and Forestry will conduct hearings on the need to preserve, protect, and enhance the Nation's soil and water resource base. This notice is submitted on behalf of the subcommittee, of which I am a member.

The hearings will focus on S. 1280, a bill to provide for improved water quality in rural areas, and on S. 1616, a bill to establish a national policy concerning the preservation of agricultural, range, and forest land. In particular, the subcommittee will address a number of issues and questions including an inquiry into the current status and condition of the Nation's soil and water resources, an inquiry into the loss of prime agricultural land through the diversion of farmland to other uses, and a consideration of the need to provide voluntary, cost-share assistance to help farmers and ranchers meet the stringent water quality requirements necessitated by section 208 of the Water Pollution Control Act (Public Law 92-500).

Hearings will commence at 9:30 a.m. on August 2, and 9 on August 4 in room 322 of the Russell Senate Office Building. Persons wishing to submit testimony to the subcommittee should contact Denise Love at 224-0014.

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

Mr. PELL. Mr. President, on Wednesday, July 27, 1977, the Subcommittee on Education, Arts and Humanities of the Committee on Human Resources will continue its hearings on testing and the quality of our Nation's elementary and secondary education.

Witnesses for this hearing will be Dr. William W. Turnbull, president of the Educational Testing Service, and Dr. Roy Forbes, director of the National Assessment of Educational Progress.

The hearing will be held at 10 a.m. in room H-328 of the Capitol.

ADDITIONAL STATEMENTS

A CONSTITUENT WRITES ON THE SUBJECT OF AIR BAGS

Mr. CURTIS. Mr. President, a Nebraska constituent has very emphatically spoken out concerning Secretary of Transportation Brock Adams' recommendation as to air bags. He has done this in a letter addressed to Congress. The writer of this letter is one of our thoughtful, outstanding citizens of the State of Nebraska. I ask unanimous consent that his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR CONGRESS: Human rights include the right of an individual to accept a gadget designed to protect him as an individual, or to make up his own mind and reject it.

Brock Adams on television, shouting imperiously that his conscience caused him to order air bags in all cars, reminded me of Mussolini ranting on his balcony about all the things he was ordering for the good of his people. Also of Hitler ordering the elimination of all Jews. Russian communist dictators have a different approach but they still deprive individuals of the right to choose alternatives for their personal wellbeing.

A mother may say to her child "don't go barefoot because you might cut your feet on broken glass" or "hang your clothes on a hickory limb but don't go near the water," but who gave Brock Adams the right to be our mother and think for us in areas effecting individuals only and not the public health. He evidently thinks Congress did since he graciously granted Congress the right to overrule him provided action be taken promptly. I ask you to please overrule his arrogant, arbitrary, unconstitutional order.

The self anointed "consumers' advocates" may represent a few consumers in addition to the advocates own organizers or supporters who want to make, install or market airbags for a profit. I am certain if you should hold a referendum of all consumers on the subject this order would be soundly rejected.

This request is submitted by a citizen, not a subject.

ARMS CONTROL IMPACT STATEMENT

Mr. SPARKMAN. Mr. President, I firmly believe that a unilateral reduction in our ballistic missile defense research and development would be ill-timed and ill-advised at this significant point in our ABM Treaty review with the U.S.S.R.

During the Committee on Foreign Relations hearings on the Strategic Arms Limitation Agreement in April of this year, the National Security Council submitted an arms control impact statement evaluation which strongly supports this contention. The impact statement says in part:

. . . These (BMD R&D) programs could have a positive impact on SALT negotiations as a demonstration of the U.S. capability and resolve in BMD, thus providing an important incentive for Soviet adherence to the terms of the ABM Treaty. Finally, maintaining such a base supports a U.S. capability to deploy an appropriate ballistic missile defense in a reasonable time frame to deter

any Soviet attempt to gain a unilateral advantage in this area and to hedge against possible Soviet abrogation of the ABM Treaty.

One of the significant factors which contributed to the willingness on the part of the Soviets to enter into the 1972 treaty was the U.S. posture in BMD R. & D.

Since SALT I was signed, our BMD activities have been reduced from deployment to a modest research and development effort. We have not observed a corresponding decrease in Soviet emphasis on BMD R. & D.

This program is now at the $215 million level, in comformity with the wishes of Congress to maintain a stable level of R. & D. of ballistic missile defense technology designed for the protection of our land-based deterrent.

I suggest that this is not the time to further reduce the ballistic missile defense budget. We are to enter into the ABM Treaty review with the Soviets this October. We are faced with the probability of nuclear weapons proliferation in the world. We stand undefended against terrorist group threats should they acquire one or more ballistic nuclear weapons and against an accidental or irrational launch of ballistic nuclear weapons by some element of a nuclear power country. The solution to these potential threats is not known. Goodwill, treaties, embargoes have not yet reduced the risk, much less assured our security, from these types of threats. Ballistic missile defense may provide or become a major factor in the solution to these threats.

The present U.S. strategy is based on maintaining essential equivalence with the Soviet Union in strategic capabilities.

This is the minimum funding level which will permit us to continue our commitment to qualitative leadership in BMD and to protect our nation against technological surprise, which could upset the strategic balance between the United States and U.S.S.R. It is a carefully structured, broadbased, austerely managed program which probes advanced technologies and tests systems concepts. In this program, we have a chance to discover new technologies, we maintain a minimumly acceptable hedge option—that is, a capability to respond over time to the implementation of what are now potential threats, and we give the Soviet Union a reason to continue the ABM Treaty. The present ballistic missile defense program is spread thinly over a wide spectrum of research areas and technologies as we—the Congress—have demanded. Even a small reduction in funding can be expected to eliminate some critical area of research or so dilute or decrease testing as to seriously affect the technological confidence in a system concept, component capability, and effectiveness and cost estimates.

Obviously, the Soviets do not need the ABM Treaty unless we pursue a viable BMD program. Unilateral cuts in our program while they are continuing to spend twice as much as the United States in this area would unquestionably weaken the position of our SALT negotiators. That, Mr. President, is a price we simple cannot afford to pay.

We cannot afford to disrupt our BMD R. & D. program. We cannot risk the erosion of this vital technology foundation in strategic defense. It is important not only for SALT, but for a sensible preservation of a defense posture adequate to provide balance—and assure essential equivalence—at this critical point in our international relations. I urge my colleagues to appropriate not one penny less than the full $215 million needed to maintain this vital program.

I ask unanimous consent that the complete text of the impact statement, mentioned earlier, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BALLISTIC MISSILE DEFENSE (BMD) SYSTEMS AND ADVANCED TECHNOLOGY PROGRAMS

(Sponsoring military service: Army. DOD fiscal year 1978 budget item: Exhibit R–1, Line 97, Program Element 63304A and Exhibit R–1, Line 98. Program Element 63308A.)

ARMS CONTROL IMPACT STATEMENT

(Submitted by the National Security Council)

Program description

The Army's BMD effort consists of two complementary programs: the Systems Technology Program (STP) and the Advanced Technology Program (ATP) as follows:

a. The Systems Technology Program has as a primary objective the maintenance of a hedge against future strategic uncertainties; it gives the nation the capability to expeditiously develop and deploy a BMD system for any of a number of possible future roles. The program is designed to provide a "rolling hedge"—that is, to continue to update the technological content of BMD systems options by incorporating technological advances initially developed in the Advanced Technology Program so as to provide the most advanced and most effective systems options at any given future time.

b. The Advanced Technology Program is a broad R&D effort oriented to advance the state-of-the-art of BMD components, improve our understanding of BMD phenomenology, and investigate the feasibility of new potentially revolutionary defensive concepts and technologies. A principal objective of this program is to maintain a technological lead in BMD over the Soviet Union. Major research efforts are conducted in the areas of interceptor missiles, radar and optical sensors, data processing, and those aspects of the physical sciences that involve BMD phenomenology.

The BMD Technology programs include research on and development of the technology required to make long range exoatmospheric intercepts of RVs from ICBMs and SLBMs, technologies which might eventually lead to defense dominance in the strategic arena. Research is being conducted on the means to make significant reductions in current state-of-the-art deployment times for defense of hard targets and concomitant reductions in the cost of such defenses. Joint funding with the Air Force of a phased array radar to be installed on an existing ship will give the United States an improved capability to collect and evaluate reentry data on Soviet strategic missile firings.

Arms control implications

The BMD Systems Technology and Advanced Technology programs are consistent with all U.S. present arms control obligations, policies and negotiations, and in particular, with the Limitations of the 1972 ABM Treaty. There are no current negotiations on which these programs have a direct impact. They are consistent with the SALT II negotiations and Standing Consultative Commission (SCC) discussions pursuant to implementation of the ABM Treaty.

An objective of the U.S. BMD R&D programs is to provide the U.S. with a continuously upgraded BMD technology base at a level at least equal to that of the Soviet Union. These programs represent the only active elements of U.S. BMD activities, in the wake of the Safeguard inactivation. These programs provide the technological basis both for future U.S. systems developments, if required, and assist in assessing the significance of Soviet BMD developments within Treaty limitations and advances not constrained by the Treaty. (These programs could have a positive impact on SALT negotiations as a demonstration of U.S. capability and resolve in BMD, thus providing an important incentive for Soviet adherence to the terms of the ABM Treaty. Finally, maintaining such a base supports a U.S. capability to deploy an appropriate ballistic missile defense in a reasonable time frame to deter any Soviet attempt to gain a unilateral advantage in this area, and to hedge against possible Soviet abrogation of the ABM Treaty.

PIONEER DAY

Mr. McCLURE. Mr. President, I wish to bring your attention to an event that means a great deal to the residents of Idaho.

Yesterday, July 24, many communities throughout our State celebrated Pioneer Day in honor of the first company of Mormon pioneers who entered the Salt Lake Valley back in 1847. That event is important to Idahoans, because many of our citizens can trace their ancestry back to those early pioneers. In fact, Idaho's first permanent settlement at Franklin, Idaho, was a result of the Mormon pioneers. We have come a long way from 1847, but the Pioneer Day celebration with its parades, picnics, and speeches gives all of us a chance to reflect on the sacrifices and hardships endured by our pioneer ancestors. Idaho's early pioneers survived, because of personal industry, thrift, and faith in their Creator. Perhaps we, today, should make a renewed commitment to these same principles so that we can pass this same heritage on to our descendents.

ANNOUNCEMENT OF POSITION—S. 9, OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS

Mr. STEVENSON. Mr. President, on July 15, 1977, during the final two rollcall votes on S. 9, the OCS bill, I was necessarily absent from the Senate on other business.

Had I been present, I would have voted in favor of final passage of the bill—rollcall vote No. 293. In addition, I would have voted in opposition to Senator GLENN's amendment No. 668—roll-

call vote No. 292. I ask unanimous consent that the permanent RECORD reflect my positions on these votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

KOREA IN CONTEXT

Mr. GOLDWATER. Mr. President, in view of President Jimmy Carter's announced intention to withdraw American ground forces from South Korea over a 4- to 5-year time, the Association of the U.S. Army has prepared a special report on the dynamics of Northeast Asia, putting the Korean situation in the proper context which all Americans should consider.

This paper, dated July 1977, reminds Americans of the centuries old rivalry among the Soviet Union, China, and Japan that has made East Asia a region of conflict. The ramifications of the continuation of this environment is acutely evident, as the association points out, because at present, American trade with the various countries of East Asia exceeds that with Western Europe.

This excellent paper reviews the economic and strategic position of each of the principal nations in East Asia, Japan, the Soviet Union, mainland China, the Republic of China, and South and North Korea. The interrelated dynamics of the situation in each of these areas is discussed in plain language that cannot be misunderstood.

For example, the paper indicates that Japan is almost wholly dependent on the United States to block the Soviet Union's southward thrust to the Pacific and to secure Japan's maritime lines of communication which are so critical to not only its industry and commerce, but to exports from the United States. The special report also clearly notes the real threat which the Soviet Union holds to mainland China. It states that all of China's northern, and half of her western borders touch the territory of the Soviet Union, with 25 percent of the Russian Army being arrayed along the extended Northern border.

The paper also testifies to the great strategic importance of the island of Taiwan, the present base of the Republic of China. This island is a vital link in the Pacific island chain, astride the vital oil lifelines to and from the Persian Gulf, on which the economies of Japan and South Korea and which are a crucial factor in the export of many U.S. products and our access to raw materials.

In this context, the relevance of preserving the security of South Korea, and I might add of the Republic of China, is unchallengeable. And it is in this context that American policy planners and the public at large should consider the appropriateness or inappropriateness of the administration's intention to remove ground troops from South Korea.

Mr. President, in order that this significant paper may receive wider circulation, I ask unanimous consent that the special report by the Association of the U.S. Army, entitled "Korea in Context," be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

KOREA IN CONTEXT—A PRIMER ON THE DYNAMICS OF NORTHEAST ASIA

(By the Association of the U.S. Army)

INTRODUCTION

Since the early days of the American Republic, Europe has been the center of American overseas attention. With a common cultural heritage and shared interest in the preservation of Western civilization as the base, the interdependence of American and Western Europe has grown steadily. The opposite shores of the Atlantic have long been linked in an intricate web of relationships which encompass virtually every facet of public and private endeavor. Logically, then, a cardinal objective of American foreign policy has been to further the economic and political vitality of Western Europe.

Twice in this century, the United States has engaged in major wars on the European land mass to prevent the domination of that continent by hostile powers dedicated to the severance of the trans-Atlantic relationships. To the same end, the United States has, for the past three decades, maintained in Europe a military force deployment of unprecedented size. Few will dispute the thesis that Soviet hegemony over Free Europe would place the security of these United States and the American value system in dire jeopardy.

Understandable preoccupation with the European scene has obscured the immense—and growing—significance of Northeast Asia to the future of the United States. For most Americans, Asia remains a vast, physically remote and culturally alien region which they feel little affinity and understand even less. To be sure, everyone knows that twice since 1900 (three times if one counts Vietnam) the United States engaged in a major war in Asia; but few comprehend the genesis of those conflicts or the fundamental rationale for the U.S. involvements. While aware that Russia, China, and Japan are contiguous, few Americans are knowledgeable of the centuries-old triangular rivalry amongst these powers that has made East Asia a region of conflict.

The implications for the United States of either amelioration or aggravation of the Sino-Soviet confrontation are only dimly appreciated. It comes as a surprise to most that U.S. trade with East Asia exceeds that with Western Europe and that, given stability and confidence, the gap is projected to widen. Finally, there is scant awareness of the preeminent role of the United States in maintaining the power equilibrium that has assured a quarter of a century of peace, and in fueling the dramatic forward momentum of the free nations of Northeast Asia.

Against this backdrop, the US Administration has announced its intention to withdraw the American ground forces from Korea over a four- to five-year period, a decision taken initially on the campaign trail and apparently made all the more strong by the questioning of it. Moreover, this campaign stand has been translated directly into US policy with a minimum of official review. More recently, sparked by the confrontation between President Carter and General Singlaub, a public debate of sorts on the issue of troop withdrawals has begun. Thus far, however, both sides have been remarkably inarticulate in advancing rationale for their positions: Through Presidential Press Secretary Jody Powell the Administration has explained that the origin of the President's views stems from his "basic inclination to question the stationing of American troops overseas." So far there has been no effort to give the public a clear exposition of the possible consequences of such an action.

It has been said by historians that World War II in the Pacific was the direct consequence of America's failure to commit resources sufficient to protect her interests in the theater; and from all indications, we appear to be at a similar juncture in our history once again. Certainly the Koreans have not forgotten that it was the total withdrawal of US combat forces from South Korea in 1949 and the apparent relaxation of US concern about the country that set the stage for the outbreak of the Korean war in 1950.

What is needed, then, by both sides in the current debate is a clear understanding, both of our interests in Northeast Asia and the steps necessary to safeguard those interests. To these ends, this paper is designed; first, to illuminate the principal elements of national power and policies at work in Northeast Asia, and their interfaces with the interests of the Free World; and, second, to suggest the framework for a rational US policy for that part of the world.

THE PRINCIPAL PLAYERS

To begin, an overview of the principal players in the region, and their associated dynamics:

The dominant factor in Northeast Asia is Japan. That nation has risen from the ashes of World War II to become the world's third-ranking industrial power and a relentless, efficient overseas trader. Its economic preeminence notwithstanding, Japan has a modest military establishment, no national predilection to develop an expanded one, and, indeed, an almost pathological fear of any armed conflict in the region. Thus, Japan is almost wholly dependent on the United States to block the Soviet Union's southward drive, to secure the maritime lines of communication so critical to industry and commerce, and to provide for contingent defense of the Japanese homeland.

The independent Republics of Korea and China (Taiwan) are increasingly conjoined with Japan to form the East Asian component of the international free trade market area, and boast of equally spectacular growth and development rates. Like Japan, Taiwan and South Korea face hostile and militarily more powerful neighbors on or near their borders, and are dependent on the U.S. security shield.

On the mainland, the People's Republic of China beset by the immediate consequences of the Sino-Soviet split, and in some disarray following the death of Mao Tse Tung. Yet, even as it lumbers through this current slough, the PRC is awe-inspiring in the very size of its land and its population, its obvious potential as a superpower, and its slow but juggernaut-like progress toward that goal.

To the north of China, and sharing with it the longest political boundary in the world, lies the Soviet Union, continuing under the rubrics of dynamic communism the territorial expansion begun in the time of the Tsars for economic reasons. Although both her territorial ambitions and her economic overtures are currently somewhat frustrated, the Soviet Union most likely views these conditions as temporary in the long march of history. In the meantime, the Soviet Union reinforces her objectives with an immense force presence along the Sino-Soviet border, and increasing air and naval formations in the Western Pacific and Indian oceans.

At the epicenter of Northeast Asia, on the northern half of the Korean Peninsula, is the Democratic People's Republic of Korea, or North Korea. Its leadership, still that which

launched the Korean War in 1950, remains totally dedicated to the elimination of the government to the south, eradication of all American presence and influence, and reunification of the entire peninsula under DPRK terms—by any means including the use of armed force. Supportive of these objectives, North Korea maintains armed forces of half a million men, fully trained and equipped, and poised to launch with little if any warning.

Last is the only power extant in Northeast Asia not present by reason of geography, the United States. The free nations of the area owe not only their present economic status, but their very basic political existence, to American resolve and America's willingness to back that resolve with military forces, economic and financial assistance, and political tutelage. Now that all of these economies are well beyond their take-off points, and the democratic institutions and bodies politic are established, only the American security guarantee remains essential—literally—to the continued well-being and development of these three nations.

In a larger sense, however, the United States is at the apex of the Northeast Asia/United States/Western Europe triangle, or essentially, the Western world's political and economic orders. Here, too, the continued stability of all corners is essential to the peace and prosperity of the whole; and here, too, only the United States can ensure that stability. Thus, we are at a point where what the United States does or does not do in Northeast Asia is of great and lasting moment not only in that region, but in the entire world as well.

THE EXAMINATION

Having identified the principal players in the Northeast Asian milieu, we need now to examine the elements of national power and policy at work there, and their interfaces both within the region and elsewhere in the world. For this purpose, the paper will look first at the three superpowers present in the area—the Soviet Union, China, and Japan—and then the lesser countries of Taiwan, the Republic of Korea, and North Korea.

THE SOVIET UNION

Since the days of the Tsars, Russia has assayed to extend her dominion eastward to the Pacific, an ambition that has brought her into conflict in Northeast Asia at one time or another with China, Japan, the United States, the United Kingdom, and France. Notwithstanding, Russia had remarkable success after her expansion across the Urals began in earnest in the sixteenth century.

By the end of 1860, Manchuria had been flanked and cut off from the sea on the east, and with a new route to the ocean, Russia had begun building her bastion on the Pacific at Vladivostok. Since then, Russia (now the Soviet Union) has struggled to attain four principal objectives in Northeast Asia: control over Manchuria and Korea, with their access to ice-free ports; containment, if not control, of China; isolation of Japan; and, ultimately, political and economic hegemony over all of the region.

Russia's nearly successful efforts to reach the first two of these objectives in the late nineteenth and early twentieth centuries led directly to war with Japan in 1904. Although the overall issues involved were far from simple—including, in an interesting parallel to the present, the interests of the United States and major European powers as well—the specific questions at stake were the independence of Korea and the territorial integrity of China, both of which Japan viewed as essential to her own national security and territorial ambitions. The outcome of that war, for the moment, stayed Russia's overt aggrandizement in Northeast Asia.

Subsequently, the Manchurian "Incident" in 1931–32 in which Japan, in an undeclared but nonetheless sizable war, seized Manchuria and created therein Manchukuo as a Japanese colony, blocked any significant Russian efforts to expand in Northeast Asia until the Second World War.

In the waning days of World War II, with the once powerful Imperial Japan in a state of beleaguered disarray, the Soviet Union again made her move. On August 9, 1945, the day that the second atomic bomb destroyed Nagasaki, the Soviet Union declared war on Japan, invaded Manchuria, moved south on the island of Sakhalin, a few miles from Japan, and, almost immediately seized two ports on the northeast coast of Korea. When Japan surrendered the following month, Korea was promptly divided, in accord with agreements reached earlier at Yalta, into two zones for military occupation purposes—the Soviets responsible for that portion north of the 38th parallel; the United States south of it.

From the outset, the Soviet Union set out to develop North Korea into not merely another buffer satellite, but a controlled instrument for the final realization of Soviet designs in Northeast Asia. And these efforts very nearly succeeded when the Russian-supported, North Korean invasion of the South came within a breath of defeating the combined Allied forces and placing the entire peninsula under communist aegis. Here, on the Pusan Perimeter, Russia's expectations in Northeast Asia were once more stymied, this time by the only power in the area capable of accomplishing the feat—the United States.

For now, it appears that for as long as the United States is willing to exercise its power to maintain an enforced peace in Northeast Asia, the Soviet Union will most likely abstain from encouraging renewed military adventurism in the region—the risks of another North-South conflict escalating into a great-power confrontation are too great. Moreover, the Soviets tend to take a long view of history, are aware of America's penchant to become disenchanted with long-term overseas commitments, and probably reckon time to be on their side. In the meantime, they continue to court Japan in the economic sphere, lean heavily on the Chinese from the north, and make their presence felt throughout the Western Pacific by means of naval and air elements operating southward from the bases near Vladivostock and in the Soviet Maritime Provinces.

THE PEOPLES REPUBLIC OF CHINA

The Peoples Republic of China is the political heir to more than forty centuries of Chinese civilization, of which the most recent has surely been one of the most turbulent. In the past one hundred years or so, China has been wrenched into the modern, industrialized, commerce-oriented world, and in the process was essentially torn asunder. Thus, the attitudes and policies which contemporary China exhibits to the world are, by and large, products of the trauma of those years.

China's revolution really began in the early nineteenth century as first, the proud and confident Middle Kingdom was forced to admit the Western barbarians as equals. It next saw itself being carved into economic spheres of interest by those same Western powers—spheres in which China's sovereignty was maintained in theory scrupulously, but in actuality, not one whit. Finally, China watched helplessly as its most valuable and productive region, Manchuria, became initially a battleground for imperial Russia and Japan in the first part of the twentieth century, then a full member of the Japanese colonial empire, and ultimately, the base of operations for the Japanese invasion and eight-year war against China proper.

Politically, these early events led to the downfall of the last dynasty of China—the Manchu—and the establishment of a "National Revolution" in 1911–12. In the early decades of the republic, however, there was no effective central civil authority, and the land was in fact ruled by a number of regional war lords in varying combinations of alliances. Out of this chaos eventually grew two principal factions—one Communist, the other Nationalist or Conservative—and a prolonged civil war which continued through the Sino-Soviet conflict and World War II, and did not end until the Nationalist forces left the mainland for Formosa in 1949–51.

PRC foreign policy in the years since Communist ascendancy on the maintain reflects the legacy of that tumultuous century of transition. Conscious of her historical antecedents, and the potential afforded by her strategic location, her vast lands, and her immense population, China had adhered to two principal objectives: to attain big-power status, and to regain Asian leadership. Having been mauled rather severely by everybody, China is intensely suspicious of outsiders, strongly nationalistic, and until recently, most especially antagonistic toward the United States—the supporter of the Nationalist cause, and the guarantor of Taiwanese and Korean independence. And finally, faced with the problems of recreating a responsive and effective political infrastructure within China, and a cognizant and loyal body politic, China's foreign policy has been especially cautious.

The dissolution of the Sino-Soviet alliance and cooperative effort did not change any of China's principal objectives, but it did add another imperative: security from the palpably real threat of the Soviet Union. All of China's northern and half of her western borders touch the territory of the USSR. And along the extensive northern border, some 25 percent of the Soviet Red Army is now arrayed. The PRC's modest rapprochement with the United States more probably derives from a perceived commonality of opposition to the Soviet Union, than from a modernization of dislike and mistrust of the United States.

JAPAN

Japan, of course, occupies the center position on the Northeast Asian stage; and our alliance with that nation is the pillar of American strategy in the Pacific. Yet, relationships between Japan and the United States are somewhat strained, and those between Japan and her two free-world neighbors are notable for their contradictions.

JAPAN AND THE UNITED STATES

Physically destroyed, psychologically defeated, and spiritually unhinged by World War II, the Japan of the 1970s is as much a product of American design as it is of its own history and culture. In the postwar years, the US policies were intended to rebuild an economically strong Japan, democratic in its political nature and westward in its political orientation—but a nation that would possess neither the means nor the inclination to resume its former militarism. The 1946 constitution of Japan specifically renounces war as a sovereign right of the nation, and further specifies that "land, sea, and air forces as well as other war potential will never be maintained."

The spirit of the Japanese constitution was embodied later in a security treaty signed by the United States and Japan on September 8, 1951. The terms of that treaty permitted the United States to station troops "in and about Japan," and made the U.S. Japan's protector "against armed attack from without." This arrangement has had two con-

sequences, one immediate and the other apparent over the passage of years:

In the first instance, with the offering and acceptance of the American guarantee, the United States became a full-fledged participant in the Northeast Asian power relationships—a status markedly different from the US pre-World War II stance of an essentially uncommitted broker.

In the second, the US guarantee set aside (at least until recently) Japan's fear of domination by either the Soviet Union or China, and thus made possible thirty years of economic and industrial growth unencumbered by the requirement to build and maintain a military establishment of any consequence. Time, therefore, has validated the somewhat Utopian aspects of the 1946 constitution, premises which are now firmly entrenched in the Japanese national ethic and public consciousness.

Now, thirty years later, US policies in Northeast Asia have succeeded beyond reasonable expectations; Japan is an economic giant; an integral and essential member of the Free World's economic system; a close and trusting friend of the United States; and a nation whose domestic political institutions, ideals, and practices are as close to theoretical parliamentary democracy as anywhere in the free world.

Yet we in the United States appear dissatisfied with the two consequences set out above; we are questioning the wisdom of an unarmed Japan, and we are considering the withdrawal of our direct participation in the Northeast Asian security balance. Small wonder then that the Japanese view the current US behavior with near-phobic consternation, for no other major nation in the modern world is as strategically vulnerable and as militarily defenseless as Japan.

JAPAN, KOREA, AND TAIWAN

Japan's relationships with Korea and Taiwan—both former colonies—are also complex and paradoxical. Both smaller nations owe much of their success in transitioning from Less-Developed Country (LDC) status to self-sustaining, industrializing countries to Japanese investments, Japanese assistance and technology, and Japanese markets. And the economic bonds are still growing, not only from the expanding trade, but also as Japan, faced with the rising costs of a contracting domestic labor market, increasingly looks to Korea and Taiwan as overseas locations for Japanese production. Additionally, Japan acknowledges that the maintenance of peace and security in both areas is essential for her own security. Yet, with both of these countries, although most probably for different reasons in each case, Japan is very reserved concerning closer ties—economic and security imperatives notwithstanding.

Korea is the historic land bridge between the East Asian mainland and the islands of Japan—the tip of the peninsula lying a few scant miles from the island of Honshu across the Tsushima Straits. Conflict in Korea would most surely involve Japan, willy-nilly. Or, more threatening, a Soviet dominated regime in the south of Korea would bring Soviet pressures to bear against Japan from two wholly different directions. Yet, Japan's national defense cooperation is most unlikely. This antipathy could well change, but the process would be a long and gradual one. Thus, for the foreseeable future at least, Japan views the U.S. deployments in Korea as essential to the deterrence of hostilities in the area, and hence key to the defense of Japan itself.

In the case of Taiwan, Japan has thus far struck a very delicate balance of political, economic, and strategic pragmatism. Closer relations with the People's Republic of China has long been a goal of Japanese foreign policy, both for economic reasons and as a counter to Soviet expansionism. The PRC, however, has made it clear that the quid-pro-quo for full normalization of Sino-Japanese relations is a cessation of support for the Republic of China on Taiwan, and abandonment of the idea of having two Chinas. Considering the extent of her economic ties with Taiwan, however, and the fact that her sea lifelines would be hostage were Taiwan to come under PRC control, Japan is understandably very hesitant to accede to Peking's wishes.

In a solution which is nominally only transitory, Japan has very carefully contrived an arrangement through which, with the forebearance of the PRC, she maintains economic relations with Taiwan, but not diplomatic ones. It is, of course, assumed in this synthesis that there will be no cooperative defense planning between Japan and the government on Taiwan. Here then, as in Korea, Japan's defense strategy assumes a continuation of the U.S. security guarantee to the Republic of China—a guarantee, incidentally, which appears increasingly shaky.

JAPAN IN CONSEQUENCE

In sum, with the assistance and support of the United States, Japan has become an integral partner in the Western political and free market systems—integral in the sense that Japan cannot fundamentally alter her political inclinations or her economic relations without causing equally fundamental changes in the Western order of things. Further, without the defense guarantees of the United States, Japan today is essentially defenseless and vulnerable. And the geopolitics of the region are such that the strategic defenses of Japan rest on the Korean Peninsula, and in the sea lanes running through the South China Sea, access to which is dominated by the island of Taiwan.

Any credible indication of a substantive weakening of US resolve in either of these two areas—as, for example, the withdrawal of US forces from Korea, or a diplomatic signal that the United States would not oppose a PRC take-over in Taiwan—would force Japan to reassess her relations with the United States and the other major powers in the region.

It is not possible to predict with any assurance whether, as a consequence of this reassessment, Japan would move closer to the Soviet Union, or to the PRC, or would seriously re-arm, or what.

What is predictable, however, is that in any case Japan would be less likely to cooperate fully with the United States in matters not only military, but economic and political as well.

THE REPUBLIC OF CHINA

One need only to look at the map to understand the strategic importance of Taiwan—a key link in the Pacific island chain, astride the vital oil life lines to and from the Persian Gulf, lifelines on which the economies of Japan and Korea depend. In the past quarter century, under the umbrella of a mutual security treaty given sinew by the US Seventh Fleet, the Republic of China on Taiwan has made extraordinary progress. It has developed into a modern, open society, with a standard of living three times that of the mainland; and it is firmly linked to the international free economic community—its trade, incidentally, exceeding that of Communist China. It is a nation in every sense of the word—in size, resources, and resourcefulness, it is larger than many minister states now in the United Nations. Its 16 million plus citizens seem to give clear indication of their desire to maintain their independence, their way of life, their representative government and elected officials, and their blueprint for the future. The half-million men under arms—indeed, the entire population—seem prepared to fight to preserve those values. It was not always so.

CONTEMPORARY HISTORY

Taiwan, or Formosa as it was then known, was ceded by China to Japan in 1895 (by the same treaty, incidentally, that also gave Japan control over Korea), and for the next fifty years was a colony of Japan, developed and administered in the traditional metropole-colony pattern. Returned to China at the close of World War II, Taiwan was viewed by the Nationalist Chinese as a prize of war rather than a returned province. A series of corrupt governors, their friends and their associates, systematically plundered the island of its foodstuffs, its machinery, and its manufactures; and brutally suppressed the island's peoples. Thus, when the Nationalist exodus came from the mainland in late 1949 it dumped two million refugees onto a very small island with a broken economy and an embittered and divided population.

The United States abandoned the Nationalists once it became apparent that their cause on the mainland was lost. In January 1950, President Truman announced that the United States would not provide any more military aid or assistance to the Nationalists, and would not support the defense of Taiwan against a Communist attack. This policy was short-lived, however, for the Russian-sponsored invasion of South Korea in June of that same year resulted in a reappraisal and reversal of the earlier US decision. Belatedly recognizing the island itself as well as the continued resistance of the Nationalist Chinese as strategically important, the United States resumed both military aid and assistance, and dispatched the Seventh Fleet to the Formosa Straits to forestall a Communist invasion of Taiwan. The shared responsibility for the defense of the island was formalized by a Mutual Defense Treaty in December 1954.

In the years between 1950 and 1970, the Republic of China worked two economic wonders in Taiwan—the first, agricultural; and the second, industrial.

In the early 1950s, Taiwan could not feed its population of some ten million people, and was forced to import significant quantities of basic foodstuffs. By 1970, however, through a program of enlightened land reform, farm mechanization, and government support of scientific farming, Taiwan was providing its citizens, then fourteen million in number, with an average of 2,500 calories per day, and was exporting basic foods throughout Asia and specialty foods to the West. This agricultural success earned world renown, and ROC demonstration teams traveled throughout Africa, Asia, and Latin America teaching the techniques used on Taiwan.

Industrially, the ROC development was equally spectacular. Taiwan's Gross National Product soared from $1.33 billion (in current dollars) in 1952 just before the first Four-Year Economic Development Plan was launched, to $17.15 billion by 1976. Industry's share of the GNP rose from 17.9 to 38.1 percent over the same time period. With help initially from the United States and then increasingly from Japan, as the principal investors and trading partners, the ROC became a showcase of the possible—one of the first, and still few, LDCs to complete successfully the transition to a self-sustaining, middle power, industrial nation.

CURRENT STATUS

There is a PRC cloud on the Taiwan horizon, however, and that is Peking's asking price for the normalization of Sino-American relationships and, specifically, the exchange of ambassadors between Washing-

ton and Peking. Baldly stated that price is:

The withdrawal of US recognition of Taiwan as an independent nation-state;

Abrogation of the ROC/US Mutual Defense Treaty; and

Acquiescence in whatever moves Peking may elect to incorporate Taiwan as a Chinese province, irrespective of the wishes of the Taiwanese people.

There are strident voices in the United States urging acceptance of these terms. Such an action, in addition to its moral indefensibility, would have larger adverse repercussions. And many feel it would be reprehensible for the United States to participate in making the lives and aspirations of 16 million independent people pawns of Big Power politics. Such actions could:

Erode the confidence of all other nations with whom we have security or mutual defense treaties—especially those in Free Asia—in the integrity and durability of the United States commitments.

Weaken the overall defense posture in the Pacific, especially vis-a-vis the vital economic lifelines of Japan and Korea.

Gain nothing from the PRC which cannot be otherwise accomplished, and, paradoxically, cause us to lose both influence and face with Peking. (We know, for example, that Peking wants us to hold a firm line in Asia—everywhere except Taiwan, that is.)

THE TWO KOREAS

Turning now to the Korean Peninsula—treated last in this dissertation because it is, at this juncture in history, the key to continued peace and prosperity in Northeast Asia, and, for the second time in a generation, a crucible of American resolve.

It is not possible, of course, to examine the Republic of Korea without placing that nation in the context of its political and military confrontation with its aggressively hostile neighbor to the north. Viewing these two countries, North and South Korea, it is incredible that a people homogeneous in race and culture have evolved into such markedly different societies in the space of three decades—yet, they have done just that.

THE SOUTH—AN OVERVIEW

South Korea emerged from the Korean War ravaged and bankrupt, its value systems in shambles, and its population literally decimated. With one of the highest population densities in the world, with arable land at a premium, and with no other natural resources or major industries, most observers considered the country an economic basket case. But events have proved otherwise:

South Korea has transformed itself from failing agrarian country to a self-sustaining, industrializing, middle power—one family linked to the international free trade market area.

The country has prospered: it has implemented three highly successful five-year plans, and recently launched a fourth; it has tripled its per capita GNP in the past fifteen years; and it has effected a more egalitarian distribution of income than nearly any other country in the modern world.

South Korea's educational systems are remarkable for their extension and their scope; its political institutions are molded along western lines; and it enjoys an independent, vigorous, and participating body politic.

There are some who are convinced that the Republic of Korea is in fact a repressive dictatorship. This opinion is bolstered by reports of the imprisonment of dissidents and cemented by allegations that agents of the Korean government have spread large amounts of money among members of the United States Congress who are in position to influence affairs of concern to the Seoul government.

Unquestionably there have been instances in which President Park Chung Hee used techniques that would be unacceptable here. The fact is, despite exaggerations to the contrary, estimates from those recently stationed in Korea indicate that there are probably fewer than 200 persons in jail because of activities in conflict with the current administration. This nation which emerged from the oppression of a long series of occupying powers after World War II enjoys an amazing degree of freedom when compared to many countries that have been born during the past 30 years. Compared to its amputated Northern half, South Korea is an Asiatic model of democracy in action.

American military backing, and large infusions of American and Japanese financial assistance, have been essential catalysts. But the bulk of the credit goes to the Koreans themselves—to strong national leadership, to brilliant economic planning, to excellent management, and above all, to a people superb in their discipline, their dexterity, and their work ethic. The overall accomplishments in South Korea must rank as one of the outstanding successes in the long reach of American foreign policy—all the more extraordinary for having been attained under conditions of political and military siege.

NORTH KOREA—A CONTRAST

To the north lies the most tightly controlled and impenetrable of Communist states, the Democratic People's Republic of Korea, whose existence is essentially an antithesis of South Korea's. Whereas South Korea has accepted the reality of two Koreas, North Korea has not; and continues to pursue the objectives of "liberating" South Korea from the Americans and Park Chung Hee, and reunifying the entire peninsula under North Korean Communist control. All other North Korean domestic and foreign policy objectives have been subordinated to this goal—and the results are impressive.

Three decades of thought control and virtually complete isolation from external information sources have made the North an ideological monolith; have deified Kim Il-sung; have provided the rationale for maintaining the entire country at an unprecedented degree of war-readiness; and have inculcated in sixteen million North Koreans a fanatical hatred of America, of American troops in South Korea, and of the government of the Republic of Korea.

North Korea, up to now, has consistently rebuffed any proposal that would institutionalize the existence of two Koreas even *ad interim*, and has steadfastly refused to deal with the Republic of Korea as a government except for some preliminary and nonsubstantive discussions in 1972–73. Indeed, in the North Korean concept of reunification, the Republic of Korea is a target to be destroyed rather than a party to negotiation. By following this plan there will be no need to grapple with the problems of melding conflicting political philosophies, economic systems and external ties, since one set will simply be eliminated.

Complementing the ideological and political programs, a continuous and comprehensive force improvement program—accorded top budget priority and pursued at enormous costs—has transformed the once thoroughly demoralized, second-rate North Korean Army into an extremely well trained and well equipped combined arms fighting force, supported by an extensive system of reserves and a broad, indigenous production base that manufactures, in quantity, everything except aircraft, missiles, and sophisticated electronic gear.

All of this has been achieved at extraordinary cost elsewhere, for no small, resource-limited industrializing nation can long afford to expend upwards of 15 to 25 percent of its GNP in the defence sector, as has North Korea in recent years. That excellent defense production base has been developed at the expense of the overall economy. Significant amounts of foreign capital have either been plowed under the nonexchange generating industries, or have been expended abroad to acquire sophisticated military hardware. At present, the DPRK finds herself greatly overextended, seriously in need of additional foreign capital, but unable to service her current international debts. At the same time, the international trade balance, and overall growth rate of the North have been considerably below those indices in the South, and the differences widen.

Thus, over the long run, there should be neither contest nor comparison between North and South Korea, for the latter, with twice the population and economic base, and a running head start, is well on the way to becoming sufficiently powerful and self-reliant to discourage any adventurism, regardless how brash the opposition. That is not the situation now, however. The existing balance on the peninsula is very tenuous, and hence the U.S. role in maintaining that balance, most critical.

THE MILITARY BALANCE

Although a large number of factors interact in any deterrent situation—political, psychological, and economic, as well as military—it is the military components of the deterrent in South Korea that have been central to the success achieved to date. These components are three: the ROK armed forces, the US forces in Korea, and the offshore US military power linked to the forces so deployed. For a quarter century, that triad has been sufficient to cause Kim Il-Sung to conclude that the risks of an armed attack outweigh the possible gains, and thus have stayed his hand. And that balance has maintained notwithstanding major changes in each of these components.

Apart from the defense industrial production bases, three areas should be looked at in assessing the military forces of North and South Korea: the individual fighting men themselves; the organizations for combat and the major weapons systems; and the stances, or postures, of the opposing elements.

By any standards, the individual soldiers—here used in a generic sense to include all armed services—of North and South Korea are comparable to one another. They are highly disciplined and motivated, superbly trained, excellently led, and exceptionally well conditioned physically. Both are ideologically dedicated, raw immense strength and succor from their respective civilian populations, and would undoubtedly fight to death for the success of their diametrically opposed missions. These soldiers of the two republics of Korea, therefore, stand in the front rank of the World's finest fighting men, and it would be difficult on that basis alone to differentiate between them.

The armed forces of the North and South are also equally impressive in their organizations for combat and the principal weapons systems of those formations. Here, however, there is nothing approaching parity; for the stark facts, are that North Korea has the edge in almost every determinant of ready military power.

On the ground, North Korea outguns South Korea in all measurements, including combat divisions. The disparity is most significant in artillery—the primary battlefield killer—and in tanks—the weapon of violent, offensive warfare.

The unconventional warfare forces of North Korea have been augmented and their training in reconnaissance, raid operations and rear-area harassment has been stepped up. Small elements of the North Korean Special Forces are frequently sent into South Korea. One group spent two weeks within ROK military territory, traveled more than 100 kilometers, took 900 photographs and was only eliminated when a South Korean soldier accidentally discovered them waiting at their exfiltration point. In addition to increased training these forces now have a substantial number of small, high-speed transport aircraft and swift motor boats to aid infiltration into the south.

The North Korean Air Force—largely a MIG force, although apparently without any MIG 23s—has a two-to-one advantage over the ROK air force in jet fighters and light bombers. In the North, also, a combination of interceptors, guns, missiles, and hardening comprizes probably the most intense air defense environment outside of the Soviet Union.

Geography forces North Korea to maintain two totally separate navies, one on each coast. Notwithstanding this handicap, the North still has the advantage in the waters both east and west of the Peninsula. North Korean navy forces include some 450 combat ships and craft, compared to slightly more than 100 in the ROK fleet; and more worrisome yet, a growing inventory of North Korean submarines poses a dangerous threat to a South Korea totally dependent on sea lines of communication.

As alarming as the purely numerical disparities may be, it is the aggressive offensive stance of the North Korean Armed Forces that adds the element of threat to the overall military balance.

In recent years, there has been extensive construction near the DMZ in North Korea, and elements of all armed forces have been displaced southward to these new facilities.

Throughout the North, and especially close to the DMZ, there has been an unprecedented program to construct hardened shelters—most in deep rock—for the critical elements of all services. We now assume that nearly all of North Korea's combat aircraft and naval combatants can be harbored and maintained underground, and that a substantial portion of her forward area artillery is positioned in hardened emplacements.

The North Korean propensity for digging is also illustrated by two tunnels discovered under the DMZ. One of these was 2,500 meters (1.6 miles) long, driven through solid granite 50 feet below the surface and big enough to permit passage of jeep-drawn artillery. Other tunnels are suspected. Obviously this massive effort to gain rapid passage south of the DMZ is intended to pass major number of troops, not small groups of infiltrators.

By developing its defense production capabilities at the expense of its civilian economy North Korea has gained a high degree of independence from outside support in the event of an extended war. Because they are mostly self-sustaining in ammunition production, for example, the North Koreans are able to stockpile large amounts in forward areas where they would be available to support an attack. In contrast, the thriving South Korean industrial base is concentrated on production of consumer goods for sale worldwide. While they have some ammunition stockpiled they would almost immediately become dependent on the United States to replenish those supplies once a war started.

In short, the North has a very large and very effective fighting force, structured to emphasize violent attack and rapid advance, poised on the very edge of South Korea, and only a few miles from that nation's heartland. That force is positioned to attack with little or no prior movement, and its counter-intelligence screen is so effective that a three-dimensional attack could be launched with no more than a few hours warning at best.

THE ROLE OF THE UNITED STATES FORCES

Earlier in this discussion, we noted that the ROK Armed Forces were but one of the three military components essential to the deterrence of war in Korea, the other two being the deployed US forces and the offshore military power of the United States. Therefore, although the ROK Armed Forces are growing steadily in competence and strength, and will continue to assume functions once discharged uniquely by in-country US forces, the ROK programs are based on the still-valid premise that deterrence is a shared task and thus, these programs of themselves, will never redress the indigenous imbalance. That premise—deterrence is a shared responsibility—is institutionalized in the US/ROK Mutual Defense Treaty of 1954, is made manifest by the continued presence of substantial US forces in Korea since the shooting war was halted by armed truce, and remains valid so long as the United States has an interest in peace and stability in Northeast Asia.

Currently, these US forces average about 40,000 men and women, configured in an air/ground team with US army elements making up three-quarters of the total. The major ground force elements are the Eighth Army and I Corps (ROK/US) Group command headquarters, the 2nd Infantry Division, an air defense artillery brigade and a signal brigade. The principal air elements are the three tactical fighter squadrons, an air support squadron, and the warning/control/communications elements—all under command of the 314th Air Division which, incidentally, also exercises operational control over the US Army's surface-to-air missile units and the principal ROK forces air defense elements. The key elements in the entire American assemblage, however, are the several headquarters, the infantry division, the tactical fighter squadrons, and the associated ground and air nuclear delivery capabilities.

For the present, then, these US forces in Korea have two roles. In the first, they substantially complement and augment the capabilities of the ROK armed forces, and thus compensate in some measure for the North-South imbalance. In this role, the F4 squadrons, the air defense missile units, the helicopter formations, and the artillery, antitank and ground surveillance radar assets of the division add significant weight to the forces south of the DMZ.

Moreover, these US elements possess a broad array of tactical nuclear delivery systems, and the means to command, control, and employ these systems. But, while a most significant force in its own right, and a vital addition to current ROK capabilities, the US force structure is but a vestige of the American forces once present on the peninsula. If we disregard the nuclear delivery systems the need for US war-fighting capabilities should steadily decline as the ROK forces continue to strengthen.

That conclusion, however, overlooks the second role of US forces in Korea—deterrence. And for US forces to be effective in the deterrent role, they must be credible—that is, North Korea must have no doubt that an attack on South Korea would involve these deployed forces and hence would bring into play the offshore US forces as well. It is in this role that the 2nd Infantry Division comes into focus, looming in dimension far larger than warranted by its size and organic capabilities.

The 2nd US Infantry Division is in reserve between Seoul and the majority of the ROK Army forces manning the defenses to the north. Yet in this location, were a North Korean attack to make significant advances through the ROK ranks the North could not attain any logical objective without first contending with the 2nd Division, and to do that would presumably trigger the immense military power of the United States. Thus, the US soldier on the ground constitutes the real earnest of US investment in deterrence—an investment with a proven return.

Essentially, the current debate in the United States concerning the proposed withdrawal of US ground forces from Korea centers on a single question: Will US air and naval elements remaining in and near Korea be as effective in deterring war as the 2nd Infantry Division soldiers on the ground? This question is not a simple one, for its answer lies in subjective perceptions rather than absolutes. The issue is not whether US air and naval elements will be as effective in war—for in actuality, should war break out, US air and naval elements would be essential to the successful outcome, whereas the 2nd Infantry Division would not necessarily be. It is entirely possible, after all, that the ROK ground forces could conduct a successful defense with the help of US naval and air power and without involving US ground forces directly in combat.

The issue is whether these air and naval elements can convey to the North the same degree of resolve, of commitment, of steadfastness, as does the ground soldier now. We maintain that the answer to this question is "no," that the soldier's role in the prevention of war is unique, and cannot be performed by air units based well South of Seoul or, even less, by carrier task groups off the Korean coast.

Without the soldier on the ground, the engagement of US forces in active hostilities would require a decision by the National Command Authority to "go to the assistance" of the South Korean forces, as it were, rather than to be beside them from the outset. The point of this argument is not to imply that the National Command Authorities would decide otherwise, but to indicate the rationale which might well tempt Kim Il-Sung to risk the odds of that decision. (After all, were not US air and naval elements in Thailand and off the coast of the Republic of Vietnam in April of 1975, or off the coast of Angola a few months later?) The fall of Pnom Penh and Saigon have persuaded Southeast Asians that the US is not likely to intervene again militarily in their region. The bottom line for the South Koreans and the Japanese particularly is whether or not the United States would in fact stand by its defense commitment in Northeast Asia.

We must apply the same sort of pragmatism to the question of dealing with two China's. While we genuinely desire better relations with the People's Republic of China, we cannot cast the Republic of China adrift. The fact is that, at the moment at least, we have more to offer mainland China than it has to offer us in terms of technology, industrial know-how, and markets. There is no reason for the United States to knuckle under to the mainland Chinese demands for abandonment of their cousins on Taiwan. It is time we told them their present price for improved relations is unacceptable.

There are plenty of historic precedents for two or more countries sharing a common heritage. At the moment we have the two Germanies, the two Koreas and a bevy of Latin American countries that have been

gradually fragmented from common beginnings. We might even say there are three China's, if we count Singapore.

For the sake of this argument it does not matter whether we call the island China the Republic of China or simply Taiwan. The cogent facts are that it is a nation desirous of pursuing its own destiny as part of the free world, oriented to the United States and a valuable trading partner. To hand Taiwan over to Mainland China to achieve some momentary improvement in our relations with the larger country would be as capricious as handing over the American Zone of Berlin to the East Germans.

In Japan, and in the US as well, a question has gradually taken shape: is it tenable over the long term for a nation, soon to be the world's second ranked economic power, to place major dependence on another nation (the US) for its external defense? The answer is far from simple because many complex factors within and without Japan should be weighed and subjected to searching analysis. Suddenly the question has been thrust center stage by Japanese apprehension that the announced withdrawal of the Second Division from South Korea portends a weakening of the US security guarantees in Northeast Asia. Concern that the US might not live up to its Treaty commitments could force the Japanese into precipitate decisions on the future shape and role of the Japanese Armed Forces. And precipitate rearmament could upset the entire balance of power in Asia.

Carrying the argument a step further, some observers are convinced that within ten years the Japanese will embark on a program of military buildup no matter what the United States might do. Whether they prove to be right or not, it is of the utmost importance that the US make plans for that eventuality. To that end, we should maintain the closest possible coordination with the Japanese to insure that increases in their military capabilities are complementary to our own so we can share the burden of regional defense. If, to the contrary, the US uses any resurgence of Japanese military strength as an excuse to withdraw further eastward in the Pacific, the whole pattern of US/Japanese relations will be altered, the reapproachment with the PRC will be endangered, the security of South Korea and Taiwan will be gravely threatened and the major market for manufactured goods and access to the sources of raw materials which we have been including in our planning will be lost. It would not be in our vital self interest, to let this happen. Northeast Asia is too crucial to the world balance of power, to the American economy, to the international free trade system. In the long run, these imperatives should over come the traditional American emotions about involvement in those strange-sounding places in Asia.

This reasoning highlights another critical question in the current Korean debate, and that is whether the present deployment of the 2nd US Infantry Division guarantees US involvement—some would say automatic involvement—in another war on the Asian mainland. There, too, the answer is paradoxical. The 2nd Division, positioned as it now is, does assure that the United States would be involved if the North Koreans elected to attack south. Far more important, the deployment of the 2nd Division almost assures that the North Koreans will not attack south, that there will not be another war on the peninsula. To remove those ground troops therefore, would increase the likelihood of a war—one into which we would be drawn, perhaps not automatically but nonetheless inexorably, by reason of our Armistice responsibilities, the ROK/US Mutual Defense Treaty, and our overall position as a world power and the leader of the free nations.

Once again limiting our discussion to the Korean peninsula, we cannot support the status quo and oppose further ground troop withdrawals now without offering a rational alternative. We cannot support either the notion that US ground forces must remain in Korea in perpetuity. We must work to ameliorate the conditions that now make them necessary but keep them in place while the amelioration progresses.

First and foremost, we must attempt to gain recognition on the part of each Korea that the other one exists, has a government, a capital and clearly-defined boundaries. Our best hope for peace on the Korean Peninsula seems to rest on the chance of getting all the parties to agree that the two Korean states must live within prescribed limits. Once that is done, a major irritant is removed and progress could be made in other directions.

Hopefully, once these geographical constants are agreed-to by both sides, the way would be open to reciprocal recognition of the two Koreas by the major Free World and Communist Powers and to entry of both Koreas into the United Nations. Then, the U.S. Forces could withdraw. At long last, the way would be open for rational dialogue directly between the two Korean states.

This should be our announced long-term policy.

Such a course of action overcomes almost all of the genuine concerns being expressed about precipitous withdrawal. It has the further virtue of protecting our own interests and advancing the cause of peace in this inflammable area.

To be effective, this needs to be a clear national policy, widely publicized and supported by both the Administration and the Congress. The maintenance of our ground troops in Korea, after all the current debate, should be convincing evidence of our resolve. We must recognize that events in recent years have raised in Asian minds understandable doubts about our ability to hew to an enduring policy over changes in Administrations. A clearly stated and supported national policy will add substantially to the 2nd Division's deterrence value.

Such a widely supported policy would be welcomed by South Korea and Japan—and we suspect by the People's Republic of China as well for it has a great stake in maintaining stability on its eastern flank.

Only such a policy as we have described has any hope of persuading Kim Il-Sung that his hard line policies cannot succeed and that his nation's interests can be better served by seeking some rapprochement across the DMZ.

Time is our ally in this endeavor. There is no financial incentive to quickly move our ground troops from Korea. The costs of maintaining them in Korea are roughly the same as in the United States. So, unless the 2nd Division is to be inactivated—an unthinkable option in light of growing Soviet power—there is no money to be saved.

The United States has a great stake in the future of East Asia. The ground forces we have maintained there for the past twenty years have kept the peace, provided a blanket of security, and stimulated the economic progress of this vitally important area. It is worth every bit of the effort to stay the course. Our instincts were right in the first place.

RURAL CREDIT

Mr. HUMPHREY. Mr. President, several of my colleagues in recent weeks have called attention to the financial dilemma that America's farmers are currently confronting. The problem is simple: Our farmers are not recouping enough income to cover their expenses.

It is important that the Members of this body realize that the economic crunch our farmers face will have a ripple effect throughout the entire American economy. Implement dealers, small stores, local governments, and rural financial institutions will be affected by the deteriorating financial situation.

This situation is getting progressively worse. National farm debt is up 24 percent from 2 years ago and is expected to rise sharply in this calendar year. Many small town banks have abrogated their normal financial policies to meet this crisis. The tragedy is that there is no promise of a better tomorrow.

Mr. President, an article in the July 20 edition of the Wall Street Journal touches on the farm credit situation in a very articulate and effective manner. This article, "Farmers Find Bank Credit Is Tough To Get as Deposits Are Hurt by Sagging Income," by Christopher A. Evans, paints a depressing picture of this escalating problem. One of the many paradoxes of this situation is that our farmers are being financially penalized not by lack of productivity, but by their effectiveness and efficiency.

Given the current situation, it becomes increasingly important that we join together to seek common approaches to securing a constant financial base for rural America. We need not only to strengthen private financial institutions but to enhance government and quasi-government efforts to insure that rural Americans have the economic wherewithal to lead productive lives.

Mr. President, I ask unanimous consent that the text of this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARMERS FIND BANK CREDIT IS TOUGH TO GET AS DEPOSITS ARE HURT BY SAGGING INCOME

(By Christopher A. Evans)

RUGBY, N.D.—Larry Martin, 36, owns a 1,600-acre spread here in the northern Great Plains. He raises cattle and grows grain with the help of a few hired hands, while his wife, Diane, and three young children tend to chores around the farmhouse.

Several months ago, Mr. Martin went to the bank to borrow $75,000 to $100,000 to buy more cattle and fatten them for market, thus expanding his livestock business. But the Citizens State Bank of Rugby, he says, told him to "reconsider."

"Last year it would have been no problem to borrow it, but they're clamping down now," Mr. Martin says. "If I can't borrow, then I'll have only minimal income at best, that's the way I look at it. I'm just going to try to get through another year on my most basic operation of putting a crop in the ground and taking it out. That's all I can afford to do."

A lot of farmers, like Mr. Martin, are finding credit tougher to get. From 1972 through most of last year, the prices of farm products boomed, and banks, flush with deposits, were happy to loan farmers as much as they

wanted. But in recent months the prices of many farm products have plunged sharply. As a result, farmers' net income, adjusted for inflation, has fallen back to where it was before the big Russian grain purchases of 1972 sent farm prices soaring. As farm income falls, fewer funds are readily available in rural banks for farm loans.

FARM DEBT SOARS

On January 1, the national farm debt was an estimated $101.5 billion, up from $90.6 billion a year earlier and $81.8 billion the year before that, a two-year gain of 24%. In that same period, net farm income has slumped by more than 15%. (The farm debt is expected to reach $112.6 billion by next January.)

Farmers who borrowed heavily during the boom years find themselves saddled with high principal and interest payments but with much smaller cash receipts than they, or their bankers, had counted on. With production costs continuing to rise (they jumped 7% last year from 1975 and increased 3% more in the first quarter of this year) many farmers are seeking loan extensions and are trying to borrow additional money to stay in business.

For example, Leander Feldkamp, a Centralia, Kans., farmer, saw his net income drop by nearly 15% last year as wheat prices began falling. To get in this year's crop, which he recently harvested, he had to increase his borrowings to $90,000 from $60,000. Mr. Feldkamp says he intends to hold on to his wheat at least until the end of the year in the hope prices will rise. But many other farmers are selling more of their newly harvested wheat this year than last year to repay their loans and to keep their credit line secure. Current wheat prices are even more depressed than is usual at harvest time and have fallen by nearly $1.25 a bushel from the year-ago price.

"It takes more bushels of wheat than ever before to buy a John Deere tractor," says Roy Dinsdale, chairman of the Farmers National Bank in Central City, Neb. In his area, he says, the ratio of low or falling farm-commodity prices to high and rising production costs "has never been worse."

Farm credit is tighter in the Great Plains than elsewhere in the U.S. because, as one banker notes, the area has been hit by the "triple whammy" of low commodity prices, drought and rising production costs. California and the South also have had drought, but these areas have a more diversified agriculture. So far, favorable prices for crops such as soybeans and cotton have forestalled credit pinches in these areas.

But the Great Plains is the nation's main producing region of wheat and meat, the prices of which have either plummeted or remained low for the past year. As a result, 'we have a contractionary phenomenon in the rural economy here in the Plains, and it's trickling into the rest of the economy as well," says C. Edward Harshbarger, an economist at the Federal Reserve Bank of Kansas City. "The farmers are cutting back on purchases, and this affects everyone from General Motors on down."

It may be a while before General Motors notices much slack, but many rural banks, which make more than half their loans to farmers, already consider themselves strapped.

"It's been frightful for us. We have a credit crunch," says Claude Zwebber, president of the Citizens State Bank in Rugby. "Our loan-to-deposit ratio on March 1 was 71%, about what we'd expect in August after the crops are in. Now it's at 80%, which is astronomical for a rural bank." (Rural banks normally loan out about 55% of their deposits, compared to 90% to 100% for some city banks; the national average for commercial banks is 70%.)

A TELLING INDICATOR

The loan-to-deposit ratio is a telling indicator of credit availability: The higher it gets the less money remains to be loaned out. In the case of Citizens State Bank, the loan-to-deposit ratio climbed so high largely because farmers were earning less and not making deposits. The bank's deposits on Jan. 1 were no greater than a year earlier, compared to gains of $3 million to $4 million in the more flush years. "The historic depositors are now borrowers," Mr. Zwebber says.

Tight credit at rural banks is in sharp contrast to conditions in banks generally. Big-city banks are eager for loans, and many of them are sharing in loans generated by their correspondent rural banks.

In today's national market for bank credit, funds flow much more freely from one area to another than they did 10 or 20 years ago. But generally, smaller banks still prefer to be fairly independent in generating their own funds. They also don't have big banks' easy access to sources of liquidity such as certificates of deposit in denominations of $100,000 and up, and must depend largely on deposits. So it's still possible for credit to be relatively tight in rural areas while funds are plentiful in the big cities.

Rural banks are employing a variety of tactics to get their loan-to-deposit ratios back to a more comfortable level. Rugby's Citizens State Bank, for instance, plans to sell to other banks and investors "several million dollars" of guaranteed Small Business Administration and Farmers Home Administration loans. Other rural banks are turning more frequently to their big-city correspondent banks for participation in farm loans. And the rural banks are sharply increasing their temporary use of Federal Reserve System funds. For example, the Federal Reserve Bank of Kansas City says that during June its average daily outstanding loans of reserve funds to its member banks were $35 million, compared with $10 million a year ago.

BACK TO BASICS

Hugh C. Jones, president of the Bank of Woodward, in Oklahoma, says his bank is "going back to basics" by insisting that its farmer customers keep their debts more conservatively in proportion to their assets. Farmers National Bank in Central City, Neb., says it is demanding fuller financial statements from farmers, asking them to put up more collateral. Also, it is not taking on new loan customers.

A few banks are raising their interest rates, although slowly and selectively in order to stay competitive. Citizens State Bank in Rugby, for instance, has eliminated the rate discount of half a percentage point that it used to give its best customers, Mr. Zwebber, the president, says.

Some banks are discouraging farmers from borrowing for purchases that can be postponed until times get better: Mr. Martin's cattle, for instance, and farm equipment. Where buying a tractor or a combine can't be put off, some banks suggest that farmers get financing through the dealers.

Andrew Buchl, an owner of Pierce Implement Co., an International Harvester Co. dealership in Rugby, says the combination of falling farm income and tight credit is hurting business. He expects the dealership's sales this year to be about $2 million, a 38% drop from last year. He and other dealers have asked International Harvester for a meeting this month to discuss granting credit extensions to farmers. "It's going to take good money management to turn us around," he says.

Paradoxically, both farmers and bankers are hoping for bountiful harvests this year, though ample supplies could depress prices even further. "If we don't get a good crop it'll be worse for a long time before it gets better," says Mr. Zwebber, the Rugby banker. "The bumper (wheat) crop we expect will be a nice problem. It'll cause wheat prices to keep going down but it'll also mean an influx of cash that should be a temporary solution" to the tight-credit problem.

But if farm-commodity prices stay low and costs remain high and credit tight for very long, observers say, the Farm Belt could be caught in an economic squeeze that will force some farmers out of business.

"It's hard to make a go of it when I get only $2 a bushel for wheat that costs me $3 to plant and grow," says Mr. Feldkamp, the Kansas farmer. "If prices don't go up or costs go down, I'm afraid that we might run out of credit altogether in a year or two."

WILD HORSES DROUGHT VICTIMS IN COLORADO

Mr. McCLURE. Mr. President, the July 3, Idaho Falls Post-Register carried an Associated Press story on the plight of a herd of wild horses near Craig, Colo. In this case the horses are suffering from the record drought that is affecting many areas in the west. The problem is further complicated by uncontrolled population increases in the horse herds, and the bureaucratic redtape, as noted in the article, which makes timely management decisions almost impossible.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

450 WILD HORSES DROUGHT VICTIMS

CRAIG, Colo.—More than 450 wild horses near here have become the drought's latest victims. Federal officials say the animals are slowly dying of thirst and have ordered drastic measures to save them.

"They're really in trouble," Carroll M. Levitt, area manager of the Craig district of the Bureau of Land Management, said of the bands of horses that roam the remote and wild territory near Douglas Mountain in the northwest corner of Colorado.

The area's last rain was in February or March, Levitt said, and only one or two privately-owned water holes remain in the area, which includes Dinosaur National Monument.

Ranchers, who own small pockets of land within the federal lands here, have reduced their own cattle herds by 70 to 80 per cent, Levitt said. They have been forced to drive the wild horses away in order to water their remaining stock.

Even those remaining water holes aren't expected to last more than two weeks, he said, and two horses already have been found dead.

BLM officials have okayed an emergency roundup to save the horses, but they are concerned that public hearings may be required by law before that action can be taken.

Levitt said he was contacting wild horse organizations for their reaction to the proposed roundup and to determine whether the hearings will have to be held.

However long it takes, Levitt said more horses will undoubtedly perish from lack of water, and "thirst is worse than starvation."

INTERNATIONAL COMMUNICATIONS

Mr. McGOVERN. Mr. President, recently the International Operations Subcommittee of the Foreign Relations Committee conducted hearings on pressing international communications and information issues. Through a typographical error, the prepared statements of three of the June 8 witnesses were seriously garbled when they appeared in the RECORD. I ask unanimous consent that the statements of William Colby, Leonard Marks, Anthony Oettinger, and John Legates be printed in the RECORD to correct this error inasmuch as their comments were pertinent and important.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF WILLIAM E. COLBY, DIRECTOR OF CENTRAL INTELLIGENCE 1973–1976, BEFORE THE COMMITTEE ON FOREIGN RELATIONS SUBCOMMITTEE ON INTERNATIONAL OPERATIONS

Mr. Chairman, thank you for this opportunity to contribute to your consideration of a communications and information policy. With my background in intelligence I obviously have an interest in the subject and I congratulate the Committee for arranging this interesting set of hearings to discuss the problems involved.

Each nation state obviously has a need for international communications for itself. Its embassies abroad, its military forces, and its own functioning require dependable communications for the transmission of the masses of information required for the internal business of a modern government. This involves not only communications with our forces and representatives abroad, but also the vast amount of information which must flow within our country to enable our government to operate, from shipping information to weather information, to the necessary data to conduct our social welfare and economic programs. Not only must we have the basic capability of transmitting such information, we must have a redundancy of channels, so that this information can be assured to move in order to permit our government to operate and to ensure our safety. By the facts of technology, the facilities and frequencies needed require negotiations with other states to insure adequate access to the physical characteristics of the electromagnetic spectrum and other scientific limitations which impose themselves on the world of communications.

Government obviously has another dimension of interest in the flow of communications and information. This comes from its responsibility to represent, protect, and promote the use by its citizens of these facilities for their own private purposes. Adequate access to the electromagnetic spectrum, protection against interference from other sources, and encouragement of new technology to increase the volume of communications in the future, are all a responsibility of our government. As technology improves, our government's tasks will increase to arrange orderly access to the new forms of communication and information exchange which are just over the horizon, from the satellite to the date stream to the computer. We are told by excellent estimates that the volume of new information in the world will increase at least ten fold in the next 10 to 15 years. It is obvious that governments must have policies with which to face this explosion of information and negotiate the comparative interests of our citizens and others in this rapid shrinking world. It is in this area that difficulties can arise between the developed nations, such as the United States, which have an immediate heavy demand for technological facilities and communications, and the less developed nations which fear that the available spectrum and facilities will be entirely taken by the developed countries and nothing remain for them into which to grow, consigning them indefinitely to a department state. This is an area of potential conflict which requires sensitive and imaginative diplomacy in order to satisfy both needs.

But there is another question to which I would like to address my remarks. A major problem in communications is less technical than philosophical. Clearly information is power, and traditionally the country or individual who controlled it unilaterally had an advantage over his fellows and adversaries. From this concept over the centuries has developed the secrecy of government policies, military weapons systems, and even private trade secrets, with variations in intensity between authoritarian and democratic societies. This situation also stimulated intensive efforts to ferret out such secrets, which we call intelligence. In the days in which intelligence constituted only espionage, this was a rather small effort and many secrets remained secret.

But the modern world and modern technology are changing the basis upon which those old concepts rested. Information advantage today does not consist of a few quiet secrets but of masses of data which must be distributed broadly throughout government staffs in order that they may make their contribution to national policy. A nation's security concerns have extended from purely military and diplomatic matters to complex problems of political dynamics, economic relationships, and social inequalities, all of which can produce major security problems. The role of the public in democratic countries, of course, has expanded with universal suffrage and universal education, and even in authoritarian countries it has become essential to inform, or sometimes indoctrinate, the public in the logic of a nation's policy, and its demands for sacrifice. Thus, in addition to information growing in scope, it has also grown in distribution. We have many examples in which a government's policy has failed because it has done an inadequate job of informing its public of the basis for that policy. And on some occasions the public perception of the correct policy has differed from that of the government. The role of information has changed—it is essential that our philosophy and policies with respect to it change also.

The old tactical advantage that was thought to exist in secrecy has diminished as the spread of information has made it clear how important it is that the information be circulated broadly, how difficult secrets are to keep, and how vital it is that the public be informed. Trends in technology and in world culture indicate that this process will only accelerate in the next ten to twenty years. Later in this century we will undoubtedly be in a position where most of our information is handled on an automated basis and transferred at electric speeds throughout the world. This will make the change in the role of information even more striking. It is essential that we have a policy of encouraging innovating methods not only of handling and absorbing this information, but of conducting the human and state relationships which this new phenomenon in world history will require.

Mr. Chairman, I believe that we should eagerly look forward to this new world of information and not decry the passage of the old one. There are great potential advantages in this kind of increased information, both for the state and for the individuals who make it up. There is also major advantage in the prospect of more open access to information. The long history of arms control probably forms one of the best examples of this. Starting in 1946, the United States has been concerned with the danger of nuclear weapons and at that time offered to internationalize them through the United Nations, under the so-called Baruch Plan. We could not obtain the necessary assurances, however, that the restraints we would impose upon ourselves in such a situation would be adhered to by other nations, and so this dramatic step was not taken. President Eisenhower sought to solve the dilemma when he suggested a program of "open skies," by which unarmed Soviet aircraft could fly over the United States and unarmed American aircraft fly over the Soviet Union, to monitor and provide assurance that an agreement on these weapons would be adhered to. But this also was rejected, as were proposals for inspection teams to circulate freely through nations which agreed to limit their weaponry. It was not until our technological intelligence through space photography and electronics enabled our Director of Central Intelligence to assure our President and our Congress in 1972 that we could monitor strategic arms limitations that we were able to make the SALT Agreement of that year. A feature of that agreement was the mutual undertaking by the Soviets and the United States not to develop nationwide anti-ballistic missile systems. We have not done so, and we know the Soviets have not done so, and out of this we have saved our taxpayers something between 50 and 100 billion dollars, which we would otherwise have spent in these past few years. A similar contribution of information through technological intelligence devices can be found in the middle of the Sinai Desert, where sensors reassure both Egyptian and Israeli forces against surprise movements up to the line by hidden forces on the other side, preparing for a sudden attack. This kind of information can remove the suspicions and misunderstandings of the past which have led to conflict. Further, however, the wide spread of information available today, analyzed and assessed by the corps of scholars in our modern intelligence institutions, can lay out on international negotiating tables the difficult politicals, economic, and social problems of the future for mutual discussion and resolution, permitting us to find solutions rather than seeing them fester and grow into violence.

Thus, a fundamental element of a forward-thinking information policy should be to encourage maximum exchange of the increased information which will be available in the years ahead. In order to obviate the challenge that this material will only be used for the tactical advantage of the developed nations or their multinational corporations, this information should be made available to all parties. International centers for the analysis and dissemination of such information, such as the many specialized organs of the United Nations, can ensure that this is made available and tailored for all, and especially for the improvement of the lot of the less-developed world. And a portion of international development assistance should be devoted to improving the facilities and expertise of the less-developed countries so they may exploit and utilize the information thus made available.

Within this posture of open information and communications, there is at the same time a requirement for some restraints. The legitimate privacy of individuals must be protected from unwarranted exposure. Con-

fidential negotiations and internal discussions of governments and enterprises must be recognized. And the secret sources necessary to learn the secret dangers of a state refusing to recognize the obligations of participation in an increasingly open and interdependent world must be preserved. But these restraints would be relatively minor, however important, and will not conflict with the over-all new philosophy and, I hope, policy.

THE ROLE AND CONTROL OF INTERNATIONAL INFORMATION AND COMMUNICATIONS

(By Leonard H. Marks)

I want to thank you for the opportunity of appearing as the opening witness in a series of hearings which I believe can have a vital influence on the future of international communications.

I shall attempt first to give you an overview of some of the critical problems which we face in international communications, and second, point out the need for greater coordination of policy by governmental agencies and private enterprise.

At the outset, let me stress that the subject you are considering is a complex one for which there are no simple solutions. Billions of dollars have been invested in the cable, radio, and satellite facilities which comprise the worldwide network linking the United States to all parts of the world. U.S. companies have played a dominant role in creating this structure and have been responsible for the revolutionary changes that have taken place since World War II. We pioneered with television broadcasting; we took the lead in creating Intelsat which today serves approximately one hundred countries. We perfected the transistor and miniaturization techniques; we are in the forefront in experimenting with fiber optics, wave guides and other challenging inventions designed to bring the world better and cheaper communications.

On the philosophic side, for more than two hundred years, the United States has been the champion of the principle that ideas and opinions must be freely exchanged. At home we have defended this principle so that the First Amendment has become a sacred protection. Similarly, we have fought for the free flow of information as a means of achieving better understanding between nations. Although we cannot legislate our philosophical or political views for other countries, it is our responsibility to seek the enforcement of those principles when they have been adopted in international agreements. In 1948 the Universal Declaration of Human rights was adopted by the United Nations General Assembly. Article 19 specifically provides—Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Thirty years ago this provision was endorsed and applauded throughout the world. Yet today we find that the free flow of information principle is observed in relatively few countries and that Article 19 is honored in the breach more than in the observance.

At this time I would like to refer to three specific international areas where the free flow of information principle has been attacked.

UNITED NATIONS PEACEFUL USES OF OUTER SPACE

In 1962—just fifteen years ago—the first communications satellite was launched. It heralded a new era in international communications and offered the opportunity of instantaneous communication between distant points throughout the world. In addition, the satellite offered the possibility for inexpensive communications since distance was erased and the connection of any two points on the globe could be accomplished at the same expense regardless of the number of miles separating the origin and the termination point for the message.

It soon became apparent that satellite technology would also permit the transmission of radio and television programs directly into a home receiver without the necessity of a relay operated by the country receiving the signal. This technology would do for television programs what short-wave broadcasting has permitted for years with radio programs. Via satellite, television programs could be beamed through Voice of America, BBC, Radio Moscow, or any other national entity.

This exciting possibility did not stir the imagination of political leaders but aroused their anxieties. They quickly translated the tremendous power of television into a political reality. They envisioned the interference by other nations in their national affairs and the alarming possibility that their citizens might receive facts and opinions contrary to those reported by their national news outlets. The Soviet Union took the leadership in arousing these fears at the United Nations through the Committee on Peaceful Uses for Outer Space. Hearings were held and arguments debated. Finally, when the critical question was considered, the United States stood alone in defending the principle of "free flow of information."

This issue resulted in an acrimonious exchange in the legal committee meeting which recently was concluded. At that time the Soviets insisted upon a clear-cut provision which would permit censorship in the country of reception. They bragged that they had won the day at the WARC meeting in Geneva (to which I will refer later on), and that the same principles should apply at this conference.

No resolution was adopted, and the issue will be again debated at a meeting in Vienna of the full committee commencing June 20th. We must be steadfast in our resolve to protect the principle of the free flow of information and enlist our allies in this fight for the preservation of the principles of Article 19.

UNESCO CONFERENCE IN NAIROBI

Another attack on the free flow of information was introduced by the USSR in UNESCO meetings with the proposal that UNESCO adopt a policy governing the conduct of mass media.

In December, 1976, when the UN General Assembly met at Nairobi the principal item on the agenda was a declaration which, if adopted, would have meant a complete victory for the proponents for totalitarian control of the media.

The title betrays its bias: "Draft declaration on fundamental principles governing the use of mass media in strengthening peace and international understanding and in combating propaganda, racism and apartheid."

Article 12 became the focus of the debate. It provided, "States are responsible for the activities in the international sphere of all mass media under their jurisdiction." Those who favored this provision contend that a journalist should serve the interests of the state in supporting official political, economic, and moral objectives. The opposing view defends the philosophy of the free expression of ideas, asserting that a journalist performs not as a mouthpiece for the state, but as an independent voice reporting freely with the right to criticize actions of the state.

Essentially, developing countries must rely on foreign organizations for their news. The international news agencies—AP, UPI, Reuters, and Agence France-Presse—are based in the United States, England, and France. Third World leaders complain that these news services reflect the values of the advanced Western countries rather than those of the developing countries. They complain that news about these countries printed or broadcast in Western Europe or the United States features catastrophes, deficiencies, and calamities. They also argue that since they have no news service of their own the reports that developing countries receive from the media about each other are equally adverse to their national interests. The dependence of the Third World is not just limited to news. Films and television programs, books and magazines flow into the developing world, but very little comes out of it to the United States or the major industrial powers. The Third World has labeled this "cultural imperialism" and condemns its dependence on such sources.

Some of the complaints of developing nations may indeed be justified, but the deficiencies in reporting do not constitute justification for the state control of the media. Moreover, it is fundamental that our free press have "access" to these countries so that we in the United States receive independent reports of their activities rather than rely upon the handouts of government information offices.

The draft declaration by the USSR was not adopted at Nairobi. Instead over the bitter objections of the Soviet Union and its Eastern European allies, the issue was postponed for two years and will arise again in 1978 when the next UN General Assembly meets.

The Third World nations are not going to wait until the next UNESCO conference in order to achieve their objective. They have organized their own news agency which will be operated by Tanjug of Yugoslavia. Initially, this service will distribute news handouts and reports from one country in Africa to the others. Later, it hopes to serve all of the continents.

I support multiple news services. Our national interests are served by the free flow of information, and "Third World News Services" and "Fourth World News Services" are consistent with this principle. Competition in the exchange of ideas is a healthy phenomenon. However, I am apprehensive that these services could lead to a restraint on the free press, since the developing nations have threatened to oust all Western news agencies and require them to rely on these new national news services. Is the Third World news agency the prelude to such an action?

Between now and the UNESCO meeting in Paris, United States policy must be determined. What will our policy be at the next UNESCO meeting? Who will determine it?

THE HELSINKI DECLARATION

A great deal has been written about Basket III of the Helsinki Declaration and its protections for human rights and the free expression of ideas. Shortly after his inauguration, President Carter began to emphasize the importance of these ideas and has been the champion of this issue.

Basket III covers many topics, but it stresses the importance of freedom of thought, freedom of speech, freedom of the press, and the freedom to express opinions.

On June 15—just one week from today—the thirty-five nations that signed the Helsinki Declaration will meet in Belgrade to

prepare an agenda for a second conference later this year. The Basket III issues will play an important role in these discussions. It is imperative that our negotiators stress the principles of free flow of information and seek opportunities for better understanding as well as point out the shortcomings of the USSR.

Time does not permit a catalogue of our Basket III complaints against the USSR, but I would like to enumerate several which are critical:

1. Radio Free Europe and Radio Liberty broadcasts are regularly jammed.

2. Newsmen are not free to travel or to interview sources.

3. Newspapers, magazines, and other information materials cannot be obtained in the USSR except under controlled situations.

These failures must be discussed and strong efforts made to correct the deficiencies. If we fail to do so, we have deserted the principles for which we have fought so long and so vigorously.

On the positive side, I would recommend that we sponsor projects to further our communication links. To illustrate, we should—

1. Expand cultural and educational exchange. The Soviets have demonstrated a willingness to step up academic and professional contacts. The State Department should respond by an enlarged official program and by stimulating more private exchanges.

2. Insist on a free flow in informational materials into Eastern Europe, where there is a great demand for Western publications, films, recordings, etc. The establishment of a currency convertibility program similar to the former Informational Media Guaranty Program administered by the U.S. Information Agency would promote this end and demonstrate U.S. adherence to the "Spirit of Helsinki."

3. Increase circulation of "America" magazine. This USIA publication has for over 30 years been an effective interpreter of American ideas and events, and demand for copies far exceeds the number (60,000 per month) we are allowed to distribute. It would seem logical to press the Soviets to allow, "in the spirit of Helsinki," an increase in circulation.

4. Open an American bookstore in Moscow and other capital cities of Eastern Europe. The Soviets have always discouraged this project by insisting on controlling the selection of books for it. Perhaps the time is ripe to remind them that no censorship is imposed on Russian books imported into the United States, and that the Helsinki signatories specifically agreed "to promote wider dissemination of books."

These are merely a few illustrative suggestions which will permit better understanding consistent with the spirit of Helsinki.

In these brief comments I have attempted to sketch some of the problems which must be overcome if we are to have a free flow of information and a fulfillment of Article 19. We have a long way to go, but unless we are conscious of the problems and emphasize their importance, the gulf in understanding will be widened.

PART TWO—GOVERNMENTAL COORDINATION

Let me now turn to a discussion of the governmental structure and illustrate the need for greater coordination.

A recent Congressional study revealed that there are more than forty separate government entities which a responsibility in the field of telecommunications. The most important are the Federal Communications Commission, the Department of State, Department of Defense, Department of Commerce, NASA, HEW, National Science Foundation, and the Office of Telecommunications Policy of the White House. Theoretically, coordination is attempted by these organizations, but practically it has been impossible to bring together all entities to determine policy. Experience has demonstrated that frequently one arm of the government, unaware of what another is doing, will be administering regulations which hinder, thwart, or contradict the policy of another. This conclusion is not an indictment of those involved, but a recognition of the complexity of our governmental structure. I can state unequivocally that at the present time the United States government does not have an international communications policy nor is there a single agency which has been successful in coordinating our efforts internationally or in planning for the future.

WORLD ADMINISTRATIVE RADIO CONFERENCES

The International Telecommunications Union (ITU) is the oldest international agency antedating even the postal union. It was created as a traffic policeman to assign lanes of communications to the nations of the world. It has been free of controversy and has performed its mission with technical proficiency. With the advent of satellites, the problems facing the ITU have become extremely complex and has placed a heavy buden upon its limited capabilities to keep order in the spectrum.

Let me give you an illustration of the inadequacy of the present international regulatory machinery in the field of telecommunications. A number of years ago, the Soviet Union placed in orbit a manned space ship. As it circled the globe, it was suddenly cut off from communication with the master control in the Soviet Union. Interference from a terrestrial base blacked out the communications from the space ship.

In great distress, the Soviets enlisted the cooperation of other countries in an effort to determine the source of the interference. There was no machinery at the ITU which could be used to identify the cause of the interference nor to eliminate it if discovered. I am informed that the source of the problem was never determined. This situation can occur again and the next time the result may be fatal.

Several months ago under the auspices of the ITU, a World Administrative Radio Conference (WARC) was concluded to assign frequencies for satellite communications in the Band 11.7 GHZ to 12.5 GHZ. I will not dwell on the technical questions involved nor on the policy questions relating to the use of this portion of the spectrum. However, I do believe that it is significant to note that the WARC agreed on a division of frequencies in regions of the world other than the Western Hemisphere. In doing so it subscribed to the principle that no satellite communications could be beamed into a country without its consent. As a result, in this band there cannot be any international communication comparable to the BBC, Radio Moscow, Deutsche Welle, and, of course, the Voice of America. And, surprisingly, the principle of Article 19 was forgotten.

In 1979 there will be a WARC to assign frequencies and propose regulations for the remaining portion of the spectrum. What will be our policy? Will we agree to the restrictions of WARC '77, and the philosophy that each nation shall determine which communications its citizens may receive? If we do so, Article 19 of the UN Declaration of Human Rights has no meaning. If we do so, the philosophy of "free flow of information" becomes an empty phrase.

The ITU does not provide a forum in which U.S. communications interests can resolve philosophic, political or economic problems. Similarly, there is no entity within the United States government which will have the authority to resolve such issues. In my introduction, I pointed out that there was a need for coordinated effort. Let me illustrate:

1. The State Department is responsible for negotiations with other nations in international forums relating to communications. State Department officers are spokesmen in ITU and UNESCO and instruct private industry on positions to be taken in Intelsat. Yet, State has no regulatory authority over the international carriers or the facilities they use in international communications.

2. The Office of Telecommunications Policy (OTP) is charged under Executive Order 11566 with coordinating interdepartmental activities. Yet, OTP has no authority to regulate the U.S. communications industry.

3. The Department of Commerce (OT) is responsible for spectrum management studies, research in science and technological matters, and for the preparation of economic analyses. Yet, the Department of Commerce has no authority to formulate U.S. positions on the economic aspects of our telecommunications industry.

4. The Department of Justice through its antitrust division carefully monitors the competitive relationship of our international common carriers—ATT, ITT, RCAC, COMSAT, Western Union—and prohibits any consotium planning or price fixing. Rates for their services are established by the FCC. For satellites, the U.S. position that these carriers must follow is set by Department of State and transmitted to Comsat, which then acts as a wholesaler to these carriers. Yet, all other countries of the world with whom these carriers contract act as a single entity and play one U.S. carrier off against the other. Some carriers lease both cable and satellite circuits; the submarine cables for Atlantic and Pacific are owned jointly by U.S. carriers and foreign entities—usually governmental organizations such as PTTs (postal, telephone and telegraph agencies) who have joined with U.S. private companies to construct and operate the facilities. The U.S. partner must follow FCC guidelines in calculating rates of return, depreciation, and business practices even though they disagree with the concepts of the foreign entities.

These illustrations demonstrate the complexity of our business relationships and the need for coordination within the government and with industry.

At the present time the House Interstate and Foreign Commerce Committee is engaged in a major study of all aspects of the communications industry. Option papers have been prepared on this subject and I recommend them to your attention.

CONCLUSION

I have attempted in this brief presentation to illustrate the philosophic problems which we face in trying to establish the principle of free flow of information and the technical and procedural handicaps which are encountered in the administration of international communications. Although these illustrations may seem foreboding, in practice a great deal is accomplished through the imagination of those engaged in governmental regulatory work and their desire to reach our goals with a minimum of bureaucratic delay. But, their task would be much easier if Congress created the machinery to reduce these obstacles and to permit a simplified approach to problem solving.

I have no easy solution to these problems and do not appear before you today with all the answers. My personal preference would be the creation of either a Department of Telecommunications which would unite in a cabinet level agency the activities of the forty separate agencies which today regulate the industry.

As a second option I would recommend the formation of a Council of Telecommunications Policy in lieu of the present Office of Telecommunications Policy attached to the White House. Such a Council chosen on a bipartisan basis would not replace the Fed-

eral Communications Commission, but would provide a forum for the exploration of these problems and the determination of a unified policy.

We live in an interdependent age. We are linked together by common problems regardless of our national origin, the color of our skin, the clothes that we wear, or the language we speak. But we must speak to each other if we are to understand our differences. The channels of communications must be kept open. To this objective I hope your committee will dedicate itself.

STATEMENT OF ANTHONY G. OETTINGER AND JOHN C. LEGATES BEFORE THE SUBCOMMITTEE ON INTERNATIONAL OPERATIONS COMMITTEE ON FOREIGN RELATIONS

Mr. Chairman, my name is Anthony G. Oettinger. I am professor at Harvard University, where I am also Chairman of the Program on Information Resources Policy. Here with me is Mr. John LeGates, Director of the Program.

Quietly and, for most people, imperceptibly, the world has entered what some call an "Information Age". Once this was purely an academic concept. Several years ago, my colleague Daniel Bell noted that just as steam and electrical energy have enabled agrarian societies to industrialize, information today is the transforming resource of a new age. No longer purely academic, this concept is now echoed in advertisements by IBM and discussed in banking trade journals.

What does being in the "Information Age" means to our foreign policy? The witnesses who've preceded us today and those who will follow are expressing concerns about information stemming from their experiences in government and business. Some are concerned with traditional information products like American magazines which circulate abroad. Others are concerned with information hardware in terms of import and export of telephone, computer, television and other electronic equipment. Still others are concerned with computerized information networks which are a key to global operations, most notably for multinational banking but also for every other kind of transnational enterprise.

Distilling from such experiences, we've come to see that in the "Information Age" the world is beginning to rely on information as a basic resource. Like energy and materials, information is a fundamental resource on which is based the well-being of every individual in every nation.

Let me illustrate the role of information as it relates to that condition of international affairs known as "interdependence".

Just twenty years ago, very little information flowed between the United States and Europe by telephone. The reason is simple: it was not until 1956 that the first transatlantic telephone cable came into service, replacing the unreliable and costly radiophone. That first cable had about fifty circuits. The newest transatlantic cable, which came into service in 1976, had 4000 voicegrade circuits. In all, we now have six transatlantic telephone cables, and they, together with satellites, can provide up to 18,000 circuits between this country and Europe. In the short span of twenty years, we went from scarcity to abundance in telecommunications across the Atlantic. What is significant about that rapid rise is not merely the technological achievement; the fact is that those thousands of circuits have enabled the flow of information between Europe and America by telephone alone to change from a trickle to a torrent, from calls both ways in 1956 to 7,100,000 calls in 1970, and 24,500,000 in 1975.

The financial data of multinational banks flow through those circuits. The technical information for operating nuclear power plants built by American firms abroad flows through those circuits. The command and control instructions of the oil companies flow through those circuits. In sum, the interdependence of America and Europe is fostered by the flow of information through those circuits.

What we see in examples like this is a growing dependence on "information resources". What that dependence means—domestically, internationally—is the question that the Harvard Program on Information Resources Policy has geared itself up to address since it was established four years ago.

Last year, we had the pleasure of sharing some of our findings with your parent committee, which commissioned us to prepare a report entitled Foreign Policy Choices for the 1970's and 1980's: Information Resources, Strategic Strengths—Strategic Weaknesses. Two months ago, we described the domestic significance of information resources at the request of the Subcommittee on Communications of your chamber's Committee on Commerce, Science and Transportation. With your permission, Mr. Chairman, we'd like to submit that testimony for your record. Since one of our points will be that domestic and foreign affairs in information resources are closely linked, that prior testimony will help anchor today's comments to the domestic realities that bound foreign policy concerns.

As we see it, these concerns—as you heard them expressed today and as you will hear more in the next two days—are over issues which our nation—and all others—must address if we are not to slip into crisis management. The following agenda headings, developed by our colleague William Read, help organize these issues so that they might be addressed:

Telecommunications: Development and control of international telecommunications for individuals, for organizations, for rich nations, for poor;

National Security: The use of information resources for military, for arms control, for intelligence, and for counterintelligence purposes;

Traditional Information Issues: Media industry structure, free flow of news, free flow and privacy of business and personal information;

"Intermestic" Issues: Issues whose resolution, in an interdependent world, impacts domestic interests. Among these, the flow of knowledge as related to strategic export controls and to unemployment;

Organization of the U.S. Government: How should government organize itself to formulate and implement information resources policies?

Time does not permit our spelling out here and now all of these issues in concrete detail. With your permission, Mr. Chairman, may we submit for the record Mr. Read's paper Communications Policy: An Agenda, which gives the details as he sees them. We will limit ourselves here to the question of government organization.

If the testimony of the other witnesses in these hearings persuade you of the seriousness and importance of the substantive issues, we think you will then find that the government is poorly equipped to address them. A principal reason for this is that within each agenda heading and across them, the issues are so intertwined as to cross the traditional boundaries between domestic and international, public and private, or civilian and military issues, or for example, between the jurisdictions of the Senate's Commerce Committee and that of your own committee over Foreign Relations.

May we illustrate that with one specific example.

Banks are in the money business, but their production line is information processing. Electronic Funds Transfer systems expedite this processing. As soon as more than one bank is involved, several familiar questions pop up. Is EFTS a service or a facility? Must it become a common carrier and take on all comers? Who shall own the lines? Who controls the service offerings? Who gets the profits from operation? Who sets the standards? Which national bodies? Which bilateral or multilateral agreements? Which international organizations?

These are not speculative questions. To the contrary, these are questions already being faced by the free world's banking community as it moves to establish international electronic banking networks.

EFTS is a major threat to the chief non-electronic funds transfer system. Over half of the first class mail—the most profitable kind of mail—is financial: bills and payments. What will happen to the United States Postal Service if these vanish into wires? Who will subsidize the remaining money-losing services? Should the Post Office fight back with reduced rates for major billing industries? Should it fight back by forbidding EFTS as a violation of the Private Express Statutes? Should it levy a surcharge on these transactions, just as it does on courier services?

A more general question: Should the Post Office offer a competitive service over wires? If so, should it compete as well with electronic transfer of other traditional postal business such as messages? How do we distinguish between such an effort and an operation already in existence, known to the world as the telephone system? How will these issues be handled by the government monopolies that run the Postal, Telegraph and Telephone services abroad? Will this be compatible across borders? On whose terms? For whose trade or military advantage?

Domestically alone, these matters cut across the jurisdictions of multiple federal and state banking regulators, the Federal Communications Commission, the telecommunications regulators in fifty states and the U.S. Postal Service and Postal Rate Commission. Multiple private interests have stakes in them. Internationally, the mixed public/private, supplier/consumer interests in the U.S. are finding it increasingly difficult to work among themselves and through the Department of State to develop a "U.S. position" in bilateral or multilateral negotiations with other countries or in such international bodies as the International Telecommunications Union. And all this touches on only one example.

How should the U.S. government act in these circumstances?

Can it create the organizational instruments to identify issues, develop policy alternatives and take appropriate action on the long-term opportunites and dangers inherent in the rapid changes in information industries?

Can it deal with the complex issues involved by considering inputs from diverse interests without developing a rigid bureaucratic structure?

Can the government actively establish an international information resources policy before it must react to a global information resources crisis like the energy problem?

A first step in addressing these questions is to examine how the government is now organized to establish and execute policies in this area. For example, what are the roles of the Defense and State Departments in this area? How do these organizations interact?

Where do regulatory bodies such as the FCC fit into this organizational pattern? Where also do international organizations such as ITU and Intelsat fit?

Second, this organizational pattern must be analyzed to assess the government's ability to act on a changing communications environment. In what areas is it especially responsive? especially weak? Why is this so, i.e., what are the organizational bases of its characteristic response patterns? For example, what is the impact of the State Department's stress on geographical rather than functional organization for its attentiveness to the strategic significance of global information resources? What are the structural problems that confront government information agencies? What are the areas in which overlapping mandates create jurisdictional conflicts?

The final step is to propose alternatives to the current map that might alleviate existing problems. How can agency structures and/or processes be modified to facilitate monitoring a changing information resources environment? How can structures and/or processes be modified to encompass the complexity of the interests comprising such an environment and still allow for rapid and effective decision-making? What organizational alternatives exist to prevent decision-making on global information resources from deteriorating into crisis management?

These are, we believe, the critical questions for your agenda.

RATING THE CITIES

Mr. CURTIS. Mr. President, the University of Nebraska has recently completed a study of 100 American cities. The results of this study do not surprise me in the least, and I am sure that all those who have seen these cities will be in full accord with the ranking.

Mr. President, I ask unanimous consent that an article which appeared in Wednesday's Washington Star, entitled "Rating the Cities," be printed in the RECORD for the benefit of all Members of the Senate.

There being no objection, the article was orderd to be printed in the RECORD, as follows:

RATING THE CITIES: LINCOLN, NEB., PUT AT TOP OF THE LIST

OMAHA, NEB.—The city of Lincoln, Neb., has been declared the most attractive of 100 American cities surveyed by the Center for Applied Urban Research of the University of Nebraska here.

The center selected 80 measurable factors relating to a city's economic, demographic and social environment, applied them to 100 major cities and concluded that, considering all factors, Lincoln was the best.

Madison, Wis., ranked second, Des Moines, Iowa, was third and Omaha came in fourth. Newark, N.J., came in last.

Two methods were used by the center to rank the cities.

The first weighted each of the 80 factors equally, while the second divided the factors into four general categories, then weighted each category equally.

The categories were economic factors, demographic and environmental factors, crime factors and recreation and education factors.

By both methods, the top four and bottom three rankings were the same. Other rankings varied.

When all 80 factors were equally rated, Washington was ranked 75th, Norfolk was 87th and Baltimore 93rd. Virginia Beach ranked 10th and Richmond 47th.

Dr. Ralph Todd, who headed the project, said his research was intended to provide a yardstick with which to compare conditions in one city with those in other cities. In doing that, he said, attitudes or opinions, subjective aspects that don't lend themselves to measurements, weren't used.

Instead, Todd and his researchers dealt with such things as per capita income, electricity rates, population density, divorces and numbers of books in a city's library.

Todd contends that American cities have received a "bad press" and that the pessimism flowing from that has made it difficult to attract industry and people into metropolitan areas.

"Cities are today what they have always been—the centers of economic, social and cultural opportunity," he said. "They offer to the individual a wide variety of employment and educational opportunities, cultural and recreational diversity, police and fire protection and a wide selection of housing types and costs."

On the other hand, the study showed, 8 of the 10 lowest ranked cities are concentrated along the Atlantic Coast in New Jersey, New York and Maryland and in the industrial states of Michigan and Ohio.

Todd said there doesn't seem to be a significant relationship between the population of the 100 cities and their ranking. While five of the 10 top-ranked cities are under 250,000, four of the 10 lowest-ranked cities also had populations of less than 250,000.

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

Mr. HUMPHREY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such a notification was received on July 19, 1977.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room S–116 in the Capitol.

SENATOR HAYAKAWA ADDRESSES THE NEW ENGLAND MUTUAL LIFE INSURANCE CO. ANNUAL CONVENTION

Mr. McCLURE. Mr. President, the junior Senator from California (Mr. HAYAKAWA) returned home on May 7 to deliver his first senatorial report to those people who had elected him to this body. It came in the form of a speech before the annual convention of the New England Mutual Life Insurance Co. in San Francisco.

As we have come to expect from Senator HAYAKAWA, the speech is delightful, filled with the kind of wisdom that grows from personal experience and intellect.

I bring it to your attention today because the Senate calendar has been studded this year with bill after bill expanding the bureaucracy, increasing the Federal deficits, and insuring still greater dependence upon the Government. Senator HAYAKAWA has put all of this in its proper perspective, and we need not agree with his conclusion on each individual program to appreciate his overall concern about where we are headed. It is a speech with something for all of us, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR S. I. HAYAKAWA

I'd like to start out by telling you a little about my adventures of having become a United States Senator. It's really quite startling. You know, suddenly people begin to give you so much deference. Suddenly, after November 2, 1976, everything that happens has a different flavor.

Instead of all these people around you who quarrel with you and disagree with you and give you a bad time—suddenly these people are saying: "Yes, sir, Senator!" "Yes, indeed, Senator!" "Right away, Senator!" And on and on like that! You get surrounded by this. For the first time in your life, people begin to treat you as important as you always thought you were. It's a very gratifying feeling. I recommend it very, very much, but you mustn't let it go to your head.

I was put on three committees. You will recall that at the beginning of the Congress this year the Senate reorganized its committee structure.

Fortunately, despite my lack of seniority, I was put on the Human Resources Committee—which makes a lot of sense because Human Resources is what used to be called the Committee on Labor and Public Welfare. Having been an educator all my life, it seemed to me that's a reasonable place for me to be; so I was perfectly happy with that.

They also put me on Agriculture Committee. I don't know anythink about agriculture, but I was deeply aware of two facts. One is that I got an enormous amount of support from the small farmer up and down the state who felt that he'd been neglected. And so the farming community backed me very strongly. I felt I owed them something. And secondly, California has not been represented on the Agriculture Committee for something like 30 years. So, I thought it was really my duty to join that committee if I could and do what I can for the California farmer.

I'm glad I'm there, and I am learning so much. I really went to bat the other day for walnuts, dried prunes, and cauliflower, which we export, I believe. Anyway, you never saw such a heroic fighter for the dried apricot crop!

The third committee I was put on was the Budget Committee. This is really ironical because I have the greatest difficulty balancing my own checkbook, and my wife handles my

investments. To be put on the Budget Committee when I don't understand money at all seemed to me appallingly irresponsible on the part of the United States Senate. Well, there was no getting out of it. I wriggled and wriggled, but there was no getting off the hook.

So, I got to work, and started to go to meetings. And really, being on the Budget Committee isn't as hard as it looks, because you don't have any complicated numbers to deal with, because you're dealing not with specific appropriations for the food stamp program or specific appropriations for the National Labor Relations Board and all the different things that the government does.

What you're dealing with is the overall budget.

So, instead of dealing in hundreds of thousands, you're always dealing in hundreds of millions and also you're dealing in billions. And that makes it very, very simple!

When we discuss numbers the most difficult numbers you have are still very, very simple numbers. One decimal zero—that means one billion dollars. And then we have decimal one—that means one hundred million, and that's the smallest number we ever deal with in the Budget Committee. And so it works out very nicely. You don't have great difficulty understanding it.

They say on the Budget Committee: "Here's an appropriation for such-and-such a department—1.7 billion, 1.7 for 1976. So, for the 1978 budget we ought to make it 2.9." So, all we do is we add 1.2—and that's not hard. And the next item is 2.5. So, they discuss it back and forth and say, "Let's raise that to 3 3." They look around the committee and say, "Everybody in favor?" Yes, sir, OK." So, in five minutes we've disposed of three billion bucks—$3 billion, not $3 million. I didn't ever realize it was so easy.

Well, after getting accustomed to this for a few weeks, it began to make me a little bit uneasy. Then they appropriated 2.2 billion because of the serious unemployment problem all over the country (7.4 percent unemployment, they said, in tones of great alarm), and 2.2 is not enough. These are for CETA programs, the Comprehensive Employment and Training Act, that is to train the long-time unemployed and get them into jobs. Well, they said, 2.2 is not enough in view of the high level of unemployment, so let's raise that to 4.2—and that went through like that! And I said, "No, no, no. Let's not do that." But anyway, they did it. Four point two for CETA. Well, when the bill got out of committee and went to the floor of the Senate, I decided I'd put up a fight on this. Let me tell you the reason for that fight.

I said, "Let's cut back to 2.2—which itself is too much but let's, for goodness sakes, not go up to 4.2." These are the arguments I gave, and I'd like to share these with you.

See, they said unemployment is 7.4 in 1976 and my argument was this: First of all, CETA has not proved itself to be an effective program for training people and getting them into jobs. CETA has not proved itself administratively tidy and competent in doing its job well.

But more seriously, I said, what does 7.4 percent unemployment mean?

When you look at the figures, it means, curiously enough, that while 65 percent of the employable population was working in 1954 when they had 3.2 percent unemployment, with 3.2 percent unemployment they had 65 percent of the working population employed, or the adult population employed. Now we have 7.4 percent unemployment and we still have 65 percent of the adult population employed.

In other words, the percentage of adults working remains the same in '54 as it does in '77, despite the fact that the figure for unemployment has gone up from 3.2 to 7.4. The argument I gave was this: Unemployment in 1954 is not the same as unemployment in 1977. It doesn't mean the same thing. Why? There are many, many reasons, but let me go into just a couple of them.

First of all, in 1954 almost all the unemployed who registered as unemployed were primary wage-earners for their families—whether they were men or women, they were the primary wage-earner for the family. If they were unemployed, then the whole family was in distress.

In the intervening years, with more and more women entering the job market, what happens is this—that both the primary wage-earner (let's say the husband) and the wife, who is the secondary wage-earner, are both applying for employment. If the wife is unemployed, the family still has a wage-earner there with principal responsibility for the family's upkeep. The unemployment of the wife has several interesting effects.

The unemployment of any secondary wage-earner in a family—whether it's the wife or in the case of the wife as primary wage-earner, the husband, or in the case of the older teenage son, if he's unemployed—the primary wage-earners are still employed. If the secondary wage-earner in a family is unemployed, notice that the secondary wage-earner has a lot of characteristics.

In the first place, he hasn't got the intense job attachment that the primary wage-earner has. That is, he's more likely to quit—in order to go back to school, to take a course—if he or she is unhappy about work conditions or quarrels with the boss. They're more likely to quit because they don't have to stick it out. In other words, they don't have the career attachment, job attachment, that the primary worker has.

And then, in the intervening years between 1954 and 1977, we did something very drastic. We worked out this whole system of unemployment insurance. And so now, if you get angry with your boss, you can leave the boss and claim that you were fired and go and claim unemployment, and, therefore, you get paid for being unemployed.

Now, the attraction to being unemployed has intensified hugely in the intervening years. A friend of mine works for the Forest Service as a firefighter. He's a professional; he's very good at it. In that particular part of the country they need firefighters only for six or eight months of the year—let's say eight months. Then he's laid off for the other four months. He promptly gets unemployment because he is, by definition, unemployed. Or if he looks for another job and isn't sure if he is going to be able to get it, what would he have done in 1954? Well, he would have made his pay for eight months stretch out over 12. But they don't do that anymore. They get into the unemployed list.

In one way or another, with low job attachment and so on, there's an enormous increase in what I shall call voluntary unemployment. Supposing you take this unemployed person, this secondary wage-earner, off a job. They can be much more fussy about what jobs they take. The head of the family, or the principal wage-earner of the family, is still earning a salary, so they're not facing eviction or starvation. They're very fussy about what kind of jobs they take and may remain unemployed longer.

Now, we have the phenomenon which our economists are beginning to call structural unemployment. It's built into the structure of the economy, and that kind of unemployment is not diminished by rising levels of prosperity. Indeed, if you have a rising level of prosperity you get more of that kind of unemployment because people can quit their jobs more certain that they can get a job again when they need one, or when they want one.

So, what I'm saying is the meaning of unemployment in 1954 and the meaning in 1977 is entirely different—or if not entirely different, different enough to be wary of analogy. And this is the analogy that I'm worried about. When people say we have 7.4 percent or 7.1 percent or 8 percent unemployment, you know they really go into a tizzy and say, isn't that a terrible situation? We've got to appropriate lots and lots of money to make work for all these people.

I call that the New Deal orientation. It was a great solution in Roosevelt's day, and I believed in its in 1935—and many of you here, who were born by 1935, also believed in it if you knew about it. But this is 1977, and the solutions and the unemployment situation in 1935 and the solutions of 1935 are not entirely relevant to the economic situation in 1977. This is the point I wanted to make, so I argued against the jump from 2.2 to 4.2. It wasn't such a big deal, except that in my fourth month in the United States Senate, having never been in politics before, to me it was a very, very important thing, because this was the first major piece of legislation I tried to introduce. Not only did I introduce it, I gave a 25-minute speech in support of it. People got up to argue with me, so I argued right back again, acting like an experienced Senator.

The amendment was defeated by a vote of 60–29, and I was very proud of those 29 votes. You don't win 'em all. You don't even win one for awhile. But I tell this story only because—well, because that point, about unemployment is an important one—but also because in my own life in politics it's my first great adventure. The fact that I was defeated doesn't matter a damn in a way, except it's all going to cost all you guys two billion dollars.

Philosophically, there are a lot of problems that come up, as you contemplate this, shall I say, spendthrift philosophy which really governs a lot of people still. The New Deal was an important breakthrough in America. Things have never been the same since, and I do not regret the fact that the New Deal existed. I do not quarrel with its necessity at the time.

But I'd like to show you the consequences—a little bit of what's happened since then. Let's ask the question: What's government for?

For a long time, the function of government has been to maintain national security, to preserve domestic order and tranquility, to regulate trade where necessary, to administer and write the laws. At no time did the people of the United States amend the Constitution to say that another function of government is to redistribute income.

However, redistributing income has become the main function of government today. Roy Ash, former director of the Office of Management and Budget and former Cabinet member in the Nixon and Ford Administrations, pointed out that transfer payments, so-called—that is, say, payments for aid to dependent children, food stamps, Medicaid, housing subsidies, supplemental income programs, social service programs and the like—comprise one-half of Federal expenditures: one-half.

So, if you ask what are the functions of government, well, one-half the function of government is to transfer income from you to you. We're just about crossing now, said Mr. Ash, that line where there are more people benefitting from Federal government payments than there are taxpayers to carry the load.

Now, how did we get ourselves into this fix? Well, it starts with the New Deal. We sort

of got into it almost by inadvertence; certainly not on purpose. One trouble is the way laws are written for most social programs, more and more people find themselves entitled to payments. And the rules continue to be rewritten so that even larger numbers become eligible.

You may notice that whenever you work out through the government a program to help, let us say, certain types of school children get school lunches, there are administrators always at work trying to increase the number of people who are entitled to those school lunches. And if you say, OK, we need aid to dependent children, then the definition of dependent children, the definition of entitlement, grows and grows until eventually you have far more than you planned on originally.

The best example of that is the food stamp program, which program started in 1962 with 400,000 people being served at a cost of $35 million, and now it costs $5.6 billion and serves 19 million people. No one planned this exactly, but once you start an entitlement, then more and more people find themselves entitled—and more and more bureaucrats expand the rules to see to it that more and more people are entitled.

All right: The momentum in the direction of additional services is such that further increases in benefits, and therefore in taxes, are almost inevitable. The producers of goods and services will have to give up more than half their earnings to support the beneficiaries of the system. And as for the beneficiaries, they will remain discontented. That's the peculiar thing about these transfer payments, since many of the benefits they get will not come in the form of cash but in kind, like medical care, or day care services or educational grants in aid, and the like. So, if you take half the earnings of this group to give them to this group, you would think this group would at least be happy. But they're not.

So, the result is that everybody becomes unhappy. These are unhappy because you've taken money away from them, and these people over here are unhappy because they aren't getting enough. Now, the complaint, in a sense, is legitimate. They're getting not cash but they're getting most of their benefits in non-cashable form like day care services or educational grants in aid or food stamps. You don't get money; you get services or goods and you can't do anything else with them but accept those services and goods. So they don't feel free to spend the results of the benefits freely and they're dissatisfied.

Now what's happening? If we get to the point in our economy when there are more payers of taxes than there are beneficiaries of taxes, not only will we have changed the economics of the country, but also by breaking the relationship between effort and reward we shall have changed the social system.

Now, I believe that an affluent society like our own must do what it can to prevent hunger and misery along with all kinds of aid to provide equality of opportunity to those to whom that equality has been denied. But how far can a society go in the redistribution of wealth without changing the very nature of that society? I think this is a problem that we've got to face. I do not think that the majority of people in Congress are even trying to face it or realize that it is a problem because so many of them are still hard at work on this redistribution of income business.

All this reminds me of something that happened in the universities during the 1960s and into the 1970s that I was witness to—with a ringside seat. Until recently, we had in the universities a raging fashion of giving A's to every student. There were no failures. I mean you could be lazy or stupid or insolent, or you could be cutting half or three-quarters of your classes, but everybody got an A anyway.

The effect on academic life was devastating. When the illiterate or lazy students could get an A average, it kept them in school all right, but the good students stopped studying. The result was a profound change in academic life.

Formerly, dropouts were those who couldn't make the grade. In the late 1960s and early 1970s you saw a different kind of dropout. The brightest, the most intelligent students started to drop out because if anybody could get an A, then college becomes meaningless. What happens then in schools is not unlike what happens in society at large when the penalties of improvidence or laziess or ignorance are not just softened, but removed altogether. When there is no such thing as failure, there is no such thing as success either. Motivation, the desire to excel, the urge to accomplishment—all these disappeared, and what you're going to do is to lose the dynamism of society as a whole. And this, I'm afraid is the way in which our society has been going steadily for many years.

And the biggest losers are the brightest and most capable of our men and women. But there is a way in which the average person is a loser, too. Faced with no challenges, assured of a comfortable living and medical care and old-age pensions whether he works or not, such persons become willing dependents, content with the parasitical relationship to the rest of society.

What is significant in our time is that there is a whole class of people interested in encouraging this parasitism. Many welfare officials and social workers are threatened with the loss of their power and influence over people if there is a marked reduction in the number of their clients, so they are motivated to increase, rather than decrease, welfare dependency.

And politicians, too, have flourished by getting increased Federal grants for this or that or other disadvantaged group or beneficiaries. They get those benefits for them and they go back to their constituents and say: "Look what I've done for you," and they get re-elected. These are the officeholders who are far more interested in being re-elected than in doing what is good for people, good for the economy, or good for the nation.

So, there's this matter of rewarding everybody for just being alive. It's just the same in its effects as rewarding every student just for being enrolled. You not only destroy education, you can destroy society by giving A's to everyone. This is a philosophical consideration that bothers me very much as I sit in the United States Senate and see these great budget allocations going through.

And here I—a Republican Senator—trying desperately to back up President Carter! He said by 1981 we want a balanced budget. We're planning on a bigger deficit for 1978 than we had for 1976. One Democratic Senator, Senator Byrd of Virginia, got up in passionate defense of President Carter and said: "Look, President Carter said balance the budget by 1981 and we're going in the opposite direction." He addressed his Democratic colleagues and he said: "Why aren't you turning around?" I was all with him on that. If there is a balanced budget for 1981, the Democratic President is going to have to rely upon the Republican members of Congress to help him get it, because apparently the Democrats, except for Senator Byrd, haven't caught on yet.

Now, let me go on and wind up these remarks with some other comments on social change and the function of business in the world. You are all independent operators as businessmen. You are all entrepreneurs; whether you succeed or fail rests upon your own efforts. You're not depending on the government to pull you through. I feel that I deeply sympathize with you and understand your point of view because that was the kind of guy my father was. He died in early 1976, at the age of 91 in Japan.

I recall a long conversation I had with my father just before the beginning of the Second World War. He was then a prosperous importer and exporter in Osaka, doing business with Africa, Europe, Central America, the Dutch East Indies, and I don't know how many other places. I remember that most of his employees had to know two or more languages to work in his company, which received mail from all parts of the world. I said, "Can your employees read all these letters in the different languages?" And he said: "Well, if they're orders they can read them, and if they're complaints they can't."

Well, I visited Japan in 1935 (my father had gone back there earlier) but at that time I was a brand new Ph.D. in English literature from the University of Wisconsin with a cultivated distaste for the materialistic preoccupations of the businessman and his concern for profits.

I asked him what he exported, and to whom. I was aware that in those days "Made in Japan" was a symbol for junk merchandise; that was before the days of Toyota, Datsun, Sony, Nikon, Panasonic, etc. Well, Father said that among other things, the company was at that time exporting imitation patent leather shoes to Central America. Boy, that's junk!

And at this point my scorn for his trade in junk must have been obvious, because at that moment he gave me a lecture that I've never forgotten.

He said, "Do you know what happens to those imitation patent leather shoes when they are purchased by a poor man in Central America?" I said I can't imagine. He said, well, in the first place, if they were real leather we'd never be able to sell them to him. When he gets them, he ties the laces together and hangs the shoes around his neck and he walks barefoot or in sandals from his little village to a larger town where there's a big marketplace. And when he gets to the edge of town, he puts on the shoes and walks proudly into the marketplace.

When he reaches the marketplace he sees things that his little village does not provide: glassware from Germany, silk scarfs from Hong Kong, chocolates from Switzerland, canned peas and goose livers from France, tinware from the United States, toys from Japan. And all this gives him an intimation of a larger world than that of his little country village. And as this impacts upon him his outlook changes. He wants to become a part of the larger world that he has finally become acquainted with . . . but he can't read and write. But he dreams of possibly, if his children learn to read and write, maybe they can belong to that larger world.

And the moment that illiterate peasant says to himself "we don't have to be peons forever," my father said, social change is on its way. And I am contributing to that social change with those imitation patent leather shoes, and, he said, your American businessmen aren't doing that much for the world. And at that time he was right.

You remember, in 1935, it was a period, shall I say, of trade isolationism. Most big

manufacturers were totally content with the American internal market and they were not pushing for exports at that degree.

All this led me many years later to ask the question when the students at San Francisco State College and elsewhere were saying: "We are revolutionaries. We want to overthrow the world. We want to change the world. We're against anybody who stands in the way of social change, etc., etc." I began to think about my father.

These are the kinds of questions I asked myself. What kind of people are the most subversive? From whom do we have to have the most to fear in the way of social change?

If you say the people to really fear are socialists, Communists, anarchists, I think you're wrong. The most subversive people in the world. I think, are businessmen. They're traders—and let me explain why I say this.

In ancient tribal societies, people are bound together by well understood rules of class and caste. The medieval society was a closed society, and the worst danger to closed societies was always commerce; that is, a new class engaged in trade and seafaring.

Sir Karl Popper, who studied a lot of Greek history, says that even in ancient Greece the development of seafaring and commerce, tradesmen going back and forth, had led to the partial dissolution of the old ways of life and even to a series of political revolutions.

Now, how does this work out? Well, from the point of view of those who want to preserve the ancient ways of life, commerce and trade are disturbing influences. Close contact with other tribes, other nations, other cultures, is likely to undermine the sense of necessity with which people view their surrounding institutions. I mean, if you're in ancient Greece and you have no idea of what life is like in Egypt or Turkey or elsewhere, then you're perfectly content that's the way life has got to be.

But once your traders come in and out, in and out, telling strange tales of what they do in foreign countries and what their customs are and what they eat and what they manufacture and so on . . . then people begin to wonder: Do we have to live this way forever?

Trade, commercial initiative, appears to be one of the few forms in which individual initiative and independence can assert itself even in a society in which tribalism still prevails. This is what Sir Karl Popper says, writing about ancient Greece.

By the 5th century B.C. seafaring and commerce had become the main characteristics of Athenian progress, arousing enormous antagonism of the wealthy oligarchs who aligned themselves with Sparta to overthrow Athens. Athens, then, was the revolutionary element. The oligarchs who held the power understood that Athenian trade with its monetary commercialism, its naval policy, and its democratic tendencies were part of a single movement.

That's an interesting idea, isn't it—naval policy, democratic tendencies and commercialism, they're part of a single movement? And the oligarchs who wanted to hang onto their power understood this and opposed it. The oligarchs did everything possible to hinder the development of these movements. The story is a long and complicated one that Sir Karl Popper traces; a long struggle of an adventurous seafaring, democratic, open society to emerge from the ingrown, status-ridden, closed tribal society of the past, with Plato speaking eloquently for the Spartans and the ancient tribalism.

Now, when you look at it this way—from the point of view of the historian, the businessman, the trader, the entrepreneur, the peddler if you will—far from being the stubborn deviltry of the status quo that he is said to be by contemporary radicals, he is a catalyst for social change; just as my father said in the case of his patent leather shoes—excuse me, imitation patent leather shoes.

The businessman who has traveled his imports and innovations in products, in marketing, is constantly stirring up society, breaking up the provincialism and the inertia of traditional ways of living. And the most effective revolutionary is one who does not know he is one—like Henry Ford, who is politically a conservative but he revolutionized transportation and in so doing he revolutionized courtship in America.

The best and most lasting revolutions are those that people don't know about until after they've had them. They rest on no angry ideologies about taxation without representation, "arise, ye prisoners of starvation . . . power to the people," etc. Revolutions change the relationship of social classes to each other. The mercantile class may wrest power from a hereditary aristocracy; the working class led by disaffected intellectuals may overthrow the bourgeoisie, but the relationship of social classes has got to change in order to have a real revolution.

What we've had in the United States, and where we've led the world, is that we are a profit-oriented industrial society. We're capable of the mass production of consumer goods; and therefore we have mass consumption of consumer goods. As a result, we've changed the relationship of social classes to each other without having had a revolution. And this is why I shall argue that the United States is a revolutionary society and we are all—and you, especially, as businessmen—are part of that revolution.

Let me explain. Traditionally, throughout the long centuries of aristocratic privilege and social stratification, the obvious way you could tell the difference between a peasant and a gentleman was the way they dress, by what they eat, by what they consumed. You could tell from blocks away that this guy was an aristocrat, this guy was a peasant.

Under the Tokagawa Shogunate of previous industrial Japan there were strict sumptuary laws governing what the aristocracy may wear and what the mercantile class may wear; what an artisan may wear, what a farmer may wear, etc. And how much a farmer may spend on his daughter's wedding was even dictated by law, because you had to act according to your social class.

Now, we don't have that anymore, but to recent immigrants the feeling is very intense. In the 1940s in Chicago, I used to walk past displays of sample photographs in front of photographers' studios in the Bohemian district. It seems as if every Bohemian had his picture taken with a cigar in hand to send back to the relatives in Czechoslovakia to say he was getting along fine in America. And why is that? Back in the old country only the wealthy aristocrats smoke cigars and here we are as immigrants in Chicago; we're smoking cigars. We're doing fine, thank you. That was the message. And why were they smoking cigars? Well what this country needs is a good five cent cigar, said Thomas Riley Marshall, Vice President of the Wilson Administration.

European radical thought which rests upon the assumption of a fixed amount of wealth in the world says the only way the poor can become less poor is to take it away from the rich. And that's why European radicalism has an enormous element of envy in it. Let's take it away from those rich so-and-so's and distribute it among the poor.

But American radical thought is likely to insist instead that the ordinary man is entitled to mass-produced copies indistinguishable from the originals—mass-produced copies indistinguishable from the originals! You know, you look at these Pintos out here with rally stripes painted on them to look like Duesenbergs, and you think about a line like this. The Pintos are painted to look like the sportscar of an idle and affluent jet set. And if you have Pintos looking like jet set automobiles, what do you buy if you really are part of the jet set and can afford expensive sportscars? Then you buy a Lamborghini, which sort of looks like a Pinto!

So, the unintended revolution brought about by mass consumption, mass production by advertising men, come close to bringing about a classless society in America, which is what the Marxists said they wanted. A classless society. We're getting there a damn site faster than the Soviet Union.

The poor of America are no longer poor by world standards. Our welfare clients live far better than the working people of three-quarters of the world. We are indeed a people of plenty. Hence, the politics of envy—distributing the rich of the richest—has no great appeal in America.

Most of us feel there should be enough for everyone; so let the rich keep their riches while paying their fair share of the taxes, of course, but give the rest of them a chance to become rich, too.

Let me close my comments by saying that this is what the energy crisis is about. If as a result of world shortages in food and energy we cease to be people of plenty, heaven help us. One very important thing that President Carter has done is that he has made the energy crisis real to all of us. There are a lot of people standing around who said there isn't a real energy crisis at all; it's a big plot on the part of the oil companies, and so on.

I don't believe it is. I believe there is an energy crisis. I believe President Carter has communicated that message. And whatever you may quarrel with about the details of an energy program, there is an energy crisis and we have to continue to be people of plenty. But in order to be people of plenty, still we must eliminate waste. We must use what we have wisely, but we must continue to have a business-oriented society which continues as it has in the past to make a richer life possible for all of us.

We shall continue to hold up a hope to the poor, the underprivileged, everywhere. And we shall also continue to hold up a hope of reward for all those who work hard and dedicate themselves to America and believe in its promises. I assure you those promises are capable of being delivered, and will continue to be. That's what is great about the United States.

SALUTE TO FUTURE FARMERS

Mr. HUMPHREY. Mr. President, I would like to take this opportunity to pay tribute to one of the most outstanding youth organizations in this country, the Future Farmers of America.

This week the FFA State presidents have held their annual Washington conference. These meetings are particularly important for both FFA members and for those of us who serve in this Nation's Government. The conference has allowed Members of the Congress and officials of the executive branch to renew their familiarity with FFA educational programs and their importance to the farm economy of this country.

The contribution of FFA to the strength of American agriculture is significant. The growth in the productivity

and efficiency of American agriculture can be traced to a period following World War II when the FFA blossomed as an important segment in the education of America's farmers.

In particular, I would like to applaud the State officers of the Minnesota FFA Association. President Scott Stuckey of New Ulm and Vice President Glen Menze of Ottertail have served with distinction and dedication. We are very proud of our State chapter and take great pleasure in the contribution of these two young men to FFA.

SALUTE TO EDUCATION

Mr. TOWER. Mr. President, I wish to congratulate the Corpus Christi, Tex., Lulac Educational Service Center on the occasion of its fourth annual "Salute to Education."

Lulac or the League of United American Citizens is an organization familiar to all of us who have been interested and active in a wide range of matters of special concern to citizens of Spanish origin. Founded in Corpus Christi, Tex., in 1929, Lulac is the oldest and largest Hispanic organization in the Nation. Its history of successful involvement in social and civic affairs is a matter of record; and its efforts to provide equal educational opportunities for all persons of Spanish origin have been highly successful.

In 1973, Lulac established the Lulac Educational Service Centers—LNESC—program. With funding provided by the Community Services Administration—CSA—Lulac established educational service centers in Corpus Christi and Houston, Tex., and other cities located throughout the country. The Corpus Christi Lulac Educational Service Center is now honoring the students who have participated in and benefited from its efforts to foster Hispanic leadership through education.

Historically, Hispanic Americans have been seriously underrepresented in our country's institutions of higher education. The reasons are both numerous and complex, but the results by any standard constitute a tragic failure to develop to the fullest extent possible the most precious of any of our society's resources—human resources.

It is this critical problem which LNESC is now addressing through its Corpus Christi center, among others. It is doing so by providing recruiting, counseling, and placement services primarily to college-age persons who are also Hispanic Americans. At the same time, the Corpus Christi center and all others are working to increase the public awareness of citizens everywhere to the critical higher educational needs of Spanish speaking Americans. Together with other efforts, it is the hope of Lulac that its work will ultimately lead to the elimination of the problem of low participation by Hispanic Americans in our country's colleges and universities.

Mr. President, Lulac has also undertaken a second and concurrent approach to the goal of increasing the representation of the national Hispanic community in the vital processes of American society—namely economic, governmental, and social. This approach has taken the form of the Lulac National Scholarship Fund—LNSF—for Americans of Spanish origin.

I am very pleased to serve as a member of the LNSF advisory board and also to support this particular Lulac effort to raise funds to be used for scholarship opportunities for young Americans from the Hispanic community.

Mr. President, I also wish to note that Lulac has recently held on separate occasions both its National and State conventions. In each instance, new officers were elected. For national president, Mr. Eduardo Morga of California succeeds Mr. Manuel Gonzales of Waco, Tex.; also elected from Texas were Mr. Victor Gomez of El Paso, to be president for youth, and Mr. Ray Doria of San Antonio to be vice president for the southwest. At the State convention, Mr. Ruben Bonilla of Corpus Christi was elected Texas State director to succeed Ms. Dolores Guerrero of Houston, and Mr. Frank Sustaita of Waco is the new deputy state director.

The hispanic community is an important and integral part of the total American community, and its progress contributes vitally to the well-being of all of our Nation's citizens. I commend Lulac and its new officers for the excellent work of LNESC and LNSF, and I urge all Americans, therefore, to join with Lulac in its efforts to develop our Nation's human resources.

CRS STUDIES COGENERATION AND WASTE HEAT UTILIZATION ACT

Mr. HART. Mr. President, every day energy equal to 8 million barrels of oil is escaping through smokestacks into the sky or being dumped into our rivers and streams in the form of waste heat. And this huge energy reserve comes from the heat wasted in only two processes—electric power and process steam generation. This waste heat energy reserve represents more than 1 million barrels of oil per day more than we now import.

On April 25, I introduced S. 1363, the Cogeneration and Waste Heat Utilization Act, which would enable us to begin tapping our 8 million barrel equivalent waste heat energy reserves. The purpose of S. 1363 is to immediately encourage industrial cogeneration by providing fair and workable incentives for industries, utilities, and utility commissions to resolve any institutional, regulatory, or technological problems on a case-by-case basis among themselves at the local level. The myriad policy questions raised by the industrial generation of electric power for resale require careful and deliberate resolution by Congress, and the information necessary for that deliberation is not yet available. Thus, a comprehensive study is mandated to gather information and to report on the various policy options available to promote industrial cogeneration, district heating and waste heat recovery. S. 1363's three sets of incentives will automatically expire within 1 year after the national waste heat recovery policy is proposed. Additionally, a mechanism is created within FEA to propose annual revisions to the waste heat recovery policy insuring that our responses to heat recovery opportunities in the future will continue to be timely and appropriate.

S. 1363 also provides authority and direction for an intensive research, development, demonstration, and technology transfer program to improve existing and to devise new waste heat energy recovery options.

The Library of Congress recently concluded several studies of the Cogeneration and Waste Heat Utilization Act. Two of them merit highlighting in the RECORD. The others are available by request. The first discusses the issue of cogeneration and illustrates some of the problems raised by it. It then describes the major provisions of S. 1363 and discusses how the Cogeneration and Waste Heat Utilization Act will immediately encourage cogeneration and waste heat recovery, while at the same time avoiding the problems.

The second study forecasts the probable short- and long-term impact of S. 1963 on industrial cogeneration and the energy crisis. This preliminary study forecasts that by 1987, the Cogeneration and Waste Heat Utilization Act will:

Lead to generation of two to three times more power than the total electricity demand in New York City just before the blackout; and

Eliminate the need for 10 to 14 large nuclear powerplants, cutting the 75 plants currently planned by 13 to 20 percent.

Save 0.9 to 1.9 million barrels of oil-equivalent every day, which would:

Reduce U.S. imports by 18 to 37 percent; and

Reduce U.S. fuel consumption by 5 to 10 percent.

The impact study deals exclusively with industrial cogeneration technologies now commercially available. Technologies using coal to produce three times more electricity are predicted to become available in 3 to 7 years, with adequate federally funded research and development.

The analysis addresses S. 1363's impact on industrial cogeneration exclusively and does not attempt to assess the bill's impact on, and consequent benefits from, district heating and other waste heat recovery practices. A more detailed study will be complete next week.

Mr. President, the benefits the Library of Congress predicts will be realized by enacting the Cogeneration and Waste Heat Utilization Act are startling. Importantly, S. 1363, and its companion bill H.R. 6661, are the only items of legislation introduced to date dealing both with industrial cogeneration, and the entire issue of waste heat recovery. I ask unanimous consent to have the two analyses prepared by the Library of Congress printed in the RECORD.

There being no objection, the analyses were ordered to be printed in the RECORD, as follows:

COGENERATION—DEFINITION AND PROBLEMS
SUMMARY AND DESCRIPTION OF S. 1363

COGENERATION—DEFINITION AND PROBLEMS

Cogeneration refers to the production for use of both heat and electricity from a single

plant. This is possible because of the process of generating electricity results in approximately one-third of the heat input being used for electric production, leaving ⅔ to be rejected into the atmosphere. By the same token, production of steam alone is also less efficient than production of both steam and electricity. Proponents of cogeneration feel that use of this heat for beneficial purposes would help to solve many of the environmental problems created by heat rejection, contribute to conservation efforts and generally yield substantial benefits.

The major difficulties in developing cogeneration appear to be institutional, although there are also problems in terms of plant location, technical difficulties in regard to plant design, etc. None of these are insurmountable as indicated by the fact that cogeneration is not a new concept in the United States. In 1950 cogenerated electricity accounted for 17 per cent of the U.S. total; in 1974, only 4 per cent was supplied through cogeneration. The drop occurred primarily because of declining utility electricity costs and constriction of the natural gas supply. Many of the "total energy" plants were gas fired because of the low cost of natural gas and the relatively low capital requirements imposed by use of that fuel. The move away from cogeneration is being reexamined due to more recent trends, such as rising electricity costs, and the growing public conscience regarding energy conservation and environmental concerns. As a consequence of this interest, several studies sponsored by the National Science Foundation, the FEA, and the New Jersey Energy Commission have been undertaken. These indicate that the major difficulty in expansion of the concept is institutional. Testimony before the Subcommittee on Energy and Power, House Interstate and Foreign Commerce Committee, on April 9, 1976, indicates confusion over regulatory authority. That is, under whose jurisdiction would steam and electric sales fall: State, Federal or both? That record also indicates that there is a desire not to get involved with FPC regulatory requirements, including the authority to prohibit issuance of securities, rate regulation on interstate or wholesale sales, oversight of depreciation techniques, reporting requirements and regulatory fees, etc. There is also confusion as to whether waste-heat utilization projects involving several partners would classify as a holding company, and thus be subject to registration with the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935. Another difficulty is the legal provision in many States prohibiting the sale of electricity by any one other than a franchised public utility. Such a provision inhibits development of cogeneration by making it legally difficult for a cogenerator to sell excess electricity from his units.

SUMMARY AND DESCRIPTION OF S. 1363

S. 1363 has three major parts:

Title I, which requires a policy analysis.

Title II, which provides for a research, development, demonstration, and technical transfer program.

Title III, which deals with incentives for waste heat utilization.

Title I requires an analysis of the economic, social and environmental consequences of implementing dual purpose power plants, together with an evaluation of their technological feasibility. In addition, the study is to include an industry by industry survey of existing and projected patterns of steam or heat energy generation, in order to develop the national potential for recovering and using waste heat energy. The policy analysis required by the bill is a two year study divided into three major sections. The first section is due within 12 months of the passage of the bill, the second within 18 months and the third within 24 months.

The first section of the study is to assess the potential benefits and costs of a national cogeneration policy. This is to include the savings that are realized from maximum development of dual purpose power plants, the effects of industrial site power generation on the electrical network, the reliability and defense security of multi-source vs. larger single source systems, an assessment of environmental problems that may be associated with various dual purpose power plants and coal burning technologies such as fluidized bed combustors, the effect of existing public policies on recovery of waste heat, and statement on the practices and policies in foreign countries in regard to waste heat conservation.

The second section of the report required by Title I is to deal with the interrelationship between increased competition in the electric utility industry and the promotion of waste heat recovery. This is to include ownership arrangements for equipment, transmission lines and energy resulting from waste heat recovery; the feasibility and consequences of separate ownership and operation of facilities; the effect on competition of tax and other public policies related to the sale of electric energy; the means to reduce legal and regulatory restrictions on entry; the means to promote wheeling and the sales of electric energy for resale; and the feasibility and consequences of separate ownership and operation of electric facilities and natural gas distribution facilities.

Part three of Title I is to identify the legal, regulatory, economic, and social factors that impede the rapid development of cogeneration. It is also to include specific proposals for governmental action that will reduce or eliminate those impediments, as well as a thorough examination and assessment of jurisdictional questions, regulatory measures, incentives and disincentives, etc.

The bill also provides that one year after the submission of part three of Title I the FEA Administrator is to report to the Congress and the President on the progress made toward definition and implementation of an effective national policy to promote waste heat energy recovery. That report is to include current forecasts of technological, economic, social and environmental factors bearing on the effective implementation of policy; trends and changed circumstances that may affect the policy; effectiveness of policy measures adopted to date, and proposed additions or modifications. The overall study is to be undertaken by FEA in consultation with EPA and Federal Trade Commission as well as other appropriate agencies.

Title II of the Act empowers the Administrator of ERDA to initiate and carry out a program to improve the efficiency and performance of dual purpose power plants and to provide those plants with the capability to use coal or fuels other than natural gas or petroleum as the primary energy source. Technology development is to focus on improving the cost effectiveness, performance and efficiency of prime movers and ancillary equipment of the scale required for dual purpose power plants. Ancillary equipment is to emphasize heat recovery components and to aim to improve existing power plants and to provide the necessary technologic base to optimize heat recovery systems in new plants. The thrust of the program is to emphasize prime mover technology that will permit durable operation on lower-grade, heavy petroleum fuels with an ultimate capability for eventual conversion to synthetic or alternate fuels. Work is also to be undertaken on longer term research options such as external combustion engines capable of operating with fluidized beds as well as other methods for environmentally acceptable coal utilization, fuel cells capable of operation with coal or gasified coal, and topping cycles that can extend the upper temperature operating limit.

Title II further requires that ERDA is to take action to assure that a reasonable proportion of the demonstration program is sited in electricity deficient areas of the United States.

Title III generally provides incentives for cogeneration. This includes a 20% investment tax credit in lieu of the current 10% for qualified electrical energy generating equipment. Electrical energy generating equipment is defined as depreciable equipment installed as an integral part of a system of heating, cooling, or providing power for manufacturing goods, which in addition to its principal purpose, generates electrical energy in excess of the users needs which can be commercially marketed. The qualified equipment is that equipment used to produce the marketable quantities of electrical energy. A substantial quantity of the energy may be used by the taxpayer to meet his own energy needs, or may be sold to a public utility. In addition, the title provides that a public utility may not take the investment tax credit to which it may normally be entitled under other provisions of the Internal Revenue Code, if that utility unreasonably refuses to establish a physical connection between its transmission facilities and cogeneration facilities, or if it refuses to sell electrical energy to, transmit energy for, or provide transmission services of wheeling for that cogenerator.

Section 305 of this title provides for $20 million in financial assistance to state regulatory authorities. It provides the FEA with the authority to make monetary grants to State utility regulatory authorities to assist them in efforts to facilitate the recovery and use of waste heat energy and promote the exchange of electric power between cogenerating plants and electric utilities, as well as to encourage electric utilities to transmit electric energy and provide wheeling services for cogeneration plants. No funds will be allowed if the State reduces its regulatory appropriations in anticipation of the receipt of Federal funds. The grants are to be allocated among the various States on an equitable basis taking into consideration population and existing energy deficiencies. No grants are to be made after the close of a three-year period from the date of enactment.

Grants are made on a showing of State standards which satisfy the objectives of the section or on the assurance that such standards will be forthcoming. In the latter case only 50 percent of the funds that otherwise would be granted will be provided until the State authority actually issues the standards.

THE CARTER PROGRAM

The President's program in relation to cogeneration deals primarily with institutional problems and depends on increases in other costs, particularly fuel cost increases induced by taxes, to encourage cogeneration. The President's bill however does require the FEA Administrator, after consultation with representatives of State regulatory authorities to issue rules that will require electric utilities to offer to sell electric energy or purchase energy from cogenerators. Those rules are to insure that rates for the sale and purchase do not discriminate against the cogenerators. The bill also allows the FEA to delegate the authority under this section to any State regulatory body. The bill also provides the FPC with authority to compel wheeling and transmission of electrical energy.

The President's program also provides a 20 percent investment tax credit for cogeneration equipment.

ALTERNATIVE PROPOSALS

Representative Ottinger has introduced an identical bill* (H.R. 6661) to S. 1363 in the House.

A somewhat different approach has been taken in H.R. 6660, The Electrical Utility Act of 1977 (Rep. Dingell et. al.). Section 107 would require the FPC to issue rules for the purchase of excess energy and the sale of backup energy within one year after date of enactment. The rules are to insure just and reasonable rates in the public interest, and are to provide incentives for cogeneration.

S. 5904 by Senator Durkin requires each State regulatory authority to assure that utilities provide backup generating service and that they purchase any surplus energy produced by onsite generating facilities, including cogeneration systems. The Durkin bill thus provides authority to the States while the Dingell bill requires the FPC to act.

SHORT AND LONG TERM IMPACT OF S. 1363

A. SHORT AND LONG TERM IMPACT OF 1363

The generation of electricity from heat presently accounts for over one-third of U.S. energy consumption. Of this energy used in the production of electricity, about two-thirds is lost due to the laws of thermodynamics. This lost energy appears in the form of low-grade steam (i.e., low temperature steam—400–500° F). Thus, about two-ninths or 20% of the U.S. energy consumption is lost in the production of waste steam associated with the production of electricity.

At the same time, one of the major uses of energy in industrial processes and manufacturing is the production of low-grade steam. Currently, about 20% of the U.S. energy supply goes into the production of low-grade steam for these purposes. Producing steam in one place and throwing it away in another is an obvious waste of valuable energy resources.

A proposed solution to the problem of this waste is to couple the production of electricity with the production of low-grade steam. One way to do this would be to use the steam now wasted in the production of electricity at central station electric power plants. There are several major problems associated with using this steam today. Since most power plants are located at remote sites relative to industrial plants and low-grade steam does not transport efficiently, little opportunity is available to utilize the steam from central station power plants in industrial plants already in place. However, in the future, large users of steam might be sited with power plants to utilize the resource represented by their waste steam. Some coupling of industrial plants and central station power plants has already occurred.[1] Though not the subject* of S. 1363, the potential for significant energy savings through such couplings is sufficient to merit attention in considering the issue of cogeneration of steam and electricity.

The other way to combine the production of steam and electricity is to produce electricity with low-grade industrial steam. This method does not have the limitations of transporting low-grade steam. In many cases, the electricity can be used within the industrial plant, reducing its needs for electricity from central station power plants. While current policies and regulations do not favor transporting such cogenerated electricity to other users over existing transmission lines, there is no significant technical barrier which would prevent one plant from sending its surplus co-generated electricity to another.

This method of co-generating low-grade process steam and electricity is the subject of S. 1363. A companion bill, H.R. 6661, has been introduced in the House.

A key question in both these bills is, "How much energy can they actually save?" This is necessarily a complex question that can only be evaluated in the context of the assumptions that are used. The potential savings that would result if all industrial steam were produced in combination with electricity can be forecasted with reasonable accuracy, depending on the particular generating technology used—diesel, gas turbine or steam turbine. Forecasts of savings for 1985 range from 0.5 to 1.9 million barrels of crude oil equivalent energy per day.[2]

The potential energy savings if all process steam were converted to also generate electricity can be forecasted in the following manner. This is an approximate calculation only: more accurate methods and detailed calculations could be necessary for forecasts more accurate than the approximations shown here. For the purposes of this preliminary analysis, these approximations are sufficient.

1. 1/5 of all U.S. energy is used to produce process steam.

2. the production of process steam is ⅓ efficient—i.e., ⅔ is wasted energy.

3. with the co-generation of electricity, half of the wasted energy can be saved and turned into electicity.
therefore,

4. half of ⅔ or ⅓ of the energy used in steam production can be made into electricity. Since 1/5 of all energy goes into production of steam, the potential savings is ⅓ of 1/5 of the total or 1/15 of the U.S. energy consumption or a savings of almost 7%.

Since about ⅓ of all energy goes into the production of electricity, this 7% could potentially amount to the production of about 21% of our total electricity. In 1950 15% of the total electrical production was from co-generation: in 1973, it was 5%.[3] Assuming this 5% figure is still current, about a 16% savings could be realized if all steam were co-generated.

It is, of course, not reasonable to assume that all process production will be converted to co-generation immediately. No matter how attractive new Federal policies make cogeneration, some transition time will be required. Looking ahead to the next ten years, it is forecasted that the use of energy to produce process steam will increase by about 50%.[4] The new equipment to produce this steam is one major category important to the implementation of the Federal waste heat recovery policy. A second major category is comprised of those steam generating facilities that are scheduled for replacement during the next ten years. These systems normally have an operating life time of about 40 years so that in the next ten years, about ¼ could be expected to be replaced. Thus, in about ten years, of 150 steam units, 50 will be new units for added capacity, 75 will be old units yet to be replaced, and 25 will be new units replacing worn out equipment. Thus, of the 150 units, 75 or half the steam generating equipment will be new equipment.

If all new steam generating equipment were to have electrical co-generation capabilities, then half the potential savings of converting all—new and old—equipment could be realized. If this new equipment were cogenerating, then the savings realized would be half of the potential 16% calculated above or about 8% of our total electricity, in addition to the 5% now co-generated.

The particular percentage savings that are realized will, of course, depend on the rate of installations, lead times, and other factors determined by the specifics of the national waste heat recovery policy and its implementation. The translation of this percentage into forecasts of barrels of oil or generating plants depends on forecasts of the total energy for the next ten years. Before this percentage is applied to some of the current forecasts available, it should be noted that the actual savings for the next ten years represent only a small part of the total savings available over a longer period of time as more co-generating equipment is added and energy consumption grows. For example, by the year 2000, most of the operating process steam generators will be new and could be co-generators. As the national waste heat recovery policy is implemented and in full operation, most of this new equipment should be co-generating. Thus, savings much closer to the potential 16% should be realized.

Due to the time to organize and implement the national waste recovery policy and the lead time for industry to develop, build and market co-generating systems suitable to a wide range of applications, it may be that only ⅓ of the new equipment added in the next ten years will be co-generating. If this is the case, then the savings actually realized in this time would be about ⅓ of 8% or about 2% of the total electrical generating capacity in about ten years, in addition to the 5% now co-generated. Similar calculations based on similar assumptions for the year 2000 lead to a forecast of 7%, in addition to the 5% now co-generated. These calculations do not assume any retrofit of equipment that is not due for replacement. If all equipment were either replaced or retrofitted with co-generating units, then the full 16% potential would be realized. With the 5% already available, this would total 21%. If only about half were retrofitted, then savings of about 11% (total of 16%) would be available. In the figure on the following page, these forecasts for the impact of S. 1363 are shown for the different assumptions.

To see what these impacts might mean for electrical production, they might be measured in terms of the number of power plants that would not have to be built. If electrical production continues to grow along current trend lines, then total production for 1987 is forecasted to be about 3–4 $\times$ 10^9 Mwh. As saving on this 2% would be 0.06–0.008 $\times$ 10^9 Mwh or 60–80 million Mega-watt hours.

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*Minus Title II.

[1] A refinery in New Jersey now uses waste steam from a nearby power plant. See "The Potential for Electricity Generation as a by-product of Industrial Steam Production in New Jersey," R. H. Williams, Center for Environmental Studies, Princeton University, Report No. 31, June 21, 1976. 29p.

[2] "A Study of Inplant Electric Power Generation in the Chemical Petroleum Refining and Paper and Pulp Industries," Thermo-Electron Corp. for FEA, Report TE429–97–76. p. 1–8.

[3] "A Study of Inplant Electric Power Generation in the Chemical Petroleum Refining and Paper and Pulp Industries," Thermo-Electron Corp. for FEA, Report TE429–97–76. p. 1–3.

[4] Princeton University, op. cit., Table 4, note (c).

[5] These calculations are based on the following forecasts, assumptions and conversion factors. The forecast for electrical production in 1985 is based on the assumption

In terms of electrical generating plant capacity, this is about 10–14 thousand Megawatts.[5] The typical size of current nuclear power plants is about 1 thousand Megawatts so that these assumptions for co-generation indicate that the equivalent of as many as 10–14 nuclear power plants of the 1,000 mega-watt electrical generating capacity would not have to be built by 1987. In terms of other fuels, it would, of course, depend on the size of the plants. Oil and coal plants are not usually as large as 1,000 Mega-watts electrical capacity.

This calculation does not include many factors which could influence the results. Two important factors are the geographical local in which the co-generated power occurs and the time during the day at which it occurs. For many electrical utilities, the peak demand is during the dinner hour. Unless co-generated power were available during this time, utilities might continue to need to add generating capacity, at least for peak periods. Also, much of the co-generated power that might become available under the national waste heat recovery policy might be in those regions rich in industry such as the Northeast while the areas experiencing the most growth in electrical load might be in the emerging Atlanta-Houston Corridor. In this area, electrical load often follows air-conditioning requirements which peak after normal working hours. While these and other factors might mitigate some of the effect of the savings by increasing some of the capital and transmission costs, the energy savings should be of the magnitude calculated.

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that annual growth rates will average about 7%, roughly an average of recent forecasts. The conversion of Mega-watt hours of production into Mega-watts of capacity is based on a utilization factor of 65%. Historical data on nuclear power plant utilization averages about 55%. Since the utilization factor of new power plants has been higher than this average, but less than expected, the currently expected utilization factors of plants planned for 1985—about 70%—were assumed to be high by 5%, leading to the 65% figure. These forecasts, assumptions and conversion figures are conservative; less conservative assumptions lead to results indicating greater savings might be realized by co-generation.

BACKGROUND FACTS ON TIMBER BILL, S. 1360

Mr. McCLURE. Mr. President, as one of the cosponsors of S. 1360, a bill to amend section 14(e) of the National Forest Management Act of 1976, I have watched with interest the developing debate over the merits of this approach to clarify methods of selling timber from our national forests. My concern has focused on the need to assure some degree of community stability for a large portion of Idaho, and other Western States who have expressed concern over the possibility of losing needed raw material from Forest Service timber sales that are offered by sealed bidding at public auction.

Because this bill will be debated shortly on the Senate floor, a brief description of the differences between sealed bidding and oral bidding on national forest timber is in order. Both are similar in that a qualifying bid and deposit are required at the outset of the timber sale. Both methods are public auctions. The major difference is that after the qualifying bids are posted in an oral timber auction, the bidding progresses upwards from the appraised price until a high bid is reached and all other bidders drop out. In the sealed bidding method of selling timber, there is only one opportunity to present a bid for a tract of timber. For the bidder who is totally dependent on national forest timber, the prospect of having but one chance to offer a bid and not have the opportunity to meet the other competition through a continuing oral auction, is truly frightening. His entire mill investment is a strong incentive to meet the competition, and all he is asking for is the chance to meet that competition. Since the Forest Service first appraises the timber to establish a minimum bid price under which no bid is allowed, the public interest is protected.

Sealed bidding is preferred by timber purchasers in the South and Eastern States; however, as the following chart indicates, only 3 and 4 percent respectively of the entire timber cut in these regions comes from national forest timber sales. This means that if a prospective purchaser is not a successful bidder on an offering, he can shop elsewhere for his timber supply. All other regions of the country have significantly greater dependence on national forest timber sales with extremely limited alternate sources of timber.

There is no clear pattern as to which method, sealed or oral auction, gives the greater return to the Treasury. Other factors such as the lumber market, which is tied to housing starts; the downward trend in some national forest regions of timber offerings; specific instances of timber under contract—all are factors having a bearing on the bid price ratio to the appraised price. For example, the accompanying chart shows that California, with 37 percent of its sales by sealed bid as compared with 63 percent oral auction, had a bid ratio of 2.79 times the appraised price, while the southern region, having 100 percent sealed bids, had a bid ratio of 1.58 times the appraised price. A consistent trend does not emerge throughout the country, indicating there are numerous other factors having a bearing on bid ratios.

Mr. President, I ask unanimous consent that the chart referred to be printed in the RECORD as well as a chart showing the volume of national forest timber sales by region.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

TIMBER SALES DATA BY SECTIONS OF THE UNITED STATES

Region	Percent National Forest volume harvest compared to all other owners		Calendar year 1976 percent National Forest sales sealed bid	Calendar year 1976		
	National Forest volume	All other		Advertised price [1]	Bid price [1]	Bid ratio
1. Northern, Montana, North Idaho	61	39	67	[2] $20.10	[2] $36.62	1.82
2. Rocky Mountain, Colorado, Wyoming	61	39	15	[2] 8.06	[2] 9.20	1.14
3. Southwest, Arizona, New Mexico	61	39	20	[3] 36.88	[3] 38.84	1.05
4. Intermountain, South Idaho, Utah	61	39	24	[3] 14.55	[3] 18.05	1.24
5. California	35	65	37	[3] 29.41	[3] 82.00	2.79
6. Pacific Northwest, Oregon, Washington	35	65	10	[3] 57.18	[3] 105.58	1.85
8. Southern region	3	97	100	[3] 54.97	[3] 87.04	1.58
				[3] 7.30	[3] 9.94	1.36
9. Eastern region	4	96	100	[3] 6.26	[3] 8.84	1.41
10. Alaska	100		61	[3] 22.02	[3] 22.17	1.01

[1] Net prices, does not include specified road cost.
[2] Thousand board feet.
[3] Cunits (1 cunit equals 100 cubic feet).

VOLUME OF NATIONAL FOREST TIMBER SALES BY REGION OVER $2,000 IN VALUE, SOLD FISCAL YEAR 1971–76

[Million board feet; fiscal years]

Region	1971	1972	1973	1974	1975	1976
1. North Idaho, Montana	1,186	999	1,107	1,036	774	854
2. Colorado, East Wyoming	267	284	278	273	283	282
3. Arizona, New Mexico	335	363	354	339	301	308
4. South Idaho, Utah, West Wyoming	484	454	322	373	381	326
5. California	1,775	1,808	1,777	1,838	1,773	1,774
6. Oregon, Washington	4,770	4,768	4,654	4,703	4,709	4,754
8. Southern States	1,091	1,067	1,088	1,060	1,050	915
9. Eastern States	513	539	544	538	431	433
10. Alaska	215	57	75	53	222	7
Total	10,636	10,339	10,199	10,213	9,924	9,653

Mr. McCLURE. Mr. President, a less understood factor that has a very significant impact on returns to the Treasury is the road investment that is tied to a specific timber sale. Where roads are overbuilt, this excessive cost siphons off money that otherwise would revert to the Treasury. I ask unanimous consent that the article titled "Timber Bidding and Toothpicks," by Perry Swisher published in the Sandpoint, Idaho, Daily Bee on July 12, be entered into the RECORD following my remarks. This points out the situation just described, and further underscores concerns that were raised at a July 14, 1975, hearing before the Subcommittee on Transportation of the Committee on Public Works on the future of the highway program.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McCLURE. Mr. President, we have a long way to go in implementing the Resource Planning Act, as amended by the National Forest Management Act of 1976. The timber industry wants to be a full and effective partner in managing our national forests and contributing to our housing raw material needs. They desire to have the opportunity to protect their investment, provide a stable work environment for its wage earners, and to see the Congress and the managing agency get on with the job of funding and managing our renewable forest resource.

EXHIBIT 1

TIMBER BIDDING AND TOOTHPICKS

(By Perry Swisher)

The Washington Post, despite its reputation, is more conservative than The Chicago Times. Once that newspaper has assigned a moral value to some commonly held belief, it is utterly incapable of listening to any other view of the matter.

This newspaper subscribes to the excellent Post-Los Angeles Times wire service. We and you get a lot of good out of it. We, and not you, also receive reams of unusable copy because one Post notion is that the way to stress the importance of a subject is to allocate space to it. That is, when you look at the newspaper, you can tell how important a story is by the number of columns of type devoted to it. The idea must have leaked in from the advertising department.

A story of great importance to this region—whether federal timber is sold by sealed or oral bid—has gained the Post's attention.

I don't see how Woodward and Bernstein made it with Watergate. What they did was to dig until they had the story on which the rest of us could editorialize. What the Post is doing on timber bidding is to strike an editorial posture first.

It is one that prevents the newspaper from learning anything. Its view is that sealed bidding is good and oral bidding is bad. To anyone who has covered bidding in any depth, the truth is that both can be both. The Post is digging with a toothpick.

Much of the Post's circulation depends on the existence at Washington, D.C. of several hundred thousands of jobs. Like trees in a national forest, they are also federal property of a kind. I won't follow this analogy out the window but if those jobs went up for bid and Denver won, Washington would go into deep depression and the Post would be seriously hurt.

Communities smaller than Washington are still communities. Their presence in forest country, when that's where they are, puts them at the mercy of bidding practices.

If I had the reporting resources I could prove that oral bidding of timber sales affecting such communities returns more to Uncle Sam than sealed bidding does in the same situation. That is point one, and it is one into which the Post has done no digging to arrive at its uninformed approach.

A mill operation in place can afford to bid higher if it has to in order to keep the mill running. And it does.

Consistent loss of work in such communities really does result in some of the conditions listed with such sarcasm elsewhere on this page in a Post editorial. Damage to small towns is no more a joke than injury to New York City. It is a matter of scale. To the extent that oral bidding prevents damage to a community oral bidding has some moral value. That is point two.

Point three is that characteristically the Post is missing the bigger story, just as the press corps at Washington, caught up in the same mystique as the men who aspired to the White House, didn't grasp the emergence of the imperial presidency until a couple of low-status reporters began listening to non-status federal employes in a break with the usual practice there.

Whether sealed or oral, many timber bids have been coming in at several times more than the cruise estimates of the value of the timber offered. Such bids are coming from the big companies. Why? Are the estimates wrong? Is there a concerted drive to force smaller companies out? Is the mature timber supply smaller than it is represented to be? Is the drain of sawlogs into export markets, endangering domestic supply? Are the majors participating in that export?

Those are questions that have greater significance than the ones raised by the Post, including moral significance. If there is collusion, it is on a grand scale and it could result in logging off a generation of timber in this region and the disappearance for the rest of this century of long-term forest income on sizeable expanses of the public domain.

The Post sits right at the door of the U.S. Forest Service where the reporter on this story, George Lardner, could find millions of dollars lost to the federal Treasury. Writing that story could save money, as the elimination of oral bidding would not. I refer to the built-in jobs for forest-service and private roadbuilders.

In requiring the construction of roads unneeded or on an unneeded scale, the Forest Service builds employment into its own work force and promotes elaborate engineering work that nobody needs. This newspaper has demonstrated that in this region these roads routinely cost three to eight times more than on comparable land when the bids are let by the state or by the U.S. Bureau of Land Management.

But we are a long way from the corridors of power. Nobody hears us. The Post is right there. This build-in road ripoff, which is collusive without question and wasteful beyond moral justification and a loss to local government and federal revenues, could be expected by a paper willing to inquire into what the Forest Service is doing rather than lecturing about it on the basis of a few long-distance phone calls.

Most of the time the Post isn't the Post you saw in the movie. It is Osservatore Romano. The Vatican newspaper.

TWENTY-FIFTH ANNIVERSARY OF PUERTO RICAN COMMONWEALTH STATUS

Mr. HUMPHREY. Mr. President, I want to take this opportunity to express my warmest congratulations to the people of Puerto Rico as they celebrate the 25th anniversary of the establishment of the Commonwealth Constitution.

This is, indeed, an occasion for rejoicing, because this celebration represents the affirmation of Commonwealth status as an enduring and stable form of government.

When Commonwealth was adopted in 1952, it was conceived as a novel and imaginative experiment in democratic self-government within the American constitutional structure. It was then the most significant innovation of modern American federalism.

Commonwealth was adopted with hopeful expectation. With this unprecedented development of the American Union, the people of Puerto Rico and the Congress of the United States wanted to test the flexibility of the Federal constitutional system. It has been an experiment to determine whether a people keenly interested in preserving their own particular cultural identity could remain within the larger family of the United States through a workable scheme of self-government, which would allow both freedom and collaboration. Commonwealth status was, essentially, a hopeful attempt to develop the old principle of "unity with diversity" in the modern world; an attempt to construct a new model for the liberation of a people who seek self-government and cultural integrity but who do not wish or may not be able economically to organize themselves as independent political communities.

The ominous question in 1952, of course, was whether this new and imaginative association would work. It was an experimental status which had to pass the test of time.

Today, 25 years later, we can say that our great experiment in political statu_ has been successful. Commonwealth has proved itself to be a workable form of self-government within the Federal structure of the United States. Under it, Puerto Rico has marched forward energetically, making great progress in the task of improving health, education, and job opportunities for all Puerto Ricans and strengthening the people's self-confidence at the same time. Thus, Commonwealth stands out as a remarkable achievement. The people of Puerto Rico and the people of the United States have earned enthusiastic congratulations for this creative effort of political collaboration. And I do congratulate them, con mucho gusto, by promising the people of Puerto Rico my assistance in the task of updating Commonwealth in accordance with the new realities of today.

ENERGY

Mr. BELLMON. Mr. President, I have followed House action on energy legislation—especially the critical debate dealing with the availability of oil and gas over the next few years—and I am astounded as well as disappointed: Astounded at the lack of understanding of the basic problem which is diminishing domestic supplies; disappointed that House action thus far indicates no intention to provide means or incen-

tives for greater domestic energy production.

Mr. President, House debate has shown that the U.S. cost of the difference between the current controlled price of oil and the price needed to bring on adequate supplies of coal and new domestic oil is about $69 per person per year. That is 19 cents per person per day. This is the cost of a candy bar; it is less than the cost of a cola. This is the cost of a roll of mints: it is half the cost of a can of beer. This is what the controversy is all about. The Senate will soon be called upon to decide this issue: 19 cents per person per day higher energy costs or continued dependence upon costly energy imported from undependable sources.

President Carter has called upon the country to sacrifice so that we can be victorious in this "moral equivalent to war." Victory, according to the President's plan, means reducing energy usage and increasing energy production so imports will be less than 6 million barrels of crude oil per day by 1985.

According to his plan, the size of the individual sacrifices the average citizen is called upon to make to reach this goal is 19 cents per day. Clearly, Mr. President, this is not an unbearable hardship. Mr. President, the citizens of our Nation can pay this price.

Interestingly, Mr. President, there is strong evidence to show that a properly structured conservation program will reduce energy consumption by American consumers enough so that even though the price per gallon, per Mcf or per kilowatt may go up moderately, the total monthly cost to the American consumer will go down. Under these conditions no economic sacrifice at all is called for.

Recent experiences in New York City dramatize the total reliance civilization has come to have upon plentiful, dependable energy sources. Experience has also shown that there is nothing dependable about imported oil. In the very near future, the world oil supply will cease to be plentiful. We must use the oil we have left to help make the transition to coal and other energy forms. The problem is that other energy sources cost more than petroleum. Until the Btu price of petroleum and coal are in balance, we will use too much oil, which we import, and too little coal which we have in abundance.

The energy program which the Congress must write before adjournment must have as its goal the transition of every convertible energy use from petroleum to coal. The fact that this transition cannot be accomplished quickly must be faced as must the economic realities involved.

The second objective of the program must be to make available the capital and the conditions needed to drill more wells and open more mines so that domestic energy production can go up and imports can be cut back. This is where the 19 cents per person per day comes in.

In total, the amount of money involved is significant. What is more significant, however, is that our colleagues on the other side of Capitol Hill seem willing to have the United States remain hooked on foreign oil because of 19 cents per capita per day.

Mr. President, the question before us as we write the energy program is: How do we intelligently use the next few years to make the transition from an economy based on oil and gas to one based on coal in the short and intermediate term, then to one based on more lasting and replaceable sources in the longer run? We have now wasted 4 years of precious time since the Arab oil embargo of 1973. If we implement the program which the White House sent to Congress and with which the House seems to be willing to concur, we will waste a few more years. Ultimately the transition must be made. Hopefully we will not wait for another crisis or until even Saudi Arabian oil wells run dry before we move to a larger energy base.

We act as though the transition will be completed tomorrow, and that the transition fuel will not be needed past tomorrow. This is not true. Even if we act wisely and soon, oil and gas will be the predominant fuels until well into the 1990's. If we hamper their development, we will not be able to make the transition until too late.

That brings us back to the additional 19 cents per capita per day. This additional amount is the insurance that will provide the capital needed to insure that the transition period will be effectively used and that the Nation will be prepared for energy survival in the future.

Adopting a system of assuring an investment of this magnitude in energy development such as the system described in my bill, S. 1707, will assure that these funds will be spent to develop domestic energy resources for the use of the American people. Without action such as this, it is certain that the United States will be unable to make a timely transition to coal.

Mr. President, the Senate must keep in mind the small per capita costs involved in winning this "moral equivalent to war: One less can of cola or a half a can of beer less per day." Surely Americans are willing to pay this price temporarily while energy conservation practices are being learned. Far greater prices have been paid in the past to win wars of far less consequence. Nineteen cents per person per day is a small price to pay for secure and abundant energy for the future.

IN SUPPORT OF PRESIDENT CARTER'S REMARKS IN CHARLESTON, S. C.

Mr. KENNEDY. Mr. President, I strongly welcome President Carter's remarks on U.S. relations with the Soviet Union, delivered on July 21 in Charleston, S.C.

Last month in this Chamber, I called for an up-to-date and comprehensive Soviet and East European policy, which reconciles the support of detente with the advocacy of human rights. I suggested that our policy should reflect the continued importance of the United States-Soviet relationship and look forward to "the progressive relaxation of tensions and liberalization of societies."

The President's Charleston address makes clear his commitment to detente, his search for "genuine accommodation." I share his assessment that "on balance, the trend in the last third of a century has been positive." I support his view that:

> . . . our two countries share many important overlapping interests. Our job is to explore those interests and use them to enlarge the areas of cooperation between us, on a basis of equality and mutual respect.

There is unfortunately no question that many problems persist which divide us and the Soviet Union, the most serious of which are in the fields of human rights and strategic arms control. It is vital that in considering our differences, neither we nor the Soviets lead anyone to believe that our commitment to detente and genuine accommodation has diminished. This is why it was important for us to hear the President say that the administration's human rights policy "is addressed not to any particular people or area of the world, but to all countries equally, including our own. And it is specifically not designed to heat up the arms race or bring back the cold war."

Perhaps most important of all was the President's reiteration that he would be prepared to limit cruise missiles in exchange for controls over Soviet strategic offensive weapons forces. I strongly believe that our Nation should exercise the greatest restraint in deploying Cruise missiles, while it explores all avenues for mutual limitations involving the next generation of United States and Soviet strategic systems. Surely this is a key to the President's objective of "agreements that will not be overturned by the next technological breakthrough".

Mr. President, as we seek specific tradeoffs which will protect our security and control the arms race, we should continue to search for more general frameworks which can guide our arms control policy more successfully over the long run. One such framework, which merits the careful attention of both the Congress and the administration, is provided by Alton Frye in his article on "Strategic Restraint, Mutual and Assured," in the current issue of Foreign Policy. Particularly thought-provoking, I believe, is the mix of measures he suggests to minimize threats to survivability of retaliatory forces, to insure the continued effectiveness of surveillance capabilities, and to moderate technological competition. I for one intend to keep Mr. Frye's framework in mind—including the "fundamental imperative—not to threaten the other side's strategic forces, but to guarantee the survivability of one's own"—as we reach further conclusions on strategic arms deployments and limitations.

Mr. President, I ask unanimous consent that the President's remarks in Charleston and Mr. Frye's article in Foreign Policy be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TEXT OF REMARKS BY THE PRESIDENT TO THE SOUTHERN LEGISLATIVE CONFERENCE, GAILLARD MUNICIPAL AUDITORIUM, CHARLESTON, S.C.

I am proud to meet with you today, here in one of the most gracious of our nation's cities, to talk about the problems and the

hopes that we, as Southerners and as Americans, all share.

I feel a special kinship with you as state legislators. For four years I was a member of the Georgia State Senate, and I still prize state government not only for the talents of those who work in it, but for its closeness to the people it represents. Our Southern states have a proud tradition of local, independent government, of which you are now the heirs.

But we in the South have also felt, perhaps more directly than many others, some of the rapid changes of the modern age. More and more our daily lives are shaped by events in other cities, decisions in other states, tensions in other parts of the world. As Americans, we cannot overlook the way our fate is bound to that of other nations. This interdependence stretches from the health of our economy to the security of our energy supplies. It is a new world, in which we cannot afford to be narrow in our vision, limited in our foresight, or selfish in our purpose.

When I took office, our nation was facing a series of problems around the world—in Southern Africa, the Middle East, in our relations with our NATO allies, and on such tough questions as nuclear proliferation, negotiations with our former adversaries, a Panama Canal treaty, human rights and world poverty. We have openly and publicly addressed these and other difficult and controversial issues—some of which have been skirted or avoided in the past. As I pointed out in my most recent press conference, a period of debate, disagreement and probing was inevitable. Our goal has not been to reach easy or transient agreements, but to find solutions that are meaningful, balanced, and lasting.

A President has a responsibility to present to the people reports and summations of complex and important matters. Today I want to discuss a vitally important aspect of our foreign relations, the one that may most directly shape the chances for peace for us and for our children. I would like to spell out my view of what we have done and where we are going in our relations with the Soviet Union and to reaffirm the basic principles of our national policy.

For decades, the central problems of our foreign policy revolved around antagonism between two coalitions, one headed by the United States and the other by the Soviet Union. Our national security was defined almost exclusively in terms of military competition with the U.S.S.R.

This competition is still critical, because it does involve issues which could lead to war. But however important this relationship of military balance, it cannot be our sole preoccupation, to the exclusion of other world issues which also concern us both.

Even if we succeed in relaxing tensions with the U.S.S.R., we could still awake one day to find that nuclear weapons have spread to dozens of other nations. Or we could struggle to limit the arsenals of our two nations, to reduce the danger of war, only to undo our efforts by continuing without restraint to export armaments around the world. As two industrial giants, we face long-term energy crises. Whatever our political differences, both of us are compelled to begin conserving world energy supplies and developing alternatives to oil and gas. Despite deep and continuing differences in the world outlook, both of us should accept the new responsibilities imposed on us by the changing nature of international relations.

Other great changes have transformed the nature of the international drama. Europe and Japan rose from the rubble of war to become great economic powers. Communist parties and governments became more widespread and more varied. Newly independent nations emerged into what has become known as the Third World. Their role in world affairs is becoming increasingly significant. And the technological genius of mankind gave us the means of bringing the world's peoples closer together, and also ever more sophisticated and prolific weapons of destruction.

Both the United States and the Soviet Union have learned that our countries and our peoples, in spite of great resources, are not all powerful. We have learned that this world, no matter how technology has shrunk its distances is nevertheless too large and too varied to come under the sway of either one or two super powers. And—what is perhaps most important—we have, for our part, learned all of this in a spirit not of increasing resignation but of increasing maturity.

I mention these familiar changes because I think that to understand today's Soviet-American relationship we must place it in perspective, both historically and in terms of the overall global scene.

The whole history of Soviet-American relations teaches us that we will be misled if we base our long-range policies on the mood of the moment, whether that mood is euphoric or grim. All of us can remember times when relations seemed especially dangerous and times when they seemed bright. We have crossed those peaks and valleys before. And we can see that, on balance, the trend in the last third of a century has been positive.

The profound differences in what our two governments believe about freedom and power and the inner lives of human beings are likely to remain, and so are other elements of competition between the United States and the Soviet Union. That competition is real and deeply rooted in the history and values of our respective societies. But it is also true that our two countries share many important overlapping interests. Our job is to explore those interests and use them to enlarge the areas of cooperation between us, on a basis of equality and mutual respect.

As we negotiate with the Soviet Union, we will be guided by a vision of a gentler, freer, more bountiful world. But we will have no illusions about the nature of the world as it really is. The basis for complete mutual trust does not yet exist. Therefore the agreements we reach must be anchored on each side in enlightened self-interest. That is why we search for areas of agreement where our real interests and those of the Soviets coincide.

We want to see the Soviets further engaged in the growing pattern of international activities designed to deal with human problems—not only because they can be of real help, but also because we both should have a greater stake in the creation of a constructive and peaceful world order.

When I took office—exactly six months ago yesterday—many Americans were growing disillusioned with detente—and, by extension, with the whole course of our relations with the Soviet Union. World respect for the essential rightness of our foreign policy had been shaken by the events of a decade. At the same time, we were beginning to regain our sense of confidence and purpose as a nation.

In this situation, I decided that it was time for honest discussions about international issues with the American people. I felt it was urgent to restore the moral bearings of American foreign policy. And I felt that it was important to put the U.S.-Soviet relationship, in particular, on a more reciprocal, realistic, and ultimately more productive basis for both nations. It is not a question of a "hard" policy or a "soft" policy, but of a clear-eyed recognition of how most effectively to protect our security and to create the kind of international order I have just described. This is our goal.

We have looked at the problems in Soviet-American relations freshly, and have sought to deal with them boldly and constructively with proposals intended to produce concrete results:

In the talks on strategic arms limitations, we advanced a comprehensive proposal for genuine reductions, limitations, and a freeze on new technology which would maintain balanced strategic strength.

We have urged a complete end to all nuclear tests and these negotiations are now underway. Agreement here could be a milestone in U.S.–Soviet relations.

We are working together toward a ban on chemical and biological warfare and the elimination of inventories of these destructive materials.

We have proposed to curb the sales and transfer of conventional weapons to other countries.

We are attempting to halt the threatening proliferation of nuclear weapons among the nations of the world.

We have undertaken serious negotiations on arms limitations in the Indian Ocean.

We have encouraged the Soviets to join us in signing the Treaty of Tlatelolco, which would ban the introduction of nuclear weapons into the southern part of the Western Hemisphere.

We have begun regular consultations with Soviet leaders as co-chairmen of the Geneva Conference to promote peace in the Middle East.

We and our allies are negotiating together with the Soviet Union and its allies to reduce the level of forces in Europe.

We have renewed the 1972 agreement for cooperation in science and technology and a similar agreement for cooperation in outer space.

We are seeking ways to cooperate in improving world health and in relieving world hunger.

In the Strategic Arms Limitation Talks, confirming and then building on Vladivostok accords, we need to make steady progress toward our long-term goals of genuine reductions and strict limitations, while maintaining the basic strategic balance. We have outlined proposals incorporating significant elements of arms control: deep reductions in the arsenals of both sides, freezing of deployments and technology, and restraining certain elements in the strategic posture of both sides that threaten to destabilize the balance which now exists.

The Vladivostok negotiations of 1974 left some issues unresolved and subject to honest differences of interpretation. Meanwhile, new developments in technology have created new concerns.

The Soviets are worried about our cruise missiles. We are concerned about the security of our deterrent. Our cruise missiles are aimed at compensating for the growing threat to our deterrent capability represented by the buildup of Soviet strategic offensive weapons forces. If these threats can be controlled, we are prepared to limit our own strategic programs.

But if an agreement cannot be reached, there should be no doubt that the United States can and will do what it must to protect its security and insure the adequacy of its strategic posture.

Our new proposals go beyond those that have been made before. Building on past agreements we are trying to reduce substantially the existing number of nuclear weapons.

In many areas we are in fact addressing for the first time the tough, complex core of longstanding problems. We are trying, for the first time, to reach agreements that will not be overturned by the next technological breakthrough. We are trying, in a word, for genuine accommodation.

Not one of these proposals involves a sacrifice of security. All of them are meant to increase the security of *both* sides. Our view is that a SALT agreement which just reflects

the lowest common denominator that can be agreed upon will only create an illusion of progress and, eventually, a backlash against the entire arms control process. Our view is that genuine progress in SALT will not merely stabilize competition in weapons, but can also provide a basis for improvement in political relations.

When I say that these efforts are intended to relax tensions, I am not speaking only of military security. I mean as well the concern among our own citizens that comes from the knowledge that the leaders of our two countries have the capacity to destroy human society through misunderstandings or mistakes. If we can relax this tension by reducing the nuclear threat, not only will we make the world a safer place, but we will also free ourselves to concentrate on constructive action to give the world a better life.

We have made some progress toward our goals. But, to be frank, we also hear some some negative comments from the Soviet side about SALT and about our more general relations. If these comments are based on a misconception of our motives, we will redouble our efforts to make them clear; but if they are merely designed as propaganda to put pressure on us, let no one doubt that we will persevere.

What matters ultimately is whether we can create a relationship of cooperation that will be rooted in the national interests of both sides. We shape our own policies to accommodate the changing world, and we hope the Soviets will do the same. Together we can give this change a positive direction.

Increased trade between the United States and the Soviet Union would help us both. The American-Soviet Joint Commercial Commission has resumed its meetings after a long interlude. I hope that conditions can be created that will make possible steps toward expanded trade.

In southern Africa we have pressed for Soviet and Cuban restraint. Throughout the non-aligned world, our goal is not to encourage dissension or to redivide the world into two opposing ideological camps, but to expand the realm of independent, economically self-reliant nations—and to oppose attempts at new kinds of subjugation.

Part of the Soviet leaders' current attitude may be due to their apparent—and incorrect—belief that our concern for human rights is aimed specifically at them or is an attack on their vital interests.

There are no hidden meanings in our commitment to human rights. We stand on what we have said on this subject before. Our policy is exactly what it appears to be: the positive and sincere expression of our deepest beliefs as a people. It is addressed not to any particular people or area of the world, but to all countries equally, including our own. And it is specifically not designed to heat up the arms race or bring back the Cold War.

On the contrary, I believe that an atmosphere of peaceful cooperation is far more conducive to an increased respect for human rights than an atmosphere of belligerence or warlike confrontation. The experience of our century has proved this over and over again.

We have no illusions that the process will be quick or that change will come easily. But we are confident that if we do not abandon the struggle the cause of personal freedom and human dignity will be enhanced.

In the past six months, we have made clear our determination—both to give voice to Americans' fundamental beliefs, and to obtain lasting solutions to East-West differences. If this chance to emphasize peace and cooperation instead of animosity and division is allowed to pass, it will not have been our choice.

We must always combine realism with principle. Our actions must be faithful to the essential values to which our society is dedicated, because our faith in these values is the source of our confidence that this relationship will evolve in a more constructive direction.

I cannot forecast whether all our efforts will succeed. But there are things which give me hope, and in conclusion I would like to mention them briefly.

This place where I now stand is one of the oldest cities in the United States. It is a beautiful town, of whose culture and urban charm all Americans are proud—just as the peoples of the Soviet Union are justly proud of such ancient cities as Tbilisi or Novgorod which they lovingly preserve, and into which they infuse a new life that makes these cities far more than the dead remnants of a glorious past. Although there are deep differences in our values and ideas, we Americans and Russians belong to the same civilization whose origins stretch back hundreds of years.

Beyond all the disagreements between us—and beyond the cool calculations of mutual self-interest that our two countries bring to the negotiating table—is the invisible human reality that must bring us closer together. I mean the yearning for peace, real peace, that is in the very bones of us all. I am absolutely certain that the people of the Soviet Union, who have suffered so grievously in war, feel this yearning. And in this they are at one with the people of the United States. It is up to all of us to help make that unspoken passion into something more than a dream—and that responsibility falls most heavily on those, like President Brezhnev and myself, who hold in our hands the terrible power conferred by modern engines of war.

Mr. Brezhnev said something very interesting recently. "It is our belief, our firm belief," he said, "that realism in politics and the will for detente and progress will ultimately triumph and mankind will be able to step into the 21st century in conditions of peace stable as never before." I see no hidden meaning in that. I credit its sincerity. And I share the hope and belief it expresses. With all the difficulties, all the conflicts, I believe that our planet must finally obey the Biblical injunction to "follow after the things which make for peace."

[From Foreign Policy, Summer, 1977]

STRATEGIC RESTRAINT, MUTUAL AND ASSURED

(By Alton Frye)

Secretary of State Cyrus Vance's first mission to Moscow produced mixed results—and mixed emotions. Unrealistic public expectations of a breakthrough toward arms control fed equally exaggerated disappointment when there was no immediate movement toward agreement.

Commentators volleyed speculations back and forth. Brezhnev was too ill to cope with such far-reaching proposals as the Americans presented. The Soviets were stonewalling in order to test the new American president. The president had contrived his proposals not to produce agreement, but to shore up his domestic support by "hanging tough" on an initial position. The administration was acting in the belief that the Soviets needed an agreement more than the Americans and would swallow even disagreeable terms rather than trigger an intensified U.S. arms effort. Carter's public maneuvers on human rights provoked the Soviets into retaliating by a hardline stance on strategic arms.

These and similar interpretations seem too pat for the occasion. The Soviet Union and the United States face serious strategic issues which are quite sufficient in themselves to explain the outcome in Moscow. Differences in the two countries' present force structures, in their strategic requirements, and in their technological potential are intrinsically difficult to harmonize. Surely the basic reason for Moscow's decision not to accept either of the suggested U.S. options—a "comprehensive" plan for reducing strategic forces to 2,000 delivery vehicles or fewer and a "deferral" option for ratifying the Vladivostok Agreement of 1974 (but deferring action on the controversial cruise missile)—is that the Soviet government did not find the alternatives fair or advantageous.

From the American perspective the proposals seemed plausible. The comprehensive plan would have cut authorized forces by 17 percent to 25 per cent and would have bolstered strategic stability by restraining tests and deployments of counterforce missiles on both sides. The so-called deferral plan would have confirmed those aspects of the Vladivostok Agreement on which the parties could concur, namely, an overall ceiling of 2,400 strategic missiles and bombers with a sublimit of 1,320 MIRV (multiple independently targetable re-entry vehicles) launchers. Disputes over the Soviet Backfire bomber and American cruise missiles would be handled in later discussions.

These were possible points of departure for the negotiations, but the comprehensive plan was bound to cause difficulties for Moscow, particularly given the abruptness with which the president advertised and presented it. The difficulties were both strategic and political. Precisely because the Vladivostok ceilings were so high, the Soviet Union had been willing to set aside their concerns about forward-based systems (FBS), mainly the large number of tactical aircraft based in Europe and capable of delivering nuclear strikes against Western Russia. To cut strategic force levels would enhance the relative weight of these tactical weapons capable of strategic missions. From the Soviet standpoint, lowering the ceilings was certain to revive the FBS issue. Soviet analysts were also wary of the suggested constraints on force modernization and of the idea that they would reduce the number of heavy intercontinental ballistic missiles (ICBMs) from 308 to 150 in return for a U.S. commitment not to proceed with the large MX missile system. In terms of forces already deployed, they saw themselves having to make disproportionately large cuts than the United States to meet the proposed new ceilings.

Politically, the Soviets' initial encounter with the new administration came amid mounting suspicions that the United States might not be genuinely interested in détente. Not only had the very word become taboo in the Ford administration; a number of agreements between the two nations had been signed but never implemented. The trade arrangements offered by President Nixon in 1972 had died in the uproar over the Jackson amendment. After arduous negotiation and signature of a Threshold Test Ban on nuclear weapons and a Peaceful Nuclear Explosions accord, the United States had declined to submit the agreements for Senate ratification. When months of diplomacy produced a compromise formula to implement the Vladivostok provisions, President Ford had yielded to Pentagon objections and passed up the opportunity, as he later acknowledged with regret.

In this context and faced with a new term on the American side, it was hardly surprising that Brezhnev insisted on pinning down the details of the Vladivostok Agreement before moving on to more ambitious tasks. With the interim agreement on strategic offensive weapons running out in October 1977, there now appears no real option other than to concentrate on a relatively modest agreement within the Vladivostok framework.

There remains room for compromise. Although the Soviets did not accept the U.S. plan to exempt cruise missiles, an initial agreement could include only air-launched cruise missiles and count any bombers carrying them as MIRV launchers under the Vladivostok ceilings. Action on sea- and

ground-launched cruise missiles could await the next phase of negotiations, as could questions concerning the Backfire bomber. Under this arrangement, it would be important to suspend testing and deployment of the latter systems for perhaps three years, while possible limitations are evaluated.

The crucial goal now is to wrap up an agreement quickly in order to regain momentum in the process. The same consideration argues for early ratification of the threshold ban on nuclear weapons tests and the related pact on peaceful nuclear explosions. Even if these outstanding agreements are implemented, however, they will impart only slight impetus to the ponderous process of shaping a stable equilibrium between the two superpowers. To divine a path toward genuine security, leaders on both sides will have to form a far-sighted conception of the functions and possibilities of negotiations. How we might fashion a more encompassing framework to regulate Soviet and American behavior in future strategic arms negotiations is the subject of this essay. In framing such a conception, three major elements deserve to be considered: (1) the role of strategic forces in crisis management, (2) the need for a common strategic doctrine, and (3) methods for assessing strategic intentions.

STRATEGIC FORCES IN CRISIS MANAGEMENT

1. In the 15 years since the Cuban missile crisis, the Soviet Union and the United States have managed to avoid direct and acute confrontations, although the near-misses in Southeast Asia during 1972 and the Middle East during 1973 were too close for comfort. In this interval, the developing dialogue in the Strategic Arms Limitation Talks (SALT), the Mutual Balanced Force Reduction talks, and elsewhere has proved a useful form of sensitivity training. Yet, parodoxically, this relative success in managing or avoiding crises may have lulled the two sides into underestimating the mounting risks associated with future crises. There is reason to believe that the next major crisis between Moscow and Washington could be more dangerous than any yet experienced.

The reasons for this dire prognosis have much to do with the transformation of the strategic balance. It is a truism that neither side should base its strategic force planning primarily on analysis of the worst case which might arise, but both nations need to recognize that they are veering toward a "worst case" which cries for alert study and joint resolution.

Consider the context of a future crisis in the Middle East, Africa, or in some other arena where the two sides' interests clash. The Soviet Union is bound to enter that engagement with vivid recollections of Khrushchev's demeaning backdown in the 1962 missile crisis. Indeed, some analysts explain much of Soviet behavior in the intervening years as a determined effort to overcome the strategic disadvantages so often cited to explain President Kennedy's success in pressuring the Soviet government to remove the missiles from Cuba.

Having invested a decade and a half and countless billions of rubles to achieve rough equivalence with U.S. strategic might, the Soviet Union may well enter that future crisis with a felt need to demonstrate that its costly nuclear deployments are worth their weight in political leverage. The technical and party bureaucracies which have led the campaign for the massive Soviet build-up will be impelled to demonstrate that all the sacrifices of these years are justified. There will be tremendous pressures on the Soviet leadership not to back down, not to yield, not to accommodate. In short, there is likely to be maximum compulsion on Moscow to extract a political victory from the crisis. This inclination could be even stronger with the succession of a new generation of Soviet leaders more confident of Soviet power and less mindful of the trauma of the Second World War.

But look at the United States' posture when facing such a contingency. Having acknowledged Soviet achievement of strategic parity and knowing the widespread belief that strategic momentum is with Moscow, Washington will be reluctant to accept an outcome which appears to confirm that the shifts in the strategic balance have given the Soviet Union unwonted political leverage. To permit that impression to take hold would only damage the United States' potential influence in other quarters, strengthen the hand of those Soviet figures pressing for an aggressive stance in world politics, and tempt Moscow to further interventions.

If these anticipations are correct, they are a recipe for both sides entering some future crisis with their backs up and with less flexibility than such situations require. This worrisome prospect points to the need for candid discussion of this phenomenon at high levels of the two governments. While the strategic nuclear factor can hardly be eliminated as a background element in any great power crisis, it would be useful for the parties to draft some ground rules to moderate its inflammatory potential. They could build upon the 1973 pact on the prevention of nuclear war, which made a modest start toward codifying the rules of the game.

Two such ground rules commend themselves immediately, and thoughtful diplomacy may devise others. First, Moscow and Washington would do well to avoid any overt invocation of their strategic nuclear power in reference to local crises, particularly those outside their respective zones of alliance. Kennedy's threat during the Cuban missile crisis to order a "full retaliatory strike" against the Soviet Union for any nuclear attack launched from the island, while understandable, is hardly a desirable precedent. Given the altered strategic circumstances to which we have referred, verbal restraint during crises assumes heightened importance. Both sides should try to disconnect so far as possible proximate disputes from the ultimate coercion of nuclear intimidation. Pledges of moderate rhetoric are normally of little value, but they could be quite useful here as a sign of both sides' willingness to refrain from seeking political success by means of strategic bluster.

Second, and more concretely, the two governments might offer assurances that they would not introduce nuclear-capable forces in a region where a crisis engages major interests of the Soviet Union and the United States. Here numerous difficulties arise. Such a policy could not apply to NATO, the Warsaw Pact, or certain other allied territories covered by the nuclear umbrellas of Moscow and Washington. The Middle East and the Mediterranean pose special problems, since, whether or not allied to one of the great powers, countries in this area are well within range of the nuclear forces normally deployed between Gibraltar and the Bosporus. Nevertheless, in many areas of the globe, whether or not covered by formal nuclear-free zones, it would be advantageous for the Soviets and Americans to make arrangements to avoid the movement of nuclear forces during any periods of crisis.

There are significant obstacles to such arrangements, including, especially, the dual capabilities of many naval forces. It would be hard to avoid ambiguity in showing the flag by moving naval vessels toward some theater of crisis, but perhaps discussions could produce some understanding that designated elements of the respective fleets and air forces would be construed as conventional systems whose deployment would not be taken as evidence that tactical nuclear weapons were being brought into position. It is, after all, extremely improbable that nuclear weapons would be worth very much in a Third World crisis scenario.

Schemes of this nature would require a great deal more analysis than is attempted here. The point is simply that coordination of crisis behavior has become a matter of paramount importance. The dangers which have arisen should be the subject of thorough-going explorations between the two governments. Their objective should be to dampen the tendency to emphasize the strategic nuclear equation in an effort to extract local advantage.

A COMMON STRATEGIC DOCTRINE

2. One of the most serious omissions of the 1972 agreements was the lack of a joint exposition of strategic principles. It is precisely this omission which has amplified suspicion that the Soviet Union is not truly interested in restraint but dedicated to superiority. Without a basic agreement on strategic guidelines to govern their weapons development and deployment activities, the two sides can only grope toward a kind of accidental and possibly temporary coincidence of interest. Activities which might be compatible with a policy of restraint acquire sinister overtones when viewed through a veil of profound uncertainty about the other side's true strategic purposes.

In this manner, the value of the antiballistic missile (ABM) treaty as an indication that the Soviet Union and the United States had come to accept their mutual vulnerability has steadily diminished because of the lingering obscurity of Soviet motives. Did the treaty signify a commitment to mutual deterrence as the only realistic basis for the relationship? Or was the treaty merely a holding action stemming from Moscow's concern over the United States' lead in ABM technology? Is Moscow's hidden motive actually to gain time for perfecting an improved ABM option, more extensive civil defenses, and an overwhelming war-fighting capability centered on new counterforce systems?

Despite repeated professions of the U.S. acceptance of mutual deterrence, similar questions have arisen regarding American strategic initiatives in recent years. Having justified its multiple warhead (MIRV) missiles as necessary to saturate Soviet defenses, why did the United States proceed to deploy several thousand MIRV warheads after Moscow agreed not to erect an ABM system? Given repeated assurances by the president and secretary of defense that hard-target counterforce MIRV systems would be avoided, lest they be misconstrued as designed for a first strike capability, what significance should be attached to former Secretary of Defense James Schlesinger's shift in doctrine to favor highly accurate and larger-yield warheads? And does the rapid movement toward sophisticated cruise missiles capable of nuclear, as well as conventional, delivery represent a deliberate evasion of the ceiling established in principle at Vladivostok?

Many such questions have spawned a corrosive suspicion that Moscow and Washington remain intent on seeking advantage rather than accommodation. Such issues could be muted, if not removed from contention, by more explicit definition of a common strategic doctrine. The specification of such a doctrine, at least in bare outline, deserves high priority in the next phase of negotiations.

One may be doctrinal, however, without being doctrinaire. To argue for a doctrinal agreement does not require us to demand in advance that the product comport in all particulars with our doctrine. The naked vulnerability of the Russian nad American

people to nuclear attack is a technological fact, not a moral ideal. It is a condition with which we must cope, not one from which we can derive satisfaction. Yet the inescapable truth is that, in the fourth decade of the nuclear age, no one has articulated a plausible alternative to mutual deterrence. If the Soviet Union has identified a better basis for the strategic relationship with the United States, it is incumbent on Moscow to present its ideas and persuade Washington that they are mutually beneficial. If, as one surmises, Soviet strategists have no superior analysis in which to anchor the relationship, then both countries must come to terms with the realities which bind our fates together.

One of those realities is that the attempt by either side to alter the stability of deterrence by overcoming its own vulnerabilities is bound to be dangerous. A unilateral quest for escape from the paradox of deterrence is a reckless and counterproductive gesture calculated only to jeopardize both countries' security. If we are to make our way out of the deadly embrace in which Soviets and Americans are entwined, we shall have to act together. Meanwhile, we can only make matters worse by defying the dread logic of deterrence.

Americans remain somewhat divided and anxious over these doctrinal issues, but the burden lies more heavily on the Soviets. They must appreciate that their lack of clarity in these matters has created a festering mistrust in the United States which is feeding back into increased military efforts to counter the Soviet Union. Listen to former Secretary of Defense Donald Rumsfeld, justifying major increase in U.S. defense spending: "The Soviets by their activities indicate that they are not interested in mutual assured destruction. . . . Prudence requires that we take into account the other and darker face presented by the Soviet Union. . . ." A majority of Americans have now turned back toward a preference for greater defense spending and Congress has joined hands with the executive branch to satisfy that demand. Partly because of Soviet reticence to set forth a doctrine of restraint by which their military programs can be evaluated, the fear level has been rising and it threatens to swamp hopes for additional strategic arms agreements.

It is perhaps necessary to underscore the fact that a doctrinal agreement would have direct consequences for appraising particular weapons programs on both sides. In the context of a consensus on mutual deterrence, for example, a number of current strategic programs would be difficult to justify. So long as the ABM treaty remains in force, and so long as security is founded on both sides' awareness that they face assured retaliation for any nuclear strike, U.S. movement toward an excessively accurate MX missile with a larger warhead capable of counterforce strikes would be insupportable. So would Soviet deployment of additional giant ICBMs. The incentives on both sides should be bent toward reliance on smaller, rather than larger, missiles. The fundamental imperative would become not to threaten the other side's strategic forces, but to guarantee the survivability of one's own.

There are other reasons for wishing to launch deeper discussions of strategic doctrine. It would be helpful to raise doctrinal issues to the political level of discourse between the governments. Some discussions of strategic principles took place in the opening months of SALT I, but these matters have received little attention since then. One has the impression, confirmed by many of the corridor conversations connected with the strategic arms limitation talks, that the extreme compartmentalization of the Soviet government has insulated the Foreign Ministry and key elements of the Soviet Presidium from active participation in the refinement of strategic concepts.

Although Brezhnev has displayed a keen sense of the hazards of nuclear conflict, strategic doctrine has remained the province of the uniformed military establishment. Evolving in that setting, Soviet strategic thought has retained its classical emphases on heavy defense outlays, hints of pre-emptive attack, and allusions to the inevitability of war.

By engaging the Soviets in a debate on doctrine at the political level, many of the anomalies which appear in Soviet military writings could be highlighted and brought to the attention of the Kremlin leadership. Such discussions might persuade the Soviet Defense Ministry to modify some of its tenets or to reconcile its programs with its premises. In this manner, SALT, already a valuable learning experience, could provide still more useful instruction to all participants. And, should the process generate agreement on explicit strategic principles, the governments would be relieved of the necessity to defend subsequent accords against the charge that they merely disguise fundamental disagreements.

In short, if there is in fact a strategic consensus on which to ground the security of our peoples, then it ought to be stated. A coherent, cooperative doctrine could facilitate negotiations and simplify force planning on both sides.

ASSESSING STRATEGIC INTENTIONS

3. Now we come to the heart of the case. If SALT is to fulfill its promise, the time has arrived to transform the negotiations from an exclusive focus on strategic capabilities to a broader elucidation of strategic intentions.

The harsh fact is that no one has contrived a persuasive approach—even with the most intrusive inspection schemes imaginable—to eliminate nuclear weapons capabilities from the planet. Notwithstanding Carter's admirable tribute to the ideal of general and complete nuclear disarmament. the goal for our generation and for many to come must be to manage an inventory of horrors which will not go away. The weapons will exist; our objective must be to insure that no government will choose to use them. This will require steps to create the habit of restraint on the part of nuclear powers and a prudent basis for trust among them. It will require, in other words, concerted scrutiny of the intentions of governments. Only if diplomacy can harmonize the behavior of regimes potentially in conflict will it be able to achieve those reductions in strategic capabilities and related measures which will move the world toward the ultimate goal of abolishing nuclear weapons.

On this analysis one is led to the familiar—should one say the chronic—dilemma of intelligence: "capabilities versus intentions," as it is so often and so misleadingly stated. The military capabilities of a state are more or less observable, while a nation's intentions tend to elude objective assessment. Optical and electronic surveillance can provide extensive information regarding weapon systems and deployments, but, as Fred Iklé put it so aptly, not even the best camera can detect an intention from 50,000 feet.

For the understandable reason that intentions are so hard to discern and so easy to alter, capabilities are the preoccupation of intelligence agencies, military planners, and arms control negotiators. Capabilities are crucial, but the central point is that constraints on forces may serve less as physical impediments to nuclear war than as testimony to both sides' common purpose not to wage one.

This perspective dictates a different attitude toward future SALT negotiations than the one which has surrounded the discussions since 1969. The concentration on a small number of highly verifiable numerical limitations needs to be supplemented by what one might call an architectural approach. That is to say, SALT should shift its emphasis from individual building blocks to an awareness of the political and strategic structure in which each element will be imbedded and appraised.

Such an approach becomes all the more essential when one realizes the limited potential of the quantitative restraints which have consumed most of our diplomatic energies during the last decade. That potential is limited in several respects. Only a few categories of weapons are both relevant to the strategic balance and suspectible to meaningful limitations. Without accompanying controls on technological development, quantitative ceilings and reductions may be offset by qualitative changes in the weapons themselves. And of increasing significance is the fact that even quantitative limits on some types of systems may not permit the extremely high standards of verification which have been levied on the first agreements.

The latter point deserves a special comment. Several weapons systems now emerging in the inventories of both countries, especially cruise missiles and mobile ICBMs, compound the verification problem severely. To be sure, one can conceive of ways to mitigate the verification difficulties, even in these instances. For example, mobile ICBMs might be more observable if they were deployed in trenches of known locations and dimensions, rather than permitted to operate throughout a nation's road or rail network.

Similarly, air-launched cruise missiles can be accounted for by identifying the aircraft capable of launching them and assuming that all such aircraft are so equipped. Long-range cruise missiles launched from ships, which could conceal large numbers of such weapons, would pose far tougher problems for detection and monitoring. Verification is likely to become more problematic in the future, especially if we must depend on the "national means" which have heretofore been acceptable. This prospect is serious enough to require a rethinking of the verification standards and methods to which the two sides have become accustomed.

In these matters, total certainty is impossible. To assert that verification is inherently probabilistic is not an argument for diminishing efforts to maximize the possibilities of verification. It is, rather, to preface the idea that *confidence in an arms control regime may be enhanced by relying more on the breadth of verification than on its depth in any single case.* Unless both governments are attentive to this trade-off, the opportunities for strategic restraint may soon run up against unachievable demands for verification of compliance with individual arms controls. This could turn the prolonged deadlock in SALT II into the final defeat of SALT III.

The escape from this diplomatic cul-de-sac may lie through the paradox of complexity. For good and sufficient reasons, negotiators have strived for the utmost simplicity in SALT agreements. At this stage, however, further progress may well depend on substantially complicating the SALT agenda. Instead of relying on a small set of controls geared to the highest feasible levels of verification, the United States and the Soviet Union could derive greater security from a diverse group of controls that are compatible with more modest verification requirements. This is a realm in which art must aid politics in crafting a mosaic of strategic understandings in which the removal of a single piece would not destroy the integrity of the whole.

A principal strength of this approach is its contribution to bridging the capabilities-intentions gap. To build confidence in the good faith of the signatories it is desirable to devise as many tests as practicable for them to demonstrate by action their commitment

to strategic restraint and peaceful accommodation. The task is to create an array of constraints, all of which are reasonably verifiable and useful in curtailing activities that tend to generate strategic instabilities, and none of which, if broken, would prove lethal to stability.

By diversifying the types and increasing the numbers of controls over development and deployment of strategic systems, one can multiply the indicators of strategic intentions. On this basis, one may hope gradually to create a climate of mutual confidence in which actual reduction of forces may proceed.

Obviously, to rely on multiple undertakings of varied degree of verifiability might produce potential sources of anxiety. Critics of such arrangements might find more points on which to challenge the other side's compliance and to sow doubts about its good faith. This could lead to serious domestic pressures, especially in the United States. But two factors argue against this possibility as a cardinal deficiency. The individual commitments recommended here would be sufficiently verifiable to preclude significant evasions. And, as experience in the Standing Consultative Commission established to monitor the 1972 SALT accords has shown, methods can be found to enable the parties to clarify questionable events and to alleviate suspicions about particular activities. If necessary assurances are not forthcoming, that fact itself becomes a valuable indicator of the other party's degree of adherence to the arrangements.

This is all very neat in theory, but, one may ask, can we identify specific elements of this "multiple-indicators" design? Indeed we can, and many of them have already been subjected to careful analysis. Furthermore, there are major precedents in Soviet-American bargains for virtually every indicator to be suggested here. And, most hopefully of all, Carter seems drawn to a more variegated approach to break the stalemate in SALT. His comprehensive proposal included a number of indicators of the types considered here, and several working groups established at the Moscow meeting could contribute to this approach.

A PLAUSIBLE MIX OF PROPOSALS

Let me illustrate a plausible mix of proposals. On the assumption that, even if the two sides eventually wish to frame another doctrine, their immediate interest lies in stabilizing deterrence, at least three types of agreements are appropriate: (1) measures to minimize threats to the survivability of retaliatory forces; (2) measures to ensure the survivability and effectiveness of each side's surveillance capabilities, i.e., "national means of verification"; and (3) measures to moderate the technological competition in order to facilitate movement to a stable balance at lower force levels. Some proposals would serve more than one of these functions.

One of the most promising ways to diminish threats to the survivability of land-based missiles would be for the Soviet Union and the United States to limit the number of missiles tests to a small annual quota; the Carter administration has suggested six tests a year, but the number should be negotiable. This could slow the trend toward hard-target silo killers.

The parties might usefully restrict such tests to missile systems already deployed or firmly scheduled for deployment in the very near future, e.g., the Trident I missile and the SS–16. New re-entry vehicles designed for the greater accuracies needed to attack missile silos, as well as maneuvering re-entry vehicles, could be prohibited.

All tests of ballistic missiles should take place over agreed ranges with prior notification of the launch site, missile type, and impact area.

To avoid suspicion that space launches may be used to cover clandestine tests, Moscow and Washington should also undertake to exchange information regarding planned space launches, including the time and location of launches, booster configuration, payload, mission profile, and orbital parameters.

There should also be agreement that no more than one test missile should be fired within a 24 hour period, in order to reduce apprehension about the occasional multiple launches which the Soviet Union has made. If tests are launched from operational sites, as has occurred, the launcher's geographic coordinates should be identified in advance.

Furthermore, to ward off sneak attacks on bomber bases and other priority targets, neither side should test missiles in a "depressed-trajectory" mode.

Undertakings of this nature would parallel and expand upon the test restrictions accepted by both governments in the ABM treaty, which contains a host of qualitative limitations on antiballistic missile tests. They would also rest on the little-noticed article 4 of the 1971 Agreement on Measures to Reduce the Risk of Outbreak of Nuclear War in which each party promised to notify the other of planned missile launches "if such launches will extend beyond its national territory in the direction of the other party." Under this arrangement, the Soviet Union has generally given public notice of missile tests whose impact areas have been in the Pacific Ocean, with the exception of a single missile which seems to have strayed from its intended re-entry over the Kamchatka Peninsula.

It would also be useful to reinforce the already substantial invulnerability of ballistic missile-firing submarines. Although antisubmarine warfare capabilities and operations are frequently multi-purpose and ambiguous, one can identify some distinctive schemes to protect strategic submarine (SLBM) fleets.

There should be no continuous tracking of SLBM boats, particularly by hunter-killer submarines.

The two sides might also wish to further study the creation of possible sanctuaries for such boats into which no antisubmarine warfare forces would penetrate.

A valuable quantitative control would be an agreed ceiling on the number of hunter-killer submarines capable of threatening the missile-launching platforms. Lest some breakthrough in detection and tracking expose SLBM boats to destruction, the ratio of hunter-killer submarines to strategic missile-launching submarines should not exceed two to one.

Admittedly, these suggestions would impose some constraints on conventional ASW capabilities, but their value as strategic indicators should justify their acceptance.

The existing commitment of both sides not to interfere with each others' "national technical means of verification" invites additional assurances on that front.

Beyond general agreement not to interfere with observation satellites, the governments should consider a flat prohibition on development and testing of "satellite killers." Again, this concern is reflected in the recent U.S. proposals and in one of the working groups created at Moscow.

They should specifically prohibit a close approach by one country's satellite to that of another without prior notification and full description of the approaching satellite's mission and capabilities.

It becomes increasingly essential for the two sides not to perform high-energy laser or particle beam tests in outer space.

Equally important, they should agree not to station in space large nuclear reactors or other power sources capable of generating threatening levels of laser output or particle beams. The purpose here is not only to protect deployed satellites, but to enforce the agreed interpretation of the ABM treaty to seek specific limitations on potential ABM systems "based on other physical principles" than those of interceptor missiles.

At the same time, acting on lines set forth in the 1959 Antarctic Treaty and the 1967 ban on basing weapons of mass destruction in outer space, the United States and the Soviet Union would do well to establish mutual visitation rights to facilities operating in space. For many years they have carried out amicable mutual inspections of their bases on the south polar continent.

To insure that satellites conform to the proposed rules, the parties should arrange for joint visits to space stations and other man-made objects orbiting the earth. Here the joint space mission of 1975 is a helpful indication of technical and political feasibility, and the coming space shuttle a suitable vehicle.

There should be explicit agreement that, during joint visits to satellites, nondestructive external inspections would be permissible.

Where satellites are inaccessible to visits by joint crews, e.g., in zones of dangerous radiation, procedures should be drawn for remote inspection on an agreed schedule by unmanned satellites equipped for optical, electromagnetic, and other radiation measurements.

Arrangements of this character will involve costs in information which could increase the vulnerability of satellites to countermeasures in time of conflict. Nevertheless, since some of the gravest threats to stability on earth may emerge from development in space, it behooves us to operate there on the principle of maximum disclosure. Ideally, as confidence grows between the parties, a simpler system of pre-launch inspection of all space payloads would be preferable and much less expensive.

Within this framework of interlocking assurances, the co-called Threshold Test Ban on nuclear weapons, signed in 1974 but not yet ratified, takes on a different aspect. Evidently, a comprehensive prohibition on tests holds more promise for promoting antiproliferation policies. Carter's suggestion of a complete Soviet-American nuclear test moratorium for a period of years and his willingness to proceed in this direction whether or not China and France adhere promptly are sound initiatives to discourage further spread of nuclear weapons. However, the threshold ban and related protocol, together with subsequent arrangements on peaceful nuclear explosions, include quite significant provisions for exchange of detailed information regarding the geology and seismic characteristics of specified test sites, as well as calibration data on the yield time, depth, and coordination of particular tests. The peaceful nuclear explosions agreement contemplates actual foreign inspection of multiple detonations whose total yield exceeds the threshold of 150 kilotons. These are quite extraordinary precedents, and pending satisfactory arrangements for a comprehensive ban, they justify acceptance of the accords, especially since American procrastination in ratifying the pacts has provoked Soviet suspicion.

In shaping multiple indicators as a guide to strategic intentions, one's attitude may change regarding the usefulness of limits on bases for certain deployed forces. Analysts have been cautious in weighing such notions as the possibility that the Soviet Backfire bomber, which has been a source of great contention, might be denied an intercontinental potential by confining it to designated zones. Air refueling, it is thought, could still make possible one-way strikes on the United States with recovery of the planes in Cuba. Yet, if the Soviets genuinely wish to dem-

onstrate that the Backfire is strictly a theater weapon, a combination of limits on tanker aircraft capabilities and clear indications that the plane would be based well out of range of the United States, with no logistical facilities to support the aircraft from more northerly bases, might suffice.

Similarly, if there are to be mobile land-based missiles at all, the two sides should restrict their ranges and withhold them from areas close enough to threaten the other party.

The incipient deployment of the Soviet Union's SS–20 intermediate-range mobile missile is troublesome, but perhaps manageable. Washington should press Moscow to spell out its full plans for the system, and should determine whether the Soviets plan compensating reductions in older intermediate range ballistic missile forces in Europe. Most importantly, the United States should urge that Moscow confine each missile to an agreed block of territory, possibly 25 to 50 square miles in size and with no fully enclosed revetments. Limited mobility within such sectors would afford ample survivability but could facilitate the accounting necessary for arms control. In addition, to prevent conversion of this missile to intercontinental capabilities, its canister dimensions should be fixed and there should be neither testing nor retrofitting of an additional stage on such rockets. Such schemes are in several respects inadequate as limits on capabilities but, in conjunction with other measures, they could be useful indicators. Any movement of the designated systems into forbidden zones would then provide strategic warning of hostile intentions.

The most important factor in weighing a "multiple-indicators" approach may well lie in an emerging shift in Soviet psychology. As strategic parity has materialized, the major argument for Moscow's resistance to greater disclosure of its capabilities—the persistent fear of exposing its weakness—has surely declined. Thus, one contrasts the traditional Soviet attacks on Western inspection proposals with more recent hints of a willingness to offer necessary assurances for faithful compliance with arms control agreements.

Confidence-building measures seem to have become more negotiable, whether one speaks of prior announcements of military maneuvers in Central Europe, arrangements to avoid incidents among naval forces in the open seas, hookups of the two nations' manned spacecraft and visits to key space facilities, exchange of meteorological, geological, and seismic data relevant to military assessments, or even the prospective on-site inspection of certain nuclear explosions. No one should underestimate the psychological advances to which these agreements testify. A concerted effort to fathom strategic intentions may now be both prudent and practical.

Fortunately, the current American president seems instinctively to perceive this fact. He has already alluded to his interest in a number of the proposals mentioned here—limits on missile tests, antisatellite technology, the comprehensive nuclear test ban, and other ideas. Obviously, some of these concepts are more significant than others, some are more verifiable, some more negotiable. But their collective promise outweighs their individual features. The achievement of a sizable fraction of these suggestions would afford unprecedented insights into the likely strategic behavior of coming decades.

It may be that Carter's distinctive acquaintance with nuclear technology will be the decisive ingredient in this situation. No other president in the nuclear age has had such familiarity with the hardware. Carter seems less intimidated by such issues and perhaps less vulnerable to distorted presentations of the technical intelligence on which national security decisions rest so heavily. He clearly displays a special sensitivity to the dangers of the nuclear age and a firm dedication to meeting them responsibly. These qualities may enable the first president of America's third century to move boldly where others have trod but timidly.

Jack London once wrote of "the menacing truce that marks the meeting of wild beasts that prey." The United States and the Soviet Union have been locked in such a truce for a full generation. It is a fate unfit for human beings. The task for the next generation is to transform that truce into a more affirmative and more secure relationship. To banish fear is too much to expect, but to govern strategic capabilities and to mold compatible intentions are well within our reach.

The goal is to impose mutual assured restraint upon mutual assured destruction. The irony may be that, as another student has put it, we must have both, or we shall have neither.

HEALTH CARE COSTS

Mr. McCLURE. Mr. President, it is important to remember, when discussing the dramatic upsurge in health care costs, that cost containment is the context within which the basic, positive commitments and goals of health care policy must be met; it cannot be the sole aim of any superior policy. Yet the administration's proposed Hospital Cost Containment Act of 1977, a program translating into thinly disguised hospital price controls, implies precisely that; for, by limiting the inpatient revenues of most hospitals to approximately 9 percent, the act seeks to impose special controls on just one sector of the economy. The President's program of "containment" would put a ceiling on the charges that hospitals bill to medicaid, medicare, Blue Cross and other private insurance organizations, and individual patients, However, it does not directly touch the chief factors determining hospital costs; for example, it would not affect the cost of equipment and supplies and the wages of hospital workers, or the cost of fuel or food.

I strongly object to such an arbitrarily rigid policy which penalizes those institutions which already seek to respond efficiently and promptly to community health needs. Implementation of this program can only result in diminished access to quality health care, particularly for small communities. Should costs rise more than 9 percent—the proposed first-year ceiling—hospitals would be forced to cut back on services and personnel or else operate in the red: These two alternatives would soon drive small hospitals out of business. Moreover, those institutions which would suffer most are the hospitals which have striven to operate efficiently to date—those which have no spare fiscal "padding" from past years.

The detrimental effect upon small hospital staffing and services would be great should this or other similar legislation be implemented. This has been clearly illustrated by a number of my constituents who are engaged in and dedicated to the administration of quality health care for small communities. For example, let me call my colleagues' attention to a letter I received from Mrs. Pearl Fryar, administrator of the Caribou Memorial Hospital in Soda Springs, Idaho, which details both her hospital's efforts to operate efficiently and the rising costs which lead to the consequently injurious effects the administration's proposal would have on this hospital. I ask unanimous consent that Mrs. Fryar's letter be printed in full in the text of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CARIBOU MEMORIAL HOSPITAL,
Soda Springs, Idaho, June 10, 1977.

Hon. JAMES MCCLURE,
Russell Building,
Washington, D.C.

DEAR SENATOR MCCLURE: May I comment to you concerning the President's Cost Containment bill—the proposed 9 percent cap on hospital revenues?

Senator McClure, this bill could force the closure of my hospital and many like it. And our only sin is in tight management of hospital costs over the past years so that we do not have any "fat" to live on if our revenues cannot, at least approximate our costs.

(1) We have had systems engineering programs in our hospital which evaluated methods and personnel performance to cut staffing to a minimum for quality hospital care in a primary care facility.

(2) We have joined shared purchasing programs with other hospitals in the state to get the best possible prices for the supplies we must buy.

(3) We have explored every possibility for cutting energy costs in our hospital and are presently employing a firm of energy consultants to advise us of further conservation methods we may undertake—including alternate fuels for heat and cooling.

(4) We have entered a shared program for providing educational opportunities for our employees at an absolute minimum expenditure for quality results.

(5) We have joined the American Hospital Associations Hospital Administrative Services program so that we may compare our financial operation with other hospitals in the nation, region and area for evidence of excessive expenses in any area of operation.

(6) We are always aware of the need to control costs and have an employee committee which is formed especially to look for ways to conserve throughout the hospital without sacrificing quality of care.

(7) We do not provide any services which duplicate others in our area or which are not fully utilized or deemed to be necessary for emergency health care in a primary health care institution.

(8) We belong to a Financial and Budget Review Program, and a shared unemployment compensation program.

However, Senator McClure, our expenses still rise in areas beyond our control. For instance:

(1) Our natural gas costs have risen 400 percent in the past 8 years—30 percent in the past year.

(2) Our electrical bill has increased some 20 percent and our provider of electricity has just asked the Public Utilities Commission to allow a 29 percent increase in rates this year.

(3) The federal government's proposal to increase the minimum wage from $2.30 hr. to $2.75 would increase my facilities wages by 11.4 percent without considering increase of employee benefits, cost of living increase, merit increases, new hires, orientation periods, etc. Salaries and wages in my hospital account for nearly 62 percent of total costs of operation.

(4) Overall costs of supplies, drugs, insurance, repairs and maintenance etc., was up 15.5 percent in 1976 over the previous year—and salaries up 11.0 percent last year with only a 10 cents per hour increase in minimum wage.

(5) My overall operation showed a loss of

$115,365.00 for the year 1976—$952,741.00 total cost of operation and gross revenues of $837,376.00—only the fact that we did not fund depreciation and have county tax levy made it possible for us to operate. If the law limits my revenue to 9 percent increase and my expenses are up 17 percent or more—how may I keep my hospital operating?

Please remember, too, that mandated federal and state programs increase my costs greatly every year.

This information barely scratches the surface. Would it be possible for me to see Secretary Califano—or someone who would see that all hospitals are not obese as the secretary claims? Would someone who makes these claims look at a small Western hospital that has truly tried to contain costs over the years before enacting legislation that will wipe out many of us.

We would appreciate your attention to this critical problem in Idaho, Senator McClure, and your help in opposing this oppressive bill.

Yours very truly,

(Mrs.) Pearl Fryar,
Administrator, Caribou Memorial Hospital.

Mr. McCLURE. Mr. President, setting an overall 9-percent ceiling facilely assumes the hospital industry operates in a manner identical to the rest of the economy, but totallv independent of it. This is clearly not the case. The hospital industry is labor intensive, technologically highly sophisticated and staffed by highly trained people. These factors, along with an ever-increasing consumer demand for health care compound the problem of inflation, which explains in part why increases in health care costs have exceeded the current rate of inflation. I am not suggesting that hospitals be absolved of all responsibility for the increase in health care cost, but I fail to understand the value of a proposal which ignores current inflation and the fact hospitals have little or no control over many of the operational expenses, and offers no incentive for seeking ways of ameliorating costs which can be controlled. The end result can only be a diminution in health care quality for all consumers. I urge my colleagues to consider these factors carefully as this measure is analyzed.

OTA REPORT ON FOOD INFORMATION SYSTEMS

Mr. HUMPHREY. Mr. President, in June of 1976, Senator Talmadge, chairman of the Senate Committee on Agriculture and Forestry, and I sent a letter to then-Secretary of Agriculture Earl L. Butz. We called to the Secretary's attention the findings and conclusions of an assessment by the Congressional Office of Technology Assessment to improve the quality of food information systems.

The assessment included 4 days of OTA hearings on the adequacy and timeliness of food information systems, the information requirements of alternatives for a U.S. food policy, and the potential uses of advanced technologies in agricultural information systems. Several witnesses stressed the need for improvement in the Department of Agriculture's organizational structure for preparation of supply and demand estimates based on international as well as domestic data. OTA's assessment report concluded that USDA's fragmented organizational structure impeded its efficiency and its effectiveness.

The OTA report suggested that one option for improving the effectiveness and efficiency of the Department of Agriculture's food information system would be the establishment of a World Crop Reporting Board in the Department of Agriculture. I am happy to report that Secretary Bergland and his staff, who have reviewed this important OTA report, have accepted this recommendation.

The Department of Agriculture has established a World Food and Agricultural Outlook and Situation Board, which assumes all of the functions previously carried out by the Outlook and Situation Board, in additon to being given several new responsibilities, including the review and coordination of foreign agricultural service reports. This Board will provide a central focus where agencies or the public can receive better coordinated and better analyzed domestic and world information.

This is an illustration of the usefulness of the assessment work performed by the new Congressional Office of Technology Assessment. And it is an important example of an executive agency making needed changes without being required to do so by law.

As a member of the OTA Board, I work closely with the staff of this important resource that Congress has to draw upon for policy and technology analysis. These professional personnel endeaver to be responsive to concerns and priorities of Congress, and strive to present findings and conclusions that can and should be implemented.

Much use has been made of the material from the OTA report on food information systems. For example, the material was used as background for the U.S. congressional delegation to the 1974 World Food Conference. This material supported Conference Resolution XVI to establish an early warning and agricultural information system. OTA staff personnel took part in the Conference discussion on this resolution and worked in support of the passage of this resolution by the World Food Conference.

Moreover, material has been used for several hearings in both the Senate and the House. Materia! from this report also was the basis of a bill introduced by Congressman Neal Smith and me dealing with relieving the Secretary of Commerce of the responsibility for taking censuses of agriculture every fifth year and requiring the Secretary of Agriculture to collect comparable information using sampling methods.

Likewise, the material has been useful for other congressional committee documents, such as the Senate Select Committee on Nutrition and Human Needs staff report on "The United States, FAO, and World Food Politics: U.S. Relations With an International Food Organization."

Finally, the report material served as a basis for a principal study team for the President's world food and nutrition study was recently completed by the National Academy of Science, as well as numerous other studies, such as that of the National Commission on Supplies and Shortages which endorsed the OTA findings and recommendations.

Mr. President, the report prepared by the Office of Technology Assessment on food information systems hase been a very useful document. It has provided the background material to improve the accuracy and timeliness of U.S. food and agricultural information systems and strengthen the U.S. role in a world food information system.

I commend Secretary of Agriculture Bergland on the establishment of the World Food and Agricultural Outlook and Situation Board. I ask unanimous consent that a June 15, 1977, USDA release announcing this action be printed in the Record.

There being no objection, the release was ordered to be printed in the Record. as follows:

World Food and Agricultural Outlook and Situation Board Established

Washington, June 15.—Acting Secretary of Agriculture John C. White announced today that the U.S. Department of Agriculture has established a new board to coordinate and improve all USDA economic and situation reports.

The World Food and Agricultural Outlook and Situation Board assumes all of the functions previously carried out by the Outlook and Situation Board, in addition, to being given several new responsibilities including the review and coordination of Foreign Agricultural Service reports on world food and agricultural situation and outlook.

According to Mr. White, this board has been formed to provide one central point where agencies or the public can receive information, to better coordinate the analytical input into domestic and world situation and outlook materials, and to eliminate the duplicative efforts of various agencies within the Department of Agriculture.

"We have within USDA a comprehensive commodity data and information system," Mr. White stated. "However, the collection of information and its release in reports are divided among several agencies providing the potential for inconsistency and questions about its overall reliability.

"We think this board will enable us to be factual, consistent, and objective in all USDA reports," Mr. White said.

"The board will help meet USDA responsibilities to farmers and consumers by more completely recognizing and analyzing the increasing interdependence between world and U.S. agriculture and the sensitivity of commodity markets to changes in world supply-demand estimates," Mr. White emphasized.

The chairman of the World Food and Agricultural Outlook and Situation Board will report to Howard W. Hjort, director of economics, policy analysis and budget.

Mr. Hjort has named J. Dawson Ahalt, staff economist in the Office of the Secretary as acting chairman of the new board.

Mr. White explained that the board and staff of career professionals will be drawn together from several department agencies. They will have independent authority for the coordination, review, and clearance of all situation and outlook materials.

VETERANS' PREFERENCE

Mr. HATCH. Mr. President. I have long had a deep respect for the young men and women that have sacrificed and answered the call of their country. The people of this country have reciprocated by allowing these veterans certain rights

in the job market. Those returning to the jobs that they held previous to their military service are guaranteed the right to regain that employment. By law we have given the veteran a small edge in the competition for jobs offered by the Federal Government. This is a small price to pay for the service they have rendered. It is with great concern that I have read newspaper reports that many in the new administration would like to do away with the practice of veterans' preference. This comes at a time when unemployment among Vietnam-era veterans is among the highest of any group in the country. This comes at a time when these men and women must struggle to overcome the prejudices of their peers as they return to civilian life.

I would like to share with my colleagues an article that appeared in the July issue of the DAV—Disabled American Veterans—magazine. This was the last issue in which Mr. Frank J. Randazzo could address this group as their national commander. Just this past weekend, Mr. Randazzo was replaced as the national commander and I want to take this moment to congratulate him on a job well done and to assure him that he can take pride in the service he had done for all American veterans. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VETS' PREFERENCE

(By Frank J. Randazzo, National Commander)

In my last month as your National Commander, I found it necessary to pick up the axe one more time to do battle against still another threatened erosion of benefits earned by disabled veterans.

This time, veterans' preference in Federal employment has come under fire, and the top man in the very agency responsible for administering veterans' preference is at the center of the brewing storm.

Alan K. Campbell, newly appointed chairman of the U.S. Civil Service Commission, has made no secret of the fact that he's down on veterans' preference. During his confirmation hearings in the U.S. Senate, he stated that the time has come to question whether limitations should be placed on the applicability of veterans' preference in Federal employment.

Specifically, he raised the possibility of limiting the amount of time during which a veterans could use his or her preference points.

Generally, honorably discharged veterans receive a five-point preference; disabled veterans receive a ten-point preference; and the spouses, widows, widowers and mothers of certain veterans may receive preference under restricted circumstances. Veterans' preference comes into play in only two situations: during an initial hire by the Federal government and during a reduction in force.

The latest flap over veterans' preference in Federal employment came up as the result of a story that appeared in the May 24 issue of the Washington Post. After a personal interview with Mr. Campbell, reporter David S. Broder wrote that the new Civil Service Commission chief thinks "the rigid and repeated use of 'veterans' preference points' in the hiring and promotion system has damaged the quality of the senior civil service, to say nothing of discriminating against women in the Federal government. He'd like to see veterans' preference sharply curtailed—again if Congress would permit."

My reaction to these charges was immediate, and I wrote to Chairman Campbell and President Carter on June 1, after gathering the data I needed to refute these allegations.

First, I'd like to make it clear to all concerned that veterans' preference does not apply in the Federal promotion system.

Second, I told the President that "For Chairman Campbell to denigrate veterans who are Federal employees and to attribute the alleged poor quality of the senior civil service to veterans' preference is appalling." I reminded President Carter of his publicly expressed concern that the employment of veterans, especially disabled veterans, is one of his top priorities, as stated in January when he announced three new initiatives to lessen the burden of unemployment on this nation's veterans.

I then asked the President to advise Chairman Campbell to more effectively enforce the Veterans' Preference Act of 1944, as amended, and Section 2014 of Title 38, U.S. Code, which requires Federal agencies and departments to take affirmative action in hiring, placement and advancement of qualified disabled and Vietnam Era veterans.

Third, the charge, made by many, that veterans' preference discriminates against women shows an ignorance of the facts as they are revealed by the Civil Service Commission's own statistics. The most recent data I could find comparing appointments of women with veterans' preference appointments covered the period from July to December, 1975.

During this time, 98,163 women—including 3,605 with veterans' preference—were appointed to Federal jobs. This constituted 43.1 percent of total appointments. During the same period, veterans' preference appointments—including the women who used veterans' preference—amounted to 56,973 or 25.1 percent of total appointments.

This means appointments of women were 18 percent higher than veterans' preference appointments. Informing Chairman Campbell of these statistics, I wrote, "If indeed there is discrimination against women in the Federal government, it is not because of veterans' preference but because of the Civil Service Commission's and other Federal agencies' own hiring and promotion policies."

Looking at those statistics, I was shocked to find that only 6,023 appointments—a mere 2.6 percent—went to ten-point disabled veterans during the period covered. This is shameful. I don't doubt for a minute that discrimination against women in Federal employment has been a serious problem. But, saying that veterans' preference discriminates against women distorts the truth and pits one group disadvantaged in the job market against another, which is one of the lowest forms of political game playing.

Finally, I'm compelled to point out that veterans' preference is not a free gift arbitrarily distributed to a privileged class of people. It is a benefit earned by men and women who dedicated two, three, four or more years of their lives to the defense of this country.

The rationale behind veterans' preference is to help veterans make up for the time they lost in relation to their peers while in military service. During the time these men and women were serving, their peers continued their education or training or gained valuable job experience. The result, in terms of employability, became painfully clear after discharge when these veterans suddenly found themselves behind their peers by the amount of time they'd spent in the service.

Many had no marketable skills at all. Most of the others, who felt their military jobs would help them in civilian life, discovered that the vast majority of employers view military training and experience as no training or experience.

For disabled veterans, the ten-point preference is often their only salvation from a life sentence to unemployment or underemployment. Disabled veterans are a minority against whom employers do discriminate. President Carter, himself, has estimated that the unemployment rate among disabled veterans could be as high as 50 percent.

The Federal government owes a clear and obvious debt to the men and women who became disabled in its defense—almost all of whom are capable of productive work. To leave this productive capacity unused is a tragedy at the personal level and a tremendous waste at the social level.

Taking away the disabled veteran's ten-point preference in Federal employment can only help perpetuate this tragedy and waste at a time when the Federal government can . . . and should . . . lead the way, proving by example that handicapped workers can be valuable assets to all employers.

I feel fairly confident that Congress would never allow veterans' preference to be taken away, but any attempt to curtail or weaken it will meet a strenuous reaction from the DAV.

IMPACT OF ENERGY PLAN ON INDEPENDENT REFINERS

Mr. KENNEDY. Mr. President, at hearings before the Antitrust and Monopoly Subcommittee earlier this month, independent oil refiners testified that the President's energy plan seriously threatens the viability of efficient independent refiners. It does so by proposing to eliminate programs in existing law designed by Congress to maintain independents as competitors with major integrated companies. Mr. Harry A. Logan, Jr., president of United Refining Co., told the subcommittee, for example:

If the entitlements program were eliminated tomorrow, I would say that the independent refiners would begin to close their doors. They simply cannot survive to the extent that they were paying for high cost imports or high cost domestic oil in competing with the majors.

Following the hearings, I proposed an amendment to the Outer Continental Shelf Lands Act bill (S. 9) to guarantee to independent refiners 20 percent of the oil produced from the OCS. The amendment was adopted by a vote of 54 to 33. This may help independent refiners obtain crude, but it may not help them with the cost disadvantage they face.

In a letter I recently received from Mr. Alfred F. Dougherty, Jr., head of the Federal Trade Commission's Bureau of Competition, the Bureau sets forth its examination of the effect of the President's plan on the domestic refining industry. This letter is extremely detailed and provides a penetrating analysis of many of the issues addressed.

The FTC and the independent refiners have identified a disturbing defect in the President's energy program. I intend to work with both the industry and the administration to develop legislative alternatives which will insure the survival of efficient independent refiners, thereby protecting competition in the petroleum industry. I ask unanimous consent that the FTC letter be printed in the RECORD.

There being no objection, the letter

was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
BUREAU OF COMPETITION,
Washington, D.C., July 13, 1977.

Hon. EDWARD M. KENNEDY,
Chairman, Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, Russell Building, Washington, D.C.

DEAR MR. CHAIRMAN: I have been able to examine more completely the question of the effect of the President's National Energy Plan ("the Plan") on competition in the domestic refining industry and particularly on barriers facing independent entry into this industry. As I promised you June 23 in my testimony before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, this letter sets forth the thoughts of the Bureau of Competition on this important question.

Our analysis indicates that the Plan may have the following general effects, discussed in detail below:

(1) The termination of the entitlements and related regulatory programs as part of the Plan will cause difficulty for some small refiners.

(2) The crude oil equalization tax may continue or worsen certain distortions in the prices of certain grades of crude oil. Without allocation programs this situation probably will redound to the benefit of vertically integrated major refiners.

(3) The relative makeup of the composite demand for petroleum products may change, to the advantage of large, complex refineries.

(4) New domestic refining entry will continue to be difficult.

(5) The Plan's drastic reduction in the overall rate of product demand will restrict the demand for grass roots capacity.

(6) Product imports may rise to satisfy any increases in demand, or to satisfy current demand, thus deterring domestic de novo refining entry, and creating a relative advantage to foreign refineries.

(7) Working capital requirements for refinery inventory will rise.

(8) Because the tax-imposed crude oil price rise may not be immediately translatable into product price rises of equivalent magnitude, the already existing margin squeeze that has deterred major entry for a number of years may worsen in the short run.

(9) Any adverse effects from the Plan upon new entry would occur in the context of existing entry barriers.

Whether these effects on competition can be considered adverse or beneficial to economic welfare is a difficult question, the answer to which ultimately depends upon one's views concerning the competitiveness of the domestic petroleum industry. Decontrol of product prices and theoretical equalization of raw material costs for all manufacturers bode well for competition in an industry with no underlying structural problems or competitive constraints. However, the FTC's Bureau of Competition is now litigating an antitrust case against the eight largest petroleum companies in which we contend that the industry is not competitively structured. Exxon Corp., et al., Docket No. 8934. If, as Exxon alleges, there are underlying competitive problems with the petroleum industry as now structered, one must look closely at the Plan to determine whether the noncompetitive structure of the industry will be reinforced or weakened by the Plan.

The discussion below is generally organized around two topics: the Plan's effects on competition among existing refinery firms and its effects on entry by potential refinery firms. Unfortunately, the Plan's lack of detailed provisions in certain areas and the difficulties of tracing the complex economic effects of changed regulations makes definitive answers on the Plans effects impossible at this time.

I. Effects of the Plan on Existing Competition among Refining Firms:

A. The Crude Oil Equalization Tax—

Under section 1401(a) of the National Energy Act (proposed amended Subtitle D, Chapter 46, Section 4996(c)), by 1980 a tax will be imposed on each "classification" of domestic crude oil in an amount which is the difference between the weighted average cost of all foreign crude to domestic refiners and the weighted average cost of that "classification" of domestic crude oil. "Classification" is based not on grade, quality, etc., but on whether the oil is subject to the "first tier" or "second tier" ceiling for price-controlled oil. The intention is to equalize approximately the price of domestic crude oil with the world price for crude oil. Distortionary effects would be inevitable in such a system. It is possible, moreover, that independent refiners would bear the brunt of the effects. It is not clear, however, whether such distortionary effects would be greater or less than those caused by the present regulatory system.

The present ceiling prices on crude oil reflect differences in the prices of various grades of crude (e.g., location, specific gravity, sulfur content).[1] These differences are based on the differentials in domestic demand in effect on May 15, 1973. Unfortunately, 1973 differentials do not necessarily represent 1977 economic reality. Today, some types of domestic crude oil simply cannot be sold at their asking prices. This is because there is no demand for the oil at the ceiling price and because royalty agreements (and perhaps oligopolistic rigidities) prohibit sale at anything less than the ceiling price.

As the composition of crude oil demand changes over time, one grade of crude oil may diminish in value relative to another grade. This may result in the seller of crude taking one or the other of two possible courses of action, the second of which may adversely affect its independent refiner buyers:

(1) the crude oil seller may lower its price below the ceiling price for the lesser valued crude oil, and the refiner will purchase at this lower price, or

(2) the seller may refuse to lower its price and the refiner will have to either

(a) buy at the artificial ceiling price, or

(b) refuse to buy at the ceiling price and be forced to either.

(i) run the refinery at a lower utilization rate, or

(ii) find other sources of crude oil, foreign or domestic.

The 1980 equalization tax may accentuate this distortion in normal seller responses to changing demand. The tax will be based on a weighted average for foreign crude as a whole, with some world prices being higher and some lower depending primarily on grade. The tax imposed on a given grade of domestic crude will be that average amount necessary (when added to the sale price) to attain the same level as the average price for all foreign crude, regardless of whether the market price for the comparable grade of foreign crude would be greater or lesser than that average. Consequently the domestic price (including the tax) for a particular grade may be different from world prices for that grade. The pace at which these price differences will disappear will depend upon market rigidities and the method employed to determine the equalization tax.

It is not clear from the materials we have seen whether the tax will be determined (1) at the beginning of the monthly period (in which case the buyer will know its crude costs in advance) or (2) after all the figures are in for the period (much in the same manner entitlements are now determined). If the first method is utilized, a problem will arise whenever the price differential among domestic grades is not comparable to the price differential among foreign grades. If, for instance, the domestic price for a particular grade were lower than the world price, the demand for the domestic portion of that grade would be greater than the supply. Absent an allocation system, vertically integrated producers and gatherers of that grade of crude oil would favor their own refineries. Independents would be forced to buy higher-priced foreign crude and would be competitively disadvantaged, if integrated gatherers had proportionately greater access to undervalued domestic crude oil. This disadvantage to independents becomes even greater if they are forced to pay higher prices for foreign crude oil than do major integrated firms.

An example may help illustrate the problem. Assume that world crude oil comes in two grades purchased in equal proportions by U.S. refiners: low sulfur North Sea crude at $14/bbl, and high sulfur Arabian crude at $12/bbl. Assume further that domestic crude is 50% low sulfur with a $5.50/bbl ceiling price, and 50% high sulfur with a $4.50/bbl ceiling price. (Note that the difference between the two foreign grades is $2/bbl, while the difference between the two domestic grades is $1/bbl.) Thus, the average world price is $13/bbl, i.e., ($12+$14)/2; the average domestic price is $5.00/bbl. Thus, the tax is $8/bbl, i.e., $13–$5.00. High sulfur crude oil from domestic producers will be available at $12.50/bbl, i.e., $4.50+$8.00; low sulfur crude at $13.50/bbl., i.e., $5.50+$8.00.

In theory, market forces should quickly diminish and eventually eliminate the $.50/bbl advantage of domestic low sulfur crude hypothesized in the foregoing example, as well as the $.50/bbl disadvantage of domestic high sulfur crude. The domestic high sulfur crude would be offered initially at $12.50/bbl, i.e., $4.50 plus an $8.00 tax. If domestic sellers were to refuse to sell at less than the ceiling price, then—at least in theory—refiners could turn to foreign suppliers. To forestall that, the rational domestic seller presumably would offer its high sulfur crude at a price below the ceiling price. This discount should enlarge the spread between average foreign and average domestic prices of the combined grades of crude. The equalization tax would automatically increase as the spread enlarges. This, in turn, will raise the after-tax price for domestic *low* sulfur crude and reduce the advantage of domestic over foreign low sulfur crude. Eventually the advantage should disappear entirely.[2]

The trouble with this market adjustment theory is that royalty agreements and oligopolistic rigidities (as price ceilings become price floors) may prevent the offering of high sulfur crude at less than the ceiling price. Moreover, long-term contracts and the difficulty of obtaining dependable access to foreign supply may inhibit high sulfur crude buyers from putting sufficient pressure on domestic suppliers to lower their price. These practical problems may be substantial enough to cause a misallocation of resources as undervalued crude oil is shifted to integrated systems and overvalued crude oil is forced upon independents.

One possible way to minimize the contribution of the Equalization Tax to this distortionary effect is to require that the tax be calculated in such a way as to equalize the after-tax price of each major grade of domestic crude with the price of the same or nearest equivalent grade of foreign crude. This would require the addition of the following underlined language to Section 4996(c):

"(c) Imposition of Permanent Tax.—A tax is hereby imposed on the delivery to the refinery or other place of first use in each calendar month beginning after December 31, 1979, of controlled crude oil of each classification (other than crude oil classified as uncontrolled (refinery) crude oil) in an amount

Footnotes at end of article.

per barrel equal to the difference for such month (if any) between the national weighted average cost of all domestic crude oil of the same classification and grade and the national weighted average cost to domestic refineries of foreign crude oil of the same or nearest equivalent grade exclusive of any tariffs or import fees."

In addition, Section 4996(g) would have to be amended to require FEA (or its successor) to create classifications of foreign and domestic crude oil by grade. A major disadvantage of the suggested amendments would be the additional burden of collecting monthly data by foreign and domestic grades and of developing a regulation identifying foreign equivalents of domestic grades.

Another possible solution is to authorize FEA (or its successor) to institute a mini-entitlements program to even out the distortionary effects described above. Like any complicated regulatory scheme, however, such a program would entail substantial costs both to government and industry.

If the equalization tax is determined retroactively, using the actual sales data for the period, the system should theoretically adjust quickly to world prices. Buyers might purchase based on assumed adjustments. Thus, in the above example, the buyer of high sulfur crude might refuse to purchase high sulfur domestic crude except at an effective price of $12 after estimating the assumed tax.

The possibility of instantaneous adjustment may be more hypothetical than real. First buyers must necessarily predict the market in advance. They must estimate the tax, assuming everyone else is doing likewise, and then refuse to buy unless the price falls to the point at which the price plus the predicted tax equals the available price for foreign crude oil. It should be pointed out this is more than a mere competitive assumption. It assumes that buyers not only believe that competition will drive down the price of domestic crude oil, but that the buyers believe the market is competitive, that they all will determine the future tax based on competitive assumptions, and that they will all determine the tax correctly.

We do not believe that the domestic crude oil market is competitively structured. Assuming domestic crude oil prices are sluggish, the adjustment process will take considerable time. During each period of adjustment to new world prices vertically integrated concerns will be favored.

This second method of determining the oil equalization tax would also increase the buyer's uncertainty. A buyer can only guess at the tax when purchasing crude oil. This would disadvantage the independent vis-a-vis the integrated company. The integrated concern simply passes the crude oil from one stage of production to the next. The independent needs to know the total price (with the tax) of crude in order to time its purchases to minimize cost and to set the price of its refined product. The independent refiner may find its margin squeezed if it purchases crude oil based on an assumed tax at a price which turns out months later to be too high. The vertically integrated producer, on the other hand, is often in a position of delaying the valuation of its crude oil until more information is available.

The entitlement system demonstrates some of the uncertainty of an after-the-fact method of setting the tax. Entitlements have shown significant variations from month to month. The entitlement value was, for instance, equal to $8.31/bbl in September 1975, $8.62 October, $8.94 November, $8.55 December and $8.09 in January 1976.

The problems posed in this section result not from the equalization tax as such, but from its interaction with sluggish crude oil markets. We have not analyzed the somewhat analogous situation of the interaction of the entitlements program with the crude oil price control program to determine the magnitude, if any, of the posed problems.

B. Increase in Foreign Product Imports—

By increasing the effective price of domestic crude oil the Plan makes foreign-produced petroleum products more competitive in domestic markets. After 1979, domestic refiners will no longer have a raw materials cost advantage over their foreign competitors. Disregarding tariffs and import fees, relative transportation costs and non-material-related refinery costs alone will determine how much foreign product imports into the United States increase. If, because of its freedom to ship on less expensive non-U.S. vessels, less severe or nonexistent environmental restrictions, special tax situations, or lower costs, the foreign refinery has an advantage over domestic refineries, and if that advantage is not eliminated either by higher transportation costs attributable to the foreign refinery's distance from the U.S. or by import fees and tariffs, the foreign refinery's U.S. sales will increase relative to domestic refineries.

Without susbtantial product import tariffs or fees, the share of the market captured by imported products would be a large one, especially in the Eastern United States. In the short run, the market pressure of these foreign imports could severely depress domestic refinery margins.

The primary reason for these effects is the significant cost advantages that certain foreign refineries have over domestic refineries. The following chart summarizes the cost advantage which various located foreign refineries could have by 1980 in their delivered cost of products to the East Coast relative to the costs for East Coast refineries:

COST DIFERENTIAL BETWEEN A NEW EAST COAST REFINERY USING EXISTING WATER TRANSPORTATION MODES FOR CRUDE OIL DELIVERY AND A NEW REFINERY IN SELECTED OTHER PLACES

[In dollar per barrel]

Location	Total cost [1]	Cost advantage [2]	Cost advantage [3]
Bahamas	1.86	1.12	0.74
Curacao	1.82	1.01	.81
Virgin Islands	1.70	1.05	.65
Morocco	1.57	.78	.79
Algeria	1.46	67	.79
Nigria	.39	.60	.79
East Coast (VLCC lightering)	1.32	1.30	.02
Puerto Rico	1.34	.60	.74
East coast (superport)	1.28	1.26	.02
Angola	1.31	.52	.79
Rotterdam	1.06	.63	.43
Offshore Caeda	1.02	1.05	−.03
East Coast (Caribbean transhipment)	.76	.74	.02
Mid-East	.74	.01	.73
Gulf coast (VLCC lightering)	.46	.07	.39
Gulf coast (VLCC lightering)	.46	.07	.39
Gulf coast (superport)	.42	.03	.39
East coast	[4] 0	0	0
Gulf coast (Caribbean transhipment)	−.09	−.46	.37
Gulf coast	−.92	−1.29	.37
Hawaii	−1.20	−1.17	−.03

[1] Advantage over east coast refineries.
[2] Due to transportation of crude and products.
[3] Due to refining costs.
[4] Base.

Source: Pace Engineering, Determination of Refined Petroleum Product Import Fees. (Study prepared for FEA, July 1, 1976, based on 1980 dollars.)

If import tariffs and fees on petroleum products are low or nonexistent, domestic refinery margins would be narrowed as refiners meet the lower prices offered by imports. Independent refiners, relying for their well-being primarily upon refinery profits, would be hard hit. Smaller refineries, disproportionately owned by independents, would be the first to shut down because of their greater inefficiencies if these are not balanced by locational advantages. To the extent import fees are set in such a way that some domestic refineries remain in business and some shut down, domestic refinery concentration could increase. To the extent product imports would come from foreign refineries of the very same major firms which now dominate domestic refining capacity, concentration could further increase.

The impact of a larger relative volume of foreign product imports upon refining competition is uncertain. We have made no study delineating the top firm concentration for foreign refining capacity capable of supplying the United States. To ascertain the exact increase, if any, in top firm concentration in U.S.-supplying refinery capacity which may result from the Plan, one must determine the projected share of the market for imports generally and the precise location and ownership of supplying refineries. The former will depend on the level of import fees and duties, on production and transportation costs, and on demand characteristics. The latter will depend on cost differentials among refineries.

C. Differential Impact of the Plan on the Demand for Major Petroleum Products—

The President's Plan contains numerous provisions designed to lower the demand for petroleum products as compared with projected demand without the constraints imposed by these provisions. The Crude Oil Equalization Tax has the effect of reducing the demand for petroleum products by raising their price. Additional provisions are designed to lower the demand for only selected products, leaving untouched or to other provisions the consumption patterns for other petroleum products. Thus, for example, taxes are proposed on less-efficient automobiles [3] and on gasoline [4] to reduce gasoline consumption while no individualized disincentives are placed on the use of commercial jet fuel. Rebates on the sale of home heating oil will have the effect of maintaining or increasing the relative demand for this product.[5]

The effect and intent of the Plan is to decrease the demand for some petroleum products at a greater rate than the decrease for other petroleum products. As a result the total slate of products demanded by the U.S. consumer will be altered by the Plan. In the short run, at least, certain domestic refineries, most likely those of the large integrated companies, will be advantaged by this change in the demand slate.

The demand pattern for petroleum products in the United States was as follows for 1976: [1]

Percentage of total petroleum product demand

Motor gasoline	40.0
Aviation gasoline	0.2
Total gasoline	40.2
Jet fuel-naphtha	1.1
Jet fuel-kerosene	4.5
Total jet fuel	5.7
Distillate oils	17.9
Residual oils	16.0
Petrochemical feedstocks	+2.4

The refiner source for domestic demand varies by product type. The following table summarizes the market share of domestic refinery production for designated products held by the eight largest domestic refiners combined:

1973

	Percent
Motor gasoline	56.7
Aviation gasoline	79.4
Total gasoline	56.8

Footnotes at end of article.

Jet fuel-naphtha	43.8
Jet fuel-kerosene	82.4
Total jet fuel	74.4
Distillate oils	57.4
Residual oils	61.5
Petrochemical feedstocks	64.8
Distillation capacity	57.5

[1] Bureau of Mines, *Mineral Industrial Surveys, Crude Petroleum, Petroleum Products, and Natural Gas Liquids*, December 1976, Table 1.

1972

	Percent
Motor gasoline	55.04
Aviation gasoline	81.0
Total gasoline	55.6
Jet fuel naphtha	46.6
Jet fuel kerosene	81.2
Total jet fuel	72.6
Distillate oils	56.2
Residual oils	59.8
Petrochemical feedstocks	60.0
Distillation capacity	57.9

Source: Special compilation of Bureau of Mines for FTC, 1975.

Until the parameters of the change in the demand slate brought about by the Plan are known, it cannot be determined with certainty which specific refiners will be benefitted. In general, plants with product slates approximating the changed demand will reap the greatest benefits. More complex refineries, which are disproportionately owned by the majors, should require less investment per barrel capacity to alter their product slates than less complex plants should require. One would expect more complex plants to adapt rapidly to changes in demand. Less complex plants would adapt more slowly, if at all. These simpler plants, to the extent they produce products whose demand has been most restrained by the Plan, would find their profitability severely impaired.

D. Elimination of the Entitlements and Other Regulatory Programs—

"Once the [crude oil equalization] tax is fully in effect [in 1980] all domestic oil would have approximately the same price (after tax) as the world price, the entitlements program would be terminated, and certain related regulatory activities could be phased out" [6] The termination of these regulatory programs would adversely affect the viability of some smaller independent refiners, especially those who came into existence as a result of the incentive created by the Entitlements Program.

The advantage given to smaller refiners by federal programs is quite substantial. A March 1977 FEA Report to Congress [7] expressed the overall monetary impact of Federal regulations as follows:

RELATIVE PROFITABILITY OF A REPRESENTATIVE NON-MAJOR REFINER COMPARED TO A MAJOR REFINER

[Dollars per barrel of crude oil charged]

Refiner category	Without regulations districts I–IV	With regulations I–IV	With regulations V
Major (250,000 barrels per day)			
Large independents (150,000 barrels per day)	−0.27	−0.23	−0.23
Small business (15,000 barrels per day):			
Producing gasoline	−1.06	+.44	+.42
Producing naphtha	−.63	+.87	+.85

Footnotes at end of article.

Two major areas of advantage to small and independent refiners require more detailed discussion: the Entitlements Program and programs guaranteeing crude oil supply.

1. Entitlements Program and Small Refiner Bias—

The Entitlements Program was conceived as an attempt to equalize controlled and uncontrolled crude oil costs for domestic refiners. Without more, this program would have favored no class of refiner. However, the program is overlaid with a bias towards small refiners.

The FEA has calculated the value of this entitlements bias to refining companies of various capacities. The table below [8] indicates that the value is substantial for small refiners of 15,000 b/d or less and inconsequential for refiners of 100,000 b/d or more:

Value of small refiner bias/entitlements (Cents/bbl, PAD districts I–IV)

Refinery capacity [1]	Value [2]
1,000	183.0
2,000	183.0
5,000	183.0
10,000	183.0
15,000	144.2
30,000	88.8
45,000	50.9
50,000	41.6
100,000	12.6
150,000	4.0
175,000	1.5
250,000	-----

[1] Throughputs assumed to be 90% of capacities.

[2] Crude oil entitlements price, $8/bbl.

If the petroleum industry is and had been historically characterized by workable competition at all its levels, we would not hesitate to say that economic efficiency and public welfare would be enhanced by the elimination of the small refiner bias. But if the ability of independent refiners to enter and become efficient operators is and has been impaired by an existing or historical anticompetitive industry structure, a different public policy toward small refiners may be warranted.

In our view, which we are pursuing in the Exxon litigation, the industry structure is noncompetitive and has been for a long time. Independent refiners, if they have had access to crude oil at all, may have had to pay effectively more (without cost justification) than their larger competitors. Through their control over crude supplies and crude and product prices and because of their propensity to use crude profits to subsidize downstream operations, the majors seemingly have been able to make independent refiners the victims of an artificial refinery margin squeeze and to deter entry or expansion by such independents. Government assistance to victimized classes of refiners, in the short run, may be required to offset these anticompetitive problems until the antitrust mechanism can make the industry structure competitive.

Until a more open crude oil market can be established (by legislation or otherwise) or until the refinery squeeze phenomenon can be eliminated (by vertical divestiture legislation or litigation, publication of major company financial data by functional segments, or some other solution), an interim legislative measure to encourage efficient, independent refiners may be warranted. The legislation should be drafted in such a way that grossly inefficient refineries are discouraged and that efficient refineries are encouraged to enter at or to grow toward optimum scale. The entitlements bias has been deficient in these respects.

2. Programs guaranteeing crude oil supply—

Four government programs provide security of crude oil supply: the Mandatory Allocation Program (Buy/Sell Program); [9] the December 1 Rule, Supplier/Purchaser Regulation; [10] the Small Refiner Set Aside of Naval Petroleum Reserves; [11] and Royalty Oil for Small Business Refiners.[12] These programs are designed to ensure that small and independent refiners receive sufficient crude oil for their operations. If these programs are considered to be the "certain related regulatory activities [to the Entitlements Program which] could be phased out," [13] and if, as we believe, the crude oil market is not competitively organized, small refiners would be adversely affected by the elimination of the programs. We are not prepared to say whether or not these programs are the most efficient short-run methods of overcoming non-competitive industry structures.

The following is a summary of the four programs:

a. Mandatory Allocation Program—

This program now provides that the 15 major oil companies ("the refiner-sellers") are required to offer FEA-specified volumes of crude oil to the small and independent refiners (qualified "refiner-buyers"). Generally speaking, the refiner-buyer is guaranteed access to sufficient crude oil to operate his refinery at the national utilization rate (the national average supply/capacity ratio).

According to FEA, "a number of larger independents have ceased to use their purchase eligibility under the program. However, many small refiners continue to use the program and it provides them with assured supplies of the types of crude they need for their operations." [14] Elimination of this program, therefore, would disadvantage small refiners who depend on the program to overcome competitive imperfections in the crude supply market.

In addition if the Equalization Tax may contribute to distortions in the crude market, as discussed earlier, then some form of crude oil allocation may be required to equalize crude oil costs for independent refiners disadvantaged by those distortions.

b. December 1 Rule—

This program at its inception required that all crude oil deliveries based on agreements for the sale or exchange of crude oil in effect on December 1, 1973, or entered into thereafter, are to be continued as long as the allocation program exists. Although liberalized since January 1974, the regulations continue to protect the flow of crude oil to independent and small refiners according to the FEA Report.[15]

c. Set-Aside from Naval Reserves—

The Secretary of the Navy may set aside up to 25 percent of the production of naval reserves for small refiners under 50,000 b/d capacity. These refiners may submit bids for a portion of set-aside naval reserves. The program provides no price advantage to small refiners, but according to FEA "would be very helpful to small refiners if crude oil should become difficult to obtain in the future.[16] It is unclear whether this program is to be altered by the National Energy Plan.

d. Royalty Oil for Small Business Refiners—

This program gives preference in the disposal of royalty oil from Federal leases to small business refiners of less than 45,000 b/d throughput capacity. FEA's Report notes that the allocation of royalty oil is a significant advantage to the small refiner by lowering his crude oil acquisition costs.[17] Here, too, it is not clear what the future prospects are for this program.

II. Effects of the Plan on New Refining Construction by Independents:

Any barriers to new refining entry created by the Plan would be in addition to very high entry barriers existing today to the independent construction of grass-roots refining capacity. The President's Plan probably will not result in new refinery entry.

A. Reduction in the Demand for Refining Capacity—

The reduction in the growth rate of petroleum product consumption, if achieved as anticipated by the Plan, could do away with the need for any new grass-roots refining capacity. Thus, the present structure of the refining industry, solidified over time by the exit of inefficient firms, would be virtually immune from penetration by de novo domestic entry. Foreign product would provide the only de novo competition.

Present domestic capacity, coupled with imported foreign product, may well be adequate to meet projected 1985 demand. Under the proposed National Energy Plan, consumption of petroluem products is projected to grow from 17.4 million barrels a day in 1976 to only 18.2 million barrels a day in 1985.[18] 1.9 million barrels a day of the 1976 demand was satisfied by imported product, with 15.5 million barrels coming from domestic refinery production.[19] As of January 1, 1977 domestic refining capacity was rated at 16.2 million barrels per day.[20] If one assumes that product imports will, at the very least, remain constant, the shortfall in domestic refining capacity from the 1976 total to 1985 demand could be as low as 100,000 barrels per day, the equivalent of at most one new refinery built to scale economies.[21]

It is extremely unlikely that one grass-roots refinery would be built to satisfy this need. First, for the most part recent domestic capacity additions have been expansions of existing plants, not grass-roots entry. Second, with the effective price after tax of domestic crude oil rising to the world market price, imported product will be more competitive vis-a-vis domestic product. Thus, product from offshore areas may move into the United States in significant quantities at competitive prices making financially risky additional domestic capacity construction. Third, as of January 1, 1977 approximately 590,000 additional barrels a day of distillation capacity was already under construction.

B. Increase in Refining Entry Barriers—

If one assumes that the projected 1985 petroleum consumption goals[22] will not be met, then a more complex analysis of the Plan's effect on independent entry must be made. Three aspects must be considered: (1) the direct effects upon entry of the Plan's provisions; (2) the indirect effects upon entry from the repeal or replacement of existing provisions, primarily FEA programs; and (3) the barriers to entry existing independent of any government program. The first two are discussed in more detail below. The barriers to entry into refining independent of this Plan have been frequently discussed in Congressional hearings over the last several years and will not be further discussed here.

1. Direct Effects:

a. Working Capital Increase—

With the rise in crude oil and product prices, the amount of working capital required for inventory increases. For a refinery of efficient size (200,000 b/d) using foreign crude oil, a minimum 14 day crude oil inventory and a minimum 7 day product supply are constant volumes permanently requiring working capital. A hypothetical crude oil and product price rise of $2.75 envisioned by the program will increase the working capital required by a minimum of $11.5 million. Thus, the capital requirements are increased for new entry.

b. Margin Squeeze—

A second direct effect of the program, whose magnitude is speculative at this time, is the short-run decline in refining margins which would probably result from the imposition of the Crude Oil Equalization Tax. The imposition of the tax will raise the refiner's effective cost of crude oil. Yet the refiner may not be able to pass through completely that price rise to the ultimate consumer.

A margin squeeze, discouraging additional entry, would then develop. Such a margin squeeze for grass-roots refinery entrants is said to exist today under the present regulations, despite large refining margins. FEA has estimated that a major oil company refinery would fall $0.74/bbl short of achieving a 15 percent DCF rate of return based on near-term refinery economics[23] whether or not the effect of the present government regulations is included. If the present set of government regulations were presumed to be inapplicable, a large independent's margin would show a net operating loss of $1.01/bbl and a small refiner a loss of $2.78/bbl. If the advantage of the present set of government regulations is included, a large independent continues to show a loss of $0.97/bbl and the small refiner shows a loss of $0.30/bbl if he produces gasoline and a net operating gain of $0.13/bbl if he produces naphtha for petrochemical feedstocks.

An FEA contractor, noting that no major oil company or large independent refineries have started construction over the past two years, concluded that until refinery margins increased significant expansion of domestic refining capacity seemed unlikely.[24] It seems probable that a further depression in refinery margins will take place if a substantial crude oil price increase as proposed in the Plan is implemented. Thus this aspect of the Plan will discourage the construction of new capacity for some undefined term.

2. Indirect Effects:

The indirect effects of the Plan in making more difficult new entry occur because of the Plan's superseding of existing Federal programs. The primary program encouraging refinery construction is the small refiner bias of the Entitlements Program.

The small refiner bias may have the effect of lowering the barriers to entry for refiners, allowing these entrants to build at suboptimal capacities and expand to optimal sizes. We have not studied the entitlements bias to verify this impact but feel that if it is present its loss may make less likely future industry deconcentration. In any event, programs to encourage efficient-sized independent entry should be explored.

A second indirect effect of the Plan could be a tendency on the part of entrants to discount the longevity of any government program designed to encourage entry. For example, elimination of the entitlements bias could lead to the demise of refiners who entered in reliance upon its continuation. If government programs change frequently, future entrants could be deterred by the resulting uncertainty.

I hope that the foregoing comments will enable you and your subcommittee to explore in greater depth the complex but important question of the impact of the President's Plan on the domestic refining industry. Because of the limited amount of time which we have had to analyze the Plan and because some aspects of the Plan are unclear or ambiguous, I may wish to supplement the views expressed herein with further comments.

Very truly yours,

ALFRED F. DOUGHERTY, Jr.,
Director,
Bureau of Competition.

FOOTNOTES

[1] 10 C.F.R. § 212.73—.77 (1977).

[2] The scenario goes like this: In the first month, the price of domestic high sulfur crude falls from $4.50 to $4.00 causing the average price of domestic crude to fall to $4.75, i.e., ($4.00+$5.50)/2. The tax then becomes $8.25, i.e., ($12+$14)/2 minus ($4.00+$5.50)/2. The after-tax price of domestic low sulfur crude would rise by $.25 to $13.75, i.e., $5.50+$8.25. In succeeding months, the phenomenon would continue, although each upward adjustment would be less than the previous month's.

[3] National Energy Act, Title II, Part B, Subpart 1, §§ 1201–1204

[4] *Id.*, Subpart 2, §§ 1221–1223.

[5] *Id.*, Subpart 4, § 1402.

[6] Executive Office of the President, Energy Policy and Planning, *The National Energy Plan*, April 29, 1977, at 52.

[7] FEA, Office of Oil and Gas, *Impact of Mandatory Petroleum Allocation, Price and Other Regulations on the Profitability, Competitive Viability, and Ease of Entry of Independent Refiners and Small Refiners*, March 1, 1977 (FEA Report to Congress).

[8] FEA Report to Congress, *supra*, at 45.

[9] 10 C.F.R. § 211.65 (1977).

[10] 10 C.F.R. § 211.63 (1977).

[11] Public Law 94–258, Title 2, § 7430(d) (3) and (4).

[12] 43 U.S.C. § 1334 (1974).

[13] *Energy Plan Report, supra*, at 52.

[14] *FEA Report to Congress*, March 1977, *supra*, at 30.

[15] *Id.*, at 30.

[16] *Id.*, at 32.

[17] *Id.*, at 27.

[18] Executive Office of the President, Energy Policy and Planning, *Report on the National Energy Plan*, April 29, 1977, at 96 (*"Energy Plan Report"*).

[19] Bureau of Mines, Mineral Industry Surveys, *Crude Petroleum, Petroleum Products, and Natural Gas Liquids*, December 1976, Table 2.

[20] Oil and Gas Journal, "Annual Refining Survey," Mar. 28, 1977, at 98.

[21] The elimination of domestic product price controls, as contemplated by the Plan, will not lead to entry or expansion of domestic capacity because (as we understand it) present price ceilings are too high to be an effective constraint on actual market prices and because, under the Plan, total product demand is not likely to grow.

[22] *Energy Plan Report, supra*, at 95.

[23] *FEA Report to Congress, supra*, at 40. FEA's contractor who prepared the study felt that 15 percent discounted cash flow rate of return would be the minimum required by companies considering facilities of this type.

[24] *Id.*, Appendix at 8.

BUSINESS COMMUNITY NEEDS BASIC REFORM

Mr. HANSEN. Mr. President, David Rockefeller, chairman of the Chase Manhattan Bank, has been quoted recently by The Christian Science Monitor's columnist, Roscoe Drummond.

The column, published on July 20, 1977, notes that the free enterprise system is in jeopardy and its vigor and vitality will be lost unless its ethical misconduct is not repaired.

Because the column—and what Mr. Rockefeller has to say—make great good sense, I want to call it to the attention of my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BIG BUSINESS'S WORST ENEMY

(By Roscoe Drummond)

WASHINGTON.—It took Pearl Harbor to shock the United States into realizing that it might well not survive as a free nation if it allowed Hitler and Tojo to win World War II.

It took the ominous Arab oil boycott to shock the U.S. into realizing how vulnerable was its economy and its independence anytime the OPEC nations chose to turn off the spigot.

It looks as though it will take something near to both of these shocks to persuade Big Business in the United States that the free enterprise system is in jeopardy if corporate industry doesn't do something radical soon to repair its ethical misconduct.

This warning does not come from the enemies of business; it comes from one of its trusted and respected friends, the quietly outspoken chairman of the Chase Manhattan Bank, David Rockefeller.

"The standing of business today," Mr. Rockefeller bluntly points out, "can only be characterized as shocking."

But is it shocking enough to bring reform equal to the need before it is too late? Mr. Rockefeller hopes that it is and he cites three threatening clouds which overhang the business community:

1. "Four out of 10 adult Americans believe that big corporations are—and I quote—'above the law and can get away with just about anything.'"

2. More than half of the nation's adults believe that "big companies got to be big by manipulating the market in some unfair way."

3. "Overall confidence in business, which stood at a 70 percent level in the late '60s, today hovers around 15 percent." One might add that the popular rating of businessmen is about equal to that of congressmen and trash collectors.

Fortunately David Rockefeller shuns wishful thinking. He knows how prevalent it is for businessmen to blame all their troubles on radical college professors or widespread misunderstanding of what makes private enterprise work. He sees the country's confidence badly shaken because of "corporate bribery, illegal campaign contributions, and scandal at the highest levels."

There it is, and he asks business what it is going to do about it.

Mr. Rockefeller's view is that "the challenge now is to 'institutionalize' ethics by shaping individual corporate codes of conduct to integrate ethical reflection more firmly into the corporate policy process."

He offers "four fundamental cornerstones" for such a code:

First, honesty and candor in all activity.

Second, integrity in the use of corporate resources.

Third, avoidance of conflict of interest.

Fourth, fairness in dealings with all.

Obviously these are mere words unless they are genuinely implemented. They can be implemented and, unless business conducts itself and disciplines itself better than it has in recent years, more government regulation could suffocate it out of existence.

Competitive private enterprise—its vigor and vitality—is hanging by its fingertips today in part because of the way businessmen have abused it.

David Rockefeller has the credentials to be heard and he deserves to be heeded.

INTERNATIONAL OPERATIONS SUBCOMMITTEE ACTIVITIES

Mr. McGOVERN. Mr. President, recent allegations of improper and illegal activities in this country by individuals representing foreign interests should be of great concern to all Americans, for when foreign agents act to influence unduly the decisionmaking process of our Government or to harass or intimidate any person within the territory of the United States, the integrity of our democratic institutions and values is clearly jeopardized. I wish therefore to announce that during the months ahead, the Foreign Relations Committee's new Subcommittee on International Operations, of which I am chairman, will be engaged in the following related activities:

First, the conduct of hearings and the preparation of legislation designed to strengthen the administrative and enforcement mechanisms of the Foreign Agents Registration Act; and

Second and simultaneously, an investigation of activities by foreign intelligence agents within the United States directed toward determining whether remedial action is necessary.

Concerning the first element of this effort, the strengthening of the Foreign Agents Registration Act, the staff of the Foreign Relations Committee has already accomplished certain preliminary work. Passed in 1938 and subsequently amended several times, this act is the basic law governing the disclosure of foreign lobbying and propaganda activities within the United States. It is based on the premise that the decisionmaking process of the Federal Government should be protected by public scrutiny of efforts by foreign interests to influence governmental action. Early in 1976, seeking to ascertain the effectiveness of the act, the committee staff submitted a series of probing questions to the Departments of State and Justice, and after months of delay, final replies were received in March of this year. These responses indicated serious deficiencies in the administrative and enforcement procedures now in effect; and as a result of this preliminary finding and with the concurrence of the committee leadership, I have directed the staff of the International Operations Subcommittee to prepare draft legislation designed to strengthen the Foreign Agents Registration Act and its implementing mechanisms. My intention is to introduce this draft bill before the August recess, while publishing at the same time a committee print containing background information assembled by the Library of Congress, and then, through a process of hearings and deliberation, to refine this legislation so that it might be enacted next year as a stronger and more effective law.

Simultaneously, on a separate level, the subcommittee will examine the activities of foreign intelligence agents within the United States. My colleagues are fully aware of news reports concerning such activities, and indeed some congressional committees have initiated inquiries concerning specific abuses. It appears, however, that neither Congress nor the executive branch has yet focused on the overall questions of how our Government should act to monitor or regulate foreign intelligence activities in this country and what our laws should or should not allow. Well-publicized events of the past year strongly suggest that foreign intelligence agents may be engaged in improper activities—possibly with the complicity or at least acquiescence of our own domestic law enforcement authorities—and while it is difficult to ascertain exactly what operations are being conducted within the United States by SAVAK (Iran), DINA (Chile), the KCIA (Korea), and others, there are indications that surveillance, intimidation and harassment of foreign nationals are common practices by these agencies. It is therefore my intention that the subcommittee determine what such agencies are doing in this country and what, if anything, our response should be.

ADMINISTRATION GAS PRICING POLICY

Mr. SCHMITT. Mr. President, I recently received a piece of correspondence from one of my constituents. I received it without an explanatory cover letter. I ask unanimous consent that it be printed in the RECORD with no further explanation from me. It tells the whole story about the effect on business brought on by the administration's energy proposals.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

WHITAKER & BROOKS,
Midland, Tex., May 16, 1977.

In re Northeast Sonora Prospect, Sutton County, Tex.

Mr. CHARLES C. LOVELESS, Jr.,
Roswell, N. Mex.

DEAR MR. LOVELESS: Returned herewith you will find Mr. James L. Martin's brochure on the subject prospect together with the copy of the lease by F. H. Allison, et al, to LDM Associates.

I have concluded not to recommend participation in this project to my client, David Fasken. Bob Leonard and I were reasonably favorably impressed with the two more desirable locations covered by this proposal but were unimpressed by the geological quality of the additional locations. The extent of burdens imposed upon this lease as well as the marginal quality of the third and fourth locations made it rather difficult to consider the proposition favorably though at the intrastate gas prices prevailing prior to April 20, 1977, it certainly had merit and we were disposed to view it favorably.

In view of the President's energy message of April 20, 1977, as clarified by the National Energy Act, H.R. 6831, now pending in the House Energy Committee and the analysis of that Bill prepared by Rush Moody, Jr. and circulated by Mid-Continent Oil & Gas Association, I feel compelled to decline interest in the prospect. According to the Moody analysis of H.R. 6831, we could not expect a better price than $1.45 per MMBTU. At that probable price level, I do not feel justified in undertaking the risks and burdens involved in this project. I do, however, appreciate the opportunity to examine the proposal.

Personal regards.

Yours very truly,

RICHARD S. BROOKS.

ANNIVERSARY OF ESTABLISHMENT OF COMMONWEALTH OF PUERTO RICO

Mr. KENNEDY. Mr. President, July 25, 1977 marks the 25th anniversary of the

establishment of the Commonwealth of Puerto Rico. This is an important occasion, not only for the nearly 3 million Americans who live in the Commonwealth, but for over 2 million Americans of Puerto Rican heritage who live in the United States. Twenty-five years ago, the Island of Puerto Rico attained Commonwealth status within the United States. Since 1952 the island and its population have demonstrated to the world the progress and growing prosperity of Puerto Rico since becoming a "workship for democracy" in Latin America.

In my home State of Massachusetts, and across the Nation, Puerto Rican Americans are celebrating this important occasion. The Commonwealth Day ceremonies which have been held recall not only the birth of the Puerto Rican Commonwealth, but also the leaders who formulated this unique relationship between the United States and the island.

The unprecedented Commonwealth arrangement—and the important economic and social benefits which it has conferred on Puerto Rico—was the handiwork of Luis Munoz Marin, a gifted statesman and writer, a man who served as Governor of the island until 1964, and a man who eloquently and imaginatively represented the best interests of his people.

Through his sensitive and resourceful administration, Gov. Rafael Hernandez Colon continued the statesmanlike tradition of Luis Munoz Marin—GNP has increased from $755 million in 1950 to $7.7 billion last year; life expectancy has risen from 46 to 68 years; and illiteracy has been reduced to below 10 percent.

Tragically, since 1973 Puerto Rico has suffered, more than any other part of our Nation, the terrible economic blows of the oil crisis and nationwide recession. But I am confident that the Commonwealth will emerge from its economic setbacks and continue to justify its well-earned reputation as the model of Caribbean progress.

I believe that the President has wisely left the decision on Puerto Rico's future political status to the residents of the island. If the Commonwealth relationship remains their choice—I am confident that it can and should be expanded to meet the best interests of the island, permitting greater autonomy in many areas while retaining essential links with the United States.

And so long as we in the United States remain sensitive to the true aspirations of the island's people, the bonds of friendship between us will endure.

Mr. President, on Puerto Rico's Commonwealth Day we not only honor our citizens who live in Puerto Rico, but also those who now live in the United States. As a nation of immigrants, the United States takes great pride in the commitment to uphold the rights of all peoples who aspire to freedom and greater opportunity. And on this 25th anniversary of the Commonwealth, it is important that we pay tribute to the Puerto Rican communities in Massachusetts and elsewhere which are helping fulfill our Nation's aspirations.

Hundreds of thousands of Puerto Ricans have arrived in the United States since the end of the Second World War in search of greater opportunity. But just as the many millions of immigrants who came before them, our Nation's Puerto Rican residents experienced hardship and adversity as they attempted to make their mark in every facet of the American way of life.

In the face of social injustice and economic difficulty, many Puerto Ricans have been determined to overcome these problems. Now, more than ever before, Puerto Ricans can be found in every walk of American life. In business and education, in science and in commerce, at every level of our government we find Puerto Rican leaders. I am confident that the Puerto Rican community—with increasing understanding and commitment on the part of all Americans—will continue to prosper.

PIONEER DAY

Mr. HATCH. Mr. President, first by tradition, and then by State law, the 24th of July has become a holiday in the State of Utah. It was on that day 130 years ago that the first party of Mormon pioneers entered the Salt Lake Valley and established the State of Deseret, later to become Utah. It was on that day that the great Mormon leader, Brigham Young, suffering from the exhausting 102-day trip across the Great Plains and over the rugged Rocky Mountains, rose from a carriage bed and declared, "This is the right place."

Thirty years ago, on the occasion of the 100th anniversary of that entry into the valley of the Great Salt Lake, a monument was unveiled, appropriately, at the mouth of Emigration Canyon near the place where the Mormon leader made his declaration. This Is the Place Monument, at the Pioneer Trails State Park, is a lasting symbol of the westward search by those Mormon pioneers and their predecessors by 1 year, the famous Donner party, where they could freely exercise their way of life without outside interference or persecution.

When the pioneers first entered the valley they found a desert wasteland with, what was reported to be, only one growing tree as far as the eye could see. That wasteland, as predictd by Brigham Young, has been made to "blossom like a rose." One hundred thirty years later Salt Lake City leaves a lasting impression on visitors as a clean, open city of wide streets and friendly people.

The Mormon pioneer trek was not unlike the search for a better way of life which has been repeated several times over in the history of the world. With each search, and the resultant new culture, has come the traditional celebration to recognize the struggle of the courageous ones who led the way and found the reward. Today is that day for the Utah pioneers and the people of the Beehive State.

We from Utah like to claim some credit for the lasting heritage of pioneering which this great land enjoys. The westward movement is the essence of the American dream. Here, it was said, is a place where a person who works hard can become anything he wants to become.

Here on the floor of the Senate are two great pioneers who exemplify this attitude. They took the risks to enter the modern age of pioneering—space. Senators JOHN GLENN of Ohio and HARRISON SCHMITT of New Mexico reached beyond the Earth to that next great frontier. Senator GLENN was the first American to orbit the Earth in a spacecraft and Senator SCHMITT is in that special group of a dozen men who have walked on the surface of the Moon. Behind these pioneers was a great spirit that I believe is still alive and is the motivation that causes us to reach out, to discover, to pioneer, to control and conquer the unknown.

I also believe it is a privilege to serve in a body of men who, each day, chart new regions, walk new paths, and are pioneering a new era in the American way of life which has entered its third century of existence. My Morman pioneer heritage gives me the confidence and courage to know that others will face the uncharted course and find the answers for the future generations.

And so, in conclusion, I pause to reflect on that day, and invite my colleagues to join with me in remembering the western pioneer. Let us pay tribute to his contribution to the development of our lands which he boldly settled for our benefit, and the benefit of the United States. Let us remember this Utah holiday—Pioneer Day.

PUERTO RICO

Mr. McGOVERN. Mr. President, on July 25, Puerto Rico celebrated an important milestone in its history as a people: The 25th anniversary of Commonwealth status. It is fitting that we in the Congress of the United States mark that anniversary, because we are part of that history.

Commonwealth is a creation of the Congress as much as it is a creation of the Puerto Rican people. It was born both here and on the island—a partnership between two peoples united by the bonds of a common citizenship, common defense, common currency, common market, and the shared aspirations toward building a free and democratic society, with equal opportunities and with justice for all of its members.

We in the United States are proud of this accomplishment. We wish Puerto Rico, our partner in democracy, will in this silver anniversary, and we look forward to many more milestones such as this one: A tribute to the creativity and to the mutual understanding of two cultures with common goals and aspirations.

FIFINELLA AND FRIENDS

Mr. GOLDWATER. Mr. President, the Naval Aviation News, one of the better service magazines that is pub-

lished, has paid its respects to the Women Airforce Service Pilots, and a large number of Members of Congress are trying to obtain veterans benefits for them. This is a very well written article. It tells an additional story of the dedication of these women and makes the argument even stronger, in my opinion, for the veterans committee of both Houses to pass these matters out to the floor where we might have the privilege of voting for them. I ask unanimous consent that the article, "Fifinella and Friends," written by Helen Collins, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FIFINELLA AND FRIENDS

(By Helen F. Collins)

About the time that women were beginning to fill the gaps in Navy's ranks, another group of women was being recruited in a special experimental program to serve as pilots with the Army Air Forces during World War II. The Women Airforce Service Pilots (WASP) program was organized in September 1942 under General H. H. "Hap" Arnold, Commanding General of the Army Air Forces. It began as two organizations, the Women's Auxiliary Ferry Command (WAF) and the Women's Flying Training Detachment, which were merged into the WASP in August 1943. Jacqueline Cochran, a prominent American aviatrix, was their director.

Women pilots were to be trained to take over a large area of noncombat flying in order to release men for combat zone assignments. A small number came into the program already highly qualified and required little additional training to fill the Air Transport Command's need for ferry pilots. A larger number need extensive training for a variety of flying duties.

An amazing number of women, approximately 25,000, applied for admission to the WASP program. Of the 1,830 who were accepted, 1,074 completed the course. The flood of applications might be explained by overglamorization in newspaper and magazine stories. Not only thousands of American women but several hundred Canadian women and some from England and Brazil applied. Whatever glamor may have been attached to the idea of women flying military planes quickly vanished during the arduous training and flying days that followed.

During their 27 months of operation, women ferry pilots flew 77 types of aircraft, moving 12,650 planes over a distance of about 9,224,000 miles. The aircraft ranged from the fastest fighter to the heaviest bombers. In carrying out their operational duties, WASPs flew more than 60 million miles across the U.S. and Canada. Thirty-eight lost their lives.

The WAVES once had a song which mentioned the "homeless WAFs." They weren't kidding. There was scarcely an airport in the U.S. that the women ferry pilots didn't touch. They crisscrossed the country repeatedly, stopping at remote little towns or big cities for a few hours' rest before going on. When a plane was delivered, the women got back to their bases by the fastest means possible. After several months of sunset and weather landings, some of them made up a log of what towns not to get stuck in.

Women ferry pilots flew planes from assembly lines to points of embarkation for combat zones. They ferried battle-weary aircraft back to maintenance and repair stations. They made a number of test flights, such as testing utility plane engines by slow-time flying. They also checked out planes coming from rework and repair. The women encountered the same flying conditions and problems faced by many male pilots. Some were armed with 45-caliber pistols to guard planes carrying highly secret equipment. The women frequently flew open-cockpit planes in sub-zero weather.

They occasionally caused consternation at military installations which did not expect women to be flying military planes.

Carol Fillmore was piloting a new P–51 fighter and was running low on fuel. When she neared a base in Georgia, which happened to be an all-male training field, she called in for landing instructions. No one answered and so she got into the pattern, and continued to call. Finally, a southern accent broke the silence, "Will the lady who is trying to get in, please stay off the air. We're trying to bring in a P–51." The answer came, "The lady on the air is in the P–51."

General Arnold stated that it was common for commanding officers to prefer WASPs over male ferry pilots because a woman pilot ordinarily reached her destination a day or two ahead of the time required by a male pilot. The reason: ". . . she didn't carry an address book with her."

The wife of Captain George F. Rodgers, retired Naval Aviator and editor of NANews from 1957 to 1962, was on of the ferry pilots. Lorraine Rodgers was based at Love Field in Texas. She flew planes from the factors to East and West Coast points. Later, at Waco, Texas, as a test pilot, she flight-tested planes before they went back into service after repairs.

Although ferrying planes was done almost entirely in daylight, substantially all other operational duties were carried on day and night. WASP veteran Helen Snapp recalls her service at Camp Davis, N.C., and Camp Stewart, Ga. She became a WASP while her husband was overseas. She flew Army Air Corps Dauntless and Helldivers in night training missions, in simulated bombing and strafing runs, and on smoke-laying flights. She flew radio-controlled drone sorties and towed targets for gunnery and antiaircraft practice.

Of 50 WASPs at Camp Davis, 15 were sent to Camp Stewart to fly special assignments involving exacting instrument work. WASPs served as instrument instructors in the Eastern Flying Training Command, training men who would be going into combat.

A former WASP flight instructor, Ziggy Hunter, Dallas, Texas, is writing a book about the WASPs called "Zoot Suits and Parachutes." (The WASPs often wore baggy G.I. coveralls which they called zoot suits.) She instructed male flight trainees in elementary and advanced flying in the Navy's V–5 program in Austin, Texas. She also instructed women in primary and advanced instruments, and taught them the flying skills they needed to become WASPs.

The women pilots were under military discipline, subject to military rules and regulations, and it was expected that they would be commissioned into military service once their performance proved successful. However, in 1944 the favorable progress of the war and a lower attrition rate than had been anticipated indicated that there would soon be a surplus of male pilots. When a bill to militarize the WASP was submitted to Congress, it was voted down and on December 20, 1944, the program was brought to an abrupt end as the WASP was disbanded. The proposal had been approved by the House Committee on Military Affairs with the support of Gen. Arnold and Secretary of War Henry L. Stimson. It was defeated by 19 votes.

Today, the women who served as WASPs are petitioning Congress for veterans' benefits. They are championed by Colonel W. Bruce Arnold, USAF (Ret.), son of Gen. Arnold. Two similar bills granting such benefits have been simultaneously introduced before the Senate and the House, sponsored by Representatives Lindy Boggs (La.) and James Quillen (Tenn.), and by Senator Barry Goldwater, a retired Air Force major general, who made many flights with the WASPs in the Ferrying Command at New Castle, Del. Both bills were referred to committee for hearings before coming to a floor vote.

A WAF * * *

The following account of why one woman joined the WAFs is taken from a personal story written by Cornelia Fort. A short time later, she was killed when the bomber she was ferrying crashed in Texas.

"I knew I was going to join the Women's Auxiliary Ferrying Squadron before the organization was a reality, before it even had a name." She was never as sure as she was in Honolulu on the morning of December 7, 1941. At dawn she drove from Waikiki to the John Rodgers civilian airport next to Pearl Harbor, where she was a civilian pilot instructor. She began to practice takeoffs and landings with her student shortly after six-thirty. Just before coming in for the last landing, she looked around and saw a military plane headed right for them. She jerked the controls away from her student and jammed the throttle wide open to pull above the oncoming plane.

As it passed underneath, Cornelia saw red balls on the wings shining in the sun. Honolulu was familiar with the emblem of the Rising Sun on passenger ships but not on military planes. As Cornelia look toward Pearl Harbor, unbelieving, she saw billowing black smoke. Still, she clung to the hope that it might be some kind of coincidence, or maneuvers.

Then she looked up and saw the formations of silver bombers riding in. She saw something fall from one of the planes and go glistening down, until it exploded in the middle of the harbor. "I knew the air was not the place for my little airplane." She landed as quickly as she could and a few seconds later a shadow passed over her, spattering bullets.

"We counted anxiously as our little civilian planes came flying home to roost. Two never came back. Bullet-riddled, they were washed ashore weeks later."

Cornelia remained on the island for three months until she returned to the United States. None of the pilots wanted to leave but there was no longer any civilian flying. Each had some individual score to settle with the enemy who had brought murder and destruction. For awhile the only way Cornelia could fly at all was to instruct in civilian pilot training programs. Then came a telegram from the War Department announcing the organization of the WAFs and ordering her to report within 24 hours if she were interested. She left at once.

"Because there were and are so many disbelievers in women pilots . . . officials wanted the best possible qualifications to go with the first experimental group. All of us realized what a spot we were in. We had to deliver the goods, or else there wouldn't ever be another chance for women pilots in any part of the service.

"None of us can put into words why we fly. It is something different for each of us. I can't *say* exactly why I fly but I *know* why as I've never known anything in my life.

"I, for one, am profoundly grateful that my one talent, my only knowledge, flying, happens to be of use to my country when it is needed. That's all the luck I ever hope to have."

A WASP * * *

Velta S. Benn became a WASP toward the end of the program. She served as a staff pilot

and instrument flight instructor at Merced, Calif., until the WASP was disbanded. The demise of the program, however, did not end her ties with military aviation.

She became involved—among the multitude of other aviation-related activities that have occupied her life—in helping produce training films.

In 1967, while gathering material for a script for four Navy films, she spent some time with VT-4 in Pensacola. There, she made several arrested landings and catapult shots aboard USS *Lexington*, flying in the rear seat of a T-2B jet trainer with an instructor in the front. The films covered air-to-air gunnery, field carrier landing practice, carrier qualifications and spin characteristics of the T-2B. Velta is believed to be the only woman to have made carrier arrested landings, actually piloting an aircraft into the gear.

Velta also flew a P-3 while researching material on flight planning, ATC, en route and terminal procedures. She participated in a series of films on high angle of attack and spin characteristics of the A-7 *Corsair II*, TA-4F *Skyhawk* and OV-10 *Bronco*. She also worked on an ejection seat training film. In 1973 Velta participated in aircraft performance conferences at NAS Patuxent River as part of her research for other films.

This remarkable woman flyer was an FAA accident prevention counselor from 1971 to 1974 and promotes aviation safety through personal appearances and seminars. She is also an FAA pilot examiner for private, commercial, multi-engine and instrument ratings.

Velta has over 27,000 flight hours to her credit. Although never in the military, she has spent many of those hours making her contribution to better, safer Naval Aviation.

EDUCATIONAL TAX CREDIT

Mr. DOLE. Mr. President, judging from recent news reports, the debate over next year's adjustments in the Internal Revenue Code has already begun. To a member of the Senate Finance Committee, which spent a good portion of last year working on the Tax Reform Act of 1976, it seems as if this subject is something we just completed, rather than something we are about to begin.

If our experience during the last Congress is a reliable guide—and I suspect it will be—the 2d session of the 95th Congress will face a long, and let us say, emphatic debate on every aspect of the tax code. One subject which is bound to arise, as it did last year, is tax relief for educational expenses. Twice last year, the Senate approved a tax credit for college tuition. I supported that provision then and, as a cosponsor of S. 311, a bill introduced by our distinguished colleague from Delaware, Senator ROTH, I support it now.

When the House Budget Committee held hearings on this subject several weeks ago, Mr. Karl Rove, who was at the time chairman of the College Republican National Committee, testified in support of tuition tax relief. His comments are particularly insightful, because they recognize the financial plight of the hard-pressed middle-income families who are the backbone of this country.

I ask unanimous consent, Mr. President, that Mr. Rove's testimony on tuition tax credits be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY ON HIGHER EDUCATION TAX CREDITS, HOUSE BUDGET COMMITTEE

(By Karl Rove)

Tuition tax credits are the best way of allowing parents and college students to finance their own educations, prevent expensive administrative costs, and respond to student desires on campus.

As Chairman of the College Republican National Committee, the nation's largest student political action organization, with over 1,000 chapters and over 100,000 members across the nation, I endorse student tuition tax credits. We are pleased to support the 1976 Republican Platform in this area.

You've seen enough statistics in previous testimony about the costs of various programs and the increasing costs faced by college students. Allow me to get away from these and cover something I'm familiar with after travelling to some 100 campuses in the past two years, the mood of college students, and what types of aid they desire.

First—tax credits would reduce federal harassment of students in two ways. Any tax money the federal government returns to students now has strings attached to it. Long strings: Title IX programs, affirmative action employment programs and other regulations and paperwork colleges must comply with before a student can be helped.

The other harassment is the embarrassing steps students must go through to get any aid. Students and their parents must fill out a Parents' Confidential Statement and possibly other forms in order to qualify. And I'm still convinced the only way you prove need with such applications is to send it in postage due!

Many students are reluctant to participate in present programs because of this harassment. A program of tax credits wouldn't suffer from this problem.

Second, college students want to be able to make their own choices. Too many times, their choice is determined not so much by the amount of financial aid available or the quality of an institution, or how it matches their educational needs; but rather by the quality of financial aid administration at a particular college or university.

Tax credits will leave the money in the students' hands to make their own decisions. Unfortunately, some officials seem to approach this question as if the government were entitled to every tax dollar instead of having to justify every need.

Third—I think students want to be independent. Sure, they may tell you as parents they want you to foot the entire bill, but most feel guilty accepting such aid. Many feel guilty taking tax dollars in the form of federal assistance from their own peers who are out working instead of going to college.

Allowing these students to use more of their own financial resources to attend college would help both their self-respect and their pocketbooks.

While the increasing financial squeeze on middle-income students makes tax credits a real need, I suggest we need them whether or not those economic conditions exist. Tax credits eliminate a great many administrative costs—and provide real tax relief to middle-income families. Some would suggest they don't provide enough relief—but this is a question of specifics rather than principles.

Some also say the tax structure is an inappropriate vehicle to provide economic relief to students and their families for increased college costs.

Under an ideal system—I would agree. Ideally, the tax system should be neutral as far as any market or social policy is concerned. But it's not, and there's no indication the Carter administration wants to change that. If the tax system is going to be used as a policy tool, it should be used to encourage groups such as students from middle-income families who simply want to provide for themselves without taking government handouts.

Some say tax credits for postsecondary education costs undermine the whole array of student financial aid programs created by Congress: grants, work/study programs, and loans.

This is a question specific proposals can answer, but tax credits shouldn't be the only form of financial relief Congress provides for middle-income students and their families.

For instance, the "Higher Education Trust Fund" idea advanced by Congressman Hamilton Fish has real potential, as does the removal of the earnings limitation on students receiving Social Security benefits because their parents died while of working age.

Some suggest the Guaranteed Student Loan Program is the most appropriate vehicle to help students from middle-income families. Testimony in the Congressional Record late in April indicated the program has failed. The GSL program simply doesn't reach large numbers of middle-income students—in fact, middle-income students take advantage of loan programs in only slightly larger numbers than lower-income students. Because of the capital shortage, and because of administrative hassles, students and banks are discouraged from participating.

Just as most other forms of credit allocation fail, so federal intervention in the area of student loans has failed.

Besides, these people seem to be suggesting middle-income students should either mortgage themselves for years, or work for years in order to be able to attend college, while other groups receive more aid with less personal effort. Many students ask, why should one group be entitled only to loans (and in some cases not even that), while others are entitled to direct grants. I think there's a question of equity here—a question for which tax credits would provide a simple, fair answer. At present, lower-income students receive more than twice as much from grant programs as do middle-income students. The middle class bear the burden of the taxes, but their children get the short end of the stick in terms of assistance with tuition.

Perhaps this brings us to the basic conflict—pointed out by the rather curious objection by some people to tax credits—that more than $1 billion is "lost" through tax expenditures for postsecondary subsidies. This is a simple question of semantics—I don't think the money is lost. Rather the students and taxpayers gain it back.

I think the basic disagreements on tax credits are the same disagreements on taxes in general. Republicans, and in fact, most Americans, would say taxpayers deserve to keep more of their earnings. Others would say the government is entitled to a larger portion of a citizen's income.

Well, I think they'd be interested to know the mood of the campuses favors the first. Students know the middle-class is getting squeezed—and they want it stopped. I'm including with this testimony some of the petitions our organization circulated all over the nation asking for fair treatment for middle-income students. I hope Congress can provide this with tax credits

SENATOR HUMPHREY TO RECEIVE AWARD

Mr. ROBERT C. BYRD. Mr. President, perhaps none of our colleagues has been

honored so often—and so deservedly—as the distinguished senior Senator from Minnesota (Mr. HUMPHREY).

I am pleased to note that still another honor will be bestowed on Senator HUMPHREY tomorrow. He will receive the Golden Rose Award, presented by the FTD, the Florists' Transworld Delivery Association, to a person of outstanding achievement.

The florists could not have made a better choice than Senator HUMPHREY.

I ask unanimous consent that an explanation of the award, a list of previous winners, and the statement commending Senator HUMPHREY be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE FTD GOLDEN ROSE

More than any other flower, the rose symbolizes values that Americans have always treasured as a part of their daily life, their music, literature and poetry, and even their philosophical beliefs. There is little doubt that the rose is the favored flower of the American people.

The selection of the rose, therefore, was a natural choice when, in 1962, Florists' Transworld Delivery Association created the Golden Rose Award to recognize persons not directly associated with commercial floriculture for outstanding achievement or service in various aspects of living.

The Board of Directors of FTD specified only that it should be presented from time to time to persons who have rendered important services to their fellow citizens which could be suitably expressed by means of the award; to those who have contributed importantly to the appreciation of flowers in everyday living; to those who have made significant contributions to floriculture; and to those who, by their deep feeling and unique ability to put into words the joy of flowers, communicate the joy of living with flowers to others.

All of the recipients of the FTD Golden Rose have met some or all of these criteria, reflecting in their persons and achievements the fine but intangible qualities in people that flowers express in such a unique manner. The Golden Rose itself, a delicate, vermeil long-stemmed rose held aloft by a golden stem with finely wrought leaves, easily lends itself to the expression intended.

The Golden Rose has been given 11 times by FTD since 1962. The recipients and sites of the presentations are:

1962—Margaret Chase Smith—Washington, D.C.
1964—Robert Dowling—New York, N.Y.
1965—Ian Stuart—Mobile, Ala.
1967—The Tournament of Roses—Denver, Colo.
1968—Everett McKinley Dirksen—Miami, Fla.
1969—Amy Vanderbilt—Honolulu, Hawaii.
1970—Spessard Holland—Toronto, Canada.
1971—Pierre Trudeau—Vancouver, Canada.
1972—Elmer Young—Washington, D.C.
1975—Mrs. Gerald R. Ford—Washington, D.C.
1977—Hubert H. Humphrey—Washington, D.C.

Those honored with this foremost award of American floriculture have included both world leaders and lesser known persons of high achievement. This approach, in the opinion of the Board of Directors of FTD, is most appropriate for an award which regards the flower as a thing of beauty, a part of gracious living, and a true expression of sentiment.

GOLDEN ROSE AWARD TO SEN. HUBERT H. HUMPHREY

(Statement by Hubert J. Beudert, Executive Vice President, FTD)

Although few voices in the land can match the eloquence of Hubert H. Humphrey, Senator from Minnesota and Deputy President Pro Tempore of the United States Senate, fewer still can match the high and unselfish service he has rendered to his fellow citizens. Not only is Senator Humphrey eloquent in the praise of flowers—he is an avid home gardener and flower grower—he has done much in Congress to enhance understanding of the importance of floriculture as a part of agriculture. His concern for the well being of the 50,000 small businessmen and their families who depend upon floriculture for their livelihood has been deep and continuing.

His support for the floriculture industry is an example of his belief that the government and the private sector must work together for a sound economy, individual opportunity, and social justice. He rightly believes that this collaboration demands an open, continuous, good-faith exchange between government and all levels of business. Especially, he has sought to help small business perform efficiently its fundamental economic role, which he believes has been seriously neglected at the level of national policy, despite the fact that small business accounts for 97 percent of the nation's approximately 13 million business enterprises.

When FTD came to Senator Humphrey in the early 1960's and said "we need help through the Department of Agriculture with economic and marketing problems, and access to the research and information services almost automatically available to every other agricultural commodity," he said, "Let's see what we can do about it. If you can justify your requirements, I'll help." Help he did, in cooperation with such stalwarts as Senators Spessard Holland and Everett Dirksen. And thanks to his understanding and concern for the "little guys" in agriculture, the florist industry now has the crop reporting, market news reporting and basic scientific, economic and marketing research it so desperately needs to compete in a mass marketing economy.

Senator Humphrey's role in the floriculture industry has been wide ranging, entitling him to be called a universal man. He has recognized the importance of, and supported, scientific research, the cultural programs of the National Arboretum and was, togther with Senator Dirksen, the author of much of the beautification seen by millions each year when they visit the U.S. Capitol grounds.

In an article appearing in the August, 1977, issue of the Reader's Digest, entitled "You Can't Quite", Senator Humphrey describes his personal battle with cancer. It is a revealing portrait of the man who has come to be known as this era's "happy warrior". It reveals his faith—in himself, his family, and in others—and his need to be "a part of the life of this country." He describes his election as Deputy President Pro Tempore of the Senate as recognition by his colleagues "that I had given a lifetime of service to my party and that I still had more to give." He concludes the article by saying "I expect to be around for quite a while".

Senator Humphrey's contribution to the relatively small industry of floriculture has been profound. It is also a living example of his capacity to help the small as well as the great, and to see others' problems as keenly as his own. For these great traits and human feelings, the Golden Rose of Florists' Transworld Delivery is presented to Senator Hubert Horatio Humphrey with the heartfelt thanks and good wishes of everyone in FTD and the floriculture industry.

THE AMITAY RESIDENCE BOMBING

Mr. HATFIELD. Mr. President, I want to express my shock and horror at the news today that a bomb ripped apart the house of Morris Amitay in Rockville. All of us who knew Morrie or his family are thankful no one in the family was injured.

While no cause yet is known for the blast, Amitay's prominence with the American Israel Public Affairs Committee already is giving political motives to the blast. It remains to be seen if it will be shown to be the work of an individual or a group. I hope the investigation succeeds in bringing the culprit to justice.

All Americans, regardless of their stance on the best approaches to peace in the Middle East, should deplore this act of violence. Free and open debate is in the very fabric of this country. Senseless acts such as this one must not restrict this debate.

Morrie Amitay, as a foreign service officer and a Senate staff member, showed his dedication to the many causes in which he has been active. His commitment continues in his work with AIPAC. I am sure all of us in this Chamber join me in condeming this wanton act of violence.

Mr. President, I ask unanimous consent that today's article about the bombing in the Star be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOMB RIPS ISRAEL LOBBYIST'S HOME

(By Timothy Hutchens)

A bomb blast early today badly damaged the Montgomery County home of the executive director of the American Israel Public Affairs Committee, a Washington lobbyist group.

However, the director, Morris Amitay, his wife and three children escaped from the house without injury, despite a blast so severe that it broke windows and tore siding loose from other houses four or five blocks away in Montgomery County's Flower Valley subdivision near Rockville, firemen reported.

An electric cord was found extending 400 feet from the blast at 4712 Sunflower Drive to where the bomb apparently was detonated on Bittersweet Lane, police said.

Authorities would give no other details of the bomb itself but said it caused considerable damage to the left side of the brick-veneer, split-level home in which the Amitays had lived for eight years.

Federal agents and police said they knew of no threats to the Amitay household preceding the explosion. Officers said they had no suspects.

Four years ago this July, Col. Yosef Alon, Israeli deputy military attache, was fatally shot in front of his Montgomery County home as he returned with his wife from an embassy party.

"Structurally, the house held up pretty well but they were very, very lucky," a fire department spokesman said.

Amitay is a former Senate staff member and former State Department foreign service officer who took over AIPAC two years ago.

The organization, as the lone registered pro-Israel lobbying group working on the

Hill, is a kind of umbrella group whose activities are overseen by representatives of major Jewish organizations. It has a staff of 18 persons, including seven professionals.

While other, larger organizations are better known, AIPAC traces its origins back for decades. It had its beginnings in the American Zionist Council. The present name was adopted in 1954.

The Amitays refused to comment on the explosion, which left bricks and shingles all over the family's yard, although Mrs. Amitay in a brief exchange with a reporter said that "everyone is fine," and that the family would stay with friends "until we can sort everything out."

Mrs. Roland Sener, who lives two houses away, said, "The noise scared me half to death. It was the loudest noise I've ever heard."

Sheila Sipes of 4704 Sunflower Drive said she could "feel the blast. It just shook." She said her husband told her the noise was an explosion and she began looking for smoke and flames. It wasn't until the fire trucks arrived that she learned the location of the blast.

She found Sybil Amitay with her children in the family car parked in the driveway. She asked Mrs. Amitay, "What happened?"

"My house exploded . . . my dog is dead," Mrs. Amitay replied.

Sipes said Mrs. Amitay told her she heard the family's beagle puppy, Ringo, barking early this morning. The dog was a birthday present to the Amitay's son, Michael, who turned 14 in January.

Mrs. Amitay apparently tried to get the puppy to go back to sleep. The puppy's bed was near the family room, which caught the worst effects of the blast.

Sipes described Mrs. Amitay as "totally calm." She said the children were silent, but cold, so she got blankets for them.

She said Amitay is a lawyer and his wife is a musician who sings with the Choral Arts Society. Mrs. Amitay is a substitute teacher. The neighbor described the Amitay family as "wholesome, athletic and good neighbors."

I. L. Kenen, honorary chairman of the Jewish lobbying group, whom Amitay succeeded as executive director in 1975, said today when asked who might have been responsible for the blast, "I would suspect that they are anti-Israel, either anti-Semite or pro-Arab."

He said the committee has a long record of being pro-Israel, and that among recent events, "I know of nothing that would have produced this."

Firemen reported that the Amitays managed to walk out of the house, even though they were sleeping directly over the family room, outside of which the bomb exploded. Aside from Amitay, 41, the family includes his wife, Sybil, 36; sons Michael and Steven, 12, and a daughter, Cheryl, 9.

A neighborhood youngster who had talked with the Amitay children said the family itself was not sure how it managed to get out of the house. Steven was quoted as saying the door frame of his sister's room had fallen in and he assumed she had climbed over it.

The children, who attend Earl B. Wood Junior High and Flower Valley Elementary Schools, are A-team swimmers with the Flower Valley Swim Team, the neighbor said.

The bomb went off about 3:17 a.m., firemen said.

Federal agents from the Alcohol, Tobacco and Firearms Bureau joined investigators from the county police and the fire marshal's office in probing the damage. The blast did not cause any fire, authorities said.

Agents set up shop in the garage of a house across the street to go over evidence which they worked swiftly to collect before the mid-morning rainfall could wipe away traces of the bombing. Agents were seen making a cast of a footprint.

The Firearms Bureau has a working relationship on bombings with the FBI, which handles terrorist cases. It was uncertain during the preliminary investigation what category the bombing fell into.

SMALL BUSINESS LEGISLATION

Mr. NUNN. Mr. President, I am pleased once again to join as a cosponsor of legislation to give small business a fair representation on existing governmental advisory bodies. These bills, S. 1838 and Senate Joint Resolution 69, will provide the small business community with a much-needed point of contact within Government agencies. I was an original cosponsor of similar legislation during the 94th Congress.

The great majority—97 percent—of all businesses in this country are classified as small business, providing about 55 percent of all private jobs, 48 percent of business output and 43 percent of the gross national product. These firms also have traditionally provided more than half of all industrial innovations.

However, because of their diversity, their smaller size, and their scattered distribution from coast to coast, it is easy for Government agencies in Washington to overlook their needs. Too often, the pace of Government regulation makes it impossible for the small business viewpoint to be present at the critical times of decision that affect the profitability or survival of these firms. It has been said that one definition of a small business is a firm that is not represented in Washington.

In his introductory remarks, Senator NELSON, chairman of the Small Business Committee, pointed out the consequences of this nonrepresentation in several important areas, including the formation of energy policy, the formation of OSHA regulations, and the creation of reporting forms under ERISA.

Experience proves that the interests of small business are too easy to overlook in such areas with great impact on our business community.

Therefore, we believe that it is most important for the small business community to have a continuing voice in Washington in the development of the Federal Government's policies, regulations and forms. These two bills, S. 1838 and Senate Joint Resolution 69, will go a long way toward solving this problem.

The Senate has had an opportunity to study these bills for the past year, and I am hopeful that we will be able to adopt this legislation during the 95th Congress.

SENATOR HELMS ENDORSES CONGRESSIONAL VETO OF AIR BAGS

Mr. HELMS. Mr. President, on June 30, the Secretary of Transportation announced that he would use his authority under the National Highway Safety Act to require that all new automobiles be equipped with explosive air bag systems beginning with the model year 1984. I have asked the distinguished Senator from Michigan (Mr. GRIFFIN) to add me as a cosponsor of his resolution which would veto this proposal.

It is more than Government's again sticking its nose in other people's business. It is more than a Federal bureaucrat's telling people what is good for them.

This action is symptomatic of a deeply unhealthy trend in our society—a trend that is ultimately destructive of a free society.

Our Nation is based on the view that every man has rights and concomitant responsibilities. The dignity of the individual and the rights he possesses are tied directly to the responsibilities he has.

In recent years we have seen a change in which politicians have looked at individual responsibilities. The liberal, self-appointed intelligensia of this Nation, and their sycophants in the media have declared it to be politically fashionable for Government to usurp more responsibility. Most of the programs that have been adopted affect the responsibilities that have been exercised through the private effort and sacrifice of groups of people. Government now cares for the elderly, a responsibility which used to be performed by the family. Government has taken over most of the charity functions that used to be performed by churches.

Now, however, Government is moving more and more into areas that have been the responsibility of the individual. Government now allegedly helps the "consumer" with thousands of regulations which stifle business and increase the cost of goods and services.

Government is moving more and more in the direction of regulation which essentially protects the individual from himself—from action or inaction which, in the determination of Government, would "hurt" the individual.

The most recent step along this road is the determination by the Secretary of Transportation that all new car buyers must be forced to purchase another safety device, the explosive air bag. The reason is that DOT bureaucrats claim to have the wisdom and knowledge greater than the citizen who is putting out his or her hard-earned dollars to pay for a car.

The bureaucrats are saying: "We know what is best for you, so we will use the coercive power of the state to force you to take care of yourself."

The autocratic nature of this dictum is chilling. It is paternalistic. It is patronizing.

I cannot argue with those who want these safety devices on their own car. I cannot argue with private insurance companies that offer discounts to drivers who choose to use these items.

I can, however, argue against the Government by a bureaucratic committee of self-styled "experts."

One "side effect" of air bags is the inevitability of some of them going off accidentally on occasion. The University of Maryland Department of Computer Science determined that "inadvertent deployment" would occur at a rate of one-twentieth of 1 percent. That is a good, low-sounding figure; but the mathematics involved mean that in a fully equipped car population, we would have 50,000 air bags accidentally ex-

ploding in people's faces every year. I cannot imagine this not being a great cause of injury and damage in itself. Nor can I imagine the American people putting up with it.

So the Secretary of Transportation is telling the American people to swallow this bitter, $4.5 billion pill without knowledge of its effects and with limited reports of its safety. It is not unlike the Queen of Hearts in "Alice in Wonderland": "No! No! Sentence first—verdict afterwards."

The system costs an estimated $300 per vehicle—in current dollars—to install; and if it goes off and has to be replaced, it costs about $600.

The total cost to the car buying public: About $4.5 billion per year by 1984. That is assuming 10 million cars per year and "only" 6 percent inflation in coming years.

The full $4.5 billion cost that will come in 1984, if we allow this proposal to stand, is a tax on the consumer no Congressman will ever have voted upon. If people desire air bags, they should be able to buy them; but Secretary Adams proposes an automotive option on which the forces of the marketplace will never have a chance to work.

The airbag, however, seems to be about as much in demand as the Edsel. The big difference is that the market worked its will on that automotive dinosaur.

The air bag proposal is a classic example of the Federal Government's ability to go in at least two directions at once. In spite of fuel economy regulations, we find that the installation of air bags will result in added weight and a reduction in fuel economy. In fact, the Ford Motor Co. estimates an annual penalty of approximately 700 million gallons of gasoline, including 100 million used in air bag manufacture.

Further, in spite of the administration's spending billions of dollars to create Federal jobs for the unemployed, the air bag proposal may actually cost the economy jobs. The increase in automobile cost will mean that fewer cars will be bought and 45,000 jobs across the Nation will be lost, according to a Ford Motor Co. report.

We must also question the figures used by the Secretary of Trasportation concerning the number of lives saved. He says that 9,000 lives per year would be saved by air bags. According to one study conducted by Dr. David Potter of the General Motors Corp., "the hard data we have says that the number is too high," and that his information would indicate that "between two and three thousand" lives may be saved by air bags.

The Council on Wage and Price Stability commissioned a study by Dr. Lawrence Goldmuntz who stated that available information is just not available to determine that air bags would be "sufficiently effective in the mitigation of injuries and fatalities to warrant their being mandated as a substitute for even the voluntary use of three-point harnesses."

If we accept the figures of the Secretary of Transportation and agree for a moment that 9,000 may be saved annually, then we are saying that we commit the Nation's economy to spending about $5,00,000 per life saved. If we use the figures in the GM study, and perhaps 3,000 lives are saved per year, then the cost goes up to $1.5 million. We cannot put a price tag on a human life; but there are many lifesaving endeavors to which we cannot devote billions of dollars. In spite of the pronouncements of some politicians, the Nation's resources are very finite; and some priorities must be made. Compared to the proposal by Secretary Adams, the skyrocketing costs of lifesaving hospital expenses seem trivial.

Now, all the experts acknowledge that the lap and shoulder belt, when used, are safer than air bags. Even the layman knows they are a lot cheaper. It is a question of whether people will use them. Congress spoke in 1974 when it forbade the Department of Transportation to continue requiring seatbelt and ignition interlocks. People would not stand for it.

In other words, people want the option of saying, "Yes, I will protect myself," or "No, I choose to take the risk." It is with the individual that the choice must ultimately lie.

If Secretary Adams proposes to require tanklike cars that will shield their occupants from every possible danger, perhaps he can devise even more costly and elaborate devices. He could also propose that traffic be slowed down to a crawl. But, how far can it go? How far will we allow Federal bureaucrats to dictate by fiat how our money will be spent and how our transportation will be regulated?

The safest car in the world is one that does not move at all. The cost of one that does not run is minimal. Probably one could get several from junkyards for the price of one air bag system. Perhaps that is what we should require: That all drivers have a perfectly safe car in their driveways, one that does not run, one that just sits there on cement blocks.

But the situation is not a joking matter. It is one that entails the use of massive amounts of resources; and it entails important issues of personal freedoms; and it entails important questions of the power the anonymous regulators have over our daily lives.

There is a dramatic parallel here between two Federal behemoths: the Food and Drug Administration and the Department of Transportation.

If the FDA were presented with a proposal that would simply allow a substance to be marketed that promised to do some good, it would require massive amounts of testing; and then, if it were found that some injury could result, the substance would not be allowed to be marketed.

In other words, massive testing of a product would be required—testing that has not been done on air bags. Only 10,000 cars have been driven in everyday traffic with these devices, and 132 have been deployed. Some lives may have been saved by these devices. Some injuries may have been avoided. But we know too that some injuries may be attributable to air bag deployments. And, we remain in the dark as to how many people we have lulled by a false sense of security into not fastening seatbelts. We do not know if the lives saved would have been saved if seatbelts were used.

Efficacy is another area in which air bags fall short. The National Highway Traffic Safety Administration itself predicts that at most, air bags alone will be only two-thirds as effective in preventing fatalities and serious injuries as lap-shoulder belts.

The point is this: If the above facts applied to a substance before the Food and Drug Administration, that new product would never be allowed on the U.S. market. The air bags clearly do not fit the description of a totally benign substance that causes no injury; and that would keep it off the market were it a drug or food additive. And, the air bag is about to be required without even a full test of effectiveness; and the FDA would keep it off the market if it were under that Agency's authority.

INSPECTOR LEONARD BALLARD HONORED BY FRIENDS AND COWORKERS ON COMPLETION OF 30 YEARS OF SERVICE WITH CAPITOL POLICE

Mr. RANDOLPH. Mr. President, public service is a phrase that is often loosely applied. So it is a special pleasure for me to point to a person who epitomizes the true meaning of public service.

Inspector Leonard Ballard is a familiar figure on Capitol Hill, and one who gives an extra measure of courteous attention to tourists and visitors. Recently, Inspector Ballard marked 30 years of service with the Capitol Police. He was honored at a testimonial dinner given by his friends and fellow officers.

His career encompasses an exciting period in our Nation's history. Of the 22 State funerals held in the Rotunda, Inspector Ballard has been present in an official capacity at 10—more than any other American. He has participated in eight Presidential Inaugurations.

He is the first man in the history of the Capitol Police force to rise from the rank of private to the rank of Inspector, serving for a brief period as Chief of Police, during the absence of the retiring chief.

Inspector Ballard, a native of Alderson, W. Va., came to Capitol Hill after Army service during World War II. He served with the 9th Infantry Division and was twice wounded in combat.

This splendid citizen first received a 30-day appointment with the Capitol Police, and three decades later he is still in uniform. He is the oldest man in point of service and has been late in reporting to duty only one time during his work on the Hill, and has never used a day of sick leave. During the greater part of his tenure, he has been stationed in the Capitol.

Aside from his official duties, Inspector Ballard serves as a goodwill ambassador for our State of West Virginia. Friends and visitors from the Mountain State return with such good stories that requests for his aid and guidance have multiplied.

His intimate knowledge of the Capitol

and familiarity with its workings resulted in his selection as a principal collaborator on "We, The People," a definitive study of the Capitol published by the U.S. Capitol Historical Society.

A recent article in the Washington Star described Inspector Ballard as "almost universally known and liked." Mr. President, I am sure that colleagues will agree with that assessment, and join with me in saluting this outstanding officer and gentleman.

CONSTITUTION OF PUERTO RICO

Mr. MOYNIHAN. Mr. President, today is the 25th anniversary of the adoption of the Constitution of the Commonwealth of Puerto Rico. On July 25, 1952 the people of Puerto Rico adopted Commonwealth status and began functioning under their own freely elected government and with their own popularly elected Governor, Luis Munoz-Marin. I rise to congratulate them on this historic occasion and to join with them in celebrating this joyous event. To the over 3 million Puerto Ricans on the island, to the 2 million on the mainland, I extend my very best wishes.

The constitution which they adopted that day and which governs Puerto Rico today contains the same democratic principles, embodies the same concepts of human rights, is indeed an extension of the Constitution of these United States. The people of Puerto Rico can be justly proud of their achievements under that constitution. There are problems in Puerto Rico today, notably the problem of staggering unemployment, but much progress has been made—in education, health, housing, transportation and many other areas. Today Puerto Rico stands as a unique link between our English- and Spanish-speaking heritages, as a showplace of democracy in the Caribbean and as our partner in the most significant recent innovation in American federalism.

On the 25th anniversary of that remarkable partnership, I extend to the people of Puerto Rico felicidades y buena suerte.

MEDICAL FREEDOM OF CHOICE ACT WILL PROMOTE PRODUCTION OF EFFECTIVE PRESCRIPTION DRUGS

Mr. HELMS. Mr. President, as our drug regulatory system is now structured the Food and Drug Administration must determine that a prescription drug is both safe and effective before it may be used in the United States. The tremendous difficulty in proving a drug "effective" under FDA procedures has resulted in greatly increased costs to the consumer, decreased competition and innovation in the drug industry, and significant delay in the marketing of new drugs. Most importantly, this self-imposed "drug-lag" has resulted in needless suffering for millions of Americans in need of medical treatment.

Bureaucratic over-regulation which is today blocking the use of important, new, effective drugs stems from the "effectiveness" provision of the 1962 amendments to the Food, Drug, and Cosmetic Act. The adverse affect of this legislation upon American producton of prescription drugs is dramatic. American production of new drugs has fallen from an average of 43 per year before 1962 to 13 per year, with many drugs entering the American market 4 to 6 years after successful use in Europe. In many instances, the most effective medications are available only to those wealthy enough to travel outside the United States to obtain treatment with prescription drugs still banned here.

Several weeks ago, Prof. Yale Brozen of the Graduate School of Business of the University of Chicago addressed the subject of excessive Federal regulation of prescription drugs before the National Coordinating Council for Constructive Action in Los Angeles. In this study, Professor Brozen found that the 1962 amendments have reduced the number of new prescription drugs to one-third the number annually introduced before the "effectiveness" requirement was added. He also concluded that the 1962 amendments have failed in their purpose to remove all so-called "ineffective" drugs from the American market in that the instances of ineffectiveness for new drugs marketed with FDA approval have remained constant. Finally, Professor Brozen calls for the repeal of the 1962 amendments to substantially increase the number of important, new, effective drugs in the United States.

Last month, I introduced S. 1683, the Medical Freedom of Choice Act to repeal the so-called "effectiveness" requirement of the 1962 amendments so as to make safe and effective drugs readily available to the American public. If enacted, this legislation would return consideration of a new drug's effectiveness to the pre-1962 policy when "effectiveness" was considered in light of the drug's safety. The American public will still be assured of drugs which have been rigorously tested for safety and "effectiveness" will again be considered by FDA as part of that review, under this legislation.

Mr. President, because of the significant contribution Professor Brozen's speech makes regarding the problems of over-regulation by FDA, I ask unanimous consent that excerpts from his address be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE AMERICAN DRUG INDUSTRY: PRIVATE ENTERPRISE OR PUBLIC UTILITY

(By Yale Brozen)

. . . That brings me to an analysis of the 1962 amendments to the Food, Drug, and Cosmetic Act. These amendments were designed with one of their major purposes being to save patients money. This was to be accomplished by forcing drug companies to prove to the Food and Drug Administration's satisfaction that any drug they proposed to market would be effective in treating some specific set of indications before they would be allowed to market it. In this way, presumably, doctors would no longer have ineffective drugs available to prescribe and patients would no longer waste money buying ineffective drugs prescribed by their doctors.

Let me tell you first what the net result of these amendments has been in terms of patient costs and the availability of *effective* means of treating patients. Then I will describe the reasons for the bizarre outcome of these amendments.

First, it is true that the number of ineffective drugs being brought to market has been cut by two-thirds . . .

What must be realized, however, is that the number of ineffective new drugs coming to market has been cut by two-thirds because the total number of new drugs coming to market in the U.S. annually has been cut by two-thirds.[5] The result that has been produced by the 1962 amendments and their administration by the FDA could have been produced by arbitrarily picking two-thirds of all new chemical entities that were coming to market before 1962 and barring them. There has been *no change in the incidence of ineffectiveness* among new drugs.

The only change brought about by the 1962 amendments is a great decrease in the number of new pharmaceuticals brought to market each year—both effective and ineffective. It may be added that since the benefits of effective new drugs far outweigh the losses from ineffective new drugs or new drugs less effective than those already available—these losses being trivial even before 1962—the net result is that patients are suffering whose suffering would be alleviated if it were not for the 1962 amendments. Lives are being lost which would have been saved if these amendments had never been enacted and the new regulation imposed.[6]

The 1962 amendments are causing a loss of lives and a prolongation of morbidity for two reasons. One lies in the fact that the FDA requires such abundant evidence for proof of efficacy, one of the new requirements laid down in 1962 by Congress, that the clinical trial period necessary to develop the evidence required for an acceptable new drug application (NDA) has been increased from two years prior to 1962 to six years since.[7] In addition, the time between filing and approval of an NDA has increased from seven months to twenty-seven months. This means that new drugs reach the market six years later under the new requirements than they did under the old law. (During the six years, these drugs become available abroad while still unavailable in the U.S. Patients and their doctors hear about those drugs which are superior to anything available in the U.S. and demand them from the pharmaceutical manufacturers. But the drug manufacturers cannot respond to this demand until the FDA permits them to do so. The industry, then, is caught between the demands of patients on the one hand and the strictures of the FDA on the other. And it seldom receives much sympathy or help from the FDA in getting these drugs to market for reasons discussed later.)

The second reason the 1962 amendments are causing a loss of lives and a prolongation of morbidity is that many new drugs are not invented under the new regime that would have been under the old. So much of our research resources are being devoted to satisfying the new requirements for premarketing

[5] H. G. Grabowski, *Drug Regulation and Innovation* (Washington: American Enterprise Institute for Public Policy Research, 1976).

[6] Professor William Wardell's study of the lags in the introduction of new drugs in the U.S. cites, as one example, the five year delay in the appearance on the U.S. market of a benzodiazepine hypnotic. If it had been available in the U.S. as it was in Great Britain during those five years, Professor Wardell estimates that 1,200 lives would have been saved. "Therapeutic Implications of the Drug Lag," *Clinical Pharmacology and Therapeutics*, vol. 15, no. 1 (Jan. 1974), p. 83.

[7] H. Clymer, "The Changing Costs and Risks of Pharmaceutical Innovation," in J. D. Cooper, ed., *The Economies of Drug Innovation* (Washington: American University, 1970), pp. 115–116.

evidence that less than one-half as many drug projects can be undertaken despite stepped up research spending by the pharmaceutical industry. It now costs about $23,000,000 (1970 dollars) to bring the average new drug to the U.S. market under the present regime whereas under the old law the cost would be less than $12,000,000. (Even when a drug has proven itself in medical practice in other countries and it is universally acclaimed as the drug of choice for treating some condition, a firm would have to spend another $5,000,000 to obtain clearance for marketing in the U.S. This is patently absurd.) This simply means that our research resources cannot produce as many new drugs and many are never discovered or invented which could have saved lives.

What I want to do here, however, is not to detail specific instances of needless deaths and prolonged illnesses or suffering caused by the U.S. style regulation of pharmaceutical innovation. That has been done elsewhere by competent observers—physicians and pharmacologists—who have pointed to drugs available abroad—often drugs of choice—which are unavailable in the United States and for which, frequently, no adequate substitute is available in the United States.[9] Stories have appeared in the press with increasing frequency recounting specific instances—some as recently as in the past month. On May 22, for example cimetidine was discussed in the Chicago Tribune. The story pointed out that the drug "produces healing in 80 to 85 percent of patients with duodenal ulcers and 69 percent of patients with gastric ulcers. Healing time takes about one month." The drug is available in Canada, England, and Europe, but the FDA has not approved it for use in this country.[10] And on May 30, The National Observer reported on "valproac acid, or DPA, used widely in Europe for a decade and considered there to be not only as effective as but also safer than other anticonvulsants used to treat epilepsy. But the one U.S. drug company authorized to develop it here has not yet gotten government approval to market it. . . . Dr. Peter Jeavons, a British neurologist, recently recently reported . . . that by using DPA . . . on patients who had never responded to drugs, he was able to free 40 percent from all epileptic seizures.[11]

My mission today is to examine some of the assumptions underlying the U.S. regulatory approach—not to report the scandalous consequences of U.S. regulation for the health of patients and the cost of medical care. The major regulatory assumption is that pharmaceutical companies find it profitable to develop and market ineffective drugs and, therefore, launch barrages of such drugs which waste the money of patients seeking treatment from their doctors . . .

What neither Congress nor FDA officers recognize is that the drugs that are most profitable for manufacturers are those that are safest and most effective. Drugs that turn out to be too toxic to risk taking for the benefits they produce and that must be voluntarily recalled to avoid damage payments are extremely costly to marketers in both damage payments and recall cost. Pharmaceutical manufacturers, therefore, have strong incentives to keep such drugs off the market. Mistakes do happen, of course, even with FDA monitoring, and these mistakes demonstrate how unprofitable unsafe or ineffective drugs are.

Underlying the assumption by Congress and the FDA that manufacturers find it profitable to launch ineffective products is the implicit assumption that doctors are dopes. Congress and the FDA implicitly assume, in thinking it necessary to force manufacturers to prove effectiveness before allowing them to market a product, that doctors are gullible fools who can be persuaded by smart salesmanship and specious claims to prescribe ineffective drugs for their patients. But doctors do observe whether their patients derive any benefits from the drugs they prescribe. They see fairly quickly whether or not a drug is effective. And we find that the ineffectiveness of any drug is fairly quickly discovered and that it fades from the market. Effective drugs, on the other hand, become firmly established and win an increasing role as observation by prescribers confirms their effectiveness . . .

Post-1962 regulation of the American pharmaceutical industry is preventing our most cost-effective medical technology from being applied to the reduction of morbidity and mortality. If President Carter is truly interested in restraining the rise in the cost of medical care, there is a much more effective method than imposing ceilings on hospital rates and physician fees. A repeal of the 1962 amendments to the Food, Drug, and Cosmetic Act would cut the cost of developing new drugs by one-half,[17] would more than double the rate of introduction of new chemical entities, and would provide much less expensive methods for treating many conditions ranging from gall stones and epilepsy to cardiac disease than those now in use. By one estimate, it may be possible to reduce the cost of heart disease and cancer alone by $22 billion if drugs are developed which would cut mortality by 10 percent.[18] That achievement is much more likely to occur by reverting to the pre-1962 regulation of pharmaceutical innovation than by continuing with the present regulation.

[9] Louis Lasagna and William Wardell, *Regulation and Drug Development* (Washington: American Enterprise Institute for Public Policy Research, 1975).

[10] "U.C. Tests 'Spectacular' Drug for Healing Ulcers," *Chicago Tribune*, May 22, 1967.

[11] "U.S. Law Bans Needed Medicine, So They Smuggle for Mercy," *The National Observer*, May 30, 1977.

[17] Peltzman, *op. cit.*, p. 112, n. 3; M. N. Baily, "Research and Development Cost and Returns: The U.S. Pharmaceutical Industry," *Journal of Political Economy*, vol. 80 (Jan./Feb. 1972).

[18] Peltzman, *op. cit.*, p. 70.

VIOLATIONS OF MINORITY RIGHTS IN ROMANIA

Mr. PELL. Mr. President, as co-chairman of the Commission on Security and Cooperation in Europe, I wish to draw to the attention of my colleagues the issue of minority rights in the Helsinki Final Act. This is an aspect of the Final Act which, unfortunately, has not attracted sufficient public attention as preparations are made to review in Belgrade this fall the progress made in implementing the various provisions of the Final Act.

Principle VII of the Final Act states that—

The participating States on whose territory national minorities exist will respect the rights of persons belonging to such minorities to equality before the law, will afford them the full opportunity for the actual enjoyment of human rights and fundamental freedom and will, in this manner, protect their legitimate interests in this sphere.

These are fine words; but in the case of Romania, the practice has fallen far short of the promises made in Helsinki. In Romania, large communities of ethnic minorities exist, most notably some 2.5 million Hungarians. The Committee for Human Rights in Romania recently ran an ad in the New York Times setting forth the committee's views on how Romania has violated the rights of minority citizens.

I am very concerned about the allegations raised by the Committee for Human Rights in Romania, as they strike at the very heart of what the Helsinki Final Act was concerned with in the human rights area. The committee's allegations also impinge directly on the Congress consideration of granting continued most-favored-nation tariff treatment to Romania. The Romanian Government should be aware that failure to improve its record in the treatment of minorities could jeopardize its case for continued most-favored-nation treatment.

Mr. President, I ask unanimous consent that the full text of the statement of the Committee for Human Rights in Romania, which appeared in the New York Times of July 17, 1977, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

RUMANIA: MAVERICK—OR MONSTER

The Rumanian government wants you to believe that it is the maverick of the Soviet bloc. For years, it has conducted a clever public relations campaign to create the image of an independent-minded, liberal regime struggling against Soviet domination.

A Columbia University scholar, Vladimir Socor, recently described the Rumanian government's technique:

In lieu of substantiation by actual policies, the nationalistic rhetoric, along with leaks and "confidences" elaborately disseminated by Bucharest to the Western press, officials and ranking visitors, have been accepted as evidence of an independent foreign policy. . . . As a result the West has afforded Bucharest, through exchanges of official visits and favorable publicity, an international respectability unprecedented for a Communist government. ("The Limits of National Independence in the Soviet Bloc: Rumania's Foreign Policy Reconsidered", Orbis, Fall 1976, p. 729.)

Eager to find chinks in the Iron Curtain, the American media has embraced the myth of progressive Rumania. And Washington has given Rumania vital commercial credits and loans and "most-favored-nation" status.

IS THE UNITED STATES FAVORING A MAVERICK OR A MONSTER?

"The population of 'independent Rumania' enjoys the least degree of political liberalization or economic reform, and remains subject to the tightest controls, in the Soviet bloc." (Socor, p. 729.) Last October 23rd, Tad Szulc wrote in the New Republic, "Children between the ages of four and seven . . . are being organized as 'the Homeland's Falcons' as part of a sweeping nursery-to-grave program designed to regiment Rumania under the twin banners of harsh Communist ideology and extreme nationalism." In fact, the Bucharest regime is the only Eastern bloc government to have retained Stalinism in its pure form.

The pressure of Rumanian tyranny is most strongly felt by the country's 3.5 million minority citizens, who are subject not only to the Communist terror, but also to an increasingly brazen campaign of forced assimilation.

After World War I, as a reward for her timely switch to the side of the victors, Rumania was awarded the multinational region of Transylvania, previously under Hungarian sovereignty for one thousand years, As a result, Rumania today is a multinational state: Its citizenry includes 2.5 million Hungarians

(the largest national minority in Europe), 400,000 Germans, 80,000 Jews, and Ukrainians, Americans, Serbs, Greeks, Bulgarians, Turks and others.

Instead of taking advantage of this rich cultural diversity, the Rumanian government looks upon it as a threat. According to a recent article in the London Sunday Times ("Rumania's Oppressed Minority", April 17, 1977), "Rumania's unstated but unmistakable aim is to become a state without any minorities. The evidence . . . is of a campaign to eliminate the Hungarian intelligentsia and skilled working class, which has a strong national consciousness and cultural traditions, and to break up the cohesion of Hungarian districts."

FAIR TREATMENT OF MINORITIES IS MORE THAN A MORAL OBLIGATION

Rumania has ratified the United Nations Covenant on Civil and Political Rights which, in Section 27, provides for the rights of ethnic, religious and linguistic minorities. Rumania is also a signatory of the Helsinki Final Act, which recognizes the rights of national minorities.

Yet the Rumanian government consistently and systematically violates the rights of minority citizens:

1. Discrimination in the educational system. The Rumanian government has eliminated many Hungarian schools and has set discriminatory quotas to strictly limit the number of minority language classes (Decree-Law 278/May 11, 1973).

2. Elimination of Hungarian universities. In 1959, the 378 year-old Hungarian university at Kolozsvar was arbitrarily merged with the Rumanian Babes University, and 2.5 million Hungarians, heirs to a long tradition of scholarship, were denied the right to an independent university.

3. Dissolution of ethnic communities. Skillfully manipulating its monopoly on the labor and housing markets, Bucharest systematically disperses minority professionals and workers to jobs in disparate regions of the country.

4. Suppression of bilingualism. Although Rumania is clearly a multinational state, Rumanian is the only language used in the government bureaucracy and the courts—in open violation of Section 22 of Rumania's own constitution.

5. Curtailment of cultural opportunities. The Rumanian government has gradually curtailed or eliminated thriving Hungarian theaters, museums, libraries, cultural institutions and associations.

6. Falsification of census data. The Rumanian authorities manipulate census data so as to statistically annihilate at least 30% of the minority population.

7. Confiscation of minority archives. In an effort to eradicate the history of minority cultures, the historic archives of minority churches and institutions have been summarily confiscated and removed to state warehouses (Decree-Law 206/1974, amending Decree-Law 472/1971, and Act No. 63/November 2, 1974).

8. Harassment of minority churches. The Rumanian government deliberately interferes in ecclesiastical matters to undermine minority churches—the last bastions of ethnic heritage.

9. Obstruction of contacts with non-Rumanians. The Bucharest regime prohibits the accommodation in private homes of any non-Rumanian citizen, except members of the immediate family, so as to isolate minority citizens from their non-Rumanian friends and relatives (Decree-Laws 225/1975 and 372/1976).

10. Distortion of minority history. The Rumanian Communist Party produces and disseminates its own version of history, in order to suppress, distort or expropriate the heritage and indigenous culture of minorities.

In effect, the Communist Rumanian government is engaging in cultural genocide against its 3.5 million minority citizens.

The United States has granted trade benefits to Rumania. Those benefits are supposed to be subject to the Jackson-Vanik Amendment to the Trade Act of 1974. Jackson-Vanik assures "the continued dedication of the United States to fundamental human rights." But as evidenced by the yearly Congressional re-examination of Rumania's performance under the Act's provisions, the only human right that really interests Congress is the right of free emigration.

Most of Rumania's 3.5 million minority citizens do not want to emigrate. For Rumanian Jews, emigration means the right to return to their ancient homeland. But for the rest of the minorities, emigration would be tantamount to expulsion. They are in their ancient homeland. Their human rights have to be protected there.

The Carter Administration has now declared that the attitude of the United States toward another country is greatly influenced by that country's performance in the entire spectrum of fundamental human rights. This policy applies particularly to countries which benefit from American aid or commercial favors, and Congress has endorsed it on several occasions.

Under President Carter's human rights policy, the United States has acknowledged the problem of minorities in Rumania and has begun to take diplomatic initiatives in their interest. But the Rumanian government has intensified its effective lobbying efforts—trying to buttress the myth that it is a maverick in the Soviet bloc. And Rumania continues to depend on commercial credits and favors from the United States, while arrogantly ignoring our country's efforts to promote human rights.

REPORT OF THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. RANDOLPH. Mr. President, pursuant to section 302(b) of the Congressional Budget Act, I wish to report for the information of the Senate the direct spending jurisdiction and entitlement programs that require appropriations action during fiscal year 1978 of the Committtee on Environment and Public Works, and I ask unanimous consent that the report be printed in the RECORD

There being no objection, the report was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS REPORT TO THE SENATE PURSUANT TO SEC. 302(B) OF THE CONGRESSIONAL BUDGET ACT

[In millions]

Program	Fiscal year 1978			
	Direct spending jurisdiction		Entitlement programs that require appropriations action	
	Budget authority	Outlays	Budget authority	Action outlays
1. Federal-aid highways (404):				
Subcommittee on Transportation:				
Controllable	$6,839	$1		
All other (appropriations trust fund)	5			
2. Economic development (450):				
Subcommittee on Regional and Community Development:				
Controllable	45	45		
All other				
3. Pollution control (300):				
Subcommittee on Environmental Pollution:				
Controllable				
All other	4	4		
4. Water resources development (300):				
Subcommittee on Water Resources:				
Controllable				
All other	44	42		
5. Fish and wildlife (300):				
Subcommittee on Resource Protection:				
Controllable				
All other	115	109		

ORDER FOR RECOGNITION OF SENATOR DOLE TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of Senator THURMOND tomorrow, the Senator from Kansas (Mr. DOLE) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

REMOVAL OF INJUNCTION OF SECRECY, EXECUTIVE L, 95TH CONGRESS, 1ST SESSION—MESSAGE FROM THE PRESIDENT

Mr. ROBERT C. BYRD. As in executive session, I ask unanimous consent that the injunction of secrecy be removed from the protocol relating to intervention on the high seas in cases of marine pollution by substances other than oil, adopted at London on November 2, 1973 (Executive L, 95th Congress, first session) which was sent to the Senate today by the President, that the protocol be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President is as follows:

To the Senate of the United States:

I herewith transmit for your consideration the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other than Oil, 1973. I am also transmitting a report on this Protocol from the Department of State.

The Protocol complements the 1969 International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties by providing that, under certain circumstances, governments may take action on the high seas to protect the interests of their coastal areas from marine pollution caused by substances other than oil. A list of such substances, compiled by the Inter-Governmental Maritime Consultative Organization, accompanies the Protocol. Under the terms of the Protocol, the list can be amended to reflect future technological developments.

The Protocol is evidence of awareness by the international community that oil is not the only potential source of marine pollution, and that steps must be taken to prevent or reduce damage from other substances as well. I recommend that the Senate advise and consent to its ratification.

JIMMY CARTER.

THE WHITE HOUSE, *July 25, 1977.*

AUTHORITY TO FILE A REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to have until midnight tonight to file a report.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders Nos. 331, 332, and 333.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object, we will not object; the matters referred to by the distinguished majority leader have been cleared on this side of the aisle for consideration and passage.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader.

The PRESIDING OFFICER. The clerk will state the first bill.

DOMESTICATED RABBIT MEAT INSPECTION

The Senate proceeded to consider the bill (H.R. 2521) to provide for the mandatory inspection of domesticated rabbits slaughtered for human food, and for other purposes, which had been reported from the Committee on Agriculture, Nutrition, and Forestry with amendments, as follows:

On page 2, line 19, to strike "date of enactment" and insert "effective date";

On page 3, line 14, to strike "1977" and insert "1978";

So as to make the bill read:

H.R. 2521

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, except as provided in section 2 of this Act, all the penalties, terms, and other provisions in the Poultry Products Inspection Act (71 Stat. 441; 21 U.S.C. 451–470) are hereby made applicable (1) to domesticated rabbits, the carcasses of such rabbits, and parts and products thereof, and to the establishments in which domesticated rabbits are slaughtered or in which the carcasses, or parts or products thereof, are processed, (2) to all persons who slaughter domesticated rabbits or prepare or handle the carcasses of such rabbits or parts or products thereof, and (3) to all other persons who perform any act relating to domesticated rabbits or other carcasses of such rabbits or parts or products thereof, and who would be subject to such provisions in such acts related to poultry or the carcasses of poultry, or parts or products thereof; and such provisions shall apply in the same manner and to the same extent as such provisions apply with respect to poultry and the carcasses of poultry, and parts and products thereof, and to persons who perform acts relating to poultry, the carcasses of poultry, or parts or products thereof.

SEC. 2. (a) The provisions in paragraph (a)(2) of section 15, section 24(a), and section 29 of the Poultry Products Inspection Act shall not apply with respect to domesticated rabbits or the carcasses of such rabbits, or parts or products thereof. The two-year period specified in paragraph (c)(1) of section 5 of such Act and the periods contemplated by paragraph (a)(4) of such section shall commence upon the effective date hereof, with respect to domesticated rabbits and the carcasses of such rabbits, and parts and products thereof; and in applying the volume provisions in paragraphs (c)(3) and (c)(4) of section 15 of such Act, the volume restrictions applicable to poultry shall apply to domesticated rabbits.

(b) For purposes of this Act—

(1) wherever the term "poultry" is used in the Poultry Products Inspection Act, such term shall be deemed to refer to domesticated rabbits;

(2) wherever the term "poultry product" is used in the Poultry Products Inspection Act, such term shall be deemed to refer to domesticated rabbit products;

(3) the reference to "domesticated bird" in section 4(e) of the Poultry Products Inspection Act shall be deemed to refer to domesticated rabbit; and

(4) the reference to "feathers" in section 9(a)(4) shall be deemed to be "pelt".

SEC. 3. This Act shall become effective on October 1, 1978.

SEC. 4. The provisions hereof shall not in any way affect the application of the Poultry Products Inspection Act in relation to poultry, poultry carcasses, and parts and products thereof.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–355), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

BACKGROUND AND NEED FOR LEGISLATION

I.

The raising and processing of domestic rabbits as an added source of meat in the diet is a growing industry. Consumers of this product do not, however, always have the assurance that it is wholesome, unadulterated, and correctly labeled. This assurance is presently given with respect to meat and poultry products.

II.

The U.S. Department of Agriculture, under the Agricultural Marketing Act of 1946, currently makes Federal inspection available to the rabbit industry through a voluntary program paid for by the processors who have elected to request inspection. However, there is no Federal law requiring the inspection of rabbit meat by the U.S. Government. Where the voluntary inspection program is in effect, Federal inspectors conduct antemortem inspection of the live rabbits and postmortem inspections of the dressed meat.

Based on information supplied by the Department of Agriculture, production of domesticated rabbit meat in calendar year 1976 under the voluntary inspection program was an estimated 2.746 million pounds. The Department estimates that this figure would increase by just over 5 million pounds a year under the mandatory inspection program provided in H.R. 2521.

In addition, the Department estimates that annual imports of domesticated rabbit meat, mainly from the People's Republic of China and Poland, were approximately 1.7 million pounds in calendar year 1975 and 0.876 million pounds in calendar year 1976. Little or nothing is known about the quality of rabbit inspection in the People's Republic of China and Poland, the principal exporters of rabbits to the United States. Under the proposed legislation, such rabbits would be required to be prepared under standards at least equal to those in the United States.

Imported domesticated rabbit meat is subject to inspection by the Food and Drug Administration (FDA) to determine compliance with the requirements of the U.S. pure food laws. However, it does not appear that all shipments are inspected, and it is not clear whether laboratory bacterial testing is conducted on all inspections performed by officials of that agency.

III.

Rabbits are susceptible to most of the diseases and conditions found in other animals and some diseases that are transmissible to man. However, rabbits can now be sold in many States without any form of inspection. Under the present system of Federal voluntary inspection, it is possible that only the better rabbits are presented for inspection with the others being sorted out and disposed of in a facility where there is no inspection.

Thus, it would appear that of the approximately 5 million pounds of domesticated rabbit which would be inspected under the bill, nearly 1 percent is coming from the People's Republic of China, and 40 percent, or 2 million pounds, is under some type of State sanitation, inspection, or other program. Although there are some State rabbit meat inspection programs in effect, it appears from the information supplied by the Department that the standards required are uneven and the enforcement of standards varies from State to State.

IV.

The committee believes that the American consumer should have the protection of adequate inspection insofar as rabbit meat is concerned, just the same as in the case of meat and poultry. H.R. 2521 provides such protection by making the inspection of rabbit processing mandatory and assuring the uniform certification of the wholesomeness of all rabbit products offered the consumer.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RESTRICTIONS ON IMPORTED TOMATOES

The bill (S. 91) to amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence (1) by inserting after "eggplants" a comma and the following: "or regulating the pack of any container of tomatoes" and (2) by inserting a comma and "and in the case of tomatoes any provisions regulating the pack of any container," after "provisions" wherever it appears, and in the fourth sentence by inserting a comma and "and with respect to imported tomatoes such restrictions on the pack of any container," after "classifications".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95-356), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SHORT EXPLANATION

S. 91 would amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to require that imported tomatoes conform with pack-of-container standards imposed on domestic tomatoes under marketing orders.

BACKGROUND AND NEED FOR LEGISLATION

I.

Marketing agreement and order programs are authorized by the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937. Marketing agreements and orders help to stabilize prices, and benefit producers and consumers by establishing and maintaining orderly marketing conditions. Appendix 1 of this report contains detailed information concerning the operation of the marketing agreement and order programs.

II.

Section 8e of the act requires that imports of selected commodities—including tomatoes—meet the same minimum grade, size, quality, or maturity standards imposed on domestic shipments under a marketing order. However, the Department of Agriculture construes section 8e as not authorizing the application of "pack" restrictions to imported tomatoes that are imposed by Federal marketing orders on shipments of tomatoes produced in the United States. The legal opinion on which the Department bases its construction is contained in appendix 2 of this report.

The Department's interpretation of section 8e has resulted in the promulgation of regulations which allow foreign shippers to ship tomatoes of varied size, grades, and maturities in a single container, a practice which is forbidden to domestic producers. This unequal treatment of foreign and domestic producers is detrimental to the U.S. tomato grower and disruptive to the U.S. tomato market.

S. 91 would, therefore, clearly authorize requirements that different grades or sizes of tomatoes be packed in separate containers.

COMMITTEE CONSIDERATION

The provisions of S. 91 are identical to the provisions contained in S. 2440, a bill reported by the committee during the 94th Congress.

Hearings were held on S. 2440 on June 17, 1976, by the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices. S. 2440 passed the Senate and was referred to the House Committee on Agriculture but was not acted upon.

DEPARTMENTAL VIEWS

In a letter to Chairman Talmadge dated May 20, 1977, the Deputy Secretary of Agriculture stated that the Department opposes enactment of S. 91. The letter reads as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 20, 1977.

HON. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter requesting a report on S. 91, a bill to amend section 8e of the Agricultural Marketing Agreement Act of 1937, as amended. The effect of this bill would be to require imported tomatoes to conform with pack of container standards imposed on domestic tomatoes under marketing orders.

The Department recommends against enactment of this legislation. Although it might be of some value in precluding deceptive packaging, it is clear that the bill's benefits would not offset its negative aspects. The original basic concept of section 8e was to provide for comparable quality of product from both domestic and foreign sources. U.S. producers argued that they were being frustrated in their attempts to improve the quality of products on the domestic market because of low quality imports.

Section 8e now requires that imports of selected commodities meet the same minimum grade, size, quality, or maturity standards imposed on domestic shipments under a marketing order. This proposed legislation would expand the statute's regulatory authority on imported commodities beyond quality-related factors. It would authorize requirements that different grades or sizes of tomatoes be packed in separate containers. This is not a quality regulation but rather a pack specification.

Tomatoes are imported from at least 10 countries. The packing facilities and trade practices differ among countries. It is not known whether pack of container regulations which may be appropriate for domestically grown tomatoes would be suitable for all imported tomatoes. For example, a requirement that different sizes of tomatoes be packed in separate containers might be useful for standardization purposes in the domestic industry while being impractical for foreign-grown tomatoes because of differences in mode of operation. The effect of this proposal would be to require all nations exporting tomatoes to the United States to comply with the packing practices in the United States.

We do not accept the idea that imported commodities should be made to comply with our packing requirements or other trade practices. As an exporter, the United States would not favor the imposition of such nontariff barriers on its products moving into foreign markets. Moreover, such an action might be considered inconsistent with the traditional U.S. role as a free trade advocate.

Additional costs to the Department resulting from the enactment of the proposed legislation would be absorbed within existing expenditures for marketing order programs.

Enactment of S. 91 would have no impact on the environment.

In accordance with rule XXIX of the Standing Rules of the Senate, dated February 4, 1977, enclosed is a regulatory impact statement on S. 91.

The Office of Management and Budget advises that there is no objection to the presentation of this report to the Congress and that enactment of S. 91 would not be consistent with the administration's objectives.

Sincerely,

JOHN C. WHITE,
Deputy Secretary.

Enclosure:

REGULATORY IMPACT EVALUATION

In accordance with subsection 5 of rule XXIX of the Standing Rules of the Senate, the committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 91.

S. 91 would require some adjustments in packing methods used in foreign tomato packinghouses which export tomatoes to the United States. Import regulations issued pursuant to S. 91 would normally be imposed during the period from mid-November through the following mid-June when most U.S. grown supplies originate in Florida. During that period in 1975–76, the United States imported about 600 million pounds of tomatoes, of which more than 99 percent originated in Mexico. It is estimated that there are about 130 packinghouses currently operating in Mexico. These Mexican plants packed 21 million containers of tomatoes for the U.S. export market in 1975–76.

Tomato grading and packing procedures are essentially the same in both Mexico and the United States. Tomatoes are washed, sorted by hand for grade, and by machine for size. During the sizing process, the tomatoes move over a series of sizing belts and are segregated into several classes, each having a minimum and maximum diameter. In Florida, the different size classes are packed separately using a mechanical volume fill method. But in Mexico, some of the size classes of tomatoes are mixed together in individual containers, which are packed by hand. In this country, tomatoes are generally packed in a 30-pound fiber carton or in 20-pound two-layer lugs. In Mexico, most tomatoes for export are hand packed in two- or three-layer lugs.

Enactment of S. 91 would cause some adjustments in packing methods used in tomato packinghouses located in Mexico and some other foreign countries which export packed tomatoes to the United States. However, there is no reliable information with which to determine the extent of such necessary adjustments or related costs.

Of the less than 1 percent of tomatoes imported into the United States from sources other than Mexico, most originate in the Caribbean Islands. These tomatoes generally enter the United States in bulk through Florida ports, are graded and sized in Florida packinghouses, and the packs conform to sizing regulations which may be in effect under a Federal marketing order regulating shipments of Florida tomatoes.

There would be no recordkeeping requirements on other individuals or the Federal Government required by S. 91.

S. 91 would have no effect upon the privacy of individuals affected.

COST ESTIMATE

In accordance with section 252 of the Legislative Reorganization Act of 1970, the committee estimates that the enactment of S. 91 would require only minimal, if any, additional Federal expenditures.

According to the Department of Agriculture, additional costs resulting from the enactment of the bill would be absorbed within existing expenditures for marketing order programs.

The Congressional Budget Office is also of the opinion that no additional cost to the Federal Government would be incurred.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL LIFE & CASUALTY CO.

The bill (S. 1765) for the relief of the Federal Life and Casualty Co. of Battle Creek, Mich., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 709 of title 18, United States Code, in the event of any reorganization, merger, or consolidation of the Federal Life and Casualty Company, Battle Creek, Michigan, which was originally incorporated in 1906 in the State of Michigan as the Federal Casualty Company, the surviving or successor entity shall be entitled to continue to use the word "Federal" in its new name.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95-357), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the legislation is that notwithstanding the provisions of section 709 of title 18, United States Code, in the event of any reorganization, merger, or consolidation of the Federal Life & Casualty Co., Battle Creek, Mich., the surviving or successor entity shall be entitled to continue to use the word "Federal" in its new name.

STATEMENT

Federal Life & Casualty Co., a licensed Michigan insurer which has used the word "Federal" for 70 years, proposes to merge into an existing affiliate, the Peoples-Home Life Insurance Co. of Indiana. Both of the foregoing insurers are now and will be at the time of the merger wholly owned subsidiaries of the Home Insurance Co., New York, N.Y.

It is proposed that the surviving insurer will use the name "Federal Home Life Insurance Co.," in order to reflect its origins and to utilize its valuable proprietary interest in the name "Federal" dating back to 1906.

In 1926, the Congress passed an act (18 U.S.C. 709) prohibiting the use of the word "Federal" as a portion of any corporate or trade name, with the proviso that the prohibition would not apply to any company "actually engaged in business under such name or title prior to the passage of this act." Section 709 also prohibits the use of the words "United States" and "reserve," except under the same "grandfather clause" circumstances.

The merger or consolidation of these companies must be approved by the insurance departments of both States where the respective insurers are domiciled, and the fairness and propriety of the merger are subject to full scrutiny by those regulatory authorities.

The proposed bill, which is carefully limited to the particular facts of this case, would merely permit the surviving insurer to continue to use the word "Federal" in its new name. The proposed legislation in no way authorizes the use of the word "Federal" in more than one corporate name, and there can be no proliferation of the word "Federal."

COST

The enactment of this legislation involves no direct additional expenditure to the Government.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table, Mr. President.

The motion to lay on the table was agreed to.

ORDER FOR RECESS UNTIL 12:30 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12:30 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF S. 926

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the two orders for the recognition of Mr. THURMOND and Mr. DOLE tomorrow, the Senate resume consideration of the public financing bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 12:30 p.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, Messrs. THURMOND and DOLE will be recognized each for not to exceed 15 minutes, after which the Senate will immediately resume consideration of the public financing bill. Votes may occur during the afternoon on amendments and/or motions in relation to that bill. I would imagine that the Senate will have another good afternoon of discussion, as it has had today. The Senate is not expected to be in late tomorrow. Other matters that are cleared for action may be taken up, if they will not take much time. Conference reports being privileged matters may also be called up.

RECESS UNTIL 12:30 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12:30 tomorrow afternoon.

The motion was agreed to; and at 6:01 p.m., the Senate recessed until Tuesday, July 26, 1977, at 12:30 p.m.

NOMINATIONS

Executive nominations received by the Senate July 25, 1977:

DEPARTMENT OF STATE

Benjamin H. Read, of the District of Columbia, to be Deputy Under Secretary of State.

POSTAL RATE COMMISSION

Simeon Miller Bright, of West Virginia, to be a Commissioner of the Postal Rate Commission for the term expiring November 22, 1982, vice Paul A. Miltich.

DEPARTMENT OF JUSTICE

Harvey N. Johnson, Jr., of Illinois, to be U.S. marshal for the northern district of Illinois for the term of 4 years, vice John J. Twomey, resigned.

Robert E. Raiche, of New Hampshire, to be U.S. marshal for the district of New Hampshire for the term of 4 years, vice Victor Cardosi.

George V. Grant, of New York, to be U.S. marshal for the southern district of New York for the term of 4 years, vice Thomas E. Ferrandina, resigned.

Hugh Salter, of North Carolina, to be U.S. marshal for the eastern district of North Carolina for the term of 4 years, vice James R. Durham.

HOUSE OF REPRESENTATIVES—*Monday, July 25, 1977*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Behold, I stand at the door and knock, if any one hears my voice and opens the door, I will come in to him.—Revelation 3:20.

Almighty God, who art the source of life and the sustainer of our lives come to new life within us as we enter upon the tasks of a new week. Give to us fresh vigor, firm faith, high purposes, and true wisdom. Above all make us conscious of Thy presence knowing that with Thee all worthy things are possible. Keep us from being satisfied with the second or third best when with patience and persistence the very best can be ours.

Bless our President, our Speaker, Members of Congress and those who labor with them. Grant unto them wisdom and courage for facing of these hours and the living of these days. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On July 19, 1977:

H.R. 6893. An act to amend title 4 of the United States Code to make it clear that Members of Congress may not, for purposes of State income tax laws, be treated as residents of any State other than the State from which they were elected.

On July 20, 1977:

H.R. 4585. An act to authorize appropriations for the Indian Claims Commission for fiscal year 1978; to facilitate the transfer of cases from the Indian Claims Commission to the United States Court of Claims; and for other purposes; and

H.R. 4992. An act to amend the Indian Financing Act of 1974 by revising the appropriations authorization for the Indian business development program.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6714), entitled "An act to amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that act, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6884), entitled "An act to amend the Foreign Assistance Act of 1961 to authorize international security assistance programs for fiscal year 1978, to amend the Arms Export Control Act to make certain changes in the authorities of that act, and for other purposes."

HOUR OF MEETING ON TUESDAY AND WEDNESDAY OF THIS WEEK

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the House may convene at 10 o'clock a.m. on Tuesday and Wednesday of this week.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I do so for the purpose of inquiring from the majority leader whether or not any of the considerable number of bills that were announced on Friday are still to be called up this week. It is my feeling that some of the legislation would be better never considered, and perhaps the House ought not to meet early to take up these kinds of bills. Could the gentleman from Texas enlighten me on that?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the distinguished gentleman.

Mr. WRIGHT. Mr. Speaker, I would have to say in all candor that it appears absolutely impossible to complete the entire schedule that was listed on the whip notice for this week and that was discussed on Friday last. Today we will take up the public works appropriation conference report, and then we will go back into consideration of the Agricultural Act, which has taken such an inordinate amount of time and has been so many times deferred and delayed. Then we begin debate on the black lung benefits bill.

Tomorrow we may bring up another conference report.

The Agricultural Act, according to the chairman of that committee, is going to take all day tomorrow, all day Wednesday, and into Thursday.

We would like to get to the consideration of the fair labor standards amendments bill, but we will not have time to reach all the legislation listed on the whip notice.

We will be fortunate if we accomplish what I have just detailed. We have decided that the Universal Vote Registration Act will just have to await our return after August; that bill will not come up this week.

Mr. BAUMAN. Mr. Speaker, with that welcome announcement as to the withdrawal of instant voting, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The House will meet tomorrow at 10 a.m. and on Wednesday at 10 a.m.

CONFERENCE REPORT ON H.R. 7553, PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, FISCAL YEAR 1978

Mr. BEVILL. Mr. Speaker, I call up the conference report on the bill (H.R. 7553) making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 20, 1977.)

Mr. BEVILL (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The gentleman from Alabama (Mr. BEVILL) is recognized for 30 minutes, and the gentleman from Indiana (Mr. JOHN T. MYERS) is recognized for 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring you today the conference report on the bill (H.R. 7553) making appropriations for public works for water and power development and energy research for fiscal year 1978.

The report represents a reasonable compromise between the bills adopted by the House and Senate.

Mr. Speaker, this bill has been the subject of more controversy than any other bill considered by the Congress this year. We have the enhanced radiation weapon, the Clinch River breeder project, and, of course, the water projects.

The members of my subcommittee have been under constant pressure since last February on these issues. I want to thank them for their strong support as we have proceeded through the many stages a bill must pass before it results in a conference agreement such as we bring to you today. The entire subcommittee, Messrs. BOLAND, WHITTEN, SLACK, Mrs. BOGGS, Messrs. DICKS, SHIPLEY, MYERS, BURGENER, and Mrs. SMITH have been outstanding. I also appreciate the strong support provided in the conference by Chairman MAHON and also the assistance of Mr. CEDERBERG, the ranking minority member of the committee.

Mr. Speaker, when the bill passed the House on June 14 we had a good bill and it was supported by the House on final passage by an overwhelming vote of 356 to 54. However, the so-called Conte-Derrick amendment to the bill failed by a margin of only 218 to 194. This has caused grave concern as to whether the House could sustain the House position in the event of a veto.

Action by the other body compounded the problems on the bill.

Mr. Speaker, as you know in the recent past the leadership on this side of the aisle has been working diligently with the administration to help get this appropriation bill signed into law. The committee of conference was informed that if the Clinch River breeder project, 12 new construction starts, and 9 of the 18 so-called hit list projects were left out of the bill it would be signed by the President. However, we were informed that if any of these items were left in by the conference the bill faced certain veto.

I would like to address these three items.

Funding for the Clinch River breeder is not in the bill. However, the conference report provides that funding will be considered after the authorizing legislation has been enacted.

There are no new water projects construction starts in the bill, but I assure you that this applies only to fiscal year 1978. The Public Works Subcommittee will again add new construction starts to future appropriations.

It is also true that nine of the projects on the so-called hit list are not funded for 1978—but there are nine projects which were on that list that are funded in the bill. In addition the subcommittee will review those which are not included in this bill for continued funding during our deliberations on the fiscal year 1979 appropriation bill.

As the conferees stated in the report:

The conferees are agreed that the Congress retains the right to select water resource projects for funding.

All authorized water resources projects will be considered on their merits and each and every authorized project will be considered by the committees in the deliberations on the 1979 appropriation bill.

The elimination of funding for certain ongoing projects and the issue of no new construction starts is a policy applied only to the 1978 appropriations.

There are still 400 studies, 120 planning and 375 construction projects in the bill for the Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority. That is a total of 895 projects. The controversy has all been on the 21 projects—just 2 percent of the projects—that we were not successful in including for 1978 funding. However, as I stated earlier, these 21 projects are still authorized and are eligible for funding next year.

Now, Mr. Speaker, turning to the other items in the conference report, I feel this is a good conference report in many ways. The total amount in the bill is $10,294,414,000. This amount is $73,697,000 below the budget request, $107,668,000 above the House bill, and $56,255,000 below the Senate bill.

I want to insert at this point in the record a table outlining the conference action by appropriation item:

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimates	House bill	Senate bil
TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (EXCEPT FOSSIL FUELS RESEARCH DEVELOPMENT)									
Operating expenses	4,147,563,000	4,622,978,000	4,237,057,000	4,441,516,000	4,359,806,000	+212,243,000	−263,172,000	+122,749,000	−81,710,000
Plant and capital equipment	1,572,410,000	1,617,949,000	1,615,452,000	1,583,249,000	1,601,849,000	+29,439,000	−16,100,000	−13,603,000	+18,600,000
Geothermal Resources Development Fund	30,000,000	30,000,000	29,100,000	15,000,000	15,000,000	−15,000,000	−15,000,000	−14,100,000	
Special foreign currency program		1,500,000	1,455,000	1,500,000	1,500,000	+1,500,000		+45,000	
Total, title I, new budget (obligational) authority, Energy Research and Development Administration (except fossil fuels research development)	5,749,973,000	6,272,427,000	5,883,064,000	6,041,265,000	5,978,155,000	+228,182,000	−294,272,000	+95,091,000	−63,110,000
TITLE II—DEPARTMENT OF DEFENSE—CIVIL									
Department of the Army									
Corps of Engineers—Civil									
General investigations	71,920,000	81,200,000	100,073,000	88,206,000	103,646,000	+31,726,000	+22,446,000	+3,573,000	+15,440,000
Construction, general	1,436,745,000	1,414,285,000	1,510,572,000	1,523,820,000	1,523,820,000	+87,075,000	+109,535,000	+13,248,000	
Rescission fiscal year 1977	(6,550,000)					(−6,550,000)			
Flood control, Mississippi River and tributaries	231,497,000	226,900,000	246,246,000	253,081,000	253,081,000	+21,584,000	+26,181,000	+6,835,000	
Alaska Hydroelectric Power Development Fund				5,450,000					−5,450,000
Operation and maintenance, general	667,600,000	760,900,000	745,370,000	745,370,000	745,370,000	+77,770,000	−15,530,000		
Revolving fund	6,600,000		2,425,000	22,925,000	21,525,000	+14,925,000	+21,525,000	+19,100,000	−1,400,000
Flood control and coastal emergencies	22,140,000	20,169,000	19,564,000	18,000,000	18,000,000	−4,140,000	−2,169,000	−1,564,000	
General expenses	49,050,000	56,800,000	54,902,000	56,800,000	56,800,000	+7,750,000		+1,898,000	
Special recreation use fees	2,000,000	6,000,000	5,820,000	6,000,000	6,000,000	+4,000,000		+180,000	
Total, title II, new budget (obligational) authority, Department of Defense—Civil	2,487,552,000	2,566,254,000	2,684,972,000	2,719,652,000	2,728,242,000	+240,690,000	+161,988,000	+43,270,000	+8,590,000
Rescission fiscal year 1977	(6,550,000)					(−6,550,000)			
TITLE III—DEPARTMENT OF THE INTERIOR									
Bureau of Reclamation									
General investigations	24,762,000	23,170,000	25,154,000	24,340,000	25,106,000	+344,000	+1,936,000	−48,000	+766,000
Construction and rehabilitation	548,811,000	330,030,000	384,116,000	362,610,000	362,835,000	−185,976,000	+32,805,000	−21,281,000	+225,000
Rescission fiscal year 1977	(2,200,000)					(−2,200,000)			
Upper Colorado River storage project	59,331,000	54,201,000	84,303,000	70,066,000	71,066,000	+11,735,000	+16,865,000	−13,237,000	+1,000,000
Rescission fiscal year 1977	(3,000,000)					(−3,000,000)			
Colorado River Basin project	73,420,000	103,145,000	100,051,000	78,145,000	78,145,000	+4,725,000	−25,000,000	−21,906,000	
Colorado River Basin project (appropriation to liquidate contract authorization)	(20,600,000)					(−20,600,000)			
Colorado River Basin salinity control projects	44,680,000	23,875,000	22,189,000	22,675,000	22,675,000	−22,005,000	−1,200,000	+486,000	
Operation and maintenance	143,000,000	157,400,000	152,678,000	157,400,000	157,400,000	+14,400,000		+4,722,000	
Loan program	27,495,000	19,025,000	26,924,000	27,753,000	27,753,000	+258,000	+8,728,000	+829,000	
Emergency fund	31,000,000	1,000,000	970,000			−31,000,000	−1,000,000	−970,000	
General administrative expenses	23,500,000	24,445,000	23,712,000	24,445,000	24,445,000	+945,000		+733,000	
Drought emergency assistance	100,000,000					−100,000,000			
Total, Bureau of Reclamation	1,075,999,000	736,291,000	820,097,000	767,434,000	769,425,000	−306,574,000	+33,134,000	−50,672,000	+1,991,000
Rescission fiscal year 1977	(5,200,000)					(−5,200,000)			
Alaska Power Administration									
General investigations	749,000	864,000	809,000	864,000	864,000	+115,000		+55,000	
Operation and maintenance	1,141,000	1,231,000	1,173,000	1,231,000	1,231,000	+90,000		+58,000	
Total, Alaska Power Administration	1,890,000	2,095,000	1,982,000	2,095,000	2,095,000	+205,000		+113,000	

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimates	House bill	Senate bill
Southeastern Power Administration									
Operation and maintenance	1,076,000	1,143,000	1,085,000	1,143,000	1,143,000	+67,000	----------	+58,000	----------
Southwestern Power Administration									
Construction	896,000	4,312,000	4,018,000	4,312,000	4,312,000	+3,416,000	----------	+294,000	----------
Operation and maintenance	28,013,000	8,193,000	7,831,000	8,193,000	8,193,000	−19,820,000	----------	+362,000	----------
Total, Southwestern Power Administration	28,909,000	12,505,000	11,849,000	12,505,000	12,505,000	−16,404,000	----------	+656,000	----------
Total, title III, new budget (obligational) authority, Department of the Interior	1,107,874,000	752,034,000	835,013,000	783,177,000	785,168,000	−322,706,000	+33,134,000	−49,845,000	+1,991,000
Rescission fiscal year 1977	(5,200,000)	----------	----------	----------	----------	(−5,200,000)	----------	----------	----------
TITLE IV—INDEPENDENT OFFICES (excluding ERDA)									
Appalachian Region Commission: salaries and expenses	1,925,000	2,075,000	2,013,000	2,075,000	2,075,000	+150,000	----------	+62,000	----------
Appalachian regional development programs (funds appropriated to the President)	303,000,000	308,200,000	318,354,000	323,700,000	323,700,000	+20,700,000	+15,500,000	+5,346,000	----------
Delaware River Basin Commission: Salaries and expenses	91,000	87,000	85,000	87,000	87,000	−4,000	----------	+2,000	----------
Contribution to Delaware River Basin Commission	198,000	232,000	226,000	232,000	232,000	+34,000	----------	+6,000	----------
Total, Delaware River Basin Commission	289,000	319,000	311,000	319,000	319,000	+30,000	----------	+8,000	----------
Federal Power Commission	43,172,000	42,785,000	41,502,000	42,785,000	42,785,000	−387,000	----------	+1,283,000	----------
Interstate Commission on the Potomac River Basin: Contribution to Interstate Commission on the Potomac River Basin	52,000	52,000	54,000	52,000	53,000	+1,000	+1,000	−1,000	+1,000
Nuclear Regulatory Commission: salaries and expenses	248,780,000	292,150,000	277,696,000	285,150,000	281,423,000	+32,643,000	−10,727,000	+3,727,000	−3,727,000
Susquehanna River Basin Commission: Salaries and expenses	91,000	88,000	86,000	88,000	88,000	−3,000	----------	+2,000	----------
Contribution to Susquehanna River Basin Commission	150,000	200,000	194,000	200,000	200,000	+50,000	----------	+6,000	----------
Total, Susquehanna River Basin Commission	241,000	288,000	280,000	288,000	288,000	+47,000	----------	+8,000	----------
Tennessee Valley Authority: payment to Tennessee Valley Authority fund	125,930,000	117,700,000	131,823,000	138,510,000	138,510,000	+12,580,000	+20,810,000	+6,687,000	----------
Water Resources Council: water resources planning	12,665,000	13,827,000	11,664,000	13,696,000	13,696,000	+1,031,000	−131,000	+2,032,000	----------
Total, title IV, new budget (obligational) authority, independent offices (excluding ERDA)	736,054,000	777,396,000	783,697,000	806,575,000	802,849,000	+66,795,000	+25,453,000	+19,152,000	−3,726,000
RECAPITULATION									
Total, new budget (obligational) authority titles II, III, and IV (excluding ERDA)	4,331,480,000	4,095,684,000	4,303,682,000	4,309,404,000	4,316,259,000	−15,221,000	+220,575,000	+12,577,000	+6,855,000
Rescission fiscal year 1977	(11,750,000)	----------	----------	----------	----------	(−11,750,000)	----------	----------	----------
Total, new budget (obligational) authority titles I, II, III, and IV	10,081,453,000	10,368,111,000	10,186,746,000	10,350,669,000	10,294,414,000	+212,961,000	−73,697,000	+107,668,000	−56,255,000
Rescission fiscal year 1977	(11,750,000)	----------	----------	----------	----------	(−11,750,000)	----------	----------	----------
Memoranda: appropriations to liquidate contract authorizations	20,600,000	----------	----------	----------	----------	−20,600,000	----------	----------	----------
Total appropriations, including appropriations to liquidate contract authorizations	10,102,053,000,	10,368,111,000	10,186,746,000	10,350,669,000	10,294,414,000	+192,361,000	−73,697,000	+107,668,000	−56,255,000

[1] Includes $10,000,000 of budget estimates not considered by the House.

Mr. Speaker, by far the largest amount in the conference report is the $5,978,155,000 for the Energy Research and Development Administration.

These appropriations will enable ERDA to provide a vigorous response to the energy problem. The amounts provided will allow ERDA to pursue both immediate and long-term energy goals.

There are substantial increases over 1977 and over the budget estimate for research in solar energy, geothermal energy, fusion power, waste management, and the environmental aspects on energy programs.

We have provided the necessary funds and positions for the Nuclear Regulatory Commission to speed up the efforts to license nuclear reactors.

Funds are included for the Federal Power Commission, the Tennessee Valley Authority, the power agencies of the Department of the Interior, the Appalachian Regional Development programs, and other agencies to carry out their mission.

Mr. Speaker, I will offer a motion to agree to the language in the Senate bill relating to the Barnwell fuels plant study to determine if this facility may be utilized in support of the nonproliferation objectives of the United States.

I will also offer a motion to agree to the language in the Senate bill relating to the President's certification to the Congress for the production of enhanced radiation weapons.

There are five other items reported in technical disagreement for which motions will be offered.

Also, Mr. Speaker, there is one point agreed to in conference which was inadvertently left out of the statement of the managers. The conferees agree to the Senate report language on the Garrison Diversion project in North Dakota.

Mr. Speaker, I urge the adoption of the conference report.

Mr. FLOWERS. Mr. Speaker, will the distinguished gentleman yield?

Mr. BEVILL. I yield to the gentleman from Alabama.

Mr. FLOWERS. I thank the gentleman for yielding.

Mr. Speaker, I want to direct a question on this subject matter. As the chairman of the Subcommittee on Public Works knows, it has been widely reported in at least some segments of the press that this conference report sounds a death knell for the Clinch River project. Would the gentleman agree with me that that is a pretty strong overstatement of the situation?

Mr. BEVILL. To my colleague, the gentleman from Alabama, I would like to call attention to page 9 of the conference report. We put in this conference report just what the gentleman is referring to.

The Committees on Appropriations have consistently supported the Clinch River Breeder Reactor Demonstration; however, due to lack of enactment of authorizing legislation the conferes have deleted funding for this item without prejudice with the understanding that funding will be forthcoming by way of a supplemental immediately following enactment of the appropriate authorizing legislation.

Mr. FLOWERS. Mr. Speaker, I thank the gentleman, and if the gentleman will yield further, this action by the conference committee then is in line with what was done by the House originally on this matter, when the $33 million that was originally in the bill for deleting the project and winding up the project was deleted from the bill when we had it here on the House floor before?

Mr. BEVILL. Yes, that is correct.

Mr. FLOWERS. There are no funds in this conference report for the project in any way whatsoever, winding it up or starting it; it is absent on this issue?

Mr. BEVILL. This is correct. No funds in this appropriation bill shall be used for the purpose of closing the Clinch River project.

Mr. FLOWERS. If the gentleman will yield for one further statement, by way of advance notice it is hoped by the authorizing committee that we will be able to have a bill up—the leadership has given some indication we will—shortly after the recess. And we, of course, will be in touch with the gentleman's subcommittee in this regard and hope that we can have a supplemental appropriation. And we are hoping, first, that the House will do what is recommended by the Committee on Science and Technology. We can then proceed with a supplemental appropriation.

Mr. Speaker, I thank my friend, the gentleman from Alabama, for yielding, and I want to commend him on the conference report. I offer my full support on it.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. BEVILL. I yield to the distinguished gentleman from Mississippi (Mr. WHITTEN), who is a member of this Subcommittee on Public Works of the Committee on Appropriations.

Mr. WHITTEN. Mr. Speaker, I am convinced that inflation is our greatest threat, and that to meet this problem, we are going to have to take many actions, hard actions.

While this is evident, it is equally imperative that we look after the development and protection of our own country on which all else depends.

I am signally fortunate as ranking member of the Committee on Appropriations to work in this area.

Mr. Speaker, the more we owe, the greater our problems, and the more imperative it is that we look after our country on which all else depends.

If we leave our children a rich land, then they can make a fine future for themselves. On the other hand, we could leave them all the money in the world and a wornout land, and they would have nothing on which to build.

Mr. Speaker, most of the people in my State and over the Nation do not seem to realize that under the Constitution, appropriations bills originate in the House of Representatives and most of the time when the people read about them they have already passed the House.

As ranking member of the Appropriations Committee, I am proud of what we have gotten the Congress to approve for the Nation. As a nation we have overdrawn just about every account we have. The one we cannot afford to overdraw is that of our natural resources. We must not only protect them, we must develop them to take care of the people we have today and the 150,000,000 more people expected in the next generation.

We must not only provide water for the people we have now, but also for those to come.

My friend TOM BEVILL has covered the national aspects of this bill. However, I would like to list Mississippi projects in this report, all of which we approved in the House of Representatives before going to the other body. Those in my own section are detailed.

Construction and planning—Corps of Engineers

Tallahala Creek Lake, Jones County	$5,000,000

General investigation—Corps of Engineers

Mississippi Sound and adjacent areas	$150,000
Pascagoula Harbor	42,000
Pascagoula River basin	120,000
Pearl River	70,000

NORTH MISSISSIPPI AND THE MEMPHIS, TENN., AREA

We have provided for further attention to the flood problems in the Horn Lake and Southaven areas of north Mississippi. The Corps of Engineers has completed its study on Nonconnah Creek, Tenn., and Miss., and submitted it to the Office of Management and Budget. We now are ready for planning.

RESERVOIRS, FLOOD CONTROL AND RECREATION

Recreation was not included in the original construction funds for Arkabutla, Enid, Sardis, and Grenada Reservoirs. However, since this activity is an economic asset to the area, $5,379,000 was approved for further recreation development with special attention to improving roads. We provided for maintenance the sum of approximately $7,152,000, since these reservoirs have millions of visitors year; this is essential.

Some years ago I was able to get the law changed where 75 percent of the land rentals go back to the counties for roads and schools. In this connection, last year we amended the law so as to allow for the construction of roads and bridges to recreation areas throughout the country on a 70/30 division of cost basis. While this subject is handled in another bill, contracts are being let for the construction of bridges in Tate County from Coldwater to Arkabutla due to emergency conditions.

NORTH DELTA PROJECTS

This work in Tunica, Quitman, Coahoma, DeSoto, Tate, Panola, and Tallahatchie counties has been long delayed. Included in this bill is the sum of $6,000,000 for construction and planning, with an additional $290,000 provided for the main stem; tributaries, $3,000,000; and for Ascalmore-Tippo and Opossum Bayous, $1,525,000.

TENNESSEE-TOMBIGBEE NAVIGATION AND BRIDGES

Mr. Speaker, recognizing that the highway bridges required for this project would work an undue hardship upon my State of Mississippi, since 10 of the 13 bridges were in my State, I went to the House Legislative Committee on Public Works, suggested that the new Highway Act include an authorization for relief to my State, in the building of crossings since new projects did not require construction of crossings by local interests. My language was accepted and included in the bill. Later in conference with the Senate, the italic language was added. I quote the provision as it appears in the law.

"HIGHWAY CROSSING FEDERAL PROJECTS

"SEC. 132. (a) Chapter I of title 23, United States Code, is amended by adding at the end thereof the following new section:

"'§ 156. Highways crossing Federal projects

"'(a) The Secretary is authorized to construct and to reconstruct any public highway or highway bridge across any Federal public works project, notwithstanding any other provision of law, where there has been a substantial change in the requirements and costs of such highway or bridge since the public works project was authorized, and where such increased costs would work an undue hardship upon any one State. No such highway or bridge shall be constructed or reconstructed under authority of this section until the State shall agree that completion of such construction or reconstruction it will accept ownership to such highway or bridge and will thereafter operate and maintain such highway or bridge.

"'(b) There is hereby authorized to be appropriated not to exceed $100,000,000 to carry out this section. Amounts authorized by this subsection shall be available for the fiscal year in which appropriated and for two succeeding fiscal years.'

"'(c) The analysis of chapter I of title 23 of the United States Code is amended by adding at the end thereof the following:

"'156. Highways crossing Federal projects.'"

Our Committee on Appropriations and the Congress has approved $70,000,000,

most of which is to implement such section to meet our States' problem. The remainder should be made available for the following year.

FOOTHILL EROSION

For streambank erosion control evaluation and demonstration, $2,500,000 is provided for work in the hill and adjacent delta areas of the Yazoo Basin from Memphis to Yazoo City. For Tillatoba and Hunter Creeks a special project of $250,000 in addition is included. This streambank erosion control evaluation project is to benefit the entire country and is one of four included.

APPALACHIAN REGION

Funds providing for the continuation of the Appalachian Regional Commission programs are included. These amount to $323,700,000. Included herein are funds continuing the corridor highway program from the Alabama line to Interstate 55 at Batesville by way of Pontotoc and Oxford, which our committee directed 3 years ago. Funds have been provided for the northwest extension of the Tupelo, Miss., access road, directed by the committee, along with regular projects under the Appalachian program of which there are a number of special benefits to a variety of interests.

NATCHEZ-TRACE PARKWAY

Mr. Speaker, last year our Appropriations Committee approved $1,000,000 to complete section C of the Natchez-Trace, from Tupelo to the Alabama line and funds for further planning around Natchez. This year we have added $37,500,000, and got the States of Alabama and Tennessee in the act. This should mean completion.

TVA POWERPLANT

The Tennessee Valley Authority has assured me that they intended to start the powerplant at Yellow Creek Port in 1977 as planned.

AGRICULTURE APPROPRIATIONS

Mr. Speaker, later this week we shall bring up the appropriations bill for the Department of Agriculture and related programs. There we have restored the agricultural conservation program, funds for the Soil Conservation Service, for the REA, for the Farmers Home Administration including funds and personnel, for water and sewer loans and grants, for rural housing and reforestation, for school milk and school lunch programs as well as others.

CONCLUSION

Mr. Speaker, I repeat what I have pointed out many times, the more serious our problems, the greater our fiscal situation, the more imperative it is that we take care of the land, for it is on this that all else depends. We would leave our children all the money in the world and wornout land, and we would in effect leave them nothing. On the other hand, if we leave them a rich land with soil erosion stopped, with rivers and harbors free of pollution and our hillsides once again in trees, they will make it whatever our financial plight—for, if necessary, they could establish their own financial system.

Mr. ROBERTS. Mr. Speaker, will the gentleman yield?

Mr. BEVILL. I yield to the gentleman from Texas.

Mr. ROBERTS. I thank the gentleman for yielding.

Mr. Speaker, as the chairman of the subcommittee of the authorizing committee I want to express my appreciation for the job the gentleman has done, and I want to say that it was a very difficult situation to work out of. I think they have restored the prestige of the House in this situation, and I want to commend all of those involved.

Mr. BEVILL. Mr. Speaker, I thank the distinguished gentleman for his remarks.

Mrs. LLOYD of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. BEVILL. I yield to the gentlewoman from Tennessee.

Mrs. LLOYD of Tennessee. I thank the distinguished Chairman for yielding.

The conference report language indicates that appropriations for Clinch River will be provided following the enactment of the authorizing legislation; is that correct?

Mr. BEVILL. Yes, that is correct.

Mrs. LLOYD of Tennessee. Would appropriating legislation be considered after the House enacts authorizing legislation so that the two can proceed in parallel?

Mr. BEVILL. Just as soon as the conference report is completed, that is, the conference report from the authorizing committee—then certainly we on this Appropriations Subcommittee will proceed immediately.

Mrs. LLOYD of Tennessee. I thank the gentleman.

The distinguished chairman has indicated his support for the Appropriation Subcommittee for Clinch River. What was the position of the conferees with respect to Clinch River?

Mr. BEVILL. The conferees agreed with the House action, just as the gentlewoman and the other Members interested in the Clinch River project wanted.

We provided with an amendment on the floor that no funds in this bill shall be used for the purpose of closing the Clinch River project. The Senate has receded from its stand, and it has agreed to accept our version and take out the $75 million added in the Senate.

Mrs. LLOYD of Tennessee. Mr. Speaker, I thank the distinguished gentleman from Alabama.

Mr. JOHN T. MYERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the chairman of the subcommittee has said, the conferees did not have an easy job this time because there were a great many items that were in difference with the Senate. To a major degree they centered around three general areas.

One was the Clinch River fast breeder reactor to be built in Tennessee. The Senate had provided funds for that project after we in this Chamber had not provided the funds in our earlier action, without prejudice to the case.

The second item was the so-called 12 new starts of the Corps of Engineers and the Bureau of Reclamation. The President had, of course, objected to these 12 new starts.

The third area of disagreement was over the so-called "hit list" relating to the water projects.

The Clinch River funds, as has already been discussed, were taken out of this conference report, but again the media, as often is the case, did not accurately portray what took place at this particular point. A reader in New York City reading the New York Times would think the Clinch River project was dead forever because we took the money out. This is not the case. The decision on the Clinch River project, as to whether it will become a reality or not, will not be made by this Committee on Appropriations because hopefully this body and the other body will later in September authorize it.

Without exception, every member of the subcommittee would have voted to put funds in for this project if it were authorized, but we do not wish to prejudice that decision by taking action at this particular time on the Clinch River issue so it was mutually agreed among the members that in this conference report we would take the Clinch River project out at this particular time.

Again, on the 12 new starts that were to take place next year according to the House bill, realizing that we were facing a conflict with the President, it was mutually agreed without exception that we would reluctantly take the 12 new starts out, again without prejudice, looking forward to what will happen in the future. It was our desire to help meet the funding requirements and to help the President meet his goal of balancing the budget some time in the future, hopefully in the next 4 years, so we took those 12 new starts out.

There was some disagreement among the conferees, including myself about the so-called hit list. I feel that the conferees did knuckle under to the President a little too much in this particular instance. On some of the projects we took out, I think we are going to regret our action in the future. We took them out with the understanding we were not prejudicing any of these particular projects for the future, but we did not give enough consideration to the shutdown or the delay of these projects.

Without any question, these projects are going to be coming under severe attack now because of our action, and that should not be the case. They should not be subject to consideration for deauthorization, because this subcommittee gave no indication that it was its intention that we would not fund these projects some time in the future.

The fact is that several of these projects that we did not fund are very badly needed. In fact, there are seven or eight of the projects that the Senate took out

of our House bill that are now under construction. There is going to be some termination cost, and the taxpayers of the country are going to be paying for termination costs because the President wants them cut out.

Something did take place that I have never seen in a conference before. The conference session was recessed so the members could communicate with the President to see whether or not be would sign the bill. So without question this bill as it appears in the conference report was written in the White House.

Mr. Speaker, I reluctantly signed the conference report because there are a lot of good projects contained in it that are badly needed, particularly in the energy field. So on balance I think the conference report is a good one, and I recommend that the membership vote for its passage.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. JOHN T. MYERS. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Speaker, I thank the gentleman for yielding.

I want to thank the gentleman from Indiana (Mr. JOHN T. MYERS) and the chairman of the subcommittee (Mr. BEVILL) for the outstanding work they did in support of the projects that were on the so-called hit list. I have nothing but admiration and thanks to extend to both these gentlemen for their efforts.

However, I do want to express my disappointment, of course, with the results of the conference, and I would like to know, in light of the gentleman's comments, whether or not the committee will entertain the subject matter of these projects which have been on the hit list again at a later time, perhaps next year or the following year.

We have in Colorado, of course, three of the projects involved; two are in my district, and one is in the district of the gentleman from Colorado (Mr. EVANS). Those projects are vitally important to the development of oil share and coal reserves and to the furtherance of irrigation projects in Colorado.

It was a very shortsighted policy, in my opinion; and obviously it was in the committee's opinion.

Are the committee members saying to us that they are willing to entertain these and bring them up and try to have them considered in the other body next year because you gentlemen obviously are in agreement on these projects, or should we forget about it, or do we have another shot at it and continue to try to do something about them?

Mr. JOHN T. MYERS. Both the Members of the Senate and the Members of the House in conference made a strong point over why we were not funding these projects this year. They would be considered next year for funding.

The President may take the same position again. If he does, then I do not know whether they will be built or not. However, as far as this Member is concerned, yes, we certainly will consider these.

I might add with respect to the three projects in Colorado that two projects were below unity, below the benefit-cost ratio, without exception. We are going to have to get those projects above unity. The benefits are going to have to be greater than the cost.

The one project has, as I recall, 1.4 to 1 ratio. I think that is one that should have been considered in this bill.

I know that in trying to meet the President's objections, the conference bent over backwards to satisfy the President and not have any further differences.

To answer the gentleman's question specifically, the committee, the Members of the other body and the Members of the House in the conference committee, did agree that we would reconsider each of these projects next year for funding.

Mr. JOHNSON of Colorado. Mr. Speaker, I thank the gentleman for that response.

He has also correctly referred to the three Colorado projects. The two that are below unity, however, are the ones that are critical if we are going to have development of water available for municipal projects and for the development of coal and oil shale. These, of course, are not taken into account when we consider the cost-benefit ratio; but we will not be able to develop oil shale in Colorado if we do not have one of those projects.

Mr. Speaker, I would like to ask the chairman of the committee whether he would subscribe to the statement just made by the ranking member about the willingness to entertain these projects against next year.

Mr. BEVILL. Mr. Speaker, if the gentleman will yield, it is certainly our intention to consider these projects next year. There were 18 projects on the so-called hit list. Nine of them are retained in this bill, so those projects are provided in here.

There is one that both Houses agreed should be eliminated, so that left eight.

We intend to review those eight. We have no apologies for those projects. We think they are good projects. We disagreed with the other body on that question, and we disagreed with the White House on it.

We are taking a temporary position with respect to our differences. We are going along in order to get this bill through. We have everything in this bill. We have the Clinch River project, we have the neutron bomb, and we have certain water projects that the White House is fighting. We are simply taking the road which we think is the best at this time because, as the gentleman pointed out, we have a number of good projects in here. As a matter of fact, we are only talking about 8 of the projects on the hit list plus the 12 new construction starts which we also intend to fund again because those are good projects. They have met all the tests. However, we have a total of 895 projects which are still included in the bill.

Therefore, I say to the gentleman that those projects in Colorado will be considered again.

Mr. JOHNSON of Colorado. Mr. Speaker, I want to thank the gentleman. He has been most cooperative and most helpful. I appreciate his comments.

I have decided, after listening to this colloquy, that it would be better if I did not vote against the bill out of pique, and I will vote for it, hoping for the best next year.

Mr. EVANS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. JOHN T. MYERS. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Speaker, I appreciate the gentleman's yielding.

I also appreciate the comments of my colleague, the gentleman from Colorado (Mr. JOHNSON) on this bill.

Mr. Speaker, what concerns me, in spite of the statements that the ranking member has made and that the chairman of the committee has made about considering these projects which have been knocked out of this year's bill, is the fact that the President has directed himself toward a November 1 deadline on his part for the purpose of announcing new water resource development criteria.

I do not see how he can do it in that short period of time, particularly if he is going to consider the input of water experts all over the country and come up with some meaningful new policy. But, Mr. Speaker, it would seem to me that we are in a state of suspension now. I appreciate the assurances of the chairman of the subcommittee, the gentleman from Alabama (Mr. BEVILL), and the ranking minority member, the gentleman from Iowa (Mr. JOHN T. MYERS), but I must say that we do not know what kind of a ball game we will be in and what kind of rules we will be facing, I suppose, until November 1, and then at that time we will have to see whether we agree and what legislation will be required. So I must confess that I still have grave misgivings about the direction this administration is taking in this area. I deeply appreciate the assurances that you have given us but I still think we face a serious problem.

Mr. JOHN T. MYERS. I thank the gentleman from Colorado for his remarks, and I agree with the gentleman 100 percent.

I have no disagreement on the 12 new starts and I think the President had every right to withhold the 12 new starts because they were projects he would be responsible for, but if we are going to have any new administrations coming in the future who will be able to terminate ongoing projects, it will be a terrible cost to the taxpayers and a miscarriage of the intentions of this Congress. As far as the projects that he has on his hit list, and we took out in this conference, some were as high as 30 percent completed. One or two of them had 80 percent of the land purchased. One of them in Wisconsin was ready to have the gates closed and to start filling all was done except some little clearing in the flood areas, but they were ready to start providing water and flood control. I think that is wrong to cut them cut. I really believe we have got to continue those projects because, without any question,

the water situation is going to be worse and the costs, of course, are going to go up and have since they were first authorized. So I believe we should complete those projects sometime in the future, starting either next year, or in the subsequent years or 5 or 10 years down the road, all of those projects are going to have to be built in order to provide flood control. We cannot permit any more Johnstown, Pennsylvanias, in this country. There is no excuse for it. Other communities are running out of water and at the same time we have an administration closing down ongoing, already started, well under construction, needed water projects.

I completely agree with the gentleman that I believe we will need those in the future.

Mr. EVANS of Colorado. I thoroughly agree with the gentleman.

Mr. WYDLER. Mr. Speaker, will the gentleman yield?

Mr. JOHN T. MYERS. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Speaker, I have read some stories in various newspapers describing the conference report that has come out of this committee as a victory for the President on the issue of the Clinch River breeder reactor. That disturbs me very much because I do not think that is a fact, No. 1, and I do not think the American public should get the idea that any part of this Congress is opposed to the Clinch River project going ahead.

All of the votes taken in the other body whether they be in committee or on the floor of the Senate, all of the votes taken in this body, whether they be in committee or on the floor of this House, have supported the building and the construction of the Clinch River breeder project. I think that is eminently clear. I do not believe that the conference committee intended any other result but to protect the Clinch River breeder reactor because of the economical problems we have with this conference report and the water projects in the conference report, and the attempt to come to some close agreement with the President on those particular water projects.

I wish the gentleman would assure me, and this House, the Congress and the country, that there is no intention of discontinuing the Clinch River breeder reactor. As a matter of fact, the action by this conference and by the House initially was taken for the express purpose of protecting the Clinch River breeder project, so that we would have a chance in the future to fund that issue and to see that the moneys necessary and proper for its continuation could be included in the budget. Will the gentleman give me some assurance on that?

Mr. JOHN T. MYERS. This is exactly right. This has been discussed previous to the gentleman's coming into the Chamber, but that is exactly right. This was discussed in conference. The gentleman from New York was part of the colloquy when the House bill was considered a month or so ago here in this Chamber, and the House position did prevail in the conference, not because we are opposed to Clinch River but because it was not the proper vehicle in which to place the issue of Clinch River. That issue is going to be decided, we have been assured by the Committee on Science and Technology, some time after the Labor Day recess, which probably will be about the first or second week of September. That is where the battle ought to be made.

I was amazed, too, to pick up the newspaper the next morning and read an article by reporters who I guess must have been in the room. To the great extent that we had debate and discussion, without exception the members of that conference, both from the other body and this body, made it clear that we were not intending to exclude Clinch River because we were not wanting to build Clinch River, but because of the fact that the appropriations bill was not the proper vehicle for it at this time. We made it very clear in that conference, and I think a reporter walked out of the room and wrote an article quite different. I know this is not the first time that that has happened, and it is a miscarriage of the truth.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. JOHN T. MYERS. I yield to the gentleman from California.

Mr. BURGENER. I thank the gentleman for yielding.

In further response to the gentleman from New York, the bill has in the language specific mention that no funds shall be used to shut down or to terminate or stop Clinch River. Every member of the subcommittee on both sides of the aisle favors the project, so our action we felt was a tactical and proper one. After the authorizing bill has passed we felt it will be, and then we feel separately we can do a much more effective battle with the administration in September. We all favor this project very much.

Mr. WYDLER. Mr. Speaker, will the gentleman yield to me?

Mr. JOHN T. MYERS. I yield to the gentleman from New York.

Mr. WYDLER. I thank the gentleman for yielding.

On this issue we have a report from the GAO indicating that the only way that this project can be terminated legally is by some direct mandate of the Congress of the United States, directed toward that end. In other words, this matter is now a currently authorized program of the U.S. Government. The only way it can be ended is by a vote of this Congress saying it is no longer an authorized program of the U.S. Government. So I think these attempts to try to indicate that some vote or agreement that was made in the conference is a vote ending the Clinch River project is just totally misleading the American public.

Mr. JOHN T. MYERS. If the gentleman will look on page 3 of the bill starting on line 21, it states:

None of the funds appropriated herein shall be used to terminate the Clinch River breeder reactor project.

Then further in the conference report on page 9, the fourth paragraph deals with the conference members' position that we are taking this action without prejudice to a future decision on the Clinch River project.

Mr. WYDLER. I thank the gentleman very much.

Mr. BEVILL. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, final passage of this public works appropriations bill today, continuing for the vitally important water resource project such as Cache River, is a clear demonstration of the will and ability of Congress and the President to work together in the best interest of our Nation. Our resources of water, land, and air rank second in importance only to our people.

Providing for the continuation of the Cache River, as this bill does, reaffirms our commitment to establishing water resource projects that are a workable balancing of the conflict between production and environmental protection needs. The Cache River project not only provides flood control for an enormously productive food growing region, this project offers the only assurance now available that any of the remaining important flood plain forest in the basin will escape the ax and saw and continue to be available for fish and wildlife habitat.

Mr. BEVILL. Mr. Speaker, I yield to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I think this conference report we are considering is further evidence of what has happened to the House as a result of the Budget Act we are operating under. Here we have legislation in a public works appropriations bill, and it is very close to legislation. I am making reference to amendment 7 of the conference report which has to do with the enhanced radiation weapons, truly under the jurisdiction of the Committee on Armed Services, a matter that should be in the Defense Appropriations Subcommittee rather than in Public Works, it appears to me. I recognize that the committee was given the responsibility for the ERDA appropriations bill, but we have receded to a Senate amendment which sets restrictions on the enhanced radiation weapons, when the authorization committee has not had the opportunity to present its case before this House.

We have had our authorization bill ready along with the Science and Technology Committee in our two separate parts of the ERDA authorization bill for several weeks and it continually is delayed and put behind other legislation. It is not the fault of the gentleman on the Appropriations Committee. I am just relating the situation in which we find ourselves here, which is most frustrating to those on the Armed Services Subcommittee who are holding hearings on the enhanced radiation weapons in order to try to upgrade our own knowledge of the

subject so we can intelligently present it to the House when the matter comes up for consideration and authorization. It seems to me we probably should have a separate vote on this particular amendment. I am reluctant to ask for a separate vote because we have not had time to properly gather our forces together and properly advise our colleagues of what the issue is at stake, but on this amendment I am going to have to vote against the conference report unless a separate vote is given on this particular amendment.

I appreciate the gentleman giving me this time.

Mr. JOHN T. MYERS. Mr. Speaker, will the gentleman yield?

Mr. BEVILL. I yield to the gentleman from Indiana.

Mr. JOHN T. MYERS. Mr. Speaker, I think we should explain to the gentleman from California the reason it is in is because the Senate put it in and it was the strong contention over there that this language had to be in because some of the Members over there were objecting strongly to the neutron bomb.

Mr. BEVILL. Mr. Speaker, I would add further that if there had been any objection to the Senate language from the White House I am sure we would have received it.

I can understand the gentleman's position and I certainly understand the Armed Services Committee position and I hope they go into this in more detail. There is no difficulty with me as far as the Armed Services Committee is concerned, I support that committee.

I agree with the advice the gentleman has given us and that we should proceed carefully in that area.

Mr. CHARLES H. WILSON of California. Mr. Speaker, if the gentleman will yield further fo~ a moment, I am well acquainted with how the Senate operates on these things. They have a sincere group of people in the Senate who would unilaterally disarm us if they had their choice, and it is unfortunate we have to continually yield to this type of philosophy as frequently as we do in the Armed Services Committee and in this committee.

Mr. TUCKER. Mr. Speaker, will the gentleman yield?

Mr. BEVILL. I yield to the gentleman from Arkansas.

Mr. TUCKER. Mr. Speaker, I will vote against the conference report on H.R. 7553. I am extremely disappointed with the compromise reached by the House-Senate conferees and the President on the public works water projects. Once the President was assured, so the story goes, that the House would stand by its position against funding for the Clinch River breeder reactor which the Senate has agreed to fund, he surrendered on all nine of the water projects backed by the Senate.

This retreat is both economically and environmentally undesirable and unwarranted. I am puzzled as to why the President should feel that a compromise is necessary at all, especially in light of the fact that he has made a persuasive case against all of the 17 water projects on environmental, economic, and safety grounds. The President's decision to capitulate is a substantial setback to his efforts to relieve the inflationary burden and to balance the Federal budget by 1980. Moreover, a Presidential veto probably could have been sustained in the House in light of the close vote—218 to 194—on the original 17 projects.

We all know of the sensitivity surrounding the Clinch River breeder reactor. I believe the President is correct in his opposition to that project. The decision to fund the reactor, however, is a separate issue. This conference report is a retreat to the system of politics as usual. President Carter does not have to compromise, to back down on the promise for fearless decisionmaking that he demonstrated on the B–1 bomber.

This report is a copout, an unnecessary sacrifice simply to serve a short-term purpose.

I urge my colleagues to vote against the conference report. The arguments for these water projects are no more compelling today than they were several months ago. President Carter should hold to his insistence, even to the extent of exercising his veto power, that funding not be provided for these costly dams, irrigation and flood control projects, regardless of what proposition reaches his desk from Congress.

Mr. BAUMAN. Mr. Speaker, I urge the passage of the conference report on H.R. 7553. This bill contains funding for several public works projects in the State of Maryland which are of great importance to our people and the future of our area.

Included in the bill is the amount of $2,135,000 which will fund the continuation of the Chesapeake Bay study to be conducted at the recently completed Chesapeake Bay model Matapeke in Queen Anne's County. Once initial testing is completed this unique facility will begin long-range testing and experimentation which will have profound influence on the future use of the bay and its tributaries in both Maryland and Virginia. The Corps of Engineers is to be commended for the splendid work they have done since this project was first authorized several years ago.

The pending bill also includes $80,000 which I requested for the general study of shore erosion problems at Smith Island in Somerset County. Frankly, there are few places in this Nation comparable to Smith Island and in order to preserve this island community which is home to nearly 700 people, the continuing erosion problem must be solved. The watermen who live on Smith Island which is located in midbay just above the Virginia-Maryland State line have, in recent years, seen their remaining land flooded and shoreline destroyed. I am hopeful that this study by the corps will lead to a permanent solution to this problem and I thank the committee for including these funds.

The bill also includes $80,000 for the further reconstruction of the Chesapeake City Bridge which is an important north-south route on the upper Eastern Shore of Maryland. Bridging the C. & D. Canal, the roadbed has been in a serious state of disrepair and the Corps of Engineers have now begun rebuilding.

Mr. Speaker, lastly, I would point out that this bill contains $440,000 for the continued planning of the deepening of Baltimore Harbor and its approaches. This world port must be improved if it is to maintain its standing as one of the major east coast seaports. At the same time, I believe that the problem of spoil disposal from the eventual dredging of Baltimore Harbor must be solved before such work can begin. Earlier this year the subcommittee which considered this bill included some remarks in its report which tended to indicate that the committee was opposed to spoil disposal at the Hart-Miller Island site in the upper Chesapeake Bay. I am pleased that the committee has not in fact taken such a position since this appears to be the only environmentally safe disposal area. Certainly I do not wish to see the renewal of spoils dumping in the open waters of the bay with attendant damage to shellfish beds as well as crab and fish catches.

Mr. Speaker, I support the pending bill and urge my colleagues to do likewise.

Mr. JOHNSON of California. Mr. Speaker, I take this opportunity to convey to my good friends on the House Appropriations Committee my appreciation for their fine work in preparing the public works appropriations legislation for fiscal year 1978. They have done a masterful job with this legislation and the entire House will benefit from their laudable efforts.

In particular, Mr. Speaker, I want to commend the outstanding efforts of TOM BEVILL, the Public Works Appropriations Subcommittee chairman. Having assumed the chairmanship at the beginning of this Congress, TOM has quickly grasped the complexity of his job and has played an outstanding leadership role in the development of this year's legislation. I salute him for the important contributions he has made in developing a sound public works program for the coming year.

Certainly, one of the wisest, fairest, and most knowledgeable Members of Congress is GEORGE MAHON, our esteemed dean of the House of Representatives and chairman of the Committee on Appropriations. As he has done so many times in the past, GEORGE has once again steered an important appropriations measure through the House of Representatives and through an important conference committee. His understanding of the needs of the Nation and the operation of our Government is matched by very few people throughout our country and we are, indeed, fortunate that he serves in this important capacity. I am sorry to learn that he plans to conclude his service in the House of Representatives at the close of this Congress. We will, indeed, miss his wise counsel and exemplary leadership.

Two other outstanding Members of Congress played an important role in the development of this very important bill. I at this time want to express my appreciation and esteem for my colleague

from Michigan, Mr. CEDERBERG, the ranking minority member of the Appropriations Committee, and for JOHN MYERS of Indiana, the ranking minority member of the Public Works Appropriations Subcommittee. Their cooperation with the majority party members in the development of a strong public works program was essential for the development of a balanced legislative proposal. Indeed, Mr. Speaker, each and every member of the subcommittee and full committee deserves our praise for the development of legislation funding our public works and energy research programs.

This year, the committee was faced with a particularly important task in the areas of water resource projects and energy research. President Carter, upon taking office, directed that major water resource projects be reviewed and evaluated. The President subsequently reversed the previous administration's stand on many of these projects and sought to have funding deleted for 17 of them. Disagreeing with the President, the committee courageously passed the leigslation allocating funds for these projects, recognizing the important role they play in the development of our water resources throughout the Nation. I compliment the committee on their foresight and understanding of this program. Subsequently, the members of the conference committee representing the House were called upon to again reevaluate the importance of these water resource projects. I believe they reached a fair compromise position, one which the President has suggested he can support. This has, indeed, been a difficult task and our colleagues whom I mentioned above were instrumental in reaching this important compromise.

Mr. Speaker, as our Nation continues to suffer from various natural disasters ranging from the parched earth caused by drought in the West and Midwest through such problems as the flood which occurred recently in Johnstown, Pa., it becomes increasingly clear that we must plan ahead for adequate development of our water resources. We are rapidly becoming aware that water is a limited resource which we must use wisely and economically. We, as the Representatives of the people of this Nation, must assume a leadership role in developing our national water policy. The Public Works Appropriations Subcommittee and the full committee have used their extensive expertise and have shown us the way. It is important that we follow their lead and their example in the years to come. With the leadership of such fine individuals as GEORGE MAHON, TOM BEVILL, AL CEDERBERG, and JOHN MYERS, I am confident that we can continue to prepare a strong national program for adequate development of our national water resources.

Mr. YOUNG of Missouri. Mr. Speaker, it is with great reluctance that I am opposing this conference report. I realize that our leadership and conferees labored long and hard to reach an agreement that would both save at least some of the water projects and insure that the bill would not face a Presidential veto. However, continuation of one of the dropped projects—the Meramec Lake and Dam near my congressional district—is so essential to the welfare of the eastern half of my State that an opposing vote was a necessity.

The Meramec Dam project is crucial to the development of eastern Missouri for a variety of reasons, not the least of which is the fact that it will provide a ready-made water supply of 200 million gallons a day. Just this weekend, a St. Louis newspaper reported that some communities in eastern Missouri already are beginning to face water supply problems. These problems would accelerate sharply in the coming years if the added supply from the Meramec project was not available to counter the increased demand and possible effect of the drought.

The Meramec project also will provide vast flood control along the Meramec and, to a lesser extent, Mississippi rivers. It has been estimated that $5 million or more in yearly flood damage will be prevented. The lake and dam project will be a boon to the job market in eastern Missouri at a time when unemployment remains high. One estimate is that more than 4,000 jobs will be created immediately, and an additional 500 jobs are expected to open up each year as a result of the project.

A number of recreational benefits will also flow from the project, but I do not want to belabor the point. Let me just mention that the Meramec project had a high benefit-to-cost ratio and that a report conducted for the Carter administration indicated that the only serious objections to the project centered on the threat to the continued existence of two endangered species—the Higgins eye pearly mussel and the gray bat.

My research indicates that while the number of mussels in existence is limited, they may be found in locations other than the Meramec River. Among the other sites are those along the St. Croix River in Wisconsin and Minnesota, and along the Mississippi River in Iowa, Wisconsin, and Illinois. It is accurate to say that in eastern Missouri, the mussel will be threatened by the Meramec impoundment because the species depends on free-flowing streams for its oxygen supply. But because most of the Meramec River will remain free-flowing, it is virtually certain that the mussel will survive along other stretches of the river.

The reported threat to the gray bat also appears tenuous. Our research indicates that the bat is found in many areas of the Central and Southeastern United States, as well as the Meramec area.

In my opinion, then, the administration's argument that these tiny species are threatened by the project stands on very weak ground.

It is for these reasons that I am reluctantly opposing this conference report.

Mr. GIAIMO. Mr. Speaker, I rise in support of the conference report on the public works appropriations bill (H.R. 7553). This conference report is consistent with the first budget resolution for 1978. I recommend that all Members vote in favor of the conference report.

The conference report provides budget authority of about $10.3 billion, well within the $10.7 billion for this bill. Estimated outlays under the conference report would total about $9.4 billion, below the allocation of $9.6 billion.

The prominent functional category affected by this conference report is function 300, natural resources, environment, and energy. The budget authority and outlays for this function are less than anticipated in the first budget resolution. However, we anticipate that there will be other requirements associated with the President's energy program in this function, for which adjustments will be made in the second budget resolution.

Mrs. SCHROEDER. Mr. Speaker. I rise in support of the motion to recede and concur to the Senate amendment to give the Congress the authority to review a decision by the President to go forward with the production of enhanced radiation weapons. By passing this appropriation we will have turned the budget process on its head. The Congress will be appropriating money without having the opportunity to thoroughly examine the administration's justification for it. I believe that opportunity should exist.

While one could support this amendment simply out of concern for institutional prerogatives my reasons are more deeply seeded in the weapons system itself. Significant questions have been raised which I do not feel have satisfactory answers. Chief among them is the question as to whether production of these devices will lower the nuclear threshold and lead to swift nuclear escalation. While it is not necessarily true that one cannot at the same time increase deterrence by the increased threat of use without lowering the nuclear threshold, it is somewhat unlikely.

For the neutron bomb to achieve its intended purpose it must create in the Soviet mind the perception that we would be more likely to employ such a weapon, while in reality we would be no more willing to do so. If such were possible, then deterrence could be increased without a lowering of the threshold. I would contend that such a gap between the perception and the reality is difficult to maintain in an open society such as ours.

President Carter, I believe, recognizes the dynamics involved here. At his recent press conference he avoided any exact description of the circumstances under which he would be willing to employ such weapons. At the same time, however, by noting his belief that the use of tactical nuclear weapons could lead quickly to further escalation, he struck upon the central dilemma in this game of perceptions.

The Arms Control and Disarmament Agency in its arms control statement on the enhanced radiation devices points out that there is no reason to believe that the Soviets would be less likely to escalate a nuclear exchange if enhanced radiation weapons were used by the United States rather than standard fission weapons. The Agency thus seems to reject the claim of supporters that the

reduced collateral damage of the neutron devices and their likely employment on NATO territory would greatly reduce the chances of Soviet retaliation.

If the Agency is correct the prospect of escalation is not sensitive to the type of nuclear device that is employed, and this consideration must remain a central factor in a U.S. decision to use nuclear weapons. Given President Carter's publicly stated belief, one which is apparently shared by the Secretary of Defense, the bluff factor may have already been seriously eroded. The nuclear threshold would probably not be lowered, but neither would deterrence be increased by the development of the neutron devices.

There really are no unequivocal answers to questions of whether enhanced radiation weapons will or will not provide additional deterrence or lower the nuclear threshold. Nor does anyone know for sure whether the utilization of any nuclear device will lead to rapid escalation. It is too easy to play the scenario game.

What I do know is that there are serious risks involved and that the stakes are tremendously high. It is clear that the enhanced radiation devices are viewed as a hedge against conventional force weaknesses in a NATO scenario. We need to ask ourselves whether tactical nuclear weapons represent the best deterrent to conventional war and whether the risks involved in their deployment and possible use are acceptable. I think the answer to both is "No."

The Congressional Budget Office in a report published earlier this year concluded that the role of tactical nuclear weapons should be to deter Soviet first use of such weapons and not to bolster conventional defenses. The report concluded that:

> . . . current programs to modernize the theater nuclear forces appear to focus on improving NATO capabilities and doctrine for a discriminate first use of nuclear weapons to prevent the defeat of NATO conventional forces. Such emphasis on the use of theater nuclear forces to supplement conventional defenses may be of dubious value in view of the ambiguities associated with their employment and the possibility of Soviet nuclear retaliation. This emphasis might also be unproductive and risky. It could lead to greater reliance on theater nuclear weapons and increased resistance to the provision of more adequate conventional forces for a short, intense European conflict.
>
> These considerations lead to the conclusion that, while the modernization of individual theater nuclear weapons may be desirable for technical reasons, the increased theater nuclear capabilities will not be an effective substitute for adequate NATO conventional force.

The cost of the programs for the 8-inch and 155-millimeter shells have been estimated at nearly $3 billion over the next 10 years. A comparable expenditure would allow us to purchase thousands of conventional anti-tank weapons that could serve as an effective and more usable capability to deal with the armor threat without the risks involved with the use of nuclear devices. Not only could such a tradeoff lead to less unnecessary devastation but would avoid the command-and-control problems in the use of nuclear weapons when decisions are removed from local commanders in the field. With other alternatives the risks attendant to the deployment of enhanced radiation devices are too high.

Mr. CONTE. Mr. Speaker, I rise to express my strong disapproval of the public works appropriation bill, as reported out of the conference committee. Mr. Speaker, the bill still contains far too many boondoggles that the taxpayer will be forced to fund. I commend the Senate for its action in deleting funding for nine of these wasteful projects, but that is still not enough for the good of the Nation. I am referring to the continued funding of eight wasteful projects, those being the Richard Russell Dam, which will cost $254 million to complete; the Applegate Lake which will cost $74 million to complete; the Atchafalaya River and Bayous Boeuf, Black and Chene, which will cost $10 million to complete; Bayou Bodcau which will cost $10 million to complete; Coche Basin which will cost $88.5 million to complete; Hillsdale Lake which will cost $38.6 million to complete; Tallahala Creek which will cost $52 million to complete; and the Columbia Dam which will cost $110.4 million to complete. All of these will add millions to the Federal outlays and result in minimal benefits, at best. I am also concerned that the compromise will save the taxpayers only $49.8 million, this year whereas that total saving of the deletion of all 17 that were contained in my amendment would be $165 million. The actions taken by the conference committee, in my estimation, are only image, with little substance. I would not characterize the compromise as "a good faith effort" as many have. Rather, I believe that this compromise represents another ripoff of the taxpayer, a continuation of an extravagant program that the taxpayer can no longer afford.

Mr. Speaker, I was favorably impressed a few months back, when the President stated that he was instituting a comprehensive review of all ongoing and planned water resource projects, with the intent to terminate those projects which were found to be economically or environmentally unsound. The President did conduct such a study, and finally determined that there are 17 projects which do not merit the continued funding by the Federal Government. With that study as our guide, several Members of this body offered an amendment to this bill which would have the effect of terminating the funding of these wasteful projects. We did not win that vote, but we did gather 50 votes more than would be sufficient to sustain a Presidential veto. We were supported by the administration all through this tough and emotional fight. The President was appreciative of our efforts, and the administration vowed to carry the battle on in the Senate. Knowing that we had the votes to sustain a possible veto, the Senate began to take a second look at this massive proposal. As a result of this action, the Senate finally decided to delete the funding for nine of these wasteful projects. This is not what the administration had been supporting, since the administration believed that all 17 projects were wasteful and not deserving of continuation. The conference report that we have before us today is the same compromise that the Senate adopted, a so-called half compromise. It should be noted that the same projects will, in all probability, be brought up for consideration next year. I would also imagine that the President will again request the Congress to delete any proposed funding for these nine projects.

Mr. Speaker, the Senate conferees have stated that the representatives from the areas where these nine projects are located have nothing to worry about. They say that there are numerous other means of obtaining the funding for projects, such as supplemental bills, riders on upcoming legislation, and similar backdoor approaches. In essence, they are saying that this compromise is just for public consumption, and contains little in the way of real substance. Thus, in all probability, we will be facing another attempt to restore the moneys for these boondoggles.

Mr. Speaker, I can only add my voice to those other 192 who supported the amendment offered by the gentleman from South Carolina (Mr. DERRICK) and myself in urging the President to "take up the cause" and considering vetoing this legislation. I realize that this body will approve the so-called compromise and then pass the buck to the President. But our President had adopted the famous quote "the buck stops here" and, therefore, will have a hard decision to make. Those who voted for the deletion of all 17 projects firmly believed that they were too extravagant or environmentally unsound. We have sent this message to the President. We have the distinct possibility of sustaining a veto, should he choose. And that is exactly what we are urging.

Frankly, Mr. Speaker, all of the 194 Members of this body who voted to delete this unwise funding, went the extra mile on behalf of the President's worthy goal of reviewing and terminating the wasteful projects. We have fought a hard battle; we feel that we have been successful. We now urge the President to finalize this process by vetoing this act. This would clearly reverse the system of review we have been operating under up to now, and return us to the program of careful consideration of all aspects of these massive projects before recommendation of their construction. Mr. Speaker, the American people want and deserve such a process, and the President has stated that he also desires the reinstitution of such a process. A veto of this act will accomplish this long overdue goal.

Mr. Speaker, there is not much more I can say about this half-compromise. We, the 194 supporters of the deleting amendment, have done what we believe was in the best interest of the country. We must now await the President's decision.

As for our consideration today, I strongly urge my colleagues to reject this half-compromise and to again send the message out that we will not continue our past practices of funding extravagant and unworthy projects. The record is complete with the facts on each of these 17 projects. They do not deserve

the continued support of the Federal Government. The time has come for this body to reverse the trend of wasteful expenditures and reject this compromise as the only means of achieving this goal of sound fiscal responsibility. I urge my colleagues to join the supporters who voted for this deletion, and reject this report.

Mr. BEVILL. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. WRIGHT). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 318, nays 61, not voting 54, as follows:

[Roll No. 454]

YEAS—318

Addabbo	Corman	Hammer-
Akaka	Cornwell	schmidt
Alexander	Coughlin	Hanley
Allen	Cunningham	Hannaford
Ammerman	D'Amours	Hansen
Anderson, Ill.	Daniel, Dan	Harkin
Andrews, N.C.	Daniel, R. W.	Harrington
Annunzio	Danielson	Harris
Archer	Davis	Harsha
Armstrong	de la Garza	Hawkins
Ashbrook	Delaney	Heckler
Ashley	Devine	Heftel
Aspin	Dickinson	Hightower
AuCoin	Diggs	Hillis
Badham	Dingell	Holland
Bafalis	Dornan	Hollenbeck
Baldus	Downey	Holt
Barnard	Drinan	Horton
Baucus	Duncan, Oreg.	Howard
Bauman	Duncan, Tenn.	Hubbard
Beard, R.I.	Eckhardt	Huckaby
Beard, Tenn.	Edwards, Ala.	Hughes
Benjamin	Edwards, Calif.	Hyde
Bennett	Edwards, Okla.	Ireland
Bevill	Ellberg	Jeffords
Biaggi	Emery	Jenkins
Blanchard	English	Johnson, Calif.
Blouin	Erlenborn	Johnson, Colo.
Boggs	Ertel	Jones, N.C.
Boiling	Evans, Colo.	Jones, Okla.
Bowen	Evans, Del.	Jones, Tenn.
Breaux	Evans, Ga.	Kazen
Breckinridge	Fary	Kelly
Brinkley	Fascell	Kemp
Brodhead	Findley	Ketchum
Brooks	Fish	Keys
Broomfield	Fithian	Kildee
Brown, Mich.	Flood	Krebs
Buchanan	Flowers	Krueger
Burgener	Flynt	LaFalce
Burke, Fla.	Foley	Lagomarsino
Burleson, Tex.	Ford, Mich.	Le Fante
Burlison, Mo.	Ford, Tenn.	Leach
Burton, Phillip	Fountain	Lederer
Caputo	Fowler	Leggett
Carney	Frey	Lehman
Carr	Fuqua	Lent
Carter	Gammage	Levitas
Cavanaugh	Gaydos	Lloyd, Calif.
Cederberg	Gephardt	Lloyd, Tenn.
Chappell	Giaimo	Long, La.
Chisholm	Gibbons	Lujan
Clausen,	Gilman	Luken
Don H.	Ginn	Lundine
Clawson, Del	Glickman	McClory
Clay	Goldwater	McCloskey
Cochran	Gore	McCormack
Cohen	Grassley	McDade
Coleman	Guyer	McFall
Collins, Ill.	Hagedorn	McHugh
Conyers	Hall	McKay
Corcoran	Hamilton	Madigan
Mahon	Pritchard	Spence
Markey	Pursell	St Germain
Marks	Quie	Staggers
Marlenee	Quillen	Stangeland
Marriott	Rahall	Stanton
Martin	Railsback	Steed
Mathis	Rangel	Steers
Meeds	Regula	Stockman
Metcalfe	Rhodes	Stokes
Meyner	Richmond	Stratton
Milford	Rinaldo	Stump
Mineta	Risenhoover	Symms
Minish	Roberts	Taylor
Mitchell, Md.	Robinson	Thompson
Mitchell, N.Y.	Rodino	Thone
Mollohan	Roncalio	Thornton
Montgomery	Rooney	Treen
Moore	Rose	Trible
Moorhead,	Rosenthal	Udall
Calif.	Rostenkowski	Ullman
Moss	Rousselot	Vanik
Murphy, Ill.	Roybal	Vento
Murphy, N.Y.	Runnels	Volkmer
Murphy, Pa.	Ruppe	Waggonner
Myers, Gary	Ryan	Walgren
Myers, John	Santini	Walsh
Myers, Michael	Sarasin	Watkins
Natcher	Satterfield	Weaver
Neal	Sawyer	Whalen
Nedzi	Scheuer	White
Nichols	Schroeder	Whitehurst
Nix	Sebelius	Whitley
Nowak	Seiberling	Whitten
Oakar	Shuster	Wilson, Tex.
Oberstar	Sikes	Winn
Obey	Simon	Wirth
Panetta	Sisk	Wolff
Patten	Skelton	Wright
Pease	Skubitz	Wylie
Perkins	Slack	Yates
Pettis	Smith, Iowa	Yatron
Pike	Smith, Nebr.	Young, Alaska
Poage	Snyder	Young, Tex.
Preyer	Solarz	Zablocki
Price	Spellman	Zeferetti

NAYS—61

Abdnor	Gradison	Pattison
Bedell	Holtzman	Pressler
Bellenson	Jacobs	Quayle
Bingham	Kasten	Reuss
Brown, Ohio	Kastenmeier	Russo
Broyhill	Kindness	Schulze
Burton, John	Kostmayer	Sharp
Collins, Tex.	Latta	Stark
Conable	McDonald	Steiger
Conte	Mattox	Studds
Cornell	Mazzoli	Tsongas
Derrick	Michel	Tucker
Derwinski	Mikva	Walker
Early	Miller, Calif.	Waxman
Edgar	Miller, Ohio	Weiss
Evans, Ind.	Moakley	Wilson, Bob
Fenwick	Moffett	Wilson, C. H.
Fisher	Motti	Wydler
Forsythe	Nolan	Young, Mo.
Fraser	O'Brien	
Frenzel	Ottinger	

NOT VOTING—54

Ambro	Dellums	Mann
Anderson,	Dent	Mikulski
Calif.	Dicks	Moorhead, Pa.
Andrews,	Dodd	Murtha
N. Dak.	Flippo	Patterson
Applegate	Florio	Pepper
Badillo	Gonzalez	Pickle
Boland	Goodling	Roe
Bonior	Gudger	Rogers
Bonker	Hefner	Rudd
Brademas	Ichord	Shipley
Brown, Calif.	Jenrette	Teague
Burke, Calif.	Jordan	Traxler
Burke, Mass.	Koch	Van Deerlin
Butler	Long, Md.	Vander Jagt
Byron	Lott	Wampler
Cleveland	McEwen	Wiggins
Cotter	McKinney	Young, Fla.
Crane	Maguire	

The Clerk announced the following pairs:

Mr. Burke of Massachusetts with Mr. Byron.

Mr. Shipley with Mr. Dellums.

Mr. Dent with Mr. Andrews of North Dakota.

Mr. Teague with Mr. Roe.

Mr. Pepper with Mr. Anderson of California.

Mr. Dicks with Mr. Bonior.

Mr. Rogers with Mr. Crane.

Mr. Boland with Mr. McKinney.

Mr. Cotter with Mr. Wampler.

Mr. Jenrette with Mr. Bonker.

Ms. Mikulski with Mr. Patterson of California.

Mr. Dodd with Mr. Rudd.

Mr. Florio with Mr. Maguire.

Mr. Ambro with Mr. Brown of California.

Mr. Brademas with Mr. Vander Jagt.

Ms. Burke of California with Mr. Lott.

Mr. Badillo with Mr. Ichord.

Mr. Koch with Mr. Hefner.

Mr. Long of Maryland with Mr. Butler.

Mr. Mann with Mr. Gudger.

Ms. Jordan with Mr. Goodling.

Mr. Applegate with Mr. Wiggins.

Mr. Van Deerlin with Mr. Cleveland.

Mr. Traxler with Mr. Flippo.

Mr. Moorhead of Pennsylvania with Mr. Gonzalez.

Mr. Pickle with Mr. McEwen.

Mr. Murtha with Mr. Young of Florida.

Mr. McCLORY and Mr. LUKEN changed their vote from "nay" to "yea."

Messrs. TSONGAS, STARK, NOLAN, DERWINSKI, and MOAKLEY changed their vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore (Mr. WRIGHT). The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 3, line 9, insert: *": Provided further,* That up to $14,000,000 of this appropriation is to conduct a study of the Barnwell Nuclear Fuels Plant located in South Carolina to determine if that facility may be utilized in support of the nonproliferation objectives of the United States; and for activities contributing to the International Fuel Cycle Evaluation Program to be carried out under contract at the Barnwell Nuclear Fuels Plant, including only such research, assessment and evaluation activities as the Administrator determines are consistent with the Nation's nuclear research and nonproliferation policies and provided that the plant shall not be used to process spent fuel from nuclear reactors: *Provided further,"*

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 3, line 33, insert: *": Provided further,* That $1,800,000 of this appropriation shall be for financial awards to independent inventors, as authorized, for the purpose of carrying out section 14 of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5913)"

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 6 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 4, line 3, insert: "*Provided further*, That none of the funds appropriated in this Act shall be used for production of enhanced radiation weapons until the President certifies to Congress that production of these weapons is in the national interest: *Provided further, however*, That after such certification is received, production may proceed, unless within forty-five days Congress by concurrent resolution disapproves such production: *Provided further*, That such disapproval resolution be referred to the appropriate committee, and if the committee has not reported the resolution at the end of ten calendar days after its introduction, it is in order to move to discharge the committee from further consideration, which motion shall be privileged and shall not be debatable. A motion to proceed to the resolution shall be privileged and not be debatable. Debate on the resolution shall be limited to not more than ten hours which shall be equally divided between, and controlled by, the Majority Leader and the Minority Leader or their designees. Amendments to the resolution shall not be in order and debate on any debatable motion or point of order submitted by the Chair shall be limited to not more than thirty minutes to be equally divided between, and controlled by the mover and the Majority Leader or his designee. Motions to recommit the resolution or to reconsider the vote by which the resolution was disposed of shall not be received."

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 7 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 12: Page 7, line 15, strike out: "$100,073,000" and insert: "$88,206,000."

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 12 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "$103,646,000."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 15: Page 8, line 17, insert:

CONSTRUCTION, GENERAL

(Rescission)

Appropriations provided under this head in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, are hereby rescinded in the amount of $6,550,000.

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate Amendment No. 26: Page 14, line 17, insert:

CONSTRUCTION AND REHABILITATION

(Rescission)

Appropriations provided under this head in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, are hereby rescinded in the amount of $2,200,000.

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 30: Page 15, line 14, insert:

UPPER COLORADO RIVER STORAGE PROJECT

(Rescission)

Appropriations provided under this head in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, are hereby rescinded in the amount of $3,000,000.

MOTION OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BEVILL moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. BEVILL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on H.R. 7553 just agreed to and on the motions on amendments in disagreement on which action has just been taken, and that I may include extraneous material and tables.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON PANAMA CANAL OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT THIS AFTERNOON DURING THE 5-MINUTE RULE

Mr. BOWEN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Panama Canal of the Committee on Merchant Marine and Fisheries be allowed to continue its hearings this afternoon while the House is proceeding under the 5-minute rule.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from Mississippi?

Mr. ROUSSELOT. Reserving the right to object, Mr. Speaker, I will ask the gentleman from Mississippi whether this will be an attempt to mark up the bill.

Mr. BOWEN. If the gentleman will yield, there will be no markup of any kind. It is strictly hearings.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

TENTH ANNUAL REPORT OF THE UNITED STATES-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95–193)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, without objection, referred to the Committee on Interstate and Foreign Commerce and ordered to be printed:

To the Congress of the United States:

As required by the International Health Research Act of 1960, Public Law 86–610, I herewith transmit to the Congress the Tenth Annual Report of the U.S.-Japan Cooperative Medical Science Program. This Report covers events prior to the beginning of my Administration.

JIMMY CARTER.

THE WHITE HOUSE, *July 25, 1977.*

AGRICULTURAL ACT OF 1977

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7171, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, July 22, 1977, title IX had been considered as having been read and open to amendment at any point.

Are there any further amendments to title IX?

AMENDMENT OFFERED BY MR. BURLISON OF MISSOURI

Mr. BURLISON of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLISON of Missouri: Page 50, line 15, insert after "such level" the following: ", not less than $4 per bushel,".

Mr. BURLISON of Missouri. Mr. Chairman, this is an amendment to mandate a $4 loan on soybeans.

I believe it would be appropriate to give just a bit of the history, dating back a few years, with respect to what has gone on in this area.

When I first came here in 1969 efforts were made to reduce the $2.50 loan, which was in place at that time, to $2.05. That effort was unsuccessful. However, shortly after that, in 1970, the $2.50 loan level was reduced to $2.40.

Then about a year later it was reduced to $2.25. Then about a year after that it was eliminated altogether; it was dropped to zero.

The rationale during those years from 1969 to 1974 was that the soybean loan was too high, it was encouraging overproduction and therefore it ought to be dropped.

Then in 1974 just prior to the reduction to zero, the rationale of the department was: Well, we have the soybean loan so low and the prices are so high that it does not do any good so why do we not just eliminate it altogether?

That is precisely what was done.

So you can see that the Department over the years sort of went in a circle in their rationale and they met themselves coming in 1974 from where they started in 1969. During these years the Department was carefully following the cues of the processors and the trade.

In 1975, Mr. Chairman, many of the Members will remember the emergency farm bill of 1975, and there was a provision in that bill to mandate a $3.94 soybean loan. An amendment was offered on the floor during the consideration of that bill to delete that mandated loan. That effort failed. There will be some of the same ones who offered that amendment who will today be opposing my efforts to put the provision back in. It was in the 1975 bill at $3.94. I am proposing a $4 loan. Of course, with the way the cost of production has gone up in the past 2 years, certainly $3.94 in 1975 would be comparable to substantially more than the $4 that I am requesting in my amendment.

The farm bill was passed, but the Members recall that the President vetoed the emergency farm bill of 1975. Therefore, it never became law.

We have never had an income support program for soybeans. There is a recommendation in the administration's proposal this year to give the Secretary authority for an income support program, but it is not in the Senate bill, and it is not in the bill as reported out of committee. In spite of the fact that we do not have a target-price concept or an income-support program for soybeans; in spite of the fact that we do not have a mandated loan level for soybeans; soybeans constitute our second largest cash crop commodity. It constitutes the third largest export commodity. So how in the world can we justify all of the programs that we have for wheat and feed grains and cotton and peanuts and rice and tobacco, and all of the rest, and still totally, almost totally ignore soybeans?

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BURLISON of Missouri was allowed to proceed for 4 additional minutes.)

Mr. BURLISON of Missouri. How in the world can we justify not at least permitting a $4 loan for soybeans? Mr. Chairman, the provision that I am trying to get the House to adopt now is in the Senate bill. It was in the administration's proposal, not only a $4 mandated loan but also an income support program as well. But the House Committee on Agriculture saw fit to delete both of those provisions from the administration's proposal, and we find ourselves with a discretionary soybean loan that can become zero as in the past. I will admit that some of my colleagues will argue that there is a mandated loan, but in effect it is not because there is no minimum level set. The Secretary could set a loan of $1 a bushel. We know in effect that would be no loan. He could set one penny a bushel. We know in effect that would be zero.

Mr. Chairman, I have just one final point. The Department of Agriculture, without equivocation, with total definity said that during the life of this bill a $4 mandated loan would not cost the Government one red cent, so all in the world it will do will be to give some essence of a program for our soybean growers; some minuscule degree of insurance to them for the growth of soybeans. So I am hopeful, Mr. Chairman, that the committee will accept this amendment and give our soybean growers the very minimum of the program that they should have, when we look at this total farm bill and see what all of the other commodities have been given.

Mr. BREAUX. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I yield to the gentleman from Louisiana.

Mr. BREAUX. I thank the gentleman for yielding.

I was just concerned. Does the gentleman not have the concern that suddenly a loan level of $4 a bushel, as his amendment would provide, would not tend to set the price of soybeans at that loan level price, which is certainly lower than it sells for at the present time?

Mr. BURLISON of Missouri. It certainly would not. That is the classic argument. That argument, if it had any validity at all would be just as relevant to the other commodities in this bill. If it had one vestige of validity for a soybean program, it would apply equally to the feed grains, wheat, rice, tobacco, cotton, and all of the other commodities that are encompassed in this bill.

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I yield to the gentleman from Minnesota.

Mr. NOLAN. I thank the gentleman for yielding.

I just want to take a brief moment to commend the gentleman for his amendment. We are looking at a declining soybean market, and as the gentleman pointed out, this amendment would provide a minimum for a level of support that is very, very much needed if we are going to have any chance of any stability at all in our soybean markets.

I commend the gentleman for his amendment and urge its adoption by the committee.

Mr. COLEMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as a member of the House Committee on Agriculture it is hard for me to understand why the amendment is really being offered today. It seems to me with all the testimony we have in the committee, with only one exception I recall, the soybean people, the producers do not want to have a statutorily established loan rate. I cannot see why we need to force Government on people who do not want it, do not ask it, and do not need it in this particular instance.

I reviewed the testimony before the Agriculture Committee on the soybean issue. It seems to me we might look at some of it. The American Farm Bureau Federation, for example, wanted the soybean loan rate that would, in their words, be set at a level that would not overstimulate production, and their loan figure was around $3.50.

There was testimony from the Midcontinent Farmers Association. They offered a general formula on practically all farm commodities and offered a loan rate on soybeans at $3.68 as acceptable to them. In their formula they included a calculation of the cost of the land as well as the direct cost of fertilizers and other items.

Mr. BURLISON of Missouri. If the gentleman will yield, the gentleman has referred to the MFA position of $3.60, but that was a mandated loan. Will the gentleman concede at least the Midcontinent Farmers Association was proposing at least a mandated loan? Will the gentleman say that?

Mr. COLEMAN. I cannot say that. I will accept the gentleman's word.

Mr. BURLISON of Missouri. That is what I understand the gentleman to say. Would the gentleman yield further?

Mr. COLEMAN. I would like to emphasize further that the American Soybean Association itself is very much opposed to having the loan rate mandated. The only people who came to testify, as I recall, who wanted the loan rate were the processors, the people who would like to see maybe a little bit more production to lower the cost to them. I think this is the case. It is the processors in this who would stand to gain. The American soybean producer would not.

Mr. BURLISON of Missouri. I think the gentleman has a misconception of the American Soybean Association or National Soybean Association or whatever the gentleman referred to there. That association is a processor-oriented organization.

I think the gentleman has misspoken when he says the processors want a mandated loan. I have never heard of a processor that wanted a mandated loan or an association that wanted it. They do not want that. They want soybeans to be as cheap as possible.

Mr. COLEMAN. Mr. Speaker, let me reclaim my time at this point, because I yielded to the gentleman.

They recommended a loan rate of 2½ times the loan rate on corn. If the gentleman will recall what we did last week with corn, he will recall we are talking about a $5 loan rate. It is based upon corn, and also is even higher than what the gentleman's rate would be. Let me point that out to the gentleman.

Mr. BURLISON of Missouri. If the gentleman will yield further, I think the gentleman is mistaken if he feels that the soybean processors want a mandated loan. In my experience I found that the only people that want a mandated loan are the independent soybean producers. They do not have any association or any special interest to represent them and lobby for them. The only person they have to represent them here in the Congress is the Members of Congress.

Mr. COLEMAN. As I recall it, and I looked back over the testimony, and being on the House Agriculture Committee, I believe this is the only group that came before us to ask for a set loan. As I recall sitting there, they are the only ones, and I went back and researched it.

The point is if we are going to have a loan rate like this, the producer who is out there will probably be stimulated to produce more. Then the next year they will have less people producing. It will not continue and continue. They will withdraw and retrench. We will not have a constant supply.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. COLEMAN) has expired.

(On request of Mr. SYMMS, and by unanimous consent, Mr. COLEMAN was allowed to proceed for 1 additional minute.)

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I share the position of the gentleman from Missouri. Why shackle the one crop that has had little control by the Government and the least amount of intervention, which is soybeans, and the soybean crop has gotten along much better than wheat and corn and feed grains. The main reason being it has had less intervention on the part of the wizards in Washington who are trying to program through their efforts down here the lives of the farmers?

Mr. COLEMAN. Mr. Chairman, as the gentleman will recall, the gentleman is on the Agriculture Committee.

Mr. SYMMS. Yes.

Mr. COLEMAN. The gentleman will recall, the soybean producers came in, they were very outspoken that they do not want a target price. They do not want a loan price. They said let the Secretary set this, considering imports, considering exports and the amount of production.

Mr. SYMMS. Mr. Chairman, if the gentleman will yield further, the language of the bill says further that the Secretary shall set the level as he determines appropriate in relation to competing prices, taking into consideration competitive prices.

Mr. COLEMAN. They do not want a handout. They do not want Government support.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(At the request of Mr. BURLISON of Missouri and by unanimous consent, Mr. COLEMAN was allowed to proceed for 1 additional minute.)

Mr. BURLISON of Missouri. Mr. Chairman, if the gentleman will yield further, let me say to my friend from Missouri and to the gentleman from Idaho (Mr. SYMMS), that whatever problems the soybean farmers recently have had is not because there has been no soybean program, but in spite of the fact there has been no soybean program.

I would say, conversely, that whatever difficulty our wheat and feed grain people are in today is not because we do have a farm program in those commodities, it is in spite of the fact we have had such a program in those commodities.

Does the gentleman from Missouri feel that we should not have the corn program, the feed grain program, that we have been debating for the last couple days on the floor?

Mr. COLEMAN. I do not want to talk about other crops. This amendment goes to soybeans. I do not think our discussion would be germane. It would be probably ruled out of order. Let us talk about soybeans.

Mr. BURLISON of Missouri. Mr. Chairman, if the gentleman will yield further, it is very important, because what the gentleman is saying is that we should discriminate against soybeans in favor of all the other commodities that are covered in this piece of legislation.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I reluctantly rise in opposition to the amendment of the gentleman from Missouri, my good friend. I do so reluctantly because I understand the motivation for the amendment and I know why the gentleman is offering it. It is because the gentleman feels that soybeans producers in this country, and I have several in my district, deserve the protection of what the amendment would do; that is, to provide a $4 loan rate to the producers of soybeans.

The gentleman from Missouri (Mr. COLEMAN) makes an excellent point. The gentleman says the soybean people simply do not want it.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield on that point?

Mr. MATHIS. Let me finish my brief statement and then I will be delighted to yield.

Mr. Chairman, as the chairman of the Oilseeds and Rice Subcommittee of the House Agriculture Committee says, in the last 3 years I have not had one soybean farmer come in and say they want a soybean program.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, the reason is that the small independent family soybean farmer is not organized. He does not have an organization. He does not have an association. If we want to know how the soybean farmers feel about this, go out and ask them. They do want a program.

Mr. MATHIS. Mr. Chairman, let me say to my friend, the gentleman from Missouri, there is no Member of Congress who spends more time in his district than I do. I have soybean farmers in my district. I visit with them on almost a weekly basis. Not one soybean farmer says, "We want a mandated program of $4 a bushel."

My people say they do not want it. Maybe the people in the district of the gentleman from Missouri do.

One other thing we need to keep in mind when we consider this kind of amendment, the gentleman comes in and asks for a loan rate. He does not ask that we include the soybean farmers under the set-aside provisions of this bill. As a matter of fact, every other producer is asked to accept some form of acreage control or some form of set-aside. We are not doing this if we adopt the gentleman's amendment. The soybean people have come to me, the American Soybean Association came to me and said, "Yes, we would like a mandatory loan program, but we would like to leave with the Secretary the flexibility to determine at what level that loan program is operated."

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Mississippi.

Mr. BOWEN. Mr. Chairman, I concur wholeheartedly with the chairman of the subcommittee. I offered the amendment in the full committee which the gentleman is referring to, which requires that the Department establish a loan level, but not that it set a mandated level.

Two years ago, as we know, the Department did not have a loan level. That was very upsetting to the industry. After a great deal of negotiation with the soybean growers and leaders in the industry and all, I concluded that they wanted only a right that the Department set the level, but then they did have a level floor mandated. I agree with all those other sentiments voiced here. Why give somebody something if they do not want it? They are not asking for it; they do not need it; they do not want to get tangled up in some of the programs that some of the other commodities have been involved in. They want the option.

I would like to clear up a misunderstanding by the gentleman from Missouri. The Department is opposed to this amendment. There might have been some misunderstandings, but we have just talked to the Department. They are opposed.

Mr. BURLISON of Missouri. Will my friend yield?

Mr. MATHIS. Yes.

Mr. BURLISON of Missouri. It has not been 3 days since I put that question specifically, in person, to the Secretary, and he said that he continued to support that provision just as it had been sent up to the House.

Mr. BOWEN. I would answer my good friend by saying that I was in that same meeting with him. The Secretary's answer was rather ambiguous, and I spoke to the Secretary afterward, and his principal assistant. I said, "There might be some misunderstanding that the question of the gentleman from Missouri might lead some to feel that the Department favors a rigid floor." His answer was, "No, I do not. We do not favor a rigid floor."

We have just checked with an administration representative who is here in the building now, and he said, "We still are opposed to a rigid floor. We would like for the Department to have the flexibility given to us in this bill."

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(By unanimous consent Mr. MATHIS was allowed to proceed for 3 additional minutes.)

Mr. MATHIS. Let me say, first of all, the gentleman from Mississippi's perception of the administration's position is exactly the same as mine. They have said, "Yes, we will accept a mandated loan program, but we want to allow the Secretary the flexibility to determine what that loan rate shall be." I have not seen or heard anything from the Department that would change that.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Missouri.

Mr. VOLKMER. I am sorry to disagree with my other colleague from Missouri on this. I will have to agree to some extent that there are some soybean producers in Missouri that would like to have a fixed loan rate, but I think the majority of producers, including the presidents of the various soybean associations, do not want the fixed loan rate, but want to go along with what we did in committee to provide the flexibility with the Secretary and not to just flat out set out the $4 rate. Therefore, I would have to oppose the amendment offered by my colleague from Missouri.

Mr. MATHIS. I appreciate the position of the gentleman from Missouri, and I think it is true, and the gentleman from Missouri (Mr. BURLISON) told me earlier that the president of the Missouri soybean association was opposed to this amendment. I think there is a very valid reason for it. This is an important amendment, and there is no need for us to prolong debate on it.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield further?

Mr. MATHIS. I yield.

Mr. BURLISON of Missouri. I thank my very dear friend, for whom I have the greatest esteem, for yielding to me. I want to make two points.

My amendment does not remove flexibility from the Secretary. He can set the loan at $4 and a nickel, $4 and a quarter, $4 and a half or $5, which is where it should be, at a $5 minimum——

Mr .MATHIS. Will the gentleman let me have my time back?

Mr. BURLISON of Missouri. Let me finish.

Mr. MATHIS. The gentleman is totally in error when he says that this does not remove flexibility from the Secretary, because it does. It says that the Secretary must start at a $4 base, and that is totally inflexible, and the gentleman well knows it.

Mr. BURLISON of Missouri. Will the gentleman yield further?

Mr. MATHIS. Yes, I yield if I can get my time back.

Mr. BURLISON of Missouri. It reduces flexibility of the Secretary only to the point that he cannot set the loan below $4 a bushel.

Mr. MATHIS. The gentleman is half correct.

Mr. BURLISON of Missouri. We have got that disposed of. My friend from Mississippi, for whom I also have a great deal of admiration and respect, said that the Secretary's statement over at our meeting the other day was ambiguous. I did not recognize the least bit of ambiguity. It has been the position of the Secretary from the time he was a Member of this body, right on through the structuring of the farm program as it was sent to the House, that it mandate a soybean loan.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the administration does not desire a mandatory minimum loan rate for soybeans. In the recommendations sent to the committee by the administration, there was a provision that if the Secretary designated soybeans, then there would be a formula by which a minimum loan could be set. But the Department feels that they need the flexibility to determine whether to set a minimum loan rate for soybeans. It is their intention, I believe to announce a $4 loan rate for soybeans this year.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield on that point?

Mr. FOLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, that is my understanding, also. And I think what we ought to do is to insure that the Secretary carries out that intent. I am hopeful that we will have our present Secretary for another 8 years, and I think that we probably will. But what we are trying to guard against, one of the things we are guarding against with this amendment is to make sure that, even though we might have a change of Secretaries, we would still have the same policy and the same law of mandating a minimum.

Mr. FOLEY. Mr. Chairman, I hope we have the same Secretary for 8 years, but we are only going to have the bill for 4 years. It is the Department's hope that we would have a bill which did not set a minimum loan rate for soybeans. That position is also held by one of the more important associations, the American Soybean Association. It is my understanding that the Secretary will announce a $4 loan on soybeans this year. The Senate, however, has a $4 minimum, and it is an item in conference if we do not accept this amendment. If we accept this amendment, we will be locked in conference to a mandatory $4 loan rate on soybeans, which is opposed by the American Soybean Association and which is opposed by the Department of Agriculture. I do not think it is necessary for me to say how much I admire the gentleman from Missouri, but I hope in this case the gentleman's usually good advice will not be followed and that the Committee will not accept this amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

Mr. Chairman, Illinois is the leading producer of soybeans. And I do not know of a single soybean grower in the State of Illinois who would like to see a legislative minimum loan rate, primarily because they have seen the difficulty that the minimum loan rates have caused already for wheat or feed grains and, to some extent, there is a prospective difficulty for rice. They are determined that soybeans be as protected as possible from the ill effects of mandating the loan rate of $4.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman from Washington (Mr. FOLEY) yield to me on that point?

Mr. FOLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I would take it, from what the gentleman from Illinois (Mr. FINDLEY) has just said, that he is opposed to a loan rate for corn. Is that fair?

Mr. FINDLEY. A legislative loan rate. Of course, I think a loan rate is essential, but it should be left to the discretion of the Secretary.

Mr. BURLISON of Missouri. I take it, then, that the gentleman must be opposed to the $2.90 mandated minimum target price that we set for wheat just last week.

Mr. FINDLEY. I think that is a totally separate issue.

Mr. BURLISON of Missouri. Oh, no, it is not a separate issue.

The CHAIRMAN. The Chair will advise the gentleman from Missouri (Mr. BURLISON) that the gentleman from Washington (Mr. FOLEY) has yielded to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, if the gentleman from Washington (Mr. FOLEY) will yield further, the point I am

attempting to make is that I do not have any concern about a $4 loan rate because it will be only for soybeans this year. There is every prospect the market price for soybeans will stay substantially above $4, but this is a 4-year bill and no one can look clearly down the road and see what will happen.

It would be a mistake in my view to fix a minimum figure at any level for fear that might impair the marketability of soybeans sometime during the lifetime of the bill.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(On request of Mr. BURLISON of Missouri and by unanimous consent, Mr. FOLEY was allowed to proceed for 1 additional minute.)

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield further?

Mr. FOLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate my friend's yielding.

I want to point out that the gentleman from Illinois (Mr. FINDLEY) has just eloquently shown "flexibility with his consistency" because he has stated that he is against a program for soybeans and at the same time is for a similar program for wheat, corn, and other commodities. I do not see how in the world the gentleman can explain away that inconsistency. Certainly in his statement he has failed to do so.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has again expired.

(By unanimous consent Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. FOLEY. Mr. Chairman, there is another problem I see with this amendment. It amends the basic law so that this amendment, as I understand it, would require a mandatory $4 minimum loan rate for soybeans, and it would not expire at the end of the crop year 1981, as the minimum loan rates and target prices do on every other commodity.

This would place soybeans in the unusual situation of having a permanent $4 minimum loan rate that would not be subject to the sunset provisions of the rest of the commodity features in this bill.

Mr. BURLISON of Missouri. Mr. Chairman. will my friend, the gentleman from Washington, yield further?

Mr. FOLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, let me say that if this problem troubles the gentleman from Washington (Mr. FOLEY), I would certainly have no opposition to an amendment he might offer to clarify and purify the amendment in that respect.

Mr. FOLEY. Mr. Chairman, I think I have made it clear to the gentleman that I am opposed to it even if it did "sunset" at the end of 4 years, but I am particularly opposed to it since it does not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. BURLISON).

The question was taken; and on a division (demanded by Mr. BURLISON of Missouri) there were—ayes 9, noes 43.

Mr. BURLISON of Missouri. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Missouri, Mr. BURLISON, for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

PREFERRENTIAL MOTION OFFERED BY MR. BURLISON OF MISSOURI

Mr. BURLISON of Missouri. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. BURLISON moves that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman from Missouri is recognized for 5 minutes.

Mr. BURLISON of Missouri. Mr. Chairman, I will not take the full 5 minutes, but I did want the record to show at this point that a concerted effort was made by members of the committee and various others who represent processors and so-called associations, to insure that there would be no recorded vote on this issue.

Mr. Chairman, the reason that I wanted so much to have a recorded vote is because if we look at what has been happening to the soybean market in the last 6 months or so, and if that trend continues, we know that by November 1978, soybeans will be at $3.50 a bushel, or less. And an aye vote on the Burlison amendment to insure a mandated $4 loan would look awfully good in November of 1978.

I believe it is fair to say that this was one of the compelling and cogent reasons that such steps were taken to prevent a recorded vote on this issue.

The record will certainly be clear as to where the gentleman from Missouri stood on the mandated $4 a bushel loan rate in 1977.

Mr. Chairman, I ask unanimous consent that I may be permitted to withdraw my preferential motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JOHNSON of Colorado. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had intended to offer two amendments relating to the tobacco program and I will indeed offer one at a later time when we get to title XI with respect to the Public Law 480 program, the food for peace, on which the House has already voted. But the other amendment would be one in title IX relating to terminating the subsidy program. We had a voice vote during consideration of the agricultural appropriations bill a few weeks ago, and the amendment was defeated. I had intended to offer it again because I feel that the subject matter is worthy of consideration by the House. However the vulnerability of the argument, Mr. Chairman, is one which was persuasive to the majority of the Members that we do not really know what the economic damages and the economic repercussions would be in those tobacco regions if the program is abruptly terminated. Members from tobacco growing States spoke eloquently about that potential damage when we discussed it in the agricultural appropriation bill. But today I would like to engage the chairman of the Subcommittee on Tobacco, if I might, in a brief colloquy.

I have discussed with the gentleman the possibility of introducing a bill that would call for a study of the economic impact in the event that the tobacco program is terminated, or of any possible alternative that there might be, and I would like to have the gentleman respond about his feeling about having hearings with respect to that kind of a bill.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I will be glad to yield to the gentleman.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

I can assure the gentleman that as Chairman of the Subcommittee on Tobacco, that if you are planning to introduce a separate bill at a later date providing for the same language that the gentleman has in his amendment; that, indeed, hearings will be held; and an in-depth study will be made in all sincerity and seriously to see what could be accomplished.

Mr. JOHNSON of Colorado. I thank the gentleman for that assurance. I believe that a study is called for, perhaps the only way that we can operate in those tobacco-growing States is under the present tobacco subsidy program. Perhaps there is no other alternative. I sincerely hope there is a satisfactory alternative. I appreciate the gentleman's assurance that we can at least engage in some kind of a study.

Mr. JONES of North Carolina. If the gentleman will yield further, subject to the approval of the chairman of the full committee, I would be happy to go to Denver, Colo., to conduct part of these hearings.

Mr. JOHNSON of Colorado. I thank the gentleman, but I do not think that

will be necessary as long as we have an opportunity to have people from all over the country express themselves on this particular subject. I think that is the fair way to settle this particular dispute.

Mr. JONES of North Carolina. I want to compliment the gentleman from Colorado on his logic. I think he is acting in the best interests of 300,000 tobacco farmers, and I assure him we will try to reach this objective.

Mr. JOHNSON of Colorado. I thank the gentleman.

Mr. Chairman, I yield back the remainder of my time.

AMENDMENT OFFERED BY MR. NOLAN

Mr. NOLAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NOLAN: Insert the following new section at the end of Title IX:

SEC. 914. The Agricultural Act of 1949, as amended, is further amended by inserting a new section 304, as follows:

"SEC. 304. Notwithstanding any other provision of this Act, the Secretary is authorized and directed to establish a price support program for 1977 crop sugar beets and sugar cane providing for payments to or for the benefit of all domestic producers of such crops based on a price of 13.5 cents per pound, raw sugar equivalent: *Provided, however,* That this provision shall not apply to sugar beets and sugar cane of the 1977 crop which receive price support under section 201 of this Act.

Mr. NOLAN. Mr. Chairman, on Friday of last week this Committee overwhelmingly passed a sugar price support loan program to establish sugar price supports at 13.5 cents for producers for the 1977 and 1978 sugar crop. In the process a matter inadvertently and unintentionally escaped the author's intention. Unfortunately, some of the 1977 sugar was already under contract and, therefore, those producers would not benefit from the price support levels that we have established for all the other producers of domestic sugar in the country.

This amendment would have the effect of including that sugar under the price support program for the year 1977.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I appreciate the gentleman's yielding. I appreciate his cooperation in this matter. It does not in any way affect the amendment that we previously adopted but, rather, it is an attempt to assist, I think, mainly Hawaii whose sugar comes in earlier and, therefore, in order to clarify that the sugar that is harvested earlier than when the amendment would come into effect would be considered as the 1977 crop. Is that correct?

Mr. NOLAN. The gentleman is correct.

Mr. DE LA GARZA. I appreciate the gentleman's contribution.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

The desk over here has no copy of the amendment. I am totally in the dark as to the effect of the language the gentleman has presented to the Committee.

Mr. NOLAN. I am terribly sorry. I will be glad to give the gentleman a copy. It was just read by the Clerk at the desk.

Mr. FINDLEY. Would the gentleman mind summarizing the effect of the amendment once more?

Mr. NOLAN. Yes. We established a 55-percent-of-parity loan applicable to the 1977–78 crops under the legislation that was passed last week. Unfortunately, a small percentage of the sugar is already covered under contract and, of course, therefore, could not be eligible for participation in the loan program. Therefore, those producers would not be entitled to the same level of support as other producers.

Mr. FINDLEY. So the effect of this amendment is to make sure that the full price support level is made available to those persons whose sugar is already under contract?

Mr. NOLAN. That is correct, on 1977 sugar already under contract.

Mr. FINDLEY. Mr. Chairman, I hate to use the gentleman's time further, but I think this is an illustration very dramatically of the need for the Committee on Agriculture to have hearings on this sugar program. This is a rather complicated proposal the gentleman has made, and I regret opposing it, but under the circumstances I do not see any choice. I think this ought to be defeated. I would hope that the Committee on Agriculture would take up the general question in sugar legislation, and if there is a case for remedy for this particular group, report out a bill having that effect.

Mr. NOLAN. I agree with the gentleman. It would be wise for the Committee on Agriculture to conduct hearings on sugar. Even though we have had ample hearings in the past, but the main purpose and point of this amendment is to see that all sugar producers are treated fairly and equitably. Without adoption of this amendment there is a small segment or small number of producers who would be done a great inequity, so, therefore, I urge the adoption of the amendment at this time so they can be all treated with fairness and equity in this price support program.

Mr. THONE. Mr. Chairman, will the gentleman yield for a question?

Mr. NOLAN. I yield to the gentleman from Nebraska.

Mr. THONE. Mr. Chairman, do I understand the gentleman from Minnesota (Mr. NOLAN) to say that as far as the practical application is concerned this amendment would apply only to a small percentage of producers in Hawaii?

Mr. NOLAN. It would apply to some outside the State of Hawaii as well, but the gentleman is quite correct, it would apply to a small percentage of producers as well as a small percentage of the production, but I think it is necessary for equity and fairness to adopt this amendment.

Mr. THONE. I thank the gentleman.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, what is the administration position on the gentleman's amendment? Does the administration support the amendment?

Mr. NOLAN. I cannot tell the gentleman. All I can say is the administration time and time and time again has expressed its desire to do something to help the sugar producers of this country who have been in very serious economic trouble. The administration for the most part has refrained from comment on this and other sugar amendments.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is very strange indeed that no one on the committee here is able to say a word in regard to the attitude of the administration on this amendment. Maybe it is not so strange after all. My understanding is that the administration is opposed to the de la Garza amendment and this seems to be an add-on to the de la Garza amendment to assure that some producers get the full amount of the subsidy guaranteed by the de la Garza amendment. Could someone on the committee shed some light?

Mr. FOLEY. Mr. Chairman, if the gentleman will yield, it is my understanding the Department does not oppose the amendment.

Mr. FINDLEY. Can the gentleman tell us whether the Department is aware of the amendment?

Mr. FOLEY. I believe the Department is aware of the amendment.

Mr. FINDLEY. I thank the gentleman from Washington.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. NOLAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PRESSLER

Mr. PRESSLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRESSLER: Page 50, line 8 strike everything after the word "years" and all of line 9 and insert in lieu thereof: "at an interest rate determined by the secretary to approximately reflect the current cost of money to the government but in no event more than 7 percent."

Mr. PRESSLER. Mr. Chairman, the purpose of this amendment, and I have discussed it with the gentleman from Washington (Mr. FOLEY), is quite simple. The bill has in it a flat 7-percent interest rate. Originally, the aim of my amendment was to lower it to 5 percent, but I have modified it to provide that the Secretary can set the interest rate approximately to reflect the current cost of money to the Government, but in no event at more than 7 percent.

I am told the interest rate charged the Commodity Credit Corporation by the Treasury averages about 5.4 percent. If this is the case, loans for on-farm grain storage should be available to our farmers at approximately the same interest rate the Government must pay to loan this money.

Mr. Chairman, this amendment is related to the cost of on-farm storage

across the Midwest and throughout the country. It is extremely expensive for farmers to build and rehabilitate storage facilities. The provision in the bill provides up to $50,000-dollar loans at 7 percent. In doing research, my staff and I have discovered that the real cost of money to the Government is about 5.4 percent. There is no reason why farmers that are applying for storage facility loans should pay an interest rate that is higher than the Government's cost of borrowing money. In effect, the Government is making money on farmers. Also, I am told that farmers have one of the highest percentage rates of repayment of loans. Indeed, under the storage program the default rate is only one-tenth of 1 percent. This compares to much higher default rates on small business loans, student loans, and other areas.

Mr. Chairman, the administrative costs of these loans are quite low, less than one-half of a percentage point. It seems to me that many of our farmers could be getting loans at 1 or 2 percent less than the flat 7-percent interest rate currently in effect. Indeed, if current economic projections suggested by the Administration bear out, it may be as little as 4 or 5 percent in some instances.

Mr. Chairman, I believe this would be an appropriate amendment for the House to adopt. It is an important amendment, because it sets a standard that the Commodity Credit Corporation's borrowing from the Treasury at a certain rate should be passed through to farmers and small businessmen. I shall be offering similar amendments if the occasion arises concerning the Commodity Credit Corporation's and other Government agencies' borrowing from the Treasury and the impact that this has on the interest rate. I think that an awareness of interest rates and a concerted effort to make interest rates as low as possible to those producing America's food and to our small businessmen is a very desirable policy.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. PRESSLER. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I have no opposition to this amendment. I think it generally goes in the direction of the intentions of the Committee on Agriculture. I cannot speak for the committee, but speaking for myself I would accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota (Mr. PRESSLER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FASCELL

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: Page 52, after line 4, insert the following new section:

IMPORTED TOMATOES

SEC. 910. Section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence (1) by inserting after "eggplants" a comma and the following: "or regulating the pack of any container of tomatoes" and (2) by inserting a comma and "and in the case of tomatoes any provision regulating the pack of any container," after "provisions" wherever it appears, and in the fourth sentence by inserting a comma and "and with respect to imported tomatoes such restrictions on the pack of any container," after "classifications".

Mr. FASCELL. Mr. Chairman, my amendment relates to a problem of increasing concern to the Florida tomato industry. Our domestic industry has been greatly affected by tomatoes imported from Mexico and other foreign nations which do not compete on an equal basis with domestic tomatoes.

In 1974, Congress adopted Senator Spessard Holland's amendment to the Agricultural Marketing Agreement Act of 1937 designed to impose the same quality standards on imported products as are imposed on domestic products.

But the Agriculture Department, which drafted the amendment for the Florida tomato industry, has now turned around and said that the amendment does not apply to "packing standards" for imported tomatoes.

As a result, tomatoes grown in Florida must be packed for shipment and sale in separate containers according to grade and size, while Mexican imports can be thrown together in the same container without regard to such standards. Thus, consumers cannot be sure what they are getting, and at the same time the domestic industry has the extra expense of sorting its tomatoes.

The Senate Committee on Agriculture has reported S. 91, legislation to amend the Marketing Order Act to direct that the same packing standards required for American tomatoes be imposed on imported tomatoes. I am advised that the bill may be taken up by the Senate later this week.

The Agriculture Department, in its report on the legislation, has said that "it might be of some value in precluding deceptive packaging." I feel that the House should act on similar legislation.

My amendment is not a nontariff barrier to free trade, since such a barrier is one that is imposed on an imported commodity while not being imposed on the domestic product. Presently, the domestic industry must compete under these packing restrictions while the foreign producers do not.

Ninety-five percent of the fresh tomatoes sold in the United States from December to June each year are produced in Florida or imported from Mexico. I agree that we should not impose undue requirements on Mexican imports, but the fact is that Mexico itself has imposed such strict permit procedures that the export of tomaotes from the United States to Mexico is virtually prohibited.

Moreover, Mexico has passed a law requiring Spanish language names on all foreign products. This requirement could cause great expenses for U.S. manufacturers trying to compete there. So if anyone is imposing import restrictions, it is Mexico and not my amendment.

Moreover, observers have noted the admission at our border of large quantities of Mexican tomatoes with almost no checking for pesticide residues or other consumer safeguards. I feel that my amendment is the least we can do to require fair competition.

Some concern has been expressed that the marketing order applying to Florida tomatoes does not conform to such requirements applying in California and elsewhere. Traditionally, however, where the domestic commodity is subject to different marketing orders in different areas, the imported commodity must comply with the order applicable to that area with which it most directly competes. Foreign imports represent 40 to 60 percent of the total tomato volume available during Florida's production season.

This legislation was passed by the Senate in the last Congress, but too late for House action. Meanwhile, Mexican imports flood our markets in unfair competition.

My amendment would impose nothing on imported tomatoes that we do not already require Florida producers to do. I request that my amendment be approved.

Mr. Chairman, I offer this amendment on behalf of my colleague the gentleman from Florida (Mr. BAFALIS) and myself. For several years we and other members of the Florida delegation have introduced bills to accomplish the purpose of this amendment. Mr. Chairman——

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, has the gentleman had any indication from the administration as to its reaction to this amendment?

Mr. FASCELL. Yes; in the report on the Senate bill, I will give the gentleman the exact language, if I can find it here. I think it is kind of a nebulous quote, but it is what the Department said:

It might be of some value in precluding deceptive packaging.

I feel the same way, of course. I think that is what the issue is, as far as the consumer's concern, wherever we in the United States have to meet separate size requirements, imports do not. Therefore, a buyer is not sure what he is buying.

Mr. FINDLEY. Is the effect of the amendment directed against any particular country?

Mr. FASCELL. No, it is directed against imported tomatoes, most of which, I suppose, at the particular time in the winter season, in which Florida is in the growing season, come from Mexico.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, the gentleman has had no indication from the State Department of any serious objection to the amendment?

Mr. FASCELL. I do not know where the State Department stands on this amendment. All I have is this language from the Department of Agriculture and, frankly, I do not think they are too happy with it; but I think they do not want to fight it.

Mr. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from South Carolina.

Mr. DAVIS. Mr. Chairman, I would like to congratulate the gentleman for offering this amendment. It does alleviate a problem with tomatoes in the American market and I rise in strong support of it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. FASCELL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DERRICK

Mr. DERRICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERRICK: Page 52, immediately after line 4, insert the following:

SEC. 913. Effective for the 1978 through 1981 crops section 301 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end thereof: "The Secretary is authorized to make price supports available under this title for the 1978 through 1981 crops of soybeans, flaxseed, dry edible beans, and gum naval stores, and for any other non-basic commodity not designated in title II, except that such authority shall terminate with respect to any commodity, other than those listed in this provision, at the end of any crop year in which the net outlays exceed $50 million."

Mr. DERRICK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina (Mr. DERRICK).

The question was taken; and on a division (demanded by Mr. MATHIS) there were—ayes 55, noes 0.

So the amendment was agreed to.

Mr. NOLAN. Mr. Chairman, I rise in support of the Pressler amendment. This amendment reflects the need for storage on farms and also reflects the need for lower interest rates for our farmers and small businessmen. If the Commodity Credit Corporation can borrow money from the Treasury at an average 5.4 percent interest during this fiscal year, then farmers should be able to obtain loans at a rate approximating the Government's cost of money. Also, I commend the gentleman from South Dakota, because we need to think seriously about the impact high interest rates have on our farmers and small businessmen. We sometimes loan money to foreign countries at better levels than we do for our own farmers. I commend the gentleman from South Dakota for this amendment.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word, and I will ask the chairman, the gentleman from Washington (Mr. FOLEY), if he intends to move that the Committee rise from consideration of this bill at 2:15.

Mr. FOLEY. Mr. Chairman, I thank the gentleman for his inquiry, and I will ask the gentleman if he will yield to me for the purpose of making a motion.

Mr. FINDLEY. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. GIAIMO) having assumed the Chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes, had come to no resolution thereon.

PROVIDING FOR CONSIDERATION OF H.R. 4544, BLACK LUNG BENEFITS REFORM ACT OF 1977

Mr. MEEDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 702 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 702

Resolved, That upon the adoption of this resolution it shall be in order to move, section 401(b)(1) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4544) to amend the Federal Coal Mine Health and Safety Act to improve the black lung benefits program established under such Act, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an orilgnal bill for the purpose of amendment, and all points of order against said amendment for failure to comply with clause 5 of rule XXI, clause 7 of rule XVI, and section 401(b)(1) of the Congressional Budget Act of 1974 (Public Law 03-344) are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. GIAIMO). The gentleman from Washington (Mr. MEEDS) is recognized for 1 hour.

Mr. MEEDS. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 702 provides for the consideration of H.R. 4544, the Black Lung Benefits Reform Act of 1977. This is an open rule providing for 2 hours of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, and it makes in order the committee amendent in the nature of a substitute to be considered as an original bill for the purpose of amendment.

All points of order against the substitute are waived for failure to comply with clause 5, rule XXI, which prohibits appropriations in a legislative measure, clause 7, rule XVI, the germaneness clause, and section 401(b) of the Congressional budget Act.

The first waiver is required to allow consideration of that part of the bill which establishes a trust fund from which benefit payments would be made automatically. The chairman of the Appropriations Committee, Mr. MAHON, has agreed to this waiver with the understanding that Mr. THOMPSON will offer a floor amendment whereby such payments would be made only to the extent and in such amounts as are provided in advance by appropriations acts.

The waiver of points of order under the germaneness clause is necessary, because the committee substitute contains provisions not germane to the bill as introduced. An example is section 17 of the bill authorizing and directing the House Committee on Education and Labor to study white lung disease, and to report its findings and recommendations within 1 year. The waiver in regard to section 401(b) of the Budget Act is necessary to allow consideration of the entitlement provisions of H.R. 4544, some of which would come into effect before October 1, 1977, the start of the new fiscal year. For example, sections 8 and 14 of the bill would allow for more miners and their survivors to be eligible for certain benefit payments under the bill. Chairman GIAIMO of the House Budget Committee has agreed to this waiver with the understanding that an amendment will be offered on the floor to cure the Budget Act problem.

Mr. Speaker, the Committee on Rules considered the request for a rule on H.R. 4544 on three separate occasions, and on July 21 reported this rule by a voice vote. It was the feeling of the majority of the members of the committee that, while the legislation is controversial, the rule should be granted so the House could work its will on this issue. I urge the adoption of House Resolution 702 so the House may proceed to the consideration of the bill.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the able gentleman from Washington (Mr. MEEDS) has explained the provisions of the rule. Let us not say that the black lung bill is not controversial. It is.

The chairman of the Committee on Education and Labor came over to the committee table and said that he had agreed to some amendments that would be offered to take out the entitlement sections of the measure.

I have no coal mining in my district, although my district borders on one of the Nation's leading coal-producing

areas. Many of the miners from the area have retired or become disabled, and miners or widows of miners have moved into my district. Therefore, I know that pneumoconiosis is a tremendous problem, and I have always supported black lung legislation. But there are certain provisions in this measure which need to be corrected.

Mr. Speaker, I understand that the gentleman from New Jersey (Mr. THOMPSON) and the gentleman from North Carolina (Mr. ANDREWS) will offer some amendments to make these corrections.

Mr. Speaker, I yield 10 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, I rise in opposition to the rule that is being proposed for the consideration of H.R. 4544.

Mr. Speaker, the Black Lung Benefits Reform Act of 1977 is very badly named. There is nothing in the act that will come before the House as a result of the adoption of this rule that could in any way be construed as reform.

Mr. Speaker, I was the ranking Republican on the subcommittee which considered the original Coal Mining Health and Safety Act of 1969, out of which arose this program for compensation of victims of coalworkers' pneumoconiosis.

At that time there was a good deal of sympathy for the people in the coal mining areas becausc of a very bad coal mine disaster in Farmington, Ky., about a year before the final passage of this Coal Mine Health and Safety Act. Certainly, revisions in the safety requirements in the coal mines were long overdue, and I did as much as I could to see that proper safety restrictions were adopted in that act.

I was also convinced by those who wanted to include pneumoconiosis compensation in the act that there was a rationale for having a Federal program, as described at that time.

What was that Federal program? The problem we faced was people with coalworkers' pneumoconiosis who had not, in the past, qualified for workmen's compensation under State workmen's compensation laws.

It was impossible to identify, in many cases, the responsible operator back over a period of 20 or 30 or 40 years since probably the individual worker had worked for many different employers during that period of time. Therefore, the argument was made that we should have a one-shot Federal compensation program to pick up all of those old claims and that then we should guarantee that coalworkers' pneumoconiosis was compensated on the same basis as other workers' diseases and workmen's compensation claims. On that basis, I supported the program.

When the bill passed the House, it provided for compensation for those who were totally disabled as a result of complicated pneumoconiosis or what is known as progressive massive fibrosis, which medically is the only disabling stage of the disease.

The Senate bill likewise provided compensation for that disabling stage of the disease.

In the conference the reference to complicated pneumoconiosis was removed by the conferees, contrary to the rules of the House, in my opinion; and we made it possible for those who were not totally disabled or even disabled at all by pneumoconiosis to get compensation.

In 1969 this program was adopted. In 1972 amendments were adopted to change the character of the program, to liberalize beyond the original concept the treatment of these claims so that additional people not disabled by pneumoconiosis could get compensation. It further extended the Federal responsibility for an additional number of years so that it was going to be the responsibility of the Federal Government for an additional period of time before the responsibility was turned over to the employers through workmen's compensation. That today is the condition of the law, and the time has expired when the Federal Government is responsible under what we call part B of the law.

Part C now has taken effect and the employers are liable for the current claims that are being filed. But now the bill that comes before us out of the Committee on Education and Labor is going to make this a permanent Federal program. The promises of 1969, that were repeated in 1972, have now been forgotten. We hear that equity will be brought to this program. That we are going to make the employers responsible. All but one of the 50 States now cover pneumoconiosis under their workmen's compensation laws. Those who are currently working who contract pneumoconiosis have the same recourse as other workers through workmen's compensation.

There is no justification for making this a total Federal program.

In addition, Mr. Speaker, some of the neat little features in this bill would allow one to draw worker's compensation, pneumoconiosis compensation, and social security disability, three different disability payments at the same time.

How often can one be totally disabled? I submit it is hard to suggest that you can be disabled, totally disabled, more than once.

In addition, the bill before us says that when a claim is filed if the claimant wins no one can appeal, neither the employer nor the Government, can appeal a favorable decision on the claim, but if the claimant loses then the claimant may appeal until he gets his claim approved. And then no one can appeal.

The bill before us says because medical criteria have been established and enforced to some extent, that now the family physician, if he certifies that the claimant has the disease, he has the final say, that cannot be reviewed, or in the case of an application based upon the death of a coal worker, the affidavit of the widow will establish the claim.

I submit that those who are the sponsors of this legislation will not be satisfied until every coal miner is drawing compensation regardless of disability. I can just about prove that with the one last provision in this act that now you do not even need to claim you have the disease, if this bill passes, just prove that you have worked in the coal mines for 25 or 30 years and you automatically draw benefits. Not only that, you can keep working in the coal mines, keep working at full pay and draw disability compensation for being totally disabled.

There is not one provision in the bill before us that is needed.

There is not one provision in the bill before us that adds any equity to the program, just the contrary.

This bill was before the Committee on Rules for months. There were three separate hearings before the Committee on Rules granted a rule.

I heard it reported that the chairman, the gentleman from Kentucky (Mr. PERKINS), has agreed to an amendment. I have never heard him say that he agreed to an amendment before the Committee on Rules, he reported somebody was going to offer an amendment on the floor, but he announced he would oppose the amendment.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. I would be happy to yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Speaker, let me say to my distinguished colleague, the gentleman from Illinois (Mr. ERLENBORN), that I wholeheartedly agree with and support the amendment to remove the entitlement provisions.

Mr. ERLENBORN. I thank the gentleman from Kentucky and I will not yield any further.

This is the first time that I have heard the chairman say that he would modify this bill at all. Finally, he does realize his bill is in trouble. But, even before the Committee on Rules, he would not agree to offer or support such an amendment. But even if that amendment is offered and adopted, there is still nothing in this bill that is needed. There is still nothing in this bill that will add any equity to this program. We ought not to be writing this legislation on the floor of the House.

The kindest thing we can do is to defeat the rule, send the bill back to the committee, and then if it is something that is worth while doing, let the committee do its own work. Let us not permit one man, the chairman, to dictate to the committee, to dictate to the Committee on Rules and to dictate to the Members on the floor of this House.

This should be handled the way good legislation is handled. The committee of jurisdiction should do its job, and having done its job, then seek a rule that is justified. Only then should this House grant a rule for the consideration of the bill. I hope the Members will agree with me and will defeat this rule.

Mr. MEEDS. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. ANDREWS).

Mr. ANDREWS of North Carolina. Mr. Speaker, I rise in support of this rule. It is a good rule. Let me preface my remarks by saying that I, as a member of the Committee on Education and Labor,

did not support this bill when it was voted on some few weeks ago, and about a year ago when a bill of similar purport came before the House, I opposed it. The reason I did so is the same reason that my predecessor speaker has just indicated, or at least primarily so, and that is I did not favor the automatic entitlements for a person who has simply worked in the mines for 30 years, without any evidence whatsoever of his disability by reason of the black lung disease. I would not support it now in spite of my fond friendship for the chairman as a chief supporter, but an amendment as a substitute has been presented and will be offered on the floor of the House to modify the bill in a very major way by eliminating those automatic entitlements and thus making the bill such that I can support it and I believe many others of us will feel the same way when it is explained in general debate on that particular subject. Hence, I think it is altogether possible when we bring the bill and the substitute amendment before the body for its consideration that it will be supported. I see no reason for further delay. I am very much in support of the rule and as others to join me in adopting it here today.

Mr. QUILLEN. Mr. Speaker, as I said, I have always supported black lung benefits, and with the agreement on the elimination of the entitlements provision, I see no objection to the House debating the measure on its merits. Therefore, Mr. Speaker, I have no objection to the rule, and I reserve the remainder of my time.

Mr. MEEDS. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Speaker, I shall be very brief, but I do want to respond to my friend and colleague, the gentleman from Illinois, who, among other things, said not one provision in this bill is needed. It is very interesting that the GAO has just come out with a report of July 11, 1977, and on the front page here it says, "Program to pay black lung benefits to coal miners and their survivors"—and in great big print—"improvements are needed."

He suggests that the coal companies are now responsible for black lung payments, and they should be responsible. But the Members should know the statistics.

As of right now, the most recent statistics I have seen, 108,000 coal miners have applied for black lung benefits in the past 4 years when the coal companies are responsible. Out of those 108,000, the coal companies are paying for 140 out of 108,000. They are responsible all right, and they would love to have the law just stand as it is and not change one iota.

The States' coverage is inadequate. Everyone agrees with that. To suggest that we turn this over to the States is suggesting no action for the coal miners.

Finally, on the appealability point that the gentleman from Illinois has made, that is a weakneess in the proposal that is before us. It is going to be taken care of by amendment. It is not a legitimate argument against the bill. Mr. Chairman, I hope we vote for the rule and do it properly, and then provide some benefits for the coal miners.

Mr. MEEDS. Mr. Speaker, I have no further requests for time.

I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ERLENBORN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 306, nays 83, answered "present" 1,—not voting 43, as follows:

[Roll No. 455]

YEAS—306

Addabbo	Daniel, Dan	Heckler
Akaka	Danielson	Heftel
Alexander	Davis	Hightower
Allen	de la Garza	Holland
Ambro	Delaney	Holtzman
Ammerman	Dellums	Howard
Andrews, N.C.	Derrick	Hubbard
Annunzio	Diggs	Huckaby
Applegate	Dingell	Hughes
Armstrong	Dodd	Ireland
Ashley	Drinan	Jacobs
Aspin	Duncan, Oreg.	Jeffords
AuCoin	Duncan, Tenn.	Jenkins
Baldus	Early	Jenrette
Barnard	Eckhardt	Johnson, Calif.
Baucus	Edgar	Jones, Okla.
Beard, R.I.	Edwards, Ala.	Jones, Tenn.
Bedell	Edwards, Calif.	Kastenmeier
Beilenson	Ellberg	Kazen
Benjamin	Emery	Kemp
Bennett	English	Keys
Bevill	Ertel	Kildee
Biaggi	Evans, Colo.	Kindness
Bingham	Evans, Del.	Kostmayer
Blanchard	Evans, Ga.	Krebs
Blouin	Evans, Ind.	Krueger
Boggs	Fary	LaFalce
Boland	Fascell	Le Fante
Bolling	Fenwick	Leach
Bonior	Findley	Lederer
Bowen	Fisher	Leggett
Breaux	Fithian	Lehman
Breckinridge	Flood	Levitas
Brinkley	Florio	Lloyd, Calif.
Brodhead	Flowers	Lloyd, Tenn.
Brooks	Flynt	Long, La.
Brown, Calif.	Foley	Long, Md.
Brown, Mich.	Ford, Mich.	Lujan
Buchanan	Ford, Tenn.	Luken
Burke, Fla.	Fountain	Lundine
Burlison, Mo.	Fowler	McCloskey
Burton, John	Fraser	McCormack
Burton, Phillip	Frenzel	McDade
Butler	Fuqua	McFall
Byron	Gammage	McHugh
Caputo	Gaydos	McKay
Carney	Giaimo	Madigan
Carr	Gibbons	Mahon
Carter	Gilman	Markey
Cavanaugh	Ginn	Marks
Chappell	Glickman	Marlenee
Chisholm	Gonzalez	Marriott
Clausen, Don H.	Gore	Mathis
	Hall	Mattox
Clay	Hamilton	Mazzoli
Cohen	Hammer-schmidt	Meeds
Collins, Ill.		Metcalfe
Conte	Hanley	Meyner
Conyers	Hannaford	Mikva
Corman	Harkin	Milford
Cornell	Harrington	Miller, Calif.
Cornwell	Harris	Miller, Ohio
Cotter	Harsha	Mineta
D'Amours	Hawkins	Minish
Mitchell, Md.	Regula	Steers
Mitchell, N.Y.	Reuss	Stokes
Moakley	Richmond	Stratton
Mollohan	Rinaldo	Studds
Moore	Risenhoover	Stump
Mottl	Roberts	Thompson
Murphy, Ill.	Rodino	Thone
Murphy, N.Y	Rogers	Thornton
Murphy, Pa.	Roncalio	Traxler
Myers, Gary	Rooney	Treen
Myers, John	Rosenthal	Trible
Myers, Michael	Rostenkowski	Tsongas
Natcher	Roybal	Tucker
Neal	Runnels	Udall
Nedzi	Ruppe	Ullman
Nichols	Russo	Van Deerlin
Nix	Ryan	Vanik
Nolan	Santini	Vento
Nowak	Scheuer	Volkmer
O'Brien	Schroeder	Walgren
Oakar	Schulze	Walsh
Oberstar	Seiberling	Watkins
Obey	Sharp	Waxman
Ottinger	Shuster	Weaver
Panetta	Sikes	Weiss
Patten	Simon	Whalen
Pattison	Sisk	White
Pease	Skelton	Whitten
Pepper	Skubitz	Wilson, Tex.
Perkins	Slack	Wirth
Pickle	Smith, Iowa	Wolff
Pike	Solarz	Wright
Pressler	Spellman	Wylie
Preyer	Spence	Yates
Price	St Germain	Yatron
Quillen	Staggers	Young, Tex.
Rahall	Stangeland	Zablocki
Railsback	Stark	Zeferetti
Rangel	Steed	

NAYS—83

Abdnor	Forsythe	Pettis
Anderson, Ill.	Frey	Poage
Archer	Goldwater	Pritchard
Ashbrook	Gradison	Quayle
Badham	Grassley	Quie
Bauman	Guyer	Rhodes
Beard, Tenn.	Hagedorn	Robinson
Broomfield	Hansen	Rousselot
Brown, Ohio	Hillis	Sarasin
Broyhill	Holt	Satterfield
Burgener	Hyde	Sawyer
Burleson, Tex.	Ichord	Sebelius
Cederberg	Johnson, Colo.	Smith, Nebr.
Clawson, Del	Jones, N.C.	Snyder
Cochran	Kasten	Stanton
Coleman	Kelly	Steiger
Collins, Tex.	Ketchum	Stockman
Conable	Lagomarsino	Symms
Corcoran	Latta	Taylor
Coughlin	Lent	Waggonner
Cunningham	Lott	Walker
Daniel, R. W.	McClory	Whitehurst
Derwinski	McDonald	Whitley
Devine	Martin	Wiggins
Dornan	Michel	Wilson, Bob
Edwards, Okla.	Montgomery	Winn
Erlenborn	Moorhead, Calif.	Wydler
Fish		Young, Alaska

ANSWERED "PRESENT"—1

Bafalis

NOT VOTING—43

Anderson, Calif.	Flippo	Moorhead, Pa.
	Gephardt	Moss
Andrews, N. Dak.	Goodling	Murtha
	Gudger	Patterson
Badillo	Hefner	Pursell
Bonker	Hollenbeck	Roe
Brademas	Horton	Rose
Burke, Calif.	Jordan	Rudd
Burke, Mass.	Koch	Shipley
Cleveland	McEwen	Teague
Crane	McKinney	Vander Jagt
Dent	Maguire	Wampler
Dickinson	Mann	Wilson, C. H.
Dicks	Mikulski	Young, Fla.
Downey	Moffett	Young, Mo.

The Clerk announced the following pairs:

Mr. Burke of Massachusetts with Mr. Teague.

Mr. Brademas with Mr. Maguire.

Mr. Shipley with Mr. Patterson of California.

Mr. Murtha with Mr. Roe.

Mr. Moorhead of Pennsylvania with Mr. Charles H. Wilson of California.

Mr. Dent with Mr. Moffett.
Ms. Mikulski with Mr. Bonker.
Mr. Wampler with Mr. Flippo.
Mr. Dicks with Mr. Gudger.
Mr. Downey with Mr. Gephardt.
Mrs. Burke of California with Ms. Jordan.
Mr. Badillo with Mr. Moss.
Mr. Koch with Mr. Anderson of California.
Mr. Hefner with Mr. Young of Missouri.
Mr. Mann with Mr. Andrews of North Dakota.
Mr. Rose with Mr. Crane.
Mr. Cleveland with Mr. Goodling.
Mr. Dickinson with Mr. Hollenbeck.
Mr. Horton with Mr. McKinney.
Mr. McEwen with Mr. Pursell.
Mr. Rudd with Mr. Young of Florida.

Mr. CONTE and Mr. WALGREN changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. JENRETTE. Mr. Speaker, on roll-call No. 454, the vote on the conference report on H.R. 7553, the public works for water and power development and energy research appropriation bill, fiscal year 1978, I was unavoidably detained. Had I been present, I would have voted in favor of the conference report on H.R. 7553.

BLACK LUNG BENEFITS REFORM ACT OF 1977

Mr. PERKINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4544) to amend the Federal Coal Mine Health and Safety Act to improve the black lung benefits program established under such act, and for other purposes.

The SPEAKER pro tempore (Mr. GIAIMO). The question is on the motion offered by the gentleman from Kentucky (Mr. PERKINS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4544, with Mr. MCKAY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Kentucky (Mr. PERKINS) will be recognized for 1 hour, and the gentleman from Illinois (Mr. ERLENBORN) will be recognized for 1 hour.

The Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, first let me state that the issue to be decided will be on the amendment in the nature of a substitute offered by the gentleman from New Jersey (Mr. THOMPSON) and by the gentleman from North Carolina (Mr. ANDREWS). I presume a substitute will be offered for the Thompson-Andrews amendment in the nature of a substitute by our colleague, the gentleman from Illinois (Mr. ERLENBORN).

Although I strongly support the committee bill, I will vote to have the Thompson-Andrews substitute, as this is the only way we will get meaningful legislation in this Congress.

Mr. Chairman, we had hoped with the passage of the black lung provisions of the coal Mine Health and Safety Act of 1969 that the national neglect for the unredressed suffering of disabled coal miners had at long last been faced up to and met. It was true then and, unfortunately, for many of the claimants for pneumoconiosis benefits it is true now, that the risk of death and disability among coal miners is twice that of the general population and higher than that of any other occupational group in the United States.

I came before the House again in 1972 because the 1969 black lung benefits provisions were bogged down because of extremely harsh application of the determination of whether or not a miner had the disease or whether or not a miner had died from the disease. Unfortunately, the state of medical knowledge as to the diagnosis of black lung is such that often it cannot be determined until an autopsy has been performed.

Not all lungs respond in the same fashion to the inhalation of dust particles, some whose lung X-rays clearly evidence the disease to a disabling extent do not appear to be disabled. The lungs of others with a long history of service in an underground coal mine produce only inconclusive X-ray findings yet manifest obvious respiratory difficulties and render such miners unemployable.

The 1977 amendments to title IV become necessary first of all because justice needs to be done to disabled miners. Secondly, the 1977 amendments are necessary in order that a sound, long-range plan may be established, payable from the proceeds derived from the extraction of coal, thus relieving the general taxpayer from this burden.

Coal is important to our Nation's economy. Coal is an essential source of energy for this Nation confronted with a long-range energy need. The Nation needs the production of coal, more abundant in its energy-producing potential than the massive middle east oil reserves, so as to be energy independent of foreign sources.

Just as the Nation needs a sound energy policy recognizing our coal reserves, it needs a sound safety, health and compensation policy, not only for protecting the lives and limbs of miners who extract it, but for compensating those and their dependents who become exposed to the disease-producing effects of the inhalation of coal dust.

H.R. 4544 seeks simply to accomplish these objectives, it does so by the following changes in the law.

First of all, it creates an entitlement for black lung compensation for the anthracite miner who has been employed in an underground mine for 25 years or more, and for bituminous miners who have been so employed for 30 years or more. Recent data show that 81 percent of the claims involving miners involved in the mining of coal for 30 years or more have been allowed. Investigation by the Labor Standards Subcommittee shows that many more miners are obviously disabled because of respiratory ailments who have had similar periods of underground employment are disabled from employment by any objective standards even though their claims for black lung compensation have been denied.

Because of a strict and rigorous determination process established by both the Social Security Administration and the Department of Labor in the processing of black lung claims, claimants who are disabled by any objective criteria are put to lengthy examination, trial, rehearing, administrative review and other processes in their claims determinations. These procedures involve expense to the claimant, all of which can be readily eliminated by recognition of the fact that service in a coal mine prior to the date when the Federal law mandated safe dust levels, if such service period was at least 30 years in the case of a bituminous miner and 25 years in the case of an anthracite miner, produced a respiratory disease which at that point was disabling and irreversible. Hence, the first major change in title IV by the committee's bill.

Under existing law, State worker's compensation benefits paid to a miner as well as unemployment compensation may be offset against Federal black lung benefits. H.R. 4544 would make these offsets applicable only with respect to a disability payment to the miner on account of pneumoconiosis. This provision makes part B of title IV comparable to the provisions of part C so that only state benefits received due to an unrelated condition may act to reduce Federal benefits.

Often a miner who would under any other circumstances be considered totally disabled because of his pneumoconiosis is forced to continue to work in a mine in order to support his family because of the administrative time in processing a black lung claim and the doubt with respect to the disposition of the claim by the administrative agency. We sought in the 1972 amendments not to have a miner's continued employment operate as evidence of his possible employability to work against his claim for disability because of black lung. Despite the efforts to eradicate this situation in 1972, claims have continuously been denied solely on the basis that the miner is or was working in a mine, and with no consideration given to that fact as to the type of work the miner was performing.

In this regard, section 4 of the bill provides that claims for benefits may not be denied solely on the basis of employment as a miner if: First, the location of such employment has recently been changed to a mine area having a lower concentration of dust; second, the nature of such employment has been changed so as to involve less rigorous work; or third, the nature of such employment has been changed to employment which receives substantially less pay. The act is further amended by this section to provide that a miner may file a claim for benefits whether or not he is employed at a coal mine at the time he files.

No administrative action demonstrates more clearly the past administration's reluctance to carry out the intent of Congress with respect to the compensation of disabled miners than the practice of taking an appeal of every administrative law judge's decision approving the claim of a miner, but not requiring the review of denials. Section 5 of the bill amends section 413(b) of the act. Any decision by an administrative law judge in favor of a claimant may not be appealed or reviewed except on motion of the claimant himself.

Section 6 of the bill adds new provisions to the act requiring the Secretary of Health, Education, and Welfare to disseminate information to individuals who are likely to be eligible for benefits and who have not filed for a claim. Individuals thus informed, if a claim is filed no later than 6 months after receiving such information, shall be entitled to have his claim considered on the same basis as if it had been filed on June 30, 1973.

Section 7 of the bill amends section 402(f) of the act to provide that the regulations of the Secretary of Health, Education, and Welfare relating to total disability shall not provide more restrictive criteria for claims filed after June 30, 1973, than those applied before that date. This amendment has been recommended by the GAO in its report of July 11, 1977.

In many instances, despite affidavits on the part of a widow or a miner as to the miner's physical condition prior to his death, in the case of a miner with a long history of service in the mine, claims have been denied even though there is no medical evidence to contradict this evidence of the diseased condition of the miner.

Section 8 of the bill would provide that such affidavits shall be considered to be sufficient to establish that the miner was totally disabled because of pneumoconiosis or that his death was due to pneumoconiosis.

The committee bill also requires the Secretary to accept X-rays of acceptable quality submitted by the claimant's physician except where the Secretary has reason to believe that a claim has been fraudulently represented.

Both the Department of Health, Education, and Welfare and the Department of Labor have established X-ray quality control procedures under which Government contract radiologists provide their own interpretations of X-rays submitted in connection with black lung claims. This procedure has elicited deep resentment among claimants, who believe strongly that the Government readers are utilized solely for the purpose of denying claims.

There is little reason, as a matter of policy, for the Government to interpose panels of second-guessers, particularly where the original interpreter of a claimant's X-ray was a qualified radiologist. The committee therefore intends that this provision be retroactively applied to denied and pending claims as well as to new ones. If, in the case of a claim by a living miner, an X-ray is objectively determined not to be of acceptable quality, the Secretary shall request that another X-ray be taken. Where fraud is suspected, the committee expects that Secretary to take such action as may be appropriate, but he shall specifically describe the reasons upon which this suspicion is based.

The final major feature of the bill, Mr. Chairman, involves the creation within the Treasury of a trust fund into which assessments on the mining of coal will be paid, and out of which compensation to miners disabled from pneumoconiosis will be paid. This represents a change from the existing law which anticipates that for those States whose worker's compensation laws do not meet the standards prescribed by the law for recognition of the compensatory nature of the disease nor the level of benefits, coal producers would be covered by the Longshoremen and Harbor Workers Compensation Act. Where no responsible employer could be found at the time the claim was filed this could be the burden of the Federal taxpayer.

The new provisions of H.R. 4544 creating the trust fund for the payment of claims places the burden upon assessments levied upon each ton of coal mined in all instances in which a claim may arise due to disability because of pneumoconiosis. In the light of the fact that no State worker's compensation law meets the Federal standards at this time, and 7 years has elapsed since this requirement was written, this further change in meeting future liabilities is essential.

Mr. Chairman, I believe this legislation is urgently needed and deserves the support of all Members.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PERKINS. Mr. Chairman, I yield myself 5 additional minutes.

I have before me a letter dated today by the Director of the Congressional Budget Office, Alice M. Rivlin. It says:

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., July 25, 1977.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: As per the request of your staff, the Congressional Budget Office—given the following proposed changes: elimination of retroactivity (Section 16(a)(2)), of the 30 year irrebuttable presumption (Section 2), of the removal of the current employment bar (Section 4), and of the prohibition of appeals of decisions by Administrative Law Judges (Section 5))—estimates the costs of H.R. 4544 to be:

[In millions of dollars]

Section:	1978
3	8.2
6	5.8
7	[1] 51.0
8(a)	[2] 6.5
8(c)	[3] 33.3
10	10.0
14	4.8
Total	119.6

[1] Includes 11.8, Part B and 39.2, Part C.
[2] Includes 5.8, Part B and 0.7, Part C.
[3] Includes 28.9, Part B and 4.4, Part C.

Of the $119.6 million in total 1978 costs, $65.3 million are attributable to Part B, $44.3 million to Part C, (both Parts B and C costs represent new entitlement authority), and $10.0 million in authorized funds. Based upon this reestimate, the fiscal year 1978 costs to the trust fund established under Section 9 of this bill, would include the $44.3 million new Part C entitlement plus $27.0 million in liabilities under current law for a total of $71.3 million.

This estimate replaces the one included in our letter of July 22nd which reflected an earlier set of assumptions provided by your staff.

If we can be of further assistance in this matter, please do not hesitate to contact us.

Sincerely,

ALICE M. RIVLIN,
Director.

Mr. ERLENBORN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 4544.

Before explaining my reasons for opposing the bill, let me define some of the terms that have been and will be used relative to coal workers' pneumoconiosis, commonly known as black lung.

Coal workers' pneumoconiosis is really the condition of having coal dust accumulate in the lungs. There is good medical definition of this condition and of the stage of this condition that could be properly called a disease.

There is nothing new about this. It was well known to the committee in 1969. We did extensive research prior to enacting the legislation or reporting the legislation from our committee.

The International Labor Organization, which is now one of the constituent agencies of the United Nations and actually precedes the United Nations by many years, going back to the days around World War I and the old League of Nations, has adopted definitions and criteria years ago for diagnosing coal workers' pneumoconiosis. These are applicable, understood, and utilized worldwide.

Coal workers' pneumoconiosis has two principal stages. Simple pneumoconiosis under the ILO definition is determined by the number and the size of what they call opacities shown in the X-rays of the lung. In other words it is a way of measuring the amount of coal dust that has accumulated in the lung of one who has been exposed to the coal dust and in whom such an accumulation has occurred. Simple pneumoconiosis in the ILO classification is not disabling to any—to any—degree, not even a partial disability.

It is the stage known as progressive massive fibrosis where there are large opacities, large accumulations, that the condition really can be called a disease, is disabling, and can become progressive and compensable.

This was all known to the committee in 1969. As I said, the committee, both committees, in fact, the House and the Senate in passing the legislation in 1969 took cognizance of the clear, undisputed medical evidence, and we made only complicated pneumoconiosis compensable.

That is a stage of this condition where it could be called a disease and be either partially or totally disabling. Of course, as I mentioned in the debate on the rule, in the conference the word "compli-

cated" was taken out of the bill as finally passed.

I opposed the conference report, made a point of order against the conference report as not reflecting the condition of either the House or the Senate bill; but the final result was that even simple pneumoconiosis could become compensable, although clearly, medically, there is no evidence it was disabling.

In 1972 the first set of amendments to this law was adopted.

I might say at the time with the active aid of the coal mine companies, these amendments were adopted, because they were about to be required under the 1969 law to take responsibility under part C. Their responsibility under part C of the act was delayed in the act of 1972. One or two things that we had overlooked in 1969 that did need to be amended, difficulties to be taken care of, were double orphans which, unfortunately, have been overlooked. Where the orphan has lost only the father, there was compensation; but, unfortunately, in our definition we left out double orphans; so I originally supported the bill then to take care of these deficiencies; but the 1972 amendments went a lot further than that. They absolved the companies of the responsibilities for a greater length of time.

The gentleman from Kentucky (Mr. PERKINS), by the way, was a sponsor of that bill and absolved the employers of responsibility for an additional number of years and made it simpler for those who claimed the disease to prove their claim and bypass good medical procedures and evidence.

Additionally, it provided that one could draw full social security disability compensation and full coal workers pneumoconiosis compensation at the same time; so we went from a single compensation under black lung to double compensation for the same condition.

Now, what do they want to do today? Today under part C the coal mine employer is liable, if you can identify the last responsible employer.

My friend, the gentleman from Illinois (Mr. SIMON) mentioned the large number of claims that have been filed under part C, a very small number where the employer is actually paying the compensation. Certainly it sounded like a great indictment of the program. What the gentleman forgot to tell us was that the vast majority, something like 90 percent of the claims filed, have been unwarranted claims and have been denied; so this strikes out 90 percent of that total number, because the people were not entitled to any compensation. The balance, a large number are in litigation, and when it is resolved the coal mine operator will have to pay all of the back amounts as well, not just from the time it is resolved; so what looked like a horrible indictment of the program merely is a statement of the fact that many unjustified claims had been filed, that the Labor Department under the better medical criteria that they are using, are approving only about 20 percent of the claims.

The National Science Foundation tells us that in the anthracite coal mine areas of Pennsylvania only about 14.3 percent after long-term exposure, only about 14.3 percent of the workers develop the disabling stage of pneumoconiosis.

In the kind of area that Mr. PERKINS represents, the soft coal area, long-term, 30-year exposure, about 2.3 percent of the people get the disabling stage of the disease. And yet, over 60 percent of those who filed claims under part B had their claims approved and are now drawing over a billion dollars a year from the Federal Treasury.

Oh, I remember so well in 1969 my friend, the gentleman from Pennsylvania (Mr. DENT), when I said that the Social Security Administration had estimated that about $355 million would be the annual cost of the program, he laughed and he said, "Why, if we gave full compensation to every ex-coal miner and a fur coat to every widow, it could not cost more than $40 or $50 million." It is now costing over $1 billion a year for part B, the Federal responsibility.

What is the bill we have before us now? If we have employer responsibility under part C; if we have more than a generous amount of claims being allowed under the administration of part C, why is there a bill before the House today? Well, it is because Mr. PERKINS and others from the coal mine areas thought that there ought not be any medical criteria for giving coal workers pneumoconiosis compensation, so they put in the provision for entitlements—work 25 or 30 years in the coal mines and everybody, regardless of whether he has or not, is assumed that they have the disease and they get full compensation for full disability.

To make certain that there is no hardship in drawing that compensation, this bill provides that they can continue to work full time in the mines. They are not satisfied with allowing social security disability and coal workers pneumoconiosis compensation simultaneously. The bill before us extends one additional benefit: It would allow workers compensation, as well as pneumoconiosis and social security disability, so that three payments, if you will, for total disability could be drawn by the same person at the same time.

Mr. PERKINS very reluctantly today, for the first time, has admitted that maybe entitlements cannot pass this House, and has agreed that he will support an amendment to remove entitlements. What does that leave us? It still leaves the provision that allows workman's compensation to be drawn simultaneously with these provisions. It still leaves the provision that current employment is no bar to receiving compensation. It still provides that a very expensive notice program to seek out and give notice to every ex-coal miner is in this program—a couple of million dollars in itself.

By the way, most of these people have had their claims filed once, and then in 1972 all the old claims were reprocessed. Now, for the third time, all of the old claims, when this bill is passed, will be opened up.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I did not interrupt the gentleman when he was proceeding.

Mr. PERKINS. The gentleman had that opportunity.

Mr. ERLENBORN. I would yield to the gentleman when I have reached the conclusion of my remarks.

Mr. PERKINS. When the gentleman made an incorrect statement, he could yield to me.

Mr. ERLENBORN. I yield briefly.

Mr. PERKINS. All right. There is no provision. Our substitute clearly eliminates any coal miner from working and drawing benefits.

Mr. ERLENBORN. The substitute does that, not the committee bill.

Mr. PERKINS. The substitute does.

Mr. ERLENBORN. I thank the gentleman for his contribution. As of now, I have not seen a substitute. We were told it was going to be in the RECORD last Friday. I am told on the floor today for the first time that there is a substitute, finally. I am not certain who is going to offer it, and I have never seen it. I thank the gentleman for finally giving us some idea what it is.

Mr. PERKINS. The substitute of the gentleman from Illinois has not been put in the RECORD.

Mr. ERLENBORN. It was put in the RECORD last Friday. I beg to differ with the gentleman. It was introduced as a bill last Friday, and it was put in the RECORD under the amendment section.

Mr. PERKINS. Mr. Chairman, the Thompson-Andrews substitute will be put in the RECORD for the gentleman to read, and I will ask the gentleman to read it carefully.

Mr. ERLENBORN. I thank the gentleman for finally letting us know what it is.

Mr. Chairman, to go on with the provisions of this bill, one thing the gentleman has not agreed to remove, so far as I know—and the gentleman can again correct me if I am wrong—is a death benefit which will be given, not based on any stage of pneumoconiosis. If a coalworker dies in a mine after 17 or more years of work in the mine, the widow will receive pneumoconiosis compensation, even though the coal miner had no coal dust in his lungs at all. There is no requirement that there be any stage of the disease. Compensation for disability will be given based only on the fact that in an accident the coal miner dies and the coal miner has a certain number of years of work in the coal mines, the widow will receive automatic compensation.

Mr. Chairman, I am not going to go into the cost of this program, because if the compensation is justified the cost would be justified. I am not going to even suggest that this House would be stingy with the dollar to deserving people who were disabled, because that is not the case. It is not the case under the current condition of the law. Many people who are not disabled are drawing benefits, and I am firmly convinced that no one who really had disabling pneumoconiosis has ever had his claim denied. We constantly hear the claim made that there are those who had pneumoconiosis who

did not get compensation. I submit there is no one who is disabled by pneumoconiosis who did not get compensation. But, technically speaking, there may be someone in the first stage, simple pneumoconiosis, who is not at all disabled, who was denied; and properly so. They should not get compensation. But in an attempt to confuse the listener, the supporters of this bill will say that many people had pneumoconiosis and their claims were denied, that when they died an autopsy proved that they had pneumoconiosis.

I have heard by friend, the gentleman from Kentucky (Mr. PERKINS), say time and time again that 88 percent of coal miners have pneumoconiosis. I just do not think that we have ever had the so-called autopsy report that he referred to before our committee that would prove that that number of coalworkers had pneumoconiosis. Certainly that number is not disabled as a result of having pneumoconiosis.

Mr. CARTER. Mr. Chairman, will the distinguished gentleman yield?

Mr. ERLENBORN. I yield to my colleague, the gentleman from Kentucky (Mr. CARTER), who represents a very fine local mining area and who is a well qualified physician.

Mr. CARTER. I thank the gentleman for yielding.

Mr. Chairman, I ask my friend, the gentleman from Illinois (Mr. ERLENBORN), where in the consideration of this matter did he ever hear me say that 85 percent of the coal miners had pneumoconiosis? I do not recall ever having said that.

Mr. ERLENBORN. No. The gentleman from Kentucky (Mr. PERKINS) is the Member I had reference to.

Mr. CARTER. I believe the gentleman mentioned my name.

Mr. ERLENBORN. I am sorry if the gentleman ever understood me to say that, and I would so correct the RECORD. It was the gentleman from Kentucky (Mr. PERKINS) whom I had reference to.

Mr. CARTER. Mr. Chairman, I thank the gentleman for yielding, and if he will permit me to continue, let me say I am familiar with mining. Since 1970 we have had three disasters in our area.

On the 30th of December 1970, 38 men were killed at Hyden, Ky. I was there that night. I saw them taken out, and I know what it is to see their bodies black and blistered. I know what it is to see their families there waiting for them. I saw the same thing at Scotia. I was there when that happened. I was there with Government inspectors, and I saw them.

I would say to my dear friends that this is a most hazardous occupation. Every time those miners go down into the ground, most of them have the Master with them. They are Christian people, they are good people.

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman for his contribution. I agree with the gentleman from Kentucky (Mr. CARTER), it is a hazardous occupation.

People are killed in the coal mines, people are maimed in the coal mines, and people receive injuries in the coal mines for which they should be compensated. They should be compensated for death or injury, and their families should be compensated. But to continually year after year use this emotional appeal to justify disability compensation to those who suffer no disability does a disservice to the people of the United States whom we represent.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. Mr. Chairman, I will not yield at this time. I would like to conclude and not use up any more time of the House than is necessary.

Let me say there is one last provision of this bill to which I want to refer, and that is the trust fund for payment of claims in the future.

This will set a very, very bad precedent for compensation of industrial disease and workers' injuries. For the first time we are going to have a permanent Federal program for the compensation of a Federal disease. If it is justified for coal miners, it is justified for the textile workers, for the asbestos miners, and for every other occupation that is hazardous. We will set the precedent for not only federalizing the workers' compensation program but also for having separate trust funds for each disease. We will have varying criteria, possibly even varying compensation. We ought not to do this.

Finally, let me say that I would like to help the original sponsors of this legislation fulfill their promise to this House that was made in 1969 to make this a temporary program to be responsible at the Federal level for old claims in situations where we cannot identify the responsible employer. I answered the gentleman from Kentucky (Mr. PERKINS). I answered his challenge about taking care of these old claims.

I am going to offer a substitute bill that will make it a total Federal responsibility for all claims filed up until the present time and for the next year. Any one of these workers with a justified claim that is based on service years ago can get his claim filed and paid by the Federal Government. At the end of that year the Federal program will terminate, and coal workers' pneumoconiosis will be compensated under workers' compensation laws.

This was the promise that was made to us. This is the promise that has already been violated in the 1972 amendments, and this is the promise that ought to be fulfilled. With the help of the Members of this Congress, we can see that those promises that were made to us and were the basis for our action in adopting the program 8 years ago are kept.

I entreat the Members to support the Erlenborn substitute when it is offered. I hope that it will be adopted. If it is, we will do full equity to coal miners and their widows and families, but, also importantly, we will do equity to the taxpayers of the United States and do equity to other workers, who ought to be treated the same way, because they are entitled to equal treatment.

Mr. Chairman, I yield back the balance of my time.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I suppose the most fundamental question is, How important is coal to this Nation?

If we come to the conclusion that the President is right and that we have to move to place greater reliance on coal, then we had better provide justice for coal miners. Coal miners are an unusual breed, I think in large part because they live with hazard. It is the most hazardous major occupation in the Nation, even aside from pneumoconiosis, whether one determines that in terms of fatalities or injuries.

Mr. Chairman, the only thing I can compare to the hazards which coal miners face is the time when I was in the Army where, again, we faced hazards and we had frank talks.

Mr. Chairman, if we expect the coal miners of this Nation to produce the energy this Nation needs, we should not do it at the expense of the health and breath and blood of those coal miners.

My friend and colleague, the gentleman from Illinois (Mr. ERLENBORN), has said, if I quote him correctly—and he may correct me if I did not write this down accurately; I do not have the skills that our reporters have—that—

> No one who has ever been disabled by pneumoconiosis has been denied.

Mr. Chairman, it is very depressing to me to go into my district and to talk to those people who have to sleep at night under an oxygen tent, and yet have been denied benefits.

If we look at the statistics under part C—the ones who have filed during the last 14 years—Mr. Chairman, 108,972 coal miners have filed for black lung benefits, and the companies are paying for 142 claims.

Mr. ERLENBORN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I will yield briefly to my colleague, the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman for yielding.

I think the gentleman was absent from the floor when I commented on his use of these figures earlier in the debate on the rule.

How many of those 108,000 claims have been denied, I ask the gentleman?

Mr. SIMON. I would state to the gentleman 45,689 have been denied.

Mr. ERLENBORN. How many have not yet been determined?

Mr. SIMON. Some 49,000 have not been determined.

Mr. ERLENBORN. How many are on appeal?

Mr. SIMON. Mr. Chairman, since I have the time here, if I may respond to the gentleman's question, of those who were denied, the GAO report points out very clearly that many of those should be receiving benefits.

We need, of course, changes in the law so that they can receive benefits.

If I may get back to my point, Mr. Chairman, the gentleman claims that no

one who is really disabled has been denied.

Mr. ERLENBORN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I will not yield at this point any further, with all due respect to the gentleman.

Mr. Chairman, one cannot walk down through a coal mining community in my district or in the district of the gentleman from Kentucky (Mr. PERKINS) or that of our colleague, the gentleman from Alabama, without running into people who are in desperate straits. Either they have something severely wrong with them or they are the greatest actors in the world, and I do not believe that.

They need help, and right now our programs do not give them that help.

Mr. Chairman, the Federal Government picks up not quite 4,000 of those 108,000 cases because they cannot find the employers; but that means that 97 percent of those who believe that they deserve black lung benefits are denied.

Mr. Chairman, the gentleman made reference to the autopsy report. Unfortunately, I do not have the report here, but I have the committee report, 95th Congress, 1st session, with the graphs on page 34, which I am sure the gentleman can refer to. If the gentleman will check it, it shows that of 400 coal miners autopsied after having been in the coal mines from 16 to 20 years, just under 80 percent had pneumoconiosis.

When you go from 21 to 25 years it is in excess of 90 percent. How one can gibe those figures with the statement made by the gentleman from Illinois (Mr. ERLENBORN) I just do not know.

A couple of other minor points: One is the workmen's compensation, he talks about those who can collect both workmen's compensation and black lung benefits. I think our colleague should know you can collect both if you lose an arm, or have some other injury not related to black lung. You cannot collect both workmen's compensation for pneumoconiosis and black lung benefits. Let there be no misunderstanding on that portion of it.

The substitute prevents the rare case that the gentleman referred to where somebody can be actually working and receiving benefits. The reason that is in the bill is that there are some people who have been working and drawing benefits who are given a special job—such as in an office. But even that is eliminated in the substitute. The automatic entitlement is eliminated. I hate to see it eliminated. I believe the bill as originally introduced is better. No coal miner is going to quit working if he is in good health. He is living in a community where there are no other jobs and to quit and draw about 16 percent of your wages in order to get black lung benefits, you just do not do that.

I asked Mr. Carl Bagge, one of the representatives of the coal operators, "If tomorrow you could retire and get 16 percent of your present salary, would you do it?"

And there was silence for a moment, and he finally figured it out and numbled an answer. But he lives in a community where there are all kinds of jobs. Also he has executive ability. But when you are talking about a coal community and you are 55 years old and you have worked in the coal mines and have lived in that community where there are no other jobs, what do you do? You work in the coal mine or nothing.

I believe we have to recognize the need for justice here. I hope we can move ahead with this legislation.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I thank my colleague, the gentleman from Illinois (Mr. SIMON), for yielding to me, and I would like to associate myself with his remarks, and to respond to some of them.

He compared his own experience in the military service to that of the coal miners in terms of the degree of hazard involved in the work. Let me say that there is not a congressional district in the United States that does not benefit from the hazards that are undertaken, from the risks that are run in the work that is done by the coal miners, no matter whose district it may be. All of the people of the United States benefit from the work of the coal miners and rely upon them to help meet our vital energy needs. Just as we all benefit, whether we have sons, or not, from those who fought for our country in time of war.

I hope the Members of this House will understand the true situation. Those Members who have coal mining areas in their congressional districts know from their own casework the reality and the need of those coal miners who have not been deemed to qualify under the present law.

We are all aware as Members of the House of Representatives that in addition to our legislative responsibilities we do have a certain ombudsman function, and when someone in the gentleman's district or in my district needs help and is upset by the giant bureaucracy of this Federal Government, often that citizen will turn to the gentleman or to his own Congressman for aid and assistance. And we know from the cases, the heartbreaking cases of individual American citizens, the need that exists for this legislation as represented in the Thompson substitute. The gentleman and I would like to see something stronger done than that.

I hope that our colleagues will understand this is not just our fight; it is the fight of all Americans, all of whom benefit from the work of our constituents who are coal miners. I hope that our colleagues tomorrow will stand up for the rights of these people whose work is so important to all of the people of our country.

I thank the gentleman.

Mr. SIMON. I concur in the statement of my colleague. The gentleman from Alabama (Mr. BUCHANAN) is one of the most enlightened members of our Committee on Education and Labor. He is absolutely correct.

My colleague, the gentleman from Illinois (Mr. ERLENBORN), talked about the Federal Treasury being hit by this thing; it ought to hit on coal; those who benefit ought to pay. We are talking about relatively minor sums. The Senate bill, for example, has a 1-percent tax. The Congressional Budget Office suggested 11 cents a ton on coal would take care of the kind of provisions we have here. We are talking about a very minor thing. We are talking about getting coal so Du Page County, Ill., and Alabama, Tennessee, and everywhere else can get coal and get energy. It should not be on the backs of those coal miners that we impose the kind of strictures that some people would like to impose.

Mr. ALLEN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Tennessee.

Mr. ALLEN. I thank the distinguished gentleman from Illinois for yielding.

As a matter of information and to enlighten this Member, if a miner, let us say, 50 years of age should be declared totally disabled from black lung, what would be his benefits?

Mr. SIMON. His benefits are one-half of the G–2 salary of the Federal Government. It amounts to between $200 and $405 per month, I believe. I can be corrected here.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

The gentleman is right. His calculations are absolutely correct. For a miner or survivor, it presently is $205.40. With one dependent it would be $308.10. With two dependents it would be $359.50. With three or more dependents, it would be $419.80. The amount payable to miners is 50 percent of the amount payable to a totally disabled employee in GS–2, as the gentleman stated. The increases are the same as provided in the social security law.

Mr. ALLEN. Mr. Chairman, if the gentleman will yield further, how does this compare on the average with the wages and earnings of a coal miner?

Mr. SIMON. On the average it works out to about 16 percent. What a miner gets in black lung benefits is about 16 percent of what he would get if he were working.

Mr. ALLEN. So that if he is totally disabled and has to quit work, he takes approximately an 84-percent cut in compensation of money that he will have to support his family.

Mr. SIMON. That is correct.

Mr. ALLEN. I thank the gentleman.

Mr. SIMON. I think the point the gentleman is making is extremely important, because to say this is an attractive opportunity just is not true. None of us wants to take an 84-percent cut in salary.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Florida, who is one of the most distinguished Members of this body.

Mr. BENNETT. I thank the gentleman for yielding.

The reason I want to ask this question is because of what has been said here before. Does he also get social security at the same time?

Mr. SIMON. The question is, Does he also get social security at the same time? He can. It depends on the situation.

Mr. BENNETT. Of course, that amount of money would depend upon what his income would be, so the gentleman cannot give me a dollar figure.

Mr. SIMON. That is correct. In some cases he would not be eligible for social security.

Mr. HEFTEL. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Hawaii.

Mr. HEFTEL. I thank the gentleman for yielding.

We have captured the imagination of much of the world today and the irritation of much of the world, I might add, because the President keeps talking about human rights. I know of no group of citizens working in a single industry, coal mining, whose human rights are more abused because of the nature of what have been the working conditions of those mines. Even today the working conditions are not such that one would want to have any member of his family working in those mines. We know that we are degrading the health and the life expectancy of every human being who works as a coal miner.

To say that there is something unreasonable about a compensation for what has been done to human beings in providing coal for this country is simply contrary to every facet of human rights that we talk about. The amount of money involved when we add social security is still barely enough to live on, but it is not a case of what it takes to live on. It is a case of the state of health, the state that physically one is left in because he worked in those coal mines, and medically we cannot argue those facts. We can demonstrate it just by the condition of the lungs of any miner who has worked as little as 10 years in the mines.

So I hope this august body will not talk about the Treasury and dollars but simply human rights and the responsibility to improve those mines if we want to go back in and aggressively continue coal mining in this country.

Mr. SIMON. I commend my colleague, the gentleman from Hawaii, for that sensible and sensitive statement.

Mr. ERLENBORN. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky (Mr. SARASIN).

Mr. SARASIN. Mr. Chairman, I would say to all 11 of my colleagues, of the 435, who have decided to take the time to share in this important debate—and at the last count there were only 11 Members on this floor and I frankly find that rather disgraceful. We are speaking about the possibility of spending millions of dollars on this program—a program that should have been brought out around Thanksgiving because it is the biggest turkey ever to fly from the Rules Committee, from the 3d floor to the 2d floor into this Chamber.

If we were talking about compensation for illness, that would be one thing, but we are not.

If we were talking about paying miners for the severe disease of complicated pneumoconiosis, that would be one thing, but we are not.

We are talking here about paying miners here for spending x number of years in the mine. Even if a substitute is offered—and we have yet to see the substitute which eliminates the entitlement section—apparently of paying survivors of miners who are killed or injured in a mine accident totally unrelated to pneumoconiosis on the basis of the presumed fact under this law that the miner had pneumoconiosis.

At this point I ask the chairman of the committee, the gentleman from Kentucky (Mr. PERKINS), if the entitlement after 17 years has been removed.

Mr. PERKINS. If the gentleman will yield, that particular section has not been removed and we think it is justifiable in every respect. There are a limited number of cases of widows of miners who were killed in accidents a long time ago and the widows are receiving very inadequate pensions under State workmen's compensation laws. It seems equitable to me and to the committee to provide benefits in these cases of genuine need.

Mr. SARASIN. If I may reclaim my time, that is, with all due respect, absurd. There is no way we can justify it. We are right back to the entitlement question again. There is no way we can justify the payment, which is supposedly a payment because of a severe illness, on the basis of the time spent in the mines. It would be my assumption that the removal of this entitlement section would be in agreement with that statement, and yet here we are.

Mr. PERKINS. Mr. Chairman, will the gentleman yield further?

Mr. SARASIN. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, the question of human rights has been raised. Few compensation laws in this country, none of them so far as coal mining is concerned, are adequate. I think if we have any sense of justice and want to do something that is equitable, we have a right to presume from all the studies that have been made that an individual who has worked in the mine in excess of 15 years has some form of pneumoconiosis. The high percentage do.

And if we are going to just turn our backs on those few cases, those few widows in this country, the hundreds of widows in this country who are involved, and say to them that because their husband received some workmen's compensation we are not going to give the widows any other benefits, that is wrong.

We thought it was nothing but equitable to provide something after 17 years to that widow.

Mr. SARASIN. Mr. Chairman, I thank the gentleman for those comments, but again I would say there is no way we can justify this arbitrary decision, saying that after a certain number of years in the mines an individual who has the misfortune to be killed in a mine accident should be paid on the basis of black lung disease.

We are saying that the individual who died had pneumoconiosis. That, in fact, has not been established. It certainly is unjustified to try to make that connection on the basis of time when, as a matter of fact, only 60 percent of the miners in the anthracite region come down with any form of pneumoconiosis and out of that 60 percent, 14.3 percent have the progressive massive fibrosis, which is the serious and disabling form of pneumoconiosis.

One can have black lung disease if he is an elderly resident of New York City or any other large city. They have black lung, too; but we are not paying those people. This is a dangerous precedent we are setting.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. SARASIN. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, let me say to the gentleman, that I do not believe that we are setting a precedent by this legislation. Coal is unique. The Federal Government, unlike other mining and other industrial activities, has taken a special interest in coal, not only in its production, but also in the safety and welfare of the miners involved in the coal mining process. Because of this, I believe that the Federal Government has a unique obligation to the coal miners and this should not be and cannot be a precedent for the treatment of other occupational diseases. I will say that the committee through its Compensation, Health and Safety Subcommittee has had under review and study for the past several Congresses State workman's compensation laws and the whole question of industrial diseases but no clear pattern or policy has developed for these matters.

Mr. SARASIN. Mr. Chairman, I decline to yield further.

Mr. PERKINS. Most people are suffering from some form of pneumoconiosis after 11 years in the mines.

Mr. SARASIN. Mr. Chairman, I am reluctant to take my time back from the chairman; but I would point out that in those other areas of the country, I gave the figures for anthracite. In Appalachia there is less than 30 percent of all coal miners that have any form of pneumoconiosis and out of that, 2.1 percent have the severe disabling disease.

If we are going to pay people for having a disabling disease. Let us see if they have it. Let us not invent presumptions. Let us not create fictions and automatically say that you have something you do not have, or if you die because you got hit by a truck, somehow you should be paid on the basis of black lung disease.

We are establishing here, if we take any of this bill, the substitute or not, a very dangerous precedent for the future, because to the coal workers pneumoconiosis is a respiratory disease, but it is not the only respiratory disease that exists out there. There are a number of others as well. If we decide this is the pattern the Federal Government is going to follow in the future, we are in trouble. The

cost, according to the National Academy of Sciences, is about $100 billion a year.

What are we doing for the people in the cotton mills, the asbestos workers, the hard-rock miners, the coke workers and the steel workers? They are all subject to a wide variety of diseases, too.

Silicosis, berylliosis, aluminosis, talc pneumoconiosis, and so forth. These diseases can be aggravated by the individual himself. In any of these cases, if the individual happens to smoke cigarettes, he is helping his chances of coming down with a disabling disease. If we accept this legislation, ignoring medical evidence, ignoring medical fact, and simply saying that we can handle this on the basis of affidavits, on the basis of time in the accidental situation, and preventing government from doing what it ought to be doing; that is, to make sure that the individual putting in the claim in fact has the disease.

We do not let the employer appeal; we do not let the fund appeal; we will not let anybody re-read X-rays. We create all of these presumptions in the name of paying for this disease which very, very few coal miners actually come down with. I am not going to say, do not pay the disabled. If we have people with progressive massive fibrosis, let us pay them.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. ERLENBORN. Mr. Chairman, I yield 3 additional minutes to the gentleman from Connecticut.

Mr. HEFTEL. Mr. Chairman, will the gentleman yield for a moment?

Mr. SARASIN. I yield.

Mr. HEFTEL. I appreciate that.

The medical evidence shows that of 400 autopsies, where the miner had worked for 21 years, over 90 percent had black lung disease.

Mr. SARASIN. The evidence that the gentleman refers to is on page 34 of the report. I would point out that only about 10 percent of the people he talks about had progressive massive fibrosis. That is the disabling disease. As I said earlier, you can get black lung disease if you live in New York City. It is the ingestion of pollutants in the air. Black lung is a legal term, not a medical term. One can find that in New York City or in any of the major industrial cities, but to equate it with respiratory failure or disability, is erroneous.

Here we are, saying that we are going to pay everyone.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. SARASIN. I yield to the gentleman from Illinois.

Mr. SIMON. If I may differ with the gentleman, if he will look at that graph on page 34, he will see that three of the four categories there are coal workers pneumoconiosis. One is listed severe, one moderate, and one mild, but it can by no stretch of the imagination be compared to walking down the streets of New York City or Washington.

Mr. SARASIN. I point out to the gentleman that coal workers pneumoconiosis is determined on the basis of opaqueness of the lung. That same opaqueness is found in the lungs of people who live in major industrial cities. The mild or simple pneumoconiosis is not disabling. It does not cause a problem. There is no shortness of breath, and the individual is not denied the opportunity to work. All these things do not exist.

So, here we are, saying that no matter what part of this problem you might have, you are eligible for these benefits which are designed to take care of the individual who cannot work and cannot breathe very well. We are distorting the original intent of this Congress.

Mr. SIMON. To assume, as the gentleman from Connecticut has, that only severe pneumoconiosis is disabling, is simply contrary to fact. Pneumoconiosis is a condition of the lungs that is disabling, that can be disabling at any stage of the disease, as studies show, and if we fail to recognize that, we fail to recognize something very fundamental.

Mr. ERLENBORN. Will the gentleman yield?

Mr. SARASIN. I yield.

Mr. ERLENBORN. I thank the gentleman for yielding.

What the gentleman from Illinois (Mr. SIMON) just said is just totally inaccurate as far as every bit of medical evidence before our committee.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

Mr. ERLENBORN. I yield 3 additional minutes to the gentleman from Connecticut.

Mr. SARASIN. I thank the gentleman.

Mr. ERLENBORN. Will the gentleman yield further?

Mr. SARASIN. Certainly.

Mr. ERLENBORN. As I said in my initial remarks the international labor organizations established worldwide, accepted standards and stages 1, 2, and 3. Simple pneumoconiosis, by those standards, has no disability attached to it whatsoever. It is only when we get to complicated pneumoconiosis does it begin to get even partial disability. There has been this myth perpetuated by those who seek the passage of this legislation that pneumoconiosis, or black lung, is totally disabling.

Even the figures that we have in this unpublished study that has been referred to by the gentleman in the well and the gentleman from Illinois (Mr. SIMON) we know nothing about. This, by the way, was put in as an attachment to the testimony of a witness who never appeared before the committee and was not subject to cross-examination, the study was not published, so we did not have an opportunity to study that. It was just an attachment by someone who had the consent of the chairman to have the testimony put in here. Even that does not show that mild, moderate or severe CWP is disabling or not. We do now know. This is IWO standards. Even medical witnesses from the United Mine Workers have the good sense not to prostitute their professional reputations by telling us that all pneumoconiosis was disabling. They told us that all workers in the cold mines, after being in there for a certain number of years, as a social matter ought to get compensation.

Yes, they were for the entitlements, but they never told us that in their professional judgment these people were disabled. At least they had the good sense as physicians, as professional people, not to go that far. They said that socially it was desirable to give them payments.

Mr. SARASIN. I thank the gentleman for his comments. I would echo his remarks. Certainly the chairman of the committee just said it was socially desirable to pay people who were killed in mine accidents because other benefits were not adequate. But let us not say they have a disease which they did not have. If we want to call it a social determination, let us call it a social determination. But let us not invent the disease. If we do this, it will come back to haunt us. We will have the same problem with asbestosis and byssinosis.

This is just a terrible vehicle to try to use as a precedent to take care of the occupational diseases we are learning about every single day.

This is our big problem. What do we do tomorrow when a demand is made?

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. ERLENBORN. Mr. Chairman, I yield 3 additional minutes to the gentleman from Connecticut (Mr. SARASIN).

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. SARASIN. I yield to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. I thank the gentleman for yielding.

If I may, I would like to say that I realize a term such as "disability" could mean that one could get social security disability when he goes beyond a certain point. And there can be some question about when one is disabled. There is no question, whether we use the term "disability" or "disabled" or not, that when a person has pneumoconiosis he has shortness of breath and he has problems. Sometimes those problems are very severe. They do not come only under the category of severe coal workers' pneumoconiosis.

Second, I would just like the RECORD to show that while there were some who testified that there is no reason to provide these benefits, some medical witnesses, there were also witnesses who testified that it is a very severe problem, that present laws are woefully inadequate.

Mr. SARASIN. Mr. Chairman, we are back to the question of what is socially desirable. And the fact that we are creating this vehicle to take care of a perceived social need is an issue which will really come back to us when we look at other diseases. I cannot stress this point too much. We are going to have to face the fact of occupational diseases in this Congress. We are going to have to look at the plastics problem. We are going to have to look at the discoveries which are being made every day and ask who is going to pay for those.

Is it going to be fair to attach something to an industry which also had no knowledge of the severity of a disease? Or even the possible existence of an occupational disease?

Or are we going to say that it shall be social policy for the Federal Government to pick up the tab for all these occupational diseases?

If we do that, fine, but then let us only pay the people who have such diseases. We have not even gotten to that point yet, but if we ever get there—and I have no basic objection to reaching that point—let us only pay the people who have the disease and find it disabling.

In the black lung provisions of this bill, that is not what we are doing. Here we invent a disease or a condition, and we say everybody has it after a certain time, and so we are willing to pay them on the basis of that and in the face of medical evidence to the contrary. I think that is unreasonable, and I think this precedent will come back to haunt us when we deal with other occupational diseases in the future.

On that basis, Mr. Chairman, since I do not believe the substitute that will be offered will be able to correct these deficiencies in this "turkey," I intend to vote against it when the time comes.

Mr. Chairman, the very articulate, reasoned, and logical statement by Congressman ERLENBORN should be sufficient enlightenment as to the undesirability of this legislation. However, the bill, H.R. 4544, is such outrageous special-interest legislation that I feel I must back him up on his constant fight against such type legislation as well as express my own disapproval.

Although I was not a Member of Congress when the original black lung legislation was introduced and passed, I am very aware of the express promises of its sponsors that it was to be a "one-shot" deal, limited in duration of Federal involvement. I believe those sponsors should keep those commitments.

I am not here to tell you that coalmine work is not hard or that it is not dirty or that at one time miners did not work for low pay. All of that was true at one time—but not all these emotional appeals are true at this time. The work is still hard, but a lot of it is done by machines; the work will probably always remain dirty and relatively dangerous; and those are the reasons, along with the fact that coal will be an increasing source of energy, that the work will in the future be relatively highly paid—from $50 to $60 to $70 a day now. Therefore, the historical and emotional arguments that the "special compensation program" of black lung benefits is needed to reward the long suffering, long-ignored miners of coal who suffered disability while extracting the Nation's energy cheaply are no longer valid. Today, miners receive good pay, they are protected by the health and safety laws and regulations, and have further been compensated for their past sufferings by the federally enacted black lung benefits program that has awarded benefits to over 565,000 miners and survivors at a cost to the taxpayer of over $1 billion a year.

Those miners whom the committee promised to compensate for their past sufferings for work-related respiratory disability have been compensated—their survivors have been compensated—and liberalizations of the 1972 amendments have allowed them and their survivors benefits under a Federal program far beyond anything imaginable under the original 1969 bill.

The bill before us today—the bill you are asked to support in the guise of improving the black lung law—is totally and completely inappropriate to the original intent of the 1969 law—is totally and completely inappropriate to the concept of disability compensation—and is totally and completely discriminatory as compared to workers in any other occupation, dangerous, hazardous, dusty, or not.

How is this alleged compensation program conceived by the public? Certainly, we know that other workers who have been exposed to occupational disease are now learning that they have been ignored in comparison to coal miners, illustrated by the demonstrations of textile workers. But, the most telling example of how this program is viewed is a recent article in the Monthly Labor Review (April 1977) published by the U.S. Department of Labor, authored by John F. Burton, Jr., professor of industrial relations and public policy, Graduate School of Business, University of Chicago, entitled "Will Workers' Compensation Standards be Mandated by Federal Legislation?" In speaking of preconditions for Federal involvement, Professor Burton points out that usually there must be a national problem or concern. He goes on to say:

> Sometimes, however, the geographical concentration of employees can lead to special treatment. Most notable is the Federal black lung problem which provides liberal benefits to coal miners. The beneficiaries were largely concentrated in eastern coal mining States where the motional issue was used by several influential Federal legislators. The costs of the program, particularly in the early years, were paid from Federal revenues. The black lung program *thus is a classic example of pork barrel legislation*, with benefits going to a limited locale and costs spread widely (p. 56) (emphasis supplied).

If further liberalization of what is now recognized to be a "pork barrel legislation" is allowed, I doubt whether this Congress will be held in very high esteem. As an example of how this current legislation is viewed, an editorial by the Washington Star dated March 23, 1977, picks up in a one-sentence query three of the most important points of my opposition to this legislation.

> If this is passed, are we then going to offer automatic government-guaranteed special disability pension to workers in other industries whether or not they are disabled?

That quote correctly noted:

First. That this one-time disability program will become a pension program or retirement program for coal miners only under this proposed legislation;

Second. That the Federal black lung "pension" program will possibly serve as a prototype for future Federal involvement in what was and is presently State administered workers' compensation programs; and

Third. That this type of special interest legislation discriminates against workers in other occupations who work in equally dusty conditions or in other hazardous occupations. It further discriminates against workers who may be equally disabled—or even those who are somewhat disabled, since this legislation would base benefits on years of service and not disability.

This legislation is totally contrary to the concept of compensation based on disability. To illustrate this point, I direct your attention to section 14 of H.R. 4544. This section would allow what has heretofore been black lung disability benefits from the Federal Treasury to widows and other eligible survivors of miners who had worked in the mines for 17 years and died as a result of a mine accident. This provision has nothing to do with black lung. It has nothing to do with disability. It has nothing to do with coal dust.

One more point that needs amplification and that is the potential constitutional problem in section 5 of the legislation (as well as section 9 which prohibits controversion of disability by either the fund or the operator who may be liable for payment of benefits). Section 5 provides that a favorable determination of an administrative law judge cannot be appealed or reviewed except upon the motion of the claimant. This is totally contrary to this Nation's constitutional concept of due process. It is certainly contrary to the Administrative Procedures Act. How the Committee on Education and Labor or how this committee could allow this legislation to come to the floor for debate are questions I fail to understand as a conscientious legislator.

Mr. PERKINS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Chairman, I just want to say that I rise in support of this legislation. It does not, of course, contain everything we had hoped for, but it is certainly a step in the right direction.

I was born and raised in a coal mining community, and I am very familiar with the problems of coal miners. My father was a coal miner. I do not think I have ever seen a man who has ever worked in the coal mines oppose black lung legislation.

One of the most pitiful cases of any kind that I have ever seen is that of an old coal miner sitting at home with a tank of oxygen that he has to have in order to breathe and to sleep at night. He probably worked 30 or 40 years in the coal mines, and the company for which he worked has no records.

In order to protect that man and to give him some help and to show our appreciation for the coal industry, we must pass this legislation. The coal industry is, as the Members know, one of the only two sources of energy that we have except for oil. We talk about energy, and all we have right now in this Nation that is going to get us away from the greedy oil countries is nuclear energy and the coal industries. Just those two—that is all we have. The importance of the coal mining industry is being noticed more and more, particularly in view of our energy crisis. Therefore, it is very important that the Congress act and be aware

of the problems that the coal miners of our Nation face.

Coal mining is a most hazardous occupation, and the lives of coal miners are limited because of the nature of their work. I am very much in support of this legislation. I only wish really that the Congress could do more for the coal miner than is set out in this legislation.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. CARR).

(Mr. CARR asked and was given permission to revise and extend his remarks.)

Mr. CARR. Mr. Chairman, I thank the chairman of the committee and congratulate the committee and its chairman on their diligent work.

I rise in support of this legislation, not only for what it will do for the human beings who are contracting black lung disease but for what it will do to speed the process and the receipt of benefits by miners in the just adjudication of their claims.

I might point out to the chairman of the committee that just recently in my own congressional district we had a constitutent come in for help, and we tried to help the constituent process his claim for black lung benefits. The process took so long that before the benefits arrived, this former miner died, and the autopsy proved that he indeed had black lung disease.

Mr. PERKINS. Mr. Chairman, I will say to the gentleman from Michigan (Mr. CARR) that what he points out is one of the principal reasons for this bill. In the processing of any of these claims we have seen long delays. The average time for processing is more than 600 days. That is one of the principal reasons for the legislation that is before us today.

I certainly wish to compliment the gentleman for his contribution.

Mr. CARR. Mr. Chairman, I thank the gentleman.

Mr. Chairman, the Black Lung Benefits Reform Act of 1977 would make needed improvements in the black lung benefits program. Few of us in this Chamber or across the country fully comprehend the severity of black lung disease, otherwise known as coal miners' pneumoconiosis or the inefficient and inequitable administration of the current black lung benefits program.

Notwithstanding our recent air pollution alerts in Washington, D.C., we generally take clean air for granted. We do not know what it is like to breathe coal dust all day long. We can not fully appreciate the physchological burden of knowing that every breath progressively and irreversibly damages the respiratory tract.

From the first experience with a feeling of a shortness of breath to the difficulty in walking long distances or climbing stairs or small hills and eventually, the spells of violent, painful, and suffocating coughing, we do not fully realize the impact of black lung disease.

Black lung disease also increases susceptibility to an ominous variety of other respiratory diseases such as asthma, bronchitis, or pneumonia. Finally, black lung diseases can lead to heart failure and premature death.

The tragedy of black lung disease is magnified by the fact that so many miners have suffered unnecessarily, contracting the disease because of the coal companies' disgraceful neglect of mine conditions and mine safety. Coal miner's pneumoconiosis is a serious occupational disease, and it is obvious that the victims of such disease should receive adequate and speedy compensation for their suffering.

Unfortunately, the poor administration of the black lung benefits program has prevented most victims of the disease from receiving adequate or speedy compensation for their condition. The case of Bennie Clemons in Michigan is illustrative of this problem. Mr. Clemons worked in and around coal mines for over two decades. He contracted black lung disease, and in 1973 he filed a claim with the Department of Labor. Four years later, despite numerous calls and inquiries from our office on his behalf, his case is still pending.

While Mr. Clemons' case may be somewhat extreme, delays of 1 year or more are the rule rather than the exception. In fact, some diseased miners die before their claims for black lung benefits are approved.

These long delays in the consideration and processing of claims are costly, both in economic and in human terms. The legislation now before us is designed primarily to eliminate such costly delays and to insure that eligible miners receive prompt and adequate compensation.

There is another benefit to be gained from passage of this bill. Under the current program, many diseased miners are uncertain about whether they will be able to receive black lung benefits. Since many of these miners must have some income to support their families, they stay in the mines, despite their conditions and often against the advice of their doctor. The bill now before us would solve this problem by establishing a program which guarantees black lung benefits to miners who have worked a certain number of years in the mines. This provision will effectively remove the economic pressure upon diseased miners to continue working in the mines when doing so can permanently damage their health and result in premature death.

In sum, this bill would effectively eliminate the costly delays in the present program. It would provide diseased miners with a quick and efficient determination of their eligibility for compensation, and it would drastically reduce the administrative costs of the benefits program.

I hope that my colleagues will approve this needed legislation, and I urge them to oppose any amendments which would weaken the original intent of the bill. It is the least we can do for those who risk their lives and sacrifice their health to meet our Nation's energy needs.

Mr. PERKINS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from West Virginia (Mr. RAHALL).

Mr. RAHALL. Mr. Chairman, I thank the gentleman from Kentucky for yielding this time to me.

I would like to commend the chairman of the Committee on Education and Labor, the distinguished gentleman from Kentucky (Mr. PERKINS), for the excellent work he has done on this bill and for his many long years of work with black lung legislation.

The primary purpose of this bill is to establish objective criteria for determining entitlement to benefits and payments arising out of employment in the Nation's coal mines.

This bill is designed to meet the problems of the long delays involved in the present processing of black lung claims, as was just pointed out by the gentleman from Michigan (Mr. CARR). I have had many such problems of this nature with my constituents, both in my Washington office and my district offices. We see miners applying for their benefits, and they are indeed dying before they hear whether their applications have been received by the Department of Labor, much less whether or not they have been approved.

This bill also transfers from the Federal Government to the coal industry the liability for black lung payments by establishing a black lung disability insurance fund to be maintained by contributions from the coal industry. This fund will be administered by seven coal industry operators.

This, I believe, is a proper shift of the burden of payment from the Federal Government to the coal industry for benefits to the victims of pneumoconiosis.

Mr. Chairman, the November 1968 methane gas explosion in my home State of West Virginia killed 78 men. Within a year after that the Congress acted speedily in passing the Federal Coal Mine Health and Safety Act of 1969. Since that time, as has already been pointed out, there have been amendments to this 1969 act.

Now is the time to proceed further to correct some inequities that exist in that legislation. This bill will give the coal miners and their families the opportunity for just compensation, those victims who have suffered economic and mental and physical anguish from this curse, which can only be contracted from a lifetime of labor in the dark, dusty catacombs of our Nation's collieries.

At the present time death and disability among coal miners is twice that of the general population; and according to a study by the National Safety Council, chance of death among coal miners is eight times more than that of any other occupation.

Because of our President's call for increased reliance on coal, this resource will once again become important to our Nation's economy. Coal in the 21st century will be an essential source of energy for our Nation, both in its natural state and through gasification, which will meet the long-term energy needs of our country. Just as we need a sound energy policy, so do we need a sound compensation policy for protecting the lives of the miners who extract our coal from the earth.

Because of these ill health effects that the miner contracts from working underground daily, because of the risks that he faces in not knowing each day whether he is going to see his family that night, this bill is only sound, basic human rights policy, as has been pointed out by the gentleman from Hawaii.

Mr. Chairman, as I travel throughout my district and visit in the homes of many coal miners, sometimes during the day when they are sleeping after returning from the "hoot owl" shift, midnight to 7 a.m., I realize the deep suffering, the wheezing that prevents them from getting a good night's or good day's sleep. This is suffering not only for the individual miner, but for his family, for his wife and kids, who cannot sleep at night either because of concern for their husband or their father.

Mr. Chairman, at the present time there are approximately 220,000 active and retired members of the United Mine Workers across the United States. Their president, Mr. Arnold Miller, has submitted to me a letter and explanatory remarks concerning the present bill.

Mr. Chairman, I insert that material in the RECORD, as follows:

UNITED MINE WORKERS OF AMERICA,
Washington, D.C.

DEAR REPRESENTATIVE: The House of Representatives will be considering the most important piece of legislation affecting coal miners since the Federal Coal Mine Health and Safety Act of 1969. H.R. 4544, the Black Lung Benefits Reform Act of 1977, serves to correct many of the deficiencies and inequities of the Black Lung program which have become apparent over the seven years the program has been functioning. This bill has the full support of the United Mine Workers of America. As the representative of the majority of our nation's coal miners, the UMWA believes that the time is long overdue for providing justice to those people who pay the human costs of supplying our nation with its energy. More than eleven men every day wheeze away their lives as the penalty for mining coal as a living. If the 77 deaths a week were to occur on the same day in the same place—remember the Farmington disaster and its 78 victims—the nation would undoubtedly demand an immediate solution to this grave problem. We urge your support of H.R. 4544.

H.R. 4544 is almost identical to the bill passed last year by the U.S. House of Representatives. Time ran out in last year's short, election year session and the Senate did not have a chance to act on this important legislation. It is one year later and many deserving Black Lung victims still are not receiving benefits. The time has certainly come for the Congress to complete the promise it made to our coal miners in 1969, when Congress initially enacted the Black Lung program.

The program is due to end in 1981. This bill would make the program permanent. The Congress believed that the dust control program mandated by the 1969 Act would eradicate this horrible disease and there would be no need for an ongoing program; however, this is not the case. The supposition that the mines are no longer dusty is viewed as an absurdity by all working miners because they know first hand that their work environment remains very dusty. The GAO study of the federal dust program, released on December 31, 1975, confirms the miners' contentions. The report revealed the woeful inadequacy and unreliability of the dust control program. The Black Lung program should be made permanent so miners who may presently be contracting the disease in the course of their work may be eligible for benefits in the future.

The bill contains a number of other provisions which will correct widely recognized problems in the present program. These provisions are outlined in the accompanying package. One of the provisions is automatic eligibility based upon years of service in a mine. A sheet is attached explaining the need for this unique provision.

Finally, H.R. 4544 creates a trust fund, financed by a tonnage tax, which will pay for all new claims for which a responsible operator cannot be determined. This provision will relieve the General Treasury of the responsibility of paying for any new claims. It places the financial burden on the coal industry where it belongs and not on the American taxpayer.

The UMWA endorses H.R. 4544 as a bill which deserves your strong support. Also, the UMWA urges you to oppose any weakening amendments which may be offered on the floor. This bill will improve the Black Lung program so those who were meant to receive benefits under the 1969 Act will finally have a fair chance to do so. The 1969 Federal Coal Mine Health and Safety Act was the beginning of the end of an era that required coal miners to sacrifice their health and well-being in exchange for a livelihood. H.R. 4544 is a continuation of that beginning. Please support the pledge Congress made eight years ago by voting for H.R. 4544.

Sincerely,

ARNOLD MILLER.

[From the United Mine Workers of America, Washington, D.C.]

SUMMARY OF THE MAJOR PROVSIONS OF H.R. 4544—BLACK LUNG BILL AS REPORTED BY THE HOUSE EDUCATION AND LABOR COMMITTEE

ELIGIBILITY BASED ON YEARS OF SERVICES 30/25 YEARS

Miners (or the eligible survivors of miners) with 30 years of underground service in bituminous mines would automatically be eligible for benefits. Miners (or the eligible survivors of miners) with 25 years of service in anthracite mines would automatically be eligible for benefits. The number of years worked must be served prior to June 30, 1971.

Surface workers would not be eligible based on their years of service alone unless Social Security or the Labor Department found that the dust conditions of their job were equivalent to the dust conditions in an underground mine.

ELIGIBILITY FOR MINERS WITH LESS THAN 30/25 YEARS

All the present presumptions in the law would remain, including the presumption that a miner who has worked 15 years in an underground mine and who has a totally disabling lung condition is disabled due to pneumoconiosis.

The interim standards, which now apply only to claims filed before July 1, 1973, would become permanent maximum standards. The Committee bill says that the permanent standards may not be "more restrictive" than the interim standards. This means that it would be possible for the permanent standards to be more liberal than the interim standards but they could not be stricter, as they now are. The interim standards create a presumption that a miner is totally disabled. They also contain less strict breathing test standards than those now applicable to claims with the Department of Labor.

ELIGIBILITY FOR WIDOWS

The law would be clarified to provide that, where there is no medical evidence relating to a miner's lung condition, lay evidence alone will be enough to establish a widow's claim.

Certain widows of miners who were working when they died would be able to qualify if the miner had changed to a less dusty job or to a job with less pay or less rigorous work on account of his lung condition.

A widow or survivors of a miner killed in a mine accident before 1971 where the miner had worked 17 or more years in an underground mine would be eligible for black lung benefits; however, workers compensation benefits the widow now receives on account of the miner's death would be subtracted from these black lung benefits.

PERMANENT FEDERAL PROGRAM

At present the federal black lung program is scheduled to end in 1981. The Committee bill would make the program permanent.

WORKER'S COMPENSATION OFFSET

State workmen's compensation benefits would not be subtracted from federal benefits except where the state benefits were awarded "due to pneumoconiosis."

APPLICATIONS FROM WORKING MINERS

A coal miner could apply for benefits while working and be notified whether or not he would be eligible for benefits if he stopped working. In addition, a miner who had changed to a less dusty job or to a job with less pay or less rigorous work because of a lung condition might be able to qualify while still working.

FAVORABLE HEARING DECISION

The Appeals Council would not be permitted to reverse a favorable decision by an administrative law judge.

JOINT CHECKS

Where a husband and wife are living together, the black lung check would be made out in both names. This way, if the miner died, his widow would be able to cash the check rather than having to turn it in to Social Security. Social Security checks are handled this way now.

PROGRAM ADMINISTRATION

The 3-way split of administration between the Labor Department, Social Security, and the states would continue. Social Security would continue to have permanent responsibility for all claims already filed with it. In addition Social Security would have the duty to notify individual miners and survivors who have not yet applied of their possible eligibility for benefits. After receiving notice of possible eligibility, the person would have six months to file for benefits with Social Security. Any miner who retired before December 30, 1969, could file a claim with Social Security at any time without regard to when he received notice that he was possibly eligible.

States would still be able to take over the program by bringing their law into compliance with the federal law. A State would not have to grant benefits based on 30 or 25 years of coal mine employment in order to qualify to take over the program. But a miner who qualifies for benefits based on years of service would have a permanent right to apply under the federal program if the state program did not provide for eligibility based on years of service.

The Department of Labor would process all other applications. Except as noted below, Department of Labor would process claims according to the procedures they now use.

PAYMENT OF BENEFITS

A Black Lung Disability Insurance Fund would be set up to pay all claims awarded by the Department of Labor. Claims would be paid from the Fund, but coal operators would be billed at the end of the year for payments for which they were liable. Coal operators would be required to purchase in-

surance or to self-insure to cover their obligations. A tax would be imposed on every ton of coal mined to pay claims for which no responsible coal operator could be located and to cover administrative costs.

The Fund would have seven trustees, who would all be coal operators. However, their primary duty would be to make sure the money in the Fund was properly invested. They would have no right to be involved in the processing of claims by the Department of Labor.

DEPARTMENT OF LABOR CLAIMS PROCESSING

The Secretary of Labor would be ordered to write regulations providing for the prompt processing of claims. A hearing would have to be held within 45 days after a claimant requested it.

Coal operators would have no right to protest favorable decisions.

The Fund would have an extremely limited right to appeal favorable decisions. The Fund would not have any right to protest a medical determination of disability. The Fund could only protest on the grounds that the award was contrary to law or not supported by any substantial evidence.

WORK AFTER JUNE 30, 1971

For claims filed with the Department of Labor, work after July 1, 1971 would not be counted in establishing the application of the 15-year presumption, or establishing eligibility based on 30 or 25 years. This means that only people who completed 30 or 25 years of work before 1971 could be eligible based on years of service. And the law's present provision that a miner must have worked 15 years before 1971 to get the benefit of the 15-year presumption is not changed.

MEDICAL BENEFITS

All miners receiving black lung benefits under the Social Security program must be notified of their probable eligibility for medical benefits under the Department of Labor program. After receiving this notice, the miner would have six months to sign up with the Department of Labor. In order to qualify for these medical benefits, the miner would have to file a new application. This is the same situation that exists under the present program.

BLACK LUNG CLINICS

The $10 million annual authorization for black lung clinics would be made permanent.

AUTOMATIC REVIEW OF CLAIMS

All claims which have been denied in the past by the Department of Labor or Social Security would be automatically reviewed to see if the person is eligible based on the new amendments.

RETROACTIVITY

Most people who become eligible as a result of the new amendments would not qualify for back pay for any period amendments were passed. Specifically this means that persons who have 25/30 years of service and whose prior applications for benefits have been denied would now receive benefits from the time the amendments were passed but would not receive any benefits for the months before the amendments were passed. This same rule would apply to the workmen's compensation offset. Benefits would no longer be offset after the passage of the amendments but a miner could not recover benefits that have been offset in the past. However, people who had favorable hearing decisions which were reversed by the Appeals Council, and certain widows whose claims were denied because of lack of medical evidence or because the miner was working when he died could get retroactive benefits.

FEDERAL GUARANTEE OF PAYMENTS

If, for some reason, the Black Lung Disability Insurance Fund was unable to make payments due, the federal government would make the payments.

RE-READING OF X-RAYS

The routine re-reading of x-rays is barred. Re-reading of x-rays and autopsy reports would be permitted only where the administering agency has reason to believe the film is not of sufficient quality to demonstrate the presence or absence of pneumoconiosis, or where there is a suspicion of misrepresentation.

Mr. Chairman, in my congressional district in West Virginia there are approximately 27,000 active members of the United Mine Workers. In my whole State there are approximately 58,000 members.

Mention has already been made that the automatic entitlement section of this bill may be deleted by the substitute amendment that will be offered to strike that entitlement section. I will be very sorry to see the entitlements deleted from this bill.

The CHAIRMAN. The time of the gentleman from West Virginia (Mr. RAHALL) has expired.

Mr. PERKINS. Mr. Chairman, I yield 2 additional minutes to the gentleman from West Virginia.

Mr. RAHALL. Mr. Chairman, I thank the gentleman for yielding.

The automatic entitlement provision I believe in wholeheartedly. That is why I introduced earlier in this Congress, H.R. 1532, providing for a 20-year automatic entitlement. But I also realize the need to pass a bill during this session of Congress. I feel confident that if that section is deleted, we will still have a strong bill that will be passed by the House, that will not die in the other body in this session, and that will be signed into law.

Therefore, Mr. Chairman, in order to pass a strong bill and to obtain the many other important provisions of this bill, I am willing to reluctantly support the deletion of the automatic entitlement provision.

One of the most important provisions that I do believe must remain in this bill is the elimination of the offset penalty, as has been mentioned in earlier debate this afternoon. This is very important to me. I do not feel that penalizing a coal miner because he has suffered the loss of an arm or a leg and is receiving State workmen's compensation should be required to have that money set off from his Federal black lung payments, to which he is also justly entitled. That is not a fair way for the Government to treat our coal miners.

Mining represents a small segment of the working population yet the operation is of a nature that is so unique, so complex, and so hazardous as to not fit neatly under any State workmen's compensation program or the present OSHA guidelines. Therefore, the need is stronger now to pass H.R. 4544 immediately.

I have been in the coal mines. I have seen that spending just a couple of hours underground produces a couple of weeks of spitting out and breathing out coal dust.

The dust levels have not improved as dramatically as many would lead us to believe. Only by passing this present legislation and making the present black lung program permanent can we produce the strong incentive, the strong governmental push that is needed to provide for a lessening of coal dust levels in our Nation's mines.

There are in my congressional district many coal mining communities such as Holden, Man, Barnabee, Affinity, Red Jacket, War, Iaeger, Bradshaw, Carswell, Hollow, Crum, Stotesbury, Slab Fork, Mullens, Pineville, Kopperston, Itmann, Matoaka, and Montcalm, where coal miners live who are wheezing away their lives.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PERKINS. Mr. Chairman, I yield 1 additional minute to the gentleman from West Virginia.)

Mr. RAHALL. In conclusion, Mr. Chairman, I hope that my many colleagues from across this country will realize that there are many miners who left my home State in years past and went to other States. They are still trying to obtain black lung benefits, and are facing long delays, and are trying to support families across our country and trying to get our Government to listen to their dying voices.

I hope that the Members will consider this in voting on this important legislation.

Mr. THOMPSON. Mr. Chairman, I am placing in the RECORD the text of a substitute to the text of H.R. 4544, the Black Lung Benefits Reform Act, which I will offer on the Floor at the appropriate time.

As a member of the House Education and Labor Committee I have had growing concern over many Members' dissatisfaction with features of this legislation. I personally have reservations about the measure as reported by the committee. At the same time, I think it is important that the Congress enact into law black lung reform legislation.

For this reason, I am offering a substitute to the committee-reported bill which I believe will be responsive to the concerns expressed to me by many of my colleagues and yet bring into effect much needed reform in the black lung compensation program.

My substitute is identical to the committee bill with these five major changes:

First, in view of the widespread concern and apparent disagreement over that provision of the committee bill which would have created a black lung entitlement based on 30 years of service in a bituminous mine and 25 years of service in an anthracite mine—

My substitute deletes entirely these entitlements.

Second, the committee bill is subject to the interpretation that a miner can receive black lung benefits while being employed—

To completely eliminate the possibility of this, my substitute contains an absolute bar to receiving any black lung benefits as a result of the enactment of this bill while the miner is employed.

Third, much concern has been expressed about the committee bill in that it denies the Department of Health, Education, and Welfare the right to appeal from a favorable decision for a black lung claimant but permits at the same time

such an appeal by the claimant when he has been denied by an administrative law judge—

My substitute eliminates this provision so that an appeal may be taken by either party.

Fourth, this amendment responds to concerns expressed by the chairman of the Appropriations Committee, the gentleman from Texas (Mr. MAHON), that benefits payable from the trust fund were not subject to prior appropriations—

A provision in my substitute makes them so subject. The precise language has been worked out with the Appropriations Committee.

Fifth, the final amendment responds to concerns expressed by the chairman of the House Budget Committee, the gentleman from Connecticut (Mr. GIAIMO).

A provision in my substitute brings the bill in technical compliance with section 401(b) of the Congressional Budget Act and brings the bill's costs within the ceiling imposed by the first concurrent resolution of the budget for fiscal year 1978 by prohibiting the retroactive payment of black lung benefits generated as a result of this legislation.

The Education and Labor Committee on May 24 in a regular meeting unanimously adopted a motion authorizing the chairman of the Education and Labor Committee to accept these last two amendments on behalf of the committee:

AMENDMENT IN THE NATURE OF A SUBSTITUTE

SHORT TITLE

SECTION 1. This Act may be cited as the "Black Lung Benefits Reform Act of 1977".

EMPLOYMENT BEFORE 1970

SEC. 2. Section 414(a) of the Act (30 U.S.C. 924(a)) is amended by adding at the end thereof the following new paragraph:

"(4) A claim for benefits under this part may be filed at any time on or after the date of the enactment of the Black Lung Benefits Reform Act of 1977 by a miner (or in the case of a deceased miner, the eligible survivors of such miner) if the date of the last exposed employment of such miner occurred before December 30, 1969.".

OFFSET AGAINST WORKMEN'S COMPENSATION BENEFITS

SEC. 3. The first sentence of section 412(b) of the Act (30 U.S.C. 922(b)) is amended by inserting immediately after "disability of such miner" the following: "due to pneumoconiosis".

CURRENTLY EMPLOYED MINERS

SEC. 4. (a) The first sentence of section 413(b) of the Act (30 U.S.C. 923(b)) is amended by inserting immediately before the period at the end thereof the following: "or solely on the basis of employment as a miner if (1) the location of such employment has recently been changed to a mine area having a lower concentration of dust particles; (2) the nature of such employment has been changed so as to involve less rigorous work; or (3) the nature of such employment has been changed so as to result in the receipt of substantially less pay".

(b) Section 413 is further amended by adding at the end thereof the following new subsection:

"(d) No miner who is engaged in coal mine employment shall (except as provided in section 411(c)(3)) be entitled to any benefits under this part while so employed. Any miner who has been determined to be eligible for benefits pursuant to a claim filed while such miner was engaged in coal mine employment shall be entitled to such benefits if his employment terminates within one year after the date such determination becomes final."

ADVISORY OPINIONS

SEC. 5. Section 413 of the Act (30 U.S.C. 923) is amended by adding at the end thereof the following new subsection:

"(e)(1) A miner may file a claim for benefits whether or not such miner is employed by an operator of a coal mine at the time such miner files such claim.

(2) The Secretary shall notify a miner, as soon as practicable after the Secretary receives a claim for benefits from such miner, whether, in the opinion of the Secretary, such miner would be eligible for benefits, except for the circumstances of the employment of such miner at the time such miner filed a claim for benefits.

INDIVIDUAL NOTIFICATIONS

SEC. 6. Part B of title IV of the Act (30 U.S.C. 911 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 416. (a) For purposes of assuring that all individuals who may be eligible for benefits under this part are afforded an opportunity to apply for and, if entitled thereto, to receive such benefits, the Secretary shall undertake a program to locate individuals who are likely to be eligible for such benefits and have not filed a claim for such benefits.

"(b) The Secretary shall seek to determine, in cooperation with operators and with the Secretary of the Interior, the names and current addresses of individuals having long periods of employment in coal mining and, if such individuals are deceased, the names and addresses of their widows, children, parents, brothers, and sisters. The Secretary shall then directly, by mail, by personal visit by a delegate of the Secretary, or by other appropriate means, inform any such individuals (other than those who have filed a claim for benefits under this title) of the possibility of their eligibility for benefits, and offer them individualized assistance in preparing their claims where it is appropriate that a claim be filed.

"(c) Notwithstanding any other provision of this part, a claim for benefits under this part, in the case of an individual who has been informed by the Secretary under subsection (b) of the possibility of his eligibility for benefits, shall, if filed no later than six months after the date he was so informed, be considered on the same basis as if it had been filed on June 30, 1973.".

DEFINITIONS

SEC. 7. (a) Section 402(f) of the Act (30 U.S.C. 902(f)) is amended by adding at the end thereof the following new undesignated paragraph:

"With respect to a claim filed after June 30, 1973, such regulations shall not provide more restrictive criteria than those applicable to a claim filed on June 30, 1973.".

(b) Section 402 of the Act (30 U.S.C. 902) is amended by inserting immediately after paragraph (g) the following new paragraph:

"(h) The term 'fund' means the Black Lung Disability Insurance Fund established by section 423(a).".

EVIDENCE REQUIRED TO ESTABLISH CLAIM

SEC. 8. (a) Section 413(b) of the Act (30 U.S.C. 923(b)) is amended by inserting immediately after the second sentence thereof the following new sentence: "Where there is no relevant medical evidence in the case of a deceased miner, such affidavits shall be considered to be sufficient to establish that the miner was totally disabled due to pneumoconiosis or that his death was due to pneumoconiosis.".

(b) The last sentence of section 413(b) of the Act (30 U.S.C. 923(b)) is amended by striking out "and (1)," and inserting in lieu thereof "(1), and (n),".

(c) The second sentence of section 413(b) of the Act (30 U.S.C. 923(b)) is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That unless the Secretary has good cause to believe (1) that an X-ray is not of sufficient quality to demonstrate the presence of pneumoconiosis, or an autopsy report is not accurate, or (2) that the condition of the miner is being fraudulently misrepresented, the Secretary shall accept such report, or in the case of the X-ray, accept the opinion of the claimant's physician, concerning the presence of the pneumonoconiosis and the stage of advancement of pneumoconiosis.".

CLAIMS FILED AFTER DECEMBER 31, 1973

SEC. 9. (a)(1) The first sentence of section 422(a) of the Act (30 U.S.C. 932(a)) is amended—

(A) by inserting immediately before the period at the end thereof the following: ", or with respect to entitlements established in paragraph (5) or paragraph (6) of section 411(c) of this title"; and

(B) by inserting immediately after "except as otherwise provided in this subsection" the following: "and to the extent consistent with the provisions of this part,".

(2) The last sentence of section 422(a) of the Act (30 U.S.C. 932(a)) is amended—

(A) by striking out "benefits" and inserting in lieu thereof "premiums and assessments"; and

(B) by striking out "to persons entitled thereto".

(3) Section 422(b) of the Act (30 U.S.C. 932(b)) is amended by inserting "(1)" immediately after "(b)", and by adding at the end thereof the following new paragraph:

"(2)(A) During any period in which a State workmen's compensation law is not included on the list published by the Secretary under section 421(b) of this part each operator of a coal mine in such State shall secure the payment of assessments against such operator under section 424(g) of this part by (i) qualifying as a self-insurer in accordance with regulations prescribed by the Secretary; or (ii) insuring and keeping insured the payment of such assessments with any stock company or mutual company or association, or with any other person or fund, including any State fund, while such company, association, person, or fund is authorized under the laws of any State to insure workmen's compensation.

"(B) In order to meet the requirements of clause (ii) of subparagraph (A) of this paragraph, every policy or contract of insurance shall contain—

"(i) a provision to pay assessments required under section 424(g) of this part, notwithstanding the provisions of the State workmen's compensation law which may provide for payments which are less than the amount of such assessments;

"(ii) a provision that insolvency or bankruptcy of the operator or discharge therein (or both) shall not relieve the carrier from liability for the payment of such assessments; and

"(iii) such other provisions as the Secretary, by regulation, may require.

"(C) No policy or contract of insurance issued by a carrier to comply with the requirements of clause (ii) of subparagraph (A) of this paragraph shall be canceled prior to the date specified in such policy or contract for its expiration until at least thirty days have elapsed after notice of cancellation has been sent by registered or certified mail to the Secretary and to the operator at his last known place of business."

(4) Section 422(b)(1) of the Act, as so redesignated by paragraph (3), is amended—

(A) by striking out "benefits" and inserting in lieu thereof "premiums and assessments"; and

(B) by striking out "section 423" and inserting in lieu thereof "section 424".

(5) Section 422(c) of the Act (30 U.S.C. 932(c)) is amended to read as follows:

"(c) Benefits shall be paid during such period under this section by the fund, subject to reimbursement to the fund by operators in accordance with the provisions of section 424(g) of this title, to the categories of persons entitled to benefits under section 412(a) of this title in accordance with the regulations of the Secretary and the Secretary of Health, Education, and Welfare applicable under this section, except that (1) the Secretary may modify any such regulation promulgated by the Secretary of Health, Education, and Welfare; and (2) no operator shall be liable for the payment of any benefit (except as provided in section 424 (f) of this title) on account of death or total disability due to pneumoconiosis, or account of any entitlement based upon conditions described in paragraphs (5) and (6) of section 411(c), which did not arise, at least in part, out of employment in a mine during the period when it was operated by such operator.".

(6) Section 422(e) of the Act (30 U.S.C. 932(e)) is amended—

(A) by striking out "required" and inserting in lieu thereof "made"; and

(B) by adding "or" immediately after the semicolon in paragraph (1) thereof, by striking out ", or" at the end of paragraph (2) thereof and inserting in lieu thereof a period, and by striking out paragraph (3) thereof.

(7) Section 422(f)(2) of the Act (30 U.S.C. 932(f)(2)) is amended—

(A) by inserting "paragraph (4), (5), or (6) of" immediately after "eligibility under";

(B) by striking out "section 411(c)(4)" the first place it appears therein and inserting in lieu thereof "section 411(c)";

(C) by striking out "from a respiratory or pulmonary impairment"; and

(D) by striking out "section 411(c)(4) of this title, incurred as a result of employment in a coal mine" and inserting in lieu thereof "any of such paragraphs".

(8) Section 424(h) of the Act (30 U.S.C. 932(h)) is amended by striking out the first sentence thereof.

(9) Section 422(i) of the Act (30 U.S.C. 932(i)) is amended to read as follows:

"(i)(1) The Secretary shall promulgate regulations providing for the prompt and expeditious consideration of claims under this section.

"(2)(A) The Secretary shall promulgate regulations providing for the prompt and equitable hearing of appeals by claimants who are aggrieved by any decision of the Secretary.

"(B) Any such hearing shall be held no later than forty-five days after the date upon which the claimant involved requests such hearing. A hearing may be postponed at the request of the claimant involved for good cause.

"(C) Any such hearing shall be held at a time and a place convenient to the claimant requesting such hearing.

"(D) Any such hearing shall be of record and shall be subject to the provisions of sections 554, 555, 556, and 557 of title 5, United States Code.

"(3)(A) Any individual, after any final decision of the Secretary made after a hearing to which he was a party, may obtain a review of such decision by a civil action commenced no later than ninety days after the mailing to him of notice of such decision, or not later than such further time as the Secretary may allow.

"(B) Such action shall be brought in a district court of the United States in the State in which the claimant resides.

"(C) The Secretary shall file, as part of his answer, a certified copy of the transcript of the record, including the evidence upon which the findings and decision complained of are based.

"(D) The court shall have power to enter, upon the pleadings and transcript of the record, a judgment affirming, modifying, or reversing the decision of the Secretary, with or without remanding the case for a rehearing. The findings of the Secretary as to any fact, if supported by the weight of the evidence, shall be conclusive.

"(E) The court shall, on motion of the Secretary made before he files his answer, remand the case to the Secretary for further action by the Secretary, and may, at any time, on good cause shown, order additional evidence to be taken before the Secretary, and the Secretary shall, after the case is remanded, and after hearing such additional evidence if so ordered, modify or affirm his findings of fact or his decision, or both, and shall file with the court any such additional and modified findings of fact and decision, and a transcript of the additional record and testimony upon which his action in modifying or affirming was based. Such additional or modified findings of fact and decision shall be reviewable only to the extent provided for review of the original findings of fact and decision.

"(F) The judgment of the court shall be final, except that it shall be subject to review in the same manner as a judgment in other civil actions. Any action instituted in accordance with this paragraph shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.".

(10) In the case of any miner or any survivor of a miner who is eligible for benefits under section 422 of the Act (30 U.S.C. 932) as a result of any amendment made by any provision of this Act, such miner or survivor may file a claim for benefits under such section no later than three years after the date of the enactment of this Act, or no later than the close of the applicable period for filing claims under section 422(f) of the Act (30 U.S.C. 932(f)), whichever is later.

(b) Section 423 of the Act (30 U.S.C. 933) is amended to read as follows:

"SEC. 423. (a)(1) There is hereby established in the Treasury of the United States a trust fund to be known as the Black Lung Disability Insurance Fund. The fund shall consist of such sums as may be appropriated as advances to the fund under section 424(e)(1) of this part, the assessments paid into the fund as required by section 424(g), the premiums paid into the fund as required by section 424(a), the interest on, and proceeds from, the sale or redemption of any investment held by the fund, and any penalties recovered under section 424(c), including such earnings, income, and gains as may accrue from time to time which shall be held, managed, and administered by the trustees in trust in accordance with the provisions of this part and the fund.

"(2) Fund assets, other than such assets as may be required for necessary expenses, shall be used solely and excusively for the purpose of discharging obligations of operators under this part. Operators shall have no right, title, or interest in fund assets, and none of the earnings of the fund shall inure to the benefit of any person, other than through the payment of benefits under this part, together with appropriate costs.

"(b)(1)(A) The fund shall have seven trustees. Except as provided in subparagraph (B), trustees shall serve for terms of four years.

"(B) Of the trustees first elected under this subsection—

"(i) four shall be elected for terms of two years; and

"(ii) three shall be elected for terms of one year.

The Secretary shall determine, before the date of the first election under this subsection, whether each trustee office involved in such election shall be for a term of one year or two years. Such determination shall be made through the use of an appropriate method of random selection, except that at least one trustee nominated under paragraph (2)(A) shall serve for a term of two years.

"(C) Any trustee may be a full-time employee of an operator, except that no more than one trustee may be employed by any one operator or any affiliate of such operator.

"(2)(A) Two trustees shall be nominated and elected by operators having an annual payroll not in excess of $1,500,000 (hereinafter referred to as 'small operators').

"(B) Five trustees shall be nominated and elected by all operators.

"(3) No later than 60 days after the date of the enactment of the Black Lung Benefits Reform Act of 1977, all operators shall certify to the Secretary their payrolls for the 12-month period ending December 31, 1976. The Secretary shall then publish a list setting forth the number of votes to which each small operator and each operator is entitled, computed on the basis of one vote for each $500,000 or fraction thereof of payroll. Trustees shall be elected no later than 180 days after the date of enactment of such Act.

"(4) Candidates seeking nomination for election to the office of trustee under paragraph (2)(A) shall submit to the Secretary petitions of nomination reflecting the approval of small operators representing not less than 2 per centum of the aggregate annual payroll of all small operators. Candidates seeking such nomination under paragraph (2)(B) shall submit petitions reflecting the approval of operators representing not less than 2 per centum of the aggregate annual payroll of all operators.

"(5) The Secretary shall promulgate regulations for the nomination and election of trustees. Such regulations shall include provisions for the nomination and election of trustees, including the nomination and election of trustees to fill any vacancy caused by the death, disability, resignation, or removal of any trustee. The Secretary shall certify the results of all nominations and elections. Two or more trustees may at any time file a petition, in the United States district court where the fund has its principal office, for removal of a trustee for malfeasance, misfeasance, or nonfeasance. The cost of any such action shall be paid from the fund, and the Secretary may intervene in any such action as an interested party.

"(6) The trustees shall organize by electing a Chairman and Secretary and shall adopt such rules governing the conduct of their business as they consider necessary or appropriate. Five trustees shall constitute a quorum and a simple majority of those trustees present and voting may conduct the business of the fund.

"(c)(1) The trustees shall act on behalf of all operators with respect to claims filed under this part.

"(2)(A) Except as provided by subparagraph (B), the fund may not participate or intervene as a party to any proceeding held for the purpose of determining claims for benefits under this part.

"(B)(i) If the fund is dissatisfied with any determination of the Secretary with respect to a claim for benefits under this part, the fund may, no later than thirty days after the date of such determination, file with the United States court of appeals for the circuit in which such determination was made a petition for review of such determination. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his determination, as provided in section 2112 of title 28, United States Code.

"(ii) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, except that the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary thereupon may make new or modified findings of fact and may modify his previous determination, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(iii) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"(iv) Any finding of fact of the Secretary relating to the interpretation of any chest roentgenogram or any other medical evidence which demonstrates the existence of pneumoconiosis or any other disabling respiratory or pulmonary impairment, shall not be subject to review under the provisions of this subparagraph.

"(3) No operator may bring any proceeding, or intervene in any proceeding, held for the purpose of determining claims for benefits under this part.

"(4) It shall be the duty of the trustees to report to the Secretary and to the operators no later than January 1 of each year on the financial condition and the results of the operations of the fund during the preceding fiscal year and on its expected condition during the current and ensuing fiscal year. Such report shall be included in a report to the Congress by the Secretary not later than March 1 of each year on the financial condition and the results of the operations of the fund during the preceding fiscal year and on its expected condition and operations during the current and next ensuing fiscal year. The report of the Secretary shall be printed as a House document of the session of the Congress to which the report is made.

"(5)(A) The trustees shall take control and management of the fund and shall have the authority to hold, sell, buy, exchange, invest, and reinvest the corpus and income of the fund. All premiums paid to the fund under section 424(a)(1) shall be held and administered by the trustees as a single fund, and the trustees shall not be required to segregate and invest separately any part of the fund assets which may be claimed to represent accruals or interests of any individuals. It shall be the duty of the trustees to invest such portion of the assets of the fund as is not required to meet obligations under this part, except that the trustees may not invest any advances made to the fund under section 424(e). The trustees shall make investments under this paragraph in accordance with the provisions of section 404(a)(1)(C) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104 (a)(1)(C)).

"(B) Any profit or return on any investment or reinvestment made by the trustees under subparagraph (A) shall not be considered as income for purposes of Federal or State income taxation.

"(6)(A) Amounts in the fund shall be available for making expenditures to meet obligations of the fund which are incurred under this part, including the expenses of providing medical benefits as required by section 432 of this title, and the operation, maintenance, and staffing of the office of the fund. The trustees may enter into agreements with any self-insured person or any insurance carrier who has incurred obligations with respect to claims under this part before the effective date of this paragraph, under which the fund will assume the obligations of such self-insured person or insurance carrier in return for a payment or payments to the fund in such amounts, and on such terms and conditions as will fully protect the financial interests of the fund.

"(B) Beginning on the effective date of this paragraph, payments shall be made from the fund to meet any obligation incurred by the Secretary with respect to claims under this part before such effective date. The Secretary shall cease to be subject to such obligations on such effective date.

"(7) The trustees shall keep accounts and records of their administration of the fund, which shall include a detailed account of all investments, receipts, and disbursements.

"(8) At no time during the administration of the fund shall the trustees be required to obtain any approval by any court of the United States or by any other court of any act required of them in connection with the performance of their duties or in the performance of any act required of them in the administration of their duties as trustees. The trustees shall have the full authority to exercise their judgment in all matters and at all times without any such approval of such decisions. The trustees may file an application in the United States district court where the fund has its principal office for a judicial declaration concerning their power, authority, or responsibility under this Act (other than the processing and payment of claims). In any such proceeding, only the trustees and the Secretary shall be necessary or indispensable parties, and no other person, whether or not such person has any interest in the fund, shall be entitled to participate in any such proceeding. Any final judgment entered in such proceeding shall be conclusive upon any person or other entity claiming an interest in the fund.

"(9) The trustees may employ such counsel, accountants, agents, and employees as they consider advisable. The trustees may charge the compensation of such persons and any other expenses, including the cost of fidelity bonds and indemnification and fiduciary insurance for trustees and other fund employees, necessary in the administration of the fund, against the fund.

"(10) The trustees shall have the power to execute any instrument which they consider proper in order to carry out the provisions of the fund.

"(11) The trustees may, through any duly authorized person, vote any share of stock which the fund may hold.

"(12) The trustees may employ actuaries to such extent as they consider advisable. No actuary may be employed by the trustees under this paragraph unless such actuary is enrolled under section 3042(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C 1242(a)).

"(d) Nothing in this Act or in the Black Lung Benefits Reform Act of 1977 shall be construed as exempting the fund, or any of its activities or outlays, from inclusion in the Budget of the United States or from any limitations imposed thereon or as authorizing outlays by the fund or the trustees except to such extent or in such amounts as are provided in advance in appropriation acts.".

(c) Section 424 of the Act (30 U.S.C. 934) is amended to read as follows:

"SEC. 424. (a)(1) During any period in which a State workmen's compensation law is not included on the list published by the Secretary under section 421(b), each operator of a coal mine in such State shall pay premiums into the fund in amounts sufficient to ensure the payment of benefits under this part.

"(2) The initial premium rate of each operator shall be established by the Secretary as a rate per ton of coal mined by such operator. Beginning one year after the date upon which the Secretary establishes initial premium rates, the trustees may modify or adjust the premium rate per ton of coal mined to reflect the experience and expenses of the fund to the extent necessary to permit the trustees to discharge their responsibilities under this Act, except that the Secretary may further modify or adjust the premium rate to ensure that all obligations of the fund will be met. Any premium rate established under this subsection shall be uniform for all mines, mine operators, and amounts of coal mined.

"(3) For purposes of section 162(a) of the Internal Revenue Code of 1954 (relating to trade or business expenses), any premium paid by an operator of a coal mine under paragraph (1) shall be considered to be an ordinary and necessary expense in carrying on the trade or business of such operator.

"(4) For purposes of this subsection—

"(A) the term 'coal' means any material composed predominantly of hydrocarbons in a solid state;

"(B) the term 'ton' means a short ton of two thousand pounds; and

"(C) the amount of coal mined shall be determined at the first point at which such coal is weighed.

"(b) The Secretary shall advise the Secretary of the Treasury of premium rates established under subsection (a)(1). The Secretary of the Treasury shall collect all premiums due and payable by operators under subsection (a)(1), and transmit such premiums to the fund. Collections shall be effected by the Secretary of the Treasury in the same manner as, and together with, quarterly payroll reports of employers. In order to ensure the payment of premiums of all operators, the Secretary, after consultation with the Secretary of the Interior, shall certify, not less than annually, the names of all operators subject to this Act.

"(c)(1) In any case in which an operator fails or refuses to pay any premiums required to be paid under subsection (a)(1), the trustees of the fund shall bring a civil action in the appropriate United States district court to require the payment of such premium. In any such action, the court may issue an order requiring the payment of such premiums in the future as well as past due premiums, together with 9 per centum annual interest on all past due premiums.

"(2) An operator who fails or refuses to pay any premium required to be paid under subsection (a)(1) may be assessed a civil penalty by the Secretary of the Treasury in such amount as such Secretary may prescribe, but not in excess of an amount equal to the premium the operator failed or refused to pay. Such penalty shall be in addition to any other liability of the operator under this Act. Penalties assessed under this paragraph may be recovered in a civil action brought by such Secretary and penalties so recovered shall be deposited in the fund.

"(d) The Secretary shall be required to make expenditures under this part only for the purpose of carrying out his obligation to administer this part. All other expenses incurred under this part shall be borne by the fund, and if borne by the Secretary, shall be reimbursed by the fund to the Secretary.

"(e)(1) There are hereby authorized to be appropriated to the fund such sums as may be necessary to provide the fund with amounts equal to 50 per centum of the amount which the Secretary estimates is necessary for the payment of benefits under this part during the first twelve-month period after the effective date of this section. Any amounts appropriated under this paragraph may be used only for the payment of benefits under this part.

"(2)(A) Sums authorized to be appropriated by paragraph (1) shall be repayable advances to the fund.

"(B) Such advances shall be repaid with interest into the general fund of the Treasury no later than five years after the first appropriation made under paragraph (1).

"(3) Interest on such advances shall be at a rate determined by the Secretary of the Treasury taking into consideration the current average yield during the month preceding the date of the advance involved, on marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt rounded to the nearest one-eighth of 1 per centum.

"(f)(1) During any period in which section 422 of this title is applicable with respect to a coal mine, an operator of such mine who, after the date of the enactment of this title, acquired such mine or substantially all of the assets thereof from a person (hereinafter in this paragraph referred to as a "prior operator") who was an operator of such mine on or after the operative date of this title shall be liable for and shall, in accordance with this section and section 423 of this title, secure the payment of all benefits for which the prior operator would have been liable under section 422 of this title with respect to miners previously employed in such mine if the acquisition had not occurred and the previous operator has continued to operate such mine.

"(2) Nothing in this subsection shall relieve any prior operator of any liability under section 422 of this title.

"(g)(1) The fund shall make an annual assessment against any operator who is liable for the payment of benefits under section 422 of this title. Such assessment against any operator of a coal mine shall be in an amount equal to the amount of benefits for which such operator is liable under section 422 of this title with respect to death or total disability due to pneumoconiosis arising out of employment in such mine, or with respect to entitlements established in paragraph (5) or paragraph (6) of section 411(c) of this title.

"(2) Any operator against whom an assessment is made under paragraph (1) shall pay the amount involved in such assessment into the fund no later than thirty days after receiving notice of such assessment.

"(3) The provisions of subsection (c) of this section shall apply in the case of any operator who fails or refuses to pay any assessment required to be paid under this subsection.".

(d) Section 421(b)(2)(E) of the Act (30 U.S.C. 931(b)(2)(E)) is amended by striking out "section 422(1)" and inserting in lieu thereof "section 424(f)".

CLINICAL FACILITIES

SEC. 10. The first sentence of section 427 (c) of the Act (30 U.S.C. 937(c)) is amended by striking out "of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975" and inserting in lieu thereof "fiscal year".

MEDICAL CARE

SEC. 11. (a) Part C of title IV of the Act (30 U.S.C. 931 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 432. The provisions of subsections (a), (b), (c), (d), and (g) of section 7 of the Longshoremen's and Harbor Workers' Compensation Act (33 U.S.C. 907 (a), (b), (c), (d), and (g)) shall be applicable to persons entitled to benefits under this part on account of total disability or on account of eligibility under paragraph (5) or paragraph (6) of section 411(c), except that references in such section to the employer shall be considered to refer to the trustees of the fund.".

(b) The Secretary of Health, Education, and Welfare shall notify each miner receiving benefits under part B of the Black Lung Benefits Act on account of his total disability who the Secretary has reason to believe became eligible for medical services and supplies on January 1, 1974, of his possible eligibility for such benefits. Where the Secretary so notifies a miner, the period during which he may file a claim for medical services and supplies under part C of such Act shall not terminate before six months after such notification was made.

TRANSITIONAL PROVISIONS

SEC. 12. (a) The Secretary of Health, Education, and Welfare, and the Secretary of Labor shall disseminate to interested persons and groups the changes in the Black Lung Benefits Act made by this Act. Each such Secretary shall undertake a program to give individual notice to individuals who they believe are likely to have become eligible for benefits by reason of such changes.

(b)(1) The Secretary of Health, Education, and Welfare (with respect to part B of the Black Lung Benefits Act) shall review each claim which has been denied, and each claim which is pending, under such part, taking into account the amendments made to such part by this Act, and with respect to claims which have been denied taking into account the possibility of error or inappropriate denial of benefits in the initial processing of such claim. The Secretary shall approve any such claim forthwith if the provisions of such part, as so amended, require such approval or if in the initial processing of a denied claim there was error or inappropriate denial of benefits to such claimant.

(2) The Secretary of Labor (with respect to part C of the Black Lung Benefits Act) shall review each claim which has been denied, and each claim which is pending, under such part, taking into account the amendments made to such part by this Act, and with respect to claims which have been denied taking into account the possibility of error or inappropriate denial of benefits in the initial processing of such claims. The Secretary shall approve any such claim forthwith if the provisions of such part, as so amended, require such approval or if in the initial processing of a denied claim there was error or inappropriate denial of benefits to such claimant.

(3) Each Secretary, in undertaking the review required by paragraphs (1) and (2), shall not require the resubmission of any claim which is the subject of any such review.

SHORT TITLE FOR ACT

SEC. 13. Section 401 of the Act (30 U.S.C. 901) is amended by inserting "(a)" immediately after "SEC. 401." and by adding at the end thereof the following new subsection:

"(b) This title may be cited as the 'Black Lung Benefits Act'.".

MINE ACCIDENT WIDOWS

SEC. 14. (a) If a miner was employed for seventeen years or more in one or more underground coal mines, and died as a result of an accident in any such coal mine which occurred on or before June 30, 1971, any eligible survivor of such miner shall be entitled to the payment of benefit under part B of the Black Lung Benefits Act.

(b) For purposes of this section, benefit payments to a widow, child, parent, brother, or sister of any miner to whom subsection (a) applies shall be reduced, on a monthly or other appropriate basis, by an amount equal to any payment received by such widow, child, parent, brother, or sister under the workmen's compensation, unemployment compensation, or disability laws of the miner's State.

(c) The Secretary of Labor shall be responsible for the administration of the provisions of this section.

ADMINISTRATION OF BLACK LUNG BENEFITS ACT

SEC. 15. (a)(1) The Division of Coal Mine Workers' Compensation is hereby transferred to the Office of the Secretary of Labor.

(2) The Secretary shall act through the Division in carrying out the provisions of the Black Lung Benefits Act.

(b)(1) The Secretary, in carrying out the Black Lung Benefits Act, shall establish and operate such field offices as may be necessary to assist miners and other persons with respect to the filing of claims under such Act. Such field offices shall be established and operated in a manner which makes them reasonably accessible to such miners and other persons.

(2) The Secretary, in connection with the establishment and operation of field offices under paragraph (1), may enter into arrangements with other Federal departments and agencies, and with State agencies, for the use of existing facilities operated by such departments and agencies.

(c) For purposes of this section—

(1) the term "Division" means the Division of Coal Mine Workers' Compensation established in the Office of Workers' Compensation Programs by the Assistant Secretary of Labor for Employment Standards under the Secretary's Order No. 13–71 (36 Federal Register 8755); and

(4) the term "Secretary" means the Secretary of Labor.

EFFECTIVE DATES

SEC. 16. (a) This Act shall take effect on the date of its enactment, except that—

(1) no authority to make payments under this Act shall become effective before October 1, 1977;

(2) the amendments made by sections 2, 4, 5, and 8 shall be effective on and after December 30, 1969, except that claims approved solely because of the amendments made by such sections which were filed before the date of the enactment of this Act, shall be awarded benefits only for the period beginning on such date of enactment;

(3) the amendments made by section 6 shall not require the payment of benefits for any period before the date of the enactment of this Act; and

(4) the amendments made by section 9 shall take effect on October 1, 1977, except that (A) the Secretary of Labor shall establish initial premium rates for operators under section 424(a)(1) of the Black Lung Benefits Act, as added by section 9(c) of this Act, no later than October 1, 1977, and (B) such Secretary shall make the estimate required by section 424(e)(1) of such Act, as added by section 9(c) of this Act, as soon as practicable after the date of the enactment of this Act.

(b) In the event that the payment of benefits to miners and to eligible survivors of miners cannot be made from the Black Lung Disability Insurance Fund established by section 423(a) of the Act, as added by section 9(b) of this Act, the provisions of the Act relating to the payment of benefits to miners and to eligible survivors of miners, as in effect immediately before October 1, 1977, shall remain in force as rules and regulations of the Secretary of Labor, until such provisions are revoked, amended, or revised by law. Such Secretary shall make benefit payments to miners and to eligible survivors of miner or survivor before October 1, 1977.

(c) No benefits payable because of the enactment of this Act shall be paid to any miner or survivor before Otcober 1, 1977.

WHITE LUNG STUDY

SEC. 17. (a) The Committee on Education and Labor of the House of Representatives is authorized and directed to conduct a study of white lung disease, also known as silicosis or talcosis, including, but not limited to, the extent and severity of the disease in

the United States; the relationship, if any, between white lung disease and black lung disease; the adequacy of current workman compensation programs in compensating victims of white lung diesase; a review of current mine safety and Occupational Safety and Health regulations relating to talc mining to determine whether such regulations are adequate to protect the safety and health of talc miners; and the need, if any, for Federal legislation to protect the safety and health of talc miners or to provide additional compensation for the victims of white lung.

(b) The Committee shall report its findings and any legislative recommendations to the Congress not later than one year after enactment of this Act.

Mr. DUNCAN of Tennessee. Mr. Chairman, I would like to take this opportunity to voice my support for H.R. 4544, the Black Lung Benefits Reform Act of 1977.

This important piece of legislation, if enacted, will serve to correct many of the deficiencies and inequities of the black lung program which have become apparent over the 7 years the program has been functioning.

The legislation will also serve to further recognize the terrible human costs which deep mining exacts. It will offer a more complete and equitable mode of compensating these people and their families who pay with their lives and well-being so that we all may enjoy the energy benefits to be derived from coal. This is particularly important in this era of energy shortages and foreign dependencies when this Nation must rely more and more heavily upon her abundant coal reserves.

Coal mining is a dangerous business. Black lung is a horrible, slow death. More than 77 men die every week as a result of its ravages—over 4,000 each year. If these 77 deaths were to occur at the same place on the same day, we would undoubtedly demand immediate action to prevent future disasters of such magnitude.

In passing H.R. 4544, we will be solidifying the pledge we made in the 1969 Federal Coal Mine Health and Safety Act to appropriately compensate our coal miners for the sacrifices they make for the good of us all. I would, therefore, strongly urge my colleagues to vote in support of H.R. 4544.

Mr. GIAIMO. Mr. Chairman, I rise in support of H.R. 4544, the Black Lung Benefits Reform Act of 1977, with the substitute which will be proposed by my distinguished colleague from New Jersey. The history of this bill is a tribute to the willingness of the Education and Labor Committee, and its distinguished chairman, the gentleman from Kentucky, to insure that the House lives within its budgetary targets.

In its March 15 report to the Budget Committee, the Committee on Education and Labor recommended that $306 million be included in the first budget resolution to fund liberalizations to the black lung program. This represented a significant reduction below the cost of a bill to liberalize benefits (H.R. 10760) which the House approved last year. That bill would have had an outlay impact of $547 million in the first year. The Budget Committee assumed that the cost of the liberalizations could be reduced and included $100 million in the first budget resolution.

Subsequent to submission of the March 15 report, the Education and Labor Committee reported out the bill before us today with a fiscal year 1978 cost of $359 million. Such a level would clearly breach the spending targets which we recommended in the House resolution. The Education and Labor Committee approved a committee amendment, which eliminates the retroactive payments provided for in the reported bill. This amendment reduces the cost to $122 million, the target for this program which the Education and Labor Committee imposed on itself in allocating the entitlement authority which it received after the conference agreement on the first budget resolution.

Last week, when a rule was granted, it was agreed that additional changes would be proposed that would further strengthen the bill. As reported, H.R. 4544 would have provided automatic benefits to all individuals who have worked 30 years or more in an underground mine. During the deliberations on this bill with the Committee on Rules, the distinguished chairman of the Education and Labor Committee agreed to have offered a substitute bill which would eliminate this automatic eligibility provision based on length of service and would change a number of other provisions in the reported bill. I support the deletion of these provisions, particularly the elimination of the 30-year retirement provision.

The net effect of these changes is to reduce the cost of the bill below the allocation for this bill which the Education and Labor Committee made following the first budget resolution for fiscal year 1978.

I urge support of the Thompson substitute.

Mr. PERKINS. Mr. Chairman, I have no further requests for time on this side, and I understand there are no requests on the other side.

Mr. ERLENBORN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. PERKINS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

SHORT TITLE

SECTION 1. This Act may be cited as the "Black Lung Benefits Reform Act of 1977".

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. ALLEN, having assumed the Chair, Mr. MCKAY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4544) to amend the Federal Coal Mine Health and Safety Act to improve the black lung benefits program established under such act, and for other purposes, had come to no resolution thereon.

BOMBING OF HOME OF MORRIS J. AMITAY

(Mr. McDONALD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDONALD. Mr. Speaker, early this morning a terrorist bomb exploded in the home of Morris J. Amitay. As my colleagues know, Mr. Amitay is an outspoken supporter of Israel and has won the hatred of the anti-Semites and those who support terrorism.

Although, no group has claimed responsibility for this bombing as yet, there are two distinct possibilities. One is the Palestine Liberation Organization or its local support groups. These include a wide variety of Marxist-Leninist organizations, as well as the neo-Nazis. The Marxist-Leninists are organized into groups that are much larger than any of the neo-Nazi groups. The second possibility is related to the Hanafi terrorists, who were just convicted of a series of crimes connected with the takeover of three buildings in Washington in March. During the trial, the Hanafis and their attorney made anti-Semitic speeches and quoted from the Protocols of the Elders of Zion. Some months ago, I sent out a Dear Colleague letter pointing out that the old forgery, the Protocols of the Elders of Zion, was being distributed again and had been sent to each congressional office. I advised by colleagues that the Senate Subcommittee on Internal Security had issued a report in 1964 exposing the Protocols. Although that report is out of print, I have secured a limited number of copies. About 75 of my colleagues have requested copies. A few still remain for any Member that wants them.

Last February, the Marist-Leninist terrorist organization, New World Liberation Front, threatened the lives of American Jews as an indication of their support for the terrorist Palestine Liberation Organization. I reported this to my colleagues in an Extension of Remarks in the CONGRESSIONAL RECORD of February 17, 1977.

Our defenses against terrorism have been severely weakened over the past few years. The House Committee on Internal Security has been abolished, and its Senate counterpart reduced to a shadow of its former self. The Subversive Activities Control Board has been abolished and the Internal Security Division of Justice Department reduced to an ineffective section. Local police departments have closed down their intelligence units and even the FBI has been severely curtailed in this area. As a result, terrorist activities have increased with few arrests. Legislation needed to cope with the terrorist threat has been ignored, as there is no committee providing oversight in this area.

Over 150 of our colleagues have joined Mr. ASHBROOK of Ohio and me in cospon-

soring House Resolution 48 to reestablish the House Committee on Internal Security. This would be a first step toward reestablishing our defenses against terrorism. I urge my colleagues to join with us in cosponsoring this resolution and in requesting that the Rules Committee report it out, so that we can have the opportunity to vote on it.

I am sure that everyone in Congress joins me in expressing sympathy to Mr. Amitay and his family. We are grateful that this bomb only damaged his property and did not take his life or the lives of his wife and three children. But, sympathy is not enough. We must rebuild our internal security protection so that these terrorist acts will not continue. As a first step, please join us in cosponsoring House Resolution 48.

THE INSTANT WILDERNESS BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 10 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, the recently completed Subcommittee on General Oversight and Alaska Lands trip to southeast Alaska contributed greatly to understanding of the problems created for Alaskans and Americans by the instant wilderness bill—H.R. 39. Seeing many of the areas affected by the bill, talking with Alaskans directly affected by the proposal, and attending the hearings where all citizens came forth enabled myself and my colleagues to get a grasp on the real D–2 lands issues in the 49th State.

The preservationist bill, H.R. 39, designates nearly 40 percent of Alaska as federally managed wilderness and Alaskans have been trying to point out the disastrous impact these vast and arbitrary designations will have. The subcommittee is now cognizant of these difficulties and general agreement on many points was reached during the hearings and in the field. Members stated or observed: First, that standard "lower 48" wilderness management cannot work in Alaska; second, that a D–2 bill must be drawn to permit mineral exploratory work and maybe mining on reserved lands; third, that the bulk of the Tongass Forest in southeast Alaska will always remain de facto wilderness; fourth, that logging is not destroying the forest; fifth, that boundaries of proposed wilderness areas must be drawn to accommodate legitimate economic interests; and sixth, that Alaskans support setting aside reasonable areas for preservation, but oppose arbitrary wilderness designation for over 33 percent of the Tongass Forest and 40 percent of the State.

My subcommittee colleagues also came back with a greater awareness of the peculiar problems Alaska has with the Federal Government. Chairman SEIBERLING, in his report o. the trip, seemingly dismissed Alaskan concerns regarding H.R. 39 because they were merely venting their frustrations on the bill—frustrations bred by the feeling that the State has "been a 'stepchild' subjected to the whims of remote bureaucrats in Washington, D.C." As an Alaskan, I believe these frustrations are fully justified. The Statehood Act promised the State 103 million acres of land on which to build its economic base; since 1959 it has been systematically excluded from selecting the bulk of Alaska lands and received title to less than 10 million acres. Native Alaskans are also bitter that the Alaska Native Claims Settlement Act—ANCSA—was passed in 1971 but they have yet to receive their lands. Many Alaskans believe the cart is before the horse on this D–2 issue; section 17(d)(2) was a minor provision in ANCSA but now is being pushed rapidly although the legislative promises made to the State and Natives remain unfulfilled. To compound these feelings, Mr. UDALL's H.R. 39 goes beyond the 80 million acre figure put up for study in 17(d)(2), designates 147 million acres of wilderness, and revokes certain State land selections to boot.

Events like these have stirred up my constituents. I suspect they would stir up yours too. And in Alaska citizen groups have formed to fight this "colonial rule" from Washington, D.C. But to ascribe the hostile reaction to H.R. 39 in Alaska to frustration or business interest intrigue, as the subcommittee chairman has also observed, is an affront to Alaskans. Alaskans undersatnd this issue, they know this bill is contrary to their interests and those of the Nation, and they know it is being pushed by a well organized, very vocal minority. You can walk down any street in virtually any town in Alaska and get an earful from Alaskans on D–2 lands; I am sure that the Members who have visited Alaska can testify to this. Business interests and other "bogeymen" do not have to put my constituents up to this.

Incidentally, it might be illustrative to point out that over 90 percent of "overwhelming numbers" who support this bill in the "lower 48" are affiliated with the environmental organizations pushing the measure or were notified of the subcommittee hearings by those groups. If we are going to accuse any interest of whipping up the citizenry with a "campaign" which "exploits" their feelings, the "blame" clearly falls on the national preservationists. Let me hasten to add, however, that they are to be commended for doing a good lobbying job but Congress should not let this well directed effort dictate its D–2 decision.

Nonetheless, Alaskans turned out in droves to express their disapproval of H.R. 39. The city of Sitka closed down on July 5 to protest the bill and witnesses there were 9 to 1 against it. In Juneau a large crowd was 3 to 2 opposed and in Ketchikan virtually the entire hearing audience of 800 indicated its opposition. Moreover, the fact that among Alaska's elected officials including the Governor, Senators, Congressman, State legislators, mayors, et cetra, the fact is that only one legislator has spoken in favor of H.R. 39. He does not represent the Alaskan position.

But the critical factor about the subcommittee's trip is the knowledge gained of Alaska and its legislative needs. Almost all witnesses be they environmentalist or developer commented that the bill needed radical revision. A consensus seemed to emerge among the witnesses and subcommittee members, including the chairman, that many changes must be incorporated into H.R. 39, the basic change being special wilderness management for Alaska lands. Special provisions needed include exceptions for: First, motorized access; second, airplane access; third, retention of permanent structures like cabins and construction of new ones; fourth, building of fish hatcheries and fishery enhancement structures; fifth, mineral exploration and appropriate mining; and sixth, surface access where needed to get to and from State and Native lands. Indeed, Chairman SEIBERLING remarked during the Ketchikan hearing:

> If Mr. Udall had known what we know, he would have written a different bill.

A different bill is needed and following our August trip to the State I plan to introduce a measure very similar to Senator STEVENS' S. 1787. This bill will preserve environmental treasures in Alaska, provide for prudent study of resource conflict areas, and permit appropriate development; it has been tailored to Alaska and I commend it to you.

The July trip to southeast Alaska demonstrated that Alaskans are opposed to H.R. 39 and its disregard for the peculiarities of the State. They are also upset with preservationist groups trying to dictate their future without regard for the people of the State. This trip, like the upcoming August venture, should serve to remind Congress that Alaska is great, rich, unique, and beautiful and Congress needs to move carefully when it decides my State's—and district's—future.

THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1977

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOLLEBECK) is recognized for 5 minutes.

Mr. HOLLENBECK. Mr. Speaker, due to official business I was unable to be present last week for rollcall vote 450 the conference report on H.R. 2. Had I been present, I would have voted in favor of the report.

The Surface Mining Control and Reclamation Act of 1977 is the culmination of a 5-year effort to produce a workable and effective strip mining law. The environmental costs of this delay have been enormous, destroying the beauty and productivity of some of this country's most beautiful and fertile land.

This legislation recognizes that the ravages and desecration of coal strip mining constitute a nationwide problem. In setting performance standards to control the conditions under which strip mining will occur, H.R. 2 is written in

anticipation of the increasing use of strip mining as a method of extracting coal, particularly in the West.

Unfortunately, H.R. 2 came too late for these standards to protect a large portion of our land in the East. There the damage has already been done, with half of the 1.3 million acres of strip-mined land still to be reclaimed. For this reason, a special fund is established in H.R. 2 to help pay for reclamation.

The enormous problems dealt with in H.R. 2 are even more crucial in light of the President's inclusion of an increased use of coal in his energy program. The Office of Energy Policy and Planning estimates that by 1985 the administration's plan to convert factories and power plants to coal will involve the burning of an additional 200 million tons a year. A recently released White House document indicates that the President's proposal could result in the contamination of the atmosphere with 10 million tons of sulfur dioxide and 600 million tons of carbon dioxide annually. The nitrogen oxides released each year would equal those released by the exhausts of this country's 110 million cars. With these potential dangers from the increased burning of coal, we simply cannot afford to exercise anything less than the most prudent control on its extraction.

Although the bill which has been sent to the President is not quite as strong as the one passed by the House in April, it is good legislation, and I am pleased that President Carter has indicated his intention to sign it.

TIP CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PHILLIP BURTON) is recognized for 5 minutes.

Mr. PHILLIP BURTON. Mr. Speaker, the tip credit compromise which is currently contained in H.R. 3744 is an equitable resolution of a complex problem. I would like to take this opportunity to try to present additional facts on the merits of this issue.

Along this line I am enclosing for the RECORD a fact sheet for "Tipped Occupations" as of July 1, 1977, prepared by the Department of Labor. As you will note many States have no tip credit at the present time, and many others are far less than what the Federal law currently is. In other words, some Members have expressed concern about reducing the tip credit from $1.15 to $1 by 1981, when in reality in many of their States the tip credit is presently lower than what the committee just reported out.

The material follows:

COMPARISON OF MINIMUM HOURLY CASH WAGE FOR TIPPED OCCUPATIONS UNDER FEDERAL AND STATE LAWS,[1] JULY 1, 1977

Jurisdiction	Future effective date	Basic minimum rate	Maximum tip credit: Percent	Maximum tip credit: Amount	Minimum cash wage
Federal: FLSA		$2.50	50		$1.15
LAW DOES NOT ALLOW TIP CREDIT					
Cash wage higher than FLSA:					
Alaska					2.80
California					2.50
Guam					2.30
Idaho					2.30
Montana [2]					2.00
Nevada					2.30
New Mexico					[3] 1.50
North Dakota					2.20
Oregon [2]					2.30
Puerto Rico: Restaurant, bar and soda fountain industry waiter, bartender, tipped counter service—					
Large establishment					[3] 1.70
Other establishment					[3] 1.45
Washington					2.30
LAW ALLOWS TIP CREDIT					
Cash wage higher than FLSA:					
Connecticut		2.31			
Beauty shop			None	None	2.31
Restaurant, hotel restaurant				$0.60	1.71
Other hotel occupations			37		1.94
Any other industry				.20	2.11
District of Columbia:					
Beauty operator		2.50		.20	2.30
Bootblack		2.40		.35	2.05
Parking attendant		2.75		.55	2.20
Hotel, restaurant and allied occupations		2.80		1.45	1.35
Hawaii [2]		2.40		.20	2.20
Massachusetts		2.10	40		1.26
Michigan [2]		2.30	25		1.725
Minnesota	Sept. 15, 1977	2.10	25		1.575
New Jersey		2.30	20		1.84
Beauty shop		2.50			
Hotel, motel, restaurant			None	None	2.50
Chambermaid			[4] 42		[4] 1.45
Nonseasonal hotel			11		2.23
Seasonal hotel			20		2.00
Cash wage lower than FLSA:					
New York		2.30			
Beauty operator			None	None	2.30
Hotel, restaurant, amusement, recreation				.70	1.60
Resort hotel:					
Service employee				.85	1.45
Chambermaid				.55	1.75
Miscellaneous industries				.60	1.70
Rhode Island		2.30			
Hotel restaurant			35		1.495
Taxi driver				.25	2.05
South Dakota		2.00	25		1.50
Utah [5] (applicable to women and minors only)		1.85	25		1.387
Vermont		2.30			
Hotel, restaurant				.80	1.50
Resort hotel:					
Service employee				1.00	1.30
Chambermaid				.55	1.75
Counter service				.50	1.80
West Virginia [2]		2.20	20		1.76
Wisconsin		2.20	25		1.65
Arkansas [2]		2.00		.90	1.10
	July 1, 1977	2.10		1.00	1.00
	Jan. 1, 1978	2.20		1.10	1.10
	Jan. 1, 1979	2.30		1.15	1.15
Colorado: Service employees		1.90	50		.80
Delaware		2.00	50		1.00
Indiana [2]		[6] 1.50			
Waiter, waitress:					
Food and alcohol service				[6] .50	[6] 1.00
Food service				[6] .35	[6] 1.15
Car service, bellman, doorman				[6] .50	[6] 1.00
	Jan. 1, 1978	1.75			
	Jan. 1, 1979	2.00			
Kansas		1.60	40		
Kentucky		1.60	50		
Nebraska		1.60		.70	.90
Ohio		2.00	50		[7] 1.00
	July 1, 1977	2.10			1.05
	Jan. 1, 1978	2.30			1.15
Oklahoma [2]			50		.925
	Oct. 1, 1977	2.00			1.00
Texas [2]		1.40	50		70
Cash wage same as FLSA:					
Illinois		2.30	50		1.15
Indiana: [2] Counter service		[6] 1.50	[6] 10		[6] 1.40
	Jan. 1, 1978	1.75			
	Jan. 1, 1979	2.00			
Maine		2.30	50		1.15
Maryland		2.30	50		1.15
Baltimore City		2.30	50		1.15
New Hampshire [2]		2.30	50		1.15
North Carolina [2]		2.30	50		1.15
Pennsylvania [2]					
Virginia [2]		2.20		[8]	
Wyoming		1.60		.50	1.10

[1] The Federal rate is for hotel and restaurant employment covered after the 1966 FLSA amendments. A tipped occupation is defined in many laws as one in which a person customarily receives a minimum amount of tips, usually $20 a month, but the dollar threshold is $10 a week in Connecticut, $40 a month in New Mexico, $35 a month in Minnesota and $1.50 per hour in most tipped occupations in New York. See chart 1 for exemptions from coverage based on number of workers employed.

[2] Arkansas, Georgia, Indiana, Montana, North Carolina, Oklahoma, Oregon, Pennsylvania, Texas, Virginia: The laws exempt employment subject to FLSA. West Virginia: Employers are exempt from State law if 80 percent of their employees are subject to any Federal law on minimum wage, maximum hours, and overtime. Hawaii, Michigan, New Hampshire: The laws exempt employment subject to FLSA unless the State standard is higher.

[3] New Mexico, Puerto Rico: Technically, there is no provision for a tip credit. However, in New Mexico, 2 minimum wage rates are prescribed, $1.50 an hour for tipped occupations, and $2.30 for nontipped. In Puerto Rico the rate for nontipped occupations is $2 in establishments with gross annual income of $250,000 or more and $1.65 in other establishments. This wage order does not apply to hotel industry covered by a separate order.

[4] New Jersey: The established credit is the total amount allowable for tips, food, and lodging combined. In specific situations where the employer can prove to the satisfaction of the labor department that the tips actually received exceed the creditable amount, a higher tip credit may be taken.

[5] Utah: Geographic differentials have been omitted from chart.

[6] Tip offsets to conform with 1977 rate increase are to be reconsidered by the State wage adjustment board on Aug. 2, 1977.

[7] Ohio: See footnote 9, Chart 1.

[8] Actual amount received.

Note: No State law—Alabama, Arizona, Florida, Georgia (law exempts tipped occupations), Iowa, Louisiana, Mississippi, Missouri, South Carolina, and Tennessee.

CONGRESSMAN STRATTON RELEASES HIS 1976 INCOME TAX RETURNS AND HIS NET WORTH AS OF JULY 15, 1977

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. STRATTON) is recognized for 5 minutes.

Mr. STRATTON. Mr. Speaker, in keeping with a practice I established in 1974, I am today making public the 1976 joint tax return of my wife and myself, together with a statement of our net worth as of July 17, 1977.

As one who has long favored full financial disclosure for all public officials, I welcome the fact that under our newly enacted code of congressional ethics, very substantial financial disclosure will be required next year of all Members of the Congress.

The material referred to follows:

1976 JOINT FEDERAL TAX RETURN OF SAMUEL S. AND JOAN H. STRATTON, 244 GUY PARK AVENUE, AMSTERDAM, N.Y.

Two dependent children: Kim and Brian.
Line 6(f), total exemptions, 4.
Line 9, wages (congressional salary), $44,600.00.
Line 10, dividends, none.
Line 11, interest income, $79.09.
Line 12, other income:
Navy Reserve retirement (3 months): $2,038.45; honoraria for speeches in excess of expenses: $588.65; excess of congressional reimbursements over expenses: $887.82, $3,514.90.
Line 13, total of above, $48,193.99.
Line 14, less adjustments, none.
Line 15(c) adjusted gross income, $48,193.99.

ITEMIZED DEDUCTIONS

Line 34, medical, $150.00.
Line 35, taxes (State, local, real estate, sales, gasoline), $5,602.71.
Line 36, interest expenses, $2,030.83.
Line 37, contributions, $418.00.
Line 39, miscellaneous (congressional expenses over allowances), $95.48.
Line 40, total deductions, $8,297.02.

TAX COMPUTATION

Line 43, adjusted gross income (from line 15c), $48,193.99.
Line 44, itemized deductions (from line 40), $8,297.02.
Line 45, subtract line 44 from 43, $39,896.97.
Line 46, exemptions (4) x $750, $3,000.00.
Line 47, total taxable income, $36,896.97.
Line 16, Federal tax (from rate schedules X, Y, or Z), $10,743,64.
Line 17(b), $35.00 times exemptions (not to exceed $180.00), $180.00.
Line 18, balance (line 17c from line 16), $10,563.64.
Line 19, credits, none.
Line 20, balance, $10,563.64.
Line 21, other taxes (social security self-employment tax on speech honoraria), $46.50.
Line 22, total, $10,610.14.
Line 23(a), total Federal income tax withheld, $9,568.77.
Line 23(b), 1976 estimated tax payments, $882.03.
Line 24, total payments, $10,450.80.
Line 25, balance of tax due, $159.34.
Total 1976 Federal tax paid, $10,610.14.

TOTAL TAXES PAID FOR 1976

New York State income tax, $4,573.81.
Maryland real estate tax, $1,473.80.
Federal tax, $10,610.14.
Total, $16,657.75.

Net worth of Samuel S. and Joan H. Stratton (as of July 15, 1977)

ASSETS

Cash on hand or in banks, $3,309.63.
Cash value of life insurance, $1,548.00.
Accumulated dividends on life insurance, $32.10.
Home, Bethesda, Maryland (estimated market value), $90,000.00.
Government Bonds (Series E&H)—cash value, $1,618.75.
Automobiles (book value):
1975 Ford Pinto Runabout, $2,400.00.
1969 VW convert., $1,000.00,
Total, $3,400.00.
Sailboat (estimated), $300.00.
Furniture, clothes, personal possessions (estimated), $4,400.00.
Accumulated contribution to congressional retirement fund (available only for retirement purposes), $48,281.38.
Total assets, $152,789.86.

NOTES ON ASSETS

1. Bethesda home—purchased in 1965 at $42,600.
2. Amsterdam residence is a rented apartment.
3. Total term life insurance held: $80,000.

LIABILITIES

Accounts payable, $1,617.49.
Notes outstanding (National Bank of Washington), $4,300.00.
Mortgage on Bethesda home, $26,668.59.
Total liabilities, $32,586.08.

COMPUTATION OF NET WORTH

Total assets, $152,789.86.
Total liabilities, $32,586.08.
Net worth, $120,203.78.

REMARKS BY REPRESENTATIVE LINDY (MRS. HALE) BOGGS CONGRATULATING PUERTO RICO ON ITS 25TH ANNIVERSARY AS A COMMONWEALTH

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Louisiana (Mrs. BOGGS) is recognized for 5 minutes.

Mrs. BOGGS. Mr. Speaker, I rise today to salute the citizens of Puerto Rico on their national holiday celebrating their 25th anniversary as a Commonwealth.

I wish to take this opportunity to call the attention of my colleagues to the many important achievements of the several Governors of Puerto Rico and especially of Luis Munoz Marin, the first Governor of the Commonwealth of Puerto Rico. Often called the "George Washington of Puerto Rico," the Governor served as the leader of Puerto Rico from 1952 to 1964, and under his able administration the Commonwealth developed the firm base it enjoys today.

It is impossible to discuss the Commonwealth observation without also paying tribute to Dona Felisa Rencon, the dynamic former mayor of San Juan and the present Democratic committeewoman from Puerto Rico. Dona Felisa continues to play an energetic role in Puerto Rican affairs and is a living example of the many accomplishments of all Puerto Rican women.

It is especially fitting that the Congress of the United States join in the observance of the anniversary since Commonwealth status was mutually agreed upon by the Congress and the Puerto Rican people. It was born both here and on the island: A partnership between two peoples united by the bonds of a common citizenship, common defense, common currency, common market, and the shared aspirations toward building a free and democratic society, with equal opportunities and justice for all.

LEGISLATION TO PROHIBIT REDLINING: BANKS HAVE A RESPONIBILITY TO SERVE THEIR NEIGHBORHOODS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KOCH) is recognized for 10 minutes.

Mr. KOCH. Mr. Speaker, I am sure that many of my colleagues share my concern about the decline of neighborhoods located in our Nation's oldest cities. Recently this body passed H.R. 6655, the Housing and Community Development Act of 1977, which will authorize over $3.5 billion in community development block grants to cities during each of the next 3 years. These block grants are for the purpose of improving housing and building community infrastructure and are designed to arrest the deterioration of neighborhoods. Hopefully these funds will advance us toward the goal of providing a decent living environment for every American.

However, I believe that the private sector also has an important contribution to make to revitalize neighborhoods. In this regard, I am concerned that Federal law has not required private lending institutions to deal fairly with urban neighborhoods by explicitly outlawing the practice of redlining by banks and savings and loan organizations. Redlining is the practice of refusing mortgage loans or granting loans on discriminatory terms because the house or property is located in certain neighborhoods. Redlining is a bank's refusal to loan money because of the geographic location of the property, even though the individual applying for the loan may be credit-worthy and the property involved is physically sound.

Recently in an effort to learn what the various federal bank regulatory agencies were doing to combat redlining, I wrote those agencies. I have previously placed in the RECORD the responses I received from the Federal Home Loan Bank, the Federal Reserve Board, and the Federal Deposit Insurance Corporation.

Because the response of the Comptroller of the Currency arrived late, I am appending it to my statement today for the benefit of my colleagues. One common thread of these replies is that no legal mechanism now exists which explicitly outlaws redlining, nor is there a policy to collect data adequate to identify such geographic discrimination.

In order to correct these two deficiencies, I am today introducing legislation which explicitly prohibits federally insured banks and savings institutions from discriminating on account of the geographical location of real property when making mortgage loans.

This legislation would also require banks and savings and loans to compile and disclose to the public the number of loan applications that are made to each

bank by census tract location. Such a tabulation, when compared to the number of loans made, will inform both the public and bank regulators as to the banks' actual lending practices by neighborhood. The Home Mortgage Disclosure Act of 1975 already requires banks and savings institutions to disclose by census tract location the actual home mortgages they make each year, but no means now exists to compare this to loan demand. My bill will require banks to lend on a basis which does not discriminate against whole neighborhoods, and require them to make mortgage loans on the basis of an individual's creditworthiness and the condition of the property in question.

I am also pleased that title IV of the Senate version of the Housing and Community Development Act, which is now being considered in a House-Senate conference committee, would require federally chartered financial institutions to demonstrate that they are meeting the credit needs of the communities in which they are located. I support this proposal, because it would help end abuses by those banks which, while located and soliciting deposits in an urban area, make loans almost exclusively in outlying suburbs. In its report the Senate committee cited one such urban bank that was making 99 percent of its loans in the suburbs, while continuing to solicit deposits in the inner city. Such practices would be curbed under the Senate proposal by requiring banks to demonstrate that they are serving the communities in which they are located.

For some time the Congress has been appropriating billions of dollars in community development money for our Nation's largest cities. Nevertheless, significant neighborhood deterioration is continuing in all of our older cities. I believe one of the factors aggravating this deterioration is the practice of redlining. Although I support private efforts such as the New York State Mortgage Review Fund to provide additional mortgage money in these distressed neighborhoods, I believe it is also necessary to explicitly outlaw discrimination based on neighborhood location when any loans, and particularly mortgage loans, are made. My legislation would require banks to make mortgage loans on the basis of the individual's creditworthiness and the condition of the property and not on the basis of the property's location. Combined with public programs of community development and private programs to stimulate mortgage supply, I believe an antiredlining statute will help stimulate investment in communities that might otherwise be abandoned and will enable many persons to become homeowners who would otherwise be denied mortgages.

I am hopeful that private lenders will be able to make progress on their own initiative in serving the legitimate mortgage needs of the inner-city community. In this regard, I commend the establishment of the Mortgage Review Fund in New York State, as a means to get mortgage funds to worthy borrowers and to help preserve urban neighborhoods. This fund operates as a mortgage pool in which 36 of 43 New York City savings banks, and 91 of 117 savings banks statewide, participate. Eight regional review committees, composed of bankers and public members, will review mortgage loan applications rejected by local banks and can decide to provide mortgage loans from a pool of $57 million. I am appending a New York Times article describing the Mortgage Review Fund, its purpose and operation, and I am also appending the letter I received from the Comptroller of the Currency describing that agency's policies on redlining:

[From the New York Times, June 22, 1977]

ABOUT REAL ESTATE

"PHILADELPHIA PLAN" EXPECTED TO SHOW THE EXTENT OF MORTGAGE DEMAND IN NEW YORK

(By Alan S. Oser)

The New York version of the "Philadelphia plan" has gone into effect, with savings bankers saying that the activity it generates will clarify the extent of unmet demand for mortgage credit in the city.

The Philadelphia plan has received wide attention as a mechanism that generates mortgage credit in that city's extensive stock of older single-family houses. Over 18 months since November 1975, the Philadelphia banks have put out $21.5 million in mortgage money on 2,000 houses under the plan. For those loans they bent traditional lending criteria to look to the credit-worthiness of the individual buyer and the soundness of the block where the house was situated, rather than the character of the entire neighborhood.

But Philadelphia is not New York. In Philadelphia the housing stock is quite uniform—block after block of owner-occupied single-family row housing. The maximum loan under the Philadelphia plan is $15,000, and $15,000 would typically be at least 90 percent of the full value of the single-family brick house to get the loan, said H. Todd Cooke, president of the Philadelphia Savings Fund Society. The usual loan is for about $10,500.

In New York there is a far more diverse housing stock. Six of the seven loans approved so far under the new "New York plan"—formally the Mortgage Review Fund—have been for multifamily housing. "If there is a demand for mortgage financing that is not being met, it will show up in the Mortgage Review Fund," said Vincent J. Quinn, chairman of the Brooklyn Savings Bank and an instrumental figure in establishing the fund. Many bankers have been skeptical that a large unmet demand exists.

In effect the fund is a step toward meeting the charge of "redlining," the alleged practice of identifying a specific area for the purpose of denying real estate loans or varying lending terms in a discriminatory pattern. Banks uniformly deny that they refuse to make loans to creditworthy applicants on sound properties on the basis of geographic discrimination.

But they do seek public support of policies they say would stimulate mortgage lending where it has grown harder to get. The phasing out of rent control, for example, or the lifting of the state's 8½ percent interest-rate ceiling on mortgage loans to individual borrowers.

In May the state Banking Department issued a thorough study of 10 savings banks' lending practices in Brooklyn, which showed a decline in lending in older communities—white, black or mixed. But the report never charged "redlining," and was replete with other plausible explanations for the decline.

The Mortgage Review Fund, in operation since April, goes further than the Philadelphia plan. It operates statewide, it has a pool of funds from which mortgages can be made, and it has public members serving on regional review committees.

The fund's procedures come into operation only after the borrower obtains a letter from the savings bank rejecting his mortgage application. The bank must be a participant in the fund, and so far 36 of the 43 savings banks based in the city are participating, including all in Brooklyn. Statewide, 91 of the 117 savings banks are participating.

The property itself can be either single-family or multifamily, but it must be situated in New York State. There is a two-stage review process—first by one of the eight regional review committees, consisting of banker members and gubernatorially appointed public members, and then by the fund itself. The Savings Banks Association of New York operates the fund, which has an initial mortgage pool of $56.7 million.

Seven borrowers have received loans totaling $593,000 through the fund so far. Only one, for $10,000, went to a one-family home buyer. The rest were refinancings of older multifamily buildings, sometimes in connection with a rehabilitation.

A Chinese acupuncturist got a $133,000 commitment for a permanent loan after a rehabilitation of a 10-family building on Chrystie Street in Manhattan; the owner-occupant of a six-family building on East 11th Street got a $105,000, 20-year loan in a refinancing; a 73-unit elevator building on Washington Avenue in Brooklyn received $210,000 in a refinancing aimed at accomplishing deferred maintenance. The loans are for varying terms at market interest rates.

Three loan applications have been rejected by the regional committees. One rejection went to the purchaser of a house in Yaphank, L.I. He paid $33,000 and had a bank commitment for $30,000, but wanted $6,000 more for "furniture and closing costs," a spokesman for the fund said.

The chairman of the Mortgage Review Fund is I. J. Lasurdo, president of the Green Point Savings Bank in Brooklyn. The Green Point made a decision in 1952 to emphasize metropolitan area loans, said John W. Raber, its chairman, and last year the bank accounted for 60 percent of the loans made in Brooklyn. Forty percent of the bank's mortgage assets are in Brooklyn, with the rest split between Queens, Nassau and Suffolk.

In Mr. Raber's view, rent control is the overriding explanation for mortgage deprivation in Brooklyn. "Yesterday I looked at a building on Ocean Parkway in Flatbush, built in 1940," he said. "I saw a five-and-a-half-room apartment, with two baths, spacious rooms and high ceilings. I asked the rent and it was $287 a month! And the Banking Department wonders why there is disinvestment! That rent should have been $500."

The Banking Department's study did in fact speak of the "serious economic difficulty" of the city's multifamily housing stock. The proportion delinquent in its taxes rose from 21 percent of the total in 1974 to 27 percent in 1976. Mortgage delinquencies for mutual savings banks based in the city advanced to 2.37 percent of mortgages in 1975 from 0.57 percent in 1970.

"No one says to make bad loans," commented Richard Schaffer, an economist with the Bedford-Stuyvesant Restoration Corporation who was a consultant for the Banking Department study. "But I felt there was a demand for loans in many areas that the banks could service at reasonable risk."

The Mortgage Review Fund is going to attempt to give applicants definite answers within three or four weeks, and perhaps even less time for single-family loans where buyers and sellers are often under pressure, said Monte Radick, its director. The fund's

offices are in Room 100 at 200 Park Avenue, New York, N.Y. 10017.

COMPTROLLER OF THE CURRENCY,
Washington, D.C., June 6, 1977.

Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR MR. KOCH: This refers to your letter of March 31, 1977, in which you ask five questions regarding "redlining" and the authority of this office to prohibit this practice in regard to mortgage lending.

The term "redlining" is not subject to easy definition, particularly in the context of governmental authority to proscribe. "Redlining" originated as a term used by the casualty insurance industry to reflect the practice of drawing a red line around certain designated geographic areas in a community in which insurance companies would not write fire insurance. In the mortgage lending industry, "redlining" is commonly thought of as the refusal by a financial institution to make mortgage loans or home improvement loans in certain geographical areas. The reasons for such a practice may be several and, because of the nature of our politico-economic system, difficult to isolate. For example, it has been a common commercial practice to allocate limited mortgage funds to developing areas and new construction with less emphasis on older neighborhoods. It is also a common practice for financial institutions to rely on the continuing or increasing value of security, such as residential structures, in mortgage lending situations. Further, banks individually set credit criteria, in a necessary effort to determine likelihood of repayment. People with lower incomes, fixed incomes, and sparse credit histories who may tend to be disproportionately housed in older and deteriorating structures frequently are adversely affected by such criteria. The normal operation of the credit markets thus to some extent reduces the availability of mortgage credit in certain geographic areas. To date this condition has been viewed by regulatory authority as a prohibited discriminatory practice, however, only when it may be linked to practices which violate specific statutes such as the Fair Housing Act and the Equal Credit Opportunity Act.

As is apparent from the complexity of the credit system, it is difficult to distinguish between legitimate credit considerations and discriminatory practices that could be considered unlawful. However, it is the consistent policy of this office to encourage national banks as a matter of sound banking practice to make mortgage credit decisions on an individual basis, using the bank's objective and well-articulated credit standards, rather than on the location of the structure to be used as security for a loan. We do not condone the absolute refusal to lend in certain areas even if few of the residents therein would meet the bank's credit standards.

We respond to your specific questions in the order asked:

1. This agency has not conducted a broad general investigation of the practice of "redlining". However, our consumer examiners conduct a thorough review of mortgage lending policies and practices in order to detect violations of both the Fair Housing Act and Equal Credit Opportunity Act. To date, we have had only one report of examination that has indicated that a national bank may be "redlining" on a prohibited basis and this case is currently under further investigation.

In this connection, this Office and the FDIC have recently completed a computerized data collection survey which we hope will provide a monitoring system that will detect possibly discriminatory lending patterns. We are currently tabulating and analyzing the survey data and expect that a report will be issued in late June. We will send a copy of the report to you as soon as it is available. We understand that the State of New York Banking Department has also recently published a survey on lending practices within New York State which may shed some light on the subject.

2. No summary of home mortgage disclosure data is currently available from this Office. As you are undoubtedly aware, Public Law 94–200, the Home Mortgage Disclosure Act, is an effort to make a financial institution's mortgage lending concentrations available to the public. The act does not require banks to submit to their respective regulatory agencies copies of their mortgage disclosures nor does it impose any requirement that agencies analyze or compile the data. The FDIC is currently conducting an analysis of home mortgage disclosure data in certain standard metropolitan statistical areas at the request of Senator Proxmire. National banks in those SMSA's will be included in the report.

3. This agency has no specific authority under existing legislation to promulgate regulations prohibiting "redlining" as such. Discriminatory lending practices, are, however, subject to regulations issued by the Federal Reserve Board. These regulations apply to national banks and are enforced by this Office.

4. We are not at the present time in a position to say whether regulations or legislation defining and prohibiting "redlining" would be a constructive or useful approach to combat neighborhood decay or discriminatory practices. This subject is presently under active review within the Administration and we expect that a position on it will be forthcoming shortly.

Another approach to detecting violations of laws aimed at preventing discrimination in mortgage credit may be through the examination process where our examiners can determine whether rejected loan applications do, in fact, reflect that applicants fail to meet the bank's objective, nondiscriminatory criteria. For example, if it appears that loan applicants who have been rejected apparently meet the bank's criteria examiners are instructed to consult bank management to determine the reason for denial. If it appears that the reason for denial is based solely on the location of the property, the examiner will review the home mortgage disclosure data and other relevant sources of information to determine whether the loan has been denied because of the racial composition of the neighborhood, or for some other prohibited reason. If this is deemed to be the case, the loan will be cited as a violation of the Fair Housing Act and the Equal Credit Opportunity Act. Appropriate administrative action will be instituted in such cases.

If you desire additional information, please do not hesitate to communicate further with us.

Sincerely,

ROBERT BLOOM,
Acting Comptroller of the Currency.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin, Mr. KASTENMEIER, is recognized for 5 minutes.

Mr. KASTENMEIER Mr. Speaker, due to illness, I was absent and missed several votes. I wish to state for the RECORD how I would have voted had I been present:

Roll No. 403, "yea."
Roll No. 404, "yea."
Roll No. 405, "yea."
Roll No. 409, "nay."
Roll No. 413, "yea."
Roll No. 419, "yea."

OUR GREATEST NATIONAL SECURITY RISK

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, our greatest risk to national security does not come from the Russians, the Chinese, or any other outside threat; it comes from within.

As was demonstrated dramatically in the breakdown of civilized behavior in New York City during the recent blackout, in all our center cities there reside hundreds of thousands of citizens who feel they have no stake in our society. Indeed, there are now 9 million Americans living below the poverty line. Their children suffer 40 to 50 percent official unemployment and the adult unemployment is not far behind.

If a mere blackout can touch off the kind of release of resentment displayed in New York City during the power outage, it is a clear warning that the kind of urban upheavals of the 1960's are a clear and present danger in every central city today.

This means that those who regard government's first obligation as being "national security" must give much greater attention to the threats from within, balancing their ever-readiness to provide more money for weapons in the "defense budget" with a newfound realization that our security demands that greater attention be paid to securing our Nation's cities—to creating a reason for the urban poor to feel that ours is a society in which they can participate, they can find jobs, they can share in America's prosperity and promise. In my view, this is the Nation's No. 1 task and challenge today.

An article in the Sunday New York Times entitled "Urban Poor Worse Off Than Ever" is well worth the time for every Member to read. It sets forth the statistics that underlie our greatest security risk:

URBAN POOR WORSE OFF THAN EVER

(By John Herbers)

WASHINGTON.—A decade ago, when the nation's inner cities one by one, were erupting in riots, the National Advisory Commission on Civil Disorders questioned many of the participants to find out why they had destroyed their neighborhoods. One finding was that, for many, the violence was a means of calling attention to the urban condition, and an extension of the civil rights movement despite its departure from the nonviolent tradition that had prevailed until then.

A few days ago, when the lights went out in New York and thousands of poor neighborhoods took advantage of the darkness to loot and burn, as in the disorders of the 1960's, no one suggested that any hope of reordering life in the nation or in the cities was involved. Rather, the New York disorders strongly implied that in the ten years since the near-destruction of Newark and the terrible riots in Detroit, the most afflicted of the big cities, the alienation of the urban poor from the prospering majority has become

deeper, more embittered and more cynical with no new tactic for change.

Conceding that "deteriorating urban areas have been neglected too long," President Carter last week, in an interview with the National Black Radio Network, observed the need for jobs, better housing and health programs. "Obviously," he added, this "was not the case in New York." Nor in other big cities.

What happened to the dream of the 1960's?

The urban riots that broke out in successive summers between 1965 and 1970 were gradually halted by the development of sophisticated police power and by the realization of slum dwellers that the nation would not respond with an enormous influx of aid. Instead, the response was an acceleration of the middle class movement from the central cities. The suburban rings became the new cities with the preponderance of wealth, population and political power. Although the civil rights movement brought greatly improved opportunities for minorities through law and public policy, and many blacks and Hispanics flourished in politics and private employment, the poor neighborhoods in the big urban centers continued to fester and decline.

The proliferating antipoverty programs enacted during the 1960's were phased out, or diverted to other areas. The political system made it more expedient to spread the funding around, rather than to concentrate it on areas of acute need. Opportunists, from rich political contributors to local community action leaders, decided it was easy to rip off the Federal Government, and the widespread fraud brought further curtailments.

One aspect of the plight of the urban poor was described by Bernard J. Frieden and Marshall Kaplan in a paper on community development for the Joint Center for Urban Studies of the Massachusetts Institute of Technology and Howard University: "From the poverty neighborhood's point of view, the changes of program and strategy surely approached a no-win situation. During the '30's, they were unable to get their share of public works funds for street improvements, playgrounds, and swimming pools because they lacked political clout at the local level and because Federal funds did not give them special priority. During the '60's, when Federal requirements worked in their favor and funds were available, hardware improvements went out of style. Instead, the money went for a diffuse range of public service activities such as educational and manpower projects that were most fashionable because they were seriously innovative, experimental and ambitious.

"However, they were also high risks in terms of their own ambitious objectives, and they still left most poverty neighborhoods impoverished in terms of community facilities. Today hardware expenditures are again fashionable; but in many areas the poor lacked the political clout to get the facilities they want, and there are no Federal programs to send money directly into their neighborhoods. When will they ever get their parks, playgrounds and swimming pools?"

The latest census figures show that there are now about nine million persons below the poverty level living in the central cities, slightly more than there were 10 years ago. Chronic unemployment among young people has remained about the same, 40 to 50 percent in some neighborhoods. What has changed in the decade since the riots is that the poor are no longer in the limelight and that black and brown people have lost some of their old allies: Labor unions are now concerned that their seniority systems might be upset by blacks demanding compensation for past discrimination.

Yet the tactics and demands of minority leaders have changed little. Like the nation's mayors, their cry is for more Federal aid. At the annual convention of the National Association for the Advancement of Colored People in St. Louis last month, Margaret Bush Wilson, chairman of the association's board of directors, said: "We are not impressed by arguments of those who say we cannot afford $50 billion to implement a national commitment to provide a job for every able-bodied and willing American citizen." For 12 years, black leaders have been advocating a $50 billion "Marshall plan" for urban poverty neighborhoods, to no avail. The minority groups have fragmented.

There are some signs of hope. The racial minorities have found new allies in politics and government, the various public interest groups that advocate participatory democracy, consumer protection and clean government. These groups have established potent lobbies that frequently align themselves with the old civil rights organizations in behalf of legislation, and many of the leaders in the public interest movement have been appointed to key posts in the Carter Administration. They are expected to have more rapport with the urban leaders than did their immediate predecessors.

And although President Carter is coming under increasing criticism by black leaders for his budgetary restraint in social programs, his Aministration is moving with Congress in the direction of more jobs for the urban poor. The Department of Housing and Urban Development has reversed the policy of the previous Administration and set out to enforce the law that calls for withholding community development funds from municipalities that fail to provide low income housing.

The National Urban League, long considered relatively moderate among black organizations, is meeting in Washington this week. Vernon Jordan, the League's executive director and one of the black leaders closest to Mr. Carter, will address the meeting tonight. Last week he disclosed some of what he will have to say. The aim of the speech, he said, will be "to stake our claim on the Administration.

"We expected Mr. Carter to be working as hard to meet the needs of the minorities and the poor as he did to get our votes. But so far we have been disappointed."

THE UNFAIRNESS OF IT ALL

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, since the July 13 blackout in New York City pundits—both amateur and professional—have had much to say about the blackout itself, about its whys and wherefores, and about the reactions to it in the city. Most frequent among items discussed was the looting, which also provided most commentators with the greatest difficulty of understanding.

Russell Baker, in a New York Times column a few days after the blackout, wrote one of the most thought-provoking of all the articles I have read in the wake of the blackout of 1977. I commend it to the attention of my colleagues:

THE UNFAIRNESS OF IT ALL

(By Russell Baker)

Just before the lights went out in New York the other evening President Carter gave us a disquisition on the innate unfairness of capitalism. The moneyed classes, he said, enjoyed many luxuries unavailable to others, but this did not oblige the Government to provide matching luxury service to the impecunious.

He was explaining why he opposed Medicaid abortions for the poor, his point being that abortion was a luxurious form of birth control. Like Scotch salmon and summer houses on Long Island, he seemed to be saying, abortion might be one of the rights accruing to money, but the Government had no obligation to pay for it. It was one of those unfairnesses that are an unfortunate byproduct of the system.

After this chilly exposition of the obvious, one wondered whether the poor folks would take their rotten luck like good sports. The answer came within a few hours when New York went dark and thousands of them started looting.

This is not to suggest that they needed Mr. Carter's lecture to learn that they had been living on the unfair side of the tracks, or even to persuade them that the Government was willing to let them grow old there. Very few probably even heeded the President's statement, if indeed they heard it.

Most probably did not even think in terms of fairness and unfairness, philosophical ideas which require a certain elegance of mind not usually found in the looting personality. The point is that while it is very sturdy of comfortable men to point out that life is unfair, the people it is unfair to are not apt to be morally or philosophically elevated by the announcement.

If you are going to preach that unfairness is inescapable for some, good sense suggests that you also accept the inevitability of beastly behavior by people who have to carry the burden. Unless you are a Dickens heroine, it becomes insufferable after awhile constantly having all the unfairness left on your doorstep while the Mayfair swells are eating Scotch salmon, weekending in the Hamptons and enjoying exclusive membership in the Abortion Club.

You may not take to the streets with torch and shotgun, but you are likely to find your eyes going glassy when the professor, or the President, talks about social obligations. If the lights go out on a steamy summer night—well, life is unfair, isn't it? And how often does it provide a chance for a romp?

The trick in politics and government is to keep the lip buttoned about the unfairness of life while harping on the blessings that will soon descend equally upon all, thanks to the zeal and ingenuity of the gov erning class. Our recent governments have decided against extending too much hope to life's losers, but until President Carter no one has deliberately rubbed their wretched noses in the inescapability of unfairness.

Under Presidents Nixon and Ford, economic policy required millions of them to remain unemployed as a defense against inflation. A floundering educational system helped train them for future uselessness, except as anti-inflation tools. Bankruptive welfare systems turned the malice of the tax-paying class upon them, and in Congress this was transmuted into a punitive hostility toward the cities, like New York, where they were herded away en masse but happily out of sight.

It was all very unfair, but as everybody knew—the economists and the Congress and Presidents Nixon and Ford and the working class that was having trouble getting together beer money, what with all the taxes and having to feed the colleges to keep their children upwardly mobile—life was unfair, terribly unfair, and it didn't do any good to make promises you couldn't keep, even if you wanted to.

And, of course, life is unfair. There is no getting around it. It was unfair of those looters to behave as they did when the lights went out. Unfair to the merchants they destroyed. Unfair to New York City. Unfair to

call attention to the grisly fact of what is out there behind the unemployment figures, the daily crime statistics, the welfare budget figures, the high school illiteracy scores, the illegitimate-birth statistics.

"Animals" and "scum" they were called by New Yorkers shocked by the unfairness of it all. Perhaps they are, although many of them seemed to be just children. In any case, they behaved badly. If you believe in President Carter's unfairness doctrine, you could hardly have expected much else.

RESILIENCE IN ENERGY STRATEGY

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the New York Times on Sunday carried an excellent "op-ed" article by Amory Lovins, whose article "Energy Strategy: The Road Not Taken" in the October 1976 issue of Foreign Affairs has generated a tremendous amount of interest and stirred a great deal of controversy among energy planners around the world.

Mr. Lovins has looked upon the Great Blackout of 1977 as a source of many lessons about the roads down which we should be going if our society is to survive the intertwined energy and environment problems now confronting us. "Resilience in Energy Strategy" is an extremely sensitive piece of writing. I would like here to quote his conclusion, and then to insert, for the attention of my colleagues, the text of the entire article:

A transition to a benign, resilient, and sustainable energy system will take a long time—perhaps 50 years—but if we do not start soon, the option will slip away, foreclosed by other commitments.

The alternative—the ever-more-electrified, centralized, large-scale and vulnerable system that we have been unthinkingly weaving into our lives—would insure ever larger, more frequent, and less reparable failures.

That choice is framed for us by the New York blackout as a sort of warning "heart attack," signaling the need to re-examine our approach to the energy problem and the myriad other problems intertwined with it, then we may live to be grateful for the shock.

The article follows:

RESILIENCE IN ENERGY STRATEGY

(By Amory Lovins)

BRIDGTON, ME.—We have developed a society in which the basic functions of life depend on a continuous supply of electricity. In New York, traveling, going upstairs, opening doors, even waking, eating, seeing and breathing may depend on the electrical supply.

When the supply of anything—food, sewage treatment, gas, electricity—falters, even for a day, the latent brittleness of urban society becomes apparent and can even cost lives. Centralized electrification greatly magnified this brittleness and vulnerability.

Our electrical systems are so brittle because they depend on many large and precise machines rotating in an exact synchrony and the power they generate is delivered through a frail web of aerial arteries which accident, human failure or human malice can sever. Electricity cannot readily be stored in bulk—any failure is instantly disruptive. Failure also becomes less tractable on a large scale. Since 1900, the size of our generators has been doubling every six and a half years.

Of course the probabilities of failure have been calculated and electric grids are expensively designed to be very reliable. But thunderstorms do not read Federal Power Commission regulations. Consolidated Edison may have done as well as anyone could have done in delaying the inherently vulnerable grid's collapse and preventing the blackout from spreading beyond the New York area. But Con Ed's best was not good enough for ten million people.

Rare events happen. The "totalitarian law of physics" states that "whatever is not forbidden is compulsory"—that is, anything physically possible will happen sooner or later. But the possible rare events, each of vanishingly low probability, are infinitely numerous, so we live in a world full of nasty surprises.

Our survival, therefore, requires that we not only calculate the probability of failure but that we include in our design the broader philosophy of resilience in the face of the incalculable: madmen, guerrillas, Middle East wars, freak winters, earthquakes, unpredicted high-technology failures.

In the long run, the penalty for insufficient resilience is high: Billions of years of biological evolution, with resilience as the central theme, show that designs lacking in resilience were all "recalled by the Manufacturer." The Con Ed grid appears to be reliable but not resilient.

The social tensions released by the New York blackout suggest, too, that we need to worry about more than mistakes. A rifleman could do what the lightning did, deliberately making a possibility a certainty.

Further, the enormous capital intensity of electric grids places "power to the people" in the hands of a few people: As an official of the British power workers' union has remarked, "The miners brought the country to its knees in eight weeks; we could do it in eight minutes."

Thus, our man-made vulnerability can fundamentally alter the power balance between large and small groups, fostering suspicion, intolerance, paramilitarization, and abrogation of civil liberties.

Can New Yorkers, who will want electricity for a long time to come, evolve the kind of electrical system that is more resilient, less vulnerable, less susceptible to catastrophic failures than the kind they have been building?

I believe they can and that this carries a broad lesson for our energy policy: to avoid too much centralization and complexity. If we cannot afford failures on such a large scale, we should reduce the scale.

Our centralized electrical supply cannot discriminate well between users: Electricity for a water heater, which may be unaffected by a few hours' interruption, must bear the cost of the extreme reliability required for a subway or elevator.

And the grid is all-or-nothing: It must be so reliable because its failure is so catastrophic. If your oil furnace breaks down, you can go next door. But if the grid fails, there is no next door.

Last winter's gas shortages showed that relative decentralization can be more resilient: The least hard-hit region was northern New England, which distributes gas not by grid but by bottles. Not everyone ran out at once, and system-wide failures (low pressure extinguishing pilot lights, so gas had to be turned off) were impossible.

A less-centralized energy supply not only reduces civilian and military vulnerability (the latter a design criterion in Israel and China); it has other virtues not properly considered by the electric utilities.

First, its smaller scale encourages "total energy systems," which use both electricity and the waste heat from generating it, saving money and fuel.

Second, smaller power stations, less than a tenth the size of existing thousand-megawatt giants, tend nowadays to cost less to build and operate than big ones, because small plants take less time to build (saving interest payments, cost escalation, etc.), often run more reliably, need less back-up capacity, save the costs and losses of electrical transmission, and can often use more attractive and flexible processes.

Third, smaller plants encourage local initiative and control. They help to rebuild a sense of neighborhood and reduce political centrism, technocracy, and humiliating dependence on remote bureaucrats who can simply disconnect you.

Big plants deliver their energy to the city while inflicting their polluting side effects on rural people too weak politically to enforce environmental safeguards. With smaller plants, the same people who benefit from the energy must also live with the side effects, and have the power to insist that the local plant be clean and quiet. Europe today is proving that we know how to make it that way at reasonable cost, actually reducing total pollution while saving money and jobs.

Local plants can benefit from the existing national grid, but, when it fails, can decouple from it and continue to serve their communities rather than be dragged down by it. Thus, while a recent strike disabled much of the Finnish grid, the district-heating power station in Jyvaskyla kept supplying the city, avoiding so many factory layoffs that it repaid its capital cost immediately.

New York City hospitals, to their credit, reported no blackout-induced deaths because most of them had working back-up generators; but if properly designed, those systems could run routinely, as in many large buildings abroad.

Vulnerability could be dramatically reduced, too, by using energy far more efficiently. Good architecture would have eliminated the peak air-conditioning load that made Con Ed unable to cope with the line failures.

The unavoidably high price of electricity—equivalent to about $120 per barrel of oil in New York City—gives us the strong incentive to use this special, vulnerable, high-quality form of energy only for the roughly 8 percent of all end uses that can exploit its quality to advantage and so give us our money's worth out of it.

Meeting our dominant end-use needs—58 percent heat and 34 percent liquid fuels—directly with other forms of energy would make energy storage easier and interruption less likely, besides saving money and fuel.

A truly resilient energy strategy would use fossil fuels far more efficiently to tide us over while we rapidly deploy diverse, relatively simple, renewable sources of energy that are matched in scale and in energy quality to the tasks at hand.

We could run the United States just on appropriate, renewable energy technologies that are already proved, practical in New York conditions, and cheaper than their nuclear or long-run fossil-fuel competitors.

Using such "soft" energy sources as solar energy, and the conversion of farm and forest waste to fuel alcohol for transport, would cost us less—in money, delay, risk, pollution, nuclear proliferation, inequity, unemployment, inflation, and political nastiness—than if we tried instead to keep on centralizing, electrifying and substituting technological brute force for brains.

Living on our many forms of solar income would give us an energy system essentially invulnerable to cartels, mistakes, oligopolies, unions, saboteurs, bureaucrats, acts of God, and Acts of Congress.

A transition to a benign, resilient, and sustainable energy system will take a long time—perhaps 50 years—but if we do not start soon, the option will slip away, foreclosed by other commitments.

The alternative—the ever-more-electrified, centralized large-scale and vulnerable system that we have been unthinkingly weaving into our lives—would insure ever larger, more frequent, and less reparable failures.

That choice is framed for us by the New York blackout. If we see the blackout as a sort of warning "heart attack," signalling the need to reexamine our approach to the energy problem and the myriad other problems intertwined with it, then we may live to be grateful for the shock.

"RETIRED? NOT THIS GROUP"

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I think it can be said accurately that now more than ever attention is being focused on the plight of our senior citizens. Through actions of their own and of others, we all are becoming more aware of their problems and their strengths.

There is a new spirit among the elderly, a spirit of no longer wanting to sit back and let the golden years of their lives pass them by. It is a spirit of greater involvement, of making use of every minute of everyday.

One man who exemplifies this new spirit is a dear friend of mine. His name is Ralph Falco. He is a man whose retirement meant not just the end of one career, but the beginning of another.

Ralph Falco was the subject of a story which appeared in the May 1977, John Hancock Patriot magazine. The article can serve as an inspiration to those who are nearing the end of one chapter of their lives, and are about to start another.

I would like to share this article with my colleagues:

RETIRED? NOT THIS GROUP

Ralph Falco has always been interested in people and politics. Before he retired from John Hancock's Syracuse District in 1967, he belonged to many civic and community groups emphasizing political involvement. The year he retired he began organizing a senior citizen's group called ACCORD (Action Coalition to Create Opportunities for Retirement with Dignity).

In 1969 Ralph became the organization's first president. ACCORD provides many services to seniors, such as a food discount program, a cooperative part-time employment agency, and health services. With a membership of over 20,000 retired persons, ACCORD is one of the largest seniors organization in the country.

"People ask me, how do you do it," said Ralph, "I tell them, you participate; you get people together doing what they like to do . . . and it's successful."

Ralph is also a busy lecturer, speaking at high schools, colleges and banks on what he calls "practical politics." "I lecture," he said, "anywhere there are tables and chairs." He recently organized his advice on practical politics into a seven-week course. As chairman of ACCORD's committee on education, Ralph has also developed an educational program aimed at making senior citizens aware of the aid to which they are entitled. Through this program, hundreds of people have received ACCORD's booklet on retirement benefits for senior citizens and have benefitted from seminars on how to best utilize their retirement dollars and make wiser use of services offered free of charge by their communities.

This four-session program outlines such topics as health care and information and referral services; getting the most for your money; creative use of leisure; housing and living arrangements; and making a will.

Ralph is now completing a book, tentatively entitled, *People, Politics, and Government.* "You've got to turn people on to politics," he said. "That's the only way things are going to be changed."

PERSONAL EXPLANATION

(Mr. ZEFERETTI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ZEFERETTI. Mr. Speaker, I was compelled to be absent on Friday, June 17, 1977, and missed rollcall vote 352 on the Hyde amendment to the Labor-HEW appropriations bill. Had I been present, I would have voted "aye."

CONCORDE IS LOUD AND HARMFUL

(Mr. SCHEUER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SCHEUER. Mr. Speaker, during this past week Judge Milton Pollock of the U.S. District Court for the Southern District of New York has been holding an evidentiary hearing on whether or not the Port Authority of New York and New Jersey was discriminating by imposing a temporary ban on Concorde operations into Kennedy Airport in the heart of my district.

I recently testified before the port authority that its imposition of the temporary ban was reasoned and totally supported by the evidence. The Concorde is louder than any of our subsonic jets and the low frequency nature of that louder noise is more harmful to people and buildings. That the port authority does not have the necessary data to promulgate a reasonable low frequency noise standard should not be interpreted by the court as foot dragging.

During these critical weeks when Judge Pollock will be making his decision, I commend to my colleagues the June 14 decision of the circuit court of appeals remanding this case back to Judge Pollock. The circuit court's opinion is a well reasoned and logical exposition of some of the issues surrounding the temporary ban on Concorde operations. The opinion appears below:

[U.S. Court of Appeals for the Second Circuit, No. 1403, September Term, 1976]

[Argued June 1, 1977, Decided June 14, 1977, Docket No. 77-7237]

BRITISH AIRWAYS BOARD AND COMPAGNIE NATIONALE AIR FRANCE, PLAINTIFFS-APPELLEES, v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, WILLIAM J. RONAN, W. PAUL STILLMAN, JAMES G. HELLMUTH, VICTOR R. YANITELLY, MILTON A. GILBERT, JAMES C. KELLOGG III, ALAN SAGNER, JOSEPH F. CULLMAN III, ET AL., DEFENDANTS-APPELLANTS.

Before: Kaufman, Chief Judge, Mansfield and Van Graafeiland, Circuit Judges.

Appeal from an order entered in the United States District Court for the Southern District of New York, Milton Pollock, J. granting summary judgment to British Airways and Air France, operators of the supersonic transport Concorde, enjoining The Port Authority of New York and New Jersey from further banning operations at John F. Kennedy International Airport.

Reversed and remanded.

Patrick J. Falvey, General Counsel, The Port Authority of New York and New Jersey, New York, New York (Joseph Lesser, Isobel Muirhead, Arthur Berg, Vigdor D. Bernstein, Benjamin R. DeCosta, Sholem Friedman, of counsel), for Defendants-Appellants.

Peter J. Nickles, Washington, D.C. (William C. Clark, New York, New York, William M. Allen, John M. Clear and Covington & Burling, Washington, D.C., of counsel), *for Plaintiff-Appellee British Airways.*

Stanley Godofsky, New York, New York (John W. Wells, Stephen Froling, Timothy R. Cappell, and Rogers & Wells, New York, New York, of counsel), *for Plaintiff-Appellee Air France.*

Geoffrey Kalmus, New York, New York (Charlotte M. Fischman and Nickerson, Kramer, Lowenstein, Nessen, Kamin & Soll, New York, New York, and John Hellegers, attorney for the Environmental Defense Fund, Inc., Washington, D.C., of counsel), *for amici curia Friends of the Earth, Inc., Metro Suburban Aircraft Noise Association, Inc., Howard Beach Association, Inc., The Hudson River Valley Council, The Emergency Coalition to Stop the SST, Joseph R. Lewis and Carol Berman.*

James R. Moorman, Acting Assistant Attorney General, Washington, D.C. (Edmund B. Clark and Peter R. Steenland, Jr., Washington, D.C., of counsel), *filed a brief for the United States of America, amicus curia.*

Henry L. Diamond, Washington, D.C. (Beveridge, Fairbanks & Diamond, Washington, D.C., of counsel), *filed a brief for the Government of the United Kingdom, amicus curiae.*

Charles G. Goodell, Washington, D.C. (Hydeman, Mason & Goodell, Washington, D.C., of counsel), *filed a brief for the Government of France, amicus curiae.*

Louis J. Lefkowitz, Attorney General of the State of New York, New York, New York (Samuel A. Hirshowitz, First Assistant Attorney General, Philip Weinberg, John F. Shea, III, New York, New York, of counsel), *filed a brief for The State of New York, amicus curiae.*

Evelle J. Younger, Attorney General of The State of California, Sacramento (Larry C. King, Deputy Attorney General, Sacramento, California, of counsel), *filed a brief for The State of California, amicus curiae.*

William D. Denzion, New York, New York, *filed a brief for amici curiae Town of Hempstead, Village of Lawrence, Village of Cedarhurst, Village of Atlantic Beach, and Robert F. Check, Mona Gottesman and Herbert Warshavsky.*

Kaufman, *Chief Judge:*

Fifty years ago—almost to the day from the argument in this case—Charles Lindbergh traversed the Atlantic to Paris aboard the *Spirit of St. Louis* in an astonishing 33½ hours, an achievement that was hailed around the world. Today, as the result of an expensive joint venture, France and Britain offer a return voyage of only one-tenth that duration. Unfortunately, instead of engendering closer ties, the Anglo-French Concorde has thrown traditionally staunch allies into legal warfare over the future of supersonic aviation. As in so many cases in which a political solution is preferable, the parties find themselves in a court of law.

Our task is to review the judgment of the district court dissolving the Port Authority's temporary ban on SST flights at John F. Kennedy International Airport. The court below found that the Secretary of Transportation, in ordering a 16 month operational test of the Concorde, had preempted the Authority's power to abate, through its temporary ban, the noise generated by the Concorde during

landings and take-offs. We disagree, and believe that Congress provided for the promulgation by airport proprietors of reasonable regulations to establish acceptable noise levels for the airfield and its environs. Accordingly, we reverse. We also remand for an evidentiary hearing on the reasonableness of the Port Authority's 13 month ban in accordance with the views expressed in this opinion.

A brief summary of the facts is indispensable for an understanding of the legal issues before us.

The Port Authority's tradition of noise regulation. The rapid development of commercial aviation after the Second World War engendered, for the first time, an urgent need to protect neighbors of thriving metropolitan airports from the deafening noise of overflying aircraft. Moreover as experience with the still greater din of military jets accumulated, far-sighted community planners began to anticipate the need to accommodate commercial jet aviation with the legitimate yearning of city dwellers for a livable environment.

The Port Authority of New York and New Jersey, operator of New York's Kennedy International Airport, was one of the first to recognize the environmental challenge of civil jet aviation. In 1951, the Authority adopted a regulation, still in force, prohibiting any jet from landing or taking off without permission at any facility operated by the Authority. The purpose of this regulation was to make it clear to the developers of the first commercial jets that elimination of excessive noise was as important an element of design as safety or speed. This message was driven home in the early 1950s, when an initial model of the British-made DeHavilland Comet was denied permission to land at New York International Airport because its noise level was deemed intolerable to the surrounding communities. Shortly thereafter the Port Authority similarly denied landing permission to Boeing's prototype jet transport.

In 1955, the Port Authority recognized that the imminent jet age would require more than an ad hoc program of noise control. Accordingly, a consulting firm was retained and charged with evolving a measure of noise that would reflect subjective reactions to the irritating high-pitched whine of jet airplanes. Careful study revealed that an ordinary person heard 112 PNdB (perceived noise in decibels) emitted by a jet as substantially equivalent to the sound produced by the standard DC–6B propeller aircraft. This single-event noise level, as registered at selected sites, was adopted as the permissible maximum. After thorough flight-testing, and development of take-off and landing procedures that substantially reduced noise, the Comet and the Boeing 707 were accorded landing rights. Thereafter, until the Port Authority's resolution of March 11, 1976, which banned the supersonic transport "Concorde" from Kennedy Airport and spawned this litigation, the 112 PNdB standard was uniformly applied to all aircraft seeking landing permission at Kennedy.

The Port Authority justifiably takes pride in its tradition of noise regulation. Over the years it has consistently welcomed each advance in commercial aviation, provided progress was not achieved by sacrificing the well-being of the hundreds of thousands of people who reside in the vicinity of Kennedy Airport. The Authority's firmness, coupled with the implicit promise that advanced aircraft would be permitted to land if they satisfied reasonable noise regulations; has undoubtedly contributed greatly over the years to the development of ever-quieter jet planes.

The Concorde: Britain and France decided in 1962 to embark upon a dramatic joint venture. The development of a supersonic jet airliner, the Concorde. This ambitious enterprise was more than an economic investment. The Concorde was the response of two proud nations to the growing American domination of the international aircraft market and a symbol of the era of European cooperation that then appeared at its zenith.

The developers of the Concorde were well aware of the importance of minimizing noise. Their hope was to develop an engine that would produce no more sound than the noisiest of the subsonic planes. Accomplishment of this goal would be a formidable technological achievement, because the engines of the Concorde required an enormous potential thrust in order to drive the aircraft at speeds faster than sound. The English and French spent more than $100 million just to moderate the noise of the Concorde, and over a period of 13 years a total of almost $3 billion has been expended on the plane's development.

The United Kingdom and France have thus staked immense capital and even greater national pride on the success of the Concorde. This success, our allies maintain, must remain an idle dream unless the supersonic airliner is permitted to land in New York, the principal gateway between Europe and the United States. The operators of the Concorde urge that their plane can meet the 112 PNdB standard that the Port Authority applies to other aircraft and desire merely to prove, by actual experience, that the airliner will not cause an intolerable deterioration in the noise environment around Kennedy Airport.

The Coleman decision: The Concorde was ready to commence commercial operations in 1975. In late summer British Airways and Air France applied to the Federal Aviation Administration for an amendment of their operations specifications to permit the use of the SST in transatlantic service to the United States. *See* 14 C.F.R. § 129. Approval of the airlines' applications could hardly have been entrusted to the routine processes of the FAA: the potential promise of supersonic jet aviation, the special importance of the Concorde to two of America's closest allies, and the serious environmental questions raised by the aircraft, all required a decision by the cabinet officer responsible for transportation, on the basis of a carefully prepared environmental impact statement. Secretary William T. Coleman's decision is the very paragon of a clear and considered administrative action.

Secretary Coleman directed the Federal Aviation Administration to order provisional amendment of the airlines' operations specifications to permit each carrier to conduct up to two Concorde flights daily into John F. Kennedy International Airport and one per day into Dulles International Airport. These amendments were not to be effective beyond 16 months from the commencement of commercial services and could be revoked immediately in the event of an emergency or at any time on four months notice. Secretary Coleman, in addition, provided a detailed scheme for regulation of the Concorde's noise: the plane was required to observe a 10 p.m. to 7 a.m. curfew and to abide by noise abatement procedures, including a sharp left turn upon takeoff, as prescribed by the FAA. The operations specifications were amended in accordance with the Secretary's order on April 2, 1976.

In Secretary Coleman's view, a testing period of actual Concorde operations was an essential prelude to the final decision on the aircraft's acceptability in the United States. The Concorde, whatever imperfections it may have, is a potentially revolutionary development in transportation. Only the knowledge concerning the demand for supersonic air transportation that comes from testing the product will tell us whether the revolutionary possibilities are likely to be realized and whether the massive investment in research required to overcome the plane's present environmental deficiencies is justified. Moreover, the community reaction to Concorde noise is a subjective matter that cannot be predicted accurately without actual Concorde operations. Thus, the very dimensions of the most significant environmental drawback of the Concorde are impossible to determine without an adequate test.

The 16-month testing period approved by Secretary Coleman is important not only to assure that the federal decision on the Concorde will be a fully informed one; it provides in addition a critical assurance to Britain and France that the United States is determined to afford the Concorde a fair trial. Secretary Coleman emphasized the massive commitment of their treasury and prestige that the British and French have invested in the Concorde, as well as the economic importance to these hard-pressed nations of reacquiring a competitive position in the world aviation industry. Our decision on the SST, a matter of such vital importance to two of our closest allies, is certain to affect the structure of our foreign policy. Indeed, the essential treaty arrangements for international aviation may be undermined by a determination on the Concorde that Britain and France perceive to be unjust as they surely would a ban without a fair trial.

In ordering that a test be permitted at Kennedy Airport, Secretary Coleman considered very carefully the impact of the limited Concorde landings on the airport's neighbors. He recognized that the Concorde differs from other jets because the sound produced by its engines is of a relatively low pitch. The plane's deep rumble causes minor structural rattling and an increased likelihood of penetration of the sound into buildings. Coleman concluded, however, on the basis of a comprehensive survey of the evidence, that "these vibrations do not present any danger of structural damage and little possibility of annoyance." The principal difference between the Concorde and subsonic aircraft, we are told, is that the SST's sound carries farther. Secretary Coleman found, however, that the addition of eight Concorde flights a day at Kennedy, under the restrictions imposed by this order, would have but a marginal impact on the noise environment near the airport. The Secretary concluded, "Although I am deeply concerned about the additional irritation that these few demonstration flights may cause for some individuals. . . . I believe that this environmental cost is outweighed by the benefits that will accrue to the American people from the demonstration."

Notwithstanding this careful consideration of the interests of the people near Kennedy Airport, and notwithstanding the noise regulations of the Secretary's order, which were designed to afford protection to the airport's neighbors, Secretary Coleman explicitly recognized the right of the Port Authority to refuse landing rights to the Concorde:

The FAA is the proprietor of Dulles and it is therefore part of my decision today to direct the Federal Aviation Administrator to permit one Concorde flight per day at Dulles by each carrier under the conditions noted. The situation with respect to JFK may be complicated by the fact that under federal policy that has hitherto prevailed a local airport proprietor has had authority under certain circumstances to refuse landing rights. If for any legitimate and legally binding reason it should turn out that the JFK part of the demonstration could not go forward—and no one has indicated to me any such final disposition by JFK's proprietor—that would obviously be extremely unfortunate and would greatly diminish, but in my opinion it would not destroy, the validity of the demonstration.

Secretary Coleman, his successor Brock Adams, and President Carter have all repeat-

edly avowed that the Coleman order did not preempt the Port Authority's right to exclude the Concorde pursuant to a reasonable, nondiscriminatory noise regulation. The United States has reaffirmed this position in its *amicus* brief to this Court.

The Port Authority ban on the Concorde. The Port Authority did not apply its 112 PNdB rule to the Concorde. Rather, it raised what it considered significant questions regarding the adequacy of its existing noise rule to regulate special characteristics of the SST's low frequency sound. Thus, the Port Authority considered the adverse environmental effects of the Concorde's low-pitched noise worthy of more study. And, the Port Authority expressed concern that the total area exposed to the rumble of Concorde flights would be considerably greater than the equivalent area for subsonic aircraft.

The Port Authority agreed with Sec. Coleman that the subjective reaction of people exposed to Concorde noise needed further inquiry under actual operating conditions but declared that further evidence was needed before the large number of people living near John F. Kennedy Airport were exposed to Concorde noise. Accordingly, on March 11, 1976, the Concorde was banned from Kennedy pending a six-month study of operating experience at Dulles in the United States, and Charles DeGaulle and Heathrow Airports in Europe. The Concorde began commercial flights to Washington in May, 1976, over 13 months ago. The Authority has not concluded its inquiry and, accordingly, has not considered what noise regulation would be appropriate for the special characteristics of the Concorde—assuming that the existing and well-established 112PNdB rule were found inadequate.

Air France and British Airways commenced this action to enjoin the Port Authority ban on March 17, 1976. The airlines urge that the Authority's action violates U.S. treaty commitments, interferes with the foreign affairs power of the federal government, and is preempted by Secretary Coleman's authorization of Concorde landings at JFK and provision of detailed regulations for noise control at the airport. These contentions form the grounds for the summary judgment motion Judge Pollack granted and that we are now called upon to review. The airlines also maintain that the Port Authority's ban is discriminatory and an undue burden on commerce. This allegation, however, which we understand the United States to support, was excluded as a ground for the summary judgment.

II.

We need not tarry long over the issue that heretofore has occupied center stage in this litigation. We believe the grounds for Judge Pollack's grant of summary judgment, that Secretary Coleman's order preempted the conflicting exercise of power by the Port Authority, is simply untenable and erroneous. Accordingly, we will reverse.

In response to our request, the United States filed an *amicus* brief in which it urged that Secretary Coleman's order was never intended to deprive the Port Authority of the right to condition utilization of the facilities at JFK on the Concorde's compliance with reasonable noise regulations. The Government, indeed, went further, and denied that existing legislation authorized the Executive under any circumstances to preempt airport proprietors from promulgating their own noise regulations.

This conclusion statement of the United States position confirms our independent assessment of the public record. Secretary Coleman's decision explicitly indicated that the Concorde's right to land at Kennedy depended upon the voluntary cooperation of the Port Authority, though, of course, the Secretary did not hesitate to direct Dulles, a federally operated facility, to afford landing rights to the Anglo-French plane. Any uncertainty that might have remained after Coleman's decision was dissipated by the Secretary the following week, when he told the House Committee on Public Works and Transportation that an airport proprietor's imposition of a "non-discriminatory" ban on supersonic transports would not be preempted by FAA action, so long as it did not constitute an "unreasonable burden on interstate and foreign commerce." Aircraft Noise Policy Hearings, 94th Cong. 2d Sess., at 705 (1975–1976). Secretary Coleman reiterated the vitality of this "federal policy" again two weeks after the Port Authority promulgated its "temporary" ban on the Concorde. It is now evident that this approach to noise regulation has survived the change of administration. President Carter and his present Transportation Secretary Brock Adams have made it abundantly clear, in the *amicus* brief and elsewhere, that they have continued the traditional policy of refusing to preempt the local airport operator's responsibility for establishing permissible levels of noise. In view of the repeated disavowal by federal officials of any attempt to preempt the Port Authority's right to subject the Concorde to reasonable noise regulations, we are compelled to hold the Secretary's order did not preclude the exercise of power by the Authority.

III.

Since the reasonableness of the Port Authority's delay has been raised for the first time by the United States as *amicus* on appeal, we cannot appropriately decide the issue. Basic tenets of fairness require that a federal appellate court should not consider an issue involving questions of fact not resolved below. It is "essential . . . that parties may have the opportunity to offer all the evidence they believe relevant to the issues . . .", *Singleton* v. *Wulff*, 428 U.S. 106, 120 (1976) *quoting with approval Hormel* v. *Helvering*, 312 U.S. 552 (1941). We are particularly reluctant to affirm the District Court's grant of summary judgment on another ground—especially one not advanced by the parties—where the effect is to deprive the appellant from disputing facts material to that claim. *Fruge's Heirs* v. *Blood Services*, 506 F. 2d 841, 844 (5th Cir. 1975). As we noted recently in *Mariash* v. *Morrill*, 496 F. 2d 1138, 1145 (2d Cir. 1974) on appeal we will not be coaxed into acting without a proper adversary foundation by the "unilateral and gratuitous assertion" of a claim to summary judgment that neither side pressed in the district court.

We do believe, however, that the government has raised an important and viable point. Implicit in the federal scheme of noise regulation, which accords to local airport proprietors the critical responsibility for controlling permissible noise levels in the vicinity of their airports, is the assumption that this responsibility will be exercised in a fair, reasonable and nondiscriminatory manner.[1] Although 13 months have already elapsed since the commencement of commercial Concorde operations at Dulles, we cannot on the state of this record find that this delay is unreasonable. The Port Authority desires an evidentiary hearing to submit facts justifying this delay.

A. *The Regulatory Scheme.* The regulation of excessive aircraft noise has traditionally been a cooperative enterprise, in which both federal authorities and local airport proprietors play an important part. Of course, legitimate concern for safe and efficient air transportation requires that exclusive control of airspace management be concentrated at the national level. *See City of Burbank* v. *Lockheed Air Terminal, Inc.*, 411 U.S. 624 (1973). The repeated efforts of local communities to control the noise of overflying jets have been consistently frustrated by application of the doctrine of federal preemption of regulations concerning planes in flight. *See Allegheny Airlines* v. *Village of Cedarhurst*, 238 F. 2d 812 (2d Cir. 1956); *American Airlines* v. *Town of Hempstead*, 398 F. 2d 369 (2d Cir. 1968), *cert. denied*, 393 U.S. 1017 (1969).

It is understandable that the numerous localities in the vicinity of major airports cannot be permitted an independent role in controlling the noise of passing aircraft. The likelihood of multiple, inconsistent rules would be a dagger pointed at the heart of commerce—and the rule applied might come literally to depend on which way the wind was blowing. The task of protecting the local population from airport noise has, accordingly, fallen to the agency, usually of local government, charged with operating the airport. *Air Transport Ass'n* v. *Crotti*, 389 F. Supp. 58 (N.D. Cal. 1975) (3-judge court); *Nat'l Aviation* v. *City of Hayward*, 418 F. Supp. 417 (N.D. Cal. 1976). Indeed, since the operator controls the location of the facility, acquires the property and air easements and is often able to assure compatible land use, he is liable for compensable takings by low-flying aircraft, *Griggs* v. *Allegheny County*, 369 U.S. 84 (1962). The right of the proprietor to limit his liability by restricting the use of his airport has been thought a corollary of this principle. It is perhaps more important, however, that the inherently local aspect of noise control can be most effectively left to the operator, as the unitary local authority who controls airport access. It has always seemed fair to assume that the operator will act in a rational manner in weighing the commercial benefits of proposed service against its costs, both economic and political.

Congress repeatedly has declined to alter this cooperative scheme.[2] Thus, although the Federal Aviation Act was amended in 1968 to stimulate the national effort to reduce excessive aircraft noise by requiring the Administrator to "prescribe . . . such rules and regulations as he may find necessary to provide for the control and abatement of aircraft noise. . . ." 49 U.S.C. § 1431(b)(1), the legislative history clearly states that the statute was merely intended to strengthen the FAA's regulatory role within the area already totally preempted—control of flights through navigable airspace. The Senate Report accordingly concludes that "[the] proposed legislation will not affect the rights of a State or local public agency, as the proprietor of an airport, from issuing regulations or establishing requirements as to the permissible level of noise which can be created by aircraft using the airport. Airport owners acting as proprietors can presently deny the use of their airports to aircraft on the basis of noise considerations so long as such exclusion is nondiscriminatory."

S. Rep. No. 1353, 90th Cong. 2d Sess. 7 (1968) (citing letter of Secretary, Department of Transportation). Similar support for the historic relationship between the federal and local authorities is again found in the House and Senate Reports accompanying the 1972 amendments to the Noise Control Act, *see* H.R. Rep. No. 92–842, 92d Cong., 2d Sess. 10 (1972); S. Rep. No. 92–1160, 92d Cong., 2d Sess. 10–11 (1972).

In light of this clear expression of legislative intent, the Supreme Court has refrained from holding that Congress has occupied the field of noise regulation to the exclusion of airport proprietors. *City of Burbank, supra*, at 635 n.14. The FAA after thorough study has wholeheartedly endorsed a continued major role for aircraft proprietors in the development of noise abatement programs consonant with local conditions. *See* Dep't of

Footnotes at end of article.

Transportation, Aviation Noise Abatement Policy (Nov. 8, 1976). And, we interpret the Government's *amicus* brief in the case before us to be premised on the view that Congress has, by giving explicit sanction to this pattern of regulations, implicitly denied the executive the power to preempt operator-imposed noise restrictions, regardless of the statutory source invoked to support federal administrative action.

B. *Local Regulation Must Be Reasonable.* (i) *Constitutional and Statutory Basis.* We believe the scope of the Port Authority's power as an airport proprietor to impose use restrictions based on noise considerations is defined by the limited role Congress reserved for it in the national scheme we have briefly sketched. The proper domain of the operator is the "issu[ance of regulations] or establish[ment of requirements] *as to the permissible level of noise* which can be created by aircraft using the airport." S. Rep. No. 1353, *supra* at 6. It is clear to us that the Port Authority is vested only with the power to promulgate reasonable, nonarbitrary and nondiscriminatory regulations that establish acceptable noise levels for the airport and its immediate environs. Any other conduct by an airport proprietor would frustrate the statutory scheme and unconstitutionally burden the commerce Congress sought to foster.

The Supreme Court this Term held that localities may require federal licensees to observe conservation and environmental protection regulations so long as these measures are reasonable and nondiscriminatory. *Douglas* v. *Seacoast Products, Inc.*, 45 U.S.L.W. 4488, 4491 (May 23, 1977). *Douglas* was concerned with an ordinance of the Commonwealth of Virginia that purported, apparently on environmental grounds, to ban a non-resident, but federally certified, company from certain commercial fishing in Chesapeake Bay. The challenged regulation, like the one before us, concerned a field Congress has traditionally left to State and local government. The Court instructed us again, however, that the legitimate local power had to be exercised in a nondiscriminatory fashion and in conformity with federal law. Congress has left room only for local action that advances and is consistent with federal policy; other, noncomplementary exercises of local prerogative are forbidden.[3]

We find the analogy to the instant case striking. Congress has reserved to proprietors the authority to enact reasonable noise regulations, as an exercise of ownership rights in the airport, because they are in a better position to assure the public weal. Under this scheme, foreign commercial airlines are not immunized from the operation of the normal incidents of the local power. But pervading this strategy of national-local cooperation, and inherent in it, is the understanding and, indeed, necessity that the local body will not unreasonably hinder the accomplishment of legitimate national goals. *See also Huron Portland Cement Co.* v. *Detroit*, 362 U.S. 440 (1960); *Toye Bros. Yellow Cab Co.* v. *Irby*, 437 F. 2d 806 (5th Cir. 1971).

Counsel for the Port Authority clearly conceded in argument before us that the Port Authority's power to set noise rules was subject to the proviso that they be reasonable. Thus, in response to Judge Van Graafeiland's question concerning the scope of the Port Authority's asserted jurisdiction, Mr. Falvey replied:

"The Port Authority has the right to decide, on the basis of *reasonable, nondiscriminatory regulations*, whether or not to accept types of aircraft at its airports." [Emphasis added.]

We assume that the Port Authority is compelled to this view, not only by the considerations we have outlined above, but by its compact with the Secretary of Transportation as well, that JFK would be "available for public use on fair and reasonable terms and without unjust discrimination." 49 U.S.C. § 1718(1). *See City of Dallas* v. *Southwest Airlines Co.*, 494 F.2d 773 (5th Cir.), *cert. denied*, 419 U.S. 1079 (1974); *Aircraft Owners Plots Ass.* v. *Port Authority*, 305 F. Supp. 93 (E.D.N.Y. 1969).

(ii) *Treaties.* Our conclusion that the Port Authority may ban supersonic aircraft only pursuant to reasonable noise regulations is further supported by a consideration of United States treaty obligations. In his prescient opinion, Secretary Coleman warned that "total ban of the Concorde at this time, without giving it any chance to prove itself, would conceivably be attacked as discriminatory." Decision at 11–12. Of course, all agree that equal, nondiscriminatory treatment of domestic and foreign air commerce is the touchstone of the complex network of agreements regulating international aeronautical traffic of which the United States is a major beneficiary. The bilateral compacts between this country, Great Britain and France indicate that each signatory will subject the air carriers of the other to evenly applied "laws and regulations". *See* United States-France Air Transport Services Agreement, Art. V., 61 Stat. 3445, T.I.A.S. No. 1679 (March 27, 1947); Bermuda Agreement, Art. 5, 60 Stat. 1499, T.I.A.S. No. 1507 (Feb. 11, 1946). *See also* Convention on International Civil Aviation (Chicago Convention), 61 Stat. 1180, T.I.A.S. No. 1591 (August 9, 1946).

The airlines contend that the Port Authority's ban on Concorde operations is not a valid and enforceable "regulation" under the bilateral agreements. They urge that the Authority's action is in fact not a rule of general application, but an ad hoc measure, directed solely at them, and providing no opportunity for the airlines to show the Concorde is environmentally acceptable. We agree, of course, that the failure of a local airport proprietor to promulgate an even-handed noise regulation for application to both domestic and foreign carriers would raise a significant likelihood of the type of "discrimination" that is forbidden under binding treaty commitments. But this is not to say that foreign airlines cannot be subjected to any local regulations, nor is it to say that local government must blind itself to significant differences in the noise characteristics of aircraft, merely because they are operated by foreign carriers. *Cf. Guaranty Trust Co.* v. *United States*, 304 U.S. 126, 143 (1937). Indeed, British and French airlines have complied with JFK's rule excluding jet aircraft producing more than 112PNdB for nearly two decades, apparently without complaint.

The issue, then, is whether the Concorde's concededly revolutionary technology justifies a temporary ban of operations for study of the advisability of applying to it the noise regulations generally applicable to jet aircraft and for consideration, if necessary, of new and reasonable regulations tailored to the special noise characteristics of the SST. The reasonableness of the Port Authority's ban or the study itself is not before us. Accordingly, we are not called upon to decide this sensitive question.[4] We are compelled to note, however, that, should the Port Authority's action be found arbitrary and capricious, a serious question would be raised concerning its compatibility with American treaty arrangements. The delicate framework of international understanding that makes possible the flourishing of transoceanic air travel has already been rent by the Concorde controversy; it is manifestly imperative that noise regulations, promulgated by those who, like the Port Authority, operate our international airports, withstand all allegations of arbitrariness or discrimination.

IV.

Since the Government concedes that it has not, and under its view of existing legislation, could not preempt the field of airport noise regulation, we are not deciding whether the SST may land at Kennedy Airport. However, there remains the question of whether the 13 month delay by the Port Authority in promulgating reasonable noise regulations applicable to supersonic aircraft is so excessive as to constitute unfair discrimination and an undue burden on commerce.

We accordingly direct that the district court on remand proceed to conduct an evidentiary hearing on the reasonableness of the Port Authority's thirteen month ban on Concorde landings at JFK.

In the event that the evidence does not support a finding of unreasonable delay, we nevertheless believe it is in the interest of all concerned that this interminable strife be brought to an end. Accordingly, we urge the Post Authority to conclude its study and fix reasonable noise standards with dispatch. We recognize, of course, the pressures that have been brought to bear on the Authority by the interested governments, the State of New York, and segments of the public. We are confident, however, that the Authority will continue its tradition of even-handedness and leadership in its effort to reconcile aviation progress with environmental concerns. More delay can only exacerbate the pulling and tugging which accompany hard decisions.

FOOTNOTES

[1] It is highly questionable that a private party can seek injunctive relief against the Port Authority in an article 78 proceeding in state court. *See New York City Chapter of the National Electrical Contractors Assn.* v. *Fabber*, 343 N.Y.S. 2d 33 (Sup. Ct.), *aff'd*, 343 N.Y.S. 2d 558 (1st Dep't. 1973). The Port Authority's chapter provides that it can be enjoined without its consent only in an action instituted by the Attorney General of New York or New Jersey. *See* L. 1950, ch. 301, § 5, McK. Unconsol. Laws, Sec. 7105. Even if the airlines could bring such an action in state court, our jurisdiction would not be defeated. *See Douglas* v. *Seacoast Products*, 45 U.S.L.W. 4488, 4489 n.4.

[2] Under the Commerce Clause, Congress has the power, in order to promote a nationwide transportation system and to control interstate and foreign air traffic flow, to dictate what aircraft should be permitted to land and take-off from airports. *See City of Burbank* v. *Lockheed Air Terminal, supra*. But it is manifest from our scheme of aviation management that Congress has consciously committed to airport owners the responsibility of determining permissible levels of noise for the facility and its environs. This delegation of authority, in a field otherwise entirely occuped by the federal government, implies no general restriction on federal power. Instead, it is plain that State and local bodies have been made partners with the federal government and the aeronautics industry in a nationwide effort to control airport noise.

[3] Indeed, the Commerce Clause of its own force prohibits local regulations that exceed limits necessary to vindicate a recognized state interest. *See Florida Avocado Growers* v. *Paul*, 373 U.S. 132 (1963); *Dean Milk Co.* v. *Madison*, 340 U.S. 349 (1951). The law seems clear that any Port Authority regulation pertaining to the Concorde must reasonably and nondiscriminatorily advance the end of aircraft noise abatement for airport neighbors.

[4] The *amicus* brief of the United States did not address the effect of existing treaty obligations on this case because, as the government stated, there were pending discussions concerning renewal of the bilateral aviation compact between the United States and the United Kingdom. It has been reported that the controversy over the Concorde has contributed significantly to the difficulties encountered in renegotiating the Bermuda Agreement.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BAUMAN) to revise and extend their remarks and include extraneous matter:)

Mr. YOUNG of Alaska, for 10 minutes, today.

Mr. QUIE, for 5 minutes, today.

Mr. HOLLENBECK, for 5 minutes, today.

Mr. DUNCAN of Tennessee, for 5 minutes, today.

(The following members (at the request of Mr. RAHALL) and to revise and extend their remarks and include extraneous matter:)

Mr. PHILLIP BURTON, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. STRATTON, for 5 minutes, today.

Mrs. BOGGS, for 5 minutes, today.

Mr. KOCH, for 10 minutes, today.

Mr. KASTENMEIER, for 5 minutes, today.

Mr. CORNELL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. SCHEUER, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,127.

(The following Members (at the request of Mr. BAUMAN) and to include extraneous matter:)

Mr. BOB WILSON in three instances.

Mr. MILLER of Ohio, in two instances.

Mr. DERWINSKI.

Mr. FORSYTHE.

Mr. ARCHER.

Mr. HILLIS.

Mr. HOLLENBECK.

Mr. SHUSTER.

Mr. ANDERSON of Illinois in four instances.

Mr. STEIGER.

Mr. MICHEL.

(The following Members (at the request of Mr. RAHALL), and to include extraneous matter:)

Mr. RODINO.

Mr. STUDDS.

Mr. VENTO.

Mrs. BURKE of California in two instances.

Mr. ROSE.

Mr. EDWARDS of California in two instances.

Mr. ANNUNZIO in six instances.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. BROWN of California in 10 instances.

Mr. JONES of Oklahoma.

Mr. ECKHARDT.

Ms. OAKAR.

Mr. GAMMAGE.

Mr. OTTINGER.

Mr. WAXMAN.

Mr. TEAGUE.

Mr. SIMON in three instances.

Mr. OBERSTAR in three instances.

Mr. HAMILTON.

Mr. DODD.

Mr. PREYER.

Mr. ROSENTHAL.

Mr. LEVITAS.

Mr. MCDONALD.

Mr. FLOWERS in two instances.

Mr. CORRADA.

Mr. MURPHY of Illinois.

Mr. EILBERG.

Mr. HIGHTOWER.

Mr. DRINAN.

Mr. ALLEN.

Mr. TSONGAS.

Mr. FLORIO.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2. An act to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes;

H.R. 6138. An act to provide employment and training opportunities for youth, and to provide for other improvements in employment and training programs;

H.R. 6714. An act to amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that Act, and for other purposes; and

H.R. 6884. An act to amend the Foreign Assistance Act of 1961 to authorize international security assistance programs for fiscal year 1978, to amend the Arms Export Control Act to make certain changes in the authorities of that Act, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on July 22, 1977, present to the President, for his approval, bills of the House of the following titles:

H.R. 4746. To extend certain authorities of the Secretary of the Interior with respect to water resources research and saline water conversion programs, and for the purposes.

H.R. 4975. To amend the Public Health Service Act to extend through the fiscal year ending September 30, 1978, the assistance programs for health services research; health statistics; comprehensive public health services; hypertension programs; migrant health; community health centers; medical libraries; cancer control programs; the National Cancer Institute; heart, blood vessel, lung, and blood disease prevention and control programs; the National Heart, Lung, and Blood Institute; National Research Service Awards; population research and voluntary family planning programs; sudden infant death syndrome; hemophilia; national health planning and development; and health resources development; to amend the Community Mental Health Centers Act to extend it through the fiscal year ending September 30, 1978; to extend the assistance programs for home health services; and for other purposes.

H.R. 7557. Making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1978, and for other purposes.

ADJOURNMENT

Mr. RAHALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 34 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, July 26, 1977, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1998. A letter from the Comptroller General of the United States, transmitting a report on the impact of the foreign military sales program on the U.S. readiness posture (LCD–76–455, July 25, 1977); jointly, to the Committees on Government Operations, Armed Services, and International Relations.

1999. A communication from President of the United States, transmitting proposed supplemental appropriations for fiscal year 1977 and budget amendments for fiscal year 1978 for the District of Columbia (H. Doc. No. 95–194); to the Committee on Appropriations and ordered to be printed.

2000. A communication from President of the United States, transmitting various proposed supplemental appropriations for fiscal year 1977 and budget amendments for fiscal year 1978 (H. Doc. No. 95–195); to the Committee on Appropriations and ordered to be printed.

2001. A letter from the Comptroller General of the United States, transmitting his review of the proposed rescissions, deferrals, and revised deferrals of budget authority contained in the message from the President dated July 11, 1977 (H. Doc. No. 95–179), pursuant to section 1014(b) and (c) of Public Law 93–344 (H. Doc. No. 95–196); to the Committee on Appropriations and ordered to be printed.

2002. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on deliveries of excess defense articles to foreign countries in the second quarter of fiscal year 1977, pursuant to section 8(d) of the Foreign Military Sales Act Amendments of 1971, as amended; to the Committee on International Relations.

2003. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Peter R. Rosenblatt and his family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

2004. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense articles to Tunisia (Transmittal No. 77–48), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2005. A letter from the Chairman, Federal Power Commission, transmitting the report of the Technical Advisory Committee on Curtailment Strategies of the National Gas Survey Advisory Committee; to the Committee on Interstate and Foreign Commerce.

2006. A letter from the Acting Assistant General Counsel for International, Conservation, and Resource Development Programs, Federal Energy Administration, transmitting notice of a meeting related to the International Energy Program to be held in New York, N.Y. on August 2, 1977; to the Committee on Interstate and Foreign Commerce.

2007. A letter from the Secretary of Commerce, transmitting the annual report on the national sea grant program, pursuant to section 211(b) of Public Law 94–461; to the Committee on Merchant Marine and Fisheries.

2008. A letter from the Secretary of Transportation, transmitting the third annual report on administrative adjudication of traffic infractions, pursuant to section 222 of the Highway Safety Act of 1973; to the Committee on Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FASCELL: Committee on International Relations. H.R. 7819. A bill to complement the Vienna Convention on Diplomatic Relations. (Rept. No. 95–526). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EILBERG: Committee on the Judiciary. H.R. 1449. A bill for the relief of Geoffrey Parnham (Rept. No. 95–523). Referred to the Committee of the Whole House.

Mr. HALL: Committee on the Judiciary. H.R. 1934. A bill for the relief of Dr. Lawrence C. B. Chan (Rept. No. 95–524). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 4401. A bill for the relief of Kwi Sok Buckingham (nee Kim) (Rept. No. 95–525). Referred to the Committee of the Whole House.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. PERKINS: Committee on Education and Labor. H.R. 5383. A bill to amend the Age Discrimination in Employment Act of 1967 to provide that all Federal employees described in section 15 of such act shall be covered under the provisions of such act regardless of their age; with amendment (Rept. No. 95–527, Pt. 1). Referred to the Committee on Post Office and Civil Service for a period ending not later than September 19, 1977, for consideration of such provisions of the bill within that committee's jurisdiction under clause 1(o), rule X, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DICKINSON:

H.R. 8503. A bill to amend title 5, United States Code, to provide that civilian air traffic controllers of the Department of Defense shall be treated the same as air traffic controllers of the Department of Transportation for purposes of retirement, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. EVANS of Delaware (for himself and Mr. LUKEN):

H.R. 8504. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for amounts paid for commuting to and from work on public transportation systems; to the Committee on Ways and Means.

By Mr. HARKIN (for himself, Mr. SMITH of Iowa, Mr. GRASSLEY, Mr. BEDELL, Mr. LEACH, Mr. BLOUIN):

H.R. 8505. A bill to amend title 38, United States Code, to improve the quality of hospital care and medical services in Veterans' Administration health care facilities, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. HARRIS:

H.R. 8506. A bill to restore and promote competition in the petroleum industry, and for other purposes; to the Committee on the Judiciary.

By Mr. HOLLENBECK:

H.R. 8507. A bill to discourage the use of leg-hold or steel jaw traps on animals in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD:

H.R. 8508. A bill to amend the Internal Revenue Code of 1954 to provide a basic $5,000 exemption from income tax for amounts received as annuities, pensions, or other retirement benefits for those 65 and older; to the Committee on Ways and Means.

By Mr. HYDE (for himself, Mr. BENJAMIN, and Mr. MOAKLEY):

H.R. 8509. A bill to have an inscription and appropriate medals, ribbons, and tributes placed upon the crypt at the National Cemetery at Arlington, Va., reserved for an American soldier who lost his life in Southeast Asia during the Vietnam era, and whose identity is unknown; to the Committee on Veterans' Affairs.

By Mr. KOCH:

H.R. 8510. A bill to prohibit discrimination by federally insured depository institutions in the making of mortgage loans on account of the geographical locations of real property upon which such loans are secured, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LENT:

H.R. 8511. A bill to declare a national policy on investment in the private sector of the U.S. economy; to the Committee on Government Operations.

By Mr. LUJAN:

H.R. 8512. A bill to limit U.S. contributions to the United Nations; to the Committee on International Relations.

By Mr. LUNDINE:

H.R. 8513. A bill to amend title 38 of the United States Code to provide for the payment of supplemental tuition allowances for certain veterans pursuing educational programs; to the Committee on Veterans' Affairs.

By Mr. MIKVA (for himself, Mr. GUDGER, Ms. HOLTZMAN, Mr. LEDERER, Mr. LOTT, Mr. PRICE, Mr. ROE, Mr. RUPPE, Mr. THOMPSON, and Mr. WAXMAN):

H.R. 8514. A bill to correct inequities in certain franchise practices, to provide franchisors and franchisees with evenhanded protection from unfair practices, to provide consumers with the benefits which accrue from a competitive and open market economy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. QUILLEN:

H.R. 8515. A bill to amend the Internal Revenue Code of 1954 to provide that certain distributions from pension funds will be exempt from tax if such distributions are contributed to qualified retirement plans; to the Committee on Ways and Means.

By Mr. RODINO (for himself, Mr. KASTENMEIER, Mr. CONYERS, Mr. DRINAN, Ms. HOLTZMAN, Mr. PRICE, Mr. THOMPSON, Mr. FRASER, Mr. KOCH, Mr. OTTINGER, Mr. BADILLO, Mr. COTTER, Mr. DELLUMS, Mr. MITCHELL of Maryland, and Mr. MURPHY of Illinois):

H.R. 8516. A bill to restore effective enforcement of the antitrust laws; to the Committee on the Judiciary.

By Mr. RODINO (for himself, Mr. RANGEL, Mr. DUNCAN of Oregon, Mr. AUCOIN, Mr. BRODHEAD, Mr. LAFALCE, Mr. MAGUIRE, Mr. TSONGAS, Mr. WEAVER, Mr. GLICKMAN, Mr. GORE, Mr. LE FANTE, Mr. STEERS, and Mr. VENTO):

H.R. 8517. A bill to restore effective enforcement of the antitrust laws; to the Committee on the Judiciary.

By Mr. ROGERS (for himself, Mr. SATTERFIELD, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. WALGREN, and Mr. MARTIN):

H.R. 8518. A bill to direct an 18 month review and evaluation of all available information respecting the toxicity and carcinogenicity of food additives, including information respecting the ability to predict the effect on humans of food additives found to cause cancer in animals and whether there should be a weighing of risks and benefits in making regulatory decisions respecting such additives; to prohibit the Secretary of Health, Education, and Welfare from taking certain action restricting the continued use of saccharin as a food, drug, and cosmetic for 18 months; and to authorize the Secretary during those 18 months to require, in retail stores and in advertising, warning notices respecting the potential health risks presented by the use of saccharin; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS (for himself, Mr. PREYER, Mr. SCHEUER, Mr. MAGUIRE, Mr. MARKEY, Mr. CARTER, and Mr. MADIGAN):

H.R. 8519. A bill to amend the Public Health Service Act to require increases in the enrollment of third-year medical students as a condition to medical schools receiving capitation grants under such act; to the Committee on Interstate and Foreign Commerce.

By Mr. ROONEY:

H.R. 8520. A bill to authorize appropriations for the summer Olympic games, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RUPPE:

H.R. 8521. A bill to provide for the regulation of certain detergents in the Great Lakes region of the United States; to the Committee on Public Works and Transportation.

By Mr. ST GERMAIN:

H.R. 8522. A bill to amend title 38 of the United States Code to establish, for purposes of paying dependency and indemnity compensation, a presumption of death from service-connected disability in the case of certain blinded veterans; to the Committee on Veterans' Affairs.

By Mr. SISK (for himself, Mr. FOLEY, Mr. JOHNSON of California, Mr. UDALL, and Mr. ULLMAN):

H.R. 8523. A bill to amend the act of April 7, 1977 (Public Law 95–18), providing for emergency drought relief measures; to the Committee on Interior and Insular Affairs.

By Mrs. SMITH of Nebraska (for herself, Mr. MURPHY of Pennsylvania, Mr. SEBELIUS, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. ABDNOR, Mr. DUNCAN of Tennessee, Mr. NOLAN, Mr. GOODLING, Mr. PATTISON of New York, Mr. JENRETTE, Mr. BADILLO, Mr. SIMON, Mrs. MEYNER, Mrs. SPELLMAN, and Mr. BAUCUS):

H.R. 8524. A bill to amend title XVIII of the Social Security Act to provide payment for rural health clinic services; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mrs. SMITH of Nebraska (for herself, Mr. MURPHY of Pennsylvania, Mr. SEBELIUS, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. ABDNOR, Mr. DUNCAN of Tennnessee, Mr. NOLAN, Mr. GOODLING, and Mr. EDWARDS of California):

H.R. 8525. A bill to amend part B of title XI of the Social Security Act to exempt small hospitals and other small inpatient facilities, in rural and other areas, from the requirement of review by a professional standards review organization and from the related requirements and provisions of that part; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mrs. SMITH of Nebraska (for herself, Mr. MURPHY of Pennsylvania, Mr. SEBELIUS, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. ABDNOR, Mr. DUNCAN of Tennessee, Mr. NOLAN, Mr. GOODLING, Mr. BADILLO, Mr. SIMON, Mr. KAZEN, Mrs. MEYNER, Mrs. SPELLMAN, and Mr. BAUCUS):

H.R. 8526. A bill to provide for the modification of the medicare reimbursement formula to allow small hospitals in rural areas with low occupancy to provide long-term care but only in those areas where there are no appropriate nursing home beds available; to the Committee on Ways and Means.

By Mrs. SMITH of Nebraska (for herself, Mr. MURPHY of Pennsylvania, Mr. SEBELIUS, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. ABDNOR, Mr. DUNCAN of Tennessee, Mr. NOLAN, Mr. GOODLING, Mr. EMERY, Mr. PATTISON of New York, Mr. JENRETTE, Mr. BADILLO, Mr. SIMON, Mr. KAZEN, and Mr. EDWARDS of Oklahoma):

H.R. 8527. A bill to amend medicare and medicaid provisions as they relate to rural health care facilities; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. TEAGUE:

H.R. 8528. A bill to amend title 38 of the United States Code in order to make less restrictive the requirements for eligibility for benefits under chapter 42 of such title (relating to employment and training of disabled and Vietnam-era veterans); to the Committee on Veterans' Affairs.

H.R. 8529. A bill to amend title 38 of the United States Code in order to make benefits under chapter 41 of such title (relating to job counseling, training, and placement services) available, in the case of veterans, only to those who served during a period of war; to the Committee on Veterans' Affairs.

By Mr. DERWINSKI:

H.J. Res. 553. Joint resolution designating National Coaches Day; to the Committee on Post Office and Civil Service.

By Mr. EDWARDS of California:

H.J. Res. 554. Joint resolution to amend the Constitution to provide for representation of the District of Columbia in the Congress; to the Committee on the Judiciary.

By Mr. LEHMAN (for himself, Mr. ABDNOR, Mr. BRECKINRIDGE, Mr. CARNEY, Mr. CUNNINGHAM, Mr. EILBERG, Mr. FASCELL, Mrs. FENWICK, Mr. FREY, Mr. GILMAN, Mr. GUYER, Ms. HOLTZMAN, Mr. LENT, Mrs. LLOYD of Tennessee, Mr. MOAKLEY, Mr. MOORHEAD, of California, Mr. MURPHY of Pennsylvania, Mr. PEPPER, Mr. PICKLE, Mr. ROE, Mr. SIMON, Mr. STUMP, Mr. WAXMAN, and Mr. WHITEHURST):

H.J. Res. 555. Joint resolution recognizing the contributions of school volunteers; to the Committee on Post Office and Civil Service.

By Mr. LOTT (for himself, Mr. BEDELL, Ms. MIKULSKI, Mr. CHAPPELL, and Mr. KRUEGER):

H.J. Res. 556. Joint resolution to restore posthumously full rights of citizenship to Jefferson F. Davis; to the Committee on the Judiciary.

By Mr. HOWARD:

H. Con. Res. 305. Concurrent resolution expressing the sense of Congress with respect to the Baltic States; to the Committee on International Relations.

By Mr. HYDE:

H. Con. Res. 306. Concurrent resolution expressing the sense of Congress with respect to the Baltic States; to the Committee on International Relations.

By Mr. RYAN (for himself, Mr. AUCOIN, Mr. BADILLO, Mr. BRODHEAD, Mr. CARR, Mr. CORRADA, Mr. EVANS of Georgia, Mr. KEMP, Mr. KOSTMAYER, Mr. LLOYD of California, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. OTTINGER, Mr. PEPPER, Mr. PIKE, Mr. RODINO, Mr. SIMON, Mr. STEERS, Mr. UDALL, Mr. WEAVER, Mr. WHALEN, and Mr. CHARLES WILSON of Texas):

H. Con. Res. 307. Concurrent resolution urging the International Whaling Commission to implement a 10-year moratorium on the commercial killing of whales, and for other purposes; to the Committee on International Relations.

By Mr. STRATTON:

H. Con. Res. 308. Concurrent resolution expressing the sense of the Congress with respect to the Baltic States; to the Committee on International Relations.

By Mr. CARTER:

H. Res. 709. Resolution directing the Secretary of Defense to furnish certain information to the House of Representatives; to the Committee on Armed Services.

By Mr. HOWARD (for himself and Mr. LAGOMARSINO):

H. Res. 710. Resolution urging the expeditious completion of the Subcommittee on Communication's review of the Communications Act of 1934; to the Committee on Interstate and Foreign Commerce.

By Mrs. SMITH of Nebraska (for herself, Mr. PRESSLER, Mr. SEBELIUS, Mr. SKUBITZ, and Mr. THONE):

H. Res. 711. Resolution expressing the sense of the House of Representatives that the effect on our society of the level of violence depicted on television requires more consideration and study; to the Committee on Interstate and Foreign Commerce.

By Mrs. SMITH of Nebraska (for herself, Mr. MURPHY of Pennsylvania, Mr. SEBELIUS, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. ABDNOR, Mr. DUNCAN of Tennessee, Mr. NOLAN, Mr. GOODLING, Mr. JENRETTE, Mr. BADILLO, Mr. MARLENEE, Mr. BAUCUS, Mrs. HECKLER, and Mr. BRECKINRIDGE):

H. Res. 712. Resolution to authorize the President to issue a proclamation designating the first week in April each year, as National Rural Health Week; to the Committee on Post Office and Civil Service.

By Mr. SOLARZ:

H. Res. 713. Resolution to express the House of Representatives deep concern over the disregard of basic human rights in Cambodia; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CORMAN:

H.R. 8530. A bill for the relief of Kuo-Yao Cheng; to the Committee on the Judiciary.

By Mr. McKAY:

H.R. 8531. A bill for the relief of Maria Rosa C. Andreone, Monica Andreone, Gian Marco Andreone, and Alessandro Andreone; to the Committee on the Judiciary.

By Mr. MAZZOLI (by request):

H.R. 8532. A bill for the relief of McNamara Construction of Manitoba, Limited, of Willowdale, Ontario, Canada; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Petition of the council of the county of Kauai, State of Hawaii, relative to the limiting of sugar subsidies; to the Committee on Agriculture.

158. Also, petition of James W. Wheeler, Marion, Ill., relative to prisoners' rights; to the Committee on the Judiciary.

159. Also, petition of The General Assembly of the Cumberland Church, Memphis, Tenn., relative to tax reform changes affecting charitable contributions; to the Committee on Ways and Means.

160. Also, petition of Association of County Transportation Representatives, Morristown, N.J., relative to tax incentives for public transportation users; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5400

By Mr. WIGGINS:

On page 39, line 16, after the word "selective" strike the word "effort" and all that follows through line 17, and insert the following "programs or efforts having a partisan purpose or effect, nor shall such programs be directed at discrete ethnic, racial, economic or geographical divisions of the election district."

EXTENSIONS OF REMARKS

CORA TOMPKINS WILSON—A WOMAN FOR ALL SEASONS

HON. RICHARD L. OTTINGER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. OTTINGER. Mr. Speaker, the patients in our mental hospitals are, all too often, isolated and forgotten. Fortunately, those at the Harlem Valley State Psychiatric Center in Wingdale, N.Y., have had Cora Tompkins Wilson to remember them. For 43 years, Mrs. Wilson had brought gifts to every patient in the hospital at Christmas and Easter. More importantly, though, she has brought friendship and hope to these lonely people.

Cora Wilson has created happiness out of her own heartbreak. Both of her sons were patients at the center. Despite her anguish, she gathered support in her community of Larchmont, and her gift project has become a local tradition. Even when her surviving son left the hospital, she did not fail to gather presents for all those who were less fortunate.

Recently, the staff of the psychiatric center honored Cora Wilson for her work, for the second time in 4 years. On learning of this occasion, I came across a tribute to this extraordinary woman prepared in 1974 by the then-director of volunteer services at Wingdale. Since almost every word of it still rings true today, I would like to share it with my colleagues:

A WOMAN FOR ALL SEASONS

(By T. Kent du Pre)

This year, as we celebrate the Fiftieth Anniversary of this hospital, it is fitting to honor as well a lady who has worked diligently for much more than half the hospital's existence to help the patients therein.

This, indeed, is the thirty-fifth (and just possibly the last) year that Mrs. Cora Wilson has gathered presents from the citizens of southern Westchester County and brought them to our patients for Christmas. For nearly as long she has also been distributing candy and cigarettes for Easter.

It all started when she and her husband came up at Christmas to visit their son, who had recently been admitted to the hospital. Finding themselves surrounded by Billy's fellow patients, who were without visitors or presents, they went back out, pooled their money and spent it all on Christmas presents, forgetting in their enthusiasm to save out their bus fare home. The next year, Mrs. Wilson almost single-handedly gathered, wrapped and distributed 300 gifts.

In these days when the local Mental Health Associations and many private groups regularly collect, make, and bring presents to the hospital, it will seem strange to know that the first few years the Wilsons had to smuggle their presents in. One Christmas, in fact, as Mrs. Wilson was going about the wards with a cartload of presents, the word came up that the Director was touring the wards. Quickly Mrs. Wilson and her cart were shunted off into a locked closet, where she spent the next two or three hours. The shift changed while the Director was there, and there was no way to tell the new shift where she was.

We are used to seeing television sets, often in color, on all the wards, but the first two sets were brought by Mrs. Wilson, and they, too, had to hide out in a closet until the coast was clear.

Gradually, as friends and neighbors heard of Mrs. Wilson's effort, they joined her. Stores, service organizations, the whole neighborhood of Larchmont and environs cooperated until Mrs. Wilson was able to provide two or three presents for every patient in the hospital. Now she has become an institution. The local paper need only note that "It's Cora Wilson Time," and the presents fill up the empty store that is Mrs. Wilson's Christmas headquarters.

Nothing, not her husband's death, her daughter's death, nor several personal illnesses have broken the flow. Her friends have pitched in and taken up the slack.

This year is a memorable one for Mrs. Wilson for another reason; for her second son (her first died some years ago) was discharged from the hospital this year and is living in Westchester County himself, not too far from home. But even after this, Cora Wilson gathered and sent up Easter candy for every patient in the hospital.

The interest has kept her young. At 81, she looks and acts 25 years younger at least. She is five feet of dynamo, an eternally interesting and frequently challenging individual, but always one who has a greeting for her many friends among the staff and patients here.

One person can change the world when that person is Cora Wilson.

AN UNRETIRING CHAIRMAN HAS DECIDED TO RETIRE

HON. BOB GAMMAGE
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. GAMMAGE. Mr. Speaker, it is a distinct personal pleasure to call to your attention, and to the attention of all my fine colleagues, the following editorial by George R. Will, appearing in the Sunday, July 24, 1977, Washington Post, entitled "An Unretiring Chairman Has Decided to Retire."

I join Mr. Will in lauding the chairman for his solid personal character and his fair and judicious legislative attitude. As Will says:

Mahon is an American type—an alloy of piety, industriousness, reticence and abstemiousness—that once was as common as, and soon may be as scarce as, the homing pigeon.

I am proud to know and serve with the dean in the House of Representatives. We will sorely miss him.

AN UNRETIRING CHAIRMAN HAS DECIDED TO RETIRE

(By George F. Will)

He was born with the century, in 1900, in Mahon, La., but soon his family, 10 strong, moved to Texas. There, mother kept the children's noses in books, including the one read on countless 19th century hearths—"Pilgrim's Progress."

In 1934, West Texans sent George H. Mahon to Congress, where Lyndon Johnson was a staffer. Mahon began wrestling with the nation's budget when Jimmy Carter was wrestling with high school algebra.

Today, after 43 years of service, Mahon is senior to all his colleagues. He is retiring at the end of this term because he would be 80 before the end of another. That is a poor reason for the House, or any other institution, to lose the services of a man whose abilities remain formidable.

Mahon is six-feet-two, erect and lean. He looks as though he was whittled from a fence post by the West Texas wind. His capacious memory is papered, floor to ceiling, with poetry and hymns, which sometimes ring down the fairways when he is golfing.

This morning he poses on the Capitol steps with a small regiment in bright polyester, Texas ladies here to keep an eye on Congress. Returning to his office, he passes a congressman leaving the House floor in shirt sleeves and murmurs disapproval of the slack standards of the age.

He is one of the last links with the New Deal, but his credo as chairman of the House Appropriations Committee has been less Hyde Park than West Texas: "Pay for it or put it off until we are willing or able to do so."

When he was born, there were 26,000 federal workers in Washington. By 1940 there were 166,000, about the number the Department of Health, Education and Welfare employs today. Don't blame Mahon.

Rep. Thomas Reed of Maine, Speaker of the House when Mahon was born, once heard a chaplain pray that Reed would conduct the House according to the will of God without regard to partisan politics. Reed exclaimed. "I never heard a more preposterous prayer addressed to the throne of Grace."

Reed was right. The House is an inherently partisan place. But no man has taken less advantage of large opportunity to abuse power than has Chairman Mahon.

The portraits on the wall of his office include a baleful one of Thaddeus Stevens, the radical Republican of Reconstruction whom the late Stewart Alsop well described as "the most merciless and vindictive politician the United States has produced." No two men who have served on Capitol Hill are less alike than Stevens and Mahon.

His conversation constantly teeters agreeably on the edge of a chuckle. Like the red-and-white check necktie he is wearing with an otherwise subdued ensemble, there is about him an unexpected and, happily, irrepressible impulse to lightness. He has been an ornament to a city with more than its fair share of the pompous, a city that is not about to take G. K. Chesterton's point.

"It is really a natural trend to lapse into taking oneself gravely, because it is the easiest thing to do . . . For solemnity flows out of men naturally, but laughter is a leap. It is easy to be heavy; hard to be light. Satan fell by force of gravity."

The hall outside his office is full of scaffolding for the workmen whose job is the perpetual one of maintaining the special mellowness of the Capitol's rich interior decorations. The scaffolding, Mahon chuckles, is for hanging miscreants, and there never is enough scaffolding. And a ladder leaning against the wall puts him in mind of a hymn.

We are climbing Jacob's ladder,
Soldiers of the Cross

Mahon is an American type—an alloy of piety, industriousness, reticence and abstem-

lousness—that once was as common as, and soon may be as scarce as, the homing pigeon.

As Mahon approaches the yellow leaf (I say approaches: His father, who moved to Texas for his health, lived to be 97), he can take leave of government serene in the knowledge that the government is better than it would have been if he had not come to it, and that he is as good a person as he was when he came.

VETERANS HEALTH CARE AMENDMENTS OF 1977

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HARKIN. Mr. Speaker, today I have reintroduced legislation entitled the "Veterans Health Care Amendments of 1977." I originally introduced this measure on July 12—H.R. 8229. I am pleased to say that the entire Iowa House delegation has now joined in cosponsoring this measure.

The bill is largely the result of a meeting between various House Members and officials from State alcoholism authorities held earlier this year. It responds to some of the most important unmet health care needs of veterans in this country. It is similar to legislation passed last year by the Senate. It is nearly identical to legislation—S. 1693—introduced by Senator CRANSTON and which is expected to be reported by the Senate Veterans Affairs Committee this week.

The amendments contained in H.R. 8229 principally would accomplish the following:

Establish a new program to provide outpatient readjustment professional counseling for veterans to assist with their readjustment problems;

Establish a new program in preventive health care for veterans who have service-connected disabilities;

Provide for outpatient and other alternative treatment services for veterans with alcoholism and drug-related problems.

Provide for increased coordination between the VA and HEW at national and regional levels to improve VA's capacity to assess the quality and cost-effectiveness of care furnished in its facilities;

Mr. Speaker, perhaps the most far-reaching aspect of H.R. 8229 deals with providing a broader range of treatment for veterans addicted to alcohol or other drugs.

In the case of alcohol treatment programs, the legislation stresses the use of recovered alcoholic counselors, halfway houses, and alternative treatment services, in a comprehensive program ranging from detoxification to recovery. In addition, the Administrator is authorized to provide halfway house and outpatient facilities directly or by contract with other Government or community-based programs licensed or approved by the appropriate State alcoholism and drug authority.

This new authority which would be given to VA to contract for outpatient care is especially important. There is an extraordinary and increasing prevalence of alcohol-related admissions to the VA hospital system—officially estimated by the VA at 1 out of every 10 admissions in fiscal year 1975, making alcoholism the most common of all listed admission diagnoses in that year. Even more revealing are the results of a comparison between a 1970 and 1973 census in VA health care facilities which included data on the number of bed-occupant patients who were defined alcoholics or problem drinkers.

The study revealed that the proportion of defined alcoholics and problem drinkers increased from 1 out of every 5 patients in 1970 to 1 out of every 4 patients in 1973.

Second, almost 25 percent of Vietnam-era veterans in the 1973 patient census were diagnosed as defined alcoholics or problem drinkers, as compared to 13 percent in the 1970 census.

Finally, within the 35 to 44 age group, 35.2 percent of all hospitalized veterans were defined alcoholics or problem drinkers in 1973, as compared to 26 percent in 1970.

My own State of Iowa provides a useful illustration of this problem. Studies by the Iowa Division of Alcoholism indicate that 80 percent of the persons going into alcoholism treatment in the State require outpatient counseling. Statewide veterans in alcoholism treatment constitute 40 percent of the total client caseload. Without treatment it is estimated that it costs the employer and taxpayers more than $7,000 a year in sick leave, lost production, and tax-supported welfare to maintain the active alcoholic and family.

An additional reason why we have placed greater emphasis on outpatient care is that the alcohol abuser or alcoholic must be treated and rehabilitated within the person's normal environment—family, home, job, friends. It is important that the individual maintain his or her relationship with family members and employees during treatment. In addition, outpatient care is the most cost effective means of treatment in terms of cost to the client or third party payor and the community.

Mr. Speaker, this legislation has been passed by the Senate in some form in three previous Congresses beginning in 1972. It has already been endorsed by the Alcohol and Drug Problems Association and its member organizations. It deserves our immediate attention and I hope that my colleagues will support this bill as it progresses in the House.

JAY P. O'CONNOR RETIRES

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. VENTO. Mr. Speaker, Jay P. O'Connor, one of St. Paul, Minnesota's most popular civic figures, plans to retire shortly and I thought his long record of service merited the attention of my colleagues.

Jay spent 12 years as deputy comptroller in St. Paul and for the past 23 years he has been Ramsey County Abstract Clerk. He was first elected to that position in 1954 and was reelected ever since. The fact that his victories were mostly by acclamation speaks well for services rendered to the public.

In addition, Jay O'Connor has performed at a leadership level in many civic and charitable causes. To list just a few, grand knight, Knights of Columbus; president, Downtown Lions Club; State secretary, Ancient Order of Hibernians; prime minister, St. Paul Winter Carnival, and State chairman, March of Dimes.

I do not know anybody in the St. Paul community that is better known or better liked than Jay O'Connor. He is both gregarious and friendly with a typical St. Paul Irish wit about him that has endeared him to countless of our citizenry.

I certainly want to wish Jay and his family a happy and fruitful retirement along with the hope that he will continue his involvement with our city and its fortunes.

PUERTO RICAN CONSTITUTION DAY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. RODINO. Mr. Speaker, July 25 marks the 25th anniversary of the enactment of the constitution of the Commonwealth of Puerto Rico. In commemorating this event we acknowledge the contributions Americans of Puerto Rican descent have made to the cultural diversity and growth of American society. It is a recognition well deserved.

Our Nation's development has been enriched by the vitality of its immigrant community. Citizens of Puerto Rican heritage have played an important role in America's progress, and, at the same time, have maintained their own identity. This is indicative of the pride Puerto Ricans have in both their native culture and America's.

Constitution Day also marks the beginning of self-government in Puerto Rico. On this date, 25 years ago, the Governor of Puerto Rico proclaimed the constitution to be in effect. Its success over this past quarter-century is a tribute to the principle of democracy and is a strong example to other nations of the viability and benefits of American democratic ideals.

This coming Sunday, the Puerto Rican community in my home State of New Jersey will hold its annual Puerto Rican Day Parade to celebrate the significant contributions of Puerto Rican Americans. I commend the efforts of the parade president, Miguel Rodriquez; the master of ceremonies, Raul Davila; the

parade coordinator, Leo Mendez; the parade queen, Carmen Colon; and especially Marie Gonzalez, the liaison coordinator between the Newark Human Rights Commission and the community, and Jose Rosario, both of whom have worked on the parade for 15 years.

The Puerto Rican Day Parade and Constitution Day provide an excellent opportunity to publicly salute the proud exercise of self-government the Puerto Rican people have undertaken, and have made work; and their positive and profound impact on American society and culture.

A TRIBUTE TO GEN. KAZIMIERZ PULASKI

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. SIMON. Mr. Speaker, on July 23, 1777, Gen. Kazimierz Pulaski arrived in America from Poland to fight in the American Revolution. General Pulaski was an intelligent, able, and courageous officer who was a true hero in the struggle for American liberty.

In honor of the 200th anniversary of his arrival in this country, I wish to pay tribute today to General Pulaski. His contribution in the American Revolution is especially meaningful to me, since I represent Pulaski County, Ill. in the House of Representatives. Pulaski County was organized as a distinct political entity in 1843 and was named after this famous Revolutionary War hero.

General Pulaski was an accomplished military tactician when he came to join the American cause. Born near Warsaw in 1747, he fought valiantly to protect Poland from Russian aggression. In 1771, at the age of 24, he became a national hero when he defeated overwhelming Russian forces at Czestochowa.

Forced into exile by the Russians, Pulaski was recruited for the American cause by Benjamin Franklin. Pulaski's experience in guerrilla tactics were crucial in saving American military supplies during the battle of Brandywine in August 1777. Pulaski's role was documented in the American Military Biography:

> Pulaski, who commanded a party of horses, sustained his reputation for courage; his activity and exertions were conspicuous throughout the engagement and he was particularly noticed by the Commander-in-Chief, as having distinguished himself.
>
> And Congress was so much gratified with his conduct and his promise of usefulness, that they—a few days afterwards—appointed him a brigadier general and commander of the horse mounted attachment.

Pulaski also distinguished himself in the battles of Brandywine and Whitemarsh. His bravery and bold tactics were again noted by General Washington.

In 1778, Pulaski presented to Washington a plan for the formation of an independent corps of light cavalry and infantry. Washington and the Congress agreed to form such a unit with Pulaski at its head. The so-called Pulaski Legion played key roles in the battles of Charleston and Savannah. During the battle of Savannah, Pulaski was mortally wounded while leading an American charge. He died on October 11, 1779, at the age of 32.

According to the American Military Biography:

> Thus fell in a most bold and daring achievement the distinguished Polish patriot and hero, in the cause of American liberty—his memory is entitled to our veneration as his life forms an item in the price of our independence. Soon Congress resolved that a monument be erected to his memory.

Mr. Speaker on behalf of the citizens of Pulaski County, Ill. I pay tribute to this distinguished Polish patriot who gave his life in defense of American liberty. We all should proudly remember and honor General Pulaski.

HEALTH CARE FOR AMERICAN VETERANS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HILLIS. Mr. Speaker, last week the Subcommittee on Medical Facilities and Benefits of the House Veterans' Affairs Committee held hearings on the National Academy of Sciences' report entitled, "Health Care for American Veterans." As a member of that subcommittee I have particular interest in the continuing efforts of the Congress to provide quality health care to our veterans.

During the hearings on the NAS report, the subcommittee heard from several veterans' organizations and representatives from the National Academy of Sciences. Mr. Oliver Meadows, national commander of the Disabled American Veterans clarified the issue best when he told the subcommittee:

> The portion of the Academy recommendation that has received widespread attention is its recommendation that acute care facilities of the VA medical system be phased out and acute patients transferred to community facilities. We (the DAV) view that single recommendation as tantamount to recommending destruction of the VA hospital and medical system.

Although the recommendation to transfer a major portion of the VA's medical care system to community facilities was only one of several recommendations made by the NAS, it discredited almost the entire report. Not only was it well beyond the purview of the Academy to make such a recommendation, nowhere in the report does the Academy support it with data which would indicate an improvement in the quality of care available to eligible veterans or a reduction of the total cost to the Federal Government. In fact, many of the conclusions on which the recommendation was made were based on questionable methodology.

It would be a major mistake for the Congress to move in any direction which would lead to the eventual disassemblement of the VA health program. There appears to be a continuing and growing conspiracy in some segments of the country to make the VA health program indistinguishable from other Federal health programs. Therefore, the need for strong congressional support for the independence of the VA medical system cannot be overstated.

The Subcommittee on Medical Facilities and Benefits is scheduled to meet again in September to hear from the Veterans' Administration in order to receive its reaction to the NAS report. I hope that some of the findings and recommendations of the NAS will prove useful to the VA in improving the quality of care our veterans receive. However, it will be necessary for the Congress to listen to the needs of the VA and be willing to support every effort to improve its health program. Unfortunately, the recommendation made by the NAS, that the VA system be incorporated with community hospitals, has made it increasingly difficult for the Veterans' Affairs Committee to get its suggestions through the budgetary obstacles in the Congress and OMB.

UNFILLED PROMISE

HON. PAUL E. TSONGAS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. TSONGAS. Mr. Speaker, I am pleased today to participate in Helsinki's "Unfilled Promise," a project that is being coordinated by Representative DRINAN. This project is being conducted on behalf of Soviet Jewish families and individuals who are being forcibly detained in the U.S.S.R., a practice that clearly violates the human rights provision of the Helsinki Final Act.

I would like to call your attention to an individual who is a victim of these violations: Dr. Yuri Orlov, a distinguished high-energy physicist. For many years, high-energy physics have pioneered collective actions between Soviet and American scientific groups. These collaborations have resulted in many significant contributions including Dr. Orlov's written works that deal with a new approach to the problem of theoretical physics. These works represent a beginning of the reconstruction of the most basic principles of the natural sciences.

In 1956, Dr. Orlov appeared before a Communist Party meeting of the Institute of Theoretical and Experimental Physics in Moscow with a program of democratic reforms of the party and government. Immediately after his appearance he was dismissed from work and expelled from the party, making it impossible to find another job until 1 year later.

After many years spent in Yerevin where he tutored to keep bread on the table, Dr. Orlov returned to Moscow in 1972 where he worked for the Academy of Sciences of the U.S.S.R. Again he was dismissed from work after writing a letter to Brezhnev in which he again presented several questions regarding reform.

Dr. Orlov organized the "Group to

Monitor the Fulfillment of the Helsinki agreement in the U.S.S.R.," in May 1976. The group's declared intention was to observe how the humanitarian articles of the first act were being realized, and to promote their fulfillment. Reports were produced and sent to Amnesty International up until February 1977, and then stopped less than 3 weeks before Dr. Orlov's arrest.

On February 10, Dr. Orlov was arrested at the home of another member of the Helsinki group. Charged with "fabrication slanders against the Soviet Union," he was taken to prison in Moscow where he is still being held, unable to communicate with his family and friends.

Because the final act of the Helsinki agreement sets forth internationally recognized human rights, the need for immediate action on behalf of Dr. Orlov, and others in his situation is urgent. In order to fulfill the promise of the Helsinki agreements, and in response to the need for action, I urge that all those concerned with human rights publicly protest Dr. Orlov's arrest.

THIRD ANNIVERSARY OF CYPRUS INVASION

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ROSENTHAL. Mr. Speaker, last Wednesday was the third anniversary of the invasion and occupation of Cyprus by Turkey. That event followed a week of turmoil in Cyprus including an attempted coup against its legitimate government instigated by the military dictators in Athens. The Turkish occupation continues today, 3 years after any justification for military action by Turkey ceased to exist.

Anniversaries are not simply occasions to mark receding events of the past. Rather, they should also remind us anew of the human aspects of those events and restore, thereby, our dedication to end injustices no matter how long they endure. The people of Cyprus have now waited 3 years for justice. They will continue to wait. But those in power must do more than wait.

The new administration in Washington has dedicated itself to maintain human rights as an important principle in foreign affairs. This is a significant and overdue change from the previous administration which, in Cyprus and elsewhere, seemed to place the greatest emphasis on pragmatism and power-balancing. But the Carter administration must now begin to apply this principle on human rights consistently and there is no better place to begin than in Cyprus. One-third of that country's population became refugees through the Turkish invasion. Today, that proportion has not been altered by a single percentage point. In fact, the refugee situation is worse as Turkey continues to expel the few remaining Greek Cypriots from the northern 40 percent of the island it occupies.

There are optimistic signs that the Carter administration recognizes the mistakes of its predecessor on Cyprus. While certain elements of the State and Defense Departments continue to plead that the primary goal should be restoration of American bases in Turkey which that country closed in retaliation against the arms embargo which the Cyprus events precipitated, the new emphasis in Washington is now on explaining to Turkey that there can be no restoration of normal relations with the United States until the Cyprus problem is solved.

Three years is a long time for the attention of a super-power to stay focused on Cyprus. But the pressures of the day should not make us indifferent to the fate of 600,000 Cypriots.

The goal of this anniversary observance should be a rededication to ending the Cyprus tragedy and all similar threats to human rights and the rule of law.

MIRAMAR PILOTS WHO FLY THEM DEFEND F-14 TOMCATS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. BOB WILSON. Mr. Speaker, there has been some concern by Members of Congress about the flight characteristics of the Navy's F-14.

Many squadrons of this fine aircraft fly from Miramar Naval Air Station in my district.

This plane has proved to be one of the most reliable new weapons systems ever introduced into the fleet. It has gone through its growing pains and is now a mature component of our carriers.

I include as a portion of my remarks the attached article by Kip Cooper entitled "Miramar Pilots Who Fly Them Defend F-14 Tomcats."

The article follows:

MIRAMAR PILOTS WHO FLY THEM DEFEND F-14 TOMCATS

(By Kip Cooper, The San Diego Union)

Critics of the F-14 Tomcat jet fighter do not know what they are talking about, pilots at Miramar Naval Air Station say.

Responding to questions about pilot morale and F-14 safety following the crash June 28 of two more of the jets, pilots admitted there had been a time when they had been "leery" of the F-14. But they said that the plane today is the safest in the Navy.

There have been 16 operational crashes of the F-14, eight of them at Miramar. Two of the crashes last June killed four aviators.

Those fatalities, said pilots, represented a low point in morale, particularly among the aviators' friends or former classmates.

Lt. James Carroll, 34, an F-14 pilot who has over 1,000 hours flying the F-4 Phantom and 3½ years teaching other pilots to fly the F-14, admits that morale was low at the station last June.

THE MEN, NOT THE PLANE

"It was because we knew the men killed," he said. "But so far as the plane is concerned, I would have gone out and flown an F-14 that same day."

Carroll said Miramar pilots "love that plane. I know because I instruct them. They don't have blinders on. They know there are problems. But we are not in the least bit leery to fly this plane."

Lt. Jerry Harris, 27, an engineering major in college, said he knows the F-14 is designed to be safe.

"It is safer to fly this plane than to drive on California freeways," he said. "I would rather fly the F-14 than to get into my car and drive from here to Los Angeles. It's a beautiful plane."

Another aviator, Lt. Dale Carlson, 27, a radar intercept officer, said he talked to a number of people who wanted to get out of the F-14 program after the crashes last year, but once the problem was identified and solved, attitudes changed and the student pilots decided to stay in the program.

The pilots said they hear a lot of criticism about the plane but the criticism does not come from people who fly the craft.

"We fly that plane day and night and we don't know one person who won't fly it," the pilots said. "It bothers us to read about the "'trouble-plagued' plane in the newspapers and hear it on the air. We are surprised people can't look at things objectively."

The pilots said when one looks at what they do, there are not that many accidents. Statistics show that the F-14 has had 33 per cent fewer accidents than the F-4 Phantom and the A-7 Corsair light attack aircraft.

The Phantom joined the fleet in December, 1960, and the Corsair, in February, 1967. Both were mainstays of combat in Vietnam.

Based on official records of operational accidents of the three planes, the F-4 Phantom had 50 accidents, for a 4.99 rate (per 10,000 flight hours) in a total of 100,000 flight hours while the A-7 Corsair has 31 operational accidents for a 3.02 rate in 103,000 flight hours.

F-14'S RATE IS 1.56

The F-14, which has flown 102,000 hours since the first plane was delivered to Miramar in October, 1972, has had 16 operational accidents: a rate of 1.56.

"Every F-14 crash gets national attention," said Rear Adm. Ernest E. Tissot, commander of Fighter Airborne Early Warning Wing, U.S. Pacific Fleet, in an interview at his Miramar headquarters.

"Its legacy comes from the F-111 (U.S. Air Force plane, once called the TFX)," Tissot said. "It looks a little like the F-111, but it is an entirely different airplane."

(The F-111 originally was conceived as a plane that could be used by both the Air Force and the Navy. The Navy rejected it, saying it was too heavy for aircraft carriers. The F-111 subsequently suffered a large number of crashes attributed to engine problems that gained national notoriety.

Tissot said the F-14 Tomcat also gets "intense congressional scutiny. It is an expensive aircraft and it has both its proponents and its opponents," he said. "They both are bound to keep it (F-14) in the limelight."

Tissot said some F-14 crashes have been caused by human error, but that the majority of them were due to mechanical failure.

"I am not talking about the two most recent crashes," he said, "I can't talk about them, for they are under investigation."

The F-14's mechanical problems have been identified as the susceptibility of the jet-engine fan blades to damage such as "swallowing birds; "lateral control difficulties that caused the accidents at Miramar last year, and problems with engine turbines and rotator fans.

Fan blades damaged by foreign objects can cause fires and also damage the frame of the aircraft by cutting cables and causing the frame to vibrate violently.

Interim modifications have been made on all F-14 engines, according to a Pentagon report, as well as to those coming off the production line.

Tissot said the reliability of the F-14 engine has been improved, although not all of the planes have had all the improvements

(both frame and engines) made. He said modifications are being made as quickly as parts are received to do the work.

BOND CONTAINS FAILURE DAMAGE

A "containment shroud," a reinforcing band around the engine helps contain the damage in case of an engine failure.

"We have not had any catastrophic failures for some time now and don't expect any," he said.

He said an engine compressor is being fixed but that is an ongoing program that will continue to require financing to complete the work on all F–14s.

The admiral said the airframe is being strengthened. "If we had an engine problem, it wouldn't shake the aircraft apart. If blades were thrown, or something like that, the airframe would be better able to resist the damage."

Other actions being taken at Miramar are more stringent inspections of engines at the maintenance level.

(Lt. Cmdr. Bruce (Coyote) Hart, the F–14 maintenance officer in Fighter Squadron 213, said, "I not only fly the planes but I am responsible for the people who fix them. We have good mechanics and they have high pride. I never get into any F–14 with any doubt that the plane is ready.")

Asked why the Navy does not report the results of its investigating boards, Tissot said the investigations are confidential in order to get the pilots to talk freely about accidents.

"A guy can come up and say 'I was wrong, I goofed,' and there will be no disciplinary action from that accident report brought on him. We can find out what happened," Tissot said. "That is the only way we can get a good, proper investigation."

Tissot emphasized that Navy pilots are dedicated professionals, aware of the risks of their jobs, and no longer fit the barnstorming image of bygone days.

He took exception to a recent report by a Navy flight surgeon that Navy pilots have a superman complex and feelings of machismo because of their job.

"The pilot is probably a little different than the average person, he likes adventure," said Tissot, "but I can't agree with anything that says they consider themselves as Superman.

"The age of flamboyance that you read about is just about gone, flying under bridges and all that sort of thing. We don't tolerate it anymore.

"Military pilots today are true professionals and they have a demanding task that takes all of their time."

VERY AWARE OF COMMUNITY

He said pilots flying out of Miramar are well-briefed and very much aware of the community around them.

There are seven F–14 fighter squadrons at Miramar with a total complement of 93 planes.

A major mission of the F–14 Tomcat, with its Phoenix missile system, is to defend the fleet against attack by antiship missiles and other sophisticated Soviet weapons.

The Navy calls this the "maritime air superiority" mission. The F–14 has equally important air-to-air combat and close-air-support roles, which the Navy calls the "force projection mission."

The F–14 radar system has more than three times the search capacity of its nearest competitor. Its detection range is far greater and it is the only system that can launch six missiles simultaneously and hit six different targets whether high or low or 100 miles away, while continuing to monitor 18 other targets.

Said Harris, "We have to have a weapons system that will do what this one does. This (the F–14) is just about as perfect as you can have."

THE NEUTRON BOMB CONTROVERSY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HAMILTON. Mr. Speaker, before a final decision is made regarding the neutron bomb I hope that several issues will be debated and answers found to some critical questions. Once a realistic assessment is made of the military utility and deterrent value of the neutron bomb then full consideration can be given to the political and moral issues. Détente seems to be in a particularly crucial phase and therefore, the neutron bomb and the Cruise Missile must be judged scrupulously so that they do not unnecessarily destabilize the prospects of continued progress on arms reductions by the United States and the Soviet Union.

Mr. Speaker, I would like to recommend an article written by Alton Frye in the Washington Post on Sunday, July 17, 1977 entitled "The High Risks of Neutron Weapons." Alton Frye's article suggests a line of inquiry and questioning which could be helpful to decisionmaking on the neutron bomb. Realizing that deterrence depends upon the perception of those to be deterred Alton Frye points out, for example, that if the Soviets judge the neutron bomb as an enhanced radiation system which the United States will use against their conventional tank force then this may cause the Soviets to launch preemptive nuclear strikes. There must be a full evaluation of questions such as this since a miscalculation or a misjudgment could be so dangerous.

Mr. Frye's article follows:

THE HIGH RISKS OF NEUTRON WEAPONS

(By Alton Frye)

Although they have come to public attention only lately, arguments over the military utility and deterrent value of "enhanced radiation weapons"—the neutron bomb—have occupied the national security community for two decades. They have always been inconclusive.

Army commanders have been reluctant to procure such weapons largely because the radiation effects on which they rely would rarely kill enemy personnel instantaneously, leaving many irradiated troops capable of fighting for some period after an attack. This problem is bound to persist with the systems currently proposed. If, as some sources indicate, personnel within 200 to 300 yards would be incapacitated in a few minutes, others might receive lethal doses out to more than half a mile, although they could survive for days or weeks. The battlefield scene would deserve Herman Kahn's famous capition: "Will the living envy the dead?"

One of the greatest uncertainties concerns the likely behavior of these "walking corpses." Knowing that they face prolonged agony and certain death, would these troops lay down their arms or would they exact vengeance? The matter is especially pressing if the affected forces control nuclear weapons of their own.

Given such battlefield uncertainties, what accounts for the Army's recent shift to favor neutron weapons? Political, bureaucratic and technical factors appear to have combined. Worried about the aging nuclear components of its European arsenal, the Army was rebuffed three years ago when it sought congressional approval to modernize its tactical warheads. Influential members of the Joint Committee on Atomic Energy, prompted by experts from the Los Alamos and Livermore nuclear laboratories, withheld support complaining that the tactical nuclear innovations were too "conventional." Politically, it was clear that the Army would have to suggest more dramatic changes.

Bureaucratically, some figures in the Army had come to fear the steady erosion of their nuclear mission. The drastic decline in nuclear-capable air defense forces had been followed by the negotiated abandonment of the Army's anti-ballistic missile (ABM) system, the service's best hope for a long-term nuclear role. There was talk in NATO and in the Mutual Balanced Force Reduction discussions of cutting the number of theater nuclear weapons in Europe. Thus, there were powerful institutional reasons for the Army to devise novel and exciting weapons to protect its claim to a nuclear mission.

Technologically, work on warheads for the ABM system had made significant progress toward enhancing various types of radiation. Weapon engineers had explored different kinds of "kill mechanisms" for use against missiles and had tinkered with ways to "fine-tune the output spectrum" from nuclear detonations. There was much interest in finding an alternative application for this costly and hard-won knowledge.

Furthermore, the legacy of James Schlesinger's tenure as Secretary of Defense was a heightened interest in the Pentagon and among our NATO allies in forging nuclear systems capable of discrete attacks and less wholesale destruction. Faced with these inducements and the very impressive threat of Soviet armored forces, the Army hierarchy overcame its persistent skepticism of enhanced radiation devices.

Yet this history only underscores the fact that policymakers have not addressed the vital issues. Would such weapons increase or decrease the likelihood that nuclear weapons would actually be used raising or lowering the so-called nuclear threshold? Would they strengthen or weaken deterrence of Soviet attack? Would they facilitate or impede negotiated restraint on the use of force in Europe and, more generally, on the nuclear arms race between the United States and the Soviet Union? In sum, would they contribute to American security? These questions defy final answers but they demand scrupulous judgment.

WHY THE SECRECY

The disreputable procedure through which the weapons nearly evaded legislative and public scrutiny may prejudice one's initial view of the case. If the purpose of enhanced radiation warheads is to bolster deterrence, why were they cloaked in such secrecy? Deterrence exists in the mind of a potential adversary, not in the hidden recesses of the public works budget.

Though unaware of the original proposals, President Carter has become a party to a badly tainted procedure by urging Congress to pass the appropriations before he has completed his own review of the program's merits. He can redeem this violation of democratic process only by the most thoroughgoing and critical evaluation of the program. Carter's evident concern for the horrors of nuclear war gives hope that he will attend the problem with special care—but that same concern may make him vulnerable to the tempting prospect of "more humane" weapons.

One can be sure that no presidential study will resolve the fundamental dilemmas posed by all tactical nuclear weapons. It may be that the deployment of neutron weapons could reinforce deterrence by persuading Moscow that NATO would use them, if necessary, to repel a conventional attack. That increment of deterrence, however, is likely to be minor compared to the overwhelming in-

fluence of 7,000 U.S. nuclear weapons already deployed on the continent, weapons which the Russians have every reason to fear would be employed, not only against invaders but behind their lines.

Moreover, we must reckon with a perverse consequence of deploying enhanced radiation systems. To the very degree that the Soviets expect such weapons to be used against conventional armor, we increase Moscow's incentives to launch preemptive nuclear strikes against our tactical forces. Russian doctrine already emphasized the likelihood that any war would go nuclear; preemptive nuclear attacks are common topics in Soviet military discourse. Thus, the price of a putative increase in deterrence by deployment of neutron bombs is further pressure on the Soviets to go first with weapons that would render meaningless any hypothetical limits on damage promised by new U.S. weapons. The net result is likely to be a reduction in the slender chances that a conflict could remain conventional long enough for diplomacy to exercise its own powers of damage-limitation.

The proposed investment in neutron warheads to fit three tactical weapons systems in Europe—the Lance missile and both 8-inch and 155-millimeter artillery—would also divert funds from the pressing need to improve survivability for nuclear forces deployed in Europe.

If we are serious about a tactical nuclear option for NATO, the urgent requirement is to reduce the vulnerability of such weapons to the kinds of preemptive strikes the Soviets might mount. Only by concerted action on this front can we diminish the danger that nuclear weapons will be used at the very outset of a European war. Money spent on enhanced radiation weapons, which could ultimately approach $3 billion, will do nothing to meet this central weakness in the force.

Equally important is the fact that a comparable expenditure could well buy a more effective and usable conventional capability to deal with the threat of Soviet tanks. With the advent of precision-guided munitions (PGM), Soviet tanks are becoming far more vulnerable to destruction by high explosives. The neutron bomb budget could add more than 100,000 precision anti-tank weapons to the NATO arsenal. Such "smart" weapons avoid the severe operational difficulties of nuclear explosives. They do not require the same degree of centralized command and control, since they are presumably authorized to attack any Soviet tank on Western territory. And, needless to say, hundreds of PGMs can be fired without yielding the devastation of a handful of nuclear weapons.

Army studies acknowledge the trade-off between enhanced radiation weapons and PGMs, but they contend that the nuclear devices could deliver a faster shock to an attacking enemy. This might turn the tide of a conventional battle. Undoubtedly, there would be a dramatic and traumatic effect from the use of neutron warheads, but the claimed advantage highlights some other troublesome features of Army employment doctrine.

In order to achieve the desired shock treatment, the Army contemplates not discrete and singular use of neutron weapons, but barrages of dozens of such rounds. Indeed, some employment packages are said to involve well over 100 nuclear warheads. This reckless employment doctrine is scarcely a plan for selective and discriminating use.

In a setting like Germany, where average population densities exceed 650 people per square mile, the Army's ideas for using enhanced radiation weapons offer no meaningful protection to civilians in the combat zone. One hundred nuclear rounds could easily be another Hiroshima. Furthermore, knowing the approximate lethal radius of nuclear weapons, the Soviets can vary their own tactics, separating their tanks enough to prevent multiple kills even by neutron weapons. This may force NATO to target each tank individually, if so, conventional PGMs will clearly be more cost-effective than nuclear devices.

All of these contingencies reveal the difficulty of calculating the consequences of a neutron weapons deployment. Some years ago, when pressed in the Senate Armed Services Committee to estimate collateral damages and casualties from using a portion of its tactical nuclear force, Army witnesses confessed their inability to do so. The same confession is in order today. The variables are simply too numerous—and too variable. The recommended force rests more on guesswork than calculation. If one doubts that assertion, let him consider the conclusion of the Army's attempt last year to treat the matter systematically: With the shift to enhanced radiation weapons and substantial adjustments in employment doctrine, the doctrine, the authors found that the ideal number of weapons to deploy in Europe was the number currently deployed there. *Sic semper status quo.*

STOKING THE ARMS RACE

As the President deliberates on this subject, his commitment to arms control will be very much at stake. While it is possible that the Soviets have been pursuing enhanced radiation techniques, it is certain that they will do so if the United States goes forward with testing and production of neutron weapons. Every experience to date indicates that Moscow's military authorities will insist on retaining the option to match the United States technologically.

The real choice confronting the President, then, may be whether he prefers a neutron bomb or a comprehensive ban on nucelar tests, with all that it portends for the effort to curb proliferation and curtail the Soviet-American strategic competition. Coinciding with U.S. movement toward the cruise missile, projected improvements in the capacity of U.S. missiles to strike Soviet missile silos and the general malaise of detente, the neutron bomb controversy inevitably creates the impression that the technological arms race is continuing unabated. That is not the objective to which the Carter administration proclaims dedication.

To be sure, the Soviet Union shares responsibility for provoking these new developments in the technological competition. Moscow's introduction of mobile SS-20 missiles to cover targets in Western Europe has triggered much alarm there and allies are anxiously asking what the United States proposes to do to meet the rising Soviet threat. The steady growth in Russian armor forces has created an imbalance that demands correction or countermeasures. It may even be that some members of the administration hope to play the neutron bomb option as a bargaining chip to elicit cutbacks in the number of Soviet armored divisions.

Out of this commotion some good may emerge. Close study of the Army's proposals may persuade the President more vividly than anything else that plans to use tactical nuclear weapons in Europe are a snare and a delusion. He may well discover that the most refined nuclear weapons cannot relieve the defects of the schemes to employ them. The President could well conclude, as others have, that NATO cannot reasonably expect to counter a Soviet conventional threat except by adequate conventional forces of its own. And he may well perceive the truth too long-ignored by all of us, namely, that the only proper function of tactical nuclear weapons is to deter the use of similar weapons by the other side. If the neutron bomb debate leads Jimmy Carter to these essential insights, it will have made its contribution to national security.

BREEDER REACTOR: YES

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From The San Diego Union July 13, 1977]

BREEDER REACTOR: YES

President Carter is finding himself on a lonely limb with his policy for discouraging the proliferation of nuclear weapons. It's not that reasonable people disagree with his goal. It's a question of tactics.

Mr. Carter proposed two months ago that the United States suspend the reprocessing of nuclear fuel, which produces plutonium, and defer development of a commercial breeder reactor that would use the plutonium to generate electricity. The idea was to impress on the world our commitment to keeping plutonium from falling into the hands of people who would use it to make nuclear weapons.

The world, we can now conclude, is not impressed. Europeans who are far more pinched for energy supplies than we are have duly noted Mr. Carter's invitation to join in a curtailment of plutonium technology, and said no thanks. Last week France and Germany signed a new agreement to cooperate on breeder technology and announced formation of a consortium of companies from five countries to build and market breeder reactors for power plants.

They're telling us they can't afford to abandon a technology that promises relief from their heavy dependence on imported oil and a means of avoiding an almost certain shortage of uranium if technology comes to a halt with conventional nuclear reactors.

Now our own Congress is asking whether the United States can afford to forego breeder technology, and is coming up with the same answer as the Europeans. The Senate voted Monday to keep funds in the budget for the breeder demonstration reactor at Clinch River, Tenn. The House Science and Technology Committee took the same position last month.

The danger of plutonium going astray is very real, but it is a manageable danger. The best way for Mr. Carter to help manage it is to come in out of the cold and try to make the United States a leader, and not a follower, in what is likely to be a period of extensive conversion to breeder technology before fusion or some other exotic energy source is developed.

We are already behind. The British have two research breeders operating in Scotland. France began operation of its demonstration breeder 16 months ago and is now ready to build its first commercial plant. The Soviet Union is using a breeder to generate electricity and desalt seawater at the same time. All these countries are capitalizing on a technology we pioneered.

We should be joining with Europe in the development of technological and institutional safeguards to prevent any misuse of nuclear fuels. At the same time we can assure that our own energy problems—which differ only in degree from those of Europe and the rest of the world—are not magnified by rejecting the breeder option. By one estimate breeder reactors using only the spent fuel and other uranium "tails" now stored for reprocessing could meet our current electricity demands for 500 years—the energy equivalent of all our coal reserves.

With energy-planners abroad reaffirming their intention to proceed with breeder technology, and with sentiment running against

him in Congress, it's time for Mr. Carter to regard his policy announced last May as a trial balloon that didn't fly. Nuclear fuel reprocessing and breeder reactor development need not be incompatible with controlling the proliferation of nuclear arms. They should be parallel endeavors, one a challenge for technology, the other a challenge for diplomacy. The United States can have a commitment to both.

AMBASSADOR HILL AND HUMAN RIGHTS

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. STUDDS. Mr. Speaker, I was very disturbed to receive, several days ago, a letter from Argentine Ambassador Espil informing me of some comments recently made by our former Ambassador to Argentina, Robert Hill. Ambassador Hill's comments contained several misstatements of fact, demonstrated a remarkably injudicious and myopic view of the American press, and seemed to have been intended solely to cast a personal insult toward an American woman who was imprisoned and tortured in Argentina and who had the courage not to remain silent about this fact.

I have, as a result, written to Terence Todman, Assistant Secretary of State for Inter-American Affairs, to inform him of my belief that it is improper for a foreign Embassy to be distributing this type of misleading report to Members of Congress, and asking him to convey a similar message to Ambassador Espil.

On a similar subject I believe that the following article from the Buenos Aires Herald will be of interest to my colleagues. It shows clearly why we have failed so badly in Latin America in recent years, and why we will continue to do so as long as we are represented in that area by men of the caliber of Ambassador Hill.

[From the Buenos Aires Herald in English July 2, 1977]

RETIRING U.S. AMBASSADOR ROBERT HILL LEAVES ARGENTINA DEFENDING HUMAN RIGHTS VIOLATIONS

(By James Neilson)

Former Ambassador Robert C. Hill's address to the Argentine-U.S. Chamber of Commerce in New York has been welcomed with delight among government supporters and sympathizers here. At last, they sigh to themselves, here is a man who knows what is going on in Argentina and is willing to cut through all that moralistic cant about human rights.

His statements were prominently displayed in the bigger newspapers under approving headlines. The Herald lauded him in an editorial as a "loyal and true friend of this country."

Hill clearly thinks himself a tough-minded realist who likes Argentina and wants to improve its image. This is praiseworthy. Unfortunately, the arguments he uses are of the kind that can do Argentina nothing but harm. They are the sort of arguments that would have instantly appealed to Lenin and Hitler, two other tough-minded realists who had their priorities neatly sorted out. Hill said, for example, that the battle against terrorism has proved successful "partly thanks to human rights violations." He also said—and if a leftist said it he would be accused of mounting an "anti-Argentine campaign"—that the "junta and security forces" are determined to use "whatever means are necessary" to defend their society against Marxist subversion. This is not very different from Christopher Roper's charge, which like Hill's statements was carried in Wednesday's Herald, that the Argentine military intends to eradicate subversion "through a policy of extermination."

The fact that a recently retired representative of the world's greatest country should see fit not merely to explain that in circumstances of enormous stress some men commit abuses that in normal times would be completely inexcusable, but to justify such abuses on the grounds that they help in the war against terrorism, is chilling, to put it mildly. It is one thing to understand how a policeman or army officer who has lost a relative or comrade can do evil things to real or suspected terrorists, quite another to approve a policy of using "whatever means" seems likely to effective, especially when, as Hill well knows, the abuses he is justifying are not merely abritrary arrest or the occasional roughing-up, but sadistic torture and mass murder.

Bleeding hearts and people obsessively concerned with the nation's reputation abroad may be appalled by Hill's "defense" of the Argentine Government—a defense about as effective as saying, in another context, "yes, I know he beats his wife, but he feels he has to"—but hard-nosed pragmatists with splinters of ice in their hearts have no cause for rejoicing either. The war, it is worth remembering, is against terrorism, not just the current generation of terrorists. The objective is to bring terrorism, leftist and rightist, to an end, or at least to contain it within reasonable bounds, not merely to wipe out all the members of the terrorist organizations. There is no logic at all in using methods that will leave such a legacy of hate and revulsion that the next generation of terrorists to arise will prove even more vicious than the last. The insurrectionist dream which has haunted so many young people in recent years, with tragic and terrible consequences, cannot be destroyed with violence alone; quite the contrary, the dream feeds on violence; especially on illegal violence.

Hill's "pro-Argentine" address included a tacit accusation that must be refuted. According to him the abuses of human rights that have occurred here were not the work of marginal groups of demented individuals or of members of the security forces at the end of their tether because of terrorist atrocities, but were the results of a deliberate government policy. This is damaging enough to deserve an official denial.

One of the wickedest slogans ever coined is: "The end justifies the mans." Any end any means. This assumption lies behind the hideous moral relativisms that have multilated man's recent history. It is deeply etched on the mind of every terrorist and is used to justify all the countless crimes of international communism. To ex-ambassador Hill it is obviously good, robust common sense.

If Argentina is to emerge cleansed from the ordeal of the last few years, discipline will have to be imposed not merely in the economy, in political parties, and among taxpayers, but discipline must also be imposed in the security forces as well. The number of peope involved in free-lance anti-terrorist activities is, one prays, more restricted than Hill seems to think. As the government itself agrees, these people must be brought to heel. They have not merely broken the law the government must uphold if anarchy is to be kept at bay, but they have also committed grave offences against the military code no army (or police force) that prides itself on its professionalism can possibly fail to punish with all the rigour military ethics demand. In a war between civilization and savagery, civilized standards must prevail on the civilized side. Otherwise we are in an anteroom to hell.

NEW TEAMSTER TRUSTEES FOLLOW OLD BOSSES

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. PICKLE. Mr. Speaker, the 10-year extension by the trustees of the Teamster Central States Health and Welfare Fund of a contract with the controversial Allen M. Dorfman is a slap in the face of Government investigators and is an outrage against the people who depend on this fund.

The Government should not tolerate this action. The trustees who perpetrated this action are the same so-called new trustees placed in office because of Government demands that Teamster President Frank Fitzsimmons and all other trustees resign. The newcomers were to put the fund on a more straight and narrow path.

The new trustees' action makes a mockery of this contention, and upholds a statement I made last fall that the change-over of trustees was less than cosmetic, and that it could be only a reshuffling of players in the same uniforms. The Department of Labor said in the New York Times, October 30, 1976, when the first set of new trustees came on board, "it would wait and see how the new board acted before passing judgment."

We have waited, and we have seen.

If there is another side to this other than what meets the eye, the trustees or the Labor Department should make that known immediately. Otherwise we must accept this development at its face value—as a continuation of the old insider deals.

In that case, I call at the very least for a complete resignation of the new trustees, and if that does not do the trick, then we should find a new set, and we should continue to press this matter until we get a group of trustees who will place the benefit of fund participants above the benefit of cronies and crooks.

The Labor Department should step up its investigation immediately and the Internal Revenue Service should assess what powers it has to remedy this reprehensible situation.

I include here a copy of an article from today's Wall Street Journal outlining the trustee's action:

[From the Wall Street Journal, July 25, 1977]

TEAMSTER FUND TRUSTEES EXTEND CONTRACT OF CONTROVERSIAL BUSINESSMAN DORFMAN

(By Jim Drinkhall)

In the midst of a massive federal investigation into alleged wrongdoing within the Teamsters union, the trustees of the union's Central States Health and Welfare Fund voted last Tuesday to extend a 10-year multimillion-dollar insurance contract with controversial businessman Allen M. Dorfman.

Mr. Dorfman, 54 years old, for years the symbol of the influence of organized crime

in the union, has served time in prison for his part in defrauding the union's pension fund.

The surprise action comes during an almost two-year investigation by a special Labor Department task force into the activities of the related but separate Central States Pension Fund. It also comes at a time when the Teamsters union has been trying to polish its tarnished image with a nationwide public-relations campaign.

Earlier this year, the Labor Department forced a housecleaning at the pension fund that resulted in the forced resignation of all the fund's longtime trustees, including Teamsters chief Frank Fitzsimmons, and placement of the management of the unit's $1.4 billion in assets with Equitible Life Assurance Society of the U.S. Six trustees of the 10-man pension fund board serve as trustees of the health and welfare fund.

Some labor observers see the action as an attempt by the trustees to head off any Labor Department demand that Mr. Dorfman's contract not be renewed. One lawyer said: "They wanted to hand the Labor Department a fait accompli. Under the law (the 1974 pension fund law, which also covers the health and welfare fund), they probably don't have any remedy . . . except for a drawn-out lawsuit."

Last week, a Labor Department spokesman told a congressional committee that the task force had turned up evidence of what press reports have alleged for years: namely, that the Central States Pension Fund has loaned money to organized crime figures. This week, the labor task force is starting a similar investigation into the workings of the health and welfare fund.

TITLE IS "CONSULTANT"

Since the 1950s, Mr. Dorfman has been a key figure at the pension fund, though his title always was "consultant." A complex of insurance agencies he controls is based on the second floor of the funds' Chicago headquarters building. The companies placed hundreds of millions of dollars in insurance coverage for the membership until the fund became self-insured last year. The Dorfman companies retained the business of servicing the coverage, mainly the processing of claims.

Though he has been indicted four times in connection with Teamsters activities, he has been convicted only once. In 1972, a jury found him guilty of conspiring to accept a kickback to facilitate the granting of a fund loan, and he was sent to prison.

According to documents filed with the Recorder's Office in Clark County, Nev., Mr. Dorfman currently is involved in business deals with three of the trustees who were recently forced out of the fund: Donald Peters, a Chicago Teamster official, and Albert Matheson and Thomas J. Duffey, trucking industry lawyers from Detroit and Milwaukee, respectively.

According to various corporate and public documents Mr. Dorfman also is involved in business deals with pension fund borrowing Jay Sarno, owner of Circus Hotel and Casino, Las Vegas; Calvin Kovens, a Florida contractor, and Zachary Strate, a developer. Messrs. Kovens and Strate have been convicted of pension-fund fraud.

The action approved unanimously by the six trustees came about at a special meeting at the fund's hearquarters in Chicago last Tuesday, according to sources at the union.

TEN YEAR EXTENSION

In the agreement, the insurance-service contract of Mr. Dorfman's flagship company, American & Overseas Inc., due to expire in February 1978, was extended another 10 years. The terms are that the company will be paid about $6 million a year for handling the claims filed by the 200,000 members, plus a formula for additional money, depending upon various factors.

According to sources familiar with the agreement, there isn't any provision to allow the health and welfare fund to inspect Mr. Dorfman's books to determine the accuracy of the claims he says he is handling. The lack of this control has particularly nettled Daniel J. Shannon, executive director of both funds who has tried in the past to get the fund to switch its business from Mr. Dorfman.

Following inquiries of both the fund and the government, two trustees say that Mr. Fitzsimmons called them to say there would be an emergency meeting of the trustees today on "the Dorfman deal."

Mr. Fitzsimmons technically hasn't any connection with either fund, and shouldn't have any say in its operation. But sources at the fund say Mr. Fitzsimmons and Teamster official Roy L. Williams, another ousted trustee, may have been lobbying all year for a renewal of Mr. Dorfman's contract. Sources in Mr. Dorfman's office say he and Mr. Fitzsimmons are in touch by telephone "five or six times a week; sometimes three and four times a day."

"DON'T KNOW NOTHIN' "

Mr. Fitzsimmons, reached at his home over the weekend, said: "I don't know nothin' about the fund because I'm not a trustee." Advised that two trustees had said he'd been in contact with them about Mr. Dorfman's contract, he commented in an obviously outraged voice: "They're G. . D . . liars."

Robert Billings, a spokesman for the fund, said he didn't have any information that would enable him to comment. Trustees of the fund either couldn't be reached for comment or refused to allow their names to be used.

Neither Mr. Dorman nor his two insurance partners would discuss the contract renewal.

At the Labor Department, a spokesman said it couldn't comment on any continuing investigation.

DOD SWITCH HURTS PEOPLE

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

[From the Navy Times, June 6, 1977]

NEW DOD PLAN PUTS PEOPLE IN BACK SEAT

(By Brig. Gen. J. D. Hittle, USMC (Ret.))

(The author, a frequent contributor to Navy Times, is a former Assistant Secretary of the Navy for Manpower and Reserve Affairs. He is the author of History of the Military Staff, and has been closely associated with Defense Department reorganizations since being a congressional adviser on the National Security Act of 1947.)

Military people are finding out just how important they are in 1977. They are being put on the same administrative shelf with dry docks, paint brushes and gasoline cans.

That's the message in the Defense Department's reorganization of the duties of some of the Assistant Secretaries.

Of course, the reorganization doesn't spell out downgrading of the fighting man and his family in such pointed terms. Maybe it didn't even intend such a disheartening result. Intended or not, that's what the reorganization really says.

Here is the essential element of the change! Under the recent system there was an Assistant Secretary of Defense for Manpower and Reserve Affairs. There was also an Assistant Secretary for Installations and Logistics. This provided for personnel—or people—to be the specific concern of an Assistant Secretary. Installations and Logistics—which is basically hardware—also was under an Assistant Secretary. This sensible and workable organization also prevailed in the secretariats of the Department of the Army, Navy, and Air Force.

Reorganization will change much of that. The strange combination of people and hardware under the same Assistant Secretary means a lot of things, none of them encouraging to active, Reserve, or retired fighting men and their families.

(At the time of writing this article it was not clear that the Army and Air Force would follow the Navy example of combining its Assistant Secretaries of Manpower and Reserve Affairs and Installations and Logistics, as DOD did.)

Thus, no longer will service people's interests, hopes and problems be the sole concern of an Assistant Secretary. That will be changed by placing people in the same mixed administrative bag with hardware.

Under the reorganization, people problems will have to compete with hardware and material for the attention, understanding and time of the same Assistant Secretary. At least some of the time, people will come out second.

The plain, practical fact of the matter is that if the Assistant Secretary, as he of course will, tries to do a proper job for both people and hardware he won't have the time to do what he is trying to do.

The reason? If a Personnel Assistant Secretary takes the interest he should in the people for whom he is responsible, there are never enough hours in a day for him to do all he should. People problems are continuing and never ending. The people job of an Assistant Secretary is never done. If it is, then he hasn't been doing the job properly.

The responsibilities and workload of an Assistant Secretary for Installations and Logistics—the hardware job—are also tremendous. Few, if any, material managers in industry have anything approaching the diversity and immensity of the inventories and functions for which the Assistant Secretaries of Installations and Logistics in the military departments are responsible as Presidential appointees.

It would indeed be a rare Assistant Secretary who could handle the combined people and hardware workloads and give the detailed personal attention to military people that they deserve This means that the load will be so heavy that sheer necessity will force the delegation of functions and authority to administrative subordinates. That might work for such things as oil drums and truck tires, but it is not the direction that people matters should be taking.

The serviceman deserves better than to have attention to his professional destiny and his family's welfare tossed downward from the Assistant Secretary level toward an increasingly faceless bureaucracy.

There was vast virtue in servicemen knowing that they were so important in the eyes of the government they serve that there was in the Army, Navy, Air Force and even at the Department of Defense level, an Assistant Secretary, appointed by the President, confirmed by Congress, charged by law with supervision of people matters.

Of course, it will be explained, under the reorganization there will still be an Assistant Secretary for people. At the Department of Defense level he might, according to reports, be an Under Secretary. But, along with people, he will have hardware. So, the people have to share their own top official with in-

animate, unthinking things. Anyway the proposal is looked at, it still comes through clear and loud that the attention and identity the service people have had with their own Assistant Secretary is now to be diluted and mixed with hardware.

This inescapable aspect of the reorganization raises another question: The timing of the proposal.

At the very time that service people are being told by high DoD authority that they are the most important part of our defense organization, the new set-up downgrades their relative importance and administatively equates people with materiel.

This is a pretty big difference between verbal assurance and executive action. And it's not the kind of stuff of which high morale is made.

Another point is to the timing of the proposal: It comes right at the time that the nation has real, king-sized military personnel problems on its hands. The volunteer force is in trouble; retention of the high-caliber persons needed in the career force is a serious problem; awol rates are too high; a military union is more than a possibility, and the ground Reserve personnel situation is at "a disaster" point.

So, at the precise time the personnel crisis requires undivided attention, the attention is going to be divided. In justified amazement, one can ask: Is that the way to handle the nation's military manpower crisis? Even a member of the "personnel management cult" should be able to answer this one!

From the standpoint of organization, the plan is baffling. It runs squarely against the accepted, workable, basic categories of military function. This is not to say that the Pentagon's civilian secretarial organization should strictly follow military staff organization and functioning. To do so would militarily be unwise from the standpoint of administrative efficiency and governmental policy.

But the practical fact does exist that over a long period of time, military activities have, in the development of U.S. staff organization, been sorted out into practical working categories. U.S. staff organization evolved essentially into personnel, intelligence, operations and logistics sections. Special circumstances frequently added additions and variations.

Personnel—the people section—earned recognition as a distinct organizational function for a very basic reason: the importance of people. Logistics—the materiel section—became a distinct staff section because of the importance and magnitude of the supply function.

Thus combining people and hardware under one Assistant Secretary clashes with accepted organizational doctrine. This could well short-circuit and impede smooth civilian-military working relationships in the Pentagon.

Before these changes, there was a recognizable parallelism in organizational structure between the Assistant Secretaries of Manpower and Reserve and the top uniformed staff organizations of the Army, Navy and Air Force. This facilitated the working relationship between the Assistant Secretaries and the senior service staff chiefs with comparable areas of responsibility. Now there are, with the combination of people and hardware under the same Assistant Secretaries, a host of organizational problems beginning to appear.

Will the Assistant Secretary work directly with the military staff chiefs charged with personnel and also with the chief charged with materiel matters? Will the Assistant Secretary delegate day-to-day Secretarial-uniformed working relationships to his deputy for each type of function? Or will he meet part of the time with the uniformed staff chiefs, and delegate part of the time? How can he give personnel the continuing primary emphasis it so desperately needs? It can's have such constant emphasis unless the requirements of I and L functions are drastically diminished, and wrestling with ship construction cost over-runs is no longer a problem.

Take, for instance, the matter of the Reserve Advisory Board and the Retired Advisory Committees in the Department of the Navy. These, emphasizing concern with people problems, a few years ago were made adjuncts of the office of the Assistant Secretary of the Navy for Manpower and Reserve. The Boards consulted with him personally and reported to him directly.

With personnel now tossed together with hardware, will these boards still consult frequently and directly and have direct access to the Assistant Secretary charged by law for the supervision of people matters and now having materiel functions? If so, then the boards will have to fight against hardware for the time, maximum understanding and attention of the Assistant Secretary.

Or, now will the retired and Reserve representatives on the boards work directly on a day-to-day basis with one or more deputies under the Assistant Secretary? If so, people will have been moved a step down the Pentagon's administrative ladder.

A key issue in this bizarre decision to mix people and hardware is the essential legality of such a move. What has often in the past been overlooked, or conveniently forgotten, is that the Assistant Secretaries for Manpower and Reserve were specifically established by law. That is not the case with all the other Assistant Secretaries. In so recognizing the importance of people in the military, Congress underlined its concern by establishing an Assistant Secretary in DoD and the Army, Navy and Air Force and clearly designated him as the one with supervision of people matters—specifically Manpower and Reserve.

If it had wanted this people function combined with Installations and Logistics, it might be assumed Congress would have said so. Can this now be done by administrative order? Lawyers might argue the legalisms, but the serviceman can come up with a simple heartfelt answer: Congress wanted the serviceman to have an Assistant Secretary charged with people problems. If Congress wanted people and hardware mixed up under one Assistant Secretary, it could have written the law that way.

Nor should the Reserves be overlooked. An Assistant Secretary for Manpower and Reserve is a key feature of the Reserve Activation and Revitalization Act of 1967.

Of course, different servicemen will react differently to the change downgrading their relative importance so they appear to rate along with hardware. Some will react with a flash of anger, some with amazement, some with dismay. Probably most, on reflection, will just feel sad that they—the fighting man and his family—are lumped together with unfeeling materiel items as "resources."

There are some ways to cancel this strange idea. Congress could do it by law or persuasion. The President can revoke it. Both should so act to underline the eternal truth: Hardware can make a nation strong, but only the fighting man can make it safe.

A REPORT ON THE SECURITY CLASSIFICATION SYSTEM

HON. RICHARDSON PREYER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. PREYER. Mr. Speaker, on July 6, the Interagency Classification Review Committee, charged by Executive order with oversight of the security classification system, sent its annual progress report to the President.

Without attempting at this point to evaluate any of its findings, I simply wish to include in the RECORD at this point the highlights of this report, as prepared by the Interagency Committee.

The Subcommittee on Government Information and Individual Rights, which I chair, is in the process of evaluating the work of the Interagency Classification Review Committee, and the operation of Executive Order 11652, which established the present security classification system.

The text follows:

INTERAGECNY CLASSIFICATION REVIEW COMMITTEE 1977 PROGRESS REPORT

HIGHLIGHT SUMMARY

Since early 1972, classification authorities have been reduced from 59,316 under EO 10501 to 13,976, a 76 percent reduction. During 1976, a five percent reduction was achieved.

Examples of significant reductions made in classification authorities include: AID—from 1389 to 238 (83%); CIA—3500 to 1864 (47%); Commerce—7745 to 36 (99%); DOD—30,542 to 4265 (86%); Executive Office of the President—473 to 90 (81%); GSA—866 to 23 (97%); NASA—109 to 31 (72%); State—5435 to 1633 (70%); Transportation—349 to 6 (98%); and Treasury—699 to 105 (85%).

Departments reported a 65 percent reduction in the number of unauthorized disclosures in 1976.

Departments experiences a 90 percent increase in the number of requests for declassification review under EO 11652 during 1976. This involved the review of nearly 850,000 pages of classified material.

Eighty-six percent of all requests for declassification review acted upon by Departments in 1976 were granted in full or in part; only 14 percent were denied in full.

Over a four year period less than 3 percent of the requests for declassification review submitted to Departments have been appealed to Departmental Review Committees and less than 0.6 percent have reached the ICRC appeal level.

During 1976 Departments achieved a 19 percent reduction in the number of Top Secret classification actions. Departments making the greatest overall reduction in classifications actions during 1976 include: AID—28 percent; ACDA—44 percent; Export Import Bank—27 percent; FCC—81 percent; NASA—28 percent; and OPIC—32 percent.

A comparison of the use of the various classification categories during 1976 with the results of 1975 shows 0.4 percent less of the material being classified is being assigned as Top Secret, 3 percent less as Secret, and 4 percent more as Confidential. Since 1972 there has been a 22 percent greater use of Confidential, the least restrictive category.

In most Departments 75 percent of documents classified are being placed under the automatic declassification provisions of the General Declassification Schedule (GDS); one percent are being declassified in advance of the time limits of the GDS; and only 24 percent are being exempted from the GDS.

In 1976 the ICRC started full implementation of a program of detailed on-site reviews of Departmental information security programs. These have become the core of the Committee's oversight function and have provided the members with detailed information about personnel, organization and procedures within the Departments. During 1976 there was a 153 percent increase in the numbers of reviews conducted by the staff. It is projected that over 210 program reviews will be conducted in 1977.

Departments made vast improvements in their own monitorship and inspection systems. This contributed to more accurate reporting of data and more effective control over classification/declassification irregularities.

Since 1972, nearly 200 million pages of official records have been declassified under the National Archives and Records Service (NARS) declassification program. Review of World War II material is 98 percent complete. In addition, Departments declassified millions of pages under separate programs. For example, DOD elements reviewed over 29 million pages in 1976 of which 97 percent were declassified.

AMERICAN FESTIVAL OF YOUTH ORCHESTRAS

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HOLLENBECK. Mr. Speaker, it has been our pleasure here in Congress to welcome the First American Festival of Youth Orchestras to Washington, D.C. As a Representative from New Jersey, I was particularly pleased to hear a performance of the Bergen Youth Orchestra at the Carter Barron Amphitheater as part of the festival. The American Symphony League and the Youth Symphony Orchestra Division in cooperation with the National Park Service cosponsored the program in an effort to bring greater recognition to these fine young musicians.

The Bergen Youth Orchestra was organized in 1968 and has now grown to include performers from 35 communities around Bergen County, N.J. Their performance in the Capital demonstrated how talented our young musicians are today. Pieces by Mahler, Dvorak, and Beethoven were heard and well received by the audience. The Youth Symphony Orchestra Division has hopes that the festival will become an annual affair.

Mr. Speaker, I would like my fellow Members of Congress to join me in welcoming this fine group of musicians, and in extending to them an invitation to return again next year.

OKLAHOMAN BECOMES BOR DIRECTOR

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. JONES of Oklahoma. Mr. Speaker, I would like to call to the attention of my colleagues the recent appointment of Mr. Chris Therral Delaporte, of Oklahoma, as the new Director of the Bureau of Outdoor Recreation.

Mr. Delaporte comes to his position with a solid background in local, regional and State parks and recreation administrative experience. He developed an outdoor recreation experiment station in north Georgia, and was instrumental in the initial recreational planning of Georgia's Chattahoochee River. He served in 1970 to 1972 as the executive director of the North Georgia Mountains Authority. In 1972 Mr. Delaporte returned to his native State of Oklahoma to become the director of the Division of State Parks, a position he held until 1976. Current with his State parks responsibilities in Oklahoma, Mr. Delaporte served as the State liaison officer to the Bureau of Outdoor Recreation and for 3 years he was the executive director of the National Association of State Outdoor Recreation Liaison Officers—NASORLO.

I would like to call to the attention of the members Mr. Delaporte's swearing-in remarks and particularly note his emphasis on urban recreation. Tulsa, Okla., is one of the 17 study areas being studied by the Bureau of Outdoor Recreation for purposes of determining the needs of urban citizens for recreation close to home.

It is particularly encouraging to me to see a person with Mr. Delaporte's experience at the local and State level assuming responsibilities as Director of the Bureau of Outdoor Recreation, because I have every confidence he will strive to give us a balanced recreation policy and program for all of our citizens, and I am particularly grateful that he has already demonstrated his desire to pay particular attention to the question of urban recreation, as was requested by the Congress when in its wisdom it mandated the bureau to study and report on that subject.

I would like to call my colleagues' attention to Mr. Delaporte's swearing-in statement as given below:

CHRIS THERRAL DELAPORTE'S REMARKS UPON BEING SWORN IN AS DIRECTOR, BUREAU OF OUTDOOR RECREATION

Mr. Secretary and Assistant Secretary Herbst, thank you for reposing in me your confidence by appointing me Director of the Bureau of Outdoor Recreation.

I would also like to express my appreciation to others who helped me along the way, and made this opportunity possible. Most notably, I would like to thank my mother and father—two good and generous people who disciplined me and gave me values which motivate me still. Much of what I stand for today is attributable to their early and formative guidance. I hope I can repay them in this position by remembering the elementary lessons they taught me, and by never letting them down.

And there are others—many in the audience today—whom I owe a great deal. They also helped me along the way. They inspired me. They pressed me. They caused me to strive for my potential. Particularly, but not exclusively, I want to recognize Claudia and David Hales—friends extraordinaire—who through times over the past 6 years have been my professional associates, and most often my guide posts toward being a better public servant.

This is the appropriate time to declare myself—to say what I stand for, to espouse what my tenure as Bureau Director will be about.

First, Mr. Secretary, I want the Bureau to have your confidence. I want you to feel the reliability of a Bureau at your command that can fashion for the President and you a range of policies, programs, and projects that will guarantee recreation as a right for all Americans, not a privilege of the few.

Second, I want you to know that I am a constitutional and fiscal conservative. I do not believe recreation can be a right for all Americans if the full responsibility for insuring that right rests solely with the Federal Government. An objective of my administration will be to give you options and alternatives which insure a shared responsibility and joint roles among Federal, State and local governments, in providing recreation for our people.

Third, I believe the Federal Government should be the prime leader in the field of recreation for our Nation. This is our rightful role. But I do not mean the leader in a presumptuous, dogmatic or arbitrary way—I mean the leader by the best example, within and among her own institutions. To use a phrase of the day, if we can't "get our own act together"—if our performance can't be so compelling and exemplary in all that we do—let us never make a demand, promulgate a regulation, issue an order, or withhold a favor from State or local government that otherwise we would not do unto ourselves. This I call the principal of equality. It is, perhaps, our greatest challenge as an administration because it presumes no notion of superiority of the Federal Government over State and local governments. But, Mr. Secretary, as I said, it imposes upon us a great responsibility—let us not ask of our counterpart governments what we will not ask of ourselves.

Fourth, the principle of equality implies minimum standards of quality effort—at all levels of government—to insure that all our people enjoy recreation as a right. The role of the Federal Government in this regard is to formulate policies, principles and objectives—against measured national conditions and circumstances that address the deficiencies of our recreation estate—to recommend funding programs, and yes, incentives and requirements that cause, in a common sense way, our Nation to meet a basic human need: Recreation.

Also, Mr. Secretary, I would like to depart from the general observations I have made and comment on one specific area of interest—urban recreation. Most of our people live and work in urban areas. The movement of our citizens to urban centers has gone on unabated since the founding of our country, when only 2 percent of our people lived in our cities. Today approximately 70 percent of our people live there. The campaign at all levels of government and the private sector to make our towns and cities good places to live has gone on in an accelerated way since the early 60's. The job is far from complete, but no less compelling. Our challenge is to be a vital part of that effort, not apart from it. To do that we are going to have to have an urban recreation policy—a national set of goals and objectives—which will cause us to use all tools at hand, to see that neighborhood parks become synonymous with the reputation and quality of our National Parks.

Finally, Mr. Secretary, permit me to close with this little story. A State Senator in Georgia once admonished me for spending taxpayers money to teach children to swim. He said the way the Navy taught him to swim was to throw him overboard. I responded that there were three things we didn't know when we taught a youngster, or anyone for that matter, to swim: We didn't know if he/she would save their own lives, or someone else's; we didn't know if we were giving a person a positive recreation value they would use the rest of their lives; and we didn't know if we were taking the initial steps toward earning our country a gold medal. We didn't know those things because recreation—at any point in time—is an investment in human potential.

The dividends from this investment unfold throughout a person's life and weave themselves into the total fabric of our society.

So, I believe, Mr. Secretary, that recreation

well done can influence to the good all else that we do.

That will be my credo, my philosophical pledge to you. And when our time at bat here in Washington has passed, I hope we can look back with pride and say in our time it became accepted that recreation be a legitimate function of government and that we committed our Nation to the principle that recreation is a right for all our people.

Thank you.

JEWISH COMMUNITY COUNCIL SUPPORTS LEGISLATION ON HOME RULE

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. EDWARDS of California. Mr. Speaker, on August 3, hearings will begin on the constitutional amendment for full congressional representation for the District of Columbia.

The Jewish Community Council, representing over 180 affiliated Jewish organizations, has issued the following statement in support of the legislation:

STATEMENT ON H.J. 139 BEFORE THE SUBCOMMITTEE ON CIVIL AND CONSTITUTIONAL RIGHTS, HOUSE JUDICIARY COMMITTEE, JULY 25, 1977

The Jewish Community Council of Greater Washington, the representative and coordinating body of over 180 Jewish organizations in Maryland, Virginia, and the District of Columbia has, for more than 25 years, endorsed and advocated the principle of full home rule for the District of Columbia.

The Jewish Community Council believes that one of the fundamental rights of American citizenship is the right of every citizen to elect his or her own governmental representatives. The Council further believes that such representation for citizens of the District of Columbia should be the same as that of all other American citizens.

However, in the District of Columbia—a city which serves as a world-wide symbol of freedom and democracy, as well as the seat of representative government in the United States—citizens are denied the right to elect, and thereby hold accountable, their national representatives.

Although Article I, Section 8, of the United States Constitution provides that the District of Columbia will be the "exclusive legislative jurisdiction" of Congress, nowhere does it provide for the denial of Congressional representation for the District's citizens. There is strong evidence that this denial is the result of historical oversight—the framers of the Constitution simply did not envision the growth of the nation's Capital into the major city it is today.

Moreover, in Federalist Paper No. 43, James Madison referred to the necessity of providing for the "rights and consent of the citizens" who were to inhabit the Federal District. In the same passage, he asserted in principle the right of federal district residents to have a "voice in the election of the government which is to exercise authority over them".

There are ten states (New Hampshire, Idaho, Montana, South Dakota, North Dakota, Delaware, Nevada, Vermont, Wyoming, Alaska) with fewer residents than the District which have a total of 34 Members of Congress. On a per capita basis, there is one voting Member of Congress for every 143,000 citizens in those states, compared to one *non-voting* Delegate for the 750,000 citizens in the District of Columbia. To compound this irony, tax receipts from District residents represent a high proportionate share of federal revenues—a clear example of taxation without representation.

Citizens of our nation's capital are required to assume all of the obligations and responsibilities of citizenship. Yet, they are denied the concomitant privileges and benefits of such citizenship. America was founded on the principle that each citizen should have a voice in the direction of government. Government was to draw its power from the consent of the people. Our country has extolled the virtues of our democratic system throughout the world, yet the District is not represented in our own national legislature. Of course Washington, D.C., is a unique city. It is the seat of the Federal Government and the setting for numerous national monuments. Too often, however, the 750,000 people who make their homes and live their lives here have been forgotten as they have repeatedly been denied voting representation.

Since 1800, voting representation for the District of Columbia has been considered 23 times. Support for voting representation has been bi-partisan and every President since 1915 has made a public statement in favor of it. More recently, both the national Democratic and Republican Party platforms have advocated voting representation for the District.

H.J. 139 is an indispensable first step to providing District residents with the opportunity to elect national representatives. We commend Congressman Fauntroy for introducing this legislation and urge its adoption by the House Judiciary Committee. The Jewish Community Council of Greater Washington is most grateful for the opportunity to reaffirm its support for full voting representation for District residents. We have long believed that the right to elect representatives is the heartbeat of democracy. Without it, democracy rings dull, lifeless and ineffective.

Submitted by
JEWISH COMMUNITY COUNCIL OF GREATER WASHINGTON.

TWO COUNTIES PROVIDE EXAMPLE FOR NATION

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. SIMON. Mr. Speaker, because we often hear only of the misuses of Government money, I would like to share with my colleagues an example of the wise use of Government funds. We should all take note when we hear about programs as successful as this one, so that we can establish similar programs in the future.

On July 17, 1975, the Soil and Water Conservation District of Pulaski and Alexander Counties—counties with high unemployment—in southern Illinois received a $720,000 grant under title X of the job opportunities program. The money was to be used for work on levee repair, park improvement, and other projects of a similar nature. The grant stipulated that no more than 25 percent of the funds could be spent on material, and the program must employ at least 90 people for 900 man-days.

To administer the program, a steering committee of local people was appointed. The members were Donald Holshouser, William "Witz" Colyer, Leland Shafer, Joe Moss, Louise Ogg, Elaine Bonifield, Lon E. Ogborn, Harold Nelson, Leon Russell, Tom Webb, Helena Holmes, and Jess White. Their alternates were: Genivia Shafer, Claudia Nelson, Lester Picket, and Mary Abercrombie. In addition, William Rouse was chosen to be the administrator; Tom Bridges, the office manager; Robert Pobenson and Max Ambler were field supervisors; Imoludene Baker was secretary; and James Webb and Rex Adams were the program assistants. Expert advice was obtained from Paul Rubenacker, Jerry Johnson, Joe Newcomb, Dale Mowery, Bill Taake, Michael Lipe, Henry Schnaare, Miles Hartman, Ralph Gibson, Richard Grigsby, Warren Bundy, Dennis Thornburg, and Jerry Caldwell. All of the people associated with the program came from local communities.

The steering committee received 60 project proposals, from which they selected 31. The choice of projects was reviewed by the Soil and Water Conservation District.

The field workers were paid $3 per hour, and they received a 25-percent increase after 30 days employment. Crew chiefs were paid $4.25 per hour, but they had to supply a truck or a car with which to haul supplies, parts, and water for their men. The office manager was paid $10,000 per year; the field supervisor, $12,000; the administrator, $15,000; the program assistant, $10,000 per year; and the secretary $3.50 per hour.

Edward O. Pawlisch, of the Soil Conservation Service, described some of the projects that were completed under the program:

The nonprofit Egyptian Recreation Center in Tamms is used by about 100 teenagers every night. The project included a new storage area in the gym, and a cold mopping of the roof. The entire town has benefited from the improvements which cost only $102 for material and $485 for labor.

Another project involved the cleaning of 56 cemeteries. Brush, weeds, and trash were removed, a bridge was built over a ditch at the entrance to a cemetery, and the location of each of the graves was recorded. The project involved $46,283 in labor and $254 in material. Local residents have taken the responsibility for the upkeep of the cemeteries.

Three hundred and fifty-two dollars in labor was spent to clear debris on the Len Small levee. The debris was left there by high water on the Mississippi River.

Roosevelt Pavilion, a bandstand in St. Mary's Park in Cairo, was beginning to collapse. Money was raised for the lumber and the paint, Levill's Pest Control treated the building for termites, Cairo-Egyptian Adult Center did the carpentry and foundation work, Burkart Corp. put a new roof on the pavilion, and the title X project did the painting. Because of the excellent cooperation from the community, the project required only $455 from the title X money.

The Soil Conservation Service made several conclusions about the program:

First. A Soil and Water Conservation

District can administer and make a program, like this, successful.

Second. Complicated guidelines are not necessary.

Third. Administrative costs can be kept to a minimum. The administrative costs were held to 10 percent of this project.

Fourth. Local people are eager to cooperate with projects like these.

Fifth. "Hardcore" unemployed can be turned around. Many found that they did not mind working, and they preferred to work for their income rather than have it given to them. They worked as a team and became proud of their work.

The title X grants of the job opportunities program and the people of Alexander and Pulaski Counties have shown the value of programs like this. Not only did this program take people off of the welfare rolls and give them work, it also helped the economy of a depressed area and made many worthwhile projects become a reality.

I want to publicly congratulate all of the fine people who helped make this program a success; they did an exemplary job. I am proud to represent them in Congress.

GREENSBORO WOMAN NAMED HANDICAPPED WINNER

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. FLOWERS. Mr. Speaker, for a long time we in west Alabama have followed with much interest and admiration the remarkable accomplishments of Evelyn Anderson of Greensboro—a woman who has achieved great success in her profession despite an enormous handicap.

Miss Anderson, who has been paralyzed most of her life, has earned a master's degree, has taught several subjects in high school and now is a guidance counselor at Greensboro High School.

Last year she was named Alabama's outstanding school counselor by the State's association of guidance counselors, and recently she was selected as Alabama's 1977 Professional Handicapped Woman of the Year.

Miss Anderson was the subject of a recent article in the Birmingham News, and I offer excerpts of it for inclusion in the RECORD:

GREENSBORO WOMAN NAMED 1977 HANDICAPPED WINNER

(By Lib Bird)

GREENSBORO.—It was Christmas Eve morning in 1930 and 4-year-old Evelyn Anderson woke up tingling with visions of Santa Claus and toys in a home filling to the brim with the holiday spirit. But by the next day all such thoughts would be gone from her mind.

Her mother was busy around the house; so a visiting aunt took the little girl and her older brother for a stroll several blocks down the street—the last time Evelyn would walk in her life.

It was in the upper 30s, but the sun was shining and the children playfully ran up and down the high banks of the lawns on Greensboro's Tuscaloosa Street. Suddenly Evelyn fell and could not stand up again.

Realizing that his daughter was paralyzed, Dr. T. J. Anderson, a physician himself, rushed her to a medical center in Selma. A tiny wound on the back of one arm below the shoulder was found. That led to the discovery of a bullet lodged in her spine.

There had been no sound of gunfire when the little girl fell. However, on that same street, a man found a hole through the coal scuttle he had been carrying. A washwoman discovered holes in the clothes she had toted atop her head along the Tuscaloosa Street.

Later, a seven-year-old boy told of being with a young neighbor when the youth tried out his father's rifle.

After a long stay in the Selma hospital, Evelyn returned to Greensboro and her family But she was to spend the rest of her life reclined in a wheelchair (she cannot sit erect).

Forty-seven years later, Miss Anderson is Alabama's 1977 Professional Handicapped Woman of the Year. She also is one of 20 nominees for the national award cosponsored by the President's Committee on Employment of the Handicapped, Pilot Club International and Sears, Roebuck and Co.

Now a guidance counselor at Greensboro High School, she claims she was rehabilitated by love. "I came along before the days of rehabilitation centers," she said. "I was rehabilitated by love— the love of my family, the people of Greensboro and really by the love to everyone whom I have known through the years. People are basically good and kind." . . .

The Andersons lived on a corner opposite the courthouse and the Baptist church. A retired school teacher, Miss Kate Boardman, taught a private school for Eveyln and a few others at the Baptist pastorium . . .

It was after her devoted teacher, Miss Kate, finally gave up tutoring that Evelyn entered Greensboro High School in the 10th grade . . .

In addition to her family and Miss Kate, Miss Anderson said one person who did a lot to rehabilitate her was Kermit Mathison. As principal of Greensboro High School, he gave her her first job. First she taught art, then Spanish, history and English. Now she has a master's degree and last year was named as the outstanding school counselor by the state association. She also will receive the Judson College Alumnae Achivement Award for 1977.

Her handicap doesn't stop her from travelling. She's been to Canada, and even took her van by ferry to Cuba before the Castro regime. This summer she's thinking about going to New York, and who knows where else beyond there in the years ahead.

FIRST TIME IN HISTORY

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Ms. OAKAR. Mr. Speaker, for the first time in history, the Apostolic Successor of the Patriarchate of Antioch is visiting our North American Continent from the Middle East. His Beatitude Elias IV, the 165th Greek Orthodox Patriarch of Antioch, has arrived in the United States to prepare for his visit tomorrow to the week-long 32d annual convention of the Antiochian Orthodox Christian Archdiocese of North America. It will be held here in our Nation's Capital as part of the Antiochian Holy Year, proclaimed in anticipation of his visit. St. George's Church, under the direction of Father George Rados, pastor, of Washington, D.C., is the host parish.

Tomorrow, it will be my privilege to have an audience with His Beatitude Elias IV, the holy man who will be joined by other Government officials and members of the diplomatic community who respect the work he has done to improve the spiritual, administrative, and economic life of the archdiocese.

The Patriarch of Antioch and All the East, the 164th successor of Saints Peter and Paul, was born in Arsoun Al-Matn, Lebanon, the son of Diab Mouawad. He received his primary education at the Monastery of Saint George Al-Harf, and continued with his secondary education at the Orthodox schools in Homs and Damascus, Syria.

In 1927, during the reign of Patriarch Gregory IV, he received the monastic tonsure. Patriarch Alexander III recognized his outstanding intellectual and leadership abilities, and in 1934 sent him to Halki Theological Academy of the Patriarchate of Constantinople. In 1939, he was graduated with the Licentiate in Theology and was swiftly appointed dean of the Balamand Orthodox Theological Seminary. By 1941, he was elevated to the rank of Archimandrite, after his ordination to the holy priesthood.

His scholastic and leadership abilities were recognized again as he was the mentor to thousands of young people at the Orthodox College of Assiyat in Damascus where he taught Arabic literature. In six years time, the spiritual needs in the Antiochian community of Rio de Janeiro, Brazil, were met by him, where he served until his election to the Metropolitan See of Aleppo, Syria in 1950.

From 1960 to 1970, he is credited with exercising his strong will and holy guidance during the crisis of the Antiochian throne, preserving the integrity of the throne.

The Holy Synod elected Metropolitan Elias of Aleppo as the Locum Tenens upon the death of His Beatitude Theodosios VI. Just 2 days after the burial of Patriarch Theodosios, His Beatitude Elias rose to the need and summoned the Holy Synod to convene at the Patriarchate in Damascus.

After tears and anguish with the death of His Beatitude Theodosios VI, the new spiritual leader, His Beatitude Elias brought joy again to the people, uniting them with their mutual bond of faith and trust.

To His Beatitude Elias IV, who makes this inspiring visit to our country, I issue a warm and sincere welcome, knowing his visit will be a blessed one for those of us who will be fortunate to be graced by his presence, and for the future generations who will know it is his visit that truly spurs reflection in this the Antiochian Holy Year.

May I parenthetically add, that just as my own later Mother was baptized in this dignified and Holy Church, and just as I have special reverence for my own dear mother and her memory, so too do I revere the presence of His Beatitude Elias IV.

CONSUMER PROTECTION AGENCY

HON. BOB ECKHARDT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ECKHARDT. Mr. Speaker, the House will soon be voting on legislation to create a Consumer Protection Agency. There has been considerable debate, both pro and con, about this legislation during the last few months. Unfortunately, the debate has for the most part focused on abstract ideas, and we have lost sight of the very basic human issues involved. The Agency for Consumer Protection will be a champion for the poor, disabled, and the minority consumers who lack the clout and the know-how to deal with Washington agencies.

In order to focus our debate onto the human issues, I would like to insert in today's CONGRESSIONAL RECORD copies of two letters which will remind us of the human rights involved and the individuals so much in need of the protection this Agency could give them. I think my colleagues will find these letters most instructive:

AMERICAN COALITION OF CITIZENS WITH DISABILITIES INC.,
Washington, D.C., June 1, 1977.

Congressman JACK BROOKS,
Chairman, House Government Operations Committee, Washington, D.C.

DEAR CONGRESSMAN BROOKS: The American Coalition of Citizens with Disabilities, a nationwide, consumer-based organization of fifty-four organizations of and for disabled Americans, strongly endorses passage of the Agency for Consumer Protection bill. As an umbrella group representing millions of citizens with virtually every disability, ACCD views this bill as fundamental to the ensurance and protection of our human and civil rights.

Thirty-six million Americans—one in six—are disabled by physical, mental, and/or emotional impairments. As with other minorities, disabled consumers have had to struggle to obtain inherent basic rights and services. We have had to fight for an equal opportunity in such areas as education, employment, housing and transportation. Years of delay in enacting and implementing legislation—whether Section 504 of the Rehabilitation Act of 1973 or the Urban Mass Transit Act (Transbus)—have become a norm and a tangled maze to fight through.

The consumer advocates provided under the Agency for Consumer Protection bill can effectively represent disabled consumers in many agency proceedings in which we otherwise have no voice. We will continue to fight for our rights—you can help by protecting them. We urge you to use available avenues to ensure the bill's passage.

Sincerely yours,

FRANK G. BOWE, Ph. D.,
Director.

NATIONAL DISABLED WOMEN'S CAUCUS,
Washington, D.C., June 1, 1977.

To all Members of Congress:

We petition you to vigorously support the Agency for Consumer Advocacy which will soon be scheduled for a vote by the House of Representatives and the Senate.

Congress passed legislation during the past session to establish such a needed agency but Gerald Ford's prospective veto signal blocked the bill. In spite of heavy lobbying by big business against the bill, a majority of members knew of the evidence and the consumer grievances that called for such legislation. They knew from Congressional hearings and reports how unbalanced the regulatory process is in Washington and how a consumer ombudsman with the authority to challenge these bureaucracies and take them to court will save money, lives and serve the cause of justice.

As disabled people, we know too well how helpful a consumer agency would be for preventive medicine and consumer rights. The deplorable insensitivity of the CAB and FAA, to cite just one of many examples, to our rightful travel needs, would have been challenged and overcome years ago if the Senate's overwhelming vote for the consumer agency in 1970 had carried through to law.

Ours is a growing and informed consumer movement. We are astonished to see how billions of taxpayer dollars are spent every year by federal departments to subsidize and advance special economic interests. It is time to give consumers—especially the poor, elderly, and disabled—a champion inside the Executive branch of government.

If you are going to vote for the consumer advocacy bill, we thank you. If you are not or if you are undecided, please let us know promptly so that we can reason with you in greater detail.

Sincerely,

DEBORAH KAPLAN, *Chairperson.*

CLIMATE, COAL, AND GAS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. BROWN of California. Mr. Speaker, I would like to call your attention and that of my colleagues to two articles which appeared this weekend in the Washington Post, again illustrating the need for the national climate program envisioned under H.R. 6669, the National Climate Program Act of 1977, reported in May by the House Science and Technology Committee. What is most important is that we set coherent programs in motion to examine the most serious questions relating to climatic phenomena, their impacts, and long-term climate change. The articles follow:

[From the Washington Post, July 24, 1977]

MAN'S OMINOUS IMPACT ON THE CLIMATE

(By Haynes Johnson)

In the beginning there was heaven and earth and darkness upon the deep and great lights and a firmament. Then there was man, who was given dominion over the fish of the sea and over the fowl of the air and over every living thing that moves and over the earth itself. And the Lord looked upon his creation and proclaimed, behold, it was very good.

"What may be perhaps the central environmental problem of the planet is the problem of what's going to happen to the climate," Robert M. White was saying. "The climate is really the only environmental characteristic that can utterly change our society and our civilization. We do have environmental problems, and they're serious ones, the preservation of species among them, but the climate is the environmental problem that's so pervasive in its effects on the society—whether it impacts on the production of agriculture, whether it determines the character of our energy usages, or whether it determines what's going to happen to the deserts of the world. You're dealing with what's going to happen to the earth's atmosphere, and it's so complex and has such broad impacts on society that to really get at it requires a treatment and approach that we've never been able to take in this country, let alone internationally."

White is one of our foremost weather and climate experts. For the past 14 years he's served five presidents as head of the Weather Bureau and its successor agencies, the Environmental Science Services Administration and the National Oceanic and Atmospheric Administration. A few days ago he took up a new position as chairman of the National Academy of Science's Climate Research Board.

"We have fluctuations in our weather and climate that are totally natural," he said, "that will occur without anything that man does. And then we have fluctuations in our climate which may be brought about by man's activities. Conditions like the one we're involved in now, for example, give rise to questions as to what is happening to our atmosphere, and whether we can anticipate situations like these."

Then, quietly, a reflection:

"The other part of this is what man is doing to the climate. And there are some things that are terribly, terribly intriguing. Some of them have an ominous character to them."

The headline on my desk, emblazoned across the front page, proclaims: "Cooler, Drier Air Arriving Tomorrow." It's come, and the latest alert has passed. Also scattered across my desk are piles and piles of newspaper clippings, all on the same subject. Here's one:

"AIR QUALITY HERE WORST ON RECORD

"COG extended the air pollution alert yesterday for the fourth straight day as the 90-degree temperatures and absence of wind caused automobile emissions to gather in the atmosphere at hazardous levels. 'This is the worst we've had yet,' said David Di Julio, head of COG's air resources program. "There have been four alerts since May and I expect there will be a few more. We are getting the highest index readings we've ever had.' 'The increase in car travel has made this kind of pollution worse rather than better since the 1970 Clean Air Act,' Di Julio said."

That story ran two summers ago. There's something startling about these stories printed over the last two years. It's not their writing style. They are, in the mass, virtual carbon copies, with the same phrases, same descriptions, same explanations, same warnings: Most pollution here is the result of sunlight reacting on vehicle exhaust to form ozone. (last summer) . . . And: Despite efforts by COG and EPA over the last several years, no enforceable program for limiting vehicle traffic during an alert exists. (ditto).

They are the same, but with a vital difference. The conditions they describe get worse, the stories come more frequently. One year ago last spring: The Council of Government's air pollution alert, the earliest in history, remains in effect as . . . One year ago last summer: "Area's 6th Air Pollution Alert of the Year Sets 2 Records."

And they end, always, with the same lack of results: Again, from last summer: " 'Dog Days' Trigger Record 7th Pollution Air Alert for Area."

"That's Washington in August—the dog days," a Weather Service official said . . .

Another alert? What else is new? Stagnant air? Stay inside. Trouble breathing? Tough luck.

The bite from those "dog days" gets more severe, but we wearily accept it as our reality. Mark Twain, you know: Everyone talks about the weather, no one ever does anything about it. Certainly not the government.

So here's a proposal: until we bite the dog, let's ban the news.

Robert White takes the positive view. Sure it looks bad, sure the alerts are increasing, sure the levels of pollution are rising. But look at the situation from a different per-

spective. What would it be like now if we hadn't taken even the steps we have? With population still rising, with automobile production increasing, with the numbers of car trips growing, think what the pollution would be like if we had no air quality act, no Environmental Protection Agency. "We would be in a desperate situation," he says.

But there is recent evidence that gives him pause. It now appears, from extensive research, that the levels of carbon dioxide in the atmosphere are increasing to the point that they could have a profound long-term impact on the planet, and all the life on it. "Given reasonable scenarios for the use of fossil fuels, oil and coal, over the next century, it can reasonably be anticipated that there will be a significant rise in the world temperature of the order of let's say 6 degrees," he says.

Normal changes in world temperature from year to year are very small. A half a degree would be large. A change of only a few degrees can move the earth from an ice to a non-ice age.

"So you're talking about a change that is very large," he says, "and a change that could impact everything one does in society . . . It may change the whole nature of the whole planet, and change how people live and how they interact with that planet. So you're talking about something that is really a very, very fearful thing were it to come about."

That would be a change man has created.

It is White's experience that we respond when there is fear—fear of some other government, political fear, economic fear, health fear. "We're always responding to fear after fear, and problem after problem. I call it careening from problem to problem."

Another observation: "The decay curve after disasters is remarkable. I have 14 years of experience on this and it's never failed to shock me just how fast the public reaction and concern disappear after the disaster passes."

The weather forecast for this weekend is fair. No alerts, no pollution. Live it up, or do what James Schlesinger, our so-called energy "czar," did recently, and look it up.

"I looked up the figures the other day," he said, "and in the first five days of July the motorists of America used more oil or more gasoline than the Army ground forces in the whole year of 1944. In the first two weeks of July we used more gasoline than the U.S. Army Air Corps in all of 1944. Just blowing it away in the 100 million cars we have here."

[From the Washington Post, July 25, 1977]

WORLD FACES A HEATING-UP, STUDY WARNS

(By Margot Hornblower)

If industrial nations continue to burn oil and coal for energy, the world's average temperature could increase more than 6 degrees centigrade in the next 200 years, the National Academy of Science warns.

Such an increase could have "adverse, perhaps even catastrophic" effects around the world, including dramatic changes in agricultural areas and ocean fisheries and a rise in sea level that could flood coastal cities, the academy said in a study released today.

Twenty-three scientists, among the nation's foremost experts in climate and geophysics, participated in the academy's 2½-year study. They concluded that continued reliance on fossil fuels could result in a four- to eightfold increase of carbon dioxide in the earth's atmosphere.

A transparent gas given off when coal, oil and other fuels are burned, carbon dioxide acts like a greenhouse to impede radiation of the earth's heat into space.

While scientists have long debated the greenhouse effect, the academy study is the first major federally sponsored report to take a position on the issue using specific figures.

The findings, while recognizing many uncertainties, indicate that "a reassessment of global energy policy must be started promptly because long before [200 years from now] there will have been major climatic impacts all over the world," the study says.

A comprehensive worldwide research program, costing $20 million to $100 million a year, and a national climatic council to coordinate studies on the carbon cycle, climate, population, energy demand and food production should be established, the academy said.

"Worldwide industrial civilization may face a major decision over the next few decades—whether to continue reliance on fossil fuels as principal sources of energy or to invest the research engineering effort, and the capital, that will make it possible to substitute other energy sources for fossil fuels within the next 50 years," the study said.

"A decision that must be made 50 years from now ordinarily would not be of much social or political concern today, but the development of the scientific and technical bases for this decision will require several decades of lead time and an unprecedented effort . . .

"If the decision is postponed until the impact of man-made climate changes has been felt, then, for all practical purposes, the die will already have been cast," the report said, noting that the carbon dioxide would take 1,000 years to disperse.

Carbon dioxide in the atmosphere has increased 11.5 per cent to 13.5 per cent since the Industrial Revolution began, and will have increased 25 per cent by the year 2000, the scientists estimated. They predict it will double by 2050.

About 40 per cent of the carbon dioxide from fuel burning remains in the atmosphere. The rest is absorbed by the ocean, trees and organic matter in the soil, the scientists said, adding that the rapid clearing of forests for farming exacerbates the carbon dioxide problem.

The study avoids discussion of replacements for oil and coal except to say, "No energy sources alternative to fossil fuels are currently satisfactory for universal use."

At a news conference Friday, Philip H. Abelson of the Carnegie Institute, co-chairman of the study committee, said nuclear energy involves other risks, while solar energy is impractical and costly. "One alternative is to conserve," he said.

The study assumes that world population will grow to 10.7 billion by the year 2075 and total energy consumption will increase to 5 times the current level.

Because so much remains to be learned about climate, Harvard Prof. Roger Revelle, head of the energy and climate panel which reviewed the study, said its conclusions were "very shaky." But he added, "They should be taken seriously, because a change in temperature could have profoundly disruptive effects."

Asked if the Carter administration's push to burn more coal is a mistake, Revelle said, "For the next 20 to 30 years, it is all right to use coal, provided we don't get committed to it. But we'll have to be able to kick the habit in the next century if the climatic effects turn out to be deleterious. We should look for alternatives as fast as we can."

Thomas F. Malone of the Holcomb Research Institute, co-chairman of the study committee, said, "This is a flashing yellow light to administration policy. We have to determine whether it will mean a flashing red light or a flashing green light."

The predicted 6-degree centigrade (11 degrees Fahrenheit) increase "would exceed by far the temperature fluctuations of the past several thousand years," the study said, adding that "it would be comparable to the difference in temperature between the present and the warm Mesozoic climate of 70 million to 100 million years ago."

Since the Mesozoic era, the world has experienced a gradual cooling, leading to the present glacial age which began a million years ago and is characterized by ice ages relieved by warmer periods. The most recent ice age, during which average temperatures were 5 to 10 degrees centrigrade below the present, ended 10,000 years ago, the study said.

To illustrate the magnitude of a 6-degree change, Malone pointed out that during the year 1816, when the temperature dropped an average of 1.5 degrees, snow fell every month in New England.

A 6-degree increase could mean that the corn belt would move north to Canada, the study predicts. "This wouldn't be so bad worldwide," Revelle said, "but it would be hard on the people in Iowa. Also, the soils in Canada are very poor, while Iowa soil is very good."

Rainfall would increase around the world, but so would evaporation, studies said, thus reducing any benefit from increased moisture. Arid regions, such as the southwest United States, would expand or contract, possibly making large areas unfit for farming or pastures and damaging soil and ground water.

Such drastic shifts in the location of climatic regions, changes in the relationships of temperature, evaporation, water supply, cloudiness and radiation balance would have serious effect on farming technology, cropping patterns and varieties—all based on years of experience, the academy predicted.

Food production in underdeveloped countries could be severely affected, the study found.

A warmer atmosphere would mean a warming of the upper layers of the oceans, the melting of sea ice and a rise of about 1 meter in sea level, the study says. Fish populations would drift toward the poles and, because warm water would form a lid over deep waters, inhibiting natural stirring of the oceans, marine plants would be less productive.

YOUTH UNEMPLOYMENT AND THE MINIMUM WAGE

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ANDERSON of Illinois. Mr. Speaker, this week the full House has an opportunity to act on proposed increases in the minimum wage. In so doing, we will also have the chance to enact a provision to H.R. 3744, the Fair Labor Standards Amendments, that would seek to minimize the adverse effects of the minimum wage on our young people.

There can be no denying that youth unemployment has reached scandalously high levels. The statistics have been analyzed and documented many times by myself and others for the benefit of our colleagues.

However, there is still some uncertainty on the part of some Members about the link between the minimum wage and youth unemployment. The connection has been examined by a number of studies, one of the most recent of which was performed by Temple University economics professor Walter E. Williams, for the Joint Economic Committee. Professor Williams' work is an important addition for our growing body of knowledge about youth and jobs, and

I would like to share excerpts from his report with my colleagues:

MINIMUM WAGE LAWS

Federal and State minimum wage laws are an act of governmental intervention in the labor market that are intended to produce a pattern of events other than that produced in a free market. In practice minimum wage laws specify a legal minimum hourly wage to be paid. Certain industries and worker classes are exempted from the law. Among the major exceptions are highly seasonal amusement area workers, restaurant employees who receive part of their wages in gratuities, employees in small firms (less than $500,000 in annual sales), some agricultural employees and college students doing summer work.

The debate over the desirability of the minimum wage law has continued for well over 50 years, producing little agreement between advocates and opponents. However, most economists agree on a number of issues concerning wage rates in general which can be helpful in evaluating the effects (not desirability) of governmental intervention in the labor market.

The minimum wage law raises the wage to a level higher than that which would have occurred with uncontrolled economic forces. Legislative bodies have the power to legislate a wage increase; this much is clear. But when they legislated a wage increase, have they also legislated a worker productivity increase? That is entirely unlikely. To the extent that the minimum wage law raises the pay level to that which may exceed some worker's productivity, employers will make adjustments in their use of labor. Such an adjustment by employers will produce gains for some groups of workers at the expense of other groups. Those workers who retain their jobs and receive a higher wage clearly gain. The most adverse employment effects fall upon those workers who are most disadvantaged in terms of marketable skills, who lose their income. This effect is more clearly seen if we put ourselves in the place of an employer and ask the question: If a wage of $2.30 per hour must be paid no matter who is hired, who does it pay the firm to hire? Clearly the answer, in terms of economic efficiency, is to hire the worker whose productivity is the closest to $2.30 per hour. If such workers are available, it clearly does not pay the firm to hire those whose output is, say, $1.50 per hour. Even if the employer were willing to train such a worker, the fact that the worker has to be legally paid more than his output is worth plus training costs incurred makes on-the-job training an unattractive proposition.

The impact of legislated minimum wages can be brought into sharper focus if we ask the distributional question: Who bears the burden of legislated minima? As we said earlier, workers who are the most disadvantaged by minimum wage legislation are those that are the most marginal. These are workers whose employers perceive them as being less productive or more costly to hire, in some sense, than other workers. In the U.S. labor force, there are at least two segments that share the marginal worker characteristic to a greater extent than do other segments of the labor force. The first group consists of youths. They are low-skilled mostly because of their age, immaturity and lack of work experience. The second group, which contains members of the first group, are some ethnic groups such as Negroes, who as a result of racial discrimination and a number of other socio-economic factors are disproportionately found among marginal workers. Other segments of the labor force represented among marginal workers in disproportionate numbers are women, the uneducated, and the physically handicapped. Unemployment statistics showing a comparison of teenage and general employment rates for the period 1948 to 1975 are presented in table 3.

TABLE 3.—COMPARISON OF TEENAGE AND GENERAL UNEMPLOYMENT RATES

Year	Unemployment rates both sexes		Ratio teenage, general
	General	16–19	
	(1)	(2)	(3)
1948	3.8	9.2	2.42
1949	5.9	13.4	2.27
1950	5.3	12.2	[1] 2.30
1951	3.3	8.2	2.48
1952	3.0	8.5	2.83
1953	2.9	7.6	2.62
1954	5.5	12.6	2.29
1955	4.4	11.0	2.05
1956	4.1	11.1	[1] 2.70
1957	4.3	11.6	2.70
1958	6.8	15.9	2.34
1959	5.5	14.6	2.65
1960	5.5	14.7	2.67
1961	6.7	16.8	[1] 2.50
1962	5.5	14.7	2.67
1963	5.7	17.2	[1] 3.02
1964	5.2	16.2	3.12
1965	4.5	14.8	3.28
1966	3.8	12.8	3.37
1967	3.8	12.9	[1] 3.39
1968	3.6	12.7	3.53
1969	3.5	12.2	3.49
1970	4.9	15.2	3.10
1971	6.9	16.9	2.86
1972	5.6	16.2	2.89
1973	4.9	14.5	[1] 2.96
1974	5.6	16.0	2.86
1975	8.1	21.9	2.68
1976	7.8	19.0	2.66

[1] Years when there were changes in either the amount or coverage of the Federal minimum wage law.

Source: U.S. Department of Labor, Bureau of Labor Statistics "Handbook of Labor Statistics 1975—Reference Edition," p. 145

Columns 1 and 2 show the unemployment rates for the general labor force and the teenage labor force. Column 3 expresses teenage unemployment as a ratio of the general labor force's unemployment rate.

Table 3 shows that with increases in the Federal minimum wage the teenage unemployment rate relative to adult unemployment usually rises, i.e., the ratio increased (with the exception of 1956, 1968, and 1973). In each year, except 1956, 1968, and 1973, adult unemployment declined relative to that of teenagers following an increase in the Federal minimum. Arthur F. Burns, in a study of the impact of legislated Federal minimum wages, said:

"During the post war period the ratio of unemployment rate of teenagers to that of male adults was invariably higher during the 6 months following an increase of the minimum wage than it was in the preceding half year. The ratio of the unemployment rate of female adults to that of male adults has behaved similarly. Of course, the unemployment of teenagers and women depends on a variety of factors—certainly on business conditions as well as on minimum wage. I have tried to allow for this in a more refined analysis. It appears whether we consider the unemployment rates of teenagers or that of women, that its primary determinants are, first, the general state of the economy as indicated by the unemployment rate of adult males, second, the ratio of the minimum wage to the average in manufacturing. The influence to the wage ratio turns out to be particularly strong in the case of nonwhite teenagers."

While most studies agree on the effect of the minimum wage law on youth unemployment, there is some disagreement on the magnitude of the effect. The U.S. Department of Labor conducted an investigation of the impact of the minimum wage law on youth unemployment. It reached the conclusion that—

"Increases in the level and coverage of the Federal minimum wage may have contributed to the employment problems of teenagers, but it is difficult to disentangle such effects from numerous other influences. * * * The long run rise in the unemployment rate of teenagers relative to that of adults—especially marked since 1962—appears to have been associated with many factors. Compounding problems have been the increase in the relative size of the teenage population, the increase in the proportion of youth enrolled in school, and the shift of employment out of agriculture."

One response to an increase in the minimum wage law is not to hire fewer teenagers but to hire teenagers with higher productivity. The Bureau of Labor Statistics found some evidence that this was occurring. They found that whenever an employer raised age or education requirements for any group, the most common reason given was increased costs of training and hiring and the second most common reason was the minimum wage.

Perhaps in recognition of the adverse effects of the minimum wage legislation on youth employment, most States have established a differential wage minima for youth based on age, education, or work experience. Most have a youth minima ranging from 75 to 85 percent of the adult minima. The Bureau of Labor Statistics findings are mixed on the impact of youth wage differentials on youth unemployment. Some of the States surveyed report that the youth differential is irrelevant to hiring decisions while others thought that youth unemployment would be higher without the differential.

Other factors play a role in reducing job opportunities for youth. Factors such as child labor laws which restrict hours of work, the tedious process of employers and employees to get work certificates, and the attitudes and conduct of some youth.

STATISTICAL STUDIES OF THE MINIMUM WAGE

A number of other important studies have tried to evaluate the effect of legislated wage minima on unemployment. The conclusions of some representative samples of these studies will be summarized in this section.

David E. Kaun using census data found that statutory wage minimums caused plant closures and the replacement of labor by other productive inputs. Also the most adverse effects of statutory minimums were concentrated among minorities, teenagers and females.

Yale Brozen in two studies discusses the impact of the minimum wage law. First he shows that the ratio of teenage unemployment to that of the general rate of unemployment rose and the ratio of nonwhite to white teenage unemployment rose following increases in the federal statutory minimum wage. In another study he concluded that workers adversely affected by the statutory minimum crowd into uncovered areas, such as domestic household work, increasing employment and depressing wages in the uncovered areas. See appendix tables at the end of the study for data supporting Brozen's conclusions.

Kosters and Welch conclude that the minimum wage has had the effect of reducing job opportunities for teenagers during periods of normal employment growth and making their jobs less secure in short-term changes in the business cycle. They go on to conclude that a disproportionate share of cyclical vulnerability is borne by nonwhite teenagers and the primary beneficiaries of shifts in employment patterns are white adult males.

That increases in statutory legal minimum wages reduce employment opportunities for youth is not without dissenters.

Hugh Folk, using Department of Labor data statistically analyzes the impact of minimum wages on youth unemployment and youth labor market participation rates. The study concludes that in no instance was the minimum wage variable statistically significant in explaining either teenage unemployment or labor market participation rates. Folk's study, however, finds a significant re-

lationship between the overall trend of teenage unemployment and the minimum wage law.

Michael C. Lovell, in an analysis of the minimum wage law and teenage unemployment stresses the importance of the size of the teenage labor force, which grew as a share of the total labor force by over 50 percent between 1954 and 1968, as a cause of high teenage unemployment. Lovell feels that since teenagers are not perfect substitutes for adult workers, the increase in the teenage population would have pushed unemployment rates up in the absence of any change in the minimum wage.

Bowen and Finegan, in a statistical study of the 100 largest metropolitan areas, report:

"To state the most important conclusion first: Metropolitan areas with high wage levels for teenage males tended to have relatively low activity rates for all three groups, although the coefficient for males 20–24 is small and just shy of significance at the 10 percent level. These are important findings because they provide strong support for the hypothesis that a generally high level of wages deters paticipation via a reduction in employment opportunities."

In addition to the finding that low labor market participation rates are associated with high teenage wage levels, this study also finds that the intercity differences in teenage unemployment is associated with artificially high wage levels. The study points out that wage level differentials are not caused by strictly market forces such as systematic productivity differences or high demand for teenagers. The differences are more likely to be associated with institutional forces such as legislated wages, community and union pressures.

The weight of academic research is that unemployment for some population groups is directly related to statutory wage minima. As mentioned earlier, the debate on the effects and the extent of those effects continues without full consensus. However, a consensus reached implicitly in all minimum wage studies, those of opponents and supporters, is that increases in statutory minimums do not increase job opportunities for the marginal or disadvantaged segments of the labor force.

MINIMUM WAGE AND NEGRO YOUTH

So far we have discussed youth unemployment in general. Now let us discuss and compare black youth unemployment and labor force participation rates relative to those of their white counterparts. Table 4 shows male youth unemployment by race and general unemployment. Tables 5 and 6 give civilian labor force participation rates by race and age for males and females respectively.

The most obvious observation from the tables is that black teenage (16–17) unemployment during earlier periods, 1948–54 (except 1949), was lower than white unemployment for the same age group. For black 18–19 year olds, the unemployment rates for the same period were higher than those of their white counterparts, but never more than 50 percent higher. For blacks 20–24, their unemployment rate relative to that of whites has not changed significantly (only minor fluctuations), during the period 1948–1975.

TABLE 4.—COMPARISON OF MALE YOUTH AND GENERAL UNEMPLOYMENT BY RACE

Year	General	White, 16–17	Black, 16–17	Black/white, ratio	White, 18–19	Black, 18–19	Black/white, ratio	White, 20–24	Black, 20–24	Black/white, ratio
1948	3.8	10.2	9.4	0.92	9.4	10.5	1.11	6.4	11.7	1.83
1949	5.9	13.4	15.8	1.18	14.2	17.1	1.20	9.8	15.8	1.61
1950	5.3	13.4	12.1	.90	11.7	17.7	1.51	7.7	12.6	1.64
1951	3.3	9.5	8.7	.92	6.7	9.6	1.43	3.6	6.7	1.86
1952	3.0	10.9	8.0	.73	7.0	10.0	1.43	4.3	7.9	1.84
1953	2.9	8.9	8.3	.93	7.1	8.1	1.14	4.5	8.1	1.80
1954	5.5	14.0	13.4	.96	13.0	14.7	1.13	9.8	16.9	1.72
1955	4.4	12.2	14.8	1.21	10.4	12.9	1.24	7.0	12.4	1.77
1956	4.1	11.2	15.7	1.40	9.7	14.9	1.54	6.1	12.0	1.97
1957	4.3	11.9	16.3	1.37	11.2	20.0	1.79	7.1	12.7	1.79
1958	6.8	14.9	27.1	1.81	16.5	26.7	1.62	11.7	19.5	1.66
1959	5.5	15.0	22.3	1.48	13.0	27.2	2.09	7.5	16.3	2.17
1960	5.5	14.6	22.7	1.55	13.5	25.1	1.86	8.3	13.1	1.58
1961	6.7	16.5	31.0	1.89	15.1	23.9	1.58	10.0	15.3	1.53
1962	5.5	15.1	21.9	1.45	12.7	21.8	1.72	8.0	14.6	1.83
1963	5.7	17.8	27.0	1.52	14.2	27.4	1.93	7.8	15.5	1.99
1964	5.2	16.1	25.9	1.61	13.4	23.1	1.72	7.4	12.6	1.70
1965	4.5	14.7	27.1	1.84	11.4	20.2	1.77	5.9	9.3	1.50
1966	3.8	12.5	22.5	1.80	8.9	20.5	2.30	4.1	7.9	1.98
1967	3.8	12.7	28.9	2.26	9.0	20.1	2.23	4.2	8.0	1.93
1968	3.6	12.3	26.6	2.16	8.2	19.0	2.31	4.6	8.3	1.80
1969	3.5	12.5	24.7	1.98	7.9	19.0	2.40	4.6	8.4	1.83
1970	4.9	15.7	27.8	1.77	12.0	23.1	1.93	7.8	12.6	1.62
1971	5.9	17.1	33.3	1.95	13.5	26.0	1.93	9.4	16.2	1.72
1972	5.6	16.4	35.1	2.14	12.4	26.2	2.11	8.5	14.7	1.73
1973	4.9	15.1	4.4	2.28	10.0	22.1	2.21	6.5	12.6	1.94
1974	5.6	16.2	39.0	2.41	11.5	26.6	2.31	7.8	15.4	1.97
1975	8.1	19.7	45.2	2.29	14.0	30.1	2.15	11.3	23.5	2.08
1976	7.9	19.7	40.6	2.06	15.5	35.5	2.29	10.9	22.4	2.05

Source: Adapted from Department of Labor, Bureau of Labor Statistics, "Handbook of Labor Statistics 1975—Reference Edition" (Washington. D.C.: U.S. Government Printing Office, 1975), pp. 153–155.

Turning to tables 5 and 6, labor force participation rates, we make the remarkable finding that black youths 16–17, 18–19, and 20–24 had a higher rate of labor force participation during earlier times. In fact, the labor force participation rates were higher than labor force participation of white youths. For example, in 1955, in age group 16–17 the labor force participation rates of black males and white males were the same. In 1974 the labor force participation rates of blacks age 16–17 was only 65 percent of that of whites age 16–17. In the case of black males 18–24, their labor force participation rates in 1955 were higher than those of whites. Now it is lower.

Jacob Mincer, in an important econometric study of minimum wage laws reports:

"The net minimum wage effects on labor force participation appear to be negative for most of the groups. The largest negative effects are observed for nonwhite teenagers, followed by nonwhite males (20–24), white males (20–24), white teenagers, and nonwhite males (25–64).

"The net employment effects are negative with the exception of nonwhite females (2J plus), for whom the positive coefficient is statistically insignificant. The largest disemployment effects are observed for nonwhite teenagers, followed by nonwhite males (20–24), white teenagers, and white males (20–24)."

Professor Mincer's study points out that the official unemployment rate is likely to understate the disemployment effects of the minimum wage law. He states, "No more than a third of the employment loss in the covered sector appears as unemployment, while the bulk withdraws from the labor force." Incentives to drop out of the labor market and to become permanently unemployed are no doubt increased by the availability of alternative sources of income such as welfare, enrollment in training programs which provide a stipend and criminal activity as a form of earning a living.

TABLE 5.—MALE CIVILIAN LABOR FORCE PARTICIPATION RATIO BY RACE, AGE

	Black/white males			
	16–17	18–19	20–24	16 and ove
$1 per hour:				r
1954	0.99	1.11	1.05	1.00
1955	1.00	1.01	1.05	1.00
1956	.96	1.06	1.01	.99
1957	.95	1.01	1.03	.99
1958	.96	1.03	1.02	1.00
1959	.92	1.02	1.04	1.00
1960	.99	1.03	1.03	1.00
$1.15 per hour:				
1961	.96	1.06	1.02	.99
1962	.93	1.04	1.03	.98
1963	.87	1.02	1.03	.98
1964	.85	1.01	1.04	.99
$1.25 per hour:				
1965	.88	1.01	1.05	.99
1966	.87	.97	1.06	.98
$1.40 per hour: 1967	.86	.95	1.04	.97
$1.60 per hour:				
1968	.79	.96	1.03	.97
1969	.77	.95	1.02	.96
1970	.71	.92	1.00	.96
1971	.65	.87	.98	.94
1972	.68	.85	.97	.93
1973	.63	.85	.95	.93
1974	.65	.85	.95	.92
1975	.57	.79	.92	.91
1976	.57	.77	.91	.90

Source: Computed from U.S. Department of Labor, Bureau of Labor Statistics, "Handbook of Labor Statistics 1975 and 1976 Reference Editions" (Washington, D.C.: U.S. Government Printing Office, 1975), pp. 36–37.

These findings are consistent with and offer additional support to the theoretical proposition that statutory legal minimum wages reduce employment opportunities for disadvantaged or marginal workers. They are also consistent wtih Professor Arthur Burns' earlier study which shows that an increase of 25 cents in the statutory legal minima is associated with a rise of 8 percentage points in non-white unemployment.

YOUTH EMPLOYMENT IN OTHER COUNTRIES

Relevant to the analysis of youth unemployment in the United States is the comparison of youth unemployemnt records in other industrialized countries. In the United Kingdom, unemployment rates of both adults and youths ran about 2.5 percent as of January 1969. As shown in the following tables 7, 8, and 9, West Germany, The Netherlands, Sweden, Belgium, and Japan experienced relatively low rates of youth unemployment. It is probably no coincidence that countries experiencing low rates of youth unemployment are countries with relatively large wage differentials between the legal minima for youths and adults.

TABLE 6.—FEMALE CIVILIAN LABOR FORCE PARTICIPATION RATIO BY RACE, AGE

Year	Black/white females			
	16–17	18–19	20–24	16 and over
$1 per hour:				
1954	0.84	.72	1.12	1.38
1955	.76	.83	1.02	1.34
1956	.84	.84	.97	1.32
1957	.75	.81	1.02	1.32
1958	.81	.79	1.05	1.32
1959	.69	.71	1.10	1.33
1960	.74	.85	1.07	1.32
$1.15 per hour:				
1961	.73	.86	1.02	1.31
1962	.75	.88	1.03	1.31
1963	.77	.88	1.04	1.29
1964	.68	.94	1.10	1.29
$1.25 per hour:				
1965	.71	.79	1.12	1.27
1966	.74	.83	1.07	1.26
$1.40 per hour: 1967	.71	.92	1.03	1.23
$1.60 per hour:				
1968	.71	.88	1.08	1.21
1969	.69	.83	1.04	1.19
1970	.66	.81	1.00	1.16
1971	.60	.75	.97	1.15
1972	.54	.76	.95	1.13
1973	.58	.77	.93	1.11
1974	.56	.74	.91	1.08
1975	.60	.74	.86	1.08
1976	.55	.70	.86	1.07

Source: Computed from U.S. Department of Labor, Bureau of Labor Statistics, "Handbook of Labor Statistics 1975 and 1976 Reference Editions" (Washington, D.C.: U.S. Government Printing Office, 1975), pp. 36–37.

TABLE 7.—UNEMPLOYMENT RATES IN THE UNITED KINGDOM

Date	Unemployment rate			Youth-adult ratio
	All ages	15 to 19	25 and over	
April 1961	1.7	2.3	1.6	1.44
Do	1.3	.9	1.4	.64
July 1966	1.1	1.1	1.1	1.00
January 1967	2.2	2.6	2.1	1.24
July 1967	2.0	2.2	2.0	1.10
January 1968	2.6	2.6	2.5	1.04
July 1968	2.2	2.0	2.2	.91
January 1969	2.5	2.3	2.5	.92

Source: Data for table 7 was obtained from the U.S. Department of Labor, Bureau of Labor Statistics, "Youth Unemployment and Minimum Wages." (Washington, D.C.: U.S. Government Printing Office, 1970).

TABLE 8.—UNEMPLOYMENT RATES AND THE YOUTH-ADULT UNEMPLOYMENT RATIO FOR SELECTED COUNTRIES

Country	Unemployment rate, all ages		Youth unemployment rate		Youth-adult unemployment ratio [1]	
	1960–64	1967–68	1960–64	1967–68	1960–64	1967–68
Germany (1961–67)	[2] 0.3	1.1	[2] 0.3	1.1	[2] 1.0	1.0
Canada [3] (1962–66)	6.9	4.0	14.4	9.7	2.4	2.6
Netherlands (1960)	.9	----	1.4	----	1.8	----
United Kingdom (1961–67)	[4] 1.3	[4] 2.0	[4] .9	[4] 2.2	[4] .6	[4] 1.1
	[2] 1.7	----	[2] 2.3	----	[2] 1.4	----
Sweden (1964–67)	1.7	2.6	3.9	6.1	2.6	2.9
France (1960)	2.1	----	6.6	----	4.4	----
Belgium (1960)	2.5	----	4.0	----	1.7	----
Italy (1961–67)	3.4	3.5	9.3	11.4	4.9	5.7
United States (1960–68)	5.5	3.6	[5] 14.7	[5] 12.7	3.3	5.5

[1] Ratio of youth unemployment rate to adult unemployment rate for adults 25 and over. Data from labor force surveys except as noted. Data not strictly comparable among countries.
[2] Census data for 1961.
[3] Outry, Sylvia, unemployment in Canada, 1968, males only, ratio: youth/all ages.
[4] Labor Ministry data from unemployment insurance records.
[5] Youth unemployment data relate to 16- to 19-year-olds.

Source: Data for table 8 was obtained from the U.S. Department of Labor, Bureau of Labor Statistics, "Youth Unemployment and Minimum Wages," (Washington, D.C.: U.S. Government Printing Office, 1970).

TABLE 9.—EMPLOYMENT STATUS OF TOTAL LABOR FORCE AND YOUTH IN JAPAN, 1961–67

[In thousands]

Years	Labor force		Employed		Unemployed			
					Total		15 to 19 years	
	Total	15 to 19 years	Total	15 to 19 years	Number	Percent	Number	Percent
1961	45,620	4,250	45,180	4,200	440	1.0	60	1.4
1962	46,140	4,260	45,740	4,200	400	.9	60	1.5
1963	46,520	4,080	46,130	4,020	400	.8	60	1.0
1964	47,100	3,820	46,730	3,770	370	.8	40	1.5
1965	47,870	3,920	47,480	3,860	390	.8	60	1.4
1966	48,910	4,360	48,470	4,300	440	.9	60	1.
1967	49,780	4,510	49,350	4,150	440	.9	----	----

Source: Data for table 9 was obtained from the U.S. Department of Labor, Bureau of Labor Statistics, "Youth Unemployment and Minimum Wages." (Washington, D.C.: U.S. Government Printing Office, 1970).

For example, in the United Kingdom, teenagers enter employment at about 30 percent of the adult wage and in steps reach the adult level when they are 21. In West Germany youths enter employment at wages ranging from 60 to 90 percent of the adult rate. In The Netherlands, the wage rates for youth normally begin at 25 to 30 percent of the adult wage rate, reaching 100 percent of the adult rate by the age 20 to 23. In France and Canada, there is only a 20 to 30 percent reduction for young workers and the duration of the reduction for the individual is only a year or so.

Another important feature of those countries experiencing very low rates of teenage unemployment, as reported in the Department of Labor study, was that there were good counseling services available for youth, large apprenticeship programs and good placement services. These factors reinforce the beneficial effects of the youth differential by making the young person an even more attractive candidate for employment.

CHANGING TIMES

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. MICHEL. Mr. Speaker, I recently brought to the House's attention the fact that the distinguished chairman of the Banking, Finance and Urban Affairs Committee, Mr. REUSS, criticized the Carter administration for not carrying out the fight against inflation.

Today, I would like to quote the words of Mr. BADILLO of New York concerning the poverty program.

Hundreds of millions of federal dollars are going down the drain through all the community action, model cities, youth, drug addiction and manpower training programs. Nobody evaluates them. The poverticians in charge are running their own patronage systems and have no one's interest in mind but their own. Wherever you look, you can't find anything concrete that these programs are accomplishing. Look at the community corporations. For fiscal year 1976 36.4 percent of all our poverty funds went into those corporations. Show me the results. They have block workers. What do they do? Cheer people up? Nobody knows what those block workers do. Whatever is not tangible should not be funded.

Mr. Speaker, when a Democratic Congressman criticizes a Democratic Presi-

dent for not fighting inflation and when a Democratic Congressman from New York City criticizes the poverty program in those words, can salvation be far behind? It is good to know that the truths we Republicans have been talking about for years are at last being heeded by those who, although Democrats, show themselves capable of grasping essential facts.

A NATIONAL SERVICE DRAFT?—PART I

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. STEIGER. Mr. Speaker, the recent West Point Senior Conference on national service produced some good information and thought-provoking ideas for those who are concerned about the issue of the All Volunteer Force versus a national service program. As you know, I have just completed an eight-part insertion of a paper prepared by Stephen E. Herbits, formerly the Special Assistant to Secretary of Defense Donald Rumsfeld, which was presented at the conference.

Dr. Richard V. I. Cooper, of the Rand Corp., was one of the participants in the conference. Dr. Cooper is one of the top civilian authorities on military manpower questions.

His paper is highly instructive for those who want to learn more about the progress of the volunteer concept and the possible need of a national service program. Over the next few days, I will be placing the full text of his presentation in the RECORD.

Today's segment includes Cooper's introduction and an outline of major manpower procurement policy options, with a particular focus on the reasons underlying the termination of the postwar draft. His conclusion is that—

Because there is no way of distributing the burden of selective service "fairly" after the fact, a return to selective service conscription would only reintroduce the inequities eliminated by the volunteer force.

Part I of Rick Cooper's excellent paper follows:

A NATIONAL SERVICE DRAFT?*

(By Richard V. I. Cooper, the Rand Corp.)

I. INTRODUCTION

The choice of a military manpower procurement policy has traditionally been among the more important decisions that a nation must make. Besides its effects on defense capabilities and costs, manpower procurement policy has much broader economic and social implications. This is especially so for compulsory national service, a policy option that has recently begun to receive considerable public attention.

It is within the context of these defense, economic, and social considerations that the purpose of this paper is to sketch out a general approach for evaluating the efficacy of a national service draft, including some of the possible consequences that such a policy would entail.

Of particular importance to this evaluation is a careful consideration of the progress and prospects for the All-Volunteer Force. That is, compulsory national service should not be viewed in isolation from military manpower procurement since the military is one of the largest claimants of the nation's youth. Consideration of compulsory national service in the context of the AVF is further motivated by the fact that much of the support for a national service draft seems to derive at least in part from concerns about the future of the volunteer force. Thus, to the extent that these concerns are misplaced, the rationale for a national service draft is correspondingly lessened.

To put the issue of compulsory national service in the perspective of military manpower procurement, Section II of this paper begins by outlining the major manpower procurement policy options and focuses particularly on the reasons underlying the termination of the postwar draft. The early experience with the volunteer force is then examined in Section III. Given this background, Section IV turns to consider compulsory national service, including the possible benefits and problems of such a policy. Conclusions are then presented in Section V.

II. MILITARY MANPOWER PROCUREMENT

Because of the unique relationship between military manpower procurement policy and other policies affecting the nation's youth, the issue of compulsory national service should be addressed in the context of military manpower procurement options. Accordingly, the discussion below first examines what the major options are and, second, why the postwar selective service draft was terminated.

Policy options

Although it is often convenient to dichotomize military manpower procurement policy into the two extremes—voluntary recruitment and conscription—there are in fact many different forms of conscription. These include selective service, universal military training, universal military service, and, particularly germane to this paper, compulsory national service.[1]

Under a *compulsory national service* policy, all young men (and on occasion, all young women) are viewed as having an obligation to serve their country. Such service is usually designed to benefit the national purpose and can include, for instance, helping the disadvantaged members of society (e.g., working hospitals or programs such as VISTA), forestry and park services, and, of course, military service.

Under a policy of *universal military service*, all of the nation's young men are viewed as having a specific obligation to serve in their country's military forces. Such a policy therefore differs from one of compulsory national service in that nonmilitary service does not fulfill an individual's obligation. Although *universal military training* is similar to universal military service in that all young men receive military training, all will not actually serve in the standing forces. The remainder are instead usually assigned to reserve or militia units.

The common element of these three forms of conscription is that all young men (and, in some cases, all young women) are required to fulfill their service obligation, whether that service consists of military service, some other national service, or just military training.

A *selective service* conscription policy, on the other hand, differs from these forms in that not all young men must serve or even receive training. Instead, although all are usually subject to the possibility of being conscripted, only some will actually serve—a result of the fact that present military strength requirements are too small to absorb all who are eligible. There are many different forms of selective service conscription, but these alternatives differ in the method of selection, not in concept.

As a practical matter, force readiness requirements and force size constraints preclude the viability of universal military service and universal military training policies for the United States. Specifically, force readiness requirements argue against reducing the length of the conscription tour below two years. Given a minimum conscription tour of two years, then, the size of the military aged male population means that universal military service would thus result in a force size of between four to five million uniformed members—that is, two to two-and-a-half times larger than current force size requirements.

The major military manpower procurement options therefore reduce down to a selective service draft, a national service draft, and voluntary military recruitment.

The decision to end the draft

Although the volunteer force is frequently viewed as an outgrowth of the Vietnam War, the move to end the draft was actually a result of far more fundamental concerns. In this regard, the basic policy problem of the sixties can be traced to the growing inequities of the selective service draft—inequities created by the selective way the burden of military service was applied to young men of military age.

This selectivity came as a result of some simple demographic trends: specifically, increasing numbers of young men reaching military age each year and constant (or decreasing) force sizes meant that a smaller proportion of the military aged cohort would actually serve. In fact, by the mid 1970s only one out of every five men would ever serve in the military. Coupled with the pay discrimination toward junior military personnel that characterized the postwar draft—often called the "conscription tax"—this meant that increasingly fewer would have to bear an increasingly large burden.

The President's Commission on an All-Volunteer Force—the so-called Gate Commission—concluded that, by simply raising recruit pay to the level earned by comparably aged and educated civilian workers, the military would no longer need a draft. In other words, an all-volunteer military would not require any extraordinary measures; it basically meant the payment of a "market wage" to new recruits.

The importance of these findings for the issue at hand—namely, compulsory national service and the All-Volunteer Force—is that a selective service military draft probably does not present a socially viable alternative for military manpower procurement under projected defense needs and objectives. That is, because there is in fact no way of distributing the burden of selective service "fairly" after the fact, a return to selective service conscription would only reintroduce the inequities eliminated by the volunteer force.

*This paper is based largely on material presented in a forthcoming book by the author, *Defense Without the Draft*.

[1] There are, of course, other military manpower procurement policies such as a reserve-only draft.

HUMAN RIGHTS

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. DODD. Mr. Speaker, I have recently returned from the first annual meeting of the European Parliament. One of the principal concerns of this Parliament is human rights, an issue

that has long been of concern to me, as it has been to this Administration, and as it should be to every human being.

The prevailing sentiment of the European delegations that I just met with was one of great enthusiasm for the Carter administration's renewed commitment to the cause of human rights.

This is not an issue that concerns only the Federal Government, but one that concerns every level of public and private action in America. It is an issue in which State and local governments, private citizens, and public officials should involve themselves, as the State senate in my home State of Connecticut has involved itself.

That body has passed a resolution, dated May 11, memorializing the President of this Nation and the Connecticut congressional delegation to use all feasible means of diplomatic influence to cause the Government of the Soviet Union to fulfill the Helsinki agreement.

I am convinced that Soviet compliance with the human rights provisions of the Helsinki agreement will not be forthcoming until that government is faced with worldwide condemnation of their abusive behavior. The human rights campaign must thus proceed at every level, and I am pleased that the Connecticut State senate is once again asserting its sentiments in this vital area. At this point I will insert, for the RECORD, the full text of this commendable resolution:

STATE OF CONNECTICUT—SENATE RESOLUTION No. 78

Resolution memorializing the President of the United States and the Connecticut Congressional Delegation to use all feasible means of diplomatic influence to cause the Government of the Soviet Union to fulfill the Helsinki Agreement

Resolved by the Senate:

Whereas, the Soviet Union was one of the nations signing the Helsinki Agreement on August 1, 1975; and

Whereas, the Helsinki Agreement contained provisions insuring the preservation of the basic human rights of freedom of religion and freedom of movement; and

Whereas, the government of the Soviet Union has continued the practice of harassment and intimidation toward the Jewish, Lithuanian and Ukrainian nationalities and others; and

Whereas, the government of the Soviet Union has continued to deny exit visas to many of her residents; and

Whereas, the government of the Soviet Union has continually ignored the provisions of an agreement which it presumably signed in good faith.

Whereas, we further call upon the Soviet Union in the name of humanity and brotherhood to effect the release from prison or Siberian exile and grant immigration to the West to: Nijole Sadunaito, Lithuanian; Ilya Gleezer, Jewish and Valenten Moroz, Ukrainian.

Now, therefore, be it resolved, that the General Assembly of the State of Connecticut memorialize the President of the United States and its state Congressional delegation to use all powers inherent in their offices to bring about compliance with the Helsinki Agreement by the government of the Soviet Union.

Be it further resolved, that the clerk of the Senate cause a copy of this resolution to be sent to the President of the United States and Connecticut Congressional Delegation and Anatolyi Dobrynin, Soviet Union Ambassador.

STATEMENT TO ACCOMPANY BILL ON NATIONALIZATION FEASIBILITY STUDY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. FLORIO. Mr. Speaker, we are once again about to be confronted with a crisis in the railroad industry. The events foreshadowing this new threatened crisis are taking place at the very time when our efforts to settle the last crisis are just beginning to bear fruit.

I refer, of course, first, to the crisis which is beginning to take shape as a consequence of the apparent breakdown in current negotiations between the railroad industry and railway labor organizations; and, second, to the Northeast rail crisis out of which emerged ConRail which is now giving every indication of succeeding in its mission.

Now that one is ending, another is beginning. The emerging crisis is a replay of an older crisis over composition of train and yard crews and over the traditional railroad wage systems and rules governing road and yard service.

As a result of negotiating difficulties, nationalization of our railroad system has been raised as an alternative to the existing system. It is for this reason that I am introducing a bill today to establish a Presidential commission to study, once and for all, the ramifications of nationalizing our rail system in whole or in part.

There have been other bills introduced into the Congress over the past years bearing upon this general subject, but the time has now come to begin a serious, in-depth study of whether public ownership of the railroads will, or will not, better serve the economic well-being of this country.

Some years ago, it became evident to all of us that our mass transit systems would fail to provide essential services to our urban areas unless taken over by our municipalities under public ownership of this part of our national transportation network. Had the Congress not acted to support this critical need as it did, the cities would now be hopelessly overwhelmed by transportation inadequacies.

We have seen similar problems confronting our Northeast rail system and our passenger rail system and while the Congress did not legislate public ownership of these systems, it enacted a series of laws which reflect the principle of public support and management in response to compeling need.

More than 95 percent of the energy used in transportation involve petroleum products and more than one half of the consumption of petroleum in this country is used by the various modes of transportation.

During this period of concern over the diminution of our fossil fuels upon which our great technological state so completely depends and over potential cutoffs of imports and resulting fuel shortages, long-range and short-range, it is imperative that we protect, maintain and improve railroads as the most energy-efficient mode of all transportation systems.

If for no other reason, we must avoid at all cost any further weakening of the structure of the railroad plant.

The Presidential Commission on Feasibility of Nationalizing the Nation's Railroads, proposed by this bill, would among other things, be directed to determine the extent to which the existing rail plant should be redesigned to promote a more efficient use of energy as a part of a comprehensive program involving all modes of transportation within the United States.

This proposal is long overdue.

Prompt action on the bill which I now offer is needed in order to provide us with all the information which we will require in dealing with the question of what the future of railroads will be in this country. An analysis of the nationalization of our railroad system and its benefits and liabilities will be of assistance to the Congress as we plan to deal with policies designed to cope with transportation planning that is required to be undertaken in the future.

GENERAL PULASKI, A HERO OF THE AMERICAN REVOLUTION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. DERWINSKI. Mr. Speaker, this year marks the 200th anniversary of the arrival in America of one of Poland's greatest heroes—Gen. Casimir Pulaski. General Pulaski is a hero of the American Revolution, having played a tremendous role in the fight for our independence, and is a hero of Poland's struggle against Russian domination. Both the United States and Poland revere the name of Casimir Pulaski.

Pulaski was forced into exile in 1773 as a result of his organizing and leading the Confederacy of Patriots to defend Poland against Russian aggression. He spent 3 years in the Balkans and Turkey endeavoring to organize a concerted military action against Russia, but in vain.

When his efforts failed, he went to Paris in 1776 where he was already known as an outstanding military leader. The Royal Court recommended him to Benjamin Franklin, who, at that time, was seeking volunteers for the American Revolution. After a brief meeting with him, Franklin gave Pulaski letters of recommendation to the Continental Congress and to Gen. George Washington. Pulaski arrived in America on June 23, 1777.

Pulaski offered his services to the Revolution and requested that he be assigned under the direct command of General Washington or Marquis Lafayette. The opportunity to prove himself came about on September 11 at the battle of Brandywine, Pa., where he exposed himself to great danger by riding close to the British lines and reconnoitering their position. At a critical moment, with Washington's permission, he took command of

the Commander-in-Chief's cavalry detachment and charged the British lines, staying their advance. By this attack on the British vanguard under Lord Cornwallis, Pulaski saved military supplies of Washington's Army. Congress was so much gratified with his conduct and his promise of usefuless, that they appointed him a brigadier general and commander of the horse-mounted attachment. He continued with the Army in Pennsylvania during the remainder of the campaign in 1777.

On February 25, 1778, Pulaski met with General Washington at Valley Forge. Dissatisfied with the relatively minor role American military thinking assigned to the cavalry, Pulaski submitted his resignation as commander of the Cavalry Corps and presented a plan for the formation of an Independent Corps of Light Cavalry and Infantry. With Washington's endorsement Pulaski presented his plan to the War Department in Yorktown on March 18. Ten days later, Congress authorized the formation of the Independent Corps and retained Pulaski's rank of brigadier general. Congress appropriated only $50,000 for outfitting the legion and Pulaski frequently paid from his own purse for supplies.

From October 8, 1778, through February 8, 1779, the Pulaski Legion was engaged in skirmishes with the British while guarding the frontiers of Egg Harbor and Minising on the Delaware River. On February 8, the Pulaski Legion was ordered to the Southern Theater of Operations, and hastened to the relief of Charleston when the British, under General Provost, invaded South Carolina. Charleston was on the verge of surrendering to the British, but appearing before the city council on May 11, Pulaski prevailed upon it to reject the British ultimatum. Pulaski's Legion attacked the British forcing them to abandon the Charleston siege.

On September 15, at Burley's Ferry on the Savannah River, Pulaski and his legion joined the French forces and moved toward Savannah, Ga. In the unfortunate siege of Savannah, Pulaski made a bold effort to force his way through the enemy's lines. While advancing at the head of his men and exposed to tremendous fire, Pulaski received a mortal wound. The fall of Pulaski stopped the progress of the entire squadron, and they immediately retreated. Pulaski died on October 11, 1779, at the age of 32.

General Pulaski contributed much to the founding, defense, and development of our Republic. His deeds and commitments to the American ideal of freedom and American way of life should be an inspiration to everyone. His was total dedication and commitment to the principles of freedom and dignity of man, which has made the United States the inspiration for all freedom-loving nations and the hope of the peoples still longing for deliverance from tyranny and oppression. His endeavors and self-sacrifice are indeed worth remembering, and thus it is very appropriate to commemorate the 200th anniversary of Pulaski's arrival to America.

SOLAR ENERGY AND SMALL BUSINESS: THE SHAPING OF AN INDUSTRY

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. DRINAN. Mr. Speaker, on Wednesday the House Small Business Subcommittee on Energy, Environment, Safety, and Research will be considering the role of small businesses in the development and implementation of solar technology in the United States. It is hoped that these hearings will illuminate several critical policy decisions which must soon be made by Congress, including a number of issues which will be addressed as part of the National Energy Act in the week ahead.

These questions can be stated very clearly: First, will we sanction the virtual exclusion of small businesses from energy conservation and solar energy incentives by relying on tax credits, rather than direct financing? Second, will we allow the perpetuation of solar research policy which targets contracts to large companies, rather than small ones? Finally, will we tacitly support SBA policy which effectively excludes new solar companies from loan assistance, while work proceeds at the larger corporate level? Our response to these issues will play an instrumental role in shaping one of the fastest growing energy industries in the Nation.

The arguments against creating new tax loopholes to foster conservation and solar energy are not new, but they merit renewed examination. Not only are corporate tax incentives enjoyed largely by those who do not require them, but they require the ready availability of capital to be taken advantage of. Those small businesses most adversely affected by high energy costs are in the position of gaining least advantage from such a credit, resulting in little more than a waste of the taxpayers' money.

The only responsible approach to this problem is to provide direct loan financing to small businesses for conservation and solar energy investments, in a manner which allows companies to reduce overall energy costs while paying their own way. This is the approach embodied in my Solar and Energy Conservation Commercialization Act, H.R. 3981, which has already been cosponsored by 90 Members of the House, and which will be considered in the upcoming small business hearings.

With respect to the capital requirements of small business entering the solar energy market, I defer to the excellent work done by my colleague from Iowa (Mr. BEDELL). I am privileged to be a cosponsor of his legislation, H.R. 3984, which will forge a greater role for small businesses in solar development, and which will also be considered in this week's subcommittee hearings.

The recent report on solar potential by the congressional Office of Technology assessment, "Application of Solar Technology to Today's Energy Needs," provides a thoughtful and persuasive argument for greater involvement by small business in the evolution of a solar industry:

OTA EXCERPT

The relatively small investments associated with onsite solar energy devices have made it possible for many small businesses to enter the market; indeed, much of the innovative work now being done in the area has emerged from firms with very limited assets. This unique feature of onsite solar energy field presents a difficult choice for the policymaker. A program for supporting small, relatively simple technologies will have many more firms to choose from than a program for developing large, sophisticated energy technologies. Supporting some of these firms represents an opportunity to explore a rich variety of concepts without a massive investment in any one approach, as well as a better opportunity to foster competition in the energy market (a market in which competition has been virtually nonexistent for years).

In short, Mr. Speaker, we can no longer afford to ignore the potential contribution of small businesses in the development and marketing of solar energy technology, and the role that conservation and solar energy can play in reducing small business energy costs. I commend my colleague from Wisconsin (Mr. BALDUS) for granting these issues the attention which they clearly deserve, and offer my hope for affirmative legislative action at the earliest possible date.

EDUCARE: A MODEL FOR PREPAID CONTINUING EDUCATION

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. SIMON. Mr. Speaker, we hear a lot about ways of improving the quality of our health care system. New proposals that involve expenditures of millions or even billions of dollars are suggested regularly. Rarely are genuinely unique ideas developed which both make a significant contribution to the health field and are inexpensive.

I would like to bring to my colleagues' attention one such idea that has been developed by the Southern Illinois Health Manpower Consortium—a community-based continuing health education organization connected with Southern Illinois University in Carbondale.

They have initiated the concept of educare—a system of pre-paid continuing health education for nurses and allied health professionals. A $20 annual fee guarantees that the consortium will provide 12 hours of continuing health education for the professional. A planning process helps the health professional play an active role in designing an educational program to meet his or her own needs.

This innovative educare program provides a low-cost method of upgrading the skills and knowledge of nurses and allied health professionals. Since the program began 7 months ago, over 300 health professionals in southern Illinois

have participated. The overall quality of health care providers and of health care itself is being improved. Southern Illinois as a whole is benefiting.

Mr. Speaker, this educare concept is a good new idea that is working well. While the program has been supported by some Federal funds, it will soon be self-sufficient. The program is deserving of further attention and study as a model for future efforts in the health manpower field.

I would like to recommend to my colleagues a piece on educare written by Andrew H. Marcec, who directs the project at the Southern Illinois Health Manpower Consortium. Mr. Marcec will be giving an address on Educare this fall at the annual meeting of the American Public Health Association. His paper follows:

EDUCARE: A MODEL FOR PRE-PAID CONTINUING EDUCATION

Medicare is synonymous with pre-paid medical insurance. Judicare is the handle given to pre-paid legal insurance. Educare is a new construct developed by the Southern Illinois Health Manpower Consortium, a community-based continuing education organization operating in the southern 30 counties of Illinois. Registered nurses and allied health professionals have the opportunity to guarantee their professional continuing education through Educare subscriberships. Since its inception on December 1, 1976, over 300 area health professionals have affiliated with Educare. A $20.00 annual fee guarantees that the Consortium will produce 12 hours of continuing education for the professional. In addition to the membership fee, the professional will be assessed a workshop fee for each event attended. The package is estimated to cost the professional between $20.00 and $60.00 per year. With each membership, an educational career profile is developed. An assessment is made of the member's academic preparation and continuing education needs. Definitive educational goals are produced. The profile allows the member to proceed in an organized manner to select training which will satisfy her educational goal from the dazzling array of professional education options which without clearly defined goals tend to confuse the professional.

The skeleton upon which an effective continuing professional education program is built is the needs assessment process. It is through this process that the educational provider can systematically analyze and determine specific individual professional needs vis-a-vis less structured informal methods of either guesswork or assumption. The Educare model implicates the professional more than being an "enactive" student/learner. Members are solicited to become involved with program planning committees which are given the task of developing an active plan (learning module) for the training to be presented. The action planning process forces the professionals to identify major stress areas related to their work and to identify how these stresses can be relieved through the acquisition of new skills. Planners are taught how to write behavioral objectives and develop evaluative criteria for each objective. Committees produce a rationale, review the literature, specify pre-requisites, identify resources, and develop a budget for each event. The action plans produced are consistently practical and focus on behaviors related to the job. New insights are gained for the significance of careful program planning as a result of this educational planning. The planning process tends to enrich each participant, enabling her to gain new cognizance of the components of qualitative continuing education training. The marketing process is enhanced. The Consortium staff become learning consultants vis-a-vis coordinators of programs. Staff assist with the development of the syllabus and the acquisition of faculty and preparation of instructional materials.

As financial exigencies race into higher education and austere budgets are ubiquitous in continuing education departments, alternative models will be developed. Prepayment financing of continuing education may provide a vehicle to counter depleted sources of revenue. While the market has yet to be tested, it is significant to note a willingness by clients to advance funds for their education in a society which thrives on the buy now, pay later philosophy.

CARTER-OSHA MEMORANDUM

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HANSEN. Mr. Speaker, there has been a great deal of debate and rhetoric concerning the beleaguered Occupational Safety and Health Administration—OSHA—for some years now. During this time I have been advocating a new approach to guaranteeing America's 65 million workers the proper safety and health care which they so rightfully deserve. It has been a proven fact that OSHA's effect to date have been insignificant in reducing job-related injuries and illnesses.

In light of this fact, I have been proposing the elimination of regulatory harassment by the Federal Government as a first step to reducing on-the-job injuries and illnesses. In its place I have proposed utilizing a system of economic incentives geared toward industry-wide encouragement to proper health and safety compliance. It is totally unrealistic to assume that OSHA's on-site inspections of less than 2 percent of America's 5 million employers can significantly reduce the injury-illness rates. Only through a system of incentives aimed at all of America's employers can effective health and safety procedures be established for the Nation's workers and real progress made toward reducing the number of illnesses and injuries on the job.

Recently, top administration officials recommended to President Carter that such a system of economic incentives be adopted and the elimination of most Federal safety regulations governing conditions in the workplace be instituted. The memorandum is a controversial one, but I view it as an enlightenment on the part of administration officials directly concerned with fulfilling the President's promise for reorganization and reduction of the Federal bureaucracy.

For the edification of my colleagues, I submit two articles from the Bureau of National Affairs, Occupational Safety and Health Reporter dated July 21, 1977, which offers indepth discussion of the entire text of the President's memorandum and various comments which have been made concerning this memorandum. The article follows:

RECORDKEEPING CHANGES PROPOSED; MARSHALL DISCUSSES TASK FORCE STUDY

THE TASK FORCE

Marshall's formal statement took note of recent controversy involving the formation of a high-level task force to consider economic incentives as a replacement for safety regulations. (See following related article.) He said he is confident that President Carter will do nothing to undermine OSHA enforcement, adding that "this does not mean that we will close our minds to ways of supplementing existing OSHA inspections." He noted that something "more pervasive," such as economic incentives, might be a useful addition to the limited number of inspections.

The memorandum from Carter's advisors recommending the study of incentives used "unwise language" in explaining its approach, Marshall told reporters.

The secretary said it is difficult to conceive of eliminating safety regulations. He noted that the study of economic incentives could only come up with some recommendations for combining incentives with regulation. He said he is not alarmed about the memorandum, agreeing at the suggestion of reporters that he will be tolerant of the effort to study economic incentives as long as it does not undermine his agency's effort for more effective enforcement.

MARSHALL SUPPORTS EFFORTS BY CONTROVERSIAL TASK FORCE

Labor Secretary F. Ray Marshall gave assurances July 17 that formation of a high level task force to study the use of economic incentives and other reforms to encourage compliance with health and safety rules is not designed to diminish the effectiveness of the Occupational Safety and Health Act.

Marshall's remarks on the "Meet the Press" television program were in response to concerns following recent release of a memorandum to President Carter from Office of Management and Budget Director Bert Lance, Council of Economic Advisors Chairman Charles Schultze, and Carter domestic affairs aide Stuart Eizenstat (Current Report, July 14, p. 203). The memo noted that the Occupational Safety and Health Administration is an agency "where major changes might be in order." It called for "serious consideration of eliminating most safety regulations and replacing them with some form of economic incentives."

The May 27 memorandum recommended that an interagency group chaired jointly by Marshall and Lance study changes in OSHA regulations and policy.

Marshall told reporters he favored studying the economic incentives approach "because we need to do everything we can to improve the effectiveness of the Occupational Safety and Health Act. The President is interested in improving the effectiveness of the Occupational Safety and Health Act."

It would be difficult to use economic incentives in the health area, Marshall said, since health hazards are incurred over a long period of time. It would be hard to attribute a worker's particular health problem to a certain employer, he added.

TEXT OF MEMORANDUM

The memorandum discussing the study of OSHA follows:

"The regulatory reform working group, the reorganization task force, and OMB in its initial work on zero-based budgeting have all identified OSHA as an agency where major changes might be in order. Specifically, there is a need to go farther than the steps announced in the May 19 news conference of Secretary Marshall and Assistant Secretary Bingham. Among other issues serious

consideration should be given to totally eliminating most safety regulations and replacing them with some form of economic incentives (for example, an improved workman's compensation program, or economic penalties tied to the injury rate), thereby redirecting OSHA resources to regulating health problems and coverage of emergencies. These are very controversial issues on which various groups have already taken positions. Some business groups would like simple abolition; organized labor wants more detailed safety standards backed up by an enlarged crew of inspectors. OSHA reform is more than an internal matter for the Department of Labor for the following reasons:

Reform of OSHA is part of your overall regulatory reform effort, offers a chance to explore the use of economic incentives, and will be a first cut at issues which will recur in reviewing other social regulatory agencies (EPA, NHTSA, etc.) and hence regulatory reform staffs should be involved;

Social regulations have pervasive impact on the economy, and those concerned with economic policy and your anti-inflation program should be involved;

OSHA affects many constituencies—not just labor but also business groups, public interest groups, and the like—and the groups should perceive that the composition of the reform effort reflects their concerns.

"Therefore, we recommend that in your budget preview meeting with Secretary Marshall on June 6 you suggest a study of OSHA reform be conducted by an interagency group chaired jointly by Secretary Marshall and Director Lance, with participation by their agencies, the Department of Commerce, CEA, and the Domestic Council, to report back with recommendations no later than March 1978. The OMB issue paper on OSHA is attached [omitted].

"Because the prior Administration was perceived as hostile to the goals of health and safety regulation, organized labor has tended to be suspicious of proposals to 'reform' OSHA. Hence, creation of an interagency task force on this issue could trigger some labor concern. However. OSHA is, as you know, the leading national symbol of overregulation; not to act decisively would be perceived outside the labor movement as a retreat from your commitment to major regulatory reform. To minimize labor concerns, you should make clear to Secretary Marshall and to the public that the aim of regulatory reform at OSHA will be to get more effective health and safety protection, at less cost to the government and the private sector."

CONGRESSIONAL OPINION

The chairman of the Senate Human Resources Committee strongly protested on July 15 the recommendation to President Carter by White House officials that consideration be given to "totally eliminating" most OSHA safety regulations.

Senator Harrison A. Williams, Jr. (D-NJ) termed the suggestion "a totally unacceptable policy for a nation which prides itself on its commitment to human rights."

An improved workers' compensation program "can serve as a powerful inducement toward increased workplace safety and health," Williams told Carter. However, he emphasized that he was "outraged at the suggestion that we let the compensation of injured workers be the only means of encouraging workplace safety."

Williams requested of Carter "a clarification of your Administration's position concerning the enforcement of the Occupational Safety and Health Act." He added, "I strongly urge you to reject both the suggestion that we dispense with workplace safety regulations and their enforcement and the suggestion that we instead rely solely on compensating occupational injuries and the attendant suffering."

Congressman George Hansen (R-Idaho), in a July 13 letter to Carter, urged "expeditious consideration and favorable action" on suggestions to drop safety regulations and replace them with economic incentives. This proposal, he said, "will effectively eliminate a major source of bureaucratic confusion."

UNION PROTEST

The memorandum's prediction that creation of the task force "could trigger some labor concern" anticipated the organized labor reaction. Telegrams from several unions illustrate the organizations' opposition.

International Brotherhood of Teamsters President Frank E. Fitzsimmons told Marshall July 15 that the proposals in the memorandum are "at odds with the clear congressional mandate of the Act and with the best interests of American workers." He noted that the union has supported Assistant Secretary of Labor Eula Bingham's "common sense" effort for OSHA enforcement and urged that this approach "be given a fair chance to succeed before wholesale, mischievous reforms are adopted."

William W. Winpisinger, president, International Association of Machinists and Aerospace Workers, also supported Bingham's efforts, noting that the suggested task force "is a conscious attempt to undercut the role of the Department of Labor."

"We oppose the present proposal as unworkable and a flint hearted denial of the rights of workers defined in OSHA. We are already aware that it is cheaper to let workers die than to make the kind of changes mandated in the Act," Winpisinger said in a July 14 statement.

A. F. Grospirin, president, Oil Chemical and Atomic Workers International Union, urged Marshall to continue his efforts to redirect OSHA's priorities, adding that the union would support his attempts "to resist any elimination of safety and health standards under the guise of a reform effort."

Arnold Miller, president of the United Mine Workers, called the task force study of economic incentives "cold-blooded." He charged the Carter Administration with proposing "but another Nixon-Ford type of program to dismantle OSHA."

Most major industry organizations have yet to respond to the announcement of the task force formation. The National Association of Manufacturers told OSHA, however, that it too supported Bingham's "common sense" approach, noting that it appears that the agency must justify itself to the Carter Administration and reduce the business regulatory burden.

TEENAGE UNEMPLOYMENT

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ANDERSON of Illinois. Mr. Speaker, unemployment among our young people is a critical problem. The current rate of unemployment for teenagers is 18.6 percent, an alarmingly high figure. While there are no quick easy methods to alleviate youth unemployment, new initiatives must be explored. I am especially concerned that the proposed increase in the minimum wage will impact severely on our youth, many of whom must take jobs at the minimum wage, because they are new, unskilled entrants into the labor force. Unless their special situation is dealt with, teenage unemployment may increase as employers turn away from the hiring of inexperienced teenagers, because the higher minimum wage makes them unprofitable.

This spring, during the weekend of March 19, 1977, members of the House Wednesday Group were privileged to discuss a number of issues with Harvard Economist Martin Feldstein. The Members benefited from Professor Feldstein's views on the nature of our unemployment problem, and especially how to deal with teenage unemployment. Dr. Feldstein's original research sometimes produces unorthodox conclusions, many of which are worthy of careful examination. I believe this solution for the teenage unemployment problem, a minimum wage training voucher, merits further study.

Mr. Speaker, at this point in the RECORD, I include the portion of Dr. Feldstein's remarks on teenage unemployment:

TEENAGE UNEMPLOYMENT

If somehow you could tighten up the labor market by monetary and fiscal policies, to drive the unemployment rate down for experienced, mature men, drive it down to an unemployment rate of 1½ percent, which is lower than it's ever been in the postwar period, how much could we actually reduce the unemployment rate in some of these other groups? The teenagers, etc.

I did some statistical studies of that a few years ago, and have elaborated on them since. The picture doesn't change. It goes roughly like this: Every percentage that you reduce the unemployment of prime age males, adult married, mature men over the age of 24—every percentage that you reduce their unemployment, you reduce the teenagers' rate by 1½ percent. That means if you could take the unemployment rate of mature men down to 1½ percent, you would lower the teenage rate from 17 percent to about 12 percent. So it would still be very hard, by any standards. You cannot lower the unemployment rate for teenagers by simply tightening up the labor market. The nonwhite teenagers, you would take it down from 32 percent to 25 percent. Still, very, very little change. It's a significant improvement, but it still leaves you with rates which are much too high to be tolerable as a long run policy goal.

After a while, I think it becomes useful to look behind these totals to the character of the unemployment. Let me do it first in a crude statistical way, and then I'm going to talk in more detail about young people.

When you look at adult males, 20 years old plus, two-thirds of them are classified as having lost their last job. That includes the people on temporary layoff. And very few are reentrants and new entrants. On the other hand, when you come to females, 40 percent of mature females are either new entrants or reentrants, indeed, roughly all of them are reentrants. If you eliminated that category in female unemployment, there would be very little difference between women and men in the unemployment rate. Almost all of the difference between male and female unemployment rates is due to the fact that women are coming back into the labor force again. And each time they come back, there is a period of unemployment associated with finding a first job. If you eliminate that, there is very little difference.

Among teenagers, almost none of the un-

employment is associated with losing the previous job. Roughly a fifth of the teenagers are job losers, while ⅔ of them are either reentrants or new entrants. It is very, very different in character, and while the job loss unemployment is quite sensitive to market conditions, these other types of unemployment—reentrants, new entrants—are not sensitive.

Let me turn from talking about statistics to talking about two specific aspects of unemployment. Teenagers and unemployment insurance.

When I first looked at the teenage figures, I had a feeling that the reason that our unemployment rates were so high is that kids are just different from other people, and that's inherent in first jobs, and there's nothing you can do about it. I then looked into the British statistics, British census statistics, and found that the unemloyment rate for teenagers in Britain runs about a half of one percent above the adult rate. Ours runs about 12 percent above the adult rate. Ours runs four times as high. Theirs is almost exactly the same. So something's going on.

I lived in England for six years, I know that the educational system is very different. The whole notion of term time jobs and summer jobs: all that is very different in England. So I decided, maybe that was really the key to this problem: Our kids stay in school more, people looking for more part time jobs while still in school are counted as unemployed. If I hire a research assistant and lay him off after two months, then the CPS finds that he's unemployed. But that's not it at all.

The unemployment among young teenagers who are in the full time labor force, not in school any more, runs just as high as the unemployment rates for those who are in schol. We are still talking 15 and 16 percent. So what's really going on here?

It's definitely not a failure of aggregate demand. We saw that lowering the unemployment for mature men down to 1½ percent is still going to leave the unemployment rate for teenagers very high. I think there are two things. One is the very slow absorption of teenagers into their first jobs. And the secbnd is weak job attachment that leads to very easy quitting and laying off of teenagers. Let me say something about each of those.

Nearly 40 percent of the unemployment of teenagers is associated with finding their first job. They spend an average of maybe ten weeks looking for that first job. That really means that if we could get people directly from schools into first jobs, we could lower the unemployment rate from 16 percent to about 10 percent. And that's a major part of the failing of our unemployment policy with respect to teenagers, is getting that first job.

The British have developed a program which is essentially like a separate employment service that operates via the schools. Before anybody leaves school, he has gone through a job placement process run by the school, so that a period of unemployment between school and work is much, much less common in England than it is in the United States. I'm not sure that that's really the solution in the United States, but it could play a much more important part than it does now.

The other aspect is much more difficult. The fact that quitting is so common among teenagers—the quit unemployment among teenagers is much higher than among others—that layoffs are so much more frequent—I think it is indicative of a much more fundamental problem: That the unemployment we see among, particularly the least skilled teenagers who have the highest unemployment rate, is really indicative of something more serious than the unemployment *per se*. Because after all, as we know, they eventually grow up, and the unemployment rates fall. At least we hope so. I think it really is an indication of something about the character of the job that is available to, say, the bottom quintile of kids who come out of school and find their way into work.

These are dead-end jobs, lousy jobs, jobs with no training, with little opportunity for advancement. They are jobs that are easy to find. Teenagers have the shortest duration of unemployment. The picture that teenagers have a hard time finding jobs just doesn't square with the statistics. They have an easier time finding jobs. They know it. They quit more often than others. But they are jobs that are not very worthwhile having. And they know that to. So they quit those jobs when they have saved up enough money, to go off and enjoy themselves, because they can always find another job packing boxes or working at McDonald's, or something like that.

And similarly, the employer knows that he can always find another kid with the same lack of skills to do the same lousy job. So if demand is going to fall for a month, you lay a kid off and find another one a month later.

I don't think that is inherent in either youth or the nature of jobs. I think it reflects the hard economic reality that we've built, unintentionally, perhaps, into the character of the job market. Basically, firms just can't afford to hire young people and give them on-the-job training unless those young people come already with substantial skills or promise. To give somebody the chance to waste materials, to stand around and watch others work, to have actual supervision of a more experienced worker may make sense for a kid with significant vocational training in school or the high ability kid, or the kid who's somebody's nephew. But it doesn't make very much sense for the high school dropout who has low skills if you have to pay him $2.30 or $2.50 an hour. I think the minimum wage has an important impact on teenage unemployment. Not in the way that's often asserted: These kids can't find jobs in which they are productive at $2.30 an hour. There are plenty of jobs like that around where you substitute kids for forklift trucks. But they can't find jobs for $2.30 an hour *and* some decent training or some chance for advancement. And it's that inability to buy on-the-job training that the minimum wage law implies that causes the high unemployment rate for teenagers. That makes these jobs interchangeable as far as the kids are concerned, and makes the kids interchangeable as far as the firms are concerned. So that neither has any commitment to the other.

I think the effect of the minimum wage, therefore, is to raise the unemployment rate for teenagers, but more importantly to take this least stable group of teenagers and permanently hamper their ability to make reasonable incomes. We say to people who can afford to go to college, those who are bright enough to go to college, or who just feel they can benefit from college—because we have colleges for one level or another, private, public, junior colleges, state colleges, whatever—and we'll pay you to go and we'll make the tuition free. But if you're not bright enough for that, not only will we not give you anything, we will tell you that can't buy it by working for less than the minimum wage. And let me say that this is not a pitch to try and lower the minimum wage. I pursue a number of lost causes, but that is not one of them.

Knocking a quarter off the minimum wage for teenagers is not going to change this. In order to get a significant change, you have to have a much bigger difference between what young people earn and what workers with a couple of years experience earn. You look at the data from Britain: the difference between the earnings of new employees and the earnings of people at age 20 is much, much greater—maybe by a factor of four—than it is in the United States. Throughout Europe, apprenticeship programs are much more important. Now I think we have essentially precluded that by our minimum wage laws, but I think that a politically viable way of getting around it—I don't know why I should be telling you what is politically viable—is not to try to lower the minimum wage to a dollar an hour for six months. It doesn't make economic sense, because the people you are most concerned about helping are going to say: "What, me work for a dollar an hour instead of $2.50 an hour? It doesn't make sense. You tell me I am investing in my own training and long run success. School has been a total bust for me all my life. Why should I give up a buck and a half an hour now and work for next to nothing."

I think the only way to get around it is to have some sort of training vouchers, with which young people can go to private employers and, in effect, buy on-the-job training. By collecting the minimum wage, or a little bit more than the minimum wage from those employers, but giving the employers in exchange a reduction in their wage costs tax—something that might be worth a dollar or a dollar and a half an hour for a thousand hours over the first year after the person is in school.

TIME OUT FOR THE CLINCH RIVER BREEDER REACTOR

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. BROWN of California. Mr. Speaker, now that the conference committee on the public works appropriations bill has decided to eliminate all appropriations for the Clinch River breeder reactor demonstration project, it is clear that the key vote will be on the fiscal year 1978 ERDA authorization bill, now scheduled for September. While this pause may be a bit trying to the lobbyists working on this multibillion-dollar demonstration project, I believe the Members of the House can benefit from through some kind of a voucher or rebatable this time by carefully considering all of the issues involved with commercializing the liquid metal fast breeder reactor, and the Clinch River project, which is part of this commercialization program.

The issues range from the need for LMFBR, to the design of this particular plant, to the international implications of proceeding with a commercialization program. The highest risk reason for postponing the CRBRP is the danger that this type of nuclear reactor poses for nuclear weapons proliferation. While the other issues are significant, they tend to be of domestic significance, and not of great international importance. However, nuclear proliferation is of the utmost importance to the world, and every effort possible should be attempted to control it.

Mr. Speaker, I wish to urge the House to carefully consider my amendment to cut $117 million from the CRBRP, as the President has requested, in order to phase out this project. The time allowed the House by this scheduling pause

should be used to better understand the significance of our actions.

A recent editorial from the Washington Post elaborates on the importance of our upcoming vote, and helps put this vote in perspective. The editorial follows:

[From the Washington Post, July 24, 1977]

TIME OUT AT CLINCH RIVER

The now-you-see-it-now-you-don't congressional treatment of the funds for the Clinch River breeder reactor has led, at least for the time being to a setting aside of the project. This was what President Carter had been urging for a variety of reasons. One of them was a desire to indicate to other nations now going forward with the plutonium-fueled and producing fast breeder that the United States, which wants a slowdown, if not an actual halt in the development of this particular technology, is itself willing to forego work on the plutonium breeder.

To be sure, this is more in the way of a gesture than a deprivation, since this country with its fossil fuels, uranium supply and well-developed light-water reactor technology does not stand in any especially urgent need of bringing the breeder reactor on line. But to say that is not to say it is a empty or unnecessary gesture: We can hardly hope to get the Europeans and the Japanese turned around on the question of a plutonium-cycle future if we ourselves are not even willing to step back from one project such as this one.

Still, no one should think that our pull-back will have anything but a marginal impact on the relevant countries' thinking—if that. For what the United States must make the Japanese and the Euratom countries understand is that it is still far from obvious that the plutonium reactors are their best bet for the future. This is something quite different from persuading them that we are not headed down the breeder road ourselves. They know that. What they do not know is what their alternatives are.

This country, in the past, can hardly be said to have been helpful in that respect. For years, mindlessly, we promoted abroad the very technology we have now recognized as dangerous (plutonium is also a nuclear explosive). We oversold it. And now part of the American obligation is to undo some of the distortions of that oversell.

For example, you hear a lot from the Europeans and Japanese about the desirability of the plutonium breeder as a guarantor of their "energy independence"—something of acute importance to countries that have limited fossil fuels. Only now is it becoming evident in studies being done by scientists and economists on the subject that this notion of "energy independence" as a result of the plutonium breeder is a chimera: electricity being a considerably less efficient heating fuel than oil and gas, it would take an enormous supply of plutonium-generated electricity to do the job the Europeans and Japanese have in mind, putting that independence a very long way down the road indeed.

It is of course true that this—along with just about everything else to do with nuclear energy—is something you will get an argument on. But if any one thing is clear it is that the kind of pause for evaluation and reconsideration that President Carter is urging on the Europeans and the Japanese could not in itself represent any kind of dangerous, or even noticeable, loss of time against the acquisition of "energy independence."

A lot of people think the move to slow the rush to a plutonium economy is already doomed. Maybe it is and maybe it isn't. We do know this—that Jimmy Carter would be reckless and irresponsible not to try to create that breathing and thinking space in which to consider, with the Europeans and Japanese, what the alternatives are; to spell out our own economic and scientific worries about the course they are embarked on; to elaborate on what we are prepared to do to guarantee a flow of enriched uranium fuel to countries foregoing the breeder; and, if it turns out that plutonium is the wave of the future, to try to work out some international disciplines to make it less dangerous. No one can say whether the President will succeed. But a deferral of the Clinch River project will at least prevent his looking foolish while he tries.

CLARIFYING THE AFDC ELIGIBILITY STANDARDS FOR STUDENTS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. OBERSTAR. Mr. Speaker, on July 21, I introduced legislation to strengthen and improve one aspect of the AFDC program—aid to families with dependent children—by allowing a State to exercise discretion in tailoring eligibility standards for AFDC funds within the 18 to 21 age group without the danger of violating the Social Security Act. This measure is directed at correcting an inequity that has persisted since 1973.

The Social Security Act now sets the chronological age requirements for reneeds that the State recognizes as essential. Section 406(a)(2) of the Social Security Act provides an option for States to extend age eligibility for funds to children up to 18 or under 21 if the child is regularly attending a school, college, or university, or a course of vocational or technical training. If the State chooses to distribute aid to age 21, AFDC funds must be administered to all eligible individuals up to an individual's 21st birthday.

In 1973, Minnesota adopted a plan using age 18 as a cutoff for AFDC funds, but the cutoff was extended to age 19 if the individual was still enrolled in school. This was done for two reasons: First, the age of majority in Minnesota is 18, and second, if 18-year-olds were eliminated from the plan, many students would be forced to drop out of school. Furthermore, the extension of services to age 21 was not considered since an additional 1,000 cases would put a great financial burden on the State. Minnesota's plan was approved by the Kansas City regional office of HEW and the program was implemented.

In September 1973, Minnesota was notified that they were in violation of the eligibility standards as set down by the Supreme Court decision in *Townsend* v. *Swank*, 404 U.S. 282 (1971). The decision defined a dependent child as one who is under the age of 18, or under the age of 21 and a student. Prior to this decision, HEW interpreted the law to permit States to select 19 years of age as a cutoff for AFDC eligibility.

At the present time, HEW is auditing Minnesota's distribution of funds and demanding repayment of the Federal share of AFDC grants for 18-year-olds—approximately $2.5 million. If Minnesota is forced to make the repayment, its AFDC programs will suffer irreparable damage.

Clearly, this legislation is justified, equitable, and necessary. It is important not only for Minnesota, but also for other States which may find themselves in a similar position. This bill would permit them to select a maximum age over 18 but under 21 and would provide some relief for States experiencing a financial strain.

I urge the Committee on Ways and Means to act favorably on this measure as soon as possible.

"ANGEL DUST" USE UP

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. MURPHY of Illinois. Mr. Speaker, a dangerous drug known as PCP—an abbreviation for phencyclidine—is rapidly becoming one of the most abused drugs in some of our big cities.

Although once thought to have "died" in 1968 because of its bad reputation, PCP has made a remarkable comeback in the past 2 years.

The drug is causing some alarm among drug enforcement officials, who report that PCP use increased 63 percent last year. PCP has been showing up with greater frequency in the schools, particularly among high school and junior high school boys.

Phencyclidine is also known by a host of nicknames; Angel dust, crystal, hog, rocket fuel, and peace pill, to list a few The reason why PCP has apparently acquired so many aliases is that as soon as one nickname gets a bad reputation, PCP must be marketed under a new one.

While some PCP users are the victims of false advertising—the drug is frequently misrepresented as THC or mescaline—most users know what they are getting. Tragically, PCP abusers ignore the drug's dangerous side effects, which include: Memory and speech loss, brain impairment, loss of physical coordination, muscular rigidity, disorientation, paranoia, and schizophrenia.

PCP's side effects have resulted in drownings, auto accidents, suicides, and murders.

Mr. Speaker, I would like to draw my colleagues' attention to an article I have written on this potentially fatal drug. The article appeared in the Daily Calumet on July 5, 1977.

The article follows:

PCP USE UP: URGE DRUG EDUCATION

[By Congressman MORGAN F. MURPHY]

A 27-year-old man, garbed in a white sheet, knocked on doors in his apartment building. He told persons he was the Messiah and was hungry. Two days later he was found dead in his apartment.

A 23-year-old man was taking a shower when he suddenly jumped out of a second floor window and ran toward a nearby creek.

A man was sitting in a chair when he realized his home had caught on fire. Unable

to move because of stiffness, the man was soon surrounded by flames and burned to death.

The cause of these strange incidents is a dangerous drug known as PCP—an abbreviation for its technical name, phencyclidine. It is also known by a host of nicknames: angel dust, crystal, hog, rocket fuel and peace pill, to list a few.

The drug is causing some alarm among drug enforcement officials, who report that PCP use increased 63 per cent last year. PCP has been showing up with greater frequency in the schools, particularly among high school and junior high school boys.

PCP first appeared on the drug scene 10 years ago in San Francisco, where it was sold as the peace pill, or just PCP. PCP was peddled as a drug more "mind-expanding" than marijuana but lacking the side effects of LSD.

But PCP experimenters soon realized they were the victims of false advertising and warned others to stay away from the drug. PCP's bad reputation spread so fast that by early 1968 the Haight-Ashbury Free Medical Clinic declared that PCP was no longer a problem.

But reports of PCP's demise, much like the erroneous accounts of Mark Twain's "death" were greatly exaggerated. In the past two years, PCP has made a remarkable comeback. Examples: (1) In San Francisco, PCP recently jumped from 19th place to fourth place as a cause for drug abuse hospitalization. (2) During the first two months of 1977, a Los Angeles hospital reported an average of 10 per month in 1975. (3) For almost two years, PCP has been the major cause of admissions to St. Elizabeth's mental health center in Washington, D.C. (4) In the past two years, the price of PCP has risen from $8,000 per pound to $12,000–$15,000 per pound—a sure sign of the drug's increased demand.

What is PCP? The federal government classifies this white crystalline drug as a depressant under the Controlled Substances Act. PCP was developed in the late 1950's as an anesthetic by the Parke-Davis Company. After animal studies showed that PCP had pain-killing ability, the drug was tested on humans—mainly women in labor—as early as 1957.

But because of PCP's adverse side effects—delirium, hallucinations, disorientation, and general agitation—the drug's manufacturer asked in 1965 that PCP testing on humans be discontinued. However, in 1967 PCP was commercially marketed under the brand name "Sernylan" for veterinary use only. Today it is mainly used as an anesthetic or tranquilizer for monkeys and gorillas.

What accounts for PCP's popularity among some drug users? As one medical researcher has pointed out: First, PCP is easy to manufacture. Second, PCP is versatile: it can be smoked, eaten, snorted or injected. Third, small dosages of PCP are potent, which gives it economic appeal.

But why do people take a drug that has such a bad reputation? For one thing, PCP-pedllers frequently misrepresent the drug as THC (the hallucnogenic ingredient in marijuana) or mescaline. Indeed, the reason why PCP has acquired so many different nicknames, according to one official, is that as soon as one nickname gets a bad reputation PCP must be marketed under a new one. Others, who have heard that the drug is a "super-downer," buy PCP as a substitute for barbiturates and other depressants, which are currently difficult to purchase because of federal controls.

But most PCP users know what they are getting. They are after the feelings of weightlessness and psychedelic effects that PCP may produce. Tragically, these PCP users ignore the drug's numerous, and sometimes dangerous side effects. These include: memory and speech loss, brain impairment, loss of physical coordination, muscular rigidity, disorientation, aggressiveness, paranoia, schizophrenia and others. Drownings, auto accidents, suicides and murders, have all occurred as a result of PCP use.

What can be done? A number of suggestions have been made, such as putting federal controls on the chemicals that go into making PCP; and stepping up law enforcement efforts to discover and seize clandestine PCP laboratories.

But the most important weapon in combating PCP abuse is drug education. Most people, including a number of unwilling PCP buyers, know little or nothing about the dangers of PCP.

Every effort must be made, therefore, to get out the word that PCP and its numerous aliases should be avoided like the plague.

HONORING OSCAR R. VAUGHN AND RICHARD E. JOHNSON FOR HEROISM

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. OBERSTAR. Mr. Speaker, I would like to bring to the attention of my colleagues in the House the truly meritorious actions of two of my constituents: Mr. Oscar R. Vaughn and Mr. Richard E. Johnson, both of Duluth, Minn. These gentlemen have been awarded the Red Cross Certification of Merit for their efforts in saving the lives of two of their fellow citizens.

On September 3, 1976, Mr. Vaughn observed a man suffering an apparent heart attack on a city street and went to his aid. He called for an ambulance, cleared the victim's air passage, and began mouth-to-mouth resuscitation and other life-supportive first aid measures. Soon the victim resumed breathing and was taken to a hospital. Without doubt, the actions of Mr. Vaughn saved the victim's life.

On September 14, 1976, Mr. Johnson was near the Duluth Canal when he learned that someone was drowning in the canal's frigid waters. Rushing to the scene, he threw a ring buoy to a man who had already entered the water to rescue a woman and pulled them both to the canal bank. Realizing that the coldness of the water would soon overcome the two in the canal, he had several onlookers hold his ankles while he slid over the bank to grasp each one. Because the steep incline of the canal bank prevented him from lifting them out of the water, Mr. Johnson entered the water to hold the victim face-up while the man clung to the buoy. The Coast Guard rescue boat arrived and brought all three aboard. The heroic actions of Mr. Johnson undoubtedly saved the woman from possible death by either drowning or hypothermia.

Mr. Speaker, through their courageous actions and quick thinking, Richard Johnson and Oscar Vaughn have demonstrated the highest ideals of the concern of one human being for another. I personally applaud these men and commend them for their heroism.

POVERTY, THE MINIMUM WAGE AND YOUTH UNEMPLOYMENT

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ANDERSON of Illinois. Mr. Speaker, much of the debate on the minimum wage has centered on the need for a significant increase in the legislated minimum and the impact of such a boost on the Government's anti-poverty efforts. I agree that the present minimum wage is too low for the average American breadwinner—a full-time worker can earn only about $4,780 per year when employed at the minimum wage—over $1,000 less than the current poverty level for a nonfarm family of four.

However, I believe the argument that an increase in the minimum wage will lift families out of poverty is unfounded. In fact, a number of economic studies have shown that the minimum wage is not an effective income transfer mechanism.

One study, done by Terence F. Kelly of the Urban Institute, concludes that minimum wage increases are not a poverty panacea. Using data from May 1974, Kelly examines the impact of various wage rates on the poverty population:

There are many alternative ways to express potential income changes associated with alternative wage rates. The interest of this study is in changes in economic welfare among families and thus three poverty related measures are utilized. Each is based on the Social Security Administration's poverty standards developed by Orshanksky. The advantage of this measure is that it is adjusted for alternative family sizes, household location, and sex and age of head. The first indicator is a simple count of the number of families in poverty before and after assumed changes in the level or coverage (compliance) of the minimum. Second, we present the aggregate poverty gap before and after assumed changes. The poverty gap is a measure of the difference by which total reported family income falls short of the SSA poverty standard. Third, since neither of the above measures adjusts for differences in the degree of poverty (i.e., they implicitly assume that the marginal utility of money is either constant or zero below the poverty line and one thereafter), an index is constructed which gives larger weight to income increases for the very poor than for the not so poor.

Measuring the impact of alternative minimum wage rates using these three poverty indicators, Kelly reports his findings as follows:

Universal payment of a $1.60 wage in 1973 would have reduced the number of families in poverty by only about two percent. A $2.00 universal wage would further reduce the number of poor families by another one percent. However, if the 1973 minimum had been $2.50 but coverage and compliance were constant, . . . the reduction in poverty (relative to the initial $1.60 position) would have been about one percent, with a decline in the poverty gap of one percent, or a corresponding improvement in the poverty index of 0.2 percent. If, at the same time that the minimum were set at $2.50, coverage and compliance became complete, . . . the reduction in poverty would have been reduced five percent, the gap would have been reduced five percent, and the index would have improved 0.7 perecnt.

These numbers are amazingly small. In the most extreme case . . . with a $3.50 wage extended to everyone, the reduction in poverty (relative to the initial position reported by the sample) would be ten percent, the gap would fall by nine percent, and the index would improve by 1.7 percent.

While Kelly indicates a number of possible explanations for these results, he concludes that:

. . . a large portion of those who are directly affected by a minimum wage (those with wages within the range simulated) are not in poor families. This is implied by the low responsiveness of the poverty related measures. The count and gap measures give zero weight to wage changes among members of nonpoor families and the index, though less extreme, also gives very low weight to other than poor families. These results bring into question the poverty effectiveness of the minimum wage as a transfer device.

Continuing with the assumption that the results are valid, the simulations suggest that both coverage (and even compliance) and level increases are relatively poverty ineffective.

Mr. Speaker, Kelly is not alone in finding that the minimum wage cannot be expected to reduce poverty greatly. Other studies done by Marvin Kosters and Finis Welch, and Edward Gramlich reach similar conclusions. I believe that we must separate the issue of an increase in the minimum wage from the need to provide the poor with an adequate income. The latter task, it seems to me, could be better addressed by increased job training programs and efforts to lower the high unemployment suffered by various demographic groups.

An important corollary to these studies is the effect of minimum wage increases on teenagers. The Kelly study, which is further buttressed by similar studies points out that a minimum wage increase will have unintended, adverse effects on teenagers. He finds that:

. . . the minimum wage does affect the industrial distribution of teenagers, and, further, that it affects that distribution in such a way as to cause a net reduction in employment opportunities. This would be the case if, as a result of the minimum wage, teens move into high unemployment industries, as suggested by Kosters and Welch.

I infer from this that a minimum wage increase for teenagers would be extremely unwise. Poor, disadvantaged teenagers would have the most difficulty in finding employment, thus suffering most from the increased minimum. Those youth from upperincome families, who least need the earnings from employment, would most likely still be able to find employment and would thus benefit from the greater minimum wage. This is clearly an undesirable situation, one which I believe could be avoided by a lower minimum wage for teenagers—in other words, a youth differential.

Our young people should not be priced out of the job market. They deserve meaningful employment. When a higher minimum wage excludes them from the job market, they fail to receive the work experience and skill training which might allow them to move up the employment ladder.

These studies clearly point out the pitfalls of a well-intentioned, but injudicious across-the-board increase in the minimum wage. As we consider changes in the Fair Labor Standards Act, it behooves us to be mindful of their overall impact. To act in haste in these matters, or to ignore the advice of experts, is to run the risk of damaging our potential economic recovery.

DONALD KENNEDY: THE NEW COMMISSIONER AT FDA

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. WAXMAN. Mr. Speaker, I would like to include in the CONGRESSIONAL RECORD a transcript of a recent television interview on CBS' "Face the Nation" with Donald Kennedy, the new Commissioner of the Food and Drug Administration. I think it will be of interest to my colleagues to know Mr. Kennedy's views on the current concerns of the FDA—the saccharin ban, the legalization of laetrile, and approval of new drugs. Although I do not agree with all the positions taken by Mr. Kennedy, I am struck by his forthrightness as an administrator in his handling of these matters.

There is a tendency to think of saccharin, laetrile, and approval of new drugs as separate issues. This is a mistake because there is a common theme: how can Government best protect the public against a health menace—cancer—that we still know too little about? Cancer is a baffling and terrifying disease. It strikes one out of four of our citizens. According to public opinion polls, more Americans fear cancer than fear war.

Although under previous Commissioners this has not always been the case, we expect great vigilance on the part of the Food and Drug Administration. We know there is no "threshold" for cancer. We know that individual carcinogens can combine to create a synergistic effect far more threatening than any single cancer-causing agent. The challenge and burden for the FDA is to educate Americans about these scientific findings, making them understandable to a bewildered public daily buffeted by conflicting reports and claims.

There is probably no more difficult time than now to be Commissioner of the Food and Drug Administration. We have entered an unprecedented era of assault on our governmental and medical institutions. We must regain public trust in Government decisionmaking on health issues. I think Mr. Kennedy's leadership will play an important role in improving public opinion and regaining this lost confidence:

FACE THE NATION

(As broadcast over the CBS Television Network CBS Radio Network, Sunday, July 3, 1977—11:30 AM–12 Noon, EDT.)

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HERMAN. Dr. Kennedy, does saccharin really cause cancer in human beings?

Dr. KENNEDY. Mr. Herman, the best evidence that we have, the kind of evidence on which we have to base our regulatory decisions, says that it does. That's evidence based on animal tests. Studies on the effect of saccharin on human beings, that is, the kinds of studies that attempt to associate exposure with cancer, give us an uncertain answer at this point, but we believe, and the Congress has made a law to the effect that where we can define a human risk on the basis of animal experiments, we have to make a regulatory judgment.

ANNOUNCER. From CBS News, Washington, a spontaneous and unrehearsed news interview on FACE THE NATION, with the Commissioner of the Food and Drug Administration, Dr. Donald Kennedy. Dr. Kennedy will be questioned by CBS News Correspondent Lesley Stahl, by Cristine Russell, Science and Medical Reporter for the Washington Star, and by CBS News Correspondent George Herman.

HERMAN. Dr. Kennedy, I guess your answer to my first question was a sort of an answer; it wasn't a complete answer, perhaps it couldn't be a complete answer, but it leads me to this question—if you seriously believe that saccharin will cause cancer, or does cause cancer, or does cause cancer in human beings, if Congress should pass a law forcing you to allow saccharin to be sold for another 18 months to two years, will it be killing some people?

Dr. KENNEY. Well, I think it will, yes, and that's why I'm anxious that if Congress does legislate in this area, it should do so with very strong warning label provisions, and very strong provisions about advertising, so that at the very least, we will have people knowing something about the risks that they're facing.

RUSSELL. Dr. Kennedy, do you see any indications that Congress won't legislate against this? All signs seem to point to it, and last week they almost succeeded in banning your ban. Are there any signs that this is not a losing political battle?

Dr. KENNEDY. No, I believe in all candor that I have to regard it as a losing battle at this point. I think we want, as a public health agency, at least to make sure that if the Congress does decide to interpose a moratorium it does so with the best guarantees of safety that we can get.

STAHL. Commissioner Kennedy, you have raised the question of a new Canadian study that shows some connection between saccharin and human—or at least bladder cancer in men, but there have been at least eight studies on saccharin in humans that have not shown that connection. Why are you giving so much weight to the Canadian test?

Dr. KENNEDY. Well, studies of this kind, Miss Stahl, epidemiological studies in which one takes a population of people who have bladder cancer and compares them against matched controls who have not got bladder cancer, and then asks the question, did these populations differ in the extent to which they us saccharin—those kinds of studies

are as sensitive as the size of the sample allows them to be. The reason that the Canadian study is more significant than the other ones that we've had to date, is that it has a larger sample of males by a factor of two or three, than any previous study, but I should emphasize that that doesn't mean that it's the the final word on the subject—that's why we're putting out another Federal Register notice and asking for a scientific evaluation of this and the other studies.

STAHL. Why are you extending the life of saccharin on the market until more information comes through on the human studies, if the animal studies are so definitive? Why extend?

Dr. KENNEDY. Well, the extension is because the new evidence could cut either way. That is, if we get comment that causes us to believe that the Canadian study doesn't come out where it asserts that it comes out, then we might want, in fact, to relax our regulatory posture, although I think the probability is that it will be confirmed and we would take the risk more seriously; but in fact, reopening the comment period is not prolonging our decision-time by very much. We have a terrific job on our hands because we got 130,000 comments on our first Federal Register notice, so it's going to take us a lot of time just processing those and coming up with the kind of judgment on that basis that the law asks us to.

HERMAN. Is saccharin, do you think, as dangerous, or more dangerous than cigarette smoking?

Dr. KENNEDY. Oh, it's very considerably less dangerous as far as we can now estimate that.

HERMAN. Is it—do you believe it to be as dangerous as cyclamates were believed to be?

Dr. KENNEDY. That's a much harder question. I really don't know how to compare those risks. I suspect probably a little more, but that's a guess.

HERMAN. What's the situation on cyclamates right now?

Dr. KENNEDY. The situation on cyclamates is that the manufacturer of cyclamates, Abbott Laboratories, has an administrative hearing this summer on a petition that they've issued asking us to review the data, and my position is that I'm under the requirements of the law staying away from it until I get a report from the administrative law judge to review.

RUSSELL. Are there any other substitutes in the offing? I mean, you've indicated earlier that there doesn't seem to be a substitute other than cyclamates.

Dr. KENNEDY. Aspartame is a compound that many people offer as some hope, but in originally proposing Aspartame for the market, the company that's introducing it did not ask us for a food-additive petition that would cover its use in soft drinks; so for that main bulk use of artificial sweeteners, that one doesn't appear to be very useful.

STAHL. Commissioner, you've been in the job as head of FDA for a very short time and already you're coming under as much pressure, perhaps, as any Commissioner ever has. Congressmen say that they are getting more mail on saccharin than they did, in some cases, over the Vietnam war. What kind of pressures are you under, and how are you handling all of the mail and all of the requests to reverse the saccharin ban?

Dr. KENNEDY. Well, we try to answer our mail the best we can, although we can't really do it individually——

STAHL. I'm not asking you about mail, I'm asking you a personal question about the pressure that you're under. What's it been like for you?

Dr. KENNEDY. It's all right. Let me tell you what I mean by that. I think that the regulatory agencies of this nation are at the confluence of great social forces, and I think that the main ones are the pressure to get innovations to the market place to improve people's lives, and on the other hand the demand that, particularly in the area of chemistry, those innovations be proven safe. It's natural that the head of a regulatory agency is going to be under heavy pressure, and I think he or she just has to realize that it's part of the territory and that to the extent that you can you should keep a clear head and make the best decisions you know how to make, and then not let it bother you.

STAHL. You don't feel overwhelmed?

Dr. KENNEDY. No, I don't.

HERMAN. And you're not chewing your fingernails, I note.

Dr. KENNEDY. Not right now, anyway.

HERMAN. Let me ask you—a little while ago you said that it was your belief that saccharin was no where near as dangerous as cigarette smoking, as I understood it. We are still selling cigarettes—with a warning label—and the size of the label of the warning is fixed by government regulations. How about the same thing for less dangerous saccharin?

Dr. KENNEDY. That's a question that's, I think, very important to deal with and I hope you'll let me deal with it thoroughly——

HERMAN. With interruptions.

Dr. KENNEDY. Thank you. The difficulty there is, what constitutes adequate knowledge to make a fully free choice—that means an informed choice. I think that the task of the regulator is to maximize public information about risks and benefits so that people can decide for themselves. The Congress' view, when it originally wrote our food additive laws, I think, was that food is a very complicated and very important thing. Most manufactured foods have a lot of things in them. The opportunity of people really to know what's in that food is kind of limited, and I think that's what Congress meant when it passed the food safety law saying you can't put anything in food unless it's safe. With cigarettes, quite aside from the economic and special interest pressures associated with smoking, there's a feeling, I believe, that cigarettes, after all, are out there, you know exactly what they are, there's fifteen years of evidence about the cancer-causing potential of cigarettes, and in that case the regulator has to take a step back and say well, it's the people's call.

HERMAN. Aren't soft drinks—I mean, it's stretching a point a little bit to say that soft drinks are food. In a sense they're more like cigarettes. They're something that you do for pleasure, not for nourishment and for sustenance, and most of the cry over saccharin seems to be from the soft drink ban.

Dr. KENNEDY. Mr. Herman, a great many people who testified at our public hearings think that soft drinks, diet or otherwise, are a food, and according to our laws, they are a food, and Congress, I think, was wise in making the safety requirement about food additives because it correctly understood that, although at the moment it may be clear that saccharin is dangerous and that all diet soft drinks contain saccharin, at another time in history it may be that saccharin is only one of several artifical sweeteners, and that people would have to just keep a lot more things in their minds to untangle the questions of safety and of risks and benefits. That's why Congress said, don't put unsafe things in the food supply.

RUSSELL. But do you feel that the Delaney clause—that section that mandates that you have to remove something from the market if it's found to cause cancer in animals or humans—you're chairing a panel to review that, many people have called it very inflexible—do you feel that the Delaney cause should be modified or changed?

Dr. KENNEDY. I think that on balance, the Delaney clause has been a useful consumer protection law. It may need some fine tuning in the light of improvements in our capacity to analyze small amounts of substances that are only marginally dangerous, but I think that there's no real urgency on the part of most of the people I talk to to make sweeping revisions in the Delaney clause, and here I should add something, Miss Russell, that is, that we would have had to move to remove saccharin from the food supply under the general provisions of our food safety laws. It didn't require the Delaney clause to do that.

RUSSELL. Right. But it's become an issue, and it looks like there is considerable support for moving on the Delaney. Will you fight any efforts to try and change the Delaney clause?

Dr. KENNEDY. Well, we haven't reached a final position on that. I think that I would be opposed, and I can't say how the Secretary's consideration will eventually come out, but I personally would be opposed to sweeping it away or revising it beyond recognition.

RUSSELL. One other thing in terms of the law. You have frequently said when the saccharin supporters bring up cigarettes, that this doesn't fall in your domain, that you really can't regulate cigarettes. Now you're facing a petition from anti-smoking groups who say, yes, that it could fall in your domain and that you ought to treat cigarettes as over-the-counter drugs. Now, do you think that the law, if it doesn't fall in your jurisdiction, do you think the law should be changed to allow you to regulate cigarettes?

Dr. KENNEDY. Well, that petition is a rather ingenious argument to the effect that the authority that we've always been quite sure we didn't have, in fact, can be brought within our orbit if we adopt a very aggressive posture about it. I don't really think—I don't really think they have the best of the law, but we're going to look very hard at that petition and respond to it as creatively as we can. With respect to what FDA would do about cigarettes, I can really only answer in a—if it had 'em—I can really only answer in a sort of general philosophical way. I think that there's a lot that might be done about the regulation of smoking with regard to smoking in public places, with regard to the spillover of risk by one person's smoke coming to another person. But in the last analysis, you get down to the question of should the states step into people's living rooms and say, you can't smoke in your own living room, and there I think the state eventually has to take a step back and say no, that's the citizen's call.

STAHL. Talking about the citizen's call, let's move on to the question of laetrile. Sloan-Kettering has recently completed a study showing that while laetrile is not effective, it is, in fact, harmless. Why is FDA continuing to take a position that cancer patients can't take a product that they believe helps them, as a placebo would, when it's harmless?

Dr. KENNEDY. Well, in the first place, there's no evidence that it's harmless. It's just that nobody has made an issue of that. I suspect—I suspect that one ought to look a little more intensively at that question.

STAHL. Excuse me, didn't the Sloan-Kettering study say that they found no evidence that it caused side-effects or any harm to the——

Dr. KENNEDY. In those studies on the tumor-reducing potential, or lack of it, of laetrile, in experimental laboratory animals, they didn't find any evidence of lack of safety, but I call to your attention the fact that a baby died in New York State as a result of accidential laetrile ingestion, last week. A medical report of that is soon going to be published. I think maybe one is going to want to take another—another look at that question. But that's not the main point of your question——

HERMAN. Just before you abandon—do you have reason—person reason—to have some doubts about the safety of laetrile?

Dr. KENNEDY. Yes, I think so. I think it's—I think it—it presents possible problems as that accidental death suggests. I don't think that used in small doses, by adults, it's likely to be a problem. But we're not sure.

STAHL. Well, let's talk about it in proper doses.

Dr. KENNEDY. Yes.

STAHL. What's wrong with terminally ill or seriously ill cancer patients taking a harm—a product at proper doses?

Dr. KENNEDY. I think laetrile is a serious public health problem, Miss Stahl. Let me tell you why. I think that people who are ill with a baffling and terrifying disease are being persuaded to try it instead of other therapies that stand a better chance of being helpful, and I think those people are paying an opportunity cost. They're—they're paying the price for not being in the hands of a therapeutic system that stands some chance of doing them some good. You have to understand that, for sixteen years now, people and their doctors have built up confidence in the proposition that the government has tested every drug that's out there on the marketplace and has evidence that each one is safe and effective. If you introduce one drug into that system that isn't proven to be safe and effective, then it seems to me that in the first place, you have no reason not to allow the introduction of more that don't meet that standard. And in the second place, you really are giving people a license to defraud other people because so much confidence exists in everybody's understanding of the safety and efficacy provisions.

STAHL. Well, would you, as Sloan-Kettering has suggested, propose that there be studies on whether laetrile reduces pain or whether it makes cancer patients have a sense of well-being when they take it?

Dr. KENNEDY. If Sloan-Kettering or the National Cancer Institute or whoever, asked us for an investigational new drug application—give us an investigational new drug application for laetrile, we'll evaluate it on the merits. But I want—I want to make you aware that there's a problem with that. Even the proponents don't agree on what laetrile is, chemically, and one of the problems is that—that in some sense we won't even know what's being tested, until we can get people to agree on what it is.

RUSSELL. But since the National Cancer Institute has indicated agreeing with the Sloan-Kettering President, Louis Thomas, that they are seriously considering testing it, you will have to make an exception of you allow them to test it because normally you require the animal evidence showing some sign of effectiveness before you allow them to go ahead with human trials. Now, isn't there a problem in making that exception and what kind of ethical problems do you face in testing something which has not been shown effective in animal tests?

Dr. KENNEDY. Well, there are two responses. First of all, it's not an exception to some law or published regulation of ours. It has been the custom never to test a drug clinically until it's been proven effective for that particular purpose in animals, but that doesn't mean that it's a rule you can't break. It's a precedent, but not one that I find terribly alarming. I find the identity problem more troublesome. With respect to the ethical design of studies and the consent problem and so forth, I think we'll just have to wait to see what the investigational plan of the people who want to try the experiment is. We would certainly be conscious of those problems.

STAHL. Among about a thousand other charges about the Food and Drug Administration, one recent one is that you are just too overcautious about cancer drugs. And there's now a move to move all cancer testing over to NCI, or the National Cancer Institute. Would you be grateful to see that responsibility taken away from the Food and Drug Administration or are you opposed to it? Do you want to continue to control cancer drugs?

Dr. KENNEDY. I think that all drugs ought to be governed by the same set of regulatory principles and regulatory responsibility, so I think I'd be opposed to moving that function.

STAHL. Why isn't cancer different?

Dr. KENNEDY. Cancer is different in the sense that it's extra baffling and extra frightening and an extra serious public health problem, but I don't think it's different in terms of our fundamental task, which is to provide some guarantees that medicines are effective for the purpose for which they're intended and safe. And I don't see any reason to breach that principle because a disease is especially frightening. Indeed, I think there's every reason to adhere to it for such a disease.

STAHL. Well, what if there were a cancer cure discovered tomorrow? How many years would it take before FDA approved it for general use?

Dr. KENNEDY. Well, I think that's a very difficult thing to estimate. If the evidence were overwhelming, all of a sudden, that you had a cancer cure—and you understand that in the real world, that's very unlikely—I think we would be able to speed consideration of those results so that it reached the market reasonably quickly.

STAHL. In three years?

Dr. KENNEDY. No, I think much less than that. I'd like to point out that the drugs that FDA is accused of delaying on, often, in fact, turn out to be removed from the market in the countries in which they are originally marketed because they turn out to present chronic health hazards or because they turn out not to be as effective as they were thought to be. We do have to be a little extra careful in this country because we've got a very—distribute it through a free enterprise health care system. In Britain and the Scandanavian countries, with centrally planned health economies, they get much better track of drug problems, after introduction, than we do. As a consequence, they can take a few more risks at the front end because they've got a very good adverse reaction reporting system at the back end. We don't.

HERMAN. Has anybody made an application to you for a new drug permit or whatever it is, to try marijuana for cancer patients, to counteract the nausea brought on by some anti-cancer drugs?

Dr. KENNEDY. I'm not aware of that, if they have, but it's possible that we've had an application of that sort that I just don't know about yet.

HERMAN. Okay, then let me change directions. One of the things that one always hears when you talk about the Food and Drug Administration, is that its bureaucratic regulation is slowing the progress of American pharmacology—that we're not getting new medicines which are everyplace else in the world because you people are holding us back. True? False? Somewhere in between?

Dr. KENNEDY. Well, the Dorsen panel that just completed an exhaustive investigation of the Food and Drug Administration concluded that that charge was largely false, although it identified some areas in which we have moved too slowly. I tried to give to Miss Stahl, one of the reasons why we feel we have to move more slowly than some countries and that's because of the problem of adverse drug reaction reporting here. We can't pull things very well.

HERMAN. Then the other part of that question in a sense, is how do you find the staff that you've taken over. There was a lot of talk about how disorganized it was, how demoralized it was, the Schweib report that uncovered some unpleasant practices inside—how do you find the machinery that you've taken over?

Dr. KENNEDY. Well, let me deal with those three things quickly. First of all, I think that the staff is very, very good. I've been enormously impressed with their competence. I think that we need to upgrade the agency so that we can do a little better recruiting for some of the top science jobs that are now vacant, but in general, I'm satisfied with the skills aspect. As to morale, I think that there have been some morale problems. I think when you're at the center of this vortex of social forces that I talked about, you get criticized a lot, including getting criticized for a lot of things that you're really doing right. I mean, we don't deserve a lot of the criticism that we're getting on the saccharin decision, Mr. Herman. We're doing exactly what the Congress has told us to do and we're doing it on the basis of good science. Nobody likes to be criticized for doing what he or she is supposed to do. So, to that extent, there's a morale problem. The personnel difficulties to which you refer, actually, are from a period of four or five years ago; we're going to try to deal with those. I'm terribly anxious that the agency be fair as well as open and we're going to respond, I hope, in a satisfyingly swift way to those charges.

RUSSELL. Dr. Kennedy, just as you've been accused of being too slow in getting things on the market, others have accused you of being too slow in getting them off the market. There's a special provision in the law that allows for the Department of Health, Education, and Welfare to take things off immediately, invoking a special clause called the imminent hazard. You're facing a legal challenge on this question regarding a drug for diabetics called phenformin. What are you recommending be done in regard to this drug which has been said to cause hundreds of deaths each year and do you think that the agency should invoke this special clause more frequently?

Dr. KENNEDY. Well, as to the specific question, we've sent a recommendation to the Secretary and I'm really not able to tell you what it is at this point. With respect to the general issue, of whether imminent hazard should not be available to be invoked more readily, in the case of a very dramatic problem, the answer is that we think it should be available and we're prepared to seek legislation to that end.

HERMAN. When do you expect the Secretary of HEW to let us know what the decision is? Is there a time limit on when he has to announce a decision?

Dr. KENNEDY. I expect that that will be coming in a matter of a week or so.

HERMAN. This comes from the Secretary, himself?

Dr. KENNEDY. That's right.

STAHL. One quick question. Should food dyes be banned? All of them because they are not efficacious?

HERMAN. Yes or no is what you have time for.

Dr. KENNEDY. I'm afraid the answer is too complicated but a tentative no.

HERMAN. OK, thank you very much, Dr. Kennedy for being our guest on Face The Nation today.

Dr. KENNEDY. Thank you.

HERMAN. We'll have a word about next week's guest in a moment.

ANNOUNCER. Today on "Face the Nation," the Commissioner of the Food and Drug Administration, Dr. Donald Kennedy, was interviewed by CBS News Correspondent Lesley Stahl, by Cristine Russell, Science and Medical Reporter for The Washington Star, and by CBS News Correspondent George Herman. Next week, the Executive Director-designate of the NAACP, Benjamin Hooks, will "Face the Nation."

I'VE BEEN WORKING ON THE RAILROAD

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ARCHER. Mr. Speaker, throughout the markup sessions on the National Energy Act in the ad hoc Committee on Energy, I kept finding myself humming the tune to the old song, "I've Been Working on the Railroad"—not because it has the same melody as my old school song, but because it so accurately characterized the shameful manner in which the bill was railroaded through with little pretense of deliberation and fairness.

As a member of the minority in this House for 6½ years, I am certainly no stranger to partisan handling of legislative matters—but the majority indeed sank to a new low in this instance.

Perhaps it was not entirely the fault of the leadership in the House.

After all, secrecy and lack of outside input had also been major characteristics of the program President Carter sent to the Congress for consideration. In fact, his secret plan was kept so well that it was nearly a week after he went on television to discuss the proposal with the American people that we in Congress were permitted to see any actual legislation.

When we did finally get a chance to see it, the Carter plan indeed reflected the obvious haste in which it was thrown together to meet an artificial campaign promise of an April 20 deadline. There was little or no input from the Congress or the general populace because he did not take the time for that critical step.

The Congress had an opportunity to rectify that great failing in the President's proposal—but the leadership chose instead to railroad through a sham of an energy program, rather than face up to telling the President and the American people that the Carter plan fell far short of the mark.

Certainly the President must be credited for bringing this national energy dilemma into sharp focus—but it is to his discredit that he did not turn his popular appeal to the task of developing a truly equitable, fair, effective program which the American people could depend upon and believe in.

The ad hoc Energy Committee was the most partisan, regionally biased, secretive committee I have ever had occasion to serve on.

The majority members decided in their daily secret caucuses which subjects would be debated and which amendments would be adopted. We in the minority were simply told what would be passed. There was no pretense of honest deliberation among concerned legislators. The train simply rolled on, day after day.

Is this the kind of consideration that ought to be given to perhaps the most important piece of legislation considered by this Congress in over a decade? Is this the kind of "thoughtful deliberation" the American people have a right to demand on a bill that will have such a massive direct impact on so many?

I think not. The House of Representatives has, in its handling of the National Energy Act so far, made a mockery of the legislative process.

The administration's hasty, secretive throwing together of its legislative proposals has unbelievably met its match in the way the matter has been handled by the House.

There is one inescapable fact, however, that I think all of us must consider before the railroad continues into this House Chamber for further token deliberation.

Any national energy program which is adopted along such blatantly partisan political lines and which contains so much regional bias is doomed to failure as an effective solution to the very real energy dilemma we face. You may force it on the American people, but eventually they are going to realize full well the hoax that has been perpetrated upon them, and the plan will lose all semblance of broad-based support.

My service on the ad hoc committee is an experience that I will not soon forget—nor would I want to forget it.

It was the best lesson in blind political and regional partisanship I could ever hope to witness in a country which espouses open, constructive deliberation among representatives of its people as the basis for its governmental framework.

A NEW PANAMA CANAL?

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HANSEN. Mr. Speaker, I am thoroughly disturbed by President Carter's remarks last Thursday night in his town meeting in Yazoo City, Miss., concerning the building of a new transoceanic sea level canal in Panama or Nicaragua.

The President's comments were a shock to fiscal responsibility. At the present, this administration is conducting negotiations with the Republic of Panama aimed at the disposal of American property which has already cost the United States $7 billion in taxpayer's money. Now the Panamanians are demanding that we pay them an additional $5 billion for the privilege of turning the Canal Zone over to them, making a total of $12 billion. Now President Carter proposes spending approximately an additional $5 billion to build another canal in Nicaragua or Panama! That is $17 billion to get something which we already have and with firmer guarantees.

Mr. Speaker, I believe that the current wheeling and dealing over the Panama Canal and the proposed new sea level canal is a cleverly contrived fraud designed to benefit big international corporations by a ripoff of the American taxpayer.

The administration's panic for an early treaty to authorize the giveaway of the Panama Canal is nothing more than a blatant attempt to bail out a number of big international banks who desperately want financially troubled Panama's assets shored up to protect large loans which are soon due to mature.

The big multinational corporations will get the next windfall from the taxpayer if President Carter gets his proposed new multibillion sea level canal which would only benefit interests like the big oil companies and their super tankers which already carry efficient payloads.

The President cannot "have his cake and eat it too," on one hand stating that our relations with Panama demand that we withdraw and on the other hand stating that we need a large new canal in Panama or Nicaragua. The big multinational corporations will benefit by the $5 billion new canal and the big banks will be well taken care of if they can get the American taxpayers to shell out the $5 billion currently demanded by Panama for taking over the old canal—a move which according to the preliminary results of a current council for Inter-American security national poll—America strongly opposes.

The President was especially contradictory in stating that a new canal would accommodate large warships when his administration has already stated that the present canal was of diminishing importance to naval operations and has also halted the further building of super aircraft carriers.

Mr. Speaker, I am enclosing an article from the front page of the Washington Post of Friday, July 22, 1977, to further describe the situation. I strongly urge each and every member of the Congress to carefully analyze the President's remarks:

AT SEA LEVEL FOR OIL TANKERS—CARTER BACK NEW CANAL

(By Austin Scott)

YAZOO CITY, Miss., July 21—President Carter, in a town meeting in a sweltering southern hall, tonight advocated the construction of a "sea level Panama Canal" to permit the interocean passage of large warships and oil and natural gas supertankers which cannot use the present waterway.

"My guess is that before many more years go by we might well need a new canal at sea level . . . I would say we will need a new Panama Canal," Carter told a questioner who asked how U.S. military needs could be protected if the present canal is turned over to Panama as a result of the treaty negotiations now in their final stages.

Carter said a new canal might solve problems of transporting Alaskan crude oil needed on the U.S. East Coast. He noted that a study commission appointed by President Johnson had looked into a new waterway. The commission report, finished in 1970, found such a canal would be physically feasible at a construction cost about $2.8 billion but the government has done nothing to implement the idea.

Plans for a sea level canal across Panama or Nicaragua—another possible site sometimes mentioned in the past—might improve the U.S. bargaining position in the current negotiations and alleviate some of the strong public opposition to the eventual turnover to Panama of the present waterway.

Deputy White House press secretary Rex Granum said last night Carter's position on a new canal is based on information flowing from the current negotiations between the United States and Panama. Those talks are stalled because of Panamanian demands for up to $5 billion for continued U.S. control of the waterway until the year 2000.

In a "town meeting" which marked the end of his first six months in office, Carter told about 1,500 local citizens that "we've had kind of a mixed bag" in his initial period but added, "I'm pleased overall—so far I like the job."

Peeling off his coat and rolling up sleeves after the first 10 minutes in the non-airconditioned auditorium of a new high school, the President answered 19 questions that varied widely from abortion to human rights to a proposed Army Corps of Engineers water project on the local Yazoo River.

Carter seemed to thoroughly enjoy the 90-minute give and take. The audience never stopped waving fans passed out by a local funeral home, and the President said he thought "it's time for the rest of the country to see the southern, self-propelled air conditioner we have here tonight . . ." It reminded him, he said, of going to church.

The President chose to hold this second town meeting of his administration in the state that finally put him over the top during last November's cliff-hanging election.

He spoke, when he arrived in nearby Jackson, of a South bound together, among other things, by a willingness to change when it saw "the future could be better than the past . . ." a willingness to "join up with our black neighbors."

Yazoo City, about 12,000 population, is about 55 per cent black, and the fact that few black citizens won seats in the drawing held to determine who would get in the auditorium with the President drew a few protests here earlier this week.

In answer to questions, Carter gave these answers to Yazoo City and a national television and radio audience:

The neutron warhead "is much better than using a regular projectile" such as the present atomic weapons and is not "more immoral" than other nuclear warheads. Carter compared its effect in killing personnel while sparing property to that of an M-16 rifle bullet.

He said he has not yet decided whether to approve production or deployment of the controversial weapon, but his remarks seemed to hint even more clearly than before he will do so.

"I do think the abortion issue involves the question of human rights. There is an inherent conflict in the basic discussion, the right of a woman to have control over her body free from interference by government, and on the other hand the right of the embryonic child to live." Carter said he supports various Supreme Court rulings on abortion, and repeated his opposition to the use of federal funds to pay for abortions, a position he has said he does not intend to change.

The Occupational Safety and Health Administration has "gone to extremes" in administration of laws, and should shift its emphasis from safety to the health of workers. He cited with approval his brother Billy's reports on the application of OSHA to his filling station and peanut factory. Carter reported that the peanut plant "for years" used a mercury compound which is harmful. "I had no idea it was poisonous," he said.

He has no apologies for the U.S. vote bringing Vietnam into the United Nations, but does not favor paying Vietnam any money for reparations. The last part of that answer drew strong applause.

AN UNRETIRING CHAIRMAN HAS DECIDED TO RETIRE

HON. JACK HIGHTOWER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. HIGHTOWER. Mr. Speaker, when our colleague, GEORGE MAHON, the chairman of the House Appropriations Committee, announced several days ago that he would not be a candidate for reelection in the Democratic primary of 1978, the shock waves of his announcement were intensively felt among his colleagues, and especially among the members of the Texas delegation. Between now and the time that Mr. MAHON actually begins his well-earned retirement, there will be many tributes paid to him.

On Sunday, July 24, 1977, the Washington Post in an article entitled "An Unretiring Chairman Has Decided To Retire," compliments our friend and colleague for his service. Inasmuch as the life and career of GEORGE MAHON are worthy of emulation by all other Members of Congress now serving, or who will serve in the future, I would like for the RECORD to include this tribute:

AN UNRETIRING CHAIRMAN HAS DECIDED TO RETIRE

(By George F. Will)

He was born with the century, in 1900, in Mahon, La., but soon his family, 10 strong, moved to Texas. There, mother kept the children's noses in books, including the one read on countless 19th century hearths—"Pilgrim's Progress."

In 1934, West Texans sent George H. Mahon to Congress, where Lyndon Johnson was a staffer. Mahon began wrestling with the nation's budget when Jimmy Carter was wrestling with high school algebra.

Today, after 43 years of service, Mahon is senior to all his colleagues. He is retiring at the end of this term because he would be 80 before the end of another. That is a poor reason for the House, or any other institution, to lose the services of a man whose abilities remain formidable.

Mahon is six-feet-two, erect and lean. He looks as though he was whittled from a fence post by the West Texas wind. His capacious memory is papered, floor to ceiling, with poetry and hymns, which sometimes ring down the fairways when he is golfing.

This morning he poses on the Capitol steps with a small regiment in bright polyester Texas ladies here to keep an eye on Congress. Returning to his office, he passes a congressman leaving the House floor in shirt sleeves and murmurs disapproval of the slack standards of the age.

He is one of the last links with the New Deal, but his credo as chairman of the House Appropriations Committee has been less Hyde Park than West Texas: "Pay for it or put it off until we are willing or able to do so."

When he was born, there were 26,000 federal workers in Washington. By 1940 there were 166,000, about the number the Department of Health, Education and Welfare employs today. Don't blame Mahon.

Rep. Thomas Reed of Maine, Speaker of the House when Mahon was born, once heard a chaplain pray that Reed would conduct the House according to the will of God without regard to partisan politics. Reed exclaimed, "I never heard a more preposterous prayer addressed to the throne of Grace."

Reed was right. The House is an inherently partisan place. But no man has taken less advantage of large opportunity to abuse power than has Chairman Mahon.

The portraits on the wall of his office include a baleful one of Thaddeus Stevens, the radical Republican of Reconstruction whom the late Stewart Alsop well described as "the most merciless and vindictive politician the United States has produced." No two men who have served on Capitol Hill are less alike than Stevens and Mahon.

His conversation constantly teeters agreeably on the edge of a chuckle. Like the red-and-white check necktie he is wearing with an otherwise subdued ensemble, there is about him an unexpected and, happily, irrepressible impulse to lightness. He has been an ornament to a city with more than its fair share of the pompous, a city that is not about to take G. K. Chesterton's point.

"It is really a natural trend to lapse into taking oneself gravely, because it is the easiest thing to do. . . . For solemnity flows out of men naturally; but laughter is a leap. It is easy to be heavy; hard to be light. Satan fell by force of gravity."

The hall outside his office is full of scaffolding for the workmen whose job is the perpetual one of maintaining the special mellowness of the Capitol's rich interior decorations. The scaffolding, Mahon chuckles, is for hanging miscreants, and there never is enough scaffolding. And a ladder leaning against the wall puts him in mind of a hymn:

> We are climbing Jacob's ladder,
> Soldiers of the Cross

Mahon is an American type—an alloy of piety, industriousness, reticence and abstemiousness—that once was as common as, and soon may be as scarce as, the homing pigeon.

As Mahon approaches the yellow leaf (I say approaches: His father, who moved to Texas for his health, lived to be 97), he can take leave of government serene in the knowledge that the government is better than it would have been if he had not come to it, and that he is as good a person as he was when he came.

SOCIAL SECURITY SYSTEM NEEDS LONG-RANGE PLANNING

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. LEVITAS. Mr. Speaker, the problems of our social security system are becoming more and more evident and more and more in need of immediate action. There are hearings going on now in the Ways and Means Subcommittee on Social Security, and there are many bills pending which deal with various parts of the system. However, as necessary as attempts to shore up the system are, it is obvious that we need more than band-aids and mercurochrome.

I have introduced legislation, House Joint Resolution 166, that calls for a comprehensive study of the entire system to be made, not by the usual band of "experts" and consultants, but by the people who are most concerned with the system, that is, working people and employers who are currently contributing into the system and the people who are receiving

benefits. Those employed and paying into social security are fearful that by the time they retire, the system will have gone bankrupt and they will never receive the benefits they have been promised. Recipients who depend on social security checks are becoming increasingly concerned that the predicted depletion of the system's funds will leave them destitute. We cannot permit either of these events to occur.

It is vital that we begin immediately to study the problems, many of which are self-evident, and make recommendations to improve, overhaul or even substitute a new system that will work and that will serve the needs of Americans in the years to come.

Although the following article by Hobart Rowen from the Washington Post of July 17, 1977 is not entirely in agreement with my ideas of the causes of the problems or the solutions, it does emphasize that a complete study must be made if we are to have social security in the future instead of the social insecurity we have now.

The article follows:

OVERNIGHT REFORM, REFINANCING OF SOCIAL SECURITY NOT ESSENTIAL

(By Hobart Rowen)

The U.S. Social Security system, one of the most popular programs ever undertaken by this government, is running a deficit. In fact, its money reserves could be exhausted some time in the early 1980s. But there is no need for the million who depend on Social Security to push the panic button.

There are short-range and long-range problems that demand, and will get, congressional action—and it isn't essential that it be done overnight.

Social Security is supposed to collect, at any given period, enough taxes from those working to meet current benefit costs. But actually, the system has been paying out more than it has been taking in. As a result, the $35.4 billion in reserves of the Old-Age and Survivors Fund, given present taxes and benefit schedules, will be exhausted in 1983.

The Disability Insurance trust fund, which amounted to only $5.7 billion at the end of 1976, is scheduled to run a deficit of $3.2 billion this year and $4.1 billion in 1978 because of a big surge in claims. That problem needs emergency attention.

The main reason that the basic system is in trouble now is that high unemployment rates of 1975 through 1977 curtailed tax collections at the very time that Social Security benefits were increased to keep retirees even with inflation.

But beyond that, the problem is complicated by two factors affecting the soundness of the system 20 years down the road. The first is a technical mistake in the law that increases retirement benefits after 1995 to a level greater than intended. What happened, to explain and simplify a very complex issue, was that Congress allowed an inflation adjustment that overcompensated for real needs. As a result, many retirees would get benefits far above the best pay they ever earned.

Second, the percentage of older persons in the population is beginning to rise. This means that some time after the year 2000 there will be relatively more people getting benefits than are working and paying into the system.

One way of tackling this problem has been suggested by former Social Security Administrator Robert W. Ball. It is to reverse the recent trend toward early retirement.

President Carter has proposed a three-part program to Congress that would put the system on a sounder financial basis by pouring in $35 billion in additional taxes to the trust fund in 1978–82. But his proposals are controversial.

First, revenues would be increased through higher payroll taxes on employers and employees. For employers, the change would be more dramatic—a tax (by 1981) on their entire payroll, not simply the first $16,500 of an employee's earnings. As for employees, the amount of taxable earnings would be raised by $2,400 in four stages through 1985.

Second, the overgenerous inflation adjustment would be corrected so that benefits could not exceed pre-retirement wages. That reform alone could erase half of the anticipated long-term deficit.

And third—the touchiest proposal of all—general revenues would be tapped to replace payroll taxes "lost" when unemployment topped 6 per cent during the recent recession. A temporary program running to 1982, this would supply $14.1 billion to the trust fund.

Use of general revenues to pay part of Social Security costs is an emotionally charged issue. Conservatives generally argue vociferously against this approach, in the belief that the "discipline" of payroll taxes will be lost.

ECONOMIC IMPACT

What seems to many to be equally important is a reduction in some benefit schedules. Loosened eligibility standards, for example, have boosted spending out of the disability fund by a whopping 21 per cent a year over five years.

There are lots of other reforms needed, as shown in a report by the Congressional Budget Office. For example, because average lifetime earnings are taken as the criterion for current needs, "costly windfalls (are provided) to some non-needy." But others, especially older retirees who began receiving Social Security many years ago, get inadequate benefits which need boosting.

Another inequity, as Havard economist Martin Feldstein points out, is that many working wives pay Social Security taxes through a full career, but get no more in benefits when they retire than if they hadn't worked at all.

So Congress has plenty of work to do on the Social Security system, both in refinancing and reform. Higher payroll taxes will be a drag on the economy and add to inflation, to be sure. But that's a price worth paying to maintain a sound Social Security system.

MORE TIME FOR VETERANS EDUCATION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. OBERSTAR. Mr. Speaker, on May 31, 1976, over 470,000 veterans lost their educational benefits, because Congress placed time limits on the use of these benefits. On August 31 of this year, an additional 11,500 veterans—1,000 in Minnesota—who are enrolled in agricultural education programs will lose their benefits. Placing time limits on veterans education benefits was reasonable a generation ago; it is inappropriate today.

When the GI bill was passed in 1944, it provided "readjustment assistance" to our World War II veterans. In 1944, veterans could not find decent jobs without additional training; most veterans would use their benefits within the time allowed.

Circumstances are different today. With the fluctuating job market, some veterans can find jobs immediately after discharge. Years later, however, they are discovering that their skills are no longer in demand. At 35 or 40, many veterans must find a new job, and they desperately need additional training to "adjust" to a new occupation. A 10-year limit should not be placed on educational benefits when these veterans may be in more need of "readjustment assistance" at 40 than at 25.

I would like to point out the special plight of veterans enrolled in farm management schools. Many have turned to farming after finding jobs in the cities. These veterans, many of whom were not raised on farms, need all the education they can get to make their farms run profitably. Yet, in many rural areas, farm management schools were established only recently. Several schools in my district have had waiting lists since the day they opened. Veterans who have waited years to enter these schools will now have their benefits cut off due to the 10-year delimiting date.

In response to this problem, I have introduced H.R. 3585, which would eliminate all the time limits and allow veterans to use their education benefits whenever they see fit. I submit for the RECORD excerpts from letters sent to me by veterans in my district who have had or will have their educational benefits cut. I hope my colleagues will read these letters and then encourage the Veterans' Affairs Committee to hold hearings on any of the 26 bills before them that would extend or eliminate the time limit on veterans educational benefits:

MARCELL, MINN.,
April 18, 1977.

DEAR MR. OBERSTAR: I am writing this letter to you in regards to the elimination of benefits under the G.I. Bill as of the 1st of August for veterans whose benefits will run out at that time. My husband has been going to Agriculture School at Northome, Minnesota for 2 years under the G.I. Bill and would graduate 1 year from this July if the benefits were to be continued for another year.

Like many of the people we know, we have a typical story. We moved from the Twin Cities about 5 years ago. Last year, we managed to buy a 70-acre run-down farmstead near Marcell. Through my husband's schooling, we are slowly turning our home back into the farm it once was. Without the schooling, it couldn't have been done as we both are from the city and knew little or nothing about farm life.

We just wanted to bring this matter to your attention and there are others, not just ourselves, that would want to graduate and hope that you will do your best to help us in this matter.

Thank you.

KATHLEEN MURPHY.

MAX, MINN.,
April 2, 1977.

DEAR SIR: I was not able to begin the VA educational farm coop program until I purchased land and began a working farm. Consequently I will not be able to complete my eligibility before the August 1977 deadline. I feel now that I have made a commitment to farming I should be able to obtain the full benefits I earned in the Navy without regard to the time I was able to begin the program.

In short, please try to extend the August 1977 deadline for VA educational benefits. Thank you.

CHARLES B. RANDA.

CROMWELL, MINN.,
April 26, 1977.

DEAR MR. OBERSTAR: I was glad to hear that H.R. 3585 will be introduced to justify us veterans in getting our full educational benefits.

I personally had no opportunity to attend veterans agriculture school as there were no openings available in the neighboring towns. Only through a very active county agent and through many phone calls by myself to the vets in my area, was it possible to get a school started in our town.

I have talked to my classmates about this and out of 25 men, ten of us will be cut short of our benefits if the delimiting date is not extended. I'm sure if a survey was taken, this possibly would be the problem in most of the veterans agriculture classes.

RICHARD D. GODBOUT.

GRAND RAPIDS, MINN.,
March 31, 1977.

DEAR MR. OBERSTAR: I'm presently enrolled in the Veteran's Farm Management Program, School District 318, Grand Rapids, Minnesota. I was employed by the Cleveland Cliffs Iron Co. for 18 years and felt there was no need for further schooling or training. Due to a permanent lay-off I had to seek a different way to support my family. So, therefore, I feel if I could take full advantage of my 45 months of schooling it would help me tremendously, not only financially, for I feel that this is a good program and I feel that I have learned a lot and would like to continue.

At present the delimiting date is August 31, 1977. My date of service was July 1954 through June 1956.

LLOYD L. LAUSENG.

COHASSET, MINN.,
June 5, 1977.

DEAR SIR: I am in the Veteran's Farm Management Program at Grand Rapids Minnesota, District 318. My delimiting date is August 31, 1977. That will give me 23 months of school. If there wasn't any delimiting date, I could go another 22 months of school.

I got out of the Navy in August of 1957, and the Farm Management Program didn't start in this area of Northern Minnesota until 3 years ago. So therefore I was unable to get my 45 months of schooling. I have received a great deal of information which has helped me on my farm. This information I would not have been able to receive otherwise. Therefore I would like very much to see my time extended.

Thank you.

J. B. LEPPER.

WARBA, MINN.,
April 4, 1977.

DEAR SIR: I am presently enrolled in a Farm Management course under the G.I. Bill. I tried enrolling in last year's session but it was already full. In January of 1977 I was accepted with only 9 months left with the delimiting date of August 31, 1977.

At this time, I believe this should be removed so there would be a possibility that some of us who were unable to enroll earlier would be able to take advantage of this course for a longer period of time.

I started farming about nine years ago. I have been trying to build my farm up to be a success. In these times we have to have all the knowledge we can in order to manage our crops better so we can earn a better living and at least break even. I feel this course is going to enable me to do so.

DELBERT KONGSJORD.

MAX, MINN.,
April 3, 1977.

DEAR MR. OBERSTAR: I was very disturbed when I read about the Veteran's Schooling cut to be made in August. These men have invested many dollars and much time getting set up to attend farm school classes, not to mention the hours and tears their wives have poured into the project. As you know, our township and in fact most of northern Minnesota, is desperate for employment. The veterans who went into farming did so because they did not want to sacrifice their rural way of life yet were faced with the need to support their families somewhat better than the level of abject poverty.

In following the government project lines to qualify for this training, these young people have sacrificed so much. For some, both husband and wife are city raised. For others the wife had never been on a farm until she married and moved to rural Minnesota. When these girls made the commitment to farm, they did not realize how short the money to meet the most necessary obligations such as food and medical expenses would be.

If something is not done in Congress to extend the farm school training bill, it will be a disaster for many of these young people who have already given so much. Think back to the first few years of your marriage. What a struggle it was to establish ourselves as a single family unit, to earn an identity which was the beckoning light of success at the end. What would happen to your family or to mine, had someone blown out the light?

SHIRLEY SWEEDMAN.

AIR BAG LOBBY—LONG ON EMOTION, SHORT ON FACTS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. SHUSTER. Mr. Speaker, on July 22, the insurance company leading the air bag lobbying efforts gave their movie and presentation on the air bag to certain Members of Congress.

Their presentation deserves a response and I offer one to my colleagues for their consideration.

First. The movie shows only single impact direct frontal crashes into stationary walls, so no observations can be made about other types of crashes such as side, rollover, rear, frontal—followed by secondary crashes, and so forth.

Second. The movie compared crashes of a dummy protected by an air bag that worked with a dummy protected by a lap and shoulder strap that failed to work. Hardly a fair comparison unless there is evidence to show that air bags generally inflate and belts generally pull apart. No such evidence was presented.

Third. They emphasized that there is no Federal requirement for belts to meet a dynamic test. This is an excellent point and deserves investigation.

Fourth. The movie offered testimonials from a doctor and a stunt driver who say their air bags protected them in frontal crashes. These personal testimonials are significant, of course, only if they are representative of a broad statistically sound sample. No such evidence was presented.

Fifth. The former chief automotive safety engineer for American Motors, employed by the insurance company for the past 7 years, informed us that the NHTSA air bag data was based on 433 million miles driven and was "substantial." There seemed to be disagreement with NHTSA's own statement that not enough data had been gathered to be statistically reliable. In any event, we were pleased to hear a defense of the NHTSA data, because it is that data which shows that air bags are less safe than safety belts, as detailed in the analysis inserted in the CONGRESSIONAL RECORD on July 18, 1977, page E4560.

Sixth. We were surprised to be told that the NHTSA order does not require a lap belt with the air bag. If this is true, then the NHTSA data previously referred to gives the air bag more safety credit than it deserves, because 87 percent of the air bag car crashes investigated were also equipped with lap belts.

Seventh. We were told that our statistics showing that air bags did not inflate in 42 percent of the towaway crashes studied was inaccurate and should be 29 percent. We referred to the NHTSA data of 230 towaway crashes in which the air bag did not inflate in 97 cases; 97 divided by 230 equals 42 percent. They acknowledged that our arithmetic was correct after all, but claimed it was not fair to express our "surprise" at the air bag not inflating in 42 percent of the towaway crashes, because it was not supposed to inflate. I could only repeat my concern that in towaway crashes the air bag did not even inflate in 42 percent of the accidents.

Mr. Speaker, I appreciated the opportunity to see and hear the sales pitch on the air bag, but I think they helped make the case against the mandatory air bag. A half dozen tests with dummies and stunt drivers slamming into brick walls, a demonstration with a defective safety belt, and a testimonial from someone "saved" by an air bag, does not prove that air bags are more effective than safety belts. Only a large quantity of real world statistics on car crashes with air bags and safety belts will reliably tell us which is safer. NHTSA has real-world data which shows that safety belts are 5.5 times more effective saving lives in towaway crashes than are air bags and 2½ times more effective in preventing injuries. While NHTSA discounts the reliability of its own data, a former chief safety engineer says the data is very "substantial." The air bag lobby has an emotional movie with plastic dummies, stunt men, and personal testimonials. But the most significant factor was the absence of statistically sound real-world data to prove their case.

CONFIDENCE IN GOVERNMENT

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. ANDERSON of Illinois. Mr. Speaker, at the beginning of this year, pollster George Gallup measured the

American people's confidence in their institutions. The results of that opinion sample bore discouraging news for many of us, including our business leaders. Only one American in three expressed "a great deal" or "quite a lot" of confidence in big business, while at the other end of the spectrum, one-quarter of the general public expressed very little or no confidence.

An understandable reaction to this state of affairs is one of despair. Yet a number of prominent businessmen are taking positive action to counteract public sentiment as expressed in opinion polls like Gallup's. These are not cosmetic attempts to put a better face on the work of American business and industry, but efforts to substantially alter the way America does business: To "retool" our corporations, to outfit them with a sense of purpose and a high degree of ethics and ethical standards.

Recently, one of our most respected and farsighted business leaders, David Rockefeller, chairman of Chase Manhattan Bank, addressed the problem and his proposed solutions in a speech before the Boy Scouts of America Greater New York Council. His message is an important one, and I would like to share excerpts from his address with my colleagues:

Scouting's creed is a simple one really. It is based on three principles which underlie America's traditional greatness: *first*—mental and physical strength, *second*—moral uprightness, and *third*—self-respect, based on a high sense of honor and integrity.

This evening, I'd like to spend some time discussing these values, particularly as they relate to the sector of society with which I am most familiar—the business world. I believe it has become increasingly important for those of us in positions of public responsibility to take a fresh look at the ethical standards and practices of the institutions with which we are connected. Tonight, in addition to reviewing where I think business stands today in terms of these values, I'd like to offer a few suggestions as to how corporations might improve their approach to ethics and morality.

In a general sense, I believe the American business corporation has made a concerted effort during the 70s to improve its performance in serving society's needs. Indeed, the term "social responsibility," coined in the late 60s, has become a permanent part of the corporate lexicon. But while most companies have recognized the need for social responsibility, quite a few have had problems in applying the concept to their day-to-day business operations.

Too often, I'm afraid, social responsibility has been looked upon as an "add-on" to a firm's regular business. To some, social responsibility has meant stepping up financial contributions to urban projects. To others, the term has become synonymous with programs to minimize pollution, train the hard-core unemployed, or counsel the disadvantaged. All of these are vital ingredients, but we've often had a hard time, frankly, in coming to grips with what we mean by the concept. One of our young lending officers, in fact, defines "social responsibility" as "not scheduling two dates for the same evening."

While I do not mean to disparage the many social goods that have been accomplished I am concerned that many companies have failed to integrate effectively their social responsibilities with normal business operations. They have presumed that business and social responsibility do not mix. And this presumption, I suspect, has contributed largely to the current deep malaise in public confidence toward our institutions.

The standing of business in the public opinion polls today can be characterized only as shocking.

Four out of 10 adult Americans believe that big corporations are—and I quote—"above the law and can get away with just about anything."

More than half of the nation's adults believe that big companies got to be big by manipulating the market in some unfair way.

Overall confidence in business, which stood at a 70% level in late 60s, today hovers around 15%.

As survey researcher Daniel Yankelovich puts it, "To the general public, businessmen are indifferent or worse . . . to anything that does not benefit immediately and directly themselves or their institutions."

Clearly, with our country's confidence badly shaken through disturbing disclosures of corporate bribery, illegal campaign contributions, and scandal at the highest levels—business has no choice but to alter dramatically the way it discharges its social responsibilities. Specifically, I believe the time has come for companies to move beyond narrow notions of corporate social responsibility and adopt instead a more deep-rooted and pervasive framework of ethical policies and procedures—one which inherently underlies every decision the corporation makes.

In most American companies, ethics, no doubt, are already incorporated into management decisions on an individual, intuitive basis. The challenge now, as I see it, is to effectively "institutionalize" ethics—by shaping individual corporate codes of conduct—to integrate ethical reflection more firmly into the corporate policy process.

Having recently struggled through this process at The Chase, I can tell you that developing a comprehensive corporate Code of Ethics is not an easy task. One of my colleagues compares it to "nailing a custard pie to the wall." It is truly a difficult subject to pin down. On the one hand, moral generalities are often too broad to be meaningful. On the other hand, it is impossible to create a list of "thou shalts" and "thou shalt nots" to cover every situation.

Our attempt at The Chase was somewhere in between these two extremes. We sought first to strengthen a proper climate for ethical considerations within the bank; and second, to provide a framework of practical guidance through concrete illustrations.

We based our approach on four fundamental cornerstones, which I believe must be present in any organization which aspires to the highest standards of business conduct:

First, honesty and candor in all activity.

Second, integrity in the use of corporate resources.

Third, avoidance of conflict of interest.

And fourth, fairness in dealings with all.

Let me briefly illustrate how we apply these four values in our normal course of doing business at Chase.

The nature of the banking business demands that we practice absolute honesty in all our affairs. Banking, above all, is based on mutual trust—founded on the faith and confidence of the public.

In a practical sense, this translates into strict internal policies governing personal fees, commissions, solicitation or acceptance of gifts, and the like. It also demands an atmosphere that fosters personal candor among our employees to report promptly any questionable or possibly illegal action about which they have knowledge.

Are there occasional chinks in our armor of honesty? Certainly, there are. An organization as huge and as far-reaching as The Chase probably never can be rid of a few dishonest individuals. The important point though is that we, as a corporation, have recognized, as author Ivan Hill puts it, "When you leave honesty out of ethics, you are left with hypocrisy." Put another way, a corporate Code of Ethics is a hollow platform if it lacks honesty as a base.

As to our second guiding principle, integrity, a bank's right and ability to manage its resources is effected, directly or indirectly, by a number of constituencies—including our stockholders, our customers, government agencies, the communities we serve, our staff and the public at large. In dealing with these diverse constituencies, it is critical that we treat our resources in the most prudent and proper manner.

This has profound implications, for example, in setting loan policy, which affects the lives and interests of many persons and groups.

Chase's general policy with respect to loans is to make all decisions in the most responsible and constructive manner. We pay strict attention to the legal, moral, and social implications of such decisions on a global basis. And we seek to avoid business with identifiably harmful results.

Sometimes this means stepping up where others fear to tread . . . making a decision that flies in the face of prevailing wisdom in our industry.

In the case of South Africa, for example, this approach has resulted in a lending policy which specifically excludes loans that, in our judgment, tend to support the apartheid policies of the South African government or reinforce discriminatory business practices. Conversely, we are willing to consider loan proposals for projects of a productive nature which we believe will result in social and economic benefits for all South Africans.

Admittedly, there is a certain risk in linking something as important and sensitive as lending policy . . . to a set of ethical standards. But taking risks lies at the very essence of our free enterprise system. And ethical risks like business risks must be taken . . . when to avoid them would be to disregard the public trust.

The third cornerstone of Chase's Code of Ethics is to avoid conflict of interest. Like lawyers and doctors, bankers enjoy a special relationship with their customers. Because we deal in depth with the financial aspects of so many individuals and entities, it is essential that we avoid every conceivable conflict of interest or breach of confidence.

Increasingly, it has become a delicate task to balance the need for customer privacy with escalating requirements for public disclosure. Determining where one citizen's right of privacy ends and another's right to know begins is a complicated matter. For example, to what extent does the public have the right to know the details of business transactions, to know everything from the corner grocer's markup to such competitive secrets as the costs of extracting minerals from different mines?

Clearly, no corporate Code of Ethics can hope to answer all the questions that surround the issue of conflict of interest. What it can do though is ensure that all employees fully understand that such conflicts—or even the appearance of them—must be scrupulously avoided.

The fourth and final tenet of Chase's corporate Code of Ethics is a commitment to total fairness in our dealings with all. Internally, this means maintaining high standards in employment practices and continuing the programs traditionally labeled as "social responsibility" efforts Here I'm talking about such things as affirmative action, job enrichment, training and educational opportunity programs, and the like. Externally, it means that we must treat our customers, potential customers, and the communities we serve with equal respect.

One objective in fostering a principle of total fairness to all is to forge a bond of what

French sociologist Emilie Durkheim called "institutional legitimacy"—which links institutions with individual citizens through ties of respect rather than power.

A corporate policy of fairness also demands a corporate philosophy that encourages the pursuit of excellence. As the Reverend Jesse Jackson said recently, "Ignorance and mediocrity will never render the higher ethical standards our country needs." His point, I believe, is that excellence and the capacity to meet essential human needs are not at all in conflict as some suggest. Conversely, both must be approached in concert in order to maximize their ultimate benefits.

By the same token, the only way to attain a higher corporate standard of ethics is to reward appropriately those who do the most and the best. In other words, companies that hold excellence in the highest esteem and create a climate which allows it to flourish—will not only turn out to be best in a business sense but in an ethical sense as well.

Perhaps the most damning charge leveled at American business is that it is so rigid in its policies and stultified in its practices that it works to destroy human initiative. The kind of corporation I've described in broad outline this evening—one that places a high premium both on ethics and excellence—can never be guilty of destroying initiative. On the contrary, rather than diminishing individual freedom, it enlarges it. Such an organization, as John Gardner has said, "constantly renews itself and, in effect, enjoys eternal youth."

To achieve such renewal and truly ethical action, we must strive for one final quality in the management of our organizations—a perspective that transcends both narrow self-interest and purely short-term benefits.

Despite reams of rhetoric to the contrary, business—as well as government and other segments of our society—tend to be overly parochial and short-range in its decision making. Because corporate managers are elected by their boards and stockholders in much the same way politicians are elected by the general public—"economic expediency" sometimes seems as tempting as the often-maligned "political expediency."

To lessen this temptation, I would suggest that managers move decisively to determine and explain their actions clearly in the light of both long-term implications and implications for the overall social fabric. Such an open and broad-ranged policy would sharply underscore the fact that unethical behavior is not only wrong, but foolish—in that it sacrifices the future for the present.

In closing, let me reiterate that I have purposely chosen this evening to paint in broad brush strokes what I believe is a proper foundation for shaping a "corporate ethic." The subtleties . . . the nuances . . . the fine shades and tones . . . of a particular company's ethical landscape cannot be defined by an outsider.

Corporate morality is an intensely personal proposition. It must be based on principle not policy and conviction not expediency. It must be steered not by whichever way the wind is blowing, but by fixed ethical points determined by a conscientious top management.

This is the kind of approach to ethics, in my opinion, that has underscored the extraordinary success of the Boy Scouts over the years in developing individuals of singular moral strength and character. It is the kind of approach that we, as concerned businessmen and businesswomen, would be wise to adopt for our own institutions.

Establishing a specific Code of Ethics for a particular corporation will not, in itself, convince the dubious to believe in the free enterprise system. But it is a logical and, I would add, a critical first step toward ultimately realizing that goal.

THE NINTH ANNIVERSARY OF SOVIET ARMED INVASION OF CZECHOSLOVAKIA

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. EILBERG. Mr. Speaker, on August 21, 1968, the free world will again mark with sorrow and dismay the fateful day in 1968 when Soviet-led armies invaded the small homeland of the freedom-loving Czechs and Slovaks.

The immediate condemnation by the U.S. Congress was overwhelming and, in 1970, Senate Resolution 450 and House Resolution 718 requested the President to express support for the people of Czechoslovakia on the "Soviet day of shame," and to take such additional steps as may be necessary to end the intervention in Czechoslovakia by the Soviet Union.

Today, the Soviets have been occupying Czechoslovakia for 9 years, depriving it of its sovereignty in flagrant violation of several articles of the United Nations Charter.

Hundreds of thousands of Americans of Czech and Slovak descent have, over the generations, made a patriotic contribution to this country. On their behalf, Mr. Speaker, I am placing in the RECORD a statement issued by the Czechoslovak National Council of America; the text of charter 77, a Czechoslovak human rights manifesto published in the New York Times of January 27, 1977; and a listing of agreements violated by the Soviet Union, as prepared by the European Liaison Group:

FREEDOM IS INDIVISIBLE

(By the Czechoslovak National Council of America)

On this sad occasion of the ninth anniversary of the brutal Soviet-led invasion and occupation of peaceful and freedom-loving Czechoslovakia, we American citizens of Czech, Slovak and Subcarpatho-Ruthenian descent, again remind the entire world of this Soviet violation of key principles of international law incorporated into the Charter of the United Nations:

The brutal Soviet aggression and occupation:

(1) violated the sovereignty of a member state of the United Nations (Article 2, Section 1);

(2) was carried out in violation of Article 2, Section 4, which prohibits the use of military force in the relations between individual members of the United Nations;

(3) violated the principle of self-determination of peoples (Article 1, Section 2);

(4) was in conflict with Article 2, Section 7, which prohibits outside intervention in matters essentially within the domestic jurisdiction of any state;

(5) was in conflict with a number of resolutions of the General Assembly of the United Nations, particularly with Resolution 2131 (XXI) adopted at the meeting of December 21, 1965, upon the Soviet Union's own motion, prohibiting any intervention in the domestic affairs of any state and guaranteeing its independence and sovereignty.

The continued Soviet occupation of Czechoslovakia is another crime against the right of a small country to determine its own destiny and aspirations. The invasion was an intervention by the forces of reactionary communism to prevent the Czechs and Slovaks from establishing their own social order that did not endanger anyone and sought to contribute to the building of bridges across the discords of a divided world and to lend aid to a better understanding and cooperation among all nations on the basis of true progress and humanity.

The people of Czechoslovakia have not resigned themselves to these aggressive plans of Moscow. The day of August 21, is being commemorated in Czechoslovakia as a Day of Soviet Shame in a mighty and disciplined resistance against Soviet pressure. We are joining our friends in Czechoslovakia in asking the entire civilized world to support the people of Czechoslovakia in their effort to achieve "the withdrawal of Soviet troops from Czechoslovakia."

[From the New York Times, Jan. 27, 1977]

MANIFESTO CHARGING RIGHTS VIOLATIONS IN CZECHOSLOVAKIA

(Following is the text of Charter 77, a Czechoslovak human-rights manifesto cited by the State Department yesterday as evidence of rights violations. It was translated by and published in the current issue of The New Leader, dated Jan. 31.)

Law No. 120 of the Czechoslovak Collection of Laws, published October 13, 1976, includes the text of the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights, both signed in behalf of our Republic in 1968 and confirmed at the 1975 Helsinki Conference. These pacts went into effect in our country on March 23, 1976; since that date our citizens have had the right, and the State has had the duty, to abide by them.

The freedoms guaranteed to individuals by the two documents are important assets of civilization. They have been the goals of campaigns by many progressive people in the past, and their enactment can significantly contribute to a humane development of our society. We welcome the fact that the Czechoslovak Socialist Republic has agreed to enter into these covenants.

Their publication, however, is at the same time an urgent reminder of the many fundamental human rights that, regrettably, exist in our country only on paper. The right of free expression guaranteed by Article 19 of the first pact, for example, is quite illusory. Tens of thousands of citizens have been prevented from working in their professions for the sole reason that their views differ from the official ones. They have been the frequent targets of various forms of discrimination and chicanery on the part of the authorities or social organization; they have been denied any opportunity to defend themselves and are practically the victims of apartheid. Hundreds of thousands of other citizens have been denied the "freedom from fear" cited in the Preamble to the first pact; they live in constant peril of losing their jobs or other benefits if they express their opinions.

EDUCATIONAL CURBS ARE CITED

Contrary to Article 13 of the second pact, guaranteeing the right to education, many young people are prevented from pursuing higher education because of their views or even because of their parents' views. Countless citizens worry that if they declare their convictions, they themselves or their children will be deprived of an education.

Exercising the right to "seek, receive and impart information regardless of frontiers and of whether it is oral, written or printed," or "imparted through art,"—Point 2, Article 13 of the first pact—can result in persecution not only outside the court but also inside. Frequently this occurs under the pretext of a criminal indictment (as evidenced, among

other instances, by the recent trial of young musicians).

Freedom of speech is suppressed by the government's management of all mass media, including the publishing and cultural institutions. No political, philosophical, scientific, or artistic work that deviates in the slightest from the narrow framework of official ideology or esthetics is permitted to be produced. Public criticism of social conditions is prohibited. Public defense against false and defamatory charges by official propaganda organs is impossible, despite the legal protection against attacks on one's reputation and honor unequivocally afforded by Article 17 of the first pact. False accusations cannot be refused, and it is futile to attempt rectification or to seek legal redress. Open discussion of intellectual and cultural matters is out of the question. Many scientific and cultural workers, as well as other citizens, have been discriminated against simply because some years ago they legally published or openly articulated views condemned by the current political power.

Religious freedom, emphatically guaranteed by Article 18 of the first pact, is systematically curbed with a despotic arbitrariness. Limits are imposed on the activities of priests, who are constantly threatened with the revocation of government permission to perform their function; persons who manifest their religious faith either by word or action lose their jobs or are made to suffer other repressions; religious instruction in schools is suppressed, et cetera.

A whole range of civil rights is severely restricted or completely suppressed by the effective method of subordinating all institutions and organizations in the State to the political directives of the ruling Party's apparatuses and the pronouncements of highly influential individuals. Neither the Constitution of the CSSR nor any of the country's other legal procedures regulate the contents, form or application of such pronouncements, which are frequently issued orally, unbeknown to and beyond the control of the average citizen. Their authors are responsible only to themselves and their own hierarchy, yet they have a decisive influence on the activity of the legislative as well as executive bodies of the State administration, on the courts, trade unions, social organizations, other political parties, business, factories, schools and similar installations, and their orders take precedence over the laws.

POLICE ACCUSED OF SURVEILLANCE

If some organizations or citizens in the interpretation of their rights and duties, become involved in a conflict with the directives, they cannot turn to a neutral authority, for none exists. Consequently, the right of assembly and the prohibition of its restraint, stemming from Articles 21 and 22 of the first pact; the right to participate in public affairs, in Article 25; and the right to equality before the law, in Article 26—all have been seriously curtailed.

These conditions prevent working people from freely establishing labor and other organizations for the protection of their economic and social interests, and from freely using their right to strike as provided in Point 1, Article B of the second pact.

Other civil rights, including the virtual banning of "willful interference with private life, the family, home, and correspondence" in Article 17 of the first pact, are gravely circumscribed by the fact that the Interior Ministry employs various practices to control the daily existence of citizens—such as telephone tapping and the surveillance of private homes, watching mail, shadowing individuals, searching apartments, and recruiting a network of informers from the ranks of the population (often by illegal intimidation or sometimes, promises), etc.

RIGHT TO TRAVEL IS VIOLATED

The Ministry frequently interferes in the decisions of employers, inspires discrimination by authorities and organizations, influences the organs of justice, and even supervises the propaganda campaigns of the mass media. This activity is not regulated by laws, it is covert, so the citizen is unable to protect himself against it.

In the cases of politically motivated persecution, the organs of interrogation and justice violate the rights of the defendants and their counsel, contrary to Article 14 of the first pact as well as Czechoslovakia's own laws. People thus sentenced to jail are being treated in a manner that violates their human dignity, impairs their health, and attempts to break them morally.

Point 2, Article 12 of the first pact, guaranteeing the right to freely leave one's country, is generally violated. Under the pretext of "protecting the State security," contained in Point 3, departure is tied to various illegal conditions. Just as arbitrary are the procedures for issuing visas to foreign nationals, many of whom are prevented from visiting Czechoslovakia because they had some official or friendly contact with persons who had been discriminated against in our country.

Some citizens—privately at their places of work, or through the media abroad (the only public forum available to them)—have drawn attention to these systematic violations of human rights and democratic freedoms and have demanded a remedy in specific cases. But they have received no response, or have themselves become the objects of investigation.

The responsibility for the preservation of civil rights naturally rests with the State power. But not on it alone. Every individual bears a share of responsibility for the general conditions in the country, and therefore also for compliance with the enacted pacts, which are as binding for the people as for the government.

The feeling of this coresponsibility, the belief in the value of civic engagement and the readiness to be engaged, together with the need to seek a new and more effective expression, gave us the idea of creating Charter 77, whose existence we publicly announce.

Charter 77 is a free and informal and open association of people of various convictions, religions and professions, linked by the desire to work individually and collectively for respect for human and civil rights in Czechoslovakia and the world—the rights provided for in the enacted international pacts, in the Final Act of the Helsinki Conference, and in numerous other international documents against wars, violence and social and mental oppression. It represents a general declaration of human rights.

FOUNDED ON A COMMON CONCERN

Charter 77 is founded on the concepts of solidarity and friendship of people who share a concern for the fate of ideals to which they have linked their lives and work.

Charter 77 is not an organization; it has no statutes, permanent organs or registered membership. Everyone who agrees with its idea and participates in its work and supports it belongs to it.

Charter 77 is not intended to be a basis for opposition political activity. Its desire is to serve the common interest, as have numerous similar organizations of civil initiative East and West. It has no intention of initiating its own programs for political or social reforms or changes, but it wants to lead in the sphere of its activity by means of a constructive dialogue with the political and State authorities—and particularly by drawing attention to various specific violations of civil and human rights, by preparing their documentation, by suggesting solutions, by submitting various more general proposals aimed at furthering these rights and their guarantees, by acting as a mediator in the event of conflict situations which might result in wrongdoings, etc.

CHARTER 77 LOOKS TO BELGRADE

By its symbolic name, Charter 77 stresses that it has been established on the threshold of what has been declared the year of political prisoners, in the course of which a meeting in Belgrade is to review the progress—or lack of it—achieved since the Helsinki Conference.

As signatories of this declaration, we designate Dr. Jan Patocka, Dr. Vaclav Havel and Professor Jiri Hajek to act as spokesmen for Charter 77. These spokesmen are authorized to represent Charter 77 before the State and other organizations, as well as before the public at home and throughout the world, and they guarantee the authenticity of its documents by their signatures. In us and other citizens who will join Charter 77, they will find their collaborators who will participate in the necessary negotiations, who will accept partial tasks, and will share the entire responsibility.

We trust that Charter 77 will contribute to making it possible for all citizens of Czechoslovakia to live and work as free people.

(Prepared by the European Liaison Group)

Chronological review: Soviet recognition of the Independence of Eastern European national states, signature of Treaties of recognition of independence and aggressions against these nations.

1917

Nov. 7: Bolshevik Coup overthrows the Russian Provisional Government of Kerensky. (In the elections by secret ballot to the All-Russian Constituent Assembly, the S.R.s won 58 percent of the seats. The Assembly met only once on 18. Jan. 1918, then was disbanded for ever).

Nov. 28: Independence of Estonia.

Dec. 23: Independence of Moldavia.

1918

Jan. 10: Independence of the (Cossack) Republic of the Don.

Jan. 28: Independence of Ukraine.

March 3: Treaty of Brest-Litovsk: recognition of the Independence of Poland, and the Baltic States and of Ukraine, among others.

March 25: Independence of Byelorussia.

May 11: Independent North-Caucasian Republic.

May 26: Independence of Georgia.

May 28: Independence of Armenia and of Azeirbaidzhan.

Oct. 28: Independence of Czechoslovakia.

Nov. 11: Independence of Poland.

Nov. 18: Independence of Latvia.

Nov. 28: Invasion of Estonia.

Dec.: Invasion of Lithuania, then of Latvia.

1919

Feb. 3: Invasion of Ukraine.

Throughout 1919: Civil War rages in Russia Defeat of the Volunteer Army (Apr. 1920).

1920

Feb. 2: Treaty of Dorpat with Estonia.

March-April: Occupation of North-Caucasus.

April 28: Occupation of Azerbaidzhan.

Apr. 25 to Oct.: War with Poland.

May 7: Treaty of Moscow with Georgia.

June-July: Red Army occupies Ukraine and Byelorussia.

July 12: Peace Treaty with Lithuania.

Aug. 11: Treaty of Riga with Latvia.

Oct. 14. Treaty of Dorpat with Finland.

Dec. 2: Soviet take-over of Armenia.

1921

Feb. 11: March 18: Invasion of Georgia.

March 18: Treaty of Riga with Poland (with reference to Ukraine and Byelorussia).

1926

Sept. 28: Non Aggression Pact with Lithuania.

1939

Sept. 17: Invasion of Poland (with Nazi Germany).

Sept. 29: Partition of Poland (with Nazi Germany).

Nov. 30: March 12, 1940: Soviet-Finnish war.

1940

March 12: Treaty of Moscow with Finland annexation of Karelian Isthmus.

June 28: Occupation of Bessarabia and North-Bukovina.

June 15–17: Invasion of Lithuania, Latvia and Estonia.

Deportation of entire nations:

Aug. 18, 1941: Volga Germans;—Oct. Nov. 43: Karachai;—Dec. 1943: Kalmyks;—Feb. 22, 1944: Chechen and Ingush;—Apr. 1944: Balkars;—May–June 1944: Crimean Tartars;—Nov. 15, 1944: Meskhians.

1944–45

Occupation of Independent countries in East Central Europe.

1944

Oct. 20: Red Army takes Belgrade and clears Serbia from the Chetniks.

1948

Feb. 25: Communist Coup in Czechoslovakia backed by the USSR.

1956

Hungarian Uprising defeated by the Red Army.

1968

Aug: Invasion of Czechoslovakia by the Warsaw Pact Forces led by the USSR.

FTD GOLDEN ROSE

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. QUIE. Mr. Speaker, I have learned with great pleasure that our Minnesota colleague HUBERT H. HUMPHREY, for whom I have the highest regard, is the 1977 recipient of the Golden Rose Award of Florists' Transworld Delivery Association. This award, considered to be the top award of American floriculture, is given from time to time to public and private persons who have made significant contributions to floriculture.

I know that I speak for the entire Minnesota delegation in Congress when I extend congratulations to Senator HUMPHREY. He is indeed the "happy warrior," as he is being called these days, and I am glad that he continues to make the good fight for all in agriculture in this country and especially those in floriculture.

Mr. Speaker, I insert the following descriptive material concerning the FTD Golden Rose and a brief statement of reasons for Senator HUMPHREY's selection to receive the award for inclusion in the body of the RECORD at this point:

THE FTD GOLDEN ROSE

More than any other flower, the rose symbolizes values that Americans have always treasured as a part of their daily life, their music, literature and poetry, and even their philosophical beliefs. There is little doubt that the rose is the favored flower of the American people.

The selection of the rose, therefore, was a natural choice when, in 1962, Florists' Transworld Delivery Association created the Golden Rose Award to recognize persons not directly associated with commercial floriculture for outstanding achievement or service in various aspects of living.

The Board of Directors of FTD specified only that it should be presented from time to time to persons who have rendered important services to their fellow citizens which could be suitably expressed by means of the award; to those who have contributed importantly to the appreciation of flowers in everyday living; to those who have made significant contributions to floriculture; and to those who, by their deep feeling and unique ability to put into words the joy of flowers, communicate the joy of living with flowers to others.

All of the recipients of the FTD Golden Rose have met some or all of these criteria, reflecting in their persons and achievements the fine but intangible qualities in people that flowers express in such a unique manner. The Golden Rose itself, a delicate, vermeil long-stemmed rose held aloft by a golden stem with finely wrought leaves, easily lends itself to the expression intended.

The Golden Rose has been given 11 times by FTD since 1962. The recipients and sites of the presentations are:

1962—Margaret Chase Smith—Washington, D.C.

1964—Robert Dowling—New York, N.Y.

1965—Ian Stuart—Mobile, Ala.

1967—The Tournament of Roses—Denver, Colo.

1968—Everett McKinley Dirksen—Miami, Fla.

1969—Amy Vanderbilt—Honolulu, Hawaii.

1970—Spessard Holland—Toronto, Canada.

1971—Pierre Trudeau—Vancouver, Canada.

1972—Elmer Young—Washington, D.C.

1975—Mrs. Gerald R. Ford—Washington, D.C.

1977—Hubert H. Humphrey—Washington, D.C.

Those honored with this foremost award of American floriculture have included both world leaders and lesser known persons of high achievement. This approach, in the opinion of the Board of Directors of FTD, is most appropriate for an award which regards the flower as a thing of beauty, a part of gracious living, and a true expression of sentiment.

GOLDEN ROSE AWARD TO SENATOR HUBERT H. HUMPHREY

(Statement by Hubert J. Beudert, Executive Vice President, FTD)

Although few voices in the land can match the eloquence of Hubert H. Humphrey, Senator from Minnesota and Deputy President Pro Tempore of the United States Senate, fewer still can match the high and unselfish service he has rendered to his fellow citizens. Not only is Senator Humphrey eloquent in the praise of flowers—he is an avid home gardener and flower grower—he has done much in Congress to enhance understanding of the importance of floriculture as a part of agriculture. His concern for the well-being of the 50,000 small businessmen and their families who depend upon floriculture for their livelihood has been deep and continuing.

His support for the floriculture industry is an example of his belief that the government and the private sector must work together for a sound economy, individual opportunity, and social justice. He rightly believes that this collaboration demands an open, continuous, good-faith exchange between government and all levels of business. Especially, he has sought to help small business perform efficiently its fundamental economic role, which he believes has been seriously neglected at the level of national policy, despite the fact that small business accounts for 97 percent of the nation's approximately 13 million business enterprises.

When FTD came to Senator Humphrey in the early 1960's and said "we need help through the Department of Agriculture with economic and marketing problems, and access to the research and information services almost automatically available to every other agricultural commodity," he said, "Let's see what we can do about it. If you can justify your requirements, I'll help." Help he did, in cooperation with such stalwarts as Senators Spessard Holland and Everett Dirksen. And thanks to his understanding and concern for the "little guys" in agriculture, the florist industry now has the crop reporting, market news reporting and basic scientific, economic and marketing research it so desperately needs to compete in a mass marketing economy.

Senator Humphrey's role in the floriculture industry has been wide ranging, entitling him to be called a universal man. He has recognized the importance of, and supported, scientific research, the cultural programs of the National Arboretum and was, together with Senator Dirksen, the author of much of the beautification seen by millions each year when they visit the U.S. Capitol grounds.

In an article appearing in the August, 1977, issue of the Reader's Digest, entitled "You Can't Quit", Senator Humphrey describes his personal battle with cancer. It is a revealing portrait of the man who has come to be known as this era's "happy warrior". It reveals his faith—in himself, his family, and in others—and his need to be "a part of the life of this country." He describes his election as Deputy President Pro Tempore of the Senate as recognition by his colleagues "that I had given a lifetime of service to my party and that I still had more to give." He concludes the article by saying "I expect to be around for quite a while".

Senator Humphrey's contribution to the relatively small industry of floriculture has been profound. It is also a living example of his capacity to help the small as well as the great, and to see others' problems as keenly as his own. For these great traits and human feelings, the Golden Rose of Florists' Transworld Delivery is presented to Senator Hubert Horatio Humphrey with the heartfelt thanks and good wishes of everyone in FTD and the floriculture industry.

FRIENDSHIPMENT: PURCHASES AND PROPAGANDA FOR HANOI

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. McDONALD. Mr. Speaker, in a shameful display of acquiescence to Communist aggression before the United Nations Security Council last Wednesday, this country spoke in support of United Nations membership for the totalitarian Communist regime in Vietnam which by a campaign of mass deportations from the cities of the conquered south is incarcerating those who fled from the Communists during the 1950's, and more recent times in remote primitive slave labor camps.

Along with supporting Vietnamese membership in the United Nations, our Government has turned its back on the continuing stream of desperate Vietnamese refugees and has reaffirmed its abandonment of the anti-Communists still fighting a guerrilla war of resistance against the North Vietnamese conquerors.

But the nadir of shame is American participation in Paris talks with the Vietnamese Communists over arrangements for provision of U.S. economic assistance to the Hanoi regime. Even former Secretary of State Henry Kissinger,

who bears so much responsibility for the abandonment of Vietnam to Communist aggression, has pointed out that the United States is not bound by the provisions of the 1973 Paris "peace agreement" because the Vietnamese Communists broke the agreement before the ink was dry and continually violated it by its war of aggression until South Vietnam was taken over.

Hanoi has an active lobby in this country diligently working to persuade Congress and "opinion makers" that the U.S. taxpayers must subsidize the Hanoi regime in accordance with the invalid 1973 Paris agreements. One of the most noticeable groups lobbying in the corridors of this 95th Congress has been Friendshipment.

Examination of Friendshipment documents indicates that the organization and a number of groups which comprise it in fact operate at the direction of the Hanoi government and that Friendshipment uses the tax-exempt money it solicits to buy heavy machinery such as railroad equipment for Hanoi which is now deporting South Vietnamese to jungle slave labor camps termed by Hanoi's propagandists "new economic areas."

A substantial portion of the funds obtained by this tax-exempt—and thus taxpayer subsidized—operation are used for lobbying on Capitol Hill on behalf of the interests of the Hanoi government.

Friendshipment is the continuation of a series of projects to benefit the Vietnamese Communists organized over the past decade by Cora Rubin Weiss, who has played a "tooth fairy" role as an apparently inexhaustable source of emergency funding for pro-Hanoi projects.

Mrs. Weiss is a leader of Women Strike for Peace—WSP—which is an affiliate of the Soviet-controlled Women's International Democratic Federation—WIDF—and works closely with the World Peace Council, the USSR's main international front advocating Western disarmament while providing logistical support to Soviet-sponsored terrorist movements. WSP's affiliation with the East Berlin based WIDF was arranged by one of its founding members, Selma Rein, identified as a member of the Communist Party, U.S.A. active in penetration of the Washington Teachers Union 30 years ago.

Mrs. Weiss took a leadership role in the various Communist-dominated pro-Hanoi coalitions which used such names as the November 8, 1967, Mobilization Committee to End the War in Vietnam, National Mobilization Committee, New Mobilization Committee, National Coalition Against War, Racism and Repression—1970—and People's Coalition for Peace and Justice—PCPJ—1971–1973.

The formation of Friendshipment commenced following Mrs. Weiss' April 1975 visit to Paris to meet with the Communist Vietnamese and "get a detailed and current understanding of what it will take to end the war in Vietnam as quickly as possible and reduce the amount of human suffering" as the CPUSA press put it. Mrs. Weiss was meeting with the Vietnamese Communists as both a national board member of Clergy and Laity Concerned—CALC—and as the representative of Women Strike for Peace, New York City area.

On her return to the United States, Mrs. Weiss found time to participate in the activities of one of the oldest surviving Communist Party fronts, the Emma Lazarus Clubs. The Emma Lazarus Clubs, also called the Emma Lazarus Federation of Jewish Women's Clubs, used to be the Emma Lazarus Division of the Jewish People's Fraternal Order, in turn a national section of the Communist International Workers Order. The IWO was ordered dissolved by the New York State courts when after lengthy investigations it was found that the IWO, operating as a bogus insurance and welfare company, was funneling large sums of money into the Communist Party.

In July 1975 she was a prominent figure at a dinner sponsored by the Center for National Security Studies of the Fund for Peace, an organization which also works with the Soviet World Peace Council and whose projects are staffed by persons drawn extensively from the Institute for Policy Studies. Chilean KGB agent Orlando Letelier held important and influential positions with both IPS and the Fund for Peace as he moved among Washington political and academic circles. The Fund for Peace-Center for National Security Studies dinner was held, said the Washington Post, to bolster the spirits of a Congressman removed from the House Select Committee on Intelligence for leaking classified information about CIA operations in Chile. My colleagues who are interested in ethical considerations may wish at this point to refer to the text of the Letelier documents which appeared in the CONGRESSIONAL RECORD on June 23, 1977, page 20618.

The extent and range of Mrs. Weiss' activities may be indicated by an outline of her 1976 activities which included aiding in the organizing of the Hard Times Conference held in Chicago in January 1976. The Hard Times Conference was the brainchild of the Weather Underground Organization's overt support apparatus, the Prairie Fire Organizing Committee—PFOC—and the Castroite Communist Puerto Rico Socialist Party—PSP—the parent group for the FALN terrorists.

Cora Weiss was also an initiating endorser, sponsor, and member of the executive board of the July 4 coalition which organized "counter-Bicentennial" demonstrations in Philadelphia and other cities on this country's 200th anniversary. Mrs. Weiss is the wife of Vienna-born attorney Peter Weiss, a member of the National Lawyers Guild, a terrorism-supporting CPUSA-dominated lawyers front. Peter Weiss does not concentrate on Southeast Asian affairs, but serves as a longtime leader of the American Committee on Africa—ACOA—a support group for Soviet-backed terrorists in southern Africa. In 1975 he sought to join the defense team of the Baader-Meinhof gang in West Germany. He is one of the most influential members of the IPS board of trustees.

Mrs. Weiss father, retired Faberge magnate Samuel Rubin, in the 1940's headed a Communist Party front called the New Council of American Business. His money not only provides the basis for the operation of IPS, but has also been used to fund Cora Weiss' projects and Castroite propaganda outlets like the now defunct Ramparts magazine. In 1976 Rubin played a prominent role in IPS's arrangements of meetings between representatives of the terrorist Palestine Liberation Organization and members of U.S. Jewish groups to "legitimize" the PLO.

With the signing of the 1973 Paris peace agreement and U.S. abandonment of South Vietnam, the PCPJ coalition spawned a number of "narrow issue" subsidiary coalitions such as the National Council for Universal and Unconditional Amnesty—NCUUA—the Coalition for a New Foreign and Military Policy—CNFMP—and Friendshipment.

After a summer of organizing, Friendshipment made its public debut at a New York City press conference on October 2, 1975. The press conference was attended by North Vietnamese Communist official Nguyen Van Luu who assured the assembled "peace activists" that goods collected by Friendshipment would be put to use.

For purposes of tax-exempt status, Friendshipment: People to People Aid to Vietnam, with its current address being 777 United Nations Plaza, New York, N.Y. 10017 (212/490–3910), is affiliated as a project of the Bach Mai Emergency Relief Fund, Inc., P.O. Box 582, Cambridge, Mass. 02139. Bach Mai and Friendshipment are the successors in turn to Medical Aid for Indochina—MAI, incorporated in 1971 in Massachusetts as a nonprofit organization whose main purpose was to provide medical aid to "the hundreds of thousands of civilian war casualties in South and North Vietnam, Cambodia and Laos." MAI made clear that the principal area of concern about lack of medical supplies were those areas under control of the Vietcong, Pathet Lao, and Khmer Rouge.

MAI stated in 1971 that it was founded to "coordinate efforts to help people in the Democratic Republic of Vietnam—North Vietnam—and the liberated zones of South Vietnam, Laos, and Cambodia."

In August 1972, MAI reported:

> We communicate regularly with representatives of the health services of these areas who inform us continually of their current needs and provide us with appropriate channels for shipment, even in the present difficult conditions.

Medical Aid for Indochina said then it had already forwarded "over $35,000 worth of medical materials, including tetracycline and penicillin, antibiotics, various forms of quinine for malaria treatment and highly portable life-support equipment," exactly the type of equipment the Vietcong and North Vietnamese Army medics would have found most useful.

In January 1973, MAI used the December 1972 bombing of Bach Mai Hospital in Hanoi as an excuse to launch yet another fundraising project, the Bach Mai [Emergency] Relief Fund. In March 1973, a MAI delegation consisting of Dr. Peter Wolff, a professor of psychiatry at

Harvard; Terry Provance, now a leader of the anti-B–1 bomber project; Lillian Shirley; Alex Knopp; and MAI treasurer Dr. John Pratt of the University of Pennsylvania School of Medicine went to Hanoi. The MAI delegation met with top North Vietnamese officials, and with representatives of the PRG/Vietcong and the Pathet Lao.

At that time it was reported that $700,000 had been raised allegedly for rebuilding the hospital, and that the discussions with the Communist officials included developing plans for shipment of materials and a propaganda campaign in support of the United States paying reparations to North Vietnam.

In a full-page New York Times advertisement on April 20, 1975, the Bach Mai Fund stated that the "Red Cross Society of the Provisional Revolutionary Government"—the Vietcong political front merged shortly afterward into the North Vietnamese Communist government structure—had directly "appealed to us" for emergency medical supplies as the final military drive against South Vietnam reached its maximum intensity.

The ad was placed by Medical Aid for Vietnam; A Project of the Bach Mai Hospital Emergency Relief Fund, Inc. Its small list of sponsors included such veteran Vietcong supporters as Richard Falk; Cora Weiss; Richard Barnet, co-director of IPS; Rev. Michael J. Allen; Daniel Ellsberg; I. F. Stone; Dr. Peter Wolff; Howard Zinn; Dr. Victor Sidel; and identified Communist Party, U.S.A., member Corliss Lamont.

Medical Aid for Indochina was declared legally dissolved on December 9, 1975; but the Bach Mai Relief Fund which began to administer the Friendshipment project in October 1975 continues. It is noted that the Bach Mai Relief Fund did not amend its statement of registration to permit it to "also solicit under the name Friendshipment or Friendshipment/Bach Mai Fund" until June 1976.

Friendshipment states its goal is to:

Provide people to people aid to Vietnam while stimulating U.S. Government participation in the reconstruction of Vietnam and urging normalization of relations.

In other words, Friendshipment's work is as much organizing pressure campaigns for Washington/Hanoi diplomatic and trade relations and for our country to subsidize the Hanoi regime.

Friendshipment is run by its "chief staff person—unpaid" Cora Weiss who is also a member of the Bach Mai board of directors. Friendshipment has an administrative committee of some sixteen persons from the forty groups who form the Friendshipment coalition. The administrative committee is supposed to be composed of one representative from each member organization.

Bach Mai has stated:

Financially the Bach Mai Board of Directors is totally responsible for Friendshipment with their books being audited under our audit. Programatically, Friendshipment is controlled by an administrative committee composed of representatives of each of the member organizations of Friendshipment. The program is however restricted to the extent that it must be compatible with the constitution and by-laws of the Bach Mai Hospital Fund which is ultimately legally responsible.

Bach Mai officers and board members include:

Morris Simon, M.D., president—Director of Clinical Radiology and Radiologic Education, Harvard Medical School.

Douglas "Doug" Hostetter, treasurer—currently working for the United Methodist Office for the United Nations as a "resource specialist" on Asia, and active in pro-Hanoi causes for a decade.

Peter Wolff, M.D.—Professor of Psychiatry, Harvard Medical School.

Rev. Michael Allen.

Ken Coplon, Williamsburg, Md.

Victor Sidel, New York, N.Y.

Benjamin Spock, M.D., New York, N.Y.

Cora Weiss, Bronx, N.Y.

Executive Secretary and "unpaid staff head" is Tom Davidson, not an executive board member.

According to a report on the Bach Mai Hospital Relief Fund/Friendshipment operation dated March 10, 1977, and produced by the National Information Bureau, a New York based service for philanthropists which was founded in 1918, the Bach Mai Hospital Relief Fund for calendar year 1975 had $254,314 total income. Expenses totaling $362,519 were broken down as follows:

Expenses:	
Program Equipment	$282,035
Mailings and Lists	40,472
Travel Expense	1,313
Salaries	6,240
Printing and Duplicating	6,822
Postage	3,734
Telephone	6,296
Public Relations	2,544
Professional Fees	9,613
Health Insurance	1,018
Office Supplies	925
Rent	948
Other	559
Total Expenses	362,519

It is interesting that the "printing and duplicating" cost of $6,822 is so high since Bach Mai and Friendshipment use New Union Press—Bug 412, a branch of the Communist Party, U.S.A.'s in-house printers, Prompt Press.

Unaudited figures for Friendshipment for the year ended August 31, 1976, were as follows:

[*Nine months ended May 31, 1976*]

Support/Revenue: (not yet auidited)	
General Contributions	$62,524
Mass mail solicitation	87,395
	149,919
Foundation support	45,000
From Affiliated Organizations as Sponsors of Friendshipment	220,000
Literature Sale Income	5,606
Miscellaneous	671
Total Support/Revenue	421,196
Expenses: (not yet audited)	
Purchasing	89,071
Shipping Expenses	17,224
	106,295
Operational (includes $15,957 Salaries)	37,832
Mass Mail solicitation	20,883
Total Expenses	165,010
Excess of Expenses over above support/Revenue	256,186

Bach Mai/Friendshipment reported that $200,000 had been earmarked for the purchase of steel tubing for Vietnam, and that an additional $50,000 had been designated as the beginning sum for the purchase of rice and passenger trains to be sent to Hanoi. According to a June 1976 statement, Friendshipment had sent six shipments with a value of just under $500,000 to Hanoi.

Perhaps this tax-exempt, and thus taxpayer subsidized organization would like to explain how the provision of steel tubing and railroad equipment to the Hanoi government falls under the heading "people to people aid" or hospital equipment categories, unless, perhaps, the Friendshipment/Bach Mai cadre consider that the Vietnamese state railroads need a transfusion of equipment.

That Friendshipment, like Bach Mai and MAI before, operates its material aid and public relations campaigns at the direction of the Hanoi government was shown again this past spring. Friendshipment circulated a letter dated May 13, 1977, to leaders of its member groups. In part it stated:

Friendshipment will remain as an active coalition through 1977. The decision, reached at our last Board meeting, May 9, was based on the stark reality of the state of affairs of the moment; while the US has agreed to drop its veto of Vietnam at the United Nations, it has not agreed to heal the wounds of war in Vietnam. * * *

Thus the unfinished business of the war remains quite unfinished. Friendshipment, therefore has a continuing task in the interest of both the American and Vietnamese people.

The Friendshipment May 9 "Board meeting" coincided with a New York City press conference held by a Friendship delegation just returned from Hanoi. The Vietnamese official radio had announced while the group was still in Vietnam that they had vowed to fight for U.S. economic assistance which was the regime's right.

The Friendshipment delegation members were Pat Patterson; Ron Ridenhour, a New Left journalist; and Don Luce, former codirector of the Indochina Resource Center and Indochina Mobilization Project and veteran pusher of pro-Hanoi propaganda who is now codirector of Clergy and Laity Concerned.

Speaking for the group, Luce stated, "We returned with one clear message: Vietnam would like to receive reconstruction aid from the United States." Asserting that "America has a responsibility to rebuild" Vietnam for the Communists, Luce noted that:

Both officials and farmers talked about it. The U.S. is responsible for the bombing of our villages. It is responsible for rebuilding them. That refrain was heard over and over.

Ms. Patterson, executive director for Indochina of the United Methodist Church Board of Global Ministries, appears to have swallowed Hanoi's version of events hook, line, and sinker. She said:

I was overwhelmed by the attempt the Vietnamese were making to be reconciliatory with their former enemy. [In other words,

the Vietnamese Communists will only denounce us a little if we will agree to underwrite their regime].

Patterson continued gushing:

The Vietnamese explained their re-education process as a way to make people ready for a new society. As a Christian I was particularly moved by this. I have never seen nor heard of people taking reconciliation so seriously.

Presumably Pat Patterson is well aware of the turmoil last winter and this spring over the publication of the fact of severe repression by the Communists of the so-called third force grouping which had supported the Vietcong. An estimated 200,000 to 300,000 people had been sent to forced labor camps in the new economic areas. The Friendshipment organization took an advertisement, coordinated by Corliss Lamont, in the New York Times on Sunday, January 30, 1977, in which it justified the detention in the reeducation centers of 40,000 Saigon collaborationists. Friendshipment also asserted that the present suffering of the Vietnamese people has been earned by their resistance to the Soviet-backed and equipped North Vietnamese Communists.

For discussion of the repression of human rights in Vietnam, I refer my colleagues to my reports of March 22, 1977, page 8644; and March 3, 1977, page 6256 and page 6263.

I am always distressed when I see religious groups led by apparently well-meaning people of conscience but not perception manipulated by those hostile to all freedoms. And when I see these people brought into pro-Communist peace organizations I am reminded of the comments of James Cannon, the American Trotskyist leader who called the peace movement a coalition of professional fellow travelers, congenital stooges and moon-struck clergymen steered * * * by hard-faced jockeys from the Stalinist riding stables.

That continues to be probably the most accurate description of the peace movement ever written.

Since Friendshipment has stated that its program includes work for universal, unconditional amnesty for deserters and draft dodgers—the closely related NCUAA program—and nationwide campaigns for U.S. economic aid to Hanoi as well as for establishment of diplomatic and economic relations, I would like to know why this organization is not registered under the foreign agent provisions of the United States Code.

[Organizations listed as members of Friendshipment during 1975, 1976 and 1977]

American Friends Service Committee (AFSC)—a socialist/pacifist organization not affiliated with the Religious Society of Friends which supports the terrorism of the Vietnamese Communists on the grounds that economic disparity under capitalism is a greater crime. AFSC has from its inception worked closely with the Soviet Union and the CPUSA. It planned and developed the Stop the B–1 Bomber Campaign. It says, "Instead of trying to devise nonviolent strategy and tactics for revolutionaries in other lands, we will bend every effort to defuse militarism in our own land and to secure the withdrawal of American economic investment in oppressive regimes in other parts of the world.

Another Mother for Peace (AMP)—the Los Angeles-based local affiliate of Women Strike for Peace (WSP), a member of the Soviet-controlled Women's International Democratic Federation (WIDF).

Association of Vietnamese Patriots in the U.S.—an organization of pro-Hanoi Vietnamese nationals residing in the United States and Canada.

Bach Mai Hospital Relief Fund, Inc.—Friendshipment's parent organization.

Christian Church (Disciples of Christ), People to People Program.

Church World Service (Fund for Reconstruction and Reconciliation in Indochina).

Clergy and Laity Concerned—formed in 1965 by the National Council of Churches, but first became widely known for its 1967 White House Demonstration in conjunction with the Communist-influenced Mobilization Committee to End the War in Vietnam. CALC continued to play an important role in New Mobe and its successors, meeting with the Vietnamese Communists repeatedly in Paris and Hanoi. In January 1970, CALC described its goals: "* * * what we're about today is not simply an end to the war in Vietnam, but a struggle against American imperialism and economic exploitation in just about every corner of the world. * * * Our task is to join those who are angry and who hate the corporate power which the United States presently represents, and to attempt, in our struggle, to liberate not only black, brown and yellow men in every corner of the world, but more importantly, to help liberate our own nation from its reactionary and exploitative policies."

Coalition for a New Foreign and Military Policy (CNFMP)—a parallel organization to Friendshipment but concentrating on lobbying for U.S. disarmament, U.S. abandonment of NATO and overseas bases, and a foreign policy of non-intervention against Communist aggression.

Committee of Responsibility.

Emma Lazarus Clubs [Emma Lazarus Federation of Jewish Women's Clubs]—continuation of the Jewish section of the Communist International Workers Order (IWO).

Episcopal Peace Fellowship.

Fellowship of Reconciliation.

Friends of Indochina Organizing Committee (FIOC)—a "people's friendship" group for the Communist regimes in Vietnam, Cambodia and Laos which operates in close cooperation with the staff of the CNFMP and Friendshipment in coordinating "solidarity work" in the U.S. in accordance with the wishes of Indochinese Communist officials.

Health-PAC—A New York City health plan developed by the CPUSA-founded Medical Committee for Human Rights (MCHR).

Indochina Mobile Education Project (IMEP)—a project of the Indochina Resource Center formerly headed by Don Luce.

Indochina Resource Center (IRC)—a propaganda mill for the Indochinese Communists based in Washington, D.C., which disbanded last year. The IRC was headed by Fred Branfman and Don Luce.

International Children's Fund.

Inter-Religious Foundation for Community Organization (IFCO)—a tax-exempt entity founded with the assistance of the Ford Foundation and the National Council of Churches which has provided money to a number of radical groups.

Medical Aid for Indochina (MAI)—the dissolved parent group of Bach Mai and Friendshipment.

Mennonite Central Committee—a religious denomination which apparently believes that if it is kind to the Communists now, it may be allowed back into Vietnam in the future to proselytize.

Thomas Merton Center.

National Council of Churches, Division of Church and Society—the NCC, a bureaucracy financed by contributions from several Protestant denominations which has supported several Soviet-backed African Marxist terrorist movements and recently raised funds for members of the American Indian Movement charged with heinous crimes

National Council for Universal and Unconditional Amnesty (NCUUA)—another coalition formed by a number of groups active also in Friendshipment and the CNFMP seeking to persuade the American people that they must never again aid an allied country resist Communist terrorism and subversion.

National Interim Committee for a Mass Party of the People, now named the Mass Party Organizing Committee (MPOC)—a Marxist New Left "pre-party" organization headed by Arthur Kinoy which supports the use of revolutionary armed struggle (terrorism) to attain a revolution and which works with pro-Hanoi and Castroite groups.

National Lawyers Guild (NLG)—cited as the "foremost legal bulwark of the Communist Party, its fronts and controlled unions," the NLG has today a large Castroite, New Left and Maoist contingent who continue to make that "legal" group the main legal defense network for terrorists and radicals accused of serious crimes. The NLG is an affiliate of the Soviet-controlled International Association of Democratic Lawyers (IADL).

New York Women's Union—a radical women's liberation organization.

OXFAM-America.

Puerto Rican Socialist Party (PSP)—a Marxist-Leninist "revolutionary vanguard" party of the Castroite persuasion and working in close coordination with Havana. The PSP is the parent organization for the FALN terrorists who have set off bombs in New York, Washington, and Chicago. PSP cadre are currently undergoing training with the Cuban troops in Angola and in the Arab terrorist camps in the People's Democratic Republic of Yemen.

SANE—a disarmament group which has worked in harmony with the Soviet's World Peace Council and the Communist Party, U.S.A.

SOS Vietnam, International Committee.

Union of Vietnamese in the U.S.—see above Association of Vietnamese Patriots in the U.S.

Vietnamese-American Reconciliation Center.

United Methodist Church—the entire denomination is claimed as a sponsor on a Friendshipment brochure.

United Methodist Board of Global Ministries, Women's Division and World Division.

UMCOR (FRRI).

Vietnam Resource Center.

War Resisters League—a socialist-pacificist organization which is the parent organization for the magazine, WIN. While finding continuous fault with the free enterprise capitalist system and our constitutional republic, WRL and WIN have repeatedly justified terrorism and violence when done to promote a Marxist cause on the grounds that the "crimes of capitalism" are greater than terrorism.

WIN magazine has defended such actions as the 1970 bombing of the Army Mathematics Research Center at the University of Wisconsin by Karl Armstrong and others in which a graduate student was killed; defended Patricia Swinton who spent several years "underground" as a fugitive after being a member of Sam Melville's Weatherman-associated bombing cadre in New York City; and defended, rather eulogized the terrorist Susan Saxe, who finally pled guilty to

charges stemming from a bank robbery and murder of a police officer in Boston to finance her gang of revolutionists.

In this context it is has been reported to me that a long-time writer for WIN has been a member of the White House staff as a speechwriter for the President since February this year.

Hendrick Hertzberg according to my records first appeared on the WIN masthead with the November 15, 1970, issue. The magazine afterwards frequently listed him among its "fellow travelers" and more recently its "unindicted co-conspirators" where he remains even on the most recently July 26, 1977 issue.

In an article that appeared in the August 1, 1974, issue of WIN, Hertzberg was described as "on the staff of The New Yorker and a frequent contributor to various publications including WIN." In his article, "It's Time to Start Worrying About the Bomb Again," Hertzberg argued in support of U.S. unilateral disarmament:

"The initial reaction everywhere would be stupefaction, giving way, I imagine, to a dramatic improvement in the world's moral and political climate. Leaving intangibles aside, however, there are three ways in which the other nuclear powers might react to our action:

"The most horrible possibility would be an attack on the United States, now that such an attack could be launched without fear of physical retaliation. I think this would be very unlike. * * * I do not think that either the Russians or the Chinese are prepared to commit a crime of such enormity. A world conquered in that fashion would be ungovernable, and a government perpetrating such a horror would, I think, quickly be overthrown by its own people. Nevertheless, it could happen, remote as the chances are; and it would be undeniably 'better' for the United States alone to be destroyed than for the Soviet Union, Europe and much of the rest of the world to be destroyed as well."

Hertzberg continued noting that even if no other country followed the Unilateral U.S. disarmament example ("the likliest development"), "it would still represent an improvement over the present situation. There would be one less nuclear power, and more than half the world's arsenal of hydrogen bombs would have ceased to exist, * * *.

Hertzberg also asserted "The strategy of deterrence is immoral."

In a short essay which was published in WIN's May 1, 1976, edition, Hendrick Hertzberg, still "a writer for The New Yorker," made the following comments:

"The only way our thirty years' war in Indochina could end was with a Communist victory. Thanks to American policy, that result was inevitable, and for well over a decade the only question has been how much agony we could force upon the Vietnamese (and ourselves) before it came to pass.

"The Communists will at least fulfill the *sine qua non* of the social contract—the protection of the people from random death by violence. I welcome their victory because it was the only way to end the war's suffering, but as a democrat I take no joy in it. I can't bring myself to call the North Vietnamese and PRG armies 'liberation forces' * * *.

"The Communists were the good guys in the Vietnamese war, but nothing can be gained by deluding ourselves about the nature of the regime they will establish. Vietnam will be free of foreign interference and domestic gangsterism—most people will be far better off than they were under Saigon and infinitely better off than they were under the combination of Saigon and war—but it will be a liberation without liberty. Intellectual and political life will be controlled with an efficiency that Thieu and his crowd could never muster. * * * Under Thieu, editors were arrested and newspapers were closed down or forced to appear with blank spaces where the censors had decided a story must be suppressed. Under the Communists there will be no further need for censorship, because the press will merely be a part of the state and party apparatus.

"Vietnam's revolution was by no means a nonviolent one. But as a pacifist I take some comfort in the fact that the Communist victory was not a military but a moral victory. We had the money and the machines and the ruthlessness, but they won. We thought we could bomb them into surrender, but the idea of surrender never entered their minds. The willingness of the Vietnamese to endure suffering was in the end greater than our willingness to inflict it. They died and died and died, and at length of our own meaningless savagery sickened and shamed us.

"The society the Communists will construct in Vietnam will not be a free society, as I understand the term. But the outcome of the struggle, both there and here in the United States, was a victory for something honorable in the human spirit."

Women Strike for Peace (WCP)—an affiliate of the Soviet Women's International Democratic Federation (WIDF) which has been thoroughly penetrated and approved of by the CPUSA since its formation.

Women's International League for Peace and Freedom (WILPF)—a socialist/pacifist group dating back to the First World War now penetrated by the CPUSA and working with the Soviet World Peace Council.

PUERTO RICANS CELEBRATE ADOPTION OF CONSTITUTION

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. CORRADA. Mr. Speaker, today, the Puerto Rican Constitution is 25 years old.

I am introducing the text of the speech that I delivered in San Juan, P.R., today, commemorating this festive occasion:

CELEBRATION OF THE 25 YEARS OF THE ADOPTION OF THE CONSTITUTION OF PUERTO RICO, JULY 25, 1977

Twenty five years ago, on a day like today, the then Governor of Puerto Rico, don Luis Muñoz-Marín, raised for the first time officially the single-star-on-a-field-of-blue flag of Puerto Rico, side by side with the stars and stripes flag of the United States, marking with that symbolic gesture the initiation of our local government pursuant to the provisions of a new constitution, the Constitution of Puerto Rico.

Today, all of us Puerto Ricans, who profess loyalty to the worthy values of democracy, justice and liberty, respectfully celebrate the twenty five years of our Constitution. A Constitution that belongs to and protects all Puerto Ricans and of which we should all feel proud, because it guarantees to our people the freedoms of democracy and the protection of human rights, which in its bill of rights—magnanimous and liberal—are recognized and elevated to a constitutional right. Although Puerto Rico will someday amend its present relation to the United States, either to strengthen and make closer our relation by means of Statehood, or to go our separate ways, if that were to be the will of the majority of our people, we should always aspire to maintain the organization of our internal government and the protection development of the liberties and rights of the children of our people under the provisions of this Constitution, which we proclaimed 25 years ago.

Because of this, I have no reservation in recognizing the great values of Puerto Rico's constitution, and the patriotic sense of those who, under the leadership of a great Puerto Rican, don Luis Munoz-Marin, labored during the Constitutional Convention to give our people a fundamental law based on those democratic and libertarian values which are deeply etched in the soul of the inmense majority of our people.

Another great Puerto Rican, and former Governor, don Luis A. Ferre, was one of those who participated in the drafting and approval of the Puerto Rican Constitution. In explaining the reasons why he voted in favor of our Constitution in 1952, don Luis A. Ferre stated:

"Jurisdically and constitutionally, we shall not lose anything. With respect to control over our national affairs, we shall attain a greater degree of self-government, something which I have always advocated as being our right as American citizens. Morally, in consigning through an amendment to the preamble our aspiration for the collective enjoyment of the prerogatives of our citizenship, we shall have maintained our right to the full federal sovereignty. Psychologically, in securing the amendment providing for the organization of this government within our Union with the United States, we have established conditions which will propitiate an increased closeness to and identity of purpose with the Nation which shall exercise a powerful influence over our people as they decide on their final political status."

Truly prophetic words by don Luis A. Ferre, which gain greater relevance today in a political panorama where the possibility of increased closeness and unity of purpose as the basis for orienting our people in choosing its ultimate political destiny, is made more favorable.

We look with satisfaction at the process of political and constitutional evolution and development undertaken between 1950 and 1952. Nevertheless, we must proclaim with all the strength in our spirit that people cannot wed themselves to their past, that time and circumstances change, that the great men and great ideas of yesteryear have their moment, then serve as the foundation over which new men build the future.

We have to face the difficult choice between yesterday and tomorrow. This choice is always decided in favor of change as part of the dynamics of the modern world.

Puerto Rico cannot be satisfied with looking complacently to the past. He who only looks to the past risks a slowing of its pace, only to fall behind and later be immobilized by forces which impede his progress.

Puerto Ricans cannot become a drifting people, without a clear destination, without direction, without definition. We cannot remain as wanderers in the desert adoring a golden calf. We have to face up to our own destiny and prepare ourselves to answer that great question: Where are we headed?

It is proper, that before anything else, we put our house in order. That is why we must recognize today the commitment made by Governor Carlos Romero-Barceló to attack with the greatest diligence the most immediate economic and social problems which affect our community.

The agenda of this government, under the leadership of our Governor, gives the highest priority to those programs and efforts geared to the development and strengthening of our economy, such as the increase of the production of goods and services, import substitution, particularly, of consumer goods in those cases in which we can produce them locally, the reinvigora-

tion of our agriculture, the promotion of tourism, manufacturing and service industries, intensifying our commercial activity, including stimulation of small businesses, the restoration of the construction industry to a position of health, seeking new internal and external markets, creation and development of infrastructure such as transportation and communication links and the construction and development of present and future sources of energy.

Finding the way toward the improvement of our economy and toward collective progress, is something we can achieve only if we work united, all together, keeping in mind that phrase by don Antonio R. Barceló: "Puerto Rico above all else". To place Puerto Rico above all else, wishing is not sufficient, we must take action. And to do it, as Governor Carlos Romero-Barceló said, "We must sweat for our fatherland".

There are other great priorities in the agenda of this government: education, health, public safety, housing, environmental protection, sports and recreation, the rights of women, the care for the elderly, the handicapped, children and the unemployed.

We must also look inward to our own selves to assure that concurrent with our material progress, we achieve moral and spiritual progress. We must have more to be more, and not have more to be less. We must seek a strengthening of the family and the furtherance of human, estethic, ethic and moral values.

All of these form a fundamental part of the agenda of this government. But let us not be deceived into believing that the matter of our ultimate political destiny can be forever postponed. I am convinced that the lack of political definition by our people regarding its ultimate political status is the principal cause for our lack of unity as a people and a cause of divisiveness among our best leaders, who find themselves dispersed within separate idealogical camps supporting one or another status formula.

Let us not complain about our divisiveness and of the extreme politization of our life until such time as we are ready to eliminate the principal cause of our discord—the fact that we have not settled permanently and definitively, the long, painful, and consuming debate regarding our political status. Twenty five years under Commonwealth status convince us that now more than ever, the Puerto Rican people feel the need to find something better and with more dignity for our people.

It is imperative that we propose to all of our Puerto Rican brothers a viable, honorable and patriotic alternative as the solution to the matter of our political status. We propose in good faith to all of our people, including statehooders, commonwealthers or separatists, an alternative whose principal commitment is the welfare, the progress and the tranquility of the Puerto Rican people. Our desire is to attain the solidarity and the union of the great Puerto Rican family by means of a formula which allows our people the full exercise of their political rights, the maximum economic and social development, the preservation and enrichment of our culture, our language and our identity as a people.

The principal difficulty we Puerto Ricans face in discussing the status issue is that we tend to be fanatics. In the political arena we must not become bound to inflexible positions; nor to fall prey to the grave danger to intellectual development which results from having narrow minds. Some supporters of independence, commonwealth and statehood have confused many Puerto Ricans by being emotional, irrational and fanatical in the defense of their formulas.

There is one basic premise on which we all can agree; any political status which the people of Puerto Rico ultimately selects must assure our people security and liberty.

The life of a human being, from cradle to grave is a continuing struggle to attain these two aspirations: security and liberty. The first basic need of a human being is security. On being born, it needs to receive a minimum degree of physical and emotional security.

The need for food, clothing, employment, shelter, health, friendship, love and respect in our lives are examples of the continuing wandering of man in search of security.

Another basic need of a human being is liberty. We certainly seek the security of a job, but not as slaves; we seek food, clothing, shelter, but not as prisoners in a jail. We want a society of law and order, but not a repressive police state.

In liberty, we can find the maximum fulfillment of our potential as a human being.

Liberty is truly found in education and the development of knowledge; knowledge of human nature, of ourselves, of the fundamental values in life; knowledge of the external world which surround us and of the natural laws of the universe.

Liberty is also freedom of thought and of word; freedom of the press, the right to privacy, the end to discrimination by reason of race, sex, religion, social status, political ideals, national origin and others.

Liberty is the protection of life and property and the right not to be deprived of either without due process of law.

Liberty is the search for happiness through those pathways indicated by our conscience and by life itself.

Is there any political status which can guarantee individual security and liberty to each and all Puerto Ricans? The answer is negative. There is no such a political status and those who pretend to persuade others that independence, commonwealth or statehood is such a status deceive themselves and the people.

We human beings have not been able nor will we able to attain a political economic and socially balanced world which would allow us to guarantee that all risks against our security and liberty have been eliminated.

We can only lessen the risks against our security and liberty. I hold that statehood, more than any of the other alternatives, fills the need for security and liberty of our people.

I believe that Commonwealth status had its time in history and that it fulfilled its purpose during the fifties and sixties. Commonwealth is, however, by its own nature a transition status. The political, social, and economic development of the people of Puerto Rico cannot be frustrated or left half way. Puerto Rico does not and cannot feel satisfied with its present political status. We are still a people wandering in search of freedom. I believe that in statehood we will find security and liberty with dignity. I want to leave no doubts, however, that I am inconditionally Puerto Rican and a conditional statehooder. I have accepted statehood only after becoming convinced that we can request it the day that the majority of the people favor it in a referendum under conditions that guarantee the essence of our "Puerto Rican being" or identity.

Statehood is politically speaking the same as independence, except that instead of separating, we are joining politically with the United States, which is a free and sovereign nation.

In political and realistic terms independence will not help us to solve our problem of security and liberty. To become separated from the United States would mean that we would have to provide, in an island one hundred miles long and thirty five miles wide with a little bit over 3,500 square miles, for over three million inhabitants, a population that will double within the next 50 years. How are we to provide our children with an adequate quality of life if we have no free access to the United States, to its market, to its currency?

Statehood on the other hand means political integration, but not cultural assimilation, to the world's most developed nation and to a people of profound democratic ideals. The U.S. has defects just as every other country. However, the United States is the freest and most open society in the contemporary world. This means that Puerto Rico can look upon with dignity, to the federation with the American constitutional system.

Although under Commonwealth we have developed self-government at the local level, we do not have self-government at the federal level. We do not participate in the process to elect those that govern us from Washington. We do not vote for the President or the Vice President nor do we have representation with voice and vote in Congress.

We must, by the way, congratulate Governor Romero-Barceló and our Legislature for approving the Presidential primary bill, which will permit widespread participation by the people in the process of selecting the delegates to the Democratic and Republican Conventions, this is a step forward in our effort to obtain the right of the Puerto Ricans to vote for the President and the Vice President of the United States.

Statehood would confer upon us self-government at the local and federal levels. Under statehood we would continue to elect our own Governor, local legislature, mayors and assemblymen. But in addition to these rights that we now enjoy we would be able to vote for the President and the Vice President and we would also be electing two Senators and seven Representatives to Congress with full voice and voting rights. Puerto Rico would have as many Senators as New York, California or Texas. In the House of Representatives we would have more Congressmen than 26 other states. We would have enormous political power in Washington through nine Puerto Ricans that would represent us and bring justice to the people through federal legislation geared towards problems such as unemployment, health, housing, nutrition, education, transportation and communications. Legislation not to increase dependency but to ensure economic and individual development.

Under statehood Puerto Rico would have two flags, two anthems, and two constitutions. The internal organization of the government of the State of Puerto Rico will be guided by the island's constitution, which would be basically the one we have now except for changing the references from Commonwealth to State. In the same way we would retain our bill of rights. The Constitution of the United States would also be applicable, with all the rights conferred by the U.S. citizenship, and with the same distribution of powers between the Federal and State governments that exists in the fifty states.

The flag of the State of Puerto Rico would be the lone star flag and the national flag would be the star and stripes, with one additional star for Puerto Rico. Our State anthem would be "La Borinqueña" and our national anthem the "Star Spangled Banner". It would be important that we pay the same honor to both anthems and flags.

To be a statehooder one must not be a good American and a bad Puerto Rican. Being a statehooder is being both a good Puerto Rican and a good American. Both are perfectly compatible. The federation does not mean the political disappearance of the state but the opposite, it means the political affirmation of the state as a political body

with a determined degree of autonomy vis-a-vis the Federal Government.

We want the autonomy that statehood would bring us. We reject as a permanent solution autonomy with colonial vestiges.

Dr. José Celso Barbosa, the illustrious Puerto Rican whom we all remember as the apostle of statehood, was an autonomist under the Spanish regime and a statehooder under the American government because statehood confers, under the American constitutional system, the degree of autonomy necessary to maintain the political identity of the State and at the same time maintains the union of all the members of the federation.

Under statehood Puerto Rico would not lose any of the important local powers that we now enjoy, on the other hand, we would obtain additional powers in the Federal government.

I also visualize statehood for Puerto Rico as a permanent status to be requested after a majority of our people so request it and approved by Congress through an enabling legislation which would include a series of provisions guaranteeing the economic growth and stability of the State of Puerto Rico.

The following provisions should be included in the bill:

1. Tax exempt industries should continue to enjoy their exemption until the term of such exemption runs out.

2. The amount of Federal taxes levied on the industries which enjoy tax exemption prior to Puerto Rico's becoming a State shall be returned by the Treasury Department of the United States to the Government of Puerto Rico during the first 15 or 20 years of statehood under a special Revenue sharing program. The Government of Puerto Rico could use these funds to develop an incentive and subsidy program for those industries that had enjoyed tax exempt status and thereby protect the jobs of those employed by these industries.

3. That the Federal income taxes paid by the residents of Puerto Rico during the first year be fully returned to the Government of Puerto Rico during the first year and each year thereafter, except that after the first year such amount should be reduced by 5 percent.

The purpose of the last disposition is to enable the Government of Puerto Rico, in a reasonable period of time, to gradually reform its tax system in harmony with its condition as a state. At the same time this provision would enable the Government of Puerto Rico to make the necessary adjustments in its tax system so that no one would have to pay more taxes than the very high taxes which we pay under Commonwealth. Of the 610,000 families that we now have in Puerto Rico around 450,000 or over 60 percent would not pay any Federal taxes under statehood and on the other hand would receive benefits that we do not now receive in Puerto Rico.

Once the enabling legislation is approved by Congress and Puerto Rico becomes a State, what would happen? Would we be assimilated? No we would not. We would continue doing the same things we do now; thinking, speaking, and praying in Spanish, without underestimating the importance of being bilingual; enjoying the things that we like; celebrating Christmas in our typical way, patron days' festivities; honoring our mothers and retaining our family values.

In other words, we would continue practicing and enriching our customs, our traditions and our culture.

On this I must point out that those that fear the loss of our culture and identity are those that in reality underestimate our character as a people. The Puerto Rican of our times, the statehooder, is a person sure of his identity and proud of his culture who is not afraid of Americans and who does not renounce his idiosyncracies.

The Puerto Rican, as a U.S. citizen, would like to participate fully of all the rights that are conferred by citizenship from voting for the President to petitioning the government for grievances.

I would like, at this time, to address some words to those that in good faith believe in independence. Statehood, as I see it, would not undermine our pride of being Puerto Ricans, we share many of your patriotic concerns. We will defend our patrimony.

To those who believe in Commonwealth I say that statehood is the culmination of Commonwealth and without the uncertainties of that status. Statehood would be at the service of Puerto Rico and not Puerto Rico at the service of statehood.

As that great friend of Puerto Rico, Franklin D. Roosevelt said: "There is nothing to fear but fear itself". Puerto Rico needs men and women without fear that look at the future with confidence in our people and with the assurance that a "permanent union" with the United States, is based not only on common citizenship, common currency, common defense and a common market, but in the common well being of Puerto Rico, each one of the states, and the Union.

Let us reflect today on the political future of our people. Let us start thinking that after 1980 we should consider holding a new referendum to feel out the sentiment and wishes of our people. After all, in the referendum of 1967, Commonwealth obtained 425,000 and we have today 1,750,000 voters, of which over a million did not vote in 1967.

In the meantime, let us reaffirm that our commitment is to Puerto Rico, to our people, to all of you on whom we are calling to serve, so that progress, justice, and the right to the pursuit of happiness will become a reality for three million Puerto Ricans who, be they for independence, commonwealth or statehood, are truly our brothers. Together we shall share everything that our beloved island has to offer; together we will enjoy that sea, that land, and that sun. Together we will confront a common destiny as sons of this people who are willing to ask with justice what is due them and to offer with dignity what we can.

Thank you.

VERNON JORDAN: CARTER MUST DO MORE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr. CONYERS. Mr. Speaker, I congratulate Vernon Jordan for his timely and outspoken criticism of the Carter administration's economic philosophy, priorities and policies. Vernon's keyncte address at the 67th annual conference of the National Urban League unequivocably accuses the administration of failing to address the Nation's most critical domestic problems: Massive black unemployment, unabated deterioration of the cities, lack of national health insurance, and a totally inadequate income maintenance program. President Carter in effect will respond to Vernon's criticisms when he addresses the conference this morning on the topic "National Policy and the Cities." In addition to presenting the text of Vernon's speech in the RECORD, I intend to present in tomorrow's RECORD a detailed reply to the President's policy statement:

KEYNOTE ADDRESS BY VERNON E. JORDAN, JR., EXECUTIVE DIRECTOR, NATIONAL URBAN LEAGUE

Once again we meet in our nation's capital. Once again, the National Urban League Movement convenes to press the just demands of black citizens upon a newly-installed national government.

It is well to recall that our last Annual Conference in this City was held while guns and bombs were bringing death and destruction in Vietnam, while high officials were covering up the Watergate scandal, and while a hostile Administration was trying to roll back the gains made by black citizens.

Today, the atmosphere is radically different. The guns of war are silent. Corruption, cover-up, and the abuse of power have gone out of style. And a new Administration is openly consulting citizens' groups in policy formulation, while giving new recognition to the sanctity of human rights.

In the White House, we have a President whose devotion to equal opportunity is unquestioned. Long before he became our President, Jimmy Carter was our friend. Long before he was even a candidate for the Presidency, Governor Jimmy Carter of Georgia came to Urban League meetings proudly wearing our equality pin in his lapel. And now, as President of the United States, he will honor us by coming to speak at this National Urban League Annual Conference.

In the short time he has been President, Mr. Carter has impressed us with his personal style. He has helped heal the wounds of a divided nation by deflating the "imperial Presidency," by reaching out to his fellow citizens, and by backing an amnesty program that seeks to put the horrors of Vietnam behind us.

President Carter has touched us deeply by stressing the importance of human rights in a world that commonly flaunts those precious innate rights, and this is a cause that speaks to our hearts with a special significance.

President Carter has won our admiration by pursuing an African policy that, for the first time in our history, treats the aspirations of Black Africa with respect and encouragement.

These, and other accomplishments of the new Administration has won our support. The style of openness and access to decision-makers has breathed new life into our form of government. The symbolic acts of the Administration have put us back in touch with our leaders.

Why then, do we convene in Washington with troubled minds and heavy hearts? Why then, are black people disenchanted with the Administration they elected? And why do so many black people feel that their hopes and their needs have been betrayed?

The sad fact is that the list of what the Administration has not done far exceeds its list of accomplishments. The sad fact is that the Administration is not living up to the First Commandment of politics—to help those who helped you.

The Administration has formulated a new foreign policy, a new defense policy and a new energy policy. But it has not adequately addressed itself to a new domestic policy. We have no full employment policy. We have no welfare reform policy. We have no national health policy. We have no urban revitalization policy. We have no aggressive affirmative action policy. We have no national solutions to the grinding problems of poverty and discrimination.

To paraphrase Winston Churchill, "never have so many expected so much and received so little."

A limited jobs program is not enough. An enlightened African policy is not enough. An expanded housing policy is not enough. A handful of top black appointments is not enough. An open style without substantive change is not enough. And it is not enough to do better than Nixon or Ford. Black people didn't vote for Nixon and didn't vote for Ford. They voted for President Carter, and it is not enough for President Carter to be just a little better than his predecessors.

Black people, having tasted the sweetness of victory in November, resent the sour taste of disappointment in July. Black people and poor people resent the stress on balanced budgets instead of balanced lives. We resent unfulfilled promises of jobs, compromises to win conservative support, and the continued acceptance of high unemployment.

Our resentment is fueled by impatience. We, who have been patient for so long are finally running out of patience. The cries of pain from impoverished rural areas and urban slums ring out, and cannot be stilled by minor measures. Our longing for true equality will not cease, nor will it be diverted by stylistic flourishes.

In some ways, ours has been a learning experience. Black people are learning the callousness of political reality. We are learning that electing a President is not enough. We are learning that the forces of entrenched power will not easily accommodate our demands for change. We are learning that we must raise our voices and must use our political power with the same determination as do those who oppose us. We are learning that even an Administration sympathetic to our needs and in harmony with our aspirations needs sustained pressure.

We are here in Washington to apply some of that pressure. We are here in Washington to call on this Administration to fulfill its promises. We are here in Washington to recall this Administration to what we feel is its true spirit, the spirit of social reform and racial equality. We are here in Washington to help it escape from the evils of premature political compromise, narrow fiscal conservatism, and indefinite delays in implementing reforms. We are here to file our claim, to collect on the campaign promises made in black churches and black neighborhoods.

We understand that the nature of the political process is such that all of our needs cannot be met at once. But we call on the Administration to start sending signals that indicate it understands our needs and will make them its own.

One such signal should be the immediate withdrawal of the disastrous proposal to abolish the Electoral College in favor of direct popular election of the President. This seemingly democratic change would have undemocratic results. It would weaken the political power of the cities and the poor, and it would unbalance our political system. Do away with the Electoral College, and in 1980 the black vote will not make the difference it did in 1976.

It is unseemly for an Administration that owes its existence to solid black electoral support to propose a new system whose effect would be to sabotage that support by diluting black voting power. And it is outrageous that the Congress has forced the Administration to compromise its plan for a system of universal Election Day registration.

Another signal should be for the Administration to come up with a serious program to save our nation's cities. The so-called urban crisis has become almost a cliche, stripped of meaning by repetition and misunderstanding.

There are those who believe the urban crisis is really just a fiscal crisis, and that shoveling federal dollars into city treasuries will solve it. But the problem goes far deeper, for the urban crisis has a human face to it. It is a crisis of national morality and of our national willingness to tolerate poverty and despair. And it is the direct result of over two decades of conscious public and private policies designed to de-populate cities and strip them of their economic capabilities.

Public and private policies moved population and job opportunities to the suburbs, and at the same time restocked the cities with poor people. Now there is general recognition that the process has gone too far. An energy-dependent society is beginning to realize that energy-efficient cities are necessary once more. The suburban dream has become tarnished and middle class people are again looking to the cities, where abandoned housing and cheap land are economically tempting to developers.

Race and economics once more interact to the detriment of the black poor. Black slums have suddenly become targets for "rehabilitation." Speculators reap profits while black homeowners and renters are squeezed by the cycle of high demand, rising land values, are higher property taxes.

If our cities are dying it is not through natural death or even self-inflicted suicide; it is through local policies aimed at killing inner-city neighborhoods that they may be reborn for the benefit of the well-off. HUD's tougher policy ensuring that block grants are used, as the law demands, for poor people's housing is a commendable attempt to counter this growing phenomenon.

The process of saving the cities must not be a process of driving out the poor to house the middle class, but a process of helping the poor to become middle income. The ultimate future of our cities and of our nation may depend upon the success of that effort.

We stepped to the edge of the abyss the other day, when the plug was pulled on New York's electricity. The looting that occurred could have happened in any city in our country. All our cities contain large numbers of people who have no stakes in this society, who are without jobs or hope, whose despair and anger simmers continually, until it boils over, past the limits of accepted behavior.

They are the victims of a society that willfully destroys its own cities. The destruction they wrought was a more violent mirror image of the destruction of lives and neighborhoods caused by impersonal forces in our society—discrimination, unemployment, poverty. Lawlessness cannot be condoned, but our society must draw the right conclusions from such terrible incidents—people have to be assured of a stake in the society; they must have jobs and decent housing if we want them to act in conformity with society's rules. The resources that will be spent to repair the damages could have been better spent in preventive programs that might have avoided the disaster.

But the tragedy in New York offers the President an opportunity to exercise bold leadership. We ask tonight that President Carter signal to the nation his concern for the cities and for the poor who live in them by going to New York; by speaking with the looters and the looted in the South bronx, Harlem and Bedford-Stuyvesant. A nation of cities is adrift in confusion and the President of all the people has to show his concern. He has to show he understands the despair and the anger, the hopes and the needs, of the urban poor. Yes, if the President can go to Clinton and to Yazoo City, he can go to New York.

We call on the President and the Congress to formulate a national urban policy that deals with the human problems of people who live in cities. Cities have to be saved, not for those who abandoned them and then changed their minds, but for those who live in them today.

And a national urban policy cannot be restricted to bricks and mortar showpieces, or to further wasteful revenue sharing programs. It must have three major components:

(1) Federally-supported and directed increases in basic social services—health, education, transportation, and youth programs.

(2) Massive creation of housing opportunities for low and moderate income families, within a national housing policy that assures a decent, safe and sanitary home for every family, and

(3) A federal urban economic development program that includes guaranteed jobs for all who can work and an income assistance system.

Finally, the Administration should signal the nation's poor that their interests will be met by meaningful reform of the welfare system that is supposed to provide assistance to those most in need, but does not. Candidate Carter called it a "disgrace," and President Carter has ordered his Administration to come up with a reform proposal.

The basic outlines of the Administration's package have been made public, and they indicate that a real change is not in sight. Although the reform was to result in a system that would be equitable, simple to administer, promote family stability, and help the poor, we are likely to have to fight a plan that is inequitable, an administrative nightmare, promotes family instability and leaves many poor people worse off.

This plan founders on major conceptual flaws. Among them are the mandates to keep a ceiling on costs no greater than present welfare-related programs, categorization of the poor, and a work requirement. Such measures would continue to stigmatize poor people while perpetuating negative myths about the poor. And a bad plan may be made even worse. There was one proposal to eliminate the federal housing subsidy program in order to transfer the money to the welfare program, a step that makes no sense at all. It would have destroyed already underfunded federal housing programs while further distorting welfare reform and like other elements of the welfare reform plan, it would take from some poor people to give to other poor people.

The core of the welfare reform proposal links work to welfare, and thus perpetuates the vicious myth that poor people don't want to work. The fact is that poor people do want to work and do work. The fact is that poor people are as work-oriented as middle class people.

Our purpose tonight is not to further criticize a bad plan but to offer an alternative that would benefit poor people and the nation.

The National Urban League is on record in support of a long-range plan to use a refundable credit income tax as the means of assuring a minimum income level beneath which no family could fall. We continue to support that plan, but recognizing that political reality now prevents its acceptance, we call tonight for an interim plan that would supplement the present welfare system and ease the plight of poor people while putting in place structures for ultimate reform.

Our interim plan includes four major steps:

(1) A massive job-creation program. We should have an expanded federal program of public service jobs, and job-creation incentives to private industry, targeted to high unemployment areas.

(2) Food Stamp expansion. The food stamp program has become a major source of income assistance. By eliminating the cash requirement, simplifying and broadening eligi-

bility, and launching an aggressive outreach program, food stamps can become the vehicle for helping all of the poor and near-poor.

(3) Major improvements in social insurance programs including a national health insurance plan. Extending and improving programs that cushion the effects of unemployment and economic losses due to health problems will reduce the numbers of people forced to resort to welfare assistance.

(4) A refundable tax credit. Ultimately, we envisage this as a means to drastically shrink the welfare rolls, but a start can be made now by using the tax system to provide modified income assistance.

Thus by instituting a refundable tax credit and applying it to grants for low-income families, even a modest grant would remove significant numbers of people from the welfare rolls while providing aid for those whose welfare benefits are inadequate and those who are poor or near-poor and do not receive welfare payments. This proposal would shrink the welfare rolls and would reduce the dependence on the welfare system through a more equitable tax system.

This interim plan would be real reform. By instituting this plan, the Administration can refuse to become part of the institutional retreat from civil rights that is infecting the naion. In almost all sectors of national life we see former friends relaxing into indifference, and former foes back on the attack. National policies of neglect and recession have combined to make many people in the private sector less concerned with fulfilling their responsibilities.

The Congress seems more anxious to ban busing, to limit affirmative action programs and to bar Medicaid funds for abortions than it is to improve the schools, enforce civil rights, or to enable meaningful life after birth. But that same Congress was giving every indication of being willing to pour billions of dollars down the drain on the B–1 bomber before the President's bold and farsighted decision not to go ahead with production.

The symbol of institutional retreat is the Supreme Court. Once the proud defender of the rights of minorities and the disadvantaged, this Nixon-dominated Court has become a source of denial of equal opportunities. The protector of our rights has slowly slid into the position of becoming the enemy of those rights.

The Court has retreated to the cramped narrow legalisms of supposed neutrality and objectivity. It has formulated the legal doctrine of "intent to discriminate" as a replacement for the more realistic legal requirement of proving discriminatory effects. In its last term, the Court upheld discriminatory zoning laws and discriminatory seniority systems. It denied to poor women the opportunity for abortion available to more affluent women, and it is shocking for the Administration and the Congress to have supported the Court in this callous act.

It is in this Court then, so vastly different from the Warren Court that protected and extended civil rights, that the Bakke case will be decided.

We urge the Administration to recognize the importance of this case and the issues involved by filing an amicus brief asking the Court to uphold the University's admissions program.

By the standards of legality, morality and plain common sense, affirmative action programs are legitimate and necessary. And the intensity of the opposition to affirmative action is yet another example of the painful fact that the national mood still resists accommodation to the just needs of black and minority people. It still resists making necessary changes in our society to provide equal opportunity. The national search for roots is degenerating into mere nostalgia, instead of drawing lessons from the hardships forced upon our forebears and those of other ethnic groups.

And yet, because we hear the true call of our roots, because we draw inspiration from those who came before us and on whose accomplishments we build, we are unshakable in our determination to overcome. While we continue to impress upon the Administration, the Congress, and the public and private sectors, the justice of our cause, we have another job to do.

We must capitalize on the latent strengths of the black community. We must marshall our considerable economic and political power to improve our communities. We must bend every effort to instill in our young people a devotion to excellence and a determination to succeed.

Those of us in leadership positions have a still larger responsibility. We cannot lessen our pressures for constructive change. We cannot allow our personal or political loyalties to deflect us from the task of fighting for our rights. This applies as much to local leadership as it does to the national leadership of black institutions.

It is in this context that we must urge our black brothers and sisters in government to recognize the important role they can play. We are proud of them. Every announcement from the White House of the appointment of a black person to a federal position was met with pride. At long last there are enough black people at the higher echelons of government to form a critical mass capable of exerting a major influence on policy. Most of these black federal executives come from backgrounds of militant activism, and the fervor and passion they brought to the civil rights movement must continue to characterize their actions.

Just as they were on guard for civil rights 24 hours a day, so too must they continue that vigilance in their new jobs. Just as they once prodded the Executive Branch, the Congress, and the courts with ceaseless demands for change, so too must they continue to raise the kinds of issues we have raised tonight.

Black federal executives are uniquely situated to become catalysts of change. They can maximize their strengths by coming together in an informal network of conscious interdependence and shared resources. All of our nation's institutions have run on the wheels of a well-oiled "buddy system" of mutual protection and mutual aid that excluded blacks and other minorities. So the inevitable lesson is that black and minority officials should come together in a similar system of shared support that will increase the influence of black executives and, more importantly, of the policies they are fighting for.

I cannot urge greater mutuality and cooperation among black federal executives without recognizing the need for closer cooperation among national black leadership. With a national mood that ranges from indifference to hostility, with crucial national decisions being made without due consideration of their impact on black people, and with black institutional strength diluted because of lack of unified strategies, it is time for black leadership to come together once again.

On those occasions when we have coordinated strategies, such as last year's voter registration campaign, we have been successful. It is time now to extend that success to other areas and other issues. It is time now for national black civil rights leadership to come together in a revived leadership group, in structured, planned meetings of heads of national organizations to pool our strengths and strategies.

So I call tonight on my colleagues to join with me in a meeting next month to begin the process of coordination on behalf of all of America's black and poor people. Our meetings should be held in private. They should deal with issues and strategies. They should be structured around the concerns of our constituents.

I am confident they will share my belief that it is imperative for black leadership to create a new structure that will enable us to act in unison and to maximize our efforts on behalf of our constituents. For if we don't do it, who will? We can call on the President to push for social changes; we can call on the Congress, we can call on the private sector, but in the last analysis what must be done, we must do ourselves. We need alliances and coalitions but the initiative and the urgency must be ours.

We take our cue from Frederick Douglass, who wisely counseled: "Who would be free, themselves must strike the blow. . . . You know that liberty given is never so precious as liberty sought for and fought for. The man outraged is the man to make the outcry. Depend on it, men will not care much for a people who do not care for themselves."

I am confident that we can succeed, we shall overcome. The path, as always, will be difficult, but it is an American path, and that is why I am confident.

Last year I was in South Africa and two weeks ago I was in Russia Seeing oppressive dictatorships of the right and the left convinces me that however far America may be from attaining its national goals and ideals, America is fertile soil for human fulfillment.

The plane that brought me home from Russia landed in New York during the blackout. The lights were out all over the city. But despite the inconvenience and the attendant problems, I'd rather be here in the United States with the lights out than behind the Iron Curtain with the lights on. We have many just criticisms to make of our nation, but this speech could not be given in Russia or South Africa, and we could not dissent from national policies or pressure national leadership in Russia or South Africa.

Having visited such countries that are built on vicious denial of human rights, I take heart from our new national policy of worldwide support for the sanctity of human rights. When a Vorster kills young black people in Soweto, when a Brezhnev sends dissenters to prison camps, when an Amin senselessly slaughters his own people, all mankind is diminished. All mankind bleeds on the rack of the torturers, whoever they may be and wherever they may commit their crimes.

But this new American crusade for human rights and decency in the world must not become prey to hypocrisy and to cynicism. Our nation cannot call for respect for human rights while it lacks the moral courage to save its own cities, its own poor, its own minorities whose rights are trampled upon. The real moral equivalent of war in our times is the moral challenge to construct a just and equal society.

So our concern with human rights in the world must be joined by similar concern for basic human rights here at home. As long as our society denies equality of opportunity for its minorities, jobs for all who can work and income security for all who need it, our advocacy of human rights will be met by scorn throughout the world. We cannot preach at others and sin ourselves.

It is the mission of the Urban League Movement to remind our nation of this, and to toil on behalf of black people, of minorities, of all poor people. As we begin this Conference, let us be mindful of that mission. Let us not forget who we are, from whence we came, and why we are here.

Most of us at this Conference are working; our incomes place us in the middle class. We

are educated; we are among DuBois' talented tenth, and among us are found many of the black intelligensia. We are professionals, semi-professional, blue and white collar workers; we represent business, labor, public and private sectors.

Our forebears were slaves. Our parents struggled to put us where we are. We are the first or second generation of our families to earn degrees. We are just a step ahead of the fathers and mothers, brothers and sisters who helped us. We know our roots. We know the years of toil and sweat; we know the ghettos from which we came, we remember the inferior segregated schools, the inequitable welfare system, the walls of discrimination in jobs and housing. Yes, we know all of this first-hand and because we know what it means to be black and poor in this society, we are painfully aware that our personal gains are tenuous and insecure. We know we cannot breathe easy while our brothers and sisters are still under the heel of poverty and hardship and discrimination.

We are here at this Conference then, not for ourselves, but for them. We are here on behalf of our brothers and sisters, some of whom don't know who we are or what we're about, but they send us a message, an urgent message, to lead, to produce, to make their futures brighter and more secure. They're depending on us. Who will speak for them? Who will fight for them? In a society that consigns black people to the bottom rung, it is the Urban League and other institutions in the black community that stand by their goals, their interests, their needs.

So we're here in Washington to work for the brothers and the sisters. We're not here to party or to play, but to plan and to pressure. We have to demonstrate that we have not forgotten our blackness, our roots, the poverty of our people. We are a movement with a mission, and as we begin this Conference let us recall James Weldon Johnson's invocation of remembrance of homage to roots sunk deep and true:

"God of our weary years,
God of our silent tears,
Thou who has brought us thus far on our way,
Thou who has by Thy might
Led us into the light,
Keep us forever in the path, we pray;
Lest our feet stray from the places, our God, where we met Thee,
Lest our healths, drunk with the wine of the world, we forget Thee;
Shadowed beneath Thy hand,
May we forever stand,
True to our God, True to our native land."

THE COUNCIL OF ECONOMIC ADVISERS SPEAKS OUT ON THE BREEDER

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1977

Mr BROWN of California. Mr. Speaker, I recently received a letter from Mr. William Nordhaus, a member of the Council of Economic Advisers, which answers many questions concerning the costs and benefits of the liquid metal fast breeder reactor—LMFBR. Their major conclusion is that the gross benefits of the LMFBR are now approximately zero—without even taking into account the R. & D. costs—and that the LMFBR commercialization program cannot be supported on economic grounds. Also several misconceptions concerning the economic aspects of the breeder decision are clarified. In particular, oil imports are not significantly affected by the future of the breeder, halting construction of the Clinch River breeder reactor is not an anti-nuclear-fission posture, other countries pursuant of the breeder is more political than economic, an export market for breeders is illusory, and that there are substantial gains to delaying the LMFBR program.

The letter follows:

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., July 21, 1977.

Hon. GEORGE E. BROWN,
U.S. House of Representatives, 2342 Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN BROWN: You asked if we could provide you information on recent economic studies on the LMFBR program. The following information has been drawn together.

A. UPDATED ERDA STUDY

ERDA has recently revised its economic analysis in the June 1977 ERDA publication, "Updated C–B Analysis of the LMFBR." (See enclosed Tab A). The CEA staff has reviewed this document, and concludes that it represents a major change in the ERDA findings from earlier studies.

The same model and analytical techniques yielded substantial gross benefits to breeder development in a 1974 ERDA study, but now project near zero gross benefits. All figures are discounted and are before accounting costs of research, development, and commercialization.

The following changes in outlook are central to the revision:

1. Uranium assumptions

The benefit estimate was raised by a reconsideration of uranium supply, raising LMFBR benefits by $15.2 billion. In addition, use of higher cost estimates for uranium enrichment ($75 instead of $36 per separative work unit), raised benefits by an additional $9.9 billion.

It should be noted, however, that uranium supply may have been understated by ERDA even in this study. Specifically, the study did not take account of higher cost ores, which, according to many analysts could add substantially to the resources estimates.

2. Energy demand

The expected long-run decline in GNP growth—due to slower publication and labor force growth and technical progress—as well as the conservation measures of the energy plan will reduce demand growth below earlier estimates. Therefore, the projected demand of 10.6 trillion KWH for 2000 and 27.6 trillion KWH for 2020 used in the 1974 base case are untenable. Updated estimates of 5 trillion KWH in 2000 are more reasonable. This change is the major revision in the case for the breeder, decreasing benefits in the new ERDA study by an estimated $30.7 billion.

3. Delays

Further delays in the commercial availability of the breeder are likely to be encountered. Introduction in 1995, rather than 1987, lowers benefits by $12 billion.

4. Capital costs

Capital cost estimates for the breeder had been substantially revised. A very conservative reevaluation of the capital cost differential between the LMFBR and the LWR reduced benefits in the new ERDA study by $1.8 billion.

The following table briefly summarizes the effects of revisions made in the 1977 study:

Effect on LMFBR gross benefits

[In billions of dollars]

Assumption change:	
1974 gross benefits estimate	+$19.4
Reduced electric energy demand	−30.7
Delayed LMFBR introduction	−12.0
Larger capital cost differential	−$1.8
Higher uranium enrichment costs	+9.9
Increased uranium prices	+15.2
Total change in estimate of gross benefits	−19.4
1977 gross benefits estimate	0

Note: Gross benefits exclude the costs of research, development, and commercialization.

The four reconsiderations above drive the expected gross benefits of the LMFBR to approximately zero. However, a few limitations of the ERDA analysis should be brought to your attention.

First, limitations on HTGR (or other advanced converter) commercial availability may be overstated. This overstates the benefits of the LMFBR.

Second, the ERDA studies disregard the sensitivity of energy demand to prices, i.e., the price elasticity of demand is assumed to be zero. This probably overstates the benefits of the breeder.

Third, the ERDA studies did not explicitly consider coal use. Environmental limitations on its use may raise breeder benefits.

Fourth, uranium resource estimates used in the ERDA studies (3.7 million tons) may be understated. The higher estimates of the FORD/MITRE study would make the breeder an even less profitable investment.

Fifth, initial projections of costs are often substantially underestimated. The higher "expected" R&D costs would reduce breeder benefits.

Finally, the near zero gross benefits calculation in the new ERDA study is not based on a rerun of the 1974 model. Rather, it is a shortcut which uses linear interpolations of benefit sensitivities from the 1974 study. The individual components were then summed to derive the change in total benefits. In fact, without the "arbitrary" $4 billion U_3O_8 supply adjustment, the simple summing up technique would predict gross benefits of −$4 billion, which is a mathematical impossibility.

Notwithstanding these shortcomings, this new piece of evidence is largely consistent with a growing body of evidence which suggests that the case for the LMFBR program cannot be supported on economic grounds.

B. COMMENTS ON RECENT ARGUMENTS FAVORING THE BREEDER

Some common misconceptions concerning the economic aspects of the breeder decision should be clarified. I refer particularly to the daily Bugs Bunny "Breeder Briefs."

First, oil imports are not significantly affected by the future of the breeder. The alternatives to the LMFBR programs are currently other nuclear fission reactors or coal. It is highly unlikely, and under the NEP would be prohibited, that base load electricity will be generated from oil.

Second, halting construction on Clinch River is not an anti-nuclear fission posture. In fact, the only base load alternative to the LMFBR considered in the ERDA studies discussed above was the light water nuclear reactor.

Third, regardless of what other nations with entirely different natural resource bases are doing to provide energy. It is likely that such a path is political rather than economic.

Fourth, the suggestions that the breeder will solve our balance of payments problems is not sound. First, breeders could not be expected to contribute to U.S. exports until well into the 21st century. Market forces, particularly the flexible exchange rate system, will correct any balance of payments disequilibrium long before the breeder is available. Second, even if it were economic, the possibilities for exporting our breeder technology can be overestimated. Most developed countries are developing their own LMFBR's, and would therefore be a "captive market" to local suppliers. Since the LMFBR

is so capital intensive, it seems unlikely that a developing country would wish to buy this reactor for economic reasons.

Finally, there are substantial "gains" to postponing the LMFBR program. Recent analyses show that a delay of twenty years would result in a $3 billion to $12 billion gain.

I would be delighted to provide further information which might be useful to you.

Sincerely yours,

WILLIAM D. NORDHAUS,
Member.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterik to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, July 26, 1977, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 27

8:00 a.m.
Energy and Natural Resources
Energy Conservation and Regulation Subcommittee
To hold hearings on part E (Electric Utility Rate Reform) of S. 1469, proposed National Energy Act.
3110 Dirksen Building

Human Resources
Health and Scientific Research Subcommittee
To continue oversight hearings on the cost of drugs.
Until noon — 1318 Dirksen Building

9:00 a.m.
Armed Services
Research and Development Subcommittee
To receive testimony in closed session on S. 1863, DOD supplemental authorizations for fiscal year 1978.
224 Russell Building

Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To resume hearings on S. 1264, Federal Acquisition Act of 1977.
3302 Dirksen Building

Human Resources
Labor Subcommittee
To continue hearings on bills to amend the Age Discrimination in Employment Act of 1967 to protect the employment rights of older workers (S. 481, 1583, 1768, 1773, and 1784).
4232 Dirksen Building

9:30 a.m.
Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the role of the halfway house in the rehabilitation of alcoholics.
Until noon — 1202 Dirksen Building

Judiciary
Criminal Laws and Procedures Subcommittee
To resume hearings to examine the erosion of law enforcement intelligence gathering capabilities.
2228 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To consider further the nomination of Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board.
5302 Dirksen Building

Commerce, Science, and Transportation
Business meeting to consider pending calendar business.
235 Russell Building

Energy and Natural Resources
To continue mark up of S. 1469, proposed National Energy Act.
3110 Dirksen Building

Finance
To hold a business meeting.
2221 Dirksen Building

Foreign Relations
International Operations Subcommittee
To hold hearings to receive testimony on public attitudes toward the United Nations.
4221 Dirksen Building

Foreign Relations
Foreign Assistance Subcommittee
To receive testimony on S. 1771, the Overseas Private Investment Corporation Amendments Act of 1977.
318 Russell Building

Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings to examine the quality of educational testing in elementary and secondary schools.
H–328, Capitol

Judiciary
To hold a business meeting.
2300 Dirksen Building

Rules and Administration
Business meeting to discuss GAO audit of various Senate offices; payments by Senators to the Recording Studio, and other legislative and administrative business.
301 Russell Building

Select on Intelligence
Intelligence and the Rights of Americans Subcommittee
To hold closed hearings on a proposal to establish procedures for electronic surveillance in the area of foreign intelligence (embodied in S. 1566).
H–405, Capitol

Conferees
On H.R. 7933, making appropriations for the Department of Defense for fiscal year 1978.
H–140, Capitol

JULY 28

8:00 a.m.
Energy and Natural Resources
Energy Conservation and Regulation Subcommittee
To continue hearings on part E (Electric Utility Rate Reform) of S. 1469, proposed National Energy Act.
3110 Dirksen Building

8:30 a.m.
Foreign Relations
Foreign Economic Policy Subcommittee
Closed business meeting.
S–138, Capitol

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 61, proposed Energy Transportation Security Act.
457 Russell Building

Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To continue hearings on S. 1264, Federal Acquisition Act of 1977.
3302 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 1, 8, and 18, proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States.
2228 Dirksen Building

9:30 a.m.
Environment and Public Works
Resource Protection Subcommittee
To resume oversight hearings on the Endangered Species Act of 1973.
4200 Dirksen Building

*Human Resources
Labor Subcommittee
To hold hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 695, to impose on former Federal procurement personnel an extended time period during which they may not work for defense contractors.
5302 Dirksen Building

Commerce, Science, and Transportation
Business meeting to consider pending calendar business.
235 Russell Building

Energy and Natural Resources
To continue mark up of S. 1469, proposed National Energy Act.
3110 Dirksen Building

Finance
To hold a business meeting.
2221 Dirksen Building

Foreign Relations
To hold hearings on proposed Threshold Test Ban and Peaceful Nuclear Explosions Treaties with the U.S.S.R. (Exec. N., 94th Cong., 2d sess.).
4221 Dirksen Building

Select Indian Affairs
To hold hearings on S. 1215, to provide grants to Indian-controlled postsecondary educational institutions, and S. 468, to amend the Navajo Community College Act.
318 Russell Building

Joint Economic
Economic Growth and Stabilization and Fiscal and Intergovernmental Policy Subcommittees
To hold joint hearings on the current fiscal condition of cities.
6202 Dirksen Building

Joint Economic
Energy Subcommittee
To hold hearings on possible solar energy use by industry.
S–126, Capitol

10:30 a.m.
Judiciary
Criminal Laws and Procedures Subcommittee
To continue hearings to examine the erosion of law enforcement intelligence gathering capabilities.
S–128, Capitol

JULY 29

8:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on constitutional issues associated with negotiations for the disposition of the Panama Canal Zone and of U.S. facilities located therein.
2228 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To resume oversight hearings on the Railroad Revitalization Act of 1976 (P.L. 94–210), and amendments proposed thereto.
5110 Dirksen Building
Select Committee on Indian Affairs
Business meeting, to mark up S. 785, Paiute and Shoshone Tribes land bill; S. 1560, the proposed Siletz Indian Tribe Restoration Act, and S. 1582, Ak-Chin Indian community water bill.
318 Russell Building

10:00 a.m.
Budget
To mark up second concurrent resolution on the Congressional Budget for fiscal year 1978.
235 Russell Building
Energy and Natural Resources
To continue mark up of S. 1469, proposed National Energy Act.
3110 Dirksen Building
Finance
To hold a business meeting.
2221 Dirksen Building
Foreign Relations
Arms Control, Oceans and International Environment Subcommittee
To receive testimony on the results of the recent Law of the Sea Conference.
224 Russell Building
Foreign Relations
Foreign Assistance Subcommittee
To receive testimony on S. 1771, the Overseas Private Investment Corporation Amendments Act of 1977.
4221 Dirksen Building
Human Resources
To mark up S. 1391, proposed Hospital Cost Containment Act.
Until noon 4232 Dirksen Building
Select Committee on Indian Affairs
To hold oversight hearings on the Bureau of Indian Affairs budget process.
318 Russell Building

11 a.m.
Select Committee on Indian Affairs
To resume oversight hearings on the present organization of the Bureau of Indian Affairs.
318 Russell Building

AUGUST 1

9:00 a.m.
Human Resources
Labor Subcommittee
To resume hearings in S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 1, 8, and 18, proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States.
2228 Dirksen Building

10:00 a.m.
Budget
To continue mark up of second concurrent resolution on the Congressional Budget for fiscal year 1978.
357 Russell Building
Select Intelligence
To resume hearings on a proposal to establish procedures for electronic surveillance in the area of foreign intelligence (embodied in S. 1566).
1201 Dirksen Building

AUGUST 2

9:00 a.m.
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on the effectiveness of antitrust laws enforcement.
2228 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1664–1669, to amend in several regards the law as it pertains to Federal regulations of financial institutions.
5302 Dirksen Building
Budget
To continue markup of second concurrent resolution on the Congressional Budget for fiscal year 1978.
357 Russell Building
Judiciary
To hold hearings on the nomination of John H. Shenefield, of Virginia, to be an Assistant Attorney General.
2228 Dirksen Building
Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on S. 1792, to amend the Administrative Conference Act.
6202 Dirksen Building

AUGUST 3

9:00 a.m.
Human Resources
Health and Scientific Research Subcommittee
To hold joint hearings with the Select Committee on Intelligence on drug testing by the CIA.
1202 Dirksen Building
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue oversight hearings on the effectiveness of antitrust laws enforcement.
2226 Dirksen Building
Environment and Public Works
Resource Protection Subcommittee
To hold hearings on S. 1140, to encourage and assist States to develop improved programs for the conservation of nongame species of native fish and wildlife.
4200 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of S. 1664–1669, to amend in several regards the law as it pertains to Federal regulation of financial institutions.
5302 Dirksen Building
Select Committee on Indian Affairs
To hold hearings on Federal Indian Domestic Assistance programs.
Room to be announced

AUGUST 4

9:00 a.m.
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue oversight hearings on the effectiveness of antitrust laws enforcement.
2226 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1542, to extend to September 30, 1979, the Council on Wage and Price Stability, and S. 1724, to establish a Neighborhood Reinvestment Corporation.
5302 Dirksen Building

AUGUST 5

9:00 a.m.
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
5232 Dirksen Building

AUGUST 23

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings on the dimension of national debts and payments deficits, and the outlook for the future.
5302 Dirksen Building

AUGUST 24

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To continue hearings on the dimension of national debts and payments deficits, and the outlook for the future.
5302 Dirksen Building

SEPTEMBER 8

9:00 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on automatic auto crash protection devices.
5110 Dirksen Building

10:00 a.m.
Select Committee on Indian Affairs
To hold hearings on the concept of creating an independent Indian Agency.
Room to be announced

SEPTEMBER 9

9:00 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on automatic auto crash protection devices.
5110 Dirksen Building

SEPTEMBER 12

9:30 a.m.
Banking, Housing and Urban Affairs
To hold hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building

SEPTEMBER 13

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building

10 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Donald L. Tucker, of Florida, to be a member of the Civil Aeronautics Board.
5110 Dirksen Building

SEPTEMBER 14

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building

SEPTEMBER 15

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1594 and H.R. 5959, to revise and extend the Renegotiation Act.
5302 Dirksen Building

SEPTEMBER 21

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 364, Veterans' Administration Administrative Procedure and Judicial Review Act.
Until 1 p.m. Room to be announced

SEPTEMBER 28

10:00 a.m.
Veterans' Affairs
To receive legislative recommendations from representatives of the American Legion.
412 Russell Building

SENATE—*Tuesday, July 26, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 12:30 p.m., on the expiration of the recess, and was called to order by Hon. JAMES ABOUREZK, a Senator from the State of South Dakota.

PRAYER

His Holiness, Beatitude Patriarch Elias IV, Patriarch of Antioch and All the East, Damascus, Syria, offered the following prayer:

O Lord Jesus Christ our God, the God of mercies and blessings, whose mercy is limitless and whose love for mankind surpasses understanding: bowing our heads in adoration before Thy majesty, with fear and trembling as unworthy servants, and humbly rendering thanks unto Thy loving kindness for Thy blessings bestowed upon Thy people, we glorify Thee, we praise Thee, we sing to Thee, and we magnify Thee as our only Lord and Master. And since Thou hast graciously accepted the prayers of Thy servants and hast fulfilled them, so also grant that from this time, this land and all lands may be delivered from want, and may be blessed with peace, tranquillity, and brotherhood, that increasing in true love of Thee, Thy people may receive all Thy benefits. Furthermore, we pray for the President of the United States, his Vice President and Cabinet, the Members of this Senate, and for all civil authorities. Grant that they may work diligently to achieve Thy peace, insuring liberty, justice, and freedom for all mankind. For this and all Thy blessings we ever offer thanksgiving unto Thee, together with Thy Father who is from everlasting, and Thine all-holy and good, and lifegiving Spirit; saying, glory to Thee, O God our Benefactor, unto ages of ages. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 26, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JAMES ABOUREZK, a Senator from the State of South Dakota, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. ABOUREZK thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Monday, July 25, 1977, be approved.

The PRESIDING OFFICER (Mr. GLENN). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I have a brief statement that I wish to make, but I ask the distinguished minority leader if he wishes to say anything first.

EUROPEAN DECISION ON BREEDER REACTORS

Mr. BAKER. Mr. President, I invite the attention of my colleagues to a recent development in the continuing efforts of the administration to persuade other nations to forgo the development of fast breeder reactors. As my colleagues know, the primary thrust of these efforts has been the President's decision to stop development of the breeder reactor here in the United States.

The most recent development, the creation of a five-nation European consortium for the development and marketing of breeder reactors, should come as no surprise. Members of the consortium, France, Germany, Belgium, Italy, and the Netherlands, have a realistic understanding of the need to develop assured supplies of energy resources. Moreover, their decision eloquently illustrates the futility of abandoning this potentially valuable source of energy in the hope of controlling nuclear proliferation. Moreover, their decision is, or should be, a clear signal to the administration and to the American public of what we are losing should we give up the breeder.

First, the United States will fall even further behind France and West Germany in the development of breeder research and technology. I believe that the United States inevitably will need this technology; and, we will either be forced to buy it from those who have it or to conduct a costly and inefficient crash program to catch up. For a nation that traditionally has been in the forefront of nuclear technology, this seems to be most ill-advised.

Second, it should be noted that the consortium was formed not only to develop, but to market breeder reactors. With virtually every nation seeking assured sources of energy supplies for the future, the decision to market was inevitable. By dropping out of the market, the United States would forfeit the leverage we historically have had in insuring that adequate proliferation safeguards are imposed on nations receiving nuclear technology. A decision to forgo the breeder, therefore, would frustrate the very purposes advanced in justification of it.

In conclusion, Mr. President, I cannot fault France and West Germany and the junior partners to the consortium for their decision. I believe their decision reflects a realistic appraisal of the future and for that reason, I am confident that the Congress will continue to insist that the United States approach the realities of the world in a similar fashion.

PROPOSED AWACS SALE TO IRAN

Mr. ROBERT C. BYRD. Mr. President, I am disappointed that the administration has decided to proceed forthwith on the proposed sale of the airborne warning and control system—AWACS—to Iran.

There has been no change in the parliamentary situation facing the Senate, which I described to the President in my letter to him of July 22. The notification of the proposed sale was submitted to Congress on July 7, pursuant to the Arms Control Export Act. Following such notification, Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution.

The PRESIDING OFFICER. May we have quiet in the galleries and on the floor, please? The majority leader is making a statement here. I wish we all could hear him.

The Senator will proceed.

Mr. ROBERT C. BYRD. I thank the Chair.

Under the law, it would be necessary for Congress to act before the statutory August recess. As I pointed out in my letter to the President, a large amount of time prior to the August recess will be consumed in considering a major component of the President's election reform package—public financing of congressional elections. Therefore, it will be very

difficult for the Senate to give the proposed AWACS sale the thorough and serious consideration it deserves. An action such as this proposed sale should be fully debated in the Senate.

I continue to believe that the wisest and most desirable course would be for the President to withdraw the notification of the proposed sale at this time. It is a matter of major importance and one about which a number of Senators have strong feelings. Particularly in view of the fact that the delivery of the AWACS to Iran would not take place until 1981, I see no reason why the notification could not be at least temporarily withdrawn. Because of the long leadtime, it does not seem to be a matter so critical as to preclude at least a temporary withdrawal of the notice of the proposed sale.

I appreciate the consideration the President has given my suggestion that the proposal be withdrawn. I know that he has given the matter careful thought and I regret that the administration has decided against at least temporary withdrawal of the notice. I hope the administration will reconsider its decision not to withdraw, at least for the time being, the notification of sale.

SPECIAL ORDERS

Mr. STEVENS. Mr. President, having no request for our time, if the Senator from South Carolina would like to have the leadership time added to his time. I yield the remainder of my time to the Senator from South Carolina.

The PRESIDING OFFICER. Under the previous order, the Senator from South Carolina (Mr. THURMOND) is recognized for not to exceed 15 minutes.

Mr. STEVENS. Will the Chair acknowledge the yielding of the leadership time to the Senator from South Carolina?

The PRESIDING OFFICER. The Chair so recognizes that.

Mr. THURMOND. I thank the distinguished Senator.

THE DROUGHT SITUATION IN SOUTH CAROLINA

Mr. THURMOND. Mr. President, yesterday, I toured several of the counties in my home State which have been hit hardest by the current drought. I witnessed firsthand one of the most disturbing sights I have ever seen as a representative of the people in South Carolina. In many areas, the farmers' crops and livestock feed supplies have been nearly wiped out by the current extended period of hot, dry weather.

I traveled from the Coastal Plains area of the State, where row crops are prevalent, into the Piedmont area of the State, where beef and dairy farming are the main farming activities. I saw mature corn with dry shriveled stalks only 2 to 3 feet tall, which will produce little or no grain. In addition, plants which had reached their normal heights did not yield any significant amount of grain due to a lack of rain.

The producers of grain for sale in South Carolina are going to have a short crop, but be faced with corn prices below the cost of production due to the large corn crop in the corn-producing areas of the country and large carryover corn stocks.

The production of soybeans is also going to be affected, although the final effect will be determined by the amount of rain received during the remainder of the growing period for soybeans and other crops which have not yet reached maturity. Likewise, cotton, tobacco, and vegetable crops throughout the State have been affected by the lack of rain.

In the Piedmont section of the State the pastures looked as if they had been burned over as a result of the continued drought. This is a time of the year when farmers would ordinarily be depending on their pasture for feed and be saving their grain and silage to be fed later in the fall and winter. Instead, they are now having to draw down their supplies of hay and silage. Several farmers told me that where their field would normally produce 15 to 20 tons of corn silage per acre, they are now yielding only 3 tons of silage per acre. Although not as much as might be expected, the corn to stalk ratio, which measures the feeding value of the silage, is also reduced, resulting in a poor quality source of feed. The permanent pasture is dead or dying and the dry conditions have not allowed the farmers to plant any seasonal grazing. As a result of all these factors, the beef and dairy farmers are facing a crisis situation.

The agriculture weather station in Anderson, S.C., received 6.23 inches of rain from April 1 through July 24. The 30 years' average for this area is near 15 inches of rain. This is less than half of the 30 years' average during a period which is most crucial to the growing of crops.

The estimated losses of corn, hay, and pasture is staggering. In one county in the Piedmont area, the corn loss is estimated to be 100 percent. In many other counties the estimates are as high as 90 to 95 percent. Estimated losses of hay and pasture are nearly as high. All of these estimates were as of the week of July 18, and would be expected to increase each day there is no appreciable rainfall, especially for crops which have not yet reached maturity. Measured in dollar terms, the losses to date run into the millions of dollars.

Mr. President, the situation is serious, and many farmers face financial disaster. In rural areas this situation has serious repercussions on the total economic activity in the community. Although difficult to know the precise effect, in some cases, it may result in near chaos.

I am pleased to have cosponsored with my good friend, the distinguished chairman of the Agriculture Committee, Senator TALMADGE, and others, legislation to provide emergency assistance to producers who suffer loss of feed grain production due to disastrous drought conditions in 1977.

This is important to help with the serious situations facing farmers throughout the country. I urge my colleagues to support all efforts to move forward on this important piece of legislation and other legislation calculated to give relief to our farmers in the most expedient manner. It is imperative that we assist during this time of need this group of Americans who toil the fields to provide the food and fiber for the citizens of this country. In many cases they risk their complete livelihood on factors, such as weather, for which they have no control.

A couple of weeks ago, Mr. President, the total estimated crop loss was $100 million. Now, the estimated damage is about $200 million, with an additional $1 million for each day that there is no rain.

Mr. President, I urge my colleagues to join in working to assist these drought stricken areas in this country. I ask unanimous consent that a table showing the estimated percentage loss and estimated dollar value loss for selected counties in South Carolina be included in the RECORD at the conclusion of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ESTIMATED PERCENTAGE AND ESTIMATED DOLLAR VALUE LOSS FOR SELECTED CROPS IN SELECTED COUNTIES IN SOUTH CAROLINA AS OF THE WEEK OF JULY 18, 1977 [1]

County	Corn		Hay and pasture		Other crops		
	Estimated percent loss	Estimated dollar value loss	Estimated percent loss	Estimated dollar value loss	Estimated dollar value loss	Estimated total dollar value loss	Program applied for
Aiken	60	$166,000	40	$565,000	$160,000	$891,000	FmHA.
Anderson	90	1,240,000	85	5,067,000		6,307,000	All.
Barnwell	70	2,016,000	33	152,000	416,000	2,584,000	EFP, FmHA.
Berkeley	60	889,000	33	420,000	1,088,000	2,377,000	FmHA.
Calhoun	63	2,101,000	85	260,000	3,191,000	5,552,000	FmHA, DFCP.
Charleston	25	1,000,000	50	384,000	5,497,000	6,881,000	All.
Chesterfield	60	1,423,000	30	981,000	3,502,000	5,906,000	All.
Edgefield	65	289,000	75	2,299,000	1,826,000	4,394,000	FmHA, EFP.

County	Corn		Hay and pasture		Other crops		
	Estimated percent loss	Estimated dollar value loss	Estimated percent loss	Estimated dollar value loss	Estimated dollar value loss	Estimated total dollar value loss	Program applied for
Greenwood	90	150,000	60	1,637,000		1,787,000	EFP, DFCP.
Lancaster	70	173,000	75	343,000	215,000	731,000	All.
Laurens	100	644,000	100	4,798,000	2,766,000	8,208,000	All.
Lexington	75	1,426,000	50	708,000	1,203,000	3,337,000	All.
McCormick	95	598,000	67	1,414,000	76,000	2,088,000	All.
Newberry	85	1,386,000	80	1,972,000	1,040,000	3,398,000	All.
Orangeburg	60	7,558,000	50	4,413,000	280,000	12,251,000	FmHA, EFP.
Richland	60	1,193,000	75	1,842,000	3,916,000	6,951,000	FmHA.
Saluda	80	331,000	70	2,951,000	461,000	3,743,000	All.
Sumter	50	2,810,000	45	275,000	4,320,000	7,405,000	FmHA.
Abbeville	90	182,000	75	1,493,000	155,000	1,830,000	EFP, DFC, and FmHA.
Allendale	70	3,631,000	50		4,642,000	8,273,000	FmHA.
Bamberg	70	3,633,000	65	1,195,000	2,742,000	7,570,000	EFP, FmHA.
Beaufort	50	343,000	33	203,000	1,994,000	2,540,000	EFP, FmHA.
Hampton	60	3,179,000	35	348,000	6,158,000	9,685,000	EFP, FmHA.
Jasper	75	917,000	40	196,000	430,000	1,943,000	EFP, FmHA.
Oconee	80	617,000	80	2,585,000		3,202,000	EFP, FmHA.

[1] Since this time, things have gotten progressively worse.

Mr. THURMOND. Now, the estimated percentage of estimated dollar value loss for selected crops in selected counties, as I stated, was of the week of July 18. Since that time, things have gotten progressively worse.

Mr. President, on yesterday I went to counties throughout our State, as mentioned. I went to Lexington County, I went to Calhoun County, I went to Orangeburg County, I went to Barnwell County, I went to Aiken County, I went to Edgefield County, I went to Greenwood County, I went to Saluda County, and several others.

I ended up in Laurens County, up in the Piedmont, where the corn, Mr. President, is destroyed about 100 percent.

Mr. President, I repeat, I have never experienced a drought that has done as much harm to the farmers in my State in my lifetime. I have here samples of the corn that was taken from the fields during my visit on yesterday showing that the corn is not filled out, underdeveloped, and most of it is just little nubbins and a great deal of it is nothing but corncobs where the corn was not developed at all.

I think this sight is enough to appeal to the heart of anyone who is interested in the economy of this country and the important service rendered by our farmers to our Nation in producing food and fiber.

A number of the farmers told me that they would not be able to stay in business. They are going to lose their farms. One farmer I talked to in Orangeburg County says that he will make 1.8 bushels to the acre—and this has been measured and is official—where he normally makes probably 80 bushels or more to the acre.

It is distressing just to see the sight, as I did yesterday. I hope every action possible will be taken to bring relief to these farmers as quickly as possible.

Mr. President, I thank the able chairman of the Agriculture Committee (Mr. TALMADGE) for his deep interest in this subject. He, too, has made a tour in Georgia. I am sure that he understands fully this situation. I wish to express to him my appreciation for what he is doing in trying to expedite legislation to bring relief to the farmers in the States that are so severely afflicted with this severe drought.

Mr. TALMADGE. Will the distinguished Senator from South Carolina yield?

Mr. THURMOND. Mr. President, I am pleased to yield to the distinguished Senator from Georgia, the chairman of the Senate Agriculture Committee.

Mr. TALMADGE. First, let me thank my friend for his generous personal reference.

I, too, made a tour of my State slightly less than 3 weeks ago in company with Governor Busbee, my colleague, Senator NUNN, the Under Secretary of Agriculture, Mr. John White, the State commissioner of agriculture, Mr. Tommy Irvin, and the president of the Georgia Farm Bureau, Mr. Emmett Reynolds. We visited five different counties within the State. It was the most acute and severe drought that has occurred in Georgia in my lifetime and perhaps in the history of the State.

The estimated damage at that point was in excess of $0.5 billion and it has increased drastically since that time.

We saw cornfields, knee high, that were trying to put on ears and tasseling, but were falling to the ground. Corn that one could set afire with a match and the whole field would burn up. Corn just as though it were woodland in the middle of winter.

As soon as I returned to Washington, I offered the new bill for disaster relief, of which the Senator from South Carolina is a cosponsor, because the present disaster farm program, in the words of Bob Bergland, is itself a disaster.

Under the present disaster program a farmer planting above the allotted acreage, does not get anything. For instance, if a corn allotment is 100 acres and the farmer planted 200 acres of corn, he does not get one thin dime in disaster payments. The farm bill that the Senate passed several months ago updated that to provide disaster payments for the total planted acreage. But that bill will only become effective next year.

The Senator will recall that we provided for disaster payments in 1977 in declared disaster areas to be predicated on the planted acreage rather than the allotted acreage. I am pleased to report that the House bill which is under consideration at the moment contains a modified version of the bill I offered, of which the Senator is a cosponsor; and I am confident that it will be accepted in a conference between the Senate and the House.

There are a number of other programs that are available for disaster counties. The President has declared 139 of Georgia's 159 counties as disaster areas.

As I see it, we should upgrade and provide better assistance payments where farmers have lost the crop.

Presently, in these disaster counties, the farmers will be able to borrow money from the Farmers Home Administration at a 5-percent interest rate for their loss, although there is a catch that they cannot borrow that money if they have adequate credit elsewhere. In addition, Mr. President, they can borrow money from the Small Business Administration. The present interest rate, I believe, is 5.5 percent. Some committees of Congress are working on trying to reduce that interest rate, and I have high hopes that they will be successful.

In addition, the Government will help provide feed, either hay or feed grains, to preserve their herds. Also, the Senator will recall that when the agriculture appropriation bill was before the Senate, we added $125 million for cost-sharing payments for farmers, to provide emergency feed in these disaster areas.

So there are a number of Federal programs in effect now, and also ones which are working their way through Congress and will be of some value and some benefit.

However, in all candor, I must confess that none of these programs or even all of them combined are going to make whole these farmers who have been severely hit. The best any of them can hope to do will be to receive aid in a very modest way.

The farmers with the biggest problems in our disaster areas will be the young farmers, who paid high cost for their

land and have very little equity in their land, and many other farmers who have rented large acreages of land, sometimes at high rental prices. They will be hit severely. Many of them will be forced out of business.

In conclusion, I point out that in trying to get these programs more effective, I have had the complete cooperation of the entire Committee on Agriculture, Nutrition, and Forestry of the U.S. Senate. I have had the complete cooperation of the Secretary of Agriculture, Mr. Bob Bergland. I have had the complete cooperation of the Director of the Office of Management and Budget, Mr. Bert Lance.

These programs will be improved, I say to my colleague; but, in all candor, they will not restore the tremendous losses that have been suffered in the Southeast, in Georgia, in South Carolina, and in many other areas of our country. Many farmers will be affected tragically; many of them will be forced out of business. The economies of those States that depend to a high degree on agriculture will be affected severely.

I compliment my colleague from South Carolina for his initiative in this matter, in bringing this report to the Senate.

Mr. THURMOND. Mr. President, I commend the able Senator from Georgia, the chairman of the Senate Agriculture Committee, for the zeal and the great efforts he has put forth on behalf of our farmers.

As he stated, this will help somewhat, but the farmers are going to suffer tremendous losses. I think the Senate will have to give consideration on a long-time basis as to what can be done to preserve these farms.

These farms are needed to feed the people of America and to provide the fiber for the people of America.

Furthermore, the farmers constitute a tremendous economic segment of our population. They mean much to the economy of our Nation.

Again, I thank the distinguished Senator from Georgia.

ADDITIONAL STATEMENT SUBMITTED

Mr. HELMS. Mr. President, I commend my able colleague from South Carolina for emphasizing the plight of our farmers and others who are being ruined by the drought conditions prevailing in the southeastern part of the country, especially the two Carolinas.

In North Carolina the situation is of disaster proportions. In many areas 70 to 90 percent of the corn crop is already destroyed and is beyond recovery. Every day that passes without rain increases the amount of the loss, and brings the detrimental effects of the drought to new crops and commodities.

In addition to the almost total loss in corn in the affected areas, our soybeans and tobacco are also seriously threatened. Many farmers have drained their ponds to irrigate their crops. Beef and dairy producers are selling off their herds at record levels because they have run out of silage and feedgrains. Poultry growers are watching helplessly as their flocks die from the heat, and they are in no position to replace them because there is no corn to feed them.

The damage to grazing and pasture land will take months of optimum weather conditions to repair. It will take longer to replace the depleted herds and flocks. If the drought continues unabated very much longer, the damage will be even greater, will extend to a larger area, and will include more and more crops and commodities. Then, other factors in the agricultural economy will begin to suffer losses, and the entire economy of the State will be seriously damaged.

Already, the Governor of my State has requested the President and the Interagency Emergency Drought Coordinating Committee to declare North Carolina a drought emergency area.

I am working closely with all State and Federal officials to do everything to expedite appropriate action to help our farmers at this crucial time. In other words, I want to cut the Federal redtape, and get things moving.

I have sent my personal agricultural assistant to Raleigh to meet with the Governor; Senator TALMADGE, with his typical spirit of helpfulness, designated an Agriculture Committee expert on disaster relief to go with my associate to Raleigh. They were able to provide substantial new information to the Governor and to the North Carolina commissioner of agriculture which will be helpful in expediting the delivery of all available assistance to North Carolina farmers. We want to insure that our farmers receive their fair share of funds that have been appropriated for this national drought emergency.

Mr. President, I share the Senator from South Carolina's view of the urgency of this situation, and am pleased to lend my support to those measures that will save our farmers from economic ruin.

The PRESIDING OFFICER. Under the previous order, the Senator from Kansas (Mr. DOLE) is recognized for not to exceed 15 minutes.

Mr. DOLE. Mr. President, I concur with the distinguished Senator from South Carolina (Mr. THURMOND) in his remarks and in the remarks of the distinguished Senator from Georgia, the chairman of our committee, Senator TALMADGE.

As the ranking Republican on that committee, I can underscore the comments made by the distinguished Senator from Georgia. I assure the distinguished Senator from South Carolina, who has been very aggressive and very active in this area, of our attention to the problem he mentioned with reference to disaster aid, when the House and the Senate farm bills go to conference. As a member of that conference, I can also assure the distinguished Senator from South Carolina that we will give every consideration to the suggestions he has made here this morning.

Mr. THURMOND. Mr. President, I thank the able and distinguished Senator from Kansas for his fine leadership in agriculture matters and everything he will do in connection with the drought situation throughout this Nation.

The Senator from Kansas has always manifested a deep interest in the welfare of the farmers, and he is one of the ablest Members of Congress who works on this subject. I commend him for his efforts in this respect.

Mr. DOLE. I thank the distinguished Senator.

OSHA AMENDMENT TO LABOR-HEW APPROPRIATIONS BILL

Mr. DOLE. Mr. President, the conferees on the Labor-HEW appropriations bill for fiscal 1978 will attempt to resolve any differences that might remain concerning the House bill and the Senate bill. One of these is an amendment that the Senator from Kansas offered, which was agreed to by a vote of 61 to 27, that deals with OSHA.

As the Senator from Kansas clearly stated in the RECORD at the time the amendment was adopted:

> The amendment I have offered would require that before penalties are imposed for any first instance violation, OSHA must consult with the employer on possible methods to bring the plant into full compliance. If the employer corrects the violations within a responsible time, the fine may not be imposed.

A copy of my statement has been sent to each conferee—House and Senate—to underscore that the vote in the Senate was 61 to 27. It was bipartisan support for an amendment that most people in business in this country feel is long past due.

The essence of it is this: It says to the bureaucrats in OSHA that they cannot fine someone unless it is a serious or willful violation in which there has been reasonable chance to comply. That does not seem to be unreasonable to this Senator.

On July 14, the Secretary of Labor, Mr. Ray Marshall, sent a letter to the conferees on H.R. 7555 in which he stated the administration's opposition to this Senate-passed OSHA amendment.

In this letter, Secretary Marshall admits that consultative services are needed by the Nation's employers but contends that my amendment would result in a misallocation of these consultative services. He states that the amendment is at odds with the administration's professed intent to focus only on serious violations.

I applaud this commitment to not issue citations for minor and insignificant violations and say that my amendment would not hinder this change in any way. If the OSHA inspector does not wish to issue a citation, then my amendment would not have any effect. Only if the OSHA inspector feels that he must issue a citation because of the risk to the worker's health and safety would the inspector be required to offer his consultation on methods to comply with OSHA regulations.

Second, Secretary Marshall contends that this amendment would hinder consultation for serious violations. Currently, OSHA is not required by law to offer suggested changes in practice to eliminate serious violations. It is primarily a

decision by the individual inspector on the amount of advice he will give. While I would have liked to address this problem, objections were made in the Senate to inclusion of serious violations and these are not covered by my amendment. The result is that the ability of OSHA to consult on serious violations is not affected in any way, either adversely or beneficially.

The third argument that Secretary Marshall makes is that my amendment would discourage voluntary compliance and use of State consultation services. Yet, Secretary Marshall admits that in at least 15 States, no voluntary State program for consultation exists. Secretary Marshall also must assume that America's employers have no concern for the safety of their workers. On this point, I believe that he is dead wrong. Even if Secretary Marshall believes that anyone who is on the employer side of the employer-employee relationship has no normal human feelings, he should know that real safety is good business. None of the businessmen who I have talked to object to OSHA telling them about serious hazards in their business. If employees are injured, they cannot work and this disrupts the business and costs money. The only objections are voiced against the focus of OSHA on nitpicking and merely technical violations.

Apparently, I have more faith in the American businessman than Secretary Marshall. While his lack of faith bothers me, I know of no way to instill any in him except for the conferees to adopt this amendment and see how employers across the country react. I for one believe that employers will respond positively to this amendment.

Mr. President, on behalf of the 61 Senators who voted for this amendment, I once again urge the conferees to keep this amendment in the final version of H.R. 7555.

As the Senator from Kansas pointed out, OSHA is to protect the health and safety of workers. It never has been construed as a revenue-raising measure. That was not the purpose; that was not the intent.

I hope the conferees this afternoon will keep the amendment intact, despite a letter from Secretary Marshall, who opposes the amendment on grounds that I am not able to determine.

KOREAN POLICY: "JOINT CONSULTATION?"

Mr. DOLE. Mr. President, we have read and watched and heard about the Secretary of Defense, who is in South Korea for 2 days of talks with Government officials. The purpose of his mission is reported to be a discussion of the timing of withdrawal of 33,000 American ground troops, and he is also to discuss compensatory measures for maintaining South Korea's defenses. The administration's plans for pulling out of South Korea, then, are proceeding full speed ahead, without resort to the "joint consultation" with Congress mandated by this body only 5 weeks ago.

It is clear testimony, I think, that the effort waged by the distinguished majority leader on the Senate floor on June 16 was a smokescreen to protect the President's intentions in South Korea. On that date, I proposed to recommit the foreign relations authorization bill to committee, with the intent of striking language which endorsed the troop withdrawal plan.

In an effort to counteract my proposal, the majority leader moved to modify the language in a way that he claimed would "assure Senators that any decision with respect to the withdrawal or reduction of troops in Korea will be arrived at by joint decision of the President and the Congress." The majority leader presented a persuasive case. His efforts were successful. All amendments were sufficiently watered down and adopted by the Senate.

And today the Secretary of Defense is in South Korea laying the final plans for pulling all U.S. ground troops out of South Korea.

Certainly, my impression was that a "consultation with Congress" would involve all the Members—that it would involve an opportunity for full consideration and discussion on the House and Senate floors by Members of all persuasions.

The Senator from Kansas is not aware of any consultation. I do not serve on the Armed Services Committee or the Committee on Foreign Relations. But in checking I understand there have been no consultations with these committees about a troop withdrawal.

Perhaps there have been closed discussions, and they may have taken place between the administration, the President, the Secretary of Defense, and selected members of the Senate Committee on Foreign Relations. The Senator from Kansas does not know. But I do know that the Senator from Kansas is not privy to any such consultation, and a "joint decision of the President and the Congress," in my opinion, should have the input of the full Congress and not just a selected portion of it.

Then, if some decision was reached after that full consultation, I would have supposed it would have been brought to the Senate floor and discussed on the Senate floor.

NO CONSULTATION WITH CONGRESS

Mr. President, I am not aware that the administration has reached this point in its policy plans through a joint decision with Congress. I am not aware of any resolution passed by the Congress of the United States which tells the President:

> It is our decision to agree with your plans for troop withdrawals from South Korea, and you should proceed with discussions on timing and compensatory aid.

Yet, this, in effect, is what the distinguished majority leaders and others who spoke on behalf of the administration inferred would constitute a joint decision on future U.S. policy toward South Korea.

In the words of the distinguished majority leader on June 16:

> I desired to assure that Congress would be consulted. To assure that reports would be regularly made to the Congress, and to assure that the policy with respect to withdrawal would be a policy that would be implemented through joint consultation between the President and the Congress.

And so his amendment to the foreign relations authorization measure was adopted, with Congress fully confident that the President would heed the advice of this body as a whole and undertake consultation with respect to any reduction in ground forces in South Korea.

Mr. President, I do not believe that declarations of this type approved by Congress should be taken lightly by the administration. I do not believe they should be offered lightly by those who seek to advance the President's policies on the floor of the Senate. I do believe that they should involve input by all Members of Congress, through accepted forms of consideration on the House and Senate floors, particularly those Members of Congress who had made their point and offered their amendments and been defeated on the Senate or House floors.

The President will need some Members of this body—both Republican and Democrats—to get approval of credit sales or loans for Korean purchases of American military equipment to compensate for troop withdrawals. According to Pentagon estimates, that need may be quite large—perhaps as much as $8 billion in additional military equipment. If the President intends to substitute such equipment for our troops, as he has publicly suggested, he is going to need the cooperation of the Members of Congress. There is all the more reason, then, that he should consult closely and work cooperatively with Congress at every stage of implementation of his program.

I know many American citizens who look at the efforts to normalize relations with Communist Cuba, who look at the efforts to normalize relations with Communist Vietnam, Cambodia, and Laos, and who look at the efforts and at the plans already implemented to withdraw troops from South Korea with serious reservations. They are having second thoughts, are having a lot of thoughts, about which direction are we headed in in this country.

It seems to me one way to give the American people confidence is that there will be consultation with Congress. That is what everyone suggested; that is what we were told would happen. But I suggest that it is a matter of fact, it has already been implemented, and all we are going to do is read the announcements of how many troops will be withdrawn next week, how many may be withdrawn in 1979. Unless there is some change of heart by the Congress, all troops will be out of Korea in a matter of years, in fact, within about 5 years.

CONCERN ABOUT WITHDRAWAL PERSISTS

I know that many American citizens, as well as many of my colleagues in the Senate, continue to share my real concern about the risks involved in withdrawing some 33,000 American troops from South Korea within the next 5 years. The President claims to have taken into consideration all the possible repercussions of this policy. I certainly hope he has done so in a thoughtful

manner. He has in the process rejected a recommendation by the Joint Chiefs of Staff that only 7,000 troops be withdrawn over a 5-year period. He has rejected a recommendation by the third ranking American military commander in Korea; he has transferred the third ranking American military commander in Korea to another post because of his public assessment that the withdrawal will lead to war; and I would guess he may be taking upon himself the risk that a crisis may very well be created in a place where none currently exists.

The President adamantly maintains that our commitment to defend South Korea against outside aggression remains strong, and he conjectures that this declaration will deter North Korea from initiating hostile action against the South.

In order to maintain a credible commitment to Korea, however, the United States must have potential logistical support to fulfill that commitment. The status of American forces in Japan clearly relies upon the variabilities of politics there. The administration has indicated its plans to phase out our forces in Taiwan. Bases in Thailand are already closed. The administration is now negotiating new base agreements with the Philippines and presumably will lower our strength there. It is becoming painfully obvious that the United States has no viable alternative base structure in East Asia that could adequately sustain a full-scale challenge to our commitment to South Korea.

For these reasons, Mr. President, I continue to oppose implementation of the President's planned withdrawal of all U.S. ground forces in South Korea. I had hoped that those plans would be reconsidered and perhaps adjusted "in consultation with Congress." But it now appears that the administration is moving forward with its withdrawal policy. Only time can determine the wisdom of that move. But the responsibility will ultimately rest with this administration—not with Congress or the Joint Chiefs of Staff.

Mr. President, it seems to this one Senator that, based on actions taken on the Senate floor and in Congress itself, there is not a great deal of support for the President's view, but there is a great deal of opposition to the President's view. There is not much support at all for the President's efforts in Korea or for the President's efforts to normalize relations with Cambodia, Laos or with Communist Cuba. Yet we have offered amendments; they have been effectively watered down. It became a test of loyalty not whether or not the policy was correct, and it would seem that the only way we can express the other view is to continue to offer amendments and hope we can persuade our colleagues on both sides of the aisle that they are offered in good faith; that our motives are pure; that we are concerned about the overall interests of our country and, on that basis, the Senator from Kansas will be proposing numerous amendments from time to time as the opportunity arises.

Just from visiting around and talking with the American people, talking to people whom I know, neither particularly Republican nor Democrat, there is some concern that we seem to be in such a rush to extend the hand of normalization to Communist countries.

I would hope that in the weeks and months ahead we can have this consultation we were promised; that we can discuss the impact of troop withdrawal in South Korea; that we can discuss the impact of what might happen if we extend aid or credit to Vietnam; that we can discuss what might happen if it is determined by the administration to normalize relations with Cuba; and I think we will find during those discussions that there is a great deal of opposition to such plans out there with the American people.

I cannot find many people who want to extend aid to Communist Castro or trade or anything else until he releases some political prisoners, 20,000 to 30,000; until he stops exporting communism around the world; until he pays for expropriated property of around $2 billion; until he indicates some more consideration for human rights initiatives that President Carter, I think correctly, has launched in this administration.

So, Mr. President, I hope that it is not too late—it has been 5 weeks and no consultation. Perhaps in the next 5 weeks there can be some consultation and, perhaps, if there has been private consultation with selected Members of this body, then we will have the benefit of what the consultation was, because as one who participated in that debate, maybe I misinterpreted, but I thought I interpreted it correctly, that consultation was required with Members of the Senate. As a Member of the Senate, I have not yet found that consultation.

Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

SENATOR SCOTT SUGGESTS INVESTIGATION OF GOVERNMENT PUBLIC RELATIONS

Mr. SCOTT. Mr. President, I believe every Member of Congress at one time or another has expressed concern about the cost of Government and the duplication of Government programs. We recognize the need for Government to provide a variety of services but would want to eliminate nonessential ones. In this connection, I contacted the General Accounting Office and requested information regarding the cost of and number of Federal employees handling public affairs; congressional relations; military recruitment; Government audiovisual programs; Government publications distributed without direct cost to the recipient; advertising the availability of Government funds and programs, such as agriculture's outreach relating to food stamps. None of these activities if considered alone would constitute a sizable portion of the overall Federal budget but when consolidated and when complimentary mementos and token gifts provided by Government officials, both military and civilian, are considered, the total could well run into billions of dollars annually. Therefore, our office requested the Comptroller General to examine into expenditures of this nature and to advise of any suggestions he might have to eliminate nonessential Government expenditures. I ask unanimous consent that a copy of the response of the Comptroller General be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., June 10, 1977.

Hon. WILLIAM L. SCOTT,
U.S. Senate.

DEAR SENATOR SCOTT: By letter dated November 29, 1976, you requested that we obtain information on costs associated with various Federal programs such as public relations and audiovisual activities. After meeting with your office, we agreed to obtain:

The number of Federal employees in public affairs and congressional relations and the salaries for these employees in the 20 largest Government agencies.

The amount spent for recruitment by the military.

Government audiovisual costs, if available from the General Services Administration.

The development and printing costs of the Agriculture Yearbook bicentennial issue, and the farmers' bulletins cost, and the number of copies of both distributed free by the Government.

The cost of the Department of Agriculture's Food Stamp Outreach program for fiscal year 1976.

Advertising costs in the Federal Government.

Agency-supplied data is presented below. As agreed with your office, we did not verify the accuracy of information furnished by the various agencies.

DATA ON FEDERAL EMPLOYEES WORKING IN PUBLIC AFFAIRS AND CONGRESSIONAL RELATIONS

Since there is no Government-wide definition of public affairs, each agency defined public affairs and congressional relations itself to determine which employees to include in each category. We requested that the agencies include support staff as well as professional employees.

Information submitted by the 20 agencies is:

	Fiscal year 1976 (actual)		Fiscal year 1977 (budgeted)	
	Personnel	Salary	Personnel	Salary
Public affairs	3,496	$62,414,557	3,366	$65,464,085
Congressional relations	950	19,693,888	934	20,126,275

Enclosure I is an index of the agencies, their personnel and salaries. The number of public affairs and congressional relations employees reported by the agencies and shown in the index varied widely. For example, the Department of Transportation, which had a $4.3 billion fiscal year 1976 budget, reported 281 public affairs employees for fiscal year 1976 while the Department of Agriculture,

with a $11.8 billion budget in fiscal year 1976, reported only 8 employees in public affairs.

Department of Agriculture

A previous GAO report on public affairs costs (B–161939, Sept. 30, 1975) explained the Department of Agriculture's philosophies that distinguishes public affairs from public information activities. At that time, Agriculture had 21 offices (which varied from 1 to 123 employees) which disseminated information to the public. Agriculture refers to these offices as public information, not public affairs activities, because these offices explain agriculture programs to the public. Therefore, public information activities employees are not included in Agriculture's public affairs costs.

Department of Defense

For both fiscal years 1976 and 1977 the Department of Defense reported over $20 million for public affairs costs. This figure included employee benefits as well as straight salary costs. Public Law 94–419 imposes a $24 million ceiling on the Defense Department's public affairs expenditures. In view of the small difference between the 1976 expenditure and the legal limitation we asked the Defense Department for total public affairs costs for fiscal year 1976. The Defense Department reported that total public affairs expenditures—programs and people—exceeded $23 million.

Our previous report to the Senate Foreign Relations Committee, "Expenditures for Public Affairs Activities" (B–161939, July 30, 1973), reported that Defense did not include operating costs for all promotion activities in public affairs expenditures, nor did it record all personnel costs for such activities. We reviewed selected activities which were at least partly promotional and found that costs for special aerial teams, military ceremonial bands, service museums, service-related exhibits, the Defense Information School, and Industrial College of the Armed Forces seminars were not reported by Defense as public affairs costs.

We recommended that the Defense Department reexamine its position on what it considered public affairs costs since many activities mentioned in our report met the Defense definition of public information and community relations. We also suggested that the Foreign Relations Committee clarify the types of Defense activities it expected to be reported under the limitation.

In commenting on our report, Defense stated that they believe their decision to not report costs for these other activities to the Foreign Relations Committee as public affairs costs is proper. Defense further explained that the Congressional Appropriations Committees are aware of the Defense definition of public affairs but have not suggested broadening its scope.

Others

The Civil Service Commission and General Services Administration also reported few employees in these categories. We asked officials in these agencies if they had included all employees in their figures. According to these officials, all public affairs and congressional relations employees had been reported.

As a matter of interest to you, there is no requirement that agencies specifically identify public affairs costs—programs and people—so no central location exists in the Government where this information can be obtained. Total Government public affairs costs have previously been obtained by special studies or one-time reporting with the criteria for methods and definitions established by each report. To our knowledge, the last special study for public affairs was requested by the Office of Management and Budget in 1970, which showed public affairs obligations to be $153 million in fiscal year 1969. These costs included supplies, materials, and equipment, as well as personnel services and travel costs.

MILITARY RECRUITMENT COSTS

According to the Department of Defense, about $516 million was spent for military recruiting during fiscal year 1976. This amount includes recruiting costs for both active duty and reserve forces.

A Defense official stated that the recruitment expenditures were:

[Expenditure in millions]

Active forces recruitment:	
Military salaries for recruiters and headquarters-level employees who monitor the recruitment program	$182.6
Salaries for civilian support	25.9
Recruiting support, such as travel, printing, auto leasing, utilities	71.4
Leasing facilities for recruiting stations	25.1
Costs for recruitment advertising	68.8
Enlistment bonuses presently offered by the Army and the Marine Corps	68.5
Travel and per diem costs for recruiter aides, who are sent to their home neighborhoods for a few weeks to assist recruiting	6.2
Subtotal	448.5
Reserve forces recruitment:	
Military salaries	36.4
Civilian salaries	8.7
Recruiting support, including leasing facilities	22.6
	67.7
Total	516.2

AUDIOVISUAL COSTS

Audiovisual activities are defined in this report as those functions which produce and distribute audiovisual products such as motion picture films, still photos, television services, and audio services.

The General Services Administration and the Office of Management and Budget have limited information on Government audiovisual costs. Neither agency has information on annual operating costs requested by your office. An Office of Management and Budget official stated that the agencies' annual operating costs cannot be obtained because the agency accounting systems are not designed to report the information.

However, the Office of Management and Budget provided some information on audiovisual costs which they obtained from studies completed in 1974 and 1977. The first study was prepared by the Office of Telecommunications Policy and reported cost data for fiscal year 1972 from the 15 largest users of audiovisual media in the Federal Government. The second study, prepared by the Office of Management and Budget, shows costs for fiscal year 1976 and includes information on 19 Federal agencies.

Both reports contain information on the cost of obtaining audiovisual services from outside sources and the volume of in-house and contract production for different audiovisual media. We extracted data on 15 agencies from both reports so you may compare audiovisual production for fiscal years 1972 and 1976. In-house audiovisual production, contract production, and contract costs for the 15 audiovisual users are:

	Inhouse running time (minimum)		Contract running time (minimum)		Contract cost	
	1972	1976	1972	1976	1972	1976
Television productions	22,338	126,212	651	47,105	$309,000	$11,377,356
Motion picture productions	7,453	9,249	14,192	22,100	17,555,000	16,999,361
Mixed media productions	(1)	273,404	(1)	101,219	1,444,000	2,899,413
Total					19,308,000	31,276,130

[1] Mixed media running time not reported in fiscal year 1972 data report.

In addition to these contract costs, the Office of Telecommunications Policy reported in January 1974 that the acquisition value of equipment owned by the 15 agencies included in their study was $431 million as of June 30, 1972.

In a December 1975 report, the General Services Administration estimated the total Government investment in audiovisual facilities equipment and inventories to be $1 billion and annual operating costs to be $500 million. We could not obtain this report's backup information and therefore cannot comment on the accuracy of these estimated costs.

Our current audit plans include reviewing the utilization and effectiveness of audiovisual activities managed by agencies and the feasibility of consolidating audiovisual activities in certain geographic areas.

AGRICULTURE YEARBOOK AND FARMERS' BULLETINS COSTS

The Department of Agriculture produces both the Agriculture Yearbook and farmers' bulletins. The Agriculture Yearbook is published yearly and is part two of the annual report of the Secretary of Agriculture. The 1976 Agriculture Yearbook, "The Face of Rural America," is a hard cover publication 284 pages long. In contrast to prior yearbooks which contained reports and papers on various agricultural subjects, the 1976 yearbook mainly contained photographs of American agriculture.

Farmers' bulletins are reprints of articles on different agricultural subjects written mainly by Agriculture employees. Farmers' bulletins cover many subjects, such as home and garden bulletins, or leaflets such as "How to Raise Strawberries," "Foundations For Farm Buildings," and "Home Canning of Fruits and Vegetables." The bulletins vary from one to several pages long and are produced in single page or pamphlet form.

Both the Agriculture Yearbook and farmers' bulletins are published primarily for delivery to, or distribution for, Members of Congress.

Agriculture yearbook

The cost of the 1976 yearbook consists of both the materials development cost and the printing cost. Total cost is approximately $577,000.

Agriculture officials stated that the development cost of the 1976 yearbook was $56,000, which is the salary cost for the 3 employees who put together the yearbook material. According to these officials, the reason why only employee salaries were considered development costs was that the yearbook is

a collection of materials that have previously been produced by the Department or donated by land grant colleges. The Agriculture Department stated it would have reproduced this data even if no yearbook were published.

Printing cost was the major production cost of the 1976 yearbook. Actual yearbook printing was procured from a commercial printer by the Government Printing Office. According to Government Printing Office records, 286,763 yearbooks were printed costing $520,807. This includes freight costs. The yearbooks were printed for the Department of Agriculture, the Superintendent of Documents, and other Government agencies. The number of copies and billed costs were:

Billed to	Number of copies	Billed cost [1]
Department of Agriculture:		
Copies for the Congress	233,450	$442,434
Copies for Agriculture	30,000	41,682
Superintendent of Documents:		
Copies for sales	15,000	24,434
Copies for depository libraries	1,175	1,937
Copies for international exchange	135	205
Other agencies	7,003	10,115
Total	286,763	520,807

[1] This includes freight costs.

The Superintendent of Documents and the other agencies paid less per copy of the yearbook than the Department of Agriculture. This is because of differences in freight costs and a cheaper printing add-on rate, which the contractor charges for printing additional copies.

The majority of yearbooks were distributed to recipients free of charge. As shown, 271,763 yearbooks were distributed to:

Congress:	
Senate (100 members and 3 Senate officers—550 copies each)	56,650
House of Representatives (435 members, 4 delegates, and 3 House officers—400 copies each)	176,800
Subtotal	233,450
Department of Agriculture	30,000
Superintendent of Documents	1,310
Other agencies	7,003
Total free copies	271,763

Yearbook distribution to the Congress and copies retained by the Department of Agriculture is permitted by 44 U.S.C. 1301, which allows printing up to about 470,000 yearbooks for the Congress and 30,000 yearbooks for the Department of Agriculture. The minimum number of copies for the Congress for fiscal year 1977 must be no less than 232,250.

The copies made available to Members of Congress are for distribution to constituents. The copies retained by the Department of Agriculture are distributed to the press, visiting dignitaries, and various department bureaus, who in turn distribute the yearbook to land grant colleges, Department of Agriculture and Future Farmers of America libraries, and other recipients.

The Superintendent of Documents distributed 1,310 yearbooks free of charge, as required by law. Depository libraries and the Library of Congress received 1,175 and 135 respectively. The Superintendent of Documents is required by 44 U.S.C. 1905 to distribute copies of Government publications to designated depository libraries throughout the country, and 44 U.S.C. 1718 directs that copies of Government publications be furnished to the Library of Congress for official use in the District of Columbia and for publications exchange with other nations.

Yearbooks printed for other agencies were for distribution overseas or internal use. The United States Information Agency had 5,000 copies printed for distribution overseas to give key contacts in other countries a pictorial view of American agriculture. The Department of Interior required 1,113 yearbooks, which were distributed to various department offices and bureaus. Many other agencies had small quantities of the yearbook printed for their internal use.

Only 15,000 yearbooks were not given away or used internally by agencies. These were printed for sale by the Superintendent of Documents. These yearbooks are sold at the Government Printing Office bookstores or by mail by the Superintendent of Documents for $7.30 per copy.

FARMERS' BULLETINS

Funds are appropriated annually to the Department of Agriculture for production of farmers' bulletins. As authorized by 7 U.S.C. 417, four-fifths of the bulletins are to be made available to, or sent out for, Members of Congress. According to Department of Agriculture officials, in fiscal year 1976 the Department spent about $578,000 on bulletin production, however, this cost does not include distribution and mailing costs, which we were unable to obtain.

The farmers' bulletins are distributed free by the Agriculture Department for the Congress, in response to letters requesting information and through the Department Extension Service and Visitors Center. During fiscal year 1976, 9.3 million farmers' bulletins were distributed. Although four-fifths of these were available to the Congress, only 3.3 million were delivered to or sent out for Members of Congress. According to Agriculture officials, 3.3 million represented the total publications requested by the Congress. The remaining 6 million publications were made available for distribution to the public through:

The Department's Extension Service, where County agents and State universities give the publications to individuals requesting information.

The Department's Visitors Center, where the general public can obtain publications in person.

Responding to letters from individuals.

DEPARTMENT OF AGRICULTURE COST FOR THE OUTREACH PROGRAM

The Food Stamp Outreach Program was authorized as part of the Food Stamp Act of 1964 as amended. The act states

"* * * the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households * * *."

To achieve the Outreach Program's purposes, the State agencies initiate and monitor efforts to reach all potentially eligible households and provide eligible households with reasonable and convenient access to the program. In fiscal year 1976 all States, plus the District of Columbia, Guam, Puerto Rico, and, the Virgin Islands participated in the Outreach Program.

The Outreach Program's cost is divided between the Federal Government and participating States. The act states

"* * * the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs including * * * the outreach * * * requirements of Section 10 of this Act * * *."

According to Department of Agriculture officials, the Department reimbursed State agencies $968,604 for costs the State agencies incurred during fiscal year 1976. These payments partially reimbursed State agencies for the salaries of program coordinators and employees working on Outreach.

We asked Agriculture officials how they control the funds given to the States in the Outreach Program. We were told that the States must submit to Agriculture a semiannual plan of Outreach activities and a semiannual performance report. Agriculture also performs an annual financial management review of each State's use of funds.

FEDERAL ADVERTISING COSTS

The information you requested is not readily available and would require gathering data from each Government agency and bureau. To answer a similar congressional inquiry in 1975, we obtained, from 31 agencies (see enclosure II), their total advertising cost. We trust this data will meet your needs.

These 31 agencies spent $141.6 million for advertising by private agencies in fiscal year 1974 and estimated that $145.5 million would be spent in fiscal year 1975. In addition, the agencies spent $47.5 million for in-house advertising during fiscal year 1974 and estimated $53.3 million in costs for in-house advertising for fiscal year 1975. Therefore, these 31 agencies spent about $189 million and $199 million for fiscal years 1974 and 1975.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

Enclosures—2.

ENCLOSURE I

Department or Agency	Fiscal year 1976				Fiscal year 1977			
	Public affairs		Congressional relations		Public affairs		Congressional relations	
	Number of employees	Salary	Number of employees	Salary	Number of employees	Salary	Number of employees	Salary
Department of Agriculture	8	$207,962	22	$523,255	10	$218,594	28	$655,310
Department of Commerce	143	3,334,054	43	901,763	145	3,409,124	40	961,827
Department of Defense [1]	1,401	20,016,000	332	7,500,000	1,322	20,721,000	333	7,400,000
Department of Health, Education, and Welfare [2]	352	7,511,306	97	1,702,792	293	7,892,689	76	1,587,441
Department of Housing and Urban Development	39	923,399	26	503,854	39	983,420	27	550,370
Department of Interior	128	2,934,208	37	873,113	129	3,120,881	40	905,284
Department of Justice	113	2,466,164	55	1,144,674	121	2,648,435	61	1,375,600
Department of Labor	157	2,614,512	16	329,828	160	2,797,352	16	327,000
Department of State	130	2,850,500	35	853,700	126	3,012,600	35	941,700
Department of Transportation	281	4,300,141	24	478,672	286	4,632,254	24	488,684
Department of the Treasury	258	4,372,977	47	725,087	252	4,329,789	48	720,642
Civil Service Commission	4	80,197	5	81,983	4	81,674	5	83,116
Energy Research and Development Administration	74	1,824,000	25	602,000	79	2,000,000	33	740,000

Department or Agency	Fiscal year 1976				Fiscal year 1977			
	Public affairs		Congressional relations		Public affairs		Congressional relations	
	Number of employees	Salary	Number of employees	Salary	Number of employees	Salary	Number of employees	Salary
Environmental Protection Agency	67	1,700,000	37	679,000	67	1,750,000	38	743,000
Federal Energy Administration [3]	47	807,897	48	841,825	39	775,841	24	543,000
General Services Administration	8	163,000	11	210,400	8	174,900	11	246,700
National Aeronautics and Space Administration	166	3,535,116	13	385,000	168	3,983,000	13	452,000
U.S. Information Agency	15	375,270	4	76,266	16	452,732	3	71,900
U.S. Postal Service	59	1,461,040	51	815,100	55	1,409,800	57	858,000
Veterans' Administration	46	936,814	22	465,576	47	1,070,000	22	474,701
Total	3,496	62,414,557	950	19,693,888	3,366	65,464,085	934	20,126,275

[1] Department of Defense salary costs include employee benefits.
[2] The Department of Health, Education, and Welfare budgeted salary costs for fiscal year 1977 may include some travel, employee benefits, and/or training costs.
[3] Although a few agencies had larger budgets than the Federal Energy Administration, this agency has been included at your request.

[Enclosure II]

AGENCIES QUESTIONED IN 1975 ABOUT ADVERTISING COSTS

1. Department of Agriculture.
2. Department of Commerce.
3. Department of Defense.
4. Department of Health, Education, and Welfare.
5. Department of Housing and Urban Development.
6. Department of the Interior.
7. Department of Justice.
8. Department of Labor.
9. Department of State.
10. Department of Transportation.
11. Department of the Treasury.
12. ACTION.
13. American Revolution Bicentennial Administration.
14. Commission on Civil Rights.
15. Consumer Product Safety Commission.
16. Council on Environmental Quality.
17. Energy Research and Development Administration.
18. Environmental Protection Agency.
19. Equal Employment Opportunity Commission.
20. Federal Communications Commission.
21. Federal Energy Administration.
22. Interstate Commerce Commission.
23. National Aeronautics and Space Administration.
24. Nuclear Regulatory Commission.
25. Selective Service Commission.
26. Small Business Administration.
27. Smithsonian Institution.
28. United States Civil Service Commission.
29. United States Information Agency.
30. United States Postal Service.
31. Veterans Administration.

Mr. SCOTT. Mr. President, it will be noted that more than $85 million is budgeted for the current fiscal year for public affairs and congressional relations personnel for 20 departments and agencies. Doubt was expressed, however, by the Comptroller General as to the completeness of the information submitted by the various agencies. He felt that there was not a common agreement as to what was considered to be expenditures for public affairs or for congressional relations. Mr. President, a reading of the report indicates that no one in Federal Government knows how much is being spent each year for public relations and other promotional activities.

Military recruitment costs for fiscal year 1976 were estimated to amount to $516 million. The General Services Administration estimated that the total Government investment in audiovisual facilities, equipment, and inventories was $1 billion, with annual operating costs of $500 million; but the General Accounting Office was unable to obtain backup information and declined to comment on the accuracy of these estimated audiovisual costs.

For many years the Department of Agriculture has issued agricultural bulletins and yearbooks, many of them distributed through the congressional offices. The Comptroller General indicates the total cost for the 1976 yearbooks was $577,000 for 286,000 copies, of which all but 15,000 were distributed free of charge. He also indicated that 9,300,000 farmer's bulletins were distributed, four-fifths of these through Members of Congress and the remainder distributed to the public through the extension services of the Department of Agriculture, the Visitors' Center, and in response to letters from constituents at a total cost of $578,000. Of course, the cost of franking the agriculture yearbooks and bulletins is not included in these figures.

With regard to the cost of advertising the availability of food stamps, or the Outreach program, the Comptroller General indicated that the Federal cost amounted to $968,604 last year but that the annual Federal advertising costs were not readily available.

The General Accounting Office has informally advised our office that since Congress does not specifically require an accounting of mementos or souvenirs of the various departments and agencies distributed free of charge, there is no way that Office can provide an estimate of these costs. The Comptroller General's letter does not include items such as cufflinks, pocketknives, symbols of a given organization or headquarters, personal souvenirs, photographs, plaques of various types, and other promotional items distributed free of charge to visitors by various officials and agencies of Government.

It would, therefore, seem reasonable for the Committee on Governmental Affairs, or the Appropriations Committee, to conduct hearings or otherwise investigate the costs of the items mentioned by the General Accounting Office, and other promotional activities, to determine whether it is in the public interest to revise some of the laws with regard to continuing such practices at taxpayers' expense. Therefore, I am contacting the chairmen and ranking members of both committees with the suggestion that they make such investigation as appears warranted to determine if some unnecessary expenditures can be eliminated.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PROPOSED BUDGET RESCISSION—PM 101

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, and Armed Services:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith propose rescission of $105.0 million in missile procurement funds appropriated to the Department of Defense.

The details of the proposed rescission are contained in the attached report.

JIMMY CARTER.

THE WHITE HOUSE, *July 26, 1977.*

BUDGET DEFERRAL—PM 102

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Environment and Public Works, and Energy and Natural Resources:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report one new deferral of budget authority amounting to $11.0 million for the local public works program of the Department of Commerce. In addition, I am reporting a revision to a previously transmitted Energy Research and Development Administration deferral.

The details of each deferral are contained in the attached reports.

JIMMY CARTER.

THE WHITE HOUSE, *July 26, 1977.*

MESSAGES FROM THE HOUSE

At 2:28 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7932) making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes; the House recedes from its disagreement to the amendments of the Senate numbered 1 through 58, inclusive, 60, 67, 70, 71, 74, 75, 78, 80, 82, 93, 94, 95, 97, 98, and 99 and concurs therein; and the House recedes from its disagreement to the amendments of the Senate numbered 79, 92, and 96 and concurs therein, each with an amendment in which it requests the concurrence of the Senate; and that the House insists on its disagreement to the amendment of the Senate numbered 61.

PETITIONS

The ACTING PRESIDENT pro tempore laid before the Senate the following petitions which were referred as indicated:

POM-275. Concurrent Resolution No. 32 adopted by the Legislature of the State of Oklahoma memorializing the President of the United States and Congress to place the RDX-HMX manufacturing facility at McAlester, Okla.; to the Committee on Armed Services:

"CONCURRENT RESOLUTION No. 32

"Whereas, McAlester, Oklahoma, is richly endowed with the physical resources needed to maintain an RDX-HMX manufacturing facility; and

"Whereas, McAlester, Oklahoma, has a rich supply of personnel needed to staff such a facility; and

"Whereas, the placement of such a facility in McAlester, Oklahoma, would benefit the economy of the State of Oklahoma.

"Now, therefore, be it resolved by the Senate of the 1st session of the 36th Oklahoma Legislature, the House of Representatives concurring therein:

"Section 1. The President of the United States and Congress are hereby memorialized to place the RDX-HMX manufacturing facility at McAlester, Oklahoma.

"Section 2. Copies of this resolution shall be transmitted to the President, the leadership of Congress and the Oklahoma Congressional delegation."

POM-276. House Concurrent Resolution No. 321 adopted by the Legislature of the State of Louisiana memorializing the Congress of the United States to take cognizance of the recent attempts by the two houses of the Louisiana Legislature to enact legislation relative to foreign discriminatory boycotts; to the Committee on Banking, Housing, and Urban Affairs:

"HOUSE CONCURRENT RESOLUTION No. 321

"Whereas, the members of the two houses of the Louisiana Legislature have expressed their intent with respect to the policy of the state relative to foreign discriminatory boycotts by the introduction and passage by the respective houses of House Bill No. 570 and Senate Bill No. 35; and

"Whereas, these identical legislative instruments propose to enact the Louisiana Foreign Discriminatory Boycotts Act but constitutionally mandated time limitations prescribing the adjournment of this legislative session have obviated the necessary passage of either of these bills by the opposite house; and

"Whereas, it is the express desire of the members of this Honorable Body that the members of the Congress of the United States be made aware of the affirmative actions taken at this legislative session by the elected representatives of the people of the state of Louisiana concerning this vital problem.

"Therefore, be it resolved by the House of Representatives of the Legislature of the state of Louisiana, the Senate thereof concurring, that the Congress of the United States is hereby memorialized to take cognizance of the recent attempts by the two houses of the Louisiana Legislature to enact legislation relative to foreign discriminatory boycotts and to address themselves to the resolution of the problems presented in this area within the scope and authority of the powers and duties granted the Congress by the Constitution of the United States of America.

"Be it further resolved that a copy of this Resolution upon its adoption shall be transmitted to the presiding officers of the two houses of the Congress of the United States and to the congressional delegation of the state of Louisiana."

POM—277. Senate Memorial 1061 adopted by the Legislature of the State of Florida relating to the commercial air transportation industry; to the Committee on Commerce, Science, and Transportation:

SENATE MEMORIAL No. 1061

"Whereas, the Civil Aeronautics Board has broad authority to regulate the routes, fares, and competition within the civil air transport industry, and

"Whereas, the abolition of regulation of the commercial air transportation industry would eliminate the authority of the Civil Aeronautics Board, and

"Whereas, congressional hearings are presently pending on legislation that would abolish regulation over the nation's commercial air transportation, and

"Whereas, the General Accounting Office, an investigative congressional agency, has recommended that the Civil Aeronautics Board '. . . continue to work toward improving airline efficiency under its existing legislaiton . . .', and

"Whereas, all members of Congress from those districts serving the City of Miami are urged to make certain that Congress provide the Civil Aeronautics Board with legislative guidance as to the amount of needed increased competition before undertaking legislation abolishing regulation over the nation's commercial transportation industry, now, therefore,

"Be It Resolved by the Legislature of the State of Florida:

"That the Legislature of the State of Florida does hereby urge the Congress to give immediate attention to defining national objectives for air transportation before passing any legislation abolishing regulation of the nation's commercial air transportation industry.

"Be it further resolved that the Congress is hereby urged to permit no sacrifice of safety standards under the guise of removing regulations over such industry and to require that reliability of service be a controlling factor in any deliberation of such legislation.

"Be it further resolved that a copy of this memorial be transmitted to the presiding officers of the Senate and the House of Representatives of Congress, and to each member of the Florida Congressional delegation."

POM-278. Assembly Joint Resolution No. 29 adopted by the Legislature of the State of California relative to the enactment of a national earthquake hazards reduction program; to the Committee on Commerce, Science, and Transportation:

"ASSEMBLY JOINT RESOLUTION No. 29

"Whereas, The State of California has experienced damaging earthquakes resulting in losses of life and property; and

"Whereas, State agencies are currently spending in excess of sixteen million dollars ($16,000,000) annually on earthquake safety problems; and

"Whereas, Recent federal studies have estimated the potential for tens of thousands of casualties and several billions of dollars in damages would result from the recurrence of historic earthquakes in the state; and

"Whereas, Such catastrophic earthquakes would have severe social and economic impacts of national significance; and

"Whereas, Earthquake hazard reduction measures and prediction research will help reduce the dangers and promote effective preparedness; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to act with dispatch on pending legislation to create a national earthquake hazards reduction program; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

POM-279. Assembly Joint Resolution No. 30 adopted by the Legislature of the State of California relative to marine mammals; to the Committee on Commerce, Science, and Transportation:

"ASSEMBLY JOINT RESOLUTION No. 30

"Whereas, It is necessary to provide for the continued conservation of marine mammals taken incidental to the course of commercial fishing operations; and

"Whereas, It is necessary to accelerate research concerning the reduction of incidental mortality and injury rates of marine mammals occurring in the course of commercial fishing operations; and

"Whereas, It is necessary to conserve and develop the yellowfin tuna resource; and

"Whereas, It is necessary to preserve a healthy United States tuna fleet; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to enact legislation amending the Marine Mammal Protection Act of 1972, as follows:

"(1) Amend Section 3(1)(C) of the act, to read:

"'(C) has declined to such a degree that the habitat for the species or stock cannot sustain the optimum sustainable population for such species or stock.'

"(2) Amend Section 101(a)(2) of the act to read:

"'(2) (A) The taking of marine mammals incidental to the course of commercial fishing operations shall be permitted: *Provided,* that such taking conforms to such conditions and regulations as the Secretary is authorized and directed to impose pursuant to Section 111 hereof.'

"(B) The Secretary of the Treasury shall ban the importation of commercial fish or products from fish which have been caught with commercial fishing methods or gear which results in the taking of marine mammals in excess of United States standards. The Secretary shall insist on reasonable proof from the government of any nation from which fish or fish products will be exported

to the United States of the extent and effects of the taking of marine mammals incidental to the course of commercial fishing operations in use for such fish or fish products exported from such nation to the United States."

"(3) Amend subdivision (a) of Section 111 of the act to read:

"'Sec. 111 (a) The Secretary, on the basis of the best scientific evidence available, shall prescribe regulations to insure that the fishing methods and gear used to take marine mammals incidental to the course of commercial fishing operations will produce the least practicable hazard to such marine mammals; in prescribing such regulations, the Secretary shall comply with the requirements set forth in Section 103(b) of this title. Such regulations must be made on the record after opportunity for an expedited agency hearing and in compliance with all other requirements imposed by law with respect to agency rulemaking.'

"(4) Amend subdivision (b) of Section III of the act, to read:

"'(b) It is the sense of Congress that the incidental mortality and serious injury rates of marine mammals in the course of commercial fishing operations be reduced to the lowest practicable level that is consistent with the requirements of Section 103(b) of this title. The Secretary is hereby authorized and directed to undertake a program of research and development for the next five fiscal years for the purpose of reducing incidental mortality and serious injury rates of marine mammals in the course of commercial fishing operations. Such program shall include, but not be limited to, the development of improved fishing methods and gear, research on population dynamics and other relevant and necessary biological and ecological data.'

"(1) The Secretary shall report to the public through publication in the Federal Register and to the Congress each year on the results of such program together with his recommendations for further action.

"(2) There are authorized to be appropriated for the fiscal year in which this subsection takes effect the sum of one million dollars ($1,000,000), and the same amount for the next four fiscal years. Funds appropriated for this subsection shall remain available until expended."; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–280. Assembly Joint Resolution No. 14 adopted by the Legislature of the State of California relative to construction of the Auburn Dam; to the Committee on Energy and Natural Resources:

"ASSEMBLY JOINT RESOLUTION No. 14

"Whereas, Auburn Dam, presently under construction on the American River as part of the Auburn-Folsom South Unit of the Federal Central Valley Project, is vital to the water needs of the State of California; and

"Whereas, Substantial federal funds have already been expended for foundation work on the dam and for related facilities; and

"Whereas, Earthquake studies which will be completed in June of this year will permit evaluation of the criteria used to design the dam; and

"Whereas, The President's proposed Budget for the 1977–78 fiscal year would delete funding for continued construction of the Auburn Dam Project; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memoralizes the President and the Congress of the United States to continue the funding of Auburn Dam in fiscal year 1977–78 in order that funds would be available either (1) to begin the main dam construction if the dam is determined to be seismically safe, or (2) to begin redesign efforts necessary to make the dam seismically safe; and be it further

"Resolved, That nothing in this measure shall be construed as favoring or opposing further construction of the Folsom-South Canal; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of the Interior, to the Commissioner of the Bureau of Reclamation, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–281. Senate Concurrent Resolution No. 31 adopted by the Legislature of the State of Oklahoma memorializing the President and the Congress of the United States to endorse, accept and adopt the "El Paso" proposal of natural gas transportation off North Slope of the State of Alaska; to the Committee on Energy and Natural Resources:

"SENATE CONCURRENT RESOLUTION No. 31

"Whereas, the severity of the recent past winter illustrates not only the need to conserve natural gas, but also the necessity to tap additional sources of natural gas; and

"Whereas, such additional vast reserves can be found on Alaska's North Slope; and

"Whereas, it is incumbent upon the President and the Congress of the United States to develop a transportation system to deliver natural gas from Alaska's North Slope to consumers in the lower forty-eight states; and

"Whereas, the United States Congress is presently considering proposals for transporting said gas; and

"Whereas, the 'El Paso' proposal entails a gas pipeline approximately 809 miles long paralleling the Alaska oil pipeline and running to Gravina Point, Alaska, where the natural gas would be liquefied and shipped by a fleet of United States vessels to recovery and regasification facilities in the state of California; and

"Whereas, the 'El Paso' proposal is totally within the jurisdiction and control of the United States and relies solely on United States materials, supplies and labor; and

"Whereas, there are competing proposals which entail a route through Canada and involve large purchases of foreign materials, supplies and labor; and

"Whereas, the 'El Paso' proposal will result in a significant number of man-years of employment for United States citizens, including an estimated 6,400 man-years of employment for citizens of the State of Oklahoma; and

"Whereas, under the 'El Paso' plan many jobs will be created in our state through the construction and purchasing of switching gear for natural gas vessels, regenerative heaters for the liquefied natural gas plant in Alaska and various types of heat exchangers and pipeline communications and telemetry equipment.

"Now, therefore, be it resolved by the Senate of the 1st session of the 36th Oklahoma Legislature, the House of Representatives concurring therein:

"Section 1. The Oklahoma Legislature, realizing the benefit to Oklahoma, memorializes the President and Congress to endorse and accept the proposed 'El Paso' plan of natural gas transportation off the North Slope of the State of Alaska.

"Section 2. The Oklahoma Legislature respectfully requests the President and the Congress of the United States to adopt the 'El Paso' plan for transportation of natural gas off of Alaska in the North Slope in an expeditious manner.

"Section 3. Copies of this resolution shall be transmitted to the President of the United States, the Presiding Officers of the Congress and to the members of the Oklahoma delegation."

POM–282. Senate Concurrent Resolution No. 82 adopted by the Legislature of the State of Louisiana memorializing the Congress of the United States to require that the Nuclear Regulatory Commission inform the Governors of each of the States concerned, prior to the authorization of the construction of nuclear power facilities; to the Committee on Environment and Public Works:

"SENATE CONCURRENT RESOLUTION No. 82

"Whereas, some people of the state of Louisiana are concerned about these possible effects upon their environment, lifestyle, and general welfare; and

"Whereas, the affected radius of a nuclear power facility may transcend the boundary of any one state; and

"Whereas, it is the duty of the governor to protect the interests of the people of his state; and

"Whereas, it is within the power of the Nuclear Regulatory Commission to license construction of nuclear power facilities; and

"Whereas, the Nuclear Regulatory Commission is empowered by the Congress of the United States.

"Therefore, be it resolved by the Senate of the Legislature of Louisiana, the House of Representatives thereof concurring, that the United States Congress is hereby memorialized to request that the Nuclear Regulatory Commission inform the governors of the states within the affected radius of a proposed nuclear facility prior to the issuance of a license authorizing its construction.

"Be it further resolved that copies of this Resolution shall be transmitted to the President of the United States, the Louisiana congressional delegation, the president pro tempore of the United States Senate, the speaker of the United States House of Representatives, members of the Joint Committee on Atomic Energy, and the chairman of the Nuclear Regulatory Commission."

POM–283. Senate Concurrent Resolution No. 115 adopted by the Legislature of the State of Louisiana urging the Congress of the United States to reinstate substantial Federal programs for flood victims that were in effect prior to 1974, including 1-percent low-interest loans; to the Committee on Environment and Public Works:

"SENATE CONCURRENT RESOLUTION No. 115

"Whereas, between April 22 through April 25, 1977, citizens of East Baton Rouge Parish and many surrounding parishes were victims of an unexpected natural disaster, in the form of a flood, that wreaked havoc in their lives, destroying homes, personal belongings, and businesses; and

"Whereas, this flood so devastated the area that the governor sought from and was granted by the President of the United States national disaster status for the areas; and

"Whereas, the victims were in need of immediate assistance in the form of low interest loans and other subsidies that were not readily available; and

"Whereas, those federal loans that were available had to be repaid at interest rates that victims of such a disaster cannot afford; and

"Whereas, such federal programs as were available were limited and were administered in such manner as to be inadequate to meet the needs of a people in need of immediate relief; and

"Whereas, the citizens in need of aid are taxpayers, who contribute generously to the coffers of the treasury of the United States, and they do not seek public welfare, but instead reasonable aid in the form of low interest loans and other efficiently run programs such as were available prior to 1974.

"Therefore, be it resolved by the Senate of

the Louisiana Legislature, the House of Representatives thereof concurring, that the United States Congress is hereby urged to take such immediate steps as are necessary to reinstate the substantial federal programs that were available for flood victims and were in effect prior to 1974.

"Be it further resolved that any aid in the form of loans be payable at an interest rate of one percent per annum.

"Be it further resolved that a copy of this Resolution shall be transmitted to the presiding officer of each house of the Congress of the United States and to each member of the Louisiana Delegation in the Congress."

POM–284. House Concurrent Resolution No. 92 adopted by the Legislature of the State of Louisiana memorializing the Congress of the United States to amend the Internal Revenue Code to exempt State retirement income received by retirees over the age of 65 years from Federal income taxes; to the Committee on Finance:

"HOUSE CONCURRENT RESOLUTION NO. 92

"Whereas, the mandatory retirement age for employees of the state of Louisiana is sixty-five years; and

"Whereas, the vast majority of state employees who retire at age sixty-five thereafter have no income except their retirement income and are unable to secure employment to supplement their retirement income; and

"Whereas, the ravages of inflation continually reduce the effective purchasing power of these fixed income retirees.

"Therefore, be it resolved by the House of Representatives of the Legislature of Louisiana, the Senate thereof concurring, that the United States Congress is hereby memorialized to cause the Internal Revenue Code to be amended to exempt from federal income taxes the state retirement income received by retirees over the age of sixty-five years.

"Be it further resolved that copies of this Resolution shall be transmitted to the presiding officers of the Senate and the House of Representatives of the United States Congress, to the members of the Louisiana congressional delegation, and to the head of the Internal Revenue Service."

POM–285. Assembly Joint Resolution No. 35 adopted by the Legislature of the State of California relative to human rights; to the Committee on Foreign Relations:

"ASSEMBLY JOINT RESOLUTION NO. 35

"Whereas, The obstruction and harassment of Soviet Jews, Christians, and other minorities trying to obtain emigration visas to reunite with their families profoundly offends the conscience of a free people; and

"Whereas, This coercive totalitarian force prevents the general freedom to leave one's country; and

"Whereas, These incidents of Soviet government sanctioned ethnic and religious discrimination violate internationally agreed upon principles of human rights; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the sustained interest of the American people be conveyed to the Soviet government regarding adherence to the Helsinki Declaration, including their pledge to facilitate freer movement of people, expedite the reunification of families, and uphold the general freedom to leave one's country; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the Soviet Ambassador to the United States."

POM–286. Senate Concurrent Resolution No. 133 adopted by the Legislature of the State of Louisiana urging the U.S. Congress to take all steps necessary to preserve the integrity of the Veterans' Administration and to oppose any and all efforts to consolidate the Veterans' Administration with any other Federal agency; to the Committee on Governmental Affairs:

"SENATE CONCURRENT RESOLUTION NO. 133

"Whereas, the United States of America is the greatest nation ever to exist on the planet Earth; and

"Whereas, the foundation and preservation of this great nation has been solidly grounded on the bedrock of armed forces composed primarily of citizen soldiers who have answered the call of duty and then returned to civilian life; and

"Whereas, the citizen soldiers of this great nation have fought, bled, and died in innumerable campaigns at home and abroad; and

"Whereas, it is impossible to list all the places where American citizen soldiers have achieved immortality, but a small portion of those places includes Bunker Hill, Valley Forge, New Orleans, San Juan Hill, Ypres, Verdun, Tubruk, Monte Cassino, Normandy, Bataan, Leyte Gulf, Iowa Jima, Inchan, Pusan, Khe Sahn, and Danang; and

"Whereas, a grateful nation has provided benefits for its armed forces and their dependents, including hospital and medical care programs, education and rehabilitation programs, housing loan programs, insurance programs, and death and disability benefit programs; and

"Whereas, the Veterans' Administration was established as an independent agency for the purpose of administering veterans' benefit programs and to assist veterans and their dependents in their return to civilian life; and

"Whereas, efforts are being made to dismantle Veterans' Administration hospital and medical care programs and to combine other Veterans' Administration benefit programs with human resources and welfare programs; and

"Whereas, the benefits conferred by a grateful nation upon its veterans and their dependents must not be allowed to become commingled with the welfare system which, while serving purposes of high priority to the American people in its programs for the benefit of the indigent and those of low income, is in no sense an appropriate place for the administration of the affairs and the continued protection of the completely nonwelfare needs of veterans and their dependents.

"Therefore, be it resolved by the Senate of the Legislature of Louisiana, the House of Representatives thereof concurring, that the United States Congress is hereby urged and requested to preserve the integrity of the Veterans' Administration and to oppose any and all efforts to consolidate tne Veterans' Administration with the Department of Health, Education, and Welfare or other federal agency.

"Be it further resolved that the members of the Louisiana Delegation to the United States Congress are particularly urged to vigorously oppose any such plan.

"Be it further resolved that copies of this Resolution shall be transmitted to the President of the United States, the presiding officers of the United States Senate and House of Representatives, and to each member of the Louisiana Delegation in Congress."

POM–287. Senate Concurrent Resolution No. 10 adopted by the Legislature of the State of Louisiana memorializing the Congress of the United States to obtain additional information prior to instituting any ban on the use of saccharin; to the Committee on Human Resources:

"SENATE CONCURRENT RESOLUTION NO. 10

"Whereas, saccharin is a substance used as a sugar substitute in many food additives, food stuffs, and beverages; and

"Whereas, a great many individuals, for reasons of health, depend upon the consumption of saccharin instead of sugar; and

"Whereas, any ban upon the use of saccharin will have a profound effect on the health and lives of millions of Americans.

"Therefore, be it resolved by the Senate of the Legislature of Louisiana, the House of Representatives thereof concurring, that the Congress of the United States is hereby memorialized to obtain additional and conclusive information as to the effects of saccharin as a food additive and supplement before institution of any ban or prohibition on the use of saccharin.

"Be it further resolved that a copy of this Resolution, upon its adoption, shall be transmitted to the Honorable Jimmy Carter, President of the United States of America, and to the presiding members of the two houses of the Congress of the United States, and to the members of the Louisiana delegation in Congress."

POM–288. Senate Concurrent Resolution No. 56 adopted by the Legislature of the State of Louisiana memorializing the Congress of the United States to reject amendments to the McCarran-Ferguson Act and retain state control of insurance; to the Committee on the Judiciary:

"SENATE CONCURRENT RESOLUTION NO. 56

"Whereas, in 1945 the McCarran-Ferguson Act, 15 U.S.C. §§ 1011 to 1015 inclusive, was enacted into law; and

"Whereas, in the Act it is stated, 'Congress declares that the continued regulation and taxation by the several states of the business of insurance is in the public interest'; and

"Whereas, in the course of such regulation, the several states have encouraged and required continued improvements in insurance coverages and the provisions of insurance at reasonable rates; and

"Whereas, the several states have continually reviewed, experimented with, and altered various approaches to regulation in an effort to assure the public of the availability of insurance at the lowest practicable cost; and

"Whereas, the business of insurance has developed a competitive structure which includes a wide variety of organizations and many small businesses providing policies and services directly to the public; and

"Whereas, the public has benefited from the competitive structure of the insurance business and from the regulation of the business by the several states; and

"Whereas, federal regulation has repeatedly been shown not to be a panacea; and

"Whereas, it is clear that the establishment of federal regulation increases the cost of government and often increases the cost of products and services to the customer without providing offsetting benefits to the public; and

"Whereas, federal regulation often adds confusion and delay; and

"Whereas, there has been no showing that the several states cannot continue to provide effective regulation of the insurance business; and

"Whereas, there has been no showing that federal regulation of the insurance business, by applying federal antitrust laws and limiting state regulations, will have a salutary effect upon the business, or otherwise benefit the public; and

"Whereas, two or more insurance companies often pool their resources and coordinate their actions under state regulation in order to provide effective insurance coverage of certain risks, to provide reasonable prices and efficient services for the public, and to make available innovative coverages and services; and

"Whereas, officials of the federal government have publicly, although unofficially, recommended amendment of the McCarran-Ferguson Act, so as to limit state regulation of the business of insurance.

"Therefore, be it resolved by the Senate of the Legislature of Louisiana, the House of Representatives concurring, that the legislature hereby memorializes the Congress of the United States to reject any proposed legislation to amend the McCarran-Ferguson Act by providing for federal regulation and limiting state regulation of the insurance business.

"Be it further resolved that copies of this Resolution be prepared and transmitted to the Vice President of the United States as presiding officer of the Senate, to the Speaker of the House of Representatives, and to all members of the Louisiana Congressional Delegation."

POM–289. Resolution No. 68 adopted by the Council of the County of Kauai, State of Hawaii requesting no limit to proposed sugar subsidy; to the Committee on Agriculture and Forestry.

POM–290. Interim Resolution 77–10 adopted by the Arkansas Legislative Council urging officials of the U.S. Government not to relinquish the jurisdiction and authority of the United States over the Panama Canal and Panama Canal Zone to any government other than by treaty authorized by the U.S. Congress and ratified by the United States; to the Committee on Foreign Relations.

POM–291. A resolution adopted by the Societies of Danube Swabians of the United States, Inc. concerning violations by Romania's Communist regime of the 1948 U.N. Declaration of Human Rights; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HAYAKAWA, from the Committee on Agriculture, Nutrition, and Forestry:

With an amendment:

S. 1614. A bill to establish the Western States conservation program (Rept. No. 95–362).

By Mr. McGOVERN, from the Committee on Agriculture, Nutrition, and Forestry:

With an amendment:

S. 896. A bill to amend Public Law 91–118, the act of November 18, 1969 (83 Stat. 194), providing for a Great Plains conservation program (title amendment) (Rept. No. 95–364).

By Mr. CRANSTON, from the Committee on Veterans' Affairs:

Report of the Committee on Veterans' Affairs pursuant to section 302(b) of the Congressional Budget Act of 1974 (Rept. No. 95–365).

INTERNATIONAL FINANCIAL INSTITUTIONS—CONFERENCE REPORT (REPT. NO. 95–363)

Mr. SPARKMAN submitted the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank, and the Asian Development Fund, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Allard Kenneth Lowenstein, of New York, to be the Alternate Representative of the United States of America for Special Political Affairs in the United Nations, with the rank of Ambassador.

Raymond L. Garthoff, of Connecticut, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

Jean M. Wilkowski, of Florida, a Foreign Service officer of class 1, for the rank of Ambasador while serving as coordinator of U.S. preparations for the United Nations Conference on Science and Technology for Development.

Maurice Solaun, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Nicaragua.

David B. Bolen, of Colorado, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the German Democratic Republic.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENTS OF POLITICAL CONTRIBUTIONS

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Allard K. Lowenstein.

Post: U.S. Ambassador to United Nations.

Contributions, amount, date, and donee:

1. Self, $1,000, 1973–1977, Contributions to Democratic Party.

Over the years covered contributions given averaged $200.00 per year, chiefly to units of the Democratic Party. There have been some individual contributions to candidates averaging $50.00 per person.

I and various members of my family, and wife's family, have contributed substantially larger amounts to my own campaigns for Congress during this time period.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

ALLARD K. LOWENSTEIN.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Raymond L. Garthoff.

Post: Ambassador to Bulgaria.

Nominated: 1977.

Contributions, amount, date, and donee:

1. Self: None.

2. Spouse: Mrs. Vera Garthoff, $125.00 ($100.00, May 12, 1976) and ($25.00, October 9, 1976) Jimmy Carter.

3. Children and spouses: Mr. Alexander A. Garthoff, none.

4. Parents: Mrs. Margaret L. F. Garthoff, none.

5. Grandparents (none living).

6. Brothers and spouses: Mr. Stanley David Garthoff (see attachment) and Mr. Douglas F. Garthoff, none.

7. Sisters and spouses: (no sisters).

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

RAYMOND L. GARTHOFF.

ATTACHMENT TO FORM 5—POLITICAL CONTRIBUTIONS

b. Brother—Stanley David Garthoff:

$2.00, 1973, Republican National Finance Committee.

$1.00, 1974, Republican National Finance Committee.

$5.00, 1975, Campaign Fund for Mark Figetakis (Republican Candidate for 14th District of Congress, Ohio).

$5.00, 1976, Ronald Reagan Fund, Ohio Republican Primary.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Wilkowski, Jean M.

Post: Coordinating U.S. Ambassador to U.N. Conference on Science and Technology.

Nominated: Scheduled for May or June, 1977.

Contributions, amount, date, and donee:

1. Self: None.

2. Spouse: None.

3. Children and Spouses: None.

4. Parents: None.

5. Grandparents: None.

6. Brothers and Spouses: None.

7. Sisters and Spouses: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

JEAN M. WILKOWSKI.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Maurice Solaun.

Contributions, amount, date, and donee:

1. Self: None.

2. Spouse: None.

3. Children and Spouses: None.

4. Parents: None.

5. Grandparents: None.

6. Brothers and Spouses: None.

7. Sisters and Spouses: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

MAURICE SOLAUN.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: David B. Bolen.

Post: Ambassador—East Germany.

Contributions, amount, date, and donee:

1. Self: None.

2. Spouse: None.

3. Children and Spouses: Cynthia, Myra, David Jr., None.

4. Parents: Charles E. Bolen, None.

5. Grandparents: N.A.

6. Brothers and Spouses: Artis, Charles Ruben, None.

7. Sisters and Spouses: Frozena Myers, None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my

knowledge, the information contained in this report is complete and accurate.

DAVID B. BOLEN.

By Mr. MAGNUSON, from the Committee on Commerce, Science, and Transportation:

Elizabeth E. Bailey, of New Jersey, to be a member of the Civil Aeronautics Board for the remainder of the term expiring December 31, 1977, vice John E. Robson, resigned.

Elizabeth E. Bailey, of New Jersey, to be a member of the Civil Aeronautics Board for the term of 6 years expiring December 31, 1983. (Reappointment.)

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

Donald L. Beckner, of Louisiana, to be U.S. attorney for the middle district of Louisiana.

J. Albert Jones, of Kentucky, to be U.S. attorney for the western district of Kentucky.

Theddis R. Coney, of Texas, to be U.S. marshal for the southern district of Texas.

John H. Hannah, Jr., of Texas, to be U.S. attorney for the eastern district of Texas.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

BILL PLACED ON THE CALENDAR

Pursuant to the order of May 27, 1977, the Committee on Environment and Public Works was discharged from the further consideration of the bill (S. 1617) to establish a program of ocean pollution research and monitoring, and for other purposes, and the bill was placed on the Calendar.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HAYAKAWA:

S. 1924. A bill for the relief of Mark Charles Mieir and Liane Maria Mieir; to the Committee on the Judiciary.

By Mr. HATCH (for himself, Mr. McCHILES):

S. 1925. A bill to name the Veterans' Administration hospital located at 13000 North 30th Street, Tampa, Fla., the "James A. Haley Veterans Hospital"; to the Committee on Veterans' Affairs.

By Mr. HATCH (for himself, Mr. McCLURE, Mr. SCOTT, and Mr. YOUNG):

S. 1926. A bill to authorize the Federal Communications Commission to enforce certain requirements of objectivity with respect to the Corporation for Public Broadcasting; to the Committee on Commerce, Science, and Transportation.

By Mr. KENNEDY (for himself, Mr. ABOUREZK, Mr. ANDERSON, Mr. BAYH, Mr. DURKIN, Mr. HATHAWAY, Mr. LEAHY, Mr. METCALF, Mr. METZENBAUM, Mr. McGOVERN, and Mr. ZORINSKY):

S. 1927. A bill to restore, maintain, and promote competition in the energy industry, and for other purposes; to the Committee on the Judiciary.

By Mr. CRANSTON (for himself, Mr. MOYNIHAN, Mr. RIEGLE, Mr. WILLIAMS, Mr. RANDOLPH, Mr. PELL, Mr. ANDERSON, Mr. BROOKE, Mr. DURKIN, and Mr. INOUYE):

S. 1928. A bill to amend the Social Security Act to strengthen and improve the program of Federal support for foster care of dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes; to the Committee on Finance.

By Mr. THURMOND (for himself and Mr. ALLEN):

S. 1929. A bill to amend title 38 of the United States Code to establish, for purposes of paying dependency and indemnity compensation, a presumption of death from service-connected disability in the case of certain blinded veterans; to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STONE (for himself and Mr. CHILES):

S. 1925. A bill to name the Veterans' Administration hospital located at 13000 North 30th Street, Tampa, Fla., the "James A. Haley Veterans Hospital"; to the Committee on Veterans' Affairs.

Mr. STONE. Mr. President, it is my pleasure to join with my senior colleague from Florida, Senator CHILES, in introducing a bill to name the Veterans' Administration hospital in Tampa, Fla., the "James A. Haley Veterans Hospital." This bill is identical to one which has passed the House of Representatives unanimously twice, most recently on June 20, 1977. It is fitting that Representative ANDY IRELAND, as successor to Mr. Haley, has devoted his efforts to alining the entire Florida congressional delegation in support of this well-deserved tribute.

Mr. Haley's lifelong commitment to veterans manifested itself long before his efforts as a U.S. Congressman. As the unpaid Director of Civil Defense for Sarasota County and chairman of the Sarasota Red Cross Chapter, he won recognition from President Roosevelt, the War Department, and the American Red Cross. Mr. Haley also served as the post and district commander of the Sarasota Veterans of Foreign Wars Chapter. As a member of the American Legion, he distinguished himself by working closely with the Legion's disaster squad, helping victims of hurricanes and other disasters.

In 1948, when Mr. Haley was elected to represent Sarasota County in the Florida House of Representatives, his service to veterans expanded to the State level. Mr. Haley's distinguished record as a member of the Florida House Committee on Military and Veterans' Affairs consisted of tireless efforts to pass legislation consistent with America's commitment to its veterans and their families. During his tenure in the State legislature, the State of Florida's Division of Veterans' Affairs was established.

As a Member of the U.S. House of Representatives for 24 years from 1953 until 1977, Representative Haley not only effectively represented Florida's large and fast-growing veteran population, but also became the spokesman for veterans' rights on a nationwide scale. In 1955, he accepted assignment to the House Committee on Military and Veterans' Affairs. For 18 years Representative Haley served on the Hospitals Subcommittee and was chairman of the subcommittee for 8 years.

Mr. Haley is a true believer in the concept of the Veterans' Administration as an agency devoted to the special needs of persons who distinguished themselves by serving their country during wartime. His efforts were instrumental in preventing the elimination of Veterans' Administration hospitals and regional offices in areas where they were needed. Mr. Haley helped to expand the VA medical program to make it more responsive to the ever-increasing veteran population all over the country.

Representative Haley was instrumental in acquiring for Florida new Veterans' Administration hospitals in Miami, Tampa, and Gainesville, as well as helping to make possible the modernization of two more VA facilities. Characteristically, none of the facilities were located in Representative Haley's district, as he felt they should be located near established medical centers, where the best medical care would be available to veterans. During his service on the Hospitals Subcommittee, he was instrumental in almost tripling the number of VA hospital beds in Florida.

Mr. President, James Haley's lifelong devotion to the welfare of those who risked their lives for our country should not go unrecognized. The Veterans Hospital in Tampa that Mr. Haley worked so hard to obtain is an example of America's commitment to her veterans. There could be no more fitting tribute to a man whose major goal in life is to assure that that commitment is upheld.

Mr. CHILES. Mr. President, I join with Senator STONE today in introducing a bill to pay tribute to a man who has worked unselfishly for many years on behalf of veterans in the State of Florida. This legislation will designate the Veterans' Administration hospital in Tampa, Fla., the "James A. Haley Veterans' Hospital." Mr. Haley has a long and distinguished record of public service. During the First World War, Mr. Haley was a member of the First Division which saw action in every major battle in which the U.S. Army Expeditionary Force participated. Since his discharge Mr. Haley has actively advocated the rights of veterans. As a member of the Florida Legislature, he served on the Committee on Military and Veterans' Affairs and during his stay in the State legislature, the State of Florida's Division of Veterans' Affairs was established.

Mr. Haley was first elected to Congress in 1953. In 1955, he became a member of the House Committee on Veterans' Affairs and served 18 distinguished years on the Subcommittee on Hospitals. He served as chairman of the subcommittee for 8 years.

The veterans of the State of Florida were well-served during his years on the Subcommittee on Hospitals. During this period, three new Florida Veterans' Administration hospitals were constructed in Gainesville, Tampa, and Miami. He was also a key figure in the modernization of the facilities at Lake City and Bay Pines.

Mr. Haley's service to veterans has not gone unnoticed. He has received commendations from the American Legion, the Veterans of Foreign Wars of the United States, the Disabled American Veterans, and the Veterans of World War I, USA.

It is my pleasure to join with Senator STONE in submitting this bill to designate the Tampa Veterans' Administration facility as the "James A. Haley Veterans' Hospital."

By Mr. HATCH (for himself, Mr. MCCLURE, Mr. SCOTT, and Mr. YOUNG):

S. 1926. A bill to authorize the Federal Communications Commission to enforce certain requirements of objectivity with respect to the Corporation for Public Broadcasting; to the Committee on Commerce, Science, and Transportation.

PUBLIC BROADCASTING FAIRNESS ACT

Mr. HATCH. Mr. President, I am today introducing the Public Broadcasting Fairness Act, a brief but very important legislative proposal. My bill would provide for the enforcement by the Federal Communications Commission of the strict requirements of fairness and balance promulgated in the statute establishing the Corporation for Public Broadcasting. This legislation grants the FCC that authority, because the courts have held that the Commission now lacks it.

Some background on this legislation is in order.

The statute establishing the Corporation for Public Broadcasting formulates a very high standard of fairness and objectivity for it. Incidentally, the CPB itself does not produce programs, but funds other organizations which do, and notably the Public Broadcasting Service—PBS. The relevant passage of the statute reads as follows (47 U.S.C. 396(g)(1)(A)):

(g)(1) In order to achieve the objectives and to carry out the purposes of this subpart, as set out in subsection (a) of this section, the Corporation is authorized to:

(A) facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse sources, will be made available to noncommercial educational television or radio broadcast stations, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature;

The reasoning behind this requirement is clear: Public moneys should not be used to finance a Ministry of Propaganda under the guise of the Corporation for Public Broadcasting. Instead, diversity, quality, and balance—qualities too often missing in commercial broadcasting—are supposed to be the hallmarks of public broadcasting. The people of the United States have the right to expect that their tax moneys will bring them objective, honest information. The communications media, indeed, resemble the nervous system of our society: If the nervous system delivers false information, or accurate but incomplete information, then the society is all too liable to undertake ill-advised action on the basis of that distorted information. It is vitally important that the public communications channels be kept open for the transmission of a wide variety of points of view.

It should be noted that my bill is concerned only with a fraction of the programs funded by the CPB: News and documentary programs dealing with controversial issues. It has nothing to do with the excellent cultural programs—in dance, opera, music, or drama—funded by the CPB. Programs of that type are not at issue here.

The fairness standards set for the Corporation for Public Broadcasting, then, are rather exacting. How well have they been met in actuality?

Several years ago Accuracy in Media—AIM—a Washington-based citizens group which seeks to advance accuracy and balance in the mass media, filed complaints with the FCC against the Public Broadcasting Service. Its initial complaints were filed in October and November of 1971 against two PBS programs, "The Three R's and Sex Education" and "Justice?" AIM argued that the first program unfairly depicted the opponents of sex education in the public schools as uninformed or narrowminded, and that the second was in effect a propaganda effort on behalf of such radicals as Angela Davis and George Jackson made at a time when preparations for the trial of Angela Davis were going forward.

Though the television critics of the Washington Post and the New York Times mentioned the obvious bias of the programs, the FCC ruled against the AIM complaint in both these cases. The entire problem of the adequacy of FCC fairness doctrine enforcement is a large one, but it is peripheral to this legislation. In its ruling on the AIM complaints, the FCC wondered whether it should even seek to enforce the requirements of section 396, and asked whether Congress meant the section "to set forth a specific standard subject to administrative enforcement rather than merely a general enunciation of the corporation's functions." It thus laid the groundwork for what was to follow.

Disappointed by the adverse ruling of the FCC, and also by its reluctance to take responsibility for the enforcement of fairness in public broadcasting, on November 21, 1972, AIM filed suit in the U.S. Court of Appeals to compel the FCC to accept this mandate.

Much later—on October 16, 1975—the court of appeals handed down its decision. The court went so far as to hold that this provision could not be enforced at all, either by the FCC or by the courts themselves. The court found that the requirement was couched in "hortatory" language; it was meant to be "a guide to congressional oversight policy" and "a set of goals to which the directors of CPB should aspire." The court went on to say that Congress could, if it wished, display its displeasure with the CPB through the appropriations process.

The disciplining of the CPB through the appropriations process is an arduous approach, however, and one made the more difficult by the fact that CPB has sought and received long-term authorizations from the Congress.

My bill, then, will show that we are serious about the fairness requirement which the Congress wrote into the CPB statute. It will place the authority for enforcement of the public broadcasting fairness requirements with the FCC, and, beyond the Commission, with the courts.

The effective language of the Public Broadcasting Fairness Act reads as follows:

Notwithstanding any other provision of this Act, the (Federal Communications) Commission shall have the authority to enforce the preceding requirement of balance and objectivity with respect to the funding of programs or series of programs of a controversial nature, and in the event of a finding by the Commission of a violation of the above requirement of strict adherence to objectivity, the Commission shall order the Corporation to make available to the educational station or stations which have broadcast such programs adequate funding for a balancing program or series of programs and the Corporation shall comply with any such order.

It should be emphasized that the requirements of my bill may in no sense be interpreted as censorship. On the contrary, the act would broaden rather than narrow the scope of discussion and debate. Let me give an example. In 1973, Accuracy in Media was contacted by a group of ladies opposed to the Equal Rights Amendment, who had learned that PBS was producing a program on ERA which would provide its opponents no platform. At first PBS was reluctant to invite Mrs. Phyllis Schlafly to speak against the amendment. In the end, it did so, however, and thus produced a program which was balanced and fair, in compliance with the requirements of 396(g)(1)(A), as well as lively. It is important to note that PBS would have been completely free to produce a program presenting only the arguments for the ERA if it had wished, but under the CPB fairness requirement, the CPB would then have been obliged to supply funds to PBS or to some other organizations for the production of a program of equivalent quality presenting the arguments against the amendment. Thus we would do our best to insure that both sides of this controversial issue receive a hearing over the public airways.

So far as we may judge from the record, CPB has not always been willing on its own to finance balanced programing. Therefore, no matter how weak a reed it may be, the FCC should receive authority over the CPB in this area, so that concerned citizens will have some recourse short of the congressional appropriations process if they believe the programing of CPB to be unfair and unbalanced. Only in this way can we strengthen the ideal of fair and balanced public communications in this Nation.

By Mr. KENNEDY (for himself, Mr. ABOUREZK, Mr. ANDERSON, Mr. BAYH, Mr. DURKIN, Mr. HATHAWAY, Mr. LEAHY, Mr. METCALF, Mr. METZENBAUM, Mr. MCGOVERN, and Mr. ZORINSKY):

S. 1927. A bill to restore, maintain, and promote competition in the energy industry, and for other purposes; to the Committee on the Judiciary.

Mr. KENNEDY. Mr. President, today I am introducing legislation on behalf of myself and 10 colleagues to prevent the

major oil companies from gaining the same stranglehold on coal and uranium resources that they have over the oil and gas business. The bill is simple and straightforward. It says that big oil- or gas-producing companies must get out and stay out of production of coal and uranium.

The basic theory underlying the bill is not complicated or difficult to understand. It is that firms engaged in one line of business ought not be able to hold or acquire firms engaged in a competing, or potentially competing, line of business.

This theory does not rely on regression analyses or econometric models. It relies on commonsense. It says that major oil companies, which have already effectively made competition a dead letter in the oil industry, should not have the opportunity to work their will on other industries.

Big oil companies have certainly locked up the lion's share of the petroleum marketplace. Eight of them control two-thirds of the U.S. industries' assets and earn three-fourths of oil industry profits. And concentration within the oil industry has been increasing steadily; those eight largest companies in 1973 accounted for almost as big a share of crude oil production as did the 20 largest in 1955. The industry has further been characterized by series of joint ventures and interlocks which result in an interdependence that inhibits even what weak competitive instincts might otherwise have survived.

The oil industry, in short, is not competitive. That was the finding of a majority of the Judiciary Committee which last year voted to separate refining and marketing, pipelines, and production of major oil companies. That is the premise underlying much of the regulation Congress has placed over various aspects of energy production, transportation, and marketing. That is simply a fact of life in the 1970's.

But we do not have to let this absence of competition infect the coal industry. Or the uranium industry.

We do not have to provide oil company executives with the temptation to manipulate prices or control production of competing fuels.

We do not have to turn our eyes from an obvious conflict of interest which can only grow worse as our Nation turns more and more to alternatives to oil and gas to fuel our daily activities.

Let us make no mistake; the oil companies know a good thing when they see it. Although President Carter has only recently committed our Nation to a vast switch in our energy dependence from oil and gas to coal and uranium, oil companies have been moving into the coal and uranium business for the past 15 years. They have not been simply leasing reserves and buying equipment, however, as much as they have been putting their petro-bucks on the counter and gobbling up major coal companies.

Continental Oil picked up the Nation's leading coal producer, Consolidation Coal Co., in 1966. Like players of a Parker Bros. game, oil companies are using the money they get from oil wells on Park Place and Boardwalk to buy almost every property they land on: Gulf bought Pittsburgh and Midway; Sohio took over Old Ben; SoCal landed Amax. And so it goes.

On the uranium side of the board, things are hardly better. Gulf has acquired General Atomic. Arco pounced on Nuclear Materials & Equipment. Getty devoured Nuclear Fuels.

Certainly the game is not over; it has just begun picking up steam. But we cannot wait until all the property on the board is under the control of a few oil ccmpanies before deciding that the American people are the losers and that the rules must be changed.

Four years have passed since this Nation's vulnerability to OPEC policies and pressures was so clearly demonstrated in the fall of 1973. As a nation we talked almost continually ever since about developing an energy policy. But apart from the first hesitant steps in creating a strategic oil reserve, not much has been accomplished.

It is clear that any national energy policy must include a growth in our reliance on energy sources other than oil and gas. It is equally clear that it must involve a reaffirmation of competitive principles each step of the way.

The administration energy plan calls for roughly doubling our consumption of coal and nearly quadrupling our use of nuclear power over the next 8 years. The President's advisers may well be on the right track in calling for such huge jumps in these alternative fuels, but we have yet to see from the other end of Pennsylvania Avenue an evaluation of the impact which these policies will have on energy markets. This is surprising to me. The President's key energy advisers have had much experience in energy economics. Yet, apart from the usual expressions of support for the general principle of competition, there seems to be little awareness of the real characteristic of the markets which exist in the energy industries.

The fact is that so long as this country needs to import half or more of its crude oil, the price of crude will be set by the OPEC cartel and it will be a monopoly price. Beyond this, though, the domestic petroleum industry is calling for deregulation of natural gas. They argue, we should have "Btu parity"—natural gas should sell for $2.50/Mcf because this is the energy equivalent of crude oil at the world price.

The logical extension of this argument, of course, is that coal and uranium should also be priced in terms of their energy equivalence to crude oil. In other words, according to producers, the prices of all fuels in the United States should be linked to the monopoly price established in the OPEC cartel.

And given the demands which the administration plan will place on coal and uranium and the structure of these industries, it is not beyond the bounds of reason that such a result would occur.

There is a hope of escaping this. If alternative fuel industries are competitive, then there is pressure on oil and gas prices. Efforts by OPEC to raise world oil prices will lead consumers to substitute coal or uranium—but only if these industries are competitive, and beyond the influence of the oil and gas producers who also share a substantial piece of the OPEC pie.

Certainly there is an economic case for divesting major oil and gas companies of their coal and uranium assets. But, contrary to what many economists think about the truth and beauty of their profession, there is a much broader range of issues also: There are the social and political consequences of coal and uranium acquisition by the oil companies.

In the coal area, these concerns have been eloquently stated by John F. O'Leary, a distinguished resource economist who has since become head of FEA. Dr. O'Leary strongly supported horizontal divestiture legislation 2 years ago for reasons which went far beyond conventional economic analysis.

In 1975 hearings before the Antitrust Subcommittee, he said:

> First, the oil industry maintains a formidable level of political activity. It understandably uses its economic and political strength to advance its own interests and those interests do not always coincide with those of the public at large. The acquisition wave extended this potential for massive political operations to the coal industry.
>
> Second, and closely related, the oil industry has an extremely long tradition of seeking the development, particularly at the raw material end of the business, of institutions that essentially eliminate price competition.

Here he referred briefly to the history of legislation from the NRA to the mandatory oil import control programs, by which the major companies were able to restrict output and maintain high domestic prices. He concluded, in his own words:

> That the industry used its political strength to achieve, by statute, a result that other industries could only have approximated by collusive action.

Dr. O'Leary's third point was a little more complicated than his first two. He pointed out that the profitability of coal production had for some years been below that in crude oil production. It was therefore unlikely that oil companies would invest very much in coal development until coal prices had risen substantially. The answer to this, at first glance, is that given by a lot of opponents of divestiture—if the oil companies do not develop coal, other people will.

But, according to Dr. O'Leary, he found as a private consultant that virtually all of the real managerial talent in the industry has been acquired by oil companies. His warning of 2 years ago is especially pertinent today:

> If we are to obtain a rapid and substantial expansion of the coal industry in order to meet present and foreseen national requirements for energy, the job will have to be done by managers that are now almost entirely associated with the oil industry. If investments will not be made until they measure up to the standard that has been experienced by the oil industry, then we can look forward to substantially higher prices for coal than would have been the case had the acquisitions not taken place.

Mr. President, Dr. O'Leary was testifying specifically about oil producers' entry into the coal industry. I suggest, however, that each of the three reasons he

found to oppose that entry applies equally well to the uranium industry. When you put these reasons together with the underlying economic risks of allowing oil companies to get leading positions in other energy industries, I believe the case for the bill we are introducing today is overwhelming.

When we turn to the structure of the energy industries, we are told by the oil companies that we should not worry, there are over 10,000 competing producers of oil and gas. We have nothing to worry about in the oil industry itself, much less in coal and uranium. The fact is, however, that in 1975 just 16 companies lifted 71 percent of our crude oil and 62 percent of our natural gas. And, indeed, as the Judiciary Committee's report on S. 2387 demonstrated last year, the control of the majors over the industry—through their control of farmout acreage and pipelines—goes far beyond their own production.

The oil companies deny vigorously that they have any overwhelming stake in coal. Here, Mr. President, let me offer for the RECORD a table prepared by Exxon showing production of eight coal operations owned today by oil companies:

OIL FIRM COAL PRODUCTION [1]

[In millions of tons]

Coal and parent company	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Consolidation—Continental	45.4	48.6	[2] 51.4	56.5	59.9	60.9	64.1	54.8	64.9	60.5	51.8	54.9
Island Creek—Occidental	21.2	20.6	23.7	25.9	[2] 25.9	30.3	29.7	22.9	22.6	22.9	20.8	19.4
Old Ben—Sohio	5.1	6.3	9.9	10.3	[2] 9.9	12.0	11.7	10.5	11.2	10.8	9.5	9.3
Pittsburg & Midway—Gulf	[2] 7.1	8.2	8.8	9.0	9.2	7.6	7.8	7.1	7.7	8.1	7.5	7.3
Arch Minerals—Ashland	2.3	5.1	6.8	7.5	7.0	6.8	6.3	[2] 7.2	11.2	12.5	13.9	13.5
Monterey Coal—Exxon							.3	1.2	2.0	2.7	2.5	2.9
AMAX—SOCAL	8.2	8.3	8.5	8.6	9.3	11.3	14.4	13.3	16.4	16.7	19.9	[2] 21.8
Valley Camp [3]—Quaker State	4.3	4.3	4.8	5.5	5.2	5.3	5.5	4.2	4.8	4.1	3.3	3.4
8 company total	93.6	101.4	113.9	123.3	126.4	134.2	139.8	121.2	140.8	138.3	129.2	132.5
Industry total	487.0	512.1	553.9	552.6	545.2	560.5	602.9	552.2	595.4	591.7	601.0	646.0
8 company output as percent of total	19.2	19.8	21.3	22.3	23.2	23.9	23.2	21.9	23.6	23.4	21.5	20.5

[1] Includes only those companies with more than 1,000,000 tons of coal production in 1975.
[2] Year acquired by oil company.
[3] Acquired in March 1976.

Source: Exxon Corp., Exxon USA, 2d quarter, 1977. Keystone Coal Industry Manual (McGraw Hill), various years.

What does the table show? In 1965 there was one substantial coal company controlled by an oil company: Gulf Oil's Pittsburg & Midway subsidiary had less than 2 percent of the industry's production. Ten years later, some eight coal producers controlled by oil companies had more than 20 percent of the Nation's production. The industry total, by the way, includes roughly 108 million tons of so-called captive production. This is the production of mines owned by integrated companies, chiefly steel and electric utility firms, which for the most part does not appear on the open market. In short, the oil companies controlled at least a quarter of the Nation's marketable coal mined in 1975.

For the future of the industry, the distribution of reserve holdings may be of greater importance than the level of current production. Here there is an unresolved debate over just what volume of proved or possible, leased or unleased reserves should be counted. Frankly, Mr. President, I believe we can avoid speculation simply by looking at reported, privately owned reserves. On this basis, the oil industry has between 35 and 40 percent of total reserves. And if we leave out the captive reserves—which, again, are not likely to appear on the market—the percentage is significantly higher.

The oil companies have trumpeted the wonderful benefits they have brought to the coal industry—their ability to provide capital, their managerial expertise, their research and development capability. Indeed, they imply that only if the oil industry takes over the coal industry can there be any hope of meeting the administration's coal production targets.

Mr. President, we should look at the record, that little table of eight oil companies' coal production so helpfully provided by Exxon. In 1970 five of the eight had coal production, including Exxon itself which opened its first mine during the year. In 1970 those companies produced nearly 114 million tons. In 1975 those companies produced 94 million tons—a decline of 18 percent over a period when the rest of the industry expanded production by 13 percent, from 489 to 552 million tons. In fact, Exxon—the brandnew entrant—was the only one of the five which raised its coal production.

The oil companies shown in the Exxon table are not the only ones with coal industry interests. It is my understanding that something like 2 dozen oil and gas companies hold coal reserves; Texaco, Sun, and Shell, for example, are among the oil companies which hold large coal reserves but which are not as yet doing any mining.

In other words, for every oil company producing coal, there are a couple more sitting on coal reserves. This is a clear indication of the direction in which oil industry influence over coal production will move in the future.

I believe the oil companies when they say they have put hundreds of millions of dollars and great managerial resources into coal development. But, Mr. President, the record simply does not give us any reason to believe that oil companies can do a better job—or even as good a job—as other owners of coal resources when it comes to actually producing coal to meet this country's energy needs.

Uranium is the principal alternative to coal as a substitute for imported crude oil or products. Here again we can see the same broad picture that we see in relation to coal. The oil companies are not neglecting to touch every potential base in the energy area.

In the uranium industry, milling capacity—to concentrate the raw ore into yellow cake—is generally considered a good indication of actual production capability. Ten years ago, in 1967, two oil companies had 28 percent of the industry's milling capacity; most of it in Kerr-McGee's mill, then as now the largest operation, and the remainder in a Getty joint venture with Kerr-McGee. Five years ago, in 1972, four mills with 38 percent of the industry's capacity were operated by oil and gas companies. Exxon and the Continental Oil-Pioneer Natural Gas joint venture had started milling.

Today, 1977, the oil industry has just over half of the uranium industry's capacity. Exxon, which began milling operations in mid-1972, could claim 8 percent of U.S. production in its 1975 annual report. Atlantic Richfield acquired Anaconda last year—today Kerr-McGee, Arco, and Exxon are the first, third, and fifth largest uranium producers.

Standard Oil of Ohio and Reserve Oil & Gas brought a large joint-venture mill on stream last fall. The Getty mill is currently shut down, to permit a 75-percent expansion in capacity by late this year or early next. Phillips Petroleum and Union Oil will each open large mills within the next couple of years. In other words, all the evidence we have is that the share of the industry controlled by oil companies will continue to grow.

Today's productive capacity is about 33,000 tons per day. According to an FTC study of capacity in operation, under construction, and announced as firm, oil and gas producers will control 59 percent of an estimated 48,000 tons in the near future. Again, this figure should be compared to 28 percent just 10 years ago and 38 percent 5 years ago. The position of oil companies in the uranium industry is growing steadily.

Mr. President, I believe it is a serious mistake to permit the oil industry giants to dominate all potentially or actually competitive sources of future energy. The bill which we propose today will prevent major oil and gas companies from ac-

quiring any more coal or uranium properties. It will provide that within 3 years, these major companies will have to sell or spin off those coal and uranium interests they now hold.

We define "major producer" in terms of production levels reached in 1976 or any later year—roughly 150,000 barrels a day of crude oil or 100 billion cubic feet a year of natural gas. Fifteen companies would be immediately covered as major oil producers, and Standard Oil of Ohio, controlled by British Petroleum, would come under the act next year, at the latest, as its Prudhoe Bay production picks up. Another six companies would be covered on the basis of large natural gas production rather than their crude oil output.

In other words, we are telling a total of 22 companies: "You are the largest oil and gas producers in the country. We appreciate your concern over alternative energy sources, but we think that there is a potential conflict between your petroleum interests and these other energy sources."

I would like to emphasize, Mr. President, that we are talking about a potential conflict. We are not suggesting that the major oil companies took over 100 percent of the coal and uranium industries the year before last. What we do say is that the share of the coal and uranium industries controlled by oil companies has been growing steadily in recent years. This fact is incontrovertible. What we want is to halt this growth before the energy market is unified and the power to eliminate interfuel competition has also become an incontrovertible fact.

The oil industry is telling the Congress and the public these days that in order to develop adequate coal and uranium resources for our Nation's future energy needs, we need the leadership which only their management can provide. We need their ability to raise and manage large sums of capital. And we need their technology.

If this is true, then our business and financial community must surely be in a sorry state. For we should learn from the past, and what the past teaches us about the oil industry talents provides support for this legislation.

The SEC's files tell us a lot about oil company executives: the list of those involved over recent years in making illegal domestic campaign contributions and unlawful foreign payments is too long to reproduce here.

Moreover, this is an industry that has pioneered in developing restraints of trade and perfecting cartel arrangements. Memoranda from the files of Gulf Oil plainly show that its involvement in the international uranium cartel was but a natural and inevitable extension of its standard operating procedures to a new industry.

Further, the Trans Alaska Pipeline stands as a multi-billion dollar monument to the managerial ineptitude of participating oil companies, providing North Slope oil with the most outrageously expensive mode of transportation known to modern man. It is small consolation that the Justice Department characterizes 700–900 million dollars of the proposed annual transportation tariffs as monopoly overcharges.

As to coal production technology, I am hard pressed to understand how much we can learn from Mobil Oil and other companies which, though sitting atop billions of tons of coal in the ground, have yet to produce a single lump for our Nation's consumption.

I am confident, Mr. President, that our country has the capital and managerial skills and technology to develop the coal and uranium industries without depending on oil companies. In fact, I am confident that the job will be done faster and better, and at a lower cost to the consumer, if oil and gas companies stick to the business of oil and gas.

Mr. President, in light of the attention being given energy issues in the Congress this year, and the need to maintain a focus on competitive questions as we develop a national energy program, the Subcommittee on Antitrust and Monopoly will begin hearings on this legislation next week. We hope to hear from a number of witnesses who will analyze the issues involved in interfuel competition and oil and gas company ownership of coal and uranium resources. These hearings should enable us to continue to develop our national energy perspective with greater sensitivity to competition policy, and ultimately to shape legislative restrictions on cross-ownership of fuels.

I ask unanimous consent that the full text of the bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1927

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Industry Competition and performance Act of 1977".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds and declares that—

(1) this Nation is committed to a private enterprise system and a free market economy, in the belief that competition spurs innovation, promotes productivity, prevents undue concentration of economic, social, and political power, and helps preserve a democratic society;

(2) vigorous and effective enforcement of the antitrust laws and reduction of monopoly and oligopoly power in the economy can contribute significantly to reducing prices, unemployment, and inflation; and

(3) existing antitrust laws have been inadequate to maintain and restore effective competition in the energy sector of the economy.

(b) It is the purpose of the Congress in this Act to facilitate the creation, maintenance, and promotion of competition in the energy sector of the economy, and to require the most expeditious and equitable separation and divestment of assets and interests of major petroleum producers which have interests in the coal or uranium industries.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "person" means an individual, corporation, partnership, joint venture, joint stock company, trust, trustee in bankruptcy, receiver in reorganization, association, or any organized group, whether or not incorporated, but does not include any authority of the United States or of the several States;

(2) "major petroleum producer" means any person (including all affiliates of such person) who, during the calendar year 1976, or in any subsequent calendar year, produced within the United States a total of fifty-five million barrels of crude oil or condensate and natural gas liquids, or whose interest in crude oil or condensate and natural gas liquid production within the United States totaled fifty-five million barrels, or who produced within the United States one hundred billion cubic feet of natural gas, or whose interest in natural gas production within the United States totaled one hundred billion cubic feet;

(3) "affiliate" means a person controlled by, controlling, or under or subject to common control with respect to any other person;

(4) "Commission" means the Federal Trade Commission;

(5) "coal asset" means—

(A) natural deposits of coal;

(B) any asset used primarily in the exploration for, development of, or production of, coal including, but not limited to, an interest in real property, whether such property is developed or undeveloped; and

(C) geological and geophysical information relating to natural deposits of coal;

(6) "uranium asset" means—

(A) natural deposits of uranium;

(B) any asset used primarily in the exploration for, development of, or production of, uranium including, but not limited to, an interest in real property, whether such property is developed or undeveloped; and

(C) geological and geophysical information relating to natural deposits of uranium; and

(7) "control" means a direct or indirect legal or beneficial interest in, or direct or indirect legal power or influence over, another person, arising through direct, indirect, or interlocking ownership of capital stock, interlocking directorates or officers, or contractual relations which substantially impair the independent business behavior of another person.

UNLAWFUL ACQUISITIONS

SEC. 4. Notwithstanding any other provision of law, it is unlawful for any major petroleum producer to acquire any interest in or control over any coal asset or uranium asset.

UNLAWFUL RETENTION

SEC. 5. (a) Notwithstanding any other provision of law, it is unlawful for any major petroleum producer to own or control any interest in any coal asset or uranium asset.

(b) The provisions of this section shall take effect on the date which is three years after the date of enactment of this Act.

EXEMPTION FROM SECTION 8 OF THE CLAYTON ACT

SEC. 6. In order to facilitate the purposes of this Act, the Commission is authorized to exempt any corporation formed or reorganized as a result of compliance with this Act from the prohibitions contained in section 8 of the Clayton Act (15 U.S.C. 12) for a period of not to exceed one year.

REPORTS

SEC. 7. Not later than thirty days after the date of enactment of this Act, each major petroleum producer who owns or controls any interest in any coal asset or uranium asset shall file with the Commission a report listing its interests in such assets. The Commission may order such major petroleum producers to file additional reports and may order any other person to file reports as it deems necessary to carry out the purposes of this Act. Not later than five days after any order of

the Commission issued as provided in this section has been served, such major petroleum producer or other person may bring an action for judicial review of such order in the court referred to in section 8(c) of this Act in accordance with the provisions of chapter 7 of title 5, United States Code. Such court shall take final action with respect to such order not later than ten days after such action is brought.

ENFORCEMENT

SEC. 8. (a)(1) The Commission, in accordance with such rules, regulations, or orders as it deems appropriate to carry out the purposes of this Act, shall require each major petroleum producer who owns or controls any interest in any coal asset or uranium asset to submit to the Commission, not later than six months after the date of enactment of this Act, a plan for the divestment of its interest in such assets.

(2) Such plan shall—

(A) be developed in consultation with the officers and employees of the Commission and the Securities and Exchange Commission pursuant to guidelines which the Commission shall issue after consultation with the Securities and Exchange Commission;

(B) be fair and equitable to all persons affected by such plan; and

(C) provide for the substantial accomplishment of the required divestiture not later than three years after the date of enactment of this Act.

(3) After each such plan is submitted to the Commission, the Commission shall provide the major petroleum producer submitting such plan the opportunity for a hearing on the record in accordance with the provisions of chapter 5 of title 5, United States Code, to resolve disputes of law and fact among all persons affected by such plan, the Commission, and the Securities and Exchange Commission. Prior to any such hearing, the Commission shall give notice of such hearing to all persons affected by such plan.

(b)(1) In the administration of the provisions of this section, the Commission shall have primary oversight jurisdiction and responsibility for the preparation and final approval of the required divestiture plans.

(2) The Securities and Exchange Commission and the Attorney General of the United States shall—

(A) advise and file comments with the Commission as to the conformity of each such plan with general standards of fairness and equity with respect to the interests of the holders of debt and equity interests in corporations affected by the provisions of section 5; and

(B) have the right to participate, including by intervention, in any proceeding with respect to any such plan.

(c)(1) Not later than six months after the submission of any plan as provided in subsection (a), the Commission shall issue a final order with respect to such plan.

(2) Not later than thirty days after such order is issued, such order may be appealed to a court of three judges of the United States District Court for the District of Columbia who shall be designated by the chief judge of the United States Court of Appeals for the District of Columbia. The filing of an appeal under this section shall automatically stay all related proceedings in State courts or Federal courts and such proceedings shall be transferred to such court of three judges. The hearing of such appeal shall be given precedence and held at the earliest practicable date.

(3) Such court of three judges shall have the power to modify the plan which is the subject of such final order.

(4) The provisions of section 2284 of title 28, United States Code, shall not apply to such court of three judges.

(5) The judicial panel on multidistrict litigation established by section 1407 of title 28, United States Code, shall not exercise any power or perform any functions with respect to such court of three judges or any matter before such court.

(d) The Commission may institute suits or actions (1) only in the court referred to in subsection (c), and (2) for such relief as is appropriate to assure compliance by any person with this Act, including, but not limited to, orders of divestiture, declaratory judgments, mandatory or prohibitive injunctive relief, interim equitable relief, the appointment of temporary or permanent receivers or trustees, civil penalties, and punitive damages for willful failure to comply with lawful orders of the court.

(e) In carrying out the provisions of this Act, the Commission shall have all powers, including the power to enforce, conferred upon the Securities and Exchange Commission by any other provision of law, and the Securities and Exchange Commission shall have all powers, including the power to enforce, conferred upon the Commission by any other provision of law.

SANCTIONS

SEC. 9. (a) Any person, or any officer, director, or partner thereof, who violates any provision of this Act shall be subject to a civil penalty of not more than $100,000, in the case of an individual, or not more than $1,000,000, in the case of a corporation. Such penalties shall accrue to the United States and may be recovered in a civil action brought by the Commission. Failure to obey any order of the court of three judges referred to in section 8 shall be punishable by such court as a contempt of court.

(b) Any person, or any officer, director or partner thereof, who violates a lawful order of the Commission issued pursuant to this Act shall be subject to a civil penalty for each violation of not more than $100,000 which shall accrue to the United States and may be recovered in a civil action brought by the Commission. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey an order of the Commission, each day that such failure or neglect continues shall be deemed a separate offense.

REPORT ON SOLAR ENERGY

SEC. 10. Not later than one year after the date of enactment of this Act, the Commission shall report to the Congress the extent to which the control of the solar energy technology by major petroleum producers may be retarding the production of solar energy and the extent to which such control may limit the competition of solar energy with petroleum and other more conventional energy sources.

By Mr. CRANSTON (for himself, Mr. MOYNIHAN, Mr. RIEGLE, Mr. WILLIAMS, Mr. RANDOLPH, Mr. PELL, Mr. ANDERSON, Mr. BROOKE, Mr. DURKIN, and Mr. INOUYE):

S. 1928. A bill to amend the Social Security Act to strengthen and improve the program of Federal support for foster care of dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes; to the Committee on Finance.

THE CHILD WELFARE AMENDMENTS OF 1977

Mr. CRANSTON. Mr. President, on July 12 Vice President Mondale unveiled a major administration proposal to reform the present Federal foster-care system and to remove the present disincentives to the adoption of hard-to-place children which our foster-care system perpetuates. This proposal is the result of discussions which a number of us in Congress have had with the Vice President and scores of hours of discussion and negotiation within the administration and between our staff and HEW and White House staffs. I am exceedingly grateful to all of them for their hard work.

The Vice President generously recognized that the major spark for this proposal was the deep congressional interest in reform in this area.

Today, I am pleased to introduce S. 1928, legislation embodying this proposal. Joining me in cosponsorship are the Senator from New York (Mr. MOYNIHAN), the chairman of the Public Assistance Subcommittee of the Finance Committee, and cosponsors of S. 961, my own proposed "Opportunities for Adoption Act of 1977," which is pending on the Senate calendar and to which I am today submitting for printing an amendment—No. 527—in view of my support for S. 1928. They are the Senators from Michigan (Mr. RIEGLE), from New Jersey (Mr. WILLIAMS), from West Virginia (Mr. RANDOLPH), from Rhode Island (Mr. PELL), from Minnesota (Mr. ANDERSON), from Massachusetts (Mr. BROOKE), from New Hampshire (Mr. DURKIN), and from Hawaii (Mr. INOUYE).

Mr. President, as Vice President MONDALE stated on July 12:

No area needs this redirection more than the joint Federal-State programs which remove children from their families and place them in foster care. Foster care is an important part of our effort to protect children from abuse and neglect, and dedicated foster parents provide priceless love and support to thousands of American children. But too often children are needlessly taken away from their natural families. Too often children who could be placed with permanent families remain in foster care because the special help to make these children adoptable simply is not available. Too often these children are consigned to large, remote institutions instead of less restrictive forms of placement. Often, children are simply swallowed up in the system—not intentionally, but almost mindlessly.

Right now there are about 350,000 American children who are living in foster care homes and institutions. Many of them could be forced to spend their entire childhood living in large institutions or moving from home to home, because they have been separated from their natural families and are now considered hard to adopt. They may have special medical or emotional problems, or one or more brothers and sisters, or they may be a little older than other children who are ordinarily adopted. Studies show that some of these children could be returned to their natural families with a little extra help. Others could be adopted, by willing families, including foster care parents, if only assistance were available for medical and other expenses. . . . Under the current system, the incentives weigh heavily in favor of placing children in foster care and leaving them there. Only limited funds are now available for alternatives to foster care on both the State and the Federal level, while Federal foster care payments are open-ended. Under the existing Federal and State programs, in most instances, we don't even know exactly how many children could, with modest help, be returned to their natural families and how many could be adopted.

The abuses in the foster care system outlined by Vice President Mondale have been documented in a number of recent

studies, including the Department of Health, Education, and Welfare—H.E.W.—report entitled "Foster Care in Five States" and the General Accounting Office—G.A.O. study—"Children in Foster Care Institutions," commissioned by Congressman GEORGE MILLER and JOHN BRADEMAS. Additionally, the report of the Regional Institute of Social Welfare Research of Athens, Ga., issued this year, which studied the foster care programs of eight southeastern States, and the audit of foster care programs in New York City, conducted by the city comptroller, Harrison J. Goldin, have also added to our body of knowledge regarding the failures of the existing foster care system.

Mr. President, the foster care portion of the administration's proposal builds on legislation recently passed by the House of Representatives, H.R. 7200, the foster care provisions of which largely reflect years of work by my colleague from California, Congressman GEORGE MILLER, who is so widely recognized as being a national leader of efforts toward the reform of the foster care system, and the outstanding efforts in the Committee on Ways and Means' Subcommittee on Public Assistance, of the distinguished Congressman from Michigan (Mr. BROD-HEAD), whose diligent efforts led to the inclusion of these provisions in the House-passed bill.

The adoption portion of the administration bill builds on and provides financing for legislative concepts which I have been working to develop over the past few years and which I introduced in this Congress as S. 961, the proposed "Opportunities for Adoption Act of 1977."

Mr. President, I cannot speak further on S. 961 without remarking at this point about the tremendous efforts of my dear friend and California colleague, Congresswoman YVONNE BURKE, who has for the past two Congresses sponsored the companion measure to S. 961 in the House of Representatives. To date, more than 50 Members of the House of Representatives have joined YVONNE BURKE in cosponsorship of the companion bill, H.R. 5550. YVONNE has been working to move H.R. 5550 through the legislative process in the House, and she and I will be working together in the next weeks along with GEORGE MILLER to move our adoption reform bill through the Congress simultaneously with the financing mechanism contained in S. 1928, the administration's proposal.

Mr. President, to familiarize my colleagues with the specifics of the administration proposal, I would like to describe in detail the foster care, adoption, and child welfare services provisions of the administration bill. I will discuss, too, the relationship to S. 1928 of S. 961, my proposed "Opportunities for Adoption Act of 1977", as it would be amended by amendment No. 579 which I am also submitting today, and our proposal to move the two measures simultaneously.

FOSTER CARE PROVISIONS OF CHILD WELFARE AMENDMENTS OF 1977

Mr. President, the administration bill attempts to address the problem existing in the foster care system in several important ways. Currently, Federal financial participation in the foster care system has two sources. First, the Federal Government contributes, under title IV-A of the Social Security Act, to the maintenance of certain children in foster care homes and facilities. Second, the Federal Government, under title IV–B of the Social Security Act, provides cash grants to the States for child welfare services. The Child Welfare Amendments of 1977 would continue and strengthen the Federal financial participation in each of these areas. I would now like to outline the provisions of the proposed Child Welfare Amendments of 1977 with respect to these programs.

FEDERAL PARTICIPATION IN FOSTER CARE MAINTENANCE UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT

Under the existing law, each State which participates in the Federally-supported Aid to Families with Dependent Children—AFDC—program must provide in its State plan a program of foster care for children from AFDC homes, 42 U.S.C. 402(a)(20). Section 408 of the Social Security Act provides for Federal financial participation in the costs of such foster care for children who first, resided in the home of a relative who met the financial eligibility criteria for the AFDC program and second, were removed from that home as a result of a judicial determination that remaining in the home would be contrary to the child's welfare. Thus, under the existing system, the Federal Government shares with the States the cost of maintaining in foster-care homes or institutions those children from AFDC-income eligible homes who have been removed from their home as a result of a judicial determination that removal is necessary for the child's welfare.

Under these criteria, the Federal Government now contributes to the support of approximately 117,000 children in foster-care situations. This represents approximately one-third of the children in foster care nationally. The remaining two-thirds of the children in foster care are not funded under title IV–A, although they may receive some Federal maintenance support under title IV–B, Child Welfare Services. These children are not included in the existing IV–A program either because they do not meet the AFDC-income eligibility criteria or because they were not placed in foster care as a result of a court order.

The proposed Child Welfare Amendments of 1977 continue and expand the participation of the Federal Government in sharing with the States the costs of supporting AFDC-eligible children in foster-care facilities when these children are involuntarily removed from their homes by a judicial determination. The standard for Federal participation in support of these involuntarily removed children would be strengthened—in terms of protecting the child and his or her family—from the existing "welfare of the child" standard to a requirement that a judicial determination be made that the removal is necessary to protect the child from harm or the likelihood of harm. This modification is proposed in recognition of the need to limit the Federal Government's participation in the removal of children from their own families to those instances where there is a real danger of harm to the child.

The requirement in the existing law limiting Federal financial participation in foster-care placement to those children removed by a judicial determination was enacted originally as part of the basic policy of the AFDC program; that is, to provide support first for needy children in their own homes. The expansion of this program to support children in foster care situations was originally limited to situations where a child was removed by a court order because of the Federal Government's grave concern the removal of children from their own homes not be encouraged in any way except in those instances where removal is clearly necessary for the child's protection. The maintenance of this requirement and the strengthening of it to require a determination of harm or likely harm to the child emphasizes our continuing commitment to the principle that the Federal Government should not participate in a system in which children are removed involuntarily from their own families except in those instances where such removal is clearly necessary.

The judicial determination requirement was also enacted to protect against the possibility of children being placed in foster care under the guise of voluntariness when the placement was, in fact, involuntary. There was legitimate concern that families not be coerced into "voluntarily" giving up their children for foster-care placements. The requirement of a judicial determination as a condition for Federal involvement in foster care maintenance under title IV–A was viewed as a means of limiting the potential for such abuses. Thus, under existing law, the Federal Government's participation in funding the foster care placement of AFDC children under title IV–A was limited to those children who were involuntarily removed from their homes by a court order.

INCLUSION OF VOLUNTARY FOSTER PLACEMENTS

Concern has been growing, however, that the Federal Government has legitimate obligations in the area of maintenance of the AFDC-eligible children in certain voluntary placements. A large number of children in voluntary foster placements actually do receive some Federal maintenance support from the title IV–B (Child Welfare Services) of the Social Security Act—there are estimates that indicate that as high as 80 percent of the title IV–B total $56.6 million Federal funds given to States are spent on foster care maintenance payments for children who do not qualify for the IV–A funding because they are in voluntary, rather than involuntary, placements.

In some instances, the requirement of a judicial determination can work counter to the Federal desire to support the integrity of the family. For example, in the case of a mother facing emergency hospitalization with no options for the care of her children other than foster

care, the imposition of the judicial determination requirement, carrying with it the stigmata of unfitness or failure as a parent, is both unnecessary and unduly harsh.

Similarly, various studies have indicated that those children who are voluntarily placed in foster care are subjected to many of the same problems suffered by involuntarily placed children. For example, existing data suggests that after a certain period of time in the initial placement, voluntarily placed children are likely to stay in the foster-care system as long as the involuntarily placed children. Indeed, in testimony before Subcommittee on Select Education of the Committee on Education and Labor in the House of Representatives, Prof. Robert H. Mnookin, professor of law, University of California, Berkeley, Calif., observed:

Because welfare departments are typically not accountable to anyone for what happens to these children, children who are voluntarily placed are quite often the "orphans of the living".

Finally, there is legitimate concern that the requirement for judicial determination as a condition for Federal funds for foster care maintenance has led to a misuse of the court process simply in order to obtain Federal assistance. In other words, in some areas of the country, all foster children are "run through" the court system simply to meet the Federal requirements for more money. This practice has led, unfortunately, to the overloading of the court systems and superficial court reviews for all children. Thus, by forcing States to channel all foster children through a judicial system in order to generate Federal financial assistance, the meaningful judicial review sought in existing law has, in many cases, been undermined.

Clearly, Mr. President, there is a need to address the welfare of AFDC children who are voluntarily placed in foster care situations. H.R. 7200 as passed by the House of Representatives would totally remove the requirement of a judicial determination. A number of concerned individuals feel that such a blanket removal of the judicial protections would be, in the words of Professor Mnookin, a "serious policy error." The proposed Child Welfare Amendments of 1977 takes a middle position on the issue of Federal financial participation in voluntary placement. Under its provisions, the Federal Government would participate in the support of AFDC-eligible children in voluntary foster care situations under two conditions which I will describe next.

REQUIREMENT FOR WRITTEN VOLUNTARY PLACEMENT AGREEMENT

First, the parties must enter into a written and binding voluntary placement agreement in which the respective rights and obligations of the parties and the legal status of the child will be clearly described. Thus, for example, such an agreement must specify the terms and conditions under which the parents may reclaim the child; and the rights of the parents regarding such issues as visitation.

JUDICIAL OR ADMINISTRATIVE REVIEW AFTER 6 MONTHS

Second, the proposed Child Welfare Amendments of 1977 would require that within 180 days of the child's voluntary placement, a determination—by judicial or, as defined in the bill, administrative review—must be made that the child's continued placement in foster care is necessary and that the present placement of the child was and is in the best interest of the child and continues to be voluntary. Under these conditions, the Federal Government would participate in the maintenance of AFDC-eligible children in a voluntary placement for 6 months. The review requirement is designed to protect these voluntarily placed children from becoming "lost" in the foster-care system with no agency accountable for their well-being. It is hoped that these provisions will reduce the existing burdens upon State and local court systems and permit courts to deal, under less pressure, with those cases which need in-depth consideration.

PLACEMENT STANDARDS

Finally, Mr. President, with respect to both involuntary foster care placements and voluntary placements after the 180-day review, the administration's bill will require that the court or administrative agency order that the child be placed in the least restrictive, family-like setting and in close proximity to the parents' home consistent with the best interests and special needs of the child.

The provisions dealing with geographic placement of children are particularly important. The shipments of foster children to distant States where they have been placed in large, barren institutions has given rise to a legitimate outcry and demand for congressional action. These unfortunate children have been cut off from any contact with their families, deprived of the possibility of visitation, and effectively denied the potential for reunification with their families. Litigation by the children's defense fund in Louisiana in the Gary W. case has amply demonstrated the abuses which have arisen in the interstate movement of foster children. However, these problems are not necessarily limited to interstate placements of children. Placement of children in foster homes or institutions hundreds of miles from their homes within the same State severely limits the ability of the family and child to maintain contact and to become reunited.

It has been found that sometimes not even the child's caseworker maintains contact with the child in these situations. The GAO study of foster care indicated that in many of the States reviewed, there were no regular visits to the institutions by caseworkers. Moreover, almost half of the institutions actually visited by the GAO auditors had serious deficiencies in terms of repairs, cleanliness, and available facilities.

Mr. President, there is strong and legitimate concern in our country that foster children should reside in the least restrictive, familylike setting consistent with the child's interests and special needs. There is widespread agreement that many children are inappropriately placed in foster-care institutions and deprived of the benefits of family life as a result of such placements. The proposed Child Welfare Amendments of 1977 address this particular problem—the overinstitutionalization of foster children—in two fashions. First, it requires that the child be placed in the least restrictive, most familylike setting consistent with the best interests and special needs of the child. Of course, there are some children for whom institutional care is the most appropriate placement. However, it is important that the possibility of placement in a family or familylike setting be explored as a potential placement for every child.

FISCAL DISINCENTIVES FOR PLACEMENT IN LARGE INSTITUTIONS

Second, the proposed Child Welfare Amendments of 1977 contains a fiscal disincentive to discourage the placement of foster children in large institutions. This provision provides that States will receive 80 percent of the reimbursement rate for children placed in institutions containing over 25 children. This provision will not become effective until fiscal year 1980 in order to give States the opportunity to move children out of large-scale institutions before the fiscal disincentives become operational. I might add, Mr. President, that this same policy of discouraging the placement of children in institutional settings is also embodied in the Juvenile Justice and Delinquency Prevention Act. The concerns regarding the deinstitutionalization of juveniles are applicable with at least the same force to the deinstitutionalization of foster children. I believe that the benefits to a young child of residing in a family or familylike setting, as opposed to an impersonal and often sterile or oppressive institutional setting, can hardly be debated.

Mr. President, there are several other provisions of the proposed Child Welfare Amendments of 1977 which I would like to discuss. First of all, these amendments would continue in the new title IV–E the various requirements in the existing law—section 408—such as coordination of this program with other Federal programs, monitoring and periodic evaluations by State agencies of activities carried out under its provisions, restrictions on the disclosure of information concerning individuals assisted under the State plan, and the application of standards set forth in the Social Security Act—section 2003(d)(1)(F)—to foster family homes or institutions receiving funds under these provisions.

CASE PLAN REQUIREMENTS

Secondly, the legislation would continue the requirement that a case plan be developed for each child in foster care placement. The proposed Child Welfare Amendments of 1977, however, would define, with minimum specificity, the kind of information that should be included in a case plan. For example, a child's case plan should contain a description of the type of home or institution in which a

child is to be placed, including a discussion of the appropriateness of the placement, a plan of services that will be provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the plan of services provided to the child under the plan. The State must also provide as part of its case plan, for periodic review of the necessity for the child's being in a foster family home or institution.

CEILING ON TITLE IV–E MAINTENANCE PAYMENTS

Finally, Mr. President, the proposed Child Welfare Amendments of 1977 contains provisions for a ceiling on the funding of maintenance payments under the new part E—formerly IV–A—of the Social Security Act proposed by the administration. The administration proposal, that the new title IV–E program will continue as an entitlement program until fiscal year 1980 when a cap, based upon the States fiscal year 1979 funding level, plus 10 percent, will be placed upon a State's reimbursement under the program. The cap will increase by 10 percent each year until 1985 when the ceiling in the program will be reached at approximately 60 percent of the fiscal year 1979 expenditure level.

Mr. President, let me digress here for a moment to say that the designation of of a new part E of title IV of the Social Security Act proposed in the administration bill to contain the foster care and initiate adoption assistance programs, while of minor technical importance, is of symbolic importance, since it removes foster care from the AFDC "welfare" program under title IV–A. Although many of the components of the new title IV–E foster-care program will resemble the essential ingredients of the IV–A foster-care program, the transfer of the foster care and the new adoption assistance program out of a program generally regarded as a "welfare" program, into a new and distinct title under the Social Security Act is an important symbolic recognition of the differences between the child welfare effort on behalf of foster children and children eligible for adoption, and the existing welfare program.

Mr. President, returning to my discussion of the ceiling on funding maintenance payments, I do want to say that I have certain reservations concerning the appropriateness of placing a cap upon a maintenance program of this type. The rationale underlying this fiscal limitation is that it will discourage placement of children in foster care. Under existing law, there are virtually no financial constraints on the inappropriate placement of children in foster-care situations. A State is fiscally free to remove any number of AFDC eligible children from their own homes, place them in foster care, and receive unlimited Federal financial support. Under the fiscal constraints proposed in the proposed "Child Welfare Amendments of 1977," the ceiling placed upon IV–E funding can discourage the utilization of these restricted funds for children who could be maintained, with services, in their own homes. States will be encouraged to place in foster care only those children whose removal from their families is clearly necessary.

This system, however, can be effective only with very substantial provision of new moneys to provide the types of services which would permit a State to leave a child in his own home. Under the present system, while the Federal Government provides open-ended funding of children who are removed from their homes, it expends only a small amount of money to provide services which would enable the child to remain with his own family. One of the most important provisions of the proposed "Child Welfare Amendments of 1977" is the commitment of the Federal Government to provide these new funds for services under title IV-B of the Social Security Act.

I believe, however, despite the possibility that a ceiling on title IV–E funds may have a beneficial effect by discouraging unnecessary placement of children in foster-care situations, that we must be very concerned that we do not place a cap on a maintenance program such as foster care which will result in children left in homes which are harmful. If the administration proposal to cap this program is successful, I believe that we must make a commitment to observe carefully in 1980, when the cap becomes effective, the effects of this ceiling. We must be prepared to make adjustments at that time, if necessary, to insure that the welfare of foster children is protected. For these reasons, I have requested, and the administration has agreed, that a provision be included in this legislation for a report to be made on March 1, 1980, to the appropriate committees of the Senate and House of Representatives, regarding the implementation of this bill. If, at that time, there are indications that the ceiling on the new IV–E program is too low, I believe we should take the necessary steps to raise the ceiling.

CEILING ON ADOPTION ASSISTANCE PAYMENTS

Mr. President, I have one additional and very substantial reservation regarding the appropriateness of a ceiling on the IV–E program. While legitimate policy arguments may be made to support a ceiling on foster-care maintenance as a means to discourage unnecessary foster-care placements, no such policy argument supports placing a ceiling on adoption assistance payments. Under the proposed IV–E program, foster-care maintenance payments and adoption assistance payments are funded out of the same entitlement and are subjected to the same ceiling.

Unlike foster-care placements, there is no policy reason to discourage adoption placements. Similarly, unlike foster-care placements, there is no expectation or desire for the child to be moved out of the placement, thereby freeing up funds for new children. Adoption placements are permanent and are intended to be so. Moreover, unless the circumstances of the family change, these payments would normally continue until the age of majority.

Thus, Mr. President, I believe that placing a ceiling on adoption assistance payments under new part E is not productive and not in the best interests of the children involved. I hope and urge that the administration will change its present position on this issue before this legislation is presented to the full Senate.

PLACEMENT OF FOSTER CHILDREN IN HOMES OF RELATIVES

Mr. President, there has been some controversy in past years over the placement of foster children in the homes of relatives under the existing title IV–A foster-care program. Clearly, in many cases, such placements are in the best interest of the children and permit them to maintain contacts with extended family members. Some States, however, have refused to include foster children placed in the homes of relatives under the AFDC–FC program. Thus, if a court or agency determined that there was an appropriate relative willing to take a foster child into his or her home, such a State would refuse to reimburse that relative for the child's care under the AFDC–FC rate—providing instead a lower, regular AFDC payment for that child.

Litigation over this type of discrimination against families reached the Supreme Court in the case of *Youkum* v. *Miller*, 425 U.S. 231 (1976). HEW, in the Youkum case and in subsequent cases, has taken the position that foster children placed in the homes of relatives are eligible under the title IV–A foster-care program. The Youkum case was remanded to the district court for consideration of HEW's position.

Notwithstanding HEW's interpretation of the title IV–A program, an undetermined number of States continue to exclude foster children placed in the homes of relatives from the existing IV–A foster-care program. I believe that this policy is not in the best interest of children and is another unfortunate example of the type of action by Government agencies which undermines the stability of families in this country.

Mr. President, under the new title IV–E program, foster children placed in the homes of relatives would be eligible for the same financial reimbursements that foster children placed in the homes of strangers receive. This interpretation is consistent with HEW's view of the present law. Any alternative construction of this law would be inconsistent with our desire to see children situated in the best possible placements.

REALLOCATION PROVISION

There is one additional fiscal component with respect to the funding of the new title IV–E program which I would like to describe. The bill provides that States will continue to receive their 1979 level of payments under title IV–E—plus the 10 percent per year increase—irrespective of the actual numbers of children in foster care or adoption assistance placements after fiscal year 1979. Specifically, a State which is able to reduce its foster-care placements after 1979 will

continue to receive the 1979 level of payments and be permitted to utilize its excess funds for child welfare services. This additional service money could also result in a continuing decrease in children in foster care and continuing release of maintenance moneys for service programs.

Now, Mr. President, I would like to turn to the child services component of S. 1928, the proposed "Child Welfare Amendments of 1977." These provisions, I believe, are among the most exciting aspects of this legislation and offer perhaps the most promise of revitalization and reform of the foster care system.

FEDERAL PARTICIPATION IN CHILD WELFARE SERVICES UNDER TITLE IV–B OF THE SOCIAL SECURITY ACT

Mr. President, title IV–B of the Social Security Act provides for a mechanism of funding child welfare services by the Federal Government through State public welfare agencies. The child welfare moneys made available to the States through title IV–B can be utilized by the States for a wide variety of child welfare services, ranging from foster-care programs to child protection systems. One particularly important element of the title IV–B funded programs is the absence of a "means test" for assistance. In other words, State agencies have been able to extend child services, for example, where a child is being physically abused by his family, without the necessity of requiring an income eligibility test.

Moneys that the States have received under the IV–B program have been virtually unrestricted programmatically and States are free to utilize these funds for whatever child service programs they deem necessary.

Despite the potential for supporting innovative and constructive child services programs, the IV–B program has never been as effective as its promise. First of all, although the authorization level for the IV–B program has exceeded $200 million for the last 4 fiscal years and is $266 million for fiscal year 1977, the appropriations level for title IV–B has never risen beyond a level of $56.6 million. Second, although States have been free to utilize these funds for a wide range of child services, estimates indicate—as I pointed out earlier—that as much as 80 percent of the title IV–B funds received by the States are expended on foster-care maintenance payments for children who are not eligible for the title IV–A foster care maintenance program either because the children are in voluntary placements or are not AFDC–eligible.

Thus, the potential for supporting innovative and useful child services programs under title IV–B has not been met. Instead, title IV–B funds, for the most part, have served to defray in small part massive State expenditures—totaling about $550 million—to support a parallel foster-care maintenance program for children ineligible for the title IV–A program.

It is not surprising, therefore, that many critics of the Federal financial participation in foster care point out that although the Federal Government literally pours about 250 million Federal dollars a year into the maintenance of children in foster-care situations, almost no Federal money is directed either toward providing children and their families with the services that might prevent the initial break-up of the family units or promote the reunification of these families. The failure of the Federal Government to fund title IV–B at its full authorization level combined with the failure of the States to utilize the bulk of the funds received under title IV–B for anything other than foster-care maintenance is a disheartening and unacceptable demonstration of our present low level of commitment to children and families.

TITLE IV–B BECOMES ENTITLEMENT PROGRAM

The proposed Child Welfare Amendments of 1977 addresses this problem in two ways. First, it transforms the IV–B program into an entitlement program at the funding level set in the existing authorization—$266 million. Thus, States will receive a considerable increase in Federal moneys under title IV–B program. Moreover, with the transformation of title IV–B into an entitlement program, States will be assured that funding will continue for programs initiated with the new title IV–B funds.

LIMITATIONS OF IV–B FUNDS

However, given the dismal record of expenditures of title IV–B moneys in the past, the new Federal money is to be made available only with some limitations attached. States will not be permitted to spend any of the new title IV–B funds on foster care maintenance payments or adoption assistance payments. States may continue to utilize their shares of the present $56 million Federal dollars for these programs. Although I believe this restriction regarding the new title IV–B funds is questionable for the adoption assistance program—since this is a new program we should be encouraging, not discouraging it—the restrictions on use of new moneys for foster-care maintenance do appear to be necessary to prevent these funds from being spent in the same dead-end fashion as the existing IV–B funds have been spent in the past.

RESTRICTIONS ON DAY-CARE EXPENDITURES

States will also be restricted in utilization of these new funds for day care which is solely for the purpose of allowing a parent to be employed. States will not be permitted to expend any more funds from their new title IV–B allocation than the level of expenditures for fiscal year 1977 for this purpose. This restriction would not, of course, apply to the provision of day care services in situations other than where the purpose is to allow a parent to be employed. For example, specialized day care programs are sometimes utilized to prevent a family break-up, particularly where there is a need for a parent to have some relief from child-care responsibilities. Use of IV–B moneys for these purposes would not be restricted.

DISTRIBUTION OF NEW IV–B FUNDS

Distribution of the new title IV–B funds will come in two stages. In fiscal year 1978—and, where necessary, in fiscal year 1979—the Federal Government will make available to the States up to 30 percent of the new title IV–B funds. This 30 percent, or $63 million, will be in addition to the $56.6 million received by the States under title IV–B—for a total IV–B level of $120 million. States may utilize this new money on any child service program they desire, except that they cannot expend it on maintenance programs or, as I have just indicated, on child care which is solely for the purpose of allowing a parent to be employed.

However, in order for a State to receive its share of the remaining new money under IV–B—the remaining 70 percent—a State must meet the following five requirements and the 30-percent new funds are basically intended to help a State develop the capacity to do so:

There will be a change in the matching rate for title IV–B funds. Under existing law, the Federal share for IV–B ranges from 33⅓ to 66⅔ percent. Under the administration proposal the matching rate will be 75 percent Federal and 25 percent State which is the rate used for the title XX social services program.

INVENTORY OF ALL CHILDREN IN FOSTER CARE FOR SIX MONTHS

First. To be eligible for the additional money under title IV–B, a State must conduct an inventory of all children who have been in foster care under the responsibility of the State for a period of 6 months. As part of this inventory, the State must determine the appropriateness of and necessity for the current foster-care placement and whether the child can be returned to his or her parents or should be freed for adoption. The State must indicate in this inventory what services are necessary to facilitate either the return of the child or the placement of the child for adoption.

The inventory must also indicate, in the aggregate, the number of children in placement for over 6 months, the ages of such children, the type of placement in which they reside, the length of time they have been in placement, the reason for the initial placement, the legal status of the child, and the number of children, by category, for whom the current plans envision an eventual return to parents, adoption, or legal guardianship. This inventory of children, in the aggregate, must be made public by the State.

ABSENCE OF DATA—A CRITICAL PROBLEM

The absence of data on the children now in the foster-care system is one of the most critical problems facing us today. The requirement of a one-time inventory of the 350,000 to 400,000 children now in foster care is designed to find out where these children are and what is happening to them. Until States have taken account of their existing foster-care populations, the reforms hoped for in the foster-care system cannot take place in a meaningful fashion. It is disgraceful that this information is not currently available. The thousands of children who are frequently described as being "lost" in the foster-care system—in some cases, without even a caseworker assigned to them—must be found and helped as we begin our task of protecting the interests of children and families

who enter the foster-care system in the future.

DEVELOPMENT OF STATEWIDE INFORMATION SYSTEM

Second. In order for a State to receive its additional 70 percent of the new title IV-B moneys, it must design, develop, and establish a Statewide information system from which the status, demographic characteristics, location, and goals for the placement of every child in foster care or who has been in such care within the preceding 12 months can be readily determined.

This requirement is designed to provide a permanent mechanism for the tracking of children in foster care and to prevent the build-up which presently exists of children lost in the foster-care maze. The establishment of such a system is also important as a vehicle to maintain information on how well a State is moving its children into and out of foster care.

Mr. President, during our hearings on the Opportunities for Adoption Act, we established that it is impossible to account accurately for the number of children in foster care because of the lack of administrative and recording systems capable of keeping track of these children. The result is that they can linger in foster care for years without having any efforts made to return them to their homes of birth or free them for adoption. In S. 961, we require that the States participate in a national data gathering and analysis system so that, for the country as a whole, we would have the ability to evaluate accurately problem areas in moving children from inappropriate foster-care placements, and have better accountability systems for determining how Federal dollars in this area are being spent. While I am pleased that the development of a Statewide information system is a requirement under the Administration proposal, I feel strongly that such systems should be compatible so as to facilitate the collection of national data. Such a compatible system for collecting statistical information on adoption placements is a provision of my substitute amendment—No. 579—for title I of S. 961. I hope that as S. 1928 is considered by the Congress, more thought will be given to the value of the development of such compatible State systems.

NATIONAL DATA

Section 476(a)(2) of the proposed Child Welfare Amendments of 1977 does provide that the Secretary of HEW must collect and publish data pertaining to the incidence and characteristics of foster care and adoption throughout this country. This data hopefully will provide us with vitally needed information on the foster-care system on a national basis. However, unless States develop compatible systems for collecting this data, HEW will not be able to carry out at all effectively this statutory mandate and valuable information on national patterns and trends will be lost.

A CASE REVIEW SYSTEM

Third. States must also establish a case review system to insure that each child receiving foster care under the supervision of the State has a case plan and that the status of each child is reviewed no less frequently than once every 6 months by either a court or administrative body. This review is designed to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship.

Existing law under title IV–A requires that each child in foster-care placement have a case plan and some form of periodic review. Unfortunately, compliance—where any exists—has been sadly lacking with these generalized requirements. The GAO investigation of foster-care placements found widespread failure to provide vital information in the case plans. Only one-third of the children reviewed in the GAO investigations had received reviews. Other studies have found a similar, appalling lack of information.

Strengthening the existing case plan and review procedures by specification as to the type of information which, at a minimum, must be contained in case plans and what focus should be made in periodic review, is designed to correct the existing problems in this area.

ESTABLISHMENT OF A SERVICE PROGRAM TO PREVENT REMOVAL OF CHILDREN FROM HOMES, REUNIFICATION OF FAMILIES OR, WHERE APPROPRIATE, PLACEMENT OF CHILDREN FOR ADOPTION

Mr. President, the requirement that States must establish a service plan to prevent the removal of children at risk from their families, to reunite families, and to move children who should be freed for adoption into permanent new homes in order to receive additional title IV–B moneys, is another important component of this new proposal.

The States and Federal Government annually spend millions of dollars on the maintenance of children in foster homes and institutions. Yet, our commitment to provide equivalent support for programs that would prevent or shorten the length of time children remain in foster care has been sadly lacking.

Every study of the existing foster-care system has found a dismal absence of services provided to the family—services which would prevent the removal and long-term placement of children in foster care. Yet, in recent years there have been demonstration service delivery programs throughout the country which have shown that we can dramatically reduce foster care placements by providing services to the family and children in their own homes.

For example, in Nashville, Tenn., the comprehensive emergency services program, funded by HEW, dramatically reduced both the number of foster care placements and the time in placement. The statistics are remarkable: A 56-percent reduction in number of neglect and dependency petitions, 51-percent reduction in the number of children removed from homes, 85-percent reduction in the number of children placed in institutions, 100-percent reduction in the number of children under 6 placed in institutions, 88-percent reduction in the recidivism rate for neglect and dependency, and finally, a reduction in the percentage of children in long-term care—more than 2 years—from 94 percent to only 34 percent. The net savings under the Nashville program was $68,000.

Similar results can be found in other programs around the country. A child welfare league program in New York City—the New York State preventive services demonstration project—provided for an investment of $500,000 for services, an estimated savings of $2 million in 1 year. A project operated in over a dozen cities around the Nation by the National Council of Juvenile Court Judges—the children-in-placement project—has sharply reduced the number of children in care and reunited children with their families in every community in which it has been implemented. Judge John P. Steketee of the Grand Rapids, Mich., juvenile court aptly described in his testimony before a hearing—chaired by Congressman GEORGE MILLER—of the Select Education Subcommittee of the Education and Labor Committee in the House of Representatives last fall, the basic principles upon which such a system is based. Judge Steketee testified:

> If a family has problems, the most humane, effective and economical way to assist is by protective services intervention. If a family is to be separated, this should be only as an emergency or last resort and we must all work together toward reuniting that family. If out-of-home placement continues unduly—weeks and months stretching into years—it is imperative that planning be made for permanency for the child.

The human costs of failing to take whatever steps are available to prevent the removal of a child from his family are beyond calculation. The financial costs of placing a child in long-term foster care—running as high as $13,000 a year for institutional placements in places like New York City—can become enormous, particularly in contrast to the cost of the preventive services which could avert the necessity for removal or continued removal of the child. Our present system provides through its open-ended financing for a dramatic incentive for continuing children in foster care situations and only a tiny fraction of that money for preventive services.

Hence, efforts to reunite families when children are in foster care are minimal in the existing system. The GAO study found, in the cases it reviewed, that in 45 percent of the cases, the families of the children in foster care were not even visited by caseworkers; and case plans frequently provided no planning for reunification of families. The HEW study of foster care in five States—Arizona, California, Iowa, Massachusetts, and Vermont—reached similar conclusions. Efforts must be made both to prevent families from being broken up and to restore children to their families when possible.

A PROGRAM FOR ADOPTION SERVICES

Fourth: The final service program required for a State to receive additional title IV-B funds, is a program of adoption services so that where it is carefully

determined that a child cannot be returned to his or her biological family, the child need not linger indefinitely in a temporary foster-care situation. A State must develop and establish a program of adoption services which will permit such children to find adoptive homes and establish permanent relationships with families.

Mr. President, I will describe in more detail the types of adoption services envisioned under this provision later on in my remarks. I am, of course, deeply involved in and committed to adoption services. For several years I have been working closely with groups and individuals involved in the area of adoption reform. They have contributed much to the development and refinement of S. 961, my proposed Opportunities for Adoption Act, and many of their ideas should interrelate with the new proposal, S. 1928, which I am introducing on behalf of the administration.

DUE PROCESS PROCEDURES

Finally, the fifth requirement for receipt of the additional IV-B funds is the requirement that a State establish specified minimum due process procedures to protect the rights of parents, foster parents, and children. These safeguards must include a requirement that each child receive, no later than 18 months after the original placement, a hearing to determine whether the child should be returned to the parent, or requires continued placement for a specified period, or should be freed for adoption or legal guardianship through appropriate proceedings.

Mr. President, these due process provisions must also apply to such aspects of the foster-care process as the removal of the child from the home of his parents, changes in the child's placement, and any determination affecting visitation privileges by parents.

The legislation does not specify the precise mechanism or the specific procedures which a State must follow in establishing due process protections. The procedures, must, however, embody the basic components of due process—providing parents and other interested parties with notice of proceedings, the nature of the proceedings, and the possible consequences. The parties must be provided an opportunity to be heard. Where necessary, counsel must be provided. For example, the U.S. Court of Appeals for the Ninth Circuit has held that the due process clause of the Constitution requires that States must provide counsel for indigent parents in proceedings in which parents cannot properly present their case without counsel and where the parents face a substantial possibility of loss of custody of child or a prolonged separation from the child (*Cleaver* v. *Wilcox*, 499 F. 2d 940, 9th Cir. 1974).

The parties should also receive timely notice as to any determination of their rights and an indication of the basis for the decision. Such proceedings need not, in every case, be a full judicial hearing, but should be presided over by an impartial and disinterested person and comport with the general notion of due process proceedings. Obviously, the more serious the nature of the rights affected the more formal the proceedings must become.

Mr. President, these minimal due process requirements—leaving to the discretion of the States the precise mechanisms for protecting the rights of persons in the foster-care system—are clearly necessary to insure that each person be treated with the fairness and procedural safeguards essential to the operation of a fair and equitable system.

RELATIONSHIP OF S. 961—AMENDMENT NO. 579—TO S. 1928

Mr. President, I would like now to turn to the relationship of S. 961 to the adoption reform provisions of the administration proposal.

I introduced S. 961, the proposed "Opportunities for Adoption Act," on March 9 of this year. It represents the culmination of more than 5 years of research, drafting, counseling with experts in the adoption field, redrafting, and introducing into the legislative process—first, in the 93d Congress, and again in the 94th. The first hearings on the measure were held during the summer of 1975 by the former chairman of the Senate Subcommittee on Children and Youth, now Vice President MONDALE, who was so pivotal in convincing the administration to move in the direction embodied in S. 1928. When we were unsuccessful because of time pressures last Congress in securing Senate passage of the Opportunities for Adoption Act, I reintroduced the new version—S. 961—in the 95th Congress.

I called hearings on S. 961 as one of my first actions as chairman of the newly designated Subcommittee on Child and Human Development of the Human Resources Committee. The hearings dramatically demonstrated the disincentives to adoption inherent in our present foster-care system, and demonstrated as well that there are many compassionate adults who are eager to shower love and affection on children with special needs, if only they could be freed from the limbo of foster care. The hearings increased my own enthusiasm about the prospect of providing more meaningful and stable lives for many of these youngsters who in the present system have no hope of ever returning to their homes of birth, and for making a real difference in the otherwise uncertain, too often hopeless, lives of thousands of children.

On May 16, S. 961 was favorably reported from the Human Resources Committee, and is now pending on the Senate Calendar. It has been held there awaiting resolution of our more than 2 months of intensive negotiations with the administration—which has culminated in today's submission and introduction of S. 1928.

The purpose of S. 961 is to facilitate the removal of barriers to interstate adoptions, to facilitate the placement of children with special needs in permanent adoptive homes, and to authorize financial assistance for the medical care and other necessities required for these children. While S. 961 provides for overall reform in the adoption process, the legislation I am introducing today on behalf of the administration provides the necessary funding mechanism for the financial assistance which is so crucial to children with special needs—both by granting them medicaid eligibility, under title XIX of the Social Security Act, and providing maintenance assistance through the use of the Social Security Act's title IV–A—proposed to become IV–E—entitlement.

A GIANT STEP FORWARD

The financing of adoption assistance through titles IV and XIX of the Social Security Act is truly a giant step forward for children who would benefit by adoption. I applaud President Carter, Vice President Mondale, HEW Secretary Joe Califano, and Assistant Secretary Arabella Martinez for their sensitivity to this need, for their willingness to move forward in this area, and for their very, very hard work—and that of their staffs—toward the development of this proposal during the past several months. I want to point out, too, Mr. President, that such financing not only will be of enormous benefit to children with special needs, but should even save taxpayers money in the long run, since the high proportion of the adopted children who these provisions will benefit in many instances will require less assistance in adoptive placements than they would had they been relegated to spend the rest of their childhood in foster care.

Mr. President, I would like now to discuss the specifics of the adoption provisions in the administration proposal.

S. 1928: ADOPTION MAINTENANCE PAYMENT

Mr. President, section 472(a)(1) of the new part E—Federal Payments for Foster Care and Adoption Assistance—in S. 1928 authorizes federally supported maintenance payments for adoption assistance, when a child with special needs who had been eligible for foster care is adopted by parents whose income at the time of the adoption does not exceed 115 percent of the State median income for a family of four—adjusted for family size, including the size of the family after adoption—in accordance with regulations of the Secretary which take into account special circumstances. While philosophically I have difficulty with the notion of including a means test in any adoption reform policy, I feel that the overall merits of the administration's proposal far outweigh the demerits of including a means test for adoption assistance.

It has always been my view that adoption assistance should be tied to the needs of the child, and not to the income level of the adoptive parents. Studies have shown that 80 percent of the families who adopt children with special needs have biological children of their own, and often opt to have children in need of adoption join their families rather than to bring more children into the world.

On April 4 of this year, I chaired hearings on S. 961 which dramatically demonstrated that there are many families willing to adopt so-called hard-to-place children and who do so at great sacrifices. In determining how much of themselves and their families they can contribute to an adopted special-needs child, they must consider their commitments to other members of their family. I do not believe that these extraordinary people should be

required to lower the standard of living for their other children in order to take on the burden, albeit a loving one, of adopting a special-needs child. Let me provide a specific example:

Constance Jones is a pediatric nurse practitioner and single parent earning $18,400 per year. Four years ago she adopted Shannon, a 4-year-old boy with genuine hyperactivity.

In March of this year, she adopted 6-year-old Barbara who had lived all of her life in a convalescent home for crippled children because of a variety of birth defects. Miss Jones asked for no subsidy for Shannon and receives $100 per month for Barbara.

She had to invest in educational toys for Barbara who had been so deprived living in an institution that she could not attend school. This child had never seen the inside of a house. Miss Jones pays $65 per week to send the girl to a private kindergarten—necessary for babysitting purposes while the mother works. The public kindergarten is only open mornings.

Because of her physical deformity Barbara drags her feet. So she goes through a pair of shoes per month. She falls often and lamps and furnishings are broken. Miss Jones also sends both children to private camps offering special programs for deprived children.

Examples like this are why I felt it so necessary that there be an exception to the means test in the administration proposal. Section 472(a)(2) thus includes an exceptions provision which allows special circumstances to be taken into account when determining whether or not prospective adoptive parents can receive federally assisted payments even though they do not meet the means test set forth in the proposal. Such special circumstances, in addition to those demonstrated by the accounts of Shannon, and Barbara, would include the fact that a child with special needs has been living with and has developed emotional ties to a foster family whose income is above the means test level, and that foster family would have to lower its own standard of living to continue having that child live with them in an adoptive situation. Such special circumstances might also include the need for extraordinary dental assistance that might not otherwise be covered by Medicaid; it might include special costs associated with an incontinent child whose family needed to buy new mattresses every few months; it might include special costs for new glasses for a child who constantly breaks the glasses provided for him. These are the kinds of special problems that are related to adopting children with special needs that might not readily come to mind for those of us who have not experienced such problems. It should include too the factors of seasonal employment and fluctuating incomes.

I would like to also add, Mr. President, that while the income limitation in the bill provides that prospective adoptive parents not have an income exceeding 115 percent of the median income, in my view, States certainly should not institute any lower standard than that set forth in the Federal legislation.

Mr. President, another aspect to be considered when discussing the means test is this—we must keep in mind that the higher the income of the adopting family, the less likely it is that the family will require an adoption assistance payment to help care for their special-needs child. Conversely, the lower the income of the adopting family, the more likely it is that they will need greater assistance. So not only will it be more costly to follow a policy of placing a special-needs child with the lower income family, such a policy will also create an incentive to place the children most in need with the families that have the least resources of time and income to care for them. I certainly do not believe the Federal Government wants to pursue or encourage that kind of a course.

TERMS OF ADOPTION ASSISTANCE

Mr. President, section 472(a) also provides that the amount of the adoption assistance may not exceed the foster-care maintenance payment which would have been paid during the period if the child had been in a foster family home. I believe that this provision is most reasonable—in fact, it is similar to a limitation in S. 961 with respect to the limits placed on the amount of adoption assistance. It demonstrates, too, the cost effectiveness of the adoption assistance concept, in that the financial costs will never be greater than those associated with retaining a child in the least expensive setting in the foster-care system.

Section 425 of the new part E sets forth the definition of adoption assistance agreements as meaning a binding, written, and consensual agreement between the State agency and other relevant agencies and with the prospective adoptive parents of a child with special needs, which specifies the amounts of the adoption assistance and any social or other services and assistance which will be provided for the child pursuant to the adoption assistance agreement. Section 472(a)(5) makes it clear that the assistance may be provided before an adoption becomes final while the child is residing in the home of the prospective adoptive parents.

I was very pleased that these provisions were included in the administration's proposal. They are derived from section 103 of S. 961 which sets forth conditions for adoption assistance agreements to be negotiated by the prospective adoptive parents. The adoptive parents should have the right to reopen negotiations regarding the amount of the adoption assistance agreements when changes in circumstances, or an emergency, or an increase in the cost of care, necessitates a change.

The adoption assistance agreement provided for under S. 1928 would be entered into by the adoptive parents, the State agency involved in the adoption placement and other relevant agencies dealing with the needs of the child and the adoptive family. The agreement would spell out not only the terms, conditions, duration, and cost-of-living considerations surrounding the adoption assistance payment, but would also include a description of the services and assistance to be provided by the various agencies interested in the child's welfare. These other services might include services provided under title IV–B or other Federal or local programs.

These provisions in S. 1928 are derived from the provisions of section 103(b)(2) of S. 961 as reported, which provides that adoption assistance agreements should involve, to the maximum extent feasible, all parties and agencies which may be or have been providing assistance or services to the child. This provision was designed to provide the maximum coordination, continuity, and unification in the provision of the necessary services and assistance by various agencies. Section 103(a)(3)(B) of S. 961 as reported specifically provides that funds may be utilized both to assist parents in locating, and where alternative support is not reasonably available, defraying the cost of, post-placement and post-adoption special services for children as a result of conditions which existed prior to their placement or adoption. Under S. 1928, these services, if not available under other programs, could—and, I believe, should—be provided under the child welfare services funds so vastly expanded by S. 1928 under title IV–B.

SPECIFICATION OF INTER-STATE RIGHTS UNDER ADOPTION ASSISTANCE AGREEMENTS

An additional—and sometimes very important—factor which should be spelled out in any adoption assistance agreement is the obligations of the parties if the adopting family moves from one State to another unexpectedly found hearings on S. 961 indicate that this is sometimes a critical problem. In some cases, families which have moved from one State to another unexpectedly found that their adoption assistance had been terminated because of their move.

While S. 1928 does not provide that the adoption assistance payments must follow a family moving from one State to another, this is obviously a highly desirable requirement to insure stability and continuity. In any event, the adoption assistance agreement should certainly indicate under what conditions such assistance might be terminated and specifically whether it would continue if the family moved out of the State. Clearly, however, if the child was eligible for medical assistance under the medicaid provisions of S. 1928, such assistance would not be in any way affected by the family moving into another State. Even if the receiving State had opted, under section 472(c) of the new part E to be added by S. 1928, to limit medicaid coverage to care for the preexisting "special needs"—contributing factor whereas the originating State had not, it would be the obligation of that State and the Federal Government to make good the promise of full medicaid eligibility for that child in a situation where the adopting family moves.

CONTINUATION OF ADOPTION ASSISTANCE

I was also pleased that S. 1928 provides for continuation of the assistance payments through the age—18—at which an unemancipated handicapped child would be eligible in his own right for other Federal assistance, such as SSI, or eligible in his own right for medicaid as a disabled recipient of SSI.

Mr. President, I believe this continuity-of-support aspect is most important, especially regarding handicapped children. During hearings on the proposed Opportunities for Adoption Act in 1975, we received strong testimony which cogently demonstrated the case for not arbitrarily cutting off assistance for children with the most severe needs. I would like to include as a part of my remarks that most convincing testimony from Mark and Patricia Kravik:

* * * the term children with special needs * * * is satisfactory when we are discussing 99 percent of the children for whom adoption subsidies were designed: the older child, sibling groups, or children with mild or correctible handicapping conditions. All these needs can be met by a short-term subsidy or one time payment to meet a specific need. For a very minute number of children, however, the nature of their handicapping condition is so severe that they will always remain in a state of financial, legal, and physical dependency. As one foster parent of a Down's syndrome child candidly stated: "It won't mean a damn thing when Lisa turns 18!" Similarly, a chronological age of 18 years is of no consequence to the child with cystic fibrosis, spina bifida, or cerebral palsy. These conditions do not terminate on a child's eighteenth birthday as this legislation implies. To tell a prospective adoptive parent that any assistance for this child's special need will totally disappear at age 18 is definitely a deterrent for adoption. In the case of the child with cystic fibrosis or spina bifida the parents will still be confronted annually by thousands of dollars of medical and hospital bills—bills for which no insurance company will accept coverage since these are pre-existing conditions.

As adoptive parents in this same position we have personally contacted over 50 insurance companies both locally and nationally in an attempt to obtain medical-hospitalization insurance coverage for our little boy who is brain damaged. The response was consistently negative. For any chronic, non-correctible, major medical or handicapping conditioning of a pre-existing nature they could not provide coverage either prior to or after age 18. Our little boy has already undergone massive seizures requiring medication, two operations involving major brain surgery, three months of hospitalization, and extensive physical and speech therapy. Doctors have informed us that it is not only possible but quite likely that he will undergo future seizures requiring further brain surgery and hospitalization. This can as easily occur after his eighteenth birthday as before. If it happens after 18, however, we will be faced with insurmountable medical costs. This is a real fear, a real deterrent to adoption for the parent of a child with a severe handicapping condition or permanent medical problem. Our child has an I.Q. in the range of 35–40, he will always require the care and shelter of our home and family. We fully understand what this challenge of parenting on a permanent basis involves. What we cannot accept are the insurmountable costs that medical treatment, hospitalization, therapy programs, or rehabilitative services will require for the moderately to severely handicapped child such as ours after age 18.

In a recent survey conducted by the Montgomery County Association for Retarded Citizens in Maryland the greatest problem articulated by biological families of handicapped children was the ultimate concern, not for the immediate needs of the handicapped child, but for his or her future as a handicapped adult. The greatest obstacle to biological families is likewise the greatest obstacle to adoptive families. The "foreverness" of a burden is something no one can accept. As adoptive parents we are willing to accept part of that burden—the aspect of parenting for a lifetime. What we cannot carry, in these times of diminishing resources and economic inflation, is the insurmountable financial burden of extensive medical and therapeutic services that our child will continue to require after 18 years.

We personally know a number of foster families who would be ready tomorrow to adopt if they had these reassurances for extended support services after age 18: Kathy, a two year old spina bifida child in Virginia; Timmy, a deaf and retarded baby in Virginia; Larry, an autistic four year old with severe behavioral problems in Virginia; Lisa, a three year old with Down's Syndrome in Maryland; Brian, a blind and retarded four year old in Washington, D.C., and Laurie, a developmentally disabled two year old permanently paralysed from the waist down in Washington, D.C.

These are precisely the children that this legislation should be facilitating the adoption of. In the past because of their double burden of homelessness combined with a severe handicapping or medical condition they were for the most part shunted into state institutions, warehouses for human beings. Instead, we have today foster families coming forth saying they want to adopt these children right now if they are given the necessary extended support services. Not to give them the long term services that would make this legislation truly effective in terms of facilitating adoption is condemning these children to lifetime foster care and/or institutionalization instead of the permanent adoptive families which they deserve.

REASONABLE EFFORT TO PLACE WITHOUT ADOPTION ASSISTANCE

Mr. President, although the administration bill includes in its proposal a provision similar to one in the House passed, H.R. 7200, that efforts first be made to place a special needs child with adoptive parents who do not require an assistance payment, the administration provision goes on to stress that the best interests of the child must be considered in connection with this provision. Without such a special-circumstances exception, there might be a requirement that a child, who may have been residing in a home or should be placed in a home of a family who would require some assistance to adopt the child, be deprived of that home environment and placed in another setting simply because the family in the new setting was financially better off and did not require the adoption assistance. Certainly, emotional ties to a foster family is a principal factor to be considered when determining the best interest of the child.

VOLUNTARY REPORTING

Mr. President, in conjunction with the means test included in the S. 1928 for adoption assistance agreements, provisions are included in section 427(a)(4) of the new part E which require voluntary reporting by the adoptive parents to keep the State or local agency administering the adoption assistance program informed of circumstances which would make them ineligible for such assistance—for instance, if their income was substantially increased. Mr. President, in S. 961 we included a provision that parents make periodic declarations of the need for continuing adoption assistance, and we included report language which protected the privacy of the parents with respect to any investigations into these declarations.

In introducing the administration's proposal, it is my understanding that those protections are applicable to the voluntary reporting provisions of this bill as well. There should be the least possible intervention in the life of the adoptive family by the State or the local agency—it is certainly not our intention that adoptive parents have monitors come into their homes to carry out this provision.

Another concern arising out of this section might be that it lead to an automatic disqualifcation of prospective adoptive families whose incomes are just below, or have the potential to be raised just above the income cutoff for adoption assistance eligibility. This in turn could provide a disincentive to adoption—exactly the situation we are trying to correct by this legislation—unless the family understands that the assistance payment can continue, even if reduced on a sliding phase-out scale, until such time as the family's income reaches generally about 125 percent of the adjusted median income.

I would hope that such an arrangement could be considered one of the "special circumstances" to be taken into account when establishing a family's eligibility, in accordance with paragraph (2) of section 472(a). Otherwise, when foster parents find themselves just at the cutoff level, they might be forced to choose whether to adopt a child in their care and forego a promotion or new job that would benefit their other children, or keep the child in a foster-care arrangement so they can be assured of the continuation of the foster care maintenance assistance. Again, I think this is an intolerable alternative with which to confront these families.

On the other hand, Mr. President, an adoptive parents' income is significantly higher, the amount of the actual assistance payment necessarily should become sufficiently small so that the eventual complete cutoff of the adoption assistance payment will be minimal in comparison to the expected income gain from a promotion, new job, or renewed seasonal work, and should not act as a disincentive to those parents to working for their own and their family's advancement.

MEDICAID ELIGIBILITY

Mr. President, one of the major benefits affecting adoption reform included in the administration proposal is that which vests medicaid coverage in a child who was eligible for foster care and is later adopted, where a medical condition is a contributing—but not necessarily the major or a major—factor to the child's being considered a child with special needs. I cannot overemphasize the importance of this provision. Right now, children in foster care receive Federal medicaid insurance to pay for serious medical and emotional problems. If these children are adopted, however, they automatically lose this medicaid assistance, and adopting parents often find that their own insurance carriers will not cover these prexisting costs for an adopted child. This certainly is a "catch-22" situation.

S. 1928 would amend the law to permit

medicaid benefits to follow the child into an adoption placement—limited, if a State so elects, to care for those medical conditions. Such a change will eliminate one of the worst disincentives to adoption, which one of the witnesses at our hearing on the proposed Opportunities for Adoption Act, characterized as "a situation too bizarre to be believed." I want to point out, too, Mr. President, how pleased I am that there is no means test associated with the medicaid eligibility provisions of the administration proposal, and that the medicaid assistance extends to the age—18—at which a disabled child can be eligible for medicaid and maintenance support through SSI eligibility.

COVERAGE OF NON-RECURRING EXPENSES

Another important feature of the administration adoption proposal is the provision in section 472(b) authorizing States to cover the costs of nonrecurring expenses associated with the adoption of proceeding for a special needs child, such as legal and other expenses. I am pleased that there is no means test connected to this provision. This provision derives from section 103(a)(1) of S. 961 as reported.

DEFINITION OF CHILD WITH SPECIAL NEEDS

Mr. President, section 472 of S. 1928 sets forth a definition of a child with special needs as one whose ethnic background, age, membership in a minority or sibling group, or presence of factors such as physical, mental, or emotional handicaps renders him unable to be placed in adoption without the benefit of a subsidy. This definition is very similar to that in section 103(e) of S. 961.

STATE PLAN REQUIREMENTS

LEGAL SERVICE

Mr. President, one of the requirements for receiving full funding for the new title IV–B money under S. 1928 is that States develop a service program designed to help children remain with their families and, where appropriate, help children return to families from which they have been removed or placed for adoption or legal guardianship. Such services for adoption would clearly include defraying the cost of legal services for freeing children for adoption. This is a critical activity to remove the obstacles to permanent resolutions for many children in States where the laws are very strict as far as relinquishment is concerned.

HOME STUDIES

In addition, during the testimony received at hearings on the proposed Opportunities for Adoption Act, we learned that there is a great difficulty experienced by many families in finding an agency to conduct adoption home studies. Public agencies, which usually provide free adoption home studies, tend to be concerned with the children in their own caseloads. They are reluctant to study local families for the placement of children from other areas. Families interested in children from other jurisdictions are thus often forced to use private agencies—if there are any serving their areas—which generally charge substantial fees.

Home studies for nonlocal children, therefore, are usually difficult to arrange. I believe, therefore, that States, in designing a service program to help children be placed for adoption or legal guardianship, should include a provision for the conducting of home studies—as provided for in section 103(a)(1) of S. 961 as reported—without regard to the location or the State of the agency serving the prospective adoptive parents.

TRAINING

Critical, too, Mr. President, to the effort to provide for adoption reform in our country, is the training or retraining of current caseworkers to think in terms of adoption possibilities for children with special needs who traditionally have been thought of as unadoptable. I would hope that in their adoption service plans, States include adequate provision for such caseworkers retraining.

REPORTING REQUIREMENT

Mr. President, I was also pleased that the administration proposal contains, in section 9(b), a requirement that the Secretary submit a report on the implementation of the new part E programs to each of those committees of the Congress having responsibilities for various aspects of the proposal—to the Senate Finance Committee which has responsibility for foster care and child welfare services. To the Senate Human Resources Committee and House Education and Labor Committee which have oversight responsibility for various adoption reform, information, and services aspects. To the House Interstate and Foreign Commerce Committee which has responsibility for medicaid, and to the House Ways and Means Committee which has responsibility for foster care and child welfare services. This requirement is critical to the maximum coordination of the congressional effort to further the objectives embodied in the administration proposal.

SUBSTITUTE AMENDMENT TO S. 961

Mr. President, as I indicated at the outset of my remarks, I am also today submitting for printing a substitute amendment for the text of title I of S. 961 as reported by the Human Resources Committee on May 16.

The substitute amendment No. 579, which is cosponsored by all the cosponsors of S. 961 as reported, retains the basic mechanism for identifying the barriers to interstate placement and for recommending solutions to the problems they pose by calling for the development of model State adoption legislation and procedures to be issued and published by the Secretary of HEW.

MODEL LAWS

In my introductory remarks on S. 961, I summarized the extent of those barriers to interstate placements. I would like at this point to include an excerpt from my March 9 floor statement in this regard:

BARRIERS TO ADOPTION

In 1971, the Children's Bureau granted funds to the Child Welfare League of America for a project designed to identify the specific legal and policy provisions and practices that constitute common impediments to adoption. The study undertaken by Roberta Hunt for the League's Research Center and entitled "Obstacles to Interstate Adoption" examines the varying and sometimes conflicting ways in which the States strive to achieve both socially desirable and legally incontestable adoptions.

Among the obstacles she summarizes are the following:

First, Conflicting termination or relinquishment proceedings among and even within States which result in a situation where the adoption of a child in one State would not be recognized as valid were the family to move to another State.

Second. Local laws and policies restricting the right to consent to adoption to executives of local agencies, thereby prohibiting the transfer of guardianship from State to State. This results in a situation where adoptive parents must go to the State of the child's origin to file a petition. And in some States, laws restrict the filing of petitions to residents of that State.

Third. Conflicting State laws and policies regarding the termination of guardianships: The laws of one State making no provision for the termination of guardianship except in proceedings for adoption; the laws of another State requiring such termination even before the adoptive placement is made.

Fourth. Diversity in State adoption laws on the question of when an adoption decree may be granted.

Fifth. The existence of "importation and exportation of children" laws in some States which, while enacted a century ago to provide safeguards for the children by blocking their movement across State lines, now constitute an obstacle to interstate adoptive placements.

Sixth. The absence of uniform or coordinated interstate adoption assistance policies, for expenditures such as transportation, especially where older children are involved and preliminary visits across State lines are needed. In addition, the diverse provisions for subsidizing unusual adoption costs present obstacles to interstate adoption. For example, where a family in a State having adoption subsidy arrangements adopts a hard-to-place child from another State, that family will often be ineligible for subsidy assistance unless the other State also has a subsidy arrangement.

In her report, Ms. Hunt also suggests possible solutions to these obstacles, but concludes by citing the need for leadership in implementing a plan of action toward those solutions.

S. 961, and the substitute amendment to title I which I am submitting today, provide for such a plan of action.

ADOPTION ASSISTANCE PAYMENTS

Mr. President, my substitute amendment would delete all of section 103 of title I of S. 961, which proposed grants to the States for adoption assistance and services. The deletion of this section is made possible by the financing arrangement for adoption assistance payments and medicaid eligibility and child service provided under the administration's proposal.

BIRTH-RELATED COSTS

Mr. President, section 103(a)(2) of S. 961 provided the authority to States to cover the costs of prenatal, natal, and postpartum services for women voluntarily planning to place their children for adoption—after having been informed in writing that the acceptance of such services does not in any way constitute an obligation to proceed with adoption—and who are unable to assume such costs, to the extent that as-

sistance under other Federal or State programs in the community is not readily available to provide adequately for such services. That provision in S. 961 was designed particularly to be of benefit to women who desired to complete problem pregnancies and voluntarily relinquish their child for adoption, and who in certain circumstances might have had no alternative other than to resort to abortion or to accept assistance from black market profiteers.

I felt that the availability of such an alternative would help protect these women from succumbing to the pressures of such situations which might otherwise lead them to making decisions they would never make voluntarily. Thus, section 103(a)(2) of S. 961 provided a clear alternative to abortion and black market adoption.

Since this provision is not a part of the administration's proposal, and since the State grant provisions are not a part of my substitute amendment No. 579, I am writing a letter to HEW Secretary Califano urging that, as an alternative measure, the administration support legislation—either a comprehensive mental health program or through prompt amendment of title XIX—which will insure that every needy pregnant woman has the necessary medical assistance—for herself and her new-born child—to carry her pregnancy to term, free of economic or other coercion.

ADOPTION INFORMATION AND SERVICES

My substitute amendment No. 579 would revise section 104 of title I of S. 961, which calls for the establishment of a national office of adoption information and services in HEW. It would substitute a new section 103—Adoption Information and Services—which would require the Secretary to estalish in HEW "an appropriate administrative arrangement to provide a centralized focus for planning and coordinating of all departmental activities affecting adoption and for carrying out the provisions of" title I as amended by the substitute amendment.

DATA GATHERING

The Secretary would be required to provide for the establishment and operation of a national adoption data gathering and analysis system, utilizing data collected by States pursuant to requirements of law. Such information should assist in the development of sound adoption policies and practices, and will contribute to the usefulness of the reports required by section 9 of the administration proposal, S. 1928.

EDUCATION AND TRAINING PROGRAM

In addition, Mr. President, under the substitute amendment, the Secretary would be required to conduct an education and training program on adoption, as was provided for in section 104(b) of title I of S. 961. Appropriate information on adoption and available adoption services and adoption education and training materials would then be disseminated to all interested agencies, individuals, and organizations, including hospitals, health care and family planning clinics, pregnancy counseling agencies, social service agencies, and governmental bodies, so that those considering adoption and working in the field can be better informed about current practices and about changes that will come about with the successful enactment of the administration proposal.

ADOPTION INFORMATION EXCHANGE

Mr. President, the substitute amendment No. 527 would also provide for an adoption information exchange system, as was provided for in section 104(b)(6) of S. 961 as reported. This provides for the operation—by HEW directly or under contract—of a national adoption information exchange system, utilizing computers and data processing methods to assist in the location of children who would benefit by adoption and in the placement in adoptive homes of children awaiting adoption, and to coordinate the system with similar State and regional systems. The Adoption Resources Exchange of North America, ARENA, operated by the North American Center on Adoption, of the Child Welfare League of America, demonstrates the potential of such a system for locating adoptive homes for a child anywhere in the country. I believe that the enactment of this provision will contribute to the continuance and improvement of the ARENA-type exchange mechanism, and will assure all children waiting for adoption of a far greater opportunity for permanent placement with a loving family.

TECHNICAL ASSISTANCE AND COORDINATION

Mr. President, also included in our substitute amendment is the provision from clause (7) of section 104(b) of S. 961 as reported, providing for the provision of technical assistance in the planning, improving, developing, and carrying out of programs and activities relating to adoption, and clause (8) of that subsection, which provides for the consultation with other appropriate Federal departments and agencies in order to promote maximum coordination of the services and benefits provided under programs carried out by those departments and agencies.

STUDY OF UNLICENSED ADOPTION PLACEMENTS

Mr. President, amendment No. 527 also retains intact the requirement—although not the specificity—of section 105 of S. 961 as reported that the Secretary provide the appropriate committees of Congress with the results of a study designed to determine the nature, scope, and effects of black market adoption. Testimony on the proposed "Opportunities for Adoption Act" strongly suggested that most black market placements occur between States with weak adoption laws and procedures, and that these placements are extraordinarily exploitive of all parties involved. Congress can better determine how it should proceed in tackling this problem, and HEW how best to draft model adoption legislation, after having the benefit of the best possible national survey.

AUTHORIZATION OF APPROPRIATIONS

Our substitute amendment provides for an authorization of appropriations to carry out the purposes of the substitute at the level of $5 million for the fiscal year ending September 30, 1978, and such sums as may be necessary for the succeeding 3 fiscal years. S. 961 as reported had authorized the appropriation of $20 million for fiscal year 1978, a sum now unnecessary in light of the financing which would be available under title IV-A and IV-E of the Social Security Act as proposed in S. 1928.

Mr. President, I have discussed this amendment with HEW, and HEW is generally supportive of legislation providing for HEW development of model adoption legislation and for improved adoption information, technical assistance, services and coordination arrangements. Amendment No. 527 to S. 961, which I have just described addresses these issues.

CONCLUSION

Mr. President, I am hopeful that we can move simultaneously toward enactment of both the S. 961 as amended by amendment No. 527 and the legislation embodied in S. 1928. I believe that in terms of an adoption reform effort, these two pieces of legislation appropriately complement each other. In addition, Mr. President, I know I can speak for Senator WILLIAMS, the chairman of the Human Resources Committee, who has been a principal sponsor of the earlier versions of S. 961 and who has consistently contributed so greatly to our efforts to move that legislation, in indicating an intention for the Human Resources Committee to continue its oversight responsibility in the adoption field. The simultaneous movement of these two pieces of legislation, coupled with the reporting requirement in section 9(b) of the administration proposal, will provide maximum assurance that those Committees of Congress most interested and concerned about the children affected by adoption practices in our country will continue to be able to participate in the development and advancement of programs to best serve them.

Mr. President, although I have expressed some reservations about various specific aspects of the administration's proposal, I am convinced that this legislation represents very significant movement toward meeting the needs of the hundreds of thousands of children who are now locked into a dismal and depressing system. I believe that we are starting to make the types of changes that will give these children a real future, an opportunity to grow and develop into productive and healthy citizens.

I believe that the administration's proposal is a clear and convincing and very welcome demonstration of President Carter's and Vice President MONDALE's commitment to children and families.

I support this initiative, and urge my colleagues to join me as cosponsors of this legislation.

Later this week the Finance Committee begins its consideration of this measure. I am, therefore, delighted that Senator MOYNIHAN, the subcommittee chairman on that committee, has joined in introducing the administration bill.

Mr. President, there are many, many people I wish to thank for their efforts in bringing this bill to the fruition of introduction. First and foremost is the Vice President of the United States who has long been the champion of children's

needs in this Nation. His keen commitment and extraordinary energy was mirrored by his domestic issues assistant, Gail Harrison who has worked tirelessly and with great effectiveness to bring and then hold together the coalition of myriad friends and supporters behind this proposal. Equally indispensable work has been contributed by Bert Carp, the White House domestic issues deputy, and his assistants, Frank Raines and my constituent, Mike Wald. At HEW, I particularly want to express my appreciation for the dedication and efforts of, first, of course, Secretary Joe Califano, and Under Secretary Hale Champion, Assistant Secretary Arabella Martinez, Deputy Assistant Secretary Peter Schuck, and Jim Rich, Frank Ferrow, Margie Siegel, Mike Suzuki, Frank Nugent, and Harvey Yampolsky.

Finally, at OMB, we thank Associate Director Sue Woolsey and Benefits Payment Section Chief David Kleinberg.

Literally scores more dedicated people in the adoption, child welfare, children's rights, and State and local government fields also contributed vital assistance as did the staff of the Subcommittee on Child and Human Development and of Congresspersons GEORGE MILLER, YVONNE BURKE, and JOHN BRADEMAS.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point, in the following order, the following: the text of S. 1928, the text of amendment No. 579, and the HEW Secretary's transmittal letter and section-by-section summary.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1928

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Child Welfare Amendments of 1977."

FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

SEC. 2. (a) Title IV of the Social Security Act is amended by adding at the end thereof the following new part:

"PART E—FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

"STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE

"SEC. 470. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which provides—

"(1) that the State agency responsible for administering the program authorized by part B of this title shall administer the program authorized by this part;

"(2) that the plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(3) that the State shall assure that the programs at the local level assisted under this part will be coordinated with the programs at the State or local level assisted under parts A and B of this title, under title XX of this Act, or under any other appropriate provision of Federal law;

"(4) that the State will, in the administration of its programs under this part, use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the programs, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

"(5) that the State agency referred to in paragraph (1) (hereinafter in this part referred to as the 'State agency') will make such reports, in such form and containing such information as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(6) that the State agency will monitor and conduct periodic evaluations of activities carried out under this part;

"(7) that the State agency will conduct a program of foster care maintenance payments as described in section 471 and a program of adoption assistance as described in section 472;

"(8) safeguards which restrict the use of or disclosure of information concerning individuals assisted under the State plan to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part A, B, C, or D of this title or under title I, V, X, XIV, XVI (as in effect in Puerto Rico, Guam, and the Virgin Islands), XIX, or XX, or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, and (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need; and the safeguards so provided shall prohibit disclosure, to any committee or a legislative body, of any information which identifies by name or address any such applicant or recipient; except that nothing contained herein shall preclude a State from providing standards which restrict disclosure to purposes more limited than those specified herein, or which, in the case of adoptions, prevent disclosure entirely;

"(9) that where any agency of the State has reason to believe that the home or institution in which a child resides whose care is being paid for in whole or in part with funds provided under this part or part B of this title is unsuitable for the child because of the neglect, abuse, or exploitation of such child, it shall bring such condition to the attention of the appropriate court or law enforcement agency;

"(10) that the standards referred to in section 2003(d) (1) (F) shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B of this title;

"(11) for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance payments to assure their continuing appropriateness;

"(12) that any individual who is denied a request for benefits available pursuant to this part or part B of this title (or whose request for benefits is not acted upon within a reasonable time) will be informed of the reasons for the denial or delay and, if requested, will be offered an opportunity to meet with a representative of the agency administering the plan to discuss the reasons for the denial or delay; and

"(13) that the State shall arrange for a periodic and independently conducted audit of the programs assisted under this part and part B of this title, which shall be conducted no less frequently than once every three years.

"(b) The Secretary shall approve any plan which complies with the provisions of subsection (a) of this section. However, in any case in which the Secretary finds, after reasonable notice and opportunity for a hearing, that a State plan which has been approved by the Secretary no longer complies with the provisions of subsection (a), or that in the administration of the plan there is a substantial failure to comply with the provisions of the plan, the Secretary shall notify the State that further payments will not be made to the State under this part, or that such payments will be made to the State but reduced by an amount which the Secretary determines appropraite, until the Secretary is satisfied that there is no longer any such failure to comply, and until he is so satisfied he shall make no further payments to the State, or shall reduce such payments by the amount specified in his notification to the State.

"FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

"SEC. 471. (a) Each State with a plan approved under this part may make foster care maintenance payments (as defined in section 475(7)) under this part only with respect to a child who would meet the requirements of section 406(a) or of section 407 of this Act but for his removal from the home of a relative (specified in section 406(a)) if—

"(1) the removal from the home was (A) the result of a judicial determination to the effect that (i) such removal was necessary to protect the child from harm or the likelihood of harm, and (ii) effective with respect to any such removal occurring after December 31, 1977, the child will be ordered placed in the least restrictive (family-like) setting available and in close proximity to the parents' home, consistent with the best interests and special needs of the child; (B) carried out on an emergency basis, in accordance with the laws of the State, in order to protect the health or safety of the child and is or was followed by a judicial determination, meeting the conditions specified in clause (A) of this paragraph, within 72 hours of the time of the child's removal from the home; or (C) the result of a voluntary placement pursuant to a voluntary placement agreement, provided that if a child remains in voluntary placement for a period in excess of 180 days, there is, within that period, a judicial determination or administrative review (as defined in section 475(1) of this part) to the effect that (i) such placement was, and continues to be, in the best interest of the child and continues to be voluntary on the part of the parents, and (ii) effective with respect to any such placement occurring after December 31, 1977, the child will be ordered placed in the least restrictive (family-like) setting available and in close proximity to the parents' home, consistent with the best interests and special needs of the child;

"(2) such child's placement and care are the responsibility of (A) the State agency administering the State plan approved under section 470, or (B) any other public agency with whom the State agency administering or supervising the administration of the State plan approved under section 470 has made an agreement which is still in effect;

"(3) such child has been placed in a foster family home or child-care institution following his removal from the home;

"(4) such child—

"(A) received aid under the State plan approved under section 402 in or for either the month in which court proceedings leading to the removal of such child from the home was initiated or the month in which such removal occurred, or

"(B) (i) would have received such aid in or for either such month if application had been made therefor, or (ii) had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated or the month in which such removal occurred, and

would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made; and

"(5) there is a case plan (as defined in section 475(2) of this part) for such child (including periodic review of the necessity for the child's being in a foster family home or child-care institution).

"(b) Foster care maintenance payments may be made under this part only in behalf of a child described in subsection (a) of this section—

"(1) in the foster family home of any individual, whether the payments therefor are made to such individual or to a public or nonprofit child-placement or child-care agency, or

"(2) in a child-care institution, whether the payments theretofore are made to such institution or to a public or non-profit private child placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term 'foster care maintenance payment' for purposes of foster care in the foster family home of an individual.

"(c) For the purposes of this part and part B of this title, (1) the term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing; and (2) the term 'child-care institution' means a nonprofit private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing; but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily to accommodate children who are delinquent.

"(d) For purposes of title XIX of this Act, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 and shall be deemed to be a recipient of aid to families with dependent children under part A of this title.

"ADOPTION ASSISTANCE PROGRAM

"SEC. 472. (a)(1) Each State with a plan approved under this part may, directly or through another public or non-profit private agency, make adoption assistance payments pursuant to an adoption assistance agreement in amounts determined under paragraph (3) of this subsection to parents who are eligible for such payments pursuant to paragraph (2) of this subsection and who, after the effective date of this section, adopt a child who would meet the requirements of section 406(a) or of section 407 of this Act but for his removal from the home of a relative (specified in section 406(a)), and who the State has determined, pursuant to subsection (d) of this section, is a child with special needs.

"(2) Parents may be eligible for adoption assistance payments under this part only if their income at the time of the adoption does not exceed 115 per centum of the median income of a family of four in the State, adjusted in accordance with regulations of the Secretary to take into account the size of the family after adoption. Notwithstanding the preceding sentence, parents whose income is above the limit specified therein may be eligible for assistance payments under this part if the State or local agency administering the program under this section determines that there are special circumstances (as defined in regulations of the Secretary) in the family which warrant adoption assistance payments.

"(3) The amount of the adoption assistance payments shall be determined by the State or local agency administering the program under this section, based upon the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

"(4) Notwithstanding the preceding two paragraphs, (A) no payment may be made to parents pursuant to this section with respect to any month in a calendar year following a calendar year in which the income of such parents exceeds the limits specified in paragraph (2), unless the State or local agency administering the program under this section has determined, pursuant to paragraph (2), that there are special circumstances in the family which warrant adoption assistance payments, (B) no payment may be made to parents with respect to any child who has attained either the age of 18, or, if the State determines that there are special circumstances (as defined in regulations of the Secretary) which warrant a continuation of adoption assistance payments, the age of 21, and (C) no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this section shall keep the State or local agency administering the program under this section informed of circumstances which would, pursuant to this subsection, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

"(5) For the purposes of this part, individuals with whom a child (who the State determines, pursuant to subsection (d), is a child with special needs) is placed for adoption, pursuant to an interlocutory decree, shall be eligible for adoption assistance payments under this subsection, during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted a child.

"(b) In addition to any payments which may be made pursuant to subsection (a) of this section, a State may pay the parents who agree to adopt a child who the State determines, pursuant to subsection (d) of this section, is a child with special needs, an amount necessary to cover part or all of the non-recurring expenses (as defined in regulations of the Secretary) associated with the proceedings related to the adoption of the child.

"(c) Any child—

"(1) who the State determines, pursuant to subsection (d), is a child with special needs;

"(2) who the State determines has a medical condition which is a contributing factor to the determination made by the State pursuant to paragraph (1);

"(3) who is placed for adoption or adopted following such determination; and

"(4) who was, in the month preceding his placement for adoption, or adoption, eligible for medical assistance under title XIX of this Act

shall retain such eligibility until the age of 18, or, if the State determines that there are special circumstances (as defined in regulations of the Secretary) which warrant the continuation of medical assistance payments under title XIX, until the age of 21. However, a State may limit a child's eligibility for medical assistance, which is provided on account of this subsection, to medical assistance necessary for the treatment of the medical condition (for medical conditions) referred to in paragraph (2) of this subsection.

"(d) For purposes of this section, a child shall not be considered a child with special needs unless—

"(1) the State has determined that the child cannot or should not be returned to the home of his parents; and

"(2) the State has first determined that a reasonable effort, consistent with the best interest of the child, has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section but has been unable to do so on account of his ethnic background, age, membership in a minority or sibling group, or the presence of factors such as physical, mental, or emotional handicaps.

"AUTHORIZATION OF APPROPRIATIONS; ALLOTMENTS TO STATES

"SEC. 473. (a) For the purpose of carrying out this part, other than section 476, there are authorized to be appropriated for the fiscal years 1978 and 1979 such sums as may be necessary; for the fiscal years 1980, 1981, 1982, 1983, and 1984 a sum equal to one hundred and ten per centum of the amount appropriated in the preceding fiscal year; and for each fiscal year thereafter an amount equal to the amount appropriated in the fiscal year 1984. Beginning with the fiscal year 1980, sums appropriated pursuant to this section which a State determines will not be required for carrying out this part may be expended for the purpose of carrying out the program authorized by part B of this title.

"(b)(1) For the fiscal years 1978 and 1979, each State shall be entitled to an allotment from the appropriation pursuant to subsection (a) equal to the amount such State is entitled to be paid pursuant to section 474 (a).

"(2) For the fiscal years 1980, 1981, 1982, 1983, and 1984, each State shall be entitled to an allotment from the appropriation pursuant to subsection (a) equal to one hundred and ten per centum of the amount of its allotment for the preceding fiscal year.

"(3) For the fiscal year 1985 and each fiscal year thereafter, each State shall be entitled to an allotment from the appropriation pursuant to subsection (a) equal to the amount of its allotment for the fiscal year 1984 (as calculated pursuant to the preceding paragraph).

"PAYMENT TO STATES

"SEC. 474. (a) For each quarter beginning after September 30, 1977, and ending prior to October 1, 1979, each State which has a plan approved under this part shall be entitled to a payment equal to the sum of—

"(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as foster care maintenance payments under section 471 for children in foster family homes or child-care institutions which accommodate no more than twenty-five children and as adoption assistance payments under section 472; plus

"(2) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as foster care maintenance payments under section 471 for children in child-care institutions which accommodate more than twenty-five children; plus

"(3) an amount equal to the sum of the following proportions of the total amounts

expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

"(B) one-half of the remainder of such expenditures.

"(b) For each quarter beginning after September 30, 1979, each State which has a plan approved under this part shall be entitled to a payment from its allotment equal to the sum of—

"(1) an amount equal to that described in subsection (a)(1); plus

"(2) an amount equal to 80 per centum of that described in subsection (a)(2); plus

"(3) an amount equal to that described in subsection (a)(3).

"(c) For the fiscal year 1980, and each fiscal year thereafter, sums available to a State from its allotment under subsection (a) for carrying out this part, which the State does not claim as reimbursement for expenditures in such year pursuant to subsection (b) of this section, may be claimed by the State as reimbursement for expenditures in such year pursuant to part B of this title, in addition to such sums available pursuant to section 420 for carrying out that part.

"DEFINITIONS

"SEC. 475. As used in this part or part B of this title:

"(1) The term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.

"(2) The term 'case plan' means a written document which includes at least the following information: a description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the judicial determination made with respect to the child in accordance with section 471(a)(1); a plan of services that will be provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the plan of services that have been provided to the child under the plan.

"(3) The term 'parents' means biological or adoptive parents or legal guardians, as determined by applicable State law.

"(4) The term 'voluntary placement' means an out-of-home placement of a minor, by or with the participation of a State agency, after the parents or guardians of the minor have requested the assistance of the agency and signed a 'voluntary placement agreement'.

"(5) The term 'voluntary placement agreement' means a written and consensual agreement, binding on the parties to the agreement, between the State agency, or any other agency acting on its behalf, and the parents of a minor which specifies, at a minimum, the legal status of the minor and the rights and obligations of the parents while the child is in placement.

"(6) The term 'adoption assistance agreement' means a written and consensual agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adopting parents of a minor which specifies, at a mimimum, the amounts of the adoption assistance payments and any additional services and assistance which are to be provided as part of such agreement.

"(7) The term 'foster care maintenance payments' means payments to cover the cost of food, clothing, shelter, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation, but may not be used to cover the cost of educational services or construction or other capital costs or any other costs which the Secretary may specify in regulations.

"TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION; INTERSTATE COOPERATION

"SEC. 476. (a) The Secretary may provide technical assistance to the States to assist them to develop the programs authorized under this part and shall periodically (1) evaluate the programs authorized under this part and part B of this title and (2) collect and publish data pertaining to the incidence and characteristics of foster care and adoptions in this country.

"(b) The Secretary may make grants to, and enter into contracts with, the State agencies refered to in section 470(a)(1) for the purpose of assisting each such agency to develop interstate systems, in cooperation with the State agencies of other States, for facilitating the exchange of information pertaining to the programs authorized under this part and part B.

"(c) There are authorized to be appropriated $1,500,000 for fiscal year 1978 and each fiscal year thereafter to permit the Secretary to carry out his responsibilities under subsections (a) and (b) of this section.

"PERIOD FOR FILING OF CLAIMS

"SEC. 477. (a) No Federal payment may be made under this part or part B of this title with respect to any State expenditure made in fiscal years beginning after September 30, 1977, unless the Secretary receives a claim from the State for Federal reimbursement for such expenditure on or before the last day of the second fiscal year following the fiscal year in which the expenditure was made.

"(b) For purposes of subsection (a):

"(1) expenditures for assistance payments under this part or part B of this title shall be considered to have been made in the fiscal year in which payment was made to the assistance recipient, his protective payee, or a vendor payee, notwithstanding that the expenditure was made with respect to a month in a previous fiscal year; and

"(2) expenditures for administration, training, and the provision of services under those parts shall be considered to have been made on the date payment was made by a public agency to a private agency or individual or in the fiscal year or fiscal quarter to which costs were allocated in accordance with regulations of the Secertary;

except that the Secretary may, at the request of any State, approve with respect to that State standards other than those specified in this subsection for determining when an expenditure shall be considered to have been made."

(b) Effective with respect to expenditures after September 30, 1977, section 408 of the Social Security Act is repealed.

LIMITS ON USE OF FUNDS PROVIDED UNDER PART B OF TITLE IV

SEC. 3. Section 422 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this part, beginning with the fiscal year 1978, no State may spend from sums paid to it pursuant to this section in any fiscal year a total amount for foster care maintenance payments and adoption assistance payments and for the provision of child day care which is solely because of the employment, or training to prepare for employment, of a parent, which is greater than the total amount of its payment under this section with respect to the fiscal year ending September 30, 1977."

CONVERSION OF CHILD WELFARE SERVICES TO AN ENTITLEMENT PROGRAM

SEC. 4. Effective with respect to fiscal years beginning after September 30, 1977, section 421 of the Social Security Act is amended to read as follows:

"ALLOTMENTS TO STATES

"SEC. 421. For each fiscal year, each State shall be entitled to an allotment under this part for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary. Each State's allotment shall be in an amount equal to $70,000 plus an amount which bears the same ratio to the amount authorized to be appropriated in such year under section 420, after first deducting $70,000 for each and every State, as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 423) bears to the corresponding products of all the States."

MODIFICATION OF FEDERAL SHARE

SEC. 5. (a) Effective with respect to fiscal years beginning after September 30, 1977, section 422(a) of the Social Security Act is amended in the matter following paragraph (2) by striking out "the Federal share (as determined under section 423)" and inserting instead "75 per centum".

(b)(1) Section 423 of such Act is amended by striking out subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c) respectively.

(2) Section 423(b) of such Act, as redesignated by the preceding paragraph, is amended by striking out "Federal share and" and by striking out "Federal shares and".

PURPOSES OF ADDITIONAL TITLE IV–B FUNDS

SEC. 6. (a) Section 422(a) of the Social Security Act, as amended by the preceding section, is amended in the matter following paragraph (2) by striking out "(including the cost of administration of the plan)" and inserting instead "(including the cost of administration of the plan, but subject to the conditions specified in subsections (d), (e), and (f) of this section.)"

(b) Section 422 of such Act, as amended by section 3 of this Act, is further amended by adding at the end thereof the following new subsections:

"(e)(1) Notwithstanding any other provision of this part, except as authorized by paragraph (2) of this subsection, a State may not be paid under this part with respect to any fiscal year after 1977 an amount greater than it was paid under this part with respect to fiscal year 1977 unless the Secretary determines that the State has met the requirements of paragraph (2).

"(2) In order to be eligible for payment of the full amount of its allotment determined under section 421, each State must—

"(A) conduct an inventory of all children who have been in foster care under the responsibility of the State for a period of six months preceding the inventory; determine the appropriateness of, and necessity for, the current foster placement, whether the child can be or should be returned to his parents or should be freed for adoption, and the services necessary to facilitate either the return of the child or the placement of the child for adoption; which inventory shall include, in the aggregate, the number of children in placement over six months, the ages and appropriate demographic characteristics of such children, the type of placement in which they reside, the length of time they have been in placement, the reason for the initial placement, the legal status of the child, and the number of children, by category, for whom the current plans envision an eventual return to parents, adoption, or

legal guardianship; and which inventory, upon completion, shall be made public by the State; and

"(B) design, develop, and implement to the satisfaction of the Secretary—

"(i) a Statewide information system from which the status, demographic characteristics, location, and goals for the placement of every child in foster care or who has been in such care within the preceding 12 months can be readily determined;

"(ii) a case review system to assure that each child receiving foster care under the supervision of the State has a case plan, and that the status of each child is reviewed no less frequently than once every six months by either a court or by administrative review (as defined in section 75(1) of this title) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship;

"(iii) a service program designed to help children remain with their families and, where appropriate, help children return to families from which they have been removed or be placed for adoption or legal guardianship; and

"(iv) procedural safeguards to protect the rights of parents, foster parents, and children, which safeguards shall, among other things, assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court of competent jurisdiction, or by an administrative body appointed by the court, no later than eighteen months after the original placement; which hearing shall determine whether the child—

"(I) should be returned to the parent,

"(II) requires continued placement for a specified period of time not to exceed six months, unless extended by the court (or administrative body) because of special needs or special circumstances which prevent immediate reunification,

"(III) should be placed with a legal guardian,

"(IV) should be freed for adoption through appropriate proceedings and placed in an adoptive home, or

"(V) requires a permanent long-term foster care placement because the child cannot or should not be returned home or placed in an adoptive home;

and shall apply with respect to parental rights, to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents.

In order to assist States to comply with the conditions specified in this paragraph, the Secretary shall, notwithstanding the limitation on payments specified in paragraph (1) of this subsection, pay to each State for any fiscal year after 1977, in addition to an amount equal to such State's payment under this part for fiscal year 1977, an amount equal to thirty per centum of the remainder of the State's allotment under section 421 after deducting the amount of the State's payment under this part for fiscal year 1977.

"(f) With respect to fiscal years beginning after September 30, 1978, in the case of any State which the Secretary determines has complied with the conditions specified in subsection (e), the limitation on a State's payment contained in paragraph (1) of that subsection shall not apply. However, in the case of any such State—

"(1) no less than 40 per centum of the amount by which its payment in any fiscal year exceeds its payment under this part for fiscal year 1977 must be expended by such State for preventive and restorative services, including at least one of the following services: homemakers, day care, twenty-four hour crisis intervention, emergency caretakers, emergency shelters, or any other services specified in regulations of the Secretary, which are designed to help children remain with their families or, which appropriate, help children return to families from which they have been removed; and

"(2) no payment in excess of the payment made under this part with respect to fiscal year 1977 may be made under this part with respect to any fiscal year in which the total of State expenditures for child welfare services (excluding expenditures for activities specified in subsection (d) of this section) is less than the total of such State expenditures in fiscal year 1977."

CONFORMING AMENDMENTS TO CHILD WELFARE SERVICES STATE PLAN REQUIREMENTS

SEC. 7. (a) Section 422(a)(1) of the Social Security Act is amended by adding after clause (C) the following new clauses:

"(D) provides that after the Secretary determines that the State has designed, developed, and implemented the systems and procedures described in subsection (e)(2)(B) the State will maintain such systems and procedures, and

"(E) provides that the conditions specified in section 470(a) of this Act which are applicable to funds paid under part E of this title will apply to any funds paid under this part which the State uses to cover expenditures for which financial assistance is available under part E of this title, and".

REPEAL OF REALLOTMENT PROVISION

SEC. 8. Section 424 of the Social Security Act is repealed.

TECHNICAL CONFORMING CHANGES; REPORT REQUIREMENT; TWO YEAR AVAILABILITY OF FUNDS; EFFECTIVE DATE

SEC. 9. (a)(1) Section 402(a)(20) of the Social Security Act is amended to read as follows:

"(20) provide for foster care maintenance payments and adoption assistance payments in accordance with part E of this title;".

(2) Section 406(b)(2) is amended by inserting "and" after clause (C), striking out clause (D), and redesignating clause (E) as clause (D).

(b) Not later than March 1, 1980, the Secretary of Health, Education, and Welfare shall submit a report on the implementation of the amendments made by this Act to the Committee on Ways and Means, the Committee on Education and Labor, and the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Finance and the Committee on Human Resources of the Senate.

(c) Notwithstanding any other provision of law, funds appropriated for fiscal year 1978 pursuant to section 420 of the Social Security Act, and allotted to States for that year pursuant to section 421 of that Act, shall remain available for expenditure for child welfare services under part B of title IV of that Act until September 30, 1979.

(d) The amendments made by this Act shall be effective after September 30, 1977.

AMENDMENT NO. 579

Strike out all after the enacting clause and all of title I and insert in lieu thereof the following:

That this Act may be cited as the "Adoption Reform Act of 1977".

TITLE I—ADOPTION OPPORTUNITIES

FINDINGS AND DECLARATION OF PURPOSE

SEC. 101. The Congress hereby finds that many thousands of children remain in institutions or foster homes solely because of legal and other barriers to their placement in permanent, adoptive homes; that the majority of such children are of school age, handicapped, or both; that adoption may be the best alternative for assuring the healthy development of such children; that there are qualified persons seeking to adopt such children who are unable to do so because of barriers to their placement; and that in order both to enhance the stability and love of the child's home environment and to avoid wasteful expenditures of public funds, such children should not be maintained in foster care or institutions when adoption is appropriate and families for them can be found. It is therefore, the purpose of this title to facilitate the elimination of barriers to adoption and to provide permanent and loving home environments for children who would benefit by adoption, particularly children with special needs, by—

(1) promoting the establishment of a model adoption legislation and procedures in the States and territories of the United States in order to eliminate jurisdictional and legal obstacles to adoption;

(2) providing a mechanism for the Department of Health, Education, and Welfare to (A) promote quality standards for adoption services (including pre-placement, post-placement, and post-adoption counseling and standards to protect the rights of children in need of adoption), and (B) provide for a national adoption information data gathering and analysis system, and a national adoption information exchange system to bring together children who would benefit by adoption and qualified prospective adoptive parents who are seeking such children.

MODEL ADOPTION LEGISLATION AND PROCEDURES

SEC. 102. (a) Not later than eighteen months after the date of enactment of this Act, the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") shall issue, based on the recommendations of the panel described in subsection (b) of this section, proposed model adoption legislation and procedures and publish such proposal in the Federal Register for comment. After soliciting and giving due consideration to the comments of interested individuals, groups, and organizations and consulting further with such panel, the Secretary shall issue and publish model adoption legislation and procedures which shall not conflict with the provisions of any interstate compact in operation pursuant to which States are making, supervising, or regulating placements of children.

(b)(1) Not later than ninety days after the date of enactment of this Act, the Secretary shall appoint a panel (hereinafter referred to as the "panel") to be composed of not less than eleven nor more than seventeen members generally representative of public and voluntary organizations, agencies, and persons interested and with expertise and experience in facilitating the achievement of the purposes of this title (including, but not limited to, national, State, and local child welfare oragnizations (including those representative of minorities) and adoptive parent organizations). The panel shall (A) review current conditions, practices, and laws relating to adoption, with special reference to their effect on facilitating or impeding the location of suitable adotpive homes for children who would benefit by adoption and the completion of suitable adoptions for such children; and (B) not later than twelve months after the date on which the members of the panel have been appointed, propose to the Secretary model adoption (including adoption assistance agreement) legislation and procedures which would facilitate adoption by families of all economic levels.

(2) The panel shall be terminated thirty days after the Secretary publishes the final model adoption legislation and procedures pursuant to subsection (a) of this section.

(3) Members of the panel, other than those regularly employed by the Federal Government, while serving on business of the panel shall be entitled to receive compensation at a rate not in excess of the daily equivalent of

the rate payable to a GS–18 employee under section 5322 of title 5, United States Code, including traveltime; and, while so serving away from their homes or regular places of business, they may be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of such title for persons in the Government service employed intermittently.

(c) The Secretary shall take such steps as he or she deems necessary to encourage and facilitate the enactment in each State of comprehensive adoption assistance legislation and the establishment in each State of the model adoption legislation and procedures published pursuant to subsection (a) of this section.

INFORMATION AND SERVICES

SEC. 103. (a) The Secretary shall establish in the Department of Health, Education, and Welfare an appropriate administrative arrangement to provide a centralized focus for planning and coordinating of all departmental activities affecting adoption and for carrying out the provisions of this title. The Secretary shall make available such consulting services and personnel, together with appropriate administrative expenses, as are necessary for carrying out such purposes.

(b) In connection with carrying out the provisions of subsection (a) of this section, the Secretary shall—

(1) provide (directly or by grant or contract with public or private nonprofit agencies and organizations) for the establishment and operation of a national adoption data gathering and analysis system utilizing data collected by States pursuant to requirements of law;

(2) conduct an education and training program on adoption, including making grants to public and private nonprofit agencies and organizations, and to prepare, publish, and disseminate to all interested parties, public and private agencies and organizations (including, but not limited to, hospitals, health care and family planning clinics, and social services agencies), and governmental bodies, information and education and training materials regarding adoption and adoption assistance programs;

(3) notwithstanding any other provision of law, provide (directly or by grant to or contract with public or private nonprofit agencies or organizations) for (A) the operation of a national adoption information exchange system (including only such information as is necessary to facilitate the adoptive placement of children, utilizing computers and data processing methods to assist in the location of children who would benefit by adoption and in the placement in adoptive homes of children awaiting adoption) and (B) the coordination of such system with similar State and regional systems;

(4) provide (directly or by grant to or contract with public or private nonprofit agencies or organizations, including parent groups) for the provision of technical assistance in the planning, improving, developing, and carrying out of programs and activities relating to adoption; and

(5) consult with other appropriate Federal departments and agencies in order to promote maximum coordination of the services and benefits provided under programs carried out by such departments and agencies with those carried out by the Secretary, and provide for the coordination of such aspects of all programs within the Department of Health, Education, and Welfare as relate to adoption.

STUDY OF UNLICENSED ADOPTION PLACEMENTS

SEC. 104. (a) The Secretary shall provide for a study (the results of which shall be reported to the appropriate Committees of the Congress not later than eighteen months after the date of enactment of this Act) designed to determine the nature, scope, and effects of the interstate (and, to the extent feasible, intrastate) placement of children in adoptive homes (not including stepparents of relatives of the child in question) by persons or agencies which are not licensed by or subject to regulation by any governmental entity.

SEC. 106. There are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1978, and such sums as may be necessary for the succeeding three fiscal years to carry out this title.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
July 25, 1977.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill, "To amend the Social Security Act to strengthen and improve the program of Federal support for foster home care of dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes."

The President has repeatedly promised the American people that his Administration would be sensitive to the needs of families, and would, on a continuing basis, review Federal programs to assure that they support and encourage, rather than interfere with, happy and healthy family life for all our citizens. This is the second in a series of bills being proposed by the Administration which represent steps toward the fulfillment of that promise.

Earlier this year, the President submitted to the Congress a draft bill, the "Child Health Assessment Act", which would substantially upgrade medical services provided to children under the Medicaid program. We hope that that bill, which has been introduced in both Houses of Congress, will soon be favorably acted upon by the Committees to which they have been referred. Shortly we will be submitting to the Congress the Administration's proposal for reform of the welfare system. That proposal, too, will reflect an effort to meet the needs of families.

The enclosed draft bill would substantially increase the Federal funds available under part B of title IV of the Social Security Act, which authorizes the child welfare services program. In return for this increase, which eventually would represent an annual increase of over $200 million above current spending, we would expect the States to significantly improve the quality and scope of the services they provide to children and to develop strengthened procedural safeguards to protect the rights of children and their parents. Other significant modifications of the child welfare services program contained in the bill would assure States that they would be entitled to the additional funds and would increase the Federal reimbursement rate to seventy-five percent of State expenditures.

The draft bill would also establish a new program of Federal support for foster care and adoptions. Foster care is now funded as part of the aid to families with dependent children (AFDC) program, but there is no Federal program designed specifically to encourage adoptions. Rather, our current system works in a manner which discourages the adoption of foster children. During the first two years of the new foster care-adoption program, there would be no limit on a State's entitlement to Federal reimbursement of a portion of its costs. During the following five years, funding would continue to increase, but based upon the amount paid by the Federal Government in fiscal year 1979. The enclosed summary provides a more detailed analysis of our proposal.

We believe that enactment of our draft bill will assure children that the State and Federal governments are committed to helping them grow to maturity in a loving and supportive family environment by requiring improved review mechanisms to determine, on a continuing basis, that foster children are receiving proper care, with a view toward permanent placement and adoption, and by providing financial assistance to help parents who want to adopt.

We believe this proposal would offer to many thousands of children and parents new hope for a happy and fulfilling family life, and we therefore urge its enactment by the Congress.

We are advised by the Office of Management and Budget that enactment of this draft bill would be in accord with the program of the President.

Sincerely.

JOSEPH A. CALIFANO, Jr.
Secretary.

SECTION-BY-SECTION SUMMARY

The first section of the draft bill would provide the short title of the Act—the "Child Welfare Amendments of 1977".

Section 2 of the draft bill would amend title IV of the Social Security Act by adding at the end of that title a new part which would authorize a program of Federal financial assistance to States for foster care and adoption assistance. Currently, State foster care programs are assisted with Federal funds available under the aid to families with dependent children (AFDC) program, and there is no Federal program designed specifically to help States encourage adoptions. Following is a summary of each section which would be contained in the new part E.

Section 470(a) of the part would provide the State plan requirements which must be satisfied for participation in the foster care and adoption assistance programs. Most of the provisions parallel requirements currently applicable to foster care programs under the State plan provisions for AFDC. They include requirements pertaining to "statewideness" (the programs must be in effect throughout the State), personnel standards based on merit, State reports to the Secretary, periodic evaluations of the programs, and confidentiality of individual records.

There are also several new provisions. They include the requirements (1) that the State agency which is responsible for the child welfare service program (authorized by title IV–B of the Social Security Act) and the social services program (authorized by title XX of the Social Security Act) also administer the new part E programs; (2) that the State will assure appropriate coordination between the new programs and other related programs; (3) that the State agency will bring to the attention of the appropriate court or law enforcement agency conditions which would endanger any child assisted under the part E programs; (4) that the title XX standards which apply to child-care institutions and foster care homes would also apply to such entities when assisted under part E; (5) that an individual denied benefits offered under the programs will be informed of the reason for the denial; and (6) that the State will arrange for periodic independent audits of its programs under part E.

Section 470(b) of that part would require the Secretary to approve a State plan which met the statutory conditions. In the case of a State which later fell out of compliance with the statutory requirements, the Secretary would have the flexibility to reduce the Federal payment to the State under part E by an appropriate amount, or cease making the payments entirely, until the State corrected its failure.

Section 471 of part E would describe the foster care maintenance program which a State must provide under its State plan. In many respects, the program would not differ from the one currently authorized as part of the AFDC program under section 408 of the Social Security Act. Following are the major innovations which would characterize the revised program: (1) Federal reimbursement would be provided with re-

spect to children voluntarily placed in foster care or placed initially on an emergency basis; (2) findings to be included in judicial determinations which serve as the basis for placement in foster care would be specified; (3) the requirements for the individual case plan for each child in foster care would be strengthened; and (4) federal reimbursement would be permitted with respect to foster care provided by public institutions, so long as any such institution accommodated no more than 25 children. As under current law, children receiving foster care under part E would retain their Medicaid eligibility.

Section 472 of part E would describe the adoption assistance program which a State must provide under its State plan. Under the program, a State would be responsible for determining which children in the State in foster care would be eligible for adoption assistance because of special needs which have discouraged their adoption. The State would have to find that any such child would have been receiving AFDC but for the child's removal from the home of his relatives; that the child cannot or should not be returned to that home; and that, after making a reasonable effort consistent with the child's needs, the child was not adopted without the offering of financial assistance. In the case of any such child, the State would be able to offer adoption assistance to parents who adopt the child, so long as their income does not exceed 115 percent of the median income of a family of four in the State, adjusted to reflect family size.

The agency administering the program could make exceptions to the income limit where special circumstances in the family (as defined by regulation) warrant adoption assistance. The amount of the adoption assistance would be agreed upon between the parents and the agency, could not exceed the foster care maintenance payment that would be paid if the child were in a foster family home, could be readjusted by agreement of the parents and the local agency to reflect any changed circumstances, and could initially include an additional payment to cover the non-recurring expenses associated with the adoption of the child. Adoption assistance payments would not be paid after the child reached maturity, or for any period when the family income rose above the specified limits. Finally, a child who the State determines has a medical condition, which contributed to the finding that he is a child with special needs, would retain his Medicaid eligibility until he reached maturity. It should be noted that, as is the case with other Medicaid recipients under current law, if there is a family insurance contract that covers the child, Medicaid would only provide coverage in excess of what is covered by the insurance policy. Furthermore, the Administration continues to favor the provision in H.R. 3 that would prohibit discrimination against insured medicaid recipients by their insurance providers.

Section 473(a) of part E would authorize appropriations for carrying out the programs authorized by part E. In the first two fiscal years of the program, 1978 and 1979, there would be authorized an appropriation of a sum necessary to pay each State the Federal share of whatever expenses are incurred in establishing and maintaining the part E programs.

During the five succeeding fiscal years, the authorization level would go up by ten percent each year, and beginning in fiscal year 1985 would be maintained at the fiscal year 1984 level.

Section 473(b) of part E would provide for the allotment to States of the funds appropriated. For the first two fiscal years of the program, there would be no limitation to the allotment—a State would be paid the Federal share of its expenditures under its State plan approved under part E. For the next five suceeding fiscal years a State would next five succeeding fiscal years a State would would be ten percent higher than the previous year's allotment. Beginning with fiscal year 1985, there would be no automatic annual increase in allotments.

Section 474 of part E would provide for payments to the States. For the first two fiscal years of the program, a State with an approved plan under part E would be paid the Federal share (as determined for purposes of the Medicaid program) of the cost of the program. For each fiscal year thereafter, the payment to a State would be limited by the amount of its allotment. Two other modifications would become effective beginning in fiscal year 1980—the Federal payment with respect to expenditures for child-care institutions which accommodate more than 25 children would be reduced to eighty percent of the payment as calculated in the first two fiscal years, and sums allotted to a State for purposes of part E which the State does not claim under part E could be claimed by the State under part B. As is currently the case under AFDC foster care, the Federal government would provide 75 percent reimbursement for training State employees to administer the plan, and 50 percent reimbursement for other administrative expenses.

Section 475 of part E would provide the definitions of certain terms used in part E or part B of title IV. Terms which are defined include "administrative review", "case plan", "voluntary placement agreement", "adoption assistance agreement", and "foster care maintenance payment".

Section 476 of part E would authorize an appropriation of $1.5 million annually to permit the Secretary to provide technical assistance to States to assist them in developing the programs called for in part E; to make grants to, or enter contracts with, the State agencies to develop interstate systems for the exchange of information pertaining to foster care and adoptions; and to evaluate the programs authorized under part B and part E of title IV. The Secretary, pursuant to this section, would publish periodically data pertaining to foster care and adoptions.

Section 477 of part E would limit the time period for the filing of claims for reimbursement by the Federal Government to two fiscal years following the fiscal year in which the expenditure was made.

Section 2 of the draft bill would also repeal section 408 of the Social Security Act, the provision of law which currently authorizes Federal reimbursement for State foster care programs.

Section 3 of the draft bill would amend part B of title IV of the Social Security Act—the part which authorizes Federal reimbursement for State child welfare services programs. The amendment would limit the amount of a State's payment under part B which the State could spend for foster care maintenance payments, adoption assistance payments, and employment related day care services to the amount which the State was actually paid under part B for expenditures in fiscal year 1977.

Section 4 of the draft bill would amend part B to convert the child welfare services program under that part to a State "entitlement" program, based upon the current annual appropriations authorization level of $266 million (but limited by certain conditions specified in section 6 of the draft bill). During this fiscal year, $56.5 million will be paid to the States pursuant to part B.

Section 5 of the draft bill would amend part B to modify the Federal share of State costs under the child welfare services program. Currently, the rate of federal reimbursement is related to the per capita income in each State, and generally ranges between about 40 percent and 60 percent. Under the amendment which would be made by section 5, Federal reimbursement would be 75 percent of expenditures for each State.

Section 6 of the draft bill would amend part B to specify the conditions under which States would be paid the additional sums, which would be authorized by the draft bill, beyond the amounts available for fiscal year 1977. Thirty percent of the additional sums would be available beginning in fiscal year 1978. States would be able to use that money for any purposes permitted under part B. However, the intent is to provide increased sums to the States to enable them to give priority to establishing certain systems and procedures—including information systems, case review systems, service programs to help children stay with, or return to, their families, and procedural safeguards to protect the rights of parents, children, and foster parents. States would also be expected to conduct a one time inventory of children in foster care.

Once these steps have been accomplished, but not before fiscal year 1979, a State would be eligible for the full amount of its allotment under part B, based on an appropriation of $266 million. A State eligible for its full payment would be required to meet two conditions: (1) an amount equal to at least 40 percent of the money it is paid in excess of the amount it received for fiscal year 1977 would need to be spent for services designed to help children stay with, or be returned to, their families, and (2) in any fiscal year, a State may not be paid in excess of the amount it was paid in fiscal year 1977 if the State spends less from State sources in that year for child welfare services than it spent from State sources in fiscal year 1977.

Section 7 of the draft bill would make two conforming changes to the State plan requirements for part B. It would require (1) that once a State had met the conditions for receipt of its full allotment under part B, the State would maintain the systems and procedures it had developed, and (2) that any requirements applicable to foster care maintenance payments or adoption assistance payments under part E would also be applicable to payments under part B which are used for those purposes. The purpose of the latter amendment is to assure that children in foster care, or who are adopted, with assistance under part B will be treated the same as children in foster care, or who are adopted, with assistance under part E.

Section 8 of the draft bill would repeal the reallotment provision currently in part B of title IV.

Section 9 of the draft bill contains some technical conforming changes. For example, whereas current law requires a State to have a foster care program under section 408 of the Social Security Act as a condition for participation in AFDC, under the draft bill the reference in the State plan for AFDC would be to foster care and adoption assistance payments in accordance with part E.

Section 9 of the draft bill would also require the Secretary to submit a report on the implementation of the amendments contained in the draft bill by March 1, 1980, and would provide an effective date for the draft bill of October 1, 1977. Finally, section 9 would provide that funds appropriated and allotted to States under part B for fiscal year 1978 would remain available for expenditure by the States through fiscal year 1979.

Mr. MOYNIHAN. Mr. President, in announcing the Carter administration's proposals in the realm of adoption and foster care, Vice President MONDALE stated that—

A special effort should be made at both the federal and state level to ensure the right of every child to a loving, stable family.

In opening the wide-ranging hearings that the Subcommittee on Public Assistance of the Committee on Finance held on these matters over the past several weeks, I expressed my hope that

the time had now finally come for serious consideration of a family policy for the United States, and indicated my support for the ideas underlying the administration's proposals.

Today it is my pleasure to join with Senator CRANSTON and other Senators in sponsoring the administration's bill dealing with adoptions, foster care, social services, and related matters. I do so in the knowledge that our subcommittee hearings have enhanced our own understanding of these subjects and revealed both their pronounced complexity and the paucity of serious research findings about them. We now realize, for example, that 43 States have enacted adoption subsidy programs of their own, and we understand more clearly the difficulty of shaping national legislation in so sensitive and diverse a policy domain as family law.

I am pleased that the Congress now has the opportunity to consider the specific provisions of the administration's proposal.

Mr. ANDERSON. Mr. President, I am pleased to join as a cosponsor in the introduction of legislation of critical importance to families and children, the proposed Child Welfare Amendments of 1977. This comprehensive adoption and foster care proposal has drawn on the best efforts of congressional leaders in the field that began over 4 years ago and on the guidance and impetus of the pro-family Carter administration.

The adoption components of the bill are designed to facilitate the adoption of children with special needs, that is, children with handicapping conditions, with siblings, with minority backgrounds, and those who are older than is usually desirable for adopting parents. These provisions are geared toward reducing disincentives to the adoption of foster children who have no hope of being reunited with their biological parents. Too often, these youngsters drift in the foster care system for years, sometimes for their whole childhoods, never knowing the security of really having their own homes.

The bill also addresses the problem of foster care-bound children by changing the present system, under which hundreds of millions of dollars are spent to maintain children in foster care, both institutional and private, but precious little is spent on prevention and family restoration services to keep families together.

As a member of the Budget Committee, I was pleased to lead committee efforts to raise target figures to accommodate full funding for these preventive and family restoration services under title IV–B of the Social Security Act. It is extremely gratifying, therefore, to see our efforts translated into the tangible benefits embodied in this legislation.

I am also very pleased to cosponsor a substitute amendment to S. 961, the Opportunities for Adoption Act. The substitute amendment will establish an appropriate administrative capability in the Department of Health, Education, and Welfare to, among other things, provide for an adoption information exchange system. This system will bring together children in need of loving adoptive homes and parents who want to adopt them. The substitute amendment will also require the Department to develop a model law which will facilitate the interstate placement of such children.

The enactment of S. 1928 and S. 961 in the form of the substitute amendment, will be of immeasurable benefit to the estimated 7,500 foster children in Minnesota, to children with special needs, and to families who need the preventive services it would provide. I strongly urge my colleagues to act promptly and favorably on these measures.

By Mr. THURMOND (for himself and Mr. ALLEN):

S. 1929. A bill to amend title 38 of the United States Code to establish, for purposes of paying dependency and indemnity compensation, a presumption of death from service-connected disability in the case of certain blinded veterans; to the Committee on Veterans' Affairs.

Mr. THURMOND. Mr. President, today, the distinguished Senator from Alabama (Mr. ALLEN) and I are introducing legislation which would provide a presumption of service-connected death for purposes of paying dependency and indemnity compensation under 38 U.S.C. section 410 to the survivors of certain blinded veterans.

No group of individuals, save those who have given their own lives, has made more costly sacrifices in the service of their country than those who have lost their eyesight as a result of injuries sustained while on active duty. No disability is more pervasive in its effect than blindness. Not only does it deprive a person of the sense of sight, but it almost invariably denies one the chance of earning a livelihood commensurate with that which could have been earned but for the disability. While some blinded veterans are engaged in gainful occupations, most are denied the opportunity to enjoy a right that is identified as basically American—the right to participate in the job marketplace, to accumulate significant material possessions during their lives, and to make meaningful financial provisions for their survivors.

Established under chapter 13 of title 38, United States Code, is a schedule of dependency and indemnity compensation benefits available to the survivors and dependents of veterans whose deaths are attributable to service-connected causes. Consistent with traditional concepts of indemnity, chapter 13 seeks to compensate survivors of veterans who die from service-connected causes for the deceased veteran's lost earnings. These payments also provide a source of some security that otherwise could have been obtained through life insurance or revenue from other assets but for the decedent's inability to acquire them during his lifetime because of his disability. Payments under the existing schedules seem inadequate compared to what the veteran himself may have provided for as a result of a fully productive life.

In order to qualify for benefits under chapter 13, however, a survivor must demonstrate that the deceased veteran died from a disability which was service-connected. Statistics compiled by the Veterans' Administration indicate that the claims for DIC of approximately 60 percent of the survivors of blinded veterans are denied under the present law. The same statistics indicate, however, that the success rate for the survivors of other disabled veterans is much higher—ranging from 88 to 90 percent.

Under present criteria for qualification for DIC, therefore, it would appear that the Veterans' Administration is caught in the anamolous situation of excluding from benefits under the DIC program those who need them the most. The need for DIC for the widows of blinded veterans is dramatically portrayed by statistics which indicate that 80 percent of blinded veterans do not work. Many have been unable to obtain adequate insurance coverage because of their disabilities. Additionally, the most recent DIC study by the Veterans' Administration shows that the blinded veteran leaves an average estate of less than $5,000.

Mr. President, the bill which we introduce today would eliminate the injustices under the DIC program to the survivors of the blinded veterans of our Nation. The bill would provide for the presumption of service connection for the cause of death in the case of a blinded veteran who had a service-connected disability rated permanent and total for at least 1 year preceding the veteran's death. The bill further provides that the survivor would be ineligible if the veteran's death resulted from his own misconduct. Additionally, the bill requires a spouse of a deceased blinded veteran to have been married to the veteran for a period of 2 years in order to qualify for the benefits.

Mr. President, it is a sad commentary on our Nation when hundreds of millions are proposed to be spent on the repatriation, pardoning, upgrading, and conferral of veterans' benefits on those who ran from the responsibilities of citizenship during the Vietnam war era, while the survivors of those who served in Vietnam and elsewhere and suffered catastrophic consequences are left unattended. Such events tend to lend credence to the proposition that we have adopted as a matter of national policy in dealing with the problems of the blinded veterans and their survivors a spirit of inaction epitomized by the solemn resignation of Milton when he wrote of the blind that "They also serve who only stand and wait."

Mr. President, the blinded veterans of this Nation can stand to wait no longer. It has been estimated that the cost of this program will amount to no more than $100,000 per year. Its provisions are fair and deserve the serious consideration of and action by our colleagues.

ADDITIONAL COSPONSORS

S. 107

At the request of Mr. PEARSON, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 107, to reform veterans' pensions.

S. 991

At the request of Mr. RIBICOFF, the Senator from Maryland (Mr. SARBANES) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. 991, to establish a Department of Education.

S. 1724

At the request of Mr. GARN, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1724, the Neighborhood Reinvestment Corporation Act.

S. 1783

At the request of Mr. ANDERSON, the Senator from New Mexico (Mr. SCHMITT) and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of S. 1783, to amend the Internal Revenue Code.

S. 1872

At his own request, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 1872, to provide price supports for sugar.

SENATE RESOLUTION 114

At the request of Mr. ANDERSON, the Senator from Florida (Mr. STONE) was added as a cosponsor of Senate Resolution 114, to study the telecommunications policies of the Federal Government.

SENATE CONCURRENT RESOLUTION 31

At the request of Mr. GRIFFIN, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Concurrent Resolution 31, to disapprove the regulation pertaining to the use of air bags in automobiles.

SENATE JOINT RESOLUTION 59

At the request of Mr. JOHNSTON, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Joint Resolution 59, to designate the rose as the U.S. national floral emblem.

SENATE CONCURRENT RESOLUTION 41—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE TREATMENT OF EPILEPSY

(Referred to the Committee on Human Resources.)

Mr. HELMS (for himself, Mr. GLENN, and Mr. STEVENS) submitted the following concurrent resolution:

SENATE CONCURRENT RESOLUTION 41

Whereas epilepsy constitutes a serious health problem in the United States in that it affects millions of Americans annually;

Whereas the complications of epilepsy significantly decrease the quality of life and have a major negative economic, social, and psychological impact on families of its victims;

Whereas at least one hundred thousand people in the United States are suffering epileptic seizures at least once a month;

Whereas substantial evidence exists that an anticonvulsant drug, sodium valproate, could prevent one million or more of these seizures annually; and

Whereas sodium valproate is marketed in 14 European nations as well as Japan and Israel, but will not be marketed in the United States for several years under the Food and Drug Administration procedures unless the process of evaluation is hastened: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Secretary of Health, Education, and Welfare should exercise his full authority to hasten the assembly of essential data and expedite the reviews and consideration precedent to the introduction of sodium valproate in the United States.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the Secretary of Health, Education, and Welfare.

Mr. HELMS. Mr. President, the most successful drug ever developed for controlling epileptic seizures is being denied to Americans with epilepsy. The drug, sodium valproate, has been used effectively for 10 years outside the United States and is available in 16 foreign countries including England, France, Japan, and Israel. Yet a National Commission on the Control of Epilepsy and Its Consequences has learned that it will still take 2 to 3 years before sodium valproate goes through testing required by FDA and becomes available for use by physicians in the United States.

There are 2 million persons in the United States who suffer from epilepsy, 25,000 in my State of North Carolina alone. The prescription drugs presently available in the United States are not as effective as sodium valproate in the treatment of epilepsy according to many pharmaceutical and medical experts.

Commission on the Control of Epilepsy executive director John Mazland, M.D., recently stated, "We could prevent 1 million seizures this year in the United States if this drug were available."

The English, who claim to have the strictest drug approval laws, gave their approval to sodium valproate in 1974.

Foreign studies of the ability of sodium valproate to control seizures began with those conducted by the French in 1964. Today there are more than 35 clinical reports on the drug's use in more than 1,500 patients.

After reviewing the test history and present usage overseas of sodium valproate, Commission on the Control of Epilepsy chairman David D. Daly, M.D., stated: "This is the last country in the world where a new drug is available . . . only by the widest stretch of a sentence can this be called a new drug."

The repetition of testing of sodium valproate in the United States required under the 1962 amendments to the Food, Drug and Cosmetic Act has substantially contributed to this time lag of more than 4 years between approval in Britain and the United States.

According to Prof. William Wardell, M.D., of the University of Rochester School of Medicine, this self-imposed drug lag is not limited to sodium valproate. Dr. Wardell finds that:

From 1960 to date, all except one of the 11 drugs introduced for epilepsy in the United States or Britain have been introduced first into Britain, by margins up to 11 years. . . . Half of the drugs available in the United Kingdom are not yet available in the United States. Those drugs unavailable include drugs that, while not of great importance to large numbers of epileptics, are known to be uniquely effective in some patients.

Mr. President, although the case of sodium valproate is by no means an isolated one, its prior successful experience in Europe and its demonstrated need in the United States make it appropriate that it be given special attention. I am therefore introducing a Senate concurrent resolution to express the sense of Congress that the Secretary of Health, Education, and Welfare exercise his full authority to expedite the reviews and consideration undertaken by the Food and Drug Administration precedent to the introduction of sodium valproate in the United States.

AMENDMENTS SUBMITTED FOR PRINTING

PUBLIC FINANCING OF ELECTIONS—S. 926

AMENDMENTS NOS. 571 THROUGH 577

(Ordered to be printed and to lie on the table.)

Mr. GRIFFIN submitted seven amendments intended to be proposed by him to the bill (S. 926) to provide for the public financing on primary and general elections for the U.S. Senate.

AMENDMENT NO. 578

(Ordered to be printed and to lie on the table.)

Mr. CANNON submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

ADOPTION REFORM ACT—S. 961

AMENDMENT NO. 579

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON (for himself, Mr. RIEGLE, Mr. WILLIAMS, Mr. RANDOLPH, Mr. PELL, Mr. ANDERSON, Mr. BROOKE, Mr. DURKIN, and Mr. INOUYE) submitted an amendment intended to be proposed by them to the bill (S. 961) to promote the healthy development of children who would benefit from adoption by facilitating their placement in adoptive homes, and for other purposes.

NOTICES OF HEARINGS

DISCRIMINATION COMPLAINTS IN THE SENATE

Mr. RIBICOFF. Mr. President, I wish to announce that the Governmental Affairs Committee will hold a hearing on the subject of handling employment discrimination complaints in the Senate. The hearing is being conducted as part of the committee's mandate under Senate Resolution 110, section 310, which requires the committee to conduuct a study on this subject. The hearing will be held at 10 a.m. on Wednesday, August 3, in room 3302 Dirksen Senate Office Building.

CLASS I EQUIVALENCY

Mr. METCALF. Mr. President, on July 15, I announced that the Subcommittee on Public Lands and Resources of the Senate Committee on Energy and Natural Resources had scheduled a field hearing in Great Falls, Mont., on August 11 to take testimony on S. 242, the so called class I equivalency bill.

The location of the hearing has been changed from the Holiday Inn in Great Falls, as had been previously announced, to the Cascade County Court House, also located in Great Falls. The hearing is scheduled to begin at 10 a.m.

For further information regarding the hearing, you may wish to communicate with Mr. Russell R. Brown of the subcommittee staff on extension 224–2366. Those wishing to testify or who wish to submit a written statement for the hearing record, should write to the Public Lands and Resources Subcommittee, room 3106 Dirksen Senate Office Building, Washington, D.C. 20510 or communicate with my field Secretary, Mrs. Sally Jordan, room 4435, Federal Office Building, Billings, Mont. 59101, telephone 406-259–5966.

NOMINATION OF S. DAVID FREEMAN

Mr. RANDOLPH. Mr. President, I announce that the Committee on Environment and Public Works will meet at 9:30 on August 1 to receive testimony concerning the nomination of S. David Freeman to be a member of the Tennessee Valley Authority Board of Directors. Following the hearing, the committee will meet to consider this nomination and five other nominations.

Mr. Freeman has been nominated for a vacancy on the Board created by the resignation of Donald McBride. The position to which Mr. Freeman is nominated has been vacant for over 2 years. The committee, therefore, is moving as expeditiously as possible to consider this nomination so that the Tennessee Valley Authority will have a full complement of Directors to guide it in policy formulation during this important time in the development of a National Energy Policy.

The five other pending nominations to be considered after the hearing are:

Ms. Marion Edey to be a member of the Council on Environmental Quality.

Mr. William Drayton to be Assistant Administrator of the Environmental Protection Agency.

Mr. Kent Forrest Hansen to be a member of the Nuclear Regulatory Commission.

Mr. Joseph M. Hendrie to be a member of the Nuclear Regulatory Commission.

Mr. Peter A. Bradford to be a member of the Nuclear Regulatory Commission.

ADDITIONAL STATEMENTS

PUBLIC WORKS JOBS—A BUREAUCRATIC NIGHTMARE

Mr. ANDERSON. Mr. President, the Economic Development Administration was entrusted by Congress with the responsibility to implement the Public Works Employment Act of 1977. Legislation authorizing the expenditure of $4 billion of emergency, job-stimulating funds was signed by President Carter on May 13.

As of today, not one community has received a dime of these funds.

President Carter singled out the recovery of the U.S. economy as the No. 1 priority of his administration. This, to me, means putting Americans back to work in meaningful employment. The President fashioned an economic stimulus plan to achieve this goal. Congress responded quickly by authorizing the programs President Carter believed were necessary to achieve a decrease in unemployment.

Yet the failure of this job-stimulating program is rooted in the President's own Economic Development Administration in the Department of Commerce. The redtape and bureaucratic obfuscation that has been generated by this agency since May 13 is shocking. I was a member of the conference committee that developed this program. Yet I barely recognize it today.

Communities have been given assurances of receiving Federal dollars only to have this promise reneged. Planning targets released in June were rereleased a month later undercutting any confidence communities could have as to what amount of money they might plan on or when they might receive it.

Last week I wrote to President Carter to request that he personally intervene in freeing these moneys which earlier this year he told Congress were so vital to the recovery of the U.S. economy. I also contacted Assistant Secretary for Economic Development Robert Hall to detail for him my specific problems with his implementation of the program. Every State is affected by the bureaucratic bungling.

I ask unanimous consent that the full text of these letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 20, 1977.

President JIMMY CARTER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Your early and active participation in formulating a comprehensive legislative package to put America's unemployed back to work received my wholehearted support. As a member of the Senate Environment and Public Works Committee, I took an active role in moving the Public Works Employment Act through quickly in order that these monies could be used for the 1977 construction season.

This Act was signed by you on May 13. Yet today, two months later, not one dime of federal funds has been dispersed to put Americans back to work. The implementation of this program is a prime example of a good idea strangled by bureaucratic red tape. Communities promised funds a month ago are now told that money will not be available. The city of Minneapolis, was told a month ago it would receive $7.637 million of public works funds. Now, a month later, rather than a check from the Economic Development Administration, the city received word that their funds have been cut by $300,000.

This Act was a cornerstone of the Economic Stimulus package which you devised. I want you to understand that this program's impact on the economy during this construction season has been lost. It will take your personal involvement to free these funds and get this program back on track.

The unemployed must not lose the assistance we intended due to bureaucratic bungling at EDA.

With warm regards.

Sincerely,

WENDELL R. ANDERSON,
U.S. Senator.

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C., July 19, 1977.

Hon. ROBERT HALL,
Assistant Secretary for Economic Development, Department of Commerce, Washington, D.C.

DEAR MR. HALL: I want you to know of my dissatisfaction with the implementation of the Local Public Works Employment Act by the Economic Development Administration. The intent of this Act was to speed Economic Development Assistance grants to states and local communities to ease the present burden of unemployment.

The act was signed into law by President Carter on May 13. Today is July 19. Two months have passed and not one dime has been spent by the EDA on this program to get people back to work. Congress expedited this legislation in order to take advantage of the 1977 construction season. In Minnesota, this construction season is already half gone and by the time funds are released, it will probably be all but over. It was the intention of Congress for EDA to quickly fund the applications pending before your agency. This, unfortunately, has not been the case.

There are several aspects of the implementation of this program by the EDA of concern to me.

(1) EDA released "planning targets" on June 6 which were riddled with inaccuracies. My office was given assurances by you and your staff that communities identified at that time to receive funds would, in fact, receive money. However, the figures released on July 15 are substantially different. Several Minnesota communities identified in the June figures are no longer slated to receive funds. The allocation levels of many communities have changed significantly in the July 15 allocations from the June figures. How can these communities be expected to understand this give and take of federal dollars or be expected at this point to have confidence that these present "planning targets" will now remain unchanged?

(2) It was EDA's determination that projects that qualify for less than $75,000 would receive no funds. This arbitrary cut-off has no basis in the statute and has worked to the detriment of small rural communities in Minnesota who can very quickly put to good use sums smaller than $75,000.

(3) The 65/35 allocation formula has been the cause of the failure of many Minnesota communities to receive funding. Numbers of unemployed in relation to the State numbers of unemployed does not explain the true impact of unemployment on many Minnesota communities. This allocation formula is a provision which I did not support on the Senate floor. I recognize, however, that your implementation of this provision is consistent with the language of the law.

(4) Under the law, $70 million was set aside for projects "for which application was not received solely because of an error by an office or employee of the United States." I have tried repeatedly for several months to persuade EDA to implement the language of this provision by certifying several Minnesota projects for this error set aside. Project applications for Randolph, Hastings and several from the State of Minnesota were mailed rather than received by EDA by the December deadline date. This action was on the advice of the EDA project officer in Minnesota. However, the Chicago Regional EDA office has stated that the language in the *Federal Register* stating that applications must have been received by that date has the force of law and, consequently, that EDA is not responsible for advice given by their employees. This situation is the reason this provision was enacted and yet your agency refuses to implement it for Minnesota.

(5) The Act clearly states that "a school district shall be accorded the full priority and preference to public works projects." EDA's implementation of this provision has been to require school districts to negotiate their own access to funds through each community of which the school district is a part. In my mind, this does not represent "full priority and preference" for school districts.

(6) The Act gives EDA the authority to consider severity of unemployment as a means of controlling undue concentrations of funds in a particular area. I am not aware of any effort on your part to creatively utilize this provision to bring greater equity to this program.

As a member of the Senate Environmental and Public Works Committee, I played a direct role in formulating this legislation. The implementation of this Act has fallen far below my expectations. I would hope that you will continue to attempt to resolve the difficulties that EDA's administration of this program has caused the unemployed of Minnesota.

Sincerely,

WENDELL R. ANDERSON,
U.S. Senator.

FOOD STAMPS

Mr. THURMOND. Mr. President, the House of Representatives will soon consider H.R. 7940, the Food Stamp Act of 1977. As it has been reported by the House Committee on Agriculture, the bill contains many of the same serious defects which marred the Senate-passed version, title XII of the Food and Agriculture Act. One of the most serious of these is the elimination of the purchase requirement for food stamps, although there is still some hope that the House will reverse this mistake and insist upon maintaining the food stamp program as a nutritional aid program rather than as a welfare giveaway, with free stamps.

In addition, under the present language of the House bill, there would be no bar to the use of food stamps by strikers or college students. On these two points, an insightful editorial appeared in the Richmond News Leader of July 6. It concludes that "the Senate votes to continue the plunder of the taxpayers" by refusing to crack down on abuse of food stamps "were flat-out wrong."

Mr. President, in order to share this editorial with my colleagues, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

YOU BET IT IS

The United States Senate now has turned thumbs down on two proposals for helping the beleaguered taxpayers. It rejected efforts to deny food stamps to strikers and to students. In both instances the Senate demonstrated its kinship with special-interest groups; it also exhibited its disdain for working people.

Republican Senator Strom Thurmond of South Carolina introduced the amendment to disqualify strikers from food stamp eligibility. He said that providing food stamp assistance to strikers "is not fair. It is not fair to the other side of the bargaining table, and most of all, it is not fair to the American taxpayers who must bear the cost of the food stamp program."

Senator Thurmond is right. Extending food stamps to strikers forces other workers to subsidize labor walkouts, and that is precisely what Big Labor wants. Big Labor would like nothing better than to tap the pay checks of working people—particularly nonunion working people—to underwrite its side during labor disputes.

Such subsidies would give labor a loaded gun.

A federal court recently ruled that providing unemployment benefits to strikers is unconstitutional. Logically, extending food stamps to strikers also should be unconstitutional. But logic is an endangered species in the federal wonderland. When the Thurmond amendment came up for a vote, the score stood at Big Labor 56, the taxpayers 38. (Virginia's Senators, Harry F. Byrd, Jr., and William Scott, voted to support the Thurmond amendment.)

California's Republican Senator S. I. Hayakawa introduced the amendment to deny food stamps to college students. A renowned scholar and a former president of San Francisco State University, Senator Hayakawa understands both students and the purpose of higher education:

"A college education is a good thing, and millions of young people sacrifice to have it," he said. "They work part time or alternate semesters to scrape up enough money for tuition and books. But they make calculated choices, giving up present satisfactions in order to broaden their horizons, improve their minds and better their future careers.

"Most of them are willing to accept the responsibility for self-support that comes with their choice of an education. But some are really unwilling to do so. For some, a college education is a postponement of responsibility, a postponement of facing the realities of existence. This becomes even more true when they are tempted to the welfare trough by the refusal of the Congress to impose any meaningful impediment to it."

Senator Hayakawa is correct. Students are the most pampered segment of society. Many receive scholarships provided by generous alumni; others take advantage of loans and scholarships financed by the taxpayers. And most of their schools depend on the taxpayers' money for support. College should be a sacrifice willingly made in anticipation of future gain. But no: Mushrooming federal programs are removing the word "sacrifice" from students' vocabularies.

The Hayakawa amendment would have reaffirmed that while a college degree is valued, punishing those who are not in school by forcing them to provide food stamps for students is manifestly wrong. Sensible as it was, however, the amendment was defeated. (Senators Byrd and Scott voted to support the Hayakawa amendment.)

During the debate on his amendment, Senator Hayakawa asked rhetorically: "Is it right to make hungry college students do without food stamps?" He answered, "You bet it is." Yes, it is right to deny food stamps to college students and strikers. And the Senate's votes to continue the plunder of the taxpayers were flat-out wrong.

POSTAL SERVICE WINS JULY "GOLDEN FLEECE" AWARD

Mr. PROXMIRE. Mr. President, I am giving my "Golden Fleece of the Month award" for July to the U.S. Postal Service for spending over $3.4 million on a Madison Avenue ad campaign trying to make Americans write more letters to one another. In addition, the Postal Service spent almost $775,000 more in a seemingly futile effort to test whether the campaign works, a classic case of throwing good money after bad. This tallies up to a grand total of over $4 million of the taxpayers' money.

Spending public money trying to make Americans more prolific letterwriters is a dubious project at best. People write letters for many reasons, but I doubt that a public relations pitch from the Federal Government is one of them. In my view, this kind of hype just will not make Americans type.

Moreover, there is a very great question of whether a Government-subsidized agency should be in the game of trying to drum up more business for itself.

We do not ask the Defense Department to start a war in order to use our military hardware more efficiently.

We do not ask social security contributors to retire earlier so we can make more efficient use of that agency's computers to send out the checks.

We do not try to increase the level of unemployment so we may make more efficient use of our administrative machinery for sending out the compensation checks.

Yet the Postal Service insists on coughing up millions of dollars on an ad campaign to promote increased household correspondence.

In launching this effort the Postal Service claims the greater volume of first-class mail that might be generated by this campaign would produce more revenues.

But Postal Service representatives with whom my staff has talked indicate that all classes of mail are, at this time, losing money. Increasing the volume of first-class mail may, therefore, simply contribute further to Postal Service deficits.

Beyond that, the Postal Service cannot seem to figure out how to test its campaign to see what effect it is having. Postal Service bureaucrats have so far been unable to agree on the meaning of their over three-quarters of a million dollars' worth of test results.

That is why, they say, they may spend another $1 million for further testing of this campaign in 1978.

To sum it up, while the Postal Service public relations people, statisticians, and market analysts have been hunched over the drawing board trying to devise and test this highly questionable Madison Avenue caper, the American taxpayer has picked up the tab.

This is a burden which our taxpayers should not be asked to bear and a luxury which our Federal Treasury cannot afford.

Mr. President, as Senators know, I make monthly "Golden Fleece Awards" for the biggest, most ridiculous, or most ironic example of wasting Federal tax funds. These monthly awards are followed by a "Fleece of the Year" winner in late December.

I should point out, too, that I am a member of the Senate Appropriations Committee, which oversees the use of appropriated funds by the Postal Service.

The Postal Service may have had good intentions when it embarked on its so-called "Household correspondence program." As one of its senior officials wrote to me:

This program has as its objective stimulation of revenues through increased personal letter writing volume. Personal letter writing volume has not grown in recent years and moreover, total first-class mail is expected to decline in future years as a result of increased reliance upon electronic transfers. Since first-class mail is the major revenue producer for the Postal Service and manpower and equipment are presently available to handle additional volume, increased household correspondence volume would provide additional revenues.

But unfortunately, the road to Hell is paved with good intentions, and that is what we have in this case.

In fiscal year 1976, the Postal Service deficit was almost $1.2 billion. And a $2.4 billion deficit is expected in the 12 months beginning next March 25.

So what does the Postal Service do in the face of these staggering deficits? It comes up with a multimillion dollar, Madison Avenue style ad campaign. This venture belongs on the junkpile, along with other ill-conceived Postal Service schemes like unjustified rate increases and the proposal to end Saturday deliveries.

There are lots of other possibilities for the Postal Service to ponder if it wants to increase revenues. As one of the Postal

Service's Madison Avenue friends might put it, it is time for the Postal Service to run these options up the flagpole and see if anyone salutes. For sticking with a slick, shaky, and expensive ad campaign instead, I award the Postal Service my "Golden Fleece" for July.

ARTICLE IV, SECTION 3, RESTRAINS U.S. NEGOTIATIONS ON PANAMA CANAL

Mr. HELMS. Mr. President, the issue of the Panama Canal is one of great complexity. Factors involved include international relations, defense, commerce, and both international and national strategic goals. But the fundamental issue is the important issue: whether the dismemberment of the integrity of U.S. territory can be initiated by the executive branch without the consent of Congress.

The framers of the Constitution wisely gave to "the Congress" the "power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States," in article IV, section 3. I say "wisely," because there is no issue more sacred and important to the people of a nation than the territory of the nation itself. We all know that the idea of a nation is not necessarily defined by geography; yet the concept of the freedom and independence of nations is virtually identified with specific boundaries that can be defended against attacks of violence and other derogations of integrity.

Such is the doctrine of national sovereignty, that is, the possession of supreme and independent political authority. An attack upon a nation's sovereignty, whether it is a military attack or merely an erosion of authority, is an attack upon the very existence of the nation to whatever degree. Therefore, whenever proposals arise to alter national boundaries, the people themselves must be involved to the maximum degree provided by the constitutional processes.

If a nation is conquered in battle, then boundary changes can and have been imposed without the consent of the people; but a nation that is free and independent cannot permit such an imposition either by force or threat of force. The people rightly view such attempts with suspicion and hostility. I think that it is highly significant that, in the case of the Canal Zone, the overwhelming proportion of the American people are steadfastly opposed to giving up ownership and control of the Panama Canal.

AMERICAN PEOPLE OPPOSED

Moreover, the opposition is steadily rising. The respected polling organization, Opinion Research Corp., of Princeton, N.J., took a nationwide poll a few weeks ago for the Institute of American Relations. This poll showed 78 percent of the scientific sample opposed to the giveaway. The same poll 1 year ago showed only 75 percent opposed, and 2 years ago, only 68 percent. This is a statistically significant increase, and parallels the increasing public awareness of the proposed giveaway as indicated in the same poll.

This is not to say that national boundaries are immutable. Conceivably, there are times when the boundaries can be extended or diminished in the national interest. Yet the issue is so important that one man, the President of the United States, should not take upon himself the responsibility of initiating it. It is particularly important that the disposition of U.S. territory originate in Congress, not in the Executive, because the interests of all the States are affected. The checks and balances which are built into the congressional system—the compromise between representation of States, and representation of population, the varying terms of office and political accountability, the interplay of political parties and philosophical coalitions—all serve to insure that a national consensus is achieved and that proper compromises are effected where necessary.

"THE CONGRESS" HAS POWER

This is why article IV, section 3, says that "the Congress" shall have power to dispose of territory belonging to the United States. "The Congress," needless to say, includes both Houses. This is not a matter for the Executive to initiate or to decide, or even for the Executive with the consent of the Senate alone.

For the disposition of territory and property belonging to the United States is fundamentally a domestic matter, not primarily a matter of foreign relations. In a secondary sense, it is obvious that the territory, when disposed of, will devolve upon a foreign nation. But until it is disposed of, it remains domestic territory, and Congress retains not only the power to dispose of it, but also the power to make all needful rules and regulations respecting it. Indeed, Congress functions both in theory and practice as the legislature for unincorporated territories. In this case, clearly, Congress has continually acted as the legislature for the Canal Zone.

This fact is very important when viewed in the light of article IV, section 3, the first paragraph, which immediately precedes the language we have been discussing. This states that—

> No new state shall be formed or erected within the jurisdiction of any other state; nor any state be formed by the junction of two or more states, or parts of states, without the consent of the legislatures of the states concerned.

In that sentence, the Constitution is protecting the integrity of State boundaries by forbidding changes without the consent of the legislatures involved. In the next sentence, which is the basis of this hearing, the framers applied the same principle, by analogy, to unincorporated territories. The boundaries of such territories cannot be altered or diminished, or, in the ultimate, disposed of, without the consent of the legislature involved, that is to say, Congress. There is an obvious parallelism between the treatment of States and of territories, adapted to the specific conditions of each.

In short, article IV, section 3 is a limitation on the treaty-making power of the President. It is, of course, true that article II, section 2, says that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur." But that sentence cannot be read in a vacuum. No one imagines, for example, that the President has the power to enter into a treaty, even with the consent of the Senate, which would abridge freedom of speech, freedom of religion, or any other aspect of the Bill of Rights. It is not enough to say that the Senate would never consent; the President has a sworn duty to uphold the Constitution in all of its parts. He does not have the authority to negotiate away part of it in the hope he can induce the Senate to go along.

NEGOTIATIONS ABRIDGE CONGRESSIONAL POWER

In the same manner, the President may not enter into negotiations that abridge the powers of the Congress. It is not just the outcome that abridges the powers of Congress; it is the very fact of entering into negotiations on matters within the powers of Congress that is an infringement on congressional authority. Any attempt to initiate the disposition of U.S. territory and property by the executive branch, without prior authorization, is a usurpation of power.

Why is it a usurpation? It is a usurpation, because the executive branch is acting on a domestic matter without congressional authorization. It is a usurpation, because the territory itself and the sovereignty over it would necessarily devolve upon the ratification of the treaty itself without the concurrence of the House. The House may be called upon to pass enabling legislation after the treaty is ratified; but the House would be constrained to act within the terms of the treaty. A fundamental principle which has been assumed in the negotiations is the abrogation of the 1903 treaty with its grant of sovereign powers. But sovereignty itself is a property right, and falls within the power of Congress in article IV, section 3. If a treaty were ratified by the Senate before the House acted, the House would have no opportunity to act on this transcendent question. It would be faced with an accomplished fact.

And even if the question were put to the House before the treaty were ratified by the Senate, the House would still be constrained by the overhanging treaty question. And indeed, the House could very well turn down the enabling legislation, or portions of it, only to find their action overridden by the passage of the treaty in the Senate.

Treaties ordinarily contain portions which are self-executing and portions which are not self-executing. The House would not be able to act on any item that is self-executing; and some of the fundamental issues might be considered self-executing. The House clearly would have its article IV, section 3 powers abridged; and of course if one House suffers, the whole Congress suffers in its prestige and authority. The Senate cannot smugly stand on its ratification power and imagine that its overall authority will not be derogated.

TREATY RATIFICATION DIFFERS FROM LEGISLATIVE POWER

Moreover, even the Senate itself will have the fullness of its article IV, section 3 powers abridged, if it chooses to rely solely on its article II, section ratification power. For the ratification power is fundamentally different from the legislative power in article IV. It should be obvious that ratification is after the fact; the terms have been established; no fundamental changes are possible in a practical sense. Slight modifications, such as reservations or understandings, may be attached, but the effect of these in international law is dubious. The only real alternative is complete rejection, which could have severe international repercussions. The Senate could very well find itself debating to determine the lesser of two evils, neither of which represent the best interests of the United States.

But if the disposition of U.S. territory and property is treated as a legislative matter under article IV, then Congress itself sets the basic principles of negotiation. It gives the Executive guidelines as to what is acceptable. It strengthens the hands of the negotiators, since the opposite parties would know the limits of the negotiable items. And if the negotiators are not able to get a detailed agreement within the terms laid down, then they can return to Congress to seek appropriate legislation to enlarge their mandate.

Moreover, the full play of the committee system can be brought into effect. If only a treaty is to be considered, only the Committee on Foreign Relations has jurisdiction. While I am sure that the distinguished members of that committee are experts in foreign affairs by virtue of their experience, the disposition of property, as I have already pointed out, is fundamentally a domestic matter, not a matter for foreign relations. The jurisdiction over the Canal Zone is split between the Commerce Committee and the Armed Services Committee. The Senators on those committees would not be able to bring their special expertise to bear on the markup and reporting process. The predominant concerns affecting the disposition of U.S. property would be those concerns relating to foreign affairs, and there would be no forum for the fundamental domestic concerns to receive committee review and to affect the final product reported to the floor.

It is clear, therefore, that the ratification process is no substitute for the legislative process, even so far as the powers of the Senate itself are concerned. The ratification process is a rubberstamp which can be given or withheld; the legislative process is the fullness of congressional power, allowing both Senate and House to work their separate and collective wills on shaping and developing the terms of any disposition of U.S. territory and property.

CANAL ZONE U.S. TERRITORY

Mr. President, there is no doubt but that the Canal Zone is unincorporated territory of the United States. Our instruments under international law have given us the rights of a sovereign; and of course, our domestic law has always treated the Canal Zone as U.S. territory, a fact established by the U.S. Supreme Court as early as 1907, and reaffirmed many times, including as recently as 1971 when the Court let stand a lower court decision based on the 1907 case.

Some have pointed to discrepancies between the way laws affect the 50 States and the way they affect the Canal Zone, as though to imply that the zone is something less than U.S. territory. But the fact is that Congress itself is the author of those discrepancies, using its authority to make all needful rules and regulations for the territory under article IV, section 3. Moreover, the fact that the zone is and always has been a U.S. Government reservation means that special circumstances apply. The fact that certain discrepancies exist enhances the power of Congress, because it shows that Congress is exercising the fullness of its article IV power. Indeed, such minor discrepancies strengthen, rather than diminish, the status of the Canal Zone as article IV territory.

It is clear, therefore, that the President and the Secretary of State are bound by oath under article VI, section 3 of the Constitution and the laws of the land, as interpreted by the U.S. Supreme Court. It should be unnecessary to make such a statement, but for 12 years the executive branch has been acting as though the power to conduct international relations superceded its obligations under domestic law.

PRESIDENT JOHNSON ACKNOWLEDGED U.S. SOVEREIGNTY

On September 24, 1965, President Johnson announced that the Treaty of 1903 would be abrogated and that negotiations would begin on new treaties. That in itself was an unauthorized usurpation of power. Congress had in no way provided authority by legislation or by resolution which would allow President Johnson to assume article IV powers. In fact, just the opposite was the case. Numerous actions, particularly in the House of Representatives, had indicated that the sentiment was against the abrogation of the sovereignty and perpetuity clauses of the 1903 Treaty.

Indeed, by the time that the treaties had been negotiated persuant to the President's announcement and initialed in 1967, the sentiment in both Houses was strongly opposed to them. In fact, the executive branch felt that the sentiment was so strong that the treaties were not even sent up to the Senate.

KISSINGER-TACK AGREEMENT

Nevertheless, on February 4, 1974, then Secretary of State Henry Kissinger signed a so-called Agreement on Basic Principles with Panamanian Foreign Minister Juan Tack.

Now these basic principles were even more insidious than the straightforward announcement by President Johnson that he would seek to abrogate the 1903 treaty. For the basic principles implied, without ever saying so specifically, that the United States did not possess either territory or sovereign powers. Principle 4, for example, begins:

> The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, etc.

The Kissinger-Tack agreement put the prestige of the executive branch behind a statement that is historically untrue, profoundly unconstitutional, and an illegal usurpation or power. Whereas the Johnson announcement implied per se that the United States did have sovereign powers, and that they should be abrogated, the Kissinger statement implicitly denied that the United States had sovereign powers, and hence there was no need to speak of abrogation. This was an attempt to end run the Constitution and the laws of the United States, and to create an accomplished fact. It amounted to a concession of the major point before the negotiations began.

The reaction in the Senate was very intense, as well as in the House. In the Senate, under the able leadership of the distinguished senior Senator from Arkansas (Mr. MCCLELLAN) and the distinguished senior Senator from South Carolina (Mr. THURMOND), 39 Senators cosponsored a resolution demand that our sovereignty remain undiluted in the Canal Zone. As a very freshman Senator at that time, I was proud to be among that distinguished group of cosponsors.

Usurpation is a process which seems to blind the usurpers to the consequences of their actions. Now the very set of basic principles, odious as they were, were exactly the sort of thing which should have been brought to Congress for approval before they were signed. If Congress had chosen to adopt those principles as guidelines under article IV, then the negotiators could have safely assumed that they would get a treaty acceptable to the Senate and the House.

But the Secretary of State and the President were not willing to take the risk of submitting such basic principles to the Congress for fear that they would precipitate an intense debate resulting in rejection or amendment. They chose, therefore, to ignore article IV, and continue negotiations, despite the fact that a group of Senators large enough to block the treaty had declared themselves opposed to their work. They had set themselves upon a course that may well end in tragedy and disaster.

THE 1975 "CONCEPTUAL AGREEMENTS"

The direction of the negotiations soon became evident. In December 1975 another document emerged—so called "conceptual agreements" amplifying the Kissinger-Tack principles. These went into more detail, but confirmed the worst fears of those opposed to the surrender of sovereignty. For although the American people had been promised "practical control" in lieu of sovereignty, it was plain that even "practical control" would vanish almost immediately upon ratification, leaving only a mixed control for approximately 3 years. More recent news accounts confirm the extent to which the conceptual agreement has been carried out in the present negotiations.

Mr. President, on December 4, 1975, in a statement on the Senate floor, I made an extensive analysis of the hitherto "secret" conceptual agreements. It will make very interesting reading, I believe, when final drafts of the new treaty become available.

AMBASSADOR LINOWITZ AND ARTICLE II

Nothing, however, seemed to deter the Department of State, not even the change of administrations in the beginning of this year. The appointment of Ambassador Sol Linowitz as conegotiator is a case in point. Ambassador Linowitz is not an impartial and professional negotiator. He has long been an advocate of surrendering the canal to Panama, and his business interests coincide with that advocacy. Unfortunately, the administration once again chose to avoid debate in the Senate by appointing him only to a 6-month term—a legal subterfuge which enabled him to bypass the confirmation process.

If the State Department had really been interested in consulting with the Senate, they would have used the opportunity to put their positions on the line. But instead they chose the bypass route. And as a result of avoiding the advice-and-consent procedures of article II, a great embarrassment was created to the U.S. Government and to the State Department itself.

For after a Senate speech in which I pointed out that Ambassador Linowitz was on the board of directors of Pan American Airways, and on the board of directors of the Marine Midland Bank—and on its executive committee—both of which had extensive interests in Panama and needed to curry favor with the regime to maintain those interests—the Ambassador was forced to resign from at least one of them.

ENCROACHMENT AND USURPATION

What all this shows, Mr. President, is that encroachment follows upon encroachment. The failure of the Executive to abide by article IV, section 3 leads to the failure of the Executive to abide by the spirit of article II, section 2. What kind of a ratification process is it, when the Executive bypasses an essential part of it; namely, the advice and consent to ambassadors about to undertake a major negotiation? This is the only opportunity the Senate gets before a negotiation to officially instruct a negotiator on its views before a treaty is locked in; yet the State Department bypassed even that by nominating a candidate who proved to be unsuitable for that particular post.

As I indicated before, usurpation and irresponsibility lead to seizure of power and tragedy. For 12 years the State Department has been unconstitutionally raising the aspirations of the Panamanians, acting wantonly and without authority. If this treaty fails—and there are good reasons why it should—the blame will lie entirely with the executive branch, which has constantly refused to abide by its constitutional authority, and has failed to take the Congress into its confidence about actions which are solely in the field of congressional prerogative anyway. Unfortunately, it will be the Nation, and the American people who have to suffer the consequences.

I would like to close, therefore, with the very blunt warning of George Washington in the Farewell Address:

It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government a real despotism. If in the opinion of the people the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use at any time yield.

COMPUTER-RELATED CRIME

Mr. RIBICOFF. Mr. President, an article entitled "The Growing Threat to Computer Security" is printed in the August 1, 1977, issue of Business Week.

The article refers to the Federal Computer Systems Protection Act of 1977, legislation I introduced to improve the ability of the Government to detect, investigate, and prosecute computer crime. A similar measure was introduced in the House of Representatives by Congressman CHARLES ROSE of North Carolina and Congressman ROBERT F. DRINAN of Massachusetts. The bill is a result of a staff report by the Senate Governmental Affairs Committee entitled, "Computer Security in Federal Programs," issued February 2, 1977.

Mr. President, I ask unanimous consent that the Business Week article about computer security be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE GROWING THREAT TO COMPUTER SECURITY

Earlier this year, a man identifying himself as Michael Charles, Midwestern banker, called the Federal Reserve Bank in Minneapolis with instructions to transfer $16,255 electronically from the Aberdeen National Bank in South Dakota to the Citizens & Southern National Bank in Atlanta. Charles supplied the day's code word, and a routine transaction was made. Six months later an embarrassed Federal Reserve acknowledged that Johnny Ray Johnson, exconvict, also known as Michael Charles, had entered a guilty plea to wire fraud. As investigators told the story, Johnson had simply placed a few telephone calls and thereby learned enough about the Fed's codes to fool the system.

The ease with which an unsophisticated operator manipulated the Fed wire—which moves $35 trillion a year for its member banks—pointed up how vulnerable the system can be. And experts say that the problems do not stop there. "You must realize that there is no such thing as an entirely secure electronic-data or voice-communication network anywhere," explains a former Central Intelligence Agency employee.

Most knowledgeable observers, in fact, believe that not just hard cash but also secret information and personal privacy are in peril today—and that the situation promises to get worse before it improves. The spreading alarm among businessmen, scientists, private citizens, and legislators has spawned a wide range of proposed remedies. But most of these are themselves controversial.

HOME INVASION?

Compounding the problem is the growing spread—and reach—of computers. The government alone owns some 10,000 computers. Business employs as many as 200,000 more. And the outlook is for the gadgetry to become ever more pervasive. According to some estimates, millions of American homes will have either their own computers or their own terminals by 1985. Since these devices can be interconnected, or hooked together by telephone, the massive amounts of data they will transmit will turn these computers into a giant information grid. And a lot of that information will supposedly be private.

Computer tampering already costs American business $300 million a year, according to one estimate. And that figure may be conservative. Since tampering is often impossible to detect—and even tougher to prosecute with today's inadequate laws—no one can say with certainty how much of it goes on. Donn B. Parker, a senior management systems consultant at SRI International (formerly Stanford Research Institute) and an expert on computer fraud, believes that the prevention of computer crime is a long way off. "We're all very bad at it," he says. "Fundamentally, we do not know how to protect large-scale, multi-access computer systems." Parker guesses that that capability could be 10 years in coming.

One recent legislative response to computer theft is the proposed Federal Computer Systems Protection Act of 1977 that Senator Abraham A. Ribicoff (D-Conn.) introduced last month in Congress. Ribicoff and his eight co-sponsors hope that the bill will define computer crimes sharply enough for prosecutors to start winning convictions. The measure would provide for a maximum $50,000 in fines and 15 years in jail for nearly all computer crime.

ELUSIVE CRIME

Industry figures applaud the proposed legislation as a proper legal step toward controlling computer crime. But SRI's Parker points out some flaws that he sees in the bill. "The question arises whether we need an omnibus crime bill or more specific legislation," he says. For one thing, Parker argues, a fair reading of the bill makes such innocuous foolery as unauthorized programming of cartoons a federal offense.

The bill is also no answer to the difficulty of detecting computer crime in the first place. Traditional audit practices often cannot flag many subtle programming changes. And it is a near impossibility for many companies to ferret out flawed programs that may involve only 20 alterations in a set of 500,000 separate computer instructions. Sometimes, too, these changes are not programmed to occur until six months after the manipulator has introduced them.

In the case of remote access to computers, even eternal vigilance can be no guarantee against possibly catastrophic tampering. Durrell Hillis, a program development manager at Motorola Inc., recalls how he explained to an appalled Tennessee Valley Authority official that a high school student

with a terminal in his basement might easily tell the TVA's computer to open all the flood gates under its control.

IBM'S SOLUTION

The National Bureau of Standards has provided a technological answer to that sort of security question. In the spring of 1975 the NBS challenged computer manufacturers to construct an encrypting algorithm procedure that would permit the secure exchange of digital data. Scientists at International Business Machines Corp. came up with the winning approach, which underwent 17 man-years of company study to establish its integrity.

NBS made the resulting Data Encryption Standard (DES) a requirement for all nonclassified federal communications, and there is a good chance that it will become the standard for business as well. The system design was offered on a free license basis, and Motorola, Rockwell International's Collins Group, and Fairchild Camera are now about to begin marketing their individual versions of it. To get the hardware cost down, the encrypting circuitry is being built on a single large-scale integrated (LSI) chip. With the expected volume of business, the price of the LSI circuit could fall to around $10 within five years from today's more than $100.

Unlike the old-style mechanical encrypters that simply substituted symbols for one another, the DES system breaks messages into 64-bit blocks. The algorithm then shuffles 8-bit units and transforms them according to a "block cipher code" and a 56-bit "password" key kept secret by the user. An identical key is needed to decode any message.

So far, the Fed has contracted with Collins to implement DES, and IBRO, a consortium of British banks, wants to use it as well. DES might also be an answer to the massive eavesdropping operation reportedly being carried on within the U.S. by the Soviet Union. The Russians are said to be intercepting microwave transmissions with sophisticated sensors, using computers to locate a particular conversation. However, they might not have the capability both to intercept and decode a DES message.

FEDERAL SECRET

But DES has its detractors as well. Martin Hellman, a Stanford University electrical engineering professor, says that he could break the code in half a day with a special computer costing $20 million. His theoretical clients would pay about $5,000 per decryption. NBS disputes his calculations and says that at least $200 million and several years would be necessary.

Most objections to DES stem from the fact that special rigorous tests applied to it have been kept secret at the behest of the National Security Agency (NSA). It is a most unusual requirement and one that has some cryptographers wondering if the NSA and the NBS have left a "trap door" in the algorithm that would make it easily decipherable for their own purposes. An NBS spokesman dismissed the suggestion as "stpuid." Nevertheless, a Bell Telephone Laboratories, Inc., memo recommends against DES in its present form. A consultant for Citibank hired Hellman to investigate the system, and the bank was told that structures within it might render the DES vulnerable. Bankers Trust Co., has opted for a private algorithm in an encryption system that it will soon begin to use.

A host of critics also complain that the 56-bit DES key length is suspiciously short. The NBS replies that any larger-capacity chip would strain the present limits of technology. And Alan Konheim, an IBM code expert who helped design DES, is satisfied with its integrity. "I have smart colleagues, and we have worked on this for years," he says. "We don't have a way to break it."

Still, the critical Bell memo suggests that "the standard should be strengthened by extending the key size." Computation Planning Inc. in Bethesda, Md., the data security firm that will manage the Bankers Trust project, extends the key length for its proprietary algorithms to 128 bits. "Our choice is governed not by a feeling that 56 bits are too few," says Herbert S. Bright, president of Computation Planning, "but rather just to make it unnecessary even to bring up the problem."

Ironically, another possible problem with the NBS standard is that users will not employ it to its full potential. They may make up their key with only eight letters or numbers to avoid having to remember a long bit-string of "ones" and "zeroes," the binary language of computers. This would so reduce the variety of possible keys that it would become feasible to break the code by trying every possible combination. "That would be a terrible thing," says IBM's Konheim. "In our discussions, we warned people about that."

Many computer experts agree with SRI's Parker that technology alone cannot solve security problems. Parker says that only one of the 500 computer crimes he has studied involved the sort of access that DES would prevent. "Today," he says, "this is an elegant solution looking for a problem."

Parker and others say that the weakest link is people who have regular access to computers. For any number of reasons, he says, these people might see fit to alter a program or extract vital data for outsiders. Rather than pay Hellman's $5,000, Parker reckons, why not give a computer operator $200 and get all the information necessary? Says another observer: "It will become increasingly attractive to seduce an executive's secretary."

At the federal level, the General Accounting Office has called for a limit on the number of personnel with direct access to a computer, as well as an internal review system for companies. SRI's Parker has completed a computer ethics study that focused on some 50 scenarios involving personnel in ethically ambiguous situations. And the Office of Management & Budget is now writing standards for personnel checks that will become governmentwide.

GOVERNMENT THREAT

Meanwhile, even as DES comes on line, much more advanced concepts are being pursued. One, a brainchild of Stanford's Hellman, uses what mathematicians call "hard problems" as its basis. In one case, this encrypting approach uses very large prime numbers as its key. Breaking such a code requires factoring huge numbers, a process that can involve, theoretically, quadrillions of years of computer time.

The scheme is so new and complex that most computer experts, while fascinated by its possibilities, wonder if it really works. Hellman says it does, and goes on to say it is so unique that only the message sender require a key. Furthermore, the way in which a message is encoded provides, for the first time, an authenticatable "signature" for electronic message senders.

Closer at hand is the work being done at IBM and elsewhere that seeks to bury code keys either within the computer or in some external device. Such a scheme would go far toward establishing a truly fail-safe system.

Any new level of security will carry its incremental expense to businessmen, and experts now say that costs will force many computer users to accept a level of vulnerability. While most agree that tightening personnel policies should help cut threats from within, others argue that dependence on nationwide systems such as DES stifles the competitive business in security hardware that would baffle crooks by the sheer variety of systems. And yet other experts, concerned about individual privacy, say that the real threat is not criminals but invasion of presumably secure computer information by government agencies such as the NSA or the Internal Revenue Service. Given that divergence of opinion, it may well be longer than Parker's 10 years before everyone is satisfied that nobody is listening in.

STATE PRESIDENTS' CONFERENCE, FUTURE FARMERS OF AMERICA

Mr. THURMOND. Mr. President, last week the Future Farmers of America held their State presidents' conference in Alexandria, Va., with some of the activities being held here in Washington. I had the distinct pleasure of being visited in my office by Mr. Tom Dobbins and Mr. Donald Williams, the State president and State vice president, respectively, of the FFA in South Carolina.

These are outstanding young men who have achieved a meritorious record of which their family and friends can be proud. The Future Farmers of America is an organization which integrates social activities with school work. It gives students practical training while developing their leadership abilities. As a former vocational agriculture teacher, I know firsthand the value of FFA, and I commend these young men for their achievements.

Mr. President, while visiting with me, these young men shared with me some interesting figures dealing with the employment needs of agriculture and agribusiness. In order to share these figures with my colleagues, I ask unanimous consent that a summary be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

EMPLOYMENT NEEDS AGRICULTURE AND AGRIBUSINESS SUMMARY 1974–75

	National Totals*
1. Total Employment all Industries—1975	81,243,300
2. Total Employment—Food, Fiber & Agribusiness Sector-1975	16,757,000
3. Total Number Fulltime Workers Utilizing Agriculture & Agribusiness Competencies—1975	4,935,000
4. Percentage (Item 3 of 2)	29.4
5. Number New Workers Needed Annually as Replacements (8.2% of Item 3)	404,670
6. Number Students Graduating/Completing Courses in Agriculture/Agribusiness in 1974:	
A. Secondary Schools	131,000
B. 2-Year Post Secondary Institutions	19,000
C. Total: A+B	150,000
7. Estimated Number of Graduates Entering Employment in Agriculture/Agribusiness Occupations, including Continuing Education—1974:	

EMPLOYMENT NEEDS AGRICULTURE AND AGRIBUSINESS SUMMARY 1974–75

	National Totals*
A. Secondary Schools	91,700
B. Post Secondary	17,000
C. Total: A+B	108,700
8. % of Employment Opportunities in Agriculture/Agribusiness which are being met by individuals Trained in these Occupations (Item 7 ÷ Item 5)	26.9
9. % of Total Employment with Workers Utilizing Agriculture/Agribusiness Competencies (Item 3 ÷ Item 1)	6.0

*Information Developed by U.S. Interdepartmental Committee on Employment Opportunities in Agriculture and Agribusiness. Data from 1970 US Census updated to 1975 by Departments of Labor, Agriculture and Health, Education and Welfare.

HARD ENERGY VERSUS SOFT ENERGY

Mr. GARN. Mr. President, as part of my attempt to provide some balance to the energy debate engaged by Amory Lovins in last October's Foreign Affairs, I would like today to call the attention of the Senate to a critique written by Dr. and Mrs. Aden Meinel. Dr. Meinel is a professor of astronomy and optical sciences at the University of Arizona, where Mrs. Meinel is a research associate in the same fields. Together, they have been working on the application of solar technologies to solve modern problems. They are particularly critical of Lovins's suggestion that our problems can be solved by "backyard technologies." As they say, "There is no reason why each of us could not have our own gasoline—or diesel-powered generator and waterwell today—as Mr. Lovins advocates—except that it would be inconvenient, unreliable, and costly."

I ask unanimous consent that Dr. and Mrs. Meinel's comments be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

"SOFT" ENERGY PATHS: REALITY AND ILLUSION

(By Dr. Aden B. Meinel and Majorie P. Meinel)

We are chilled at the actions advocated by this seductive and well-written article and appalled that a physicist should resort to what appears to us as distortions of technical reality. To abandon high technology and large-scale cooperative organization is a step toward making mankind once more a slave to the dictates of a dispassionate environment and his own furies.

Our work has taken us to much of the world, and we have seen that Lovins' type of simple society does exist in some developing countries. His proposals greatly resemble Mahatma Gandhi's "cottage industries," held by many educated Indians to have been a diversion from the effort to improve the lot of the masses. One of the greatest improvements in the welfare of the village inhabitants in India has been, contrary to Lovins' hypothesis, the electrification of the villages. This step parallels the dramatic changes caused by the Rural Electrification Agency in the United States in the '30's, a period before the personal knowledge of most of the population today. His proposal also has echoes of Mao's Great Leap Forward, wherein technology was forced toward backyard industries, including even steel smelting! It, too, was a notable failure of an enticing dream. For the industrialized world to toy with such a set of ideas could be the beginning of an irreversible process leading downward, one from which recovery might be denied as problem piles upon problem and acrimony upon acrimony.

INEXPENSIVE ENERGY: A PATH TO FREEDOM AND DIGNITY

Cheap energy is truly the basis upon which modern society is built. Agriculture and fire set the basis for cities; but, since only slaves and animals were available for motive power and industry, the lot of most humans was rather dismal. The harnessing of energy and inventions, and the enactment of laws to control their exploitation, opened the way to freedom and dignity for man. To preserve these gains and extend them to all nations and peoples depends on assured future supplies of inexpensive energy. But it will take the best of our technology to find the most economical mix, as some present energy options become scarce and are reserved for higher priority uses.

We see no way of avoiding nuclear power in that mix. And while we personally do not fear nuclear power plants, we do feel that precautions must be taken to assure safety of these plants from local accidents or sabotage. Disposal of nuclear wastes has received much recent attention and long-term solutions appear to be emerging. Also, the closest thing to economic reality with assured energy supplies for millennia could well be the fast breeder reactor. To foreclose this option, assuming the other options are just around the corner, could mean placing the destiny of civilization into the simple picture given by the old proverb: A bird in the hand is worth two in the bush.

Fear-mongers have so sensitized people that emotions may dominate any nuclear solutions, to the detriment of us all. We would prefer other solutions than nuclear, but it presently is the only one offering a long-ranged fuel supply within technical and economic grasp. Even the latter point, economic grasp, is being threatened, not by technical problems, but by legislative and regulatory impact. In a sense we are creating our own problems concerning the economics of both nuclear and fossil energies by legislative overkill that in the perspective of future years may be deemed a curiosity characterizing our times.

The dream of many is that the sun will now become a major energy resource, eventually to supplant fossil fuels entirely. We have traced the discouraging history of attempts to inject new low level solar technology into developing countries and know that the facts of capital and economics are as inexorable in these societies as in advanced societies.

It is hoped that solar technology costs will come down in the future, but even the most optimistic advocates talk about competitive prices based upon "lifetime costs." Most people are more interested in "first costs." If one doubts this reality, talk to any builder or manufacturer about whether the customer considers much more than first costs. However, Mr. Lovins is on the right track when he boosts the use of passive solar energy devices such as good architecture and good insulation and building materials, rather than energy storage devices that would otherwise triple the cost of a solar heating system.

Problems impeding achievement of economic solar energy include: the high cost of energy storage, an area where scientific breakthroughs are needed; and the cost of collectors durable enough to survive the environment—cheap materials are not durable and durable materials are not cheap. The operational problem is the need solar and wind energy systems have for a backup energy supply. Also, since solar energy is dilute, very large areas are needed to collect enough energy. (The reason solar water pumping died in 1913 is clear when you realize that several acres of apparatus and machinery were required to yield 50 horsepower at the pump, whereas a 50-horsepower gasoline engine for a water pump can be lifted by two men and carried in the back of a small truck.)

Bioconversion may be the ultimate way of using sunlight, allowing nature to provide the storage capacity and continuity. But the problems here are very serious. The basic efficiency of conversion is low, on the order of one to two percent at best, requiring vast areas of vegetation. This problem is complicated by the growing scarcity of arable land, water and fertilizer, which are already stressed to the limit by the earth's growing population.

There are a few possible ways of overcoming these obstacles to the use of solar energy on a large scale. And the alternative which we prefer, and which Mr. Lovins would dismiss as a "hard" technology, is the production of electric power or hydrogen on large-scale solar farms located in the arid southwest on lands not now in use.

While the small-scale applications of solar energy are the center of attention today, we feel that this is contrary to the way society has gone for centuries—in fact, ever since the isolated castle of the Middle Ages gave way slowly before renewed commerce and order. There is no reason why each of us could not have our own gasoline- or diesel-powered generator and waterwell today—as Mr. Lovins advocates—except that it would be inconvenient, unreliable and costly.

Solar energy may first come into use on people's rooftops, but we are certain that, as soon as possible, they will prefer to have it delivered as electrical energy and transportable fuels. People already use electrical energy for a vast array of needs and luxuries. Public and private utilities provide it for us, taking care to minimize costs and to deliver the electricity efficiently, conveniently and with high reliability. American industry is geared to produce electricity-consuming devices. Solar electric power therefore meets the requirement of minimum perturbation of the socio-economic system we live in, a requirement that must be met for change to be socially acceptable.

The "every man for himself" approach for the future, which is what we read in Lovins' article—as contrasted to large-scale societal cooperation in maximizing the benefits for the entire society—is curiously like the retreat into the castles, strong points and monasteries of the Middle Ages, when problems of society and safety forced continual withdrawal from communication and commerce with others. It is a lesson that history has for us if we but open our eyes to see.

SPEAKING OUT AGAINST THE TREATMENT OF KURDISH REFUGEES

Mr. PROXMIRE. Mr. President, I have frequently suggested that ratifying the Genocide Convention would discourage the commission of atrocities including, but not limited to, genocide. I have often pointed to oppressive situations around the world which could be ameliorated by a commitment on our part to oppose the crime of genocide.

The situation of the Kurds in Iran and Iraq is just such a situation where our ratification of the Genocide Convention could help to discourage current cruel acts.

Many groups have sought to pressure

the Iraqi Government to cease harassing its Kurdish population. The Kurdistan Democratic Party has compiled extensive reports detailing violations of human rights and calling on Iraq to halt policies of discrimination against the Kurds. Individuals have spoken out on behalf of the Kurds—in our national press and before Congress.

But these groups and individuals must not speak alone. This government must add its voice in condemning violations of basic human rights, wherever such violations occur.

I urge my colleagues to sign the Genocide Convention and put this Nation on record against the crime of genocide.

In the meantime, the efforts on behalf of oppressed peoples, like the Kurds in Iraq and Iran, must remain the efforts of individuals. Mr. President, I ask unanimous consent that a letter to Secretary of State Cyrus Vance concerning the treatment of Kurdish refugees be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., July 15, 1977.

The Honorable CYRUS VANCE,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: This letter is to convey to you our deep concern over the treatment of Kurdish refugees in Iran and Iraq and to urge you to use your good offices in their behalf.

The present situation is particularly troubling in that to a substantial degree it has been created by prior changes in U.S. policy. We refer specifically to the covert U.S. assistance to the Kurds in their rebellion against the Iraqi regime. This assistance, affirmed through intelligence channels and substantiated by communications with former Secretary of State Henry Kissinger, was abruptly withdrawn and the rebellion crushed when Iran sealed its borders. The Pike Committee Report on the CIA also documents the role of our government in this matter.

The result was an exodus of tens of thousands of Kurdish refugees into Iran and the forcible resettlement of thousands more in controlled situations in Iraq. The conditions of the Iranian settlement camps are extremely poor, and it appears the Iranians are applying harsh controls over the Kurdish refugees. There are reports that refugee assistance is maintained at the lowest limits consistent with subsistence living.

The conditions in Iraq are even worse. The policy of the Iraqi government consists of dispersement and resettlement of Kurds without regard for family ties or traditional patterns of living. By removing entire Kurdish populations from the Northern mountains, the Iraqi regime apparently hopes to neutralize, if not destroy, the Kurdish movement for autonomy.

This government program has been carried out with considerable force. There are cases of executions, torture, mass detentions and deportation documented by the International League for Human Rights in its report to the United Nations and by Amnesty International. These reports give the appearance of a policy bordering on genocide.

Given the responsibility of our country in encouraging and then abandoning the Kurdish cause, we request that you take three actions on behalf of humanitarian assistance to the Kurdish people.

First, we hope that our government could encourage the government of Iran to allow international assistance to the Kurdish refugees within its borders and access to these refugees through the International Red Cross and other human rights organizations.

Second, we feel that approaches could be made to the government of Iraq through third parties which would indicate our concern about the treatment of the Kurdish population and, if possible, allow refugee assistance to be provided by interested organizations.

Third, we would like to encourage the government of Iraq to reinstate the 1970 Kurdish-Iraqi agreement establishing limited autonomy for the Kurdish population.

With these requests in mind, we solicit your views as to the positive steps our government could take in efforts to relieve the suffering of the Kurdish people.

Sincerely,

Wendell Anderson, William Proxmire, Hubert H. Humphrey, Adlai E. Stevenson III, Patrick J. Leahy, Richard Stone, Thomas Eagleton, Alan Cranston, Wendell Ford, Dick Clark, Clifford Case, Henry Jackson, George McGovern, Frank Church, James Abourezk.

HARD ENERGY VERSUS SOFT ENERGY

Mr. GARN. Mr. President, today's comment on Amory Lovins "Energy Strategy: The Road Not Taken?" is by Bruce Adkins, principal administrator for the Organization for European Cooperation and Development—OECD. Mr. Adkins points out, among other things that Lovins' extrapolations, whether for "hard" energy or "soft" are rejected by virtually all professionals. Of course those who do not have the responsibility of delivering energy supplies day after day are free to say anything they want. Operating in the real world is more difficult.

I ask unanimous consent that Mr. Adkins comments be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Electric Perspectives, March 1977]

MISDIRECTIONS IN ENERGY STRATEGY

(By Bruce Adkins)

The main thesis of Armory Lovins' now well-known article "Energy Strategy: The Road Not Taken" is exemplified in an invented graphical representation of how he would like to see U.S. energy demand evolve over the coming years, and how we would satisfy that demand with what he terms "soft technologies"—the renowned palliatives to all our energy problems.

Mr. Lovins is not obligated, of course, to explain how his preferred energy strategy is to be reconciled with current and future political realities, notably the improved living conditions and standards which much of the population—even in the United States—is nowadays demanding as a right (and rightly). Nor has he concerned himself, beyond general qualitative statements (". . . they rely on renewable energy flows that are always there whether we use them or not, such as sun and wind and vegetation . . ."), with whether his graphical projections are compatible *quantitatively* with the "energy performances" of current or developing technologies. Thus, for example, he proposes meeting liquid fuel demands for transportation, etc., by increasing production of agricultural alcohol (alcohol from the fermentation of agricultural crops), but miscalculates the amount of such increased production by a factor of ten.

Lovins recognizes, of course, that anyone can draw any number of graphs showing what they believe or would like others to believe. But these efforts are not of much value unless they bear some relationship to reality . . . and virtually all today's professional extrapolators disagree with the Lovins projections, whether for his "hard" case or his "soft" one.

There are a good many other aspects in which Mr. Lovins' article is at variance with reality, not least of these being the frequent assertion that the so-called "hard" and "soft" energy paths are mutually incompatible. It has, in fact, been recognized for *decades*, by those actually responsible for providing us with our energy that before the end of the century we shall need every energy source we can conjure up, hard or soft, "natural" or "artificial," and however miniscule in potential. It has likewise been recognized for decades that all energy production by whatever method (hydro, solar, wind and waves, no less than oil, coal and nuclear) must result in environmental modifications, and that these modifications are at least as likely to restrict total energy production *rates* (Btu per second) as are limited fossil or fissile fuel resources or quantities of incident sunlight.

BACKUP ENERGY

There are certainly very few people—if any at all—who deny that "soft technologies" have a contribution to make. In fact, in some countries solar equipment for space and water heating is already showing up in the do-it-yourself field. However, even this type of progress brings its own special problems—notably those of providing adequate *alternative* heating when the solar collectors (and associated heat stores) cannot meet all requirements; and here we have a very real conflict, since the cost of maintaining backup energy supplies (supply installations, distribution systems, and installations at points of use) is virtually the same whether the supplies are constantly used or used only when required to replace less constant sources such as solar power.

Lovins appears to suggest the possibility of providing backup electrical energy through millions (literally) of individual diesel generators based on an "upgraded" automobile engine. Apart from the fact that if these generators produced d.c. they would be suitable for a great deal of modern electrical equipment (whereas a.c. production would present problems of frequency control and phase regulation if more than one generator needed to be paralleled), such a plan would basically do no more than replace electrical distribution networks with diesel fuel distribution networks, with all the multimillion individual delivery operations this would entail. In addition, to be acceptable to the public, it would seem to call for a degree of engine-generator reliability (or engineering competence in user households) much superior to today's statistical averages.

At least Mr. Lovins has performed one service (though in this he is by no means alone): by emphasizing the hitherto lavish—some would say profligate—use of energy by the "advanced" industrial countries, he has added some weight to the growing movement towards greater conservation, more prudent forward planning, and efforts to achieve greater efficiencies in the use of all forms of energy. On balance, however, this service seems rather heavily outweighed by the risks (and potential costs) of the main propositions.

DISASTER ASSISTANCE FOR PENNSYLVANIA FLOOD VICTIMS

Mr. SCHWEIKER. Mr. President, last Friday, July 22, I had the opportunity to inspect Johnstown and the surrounding southwestern Pennsylvania counties struck by flash flooding Wednesday, July 20. The floods hit, with no warning, in

the early hours of the morning. As a result more than 50 persons, and perhaps up to 150, died and over $200 million in property was lost.

Following the flooding on Wednesday, July 20, I discussed the need for immediate major Federal disaster assistance with President Carter's domestic affairs advisor, Stuart Eizenstat. Later that same evening my colleague, Senator H. JOHN HEINZ III and I met with Frank Moore, director, congressional liaison; Lynn Daft, Associate Director, White House Domestic Council; Bertram Carp, Deputy Director, Domestic Council; Gregory S. Schneiders, director, White House projects; and Thomas Dunne, Administrator, Federal Disaster Assistance Administration to request early issuance of a Presidential major disaster declaration to allow Federal disaster officials to immediately join the recovery effort. I was extremely pleased with the speed which the administration responded to our pleas for help. The major disaster declaration was made the day following the flash flooding and President Carter and his staff deserve commendations for this prompt action.

Significantly, when I toured the flood-torn counties in Pennsylvania last Friday, the Federal disaster team was reacting swiftly to aid the homeless and those who had lost their businesses. The day after the flood, Dick Sanderson, newly appointed Federal Flood Coordinator, was already in Johnstown. President Carter had sent Greg Schneiders to the scene. On Friday, federally owned trailers, from strategic storage areas around the country, were being rushed to Johnstown. This was another urgent request that I had made at the White House meeting. The Federal disaster team will locate and prepare trailer sites for this temporary housing.

Furthermore, five one-stop centers have been opened to handle claims for temporary housing, emergency food stamps, unemployment compensation, residential and business disaster SBA loans, flood insurance losses and personal grants for those without any means of support and four more centers will be opened by the end of the week.

Since it will take millions of dollars and thousands of man-hours to make these flood-ravaged communities livable once again, I am hopeful the conference report on H.R. 692, the Small Business Act amendments, which would retroactively reduce SBA disaster loans to 1-percent interest on the first $10,000 and 3 percent on the next $30,000 for residences and 3 percent on the first $250,000 for businesses from the current 6⅝ percent, will be approved by the Senate and quickly signed into law.

To date the administration's response to Pennsylvania's call for help is commendable, and I strongly encourage both Federal and Pennsylvania officials to continue to work with this spirit of cooperation.

WOMEN IN THE MILITARY—A LONG WAY TO GO

Mr. PROXMIRE. Mr. President, on Sunday the New York Times spotlighted a recent Brookings Institution study by Martin Binkin and Lt. Col. Shirley Bach which demonstrates a disgraceful disparity in job opportunities afforded to men and those open to women in the armed forces.

At issue are noncombat jobs in administrative, medical, and technical fields.

According to Bach and Binkin only 11 percent of the white collar jobs in the military are held by women in contrast to 55 percent of such jobs in the civilian market. These jobs in administration, health care, communications, and intelligence require no great physical strength, and there is no reason why women should be excluded from them.

In blue collar military jobs women make up only 1.7 percent of the work force, compared to 21 percent in civilian life. These jobs include equipment repairers, machinists, carpenters, and supply handlers.

Women now make up only 5 percent of our total military force. The Department of Defense has announced the very modest goal of increasing the number of women to 126,400, or 7.1 percent of the total force. The Brookings Institute report concludes that the Pentagon has set its sights too low and that the number of women could easily be increased to two or three times that figure.

That conclusion fits perfectly with the evidence presented during a Joint Economic Committee hearing Friday, July 22, by representatives of the Air Force, Navy, and Army. While the role of women in the military has increased in recent years, the services are making only the most tentative efforts to increase the rate of female participation.

For example, the Air Force, despite the outstanding record of women pilots in World War II, is making a study of 10 women pilots to see if there might be a role for women fighter pilots in the future. Other similarly timid studies are being conducted by the other services while hundreds of jobs categories remain closed to women for no defensible reason.

I would go a step further. Available evidence suggests that not only do women not hurt our military effort, but they actually raise the level of competency of our armed services. All the services admitted that the retention rate for women is higher than for men; the desertion rate is lower; and problems related to drugs and alcohol abuse are much less with women. In answer to the charge that women lose too much time from the job due to pregnancy, we find that women lose one-half as many days as men for medical and other reasons.

Further, the level of education is higher for women as measured by the number of high school diplomas—required for women but not for men—and by scores on standardized tests administered by the services.

In light of the evidence presented to me at the hearing on Friday and that to be found in the Brookings study, I must agree with General Eisenhower that the presence of women in the military is a positive force, which has the added effect of improving the efforts of the men who work alongside them.

Mr. President, I ask unanimous consent that the New York Times article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PENTAGON CRITICIZED ON JOBS FOR WOMEN

WASHINGTON, July 24.—A review of the role of women in the armed forces has concluded that "present laws and policies deny women their rights" and that women should be able to fill at least twice and perhaps three times as many jobs as the Defense Department envisions.

Although the report, which was made by the Brookings Institution, says that a potential combat role for women is a relatively unexplored and highly emotional issue, it contends that "sexual stereotypes" and traditions have denied equal opportunities to women seeking to serve in administrative, technical, medical and other noncombat jobs in the military.

"Two powerful social forces are in collision: the push for women's equal rights is in conflict with deeply rooted traditions that question the propriety of women under arms," said the report of the private research institution.

"Women's role in the armed forces will ultimately depend on the extent to which national institutions—social, political, judicial and military—are willing to break with their past, a past reflecting a persistent pattern of male dominance."

DISCRIMINATION FOUND

The 134-page document, called "Women in the Military," was written by Martin Binkin, a former Pentagon official and now a Brookings senior fellow, and Lieut. Col. Shirley J. Bach of the Air Force.

Although the Pentagon has sought to increase the number of women in the armed forces because of pressure from the women's movement and potential shortages of male volunteers, the report argues that current restrictions are often discriminatory and that the military has failed to exploit the potential advantage of using women in numerous jobs.

For example, only 11 percent of the white-collar jobs in the military are held by women, as against 55 percent in civilian life, according to the report. These military jobs, in which physical strength is relatively unimportant, include administration, health care, communications and intelligence work.

About 1.7 percent of the blue-collar jobs in the military are held by women, in contrast to the 21 percent of comparable civilian jobs held by women. These jobs include equipment repairer, machinists, carpenters and supply handlers.

There are 108,000 women in the military, or 5 percent of the total force. The Pentagon has an announced goal of increasing the number of women to 126,400 or 7.1 percent of the total force.

But the report said, "Without radically departing from current policies and practices, and without disrupting the rotation and career opportunities for men, it is estimated that close to 600,000 military enlisted jobs, compared with the planned 126,400, could potentially be filled by women."

COMBAT A KEY ISSUE

The report added: "It is conceivable that the number of military enlisted women could eventually reach 400,000, or 22 percent of the total force. Beyond this range, however, further expansion would depend on a resolution of the combat issue."

The Air Force was cited for adhering to "the most rigid definition" of combat, barring women from serving as crew members aboard any aircraft, regardless of mission. The Air Force, the report said, "could accommodate a far greater proportion of women than the other services."

"Once overseas housing problems are alleviated," the report added, "close to 450,000, or 94 percent, of all Air Force enlisted jobs could be opened to women."

Mr. Binkin and Colonel Bach said that the question of women in combat was "extremely complex," and that data about modern-day instances where women served in the front lines were shrouded in secrecy. Women served in combat posts in the Soviet Union in World War II, in Nazi Germany in the closing days of the war and in the war for Israeli Independence.

The report cited an experiment in which women were integrated with men aboard the Navy hospital ship, Sanctuary, in 1973. After 13 months in an "integrated configuration," the women and men were found to perform their professional tasks smoothly.

A "SERIOUS" PROBLEM

But according to a Navy memorandum cited in the report, the women "found themselves courted by the young sailors," and public displays of affection and handholding became a "serious" problem "detrimental to the good order and discipline of the ship's company."

At the same time, wives of the naval personnel expressed worry about their husbands' involvement with the women. Eventually, the ship's command said that it would punish anyone holding hands or displaying affection. On-board hand-holding was effectively curbed, the Navy said.

According to the report, sex discrimination against women was "institutionalized" in the Women's Armed Services Integration Act of 1948, which sharply restricted the jobs and career opportunities available to women. Some of the "discriminatory" practices—such as a provision that barred women from holding command positions—were later repealed.

Women in the Navy and Air Force are barred by law from serving on any ships now in the fleet or on aircraft having combat missions. The Army and Marine Corps prohibit women from serving in units that might come face to face with an enemy.

Citing the "ambivalence of national attitudes toward the role of women in the armed forces," the report said, "the so-called will of the American people proves to be elusive, judicial opinion is unclear, attitudes within Congress are not sharply drawn and the reactions of the military establishment, which is still suffering 'growing pains' on the issue of sex discrimination, have escaped reliable assessment."

Contrary to widespread belief, the report found that women cost the military less money than the men did. Women were found to have fewer dependents, and they were less likely to absent themselves from their jobs than men, who have been more prone to dicipliinary, narcotics and alcohol problems.

ADMINISTRATION TESTIMONY ON THE WAR POWERS RESOLUTION

Mr. JAVITS. Mr. President, on July 15 Herbert J. Hansell, the State Department's legal adviser, appeared before the Committee on Foreign Relations regarding the war powers resolution enacted November 7, 1973. He testified that "the administration will follow the provisions of the existing resolution." This is, I think, a welcome change from previous positions in the Nixon administration, which challenged the advisability and constitutionality of the war powers resolution. Mr. Hansell also indicated that the "administration is prepared to work with the Congress to develop reliable and efficient consultation procedures." We have already begun to work out these procedures.

Mr. President, I ask unanimous consent that the text of Mr. Hansell's prepared statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY HERBERT J. HANSELL

Mr. Chairman and Members of the Committee: Mr. Bennet and I are pleased to participate in this Committee's review of the War Powers Resolution.

The War Powers Resolution was born in the midst of tumultuous political pressures at home and military conflict abroad. It was created as a response to a perceived abuse of authority. As Section 2(a) suggests, Congress intended the Resolution as a remedial measure to ensure that decisions to commit United States Armed Forces to hostilities should involve "the collective judgment of both the Congress and the President."

This Administration is of the view that, as a matter of constitutional law and of public policy, this country should not go to war without that collective judgment. Supreme Court Justice Joseph Story once stated that the awesome decisions involving matters of war and peace deserve "the utmost deliberation, and the successive review of all the councils of the nation."

The War Powers Resolution of 1973 also recognized the needs of a modern nation to respond to emergency situations. It acknowledges the constitutional responsibility of the Commander-in-Chief to act, expeditiously when necessary, to preserve the security of our nation.

We realize that collective judgments cannot constructively be applied if the Congress is not well informed in a timely fashion; neither can they be usefully applied if there are not effective consultation procedures between these two branches of government. By establishing the consultation and reporting requirements contained in Sections 3 and 4 of the War Powers Resolution, the Congress took a useful and desirable step toward reducing information and communications obstacles which have impeded coordination in the past.

For example, as a direct result of Section 4 the Departments of State and Defense have formalized a review process to ensure that reports to the Congress are promptly submitted whenever they are required by the law. Under this review process the Legal Adviser to the Chairman of the Joint Chiefs of Staff informs the Department of Defense General Counsel of all troop deployments routed through the Chairman's office which could raise a question whether a report to the Congress is required.

The General Counsel of the Defense Department then has the responsibility to advise the Secretary of Defense as to whether to recommend to the President that a War Powers report be submitted.

In the Department of State, the Legal Adviser of the Department receives the same information supplied to the Defense General Counsel and has the responsibility of bringing to the attention of the Secretary of State all cases in which the submission of a report should be recommended to the President.

These arrangements, supplemented by close informal contacts between the Departments of State and Defense, provide in our view a valuable mechanism both for advising the President and for assuring that the implications of a proposed use of the armed forces will be more fully discussed at an early stage. This Administration is firmly committed to respect the requirements of Section 4. In addition, we are committed to ensuring that these reports contain meaningful information and that they are submitted as promptly as possible, and in any case within the prescribed 48-hour period.

We recognize, of course, that reports under Section 4 relate to actions the President has taken pursuant to his constitutional or statutory authority. In emergency cases it is important for the President to obtain the advice and counsel of the Congress whenever possible before he acts. By their very nature some emergencies may preclude opportunity for legislative debate prior to involvement of the Armed Forces in hostile or potentially hostile situations. However, in the great majority of cases we believe that meaningful consultations with an appropriate group of Congressional representatives should be possible.

Such consultations serve both to keep the Congress well informed in a timely manner and to permit the Executive branch to benefit from advice from members of Congress as it deals with international crises. In order to facilitate such contacts, the Administration is prepared to work with the Congress to develop reliable and efficient consultation procedures. By improving such procedures; we may both increase the quality and usefulness of consultations, and decrease the number of instances in which the President is compelled by an emergency situation to act before such consultations can be organized.

The first requisite for meaningful consultations is a genuine intention of both the Congress and the Executive branch to make them work. This Administration has manifested such a commitment on several occasions, in both word and deed. While we are all mindful of the necessity to insure the President's ability to act quickly, this Administration is equally convinced of the necessity to have broad public support for a national commitment to undertake the potential risks and burdens of involvement in hostilities.

A second requisite is efficient machinery for conducting those consultations. In the past when an international crisis has erupted Executive Branch officials have notified the leadership of each House of Congress and the Chairman and members of appropriate committees. The initial contacts between the Executive Branch and the Congress have been on an individual basis, which at times makes it more cumbersome to carry out consultations and to have the benefit of collective judgments.

In order to help overcome these problems, Congress may wish to consider establishing a streamlined structure for carrying out consultations, not only in the war powers context, but also in other crisis situations. An improved institutional mechanism would facilitate a more ready flow of information to the Congress at an early stage of a situation, and assure the Administration's receipt of timely Congressional advice. We are, of course, prepared to work with the leadership in whatever manner they deem best. On our part, we want to assure you that we will be responsive.

In addition to the consultation and reporting provisions, the debates over the War Powers Resolution have elicited considerable discussion about several other provisions of the Resolution. In particular I am thinking of Section 5(c), which refers to a concurrent resolution, and Section 5(b), which refers to a 60-day automatic cut-off period. This Administration as a matter of policy intends to follow the letter and spirit of Section 5.

We believe that conscientious observance of the procedures set forth in the Resolution, including effective consultation and timely reporting, will assure that both the Executive and Legislative branches possess the means to exercise their full and proper constitutional responsibilities.

The Administration will follow the provisions of the existing Resolution. We believe, however, that the consideration of amendments should be deferred, for two reasons. First, the existing law has been in effect only four years. We believe the passage of more time is necessary to assess the desirability for further legislation—time for the development of the cooperative working relationship we foresee and the healing of the deep

divisions that were reflected in the debates on the present Resolution. Second, we believe the existing law, conscientiously applied, is an effective instrument for ensuring that the nation will not be committed to war without adequate deliberation and participation by both Congress and the Executive. A prolonged debate over elusive constitutional issues, with no assurance as to what the final form of the amendments would be, could well produce new uncertainties within our own government, and in the minds of our allies and potential adversaries, and might even detract from the effectiveness of the existing law.

In conclusion, we intend to work with you in fulfilling the goals underlying the War Powers Resolution. Through our joint efforts, we hope to demonstrate once again the health and vigor of our Constitutional system.

Mr. Chairman, this concludes our formal presentation. Mr. Bennet and I will be glad to try to answer any questions.

DEDICATION OF ROBERT FROST'S HOME

Mr. DURKIN. Mr. President, my distinguished colleague from Massachusetts, Senator EDWARD KENNEDY, recently addressed the townspeople of Franconia, N.H., during their dedication ceremonies of the Robert Frost home. Franconia has purchased the house in which Frost resided for many years, in order to loan the home to a visiting poet each summer so he or she may continue writing in this quiet, inspirational town.

Since Senator KENNEDY's remarks articulately portrayed Robert Frost's unique character and invaluable poetic talents, and because I know many of my colleagues would appreciate his observations, I ask unanimous consent that the Senator's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR EDWARD M. KENNEDY, ON THE DEDICATION OF ROBERT FROST'S HOME, FRANCONIA, N.H.

Today is a special day for the people of Franconia, for friends of Robert Frost from around the country, and for me and my family. The preservation of the Frost home, here in Franconia, would probably draw the fire in Robert Frost's eyes if he were here with us today. He wasn't much for testaments and memorials. He was a man of the land, an unsuccessful farmer, though he didn't like to admit that, and a successful poet, the best this nation has known in this century.

A reporter in the Boston Post in 1916, after visiting with Robert Frost here at the Franconia farm wondered if "some years from now, will there be a Robert Frost society, whose object it shall be to preserve as a memorial, the little house buried in the mountains?" Well, the name of the group turned out to be the Franconia Bicentennial Committee, and they have done a great deal more than preserve the little house. They have assured that the Robert Frost home will not be just a museum, but a center of learning for the outstanding poet selected to spend the season here, Katha Pollitt, and for all the poets and students of Robert Frost who will visit this home for generations to come.

Robert Frost would be more pleased with this honor than with most any of the others. He liked to help young poets, and I will pass on to Katha, Frost's advice to Philip Booth, when he was himself a young poet: "Don't tell anybody what you're writin'—not even me."

For so many of us here today, there are two faces etched in our memory from a cold January day, both molded by harsh New England winters, both tempered by a love for the land and for the sea, and each with his vision of the future. Their words reached out across this great country of ours and touched the hearts of farmers and factory workers, and artists and astronauts, and those without hope, and those for whom pain and trouble would wait for another day.

Robert Frost said of the uncommon bad weather of that Inaugural Day in 1961: "It was as if we were expected to be sure and remember, it was being rubbed into us a bit, just so we'd never forget." And with his great chiseled face, bruised by the cold and the wind, softened against the white marble of the capitol facade, Robert Frost ushered in the "Golden age of poetry and power, Of which this noonday's the beginning hour." We have not forgotten that magic moment in our national memory. And no one since that day has questioned this nation's commitment to our poets.

One gift, more than any other, separates all that is human from all that is not, and that is the gift of the poet. That gift has molded cultures and civilizations and has taken us to the ends of the earth and beyond, long before Magellan circled the globe or Americans landed on the moon.

One bond unites all people and makes them free, whether they are imprisoned or sailing the seas, whether they are lonely or well-loved, and that is the wisdom that to be human is to shape your own world.

One human opportunity survives and overcomes disease and despair and suffering and fear, and that is the chance to create a better moment for the human spirit today or tomorrow, in a small and unheralded way, or in a broad and public way.

Robert Frost lifted the human spirit and touched us in a way that no artist in our times has equalled. He wrote of simple things and simple words. He made us look as he put it, "Both out far and in deep."

Robert Frost was both a "swinger of birches" and "one acquainted with the night," and he made us meet ourselves around both those corners of happiness and despair, the touchstones of our humanity. He reminded us that "Something we were withholding made us weak, until we found it was ourselves." And he taught us that as near as the woodpile, as far as the stars, lie the secrets that once discovered give strength and purpose to our lives.

President Kennedy said of Robert Frost: "I know of no one who is better qualified to set for us new coasts and horizons," and Robert Frost fulfills that promise as much today as he did while he lived. His poems reach to the heart of our national purpose and to the deepest folds of our individual memories, reminding us of the darkness in ourselves, as well as the bright, illuminating the lost possibilities as well as our power to shape the future.

For a nation still struggling to fulfill its dream, for all of us engaged by that dream as public servants or farm hands or poets, we close our tribute with the gentle music of Robert Frost's reminder:

The woods are lovely, dark, and deep.
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep.

KENNEDY CENTER: NOT JUST FOR THE RICH

Mr. PELL. Mr. President, I would like to take this opportunity to bring to the attention of my colleagues an excellent article by Harry McPherson on the John F. Kennedy Center for the Performing Arts, which appeared recently in the Washington Star.

Mr. McPherson is general counsel of the center and has had long experience in assisting greatly in the development of the cultural well-being of our Nation. In earlier times he served with distinction as Assistant Secretary of State for Educational and Cultural Affairs and was an important adviser to President Johnson during the years when the Federal Program for the arts and humanities was being developed. Before that he headed the Democratic policy committee in the course of which he rendered invaluable help to many of us here. I have high regard for Mr. McPherson's knowledge and objectivity.

In this article he emphasizes the public service of the center and gives us most interesting and valuable information on the center's many-faceted program.

In these remarks I would like also to stress the center's contribution to quality in the arts. Under the leadership of Roger L. Stevens, the center has become a focal point of excellence in the arts in our country. In the Nation's Capital this focus is highly appropriate. I admire the leadership Mr. Stevens has so well provided in enhancing the important work of the center and its impact, of increasing vitality and significance, on our cultural life.

Mr. President, I ask unanimous consent that the text of Mr. McPherson's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star, July 17, 1977]

KENNEDY CENTER: NOT JUST FOR THE RICH

(By Harry McPherson)

Last Sunday, The Star carried an article, reprinted from The New Republic, contending that the Kennedy Center is run "mainly for the prosperous, the chic and the powerful." This must come as a surprise to those who regularly attend performances at the center. Either Stephen Chapman, who wrote the article, is wrong, or there are many more such people around than one had supposed. More than eight million persons have attended theatrical and musical events at the center since it opened in 1971.

The thrust of Chapman's piece is that the Kennedy Center, ostensibly a national institution supported by federal funds, is in fact offering high-priced entertainment to the well-to-do of Washington. Thus "the lower orders" (sic) elsewhere are subsidizing the extravagant tastes of this area's "Who's Who."

Many things might be said about this, beginning with references to the state-supported theaters, opera houses, and concert halls of Europe and the Soviet Union, and ending with the perilous economics of the performing arts here and throughout the country. But I shall limit this reply to a few facts, not included in the article, about the Kennedy Center itself.

First, the trustees of the center—principally Roger Stevens—have raised $35 million from private sources to help build and operate the place. When it was originally conceived in the 1950s, the notion was that it should be entirely financed by private funds. In 1964 the Congress determined otherwise. The center would be a "living memorial" to President Kennedy—by which was meant

that it would be more than a shrine for visiting, but a platform for the continuous production of the performing arts in the national capital. Government appropriations were made which, together with private contributions, paid the construction bill.

Because 17 million persons have visited the center since then, and continue to do so at the rate of almost 14,000 each day, the Park Service bears the principal cost of maintaining and policing it, as it does in the case of other national memorials.

Second, the center is considerably more than an entertainment center for the affluent.

Since 1971, 600,000 half-priced tickets have been made available to students, the elderly, the handicapped, military personnel, and citizens of low income. These have not been throw-away tickets to poor shows; it is the center's policy to provide them consistently, whatever the box-office situation. Their monetary value to the users, and their cost to the center, was nearly a million dollars.

In the 1976 fiscal year, the center sponsored 1,500 free events. They included children's theater—in an effort to stimulate quality in such productions across the country; concerts in the Grand Foyer; symposia, films and exhibitions. The Christmas festival of free music costs the center $75,000 annually. In each of the past few years the center has mounted festivals in honor of a single great composer—Haydn and Handel so far, Brahms to come. Each costs the center about $100,000.

Since the center receives no performing arts subsidy from the government, these events—and others that cannot begin to pay their way even with high ticket costs, such as grand opera—must be underwritten by the returns from profitable shows. So the occasional "Pippin" or "Annie" makes possible the production of Monteverdi operas and plays for children—and, hopefully, of another successful musical that will put the next round of free and adventurous offerings on the boards and in the halls.

There is still more to be done that cannot be entirely financed this way. A musical theater lab has been created on the top floor, where new productions can be tried out before small audiences, and without the exorbitant costs that deny most of them even a look on the commercial stage. The cost to the center will run about $200,000 annually. Nearby, a Performing Arts library will soon be opened, stocked with 5,000 volumes from the Library of Congress, and connected with the main library by an information retrieval system. It will give the center and visitors to it the research arm it has lacked so far.

Behind and above the Eisenhower Theater stage, a new Studio Theater will be completed within a year or so. The Japanese have made it possible, with a Bicentennial gift to America. In this versatile setting, the kind of performance that cannot be mounted now in the large halls—experimental plays, recitals by lesser-known artists, and the like—will have a home.

Private contributions will be needed to help support the Studio Theater, the musical theater lab, and other public service programming in the center. A number of corporations and foundations have already provided generous subsidies for particular shows—including the annual College Theater Festival—and a corporate fund has been created, with a goal of $1 million annually, to sustain the effort.

So with the government's help in building and maintaining it; with quite substantial private contributions; with the profits from its own successful productions; and with the determination of Roger Stevens and its trustees, the center has become, in a little more than five years, an enterprise of considerable value to the capital—and to the nation. The "prosperous, the chic and the powerful" do in fact attend its programs. But so do far greater numbers of citizens who fit none of those categories. They, no less than the affluent of Washington, have reason to be glad that such a place exists.

SOCIAL SECURITY REFORM

Mr. McGOVERN. Mr. President, as you know, there has been growing concern over the financial integrity of the social security system. On May 9, the President sent a legislative package to Congress which included proposals to deal with both short- and long-range problems. In addition, the Senate Finance Subcommittee on Social Security, under the able chairmanship of Senator NELSON, has held hearings on a variety of proposals for improvements in the system. Among those who are studying the problem, perhaps none are more concerned with finding solutions than the beneficiaries themselves. In this regard, I would like to draw my colleagues' attention to the testimony of the Mountain Plains Congress of Senior Organizations. Their testimony exhibits a clear grasp of the issues before us, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

MPCSO TESTIMONY

Honorable Chairman and member of the subcommittee: My name is Helene Phillips from Winner, South Dakta. I am a semi-retired professional nurse, a widow and today is my 66th birthday. I am very concerned about the status of social security which is a substantial part of my budget.

I am here to speak on behalf of the Mountain Plains Congress of Senior Organizations headquartered in Denver, Colorado. The Mountain Plains Congress is a regional advocacy office for six states—Montana, Wyoming, Utah, Colorado, North and South Dakota.

In designing this testimony, we polled our regional and state boards, numerous senior groups in our area and legislators in our region in addition to carefully studying President Carter's plan.

In our polling, one thing became very clear—many older people are very worried and frightened that the social security system may go broke. We need a system that older people can depend on. Steps must be taken soon to reassure all of us.

Now, before going any further, we feel that when reforming the social security program, we must look at and take into account the reasons why the fund is in trouble when seeking the solutions:

1. High unemployment—fewer workers and employers paying in.

2. A high rate of inflation—necessitating cost of living benefit increases.

3. Increase in the numbers and categories of persons claiming benefits and being included for coverage.

4. The long term problem population changes means fewer working age people and an increase in persons retiring, and

5. A mistake (flaw) in the inflation adjustment clause.

Now, specifically regarding the President's proposals, we favor a temporary use of general funds to shore up the system while attempting to increase the work force so that more people are paying into the system. There is danger in the continued use of general funds for Social Security in that it may create a broad welfare plan with a stigma attached that would bother many older persons. If unemployment rises above 6% in the future, we would favor use of general funds on a case by case basis.

We favor a removal of the income earnings limitation to allow persons over sixty-five to earn any amount they are capable of earning, and collect the full amount of Social Security checks. This would contribute many dollars to the F.I.C.A. fund. Most Social Security payments are inadequate to live upon, one would have several extra years to supplement their income and also some savings for future use.

Recent figures from the Social Security Administration show that at least two million elderly citizens are hurt by the earnings limitation.

Furthermore, this applies only to earnings and not interests, dividends or other pensions so it discriminates against and hurts the elderly who must work to survive.

I realize this a controversial issue, however I do not believe it would deprive the younger work force a job. Scan the advertisements for help wanted on any given day and you would find a large variety of jobs that are not filled. The sixty-five year old age group and over are usually interested in part-time work, or are frequently hired for their expertise in a particular field. The younger worker has seldom gained the expertise and usually can not afford to work the short hours.

We further favor the return of Social Security to strictly a retirement program as it was intended. Most older people really do feel this way. It does not mean we are unconcerned about others but a major reason for the drain on the fund has been the addition of other categories of persons to the program. We would favor a similar but separate fund or program for survivors and the disabled.

Social Security is a very regressive tax. The majority of the very low income have more money in Social Security deducted from their incomes than they do federal tax. We would recommend that Social Security should be restructured to an upper income bracket and removed from the very poor. A way to do this is to initiate the social security tax at the $2,000–$3,000 income range and to raise it to $18,000–$20,000. That way a person making a meager income would pay tax but have a break too.

President Carter has suggested raising the employee taxable wage base to $18,900 by 1985. We agree with this to generate additional funds.

We also feel the slight rise to the self employed is necessary to bring this into equity.

Likewise, we support the gradual removal of the wage base ceiling for employers, however some changes may be needed to accommodate small businesses. However, we do not feel we have expertise to comment further in this area.

The strengthening and expanding of private pensions will enhance the overall economic conditions for older citizens. To the extent possible, we recommend that private pensions reforms suggested by Ralph Nader be carried out and that the Carter administration carefully assess these areas.

And finally we agree that the flaw in the inflation adjustment clause should be corrected.

That concludes our comments on the President's proposal, however we do have a few additional remarks on the system as a whole.

The Social Security appeals process is generally quite slow especially for disability claims. The time lag is usually 6 months or longer; and often longer before a final decision is reached. We understand that this lag is even worse in other regions of the country. And while we realize this is not always the fault of the Social Security staff, we feel this time lag must be shortened as people truly worry and suffer a loss of needed income during this unduly long wait. Surely with additional hearing officers and/or

trying to enforce more accountability for the number of cases heard and judged per month this problem could be corrected.

So whether the disabled remain under Social Security or not, certainly they are due this consideration.

In closing, I would add that Mountain Plains Congress of Senior Organizations does favor a national health insurance program for all. This would also help eliminate some of the drain on the Social Security fund by allowing those contributions for Medicare (hospital trust) to go into the Social Security fund.

Thank you.

DEAUTHORIZATION OF WATER RESOURCES PROJECTS

Mr. GRAVEL. Mr. President, section 12 of the Water Resources Development Act of 1974, as amended, authorized a procedure whereby certain water resources projects may be deauthorized. The Secretary of the Army, acting through the Chief of Engineers, was directed to submit to the Congress on an annual basis a list of authorized projects which have not received appropriations within the preceding 8 years and which he determines should no longer be authorized.

After the list is submitted by the Secretary, the projects are automatically deauthorized at the end of 90 calender days of continuous session of Congress unless either the Committee on Environment and Public Works of the Senate or the Committee on Public Works and Transportation of the House adopts a resolution stating that a project shall continue to be authorized.

Mr. President, on April 18, 1977, the Secretary of the Army submitted to the Congress a list of 323 projects recommended for deauthorization. These projects will be deauthorized automatically on August 5, 1977, unless appropriate resolutions are adopted by either committee.

If any Member of the Senate has any questions regarding deauthorization of any of the projects listed in his State, please contact Richard M. Harris or Ann Garrabrant of the committee staff on extension 46176.

I ask unanimous consent that the list of projects recommended for deauthorization be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Name and State(s):
Abbapoola Creek, South Carolina.
Accotink Creek, Virginia.
Adena, Ohio.
AIWW Mooring Basins, North Carolina.
AIWW, New River, 12-FT. Channel to Jacksonville, North Carolina.
Alpena Harbor, Michigan.
Alternate for Sugar Hill Reservoir, New Hampshire.
Alton, Indiana.
Andover Lake, Connecticut.
Appomattox River (1945 Modification), Virginia.
Area East of Albany, Oregon.
Arlington Lake, Missouri.
Athalia, Ohio.
Atlantic Intracoastal Waterway, Dikes at Great Bridge, Virginia.
Bachelor Island Areas, Washington.
Bastrop Bayou, Texas.
Bayou Galere, Mississippi.
Beards Brook Dam, New Hampshire.
Bell Drainage District, Illinois.
Bellevue Small Boat Harbor, Iowa.
Bellevue, Kentucky.
Bennington Dam, New Hampshire.
Beresford Creek, South Carolina.
Betterton Harbor, Maryland.
Big Bend Lake, West Virginia.
Big Prairie Drainage and Levee District, Illinois.
Billings (Eastern Unit), Montana.
Black River Lake, Wisconsin.
Black River, Wisconsin.
Black Rock Channel and Tonawanda Harbor, New York.
Blieders Creek Dam, Texas.
Bodie Island, North Carolina.
Bogue Chitto, Louisiana, Mississippi.
Brackenridge, Tarentum and Natrona, Pennsylvania.
Brazos River, Velasco to Old Washington, Texas.
Brilliant, Ohio.
Brockway, Pennsylvania.
Brockway Lake, Vermont.
Bromley, Kentucky.
Browns Creek, New York.
Buena Vista, Ohio.
Cahaba River, Alabama.
Calumet Harbor and River, Illinois, Indiana.
Calumet River and Harbor, Illinois, Indiana.
Cambridgeport Lake, Vermont.
Cape Lookout, North Carolina.
Cape Vincent Harbor, New York.
Carroll County Levee and Drainage District No. 1, Illinois.
Carrollton, Kentucky.
Carters Creek, Virginia.
Caseyville, Kentucky.
Cave-in-Rock, Illinois.
Central City Lake, Wapsipinicon River, Iowa.
Chambersburg, Ohio.
Channel Connecting Plain Dealing and Oaks Creek, Maryland.
Chicago Shore of Lake Michigan, Illinois.
Chicopee, Massachusetts.
Chilo, Ohio.
Christiansted Harbor (25-ft. Channel) Virgin Islands.
Cincinnati Unit No. 2, Ohio.
Cincinnati Unit No. 4, Ohio.
Clarington, Ohio.
Clear Lake Special Drainage District, Illinois.
Cleves, Ohio.
Clifton, West Virginia.
Clinton, Indiana.
Cloverport, Kentucky.
Coan River, Virginia.
Cockrells Creek, Virginia.
Colonial Beach, Virginia.
Columbus Channel Improvement Project, Ohio.
Concordia, Kentucky.
Congaree River, South Carolina.
Coraopolis, Pennsylvania.
Corpus Christi Ship Channel—Jetty Extension, Texas.
Cowlitz County Consolidated Diking Improvement District No. 1, Washington.
Dayton, Wyoming.
Deer Creek Prairie Levee, Indiana.
Delaware River, Mouth of Neversink River, New Jersey, New York, Pennsylvania.
Derby, Indiana.
Detroit River-Trenton Channel, Michigan.
Dillonvale, Ohio.
Donovan Levee, Illinois.
Dover, Kentucky.
Duluth-Superior Harbor—21st Avenue West Channel, Minnesota, Wisconsin.
East Rock Away (Debs) Inlet, New York.
Elizabeth River, New Jersey.
Elizabethtown, Illinois.
Erie Harbor, Pennsylvania.
Fajardo Harbor, Puerto Rico.
Flat Creek, Oregon.
Fletcher and Sunshine Gardens Levee, White River, Indiana.
Flollansbee, West Virginia.
Freeport, Pennsylvania.
Freeport Harbor Extension, Texas.
Friendly, West Virginia.
Fullerton, Kentucky.
Gallipolis, Ohio.
Galveston Harbor and Channel—Widening Chan. Ext. 51st to 57th St., Texas.
Galveston Harbor and Channel—30' Chan. Ext. 51st to 57th St., Texas.
Galveston Harbor and Channel—30' Chan. Chan. 43rd to 51st St., Texas.
Galveston Harbor and Channel—32' Chan. Chan. 43d to 57th St., Texas.
Glen Cove Harbor, New York.
Gonzales Dam, Texas.
Governors Run, Maryland.
Grand Marais Harbor, Michigan.
Grandview, Indiana.
Grandview Bay, New York.
Great Sodus Bay Harbor, New York.
Green Island Levee and Drainage, District No. 1, Iowa.
Gulf Intracoastal Waterway—San Bernard River Channel, Texas.
Hackleman Corner Lake, Missouri.
Hanging Rock, Ohio.
Harbor of Refuge, Cape Lookout, North Carolina.
Harbors of Washington Island, Wisconsin.
Harpers Ferry, West Virginia.
Hartford, West Virginia.
Hayden Island, Oregon.
Henderson, West Virginia.
Henderson River, Cedar Creek Channel Improvement and Henderson River Levee, Illinois.
Hilo Harbor (Tsunami Barrier), Hawaii.
Hockingport, Ohio.
Honey Creek Levee, Indiana.
Honey Hill Lake, New Hampshire.
Houston Ship Channel—Buffalo Bayou Extension to White Oak Bayou, Texas.
Houston Ship Channel—Dike Revetment, Texas.
Houston Ship Channel—40' Project (Mile 47 to Brady Island), Texas.
Hudson River, Florida.
Humboldt Bay, Buhne Point, Shore Protection, California.
Huntington Harbor, New York.
Hyde County Dike, North Carolina.
Indiana Harbor (1930 Act), Indiana.
Indiana Harbor (1935 Act), Indiana.
Indiana Harbor (1965 Act), Indiana.
Industry, Pennsylvania.
Irvington Harbor, New York.
Ithaca—Cascadilla Creek/Flood Control, New York.
Ithaca—Fall Creek/Flood Control, New York.
IWW, Jacksonville to Miami, Side Channel and Turning Basin, Sebastian, Florida.
Jacksonville Harbor (Inactive Portions), Florida.
Janesville and Indian Ford Dams, Wisconsin.
John Redmon Dam and Reservoir, Project Modification for Acquisition of Additional Lands for National Wildlife Refuge, Kansas.
Keithsburg Drainage District, Illinois.
Kelly Lake Drainage and Levee District, Illinois.
Kewaunee Harbor, Wisconsin.
Keweenaw Waterway, Michigan.
Knights Valley Lake, Russian River Basin, California.
Lake Crescent and Dunns Creek, Florida.
Lake Fork of Salt Creek, Sangamon River, Illinois.
Lamoille River, Vermont.
Las Vegas Wash and Tributaries, Nevada.
Leaf and Chickasawhay Rivers, Mississippi.
Leavenworth, Indiana.
Leetsdale, Pennsylvania.
Lemon Creek, New York.
Letart, West Virginia.

Letart Falls, Ohio.
Levee Unit 2, East Fork of White River, Indiana.
Levee 3, East Fork White River, Indiana.
Levee Unit 1, Eel River, Indiana.
Levee Unit 2, Eel River, Indiana.
Levee Unit 17, Indiana.
Levee Unit 1, Little Wabash River, Illinois.
Levee Unit 2, Little Wabash River, Illinois.
Levee Unit 2, Wabash River, Indiana.
Levee Units 3 and 4, Wabash River, Indiana and Illinois.
Levee Unit 6, Wabash River, Illinois.
Levee Unit 1, White River, Indiana.
Levee Unit 7, White River, Indiana.
Levee Unit 9, White River, Indiana.
Levee Unit 10, White River, Indiana.
Levees between Shelby Bridge and Baum Bridge, Indiana.
Levees east of Chandlerville, Illinois.
Levees east of Hubly Bridge, Illinois.
Lewisport, Kentucky.
Little Manatee River, Florida.
Little Pee Dee River, South Carolina.
Little Valley Wash, Magna, Utah.
Lone Rock Lake, Arkansas.
Lower Big Sioux River, Iowa, South Dakota.
Lower San Francisco Bay, California.
Ludlow, Kentucky.
Ludlow Lake, Vermont.
Lumber River, North Carolina, South Carolina.
Lusserhop Levee, Illinois.
Madison, Indiana.
Manatee River, Florida.
Mason City, West Virginia.
Matawan Creek, New Jersey.
Mattaponi River—16 foot entrance channel, Virginia.
Maukport, Indiana.
McGinnis Levee, Indiana.
McKinney Bayou, Arkansas—Finn Bayou Segment, Arkansas.
Mellen-Bad River, Wisconsin.
Menominee Harbor, Michigan, Wisconsin.
Metamora Lake, Indiana.
Metropolis, Illinois.
Middlesboro (Yellow Creek), Ohio River Basin, Kentucky.
Mill Creek, Washington.
Miller, Ohio.
Millwood, West Virginia.
Milton, Kentucky.
Milwaukee Harbor, Wisconsin.
Mingo Junction, Ohio.
Mining City Lake, Kentucky.
Morrison, Colorado.
Moscow, Ohio.
Mountain Brook Dam, New Hampshire.
Mud and Baskett Slough, tributary to Rickreall Creek, Oregon.
Neuse River, 300-ft. wide channel in front of New Bern, North Carolina.
Neuse River Barrier, North Carolina.
Neville Island, Pennsylvania.
New Amsterdam, Indiana.
New Boston Small Boat Harbor, Illinois.
New Cumberland, West Virginia.
New Harmony, Indiana.
New Kensington and Parnassus, Pennsylvania.
New Matamoras, Ohio.
New Richmond, Ohio.
Newport, Ohio.
Niagara River Compensating Works, New York.
North Andover and Lawrence, Massachusetts.
North River Dike, North Carolina.
Noyo River & Harbor, (Mooring Basin), California.
Ochlockonee River, Georgia, Florida.
Okeechobee Waterway Basin at Stuart, Florida.
Oklawaha River, Channel in Silver Springs Ran, Florida.
Old River, California.
Oostanaula and Coosawattee Rivers, Georgia.
Orleans, Indiana.
Ouachita and Black Rivers, Felsenthal Canal, Union County, Arkansas, Louisiana.
Overton-Red River Waterway, Louisiana.
Owensboro, Kentucky.
Palm Beach Side Channel and Basin, Florida.
Panther Creek Levee, Illinois.
Patriot, Indiana.
Pearl River (Edinburg to Jackson), Mississippi.
Pecatonica River at Darlington, Wisconsin.
Pensacola Reservoir, Project Modification for Acquisition of Additional Flowage Easements, Oklahoma.
Phillippi Creek Basin, Florida.
Pioneer Lake, Colorado, Kansas, Nebraska.
Pomeroy, Ohio.
Port Angeles Harbor, Washington.
Port Chester Harbor, New York, Connecticut.
Port Gambel, Washington.
Port Washington Harbor, Wisconsin.
Port Wing Harbor, Wisconsin.
Portland, Ohio.
Portland Floodwalls and Levees, Williamette River, Oregon.
Potomac River, North Side of Washington Channel, District of Columbia.
Prestonville, Kentucky.
Prineville Area, Crooked River and Ochoco Creek, Oregon.
Proctor, Otter Creek, Vermont.
Raccoon Creek Levee, Indiana.
Racine, Ohio.
Randle Area, Cowlitz River, Washington.
Rappahannock River at Bowlers Wharf, Virginia.
Redbank Creek Lake, Pennsylvania.
Richland Lake, Missouri.
Rising Sun, Indiana.
Riverland Levee District, Missouri.
Riverview, West Virginia.
Rochester, Pennsylvania.
Rockport, Indiana.
Rocky Fork Reservoir, Ohio.
Rogers City Harbor, Michigan.
Rome, Indiana.
Rossview Lake, Ohio River Basin, Tennessee and Kentucky.
Rouge River (1935 Act), Michigan.
Rouge River (1958 Act), Michigan.
Rouge River (1962 Act), Michigan.
Russell Creek, South Carolina.
Sabine-Neches Waterway, Cow Bayou Channel Extension, Texas.
Sacramento River and Tributaries (Debris Control), California.
St. Clair River, Michigan.
St. Johns River, Jacksonville to Lake Henry (Inactive Portions), Florida.
St. Marys, Pennsylvania.
St. Marys, West Virginia.
St. Marys River and North River, Georgia and Florida.
Salt Creek in Vicinity of Middletown, Illinois.
Salyersville, Kentucky.
San Joaquin River (Stockton Deep Water Ship Channel), California.
Sangamon River, Salt Creek, North to Mahomet, Illinois.
Sardis, Ohio.
Sciotoville, Ohio.
Sheffield Lake Community Park, Ohio.
Shoal Harbor and Compton Creek, New Jersey.
Shoals, Indiana.
Shufflebarger Levee Unit, Indiana.
Sistersville, West Virginia.
Smithland, Kentucky.
Smiths Ferry, Pennsylvania.
South Coventry Lake, Connecticut.
South Milwaukee Harbor, Wisconsin.
South Portsmouth, Kentucky.
South Tunbridge Lake, Vermont.
Spanish Fork River, Utah.
Sugar Creek Levee, Indiana.
Suwannee River, Florida.
Swanton Harbor, Vermont.
Swinger, Whitney, Yount-Hoblit Levee, Illinois.
Syracuse, Ohio.
Table Mountain Lake (Iron Canyon Dam), California.
Tallapoosa River, Alabama.
Tar Creek Levee, Illinois.
Terminus Dam (Lake Kaweah), California.
Terre Haute (Conover Levee), Indiana.
The Island Lake, Vermont.
Thompson Lake Drainage and Levee District, Illinois.
Three Islands Lake, Ohio River Basin, Tennessee.
Tolovana River, Alaska.
Tolu, Kentucky.
Topsail Beach and Surf City, North Carolina.
Touchet River, Washington.
Trent River, Basins and Access Channels at New Bern, North Carolina.
Tri-Pond Levee, Illinois.
Troy, Indiana.
Upper Chipola River, Florida.
Vevay, Indiana.
Victory Lake, Vermont.
Wareham-Marion, Massachusetts.
Warroad Harbor and River, Minnesota.
Water Valley Lake, Arkansas, Missouri.
Waterway from Little Choptank River to Choptank River, Maryland.
Watkins Glen, Flood Protection—Glen Brook, New York.
Watts Levee, Illinois.
Waverly, West Virginia.
Way Cake Creek, New Jersey.
Wellsburg, West Virginia.
West Bridgewater, Pennsylvania.
West Canaan Lake, New Hampshire.
West Point, Kentucky.
Westport, Kentucky.
Westport Slough, Oregon.
Winnetka, Shore of Lake Michigan, Illinois.
Withlacoochee River, Florida.
Yadkin River, North Carolina.
York River, Virginia.
Youghiogheny River, Pennsylvania.

NOMINATION OF LYMAN KIRKPATRICK AS DEPUTY DIRECTOR OF THE CIA

Mr. PELL. Mr. President, I wish to commend the President for his choice of Lyman B. Kirkpatrick of Rhode Island to be the Deputy Director of the Central Intelligence Agency. Professor Kirkpatrick, who teaches political science at Brown University, has performed with distinction in the career service of the CIA from 1947 until 1965 and in the academic world since then.

I have known and respected Professor Kirkpatrick for many years. During those years, he and I have held many discussions and exchanged much correspondence about the intelligence activities of our Government and about world affairs generally. I always came away richer for the experience, and could always count on Professor Kirkpatrick to be frank, perceptive and levelheaded in his analysis of problems and issues.

The Providence Journal observed in an editorial of July 21 that Professor Kirkpatrick "would unquestionably serve as deputy director of the CIA with distinction." I agree entirely with that judgment. I also share the Journal's concern, expressed in an editorial of July 25, that the White House may be having second thoughts about nominating Professor Kirkpatrick, based on alleged concerns in the Senate that Professor Kirkpatrick,

while at the CIA, was not diligent enough about rooting out abuses. As the Journal put it—

The record on this score is anything but persuasive: to the contrary, according to what is known of his agency role then, he acted with tough-minded independence.

I share that view. I would also like to point out that Senator CHURCH'S investigations established that in many cases senior officers of the CIA charged with discovering or correcting abuses were denied information, not consulted on projects of doubtful loyalty, or had their recommendations ignored. It is my fervent hope that both the President and my colleagues will bear these findings in mind in evaluating Professor Kirkpatrick's record. Fairness and decency demand no less.

Mr. President, I ask unanimous consent that the Providence Journal editorials of July 21 and 25 be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Providence Journal, July 25, 1977]

THE CIA CAN USE KIRKPATRICK

Just the other day support was registered in this space for the appointment of Lyman B. Kirkpatrick as deputy director of the Central Intelligence Agency. Since then, there have been reports that the White House may pull back because it fears Senate opposition. Such a retreat, in the judgment of these newspapers, would be a serious mistake.

Professor Kirkpatrick, who has taught political science at Brown University with distinction for 12 years, holds a deserved reputation as one of the CIA's truly distinguished alumni. Over 18 years with the agency, he filled several key positions—including those of inspector general and executive director (the No. 3 job) with a rare blend of dedication and independence. A man more qualified, by background, evenhanded temperament and devotion to principle, is hard to imagine.

Nonetheless, the White House is said to be balking. The reason, apparently, is that some members of the Senate Intelligence Committee (which must approve such an appointment) feel that Mr. Kirkpatrick, when with the CIA, was not diligent enough in rooting out abuses. The record on this score is anything but persuasive: to the contrary, according to what is known of his agency role then, he acted with tough-minded independence.

Professor Kirkpatrick could provide the CIA with a blend of experience, knowledge and level-headed good sense. He knows the intelligence world; he also is sensitive to its limits. He could provide valuable help to Adm. Stansfield Turner, the CIA director, and President Carter should make his nomination official.

[From the Providence Journal, July 21, 1977]

AN ABLE MAN FOR THE CIA

Prof. Lyman B. Kirkpatrick, professor of political science at Brown University, would unquestionably serve as deputy director of the CIA with distinction.

A former executive director of the agency, and a former inspector general, he knows his way around in the world of intelligence. Moreover, he has shown a level-headed attitude toward the excesses of CIA officials that were turn up in three investigations of U.S. intelligence operations in the past couple of years.

Adm. Stansfield Turner, the new director of Central Intelligence, served a tour of duty in Rhode Island, as president of the Naval War College And while he was here the two undoubtedly became acquainted, although the associations of both go back to service in Washington.

Although he has been away from the capital since 1965, Professor Kirkpatrick had 18 years with the CIA. He has written a couple of books about his own experiences and about intelligence work in general. He obviously is a man whom Admiral Turner could trust. Whatever the job, he can be expected to fill it with a careful balance between the intelligence needs of the nation and the limits imposed by a democratic society—limits that have been violated in the past.

GEORGE MORTON LEVY

Mr. WILLIAMS. Mr. President, on Tuesday, July 19, George Morton Levy died at the Nassau Hospital in Mineola, Long Island at the age of 89.

I have lost a valued and cherished friend, and America has lost a man whose long and productive life spanned the euphoria of the roaring twenties, through the despair and anxieties of the dreary thirties, and on to the post-World War II prosperity of the fifties and sixties.

George Levy graduated from law school at the age of 20, and, after an inauspicious start in the profession, he turned to criminal law as his specialty. In three decades of defending some of the most newsworthy figures of their day, George Levy established a national reputation as one of the country's most brilliant defense lawyers.

Though George Levy was an extremely hard-working and conscientious lawyer, he never believed in all work and no play. Until the end of his life, George was an avid and skilled golfer. He was proud that until the end of his life, he was capable of shooting his age for 18 holes.

But apart from his devotion to his profession George Levy's consuming passion was for the ancient sport of harness racing. In 1940 he established the first night harness racing track in Westbury, Long Island, on the field where Charles Lindbergh began his historic trans-Atlantic flight to Paris.

Though the vicissitudes of the first few years of the Roosevelt Raceway would have discouraged a lesser man, George Levy had abundant faith in his concept, and he was rewarded when the postwar boom of the late forties and fifties turned a sea of red ink into an ocean of black.

In the 37 years during which George Levy nurtured his brainchild, he was successively president, general counsel, board chairman, president again, and finally, chief executive officer of the raceway. In 1967, he was inducted into the Hall of Fame of the Trotter in Goshen, N.Y., an honor of which he said, "This one I must rate the greatest of all." Considering the fact that in his racing lifetime, he had been honored by his peers no less than 268 times, that was no idle statement.

George Levy was the innovator of many of the modern-day improvements in the sport of harness racing. Wherever trotters and pacers and their devotees gather, the name of George Levy will be spoken with admiration and respect.

I am proud to have been his friend.

THE ROSE: NATIONAL FLORAL EMBLEM

Mr. HELMS. Mr. President, I am happy to join my distinguished colleagues Senator HATFIELD and Senator JOHNSTON as a cosponsor of Senate Joint Resolution 59, which would designate the rose as the national floral emblem of the United States of America.

In making the rose our national flower, Mr. President, we would be doing nothing more than formally stating what has been acknowledged for centuries—that the rose is the monarch of flowers. Indeed, Sappho, wrote around 600 B.C.

Would Jove appoint some flower to reign
In matchless beauty o'er the plain
The rose mankind will all agree
The rose the queen of flowers should be.

So the rose was known and loved in the classical world. But as would befit a Nation such as ours, which draws its strengths and traditions from many races and cultures, the rose was also adored in the Orient, in Africa, in northern Europe, and in the British Isles. No more universally widespread and more universally loved flower exists.

I mentioned Sappho's fondness for the flower some 600 years before the birth of Christ. Roses were known before then, however; they were being cultivated by the Chinese as early as the Shen Nung dynasty which I am told reigned between 2767 and 2697 B.C.

Mr. President, if there was some flower whose perfume and beauty made it the favorite of Adam and Eve even in perfect Eden, I would wager it would have been the rose.

But the rose in spite of its international associations, remains peculiarly American. I say this for reasons both archeological and historical: the earliest evidence we have of the existence of what we now know as the rose, is a remarkable fossil found in Florrisant, Colo. which our friends at the Smithsonian tell us is about 40 million years old. Thus our Nation has a certain seniority in its entitlement to the rose as our national emblem.

Historically, the Members will doubtless remember from their grade school years, that when Christopher Columbus' little fleet was becalmed in the Sargasso Sea, mutinous, almost ready to turn back, it was the discovery among the seaweed of a fresh rose branch with its hips still bright red, which indicated shore was nearby and gave them renewed courage to press on to the New World.

Finally, let me note that the rose in the wild form was spread over much of the present United States when the colonists arrived: it was no import. Capt. John Charles Fremont at the direction of the Congress explored the West in the early 1800's. Five hundred miles west of St. Louis he reported:

Everywhere the rose is met with, and reminds us of cultivated gardens in civilization.

It is scattered over the prairies in small bouquets, and, when glittering in the dew and swaying in the pleasant breeze of the early morning, is the most beautiful of prairie flowers.

So, Mr. President, I would urge my colleagues to take the advice of Robert Herrick, the 17th century English poet who—

. . . dreamt the roses one time went to meet and sit in Parliament.
. . . then, in that parley, all those powers voted the rose of Queen of flowers . . .

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

Mr. THURMOND addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, does the Senator wish to transact some routine morning business?

Mr. THURMOND. No.

PUBLIC FINANCING OF SENATE ELECTIONS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 926, which the clerk will state by title.

The assistant legislative clerk read as follows:

S. 926, a bill to provide for the public financing of primary and general elections for the U.S. Senate.

Mr. THURMOND. Mr. President, I ask unanimous consent that John Napier, of the staff of the Judiciary Committee, and Gene Lawrimore, of my staff, have the privilege of the floor during the consideration of S. 926.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, I rise to discuss S. 926, and I start out by making the observation that the bill has two overall purposes. The first purpose is to provide for the public financing of Senate general elections. The second purpose is to improve the operation of the Federal Election Campaign Act of 1971, as amended in 1974 and 1976.

Mr. President, I have no quarrel with the second purpose of the bill because, Lord knows, the Federal Election Campaign Act needs a lot of work done on it. In fact, I have serious thoughts that it can ever be made to work the way the majority of this body and even a majority of Americans would like to see it work. But I do not want to get into this aspect of the bill today.

The public financing of Senate general elections to me, Mr. President, is going to work against our popular form of government, the democratic-republican, with a small "d" and a small "r," and particularly its two-party system, because under this bill it will be virtually impossible for a member of the minority party, which is my party, the Republican Party, to ever raise enough money in certain parts of this country to even consider running for election.

While I know that is not the intent, or at least I do not think it is the intent of the framers of this bill; nevertheless, it is certainly going to work that way.

Mr. President, I remind my colleagues that at the beginning of our country's history the Founding Fathers not only did not establish a party system, but they did not think it was necessary, and hardly discussed it. But our form of government was not very old, maybe a few years old, when it was discovered that as clear as the Constitution had been written, as unanimous as the Founding Fathers were on the intents of the Constitution, it began to become evidenced that people could disagree on it. One person could read one part of the Constitution to say one thing and his closest friend or relative could read it to mean something else.

So, gradually we started a two-party system, and to a large extent it is still effective and still working. For example, on this floor right now we have some of us opposing this bill and others all for it, and yet it is clearly within the framework of the Constitution and requires just the unanimous interpretation of what will be and that will be. But, Mr. President, what I sense is that while we still have division on the Constitution and on the interpretation of the Constitution, if this Congress becomes totally dominated, and I would say more completely dominated than now by one party, or by one group of people who think otherwise, then we will have gone a long way to destroying the system of government that we have always operated under.

The question I think that we should ask ourselves is: do we really want a one-party system? Does the South want a one-party system? I think the South has made tremendous progress beginning with the time that the South began to develop a Republican Party. That went up for a while. Now it has leveled off and in some places is going down. But the great economic improvement in the south came under a two-party system.

In the Chamber I can see my junior colleague whose family and himself have for many, many years been instrumental to the success of Arizona. I think he would agree with me that, when the Republican Party began to surface out in our State of Arizona, we began to grow economically because it required both parties to put up their best people in order to become elected. It was not just a case as it always had been in our State, well, if you were a Democrat you were automatically elected. Since we have become a two-party State, while not as strong at it as we were, our State has made tremendous strides forward. I think a lot of that is due to the working of both political parties.

I do not think anyone in this body can say that they would like to see this country run under one concept of government. I was interested to read today in the paper one columnist—I forget his name—who made the observation that President Carter was not appealing to the proper part of his party.

This indicates that we can go further than a two-party system. We probably have more of a four-party system in this country than a two-party system, but we have only two by name. He was chastizing President Carter because he was ignoring what the columnist said was the left of the Democrat Party.

I think and I think most Democrats will agree that the country has been moving toward the right. The country has always, in my opinion, been more conservative than liberal, and it is very pleasing to me, as a lifelong conservative, to see the way that some of my old friends on this floor are voting far different than they used to. So maybe President Carter is not wrong, maybe he is right, in seeking that part of the Democrat Party that represents what we call the right wing or the conservative wing. Only time will tell.

But I think to abolish, with the help of federally financed elections, a two-party system in this country would be a very, very dangerous if not fatal mistake because if that ever happens the Constitution can be interpreted any way that the ruling party wants to interpret it, without the defense of the Constitution being made by some opposition, and I would hope that my colleagues will take this into consideration as we go through what some would call protracted or prolonged debate and others might call it a filibuster.

But, Mr. President, because I have the floor, and because of the timeliness of the subject—and I will admit that some could question the choice of my subject or even the timeliness of it—I shall comment on the fact that the President has chosen, and I congratulate him on this, the subject of human rights because I think it is something that every person in the world can agree with. While I think he may be a little early with it, I think all of us will live to see the day when, if we pursue the subject of human rights properly, starting right here in this body, we will see oppressed people all over the world demanding more of the rights that we have held inherent throughout the whole life of our constitutional republic.

So I think the President deserves credit on this but, as I say, he has to be consistent, and I wish to tie this consistency with the vote that we are going to be faced with sooner or later on this bill because those of us who feel strongly against Federal financing of Senate general elections feel that there are certain human rights and human desires that are going to be ignored and even obliterated. I am thinking of the right of a person to support a candidate and the right of a person to do anything that he wants to legally to help a candidate become elected.

Unfortunately, chief among these prerogatives is the one of money, and the raising of money then becomes a very serious part of any candidate's campaign. If we vote to allow a certain percentage of the total funding to be done by the tax dollar, then my fear also is that many people in this country will lose their interest in politics and say, "Oh, well, I do not have to worry about John; he is going to get elected, and be-

sides that the Federal Government will pay the bill and nobody is going to get hurt."

Nobody but the taxpayer.

Because I see human rights tied into this, I want to just discuss a bit what was discussed earlier on this floor, the human rights question as we see it around the world today.

My particular object of view today would be the proposed visit to mainland China in August of Secretary Vance. And I will take this opportunity to discuss our Government's China policy, and the direct relationship between that policy and our country's outspoken goal of seeking to bring about respect, a greater respect, for human rights around the world.

First, Mr. President, I would remind my colleagues that the United States today legally and diplomatically recognizes the Republic of China, which is based on Taiwan, as the only China. Although this administration is pursuing the policy of what is called the "normalization of relations" with the Chinese on the mainland, our Government still has full diplomatic relations with only one China, the China on Taiwan.

In that respect, I think we should determine what the term "normalization" means. If it means the resumption of business with a Communist country such as Red China or Cuba, I can find no quarrel with that. But if it means the diplomatic recognition of a country that denies all human rights, then I can find a lot of problems that the administration will run into, most of them right here in this body.

The fact that totalitarian Communists control by force some 800 million unfortunate people who live on the mainland is no reason for giving standing to those tyrants as the lawful representatives of the people whom they have enslaved. Again referring to today's press, there is an article indicating that three people now control the destiny of those 800 million people. Again, how can we tie human rights in with the fact that three people are going to make their minds up as to how the other 800 million shall live? Clearly it is only by continuing a policy of support for the mutual security treaty and our official diplomatic relations with the Republic of China that we can have a moral foreign policy that actually represents what our people stand for, that adheres to our commitments, and that will convey strength around the world.

Mr. President, there are many reasons why the administration must not be enticed with the possibilities of recognizing Red China or weakening our ties with the Republic of China. One of these is the value of our word, if we care about it any more—the willingness of the United States to be faithful to its commitments and not to betray its promises.

I might remind my colleagues that never in 200 years have we reneged on a treaty or reneged on our word to a foreign country. The Chinese on Taiwan have lived up to our expectations in every respect and supported the United States on all international issues of major importance. For us now to scrap our mutual defense treaty with a loyal ally would make our signature to other defense treaties worthless anywhere in the world.

In fact, President Carter himself said the same thing last October when he was a candidate. He then explained that "as far as the trust of our country among the nations of the world, as far as dependence on our country in meeting the needs and obligations that we have expressed to our allies, as far as the respect of our country even among our particular adversaries, we are weak" when we depart from our principles and our commitments.

Another statement that President Carter made when he was still running for that office confirms the need for continuing our official relations and defense treaty with the Republic of China. President Carter said:

> We ought to be a beacon for nations who search for peace and who search for freedom, who search for individual liberty, who search for basic human rights.

Well, I know and he knows that we cannot be those things if we cater to the Communists on the Chinese mainland. We can hold firm to our basic principles only if we uphold the friendship and ties we have with the free Chinese people on Taiwan.

Mr. President, the people in the Republic of China are not searching for freedom and individual liberty. They have already achieved it, and are in the process of strengthening it. Taiwan is a land which allows free expression and free elections. Thirty-one daily newspapers and 1,400 magazines compete with three national television networks for the time of audiences. Free world publications from foreign countries are openly circulated throughout the Republic. In fact, one distributor of American magazines imports over 200 different titles for circulation to subscribers in the general public. Popular U.S. news magazines such as Newsweek or Time are available for reading by students in the libraries of nearly all middle schools and colleges. American political books such as the paperback edition of "To Make Men Free," sell 20,000 copies or more. This is a work by Frank Kelley about the U.S. Bill of Rights and how we Americans won our freedom.

Another paperback by Duane Bradley entitled, "The Newspaper: Its Place in a Democracy," has sold over 10,000 issues in Taiwan. How many copies of it do you think were sold in Communist China? What do you think the Communists would do to anyone who owned a copy?

These are interesting questions which Secretary Vance might explore when he goes to Peking in August.

On Taiwan, free education is extended to all. In fact, next only to the United States, the Republic of China has more school students per 1,000 population than any other country in the world. The figures are 99.3 percent of school age children attending the elementary school and 90.1 percent of youth attending middle school, which is the equivalent of our high school.

Mr. President, it is also important to note that religion is freely practiced in Taiwan. Buddhists, Taoists, Catholics, Protestants, Moslems, are all active in the Republic of China. There are more than 2,500 active Buddhist temples on Taiwan, and 2,000 Taoist temples. The great majority of the people adhere to these religions. Today there are approximately 300,000 Roman Catholics in the Republic. Catholics operate 900 churches, 26 hospitals, 362 primary schools and kindergartens, 26 high schools, 13 technical schools, one university, three colleges, and eight seminaries.

Protestant worshipers have 3,000 churches and more than a half million members in Taiwan. Protestants operate 12 seminaries, 13 Bible schools, 9 hospitals, 2 universities, 4 colleges, 9 high schools, and 350 primary schools and kindergartens.

Mr. President, what are the statistics on the mainland of China? How many Baptist churches or active religious buildings of any kind will Secretary Vance find on his visit to Red China, if he looks for them?

Except for one or two churches or temples in Peking operated for a few foreign visitors, he will find none—that is how many.

Does this count with this administration? Does it consider freedom of religion to be one of the human rights it is concerned with? Well, of course, I believe it does and keeping our relations with the Republic of China, an open society that allows freedom of worship, as contrasted with Communist China, an atheistic society that has cruelly suppressed religion, is a good way of demonstrating that concern.

Mr. President, the advancement of human rights in the Republic of China is matched by the economic progress of the people. From an island which was a predominantly agricultural area, Taiwan has become a major industrial power of the world.

I would remind you, Mr. President, that it is about the size of my State of Arizona. It is not a small piece of real estate, but not a big one when we think of countries.

Not that agriculture has been slighted. To the contrary, the General Accounting Office has singled out the Republic of China as the model of how a developing nation can achieve tremendous success in food production with a system of economic incentives to private farmers.

In contrast, Mr. President, the performance of the Communist dictators on the China mainland depart in every instance from the principles of our Constitution's Bill of Rights and from every principle for which Americans have struggled throughout our history. The Chinese Communists are known to have executed several millions of landowners during the agrarian reform of 1949 to 1952. They are known to have conducted mass public trials at which more than 2 million political prisoners have been executed. They have, by all knowledgeable accounts, exterminated a minimum of

50 million people during their first quarter century of rule. Even today, the Red Chinese arbitrarily imprison over 30 million innocent political prisoners in labor reform camps, where they are subjected to the harshest of hard labor.

Moreover, there is no independent judiciary in Red China. There is no freedom of travel. There are no free elections, no freedom of the press, no free expression, no free trade unions.

And freedom of religious worship has been brutally suppressed by the Communists. Devotion to an almighty Supreme Being is persecuted and punished in Communist China. Millions of Protestants, Catholics, Moslems, and Buddhists have been intimidated, imprisoned, beaten, and murdered. Churches and religious buildings have been destroyed or converted into warehouses, stables, and the like. Missionaries have been forcibly removed and religious schools, hospitals, and orphanages outlawed. In fact, there is only one Roman Catholic Cathedral and a single mosque still open in Peking, these for small numbers of visitors from foreign nations. To all purposes, for the first time in centuries there is no open practice of any religion in mainland China today.

Mr. President, it would be impossible for the United States to serve as a beacon for peoples who are searching for freedom and for the most basic human rights if we should grant legitimacy to such an inhuman government. No, if our Nation is to hold forth a posture and an image to make us proud, we must not reward the lawlessness existing in Communist China.

A policy of retaining our official relations and defense treaty with the Republic of China would be in keeping with the wishes of the American people. If we follow the good judgment of ordinary Americans, we will preserve our commitment to Taiwan. The voice of the American people is loud and clear on this issue.

A Gallup poll of November 1975 revealed that 70 percent of Americans favor continuing our formal diplomatic relations with the Republic of China.

Mr. President, I ask unanimous consent that I may speak out of order in view of the germane rule.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. The same majority of 70 percent opposed diplomatic relations with Communist China on the terms demanded by the so-called People's Republic.

In May of this year, a new poll was released showing that the already overwhelming public opinion in support of the Republic of China has increased over the findings in 1975. The latest public opinion survey was conducted between March 26 and April 3, 1977, by decision-making information. According to this survey, 84 percent of the American public favors continuing full diplomatic ties with the Republic of China. This is an increase of 14 percent over the comparable finding in 1975.

Moreover, 74 percent of Americans are found in this latest survey to favor adherence to U.S. Mutual Defense Treaty with the Republic of China. This result indicates an increase of 27 percent as compared with the 1975 result.

Finally, when presented with the demand of the People's Republic of China that the United States should withdraw recognition from the Republic of China as the condition of establishing diplomatic relations with mainland China, 77 percent of Americans indicated we should not withdraw recognition from free China.

Mr. President, these indications of public opinion are backed up with other evidence. For example, in 1976, a resolution was introduced in the House of Representatives by a clear majority of that body urging the President to do nothing to compromise the freedom of the Republic of China. Numerous petitions and official statements which have been adopted by local governments throughout the United States also uphold a policy of continuing diplomatic relations with free China.

Thus, if we are to follow the voice of the American people and if we are to tap their sound, commonsense, as President Carter himself has suggested, then we must adhere to our present policy of recognizing the Republic of China and maintaining the Mutual Security Treaty with Taiwan.

Mr. President, an interesting point comes in here that was raised by President Nixon's visits to China. On several occasions—I cannot remember how many—I have discussed these visits with Dr. Kissinger, our former Secretary of State, to discover if any promises were made which might lead the United States into the derecognition of free China by the abrogating of our treaties with them.

He told me a very interesting thing, not once but all the time I have talked with him; that it was never discussed and it was never on the agenda and that the Red Chinese never asked that it be put on the agenda, feeling that that was their own business and they were more interested in obtaining recognition from us than worrying about what might happen between Taiwan and the United States. I hope that Secretary of State Vance will keep that in mind when he mistakenly, in my opinion, visits Peking later this year. We have made no commitments. No commitments were discussed. I would not like to see this administration more or less get out on a limb as far as this particular part of the world is concerned.

In fact, Mr. President, I have to ask what good a policy of dropping Taiwan for Peking would have for the American people. Actually, it would destabilize the chances for world peace. It would not transform Communist China into a decent, God-fearing country. It is not needed as a counterweight to the Soviet Union, because Red China needs contact with the United States due to its fear of the Soviets, regardless of what we do about Taiwan.

And, surely no one in the Carter administration is duped by the prospect of large-scale trade with Red China. Oh, I know the Communists are mouthing this propaganda. In fact, it is identical to the sweet-talk used by the Nazis before World War II. They held parties for prominent American businessmen and industrialists who were urged to switch sides between Britain and Germany. They were held out promises by German trade officials who reportedly said that "the prospects for American trade with the new German empire will be beyond your wildest dreams."

These executives of U.S. corporations were supposedly susceptible to the argument that the Nazis would allow American business to operate in a Nazi-dominated Europe. They were actually offered trade monopolies inside the new Nazi empire. Nevertheless, these American businessmen understood the correct political responsibilities of international corporations. They understood the meaning of morality and human freedom. They saw through the phony, gold-coated arguments of the Nazis and totally rejected them.

As I often mention, Mr. President, let us remember the past, because today, the efforts of the Red Chinese can be likened to those of the Nazis. The Communists cover their statements with glitter and gold, but in back of them there is neither substance, nor human decency.

The truth is that there are no prospects of major trade with Communist China. And if there ever were, dropping Taiwan and allowing the Communists to take it over would enable them to absorb Western technology in place on Taiwan of the kind which our exporters hope to sell.

Thomas Corcoran, the distinguished attorney, businessman, and diplomat, has explained that:

> As with all totalitarian nations, all trade with mainland China will be politically—not competitively—motivated. All such trade will be barter of advantages in political warfare. Totalitarian trade in commercial negotiations will put competing and divided United States entrepreneurs against a monolithic totalitarian buyer and seller.

Dreams of commercial profit to U.S. firms are a "will-o'-the-wisp." According to Mr. Corcoran:

> Contrary to hopes of United States industry to do business with an indefinite mainland market, the takeover of Taiwan could directly solve many of mainland China's economic problems without the cost of any of the imports from the western world from which American exporters and transporters could make a commercial profit.

What Mr. Corcoran means is that if our policy is so stupid as to permit the Communists to acquire by intimidation or force the very technology and resources they want, then the Communists will have no need for engaging in the trade from which certain American exporters hope to make a commercial killing. The very policy which these business interests promote of breaking defense and diplomatic relations with the Republic of China will backfire on them by enabling the Communists to obtain the technology they want without trade.

Moreover, as the American Chamber of Commerce on Taiwan has concluded, the potential market for U.S. products in Red China is limited to but a small number of select product categories. The Chamber also advises that the absence of free choice by the consumer in a state-controlled economy will block the ability of U.S. exporters to develop new markets for their products.

Thus, the prospect for enormous commercial trade with Communist China is a facade. The opportunity just is not there and never will be. On the other hand, the real trade opportunities are between the United States and the Republic of China. In 1976, our trade with Taiwan reached $4.5 billion. In comparison, our trade with Communist China was only $325 million. Trade between the Republic of China and the United States is 14 times greater than our trade with Red China.

Mr. President, in summary, I repeat that the Chinese Government on Taiwan is the true model by which our commitment to traditional American principles should be measured. The 16 million people of Taiwan have achieved a great degree of freedom and individual liberty and they are constantly working for the expansion of these principles.

There is no stage management for foreign visitors to Taiwan. American and other foreign nationals can travel freely throughout the island. Private enterprise is encouraged. Religious worship among diverse faiths is promoted. Free world publications are visibly evident and available to both residents and tourists. Sizable and steady advances in the economic well-being of the average citizens living on Taiwan is also apparent to any regular visitor to the Republic of China.

In other words, a policy that would shun a people, who are endeavoring to follow many of the same moral, economic, and political principles that we ourselves practice, would betray our innermost beliefs and convey weakness.

To reward a system of government which has suppressed the most basic human rights of its population, and which has just recently flaunted its lawlessness and disregard of world concern for the environment by poisoning the atmosphere with dangerous radiation from atmospheric nuclear testing, would disgrace our Nation and defeat human rights.

Mr. President, if this administration's human rights efforts mean anything, it means that we must pursue a policy that will keep the 16 million Chinese on Taiwan free from enslavement by totalitarian communism.

Mr. President, at one time in my remarks, I stopped momentarily to ask unanimous consent that I might address myself to the subject that I had chosen because of the rule of germaneness which we sometimes practice in this body. I wish we practiced it more often. I spoke at the outset of diverting my remarks to the situation between the Chinas that it probably did relate, and I felt certain that I could relate my concern and the concern of the American people in the subject of human rights, with what we see going on over in that part of the world and what might just be going on in our own country.

I remember having an argument with a gentleman from another counrty—I shall not mention the country—with whom we are having arguments relative to their seeming abuses of some human rights. He said, "You had better get your own ship in order before you start criticizing other people of the world."

I have been thinking about that, because we think of ourselves as a totally free people. Yet, as I said earlier, I see things in this effort in S. 926, which has two overall purposes. I see in the first of these purposes, to provide public financing of Senate general elections, an effort, either recognized and purposeful or not recognized, that would result in a one-party system in our country.

Mr. President, I just ask my friends, my colleagues in the Congress, to look around. How many of the freedoms that we enjoyed 20 or 25 years ago are still ours to enjoy?

I remember when I was a businessman I got into national politics because I felt it was time that people did that with an effort to cut down the rapidly growing control of the bureaucracy over our daily lives.

I have not been successful at all in those efforts and I have to say I am not happy at all with the lack of success that my party, the Republican Party, has had in this general effort.

We find decisions today that have to be made in Washington, D.C., that 20 or 25 years ago were made in your home State or my home State.

We find we cannot even build football stadiums until the environmental groups have told us what havoc they will bring upon the atmosphere.

I know that we would like to have professional football team in central Arizona, but we are told it might take 3 years to find out the effect of a football stadium upon the environment of central Arizona.

Mr. President, further, the American farmer—or 30 percent of the American farmers—does not have any control over what he can plant, how much he can plant, or what he will get from it.

Thank the Lord, the other 70 percent are in pretty good shape as far as freedom of choice.

But in my State, where we grow the finest cotton grown in the world, we are limited in the growth of that cotton because we did not grow it before history began, which was the beginning of the agricultural acts that control 30 percent of our agriculture today.

We find growing arguments between organized labor and parts of our own Government as to what the Government should do that organized labor wants. Yet, as I read through this bill and as I read the list of people who back it, I see, for example, an organization called Common Cause—and I have never heard Common Cause say anything about labor unions investing millions and millions of dollars into political campaigns. It is supposedly against the law. I do not believe it is illegal, but the way they do it, by supporting probably 99.6 percent Democrats over Republicans, I think is undemocratic and contrary to our best interests.

But I have never heard Common Cause say one word about this. Yet, they are for this bill.

I do not think the people who belong to Common Cause—that I know, that I have grown up with, that I have great respect for—would ever say for one minute that they would like to see a single-party system in this country.

In fact, I think they should be working against it, and the first thing they should be against, in my opinion, would be the public financing of primary and general elections for the U.S. Senate.

I say that, Mr. President, because at the outset of my discussion I pointed out that there are some States in this Union where a member of my party would find it virtually impossible to be elected because he would not come under the provisions of this law that would allow him to receive money from the Federal Treasury, even though he would know as a Republican running in that particular State he would not have much chance politically. But at least we ought to have the freedom of choice which goes with the freedom of the people to select their candidates, select their party, and then work for that particular candidate, particularly in the field of raising money, and then in the field of providing help and work on election day.

Mr. LONG. Will the Senator yield for a question at this point?

Mr. GOLDWATER. Yes.

Mr. LONG. I gain the impression the committee would propose to spend the money for senatorial elections which had been earmarked for the Presidential campaign fund. Can the Senator tell me if I am correct in that impression?

Mr. GOLDWATER. I gathered that impression. I feel there is a great looseness here.

Mr. LONG. Let me ask the Senator, if the people put up money for one purpose, that is, to help elect the Presidential candidates, and then the Congress takes money and spends it to elect a senatorial candidate, is this not a misappropriation of funds?

Mr. GOLDWATER. I certainly think so.

I remember the Senator's work in getting the tax deduction for Presidential purposes, and, if that is going to be diverted, I would say it is contrary to the intent of the legislation.

Mr. LONG. We have gone on the theory in the election, the Presidential campaign fund, that if a taxpayer wants to designate $1 of his money to be spent in the Presidential campaign, he has that right. Therefore, we have appropriated the money to a Presidential campaign.

Based on the fact that a citizen, even though he might be in a minority—and he is, about 25 percent up to 27 percent have indicated they would like to have $1 of their money spent in a Presidential campaign—I ask the Senator, if a citizen has requested that his government spend $1 in a Presidential campaign, what is it but a misappropriation of public funds to take that same $1 and spend it in some other campaign?

Mr. GOLDWATER. I could not agree with the Senator more. I think we were very specific in the legislation we debated on this floor and passed through

the Congress to allow the American taxpayer to contribute $1 to a Presidential campaign.

I go further and say that we did not mention senatorial campaigns or House campaigns, nor sheriff, nor Governor, nor anything else.

So why raise money for Presidential campaigns and then appropriate it to any other campaign? I say, with the Senator, that it is wrong.

Mr. LONG. That is a misappropriation of funds; it is a crime.

It may not have been explicitly outlawed, but I submit when the people ask to spend their money for one purpose and the law so provides and then we in the Congress propose to spend their money for an entirely different purpose, I ask the Senator, is that not, at least in theory, exactly the same thing as a misappropriation of public funds?

Mr. GOLDWATER. I do not know how we could call it anything else.

For example, if the Senator's committee approved public funds for a certain purpose and then the President or any other person in power saw fit to spend those identical funds to build a new bridge, or a dam in some other State, I cannot see how it could be anything but misappropriation, and I must say that is illegal at the Federal level, not just the State level.

Mr. LONG. Furthermore, may I ask the Senator this: Is it not true that looking at the chart on page 6 and the committee language, that in the State of Louisiana, for example, just by being designated by the Republican committee there, not having run in the primary, just selected by a committee of the people who have been designated by the Republican organization as a committee to be a candidate for the U.S. Senate, even though the candidate was not contested in the primary, or anything of that sort, just selected by a party committee, that person immediately would be eligible for $125,000 of public money? I say that, relying upon the language on page 7 of the committee report that says he would be entitled to one-fifth, or 20 percent, of the amount provided as the limit for campaign spending when he is one of the major party candidates.

Usually, my Republican opponent has been selected by an appointed committee. He has not been elected in a race in a primary.

I ask this of the Senator: When we talk about spending money, for a Republican candidate chosen in preferential primaries nationwide and chosen by the process in those States for naming their delegates and a Democratic candidate chosen by votes in States all over the Union and by the electoral process as provided by law, how can one justify that money, which was designated by the people to be spent on the campaigns of candidates chosen nationwide by the American people, being spent for someone selected by a mere party committee in a single State, without having run for anything or being supported by anyone other than a mere committee of perhaps 15 men?

Mr. GOLDWATER. The Senator is right. That is one of the points I raised in the second part of this bill, to improve the operation of the Federal Election Campaign Act. They have never taken this rather unusual situation into consideration.

I cannot mention names, but the Senator and I know of Democratic Senators who had no opposition.

Mr. LONG. I have not had opposition on occasion, but I am not asking the Treasury to give me the money for the campaign.

Mr. GOLDWATER. If we had any consistency between the 50 States and how we select our primary candidates, we might be able to come to some conclusion. But the Senator's State does it by convention or committee, and my State does it by primary election. Other States do it in different ways. Yet, no fair way has been chosen to provide money for the candidate, which is what I think all Republicans are griping about mostly.

I can understand the concern of the Senator from Louisiana, too, because what is being done is using money that is to be split between two candidates who have been chosen in our democratic way. Even though we may disagree with the party convention system, it is still the only way we have; and I guess it is the best way until nickel flipping comes along. It has been done fairly, and we can divide the money fairly; but it cannot be done under the situations that the Senator from Louisiana has described.

Mr. LONG. Furthermore, I ask the Senator if he is aware of this: Applied to the State of Louisiana, as I read this committee report—I have not had a chance to do justice to the bill yet—there would be available for a person selected by a party committee a spending limit of $502,000.

Mr. GOLDWATER. That is right.

Mr. LONG. Of that, he gets $125,000 merely by being selected by a party committee. Then there would be $377,000 that could be raised. The Government would put up half of that. That is $199,500 that so far has not cost him or his supporters one penny, provided they can match it. As to the $199,000, if you just look for a few wealthy people who are in the 70 percent tax bracket, you would need about 300 couples at $200 apiece to raise this $199,000.

The way I read that, by raising $60,000 after taxes, high bracket taxpayers could then have made available $502,000 to be spent, which is about an 8-to-1 ratio, with the people putting up $7 out of $8 to finance a candidate who so far would not have had the benefit of a single vote cast at the polls in his favor.

What kind of distortion is that, to use funds that were intended to be spent for the nominee of the Republican Party at their national convention, after elections had been held in States all over the Union, and the Democratic convention, with funds raised for a candidate also who won the nomination after having been in primaries and in contests all over the Nation?

Is it not a travesty to take money that was to be available for the Presidential race and use it for candidates who in some cases would not have a single vote cast for them at any point prior to that?

Mr. GOLDWATER. I do not think it is right.

When we read the report and the bill, we find that the overriding reason for all this kind of hocus-pocus is to prevent the contributions of big donors. As the Senator has rightly pointed out, that is the only way you can do it. Yet, the people who sanctimoniously feel that this law of ours can destroy the historic American concept of financing elections do not take into consideration the points the Senator from Louisiana rightly has raised. Before we get through with this bill, amendments will be offered that will place this whole thing in order.

If we are going to grant $502,000 for the State of Louisiana or $401,000 for the State of Arizona out of the general fund, I think the general fund should have legal ways, passed by both bodies, to provide that money, not take it out of the earmarked funds for Presidential elections, for which we voted and which we passed, and which the American people seem to like. At least, they have contributed quite a substantial sum of money. But I do not think they contributed it with the idea that none of the money is going to go to a candidate in x State, while in another State, a candidate gets all of it, requiring one candidate to go out and do what the sponsors of this bill say should not be done—namely, see the so-called fat cats or those people who have enough interest in American politics to give a little money to help a candidate.

Mr. LONG. The Senator, I am sure, recalls that when we started the debate over the Presidential campaign fund, some of us who favored that approach would now use the slogan "One man, one vote, one dollar," on the theory that the will of one voter could get you not only his vote, but also, the dollar could pay the expense of campaigning for that vote.

I submit that the bill we have before us departs completely from that principle. Under this campaign financing law, it is not the votes or the support of the people that gets the money. It is the money that gets the money.

Mr. GOLDWATER. That is right.

Mr. LONG. Money gets money, and that is exactly the opposite of the concept of the Presidential financing bill—"one man, one vote, one dollar." Here is the deal where money gets you money. The more you got, the more you get.

I submit to the Senator that it is a far departure from the idea that the man who has the support of the people will have enough money made available to support a campaign, when we have a bill here that would say that a candidate who had not had a single vote cast for him can get one-half million dollars in Louisiana alone; four times that much in some other States.

Mr. GOLDWATER. I ask the Senator the next logical question: Where is the money coming from?

Mr. LONG. That is the next point. Where is the money coming from? Here is a man who has not had a vote cast for him anywhere, who get one-half mil-

lion dollars to go out and run against someone. Where do you get the money from? You take it from the Presidential campaign fund, which is supposed to be used to help finance, on an equal basis, the Republican nominee and the Democratic nominee, both of whom would have been the victors in countless primaries across the United States of America.

Talk about a misappropriation of public funds: I find nothing else that this can be called, when all this money is provided for a person who might not be able to get enough votes to want a shotgun when election day comes.

Imagine providing all this kind of money for candidates who might not prove to be serious candidates at all. Frankly, I have run against some people on occasions, who would have been eligible for this kind of money, who would be the first to admit when the election was all over that they were idiots to make the race.

What kind of insanity is it to take the money set up for a serious candidate for President nominated by the Republican Party and a serious logical candidate for President nominated by the Democratic Party and use that money to finance that kind of foolishness?

I would submit to the Senator that is not a move toward good government; it is not even a move toward populism because it has got nothing to do with the principle of one-man-one-vote-one dollar. It is a complete departure from that principle.

Mr. GOLDWATER. Let me say I appreciate very much the Senator from Louisiana's expressions because they come from long and serious involvement in our profession, in our process. As I said, I am certain there will be amendments offered to correct this, maybe even referring it back for rewriting so that your committee can receive it and tell us whether or not the money can be made available.

I want to thank my friend from Louisiana for participating in this.

Mr. President, I must give up the floor because I have a committee meeting to attend.

Mr. HATFIELD. Mr. President, may I inquire of the chair what the parliamentary situation is?

The PRESIDING OFFICER. The amendment of the Senator from Oregon is the pending question.

Mr. CLARK. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HATFIELD. I yield.

Mr. CLARK. Mr. President, I ask unanimous consent that Margery Baker of my staff be given the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. HATFIELD. I would be happy to yield.

Mr. HANSEN. Mr. President, I ask unanimous consent that Caroline Randel of my staff may have the privileges of the floor during all of the debate and any votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon.

Mr. HATFIELD. Mr. President, when I addressed the Senate yesterday regarding my position on public financing, I promoted the view that elections must be clean both in appearance as well as in fact. For that reason, I have voted to support ceilings on individual contributions despite strong reservations I have held on first amendment grounds. Moreover, I have favored full disclosure of campaign contributions despite substantial first amendment arguments that such disclosure may infringe upon freedom of political association. These positions were not taken because the proponents of public financing could demonstrate that Federal candidates were corrupted or unduly influenced by private funds. In fact, no such finding has been made, and I challenge the sponsors to make such a showing if they can. I submit they will fail.

No, Mr. President, my support for contributions ceilings and full disclosure is not based on proof of actual corruption. Instead, it represents an effort to avoid the mere appearance of corruption. But more than a mere appearance must be established if I am to abridge the first amendment further through ceilings on expenditures and create a raid on the treasury through public financing. For me to take those extreme steps, Mr. President, actual corruption or undue influence, and not its mere appearance, must be shown. I have yet to see such proof forthcoming from the sponsors of this bill.

It is sometimes forgotten who actually bears the burden of proof on this legislation. I will remind my colleagues that the burden rests squarely with the sponsors. It is they who must prove that the present system of ceilings and disclosure is inadequate to preserve the integrity of elections. It is they who must prove that incumbent officeholders have been corrupted—or, if not corrupted, then unduly swayed by citizen campaign dollars. It is they who must prove that their bill will really do something about the special interest influence they so earnestly condemn.

And, since the sponsors attempt to justify their bill by resorting to the catchword "special interests," I ask that they define their terms. Who are the special interests whose influence they say so corrupt the political process? Is it the AFL–CIO? Is it the United Auto Workers? Is it perhaps the Chamber of Commerce, or the National Association of Manufacturers? Perhaps the sponsors are referring to the Farm Bureau or the Grange? Or maybe they mean to condemn the Sierra Club, or the Environmental Defense Fund? Perhaps they even are addressing the influence of Common Cause.

What these diverse groups have in common is that they all exercise their first amendment rights to petition their Government for a redress of their grievances. They exist in part to amplify the voices of their members—the common people of this country. We are now being told that because their concerns are specific and because they are organized their interests are clearly at odds with the general welfare. Mr. President, I would be troubled were this true, but I firmly believe the sponsors have yet to make that case.

During the course of this debate, I hope the sponsors will identify who they think are the special interests. Furthermore, I hope they will define for us what they mean by the term "public interest." And I hope they will show us where the two are inconsistent. Before we can end debate on S. 926, it is elementary that we must clearly define the problem with which we are dealing. The fuzzy references and innuendoes by the sponsors—who I must stress shoulder the burden of proof on this bill—are simply insufficient to justify the steps they recommend.

We have been told time and time again that money is a corrosive influence on Federal officeholders. In the abstract, in a case where contributions were totally unfettered, that might be true. But the ceilings we have set on campaign contributions represent a legislative determination that such amounts will not corrode the political system. And we have added the additional safety feature of full disclosure. The proponents argue that such checks are not enough and that corrosion goes on and on nonetheless. The time has come to put these arguments to their proof. To those who allege corruption, I say—prove it. To those who allege unfair influence, I say—establish it. To those who allege that the present system undermines the public interest, I say—demonstrate it. If you cannot, then withdraw your bill.

In striking down as unconstitutional a State public financing law, the Oregon Supreme Court cited a point which I think is vital to remember:

> The available evidence does not support the view that money is more than one of a number of factors affecting the electoral process or that it exclusively supports a narrow range of ideas on public policy.
>
> Matched against this array of respected scholarship is little more than the impressionistic assertion that some kind of "correlation" exists between legislative or executive decisions and campaign contributions. To this it may be said that since contributions are rarely given at random or to one's political enemies, the existence of this correlation is no answer to the conclusions given here.
>
> If anything, the fact that conservatives support conservative causes or candidates, or that liberals support liberal causes or candidates, suggests that the candidate and causes create (attract) the money, and not the other way round.

I will reiterate a view I have expressed. Without some good hard evidence of corruption or undue influence, and without a clear definition of the so-called special interest problem, the sponsors have not met their burden of proof. Under those circumstances, their bill represents an undue abridgement on first amendment rights and a raid on the Federal Treasury.

Mr. President, I inquire of the Senator from Iowa as to his desire for time or when he would like to see us

come to a vote on the pending amendment.

(Mr. ZORINSKY assumed the chair.)

Mr. CLARK. As far as this Senator is concerned, we are prepared to vote. I would want to confer with the distinguished floor manager of the bill who I think is in the cloakroom. I speak only for myself. I am happy to ask.

I wonder if I might ask just a couple of questions with regard to the Senator's comments of just a moment ago because I think he raised a number of excellent points, points indeed that this debate should deal with. These are questions of what constitutes a special interest, whether there is in fact any distinction to be made between an individual contribution, let us say, and a group contribution, and whether indeed it is advisable to have any kind of limitation on so-called special interest contributions.

I wonder if we might, while we are waiting, just discuss a couple of points with regard to that from the Senator's own position.

I would assume that if one believes that it is wise to have expenditures of these so-called special interest groups, let us say, PAC's or special interests—I know I used what might be considered a pejorative term; let us say PAC contributions from labor, business, agriculture, or whatever—it does seem to me that if one feels that they are to be encouraged rather than discouraged it would be difficult to hold that there should be any limitation on those contributions. Why limit a good thing to $5,000? Why not lift the limits on those so-called special interest or PAC groups?

So my first question really is: Does the Senator support the idea, would the Senator prefer that there were no limitations on how much an individual PAC could contribute?

Mr. HATFIELD. I would be very happy to answer that question as to my own personal view. But I would first like to ask the Senator if he believes there should be limitations on individual contributions?

Mr. CLARK. I do, personally, yes.

Mr. HATFIELD. Why? Assuming we have full disclosures.

Mr. CLARK. My own feeling is that there are rare occasions when a very wealthy individual in this country could conceivably come very close to helping to buy an election. We know in one election in 1972 that one individual contributed something like $2 million to one campaign. I would feel that that lends itself to the interpretation, perhaps even the reality, in some occasions, of really affecting a campaign in a very, what I would consider, adverse way. Before the limitations were put on in 1974, a person could spend tens of millions of dollars, legally, to do that. I raise this constitutitional question, I agree. But my own view is that it is wise to have limitations on both individual and group contributions. I am not sure how that bears on my question, but I am happy to answer it.

Mr. HATFIELD. I was just really trying to get at the point that the person the Senator refers to could still spend millions of dollars independently of a candidate's campaign.

Mr. CLARK. That is right.

Mr. HATFIELD. Could he not?

Mr. CLARK. That is correct.

Mr. HATFIELD. So if he wanted to go out and try to influence say an election where he could contribute indirectly to the candidate with unlimited amounts of money he can still do that.

Mr. CLARK. Yes.

Mr. HATFIELD. So we really have not effectively boxed that situation in.

Mr. CLARK. That is my second question. But I would like to have the Senator answer the first question first. As I understand, the Senator really is getting at my second question. But does the Senator feel we should not have a limit on special interest groups?

Mr. HATFIELD. I have to say: I have to go back to the Supreme Court where the Court distinguished between ceilings on contributions and ceilings on expenditures. I personally feel that we are looking here at a factor of appearance. When we put ceilings on the contributions, we were not really boxing in that individual who is determined to somehow get involved with his resources as I brought out in the question with the Senator.

Mr. CLARK. That is true.

Mr. HATFIELD. So what we are really doing is working with an appearance factor more than we are effectively stopping an action of a person who is determined to involve himself in a campaign. I think also that, when the court ruled that ceilings on expenditures affect us in a very direct way as an infringement on our first amendment rights. I am not a lawyer. But I think the court made perhaps a very telling case where they said that that is a very direct infringement upon the first amendment rights.

It seems to me that we get, then, to a quantitative factor. Where is there a threshold or where is there a line that on one side of that line is ethical and the other side of the line lends itself perhaps to undue influence. We have PAC ceilings at $5,000, as I understand it. This is considered adequate because it couples with full disclosure. I personally believe, I would say to the Senator from Iowa, that if we had full and complete disclosure of expenditures and contributions, and everything surrounding the campaign, that would be the most effective way we could reduce the whole idea of undue influence or corruption.

Mr. CLARK. But we do have it.

Mr. HATFIELD. Because I believe the people have a capacity to make a judgment. I think these should be made prior to election so it could be part of their tools of making determinations of how they are going to vote in an election and not make it after the election. Make all of these disclosures before. I personally feel that would be far more effective than all this artificial effort of making ceilings and limitations.

Getting back to this appearance now and where you draw that line, I think when you get into a more direct infringement, as the court called it, upon first amendment rights, then I think you have to have something beyond the appearance factor. I think there you have to have something beyond appearance because it has been brought to our attention where we have hard evidence saying, "Look this is the reason why we are justifying this proposal here." I think we have to move beyond appearance to something far more substantive.

Mr. CLARK. If I could just come back to the two questions, because I think that is a third one that is raised in an interesting way, and I think it should be debated. It does seem to me that if it is the Senator's feeling that full disclosure is adequate we do indeed have that under the present law. As I recall in April, 1972, we started a policy in which every candidate has full disclosure of money that he or she receives in contributions of over $100. There may be some question as to some of the reporting requirements with regard to independent expenditures, although I think the law we passed in 1974 says that even those have to be disclosed in amounts of over $100 and I think group internal communications in excess of $2,000. So we do indeed have full disclosure right now. But it seems to me that that puts the Senator in the position of saying, in effect, that he would personally prefer that we not have limitations on either individuals or PAC's or groups in terms of the amount that they could spend. Am I incorrectly interpreting?

Mr. HATFIELD. No. I say to the Senator we have already embarked on this road and the court has upheld the limitations in contributions and struck down the limitations on expenditures based upon their interpretation of the first amendment.

Mr. CLARK. Yes.

Mr. HATFIELD. What I am suggesting here is that before we are asked to move into this limitation program as represented here, in order to qualify for Federal funds, I would feel that we would have to present, or the proponents of the bill would have to present. some pretty good evidence that there is a call and a need for this kind of legislation, and I have said it has to go beyond the appearance factor. I accepted it up to that point of the appearance, but I do think it is a major step beyond appearance, and at that point we should have a substantive case, substantive issues, and substantive data to justify it.

Mr. CLARK. Well, that is really——

Mr. HATFIELD. And I do not believe the proponents of the measure have produced that type of evidence or that kind of hard, substantive data, to justify this kind of limitation, which, again, the court may have to review to make a further determination. Since we have had such a recent case ruling on this subject, it does seem to me we should be very cautious about embarking upon something only for the appearance factor.

Mr. CLARK. I would like to speak to that, if I may, briefly in a moment. But the second point I had was this: It does seem to me that if you are seeking to hold that special interests, so-called, or PAC's, after all, are——

Mr. HATFIELD. Is the Senator using those terms synonymously?

Mr. CLARK. It seems to me that "special interests" might be interpreted as a somewhat pejorative term. PAC's, I sup-

pose, are at least a kind of factual definition one could cite.

If one argues, as the Senator did in his opening remarks, that after all, there is no important distinction between individual contributions and contributions of PAC's, one could hardly, then, continue to argue—the Senator has not, but others on the other side of the aisle have so argued—that it is a terrible thing that this bill is going to encourage large independent expenditures by special interests. It seems to me, by the same token, that we are saying that is a desirable thing, to have special interests expend more. If they are a good impact and force on American Government, then it seems to me the more they spend on individual candidates or in communication with their members, the more desirable it would be.

Mr. HATFIELD. I am not arguing that point with the Senator at this time. I have not raised it in my opening remarks today.

Mr. CLARK. I realize that.

Mr. HATFIELD. I think what was argued yesterday was that if that independent expenditure is made by such an individual which has no cap on it, the other candidate is boxed in.

Mr. CLARK. I understand.

Mr. HATFIELD. And it is an inequitable situation in which to put one candidate as opposed to the other.

Mr. CLARK. I think there is some merit to that.

Mr. HATFIELD. What I am saying is this: When the proponents want us to move on this kind of basis to make these limitations that the Court has recently struck down, it seems to me we ought to have substantive evidence, substantive data, and it should not be merely on the appearance factor. That is one point.

The second point has been when the proponents argue that somehow we are going to be protected against undue influence by special interests and other such groups, I think we ought to define it. What are we talking about? Who?

I think those are legitimate questions we can raise to get to the real basic issue we are debating.

Mr. CLARK. I think the Senator makes a good point. Let me just go back for a moment, and say that with regard to the point that was raised yesterday, which the Senator raises again today, as to whether independent expenditures should be made in an unlimited way, while keeping a cap on other expenditures, I think that is a serious problem, and some of us are trying to draw an amendment to solve that problem. But to get to the Senator's point; namely, that he feels that we have to show evidence that corruption has occurred in the U.S. Senate in relation to these so-called special interest contributions to an individual member, and that short of that, there is no valid reason for turning to public financing of campaigns, it seems to me that that standard, if that is to be the standard, is a very difficult one to prove.

First of all, it would mean a violation of the law as it is now written, aside from the question of public financing, if someone accepted money and his voting and actions were directly in response to that. That is a violation of the law today, and I dare say if the Senator from Iowa were convicted of doing that, that in itself would not necessarily prove the Senate is corrupt and therefore should turn to public financing. I obviously would be just one individual; and obviously there have been individuals in Congress convicted of that. That would not be necessarily an argument for going to public financing; that would just be one factor in a total judgment.

Mr. HATFIELD. I am not suggesting to the Senator that he provide a list of convicts or court records. I am suggesting that what we have to do here is demonstrate by some kind of hard, substantive data either the way these special interests are corrupting, that is, in the process of corrupting, some way in which the institution of the Senate is being corrupted; we ought to be able to show at least corruption that has occurred in the past, or that we have evidence of corruption somewhere in the whole institution of the Senate. If we cannot show corruption, I think at least we ought to be able to show undue influence.

Where is there undue influence? How do these special interest groups function, that are corrupting the Senate of the United States?

What I am suggesting is that when the Senator from Iowa asks us to adopt this kind of legislation, and he uses as arguments that we have got to prevent corruption and we have got to eliminate undue influence, the Senator ought to at least be willing to give us some examples and some hard evidence of what he is trying to preclude or eliminate from the institution of the Senate. We are getting enough static out of the general public feeling toward political institutions and the Senate without standing here demeaning our own body on the basis of some kind of allegation, or guilt by association or otherwise.

I think we ought to be dealing in hard evidence. The newspapers, the public, and many people have made a profession, in some instances, of attacking the Congress of the United States. That is as old as the Republic. Congress has been under attack for 200 years. I think if anyone fears for the viability of Congress, he ought to look for that record. The fact remains that a lot of people work hard to get here. I am one of them who has. By the same token, I do not think we should denigrate the status of the Senate by rushing in here with all kinds of allegations about corruption and undue influence, without having some proof of that point.

Mr. CLARK. If the Senator will yield, I do not think anyone has ever mentioned corruption on this side of the aisle.

Mr. HATFIELD. We are talking about the corruption of money in politics. I talked about the Supreme Court of Oregon a while ago. Money is but one factor. There are some people who have so much money they cannot be corrupted. But there are other ways of corrupting people. I might say there is a three-letter word, s-e-x, that can corrupt people faster than money.

But is the impression to be perpetrated here that somehow a Senator is beholden to his contributors? Is the Senator from Iowa beholden in any way to his contributors to his campaign? I do not feel beholden to those who contributed to my campaign, and I do not think anyone on this Senate floor today, or any other day when there are a few more here, would be beholden in any way to his contributors.

But that is the specter we are raising here, that somehow there is a relation between a contribution to a campaign and having a Senator in bondage, or beholden. If that be the case, let the Senator from Iowa demonstrate it by evidence, rather than leaving the allegation that any time anyone makes a contribution to a campaign he has got some Senator under his thumb.

(Mr. HARRY F. BYRD, JR., assumed the chair.)

Mr. CLARK. Will the Senator allow me to respond to that?

Mr. HATFIELD. Yes.

Mr. CLARK. First of all, this word "corruption" keeps creeping into the debate. I have heard it from four or five Senators, that the allegation of the sponsors of this bill is that there is corruption.

I would challenge that. The record will speak for itself. I doubt that any Member who has authored this bill, or who has supported this bill in this debate, in 2 days has ever used the word "corruption." It has been used dozens of times by the opponents of the measure. Let me say again I do not believe it is an issue, as I said yesterday, of corruption.

Mr. HATFIELD. Will the Senator——

Mr. CLARK. If I might finish, I will be glad to yield.

I do not think it is an issue of corruption. To me it is an issue of influence and access. If one wants to argue it on the basis of influence and access, I think the Senator is quite right in talking about what that can do. But as far as I am concerned, I do not think it is a question of corruption. I am not saying that money does not corrupt. Of course it does, in some cases, but that is not the issue, as far as I am concerned.

The Senator puts as a standard the following criterion: He says we ought to be able to show that at least that money has had some kind of influence, that at least the special interest contributions or PAC's have had an adverse influence on the conduct of the body.

I think that is a fair test. I think the Senator is right, that we ought to be able to show that somehow this money that is being spent is not all being wasted.

Let me quote to the Senator exactly what these contributions are and then ask him if he believes these contributions are simply made in the interest of good government, if he simply believes that the massive amounts, $22.6 million in these contributions—and I would like to read some of them before I give the Senator the opportunity to respond—are made in the mistaken assumption that they will never have any influence or any access on any politician, on any Member of the Senate, or any candidate for it.

First of all, the PAC's contribute to in-

cumbents at a ratio of more than 3 to 1, because they know that incumbents are in a position to act on their behalf.

In 1976, agricultural groups gave to incumbents over challengers, 7.29 to 1, business groups 4 to 1, health groups 3.5 to 1, lawyers 5 to 1, and labor 3 to 1.

In more specific terms, just a few examples of last year's contributions to House committees illustrate the point well. I think if I dig out the Senate figures it would be the same thing. The maritime unions contributed $104,000 to 30 of the 40 members of the Merchant Marine and Fisheries Committee. One can conclude from that that there is no problem for the maritime unions to contribute over $100,000 to 30 of the 40 members of the Merchant Marine and Fisheries Committee. To me, that is pretty strong reason to believe that, in fact, they hope to gain something from those contributions.

Dairy groups gave $205,000 to 23 members of the 46 members on the House Agriculture Committee.

The American Medical Association gave almost $75,000 to 29 members of the 37 members who serve on the Ways and Means Committee.

The National Education Association gave $54,000 to 25 of the 37 members of the Education and Labor Committee.

This pattern is repeated throughout the Congress. I simply say that it is very adequate evidence, in my own judgment, in my own rationale, to believe that those contributions are given for a purpose—not to corrupt the Congress but to have some influence and access on the members of those key committees. I think that stands for itself in terms of its own reason. I yield to the Senator.

Mr. HATFIELD. I hope the Senator is not suggesting that the committees and the Members should not be accessible to citizen groups.

Mr. CLARK. I am certainly not. I say unusual access.

Mr. HATFIELD. Again, I would say two things. I would say the Senator is in an argument in semantics, avoiding the word "corruption." I want to answer that first. I go back to the RECORD of yesterday. This is the statement by one of the proponents. It says:

> The proliferation of political action committees may be just beginning. More and more special interest groups and organizations are joining the parade. Their lobbyists are seldom far behind. They know that the "investment" of substantial contributions in particular campaigns can pay rich "dividends" in terms of later legislation.
>
> It is time to end the double standard. The integrity of Congress is at stake. We cannot afford to continue a situation in which we require Presidential candidates to take the high road of public financing, but allow ourselves to continue on the low road of the past.

I think anybody can read that English language and understand that either undue influence or corruption is at stake, or at least it is in the making, or it is already in the household of the Senate. They may not use the word "corruption" but every other word, every other phrase, leads one to that conclusion.

I think one can draw any kind of conclusion from reading a list of contributions and those to whom they have been made from certain interest groups.

I still ask the Senator, Where is the evidence? Did that committee come out with legislation? Did that committee deny equal access to the opponents of the legislation, favoring the Maritime union, as an example?

The Senator comes from an agricultural State. Does that mean that I can draw conclusions that agricultural interests contributed to the Senator's campaign and somehow they have a hold on him when it comes to agricultural interests?

I have timber interests in my State. Ours is a timber-oriented community. Every time I work for intensive forest practices, good management, does that mean it is because I receive contributions from the forestry organizations of my State, that they have a hold on me, that I am their patsy in the Senate? I think these are illusions being raised by reading the list of contributions to Senators on certain committees.

Let me go back to the supreme court of the State of Oregon, the guts of the whole thing. The supreme court, when they struck down the public financing law in the very progressive State of Oregon—and we do not take a back seat to any State for progressive farsighted legislation——

Mr. CLARK. I agree with the Senator on that point.

Mr. HATFIELD. The supreme court said:

> If anything, the fact that conservatives support conservative causes or candidates or that liberals support liberal causes or candidates suggests that the candidates or causes create the money and not the other way around.

I think that puts it right on the target. I do not think one can just make this statement of connecting those without some kind of hard evidence or some supporting data. Otherwise, I think what we are engaged in is an exercise to see who can out-accuse someone else or out-suspicion someone else.

I am only suggesting that we go right back to the basic fundamental: The burden of proof is upon the proponents of this bill to show by hard evidence, not by impressions, illusions, or code words, that there is a need for this legislation, and that the evidence is there to support the way in which this bill brings about, I think, certain-infringements upon the first amendment of the Constitution, which the Supreme Court has already indicated in an opinion only recently rendered by the Court.

Mr. CLARK. If it is the Senator's view that $22.6 million in these PAC funds were given to Congress in the last year without their having any adverse impact on the Congress, or any serious adverse impact on the committees, the members of the committees, who received them, whether they were from maritime unions, dairies, the American Medical Association, labor, the National Education Association, that all of those funds were really to be considered as good government funds, funds that in no way affected the decisions, in no way influenced or gained access to any Member, then I agree with his position. If he assumes that that is the case, I would think he ought to vote against this legislation.

I draw a different conclusion.

Mr. HATFIELD. Do I understand the Senator says that the special interests of the AFL–CIO, or the Grange, or the National Association of Manufacturers, or Common Cause, or the Sierra Club are somehow contrary to the national interests?

Mr. CLARK. First of all, I am talking about groups that contribute money. I am not talking about groups who organize. I think several of the groups the Senator mentioned do not contribute money.

Mr. HATFIELD. What about the ones that contribute money?

Mr. CLARK. What is the question?

Mr. HATFIELD. Am I to assume that the Senator considers that those interests are contrary to the national interest? Let us take the AFL–CIO.

Mr. CLARK. I think they are in tune with their own self-interest. That is why they are called special interests.

Mr. HATFIELD. Let us take the AFL–CIO as an example, their PAC organization. They have contributed millions of dollars. Am I to assume that the Senator thinks that the AFL–CIO and the organizations in which they are involved—let us take COPE as the focal point here—somehow are out of kilter or contrary to the national interest?

Mr. CLARK. It is my feeling that the groups who give large amounts of money or who give money are interested in their own interest, in a special interest. That may or may not be in tune with the general interest.

To take one example that I cited, maritime unions contributed $100,000 to 30 or 40 members of the Merchant Marine and Fisheries Committee. I assume that their special interest is marine legislation. That may or may not be in the general interest, for us to pass legislation or to take action that will be favorable or unfavorable to their position. I am not going to say that every special interest dollar is not in the general interest. But I am certainly not, either, prepared to conclude that these special interests that contribute large amounts of money are always doing it in the general interest and not in their own special interest.

Mr. HATFIELD. I only say to the Senator that I do not assume that every dollar that is contributed by COPE or the AFL–CIO is contrary to the national interest.

Mr. CLARK. Neither do I.

Mr. HATFIELD. Or that they are promoting certain legislation.

Mr. CLARK. Neither do I.

Mr. HATFIELD. I cannot consider that that is always necessarily in juxtaposition to the national interest.

Mr. CLARK. We agree on that point.

Mr. HATFIELD. As I understand it, there are a lot of people in the organized labor movement in this country who cannot individually come to Washington to make their voice heard.

Mr. CLARK. That is correct.

Mr. HATFIELD. They feel that a hearing in the Senate of the United States is

very important to their future. They have made their contribution to COPE or through their organized labor union. They have, therefore, supported lobbyists for that voice to be brought to the hearing of the U.S. Senate on their behalf. I think that is a legitimate way in which citizens are getting access to their Government, through organization.

Mr. CLARK. But it ought not to be based on how much money they contribute.

Mr. HATFIELD. Absolutely, and I am not suggesting that, at all. I am also asking, when they are limited to $5,000 a contribution, does the Senator assume that, out of a half-million-dollar to one-million-dollar Senate race, $5,000 is going to buy a Senator?

Mr. CLARK. My assumption is that these special interests group their $5,000 contributions. I think the history of disclosure since 1972 will show that, that whether it is business or labor, liberal or conservative, those are not $5,000 contributions. They usually end up being $75,000 or $80,000.

Mr. HATFIELD. It is being disclosed now.

Mr. CLARK. Certainly, but that is not the issue.

Mr. HATFIELD. I think it is interesting that even in the disclosure area, where there are situations in which these disclosures are made and questions raised by opponents, citizens have reelected those people.

Mr. CLARK. I think we would have to look at each race individually to determine that.

Mr. HATFIELD. I think that is true and maybe we should, rather than using these broad terms. The Senator used a word a moment ago to identify what I think the whole thesis of the proponents is. It is an assumption. I think we have to deal in something more than assumptions on this question. I think we have to deal in something more than appearance's sake. I think we have to get down to some basic data before we bring further denigration to the whole institution of the Senate and, at the same time, have a potential infringement on the first amendment rights.

Mr. CLARK. I have never thought that criticism of particular aspects of the U.S. Senate was a denigration of that body. I used to criticize, and I think the Senator did, the fact that we did not have open meetings of the Senate. I did not consider that a denigration of the Senate. I considered it an improvement.

If we see a weakness in the present system, as I certainly do, in the financing of elections, and if we can find a better way that will bring more confidence in the institution, it does not denigrate the institution. In fact, it gives it more credibility.

Mr. HATFIELD. I could not agree with the Senator more. I think criticism is one of the exercises of a free society. It is one of the few pieces of evidence left that we have a free society. But I want to draw a distinction between criticism that is constructive criticism and is going to help solve a problem and that which is only criticism.

Senator Joseph McCarthy used to criticize the State Department. Under his right to criticize, he did criticize the State Department. But it was destructive criticism, not constructive criticism.

I do not think criticism is the issue here. I am the first to criticize, as the Senator from Iowa, is something that we think can be improved upon. I am not suggesting that the Senator from Iowa is a destructive critic here in the mold of Senator Joseph McCarthy. I am saying that criticism, per se, is not the issue. I am talking about the kind of action that actually denigrates the status of the U.S. Senate.

I am for full disclosure, and I think the people have the right and the opportunity and the ability to make their judgments on the basis of disclosure. I am for these limitations that I have voted for each time. All I am suggesting here is that, before we infringe further upon the first amendment rights that the Supreme Court has already spoken to, we ought to have some pretty solid, substantive data and evidence and go beyond the appearance factor. Up to this point, I think we have been dealing in cosmetics, to a great degree. I think important from the standpoint of what we want to do is to have the appearance of integrity as well as actual integrity. But I do not feel that we can embark further upon this infringement until we have hard data. That is all I am suggesting. I think the burden of proof is on the Senator and the proponents of this bill to prove that particular case that this legislation is needed.

Mr. CANNON. Will the Senator yield for a question?

Mr. HATFIELD. I shall be very happy to yield.

Mr. CANNON. I was curious, in listening to this debate, to know, if the Senator feels as he does, why he saw fit to offer an amendment to extend this to primaries?

Mr. HATFIELD. Well, for two reasons. If this is such a great measure to end undue influence in the election process of the general elections, it ought, certainly, to be just as good to apply to the primary elections where that is tantamount to the actual decision of the electorate in some States.

Second, I wanted to show the inequities which this bill has characterized. This bill has many inequities. In fact, already, yesterday, it was indicated by the proponents that they are going to have to amend a section to remove one of the inequities that would reduce to one-party States six States of the Union.

I introduced the primary amendment to demonstrate again the inequities of this whole bill and, also, to indicate that if the proponents think this is such a great panacea to correct the evils of the election process, it ought certainly to apply to those elections which are tantamount to the final decision of the State.

Mr. CANNON. Will the Senator yield further?

Mr. HATFIELD. Yes.

Mr. CANNON. Is the Senator saying that if the Senate were to approve his amendment to extend this to primaries, he would then support the legislation as so amended?

Mr. HATFIELD. I would have far more reason to support it then than I have now. I do not have any reason to support the bill at the present time.

I might say to the Senator that there are a couple of amendments I have to offer and, if we could adopt all these amendments, I would certainly have another look at this bill.

Mr. CANNON. If the Senator will further yield, I understand that a discussion arose a moment ago between the Senator from Iowa and the Senator from Oregon while I was out about the possibility of a vote today. The Senator indicated that he would be willing to vote today on his amendment.

Mr. HATFIELD. I would like to correct the Senator. I said I am wondering when we are ready to go to a vote. I personally might be ready, but I have to check on this side of the aisle to see if there are other people who want to speak on this amendment.

Mr. CANNON. I was going to say, being floor manager of the bill, that I am ready to agree to a time limit, to vote on it at, say, 4 or 5 o'clock today, whatever the Senator would like, if he is ready to vote on the amendment.

Mr. HATFIELD. The Senator would be willing to vote by what time?

Mr. CANNON. Five o'clock today or 4 o'clock, if the Senator is willing.

Mr. HATFIELD. Let me take it under consideration and see, on my side of the aisle, how many people might want to be heard on it and we might be able to reach some kind of time agreement. I certainly would be open to the possibility of some kind of time agreement.

Mr. DOLE. Mr. President, if the "golden fleece award" is given to anybody by the distinguished Senator from Wisconsin, it should go to the Senate if this bill passes. This bill could be known as the big ripoff, the big honorarium, the big welfare program for Senators, or the Incumbent's Insurance Act. We can call it a number of things. One thing it does is make certain that the incumbents will have the advantage and that those of us who are now in the Senate will probably stay here. If we thought there was an outcry because of our recent salary increase, we ought to be prepared for what is going to happen when the public finally realizes, and they may yet realize it if we talk long enough, that this bill is a ripoff.

(Mr. MOYNIHAN assumed the chair.)

Mr. DOLE. We are talking about, in the small State of Kansas, giving both the incumbent, who might be running for reelection, and his opponent a quarter million dollars each.

I guess if we could take a poll of anyone in America, we would find widespread opposition to this bill by those who understood it.

I doubt that there are many Americans, who think that the taxpayers should fork over $250,000, or a quarter of a million dollars, for someone to run for the U.S. Senate from a small State, and another quarter million dollars for

his opponent, and then a certain amount of money if there is another independent candidate.

This bill could be viewed as a Federal food stamp program for Senators. We are going to eliminate the purchase requirement for Senators and find out just what this means to the American taxpayer.

I do not understand why the bill is on the floor now, in any event. It seems to this Senator that there are many important measures that deserve consideration and that it will take all this week and, hopefully, next week, and hopefully, on into the recess, if necessary, to put this bill to rest. We mean by that to kill it and to put it to rest in that fashion.

I think it is only fair that we consider those who sent us here and even those who tried to send us somewhere else.

I do not think even our opposition would have thought that we would dream up some scheme to keep us in office forever at their expense. I do not think people who opposed me relish the idea of the Federal Government reaching in the till for $250,000, a quarter of a million dollars, to sustain me or anyone else in this body.

We hear a lot about public financing being a panacea. It is going to cure our political ills, some say. It came up here as part of a Carter package. We were going to do three things: repeal the Hatch Act, have instant voter registration, and to finance campaigns out of the Public Treasury. A big welfare program for candidates, a big welfare program for incumbents, and of course, most of those incumbents are in the other party.

It now appears that voter registration is dead. I think we can assume the same for repealing the Hatch Act. So this is a sort of last bit or piece of the Carter electoral reform package. That is why so much pressure is being exerted to pass it before the August recess, or at least before the end of this year.

Perhaps the office of the Senator from Kansas is different from most, but I do not find many people writing about this bill. I do not find large numbers writing to say, "Support public financing of your campaign."

"I have received a few letters from Common Cause and other special interest groups. But I do not find most people trying to make a living on the farm or in a city, writing to suggest that the Federal Government give me a quarter-million dollars to run for the Senate, or anything else.

We all know if it starts in Congress, the next thing will be Governors and State legislators, then county officials, and before long we will have Federal, State, and local campaigns federalized or handled by State or local taxes. The taxpayers will be called upon, if we start with matching funds. Before long it will all be tax money because somebody will suggest that we cannot trust even those who give $100.

So the next move will be for full Federal financing.

Why have any matching at all?

Someone will ask that question in 5 to 10 years, and then the American taxpayer will be called upon to pay it all. If that is what we want, we ought to lay it out.

Of course, it is obvious to those of us in the Senate why primaries are not included. I think it is obvious to most people why they are not included. But it seems to this Senator that such a powerful panacea would work equally well for both general elections and primaries.

I am not for either one, but if we are going to be consistent, and I give the distinguished Senator from Oregon credit for being consistent, why not apply it to primary as well as general elections?

But opening up the public coffers to finance primary candidates is definitely not in the best interests of many of those who count on the expenditure limitations that accompany public financing to limit the campaign efforts of general election opponents. If we pass a bill providing for Federal financing of general elections without any provision for primaries—it will be an example of incumbents looking out for themselves first—and the political system second. You can have your cake and eat it too—if you have the votes.

If we can use public financing to impose spending limitations that stifle general election opponents, then we should also be faced with the increased danger of financing primary opponents which such public financing would create.

If it is good enough in the general election, why is it so awful in the primary campaign?

However, we need not be too fearful since we would presumably outclass primary opponents with the resources provided us by the taxpayers.

When we add up the salary, $57,500 per year—$340-some thousand in a 6-year term—and the additional quarter million dollars even for the smallest State, that is over a half-million dollars for that Senator. Then add up all the other benefits and allowances that will add another half-million dollars. Fairly soon we will find out just what the total cost is of maintaining someone in the U.S. Senate.

I share the view expressed by many that we want to ferret out corruption, we want to stop corruption in its tracks. I just do not think the way we do that is by heading for the Federal Treasury, heading for the Federal till.

Getting the Federal Government into the act with all the investigatory and prosecutorial machinery necessary to protect the taxpayers' money raises the possibility of abuse—through leaks or investigation of unsubstantiated, unsworn allegations. While some Federal enforcement is now necessary, more Federal involvement could bring with it additional problems. Perhaps, it would be better to require full disclosure and let the public and the press ferret out abuses.

When the Federal bureaucracy starts enforcing this legislation, I think some of those who support Federal financing with such fervor today might wish the bill never came to the Senator floor.

Frankly, the Senator from Kansas is somewhat ambivalent about the Hatfield amendment. I do not believe that politicians should be able to have the taxpayers pick up part of the tab for a political campaign. However, the Senator from Kansas acknowledges the logical consistency of the Senator from Oregon's position. What is sauce for the goose is sauce for the gander and the supporters of this bill should not be able to cook the minority's goose without putting some heat on themselves in primary champaigns as well.

I can understand that in the one party situation, they do not want to encourage anybody to run against them in a primary. It is bad enough to think they may have a few opponents if this bill should pass.

One disadvantage of financing primary campaigns is the additional cost and the problems which will come when we soon realize that the Presidential checkoff fund will not be adequate to pay for both primary and general election campaigns for Senators. However, that problem is going to come up anyway when the House passes a public financing bill for themselves.

When the House makes their raid on Treasury, as they certainly should—if we are going to raid the Treasury, why should they not—there will not be enough "check-off" money to pay for it. If we are going to pass a campaign welfare program, why should the House not have a welfare program?

So when the House makes their bid to raid the Treasury we will have to figure out some other way to finance it. At least by bankrupting the checkoff fund now by providing for primary financing, the manager of the legislation will be forced to grapple with the problem now.

I assume that most Members have made up their minds as to whether or not they want public financing. Some really believe this is the answer, that if we do this, we will solve all the problems. That is what they said in the checkoff, and I have read about some running for President in 1976 and 1975 who have had difficulties with the FEC.

Some have been accused of this and some have been accused of that, and some are still filling out reports. I suppose some of those who thought it was a great idea to receive free Federal money are now having second thoughts.

Yes, we should limit contributions, and we should require full disclosure. Then we should let the voters in my State of Kansas and every other State take a look at those contributions and take a look at our expenditures and let them decide whether or not they think we have been unduly influenced by some "special interest."

So far as I am concerned, anyone who votes for me has a special interest, whether they give any money or not.

So it seems to me that we have to keep talking about this bill all this week and all next week and all through the month of September, until the American people understand what the issue is. Sooner or later, the American people will understand. Sooner or later, it is going to leak out, if it is not in the press any other way. Somebody is going to leak what we are doing in the Senate. We will have to leak it somehow, because there is not

much interest in the press in public financing unless you are for it. A great many people are opposed to it, and it seems to me that we should continue to talk and talk and talk, until the general public has been apprised of what the bill is all about.

Mr. President, public financing of Senate campaigns is just plain wrong. By enacting indirect overall expenditure limitations the committee is trying and failing to get around a serious first amendment problem—that of guaranteeing free speech and encouraging public debate on public issues. By proposing public financing and then insuring that there will be no tactical choice but to accept these funds, they are doing indirectly what the Supreme Court in Buckley against Valeo said they could not do directly—place an overall expenditure limitation on congressional campaigns.

Whether they will succeed in getting around the first amendment or not, this Senator has serious philosophical problems with the committee's approach.

By placing an overall expenditure limitation on campaigns, we would be giving a clear advantage to the most adequately represented group in this chamber—namely, senatorial incumbents. It is unseemly for us to be writing rules that give us a decided edge in future elections. Public financing makes candidates dependent upon the public till, and puts incumbent Congressmen in control of the purse strings. Legislators who make public policy necessarily vote on rules under which they face their election challengers. Some rule writing cannot be avoided. But public financing opens up a Pandora's box of opportunities for us to favor ourselves over potential challengers in the future.

This bill presents us squarely with a matter in which we must balance the interest of incumbents against the interests of challengers and pretend to be an unbiased arbiter in the question, even assuming that this body with its current composition is up to that task, this Senator would be unwilling to assure anyone that it would always be up to the task. I am sure, however, that this bill will have to be rewritten from time to time and this conflict of interest will present itself again and again.

Actually, considering the prohibitions on conflicts of interest, maybe we should just all abstain from voting on this bill.

It seems to me that that might be one way to end the entire thing. We all have a conflict of interest. I think there is a rule that says we should not vote on measures that give us a direct benefit. Certainly, this is one of those. We are going to benefit directly if we plan on running again for the Senate of the United States.

Despite these serious problems, a case might be made for uniform public funding of campaigns, if it were possible to restrict all private contributions. Our experience has been that it is not. A public subsidy would free labor unions and other special interest groups to invest their enormous human and financial resources in the type of important campaign activities that would not be covered by the limitations proposed in this legislation.

Limitations on the amount that a candidate can spend place that candidate at the mercy of powerful organizations like labor unions, whose power to influence elections is left intact.

The Senator from Kansas does not ask that his word be taken, but I would again, as others have done, refer to the National Journal of March 19, 1977, and the article written by Michael J. Malbin, entitled "Labor, Business, and Money—A Post-Election Analysis." He goes on—and I will paraphrase parts of the article in my statement—but he concludes that the amount that the Carter-Mondale ticket received in excess of the so-called public funding was nearly $8.5 million from organized labor.

This does not account for the thousands and thousands and millions of dollars spent by organized labor in voter registration drives and every other thing they undertook to help—not all candidates, not President Ford, but to help the Democrats. They are an arm of the Democrat Party. They understand that. Most Democrats understand that, and it just seems to me that whether it is a labor union or whether it is some corporate PAC or whatever it may be, they should not have the right, after we enact an overall expenditure limitation, to spend whatever they wish to influence the election.

As soon as we eliminate any need for organized labor or organized anything else to go out and raise money for the candidate for Senate, because most of the money is going to come now from the Federal Treasury, they are going to put all that money into "voter registration" drives and other "nonpartisan" drives to get out the vote, and to register voters. They may actually register one Republican out of a hundred—not if they know about it they won't—but they might accidentally. But they spend thousands and thousands and millions of dollars in an effort to make a one-party system in this country that I do not believe most Americans, including labor union members, desire or want.

We are going to help them. We are going to say to everybody, whether it is a political action committee in a corporation or whether it is COPE or whatever it may be, "Don't worry about any money now, we are going to put most of that up through the Federal Treasury. We are going to pay for all these campaigns of all these people running for office. Then we can spend the money we were going to give that candidate on everything else to make certain he gets elected."

When I look at the makeup and how the money divides and what happened in the Presidential election, it is not very difficult to understand what some have in mind for the Republican Party.

So by comparison if we look at what happened in 1976, unaccounted, unreported additional spending almost certainly pushed that total up to over $11 million more, and when you compare the $11 million mark to the $21.8 million the ticket was permitted legally to spend, it is almost half again as much.

When President Ford loses the election by a few thousand votes, you can understand that $9 million or $11 million spent by any group, had a major effect and it does not take any genius to figure out what happened. By comparison, the top 154 contributors in 1972 to the Committee for Re-Election of the President accounted for only a third of the money that Richard Nixon raised that year.

The Malbin article reads:

> Some of the provisions of the 1974 and 1976 amendments to the Campaign Finance Law also seemed to be favorable to business and corporations. In fact, they have been forming new political action committees at a remarkable pace in the past two years. But so far, most corporate committees have been cautious and have limited themselves to $500 to $1,000 gifts to incumbent Members of Congress from their own districts or to members of congressional committees that handle legislation important to them. But even if corporations were to give candidates the maximum legal gift of $5,000 per election, they never would match labor's unreported, in-kind contributions. Stockholders almost certainly would sue to prevent massive corporate activities on a par with labor's, even though such activities would not violate the campaign laws.

Still we try to sell this bill on the notion that it is going to free up elections, free up the pressures, free up the special interests. We know for certain that is not a fact.

So I would just hope as we start along in a serious debate we take a hard look at what this Senator believes would be a tragic mistake.

If there is a ground swell of public support for public financing of my campaign or anyone's campaign in this body it has not yet been revealed to me. Everyone knows there are certain groups pushing for this legislation. They are pushing for this legislation because they want to spend money they might put in a candidate's campaign in some other way to defeat certain candidates.

So I would say finally this is not going to clean up the election process. It is going to remind the American taxpayers of what we did when we voted ourselves a pay raise all over again, and they are going to realize it is not $50,000 and not $14,000, that we are talking about. It is a quarter of a million dollars. That works out to a pretty tidy sum. This is a big honorarium, this bill. It is what we all have been waiting for, for somebody to come along and take care of us from the cradle to the grave in the Senate of the United States at the taxpayers' expense. Everybody else will get the Golden Fleece Award. I hope Senator PROXMIRE is here to give it to us. If he votes for this bill he may get the award himself.

This is it, a big honorarium, no limit. All you have got to be is your party's candidate, and the big honorarium is going to come in. It is going to be a big Federal check, with no strings attached—yet; no strings attached—yet.

So it is the hope of this Senator that under the leadership of the distinguished Senator from Oregon and others, that we can discuss this bill, if not for any reason other than to inform the American people. I have not noticed anybody writing me letters saying, "Please increase my taxes," or "Please raise your

salary." I will bet I do not have a single letter in my office today saying, "Please vote yourself a quarter of a million dollars for running for the Senate again." I might have some who would give a quarter of a million dollars if I did not run for the Senate, but I do not think there are any letters saying "Please vote yourself a quarter of a million dollars if you run." Maybe it ought to be optional, and if you do not run you get the money. That might be an incentive to clean up whatever we are trying to clean up.

So the Senator from Kansas has some "mild" reservations about this bill. But I say that the Hatfield amendment at least extends the concept to its logical bounds by including primary campaigns within its scheme. That would be the double honorarium. If we can get that we really have got it. We are home free.

So I guess I do not want anybody to be misunderstood. The quarter of a million dollars is a small one. That is a small honorarium. That is just for a few opening remarks.

But if you live in a big State, you get over $1 million and it comes from the taxpayers. It does not come from the Federal Government. It comes from the taxpayers of the United States, the kind of people who come in and out of this Capitol all day long. You can stand out on the Capitol steps and take a poll as to how many people want to finance your campaign and I bet it is 100 to 1 "no," or more.

If we can slip this through without the American people understanding what it is maybe we should get something for that. But the Sentor from Kansas is one who is willing to stay here for some time to discuss this issue fully. We are saying no, this is an idea whose time has come and gone and gone and gone.

It will somehow limit campaign expenditures and disclose what we spend and find out a way to legally limit contributions. We want to build a two-party system in America, not destroy a two-party system. One thing some people can do is give money. I am not talking about huge amounts that the Senator from Iowa quoted. I am talking about small amounts of money. That is one way to get party activity.

If some of those on the majority side were as weak as some of us on the minority side partywise, they would understand that one way you build a party in this country is to have people contribute, $5 or $10 or $20 or $100.

No, we are going to limit that right. We are not going to give those people a right to participate unless they can go out and walk on the street. They can do a little under this law but this is just the opening door; this is the opening wedge.

So I would suggest that if you are concerned about what happens when we turn it over to some Federal bureaucracy you might talk to present Governor Shapp about his experience with FEC; you might talk with others who dealt with the FEC.

I just hope that we would take another look at the calendar. There are a number of bills still pending that this Senator thinks deserve priority over this. If we are only thinking about ourselves, we want to rush this through because many Senators are running for reelection and they want to get the money right away; otherwise, they might have to go out and raise it themselves, and that is very difficult.

As the Senator from Oregon has said a number of times, I am not prepared to say that just because someone makes a contribution that the contribution is suspect. It seems to me that is a normal political activity, and we know when it is not normal political activity. We should be able to make that judgment. The law requires that we disclose our contributions. If we cannot make that judgment as we should, then the American people will make that judgment.

But this still is just a start. Give us 4 to 6 years and inflation and all these things we are going to dream up to raise the ante. What may be a quarter of a million dollars in one State today will have to be a half million dollars and pretty soon $1 million and in 20 to 30 years we are going to have $5 million Senators from every State. And we are going to have bigger and bigger staffs that cost more and more money just to keep track of the Federal financing.

I would hope that on Friday, of course, cloture would not be invoked and it would not be invoked on Monday or Tuesday or Wednesday or a week from Friday and that we would go into the recess and perhaps between now and the recess somehow the word will leak out to the American people what we have been discussing on the floor for 2 weeks and then the voters and the taxpayers will have a chance to communicate to us in our own States what they think about paying for our campaigns. But I know some taxpayers who do not want to contribute to my campaign. I doubt the Democratic chairman of my State wants any of his tax money going to BOB DOLE. He may under present circumstances. The way this administration is going, he may want to give me more. But I really doubt it. So I would hope that those who looked at alternatives are looking down the road, and I would hope that those who really believe they must vote for this bill to prove a point would make a long, long speech on the Senate floor and then mail that out to everyone and then just retire and say that you have made your point.

To avoid a conflict of interest maybe we could make public financing apply only when a Senate seat is vacated. So when I leave the Senate, then the next person would be eligible for Federal financing. It would not apply to this seat as long as it was occupied by someone here.

So, Mr. President, I do not believe this is progress. The Senator from Kansas does not believe it is fair. I commend the distinguished Senator from Oregon for being consistent. I understand why some do not want to be consistent. I understand some have mixed feelings about the amendment, but it does deserve careful consideration. I would hope and I would guess anyone who supports the general election concept will certainly support the primary concept. I cannot believe anybody would support one and not the other. If we are trying to purify the process, you have to purify it all.

Mr. President, I yield the floor.

(The following proceedings occurred earlier and are printed at this point by unanimous consent:)

Mr. DOLE. I yield to the distinguished minority leader.

Mr. BAKER. I thank the Senator for yielding.

Mr. President, if I may have the attention of the distinguished majority leader, who I see is on the floor, I think we are ready to set a time to proceed to vote on the first amendment on this measure, which is the pending amendment by the distinguished senior Senator from Oregon (Mr. HATFIELD).

As I previously discussed with the majority leader, I think that tomorrow, rather than today, would be the appropriate time to vote. I solicit the views of the Senator from Oregon in that respect. If he feels as I feel, that that would be a better time, I would suggest setting the time at, say, 1:30 p.m. tomorrow, with a half hour before the vote, to be equally divided between the proponents and the manager of the bill.

Mr. ROBERT C. BYRD. I had hoped we could vote on this amendment today; and in conversation with the distinguished Senator from Oregon last night, he indicated that he would be willing to vote on the amendment today. He has reiterated that feeling today. But I understand that there are others on that side of the aisle who would prefer to wait until tomorrow.

I have discussed the matter with the distinguished minority leader and with the manager of the bill on this side and the distinguished ranking Member, Mr. HATFIELD; and I beleve that the distinguished minority leader has stated accurately the understandng that we have reached.

Therefore, I ask unanimous consent that tomorow, at 1 p.m., the Senate resume consideration of the public financing bill; that there be a half hour of debate on the amendment offered by Mr. HATFIELD, to be equally divided between Mr. HATFIELD and Mr. CANNON or Mr. CANNON's designee; and that a vote occur on the amendment by Mr. HATFIELD at 1:30 p.m. tomorrow.

Mr. HATFIELD. Mr. President, reserving the right to object—and I do not plan to object—when the distinguished majority leader indicates that the vote will be on the amendment, that is up or down on the amendment itself.

Mr. ROBERT C. BYRD. Yes. That would rule out any tabling motion.

Mr. HATFIELD. First of all, I do not object.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. I should like to clarify for the record the timing of the voting on this particular amendment. I think that probably I miscalculated the interest in this amendment and had suggested to some of my colleagues that I did not think

we would be voting on it today. I wanted to indicate to the majority leader that my request to vote on it the first thing tomorrow was in order to protect the integrity of my own comments to my colleagues, rather than because there was other material that we could not present adequately today. So it is not purely a matter of the strategy of delaying the bill or the amendment.

Mr. ROBERT C. BYRD. I thank the Senator.

I wonder whether the Senator would like to get the yeas and nays ordered today on his amendment, while there are enough Senators in the Chamber to do so.

Mr. HATFIELD. Mr. President, I would postpone the request for the yeas and nays until tomorrow.

Mr. President, I ask unanimous consent that James Sheiner be accorded the privilege of the floor during this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This concludes the proceedings which occurred earlier.)

Mr. STEVENS. Mr. President, I ask unanimous consent that Lisa Carthell be allowed on the floor at this time. Her name is not on the list yet.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, I ask unanimous consent that Marty Franks of Senator LEAHY's staff be given the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I have several questions I would like to raise with the floor manager of the bill on features of the legislation that trouble me, and I wonder if the floor manager would agree to a brief colloquy here on some of these matters that I think need to be clarified. I was hoping that Senator CLARK would be on the floor, but apparently he has gone at the moment.

Mr. RIEGLE. Will the Senator yield?

Mr. BELLMON. I am glad to yield.

Mr. RIEGLE. I might say that Senator CLARK had to leave the floor for a brief time. There was another meeting that he was obligated to attend, so I am here in his stead, but I am not equipped really to answer the kinds of detailed questions that I suspect the Senator wishes to raise. My understanding is that he should be back within a matter of a few minutes. But he is not here at this time.

Mr. BELLMON. In that case, Mr. President, perhaps I can go into some of the matters that are not too technical with the Senator from Michigan. If we cannot work them out perhaps I can go back over them when Senator CLARK returns.

First, I ask unanimous consent that Mr. Dick Woods, of my staff, be granted floor privileges during consideration of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. I wonder if the Senator from Michigan has looked at page 20 of the bill, beginning at line 10, the provision that in order to qualify for the Federal funds a candidate must represent a party that receives 25 percent or more of the total votes cast in that election for all candidates for that office.

My question is, Does this apply State by State or is it nationally?

For instance, in some of the Southern States there are times when we do not have strong contention for U.S. Senate offices, but in a given year, because of the lack of a candidate, or lack of a strong candidate, a Republican candidate might not receive 25 percent of that State's vote in that year.

Does this mean, then, that from that point on, Republican candidates would not be eligible for the Federal funding provided by this act until their party got up above 25 percent?

Mr. RIEGLE. Let me say to the Senator, first of all, that it is on a State-by-State basis. Let me make inquiry of counsel on the second matter that the Senator raised.

I would say, in response to the second part of the question, that if a candidate for, say, a major party, in this case the Republican Party, were not in receipt of 25 percent, as the Senator puts it hypothetically in his example, then we would move down, on page 20, to subsection (B), to the party whose candidate received the second greatest number of votes cast.

As I read that section, what it says is that the next way that a party candidate can qualify is by receiving—he must be the next highest contender, above 15 percent. If a candidate were to fall beneath the 15 percent in the second part of this qualifying language, then presumably he would not be eligible for the funds, would not meet that test. That is my understanding.

Mr. BELLMON. What is the situation if the Senator were to run for office in a State, for instance, like the State of Virginia, that may not even have had a Republican candidate in the last election for this office?

Mr. RIEGLE. Let me again inquire, if I may, of the counsel on that particular question.

If I may say to the Senator, my understanding is, from the way this is drafted, that if in a preceding election for that seat, the major party candidate was either not nominated or were to fall beneath the 15 percent, he would not be eligible, and therefore, even though the situation might have changed over the intervening 6-year Senate term period, that would be the effect of the proposal as it is now drafted, according to my understanding.

Mr. BELLMON. Mr. President, I will not trouble the Senator from Michigan further. I will hold my questions, and try to raise them after Senator CLARK returns. I believe it might be better to do it that way. In the meantime, I would like to raise another point, and that is the effect of this legislation on minor party candidates, and candidates who run as independents. I would like to comment about some aspects of S. 926 which cause me serious concern, and I believe should be considered by some of our colleagues in the Senate.

What makes me uncomfortable is the rush to establish uniform election financing regulations without first examining both the experience with the infant Federal Election Campaign Act and the potential consequences of extending this "reform" even further. While reform may be necessary, it ought to be reasoned and likely to produce the desired effects, and I am not convinced that we are on the right course with S. 926.

One aspect of S. 926 deserves special attention. In the report accompanying the bill, Senators HATFIELD, GRIFFIN, and BAKER point out the impact such a change in the law would have upon minor parties and independents. The report states:

1. To qualify for public financing in general elections, a minor party, or independent, candidate must reach a threshold of contributions, set at 10 percent of the total expenditures a candidate could make in the general election campaign, or $100,000, whichever is smaller. The major party candidate need not reach this threshold at all.

2. Once the threshold is reached, the minor party/independent candidate then qualifies for straight dollar-for-dollar matching of individual contributions totaling $100 or less each. The major party candidates, with no threshold to reach, receive a block grant of 25 percent of their campaign expenditure ceiling plus matching, on the basis described above, until the ceiling is reached. The ceiling is identical for all persons in the race.

In practice, the funding discrimination between the major parties and other candidates works as follows. In a state which has an expenditure limit of $400,000, a major party candidate would immediately get a $100,000 block grant. $300,000 would remain to be raised, and if the maximum amount of public dollars were realized, the major party candidate would receive an additional $150,000 public money to match $150,000 in private contributions. Thus, in a $400,000 campaign, the major party candidate would have raised $150,000 in private donations and received $250,000 in tax funds from the U.S. Treasury.

By contrast, in S. 926 the minor party candidate or independent is ineligible for a block grant. Thus, he can receive a maximum of $200,000 in public financing in the same campaign to match $200,000 in private funds. The Majority has seen to it that for the minor party candidate or independent the fundraising burden is made tougher than it is for Democrats and Republicans, and the benefits are less. Even after he meets the threshold, evidencing wide public support, the minor party candidate, or independent, is treated like a second-class entrant in the race.

Even if the Court were to find the discrimination against minor parties to be constitutionally permissible, we oppose such treatment on philosophical grounds. These provisions respecting the availability of public funds further advantage the two major parties over minor party and independent candidates who have met the contributions threshold. Such a situation tends to freeze the political status quo. We should be mindful of what Theodore H. White said in "Breach of Faith" about the Presidential public financing system enacted in 1974:

Its new rules will change the nature of American campaigning. They all but eliminate the possibility of new national parties ever again rising from a limited base of opinion; in this sense, they restrict the arena of politics to the established parties.

As Chief Justice Burger noted in his Buckley dissent:

The fact that there have been few drastic realignments in our basic two-party structure in 200 years is no constitutional justification for freezing the status quo of the

present major parties at the expense of such future political movements.

Burger added:

I see grave risks in legislation enacted by incumbents of the major political parties, which distinctly disadvantages minor parties or independent candidates.

Mr. President, I agree with the position the Chief Justice was taking.

The report accompanying S. 926 goes on to point out that—

In Buckley, the Chief Justice expressed concern over "enactments that tend to perpetuate those who control legislative power". The Majority's discriminatory treatment of minor parties and independents in S. 926 represents just such an enactment and is a policy choice the Minority cannot accept. In our judgment, this unwarranted discrimination is a powerful argument for the defeat of the bill.

Mr. President, there remains the question of just how the courts would treat this legislation. If I were a serious minor party candidate or an independent, I would surely want to challenge the constitutionality of such a law. I believe that the courts would find it difficult to sustain legislation of this nature, and if they could not, it seems to me that we would have created a situation in which splinter parties would proliferate beyond all reason.

Mr. President, what I have in mind here is that if this act were taken to court by a minor party candidate, as it is almost certain to be, and if the court ruled that the law did discriminate against minor party candidates and that the civil rights of those candidates were not properly protected, the court might hold that these funds were available to minor party candidates on precisely the same basis as available for major party candidates.

If this happened, I can see the ballots for the Senate being 3 feet long in some States as candidates from every possible splinter group would file for the Senate in the hopes and in the expectations of having the major part of their campaign costs paid for by Federal funds.

It seems to me that what is happening here is one of two things: Either we are about to close the door on candidates of minor parties or independent candidates for the indefinite future, or we are about to open the door wide open through court action so that splinter groups of all descriptions are going to be able to file candidates for the Senate and receive substantial Federal funding to support the costs of those campaigns.

Either one of these seems to me to be very definitely destructive, so far as our representative form of government is concerned.

With the public footing the bill there would be very few restraints from here on about who would be able to run for the Senate, and to me an absurd and even dangerous situation could result. It would be absurd because of the large number of frivolous candidates whose campaigns could be financed by the Federal Treasury, and dangerous because of the serious weakness of the structure of government which results when no party has a majority, as happens in many governments that we see all across the world.

The potential impact of S. 926 upon minor party candidates and independents satisfies no one, therefore. Those who would like to see encouragement given to such candidates find the bill discriminatory. Former Senator Eugene McCarthy has pointed out that public financing:

Discriminates against candidates, and against minority candidates . . .

Establishes the Democratic and Republican parties, which are already favored by State election laws and by the media, as the preferred parties of the government—in much the same way that the Anglican and Congregational churches were established and subsidized by colonial governments before the American Revolution . . .

Former Senator McCarthy concluded:

Having the government control the process by which the government itself is chosen goes against common sense and against every tradition of democracy.

From the perspective of those of us who do not want to see an enormous proliferation of political parties, S. 926 is similarly defective. Sam Ervin, a former Senator from North Carolina, and a man highly respected by every Member of this body, fears the proliferation of "splinter candidates" or "one issue candidates," and concludes that:

This proliferation of campaigns and individual candidacies would have two detrimental effects on the electoral system. First, it would tend to drain the Federal funds early in the primary season with a large number of candidates drawing from the Federal till. And, second, it would tend to accelerate the demise of the two-party system on the national level, leading us down the coalition road already travelled by many of our Western allies.

Mr. President, this bill could easily develop into a negative influence, greatly straining the public acceptance of our political system at a difficult time in our history when we need more than ever a functioning and workable political process. All we need to further denigrate the value of politics is for there to be a large number of frivolous candidates, using the taxpayer's money to win a temporary but futile place in the media sun. In the public financing of Presidential campaigns, we have already had sufficient examples of candidates willing to run with little chance of winning, to know that the Government's offer of matching funds combined with the notoriety accompanying candidacy is a seductive incentive. The taxpayer and voter cannot be faulted if he views this proposed arrangement as an extension of something which utilizes his tax dollars less than effectively. We owe him something more than that—legislation which is well thought out and potentially constructive rather than destructive, as is S. 926.

This bill provides for the public financing of Senate general elections and not primaries. While the cost of financing primaries would be much greater, what is the effect of omitting them from coverage? Would it not be to favor those State political organizations already having a dominant position? In those States where one-party loyalties are particularly strong, it takes an act of courage as well as a supreme fundraising effort to field a capable opposition candidate.

Mr. President, let me draw from my own experience at this point. In 1962 there was a race open for Governor in Oklahoma. Our State had never had a Republican Governor. So it was my choice to decide to run for this office or not to run. It was a very difficult choice to make because the incumbent Governor had been elected by a vote of more than 4 to 1 over his Republican opponent 4 years earlier.

I think I can say without fear of contradiction that had this law been in effect at that time and had it applied to Governors' races, there was simply no way I could have made that race because there would have been no way to get the Federal matching funds, which would have been so important to that race. Without those funds, it is unlikely that the private funds could have been raised.

My point is that if we are to offset the influence of long-established party organizations and their superior fundraising capability, then I believe we should omit primaries from inclusion.

Minnesota has not had a Republican elected to the Senate since 1952. In Arkansas, no Republican candidate for the Senate has received more than 40.9 percent of the total vote in a general election since 1954. For the years 1954, 1960 and 1966 there was no Republican candidate. In Rhode Island, from 1952 to 1976 the Republican candidate for the Senate received from 17.3 perecnt to 45.7 percent of the total vote in the general elections. A similar situation exists in the State of Washington, where the percent of the total vote for the Republican candidate for Senate has ranged from 16 percent to 47.3 percent since 1952. I could also cite examples where Republican dynasties seem to exist, but the chronic minority status of the Republican Party on a national basis indicates that Republicans would be at a distinct disadvantage under S. 926 should primaries not be included. There is no suggestion here that the men elected are not capable or have not made a contribution. What is suggested is that the momentum of effective one-party domination is hard to break and that the critical point of intervention is the primary election. Candidates who are willing and able to take on such formidible opposition need encouragement from the very beginning, and this bill would not provide it. We do not need a bill which would strengthen the status quo and move our country further toward one party government.

Mr. President, the proponents of S. 926 greatly underestimate the administrative complexity and costliness of S. 926. We have already had one enormous overpayment to Pennsylvania Governor Shapp during his Democratic Presidential campaign last year. That little error cost the Government just under $300,000. In an editorial on May 16, 1977 the Washington Post pointed out that:

. . . The FEC has more business than its present staff and organization can handle very well. There is an obvious message here

for the supporters of universal voter registration and public financing of Congressional campaigns. Aside from their other problems, these proposals, especially the Congressional campaign subsidies, would put very heavy new burdens on the FEC. One thing Congress should think hard about is how much manpower, reorganization and leadtime the FEC would really need before there is even a chance that these proposals can be soundly administered and policed.

The size of the bureaucracy needed to regulate a thousand campaigns every 2 years, as Senator BAKER has pointed out, is staggering. There is even serious doubt that it could do the job effectively given the constraints of time which are inherent in campaigning. At the very time that the legislature is making noises about containing the size of the Federal bureaucracy and reducing ineffective regulation, we seem to be embarked on a senseless exercise in almost certain failure with such bureaucratic regulation.

The majority report states that "While some additional paperwork and cost will be imposed upon the candidates—the major paperwork burden will be imposed upon the Commission in receiving, processing, certifying and subsequently auditing submissions for public funds.

"It is estimated that these costs would amount to approximately $900,000 for fiscal year 1978." Surely that estimate is naive. The probable costs of administration are of such magnitude as to gladden the hearts of Washington bureaucracy builders. If we think Government has problems with cost overruns in defense procurement, we can enact this legislation and wait for a real shock. Imagine the amount of sorting, classifying, shuffling, initialing, filing, and binding created by this bill. We have only to review the requirements of our present Presidential campaign finance law to gain a vision of the future promised by S. 926.

Mr. President, the Senator from Iowa has not come to the floor, but I see that the Senator from Nevada is here. I wonder if he would yield to respond to some questions that I have about this bill.

Mr. CANNON. Certainly.

Mr. BELLMON. The Senator, as chairman of the Rules Committee, I am sure, has many answers that I would like to try to get on this bill.

On page 32, in lines 18 and 19—perhaps it would be better if I read the whole section. It says :

If the Commission determines that any portion of the payments made to an eligible candidate under section 506 was in excess of the aggregate amount of the payments to which the candidate was entitled, it shall so notify that candidate, and he shall pay to the Secretary of the Treasury an amount equal to the excess amount.

This is the key part:

If the Commission determines that any portion of the payments made to a candidate under section 506 for use in his general election campaign was not used to make expenditures in connection with that campaign, the Commission shall so notify the candidate and he shall pay an amount equal to the amount of the unexpended portion to the Secretary.

My question is, What kind of expenditures might be held to be in connection with the campaign or which might be outside that campaign?

For instance, the Senator from Iowa is not here, but he is a member of the Committee on Agriculture and is intensely interested in the welfare of Iowa agriculture. Suppose, as a candidate to the U.S. Senate, the Senator from Iowa felt he needed to go to Brazil to check into the soybean situation in that State, so he would be better able to discuss that issue with his voters. Would that be an expenditure in connection with the campaign?

Mr. CANNON. I certainly think it would not be an expenditure in connection with the campaign.

Mr. BELLMON. What are the criteria? How is one going to know?

Mr. CANNON. Of course, on excess funds there is no problem. If he had public money left over, referred to in the first part of this section the Senator read, he has to pay that.

Mr. BELLMON. I understand that.

Mr. CANNON. On the second part, if the Commission determines that the matters he spent the money for were not in connection with the campaign—we did not try to spell out the criteria here. As a matter of fact, I think that is in existing law.

Mr. BELLMON. Existing law does not apply to Senators.

Mr. CANNON. No, but the existing law provides a definition of expenditure which would apply, as follows:

An expenditure here means a purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value, made for the purpose of (A), influencing the nomination for election, or the election, of any person to Federal office or to the office of Presidential and Vice Presidential elector; or, (B), influencing the results of a primary election,

And so on.

The last part is not important here, because the primaries are not covered by the bill.

An expenditure also means "a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make any expenditure."

An expenditure is also defined as the transfer of funds by a political committee to another political committee.

Mr. BELLMON. To go back to my example, it seems to me the Senator from Iowa might get some good beneficial results from a trip to Brazil, that maybe he could show himself photographed with some Brazilian farmers discussing the soybean situation in that state. It seems to me that might be covered under the terms of the language the Senator just read.

Mr. CANNON. I would not think so, but that is a matter that the FEC would have to determine under the authority we have given to them.

Mr. BELLMON. That raises the point I want to get to. Here we are, about to pass a bill that will give a commission, which says to me a bureaucrat, the right to decide what expenditures I might make in my campaign are proper and justly funded under the terms of this act. Is that the intent of the legislation?

Mr. CANNON. The intent of the legislation is to give them the authority that they have now. We have defined what an expenditure is.

Mr. BELLMON. If the Senator will yield, that is in a Presidential race.

Mr. CANNON. We say "influencing the nomination for election, or the election, of any person to Federal office." That would be for the office of Senate. In this case, if the FEC determined that the action that had been taken, the expenditure of the money, was for the purpose of influencing the nomination for election or election of a person to the Senate, it would be properly covered. Otherwise, it would not.

Mr. BELLMON. Suppose the candidate for the Senate in the State of Iowa felt that he needed a better wardrobe and chose to buy some $300 suits. Would that be an expenditure in connection with the campaign?

Mr. CANNON. In my judgment, it would not be. That would be an expenditure of a personal nature.

Mr. BELLMON. But it is the candidate who is trying to build up his image and present himself to the voters.

Mr. CANNON. That is certainly an expense of a personal nature. In my judgment, the FEC would not allow it. If I were on the FEC, I know I certainly would not allow it.

Mr. BELLMON. What about a case in which a candidate is running for the Senate and chooses to buy an automobile to use to transport himself from one place to another during the campaign. Is that an expenditure in connection with the campaign?

Mr. CANNON. The FEC has established the principle that the use of campaign funds is generally within the discretion of the candidate as long as the expenditure is reported. The following examples illustrate the range of the Commission's rules on the use of campaign funds and excess campaign funds:

Use of campaign funds to repay corporate contributions from a prior campaign permitted.

Use of campaign funds by principal campaign committee to rent office space in the candidate's private home, and to pay for the candidate's groceries, heat, mortgage, etc., while the candidate is on leave without pay from his job is permissible and without limit, but must be reported.

Campaign funds may be used to pay "transition costs" incurred between election and receipt of legislatively appropriated funds upon taking office, though primary duty is to retire campaign debts. Senator-elect is an "officeholder" under Section 439a, and may use excess funds to defray expenses of "assuming" Federal office.

The Senator asked specifically about the situation where the candidate bought an automobile. I think that situation arose in connection with one of the House races. If the automobile is used solely in the campaign, I would assume that they would probably hold that was a proper expenditure of funds.

Mr. BELLMON. Let me carry it one step farther.

Mr. CANNON. But a Senator or candidate for Senator is prohibited from using those funds for his own personal purposes. He could not buy an automobile——

Mr. BELLMON. That is the point. I think it is hard to draw the line between where personal expenditures end and campaign expenditures begin. The Senator just read that under FEC regulations, the candidate can use funds for purchasing, I believe the words were, groceries and so forth. I cannot see the difference between groceries and clothes. If he chose to buy a suit of clothes, under the language, I can see where that might be permitted.

Mr. CANNON. I think under this ruling of the FEC, providing for the spending of funds under those circumstances, it would not have any effect on the Senate as the Senate rules would not permit that sort of thing to be done.

(Mr. DECONCINI assumed the chair.)

Mr. BELLMON. Do we have Senate rules that apply in this case?

Mr. CANNON. Yes, we do. They prohibit the use of campaign funds for personal purposes. The law itself does not. The law says for any lawful purpose. But the Senate voted——

Mr. BELLMON. Are not groceries a personal purpose?

Mr. CANNON. Yes.

Mr. BELLMON. What the Senator is saying is that the Senate rules are in conflict with the FEC regulations?

Mr. CANNON. Or more restrictive.

Mr. BELLMON. I think the Senator is beginning to see my point. It seems to me that we are opening up an intolerable situation here, where a candidate, who has lots of things to think about—it is going to be impossible for the candidate to know what is permissible and what is not. He may spend all his time coming to Washington to sit down and talk with a commissioner or some bureaucrat to try to decide how he can use these funds.

Mr. CANNON. In this act, we do not change the law with respect to what is permissible for the use of campaign funds. That is already in existing law, that says what campaign funds can be used for.

In existing law, it also says that excess campaign funds can be used for any lawful purpose, but the Senate has restricted that and, under the Ethics Committee's direction, has passed a rule that says they cannot be used for any lawful purpose; they can be used only for certain specified purposes.

In this bill, there is a provision on page 61, an amendment to section 439(a).

(2) by inserting immediately before the period in the first sentence a comma and "including transfers without limitation to any national, State, or local committee of any political party, except that no such amounts may be converted by any person to any personal use."

We say they cannot be converted to any personal use there. Then we say:

"(b) For purposes of this section, 'personal use' does not include the reimbursement of expenses incurred by a Federal officeholder in connection with his official duties.".

So if he did have an expenditure in connection with his official duties, he could properly spend it, but he could not go to the extent the FEC permitted in the rulings I read here of buying his groceries, or buying clothes for himself, and this sort of thing, in my judgment.

Mr. BELLMON. I do not have before me the interpretation that the Ethics Committee has made of the language. I assume perhaps I can get that and go into it later.

The point I am trying to make, this certainly leaves such enormous questions that someone has to settle, the question of what is personal use and what is in the language of the act expenditures in connection with the campaign, to me, seems to be an ambiguous area that is going to be subject to a great deal of interpretation.

I would feel more comfortable as a candidate if we could have that interpretation in advance of the time the campaigns begin.

I am not concerned with section (b) on page 61 which refers to Federal officeholders. I am more concerned with the challenger who is going to have to be very careful not to violate the provisions of this act or he may find himself out of the race.

But we do not know about clothes or groceries. But what about the automobile, can the candidate buy an automobile and use it?

Mr. CANNON. I said that.

Mr. BELLMON. Suppose he wanted to buy an airplane?

Mr. CANNON. I suppose he could do that, too, if he had the money to do it with.

Mr. BELLMON. So those kinds of expenditures——

Mr. CANNON. Take it out of his limit, if it is used solely for the campaign, but not for any other purpose, and come within the act.

Mr. BELLMON. But he could not buy an airplane ticket and make a trip to Brazil and look into the soybean situation?

Mr. CANNON. Not in my judgment.

Mr. BELLMON. But under this act, we do not know.

Mr. CANNON. No, except it is lawful and permissible for him with his campaign funds to defray campaign expenditures.

I think that would have to be the reasonable and ordinary judgment of an individual as to what was a campaign expenditure.

But I think going to Brazil or going to Timbuktu or England or some place else would not be a proper expenditure of campaign funds, in my judgment, but I am not on the Commission.

Mr. BELLMON. And that decision will be made under the terms of this act by whom?

Mr. CANNON. By the Federal Election Commission. That is a bipartisan Commission.

Mr. BELLMON. They have been in business now for a couple of years, have they made these kinds of decisions?

Mr. CANNON. They have made these kinds of decisions. I read the Senator some of them, but some of those would not be applicable now to the candidates for the Senate under the rules the Senate has imposed on itself.

Under the ethics rules, we could not convert excess campaign funds to our own personal use, even though the statute says that we may use them for any lawful purpose.

Mr. BELLMON. Let me get very specific with the Senator from Nevada.

He will remember very well the Edmondson challenge to my own election.

Mr. CANNON. Certainly.

Mr. BELLMON. Which kept my seat in doubt some 16 months.

That election was carried out, as far as the Senator from Oklahoma knows, strictly in accordance with Oklahoma law. It was held to be legal by four actions of the Oklahoma court. Yet it was brought before the Senate and kept in suspense month after month after month.

I see in this act enormous opportunities, enormous danger, that that same sort of situation will arise in many hotly contested Senate races in the future.

What is there in this act that will prevent some challenger who loses a close race from contending some of the expenditures which the candidate may have felt were made in accordance with this language, in connection with the campaign, and challenging the election outcome, what guarantee do we have here that we are not going to have a repeat of those situations time after time?

Mr. CANNON. In the first place, we have the provision in here that we can apply to the FEC for an advisory opinion, and that is adequate if the advisory opinion is given to support the candidate's position, to protect him in the event some action were brought on that basis.

If there were no advisory opinion requested and the matter was called into question, the law would be the same under this bill as it is at the present time.

There is no way we can keep a challenger from challenging an election provided he meets the requirements of the State law, as they did in the State of Oklahoma.

Mr. BELLMON. But there is no provision under current law that controls this tightly, the way a candidate expends the funds that are raised privately, is that not correct?

We do not have this sort of language to contend with under the present way the Senate campaigns are run. This introduces a whole new element, which is to say the commission is going to have to decide which expenditures are made in connection with his campaign and which are not.

Mr. CANNON. There are provisions in the present law which do provide what we can and cannot do with campaign expenditures. That is in existing law. We do not make any changes here.

The only changes we make with respect to existing law is the provision I read to the Senator earlier here, and that relates principally to the proper purpose and the use of excess campaign funds.

Now, that is the only change I am aware of.

Let me check with counsel to be sure.

I am advised by counsel that that is the only change as far as the use of the funds go in this bill over existing law.

Mr. BELLMON. And that change, again, is what?

Mr. CANNON. The change was as to the use that:

"(2) If the Commision determines that any amount of any payment made to a

candidate under section 506 was used for any purpose other than—

"(A) to defray campaign expenditures, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray campaign expenditures which were received and expended) which were used, to defray campaign expenditures.

it shall notify the candidate of the amount so used, and the candidate shall pay to the Secretary of the Treasury an amount equal to such amount.

Mr. BELLMON. I believe that is the language that concerns several a great deal, and it troubles me. We are going to have to contend with that in the future if this bill becomes law.

I see the Senator from Iowa has returned to the floor. Would he yield to respond to a question or two?

Mr. CLARK. Certainly.

Mr. BELLMON. If the Senator has a copy of the bill, on page 61, line 19, paragraph (B), I will read the language.

"(B) the use of real or personal property and the cost of invitations, food, and beverages, voluntarily provided by an individual to a candidate or a political committee of a political party in rendering voluntary personal services on the individual's residential premises for candidate-related or political party-related activities, to the extent that the cumulative value of such activities by such individual on behalf of any candidate or political committee of a political party does not exceed $500 with respect to any election;";

If I read that properly, that exempts a voter who may wish to give a reception or a barbecue in behalf of a Senate candidate from reporting or from having to report so long as it does not cost more than $500.

Mr. CLARK. That is correct.

Mr. BELLMON. Let me give the Senator a case in point.

If the Senator will look at paragraph (c), it says that the vendor is to report the sale of food or beverage and it will be at least equal to the cost of such food or beverage to the vendor.

I do not want to make what seems like a frivolous example, because what I have in mind is real. I have a good friend who is a rancher, and every time I have run for public office he has held a barbecue for a large number of individuals at his ranch. Very often, the barbecue has as many as three fat steers to feed the crowd that comes.

Would that man, who raised those calves from the day they were born—and he probably has no idea what the value or the cost of those animals is to him—be covered by this, or would he be exempt?

Mr. CLARK. Is he doing this for a candidate?

Mr. BELLMON. He does it for my candidacy.

Mr. CLARK. Under present law, he is already covered under this.

The item that the Senator just read only extends the same right from the candidate to the particular party. So that under existing law, if in-kind contributions of that kind are made, so long as they do not exceed $500, they are allowable now.

I am not quite answering the Senator's question yet, but what I am saying is that the only thing this provision did was to extend from candidates to political parties the right to do it.

So that in the particular example the Senator from Oklahoma cites, candidates already are excluded.

However, as to exactly how one would determine the price of a steer, you just have to try to determine it on the basis of the market price at that time.

Mr. BELLMON. I do not find in existing law the language that says "at least equal to the cost of such food or beverage to the vendor." Is that in existing law? I have the law here, and I do not see that language.

Mr. CLARK. I will have to try to find it. I see that in our explanation we say:

The present exclusion of certain residential, vendor and volunteer travel expenses from the definition of contribution or expenditure, when related to a candidate, is hereby extended to political party activity as well.

This is from the report of the committee. I would have to look at the Act.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CANNON. It is in the present law. It is in section 431(e)(5)(c), where it states a contribution does not include:

The sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's campaign is at least equal to the cost of such food or beverage to the vendor;

On the other point, the voluntary personal services are covered under (A) and (B). That refers to the volunteers and the cost of providing certain voluntary personal services that are provided to the extent of $500.

Mr. BELLMON. But there is no mention of the $500.

Mr. CANNON. Yes, there is.

Mr. BELLMON. In the past, this has been an exclusion, but now we are going to include these sorts of events if the cost is figured to be more than $500.

Mr. CANNON. I correct the Senator. It does provide a limit of not more than $500. I was just reading from 5(c). If the Senator will refer again to section 431 and go on down——

Mr. BELLMON. There is a reference to honorariums of not more than $500.

Mr. CANNON. It reads:

To the extent that the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), and (D) does not exceed $500 with respect to any election;

So the $500 is written into the law with respect to subparagraphs (B), (C), and (D), to which we are referring.

Mr. BELLMON. The Senator reads it differently from the way the Senator from Oklahoma reads it. Paragraph (D) reads:

The use of real or personal property and the cost of invitations, food, and beverages, voluntarily provided by an individual to a candidate in rending voluntary personal services on the individual's residential premises for candidate-related activities if the cumulative value of such activities by such indidiual on behalf of any candidate do not exceed $500 with respect to any election;

It does not talk about "at least equal to the cost of such food or beverage to the vendor."

Mr. CANNON. Go on to the next paragraph. The next paragraph covers it.

Mr. BELLMON. The next paragraph relates to travel expenses.

Mr. CANNON. The next paragraph, under present law, says:

The sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's camapign is at lease equal to the cost of such food or beverage to the vendor.

That is section 431(e), subsection 5, paragraph (C).

If the Senator will look at subparagraph (I), in section 431(e), it starts off:

Any honorarium (within the meaning of section 4411); to the extent that the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), and (D) does not exceed $500 with respect to any election;

So that makes the $500 limit applicable to those three subparagraphs.

The thing we have done in this bill is just to rewrite it and make it a little clearer insofar as the intent is concerned—the language, not the intent. The intent has been clear all along.

Mr. BELLMON. I yield to the Senator from Virginia for a unanimous-consent request.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that J. Philip Reberger, Jack F. Davis, and Michael Hammond have the privilege of the floor during the consideration of this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I have many additional questions, and I must say that I am not at all satisfied with the answers I have had here. I do not see any of this language or reference to the fact that these costs must be shown, to use the language of the present bill, "at least equal to the cost of such food or beverage to the vendor."

I do not see how that can apply to the situation I mentioned. I do not see how the present law applies at all.

Mr. CANNON. Let me have the counsel bring it over and show the Senator the specific section.

Mr. President, I ask unanimous consent that the committee amendment be adopted and considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The chair hears none, and it is so ordered.

Mr. BELLMON. Mr. President, as I say, I have some additional questions, but I believe the Senator from Utah would like to be recognized, so I yield the floor to him.

Mr. HATCH. Has the Senator from Oklahoma finished?

Mr. HUDDLESTON. Mr. President, will the Senator yield me 2 minutes to call up a conference report?

Mr. HATCH. I would be delighted.

LEGISLATIVE BRANCH APPROPRIATIONS—CONFERENCE REPORT

Mr. HUDDLESTON. Mr. President, I submit a report of the committee of conference on H.R. 7932 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7932) making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 20, 1977.)

Mr. ROBERT C. BYRD. Mr. President, will the Senator allow me to put in a quorum until Mr. SCHWEIKER can be informed that the conference report is up?

Mr. HUDDLESTON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will report.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I am pleased to state that I am informed, for the information of the Senator from Kentucky, that we have no objection to proceeding with this report at this time.

Mr. HUDDLESTON. I thank the distinguished Senator.

Mr. President, the 1978 legislative branch appropriation bill as agreed to in conference is $990,067,800. This amount is: $13,812,085 over fiscal year 1977; $144,653,800 below the budget estimates; $61,732,000 over the House bill; and $1,200,300 below the Senate bill.

Mr. President, I think it is important to note that the total of the bill as agreed to in conference is within the $1 billion ceiling established for this bill in the first concurrent resolution on the 1978 budget.

Mr. President, the conference report is the product of a great deal of work and effort on the part of both Houses to reach a compromise. Mr. SHIPLEY and Mr. ARMSTRONG and their fellow House conferees were most courteous and gracious to us in our joint effort.

Mr. President, I do not think it is necessary to go over the details of the conference report. The report has been available for some days now and I am sure that this has given the Members an opportunity to become aware of the results of the conference.

Mr. President, I wish to express my sincere thanks to the distinguished ranking minority member of the subcommittee (Mr. SCHWEIKER) for his support and assistance during the conference.

Mr. President, because this conference report was so recently adopted by the House of Representatives, this morning, in fact, and because the chairman of the House conferees included in the RECORD a tabulation which sets out completely the action of the conference, I ask unanimous consent that the usual tabulation of figures be incorporated in the RECORD by reference.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The tabulation of figures is printed in the House proceedings today on the adoption of the conference report.)

Mr. HUDDLESTON. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will report the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 79 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: "$81,295,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 87 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment insert:

: Provided further, That no part of this appropriation shall be used to furnish more than fifty transferable copies of the daily edition of the Congressional Record to each Senator under section 906 of title 44, United States Code, nor to furnish any such copy to a Senator for transfer other than to a public agency or institution. On or before September 1, 1977, or as soon thereafter as practicable, the Public Printer shall notify each Member of the Senate and House of Representatives of the names and addresses of all those receiving the Congressional Record that are charged to such Member of the Senate and House of Representatives.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 92 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

The Architect of the Capitol is authorized and directed (1) to conduct a study of the utilization of space in the United States Capitol for the purpose of recommending and reporting to the Speaker of the House of Representatives and the President of the Senate and to the Committees on Appropriations of both Houses, and the Senate Committee on Rules and Administration, those offices which, by virtue of the functions performed therein, should be located in the Capitol and those offices which could be relocated to the House and Senate Office Buildings and Annexes; (2) to prepare drawings and specifications for restoration of the West Central Front of the United States Capitol in accordance with each of the various plans and alternatives proposed to the Committees on Appropriations during hearings on Legislative Branch Appropriations for 1978; and (3) to prepare drawings and specifications for extension of the West Central Front of the United States Capitol in accordance with the modified plan for extension of the West Central Front approved by the Commission for Extension of the United States Capitol on April 7, 1977; the drawings and specifications to be prepared in such detail as will enable the cost of such restoration proposals and extension proposal to be ascertained. The unexpended balance of appropriations heretofore appropriated under the heading, "EXTENSION OF THE CAPITOL" shall be transferred immediately upon approval of this Act to a Commission on the West Central Front of the United States Capitol which shall be composed of the following: The Vice President of the United States, who shall be the Chairman, the Speaker of the House of Representatives, the Majority and Minority Leaders of the House of Representatives, and the Majority and Minority Leaders of the Senate. Such unexpended balances shall be available for (1) the conduct of such study and (2) the preparation of such drawings and specifications under the direction of the Commission sion on the West Central Front of the United States Capitol. The drawings and specifications shall be completed by March 1, 1978, and submitted for the approval of the Committees on Appropriations of the Senate and House of Representatives and the Commission on the West Central Front of the United States Capitol prior to the issuance of invitations to bid on the restoration or extension of the West Central Front of the United States Captiol.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 96 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 407. (a) The first paragraph of section 906 of title 44, United States Code, is amended (1) by striking out "to the Vice President and each Senator, one hundred copies;" and inserting in lieu thereof "to the Vice President, one hundred copies; to each Senator, fifty copies (which may be transferred only to public agencies and institutions); and (2) by striking out "to each Representative, and Resident Commissioner in Congress, sixty-eight copies;" and inserting in lieu thereof "to each Member of the House of Representatives, the Resident Commissioner from Puerto Rico, the Delegate from the District of Columbia, the Delegate from Guam, and the Delegate from the Virgin Islands, thirty-four copies (which may be transferred only to public agencies and institutions);".

(b) The amendment made by subsection (a) shall take effect on October 1, 1977.

Mr. HUDDLESTON. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate Nos. 79, 87, 92, 96.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kentucky.

Without objection, the motion was agreed to.

The PRESIDING OFFICER. The clerk will report the last amendment in disagreement.

The legislative clerk read as follows:

Resolved, That the House insist on its disagreement to the amendment of the Senate numbered 61 to the aforesaid bill.

Mr. HUDDLESTON. Mr. President, I move that the Senate recede on amendment No. 61.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that it be in order to move by one motion to reconsider the vote by which the conference report was

agreed to and the amendments in disagreement were disposed of.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, I so move.

Mr. SCHWEIKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUDDLESTON. I thank the Chair.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

Mr. HATCH. Mr. President, we are asked to consider a bill which would institute a major departure in our internal political life by instituting Federal financing of congressional elections. This is ordinarily presented as part of a package with instant voter registration and direct election of the President. When we examine this package, we can obviously see that it marks a considerable departure from the traditional way of doing things in this country and, therefore, deserves careful and sober consideration. The direct election of the President, indeed, would require quite a major amendment of the Constitution. And the other two elements of the package, though not requiring constitutional amendment, also raise very distinct constitutional questions, questions of overall political philosophy, which require a great deal of discussions and careful consideration. We are at times inclined to be too hasty in legislating in the Congress; we are tired and it is late, so we vote to pass the bill under consideration so that to be rid of it. I suggest that this is no way to pass upon important legislation, and that the prudent course for a legislator, when in doubt about a bill, is to vote "no," on the grounds that if the issue is truly important there will be opportunity in the future to deal with it. On the other hand, when we pass legislation with insufficient consideration, we may do severe damage to the body politic which it will later be difficult or impossible to undo.

The proposed Federal financing of congressional elections is an abysmal attempt to deal with the question of money in politics: it sits badly with some of us that certain people have more money than others, that certain people have a greater interest in politics and are prepared to invest money in it to advance their ideals, just as other people may be willing to invest money in business in order to advance their interests. But if a citizen has the right to earn money, he must also have the right to spend it as he wishes, within reason. Some people, not having the time to participate directly in politics, choose to do so through financial contributions. It would, in my view, be wrong to limit that facet of political participation severely. This may also be interpreted as a constitutional question, and has so been treated—at least for a candidate himself—in Buckley against Valeo.

In speaking of Federal financing of congressional elections, Mr. President, we must also consider the value of the incumbency. To be sure, a stable political system ought to give the incumbent the benefit of the doubt, something of an advantage. And as things presently are, he certainly has such an advantage. He has the benefit of his paid staff, in Washington and in his State, the benefit of newsletters to his constituents, the benefit of constant familiarity with the great public issues constantly being debated in this body and of frequent appearances in his State during his tenure of office. He has the benefit of very considerable media coverage which he receives by virtue of his office, and consequently better name identification among the voters. All these advantages, and more, accrue to the incumbent under the present system, and they are no small advantages. An incumbent does have certain disadvantages as well, of course, but on the whole the incumbent has the upper hand so long as he is more or less in tune with his constituency.

The challenger to an incumbent, then, truly needs often to have much larger resources at hand than the incumbent during the campaign, if he is to get his message across. Under the Federal financing provisions, however, we would obtain general equalization of financial resources available to both candidates in the election, which, in fact, means that the incumbent would emerge with a very distinct advantage. It is no wonder, then, that some opponents of this legislation have spoken of it as an incumbents' protection act. It is designed to freeze indefinitely the situation which now exists in the Congress, and to stunt change through the electoral process.

One of the obvious difficulties with this legislation is that it will be incredibly complicated in the administration. During the 1976 elections, the Federal Election Commission seemingly had great difficulty in administering the law as it existed at that time: administering matching funds for a relative handful of Presidential candidates and maintaining reports for all congressional candidates. Now Federal financing even merely of the general elections for the Congress would be several times more difficult. It would require a bureaucracy several times larger than the present one, and the problems of coordination would surely intensify by several times as well. And with the time constraints of a political campaign, bureaucratic delay may be potentially disastrous to important campaigns from time to time. In short, the richness and complexity of the political process is such that it will be almost impossible for the FEC bureaucracy to cope with it. We shall be allocating large amounts of the taxpayers' money for a bureaucracy which does virtually nothing to help the political process, but instead stifles it.

Indeed, the passage of this legislation would do more than stifle the political process; it would probably corrupt it in a fundamental way. It is of the essence of our democratic system that, if we do not like a governmental policy or a particular law or set of laws, we have the option of running for office, or in general working through the political process, in order to change those policies or laws. For this is essential that the political electoral process at least be in some basic way independent of the process of governing, that it in basic ways not be subject to Government control.

Now Federal financing of anything, as we should surely know by now, inevitably means Federal control. In fact, Congress would be remiss in its duties if, in providing funds from the public purse, it did not exercise some supervision over the ways in which those funds are employed. In particular, Federal funds usually do not go to institutions or individuals who may be in violation of Federal law. I know it may sound a trifle far-fetched, but it certainly is not impossible to imagine—things being as they are these days—that since women are declared to have a "constitutional" right to abortion, difficulties might be made about supplying funds to a candidate who openly rejected that position; or to a candidate who openly declared his opposition to the concept of equal employment opportunity and made the opposition clear in hiring his campaign staff; or to a candidate who rejected a number of other accepted governmental policies and positions.

Now, those may be bizarre examples, but you can imagine the thousands and thousands of examples that we could give where it this process is turned over to the Federal bureaucracy we might have all kinds of examples of interference.

The political process is supposed to function as a control over the governmental process, since through it the people are supposed to pass judgment upon the actions of their elected representatives. If, however, the elected representatives begin to control the control process itself, then a fundamental tenet of democracy is subverted, just as it would be if all governmental employees were unionized and, therefore, were responsible, not to the people's representatives, but to union officials. With Federal financing and controls, we will soon arrive at a situation something like the election procedures in some European countries between the First and Second World Wars, when the government in effect "certified" candidates for elections. By this device, the government could make sure that the electorate had no chance to vote for candidates strongly opposed to official policies. But at least here it was obvious that the government was manipulating the electoral process to its own advantage, and the electorate could take that into account in casting its votes. Here the coercion might be more subtle, but the essence would be the same. Only "approved" candidates would seriously be allowed to run, and in this way too the existing situation in our national legislature would be more or less frozen into place.

In discussing this legislation, Mr. President, we are really talking about the fundamental freedom of the political process. The recruitment process and the primary process would still be free under this legislation, but it is plain that if this plan is put into effect it will be but a giant step toward the total regulation of the entire political process within this country.

Even some individuals who generally favor governmental controls and regulation have recognized the importance of keeping the ultimate control system of the political process free. Senator Eugene McCarthy, as a result of his independent Presidential candidacy, has come to understand this. The National Committee for an Effective Congress, an extreme liberal group, also understands this fundamentally. But the passion for governmental regulation and restriction is so cancerous that it is now spreading rapidly into the election process itself.

Finally, let us recall that, no matter how important money pure and simple may be in the election process, it is the vote cast in the voting booth which ultimately leads to the political decision. Some candidates have spent vast amounts of money only to go down to humiliating defeat; some candidates, and especially incumbents, have been able to win election or re-election with relatively small expenditures of funds. But the important thing is, that so long as we are not an entirely totalitarian society, there are some things which should be beyond the reach of politics. Voters ought, in fact, to have the right to stay home on election day if they wish; in many cases, a decision not to vote for any candidate may be a perfectly rational one on the part of a voter, although I find great difficulties in that. A voter should have every right to withhold his vote if he so wishes. By the same token, a citizen should be free to participate financially in the political process if he wishes, or not to participate. Under the compulsory campaign financing law, however, in effect nobody will have the choice any longer not to participate financially. That decision will be made for him by others, and yet another segment of his freedom to control his own life will have been destroyed.

At this point in my discussion I would like to consider some experiences that I have had with Federal financing or, should we say, our experience as a country with Federal financing and the regulation of elections up to this point.

Mr. President, in legislating for our Nation we frequently find that legislation is introduced with the best of intentions. Some new institution—which means a new bureaucracy—is established, and begins to function and take on something resembling a life of its own. Since it has that life, we are reluctant to examine how well it functions, and whether it should continue to exist. But it should be an important part of the congressional oversight mission to examine those governmental institutions which already exist, and to see whether they do in fact live up to the high ideals by which they were originally inspired.

The Federal election legislation was passed originally in response to public concern over revelations of improper pressure brought to bear upon contributors by the Committee to Re-Elect the President during the 1972 presidential election between President Nixon and Senator McGOVERN. No one defends what was done during that campaign; there is no question that in some instances undue pressures were brought to bear upon contributors. The real question, as with so much in this life, is whether the cure may not be worse than the disease. Now that we have had a couple of years experience with the Federal Election Commission and the law which it administers, it seems to me that we ought to stop and take a look at how it has functioned up until now before we proceed to extend its powers and authority further to congressional elections.

Of course, we ought to be clear on the fact that even today the Federal Election Commission does regulate congressional elections to a considerable extent. It regulates elections if only as a sort of super Fair Elections Practices Commission. Although it does not make matching grants to congressional candidates, it already passes judgment on what sorts of contributions and expenditures are permissible. Even during the 1976 congressional campaigns, it managed to distort and bureaucratize the conduct of politics in this country to a remarkable degree. Very often, simply by the normal bureaucratic process of delay, it can affect the outcome of elections, which are, after all, set for a specific date which cannot be postponed.

Indeed, as we know, the regulatory process became so convoluted that the former Chairman of the FEC was accused of untoward intervention in the senatorial campaign in the State of Tennessee. That dispute was ultimately resolved rather amicably, but it does help to show some of the absurdities of regulation. Another absurdity was the solemn consideration by the FEC of whether Congressman KOCH of New York could produce buttons listing Carter and MONDALE along with his own name: might that not be an impermissible "contribution" to the Carter-Mondale campaign? There are those who made the argument that such subtleties—which compare rather favorably with the theological arguments of medieval times on the subject of how many angels could stand on the head of a pin, at which we laugh so heartily now—are an aberration of the regulatory process, that they are the result of individuals who do not really know how to regulate. But the truth is that such questions as that of the Koch-Carter-Mondale buttons are an integral part of the regulatory process, once we set out to regulate the politics of this country. The mistake is not in the triviality of the regulation, it is in the original decision to regulate at all. And it is tragic that, instead of cutting back on unworkable regulations, indeed getting rid of regulation altogether, we should be proposing to extend it even further through the political system.

Mr. President, I might give you a couple of examples of the unfairness of FEC regulation from the experience of the last campaign. In a Republican primary in a congressional district in Oklahoma, one of the two leading candidates accused the other of unethically receiving contributions from a multicandidate committee, the Committee for the Survival of a Free Congress, whose director was on a Senate payroll as a consultant. The first candidate filed a formal complaint with the FEC, and that complaint hung over the campaign for several weeks because the FEC refused to act on it. In fact, it did not rule that the complaint was without foundation until after the election. In this case, the candidate who filed the complaint lost the election, but certainly that unresolved problem, then in the hands of the Federal Election Commission, made life no easier for the accused candidate.

And, incidentally, it could have cost the election to the accused candidate, even though it was an unjustified accusation, and I believe known to be unjustified at the time.

In fact, I had a similar experience in my own campaign. A few days before the general election, my opponent accused me of receiving contributions from this very same committee, which he said was a multicandidate committee, and he claimed improperly donated to my campaign. I knew that a complaint had been filed with the Federal Election Commission. Word of the filing of the complaint had been leaked to my opponent.

As I understand, it is illegal to broadcast what the commission is about to do, but this was done, on television. I did not know anything about it. I did not even know very much about the committee that had made a donation to me, but it hung over my campaign almost like a pall, and it made it look as though there was something wrong with my campaign, when in fact there was not.

So word of the filing of complaint had been leaked to my opponent against the particular committee, and I might say the committee—The Committee for the Survival of a Free Congress—was for some time unable to discover what the substance of the complaint was. It did not even know a complaint was going to be filed; yet the candidate who was opposing me knew all about it, leaked it to the press, spoke about it on major television, and made it seem that I was being supported by some illegitimate organization.

It had no effect on my candidacy, which is apparent, but it might have. And what did the FEC do about it? Not one thing. And let me say that to this day it has not taken any action whatever on the complaint filed just before the last election. The complaint was entered, it seems to me, purely for political purposes, to use the good reputation of Government to damage my particular candidacy. The people of Utah, fortunately, looked beyond that and recognized this as a last-ditch effort to stop the campaign train that was then on its way to victory.

But what we had here, it seems to me, was just another example of bias on the part of the commission.

What we must ask ourselves, then, is whether we want to extend and strengthen a regulatory system which has proven so bad in the past, which has often proved to be biased in some way, which has proved unwilling to act expeditiously, which has held up candidates, which has made one candidate look bad at the expense of others, and which generally, in the cases I have seen, has supported the opponents in the majority party rather

than those in the minority party. In a way there is poetic justice in politicians' regulating themselves much as they have regulated so many businessmen. But such is our belief in regulation that we continue to batter our heads against a stone wall. Now we even propose to damage ourselves even more. Should we not at least consider that it will feel very much better if we simply stop altogether?

Mr. President, I have argued that the regulatory functions of the FEC over congressional elections in 1976 were badly carried out, even when the FEC was not involved in disbursing matching funds to congressional candidates. In the early part of this year, an educational organization attached to the liberal National Committee for an Effective Congress held a roundtable discussion on Federal financing of congressional elections in which many representatives of liberal groups expressed their strong opposition to such public funding. A representative from the FEC was not entirely enthusiastic at the prospect of taking on the additional responsibilities required by such financing. I suspect this was because he knew a number of things we do not, including, most likely, how confused and disorganized that bureaucracy has been in the course of its short history.

Now, under S. 926, we are asked not only to strengthen the regulatory functions of the FEC over congressional elections, but to extend a system of matching financing to congressional elections as well, which will establish even more firmly the authority of the FEC over the electoral process. The proponents of the legislation often argue that public financing of presidential elections has worked so well that its benefits should be extended to congressional candidates. Too often the opponents of this legislation accept—even if only by their silence—the argument that public financing did work well in the 1976 presidential election. That, however, is a proposition which requires some examination.

In testimony on S. 1471, the Packwood-Moynihan alternative to public financing of congressional elections, Roy A. Schotland, professor of law at Georgetown University and a self-declared Democrat, argued strongly against the matching system for Presidential races. Professor Schotland points out that the system of matching grants for Presidential candidates has primarily served to widen the gap between the candidate supported by more affluent contributors and the candidate supported by less affluent contributors. He points out the following situation:

If candidate A received 1,000 contributions of $100 each, and candidate B received 1,000 contributions of $10 each, then candidate A gets from the U.S. Treasury $100,000, while candidate B gets $10,000. The poorer voters' candidate ends up with a total of $20,000, the richer ones', a total of $200,000. Without matching payments there would have been a $90,000 margin in campaign resources between those two candidates. With matching payments, the margin is $180,000.

On this argument, then, we can see that the poor get a little richer, and the rich get much richer. In other words, the distance between the affluent candidate and the less affluent candidate is made worse by the matching funds system. As long as people have money and may be permitted to invest it in political action at all, money will make a difference—but there is no reason to magnify that difference at the expense of the taxpayers.

Professor Schotland goes on to point out that distortions of this type were indeed experienced in the 1976 campaign, and are not simply a matter of theory. Basing his figures on a FEC report of February 1977, he points out the following: When the leading Presidential candidates were arranged in order of number of contributors, Ronald Reagan was first, with 238,266; Gerald Ford second, with 114,661; MO UDALL third with 97,764; President Carter fourth, with 94,419; HENRY JACKSON fifth, with 58,372; and Fred Harris sixth, with 56,021. Thus, Governor Reagan had more than twice as many individual contributors than his nearest competitor. However, Reagan's supporters tended to be less wealthy, and the average contribution to his campaign was only $23.11.

That put him in fourth place among presidental candidates, with President Ford first at $43.06, President Carter second at $41.09, and Senator JACKSON third at $35.45. Because of the great number of his supporters across the country, Governor Reagan qualified for the largest sum as a matching grant from the Treasury, $5,088,910. President Ford, however, received $4,657,007, or very nearly as much as Governor Reagan, although the number of his contributors was less than half of Reagan's. Professor Schotland concludes that—

This is a scheme crying for amendment, not for adaptation and spread to congressional races.

The matching system also has another danger, one which Governor Milton Shapp of Pennslyvania, a former presidental candidate, is by now very conscious of. On January 21, 1976, candidate Shapp certified to the FEC that he had raised $5,000 in qualified contributions in each of 20 States. The Commission investigated his claim in the States of Alabama, Georgia, Nevada, North Carolina, and Texas. Investigation of the Alabama contributions showed that at least one contribution was made by an individual not a resident of Alabama, a number of other contributions were made by individuals with funds provided by another individual, who was in turn reimbursed by a company. When all the improper payments discovered by the FEC were deducted from the total claimed, Governor Shapp was left only $1,800.

In Georgia, investigation disclosed that several individual contributions were made with funds provided by a single individual. In Nevada, several individuals were supposed to have bought tickets for a fundraiser, but none of them supplied the funds for the tickets. In North Carolina, one individual improperly supplied funds for contributions by others. In Texas the same thing occurred, so that Governor Shapp's total contribution for that State was reduced from $5,007 to $3,687.

Incidentally, Mr. President, in view of this experience with improper and illegal contributions made to Governor Shapp's campaign, I find it hard to agree with my colleague from Kansas, Senator PEARSON. In the latest issue of Campaign Practices Reports, Senator PEARSON is reported as saying that he now supports public financing for congressional elections. "I have learned," he is quoted as saying, "much to my discomfort, that, whatever precautionary steps are taken, it is entirely possible for a senatorial candidate to be the unwitting recipient of illegal campaign contributions. A system that allows this to happen is weak and must be strengthened."

On the contrary, the Shapp case demonstrates that under the system which is proposed for the "strengthening" of the electoral process, all sorts of illegal contributions were made without the knowledge of the candidate. A system of public financing of the sort proposed now does not cure the problem Senator PEARSON mentions, it simply makes it worse.

In the Shapp case, the FEC determined that overpayments in the amount of $299,066 had been made to the Governor, and ordered him to repay that sum. Governor Shapp, being a wealthy man in his own right, was in a position to undertake that repayment—although we might note that under the original legislation before Buckley against Valeo, it would have been difficult for him even to do that. But the ordinary candidate, responsible for the repayment of improperly paid out matching funds, might find himself in genuine financial distress if it turned out that without his knowledge his campaign organization had been raising money in an illegal manner.

There is also the question of legal responsibility in making a false certification to the Federal Election Commission. The rules and regulations are such now that candidates understandably have some difficulty in persuading a supporter to take on the position of campaign treasurer. Indeed, it will probably become more difficult to recruit candidates too. With the criminal penalties attached to the current and proposed legislation, a candidate hardly knows whether after the election he will be occupying a chair in this Congress or a bunk in a jail cell, for an offense which a few years ago would have been considered rather innocuous. If that does not have a chilling effect on the political process, I do not know what does.

To be frank, Mr. President, he does not know whether the interpretations of the Federal Election Commission or some of the bureaucrats that make the interpretations are going to put him in jail or not. He does not know, sometimes, whether the moneys donated to him are in fact legal or illegal. He has to rely on other people around him, and yet he has the ultimate liability in the filing of that Federal Election Commission return. To be frank with you, Mr. President, some of the approaches in applying the rules and regulations pertaining to those returns leave me a little cold.

Mr. President, it seems to me that we

have taken a wrong turn in this whole question of the regulation and financing of Federal elections. The electorate is entitled to information about the sources of a candidate's financial support, but I suggest that this is not the most important thing about him. The most important thing about him is the political philosophy which he espouses, and the voter must be trusted to make the intelligent decision on that question in the voting booth. The voters are the ones qualified to decide what is proper and improper political behavior, not the bureaucrats of the Federal Election Commission. Nor should the bureaucrats have the nearly sole responsibility of deciding how political money shall be parceled out. They are hardly more virtuous than anyone else, and they have their own vested interests as well.

The route to take is to free the political process, not to shackle it further. Our economic life is already regulated to the point of strangulation, and before long we shall be approaching that point in our political life as well. The route to take is to adopt legislation which would, through the tax credit or tax deduction, free the individual to support candidates of his own choice, and leave him free to support such candidates. Let us reject the three r's of restriction, regulation, and rationing in favor of the ideal of responsible freedom.

In making up a list of arguments against the bill, I would just like to list some of the following:

First. S. 926 in the Presidential Election Campaign Fund does not consider the House elections. (The limited funds will go to the Senate only after the Presidential race is funded.) There is no consideration of the impact upon the dollar checkoff fund if H.R. 5157, the companion bill of S. 926, is passed. If both bills are enacted into law, by December 1980 the estimated balance of the Presidential Election Campaign Fund will be from $1.8 to $19.8 million in the red. How will this deficit be made up? The Treasury? Increasing the tax checkoff?

Second. Expenditure ceilings are arbitrary. The present formula for expenditure ceilings is the result of hurried efforts by the proponents to remedy the haphazard effects of the original formula as pointed out in the testimony of Prof. Roy Schotland of Georgetown Law Center. Without additional study or testimony the committee accepted the new formula. How do we know that its impact is any fairer? It does not recognize the differences in geography, travel expense, and media markets peculiar to each State. For example, a candidate in Texas may spend only three times as much as a Utah candidate. However, he must cover 18 times more daily newspapers, 16 times more TV stations, and almost 11 times the voting age population. In addition, there has been no rationale given for the current formula.

Third. Government is bribing the candidate to give up his freedom of speech. Restricting the personal expenditures of a candidate if he accepts public money, arouses the constitutional question as to whether or not the Government has the right to say, in effect, "If we give you money, will you give up your freedom of speech for political purposes?" Mr. John Bolton, attorney for the plaintiffs in Buckley against Volvo, said in testimony:

> It has also been incorrectly assumed that the Supreme Court approved the imposition of expenditure limits when undertaken in connection with a system of subsidies. . . . The issue of upholding expenditure limits only as to subsidized candidates was never briefed or orally argued to the Court.

Fourth. Government will become the most influential special interest. Federal funding allows the Government's regulatory strong arm into yet another phase of democracy: the electoral process. Politicians will be overseeing themselves. That gives great power to one of the strongest special interests known: self-preservation. This is especially true if limited Federal funding is extended to full Federal financing—the expressed intensions of the sponsors of current proposals. Under such a system it is likely to be hard to separate manipulating the rules of the game from manipulating the end result.

Fifth. S. 926 increases the political strength of special interests. The bill leaves "untouched, uncriticized, and unlimited the most blatant manipulation of the American political process: namely, the political use of compulsory union dues"—Loren Smith, counsel to the National Right To Work Committee. It pretends that a $1,000 contribution in cash is bad, while a $1 million contribution in special interest mailings, telephone polling, and staff work does not matter. There is no limit to how much a special interest can spend independently to urge a candidate's election or defeat. In the latter case, the candidate is restricted by an expenditure ceiling in his reply. In such a situation the power of special interest has not been eliminated, but strengthened.

Sixth. It is unfair to independent and minority candidates. Automatic block grants of money to major party candidates, while others must reach a threshold contribtuion level before qualifying for public funds, discriminates against the minority third party and grassroots candidate. The mere fact that they are minority or third party candidates makes it more difficult for them to raise funds. Why should we make fundraising any more difficult for these candidates than for their major party opponents? With this bill, we are restricting our Nation to a two-party system in which one party already has great power over the other.

Seventh. Federal financing would not eliminate special interest influence over candidates. Under this bill, there would continue to be unlimited donations of services to favorite candidates independent of their campaigns. The moneys not contributed directly to campaigns would serve to strengthen lobbying power and extend special interest influence to the State and local level. The only way special interest ties will be severed is for candidates to have the personal integrity to stay out of the back-slapping arena, even though admission is free, or even subsidized. Money designated as "political money" will, most likely, continue to be used for political purposes.

Eighth. It is an incumbent job insurance policy. By simply holding office and performing the official duties thereof, the incumbent enjoys an advantage in today's political process; the remaining advantages are too long to list here. In S. 926, not only do incumbents vote themselves tax dollars to fund their campaigns, but also, by imposing ceilings on election spending, they limit the amount challengers can spend to defeat them.

Ninth. There is no guarantee of receiving 100-percent matching Federal funds. There is a question as to the ability of the Presidential Election Campaign Fund to handle the 1980 Presidential and congressional elections. The current cost estimates account for inflation, but do not account for the influx of candidates to be expected because of the economic law of demand. As costs fall, demand increases; thus, as public money becomes readily available, more candidates can be expected to run and draw upon the dollar checkoff fund. When the fund is extinguished, the matching percentage may fall below 100 percent.

Tenth. Federal funding decreases the need to concentrate at the grass roots level. With limited, but insured, campaign funds, there will be a movement toward a Madison Avenue mass media approach. This will enhance the trend toward vague images and trivialized debate, rather than specific policy stands. Television is a significant political tool; but nothing should further erode the candidate's opportunity to meet the people and explain his or her positions on key issues. With spending limits, candidates would be forced to use the most cost-efficient method of public contact: television. That reliance would be sad in this impersonal world. Yet another inducement to move toward mass media and away from grassroots activity would be the loss of the necessity to go out and raise campaign funds if partial Federal funding were ever extended to full Federal support of elections.

Eleventh. S. 926 spawns another bureaucratic giant. The proponents claim that S. 926 will reduce paperwork, but refrain from noticing the provisions which require more detailed accounting for all contributions by individuals under $100 in order to qualify for Federal matching funds. It has never been the case that as more power is given to an agency, less regulations follow. The opposite is true. As the FEC's power extends to Senate elections, more regulations and paperwork will follow. It is interesting to note that the estimates of administrative cost for the FEC fall from 1978 to 1979, and then there is no estimate for 1980. Can we be expected to believe that as more work is taken on by the FEC, the administrative cost will fall?

Twelfth. Federal financing decreases a candidate's accountability to the public. "With public treasury supplying incumbents reelection money regardless of how they exercise their power, and with challengers handicapped as to what resources they can legally mobilize, incumbents can enjoy an enhanced independence."—ABA Journal, February 1976. As the candidate is relieved more and more of the need to seek private money, he will only become

more and more accountable to a new special interest: the Government.

Thirteenth. Federal funding fosters abuses and fraud. By setting a limit on campaign expenditures, S. 926 may force candidates facing a "do-or-die" battle to compromise the standard by either demanding supporting special interests to increase nondisclosure contributions or to shoot past the expenditure ceiling and doctor disclosures themselves.

Fourteenth. Decreases public interest. When no sacrifice is made, no interest is generated. While taxpayers may desire participation in the election process, if a person can simply check off a box and is made to feel his contribution as an American citizen has been made, he loses his sense of duty and is robbed of his right to be actively included in politics. The checkoff is the easiest means to eliminate, not increase, interest.

Fifteenth. Eliminates the freedom to decide where the money goes. By checking off a box with a sleight of the hand, the taxpayer would be sending his money to unknown ends. He gives up his freedom to say to whom his money will be sent, and may, in fact, be contributing to the expression of moral or political beliefs contrary to his own. If we are going to allow the taxpayer to earmark his taxes, why not expand the privilege and have him say to whom it shall be delivered.

Sixteenth. If one candidate exceeds the expenditure ceiling, Federal funding insures the other of up to 125 percent of the original limit in Federal dollars. Federal funding doubles the ceiling and increases the matching funds for a candidate whose opponent does not choose to accept public funds and indicates that he will exceed the spending ceiling. S. 926 does nothing to lift the ceiling for a candidate whose resources are already inflated by the nondisclosed campaign generosity of special interests. The Government once again gives the edge to the special interest candidate.

Seventeenth. Rewards the amount of contribution rather than a broad base of support. Equal funds will be handed out to each candidate regardless of whether his sources are a few wealthy or many low income citizens. Ten $1,000 contributions are treated the same as 1,000 $10 contributions. No incentive is given to appeal to the masses when the same results can be obtained financially from the upper class few.

Eighteenth. People may support the system in theory, but few in practice want to participate. The highest amount of taxpayer participation in the checkoff system is 25 percent. Merely the scant one-fourth of all those influenced by Federal funding actually support the plan in practice. Obviously, when it comes down to it, they would rather decide themselves where their money is to be used.

Nineteenth. Frivolous candidates will be able to qualify and waste taxpayers' money. Any candidate sliding through the primaries and obtaining either the 25-percent previous election minimum or the $100,000 base may qualify for any kind of unreasonable use of the federally delivered matching funds.

Twentieth. Strengthens the Government's control on the election process. The means by which our elected representatives are selected must remain free from tampering and above reproach. If the Senate places restrictions on self-imposed ceilings, the Government will once again be trespassing into another safeguard of the people's right to decide their own officials. Federal funding will now only lead to what Senator KENNEDY called "comprehensive Federal financing," or 100 percent Federal financial control of elections.

Twenty-first. The FEC is not strong enough to administer and regulate the elections. Expanding from the few Presidential challengers to the many congressional aspirants, the already harrassed FEC would encounter more paperwork and man-hours of work than they are prepared to face. According to Michael J. Malbin in National Journal, the Commission officials are now "frustrated and upset" at the new proposals. Already beseiged by problems of compromised partisanship, slow responsiveness, and inadequate investigative capability, the Commission's troubles would only be beginning should they be forced to administer and enforce rules in congressional elections that they have yet been able to successfully complete.

Twenty-second. Federal funding aids the demise of the two-party system and works toward one-party rule. Any legislation which favors one political party would only serve to bolster that party at the expense of all others. Once one party gained enough majority and continued to grant themselves tenure in their positions, they could pass legislation at their leisure and eliminate the well needed opposition of the second and third parties.

Mr. President, I suggest the absence of a quorum.

Mr. CLARK. If the Senator will withhold, I wanted to ask him about one particular point he made early in his comments.

The Senator pointed out that in his judgment the bill before us favors incumbents. The Senator from New Mexico made this point yesterday, and several other Senators made this point on different occasions.

I want to present these facts and statistics to the Senator from Utah to see if he does not agree with me that a very strong case can be made on the other side, namely, that the present system in fact favors incumbents.

(Mr. MORGAN assumed the chair).

Mr. HATCH. Definitely, in some cases, the present system does favor the incumbent no matter how we look at it. This legislation solidifies and, I think, gives the incumbent even more advantages. If we take third-party candidates into consideration, it becomes even worse.

Mr. CLARK. The Senator has stated his case better than I did; namely, that it is his position that, in fact, this would further aggravate the situation with regard to incumbents. Yet, if we look at the record—and we have records, of course, only since 1972, because that is when the disclosure of funding really took place—I look, naturally, first at the Senator's own race in Utah, my race, and other races. Although it is not altogether clear in his race, I notice that the total expenditures in Utah, with the primary and the general—because we do not keep them separated—Senator HATCH spent $370,517. Senator Moss spent $343,598. Yet Senator HATCH had primary opposition. Since he only outspent Senator Moss by some $27,000, I guess, and had primary opposition, I suspect that the record would show that, in fact, as a challenger, the Senator from Utah (Mr. HATCH) was really outspent by the incumbent, at least in a small way.

Mr. HATCH. There is no question about that. But let me make a point: I do not think that election was won by money.

Mr. CLARK. I understand that, but I am trying to build a case. I think if the Senator looks at a race, not just the Senator's race, but at the races in the period for which we have records, he will find that in the majority of cases, the incumbent, under the present system, outspends even the challenger who wins.

Let me try to finish it, because I am operating on yielded time, from the Senator from Utah.

Senator HAYAKAWA, who just left the Chamber a moment ago, was outspent as a challenger against an incumbent by some $800,000. The Senator from New Mexico (Mr. SCHMITT) was outspent by his opponent.

The Senator who was in the chair a few moments ago (Mr. MOYNIHAN) was outspent by Senator Buckley by almost 2 to 1—$2 million to $1 million.

Senator METZENBAUM was outspent, Senator SASSER, I was in my race, Senator HART of Colorado, Senator HASKELL of Colorado. If we take all of these, not just the ones I have cited, all the ones we have records for, there are 17 cases in which challengers have defeated incumbents and, in 10 of those 17, the incumbent outspent the challenger.

If one takes all of the races—not just where the challenger won, which I think are the critical races—then we see that incumbents indeed, on the average, spent twice as much as nonincumbents.

My point, and I am sorry to take so long to make it, is that, under the present system, incumbents have an enormous advantage. Most challengers—the Senator, myself, Senator HAYAKAWA, Senator SCHMITT, and others—would have been at a distinct advantage had we had exactly the same limitation on our expenditures, because we would have at least had the possibility of not being outspent in our challenging races. That is what this bill would do.

Mr. HATCH. From that particular standpoint, the Senator might be right. But this last election campaign did not embrace these particular principles. The incumbents were not limited by ceilings on campaign spending; neither were the challengers.

The point I am trying to make is that we had an unlimited right to spend in the last election.

What the Senator is saying, or his point, as I understand it, is that the incumbents outspent the challengers in these last elections, and still a number of them lost; therefore, there may not

be much validity in the argument that this bill favors incumbents.

On the other hand, I am trying to say that if this bill were truly trying not to favor incumbents, No. 1, we should then provide matching funds for the primary campaigns or opportunities for the primary campaigns to be fair.

No. 2, let us face it: I think that they are going to have a much easier time raising the money that they have to raise than the challengers.

Let us go a bit further. I do not think we could have run our election in Utah on the amount of $328,000, which is what the campaign limitation would be in Utah. If candidates for an open seat have to spend over the proposed limits to run a competitive race, how can we say this is not an incumbent protection bill?

Mr. CLARK. That was certainly not the case of successful challengers in 1976.

Mr. HATCH. That may be. I happen to believe that the reason the challengers won in 1976 was not because of money. I think it was because of issues. If you look at the winners—Senator HAYAKAWA over Mr. Tunney in California, Senator WALLOP over Mr. McGee in Wyoming. Senator SCHMITT over Mr. Montoya in New Mexico, DICK LUGAR over Mr. Hartke in Indiana, and Mr. HATCH over Mr. Moss in Utah—we find five of the biggest liberals in the history of the Senate going down to defeat in a year when people are sick and tired of deficit spending and financing, big spending, big Government, inflation, unemployment, lack of a defense policy, no energy program, et cetera. I think this was the year of issues, not money.

I can say this: If we had had these limitations on spending, the incumbent would have had a definite advantage, because some of us had to raise more than say, in Utah, $300,000 in order to hang in there and be able to present the message.

Mr. CLARK. The Senator knows his own race more than I do, but how much would he have gone over the spending limit in 1976?

Mr. HATCH. I think both of us spent considerably more than the limit.

Mr. CLARK. The record shows that if the Senator spent $42,000 in the primary, he did not go over it. I do not know how much the Senator spent in the primary election. Remember, this limitation is only for the general election that we are imposing.

Mr. HATCH. I understand that. I think we spent in the neighborhood of $30,000 in the primary.

Mr. CLARK. He would have gone over it by some $10,000.

The FEC figures show that the Senator from Utah (Mr. HATCH) spent $370,571 and Senator Moss $343,598.

Mr. HATCH. I think Mr. Moss spent close to half a million dollars. That is the information I have.

Mr. CLARK. I am only citing the FEC figures.

Mr. HATCH. As I understand it, is was considerably more than the $328,000.

I will say this: In retrospect, had we known anything about politics and running on my particular side of the race, we probably could have gotten by on $328,000 in that campaign. We spent some money pretty unnecessarily.

The point I am trying to make is that I still think this bill definitely adds to the incumbency. By simply holding office, it seems to me, the incumbent, in performing his official duties, has a great advantage.

He also has a great advantage in raising the initial funds and being matched because of the time that he has spent in office. I do not think there is any question about it.

There is no question that the incumbent has definite advantages, anyway, and the Senator is correct in making that statement.

With that, I yield the floor.

ADDITIONAL STATEMENTS SUBMITTED

Mr. PACKWOOD. Mr. President, the Senate is today considering one of the fundamental issues of the American political system—how political campaigns should be financed—but this action by the Senate is premature. The administration has pressured the leadership into calling up this issue in an attempt to steamroll us into action on a bill that is going to give special interest groups more power over Congress.

Instead of public financing, I would rather see the Senate approve a bill recently reported by the Senate Finance Committee, H.R. 3340, which strengthens the tax incentives for individuals to make small political contributions.

My concern is that too few really understand what public financing is or will do. I do not think the administration, the public, the media or Congressmen themselves have looked at the consequences of public financing. If we pass public financing, we will have created a new welfare system—a political welfare system.

Public financing is a fraud. It will hand over to the wealthy and the special interest groups the power to propel their own puppets into the highest political offices in the land. Public financing will take away one of our greatest freedoms—the freedom of choice. We will contribute equally to all, regardless of the strength of our political feelings about a candidate. We would be powerless to choose. Is that a democratic action, or is it a step toward a neutered and imperial Congress?

There is a better system—an alternative—of tax credits which would encourage millions of small contributors, freely exercising their discretion to give to the candidate or party of their choice. By preserving that freedom of choice, we will force candidates to come to the voters for small contributions and candidates will have to be responsible to those thousands of small contributors—not to the wealthy special interest groups who are unaccountable to anybody but their own special interests and momentary passions.

Mr. President, I am asking—no. not just asking, but beseeching—this deliberative body to consider an alternative system, which was introduced by myself, Senator TALMADGE, Senator BAKER, Senator NUNN, and Senator MOYNIHAN last May. It would increase the Federal tax credit for contributions to campaigns to 75 percent of the contribution up to a maximum of $100 on an individual return and $200 on a joint return. In addition, as it was reported out of the Finance Committee it would provide for a quick refund. A person who contributes $50 to his favorite candidate can elect to file a form with the Internal Revenue Service and within 60 days, IRS will send that person a check for 75 percent of that contribution—or $37.50. Or, the contributor can wait to take the $37.50 as a tax credit when he files his taxes.

Mr. President, we have just recently required taxpayers to give us a pay raise. Are we now going to require them to also pay for our campaign billboards? Are we going to wallow up to the public trough once more?

The experience of public financing with Presidential elections is disappointing. One candidate in the 1976 election, Governor Milton Shapp, was ordered by the Federal Election Commission to repay money wrongly claimed in his presidential campaign. If abuse of this magnitude can result with only 1 of 15 Presidential candidates, imagine what awaits us with hundreds or thousands of congressional candidates holding out their hands for billboard money and buttons.

The proponents of S. 926 have as their ultimate goal the total public financing of campaigns with private contributions banned. Their ultimate purpose is clearly shown by a "Dear Colleague" letter dated September 10, 1973, asking for support of legislation which would be an "extension of the Presidential checkoff concept adopted in 1971 to provide Treasury financing of qualified candidates for President and Congress in the general elections." And it would include "full funding for major party candidates." This letter was signed by Senators CRANSTON, KENNEDY, and MATHIAS, among others.

In 1975, Senators CRANSTON, KENNEDY, and MATHIAS cosponsored a public financing bill. The sponsors, in their introductory statement, said:

> We are introducing legislation in the Senate today calling for comprehensive public financing of both primary elections and general elections for the Senate and the House of Representatives.

Among the bill's principal features was—

> Full public funding for candidates of major parties in general elections for the Senate and House of Representatives.
>
> In our view the time has come for full public financing of all elections to Federal office.

In 1977, another public finnacing bill is introduced, this time with a matching grant approach. Once again we see Senators CRANSTON, KENNEDY, and MATHIAS as cosponsors. Whatever retreat for full public financing is represented by S. 926, that retreat is motivated only by a desire to get their noses in the tent. Their ultimate goal of full public financing remains.

If the desire of the proponents of public financing is to prohibit very large donations to political campaigns, it should be noted that individuals can now only contribute $1,000 per election, and committees $5,000 per election. Whether or not those private contribution limits should be further lowered is not addressed by S. 926. Consequent-

ly, my bill does not address that either because I have tried to tailor my bill closely to theirs so that a comparison of the two would not be obscured by secondary and tertiary issues.

However, even if you limit or totally prohibit private donations to political parties and political candidates you cannot constitutionally eliminate either:

First. Large, independent expenditures by an individual or group. The Court in *Buckley* v. *Valeo*, 424 U.S. 1 (1976) made this very explicit when they said:

> It is clear that a primary effect of these expenditure limitations is to restrict the quantity of campaign speech by individuals, groups, and candidates. The restrictions, while neutral as to the ideas expressed, limit political expression "at the core of our electoral process and of First Amendment freedoms." (*Buckley*, supra at 39)
>
> * * * * *
>
> Rather, the constitutionality of Section 608(e)(1) turns on whether the governmental interests advanced in its support satisfy the exacting scrutiny applicable to limitations on core First Amendment rights of political expression.
>
> We find that the governmental interest in preventing corruption and the appearance of corruption is inadequate to justify Section 608(e)(1)'s ceiling on independent expenditures . . . (*Buckley*, supra at 44–45)

Second. You cannot eliminate expenditures by a union, corporation, or other organization to communicate to its members or shareholders even if the union or corporation or organization used its dues or corporate money to pay for the communication. As the Court said in the case of *United States* v. *C.I.O.*, 335 U.S. 106 at 121 (1948):

> If section 313 (see now 2 U.S.C. sec. 441b) were construed to prohibit the publication, by corporations and unions in the regular course of conducting their affairs, of periodicals advising their members, stockholders or customers of danger or advantage to their interests from the adoption of measures, or the election to office of men espousing such measures, the gravest doubt would arise in our minds as to its constitutionality. 335 U.S. at 121.

I will not belabor the point further. The sum of the Court's decisions is simply that you cannot constitutionally limit the right of individuals or groups to independently spend whatever sum they want supporting or opposing whomever they want.

General Motors heir Stewart Mott, who participated in the challenge to the law, said the Buckley decision put "fat cats" like him back in business.

The Washington Post on January 31, 1976, quoted Mott as saying he planned to spend up to $100,000 last year on congressional races and $100,000 on the Presidential race.

In the Washington Star on January 30, 1976, Mott said:

> I may not be able to give all that directly to a candidate in the future, but I will find ways to spend it—and so will Joe Coors.

What this shows is that if you curtail or eliminate private contributions to political candidates and political parties, you do not stop the contributions and expenditures, you simply transfer control of them to private interest groups outside the direction or control of the political mainstream. The impact of this flow of power and authority to large membership organizations was well illustrated in the March 19, 1977, article in the National Journal by Michael J. Malbin. He concluded that organized labor was the real beneficiary of "reform," and not the candidates and political parties. He wrote:

> When Congress amended the campaign finance law in 1974 and 1976, the bills' supporters said they would bring an end to the days when special interests could have undue influence over elections.
>
> It hasn't worked out that way.
>
> The new law has eliminated some of the ways that money can influence politics. But the net result of limiting some contributors has been to increase the power of other big spenders who were permitted to operate as they always did.
>
> The biggest winner was organized labor. The magnitude and sophistication of labor's efforts last year are even more impressive when stacked up against what others could do, particularly on the presidential level. Public financing for the general election campaign shut off private contributions to the two major presidential candidates. Contributions to the national party committees were permitted, but this was limited. In contrast, labor was able to spend as much as it wanted to in communicating with union members and their families, registering them to vote and getting them to the polls.
>
> * * * * *
>
> Labor, not surprisingly, supported the 1974 and 1976 amendments to the campaign finance law. For the future, it supports an extention of public financing to congressional elections . . . public financing could leave labor in as dominant a position on congressional elections as it was in 1976 on the presidential.

The issue therefore is whether total control over these expenditures will be left outside the control of political parties and candidates who offer themselves for election and are held accountable by the voters and by the law. In other words, will total control be left to organizations and individuals unaccountable to anybody but their own special interests and momentary passions. I do not believe it is in the interest of America that the significance of our political parties and their candidates be further diminished and that politics be turned over to the whims of Stewart Mott, Joe Coors and George Meany.

What labor learned in 1976 will soon be discovered by other large membership organizations. Woe be to the candidate, such as former Senator Joe Tydings, who supports gun registration and earns the wrath of the National Rifle Association. Say goodby to the candidate who votes for legal abortion and draws the wrath of "right to life." The amount of money that a candidate could spend under public financing would be dwarfed by the narrowly targeted massive spending of organizations dedicated to the defeat of a candidate whose sole sin was to vote his conscience, and in so doing crossed the passions of a particularly massive and wealthy special interest group.

These independent and wealthy organizations are also independent of accountability to voters which is very critical in our political system.

What happens to the competition of ideas when powerful one-viewpoint organizations can use their resources to subvert the electoral process?

How involved can a citizen feel up against an ideological barrage from a privately run campaign by an individual or organization?

These are vital questions, and in framing answers, we must remember that campaigns are waged to give voters a choice about their representation, not merely for the benefit of the candidates, the political parties, labor unions, the rich or special interest groups.

Instead of trying to shrink the base and influence of political parties and candidates, Congress should try to devise a system of broadening that base so that millions of Americans, exercising their free choice of whom to support, are encouraged to give to the party or candidate of their choice.

On March 10, 1977, the executive director of the Coalition of National Voluntary Organizations—included in the coalition are such organizations as the American Council on Education, the American Hospital Association, Associated Council of the Arts, Council of Jewish Federations and Welfare Funds, Inc., National Urban League, United States Catholic Conference, United Way, and so forth—testified on the tax bill then pending before the Finance Committee.

The coalition was concerned at the perpetual increase in the size of the standard deduction. With each increase in size, fewer taxpayers itemize deductions and more take the standard deduction. As charitable contributions are a tax deduction, the coalition correctly concluded that anything that encourages use of the standard deduction, and therefore discourages itemizing deductions, discourages charitable contributions. As the witness said:

> This will further decrease the inducements to giving by those in low- and middle-income brackets. Because recent studies indicate there is a strong correlation between giving and active participation in charitable endeavors, the effect may extend well beyond the mere loss of financial support." (Hearings before the Committee on Finance, March 10, 1977, page 334.)

The coalition testified that close attention should be paid to the objectives of the Filer Commission Report entitled, "Giving in America: Toward a Stronger Voluntary Sector."

Those objectives included:

First. To increase the number of people who contribute significantly to and participate in nonprofit activities.

Second. To increase the amount of giving.

Third. To increase the inducement to giving by those in low- and middle-income brackets.

Fourth. To preserve private choice in giving.

Are not these objectives exactly the ones we should choose for political parties and candidates?

Nothing is more important to a dy-

namic and thriving political system than vibrant political parties.

Voters can answer their own doubts about our Government by increasing involvement in political parties—and that means financial giving as well as the giving of time and energy.

We should strive to increase the amount of giving.

We should strive to increase the inducement to give by those in low- and middle-income brackets.

Most importantly, we should preserve private choice in giving. A check-off on an income tax form is scarcely the way to give a feeling of choice or personal involvement.

The accountability function applies not simply to candidates but also to voters. Just as we seek to insure that candidates live up to their responsibility, so we should encourage voters to accept their responsibility—not just to vote, but to get involved.

How can any person feel involved as we move toward total public financing of primary and general campaigns?

The individuality of our States and the delicate balance of a federal system was much on the minds of those who drafted the U.S. Constitution. While conceding that much is changed in our society, the value of personal and identifiable representation must not be underestimated.

We are a big, diverse, heterogeneous country with 50 States, all of which are unique.

We worry about a homogenized nation of spectators, and then fall in with an idea such as public financing—which will speed that trend in our politics.

Let us stop selling the people of this Nation short, and let us stop promoting spectator politics.

When the debate on this issue is finished, we will hear of polls and rumors of polls showing that the public supports or opposes public financing of campaigns. To date the only poll in which the voters participated occurred in Oregon in November 1976. On the ballot was an issue providing for public financing of campaigns in Oregon. The issue was very similar to S. 926. There was partial public financing of general election campaigns with a match of public and private funds. The voters of Oregon overwhelmingly rejected this proposal by a vote of 263,738, yes to 659,377, no.

From 1960 to 1962, I was chairman of the Republican Central Committee of Multnomah County in Oregon, the Portland metropolitan area. Every year we had a "Dollars for Republicans Drive." We would knock on doors and ask for contributions of $1 per registered voter. We discovered the ease with which the money could be collected. About 1 house in 3 would make a contribution whether or not the household happened to be Republican or Democrat. Our greatest problem was not in getting donations. It was getting the people to ask for donations.

I commissioned a poll after one of the drives trying to discover why it was that people so willingly gave. The poll discovered that people had a nagging sense of responsibility—that important word again—about politics. Over the years they had heard dozens of advertisements from the League of Women Voters and other civic groups encouraging people to register, encouraging people to vote, and, most importantly, encouraging people to give to the party of their choice. Like most of us, however, they frequently forget to give until asked. Consequently, when these voters were finally asked to give, they had already been presold on the obligation and responsibility.

As the pollster said, they feel that giving to a political party is like going to church. They know they ought to do it.

I was elected to the U.S. Senate in 1968 as an unknown State representative running against a four-term Democratic incumbent. At the start of the campaign, I was told how difficult it would be to raise money and that I would be lucky to match by one-tenth my opponent's fund-raising capabilities.

Recalling my experience as county chairman and the willingness of people to give if asked, I sent many of my young volunteers down the main streets of every town in Oregon, going into every business. They would ask every proprietor and employee if they would be willing to give no more than $25 to my campaign. The incidence of giving was tremendously high.

Again the principle worked. There are legions of citizens willing to make donations only if they are asked. Political parties in the past have depended too long on large contributions. Political parties and political leaders had become lazy. If you could ask one person and get $100,000, why bother to ask 100,000 people for $1? The recent campaign reforms have been good reforms. Because of the limitation on the size of donations, parties, political parties, and candidates in order to raise adequate budgets for campaigning have been forced to look to the small donor.

I am chairman of the Republican Senatorial Campaign Committee. If you look at the record of donations to this committee over the past 5 years, you will see what I am talking about:

NATIONAL REPUBLICAN SENATORIAL COMMITTEE BI-YEARLY CONTRIBUTION ANALYSIS BY LEVEL OF CONTRIBUTION, JANUARY 1973 TO FIRST THIRD 1977

Contribution level	Total dollars	Number of contributions	Average contribution
1973–74			
Under $100	774,787	38,609	$20.05
$100–$499	293,756	1,353	217.10
$500–$999	93,708	179	523.50
$1,000–$4999	912,800	712	1,282.20
$5,000 and above	203,000	20	10,150.00
Total	2,278,051	40,873	55.75
1975–76			
Under $100	812,737	38,839	20.90
$100–$499	333,585	2,416	138.10
$500–$999	98,220	193	508.90
$1,000–$4,999	650,900	524	1,242.20
$5,000 and above	164,000	20	8,200.00
Total	2,059,442	41,992	49.05
January 1–April 30, 1977			
Under $100	341,237	18,937	18.00
$100–$499	58,356	462	126.30
$500–$999	25,700	45	571.10
$1,000–$4,999	22,000	17	1,294.10
$5,000 and above	30,000	5	6,000.00
Total	477,293	19,466	24.50

These figures demonstrate the trend toward more small contributors being involved in political fundraising. The figures can be highlighted as follows:

Year	Contributors [1]	Average contribution
1973–74	40,873	$55.75
1975–76	41,992	49.05
1977 (first 4 months)	19,466	24.50

[1] Number of contributors giving less than $100.

Thus far in 1977, 97.3 percent of our contributors have given less than $100, with an average contribution of $18. I predict that by November 1978 we will have some 150,000 to 200,000 contributors, each with a contribution of less than $100.

What we should be doing in this Congress is not trying to figure out how we can limit and eventually prohibit free choice in private contributions to campaigns. We should be trying to figure out how we can encourage private contributors.

For these reasons, I am introducing a bill to increase the Federal tax credit for contributions to campaigns to 75 percent of the contribution up to a maximum credit of $100 on an individual return and $200 on a joint return.

I chose 75 percent because at that figure the estimated revenue loss very closely approximates the cost of S. 926. The sponsors of S. 926 estimate its annual cost will be $19 million. The Joint Committee on Taxation estimates that the annual cost of my bill would be $16.5 million.

Just as S. 926 limited itself to the public financing of Senate campaigns, so does my bill limit itself to contributions to U.S. Senate campaigns. I find that illogical, but I want to be able to compare apples and apples. If the proponents of S. 926 want to compare the cost of their bill if extended to the House of Representatives, I would be happy to do the same.

Who would benefit from total public financing?

Not the voters, who would lose their voice in campaigns.

Not political parties or candidates, who would be on an electoral handout.

Public financing will serve only the narrow interest of a selfish few.

It will herald a new era of candidates who are independently backed by special interest groups. We'll have a candidate for the right to lifers, the right to workers, teachers, doctors, environmentalists, railroaders, airline pilots, labor—all jerked along, bowing and scraping, by the strings of their particular money changer.

The loser will be the voter. He will have a full slate of choices—but not one that represents his special interest.

Let us not let our foresight be clouded by haste. Let us look down the road at what we will do to freedom of choice, and weigh the weaknesses in the machinations of public financing in Presidential races—and let us ultimately consider a way to make candidates more responsible to the individual—to middle America.

Public financing is not the answer. It is the end of the rainbow for wealthy organizations, and the beginning of a political welfare system.

ORDER FOR RECESS UNTIL 11:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until 11:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS STEVENS, McCLURE, SCHMITT, AND BAKER TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, on tomorrow, after the two leaders have been recognized under the standing order, the following Senators be recognized, each for not to exceed 15 minutes—Senator STEVENS, Senator McCLURE, Senator SCHMITT, and Senator BAKER.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS TO BEGIN NO LATER THAN 12 NOON ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the orders for the recognition of Senators begin tomorrow no later than 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT COMMITTEES MAY HAVE UNTIL 7 P.M. TODAY TO FILE REPORTS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may have until 7 p.m. today to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT RECORD REMAIN OPEN UNTIL 6:30 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the RECORD be left open until 6:30 p.m. today for Senators to enter into the RECORD statements, or to offer bills and resolutions, petitions and memorials.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE M, 95TH CONGRESS, 1ST SESSION—REMOVAL OF INJUNCTION OF SECRECY

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the revised Customs Convention on the International Transport of Goods under Cover of Transport International Routier Carnets (TIR Convention), done at Geneva on November 14, 1975 (Executive M, 95th Congress, first session), which was sent to the Senate today by the President. I also ask that the convention with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the revised Customs Convention on the International Transport of Goods under cover of Transport International Routier Carnets (TIR Convention), done at Geneva on November 14, 1975. I also transmit, for the information of the Senate, the report of the Department of State with respect to the Convention.

The revised TIR Convention is based on the TIR Convention of 1959 to which the United States is a party. The revised TIR Convention contains modernized technical provisions which will facilitate transportation of United States goods. The most important improvements are that the TIR Carnet is now to be printed in English as well as French, and United States goods transported to Europe which arrive late under the TIR Carnet will be protected against administrative delays.

I recommend that the Senate give early and favorable consideration to the Convention and give its advice and consent to ratification.

JIMMY CARTER.

THE WHITE HOUSE, *July 26, 1977.*

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 11:30 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, Mr. STEVENS, Mr. McCLURE, Mr. SCHMITT, and Mr. BAKER will be recognized, each for not to exceed 15 minutes, and at no later than 12 o'clock noon, those special orders will begin.

At the hour of 1 o'clock p.m. tomorrow, the Senate will resume consideration of the pending measure, the public financing bill. The question at that time will be on the adoption of the amendment by Mr. HATFIELD on which there is a one-half hour time limitation. A vote will occur up or down on the Hatfield amendment at 1:30 p.m. tomorrow, and the yeas and nays have been ordered.

The PRESIDING OFFICER. The yeas and nays were withdrawn by unanimous consent.

Mr. ROBERT C. BYRD. I thank the chair.

Rollcall votes may occur during the afternoon on amendments and/or motions in relation to the public financing bill.

A cloture motion will be entered tomorrow on the public financing bill.

RECESS TO 11:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 11:30 a.m. tomorrow.

The motion was agreed to; and at 5:24 p.m., the Senate recessed until tomorrow, Wednesday, July 27, 1977, at 11:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 26, 1977:

DEPARTMENT OF STATE

William Bowdoin Jones, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the United States of America to Haiti.

FEDERAL MARITIME COMMISSION

Richard J. Daschbach, of New Hampshire, to be a Federal Maritime Commissioner for the term expiring June 30, 1982, vice Ashton C. Barrett, term expired.

DEPARTMENT OF STATE

Rodney O'Gliasain Kennedy-Minott, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

Andrew Ivy Killgore, of Florida, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Qatar.

HOUSE OF REPRESENTATIVES—*Tuesday, July 26, 1977*

The House met at 10 o'clock a.m.

Rev. Margaret Ann Muncie, Episcopal chaplain, Vassar College, Poughkeepsie, N.Y., offered the following prayer:

O God, You have brought us to the beginning of this day of service. Help us always to remember the principles upon which this great Nation was founded; the rights to life, liberty, and the pursuit of happiness. Keep us true to them as we endeavor to legislate that which is best for the people of this land. Deliver us from hypocrisy in thought and action. Save us from discord and separation and bond us together in understanding. Guide us we pray in all our deliberations to be mindful of Your will for the good of all people. Grant us, O Lord, the courage to do well those tasks entrusted to us. All this we ask in Your name O God of love. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on July 23, 1977, the President approved and signed a bill of the House of the following title:

H.R. 1551. An act granting the consent of Congress to an amendment to the Sabine River Compact entered into by the States of Texas and Louisiana.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7553) entitled "An act making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes," and that the Senate agreed to the amendment of the House to the amendment of the Senate numbered 12, to the foregoing bill.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 2521. An act to provide for the mandatory inspection of domesticated rabbits slaughtered for human food, and for other purposes;

H.R. 5864. An act to approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes; and

H.R. 6550. An act to authorize certain appropriations for the territories of the United States, to amend certain acts relating thereto, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 91. An act to amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes; and

S. 1613. An act to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of U.S. magistrates, and for other purposes.

THE REVEREND MARGARET A. MUNCIE

(Mr. FISH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FISH. Mr. Speaker, it is my great pleasure to join with my colleagues today in welcoming to the House, Rev. Margaret A. Muncie of Bedford, Westchester County, N.Y. Her opening prayer at this morning's session was inspirational—and signals an appropriate beginning to today's legislative business.

Today, marks another first for Reverend Muncie. In May 1974, she became the first woman to receive a degree at the General Theological Seminary in New York City. For the past 3 years, she has ministered to the students and faculty at Vassar College in Poughkeepsie, Dutchess County, N.Y., as their first woman chaplain. Ordained as a deacon in the Episcopal Church in June 1974, Reverend Muncie became one of this country's first women Episcopal priests on April 25 of this year. Today, she becomes the first ordained woman Episcopal priest to give the prayer in the House of Representatives.

She is not the only member of her family to serve the church in active ministry. Her husband, the Reverend Stephen Bolle, is rector of St. Luke's Episcopal Church in Katonah, Westchester County, N.Y. Reverend Bolle, their infant daughter, Victoria, and niece, Elizabeth Wilson are here today.

Reverend Muncie has just begun her official ministry—and I am delighted that she has given the opening prayer in the House of Representatives of the Congress of the United States. I want to thank you, Mr. Speaker, and the House Chaplain, Edward G. Latch, for you generous cooperation in making Reverend Muncie's appearance here today possible.

As we who serve in this Chamber go about our business, I hope we will heed Reverend Muncie's well-chosen words. Again, I thank her for her insight and wisdom, and I know I speak for my colleagues when I say how honored we are to have her in the House today.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT DURING 5-MINUTE RULE TODAY

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may sit during the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR AD HOC SELECT COMMITTEE ON OUTER CONTINENTAL SHELF TO SIT DURING 5-MINUTE RULE THIS AFTERNOON

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Ad Hoc Select Committee on the Outer Continental Shelf may be permitted to sit during the 5-minute rule this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CONFERENCE REPORT ON H.R. 7932, LEGISLATIVE BRANCH APPROPRIATION ACT, 1978

Mr. SHIPLEY. Mr. Speaker, I call up the conference report on the bill (H.R. 7932) making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 20, 1977.)

Mr. SHIPLEY (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The gentleman from Illinois (Mr. SHIPLEY) is recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. COUGHLIN) is recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. SHIPLEY).

Mr. SHIPLEY. Mr. Speaker, the conference agreement provides appropriations totaling $990,067,800 for fiscal year 1978, which is $13,812,085 above the fiscal year 1977 level enacted to date and $144,653,800 below the budget estimates. The conference action is $61,732,000 above the amount in the bill as it passed the House; however, it includes $162,498,700 for Senate items not considered by the House. Traditionally the Senate housekeeping items are left for decision and insertion by the other body and similarly the Senate does not act on our items. Excluding the Senate items, the conference agreement is $100,766,700 below the House primarily due to the deletion of $55,000,000 for extension of the Capitol, the elimination of $16,900,000 for the Federal Register program, and reductions totaling $34,500,000 through the adoption of provisions permitting the Library of Congress, the Copyright Office, and the Government Printing Office to retain a portion of receipts from fees and sales to offset costs rather than depositing them in the Treasury. The conference total is $1,200,300 below the Senate bill.

Mr. Speaker, upon conclusion of our consideration of this conference action, I will ask permission to include a comparative tabulation of the conference action at this point in the RECORD.

The tabulation referred to follows:

LEGISLATIVE BRANCH APPROPRIATION BILL, 1978 (H.R. 7932)—CONFERENCE SUMMARY

Agency and item	New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978 [1]	New budget (obligational) authority, House bill	New budget (obligational) authority, Senate bill	New budget (obligational) authority, Conference	Conference action compared with— New budget (obligational) authority, fiscal year 1977 (enacted to date)	Conference action compared with— Budget estimates of new (obligational) authority, fiscal years 1977 and 1978	Conference action compared with— House bill	Conference action compared with— Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE I—CONGRESSIONAL OPERATIONS									
SENATE									
Payments to Widows and Heirs of Deceased Members of Congress									
Gratuities, deceased Members	$44,600					−$44,600			
Compensation and mileage of the Vice President and Senators and Expense Allowances of the Vice President, the Leaders, and Whips of the Senate.									
Compensation and mileage of the Vice President and Senators	5,055,530	$6,474,300		$6,474,300	$6,474,300	+1,418,770		+$6,474,300	
1977 supplemental		828,400					−$828,400		
(By transfer)				(828,400)	(828,400)		(+828,400)	(+828,400)	
Expense allowances of the Vice President, majority and minority leaders and majority and minority whips:									
Vice President	10,000	10,000		10,000	10,000			+10,000	
Majority Leader of the Senate	5,000	5,000		5,000	5,000			+5,000	
Minority Leader of the Senate	5,000	5,000		5,000	5,000			+5,000	
Majority Whip of the Senate	1,250	2,500		2,500	2,500	+1,250		+2,500	
Minority Whip of the Senate	1,250	2,500		2,500	2,500	+1,250		+2,500	
Total, expense allowances	22,500	25,000		25,000	25,000	+2,500		+25,000	
Total, Vice President and Senators	5,078,030	6,499,300		6,499,300	6,499,300	+1,421,270		+6,499,300	
1977 supplemental		828,400					−828,400		
(By transfer)				(828,400)	(828,400)		(+828,400)	(+828,400)	
Salaries, Officers and Employees									
Office of the Vice President	654,700	687,500		687,500	687,500	+32,800		+687,500	
1977 supplemental		19,100					−19,100		
Office of the President pro tempore	51,400	111,100		111,100	111,100	+59,700		+111,100	
1977 supplemental		4,200					−4,200		
Office of the Deputy President pro tempore	51,400	111,100		111,100	111,100	+59,700		+111,100	
1977 supplemental		4,200					−4,200		
Offices of the majority and minority leaders	311,100	383,400		383,400	383,400	+72,300		+383,400	
1977 supplemental		61,300					−61,300		
Floor assistants to the majority and minority leaders	42,600	102,900		102,900	102,900	+60,300		+102,900	
1977 supplemental		8,900					−8,900		
Offices of the majority and minority whips	205,500	222,200		222,200	222,200	+16,700		+222,200	
1977 supplemental		9,700					−9,700		
Offices of the secretaries of the conference of the majority and the conference of the minority	58,200	127,300		127,300	127,300	+69,100		+127,300	
1977 supplemental		5,500					−5,500		
Office of the Chaplain	35,400	36,800		36,800	36,800	+1,400		+36,800	
Office of the Secretary	3,507,635	3,705,200		3,205,200	3,205,200	−302,435	−500,000	+3,205,200	
1977 supplemental		163,100					−163,100		
Committee employees	10,148,800	10,284,700		9,284,700	9,284,700	−864,100	−1,000,000	+9,284,700	
1977 supplemental		805,800					−805,800		
Conference committees	482,000	635,700		635,700	635,700	+153,700		+635,700	
1977 supplemental		89,700					−89,700		
Administrative and clerical assistants to Senators	52,167,800	52,200,900		48,200,900	48,200,900	−3,966,900	−4,000,000	+48,200,900	
Legislative assistance to Senators	5,500,000	8,775,000		8,000,000	8,000,000	+2,500,000	−775,000	+8,000,000	
1977 supplemental		1,500,000		1,100,000	1,100,000		−400,000	+1,100,000	
Office of Sergeant at Arms and Doorkeeper	16,278,275	17,292,100		16,681,000	16,681,000	+402,725	−611,100	+16,681,000	
1977 supplemental		11,900					−11,900		
Offices of the secretaries for the majority and minority	326,400	390,300		390,300	390,300	+63,900		+390,300	
1977 supplemental		19,300					−19,300		
Agency contributions and longevity compensation	6,300,000	6,500,000		6,500,000	6,500,000	+200,000		+6,500,000	
Total, salaries, officers and employees	96,121,210	101,566,200		94,680,100	94,680,100	−1,441,110	−6,886,100	+94,680,100	
1977 supplemental		2,702,700		1,100,000	1,100,000		−1,602,700	+1,100,000	
Office of the Legislative Counsel of the Senate									
Salaries and expenses	665,800	759,700		759,700	759,700	+93,900		+759,700	
1977 supplemental		37,200		37,200	37,200			+37,200	

Agency and item	New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978 [1]	New budget (obligational) authority, House bill	New budget (obligational) authority, Senate bill	New budget (obligational) authority, Conference	Conference action compared with— New budget (obligational) authority, fiscal year 1977 (enacted to date)	Conference action compared with— Budget estimates of new (obligational) authority, fiscal years 1977 and 1978	Conference action compared with— House bill	Conference action compared with— Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Contingent Expenses of the Senate									
Senate policy committees	$937,310	$1,253,500		$1,178,500	$1,178,500	+$241,190	−$75,000	+$1,178,500	
1977 supplemental		316,200		96,700	96,700		−219,500	+96,700	
Automobiles and maintenance	45,000	50,000		50,000	50,000	+5,000		+50,000	
Inquiries and investigations	22,778,785	29,441,200		28,441,200	28,441,200	+5,662,415	−1,000,000	+28,441,200	
1977 supplemental		2,500,000		2,500,000	2,500,000			+2,500,000	
Folding documents	95,405	95,400		95,400	95,400	−5		+95,400	
Miscellaneous items	19,102,000	26,073,300		21,476,500	21,476,500	+2,374,500	−4,596,800	+21,476,500	
1977 supplemental		4,587,400		4,587,400	4,587,400			+4,587,400	
Postage stamps	2,685	25,200		25,200	25,200	+22,515		+25,200	
Stationery (revolving fund)	31,650	43,300		37,300	37,300	+5,650	−6,000	+37,300	
Total contingent expenses of the Senate	42,992,835	56,981,900		51,304,100	51,304,100	+8,311,265	−5,677,800	+51,304,100	
1977 supplemental		7,403,600		7,184,100	7,184,100		−219,500	+7,184,100	
Total, Senate	144,902,475	165,807,100		153,243,200	153,243,200	+8,340,725	−12,563,900	+153,243,200	
1977 supplemental		10,971,900		8,321,300	8,321,300		−2,650,600	+8,321,300	
(By transfer)				(828,400)	(828,400)		(+828,400)	(+828,400)	
HOUSE OF REPRESENTATIVES									
Payments to Widows and Heirs of Deceased Members of Congress									
Gratuities, deceased Members	89,200					−89,200			
Compensation and Mileage for the Members									
Compensation of Members	21,543,800	27,760,400	$27,760,400	27,760,400	27,760,400	+6,216,600			
1977 supplemental		3,600,000	3,600,000	3,600,000	3,600,000				
Mileage of Members	210,000	210,000	210,000	210,000	210,000				
Total, compensation and mileage for the Members	21,753,800	27,970,400	27,970,400	27,970,400	27,970,400	+6,216,600			
1977 supplemental		3,600,000	3,600,000	3,600,000	3,600,000				
House Leadership Offices									
Office of the Speaker	493,250	520,400	520,400	520,400	520,400	+27,150			
1977 supplemental		16,000	16,000	16,000	16,000				
Office of the majority floor Leader	313,100	369,100	369,100	369,100	369,100	+56,000			
1977 supplemental		45,300	45,300	45,300	45,300				
Office of the minority floor Leader	313,100	464,100	464,100	464,100	464,100	+151,000			
1977 supplemental		100,700	100,700	100,700	100,700				
Office of the majority whip	279,950	399,000	399,000	399,000	399,000	+119,050			
1977 supplemental		75,800	75,800	75,800	75,800				
Office of the minority whip	279,950	304,000	304,000	304,000	304,000	+24,050			
1977 supplemental		20,400	20,400	20,400	20,400				
Total, House leadership offices	1,679,350	2,056,600	2,056,600	2,056,600	2,056,600	+377,250			
1977 supplemental		258,200	258,200	258,200	258,200				
Salaries, Officers and Employees									
Office of the Clerk	4,987,510	5,819,000	5,819,000	5,819,000	5,819,000	+831,490			
1977 supplemental		166,200	166,200	166,200	166,200				
Office of the Sergeant at Arms	8,909,185	9,352,700	9,352,700	9,352,700	9,352,700	+443,515			
1977 supplemental		570,000	570,000	570,000	570,000				
Office of the Doorkeeper	3,688,010	3,700,600	3,700,600	3,700,600	3,700,600	+12,590			
Office of the Postmaster	1,073,000	1,116,600	1,116,600	1,116,600	1,116,600	+43,600			
Office of the Chaplain	19,800	22,100	22,100	22,100	22,100	+2,300			
Office of the Parliamentarian	233,590	197,600	197,600	197,600	197,600	−35,990			
Compilation of precedents of the House of Representatives	268,600	288,600	288,600	288,600	288,600	+20,000			
Official reporters of debates	532,775	536,300	536,300	536,300	536,300	+3,525			
Official reporters to committees	615,560	619,600	619,600	619,600	619,600	+4,040			
2 printing clerks for majority and minority	31,300	31,300	31,300	31,300	31,300				
Technical assistant, Office of the Attending Physician	28,700	28,700	28,700	28,700	28,700				
House Democratic Steering Committee	382,000	382,000	382,000	382,000	382,000				
House Democratic Caucus	73,300	73,300	73,300	73,300	73,300				
House Republican Conference	455,300	455,300	455,300	455,300	455,300				
6 minority employees	232,900	280,550	280,550	280,550	280,550	+47,650			
1977 supplemental		14,900	14,900	14,900	14,900				
Total, salaries, officers and employees	21,531,530	22,904,250	22,904,250	22,904,250	22,904,250	+1,372,720			
1977 supplemental		751,100	751,100	751,100	751,100				
Committee Employees									
Professional and clerical employees (standing committees)	21,805,000	24,705,000	24,705,000	24,705,000	24,705,000	+2,900,000			
Committee on Appropriations (Studies and Investigations)									
Salaries and expenses	2,618,000	2,768,000	2,768,000	2,768,000	2,768,000	+150,000			
1977 supplemental		135,000	135,000	135,000	135,000				
Committee on the Budget (Studies)									
Salaries and expenses	329,000	261,000	261,000	261,000	261,000	−68,000			
Office of the Law Revision Counsel									
Salaries and expenses	370,350	394,350	394,350	394,350	394,350	+24,000			

Footnotes at end of table.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1978 (H.R. 7932)—CONFERENCE SUMMARY—Continued

Agency and item	New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978 [1]	New budget (obligational) authority, House bill	New budget (obligational) authority, Senate bill	New budget (obligational) authority, Conference	Conference action compared with-			
						New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
HOUSE OF REPRESENTATIVES—Continued									
TITLE I—CONGRESSIONAL OPERATIONS—Cont.									
Office of the Legislative Counsel									
Salaries and expenses	1,358,200	1,682,000	1,682,000	1,682,000	1,682,000	+323,800			
Members' Clerk Hire									
Clerk hire	103,268,000	107,192,000	107,192,000	107,192,000	107,192,000	+3,924,000			
Contingent Expenses of the House									
Allowances and expenses									
Allowances and expenses									
Computer and related services for Members	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000				
Constituent communication expenses	2,195,000	2,738,400	2,738,400	2,738,400	2,738,400	+543,400			
Equipment (purchase, lease, and maintenance)	5,809,000	6,418,000	6,418,000	6,418,000	6,418,000	+609,000			
Official expenses	865,000	3,073,000	3,073,000	3,073,000	3,073,000	+2,208,000			
Postage stamps	133,450	97,700	97,700	97,700	97,700	−35,750			
Rental of district office space (private and Federal)	6,220,000	6,739,280	6,739,280	6,739,280	6,739,280	+519,280			
Transportation for Members	2,350,000					−2,350,000			
Transportation for staff	900,000					−900,000			
Transportation for Members and staff		3,494,000	3,494,000	3,494,000	3,494,000	+3,494,000			
Telegraph and telephone	9,383,000	10,812,500	10,812,500	10,812,500	10,812,500	+1,429,500			
Supplies and materials	1,512,000	1,712,000	1,712,000	1,712,000	1,712,000	+200,000			
1977 supplemental		50,000	50,000	50,000	50,000				
Furniture and furnishings	1,500,000	2,020,000	2,020,000	2,020,000	2,020,000	+520,000			
Reporting hearings	1,525,000	1,598,000	1,598,000	1,598,000	1,598,000	+73,000			
Salaries authorized by House resolutions	2,250,000	2,340,000	2,340,000	2,340,000	2,340,000	+90,000			
Government contributions	11,141,300	12,343,000	12,343,000	12,343,000	12,343,000	+1,201,700			
Miscellaneous items	1,085,500	299,120	299,120	299,120	299,120	−786,380			
Total, allowances and expenses	50,369,250	57,185,000	57,185,000	57,185,000	57,185,000	+6,815,750			
1977 supplemental		50,000	50,000	50,000	50,000				
Stationery (Revolving Fund)									
Allowances	2,853,500	2,853,500	2,853,500	2,853,500	2,853,500				
Special and Select Committees									
Salaries and expenses	25,093,000	32,700,000	32,700,000	32,700,000	32,700,000	+7,607,000			
1977 supplemental		5,700,000	5,700,000	5,700,000	5,700,000				
Total, contingent expenses of the House	78,315,750	92,738,500	92,738,500	92,738,500	92,738,500	+14,422,750			
1977 supplemental		5,750,000	5,750,000	5,750,000	5,750,000				
Total, House of Representatives	253,118,180	282,672,100	282,672,100	282,672,100	282,672,100	+29,553,920			
1977 supplemental		10,494,300	10,494,300	10,494,300	10,494,300				
JOINT ITEMS									
Contingent Expenses of the Senate									
Joint Economic Committee	1,497,975	1,697,100	1,697,100	1,697,100	1,697,100	+199,125			
1977 supplemental		53,300	53,300	53,300	53,300				
Joint Committee on Atomic Energy	709,700	709,900				−709,700	−709,900		
Joint Committee on Printing	511,325	1,081,000	1,081,000	1,081,000	1,081,000	+569,675			
1977 supplemental		40,400	40,400	40,400	40,400				
American Indian Policy Review Commission	363,000					−363,000			
Reappropriations (indefinite)	100,000					−100,000			
Total, contingent expenses of the Senate	3,182,000	3,488,000	2,778,100	2,778,100	2,778,100	−403,900	−709,900		
1977 supplemental		93,700	93,700	93,700	93,700				
Contingent Expenses of the House									
Joint Committee on Taxation	1,725,100	1,948,100	1,948,100	1,948,100	1,948,100	+223,000			
1977 supplemental		172,000	172,000	172,000	172,000				
Joint Committee on Defense Production	177,700	225,000		225,000		−177,700	−225,000		−$225,000
Joint Committee on Congressional Operations (including Office of Placement and Office Management)	743,350	897,300				−743,350	−897,300		
Total, contingent expenses of the House	2,646,150	3,070,400	1,948,100	2,173,100	1,948,100	−698,050	−1,122,300		−225,000
1977 supplemental		172,000	172,000	172,000	172,000				
Office of the Attending Physician									
Medical supplies, equipment, expenses, and allowances	387,800	344,200	344,200	344,200	344,200	−43,600			
Capitol Police									
General expenses	702,000	728,000	724,800	724,800	724,800	+22,800	−3,200		
Capitol Police Board	1,618,860	1,701,400	1,701,400	1,572,000	1,572,000	−46,860	−129,400	−129,400	
Total, Capitol Police	2,320,860	2,429,400	2,426,200	2,296,800	2,296,800	−24,060	−132,600	−129,400	
Education of Pages									
Education of congressional pages and pages of the Supreme Court	180,200	193,700	193,700	193,700	193,700	+13,500			
Official Mail Costs									
Expenses	46,904,000	48,926,000	48,926,000	48,926,000	48,926,000	+2,022,000			
Capitol Guide Service									
Salaries and expenses	406,100	403,700	403,700	403,700	403,700	−2,400			

Agency and item	New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978 [1]	New budget (obligational) authority, House bill	New budget (obligational) authority, Senate bill	New budget (obligational) authority, Conference	Conference action compared with— New budget (obligational) authority, fiscal year 1977 (enacted to date)	Conference action compared with— Budget estimates of new (obligational) authority, fiscal years 1977 and 1978	Conference action compared with— House bill	Conference action compared with— Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Statements of Appropriations									
Preparation	13,000	13,000	13,000	13,000	13,000				
Total, joint items	56,040,110	58,868,400	57,033,000	57,128,600	56,903,600	+863,490	−1,964,800	−129,400	−225,000
1977 supplemental		265,700	265,700	265,700	265,700				
OFFICE OF TECHNOLOGY ASSESSMENT									
Salaries and expenses	7,366,050	9,094,000	7,400,000	7,400,000	7,400,000	+33,950	−1,694,000		
1977 supplemental		55,300					−55,300		
CONGRESSIONAL BUDGET OFFICE									
Salaries and expenses	9,576,600	10,459,000	10,459,000	10,400,000	10,400,000	+823,400	−59,000	−59,000	
ARCHITECT OF THE CAPITOL									
Office of the Architect of the Capitol									
Salaries	1,863,500	2,035,500	2,002,800	2,002,800	2,002,800	+139,300	−32,700		
1977 supplemental		27,400	27,400	27,400	27,400				
Contingent expenses	210,000	120,000	120,000	120,000	120,000	−90,000			
Total, Office of the Architect of the Capitol	2,073,500	2,155,500	2,122,800	2,122,800	2,122,800	+49,300	−32,700		
1977 supplemental		27,400	27,400	27,400	27,400				
Capitol Buildings and Grounds									
Capitol buildings	6,065,500	5,857,600	5,516,000	5,516,000	5,516,000	−549,500	−341,600		
Reappropriations (indefinite)	208,500					−208,500			
Total, Capitol buildings	6,274,000	5,857,600	5,516,000	5,516,000	5,516,000	−758,000	−341,600		
Capitol grounds	1,917,800	2,420,000	1,919,500	1,919,500	1,919,500	+1,700	−500,500		
Reappropriations (indefinite)	94,500					−94,500			
Total, Capitol grounds	2,012,300	2,420,000	1,919,500	1,919,500	1,919,500	−92,800	−500,500		
Senate office buildings	10,853,400	9,338,900		9,102,000	9,102,000	−1,751,400	−236,900	+9,102,000	
Reappropriations (indefinite)	120,000					−120,000			
1977 supplemental		380,000		380,000	380,000			+380,000	
Total, Senate office buildings	10,973,400	9,338,900		9,102,000	9,102,000	−1,871,400	−236,900	+9,102,000	
1977 supplemental		380,000		380,000	380,000			+380,000	
Senate garage	149,800	153,500		153,500	153,500	+3,700		+153,500	
House office buildings	15,101,000	18,457,000	18,176,900	18,176,900	18,176,900	+3,075,900	−280,100		
Capitol Power Plant (operation)	11,239,000	12,317,000	12,317,000	12,317,000	12,317,000	+1,078,000			
Modifications and enlargement, Capitol Power Plant	12,000,000					−12,000,000			
Total, Capitol buildings and grounds	57,749,500	48,544,000	37,929,400	47,184,900	47,184,900	−10,564,600	−1,359,100	+9,255,500	
1977 supplemental		380,000		380,000	380,000			+380,000	
Total, Architect of the Capitol (except Library buildings and grounds, Congressional Cemetery and extension of the Capitol)	59,823,000	50,699,500	40,052,200	49,307,700	49,307,700	−10,515,300	−1,391,800	+9,255,500	
1977 supplemental		407,400	27,400	407,400	407,400			+380,000	
LIBRARY OF CONGRESS									
Congressional Research Service									
Salaries and expenses	20,261,200	[2] 23,317,200	[2] 21,745,000	[2] 21,845,000	[2] 21,795,000	[2] +1,533,800	−1,522,200	+50,000	−50,000
1977 supplemental		132,000	132,000	132,000	132,000				
(By transfer)		(127,000)	(127,000)	(127,000)	(127,000)				
GOVERNMENT PRINTING OFFICE									
Congressional printing and binding	64,650,500	73,937,600	72,102,000	71,674,000	71,674,000	+7,023,500	−2,263,600	−428,000	
Total, title I—Congressional operations	615,738,115	674,854,900	491,463,300	653,670,600	653,395,600	+37,657,485	−21,459,300	+161,932,300	−275,000
1977 supplemental		22,326,600	10,919,400	19,620,700	19,620,700		−2,705,900	+8,701,300	
(By transfer)		(127,000)	(127,000)	(955,400)	(955,400)		(+828,400)	(+828,400)	
TITLE II—RELATED AGENCIES									
BOTANIC GARDEN									
Salaries and expenses	1,233,000	1,307,600	1,283,000	1,283,000	1,283,000	+50,000	−24,600		
LIBRARY OF CONGRESS									
Salaries and expenses	83,617,000	[3] 93,699,000	[3] 87,095,300	[3] 81,995,300	[3] 81,295,000	−2,322,000	−12,404,000	−5,800,300	−700,300
Copyright Office, salaries and expenses	9,769,300	11,017,300	10,945,500	7,945,500	7,945,500	−1,823,800	−3,071,800	−3,000,000	
National Commission on New Technological Uses of Copyrighted Works, salaries and expenses	559,500	520,500	520,500	520,500	520,500	−39,000			
Books for the blind and physically handicapped, salaries and expenses	21,818,000	32,013,000	28,720,700	28,720,700	28,720,700	+6,902,700	−3,292,300		
Collection and distribution of library materials (special foreign currency program):									
Payments in Treasury-owned foreign currencies	2,680,200	3,184,600	3,184,600	3,184,600	3,184,600	+504,400			
U.S. dollars	230,000	256,600	256,600	256,600	256,600	+26,600			
Total, collection and distribution of library materials	2,910,200	3,441,200	3,441,200	3,441,200	3,441,200	+531,000			
Furniture and furnishings	2,942,000	10,680,000	8,030,700	7,030,700	7,030,700	+4,088,700	−3,649,300	−1,000,000	
Total, Library of Congress (except Congressional Research Service)	121,616,000	151,371,000	138,753,900	129,653,900	128,953,600	+7,337,600	−22,417,400	−9,800,300	−700,300

Footnotes at end of table.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1978 (H.R. 7932)—CONFERENCE SUMMARY—Continued

Agency and item	New budget (obligational) authority, fiscal year 1977 (enacted to date)	Budget estimates of new (obligational) authority, fiscal years 1977 and 1978 [1]	New budget (obligational) authority, House bill	New budget (obligational) authority, Senate bill	New budget (obligational) authority, Conference	Conference action compared with— New budget (obligational) authority, fiscal year 1977 (enacted to date)	Conference action compared with— Budget estimates of new (obligational) authority, fiscal years 1977 and 1978	Conference action compared with— House bill	Conference action compared with— Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE II—RELATED AGENCIES—Continued									
ARCHITECT OF THE CAPITOL									
Library Buildings and Grounds									
Structural and mechanical care	2,355,200	2,452,700	2,169,100	2,169,100	2,169,100	−186,100	−283,600		
Reappropriations (indefinite)	71,000					−71,000			
Total, Library buildings and grounds	2,426,200	2,452,700	2,169,100	2,169,100	2,169,100	−257,100	−283,600		
Congressional Cemetery									
Maintenance and preservation		225,000		225,000			−225,000		−225,000
Total, Architect of the Capitol	2,426,200	2,677,700	2,169,100	2,394,100	2,169,100	−257,100	−508,600		−225,000
COPYRIGHT ROYALTY TRIBUNAL									
Salaries and expenses	276,000	726,000	726,000	726,000	726,000	+450,000			
GOVERNMENT PRINTING OFFICE									
Printing and binding	29,988,500	30,780,400	30,127,500	12,952,500	12,952,500	−16,036,000	−17,827,900	−17,175,000	
Office of Superintendent of Documents, salaries and expenses	47,188,400	[4] 47,526,000	46,976,000	21,751,000	21,751,000	−25,437,400	−25,775,000	−25,225,000	
1977 supplemental		900,000		900,000	900,000			+900,000	
Total, Government Printing Office (except Congressional printing and binding)	76,176,900	[4] 78,306,400	77,103,500	34,703,500	34,703,500	−41,473,400	−43,602,900	−42,400,000	
1977 supplemental		900,000		900,000	900,000	+900,000		+900,000	
GENERAL ACCOUNTING OFFICE									
Salaries and expenses	157,089,500	168,641,000	160,000,000	167,000,000	167,000,000	+9,910,500	−1,641,000	+7,000,000	
COST-ACCOUNTING STANDARDS BOARD									
Salaries and expenses	1,700,000	1,837,000	1,837,000	1,837,000	1,837,000	+137,000			
Total, title II—related agencies	360,517,600	404,866,700	381,872,500	337,597,500	336,672,200	−23,845,400	−68,194,500	−45,200,300	−925,300
1977 supplemental		900,000		900,000	900,000			+900,000	
TITLE III—CAPITAL IMPROVEMENTS									
ARCHITECT OF THE CAPITOL									
West central front of the Capitol		55,000,000	55,000,000				−55,000,000	−55,000,000	
SUMMARY									
Grand total, new budget (obligational) authority	976,255,715	[1] 1,134,721,600	928,335,800	991,268,100	990,067,800	+13,812,085	−144,653,800	+61,732,000	−1,200,300
1977 supplemental		[1] 23,226,600	10,919,400	20,520,700	20,520,700		−2,705,900	+9,601,300	
(By transfer)		[1] (127,000)	(127,000)	(955,400)	(955,400)		(+828,400)	(+828,400)	
Consisting of:									
1. Appropriations	975,661,715	[1] 1,134,721,600	928,335,800	991,268,100	990,067,800	+14,406,085	−144,653,800	+61,732,000	−1,200,300
1977 supplemental		[1] 23,226,600	10,919,400	20,520,700	20,520,700		−2,705,900	+9,601,300	
(By transfer)		[1] (127,000)	(127,000)	(955,400)	(955,400)		(+828,400)	(+828,400)	
2. Reappropriations (indefinite)	594,000					−594,000			
RECAPITULATION									
Title I—Congressional operations	615,738,115	674,854,900	491,463,300	653,670,600	653,395,600	+37,657,485	−21,459,300	+161,932,300	−275,000
1977 supplemental		22,326,600	10,919,400	19,620,700	19,620,700		−2,705,900	+8,701,300	
(By transfer)		(127,000)	(127,000)	(955,400)	(955,400)		(+828,400)	(+828,400)	
Title II—Related agencies	360,517,600	404,866,700	381,872,500	337,597,500	336,672,200	−23,845,400	−68,194,500	−45,200,300	−925,300
1977 supplemental		900,000		900,000	900,000			+900,000	
Title III—Capital improvements		55,000,000	55,000,000				−55,000,000	−55,000,000	

[1] Includes budget amendments for fiscal year 1978 totaling $100,881,270 and supplemental estimates for fiscal year 1977 totaling $22,326,600 in H. Docs. 95-93, 95-175, 95-183, and 95—and S. Doc. 95-31.
Excludes $15,500,000 requested by the Government Printing Office for "Acquisition of site and general plans and designs of buildings."

[2] Includes funds for revision of the Annotated Constitution previously carried as a separate appropriation.

[3] Includes funds for distribution of catalog cards; books for the general collections; and books for the library previously carried as separate appropriations.

[4] Reflects transfer of $2,076,000 from Government Printing Office budget to HUD-independent agencies appropriation bill, 1978.

Mr. Speaker, I will not attempt to speak to each of the items we considered in conference. There were a total of 99 amendments, 60 of which related solely to Senate housekeeping items. The remainder are explained fully in the statement accompanying the conference report which was printed in the CONGRESSIONAL RECORD last Wednesday, July 20.

We reached agreement on all but one amendment and that deals with funds for the continuation of the Joint Committee on Defense Production. The House defeated a proposal to restore these funds by a rollcall vote of 172 to 244. The House conferees upheld the House position and when we consider the amendments in disagreement I will move to insist on the House disagreement to the Senate amendment restoring $225,000 for the joint committee.

Perhaps the amendment of most interest to the House relates to the west central front of the Capitol. As you will recall, the House approved the appropriation of $55,000,000 for the extension of the Capitol. The Senate deleted this appropriation and inserted a number of other proposals including a study of space utilization in the Capitol, the preparation of drawings and specifications for the numerous plans for restoration of the west front, and the establishment of a new Commission on the West Central Front of the Capitol. The conferees agreed to these proposals with the addition of the preparation of drawings and specifications for the modified extension proposal already approved by the House.

While preliminary plans for the extension have been made, detailed plans which could be used as a basis for bid invitations have not been made. When detailed plans and specifications have been completed on all of the proposals, both for restoration and extension, the two Committees on Appropriations and the Commission on the West Central Front of the Capitol will be in a much better position to determine what should be done.

The conferees agreed to the provisions restricting the publication of the Congressional Directory to one per session with the preparation of a supplement for the second session of each Congress. This proposal plus the elimination of most hard-bound copies and individual name stamping will result in savings of about $428,000 in 1978.

The conference action provides a limitation of 130 staff employees for the Office of Technology Assessment, along with language to allow flexibility in making appointments during the first few months of the fiscal year while achieving this level of employment. The conferees also allowed the carryover of rental funds that may not be obligated until after the close of the current fiscal year.

Additional administrative staff has been allowed for the Congressional Research Service as well as computer resources for the Library of Congress. As I mentioned earlier, provisions allowing the retention of receipts to offset costs of preparation and sale of Library of Congress materials and copyright activities have been allowed and resulting reductions totaling over $9 million have been agreed to.

The conferees did not agree to the proposed appropriation of $225,000 for maintenance and preservation of the historic sections of the Congressional Cemetery. As I stated earlier, this is an item that should not be in the legislative branch appropriation bill. It is by law under the Veterans' Administration. That agency is not giving the cemetery adequate care and if additional legislation is required to accomplish what needs to be done, I for one will be glad to cosponsor a bill or resolution to do what is necessary. Our committee and the conferees both have denied this item without prejudice.

At the time the bill was in the House we restricted the number of transferable copies of the daily edition of the CONGRESSIONAL RECORD to 34 per Member. The Senate has taken similar action in restricting their copies to 50. The conference action includes language amending the Code to effect this action for both the House and Senate and limiting their transfer only to public agencies and institutions.

The conferees agreed to eliminate the costs of the Federal Register program from the legislative branch budget and have reduced the Government Printing Office budget by $16,900,000 to reflect this action. These costs will have to be budgeted by the executive branch agencies as are other printing costs.

A total of $167,000,000 has been provided for the operation of the General Accounting Office which the Comptroller General advises will cover the costs of inflation over the current year level, but will not permit any increase in staff.

Mr. Speaker, this is a good conference agreement. I urge its adoption.

Mr. SHIPLEY. Mr. Speaker, I have no further requests for time on this side. The minority has been advised that we would take up the legislative conference report today at 10 o'clock.

Mr. COUGHLIN. Mr. Speaker, I reserve my time.

Mr. SHIPLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I appreciate the gentleman yielding.

Mr. Speaker, as I understand it, there is a point in disagreement in the conference report, that is on the matter of the funding for the Joint Committee on Defense Production. The scenario is as follows: The Committee on Appropriations deleted the funding for the Joint Committee on Defense Production for the total amount of about $225,000.

The Senate conferees have insisted on having that joint committee funded to the tune of $225,000. When we come to that point in the discussion on disagreements, I would urge that the House recede to the Senate position.

The picture is very, very clear. This House some several weeks ago passed the Defense Production Act. It was this House that passed the act and it is the Joint Committee on Defense Production that is responsible for the implementation of that act.

Now, the action of the Committee on Appropriations precludes and prevents the act from being implemented properly, if there are no funds for the operation of the joint committee. An argument has been raised that the joint committee has been inefficient and ineffective. I will be the first to concede that apparently in past years this has been true; however, beginning last year I think that the joint committee has established an excellent record of performance and production.

At several points in past CONGRESSIONAL RECORDS, Members will find statements from myself, from Congressman NEAL, and from Senator PROXMIRE, all laying out the record of accomplishment of that joint committee. I would urge, when we come to the matter of disagreement, that the House recede and accept the Senate position.

One thing we ought to bear in mind is that if the Appropriations Committee can take this action on this particular committee, then would it not be true that the Appropriations Committee can take this action on any committee duly established and duly authorized by the House of Representatives? I do not think we want that to happen. Therefore, I take this time to bring the matter to the attention of the House and to urge again that when we come to the disagreements, we recede and accept the Senate position.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for some questions regarding the conference report?

Mr. SHIPLEY. I will be more than pleased to yield.

Mr. BAUMAN. I thank the gentleman for yielding.

First of all, I wanted to ask him a question regarding the Office of Technology Assessment. I notice that the House has receded to the Senate position allowing 130 staff members as a limitation rather than 100 in the House. I know this particular office, OTA, has been plagued by some disagreements among the members of the board, and I am wondering whether or not it is wise at this time to expand the number of staff members in view of that controversy before it is settled.

Mr. SHIPLEY. Basically, I agree with the gentleman from Maryland. The House subcommittee originally set a limitation of 100 staff employees, frankly coming from the gentleman's action in setting a personnel ceiling on the Congressional Budget Office. We went to conference on the item as the Senate had increased the ceiling to 150. It is a fact that OTA has about 138 employees aboard now.

So, the only compromise we were able to come up with the Senate was to settle on a figure of 130. Frankly, I thought it should have been less, but this is what the conferees agreed upon.

Mr. BAUMAN. Will the staff members be employed by the members of the Board themselves, or by the chairman, or by whom?

Mr. SHIPLEY. By the Board, actually. The Board does the hiring and firing on the recommendations of the staff director. There is language that probably gives them some leeway, not restricting them to 130 during the entire fiscal year so that when they do have some skilled people move off, they will be able to hire staff they need to replace them, but by the end of the fiscal year they will be down to 130.

Mr. BAUMAN. But there will be a net reduction of the overall number of employees as a result of this amendment?

Mr. SHIPLEY. Yes. To the best of my knowledge I would say to the gentleman that I believe they have 138 on board today. I am advised that they have 145 today and are in the process of cutting that number down already.

Mr. BAUMAN. Mr. Speaker, further directing the gentleman's attention to the item regarding the Senate office buildings, I know that as a matter of comity we are not supposed to question anything the other body appropriates for its own use, but I notice an amount of more than $9 million to be spent on the Senate office buildings. At least one of these was only constructed a few years ago.

I am wondering what it is that re-

quires $9 million of changes in these two buildings in the coming year.

Mr. SHIPLEY. As I understand it, this is basically for the operation and maintenance of the Senate office buildings, except for $380,000 for preliminary planning for modifications and alterations to the Russell and Dirksen Buildings. The gentleman is absolutely right; I do not question, nor does the committee question, what the Senate does on their own housekeeping items or what small extensions or whatever they do. We always leave this to the Senate to do. Of course, they apply the same practice to us.

Mr. BAUMAN. Perhaps that custom ought to be changed. It seems to me that is an inordinate amount.

The last question I have, could the gentleman give us a general explanation of what the conference has done regarding the so-called extension of the west front? I notice considerable language about how this is to be treated, but I assume the extension plan has been withdrawn.

Mr. SHIPLEY. I will be more than pleased to answer. The committee and the House saw fit to agree to the Architect's modified plan, which would have cost $55 million. As the gentleman very well knows, there has always been a disagreement between the House and Senate for about 11 years now, as to whether we should have restoration or whether we should have extension.

The Senate would not recede on the money we put in for the modified extension. Instead they inserted language to make it possible for the Architect to be in a better position to secure bids and take a hard look at the strict restoration proposal. Basically, there are seven proposals for restoration. In the compromise we insisted that if we are going to go that route—there was some question about the figures for the modified extension—that they treat both fairly, so that next year we will be able to come back and know what strict restoration would cost including the proposal that would involve drilling of some 6,000 holes in the wall, and also what the modified extension would cost. At that time, we will have an opportunity to look over the figures closely and have a better idea at what the various proposals cost. We will have to make up our minds at that time as to what avenue we want to proceed on.

Mr. BAUMAN. The gentleman is saying that the conference language in no way commits the Congress to an actual extension of the west front at this time but reserves the question for the future?

Mr. SHIPLEY. That is absolutely right. It does not commit the Congress either way.

Mr. BAUMAN. I thank the gentleman for his answers.

Mr. SHIPLEY. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mrs. HECKLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 252, nays 152, not voting 29, as follows:

[Roll No. 456]

YEAS—252

Addabbo	Flynt	Pepper
Akaka	Foley	Perkins
Alexander	Ford, Tenn.	Pickle
Allen	Forsythe	Poage
Ambro	Fountain	Preyer
Ammerman	Fowler	Price
Anderson, Calif.	Fraser	Pritchard
Anderson, Ill.	Fuqua	Rangel
Andrews, N.C.	Gaydos	Reuss
Andrews, N. Dak.	Giaimo	Rhodes
Annunzio	Gibbons	Richmond
Applegate	Gonzalez	Roberts
Armstrong	Gore	Robinson
Ashley	Guyer	Rodino
Baldus	Hall	Roe
Barnard	Hamilton	Rogers
Beard, R.I.	Hanley	Roncalio
Bellenson	Harrington	Rooney
Benjamin	Harris	Rose
Biaggi	Hefner	Rosenthal
Bingham	Heftel	Rostenkowski
Blanchard	Hightower	Roybal
Blouin	Hillis	Ruppe
Boggs	Holland	Ryan
Boland	Holtzman	Sarasin
Bonker	Horton	Satterfield
Bowen	Howard	Sawyer
Breaux	Hyde	Scheuer
Brodhead	Ireland	Schroeder
Brooks	Jenrette	Seiberling
Brown, Mich.	Johnson, Calif.	Shipley
Brown, Ohio	Johnson, Colo.	Sikes
Burgener	Jones, N.C.	Simon
Burke, Calif.	Jones, Tenn.	Sisk
Burke, Fla.	Kastenmeier	Skelton
Burleson, Tex.	Kazen	Skubitz
Burlison, Mo.	Krebs	Slack
Burton, Phillip	Krueger	Smith, Iowa
Butler	LaFalce	Solarz
Carney	Le Fante	Spellman
Carter	Lederer	Staggers
Cederberg	Leggett	Stangeland
Chappell	Lehman	Stanton
Chisholm	Lent	Stark
Clay	Lloyd, Calif.	Steed
Collins, Ill.	Long, La.	Steers
Conte	McClory	Stokes
Conyers	McCloskey	Studds
Corman	McCormack	Thompson
Cornell	McDade	Thornton
Cornwell	McFall	Traxler
Cotter	McHugh	Treen
Coughlin	McKay	Tsongas
D'Amours	Mahon	Tucker
Daniel, Dan	Mann	Udall
Danielson	Mathis	Ullman
Davis	Mazzoli	Van Deerlin
de la Garza	Meeds	Vanik
Delaney	Michel	Vento
Dellums	Mikulski	Waggonner
Derrick	Mikva	Walgren
Dicks	Milford	Wampler
Diggs	Miller, Calif.	Waxman
Dingell	Mineta	Weaver
Dodd	Minish	Weiss
Downey	Mitchell, Md.	Whalen
Drinan	Moakley	White
Duncan, Tenn.	Mollohan	Whitehurst
Early	Moorhead, Pa.	Whitten
Eckhardt	Murphy, N.Y.	Wiggins
Edwards, Ala.	Murphy, Pa.	Wilson, Bob
Edwards, Calif.	Myers, Gary	Wilson, C. H.
Eilberg	Myers, John	Wilson, Tex.
Erlenborn	Myers, Michael	Winn
Evans, Colo.	Nedzi	Wolff
Evans, Ga.	Nolan	Wright
Fary	Nowak	Wylie
Fascell	Oakar	Yates
Findley	Oberstar	Yatron
Fisher	Obey	Young, Alaska
Flood	Ottinger	Young, Mo.
Florio	Patten	Young, Tex.
Flowers	Patterson	Zablocki
	Pattison	Zeferetti
	Pease	

NAYS—152

Abdnor	Glickman	Moffett
Archer	Goldwater	Montgomery
Ashbrook	Goodling	Moore
Aspin	Gradison	Moorhead, Calif.
Badham	Grassley	Mottl
Bafalis	Hagedorn	Murphy, Ill.
Baucus	Hammer-schmidt	Natcher
Bauman	Hannaford	Neal
Beard, Tenn.	Hansen	Nichols
Bedell	Harkin	O'Brien
Bennett	Harsha	Panetta
Bonior	Heckler	Pettis
Breckinridge	Hollenbeck	Pike
Brinkley	Holt	Pressler
Broomfield	Hubbard	Pursell
Broyhill	Huckaby	Quayle
Buchanan	Hughes	Quie
Caputo	Ichord	Quillen
Carr	Jacobs	Rahall
Cavanaugh	Jeffords	Regula
Clausen, Don H.	Jenkins	Rinaldo
Clawson, Del	Jones, Okla.	Risenhoover
Cleveland	Kasten	Rousselot
Cochran	Kelly	Rudd
Cohen	Kemp	Runnels
Coleman	Ketchum	Russo
Collins, Tex.	Keys	Santini
Conable	Kildee	Schulze
Crane	Kindness	Sebelius
Cunningham	Kostmayer	Sharp
Daniel, R. W.	Lagomarsino	Shuster
Derwinski	Latta	Smith, Nebr.
Devine	Leach	Snyder
Dickinson	Levitas	Spence
Dornan	Lloyd, Tenn.	St Germain
Edgar	Lott	Steiger
Edwards, Okla.	Lujan	Stockman
Emery	Luken	Stratton
English	Lundine	Stump
Ertel	McDonald	Symms
Evans, Del.	Madigan	Taylor
Evans, Ind.	Maguire	Thone
Fenwick	Markey	Trible
Fish	Marks	Volkmer
Fithian	Marlenee	Walker
Frenzel	Marriott	Walsh
Frey	Martin	Watkins
Gammage	Mattox	Whitley
Gephardt	Meyner	Wirth
Gilman	Miller, Ohio	Wydler
Ginn	Mitchell, N.Y.	

NOT VOTING—29

AuCoin	Dent	McKinney
Badillo	Duncan, Oreg.	Metcalfe
Bevill	Flippo	Moss
Bolling	Ford, Mich.	Murtha
Brademas	Gudger	Nix
Brown, Calif.	Hawkins	Railsback
Burke, Mass.	Jordan	Teague
Burton, John	Koch	Vander Jagt
Byron	Long, Md.	Young, Fla.
Corcoran	McEwen	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. Brademas for, with Mr. Byron against.

Mr. McKinney for, with Mr. Young of Florida against.

Mr. Railsback for, with Mr. Vander Jagt against.

Mr. Ford of Michigan for, with Mr Corcoran of Illinois against.

Until further notice:

Mr. Dent with Mr. AuCoin.
Mr. Bevill with Mr. Brown of California.
Mr. Duncan of Oregon with Mr. McEwen.
Mr. Flippo with Mr. John Burton.
Mr. Metcalfe with Mr. Gudger.
Mr. Moss with Mr. Hawkins.
Mr. Badillo with Mr. Nix.
Mr. Koch with Mr. Long of Maryland.
Ms. Jordan with Mr. Murtha.

Messrs. MADIGAN, RUNNELS, CARR, MOORHEAD of California, DICKINSON, HUBBARD, ERTEL, BROOMFIELD, BUCHANAN, WYDLER, and NATCHER changed their vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

Mr. SHIPLEY. Mr. Speaker, inasmuch as amendments Nos. 1 through 58 relate solely to housekeeping operations of the other body in which by practice the House concurs without intervention, I ask unanimous consent that Senate amendments Nos. 1 through 58 be considered as read, printed in the RECORD, and that they be considered en bloc.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the amendments as follows:

Senate amendments Nos. 1 through 58 inclusive: Page 2, line 2, insert:

(1) SENATE

(2) COMPENSATION AND MILEAGE OF THE VICE PRESIDENT AND SENATORS AND EXPENSE ALLOWANCES OF THE VICE PRESIDENT, THE LEADERS, AND WHIPS OF THE SENATE

(3) COMPENSATION AND MILEAGE OF THE VICE PRESIDENT AND SENATORS

(4) For compensation and mileage of the Vice President and Senators of the United States, $6,474,300.

(5) For an additional amount for "Compensation and Mileage of the Vice President and Senators", fiscal year 1977, $828,400, to be derived by transfer from unobligated balances of any appropriation under the heading "Senate" for fiscal year 1977.

(6) EXPENSE ALLOWANCES OF THE VICE PRESIDENT, MAJORITY AND MINORITY LEADERS AND MAJORITY AND MINORITY WHIPS

For expense allowances of the Vice President, $10,000; Majority Leader of the Senate, $5,000; Minority Leader of the Senate, $5,000; Majority Whip of the Senate, $2,500; and Minority Whip of the Senate, $2,500; in all, $25,000.

(7) SALARIES, OFFICERS AND EMPLOYEES

(8) For compensation of officers, employees, clerks to Senators, and others as authorized by law, including agency contributions and longevity compensation as authorized, which shall be paid from this appropriation without regard to the below limitations, as follows:

(9) OFFICE OF THE VICE PRESIDENT

For clerical assistance to the Vice President, $687,500.

(10) OFFICE OF THE PRESIDENT PRO TEMPORE

For Office of the President Pro Tempore, $111,100.

(11) OFFICE OF THE DEPUTY PRESIDENT PRO TEMPORE

For Office of the Deputy President Pro Tempore, $111,100.

(12) OFFICES OF THE MAJORITY AND MINORITY LEADERS

For Offices of the Majority and Minority Leaders, $383,400.

(13) FLOOR ASSISTANTS TO THE MAJORITY AND MINORITY LEADERS

For Floor Assistants to the Majority and Minority Leaders, $102,900.

(14) OFFICES OF THE MAJORITY AND MINORITY WHIPS

For the Offices of the Majority and Minority Whips, $222,200.

(15) OFFICES OF THE SECRETARIES OF THE CONFERENCE OF THE MAJORITY AND THE CONFERENCE OF THE MINORITY

For Offices of the Secretaries of the Conference of the Majority and the Conference of the Minority, $127,300.

(16) OFFICE OF THE CHAPLAIN

For Office of the Chaplain, $36,800.

(17) OFFICE OF THE SECRETARY

For Office of the Secretary, $3,205,200, including $168,183 required for the purpose specified and authorized by section 74(b) of title 2, United States Code: *Provided*, That, effective October 1, 1977, the Secretary may appoint and fix the compensation of a Third Assistant Parliamentarian at not to exceed $28,056 per annum in lieu of not to exceed $25,718 per annum; a Registrar at not to exceed $19,873 per annum in lieu of not to exceed $17,034 per annum; an Assistant Superintendent, Document Room, at not to exceed $26,553 per annum in lieu of not to exceed $23,380 per annum; a First Assistant, Document Room, at not to exceed $19,873 per annum in lieu of not to exceed $17,034 per annum; a Second Assistant, Document Room, at not to exceed $19,205 per annum in lieu of not to exceed $16,366 per annum; a Chief Indexer at not to exceed $22,044 per annum in lieu of not to exceed $20,040 per annum; a Secretary in the Library at not to exceed $15,698 per annum in lieu of not to exceed $13,694 per annum; an Historian at not to exceed $33,734 per annum in lieu of not to exceed $31,730 per annum; an Associate Historian at not to exceed $22,044 per annum in lieu of not to exceed $19,038 per annum; a Research Assistant to Historian at not to exceed $13,694 per annum in lieu of not to exceed $10,855 per annum; a Secretary to Historian at not to exceed $13,026 per annum in lieu of not to exceed $11,690 per annum; a Chief Documents Specialist at not to exceed $27,555 per annum in lieu of a Special Assistant at not to exceed $24,382 per annum; an Assistant, Digest, at not to exceed $20,040 per annum in lieu of a Clerk at not to exceed $17,368 per annum; an Assistant Bookkeeper, Stationery Room, at not to exceed $14,696 per annum, and four Clerks at not to exceed $13,694 per annum each, in lieu of five Clerks at not to exceed $13,694 per annum each; an Assistant at not to exceed $12,358 per annum in lieu of a Chief Messenger in Document Room at not to exceed $12,358 per annum; an Assistant at not to exceed $11,690 per annum in lieu of a Custodial Assistant at not to exceed $11,690 per annum; a Documents Specialist at not to exceed $16,032 per annum, and five Assistants in Document Room at not to exceed $13,694 per annum each, in lieu of six Assistants in Document Room at not to exceed $13,694 per annum each; a Custodian at not to exceed $13,694 per annum, a Messenger at not to exceed $13,026 per annum, two Assistants at not to exceed $11,356 per annum each, and five Messengers at not to exceed $11,356 per annum each, in lieu of nine Messengers at not to exceed $11,356 per annum each; two Messengers at not to exceed $11,022 per annum each in lieu of two Assistant Messengers at not to exceed $11,022 per annum each; a Lobby Registrar, Public Records Office, at not to exceed $17,034 per annum in lieu of a Secretary, Public Records Office, at not to exceed $17,034 per annum; a Chief Technical Assistant, Public Records Office, at not to exceed $13,694 per annum and four Technical Assistants, Public Records Office, at not to exceed $13,694 per annum each, in lieu of five Technical Assistants, Public Records Office, at not to exceed $13,694 per annum each; seven Reference Assistants at not to exceed $13,694 per annum each in lieu of five Reference Assistants at not to exceed $13,694 per annum each; an Administrative Director at not to exceed $35,738 per annum; a Secretary at not to exceed $20,040 per annum; a Special Deputy to Federal Election Commission at not to exceed $49,933 per annum; and the positions of a Chief Auditor, Public Records Office, at not to exceed $17,034 per annum, an Auditor, Public Records Office, at not to exceed $17,034 per annum, and a Secretary, Public Records Office, at not to exceed $14,028 per annum, are hereby abolished.

(18) COMMITTEE EMPLOYEES

For professional and clerical assistance to standing committees and the Select Committee on Small Business, $9,284,700.

(19) CONFERENCE COMMITTEES

For clerical assistance to the Conference of the Majority and the Conference of the Minority, at rates of compensation to be fixed by the Chairman of each such committee, $317,850 for each such committee; in all, $635,700.

(20) ADMINISTRATIVE AND CLERICAL ASSISTANTS TO SENATORS

For administrative and clerical assistance to Senators, $48,200,900.

(21) LEGISLATIVE ASSISTANCE TO SENATORS

(22) For legislative assistance to Senators, $8,000,000.

(23) For an additional amount for "Legislative assistance to Senators", fiscal year 1977, $1,100,000.

(24) OFFICE OF SERGEANT AT ARMS AND DOORKEEPER

For Office of the Sergeant at Arms and Doorkeeper, $16,681,000: *Provided*, That effective October 1, 1977, the Sergeant at Arms and Doorkeeper may appoint and fix the compensation of an Assistant Chief Clerk at not to exceed $18,036 per annum in lieu of a Clerk at not to exceed $18,036 per annum; a Clerk at not to exceed $17,034 per annum in lieu of a Chief Clerk, Deputy Sergeant at Arms, at not to exceed $17,034 per annum; four Clerks at not to exceed $12,024 per annum each, in lieu of three Clerks at not to exceed $12,024 per annum each and an Assistant Chief Clerk, Deputy Sergeant at Arms, at not to exceed $12,024 per annum; five Clerks at not to exceed $11,022 per annum each and eighteen Telephone Operators at not to exceed $11,022 per annum each, in lieu of four Clerks at not to exceed $11,022 per annum each and nineteen Telephone Operators at not to exceed $11,022 per annum each; a Clerk at not to exceed $10,688 per annum in lieu of a File Clerk at not to exceed $10,688 per annum; six Messengers at not to exceed $11,022 per annum each, in lieu of four Messengers at not to exceed $11,022 per annum each and two Messengers for Service to Press Correspondents at not to exceed $10,020 per annum each; two Parking Attendant Supervisors at not to exceed $10,020 per annum each; fouteen Parking Attendants at not to exceed $4,175 per annum each; a Superintendent of Press Gallery at not to exceed $34,903 per annum in lieu of not to exceed $31,730 per annum; a First Assistant Superintendent of Press Gallery at not to exceed $31,229 per annum in lieu of not to exceed $28,390 per annum; a Second Assistant Superintendent of Press Gallery at not to exceed $24,215 per annum in lieu of not to exceed $22,044 per annum; a Third Assistant Superintendent of Press Gallery at not to exceed $21,376 per annum in lieu of not to exceed $19,372 per annum; a Fourth Assistant Superintendent of Press Gallery at not to exceed $16,867 per annum in lieu of not to exceed $15,364 per annum; a Secre-

tary, Press Gallery, at not to exceed $15,364 per annum in lieu of not to exceed $14,028 per annum; a Superintendent of Radio Press Gallery at not to exceed $34,903 per annum in lieu of not to exceed $31,730 per annum; a First Assistant Superintendent in Radio Press Gallery at not to exceed $31,229 per annum in lieu of not to exceed $28,390 per annum; a Second Assistant Superintendent in Radio Press Gallery at not to exceed $24,215 per annum in lieu of not to exceed $22,044 per annum; a Third Assistant Superintendent in Radio Press Gallery at not to exceed $21,376 per annum in lieu of not to exceed $19,372 per annum; a Superintendent, Periodical Press Gallery, at not to exceed $31,229 per annum in lieu of not to exceed $28,390 per annum; an Assistant Superintendent, Periodical Press Gallery, at not to exceed $21,376 per annum in lieu of not to exceed $19,372 per annum; a Superintendent, Press Photographers' Gallery, at not to exceed $31,229 per annum in lieu of not to exceed $28,390 per annum; an Assistant Superintendent, Press Photographers' Gallery, at not to exceed $21,376 per annum in lieu of not to exceed $19,372 per annum; a Chief Audio Engineer at not to exceed $26,720 per annum in lieu of not to exceed $24,716 per annum; a Video Technician at not to exceed $20,875 per annum in lieu of not to exceed $19,038 per annum; an Appointment Secretary at not to exceed $15,030 per annum in lieu of not to exceed $13,694 per annum; a Secretary at not to exceed $13,026 per annum and a Secretary at not to exceed $12,024 per annum in lieu of two Secretaries at not to exceed $12,024 per annum each; a Chief Cabinetmaker at not to exceed $25,718 per annum in lieu of not to exceed $24,215 per annum; an Assistant Chief Cabinetmaker at not to exceed $22,211 per annum in lieu of not to exceed $20,708 per annum; two Cabinetmakers at not to exceed $17,201 per annum each in lieu of not to exceed $15,698 per annum each; a Cabinetmaker at not to exceed $15,865 per annum in lieu of not to exceed $14,362 per annum; a Finisher at not to exceed $17,201 per annum in lieu of not to exceed $15,698 per annum; an Upholsterer at not to exceed $17,201 per annum in lieu of not to exceed $15,698 per annum; a Telecommunications Director at not to exceed $31,730 per annum in lieu of a Telecommunications Advisor at not to exceed $31,730 per annum; an Assistant Telecommunications Director at not to exceed $23,380 per annum; a Chief Housekeeper at not to exceed $12,692 per annum; an Assistant Chief Janitor at not to exceed $14,696 per annum in lieu of not to exceed $13,360 per annum; a Clerk at not to exceed $9,686 per annum, ten Laborers at not to exceed $10,688 per annum each, and thirty-seven Laborers at not to exceed $9,686 per annum each, in lieu of forty-eight Laborers at not to exceed $9,686 per annum each; a Supervisor, Typewriter Repair Section, at not to exceed $19,873 per annum in lieu of an Automatic Typing Technician at not to exceed $18,370 per annum; an Assistant Supervisor, Typewriter Repair Section, at not to exceed $18,203 per annum in lieu of a Repairman at not to exceed $16,700 per annum; a Purchasing Clerk at not to exceed $13,026 per annum and an Assistant Supervisor, Cheshire Section, at not to exceed $16,032 per annum in lieu of two Senior Addressograph Operators at not to exceed $13,026 per annum each; an Assistant Night Supervisor, Cheshire Section, at not to exceed $13,694 per annum in lieu of a Senior Addressograph Operator at not to exceed $12,859 per annum; two Receiving Clerks at not to exceed $10,688 per annum each and eighteen Laborers, Service Department, at not to exceed $9,686 per annum each in lieu of twenty Laborers, Service Department, at not to exceed $9,686 per annum each; a Time and Attendance Clerk at not to exceed $12,024 per annum and ten Inserting Machine Operators at not to exceed $11,022 per annum each in lieu of eleven Inserting Machine Operators at not to exceed $11,022 per annum each; a Night Supervisor, Duplicating Section, at not to exceed $17,368 per annum in lieu of a Night Foreman, Duplicating Department, at not to exceed $16,366 per annum; an Assistant Night Supervisor, Duplicating Section, at not to exceed $16,199 per annum and three Printing Press Operators at not to exceed $15,364 per annum each in lieu of four Printing Press Operators at not to exceed $15,364 per annum each; a Photostat Operator at not to exceed $11,189 per annum in lieu of a Photostat Helper at not to exceed $10,688 per annum; a Senior Pressman/Repairman at not to exceed $16,199 per annum in lieu of a Senior Pressman at not to exceed $15,364 per annum; an Assistant Supervisor, Warehouse, at not to exceed $12,358 per annum in lieu of a File Clerk at not to exceed $11,356 per annum; a Supervisor, Warehouse, at not to exceed $18,036 per annum in lieu of a Foreman of Warehouse, Service Department, at not to exceed $15,364 per annum; an Assistant Supervisor, Duplicating Section, at not to exceed $17,368 per annum in lieu of an Assistant Foreman, Duplicating Department, at not to exceed $16,363 per annum; a Night Supervisor, Cheshire Section, at not to exceed $14,696 per annum in lieu of a Night Foreman at not to exceed $12,358 per annum; an Assistant Supervisor, Folding Section, at not to exceed $16,032 per annum in lieu of an Assistant Chief Machine Operator at not to exceed $14,696 per annum; a Night Supervisor, Folding Section, at not to exceed $14,696 per annum in lieu of an Assistant Night Supervisor at not to exceed $13,360 per annum; an Assistant Night Supervisor, Folding Section, at not to exceed $13,861 per annum in lieu of an Assistant Night Foreman, Duplicating Department, at not to exceed $12,024 per annum; a Night Superintendent, Service Department, at not to exceed $22,211 per annum in lieu of a Night Supervisor, Service Department, at not to exceed $20,875 per annum; a Mailing Equipment Repairman at not to exceed $15,364 per annum in lieu of not to exceed $14,028 per annum; a Secretary to Superintendent, Service Department, at not to exceed $15,364 per annum in lieu of not to exceed $14,696 per annum; a Truck Driver at not to exceed $15,030 per annum in lieu of not to exceed $14,028 per annum; an Assistant Truck Driver at not to exceed $12,692 per annum in lieu of not to exceed $11,690 per annum; four Warehousemen at not to exceed $10,688 per annum each in lieu of not to exceed $10,020 per annum each; an Inventory Clerk at not to exceed $13,861 per annum; an Assistant Inventory Clerk at not to exceed $11,022 per annum; an Assistant Night Superintendent at not to exceed $21,710 per annum; two Photostat Operators at not to exceed $11,189 per annum each; a Cameraman, Duplicating Section, at not to exceed $15,364 per annum, in lieu of a Cameraman, Duplicating Department, at not to exceed $15,364 per annum; four Mail Specialists at not to exceed $13,861 per annum each in lieu of not to exceed $12,692 per annum each; seventy Mail Carriers at not to exceed $8,517 per annum each in lieu of sixty-seven Mail Carriers at not to exceed $8,517 per annum each; seven Operations Clerks at not to exceed $12,358 per annum each in lieu of five Operations Clerks at not to exceed $12,358 per annum each; twelve Lead Operators at not to exceed $15,364 per annum each in lieu of eight Lead Operators at not to exceed $15,364 per annum each; a Chief Messenger at not to exceed $10,688 per annum and fifteen Messengers at not to exceed $9,686 per annum each in lieu of fourteen Messengers at not to exceed $9,686 per annum each; four Network Technicians at not to exceed $21,710 per annum each in lieu of three Network Technicians at not to exceed $21,710 per annum each; four Training Specialists at not to exceed $21,376 per annum each in lieu of a Training Specialist at not to exceed $21,376 per annum; nineteen Office Systems Specialists at not to exceed $16,366 per annum each in lieu of ten Office Systems Specialists at not to exceed $16,366 per annum each; two Assistant Tape Librarians at not to exceed $12,358 per annum each; four Computer Terminal Installers at not to exceed $9,686 per annum each; a Computer Performance Analyst at not to exceed $20,541 per annum in lieu of a Hardware Services Supervisor at not to exceed $18,704 per annum; an Office Supervisor at not to exceed $18,036 per annum; an Assistant Director, Computer Center, at not to exceed $33,734 per annum in lieu of a Computer Center Manager at not to exceed $33,734 per annum; a Programmer Analyst at not to exceed $24,382 per annum in lieu of a Senior Programmer at not to exceed $24,382 per annum; a Standards Specialist at not to exceed $26,887 per annum in lieu of a Programmer at not to exceed $26,887 per annum; eight Folding Machine Operators at not to exceed $12,525 per annum each in lieu of not to exceed $11,690 per annum each; and the position of a Machine Operator at not to exceed $10,354 per annum, is hereby abolished.

(25) OFFICES OF THE SECRETARIES FOR THE MAJORITY AND MINORITY

For offices of the Secretary for the Majority and the Secretary for the Minority, $390,300: *Provided*, That, effective October 1, 1977, the Secretary for the Majority and the Secretary for the Minority are each authorized to appoint and fix the compensation of such employees as they deem appropriate in lieu of the following positions and such positions are thereby abolished effective October 1, 1977: Assistant Secretary for the Majority at not to exceed $48,931 per annum; Assistant Secretary for the Minority at not to exceed $48,931 per annum; Clerk to the Secretary for the Majority at not to exceed $18,370 per annum; Clerk to the Secretary for the Minority at not to exceed $18,370 per annum; Chief Telephone Page for the Majority at not to exceed $20,040 per annum; Chief Telephone Page for the Minority at not to exceed $20,040 per annum; Telephone Page for the Minority at not to exceed $15,364 per annum; Telephone Page for the Minority at not to exceed $15,364 per annum; Telephone Page for the Majority at not to exceed $13,694 per annum; Telephone Page for the Minority at not to exceed $13,694 per annum; and an Assistant for each Secretary, during emergencies at rates of compensation not exceeding, in the aggregate at any time, $22,712 per annum each, for not more than six months in each fiscal year: *Provided further*, That the gross compensation paid to such employees shall not exceed $143,200 each fiscal year for each Secretary.

(26) AGENCY CONTRIBUTIONS AND LONGEVITY COMPENSATION

For agency contributions for employee benefits and longevity compensation, as authorized by law, $6,500,000.

(27) OFFICE OF THE LEGISLATIVE COUNSEL OF THE SENATE

(28) For salaries and expenses of the Office of the Legislative Counsel of the Senate, $759,700.

(29) For an additional amount for "Office of the Legislative Counsel of the Senate", fiscal year 1977, $37,200.

(30) CONTINGENT EXPENSES OF THE SENATE

(31) SENATE POLICY COMMITTEES

(32) For salaries and expenses of the Majority Policy Committee and the Minority Policy Committee, $589,250 for each such

committee; in all, $1,178,500.

(33) For an additional amount for "Senate Policy Committees", fiscal year 1977, $96,700.

(34) AUTOMOBILES AND MAINTENANCE

For purchase, lease, exchange, maintenance, and operation of vehicles, one for the Vice President, one for the President pro tempore, one for the Deputy President pro tempore, one for the Majority Leader, one for the Minority Leader, one for the Majority Whip, one for the Minority Whip, for carrying the mails, and for official use of the offices of the Secretary and the Sergeant at Arms and Doorkeeper, $50,000.

(35) INQUIRIES AND INVESTIGATIONS

(36) For expenses of inquiries and investigations ordered by the Senate, or conducted pursuant to section 134(a) of Public Law 601, Seventy-ninth Congress, as amended, including $691,213 for the Committee on Appropriations, to be available also for the purposes mentioned in Senate Resolution Numbered 193, agreed to October 14, 1943, and Senate Resolution Numbered 140, agreed to May 14, 1975, $28,441,200.

(37) For an additional amount for "Inquiries and Investigations", fiscal year 1977, $2,500,000.

(38) FOLDING DOCUMENTS

For the employment of personnel for folding speeches and pamphlets at a gross rate of not exceeding $4.27 per hour per person, $95,400.

(39) MISCELLANEOUS ITEMS

(40) For miscellaneous items, $21,476,500: Provided, That no part of this appropriation shall be used to furnish shaving mugs, hairbrushes and combs, or shipping trunks to a Senator unless such Senator requests such item and pays or agrees to reimburse the cost thereof, as determined by the Sergeant at Arms and Doorkeeper of the Senate, and moneys received in payment or reimbursement for any of such items shall be deposited in the Treasury and shall be credited to this appropriation.

(41) For an additional amount for "Miscellaneous Items", fiscal year 1977, $4,587,400.

(42) POSTAGE STAMPS

For postage stamps for the offices of the Secretaries for the Majority and Minority, $420; Chaplain, $200; and for air mail and special delivery postage for the office of the Secretary, $3,125; office of the Sergeant at Arms and Doorkeeper, including an additional $20,000 for the maintenance of a supply of postage stamps in the Senate Post Office, $20,240; and the President of the Senate, as authorized by law, $1,215; in all, $25,200.

(43) STATIONERY (REVOLVING FUND)

For stationery for the President of the Senate, $4,500, and for committees and officers of the Senate, $32,800; in all, $37,300.

(44) ADMINISTRATIVE PROVISIONS

(45) SEC. 101. The unexpended balance of any of the appropriations granted under the heading "Salaries, Officers and Employees" for fiscal year 1977 shall be available to the Secretary of the Senate to pay the increases in the compensation of officers and employees notwithstanding the limitations contained therein.

(46) SEC. 102. Amounts required to be deposited in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund under section 8344 of title 5, United States Code, with respect to any officer or employee of the Senate, including an employee in the office of a Senator, shall be paid from the contingent fund of the Senate during the fiscal year ending September 30, 1978.

(47) SEC. 103. Effective October 1, 1977, the Sergeant at Arms and Doorkeeper of the Senate is authorized to dispose of used or surplus furniture and equipment by trade-in or by sale through the General Services Administration. Receipts from the sale of such furniture and equipment that has been or will be replaced in kind shall be deposited in the United States Treasury for credit to the appropriation for "Miscellaneous Items" under the heading "Contingent Expenses of the Senate". All other receipts from the sale of such furniture and equipment shall be deposited in the United States Treasury as miscellaneous receipts.

(48) SEC. 104. The Secretary of the Senate is authorized to convene a Conference on Senate History, to be held in Washington, D.C. during the month of September 1978, and to expend from the contingent fund of the Senate not to exceed $5,000 for such conference. Such expenditures are authorized for, but not limited to, honorariums (not to exceed $100 for each speaker), transportation and per diem in lieu of subsistence expenses for guest speakers (other than Members of Congress and officers and employees of the United States), stationery and printing for programs, registration forms and proceedings, luncheon meetings, reception, and refreshments. The Secretary of the Senate is authorized to establish a reasonable registration fee for participants at the conference and all receipts therefrom shall be deposited in the United States Treasury for credit to the appropriation for fiscal year 1978 for "Miscellaneous Items" under the heading "Contingent Expenses of the Senate" to offset the costs of the luncheon meetings, reception, and refreshments.

(49) SEC. 105. Effective October 1, 1976, the Secretary of the Senate and the Sergeant at Arms and Doorkeeper of the Senate are authorized to expend from the contingent fund of the Senate such sums as may be necessary, not to exceed $1,000 during any fiscal year, to conduct orientation seminars for new Senators and members of their staffs and similar meetings. Such expenses shall be paid from the contingent fund of the Senate upon vouchers approved by the Secretary of the Senate or Sergeant at Arms and Doorkeeper of the Senate.

(50) SEC. 106. Effective October 1, 1977, the first sentence of section 101 of the Legislative Branch Appropriation Act, 1976 (2 U.S.C. 61a–9a), is amended by striking out "$5,000" and inserting in lieu thereof "$5,500".

(51) SEC. 107. (a) Effective October 1, 1977, any of the following items shall be furnished to a Senator only if such Senator requests such item and pays or agrees to reimburse the cost thereof, as determined by the Sergeant at Arms and Doorkeeper of the Senate:

(1) Shaving mugs.
(2) Hairbrushes and combs.
(3) Shipping trunks.

This subsection shall not apply to any item furnished before the effective date and shall not affect the practices existing before such date with respect to any item so furnished.

(b) Moneys received in payment or reimbursement for items enumerated in subsection (a) shall be deposited in the Treasury and shall be credited to the appropriation for "Miscellaneous Items" under "Contingent Expenses of the Senate".

(52) SEC. 108. (a) Section 202(i) of the Federal Legislative Salary Act of 1964 is amended by striking out the last sentence.

(b) In computing the length of continuous service for purposes of determining the eligibility of an individual under section 106 of the Legislative Branch Appropriation Act, 1963, by reason of the amendment made by subsection (a), service performed prior to the date of the enactment of this Act may be credited, except that no increase in compensation by reason of such amendment shall take effect for any pay period beginning before October 1, 1977, and no monetary benefit by reason of such amendment shall accrue for any period before such date.

(53) SEC. 109. Effective January 3, 1977, the amounts paid to the Vice President, the Majority or Minority Leader of the Senate, or the Majority Whip of the Senate as reimbursement of actual expenses incurred upon certification and documentation pursuant to the third proviso in the paragraph under the heading "EXPENSE ALLOWANCES OF THE VICE PRESIDENT, MAJORITY AND MINORITY LEADERS AND MAJORITY AND MINORITY WHIPS" in the appropriation for the Senate in the Supplemental Appropriations Act, 1977, shall not be reported as income, and the expenses so reimbursed shall not be allowed as a deduction, under the Internal Revenue Code of 1954.

(54) SEC. 110. (a) Section 101 of the Supplemental Appropriations Act, 1977, is amended—

(1) by striking out "Majority Leader of the Senate and the Minority Leader of the Senate" in the first sentence and inserting in lieu thereof "Majority Leader, Minority Leader, and Secretary of the Senate"; and

(2) by striking out "Majority Leader and the Minority Leader" in the last sentence and inserting in lieu thereof "Majority Leader, Minority Leader, and Secretary of the Senate".

(b) The amendments made by subsection (a) shall take effect on August 1, 1977.

(55) SEC. 111. (a) Except as provided in subsection (b), the aggregate of the gross compensation which may be paid to employees in the office of a Senator during each fiscal year under section 105(d) of the Legislative Branch Appropriation Act, 1968, as amended and modified (2 U.S.C. 67–1(d)), is increased by an amount equal to three times the amount referred to in section 105(a)(1) of such Act, as amended and modified.

(b)(1) In the case of a Senator who is the chairman or ranking minority member of any committee, or of any subcommittee that receives funding to employ staff assistance separately from the funding authority for staff of the full committee, the amount referred to in subsection (a) shall be reduced by the amount referred to in section 105(e)(1) of the Legislative Branch Appropriation Act, 1968, as amended and modified, for each such committee or subcommittee.

(2) In the case of a Senator who is authorized by a committee, a subcommittee thereof, or the chairman of a committee or subcommittee, as appropriate, to recommend or approve the appointment to the staff of such committee or subcommittee of one or more individuals for the purpose of assisting such Senator solely and directly in his duties as a member of such committee or subcommittee, the amount referred to in subsection (a) shall be reduced, for each such committee or subcommittee, by an amount equal to (A) the aggregate annual gross rates of compensation of all staff employees of that committee or subcommittee (i) whose appointment is made, approved, or recommended and (ii) whose continued employment is not disapproved by such Senator, if such employees are employed for the purpose of assisting such Senator solely and directly in his duties as a member of such committee or subcommittee thereof as the case may be, or (B) the amount referred to in section 105(e)(1) of the Legislative Branch Appropriation Act, 1968, as amended and modified, whichever is less.

(3) In the case of a Senator who is serving on more than three committees, one of the committees on which he is serving, as selected by him, shall not be taken into account for purposes of paragraphs (1) and (2). Any such Senator shall notify the Secretary of the Senate of the committee selected by him under this paragraph.

(c)(1) A Senator may designate employees

in his office to assist him in connection with his membership on committees of the Senate. An employee may be designated with respect to only one committee.

(2) An employee designated by a Senator under this subsection shall be certified by him to the chairman and ranking minority member of the committee with respect to which such designation is made. Such employee shall be accorded all privileges of a professional staff member (whether permanent or investigatory) of such committee including access to all committee sessions and files, except that any such committee may restrict access to its sessions to one staff member per Senator at a time and require, if classified material is being handled or discussed, that any staff member possess the appropriate security clearance before being allowed access to such material or to discussion of it. Nothing contained in this paragraph shall be construed to prohibit a committee from adopting policies and practices with respect to the application of this subsection which are similar to the policies and practices adopted with respect to the application of section 705(c)(1) of Senate Resolution 4, 95th Congress, and section 106 (c)(1) of the Supplemental Appropriations Act, 1977.

(3) A Senator shall notify the chairman and ranking minority member of a committee whenever a designation of an employee under this subsection with respect to such committee is terminated.

(d) The second sentence of section 105 (d)(2) of the Legislative Branch Appropriations Act, 1968, as amended and modified, is amended—

(1) by inserting after "(i)" the following: "the salaries of three employees may be fixed at rates of not more than the rate referred to in subsection (e)(1), (ii)"; and

(2) by striking out "(ii)" and inserting in lieu thereof "(iii)".

The amendments made by this subsection shall have no effect on section 6(c) of the order, of the President pro tempore issued on October 8, 1976, under section 4 of the Federal Pay Comparability Act of 1970.

(e)(1) Section 106 of the Supplemental Appropriations Act, 1977 (other than subsection (f) thereof) is repealed.

(2) As an exercise of the rulemaking power of the Senate, section 705 of Senate Resolution 4, 95th Congress (other than subsection (h) thereof) is repealed.

(f) This section, and the amendments made by subsection (d) and the repeals made by subsection (e), shall take effect on October 1, 1977.

(56) SEC. 112. (a) Section 506(a) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(a)) is amended—

(1) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) official telegrams and long-distance telephone calls and related services;"

(2) by striking out "and" at the end of paragraph (7) and by striking out paragraph (8) and inserting in lieu thereof the following:

"(8) subject to the provisions of subsection (e), reimbursement of travel expenses incurred by the Senator and employees in his office; and

"(9) reimbursement to each Senator for such other official office expenses as the Senator determines are necessary (not including official office expenses incurred in his State, but including actual transportation expenses incurred by the Senator and employees in his office in the performance of official business in the metropolitan area of Washington, District of Columbia, or, in the case of employees assigned to an office of the Senator in his home State, incurred by such employees in the performance of official business in the general vicinity of the office to which assigned), but only to the extent such expenses do not exceed for any calendar year ten percent of the total amount of expenses authorized to be paid to or on behalf of such Senator under this section for such calendar year."; and

(3) by striking out the last sentence thereof and inserting in lieu thereof the following: "Reimbursement to a Senator and his employees under this section shall be made only upon presentation of itemized vouchers for expenses incurred and, in the case of expenses reimbursed under paragraph (9), only upon presentation of detailed itemized vouchers for such expenses. The reports of the Secretary of the Senate under section 105 of the Legislative Branch Appropriation Act, 1965 (2 U.S.C. 104a) shall contain a separate section setting forth, in detail, all expenses reimbursed under paragraph (9) to each Senator. No reimbursement shall be made under paragraph (5) or (9) for any expense incurred for entertainment or meals.".

(b) Section 506(b)(1) of such Act is amended to read as follows:

"(1) Except as otherwise provided in paragraph (2) of this subsection, the total amount of expenses authorized to be paid to or on behalf of a Senator under this section shall not exceed for calendar year 1977 or any calendar year thereafter an amount equal to one-half of the sum of the amounts authorized to be paid under this section on the day before the date of the enactment of the Legislative Branch Appropriation Act, 1978, to or on behalf of both the Senators from the State which he represents, increased by an amount equal to ten percent thereof and rounded to the next higher multiple of $1,000.".

(c) Section 506(e) of such Act is amended to read as follows:

"(e) A Senator and the employees in his office shall be reimbursed under this section only for actual transportation expenses and per diem expenses (but not exceeding actual travel expenses) incurred by the Senator or employee while traveling on official business within the United States. In the case of an employee, reimbursement shall be made only for trips which begin and end in Washington, District of Columbia, or, in the case of an employee assigned to an office of a Senator in the Senator's home State, on trips which begin and end at the place where such office is located. However, a Senator or an employee in the office of a Senator shall not be reimbursed for any per diem expenses or actual travel expenses (other than actual transportation expenses) for any travel occurring during the sixty days immediately before the date of any primary or general election (whether regular, special, or runoff) in which the Senator is a candidate for public office (within the meaning of section 301(b) of the Federal Election Campaign Act of 1971), unless his candidacy in such election is uncontested. Reimbursement of per diem expenses under this subsection shall be at the rates in effect under section 5702 of title 5, United States Code, for employees of agencies. For purposes of this subsection and subsection (a)(8), an employee in the Office of the Majority Leader, Minority Leader, Majority Whip, or Minority Whip shall be considered to be an employee in the office of the Senator holding such Office.".

(d) Section 3(c)(2) under the heading "Administrative Provisions" in the appropriation for the Senate in the Legislative Branch Appropriation Act, 1975 (2 U.S.C. 59(c)(2)) is amended by striking out "$20,500" and inserting in lieu thereof "$22,550", and by striking out "$500" and inserting in lieu thereof "$550".

(e) The seventh paragraph under the heading "Administrative Provisions" in the appropriation for the Senate in the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 68b) is amended by adding at the end thereof the following: "This paragraph shall not apply with respect to per diem or actual travel expenses incurred by Senators and employees in the office of a Senator which are reimbursed under section 506 of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58).".

(f) The amendments made by subsections (a), (c), (d), and (e) shall take effect on the date of the enactment of this Act. The amendment made by subsection (b) shall take effect as of January 1, 1977.

(g) Effective as of January 1, 1977, the Sergeant at Arms and Doorkeeper of the Senate shall, at the request of a Senator, furnish not more than two Wide Area Telephone Service (WATS) lines to that Senator, the cost of which shall be paid out of the contingent fund of the Senate.

(57) SEC. 113. (a) The Sergeant at Arms of the Senate shall provide for a one-year trial installation of a telecommunication device for use by Senators and members of their staffs to receive communications from deaf persons and persons with speech impairment through the use of a device with keyboard sending capacity.

(b) The printed copy produced by any communication from a deaf person or a person with a speech impairment which is received by the device installed under this section shall be transmitted to the Senator designated in such communication.

(c) The device installed under this section shall have keyboard sending capacity to permit the Senator who receives a communication under subsection (b) to reply to the person sending such communication through the use of such device.

(d) The Sergeant at Arms of the Senate shall establish such procedures as may be necessary to carry out the provisions of this section.

(e) Expenses incurred in carrying out this section shall be paid out of the contingent fund of the Senate upon vouchers approved by the Sergeant at Arms of the Senate.

(58) SEC. 114. Notwithstanding any other provision of law, appropriated funds are available for payment to an individual of pay from more than one position, each of which is in the office of a Senator and the pay for which is disbursed by the Secretary of the Senate, if the aggregate gross pay from those positions does not exceed the amount specified in section 105(d)(2)(ii) of the Legislative Appropriations Act of 1968, as amended and modified.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendments of the Senate numbered 1 through 58, inclusive, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 60: Page 41, line 13, insert: ": *Provided further*, That no part of this appropriation shall be used to prepare a Congressional Directory for the second regular session of the 95th Congress other than a pamphlet supplement to the Congressional Directory for the first session of such Congress."

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 60 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 61: Page 42, line 1, insert:

JOINT COMMITTEE ON DEFENSE PRODUCTION

For salaries and expenses of the Joint Committee on Defense Production, $225,000.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House insist on its disagreement to the amendment of the Senate numbered 61.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. SHIPLEY) and the gentleman from Pennsylvania (Mr. COUGHLIN) are recognized for 30 minutes each.

The Chair recognizes the gentleman from Illinois (Mr. SHIPLEY).

Mr. SHIPLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. THOMPSON).

Mr. THOMPSON. Mr. Speaker, may I ask for clarification of an amendment to H.R. 7932—a Senate amendment relating to the Congressional Directory which was accepted by the House conferees.

This amendment provides that no Congressional Directory would be produced for the 2d session of the 95th Congress, but, instead, the Joint Committee on Printing would issue a "pamphlet supplement" to the Directory that was produced for the current first session.

This, as I understand it, is a cost-saving experiment.

Now, while the language of the bill sets no limit on the size or scope of the "pamphlet supplement," I am concerned by the language in the Senate committee report (No. 95–338, p. 52) which refers to "a 16-page supplement."

To limit a second session supplement to this year's 1,126-page Congressional Directory to merely 16 pages would not only be unreasonable—but impossible, even if the supplement was printed in such tiny type it could be read only with the aid of a high-powered magnifying glass.

At least five new House Members would have to be accounted for in the supplement—their biographies, committee assignments, staffs and so forth.

The supplement also would have to include the new entities—special committees, commissions, boards—created by the first session of this Congress; changes in committee and subcommittee assignments in the House and Senate; corrections in the biographical sketches of those many Members and Senators who include their committee and subcommittee responsibilities.

Based on the history of recent Congresses, for example, the 94th Congress, there are likely to be 472 changes in the designations of administrative assistants and secretaries between the 1st and 2d sessions of this Congress; the committee staff changes will number in the hundreds; there will be at least 100 Committee changes among House members, and 16 among Senators.

To update the status of the executive departments and agencies and the judiciary will require even more changes than the congressional sections to allow for President Carter's reorganizations and the filling of many positions which had been vacant when the current Directory's closeout deadline was reached on March 25, 1977.

Considering all this, would the gentleman from Illinois (Mr. SHIPLEY) please clarify the intent of the amendment concerning the size of the supplement to the Congressional Directory? Is it the intent of this bill to limit that supplement to 16 pages?

Mr. SHIPLEY. Mr. Speaker, I will say to the gentleman from New Jersey, it is not. It would still be up to the Joint Committee on Printing to produce a supplement of reasonable length.

Mr. THOMPSON. While the Members should understand that they will not be provided a new Congressional Directory until April 1979, they may be assured that the Joint Committee on Printing will do its best to produce for the second session, next year, a supplement that will be as worthwhile as possible under the circumstances.

I thank the gentleman from Illinois.

PREFERENTIAL MOTION OFFERED BY MR. MITCHELL OF MARYLAND

Mr. MITCHELL of Maryland. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. MITCHELL of Maryland moves that the House recede from its disagreement and concur with the Senate amendment No. 61.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. SHIPLEY) is recognized for the remainder of his 30 minutes.

Mr. SHIPLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I regret that I am not an attorney, because I need to plead a legal case this morning. But in the absence of any legal training, I will plead my case on the basis of that which is just and right.

The scenario is this: The House conferees have come back in disagreement with the Senate, which is insisting that the Joint Committee on Defense Production be funded. The amount of money involved is $225,000.

Let me trace very briefly what has transpired on this piece of legislation. On May 25, this House moved to extend the joint committee for 2 years under the Defense Production Act. The vote was 385 to 8. Then the matter went to the Appropriations Subcommittee and the full Appropriations Committee and the funding for the joint committee was eliminated.

A number of serious allegations were raised about the effectiveness of the Joint Committee on Defense Production.

As I said earlier today, I will be the first to admit that in past years the Joint Committee on Defense Production had not lived up to its responsibility; however, in the 94th Congress the joint committee was reorganized and during that 94th Congress it established an enviable record in terms of living up to its responsibility.

The argument has been raised that the joint committee's work is duplicative, because it overlaps with other committees, such as the Committee on Armed Services. That simply is not true. The fact is that the chairman of the Committee on Armed Services and our distinguished colleague, the gentleman from Florida (Mr. BENNETT), supported the Joint Committee on Defense Production should be clear-cut evidence that the members of the Committee on Armed Services recognize that there is no overlapping, there is no duplication, and that this joint committee ought to be funded.

What they are talking about is a little matter of $225,000. What is the record of the committee? In 1975, the committee conducted four reviews. Shortly after its reorganization, it conducted a review on the defense priority system. That was an intensive, indepth, review.

May I point out that when the joint committee examined the defense priority system, no other committee of the Congress had ever looked at the defense priority system. It had never been studied by any congressional committee. When we did study it, it led to significant improvements in the operations of that program.

Again, in the same year, in 1975, the committee reviewed the cost accounting standards and waiver and compliance, and that review led to a new policy there: Two productive reviews leading to substantial improvement in two operations. May I point out that in the cost accounting operations, no other committee of this Congress had ever looked at that operation either, so we have the joint committee breaking ground, living up to its mandate, examining two important operations.

Third, the committee review of the Agency on the Enforcement of Standards and Ethical Conduct, which was initiated during the summer of 1975, showed widespread abuse and led to an increased surveillance by the executive agencies and an extensive redrafting of the regulations dealing with the standards of ethical conduct. Now, just on the basis of those reviews alone, I think we can justify the continuance of the Joint Committee on Defense Production. Above and beyond those aspects of the committee's work, last year we conducted further inquiries into difficulties in the defense production system. I regret that I cannot reveal to the Members what transpired on those inquiries, because they were conducted using subpena powers, in closed sessions.

The SPEAKER pro tempore (Mr. NATCHER). The time of the gentleman from Maryland has expired.

Mr. SHIPLEY. Mr. Speaker, I yield 1 additional minute to the gentleman from Maryland.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding to me.

I suggest to the Members that those inquiries, conducted using subpena powers, represented a real indepth study of a

possible potential situation of grave danger in the defense contracting industry. Last year, we looked at the matter of the preparedness, the civil defense preparedness of this Nation, and those hearings were well covered by the media. They were highly publicized, again giving evidence of the fact that the committee has done its work.

I suggest to the Members, my colleagues, that someone has distorted the facts, maybe not intentionally—someone has taken the record of the committee prior to 1975 and attempted to use that prior record to kill off the work of a very important committee.

I would urge—I would urge that the Members support my preferential motion and move to recede and concur with the Senate position on amendment No. 61.

Mr. COUGHLIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I beg the indulgence of my colleagues just very briefly on this question of the Joint Committee on Defense Production. It has been stated that there is some sort of vendetta involved here. There is no vendetta involved here. It is admittedly, a very small amount of money. But there is a principle involved, an important principle. That principle is that no matter how one looks at it, the statutory functions of the joint committee are more properly performed by the Banking Committees, and the oversight functions which have been assumed by the joint committee since 1975 are duplicative of the General Accounting Office, the Armed Services Committee, the Government Operations Committee, and the Appropriations Committee.

Mr. Speaker, I came to Congress in 1969. In 1973 I was assigned to the Committee on Appropriations and I dutifully reported to the District of Columbia Subcommittee and the Legislative Appropriations Subcommittee. In that first year, when we had hearings, we came across an item for the Joint Committee on Defense Production. I said, "What the devil is this" I had never heard of it. But I had only been here for 5 years. Then I found out that most other Members who had been here longer than I had never heard of the Joint Committee on Defense Production either.

So I began to look into the Joint Committee on Defense Production. I discovered it was set up during the Korean war period to analyze our industrial preparedness to meet an emergency situation and to analyze the necessary stockpiles. But after the Korean war, because we were maintaining a high state of military preparedness, it lapsed into somnolence. In 1972 it held 3 days of hearings and printed its 21st annual report. In 1973, it held no days of hearings and printed its 22d annual report. In 1974 it held no days of hearings and printed its 23d annual report. In 1975 it held 2 days of hearings and printed its 24th annual report.

In 1974 I said to myself, "I wonder if this Congress can undo something it has done." We can create committees like they are going out of style, but can we ever decreate a committee?

And when the Joint Committee on Defense Production came before our subcommittee, I suggested we cut its funds. I was told that the chairman of the commitee was the dean of the House and it would only be a few more years and I withheld.

Again, in 1975, when we looked into the Joint Committee on Defense Production, they said that it already had been authorized. In November 1975, I introduced an amendment to deauthorize the committee, effective June 30, 1976, which was passed by this House. In conference that was extended to September 30, 1977. And again it was extended further this year.

In fiscal year 1977, as the gentleman from Maryland pointed out, the joint committee did, indeed, become active. I do not deny that. It became a very active committee. But no matter how we look at it, the activity in the oversight field that it started to do was duplicative of other committees and other committees' work.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

Mr. Speaker, I think the gentleman is making a very good point. Obviously, the oversight of defense production and the impact of defense production on our defense industry should propertly be a responsibility of the Armed Services Committee and is, in fact, a responsibility of the Armed Services Committee. There may have been some bookkeeping procedures which this Joint Defense Production Committee has pursued in the last couple of years, but it is hard for me to believe that my good friend, the gentleman from Maryland, is really deeply interested in promoting defense production because I remember the amendment which he offered to the first budget resolution to cut $14 billion from it. I believe he also led the fight against the first budget resolution after the House had restored the full amount that President Carter had asked for defense. So it does seem to me that the gentleman from Pennsylvania is correct that continuing this committee would put it at cross purposes with the responsibilities and the objectives of the Armed Services Committee.

Mr. TSONGAS. Mr. Speaker, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Massachusetts.

Mr. TSONGAS. I thank the gentleman for yielding.

Mr. Speaker, the argument has been made that the functions, which admittedly are important, would be assumed by either the Armed Services Committee or the Banking Committee. The fact of the matter is that it would not be assumed by the Armed Services Committee. In fact, it is also true that the chairman of the House Banking Committee and the chairman of the Senate Banking Committee both want the Joint Committee to be sustained, which would suggest that any transfer to the Banking Committees would not be as useful as the gentleman suggested.

Mr. COUGHLIN. Mr. Speaker, there are two categories of functions performed by the joint committee. The routine functions would go to the Banking Committees. The oversight functions belong to the appropriate authorizing committees.

Mr. Speaker, this House voted just a few weeks ago by a vote of 244 to 172 to sustain the position of the Appropriations Committee and eliminate funding for the Joint Committee on Defense Production. A no-vote will sustain that House position. I urge a no-vote.

The SPEAKER pro tempore. The question is on the preferential motion offered by the gentleman from Maryland (Mr. MITCHELL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MITCHELL of Maryland. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 160, nays 250, not voting 23, as follows:

[Roll No. 457]

YEAS—160

Addabbo	Foley	Obey
Akaka	Ford, Tenn.	Ottinger
Allen	Fraser	Panetta
Ammerman	Gephardt	Patterson
Andrews, N.C.	Giaimo	Pattison
Aspin	Ginn	Pease
AuCoin	Glickman	Perkins
Baldus	Gonzalez	Pike
Barnard	Gore	Pritchard
Beard, R.I.	Hamilton	Quayle
Bedell	Harkin	Rangel
Bellenson	Harrington	Reuss
Benjamin	Harris	Richmond
Bennett	Hawkins	Rodino
Bevill	Heckler	Roe
Biaggi	Hollenbeck	Rosenthal
Bingham	Holtzman	Roybal
Blanchard	Horton	Russo
Blouin	Howard	Ryan
Boland	Hughes	Scheuer
Bonior	Jacobs	Schroeder
Bonker	Kastenmeier	Seiberling
Breckinridge	Kildee	Sharp
Brinkley	Kostmayer	Simon
Brodhead	Krebs	Skelton
Brown, Mich.	Lehman	Solarz
Buchanan	Long, Md.	Spellman
Burke, Calif.	Luken	St Germain
Burton, Phillip	Lundine	Stanton
Carney	McCormack	Stark
Cavanaugh	McFall	Steers
Chisholm	McHugh	Stokes
Clay	Maguire	Studds
Conyers	Markey	Thompson
Corman	Mattox	Tsongas
Cornell	Meyner	Udall
Cornwell	Mikulski	Ullman
D'Amours	Mikva	Van Deerlin
Dellums	Miller, Calif.	Vanik
Diggs	Mineta	Vento
Dingell	Minish	Volkmer
Dodd	Mitchell, Md.	Walgren
Drinan	Moakley	Waxman
Early	Moffett	Weaver
Eckhardt	Moorhead, Pa.	Weiss
Edgar	Murphy, Ill.	Whalen
Edwards, Calif.	Murphy, N.Y.	Whitley
Ellberg	Murphy, Pa.	Wirth
Evans, Ind.	Neal	Wolff
Fascell	Nichols	Wylie
Fisher	Nolan	Yates
Fithian	Nowak	Yatron
Flood	Oakar	
Florio	Oberstar	

NAYS—250

Abdnor	Fuqua	Myers, John
Alexander	Gammage	Myers, Michael
Ambro	Gaydos	Natcher
Anderson, Calif.	Gibbons	Nedzi
	Gilman	Nix
Anderson, Ill.	Goldwater	O'Brien
Andrews, N. Dak.	Goodling	Patten
	Gradison	Pepper
Annunzio	Grassley	Pettis
Applegate	Gudger	Pickle
Archer	Guyer	Poage
Armstrong	Hagedorn	Pressler
Ashbrook	Hall	Preyer
Ashley	Hammer-schmidt	Price
Badham		Pursell
Bafalis	Hanley	Quie
Baucus	Hannaford	Quillen
Bauman	Hansen	Rahall
Beard, Tenn.	Harsha	Railsback
Boggs	Hefner	Regula
Bolling	Heftel	Rhodes
Bowen	Hightower	Rinaldo
Breaux	Hillis	Risenhoover
Brooks	Holland	Roberts
Broomfield	Holt	Robinson
Brown, Ohio	Hubbard	Rogers
Broyhill	Huckaby	Roncalio
Burgener	Hyde	Rooney
Burke, Fla.	Ichord	Rose
Burleson, Tex.	Ireland	Rostenkowski
Burlison, Mo.	Jeffords	Rousselot
Butler	Jenkins	Rudd
Caputo	Jenrette	Runnels
Carter	Johnson, Calif.	Ruppe
Cederberg	Johnson, Colo.	Santini
Chappell	Jones, N.C.	Sarasin
Clausen, Don H.	Jones, Okla.	Satterfield
	Jones, Tenn.	Sawyer
Clawson, Del	Kasten	Schulze
Cleveland	Kazen	Sebelius
Cochran	Kelly	Shipley
Cohen	Kemp	Shuster
Coleman	Ketchum	Sikes
Collins, Ill.	Kindness	Sisk
Collins, Tex.	Krueger	Skubitz
Conable	Lagomarsino	Slack
Conte	Latta	Smith, Iowa
Corcoran	Le Fante	Smith, Nebr.
Cotter	Leach	Snyder
Coughlin	Lederer	Spence
Crane	Leggett	Staggers
Cunningham	Lent	Stangeland
Daniel, Dan	Levitas	Steed
Daniel, R. W.	Lloyd, Calif.	Steiger
Danielson	Lloyd, Tenn.	Stockman
Davis	Long, La.	Stratton
de la Garza	Lott	Stump
Delaney	Lujan	Symms
Derrick	McClory	Taylor
Derwinski	McCloskey	Thone
Devine	McDade	Thornton
Dickinson	McDonald	Traxler
Dicks	McKay	Treen
Dornan	Madigan	Trible
Duncan, Oreg.	Mahon	Vander Jagt
Duncan, Tenn.	Mann	Waggonner
Edwards, Ala.	Marks	Walker
Edwards, Okla.	Marlenee	Walsh
English	Marriott	Wampler
Erlenborn	Martin	Watkins
Ertel	Mathis	White
Evans, Colo.	Mazzoli	Whitehurst
Evans, Del.	Meeds	Whitten
Evans, Ga.	Michel	Wiggins
Fary	Milford	Wilson, Bob
Fenwick	Miller, Ohio	Wilson, C. H.
Findley	Mitchell, N.Y.	Wilson, Tex.
Fish	Mollohan	Winn
Flowers	Montgomery	Wright
Flynt	Moore	Wydler
Forsythe	Moorhead, Calif.	Young, Alaska
Fountain		Young, Mo.
Fowler	Moss	Young, Tex.
Frenzel	Mottl	Zablocki
Frey	Myers, Gary	Zeferetti

NOT VOTING—23

Badillo	Downey	McEwen
Brademas	Emery	McKinney
Brown, Calif.	Flippo	Metcalfe
Burke, Mass.	Ford, Mich.	Murtha
Burton, John	Jordan	Teague
Byron	Keys	Tucker
Carr	Koch	Young, Fla.
Dent	LaFalce	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Byron against.

Mr. Brademas for, with Mr. Teague against.

Mr. Ford of Michigan for, with Mr. LaFalce against.

Mr. Murtha for, with Mr. Young of Florida against.

Until further notice:

Mr. Dent with Mr. Tucker.

Ms. Jordan with Mr. Metcalfe.

Mr. Koch with Mr. Flippo.

Mr. Badillo with Mr. Downey.

Mrs. Keys with Mr. Carr.

Mr. John Burton with Mr. Brown of California.

Messrs. FOLEY, WOLFF, BONKER, and AKAKA changed their votes from "nay" to "yea."

Mr. SANTINI changed his vote from "yea" to "nay."

So the preferential motion was rejected.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. SHIPLEY).

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 67: Page 47, strike out lines 4 through 8 and insert: *Provided*, That, effective October 1, 1977, section 441(c)(2) of the Legislative Reorganization Act of 1970 (40 U.S.C. 851(c)(2)) is amended by striking out "a Chief Guide and an Assistant Chief Guide" and inserting in lieu thereof "a Chief Guide, a Deputy Chief Guide, and an Assistant Chief Guide": *Provided further*, That none of these funds shall be used to employ more than twenty-eight individuals: *Provided further*, That the Capital Guide Board is authorized, during emergencies, to employ not more than two additional individuals for not more than one hundred twenty days each for the Capitol Guide Service.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 67 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 70: Page 48, line 21, insert: prevent staff appointments necessary to maintain an operating balance between professional staff skills and support staff.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 70 and concur therein.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. SHIPLEY) and the gentleman from Pennsylvania (Mr. COUGHLIN) are recognized for 30 minutes each.

The Chair recognizes the gentleman from Illinois (Mr. SHIPLEY).

Mr. SHIPLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, first I want to thank the gentleman from Illinois for yielding.

The matter I wish to present to the House is on an amendment that is numbered 85 in the report but which will not be voted on because the Senate had receded from their position, but it pertains to the appropriation for the Congressional Cemetery.

I think it is important that the House remind itself of what happened here last year. The congressional Bicentennial Joint Committee was appointed by the Speaker and by the Vice President and that committee set about carrying out the various functions and obligations of its work for our Bicentennial Year. One of the projects we adopted was to recommend a very small amount of money for the restoration of the Congressional Cemetery here, only about 15 blocks from the Capitol on Pennsylvania Avenue. That measure was adopted by the House and by the Senate. We authorized a total of up to $225,000 to repair and restore the Congressional Cemetery.

Having authorized it, we are still having difficulty in getting appropriations. The legislation that was passed would have authorized approximately $175,000 for the restoration and maintenance of a portion of the Congressional Cemetery and about $50,000 for a study under the direction of the Architect of the Capitol.

Accordingly, that was referred to the Interior Committee, Appropriations Committee, but that committee did not put it in their legislative section. It is not in this committee's appropriation for the legislative branch. Therefore at this point we have a bill authorized but no money being appropriated.

We have talked to the various committees and everybody seems to be for it. I take it that the leadership is for it because they recommend it as an official project of the U.S. Congress, and yet we continually are running up against a blank wall or a dead end street, so to speak, because nobody will appropriate the money, and yet everybody is for it.

Mr. Speaker, I would like to yield to the gentlewoman from Louisiana (Mrs. BOGGS), the chairman of that Bicentennial Committee, who did a great deal of work and who assiduously has been trying to find some committee to lend a sympathetic ear to this appropriation matter.

Mrs. BOGGS. Mr. Speaker, I thank the gentleman for yielding.

The reason this particular appropriation measure went to the Legislative Committee was that during the deliberations in the Interior Authorizing Committee, they had asked the Interior Department to come forward with several recommendations about what could be done to assume congressional responsibility for the historic sections of the Congressional Cemetery. Under the study that was brought forth by the Interior Department to the Committee on the Interior one of the recommendations was an in-house study of the needs by the Architect of the Capitol. We have the in-house capability to perform a study of the needs and the in-house capability of being able to repair and restore some of

the old historic section and underground drainage and the beautiful old fence that is a replica of the first fence around the Capitol grounds, so that the work under the Architect's direction that was started in the historic section would be preserved and any kind of vandalism would be prevented. The appointed Committee on Appropriations for the legislative branch ended up with this particular appropriations measure. Now that they have denied the appropriations and we have not assumed our responsibility in these regards, I would hope we could make some legislative history seeing that this was done without prejudice and we would find some other ways of being able to fund the responsibility of the Members of Congress to take care of this historic section of the Congressional Cemetery.

Mr. Speaker, I thank the gentleman for yielding.

Mr. PICKLE. Mr. Speaker, I thank the gentlewoman.

Mr. Speaker, the conference report specifically says that "the conferees are not unsympathetic to the plight of the Congressional Cemetery; however, under the provisions of the National Cemetery Act of 1973, responsibility for maintenance of the Congressional Cemetery comes under the jurisdiction of the Veterans' Administration." Now, this cemetery is not classified as an official Veterans' Administration Cemetery. We understand that; although, the Veterans' Administration now does actually mow the grounds, and try to do some basic upkeep work.

We are asking for this $175,000, along with a study to give us a better idea of what can be done on a one-time basis, a very, very small amount of money, and yet we just cannot get any committee to say it is their responsibility.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Speaker, I very much appreciate the gentleman bringing this to the floor. I have a special question I would like to ask, which is from my lack of information on the subject. It goes to this point. Does the study contemplate the possibility of moving the Congressional Cemetery to Arlington National Cemetery, closing the Congressional Cemetery and moving it to Arlington in its entirety and putting it under the Veterans' Administration?

Mr. PICKLE. Mr. Speaker, I yield to the gentlewoman from Louisiana to answer the gentleman's question.

Mrs. BOGGS. Mr. Speaker, we would really be in violation of all the things we are asking the rest of the country to do in preservation if we agreed to such an act. The Congressional Cemetery has been in place since the early 1880's, when it was very difficult to preserve bodies or move them very far for burial purposes. The entire cemetery has been placed on the National Register because it is a very historic section of Capitol Hill. There are only four acres of ground there in the Congressional area. We have cenotaphs that are in place there in honor of those Members of Congress who died during their terms of office, but are not actually buried there. We also have memorials for people who were temporarily buried there until provisions could be made to move them to other historic sites in their own States; so I think we would be giving up a lot of congressional history that is intimately associated with Capitol Hill and the District of Columbia. We would really be in violation of our principles of preservation to which the Congress has been committed in the last several years.

Mr. PICKLE. Mr. Speaker, I would like to ask the gentleman from Illinois to comment on our dilemma. We have authorized, we have officially passed as an act of Congress, to do some work on those four acres of land out here, the Congressional Cemetery, and yet we cannot get appropriations.

What can we do on this point? Does the gentleman from Illinois have any suggestions?

Mr. SHIPLEY. Mr. Speaker, if the gentleman will yield, let me say to the gentleman from Texas there is not a Member of the subcommittees of the House or the Senate, either one, that does not believe something should be done with regard to this cemetery. It is just a matter of attempting to make reductions in the legislative branch budget and to weed out those items that we do not feel should be a part of the legislative branch budget.

This year we have moved out those items that do not directly apply or relate to the Congress and put them in a separate title. I believe that the Veterans' Administration could take this responsibility and do the job sufficiently. I know that they only spent $2,000 last year out of $26 million they had available for the maintenance of national cemeteries. Under the provisions of the National Cemeteries Act of 1973 the Veterans' Administration has jurisdiction over the care of the Government-owned burial plots in the cemetery.

The Architect does not have the experience of maintaining a cemetery. It just should not belong in our legislative branch budget. I will be glad to cosponsor a resolution requiring either the Veterans' Administration, the Department of the Interior, the National Park Service, or any other agency to do whatever is necessary to accomplish what the gentleman from Texas and the gentlewoman from Louisiana want to do, but as I just said it should not be carried in this budget that we are considering today.

Mrs. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentlewoman.

Mrs. BOGGS. There was no suggestion that the Architect of the Capitol be responsible for maintaining the upkeep of the cemetery. The Cemetery Association, a nonprofit organization, has been formed, which indeed will be the recipient and the qualified recipient of any types of grants or moneys that would come under historic preservation. We would hope that in some way we could have the permanent maintenance, in addition to the Veterans' Administration taking care of the physical maintenance of trees and grass and so forth, funded in some way through preservation funds, and only for our own historic section.

Mr. PICKLE. I asked the gentleman from Illinois to give us a recommendation of how he thinks it could be handled. The House probably will have a supplemental bill later, and whether it is in the legislative division or veterans' division or whether it is in the Interior section or the District of Columbia, one of the subcommittees ought to see that this small amount is made available as a fulfillment of the commitment of the Congress of the United States.,

I have talked to nearly every subcommittee chairman we have on appropriations. They all seem to be for it, but we are not moving ahead enough to get the funding. Somebody ought to do that.

Mr. SHIPLEY. I would be more than pleased to join the gentleman and the other proponents in sponsoring whatever legislation is required to fix up the cemetery, and to add appropriations to any bill with the exception of this bill.

Mr. PICKLE. That is a clear statement, but that is not a very satisfactory statement because that is where we end up with all the other subcommittees. Someone has this responsibility.

Mr. COUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. I thank the gentleman for yielding. Let me just say that I concur entirely with what the chairman has said. We support funding for the Congressional Cemetery. The gentlewoman from Louisiana has done a splendid job on this. It should be in the veterans bill or some other bill, but not in a legislative appropriations bill because, as I have said on other occasions, if we put it in this bill our friends up there will say, "You have finally done it; you have taken care of yourselves from election to resurrection." We do not want to see that happening in the press. In any other bill I support the gentlewoman's effort and the gentleman's effort.

Mrs. BOGGS. Mr. Speaker, will the gentleman yield further?

Mr. PICKLE. I yield.

Mrs. BOGGS. The journalists, the newspapers, the news media, in every regard have been highly complimentary of the suggestion that the Congress assume its responsibilities for the Congressional Cemetery, in editorials as well as in news stories.

Mr. PICKLE. Mr. Speaker, this member, Mrs. Boggs, and I know other members of the Bicentennial Committee, are asking the Appropriations Committee to help us find an answer to this problem. I submit that we should go to the Speaker, and the majority leader, and see if the leadership cannot resurrect this measure along with resurrecting the appearance portion of the Congressional Cemetery.

I thank the gentleman from Illinois.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. SHIPLEY).

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 71: Page 48, line 24, insert: or Deputy Director.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 71 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 74: Page 51, line 19, insert:

SENATE OFFICE BUILDINGS

For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment, and for labor and material incident thereto, and repairs thereof; for purchase of waterproof wearing apparel, and for personal and other services; for the care and operation of the Senate Office Buildings; including the subway and subway transportation systems connecting the Senate Office Buildings with the Capitol; uniforms or allowances therefor as authorized by law (5 U.S.C. 5901–5902), prevention and eradication of insect and other pests without regard to section 3709 of the Revised Statutes as amended; to be expended under the control and supervision of the Architect of the Capitol in all $9,102,000, of which $200,000 shall remain available until expended: *Provided*, That the appropriation under this head for the fiscal year 1977 (Public Law 94–440) is hereby amended by striking out the amount "$980,000" in the first paragraph and inserting in lieu thereof the amount "$1,208,000": *Provided further*, That effective as of the beginning of the first applicable pay period which begins on or after the date of enactment hereof and thereafter, so long as the position is held by the present incumbent, the per annum gross rate of compensation of the position of Assistant Superintendent, Senate Office Buildings, under the Architect of the Capitol, shall be fixed by the Architect, without regard to Chapter 51 and Subchapters III and IV of Chapter 53 of Title 5, United State Code, at an annual rate of $42,000, and shall thereafter be adjusted in accordance with the provisions of section 5307 of Title 5, United States Code.

For an additional amount for "Senate Office Buildings", fiscal year 1977, $380,000, for preliminary planning for modifications and alterations to the Russell and Dirksen Buildings, to remain available until September 30, 1979.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 74 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 75: Page 53, line 1, insert:

SENATE GARAGE

For maintenance, repairs, alterations, personal and other services, and all other necessary expenses, $153,500.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 75 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 78: Page 55, line 18, insert: "*Provided further*, That no part of this appropriation shall be used to print a Congressional Directory for the second regular session of the 95th Congres other than a pamphlet supplement to the Congressional Directory for the first session of such Congress."

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 78 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 79: Page 57, line 9, strike out: $87,095,300, and insert: $81,995,-300,

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 79 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert: "$81,295,000."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 80: Page 57, line 16, insert: ": *Provided*, That not to exceed $6,-500,000 of the funds credited to this appropriation during fiscal year 1978 under the Act of June 28, 1902 (2 U.S.C. 150) shall be available for obligation during such fiscal year."

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 80 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 82: Page 57, line 24, insert: ": *Provided*, That not to exceed $3,-000,000 of the funds credited to this appropriation during fiscal year 1978 under section 203 of Title 17, United States Code (as in effect prior to January 1, 1978), and under section 708(c) of such title (as in effect on and after January 1, 1978) shall be available for obligation during such fiscal year."

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 82 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 87: Page 65, line 23, insert ": *Provided further*, That no part of this appropriation shall be used to furnish more than fifty transferable copies of the daily edition of the Congressional Record to each Senator under section 906 of title 44, United States Code, nor to furnish any such copy to a Senator for transfer other than to a public agency or institution. On or before September 1, 1977, or as soon thereafter as practicable the Public Printer shall notify each Member of the Senate and House of Representatives of the names and addresses of all those receiving the Congressional Record that are charged to each Member of the Senate and House of Representatives."

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 87 and concur therein with an amendemnt, as follows: In lieu of the matter proposed by said amendment, insert the following: *Provided further*, That no part of this appropriation shall be used to furnish more than fifty transferable copies of the daily edition of the Congressional Record to each Senator under section 906 of title 44, United States Code, nor to furnish any such copy to a Senator for transfer other than to a public agency or institution. On or before September 1, 1977, or as soon thereafter as practicable, the Public Printer shall notify each Member of the Senate and House of Representatives of the names and addresses of all those receiving the Congressional Record that are charged to such Member of the Senate and House of Representatives.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 92: Page 70, line 4, strike out and insert: The Architect of the Capitol is authorized and directed (1) to conduct a study of the utilization of space in the United States Capitol for the purpose of recommending and reporting to the Speaker of the House of Representatives and the President of the Senate and to the Committees on Appropriations of both Houses, and the Senate Committee on Rules and Administration, those offices which, by virtue of the functions performed therein, should be located in the Capitol and those offices which could be relocated to the House and Senate Office Buildings and Annexes; and (2) to prepare drawings and specifications for restoration of the West Central Front of the United States Capitol in accordance with each of the various plans and alternatives proposed to the Committees on Appropriations during hearings on Legislative Branch Appropriations for 1978; the drawings and specifications to be prepared in such detail as will enable the cost of such restoration proposals to be ascertained. The unexpended balance of appropriations heretofore appropriated under the heading, "EXTENSION OF THE CAPITOL" shall be transferred immediately upon approval of this Act to a Commission on the West Central Front of the United States Capitol which shall be composed of

the following: the Vice President of the United States, who shall be the Chairman, the Speaker of the House of Representatives, the Majority and Minority Leaders of the House of Representatives, and the Majority and Minority Leaders of the Senate. Such unexpended balances shall be available for (1) the conduct of such study and (2) the preparation of such drawings and specifications under the direction of the Commission on the West Central Front of the United States Capitol. The drawings and specifications shall be completed by March 1, 1978, and submitted for the approval of the Committees on Appropriations of the Senate and House of Representatives and the Commission on the West Central Front of the United States Capitol prior to the issuance of invitations to bid on the restoration of the West Central Front of the United States Capitol.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 92 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: The Architect of the Capitol is authorized and directed (1) to conduct a study of the utilization of space in the United States Capitol for the purpose of recommending and reporting to the Speaker of the House of Representatives and the President of the Senate and to the Committee on Appropriations of both Houses, and the Senate Committee on Rules and Administration, those offices which, by virtue of the functions performed therein, should be located in the Capitol and those offices which could be relocated to the House and Senate Office Buildings and Annexes; (2) to prepare drawings and specifications for restoration of the West Central Front of the United States Capitol in accordance with each of the various plans and alternatives proposed to the Committees on Appropriations during hearings on Legislative Branch Appropriations for 1978; and (3) to prepare drawings and specifications for extension of the West Central Front of the United States Capitol in accordance with the modified plan for extension of the West Central Front approved by the Commission for Extension of the United States Capitol on April 7, 1977; the drawings and specifications to be prepared in such detail as will enable the cost of such restoration proposals and extension proposal to be ascertained. The unexpended balance of appropriations heretofore appropriated under the "EXTENSION OF THE CAPITOL" shall be transferred immediately upon approval of this Act to a Commission on the West Central Front of the United States Capitol which shall be composed of the following: The Vice President of the United States, who shall be the Chairman, the Speaker of the House of Representatives, the Majority and Minority Leaders of the House of Representatives, and the Majority and Minority Leaders of the Senate. Such unexpended balances shall be available for (1) the conduct of such study and (2) the preparation of such drawings and specifications under the direction of the Commission on the West Central Front of the United States Capitol. The drawings and specifications shall be completed by March 1, 1978, and submitted for the approval of the Committee on Appropriations of the Senate and House of Representatives and the Commission on the West Central Front of the United States Capitol prior to the issuance of invitations to bid on the restoration or extension of the West Central Front of the United States Capitol.

Mr. SHIPLEY (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD. It has been printed in the joint statement of the managers and is available to all the Members of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. SHIPLEY) and the gentleman from Pennsylvania (Mr. COUGHLIN) are recognized for 30 minutes each.

Mr. SHIPLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Speaker, I thank the gentleman from Illinois for yielding this time to me.

If this motion that the gentleman is offering means what I gather it to mean, I think we have made a very substantial bit of progress in the 11 years that this question of the extension of the West Front of the Capitol has been before the House. I certainly want to commend the gentleman from Illinois (Mr. SHIPLEY) for his leadership in this matter.

I just want to make sure that I understand precisely what the amendment says. As I understand it, the amendment provides, first of all, that there shall be a study prepared by the Architect but under the scrutiny and leadership of a new Commission on the West Front of the Capitol chaired by the Vice President, and that study would provide for detailed plans and specifications for both restoration and extension. Under the wording of the amendment I also understand that those plans would have to be detailed enough so that cost estimates of the two projects would be available.

Am I correct in my understanding?

Mr. SHIPLEY. Yes. Mr. Speaker, if the gentleman will yield, I will say to the gentleman from New York it is true, of course, that there has been some disagreement or perhaps discrepancy as to the cost for the modified extension and for the restoration. All the committee tried to do was to get the Senate to agree—and they did—to looking over both proposals and having drawings and specifications prepared for both restoration and extension so that we will have some hard figures next year and then we will have the opportunity to go either way.

Mr. STRATTON. On page 70, in line 23, of the Senate bill it speaks of "the cost for the preparation of drawings and specifications for the restoration of the West Central Front of the Capitol in accordance with each of the various plans and alternatives proposed to the Committee on Appropriations during the hearings on the legislative branch appropriations for 1978."

That refers only to restoration, of course, the conference agreement also includes plans and specifications for the modified extension plan which the Architect submitted at that time; is that not correct?

Mr. SHIPLEY. Yes. That language was added in conference because we wanted to get firm figures on extension as well as restoration so we would know how much the cost would be and then get the House and Senate to consider the matter again next year and decide what to do on either restoration or extension. All the conferees did was to treat both proposals equally.

Mr. STRATTON. Mr. Speaker, if the gentleman will allow me to continue, the new Commission on the West Central Front of the Capitol established by the conference is different from the present Commission on the Extension of the Capitol, is it not?

Mr. SHIPLEY. Yes, that is true. This was done through the Senate committee, and the House receded and went along with it. The Vice President is named as chairman of the new Commission, and the Architect of the Capitol is no longer a member. The other body felt, and the House agreed, that maybe there might be a little prejudice involved, and in order to make it easier, it was decided that he should no longer be on the Commission.

Mr. STRATTON. Mr. Speaker, the final point on which I would like to get the gentleman's views is with respect to the concluding sentence of the Senate amendment which states that the drawings and specifications mentioned have to be submitted to the Appropriations Committees of the House and Senate and also to this new commission prior to the issuance of invitations to bid on restoration or extension.

One of the points that the Architect has made over the years in refusing to consider seriously any restoration is that he claimed he could never get anybody to bid or to give him a price figure.

I just wanted to make sure we are not going to allow him to hide behind this excuse any more. Obviously we cannot get into a firm bid until the Congress has decided to allocate money for one project or the other; but I just want to be assured by the gentleman from Illinois that this last sentence does not preclude Congress being provided the detailed cost estimates for restoration as well as extension called for in the earlier part of the amendment.

Mr. SHIPLEY. The language certainly does not do that. In fact, the language very clearly states that that will be referred to both the Committees on Appropriations and to the Commission on the West Central Front of the Capitol. As I said, at that time we have to make the decision on which way to go because we will have firm figures on all the proposls at that time before we ever go into any bidding.

Mr. STRATTON. I thank the gentleman for having established this little bit of legislative history.

I do want to congratulate him very warmly on what I think is a very satisfactory solution. I have been fighting this extension, as the gentleman knows, for about 11 years; but I think this is an ideal solution. Under it, we will, at last, have the facts on both proposals before us and so can vote one way or the other on the basis of facts.

Mr. SHIPLEY. Let me say to the gentleman from New York (Mr. STRATTON) that to be fair about it, we had to use this approach.

Mr. STRATTON. I recognize that, and that is why I think the gentleman has indeed been eminently fair.

The SPEAKER pro tempore. The time of the gentleman from New York (Mr. STRATTON) has expired.

Mr. SHIPLEY. Mr. Speaker, I yield myself 1 additional minute.

Mr. MAGUIRE. Mr. Speaker, will the gentleman yield?

Mr. SHIPLEY. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Speaker, I want to compliment the gentleman from New York (Mr. STRATTON) for the work he has done on this matter over a number of years.

I think we ought to act only with great care.

There is another point which I think should be mentioned and that is that there is a master plan presently being developed for the Capitol Hill area, and this West Front issue ought to be evaluated within the context of the whole rather than being dealt with just as an individual isolated item.

Mr. Speaker, I thank the gentleman.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. SHIPLEY).

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 93: Page 72, line 12 insert SEC. 404. Section 721 of title 44, United States Code, is amended to read as follows:

"§ 721. Congressional Directory

"(a) There shall be prepared under the direction of the Joint Committee on Printing (1) a Congressional Directory, which shall be printed and distributed as early as practicable during the first session of each Congress and (2) a supplement to each Congressional Directory, which shall be printed and distributed as early as practicable during the second regular session of each Congress. The Joint Committee shall control the number and distribution of the Congressional Directory and each supplement.

"(b) One copy of the Congressional Directory delivered to Members of the Senate and the House of Representatives (including Delegates and the Resident Commissioner) shall be bound in cloth and imprinted on the cover with the name of the Member. Copies of the Congressional Directory delivered to depository libraries may be bound in cloth. All other copies of the Congressional Directory shall be bound in paper and names shall not be imprinted thereon, except that copies printed for sale under section 722 may be bound in cloth.".

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 93 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 94: Page 73, line 9, insert:

SEC. 405. (a) The paragraph beginning "The Librarian of Congress" under heading "PUBLIC PRINTING AND BINDING" in the Act of June 28, 1902 (32 Stat. 480; 2 U.S.C. 150), is amended by inserting before the period at the end thereof "and shall be credited to the appropriation for necessary expenses for the preparation and distribution of catalog cards and other publications of the Library".

(b) The amendment made by subsection (a) shall take effect on October 1, 1977.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 94 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 95: Page 73, line 19 insert:

SEC. 406. (a) Effective October 1, 1977, section 203 of title 17, United States Code, is amended by adding at the end thereof the following: "All moneys deposited with the Secretary of the Treasury under this section shall be credited to the appropriation for necessary expenses of the Copyright Office.".

(b) Effective January 1, 1978, the first sentence of section 708(c) of title 17, United States Code, is amended to read as follows: "All fees received under this section shall be deposited by the Register of Copyrights in the Treasury of the United States and shall be credited to the appropriation for necessary expenses of the Copyright Office.".

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 95 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 96: Page 74, line 6, insert:

SEC. 407. (a) The first paragraph of section 906 of title 44, United States Code, is amended by striking out "to the Vice President and each Senator, one hundred copies;" and inserting in lieu thereof "to the Vice President, one hundred copies; to each Senator, fifty copies (which may be transferred only to public agencies and institutions);".

(b) The amendment made by subsection (a) shall take effect on October 1, 1977.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 96 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert:

SEC. 407. (a) The first paragraph of section 906 of title 44, United States Code, is amended by striking out "to the Vice President and each Senator, one hundred copies;" and inserting in lieu thereof "to the Vice President, one hundred copies; to each Senator, fifty copies (which may be transferred only to public agencies and institutions);".

By striking out "to each Representative, and Resident Commissioner in Congress, sixty-eight copies;" and inserting in lieu thereof "to each Member of the House of Representatives, the Resident Commissioner from Puerto Rico, the Delegate from the District of Columbia, the Delegate from Guam, and the Delegate from the Virgin Islands, thirty-four copies (which may be transferred only to public agencies and institutions);".

(b) The amendment made by subsection (a) shall take effect on October 1, 1977.

Mr. SHIPLEY (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD. It has been included in the joint statement of the managers and is available to all Members.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. SHIPLEY).

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 97: Page 74, line 16, insert: SEC. 408. (a)(1) Section 1509 of title 44, United States Code, is amended to read as follows:

"§ 1509. Costs of publication, etc.

"(a) The cost of printing, reprinting, wrapping, binding, and distributing the Federal Register and the Code of Federal Regulations, and, except as provided in subsection (b), other expenses incurred by the Government Printing Office in carrying out the duties placed upon it by this chapter shall be charged to the revolving fund provided in section 309. Reimbursements for such costs and expenses shall be made by the Federal agencies and credited, together with all receipts, as provided in section 309(b).

"(b) The cost of printing, reprinting, wrapping, binding, and distributing all other publications of the Federal Register program, and other expenses incurred by the Government Printing Office in connection with such publications, shall be borne by the appropriations to the Government Printing Office and the appropriations are made available, and are authorized to be increased by additional sums necessary for the purposes, the increases to be based upon estimates submitted by the Public Printer.".

(2) The table of sections of chapter 15 of title 44, United States Code, is amended by striking out the item relating to section 1509 and inserting in lieu thereof the following:

"1509. Costs of publication, etc.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1977.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 97 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 98: Page 75, line 17, insert:

SEC. 409. (a) The last sentence of the first paragraph of section 1708 of title 44, United States Code, is amended by striking out "Surplus receipts from sales" and inserting in lieu thereof "Receipts from general sales of publications in excess of the total costs and expenses incurred in connection with the

publication and sale thereof, as determined by the Public Printer."

(b) The amendment made by subsection (a) shall take effect on October 1, 1977.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 98 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 99: Page 76, line 3, insert:

SEC. 410. Each Senator, Member of the House of Representatives, and other individual who is authorized by law to be issued a congressional tag for his automobile shall, upon application therefor, be entitled to be issued a duplicate tag bearing the same number.

MOTION OFFERED BY MR. SHIPLEY

Mr. SHIPLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHIPLEY moves that the House recede from its disagreement to the amendment of the Senate numbered 99 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and on the several motions was laid on the table.

GENERAL LEAVE

Mr. SHIPLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, and that I may be permitted to include a tabulation summarizing the action just taken.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4740, MARINE MAMMAL PROTECTION AUTHORIZATION, 1978

Mr. SISK, from the Committee on Rules, submitted a privileged report (Rept. No. 95–528) on the resolution (H. Res. 714) providing for the consideration of H.R. 4740, to increase the appropriations authorization for fiscal year 1978 and authorize appropriations for fiscal year 1978 to carry out the Marine Mammal Protection Act of 1972, which was referred to the House Calendar and ordered to be printed.

PERSONAL EXPLANATION

Mr. PEPPER. Mr. Speaker, yesterday on account of being late in returning from my district, I missed rollcall No. 454. If I had been present, I would have voted "aye."

PROPOSED RESCISSION OF $105.0 MILLION IN MISSILE PROCUREMENT FUNDS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95–197)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith propose rescission of $105.0 million in missile procurement funds appropriated to the Department of Defense.

The details of the proposed rescission are contained in the attached report.

JIMMY CARTER.

THE WHITE HOUSE, *July 26, 1977.*

NEW DEFERRAL OF BUDGET AUTHORITY FOR LOCAL PUBLIC WORKS PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95–198)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report one new deferral of budget authority amounting to $11.0 million for the local public works program of the Department of Commerce. In addition, I am reporting a revision to a previously transmitted Energy Research and Development Administration deferral.

The details of each deferral are contained in the attached reports.

JIMMY CARTER.

THE WHITE HOUSE, *July 26, 1977.*

AGRICULTURAL ACT OF 1977

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7171, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on yesterday, Monday, July 25, 1977, title IX had been considered as read and open to amendment at any point.

Are there further amendments to title IX?

AMENDMENTS OFFERED BY MRS. HECKLER

Mrs. HECKLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. HECKLER: Title IX, section 902, page 44, immediately after line 21 insert the following new section, renumber section 109 on line 22 as section 110 and add the words "and Price Supports for Peanuts" at the end of line 19:

"SEC. 109 Notwithstanding the provisions of section 108 of this Act, the Secretary shall not make price supports available to producers, for the 1978 and subsequent crops of peanuts, in excess of the following support levels per ton:

1978	$390
1979	375
1980	360
1981 and subsequent years	345."

Mrs. HECKLER. Mr. Chairman, I rise today to offer an amendment to the peanut subsidy, which has been the subject of criticism since as recently as 1973, when the GAO reported that it was one of the most wasteful and expensive programs in the Congress. The peanut subsidy is costing the American taxpayer millions of dollars a year, while guaranteeing a profit for peanut farmers who have been allowed to exclude by law anyone who wishes to join their exclusive club. What is more, this peanut subsidy is driving up the cost of peanuts and causing yet another drain on the budget of the average American home, particularly the poorest homes where peanut butter sandwiches are served more regularly than ham and roast beef.

I rise today to offer a remedy which will bring the peanut program within reason and give some relief to the public.

For historical perspective, it is important to note the program began in 1933. Since that time the national acreage allotment has remained the same, while the yield has increased enormously. With the increase in yield has come a constant increase in cost to the taxpayer. In 1974 it cost the taxpayer $160 million to provide the peanut farmer with his profit. In 1975 we spent $210 million; in 1976, $60 million to $70 million; and this year the cost is expected to rise to between $150 million and $170 million. Our own House committee report suggests that the losses will escalate during the period of the program unless changes are made.

Compare this peanut program with other farm subsidies. The peanut subsidy is set at 73 percent of parity. Other commodities are set at different levels: wheat, 46 percent of parity; sorghum, 34 percent of parity; soybeans, 52 percent of parity; rice, 45 percent of parity.

Consider also the cost of producing peanuts. Mr. Bobby Smith from Georgia, who was Chairman of the administration's Peanut Task Force, testified that

the cost of producing peanuts in 1978 will be $285 a ton. His task force, a bipartisan group of experts, recommended a price support of $390 per ton for 1978. Yet the committee finally voted to raise the actual support price from the present $414 a ton to $420 a ton, guaranteeing even further profit to the peanut farmers.

The committee bill does not establish a ceiling on the subsidy per ton. It establishes a floor, which I tried to remove in the committee and which amendment was defeated. The peanut program is blatantly noncompetitive. The bill prohibits the entry of new peanut farmers into the marketplace. If a farmer does not now hold an acreage allotment, he cannot sell peanuts without paying a penalty of 120 percent of the support price. This is why obviously the Congress must reform the peanut program.

There are two victims of the peanut program. One is the taxpayer who pays for the peanut subsidy and for peanuts that wallow in warehouses. The second victim is the consumer, and it is the consumer whose problems are not addressed by the bill.

I appreciate the fact that many Members of this Congress represent districts in which there are considerable peanut farmers, and I expect their points of view to be expressed as, indeed, they should be. I suggest this is the provincial interest of those who represent a special constituency, and if I represented that special constituency, I would confess that I might also have similar provincial interests. The interest of the Congress, however, has to be the interest of the American public, the American taxpayer, and the American consumer, and it is the consumer, above all, who has been forgotten in this particular piece of legislation.

I quote from page 24 of the House Committee on Agriculture report to put into context the consumer's plight:

> The peanuts sold for domestic edible use have sold commercially at prices approximating the price support loan rate or higher.

While the committee bill does address the excess poundage of the peanut crop and will reduce that poundage over a period of years, and will reduce the taxpayer drain over a period of years, the exact same bill increases the cost.

The CHAIRMAN. The time of the gentlewoman has expired.

(By unanimous consent, Mrs. HECKLER was allowed to proceed for 3 additional minutes.)

Mrs. HECKLER. So Mr. Chairman, the taxpayer in a sense is addressed in part, but the consumer finds no relief whatsoever because presently the consumer price, the price to the commercial producer, is pegged to the subsidy level. Therefore, instead of the $414 which is the current level, this committee has authorized a $420 level, which means that the price of all peanut products will hereby be escalated.

One product, peanut butter, accounts for one-half of the domestic use of peanuts. The price of peanut butter has increased by one-half over the last 5 years. As a result of the committee's bill, the price of peanut butter will probably increase the day the bill is passed, because we know the price increase is always passed on.

This is not the amendment of one who wishes to deprive the peanut-producing section of the country of an opportunity to make an adequate profit. It is exactly the same as the recommendations made by President Carter to Bobby Smith, head of the task force and Secretary Bergland, who was knowledgeable on the subject. The recommendation of the bipartisan group of experts said that a fair change in the peanut program would involve profits for the peanut industry. At the same time they suggested a price support not at the $420 level, which has been set by the Board, but at $390 per ton in 1978; $375 per ton for 1979; $360 per ton for 1980; and $345 per ton for 1981 and, I propose in this amendment, for all succeeding years.

My amendment will save the taxpayers an additional $280 million but it also will save the consumers.

It will create a more equitable system for the peanut farmers as opposed to all other farmers who do not have this guaranteed profit in the bill and will help the consumers. For this reason the Consumers Federation of America and the National Consumers League have supported this amendment.

The price for peanuts accounts for nearly half the price of the peanut butter cost.

The CHAIRMAN. The time of the gentlewoman from Massachusetts has expired.

(On request of Mr. MAGUIRE, and by unanimous consent, Mrs. HECKLER was allowed to proceed for 1 additional minute.)

Mrs. HECKLER. Mr. Chairman, the fact is, one leading manufacturer of peanut butter—and peanut butter is an excellent source of protein and a source of nutrition for the average family—has announced that the reduction in price through the reduction in the support level will be passed on—net of other costs—to the consumer, penny for penny, and we can insist that other peanut butter manufacturers follow suit and strike a blow against inflation and for the consumer.

So I urge my colleagues to support this amendment as proposed by peanut experts.

Mr. MAGUIRE. Mr. Chairman, I rise in support of the amendment offered by

Mr. Chairman, so that we can put it in perspective, this amendment is not an amendment to wipe out the present price support and loan program for peanuts. It is an amendment to bring that program in line with the programs that we have for other commodities.

Now let us think for a moment about what we did with respect to wheat last week. We decided originally in committee on a $2.65 price support level for wheat and we raised it in the full House to $2.90. The support price for wheat is around 46 percent of parity. When we deal with sorghum we are talking about 34 percent of parity, and when we come to rice we are talking about 45 percent, and 52 percent for soybeans.

When we talk about peanuts, we are talking about a 75-percent figure. If we took 75 percent of parity for wheat, for example, we would have not $2.65, or even $2.90, but something approaching $4—far higher than anything anyone is willing to consider for wheat.

Now, I would ask my colleagues, why is it that we treat peanuts so differently from these other crops? Secretary Bergland made a proposal on March 17 of this year for revising the peanut program because of the fact that it is so out of line with other programs and unnecesarily costs far more than it needs to cost. It is that first Bergland proposal that the Heckler amendment is proposing that we adopt.

Now, Mr. Bergland subsequently came up with some other proposals. I think it would be fair to say that those proposals emerged out of, shall we say, the give and take of the process of discussion of the proposal between the administration and various interests that were affected; but I think this House ought to adopt a proposal that makes sense on the merits. That is what the gentlewoman has proposed.

The fact of the matter is that we will spend nearly $300 million unnecessarily over the next 4 years on support payments for peanuts which bear no justification in relation to production cost. I understand that the average cost of producing a ton of peanuts is something in the neighborhood of $2.50; yet here we are talking about $4.20 as a support price.

Now, the Heckler amendment would phase that down from $4.20 to $3.90, to $3.60 and to $3.45 by 1981; but at that level it will still be way above the average cost or even the highest cost of production of peanuts, whereas the price and subsidy relationships for all the other commodities are much more in balance.

The fact of the matter is that we are producing peanuts today for the Government; about one-fourth of the peanuts that are produced every year end up in the hands of the Government because that is where the farmer will get his highest price.

This proposal that the gentlewoman from Massachusetts (Mrs. HECKLER) is proposing is a proposal that will be good for farmers, because of the following logic: If the price were to go down somewhat and a true market for the product were to be created, far more peanuts would be produced and sold. Farmers have done this very successfully with soybeans. Why not do it with peanuts?

We certainly should not have a billion pounds of peanuts in Government storage at prices which are nearly twice the cost of production, but that is exactly what we have under this program.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. MAGUIRE was allowed to proceed for an additional 2 minutes.)

Mr. MAGUIRE. Mr. Chairman, I want to point out that the CPC International Co., which is one of our great corporations and it happens to produce Skippy Peanut Butter, which I like to eat—has promised the Agriculture Committee and this Congress that if the Heckler amendment is adopted they will pass through every penny of savings to the consumer. It is most unusual for a corporation to make such a commitment. CPC has promised they will not take a penny of additional profit. What they want to do is lower the price by 5 cents for a regular-size jar and 10 or 12 cents on a large-size jar. They are the market leaders and if they do that others will have to follow.

The Heckler amendment makes a lot of sense. It is a modest proposal.

I hope the House will adopt the amendment.

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, say the word "peanuts" and various images are formed in the minds of different people. For many today, the peanut has taken on the aura of political power as it became identified with the election campaign of 1976. For others it creates images of baseball and beer. For children it may be thoughts of that delightfully tasteful substance known as peanut butter which they consume in great quantities. To the nutritionist it means a highly nutritious, relatively low cost source of protein with the potential of supplying a large share of our protein needs in the years ahead. For the Federal Government and increasingly so for U.S. taxpayers it has come to signify an outrageously restrictive price support mechanism designed to benefit a privileged few at the expense of many.

Mr. Chairman, I suggest that all of these impressions are indeed accurate. It is not the image of the lowly peanut but this Government's policy for the last 40 years which must be altered.

In similar discussions over the past several years, proponents of reform have often cited figures showing the impact of the program on Americans as taxpayers. While admitting that a Federal outlay of $200 million to the Nation's peanut farmers is no small sum, I would like to discuss the impact the program has on consumers.

The program's effects on consumers are extremely regressive in nature hitting hardest at the low- and middle-income families with children—the group already hardest hit by inflation. How does this happen, you say? Each August, just as regular as clockwork, the Government hikes the prices of peanuts through its support program. At present the going rate is $414 per ton. In 3 months, the price will be raised $26 per ton to $440 by governmental action. This increase becomes immediately reflected in the price of peanut butter and other peanut products and comes out of the pockets of consumers.

In 1974, Americans consumed approximately 1.2 billion pounds of peanuts in the form of whole peanuts and peanut products. If the price of peanuts today was set as $345 per ton, the figure originally proposed by Secretary Bergland and the Carter administration, the savings would be $41 million annually. If the Department of Agriculture's cost projects are correct, this figure could rise to $120 million in 5 years. To what extent would the consumer share in this savings? At least one manufacturer of peanut butter has announced it will pass on the savings, net of other costs, penny for penny to the consumer. When this happens other manufacturers can be expected to follow suit or see their share of market decline. Regardless of the magnitude of the savings, there can be no doubt that the present artifically high support price is higher than it would be in the absence of the program and is costing the consumer money.

The proponents say "but what about the poor peanut farmer who depends on the program for his livelihood." In truth, most small allotment holders lease their allotments to larger operators for rates up to $200 per acre. Now this price does not include the land, only the paper right to grow the peanuts. In other words, this allotment holder is receiving a subsidy payment from the Government for which he is required to do absolutely nothing. His only requirement to qualify is that he must have grown peanuts 40 years ago, been born in a family which did, or have purchased the right. Otherwise, he not only is prohibited by Federal law from participating in the largess, he cannot even grow peanuts.

I say what about the young farmer or others that are prohibited by the quasi-feudal system from sharing in the profits of the program or from even producing peanuts for the commercial market. The whole program is an anathema to the American system.

Mr. Chairman, the logic and arguments against this program are overwhelming. The time has arrived to terminate this special interest legislation and allow the public to benefit as a result.

Mr. Chairman, I hope the House will adopt the amendment of the gentlewoman from Massachusetts (Mrs. HECKLER).

Mr. MATHIS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the House Agriculture Committee, of course, opposes this amendment, which is one that we had thought would be offered to title VIII of the bill. The gentlewoman has not seen fit to offer it at that point, but comes in now to title IX.

I want every Member of the House to understand exactly what we are talking about. That is, that the House Committee on Agriculture, the Subcommittee on Oilseeds and Rice, has been working to bring forth major changes in the peanut program for the past 5 years plus. We have done so. We have brought a bill to the floor of the House which reduces the cost to the taxpayers, which reduces the costs to the consumer, and still provides some kind of support program for people who are involved in the production of peanuts; and I think that deserves some protection.

The gentlewoman from Massachusetts uses the figure of $414 a ton as to what the price support of peanuts is today. The gentlewoman knows full well that that was the support price for peanuts in 1976 and not 1977. That price support has not yet been announced. It will be announced in the next few days. Preliminary estimates are that the support level will be somewhere around $440 a ton. So we are reducing, as the gentlewoman well knows, the price of peanuts by about $20 a ton.

Mr. Chairman, I will tell my friend, the gentleman from New Jersey, that reduction would provide a one penny a pound passthrough on peanut butter. I will share with bated breath the anticipation of seeing CPC and Skippy reduce the price of their peanut butter product by one cent a pound.

The gentleman makes a very eloquent case, and we heard all of this in the committee. The truth is, all we can do is look at the record and determine how this major corporation or manufacturer of peanut butter will react. Let me say to the gentleman that this giant corporation, which is a good customer for Georgia peanuts, also deals in wheat and corn products. They manufacture an item called Thomas English Muffins, which sold in 1974 for $1 per 8 ounce package. Today, with a drop in wheat prices of 58 percent, that price has gone up by 59 percent. They also manufacture a little item called Mazzola Corn Oil. A 16 ounce bottle cost 60 cents in 1974, when corn was selling at $2.95 a bushel. The price has gone up some 51 percent.

The gentlewoman from Massachusetts and the gentleman from New Jersey come in and make this argument about consumers. They do not have an argument which will hold water.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. MATHIAS. I yield to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Chairman, I would like to tell the gentleman that my favorite Carter is Billy, and I would like to know how this amendment will affect his operation in Georgia.

Mr. MATHIS. I have not talked to Billy Carter about it, but I am sure he will have a forthright opinion if the gentleman wants to contact him.

Mr. SYMMS. I thank the gentleman.

Mr. MATHIS. Mr. Chairman, what I want to say to this committee is, what we have done is to bring forth a bill that does meet the criterion that I think every Member of this House is interested in. We protect the consumer. We bring in a change in the program that would have the price of peanuts in 1979 maybe as high as $500 a ton. We reduce that to $420, and we reduced it over the 4-year period of the bill.

The gentleman from New Jersey talked about parity and what the parity relationship was with peanuts to other crops in this bill. I do not know where the gentleman gets his figures, obviously, but we are not talking about 75-percent

parity. We are talking about something more than that for 1978. In 1979, when the price of peanuts is locked in at $420 and the cost of production is going up, obviously the parity will be reduced even further. For 1980 and 1981, the same thing is going to occur.

Let me also mention very briefly how we came to the position of $420, and I do this because the gentlewoman indicated the figures brought in are what the administration supports. That is not the case. The administration supports the committee bill here today. We have tried for several years to make constructive changes in the program, and the gentlewoman is well aware of this. The Department of Agriculture, Secretary Bergland, appointed a task force to go out and study and make recommendations as to what they thought ought to be made. They came in with a recommendation that was way beyond what they ever anticipated having passed into law and what they knew was fair. The Secretary told me this. Bobby Smith told me this. But they were trying to demonstrate to the peanut growers of this country the dangers we face if we did not make some constructive changes in the program.

It was a process, I will say to the gentleman from New Jersey (Mr. MAGUIRE), of give and take after that, and I was proud to have some part in that give-and-take process. I can tell the Members how we have arrived at the figure today of $420.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. MATHIS) has expired.

(By unanimous consent, Mr. MATHIS was allowed to proceed for 5 additional minutes.)

Mr. MATHIS. Mr. Chairman, we have arrived at a point today where we have a bill that is fair and equitable to all concerned, to the consumer, to the taxpayer, and to the producer of peanuts.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I will be happy to yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, I thank the gentleman for yielding.

Most businesses are delighted to earn 15 percent return on investment, and I just wondered whether the gentleman could explain to us why he feels it is necessary for us to guarantee prices for peanuts that are in the range of 40 percent above cost or even above that.

Mr. MATHIS. Mr. Chairman, I would be happy to explain that to the gentleman.

In the first place, this does not do that. For example, it does not guarantee anything to the farmer because that farmer has other factors aside from the price support program. In my district, the farmers are probably not going to have a net return of $100 an acre after investing $500, because of weather conditions. The gentleman well knows that there are a lot of other factors involved.

So far as the estimates of cost of production are concerned, they vary from one farmer to another and from one expert to another. One of the most preeminent experts, from the standpoint of knowledge and integrity, is a guy by the name of Frank McGill, who is in the Extension Service of the University of Georgia. He says that the average cost of producing an acre of peanuts in Georgia is $499 an acre. These figures are, I believe, as close as anything we could get, if we want to be equitable and just.

Mr. MAGUIRE. That means, then, that they have been operating at a loss for the last few years?

Mr. MATHIS. The gentleman has demonstrated again that he really does not understand what he is talking about.

I said, "$499 an acre." The gentleman is assuming I said, "$499 a ton."

Mr. MAGUIRE. I thought what I heard was $499 a ton, but apparently that is not what the gentleman said. There is a singular difference between acres and tons.

Mr. MATHIS. There certainly is.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. Mr. Chairman, I would like to say for the record, as the gentleman knows, that the $414 is the only figure we are dealing with at this time. Because further projections have yet to be announced, these other figures cannot be cited as precise figures. But in fact an increase to $440 is outrageous, and a reduction to $420 from that further escalation is hardly a boon for the taxpayer or for the consumer.

Beyond that, there is a point at which the $420 figure was, as the gentleman in the well knows, considered as the floor for future prices. Since the price of the subsidy is the price for commercial sales, this is the price that affects the consumer, not necessarily the taxpayer, who has other concerns.

So there is no way the consumer can be benefited by creating a floor, which is not a ceiling, and maintaining that floor over the 4-year period of the bill. If the gentleman has a way to describe how escalating the cost and bringing that figure to $480 a ton will benefit the consumer, I would like to hear it. If he can justify it, that is fine.

Peanut butter is one of the most basic and valuable sources of protein, and if the gentleman can give me a reason why this should be done and how it would help the consumer, I would like to hear it.

Mr. MATHIS. Mr. Chairman, some time back we were talking about stabilizing those prices at $420 a ton so far as the peanut sales for peanut butter are concerned. Therefore, under the provision of the committee bill, the gentlewoman can safely say, based on CPC estimates, that we will not have an increase of peanut butter for the next 4 years. I think that does something for the consumer, because the price of everything else goes up, and this price would be stabilized, excluding the cost of the production of peanuts, as the gentlewoman well knows.

As far as taxpayers' dollars are concerned, this is another item we should be concerned about in this bill, when it comes to peanuts as well as anything else.

The gentlewoman also knows that only about 80 percent of the total production of peanuts is going to be marketed at these high quota prices. The gentlewoman further knows that that percentage falls, over a period as we go along, down to something like 65 percent of the production of peanuts that is going to be marketed, so the taxpayers are going to benefit.

Mr. Chairman, what the taxpayers are not going to benefit from is the continuation of the program as it is written today.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, the gentleman did say, "$499 an acre," did he not?

Mr. MATHIS. An acre, yes.

Mr. MAGUIRE. If one grows about 2 tons per acre, we are back to $250 per ton, which is the case that the gentlewoman and I are making, that that is roughly what the costs are. If we support the price at $420 a ton, we are nearly at the 70-percent-above-cost level. Even allowing for higher than average costs and cost increases in future years we will still be well above the 40-percent-above-cost level.

I wonder how the gentleman can justify that treatment for peanuts which is accorded to no other crop and no other farmer. What is there in this issue that requires such special treatment for peanuts?

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

(On request of Mr. MAGUIRE and by unanimous consent, Mr. MATHIS was allowed to proceed for 2 additional minutes.)

Mr. MATHIS. Mr. Chairman, the gentleman from New Jersey (Mr. MAGUIRE) says if someone is growing 2 tons to the acre, then they would in fact be in pretty good shape. The gentleman is eminently correct; they would be.

The truth is that in the district represented by the gentleman from Texas (Mr. KAZEN) they get 1,500 pounds per acre.

What does the gentleman think about that figure? What is his response to that?

Mr. MAGUIRE. Mr. Chairman, if the gentleman will yield further, I think then some differentials ought to be introduced if that is the fact, but that is not what the gentleman's proposal is.

Mr. MATHIS. The gentleman from Georgia is trying to protect the people in the State of Texas, the State of Virginia, and all the other States that grow peanuts and are involved in the production of peanuts. What the gentleman from New Jersey (Mr. MAGUIRE) is doing is he is simply trying to destroy the peanut program. This gentleman says we should do otherwise.

Mr. MAGUIRE. No. With all due respect to the gentleman from Georgia (Mr. MATHIS), that is not what the gentleman from New Jersey is suggesting at all.

Mr. MATHIS. That is what the gentleman is attempting to do by pushing this amendment. Whether he believes it or not, every Member of this House who comes from a peanut district and knows

anything about peanuts, I would say to the gentleman, would tell him that this amendment would destroy the production of peanuts in this country, period.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, I believe the nationwide average of peanut production is closer to something like 2,500 pounds, which brings the figures much more in line with what the gentleman from Georgia (Mr. MATHIS) is saying than the 2 tons previously suggested.

I would like to point out that unfortunately history shows us that there is virtually no correlation between the price the farmer receives and the price the consumer pays.

We have seen wheat prices go to the bottom. Yet, bread did not go down.

In 1974 we saw the price of soft drinks virtually double, and we saw sugar tumbling back down. Yet, soft drinks did not go back down.

Mr. Chairman, I believe that if we completely cut support prices for peanuts, we will see no reduction whatsoever as far as the consumer is concerned.

I believe this bill offers a reasonable compromise approach in the right direction so that we will continue to preserve the peanut industry and at the same time hold the price level for the consumers.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. MATHIS) has expired.

(On request of Mrs. HECKLER and by unanimous consent, Mr. MATHIS was allowed to proceed for 3 additional minutes.)

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. Mr. Chairman, I should like to clarify for the record that I have not enunciated the position of the Carter administration.

I would say that Mr. Bobby Smith, chairman of the USDA Task Force on Peanuts, representing the USDA, enunciated the Carter position; and his bipartisan group of experts testifying in the gentleman's office did present the recommendations of the experts, which provided for anticipatory gradual reduction in support prices of peanuts.

Mr. MATHIS. Mr. Chairman, is the gentlewoman from Massachusetts (Mrs. HECKLER) talking about the proposal she now has before the committee today?

Mrs. HECKLER. If the gentleman will yield further, this proposal, as the gentleman well knows, is the exact proposal that Mr. Smith made to us.

Mr. MATHIS. The gentlewoman is eminently correct.

Mrs. HECKLER. I would say that Mr. Smith, as a member of the Department of Agriculture and as head of the Peanut Task Force which brought in the bipartisan group of experts, took a position as a result of which I assumed that the Department of Agriculture is still within aegis of the President.

Mr. MATHIS. Is the gentlewoman now saying, if I may reclaim my time which the gentlewoman so graciously obtained for me, that the administration does not support the committee bill? Is that what the gentlewoman is saying?

Mrs. HECKLER. I say, if I may be very precise, that it is difficult to understand exactly which peanut proposal the administration indeed does favor.

Mr. MATHIS. I can tell the gentlewoman, without reservation, without qualification, and without fear of contradiction, that the administration, including Secretary Bergland, including Assistant Secretary Bobby Smith, and including the President of the United States, supports the provision contained in the committee bill.

I do not know how we can be more precise than that.

Mr. Chairman, let me also say to the gentlewoman in the remaining time that I have which she, again, so graciously obtained for me, that when the administration brought this proposal in, it was a first proposal. As the gentlewoman well knows, she and I together have seen over the years administrations bring down here proposals for legislation that they knew could not fly or they knew would not fly, but that was done as the first step.

Voter registration is one piece of legislation that comes to mind immediately in terms of what the administration's position was and where they now are with respect to supporting that legislation.

Let us talk about what they want today.

Mr. GINN. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Georgia.

Mr. GINN. Mr. Chairman, I rise to commend the gentleman for the outstanding argument he has made against this amendment, and I would hope that the amendment would be soundly defeated.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, I wonder whether the gentleman could detail for this body the conversation he had with many of us about our former colleague, Andrew Young's comments on peanuts, the type of person who grows peanuts, the type of person who is employed by the peanut farmer, and what a drastic reduction in peanut subsidies would do to the peanut farming population throughout the Southern States.

Mr. MATHIS. Mr. Chairman, I thank the gentleman from New York (Mr. RICHMOND) for that question.

Obviously, the farmers would take a reduction; people involved in the peanut-producing process would take a reduction also.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. MATHIS) has expired.

(On request of Mr. RICHMOND and by unanimous consent, Mr. MATHIS was allowed to proceed for 3 additional minutes.)

Mr. MATHIS. Mr. Chairman, I thank the gentleman for yielding me the additional time.

Mr. Chairman, let me point out to the Members of this House, and particularly the gentleman from New Jersey (Mr. MAGUIRE) who I am sure would be probably interested in what Mr. Young of Georgia said, a former distinguished Member of this body, during the 1974 discussion on this very same issue in the Appropriations Act, during which he quoted Mr. Frank McGill, of the University of Georgia Extension Service who estimated that one of every three black families in the 84 peanut producing counties of Georgia derive a major part of their livelihood directly or indirectly from peanuts. He said further:

> A number of these families are engaged directly in the production of peanuts either as land and peanut allotment owners, renters, share farmers or hired farm workers.

I just wanted to call that to the attention of those Members of the House who are in support of this amendment.

I would be glad to yield to the gentleman from New Jersey (Mr. MAGUIRE) if he so desires.

Mr. MAGUIRE. Mr. Chairman, the gentleman from Georgia is very generous and I do greatly appreciate his yielding to me again. I would like to respond to what the gentleman has just said, and then make one additional point.

Mr. Chairman, I do not believe that Secretary Bergland would have made the initial proposal on this subject if it would have harmed the farmers to whom the gentleman from Georgia has referred, or any other farmers. I believe what we are asking for here is a proposal that would be more fair than what we have now. We want to maintain this crop and provide advantages not only for consumers, but also for farmers who could benefit even more by expanding the market, and thus selling more peanuts. No Member who has stood up in favor of this amendment wants to harm the small peanut farmers, nor do we believe that the amendment would do so.

I would point out to the gentleman that the calculations of the Department of Agriculture have shown that if you were to apply the same formula to all other farm products that is applied to peanuts, it would cost us $30 billion a year in taxpayers' money. We know that is outrageous. We do not do the same thing for wheat and soybeans or for any other products or any other farmers. We ought to have a peanut program which sustains the farmers but does not produce 40 or 50 or 70 percent above cost figures, but treats everybody in a balanced way.

Mr. MATHIS. There is no intention by the committee to provide anything like 50 percent. I do not mind yielding to the gentleman from New Jersey as long as he uses facts that are correct.

Mr. MAGUIRE. Does the gentleman from Georgia dispute the $30 billion figure?

Mr. MATHIS. Yes, I do dispute the $30 billion figure.

Mr. Chairman, I have here a letter from the Harlem Consumer Education Council, Florence M. Rice, president, dated July 25, 1977 and addressed to me. It reads:

DEAR SIR: I, wish to indicate my support for the peanut provision in H.R. 7171 and commend you on the leadership you have taken in the interest of consumers and farmers in making the first major change in the peanut program since 1938.

Sincerely,

FLORENCE M. RICE,
President.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I rise in opposition to the amendment offered by my distinguished colleague from Massachusetts, Mrs. HECKLER. This amendment, the essence of which was originally backed by an administration which should know more about peanuts, is nothing more than the latest attempt to use the peanut program as a political punching bag without regard to the consequences. I am disappointed that the Carter administration and my colleague from Massachusetts support these drastic cuts in the peanut price support, for the effect will not be savings for the consumer and stability for the farmer.

Rather, the immediate effect of this amendment would be to impose a recession on vast areas of Virginia, North Carolina, Georgia, Texas, and Oklahoma. If I may respectfully disagree with my colleague, Mrs. HECKLER, the amendment will, in the long run, save the taxpayer and the consumer very little money.

The Agriculture Committee's bill already imposes sharp limits on the price supports for peanuts. Instead of rising in 1981, as it would under law, to an estimated $556 per ton, the Agriculture Committee's support price will likely be $420 per ton. The bill also provides new poundage quotas that will reduce the amount of peanuts that the USDA will support. Production costs, including fuel and fertilizer, will continue to rise over the next 4 years, probably resulting in a real reduction in peanut farm income.

This amendment would further reduce that income, to a dangerously low level. As the committee report states:

Peanut producers need the continued assistance that would be provided under the Peanut Production Act of 1977 because of the unique nature of the commodity. Termination of a peanut support program would result in severe economic hardship to producers in all the peanut-producing areas. Peanuts are produced typically by a small family farmer with an average allotment of only 25 acres.

I submit that the Heckler amendment would have the same impact: severe economic hardship in all peanut-producing areas. If smaller producers are driven out of business and annual peanut production drops, the consumer will doubtless see an increase in the retail price of peanuts and peanut products.

The full Agriculture Committee and the Oilseeds and Rice Subcommittee have already rejected proposals similar to this amendment. They are aware that the greatest part of the peanut program's recent cost is not the support, but the minimum sales policy that former Agriculture Secretary Earl Butz instituted. Many in the peanut industry are convinced that the minimum sales policy was a poorly disguised attempt to discredit the entire peanut program through dramatically increased costs. If this amendment passes, we can conclude that Mr. Butz was successful.

In floor debate over amendments similar to this one, I and others have pointed out the obvious cause for much of the program's recent cost, but there is apparently less political benefit gained from an attack on bureaucratic blunders than an attack on the peanut farmer.

The committee report carefully outlined the problems that the minimum sales policy created before it was modified last November:

Program cost increases, at least since 1974, are also the result of the surplus disposal policies of the U.S. Department of Agriculture under the former Administration. Beginning with the 1974 crop, the USDA instituted its "minimum sales policy" which required that no peanuts acquired by CCC would be disposed of at less than 100 percent of the loan level. Previously, the CCC had offered the surplus for sale for export and crushing at market prices.

Under the policy of the previous administration, peanuts not sold at the minimum rate were disposed of through various foreign and domestic donation programs, including child nutrition programs, title II of Public Law 480, and private relief agencies from which the Government received no monetary returns. Peanuts acquired under the loan program have been sold at the loan rate only in periods of world shortages. The increase in the cost of the program from $4.8 million in 1973 to $171 million in 1974 is directly attributable to the Department's minimum sales policy.

The Department modified its sales policy on November 11, 1976, by announcing that CCC-owned peanuts and peanut oil would be offered for sale at competitive bids for crushing with the use of the oil being restricted for domestic markets.

This newer sales policy, if continued, could result in significant returns on sales of surplus peanuts, instead of the situation whereby peanuts acquired under the price support program that cannot be sold at 100 percent of the loan rate are given away in outlets that produce no dollar returns to the Government or are permitted to spoil in inventory.

In effect, Mr. Chairman, this amendment seeks to punish the peanut farmer for the misguided policies of Government. I recommend its defeat.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. ROBERT W. DANIEL, JR. I yield to the gentleman from Georgia.

Mr. MATHIS. I thank the gentleman for yielding.

I think the gentleman has interjected into the colloquy a very important point I neglected to mention when I was in the well. I thank the gentleman for doing so. That is that the tremendous escalating cost in this program for the past several years can be attributed to the previous administration.

The gentleman is exactly right when he says the cost would have been substantially less. The Senate Committee on Agriculture, Nutrition, and Forestry included in a report the estimation that the highest cost the program would have incurred would have been $20 million in the year it cost the most, and that report was agreed upon unanimously by Democratic and Republican Senators alike on that committee.

I thank the gentleman for bringing that point to the attention of the Members.

Mr. ROBERT W. DANIEL, JR. I certainly thank the gentleman for his generous comments. It is nothing in the form of a latter-day admission for me to be blaming Mr. Butz for what has happened in this program, and I appreciate the gentleman's comments.

Mr. Chairman, I yield back the remainder of my time.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, my esteemed friend, the gentleman from Georgia (Mr. MATHIS) I think richly deserves a solid gold peanut lapel pin with two or three oakleaf clusters for his masterful defense of the peanut farmers here today, and my friend, the gentleman from New York (Mr. RICHMOND) surely deserves at least a solid gold peanut lapel pin himself for his role in this affair.

It has been a fascinating experience to sit and listen to the explanations of what has happened in regard to peanut legislation under the Presidency of of Jimmy Carter. I recall very vividly the day that Secretary Bergland said publicly that he had had but one instruction from President Carter in regard to peanuts, and that was to do the right thing for peanuts and not to look to the President himself for any guidance. This was said in the context of the original peanut proposal, the one which the Heckler amendment would seek to establish. This was presented to our subcommittee, to which I am sure my friend, the gentleman from Georgia, will attest, in good faith with the recommendation that it be reported favorably.

The reaction to that was hardly enthusiastic, and I suppose Mr. Bobby Smith, who has a very good Georgia southern drawl, perhaps would have expected it, but every indication I had that day and subsequently was that it was made in good faith hoping the peanut growers of Georgia as well as of the rest of the country would go along.

It represented reform, but in my opinion modest reform. What finally came out as the recommendation of the committee, and to be sure supported now by the Department of Agriculture and the President, is very little reform at all. It is movement, but very, very little movement.

It is most unfortunate for us to have the impression here today that the peanut program is an efficient program, that

it is geared to establishing peanuts on an efficient economic base, because nothing could be further from the truth. It is the most outrageous farm program on the books and that's saying a lot. It guarantees profit even to the least efficient, and that is why the support level is where it is. But in guaranteeing profit to the least efficient it is a bonanza to the efficient, and that is one of the injustices in the program.

Andy Young's name was mentioned, and if he were here I am sure he would be opposing the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER), and it would be out of concern for the small peanut grower.

The pity is we do not have before us today a proposal which would harmonize the peanut program with what we have for cotton and wheat and feed grains, a loan rate at a level which would make the production competitive in world markets by a direct payment with a limitation which would provide income support to the least efficient, the poor struggling farmers, many of whom depend heavily upon this type program.

This will set in concrete the peanut program for the next 4 years. It is most unfortunate that it does not provide for any reduction whatever in the price support. It does provide for a reduction in the quantity of peanuts to be guaranteed that level of support. That is the one and only respect in which it represents reform.

I would like to think the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER) has a chance of passage here today, but in this land of peanuts and in this era of peanut influence, I must admit that I see very little hope.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. KAZEN. Mr. Chairman, reserving the right to object, I would like to have an opportunity to speak. We have heard from those on the committee, or most of them, and those of us who are not on the committee should have an opportunity to speak.

Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

There was no objection.

The Chair recognizes the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Chairman, I rise in support of the Heckler amendment.

The reason I speak today on the floor is that I believe we have a great credibility gap today directed toward our Government. The Members know and I know the difference between the Congress and the administration and the difference between one party and the other, but let me assure the Members that about 40 or 50 percent of the people in this country see no difference: It is just the Government.

Today the Government is being run by a peanut farmer, in their view, somebody in the peanut business. It just does not square that somebody that is running the Government today would allow the peanut farmer to be treated so much better than all the other farmers in America. I think we are saddling President Carter with a real credibility problem.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I do not have much time. Will the gentleman take it out of his time?

Mr. MATHIS. I will be delighted to.

If the gentleman is suggesting that President Carter is responsible for the peanut program that we have had on the books since 1938: It is absurd.

Mr. PRITCHARD. Not at all; but the problem is that he is now the President and a lot of people in this country will never believe that he was not instrumental in continuing this program and getting this high support price. Because the peanut farmer is being treated better than other farmers in this country, we are putting a burden on the President at a time we should not be doing it. I think it is a great mistake. While the Heckler amendment does not solve all the problems, we should be for it.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. KAZEN).

Mr. KAZEN. Mr. Chairman, I rise in strong opposition to the amendment. The name of the game here is food and that is all it is. It is not the fact that the peanut farmer is having an advantage over all other kinds of farmers.

Let me describe what it does to my district. My understanding is, not being on the committee and only having read this bill in the last 3 or 4 days, my understanding is about $420 per ton is the absolute top for the next 4 years; am I correct?

Mr. MATHIS. Mr. Chairman, if the gentleman will yield, the gentleman is essentially correct.

Mr. KAZEN. Yet the cost of production is going to keep going up for many of my farmers.

Mr. Chairman, I come from dryland farming country. The costs of production are much higher than they are in the Southeast and the yield per acre is much lower in south Texas than in any other peanut producing area in the country.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. KAZEN. No; I do not yield. I only have 1 minute and 50 seconds. The gentlewoman had 15 minutes.

Mr. Chairman, my people have to grow peanuts under conditions a lot more difficult in my district than in Georgia. I will say to the gentleman from Georgia, I am not happy with the provisions of the bill itself, because it discriminates against my peanut farmers because we go from an acreage allotment to a poundage allotment. In south Texas we do not have the yield that you people in Georgia have, but in the spirit of compromise we would be willing to live with the provisions of the bill; however, the provisions of the Heckler amendment will do irreparable harm and will chase many farmers out of business.

I just say this, when the day comes that we in this country discourage our farmers from planting and bankrupt them and then have to depend on other countries for our food, that will be the end of this country.

I think we ought to learn our lesson from what has happened in the energy field, in the mineral field, and many other fields, and we ought to encourage the small farmer to continue growing these crops that we so badly need. I urge the defeat of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, we have in recent days talked about support programs for a number of commodity crops. I think the basis of the support program is that it has to be balanced and it has to provide stability for both the farmer and for the consumer. Otherwise, support programs lose their credibility and are subject to attack by everyone.

I think in this instance where the program provides $420 a ton, when it is obvious the cost of production is in the vicinity of $250 a ton, we may have gone beyond that balance. The peanut task force established by this administration has recommended a support price beginning at $390 a ton and receding gradually over a 4-year period. This proposal would save taxpayers $280 million over the next 4 years. I think what they propose is fair. It is encompassed in the gentlewoman's proposal. It is fair to the farmers. It is fair to the consumers, but most of all, it is fair to the taxpayers.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Chairman, I rise in opposition to the amendment offered by my distinguished colleague from Massachusetts. The amendment would have an extremely adverse effect on the economy of peanut producing sections of the country. In addition, it would benefit the consumer not one iota.

Members of the Agriculture Committee have demonstrated great ability in trying to prepare farm legislation that would be reasonable and fair for farmers and consumers. They have done an outstanding job and we should overwhelmingly accept their recommendations, including those relating to peanuts.

Reducing price support rates for peanuts to disaster levels would create a disaster, because the costs of peanut production have risen substantially. Farmers are not immune to inflation—especially peanut farmers.

Keep in mind that when the farmer fails to recover his actual cost, he has no "net farm income," and that a zero net farm income for most farmers is

equivalent to a zero wage or salary for a worker.

If peanut prices decline much, we will have extremely serious problems not only in agriculture but also in related industries—those supplying peanut farmers with what they need in order to produce. I refer to machinery of every type, chemicals, pesticides, and goods of every size, shape, and description.

The peanut program can and should cost the taxpayers very little, as it did just before Secretary Butz manipulated the program so as to make it cost more. His aim, of course, was to scuttle the program. And his goal will have been achieved long after his own departure from the Washington scene, if we accept this amendment.

To be specific, the cost of the vitally needed peanut program was down to only about $5 million by fiscal year 1974. In fiscal year 1975, I am advised it was approximately $3 million. Total annual costs as low as these demonstrate the merit of retaining responsible peanut price support legislation.

However, after Secretary Butz started monkeying with the program the cost rose to $78.6 million in fiscal year 1976. The total cost for the brief transition quarter last year came to $32.6 million.

All this was due to the shortsighted and unwisely-intentioned decisions of Secretary Butz with respect to overseas sales of surplus peanuts for the crushing market. I am confident that the current administration will not make the same mistake. Therefore, I am confident that talk of a large price tag for the peanut program between now and 1981 is simply not accurate.

In fact, if we adopt the Committee recommendations on this matter, the total annual cost of the program will have been cut down to manageable proportions again by 1981. By that time, the cost will be no more than about $15 million for the year. For that low price we will be able to insure that our consumers have a steady dependable supply of peanuts and that farmers get a fair return on their large investments of time, talent and money.

Frankly, it would be difficult to devise a better prescription than this amendment for the creation of periodic wide swings in peanut prices, unstable supplies, loss and disaster for our farmers, and at times the forced transfer of this agricultural commodity to foreign countries at prices well below the average market value. Further, consumers in this country would face scarcity and extremely high prices for food products in some years.

For peanuts, application of the philosophy behind this amendment will create conditions and problems that will be harmful to consumers, to the interests of peanut growers, and also to other members of the peanut industry. These conditions and problems relate directly to the nature of the commodity and to the markets for it.

The peanut program has been designed to assure adequate supplies along with prices which are reasonable for farmers and consumers alike. Peanut products—whether salted, in candy, in peanut butter or in other forms—have been available at stable and reasonable prices. Peanut products have been excellent food values for consumers.

The peanut is not a storable, fungible commodity. Carryover from 1 year to another is undesirable. Therefore, each crop should be large enough to fully fill domestic food requirements, and to provide a reserve or a safety margin against poor crops in terms of both yield and quality.

There are two distinct markets for peanuts—the first for food and the second for crushing to produce oil and protein meal. Obviously, the value of peanuts for food is much higher than the value for oil and meal. To assure adequate supplies and reasonable prices the peanut program has provided for production somewhat larger than the domestic food requirement. Price supports have been used to maintain prices related to the value of peanuts for food. Any peanuts produced beyond food requirements have been sold in the market for crushing and export, usually at the much lower prices in that market. This system works well and costs little, if administered properly and not the way Secretary Butz did. We should continue this system—at adequate price support levels.

Remember, the farmer faces two major risks every year. The first is that of loss from adverse natural conditions. The second is that of loss from low market prices. On the market price risk, a sound farm program can provide some protection against an extreme downswing in price. Such a program also has a stabilizing effect that is beneficial to consumers. If we are to expect adequate production from our farms in the future, then we must provide farm programs that will maintain and stabilize farm income at reasonable levels.

As some of my farmer friends say, "The farmer is at the mercy of the elements and the markets." Today, I might add, the farmer is also at the mercy of the House. I think it behooves us as a Nation in our own self-interest, to support farm programs that will give farmers reasonable protection in the markets, and consumers reasonable prices.

If we are to give food to people who unfortunately cannot earn enough to buy it, then surely we should support farm programs that will help the people who produce the food, our farmers to obtain reasonable prices in the market. And I think it is far better that the farmer receive his income from the marketplace than it is to let market prices fall to low levels and then supplement the farmer's income by welfare payments from the Public Treasury as will surely be the case if this amendment is adopted.

I urge the defeat of this amendment.

(By unanimous consent Mr. HUCKABY yielded his time to Mr. MATHIS.)

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. MAGUIRE).

Mr. MAGUIRE. Mr. Chairman, I think the gentleman from California (Mr. PANETTA) came up with an important point in his discussion of this matter. He reminded us that there was a peanut task force which was appointed for the purpose of studying this issue, and that its recommendations were in fact the first recommendations made by the new Secretary of Agriculture, Mr. Bergland, in March. These are precisely the same proposals contained in the Heckler amendment.

What we are proposing is that the analysis that was done by people who studied the problem in detail should be the basis for action in this House, and not finally the pressures of special economic interests and political muscling which so frequently and unfortunately affect the decisions of this House.

This is a classic case in which we have a fair and balanced program being proposed on the merits, but where there is another side to the issue which is based on some other criteria. I would go so far as to point out to this House that some Members have spoken to me and said that they were going to get what they were going to get for the crops that were grown in their areas if they went along with the peanut subsidy, and so forth. I think we ought to end the process of that kind of log rolling in this House and approach each and every one of these policy items on the merits. We have the opportunity to do that today with peanuts by adopting the Heckler amendment. I urge its support.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. WHITLEY).

Mr. WHITLEY. Mr. Chairman, I rise in opposition to the amendment.

I rise in strong opposition to the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER). It has been pointed out that the average cost of peanut production is $2.50. I agree with the gentleman from Georgia that we can get almost any kind of average cost we want to, depending upon what experts we listen to. But, when we talk about average costs, I am remined of the story of the man who drowned in a river that only averaged 3 feet deep.

We have three different kinds of peanuts in this country. We have the Spanish peanuts, alluded to by the gentleman from Texas (Mr. KAZEN); we have the Georgia peanuts, which really create most of the overproduction; we have the North Carolina and the Virginia-type peanuts, which are grown in my district and the district of the gentleman from Virginia (Mr. DANIEL). It is only the Georgia peanuts that are produced in sufficient quantity and yield to anywhere approach the $2.50 cost of production. These other types of peanuts, which are included in the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER), which are included in this bill, cost considerably more than that to produce, because the yield is low. In a year such as this year, when the weather is dry, the yield is extremly low. If the support price is based at the level provided for in the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER), I

agree with the gentleman from Texas that in 1 year or 2 years, particularly if we happen to have dry weather years, many peanut farmers will be out of business because they will not get as much for their crop as the cost of production.

I am not persuaded by the promise of CPC not to pass through the cost of peanuts. CPS has all kinds of store brand peanut butter on the shelves now. It is 10 cents lower than its own brand. It is obvious that the cost of peanuts represents only a very small percentage of the cost of Skippy peanut butter on the retail grocery shelf.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. MATHIS).

Mr. MATHIS. Mr. Chairman, emotions are involved today, as they have in the past, because we have people on both sides of this issue who, very obviously and sincerely, feel very strongly about it. I will say to the members of the committee that were I in their place and knew nothing of the program, I think I would put my faith in those people who have had the opportunity to study this problem over the last several years and who have conscientiously tried to make changes in a program which obviously needed constructive or positive changes made.

Mr. Chairman, we have heard a lot of talk here today about parity. We have heard talk about consumer issues. I think we have very effectively addressed every one of the consumer issues. We are going into, with what the committee has brought forth, a transitional period for a program which means economic welfare for people in about seven States in this country. There is no doubt that this is not the end of the line. When this farm bill expires in 1981 or 1982 we are going to have to come back and make additional changes in the peanut program. I think all of us from the peanut States know we are going to be required to do that to bring the peanut program more in line with the other commodities included in the bill, and I think we are deluding ourselves if we think we can get away without doing it.

The farmers in my State, the farmers mentioned by the gentleman from Texas (Mr. KAZEN), the farmers in North Carolina and in other States where peanuts are raised are going to get a 25- to 30-percent reduction in their income the first year of this program. What we are asking for is assistance from this body to get us through the transitional period without causing economic chaos, without causing bankruptcy for a large number of farmers who in good faith have purchased land and machines, who have made a tremendous investment based on a commitment their Government gave them.

What we are saying is that the Members should support the committee, reject the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER), and give us time to work ourselves out from under a program which has in the past been poorly administered and has in some instances cost the taxpayers more than it should have. I urge the Members to stay with the committee on this amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER. Mr. Chairman, I would like to correct a statement made by the gentleman from Georgia in answer to the question of the gentleman from Texas (Mr. KAZEN), the answer given by the gentleman from Georgia, on the issue of $420 per ton, was whether or not that figure constituted a floor or a ceiling. According to the committee bill, the $420 is a floor. I proposed an amendment in the committee to designate the $420 as a ceiling on the subsidy cost in the bill but this amendment was defeated in the committee. So we are talking about a peanut subsidy cost which can escalate if the Secretary of Agriculture so chooses.

Second, Mr. Allen Walter, of the USDA Peanut Task Force, testified to the committee, in a colloquy with me, on the issue of average cost of production for peanuts. I asked about the cost of production in 1978. Mr. Walter responded that it would be about $285 a ton.

I asked for the cost of production in particular, and he responded and said that in 1978 the cost would be $285 a ton, and that in 1981 it would be $300 a ton. That is from the committee testimony as published in our report.

Now, what I advocate here is the exact proposal of the USDA peanut task force of experts who took into account the security of the peanut growers, and, second, the reduction of costs to the taxpayers, as well as equity to other farmers and relief for the consumers. This proposal is especially designed to bring the consumer into consideration, because the costs of the consumer are directly related to the cost of the subsidy. There is no way that a consumer can hope to benefit, whether the CPC honors its commitment to pass on reduction in peanut costs in future peanut butter prices unless my amendment passes. There is no hope for the consumer of peanut products without a change in this program.

Mr. DICKINSON. Mr. Chairman, I rise in opposition to the amendment to reduce the price support levels for peanuts.

The House Agriculture Committee has been studying the peanut program and considering various proposals to change the program for the past 4 or 5 years. Of even greater importance, Mr. Chairman, is the fact that the peanut industry itself has recognized that changes in the program are necessary and has worked closely with both the Department of Agriculture and the Agriculture Committee to formulate changes that will not devastate the program.

Sponsors of this amendment point to the costs of the peanut program, and I am one of the first to admit that the projected cost of 1977 and 1978 crops are substantial. But those who offer this effort to devastate the program have not told you that the program cost the American taxpayer only $4.8 million in 1973—that year when there was a worldwide protein shortage. If we pass this amendment, Mr. Chairman, and eliminate a substantial percentage of the peanut production in the Southeastern United States, it cannot bounce back overnight when a critical need arises.

Yes, the projected cost of supporting peanuts for the 1977 crop probably will be in the area of $150 million to $170 million. But let me emphasize to the membership of the House that these payments are not going into the pockets of "gentleman" or "fat cat" farmers. These are mainly small farmers, and the fact that they get support payments for their peanuts allows them to stay in the farming business and continue to produce other commodities for the American consumer which they could not afford to do otherwise.

Also conveniently overlooked by the sponsors of this effort to "gut" the peanut program is the fact that the Agriculture Committee proposal is designed to bring peanut production more in line with consumption. Members can easily get this information by reading the excellent report by the committee (House Report 95–348). If you will look at page 25 of that report, you will see that the committee states:

> The Peanut Production Act of 1977 would reduce the cost of the program for 1978–81 crops by reducing the quantity of peanuts eligible for support at the higher loan rate, the rate established for peanuts sold for primary use. This would be accomplished by placing each allotment holder on a minimum percentage quota which would decrease over the 4-year life of the bill

There is really nothing new about these vicious attacks on peanuts, one of the most important cash crops in the Southeast. Those same people who attack the peanut program have a strange way of looking the other way when we discuss a giveaway program like food stamps which cost the American taxpayers $6 billion a year. They should be as diligent in trying to eliminate fraud, dishonesty, and errors in the food stamp program—estimated to run as high as 25 to 30 percent of the cost of the program.

Mr. Chairman, I urge the defeat of the Heckler amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, the decision of the Subcommittee on Oilseeds and Rice and of the full Committee on Agriculture is the result of some very long and difficult discussions and deliberations; and I hope the Committee of the Whole will stay with the Agriculture Committee position on this issue.

This decision, just like every other decision, is not a perfect decision. No decision is a perfect decision. However, there are some substantial reductions that are being taken by peanut producers in many parts of the country as a result of this committee recommendation.

If anyone believes that the peanut industry was enthusiastic about the adoption of this committee recommendation, that person is not familiar with the facts.

I also think it is important to know that no matter what the recommendations of the so-called peanut task force

were, the Secretary of Agriculture supports the committee bill. The Department urges the retention of the committee recommendations with respect to the peanut program.

This is a program that has gone through some very difficult periods. There have been many recommendations made. We are beginning in this program to see some very severe retrenchments, both in terms of the parity support levels and in terms of the acreage that has hitherto been set as the minimum acreage for the planting of peanuts.

Mr. Chairman, there is a need for adjustment. We cannot, however, without doing great damage to individual farmers, make all of these adjustments overnight.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. HECKLER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred Members are present, a quorum.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentlewoman from Massachusetts (Mrs. HECKLER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device. and there were—ayes 207, noes 210. not voting 16, as follows:

[Roll No. 458]

AYES—207

Ambro	Cornwell	Hughes
Anderson, Calif.	Coughlin	Hyde
	Crane	Jacobs
Anderson, Ill.	Cunningham	Jeffords
Annunzio	D'Amours	Kasten
Archer	Dellums	Kastenmeier
Armstrong	Derwinski	Kemp
Ashbrook	Devine	Ketchum
Aspin	Downey	Keys
AuCoin	Drinan	Kildee
Badham	Early	Kindness
Bauman	Edgar	Kostmayer
Beilenson	Emery	Krebs
Benjamin	Erlenborn	LaFalce
Bennett	Ertel	Lagomarsino
Biaggi	Evans, Del.	Latta
Bingham	Evans, Ind.	Leach
Blanchard	Fenwick	Lederer
Boland	Findley	Lent
Bonior	Fish	Long, Md.
Brodhead	Fithian	Luken
Broomfield	Florio	Lundine
Brown, Ohio	Forsythe	McClory
Burgener	Frenzel	McCloskey
Burke, Calif.	Frey	McDade
Burke, Fla.	Gephardt	McDonald
Burlison, Mo.	Gibbons	Madigan
Byron	Gilman	Maguire
Caputo	Goldwater	Markey
Carr	Goodling	Marks
Cavanaugh	Gradison	Marlenee
Chisholm	Grassley	Marriott
Clausen, Don H.	Guyer	Martin
	Hagedorn	Mattox
Clawson, Del	Hannaford	Mazzoli
Cleveland	Hansen	Meyner
Cohen	Harrington	Michel
Coleman	Heckler	Mikva
Collins, Tex.	Hillis	Miller, Calif.
Conable	Hollenbeck	Miller, Ohio
Conte	Holt	Mineta
Conyers	Holtzman	Minish
Corcoran	Horton	Mitchell, Md.
Cornell	Howard	Moakley
Moffett	Reuss	Steers
Mollohan	Rhodes	Steiger
Moorhead, Calif.	Rinaldo	Stockman
	Rodino	Stratton
Mottl	Rogers	Studds
Murphy, Ill.	Rosenthal	Symms
Myers, Gary	Rousselot	Thone
Myers, John	Rudd	Tsongas
Nedzi	Ruppe	Van Deerlin
Nowak	Russo	Vander Jagt
O'Brien	Santini	Vanik
Oakar	Sarasin	Vento
Ottinger	Sawyer	Walgren
Panetta	Scheuer	Walker
Patten	Schroeder	Walsh
Pattison	Schulze	Waxman
Pease	Seiberling	Weiss
Pettis	Sharp	Whalen
Pike	Shuster	Wiggins
Pressler	Smith, Nebr.	Wilson, Bob
Pritchard	Solarz	Winn
Pursell	Spellman	Wirth
Quayle	St Germain	Wydler
Quie	Stangeland	Wylie
Railsback	Stanton	Young, Fla.
Regula	Stark	Zeferetti

NOES—210

Abdnor	Flynt	Nichols
Addabbo	Foley	Nix
Akaka	Ford, Mich.	Nolan
Alexander	Ford, Tenn.	Oberstar
Allen	Fountain	Obey
Ammerman	Fowler	Patterson
Andrews, N.C.	Fraser	Pepper
Andrews, N. Dak.	Fuqua	Perkins
	Gammage	Pickle
Applegate	Gaydos	Poage
Ashley	Ginn	Preyer
Bafalis	Glickman	Price
Baldus	Gonzalez	Quillen
Barnard	Gore	Rahall
Baucus	Gudger	Rangel
Beard, R.I.	Hall	Richmond
Beard, Tenn.	Hamilton	Risenhoover
Bedell	Hammerschmidt	Roberts
Bevill		Robinson
Blouin	Hanley	Roe
Boggs	Harkin	Roncalio
Bolling	Harris	Rooney
Bonker	Harsha	Rose
Bowen	Hawkins	Rostenkowski
Breaux	Hefner	Roybal
Breckinridge	Heftel	Runnels
Brinkley	Hightower	Ryan
Brown, Calif.	Holland	Satterfield
Brown, Mich.	Hubbard	Sebelius
Broyhill	Huckaby	Sikes
Buchanan	Ireland	Simon
Burleson, Tex.	Jenkins	Sisk
Burton, John	Jenrette	Skelton
Burton, Phillip	Johnson, Calif.	Skubitz
Butler	Johnson, Colo.	Slack
Carney	Jones, N.C.	Smith, Iowa
Carter	Jones, Okla.	Snyder
Cederberg	Jones, Tenn.	Spence
Chappell	Jordan	Staggers
Clay	Kazen	Steed
Cochran	Kelly	Stokes
Collins, Ill.	Krueger	Stump
Corman	Le Fante	Taylor
Cotter	Leggett	Thompson
Daniel, Dan	Lehman	Thornton
Daniel, R. W.	Levitas	Traxler
Danielson	Lloyd, Calif.	Treen
Davis	Lloyd, Tenn.	Trible
de la Garza	Long, La.	Tucker
Delaney	Lott	Udall
Derrick	Lujan	Ullman
Dickinson	McCormack	Volkmer
Dicks	McEwen	Waggonner
Dingell	McHugh	Wampler
Dodd	McKay	Watkins
Dornan	Mahon	Weaver
Duncan, Oreg.	Mann	White
Duncan, Tenn.	Mathis	Whitehurst
Eckhardt	Meeds	Whitley
Edwards, Ala.	Metcalfe	Whitten
Edwards, Calif.	Mikulski	Wilson, C. H.
Edwards, Okla.	Milford	Wilson, Tex.
Eilberg	Mitchell, N.Y.	Wolff
English	Montgomery	Wright
Evans, Colo.	Moore	Yates
Evans, Ga.	Moorhead, Pa.	Yatron
Fary	Moss	Young, Alaska
Fascell	Murphy, Pa.	Young, Mo.
Fisher	Myers, Michael	Young, Tex.
Flood	Natcher	Zablocki
Flowers	Neal	

NOT VOTING—16

Badillo	Brooks	Dent
Brademas	Burke, Mass.	Diggs
Flippo	McFall	Shipley
Giaimo	McKinney	Teague
Ichord	Murphy, N.Y.	
Koch	Murtha	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. McKinney for, with Mr. Brademas against.

Messrs. GUDGER, BROWN of California, WHITE, and HANLEY changed their vote from "aye" to "no."

Mr. MITCHELL of Maryland and Mr. OTTINGER changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. CONABLE

Mr. CONABLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONABLE: Page 52, after line 4, insert the following new section:

"SEC. 916. (a) That section 3 of the Golden Nematode Act (7 U.S.C. 150b) is amended as follows: "The activities contemplated by this Act include cooperation with States and other agencies in making inspections, applying suppressive measures, enforcing quarantines, enforcing restrictions on the planting of potatoes (including seed potatoes) commercial crops, including turf and nursery stock, destroying such crops growing in soil found infested or exposed to infestation of the golden nematode and compensating persons engaged in commercial production of such crops, for financial losses resulting from any or all of the following: not planting such crops in compliance with regulations promulgated under this Act, in areas quarantined as a result of, infested by, or exposed to infestation of the golden nematode; destroying, in accordance with the provisions of this Act or regulations issued thereunder, such as a crop which is so infested, quarantined, or exposed; and incurring increased costs, loss of sales, and a decrease in land value, with respect to such crop farming activity, as a result of such infestation, quarantine, or exposure."

(b) Section 5 of such Act (7 U.S.C. 150d) is amended by inserting "(including seed potatoes) turf and nursery stock" after "potatoes" each time it appears therein.

(c) The amendments provided by this section shall be applied for the benefit of any person who exeperiences financial losses in the commercial production of seed crops, after January 1, 1977, as a result of the infestation, or the exposure to infestation of the golden nematode or as a result of any quarantine imposed because of the golden nematode.

Mr. CONABLE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CONABLE. Mr. Chairman, this is a very modest amendment. It is offered by the gentleman from Maine (Mr. COHEN) and myself and it relates to one of the toughest laws on the books, the law relating to quarantine. The quarantine that has afflicted constituents of ours, one in each case, is the quarantine

under the Golden Nematode Act. The golden nematode is the scourge of the potato fields. It is a very contagious affliction and one which has caused a great deal of problems for potato farmers in this country.

The particular problem that concerns us affects the wording of the act as drawn. We have been advised by the Agriculture Department that no remedy exists, except legislatively.

Let me describe the conditions that bring forth this amendment. The constituent of the gentleman from Maine (Mr. COHEN) has seed potatoes. His seed potatoes were grown in an area suspected of having golden nematode. He destroyed them and suffered a serious loss as a result; but because he cannot prove the existence of the golden nematode that required destruction of his potatoes, he cannot get at this point indemnification from the Government, which would have been available had his potatoes been proved to have the golden nematode.

My constituent has a problem because he is a turf farmer in an area in which the golden nematode is also suspected.

Now, golden nematode does not affect grass, but it is very difficult to sell turf without having some dirt attached. For that reason, it is subject to inspection and quarantine. The problem, of course, is that they never find nematode in the turf. Therefore, there is only a suspicion of its presence in the attached soil.

This suspicion is putting my constituent out of business, just as the quarantine law has caused very serious unindemnified loss for the constituent of the gentleman from Maine (Mr. COHEN).

Mr. Chairman, we are asking that indemnification be available in these circumstances as it is with respect to those potato farmers who can prove the losses that have been occasioned not only by the nematode, but by the impact of the quarantine on them.

It seems to us that we have a Catch 22 situation. It seems particularly silly that no indemnification is available with respect to a turf farmer, who very clearly can show loss, although he is a small businessman, but obviously cannot prove that nematode afflicts his crops, since nematode does not affect grass.

The amendment is a simple one. It would simply extend the indemnification under the law to people situated as the constituent of the gentleman from Maine (Mr. COHEN) and mine are.

Mr. Chairman, I yield to the gentleman from Maine (Mr. COHEN).

Mr. COHEN. Mr. Chairman, I simply point out the situation we have does not affect a great many people, as the gentleman from New York (Mr. CONABLE) has indicated, one individual in his district and one in my own. The facts affecting my constituent were that some years ago, only 10 years ago, a farmer bought some seed from New York.

This seed in other areas was found to have golden nematode. This individual bought the farm some years later, and now he is prevented from selling his potatoes and also from planting for 1 year; not because his area has been quarantined, but because he is only suspected of having golden nematode. That is a Catch 22.

If he were actually quarantined, he would be compensated by the Federal Government, but because he is only suspected of having infestation, which they cannot prove, he is not compensated. This is really the fundamental inequity in this law that ought to be rectified. Several USDA officials have suggested that we take this route, because it is a fundamental inequity.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield.

Mr. BEDELL. I have no knowledge on this particular issue. I understand there are two people involved. Would the gentleman tell us about how large the indemnification payments are which would be going to these two people?

Mr. CONABLE. In my case, my man is a small businessman. Indemnification would be comparatively modest. He still has to prove his loss. He has a turf farm which is a small family business.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. BEDELL and by unanimous consent Mr. CONABLE was allowed to proceed for 2 additional minutes.)

Mr. BEDELL. The staff tells me that one of the farmers would be about $20,000, and the other about $100,000. Is that accurate?

Mr. CONABLE. Of course, whoever makes such a claim would have to prove his loss. I could say that in my case certainly it would not be more than that.

Mr. BEDELL. What size farmers are these that would be getting $100,000 payments from the Government?

Mr. CONABLE. My constituent is a turf farmer who produces turf for sale to subdivisions. It is a one-family operation.

Mr. BEDELL. How many acres are we talking about? Is it a family operation?

Mr. CONABLE. It is a family operation, yes.

Mr. COHEN. The same thing is true in my case. Mr. Allen is a very small potato farmer, and what we are trying to get is equity. If they would only put a quarantine on the property, he would be compensated. He cannot dispose of his stock and he cannot plant and he cannot get compensation. We are trying to rectify that, but they are both very small businessmen.

Mr. CONABLE. May I say, Mr. Chairman, that I would like to thank the chairman of the committee for his forebearance in this. Mr. COHEN and I have been seeing him regularly for the last 3 days, and he has been very patient with us. We appreciate it.

Mr. BEDELL. Could we hear from the chairman of the committee?

(On request of Mr. FOLEY and by unanimous consent Mr. CONABLE was allowed to proceed for 2 additional minutes.)

Mr. FOLEY. If the gentleman would yield, I would like to clarify something. Did the gentleman submit the amendment in terms of planting potatoes, including seed potatoes and turf?

Mr. CONABLE. Yes, that is correct. This amendment was modestly revised by a member of the chairman's staff.

Mr. FOLEY. I thank the gentleman.

Mr. BEDELL. I do not want to be a nit-picker, but some of us have some concern about hundred thousand dollar payments to people unless we know a little bit about what it is all about. I am not going to object to the gentleman's amendment, but we get a little dangerous when we start saying that this individual should get several thousand dollars from the Government and this individual should get several thousand dollars from the Government.

Mr. CONABLE. May I say, Mr. Chairman, the problem is that indemnification is offered under the act for those who are proved to have golden nematode, requiring destruction of the crop. The difficulty in this case is that we cannot prove golden nematode with respect to my constituent because he is a turf farmer, not a potato farmer; because in the nature of the turf business some dirt must go with the sod. That is subject to quarantine. What is happening now is that an inspector is coming daily some distance to pass individually on each shipment of sod that he sends out. It is costing the Government a good deal of money. It is a ridiculous way to do business and, as I say, is a Catch 22 sort of thing.

I cannot tell the gentleman the amount of the indemnification because, quite frankly, he would have to prove that. It is not a large operation, I can assure the gentleman of that, and the indemnification, of course, would run only to his losses, which are going to be difficult for him to prove at best, since it involves the marketing of turf. One of his great difficulties is that a lot of people think his turf is infected with something when, in fact, it cannot have golden nematode.

Therefore, he is going to have difficulty proving loss under any circumstances.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentleman from New York (Mr. CONABLE) a question or two, if I may.

Am I correct that the effect of this amendment would be to bring to the gentleman's constituent full indemnification for loss? Is that correct?

Mr. CONABLE. For loss proved; that is correct.

Mr. FINDLEY. What is the rationale for the Federal Government providing indemnity for this loss?

Mr. CONABLE. I think the gentleman would have to address the question to the original framer of the golden nematode act, which does provide for indemnification in order to prevent the spread of this particular disease. It is, as I said, the scourge of the potato fields, and it does a good deal of damage where it is unchecked. And, therefore, under some circumstances farmers found to have nematode have their crop destroyed by the Government and they are indemnified for it.

Mr. FINDLEY. And in this circumstance the farmer is having his sod field destroyed by the Government; is that correct?

Mr. CONABLE. No. What is happening is that he is quarantined because it is in a nematode quarantine area and he is suspected of having nematode, although it cannot affect grass.

Mr. FINDLEY. But he is restrained by the Federal Government from marketing the sod?

Mr. CONABLE. He cannot market the sod without daily inspection. That is correct.

Mr. FINDLEY. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. CONABLE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 50, line 18, strike out the punctuation marks after the word "factors" and insert in lieu thereof the following: ": *Provided*, That notwithstanding the provisions of section 912 of the Agricultural Act of 1977, the Secretary shall not require a set aside of soybean acreage as a condition of eligibility for price support for any commodity supported under the provisions of this Act."

Mr. FINDLEY. Mr. Chairman, this amendment prohibits the Secretary of Agriculture from imposing any soybean acreage set-aside requirement on farmers and producers either, first, as a condition of eligibility for loans for soybeans or two, as a condition of eligibility for loans, purchases, and payments for any other commodity, such as wheat, feed grains, upland cotton, or rice.

I offer this amendment for two reasons.

First, the only soybean program that exists is a loan program—currently at $3.50 per bushel—which normally or at least recently has approximated about 50 percent of the market price of soybeans. Historically it has been kept below the market, as it should be. The soybean producers in my State of Illinois do not want Government involvement in the production of their crop. The loan program has been used by some of these producers, but at no time has there been any question of repayment, because the loan level has been low in relation to the market price.

Futhermore, if the soybean producers were faced with a choice of giving up a loan support or submitting to a soybean set-aside, I am of the firm opinion they would elect not to have either a set-aside or loan program. However. I do not feel that the producers should have to pay such a high price for their loan program.

Second, an amendment was offered by Mr. FOLEY last Friday which provides a "cross-compliance authority" in the Secretary to require as a condition of eligibility for loans, purchases, and payments "that the acreage normally planted to crops designated by the Secretary" may be adjusted as deemed necessary by the Secretary.

This amendment—which is supported by the Secretary in a letter dated July 22, 1977—makes no mention of soybeans. There is no reference in the letter of the Secretary to soybeans or the possibility that the amendment would authorize soybean acreage set aside either as a part of a soybean price support program or as part of compliance with wheat, feed grains, upland cotton, and rice programs—as a condition of eligibility for loans, purchases, or payments.

The debate on Friday, including an explanation of the amendment, made no mention of soybean acreage setaside.

However, the language of the amendment—now adopted as section 910 of H.R. 7171—would appear to be broad enough to permit it to give broad authority to the Secretary to require "soybean acreage set aside." It could—repeat could—be read as not extending authority to require set aside on soybeans, but relate only to the enumerated commodities and to total cropland.

On Friday, I viewed the amendment in its narrow sense as intended to permit the secretary to insure that set-aside acreage be "acreage normally planted to crops," that is, that it not be pastureland or grazing land.

However, I became concerned with the broad sweep of the language and decided that an amendment—such as that I have introduced—should be made to the bill to insure that future Secretaries of Agriculture or others not misinterpret section 910. Department of Agriculture representatives told me personally yesterday afternoon that they have no objection to the amendment, they do not intend to employ a soybean set aside, and lack the authority to do so.

The Farm Bureau and Land of Lincoln Soybean Association of Illinois support the amendment I offer. The president of the American Soybean Association, Seymour Johnson, told me last night my amendment is entirely consistent with ASA policy.

Mr. Chairman, I urge my colleagues in the House to support this amendment—to which the Department of Agriculture has no objection—so as to resolve what I view as some existing ambiguity in the wording of section 910 of the bill.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Washington (Mr. FOLEY), the chairman of the committee.

Mr. FOLEY. I thank the gentleman for yielding.

Mr. Chairman, the Department has no authority to invoke the set-aside on soybeans either under the existing law or under the proposed law as reported by the committee or as enacted by the Senate. I do not think the amendment is necessary. I think it is superfluous, but the committee can make its own judgment on this matter.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for his comments.

The reason I have offered this amendment is that soybean producers throughout the country have become very concerned at a possible construction of the amendment offered by the gentleman from Washington (Mr. FOLEY) and accepted last Friday, one which would have appeared to give authority to the Secretary of Agriculture to impose set-aside requirements upon producers of soybeans. The Department since then has said that that language should not be so construed, but nevertheless the existence of this ambiguous language causes concern among soybean producers; and, therefore, they would certainly be comforted to have my amendment in the bill.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Mississippi (Mr. BOWEN).

Mr. BOWEN. I thank the gentleman for yielding.

Mr. Chairman, I would like to endorse the amendment which the gentleman has offered. It may well be true that the amendment the House adopted yesterday does not actually authorize a set-aside for soybeans; but if there is any ambiguity included there and any flexibility the Department can use to establish a set-aside, then I think it is absolutely necessary to pin this down precisely as the gentleman does in his amendment. Since soybeans are not a part of the same farm program which governs the other commodities, since soybeans are not eligible for deficiency payments, there should be no authority for a set-aside on soybeans. I urge adoption of this amendment.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Illinois.

Mr. O'BRIEN. Mr. Chairman, I support the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

Mr. Chairman, I support the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

I am sure that the "cross compliance" amendment adopted last week was not designed to authorize a set-aside program from soybeans. I am confident that was not the intention of the chairman (Mr. FOLEY), and I accept the Agriculture Department's assurance that the language of the Foley amendment should not be so construed.

Nevertheless, the language of that amendment—now section 910 of the bill—is somewhat ambiguous. It could be construed by some future Secretary, when circumstances may be different than they are now, as allowing a soybean set-aside program. This is something the soybean growers in our area oppose 100 percent.

I, therefore, do not agree that the Findley amendment is superfluous. Rather, it is a much needed clarification and I strongly urge its adoption.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I strongly support this clarifying language because the soybean growers in our area are strongly opposed to the set-aside. I think it is a good amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STANGELAND

Mr. STANGELAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STANGELAND: Page 45, lines 7 and 20, delete the words "1 cent" in each instance and insert in lieu thereof the words "2 cents".

Mr. STANGELAND. Mr. Chairman, I offer this amendment since the storage payment figures in this bill are inadequate in today's inflated economy. One cent per bushel may have been adequate as recently as 4 years ago, but not today. The cost of building storage bins has doubled in the last 5 years. In 1972 one could have built a storage bin for 25 to 30 cents per bushel as the cost of a bin, and in 1977 those costs have risen to 50 or 60 cents per bushel.

Under this amendment the farmer would receive 24 cents a bushel for the first year of storage, and that figure is at least 10 cents less than commercial storage charges. In the second and third years, under this amendment, the farmer will receive approximately 36 cents per bushel when we take into account the forgiveness features in this bill.

The figures in the bill give to the American farmer one-half to two-thirds the storage rates of commercial storage and at figures that will discourage rather than encourage farm storage.

The farmer is responsible for the quality and grade of the stored grain. He also absorbs the shrinkage of the grain in storage.

There will be questions as to the cost of this amendment, but let me say it will be far cheaper if we agree to this amendment than if we depend on commercial storage to handle our surplus. There are those who say the farmer should stand the cost of storage. Let me say that the farmer provides the storage. Why, I ask, was the farmer in 1974 encouraged to plant fencerow to fencerow? It was to replenish the depleted stocks of wheat and feed grain.

For whose benefit? I might ask. Why was that done? It was essential at that time to produce in case of some future national disaster we would have some reserve to assure our consumers food on the shelves of the grocery stores of this Nation.

Farm commodities do more than any other industrial production to assist in our balance of payments. If we are to keep our foreign buyers, we must assure them of a constant, adequate supply when they need that product. Without farm storage, it would be necessary to store that production in commercial facilities at 50 percent higher rates than we are offering the farmer. It is in the best interests of this country to provide at least the equivalent of commercial storage to our farmers for their willingness to produce and store an adequate amount of their production to assure our consumers that they need not fear the specter of hunger and assure our foreign buyers that we will be a stable supplier of the food and fiber they need in their countries.

The Senate version of this farm bill calls for a modest reserve. Last Friday we adopted a permissive reserve to this bill. If we expect the farmers to provide the kind of storage to assure the quality of that reserve, we can do no less than to adopt this amendment. Failure to do so could well mean substantially higher storage costs in commercial storage.

Mr. Chairman, I would urge the distinguished chairman of the Committee on Agriculture to accept this amendment I would ask him then to have counsel review the rise in storage costs that I recite in my remarks here and work in the conference committee to provide a more equitable figure for grain storage rates in this law.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

This amendment would double the cost of storage under the committee bill. There are limits that we have to recognize in the cost of this program.

It is very easy for those of us from farm areas to say that we would like to have a higher price support here, a higher price support there, more storage facilities, more loan forgiveness, and so on. It would be easy to suggest these things since I come from an agricultural area.

However, there are limits. The committee has reported a bill that I think is fair and balanced, and one that can receive approval from the House and eventually be the basis of a conference report that can be approved by the administration.

This amendment doubles the storage payment by jumping it from 1 cent a bushel to 2 cents a bushel. It doubles the cost of the storage charges borne by the Government.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, does the gentleman have an idea as to what the storage costs of this bill would be?

Mr. FOLEY. They would be about $57 million annually. I suppose they would be about $114 million under the gentleman's amendment.

Mr. STANGELAND. That is very nearly correct.

If the gentleman will yield further, would the gentleman expect that with the target prices in this bill, we might well see more grain moving into the market and less grain put into storage under this bill? I would also like to ask why we ought to be considering 50 percent higher storage rates on the commercial level than the amount we are willing to pay our Nation's farmers.

Mr. FOLEY. Mr. Chairman, I will tell the gentleman that I understand there are arguments that can be made for increasing storage payments to farmers and arguments can be made for higher price supports and target prices, and not entirely unreasonably. However, somewhere along the line we have to draw a line.

To paraphrase one of the great leaders of the other body, with $1 billion here and $1 billion there, pretty soon it adds up to some real money. I think we almost might say $100 million here and $100 million there, and pretty soon we get $1 billion.

Mr. Chairman, I have sympathy with the gentleman's purpose. I know he is sincere in his amendment, and I would like to be able to rise and support it; but at some juncture we are going to start to run into problems in getting this bill adopted and in getting it finally enacted so that it can benefit the farmers who, I think, need help this year. This bill will deliver help to them. This bill is infinitely preferable to the continuation of the present program, which runs throughout the rest of this year, to say nothing about the succeeding years.

Again, I understand the gentleman's purpose; but we have to start drawing a line, and we have to start resisting amendments, however, well intended, that just keep adding costs here and there.

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words.

I reluctantly have to oppose the amendment of my friend and colleague, the gentleman from Minnesota (Mr. STANGELAND), because I think that if we look at the legislation, we have the free interest provision in addition to the 1-cent a month storage payment provision in it, so it has been increased since the earlier legislation that governed farm law.

However, Mr. Chairman, I wonder whether the chairman of the committee would answer one question, and that is, after the farmer has held the grain for the first 11 months, and if for reasons of inadequate storage for the next crop year, he puts that grain in commercial storage, at what rate then will the Government make payments? Is it at the commercial payment rate or is it still at 1 cent per month?

Mr. FOLEY. If the gentleman will yield, under section 902 of H.R. 7171 if the farmer after the first 11 months decides to take it off the farm and put it into commercial storage, I believe it is 1 cent a month, regardless. The USDA would, of course, need to give its approval before such a change in storage location could be effective.

Mr. HAGEDORN. It is the same. Then the farmer would have to pay the commercial rate, if it is 1 cent, every 20 days; he would have to pay that additional one-half cent himself; is that correct?

Mr. FOLEY. Correct.

Mr. HAGEDORN. Then what happens if the loan is a nonrecourse loan and the grain is turned over to the Government?

Mr. FOLEY. He is entitled to an interest-free loan under the House bill for that second year.

Mr. HAGEDORN. Yes, but not the commercial rate of storage; is that correct?

Mr. FOLEY. That is right.

Mr. HAGEDORN. If the plan is a nonrecourse loan, the Government would withhold from that loan the amount of storage for the next 12 months; would that be correct, so that when the loan expired, if the farmer sold the grain, we would make sure that the Government would not get caught picking up the tab for the full 1½ or 2 cents a month, whatever the commercial rate is today?

Mr. FOLEY. Yes, that is correct; but, of course, the gentleman knows that during that extended loan period there would be no interest charged.

Mr. HAGEDORN. Yes.

Mr. FOLEY. Which is a very substantial difference from the existing situation. This advantage more than offsets any storage costs which must be borne by the producer.

Mr. HAGEDORN. I agree. This is the provision that I offered in committee.

Mr. FOLEY. I think the gentleman knows better than I the answers to his questions.

Mr. HAGEDORN. I just wanted it explained for the record.

Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. STANGELAND).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title IX? If not, the Clerk will read title X.

The Clerk read as follows:

TITLE X—RURAL DEVELOPMENT AND CONSERVATION

MULTIYEAR SET-ASIDE

SEC. 1001. Section 1005 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973, is amended by—

(a) striking out "1977" and inserting in lieu thereof "1981";

(b) striking out "1978" and inserting in lieu thereof "1992"; and

(c) amending the fourth sentence to read as follows: "Grazing of livestock under this section shall be prohibited, except in areas of a major disaster as determined by the President if the Secretary finds there is a need therefor, as a result of such disaster."

CONGRESSIONAL APPROVAL OF WATERSHED PROTECTION AND FLOOD PREVENTION PROJECTS

SEC. 1002. The Watershed Protection and Flood Prevention Act, as amended, is amended as follows:

(a) Section 2(3) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

(b) Section 5(3) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

(c) Section 5(4) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

CONGRESSIONAL APPROVAL OF RESOURCE CONSERVATION AND DEVELOPMENT PROJECT LOANS

SEC. 1003. The third sentence of section 32(e) of title III of the Bankhead-Jones Tenant Act, as amended (7 U.S.C. 1011(e)), is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

CRITICAL LANDS RESOURCE CONSERVATION PROGRAM

SEC. 1004. Notwithstanding any other provision of law:

(a) The Secretary is authorized to formulate and carry out a program with owners and operators of land in the Great Plains area as described in section 16(b) of the Soil Conservation and Domestic Allotment Act to reduce runoff, soil and water erosion, and otherwise to promote the conservation of soil and water resources in such area through the conversion of cropland from soil depleting uses to conserving uses including the production of soil conserving cover crops.

(b) To effectuate the purposes of this program the Secretary may enter into agreements for a two-year period with an owner or operator as described in subsection (a) whereby the owner or operator shall agree to devote to a soil conserving cover crop a specifically designated acreage of cropland on the farm up to 50 per centum of the acreage which had been planted to any soil depleting crop or crops in any of the two years preceding the date of the agreement. The agreement shall be renewable for annual periods thereafter subject to the mutual agreement of the owner or operator and the Secretary. In such agreements the producer shall agree (1) to plant a legume, or if not adapted to such area, an annual, biennial, or a perennial cover crop, as specified in the agreement; (2) to divert from production such portion of one or more crops designated by the Secretary as he determines necessary to effectuate the purpose of the program; (3) not to harvest any crop from or graze the designated acreage during the agreement period, unless the Secretary determines that it is necessary to permit grazing or harvesting in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster, and consents to such grazing or harvesting subject to an appropriate reduction in the rate of payment; (4) to give adequate assurance, as specified by the Secretary, that the land was not acquired for the purpose of placing it in the program: *Provided*, That this shall not prohibit the continuation of an agreement by a new owner if an agreement has once been entered into under this Act and that the foregoing provision shall not prevent a producer from placing a farm in the program if the farm was acquired by the producer to replace an eligible farm from which he was displaced because of its acquisition by any Federal, State, or other agency having the right of eminent domain; (5) to forfeit all rights to further payments under the agreement and refund to the United States all payments received thereunder upon his violation of the agreement at any stage during the time he has control of the land if the Secretary determines that such violation is of such a nature as to warrant termination of the agreement, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the violation by the owner or operator does not warrant termination of the agreement; (6) upon transfer of his right and interest in the farm, during the agreement period, to forfeit all rights to further payments or grants under the agreement and refund to the United States all payments or grants received thereunder unless the transferee of any such land agrees with the Secretary to assume all obligations of the agreement; (7) not to adopt any practice specified by the Secretary in the agreement as a practice which would tend to defeat the purposes of the agreement; and (8) to such additional provisions as the Secretary determines are desirable to effectuate the purposes of the program or to facilitate the practical administration of the program, including such measures as the Secretary may deem appropriate to keep the designated acreage from eroding and free from weeds and rodents in accordance with good conservation systems.

(c) In consideration for such agreements the Secretary shall make an annual adjustment payment to the owner or operator for the period of the agreement at such rate or rates not in excess of $30 per acre as the Secretary determines to be fair and reasonable. The Secretary may use an advertising and bid procedure in determining the lands in any area to be covered by agreements and the payment rate to be made to the producers thereof. The Secretary and the owner or operator may agree that the annual adjustment payments for the agreement period shall be made either upon approval of the agreement or in such installments as they may agree to be desirable: *Provided*, That for each year any annual adjustment payment is made in advance of performance, the annual adjustment payment shall be reduced by 5 per centum.

(d) The Secretary may terminate any agreement under this program by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree with the owner or operator to such modification of agreements as he may determine to be desirable to carry out the purposes of the program or facilitate its administration.

(e) The Secretary may, to the extent he deems it desirable, provide by appropriate regulations for preservation of cropland, crop acreage, and allotment history applicable to acreage diverted from the production of crops to establish vegetative cover for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation or for participation in such program.

(f) In carrying out the program, the Secretary shall utilize the services of local, county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, and the technical services of the Soil Conservation Service and soil and water conservation districts.

(g) In case any producer who is entitled to any payment or compensation dies, becomes incompetent, or disappears before receiving such payment or compensation, or is succeeded by another who renders or completes the required performance, the payment or compensation shall, without regard to any other provisions of law be made as the Secretary may determine to be fair and reasonable.

(h) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under this program.

(i) The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this Act.

(j) There are hereby authorized to be appropriated for the period beginning October 1, 1977, and ending September 30, 1981, such sums as may be necessary to carry out the program provided for in this section. The Secretary is authorized to utilize the facilities, services, and authorities of the Commodity Credit Corporation in discharging his functions and responsibilities under this program, including payment of costs of administration: *Provided*, That the Commodity Credit Corporation shall not make any expenditures for such purposes unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this section.

RURAL WATER PROGRAM ASSESSMENT

SEC. 1005. It is hereby declared to be the policy of Congress that all levels of government as well as all citizens should become aware of the programs in effect in the United States which are concerned with water resources and may have an impact on food and fiber production and other aspects of life in rural areas so that—

(1) Federal, State, and local governments may have such information available when legislating on matters such as water disap-

pearance, conservation, usage, allocation, collection, and storage;

(2) financial resources from the public and private sectors of the community may be better utilized in addressing problems which may arise because of water deficiencies in certain segments of the community or in geographical areas;

(3) analyses of the Nation's water resources programs and problems may generate economies, efficiencies, and effectiveness in policies in effect or that may be adopted; and

(4) a review of policies and a consideration of strategies and techniques for dealing with water deficiencies may evolve from the accumulation of this data base.

SEC. 1006. (a) The Secretary of Agriculture, using the authority set forth in sections 1005 through 1007 of this Act as well as existing authority, shall conduct a study for the purposes of identifying—

(1) and describing Federal, State, regional, and local programs which are concerned with assessing water tables, water usage, water resources, water sedimentation, water conservation, and water supplies which have an impact on food and fiber production and other aspects of life and rural areas;

(2) geographical areas which now have, or in the future may have, deficiencies in either the quantity or the quality of their water supply;

(3) and describing water conservation, storage, and allocation methods and procedures which are, or may be, utilized to reduce shortages or deficiencies; and

(4) the extent and manner in which information described in paragraphs (1), (2), and (3) is disseminated to interested persons.

(b) The Secretary—

(1) shall, in conducting the study, cooperate with the heads of other Federal agencies and of State and local governments to the maximum extent feasible in an effort to obtain all available information which pertains to the subjects of the study; and

(2) may obtain directly from any Federal agency information, suggestions, estimates, and statistics for the purpose of this study; and each such Federal agency shall furnish such information, suggestions, estimates, and statistics upon request of the Secretary.

(c) The Secretary shall, not more than one hundred and eighty days after the date of enactment of this Act, transmit a report of the study to the Committee on Agriculture of the United States House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the United States Senate. Such report shall contain the findings and the conclusions of the Secretary along with any recommendations for administrative or legislative action which may be taken with respect to creating a more prominent role for the United States Department of Agriculture in dealing with the problem of insufficient water supply in rural areas of the United States.

SEC. 1007. Effective October 1, 1977, there is authorized to be appropriated in addition to those funds appropriated under existing authorities the sum of $160,000 for the purpose of carrying out the provisions of sections 1005 through 1007 of this Act.

RURAL COMMUNITY FIRE PROTECTION

SEC. 1008. Section 404 of the Rural Development Act of 1972 (7 U.S.C. 2654) is amended by adding at the end thereof the following new sentence: "There is further authorized to be appropriated to carry out the provisions of this title not to exceed $7,000,000 for each of the fiscal years ending September 30, 1978. September 30, 1979, and September 30, 1980.".

RURAL DEVELOPMENT ACT AMENDMENTS: SMALL FARM RESEARCH AND EXTENSION

SEC. 1009. Section 502 of the Rural Development Act of 1972 is amended by—

(a) amending subsection (c) to read as follows:

"(c) SMALL FARM RESEARCH PROGRAMS.—Small farm research programs shall consist of research programs with respect to new approaches to initiate and upgrade small farmer operations through management techniques, agricultural production techniques, farm machinery technology, new products, new marketing techniques, and small farm finance,", and

(b) by adding at the end thereof a new subsection (d) as follows:

"(d) SMALL FARM EXTENSION PROGRAMS.—Small farm extension programs shall consist of extension programs with respect to improving operations of small farmers using, to the maximum extent practicable, paraprofessional personnel to work with small farmers on an intensive basis to initiate and improve management techniques, agricultural production techniques, farm machinery technology, new products marketing techniques, and small farm finance and to improve capabilities to utilize existing services offered by the United States Department of Agriculture and other public and private agencies and organizations.".

SEC. 1010. Section 503 of the Rural Development Act of 1972, as amended, is amended by—

(a) inserting in subsection (a) a comma and the phrase "except subsections (c) and (d) of section 502," following the phrase "this title";

(b) redesignating subsections (c), (d), and (e) as (e), (f), and (g), respectively;

(c) adding the following new subsections (c) and (d) to read as follows:

"(c) There are hereby authorized to be appropriated to carry out the purposes of subsections (c) and (d) of section 502 of this title not to exceed $20,000,000 for each of the fiscal years ending September 30, 1978, and September 30, 1979.

"(d) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (c) of this section shall be distributed by the Secretary as follows:

"(1) 4 per centum to be used by Secretary for Federal administration;

"(2) 19 per centum to be allocated to each State to carry out the programs authorized in subsection (c) of section 502 of this title, in such amount as determined by the Secretary;

"(3) 77 per centum to be allocated to each State to carry out the program authorized in subsection (d) of section 502 of this title in such amount as determined by the Secretary."; and

(d) deleting in subsection (f), as redesignated by subsection (b) of this section, the word "and" following "(b)" and inserting a comma and the phrase "and, (d)" following "(c)" in the first sentence.

SEC. 1011. Section 507 of the Rural Development Act of 1972 is amended by adding at the end thereof a new subsection (c) to read as follows:

"(c) 'Small farmer' means any farmer with gross sales from farming of under $20,000 per year.".

SEC. 1012. The Rural Development Act of 1972 is amended by adding at the end thereof a new section 509 to read as follows:

"SEC. 509. REPORTS.—The Secretary shall evaluate the effectiveness of the programs established under subsections (c) and (d) of section 502 of this title and make a report to the Congress no later than April 1 of each year on that evaluation and the operation of the programs during the preceding fiscal year.".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of title X be dispensed with, that it be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there amendments to title X?

AMENDMENT OFFERED BY MR. JONES OF TENNESSEE

Mr. JONES of Tennessee. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. JONES of Tennessee: Page 64, immediately after line 16, insert the following:

"AUTHORITY TO MAKE DEFERRED LOAN PAYMENTS

"SEC. 1013. The Consolidated Farm and Rural Development Act, as amended, is amended as follows:

"(a) Section 309 is amended by adding in subsection (f)(3) between the words 'any' and 'defaulted' the words 'deferred or'.

"(b) Section 309A is amended by adding in subsection (g)(3) between the words 'any' and 'defaulted' the words 'deferred or'."

Mr. JONES of Tennessee (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JONES of Tennessee. Mr. Chairman, I rise in support of this amendment and I would like to explain, as best I can, for a few moments, if the Members will bear with me, my reasons for doing so.

Mr. Chairman, my amendment would set up the mechanics for the Farmers Home Administration to defer payments of principal and interest on emergency loans which have been made to farmers in disaster situations.

The amendment would allow the Farmers Home Administration to use the resources of its credit insurance funds to make payments of principal and interest on outstanding emergency loans to farmers.

It is my understanding that the senior Senator from Missouri (Mr. EAGLETON) was successful in attaching an amendment to the Senate farm bill which was intended to give this authority. However, in discussions with the Farmers Home Administration I have determined that the language used in the Senate farm bill would not accomplish this intention.

I am assured that the language in my amendment would give the Farmers Home Administration the authority and ability to defer payments on such loans.

In recent weeks, I have been contacted by my colleagues from across the Nation—California and Oregon, from New York and Georgia—concerning the need to do a complete review of our emergency loan program. As you know we have our August recess coming up and it would be some weeks before we can

accomplish this review and make legislative proposals.

However, by adopting this amendment I think we can give some immediate relief to individual farmers who are in distress. As you know this continuing drought shows no prospect of letting up in the next few months and I think if we do not delay the burden of making these payments then hundreds of farmers will be facing bankruptcy.

Many of you may remember that several weeks ago the Department of Agriculture published a study of the financial situation of rural America and found that the situation is indeed unfortunate. Some relief must be forthcoming and I believe that by passing this amendment we will be addressing this need forthrightly and without significant costs to the taxpayers. In the coming months the Subcommittee on Conservation and Credit will be looking into other revisions in the emergency loan program.

The administration supports the amendment and in fact includes this language in a bill sent to the House H.R. 8315.

On this basis I urge my colleagues to support this amendment.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague from Tennessee (Mr. JONES) granting authority to the Farmers Home Administration to make deferred loan payments. I appreciate this opportunity to support this worthwhile proposal, and I urge my colleagues to help enact this measure.

I have long fought for reforming our farm disaster program to provide that the FmHA should have the authority to step in and make payments for farmers who are struggling to recoup natural disaster losses.

In Orange County, in my district in New York, farmers have borne the heavy financial burdens that natural disasters imposed upon them. Since 1972, when Hurricane Agnes took so large a toll upon the crops and well-being of the farmers in that area, our vegetable farmers have been plagued by the bureaucratic roadblock and redtape entangling the farm disaster loan program.

I would like to commend the distinguished chairman of the Subcommittee on Conservation and Credit for his tireless efforts and well-reasoned recommendations which have provided us with the much needed insight into the rural assistance and conservation programs benefiting both farmers and consumers.

While title X of H.R. 7171 advocates several programs containing salient provisions for federally funded rural assistance projects, the committee scheduling constraints and the consuming task of addressing a myriad of problems facing our agricultural sector, have precluded the inclusion within this omnibus farm bill, a remedy to a critical agricultural problem about which I know the chairman shares with me a great concern; that is, the Farmers Home Administration—FmHA—emergency loan program:

Adoption of the gentleman's amendment—providing FmHA the authority to pick up deferred payments for farmers currently holding FmHA emergency loans—would alleviate many of the problems now plaguing this program.

Testifying in March 1977, before the Subcommittee on Conservation and Credit, I maintained that while farmers in the Midwest and West have suffered a crippling drought, farmers in many other regions of our Nation have also experienced the financially devastating problems of farm indebtedness and eventual bankruptcy due to the ravages of hurricanes and floods. While we are still a long way from controlling such natural disasters, we do have at our disposal the means to significantly improve our Nation's emergency loan programs to provide practical assistance to American farmers.

Noting the restrictive repayment schedules and overly stringent eligibility requirements for FmHA emergency loan programs which discriminate against disaster-stricken farmers, I recently introduced legislation which addresses, in a comprehensive manner, the maladministration and uncompromising shortsightedness of key provisions of the FmHA emergency loan program.

For our disaster-stricken farmers, we must provide longer repayment schedules. If we are intent upon providing significant help, we must establish interest rates that more fully acknowledge the financial hardship suffered by farmers due to natural disaster, and we must abolish unduly restrictive time spans mandating early repayment of large portions of the FmHA loans. These reforms are included within the legislation I have proposed.

Accordingly since like provisions are not contained in H.R. 7171, it is my hope and request that the chairman of the Subcommittee on Conservation and Credit will schedule hearings—at the earliest possible opportunity—to consider these and similar proposals providing a legislative remedy for eliminating the ill-serving provisions of the farmers of the FmHA emergency loan programs. Our Nation's disaster-stricken farmers are confronted with a disastrous emergency loan program. Let us provide them real help—not just more words.

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. JONES) has expired.

(At the request of Mr. GILMAN, and by unanimous consent, Mr. JONES of Tennessee was allowed to proceed for 2 additional minutes.)

Mr. JONES of Tennessee. Mr. Chairman, I wish to thank the gentleman from New York (Mr. GILMAN) for the very fine statement he has made.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Missouri.

Mr. COLEMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment by my chairman of the Conservation and Credit Subcommittee of the House Agriculture Committee. His amendment is seriously needed and he is helping farmers and ranchers by offering it here today.

Throughout the drought area of the Nation, people in agriculture have been faced with the challenge of living through the droughts of 1975, 1976, and now many are faced with the drought of 1977. These people have been left with little hope in facing the ravages of nature.

Several months ago, I conducted hearings throughout the Sixth Congressional District of Missouri to discuss the most pressing problems of the farm areas. Witness after witness told me of the impact of the drought on his farm. Many people vividly described the devastation caused by the drought. Many told of the effect on their crops and livestock.

The people of the Sixth District also told of the problems they had with various types of governmental assistance designed to help them meet the drought emergency. Many had problems with Farmers Home Administration emergency loans.

Getting loans did not seem to be as large a problem as living with them when the drought entered its second, and now its third year.

For some of these farmers, the loan they received in the first year of the drought emergency became another problem to face in the drought's second year. In that second year, those farmers did not have crops to sell and, therefore, they did not have the money needed to meet the Farmers Home loans.

The amendment by Mr. JONES will allow the Secretary of Agriculture, through the Farmers Home Administration, to delay the collection of the principal and interest on these emergency loans. This is not a gift to these farmers, it is just a little breathing space to allow them to get a good crop produced and sold before the Government forces the farmer out of business for defaulting on the loans.

In my district, over $50 million in emergency loans is outstanding. If the farmers and ranchers that receive these loans are not allowed time to produce moneymaking crops, they will never be able to repay the loans and the Government will lose all it has invested in trying to help agriculture survive the droughts.

In a final observation, let me say that I feel this amendment will not only help farmers, ranchers, and taxpayers, but it will also help the economy of many small communities that would be hard hit by farmer bankruptcies if this action were not taken. This is the proper thing for us to do.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman from Tennessee for offering this amendment. This amendment is similar to one successfully offered by the senior Senator from Missouri (Mr. EAGLETON) when the farm bill was being considered in the other body. The purpose of the amendment is to grant authority to Farmers Home Administration to pay from either the agricultural credit insurance fund or the rural development insurance fund deferred installments on loans to the holder of the notes. This authority would allow payments to holders of insured paper to be made on a regular basis from the funds even though the borrowers have been permitted to defer payment of principal and interest on the loans. At the present time, the payments from the borrowers may be deferred but the debt instruments cannot be sold from the funds since holders are not willing to forgo interest payments on their loans.

The purpose of all of this is to permit the Secretary to allow deferrals of payment of principal and interest for up to 3 years to farmers who have outstanding Farmers Home Administration loans when such farmers are located in designated disaster areas. It provides some relief to farmers when they obviously need it most It would in some instances preclude the necessity for additional loans. There will doubtless be instances wherein this legislation will permit a farmer to stay in operation rather than going out of business. This amendment will give the Secretary of Agriculture additional flexibility in dealing with loans in disaster areas that the Small Business Administration already has, as I understand it. I urge the committee to adopt the amendment.

Mr. JONES of Tennessee. Mr. Chairman, I would like to say that this is a much needed amendment, as I have already said. As the gentleman from New York (Mr. GILMAN) mentioned, when the time approaches that we can have some extensive hearings, we expect to go further than we have even in this legislation today.

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. JONES) has expired.

(On request of Mr. FOLEY, and by unanimous consent, Mr. JONES of Tennessee was allowed to proceed for 30 additional seconds.)

Mr. FOLEY. Mr. Chairman, if the gentleman will yield, I want to commend the gentleman from Tennessee for offering this amendment. It is a much needed amendment. I urge all Members to vote in support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. JONES).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE XI—PUBLIC LAW 480

SEC. 1101. Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding at the end thereof the following new section:

"PURCHASE PROCEDURES—PUBLICATION OF FEES

"SEC. 112. (a) No purchase of commodities shall be financed under title I of this Act unless they are made on the basis of an invitation for bid publicly advertised in the United States and on the basis of bid offerings which shall conform to such invitation and shall be received and publicly opened in the United States. All awards in the purchase of commodities financed under title I of this Act shall be consistent with open, competitive, and responsive bid procedures as determined by the Secretary. Commissions, fees, or other payments to any selling agent shall be prohibited in any purchases financed under title I of this Act.

"(b) Notwithstanding any other provision of law, any commission, fees, or other compensation of any kind paid or to be paid by any supplier of a commodity or ocean transportation financed by the Commodity Credit Corporation under title I of this Act, to any agents, brokers, or other representatives of the importer of importing country, including a corporation owned and controlled by the importer or the government of the importing country, shall be reported to the Secretary of Agriculture by the suppliers of a commodity or ocean transportation. Such report shall identify the person or entity to whom the payment is made and the transaction in connection with which the payment is made. The Secretary of Agriculture shall maintain such information for public inspection and publish a report thereof annually and forward a copy to the Committee on Agriculture of the United States House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the United States Senate. Any supplier of a commodity or ocean transportation who fails to file such a report or who files a false report shall be ineligible to furnish commodities or ocean transportation, directly or indirectly, financed under this title for a period of five years.".

SEC. 1102. The first sentence of section 204 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "$600,000,000" and inserting in lieu thereof "$750,000,000".

SEC. 1103. Section 401 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking the period at the end of the last sentence thereof and inserting in lieu thereof a comma and the following: "unless the Secretary of Agriculture determines that some part of the supply thereof should be used to carry out urgent humanitarian purposes of this Act.".

SEC. 1104. Section 403 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by—

(a) adding "(a)" after "SEC. 403";

(b) and adding the following new subsection after subsection (a):

"(b) Notwithstanding any other provision of law, in determining the reimbursement due Commodity Credit Corporation for all costs incurred in connection with title II programs, commodities from Community Credit Corporation inventory, which were acquired under a domestic price support program, shall be valued at the export market price therefor, as determined by the Secretary of Agriculture, as of the time the commodity is made available under this Act.".

SEC. 1105. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1977" and inserting in lieu thereof "1979. New spending authority provided for title I of this Act by the amendment to this section made by the Agricultural Act of 1977 shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of title XI and that it be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. JOHNSON OF COLORADO

Mr. JOHNSON of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Colorado: Page 66, after line 15, insert the following new section and redesignate the subsequent sections accordingly:

SEC. 1104. (a) The first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "for the purposes of title II of this Act,".

Mr. JOHNSON of Colorado. Mr. Chairman, this amendment would make tobacco and tobacco products ineligible for use in title I of the food for peace program. It is already ineligible under title II of the food for peace program.

Last May we passed this amendment in the International Development and Assistance Act by a vote of 229 to 178 but when the bill went to conference the amendment was simply withdrawn without any debate and a Senate substitute, which is nothing more than a cosmetic gesture—it does not change the current policy—was accepted.

Mr. Chairman, I do not deny the historical and economic significance of tobacco in the tobacco growing regions of this country, but neither the tobacco industry nor the producer owes their existence to the food for peace program.

It seems to me that the Federal promotion of this poison, which the Government characterizes as one of our most serious public health problems, is inexcusable in a food for peace program. The food for peace program is supposed to be for the preservation and improvement of life. I suppose one could say by including tobacco in the food for peace program we are providing cannon fodder for the war on cancer.

We are talking about perhaps $24 million worth of sales this year. That does not amount to very much when we consider we will sell $1.4 billion worth of tobacco abroad.

The Federal Government financed last year $81 million worth of tobacco sales through the Commodity Credit Corporation export sales program and most of those sales are subsidized at a 3 to 4 percent rate, but tobacco exports through the food for peace program only make up about 2 percent of the total exports, but over the years they have tied up a total of $768.4 million.

This is the way the contracts are written. I hope the body listens because I do not think very many people are aware of the nature of our subsidy through the food for peace program.

Last year, fiscal year 1977, five countries received $66.1 million worth of negotiated sales, and here is the way they went.

Egypt, $20.3 million; 5 percent down payment; 20-year loan; 2 years of grace; 2 percent interest during the grace period, and 3 percent thereafter.

The Philippines received under this program $13.2 million worth of tobacco; 10 percent down payment; 20 percent currency use payment; 20-year loan; 2 years grace; and 2 percent interest.

Syria, $5.3 million, 5 percent down, 20-year loan, 2 years grace, 2 percent interest grace period, 3 percent thereafter.

Portugal, $14 million, 5 percent down, 16-year loan, 2 years grace, 4½ percent interest.

Now, Mr. Chairman, we cannot guarantee how the money freed up by making tobacco ineligible under Public Law 480 would be otherwise used; but we know that the Department has programed $24 million for exports of tobacco this year in food for peace. According to the Agency for International Development, that amount would feed 890,000 people. I have to admit that that does not necessarily mean that those 890,000 people would be fed, but I think the amendment is clearly in line with the humanitarian and need oriented policies we have debated here and adopted the 75–25 amendment to title I that provides that assistance be allocated on the basis of need to the poorest countries.

Previous opponents of this amendment state its adoption would restrict the operation of international markets for tobacco. That is nonsense, of course. The amendment only affects 2 percent of the sales abroad.

I think we all have to question whether or not the past or the present administrations really had trade and economic development in mind when they programed Public Law 480 tobacco for countries like South Vietnam.

The CHAIRMAN pro tempore (Mr. PICKLE). The time of the gentleman from Colorado has expired.

(By unanimous consent, Mr. JOHNSON of Colorado was allowed to proceed for an additional 2 minutes.)

Mr. JOHNSON of Colorado. Mr. Chairman, it is really questionable whether trade and economic development was the most important thing the administrations had in mind when they sold tobacco under these concessional sales terms to South Vietnam, Cambodia, Zaire, Egypt, and Syria. Some of the people that oppose this amendment say its adoption would endanger economic development, that the loss of revenue will force the developing countries to divert scarce resources from economic development. That is the argument made last time. That is nonsense also, because the recipient countries can obtain additional revenue from the sales of any commodity, not just tobacco.

Mr. Chairman, adoption of this amendment will not significantly affect the tobacco industry economically. It is being opposed because it represents the first tiny inroad into the heretofore isolated sacrosanct carefully protected world of Federal support of tobacco.

I believe that the gentlemen from the tobacco-growing regions who sit here glaring at me when I talk about this have no alternative but to oppose these kinds of amendments. I understand that. They have their political problems back home. There is not any other course of action for them. They are representing their constituents and I might say they are representing them very well; but it is incumbent on the rest of us to realize we have been following a governmental policy that is costly and inconsistent with our commitment to help protect and preserve the public health and welfare. It is up to the rest of us to correct the situation.

Mr. Chairman, I urge those who voted for the amendment the last time to vote for it this time.

Mr. WHITLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from North Carolina.

Mr. WHITLEY. Mr. Chairman, I would like to ask the gentleman, what is the purpose of offering the amendment to Public Law 480? What does the gentleman seek to eliminate?

Mr. JOHNSON of Colorado. Well, cotton is in that category. I do not believe it should be eliminated. I believe tobacco should be eliminated.

Mr. WHITLEY. Mr. Chairman, if the gentleman will yield further, the gentleman is just talking against tobacco?

Mr. JOHNSON of Colorado. In the food for peace program; yes.

The CHAIRMAN pro tempore. The Time of the gentleman from Colorado has again expired.

(At the request of Mr. WHITLEY, and by unanimous consent, Mr. JOHNSON of Colorado was allowed to proceed for 1 additional minute.)

Mr. BEDELL. Mr. Chairman, will the gentleman yield further?

Mr. JOHNSON of Colorado. I yield.

Mr. BEDELL. Mr. Chairman, as the gentleman knows, the gentleman and I have some disagreements with respect to the tobacco program; but I have to say, I think the gentleman is absolutely correct in that situation. I think we should have the courage to say that this is a food for peace program and, indeed, that is what we mean for it to be. I think we should have the courage to stand up and be counted on this particular issue.

Mr. Chairman, I commend the gentleman for the courage the gentleman has, to bring up this controversial amendment.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the requisite number of words.

I rise to oppose the amendment.

Mr. Chairman, my friend, the gentleman from Colorado, on two or three occasions during the gentleman's speech used the word "nonsense." I think it is entirely appropriate, because if there has ever been an amendment which is filled with nonsense, it is this one, because it does absolutely nothing, accomplishes nothing; while it is a known fact that if tobacco is not exported under Public Law 480, title I, then it will be secured by these foreign countries from other sources.

Now, to even the most antitobacconist in this hall—I am sure there are some, but hopefully not too many—it is only logical that if one is against tobacco, it is far better to export it than it is to keep it here. But, the gentleman from Colorado would say, "No, we must not export tobacco under Public Law 480."

I think when we had his amendment here under the International Banking Act there was a great amount of misunderstanding. Many of the younger Members, and perhaps those not familiar with the program, thought that we were giving tobacco away. He has very clearly stated that tobacco is included only under title I, which is for cash sales at middle- and low-interest rates, and so forth. It absolutely prohibited tobacco from participating under title II, which is where we give much of our commodities to needy nations.

Now, if the gentleman's amendment should prevail, it is going to involve about—based on last year's figures—in round figures, $20 million we export under those particular terms. But, let me assure the membership that at no time in the history of Public Law 480 has tobacco ever taken precedence over food or fiber.

It is the policy of the USDA and the State Department that tobacco shall be included only when the demands and the needs for food and fiber have been met. So, my friends, I see no reason for this amendment whatsoever. If it was infringing on the food or fiber of the needy nations, or those we are doing business with, then perhaps I would feel differently. But, it is a luxury.

Let me emphasize this: This Government does not instigate the orders for tobacco from the nations which the gentleman mentioned, but the desire and demand is instigated at the foreign level, and not here. So, I urge a vote against the amendment, and let us continue the same policy that has been in effect since 1938, as I recall, when Public Law 480 came in. Let tobacco, which is a legitimate agricultural commodity, whether one approves of smoking or not, and which has one of the best farm programs of all, alone. This punitive legislation, which accomplishes nothing to me, is an effort in futility.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman.

Mr. JOHNSON of Colorado. The gentleman and I can agree on one thing. That is, we ought to be giving the stuff away to our enemies rather than selling it to our friends under congressional terms.

Mr. JONES of North Carolina. I have no objection to that.

AMENDMENT OFFERED BY MR. WHITLEY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. JOHNSON OF COLORADO

Mr. WHITLEY. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITLEY as a substitute for the amendment offered by Mr. JOHNSON of Colorado: Page 66, after line 15, insert the following new section and redesignate the subsequent sections accordingly:

SEC. 1104. The first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding the following immedi-

ately before the period: ": *Provided further*, That in the allocation of funds made available under this title I of this Act, priority shall be given to financing the sale of food and fiber commodities".

Mr. WHITLEY. Mr. Chairman, the gentleman from Colorado, in offering his amendment, seeks to insure that in the administration of title I of Public Law 480, we do not substitute the export of tobacco for the export of needed food for hungry people.

First of all, it should be made clear that tobacco is an eligible commodity only under title I of Public Law 480. That is, it is eligible only for sale to foreign countries who negotiate to purchase it. The only subsidy involved is favorable credit terms. No tobacco is given to needy countries under title II.

My substitute for the amendment offered by the gentleman from Colorado would completely insure that the gentlemen's announced objective is carried out. It would insure that in the administration of title I of Public Law 480, first priority would be given to food and fiber and that no eligible country will be shorted on food in order to sell tobacco overseas.

Let me add that the language of my substitute is identical to the language contained in the conference report on the Foreign Assistance Act and would make the language in this act and that one conform.

I can say without any fear of successful contradiction that no country has been shorted on food under title I of Public Law 480 in order to sell tobacco.

And it is logical to assume that if those nations which have bought tobacco from us under Public Law 480 now find it unavailable, they will simply buy it from other countries like mainland China, for example.

Last year, our total tobacco exports were more than $1.46 billion, substantially contributing to our balance of trade.

Again, ask yourself, who would be benefited by the amendment offered by the gentleman from Colorado. The answer is nobody. Not the countries now buying the tobacco from us on favorable credit terms. Not our balance of payments. Not the consumer who presumably would be saved from using a potentially harmful product, because the product would still be available to them.

Who would be hurt? The 540,000 families who own tobacco farms, the 700,000 persons who obtain income in one way or another from tobacco production. Our balance of trade which last year produced more than a billion dollars on the plus side.

The Whitley substitute will insure that tobacco is not substituted for food, but will permit Public Law 480 exports under title I when all food requests have been filled. I urge its adoption.

Mr. NATCHER. Mr. Chairman. I move to strike the requisite number of words.

Mr. Chairman, by way of review, as the Members have heard me say on more than one occasion, tobacco is a commodity that is produced by some 600,000 farm families in 20 States. Here we have a $10 billion industry, Mr. Chairman, that pays into the Federal, State and local treasuries about $6 billion in taxes. Tobacco, as we well know, is a controlled program. We have an acreage poundage basis set in the law. Here we have the tobacco farmer working under the program, and this program is operated in conjunction with the Department of Agriculture.

Our distinguished friend, the gentleman from Colorado (Mr. JOHNSON), refers to tobacco as a poison. He refers to it in a right critical manner, Mr. Chairman. But I recall distinctly that last week, on Thursday and Friday, when sugar was in trouble, on this side of the aisle, Mr. Chairman, about 20 States which produce tobacco marched right down the road with that gentleman. They do not produce any sugar beets in my home county and they do not produce any sugar beets in Kentucky. They do not produce any sugar cane in Kentucky. But, Mr. Chairman, when sugar is in trouble, sugar beets and sugar cane, the people in Kentucky are concerned about it.

Certainly I was not elected and sent here as a Member of Congress just because it might have been a good move for me to have said to the distinguished gentleman from Colorado (Mr. JOHNSON) that "Since sugar beets are in trouble and you are in trouble in Colorado, this is a good amendment for me to vote for."

Mr. Chairman, this amendment offered by the gentleman from Colorado (Mr. JOHNSON) has received considerable publicity. At 6:30 on Saturday evening last week, on the CBS News Report televised over WTOP, Channel 9, we had the regular news report, and then following that we had three reports on disasters throughout this country.

First, the camera was focused on the tobacco fields of North Carolina. Several farmers were interviewed, and they were advised that this week an amendment would be offered to this bill that would seriously affect tobacco. They were asked how they felt about it. I wish we all could have heard what they said, Mr. Chairman. These were small tobacco farmers in North Carolina who were concerned about this amendment.

Where did the camera go next, Mr. Chairman? It went to the office of the gentleman from Colorado (Mr. JOHNSON). He sat at his desk, and when he spoke, he was highly critical of tobacco. At the same time, Mr. Chairman, we have his amendment offered to this same bill this week.

Mr. Chairman, the next part of that program pertained to the drought conditions in the State of Colorado, the State of the distinguished chairman of this Committee of the Whole. It pertained to Southwestern Colorado where cattle are dying today because there is no grass. They are eating the brush and the bushes, and the Chairman of this Committee of the Whole knows about that. That is where the camera went for the second segment of the program.

They interviwed some men on a ranch that I believe was operated by Indians from a large reservation. They were asked, "What are you going to do?" They said, "We don't have any money to buy feed. We are trying to save our money so we can take care of these cattle next winter. We are buying water and bringing it in."

That is the situation in the State of Colorado today. That is what is happening in Southwestern Colorado. And, Mr. Chairman, the camera never focused on the distinguished gentleman from Colorado in that scene. That is the State of Colorado where they are experiencing all this trouble.

Mr. Chairman, let me say this to the Members: Regardless of the outcome of this amendment, when we as members of the Committee on Appropriations have a chance to pass on a supplemental sometime in the next 3 months, I am going to vote every dollar it takes in the disaster sections of our bills to help the distinguished gentleman from Colorado and the people of Colorado in this disaster they are going through.

Mr. Chairman, that is the kind of a country we live in. We have 50 States in this country. When the State of Colorado is in trouble, the people in Kentucky are concerned about it.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. NATCHER) has expired.

(By unanimous consent, Mr. NATCHER was allowed to proceed for 5 additional minutes.)

Mr. NATCHER. Then, Mr. Chairman, what was the third part of that television program to which I referred? It was about the disaster in Johnstown, Pa., resulting from a serious flood in which some 58 people lost their lives.

We do not have any floods at this time in the State of Kentucky. Our people are not losing their lives, but we are concerned about what is happening in Pennsylvania. That is the kind of a country we live in.

Mr. Chairman, the gentleman from Colorado (Mr. JOHNSON) talks about tobacco being a poison. We hear about a well publicized television program throughout the United States against this commodity, and yet not one stalk of tobacco is raised in the district of my friend, the gentleman from Colorado (Mr. JOHNSON). And not one stalk of tobacco is produced in the State of Colorado.

But, Mr. Chairman, as the Chairman of this Committee of the Whole you know and I well know, they produce sugar beets in Colorado, and I am concerned about what happens to them.

We have talked about the Public Law 480 funds, and the gentleman from Colorado (Mr. JOHNSON) wants to strike that from the bill, as the gentleman himself said. My friend, the gentleman from Colorado (Mr. JOHNSON)—and, Mr. Chairman, he is my friend—is at this time on the wrong road.

It is true that the tobacco people throughout this country export a little over a billion dollars in tobacco. In the Public Law 480 entitlement program, which the gentleman from Colorado

talks about, in the last fiscal year there was $20 million of tobacco shipped. It is estimated that in 1976 and in 1977 to be between $60 and $70 million worth of tobacco. He says that ought not to be in that program.

Mr. Chairman, in the "Food for Peace" program the countries receiving these commodities make the requests, not the Department of Agriculture. No one in this country makes the requests; those countries themselves make the request for wheat, cotton, and tobacco. If tobacco is added, it is because those countries requested it.

Tobacco is produced throughout the world. It is produced in Egypt; it is produced in the Soviet Union. If tobacco does not come from this country in that program when these countries request it, Mr. Chairman, it will come from other countries that produce tobacco.

I know the gentleman who presides over this Committee of the Whole, and I know him well.

I know that the gentleman who sits in the chair and the people in Colorado are concerned about the drought situation, not only in that State, but in all of the Mountain States throughout the United States cattle are dying every day and this winter will be here soon. No hay or grass.

Therefore, Mr. Chairman, an amendment such as this one is a serious matter to the little farmer, the small farmer, Mr. Chairman, in 20 States, so I say from the bottom of my heart, Mr. Chairman, I hope this amendment is defeated.

Mr. ROSE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Whitley substitute amendment.

The CHAIRMAN. The gentleman from North Carolina (Mr. ROSE) is recognized for 5 minutes.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that all debate on the amendment of the gentleman from Colorado (Mr. JOHNSON) and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. MATHIS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MATHIS. Mr. Chairman, would the time limitation apply against the gentleman from North Carolina (Mr. ROSE), who has already been recognized for 5 minutes by the Chair?

The CHAIRMAN. The Chair will advise the gentleman that it would not.

Mr. MATHIS. I thank the Chair.

The CHAIRMAN. At the conclusion of the time of the gentleman from North Carolina (Mr. ROSE), the time limitation will take effect, and each Member standing will be recognized for 1 minute.

The Chair recognizes the gentleman from North Carolina (Mr. ROSE) for 5 minutes.

Mr. ROSE. Mr. Chairman, let me speak, if I may, for a few moments in support of the substitute amendment offered by my good colleague, the gentleman from North Carolina (Mr. WHITLEY).

What the gentleman from North Carolina (Mr. WHITLEY) has done, in my opinion, is to address himself to the main concerns that some in this body have had about tobacco being sold overseas in a program that is entitled, "Food for Peace."

Mr. Chairman, I do not have to argue with any Member, whether he is from a tobacco State or not, that to say "Food for Peace" and then to sell tobacco under that program requires a little explanation. However, traditionally tobacco has been a product that has been sold under that program.

My good friend, the gentleman from Colorado (Mr. JOHNSON), has raised a point that is worthy of being addressed; that what the Whitley amendment does is that it says that no tobacco will be sold to a country that requests it under these extended term arrangements of Public Law 480 if it interferes in any way at all with a request for food or fiber. In other words, if the Whitley substitute is adopted and the countries that participate in Public Law 480 want all food, there will be no money to pay for the tobacco installment sales.

Mr. Chairman, I think that is a very, very fair compromise. I think the gentleman from North Carolina (Mr. WHITLEY) has addressed the major concern that many have had about tobacco being sold under an installment plan that would take the place of food.

Let us adopt the Whitley substitute for the Johnson amendment to this section of the bill, and food and fiber will be preferred so that if the money runs out for the program, there will be no tobacco sold.

But, in any event, it will only be sold to those countries that have requested it.

The Members will recall that several years ago Secretary of State Kissinger worked out an arrangement with the President of Egypt for the Public Law 480 sales of tobacco to the United Arab Republic. This has been the type of arrangement that the State Department and others have encouraged where a country wanted tobacco.

As the gentleman from North Carolina, Mr. CHARLIE WHITLEY so well pointed out, if we do not sell this tobacco then other countries will.

It aids the balance of payments. It aids the economy of the tobacco producing States.

I commend my colleague, the gentleman from North Carolina (Mr. WHITLEY) who has worked so diligently to try to make this a reasonable compromise for coming forward with this substitute. I believe it addresses the problem that the gentleman from Colorado (Mr. JOHNSON) has. I hope the Members will support the Whitley substitute.

Mr. MATHIAS. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Georgia.

Mr. MATHIS. Mr. Chairman I want to associate myself with the remarks made by the gentleman from North Carolina, (Mr. ROSE) and to commend the other gentleman from North Carolina, (Mr. WHITLEY) for offering his substitute.

Mr. ROSE. I thank the gentleman.

Mr. Chairman, I rise in opposition to the Johnson amendment and in favor of the Whitley substitute. The Johnson amendment is punitive in nature and solves none of the problems, real or imagined, which the gentleman associates with tobacco.

The United States is presently experiencing record trade deficits and just in the last few days the dollar has fallen to new lows against the currencies of some of our major trading partners. Last year tobacco earned $1 billion in foreign exchange for the United States, and combined with our other agricultural exports helped offset the tremendous cost of imported petroleum.

Although the Johnson amendment is designed to actually reduce exports of this commodity, I submit that the Congress and the administration must cooperate to bolster exports of all U.S. products, including tobacco. At the present time, agriculture offers the best potential for increased exports, and the President's special trade representative deserves the support of the Members of this body in advancing the U.S. position at the Multilateral Trade Negotiations in Geneva. Eliminating tobacco from the Public Law 480 program, as the gentleman proposes, represents a backward step in our efforts to strengthen our position in foreign trade.

The Whitley substitute addresses all reasonable objections to the inclusion of tobacco in the Public Law 480 program. It insures that nonfood commodities will not be exported under Public Law 480 at the expense of nations in need of food commodities. The purpose of Public Law 480 is not only to assist needy countries but also to build markets for U.S. agricultural products, and I urge the adoption of the Whitley substitute to maintain this successful concept.

(By unanimous consent Mr. NATCHER yielded his time to Mr. PERKINS.)

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, first let me state that it is currently popular to scatter propaganda against tobacco, but, ever since I have been in the Congress tobacco has been moved overseas under Public Law 480 and it has always been on a voluntary basis. If those countries like Egypt do not request tobacco, they do not get tobacco and when they request it, it does not take precedence over any other food or fiber that a developmental country like Egypt may first request. If the United States does not have tobacco to sell these nations then these nations will get it from one or several countries that produce tobacco. Tobacco is the seventh most valuable farm crop in the United States, accounting for about 5 percent of cash receipts from our crops. It develops excise taxes at the State and Federal levels at $6.1 billion. The Federal Government receipts are $2.6 billion.

With respect to developing countries,

let me stress that U.S. tobacco is converted into products for domestic use and for export trade. The taxes on these tobacco products generate considerable revenue for the developing country which then markets them. Egypt, for example, claims that its tax revenue from Public Law 480 tobacco in 1976 was more than they received from operating the Suez Canal.

The only people that would be hurt by eliminating tobacco from Public Law 480 would be the 600,000 Americans who are engaged in producing tobacco and whose families depend upon their livelihoods in this pursuit.

I hope I can lay to rest the statements made by the gentleman from Colorado (Mr. JOHNSON) that exporting tobacco overseas is costly.

The CHAIRMAN. The time of the gentleman has expired.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. MAGUIRE).

Mr. MAGUIRE. Mr. Chairman, I want to commend the gentleman from Colorado (Mr. JOHNSON) for his leadership on this issue because I think it has been far too long that the matter of tobacco subsidies and Government good offices with respect either to the food for peace program or with respect to the production of tobacco in this country have ignored the health issue. This is not just a farm issue. It is not just an economic issue. It is also a health issue, because we know that smoking causes cancer, and we have to recognize that in our discussion here as well as when we discuss health legislation.

It strikes me as inconsistent, indeed hypocritical, that we continue Federal subsidies to tobacco farmers at the same time as the Department of Health, Education, and Welfare, through both its Secretary and the Center for Disease Control, has pledged to educate the public on the serious health consequences of smoking, both for smokers and those exposed to smoking by others. As President Carter has pointed out, the national commitment to health is difficult to reconcile with Congress annual payouts of millions of dollars to tobacco growers. I believe it is up to us to reexamine these policies, and to shift the balance in favor of protecting the public's health both at home and under the food for peace program.

Let us look for a moment at the health effects of our tax dollars buy when we subsidize tobacco farming or send tobacco abroad under special Government programs. For example, we know that children have a higher incidence of respiratory infections than adults and are most sensitive when exposed to tobacco smoke and other airborne pollutants. There is also statistical evidence available that demonstrates a clear relationship between parental smoking and respiratory illness in children. For years scientists have shown strong correlations between smoking and diseases such as lung cancer and heart and respiratory discases. Now we are beginning to hear about the deleterious health effects that tobacco has on those involuntarily exposed to smoking by others.

And tobacco payments represent only one aspect of the cost equation; how much does the subsidy really amount to when the so-called "external" costs are taken into account? Such costs include lost man-hours, a drain on health insurance funds, and intangible, yet very real, phychological costs to families faced with the agonies of tobacco-induced disease.

For those who argue that special tobacco programs are keeping small tobacco farmers afloat, let me say that I am sympathetic to the problem. I want to compliment the gentleman from Colorado (Mr. JOHNSON) and the gentleman from North Carolina (Mr JONES) on their colloquy yesterday, pages 24760–61 in which the chairman indicated there would be hearings on what we do to help farmers make whatever adjustments may be required if we decide—as I hope we will soon—to phase out the tobacco subsidy.

What we need now is an impact statement on tobacco desubsidization, along with a report on economic options for those farmers for whom desubsidization would create financial adversity. In the long run, a policy shift away from tobacco subsidies is sure to have beneficial consequences for the health of our people—consequences that should—if we are wise and sensible about how we handle the transition far outweigh the very real temporary problems posed for tobacco farmers. In short, the question I put to my colleagues is this: Do we want U.S. Government subsidized lung cancer, heart disease and respiratory diseases, here and abroad? Or do we want to finally, at long last, years after we have known the truth about the health consequences of smoking, start to act to achieve internally consistent Federal policies that protect, rather than undermine, the public health.

(By unanimous consent, Mr. JENRETTE and Mr. NEAL yielded their time to Mr. JONES of Tennessee.)

(By unanimous consent, Mr. CORNWELL yielded his time to Mr. WHITLEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. BRECKINRIDGE).

Mr. BRECKINRIDGE. Mr. Chairman, in the few moments available to me I would like to address this body's attention to one aspect of the tobacco industry which I think has escaped us all. Tobacco is an essential cash crop to 600,000 American farm families, out of a dwindling agricultural population of 2,700,000. We are talking, very simply, in the emotional context of health, about the destruction of the agricultural base in 20 of our 50 States, and no one here should escape the conclusion of the wrong vote on the measure before us. I urge the adoption of the Whitley substitute, and in the event it is not adopted, the defeat of the Johnson amendment.

(By unanimous consent, Mr. VOLKMER yielded his time to Mr. WHITLEY).

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Chairman, I would certainly like to associate my remarks with the earlier remarks of my distinguished colleagues from Kentucky, Messrs. NATCHER, PERKINS, and BRECKINRIDGE, opposing the Johnson amendment and supporting the Whitley substitute. Indeed, in western Kentucky in my district tobacco is an essential cash crop. It is a major crop in my mostly agricultural district, and it would be a tremendous setback to the economic situation in western Kentucky if the Johnson amendment should pass. Indeed, I assume it will not and trust it will not. It has not in the past, and I believe the Members have enough sense to reject the amendment. I urge the Members vote for the Whitley substitute which will come on a little later.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Colorado (Mr. JOHNSON). We are not destroying the tobacco industry here. We are talking about cutting down about 2 percent of the tobacco that is sent overseas. I suppose that is less than 1 percent of the total crop. We are not tearing down the tobacco industry if we are talking about cutting off somewhere around 1 percent of the crop.

Last May we voted 229 to 178 in support of the Johnson proposal, and nothing has changed in the last 4 or 5 months. There is no way to justify that we should have tobacco in the Food for Peace program

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I think any destitute country will want to get tobacco under these very favorable terms, and sell it and tax it and make money out of it. We do not want to lower the boom on our tobacco farmers. They are still selling $1 billion worth a year to foreign countries and this is only $24 million.

I think food ought to be for health and to save people, and I do not think tobacco belongs in this bill.

(By unanimous consent, Mrs. FENWICK yielded the balance of her time to Mr. JOHNSON of Colorado.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Chairman, I rise in strong support of the Whitley substitute amendment. I think it is a fair compromise. I think that the gentleman from Colorado should be satisfied with this language. It absolutely assures that under no circumstance nor in any way will food or fiber be considered after tobacco, but conversely that tobacco can be considered only after all those needs are met.

Also I would like to refer to the voting a few weeks ago, of 220 to 178, or whatever it was. In fairness to all concerned, I think it only right for me to call to the attention of this House that those of us opposing this amendment did not have

this particular opportunity to debate the issue and to enlighten some Members that we do not give tobacco away, and I am sure many of my friends voted for that amendment on that occasion who will vote for the Whitley substitute.

Mr. WAMPLER. Will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I rise in support of the Whitley substitute and against the Johnson amendment.

Mr. Chairman, we have debated this proposition a number of times during this session of Congress. I think the issue is clear. Tobacco is a legal product, and unless the Congress decides to declare it otherwise I think it should be permitted to move freely in trade among the nations. Tobacco is a commodity important to the economy of a number of our States. It contributes more than $6 billion in excise taxes to the Federal Government, to the several States, and to local units of government.

It seems to me the Whitley substitute makes clear under title I of Public Law 480 that food and fiber should have first priority, and if a Nation requests tobacco it can be considered only after requests for food and fiber have been met. I hope we can agree on the adoption of the Whitley substitute and the defeat of the Johnson amendment and continue the debate on this agriculture bill.

Mr. JONES of North Carolina. Mr. Chairman, I urge acceptance of the Whitley substitute. It is a reasonable compromise.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. WHITLEY).

Mr. WHITLEY. Mr. Chairman, I hope we will look at this amendment in a rational and not an emotional light. I think all of us will have to recognize the fact that the amendment offered by the gentleman from Colorado (Mr. JOHNSON) does not in any way address the issue of smoking and health. If we have concerns about smoking and health, there will be other times and other ways and other situations in which that can be addressed, but this particular amendment to this particular bill is not one of them.

Regardless of what happens on this amendment, nothing is going to happen in the whole area of smoking and health. It will not affect how much smoking there is in this country or some other country. So let us forget about smoking and health. Let us get on to other areas.

There has been a lot of talk about food for peace. Actually the title of Public Law 480 is the Agricultural Trade Development and Assistance Act.

Tobacco is a legitimate international commodity. There is absolutely no reason why we should not sell tobacco just as a number of other countries sell tobacco on the world market.

My amendment will certainly accomplish the announced objective of the gentleman; that is, to be sure that tobacco is not sold in place of needed food to needy countries.

I would like to read the language of this substitute amendment, so we have it clearly in mind:

Provided further, That in the allocation of funds made available under title I of this Act priority shall be given to financing the sale of food and fiber commodities.

If we want to be sure that nobody is shorted in food and fiber, we should vote for the Whitley substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, I am opposed to the Whitley substitute amendment, of course. The Congressional Research Service of the Library of Congress wrote a letter to a Member of the other body commenting on that amendment when it passed the Senate. They said this:

In summary, it appears that the amendment will have no effect on the current programing priorities and procedures for title I sales and will not affect the position of tobacco in those programs.

That is what I was talking about in the main body in my remarks. It is a cosmetic amendment. It does not change anything. It does not address itself to the question. Why should we be having tobacco in Food for Peace?

Mr. Chairman, I do not want to get as personal in my remarks as some of the gentlemen have been toward me, but the panic that is raised and that we can hear in the voices when we talk about reducing $24 million worth of sales in food for peace against $1.4 billion sales that go abroad indicates the life blood of this particular region revolves around tobacco. It is up to the rest of us to recognize there is no way they can approach it objectively or be rational about it. The rest of us have to take a look at it in the way it is, that is to continue to promote poison under the food for peace program is an anomaly which should be stopped.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I rise in support of the Whitley substitute amendment for the Johnson amendment.

I want to reiterate what the gentleman from North Carolina (Mr. WHITLEY) said in the well a few moments ago. This is not an issue that is going to affect whatever any Member feels about the issue of smoking and health. We import into this country every year 321 million pounds of tobacco. If the imports or the exports of tobacco were connected with the health issue, then I think the first thing people should be concerned about is the imports of tobacco into the United States; but what we are talking about here is restricting the exports of tobacco. There has been not a single word about the imports of tobacco that allegedly affect our own people.

Mr. FOUNTAIN. Mr. Chairman, I rise in opposition to this completely ill-advised amendment which is aimed at eliminating tobacco shipments to foreign countries under the Public Law 480 loan program not a grant program. I sincerely hope that my colleagues will join me in opposing the Johnson amendment, and supporting the Whitley substitute.

Public Law 480 tobacco assistance is in the form of credit sales, not direct grants, or soft loans. It is a relatively small program as Federal programs generally go. Last year, for example, Public Law 480 credit sales of unmanufactured tobacco amounted to about $15 million, or 9.2 million pounds, less than 2 percent of the total Public Law 480 program of almost $1 billion. These sales have helped this country build strong business and trade relationships with many foreign countries down through the years.

The countries buying our Public Law 480 tobacco have been exposed to American products, and representatives of American business, Government, and trade organizations. As a result, they have often expanded their commercial interests to other American agricultural commodities and other goods as well. New foreign export markets, of course, mean new jobs for Americans and new tax revenues for Governments at every level.

In recent years, around one-third of the tobacco grown in this country has been exported. In 1976, our exports of leaf tobacco and manufactured products totaled almost $1.5 billion, making a significant contribution to our total agricultural exports of about $22 billion. Taking into account our limited tobacco imports, we see that a positive net contribution of over $1.1 billion was made by tobacco to our balance of payments in 1976.

A major share of Public Law 480 tobacco exports in the last year or so has gone to Egypt and Syria. Anytime we are discussing or reassessing our political or trade relations with either of these countries, or with any other countries buying our tobacco certainly ought to give us a weighty bargaining chip at the poker table of diplomacy.

Mr. Chairman, this amendment would in no way affect, one way or the other, the smoking habits of a single American citizen, or the citizens of any country receiving our Public Law 480 tobacco exports. There has been a great deal of needless confusion on that point. We must keep the issue of smoking and health separate from the Federal tobacco programs because they are, in fact, distinct issues.

What the amendment would undoubtedly do, however, is close down several current and many, many potential markets for American-produced tobacco around the world. Countries cut off from Public Law 480 tobacco will simply call on another tobacco-producing country for imports.

Remember, tobacco is grown in many countries today, and could be grown in still more. During World War II, tobacco was even grown high in the Swiss Alps. Last year, 10 countries in addition to the United States produced more than a quarter billion pounds of tobacco.

The Public Law 480 tobacco export program is essential if we are to be effective in promoting American agricultural commodities and manufactured goods in foreign countries.

I urge my colleagues to vote the amendment down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. WHITLEY) as a substitute for the amendment offered by the gentleman from Colorado (Mr. JOHNSON).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. JOHNSON of Colorado. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-two Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Colorado (Mr. JOHNSON) for a recorded vote.

A recorded vote was ordered.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FOLEY. Mr. Chairman, the vote now occurs on the amendment offered by Mr. WHITLEY as a substitute for the amendment offered by Mr. JOHNSON of Colorado?

The CHAIRMAN. The gentleman is correct. The vote is on the amendment offered by Mr. WHITLEY as a substitute for the amendment offered by Mr. JOHNSON of Colorado.

The vote was taken by electronic device, and there were—ayes 260, noes 151, not voting 22, as follows:

[Roll No. 459]

AYES—260

Abdnor	Biaggi	Chisholm
Addabbo	Bingham	Clay
Akaka	Boggs	Cochran
Alexander	Boland	Coleman
Allen	Bolling	Collins, Ill.
Ambro	Bowen	Conyers
Andrews, N.C.	Breaux	Corcoran
Andrews, N. Dak.	Breckinridge	Corman
	Brinkley	Cornwell
Annunzio	Brooks	Cotter
Applegate	Brown, Calif.	Daniel, Dan
Ashbrook	Broyhill	Daniel, R. W.
Ashley	Burke, Calif.	Danielson
Aspin	Burke, Fla.	Davis
Bafalis	Burleson, Tex.	de la Garza
Baldus	Burlison, Mo.	Delaney
Barnard	Burton, John	Derrick
Baucus	Burton, Phillip	Derwinski
Bauman	Butler	Dickinson
Beard, R.I.	Byron	Dicks
Beard, Tenn.	Carney	Diggs
Beilenson	Carter	Dingell
Benjamin	Cederberg	Duncan, Tenn.
Bevill	Chappell	Eckhardt
Edwards, Ala.	Lederer	Roberts
Edwards, Calif.	Levitas	Robinson
Eilberg	Lloyd, Calif.	Roe
English	Lloyd, Tenn.	Rose
Evans, Colo.	Long, La.	Rosenthal
Evans, Del.	Long, Md.	Rostenkowski
Evans, Ga.	Lott	Rousselot
Evans, Ind.	Luken	Roybal
Fary	Lundine	Runnels
Fascell	McEwen	Ryan
Findley	McFall	Sarasin
Fisher	Mahon	Satterfield
Fithian	Mann	Schulze
Flood	Markey	Sebelius
Flowers	Marks	Sharp
Flynt	Marlenee	Shuster
Foley	Martin	Sikes
Ford, Mich.	Mathis	Sisk
Ford, Tenn.	Mattox	Skelton
Fountain	Mazzoli	Skubitz
Fowler	Meeds	Slack
Fraser	Michel	Smith, Iowa
Frey	Mikulski	Snyder
Fuqua	Mikva	Spellman
Gaydos	Milford	Spence
Gephardt	Miller, Ohio	St Germain
Giaimo	Mineta	Staggers
Ginn	Mitchell, Md.	Stangeland
Gonzalez	Mitchell, N.Y.	Stark
Gore	Mollohan	Steed
Gudger	Montgomery	Steiger
Hall	Moore	Stokes
Hamilton	Moorhead, Pa.	Stump
Hammer-schmidt	Mottl	Taylor
	Murphy, Ill.	Thornton
Hanley	Murphy, N.Y.	Traxler
Harkin	Murphy, Pa.	Treen
Harris	Myers, John	Trible
Harsha	Myers, Michael	Tucker
Hefner	Natcher	Udall
Heftel	Neal	Ullman
Hightower	Nedzi	Vento
Holland	Nichols	Volkmer
Hollenbeck	Nix	Waggonner
Holt	Nolan	Walker
Howard	Oakar	Wampler
Hubbard	Oberstar	Watkins
Huckaby	Obey	Weaver
Ireland	Panetta	White
Jenkins	Patten	Whitehurst
Jenrette	Pease	Whitley
Johnson, Calif.	Pepper	Whitten
Jones, N.C.	Perkins	Wiggins
Jones, Okla.	Pickle	Wilson, C. H.
Jones, Tenn.	Poage	Wilson, Tex.
Jordan	Preyer	Winn
Kastenmeier	Price	Wright
Kazen	Quillen	Yatron
Kelly	Rahall	Young, Mo.
Ketchum	Rangel	Young, Tex.
Kindness	Reuss	Zablocki
Krebs	Rhodes	Zeferetti
Krueger	Richmond	
Le Fante	Risenhoover	

NOES—151

Ammerman	Downey	Kildee
Anderson, Calif.	Drinan	Kostmayer
	Early	LaFalce
Anderson, Ill.	Edgar	Lagomarsino
Archer	Edwards, Okla.	Latta
Armstrong	Emery	Leach
AuCoin	Erlenborn	Lehman
Badham	Ertel	Lent
Bedell	Fenwick	Lujan
Bennett	Fish	McClory
Blanchard	Florio	McCloskey
Blouin	Forsythe	McCormack
Bonior	Frenzel	McDade
Bonker	Gibbons	McDonald
Broomfield	Gilman	McHugh
Brown, Mich.	Glickman	McKay
Brown, Ohio	Goldwater	Madigan
Buchanan	Goodling	Maguire
Burgener	Gradison	Marriott
Caputo	Grassley	Meyner
Carr	Guyer	Miller, Calif.
Cavanaugh	Hagedorn	Minish
Clausen, Don H.	Hannaford	Moakley
	Hansen	Moffett
Cleveland	Harrington	Moorhead, Calif.
Cohen	Heckler	
Collins, Tex.	Hillis	Moss
Conable	Holtzman	Myers, Gary
Conte	Horton	Nowak
Cornell	Hughes	O'Brien
Coughlin	Hyde	Ottinger
Crane	Ichord	Patterson
Cunningham	Jacobs	Pattison
D'Amours	Jeffords	Pettis
Dellums	Johnson, Colo.	Pike
Devine	Kasten	Pritchard
Dodd	Kemp	Pursell
Dornan	Keys	Quie
Railsback	Smith, Nebr.	Walsh
Regula	Solarz	Waxman
Rinaldo	Stanton	Weiss
Rodino	Steers	Whalen
Rogers	Stockman	Wilson, Bob
Rooney	Stratton	Wirth
Rudd	Studds	Wolff
Russo	Symms	Wydler
Santini	Thone	Wylie
Sawyer	Tsongas	Yates
Scheuer	Van Deerlin	Young, Alaska
Schroeder	Vander Jagt	Young, Fla.
Selberling	Vanik	
Simon	Walgren	

NOT VOTING—22

Badillo	Gammage	Quayle
Brademas	Hawkins	Roncalio
Brodhead	Koch	Ruppe
Burke, Mass.	Leggett	Shipley
Clawson, Del	McKinney	Teague
Dent	Metcalfe	Thompson
Duncan, Oreg.	Murtha	
Flippo	Pressler	

Messrs. MOAKLEY, SCHEUER, OTTINGER, WALGREN, HAGEDORN, BROWN of Michigan, and BUCHANAN changed their vote from "aye" to "no."

So the amendment offered as a substitute for the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. JOHNSON) as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS: Title XI, page 67, immediately at the end of line 11, insert the following new section:

USE OF NON-PRICE-SUPPORTED COMMODITIES UNDER PUBLIC LAW 480

SEC. 1106. It is the sense of Congress that there be no discrimination between "price-supported" and "non-price-supported" commodities in the programing of commodities under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480).

Mr. SYMMS. Mr. Chairman, the amendment is very simple and straightforward. It only calls for equality in the the application of Public Law 480. The reason for the amendment is that we have had a difficult time having both dried peas and lentils, which are extremely nutritious, high-protein foods, eligible to participate in Public Law 480 because they are non-price-supported products.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the chairman of the committee, the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

I want to say to the gentleman that I agree with him on the Department problems that sometimes have arisen over the programing of dried peas and lentils. This amendment merely expresses a sense of the Congress. I cannot speak for the committee, but speaking personally I accept the amendment and urge the committee to adopt it.

Mr. SYMMS. I thank the chairman of the committee.

The CHAIRMAN. The question is on

the amendment offered by the gentleman from Idaho (Mr. SYMMS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BONIOR

Mr. BONIOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BONIOR: Page 67, after line 11, insert the following new subsection.

SEC. 1106(a) On or before January 31, 1978, and every second year after 1978, the Secretary of Agriculture, in consultation with the administrator of the Agency for International Development, shall prepare and transmit to each House of the Congress a hunger impact statement concerning domestic and international food assistance programs administered through the Department of Agriculture and such programs administered through the Agency for International Development. Such statement shall at least include, with respect to food assistance programs carried out, or to be carried out, within two years of the date on which such statement is transmitted, the following:

(1) a description of areas in which food assistance has been, or will be, provided, including income levels, nutritional characteristics, and food production in such areas;

(2) a description of the nutritional value of agricultural commodities which have been, or will be, distributed under such programs; and

(3) an evaluation of such programs, including the efficiency of administration and the effects of such programs with respect to nutritional improvement, if any, of individuals receiving benefits from such assistance.

(b) The Secretary may secure directly from any department or agency of the United States information necessary to enable him or her to carry out the provisions of this section. Upon request of the Secretary, the head of such department shall furnish such information to the Secretary.

Mr. BONIOR (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BONIOR. Mr. Chairman, first of all, I would like to say prior to describing the amendment that I support this bill and that I support our domestic and our international food assistance programs. It is because of that support that I am offering the amendment. The amendment would require that the Secretary of Agriculture submit a hunger impact statement every other year. This requirement would help assure effective use of food and funds by specifying the target group and stating how the nutritional status of the recipients would be improved. The amendment would force evaluation of each request by the Secretary in light of who would be helped or excluded, how many individuals would be reached, and the type of assistance provided.

Mr. Chairman, every year the United States spends millions of dollars for food aid programs both here and abroad. I think we ought to begin to consider a couple of things that we traditionally have failed to recognize in evaluating our food aid. That area of neglect is the nutritional value of the aid we are supplying and safeguards to make sure that the aid reaches the neediest of people and gets to the target areas.

We have had examples of food aid overseas where we have really helped people in the African Sahel and Bangladesh and India, but we have also had examples of abuse in these areas. Let me if I can just run through a couple of them for the Members.

In the Sahel region of Africa, in a country called Mauritania, in 1973 the State department issued a report indicating the food we shipped there, where literally thousands of people were starving, had spoiled, arrived late and, once it was delivered, went to the wrong areas.

In Ethiopia in 1973 the Government of Ethiopia exported tens of thousands of tons of grain while the following year witnessed starvation in the same country.

In Bangladesh, just last year, while 200,000 tons of grain were being shipped to Bangladesh, we had literally thousands of tons rotting in storage bins there.

Let me point, if I can, just to one of the domestic food programs we have, and that is the summer feeding program. It has been discussed on the floor in previous bills, but if I could I would like to quote the General Accounting Office report on the summer feeding program and list some of the abuses that were cited in that report.

No. 1. Food waste was caused by inadequate storage facilities.

It was caused by deliberate dumping of food.

Food was thrown away because it was of poor quality, spoiled, and unappetizing.

Nutritionally the program failed to follow the required meal patterns, and delivery schedules.

I would like to qualify these statements by suggesting again I support our food aid programs. They have done much good in this country and abroad. But if we are going to sell these programs to our people back home, and it is hard to sell foreign aid in this country and sell these programs on the floor of the House, we have got to have accountability about where the food is going and make sure it is reaching the right people.

I would like also to quote one more report before I finish. It is entitled "Impact of U.S. Food Aid in Selected Developing Countries." It was issued in April 1976. That report concluded that the United States had no clear idea of the benefits derived by recipient nations from the Food for Peace sales. We were not able to establish to what extent the U.S. programs were benefiting the most needy people in those countries.

We know about 10 percent of our food aid once it goes overseas does not reach anybody let alone the neediest of people. It is lost or insects destroy it or it is weather damaged or lost through archaic processing methods which deplete the stocks.

Let me conclude by suggesting that the amendment does have broad support. It is supported by the National Taxpayers Union, the UAW, the National Education Association, the Bread for the World, and the World Hungry, and New Directions, an interreligious task force, and U.S. Food Policy Group made up of many denominations.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(On request of Mr. HARKIN, and by unanimous consent, Mr. BONIOR was allowed to proceed for 2 additional minutes.)

Mr. BONIOR. Mr. Chairman, let me just say I do not think there is a comprehensive report required by the Department of Agriculture. In fact I know there is not. I had researched materials and I found nothing to show where the Department is really required to address the question of nutrition.

I think this amendment goes a long way toward doing that and I would like to urge support of this amendment.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I would like to associate myself with the remarks of the gentleman. I commend the gentleman in the well for offering a very good amendment, one which I wish I had thought of myself, sitting in the Committee on Agriculture; but it is an amendment that is long overdue and is sorely needed in this agricultural bill.

I, too, have seen with my own eyes some of the things that happen with our food aid that goes overseas in terms of how it is many times mixed with sand in some places and the people skim off the top and turn around and sell it. It does not really sometimes reach the most needy people in those countries; so I think it is time that the Department of Agriculture begin to take a look at those programs and evaluate them on a periodic basis, as the gentleman suggests in the amendment.

Again I congratulate the gentleman for offering it and I hope it is adopted.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(At the request of Mr. DOWNEY, and by unanimous consent, Mr. BONIOR was allowed to proceed for 1 additional minute.)

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from New York.

Mr. DOWNEY. Mr. Chairman, I rise in support of the amendment. I want to commend the gentleman as well. I am a trustee, a member of the World Hunger Year. We spend a great deal of time and attention on the problems of the world food program. The gentleman has put his hand right on the problem, that is, accountability, that is where the aid is going, what it is doing. We do not have a mechanism for handling that in detail.

I think the gentleman's amendment will make that more accountable and give us a better understanding in the Congress of the world at large, so that we know how the money is being used to feed the hungry.

The CHAIRMAN. The time of the

gentleman from Michigan has again expired

(At the request of Mrs. FENWICK, and by unanimous consent, Mr. BONIOR was allowed to proceed for 1 additional minute.)

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, this is a wonderful amendment. We have had testimony from volunteers that food was given to remote entities. We got in trouble with delivery of the food. Accountability has been zero.

In Cambodia we can see what food really can do for the hungry, not enriching the officials before it reaches the poor.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, I want to congratulate the gentleman for this excellent amendment. I believe requiring a hunger impact statement, not only for domestic programs, but foreign programs, is long past due.

I think some of the gentleman's language might be clarified; but I think what the gentleman wants is necessary. Every Member of Congress has been hearing stories, not only about waste in our domestic food programs, but also in the total Food for Peace program.

Mr. Chairman, I think the amendment is well taken. I hope it passes and I hope it is actually put into effect.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I, too, commend the gentleman for this amendment. We have the most bountiful country in the world. That is what we have been talking about for 3 days. That is what is taking so long. It should be shared and shared compassionately. The amendment speaks to that very clearly and I support it.

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, I join in the support of this most important amendment. The United States spends enormous amounts of money on direct food aid and on agricultural development assistance to help underdeveloped nations meet their food needs and increase their own food production potential.

There are studies indicating that many of the underdeveloped nations have enormous food production potential of their own. The very poorest nations sometimes, whether heavily populated or underpopulated, have enormous food production potential. We spend an enormous amount of money to help them develop that potential.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. NOLAN, and by unanimous consent, Mr. BONIOR was allowed to proceed for 2 additional minutes.)

Mr. NOLAN. Mr. Chairman, will the gentleman yield further?

Mr. BONIOR. I yield to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, we have some factors that seem to weigh heavily on the ability of the underdeveloping nations to produce food and some of these factors weigh heavily on the level of hunger in underdeveloped countries. These factors include the level of human involvement in the food production system, the landownership trends, the cultivation levels and practices together with crop planting priorities—these are some of the aspects of our programs impacting on world hunger that could be examined with regard to our developmental assistance programs.

With this amendment, we could direct those programs to see to it that they do, in fact, help feed the hungry people in the underdeveloped nations of the world.

Mr. Chairman, I commend the gentleman for offering this amendment.

Mr. BONIOR. Mr. Chairman, in closing, let me say that food is a valuable commodity. For the hungry, it is the most valuable commodity we can give and any waste, misdirection, or abuse in this regard means permanent damage or even death for millions of people.

Mr. BAUMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, throughout this debate, which has extended over a number of days, a lot of us who represent farm areas have sat here and listened to a great many amendments offered. In fact, I have doubted at some points whether this bill was ever marked up in committee, since there have been so many amendments offered on the floor. But, I think we ought to pause now and then as this gush of amendments comes pouring out of the fertile minds of our membership and think about exactly what these amendments do.

I have read the well-intentioned amendment offered by the gentleman from Michigan. It occurs to me, having had some association with the Agency for International Development, that most of what he suggests is already being done by other agencies, if not on the basis of every country that receives our food aid, at least on a selective basis, to make sure that food programs are working.

Until recently, the Inspector General of AID was Mr. John Shaw, my constituent and a person in whom I have a great deal of confidence. I have read numerous reports that his agency produced examining these programs abroad and their impact. Additionally, it appears that in previous legislation already adopted this year there is a section which requires that the President submit similar evaluations of these programs to the Congress on a continuing basis.

The question that I have is, how much money is this additional reporting requirement going to cost? How many additional personnel will have to be provided for in the Department of Agriculture? And how many other agencies are already doing this very same thing? It sounds like a great idea, but here we go again, trying to balance the budget by 1981 and making sure that all these programs work; and yet we are laying on the backs of the taxpayers a whole new level of reporting requirements, and a bureaucracy which appears unnecessary, however good our iintentions are.

Mr. BONIOR. Mr. Charman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Michigan.

Mr. BONIOR. The gentleman raises some good questions. In researching the different agencies and departments to find out exactly who was doing what, we were able to find that there is an amendment, the Solarz amendment, adopted recently, which requires a nutrition impact statement on five countries every 5 years. It is very limited in scope. We cannot measure nutrition based upon studies every 5 years.

With regard to the question of cost, I have been trying to get some information on cost, and the best I could come up with is that, we have here an $8 to $9 billion food program, and we are talking about $700,000. We spent more money than that to have other independent companies do studies for us to find out that we are delivering food to the wrong countries at the wrong times.

I would suggest that the only reporting we have now is that self-help report mandated in 1967 in the foreign assistance field. If we look at that requirement, there is nothing in there that deals with nutrition.

Mr. BAUMAN. If I may reclaim my time, I think the defect I see in the gentleman's amendment is that it requires this kind of review statement for each and every one of the developing countries that are receiving this kind of aid. It seems to me that since we are doing this now on a selective basis, it would be far more intelligent to adopt a pilot program, because I do not think the Agriculture Department has the personnel or the ability or the funds to conduct the investigations this amendment would mandate.

I might add for those on the majority side who are concerned about where the administration stands, it is my understanding that they are opposed to the amendment. In fact, the administration has sent to the appropriate members of the Agriculture Committee an extensive memordanum detailing why they do not feel this is necessary. Secretary Bergland, President Carter and all the others who are trying to save money are opposed to this. We ought to look twice at it.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Iowa, another expert on everything with agriculture and foreign policy.

Mr. HARKIN. I thank the gentleman. He is right on his mark again.

I thank the gentleman for yielding and I thank him for his comments. The gentleman caught my ear when he said that he doubts whether the Department of Agriculture had that many personnel down there to carry out this program. I would like to respond to the gentleman by saying that I understand now that the Department of Agriculture has something like one employee for every 25

farmers in this country. I know a lot of farmers in my area who would be more than willing to let the Department of Agriculture people do something like this rather than some of the other things they are doing.

Mr. BAUMAN. If the gentleman from Iowa, with his newfound concern about saving money, would offer an amendment to bring about a reduction in some of these programs, I would support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. BONIOR).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 30, noes 15.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. SEBELIUS

Mr. SEBELIUS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEBELIUS: Title XI, on page 67, immediately after line 4, insert the following new section and redesignate existing section 1105 as section 1106:

"SEC. 1105. Section 408 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding the following subsection:

"'(d) Bagged commodities for the purpose of financing by the Commodity Credit Corporation under this Act shall be considered "exported" upon delivery at port, and upon presentation of a dock receipt in lieu of an on-board bill of lading.'"

Mr. SEBELIUS. Mr. Chairman, most will acknowledge the multiple benefits derived both by foreign nations and by the United States under title I of Public Law 480. The program provides recipient nations a reliable source of quality food commodities under favorable credit terms to enhance nutrition and combat hunger. At the same time, it provides the United States with foreign markets and contributes most favorably to the positive side of the balance-of-payments ledger. The program is particularly beneficial in years such as the present when our farmers are faced with crop prospects which will require expanded markets, readily accessible. Therefore, I am personally in favor of amendments to Public Law 480 which will enhance its administration, thereby encouraging markets for U.S. agricultural commodities. My amendment is offered with that in mind.

This amendment, which was adopted by the Senate, would encourage increased participation among sellers in bidding under title I to offer bagged commodities for export. Those bagged commodities currently offered include rice, flour, beans, and others. Presently, because of the logistics of delivery, it is more likely that large suppliers participate, since they have shipping agents or transportation departments available to arrange ocean freight coordination with commodity arrival. Smaller business and farmer-owned cooperatives are less likely to participate because the present responsibility of a Public Law 480, title I seller is to place the commodity in a FAS—free alongside ship—position. The seller is not paid by the Commodity Credit Corporation until his commodity has been loaded aboard ship, and the small seller has no control over arrival and/or positioning of ocean freight. Because of the risk of delayed shipping, smaller suppliers of bagged commodities are precluded from selling or are exposed to financial penalty for having complied with the sales contract without having received payment. As a result, a few larger suppliers may dominate.

My proposed amendment would allow a seller to be paid by CCC on the basis of a dock receipt, indicating delivery at the port, rather than upon presentation of an onboard bill of lading. The resultant participation by small business and farmer-owned cooperatives in title I would make this portion of the program more competitive. Additionally, it would conform to current commercial practice for export of bagged commodities. Payment upon delivery at the dock is standard for title II, Public Law 480 purchases.

Mr. Chairman, positive benefits will accrue from its adoption. I urge the House to consider the benefits of increased competition among exporters, the development of markets abroad, and the support that this will bring for the farmer in the United States.

Mr. BOWEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in very strong opposition to this amendment. The Department of Agriculture is also very strongly opposed to it.

The amendment upsets the traditional pattern of marketing which we have had for many years and which I think serves the Nation well. That pattern certainly serves to enhance our relationships with the countries of the world which are benefited under the Public Law 480 program.

The traditional pattern is that the exporter is responsible for the commodity until it is actually loaded on board the ship. That means that the exporter must bear his traditional responsibility for that cargo while it is still located in the United States of America.

Many things can happen to that cargo while it is waiting here. We have problems of theft, loss, and damage to cargo. We have the problems of damage from insects, rodents, and birds, and there are fumigation costs, insurance, wharfage, handling, inspection, storage, demurrage—you name it. These problems have to be taken into account, and they have been the responsibility of the exporter.

What this amendment attempts to do is to pass the buck to a foreign country. That is fine, but what it really means is that we are asking Bangladesh or Indonesia or Haiti or Sri Lanka or some other country to take the responsibility for the bagged food commodity when it is still in a domestic position on American docks.

This is a totally untested, untried program. It has a great potential for disaster, and our Department of Agriculture has pointed this out to us.

I think in the area of foreign relations it would be extremely damaging to attempt to ask those countries—and they are poor countries—who have no knowledge or experience in handling commodities on docks in the United States to come in and simply take over the financial responsibilities of the commodity once it is dumped on the docks here. That is not the traditional way to do it. I think the way we have handled it in the past has been the most effective way.

It has been traditional that the exporter has to bear that responsibility. That is part of the bidding process. He takes that into consideration when he offers a bid to the foreign country that wants to buy a Public Law 480 commodity.

So it is easy to see why the administration is opposed to the amendment. I am quite sure that not only the USDA but the State Department would be opposed to it. Any Member here in this body who is interested in strengthening our relationships with foreign countries and establishing closer ties, any Member who really wants to see more commodities moved in international trade, would certainly be opposed to this amendment.

Incidentally, I will say this on behalf of the small exporters about whom the gentleman from Kansas (Mr. SEBELIUS) is concerned: The Department has just issued a new regulation in an effort to help these exporters. The Department is very deeply concerned about this problem. One of these regulations says that when a foreign shipping line is delayed in arriving to pick up the commodity in question, that ship is responsible for compensating the exporter financially for the delay.

Therefore, in the case of a small exporter, let us say, who feels he cannot bear the burden of waiting for another week to get paid because of a shipping delay, the Department now requires the shipping line to compensate that exporter for that loss. Therefore, the Department, in my opinion, has made a commitment in trying to help smaller exporters and will continue to do so.

Let us also remember that this amendment would help not only the small exporters but the large ones as well.

Mr. Chairman, what this amendment would do is very much opposed to the interests of this country and, I think, to the interests of the Public Law 480 program. I urge its defeat.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, the gentleman from Mississippi (Mr. BOWEN) stated quite well the reasons the administration carrying out the Public Law 480 program would reject this amendment, and I hope the committee members will join the gentleman from Mississippi in opposing the amendment.

Mr. BOWEN. Mr. Chairman, I would like to thank the distinguished chairman of the committee for opposing this amendment.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, this question occurred to me as I heard the discussion: Why does the Department do it under title II and they will not do it under title I?

Mr. BOWEN. Because under title II the U.S. Government actually buys the

commodity and delivers it to the foreign buyer. In other words, USDA replaces the private exporter for title II and also accepts the same dockside responsibilities until the commodity is loaded.

Mr. SEBELIUS. I think the foreign buyer should bear that responsibility. It is a normal commercial responsibility.

Mr. BOWEN. It is my observation that the contrary is the case. It is a part of the bidding process by the exporter, and I think it is necessary for us to vote against this amendment.

Mr. MOORE. Mr. Chairman, I move to strike the requisite number of words.

Very often we hear two things in this Congress and when we go back home. One is that we want to help the farmers, and the other is that we want to help small businessmen.

Mr. Chairman, I have been listening to the arguments of the distinguished chairman of the Subcommittee on Cotton and of the chairman of the full committee, and I respectfully must disagree with them.

Farmers are growing a commodity, rice, and we ought to be able to sell it and we ought to do what we can to help them market it as best they can. This would open open up new opportunities for new exporters to be able to get into the business of selling rice and would directly help them move more of that product.

This past year we had to pay a price support for rice for the first time in many years. We did not market enough rice overseas.

Perhaps through action like the amendment of the gentleman from Kansas (Mr. SEBELIUS) proposes we might not have to do that in the future and will be able to expand our foreign market.

Second and most important, there is going to be an amendment offered later today by a gentleman on this side of the aisle which smacks of saying that we do not have enough competition now in the rice exporting business. Here is a way to get into that. Here is a way to let the little fellow get into that business, the one who cannot underwrite all of the expenses of going into the exporting of rice in a traditional way.

Mr. Chairman, there has not been a good reason given as to why it is title I and title II cannot be treated equally.

I submit, Mr. Chairman, that if we want to let the little businessman and the co-ops do export business and if we want to try to help the farmers market their goods so as to get a good price and stay in business, if we really want to help the farmers and the small businessmen, this is a good amendment to support, and I do support it.

I do not believe any problems it is going to cause the administration or the USDA in its operations are really that significant.

Mr. Chairman, I support the amendment and urge its passage.

Mr. SEBELIUS. Mr. Chairman, will the gentlman yield?

Mr. MOORE. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, the gentleman from Mississippi just said that title II is rather limited and restricted.

If we look at the dollar amount proposed for 1978 under title I, $835 million as compared to the amount under title II, which is $563 million, we readily see that if they can do it under title II, they certainly should be able to do it under title I.

I thank the gentleman for yielding.

Mr. MOORE. Mr. Chairman, I agree with the gentleman.

Mr. FOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we ought to be careful about this amendment. It would replace a system well established in the handling of Public Law 480 title I sales with a new and untried system.

Furthermore, Mr. Chairman, its application is not limited to small exporters. It covers all exporters of any size whatsoever. This amendment is not limited to small exporters.

The effect would be to transfer to recipient countries title to bagged cargoes shipped under Public Law 480 when the dock receipt is obtained showing that the goods have been received on the dock for loading.

We had a situation a few years ago, and it arises from time to time, where there was a month-long strike during which none of the commodities were loaded on board the vessel. I think it is unfair to shift the burden to the purchaser country before the time has come when these commodities actually are loaded on board. Presently the responsibility of the exporter continues until the commodities are loaded on board the vessel. While they are on the dock, the problems of deterioration and pilferage continue to be the responsibility of the exporter. The system has worked. It has protected the interests of the parties, and an amendment to substitute overnight a new and untried system should be resisted. I hope the committee will not agree to the amendment.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I have one statement to make and it is on the subject of delivery of the commodities down at the dock and we are worried about pilferage and deterioration of the commodity, let me state that it can be put in a warehouse. The Commodity Credit Corporation has agents down there to look after it. It is just a case of whether the USDA wants to be accommodating to the smaller shippers and dealers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. SEBELIUS).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title XI?

AMENDMENT OFFERED BY MR. LEACH

Mr. LEACH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEACH: page 64, line 20. Strike out line 20 and insert in lieu thereof the following: "by inserting in Section 102 immediately before the first colon the words "and, when requested by the purchaser of such commodities, may serve as the purchasing or shipping agent, or both, in arranging the purchasing or shipping of such commodities".

SEC. 1102. Title I of such Act is further amended by adding at the end thereof the following new section:

Page 66, line 5, strike out "1102." and insert "1103."

Page 66, line 9, strike out "1103." and insert "1104."

Page 66, line 16, strike out "1104." and insert "1105."

Page 67, line 5, strike out "1105." and insert "1106."

Mr. LEACH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LEACH. Mr. Chairman, this amendment would permit the Department of Agriculture, when requested by a recipient country, to serve that country as its purchasing or shipping agent, or both, in arranging transactions of commodities.

This would be a service that could be of great benefit to small countries without expertise in purchasing or shipping commodities and would protect them from pressures concerning selection of purchasing or shipping agents.

The Senate has approved identical language in its version of the farm bill, and the administration is on record in support of it.

Mr. BOWEN. Mr. Chairman, if the gentleman will yield, does his present amendment deal with the 25 percent?

Mr. LEACH. No, it does not.

Mr. BOWEN. It does not?

Mr. LEACH. No.

Mr. BOWEN. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. LEACH).

The amendment was agreed to.

Mr. ZABLOCKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to express my support and the support of most members of the International Relations Committee for certain provisions in the bill, H.R. 7171, the Agriculture Act of 1977, and to express appreciation of Chairman FOLEY and the members of the Agriculture Committee for their cooperation.

I refer specifically to those provisions now under consideration by the committee in title XI of H.R. 7171 which amend Public Law 480, the Agriculture Trade Development and Assistance Act of 1954.

As Members know, the International Relations Committee has jurisdiction over the foreign affairs and overseas distribution aspects of Public Law 480, while the Agriculture Committee has jurisdiction over its domestic aspects. There are provisions of the law which span both aspects and these are dealt with by both committees.

Accordingly, the provisions in sections 1102, 1103, 1104, and 1105 of H.R. 7171, which are within the jurisdiction of both committees, have been acted on and approved by the International Relations Committee as well as by the Agriculture Committee.

These are the sections which deal with the ceiling for appropriations for the title II programs of Public Law 480, the amending of section 401 of that act concerning availability of commodities, the budgeting procedure for title II commodities, and the extension of the Public Law 480 program for 2 years.

In addition, section 1101 of H.R. 7171 contains an amendment dealing with sales bidding process and payments to selling agents under Public Law 480 which was considered by the Agriculture Committee, but not by the International Relations Committee because of the time constraints in the markup process. However, I am certain that the International Relations Committee does not object to the inclusion of this section in H.R. 7171.

Mr. Chairman, again I wish to express appreciation to Chairman FOLEY and to members of the Agriculture Committee for the cooperative way in which we have been handling these matters of concern to both committees. We on the International Relations Committee fully reciprocate in this spirit and look forward to further such instances of cooperation in the future.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I will be delighted to yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

Mr. Chairman, I cannot let this opportunity pass without thanking the gentleman for his kind remarks to me personally and to the members of the Committee on Agriculture. I must say that the gentleman from Wisconsin (Mr. ZABLOCKI) is a distinguished chairman, and his committee is a very pleasant one with which to work. We have had very close coordination. The dual responsibility is there because of the 1974 Reorganization Act that gave part of the jurisdiction of Public Law 480 to each committee. I think our staff and the committee members have worked cooperatively together. I thank the gentleman for his comments and hope we can continue to have their cooperation in the future.

Mr. ZABLOCKI. I thank the chairman for his comments.

AMENDMENT OFFERED BY MR. LEACH

Mr. LEACH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEACH: Page 67, line 4 insert the following:

"SEC. 1105. Section 408 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding at the end thereof the following subsection:

"'(d)(1) No later than six months following the date of enactment of this subsection, and at each two-year interval thereafter, the Secretary of Agriculture shall issue revised regulations governing all operations under title I of this Act, including operations relating to purchasing countries, suppliers of commodities or ships, and purchasing or shipping agents. The regulations shall include, but not be limited to, prohibitions against conflicts of interests, as determined by the Secretary, between (A) recipient countries (or other purchasing entities) and their agents, (B) suppliers of commodities, (C) suppliers of ships, and (D) other shipping interests.

"'(2) The regulations shall be designed to increase the number of exporters participating in the program, especially small business corporations and cooperatives. In this respect, the regulations shall limit—unless waived by the Secretary—the financing of any commodity exported during any fiscal year by any individual, cooperative, firm or subsidiary, or affiliate thereof, no more than 25 per centum by volume of the planned programming of such commodity as reported under subsection (b) of this section.

"'(3) All revised regulations governing operations under title I and title III of this Act shall be transmitted to Congress by the Secretary as soon as practicable after their issuance'."

Page 67, line 5, strike out "1105" and insert in lieu thereof "1106".

Mr. LEACH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LEACH. Mr. Chairman, this amendment establishes a deadline for the Department of Agriculture to publish final regulations which it first published as proposed rulemaking in the Federal Register over a year ago to prohibit conflicts of interest under a variety of circumstances in Public Law 480 transactions.

It is also designed to encourage the entrance of small corporations and cooperatives in the sale of U.S. food commodities overseas. The regulations are mandated to limit the financing of any commodity exported during any fiscal year by one individual or company to no more than 25 percent of the volume of the commodity exported under this program—unless the Secretary of Agriculture waives such a restriction, which might particularly be appropriate for commodities with annual sales less than $100 million.

The Senate has approved identical language in its version of the farm bill.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. LEACH. I yield to the gentleman from Louisiana.

Mr. MOORE. I thank the gentleman for yielding.

Will the gentleman state for purposes, I guess, of legislative history, what the purpose is of his amendment?

Mr. LEACH. The purpose of this amendment primarily is to prevent the institutionalization of noncompetitive pressures primarily on the sale of rice.

Mr. MOORE. Does the gentleman have any thoughts or any evidence or any comments about why that is not present now?

Mr. LEACH. Currently one company dominates the sale of Public Law 480 rice, and this has produced certain instances whereby there have been violations of the public trust, in my judgment.

Mr. MOORE. Would the gentleman like to go one step further, so that everyone on the House floor knows what we are doing, by naming the company and by telling us and describing as best he can what he thinks has been a violation of the public trust?

Mr. LEACH. One company located in New Jersey, Connell Rice and Sugar Co., has come to monopolize the sale of Public Law 480 rice. It has used various brokers and shipping agents. Part of the funds derived from the sale of rice—that is, funds derived from the public Treasury—have been used by a figure who has been widely publicized recently as an agent of the Korean Government, Mr. Tongsun Park.

Mr. MOORE. The gentleman has been very candid and has been very gracious in yielding. I ask him to yield for one question further, and that is would it be fair to say, then, that the gentleman's amendment is trying to prevent what he perceives to be a violation of public trust in the future by such persons as Tongsun Park in the sale of rice in the Public Law 480 program, or any other commodity in the Public Law 480 program?

Mr. LEACH. Yes, it does. The implication of monopoly behavior in any field of corporate activity is potentially against the public trust, but when it is a field of corporate activity supported by the public, as in the case of Public Law 480 transactions, I think it is a particular public responsibility to insure competitiveness, and that is what this amendment is aimed at.

Mr. MOORE. In the best of the gentleman's information, did Tongsun Park in relation to Connell act as a broker for the sale of this rice?

Mr. LEACH. It is difficult to verify the public record. However, there is strong evidence that Mr. Park received approximately $8 million in commissions from this particular company.

Mr. MOORE. I thank the gentleman for yielding.

Mr. MATHIS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would submit to the members of the committee that this is a somewhat mischievous amendment in that it does exactly what the gentleman from Iowa said that it would do. It would limit the participation of any company or any exporter of any commodity to no more than 25 percent of the total commodities exported under the provisions of this bill and it very clearly and obviously is aimed at one company, and that is the Connell Rice and Sugar Co., as the gentleman was frank to admit.

I think what the gentleman overlooks in his amendment is that we have already in this bill struck the possibility of any exporting corporation using a sales agent. We have eliminated that possibility. So what the gentleman then attempts to do is to say that because any company, whether it is today the Connell Rice and Sugar Co. or tomorrow the Leach Exporting Co. of Dubuque, Iowa, or whatever it might be, if they follow good marketing practices and get in there under open competitive bidding and take part in this program, we will be limiting their participation.

It seems to me that is an anticompetitive practice and anti-private enterprise

move in limiting what they are attempting to do.

It seems to me the gentleman is attempting to do something the USDA has already done because on June 29 they issued rules and regulations proposing to cover what the gentleman seeks to provide rules and regulations for in his amendment. I am not sure the gentleman is aware of that action by the Department, but it has issued rules and regulations, so I think that part of his amendment is totally redundant. Redundancy of course is not unseen around this House, we have seen it before on a number of occasions, but I believe that part of the amendment is redundant.

Mr. LEACH. Mr. Chairman, if the gentleman will yield, part of this amendment covers not only the terms but provides that they will be rewritten every 2 years so the redundancy aspect is partially active.

The gentleman is certainly correct that whenever we report an arbitrary rule like 25 percent, there is something in that which does not sit terribly well with the views of anybody who believes in competition and private enterprise, but there is a good reason for it here.

Also under this amendment there is authority and discretion given to the Secretary of Agriculture to weigh individual circumstances, and where the public interest can be shown to benefit by going over 25 percent, that waiver can take place. So while there is an arbitrariness, there is also some flexibility that goes with it.

Mr. MATHIS. Mr. Chairman, I appreciate the gentleman's contribution.

I would like to point out that what we would do is really to run the cost of the Public Law 480 program up for the American taxpayers or else we would reduce the quality and quantities of the commodities to the recipient countries if we adopt the gentleman's amendment.

We have provided for competitive bidding and eliminated the use of a sales agent and adopted the amendment a few minutes ago saying the Department can act as a sales agent or shipping agent for these countries, so I think we have cleared up what the gentleman was rightfully concerned about in this bill.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I want to concur in what the gentleman from Georgia is saying. The members of the committee will recall we spent a great deal of time wrestling with this problem so we would be sure the Tongsun Park situation would not arise. I believe those people who are familiar with the situation understand that cannot take place again.

To impose this additional limitation of 25 percent would do several things. It may vitiate the intent of the program and there is no reason to do away with the competitive aspects, as this amendment would do.

Mr. MATHIS. I thank the gentleman for his comments.

I would also say to the gentleman from Colorado, with the committee now having adopted his amendment dealing with the Public Law 480 sales on tobacco we have eliminated some problems. I am sure we would not want to get the tobacco people wound up again.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I agree with the gentleman from Georgia very much.

Mr. Chairman, there was another example in the peas and lentils business just a while ago. If the limit were made to apply on dried peas sold to some foreign country, that is a very small industry and it is quite likely one company would make the entire sale.

It is very likely that one house would make the entire sale. According to this amendment, they would have to run around to get four more entities involved in it to get free access to the market.

Mr. MOORE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have got to speak against this amendment, although I very much respect the point of the gentleman from Iowa. I think the gentleman has been very candid in telling us what prompted the gentleman to offer this amendment; but sometimes in Government we tend to overreact. We all know something about the problems of Mr. Park. I think we are now overreacting to come up with a limitation to the Public Law 480 program as to who can do business and in what quantity. We have already, as the chairman of the subcommittee has pointed out, cleaned that matter up. We have reporting provisions in the bill to further clean it up. We have also antitrust laws to protect us in the case of price fixing that may be going on. We do not seem to have evidence of that at this time. We have also criminal laws to prevent people from breaking the law or bribing people. So we are at the point that we do not need the amendment; but worse than that, I think the amendment is very violative of the free market principle in our country. We are telling an exporter that because they are efficient and worked hard and could underbid other competitors, they are to be punished and cannot have over a certain segment of the market. We do not do that to other businesses and industries and I do not think that is the way to go about it. It is not philosophically sound. I strongly oppose the amendment.

Mr. LEACH. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Iowa.

Mr. LEACH. Mr. Chairman, I would like to point out that no dried beans and lentils this year were shipped under title I.

Second, this amendment has tremendous flexibility and specifically is aimed to address the smaller commodities where there will be the possibility of the Secretary of Agriculture waiving this type of restriction.

With regard to antitrust, one of the aspects of the whole rice situation is that the Department of Justice has refused the USDA request to investigate antitrust violations with respect to the sale of rice. I think such an investigation may well be in order, but under the circumstances I believe that this amendment is responsible. It is flexible, and at the same time calls for the introduction of an increased degree of competition in USDA foreign sales.

Mr. MOORE. Mr. Chairman, I think the flexibility the gentleman has referred to of the Secretary of Agriculture having the power to waive this limitation is something that casts a pall on the bidding process, because I assume the waiver would be asked for after the bid or after he has 25 percent of the market. If the waiver is not granted, the bid is evidently invalid. Thus, this flexibility casts uncertainty over the bidding process.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Geo~gia.

Mr. MATHIS. Mr. Chairman, the gentleman is exactly right. There would be competition involved after 25 percent of the total public law markets have been filled. After that, it would not be filled, because the most important exporter is out of the picture, mandated to be out by the gentleman's amendment.

Mr. BOWEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to join those who have spoken before me in strong opposition to this amendment. I just had an opportunity to talk to the distinguished chairman of the Committee on International Relations, who just addressed the committee. The gentleman indicated strong opposition to this amendment.

The Department of Agriculture, of course, is very strongly opposed to it.

I think probably in more effective words than I can muster, I would let some of the farmers of the country speak out on the subject of what they think of this amendment.

Incidentally, I would like to remind the Members this does not address just one commodity, but all commodities in Public Law 480. Perhaps the gentleman from Iowa is attempting to punish one firm; but I assure this House that it will punish all American agriculture if the gentleman succeeds, as I am quite confident the gentleman will not with this amendment.

Mr. Chairman, I have a letter from a farmers' rice cooperative in California. They represent a large segment of the industry. They say:

> It makes absolutely no sense to impose a limit on the amount of a commodity that a low-priced seller can sell. To do so denies the Public Law 480 recipient the opportunity to buy at the lowest price from the most competitive sellers. To do so reduces the quantities of food that can be obtained under Public Law 480 to feed the hungry in the world. To do so raises Public Law 480 program costs to the American taxpayer. To do so reduces the quantities of a commodity that farmers can sell under Public Law 480.

I have another from a large co-op in Texas, speaking for Louisiana and Texas growers, and representing some 15 per-

cent of the entire national rice crop. They say:

This kind of limitation would adversely discriminate against potential recipients of commodities under Public Law 480, efficient Public Law 480 suppliers, U.S. farmers and U.S. taxpayers.

The procurement of Public Law 480 commodities now takes place on the basis of the lowest prices bid at public tenders which are supervised by the U.S. Department of Agriculture and which are designed to be easily accessible and fair to all interested suppliers. The limitation of a single supplier's volume to a maximum of 25 percent of the total would compel a potential Public Law 480 buyer to pay higher prices for the commodity than would otherwise be the case. This would consequently, in most cases, reduce the quantity of commodity that could be purchased. Unfortunately this would prevent the buyer from feeding the largest possible number of people at the lowest cost and with the minimum-480 debt obligation. It would further reduce the sales of U.S. farmers' production. We feel that this will lessen the effectiveness of our very successful Public Law 480 program.

I have still another telegram from a cooperative organization in Arkansas, with a membership of 1,000 rice farmers. They say:

We fail to see any benefit to an amendment which denies the hungry consumer abroad the maximum amount of food that can be bought with Public Law 480 funds. We fail to see how the farmer is helped by an amendment which reduces the quantity he can sell under Public Law 480 below that which would otherwise be possible. We do not see the usefulness to the taxpayer of an amendment which makes the Public Law 480 program cost more than it should. We fail to see any merit in an amendment which benefits a few less efficient suppliers at the expense of the buyer, more efficient sellers, farmers, and taxpayers.

As the gentleman from Georgia has pointed out, the subcommittee chairman, a large portion of the amendment is superfluous and unnecessary.

I would like to direct the attention of the gentleman from Iowa to a regulation issued by the Department of Agriculture on the 29th of June of this year, which addresses, I believe, all of his concerns in terms of tightening up regulations. I would like to assure the gentleman that there are still 2 days remaining on that 30-day comment period. I am quite confident that he will want to submit his comments to the Department of Agriculture for the Federal Register so that they can be preserved for posterity.

Mr. LEACH. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Iowa.

Mr. LEACH. I would like to make as the first point, that this amendment is not designed to reduce competition—it is not designed to be antianything. There is no punitive nature to it.

Second, when firms get above 25 percent of the market level, an anticompetitive factor enters into the marketplace that does not necessarily benefit the American farmer. I think when we open up competition, we are going to see more benefit accrue downstream toward where the profit preferably should reside.

Mr. BOWEN. Whatever the gentleman's intentions now, the consequences of the amendment nonetheless would be to reduce the income of the American farmer, result in selling less American products abroad and to raise the price to the foreign customer. Therefore, he will buy less American products. It is obvious. It is the only thing that can happen.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Georgia

Mr. MATHIS. Let me say to the gentleman from Iowa that I am not questioning the gentleman's intention. It may be his intentions are not punitive, but his action today would be punitive and would be stifling free enterprise. I cannot say that this would be the gentleman's intention, but that would be the effect of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. LEACH).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. LEACH Mr. Chairman, I demand a recorded vote, and pending that, I make the point or order that a quorum is not present.

The CHAIRMAN. Obviously a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears. Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Iowa (Mr. LEACH) for a recorded vote

A recorded vote was refused.

So the amendment was rejected.

Mr. DRINAN. Mr. Chairman, I supported the amendment offered by the gentleman from Colorado. It is unconscionable for the Federal Government to spend millions for research into the diseases caused by tobacco and for public information programs to alert citizens to the hazards of smoking while at the same time making tobacco more abundant by subsidizing its production.

The amendment before us does not prohibit the cultivation of tobacco. Nor does it seek to induce people to stop smoking. The amendment simply seeks to get the Federal Government out of the business of improving and increasing the market for tobacco products by January 1, 1980. There is no justification for the continuation of the Government's subsidization of a product which is responsible for approximately 250,000 deaths annually and costs over $17 billion per year in expenditures for medical care and job losses.

I have introduced legislation to deal with the terrible costs of cigarette smoking: H.R. 3878 would strengthen the warning label required on cigarette packages and extend that warning to all cigarette advertisements; H.R. 3879 would place tobacco products under the regulatory authority of the Food and Drug Administration; H.R. 3881 would establish a health protection tax on cigarettes and utilize that revenue for research into tobacco-related diseases; and H.R. 3882 would regulate smoking in Federal facilities.

Support for measures to reduce the individual and societal costs of smoking is clearly on the rise. Last month, the House voted for the first time to exclude tobacco from the food for peace program. The amendment offered by the gentleman from Colorado is of a similar nature. The House has already acted to get the U.S. Government out of the business of exporting tobacco; today we have the opportunity to get the Federal Government out of the business of encouraging and subsidizing the production of this lethal product. The Federal Government spends huge sums annually for research into tobacco-related diseases. But we have not taken the one step which will do the most to reduce tobacco-related illnesses and their costs while at the same time saving the taxpayers' dollars: halting the tobacco subsidy program. I urge my colleagues to end this anomaly and get the U.S. Government out of the tobacco business once and for all.

Mrs. COLLINS of Illinois. Mr. Chairman, I wish to express my strong support for the major provisions of title XII, the food stamp section of H.R. 7171, along with my opinions concerning various amendments being offered to this important legislation.

The food stamp program was introduced in the early 1960's as a response to the public's awareness of the alarming persistence of hunger and malnutrition in America. The basic purpose of this program has been to supplement the income of the poor for the purpose of helping them to obtain an adequate and nutritious diet.

Throughout its development from a regional pilot program in 1961 to a nationwide effort serving an estimated 17 million people at present, the food stamp program has, on the whole, succeeded in accomplishing its mission. Anyone in doubt about this need only observe the close correlation between the monthly statistics on unemployment and those on participation in the food stamp program to see that the vast majority of applicants accept help out of genuine need, not greed. For this reason, I have continued to support this program.

For several years now, it has been widely acknowledged that the program is in need of reform. The major difficulty is that the poorest households often do not have the cash payments that are currently required to purchase the food stamps, with the result that an estimated 50 percent of those eligible are currently unable to participate. At the other end of the scale are those households which despite five-figure incomes, have managed,

through an infinite number of itemized deductions and complex administrative procedures, to benefit from a program that was not designed for them. These abuses have become more visible as the program has expanded, and have provided a convenient target for those who appear to be fundamentally opposed to helping those less fortunate than themselves.

Title XII of this bill responds to these criticisms by redirecting the food stamp program toward those households which have the most pressing need for this assistance and away from those which do not. That is a second reason why I support this legislation along with amendments designed to strengthen its basic provisions.

Title XII contains a most important change in the structure of the food stamp program: the elimination of the purchase requirement. Currently, an eligible household must pay cash for a given amount of food stamps. However, after paying rent and those skyrocketing utility costs that we all have been subjected to, many families cannot, as I mentioned before, come up with the needed cash for the stamps. Recently enacted provisions that permit the purchase of food stamps in up to four monthly allotments are: First, not effectively publicized; second, are, for the same reason given above, of little consequence to those living on very low incomes; and third, create new hardships for many persons, particularly the elderly and disabled, for whom food stamp offices are not easily accessible. Under the proposed legislation it would no longer be necessary to pay cash for stamps. Instead, eligible households would simply receive a cash allotment of food stamps equal to approximately the difference between what they now pay in cash and what they now receive in food stamps. While in some cases the cash benefit of a particular household may decline a few dollars, the overall effect of this provision will be to increase participation among those who are now eligible, but do not have the cash with which to purchase the food stamps.

According to opinions expressed by nearly all of the food stamp recipients who attended town hall-type meetings that I held on this subject on several occasions during the year, this elimination of the purchase requirement is absolutely essential to the greater success of the program. This was especially the case with respect to the elderly who repeatedly expressed their support of legislation such as the Jeffords amendment to give the States the option of issuing cash instead of stamps to elderly, blind and disabled individuals.

In addition, other provisions of the bill are designed to increase participation among the blind and disabled. In some cases the locations and hours of food stamp certification and issuance offices would be changed to make them more accessible. In certain special cases, elderly and handicapped persons will be able to certify their eligibility by telephone.

All of these provisions that I have just mentioned are expected to extend participation in the food stamp program to an estimated 1.7 million persons with incomes below the poverty level who are currently eligible for food stamps, but who do not now receive them because of the purchase requirement and/or the difficulty of access to food stamp offices. At the same time as it broadens the base of participation at the lower level of the income scale, section XII, by tightening eligibility requirements, would eliminate from the program about 1.3 million recipients whose annual incomes place them above the Federal "poverty line" of $5,850 for a family of 4.

The bill strengthens certain requirements to make certain that recipients who can work, do, in fact, make themselves available for employment opportunities which may arise. While recognizing that certain students, namely those who work at least halftime and those who have dependents, are eligible for stamps, the bill would eliminate all others. Aliens under stay of deportation would be made ineligible for participation in the program unless it can be determined that they would be in jeopardy upon return to their home country.

These provisions, by eliminating from the program those who do not have a genuine need for food stamp benefits, render unnecessary those amendments that are designed to add further restrictions to the criteria for eligibility. These include the amendment proposed by the gentleman from Georgia (Mr. MATHIS) which would impose a spending cap on the amount that Congress is authorized to appropriate for the food stamp program in fiscal years 1978–81. This proposal runs contrary to the entire purpose of the food stamp program which is based on a progressive concept of an individual household's need. Considering the multitude of factors including unemployment and inflation—not to speak of recurrent food and fuel shortages—that determine the real income of our poorest citizens, there is no reliable way to predict need from year to year. The figures proposed in this amendment are, therefore, arbitrary and meaningless.

I oppose the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) which proposes that households with an adjustable gross income of more than double the poverty level be required to repay previously allotted food stamp benefits for which they have been deemed eligible to receive. This amendment would have the most unfortunate effect of punishing those who, through sheer hard work and sacrifice, have managed to pull themselves out of the vicious circle of poverty. It also fails to recognize that section XII, as reported by committee, would already eliminate from the program those households that would theoretically be subject to the repayment provision.

From an administrative point of view, section XII provides for a simpler method of calculating net income for the purpose of determining a household's eligibility and benefits. In place of the current system of itemized deductions which tends to discriminate against those who cannot afford such expenses, the proposed legislation would substitute a basic standard deduction of $60 per month for all households. An additional standard deduction amounting to 20 percent of earned income would be allowed in order to compensate for taxes and other mandatory wage and salary deductions. These would be supplemented by two itemized deductions that are intended to compensate those eligible recipients who bear unusually high costs for dependent care, housing and utilities. For example, a dependent care deduction of $75 per month is intended to benefit working mothers and others who must pay someone to look after their dependents while they work. An excess shelter deduction of up to $75 per month will apply to cases where the cost of rent, mortgage and utility payments exceed 50 percent of a household's income after all other deductions have been taken into account. This provision is intended to compensate eligible recipients from urban areas in the northern part of the country, such as my district in Chicago, where both rents and utility costs are relatively high.

One provision that the authors of the bill seem to have overlooked is the fact that these excess shelter costs are not static. On the contrary, housing and utility costs are increasing at an alarming rate, particularly in our inner cities. Under these conditions the benefits of the shelter deduction will soon become negligible for the thousands of people who are expected to benefit from it. I therefore support the McHugh-Jeffords amendment tying the shelter deduction to the Cost-of-Living Index.

Another worthwhile provision that seems to have been overlooked is the use of the shelter deduction to determine eligibility as well as benefits. This provision, which is included in the Senate counterpart of this bill, S. 275, will hopefully be adopted in conference.

With the indulgence of my colleagues, I would also like to take this occasion to comment on several other amendments which I strongly feel are not appropriate to the purpose of this legislation.

One such proposal is made by the gentleman from Florida (Mr. KELLY), who proposes to deny food stamps to workers on strike. The right to strike, as part of the process of collective bargaining, is a fundamental democratic right. To deny food stamps to workers exercising their basic freedoms is to say, in effect, that those who strike thereby forfeit the right to eat. This is particularly unfair considering that, in many cases, workers are not directly responsible for breakdowns in collective bargaining. In fact, a worker may even have voted against a particular strike. I will vote against this amendment and urge my colleagues to do the same.

For similar reasons, I oppose the Findley-Mathis amendment which seeks to extend the optional food for work provisions of the bill to each local area. While I favor public sector employment as a necessary alternative to unemployment, I have serious misgivings about mandatory work programs that pay some workers less than other employees for the same jobs. If the purpose of such programs is to provide an incentive to work

for the chronically unemployed, a program that provides second-class work for minimal wages is doomed to fail.

In conclusion, let me say that section XII is, on the whole, a worthwhile legislative effort. The elimination of the purchase requirement is, in itself, a major reform. By going further, in tightening eligibility requirements and simplifying administrative procedures, this bill resolves many of the long-standing criticisms of the food stamp program. I, therefore, urge my colleagues to join me in support of section XII of the Agriculture Act of 1977.

The CHAIRMAN. Are there further amendments to title XI?

If not, the Clerk will read title XII.

The Clerk read as follows:

TITLE XII—FOOD STAMPS

SEC. 1201. The Food Stamp Act of 1964, as amended, is amended as follows:

(a) New sections 18 and 19 are added as follows:

"RESEARCH, DEMONSTRATION, AND EVALUATIONS

"SEC. 18. (a) The Secretary may, by way of making contracts with or grants to public or private organizations or agencies, undertake research that will help improve the administration and effectiveness of the food stamp program in delivering nutrition-related benefits, including research on the value of utilizing data processing equipment and other computer technology in the administration of the program.

"(b) The Secretary is authorized to conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, including projects involving the payment of the value of coupon allotments in excess of the amount charged in the form of cash to eligible households all of whose members are either age sixty-five or entitled to supplemental security income benefits under title XVI of the Social Security Act, the use of countersignature of food coupons or similar identification mechanisms that do not invade a household's privacy, and the use of food checks or other voucher-type forms in place of food coupons. The Secretary may waive the requirements of this Act to the degree necessary for such projects to be conducted, except that no project shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to sections 5 and 7 of this Act.

"(c) The Secretary shall develop and implement measures for evaluating, on an annual or more frequent basis, the effectiveness of the food stamp program in achieving its stated objectives, including, but not limited to, the program's impact upon the nutritional and economic status of participating households, the program's impact upon all sectors of the agricultural economy, including farmers and ranchers as well as retail foodstores, and the program's relative fairness to households of different income levels, different age composition, different size, and different region of residence.

"COMMODITIES

"SEC. 19. Notwithstanding any provision of law, the Secretary shall, during fiscal years 1978, 1979, 1980, and 1981 purchase sufficient agricultural commodities with funds appropriated from the general fund of the Treasury to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to distribution to institutions, supplemental feeding programs wherever located, disaster areas, summer camps for children, and the United States Trust Territories of the Pacific, as well as to provide a sufficient type and quantity of commodities for Indians, whenever a tribal organization requests distribution of federally donated foods pursuant to section 4(b) of this Act, that will furnish them with a nutritionally adequate diet in light of their food consumption patterns. The Secretary may, in carrying out supplemental feeding programs, pay to each State or local agency administering such program its administrative costs in any fiscal year, but not in excess of an amount equal to 10 per centum of the value of all of the commodities furnished recipients by such agency in such fiscal year. There are hereby authorized to be appropriated such funds as may be necessary to carry out the provisions of this paragraph. Authority provided in this section shall be carried out only with such funds as are appropriated from the general fund of the Treasury for that specific purpose, and in no event shall it be carried out with funds derived from permanent appropriations.".

(b) Section 16 is amended by striking out "1977" and inserting in lieu thereof "1981" and by inserting, after the end of the second sentence, the following: "Not to exceed one-fourth of 1 per centum of the previous year's appropriation is authorized in each such fiscal year to carry out the provisions of section 18.".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of title XII be dispensed with, that it be considered as read, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. SYMMS. Reserving the right to object, Mr. Chairman, would the gentleman from Washington (Mr. FOLEY) explain to the Members of the House just what the parliamentary procedure is here.

Mr. FOLEY. If the gentleman will yield, Mr. Chairman, the parliamentary situation is that the title which was about to be read is the title of the original bill, H.R. 7171. It is a truncated food stamp title, and it would be my purpose at the time we conclude the reading or the waiving of the reading to offer a substitute in lieu of title XII, which will be the text of H.R. 7940, which is made in order as a substitute by the rule that the House has previously adopted.

In the event that that substitute is then offered, the substitute would be read by section.

Mr. SYMMS. I thank the chairman.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Reserving the right to object, Mr. Chairman, when the rule which made the bill in order was being considered, the gentleman from Maryland pointed out that at least he felt it was the height of cynicism to marry the food stamp program to the agricultural bill. I personally believe it was done for purposes of political logrolling to gain votes for both bills.

Mr. Chairman, we have debated this bill for 3 or 4 days now. If this request is granted, the gentleman can then move to cut off debate on the food stamp substitute and all amendments thereto, and that would preclude a number of Members from being heard on the issue.

Mr. FOLEY. Mr. Chairman, if the gentleman from Maryland will yield, I hope the gentleman understands my answer to the gentleman from Idaho (Mr. SYMMS).

The purpose of making the request that this title be considered as read is not to preclude the reading by section or the consideration by section of the substitute, but merely to offer the substitute, which is, in effect, the text of H.R. 7940.

However, what we are dealing with now is not the text of H.R. 7940, but the text of the original title XII of the bill H.R. 7171.

Mr. BAUMAN. Am I correct in my understanding that the rule makes in order the substitute?

Mr. FOLEY. The gentleman is correct.

Mr. BAUMAN. If this particular request is granted then there would be no curtailment of the reading of the substitute amendment by section and time could not be limited on any section or amendments thereto except by unanimous consent?

Mr. FOLEY. The gentleman is again correct.

Mr. BAUMAN. May I put that question to the chair?

Mr. FOLEY. If the gentleman from Maryland will permit me to continue, so that I may answer his request fully, the gentleman is correct in that if the substitute is before the committee, it would be in order to move to cut off the debate but by section by section and not on the whole title.

The CHAIRMAN. The chair would advise the gentleman from Maryland (Mr. BAUMAN) that that is correct.

Mr. BAUMAN. Mr. Chairman, with that assurance that we will have full time to debate the substitute, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, let me ask the gentleman from Washington (Mr. FOLEY) so that I understand the situation correctly. The purpose of the gentleman would be to substitute this bill H.R. 7940 for the old title XII, is that correct?

Mr. FOLEY. If the gentleman will yield, what I would propose to do, if title XII is considered as read, would be to offer the substitute which is the text of H.R. 7940 which then, under the rule, must be read by section and would be open to amendment by section.

Mr. ROUSSELOT. So the gentleman is substituting a whole new title?

Mr. FOLEY. That is correct, which the rule allows to be done.

Mr. ROUSSELOT. I understand that it is possible under the rule.

Mr. FOLEY. Yes.

Mr. ROUSSELOT. But what I do not quite understand is why would you not want to read through the other title XII?

Mr. FOLEY. The other title XII deals with only about 10 percent of the food stamp issues considered by the committee. It would just delay the committee for

45 minutes or so until it is concluded in order for me to have the opportunity to offer the substitute.

I want to assure the gentleman the purpose of offering the substitute is not to move its adoption immediately, there will be full debate on each section of the bill and the title. The only way debate would be cut off would be by unanimous consent or moving to cut off debate on an individual amendment to a section.

Mr. ROUSSELOT. The only reason I asked the question is that I was under the misapprehension that title XII of this bill had been well considered but now we have a whole new title. Is that correct?

Mr. FOLEY. Let me explain again to the gentleman from California, if the gentleman will yield further for that purpose.

Mr. ROUSSELOT. I will be glad to yield further.

Mr. FOLEY. When we began our work on the food stamp bill we were trying to meet the May 16 deadline and, accordingly, we decided to split the work of the committee into two parts. The agricultural part, which we intended to report and did report by May 16, contained as a small appendage, the food stamp section, which was title XII. Then the committee proceeded, after May 16, to have full discussion and deliberation on H.R. 7940, which represents the work of the Committee on Agriculture with respect to the food stamp section.

H.R. 7940 was considered and reported out by the Committee on Agriculture. We then went into the Committee on Rules and asked them to make in order, as a substitute for the original title XII, the text of H.R. 7940, as a substitute, with the understanding that it would be read as an original text and subject to a full range of amendments by sections and would, in effect, just become the vehicle of this committee's work as it was in the Committee on Agriculture.

Mr. ROUSSELOT. The only reason I raised that question, further reserving the right to object, is to find out the exact impact on the total budget of this new bill, or new amendment, as offered to the old title XII. The gentleman now wants to discard title XII of the bill before us?

Mr. FOLEY. The gentleman means the program that is in existence.

Mr. ROUSSELOT. I assume that this is much more detailed, this whole new title that the gentleman now wishes to lay before the House so that its impact on the budget will be somewhat more significant than the other title.

Mr. FOLEY. Than title XII of the original bill?

Mr. ROUSSELOT. Yes?

Mr. FOLEY. The original title XII was never meant by the committee to encompass changes in more than a fraction of the food stamp law.

Mr. ROUSSELOT. I understand, but is there a difference in the impact on the total budget?

Mr. FOLEY. The impact of this new title XII is to reduce costs.

Mr. ROUSSELOT. Which means what in dollars?

Mr. FOLEY. Mr. Chairman, I am advised that the original title XII would continue the present program through the full 4 years of the bill, and because of that provision, the new title XII amendment, which is the text of H.R. 7940, would be about $49 million cheaper than the original bill.

Mr. ROUSSELOT. It is actually cheaper than the present title XII.

Mr. FOLEY. That is correct.

Mr. ROUSSELOT. That certainly is good news.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Pursuant to the rule, it shall be in order to consider an amendment striking out title XII and inserting in lieu thereof the text of the bill H.R. 7940, which shall be considered as original text for the purpose of amendment and shall be read for amendment by sections.

COMMITTEE AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer as a committee amendment the text of H.R. 7940.

The CHAIRMAN. The Clerk will report the amendment by section.

The Clerk read as follows:

Committee amendment offered by Mr. FOLEY:

Strike title XII, page 67, line 12 through page 70, line 11, and insert in lieu thereof the following:

TITLE XII—FOOD STAMPS

SEC. 1201. This title may be cited as the "Food Stamp Act of 1977".

TECHNICAL AMENDMENTS OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer certain technical amendments, and I ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Technical amendments offered by Mr. FOLEY:

Page 3, line 14, insert a comma after "Act".

Page 3, line 14, strike "or".

Page 3, line 25, strike "and Alcohol" and insert in lieu thereof "and Alcoholism".

Page 4, line 13, strike "their spouses" and insert in lieu thereof "the spouses of such persons".

Page 5, line 10, strike "transportation" and insert in lieu thereof "'ransportation".

Page 8, line 14, strike out the subsection designation (o) and reletter it as (p).

Page 16, line 25, insert a comma after "shall".

Page 20, line 11, strike the comma after "Act" and insert in lieu thereof "as".

Page 20, line 12, insert "(B)" before "a parent".

Page 20, line 13, strike "or" and insert in lieu thereof "for".

Page 20, lines 14, 17, and 23, strike the subsection designations (B), (C), or (D) and reletter them as (C), (D), and (E), respectively.

Page 20, line 25, strike the colon and insert in lieu thereof a semi-colon.

Page 21, line 4, strike the subsection designation (E) and reletter it as (F).

Page 24, line 2, strike "religious" and insert in lieu thereof "religion".

Page 25, line 24, strike the semi-colon and insert in lieu thereof a period.

Page 31, lines 8 and 14, strike the subsection designation (o) and insert in lieu thereof (p).

Page 33, line 1, strike the quotation mark.

Page 42, line 12, strike the subsection designation (j) and insert in lieu thereof (k).

Page 50, strike lines 24 and 25 in their entirety.

Page 57, immediately after line 10, insert the heading "IMPLEMENTATION".

Page 58, line 21, insert "the last sentence of" after the quotation mark.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the technical amendments be dispensed with and that they be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, will the gentleman assure us these technical amendments do not substantially change H.R. 7940 which now becomes title XII?

Mr. FOLEY. Mr. Chairman, will the gentleman yield to me?

Mr. ROUSSELOT. I will be glad to yield to the gentleman.

Mr. FOLEY. I will assure the gentleman that they are basically spelling, punctuation, and clerical amendments that have been fully cleared with the minority.

Mr. ROUSSELOT. Further reserving the right to object, does the gentleman mean they have to be made to H.R. 7940, which was carefully considered by the committee?

Mr. FOLEY. If the gentleman will yield further, I think, as the gentleman knows, the substance of the matter can be fully considered, but that does not prevent in the printing of the bill some technical or clerical errors. We always have that problem, and I know the gentleman understands that.

Mr. ROUSSELOT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington that the technical amendments be considered en bloc?

There was no objection.

The CHAIRMAN. The question is on the technical amendments offered by the gentleman from Washington (Mr. FOLEY).

The technical amendments were agreed to.

The CHAIRMAN. The clerk will read.

The clerk read as follows:

DECLARATION OF POLICY

SEC. 1202. It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contribute to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining higher national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundance and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a food

stamp program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the section be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Reserving the right to object, perhaps it is an imposition on the distinguished chairman of the Committee on Agriculture, but I do not recall his saying one blasted word in defense of the amendment he just offered. Is he going to speak on the amendment or explain it?

Mr. FOLEY. If the gentleman will yield, the amendment has just been adopted.

Mr. BAUMAN. I am talking about the amendment now pending in the form of a substitute.

Mr. FOLEY. If the gentleman will yield to me, we are going to have extended debate on it, but we are going to consider each section one section at a time, and the amendments to each section, and at the conclusion of the amendments to all of the sections, I intend to make a stirring address in support of the amendment.

Mr. BAUMAN. Further reserving the right to object, a general overview laced with the wit and wisdom of the gentleman would be very helpful for guidance for those of us who still have open minds on the food stamp question.

Mr. FOLEY. I am flattered by the gentleman's confidence in me, and I will tell him if he will only attend carefully to what the manager of the bill says and follow his advice, the gentleman will make unusually good judgments on this bill.

Mr. BAUMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the events of the last 2 weeks in New York City have served to highlight the great disparity between the poor of our Nation and the rest of society.

Mr. RICHMOND. Mr. Chairman, the events of the last 2 weeks in New York City have served to highlight the great disparity between the poor of our Nation and the rest of society.

When the lights went out on July 13, we were reminded that we are indeed two Americas.

One America of color TV's, new cars, weekend vacations, air-conditioned homes, and weekly paychecks.

And another America of hot dirty streets, dingy flats, old pawn shops, stolen welfare checks, burned out apartments, crime, and rat-infested communities. Neighborhoods where the fact that people can survive is something between a miraculous tribute to the human spirit and a national disgrace.

Only 2 weeks ago, I traveled through torn neighborhoods of New York, spoke with saddened shopkeepers, jobless clerks, heartsick housewives.

What I heard was a dramatic story of how we have forgotten about a large, silent segment of our society and how, through the hours of darkness, the sad truth shone through about the failure of our great society.

We in the Congress and the Nation have much work to do before we can come close to bridging the chasm between the two Americas which in 1977 remain separate and unequal. Today, we have the opportunity to show that we will not turn our backs on millions of needy Americans, that we have not forgotten the hungry, and that we are a concerned Congress.

We can adopt a food stamp program which everyday means for millions of American families both white and black, urban and rural, elderly and young, the difference between an empty and a full stomach.

We can adopt a food stamp program that provides for the elimination of the purchase requirement, a simple measure which will enable over 2 million more hungry Americans to fill their plates. This single provision which removes an insurmountable barrier to participation for the Nation's poorest families, can be the single most important social reform enacted by the Congress this year.

At the same time the food stamp bill provides Congress with the unique opportunity of helping rural farmers as well as the urban poor. Whatever the final cost of the program we are guaranteeing that billions of Federal dollars will flow to the hard pressed farmer as well as having a most dramatic impact on the most decaying, economically depressed areas of our Nation.

I would like to compliment the distinguished chairman of the Agriculture Committee with whom I have worked for over 2 years in an effort to reform the food stamp program. He has provided thoughtful, patient, and committed leadership and has succeeded in forging a bill that is truly representative of the responsible legislative process. He is to be commended for his work.

Under the provisions of this legislation, we can expect that all needy people who want food assistance will find the food stamp program more accessible. While we can never assume that all who are eligible will choose to participate, we can at least guarantee that they have a real choice. At the same time, the computations of eligibility are simplified so that applicants will no longer have to make numerous return trips to their food stamp office, which will also save on administration costs.

New standards of prompt action on applications and certifications are written into law for the first time. This will help to emphasize our intention that people who are in need are to be served without delay and without time-consuming and frustrating treatment. The legislation requires applicants with very low income to be served within a few days, instead of having to wait until the normal bureaucracy manages to process their forms. In addition, we have required the Secretary of Agriculture to set up standards, to insure that there be reasonable certification and issuance points and that there be adequate staff to service recipients.

Moreover, while moving to expedite the delivery of assistance, we have also streamlined the program and tightened it up. We have worked not only to close the loopholes and abuses which plague the program, we have also responded to perceived loopholes and abuses in an effort to foster an image of a program which sets out to feed hungry people and then does its job.

We have taken steps to guard against fraud. This is one area in which even the appearance of abuse clouds the program. For the first time, we have moved to summarily disqualify individuals found guilty of fraud in an administrative hearing for 3 months, while adding a longer disqualification period if intentional deception is proven in court. Of course, as always, the recipient is protected by the rights of due process, to guard against simple program errors being labeled as fraud, and other mistreatment of highly vulnerable people. In addition, we have increased Federal administrative funds to States for investigating and prosecuting fraud.

We have tightened work registration requirements in the program. We must be sensitive to the criticisms which have harmed the program's public image. Therefore, we have required that work registrants comply with job search requirements which the Secretary of Agriculture may promulgate; we have denied eligibility to any household whose head voluntarily quits a job without a good reason; and we have required students—once they have qualified on the basis of need—to register for work and accept employment of at least 20 hours a week or undertake a work-study assignment.

However, the biggest example of responding to the program's criticisms—and in this case I believe we have responded much more to myth than to real problems—is the way in which we have trimmed back eligibility to serve those most in need. First, we have adopted the poverty line as the net income eligibility standard. While I have serious reservations about the adequacy of this standard and while I favor a review of the poverty line in light of developing welfare reform, it is the only really standard available to us at this time.

By eliminating the program's itemized deductions, and because of the possibility of higher income families participating in the program, we have established certain gross income levels above which no household may receive assistance. We have done this at a price: The program will no longer be able to respond to an individual household's circumstances and deliver food assistance based on that household's ability to purchase food. But in return, we have closed the perceived—though, in fact, unused—loophole allowing middle-income households to get

food stamps. As a result, we have terminated almost 1½ million people from the program, people who are not well off and who are, I feel, in need of some nutritional supplementation, but who are not as needy as others left in the program.

There are some reforms I would have liked to have seen but which were not adopted by the committee. I would have preferred that more money be available this year for food stamp reform and that less people were made ineligible. And I would have suggested additional funds to increase benefit levels for the more needy households already participating.

I would have liked to have taken a more careful look at the use of the thrifty food plan as the basis for benefits in the food stamp program.

I regret the committee's deletion of the "nutritionally adequate diet" concept that is part of the current law.

I would have liked the committee to include in its bill provisions of the subcommittee bill to recoup from the States the money they collect by charging sales taxes on food purchased with food stamps. Since the Federal Government's expenditures under the bill, subsidizing poor people's ability to afford the thrifty food plan, are increased by the numerous States and localities that charge sales taxes on food, it seems appropriate for us to recoup each State's windfall taxes that are derived through taxation of the food stamp program. Moreover, such a recoupment system would have the beneficial effect of discouraging State sales taxes on food that are very regressive and, therefore, most harmful to the poor.

I also would have preferred that the subcommittee and the full committee retain the complete shelter deduction that I had included in H.R. 4844. The major difference between my original suggestion and the committee's version is the failure of the committee's shelter deduction to be used for eligibility purposes. This significantly weakens the purpose of the deduction, and adds to the bill's bias against more urban and northern areas of the country.

Finally, Mr. Chairman, President Carter yesterday outlined the programs which the Congress and the administration have ratified and put into action so far this year to eradicate poverty and halt urban blight.

The food stamp legislation proposed by the House Agriculture Committee, while it is not all I would have liked, is an important step forward in the struggle to end hunger and malnutrition in this Nation and bring the two Americas closer.

Let us give the President another opportunity to reaffirm his commitment to the American voters today, by adopting the Food Stamp Act of 1977.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I understand in this section 2 we are talking about a declaration of policy. It says at the tail end of this statement:

To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

Could somebody on the majority side tell us what a low-income household is in dollars and definition?

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I am happy to yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, a low-income household under our committee bill is a household with income below the poverty level.

Mr. ROUSSELOT. Below the poverty level?

Mr. RICHMOND. Below the poverty level.

Mr. ROUSSELOT. What is the current poverty level?

Mr. RICHMOND. $5,850 for a family of four.

Mr. ROUSSELOT. How much?

Mr. RICHMOND. $5,850 for a family of four.

Mr. ROUSSELOT. Now, I understand there are all kinds of exemptions.

Mr. RICHMOND. Very few exemptions; this is an extremely tight bill.

Mr. ROUSSELOT. That is not what I have been told by some of my colleagues on the committee. I do not want to interrupt my distinguished colleague, who represents a lot of poverty in New York, especially after last week. With all the loopholes provided for in this bill, in New York City, what would it be. Would the gentleman guess, after we have had all the calculations for gross income of the family of four, just a guess.

Mr. RICHMOND. We take the gross income of a working family.

Mr. ROUSSELOT. Yes.

Mr. RICHMOND. For a working family of four, the maximum gross income allowable would be slightly above $9,000 a year.

Mr. ROUSSELOT. Somewhere slightly above $9,000 a year?

Mr. RICHMOND. Yes. If they have a child that has to go to day care, for which they get a deduction, and if they get a deduction for work-related expenses of 20 percent, that would lower their net income to the $5,850 poverty level.

Mr. ROUSSELOT. So the gross income, with all the exemptions, we are really talking about is $9,000 for one family? My understanding is that it is $9,338 to be more exact.

Mr. RICHMOND. Mr. Chairman, if the gentleman will yield further, less than 2 percent of all the participants of the program would be at the $9,000 level. The gentleman asked what the limit would be. That would be $9,338.

The average food stamp recipient would have an income below the poverty level, which is $5,850.

Mr. ROUSSELOT. But the gentleman says a family with income of $9,000, with certain kinds of exemptions, could be eligible for food stamps.

Mr. RICHMOND. Only 2 percent of the families in the program could possibly be eligible at that income level under this plan. That 2 percent would be working poor families who also were eligible for child deduction and also a 20-percent working deduction.

Mr. ROUSSELOT. Under this program?

Mr. RICHMOND. Under our new bill.

Mr. ROUSSELOT. So the really low-income household at the higher level is now almost $9,000 with the loopholes. I realize there are all kinds of loopholes.

Mr. RICHMOND. As I understand it, 93.5 percent of all the people covered by this program would have gross incomes at or below the poverty level.

Mr. ROUSSELOT. Well, I guess we will get into this in greater detail; but my understanding is that it is a far lower percentage than 90 percent are below this $5,850 level; but the top dollar for a "low-income family household of four people" is now, with the exemptions, $9,000; that is the top dollar.

Mr. RICHMOND. Under our committee bill the highest gross income would be $9,338 and this only for those who are working and can legitimately claim child care. As I said earlier it is estimated that 93.5 percent of the participants under the new bill will have an income below the poverty level.

Mr. ROUSSELOT. I find it difficult to believe that most of us in this country could believe in a declaration of policy that a low-income household is a working family of four with $9,000 income; but I will wait and see how the committee convinces me.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my distinguished colleague, the gentleman from Idaho, a member of the committee.

Mr. SYMMS. Mr. Chairman, I just want to shed a little bit of extra information that the chairman of the subcommittee did not bring up.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. SYMMS, and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for an additional 2 minutes.)

Mr. SYMMS. Mr. Chairman, if the gentleman will yield further, on page 12 of H.R. 7940, which is a 59-page amendment and it has a 900-page report, all I can say is, thank God they have a simplified bill. If they did not, we would have to have a fork lift to carry this report over here.

It says, if the gentleman will notice, on page 12—the other exemptions other than those made in this discussion which we put in to get them to $9,300. It reads:

(d) Household income for purposes of the food stamp program shall mean all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household, (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $30 in a quarter—

Mr. ROUSSELOT. What does that mean?

Mr. SYMMS. I am not sure.

all educational loans, grants, scholarships, fellowships, veterans' benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped, (4) all loans other than educational loans . . .

These items are all excluded.

Mr. ROUSSELOT. That form of income is excluded?

Mr. SYMMS. All excluded, so there are a lot of loopholes here. In fact, this bill is so full of loopholes we could drive two Mack trucks through it.

Mr. ROUSSELOT. So what the gentleman is saying is that all these things are exempted from income:

(d) Household income for purposes of the food stamp program shall mean all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household, (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $30 in a quarter, (3) all educational loans, grants, scholarships, fellowships, veterans' benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped, (4) all loans other than educational loans on which repayment is deferred, reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household, and moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (5) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (6) moneys received in the form of nonrecurring lump-sum payments, including but not limited to income tax refunds, rebates, or credits, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payment shall be counted as resources, unless specifically excluded by other laws, (7) the cost of producing self-employed income, and (8) any income that any other law specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

So, I will ask my colleague from New York, it probably could go even higher, could it not? I thought that was only in taxes that we have loopholes.

Mr. RICHMOND. Ninety-three point five percent——

Mr. ROUSSELOT. What about all these loopholes?

Mr. RICHMOND. The gentleman has only so-called loopholes, which are not loopholes at all, but only apply to 6.5 percent of the people in the program.

Mr. ROUSSELOT. Does the gentleman mean the loopholes I have just mentioned?

Mr. RICHMOND. I do not want to call them loopholes.

Mr. ROUSSELOT. They only refer to actually eligible people?

Mr. RICHMOND. Roughly 6.5 percent of all the people.

Mr. ROUSSELOT. I will be very interested to learn more about these loopholes.

Mr. BAUMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to restate my objection to what I think is a most unfortunate tactical move regarding this bill. There have been a great many Members of this House and of the other body who have worked for more than a year on devising various means to reform the food stamp program, to increase its effectiveness for those who indeed really need the benefits that it offers. This was embodied in a bill that was authored by myself and the chief sponsor, the gentleman from Illinois, the distinguished minority whip, Mr. MICHEL.

Because of the manner in which this legislation is presented, treating title XII in this bill now pending as an amendment, many of the parts of that reform program will not be in order. This food stamp bill should have been offered, in my view, as a separate bill with its own open rule with full amendments and a chance to debate.

The reason this agriculture bill is dragging on as long as it has now, for almost 2 weeks off and on, is largely because of this. I suspect that we are going to hear a lot more debate about it. I do not think those people who pretend to speak for the downtrodden and poor in this Nation do them any great service when they force the House to vote up or down on a package deal which contains perhaps some good, but much bad. Quite frankly, I resent the fact that this House was told that if it will only pass legislation like this, looting in the streets of New York will stop. Are we supposed to bribe people to obey the law?

There is a world out there where some people have color television and some do not. It is my recollection, watching my color television, which is 5 years old and has to be fixed three times a year, that the people who were looting were carrying off color television sets, and they looked terribly healthy to me. The ones who complained that they were hungry were not stealing food, but were stealing liquor from liquor stores. The fabric of our civilization has broken down in a good many places, and one of the reasons, in this gentleman's view, is the doctrine of total permissiveness preached by the liberals. They have taken a great many programs that were once supposed to be welfare for those who were in dire need, and turned them into absolute rights, so-called, which the recipients can claim as a matter of right. One of these is the food stamp program.

The experience I have had with it in my district is that many times when people do need assistance they are not getting it. Those who do not need it, such as college students, and others, can breeze through the almost nonexistent means requirements and fill out a form which certifies that they need it. They are the ones who are getting it, at the expense of those who need it. I think we do a disservice to the House and to the people of this Nation whom we pretend to help when we bring up a bill under this guise. This will cost us billions more. Some of the sections are completely outlandish. The so-called affirmative action is going to call for all sorts of advertising, and may very well, as some of our colleagues have pointed out, add 2 million more people almost immediately and billions of dollars in cost.

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Maryland (Mr. BAUMAN). I would like to make one comment about the remarks which were made by the gentleman from New York a couple of minutes ago. My grandparents lived in those slums of New York, and they did not burn, loot, and destroy.

Mr. BAUMAN. I thank the gentleman for his contribution. I think the gentleman has made a point, that all Americans through the generations have had to struggle. I do not mind helping those who need it. But I will be damned if I want my taxpayers, who are struggling under an enormous tax burden to try to get through life, to pay more than their share to those who do not need it. This is one of the programs which causes them to do that. I have no objection to giving every individual, whether he lives in New York, Baltimore, or on the west coast, the same rights at the starting line, but I do not think the Government has the obligation to pay their way all down the course and assist them over the finish line. The implication of what the gentleman from New York said in his opening remarks is that everybody must be reduced to the same common denominator, with the wealth distributed in equal amounts by the Government. If that is what he wants, he really ought to come out and offer it as a constitutional amendment, because the adoption of socialism would be a profound change in our system.

The CHAIRMAN. Are there any amendments to section 1202? If not, the Clerk will read section 1203.

The Clerk read as follows:

DEFINITIONS

SEC. 1203. As used in this Act, the term: (a) "Allotment" means the total value of coupons a household is authorized to receive during each month.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1203 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, how many pages are there in this section?

Mr. Chairman, I am constrained to object. This is six pages. We were told we would have careful consideration.

Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. FOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. SISK) having assumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1974, as amended; and for other purposes, had come to no resolution thereon.

PERMISSION FOR COMMITTEE ON INTERNATIONAL RELATIONS TO FILE CONFERENCE REPORT ON H.R. 6689, FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEAR 1978

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on International Relations may have until midnight tonight to file a conference report on the bill H.R. 6689, to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 7555, LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1978

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 7555) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1978, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT ON H.R. 692, AMENDING THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. SMITH of Iowa submitted the following conference report and statement on the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs:

CONFERENCE REPORT (H. REPT. No. 95–535)

The committee of conference, on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—AUTHORIZATIONS AND LIMITATIONS

SEC. 101. (a) Section 4(c)(1) of the Small Business Act is amended by striking out ", including administrative expenses in connection with such functions" following "7(g) of this Act" and by striking out ", including administrative expenses in connection with such functions" following "Small Business Investment Act of 1958".

(b) Section 4(c)(3) of such Act is amended by striking the last sentence.

(c) Section 4(c)(4) of such Act is repealed.

(d) Section 7(a)(8) of such Act is repealed.

(e) Section 7(g)(4) of such Act is repealed.

SEC. 102. Section 20 of the Small Business Act is amended to read as follows:

"SEC. 20. (a) There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act other than those for which appropriations are specifically authorized.

"(b) The following program levels are authorized for fiscal year 1978:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $400,000,000 in direct loans, $15,000,000 in immediate participation loans, and $3,000,000,000 in deferred participation loans.

"(2) For the programs authorized by section 7(h) of this Act, the Administration is authorized to make $30,000,000 in direct and immediate participation loans and $20,000,000 in guaranteed loans.

"(3) For the programs authorized by section 7(1) of this Act, the Administration is authorized to make $60,000,000 in direct and immediate participation loans and $81,000,000 in guaranteed loans.

"(4) For the programs authorized by sections 501 and 502 of the Small Business Investment Act of 1958, the Administration is authorized to make $45,000,000 in direct and immediate participation loans and $41,000,000 in guaranteed loans.

"(5) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $20,000,000 in direct purchase of debentures and preferred securities and to make $180,000,000 in guarantees of debentures.

"(6) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,000,000,000.

"(7) For the programs authorized by sections 7(b)(3), 7(b)(4), 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8), 7(b)(9) and 7(g) of this Act, the Administration is authorized to enter into $300,000,000 in loans, guarantees, and other obligations or commitments.

"(8) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $150,000,000.

"(9) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, except for administrative expenses of sections 7(b)(1) and 7(b)(2) of this Act.

"(c) There are authorized to be appropriated to the Administration for fiscal year 1978, $1,400,000,000 to carry out the programs referred to in subsection (b), paragraphs (1) through (9). Of such sum, $47,100,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958, $4,000,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958, and $171,000,000 shall be available for salaries and expenses of the Administration, of which amount—

"(1) $13,000,000 shall be available for procurement assistance, with priority given to developing a small business procurement source data bank and to employing additional procurement officers to increase the number and total value of set-asides, including those under section 8(a) of this Act;

"(2) $32,000,000 shall be available for management and technical assistance, with priority given to development of effective training programs and counseling services, development of small business development centers and development of an effective small business technology transfer program;

"(3) $6,000,000 shall be available for research and advocacy, with priority given to developing a small business economic data base, evaluating the required resources for a major small business economic research and analysis unit in the Administration, undertaking such economic research and analysis, representing the interests of small business within the Federal Government, and developing a small business ombudsman function to help solve small business problems that are caused by programs, regulations, or general activities of the Federal Government and of which no more than $60,000 can be used for the payment of travel and transportation of persons for the national, regional, and Small Business Investment Companies advisory council meetings;

"(4) $4,000,000 shall be available for the office of minority small business; and

"(5) $3,900,000 shall be available for data management with priority given to more effective and efficient utilization of existing data management resources of the Administration.

"(d) The Administrator may transfer no more than 10 percent of program levels for salaries and expenses authorized in paragraphs (1) through (5) of section 20(c) of this Act; provided, however, that no program level authorized in such paragraphs may be increased more than 20 percent by any such transfers.

"(e) The following program levels are authorized for fiscal year 1979:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $440,000,000 in direct loans, $17,000,000 in immediate participation loans, and $3,300,000,000 in deferred participation loans.

"(2) For the programs authorized by section 7(h) of this Act, the Administration is authorized to make $33,000,000 in direct and immediate participation loans and $22,000,000 in guaranteed loans.

"(3) For the programs authorized by section 7(1) of this Act, the Administration is authorized to make $66,000,000 in direct and immediate participation loans and $89,000,000 in guaranteed loans.

"(4) For the programs authorized by sections 501 and 502 of the Small Business Investment Act of 1958, the Administration is authorized to make $49,000,000 in direct and immediate participation loans and $45,000,000 in guaranteed loans.

"(5) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $22,000,000 in direct purchase of debentures and preferred securities and to make $198,000,000 in guarantees of debentures.

"(6) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,200,000,000.

"(7) For the programs authorized by sections 7(b)(3), 7(b)(4), 7(b)(5), 7(b)(6), 7(b)(8), 7(b)(9) and 7(g) of this Act, the Administration is authorized to enter into $330,000,000 in loans, guarantees, and other obligations or commitments.

"(8) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $300,000,000.

"(9) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, except for administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act.

"(f) There are authorized to be appropriated to the Administration for fiscal year 1979, $1,565,000,000 to carry out the programs referred to in subsection (e), paragraphs (1) through (9). Of such sum, $52,100,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958, $4,400,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958, and $188,000,000 shall be available for salaries and expenses of the Administration, of which amount—

"(1) $14,300,000 shall be available for procurement assistance, with priority given to developing a small business procurement source data bank and to employing additional procurement officers to increase the number and total value of set-asides, including those under section 8(a) of this Act;

"(2) $35,200,000 shall be available for management and technical assistance, with priority given to development of effective training programs and counseling services, development of small business development centers, and development of an effective small business technology transfer program;

"(3) $6,600,000 shall be available for research and advocacy, with priority given to developing a small business economic data base evaluating the required resources for a major small business economic research and analysis unit in the Administration, undertaking such economic research and analysis, representing the interests of small business with the Federal Government, and developing a small business ombudsman function to help solve small business problems that are caused by programs, regulations, or general activities of the Federal Government and of which no more than $66,000 can be used for the payment of travel and transportation of persons for the national, regional, and Small Business Investment Companies advisory council meetings;

"(4) $4,400,000 shall be available for the office of minority small business; and

"(5) $4,290,000 shall be available for data management with priority given to more effective and efficient utilization of existing data management resources of the Administration.

"(g) The Administrator may transfer no more than 10 percent of program levels for salaries and expenses authorized in paragraphs (1) through (5) of section 20(f) of this Act; provided, however, that no program level authorized in such paragraphs may be increased more than 20 percent by any such transfers.".

SEC. 103. Section 403 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 403. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitations as a revolving fund for the purposes of section 401. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with section 401, shall be deposited in the fund. All expenses, excluding administrative expenses, pursuant to operations of the Administrator under section 401 shall be paid from the fund.".

SEC. 104. Section 405 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 405. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitations as a revolving fund for the purpose of section 404. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with section 404 shall be deposited in the fund. All expenses and payments, excluding administrative expenses, pursuant to operations of the Administrator under section 404 shall be paid from the fund.".

SEC. 105. Section 412 of the Small Business Investment Act of 1958 is amended to read as follows:

"FUND

"SEC. 412. There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitation as a revolving fund for the purposes of this part. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with this part, shall be deposited in the fund. All expenses and payments, excluding administrative expenses, pursuant to operations of the Administrator under this part shall be paid from the fund. Moneys in the fund not needed for the payment of current operating expenses or for the payment of claims arising under this part may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as capital for the fund shall not be so invested."

SEC. 106. This title shall become effective on October 1, 1977.

TITLE II—MISCELLANEOUS CONFORMING AND TECHNICAL AMENDMENTS

SEC. 201. Section 4(c)(2) of the Small Business Act is amended by striking out "and 7(c)(2)" and by inserting in lieu thereof "7(c)(2), and 7(g)".

SEC. 202. Sections 4(c)(5) and 4(c)(6) of the Small Business Act are redesignated as sections 4(c)(4) and 4(c)(5), respectively, and the new section 4(c)(4) is amended to read as follows:

"(4) The Administration shall submit to the Committees on Appropriations, Senate Select Committee on Small Business, and the Committee on Small Business of the House of Representatives, as soon as possible after the beginning of each calendar quarter, a full and complete report on the status of each of the funds established by paragraph (1). Business-type budgets for each of the funds established by paragraph (1) shall be prepared, transmitted to the Committees on Appropriations, the Senate Select Committee on Small Business, and the Committee on Small Business of the House of Representatives, and considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847–849)) for wholly owned Government corporations.".

SEC. 203. Section 10(a) of the Small Business Act is amended by inserting "the Senate Select Committee on Small Business," after the clause "the President of the Senate,".

SEC. 204. Section 10(b) of the Small Business Act is amended by striking out "House Select Committee to Conduct a Study and Investigation of the Problems of Small Business" and by inserting in lieu thereof "Committee on Small Business of the House of Representatives".

SEC. 205. Section 10(c)(2) of the Small Business Act is amended by inserting "the Senate Select Committee on Small Business" after the word "Congress".

SEC. 206. Section 10(d) of the Small Business Act is amended by inserting "the Senate Select Committee on Small Business" after the clause "the President of the Senate,".

SEC. 207. Section 10(e) of the Small Business Act is amended by striking out "House Select Committee To Conduct a Study and Investigation of the Problems of Small Business" and by inserting in lieu thereof "Committee on Small Business of the House of Representatives".

SEC. 208. Section 10(g) of the Small Business Act is amended by striking out "Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Banking and Currency of the House of Representatives" and inserting in lieu thereof "Senate Select Committee on Small Business and Committee on Small Business of the House of Representatives".

SEC. 209. Section 5316 of title 5, United States Code, is amended by striking from paragraph (11) the figure "(3)" and by inserting the figure "(4)".

SEC. 210. Section 302(b) of the Small Business Investment Act of 1958 is amended by inserting the word "and" between the words "capital" and "surplus".

SEC. 211. Section 10(a) of the Small Business Act (15 U.S.C. 639(a)) is amended by adding at the end thereof the following new sentence: "With respect to minority small business concerns, the report shall include the proportion of loans and other assistance under this Act provided to such concerns, the goals of the Administration for the next fiscal year with respect to such concerns, and recommendations for improving assistance to minority small business concerns under this Act.".

TITLE III—AMENDMENTS TO SMALL BUSINESS ADMINISTRATION LOAN AUTHORITY

SEC. 301. Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended after "the acquisition of land;" by inserting "or to finance residential or commercial construction or rehabilitation for sale: *Provided, however,* That such loans shall not be used primarily for the acquisition of land;".

SEC. 302. Section 7(b)(5) of the Small Business Act is amended by inserting immediately after "any Federal law" the words "heretofore or hereafter enacted".

SEC. 303. Section 5 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(e)(1) Subject to the requirements and conditions contained in this subsection, upon application by a small business concern which is the recipient of a loan made under this Act, the Administration may undertake the small business concern's obligation to make the required payments under such loan or may suspend such obligation if the loan was a direct loan made by the Administration. While such payments are being made by the Administration pursuant to the undertaking of such obligation or while such obligation is suspended, no such payment with respect to the loan may be required from the small business concern.

"(2) The Administration may undertake or suspend for a period of not to exceed 5 years any small business concern's obligation under this subsection only if—

"(A) without such undertaking or suspension of the obligation, the small business concern would, in the sole discretion of the Administration, become insolvent or remain insolvent;

"(B) with the undertaking or suspension of the obligation, the small business concern would, in the sole discretion of the Administration, become or remain a viable small business entity; and

"(C) the small business concern executes an agreement in writing satisfactory to the Administration as provided by paragraph (4).

"(3) Notwithstanding the provisions of sections 7(a)(4)(C) and 7(1)(1) of this Act, the Administration may extend the maturity of any loan on which the Administration undertakes or suspends the obligation pursuant to this subsection for a corresponding period of time.

"(4)(A) Prior to the undertaking or suspension by the Administration of any small business concern's obligation under this subsection, the Administration, consistent with the purposes sought to be achieved herein, shall require the small business concern to agree in writing to repay to it the aggregate amount of the payments which were required under the loan during the period for which such obligation was undertaken or suspended, either—

"(i) by periodic payments not less in amount or less frequently falling due than those which were due under the loan during such period, or

"(ii) pursuant to a repayment schedule agreed upon by the Administration and the small business concern, or

"(iii) by a combination of the payments described in clause (i) and clause (ii).

"(B) In addition to requiring the small business concern to execute the agreement described in subparagraph (A), the Administration shall, prior to the undertaking or suspension of the obligation, take such action, and require the small business concern to take such action as the Administration deems appropriate in the circumstances, including the provision of such security as the Administration deems necessary or appropriate to insure that the rights and interests of the lender (Small Business Administration or participant) will be safeguarded adequately during and after the period in which such obligation is so undertaken or suspended.".

"(5) The term 'required payments' with respect to any loan means payments of principal and interest under the loan.".

SEC. 304. Section 4(c) of the Small Business Act is amended by inserting in paragraphs (1)(A) and (2)(A) thereof "5(e)," after the word "sections".

TITLE IV—AMENDMENTS TO SMALL BUSINESS ADMINISTRATION DISASTER LOAN AUTHORITY

SEC. 401. Section 4(c) of the Small Business Act is amended as follows:

(1) by inserting in paragraph (1)(A) after the figure "7(b)(2)," the figure "7(b)(3)," and by striking from paragraph (1)(B) thereof the figure "7(b)(3),"; and

(2) by inserting in paragraph (2)(A) after the figure "7(b)(2)," the figure "7(b)(3)," and by striking from paragraph (2)(B) thereof the figure "7(b)(3),".

SEC. 402. Section 7(b)(3) of the Small Business Act is amended by striking "federally aided urban renewal program or a highway project or any other construction constructed by or with funds provided in whole or in part by the Federal Government" and by inserting in lieu thereof "program or project constructed by or with funds provided in whole or in part by the Federal Government or by a program or project by a State or local government or public service entity, providing such government or public service entity has the authority to exercise the right of eminent domain on such program or project".

SEC. 403. Section 7(b)(2) of the Small Business Act is amended by adding "or" after the semicolon at the end of section 7(b)(2)(B) and by adding the following:

"(C) a disaster, as determined by the Administrator of the Small Business Administration pursuant to the Disaster Relief Act of 1970; or

"(D) if no disaster declaration has been issued pursuant to subparagraph (A), (B), or (C), the Governor of a State in which a disaster has occurred may certify to the Small Business Administration that small business concerns (1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance which is not available on reasonable terms in the disaster stricken area. Upon receipt of such certification, the Administration may then make such loans as would have been available under this paragraph if a disaster declaration had been issued.

"(E) Notwithstanding any other provision of law, the interest rate on the Administration's share of any loan made under this paragraph in connection with a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be 3 percent on the amount of such loan not exceeding $25,000.".

SEC. 404. Section 7(b) of the Small Business Act is amended by striking out "and" at the end of paragraph (7), by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and" and by inserting after paragraph (8) the following new paragraph:

"(9) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary to assist, or refinance the existing indebtedness of, any small business concern located in an area of economic dislocation. The Governor of a State may certify to the Administration (A) that small business concerns within the State have suffered substantial economic injury as a result of an economic dislocation, and (B) that such concerns are in need of financial assistance which is not available on reasonable terms. For the purposes of this paragraph, economic dislocation includes extraordinary, severe, and temporary natural conditions or other economic dislocations as determined by the Administration. Such economic dislocations must be of such magnitude that without the benefit of loans provided hereunder a significant number of otherwise financially sound small businesses in the impacted regions or business sectors would either become insolvent or be unable to return quickly to their former level of operation. No loan made hereunder shall exceed $100,000, nor shall the proceeds thereof be used to reduce the exposure of any other lender. The Administration shall permit deferral of payment of principal and interest for one year on loans made hereunder.".

SEC. 405. Section 7(b) of the Small Business Act is amended by inserting at the end of the first undesignated paragraph the following:

"Notwithstanding any other provision of law, the interest rate on the Administration's share of any loan made pursuant to paragraph (1) of this subsection to repair or replace a primary residence and/or replace or repair damaged or destroyed personal property, less the amount of compensation by insurance or otherwise, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be: 1 per centum on the amount of such loan not exceeding $10,000, and 3 per centum on the amount of such loan over $10,000 but not exceeding $40,000. The interest rate on the Administration's share of the first $250,000 of all other loans made pursuant to paragraph (1) of this subsection, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be 3 per centum. All repayments of principal on the Administration's share of any loan made under the above provisions shall first be applied to reduce the principal sum of such loan which bears interest at the lower rates provided in this paragraph. The principal amount of any loan made pursuant to paragraph (1) in connection with a disaster which occurs on or after April 1, 1977, but prior to January 1, 1978, may be increased by such amount, but not more than $2,000, as the Administration determines to be reasonable in light of the amount and nature of loss, damage, or injury sustained in order to finance the installation of insulation in the property which was lost, damaged, or injured, if the uninsured, damaged portion of the property is 10 per centum or more of the market value of the property at the time of the disaster. Not later than June 1, 1978, the Administration shall prepare and transmit to the Select Committee on Small Business of the Senate, the Committee on Small Business of the House of Representatives, and the Committees of the Senate and House of Representatives having jurisdiction over measures relating to energy conservation, a report on its activities under this paragraph, including therein an evaluation of the effect of such activities on encouraging the installation of insulation in property which is repaired or replaced after a disaster which is subject to this paragraph, and its recommendations with respect to the continuation, modification, or termination of such activities.".

SEC. 406. Section 324 of the Consolidated Farm and Rural Development Act is amended as follows:

(a) By inserting "(a)" at the beginning thereof and by striking the proviso at the end thereof; and

(b) By inserting the following at the end thereof:

"(b) Notwithstanding the provisions of any other law, during any period in which the Small Business Administration is making loans under sections 7(b)(1) and 7(b)(2) of the Small Business Act to businesses at a rate of interest below the average annual interest rate on all interest-bearing obligations of the United States, loans made hereunder shall bear interest at a rate not to exceed such lower interest rates in amounts not to exceed $250,000 to businesses and $40,000 to homeowners.

"(c) Any political subdivision of a State with a population of less than 10,000 which, if such subdivision had a population of 10,000 or more, would be eligible for a grant under the first title of the Community Emergency Drought Relief Act of 1977 shall be eligible for a grant under the Consolidated Farm and Rural Development Act during any period in which such Community Relief Act of 1977 is or has been in effect.".

TITLE V—PROCUREMENT ASSISTANCE

SEC. 501. Section 8(b) of the Small Business Act is amended by striking paragraph (7) and by inserting in lieu thereof the following:

"(7)(A) To certify to Government procurement officers, and officers engaged in the sale and disposal of Federal property, with respect to all elements of responsibility, including, but not limited to, capability, competency, capacity, credit, integrity, perseverance, and tenacity, of any small business concern or group of such concerns to receive and perform a specific Government contract. A Government procurement officer or an officer engaged in the sale and disposal of Federal property may not, for any reason specified in the preceding sentence, preclude any small business concern or group of such concerns from being awarded such contract without referring the matter for a final disposition to the Administration.

"(B) If a Government procurement officer finds that an otherwise qualified small business concern may be ineligible due to the provisions of section 35(a) of title 41, United States Code (the Walsh-Healey Public Contracts Act), he shall notify the Administration in writing of such finding. The Administration shall review such findings and shall either dismiss it and certify the small business concern to be an eligible Government

contractor for a specific Government contract or if it concurs in the finding, forward the matter to the Secretary of Labor for final disposition, in which case the Administration may certify the small business concern only if the Secretary of Labor finds the small business concern not to be in violation.

"(C) In any case in which a small business concern or group of such concerns has been certified by the Administration pursuant to (A) or (B) to be a responsible or eligible Government contractor as to a specific Government contract, the officers of the Government having procurement or property disposal powers are directed to accept such certification as conclusive, and shall let such Government contract to such concern or group of concerns without requiring it to meet any other requirement of responsibility or eligibility.".

SEC. 502. Section 15 of the Small Business Act is amended by inserting "(a)" immediately after "SEC. 15." and by inserting the following at the end thereof:

"(b) With respect to any work to be performed the amount of which would exceed the maximum amount of any contract for which a surety may be guaranteed against loss under section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694(b)), the contracting procurement agency shall, to the extent practicable, place contracts so as to allow more than one small business concern to perform such work.

"(c) During fiscal year 1978, public and private organizations and individuals eligible for assistance under section 7(h) of this Act shall be eligible to participate in such contracts or any part thereof in an aggregate amount not to exceed $100,000,000. *Provided, however,* that the Administration, not later than March 1, 1979, shall prepare and transmit to the Select Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, a report on the impact of contracts awarded to such organizations and individuals on small business."

"(d) For purposes of this section priority shall be given to the awarding of contracts and the placement of subcontracts to concerns which shall perform a substantial proportion of the production on those contracts and subcontracts within areas of concentrated unemployment or underemployment or within labor surplus areas. Notwithstanding any other provision of law, total labor surplus area set-asides pursuant to Defense Manpower Policy Number 4 (32A C.F.R. Chapter 1) or any successor policy shall be authorized if the Secretary or his designee specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices. As soon as practicable and to the extent possible, in determining labor surplus areas, consideration shall be given to those persons who would be available for employment were suitable employment available. Until such definition reflects such number, the present criteria of such policy shall govern.

"(e) In carrying out labor surplus area and small business set-aside programs, departments, agencies, and instrumentalities of the executive branch shall award contracts, and encourage the placement of subcontracts for procurement to the following in the manner and in the order stated:

"(1) Concerns which are located in labor surplus areas, and which are also small business concerns, on the basis of a total set-aside.

"(2) Concerns which are small business concerns on the basis of a total set-aside.

"(3) Concerns which are small business concerns, on the basis of a partial set-aside.

"(4) Concerns which are located in labor surplus areas on the basis of a total set-aside.

"(f) The provisions of subsections (d) and (e) shall cease to be effective subsequent to September 30, 1979, unless renewed prior to such date.".

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment to the title insert the following:

"An Act to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, and for other purposes."

And the Senate agree to the same.

NEAL SMITH,
TOM STEED,
JOHN D. DINGELL,
JAMES C. CORMAN,
JOSEPH P. ADDABBO,
JOHN J. LAFALCE,
MARTY RUSSO,
SILVO O. CONTE,
J. WILLIAM STANTON,
JOSEPH M. MCDADE,
Managers on the Part of the House.

GAYLORD NELSON,
THOMAS J. MCINTYRE,
SAM NUNN,
WILLIAM D. HATHAWAY,
FLOYD K. HASKELL,
JOHN CULVER,
LOWELL P. WEICKER, Jr.,
BOB PACKWOOD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The principal differences among the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

(1) AUTHORIZATION FOR APPROPRIATION

The Small Business Act authorizes the appropriation of such sums as may be necessary to carry out the provisions and purposes of the Act; the Small Business Investment Act authorizes the appropriation of specific cumulative dollar amounts to carry out the programs authorized by that Act. Also, the Small Business Act imposes a dollar limitation on the amount of financial assistance which may be outstanding at any one time.

The House bill continues the existing open-ended authorization for appropriation, but specifies the dollar amount of program levels by fiscal year effective at the beginning of fiscal year 1978, October 1, 1977.

The Senate bill also specifies the dollar amount of program levels by fiscal year effective at the beginning of fiscal year 1978, but instead of the open-ended authorization, it authorizes the appropriation of a specific dollar amount needed to carry out the program levels specified and eliminates the restrictions on the amount of assistance which may be outstanding and makes other conforming changes.

The Conference substitute adopts the Senate provisions but also authorizes the appropriation of amounts necessary to carry out the purposes and provisions of the Small Business Act programs where specific dollar authorizations are not provided.

(2) SBA PROGRAM LEVELS—FISCAL YEAR 1978

The House bill for fiscal year 1978 authorizes a surety bond guarantees program level of $2 billion; does not chance the existing authorization for appropriation to the real estate lease guarantees revolving fund; and does not impose any limit on the amount of pollution control lease guarantees.

The Senate bill for fiscal year 1978 authorizes a surety bond guarantees program level of $2 billion; a real estate lease guarantees authorization for appropriation of $4 million to pay claims on prior guarantees; and a pollution control lease guarantees program level of $100 million.

The Conference substitute for fiscal year 1978 authorizes a surety bond guarantees program level of $2 billion; a real estate lease guarantees authorization for appropriation of $4 million to pay claims on prior guarantees; and a pollution control lease guarantees program level of $150 million.

The differences between the House bill, the Senate bill and the Conference substitute on loan program levels are as follows:

(a) Regular Business Loans:

The House bill authorizes $400 million in direct loans and $2.5 billion in loan guarantees.

The Senate bill authorizes $150 million in direct loans and $3 billion in loan guarantees.

The Conference substitute authorizes $400 million in direct loans and $3 billion in loan guarantees.

(b) Handicapped Assistance Loans:

The House bill authorizes $20 million in direct and immediate participation loans.

The Senate bill authorizes $40 million in direct and immediate participation loans.

The Conference substitute authorizes $30 million in direct and immediate participation loans.

(c) Development Company Loans:

The House bill authorizes $40 million in direct and immediate participation loans and $20 million in loan guarantees.

The Senate bill authorizes $45 million in direct and immediate participation loans and $41 million in loan guarantees.

The Conference substitute authorizes $45 million in direct and immediate participation loans and $41 million in loan guarantees.

(d) Non-physical Disaster and Water Pollution Control Loans:

The House bill authorizes $300 million in loans, guarantees, and other obligations or commitments.

The Senate bill authorizes $100 million in direct loans and $100 million in loan guarantees.

The Conference substitute authorizes $300 million in loans, guarantees, and other obligations or commitments.

Under existing law, one of the non-physical disaster loan programs, the Displaced Business Loan Program, is funded through the Business Loan and Investment Fund Revolving Fund. The Conference substitute transfers this program to funding through the Disaster Loan Revolving Fund as is the situation with all of the other non-physical disaster loans. The Conferees intend that the amount already appropriated to the BLIF Revolving Fund for fiscal year 1978 for this program be transferred to the Disaster Loan Revolving Fund.

(3) SBA PROGRAM LEVELS—FISCAL YEAR 1979

The House bill authorizes program levels for SBA for fiscal year 1979.

The Senate bill contains no comparable provisions.

The Conference substitute for fiscal year 1979 authorizes a surety bond guarantees program level of $2.2 billion; a real estate lease guarantees authorization for appropriation of $4.4 million to pay claims on prior guarantees; and $300 million for pollution control lease guarantees.

The Conference substitute authorizes loan program levels for fiscal year 1979 as follows:

(a) Regular Business Loans:

$440 million in direct loans; $17 million in immediate participation loans; and $3.3 billion in loan guarantees.

(b) Handicapped Assistance Loans:

$33 million in direct and immediate participation loans and $22 million in loan guarantees.

(c) Economic Opportunity Loans:

$66 million in direct and immediate participation loans and $89 million in loan guarantees.

(d) State and Local Development Company Loans:

$49 million in direct and immediate participation loans and $45 million in loan guarantees.

(e) Small Business Investment Company Programs:

$22 million in direct purchase of debentures and $198 million in guarantees.

(f) Surety Bond Guarantees Program:

$2.2 billion in guarantees.

(g) Non-physical Disaster and Water Pollution Control Loans:

$330 million in loans, guarantees, and other obligations or commitments.

(h) Pollution Control Lease Guarantees Program:

$300 million in guarantees.

(4) SMALL BUSINESS INVESTMENT ACT REVOLVING FUNDS

Under existing law, SBA is required to pay interest to the Treasury on appropriated funds which it uses to pay claims under the Real Estate Lease Guarantees Program, the Surety Bond Guarantees Program, and the Pollution Control Lease Guarantees Program. In addition, SBA is authorized to temporarily invest in United States obligations any monies obtained as fees under this program until such time as the amounts are needed for operating expenses or to pay claims.

The Senate bill eliminates SBA's obligation to pay interest on appropriated funds and also eliminates SBA's authority to invest any idle funds obtained as fees in the operation of these programs.

The House bill contains no comparable provisions.

The Conference substitute eliminates SBA's obligation to pay interest on capital appropriations to these 3 revolving funds. It also eliminates the authority to invest temporarily idle funds except that the authority is specifically retained for fees from the Pollution Control Lease Guarantees Revolving Fund. The reason for the distinction is that the Pollution Control Lease Guarantees Fund is new and although SBA is collecting fees for the guarantees, it is not anticipated that any claims will arise for several years and thus there should be funds available which are not currently needed and there is no reason SBA, and the Government, should not obtain interest on such amounts.

(5) SBA'S SALARIES AND EXPENSES

Under existing law, there is an open-ended authorization for appropriation for payment of salaries and expenses. In addition to an annual appropriation for this purpose, the Appropriations Committees authorize the transfer of certain amounts from the revolving funds to also pay salaries and expenses.

The Senate bill provides that all salaries and expenses shall be paid only from appropriated funds and not by transfers from the revolving funds. It also eliminates the open-ended authorization and instead specifies that $171 million is authorized for salaries and expenses for fiscal year 1978. Of this amount, the Senate bill earmarks $72.9 million for 9 specific functions with priorities being given within each function. The Senate bill also authorizes the SBA Administrator to transfer up to 5% of the program levels among these 9 categories.

The House bill contains no comparable provisions.

The Conference substitute provides that all salaries and expenses shall be paid only from appropriated funds and not by transfers from the revolving funds. It also eliminates the open-ended authorization and instead specifies that $171 million is authorized for salaries and expenses for fiscal year 1978. Of this amount, $58.9 million is earmarked for 5 specific functions with priorities being given within each function. The Conference substitute also authorizes the Administrator to transfer funds among the various 5 categories but restricts the amount which may be transferred away from any such function to 10% of the amount specified and further provides that none of these functions may be increased by more than 20%. Those categories earmarked by the Conference substitute are as follows:

(a) Procurement Assistance, $13 million;

(b) Management and Technical Assistance, $32 million;

(c) Research and Advocacy, $6 million;

(d) Minority Small Business, $4 million; and

(e) Data Management, $3,900,000.

For fiscal year 1979, the conference substitute authorizes $188,000,000 for salaries and expenses. Of this amount, $64,000,000 is earmarked for 5 specific functions with priorities being given within each function. Those categories earmarked by the Conference substitute are as follows:

(a) Procurement Assistance, $14,300,000;

(b) Management and Technical Assistance,, $35,200,000;

(c) Research and Advocacy, $6,600,000;

(d) Minority Small Business, $4,400,000; and

(e) Data Management, $4,290,000.

Although the Conferees intend to give the Administrator certain flexibility in his operations, the Conferees intend that he adhere to the levels specified. In the event that he exercises his discretion and transfers any part of such funds, advance notice of his intent to do so should be given to both the Senate Select Committee on Small Business and to the House Committee on Small Business.

(6) REPORTS TO CONGRESS

In the 94th Congress, legislation to aid and protect small business was transferred to the House Committee on Small Business and a similar transfer was made in the 95th Congress to the Senate Select Committee on Small Business.

The House bill provides that certain specified reports which previously were made by Agencies and Departments to the House Banking and Currency Committee now be sent to the House Committee on Small Business.

The Senate bill made a similar change for reports previously going to the Senate Committee on Banking, Housing and Urban Affairs and also specified that certain additional reports be sent to the Senate Select Committee on Small Business as well as to the President of the Senate.

The Conference substitute provides that the enumerated reports go to the Senate and House Small Business Committees instead of to the House and Senate Banking Committees and also specifies that certain reports go directly to the Senate Select Committee on Small Business as well as to the President of the Senate and the Speaker of the House.

(7) MINORITY SMALL BUSINESS REPORT

The House bill specifically requires SBA's annual report to break out the assistance provided to socially and economically disadvantaged individuals. It also requires SBA to specify the goals of the Administration for the next fiscal year with respect to such minority small businesses and to make recommendations for improving assistance to them.

The Senate bill contains no comparable provision.

The Conference substitute adopts the House provision.

(8) ASSISTANCE TO HOME BUILDERS

The House bill specifically authorizes SBA to make regular business loans to small homebuilders to finance residential or commercial construction or rehabilitation for sale, but provides that such loans may not be used primarily for the acquisition of land.

The Senate bill provides similar authority but also authorizes such loans to be used for construction or rehabilitation of rental property. In addition, the Senate bill authorizes a new category of regular business loans to individuals and non-profit groups organized to rehabilitate blighted urban or rural areas.

The Conference substitute adopts the House provision.

(9) MORATORIUMS

The House bill requires SBA to assume or suspend for a period of not in excess of five years a small business concern's obligation to make the required payments under a Small Business Administration loan, providing that without an assumption or suspension the small business would become or remain insolvent and that with the assumption or suspension the small business would become or remain a viable small business entity. The small business would be required to agree with SBA as to repaying the amounts that became due during the period of the moratorium and SBA would be authorized to extend the maturity date of the loan for a period to coincide with the moratorium.

The Senate bill basically gives SBA the same authority except that it would be discretionary rather than mandatory to grant the moratorium. The Senate bill also limits eligibility to borrowers who are still viable prior to the granting of the suspension and authorizes the SBA to require the borrower to take such action as is appropriate to assure that the rights and interests of the lender will be safeguarded.

The Conference substitute adopts the Senate provision but extends eligibility to small businesses which have already become insolvent providing that with the moratorium the small business could again become a viable entity.

(10) DISPLACED BUSINESS LOANS

The House bill expands SBA's displaced business loan program by authorizing SBA to make displaced business loans to small concerns suffering substantial economic injury as a result of displacement by, or location in or adjacency or nearness to, a program or project constructed by a State or local government or public service entity which has the authority to exercise the right of eminent domain on such program or project.

The Senate version contains no comparable provision.

The Conference substitute adopts the House provision.

(11) ECONOMIC INJURY DISASTER LOANS

The House bill authorizes SBA economic injury loans to small business concerns in an area affected by a natural disaster even if the extent of the natural disaster was not sufficient for a disaster declaration by the

President, the Secretary of Agriculture or SBA's Administrator. Assistance is to be provided upon the direct request to SBA from the Governor of the State involved.

Present SBA economic injury loan provisions are unchanged—no ceiling on amount of economic injury disaster loans and the interest rate at this time remains 6⅝%.

The Senate bill also authorizes such loans without the need for a disaster declaration being made.

In addition, the Senate bill authorizes economic injury assistance in the event of "extraordinary, severe, and temporary natural conditions or economic dislocations" providing the governor certifies that such economic dislocations or natural conditions are of sufficient magnitude and that without economic injury relief loans, a significant number of small businesses in the impacted area would become insolvent or be unable to return quickly to their former level of operation. Such loans would have a special loan limit of $100,000—which is not to be used to reduce exposure of any other lender.

The conference substitute adopts the House provision but also establishes a new non-physical disaster loan program to cover substantial economic injury caused by natural conditions or economic dislocation as provided in the Senate bill, specifically prohibiting loan proceeds to be used to reduce the exposure of any other lender and permitting a deferral of payment of principal and interest for one year.

The refinement of what constitutes extraordinary natural conditions or economic dislocations is left to determination by SBA. The conferees intend, however, that such loans be made available to businesses suffering substantial economic injury as a result of situations such as occurred due to severe cold weather that struck many parts of the nation this past winter (such as Western Pennsylvania, Columbus and Cincinnati, Ohio and Buffalo, New York); the lack of snow affecting ski resorts; the land title dispute involving Mashpee, Massachusetts; and the Mexican currency devaluation. The conferees do not intend that such authority only apply prospectively; if small businesses are still suffering substantial economic loss as a result of similar events occurring in the past, the financial assistance authorized by the conference substitute should be made available.

The Conferees note that in order to administer the disaster loan provisions of sections 7(b)(1) and 7(b)(2) of the Small Business Act, the Small Business Administration has developed regulations and criteria for determining natural disaster assistance on the basis of physical damage to real and personal property not involved primarily with agricultural production. No specific regulations have been developed, however, for declaring a disaster on the basis of a physical disaster to those enterprises engaged in the production of food and fiber, ranching, and raising of livestock, and all other farming and agricultural related enterprises. Because the disaster relief provided herein will be available to these enterprises, the Conferees expect SBA to develop, as soon as possible, regulations and criteria specifically defining a disaster both in terms of physical damage and economic injury to such agricultural enterprises under sections 7(b)(1) and 7(b)(2) of the Small Business Act and in terms of economic dislocation under section 7(b)(9).

(12) DISASTER LOAN INTEREST RATES

The Senate bill reduces the interest rate on SBA physical disaster loans to 3% for small business, large business, religious organizations, eleemosynary organizations and nonprofit organizations.

It also provides that the interest rate on loans for repair (not replacement) to a primary residence and to replace or repair damaged or destroyed personal property be made according to a formula:

1st $5,000 of homeowner loan, 1% rate;
2d $5,000 of homeowner loan, 2% rate; and
Above $10,000, 3% rate.

There is also a loan cancellation for primary residences if the loan exceeds $500:

Damage 10–20% of market value_up to $1,000
Damage 20–30% of market value_up to $2,000
Over 30% of market value_____up to $3,000

This disaster assistance is retroactively available from July 1, 1975.

In addition, the Senate bill reduces the interest rate on Farmers Homes Administration Loans to 3% retroactive to July 1, 1976.

The House bill contains no comparable provisions.

The conference substitute reduces the interest rate on SBA physical disaster loans to homeowners to 1 percent on the first $10,000 of the loan; 3 percent on the next $30,000 of the loan; and does not provide for any cancellation or forgiveness. The interest rate on SBA physical disaster loans to other applicants is reduced to 3 percent on the first $250,000 and similar reductions are made in the FmHA disaster loan programs.

A corresponding reduction of the interest rate to 3 percent is also made on economic injury disaster loans to small businesses on amounts up to $25,000.

All interest rate reductions are made retroactive to July 1, 1976 and expire October 1, 1978. In the interim, the Committees on Small Business in both the House and Senate anticipate conducting a broad study and investigation of the interaction of all Federal disaster assistance programs in order to determine whether the SBA programs are accomplishing their intended purpose.

The SBA will be required to make adjustments in loans made prior to the date of enactment; however, the Conferees intend that any excess interest which has already been paid on such loans be applied as a credit against future payments; it does not need to be refunded.

Also, all repayments of principal shall first be applied to reduce the principal amount of lower interest rate loans and only then applied to reduce the principal of the balance of such loans.

Finally, the Conferees intend that SBA will, upon application of the Governor of the State involved, reinstitute, for an appropriate period, loan application procedures with respect to disasters occurring since July 1, 1976.

(13) USE OF DISASTER LOAN PROCEEDS FOR HOME INSULATION

The Senate bill authorizes SBA to increase the principal amount of a physical disaster loan by up to $2,000 to cover the cost of insulating property—regardless of whether it was insulated prior to the disaster. This is to avoid the literal interpretation of regulations allowing only "repair or replacement" which might prohibit rebuilding with insulation where none existed before the disaster.

The Senate provision is a temporary program which applies only to disasters occurring on or after April 1, 1977 but prior to October 1, 1977.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision but changes the expiration date to January 1, 1978, and also requires the SBA to prepare and transmit a report including an evaluation of the effect of such an insulation program on encouraging the installation of insulation by June 1, 1978.

(14) CERTIFICATE OF COMPETENCY

The House bill authorizes the SBA to make all determinations regarding the responsibility of a small business concern to perform a specific Government contract. The term "responsibility" would include all criteria presently used by procurement officers. The bill also provides that a contract may not be withheld for any such reason without referring the matter to SBA for a determination. In addition, if the procurement officer believes that an otherwise qualified concern is in violation of the Walsh-Healey Act, this finding must be referred to SBA which is given the authority to either dismiss the finding and direct the officer to award the contract, or if it concurs, submit the finding to the Department of Labor for final disposition. It does not, however, in any way change the requirements of this Act; it merely provides for their more uniform application in all areas of the United States.

Finally, the House bill provides that whenever SBA issues its Certificate of Competency, it shall be deemed conclusive and the contract awarded.

The Senate bill contains similar provisions except that it does not cover determinations of ineligibility under the Walsh-Healey Act.

The Conference substitute adopts the House provisions.

In agreeing to the House-passed version of amendments to section 8(b)(7) of the Small Business Act, the Conferees do so with the understanding that the Small Business Administration shall conscientiously administer and enforce the rules and regulations promulgated by the Department of Labor that pertain to the Walsh-Healey Public Contracts Act when certifying as to whether a small business concern meets the provisions of section 35(a) of title 41, United States Code.

(15) SMALL BUSINESS SET-ASIDES

Under existing law, SBA may issue Surety Bond Guarantees only on contracts up to $1 million.

The House bill provides that if the amount of a proposed small business set-aside contract is in excess of $1 million, the contracting procurement agency should, to the extent feasible, divide the contract so as to reduce the dollar amount of each set-aside contract to less than $1 million.

The Senate bill contains no comparable provision.

The Conference substitute adopts the House provision except that the agency is required to divide the contracts to the extent "practicable."

(16) PROCUREMENT ASSISTANCE FOR NONPROFIT ORGANIZATIONS

The Senate bill authorizes public and private organizations and individuals who qualify for assistance under section 7(h) of the act (handicapped assistance), to compete for small business procurement set-asides.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision except that the participation is authorized only during fiscal year 1978; such participation is limited to the total value of all such contracts or any parts thereof in an aggregate amount not to exceed $100,000,000. Also, SBA is directed to prepare and transmit by March 1, 1979, a report on the impact contracts awarded to such individuals or handicapped organizations have on the small business set-aside program.

(17) LABOR SURPLUS AREA SET-ASIDE CONTRACTS

The Senate bill encourages the placement of contracts and subcontracts into the labor surplus area program. Where determinations are made that sufficient competition exists, Government contracting agencies may designate total set-asides of labor surplus area contracts.

First priority of the awarding of Government contracts is given to small businesses that are eligible for labor surplus area contracts. Second priority is given to total set-asides for small businesses. Third priority is given to partial set-asides for small busi-

nesses. Fourth priority is given to total labor surplus area set-asides for large and small firms.

The House bill contains no comparable provisions.

The Conference substitute basically adopts the Senate provisions.

The Conferees recognize, however, that the determination by the Department of Labor of "labor surplus areas" is not always an accurate determination of the need for employment in the area. The determination as presently made by the Department of Labor does not take into account the number of discouraged workers who have given up their search for employment due to the lack of business opportunities nor does it adequately include the number of individuals who have never been employed but would like to obtain employment if suitable employment were available.

The Conferees understand that the Department of Labor is attempting to determine more accurate indications of the number of individuals who are in such positions. Accordingly, the Conferees want such individuals included in making the determination and have statutorily so provided. Also, this program will automatically terminate at the end of fiscal year 1979, unless reenacted or extended. The Conferees hope that the Department of Labor will as soon as possible revise the formula so that Federal procurement can be emphasized in those areas in need of it.

The Conferees note that eligibility for labor surplus area set-asides now includes businesses which draw a portion of their workers from areas of concentrated unemployment, underemployment or labor surplus areas. It is expected that the implementation of these provisions will continue to reflect this policy.

NEAL SMITH,
TOM STEED,
JOHN D. DINGELL,
JAMES C. CORMAN,
JOSEPH P. ADDABBO,
JOHN J. LAFALCE,
MARTY RUSSO,
SILVIO O. CONTE,
J. WILLIAM STANTON,
JOSEPH M. McDADE,
Managers on the Part of the House.

GAYLORD NELSON,
THOMAS J. McINTYRE,
SAM NUNN,
W. D. HATHAWAY,
FLOYD K. HASKELL,
JOHN CULVER,
LOWELL P. WEICKER, Jr.,
BOB PACKWOOD,
Managers on the Part of the Senate.

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and small business set-aside programs, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa for the immediate consideration of the conference report?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman from Iowa (Mr. SMITH) guarantee us that there will be adequate discussion of the differences between the House version and the conference version so that we will know what we are voting on?

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, I would expect that the provisions of the conference report will be fully explained. I would like to respond further to the gentleman's question at this point since I now have the opportunity, particularly on new matters added by the Senate amendments.

Mr. ROUSSELOT. I would be glad to yield to the gentleman for that purpose.

Mr. SMITH of Iowa. Mr. Speaker, almost all or perhaps all of the matters covered in this conference report, except the disaster provisions, has been thoroughly discussed on the floor of the House a time or two. The disaster provisions are different, and I would expect to take the time to discuss what those disaster provisions are.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, how much more expensive are the disaster provisions, as compared to the House version?

Mr. SMITH of Iowa. Well, they will cost more money.

Mr. ROUSSELOT. Do we have an estimate that can be offered?

Mr. SMITH of Iowa. Mr. Speaker, we do not know yet how many disasters there will be.

Mr. ROUSSELOT. We do know of one, however, in New York City.

Mr. SMITH of Iowa. We do not have reliable figures on the amount of the actual physical damage caused to homes, businesses, churches, and others which was caused by the "civil disorder." Loans to these victims would be at the lower interest rates provided in this bill, as would loans to small businesses which suffered substantial economic injury as such businesses would receive a lower interest rate on the first $25,000 of the loan.

I should point out, however, that New York City will not receive any more or less favorable treatment than will be given in Johnstown, Pa., and other areas such as Kentucky, Virginia, and West Virginia, which suffer from major floods.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, is that portion of the bill which the gentleman has just discussed substantially different from what we have provided in the House?

Mr. SMITH of Iowa. We did not have that provision in the House bill. It was added in the Senate.

Mr. ROUSSELOT. So it is all brand new?

Mr. SMITH of Iowa. That is right. I can explain this now, because it will take no longer now than it would later.

What we did is to provide in the instance of homeowners that they will pay 1 percent interest on the first $10,000 of the loan and 3 percent on amounts from $10,000 to $40,000. For businesses we provided that they can receive a 3-percent interest rate on loans up to a maximum of $250,000.

The Senate included in its bill a forgiveness clause, and we did not accept the forgiveness clause.

Mr. Speaker, that largely covers the disaster assistance provisions.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa for the immediate consideration of the conference report?

There was no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa that the statement of the managers be read in lieu of the report?

There was no objection.

The SPEAKER pro tempore. The Clerk will read the statement.

The Clerk read the statement.

Mr. SMITH of Iowa (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER pro tempore. The gentleman from Iowa (Mr. SMITH) is recognized for 30 minutes, and the gentleman from Massachusetts (Mr. CONTE) is recognized for 30 minutes.

The Chair recognizes the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there is at the present time general agreement among the members of the committee on this conference report and bill.

During the 94th Congress, the committee held extensive hearings on numerous bills and those which received favorable consideration were incorporated in a clean bill (H.R. 13567) which was favorably reported by a vote of 33 to 0. This omnibus bill passed the House on June 7, 1976, under suspension of the rules by a vote of 341 to 2. The Senate, however, failed to act upon this bill.

This bill was reintroduced in the 95th Congress as H.R. 692 and was favorably reported by a unanimous vote of 23 to 0. It was subsequently passed by the House on February 9 by a recorded vote of 381 to 0. Basically, this bill contains the following provisions:

1. AUTHORIZATION FOR APPROPRIATION

Repeals the existing open-ended authorization for appropriation, and instead specifies the dollar amount of program levels by fiscal year effective at the beginning of fiscal year 1978, October 1, 1977. It also authorizes the appropriation of specific dollar amounts needed to carry out the program levels specified and eliminates the restrictions on the amount of assistance which may be outstanding and makes other conforming changes.

2. SBA PROGRAM LEVELS—FISCAL YEAR 1978

Authorizes for fiscal year 1978 a surety bond guarantees program level of $2 billion; a real estate lease guarantee authorization for appropriation of $4 mil-

lion to pay claims on prior guarantees; and a $150 million program level for pollution control lease guarantees.

It also authorizes the following loan program levels:

Regular business loans: $400 million in direct loans, $15 million in immediate participation loans, and $3 billion in deferred participation loans.

Handicapped assistance loans: $30 million in direct and immediate participation loans and $20 million in guaranteed loans.

Economic opportunity loans: $60 million in direct and immediate participation loans and $81 million in guaranteed loans.

Development company loans: $45 million in direct and immediate participation loans and $41 million in guaranteed loans.

Assistance to small business investment companies: $20 million in direct purchase of debentures and preferred securities and $180 million in guarantees of debentures.

Non-physical disaster and water pollution control loan programs: $300 million in loans, guarantees, and other obligations or commitments.

3. SBA PROGRAM LEVELS—FISCAL YEAR 1979

Authorizes for fiscal year 1979 a surety bond guarantees program level of $2.2 billion; a real estate lease guarantees authorization for appropriation of $4.4 million to pay claims on prior guarantees; and a $300 million program level for pollution control lease guarantees;

It also authorizes the following loan program levels:

Regular business loans: $440 million in direct loans, $17 million in immediate participation loans, and $3.3 billion in deferred participation loans.

Handicapped assistance loans: $33 million in direct and immediate participation loans and $22 million in guaranteed loans.

Economic opportunity loans: $66 million in direct and immediate participation loans and $89 million in guaranteed loans.

Development company loans: $49 million in direct and immediate participation loans and $45 million in guaranteed loans.

Assistance to small business investment companies: $22 million in direct purchase of debentures and preferred securities and to make $198 million in guarantees of debentures.

Nonphysical disaster and water pollution control loan programs: $330,000,000 in loans, guarantees, and other obligations or commitments.

4. SMALL BUSINESS INVESTMENT ACT REVOLVING FUNDS

Eliminates SBA's obligation to pay interest on capital appropriations to the Real Estate Lease Guarantees Revolving Fund, the Surety Bond Guarantees Revolving Fund, and the Pollution Control Lease Guarantees Revolving Fund. It also eliminates the authority to invest temporarily idle funds except that such authority is specifically retained for fees from the Pollution Control Lease Guarantees Revolving Fund. The reason for the distinction is that the Pollution Lease Guarantees Fund is new and although SBA is collecting fees for the guarantees, it is not anticipated that any claims will arise for several years and thus there should be funds available which are not currently needed and there is no reason SBA, and the Government, should not obtain interest on such amounts.

5. SBA'S SALARIES AND EXPENSES

Provides that all salaries and expenses shall be paid only from appropriated funds and not by transfers from the revolving funds. It also eliminates the open-ended authorization and instead specifies that $171 million is authorized for salaries and expenses for fiscal year 1978. Of this amount, $58.9 million is earmarked for five specific functions with priorities being given within each function. In addition, it authorizes the Administrator to transfer funds among the various five categories but restricts the amount which may be transferred away from any such function to 10 percent of the amount specified and further provides that none of these functions may be increased by more than 20 percent. Those categories earmarked in the conference report are as follows:

Procurement assistance, $13 million;

Management and technical assistance, $32 million;

Research and advocacy, $6 million;

Minority small business, $4 million; and

Data management, $3.9 million.

For fiscal year 1979, the conference report authorizes $188 million for salaries and expenses. Of this amount, $64.8 million is earmarked for five specific functions with priorities being given within each function. Those categories earmarked in the conference report are as follows:

Procurement assistance, $14.3 million;

Management and technical assistance, $35.2 million;

Research and advocacy, $6.6 million;

Minority small business, $4.4 million; and

Data management, $4.29 million.

6. REPORTS TO CONGRESS

Provides that certain enumerated reports go to the Senate and House Small Business Committees instead of to the House and Senate Banking Committees and also specifies that certain reports go directly to the Senate Select Committee on Small Business as well as to the President of the Senate and the Speaker of the House.

7. MINORITY SMALL BUSINESS REPORT

Specifically requires SBA's annual report to break out the assistance provided to socially and economically disadvantaged individuals. It also requires SBA to specify the goals of the Administration for the next fiscal year with respect to minority small business and to make recommendations for improving such assistance.

8. ASSISTANCE TO HOMEBUILDERS

Specifically authorizes SBA to make regular business loans to small-home builders to finance residential or commercial construction or rehabilitation for sale, but provides that such loans may not be used primarily for the acquisition of land.

9. MORATORIUMS

Authorizes SBA to undertake or suspend for a period of not in excess of 5 years a small business concern's obligation to make the required payments under a Small Business Administration loan providing that without the undertaking or suspension the small business would become or remain insolvent and that with the assumption or suspension the small business would become or remain a viable small business entity. The small business would be required to agree with SBA as to repaying the amounts that became due during the period of the moratorium and SBA would be authorized to extend the maturity date of the loan for a period to coincide with the moratorium. SBA would be authorized to require the borrower to take such action as is appropriate to assure that the rights and interests of the lender will be safeguarded.

10. DISPLACED BUSINESS LOANS

Expands SBA's displaced business loan program by authorizing SBA to make displaced business loans to small concerns suffering substantial economic injury as a result of displacement by, or location in or adjacency or nearness to a program or project constructed by a State or local government or public service entity which has the authority to exercise the right of eminent domain on such program or project.

11. ECONOMIC INJURY DISASTER LOANS

Authorizes SBA economic injury loans to small business concerns in an area affected by a natural disaster even if the extent of the natural disaster was not sufficient for a disaster declaration by the President, the Secretary of Agriculture or the Administrator of SBA. Assistance is to be provided upon the direct request to SBA from the Governor of the State involved.

In addition, economic injury loan assistance would be authorized in the event of "extraordinary, severe, and temporary natural conditions or economic dislocations" providing the governor certifies that such economic dislocations or natural conditions are of sufficient magnitude and that without economic injury relief loans, a significant number of small businesses in the impacted area would become insolvent or be unable to return quickly to their former level of operation. Such loans would have a special loan limit of $100,000.

The refinement of what constitutes natural conditions or economic dislocations is left to determination by SBA. The conferees intend, however, that such loans be made available to businesses suffering substantial economic injury as a result of situations such as occurred where severe cold weather struck many parts of the Nation this past winter (such as western Pennsylvania, Columbus and Cincinnati, Ohio and Buffalo, New York); the lack of snow affecting ski resorts; the land title dispute involving Mashpee, Mass.; and the Mexican currency devaluation. It is not intended that

such authority only apply prospectively; if small businesses are still suffering substantial economic loss as a result of similar events occurring in the past, the financial assistance authorized by the bill should be made available.

In order to administer the disaster loan provisions of sections 7(b)(1) and 7(b)(2) of the Small Business Act, the Small Business Administration has developed regulations and criteria for determining natural disaster assistance on the basis of physical damage to real and personal property not involved primarily with agricultural production. No specific regulations have been developed, however, for declaring a disaster on the basis of a physical disaster to those enterprises engaged in the production of food and fiber, ranching, and raising of livestock, and all other farming and agricultural related enterprises. Because the disaster relief provided herein will be available to these enterprises, SBA should develop, as soon as possible, regulations and criteria specifically defining a natural disaster both in terms of physical damage and economic injury to such agricultural enterprises under sections 7(b)(1) and 7(b)(2) of the Small Business Act and in terms of economic dislocation under section 7(b)(9).

12. DISASTER LOAN INTEREST RATES

Reduces the interest rate on SBA physical disaster loans to homeowners to 1 percent on the first $10,000 of the loan and 3 percent on the next $30,000 of the loan. The interest rate on SBA physical disaster loans to others is reduced to 3 percent on the first $250,000 and similar reductions are made in the FmHA disaster loan programs.

A corresponding reduction of the interest rate of 3 percent is also made on economic injury disaster loans to small businesses in amounts up to $25,000.

All interest rate reductions apply to loans made as a result of disasters occurring between July 1, 1976 and October 1, 1978.

The SBA will be required to make adjustments in loans made prior to the date of enactment; however, it is intended that any excess interest which has already been paid on such loans can be applied as a credit against future payments; it does not need to be refunded.

Also, all repayments of principal shall first be applied to reduce the principal amount of lower interest rate loans and only then applied to reduce the principal of the balance of such loans.

13. USE OF DISASTER LOAN PROCEEDS FOR HOME INSULATION

Authorizes SBA to increase the principal amount of a physical disaster loan by up to $2,000 to cover the cost of insulating property—regardless of whether the building was insulated prior to the disaster. This is to avoid the literal interpretation of regulations allowing only "repair or replacement" which might prohibit rebuilding with insulation where none existed before the disaster.

This is a trial program which will expire January 1, 1978. It will then be evaluated based upon a report to be prepared by SBA.

14. CERTIFICATE OF COMPETENCY

Authorizes the SBA to make all determinations regarding the responsibility of a small business concern to perform a specific Government contract. The term "responsibility" would include all criteria presently used by procurement officers. The bill also provides that a contract may not be withheld for any such reason without referring the matter to SBA for a determination. In addition, if the procurement officer believes that an otherwise qualified concern is in violation of the Walsh-Healey Public Contracts Act, this finding must be referred to SBA which is given the authority to either dismiss the finding and direct the officer to award the contract, or if it concurs, submit the finding to the Department of Labor for final disposition. It does not, however, in any way change the requirements of this act; it merely provides for a more uniform application of them in all areas of the United States.

Finally, the bill provides that whenever SBA issues a certificate of competency, it shall be deemed conclusive and the contract awarded.

15. SMALL BUSINESS SET-ASIDES

Provides that if the amount of a proposed small business set-aside contract is in excess of $1 million (the maximum amount of a contract on which SBA may issue a surety bond guaranty), the contracting procurement agency should, to the extent practicable, divide the contract so as to reduce the dollar amount of each set-aside contract to less than $1 million.

16. PROCUREMENT ASSISTANCE FOR NONPROFIT ORGANIZATIONS

Authorizes public and private organizations and individuals who qualify for assistance under section 7(h) of the Small Business Act (handicapped assistance), to compete for small business procurement set-asides for a 1-year trial period during fiscal year 1978; such participation would be limited to the total value of all such contracts or any parts thereof in an aggregate amount not to exceed $100 million. Also, SBA is directed to prepare and transmit by March 1, 1979, a report on the impact contracts awarded to such individuals and handicapped organizations have on the small business set-aside program.

17. LABOR SURPLUS AREA SET-ASIDE CONTRACTS

Encourages the placement of contracts and subcontracts into the labor surplus area program. Where determinations are made that sufficient competition exists, Government contracting agencies may designate total set-asides of labor surplus area contracts.

First priority in the awarding of Government contracts would be given to total set-asides to small businesses in labor surplus areas. Second priority would be given to total set-asides for small businesses. Third priority would be given to partial set-asides for small businesses. Fourth priority would be given to total labor surplus area set-asides for large and small firms.

Also, I want to point out that although the bill refers to priorities in or within labor surplus areas; the conference report states the intention of the conferees that this includes areas near labor surplus areas. I have discussed this matter with Senator HATHAWAY who authorized the Senate amendment on this and he agreed that the Department of Labor should continue considering areas near labor surplus areas as they do now under Defense Manpower Policy No. 4.

The determination by the Department of Labor of "labor surplus areas" is not always an accurate determination of the need for employment in the area. The determination as presently made by the Department of Labor does not take into account the number of discouraged workers who have given up their search for employment due to the lack of business opportunities nor does it adequately include the number of individuals who have never been employed but would like to obtain employment if suitable employment were available.

The Department of Labor is attempting to determine more accurate indications of the number of individuals who are in such position. Such individuals should be included in making the determination and the bill so provides. Also, this program will automatically terminate at the end of fiscal year 1979, unless reenacted or extended. It is hoped that the Department of Labor will, as soon as possible, revise the formula so that Federal procurement can be emphasized in those areas in need of it.

Although I do not favor each and every item contained in the conference report, I believe that on the whole it is a good report and a fair compromise. Accordingly, I urge its adoption.

Mr. Speaker, I would be glad to respond to any questions on this conference report if any Member has any.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Speaker, as the chairman and I have previously discussed on this floor and privately, there have been certain instances when we have had economic injury unrelated to a natural disaster. It is my understanding that this legislation now carries wording that will allow for an economic dislocation which is not necessarily tied down to a natural disaster; is that not correct?

Mr. SMITH of Iowa. That is true.

Mr. DE LA GARZA. Next, I mention that specifically in my area we had an economic dislocation or an adverse economic impact because of the devaluation of the Mexican currency, the Mexican peso. I understand that under this proposal the Governor of a State may certify that there has been a disaster, and it will not necessarily go to a Presidential declaration. In other words, upon the request of the Governor, an area could be made eligible by SBA for loans if certain criteria are met as to the general and overall adverse impact on small business in that area; is that not correct?

Mr. SMITH of Iowa. That is correct, and we covered that specifically in the report. We mentioned the Mexican currency devaluation, and we further stated that—

The conferees do not intend that such authority only apply prospectively; if small

businesses are still suffering substantial economic loss as a result of similar events occurring in the past, the financial assistance authorized by the conference report should be made available.

Mr. DE LA GARZA. Mr. Speaker, if the gentleman will yield further, I understand that this provision would be retroactive to July 1976; is that correct?

Mr. SMITH of Iowa. That is true; July 1, 1976.

Mr. DE LA GARZA. That would be at the regular rate of interest that other loans have in these types of circumstances, I assume?

Mr. SMITH of Iowa. That is correct.

Mr. DE LA GARZA. Mr. Speaker, I thank the gentleman very much. I thank him and I appreciate the cooperation of the gentleman from Iowa and of his committee.

I think that this is a major step in that many areas have had extreme adverse economic impacts which were not necessarily tied to a natural disaster; and I think that this brings equity into the SBA to take care of adverse economic conditions.

I appreciate very much the diligent work done by the subcommittee, by the chairman, and by the members of the conference; and I heartily endorse and will support the conference report.

Mr. SMITH of Iowa. I thank the gentleman.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. BURGENER. Mr. Speaker, I just want to associate myself with the remarks of the gentleman from Texas (Mr. DE LA GARZA). I, too, represent an area that has had adverse economic impacts, and I thank the gentlemen for covering that subject in their colloquy.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank the gentleman for yielding.

I do not represent such an area. Perhaps that makes it harder for me to understand the problem; but it does seem to me that we are taking a wholly different forward step.

This program was designed to cope with such things as the Johnstown flood or other floods, hurricanes, and other disasters.

If we now move into an area where actions of men and governments are going to cause some economic loss, it seems to me that we will be opening up an area which we will never close. Certainly New York would have to be covered, as would any place where numbers of people have suffered economic loss, whether from a strike or a lockout or anything of that nature.

Is this the direction in which we are going?

Mr. SMITH of Iowa. Let me explain to the gentlewoman that we really are talking about two different loan programs; one involves substantial economic injury as in the case of the Mexican peso devaluation and other economic dislocations and the other, natural disasters. Both have to pay back the money with interest, but the conferees felt that those who suffered physical damage of sufficient amount to constitute a natural disaster under the provisions of existing law should receive lower interest loans.

An applicant for an economic injury loan also must meet the other requirements of getting a small business loan. In the case of someone who lost their home in the Johnstown flood, for example, he is not going to have to meet the same kind of requirements at all.

Mrs. FENWICK. In the case of the provision covering the Mexican peso devaluation, if you want to extrapolate that, for example, to an economic loss caused by a strike, would then the new proposal of applying the principal of getting loans with interest at cost of money to the Government be applied, or would we use the other?

Mr. SMITH of Iowa. I am sorry but I did not hear the preamble to the gentlewoman's question.

Mrs. FENWICK. Let me repeat, I am wondering what policy we are attempting to adopt. Are we going to say any manmade disasters are going to be handled differently from natural disasters and handled according to the interest rate policy set down by the Mexican peso disaster program?

Mr. SMITH of Iowa. Riots and civil disorders are included in the law defining natural disasters. The new economic dislocation loan program which would include the peso devaluation requires a certification by the Governor that the event was of serious enough magnitude to be of the same impact as other types of disasters and certain other requirements must still be met. These requirements should eliminate the possibility of a lot of people all over the country rushing in and saying that, "I have an economic disaster."

Mrs. FENWICK. But many businesses in New York City suffered a terrible loss through the damage caused by the riots.

Mr. SMITH of Iowa. In that instance the civil disorder was a natural disaster that triggered an economic disaster. Also in that case there is a declaration of an emergency. The economic injury loans available to small businessmen there at a 3-percent interest rate are limited to $25,000 per applicant under the terms of this bill.

Mrs. FENWICK. Would the gentleman then say if there were any losses that are triggered on account of a riot or a strike, or the powerlines, which I imagine is what the gentleman is referring to, you would have to go back to the last blackout? In other words, does the interest rate reduction apply to loans on whatever blackout losses were caused in New York City by the original blackout some years ago or does it only cover the looting?

Mr. SMITH of Iowa. The interest rate reduction provided under this legislation only goes back to disasters occurring since July 1, 1976.

Mrs. FENWICK. But in this disaster legislation for New York City do you have only the losses caused by the blackout, or are you also going to cover that caused by the looting?

Mr. SMITH of Iowa. The actual losses caused by the rioting would be covered under natural disaster loan provisions; any other losses would be covered under other loan programs, and, except for the first $25,000 of economic injury, disaster loans would bear interest at the same higher interest rate paid by borrowers under SBA's regular business loan program.

Mrs. FENWICK. Mr. Chairman, I am trying to understand what standards we are applying, what criteria? In other words are we going to compensate for the looting or are we going to compensate just for the rioting, or what?

Mr. SMITH of Iowa. We have a physical disaster involved here also because there was rioting.

Mrs. FENWICK. Are we going to compensate for the rioting?

Mr. SMITH of Iowa. Let me say that we are not compensating, we are loaning money to the disaster victims because of their losses as a result of something unusual occurring. We are loaning them the money so that they can get their businesses, lives, and operations going again.

Mrs. FENWICK. Will that be at the market rate of interest on the money or at the 3 percent?

Mr. SMITH of Iowa. On physical losses such as theft of property and destruction of property, the interest rate would be 3 percent on the first $250,000 and 6⅝ percent above that if the loss was incurred by other than a homeowner. If the homeowner suffered such physical losses, he would pay 1 percent interest on the first $10,000, 3 percent on the next $30,000, and existing rates on loans above that amount. Small businesses would pay 3 percent interest on the first $25,000 of a loan to cover economic injury, such as loss of business, and existing rates, cost of money to the Federal Government, on loans above that amount.

Mrs. FENWICK. Are you going to apply the Mexican plan or will you apply the natural disaster plan?

Mr. SMITH of Iowa. It is a special situation, it does not really fit into any one category.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, in reply to the inquiry of the gentlewoman from New Jersey (Mrs. FENWICK) let me say that the rioting and the looting that took place in New York are not covered at all by this bill, they are covered under the Disaster Act that the Congress passed and which became law. What they benefit from in this bill would be the new interest rates.

Mrs. FENWICK. Why are we changing them?

Mr. CONTE. We are changing them mainly because after hearings on the flooding, after hearings on the disaster in West Virginia, in Kentucky and Pennsylvania, where the small business-

men and the homeowners simply cannot cut the mustard under the regular 6¾ percent or 6⅝ percent interest rate, something had to be done.

Mrs. FENWICK. I thank the gentleman for his explanation. But I think we have all understood for some time that floods, tornadoes and disasters of that kind when they occur we do loan money and in some cases at least have given assistance to small businesses and homeowners, but now we are moving into a wholly different phase, it seems to me, something that is quite new.

Mr. SMITH of Iowa. No, I would say to the gentlewoman from New Jersey (Mrs. FENWICK), this new economic dislocation loan program is very restricted; we are moving very carefully. It is an economic disaster and carries restrictions not found in the other SBA economic injury loan programs. For example, the maximum amount of such a loan is $100,000 and the Governor must certify that the event was of such magnitude that a significant number of businesses would go under without the loans requested.

Mr. CONTE. Mr. Speaker, if the gentleman will yield still further, there is a precedent for this in when we had the Martin Luther King rioting here in Washington, and the whole business situation up here was wiped out, they came in and they qualified under the Disaster Act and obtained loans from the Small Business Administration in order to reestablish and reconstitute their businesses.

Mr. RAHALL. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from West Virginia.

Mr. RAHALL. I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of the conference report and would like to commend the distinguished gentleman from Iowa, the chairman of the Small Business Committee, for his diligent work in this regard and for his holding hearings on disaster-related legislation; lowering the interest rate on loans for disaster victims; and for his inviting witnesses from Appalachia who were affected by recent flooding. I think there is precedent for this legislation following the occurrence of Hurricane Agnes several years back. I would like to commend the members of the conference committee for the report that they have written.

Mr. Speaker, on April 22, 1977, I introduced legislation to amend the Small Business Act in hope that it would provide the people of West Virginia more appropriate emergency assistance to the flood areas of my district.

Today I am happy to report that the Senate-House conferees have agreed upon the need to lower disaster loan interest rates and that the House will take under consideration by unanimous consent the bill H.R. 692 which will lower the interest rates.

H.R. 692 provides for the following Small Business Administration disaster loans retroactive to July 1, 1976, through October 1978.

FOR SBA HOME LOANS

One percent interest rate on loans up to $10,000;

Three percent interest rate on loans over $10,000 up to $40,000; and

Six and five-eighths percent interest rate for loans over $40,000.

FOR SBA BUSINESS LOANS

Three percent interest rate on loans up to $250,000 for physical damage;

Six and five-eighths percent interest rate on loans over $250,000 for physical damage;

Three percent interest rate on loans up to $25,000 for economic damage due to natural disasters; and

Six and five-eighths percent interest rate on loans over $25,000 for economic damage due to natural disasters.

Although this bill is not as far reaching as the legislation I introduced on April 22, I believe this is a step in the right direction.

Through the efforts of many, many people we have accomplished what we were told was impossible, to get lower interest rates for disaster victims. It was an uphill battle and still remains such for those who had their entire life's savings wiped out due to natural disasters. This bill provides an important incentive to these victims to rebuild and reinvest in their native communities.

I ask the membership of the House to act on this legislation with a yes vote so that we may help our most important resource, the people.

Mr. SMITH of Iowa. Mr. Speaker, I want to thank the gentleman from West Virginia (Mr. RAHALL) and also the gentleman from Kentucky (Mr. CARTER) and the gentleman from Kentucky (Mr. PERKINS) and the gentleman from New York (Mr. ADDABBO), and others who were so diligent and helpful in developing this disaster package.

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

Mr. Speaker, I take this time to commend the chairman, the gentleman from Iowa (Mr. SMITH), and the ranking minority members of the conference for bringing this conference report to the floor.

Mr. Speaker, I rise in support of the conference version of H.R. 692, a bill amending the Small Business Act and the Small Business Investment Act of 1958.

For the sake of brevity, I will limit my remarks to section 502 of the bill which establishes a labor-surplus program for Federal procurements.

For over 25 years it has been a recognized policy of the Federal Government to use its vast purchasing power to help relieve areas of substantial or persistent unemployment. Our bill, for the first time, gives statutory authority to this policy which heretofore has been a creature solely of administrative fiat.

In effect, H.R. 692 will allow all Federal procuring agencies and departments to pay a price differential for contracts let to businesses located in a labor-surplus area, provided the contract price is reasonable. However, the number of contracts let under this program is discretionary with the procurement activity.

Until repealed or until the authority granted by this section expires, it is my opinion that the specific language contained in section 502 supersedes any nebulous prohibition against paying price differentials to relieve "economic dislocations" as we find in our annual Defense Appropriations Act. The term, "economic dislocations" has never been statutorily defined and, if we pass H.R. 692, we shall clearly indicate that this term is not intended to include reference to a labor-surplus program.

I have the privilege to chair the Subcommittee on Minority Enterprise and General Oversight of the Committee on Small Business. On June 2 last, I held hearings on the labor surplus program. On the basis of my subcommittee's investigation, I believe that vigorous enforcement of this program will do much to relieve our areas of high unemployment.

I strongly encourage my colleagues to support this bill which will allow all Federal procurement activities to channel their contract requirements to firms located in labor surplus areas and, thereby, help achieve our national goal of increasing employment opportunities in such locations.

Mr. EDWARDS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. I thank the gentleman for yielding.

I rise in support of the gentleman's conference report. I would just like to make one comment that the gentlewoman from New Jersey (Mrs. FENWICK) alluded to. Recently there was a severe disaster in central Oklahoma affecting parts of Oklahoma City and other areas in central Oklahoma, a natural disaster. The Governor of our State applied for Federal aid, Small Business Administration aid. All of the members of the Oklahoma congressional delegation supported that request, and we were turned down.

We just noticed the other day that $10 million is going to the city of New York after the residents of that city ran wild, destroying their own city. I would just like to let the point be made that some of us have great reservations that we did not previously have because of the way this program is being administered.

Mr. SMITH of Iowa. It may very well be that they will be qualified under this bill, because we are covering all natural disasters between July 1 of last year and October 1 of next year. So while there was no legislation on the books to do what the gentleman wanted to, there may be now with this bill.

Mr. EDWARDS of Oklahoma. If the gentleman will yield further, will that be at the new interest rate?

Mr. SMITH of Iowa. Yes, if the disaster occurred since July 1, 1976.

Mr. EDWARDS of Oklahoma. I thank the gentleman.

Mr. CONTE. I yield myself such time as I may consume.

Mr. Speaker, I rise in the wholehearted support of the conference report to accompany H.R. 692.

The bill, H.R. 692, is, in my opinion, a good piece of legislation, responsive to the needs of the Small Business Administration and the small business community. Of equal importance, Mr. Speaker, is the fact that the conference substitute is also responsive to the needs of disaster victims—people who are suffering as a result of physical damage to their homes and businesses caused by catastrophes over which they had no control and against which they have no protection. I am speaking, of course, about the floods in April which devastated large sections of West Virginia, Kentucky, and Virginia; the recent blackout in the New York City area; the more recent flooding in the Johnstown, Pa., area; and the persistent drought which is wreaking havoc in so many areas of our Nation.

I regret, Mr. Speaker, that we found it necessary to bring this conference report to the floor with such haste, before the report itself has been printed and is available to the full membership. Unfortunately, time does not allow to follow normal procedures. We have thousands of citizens suffering, and suffering severely, because of the catastropes I have mentioned. We cannot in good conscience expect them to suffer further the delay of the legislative process. They need the kind of immediate help that this bill can provide. They need that help now and it is my sincere hope that all of my colleagues will join with me in approving this conference report so that they can have that help.

Apart from the new disaster relief provisions this bill is no stranger to this House. The provisions for increasing loan authorizations and guarantee authority, expanding the certificate of competency program, and improving other activities of the Small Business Administration have for the most part been overwhelmingly approved by this House on two separate occasions. They are endorsed and approved by us during the last Congress, when H.R. 13567 was passed in this body by a resounding vote of 341 to 2. Because the other body failed to act on that bill before final adjournment of the last Congress, our Small Business Committee again reported the provisions of the bill and brought it to the floor on February 9 of this year. Again, it passed by a resounding vote of 381 to 0.

What I am saying, Mr. Speaker, is that, while we are moving hastily on this conference report, we are, with the exception of the disaster relief provisions, merely asking for a reaffirmation of the legislative desire and intent firmly expressed in debate and by vote twice before in this Chamber.

Turning to the provisions which have not been formally acted upon by this body—the disaster relief provisions, I believe our conferees have acted responsibly and responsively, with compassion but with fiscal moderation.

After the House passed H.R. 692, large areas of West Virginia, Kentucky, and Virginia were devastated by flooding. The residents of these areas and their elected Representatives protested that the disaster relief provision in current laws were inadequate to help the victims—to put residents back in their homes and allow businesses to reopen their doors.

Under the law as it then existed and as it now exists, the interest rate on Small Business Administration physical disaster loans was basically the cost-of-money to the Government—6⅝ percent. Victims of the latest disasters claim that this rate is too high to afford meaningful relief.

Consequently, when the other body acted on H.R. 692, major changes were made in the disaster relief provisions. The other body passed provisions which would have provided the homeowners a 1-percent rate on the first $5,000 damage, a 2-percent rate on the second $5,000 and a 3-percent rate on damage above $10,000. Provisions were also made for cancellation of indebtedness up to $3,000 depending upon the market value damage to the home.

For loans to businesses, religious organizations, and various other nonprofit organizations, the other body decided that the loans should be at a flat 3-percent rate.

While we could understand this desire to be generous under the circumstances, our conferees, on the basis of information gathered during several days of hearings conducted by our Chairman NEAL SMITH of Iowa, decided that the sliding scale interest rate and forgiveness of indebtedness provisions adopted by the other body opened the door too widely for those seeking cheap money from the Federal Treasury; and they invited the kind of fraud and abuse that accompanied past disaster relief efforts. After several hours of thoughtful decisions and careful deliberation, our conference committee agreed upon a compromise which we believe will afford the relief necessary while still protecting the Federal Treasury.

The compromise which we ask you to approve today will reduce the interest rates on disaster loans to homeowners to 1-percent on the first $10,000 and 3-percent on the next $30,000. It does not provide for cancellation or forgiveness of indebtedness. The interest rate on loans to businesses and eligible nonprofit organizations will be reduced to 3-percent on the first $250,000. A similar reduction of the interest rate to 3-percent would also be made on economic injury disaster loans to small businesses up to $25,000.

The conferees also agreed to authorize a new type of economic injury assistance to cover "extraordinary, severe, and temporary natural conditions or economic dislocations." These minidisaster loans would be limited to $100,000. It is intended that they should be made available to businesses suffering as a result of situations such as occurred due to the severe winter that struck parts of the Nation such as western Pennsylvania, Columbus, and Cincinnati, Ohio, and Buffalo, N.Y. It is also intended that they would cover a lack of snow affecting winter resorts, lack of credit availability in areas subject to American Indian land claims, and the Mexican currency devaluation.

The conference's substitute is a fair, adequate, and needed compromise. It was agreed upon in a sincere bipartisan effort on the part of the conference committee. It is responsive to the needs of millions of small businessmen and to thousands of disaster victims and deserves immediate enactment.

For these reasons, I urge a favorable and unanimous vote on the approval of the conference report.

Mr. SMITH of Iowa. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Speaker, I rise in strong support of the conference report on H.R. 692 which amends the Small Business Act and the Small Business Investment Act of 1958. The bill contains a number of provisions that will help the Small Business Administration more effectively meet the needs of the Nation's small business community as well as victims of natural disasters. It sets reasonable program levels for fiscal years 1978 and 1979, authorizing an unprecedented amount of direct loan funds and guaranteed loan authority to better respond to the capital requirements of small businesses throughout the country. As a cosponsor of this legislation and a member of the House conference committee that resolved differences with the Senate version, I am pleased to recommend this measure to my colleagues.

There are some features of the bill that are worthy of special note, and I would like to address those sections at this time.

DISASTER PROVISIONS

The final version of H.R. 692 provides a structure of reduced interest rates for homeowners and businesses which have sustained physical damages to their property as a result of a natural disaster, and makes the new, reduced interest rates retroactive to July 1, 1976. This makes eligible residents of western New York who suffered tremendously from the "Blizzard of '77", as well as many others around the country, from Kentucky to Louisiana, who suffered from other natural disasters this past year.

At the present time, the best rate of interest available to homeowners and businesses having sustained uninsured losses to their property is 6⅝ percent. The disaster relief provisions of H.R. 692 would reduce that rate of interest on Small Business Administration disaster loans to 1 percent on the first $10,000 of losses to one's principal home or residence; 3 percent on losses ranging from $10,000 to $40,000; and the old rate, 6⅝ percent, on losses above $40,000.

Businesses too will benefit from the provisions. They can obtain SBA disaster loans at a rate of 3 percent interest up to $250,000.

Business losses attributable to disasters are not always in the form of

physical damages to the business' property. Often small companies can experience excruciating losses in disaster situations due to a rapid decrease in sales while they are closed to the public. For small businesses which sustain such economic injuries, as distinct from physical injuries, loans have been available at 6⅝ percent. I fought hard for a provision in H.R. 692 that will enable small businesses to obtain loans at a 3-percent rate of interest on the first $25,000 of economic injury sustained.

The authority of the SBA to offer disaster relief loans to homeowners and businesses will expire on October 1, 1978, and the period between July 1976 and October 1978, will provide an experimental framework at the conclusion of which both the House and Senate Small Business Committees can evaluate the desirability and workability of the subsidized interest rates approach.

I would now like to address a most important section of the bill, commonly known as the labor surplus provision. Section 502(d) of the measure addresses the need to direct Federal procurement efforts to foster socioeconomic goals. Targeting civilian and defense procurements to areas of high unemployment can provide a strong stimulus to depressed areas, and such targeting will enhance both the economic stability of the region as well as the national economy as a whole.

As a Small Business Subcommittee chairman who has conducted hearings on this issue, and as one who took a keen interest in the consideration of this specific provision during the House-Senate conference, I feel qualified to comment on the history and purpose of this section. It is designed for the specific purpose of making it possible for all Federal departments and agencies with procurement functions to the greatest extent possible to award contracts and the placement of subcontracts to firms which will perform the work required in areas of high unemployment. This provision, when it becomes law, will bolster a labor surplus policy known as Defense Manpower Policy No. 4, implemented in the early 1950's, which has never been as effective a tool in combating unemployment as it could have been, due to a number of constraints.

GSA regulations governing all civilian agency procurements have prohibited the payment of any price differential whatsoever in the procurement process whether the differential would have served to alleviate certain socioeconomic problems or not. The effect of the GSA regulations has been, that in order to assure that the Government is obtaining every procurement item at the lowest possible price, at least half of every procurement would have to be made available for open bidding by any capable manufacturer in the country. If the lowest possible price determined by open bidding could then be matched by a company located in a labor surplus area, then the remainder of the production run for that procurement item could be set aside for a labor surplus area company.

This mandatory procedure has, more than any other factor, contributed to the underutilization of Defense Manpower Policy No. 4 by civilian procurers. The number of contracts on which a split production run can be executed is limited to begin with. Second, performing a split production run so as to set aside a portion of a contract for a labor surplus area firm entails time delays that would not be present in the regular procurement methodology, and it adds a further burden to the procurement officer who may not want to pursue split runs for this very reason. Third, most negotiated contracts would not be eligible for labor surplus set-aside. These and other factors rooted in the GSA regulations have tended to discourage the use of the surplus manpower policy to the detriment of regions in all parts of the country which are sustaining or have sustained high unemployment.

When H.R. 692 becomes law, the GSA regulations will have to be totally revamped to reflect congressional intent: priority for the awarding of contracts, on a total set-aside basis, to companies located in surplus labor areas. The applicable provisions of H.R. 692 combine this priority with an equally important goal: to direct as many procurements as possible to small businesses. The pertinent clause in H.R. 692 set the following priorities in the awarding of contracts: First, to small businesses that are located in labor surplus areas on a total set-aside basis; next, to small businesses not located in labor surplus areas on a total set-aside basis; next, to small businesses on a partial set-aside basis; and finally, to businesses, regardless of size, that are located in areas of high unemployment.

The priorities enumerated in H.R. 692 safeguard the position of the small business community in the procurement process. Any small business, regardless of its location in or out of a labor surplus area, has priority over a large company that is located in an area of high unemployment as determined by existing Department of Labor statistics. Thus we are accomplishing the end of targeting more Federal procurement to areas of high unemployment without compromising the share of small businesses in the total procurement outlays. Both of these ends can be quickly served by the expeditious implementation of new regulations by the GSA and the Department of Defense, upon enactment of this bill.

There has been some concern expressed that the labor surplus provisions of H.R. 692 would not apply to defense procurement because of a provision attached to defense appropriations bills over the years commonly known as the Maybank amendment. This problem was resolved in the legislation we are about to pass by stipulating that the labor surplus provisions of H.R. 692 would predominate, "Notwithstanding any other provision of law."

That the Maybank amendment has never been interpreted as strictly prohibiting any procurement mechanism other than open bidding is demonstrated by the long-term existence of the small business set-aside program. Both civilian and defense procurement agencies have made determinations of the potential of a contract to be performed exclusively by small businesses. When a procurement agency determines that a given item could be produced by small businesses at a reasonable price to the Government, then the agency has the authority to set aside that contract for exclusive bidding by small businesses. While this program has never guaranteed that the absolute lowest price would be paid for a given item, it has operated to spur small business while at the same time providing products and services to the Federal Government at a reasonable cost. Section 502 (d) of H.R. 692 preserves the same standard of "reasonableness."

The relevant passage reads as follows:

Notwithstanding any other provision of law, total labor surplus area set-asides pursuant to Defense Manpower Policy Number 4 (32A C.F.R. Chapter 1) or any successor policy shall be authorized if the Secretary or his designee specifically determines that there is reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices.

"The Secretary or his designee" in this section refers to the Secretary, Administrator, Director, Chairman, or other chief executive of the "departments, agencies, and instrumentalities of the executive branch" cited in subsection (e) of section 502. This entire section insures that to the extent that the labor surplus policy is implemented in accordance with this act, the Government will still obtain needed procurements without significant additional cost while at the same time attacking serious societal ills through the procurement process.

Any approach that would supersede section 502 in its application to all Federal procurement, be it defense or civilian, would have to come in the form of specific legislation overriding the statute. Since it is impermissible by the rules of the House and Senate to legislate in appropriations bills, any legislation restricting section 502's application to all Federal procurement could not be present in an appropriations measure. Accordingly, the Maybank amendment will not serve as a deterrent to the labor surplus policy's implementation on a total set-aside basis in defense or civilian procurement activities.

The economic clout that the Federal Government wields by virtue of its huge purchases of goods and services is a power that can and should be harnessed to address serious social problems when such direction does not compromise the Government's efforts to obtain items at a reasonable cost. The language of H.R. 692 insures this outcome in meshing socioeconomic goals with procurement goals in a responsible way.

To conclude my remarks on this section of H.R. 692, I would like to quote from Dr. David W. Rasmussen, a professor of economics at Florida State University, who said today in his testimony before my Subcommittee on the House Small Business Committee:

Some may view the Labor Surplus Policy as a zero sum game: that jobs created in areas of persistent unemployment will be lost in other areas. That is a misperception. In fact (a better interpretation), suggests that the entire nation receives some benefits from efforts to increase the number of jobs in high unemployment areas. If we take our commitment to full employment seriously, this policy will help produce conditions under which we can realize full employment in most labor markets with less inflation. Rather than having less than full employment in areas ineligible for the Surplus Labor Policy, they may suffer less inflation when they do have full employment . . . In fact these regions benefit because the nation can reach full employment with less inflation. With a commitment to our stated goal of full employment, the Labor Surplus Policy does not rob Peter to pay Paul.

In concluding on this point, I think that section 502 of H.R. 692 merits the fullest support of my colleagues since it establishes the mechanism by which we can attack serious unemployment without impairing the cost effectiveness of our procurement efforts.

Another major provision of the conference report about which I have been concerned for some time provides that the Small Business Administration may make or guarantee loans "to finance residential or commercial construction or rehabilitation for sale." This has the same effect as a bill I introduced in 1975, in that it eliminates a long-standing SBA policy against providing loan assistance to the homebuilding industry.

When I became aware of this policy 2 years ago, I learned that the SBA's rationale for it was that America's homebuilders were engaged in a "speculative" business that was, somehow, inherently more risky than other businesses. The evidence, however, is to the contrary; homebuilders have in many cases established very sound businesses and in the aggregate have as good a record as most other kinds of business, and better than many.

I was pleased last year when the SBA, partially in response to the increasing interest in this issue in Congress, promulgated new regulations changing their earlier policy of total prohibition against homebuilders' participation in SBA programs. The regulations were a step in the right direction, but they tightly proscribed the kinds of activities that SBA-assisted loans could finance and, therefore, limited the effectiveness of the regulations within the homebuilding industry.

The new statutory provision, in addition to being a permanent part of the legal structure rather than a regulation that could be deleted or amended almost at will, is also more flexible than the regulations issued last year. It contains a proviso saying that "such loans shall not be used primarily for the acquisition of land," and that proviso is intended to deter use of SBA assistance for speculative purposes. But we used the word "primarily" advisedly, knowing as we do that the homebuilding industry includes, as its initial stage, the acquisition of land and/or existing structures to be rehabilitated. One simply cannot be a homebuilder without land on which to build.

Hopefully, once this section becomes law, the SBA will promulgate new regulations establishing a realistic and progressive program to assist small homebuilders and, in so doing, help to meet the country's shortage of decent housing for almost all income levels. I feel that this will also help to smooth out the severe peaks and valleys in the homebuilding industry, thus helping to dampen inflationary trends in good times and recessionary trends when the economy turns sour.

This bill, as finalized by the conferees, is an excellent piece of legislation. I urge each and every one of you to support it.

Mr. SMITH of Iowa. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. McDADE).

Mr. McDADE. Mr. Speaker, I rise in support of the conference report to accompany H.R. 692. I feel that significant progress on behalf of disaster victims has been made in reducing the disaster loan interest rates from 6⅝ percent as originally proposed by the House, but I do not think that the rates, as agreed to by this conference, can come close to approximating the needs of the people.

Although we in Washington believe that we are providing a substantial benefit to the victims of disaster, this is just not the actual situation. Most of America's homeowners used mortgaged funds for the purchase of a home. When the home is destroyed, the old mortgage is not forgiven. Consequently, the recipient of a Small Business Administration disaster loan merely increases the amount of the mortgage when he restores the home to its predisaster state. Communities receive disaster funds free and clear of mortgage indebtedness and are made whole. The citizens of that community are only saddled with debts that outweigh the value of the restored home. Often this "substantial Federal benefit" places the family into a hole from which it can never climb out.

After the Agnes disaster, when the Small Business Administration disaster loans were made at the rate of 1 percent with a $5,000 forgiveness, this problem made itself known. Elderly families who needed SBA loans found themselves with a debt burden that could not be repaid during their lives and required the commitment of a substantial portion of their estates. Modest estates, built up over a lifetime, were wiped out by the SBA loan used only to provide a dry, safe place to live. Even more onerous was the provision that prevented SBA loans to elderly disaster victims, because there are indicated that they would not live long enough to pay off these double mortgages. Fortunately this barrier has been removed.

It is time for this House to squarely face the actual effect of SBA loans. The disaster loan rates found in this bill are significantly higher than those in effect during the Agnes disaster. The debt burden for the homeowner is significantly greater. Do we wish to create this awful imposition of debt that will continue to burden victims decades after the disaster is over?

I am also deeply concerned about the method of providing disaster assistance. Although the FDAA has done its utmost to bring fast, effective relief to disaster victims, it is constantly ensnared in artificial but real bureaucratic lines of authority that cannot be readily dissolved, There is only one way to solve this problem. As was the case during the Agnes disaster, a personal representative of the President must be appointed to oversee all Federal disaster relief programs, as differentiated from an FDAA agency representative, as is now the case. Rapid decisionmaking authority that transcends agency authority must be present at the disaster site. Coordination of HUD minirepair, SBA, and FmHA loan programs, as well as community aid programs, is the greatest shortcoming of our disaster relief approach. Without the Presidential presence, the kinds of administrative nightmares that have recently been documented will continue to occur.

The House of Representatives must decide whether it intends to create a Federal disaster program that is both realistic and effective. We must have significantly lower interest rates, a meaningful forgiveness clause and a disaster relief delivery method that does not waste essential man-hours with internal arguments instead of bringing relief to the people in need.

GENERAL LEAVE

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill (H.R. 692).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SMITH of Iowa. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON INTERNATIONAL RELATIONS TO SIT ON THURSDAY, JULY 28, 1977, DURING PROCEEDINGS UNDER THE 5-MINUTE RULE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on International Relations may be permitted to sit on Thursday next, July 28, 1977, while the House is proceeding under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3744, AMENDING THE FAIR LABOR STANDARDS ACT OF 1938

Mr. MEEDS, from the Committee on Rules, submitted a privileged report (Re-

port No. 95–536) on the resolution (H. Res. 715) providing for the consideration of the bill (H.R. 3744) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to provide for an automatic adjustment in such wage rate, and to repeal the credit against the minimum wage which is based on tips received by tipped employees, which was referred to the House Calendar and ordered to be printed.

PERMISSION TO FILE CONFERENCE REPORT ON S. 826, DEPARTMENT OF ENERGY ORGANIZATION ACT

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill S. 826, to establish a Department of Energy in the executive branch by the reorganization of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON VETERANS' AFFAIRS TO MEET TOMORROW DURING 5-MINUTE RULE

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may meet tomorrow during the 5-minute rule to hear the blinded veterans present their legislative program. These people have been scheduled for 3 or 4 months and have come from all over the country.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman assure us there will be no markup?

Mr. ROBERTS. Mr. Speaker, if the gentleman will yield, it is just to hear their proposals.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

TAX CREDIT FOR DAY CARE PROVIDED BY GRANDPARENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 10 minutes.

Mr. CONABLE. Mr. Speaker, I am introducing legislation today that would allow taxpayers to claim the 20 percent credit for work-related day care expenses when their parents do the babysitting.

Even though Congress substantially liberalized tax treatment of day care services provided by relatives in the Tax Reform Act of 1976, the law still excludes care provided by individuals in the employ of their sons or daughters; that is, the child's grandparents, if the taxpayers—the child's parents—are married, if they have never married, or if the child care takes place in the grandparents' home. This capricious situation resulted from Congress attempt to prevent the transfer or splitting of income between taxpayers and their lower-bracket parents. To preclude such a tax avoidance, the tax credit was limited to relatives who are not the taxpayers' dependents and whose services constitute employment for social security purposes as set forth in section 3121(b) of the Internal Revenue Code. This section, in turn, defines employment to include domestic services provided in the taxpayer's home by a person in the employ of his or her son or daughter only when the son or daughter is a surviving spouse or a divorced individual and has not remarried or has a mentally or physically incapacitated spouse unable to care for a child living in the home. Thus, day care provided in the taxpayer's home is included while care provided in the grandparents' home is excluded, widowed and divorced taxpayers are included while married taxpayers are excluded. It is difficult to believe Congress fully recognized or appreciated the consequences in practical terms of this cross-reference when it was included.

Families are increasingly burdened today by the rapid social, economic, demographic, and other changes in our society. Their job in nurturing the next generation is not made any easier by the stress of coping with financial insecurity, the dual roles of working wives and mothers, more frequent divorce, remarriage, and illegitimacy. It is important, therefore, that our Government build upon existing strengths within families whenever possible and take care not to add to the already heavy load of problems confronting many households. The day care provision in question offers just such an opportunity.

It is hard to justify a law which excludes benefits based on day care provided by children's grandparents but includes, and, therefore encourages, care by more distant relatives, nonrelatives, day care centers or other institutions. The tax laws should be neutral in this kind of decision.

Day care provided by relatives, and especially by grandparents, is often not only the preferred care, but frequently the best care. According to the conference report on the Tax Reform Act of 1976:

> The Congress viewed the bar on deducting payments to relatives for the care of children as overly restrictive. Relatives generally provide superior attention.

A recent letter from a constituent personalized this realization:

> I recently returned to work after having a child last summer. I was most happy to hear that a new tax law had been passed regarding child care by a relative. This was especially meaningful to me because my husband and I had decided to let his mother keep our daughter while I worked. We both felt that she would be in the best possible hands, well taken care of and truly loved.

This couple and others like them have been dismayed to discover, upon filing their 1976 tax returns, that when the Congress extended the 20-percent tax credit to include care provided by relatives, it did not include care provided by a child's grandparents unless the taxpayer was an unremarried divorced or widowed individual and the child care was provided in the taxpayer's home. Because they are married, they are excluded from the benefit of this tax credit.

The bill I am introducing today would, if enacted, eliminate the cross reference to section 3121(b) that resulted in the distinction between a taxpayer's parents and his/her other relatives for purposes of this tax credit. Beginning in calendar year 1977, the cost of day care provided by grandparents would be eligible for the 20-percent credit regardless of the taxpayer's marital status or the locale of the child care.

This amendment of the day care tax credit makes good practical sense, is good day care policy, and encourages family ties and mutual assistance. Its merits significantly outweight the risks of tax abuse or avoidance that prompted the inclusion of the section 3121(b) cross-reference. I believe this adjustment brings the tax credit into closer conformance with what most Members understood the intent to be of including care provided by relatives. Many were, and still are, under the impression that the sole purpose of the cross-reference was merely to make sure that relatives employed to provide child care services eligible for the credit were indeed paid for their services and in turn were paying their social security and income taxes. I do not think that Members realized that the cross-reference would condition child care provided by grandparents on the parent's marital status or the place where the care was provided.

Elimination of the cross-reference to section 3121(b) would not affect other existing safeguards. Payments to dependents would continue to be ineligible for the credit. A person is disqualified as a dependent if his/her gross income is $750 or more. Thus, taxpayers who pay their parents less than $750 for child care services would generally pay less taxes by continuing to claim their parents as dependents than by claiming the 20-percent day care credit. Regardless of the amount paid to their parents, if they chose to claim the 20-percent day care credit, they could not also claim the dependency exemption.

The existing provisions limit the tax credit for day care expenses to families where the sole parent or both parents work, or where one parent attends school full time while the other works. This, plus the requirement that the taxpayer have in his household a qualifying individual—a child aged 14 or younger or a spouse or dependent who is physically or mentally incapable of caring for himself—almost guarantees that whoever is being paid will, indeed, be providing services.

The fear that income splitting between taxpayers and their relatives might occur is mitigated by the limit on annual expenses eligible for the credit of $2,000 for one child and $4,000 for two. Thus there is no tax advantage to be derived from the 20-percent day care credit for paying caretakers more than these maximum amounts. Since the full time services of a person paid the minimum wage will soon exceed $5,300, it is probable that some taxpayers will pay more than the amounts subject to the credit. The determination by the IRS as to whether these amounts are excessively high, however, is independent of the provisions regarding the day care tax credit.

The removal of the cross-reference to the definition of employment for social security purposes will not affect in any way the obligations of the day care employer or employee to pay social security taxes, regardless of family relationship. Thus parents of the taxpayer would continue to be covered under social security in the same situations as they are presently.

Although it is difficult to estimate precisely how many families are being affected by the present treatment of taxpayers' parents with regard to the day care credit, a few statistics serve to indicate at least some general outlines. First, old people are increasingly maintaining their own households instead of moving in with their children. Only 12 percent of women and 4 percent of men over 65 in 1970 of all marital statuses lived with their children's families. But despite the fact that the United States has always had a highly mobile population, the majority of families still continue to live in fairly close proximity to their relatives. Two studies within the last 5 years indicate that somewhere between one-quarter and one-third of working parents use relatives to care for their children in either their own homes or in the relatives' homes. National Childcare Consumer Study: 1975, prepared for the Office of Child Development, HEW, by Unco, Inc., and Five Thousand American Families, Patterns of Economic Progress, prepared by the Survey Research Center at the University of Michigan for the Office of Economic Opportunity. The Unco study also indicates that while all ethnic groups rely heavily upon their relatives for child care assistance, black and Spanish families use paid care by relatives somewhat more than do whites.

People employing their relatives to provide child care generally pay less than people using other day care providers. According to the Unco study, approximately $84 million was spent by families with employed mothers for work-related child care provided by relatives. Some $67 million of this was incurred by married mothers or for child care in the relatives' homes. What portion of this care involved grandparents, however is unknown. Even assuming, however, that 80 percent of these instances involved grandparents and further that all of the expenses incurred would be covered by the tax credit, the net tax revenue impact would be under $11 million. This amounts to 1.4 percent increase in the preliminary estimates of the $775 million revenue impact of the day care tax credit in 1976.

The symbolic importance and practical merits of this technical adjustment of the day care tax credit far exceed its small revenue impact. Many working couples already incur a substantial income tax penalty. If they hire their parents to care for their children, they incur a further tax penalty. Yet just this kind of intrafamily arrangement often makes the best quality, most reliable child care. In terms of the practical realities of day care decisions made by families with working parents, the existing tax credit restrictions on employing one's parents as day care providers are fanciful. If their only rationale is to prevent tax abuse, then there are other parts of the tax code to deal with this when and if it occurs without adding an antifamily warp to the day care credit. It is difficult to justify a tax benefit which benefits people who use institutional day care but not those who employ their children's grandparents, which benefits day care provided in the child's home, but not that provided in the grandparent's home, and which benefits broken families but not those which have remained together. Our Government and politicians lately have given a lot of lipservice to the "American family." This measure offers a concrete, direct way to remedy an antifamily technicality in the tax law and to eliminate tax penalties for families which provide mutual support and assistance.

DO NOT REDUCE THE TIP CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota, Mr. QUIE is recognized for 30 minutes.

Mr. QUIE. Mr. Speaker, during the hearings on H.R. 3744, Fair Labor Standards Act Amendments of 1977, a panel of waitresses spoke very convincingly against repeal of the tip credit. The common theme was that they made more money under the present system than if the tip credit would be revised.

One waitress earned enough to pay for her high school and college education. Another supported herself and her son when she could not earn enough in an accounting position. Ms. Christina Cronk's testimony was so good the public applauded at the conclusion of her statement. If Members will read this hearing record, an amendment to retain the present tip credit provisions should be adopted overwhelmingly.

I submit part of the testimony for the RECORD.

HEARINGS ON H.R. 3744, FAIR LABOR STANDARDS AMENDMENTS OF 1977

(The subcommittee reconvened at 1:45 p.m., Hon. John H. Dent, chairman of the subcommittee, presiding.)

Mr. DENT. The hearing will come to order. We are continuing the hearings until all the witnesses are heard today.

We have at this moment a panel of waitresses. For the record they are Patty Golden, Bloomington, Minnesota; Marilyn Doan, Bloomington, Minnesota; Lois Bohr, Edina, Minnesota; Mary Beth Cash, St. Cloud, Minnesota; Sue Teeter, Minneapolis. Minnesota; Christina Cronk, Cushing, Minnesota; Emma Graves, Kentucky. How did Kentucky get in there? And Doreen Mulligun from Connecticut. Welcome to the committee. Glad to have you.

Do you have a prepared statement for the record? You have unanimous consent to do so. Whoever is going to lead off, you may proceed when you are ready.

STATEMENT OF PANEL OF WAITRESSES: PATTY GOLDEN, MARILYN DOAN, LOIS BOHR, MARY BETH CASH, SUE TEETER, CHRISTINA CRONK, EMMA GRAVES, DOREEN MULLIGUN

Ms. GOLDEN. Mr. Chairman, we don't have a prepared statement.

Mr. DENT. That is all right.

Ms. GOLDEN. Mr. Chairman, my name is Patty Golden and I work at Howard Wongs in Bloomington, Minnesota. I really appreciate the opportunity to appear before this Subcommittee on Labor Standards this afternoon.

I am here to speak against the repeal of the tip credit. First of all, it was Congressman Quie that invited us here.

Mr. DENT. I kind of thought that when I saw "Minnesota." I had a little suspicion.

Ms. GOLDEN. None of us have been to Washington, D.C. before. We represent three states. We think we have got a pretty good coverage here of waitresses. Our ages are from 19 to grandmothers.

Mr. DENT. Just like up here.

Ms. GOLDEN. We represent 87 years of restaurant experience. Some of us have two years experience. Some of us have been in the business over 20 years.

I would like to say that two of us are union. Six of us are not. We represent the coffee shop right down to French service, which is pretty rare this day and age. I am a union member. I had to join the union in order to keep my job. I had been employed for several months in a new establishment when the union came in and took us all. I didn't want to. But I wanted to stay working where I was. So I joined the union.

In the last three years the union has given me a 21-cent-an-hour raise. That is about 12 percent of what I was making. They also raised my union dues 60 percent. The union really hasn't explained this bill to us. They don't educate us. They just tell you what we want. They don't really allow us to tell you what we would like to have, please.

I would like to say that the wages aren't really important to a waitress. A good waitress does not ask, "How much am I going to make an hour?" Instead she asks, "How many hours may I work? How many tables am I going to get?" And possibly a meal if she is the sole support of a family or a student who would be interested in that. But we really aren't interest in our wages.

I have one other thing I would like to bring up, sir. You mentioned the price of suits. I wanted to talk to you about the difference between a commissioned person and a tipped person. Since my husband sells suits I think I understand a little bit about commissioned people. My husband gets only his commission. He makes absolutely no wage. They figure out an hourly rate so they can give him the three-week vacation time that he has plus health and welfare or whatever.

They did raise suits this spring. You are right. And instead of buying possibly three suits like you might have done this spring you probably will be buying two. What I am

getting at is you really won't be spending as much. Therefore you are cutting his salary.

I think that is what is going to happen in the restaurant industry, if you do repeal the tip credit. You are not going to go out to eat as much because the prices are going to be high. My tables won't be quite as full. Therefore I am going to lose money.

Thank you, Mr. Chairman.

Mr. DENT. Thank you very kindly.

Marilyn Doan?

Ms. DOAN. Thank you, Mr. Chairman.

My name is Marilyn Doan. I work at Gregory's in Bloomington, Minnesota. I appreciate the opportunity to appear before the Subcommittee on Labor Standards this afternoon to speak against the repeal of the tip credit also.

I would like to say that waitressing is a profession I have learned through 15 years experience. It is a job that requires training and it can't be learned in a few months. We all started in places such as coffee shops or drug store soda fountains. We work at full-service restaurants or supper clubs where customers require and expect more service and tip accordingly.

I work in a private dining room where I am left alone with almost no supervision, because my employer knows I am capable of giving the kind of service he wants for his customers.

If you make changes in the tip structure, my employer will not go out of business. But I may very well go out of business as a waitress. This is because I operate a small business within my employer's business. The four or five tables at my station are mine to use as a means of making a living. The more I work, the better service I give, the more money I can make.

My income may very well be decreased if my employer decides to add a service charge which he can and might keep. I hope you will not change the system.

Thank you very much.

Mr. DENT. Thank you very much.

Lois Bohr?

Ms. BOHR. Mr. Chairman, my name is Lois Bohr. I work at Embers. I am from Minnesota also. And I am an interpreter for the deaf. I want to thank you for the opportunity to be here today. It is really quite an honor.

From my point of view I would like to talk a little bit about—first of all, I am 19 and I started waitressing when I was 16 on a work program. It was the best opportunity I ever had, the work program at school. The Embers accepted me. I had absolutely no skill at all and no means of getting a job or going further into school. Embers offers a really good training program, as most operations do.

The Embers is like Patty was talking about, where most people would start out being a waitress. In other words they take me and train me maybe a total of eight hours, just watching slides, showing you how to merchandise, always remember to smile. There is the on-the-job training. After that you are pretty much on your own.

But this is the best-paying job that an unskilled worker can possibly have.

I feel personally that passing this bill could very possibly hurt me. It could even be eliminating my job, in fact, because my customers will probably go to a fast-food industry because of what the men have told you before about what they would do, services charges and whatever.

The point I am trying to make is that people come into my restaurant to sit there. That is exactly why they go in there. If they didn't want that they would go to a fast-food industry. That puts our industry in competition with the fast-food industry. But the fast-food industry is already in competition with the brown-bagger, the housewife making her husband a sandwich and him taking it to work and instead he goes to MacDonald's and picks up a hamburger and fries.

My opinion is that I like my job. I like it the way it is. I am already guaranteed $2.30 an hour. I don't want to see it changed. Thank you.

Mr. DENT. Thank you very kindly.

Mary Beth Cash?

Ms. CASH. Mr. Chairman, my name is Mary Beth Cash. I am employed by Mr. Steak restaurant in St. Cloud, Minnesota. I do want to thank you for the opportunity to speak to you this afternoon.

I began waitressing some six years ago. At that point I didn't have any intention of continuing waitressing. When I found out what I could do with myself and through myself how much money I could make I stayed in the business. By working 20 hours a week and making what I did I have been able to put myself through parochial high school and I put myself through four years of college. The reason I could put myself through so much education was because of the money I made through my tips, because I could sell my personality and excellent table service and get the rewards from being myself. That is what put me through the schooling that I had.

Before I graduated from high school I decided I wanted to try a different job. So I worked as a clerk in a store. I found that I could not make it. I could not put myself through school because I had no help from my parents. From 16 on I did everything for myself. So I went back to waitressing because it was those tips that was giving me my education There are other girls like myself putting themselves through school and I don't want that opportunity destroyed by taking away our tips.

Thank you.

Mr. DENT. Thank you.

Sue Teeter?

Ms. TEETER. Mr. Chairman, I am Sue Teeter. I am employed at Amalgamated Eating and Drinking Underground in Minneapolis. I am grateful to speak before this Subcommittee on Labor Standards this afternoon and to speak against the repeal of the tip credit.

My average income per hour was $5.63 in 1976. I am aware that other waitresses make more than I do, a lot of them, and that there are a lot of waitresses who make a lot less. I started out at the local drug store fountain. I am sure my employer was not only taking the tip credit but a youth credit. I was making $1.15 an hour at the time and I was grateful to have the job.

What I want to point out is that through my experience I have worked my way up and consider myself earning a good living for a minimal amount of hours which allows time at home with my family.

I am not a union member. But after having been involved extensively in training of new personnel at five different restaurants I really firmly believe that if a waitress or waiter can't compensate for the tip credit being taken by an employer—if that is a reasonable tip credit and I am sure there are many people who perhaps do violate the law—that he or she is definitely in the wrong business.

I also feel that if the tip credit law is repealed that the quality of service throughout the country will suffer because there aren't enough people who can give the same quality of service or under more pressure, if you understand what I mean.

In 1969 I started working two nights a week as a waitress to compensate an income of $2.30 an hour, which is the minimum wage now. I was the top-paid girl in an accounting office and I couldn't make ends meet. I was the sole support of myself and a young son. The union forced me out of that job because I refused to join.

A short time later I gave up my job in accounting, which I really did enjoy, for monetary reasons and also to spend more time with my son. Since then by working as a waitress I have provided a good income for myself and my son. I am now remarried.

I personally feel that this tip credit is essential to my income and I hate to see it repealed. I also think—this is a real personal thing but I also think—that the fast-food type operation won't do the same thing for me and my family or me and my husband that an evening out in a nice restaurant would do. I would hate to see it come to that.

Mr. DENT. I agree with you.

Ms. TEETER. Thank you very much.

Mr. DENT. Ms. Christina Cronk?

Ms. CRONK. Mr. Chairman, my name is Christina Cronk. I work at the Castaways supper club. I appreciate the opportunity to appear before this committee. I want to speak out against repeal of the tip credit.

I have been waitressing since 1950 when I first came to this country from Germany. I started at a dime store fountain at 41 cents an hour. Of course it is much better now. I like being a waitress even though I probably could get into some other line of work now that I am a citizen of this country for a number of years.

But I think I am a good waitress and I have made a very good living being a waitress, not due to the wages my employer is paying me but through the gratuities of my customers. Therefore the harder I try, the better my tips. Now I see that there is a danger that my earnings are going to decrease if the tip credit is removed.

I realize my hourly wages will increase but they will not increase nearly enough to compensate what I lose in tips. The money for the wage increase has to come from somewhere. We all realize how much groceries have increased in prices. Therefore restaurant prices have increased. In fact they have increased so much that some young couples that are raising a family or retired people can no longer afford to eat in a restaurant.

Now the restaurant owner if the tip credit is removed is faced with raising his prices again. Really, who is going to be the loser? Nobody but me and of course every other waitress in town. Of course the restaurant owner, if he is going to add on a service charge to the bill to compensate for the wage increase, at least 50 percent of my customers are going to think, "That service charge is my tip" and will not leave me anything. So it is going to hurt my pocketbook.

I am sure you gentlemen from Congress eat out quite often. I am sure you enjoy good service and not only that, you expect good service. Well, gentlemen, let me tell you something. Good service you will only find in the United States of America. Coming from me, you might not believe it. But it is the truth.

Why is the service in America so good? Mainly through the voluntary tipping system that we have. Because when a girl goes to work she knows she has to try her best if she wants to make money.

I am accustomed to European ways. Service in Europe is atrocious. There are no two ways about it. I guess the employees have a guaranteed wage there. They don't have to cater to the customer. They know they get their money.

I have had several members of my family visit me in this country. They were amazed. They couldn't get over when we took them to the restaurant how the waitress could be so congenial. It was something they just couldn't understand.

I was in Germany in December, visiting my folks for Christmas. I took my 12-year-old nephew out to lunch who had visited me during the summer months. When the waitress was taking our order my nephew looked at her and he said, "Miss, will you please

smile at my aunt? My aunt lives in America and in America all waitresses smile."

Now, gentlemen, it is entirely up to you. Are you going to end up with a smiling waitress or an indifferent one?

Thank you.

(Applause.)

Mr. DENT. A pretty tough challenge you make.

DO NOT REDUCE THE TIP CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. SARASIN) is recognized for 30 minutes.

Mr. SARASIN. Mr. Speaker, Minnesota was not the only State represented by waitresses at the minimum wage hearing. Waitresses from Connecticut and Kentucky also gave persuasive testimoney. I ask that the balance of this testimony be presented in the CONGRESSIONAL RECORD at this point.

Emma Graves?

Ms. GRAVES. Mr. Chairman, my name is Emma Graves. I work at Kaleins in Louisville, Kentucky. I appreciate the honor of being here.

By abolishing the tip credit we as waitresses will be losing income. Any increase that management has to absorb has to be reflected somewhere. And it is going to be right on that menu, believe me. The average person who comes into a restaurant, unless you are very wealthy, people cannot afford this type of thing.

I work primarily lunch. At our restaurant we cater mostly to businessmen. Here they have a three-course lunch plus beverage for approximately $2.75. If this tip credit is taken away this lunch is going up to, I would say, $3.50, maybe $4. It would have to because with the increase not only in food but in energy and so on and so forth. We had a rough winter in Kentucky, believe me. There were days that we nearly froze and the thermostats were up. Imagine what that man's utility bill was. I am sure the months of January and February he lost money just because of the energy crisis. If he also has to compensate us he is going to lose more money.

But the primary loser not only is waitresses but the general American public because they cannot afford this. I also work one night a week. I have been there approximately a year. Last year we had a lot of teenagers come in on their way to the prom. They came and they had steak dinners and they loved it. It is a nice restaurant. It is kind of impressive for a 17-year-old boy to take his girl to a restaurant of this type and be able to buy her a steak dinner on the way to the prom. But believe me, if these increases take place the way this has been discussed, this kid isn't going to be able to do it.

I have a 17-year-old daughter that is going to the prom this May. I want them to be able to go out and have a nice steak dinner. My daughter worked in a fast-food restaurant. Last year she made $2.80 an hour. There was no tipping. She worked from 3 in the afternoon until about 10 at night. Her weekends were taken up. She had absolutely no social life. She went to work about two blocks from our house in a very small privately-owned restaurant. These people cater primarily to neighborhood people. She made more money at their restaurant than she did in the other place because her salary was only $1.15 an hour but her tips more than compensated.

As a result of this she was able to help with her school expenses. In Kentucky when a kid hits high school you buy their textbooks and that can be mighty expensive when you have more than one child in school. She was able to take care of her own educational needs.

When you abolish this you hurt too many people, not only the waiters and the waitresses and the management but the general American public also. You are taking away something that a lot of people—maybe they can only afford to eat out once a month. But at least they can do it. If these price increases go into effect they won't be able to.

I have several regular customers who come to my station. As the other girls have told you, as a waitress you sell not only the food but your personality. Being a waitress you have to be everything from a diplomat to a nurse. This is very true. You really do. There are many things we contend with.

Several years ago I worked in an office for five years. When I left this office job I was not making $100 a week. I worked 40 hours a week. I had to pay for parking, food, clothes and so on. Now I work 20-and-a-half hours with absolutely no expenses connected with my job and I make more money. So please don't take away my tip credit. You are hurting me, not helping me, please.

Thank you very much.

Mr. DENT. Thank you very kindly.

The next witness is Doreen Mulligun.

Ms. MULLIGUN. Thank you, Mr. Chairman. My name is Doreen Mulligun. I work at Valleys Steak House in Westhaven, Connecticut, a very fine restaurant if you care to go up there sometime. Thank you for letting me appear today.

I am also here to speak against the tip credit. First off would you please tell Mr. Ashbrook when you see him next that I have had many people leave without paying part of the wage. I would like to report a few people for not paying their help, as he claimed before that some people feel that the tip is paying the waitress' wage and not a gift and there are a few I would like to report, for not paying it.

I have been a waitress for two years. My mother has been a waitress all her life. I am here for a purely selfish reason. That is that I like my job. I want to keep it. If this law goes through it is common sense that my boss is going to have to do something to make up for this, which is to increase the prices.

Through the years we have been adjusting to everything going up in price. The oil has gone up. We have knocked off a few degrees off the thermostat, putting on extra sweaters. We drive less and use car pools now. Prices go up on menus.

Eating in a restaurant is one of the few pleasures people have left now. They don't like to give up any more of their pleasures than they can. So they are going to go to a restaurant and when they see the prices go up they are going to have to make an adjustment. Are they going to knock off this nice frosty mug of beer that this man likes to have every week or this nice clam chowder we have? No. Right here is where the adjustment is going to be made, right underneath the plate. It is going to go from having $3 under the plate to having a quarter shoved under there and saying, "thank you." You really can't blame them because according to the government if this law is passed we are making a legal rate of pay. We waitresses have a good thing going for us right now. We have worked hard for it and we would like to keep it like that.

Another thing is that in my restaurant we have a lunch hour and a dinner hour. The lunch hour is much slower. If this bill goes through it is very possible that my restaurant will close off its lunch hour completely and all those waitresses will lose their jobs there completely because it is a slow type anyway.

So I am saying I am here also to protect myself.

Thank you.

Mr. DENT. Thank you kindly. Thank all of you. Very good witnesses.

I don't have any questions. I think we all got the message.

Mary Beth Cash, you were in high school and you worked 20 hours a week at the minimum wage and it helped you get through school and go to college and you still worked in the restaurant.

Ms. CASH. Right.

Mr. DENT. You worked 20 hours a week while you were going to school.

Ms. CASH. That is all I could with the studies I had.

Mr. DENT. And it helped you get your college education. You worked 40 hours for that?

Ms. CASH. It was still only 20. But it was still enough to keep me going.

Mr. DENT. I am always happy to hear the results of that kind of arrangement because thousands of kids across the country have been able to go to college like yourself.

Mr. Quie, the ranking member of the full Committee on Education and Labor.

Mr. QUIE. Thank you, Mr. Chairman, I am pleased that the testimony was so good. I didn't hear all of it. But the ones I did hear were excellent, if the rest of you were as good.

Mr. DENT. Kentucky did all right too.

Mr. QUIE. I have been hearing this for a long time about the tip credit. I wanted to hear from those it would impact the most. I understand there was talk of doing that in the Minnesota state legislature. But it was sent back to committee when the waitresses came in to testify about it and they got off it in a hurry.

Our problem, Mr. Chairman, is that we never heard from the waiters and waitresses before. This would be a good experience for us.

You were even better than I hoped you would be.

Thank you very much.

Mr. DENT. Thank you, Mr. Quie.

Mr. ERLENBORN. Mr. Chairman, I have no questions. Let me say that I am sorry there are only three members of the committee here to have heard their testimony. I wish——

Ms. CRUNK. I hope you gentlemen vote twice then.

Mr. ERLENBORN. I wish we had a videotape so we could show it to the rest of the members. Thank you.

Mr. DENT. Mr. Myers?

Mr. MYERS. Mr. Chairman, I want to apologize for not being here this morning. I was back in Philadelphia visiting a naval shipyard. I appreciate the panel's remarks. Thank you very much for coming.

Mr. DENT. Thank all of you very kindly for coming.

PUBLIC FINANCING OF CONGRESSIONAL CAMPAIGNS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 10 minutes.

Mr. GRASSLEY. Mr. Speaker, yesterday, the other body began debate on its "public financing" bill. Before long this Chamber will take up the same issue in H.R. 5157. With the approach of that debate in mind, I feel compelled to voice my strong opposition to the proposals made in S. 926.

One of the rules of the game in Washington—that all of us have come to learn—is that with Federal money comes Federal control. When the Government pays for campaigns, it will set the rules for the conduct of campaigns. And what bothers me most about that is that the rulemakers will also be participants, with vested interests to protect.

Considering the congressional perquisites that give electoral advantage to incumbents, the "strings" attached to public financing would hardly benefit many challengers. Already, over 95 percent of incumbents seeking reelection are successful. I do not believe that by putting more power in our hands we will further the chances for election of anyone but ourselves.

It is generally agreed that incumbency provides certain built-in advantages in a congressional campaign. In fact, experience has shown that in most races, the only way a challenger can be successful in defeating an incumbent is to outspend him in the campaign. But the spending limits imposed by S. 926 would be the same for both challenger and incumbent, without regard for the dollar value of incumbency. It would, in fact, be about the best incumbency protection policy a Congressman or Senator could buy.

In 1976, the average expenditure by a successful challenger in the House was approximately $164,000—$14,000 over the $150,000 limit imposed by our own H.R. 5157. The tables may have indeed been turned, had the 13 Members who were successful challengers had their expenditures limited on that way.

Since the other body is currently debating the proposal, we should turn our attention to see exactly what would have happened had S. 926 been law at the time of the 1976 Senate elections:

First, of all, seven of the nine successful challengers in 1976 spent an average of $150,000 over the proposed limit in S. 926. It is not difficult to imagine the loss in exposure that a cut in campaign spending of $150,000 would have cost those challengers.

Second, the argument that public financing would place a limit on the escalating cost of campaigning does not appear to be fully accurate. In races involving incumbents, S. 926 would have decreased spending for only 21 of the candidates, but would have allowed for an average increase of about $300,000 for the 23 other candidates involved in those races.

Third, proponents say that matching funds would make it easier for challengers to finance their races. The bill provides one-for-one matching of every dollar up to the first hundred dollars of any contribution. But in applying the matching fund formula to the 1976 Senate races, we find that incumbents would have received an average $96,000 more in Federal funds than their challengers. Proof that it is easier for incumbents to raise small contributions lies in the fact that incumbents in the 1976 races were able to raise an average of almost $74,000 more in contributions of $100 or less, than their challengers. Check the figures if you like. They are all there, in the FEC's disclosure reports.

Proponents claim that public financing would lower the impact of special-interest money. But, in fact, the Senate bill does not reduce the $5,000 contribution limit for political action committees, nor the $1,000 individual contribution limit. In fact, I fail to see anywhere in the bill a provision that would have any serious effect on the impact—or potential impact—of special-interest contributions.

The numbers clearly indicate that it is high time we pay some attention to the facts, rather than the rhetoric. The rhetoric says public financing would be advantageous for challengers, but the facts show it to be yet another boon for incumbents.

YOUTH WAGE AMENDMENT TO THE FAIR LABOR STANDARDS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. CORNELL) is recognized for 10 minutes.

Mr. CORNELL. Mr. Speaker, today I am placing in the RECORD an amendment that I will offer to the minimum wage bill (H.R. 3744) scheduled for House consideration on Wednesday, July 27. My colleagues, Mr. ANDERSON of Illinois, Mr. SIMON, and Mr. ERLENBORN, join me in sponsoring this proposal.

This amendment seeks to reduce the excessively high rate of unemployment among young people by establishing a youth opportunity wage set at 85 percent of the regular minimum wage. Let me stress that this special rate applies only to youths under age 19 and is allowable only for the initial 6 months of their employment. After this "training" period has expired, such employees must be paid at least the full minimum wage.

In order to prohibit any potential abuses, this amendment provides penalties in the event older workers are fired in order to hire youths, or youths are dismissed without cause after the 6-month training period expires, or wages of current young employees are reduced.

In addition, the amendment simplifies the complicated current student rate requirements to encourage the hiring of full-time students.

Mr. Speaker, ample evidence has been gathered by the Bureau of Labor Statistics and the Congressional Budget Office to demonstrate that an increase in the minimum wage results in greater unemployment among our teenagers.

While we recognize the need to provide a decent standard of living for our low-income workers, we must at the same time address the question of the devastating effect these necessary increases have on the young people of our Nation. This amendment seems to us to be a reasonable solution to the problem of youth unemployment.

The text of the amendment follows:

YOUTH OPPORTUNITY WAGE

SEC. 10. (a) Section 14(b) (29 U.S.C. 214 (b)) is amended to read as follows:

"(b)(1) To encourage youth opportunity, an employer may employ any youth who has not attained the age of 19 for a period of 180 days, without prior or special certification by the Secretary of Labor, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)) in compliance with applicable child labor laws. Provided, however, that this paragraph shall not apply to any youth employee who has been employed by the same employer for a period of at least six months or is currently employed by an employer at a rate of at least the minimum wage.

"(2)(A) To encourage youth opportunity, an employer or institution of higher education may employ any full-time student (regardless of age but in compliance with applicable child labor laws) at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(c), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)).

"(B) Any full-time student so employed under this paragraph by an institution of higher education or an employer other than an institution of higher education shall prior to such employment present to the employer a letter from the institution at which the student is enrolled certifying that such student is a full-time student enrolled at that institution.

"(C) Any full-time student employed pursuant to this paragraph shall be employed on a part-time basis and not in excess of 20 hours in any work week, except during vacation periods.

"(3) While no prior certification shall be required by the Secretary for purposes of paragraphs (1) and (2), the Secretary shall have general authority under this Act to ensure that the provisions of paragraphs (1) and (2) of this subsection are not being violated. Should the Secretary discover that an employer is employing youth at a wage rate lower than that allowable under this section or for a period of time longer than that specified by this section, or is engaged in a pattern and practice of—

"(A) substituting younger workers employed at less than the minimum wage for older workers employed at or above the minimum wage, or

"(B) terminating the employment of youth employees after a period of 180 days and employing other youth employees for periods of 180 days in order to gain continual advantage of the youth opportunity wage, the provisions of section 6 of this Act shall be considered to have been violated, and the liability of the employer for unpaid wages and overtime compensation shall be determined on the basis of otherwise applicable minimum wage and overtime rates pursuant to sections 6 and 7 of this Act."

(b) Section 13(a)(7) (29 U.S.C. 213(a)(7)) is amended to read as follows:

"(7) Any employee to the extent that such employee is exempted by regulations, order, certificate of the Secretary or in accordance with the provisions of section 14; or".

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

Mr. DRINAN. Mr. Speaker, on July 15 I was unavoidably absent when the House voted on H.R. 4287, a motion that the House resolve itself into the Committee of the Whole to consider the bill to toughen Federal regulation of mine health safety.

During that vote, I was at the White House, with other members of the House Select Committee on Aging, for a discussion of problems facing older Americans.

Had I been present I would have voted "yes" on H.R. 4287.

THE NEW ETHICS CODE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

Mr. PREYER. Mr. Speaker, our colleague on the Select Committee on Ethics, Mr. SAM STRATTON, has written an article in the July issue of Association Management. This article describes very succinctly the newly adopted code of ethics of the House of Representatives, and I would like to share it with other Members:

NEW ETHICS CODE: WHAT YOU CAN AND CAN'T DO IN DEALING WITH CONGRESS

(By SAMUEL S. STRATTON)

The new code of ethical conduct that Congress adopted earlier this year may not prevent some of the more bizarre capers that have discredited the congressional image in recent years. But it is certain to have a significant impact on individual senators and congressmen and an even greater impact on association officials whose primary function is to exert influence, good or bad, on the legislaion Congress enacts.

Simply stated, the principal purposes of the new code are:

1. To prevent members from using their office to enrich themselves personally.

2. To prevent those interested in influencing congressional decisions from doing so by means of pay-offs, direct or indirect.

Adoption of the code by overwhelming margins in both houses does not necessarily imply that all who voted for it believe such practices have actually been rampant on Capitol Hill. But a majority of congressmen and senators recognize, in this post-Watergate period, that many people believe such practices have become common and that public confidence in the Congress has been severely damaged. So radical surgery is believed necessary to regain that confidence. Whether this code will actually do it is, of course, another matter.

WHAT DOES THE CODE SAY?

These are the major elements of the code:

1. No member of Congress may accept, directly or indirectly, gifts totaling $100 or more in any one calendar year "from any person (other than a relative) having a direct interest in legislation before the Congress or who is a foreign national (or agent of a foreign national)."

Anyone "registered under the Federal Lobbying Act of 1946" or "any person retained by such registered person for the purpose of influencing legislation before the Congress" shall be "deemed," according to the code, "to have a direct interest in legislation before the Congress."

Specifically exempted from this ban on gifts, however, are "personal hospitality"; gifts with a fair market value of $35 or less; and gifts of food, lodging, or transportation from a single source totaling less than $250 in any one year. "Personal hospitality" is understood to mean hospitality "extended for a nonbusiness purpose" by an individual (but not a corporation) "on property or facilities owned by that individual or his or her family."

2. Each member of Congress must make full public disclosure of the following: sources and amounts of all income, including honoraria, of more than $100; all gifts worth $100 or more (with exceptions noted above); sources and amounts of all expense reimbursements from a single source totaling $250 or more; financial holdings worth $1,000 or more; liabilities of $2,500 or more (except home mortgages); and security, commodity, and real estate transactions (except personal residences) exceeding $1,000.

3. A member of the House of Representatives can receive no more than $750 for a single honorarium, beginning January 1, 1979. (In the Senate this figure is now $1,000, but it is expected that one figure will be agreed to, in the end, for both the House and Senate.)

4. Beginning January 1, 1979, a ceiling of 15 percent of a member's salary (currently $57,500) is placed on outside earned income, whether from speeches, law practices, or business ventures. Assuming that the recent congressional pay raise remains intact—hardly a safe assumption at this point—that means a top limit of $8,625 on outside earned income, in contrast to the $50,000 or $60,000 which some Senators have made in recent years on the lecture circuit, not the least of which, incidentally, has come from speeches before various associations. No limit is placed on unearned income.

5. Personal office accounts, otherwise known as "slush funds," that are funded by contributions from outside sources for the purpose of financing newsletters and other presumably worthy endeavors are outlawed.

6. Strict limits are placed on mass congressional mailings, especially in election years.

7. Henceforth foreign travel for "lame duck" members is strictly taboo.

WRITING THE CODE INTO LAW

At this stage the code, already officially in effect, is spelled out only in the formal rules of each chamber. But a new Select Committee on Ethics is at work in the House and is cooperating with the Senate to transform those rules into statutory law so that the new standards may be enforced through normal judicial processes.

Meanwhile, those most affected by the new code—members and lobbyists—are busy trying to determine just how the new rules will be applied to those everyday situations in which Congressmen and those whose job it is to influence Congressmen regularly find themselves.

Where, for example, does "personal hospitality" leave off and "corporate" hospitality begin? How do you tell if a lunch, a box of candy, or a Christmas poinsettia costs under or over $35? Obviously these are questions that must be answered quickly and clearly, or else much of Washington's normal social life could grind to a screeching halt.

To that end the select committee is working its way through a series of advisory opinions designed to give nervous members some kind of guidelines in the maze of cocktail parties, official dinners, and fact-finding trips that customarily mark the opening months of any congessional session.

For members, the code's most controversial provision has been the limitation on outside earned income. Conceivably it could end up in a number of voluntary early retirements from Congress. Senator Edmund Muskie of Maine, a popular figure on the paid lecture circuit, and Congressman Otis C. Pike of New York, both eloquent opponents of the limitation, have hinted they may prefer to give up their seats rather than renounce lucrative outside earning opportunities. The Senate is hit harder by limits on speaking honoraria, since the House, with a few exceptions like Barbara Jordan, Shirley Chisholm, and Bella Abzug, has been traditionally short on high-priced lecture circuit performers.

EFFECT ON ASSOCIATIONS

Equally affected, of course, and I presume equally concerned, are those who engage in professional lobbying—still, by the way, a perfectly legitimate and useful way of making a living, in spite of much that is spoken and written to the contrary. And so are the organizations, associations, industries, states, and cities they represent. They, too, seek to determine just what these new rules mean and to what extent traditional ways of doing business must be adjusted to conform with them.

Take, for example, the practice of inviting members of Congress responsible for certain areas of legislation to address annual conventions of associations interested in that legislation. Will senators and congressmen be as willing to come for sharply reduced honoraria, especially when each honorarium over $100 must be reported separately? Will they be as likely to agree to speak when the limit on outside earnings means that the point of diminishing returns on the lecture circuit comes much more rapidly than before?

Another point for association executives to consider: Do transportation, food, and lodging provided for spouses, who often accompany congressmen to these conventions, count against the member's honorarium and earned income limit? (Apparently not, on the basis of early advisory opinions issued by our select committee.)

Or what about those dinner and theater parties so often used to establish better rapport with key congressmen? Don't be surprised if your association starts getting an unusual number of regrets to such parties this summer. It may be because a lot of members just don't want to be bothered finding out if the meal plus the theater ticket exceeds $35. Or they simply don't want the hassle, if it does exceed $35, of having to set up a potential reporting account to make sure the total from this one host does not reach $100 for the calendar year.

This is the direct result of the ban on gifts and entertainment from any one individual totaling $100 or more per year. A senator or congressman is going to have to keep records on every lobbyist or other "person interested in legislation" he deals with. If two dinners or receptions accepted from lobbyist A add up to $75, for example, then he is likely to pass up a third theater or dinner bid lest he boost the year's total up to the $100 mark and thereby run the risk of a fine or possible jail term. I'm not kidding. The new code presents some complex bookkeeping obligations on both sides, and before we are through it will also have some legal teeth.

CHANGES IN ENTERTAINING

Emily Post wouldn't approve of it, of course, but don't be surprised if your friendly congressman even asks you bluntly how much your dinner costs. He's not being gauche, just making sure he's legal. How else can he find out?

In fact, considering the ban on gifts from foreign nationals, before long he may even

be asking you for your passport or birth certificate. It's a whole new world opening up on Capitol Hill.

The select committee recognizes these problems, and its advisory opinions to date have tended to soften the impact of several of these rules from what a strict and literal interpretation might appear to require.

A case in point is a new advisory opinion issued by the committee that gifts to spouses are not "gifts" within the meaning of the code. Neither are transportation, food, or lodging for a spouse when accompanying a member. Of course, the committee realizes that any other decision would effectively ban spouses from traveling almost anywhere with members of Congress. Present pressures of congressional life on marriages are already severe enough, the committee reasoned, not to risk adding to them still further.

In the same vein, fact-finding trips or cultural and education exchanges abroad are not to be considered "gifts" and hence not automatically banned. As a result of this enlightened view, an oil company can fly you to an offshore drilling rig in their own corporate helicopter, so long as the member involved certifies the trip to have been related to his official duties. Similarly, a foreign foundation or cultural group is permitted, for the moment at least to fly the member and his spouse to a conference or seminar abroad without violating the ban on "gifts" of $100 or more. (This particular advisory opinion is provisional only and will be in effect this summer on a trial basis, for further review later on.)

CAUTIOUS CONGRESSIONAL LEADERS

A colleague of mine went to a dinner recently put on by a trade association. After the meal (a sumptuous and certainly not inexpensive one considering the price of steak today) the host offered each member a package of bacon as a memento. My colleague politely declined: "The new ethics code won't let us take it," he explained. "Sorry; but that's the way it is today."

I don't suppose the bacon by itself was worth more than $35—not yet, anyway. But his built-in calculator had warned him that with the fair market value of the meal added to the bacon, the total might just come to more than $35. So why bother starting one more bookkeeping account?

Will the code of ethics work? Will it really end corruption ad restore public confidence in Congress? I have my doubts, frankly, and so do most of my colleagues. Congress has always taken its share of brickbats and probably always will. That's one of our basic American freedoms—the right to chew out Congress whenever one chooses.

But in another way the new code may help in spite of itself. Many conscientious members of Congress have worried about gifts long before this particular code came along. In 19 years in the House, I've sent back all kinds of things: bottles of Christmas cheer, chocolates, apples, leather-bound scrapbooks with my name engraved on them—once even a bicycle for my daughter when I was mayor of Schenectady. Somehow they just didn't feel right to me.

THE $35 ETHICS SPECIAL

The late beloved Senator Paul Douglas of Illinois had a more precise rule: If it's worth more than $2.50 send it back. I tried that too, but lately inflation has played havoc with that austere figure. Now at least we've got it down in black and white, although $35 is a long way from $2.50. And $99.99 a year from an unlimited number of lobbyists (so long as your're prepared to report it all publicly) can still add up to a heck of a lot of money.

It's possible Washington could see a plethora of new Ethics Specials this summer: "All you can eat and drink for $35!"

On the other hand, members of Congress may decide that trying to figure out whether something dropped off in their offices is worth $2.50 or $35—and then setting up a separate yearly bookkeeping account to handle it—really isn't worth the hassle. Maybe they will decide it's simpler just to turn down the bacon and blame it on the new ethics code.

That might not be such a bad ideal after all. I can't see how it could hurt Washington—or the nation's economy—a bit. And it sure would make life a whole lot simpler and more pleasant, not just for congressmen but for all those interested in influencing them as well.

STATEMENT OF CHAIRMAN AL ULLMAN WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF TITLE II OF H.R. 8309, A BILL AUTHORIZING CERTAIN PUBLIC WORKS ON RIVERS FOR NAVIGATION, AND FOR OTHER PURPOSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 5 minutes.

Mr. ULLMAN. Mr. Speaker, earlier today the Committee on Ways and Means completed action in developing title II of H.R. 8309, a bill authorizing certain public works on rivers for navigation, and for other purposes. This measure was jointly referred to the Committee on Public Works and Transportation and the Committee on Ways and Means.

Title II of the bill, the title thereof falling within the jurisdiction of the Committee on Ways and Means, as agreed to by the committee, would provide, among other things, a tax of 4 cents per gallon on commercial users of fuel on the federally maintained inland waterway system, effective October 1, 1979. The tax would rise by an additional 2 cents per gallon, making a total of 6 cents per gallon, effective October 1, 1981.

I take this occasion to advise my Democratic colleagues in the House as to the type of rule the Committee on Ways and Means will request for consideration on the floor of the House of title II of H.R. 8309. The committee has instructed me to request of the Committee on Rules a closed rule which would permit committee amendments only, which would make in order a motion to strike title II; which would provide for 1 hour of general debate on title II, to be equally divided; and which would waive all points of order on this title of the bill.

CONFERENCE REPORT ON H.R. 6689

Mr. FASCELL submitted the following conference report and statement on the bill (H.R. 6689) to authorize fiscal year 1978 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 95-537)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6689) to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Foreign Relations Authorization Act, Fiscal Year 1978".

TITLE I—STATE DEPARTMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. (a) There are authorized to be appropriated for the Department of State for fiscal year 1978, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) For the "Administration of Foreign Affairs", $762,005,000.

(2) For "International Organizations and Conferences", $389,412,000.

(3) For "International Commissions," $21,839,000.

(4) For "Education Exchange", $94,600,000.

(5) For "Migration and Refugee Assistance", $63,554,000.

(6) For increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs, such amounts as may be necessary.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 102. Funds authorized to be appropriated for fiscal year 1978 by any paragraph of section 101(a) (other than paragraph (6)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (6)), except that the total amount appropriated for a purpose described in any paragraph of section 101(a) (other than paragraph (6)) may not exceed the amount specifically authorized for such purpose by section 101(a) by more than 10 per centum.

CONTRIBUTION TO THE WORLD HEALTH ORGANIZATION

SEC. 103. Notwithstanding the limitation contained in the proviso in the paragraph under the subheading "Contributions to International Organizations" in title I of the Act of October 25, 1972 (86 Stat. 1110), $7,281,583 of the amount authorized to be appropriated by section 101(a)(2) of this Act may be used to pay the unpaid portion of the United States assessed contributions to the World Health Organization for the calendar years 1974 through 1977.

ASSISTANCE FOR REFUGEES SETTLING IN ISRAEL

SEC. 104. Of the amount authorized to be appropriated by section 101(a)(5) of this Act, $20,000,000 shall be available only for assistance for the resettlement in Israel of refugees

from the Union of Soviet Socialist Republics and from Communist countries in Eastern Europe.

CONTRIBUTION TO THE INTERNATIONAL COMMITTEE OF THE RED CROSS

SEC. 105. (a) The Act entitled "An Act to authorize a contribution by the United States to the International Committee of the Red Cross", approved October 1, 1965 (Public Law 89–230; 79 Stat. 901) is repealed.

(b) Not to exceed $1,000,000 shall be contributed annually by the United States to the International Committee of the Red Cross. Such sums as are necessary for this contribution shall be requested annually by the President and made available through the annual authorization and appropriation process.

FOREIGN SERVICE BUILDINGS

SEC. 106. (a)(1) Subsection (a) of the first section of the Foreign Service Buildings Act, 1926, is amended by striking out "pursuant to" in the first sentence and inserting in lieu thereof "to carry out".

(2) Subsection (b) of such section is amended by striking out "under authority of" and inserting in lieu thereof "to carry out".

(b) Section 6 of such Act is amended by striking out "of not less than ten years".

STRENGTHENING EDUCATIONAL EXCHANGE PROGRAMS

SEC. 107. (a) The Congress finds that—

(1) for over thirty years the United States program for the international exchange of teachers and scholars, begun by the Act of August 1, 1946 (60 Stat. 754; known as the "Fulbright Act of 1946"), has contributed significantly to the free flow of knowledge and to greater understanding between the United States and other nations;

(2) it is in the interest of the United States that this program be strengthened; and

(3) a still stronger educational exchange program can be attained by—

(A) diversifying exchange opportunities so as to assist persons from professional and public life to spend time in an academic setting and to assist teachers and scholars to spend time in professional and other pursuits in the public arena;

(B) providing sharper focus to exchange activities by bringing selected grant recipients together for joint work on themes and problems identified as having current significance in international affairs; and

(C) lengthening the period of some scholarships to allow work by grant recipients to be phased over more than one location.

(b) Not later than January 1, 1978, the Secretary of State shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report on measures the Department of State has taken to strengthen educational exchange activities in accordance with subsection (a) of this section.

AMERICANS INCARCERATED ABROAD

SEC. 108. It is the sense of the Congress that the Secretary of State should make every effort to seek the early release of American citizens unjustifiably held in foreign jails, and that he should direct the appropriate consular officers to redouble their efforts for the protection and welfare of imprisoned American citizens abroad. Beginning February 15, 1978, the Secretary of State shall transmit annually to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report on the number of American citizens in foreign jails, the charges against them, and what measures have been taken to assist these individuals, including his assessment of the performance of embassy and consular personnel in providing such assistance in each foreign country where American citizens are incarcerated.

ASSISTANT SECRETARIES OF STATE

SEC. 109. (a)(1)(A) Paragraph (1) of section 624(f) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(f)(1) There shall be in the Department of State an Assistant Secretary of State for Human Rights and Humanitarian Affairs who shall be responsible to the Secretary of State for matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action) in the conduct of foreign policy. The Secretary of State shall carry out his responsibility under section 502B of this Act through the Assistant Secretary.".

(B) Paragraph (2) of such section 624(f) is amended by striking out "Coordinator" and inserting in lieu thereof "Assistant Secretary of State".

(2) Section 116(c) of such Act is amended by striking out "Coordinator" in the text preceding paragraph (1) and inserting in lieu thereof "Assistant Secretary".

(3) Section 502B of such Act is amended—

(A) in subsection (b) by striking out "Coordinator" in the first sentence and inserting in lieu thereof "Assistant Secretary of State"; and

(B) in subsection (c)(1) by striking out "Coordinator" in the text preceding subparagraph (A) and inserting in lieu thereof "Assistant Secretary of State".

(4) Section 505(g)(4)(A) of such Act is amended by striking out "Coordinator" in the text preceding clause (i) and inserting in lieu thereof "Assistant Secretary of State".

(5) Section 5(d)(1) of the Arms Export Control Act is amended by striking out "Coordinator" in the text preceding subparagraph (A) and inserting in lieu thereof "Assistant Secretary of State".

(6) The individual holding the position of Coordinator for Human Rights and Humanitarian Affairs on the date of enactment of this section shall assume the duties of the Assistant Secretary of State for Human Rights and Humanitarian Affairs and shall not be required to be reappointed by reason of the enactment of this section.

(7) Not later than January 31, 1978, the Secretary of State shall transmit to the Speaker of the House of Representatives and the chairmen of the Senate Committee on Foreign Relations and the Senate Committee on the Judiciary a comprehensive report on the Office of the Assistant Secretary for Human Rights and Humanitarian Affairs, including its current mandate and operations, the mandate and operations of its predecessor offices, and proposals for the reorganization of the Department of State that would strengthen human rights and humanitarian considerations in the conduct of United States foreign policy and promote the ability of the United States to participate effectively in international humanitarian efforts.

(b)(1) Section 104 of the Immigration and Nationality Act (8 U.S.C. 1104) is amended—

(A) in subsection (a)(2), by striking out "Security and";

(B) in subsection (b)—

(i) in the first sentence, by striking out "Security and" and all that follows through "Assistant Secretary of State" and inserting in lieu thereof "Consular Affairs, to be headed by an Assistant Secretary of State for Consular Affairs";

(ii) by striking out the second sentence; and

(iii) in the third sentence, by striking out "administrator" and inserting in lieu thereof "Assistant Secretary of State for Consular Affairs";

(C) in subsection (d), by striking out "Security and"; and

(D) by repealing subsection (f).

(2) Section 105 of such Act is amended by striking out "administrator" both places it appears and inserting in lieu thereof "Assistant Secretary of State for Consular Affairs".

(3) Section 101(a)(1) of such Act is amended by striking out "administrator of the Bureau of Security and Consular Affairs of the Department of State" and inserting in lieu thereof "Assistant Secretary of State for Consular Affairs".

(4) The individual holding the position of administrator of the Bureau of Security and Consular Affairs on the date of enactment of this section shall assume the duties of the Assistant Secretary of State for Consular Affairs and shall not be required to be reappointed by reason of the enactment of this section.

(5) Any reference in any law to the Bureau of Security and Consular Affairs or to the administrator of such Bureau shall be deemed to be a reference to the Bureau of Consular Affairs or to the Assistant Secretary of State for Consular Affairs, respectively.

(c) The first section of the Act entitled "An Act to strengthen and improve the organization and administration of the Department of State, and for other purposes", approved May 26, 1949 (22 U.S.C. 2652), is amended by striking out "eleven" and inserting in lieu thereof "thirteen".

(d) Section 5315 of title 5, United States Code, is amended—

(1) by repealing paragraph (1); and

(2) by striking out "(11)" in paragraph (22) and inserting in lieu thereof "13)".

SAINT LAWRENCE SEAWAY TOLL NEGOTIATIONS

SEC. 110. (a) There is established an advisory board (hereafter in this section referred to as the "Board") to advise the Secretary of State with respect to the negotiations with Canada concerning toll increases on the Saint Lawrence Seaway and the Welland Canal.

(b) The Board shall consist of 15 members appointed by the President from among representatives of groups in the Great Lakes area which would be affected most directly by increased tolls, including port directors, port authorities, maritime labor, shipping companies, shippers, and consumers.

(c)(1) Members of the Board shall each be entitled to receive the daily equivalent of the maximum annual rate of basic pay in effect for grade GS–15 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Board.

(2) While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

(d) The Board shall cease to exist on the date designated by the Secretary of State as the date on which the negotiations described in subsection (a) are completed or on September 30, 1978, whichever date occurs first.

LIABILITY OF CONSULAR OFFICERS

SEC. 111. (a)(1) Sections 1735 and 1736 of the Revised Statutes of the United States (22 U.S.C. 1199) are repealed.

(2) The section analysis of chapter two of title XVIII of the Revised Statutes of the United States is amended by striking out the items relating to section 1735 and 1736.

(b) The repeals made by subsection (a) shall not affect suits commenced before the date of enactment of this Act.

CERTAIN NONIMMIGRANT VISAS

SEC. 112. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, is amended by adding at the end thereof the following new section:

"SEC. 21. For purposes of achieving greater United States compliance with the provisions of the Final Act of the Conference on Security and Cooperation in Europe (signed at Helsinki on August 1, 1975) and for purposes of encouraging other signatory countries to comply with those provisions, the Secretary of State should, within 30 days of receiving an application for a nonimmigrant visa by any alien who is excludible from the United States by reason of membership in or affiliation with a proscribed organization but who is otherwise admissible to the United States, recommend that the Attorney General grant the approval necessary for the issuance of a visa to such alien, unless the Secretary determines that the admission of such alien would be contrary to the security interests of the United States and so certifies to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate.".

PUBLIC PARTICIPATION IN STATE DEPARTMENT PROCEEDINGS

SEC. 113. (a) The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended by section 112 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 22. (a) The Secretary of State may compensate, pursuant to regulations which he shall prescribe, for the cost of participating in any proceeding or on any advisory committee or delegation of the Department of State, any organization or person—

"(1) who is representing an interest which would not otherwise be adequately represented and whose participation is necessary for a fair determination of the issues taken as a whole; and

"(2) who would otherwise be unable to participate in such proceeding or on such committee or delegation because such organization or person cannot afford to pay the costs of such participation.

"(b) Of the funds appropriated for salaries and expenses for the Department of State, not to exceed $250,000 shall be available in any fiscal year for compensation under this section to such organizations and persons.".

(b) Subsection (a) shall become effective on October 1, 1977.

TITLE II—UNITED STATES INFORMATION AGENCY

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) There are authorized to be appropriated for the United States Information Agency for fiscal year 1978, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 8 of 1953, and other purposes authorized by law, the following amounts:

(1) For "Salaries and expenses" and "Salary and expenses (special foreign currency program)", $269,286,000.

(2) For "Special international exhibitions", $4,360,000.

(3) For "Acquisition and construction of radio facilities", $19,872,000.

(4) For increases in salary, pay retirement, and other employee benefits authorized by law, and for other nondiscretionary costs, such additional amounts as may be necessary.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 202. Funds authorized to be appropriated for fiscal year 1978 by any paragraph of section 201(a) (other than paragraph (4)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (4)), except that the total amount appropriated for a purpose described in any paragraph of section 201(a) (other than paragraph (4)) may not exceed the amount specifically authorized for such purpose by section 201(a) by more than 10 per centum.

REPLACEMENT OF FACILITIES IN SOWETO, REPUBLIC OF SOUTH AFRICA

SEC. 203. The Director of the United States Information Agency shall prepare and submit to the Secretary of State plans for the replacement under the Foreign Service Buildings Act, 1926, of the Agency's facilities in Soweto, Republic of South Africa.

DISTRIBUTION WITHIN THE UNITED STATES OF CERTAIN FILMS PREPARED BY THE UNITED STATES INFORMATION AGENCY

SEC. 204. Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461), the Director of the United States Information Agency may make available to the Administrator of General Services, for deposit in the National Archives of the United States, a master copy of—

(1) the film entitled "Hirshhorn Museum and Sculpture Garden";

(2) the film entitled "Man in the Environment"; and

(3) any of the films sponsored by the Agency for its two "Young Filmmakers Bicentennial Film Series";

and the Administrator shall make copies of such films available for public viewing within the United States.

USE BY THE JOHN FITZGERALD KENNEDY LIBRARY OF CERTAIN FILMS PREPARED BY THE UNITED STATES INFORMATION AGENCY

SEC. 205. Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461), the Director of the United States Information Agency shall, upon receipt of reimbursement for any expenses involved, make available to the Administrator of General Services for deposit or use at the John Fitzgerald Kennedy Library in Boston, Massachusettts, copies of the following films and trims and outs:

"President Kennedy Address Canadian Parliament".
"United in Progress".
"American Welcomes Prime Minister Baldewa (Nigeria)".
"U.S. Welcomes Crown Prince Hassan (Libya)".
"America Welcomes Ayub Khan".
"America Welcomes President Aboud (Sudan)".
"Firm Alliance (Iran)".
"American Journey (Ivory Coast)".
"A Welcome Visitor (Nehru)".
"Hailie Selassie (Return Visit)".
"His Majesty, King Hassan (Morocco) Visits U.S.".
"Salute to an African Leader (Bourguiba-Tunisia)".
"Inauguration of John F. Kennedy".
"The Task Begun".
"Progress through Freedom".
"Forging the Alliance".
"Prime Minister of Somali Republic Visits U.S.".
"President Olympio of Togo Visits U.S.".
"Five Cities in June".
"From Uganda to America".
"President Ahidjo Visits U.S.".
"Mrs. Kennedy's Asian Journey".
"Invitation to India".
"Invitation to Pakistan".

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. Section 8(a) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877(a)) is amended—

(1) in the text preceding pararaph (1) by striking out "1977" and inserting in lieu thereof "1978"; and

(2) in paragraph (1) by striking out "$58,385,000" and inserting in lieu thereof "$68,980,000".

TECHNICAL AMENDMENTS

SEC. 302. (a) Section 2 of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2871) is amended—

(1) in paragraph (3) by striking out "(hereafter referred to as Radio Free Europe and Radio Liberty)," and insering in lieu thereof "(commonly referred to as Radio Free Europe and Radio Liberty), which have now been consolidated into RFE/RL, Incorporated,";

(2) in paragraph (4) by striking out "Radio Free Europe and Radio Liberty as" and inserting in lieu thereof "RFE/RL, Incorporated, as an"; and

(3) in paragraph (5) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated";

(b) Section 3(b) of such Act (22 U.S.C. 2872(b)) is amended—

(1) in paragraph (1) by striking out "Radio Free Europe and Radio Liberty" in the fourth sentence and inserting in lieu thereof "RFE/RL, Incorporated."; and

(2) in paragraph (4) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated".

(c) Section 4 of such Act (22 U.S.C. 2873) is amended—

(1) In subsection (a)(1) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated,";

(2) in subsection (a)(2)—

(A) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated,"; and

(B) by striking out "their" and inserting in lieu thereof "its";

(3) in subsection (a)(3), by striking out "Radio Free Europe and Radio Liberty" each of the three places it appears and inserting in lieu thereof "RFE/RL, Incorporated,";

(4) in subsection (a)(4) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated,";

(5) in subsection (a)(8) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated,"; and

(6) in subsection (b) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated".

(d) Section 5 of such Act (22 U.S.C. 2874) is amended—

(1) in subsection (a) by striking out "Radio Free Europe and Radio Liberty" and inserting in lieu thereof "RFE/RL, Incorporated,";

(2) in subsection (b) by striking out "Radio Free Europe and Radio Liberty" and

inserting in lieu thereof "RFE/RL, Incoporated,"; and

(3) in subsection (c)—

(A) by striking out "the radio to which the grant is to be made" and inserting in lieu thereof "RFE/RL, Incorporated,"; and

(B) by striking out "that radio" and inserting in lieu thereof "RFE/RL, Incorporated,".

TITLE IV—FOREIGN SERVICE AND OTHER PERSONNEL

SERVICE AS CHIEF OF MISSION

SEC. 401. Section 431(c) of the Foreign Service Act of 1946 (22 U.S.C. 881(c)) is amended by inserting "or Reserve officer" immediately after "officer" both places it appears.

COMPENSATION OF ALIEN EMPLOYEES

SEC. 402. (a) Subsection (b) of section 444 of the Foreign Service Act of 1946 (22 U.S.C. 889(b)) is amended by inserting "and any other establishments of the Government, including those in the legislative and judicial branches," immediately after "Government agencies".

(b)(1) Such section 444 (22 U.S.C. 889) is further amended by adding the following new subsection at the end thereof:

"(c)(1) The head of any agency of the United States, including any agency of the legislative or judicial branch of the United States, may compensate any current or former alien employee, including an alien employee who worked under a personal services contract, who is or has been imprisoned by a foreign government if the Secretary of State (or, in the case of an alien employee of the Central Intelligence Agency, the Director of Central Intelligence) determines that such imprisonment is the result of the alien's employment by the United States. Such compensation may not exceed an amount that such agency head determines approximates the salary and other benefits to which such employee or former employee would have been entitled had he or she remained employed during the period of such imprisonment, and may be paid under such terms and conditions as the Secretary of State deems appropriate. For purposes of making payments authorized by this subsection, the head of any such agency shall have the same powers with respect to imprisoned alien employees and such former employees as any head of an agency under the provisions of subchapter VII of chapter 55 of title 5, United States Code, to the extent that such powers are consistent with this paragraph. Any period of imprisonment of an alien which is compensable under this subsection shall be considered for purposes of any other employee benefit to be a period of employment by the United States Government, except that a period of imprisonment shall not be creditable—

"(A) for purposes of subchapter III of chapter 83 of title 5, United States Code, unless the individual either—

"(i) was subject to section 8334(a) of such title during the period of his or her Government employment last preceding the imprisonment; or

"(ii) qualifies for annuity benefits under such subchapter III by reason of other service; or

"(B) for purposes of subchapter I of chapter 8 of title 5, United States Code, unless the individual was employed by the United States Government at the time of his or her imprisonment.

"(2) No compensation or other benefit shall be awarded under paragraph (1) unless a claim therefor is filed within three years after—

"(A) the date of the enactment of this subsection;

"(B) the termination of the period of imprisonment giving rise to the claim; or

"(C) the date of the claimant's first opportunity to file such a claim, as determined by the appropriate agency head;

whichever is later.

"(3) The Secretary of State may prescribe regulations governing payments under this subsection for the guidance of all agencies.".

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to all past, present, and future qualified employees, but no monthly compensation for annuity payment under title 5, United States Code, that may be approved by reason of such amendment shall be effective prior to the first day of the first month which begins on or after the date of enactment of this Act or October 1, 1977, whichever is later. Payments that may be authorized under such amendment, other than annuity or monthly compensation payments referred to in the preceding sentence, shall be paid from funds appropriated after such date of enactment for salaries and expenses.

AMBASSADORS FOR SPECIAL MISSIONS

SEC. 403. Section 501(c) of the Foreign Service Act of 1946 (22 U.S.C. 901(c)) is amended by inserting immediately before the period at the end thereof the following: "if the President, before conferring such rank, reports in writing to the Committee on Foreign Relations of the Senate his intent to confer such rank and transmits therewith all materials relating to any potential conflicts of interest relevant to such person".

CITIZENSHIP REQUIREMENT

SEC. 404. Section 515 of the Foreign Service Act of 1946 (22 U.S.C. 910) is amended by striking out "and has been such for at least ten years".

CAREER CANDIDATE PROGRAM

SEC. 405. Section 516 of the Foreign Service Act of 1946 (22 U.S.C. 911) is amended by—

(1) amending the section heading to read "ADMISSION TO CLASS 6, 7, OR 8";

(2) striking out "shall" and inserting in lieu thereof "may" in the last sentence of subsection (a); and

(3) adding the following subsection at the end thereof:

"(c) Foreign Service officer candidates who have passed examinations described in subsection (a) may be appointed by the Secretary, under such regulations as he may prescribe, for a trial period of service as Foreign Service Reserve officers of class 7 or 8. Such appointments shall be limited to a maximum of 48 months, but may be extended for up to 12 additional months if the Secretary deems such extension to be in the public interest. Such Reserve officers may receive promotions up to class 6 for satisfactory performance during such trial period. The Secretary shall furnish the President with the names of such Reserve officers who have demonstrated fitness and aptitude for the work of the Service and whom he recommends for appointment as Foreign Service officers in the class corresponding to their Reserve officer class. The Secretary may terminate the services of such Reserve officers at any time under section 638.".

REASSIGNMENT OF CHIEFS OF MISSION

SEC. 406. Section 519 of the Foreign Service Act of 1946 (22 U.S.C. 914) is amended by—

(1) inserting ", or a Foreign Service Reserve officer who is a participant in the Foreign Service Retirement and Disability System," immediately after "officer", and

(2) striking out "in accordance with the provisions of section 514" and inserting in lieu thereof "to another position in accordance with this or any other Act".

CITIZENSHIP REQUIREMENT

SEC. 407. Section 522 of the Foreign Service Act of 1946 (22 U.S.C. 922) is amended by striking out "and who has been such for at least five years" in the text preceding paragraph (1).

PRESIDENTIAL APPOINTMENTS

SEC. 408. Section 571(b) of the Foreign Service Act of 1946 (22 U.S.C. 961(b)) is amended by—

(1) inserting "or Reserve officer" immediately after "officer" for the first time the latter appears; and

(2) striking out "a Foreign Service" the second time the phrase appears and inserting in lieu thereof "such an".

TECHNICAL AMENDMENTS

SEC. 409. (a) Section 811(d) of the Foreign Service Act of 1946 (22 U.S.C. 1071(d)) is amended by striking out "July 1, 1921" in the table and inserting in lieu thereof "July 1, 1924".

(b) Section 821(g) of the Foreign Service Act of 1946 (22 U.S.C. 1076(g)) is amended by striking out "married" and inserting in lieu thereof "unmarried" in the first sentence.

DEATH GRATUITIES FOR FOREIGN SERVICE ALIEN EMPLOYEES

SEC. 410. (a) Paragraph (1) of section 14 (d) of the Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (22 U.S.C. 2679a(d)), is amended by—

(1) striking out "national" and inserting in lieu thereof "employee";

(2) striking out "or" immediately after "consular agent,"; and

(3) inserting immediately before the semicolon at the end thereof ", or an alien employee appointed under section 541 of the Foreign Service Act of 1946".

(b) The amendments made by subsection (a) shall apply with respect to deaths occurring on or after August 1, 1974, and any benefits authorized by those amendments shall be paid from funds appropriated after the date of enactment of this Act for salaries and expenses.

SPECIAL ANNUITY FOR CERTAIN OFFICERS SELECTED-OUT FROM FOREIGN SERVICE

SEC. 411. (a) Subject to the conditions established in subsection (b), any Foreign Service officer—

(1) who was retired under section 633(a)(1) of the Foreign Service Act of 1946 before the date of enactment of this section;

(2) who was not in class 1, 2, or 3 at the time of retirement;

(3) who was 40 years of age or older at the time of retirement; and

(4) who had at least 20 years of service, exclusive of credit for unused sick leave, creditable for purposes of section 821 of such Act at the time of retirement;

shall be entitled to receive retirement benefits in accordance with the provisions of such section 824 in lieu of any retirement benefits which the officer may be entitled to elect under section 634(b)(2) of such Act. Such retirement benefits shall be paid from the Foreign Service Retirement and Disability Fund and shall be effective on the date the officer reaches age 50, the date of enactment of this section, or October 1, 1977, whichever date is latest.

(b) Retirement benefits may not be paid under this section unless (1) any refund of contributions paid to the officer under section 634(b)(2) of the Foreign Service Act of 1946 is repaid to the Foreign Service Retirement and Disability Fund, with interest, in accordance with sections 811 (d) and (f) of such Act; and (2) the service forming the basis for such retirement benefits is not used

as the basis for any other retirement benefits under any retirement system.

(c) In the event that an officer who is entitled to retirement benefits under this section dies before reaching the age of fifty, but after the date of enactment of this section, his or her death shall be considered a death in service within the meaning of section 832 of the Foreign Service Act of 1946, except that no survivor's annuity (other than a survivor's annuity which would be payable under the first complete sentence in section 634(b)(2) of such Act but for the enactment of this section) shall become effective before October 1, 1977.

(d) An officer entitled to retirement benefits under this section may make the election described in section 821 (b) or (f), as appropriate, of the Foreign Service Act of 1946 at any time before reaching the age of fifty or before the end of the sixty-day period beginning on the date of enactment of this section, whichever is later.

COMPENSATION FOR JUNIOR FOREIGN SERVICE OFFICERS

SEC. 412. (a)(1) Paragraph (2) of section 5541 of title 5, United States Code, is amended—

(A) by striking out "or" at the end of clause (xii);

(B) by striking out the period at the end of clause (xiii) and inserting in lieu thereof a semicolon; and

(C) by adding at the end thereof the following new clauses:

"(xiv) a 'Foreign Service officer' within the meaning of section 401 of the Foreign Service Act of 1946; or

"(xv) a 'Foreign Service information officer' as provided for by the first section of the Act entitled 'An Act to promote the foreign policy of the United States by strengthening and improving the Foreign Service personnel system of the United States Information Agency through establishment of a Foreign Service Information Officer Corps', approved August 20, 1968.".

(2) The amendments made by paragraph (1) shall take effect on October 1, 1978.

(b)(1) The President shall increase the amount of each rate of per annum salary in classes 5 through 8 of Foreign Service officers in the table contained in section 412 of the Foreign Service Act of 1946 (22 U.S.C. 867), by $250.

(2) Pay may not be paid, by reason of the increase provided under paragraph (1), at a rate in excess of the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(3) Notwithstanding the provisions of section 414 of the Foreign Service Act of 1946 (22 U.S.C. 869), the rate of per annum salary of a Foreign Service Reserve officer shall not be increased by reason of the increase made by paragraph (1).

(4) The increase made by reason of paragraph (1) shall apply with respect to pay periods beginning on or after October 1, 1978, and shall be in addition to any increase or adjustment made under subchapter I of chapter 53 of title 5, United States Code.

EMPLOYMENT OF FOREIGN SERVICE SPOUSES

SEC. 413. (a) The Secretary of State shall, when employing persons to fill jobs outside the United States to which career Foreign Service personnel are not customarily assigned, including temporary and local hire jobs, give equal consideration to employing qualified family members of United States Government employees (including family members of Foreign Service personnel) assigned to duties outside the United States. Such employment may not be used to avoid fulfilling the need for fulltime career positions.

(b) To facilitate the employment by the Department of State, or by other employers, of the spouses of Foreign Service personnel, the Secretary may—

(1) provide regular career counseling for such spouses;

(2) maintain a centralized system for cataloging their skills and the various, governmental and nongovernmental, overseas employment opportunities available to such spouses; and

(3) otherwise assist such spouses in obtaining overseas employment.

(c) Any member of a family of Foreign Service personnel may accept gainful employment in a foreign country unless such employment—

(1) would violate any law of such country or of the United States; or

(2) could, as certified in writing by the Chief of the United States Diplomatic Mission in such country, damage the interests of the United States.

(d) Not later than January 1, 1978, the Secretary of State shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report on actions the Department of State has taken to carry out the provisions of this section.

LANGUAGE TRAINING FOR FOREIGN SERVICE SPOUSES

SEC. 414. (a) It is the sense of Congress that, in order to increase the effectiveness of United States diplomatic representation abroad, the Secretary of State should make greater use of his authority under section 701 of the Foreign Service Act of 1946 in order to increase the language training opportunities available to the family members of Foreign Service personnel.

(b) Not later than January 1, 1978, the Secretary of State shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report discussing—

(1) actions he has taken in accordance with subsection (a) of this section; and

(2) any budgetary or other obstacles which prevent the Department of State from making available a comprehensive language training program for the families of Foreign Service personnel.

TITLE V—MISCELLANEOUS PROVISIONS

STRENGTHENING INTERNATIONAL INFORMATION EDUCATION, CULTURAL, AND BROADCASTING ACTIVITIES

SEC. 501. Not later than October 31, 1977, the President shall transmit to the chairman of the Committee on International Relations of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate his recommendations for reorganizing the international information, education, cultural, and broadcasting activities of the United States Government. Such recommendations shall take into account the findings and reports of the Panel on International Information, Education, and Cultural Relations; the Commission on the Organization of the Government for the Conduct of Foreign Policy; the General Accounting Office; and the United States Advisory Commission on Information.

BELGRADE CONFERENCE

SEC. 502. The Congress finds that the Belgrade Conference to review compliance with the Helsinki Accords provides the United States an important forum to press its case for greater respect for human rights. Furthermore, the Congress is convinced that the emphasis given human rights in general by the United States should be translated into concern for specific individuals. In this regard, the Congress is particularly concerned about the fate of Anatoly Shcharansky and urges the United States representatives to the Belgrade Conference to express the official concern of the United States over the Shcharansky case.

UNITED NATIONS REFORM

SEC. 503. (a) The United States should make a major effort toward reforming and restructuring the United Nations system so that it might become more effective in resolving global problems. Toward that end, the United States should present a program for United Nations reform to the Special United Nations Committee on the Charter of the United Nations and on Strengthening of the Role of the Organization. In developing such a program the United States should give appropriate consideration to various possible proposals for reforming the United Nations, including but not limited to proposals which would—

(1) adjust decisionmaking processes in the United Nations by providing voting in the General Assembly weighted according to population and contributions and by modifying veto powers on certain categories of questions, such as membership recommendations, in the Security Council;

(2) foster greater use of the International Court of Justice by the United States and other members of the United Nations;

(3) supplement United Nations finances through contributions from commerce, services, and resources regulated by the United Nations;

(4) improve coordination of and expand United Nations activities on behalf of human rights;

(5) establish more effective United Nations machinery for the peaceful settlement of disputes, including means for the submission of differences to mediation or arbitration;

(6) adjust assessment scale calculations to reflect more accurately the actual ability of member nations to contribute to the United Nations and its specialized agencies; and

(7) provide greater coordination of United Nations technical assistance activites by the United Nations Development Program.

(b) Accordingly, the President shall submit a report to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, as soon as possible, but no later than January 31, 1978, on his recommendations for reform of the United Nations.

INFORMATION OFFICES IN THE UNITED STATES

SEC. 504. It is the sense of the Congress that any foreign country should be allowed to maintain an information office in the United States if maintenance of such office is consistent with United States law.

REPARATIONS FOR VIETNAM

SEC. 505. (a) None of the funds authorized to be appropriated in this Act shall be used for the purpose of reparations, aid, or any other form of payment to the Socialist Republic of Vietnam.

(b) The President shall continue to take all possible steps to obtain a final accounting of all Americans missing in action in Vietnam.

PANAMA CANAL

SEC. 506. Any new Panama Canal treaty or agreement negotiated with funds appropriated under this Act must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

SEC. 507. (a) The President shall take appropriate steps to ensure that, at all stages of the United Nations Conference on Science and Technology for Development, representatives of the United States place important emphasis, in both official statements and informal discussions, on the develop-

ment and use of light capital technologies in agriculture, in industry, and in the production and conservation of energy.

(b) As used in this section, the term "light capital technologies" means those means of production which economize on capital wherever capital is scarce and expensive and labor abundant and cheap, the purposes being to insure that the increasingly scarce capital in the world can be stretched to help all, rather than a small minority, of the world's poor; that workers will not be displaced by sophisticated labor-saving devices where there is already much unemployment; and further, that poor nations can be encouraged eventually to produce their own capital from surplus labor time, thus enhancing their chances of developing independently of outside help.

INTER-AMERICAN FOUNDATION

SEC. 508. Section 401(s) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(s)) is amended—

(1) by inserting "(1)" immediately after "(s)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) There is authorized to be appropriated not to exceed $25,000,000 for each of the fiscal years 1979 and 1980 to carry out the purposes of this section. Amounts appropriated under this paragraph are authorized to remain available until expended.".

FOREIGN EMPLOYMENT

SEC. 509. (a) Subject to the condition described in subsection (b), the consent of Congress is granted to—

(1) any retired member of the uniformed services,

(2) any member of a Reserve component of the Armed Forces, and

(3) any member of the commissioned Reserve Corps of the Public Health Service,

to accept any civil employment (and compensation therefor) with respect to which the consent of Congress is required by the last paragraph of section 9 of article I of the Constitution of the United States, relating to acceptance of emoluments, offices, or titles from a foreign government.

(b) No individual described in subsection (a) may accept any employment or compensation described in such subsection unless the Secretary concerned and the Secretary of State approve such employment.

(c) For purposes of this section, the term—

(1) "uniformed services" means the Armed Forces, the commissioned Regular and Reserve Corps of the Public Health Service, and the commissioned corps of the National Oceanic and Atmospheric Administration;

(2) "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard; and

(3) "Secretary concerned" means—

(A) the Secretary of the Army, with respect to retired members of the Army and members of the Army Reserve;

(B) the Secretary of the Navy, with respect to retired members of the Navy and the Marine Corps, members of the Navy and Marine Corps Reserves, and retired members of the Coast Guard and members of the Coast Guard Reserve when the Coast Guard is operating as a service in the Navy;

(C) the Secretary of the Air Force, with respect to retired members of the Air Force and members of the Air Force Reserve;

(D) the Secretary of Transportation, with respect to retired members of the Coast Guard and members of the Coast Guard Reserve when the Coast Guard is not operating as a service in the Navy;

(E) the Secretary of Commerce, with respect to retired members of the commissioned corps of the National Oceanic and Atmospheric Administration; and

(F) the Secretary of Health, Education, and Welfare, with respect to retired members of the commissioned Regular Corps of the Public Health Service and members of the commissioned Reserve Corps of the Public Health Service.

(d)(1) Section 1032 of title 10, United States Code, is repealed.

(2) The section analysis for chapter 53 of such title is amended by striking out the item relating to section 1032.

(3) Section 280 of such title is amended by striking out "1032,".

INTERNATIONAL FOOD RESERVE

SEC. 510. (a) The Congress finds and declares that—

(1) half a billion people suffer from malnutrition or undernutrition;

(2) very modest shortfalls in crop production can result in widespread human suffering;

(3) increasing variability in world food production and trade remains an ever-present threat to producers and consumers;

(4) the World Food Conference recognized the urgent need for an international undertaking on world food security based largely upon strategic food reserves;

(5) the nations of the world have agreed to begin discussions on a system of grain reserves to regulate food availability;

(6) the Congress through legislation has repeatedly urged the President to enter negotiations with other nations to establish such a network of grain reserves;

(7) little progress has resulted from the initial multilateral discussions toward the negotiation of an international grain reserve system;

(8) this lack of progress is caused, in part, by lack of leadership in such discussions; and

(9) the United States is in a unique position as the world's most important producer of foodstuffs to provide such leadership.

(b) It is therefore the sense of the Congress that the President should initiate a major diplomatic initiative toward the creation of an international system of nationally held grain reserves which provides for supply assurance to consumers and income security to producers.

NEGOTIATIONS WITH CUBA

SEC. 511. (a) It is the sense of the Congress that any negotiations toward the normalization of relations with Cuba be conducted in a deliberate manner and on a reciprocal basis, and that the vital concerns of the United States with respect to the basic rights and interests of United States citizens whose persons or property are the subject of such negotiations be protected.

(b) Furthermore, it is the sense of Congress that the Cuban policies and actions regarding the use of its military and paramilitary personnel beyond its borders and its disrespect for the human rights of individuals are among the elements which must be taken into account in any such negotiations.

UNITED STATES POLICY TOWARD KOREA

SEC. 512. (a) The Congress declares that—

(1) United States policy toward Korea should continue to be arrived at by joint decision of the President and the Congress;

(2) in any implementation of the President's policy of gradual and phased reduction of United States ground forces from the Republic of Korea, the United States should seek to accomplish such reduction in stages consistent with United States interests in Asia, notably Japan, and with the security interests of the Republic of Korea;

(3) any implementation of this policy should be carried out with a careful regard to the interest of the United States in continuing its close relationship with the people and government of Japan, in fostering democratic practices in the Republic of Korea, and in maintaining stable relations among the countries of East Asia; and

(4) these interests can be served most effectively by a policy which involves consultations by the United States Government, as appropriate, with the governments of the region, particularly those directly involved.

(b)(1) Any implementation of the foregoing policy shall be carried out in regular consultation with the Congress.

(2) Not later than February 15, 1978, and not later than February 15 of each year thereafter until any such withdrawal is completed, the President shall transmit a report in writing to the Speaker of the House of Representatives and the Committees on Foreign Relations, Armed Services, and Intelligence of the Senate assessing the implementation of the foregoing policy.

UNITED NATIONS SPECIAL SESSION ON DISARMAMENT

SEC. 513. Noting the decision of the United Nations General Assembly to convene a special session on disarmament in the spring of 1978 and recognizing the important role that comprehensive disarmament could play in securing world peace and economic development, the Congress requests that, at an appropriate date, the Secretary of State report to the appropriate committees of the Congress on the procedures which the executive branch is following in preparing for the special session on disarmament and on United States objectives for that special session.

INTERNATIONAL BOUNDARY AND WATER COMMISSION

SEC. 514. (a) Section 2(2) of the Act entitled "An Act to authorize conclusion of an agreement with Mexico for joint measures for solution of the Lower Rio Grande salinity problem", approved September 19, 1966 (22 U.S.C. 277d–31), is amended by inserting immediately after "$25,000" the following: "based on estimated calendar year 1976 costs, plus or minus such amounts as may be justified by reason of ordinary fluctuations in operation and maintenance costs involved therein,".

(b) Section 3 of the Act entitled "An Act to authorize the conclusion of agreements with Mexico for joint construction, operation, and maintenance of emergency flood control works on the lower Colorado River, in accordance with the provisions of article 13 of the 1944 Water Treaty with Mexico, and for other purposes", approved August 10, 1964 (22 U.S.C. 277d–28), is amended by inserting immediately after "$30,000" the following: "based on December 1975 prices, plus or minus such amounts as may be justified by reason of ordinary fluctuations in operation and maintenance costs involved therein,".

(c) Section 103 of the American-Mexican Treaty Act of 1950 (22 U.S.C. 277d–3) is amended by striking out "$100 per diem" in the second sentence and inserting in lieu thereof "the maximum daily rate for grade GS–15 of the General Schedule".

(d) The amendments made by this section shall take effect on October 1, 1977.

FOREIGN GIFTS AND DECORATIONS

SEC. 515. (a)(1) Section 7342 of title 5, United States Code, is amended to read as follows:

"§ 7342. Receipt and disposition of foreign gifts and decorations

"(a) For the purpose of this section—

"(1) 'employee' means—

"(A) an employee as defined by section 2105 of this title and an officer or employee of the United States Postal Service or of the Postal Rate Commission;

"(B) an expert or consultant who is under contract under section 3109 of this title with the United States or any agency, department, or establishment thereof, including, in the case of an organization performing services under such section, any individual involved in the performance of such services;

"(C) an individual employed by, or oc-

cupying an office or position in, the government of a territory or possession of the United States or the government of the District of Columbia;

"(D) a member of a uniformed service;

"(E) the President and the Vice President;

"(F) a Member of Congress as defined by section 2106 of this title (except the Vice President) and any Delegate to the Congress; and

"(G) the spouse of an individual described in subparagraphs (A) through (F) (unless such individual and his or her spouse are separated) or a dependent (within the meaning of section 152 of the Internal Revenue Code of 1954) of such an individual, other than a spouse or dependent who is an employee under subparagraphs (A) through (F);

"(2) 'foreign government' means—

"(A) any unit of foreign governmental authority, including any foreign national, State, local, and municipal government;

"(B) any international or multinational organization whose membership is composed of any unit of foreign government described in subparagraph (A); and

"(C) any agent or representative of any such unit or such organization, while acting as such;

"(3) 'gift' means a tangible, or intangible present (other than a decoration) tendered by, or received from, a foreign government;

"(4) 'decoration' means an order, device, medal, badge, insignia, emblem, or award tendered by, or received from, a foreign government;

"(5) 'minimal value' means a retail value in the United States at the time of acceptance of $100 or less, except that—

"(A) on January 1, 1981, and at 3-year intervals thereafter, 'minimal value' shall be redefined in regulations prescribed by the Administrator of General Services, in consultation with the Secretary of State, to reflect changes in the consumer price index for the immediately preceding 3-year period; and

"(B) regulations of an employing agency may define 'minimal value' for its employees to be less than the value established under this paragraph; and

"(6) 'employing agency' means—

"(A) the Committee on Standards of Official Conduct of the House of Representatives, for Members and employees of the House of Representatives, except that those responsibilities specified in subsections (c)(2)(A), (e), and (g)(2)(B) shall be carried out by the Clerk of the House;

"(B) the Select Committee on Ethics of the Senate, for Senators and employees of the Senate;

"(C) the Administrative Office of the United States Courts, for judges and judicial branch employees; and

"(D) the department, agency, office, or other entity in which an employee is employed, for other legislative branch employees and for all executive branch employees.

"(b) An employee may not—

"(1) request or otherwise encourage the tender of a gift or decoration; or

"(2) accept a gift or decoration, other than in accordance with the provisions of subsections (c) and (d).

"(c)(1) The Congress consents to—

"(A) the accepting and retaining by an employee of a gift of minimal value tendered and received as a souvenir or mark of courtesy; and

"(B) the accepting by an employee of a gift of more than minimal value when such gift is in the nature of an educational scholarship or medical treatment or when it appears that to refuse the gift would likely cause offense or embarrassment or otherwise adversely affect the foreign relations of the United States, except that—

"(i) a tangible gift of more than minimal value is deemed to have been accepted on behalf of the United States and, upon acceptance, shall become the property of the United States; and

"(ii) an employee may accept gifts of travel or expenses for travel taking place entirely outside the United States (such as transportation, food, and lodging) of more than minimal value if such acceptance is appropriate, consistent with the interests of the United States, and permitted by the employing agency and any regulations which may be prescribed by the employing agency.

"(2) Within 60 days after accepting a tangible gift of more than minimal value (other than a gift described in paragraph (1)(B)(ii)), an employee shall—

"(A) deposit the gift for disposal with his or her employing agency; or

"(B) subject to the approval of the employing agency, deposit the gift with that agency for official use. Within 30 days after terminating the official use of a gift under subparagraph (B), the employing agency shall forward the gift to the Administrator of General Services in accordance with subsection (e).

"(3) When an employee deposits a gift of more than minimal value for disposal or for official use pursuant to paragraph (2), or within 30 days after accepting travel or travel expenses as provided in paragraph (1)(B)(ii) unless such travel or travel expenses are accepted in accordance with specific instructions of his or her employing agency, the employee shall file a statement with his or her employing agency or its delegate containing the information prescribed in subsection (f) for that gift.

"(d) The Congress consents to the accepting, retaining, and wearing by an employee of a decoration tendered in recognition of active field service in time of combat operations or awarded for other outstanding or unusually meritorious performance, subject to the approval of the employing agency of such employee. Without this approval, the decoration is deemed to have been accepted on behalf of the United States, shall become the property of the United States, and shall be deposited by the employee, within sixty days of acceptance, with the employing agency for official use or forwarding to the Administrator of General Services for disposal in accordance with subsection (e).

"(e) Gifts and decorations that have been deposited with an employing agency for disposal shall be (1) returned to the donor, or (2) forwarded to the Administrator of General Services for transfer, donation, or other disposal in accordance with the provisions of the Federal Property and Administrative Services Act of 1949. However, no gift or decoration that has been deposited for disposal may be sold without the approval of the Secretary of State, upon a determination that the sale will not adversely affect the foreign relations of the United States. Gifts and decorations may be sold by negotiated sale.

"(f)(1) Not later than January 31 of each year, each employing agency or its delegate shall compile a listing of all statements filed during the preceding year by the employees of that agency pursuant to subsection (c)(3) and shall transmit such listing to the Secretary of State who shall publish a comprehensive listing of all such statements in the Federal Register.

"(2) Such listings shall include for each tangible gift reported—

"(A) the name and position of the employee;

"(B) a brief description of the gift and the circumstances justifying acceptance;

"(C) the identity, if known, of the foreign government and the name and position of the individual who presented the gift;

"(D) the date of acceptance of the gift;

"(E) the estimated value in the United States of the gift at the time of acceptance; and

"(F) disposition or current location of the gift.

"(3) Such listings shall include for each gift of travel or travel expenses—

"(A) the name and position of the employee;

"(B) a brief description of the gift and the circumstances justifying acceptance; and

"(C) the identity, if known, of the foreign government and the name and position of the individual who presented the gift.

"(4) In transmitting such listings for the Central Intelligence Agency, the Director of Central Intelligence may delete the information described in subparagraphs (A) and (C) of paragraphs (2) and (3) if the Director certifies in writing to the Secretary of State that the publication of such information could adversely affect United States intelligence sources.

"(g)(1) Each employing agency shall prescribe such regulations as may be necessary to carry out the purpose of this section. For all employing agencies in the executive branch, such regulations shall be prescribed pursuant to guidance provided by the Secretary of State. These regulations shall be implemented by each employing agency for its employees.

"(2) Each employing agency shall—

"(A) report to the Attorney General cases in which there is reason to believe that an employee has violated this section;

"(B) establish a procedure for obtaining an appraisal, when necessary, of the value of gifts; and

"(C) take any other actions necessary to carry out the purpose of this section.

"(h) The Attorney General may bring a civil action in any district court of the United States against any employee who knowingly solicits or accepts a gift from a foreign government not consented to by this section or who fails to deposit or report such gift as required by this section. The court in which such action is brought may assess a penalty against such employee in any amount not to exceed the retail value of the gift improperly solicited or received plus $5,000.

"(i) The President shall direct all Chiefs of a United States Diplomatic Mission to inform their host governments that it is a general policy of the United States Government to prohibit United States Government employees from receiving gifts or decorations of more than minimal value.

"(j) Nothing in this section shall be construed to derogate any regulation prescribed by any employing agency which provides for more stringent limitations on the receipt of gifts and decorations by its employees.

"(k) The provisions of this section do not apply to grants and other forms of assistance to which section 108A of the Mutual Educational and Cultural Exchange Act of 1961 applies.".

(2) The amendment made by paragraph (1) of this subsection shall take effect on January 1, 1978.

(b)(1) After September 30, 1977, no appropriated funds, other than funds from the "Emergencies in the Diplomatic and Consular Service" account of the Department of State, may be used to purchase any tangible gift of more than minimal value (as defined in section 7342(a)(5) of title 5, United States Code) for any foreign individual unless such gift has been approved by the Congress.

(2) Beginning October 1, 1977, the Secretary of State shall annually transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report containing

details on (1) any gifts of more than minimal value purchased with appropriated funds which were given to a foreign individual during the previous fiscal year, and (2) any other gifts of more than minimal value given by the United States Government to a foreign individual which were not obtained using appropriated funds.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill insert the following: "An Act to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes.".

And the Senate agree to the same.

CLEMENT J. ZABLOCKI,
DANTE FASCELL,
CHARLES C. DIGGS,
LESTER L. WOLFF,
LEO J. RYAN,
HELEN MEYNER,
WYCHE FOWLER,
WM. BROOMFIELD,
JOHN BUCHANAN,
J. HERBERT BURKE,
Managers on the Part of the House.

JOHN SPARKMAN,
GEORGE MCGOVERN,
CLAIBORNE PELL,
JOSEPH BIDEN,
CLIFFORD P. CASE,
CHARLES H. PERCY,
HOWARD BAKER,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

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Accepting employment with a foreign government.
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International food reserve.
United States policy toward Korea.
Foreign information offices in the United States.
Belgrade Conference.
United Nations Special Session on disarmament.
Negotiations with Cuba.
Inter-American Foundation.
United States-European Community Interparliamentary Group.
Foreign gifts and decorations.
International Boundary and Water Commission.
Prohibition against civilian military operations.
Advance appropriations.
Title of the act.

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6689) to authorize fiscal year 1978 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1978

[Table shows the executive branch request, the provisions of the House bill, the Senate amendment, and the conference substitute, with respect to the authorization of appropriations]

[In thousands of dollars]

Program	Executive branch request	House bill	Senate amendment	Conference substitute
Department of State:				
Administration of foreign affairs	741, 820	762, 005	742, 426	[1] 762, 005
International organizations and conferences	400, 537	389, 412	389, 462	[2] 389, 412
International commissions	31, 278	21, 839	21, 839	21, 839
Educational exchange	83, 100	88, 100	101, 100	94, 600
Migration and refugee assistance	30, 054	53, 054	64, 554	[3] 63, 554
Subtotal	1, 286, 789	1, 314, 410	1, 319, 381	1, 331, 410
U S Information Agency:				
Salaries and expenses	269, 286	269, 286	269, 286	269, 286
Special international exhibitions	4, 360	4, 360	4, 360	4, 360
Acquisition and construction of radio facilities	13, 032	19, 872	19, 872	19, 872
Subtotal	286, 678	293, 518	293, 518	293, 518
Board for International Broadcasting	63, 985	68, 980	63, 985	[4] 68, 980
Total	1, 637, 452	1, 676, 908	1, 676, 884	1, 693, 308

[1] Beyond the executive branch request for administration of foreign affairs, the conference substitute provides $19,559,000 in additional foreign building funding in order to acquire certain rental properties, $441,000 for new passport field agencies. $165,000 for 6 new positions in the Department's Bureau of Oceans and International and Scientific Affairs, and $20,000 for 2 consular positions.

[2] See United States-European Community Interparliamentary Group.

[3] Beyond the executive branch request for migration and refugee assistance, the conference substitute provides and earmarks an additional $20,000,000 for assistance to refugees from the the Soviet Union and countries in Eastern Europe, and allows an additional $7,000,000 for African refugees, $6,000,000 for the resettlement of refugees in the United States, and an additional $500,000 contribution to the International Committee for the Red Cross.

[4] See currency fluctuations and RFE/RL operations.

EXCHANGE OF PERSONS ACTIVITIES

The Senate amendment earmarked $75 million of the amount authorized in the "Educational Exchange" category for exchange-of-persons activities.

The House bill did not contain a comparable provision.

The conference substitute deletes the Senate provision. In the interests of diversifying and strengthening educational exchange programs, the conference substitute sets forth a requirement in section 107 that the Secretary of State report to the Speaker of the House and the Senate Foreign Relations Committee on measures taken for that purpose by January 1, 1978. The conferees feel that educational exchange programs will continue to be of great value and urge the Secretary to consider recommending to Congress an increase of funds for this purpose.

ASSISTANCE TO REFUGEES IN AFRICA AND TO REFUGEES RESETTLING IN THE UNITED STATES

The Senate amendment earmarked $8 million of the amount authorized for migration and refugee assistance for the U.N. High Commissioner for Refugees to assist African refugees and not to exceed $6 million for voluntary agencies to assist refugees generally to resettle in the United States.

The House bill did not contain a comparable provision.

The conference substitute removes the earmarkings of funds contained in the Senate provision but retains those funds in the general authorization. The committee of conference feels that current funding for the African refugee program is inadequate. Considering the increasing gravity of the refugee problem in Africa, increased authorization will provide flexibility for the State Depart-

ment to seek additional resources for assistance to African refugees. The committee of conference agreed that authorization of $6 million for assistance to refugees who wish to come to the United States will insure adequate authority for funding for resettlement aid.

CONNECTICUT PASSPORT FIELD AGENCY

The Senate amendment earmarked $147,000 for the establishment of a passport field agency in Connecticut.

The House bill did not contain a comparable provision.

The conference substitute omits the earmarking in the Senate provision but retains the funds provided for passport offices in the Senate provision for Houston, Detroit, and Connecticut. The committee of conference, however, emphasizes that it is important that the Passport Office be able to provide passports efficiently and conveniently to Americans and therefore urges the Secretary of State to conduct a comprehensive review of present and anticipated requirements of passport field offices and to report his findings to the appropriate committees of Congress by January 1, 1978. In view of the fact that authority and funds are now available for passport offices in Houston, Detroit, and Connecticut, the committee of conference intends that the Department, without awaiting the results of this report, give priority attention to the establishment of these three offices.

U.S. CONTRIBUTION TO INTERNATIONAL COMMITTEE OF THE RED CROSS (ICRC)

The Senate amendment repealed the existing authorization for an annual appropriation of $500,000 for contribution to the ICRC. Instead, it provided that such sums as are necessary for an annual contribution of up to $1 million shall be requested annually by the President and made available through the authorization-appropriation process for this purpose.

The House bill did not contain a comparable provision.

The conference substitute is identical to the Senate provision.

AMERICANS INCARCERATED ABROAD

The House bill provided authority for the State Department to give emergency assistance to Americans incarcerated abroad who are otherwise unable to obtain such assistance.

The Senate amendment encouraged the State Department to assist Americans incarcerated abroad and required an annual report to Congress on the prisoners' status, including an assessment of the performance of Embassy and consular personnel in assisting them.

The conference substitute is the same as the Senate provision except that the date of the required annual report is changed. The committee of conference notes the separate statutory requirement for periodic reports on Americans incarcerated in Mexico and emphasizes the continuing need for these reports. The House provision was deleted because a similar provision had been enacted earlier.

CERTAIN NONIMMIGRANT VISAS

The Senate amendment provided that, for the purpose of achieving U.S. compliance with the Helsinki accords, the Secretary of State, within 30 days of a nonimmigrant visa application by any alien excludible from the United States solely because of membership in or affiliation with a proscribed organization, *shall* (1) recommend that the Attorney General grant approval for the issuance of such a visa; or (2) certify in writing to the chairmen of the Senate Foreign Relations Committee and the House International Relations Committee that the admission of such alien would threaten the security of the United States.

The House bill did not contain a comparable provision.

The conference substitute provides that, for the purpose of achieving greater U.S. compliance with the Helsinki accords, and encouraging other countries to comply, the Secretary of State, within 30 days of receipt of a nonimmigrant visa application by any alien excludible from the United States solely because of membership in or affiliation with a proscribed organization, *should* recommend that the Attorney General grant approval for the issuance of such a visa unless he determines that the admission of such alien would be contrary to the security interests of the United States and so certifies to the Speaker of the House and the chairman of the Senate Foreign Relations Committee. This provision reflects the serious interest of the Congress in moving the United States toward greater compliance with the Helsinki Final Act and in encouraging other signatory nations to comply. This provision does not affect the authority of the Attorney General to deny waiver requests.

STRENGTHENING EDUCATIONAL EXCHANGE PROGRAMS

The Senate amendment set forth a congressional finding that educational exchange programs should be diversified and strengthened and required the Secretary of State to report to Congress on measures taken for this purpose by a certain date.

The House bill did not contain a comparable provision.

The conference substitute is essentially the same as the Senate provision.

FOREIGN SERVICE BUILDINGS

The House bill made clear the authority of the Secretary of State to utilize authority in the Foreign Service Buildings Act for the acquisition, operation, and maintenance of foreign buildings with funds appropriated for such purposes under the authority of an act other than the Foreign Service Buildings Act. The House bill also authorized the Secretary of State to acquire sites and buildings by leaseholds under 10 years in duration to facilitate lease-purchase arrangements.

The Senate amendment contained no comparable provision.

The conference substitute is the same as the House provision.

PUBLIC PARTICIPATION IN STATE DEPARTMENT PROCEEDINGS

The Senate amendment authorized the use each year, from funds appropriated to the Department of State for salaries and expenses, of not to exceed $250,000 for the purpose of financing the participation of public interest groups in State Department proceedings, advisory committees, and delegations.

The House bill contained no comparable provision.

The conference substitute is identical to the Senate provision.

ELEVATION OF COORDINATOR FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS TO ASSISTANT SECRETARY STATUS

The House bill elevated the Coordinator for Human Rights and Humanitarian Affairs to as Assistant Secretary for Human Rights. In doing so, it eliminated the provision that the duties of the position (i.e., responsibility for matters pertaining to human rights and humanitarian affairs) include responsibility for matters relating to refuges, prisoners of war, and missing in action.

The Senate amendment elevated the Coordinator to an Assistant Secretary for Human Rights and Humanitarian Affairs. It made no change in the language describing the duties of the position.

The conference substitute is the same as the Senate provision.

DEFINITION OF HUMAN RIGHTS

The Senate amendment broadened the definition of human rights in section 502B of the Foreign Assistance Act relating to international security assistance to include, but not be limited to, the consent of the governed, the rule of law, individual freedom, and minority rights.

The House bill did not contain a comparable provision.

The conference substitute deletes the Senate provision.

REPORT ON OFFICE OF HUMAN RIGHTS AND HUMANITARIAN AFFAIRS

The Senate amendment required a report by January 31, 1978, on the Office of Assistant Secretary for Human Rights and Humanitarian Affairs, including its current mandate and operations, the mandate and operations of its predecessor offices, and proposals for the reorganization of the Department of State that would strengthen human rights and humanitarian considerations in the conduct of U.S. foreign policy and promote the ability of the United States to participate effectively in international humanitarian efforts.

The House bill did not contain a comparable provision.

The conference substitute is identical to the Senate provision.

UNITED STATES-VATICAN DIPLOMATIC RELATIONS

The Senate amendment repealed the prohibition against formal United States-Vatican diplomatic relations which was enacted in 1867.

The House bill did not contain a comparable provision.

The conference substitute deletes the Senate provision.

LIABILITY OF CONSULAR OFFICERS

The House bill repealed existing law which authorizes suits against U.S. consular officers for damages resulting from neglect or failure to perform any duty imposed by law or by an order pursuant to the law in a timely fashion.

The Senate amendment did not contain a comparable provision.

The conference substitute is identical to the House provision.

PANAMA CANAL

The House bill provided: "Any new Panama Canal treaty or agreement negotiated with funds appropriated under this title must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal."

The Senate amendment did not contain a comparable provision.

The conference substitute is the same as the House provision.

PROHIBITION RELATING TO AID TO VIETNAM

The House bill prohibited the use of funds in this act with respect to reparations, aid, or any other form of payment to Vietnam.

The Senate amendment contained a prohibition relating to U.S. commitments for reparations or aid to Vietnam. It also provided that the President shall continue to take all possible steps to obtain a final accounting of POW's and MIA's.

The conference substitute retains the Senate provision with respect to POW's and MIA's and further provides that none of the funds authorized in this act shall be used for the purpose of reparations, aid, or any other form of payment to Vietnam.

COMPENSATION OF IMPRISONED ALIEN EMPLOYEES

The House bill allowed compensation to be paid to alien employees of the U.S. Government who are imprisoned by a foreign government as a result of such employment, as determined by the Secretary of State.

The Senate amendment was similar but allowed the Director of Central Intelligence to determine whether U.S. employment was the cause for imprisonment in the case of alien employees of the CIA.

The conference substitute is the same as the Senate provision.

CAREER CANDIDATE PROGRAM

The House bill permitted promotion of career Foreign Service candidates "during the trial period to the extent warranted under regulations which the Secretary shall prescribe."

The Senate amendment limited promotion of career candidates to class 6 during the trial period.

The conference substitute is the same as the Senate provision.

SPECIAL ANNUITY FOR CERTAIN FOREIGN SERVICE OFFICERS

The House bill authorized payment of retirement benefits, subject to certain restrictions, to certain Foreign Service officers because class 3 who were selected-out of the Foreign Service because they were not promoted within a prescribed period of time and for no other reason.

The Senate amendment did not contain a comparable provision.

The conference substitute is the same as the House provision.

The House provision corrects a unique inequity with respect to the six former Foreign Service officers selected-out from the Foreign Service after more than 20 years of service without entitlement to an immediate annuity. The officers were selected-out for failure to be promoted from class 4 to class 3 within the period prescribed by regulations. When the officers in question entered class 4, the Department's regulation fixed this period at 10 years. However, in January 1967 the Department announced that commencing in June 1968, those not promoted from class 4 to class 3 in 8 years would be separated. Although the six were all judged to be good officers, there were not sufficient vacancies for them to be promoted to class 3 within 8 years. As a consequence, they were separated from the Service and were not entitled to an immediate annuity. By contrast, officers involuntarily separated at class 3 or higher were and are entitled to immediate annuities regardless of age and/or years of service.

This unusual set of circumstances could no longer occur because in 1972, the Department changed its regulations to permit officers who advance to the mid-career levels and who are performing effectively to remain in service to age 50 even though they fail to earn promotions on the prescribed schedule. At age 50 with 20 years of service, Foreign Service officers are eligible for immediate annuities.

The Department of State and the Civil Service Commission strongly opposed the House provision on grounds it would set a precedent for civil service employees who lose their jobs after long service through no fault of their own and who are separated without entitlement to immediate annuities. The committee of conference believes this view to be invalid. Civil service employees are not separated for failure to be promoted and are not subject to rule changes in "midstream" which affect their retention.

Retirement policy for military personnel, it should be noted, is in no way affected by adoption of the House provision inasmuch as members of the uniformed services, regardless of age, are entitled to annuities after completion of 20 years of active service.

Accordingly, the committee of conference does not view this provision as establishing a precedent for any other group and would recommend that the Congress not support legislation using this provision as a precedent for remedial action.

AMBASSADORS FOR SPECIAL MISSIONS

The Senate amendment required that before exercising his authority to confer the rank of Ambassador upon an individual for up to 6 months without Senate confirmation, the President transmit to the Senate Foreign Relations Committee notice of his intent along with materials relating to the individual's financial interests, political contributions, potential conflicts of interest, and other information that would be submitted in connection with a nominee requiring confirmation.

The House bill did not contain a comparable provision.

The conference substitute retains the requirements for submission to the Senate Foreign Relations Committee of materials relating to potential conflicts of interest, but deletes the requirement for submission of other materials and information set forth in the Senate provision.

COMPENSATION FOR JUNIOR FOREIGN SERVICE OFFICERS

The Senate amendment excluded Foreign Service officers from civil service law which requires overtime pay for certain Federal employees of GS–10 or lesser rank. In order to compensate for the elimination of such overtime income, the amendment provided for a slight upward adjustment ($250 per year) in the annual pay of FSO classes 5 through 8.

The House bill did not contain a comparable provision.

The conference substitute is the same as the Senate provision, except that this provision will not become effective until October 1, 1978.

EMPLOYMENT OF FOREIGN SERVICE SPOUSES

The Senate amendment directed the Department of State to assist Foreign Service spouses and other family members to obtain employment at United States missions abroad and in foreign economies, and required a report to Congress on actions taken pursuant to this directive.

The House bill did not contain a comparable provision.

The conference substitute is essentially the same as the Senate provision.

LANGUAGE TRAINING FOR FOREIGN SERVICE SPOUSES

The Senate amendment expressed the sense of Congress that, in order to increase the effectiveness of United States diplomatic representation abroad, the Secretary of State should make greater use of his existing authority so as to increase language training opportunities for family members of Foreign Service personnel. The provision also required a report on the steps taken pursuant to this section and on any obstacles which prevent provision of a complete language training program for families of Foreign Service personnel.

The House bill did not contain a comparable provision.

The conference substitute is the same as the Senate provision, except the word "comprehensive" is substituted for the word "complete".

USIA FACILITIES IN SOWETO, REPUBLIC OF SOUTH AFRICA

The House bill required the Director of the USIA to prepare and submit to the Secretary of State plans for the replacement of the USIA's facilities in Soweto, Republic of South Africa.

The Senate amendment did not contain a comparable provision.

The conference substitute is identical to the House provision.

DISTRIBUTION WITHIN THE UNITED STATES OF CERTAIN FILMS PREPARED BY THE USIA

The House bill authorized the release for public showing within the United States of a film entitled "Hirshhorn Museum and Sculpture Garden" and of any of the films sponsored by the USIA for its "Young Filmmakers Bicentennial Film Series."

The Senate amendment authorized the deposit of 24 USIA films in the John F. Kennedy Library in Boston, and authorized the release for public showing within the United States of the USIA film "Man in the Environment." Commercial use or exploitation of these films was expressly prohibited and, for the JFK films, reimbursement of U.S. expenses was expressly required.

The conference substitute combines the provisions of the House bill and the Senate amendment thereby authorizing release of all of the specified films. The conference substitute, however, deletes the prohibition on commercial use or exploitation, in view of the fact that existing copyright laws adequately protect these films.

CURRENCY FLUCTUATIONS AND RFE/RL OPERATIONS

The House bill continued the provision of existing law which provides that (1) $5 million of the Board for International Broadcasting annual authorization shall be available only to the extent necessary (as determined and certified to Congress by the Director of the Office of Management and Budget), because of downward fluctuations in foreign currency exchange rates, to maintain the budgeted level of operation of Radio Free Europe/Radio Liberty; and (2) the Director of the Office of Management and Budget shall place in reserve and inform the Congress of any amount appropriated for the Board for International Broadcasting which, because of upward fluctuations in foreign currency rates, is in excess of the amount necessary to maintain the budgeted level of operation of Radio Free Europe/Radio Liberty.

The Senate amendment did not contain a comparable provision.

The conference substitute is the same as the House provision.

BOARD FOR INTERNATIONAL BROADCASTING—TECHNICAL AMENDMENTS

The House bill reflected a name change in Radio Free Europe and Radio Liberty and made the necessary technical changes in existing law to reflect the Radios' new corporate consolidation into the entity "RFE/RL, Inc.".

The Senate amendment did not contain a comparable provision.

The conference substitute is the same as the House provision.

The House bill provided for technical changes in existing law to reflect the consolidation of Radio Free Europe and Radio Liberty into the single entity "Radio Free Europe/Radio Liberty (RFE/RL, Inc.)".

STRENGTHENING INFORMATION, EDUCATION, CULTURAL, AND BROADCASTING ACTIVITIES

The Senate amendment established certain broad principles which should govern a reorganization of the State Department and USIA in the area of information and cultural activities and required the President to prepare and submit to Congress by October 31, 1977, a reorganization plan taking into account the findings of certain recent Government studies on this subject.

The House bill did not contain a comparable provision.

The conference substitute requires the President to prepare and submit to the chairmen of the Committee on Foreign Relations and the Committee on International Relations by October 31, 1977, recommendations for reorganizing the international information, education, cultural, and broadcasting activities of the U.S. Government, taking into account the findings of certain recent studies on this subject.

ACCEPTING EMPLOYMENT WITH A FOREIGN GOVERNMENT

The House bill authorized certain retired U.S. Government employees to accept employment with a foreign government.

The Senate amendment contained an identical provision except that the Senate provision amended title 10 of the United States Code (relating to the Armed Forces).

The conference substitute is identical to the House provision.

UNITED NATIONS REFORM

The Senate amendment set forth certain findings of Congress with respect to the need for United Nations reform, stated the United States should have a position on and give appropriate consideration to proposals involving various United Nations issues, and required a report to Congress by the President on his recommendations for reform of the United Nations.

The House bill did not contain a comparable provision.

The conference substitute deletes that portion of the Senate provision with respect to the findings of Congress, but essentially retains the remainder of the Senate provision.

INTERNATIONAL FOOD RESERVE

The Senate amendment expressed the sense of Congress that the President should initiate a major diplomatic initiative toward the creation of an international system of nationally held grain reserves which provides for supply assurances to consumers and income security to producers.

The House bill did not contain a comparable provision.

The conference substitute is identical to the Senate provision.

UNITED STATES POLICY TOWARD KOREA

The Senate amendment declared that (1) U.S. policy toward Korea should be arrived at jointly by the President and the Congress; (2) any implementation of the President's policy of phased troop withdrawal from Korea should be consistent with the security interests of South Korea and the interests of the United States in Asia, notably Japan; (3) such policy should involve appropriate consultations between the United States and those governments directly involved; and (4) any implementation of such policy shall be carried out in regular consultation with the Congress. Accordingly, the President was required to submit a report to Congress by February 15, 1978, and annually thereafter until the completion of any such withdrawal, assessing the implementation of the foregoing policy.

The House bill did not contain a comparable provision.

The conference substitute is the same as the Senate provision.

FOREIGN INFORMATION OFFICES IN THE UNITED STATES

The Senate amendment provided that "It is the sense of the Congress that any foreign country should be allowed to maintain an information office in the United States."

The House bill did not contain a comparable provision.

The conference substitute is the same as the Senate provision with the addition of the phrase "if maintenance of such offices is consistent with United States law."

BELGRADE CONFERENCE

The Senate amendment expressed the finding of Congress that the Belgrade Conference on the Helsinki accords provides the United States an important forum to press its case for human rights and that the emphasis should be translated into concern for specific individuals. In particular, the Senate amendment instructed the U.S. delegation to express its concern for Anatoly Shcharansky.

The House bill did not contain a comparable provision.

The conference substitute retains the Senate provision with an amendment changing the word "instructs" to "urges". The committee of conference notes that the Congress and the public in general have expressed a deep interest in the case of Shcharansky.

UNITED NATIONS SPECIAL SESSION ON DISARMAMENT

The Senate amendment noted the decision of the U.N. General Assembly to convene a special session on disarmament in the spring of 1978 and requested the President, not later than January 31, 1978, to submit to Congress a report, under appropriate classification, which outlines procedures to be followed by the executive branch in preparing for the special session and contains the U.S. position likely to be presented.

The House bill did not contain a comparable provision.

The conference substitute requests that the Secretary of State, at an appropriate date, report to the appropriate committees of Congress on procedures which the executive branch is following in preparing for the special session and on U.S. objectives at that session.

NEGOTIATIONS WITH CUBA

The Senate amendment expressed the sense of Congress that any negotiations toward the normalization of relations with Cuba should be conducted deliberately, on a reciprocal basis and with the aim of protecting the basic rights of U.S. citizens whose persons or property are subject to such negotiations. The section also expressed the sense of Congress that Cuban policies regarding the use of its military and paramilitary personnel beyond its borders and its disrespect for human rights must be taken into account in any such negotiations.

The House bill did not contain a comparable provision.

The conference substitute is identical to the Senate provision.

INTER-AMERICAN FOUNDATION

The House bill amended the Foreign Assistance Act of 1969 to authorize the appropriation of not to exceed $25 million for each fiscal year (beginning with fiscal year 1979) for the Inter-American Foundation.

The Senate amendment did not contain a comparable provision.

The conference substitute is the same as the House provision, except that authorization is provided only for fiscal years 1979 and 1980.

UNITED STATES-EUROPEAN COMMUNITY INTERPARLIAMENTARY GROUP

The Senate amendment established a statutory base for a United States-European Community Interparliamentary Group. The language of the Senate provision was similar to the existing statutes providing for the North Atlantic Assembly, the Inter-Parliamentary Union, and the Mexico-United States Groups. The Senate provision set an annual ceiling of $50,000 subject to the annual authorization/appropriation process, to meet the expenses of the group.

The House bill did not contain a comparable provision.

The conference substitute deletes the Senate provision.

The committee of conference recognizes that the Group under the present format has been an extremely useful instrument for interested Members of Congress to exchange views and information with the members of the European Parliament. The committee of conference urges the appropriate committees to provide adequate funding in order to support the continued participation of Members of Congress in this activity.

FOREIGN GIFTS AND DECORATIONS

The Senate provision contained a comprehensive amendment to the 1966 Foreign Gifts and Decorations Act, providing:

—that gifts of more than minimal value must be reported by the recipient to his employing agency and deposited with the U.S. Government within 60 days of re-receipt:

—for penalties for failure to report and deposit such gifts;

—for a change in the definition of minimal value to $100 to reflect inflation (the current law is silent but present regulations set minimal value at $50);

—for coverage of per diem experts and consultants;

—for the application of the act to foreign quasi-governmental and multilateral organizations;

—for the disposal of gifts by (a) return to giver, or (b) donation, transfer, or sale on accordance with existing law (including negotiated sale, perhaps to the original recipient);

—for the acceptance from foreign governments of travel and travel expenses under certain circumstances;

—for the acceptance of decorations or awards for meritorious performance, subject to the approval of the employing agency;

—for an annual publication in the Federal Register of all gifts reported to the various branches of Government.

—that no gifts of more than minimal value shall be given by the U.S. Government using appropriated funds unless authorized by Congress or unless purchased from a specified State Department account;

—that all such gifts of more than minimal value purchased using appropriated funds, and also any gifts which did not involve the use of appropriated funds, shall be annually reported to the Senate Foreign Relations Committee and the House International Relations Committee; and

—for the Secretary of State, through U.S. embassies, to inform foreign governments "that it is the general policy of the U.S. Government to prohibit U.S. Government employees from receiving foreign gifts or decorations of more than minimal value."

The House bill did not contain a comparable provision.

The conference substitute is essentially the same as the Senate provision with an amendment to make those portions of the substitute relating to gifts from foreign governments effective January 1, 1978, rather than upon enactment, in order to allow various government agencies time to promulgate implementing regulations.

With respect to gifts to foreign individuals, the substitute provision will become effective on October 1, 1977.

Regarding the restrictions on gifts of more than minimal value to foreign individuals, it is the intent of the committee of conference that the detailed description of the USIA book presentations program contained in that Agency's annual budget submission to the House International Relations Committee and the Senate Foreign Relations Committee shall be construed as having satisfied the requirement for congressional approval, unless the Congress indicates its disapproval.

INTERNATIONAL BOUNDARY AND WATER COMMISSION

The Senate amendment amended two previous boundary and water acts to authorize, in addition to the amounts already authorized for operation and maintenance at the project involved, "plus or minus such amounts as may be justified" by reason of ordinary fluctuations in operation and maintenance costs * * *." In addition, it provided that the specific amount authorized by existing law for maintenance expenses are, in the case of the lower Rio Grande drainage conveyance canal project, to be "based on estimated calendar year 1976 costs" and, in the case of the lower Colorado River emergency flood control works, to be "based on December 1975 prices." The Senate amendment also changed the per diem rate for Boundary and Water Commission consultants and temporary employees form $100 per day to the maximum daily rate of a GS–15.

The House bill did not contain a comparable provision.

The conference substitute is identical to the Senate provision.

PROHIBITION AGAINST CIVILIAN MILITARY OPERATIONS

The Senate amendment amended the Neutrality Act of 1939 by adding a section making it unlawful for any person within the United States who is not legally authorized to knowingly engage, directly or indirectly, in any military or paramilitary activity in or against any foreign state (or its aircraft or vessels) with which the United States is not at war or to engage, directly or indirectly, in the assault, kidnapping, or killing of any resident of such foreign state.

The House bill did not contain a comparable provision.

The conference substitute deletes the Senate provision because certain technical refinements were found to be necessary.

ADVANCE APPROPRIATIONS

The House bill provided that no authority to make payments under this act shall be effective except to such extent or in such amounts as are provided in advance in appropriation acts.

The Senate amendment did not contain a comparable provision.

The conference substitute deletes the House provision as it is no longer required under the Congressional Budget Act, which provides that legislation creating new spending authority may not be considered on the floor of either House until after May 15 preceding the beginning of the new fiscal year.

TITLE OF THE ACT

The House bill designated this act as "An Act to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes."

The Senate amendment designated this act as "An Act to authorize appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting; to establish for those agencies requirements and guidelines regarding policy and procedure; and for other purposes".

The conference substitute designates this act as "An Act to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

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HELEN MEYNER,
WYCHE FOWLER,
WM. BROOMFIELD,
JOHN BUCHANAN,
J. HERBERT BURKE,
Managers on the Part of the House.

JOHN SPARKMAN,
GEORGE MCGOVERN,
CLAIBORNE PELL,
JOE BIDEN,
CLIFFORD P. CASE,
CHARLES H. PERCY,
HOWARD BAKER,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 7555

Mr. FLOOD submitted the following conference report and statement on the bill (H.R. 7555) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending September 30, 1978, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 95–338)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7555) "making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending September 30, 1978 and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 6, 7, 23, 24, 26, 40, 41, 46, 49, 50, 67, 69, 83, 84, and 87. That the House recede from its disagreement to the amendments of the Senate numbered 8, 29, 30, 33, 47, 48, 51, 53, 60, 71, 74, 75, 78, 81, 85, and 86, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,377,930,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$190,400,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$111,280,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$82,857,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,274,586,000"; and the Senate agree to the same.

Amendment number 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,400,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$867,136,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$445,642,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$60,981,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$258,461,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$177,000,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$161,042,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$230,396,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$165,261,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$37,000,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendemnt, as follows: In lieu of the sum proposed by said amendment insert "$938,882,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert "$786,869,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$24,678,000;" and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,173,550,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,173,550,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$19,000,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "($190,000,000)"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,500,000"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$310,200,000"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$51,250,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$20,000,000"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,599,503,000"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$115,000,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: Restore the matter stricken by said amendment amended to read as follows: "and $2,000,000 shall be for part A–5"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$435,000,000"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,160,000,000"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,140,000,000"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "($167,500,000)"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$253,212,000"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "($8,250,000)"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$100,659,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$35,879,000"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$71,950,000"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,195,978,000"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,000,000"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$596,353,000"; and the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$152,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 12, 13, 28, 31, 32, 45, 59, 66, 68, 72, 76, 79, 80, and 82.

DANIEL J. FLOOD,
WILLIAM H. NATCHER,
NEAL SMITH,
EDWARD J. PATTEN,
DAVID R. OBEY,
EDWARD R. ROYBAL
(except 78 to 80 inclusive and 82),
LOUIS STOKES
(except as to amendments 78 through 80, and 82),
JOSEPH D. EARLY,
GEORGE MAHON,
SILVIO O. CONTE,
GEORGE M. O'BRIEN,
Managers on the Part of the House.

WARREN G. MAGNUSON,
ROBERT C. BYRD,
WILLIAM PROXMIRE,
ERNEST F. HOLLINGS,
THOMAS F. EAGLETON
(but in agreement with House language on abortion),
BIRCH BAYH,
LAWTON CHILES,
QUENTIN N. BURDICK,
JOHN L. MCCLELLAN,
EDWARD W. BROOKE
(except for the anti-busing language which I consider unconstitutional),
CLIFFORD P. CASE
(except for the anti-busing language which I consider unconstitutional),
RICHARD S. SCHWEIKER,
MILTON R. YOUNG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7555) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1978, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF LABOR

Employment and Training Administration

Employment and Training Assistance

Amendment No. 1: Appropriates $3,377,930,000, instead of $3,237,930,000 as proposed by the House, and $3,619,930,000 as proposed by the Senate. The conference agreement includes the following increases over the House bill: $42,000,000 for national training programs under title III of the Comprehensive Employment and Training Act and $98,000,000 for summer youth employment for the summer of 1978. The amount provided for summer youth employment will sup-

port approximately 1,165,000 enrollment opportunities.

The Conferees are agreed that of the amount recommended, sufficient funds shall be made available to provide continued funding during the period July, 1978 through June, 1979 for approximately 2,600 Community Service Job positions for older Americans originally funded through projects administered by the Administration on Aging under Title X of the Public Works and Economic Development Act and later funded by the Department of Labor under the Comprehensive Employment and Training Act. In addition, the Secretary of Labor is directed to make available sufficient funds, as needed, to support State-developed, drought-related emergency employment projects.

Community Service Employment for Older Americans

Amendment No. 2: Appropriates $190,400,000, instead of $180,400,000 as proposed by the House, and $200,000,000 as proposed by the Senate.

Amendment No. 3: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment earmarking $152,320,000 for section 906(a)(1) of the Older Americans Act, instead of $144,400,000 as proposed by the House, and $100,000,000 as proposed by the Senate.

The conferees are agreed that the amount in the bill, $190,400,000, will support a level of 47,500 jobs and shall be utilized for a 12-month period beginning July 1, 1978 and ending June 30, 1979. During this period, it is the intent of the conferees that 38,000 jobs be allocated to national contractors and that 9,500 jobs be allocated to the States according to the formula in the basic law.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Grants to States for Unemployment Insurance and Employment Services

Amendment No. 4: Authorizes $1,529,000,000 to be expended from the Employment Security Administration account in the Unemployment Trust Fund, as proposed by the House, instead of $1,549,000,000, as proposed by the Senate.

Employment Standards Administration

Salaries and Expenses

Amendment No. 5: Appropriates $111,280,000, instead of $108,780,000 as proposed by the House, and $112,280,000 as proposed by the Senate. The increase of $2,500,000 over the House bill is for administration of the black lung program, including 100 additional permanent positions.

Occupational Safety and Health Administration

Salaries and Expenses

Amendment No. 6: Deletes "(1)" proposed by the Senate.

Amendment No. 7: Deletes language proposed by the Senate which would have prohibited the assessment of civil penalties for first-instance nonserious violations of the Occupational Safety and Health Act unless OSHA consulted with the violator on possible actions to correct the violations as soon as possible after the initial discovery of the violations and the violations were not corrected within a reasonable time, as determined by the Assistant Secretary.

The Conferees are concerned that adequate emphasis be given to consultation services with employers, particularly with respect to serious hazards. In the past too much attention has been given to minor citations in lieu of efforts to encourage employers to voluntarily comply with health and safety regulations.

The Secretary of Labor is hereby directed by the Conferees to develop a detailed plan for providing mandatory consultation services to all small businesses in all States and Territories and submit it to the House and Senate Appropriations Committees by January 1, 1978.

The Conferees are agreed that the bill includes $34,105,000 for State programs and $60,651,000 for Federal inspections, including 100 additional health compliance positions.

Amendment No. 8: Deletes language proposed by the House which would have prohibited the Occupational Safety and Health Administration from promulgating regulations, excepting those complying with Executive Order No. 11949.

Bureau of Labor Statistics

Salaries and Expenses

Amendment No. 9: Appropriates $82,857,000, instead of $80,857,000 as proposed by the House, and $84,032,000 as proposed by the Senate. The conference agreement includes $1,000,000 and 52 permanent positions for a job vacancy survey.

Title II—Department of Health, Education, and Welfare, Health Services Administration

Health Services

Amendment No. 10: Appropriates $1,274,586,000, instead of $1,187,571,500 as proposed by the House, and $1,387,046,000 as proposed by the Senate. The conference agreement includes the following changes from the amounts proposed by the House:

Genetic Information and Counseling	+$4,000,000
Maternal and Child Health:	
Grants to States	+17,500,000
Sudden Infant Death Information	+1,284,000
Research and Training	+646,000
Family Planning	+11,385,000
Hypertension	+1,000,000
Home Health Services	−2,000,000
Program Support	−500
Public Health Service Hospitals and Clinics	+35,000,000
Public Health Service Hospita'ls—Construction and Modernization	+15,000,000
Payment to Hawaii	+200,000
Emergency Medical Services	+3,000,000

The Conferees agree that the P.H.S. Hospitals and Clinics construction and modernization projects are to be considered by the appropriate State and local health planning agencies prior to the expenditure of these funds.

The Conferees also agree that the additional $3,000,000 provided for the Emergency Medical Services Program, together with $925,000 of funds appropriated to the National Center for Health Services Research, shall be available to support research projects in Emergency Medical Services at the same level as in fiscal 1977.

Amendment No. 11: Earmarks $1,400,000 for payments to the State of Hawaii for care and treatment of persons afflicted with Hansen's Disease (Leprosy), instead of $1,200,000 as proposed by the House, and $2,200,000 as proposed by the Senate.

Amendment No. 12: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, amended to read as follows: "leprosy, and $15,000,000 to remain available until expended, shall be for construction and renovation of Public Health Service hospitals and clinics."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Center for Disease Control

Preventive Health Services

Amendment No. 13: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which will appropriate $211,505,000, instead of $209,426,000 as proposed by the House and $210,255,000, as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The changes from the amount proposed by the House are as follows:

Venereal Disease Control	+$5,000,000
Immunization	+1,000,000
Lead-Based Paint Poisoning Prevention	+1,750,000
Disease Surveillance	−2,107,000
Health Education	−2,564,000
Occupational Health—Direct Operations	−1,000,000

In light of the commitment of the Administration and the Congress to protect the health and safety of workers, the Secretary is directed to survey the research and facilities needs of NIOSH to determine whether they are adequate. If the Secretary finds that he does not have adequate funds to carry out such a survey, he is directed to request additional funds.

The Conferees agree that within the Center for Disease Control, sufficient funds shall be allocated to maintain the diabetes control program at no less than the fiscal year 1977 level.

National Institutes of Health

National Cancer Institute

Amendment No. 14: Appropriates $867,138,000, instead of $831,936,000 as proposed by the House and $920,000,000, as proposed by the Senate.

National Heart, Lung, and Blood Institute

Amendment No. 15: Appropriates $445,642,000, instead of $432,642,000, as proposed by the House and $456,000,000, as proposed by the Senate.

The Conferees reaffirm the language in the House report directing the Institute to continue its support of the sickle cell screening program at a level of $3,750,000.

National Institute of Dental Research

Amendment No. 16: Appropriates $60,981,000, instead of $58,981,000, as proposed by the House, and $63,000,000, as proposed by the Senate.

National Institute of Arthritis,, Metabolism, and Digestive Diseases

Amendment No. 17: Appropriates $258,461,000, instead of $237,461,000, as proposed by the House and $273,000,000, as proposed by the Senate.

The Conferees reaffirm the language in the House report that the Institute substantially expand its research on vitiligo.

National Institute of Neurological and Communicative Disorders and Stroke

Amendment No. 18: Appropriates $177,000,000, instead of $175,000,000, as proposed by the House; and $179,000,000, as proposed by the Senate.

National Institute of Allergy and Infectious Diseases

Amendment No. 19: Appropriates $161,042,000, instead of $157,042,000, as proposed by the House and $162,000,000, as proposed by the Senate.

The Conferees reaffirm the language in the House report that the Institute establish a program for interdisciplinary research in im-

munology consisting of three pilot centers to be geographically dispersed and university based.

National Institute of General Medical Sciences

Amendment No. 20: Appropriates $230,396,000, instead of $225,396,000, as proposed by the House and $235,000,000, as proposed by the Senate.

National Institute of Child Health and Human Development

Amendment No. 21: Appropriates $165,261,000, instead of $162,761,000, as proposed by the House and $167,000,000, as proposed by the Senate.

National Institute on Aging

Amendment No. 22: Appropriates $37,000,000, instead of $39,000,000, as proposed by the House and $35,000,000, as proposed by the Senate.

National Eye Institute

Amendment No. 23: Appropriates $85,000,000, as proposed by the House instead of $74,952,000, as proposed by the Senate.

National Institue of Environmental Health Sciences

Amendment No. 24: Appropriates $63,600,000, as proposed by the House instead of $58,000,000, as proposed by the Senate.

The Senate Conferees reaffirm the concern expressed in the Senate report that NIEHS is drifting and attempting to deal with the vital elements of its mission by using a widely scattered approach; and moveover that the Institute is doing a poor job of educating the public and the Congress as to what its programs are, what the actual needs are, and what results or progress have been made thus far.

Alcohol, Drug Abuse, and Mental Health Administration

Alcohol, Drug Abuse, and Mental Health

Amendment No. 25: Appropriates $938,882,000 instead of $931,020,000 as proposed by the House and $947,745,000 as proposed by the Senate. The Conference agreement includes the following changes from the amounts proposed by the House:

Mental Health:	
Community Mental Health Centers (New starts)	+$3,612,000
Financial Distress	+500,000
Alcoholism:	
Project Grants and Contracts	+3,750,000

Health Resources Administration

Health Resources

Amendment No. 26: Deletes legal citation proposed by the Senate to establish and fund the Area Health Services Development Fund.

Amendment No. 27: Appropriates $786,869,000 instead of $754,119,000 as proposed by the House and $793,091,000 as proposed by the Senate. The conference agreement includes the following changes from the amount proposed by the House:

Health Planning	+$5,000,000
Special Medical Facilities	+1,750,000
Health Teaching Facilities	+3,500,000
Health Professions Student Loans	+10,000,000
National Health Service Scholarships	+5,000,000
Health Professions Special Education Assistance:	
Interdisciplinary Training	+3,500,000
Health Professions Start-up	+1,000,000
Financial Distress	+1,000,000
Supply and Distribution Reports	−1,000,000
Nursing Institutional Assistance:	
Capitation Grants	−2,000,000
Advanced Nurse Training	+2,000,000
Nursing Student Loans	+2,500,000
Health Administration Traineeships	+500,000

The Conferees are agreed that $14,000,000 of the $17,000,000 appropriated for Area Health Education Centers be used to maintain the Area Health Education Centers projects at fiscal year 1977 operating levels, and that the remaining $3,000,000 be awarded to new Area Health Education Centers projects.

Amendment No. 28: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which earmarks $2,750,000 for construction of medical facilities in Arkansas, Washington, and Connecticut, instead of $1,000,000 as proposed by the House and $1,750,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 29: Earmarks $8,500,000 for construction of teaching facilities as proposed by the Senate, instead of $5,000,000 as proposed by the House.

Amendment No. 30: Changes legal citation as proposed by the Senate.

Amendment No. 31: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment, which makes funds appropriated for Regional Medical Programs in P.L. 94–303 available to cover the costs of closing out planning agencies established under section 314(b) of the Public Health Service Act.

Amendment No. 32: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment. This amendment relieves Tuskegee Institute from the requirement that it pay $250,000 in matching funds for upgrading its veterinary school.

Assistant Secretary for Health

Salaries and Expenses

Amendment No. 33: Inserts legal citation as proposed by the Senate.

Amendment No. 34: Appropriates $24,678,000 instead of $23,178,000 as proposed by the House and $25,678,000 as proposed by the Senate.

Positions Authorized for Health Agencies

It is the explicit intent of the Conferees that increases in positions shall be authorized and distributed to the various health programs as set forth in the following table.

The additional positions provided over the President's budget request are to be used exclusively for research, services, and grants and contracts management.

These positions have been clearly set forth in the conference report to insure the continued excellence of health programs and to prevent the dismantling of high-priority health programs.

The allocated positions follow:

POSITIONS

	1977	1978 request	House increase over budget	Senate increase over budget	Conference
Health Services Administration	8,074	8,373	45	250	175
Center for Disease Control	3,756	3,716	0	0	0
National Cancer Institute	2,031	2,022	22	20	20
National Heart, Lung and Blood Institute	747	744	0	40	30
National Institute of Dental Research	282	281	0	5	3
National Institute of Arthritis, Metabolism and Digestive Diseases	588	586	0	40	35
National Institute of Neurological and Communicative Disorders and Stroke	543	541	0	15	12
National Institute of Allergy and Infectious Diseases	621	618	0	20	18
National Institute of General Medical Sciences	164	163	0	8	7
National Institute of Child Health and Human Development	377	375	0	12	11
National Institute on Aging	200	200	12	25	23
National Eye Institute	152	151	0	20	20
National Institute of Environmental Health Sciences	331	331	50	10	35
Research Resources	77	76	0	5	2
John E. Fogarty International Center	51	51	0	0	0
National Library of Medicine	472	470	0	25	25
Office of the Director	547	545	0	5	3
Center Services	4,097	4,097	0	100	50
Subtotal, NIH	11,280	11,251	84	350	294
Alcohol, Drug Abuse and Mental Health Administration	1,850	1,845	25	21	21
St. Elizabeth's Hospital	4,307	4,297	0	0	0
Health Resources Administration	2,148	2,142	10	30	15
Assistant Secretary for Education	618	618	0	15	8
Total	32,033	32,387	164	666	513

Education Division

Office of Education—Elementary and Secondary Education

Amendment No. 35: Earmarks $190,000,000 for title IV, part C of the Elementary and Secondary Education Act (support and innovation) instead of $186,000,000 as proposed by the House and $194,000,000 as proposed by the Senate.

Amendment No. 36: Appropriates $3,173,550,000 for "Elementary and secondary education" instead of $3,165,550,000 as proposed by the House and $3,181,050,000 as proposed by the Senate.

Amendment No. 37: Earmarks $19,000,000 for educational broadcasting facilities instead of $15,000,000 as proposed by the House and $22,500,000 as proposed by the Senate.

Amendment No. 38: Provides that $190,000,000 for title IV, part C of the Elementary and Secondary Education Act (support and innovation) shall become available for obligation on July 1, 1978 instead of $186,000,000 as proposed by the House and $194,000,000 as proposed by the Senate.

Amendment No. 39: Appropriates an additional $7,500,000 for title IV of the Elementary and Secondary Education Act instead of $8,000,000 as proposed by the House and $7,000,000 as proposed by the Senate.

School Assistance in Federally Affected Areas

Amendment No. 40: Appropriates $30,000,000 as proposed by the House instead of

$50,000,000 as proposed by the Senate. The Senate receded to the House position deleting $20,000,000 for school construction under Public Law 815. The Conferees are well aware of the critical construction needs of unhoused pupils on military bases, and expect the Department to submit a realistic budget request for this program as a supplemental request. The conferees agree to address this need at that time.

Amendment No. 41: Provides up to $10,500,000 for construction assistance under section 10 of Public Law 81–815 as proposed by the House instead of $30,500,000 as proposed by the Senate.

Emergency School Aid

Amendment No. 42: Appropriates $310,200,000 instead of $294,700,000 as proposed by the House and $323,950,000 as proposed by the Senate.

Amendment No. 43: Earmarks $51,250,000 for section 708(a) of the Emergency School Aid Act (special programs and projects) instead of $48,250,000 as proposed by the House and $55,000,000 as proposed by the Senate.

Amendment No. 44: Earmarks $20,000,000 for section 704(d) of the Emergency School Aid Act (magnet schools) instead of $7,500,000 as proposed by the House and $30,000,000 as proposed by the Senate.

Education for the Handicapped

Amendment No. 45: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: "$622,825,000, of which $2,400,000 shall be available until expended for carrying out the programs of section 625".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The additional $400,000 recommended for Regional vocational, adult, and postsecondary programs shall be for St. Paul Technical Vocational Institute, Seattle Community College, California State University at Northridge, and Delgado Community College (La.). The Conferees are also agreed that the amount appropriated includes $20,000,000 for innovation and development programs.

Amendment No. 46: Provides that $465,000,000 for part B of the Education of the Handicapped Act (assistance for education of all handicapped children) shall become available for obligation on July 1, 1978 as proposed by the House instead of $485.000,000 as proposed by the Senate.

Amendment No. 47: Provides that $15,000,000 for section 619 of the Education of the Handicapped Act (pre-school incentive grants) shall become available for obligation on July 1, 1978 as proposed by the Senate instead of $12,500,000 as proposed by the House.

Occupational, Vocational, and Adult Education

Amendment No. 48: Clarifies language in the House bill concerning the availability of amounts appropriated under this heading.

Higher Education

Amendment No. 49: Earmarks $12,750,000 for title IX of the Higher Education Act (graduate programs) as proposed by the House instead of $9,500,000 as proposed by the Senate.

Amendment No. 50: Earmarks $1,000,000 for title XI, of the Higher Education Act (law school clinical experience) as proposed by the House. The Conferees recommended $1,000,000 for law school clinical experience with the understanding that the program is being funded as a one-time demonstration project during fiscal 1978.

Amendment No. 51: Earmarks $500,000 for section 525 of the Education Amendments of 1976 (Wayne Morse Chair of Law and Politics) as proposed by the Senate.

Amendment No. 52: Appropriates $3,599,503,000 for "Higher education" instead of $3,738,003,000 as proposed by the House and $3,503,253,000 as proposed by the Senate.

Amendment No. 53: Earmarks $325,660,000 for title IV, part E of the Higher Education Act (direct student loans) as proposed by the Senate instead of $326,660,000 as proposed by the House.

Amendment No. 54: Earmarks $115,000,000 for title IV, part A–4 of the Higher Education Act (special programs for students from disadvantaged backgrounds) instead of $125,000,000 as proposed by the House and $100,000,000 as proposed by the Senate.

Amendment No. 55: Earmarks $2,000,000 for title IV, part A–5 of the Higher Education Act (education information program) instead of $5,000,000 as proposed by the House. No funds were provided for this purpose in the Senate bill.

Amendment No. 56: Earmarks $435,000,000 for work study grants instead of $420,000,000 as proposed by the House and $450,000,000 as proposed by the Senate.

Amendment No. 57: Earmarks $2,160,000,000 for basic opportunity grants instead of $2,300,000,000 as proposed by the House and $2,070,000,000 as proposed by the Senate. For Basic Educational Opportunity Grants the Conferees have agreed to $2 160,000,000. It is the intent of the Conferees to fund a maximum grant level of $1,600 and, in addition, to provide at least $90,000,000 for the extension of eligibility under the program. It is the intention of the Conferees that $50,000,000 of this sum be used to increase the offset under the family contribution schedule for farm and small business assets and that $40,000,000 be used for increasing the offset for personal assets.

Amendment No. 58: Provides that $2,140,000,000 for basic opportunity grants shall remain available through September 30, 1979 instead of $2,280,000,000 as proposed by the House and $2,050,000 000 as proposed by the Senate.

Amendment No. 59: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides that funds under this heading are appropriated notwithstanding the provisions of section 1208(a)(1) of the Higher Education Act, and extends the fiscal year 1977 appropriation for supplemental opportunity grants through September 30, 1978.

Library Resources

Amendment No. 60: Deletes legal citation for title III, part D of Public Law 94–482 (guidance and counseling program) as proposed by the Senate.

Amendment No. 61: Earmarks $167,500,000 for title IV, part B of the Elementary and Secondary Education Act (libraries and learning resources) instead of $160,000,000 as proposed by the House and $180,000,000 as proposed by the Senate. The Conferees are concerned that school library assistance is not being directed toward schools with greatest need, and direct the Secretary of HEW to conduct an assessment of need, particularly in rural and inner city areas, prior to the submission of the 1979 budget.

Amendment No. 62: Appropriates $253,212,000 for "Library resources" instead of $246,712,000 as proposed by the House and $267,712,000 as proposed by the Senate. The Conferees are agreed that the amount appropriated includes $5,000,000 for the research library program.

Special Projects and Training

Amendment No. 63: Earmarks $8,250,000 for section 532 of the Higher Education Act (teacher centers) instead of $5,000,000 as proposed by the House and $12,500,000 as proposed by the Senate.

Amendment No. 64: Appropriates $100,659,000 instead of $96,543,000 as proposed by the House and $105,841,000 as proposed by the Senate. The Conferees are agreed that the amount appropriated includes $4,068,000 for consumers' education and $333,000 for information clearinghouses.

Office of the Assistant Secretary for Education

Salaries and Expenses

Amendment No. 65: Appropriates $35,879,000 instead of $37,379,000 as proposed by the House and $34,559,000 as proposed by the Senate. The Conferees are agreed that the amount appropriated includes $12,000,000 for support for the improvement of postsecondary education and $13,940,000 for the national center for educational statistics.

Social and Rehabilitation Service

Public Assistance

Amendment No. 66: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment, with an amendment which will appropriate $19,600,150,000 instead of $20,600,350,000 as proposed by the House and $19,602,000,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conference agreement includes $8,150,000 for child welfare training, as proposed by the House, instead of $10,000,000, as proposed by the Senate.

The Conferees have agreed to a set aside of $15 million of Medicaid funds for the Health of Underserved Rural Areas projects (HURA). The Senate had provided $20 million including $9.6 million for new projects. The House bill provided $10.4 million to continue only those projects begun in earlier years. The Conferees are also agreed, however, that FY 1978 is to be the last year in which funds are to be provided to begin new projects under the HURA program. In future years rural health activities of this type are to be funded under the community health centers authority of the Public Health Service Act where there is already an ongoing rural health initiative.

Amendment No. 67: Deletes language proposed by the Senate that would have prohibited payments to States for Public Assistance expenditures made prior to fiscal year 1977 unless the expenditure was recorded in the State agency and reported to HEW on or before September 30, 1977. The Conferees agreed to delete the language because of the Administration's inconsistent position on this issue and the lack of data as to the effect such a limitation might have on State financial practices. The Conferees are concerned, however, over the extreme lateness of some prior-period Public Assistance claims that continue to be reimbursed by HEW several years after they occur. The Conferees feel that some limitation is appropriate and instruct the Administration to supply the Appropriations Committees with appropriate data as to the potential effect of such a limitation on prior-period claims.

Amendment No. 68: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the amendment of the Senate which provides that fiscal year 1977 appropriations for public assistance shall remain available for obligation and expenditure during fiscal year 1978.

Amendment No. 69: Deletes language proposed by the Senate that would have exempted from the time limitation proposed in amendment No. 67, public assistance claims resulting from court actions or audit findings. The exception is unnecessary because of the Conferees decision to delete amendment No. 67.

Cuban Refugee Assistance

Amendment No. 70: Appropriates $71,950,000 instead of $76,200,000 as proposed by the Senate and $67,700,000 as proposed by the House. The Conferees agreed to a six-year phase-out with the Cuban Refugee Assistance Program paying 95% of costs above regular federal matching in FY 1978, 85% in FY 1979, 75% in FY 1980, 60% in FY 1981, 45% in FY 1982 and 25% in FY 1983.

Social Security Administration

Supplemental Security Income

Amendment No. 71: Appropriates $5,250,000,000 as proposed by the Senate instead of $5,750,000,000 as proposed by the House.

Amendment No. 72: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows:

Any portion of the funds provided to a State in the current fiscal year and not obligated by the State during the year shall be returned to the Treasury: *Provided further*, That funds appropriated for carrying out title XVI of the Social Security Act for fiscal year 1977 shall remain available for obligation and expenditure during fiscal year 1978.

The managers on the part of the Senate will offer a motion to concur in the amendment of the House to the amendment of the Senate.

The conferees have agreed to bill language included by the House but deleted by the Senate which will return to the Treasury at the end of fiscal year 1978 any unexpended funds allocated to the States by the Social Security Administration as reimbursement for services provided to Federal Supplemental Security Income recipients. The Conferees have also agreed to Senate language making the 1977 appropriation available for obligation and expenditure during fiscal year 1978.

Assistant Secretary for Human Development

Human Development

Amendment No. 73: Appropriates $2,195,978,000 instead of $2,155,978,050 as proposed by the House and $2,221,678,000 as proposed by the Senate. The conference agreement includes the following changes from the amounts proposed by the House:

Headstart	+$30,000,000
Runaway Youth	+3,000,000
Aging:	
State Agencies	+1,000,000
Training	+1,000,000
Rehabilitation:	
Basic State Grants	−50
Projects With Industry	+500,000
Research	+1,500,000
White House Conference on Families	+3,000,000

Amendment Nos. 74 and 75: Earmark $760,000,000 for rehabilitation State grants under section 100(b)(1) and $472,000 under section 110(b) of the Rehabilitation Act of 1973 as proposed by the Senate.

Amendment No. 76: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which earmarks $3,000,000 to remain available until expended for a White House Conference on Families.

Departmental management

Policy Research

Amendment No. 77: Appropriates $30,000,000 instead of $40,000,000 as proposed by the House and $22,400,000 as proposed by the Senate. The Conferees are agreed that the amount appropriated includes $10,000,000 for demonstration projects in retrospective monthly income reporting under the program of Aid to Families with Dependent Children (AFDC). Such projects shall include at least one large State and one large city.

General provisions

Amendment No. 78: Deletes sub-paragraph designation.

Amendment Nos. 79 and 80. Reported in technical disagreement. The managers on the part of the House will offer motions to concur in the Senate amendments revising language in the House bill prohibiting forced busing beyond the school nearest a student's home including situations involving merging, pairing, or clustering of schools.

Amendment No. 81: Deletes sub-paragraph in House bill relating to forced busing.

Amendment No. 82: Reported in disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment, amended to read as follows:

"SEC. 209. None of the funds contained in this Act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term."

Amendment No. 83: Deletes language proposed by the Senate authorizing the purchase of 13 passenger motor vehicles.

Amendment No. 84: Deletes section 211 proposed by the Senate. The Conferees deleted Amendment No. 84 which would have prohibited the obligation or expenditure of funds in connection with the Elementary and Secondary School Civil Rights Survey: School year 1977–78 in the case of any school district which has completed the 1976–77 survey. The conferees acted after assurance from the Secretary of HEW that this, or any similar type survey, will not be conducted for the 1977–78 school year. The conferees agree that there is a definite need to gather information where the Secretary of HEW has reason to believe that there may be a violation of the civil rights laws in a particular school. Nevertheless, the conferees see no reason to conduct a large-scale or random survey for the 1977–78 school year. In addition, the conferees agree that any questions asked on the Civil Rights Survey for school year 1976–1977 should not be repeated under any authority for school year 1977–1978, provided, however, that this shall not be construed to preclude any questions to applicants necessary to determine eligibility under the Emergency School Aid Act. This will give the Department adequate time to analyze and interpret the large amounts of data contained in the 1976–77 school civil rights survey before initiating another large-scale survey.

The conferees were in agreement that the paperwork associated with this survey created an unnecessarily large burden upon the Nation's school districts.

If this directive is not followed, it is doubtful that any funds will be provided for any survey for the 1978–79 school year.

Amendment No. 85: Deletes section 211 proposed by the House which would prohibit the use of funds to force any institution or individual to meet a hiring or admission quota, ratio, or numerical requirement based on race, creed, color, national origin, or sex.

Amendment No. 86: Inserts citation for title II of the bill.

TITLE III—RELATED AGENCIES

Action

Operating Expenses, Domestic Programs

Amendment No. 87: Appropriates $117,260,000 as proposed by the House, instead of $118,660,000 as proposed by the Senate and deletes earmarking proposed by the Senate for carrying out section 5 of Public Law 94–130. The conferees are agreed that there is a need to raise stipends for Volunteers in Service to America and agree to provide the necessary funding after the Administration makes the case for a specific increase.

Community Services Administration

Community Services Program

Amendment No. 88: Appropriates $596,353,000 instead of $567,853,000 as proposed by the House, and $607,353,000 as proposed by the Senate. The conference agreement includes the following increases over the amounts proposed by the House: $6,000,000 for local community action agencies, $2,500,000 for the community food and nutrition program, and $20,000,000 for emergency energy conservation services.

Corporation for Public Broadcasting

Public Broadcasting Fund

Amendment No. 89: Appropriates $152,000,000, instead of $145,000,000 as proposed by the House, and $155,000,000 as proposed by the Senate.

Conference total—with comparisons

The total new budget (obligational) authority for fiscal year 1978 recommended by the Committee of Conference, with comparisons to the fiscal year 1977 amounts, the 1978 budget estimates, and the House and Senate bills for 1978 follows:

New budget (obligational) authority, fiscal year 1977	$72,173,358,575
Budget estimates of new (obligational) authority, fiscal year 1978	60,593,970,000
House bill, fiscal year 1978	61,334,089,550
Senate bill, fiscal year 1978	60,644,126,000
Conference agreement	60,168,561,000
Conference agreement compared with:	
New budget (obligational) authority fiscal year 1977	−12,004,797,575
Budget estimates of new (obligational) authority, fiscal year 1978	−425,409,000
House bill, fiscal year 1978	−1,165,528,550
Senate bill, fisal year 1978	−475,565,000

The Conferees are agreed that the earmaking in the Senate report should be used as a guideline in allocating increases over the amounts proposed by the House, except where more explicit instructions are given in this statement.

DANIEL J. FLOOD,
WILLIAM H. NATCHER,
NEAL SMITH,
EDWARD J. PATTEN,
DAVID R. OBEY,
EDWARD R. ROYBAL
(except 78 to 80 inclusive and 82),
LOUIS STOKES
(except as to amendments 78 through 80, and 82),
JOSEPH D. EARLY,
GEORGE MAHON,
SILVIO O. CONTE,
GEORGE M. O'BRIEN,
Managers on the Part of the House.

WARREN G. MAGNUSON,
ROBERT C. BYRD,
WILLIAM PROXMIRE,
ERNEST F. HOLLINGS,
THOMAS F. EAGLETON
(but in agreement with House language on abortion),
BIRCH BAYH,
LAWTON CHILES,
QUENTIN N. BURDICK,
JOHN L. MCCLELLAN,
EDWARD W. BROOKE
(except for the anti-busing language which I consider unconstitutional),
CLIFFORD P. CASE
(except for the anti-busing language which I consider unconstitutional),
RICHARD S. SCHWEIKER,
MILTON R. YOUNG,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 826

Mr. BROOKS submitted the following conference report and statement on the bill (S. 826) to establish a Department of Energy in the executive branch by the reorganization of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 95-539)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 826) to establish a Department of Energy in the executive branch by the reorganization of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Department of Energy Organization Act".

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DEFINITIONS

SEC. 2. (a) As used in this Act, unless otherwise provided or indicated by the context, the term the "Department" means the Department of Energy or any component thereof, including the Federal Energy Regulatory Commission.

(b) As used in this Act (1) references to "function" includes reference to any duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and (2) references to "perform," when used in relation to functions includes the undertaking, fulfillment, or execution of any duty or obligation; and the exercise of power, authority, rights, and privileges.

(c) As used in this Act, "Federal lease" means an agreement which, for any consideration, including but not limited to, bonuses, rents, or royalties conferred and covenants to be observed, authorizes a person to explore for, or develop, or produce (or to do any or all of these) oil and gas, coal, oil shale, tar sands, and geothermal resources on lands or interests in lands under Federal jurisdiction.

TITLE I—DECLARATION OF FINDINGS AND PURPOSES

FINDINGS

SEC. 101. The Congress of the United States finds that—

(1) the United States faces an increasing shortage of nonrenewable energy resources;

(2) this energy shortage and our increasing dependence on foreign energy supplies present a serious threat to the national security of the United States and to the health, safety and welfare of its citizens;

(3) a strong national energy program is needed to meet the present and future energy needs of the Nation consistent with overall national economic, environmental and social goals;

(4) responsibility for energy policy, regulation, and research, development and demonstration is fragmented in many departments and agencies and thus does not allow for the comprehensive, centralized focus necessary for effective coordination of energy supply and conservation programs; and

(5) formulation and implementation of a national energy program require the integration of major Federal energy functions into a single department in the executive branch.

PURPOSES

SEC. 102. The Congress therefore declares that the establishment of a Department of Energy is in the public interest and will promote the general welfare by assuring coordinated and effective administration of Federal energy policy and programs. It is the purpose of this Act—

(1) to establish a Department of Energy in the executive branch;

(2) to achieve, through the Department, effective management of energy functions of the Federal Government, including consultation with the heads of other Federal departments and agencies in order to encourage them to establish and observe policies consistent with a coordinated energy policy, and to promote maximum possible energy conservation measures in connection with the activities within their respective jurisdiction;

(3) to provide for a mechanism through which a coordinated national energy policy can be formulated and implemented to deal with the short-, mid- and long-term energy problems of the Nation; and to develop plans and programs for dealing with domestic energy production and import shortages;

(4) to create and implement a comprehensive energy conservation strategy that will receive the highest priority in the national energy program;

(5) to carry out the planning, coordination, support, and management of a balanced and comprehensive energy research and development program, including—

(A) assessing the requirements for energy research and development;

(B) developing priorities necessary to meet those requirements;

(C) undertaking programs for the optimal

development of the various forms of energy production and conservation; and

(D) disseminating information resulting from such programs, including disseminating information on the commercial feasibility and use of energy from fossil, nuclear, solar, geothermal, and other energy technologies;

(6) to place major emphasis on the development and commercial use of solar, geothermal, recycling and other technologies utilizing renewable energy resources;

(7) to continue and improve the effectiveness and objectivity of central energy data collection and analysis program within the Department;

(8) to facilitate establishment of an effective strategy for distributing and allocating fuels in periods of short supply and to provide for the administration of a national energy supply reserve;

(9) to promote the interests of consumers through the provision of an adequate and reliable supply of energy at the lowest reasonable cost;

(10) to establish and implement through the Department, in coordination with the Secretaries of State, Treasury, and Defense, policies regarding international energy issues that have a direct impact on research, development, utilization, supply, and conservation of energy in the United States and to undertake activities involving the integration of domestic and foreign policy relating to energy, including provision of independent technical advice to the President on international negotiations involving energy resources, energy technologies, or nuclear weapons issues, except that the Secretary of State shall continue to exercise primary authority for the conduct of foreign policy relating to energy and nuclear nonproliferation, pursuant to policy guidelines established by the President;

(11) to provide for the cooperation of Federal, State, and local governments in the development and implementation of national energy policies and programs;

(12) to foster and assure competition among parties engaged in the supply of energy and fuels;

(13) to assure incorporation of national environmental protection goals in the formulation and implementation of energy programs, and to advance the goals of restoring, protecting, and enhancing environmental quality, and assuring public health and safety;

(14) to assure, to the maximum extent practicable, that the productive capacity of private enterprise shall be utilized in the development and achievement of the policies and purposes of this Act;

(15) to provide for, encourage, and assist public participation in the development and enforcement of national energy programs;

(16) to create an awareness of, and responsibility for, the fuel and energy needs of rural and urban residents as such needs pertain to home heating and cooling, transportation, agricultural production, electrical generation, conservation, and research and development;

(17) to foster insofar as possible the continued good health of the Nation's small business firms, public utility districts, municipal utilities, and private cooperatives involved in energy production, transportation, research, development, demonstration, marketing, and merchandising; and

(18) to provide for the administration of the functions of the Energy Research and Development Administration related to nuclear weapons and national security which are transferred to the Department by this Act.

RELATIONSHIP WITH STATES

SEC. 103. Whenever any proposed action by the Department conflicts with the energy plan of any State, the Department shall give due consideration to the needs of such State, and where practicable, shall attempt to resolve such conflict through consultations with appropriate State officials. Nothing in this Act shall affect the authority of any State over matters exclusively within its jurisdiction.

TITLE II—ESTABLISHMENT OF THE DEPARTMENT

ESTABLISHMENT

SEC. 201. There is hereby established at the seat of government an executive department to be known as the Department of Energy. There shall be at the head of the Department a Secretary of Energy (hereinafter in this Act referred to as the "Secretary"), who shall be appointed by the President by and with the advice and consent of the Senate. The Department shall be administered, in accordance with the provisions of this Act, under the supervision and direction of the Secretary.

PRINCIPAL OFFICERS

SEC. 202. (a) There shall be in the Department a Deputy Secretary, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate provided for level II of the Executive Schedule under section 5313 of title 5, United States Code. The Deputy Secretary shall act for and exercise the functions of the Secretary during the absence or disability of the Secretary or in the event the office of Secretary becomes vacant. The Secretary shall designate the order in which the Under Secretary and other officials shall act for and perform the functions of the Secretary during the absence or disability of both the Secretary and Deputy Secretary or in the event of vacancies in both of those offices.

(b) There shall be in the Department an Under Secretary and a General Counsel who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall perform such functions and duties as the Secretary shall prescribe. The Under Secretary shall bear primary responsibility for energy conservation. The Under Secretary shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code, and the General Counsel shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

ASSISTANT SECRETARIES

SEC. 203. (a) There shall be in the Department eight Assistant Secretaries, each of whom shall be appointed by the President, by and with the advice and consent of the Senate; who shall be compensated at the rate provided for at level IV of the Executive Schedule under section 5315 of title 5, United States Code; and who shall perform, in accordance with applicable law, such of the functions transferred or delegated to, or vested in, the Secretary as he shall prescribe in accordance with the provisions of this Act. The functions which the Secretary shall assign to the Assistant Secretaries include, but are not limited to, the following:

(1) Energy resource applications, including functions dealing with management of all forms of energy production and utilization, including fuel supply, electric power supply, enriched uranium production, energy technology programs, and the management of energy resource leasing procedures on Federal lands.

(2) Energy research and development functions, including the responsibility for policy and management of research and development for all aspects of—

(A) solar energy resources;

(B) geothermal energy resources;

(C) recycling energy resources;

(D) the fuel cycle for fossil energy resources; and

(E) the fuel cycle for nuclear energy resources.

(3) Environmental responsibilities and functions, including advising the Secretary with respect to the conformance of the Department's activities to environmental protection laws and principles, and conducting a comprehensive program of research and development on the environmental effects of energy technologies and programs.

(4) International programs and international policy functions, including those functions which assist in carrying out the international energy purposes described in section 102 of this Act.

(5) National security functions, including those transferred to the Department from the Energy Research and Development Administration which relate to management and implementation of the nuclear weapons program and other national security functions involving nuclear weapons research and development.

(6) Intergovernmental policies and relations, including responsibilities for assuring that national energy policies are reflective of and responsible to the needs of State and local governments, and for assuring that other components of the Department coordinate their activities with State and local governments, where appropriate, and develop intergovernmental communications with State and local governments.

(7) Competition and consumer affairs, including responsibilities for the promotion of competition in the energy industry and for the protection of the consuming public in the energy policymaking processes, and assisting the Secretary in the formulation and analysis of policies, rules, and regulations relating to competition and consumer affairs.

(8) Nuclear waste management responsibilities, including—

(A) the establishment of control over existing Government facilities for the treatment and storage of nuclear wastes, icluding all containers, casks, buildings, vehicles, equipment, and all other materials associated with such facilities;

(B) the establishment of control over all existing nuclear waste in the possession or control of the Government and all commercial nuclear waste presently stored on other than the site of a licensed nuclear power electric generating facility, except that nothing in this paragraph shall alter or effect title to such waste;

(C) the establishment of temporary and permanent facilities for storage, management, and ultimate disposal of nuclear wastes;

(D) the establishment of facilities for the treatment of nuclear wastes;

(E) the establishment of programs for the treatment, management, storage, and disposal of nuclear wastes;

(F) the establishment of fees or user charges for nuclear waste treatment or storage facilities, including fees to be charged Government agencies; and

(G) the promulgation of such rules and regulations to implement the authority described in this paragraph,

except that nothing in this section shall be construed as granting to the Department regulatory functions presently within the Nuclear Regulatory Commission, or any additional powers than those already conferred by law.

(9) Energy conservation functions, including the development of comprehensive energy conservation strategies for the Nation, the planning and implementation of major research and demonstration programs for the development of technologies and processes to reduce total energy consumption, the administration of voluntary and mandatory energy conservation programs, and the dissemination to the public of all available information on energy conservation programs and measures.

(10) Power marketing functions, including responsibility for marketing and transmission of Federal power.

(11) Public and congressional relations functions, including responsibilities for providing a continuing liaison between the Department and the Congress and the Department and the public.

(b) At the time the name of any individual is submitted for confirmation to the position of Assistant Secretary, the President shall identify with particularity the function or functions described in subsection (a) (or any portion thereof) for which such individual will be responsible.

FEDERAL ENERGY REGULATORY COMMISSION

SEC. 204. There shall be within the Department, a Federal Energy Regulatory Commission established by title IV of this Act (hereinafter referred to in this Act as the "Commission"). The Chairman shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code. The other members of the Commission shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code. The Chairman and members of the Commission shall be individuals who, by demonstrated ability, background, training, or experience, individuals who are specially qualified to assess fairly the needs and concerns of all interests affected by Federal energy policy.

ENERGY INFORMATION ADMINISTRATION

SEC. 205. (a)(1) There shall be within the Department an Energy Information Administration to be headed by an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate provided for in level IV of the Executive Schedule under section 5315 of title 5, United States Code. The Administrator shall be a person who, by reason of professional background and experience, is specially qualified to manage an energy information system.

(2) The Administrator shall be responsible for carrying out a central, comprehensive, and unified energy data and information program which will collect, evaluate, assemble, analyze, and disseminate data and information which is relevant to energy resource reserves, energy production, demand, and technology, and related economic and statistical information, or which is relevant to the adequacy of energy resources to meet demands in the near and longer term future for the Nation's economic and social needs.

(b) The Secretary shall delegate to the Administrator (which delegation may be on a nonexclusive basis as the Secretary may determine may be necessary to assure the faithful execution of his authorities and responsibilities under law) the functions vested in him by law relating to gathering, analysis, and dissemination of energy information (as defined in section 11 of the Energy Supply and Environmental Coordination Act of 1974) and the Administrator may act in the name of the Secretary for the purpose of obtaining enforcement of such delegated functions.

(c) In addition to, and not in limitation of the functions delegated to the Administrator pursuant to other subsections of this section, there shall be vested in the Administrator, and he shall perform, the functions assigned to the Director of the Office of Energy Information and Analysis under part B of the Federal Energy Administration Act of 1974, and the provisions of sections 53(d) and 59 thereof shall be applicable to the Administrator in the performance of any function under this Act.

(d) The Administrator shall not be required to obtain the approval of any other officer or employee of the Department in connection with the collection or analysis of any information; nor shall the Administrator be required, prior to publication, to obtain the approval of any other officer or employee of the United States with respect to the substance of any statistical or forecasting technical reports which he has prepared in accordance with law.

(e) The Energy Information Administration shall be subject to an annual professional audit review of performance as described in section 55 of part B of the Federal Energy Administration Act of 1974.

(f) The Administrator shall, upon request, promptly provide any information or analysis in his possession pursuant to this section to any other administration, commission, or office within the Department which such administration, commission, or office determines relates to the functions of such administration, commission, or office.

(g) Information collected by the Energy Information Administration shall be cataloged and, upon request, any such information shall be promptly made available to the public in a form and manner easily adaptable for public use, except that this subsection shall not require disclosure of matters exempted from mandatory disclosure by section 552(b) of title 5, United States Code. The provisions of section 11(d) of the Energy Supply and Environmental Coordination Act of 1974, and section 17 of the Federal Nonnuclear Energy Research and Development Act of 1974, shall continue to apply to any information obtained by the Administrator under such provisions.

(h)(1)(A) In addition to the acquisition, collection, analysis, and dissemination of energy information pursuant to this section, the Administrator shall identify and designate "major energy-producing companies" which alone or with their affiliates are involved in one or more lines of commerce in the energy industry so that the energy information collected from such major energy-producing companies shall provide a statistically accurate profile of each line of commerce in the energy industry in the United States.

(B) In fulfilling the requirements of this subsection the Administrator shall—

(i) utilize, to the maximum extent practicable, consistent with the faithful execution of his responsibilities under this Act, reliable statistical sampling techniques; and

(ii) otherwise give priority to the minimization of the reporting of energy information by small businesses.

(2) The Administrator shall develop and make effective for use during the second full calendar year following the date of enactment of this Act the format for an energy-producing company financial report. Such report shall be designed to allow comparison on a uniform and standardized basis among energy-producing companies and shall permit for the energy-related activities of such companies—

(A) an evaluation of company revenues, profits, cash flow, and investments in total, for the energy-related lines of commerce in which such company is engaged and for all significant energy-related functions within such company;

(B) an analysis of the competitive structure of sectors and functional groupings within the energy industry;

(C) the segregation of energy information, including financial information, describing company operations by energy source and geographic area;

(D) the determination of costs associated with exploration, development, production, processing, transportation, and marketing and other significant energy-related functions within such company; and

(E) such other analyses or evaluations as the Administrator finds is necessary to achieve the purposes of this Act.

(3) The Administrator shall consult with the Chairman of the Securities and Exchange Commission with respect to the development of accounting practices required by the Energy Policy and Conservation Act to be followed by persons engaged in whole or in part in the production of crude oil and natural gas and shall endeavor to assure that the energy-producing company financial report described in paragraph (2) of this subsection, to the extent practicable and consistent with the purposes and provisions of this Act, is consistent with such accounting practices where applicable.

(4) The Administrator shall require each major energy-producing company to file with the Administrator an energy-producing company financial report on at least an annual basis and may request energy information described in such report on a quarterly basis if he determines that such quarterly report of information will substantially assist in achieving the purposes of this Act.

(5) A summary of information gathered pursuant to this section, accompanied by such analysis as the Administrator deems appropriate, shall be included in the annual report of the Department required by subsection (a) of section 657 of this Act.

(6) As used in this subsection the term—

(A) "energy-producing company" means a person engaged in:

(i) ownership or control of mineral fuel resources or non-mineral energy resources;

(ii) exploration for, or development of, mineral fuel resources;

(iii) extraction of mineral fuel or nonmineral energy resources;

(iv) refining, milling, or otherwise processing mineral fuels or nonmineral energy resources;

(v) storage of mineral fuels or nonmineral energy resources;

(vi) the generation, transmission, or storage of electrical energy;

(vii) transportation of mineral fuels or nonmineral energy resources by any means whatever; or

(viii) wholesale or retail distribution of mineral fuels, nonmineral energy resources or electrical energy;

(B) "energy industry" means all energy-producing companies; and

(C) "person" has the meaning as set forth in section 11 of the Energy Supply and Environmental Coordination Act of 1974.

(7) The provisions of section 1905 of title 18, United States Code, shall apply in accordance with its terms to any information obtained by the Administration pursuant to this subsection.

ECONOMIC REGULATORY ADMINISTRATION

SEC. 206. (a) There shall be within the Department an Economic Regulatory Administration to be headed by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at a rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code. Such Administrator shall be, by demonstrated ability, background, training, or experience, an individual who is specially qualified to assess fairly the needs and concerns of all interests affected by Federal energy policy. The Secretary shall by rule provide for a separation of regulatory and enforcement functions assigned to, or vested in, the Administration.

(b) Consistent with the provisions of title IV, the Secretary shall utilize the Economic Regulatory Administration to administer such functions as he may consider appropriate.

COMPTROLLER GENERAL FUNCTIONS

SEC. 207. The functions of the Comptroller General of the United States under section 12 of the Federal Energy Administration Act of 1974 shall apply with respect to the monitoring and evaluation of all functions and activities of the Department under this Act or any other Act administered by the Department.

OFFICE OF INSPECTOR GENERAL

SEC. 208. (a) (1) There shall be within the Department an Office of Inspector General to be headed by an Inspector General, who shall be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Inspector General shall report to, and be under the general supervision of, the Secretary or, to the extent such authority is delegated, the Deputy Secretary, but shall not be under the control of, or subject to supervision by, any other officer of the Department.

(2) There shall also be in the Office a Deputy Inspector General who shall be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Deputy shall assist the Inspector General in the administration of the Office and shall, during the absence or temporary incapacity of the Inspector General, or during a vacancy in that Office, act as Inspector General.

(3) The Inspector General or the Deputy may be removed from office by the President. The President shall communicate the reasons for any such removal to both Houses of Congress.

(4) The Inspector General shall, in accordance with applicable laws and regulations governing the civil service, appoint an Assistant Inspector General for Audits and an Assistant Inspector General for Investigations.

(5) The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code, and the Deputy Inspector General shall be compensated at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) It shall be the duty and responsibility of the Inspector General—

(1) to supervise, coordinate, and provide policy direction for auditing and investigative activities relating to the promotion of economy and efficiency in the administration of, or the prevention or detection of fraud or abuse in, programs and operations of the Department;

(2) to recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;

(3) to recommend policies for, and to conduct, supervise, or coordinate relationships between the Department and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to (A) all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by the Department, and (B) the identification and prosecution of participants in such fraud or abuse;

(4) to keep the Secretary and the Congress fully and currently informed, by means of the reports required by subsection (c) and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by the Department, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action; and

(5) to seek to coordinate his actions with the actions of the Comptroller General of the United States with a view to avoiding duplication.

(c) The Inspector General shall, not later than March 31 of each year, submit a report to the Secretary, to the Federal Energy Regulatory Commission, and to the Congress summarizing the activities of the Office during the preceding calendar year. Such report shall include, but need not be limited to—

(1) an identification and description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Department disclosed by such activities;

(2) a description of recommendations for corrective action made by the Office with respect to significant problems, abuses, or deficiencies identified and described under paragraph (1);

(3) an evaluation of progress made in implementing recommendations described in the report or, where appropriate, in previous reports; and

(4) a summary of matters referred to prosecutive authorities and the extent to which prosecutions and convictions have resulted.

(d) The Inspector General shall report immediately to the Secretary, to the Federal Energy Regulatory Commission as appropriate, and, within 30 days thereafter, to the appropriate committees or subcommittees of the Congress whenever the Office becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration or programs and operations of the Department. The Deputy and Assistant Inspectors General shall have particular responsibility for informing the Inspectors General of such problems, abuses, or deficiencies.

(e) The Inspector General (1) may make such additional investigations and reports relating to the administration of the programs and operations of the Department as are, in the judgment of the Inspector General, necessary or desirable, and (2) shall provide such additional information or documents as may be requested by either House of Congress or, with respect to matters within their jurisdiction, by any committee or subcommittee thereof.

(f) Notwithstanding any other provision of law, the reports, information, or documents required by or under this section shall be transmitted to the Secretary, to the Federal Energy Regulatory Commission, if applicable, and to the Congress, or committees or subcommittees thereof, by the Inspector General without further clearance or approval. The Inspector General shall, insofar as feasible, provide copies of the reports required under subsection (c) to the Secretary and the Commission, if applicable, sufficiently in advance of the due date for the submission to Congress to provide a reasonable opportunity for comments of the Secretary and the Commission to be appended to the reports when submitted to Congress.

(g) In addition to the authority otherwise provided by this section, the Inspector General, in carrying out the provisions of this section, is authorized—

(1) to have access to all records, reports, audits, reviews, documents, papers, recommendations, and other material available to the Department which relate to programs and operations with respect to which the Inspector General has responsibilities under this section;

(2) to require by subpena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the functions assigned by this section, which subpena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court; and

(3) to have direct and prompt access to the Secretary when necessary for any purpose pertaining to the performance of functions and responsibilities under this section.

OFFICE OF ENERGY RESEARCH

SEC. 209. (a) There shall be within the Department an Office of Energy Research to be headed by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(b) It shall be the duty and responsibility of the Director—

(1) to advise the Secretary with respect to the physical research program transferred to the Department from the Energy Research and Development Administration;

(2) to monitor the Department's energy research and development programs in order to advise the Secretary with respect to any undesirable duplication or gaps in such programs;

(3) to advise the Secretary with respect to the well-being and management of the multipurpose laboratories under the jurisdiction of the Department, excluding laboratories that constitute part of the nuclear weapon complex;

(4) to advise the Secretary with respect to education and training activities required for effective short- and long-term basic and applied research activities of the Department;

(5) to advise the Secretary with respect to grants and other forms of financial assistance required for effective short- and long-term basic and applied research activities of the Department; and

(6) to carry out such additional duties assigned to the Office by the Secretary relating to basic and applied research, including but not limited to supervision or support of research activities carried out by any of the Assistant Secretaries designated by section 202 of this Act, as the Secretary considers advantageous.

LEASING LIAISON COMMITTEE

SEC. 210. There is hereby established a Leasing Liaison Committee which shall be composed of an equal number of members appointed by the Secretary and the Secretary of the Interior.

TITLE III—TRANSFERS OF FUNCTIONS

GENERAL TRANSFERS

SEC. 301. (a) Except as otherwise provided in this Act, there are hereby transferred to, and vested in, the Secretary all of the functions vested by law in the Administrator of the Federal Energy Administration or the Federal Energy Administration, the Administrator of the Energy Research and Development Administration or the Energy Research and Development Administration; and the functions vested by law in the officers and components of either such Administration.

(b) Except as provided in title IV, there are hereby transferred to, and vested in, the Secretary the functions of the Federal Power Commission, or of the members, officers, or components thereof. The Secretary may exercise any power described in section 402 (a) (2) to the extent the Secretary determines such power to be necessary to the exercise of any function within his jurisdiction pursuant to the preceding sentence.

TRANSFERS FROM THE DEPARTMENT OF THE INTERIOR

SEC. 302. (a) (1) There are hereby transferred to, and vested in, the Secretary all functions of the Secretary of the Interior under section 5 of the Flood Control Act of

1944 and all other functions of the Secretary of the Interior, and officers and components of the Department of the Interior, with respect to—

(A) the Southeastern Power Administration;

(B) the Southwestern Power Administration;

(C) the Alaska Power Administration;

(D) the Bonneville Power Administration including but not limited to the authority contained in the Bonneville Project Act of 1937 and the Federal Columbia River Transmission System Act;

(E) the power marketing functions of the Bureau of Reclamation, including the construction, operation, and maintenance of transmission lines and attendant facilities; and

(F) the transmission and disposition of the electric power and energy generated at Falcon Dam and Amistad Dam, international storage reservoir projects on the Rio Grande, pursuant to the Act of June 18, 1954, as amended by the Act of December 23, 1963.

(2) The Southeastern Power Administration, the Southwestern Power Administration, the Bonneville Power Administration, and the Alaska Power Administration shall be preserved as separate and distinct organizational entities within the Department. Each such entity shall be headed by an Administrator appointed by the Secretary. The functions transferred to the Secretary paragraphs (1)(A), (1)(B), (1)(C), and (1)(C) shall be exercised by the Secretary, acting by and through such Administrators. Each such Administrator shall maintain his principal office at a place located in the region served by his respective Federal power marketing entity.

(3) The functions and authority transferred in paragraphs (1)(E) and (1)(F) of this subsection shall be exercised by the Secretary, acting by and through a separate and distinct Administration within the Department which shall be headed by an Administrator appointed by the Secretary. The Administrator shall establish and shall maintain such regional offices as necessary to facilitate the performance of such functions. Neither the transfer of functions effected by paragraph (1)(E) of this subsection nor any changes in cost allocation or project evaluation standards shall be deemed to authorize the reallocation of joint costs of multipurpose facilities theretofore allocated unless and to the extent that such change is hereafter approved by Congress.

(b) There are hereby transferred to, and vested in, the Secretary the functions of the Secretary of the Interior to prescribe regulations under the Outer Continental Shelf Lands Act, the Mineral Lands Leasing Act, the Mineral Leasing Act for Acquired Lands, the Geothermal Steam Act of 1970, and the Energy Policy and Conservation Act, which relate to the—

(1) fostering of competition for Federal leases (including, but not limited to, prohibition on bidding for development rights by certain types of joint ventures);

(2) implementation of alternative bidding systems authorized for the award of Federal leases;

(3) establishment of diligence requirements for operations conducted on Federal leases (including, but not limited to, procedures relating to the granting or ordering by the Secretary of the Interior of suspension of operations or production as they relate to such requirements);

(4) setting rates of production for Federal leases; and

(5) specifying the procedures, terms, and conditions for the acquisition and disposition of Federal royalty interests taken in kind.

(c) There are hereby transferred to, and vested in, the Secretary all the functions of the Secretary of the Interior to establish production rates for all Federal leases.

(d) There are hereby transferred to, and vested in, the Secretary those functions of the Secretary of the Interior, the Department of the Interior, and officers and components of that Department under the Act of May 15, 1910, and other authorities, exercised by the Bureau of Mines but limited to—

(1) fuel supply and demand analysis and data gathering;

(2) research and development relating to increased efficiency of production technology of solid fuel minerals, other than research relating to mine health and safety and research relating to the environmental and leasing consequences of solid fuel mining, which shall remain in the Department of the Interior; and

(3) coal preparation analysis.

ADMINISTRATION OF LEASING TRANSFERS

SEC. 303. (a) The Secretary of the Interior shall retain any authorities not transferred under section 302(b) of this Act and shall be solely responsible for the issuance and supervision of Federal leases and the enforcement of all regulations applicable to the leasing of mineral resources, including but not limited to lease terms and conditions and production rates. No regulation issued by the Secretary shall restrict or limit any authority retained by the Secretary of the Interior under section 302(b) of this Act with respect to the issuance or supervision of Federal leases. Nothing in section 302(b) of this Act shall be construed to affect Indian lands and resources or to transfer any functions of the Secretary of the Interior concerning such lands and resources.

(b) In exercising the authority under section 302(b) of this Act to issue regulations, the Secretary shall consult with the Secretary of the Interior during the preparation of such regulations and shall afford the Secretary of the Interior not less than thirty days, prior to the date on which the Department first publishes or otherwise prescribes regulations, to comment on the content and effect of such regulations.

(c)(1) The Secretary of the Interior shall afford the Secretary not less than thirty days, prior to the date on which the Department of the Interior first publishes or otherwise prescribes the terms and conditions on which a Federal lease will be issued, to disapprove any term or condition of such lease which relates to any matter with respect to which the Secretary has authority to issue regulations under section 302(b) of this Act. No such term or condition may be included in such a lease if it is disapproved by the Secretary. The Secretary and the Secretary of the Interior may by agreement define circumstances under which a reasonable opportunity of less than thirty days may be afforded the Secretary to disapprove such terms and conditions.

(2) Where the Secretary disapproves any lease, term, or condition under paragraph (1) of this subsection he shall furnish the Secretary of the Interior with a detailed written statement of the reasons for his disapproval, and of the alternatives which would be acceptable to him.

(d) The Department of the Interior shall be the lead agency for the purpose of preparation of an environmental impact statement required by Section 102(2)(C) of the National Environmental Policy Act of 1969 for any action with respect to the Federal leases taken under the authority of this section, unless the action involves only matters within the exclusive authority of the Secretary.

TRANSFERS FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SEC. 304. (a) There is hereby transferred to, and vested in, the Secretary the functions vested in the Secretary of Housing and Urban development pursuant to section 304 of the Energy Conservation Standards for New Buildings Act of 1976, to develop and promulgate energy conservation standards for new buildings. The Secretary of Housing and Urban Development shall provide the Secretary with any necessary technical assistance in the development of such standards. All other responsibilities, pursuant to title III of the Energy Conservation and Production Act, shall remain with the Secretary of Housing and Urban Development, except that the Secretary shall be kept fully and currently informed of the implementation of the promulgated standards.

(b) There is hereby transferred to, and vested in, the Secretary the functions vested in the Secretary of Housing and Urban Development pursuant to section 509 of the Housing and Urban Development Act of 1970.

COORDINATION WITH THE DEPARTMENT OF TRANSPORTATION

SEC. 305. Section 502 of the Motor Vehicle Information and Cost Savings Act is amended at the end thereof by adding the following new subsections:

"(g) The Secretary shall consult with the Secretary of Energy in carrying out his responsibilities under this section. The Secretary shall, before issuing any notice proposing, under subsection (a), (b), (d), or (f) of this section, to establish, reduce, or amend an average fuel economy standard, provide the Secretary of Energy with a period of not less than ten days from the receipt of the notice during which the Secretary of Energy may, upon concluding that the proposed standard would adversely affect the conservation goals set by the Secretary of Energy, provide written comments to the Secretary concerning the impacts of the proposed standard upon those goals. To the extent that the Secretary does not revise the proposed standard to take into account any comments by the Secretary of Energy regarding the level of the proposed standard, the Secretary shall include the unaccommodated comments in the notice.

"(h) The Secretary shall, before taking action on any final standard under this section or any modification of or exemption from such standard, notify the Secretary of Energy and provide such Secretary with a reasonable period of time to comment thereon.".

TRANSFER FROM THE INTERSTATE COMMERCE COMMISSION

SEC. 306. Except as provided in title IV, there are hereby transferred to the Secretary such functions set forth in the Interstate Commerce Act and vested by law in the Interstate Commerce Commission or the Chairman and members thereof as relate to transportation of oil by pipeline.

TRANSFERS FROM THE DEPARTMENT OF THE NAVY

SEC. 307. There are hereby transferred to and vested in the Secretary all functions vested by chapter 641 of title 10, United States Code, in the Secretary of the Navy as they relate to the administration of and jurisdiction over—

(1) Naval Petroleum Reserve Numbered 1 (Elk Hills), located in Kern County, California, established by Executive order of the President, dated September 2, 1912;

(2) Naval Petroluem Reserve Numbered 2 (Buena Vista), located in Kern County, California, established by Executive order of the President, dated December 13, 1912;

(3) Naval Petroleum Reserve Numbered 3 (Teapot Dome), located in Wyoming, established by Executive order of the President, dated April 30, 1915;

(4) Oil Shale Reserve Numbered 1, located in Colorado, established by Executive order of the President, dated December 6, 1916, as

amended by Executive order dated June 12, 1919;

(5) Oil Shale Reserve Numbered 2, located in Utah, established by Executive order of the President, dated December 6, 1916; and

(6) Oil Shale Reserve Numbered 3, located in Colorado, established by Executive order of the President, dated September 27, 1974.

In the administration of any of the functions transferred to, and vested in, the Secretary by this section the Secretary shall take into consideration the requirement of national security.

TRANSFERS FROM THE DEPARTMENT OF COMMERCE

SEC. 308. There are hereby transferred to, and vested in, the Secretary all functions of the Secretary of Commerce, the Department of Commerce, and officers and components of that Department, as relate to or are utilized by the Office of Energy Programs, but limited to industrial energy conservation programs.

NAVAL REACTOR AND MILITARY APPLICATION PROGRAMS

SEC. 309. (a) The Division of Naval Reactors established pursuant to section 25 of the Atomic Energy Act of 1954, and responsible for research, design, development, health, and safety matters pertaining to naval nuclear propulsion plants and assigned civilian power reactor programs is transferred to the Department under the Assistant Secretary to whom the Secretary has assigned the function listed in section 203(a)(2)(E) and such organizational unit shall be deemed to be an organizational unit established by this Act.

(b) The Division of Military Application, established by section 25 of the Atomic Energy Act of 1954, and the functions of the Energy Research and Development Administration with respect to the Military Liaison Committee, established by section 27 of the Atomic Energy Act of 1954, are transferred to the Department under the Assistant Secretary to whom the Secretary has assigned those functions listed in section 203(a)(5), and such organizational units shall be deemed to be organizational units established by this Act.

TRANSFER TO THE DEPARTMENT OF TRANSPORTATION

SEC. 310. Notwithstanding section 301(a), there are hereby transferred to, and vested in, the Secretary of Transportation all of the functions vested in the Administrator of the Federal Energy Administration by section 381(b)(1)(B) of the Energy Policy and Conservation Act.

TITLE IV—FEDERAL ENERGY REGULATORY COMMISSION

APPOINTMENT AND ADMINISTRATION

SEC. 401. (a) There is hereby established within the Department an independent regulatory commission to be known as the Federal Energy Regulatory Commission.

(b) The Commission shall be composed of five members appointed by the President, by and with the advice and consent of the Senate. One of the members shall be designated by the President as Chairman. Members shall hold office for a term of four years and may be removed by the President only for inefficiency, neglect of duty, or malfeasance in office. The terms of the members first taking office shall expire (as designated by the President at the time of appointment), two at the end of two years, two at the end of three years, and one at the end of four years. Not more than three members of the Commission shall be members of the same political party. Any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A Commissioner may continue to serve after the expiration of this term until his successor has taken office, except that he may not so continue to serve for more than one year after the date on which his term would otherwise expire under this subsection. Members of the Commission shall not engage in any other business, vocation, or employment while serving on the Commission.

(c) The Chairman shall be responsible on behalf of the Commission for the executive and administrative operation of the Commission, including functions of the Commission with respect to (1) the appointment and employment of hearing examiners in accordance with the provisions of title 5, United States Code, (2) the selection, appointment, and fixing of the compensation of such personnel as he deems necessary, including an executive director, (3) the supervision of personnel employed by or assigned to the Commission, except that each member of the Commission may select and supervise personnel for his personal staff, (4) the distribution of business among personnel and among administrative units of the Commission, and (5) the procurement of services of experts and consultants in accordance with section 3109 of title 5, United States Code. The Secretary shall provide to the Commission such support and facilities as the Commission determines it needs to carry out its functions.

(d) In the performance of their functions, the members, employees, or other personnel of the Commission shall not be responsible to or subject to the supervision or direction of any officer, employee, or agent of any other part of the Department.

(e) The Chairman of the Commission may designate any other member of the Commission as Acting Chairman to act in the place and stead of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all sessions of the Commission and a quorum for the transaction of business shall consist of at least three members present. Each member of the Commission, including the Chairman, shall have one vote. Actions of the Commission shall be determined by a majority vote of the members present. The Commission shall have an official seal which shall be judicially noticed.

(f) The Commission is authorized to establish such procedural and administrative rules as are necessary to the exercise of its functions. Until changed by the Commission, any procedural and administrative rules applicable to particular functions over which the Commission has jurisdiction shall continue in effect with respect to such particular functions.

(g) In carrying out any of its functions, the Commission shall have the powers authorized by the law under which such function is exercised to hold hearings, sign and issue subpenas, administer oaths, examine witnesses, and receive evidence at any place in the United States it may designate. The Commission may, by one or more of its members or by such agents as it may designate, conduct any hearing or other inquiry necessary or appropriate to its functions, except that nothing in this subsection shall be deemed to supersede the provisions of section 556 of title 5, United States Code relating to hearing examiners.

(h) The principal office of the Commission shall be in or near the District of Columbia, where its general sessions shall be held; but the Commission may sit anywhere in the United States.

(i) For the purpose of section 552b of title 5, United States Code, the Commission shall be deemed to be an agency. Except as provided in section 518 of title 28, United States Code, relating to litigation before the Supreme Court, attorneys designated by the Chairman of the Commission may appear for, and represent the Commission in, any civil action brought in connection with any function carried out by the Commission pursuant to this or as otherwise authorized by law.

(j) In each annual authorization and appropriation request under this Act, the Secretary shall identify the portion thereof intended for the support of the Commission and include a statement by the Commission (1) showing the amount requested by the Commission in its budgetary presentation to the Secretary and the Office of Management and Budget and (2) an assessment of the budgetary needs of the Commission. Whenever the Commission submits to the Secretary, the President, or the Office of Management and Budget, any legislative recommendation or testimony, or comments on legislation, prepared for submission to Congress, the Commission shall concurrently transmit a copy thereof to the appropriate committee of Congress.

JURISDICTION OF THE COMMISSION

SEC. 402. (a)(1) There are hereby transferred to, and vested in, the Commission the following functions of the Federal Power Commission or of any member of the Commission or any officer or component of the Commission:

(A) the investigation, issuance, transfer, renewal, revocation, and enforcement of licenses and permits for the construction, operation, and maintenance of dams, water conduits, reservoirs, powerhouses, transmission lines, or other works for the development and improvement of navigation and for the development and utilization of power across, along, from, or in navigable waters under part I of the Federal Power Act.

(B) the establishment, review, and enforcement of rates and charges for the transmission or sale of electric energy, including determinations on construction work in progress, under part II of the Federal Power Act, and the interconnection, under section 202(b), of such Act, of facilities for the generation, transmission, and sale of electric energy (other than emergency interconnection);

(C) the establishment, review, and enforcement of rates and charges for the transportation and sale of natural gas by a producer or gatherer or by a natural gas pipeline or natural gas company under sections 1, 4, 5, and 6 of the Natural Gas Act;

(D) the issuance of a certificate of public convenience and necessity, including abandonment of facilities or services, and the establishment of physical connections under section 7 of the Natural Gas Act;

(E) the establishment, review, and enforcement of curtailments, other than the establishment and review of priorities for such curtailments, under the Natural Gas Act; and

(F) the regulation of mergers and securities acquisition under the Federal Power Act and the Natural Gas Act.

(2) The Commission may exercise any power under the following sections to the extent the Commission determines such power to be necessary to the exercise of any function within the jurisdiction of the Commission:

(A) sections 4, 301, 302, 306 through 309, and 312 through 316 of the Federal Power Act; and

(B) sections 8, 9, 13 through 17, 20, and 21 of the Natural Gas Act.

(b) There are hereby transferred to, and vested in, the Commission all functions and authority of the Interstate Commerce Commission or any officer or component of such Commission or where the regulatory function establishes rates and charges for the transportation of oil by pipeline or establishes the valuation of any such pipeline.

(c)(1) Pursuant to the procedures specified in section 404 and except as provided in paragraph (2), the Commission shall have jurisdiction to consider any proposal by the Secretary to amend any regulation required to be issued under section 4(a) of

the Emergency Petroleum Allocation Act of 1973 which is required by section 8 or 12 of such Act to be transmitted by the President to, and reviewed by, each House of Congress, under section 551 of the Energy Policy and Conservation Act.

(2) In the event that the President determines that an emergency situation of overriding national importance exists and requires the expeditious promulgation of a rule described in paragraph (1), the President may direct the Secretary to assume sole jurisdiction over the promulgation of such rule, and such rule shall be transmitted by the President to, and reviewed by, each House of Congress under section 8 or 12 of the Emergency Petroleum Allocation Act of 1973, and section 551 of the Energy Policy and Conservation Act.

(d) The Commission shall have jurisdiction to hear and determine any other matter arising under any other function of the Secretary—

(1) involving any agency determination required by law to be made on the record after an opportunity for an agency hearing: or

(2) involving any other agency determination which the Secretary determines shall be made on the record after an opportunity for an agency hearing,

except that nothing in this subsection shall require that functions under sections 105 and 106 of the Energy Policy and Conservation Act shall be within the jurisdiction of the Commission unless the Secretary assigns such a function to the Commission.

(e) In addition to the other provisions of this section, the Commission shall have jurisdiction over any other matter which the Secretary may assign to the Commission after public notice, or which are required to be referred to the Commission pursuant to section 404 of this Act.

(f) No function described in this section which regulates the exports or imports of natural gas or electricity shall be within the jurisdiction of the Commission unless the Secretary assigns such a function to the Commission.

(g) The decision of the Commission involving any function within its jurisdiction, other than action by it on a matter referred to it pursuant to section 404, shall be final agency action within the meaning of section 704 of title 5, United States Code, and shall not be subject to further review by the Secretary or any officer or employee of the Department.

(h) The Commission is authorized to prescribe rules, regulations, and statements of general applicability with respect to any function under the jurisdiction of the Commission pursuant to section 402.

INITIATION OF RULEMAKING PROCEEDINGS BEFORE COMMISSION

SEC. 403. (a) The Secretary and the Commission are authorized to propose rules, regulations, and statements of general applicability with respect to any function within the jurisdiction of the Commission under section 402 of this Act.

(b) The Commission shall have exclusive jurisdiction with respect to any proposal made under subsection (a), and shall consider and take final action on any proposal made by the Secretary under such subsection in an expeditious manner in accordance with such reasonable time limits as may be set by the Secretary for the completion of action by the Commission on any such proposal.

(c) Any function described in section 402 of this Act which relates to the establishment of rates and charges under the Federal Power Act or the Natural Gas Act, may be conducted by rulemaking procedures. Except as provided in subsection (d), the procedures in such a rulemaking proceeding shall assure full consideration of the issues and an opportunity for interested persons to present their views.

(d) With respect to any rule or regulation promulgated by the Commission to establish rates and charges for the first sale of natural gas by a producer or gatherer to a natural gas pipeline under the Natural Gas Act, the Commission may afford any interested person a reasonable opportuntiy to submit written questions with respect to disputed issues of fact to other interested persons participating in the rulemaking proceedings. The Commission may establish a reasonable time for both the submission of questions and responses thereto.

REFERRAL OF OTHER RULEMAKING PROCEEDINGS TO COMMISSION

SEC. 404. (a) Except as provided in section 403, whenever the Secretary proposes to prescribe rules, regulations, and statements of policy of general applicability in the exercise of any function which is transferred to the Secretary under section 301 of this Act, he shall notify the Commission of the proposed action. If the Commission, in its discretion, determines within such period as the Secretary may prescribe, that the proposed action may significantly affect any function within the jurisdiction of the Commission pursuant to section 402(a)(1), (b), and (c)(1), the Secretary shall immediately refer the matter to the Commission, which shall provide an opportunity for public comment.

(b) Following such opportunity for public comment the Commission, after consultation with the Secretary, shall either—

(1) concur in adoption of the rule or statement as proposed by the Secretary;

(2) concur in adoption of the rule or statement only with such changes as it may recommend; or

(3) recommend that the rule or statement not be adopted.

The Commission shall promptly publish its recommendations, adopted under this subsection, along with an explanation of the reason for its actions and an analysis of the major comments, criticisms, and alternatives offered during the comment period.

(c) Following publication of the Commission's recommendations the Secretary shall have the option of—

(1) issuing a final rule or statement in the form initially proposed by the Secretary if the Commission has concurred in such rule pursuant to subsection (b)(1);

(2) issuing a final rule or statement in amended form so that the rule conforms in all respects with the changes proposed by the Commission if the Commission has concurred in such rule or statement pursuant to subsection (b)(2); or

(3) ordering that the rule shall not be issued.

The action taken by the Secretary pursuant to this subsection shall constitute a final agency action for purposes of section 704 of title 5, United States Code.

RIGHT OF SECRETARY TO INTERVENE IN COMMISSION PROCEEDINGS

SEC. 405. The Secretary may as a matter of right intervene or otherwise participate in any proceeding before the Commission. The Secretary shall comply with rules of procedure of general applicability governing the timing of intervention or participation in such proceeding or activity and, upon intervening or participation therein, shall comply with rules of procedure of general applicability governing the conduct thereof. The intervention or participation of the Secretary in any proceeding or activity shall not affect the obligation of the Commission to assure procedural fairness to all participants.

REORGANIZATION

SEC. 406. For the purposes of chapter 9 of title 5, United States Code, the Commission shall be deemed to be an independent regulatory agency.

ACCESS TO INFORMATION

SEC. 407. (a) The Secretary, each officer of the Department, and each Federal agency shall provide to the Commission, upon request, such existing information in the possession of the Department or other Federal agency as the Commission determines is necessary to carry out its responsibilities under this Act.

(b) The Secretary, in formulating the information to be requested in the reports or investigations under section 304 and section 311 of the Federal Power Act and section 10 and section 11 of the Natural Gas Act, shall include in such reports and investigations such specific information as requested by the Federal Energy Regulatory Commission and copies of all reports, information, results of investigations and data under said sections shall be furnished by the Secretary to the Federal Energy Regulatory Commission.

TITLE V—ADMINISTRATIVE PROCEDURES AND JUDICIAL REVIEW

PROCEDURES

SEC. 501. (a)(1) Subject to the other requirements of this title, the provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply in accordance with its terms to any rule or regulation, or any order having the applicability and effect of a rule (as defined in section 551(4) of title 5, United States Code), issued pursuant to authority vested by law in, or transferred or delegated to, the Secretary, or required by this Act or any other Act to be carried out by any other officer, employee, or component the Department, other than the Commission, including any such rule, regulation, or order of a State, or local government agency or officer thereof, issued pursuant to authority delegated by the Secretary in accordance with this title. If any provision of any Act, the functions of which are transferred, vested, or delegated pursuant to this Act, provides administrative procedure requirements in addition to the requirements provided in this title, such additional requirements shall also apply to actions under that provision.

(2) Notwithstanding paragraph (1), this title shall apply to the Commission to the same extent this title applies to the Secretary in the exercise of any of the Commission's functions under section 402(c)(1) or which the Secretary has assigned under section 403(e).

(b)(1) In addition to the requirements of subsection (a) of this section, notice of any proposed rule, regulation, or order described in subsection (a) shall be given by publication of such proposed rule, regulation, or order in the Federal Register. Such publication shall be accompanied by a statement of the research, analysis, and other available information in support of, the need for, and the probable effect of, any such proposed rule, regulation, or order. Other effective means of publicity shall be utilized as may be reasonably calculated to notify concerned or affected persons of the nature and probable effect of any such proposed rule, regulation, or order. In each case, a minimum of thirty days following such publication shall be provided for an opportunity to comment prior to promulgation of any such rule, regulation, or order.

(2) Public notice of all rules, regulations, or orders described in subsection (a) which are promulgated by officers of a State or local government agency pursuant to a delegation under this Act shall be provided by publication of such proposed rules, regulations, or orders in at least two newspapers of statewide circulation. If such publication is not practicable, notice of any such rule, regulation, or order shall be given by such other means as the officer promulgating such rule, regulation, or order determines will reasonably assure wide public notice.

(3) For the purposes of this title, the exception from the requirements of section 553 of title 5, United States Code, provided by subsection (a)(2) of such section with respect to public property, loans, grants, or contracts shall not be available.

(c)(1) If the Secretary determines, on his own initiative or in response to any showing made pursuant to paragraph (2) (with respect to a proposed rule, regulation, or order described in subsection (a)) that no substantial issue of fact or law exists and that such rule, regulation, or order is unlikely to have a substantial impact on the Nation's economy or large numbers of individuals or businesses, the proposed rule, regulation, or order may be promulgated in accordance with section 553 of title 5, United States Code. If the Secretary determines that a substantial issue of fact or law exists or that such rule, regulation, or order is likely to have a substantial impact on the Nation's economy or large numbers of individuals or businesses, an opportunity for oral presentation of views, data, and arguments shall be provided.

(2) Any person, who would be adversely affected by the implementation of any proposed rule, regulation, or order who desires an opportunity for oral presentation of view, data, and arguments, may submit material supporting the existence of such substantial issues or such impact.

(3) A transcript shall be kept of any oral presentation with respect to a rule, regulation, or order described in subsection (a).

(d) Following the notice and comment period, including any oral presentation required by this subsection, the Secretary may promulgate a rule if the rule is accompanied by an explanation responding to the major comments, criticisms, and alternatives offered during the comment period.

(e) The requirements of subsections (b), (c), and (d) of this section may be waived where strict compliance is found by the Secretary to be likely to cause serious harm or injury to the public health, safety, or welfare, and such finding is set out in detail in such rule, regulation, or order. In the event the requirements of this section are waived, the requirements shall be satisfied within a reasonable period of time subsequent to the promulgation of the rule, regulation, or order.

(f)(1) With respect to any rule, regulation, or order described in subsection (a), the effects of which, except for indirect effects of an inconsequential nature, are confined to—

(A) a single unit of local government or the residents thereof;

(B) a single geographic area within a State or the residents thereof; or

(C) a single State or the residents thereof;

the Secretary shall, in any case where appropriate, afford an opportunity for a hearing or the oral presentation of views, and provide procedures for the holding of such hearing or oral presentations within the boundaries of the unit of local government, geographic area, or State described in paragraphs (A) through (C) of this paragraph as the case may be.

(2) For the purposes of this subsection—

(A) the term "unit of local government" means a county, municipality, town, township, village, or other unit of general government below the State level; and

(B) the term "geographic area within a State" means a special purpose district or other region recognized for governmental purposes within such State which is not a unit of local government.

(3) Nothing in this subsection shall be construed as requiring a hearing or an oral presentation of views where none is required by this section or other provision of law.

(g) Where authorized by any law vested, transferred, or delegated pursuant to this Act, the Secretary may, by rule, prescribe procedures for State or local government agencies authorized by the Secretary to carry out such functions as may be permitted under applicable law. Such procedures shall apply to such agencies in lieu of this section, and shall require that prior to taking any action, such agencies shall take steps reasonably calculated to provide notice to persons who may be affected by the action, and shall afford an opportunity for presentation of views (including oral presentation of views where practicable) within a reasonable time before taking the action.

JUDICIAL REVIEW

SEC. 502. (a) Judicial review of agency action taken under any law the functions of which are vested by law in, or transferred or delegated to the Secretary the Commission or any officer, employee, or component of the Department shall, notwithstanding such resting, transfer, or delegation, be made in the manner specified in or for such law.

(b) Notwithstanding the amount in controversy, the district courts of the United States shall have exclusive original jurisdiction of all other cases or controversies arising exclusively under this Act, or under rules, regulations, or orders issued exclusively thereunder, other than any actions taken to implement or enforce any rule, regulation, or order by any officer of a State or local government agency under this Act, except that nothing in this section affects the power of any court of competent jurisdiction to consider, hear, and determine in any proceeding before it any issue raised by way of defense (other than a defense based on the unconstitutionality of this Act or the validity of action taken by any agency under this Act). If in any such proceeding an issue by way of defense is raised based on the unconstitutionality of this Act or the validity of agency action under this Act, the case shall be subject to removal by either party to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code. Cases or controversies arising under any rule, regulation, or order of any officer of a State or local government agency may be heard in either (A) any appropriate State court, or (B) without regard to the amount in controversy, the district courts of the United States.

(c) Subject to the provisions of section 401(1) of this Act, and notwithstanding any other law, the litigation of the Department shall be subject to the supervision of the Attorney General pursuant to chapter 31 of title 28, United States Code. The Attorney General may authorize any attorney of the Department to conduct any civil litigation of the Department in any Federal court except the Supreme Court.

REMEDIAL ORDERS

Sec. 503. (a) If upon investigation the Secretary or his authorized representative believes that a person has violated any regulation, rule, or order described in section 501(a) promulgated pursuant to the Emergency Petroleum Allocation Act of 1973, he may issue a remedial order to the person. Each remedial order shall be in writing and shall describe with particularity the nature of the violation, including a reference to the provision of such rule, regulation, or order alleged to have been violated. For purposes of this section "person" includes any individual, association, company, corporation, partnership, or other entity however organized.

(b) If within thirty days after the receipt of the remedial order issued by the Secretary, the person fails to notify the Secretary that he intends to contest the remedial order shall become effective and shall be deemed a final order of the Secretary and not subject to review by any court or agency.

(c) If within thirty days after the receipt of the remedial order issued by the Secretary, the person notifies the Secretary that he intends to contest a remedial order issued under subsection (a) of this section, the Secretary shall immediately advise the Commission of such notification. Upon such notice, the Commission shall stay the effect of the remedial order, unless the Commission finds the public interest requires immediate compliance with such remedial order. The Commission shall, upon request, afford an opportunity for a hearing, including, at a minimum, the submission of briefs, oral or documentary evidence, and oral arguments. To the extent that the Commission in its discretion determines that such is required for a full and true disclosure of the facts, the Commission shall afford the right of cross examination. The Commission shall thereafter issue an order, based on findings of fact, affirming, modifying, or vacating the Secretary's remedial order, or directing other appropriate relief, and such order shall for the purpose of judicial review, constitute a final agency action, except that enforcement and other judicial review of such action shall be the responsibility of the Secretary.

(d) The Secretary may set reasonable time limits for the Commission to complete action on a proceeding referred to it pursuant to this section.

(e) Nothing in this section shall be construed to affect any procedural action taken by the Secretary prior to or incident to initial issuance of a remedial order which is the subject of the hearing provided in this section, but such procedures shall be reviewable in the hearing.

(f) The provisions of this section shall be applicable only with respect to proceedings initiated by a notice of probable violation issued after the effective date of this Act.

REQUESTS FOR ADJUSTMENTS

SEC. 504. (a) The Secretary or any officer designated by him shall provide for the making of such adjustments to any rule, regulation or order described in section 501(a) issued under the Federal Energy Administration Act, the Emergency Petroleum Allocation Act of 1973, the Energy Supply and Environmental Coordination Act of 1974, or the Energy Policy and Conservation Act, consistent with the other purposes of the relevant Act, as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens, and shall by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or rescission of, exception to, or exemption from, such rule, regulation or order. The Secretary or any officer shall additionally insure that each decision on any application or petition requesting an adjustment shall specify the standards of hardship, inequity, or unfair distribution of burden by which any disposition was made, and the specific application of such standards to the facts contained in any such application or petition.

(b) If any person is aggrieved or adversely affected by a denial of a request for adjustment under subsection (a) such person may request a review of such denial by the Commission and may obtain judicial review in accordance with this title when such a denial becomes final.

(2) The Commission shall, by rule, establish appropriate procedures, including a hearing when requested, for review of a denial. Action by the Commission under this section shall be considered final agency action within the meaning of section 704 of title 5, United States Code, and shall not be subject to further review by the Secretary or any officer or employee of the Department. Litigation involving judicial review of such action shall be the responsibility of the Secretary.

REVIEW AND EFFECT

SEC. 505. Within one year after the effective date of this Act, the Secretary shall submit a report to Congress concerning the actions

taken to implement section 501. The report shall include a discussion of the adequacy of such section from the standpoint of the Department and the public, including a summary of any comments obtained by the Secretary from the public about such section and implementing regulations, and such recommendations as the Secretary deems appropriate concerning the procedures required by such section.

TITLE VI—ADMINISTRATIVE PROVISIONS

PART A—CONFLICT OF INTEREST PROVISION

DEFINITIONS

SEC. 601. (a) For the purposes of this title, the following officers or employees of the Department are supervisory employee:

(1) an individual holding a position in the Department at GS–16, GS–17, or GS–18 of the General Schedule or at level I, II, III, IV, or V of the Executive Schedule, or who is in a position at a comparable or higher level on any other Federal pay scale, or who holds a position pursuant to subsection (b) or (d) of section 621, or who is an expert or consultant employed pursuant to section 3109 of title 5, United States Code, for more than 90 days in any calendar year and receives compensation at an annual rate equal to or in excess of the minimum rate prescribed for individuals at GS–16 of the General Schedule;

(2) the Director or Deputy Director of any State, regional, district, local, or other field office maintained pursuant to section 609 of this Act;

(3) an employee or officer who has primary responsibility for the award, review, modification, or termination of any grant, contract, award, or fund transfer within the authority of the Secretary; and

(4) any other employee or officer who, in the judgment of the Secretary, exercises sufficient decisionmaking or regulatory authority so that the provisions of this title should apply to such individual.

(b) For purposes of this title the term "energy concern" includes—

(1) any person significantly engaged in the business of developing, extracting, producing, refining, transporting by pipeline, converting into synthetic fuel, distributing, or selling minerals for use as an energy source, or in the generation or transmission of energy from such minerals or from wastes or renewable resources;

(2) any person holding an interest in property from which coal, natural gas, crude oil, nuclear material or a renewable resource is commercially produced or obtained;

(3) any person significantly engaged in the business of producing, generating, transmitting, distributing, or selling electric power;

(4) any person significantly engaged in development, production, processing, sale, or distribution of nuclear materials, facilities, or technology;

(5) any person—

(A) significantly engaged in the business of conducting research, development, or demonstration related to an activity described in paragraph (1), (2), (3), or (4); or

(B) significantly engaged in conducting such research, development, or demonstration with financial assistance under any Act the functions of which are vested in or delegated or transferred to the Secretary or the Department.

(c)(1) The Secretary shall prepare and periodically publish a list of persons which the Secretary has determined to be energy concerns as defined by subsection (b). The absence of any particular energy concern from such list shall not exempt any officer or employee from the requirements of sections 602 through 606 of this Act.

(2) At the request of any officer or employee of the Department the Secretary shall determine whether any person is an energy concern as defined by subsection (b).

(d) For the purposes of sections 602(a), 603(a), 605(a), and 606(a) an individual shall be deemed to have known of or knowingly committed a described act or to have known of or knowingly held a described interest, status, or position if the employee knew or should have known of such act, interest, status, or position. For the purposes of section 602(a) an officer or employee shall be deemed to have known of or knowingly held an interest in an energy concern if such interest is sold or otherwise transferred to his spouse or dependent while such officer or employee is, or within six months prior to the date on which such officer or employee becomes, an officer or employee of the Department. The placing of an interest under a trust by an individual shall not satisfy the requirement of section 602 or waive the requirements of section 603 as to such interest unless none of the interests placed under such trust by such individual consists of known financial interests in any energy concern.

DIVESTITURE ENERGY HOLDINGS BY SUPERVISORY OFFICIALS

SEC. 602. (a) No supervisory employee shall knowingly receive compensation from, or hold any official relation with, any energy concern, or own stocks or bonds of any energy concern, or have any pecuniary interest therein.

(b) Personnel transferred to the Department pursuant to section 701 of this Act shall have six months to comply with the provisions of subsection (a) with respect to prohibited property holdings. Any person transferred pursuant to section 701 of this Act shall notify the Secretary or his designee of all known circumstances which would be violative of the restrictions set forth in subsection (a) not later than thirty days after the date of such transfer, as determined by the United States Civil Service Commission.

(c) Where exceptional hardship would result, or where the interest is a pension, insurance or other similarly vested interest, the Secretary is authorized to waive the requirements of this section for such period as he may prescribe with respect to any supervisory employee covered. Such waiver shall:

(1) be published in the Federal Register;

(2) contain a finding by the Secretary that exceptional hardship would result or that there is such a vested interest; and

(3) state the period of the waiver and indicate the actions taken to minimize or eliminate the conflict of interest during such period.

(d) Any supervisory employee who continues to receive income from any energy concern, or continues to own property directly or indirectly in any such concern shall disclose such income or ownership pursuant to section 603.

DISCLOSURE OF ENERGY ASSETS

SEC. 602. (a) Each individual who at any time during the calendar year serves as an officer or employee of the Department shall disclose to the Secretary—

(1) the amount of income and the identity of the source of income knowingly received by such individual, his spouse, or dependent from any energy concern, and

(2) the identity and value of interest knowingly held in any such concern

during such calendar year. Such report shall be filed not later than 30 days after commencing service in the Department and on May 15 following each such calendar year. Each report under this subsection shall be in such form and manner as the Secretary shall, by rule, prescribe.

(b) The Secretary shall—

(1) act, within ninety days after the effective date of this Act, by rule to establish the methods by which the requirement to file written statements specified in subsection (a) will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements, for the recording by the reviewing official of any action taken to eliminate any potential conflict, and for the signing of such statement by the reviewing official; and

(2) include, as part of the report made pursuant to section 657, a report with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

(c) In the rules prescribed in subsection (b), the Secretary shall identify specific positions, or classes thereof, within the Department which are of a nonregulatory or nonpolicymaking nature at or below GS–12 of the General Schedule and shall exempt such positions and the individuals occupying those positions from the requirements of this section.

(d) Each individual required to file a report under this section who during any calendar year ceases to be an officer or employee of the Department shall file a report covering that portion of such year beginning on January 1 and ending on the date on which he ceases to be such an officer or employee, and such report shall be filed with the Secretary not later than thirty days after such date.

(e) The Secretary may grant one or more reasonable extensions of time for filing any such report under this section but the total of such extensions shall not exceed ninety days.

REPORT ON PRIOR EMPLOYMENT

SEC. 604. (a) Within sixty days of becoming a supervisory employee of the department, each supervisory employee shall file with the Secretary, in such form and manner as the Secretary shall prescribe, a report identifying any energy concern which paid the reporting individual compensation in excess of $2,500 in any of the previous five calendar years. The individual shall include in the report—

(1) the name and address of each source of such compensation;

(2) the period during which the reporting individual was receiving such compensation from each such source;

(3) the title of each position or relationship the reporting individual held with each compensating source; and

(4) a brief description of the duties performed or services rendered by the reporting individual in each such position.

(b) Subsection (a) shall not require any individual to include in such report any information which is considered confidential as a result of a privileged relationship, recognized by law, between such individual and any person; nor shall it require an individual to report any information with respect to any person for whom services were provided by any firm or association of which such individual was a member, partner, or employee unless such individual was directly involved in the provision of such services.

POSTEMPLOYMENT PROHIBITIONS AND REPORTING REQUIREMENTS

SEC. 605. (a)(1) Except as provided in paragraph (2) or (3), no supervisory employee shall, within one year after his employment with the Department has ceased, knowingly—

(A) make any appearance or attendance before, or

(B) make any written or oral communication to, and with the intent to influence the action of;

the Department if such appearance or communication relates to any particular matter which is pending before the Department.

(2) Paragraph (1) shall not apply to any appearance, attendance, or communication made, during any part of such year that such individual is employed by, and is on behalf of, the United States; nor shall it

apply to an appearance or communication by the former supervisory employee where such appearance or communication is made in response to a subpoena, or concerns any matter of an exclusively personal and individual nature such as pension benefits.

(3) Paragraph (1) shall not prohibit a former supervisory employee with outstanding scientific or technological qualifications from making any appearance, attendance, or written or oral communication in connection with a particular matter in a scientific or technological field if the Secretary or the Commission, as the case may be, makes a certification in writing, published in the Federal Register, that the national interest could be served by such action or appearance by such former supervisory employee.

(b)(1) Each former supervisory employee of the Department shall file with the Secretary, in such form and manner as the Secretary shall prescribe, not later than May 15 of the first and second calendar years following the first full year in which such person ceased to be an officer or employee of the Department, a report describing any employment with any energy concern during the period to which such report relates, including any employment as a consultant, agent, attorney, or otherwise, except that the requirements of this subsection shall not apply to any former supervisory employee who, at the time such employment with the Department ceases, has any contract, promise, or other agreement with respect to future employment with any energy concern, if (A) the former supervisory employee describes such agreement in any report filed within thirty days after the individual ceases to be an employee of the Department, and (B) the former supervisory employee amends the report by May 15 of either of the next two years during which he has accepted employment with another energy concern.

(2) Each report filed pursuant to paragraph (1) of this subsection shall contain the name and address of the person filing the report, the name and address of the energy concern with which he holds or will hold employment during any portion of the period covered by the report, a brief description of his responsibilities for the energy concern, the dates of his employment, and such other pertinent information as the Secretary may require.

PARTICIPATION PROHIBITIONS

SEC. 606. (a) For a period of one year after terminating any employment with any energy concern, no supervisory employee shall knowingly participate in any Department proceeding in which his former employer is substantially, directly, or materially involved, other than in a rulemaking proceeding which has a substantial effect on numerous energy concerns.

(b) For a period of one year after commencing service in the Department, no supervisory employee shall knowingly participate in any Department proceeding for which, within the previous 5 years, he had direct responsibility, or in which he participated substantially or personally, while in the employment of any energy concern.

(c) Whenever the Secretary makes a written finding as to a particular supervisory employee that the application of a particular restriction or requirement imposed by subsection (a) or (b) in a particular circumstance would work an exceptional hardship upon such supervisory employee or would be contrary to the national interest, the Secretary may waive in writing such restriction or requirement as to such supervisory employee. Any waiver made by the Secretary of a restriction imposed under subsection (b) shall also be filed with any record of the Department proceeding as to which the waiver for purposes of participation is granted. No such waiver shall in any instance constitute a waiver of the requirements of section 207 of title 18, United States Code.

PROCEDURES APPLICABLE TO REPORTS

SEC. 607. (a)(1) Except as provided in this section, the Secretary shall make each report filed with him under section 693, 694, or 695 available to the public within thirty days after the receipt of such report, and shall provide a copy of any such report to any person upon written request.

(2) The Secretary may require any person receiving a copy of any report to pay a reasonable fee in any amount which the Secretary finds necessary to recover the cost of reproduction or mailing of such report, excluding any salary of any employee involved in such reproduction or mailing. The Secretary may furnish a copy of any such report without charge, or at a reduced charge, if he determines that waiver or reduction of the fee is in the public interest because furnishing the information primarily benefits the public.

(3) Any report received by the Secretary shall be held in his custody and made available to the public for a period of six years after receipt by the Secretary of such report. After such six-year period, the Secretary shall destroy any such report.

(b) The Civil Service Commission shall under such regulations as are prescribed by the Commission, conduct, on a random basis, a sufficient number of audits of the reports filed pursuant to sections 603, 604, and 605, as deemed necessary and appropriate in order to monitor the accuracy and completeness of such reports.

(c) The Secretary shall maintain a file containing all findings and waivers made by him pursuant to section 602(c), 603(c), 605(a), or 606(c) and all such findings and waivers shall be available for public inspection and copying at all times during regular working hours in accordance with the procedures of this section.

SANCTIONS

SEC. 608. (a) Any individual who is subject to, and knowingly violates, section 603 shall be fined not more than $2,500 or imprisoned not more than one year, or both.

(b) Any individual who violates section 602, 603, 604, 605, or 606 shall be subject to a civil penalty, assessed by the Secretary in accordance with applicable law or by any district court of the United States, not to exceed $10,000 for each violation.

(c) Notwithstanding any penalty imposed under subsection (a), any violation of section 605(a) shall be taken into consideration in deciding the outcome of any Department proceeding in connection with which the prohibited appearance, attendance, communication, or submission was made.

(d) Nothing in this title shall be deemed to limit the operation of section 207 or section 208 of title 18, United States Code. Nor shall any waiver issued pursuant to section 602(c) constitute a waiver of the requirements of such provisions.

PART B—PERSONNEL PROVISIONS

OFFICERS AND EMPLOYEES

SEC. 621. (a) In the performance of his functions the Secretary is authorized to appoint and fix the compensation of such officers and employees, including attorneys, as may be necessary to carry out such functions. Except as otherwise provided in this section, such officers and employees shall be appointed in accordance with the civil services laws and their compensation fixed in accordance with title 5, United States Code.

(b)(1) Subject to the limitations provided in paragraph (2) and to the extent the Secretary deems such action necessary to the discharge of his functions, he may appoint not more than 311 of the scientific, engineering, professional, and administrative personnel of the department without regard to the civil service laws, and may fix the compensation of such personnel not in excess of the maximum rate payable for GS–18 of the General Schedule under section 5332 of title 5, United States Code.

(2) The Secretary's authority under this subsection to appoint an individual to such a position without regard to the civil servvice laws shall cease—

(A) when a person appointed, within 4 years after the effective date of this Act, to fill such position under paragraph (1) leaves such position, or

(B) on the day which is 4 years after such effective date,

whichever is later.

(c)(1) Subject to the provisions of chapter 51 of title 5, United States Code, but notwithstanding the last two sentences of section 5108(a) of such title, the Secretary may place at GS–16, GS–17, and GS–18, not to exceed 178 positions of the positions subject to the limitation of the first sentence of section 5108(a) of such title.

(2) Appointments under this subsection may be made without regard to the provisions of section 3334 of title 5, United States Code, relating to the approval by the Civil Service Commission of appointments under GS–16, GS–17, and GS–18 if the individual placed in such position is an individual who is transferred in connection with a transfer of functions under this Act and who, immediately before the effective date of this Act, held a position and duties comparable to those of such position.

(3) The Secretary's authority under this subsection with respect to any position shall cease when the person first appointed to fill such position leaves such position.

(d) In addition to the number of positions which may be placed at GS–16, GS–17, and GS–18 under section 5108 of title 5, United States Code, under existing law, or under this Act, and to the extent the Secretary deems such action necessary to the discharge of his functions, he may appoint not more than 200 of the scientific, engineering, professional, and administrative personnel without regard to the civil service laws and may fix the compensation of such personnel not in excess of the maximum rate payable for GS–18 of the General Schedule under section 53332 of title 5, United States Code.

(e) For the purposes of determining the maximum aggregate number of positions which may be placed at GS–16, GS–17, or GS–18 under section 5108(a) of title 5, United States Code, 63 percent of the positions established under subsections (b) and (c) shall be deemed GS–16 positions, 25 percent of such positions shall be deemed GS–17 positions, and 12 percent of such positions shall be deemed GS–18.

SENIOR POSITIONS

SEC. 622. In addition to those positions created by title II of this Act, there shall be within the Department fourteen additional officers in positions authorized by section 5316 of title 5, United States Code, who shall be appointed by the Secretary and who shall perform such functions as the Secretary shall prescribe from time to time.

EXPERTS AND CONSULTANTS

SEC. 623. The Secretary may obtain services as authorized by section 3109 of title 5, United States Code, at rates not to exceed the daily rate prescribed for grade GS–18 of the General Schedule under section 5332 of title 5, United States Code for persons in Government service employed intermittently.

ADVISORY COMMITTEES

SEC. 624. (a) The Secretary is authorized to establish in accordance with the Federal Advisory Committee Act such advisory com-

mittees as he may deem appropriate to assist in the performance of his functions. Members of such advisory committees, other than full-time employees of the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the Secretary while serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for individuals in the Government serving without pay.

(b) Section 17 of the Federal Energy Administration Act of 1974 shall be applicable to advisory committees chartered by the Secretary, or transferred to the Secretary or the Department under this Act, except that where an advisory committee advises the Secretary on matters pertaining to research and development, the Secretary may determine that such meeting shall be closed because it involves research and development matters and comes within the exemption of section 552b(c)(4) of title 5, United States Code.

ARMED SERVICES PERSONNEL

SEC. 625. (c) The Secretary is authorized to provide for participation of Armed Forces personnel in carrying out functions authorized to be performed, on the date of enactment of this Act, in the Energy Research and Development Administration and under chapter 641 of title 10, United States Code. Members of the Armed Forces may be detailed for service in the Department by the Secretary concerned (as such term is defined in section 101 of such title) pursuant to cooperative agreements with the Secretary.

(b) The detail of any personnel to the Department under this section shall in no way affect status, office, rank, or grade which officers or enlisted men may occupy or hold or any emolument, perquisite, right, privilege, or benefit incident to, or arising out of, such status, office, rank, or grade. Any member so detailed shall not be charged against any statutory or other limitation or strengths applicable to the Armed Forces, but shall be charged to such limitations as may be applicable to the Department. A member so detailed shall not be subject to direction or control by his armed force, or any officer thereof, directly or indirectly, with respect to the responsibilities exercised in the position to which detailed.

PART C—GENERAL ADMINISTRATIVE PROVISIONS

GENERAL AUTHORITY

SEC. 641. To the extent necessary or appropriate to perform any function transferred by this Act, the Secretary or any officer or employee of the Department may exercise, in carrying out the function so transferred, any authority or part thereof available by law, including appropriation Acts, to the official or agency from which such function was transferred.

DELEGATION

SEC. 642. Except as otherwise expressly prohibited by law, and except as otherwise provided in this Act, the Secretary may delegate any of his functions to such officers and employees of the Department as he may designate, and may authorize such successive redelegations of such functions within the Department as he may deem to be necessary or appropriate.

REORGANIZATION

SEC. 643. The Secretary is authorized to establish, alter, consolidate or discontinue such organizational units or components within the Department as he may deem to be necessary or appropriate. Such authority shall not extend to the abolition of organizational units or components established by this Act, or to the transfer of functions vested by this Act in any organizational unit or component.

RULES

SEC. 644. The Secretary is authorized to prescribe such procedural and administrative rules and regulations as he may deem necessary or appropriate to administer and manage the functions now or hereafter vested in him.

SUBPENA

SEC. 645. For the purpose of carrying out the provisions of this Act, the Secretary, or his duly authorized agent or agents, shall have the same powers and authorities as the Federal Trade Commission under section 9 of the Federal Trade Commission Act with respect to all functions vested in, or transferred or delegated to, the Secretary or such agents by this Act.

CONTRACTS

SEC. 646. (a) The Secretary is authorized to enter into and perform such contracts, leases, cooperative agreements, or other similar transactions with public agencies and private organizations and persons, and to make such payments (in lump sum or installments, and by way of advance or reimbursement) as he may deem to be necessary or appropriate to carry out functions now or hereafter vested in the Secretary.

(b) Notwithstanding any other provision of this title, no authority to enter into contracts or to make payments under this title shall be effective except to such extent or in such amounts as are provided in advance in appropriation Acts.

ACQUISITION AND MAINTENANCE OF PROPERTY

SEC. 647. The Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain laboratories, research and testing sites and facilities, quarters and related accommodations for employees and dependents of employees of the Department, personal property (including patents), or any interest therein, as the Secretary deems necessary; and to provide by contract or otherwise for eating facilities and other necessary facilities for the health and welfare of employees of the Department at its installations and purchase and maintain equipment therefor.

FACILITIES CONSTRUCTION

SEC. 648. (a) As necessary and when not otherwise available, the Secretary is authorized to provide for, construct, or maintain the following for employees and their dependents stationed at remote locations:

(1) Emergency medical services and supplies;

(2) Food and other subsistence supplies;

(3) Messing facilities;

(4) Audio-visual equipment, accessories, and supplies for recreation and training;

(5) Reimbursement for food, clothing, medicine, and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;

(6) Living and working quarters and facilities; and

(7) Transportation of school age dependents of employees to the nearest appropriate educational facilities.

(b) The furnishing of medical treatment under paragraph (1) of subsection (a) and the furnishing of services and supplies under paragraphs (2) and (3) of subsection (a) shall be at prices reflecting reasonable value as determined by the Secretary.

(c) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay directly the cost of such work or services, to repay or make advances to appropriations of funds which will initially bear all or a part of such cost, or to refund excess sums when necessary. Such payments may be credited to a working capital fund otherwise established by laws, including the fund established pursuant to section 653 of this Act, and used under the law governing such fund, is the fund is available for use by the Department for performing the work or services for which payment is received.

USE OF FACILITIES

SEC. 649. (a) With their consent, the Secretary and the Federal Energy Regulatory Commission may, with or without reimbursement, use the research, equipment, and facilities of any agency or instrumentality of the United States or of any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States, or of any political subdivision thereof, or of any foreign government, in carrying out any function now or hereafter vested in the Secretary or the Commission.

(b) In carrying out his functions, the Secretary, under such terms, at such rates, and for such periods not exceeding five years, as he may deem to be in the public interest, is authorized to permit the use by public and private agencies, corporations, associations, or other organizations or by individuals of any real property, or any facility structure, or other improvement thereon, under the custody of the Secretary for Department purposes. The Secretary may require permittees under this section to recondition and maintain, at their own expense, the real property, facilities, structures, and improvements involved to a satisfactory standard. This section shall not apply to excess property as defined in 3(e) of the Federal Property and Administrative Services Act of 1949, as amended.

(c) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Secretary or the head of the agency or instrumentality of the United States involved, as the case may be, to pay directly the costs of the equipment, or facilities provided, to repay or make advances to appropriations or funds which do or will initially bear all or a part of such costs, or to refund excess sums when necessary, except that such proceeds may be credited to a working capital fund otherwise established by law, including the fund established pursuant to section 653 of this Act, and used under the law governing such fund, if the fund is available for use for providing the equipment or facilities involved.

FIELD OFFICES

SEC. 650. The Secretary is authorized to establish, alter, consolidate or discontinue and to maintain such State, regional, district, local or other field offices as he may deem to be necessary to carry out functions vested in him.

COPYRIGHTS

SEC. 651. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or useful to, the Department:

(1) Copyrights, patents, and applications for patents, designs, processes, and manufacturing data;

(2) Licenses under copyrights, patents, and applications for patents; and

(3) Releases, before suit is brought, for past infringement of patents or copyrights.

GIFTS AND REQUESTS

SEC. 652. The Secretary is authorized to accept, hold, administer, and utilize, bequests, and devises of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts, bequests, and devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be disbursed upon the order of the Secretary. Property accepted pursuant to this section, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift, bequest, or devise. For the purposes of Federal income, estate, and gift taxes, property accepted under this sec-

tion shall be considered as a gift, bequest, or devise to the United States.

CAPITAL FUND

SEC. 653. The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency, including such services as a central supply service for stationery and other supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Department and its agencies; central messenger, mail, telephone, and other communications services; office space, central services for document reproduction, and for graphics and visual aids; and a central library service. The capital of the fund shall consist of any appropriations made for the purpose of providing capital (which appropriations are hereby authorized) and the fair and reasonable value of such stocks of supplies, equipment, and other assets and inventories on order as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations. Such funds shall be reimbursed in advance from available funds of agencies and offices in the Department, or from other sources, for supplies and services at rates which will approximate the expense of operation, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from sale or exchange of property and receipts in payment for loss or damage to property owned by the fund. There shall be covered into the United States Treasury as miscellaneous receipts any surplus found in the fund (all assets, liabilities, and prior losses considered) above the amounts transferred or appropriated to establish and maintain said fund. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund, in such amounts as may be necessary to provide additional working capital, are authorized.

SEAL OF DEPARTMENT

SEC. 654. The Secretary shall cause a seal of office to be made for the Department of such design as he shall approve and judicial notice shall be taken of such seal.

REGIONAL ENERGY ADVISORY BOARDS

SEC. 655. (a) The Governors of the various States may establish Regional Energy Advisory Boards for their regions with such membership as they may determine.

(b) Representatives of the Secretary, the Secretary of Commerce, the Secretary of the Interior, the Chairman of the Council on Environmental Quality, the Commandant of the Coast Guard and the Administrator of the Environmental Protection Agency shall be entitled to participate as observers in the deliberations of any Board established pursuant to subsection (a) of this section. The Federal Cochairman of the Appalachian Regional Commission or any regional commission under title V of the Public Works and Economic Development Act shall be entitled to participate as an observer in the deliberations of any such Board which contains one or more States which are members of such Commission.

(c) Each Board established pursuant to subsection (a) may make such recommendations as it determines to be appropriate to programs of the Department having a direct effect on the region.

(d) If any Regional Advisory Board makes specific recommendations pursuant to subsection (c), the Secretary shall, if such recommendations are not adopted in the implementation of the program, notify the Board in writing of his reasons for not adopting such recommendations.

DESIGNATION OF CONSERVATION OFFICERS

SEC. 656. The Secretary of Defense, the Secretary of Commerce, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Agriculture, the Secretary of the Interior, the United States Postal Service, and the Administrator of General Services shall each designate one Assistant Secretary or Assistant Administrator, as the case may be, as the principal conservation officer of such Department or of the Administration. Such designated principal conservation officer shall be principally responsible for planning and implementation of energy conservation programs by such Department or Administration and principally responsible for coordination with the Department of Energy with respect to energy matters. Each agency, Department or Administration required to designate a principal conservation officer pursuant to this section shall periodically inform the Secretary of the identity of such conservation officer, and the Secretary shall periodically publish a list identifying such officers.

ANNUAL REPORT

SEC. 657. The Secretary shall, as soon as practicable after the end of each fiscal year, commencing with the first complete fiscal year following the effective date of this Act, make a report to the President for submission to the Congress on the activities of the Department during the preceding fiscal year. Such report shall include a statement of the Secretary's goals, priorities, and plans for the Department, together with an assessment of the progress made toward the attainment of those goals, the effective and efficient management of the Department, and progress made in coordination of its functions with other departments and agencies of the Federal Government. In addition, such report shall include the information reviewed by section 15 of the Federal Energy Administration Act of 1974, section 307 of the Energy Reorganization Act of 1974, and section 15 of the Federal Nonnuclear Energy Research and Development Act of 1974, and shall include:

(1) projected energy needs of the United States to meet the requirements of the general welfare of the people of the United States and the commercial and industrial life of the Nation, including a comprehensive summary of data pertaining to all fuel and energy needs of residents of the United States residing in—

(A) areas outside standard metropolitan statistical areas; and

(B) areas within such areas which are unincorporated or are specified by the Bureau of the Census, Department of Commerce, as rural areas;

(2) an estimate of (A) the domestic and foreign energy supply on which the United States will be expected to rely to meet such needs in an economic manner with due regard for the protection of the environment, the conservation of natural resources, and the implementation of foreign policy objectives, and (B) the quantities of energy expected to be provided by different sources (including petroleum, natural and synthetic gases, coal, uranium, hydroelectric, solar, and other means) and the expected means of obtaining such quantities;

(3) current and foreseeable trends in the price, quality, management, and utilization of energy resources and the effects of those trends on the social, environmental, economic, and other requirements of the Nation;

(4) a summary of research and development efforts funded by the Federal Government to develop new technologies, to forestall energy shortages, to reduce waste, to foster recycling, to encourage conservation practices, and to increase efficiency; and further, such summary shall include a description of the activities the Department is performing in support of environmental, social, economic and institutional, biomedical, physical and safety research, development, demonstration, and monitoring activities necessary to guarantee that technological programs, funded by the Department, are undertaken in a manner consistent with and capable of maintaining or improving the quality of the environment and of mitigating any undesirable environmental and safety impacts;

(5) a review and appraisal of the adequacy and appropriateness of technologies, procedures, and practices (including competitive and regulatory practices) employed by Federal, State, and local governments and nongovernmental entities to achieve the purposes of this Act;

(6) a summary of cooperative and voluntary efforts that have been mobilized to promote conservation and recycling, together with plans for such efforts in the succeeding fiscal year, and recommendations for changes in laws and regulations needed to encourage more conservation and recycling by all segments of the Nation's populace;

(7) a summary of substantive measures taken by the Department to stimulate and encourage the development of new manpower resources through the Nation's Colleges and universities and to involve these institutions in the execution of the Department's research and development programs; and

(8) to the extent practicable, a summary of activities in the United States by companies or persons which are foreign owned or controlled and which own or control United States energy sources and supplies, including the magnitude of annual foreign direct investment in the energy sector in the United States and exports of energy resources from the United States by foreign owned or controlled business entities or persons, and such other related matters as the Secretary may deem appropriate.

LEASING REPORT

SEC. 658. The Secretary of the Interior shall submit to the Congress not later than one year after the date of enactment of this Act, a report on the organization of the leasing operations of the Federal Government, together with any recommendations for reorganizing such functions he may deem necessary or appropriate.

TRANSFER OF FUNDS

SEC. 659. The Secretary, when authorized in an appropriation Act, in any fiscal year, may transfer funds from one appropriation to another within the Department, except that no appropriation shall be either increased or decreased pursuant to this section by more than 5 per centum of the appropriation for such fiscal year.

AUTHORIZATION OF APPROPRIATIONS

SEC. 660. Appropriations to carry out the provisions of this Act shall be subject to annual authorization.

TITLE VII—TRANSITIONAL, SAVINGS, AND CONFORMING PROVISIONS

TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL

SEC. 701. (a) Except as otherwise provided in this Act, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available in connection with the functions transferred by this Act, subject to section 202 of the Budget and Accounting Procedure Act of 1950, are hereby transferred to the Secretary for appropriate allocation. Unexpended funds transferred pursuant to this subsection shall only be used for the purposes for which the funds were originally authorized and appropriated.

(b) Positions expressly specified by statute or reorganization plan to carry out functions transferred by this Act, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation in such positions at the rate prescribed for offices and positions at level I, II, III, IV, or V of the executive schedule (5 U.S.C. 5312–5316) on the effective date of this Act, shall be subject to the provisions of section 703 of this Act.

EFFECT ON PERSONNEL

SEC. 702. (a) Except as otherwise provided in this Act, the transfer pursuant to this title of full-time personnel (except special Government employees) and part-time personnel holding permanent positions pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after the date of enactment of this Act, except that full-time temporary personnel employed at the Energy Research Centers of the Energy Research and Development Administration upon the establishment of the Department who are determined by the Department to be performing continuing functions may at the employee's option be converted to permanent full-time status within one hundred and twenty days following their transfer to the Department. The employment levels of full-time permanent personnel authorized for the Department by other law or administrative action shall be increased by the number of employees who exercise the option to be so corrected.

(b) Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position, for the duration of his service in the new position.

(c) Employees transferred to the Department holding reemployment rights acquired under section 28 of the Federal Energy Administration Act of 1974 or any other provision of law or regulation may exercise such rights only within 120 days from the effective date of this Act or within two years of acquiring such rights, whichever is later. Reemployment rights may only be exercised at the request of the employee.

AGENCY TERMINATIONS

SEC. 703. Except as otherwise provided in this Act, whenever all of the functions vested by law in any agency, commission, or other body, or any component thereof, have been terminated or transferred from that agency, commission, or other body, or component by this Act, the agency, commission, or other body, or component, shall terminate. If an agency, commission, or other body, or any component thereof, terminates pursuant to the preceding sentence, each position and office therein which was expressly authorized by law, or the incumbent of which was authorized to receive compensation at the rates prescribed for an office or position at level II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316), shall terminate.

INCIDENTAL TRANSFERS

SEC. 704. The Director of the Office of Management and Budget, in consultation with the Secretary and the Commission, is authorized and directed to make such determinations as may be necessary with regard to the transfer of functions which relate to or are utilized by an agency, commission or other body, or component thereof affected by this Act, to make such additional incidental dispositions of personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with the functions transferred by this Act, as he may deem necessary to accomplish the purposes of this Act.

SAVINGS PROVISIONS

SEC. 705. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act to the Department or the Commission after the date of enactment of this Act, and

(2) which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Secretary, the Federal Energy Regulatory Commission, or other authorized officials, a court of competent jurisdiction, or by operation of law.

(b)(1) The provisions of this Act shall not affect any proceedings or any application for any license, permit, certificate, or financial assistance pending at the time this Act takes effect before any department, agency, commission, or component thereof, functions of which are transferred by this Act; but such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Secretary and the Commission are authorized to promulgate regulations providing for the orderly transfer of such proceedings to the Department or the Commission.

(c) Except as provided in subsection (e)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and,

(2) in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act had not been enacted.

(d) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act.

(e) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official, then such suit shall be continued with the Secretary or other official, as the case may be, substituted.

SEPARABILITY

SEC. 706. If any provision of this Act or the application thereof to any person or circumstance is held invalid, neither the remainder of this Act nor the application of such provision to other persons or circumstances shall be affected thereby.

REFERENCE

SEC. 707. With respect to any functions transferred by this Act and exercised after the effective date of this Act, reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary, the Federal Energy Regulatory Commission, or other official or component of the Department in which this Act vests such functions.

PRESIDENTIAL AUTHORITY

SEC. 708. Except as provided in title IV, nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of, or authority available to, the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

AMENDMENTS

SEC. 709. (a) The Federal Energy Administration Act of 1974 is amended:

(1) by repealing sections 4, 9, 28, and 30;

(2) in section 7—

(A) by striking out subsections (a) and (b) and redesignating subsection (c) as subsection (a);

(B) by striking out subsections (d), (e), (f), (g), and (h);

(C) by striking out "(1)(1)" and by striking out subparagraphs (A), (B), (C), (E), and (F) of subsection (1)(1) and redesignating subparagraph (D) of such subsection as subsection (b);

(D) by striking out, in the matter redesignated as subsection (b) "the rules, regulations, or orders described in paragraph (A)" and inserting in lieu thereof "any rule or regulation, or any order having the applicability and effect of a rule as defined in section 551 (4) of title 5, United States Code, pursuant to this Act";

(E) by striking out, in such subsection, "paragraph (2) of this subsection" and inserting in lieu thereof "subsection (c)";

(F) by redesignating paragraph (2)(A) of subsection (i) as subsection (c) and by striking out subparagraph (B) of subsection (1)(2); and

(G) by striking out paragraph (3) of subsection (1) and by striking out subsections (j) and (k);

(3) in section 52(a)—

(A) by striking out "and" at the end of paragraph (2);

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) by adding after such paragraph (3) the following new paragraph;

"(4) the States to the extent required by the Natural Gas Act and the Federal Power Act."; and

(4) in section 55(b)—

(A) by striking out "seven" and inserting in lieu thereof "six";

(B) by inserting "and" after "Federal Trade Commission:"; and

(C) by striking out "one shall be designated by the Chairman of the Federal Power Commission; and".

(b) The Energy Reorganization Act of 1974 is amended by repealing section 108.

(c)(1) The Atomic Energy Act of 1954 is amended by repealing section 26.

(2) Section 161(d) of the Atomic Energy Act of 1954 shall not apply to functions transferred by this Act.

(d) In section 509(c)(1), (c)(6), and (e) of title 5 of the Housing and Urban Development Act of 1970, add "the Secretary of Housing and Urban Development," to those individuals and agencies with whom the Secretary of the Department of Energy must consult.

(d) The Energy Conservation Standards for New Buildings Act of 1976 is amended as follows:

(1) in section 304(c), by inserting "the Secretary of Housing and Urban Development," after "the Administrator,"; and

(2) in section 310, by inserting "Secretary of Housing and Urban Development," after "the Administrator,".

(e) The Rural Electrification Act of 1936 is amended by adding a new section 16 to title I thereof to read as follows:

"Sec. 16. In order to insure coordination of electric generation and transmission financing under this Act with the national energy policy, the Administrator in making or guaranteeing loans for the construction, operation, or enlargement of generating plants or electric transmission lines or systems, shall consider such general criteria consistent with the provisions of this Act as may be published by the Secretary of Energy.".

(f) Section 19(d)(1) of title 3, United States Code, is amended by inserting immediately before the period at the end thereof the following: ", Secretary of Energy".

ADMINISTRATIVE AMENDMENTS

SEC. 710. (a) Section 101 of title 5, United States Code is amended by adding at the end thereof the following:

"The Department of Energy.".

(c) Subsection (a) of section 5108 of title 5, United States Code, is amended by striking out "an aggregate of 2,754" and inserting in lieu thereof "an aggregate of 3,243".

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following:

"(14) Secretary of Energy.".

(e) Paragraph (22) of section 5313 of title 5, United States Code, is amended to read as follows:

"(22) Deputy Secretary of Energy.".

(f) Section 5314 of title 5, United States Code, is amended by striking out, in paragraph (21), "Federal Power Commission" and by inserting in lieu thereof "Federal Energy Regulatory Commission", and by amending paragraph (60) to read as follows:

"(60) Under Secretary, Department of Energy".

(g) Section 5315 of title 5, United States Code, is amended by striking out, in paragraph (60), "Federal Power Commission" and inserting in lieu thereof "Federal Energy Regulatory Commission", by striking out paragraph 102, and by adding at the end of the section the following:

"(114) Assistant Secretaries of Energy (8).

"(115) General Counsel of the Department of Energy.

"(116) Administrator, Economic Regulatory Administration, Department of Energy.

"(117) Administrator, Energy Information Administration, Department of Energy.

"(118) Inspector General, Department of Energy.

"(119) Director, Office of Energy Research, Department of Energy.".

(h) Paragraphs (135) and (136) of section 5316 of title 5, United States Code, are amended to read as follows:

"(135) Deputy Inspector General, Department of Energy.

"(136) Additional Officers, Department of Energy (14).".

TRANSITION

SEC. 711. With the consent of the appropriate department or agency head concerned, the Secretary is authorized to utilize the services of such officers, employees, and other personnel of the departments and agencies from which functions have been transferred to the Secretary for such period of time as may reasonably be needed to facilitate the orderly transfer of functions under this Act.

CIVIL SERVICE COMMISSION REPORT

SEC. 712. The Civil Service Commission shall, as soon as practicable but not later than one year after the effective date of this Act, prepare and transmit to the Congress a report on the effects on employees of the reorganization under this Act, which shall include—

(1) an identification of any position within the Department or elsewhere in the executive branch, which it considers unnecessary due to consolidation of functions under this Act;

(2) a statement of the number of employees entitled to pay savings by reason of the reorganization under this Act;

(3) a statement of the number of employees who are voluntarily or involuntarily separated by reasons of such reorganization;

(4) an estimate of the personnel costs associated with such reorganization;

(5) the effects of such reorganization on labor management relations; and

(6) such legislative and administrative recommendations for improvements in personnel management within the Department as the Commission considers necessary.

ENVIRONMENTAL IMPACT STATEMENTS

SEC. 713. The transfer of functions under titles III and IV of this Act shall not affect the validity of any draft environmental impact statement published before the effective date of this Act.

TITLE VIII—ENERGY PLANNING

NATIONAL ENERGY POLICY PLAN

SEC. 801. (a) The President shall—

(1) prepare and submit to the Congress a proposed National Energy Policy Plan (hereinafter in this title referred to as a "proposed Plan") as provided in subsection (b);

(2) seek the active participation by regional, State, and local agencies and instrumentalities and the private sector through public hearings in cities and rural communities and other appropriate means to insure that the views and proposals of all segments of the economy are taken into account in the formulation and review of such proposed Plan;

(3) include within the proposed Plan a comprehensive summary of data pertaining to all fuel and energy needs of persons residing in—

(A) areas outside standard metropolitan statistical areas; and

(B) areas within standard metropolitan statistical areas which are unincorporated or are specified by the Bureau of the Census, Department of Commerce, as rural areas.

(b) Not later than April 1, 1979, and biennially thereafter, the President shall transmit to the Congress the proposed Plan. Such proposed Plan shall—

(1) consider and establish energy production, utilization, and conservation objectives, for periods of five and ten years, necessary to satisfy projected energy needs of the United States to meet the requirements of the general welfare of the people of the United States and the commercial and industrial life of the Nation, paying particular attention to the needs for full employment, price stability, energy security, economic growth, environmental protection, nuclear non-proliferation, special regional needs, and the efficient utilization of public and private resources;

(2) identify the strategies that should be followed and the resources that should be committed to achieve such objectives forecasting the level of production and investment necessary in each of the significant energy supply sectors and the level of conservation and investment necessary in each consuming sector, and outlining the appropriate policies and actions of the Federal Government that will maximize the private production and investment necessary in each of the significant energy supply sectors consistent with applicable Federal, State, and local environmental laws, standards, and requirements; and

(3) recommend legislative and administrative actions necessary and desirable to achieve the objectives of such proposed Plan, including legislative recommendations with respect to taxes or tax incentives, Federal funding, regulatory actions, antitrust policy, foreign policy, and international trade.

(c) The President shall submit to the Congress with the proposed plan a report which shall include—

(1) whatever data and analysis are necessary to support the objectives, resource needs, and policy recommendations contained in such proposed Plan;

(2) an estimate of the domestic and foreign energy supplies on which the United States will be expected to rely to meet projected energy needs in an economic manner consistent with the need to protect the environment, conserve natural resources, and implement foreign policy objectives;

(3) an evaluation of current and foreseeable trends in the price, quality, management, and utilization of energy resources and the effects of those trends on the social, environmental, economic, and other requirements of the Nation.

(4) a summary of research and development efforts funded by the Federal Government to forestall energy shortages, to reduce waste, to foster recycling, to encourage conservation practices, and to otherwise protect environmental quality, including recommendations for developing technologies to accomplish such purposes; and

(5) a review and appraisal of the adequacy and appropriateness of technologies, procedures, and practices (including competitive and regulatory practices) employed by Federal, State, and local governments and nongovernmental entities to achieve the purposes of the Plan.

(d) The President shall insure that consumers, small businesses, and a wide range of other interests, including those of individual citizens who have no financial interest in the energy industry, are consulted in the development of the Plan.

CONGRESSIONAL REVIEW

SEC. 802. (a) Each proposed Plan shall be referred to the appropriate committees in the Senate and the House of Representatives.

(b) Each such committee shall review the proposed plan and, if it deems appropriate and necessary, report to the Senate or the House of Representatives legislation regarding such plan which may contain such alternatives to modifications of, or additions to the proposed plan submitted by the President as the committee deems appropriate.

TITLE IX—EFFECTIVE DATE AND INTERIM APPOINTMENTS

EFFECTIVE DATE

SEC. 901. The provisions of this Act shall take effect one hundred and twenty days after the Secretary first takes office, or on such earlier date as the President may prescribe and publish in the Federal Register except that at any time after the date of enactment of this Act, (1) any of the officers provided for in title II and title IV of this Act may be nominated and appointed, as provided in those titles, and (2) the Secretary and the Commission may promulgate regulations pursuant to section 705(b)(2) of this Act at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), functions of which are transferred to the Secretary or the Commission by this Act, may with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

INTERIM APPOINTMENTS

SEC. 902. In the event that one or more officers required by this Act to be appointed

by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of the Act, to act in such office until the office is filled as provided in this Act. While so acting such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

TITLE X—SUNSET PROVISIONS

SUBMISSION OF COMPREHENSIVE REVIEW

SEC. 1001. Not later than January 15, 1982, the President shall prepare and submit to the Congress a comprehensive review of each program of the Department. Each such review shall be made available to the committee or committees of the Senate and House of Representatives having jurisdiction with respect to the annual authorization of funds, pursuant to section 623, for such program forthe fiscal year beginning October 1, 1982.

CONTENTS OF REVIEW

SEC. 1002. Each comprehensive review prepared for submission under section 1001 shall include—

(1) the name of the component of the Department responsible for administering the program;

(2) an identification of the objectives intended for the program and the problem or need which the program was intended to address;

(3) an identification of any other programs having similar or potentially conflicting or duplicative objectives;

(4) an assessment of alternative methods of achieving the purposes of the program;

(5) a justification for the authorization of new budget authority, and an explanation of the manner in which it conforms to and integrates with other efforts;

(6) an assessment of the degree to which the original objectives of the program have been achieved, expressed in terms of the performance, impact, or accomplishments of the program and of the problem or need which it was intended to address, and employing the procedures or methods of analysis appropriate to the type or character of the program;

(7) a statement of the performance and accomplishments of the program in each of the previous four completed fiscal years and of the budgetary costs incurred in the operation of the program;

(8) a statement of the number and types of beneficiaries or persons served by the program;

(9) an assessment of the effect of the program on the national economy, including, but not limited to, the effects on competition, economic stability, employment, unemployment, productivity, and price inflation, including costs to consumers and to businesses;

(10) an assessment of the impact of the program on the Nation's health and safety;

(11) an assessment of the degree to which the overall administration of the program, as expressed in the rules, regulations, orders, standards, criteria, and decisions of the officers executing the program, are believed to meet the objectives of the Congress in establishing the program;

(12) a project of the anticipated needs for accomplishing the objectives of the program, including an estimate if applicable of the date on which, and the conditions under which, the program may fulfill such objectives;

(13) an analysis of the services which could be provided and performance which could be achieved if the program were continued at a level less than, equal to, or greater than the existing level; and

(14) recommendations for necessary transitional requirements in the event that funding for such program is discontinued, including proposals for such executive or legislative action as may be necessary to prevent such discontinuation from being unduly disruptive.

And the House agree to the same.

JACK BROOKS,
JOHN E. MOSS,
DANTE B. FASCELL,
WILLIAM S. MOORHEAD,
BENJAMIN S. ROSENTHAL,
DON FUQUA,
JOHN CONYERS,
FRANK HORTON,
JOHN N. ERLENBORN,
CLARENCE J. BROWN
(with respect to sections 206, 401(c), 607, 608, 612, 714, and 716 of the House amendment),
MORRIS UDALL,
PAT SCHROEDER,
BENJAMIN A. GILMAN,
Managers on the Part of the House.

ABE RIBICOFF,
HENRY M. JACKSON,
EDMUND S. MUSKIE,
LEE METCALF,
FRANK CHURCH,
CHARLES H. PERCY,
JACOB K. JAVITS,
WILLIAM V. ROTH, Jr.,
CLIFFORD P. HANSEN,
MARK O. HATFIELD,
JOHN GLENN
(for certain specified issues),
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the Senate and the House at the Conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 826), Department of Energy Organization Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

Section 1—Short title

The conference substitute in section 1 states that the Act is to be cited as the "Department of Energy Organization Act".

Section 2—Definitions

The conference substitute in section 2 defines the terms "Department," "function," "perform," and "Federal lease." These definitions had previously been scattered in the Senate and House bills.

TITLE I

Sec. 101—Declaration of findings, policy and purposes

The Senate bill contains a statement of findings that because of the possible interruption of foreign energy supplies and the serious consequences which arise from the vulnerability of this Nation to energy shortages, a central organizational mechanism is needed to achieve coordination and to aid in the formulation of effective energy policy. The bill also contains a list of purposes including the establishment of a Department of Energy, the coordinated management of major Federal energy programs, the creation of a comprehensive energy conservation strategy, and the assurance of coordinated research and development programs, among others listed.

The House amendment contains similar findings and purposes, but does not contain all of the references found in the Senate bill. The House amendment also includes a provision for a strong national energy program.

The conference substitute combines the findings and purposes of both bills and incorporates into this title provisions from elsewhere in the Senate bill relating to disseminating information on the commercial feasibility and use of energy from fossil, nuclear, solar, geothermal and other energy technologies. Also included is a provision to foster and assure competition among parties engaged in the supply of energy, including the independent sector. A provision in the Senate purposes was modified to provide that nothing in this Act shall affect the authority of any State over matters exclusively within its jurisdiction.

The conference substitute also adopts the Senate language which emphasizes that a purpose of the Act is to foster and assure competition in the supply of energy and fuels. This purpose is declarative of present law which requires agencies to give attention to antitrust principles in formulating regulatory policies and decisions. The substitute also includes the Senate language providing for the encouragement and fostering of municipal, State and cooperatively-owned utilities as well as private enterprise in the development and achievement of energy policies.

The conference substitute also adopted the Senate wording that a purpose of the Act is to protect the interests of consumers in an adequate and reliable supply of energy at reasonable cost. This language confirms the purposes of the Natural Gas Act and the Federal Power Act, as they have been long defined for meaningful consumer protection.

TITLE II

Sec. 202 and 203—Internal organization

The Senate bill establishes two Under Secretaries and specifies that one of the Under Secretaries shall be specifically designated to bear primary responsibility for energy conservation. The Senate bill establishes eight Assistant Secretaries. The Senate does not statutorily name any of the Assistant Secretaries; rather it lists a group of functions that must be performed by Assistant Secretaries, leaving to the Secretary decisions as to which should be performed by a single Assistant Secretary, or combined under an Assistant Secretary or undertaken by more than one Assistant Secretary.

The Senate bill contains two functions which were not provided in the House bill:

(1) The Senate bill has as one of its functions "consumer affairs," while the House does not assign that duty to an Assistant Secretary.

(2) The Senate bill has as a function the "management of nuclear wastes," while the House does not assign this duty to an Assistant Secretary.

The House bill statutorily names nine Assistant Secretaries and specifically ties particular functions to individual Assistant Secretaries. The House bill designates the following functions not specifically designated in the Senate bill: (1) Assistant Secretary for Public and Congressional Relations; (2) Assistant Secretary for Policy and Evaluation; (3) Assistant Secretary for Fossil and Nuclear Technologies; and (4) Assistant Secretary for Solar, Geothermal, Recycling and other Energy Technologies.

The conference substitute provides for a Secretary, one Deputy Secretary, and one Under Secretary. The Under Secretary is to have primary responsibility over Energy Conservation. In addition, the substitute provides for eight Assistant Secretaries. The funcions to be carried out by the Assistant Secretaries are specified, but are not assigned to specific Assistant Secretaries. However, at the time the President nominates an Assistant Secretary, he is required to specify the

functions (or portions thereof) that the nominee is to assume.

Sec. 204—Establishment of Regulatory Energy Commission

The Senate bill establishes an Energy Regulatory Board with chairman and members to be compensated at the rate of level III of the Executive Schedule. The Senate bill provides that the chairman and members of the Energy Regulatory Board shall be, by background, training, and experience, specially qualified to assess fairly the interest and needs of producers, consumers, and users of energy.

The House bill (in Title IV) establishes a Federal Energy Regulatory Commission. The House bill contains no commercial provision to the qualifications of the members of the F.E.R.C.

The conference substitute establishes a Federal Energy Regulatory Commission with the chairman to be compensated at the rate of level III of the Executive Schedule and the members at the rate of Level IV. The conference substitute provides that the chairman and members of the Energy Regulatory Commission shall be, by demonstrated ability, background, training, or experience, specially qualified to assess fairly the needs of all interests affected by Federal energy policy.

Responsibility of Secretary of Energy

The Senate bill assigns 12 specific functions to the Secretary of Energy, as opposed to responsibilities assigned to the Department of Energy or other elements of the Department. These functions include (1) providing leadership in coordinating a comprehensive national energy policy; (2) carrying out the planning, coordination, support, and management of a balanced and comprehensive energy research and development program; (3) assuring the availability of adequate and reliable energy information to assist in the formulation of policy; (4) assuring development of a comprehensive energy conservation program; (5) establishing and implementing, in coordination with Secretaries of Defense, Treasury, and State, policies regarding international energy issues; (6) developing effective procedures for participation of regional, state, and local governments in the resolution of energy problems and the development of related policies; (7) developing plans and programs for dealing with domestic energy production and import shortages; (8) promoting free and open competition; (9) working with business, labor, consumer and other interests to obtain their participation and cooperation in the development and implementation of energy programs; (10) administering the functions of Energy Research and Development Administration; (11) consulting with the heads of other Federal agencies of the Government; and (12) assuring the compilation of adequate and reliable data necessary to carry out duties relating to energy uses in rural areas. The House amendment contains no comparable provision.

The conference substitute deleted the Senate provisions and included the major provisions in section 102 describing the purposes of the Department.

Statutes Governing Activities of the Secretary

The Senate bill provides that, in carrying out his duties under the Act, the Secretary shall be governed by the mandates of the applicable statutes from which the functions are being transferred to the DOE.

The Senate specifies that nothing in the Act shall change or affect any provision of the Alaska Natural Gas Transportation Act of 1976 except in as far as the Act transfers functions from ERDA, FEA, and FPC. The House bill contains no comparable provisions.

The conference substitute deleted the Senate provisions. The Conferees state that there is no intention that this Act change or affect any provision of the Alaska Natural Gas Transportation Act of 1976 except in-asfar as this Act transfers functions to DOE.

Sec. 205—Energy Information Administration

The Senate bill establishes the Energy Information Administration headed by an Administrator appointed by the President and confirmed by the Senate. The Senate requires delegation, on a nonexclusive basis, to the Administrator responsibility for the gathering and analysis of energy information, as that term is defined in Section 11 of the Energy Supply and Environmental Coordination Act. It further charges the Administrator with responsibility for carrying out a central, comprehensive, and unified energy data and information program. Further, the bill provides:

(1) That the EIA Administrator may have related enforcement functions;

(2) That the Administrator shall be a person specially qualified to manage an information system, bringing to bear particular expertise and experience;

(3) That the Administrator shall be available to testify before Congress;

(4) That budgetary requests by the Department shall specify the amount the Secretary intends to use for the administration and any difference between that amount and the Administrator's original request;

(5) That prior to publication of any statistical or forecasting technical report, the Administrator need not obtain approval of the substance of the report from any other official in the department or the U.S. government;

(6) That the Administration shall be subject to review by the Professional Audit Review Team established by Section 55 of the Federal Energy Administration Act of 1974;

(7) That the Administrator shall promptly provide, upon request, energy information to any duly established committee of Congress, and that such information may not be disclosed except in accordance with the rules of the House and the Senate or as permitted by law;

(8) Directs the Administrator to catalog and upon request make information available to the public unless disclosure is exempted by law.

The House amendment, like the Senate bill, creates an Energy Information Administration headed by an Administrator. There is transferred to and vested in the Administrator, on a nonexclusive basis, all functions and authorities transferred to and vested in, the Secretary, relating to dissemination, collection and analysis of energy information and data. The House amendment also transfers to the Administrator all functions vested by law in the Director of the Office of Information and Analysis by Part B of the Federal Energy Administration Act of 1974. The Administrator shall be subject to the duties and responsibilities established under Part B. The House amendment contains no provision with respect to testimony before Congress by the Administrator. The House amendment contained no explicit statutory provision with respect to budgetary requests of the Administration. The House amendment provided that in performing his professional functions, the Administrator shall not be responsible to any other officer of the Department. The House amendment contained no explicit statutory provision with respect to review of the Energy Information Administration by the Professional Audit Review Team. The House amendment provided that the Administrator shall provide to other parts of the Department any information which relates to the functions of such other parts.

The conference substitute provided that the Administrator of the Energy Information Administration shall be a person specially qualified to manage an Energy Information System; that the Administrator shall be responsible for carrying out an energy data and information program which will collect, evaluate, assemble, analyze, and disseminate data and other relevant energy information. [It is the intent of the conferees to eliminate duplication and overlap now existing in energy information programs by centralizing the responsibilities for such programs in this newly-created Administration within the Department.]

Further, the conference substitute requires that the Administrator shall be available to testify before Congress; that budgetary requests by the Department specify the amount the Secretary intends for use by the Administrator, and any difference between that amount and the Administrator's original request, and further specified that this provision shall be in addition to any pre-existing requirements of this nature to which other parts of the Department, such as ERDA, are already subject; that the Administrator shall not be required to obtain the approval of any other officer of the Department in connection with the collection or analysis of information, nor of any other officer of the United States with respect to the substance of any statistical or forecasting technical reports prior to publication; that the Energy Information Administration shall be subject to review by the Professional Audit Review Team.

The conference substitute also incorporates the provisions of Section 59 of the Federal Energy Administration Act of 1974, which provides that information in the possession of the Administrator shall be furnished to any duly established committee of the Congress and such information shall be the property of such committee and may not be disclosed except in accordance with the rules of such committee and the rules of the House and Senate and as permitted by law. The conference substitute also provides that the Administrator shall provide information to any other part of the Department when the official requesting it determines that the information is necessary to carry out his responsibilities. The conference substitute also adopts the Senate provision regarding supplying information to the public with clarifying amendments which provide that section 11(d) of the Energy Supply and Environmental Coordination Act of 1974 (restricting the disclosure of trade secrets or other proprietary information) and section 17 of the Federal Non-Nuclear Energy Research and Development Act of 1974, shall continue to apply to any information obtained by the Administrator under those authorities.

The conferees do not intend references to these statutory provisions to be exclusive requirements of law governing confidentiality of data acquired by the Administrator, and other applicable law relevant to information acquired by the Administrator under different authority would continue to apply in the same manner as before transfer of these authorities to the Department of Energy.

This provision makes it clear that the Administrator is to exercise his independent professional judgment with respect to the methodology he uses in the collection or analysis of energy information. The Secretary and other officers of the Department may require services of the Administrator or require the Administrator to collect certain data. Further, it is not intended to exempt the Energy Information Administration from the provisions of the Federal Reports Act or the disciplines of the budgetary and appropriation process. It is not intended that this in any way interfere with the requirement in subsection (c) with respect to

access to budgetary information by the Congress.

It is the intent of the conferees, by the establishment of this Energy Information Administration, to eliminate duplication and overlap now existing in energy information programs. It is also the conferees' intent to assure and maximize the independence of the data collection and analysis functions within the Department.

Section 205(h)—Energy industry profile

Section 205(h), as adopted by the Conference, requires the Administrator of Energy Information to develop and implement a system of mandatory reporting by major energy-producing firms in the energy industry of information relating to the economics of energy supply. This provision neither expands nor limits the basic authority of the Federal Government to gather energy information; however, it does represent a mandatory requirement that certain information—relating, for example, to the costs, profits, cash flow, and investments undertaken in the functional segments of integrated energy companies—be collected on a systematic basis from major energy producing companies. Previous discretionary authority to collect this type of information has not been used by the Federal Energy Administration.

The language of section 205(h) specifically contemplates that the reporting required under this section shall not be census-type reporting. It is the conferees intent that the information collected under this section result in statistically reliable data series describing the economies of the energy industry, but that this be accomplished by gathering information from the largest companies and sampling the smaller ones.

The conferees feel strongly that if the Congress is to be well informed in constructing a national energy policy, the type of energy information required to be collected under section 205(b) will be essential.

Section 205(h)(1)(A) requires that the Energy Information Administrator identify and designate "Major energy-producing companies" such that the energy information collected from these companies will provide a statistically accurate profile of each line of commerce in the energy industry in the United States. The language specifically directs the Administrator to utilize, to the maximum extent practicable, reliable statistical sampling techniques and to otherwise give priority to the minimization of the reporting of energy information by small businesses.

The conferees contemplate that the Administrator would distinguish between various lines of commerce in the energy industry in the United States on the basis of the energy resource being produced by each line of commerce (e.g., the oil industry, the coal industry, the natural gas industry, or any product or market subdivision thereof.) The committee does not intend that this program result in unreasonable interference with small businesses, including individual entrepreneurs, in those industries which are dominated generally by larger integrated companies. The conferees contemplate that the Administrator would make a determination in his designation of major energy producing companies, selecting those companies beginning with the largest engaged in a given line of commerce and working towards smaller companies, so that the information collected with respect to each line of commerce would comprise a statistically accurate profile of that line of commerce. The Administrator might, for example, distribute the new questionnaire to the largest producer of a given resource, and collect data from that and other companies in descending order of their production until ¾ of the total production is covered, provided he determines that reporting from this 75 percent of the universe of producers will provide a valid profile of production economics.

Section 205(h)(2) requires the Administrator to develop for use during the second full calendar year after enactment the format for reporting by major energy producing companies. The goals for the report are stated in this section. The information gathered through the report is to permit, for the energy-related activities of major energy-producing companies.

(1) Evaluation of company revenues, profits, cash flow, and investments in total, for the energy-related lines of commerce in which such company is engaged and for all significant energy-related functions within such company;

(2) Analysis of the competitive structure of sectors and functional groupings within the energy industry;

(3) The segregation of energy information, including financial information, describing company operations by energy source and geographic area;

(4) The determination of costs associated with exploration, development, production, processing, transportation, and marketing and other significant energy-related functions within such company; and

(5) Such other analyses or evaluations as the Administrator finds are necessary to achieve the purposes of this act. It is anticipated that the "sampling" of small businesses by the Administrator would entail the collection of carefully circumscribed information (e.g., data on costs of exploration and development, reserves discovered, etc.) with a minimal reporting burden encumbering the small businesses which are sampled.

The emphasis of the section is on energy-related activities. Thus the managers do not intend that effort be expended to delve into those activities unrelated to energy supply of integrated companies which are involved in the energy industry through a portion of their activities.

The conferees expect that the Administrator will consult closely with the Chairman of the Securities and Exchange Commission concerning the development of accounting practices for crude oil and natural gas producers as required by the Energy Policy and Conservation Act (42 U.S.C. 6383), and will endeavor to assure, as required by section 205(h)(3), that the reporting forms promulgated pursuant to this section are consistent with these accounting practices.

Section 205(h)(4) directs the Administrator to require the major energy-producing companies designated by the Administrator to file the reports required under this section on at least an annual basis. Section 205(h)(4) directs that a summary of the information gathered under this section be included in the annual report of the Department required elsewhere in the act.

Section 205(h)(6) defines energy-producing company as any person engaged in ownership or control of energy resources:

Extraction, refining or otherwise processing energy resources.

Storage of fuel.

The generation, transmission or storage of electrical energy.

The transportation of fuels.

The wholesale or retail distribution of fuels or electrical energy.

Section 205(h)(7) conforms the criminal penalty to existing penalties in Title 18, Section 1905 U.S.C.

Section 206—Economic Regulatory Administration

The Senate bill establishes an Economic Regulatory Administration headed by an Administrator appointed by the President and confirmed by the Senate. The Administrator shall be an individual who by background, training and experience is specially qualified to assess fairly the interest and needs of producers, consumers, and users of energy.

The House bill also establishes an Economic Regulatory Administration headed by an Administrator appointed by the President and confirmed by the Senate. The House bill differs from the Senate bill in that it (1) provides for a separation of regulatory and enforcement functions within the ERA; (2) requires the Secretary to assign ERA any functions delegated to him under EPAA and any function transferred to him relating to the establishment of rates and charges under the Federal Power Act and the Natural Gas Act; and (3) insures an opportunity for a public hearing related to the issuance of rules and regulations by the ERA.

The Conference substitute provides that the Administrator shall be an individual who by demonstrated abilities, background, training or experience is specially qualified to assess fairly the needs of all interests affected by Federal energy policy. The Conference substitute adopts the House amendment language on the separation of regulatory and enforcement function within the ERA. The Conferees state that the purpose of this language is to require that separate offices within the ERA be responsible for the preparation of regulation and for the bringing of individual enforcement actions. The substitute specifies that the Secretary shall use ERA to administer any such functions which the Secretary deems appropriate, provided that this shall not include any functions or authority falling exclusively within the jurisdiction of FERC.

Section 207—General Accounting Office audit

The Senate bill provides that the GAO shall perform for the entire DOE the functions it now performs under section 12 of the Federal Energy Administration Act of 1974. These functions would include:

(1) conduct studies of existing statutes and regulations governing DOE programs;

(2) review policies and practices of DOE, including monitoring on-going projects prior to their completion;

(3) review and evaluate energy information activities; and

(4) evaluate particular projects and programs.

In carrying out these responsibilities for the FEA, the GAO was given authority to gain access to energy information from the agency, and its contractors or grantees and from energy companies, including subpena authority (with the concurrence of appropriate committees of Congress) and the authority to invoke the aid of Federal district courts in cases of disobedience. These authorities would extend to . . .

While the House amendments contain no explicit provision, the effect of the House amendment would be to continue the authority of GAO, under section 12 of the FEA Act, to audit FEA functions as presently required, but would not extend this authority to other DOE functions.

The conference substitute is the same as the Senate bill.

Section 208—Office of Inspector General

The Senate bill has no provision.

The House amendment establishes an Office of Inspector General within the DOE headed by an Inspector General and a Deputy Inspector General appointed by the President and confirmed by the Senate. While under the general supervision of the Secretary, the Inspector General shall have independence in carrying out his functions and responsibilities. These responsibilities include auditing and investigating the activities of the DOE in order to promote efficiency and prevent fraud and abuse, and keeping the Secretary and Congress fully informed as to his activities.

The conference substitute adopts the House provision with two changes. First, the Inspector General is to give the Secretary

or the Federal Energy Regulatory Commission 30 days before reporting serious or flagrant problems, abuses or deficiencies to the appropriate committees of Congress in order to allow the appropriate official to make comments on the report. The second change was to make it clear that the Inspector General is only responsible for investigative activities relating to the promotion of economy and efficiency in the administration of or the prevention or detection of fraud or abuse in the programs and operations of the Department and not in the enforcement of the programs of the Department. The conferees state that the Inspector General shall coordinate his activities with those of the General Accounting Office to the extent possible.

Section 209—Office of Energy Research

The Senate bill has no provision.

The House amendment establishes within the DOE an Office of Energy Research headed by a Director appointed by the President and confirmed by the Senate, whose duties shall include: (1) Administering ERDA's physical research program; (2) advising the Secretary regarding: (a) undesirable gaps or duplication in energy research and development; (b) management of the multipurpose laboratories for supporting the nuclear weapons complex: (c) education and training related to basic and applied research, and (d) financial assistance for basic and applied research; and (3) carrying out additional assigned duties supportive of basic and applied research.

The conference substitute adopts the House amendment with an amendment which provides that the Director shall advise the Secretary concerning ERDA's physical research program rather than administer such program.

Section 210—Leasing Liaison Committee

The Senate bill creates a Leasing Liaison Committee, composed of an equal number of members from the Department and the Department of the Interior; the Chairman shall be an officer of the Department designated by the President, and a Cochairman shall be designated from the Department of the Interior. The Committee constitutes a mechanism for full consultation between the two Departments on such matters as leasing decisions and procedures. The Committee is granted authority to obtain such information from both departments as it deems necessary to fulfill its responsibilities, and it also is authorized to make recommendations to both Secretaries regarding Federal energy resources leasing matters. Finally, it is provided that if either Secretary concludes that action or inaction by the other on energy leasing matters is adverse to his responsibilities; that issue will be referred to the President for resolution. The House bill contains no such provision.

The Conference substitute establishes a Leasing Liaison Committee composed of an equal number of members from among the relevant employees of the Department of Energy and the Department of Interior. The Conference substitute deletes the rest of the Senate language which specifies the purposes and responsibilities of the Committee. The deletion resulted from recognition by the Conferees that many avenues exist for coordination and cooperation between the Secretaries of Energy and Interior and that inclusion of specific purposes and responsibilities could be too limiting in nature. On the other hand, the Conferees recognized that separation of responsibilities over energy mineral leasing is somewhat unique and determined that it would be helpful to provide the Departments with an institutional coordinating mechanism to supplement and to assist in alternative interdepartmental coordination efforts. Among the activities which may take place under the committee are consultants on leasing matters, establishment of long-term energy leasing goals, energy resources on the public lands, and other information relevant to leasing decisions and procedures.

TITLE III

Section 301

General Transfers

The Senate bill transferred to and vested in the Secretary all the functions of the Federal Energy Administration, the Energy Research and Development Administration, and the Federal Power Commission.

The House amendment transferred to and vested in the Secretary all the functions of the Federal Energy Administration and the Energy Research and Development Administration. The House amendment transferred to and vested in the Secretary six specific functions of the Federal Power Commission.

The Conference substitute adopts the House provision on the transfer of functions to the Secretary from the Federal Energy Administration and the Energy Research and Development Administration. The Conference substitute transfers to the Secretary all functions of the Federal Power Commission, except those transferred to or vested in the Federal Energy Regulatory Commission in Section 402 of the bill.

Sec. 302 Transfers of Functions from Power Administrations, Bureau of Reclamation, and the Falcon and Amistad Dams

The Senate bill transfers the Southeastern Power Administration, the Southwestern Power Administration, the Bonneville Power Administration, and the Alaska Power Administration to the DOE and provides that the administrators of such shall serve at a rank not less than the level or grade of the chief executive officer who preceded them on the effective date of the Act.

The Senate bill also establishes an Administration charged with administering the functions transferred from the Bureau of Reclamation and the Falcon and Armistad Dams. The Administrator of such Administration shall be headed by a person to be compensated at an Executive Schedule level not less than the level held by the Bonneville Power Administration.

The House amendment transfers the four Power Administrations as separate entities and establishes a new Administrator to administer functions transferred from the Bureau of Reclamation and the Falcon and Amistad Dams, but does not contain the pay provisions mentioned above.

The conference substitute is the same as the House Amendment. By deleting the Senate provision, the conferees do not intend to suggest that the official heading the existing Power Administrations should be compensated at a lower level than they are presently compensated.

Sec. 302(b)—Leasing of Energy Minerals on the Public Lands

The Senate bill transfers to the Secretary from the Secretary of the Interior authority under the Outer Continental Shelf Lands Act, the Mineral Lands Leasing Act, the Mineral Leasing Act for Acquired Lands, the Geothermal Steam Act of 1970, and the Energy Policy and Conservation Act relating to: (1) fostering competition for Federal leases; (2) implementation of alternative bidding systems for the award of Federal leases; (3) establishment of diligence requirements for operations of Federal leases; (4) setting rates of production for Federal leases; and (5) specifying the procedural terms and conditions for obtaining and disposing of Federal royalty interest taken in kind. The Senate bill adopts the major provisions of a draft executive order supplied by the Administration which identifies the transferred responsibilities within each act with great specificity.

The House amendment transfers the same authority to the Secretary as the Senate bill, but excludes the detailed specificity of the draft executive order.

The conference adopted the House amendment with the understanding that the precise authorities and responsibilities to be transferred would be those reflected in section 302(e) of the Senate bill.

Sec. 302(c)—Authority Over Production Rates

The Senate bill transferred to the Secretary all functions of the Secretary of Interior to establish production rates for all Federal leases.

The House provision does not contain the word "all" before "functions."

The conference substitute is the same as the Senate bill.

Sec. 302(d)—Transfer of Functions from the Bureau of Mines

The Senate bill authorizes the Secretary of Energy, acting through the provisions of the Federal Non-Nuclear Energy Research and Development Act, to undertake research and development relating to energy mineral extraction technologies and coal preparation and analysis if they are essential to support programs of the Department of Energy and which are not being performed by the Department of the Interior.

The House amendment transfers to the Secretary of Energy the authority of the Bureau of Mines over coal preparation and analysis. The amendment also transfers to the Secretary of Energy authority of the Bureau of Mines over research and development relating to increased efficiency of production technology of solid fuel minerals, other than research relating to mine health and safety and research relating to the environmental and leasing consequences of solid fuel mining which shall remain in the Department of Interior. Also transferred to the Department of Energy are the functions of the Secretary of Interior relating to coal preparation and analysis.

Sec. 303(a)—Exemption for Indian Lands and Resources

The Senate bill provides that the transfer of authority to the Secretary of Energy relating to Federal leasing of mineral lands shall not be construed as a transfer of the Secretary of Interior's responsibility as trustee for Indian lands and resources.

The House amendment provides that in the transfer to the Secretary of Energy of certain Federal leasing functions, nothing in such transfer shall be construed as affecting Indian lands and resources or as transferring any responsibilities of the Secretary of the Interior concerning such lands and resources.

The conference substitute is the same as the House bill.

Sec. 303(b)—Consultation Between Department of Interior and Department of Energy Concerning Issuance of Federal Leasing Regulations

The Senate bill directs the Secretary of Energy to consult with the Secretary of Interior during preparation of regulations relating to administering of Federal leases and affords the Secretary of Interior not less than 30 days prior to publication to comment on such regulations.

The House amendment contained no comparable provision.

The conference substitute is the same as the Senate bill.

Sec. 303(c)—Review of Federal Leases by Secretary of Energy

The Senate bill directs the Secretary of Interior to afford the Secretary of Energy 30 days prior to granting a Federal lease to disapprove any term or condition of such lease which relates to a matter within the Secretary of Energy's area of responsibility. No such term or condition shall be included if

disapproved by the Secretary of Energy. When the Secretary of Energy disapproves any lease term or condition, he shall furnish the Secretary of Interior with a detailed written statement of the reasons for disapproval and of acceptable alternatives.

The House bill directs the Secretary of Interior to afford the Secretary of Energy a reasonable opportunity prior to execution of a Federal lease to disapprove any term or condition which relates to a matter within the Secretary of Energy's area of responsibility. No term or condition may be included in a lease if disapproved.

The Conference substitute is the same as the Senate bill.

Sec. 303(d)—Environmental Impact Statements on Federal Leases

The Senate bill provides that the Department of Interior shall be the lead agency for purpose of preparation of an environmental impact statement required by Section 102 (2)(C) of the National Environmental Policy Act for any action with respect to Federal energy mineral leases, unless the action involves matters within the exclusive authority of the Secretary of Energy.

The House amendment contains no comparable provision.

The Conference substitute is the same as the Senate provision.

Sec. 304—Transfers From the Departments of Housing and Urban Development

The Senate bill provides for the transfer from the Secretary of HUD to the Secretary of Energy of authority to develop and promulgate energy conservation standards for new buildings pursuant to Section 304 of the Energy Conservation Standards for New Buildings Act of 1976 (42, U.S.C. 6833). All other responsibilities pursuant to that Act—relating to the implementation of the standards—remain with the Secretary of HUD. The Secretary of HUD shall provide the Secretary of Energy with necessary technical assistance in the development of such standards. The Secretary of Energy shall be kept fully and currently informed about the implementation of the standards. Further, the Senate provides for the transfer to the Secretary of Energy from HUD the $200 million national energy conservation demonstration program designed to test various forms of financial assistance to encourage energy conservation in existing residences.

The House amendment transfers all of the functions under the Energy Conservation Standards for New Buildings Act of 1976 to the Department of Energy, including development, promulgation and implementation of the standards. The House amendment does not transfer the national energy conservation demonstration program.

The Conference substitute is the same as the Senate version.

Sec. 305—Coordination Between the Department of Energy and the Department of Transportation Regarding the Development and Promulgation of Fuel Efficiency Standards

The Senate bill amends section 502 of the Motor Vehicle and Cost Savings Act to provide that the Secretary of Transportation shall consult with the Secretary of Energy with regard to the development of average fuel economy standards by DOT. Prior to issuing a notice proposing to establish, reduce, or amend a standard, the Secretary of Energy shall have not less than 5 days to provide written comment to DOT concerning impacts the proposed standard may have upon such goals. To the extent that the Secretary of Transportation does not take such comments into account, the Secretary of Transportation shall include the unaccommodated comments in the notice. Prior to taking action on any final standard, the Secretary of Transportation shall notify the Secretary of Energy and provide such Secretary with a reasonable period of time to comment thereon. If the Secretary of Energy concludes that action or failure to act by DOT would adversely affect the conservation responsibilities of the Secretary of Energy, the latter may refer the matter to the President for resolution.

The House amendment amends section 502 of the Motor Vehicle and Cost Savings Act to provide that the Secretary of Transportation shall consult with the Secretary of Energy with regard to the development of average fuel economy standards by DOT.

The Conference substitute is the same as the Senate bill with two amendments. First, the Secretary of Transportation is to give the Secretary of Energy 10 days in which to make comments rather than the 5 days in the Senate bill. Second, the conference substitute deletes the last sentence of the Senate provision concerning the Secretary of Energy referring disputes to the President for resolution.

With respect to the consultation requirement, it is intended that the details of the consultation process be left to the two Secretaries to develop and adapt as the need arises in particular rulemaking proceedings. This provision is not intended to add bureaucratic delay to fuel economy rulemaking but rather to assure appropriate consideration of national fuel economy needs. When the Secretary of Energy undertakes to submit written comments on proposed fuel economy standards, it is expected that he will act expeditiously to ensure the timely completion of the fuel economy rulemaking proceedings.

Sec. 306—Transfer from the Interstate Commerce Commission

The Senate bill authorizes the transfer to the Secretary of Energy the functions and authorities vested by law in the Interstate Commerce Commission, the Chairman, or members of the ICC, as those authorities relate to the transportation of oil by pipeline. The Senate bill further provides that the transfer of such functions and authorities will take place after: (1) the Secretary has promulgated a proposed rule or regulation to effectuate the transfer and to set forth the procedures to govern proceedings under the ICC Act as relate to transportation of oil by pipeline; (2) the Secretary has submitted such proposed rule or regulation to Congress for review by each House of the Congress in accord with the procedures required for an "energy action" under section 551 of the Energy Policy Conservation Act. Under that procedure, either House has 15 days to veto the proposed action.

The House amendment provides for the transfer, without delay, to the Secretary of Energy of the functions and authorities vested by law in the Interstate Commerce Commission, the Chairman, or members of the ICC, as those authorities relate to the transportation of oil by pipeline.

The conference substitute is the same as the House provision except that it makes specific reference to the ICC functions which are vested in the Commission by Title IV. It is the intent of the conferees that the term "transportation of oil by pipeline" shall include pipeline transportation of crude and refined petroleum and petroleum by-products, derivatives or petrochemicals. Further, the authority transferred is that under the Interstate Commerce Act as well as that under other statutes vesting authority in the Interstate Commerce Commission or its members, such as the Trans Alaska Pipeline Authorization Act of 1973, the Elkins Act, and the Clayton Act, as those statutes relate to the transferred functions.

The current ICC oil pipeline functions under the Interstate Commerce Act which are transferred to the Department include, but are not limited to, the following (citations are to sections in Chapter 1 of Title 49):

(1) The pipelines' duty ". . . to provide and furnish transportation upon reasonable request therefor . . ." [Section 1(4)] and ". . . to establish reasonable through routes with other such carriers . . ." [Sections 1(4) and 15(3)] and establish ". . . just and reasonable rates, fares, charges and classifications . . ." [Sections 1(4) (5) and (6)]

(2) The prohibition against subjecting any shipper, locality or territory . . . to any undue or unreasonable prejudice or disadvantage in any respect whatsoever . . ." [Section (3)]

(3) The prohibition against charging or receiving "any greater compensation in the aggregate for the transportation . . . of like kind of property for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates . . ." [Section 4]

(4) The requirement that every pipeline file with the Commission all rates, charges, classifications, regulations and practices for transportation between all points on its system [Section 6] and not demand or collect any different compensation for transportation than specified in its filed tariff [Sections 2 and 6(7)]

(5) The authority of the Interstate Commerce Commission to review all pipeline rates and, if it determines that a rate is unjust or unreasonable, or unjustly discriminatory or unduly preferential, to suspend such rate and determine the just and reasonable rate [Sections 15(1) and (7)]

(6) The prohibition against a pipeline's entering into any agreement with any other pipeline for the pooling or division of traffic service, or gross or net earnings, except upon the specific approval by order of the Interstate Commerce Commission [Section 5(1)]

(7) The duty of every pipeline to file annual, periodical, and special reports as the Interstate Commerce Commission may require and in the form so required [Section 20(1)]

(8) The authority of the Interstate Commerce Commission to prescribe a Uniform System of Accounts for pipelines which shall be used by all pipelines [Section 20(3)] and to prescribe rates of depreciation for pipeline property which must be used by all pipelines [Section 20(4)]

(9) The authority of the Interstate Commerce Commission or any duly authorized special agent, accountant or examiner at all times to inspect all accounts, books, records, correspondence or other documents of every pipeline [Section 20(5)]

(10) The authority to provide a basic and annual valuation of each pipeline's property [Section 19a]

Sec. 307. Petroleum and Oil Shale Reserve Transfers From the Department of the Navy

The Senate bill transfers to the Secretary of Energy the jurisdiction vested in the Secretary of the Navy under Chapter 641 of Title X, United States Code, for three naval petroleum reserves and 3 oil shale reserves. The Senate bill also requires that in the Secretary's administration of these functions he consider national security factors.

The House amendment transfers to the Secretary the jurisdiction vested by the Secretary of Navy under Chapter 641 of Title X, United States Code, for the same three naval petroleum reserves and the same three oil shale reserves. The House amendment also provides that the surface management of such reserves shall be carried out by the Secretary of Interior under applicable laws, including the Federal Land Policy and Management Act of 1976, administered by the Interior Secretary.

The Conference substitute is the same as the Senate bill. The Conferees, however, support the entering into of an interagency agreement between the Department of In-

terior and the Department of Energy concerning the surface management of the naval petroleum reserves and the oil shale reserves.

Sec. 308. Transfer of Industrial Energy Conservation Program From Department of Commerce

The Senate bill transfers to the Secretary of Energy specifically designated industrial energy conservation programs administered by the Department of Commerce's Office of Energy Programs.

The House bill transfers to the Secretary of Energy industrial energy conservation programs administered by the Office of Energy Programs, Department of Commerce. No specific designation of programs is included.

The Conference substitute is the same as the House Amendment.

Sec. 309. Transfer of Specific ERDA Programs to Particular Divisions Within the Department of Energy

The Senate bill transfers the Division of Naval Reactors from ERDA to the Department of Energy, and assigns it to the Assistant Secretary who will handle energy research and development.

The House amendment transfers the Division of Naval Reactors from ERDA to the Department of Energy and assigns it to the Assistant Secretary for Fossil and Nuclear Energy Technologies. Further, the House amendment deems it an organizational unit established by this Act.

The House amendment also transfers the Division of Military Applications and the Functions of the Military Liaison Committee, from ERDA to the Department of Energy. These functions are assigned to the Assistant Secretary for Defense Programs. These two units are deemed to be established by this Act.

The Conference substitute assigns the Division of Naval Reactors to the Assistant Secretary who will handle energy research and development. The Division is deemed an organizational unit established by this Act. The Division of Military Applications and the Military Liaison Committee are transferred to the Department of Energy and shall be assigned to the Assistant Secretary responsible for national security functions. They, too, are deemed to be an organizational unit established by this Act.

Sec. 310—Transfer of Van Pooling Responsibilities of DOE

The Senate bill has no comparable provision.

The House amendment provides that the responsibiilty of the Federal Energy Administrator to promote van pooling and carpooling arrangements under section 381(b)(1)(B) of the Energy Policy and Conservation Act shall be transferred to the Secretary of Transportation.

The conference substitute is the same as the House amendment.

TITLE IV—FEDERAL ENERGY REGULATORY COMMISSION

Section 407—Appointment and administration of Commission

The Senate bill and the House amendment contained in most respects similar provisions establishing a collegial body within the Department and providing it with the necessary administrative and procedural authority.

Name, Size, and Nature of Commission

The Senate bill created a three member Energy Regulatory Board, while the House amendment created a five member Federal Energy Regulatory Commission which was specifically described as an independent regulatory commission. A separate provision (section 407) similarly provided that for purposes of the President's general reorganization authority, chapter 9 of title 5, the Commission shall be considered an independent regulatory agency. Chapter 9 of title 5 prohibits the President from using the reorganization plan procedures to abolish independent regulatory agencies.

In light of the high importance, great sensitivity, and large volume of work the body will be responsible for, the House provisions on the size and independence of the Commission was agreed upon.

The conferees also retained as part of section 401(b) language contained in the House amendment specifically prohibiting the members themselves of the Commission from engaging in any other business, vocation, or employment while serving on the Commission.

Hearing Examiners

Both the Senate bill and House amendment state that the Chairman of the Commission is authorized to appoint hearing examiners. In the Senate bill, however, the appointment of hearing examiners was exempted from the overall limit of 240 GS–16 hearing examiners which other federal agencies must draw upon to meet their needs.

The House provided that the hearing examiners would not be exempt from the overall limit placed on the number of hearing examiners in the government.

The conferees adopted the House amendment. A substantial number of hearing examiners will be transferred to the Department from the other agencies whose functions are being transferred to the Department. Legislation is now pending to increase the overall number of hearing examiners in the government. If such legislation is enacted, the Department will be expected to receive careful consideration of any request it makes to increase its number of hearing examiners and a sufficient number be authorized to the Department to assure that it has the ability to adequately carry out its functions. Those appointed pursuant to this section will operate as administrative law judges with all the responsibilities and status of administrative law judges elsewhere in the government. Their appointment and employment shall be in accordance with all applicable provisions of title 5 of the United States Code.

Conduct of Supreme Court Litigation

The Senate bill provided that the Board may appoint its own attorneys to represent itself in any civil action, except in the case of litigation before the Supreme Court (Section 401(h)).

The comparable House provision stated that the litigation by the Commission shall not be subject to the supervision of the Attorney General, pursuant to 28 U.S.C., Chapter 31. It provided no exception in the case of litigation before the Supreme Court. (Section 501(f)(4)).

The conferees adopted the Senate provision. The conferees do not contemplate that this authority will be employed to litigate independently of the Department of Justice in cases arising under administrative statutes that apply government wide, such as the Freedom of Information Act or the Privacy Act of 1974.

Submission of Budgets and Legislative Recommendations by the Commission

The Senate bill provided that the Board shall submit its budget estimates and requests to the Congress at the same time as it submits them to the Department. Any appropriation requests by the Department for the Board which differ from the Board's estimates and requests must be identified in the Department's submission to Congress. (Section 401(i)).

The comparable provision in the House bill required the Department to indicate any difference between the amount requested by the Commission and the amount intended by the Department for the support of the Commission, but it did not require the Commission to submit its budget estimates directly to Congress at the same time it submits its request to the Department. (Section 401(d)).

The conferees agreed to the House amendment. For the Commission to play the effective role intended for it, it must receive all the budgetary resources it needs to carry out its responsibilities. This provision will assure Congress an opportunity to obtain the Commission's own assessment of its budgetary needs. At the same time, the procedure provided will assure the Secretary and the President an adequate time to evaluate the Commission's request and to place it in the context of the Department's overall budgetary needs before forwarding the Department's entire proposed budget, along with the Commission's original request, to Congress.

The House amendment also contained an additional sentence providing that whenever the Commission submits any legislative recommendations or testimony or comments on legislation to the Secretary, the President, or OMB, the Commission shall at the same time provide appropriate Members of Congress with the comments or testimony.

The Senate conferees receded with an amendment to provide that the provision is only applicable to such legislative recommendations, testimony or comments that are actually prepared for submission to Congress. If the Secretary requests advice from the Commission on a legislative question for his own use, the advice the Commission provides in response would not actually be prepared for submission to Congress, and would not be subject to this section. However, if Congress asks the Commission directly for such legislative recommendations, comments, or testimony, or if the Commission prepares such material on his initiative, the provision applies. It would apply when the document is submitted to the Secretary, the President, or the OMB even if it is not the actual final document which the Commission intends to submit to Congress.

Procedural and Investigative Powers

The Senate bill provided that in carrying out its functions, the Commission would have the same powers available to the Secretary to hold hearings, sign and issue subpoenas, administer oaths, examine witnesses and receive evidence. (Section 401(f)).

The House amendment provided that the Commission in carrying out all its functions would have the powers authorized by the Federal Power Act and the Natural Gas Act. It also contained an additional sentence not in the Senate bill authorizing Commission members or their agents to conduct any hearing or other inquiry necessary or appropriate to its functions.

The Senate conferees receded with an amendment to provide that powers to hold hearings and the like provided for under functions transferred to the Commission would continue to apply to such functions when exercised by the Commission. This includes powers authorized under the Interstate Commerce Act as well as the Federal Power Act and the Natural Gas Act. A further clarifying amendment was added to the House wording authorizing Commission members or their agents to conduct hearings to specify that where such hearings are subject to the requirements in the Administrative Procedure Act for formal on-the-record proceedings pursuant to 5 U.S.C. 556, they may only be conducted by Commission members or by hearing examiners appointed and qualified pursuant to the applicable provisions in the Administrative Procedure Act.

Both the Senate bill and the House amendment authorized the Commission to issue necessary procedural and administrative rules. The House further specified that until changed by the Commission the administrative and procedural rules of the FPC would continue to apply. The Senate conferees

receded with a further amendment to the House amendment. Since the Commission will be carrying out functions under a number of different statutes transferred from several different agencies, not just the FPC, the provision was amended to specify that until changed by the Commission such administrative and procedural rules now applicable to the functions transferred to the Commission will continue to apply. Thus, the administrative and procedural rules of the ICC applicable to functions relating to the transportation of oil by pipeline will continue to apply to the Commission's actions in such matters until changed by the Commission. The conferees deleted the Senate proviso that the Commission's power to issue procedural and administrative rules must be "consistent with the provisions of this section." The phrase was deleted solely on the grounds that it was felt to be unnecessary.

The conferees intend for these procedural and administrative rules to be those rules which an agency would normally promulgate not under its programmatic legislation but under its authority to establish general rules necessary for the management of its affairs. Thus, any rules under the Natural Gas Act, Federal Power Act, or Interstate Commerce Act could not be promulgated without utilizing any procedural requirements which may be required by these acts.

Sections 402–406—Jurisdiction of Commission and related procedures

Both the Senate bill and House amendment created within the department a collegial body independent of the Secretary's control to determine major energy pricing and licensing matters. The House amendment placed in the Commission broad jurisdiction over all functions transferred to the Department from the FPC except in certain specified instances. All pricing matters relating to natural gas and wholesale rates for electricity, including related regulatory matters such as accounting rules, were included within the Commission's jurisdiction. The House amendment did not place jurisdiction for any FEA matters within the Commission.

The Senate bill placed in the Board more limited responsibility for matters transferred from the FPC. It gave the Board jurisdiction over direct natural gas and wholesale electric pricing and licensing matters only. On the other hand, the Senate also placed in the Board responsibility, for promulgating major oil pricing and allocation decisions, requiring congressional review and responsibility for the regulation of oil pipelines transferred from the ICC at the same time. The Senate bill provided for greater involvement than specified in the House amendment for the Secretary or the President in initiating procedures before the Board and in approving or disapproving the Board's decisions.

The Conferees agreed upon a series of amendments to resolve the differences between the Senate bill and House amendments consistent with the principle endorsed by both Houses that major pricing and licensing matters should be made by an independent collegial body appointed for a fixed term, rather than by a single political entity. At the same time it sought to preserve for the Secretary the opportunity to initiate and where appropriate to participate in the Commission's decision-making process.

Commission Jurisdiction on Matters Transferred from the FPC

Section 402(a) describes the exclusive jurisdiction of the Commission over certain functions transferred from the FPC. This exclusive jurisdiction consists of functions transferred from the FPC which will be within the sole responsibility of the Commission to consider and to take final agency action on without further review by the Secretary or any other executive branch official.

The Conferees adopted the more detailed approach contained in the Senate bill by specifically listing those functions transferred to the Commission. However, it significantly broadened the list of Commission functions from those specified in the Senate bill in order to give the Commission some of the additional jurisdiction provided the Commission in the House amendment. This includes the issuance and renewal of hydroelectric licenses, determinations on construction work in progress, the regulations of mergers and securities acquisition, curtailments (other than the establishment and review of priorities) and electrical interconnections (under Sec. 202(b) of the Power Act). In addition to these functions, Section 402 specifically states that the Commission will be responsible for establishing wholesale electricity rates or charges, natural gas rates and charges, and for the issuance of certificates of public convenience and necessity under section 7 of the Natural Gas Act.

In addition, section 402(a) is worded to make it clear that the Commission will have exclusive jurisdiction over related matters necessary to carry out the Commission's responsibilities, even where they are not referred to specifically in the section.

For example, section 402(a)(1)(B) and, (C) gives the Commission jurisdiction over the establishment of rates and charges for natural gas and wholesale electricity. The Conferees intentionally deleted the wording contained in the Senate bill, giving the Commission jurisdiction in the area of rates and charges only where the Commission action *directly* established the rates or charges. At the same time it specified that the Commission should have jurisdiction over rules governing construction work in progress, as well as the powers to enforce and review rates and charges established by it. The proposed action, therefore, need not directly establish rates or charges, or directly issue permits or licenses, to be within the exclusive jurisdiction of the Board.

Similarly, Section 402(a)(2) provides a broad list of authorities contained in the Natural Gas Act or the Federal Power Act which the Commission may rely upon in carrying out the Natural Gas Act and Federal Power Act functions within the Commission's exclusive jurisdiction. It is the intent of the Conference that this provision confer upon the Commission the right to take on its own, without review by the Secretary, rulemaking or other actions under these authorities, even though not specifically referred to in Section 402(a)(1), where the Commission determines such action should be taken in order to carry out the Commission's responsibility over the licensing and pricing and other regulatory matters described in Section 402(a)(1).

As a result, the Commission, under Section 402, will perform the functions now carried out by the FPC in establishing, reviewing and enforcing rates and charges for the transmission or sale of electric energy. The Commission's authority will include but not be limited to suspending rate changes, initiating investigations of rates and charges, including conducting audits of utilities and establishing accounting procedures, holding hearings, and establishing rates after hearing. All rates and charges will be filed with the Commission.

The Secretary's own, direct jurisdiction over other functions transferred from the FPC is derived from two sources. Section 301(b) provides generally that any functions not placed in the Commission by title IV shall be within the authority of the Secretary. This includes, but is not limited to the collection and analysis of energy information under Section 304 and 311 of the Federal Power Act and Sections 10 and 110 of the Natural Gas Act; the regulation of interlocking directorates, and the establishment of regional districts or other coordination and interconnection of facilities under Section 202(a) of the Federal Power Act. In addition, Section 402 (a) and (f) explicitly exempt certain matters from the Commission's jurisdiction, thereby placing responsibility for such matters with the Secretary. The matters given to the Secretary in this way are the exports and imports of natural gas, the exports and imports of electricity, and emergency interconnections under Part II of the Federal Power Act, and establishment of curtailment priorities.

In carrying out functions transferred to him from the FPC, the Secretary as well as the Commission, may utilize the incidental power contained in the Federal Power Act or the Natural Gas Act. For example, the Secretary may invoke the authority of these acts to enforce functions carried out by him, or to adopt accounting rules so long as they are limited to what is necessary in order to carry out those functions vested exclusively in the Secretary.

Because the role of the Commission in energy regulatory matters will be a large and important one, the Conferees retained provisions in the Senate bill, but not the House amendment, designed to assure the Secretary an opportunity to participate actively in the Commission's decision-making process, and to assure expeditious Commission consideration of important regulatory matters. Section 403 specifies that either the Secretary or the Commission may propose a rule to carry out the functions within the Board's exclusive jurisdiction, as described in Section 402(a). Section 405 authorizes the Secretary to intervene in any proceeding before the Commission, whether adjudicatory or rulemaking in nature. Finally, Section 403(b) authorizes the Secretary to set reasonable time limits for the completion by the Commission of any rulemaking proceeding before it.

In a related provision, Section 403(c) specifies that the Commission may utilize informal rulemaking procedures, rather than formal, on the record proceedings, to establish rates and charges under the Federal Power Act or the Natural Gas Act. Individual enforcement actions, of course, would continue to be decided by more formal procedures.

Section 403(c) provides that rulemaking procedures shall assure full consideration of the issues, and full opportunity for interested persons to present their views and to explore the issues raised in the proceedings. This could include, at a minimum, a legislative-type hearing at which interested persons would be able to orally present their views but in which there would be no formal presentation of evidence or cross-examination of witnesses by the participants. The Commission should have the discretion to limit the length of oral and written presentations.

In some proceedings cross-examination would be appropriate. This would be the case if it has been demonstrated by a party that a particular factual question is essential to the Commission's decision in the rulemaking and that the question can only be resolved through cross-examination.

Where informal rulemaking procedures are used by the Commission to set the well-head price of natural gas, Section 403(d) specifically encourages, but does not mandate, use by the Commission of additional procedures to provide interested persons a reasonable opportunity to submit written questions to other interested persons. Such a procedure may help assure all interested persons an opportunity to obtain the facts they need to comment effectively on the proposed rule, while avoiding the delay that can result from a full on-the-record proceeding.

The Senate bill had provided that, in addition to involvement by the Secretary in proceedings before the Board, Board action setting the well-head price of natural gas could not become effective if the President, within 10 days, vetoed the proposed action.

The Conferees agreed to delete this provision.

Jurisdiction on Matters Transferred From the Federal Energy Admistration

Section 402(c) retains the basic intent of the Senate bill to charge the Commission with responsibility for the consideration of major oil pricing and allocation matters which are required to be submitted to the Congress by Section 8 or Section 12 of the Emergency Petroleum Allocation Act of 1973.

This includes:

Any amendment to provide for adjustment for the composite price for domestic crude oil at a rate in excess of 10 percent per year;

Any amendment to remove up to 2 million barrels a day of crude oil transported through the trans-Alaska pipeline from the composite price limitation and to specify the price for such crude oil; and any further amendments to such amendment;

Any amendment to exempt, with respect to a class of persons or class of transactions, crude oil, residual fuel oil, or any refined petroleum product or product category from allocation regulations, or from price regulations. Refined product categories as to which energy actions are required are gasoline, No. 2 oils, propane, and all or any portion of certain other refined products.

The Conferees intend that the Secretary shall be the only one who proposes to take an energy action. When he does so, however, the matter shall be immediately referred to the Commission, who shall, pursuant to the provisions of the Emergency Petroleum Allocation Act of 1973, have the responsibility to consider the proposal. The Commission will be the body responsible for holding oral hearings. The Commission after studying the proposal, may either 1) concur in the proposed energy action as proposed by the Secretary, 2) concur in adoption of the proposed rule only if certain amendments are made in it, or 3) recommend that the rule not be adopted. The Secretary then may take one of the following actions, each of which constitute final departmental action. Where the Commission has concurred in adoptions of the rule, without any changes, the Secretary may issue the proposed rule in the form proposed. Where the Commission has concurred in adoption of the rule only with certain changes, the Secretary may issue the rule provided that it is amended to conform in all respects to the amendments proposed by the Commission. Where the Commission has disapproved the rule, the Secretary may not issue the rule in any form. Or he may decide to issue no rule, regardless of the Commission's conclusion.

Nothing in the section is intended to change the requirement in the Emergency Petroleum Allocation Act of 1973 that no energy action may become effective if either House, within 15 days, disapproves the proposal.

Further, it is the intent of the conferees that the Secretary or his delegate—as is currently the case with the Administrator of the Federal Energy Administration—will carry out the administration and enforcement of the oil pricing and allocation program under the Emergency Petroleum Allocation Act pursuant to any regulation issued thereunder.

Section 402(c)(2) provides for special exception to this procedure where an oil boycott or another crisis of a similar nature makes it essential that the Department's consideration of an energy action be completed in a very speedy and definitive manner. In case such circumstances arise in the future, however, the section provides that the President, upon making the necessary findings, may give the Secretary sole jurisdiction to complete action on the rule. The President may authorize the Secretary to act alone at the outset of the proceeding, where the national situation is such as to require immediate action, without the delay that would result if the Commission took the time to hold hearings. Or the President may do so when the Commission has completed its consideration of the matter, and any resulting disagreements between the Secretary and the Board threatens further delay which is intolerable in light of overriding national needs occasioned by the crisis then prevailing.

Other Areas of Commission Jurisdiction

The Conference Report also vests in the Commission jurisdiction over any other matter which is either required by law to be decided on the record after an opportunity for a hearing, or which the Secretary determines should be decided on the record after an opportunity for a hearing. In so providing, the Conferees followed the Senate wording rather than the House amendment, which established executive Commission jurisdiction over formal on-the-record proceedings only where such proceedings were required by law. The Conferees also included a provision in the Senate bill exempting from the Commission's jurisdiction certain formal hearings relating to the Secretary's leasing functions, especially the setting of leasing production rates and exports and imports of natural gas and electricity to the extent that those functions may be carried out through formal proceedings by the Secretary. With respect to leasing functions, the conferees determined that all responsibility for leasing be centralized in the Secretary; accordingly, these proceedings were exempted from the Commission's jurisdiction.

The Conferees also agreed to include with an amendment, a Senate provision, specifically including within the Commission's jurisdiction the authority transferred from the ICC for establishing rate and charges for the transportation of oil by pipelines and for establishing the valuation of any such pipelines.

The Commission's exercise of authority under this section is subject to the same procedures for participation by the Secretary in the Commission's consideration of the matter as the case of functions transferred from the FPC. Judicial review of final agency action taken by the Commission on proceedings now underway which are transferred from the ICC, as well as new proceeding initiated by the Commission, will continue to be made in the same manner as if the functions had been retained in the ICC. As in the case of other functions transferred, the precedents and procedures established by the ICC will also be transferred to the Commission Department. Until changed in accordance with law they will continue to apply to actions taken by the Commission in this area, to the extent they would be applicable under the ICC.

Provisions for Commission Involvement in Other Related Matters

The Conferees recognized that in addition to the functions placed within the jurisdictions of the Commission by Section 402, there may be other actions proposed by the Secretary in order to carry out the functions vested in him which, nevertheless, may significantly affect the exercise by the Commission of the separate functions vested in it by the act. In the case of such overlap, the Conferees wished to assure the Commission an opportunity to consider the Secretary's proposal. Whenever the Secretary is contemplating publishing notice of a proposed rule he must notify the Commission, and give the Commission a reasonable length of time to conclude whether the rule is one which will significantly affect any function within the Commission's jurisdicton. Section 404 states that where the Commission so finds that the Secretary's proposal may significantly affect one of the Commission's functions the proposal must be referred to the Commission at the outset of the proceeding so that the Commission may consider the matter, including holding any hearing required by the law pursuant to which the Secretary proposes to act. As in the case of energy actions referred to it, the Commission may either concur in the Secretary's proposal, concur with an amendment, or recommend against adopting the rule. The Secretary, where the Commission has recommended concurrence, may then promulgate the rule in the form recommended by the Commission. The rule may not be promulgated by the Secretary either where the Commission's conclusion is that no such rule be issued, or where the Secretary, in his discretion, declines to do so. Any decisions taken by the Secretary will then constitute final agency action reviewable in court in accordance with law.

Section 407

The House amendment contained a provision (section 404), not in the Senate bill, directing the Secretary, each officer of the Department, and each Federal agency to provide the Commission upon request such information as it may require.

The conferees adopted the House language with an amendment specifying that the information (including any analysis by experts or others) must only be provided if it is existing information already in the possession of the Department or other federal agency. The amendment also provided that where such information is existent, it must be provided the Commission upon its request so long as the Commission determines it needs the information to carry out its responsibilities under this Act.

Sec. 407(b). Information requested by Commission

The Senate bill contains no comparable provision.

The House bill provides that the Secretary of Energy, in administering information gathering authority under the Federal Power Act and the Natural Gas Act, shall include matters requested by the Commission and that the Secretary shall provide the Commission with all the results of its investigations.

The conference substitute adopts the House Amendment.

TITLE V—ADMINISTRATIVE PROCEDURES AND JUDICIAL REVIEW

Both the Senate bill and the House amendment contain general administrative and procedural provisions governing rulemaking or other proceedings by the Department. Both acts also preserve present law governing the judicial review of actions taken under functions transferred to the Department. Differences between the Senate bill and House amendment were resolved as follows:

Section 501—Procedures

Applicability of Administrative Procedures to Department

The Senate specifically states that the requirements of the Administrative Procedure Act generally will apply to proceedings conducted by the Secretary *or* the Commission. The Senate further states that the *additional* administrative procedures provided for in this Act governing notice and comment and opportunity for oral hearing shall apply to all rulemaking procedures by either the Secretary *or* the Commission. (Section 401(a)). The effect of these additional provisions, applicable solely to informal rulemaking procedures, is to assure members of the public a greater opportunity to comment, including orally in many instances, on proposed rules of the Department.

The House amendment exempts the Commission from the provisions of Section 501 of

Title V. The House provides that the additional rulemaking procedures shall apply to any functions carried out by any officer, employee or component of the Department, except the new provisions are not applicable to rules issued by the Federal Energy Regulatory Commission. (Section 501(a)-(b) and Section 401(h)).

The Conferees adopted the House provision. The well-established administrative rules and procedures already in use in connection with the regulatory functions transferred to the Commission will continue to apply. Thus it was felt unnecessary by the Conferees to apply the administrative procedures in this section to the Commission. Unless specifically exempted by other law, the Administrative Procedure Act will continue to apply to Commission actions. Where the rulemaking procedures transferred to the Commission do not provide for as great an opportunity for notice and public comment, the Commission may decide in its discretion to adapt these rules, after it becomes fully familiar with the preexisting rules of procedures applicable to the transferred functions, as well as with its special needs as an independent regulatory body.

Effect of New Procedures

The House amendment included additional wording specifying that where other applicable law provides additional administrative procedural requirements, in addition to those specified in section 501, those also would apply to the exercise of the functions to which they relate. (Section 501(a)).

The additional House wording was retained to make it clear that the administrative procedures imposed by section 501 are intended only as a minimum set of procedures. All rulemaking procedures must at least provide the procedural protections described in this section. For example, the section requires that unless the section's waiver provisions are applicable, the Secretary must provide the public a full thirty days to comment before making a final decision on whether or not to promulgate the proposed rule, and, if so, in what form. Where another act provides for a greater length of time for the public to comment before issuance of a final rule, or a greater opportunity for members of the public to present their views orally, or to crossexamine other interested persons, these additional procedural protections will also continue to apply. Specifically, the longer period for public comment, and the other additional procedural requirements established by sections 325 and 336 of the Energy Policy and Conservation Act, would continue to apply.

Provisions for Waiver of Rulemaking Procedures

The Senate permitted a waiver of the notice and comment period specified in section 501 where strict compliance is found to cause serious harm or injury to the public health, safety, or welfare (Section 501(b)). It also specifically provided for a waiver, in the case of an emergency, of the further requirement in subsection (c) that issuance of the final rule include a statement responding to the comments received during the comment period. (Section 501(c)(3)).

The comparable House provision states that the Secretary may waive the section's rulemaking procedures where he finds that it would be *likely* to cause serious harm or injury to the public health, safety, or welfare. The House further provides that where the period for notice and comment is waived because of an emergency, this requirement may be satisfied within a reasonable period of time following the promulgation of the rule (Section 501(b) (1) and (3)). The House amendment contained no waiver provision applicable to the requirement in subsection (c) that the Secretary review the comments received when issuing the final rule.

The Conferees adopted the House amendment with a further amendment to make all the procedural provisions of this section subject to the same waiver provision. The waiver provision provided in 501(e) applies to all the provisions in the section governing the right of the public to notice of the proposed action, the opportunity of the public to comment on it, and the nature of the statement that must accompany issuance of the final rule by the Secretary.

Requirement for Oral Hearing

The Senate requires that there be an opportunity for oral presentation of views, data, and arguments in every case, unless the proposed rule raises *no substantial and genuine issue* (Section 501(c)(1)).

The comparable House provision provides that an opportunity for oral presentation of views need not be provided if the Secretary determines that no *substantial issue* exists *and* that such proposal is unlikely to have a substantial impact on the nation's economy or on large numbers of individuals or businesses (Section 501(c)(1)).

The conferees adopted the House wording with an amendment providing that the substantial issue must be one "of fact or law." It is anticipated that the broad tests established by this provision will require the Secretary to provide the public with an opportunity for the oral presentation of views in most instances.

Issuance of Final Rules Without Oral Hearing

In those cases where an oral presentation of views is not required, the Senate provides that the rule may be promulgated in accordance with the procedures of section 553 of the Administrative Procedure Act (Section 501(c)(1)).

The House provides similarly except that the House specifies that in such instances the exemption in subsection (a)(2) of section 553 of title 5, United States Code (the Administrative Procedure Act) shall not apply. Subsection 553(a)(2) exempts from the procedural requirements of section 553 of the Administrative Procedure Act rulemakings and regulations relating to agency management or personnel, or to public property, loans, grants, benefits, or contracts (Section 501(c)(1)).

Section 501(b)(3) of the Conference Report retains the House provision rendering inapplicable subsection 553(a)(2) of the Administrative Procedure Act, except that the Conferees provided that only regulations of the Secretary relating to public property, loans, grants or contracts would be subject to the Administrative Procedure Act. Regulations relating to agency management or personnel will continue to be exempt from section 553 of the Administrative Procedure Act. The effect of the provision will be to require the Secretary to follow the notice and comment procedures described in the Administrative Procedure Act and this title whenever he issues general rules and regulations governing Department practices in the area of contracts, grants, public property, or loans. Department actions which dispose of individual applications rather than adopt general rules will not be subject to these procedural requirements.

Legislative Veto of Department Actions

The House amendment added a provision not in the Senate bill for Congressional review of any rule or regulation issued by the Secretary or the Federal Energy Regulatory Commission, other than a rule or regulation establishing a price for petroleum products or natural gas. All rules or regulations subject to the provision of this section must be submitted to Congress. They may not become effective if within 90 calendar days of continuous session of Congress both Houses of Congress disapprove the regulation, or if one House disapproves the regulation within 60 days and the other House fails within 30 subsequent days to disapprove the action taken by the other body. If a resolution of disapproval has not been reported by either House within 60 days, and neither House has adopted a resolution of disapproval in that period, the rule may go into effect at that time rather than at the end of 90 days. The provisions of the section would not apply to any action, such as an energy action governing the price or allocation of oil, already governed by another method of Congressional rule and disapproval. (Section 503).

The House Conferees were required to recede on this amendment in light of objection by the Senate Conferees that the provision could cause significant delays in the Department's conduct of its business, and that it would involve Congress, to an inappropriate degree, in the day-to-day operations of the Department. In particular it was suggested that such a provision, if applied in this particular instance, could seriously hinder the ability of the Department to begin meeting, in an expeditious and definitive manner, the nation's very serious needs in the area of energy, and seriously interfere with the Department's effectiveness in the event of any future emergencies.

Procedures Applicable to Review of Remedial Orders

The House amendment to the Senate bill added a provision specifying that the section is not intended to directly affect the procedures followed by the Department prior to the issuance of a remedial order, although the adequacy of such procedures may be reviewed during the Commission's review of the action taken. It also deleted an introductory provision in Senate section 501(g) describing the purpose of the provision, as well as a provision in the Senate bill delaying the effect of a remedial order for 30 days after action on the appeal.

The Conferees adopted the House wording. Senate section 501(g)(1) was deleted solely on the grounds that it was unnecessary statutory language rather than from any disagreements with the provision's description of the purposes of the subsection. By deleting the provision for a 30-day delay before a decision on the appeal of a remedial order became final, the Conferees intended that whatever preexisting law on the matter provided should continue to apply.

Procedures Applicable to Requests for Adjustments

The Senate bill provided for the making of adjustments to the Emergency Petroleum Allocation Act, the Energy Supply and Environmental Coordination Act and the Energy Policy and Conservation Act, necessary to prevent special hardship, inequity, or unfair distribution of burdens. It also provided that any person aggrieved or adversely affected by a denial of a request for adjustment could request a review of that denial with the Board. The Board would establish procedures, including the granting of a hearing, when requested to provide for such review. Action by the Board would be final agency action.

The House amendment provided for a similar adjustment process by the Secretary, but added that exceptions to and exemptions from a rule are included in adjustments, that adjustments could be requested under the Federal Energy Administration Act, as well as the other statutes cited in the Senate bill. It also provided that the Secretary must specify the standards upon which any adjustment decision is made. The House amendment also provided that requests for review of adjustment denials would be taken to the Secretary.

The Conferees adopted the Senate provision with an amendment. Under the amendment, the requirements for specifying

the standards upon which any adjustment decision is made is included, and requests for review of adjustment denials will be taken to the Commission. The decision of the Commission shall constitute final agency action. Additionally, judicial review of adjustment orders will be the responsibility of the Secretary.

The criteria for adjustments included in both the House and Senate bills are identical to those included within the original Federal Energy Administration Act of 1974. Their reenactment, however, should not be taken as a validation of FEA's narrow application of the standards. The FEA has been applying criteria carried forward from the Cost of Living Council despite different language in the FEA Act and ECPA of 1976. While these more restrictive standards may have been appropriate for an emergency price control program, the establishment of the Department of Energy and the recognition of a more permanent energy regulatory program requires that the standards specified by Congress be fully and accurately applied, with each criterion given its separate and intended meaning. The Managers want to emphasize that adjustments should be granted, consistent with the other purposes of the relevant Acts, whenever an applicant meets any one of the three grounds for relief, and that relief, including retroactive relief where fairness and the public interest requires, should be of the degree and duration necessary to alleviate the special hardship, inequity, or unfair distribution of burdens. In addition, the Office administering the adjustments program should communicate to the Economic Regulatory Administration suggested rule changes when application of a rule may be impacting large numbers of persons inequitably or unfairly, or may be otherwise in need of review.

Jurisdiction Over Appeals From Remedial Orders and Requests for Adjustments

The Senate bill vested jurisdiction over internal agency appeals from remedial orders or denials of requests for adjustments in the Commission. The House amendment placed jurisdiction for agency appeals from such matters elsewhere in the Department.

Sections 503 and 504 place responsibility for such appeals in the Commission. This will assure that the Department's review of any initial action taken in such areas will be by officials who in no way were involved in the Department's original action. This guarantees a separation of the prosecutorial and judicial functions relating to enforcement.

Following action by the Commission on the appeal the decision will be reviewable as a final agency action in federal court in accordance with preexisting law. The judicial review or judicial enforcement of remedial order actions by the Commission, and related enforcement actions, or actions by the Commission on appeals from adjustment denials, will be within the responsibility of the Secretary.

It is expected, now that the regulatory programs administered by the Federal Energy Administration are to be administered by a permanent department of government, that a more permanent arrangement be worked out by the Department and the Department of Justice through a memorandum of understanding with regard to litigation arising from these regulatory programs so as to provide for a division of responsibility and management authority over litigation arising from the Department's regulatory activities.

To ease the difficulties that could be encountered during the transition phase relating a remedial order appeals, the Conferees agreed that, pursuant to the Savings Provisions of Section 705(b)(1), all Notice of Probable Violations issued and outstanding on the effective date of the Act should be completed without regard to the new statutory requirements, providing for review by the Commission. The Secretary could chose to apply them to such preexisting proceedings in his option. All Notice of Probable Violations issued after the effective date of this Act will be subject to the provisions in Section 503. This could result in inconsistent rulings by the Commission and the Secretary until action is completed on all proceedings pending when the Act becomes effective. The Conferees wish to express the intention that the Secretary should, to the greatest extent possible, conform his rulings to precedents ennunciated by the Commission. This will result in a minimum of conflicting orders.

Further, it should be emphasized that the procedures specified in Sections 503 and 504 are intended to clearly reaffirm the intent of Congress that those involved in enforcement actions or proceedings involving requests for adjustments be extended procedural due process. Congress always intended that the notions of fair play and due process be followed in the administrative process. Although the effect of the provisions in this Act on remedial orders and adjustments is prospective only, the Department should adhere to the principles of due process while completing action on pending proceedings not subject to these provisions.

Section 505—Review and effect of new procedures

The additional administrative procedures governing agency rulemaking specified in the Senate bill are permanent.

The House amendment specified that the additional rulemaking procedures imposed by this Act should remain in effect for two years only. Within one year the Secretary is required to submit a report to Congress reviewing the adequacy of such procedures and making such recommendations as the Secretary determines appropriate concerning the extension and revision of such procedures (Section 502(a) and (b)). The House further provided that any provisions inconsistent with the procedures contained in title V should not be repealed but only temporarily superseded for two years by the procedures described in this Act. (Section 502(c)).

The Conferees agreed to delete the House amendment in part because of the uncertainty and confusion it might cause among members of the public seeking to make their views known to the Department in as effective a manner as possible. Within one year, however, the Secretary will be required by this section to submit to Congress a report reviewing the Department's implementation of the administrative procedures established in section 501 and the effectiveness of such procedures.

Section 601–Section 608

Both the Senate and House bills contain a number of provisions designed to eliminate or minimize conflicts of interest, or the appearance of any conflicts, by employees of the new Department. Thus, both bills contain provisions which require top Department employees not to hold any assets of an energy concern; require most employees of the Department to make public disclosure of their financial interests in any energy concern; require top employees to disclose certain previous or future employment with any energy concern; and prohibit top employees from having any post-employment contact with the Department for a period of time after leaving the Department. The Senate bill, in addition, provides a general financial disclosure requirement for all top employees of the Department, and the House bill imposes certain additional restrictions on post-employment activity, certain additional post-employment disclosure requirements, and additional restrictions on participatory activities by Department employees who formerly were employed by energy concerns.

The conferees merged the divestiture and disclosure provisions in order to provide maximum assurance that any potential conflict of interest arising out of a former, present, or future relationship between a Department employee and any energy concern be eliminated. The conferees also imposed restrictions on "revolving door" activity by adopting provisions barring certain post-employment contacts by former supervisory employees. However the conferees agreed to drop the general financial disclosure provisions of the Senate bill, on the ground that this requirement is included in the general government-wide ethics legislation which has already passed the Senate and is currently pending in the House.

Definitions

Section 601(a) of the Conference Report defines the term "supervisory employee". Generally, an individual who holds a position at or above GS–16 of the General Schedule, or the equivalent thereto, after the effective date of this Act is included. However, the conferees added a provision that an expert or consultant who provides advisory services to the Department for a maximum period of 90 calendar days will not be regarded as a "supervisory employee".

In addition, the top two officers of any state or regional office, and any employee having primary responsibility for the award, review, modification or termination of any grant or other award, are included. The Secretary is also required to add to the list of covered positions any employee or officer who, in his judgment, exercises sufficient decision-making or regulatory authority to make inclusion appropriate.

The House bill, but not the Senate bill, included a definition of an "energy concern". Section 601(b) of the Conference Report retains a definition of this term. Generally, an entity is an "energy concern" whenever a significant proportion of its operations is devoted to energy-related activities. The word "significantly" was included to modify the word "engaged", in order to ensure that if only an insignificant proportion of an entity's activities are energy-related, the entity would not be encompassed within the definition.

Under the Section 601(b) definition, if the activity relates to developing, extracting, producing, refining, or transporting any energy source, material, facility, or by-product, or if the activity consists of research, development, or demonstration related thereto, the activity is covered only if engaged in for profit. In addition, the definition includes any entity, whether or not operating for profit, if the entity receives any financial assistance for research, development, or demonstration in connection with any of the activities of the new Department. The definition also includes any person or entity holding an interest in property from which an energy product is obtained or purchased.

Section 601(c) requires the Secretary to periodically publish and keep up-to-date a current list of energy concerns. It is expected that such a list will be compiled as soon as practicable after enactment, and no less often than once each year thereafter, and that the Secretary will make additions to the list during the year as appropriate. Section 601(c)(2) provides a means whereby any employee may request the Secretary to determine if a particular entity is an energy concern, and if so to add it to the list. Section 601(c)(1) specifies, however, that the absence of any entity from the list will not excuse any departmental employee from complying with the requirements of Section 602–606, if the employee knows or should know that the entity engages in energy-related activity.

Section 601(d) specifies that, for the purpose of these sections, whenever an employee "should have known" of a particular interest or activity, he will be presumed to have

known of it. In addition, for the purposes of the divestiture and disclosure requirements, Section 601(d) specifies that an employee may not evade these requirements by transferring a financial interest in an energy concern to his spouse or dependent during the six months prior to the time he comes to work for the Department, or during the time he is employed by the Department. Section 601(d) also specifies that an employee will be presumed to have knowledge of any financial interest in an energy concern which is or has been placed by him in a trust of which he is a beneficiary.

Divestiture of Energy Holdings by Supervisory Officials

Both the Senate (Section 601) and the House (Section 601(b)) prohibit a supervisory employee from receiving compensation from an energy concern, or holding any relation to or pecuniary interest in an energy concern. However, the Senate bill prohibits all such relations with energy concerns whether knowing or not, while the House prohibits such relations only if knowing.

Section 602 of the Conference Report retains the House requirement that the interest in an energy concern be known or should have been known in order for the divestiture requirement to apply.

Both bills also allow personnel transferring to the Department six months to comply with the divestiture requirements. The conferees adopted such a provision in Section 602(b), with the stipulation that any employee so transferred must notify the Secretary of any holdings coming within the coverage of this section no later than 30 days after the date of the transfer.

The conferees also included in Section 602(c) a provision, included in both the Senate and House bills, which allows the Secretary to waive the divestiture requirements where a financial interest is already totally vested, such as a pension or insurance benefit, or where exceptional hardship would result. Exceptional hardship is intended to apply to unusual circumstances where the financial injury to the person far outweighs the potential harm that could be caused by any possibility of a conflict of interest or an appearance of a conflict. For example, an employee may have a relatively small interest in a privately held business that could not be sold, or could only be sold at great long-range financial sacrifice to him and his family. The business is one engaged in basic research for new energy technology which in no way relates to the employee's responsibilities in the international area of the Department's activities. In such a case a waiver might be appropriate. A waiver under this section may only be for a certain specified period. When a waiver does occur, the Secretary is required to publish the waiver in the Federal Register, state the grounds for the waiver, the period of the waiver, and to state what has been done by the Secretary and by the employee to assure that the conflict of interest will be otherwise minimized or eliminated during the period of the waiver.

Section 602(d) provides that, notwithstanding the provisions of this section, the disclosure requirements of section 603 will apply to any supervisory employee who continues to receive any income or hold a financial interest in any energy concern.

Disclosure of Energy Financial Interest

The Senate bill (section 603) requires general financial disclosure for all Department employees at grade GS–13 or above, and imposes similar disclosure requirements on spouses or dependents of such employees. The House bill requires disclosure of any known financial interest in an energy concern by all Department employees, except those that are in non-regulatory or non-policy-making positions which are exempted by the Secretary.

Generally, Section 603 of the Conference Report adopts the approach of the House bill. Section 603 requires Department employees to file 30 days after commencing service and by May 15th of each of the following calendar years, a report with the Secretary. This report is to include the amount and identity of each source of income received, and the identity and value of any property owned by the employee, his spouse or dependents, during the calendar year. The interests held in such concern are to be reported whether they are held directly or indirectly.

With respect to coverage, Section 603(c) adopts the approach of the House bill applying the disclosure provisions to all Department employees, except those employees that are below the level of GS–13 and are employed in positions or classes of positions which are specifically designated by the Secretary as of a non-regulatory or non-policymaking nature.

Section 603(d) requires employees who leave the Department to file a financial disclosure report within 30 days after termination of employment. The Secretary, pursuant to Section 603(e) may extend the time limit for such report up to a maximum of 90 days.

Report on Prior Employment

The House bill requires that each supervisory employee of the Department file a report describing any previous employment with an energy concern, including employment as a consultant, agent, attorney, and such other pertinent information as the Secretary may require. The requirement in the House bill applies with no minimum income limitation.

The Senate bill does not contain a specific requirement for such a separate report. However, it requires supervisory employees to file annually the same information that Members and employees of Congress must file in accordance with the rules of the House and the Senate. The Senate rules require disclosure of past employment covering the two years prior to government service if the individual received more than $5,000 in income from any source.

In Section 604, the conferees adopted the requirement of a separate report on prior employment with an energy concern. Such a report must be filed within 60 days after an individual becomes a supervisory employee of the Department, and must identify the name and address of any energy concern that paid the supervisory employee more than $2,500 in any of the preceding five calendar years, the period during which such income was received, the title or position held, and a brief description of duties performed. However, pursuant to Section 604(b), an individual is not required to divulge any information which is considered confidential as a result of a privileged relationship recognized by law.

Post-Employment Prohibitions and Reporting Requirements

Both the Senate and House bills contain prohibitions on post-employment activities by supervisory employees after they leave the Department. Generally, these prohibitions bar a former supervisory employee from having any contact on any Departmental matter or issue with any individual within the Department for a specific period after termination of Departmental service. Under the Senate bill, the prohibited period is one year after termination; under the House bill it is two years.

In Section 605, the conferees adopted the Senate provision prohibiting all contacts for one year after service. The prohibitions extend to both oral and written communications, and extend to new matters that arise after the employee leaves service as well as to matters which were before the Department while the individual was employed there. The prohibitions extend to any particular matter or issue with which the Department is concerned; there is no requirement that there be a formal proceeding in the Department before the prohibitions apply.

For the prohibitions of oral or written communications of Section 605(a) to apply, there must be an intention by the former supervisory employee to influence the action of the Department or an employee of the Department in some way. Also, the prohibitions of Section 605(a) do not apply where the former supervisory employee appears or communicates in response to a Departmental subpoena which has been issued; nor do they apply when the sole subject matter of the communication concerns an issue which is exclusively personal and individual in character, and of a non-business nature, such as the employee's pension benefit.

In addition, the prohibition of Section 605(a) does not apply to prohibit a former supervisory employee who has outstanding scientific or technological qualifications from making a formal appearance or written communication on a particular matter in his scientific or technological field, if the Secretary finds that it is essential to the national interest that such appearance or communication be permitted, and makes a certification to that effect which is published in the Federal Register.

Section 605(b) requires a former supervisory employee to file a report, each May 15th for the two years following termination of service with the Department, describing any employment with an energy concern during the two year period subsequent to termination of service. This requirement is satisfied, however, if a supervisory employee is able to specify, at the time he leaves the Department, any contract or agreement for future employment with an energy concern, and files such report within 30 days after leaving the Department. The report is to be amended in the event that any change in such employment occurs during either of the two years following termination of service with the Department.

Participation Prohibitions

The House amendment provides that for a period of two years after terminating any employment with an energy concern a supervisory employee shall not knowingly participate in a Department proceeding in which his former employee is substantially, directly, or materially involved (other than a general rulemaking). The House amendment also provides that a supervisory employee shall not participate during his service with the Department in any Department proceeding for which he had direct responsibility or in which he participated substantially while in the employment of an energy concern. The House amendment also provides that a supervisory employee who is in the process of soliciting employment with an energy concern may not participate in a proceeding in which the concern is substantially involved. There is no comparable Senate provision.

Section 606(a) of the conference report adopted the first provision of the House bill, limited but the application of this prohibition to the first year of service with the Department. Section 606(b) of the conference report incorporates the second provision of the House bill, but limits application to the first year of service with the Department, and limits the matters for which he had direct responsibility or participated substantially or personally while in the employ of an energy concern to the five years preceding employment with the Department. The conferees agreed to drop the third provision of the House section, dealing with participation while in the process of soliciting employment, since that prohibition is already

encompassed within the provisions of 18 U.S.C. 208.

Section 606(c) provides that the provisions of this section may be waived whenever the Secretary makes a written finding that, in a particular circumstance, there would be an exceptional hardship upon the supervisory employee or that imposing the restriction would be contrary to the national interest.

Procedures Applicable to Reports

The Senate bill provides that the Secretary shall make each disclosure report available to the public within 15 days after the receipt of the report, may charge the public a reasonable fee for a copy of the report, and shall retain the report for three years after receipt. The Senate bill also directs the General Accounting Office to conduct audits on a random basis of approximately 5% of the financial reports filed by supervisory employees. The House bill specifies that reports may be made available to the public, but otherwise allows the Secretary latitude to determine the form and matter of the report.

Section 607 of the Conference Report requires the Secretary to make each report filed with him under Section 603, 604, or 605 of the Act available to the public within 30 days of receipt. A copy is to be made available to any person requesting one, on payment of a reasonable fee to cover the cost of reproduction. The fee may be waived by the Secretary. Any report received by the Secretary under these sections shall be held in his custody for a six-year period, and then destroyed.

Section 607(b) requires the Civil Service Commission to perform, on a random basis, a sufficient number of audits as are necessary to monitor the accuracy and completeness of the reports.

Section 607(c) requires the Secretary to maintain a file containing all the waivers and findings which he makes under the provisions permitting exemptions from required divestiture of energy assets, exemptions of designated positions from the financial disclosure requirements, exemptions of scientific or technological personnel from the post-employment contact prohibitions, or exemptions from the participation prohibitions (Section 602(c), 603(c), 605(a), or 606(c)). The file containing the findings and waivers is to be available for public inspection and copying.

Sanctions

Both the Senate and the House bills require the Secretary to take into account any violation of the post-employment contact prohibitions in deciding any matter to which the prohibited contact related.

The House provides a penalty of not more than $2,500 or imprisonment for not more than one year for knowingly violating the financial disclosure provisions. The House also provides a civil penalty of not to exceed $10,000, to be assessed by the Secretary, in the event of violation of the provisions on divestiture, post-employment contacts, or other reporting requirements imposed on employees. The Senate bill contains no comparable provisions.

Section 608(a) of the Conference Report provides that any individual who knowingly violates Section 603 (provisions governing disclosure of interests in an energy concern) will be subject to a criminal penalty of not more than $2,500 or imprisonment of not more than one year, or both.

Section 608(b) provides that any individual who violates any of the provisions of the conflict of interest sections, including financial disclosure, divestiture, disclosure of previous employment, disclosure of future employment, post-employment contact prohibitions, or participation prohibitions (Section 602, 603, 604, 605, or 606), will be subject to a civil penalty not to exceed $10,000 for each violation. The penalty will be assessed by the Secretary in accordance or by any District Court of the United States.

Section 608(c) provides that in the event of any violation of Section 605(a), relating to post-employment contact prohibitions, the violation shall be taken into account in deciding the outcome of any proceeding in connection with which the prohibited appearance, attendance, or submission was made.

Section 608(d) states that none of the provisions of this title is to limit in any way the operation of the general, government-wide conflict of interest prohibitions contained in existing law in 18 U.S.C. 207 or 18 U.S.C. 208. A waiver of any of the provisions of this title will not constitute a waiver of 18 U.S.C. 207 or 18 U.S.C. 208.

Section 621—Appointment of supergrade personnel

The Senate bill authorizes the Secretary of Energy to appoint and fix the compensation of officers and employees in accordance with the civil service laws. In addition, the Secretary is authorized to appoint not more than 600 scientific, engineering, professional, and administrative personnel outside the competitive civil service and compensate them at a level not in excess of GS–18. The Secretary is further authorized to appoint 150 supergrade positions under civil service.

The House amendment authorizes the Secretary of Energy to appoint and fix the compensation of officers and employees in accordance with the civil service laws. In addition, the Secretary is authorized to appoint 200 scientific and technical personnel to supergrade positions outside civil service. The Secretary is further authorized to assign 350 persons in supergrade positions under civil service so long as such positions are occupied by the immediate incumbent. (In section 714(c), the government-wide pool of supergrade positions would be increased by 350 positions to be filled by DOE personnel.)

The conferees agreed to assign to DOE 689 supergrade positions which represent the same number of positions as are presently authorized for functions to be transferred to DOE. Of this number, 200 are to be filled by scientific, engineering, professional, and administrative supergrade personnel outside of civil service. In addition, the Secretary of Energy is authorized to appoint 311 scientific, engineering, and administrative personnel to supergrade positions outside of civil service, but such positions shall revert to civil service at the expiration of four years although persons occupying such positions at the end of four years shall continue to occupy such positions without regard to the civil service laws. The Secretary is also authorized to appoint 178 supergrade positions under civil service but without the need for the approval of the Civil Service Commission as such appointments relate to the transfer of persons in connection with the transfer of functions under this Act.

Reservation on Section 621: Representatives Udall, Schroeder, and Gilman, although signing the report, object to the permanent exemption of 200 supergrade employees from Civil Service laws and regulations. They believe that such an exemption, with the unimpeded power it gives the Secretary, goes far beyond any need for flexibility in employment of personnel the Department might require, and that ample flexibility, with appropriate accountability, is available within existing Civil Service laws.

Section 622—Appointment of additional executive level personnel

The Senate bill provides for the appointment of 14 additional executive level personnel, all to be compensated at the rate of level V of the Executive Schedule.

The House amendment provides for 14 additional executive level positions, 4 to be compensated at level IV of the Executive Schedule and 10 at level V.

The conference substitute adopts the Senate provision.

Section 623—Experts and consultants

The conference substitute adopts a provision contained in both the Senate and the House bills which authorizes the Secretary of Energy to obtain the services of experts and consultants at rates not to exceed that of the daily rate of pay for grade GS–18.

Section 624—Advisory committees

The Senate bill permits the Secretary to establish such advisory committees as he determines are necessary to assist in performance of his functions, subject to the provisions of the Federal Advisory Committee Act, and provides for travel expenses and per diem allowances for members of such committees while on committee business, except for full-time employees of the Federal government. Further the Senate provision provides that section 17 of the FEA Act of 1974, which concerns balanced representation of members and requirements for open meetings of such committees, and other procedural requirements, shall apply to any advisory committee chartered by the Secretary or transferred to the Secretary or Department of Energy under this Act. Meetings may be closed under section 17 only on grounds of national security.

The House amendment directs that section 17 of the FEA Act of 1974—governing the establishment and operation of advisory committees—shall be applicable to advisory committees established by DOE to provide advice relating to the regulatory activities of the Department.

The conference substitute adopted the Senate provision with an amendment which adds, as an additional ground for closing meetings, the need to protect trade secrets in the case of matters pertaining to research and development.

The Senate bill provided that Section 17 of the Federal Energy Administration Act of 1974 shall be applicable to advisory committees chartered by the Secretary or transferred to the Secretary or the Department. (Sec. 17 of that act requires the FEA Administrator to endeavor to insure that each advisory committee established or utilized to advise with respect to, or to formulate or carry out, any agreement or plan of action affecting any industry or part of an industry, is reasonably representative of the various points of view and functions of the industry and users affected. It also requires that each advisory committee meeting shall be open to the public, except that the Administrator may determine that a meeting shall be closed in the interest of national security.)

The House bill provided that Sec. 17 of the FEA Act shall be applicable only to advisory committees chartered by the Department to advise it on regulatory activities.

The conference substitute provides that Sec. 17 shall be applicable to all advisory committees chartered by the Secretary or transferred to the Secretary or the Department under this act, but furnishes an additional basis for closing certain kinds of advisory committee meetings. It provides that where an advisory committee advises the Secretary on matters pertaining to research and development, the Secretary may determine that such meeting be closed because it involves research and development matters and comes within the scope of exemption 4 of the Government in the Sunshine Act (is likely to disclose trade secrets and commercial or financial information obtained from a person and privileged or confidential).

In permitting use of the trade secrets exemption as well as national security grounds for closing all or part of a meeting, the conferees expect that any written determination by the Secretary to close all or part of a meeting will (a) demonstrate maximum effort to close no more of the meeting than

may properly be closed and to open the remainder to the public, and (b) clearly separate national security and trade secrets reasons justifying closure for any meeting for which the Secretary determines that both grounds for closure apply. The conferees thus expect that any written determination by the Secretary to close all or part of a meeting will contain a detailed explanation subject to appropriate security requirements of reasons in justification of the determination, as provided in Sec. 17(b) of the Federal Energy Administration Act of 1974.

Section 625—Armed services personnel

The Senate bill provides that the Secretary may utilize the services of military personnel in the Department. The Senate specifies that such personnel will normally serve on a reimbursable basis, that such personnel will be subject to the provisions of the Uniform Code of Military Justice, and shall be subject to the Armed Service law governing assignment, reassignment, and retirement.

The House provision limits the utilization of those personnel to those functions presently performed by military personnel in ERDA or in connection with functions relating to the Naval Petroleum and Oil Shale Reserves. The House specifies that any member so assigned shall not be charged against any limits on personnel strength applicable to either the Armed Forces or the Department.

The conference substitute is the same as the House amendment except that it provides that personnel so detailed shall be charged to such limitations as may be applicable to the Department.

Section 641—General authority

The Senate bill authorizes the Secretary of Energy, to the extent necessary or appropriate, to perform any function transferred by this Act, to exercise any authority available by law, including Appropriation Acts, immediately prior to enactment of this Act, to the official or agency from which such function was transferred.

The House amendment contains the same authority as the Senate bill except the provision does not contain the limiting phrase "immediately prior to enactment of this Act."

The conference substitute adopts the House provision.

Section 642—Delegation

The Senate bill provides that the Secretary, unless otherwise prohibited, consistent with the provisions of the Act regarding the assignment of functions within the Department, may delegate his functions to other officers or employees of the Department, but such successive redelegations by the Secretary must be within the Department.

The House provision provides that the Secretary, unless otherwise prohibited, may delegate his functions to other officers or employees of the Department.

The conference substitute is the same as the Senate bill.

Section 643—Reorganization

The Senate bill provides that the Secretary is authorized to establish, alter, consolidate, or discontinue organizational units or components within the Department. Organizational units established by this Act are exempted from the above authority of the Secretary. The Senate bill further provides that such authority does not extend to the transfer of functions vested by this Act in any organizational unit or component.

The House amendment also provides that the Secretary is authorized to establish, alter, consolidate, or discontinue organizational units or components within the Department unless such organizational units are established by this Act.

The conference substitute is the same as the Senate bill.

Section 644—Rules

The Senate bill authorizes the Secretary to prescribe the procedural and administrative rules and regulations he finds necessary for the administration and management of the functions vested in him.

The House provision states that the Secretary may prescribe such policies, standards, criteria, procedures, rules and regulations as the Secretary deems necessary to carry out the functions vested in him.

The conference substitute is the same as the Senate bill.

Section 645—Subpena

The Senate bill confers upon the Secretary of Energy the same powers and authorities as the Federal Trade Commission to issue subpenas.

The House amendment contains no comparable provision.

The conference substitute adopts the Senate provision. The conferees intend that this provision is in addition to, and not a substitute for, any subpena authority already contained in the functions transferred to the Department by the Act.

Section 646—Contracts

The Senate bill authorizes the Secretary of Energy to enter into and perform contracts, leases, grants, cooperative agreements, or other similar transactions with public agencies, private organizations and persons. Such authority is effective only to the extent provided in appropriations acts.

The House bill authorizes the Secretary of Energy to enter into and perform contracts, leases, cooperative agreements, or other similar transactions with public agencies, private organizations and persons, but does not authorize the Secretary to enter into grants. No authority to enter into contracts or to make payments under this title shall be effective except to the extent or in such amounts as are provided for in advance in appropriation acts.

The conference substitute adopts the House provisions with an understanding among the conferees that the restricting of contracting and related authority to those funded in advance by appropriations is not intended to apply to existing programs, nor to existing contract authorities under prior law. Laws granting specific contract authority also will continue to apply.

Section 647—Acquisition and maintenance of property

The conference substitute adopts a provision contained in both the Senate and House bills which authorizes the Secretary to construct, improve, repair, operate, and maintain laboratories, research and testing sites and facilities, quarters and related accommodations for employees and dependents of DOE and personal property; and to provide by contract or otherwise for eating facilities and other necessary facilities for the health and welfare of DOE employees.

Section 648—Facilities construction

The conference substitute adopts a provision contained in both the Senate and House bills which authorizes the Secretary of Energy to provide for, construct, or maintain emergency medical services and supplies, food, messing facilities, recreation and training, living and working quarters, and school transportation for employees and dependents stationed at remote locations. Employees are required to reimburse the government for food, medical treatment, and related services and supplies.

Section 649—Use of facilities

The Senate bill has no comparable provision for the section in the House amendment on the use of the equipment, research and facilities of a Federal, State, local or foreign government.

The House bill authorizes the Secretary and the FERC to use, with or without reimbursement, research, equipment and facilities of any Federal, State, or foreign government.

The conference substitute is the same as the House provision for section 649(a).

The Senate provides an authorization to the Secretary for a period not exceeding five years, to permit the use of Federal facilities under the custody of the DOE, by private or public agencies or individuals, except that the provision shall not apply to excess property as defined in the Federal Property and Administrative Services Act. Persons who use such facilities may be required by the Secretary to recondition and maintain such facilities.

The House contains no comparable provision applicable to the use of facilities by private persons. However, it does contain a provision not in the Senate bill, which authorizes the Secretary to provide, with or without reimbursement, research and equipment, as well as facilities, to any domestic or foreign government.

The conference substitute for section 649 (b) and (c) is the same as the Senate bill except that the Secretary may only allow public and private use of DOE facilities in order to carry out his functions.

Section 650—Field offices

The conference substitute adopts a provision contained in both the Senate and House bills which allows the Secretary to establish, alter, consolidate or discontinue field offices of the Department.

Section 651—Copyrights

The conference substitute adopts a provision contained in both the Senate and House bills which authorizes the Secretary to acquire copyrights, patents, application for patents, designs, processes, manufacturing data; licenses under copyrights, patents, and patent applications; and releases, before suit is brought, for past patent or copyright infringement.

Section 652—Gifts and Requests

The conference substitute adopts a provision contained in both the Senate and House bills which authorizes the Secretary to accept, hold, administer, and utilize gifts, bequests and devises of property for purposes of facilitating the work of DOE.

Section 653—Capital Fund

The Senate bill authorizes the Secretary of Energy to establish a working capital fund for expenses necessary for maintenance and operation of common administrative services, including such services as a central supply service for stationery and other supplies and equipment; central messenger, mail, telephone, and other communications services; office space, central services for document reproduction, and for graphic and visual aids; and a central library service. The provision also describes in detail the means for financing the fund.

The House bill authorizes the Secretary of Energy to establish a working capital fund for expenses necessary for maintenance and operation of common administrative services, but such services are not listed in detail. The House bill also does not provide the same degree of detail in describing the means for financing the fund.

The conference substitute adopts the Senate provision, but modified to delete certain superfluous language.

Section 654—Seal of Department

The conference substitute adopts a provision contained in both the Senate and House bills which directs the Secretary to cause a seal of office to be made.

Section 655—Regional Energy Advisory Boards

The Senate bill provides that the Governors may establish regional energy advisory

boards for their regions. Further, this title provides that the representatives of the Secretary of Energy, the Secretary of Commerce, the Secretary of Interior, the Chairman of the Council on Environmental Quality, the Commandant of the Coast Guard, and the Administrator of the Environmental Protection Agency, shall be entitled to participate as observers in the deliberations of the boards. If the regional energy board makes specific recommendations, the Secretary is required to publish his reasons for not adopting such recommendations, if that is the case.

The House bill has no comparable provision.

The conference substitute is the same as the Senate bill except that it says that the Federal co-chairman of the Appalachian Regional Commission or any regional commission under the Public Works and Economic Development Act "shall be entitled to participate" rather than "shall participate" as in the Senate bill. The conference substitute requires the Secretary to notify in writing the Regional Energy Advisory Boards of his reasons for not implementing any recommendations made by them, but does not have to publish his reasons for not doing so in the *Federal Register*.

Section 656—Designation of Conservation Officers

The Senate bill provides that the Secretaries of Defense, Commerce, HUD, DOT, and Interior, as well as the Administrator of the GSA and the U.S. Postal Service, shall designate an assistant secretary or assistant administrator as the principal energy conservation officer responsible for coordinating with the DOE on energy matters. The Senate bill also confers official responsibility for planning and implementation of energy conservation programs within such department or administration on such designated officers and adds "conservation" to the title of such officer.

The House amendment provides for the designation of principal energy conservation officers as in the Senate bill, but also includes the Secretary of Agriculture.

The conference substitute adopts the Senate provision, but with amendments which (1) add the Secretary of Agriculture, and (2) provide that the head of the department or agency shall periodically inform the Secretary of Energy of the designated energy conservation officers rather than requiring inclusion of the word "conservation" in the titles of the designated officials.

Section 657—Annual Report

Senate Bill

The Senate bill directs the Secretary to make an annual report to the Congress.

The Senate states that the reporting requirement in the Section shall be in place of the reporting requirements of Section 15 of the FEA Act of 1974, Section 307 of the Energy Reorganization Act, and Section 15 of the Federal Non-Nuclear Research Development Act, except subsection (2).

The Senate bill requires, in addition, a summary of substantive measures taken by the DOE to stimulate and encourage the development of new manpower resources through the nation's colleges and universities, and a summary, to the extent practicable, of activities in the U.S. by companies or persons which are foreign-owned or controlled, and which owned or controlled U. S. energy sources and supplies.

The Senate requires the following specific information: (1) projected energy needs of the United States, (2) estimate of domestic and foreign energy supply, (3) current and foreseeable trends and various aspects of energy resources, (4) summary of research and development efforts, and (5) review and appraisal of the adequacy and appropriateness of technology.

House Amendment

The House amendment directs the Secretary to make an annual report to the Congress.

The House specifies that in addition to the reporting requirements imposed by this section, the report must also include any further requirements imposed by the above mentioned sections of preexisting law.

As part of the specific information, the House requires the following: (1) projected energy needs of the United States, (2) estimate of domestic and foreign energy supply, (3) current and foreseeable trends and various aspects of energy resources, (4) summary of research and development efforts, and (5) review and appraisal of the adequacy and appropriateness of technology.

The House bill additionally requires a summary of cooperative and voluntary efforts that have been mobilized to promote conservation and recycling; a comprehensive summary of data pertaining to the fuel and energy needs of rural residents; and a breakdown of the amount of energy expected to be obtained from the various types of energy and how it is to be obtained. The House provisions requiring a report on the Government's research and development efforts requires more specificity about the Department's research and development effort related to environment concerns.

Conference Substitute

The conference substitute combines the Senate and House requirements for the annual report.

Section 658—Leasing Report

Senate Bill

The Senate bill contains a requirement for the Secretary of the Interior to develop a plan for reorganization of the Federal leasing functions and submit such plan to Congress within one year.

House Amendment

The House amendment has no comparable provision.

Conference Substitute

The conference substitute is the same as the Senate bill except that instead of a reorganization plan, the Secretary of the Interior shall submit a report on the organization of the leasing functions, as well as any recommendations he has for reorganizing such functions.

Section 659—Transfer of Funds

The conference substitute adopts a provision contained in both the Senate and House bills which authorizes the Secretary of Energy, when authorized in an Appropriation Act, to transfer funds from one appropriation to another with the Department. No appropriation, however, shall be either increased or decreased more than 5 percent.

Section 660—Authorization of Appropriations

Senate Bill

The Senate bill authorizes to be appropriated such sums as may be necessary to carry out the functions of this Act, except that the appropriations authorized by the AEC Act, the Energy Reorganization Act, and the Federal Non-Nuclear Energy Research and Development Act shall be subject to annual authorization.

House Amendment

The House bill requires annual authorization for all appropriations to DOE.

Conference Substitute

The conference substitute adopts the House provision.

Voluntary Assistance

The Senate bill provides that the Secretary may recruit, train, accept, and utilize voluntary services of individuals in order to aid or facilitate the work of the Department.

The House amendment has no comparable provision.

The conference substitute deletes the Senate provision.

TITLE VII—TRANSITIONAL, SAVINGS AND CONFORMING PROVISIONS

Section 701—Transfer and allocations of appropriations and personnel

The Senate bill and the House amendment provide for the transfer of personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations and other funds to DOE from the organizations or functions being transferred to the DOE. In addition, the Senate bill provides for the transfer of "personnel positions"; and also provides that the unexpended funds transferred shall only be used for purposes for which the funds were originally appropriated.

The conference substitute is the same as the House amendment with an amendment that transferred funds only be used for the programs for which money was originally authorized as well as appropriated.

Section 702—Effect on personnel

The Senate bill and the House amendment provide that transfer of full-time personnel and part-time personnel holding GS Grades 1–18 shall not be separated or reduced in grade compensation for a period of one year. In addition, the House provision provides that full-time temporary personnel employed in energy research centers of ERDA may, at the employee's option, be converted to permanent, full-time status within 120 days, and the authorized levels of permanent, full-time personnel shall be raised by the number of those who exercise their option.

The conference substitute is the same as the House amendment.

The Senate bill and the House amendment provide that employees transferred to DOE holding re-employment rights are authorized to exercise such rights within 120 days under the Senate bill or within two years under the House amendment. In addition, the House amendment provides that such re-employment rights may only be exercised at the request of the employee.

The conference substitute combines the Senate and House provisions providing for re-employment rights for 120 days following enactment of the Act, or two years from the date of acquiring such rights, whichever is longer.

Section 703—Agency terminations

The House and Senate bills are identical in that they provide whenever all of the functions vested by law in any agency, commission, or other body, or any component thereof, have been terminated or transferred from that agency, commission, or other body, or component by this Act, the agency, commission or other body, or component, shall terminate. If an agency, commission, or other body, or any component thereof, terminates pursuant to the preceding sentence, each position and office therein which was expressly authorized by law, or the incumbent of which was authorized to receive compensation at the rates prescribed for an office or position at level II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316), shall terminate.

Section 704—Incidental transfers

The Senate bill and the House amendment direct OMB to make necessary determinations with regard to the transfer of functions and to make such incidental disposition of funds as necessary. The Senate requires the Director of OMB to consult with the Secretary when carrying out his responsibilities. The House

requires the Director of OMB to consult with both the Secretary and the Commission.

The conference substitute is the same as the House amendment.

Section 705—Savings provisions

The Senate provisions continuing the effect of agency actions by the Act applies to any action taken pursuant to functions transferred by this Act, or transferred by Executive Order after the Act's enactment. The House amendment applies to functions transferred by the Act, but it does not refer to the effect of any Executive Order.

The conference substitute is the same as the House amendment.

The Senate provides that such actions shall continue in effect until changed in accordance with law. The comparable House provision does not include the phrase "in accordance with law."

The conference substitute is the same as the Senate bill. The conferees intend the word "proceedings" to include rulemaking in progress, as well as all other types of proceedings.

The Senate bill authorizes the Secretary to issue regulations providing for the orderly transfer of pending proceedings to the Department or appropriate entity of the Department. The comparable House wording authorizes the Secretary or the Commission to issue regulations for the transfer of proceedings to the Department or the Commission.

The conference substitute combines House and Senate provisions by authorizing the Secretary and the Commission to issue regulations for the transfer of proceedings to the Department.

Effect of Act on Pending Proceedings

The Senate provides for the continuation of all proceedings other than rulemaking proceedings pending at the time this Act becomes effective. Pending rulemaking proceedings are subject to special review provisions. The House provision continues all proceedings or applications for any license, permit, certificate or financial assistance which is pending at the time this Act becomes effective. Both provisions provide that orders issued in such proceedings and appeals, therefore, shall continue until modified, superseded, or revoked by a duly authorized official, a court of competent jurisdiction or by operation of law.

The conference substitute is the same as the House amendment.

Review—The Senate bill provides that all pending rulemaking proceedings shall be reviewed by the Secretary or the Board, whichever is the appropriate official or body, and within 60 days that official or body shall terminate, modify or continue such proceedings after appropriate notice. The House amendment has no comparable provision.

The conference substitute deletes this provision.

Transfer—The Senate provides authorization to the Secretary to promulgate regulations providing for the orderly transfer of such proceedings to the Department or appropriate body within the Department. The House provision states that the Secretary and the FERC shall share this responsibility.

The conference substitute deletes this provision.

Section 706—Separability

The House and Senate bills are identical in that if any provision of this Act or the application thereof to any person or circumstance is held invalid, neither the remainder of this Act nor the application of such provision to other persons or circumstances shall be affected thereby.

Section 707—References

Both the Senate and House provides that references in other laws to other agencies shall be deemed changed to reflect the transfer of functions to the Department. The House provides that such references shall henceforth be deemed to refer to the Secretary, the FERC, or other official or component of the Department as appropriate. The comparable Senate wording refers only to the Secretary or other official.

The conference substitute is the same as the House amendment.

Section 708—Presidential authority

The House and Senate bills are identical in that they provide that except as provided in Title IV, nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of, or authority available to, the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions. The provision was adopted by the conferees.

Section 709—Amendments

The Senate and House both repealed the following sections of the FEA Act of 1974: section 9, section 28, and section 30.

The Senate also repealed section 4 and section 29. The House amendment amends section 4 by deleting all provisions except those relating to conflicts of interests. The House amendment does not repeal section 29.

The conference substitute dealing with the above stated repeals is the same as the Senate provision.

The House amendment amends section 7 of the FEA Act of 1974 by striking all provisions except (1) subsection 7(c) which requires that the Administrator of the FEA give five days notice to EPA prior to the promulgation of a rule or regulation affecting the environment in order that the EPA may comment on the same; (2) 7(1)(D), which directs FEA when issuing rules, regulations, or orders to prevent unfair hardship or distribution of burdens; and (3) 7(1)(2)(A) which specifies which federal courts may hear appeals from agency actions. The remaining portions of section 7 struck by the House contain administrative and personnel provisions applicable to FEA, specify administrative procedures applicable to FEA rulemaking proceedings, and provide for judicial review of FEA actions. The Senate makes no amendment to section 7 of the FEA Act of 1974.

The conference substitute is the same as the House amendment.

Both the Senate [section 809(c)] and House [section 712(c)(2)] make Section 161(d) of the Atomic Energy Act of 1954 inapplicable to the appointment of officers and employees transferred from ERDA. The House amendment also repeals section 26 of the AEC Act which establishes a General Advisory Committee [section 712(c)(1)].

The conference substitute is the same as the House amendment.

The Senate bill amends section 509(c)(6) of the HUD Act of 1970 to provide that the Secretary of Energy shall consult with the Secretary of HUD in carrying out his functions under the Energy Conservation and Renewable-Resource Demonstration Act. The House has no comparable provision.

The conference substitute is the same as the Senate bill.

Section 710—Administrative amendments

The House places the Secretary of Energy in line of Cabinet officers in succession to the Presidency. The Senate has no comparable provision.

The conference substitute is the same as the House amendment.

The House bill contains a conforming amendment authorizing an additional 200 scientific, engineering and professional positions to the DOE which are not in the civil service. The Senate has no comparable provision.

The conference substitute deletes the House provision.

The conferees have added 489 positions to the civil service pool for the use of the Department. This number includes 311 which are totally exempt from the civil service laws for a period of four years and 178 which are in the Civil Service. This number does not include the 200 positions authorized for the Department which are permanently exempt from the civil service laws.

Compensation of Executive Level Officials

The Senate and the House compensate the following comparable officials, created in Title II or Title IV, at different levels:

Members, other than Chairman, of the Energy Regulatory Board or Federal Energy Regulatory Commission—Level III (Senate); Level IV (House).

The conference substitute is the same as the House amendment.

Additional Offices—14 at Level V (Senate); 4 at Level IV and 10 at Level V (House).

The conference substitute is the same as the Senate bill.

The compensation of officials existing in only the House or Senate version is as follows:

Under Secretary—Level III (Senate only).

The conference substitute is the same as the Senate bill.

Inspector General—Level IV (House only).

The conference substitute is the same as the House amendment.

Director, Office of Energy Research—Level IV (House only).

The conference substitute provides that the Administrator of the Economic Regulatory Administration and the Administrator of the Energy Information Administration shall be compensated at Level IV of the Executive Schedule.

Deputy Inspector General—Level V (House only).

The conference substitute is the same as the House amendment.

Section 711—Transition

The House and Senate bills are identical in that they provide that with the consent of the appropriate department or agency head concerned, the Secretary is authorized to utilize the services of such officers, employees, and other personnel of the departments and agencies from which functions have been transferred to the Secretary for such period of time as may reasonably be needed to facilitate the orderly transfer of functions under this Act.

Section 712—Civil Service Commission report

The House amendment directs the Civil Service Commission within one year to prepare a report to Congress on the effects on employees of this reorganization bill, and on personnel costs and needs. The report shall include any recommendations for changes in personnel management the Commission considers necessary. The Senate bill has no comparable provision.

The conference substitute is the same as the House amendment.

Section 713—Environmental impact statements

The Senate bill provides that the transfer of functions under Title III of this Act shall not affect the validity of any draft environmental impact statement published before the effective date of this Act.

The House bill provides for the transfer of functions, both under Title III and IV of this Act.

The conference substitute adopted the House provision.

TITLE VIII—ENERGY PLANNING

The Senate bill established, in Title VII, a combined executive-congressional procedure for comprehensive energy planning. The provisions required a proposed National Energy Policy Plan to be submitted to the Congress by the President, no later than April 1, 1979, and periodically updated biennially thereafter. The Plan would review the energy needs of the United States for 5 and 10 year periods. It would establish energy production, utilization and conservation objectives for those time frames, identify strategies to achieve those objectives, forecast the level of production and investment needed in each supply sector. The Plan would also recommend legislative and administrative actions necessary to achieve the objectives of the proposed Plan. Accompanying the Plan would be a report with data and analysis to support the Plan's conclusions and recommendations.

The Senate bill also required that this proposed Plan be acted upon by the Congress by October 1 of the year of submission, in the form of a Joint Resolution which could contain alternatives to, modifications of, or additions to the proposed Plan. Additionally, once a Plan was enacted as a Joint Resolution, the Senate bill required that the President take action to encourage the departments and agencies of the executive branch, the independent agencies and the private sector to carry out their programs and activities in a manner as to further the objectives of any approved Plan.

The House amendment contained no provision relating to energy planning.

The conferees adopted the Senate provision with an amendment. Under the amendment, the President would be required to prepare and submit a proposed National Energy Policy Plan, which would contain the energy production, utilization and conservation objectives, identification of strategies and recommendations for action, similar to those required by the Senate bill. The first proposed Plan would be submitted by April 1, 1979, and updated Plans would be submitted biennially thereafter. A report containing data and analysis supporting the objectives and recommendations in the proposed Plan will accompany its submission to Congress.

The amendment contains no requirement for congressional action on the proposed Plan. It does, however, require that the proposed Plan be referred to the appropriate committees and that the committees review the proposed Plan and fully consider the need for legislation as they deem appropriate and necessary, whether in the form of a Joint Resolution or otherwise enacting the National Energy Policy Plan into law. Any legislation reported could contain such alternatives to, modifications of, or additions to the proposed Plan as each committee deem appropriate.

TITLE IX—EFFECTIVE DATE AND INTERIM APPOINTMENTS

This title, virtually identical in the Senate bill and House amendment, provides that the Act shall take effect one hundred and twenty days after the Secretary first takes office or earlier as the President may prescribe; provides for interim appointments and other related authorities.

TITLE X—SUNSET PROVISIONS

The House amendment states that the provisions of the Act shall expire on December 31, 1982.

The Senate bill has no comparable provision.

The conference substitute requires the President to submit to the Congress a comprehensive review of each program in the Department by January 15, 1982, which shall be made available to the committee or committees of the Senate and the House of Representatives having jurisdiction with respect to the annual authorization of funds for such programs for the fiscal year beginning October 1, 1982.

The conference substitute also prescribes in detail the contents of the review required to be made by the President.

JACK BROOKS,
JOHN E. MOSS,
DANTE B. FASCELL,
WILLIAM S. MOORHEAD,
BENJAMIN S. ROSENTHAL,
DON FUQUA,
JOHN CONYERS,
FRANK HORTON,
JOHN N. ERLENBORN,
CLARENCE J. BROWN
(with respect to sections 206, 401(c), 607, 608, 612, 714, and 716 of the House amendment),
MORRIS UDALL,
PAT SCHROEDER,
BENJAMIN A. GILMAN,
Managers on the Part of the House.

ABE RIBICOFF,
HENRY M. JACKSON,
EDMUND S. MUSKIE,
LEE METCALF,
FRANK CHURCH,
CHARLES H. PERCY,
JACOB K. JAVITS,
WILLIAM V. ROTH, Jr.,
CLIFFORD P. HANSEN,
MARK O. HATFIELD,
JOHN GLENN
(for certain specified issues),
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. STOCKMAN) and to revise and extend their remarks and include extraneous matter:

Mr. CONABLE, for 10 minutes, today.
Mr. QUIE, for 30 minutes, today.
Mr. SARASIN, for 30 minutes, today.
Mr. GRASSLEY, for 10 minutes, today.
Mr. JEFFORDS, for 30 minutes, on July 27.

The following Members (at the request of Mr. BARNARD) to revise and extend their remarks and include extraneous material:

Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. CORNELL, for 10 minutes, today.
Mr. DRINAN, for 5 minutes, today.
Mr. MCKAY, for 5 minutes, today.
Mr. PREYER, for 5 minutes, today.
Mr. CAVANAUGH, for 5 minutes, today.
Mr. ULLMAN, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. FOUNTAIN, to revise and extend his remarks just prior to the vote on the Whitley amendment.

Mr. DICKINSON, to revise and extend his remarks on the Heckler amendment to H.R. 7171 immediately prior to the vote.

The following Members (at the request of Mr. STOCKMAN) and to include extraneous matter:

Mr. CONABLE.
Mr. FORSYTHE in two instances.
Mr. DERWINSKI in two instances.
Mr. BADHAM.
Mr. KETCHUM in two instances.
Mr. ABDNOR.
Mr. STEIGER.
Mr. HYDE.
Mrs. HOLT.
Mr. STOCKMAN.
Mr. YOUNG of Florida.
Mr. BEARD of Tennessee.
Mr. STEERS in two instances.
Mr. LAGOMARSINO in three instances.
Mr. WHITEHURST.
Mr. COLLINS of Texas in three instances.
Mr. SHUSTER.
Mr. SYMMS.

The following Members (at the request of Mr. BARNARD) and to include extraneous matter:

Mr. PREYER.
Mr. NEDZI in two instances.
Mr. MURPHY of Illinois in two instances.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. LUKEN.
Mr. LE FANTE.
Mr. ALEXANDER.
Mr. MINISH.
Mr. FLORIO in five instances.
Mr. TSONGAS.
Mr. FARY.
Mr. LONG of Maryland.
Mr. MAZZOLI.
Mrs. BURKE of California in three instances.
Mrs. SCHROEDER in two instances.
Mr. DRINAN.
Mr. TEAGUE.
Mr. ROGERS.
Mr. MCKAY.
Mr. KOCH.
Mr. EARLY in two instances.
Mr. SIMON.
Mr. MOAKLEY.
Mrs. MEYNER.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1613. An act to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes; to the Committee on the Judiciary.

ADJOURNMENT

Mr. BARNARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 31 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, July 27, 1977, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2009. A letter from the Secretary of the Treasury, transmitting a report of a viola-

tion of the Antideficiency Act, pursuant to section 3679(1)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

2010. A letter from the Chairman, Federal Election Commission, transmitting a copy of correspondence sent to the Office of Management and Budget, pursuant to section 310(d)(1) of the Federal Election Campaign Act of 1971, as amended; to the Committee on House Administration.

2011. A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to add certain lands to the Redwood National Park in the State of California, to strengthen the economic base of the affected region, and for other purposes; to the Committee on Interior and Insular Affairs.

2012. A letter from the Secretary of Agriculture, transmitting a report on the administration of the Horse Protection Act during calendar years 1975 and 1976, pursuant to section 11 of the Act (Public Law 91–540); to the Committee on Interstate and Foreign Commerce.

2013. A letter from the Comptroller General of the United States, transmitting a report on the effectiveness of the National School Lunch Program (PAD–77–6, July 26, 1977); jointly, to the Committees on Government Operations, and Education and Labor.

2014. A letter from the Comptroller General of the United States, transmitting a summary of the report on the National School Lunch Program (PAD–77–7, July 26, 1977); jointly, to the Committees on Government Operations, and Education and Labor.

2015. A letter from the Comptroller General of the United States, transmitting a report on the effectiveness of the Department of the Interior's administration of the Federal Metal and Nonmetallic Mine Safety Act (CED–77–103, July 26, 1977); jointly, to the Committees on Government Operations, and Education and Labor.

2016. A letter from the Comptroller General of the United States, transmitting a report evaluating the President's National Energy Plan (EMD–77–48, July 25, 1977); jointly, to the Committees on Government Operations, Banking, Finance and Urban Affairs, Interstate and Foreign Commerce, Public Works and Transportation, and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELANEY: Committee on Rules. House Resolution 714. Resolution providing for the consideration of H.R. 4740. A bill to increase the appropriations authorization for fiscal year 1978 and authorize appropriations for fiscal year 1978 to carry out the Marine Mammal Protection Act of 1972 (Rept. No. 95–528). Referred to the House Calendar.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2664. A bill to amend the Indian Claims Commission Act of August 13, 1946, and for other purposes; with amendment (Rept. No. 95–529). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4979. A bill to direct the Secretary of the Interior and the Administrator of General Services to convey certain public and acquired lands in the State of Nevada to the county of Mineral, Nev., with amendment (Rept. No. 95–530). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. House Resolution 653. Resolution to disapprove the continuation of the President's authority to waive the freedom of emigration requirements for the granting of most favored nation status to Romania (Rept. No. 95–534). Reported adversely, referred to the Committee of the Whole House on the State of the Union.

Mr. SMITH of Iowa: Committee of conference. Conference report on H.R. 692 (Rept. No. 95–535). Ordered to be printed.

Mr. PEPPER: Committee on Rules. House Resolution 715. Resolution providing for the consideration of H.R. 3744. A bill to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to provide for an automatic adjustment in such wage rate, and to repeal the credit against the minimum wage which is based on tips received by tipped employees (Rept. No. 95–536). Referred to the House Calendar.

Mr. FASCELL: Committee of conference. Conference report on H.R. 6689 (Rept. No. 95–537). Ordered to be printed.

Mr. FLOOD: Committee of conference. Conference report on H.R. 7555 (Rept. No. 95–538). Ordered to be printed.

Mr. BROOKS: Committee of conference. Conference report on S. 826 (Rept. No. 95–539). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EILBERG: Committee on the Judiciary. H.R. 1798. A bill for the relief of Kwong Lam Yuen (Rept. No. 95–531). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 2558. A bill for the relief of Dr. John Alexis L. S. Tam and Yuet Shum Tam (Rept. No. 95–532). Referred to the Committee of the Whole House.

Mr. EVANS of Georgia: Committee on the Judiciary. H.R. 3625. A bill for the relief of Kwi Bok Kim; with amendment (Rept. No. 95–533). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRODHEAD:

H.R. 8533. A bill to amend the Internal Revenue Code of 1954 to clarify the exemption from political organization taxable income for proceeds from bingo and related games; to the Committee on Ways and Means.

By Mr. CARTER (for himself, Mr. BROYHILL, Mr. COLLINS of Texas, Mr. DEVINE, Mr. LENT, Mr. MADIGAN, Mr. MOORHEAD of California, Mr. PREYER, Mr. SATTERFIELD, Mr. SCHEUER, Mr. SKUBITZ, and Mr. STOCKMAN):

H.R. 8534. A bill to direct an 18 month review and evaluation of all available information respecting the toxicity and carcinogenicity of food additives, including information respecting the ability to predict the effect on humans of food additives found to cause cancer in animals and whether there should be a weighing of risks and benefits in making regulatory decisions respecting such additives; and to prohibit the Secretary of Health, Education, and Welfare from taking certain action restricting the continued use of saccharin as a food, food additive, drug, and cosmetic for 18 months; to the Committee on Interstate and Foreign Commerce.

By Mr. CONABLE:

H.R. 8535. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of amounts paid to relatives for purposes of the credit for expenses for household and dependent care services necessary for gainful employment; to the Committee on Ways and Means.

By Mr. EVANS of Delaware (for himself, Mr. BADHAM, Mr. CORCORAN of Illinois, Mr. DORNAN, Mr. EDWARDS of Oklahoma, Mr. KEMP, Mr. KINDNESS, Mr. MARRIOTT, Mr. QUAYLE, Mr. SAWYER, Mr. STEERS, Mr. STANGELAND, and Mr. WALKER):

H.R. 8536. A bill to require the President to appoint a Special Prosecutor to investigate and prosecute acts by agents of foreign governments to influence elected and nonelected officials and employees of the United States; to the Committee on the Judiciary.

By Mr. FORSYTHE:

H.R. 8537. A bill to amend the Internal Revenue Code of 1954 to provide that trusts established for the payment of product liability claims and related expenses shall be exempt from income tax, and that a deduction shall be allowed for contributions to such trusts; to the Committee on Ways and Means.

By Mr. HILLIS:

H.R. 8538. A bill to amend title 28 of the United States Code to provide for the appointment of a Special Prosecutor in appropriate cases, to require the Attorney General to make a preliminary investigation of alleged improper foreign influence in congress to determine whether or not such a Special Prosecutor should be appointed for any cases arising therefrom, and for other purposes; to the Committee on the Judiciary.

By Mr. LATTA:

H.R. 8539. A bill to amend title 18 of the United States Code to require the prior consent of all parties for the interception or recording of certain wire or oral communications; to the Committee on the Judiciary.

By Mr. MITCHELL of Maryland (for himself and Mr. FORD of Tennessee):

H.R. 8540. A bill relating to collective bargaining representation of postal employees; to the Committee on Post Office and Civil Service.

By Mr. NEDZI (for himself, Mr. BLANCHARD, Mr. BONIOR, Mr. BRODHEAD, Mr. BROOMFIELD, Mr. CARR, Mr. CONYERS, Mr. DIGGS, Mr. DINGELL, Mr. FORD of Michigan, Mr. KILDEE, Mr. RUPPE, Mr. STOCKMAN, Mr. TRAXLER, Mr. VANDER JAGT):

H.R. 8541. A bill to amend the Local Public Works Capital Development and Investment Act of 1976 to authorize funds for certain smaller cities and townships; to the Committee on Public Works and Transportation.

By Mr. PRICE (for himself, Mr. TEAGUE, Mr. ZABLOCKI, and Mr. MCCORMACK):

H.R. 8542. A bill to abolish the Joint Committee on Atomic Energy and to reassign certain functions and authorities thereof, and for other purposes; to the Committee on Rules.

By Mr. ROGERS (for himself, Mr. CARTER, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. MAGUIRE, Mr. MARKEY, Mr. OTTINGER, and Mr. WALGREN):

H.R. 8543. A bill to amend titles XVIII and XIX of the Social Security Act to provide payment for rural health clinic services, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. SYMMS (for himself, Mr. RHODES, Mr. BAUCUS, Mr. BROWN of Michigan, Mr. BYRON, Mr. CUNNINGHAM, Mr. DICKS, Mr. PURSELL, Mr. STANGELAND, and Mr. STUMP):

H.R. 8544. A bill to expand the medical freedom of choice of consumers by amending the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under that act solely to assure their safety; to the Committee on Interstate and Foreign Commerce.

By Mr. DORNAN:

H.R. 8545. A bill to authorize the Federal Communications Commission to enforce certain requirements of objectivity with respect to the Corporation for Public Broadcasting; to the Committee on Interstate and Foreign Commerce.

By Mr. LEHMAN (for himself and Mr. SIMON):

H.R. 8546. A bill to provide energy conservation by alleviating current and continuing fuel waste, to reduce empty vehicle movements, and to increase efficiency in transporting goods by motor carriers which will ultimately benefit consumers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MARTIN:

H.R. 8547. A bill to preserve the academic freedom and the autonomy of institutions of higher education and to condition the authority of officials of the United States to issue rules, regulations, or orders with respect to institutions of higher education; to the Committee on Education and Labor.

H.R. 8548. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. ADDABBO (for himself and Mr. BLANCHARD):

H.J. Res. 557. Joint resolution authorizing the President to proclaim September 8 of each year as National Cancer Prevention Day; to the Committee on Post Office and Civil Service.

By Mr. ERTEL (for himself, Mr. AMBRO, Mr. BADILLO, Mr. BAFALIS, Mr. BAUCUS, Mr. BRODHEAD, Mr. BURKE of Florida, Mr. DOWNEY, Mr. DRINAN, Mrs. FENWICK, Mr. FISH, Mr. FRASER, Mr. GUYER, Ms. HOLTZMAN, Mr. KEMP, Mr. LEHMAN, Mr. LENT, Mr. MARKS, Mr. MOAKLEY, Mr. MURPHY of Pennsylvania, Mr. OTTINGER, Mr. RICHMOND, Mrs. SPELLMAN, Mr. TSONGAS, and Mr. WAXMAN):

H. Con. Res. 309. Concurrent resolution to express the sense of the Congress that the President of the United States delegation to the 1977 Belgrade Review Conference should urge the Government of the Union of Soviet Socialist Republics to grant exit visas to each member of the Smeliansky family; to the Committee on International Relations.

By Mr. HALL:

H. Con. Res. 310. Concurrent resolution providing for continued close relations with and recognition of the Republic of China; to the Committee on International Relations.

By Mr. FLORIO:

H. Res. 716. Resolution urging the expeditious completion of the Subcommittee on Communication's review of the Communications Act of 1934; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII,

236. The SPEAKER presented a memorial of the Senate of the Commonwealth of Puerto Rico, relative to establishment of the Tropical Airlines of Puerto Rico, to the Committee on Public Works and Transportation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DAN DANIEL:

H.R. 8549. A bill to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of the estate of R. Gordon Finney, Jr.; to the Committee on the Judiciary.

By Mr. YOUNG of Alaska:

H.R. 8550. A bill for the relief of the Bill Ray Co.; to the Committee on the Judiciary.

By Mr. ARCHER:

H. Res. 717. Resolution to pay tribute to Frances G. Knight on the occasion of her retirement from Federal Service; to the Committee on Post Office and Civil Service.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3744

By Mr. CORNELL:

At the end of section 9, insert the following new section:

YOUTH OPPORTUNITY WAGE

SEC. 10(a). Section 14(b) (29 U.S.C. 214 (b)) is amended to read as follows:

"(b)(1) To encourage youth opportunity, an employer may employ any youth who has not attained the age of 19 for a period of 180 days, without prior or special certification by the Secretary of Labor, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under Section 6 (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)) in compliance with applicable child labor laws, *Provided, however,* That this paragraph shall not apply to any youth employee who has been employed by the same employer for a period of at least six months or is currently employed by an employer at a rate of at least the minimum wage.

(2)(A) To encourage youth opportunity, an employer or institution of higher education may employ any full-time student (regardless of age but in compliance with applicable child labor laws) at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(c), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)).

(B) Any full-time student so employed under this paragraph by an institution of higher education or an employer other than an institution of higher education shall prior to such employment present to the employer a letter from the institution at which the student is enrolled certifying that such student is a full-time student enrolled at that institution.

(C) Any full-time student employed pursuant to this paragraph shall be employed on a part-time basis and not in excess of 20 hours in any work week, except during vacation periods.

(3) While no prior certification shall be required by the Secretary for purposes of paragraphs (1) and (2), the Secretary shall have general authority under this Act to ensure that the provisions of paragraphs (1) and (2) of this subsection are not being violated. Should the Secretary discover that an employer is employing youth at a wage rate lower than that allowable under this section or for a period of time longer than that specified by this section, or is engaged in a pattern and practice of—

(A) substituting younger workers employed at less than the minimum wage for older workers employed at or above the minimum wage, or

(B) terminating the employment of youth employees after a period of 180 days and employing other youth employees for periods of 180 days in order to gain continual advantage of the youth opportunity wage, the provisions of section 6 of this Act shall be considered to have been violated, and the liability of the employer for unpaid wages and overtime compensation shall be determined on the basis of otherwise applicable minimum wage and overtime rates pursuant to sections 6 and 7 of this Act."

(b) Section 13(a)(7) (29 U.S.C. 213(a)(7)) is amended to read as follows:

"(7) Any employee to the extent that such employee is exempted by regulations, order, certificate of the Secretary or in accordance with the provisions of section 14; or".

By Mr. MEEDS:

At the end of the matter proposed to be inserted add the following:

(c) Section 13 (29 U.S.C. 213) is amended by adding after the subsection added by section 9 the following new subsection:

"(l)(1) The minimum wage and overtime exemption provided by subsection (a)(6) of this section shall apply according to its terms to hand harvest laborers described in this subsection but an employer or group of employers may apply to the Secretary for a waiver of the application of section 12 to the employment of individuals, who are less than twelve years of age, as hand harvest laborers in an agricultural operation which has been, and is customarily and generally recognized as being, paid on a piece rate basis in the region in which such individuals would be employed. The Secretary may grant such a waiver only if he finds that—

"(A) the application of section 12 would cause severe economic disruption in the industry of the employer or group of employers applying for the waiver;

"(B) the employment of the individuals to whom the waiver would apply would not be deleterious to their health or well-being; and

"(C) the industry of such employer or group of employers has traditionally and substantially employed individuals under twelve years of age without displacing substantial job opportunities for individuals over sixteen years of age.

"(2) Any waiver granted by the Secretary under paragraph (1) shall require that—

"(A) the individuals employed under such waiver be employed outside of school hours for the school district where they are living while so employed;

"(B) such individuals while so employed commute daily from their permanent residence to the farm on which they are so employed; and

"(C) such individuals be employed under such waiver (i) for not more than thirteen weeks between June 1 and September 15 of any calendar year, and (ii) in accordance with such other terms and conditions as the Secretary shall prescribe for such individuals' protection.".

Page 14, insert after line 4 the following:

AGRICULTURAL HAND HARVEST LABORERS

SEC. 10. Section 13 (29 U.S.C. 213) is amended by adding after the subsection added by section 9 the following new subsection:

"(l)(1) An employer or group of employers may apply to the Secretary for a waiver of the application of section 12 to the employment of individuals, who are less than twelve years of age, as hand harvest laborers in an agricultural operation which has been, and is customarily and generally recognized as

being, paid on a piece rate basis in the region in which such individuals would be employed. The Secretary may grant such a waiver only if he finds that—

"(A) the application of section 12 would cause severe economic disruption in the industry of the employer or group of employers applying for the waiver;

"(B) the employment of the individuals to whom the waiver would apply would not be deleterious to their health or well-being; and

"(C) the industry of such employer or group of employers has traditionally and substantially employed individuals under twelve years of age without displacing substantial opportunities for individuals over sixteen years of age.

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"(A) the individuals employed under such waiver be employed outside of school hours for the school district where they are living while so employed;

"(B) such individuals while so employed commute daily from their permanent residence to the farm on which they are so employed; and

"(C) such individuals be employed under such waiver (i) for not more than thirteen weeks between June 1 and September 15 of any calendar year, and (ii) in accordance with such other terms and conditions as the Secretary shall prescribe for such individuals' protection.".

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"(1)(1) The minimum wage and overtime exemption provided by subsection (a)(6) of this section shall apply according to its terms to hand harvest laborers described in this subsection but an employer or group of employers may apply to the Secretary for a waiver of the application of section 12 to the employment of individuals, who are less than twelve years of age, as hand harvest laborers in an agricultural operation which has been, and is customarily and generally recognized as being, paid on a piece rate basis in the region in which such individuals would be employed. The Secretary may grant such a waiver only if he finds that—

"(A) the application of section 12 would cause severe economic disruption in the industry of the employer or group of employers applying for the waiver;

"(B) the employment of the individuals to whom the waiver would apply would not be deleterious to their health or well-being; and

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"(A) the individuals employed under such waiver be employed outside of school hours for the school district where they are living while so employed;

"(B) such individuals while so employed commute daily from their permanent residence to the farm on which they are so employed; and

"(C) such individuals be employed under such waiver (i) for not more than thirteen weeks between June 1 and September 15 of any calendar year, and (ii) in accordance with such other terms and conditions as the Secretary shall prescribe for such individuals' protection.".

EXTENSIONS OF REMARKS

THE DISRUPTIVE POTENTIAL OF A UNIONIZED MILITARY

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following commentary by Darryl Henderson, which appeared in the July 26 Washington Post. The commentary offers a sound argument against unionizing the military.

The article follows:

THE DISRUPTIVE POTENTIAL OF A UNIONIZED MILITARY

During the last week of May, the American Federation of Government Employees (AFGE) of the AFL–CIO polled its membership to determine whether that union should organize members of the military. While there is controversy within the AFGE as well as within the country on this issue, one AFGE official is convinced that "if it's not this union, it'll be another union. Somebody is going to organize the military."

The AFGE expects to announce the results of the balloting in October. Should the military be unionized, it will be a portentous event for the armed forces, involving complex issues that, as yet, have not been fully considered.

Can a unionized army fight as well as a non-unionized army? Everything else being equal, the answer is *no*. My studies of modern armies in combat—the Wehrmacht, the U.S. Army, the Communist Chinese army and the Viet Cong—point to a little-recognized but tremendously important conclusion: The ability of military units to survive the enormous stress and hardship of combat as cohesive, functioning units is dependent upon the small, intimate groups that form in combat and the successful leadership of these groups by trusted and competent leaders.

In those units that survived even the most intensely concentrated firepower and the accompanying confusion, danger, fear and fatigue characterizing modern battlefields, one factor stands out: Sergeants, lieutenants, captains and other leaders are of prime importance in the formation of the cohesive units necessary for survival on the battlefield. The personal influence of these leaders was the glue holding their units together. Introduction of unions into the armed forces would seriously weaken this bond work toward the disintegration of units in combat.

To understand why this is so one must understand that successful leadership in combat is a subtle process through which the leader is able to influence his men on the basis of mutual trust and confidence. By far the overriding factor in the creation of such well-led combat units is the ability of unit leaders to provide for the basic needs of the men within their units. The needs of a unit in combat are not great, but they assume extraordinary importance. For example, the need for trusted and capable "buddies" and for sleep, food, medical care, dry socks, military resupply and expertise in such things as calling in protective air strikes and medical evacuation helicopters is basic to the GI in combat. The sergeant, lieutenant or other leader who demonstrates that he is able to meet these needs gains tremendous influence with his men, influence that allows them to go that extra mile through the stress and hardship of combat as a functioning, cohesive unit ready to do its job.

The danger of unionization is that an alien organization, the union, inserts itself between the leader and his men, thereby depriving the unit leader of one of his most significant assets for gaining their trust and confidence. If the soldiers in a unit perceive that control over working hours, assignments, pay and working conditions is union-mediated, the *quid pro quo* between leader and men needed for the creation and preservation of cohesive, well-led combat units will be seriously eroded.

Union protests that this is not their purpose are to no avail. By their very presence they weaken seriously the time-proven formula for creating first-rate combat units. Further, the problem would worsen as time passed. By their very nature, unions are not oriented to the status quo. Basic imperatives within the labor movement make it a camel's nose under the edge of the tent, as it unceasingly agitates to expand its influence into an ever-increasing number of areas. To cite "successful experiments" with unionized armed forces in Europe is unrealistic. None of these armies has been tested in combat and, based on available evidence, their ability to withstand the stress and hardship of combat would be severely strained.

We must be alert to the dangers inherent within an army that attracts and holds its personnel through a utilitarian motive of monetary reward and benefits rather than the traditional and higher motive of service to country.

BAN MILITARY UNIONIZATION

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, July 26, 1977

Mr. HARRY F. BYRD, JR. Mr. President, the Senate Armed Services Committee is currently holding hearings on proposed legislation to prohibit unionization of our Armed Forces.

The Richmond, Va., Times-Dispatch on July 20 published an excellent editorial concerning unionization, and I commend it to my colleagues.

I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BAN THEM!

The Pentagon is preparing to issue regulations designed to prevent unions of service personnel from interfering with the normal operations of the military forces. Defense Secretary Harold Brown says regulations have a better chance of surviving a constitutional challenge than would a law banning military unions.

"Weak-kneed" is the term Republican Sen. Strom Thurmond of South Carolina uses to describe that approach. And he's right.

This country is in a perilous position, indeed, if its elected representatives cannot enact a valid law prohibiting labor unions in the military forces. If such a prohibition is unconstitutional, then the Constitution needs to be changed.

Army Chief of Staff Bernard Rogers told the Senate Armed Services Committee Monday that the regulations will permit a local military commander to ban unions which he determines "pose a clear danger to order and discipline." But General Rogers said the regulations will stop short of prohibiting military personnel from joining labor unions because that might not be constitutional.

Military unionization would be "disastrous," declared the general. He expressed his own personal view that legislation would be the best way to deal with the problem.

The regulations the secretary of defense wants to try would be "an after-the-fact remedy," said Senator Thurmond. "Let's nip this thing in the bud," he urged.

Among other things, the regulations would prohibit military union strikes, slowdowns or coercive picketing. Also forbidden would be what General Brown called "collective job action," such as joint activity by two or more soldiers to refuse to carry out an order from a superior officer.

If labor bosses get a foot in the door of military unionization, it will be enormously difficult ever to get that foot out. Congress should outlaw military unions. If such action should later be ruled unconstitutional, then the Pentagon regulations should be resorted to as the next best hope of preventing the possible destruction of the armed forces through unionization.

PROLIFERATION REPORT CARD FOR NUCLEAR REACTORS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. BROWN of California. Mr. Speaker, the Office of Technology Assessment recently completed a comprehensive study entitled "Nuclear Proliferation and Safeguards"—dated June 30, 1977. In that study is given a "report card" which grades nuclear reactors according to the potential for diverting fissionable material to make weapons. A grade of "A" means no significant diversion potential; whereas "F" means the fissionable material is in concentrated form suitable for straightforward conversion to weapons. The grade is given for each element in the fuel cycle, but it is important to remember that the overall grade for a reactor system is the lowest grade for any of the elements in its fuel cycle. Light water reactors without reprocessing, which is the current reactor system in commercial operation, receives an automatic grade of "A" for the back end of the fuel cycle—that is, the last three columns.

The chart from page 165 of the OTA study—with the following acronyms: LWR-light water reactor, HWR-Canadian heavy water reactor, HTGR-high temperature gas reactor, LMFBR-liquid metal fast breeder reactor, GCFR-gas cooled fast reactor, LWBR-light water breeder reactor, and MSBR-molten salt breeder reactor—is given as follows:

FIGURE VII-3

REACTOR DIVERSION REPORT CARD

	Fabrication and transport of fresh fuel	Reactor, including fuel storage at the reactor	Spent fuel transport and storage	Reprocessing	Reprocessed fuel fabrication (including transport)	Stockpile of excess SNM
LWR, no reprocessing	A	B	B	(A)[1]	(A)[1]	(A)[1]
LWR, reprocessing, no Pu recycle	A	B	B	F	A	F
LWR, Pu recycle	C	C[2]	B	F	F[3]	(A)[1]
		B[4]			C[5]	
LWR, denatured U-Th	A	A	B	D	A	(A)[1]
HWR (CANDU), no reprocessing	A	B	B	(A)[1]	(A)[1]	(A)[1]
Uranium gas cooled reactors (AGR)	A	B	B	F	A	F
HTGR	D	D[6]	C	F	C	(A)[1]
		C[4]				
LMFBR and GCFR	D	D[6]	C	F	F	F
		C[4]				
LWBR	D	B	B	D[7]	D[7]	(A)[1]
				F[8]	F[8]	
MSBR	A	A	(A)[1]	F	(A)[1]	F

[1] Nonexistent.
[2] Onsite fresh MOX.
[3] If fuel not blended at reprocessing plant.
[4] Spent fuel.
[5] If fuel blended at reprocessing plant.
[6] Fresh fuel.
[7] National diverter.
[8] Nonstate diverter.

Note.—See fig. VII-2 for a summary discussion of diversion points in the LWR fuel cycle.

Source: OTA.

MICHIGAN SECRETARY OF STATE ENDORSES ELECTION DAY VOTER REGISTRATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CONYERS. Mr. Speaker, the secretary of state of Michigan, the honorable Richard H. Austin, has sent me a letter strongly endorsing the Universal Voter Registration Act of 1977. He has volunteered to testify in support of the legislation.

As an outstanding secretary of state the past 7 years, Mr. Austin understands better than anyone else in Michigan the present obstacles to voting and the need for legislation that will encourage all citizens to exercise their most fundamental political liberty. Based on his long years of experience he not only considers election day registration desirable, but eminently workable.

The United States has one of the lowest rates of electoral participation in the world. It should be obvious by now that current law is not adequate, and that we need other means to broaden the ranks of the American electorate.

I share Secretary of State Austin's concern for H.R. 5400, and I commend to the attention of my colleagues his letter of support for the Universal Voter Registration Act of 1977.

SECRETARY OF STATE,
Lansing, Mich., June 15, 1977.

Hon. JOHN CONYERS, Jr.,
Member of Congress, 2444 Rayburn House Office Building, Washington, D.C.

DEAR JOHN: I am writing to urge you to vote favorably on the proposed "Universal Voter Registration Act of 1977", as an important step toward reversing the disturbing drop in eligible voter participation.

I personally support "on-site" or election day voter registration because its advantages far outweigh its disadvantages. It removes administrative obstacles which form an artificial barrier to voting. It allows registration at a most opportune time. Unfortunately, registration is too often perceived as a voter qualification rather than an administrative tool. Inhibiting features of our registration system should be modified.

Pre-election day registration, however, should be encouraged on a continuing basis. The proposed Act wisely provides tangible encouragement to continuing registration as well as election day registration.

If you desire or think it would be useful, I would be pleased to offer personal testimony in support.

Sincerely,

RICHARD H. AUSTIN,
Secretary of State.

AMENDING LABOR LAWS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. DERWINSKI. Mr. Speaker, one of the intriguing political questions of the day is the good relations or the lack of good relations between the Carter ad-

ministration and the AFL–CIO. The subject of labor legislation and politics is properly discussed in an editorial which appeared in the Chicago Daily News' July 23–24 edition, and I call it to the attention of the Members:

AMENDING LABOR LAWS

Jimmy Carter, who supped at labor's table frequently and well during the presidential campaign, has been slow to acknowledge the favors. But now he has sent up a bouquet that is as pleasing to the AFL–CIO as it is offensive to the spokesmen for management.

He has recommended to Congress a legislative package designed to perfect the procedures of the laws administered by the National Labor Relations Board. Essentially it would speed up the legal processes involved in union organizing by establishing time limits and increasing the size of the board from five members to seven and splitting up their load. It would double back-wage penalties against employers who illegally fire workers for union activity and forbid the award of federal contracts to firms that willfully violate NLRB orders.

The U.S. Chamber of Commerce described the proposed legislation as "an ill-advised attempt to further the interests of organized labor at the expense of individual workers' rights." That judgment appears to be harsh. The bill would, no doubt, enhance the organizing efforts of unions. But it does not lay out any new principles of law that would noticeably tilt the balance of power between workers and their employers. What it would do, as Carter said, is make existing laws work more efficiently, quickly and equitably. There is little question that NLRB procedures are sluggish at best and then frequently can be drawn out to an excess by legal infighting. A speedup would benefit labor, but we are inclined to agree with Sec. of Labor Ray Marshall when he says that "business also suffers from long delays."

There will be justified debate on details, but we believe that in general the Carter administration proposals are fair. Management types who disagree should console themselves with the fact that, in making their deal, Carter's men succeeded in getting the unions to submerge their campaign against Section 14B of the Taft-Hartley Act, which allows the states to forbid labor contracts requiring all workers to join unions. *That* would have been a serious loss in principle.

MARYLAND KNIGHTS OF COLUMBUS BENEFIT FOR MENTALLY RETARDED CHILDREN

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mrs. HOLT. Mr. Speaker, I would like to take this opportunity to commend the Maryland Knights of Columbus for their continued efforts on behalf of the State's retarded children. From October 7 through October 10, this organization will be holding a drive to raise money for the State's retarded children.

This is the third year the Knights of Columbus have held their drive for Maryland's retarded, and each year their efforts have been rewarded with more generosity by the people of Maryland. The first year's program raised $6,000; the second year, that figure was doubled to $13,000. The group has set $25,000 as this year's goal.

The Knights of Columbus will soon be going out into their communities to sell candy to raise money for this worthy cause. For far too many years, these Americans have been given too little attention. In far too many instances they are overlooked entirely. We must keep the needs of this group close to our hearts.

Luckily, the Knights of Columbus have done this. Often, it is all too easy to say, "Yes, that is too bad, but there is not anything I can do," and then just dismiss the problem as something one person cannot solve. The Maryland Knights of Columbus have taken the initiative, and with their funds drive for an opportunity for all children and have taken a positive action to solve a most pressing problem.

I commend the Knights of Columbus for their actions, and hope others can learn from the example of this fine group.

GARDENING ASSISTANCE PROJECT A SUCCESS

HON. RICHARDSON PREYER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. PREYER. Mr. Speaker, I would like to share with you the accomplishments of the urban garden project conducted in the Sixth District by the agricultural extension service of North Carolina State University and North Carolina Agricultural and Technical University.

This program, which was begun last year, enables the extension service and the Department of Agriculture to provide garden plots, assistance, and information to senior citizens and disabled persons who wish to grow and can their own food. In addition, this same program financed the establishment of local community garden information hotlines where anyone with questions about proper gardening methods or pesticides could call.

The results of this effort have been encouraging. In the six-county area in which this program took place, large numbers of people—especially senior citizens and handicapped persons—participated in the development of their own garden plots, and in the process learned a great deal about proper nutrition and eating habits. Many found it to be an enriching social experience as well, as evidenced by this personal account by Miss Graves, who was a gardening technician with the project:

"I have found it a pleasure to go out and help other people. I am enjoying working with them. I have found out that by working together, not only did I help them but I learned a few things from them also. My greatest joy is being able to work with senior citizens. It is surprising how much they are able to do and their willingness to work. I have always wanted to be around older people. Gardening gives me a chance to talk to older people and be close to them. Gardening gives them a chance to get good exercise and fresh air . . . and also fresh vegetables. I find that older people want you to be frank with them. I like to put myself in their place. To me all of them are my parents, since I don't have any parents of my own. I plan to get as many people involved as possible. I am thankful that I have been given the opportunity to continue working with these families another six months; this will give me time to help more people, and this is what I have always wanted to do."

I would also like to say something about this project's impact on the low-income families who participated in it. This program not only rendered valuable assistance and advice about nutritional habits and meal planning, but it also enabled these low-income families to supplement their food supply by growing and canning fruits and vegetables from their own garden plots.

In short, Mr. Speaker, I would like to commend all those who took part in this project, and to again express my support and thanks to all those who made this effort such a success.

PUERTO RICAN ANNIVERSARY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. BIAGGI. Mr. Speaker, on July 25, Puerto Rico celebrates its 25th year as a Commonwealth within the United States. This achievement of cooperation should not go unnoticed by the American people. It marks the continuance of a long-lasting bond between our governments and our citizens.

Puerto Rico's 25-year association with the United States has been beneficial to both sides. In the past two decades, Puerto Rico's GNP has increased 10 times over. Per capita income is the highest of any Latin American nation, and life expectancy has risen from 46 to 68 years.

The Puerto Rican economy has flourished from our relationship, yet, it has not been a one-way street. Puerto Ricans have helped this Nation develop in many ways. In my home city of New York, which has the largest Puerto Rican population outside the Commonwealth, many Puerto Ricans open shops and stores which are tremendously successful. The number of Puerto Ricans in the business community is increasing steadily.

Numerous sports figures from the Commonwealth enhance our enjoyment of national athletics. Names such as Clemente and Figueroa have brought fame and respect to the Nation, and have helped make baseball what it is today.

Since my two grandchildren were born in Puerto Rico, I have a special interest in this day. I feel a special commitment and friendship with its people, and believe that we can still work together for progress. Mr. BALTASAR CORRADA must have a special commendation in this field. As the Representative from Puerto Rico in Congress, Mr. CORRADA has worked tirelessly in bettering the rela-

tions of our Government and Puerto Rico. I am honored to be able to serve with him in the 95th Congress.

With all the advancement in our economies and societies, there is still need for improvement. We must continue to work together to stamp out hunger and poor living conditions.

I finally believe that the tide is changing, and international friendship is becoming a reality. I know of no better place to start this friendship than with our closest ally, the Commonwealth of Puerto Rico. I will work hard to preserve this friendship, and to see that the next 25 years will be as good as the last.

A NATIONAL SERVICE DRAFT?—PART II

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. STEIGER. Mr. Speaker, Dr. Richard V. I. Cooper, of the Rand Corp., is one of the Nation's authorities on military manpower questions. Dr. Cooper recently participated in the West Point senior conference on national service. Yesterday, I began inserting his paper, "A National Service Draft?", into the RECORD.

Today's segment deals with the all-volunteer military force. Dr. Cooper concludes that most of the concerns raised thus far about the AVF are either unfounded or misplaced. "The early experience with the volunteer force has generally been a success. In fact, considering the magnitude of the undertaking, it is perhaps surprising that more problems have not been encountered," Cooper said.

He stressed that "continued success depends on the services making some fundamental adjustments in ways that they use, manage, and compensate their personnel. . . . The AVF can be made to fail. But it can also be made to work, and perhaps much better than its draft-dependent predecessor."

The second segment of his paper follows:

III. THE ALL-VOLUNTEER FORCE

Because of the important link between the future of the volunteer force and the advisability of compulsory national service, it is useful to examine the evidence from the first few years without the draft. In this regard, the emerging debate about the volunteer force provides a convenient tool for structuring an analysis of the early AVF experience.

The post-draft debate has raised a number of specific issues about the AVF, but four in particular stand out. These include whether the military services can attract a sufficient number of volunteers in the absence of a draft; whether they can attract a sufficient quality of new recruits; whether the AVF has resulted in a force that is no longer representative of the American people; and to what extent the enormous growth in manpower costs is attributable to the volunteer force.

ENLISTMENT SUPPLY AND DEMAND

In the case of enlistment supply, concern has centered first on the recruiting shortfalls that characterized much of the first year without the draft (and that surfaced again during the summer of 1976); second, whether continued success of the volunteer force depends on continued high unemployment rates; and third, on what the decreasing number of young men reaching military age that begins to take place about 1980 means for the future of the volunteer force. Interestingly, most of the attention has focused on the supply side of this problem, leaving the demand for new recruits virtually unquestioned. Yet, enlistment demand is probably the single key AVF issue.

The evidence shows that there is a more than adequate supply of manpower for the enlisted forces, both quantitatively and qualitatively. Specifically, actual supply under the AVF closely matches the original Gates projections. In other words, one of the key assumptions initially used to judge the viability of a volunteer military has in fact proved to be correct.

In addition, although there were some recruiting problems during the first year without the draft, these were not the result of the AVF itself, but rather with the way it was initially managed. For example, the Army had about 1,000 fewer recruiters in the field duing the summer of 1973 than it did during the last year of the draft, while simultaneously raising its quality standards. In other words, the first-year recruiting shortfalls do not seem to be indicative of longer run recruiting problems, though they do show that future recruiting problems can occur if the force is not properly managed.

Finally, high unemployment rates, though certainly aiding the recruiting effort, are not responsible for the success of the volunteer force. Since a 10 percent increase in the unemployment rate for young males results in only a 2 or 3 percent increase in the number of enlistments,[1] the future of the AVF does not depend on continued high unemployment. Rather, the recent economic recession has enabled the military services to achieve unusually high quality standards—higher than at any time during the draft—so that concern should instead be focused on whether the Services will unrealistically base future quality standards on what has been achievable during the recession, instead of on what is required.

The key AVF issue is therefore not enlistment supply—it is the demand for enlisted accessions. As a result of deliberate Service policies such as limiting the number of reenlistments (which is partly due to Congressional limitations placed on the numbers of personnel in the senior pay grades), the Services actually have larger accession requirements relative to force sizes under the volunteer force than they did under the draft. But, it is important to recognize that this increased demand for accessions is largely policy driven—not a result of the volunteer force.

On the face of it, supply and demand projections seem to support the Defense Manpower Commission's conclusion that the Services will weather the population decline in the 1980s only if there is continued high unemployment. However, these are based on the Services' own stated accession requirements.

If the Services' male enlisted accession requirements are instead reduced in accordance with the Gates Commission recommendations (by increasing the numbers of reenlistments and allowing more women to join), there is a more than sufficient manpower supply throughout the 1980s—even under the most robust economic picture.

The sufficiency of enlisted manpower supply could be further enhanced by a relaxation of the physical (i.e., medical) standards used to screen Service applicants, since analysis shows that a modest relaxation in these standards could yield a 5 to 10 percent increase in supply with no adverse effect on force capability.[2]

QUALITY

The second major issue to emerge from the post-draft debate concerns the "quality" of the force. Although quality is a difficult concept to either define or measure, there are some proxy measures we can use to gauge the quality of the force—perhaps the most common of which are the mental aptitude and educational attainment of those entering the force. No matter how we look at it, though, quality has changed very little since the removal of the draft. If anything, it has actually increased, especially during the recession.

For example, the percentage of enlisted accessions that are non-high school graduates has remained at roughly the historic average. On the other hand, the percentage of accessions falling in Mental Category IV—that is, those in the below average portion of the mental aptitude spectrum—has been cut by more than half since the removal of the draft, from an average of 19 percent during the last years of the draft to less than 8 percent under the volunteer force.

Thus, the real issues seem to be, first, whether the Services are setting quality standards that are too restrictive (rather than too lenient) and, second, whether they have maintained the right balance among the various types of screening criteria such as mental aptitude and educational attainment.

Specifically, although the military services have emphasized the reduction in their Category IV intake—this has come at the expense of a moderate increase in the numbers of non-high school graduates accessed. Most analyses, however, suggests that Category IV high school graduates are more productive on the job, pose fewer disciplinary problems, and have lower attrition rates than their Category I–III non-high school graduate counterparts.

SOCIAL REPRESENTATION

It is ironic that one of the key issues to emerge out of the volunteer experience has been whether the AVF would lead to a military composed mainly of the poor and of the black, and more generally, whether a volunteer military would be socially representative of the mainstream of American society. The irony is of course that the historically unrepresentative nature of conscription was one of the principal reasons for terminating the postwar draft. Whether due to explicit policy decisions such as those characterizing the 1918 draft selection process—where individuals were drafted in ascending order according to their "value to society"—or more subtle forms of discrimination such as those represented by post-World War II selective deferment policy, it has been generally well recognized that the draft placed a disproportionate burden on the poor and others less able to find ways of avoiding induction.

Although black participation in the armed forced has in fact risen significantly during the past 15 years (see Table 1), this increase is not the result of the volunteer force. It is instead due mainly to the increasing numbers of blacks found eligible for service. Specifically, although blacks continue to score less well on mental aptitude screening tests than whites, the proportion of blacks failing to qualify for military service has decreased

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[1] See, for example, Cooper, *Defense Without the Draft*, op. cit.

[2] See David S. C. Chu and Eva Norrblom, *Physical Standards in an All-Volunteer Force*, The Rand Corp., R-1347-ARPA, Santa Monica, Calif., April 1974.

significantly over the past 20 years. Because of this, Table 1 shows that the black proportion of the "prime" manpower pool—i.e., Mental Categories I–III—has increased from a little under 3 percent in 1960 to more than 7 percent today. This is an increase of almost two-and-a-half times.

TABLE 1.—DETERMINANTS OF THE RACIAL COMPOSITION OF ENLISTED ACCESSIONS

	Fiscal year—					
	1960	1964	1970	1972	1974	1976
(1) Enlisted accessions: Percent black	8	10	12	15	21	16
(2) Category I–III accessions: Percent black	6	7	7	10	18	15
(3) 18 Yr-old category I–III male population: Percent black	2.9	3.5	4.5	5.5	6.8	7.1
(4) Ratio of row (2) to row (3)	2.1	2.0	1.6	1.8	2.6	2.1
(5) 18 to 19 Yr-old male unemployment rates: Difference between black and white (percent)	10	10	11	16	18	16

Source: Richard V. L. Cooper, "Defense Without the Draft," forthcoming.

In fact, the ratio of the black percentage of Category I–III male enlisted accessions to the black percentage of the 18-year old Category I–III male population has remained between 1.6 and 2.6 for the past 15 years. Moreover, not only is there no clear trend in this ratio, but what variations there are can be mostly explained by the unusually large unemployment rates experienced by black youth (relative to white) during the 1970s. That is, whereas unemployment rates for black youth have historically averaged about 10 percentage points above those for white youth, Table 1 shows that this difference jumped to 18 percentage points in 1974. Thus, the changing racial composition of the enlisted force is not a result of the volunteer force, but rather to changing demographic and economic variables.

The AVF debate has also failed to recognize the major strides that the military services have made with respect to increasing black participation in the officer corps. Whereas only about 1 percent of all officers were black in 1960, about 7 percent of those entering today are black—about the same percentage as the black share of 22 to 24 year-old college graduates. This is a direct result of such programs as establishing ROTC detachments at predominantly black colleges in the South.

Although some have generalized the changing racial composition of the force to mean further that the military has come to rely more heavily on the poor since the end of the draft, there is remarkably little difference in the types of individuals entering the Service according to their families' income. For example, Table 2 shows that those Zip Codes representing the top 5 percent of all Zip Codes in terms of average family income account for approximately the same percentage of enlisted accessions under the AVF as they did under the lottery draft—presumably the most socially representative period of conscription. We similarly find that medium and low income areas are also contributing approximately the same percentages as they did under the draft.

TABLE 2.—DISTRIBUTION OF ENLISTED ACCESSIONS ACCORDING TO THE AVERAGE FAMILY INCOME OF THEIR HOME ADDRESS ZIP CODES

[In percent]

Areas	All accessions		White accessions		Black accessions	
	Draft	AVF	Draft	AVF	Draft	AVF
Highest income (top 5 percent)	3.2	3.0	3.7	3.6	0.9	1.0
High income (75 to 95 percent)	24.4	23.9	27.6	27.8	9.0	9.4
Medium income (25 to 75 percent)	55.0	54.9	56.1	56.1	50.0	50.8
Low income (5 to 25 percent)	16.1	17.0	10.3	10.3	34.3	32.9
Lowest income (bottom 5 percent)	1.2	1.2	1.3	1.3	.7	.9

Source: Richard V. L. Cooper, "Defense Without the Draft," forthcoming.

Moreover, whatever little change that has occurred since the removal of the draft is entirely explained by the changing racial composition of the force, since blacks tend to reside in lower income areas than whites. In fact, Table 2 shows that whites and blacks individually each seem to be coming in the same or slightly larger numbers from high income areas under the AVF than they did under the draft.

AVF COSTS

With the dramatic growth in defense manpower costs over the past 10 to 15 years, it is easy to see why manpower costs in general and the presumed cost of the volunteer force have become so important. Manpower costs increased from about $22 billion in 1964 to more than $50 billion in 1976. Furthermore, this increase has come at the expense of other defense items such as force modernization, since the manpower share of the defense budget over the same period increased from about 45 percent to about 56 percent.

Attribution of this enormous cost growth to the volunteer force is, however, plainly incorrect. Focusing on the amount that is paid to defense personnel, Figure 1 shows that the factors leading to the considerable growth in manpower costs can instead be traced to the events that began nearly three decades ago. For example, whereas the military had historically relied on a 30-year career, the immediate post-World War II period saw the first widespread implementation and use of the 20-year military career—a policy that would come to have a dramatic effect on defense manpower costs about 25 years later.

The sixties marked the implementation of the comparability pay principle for civilian employees of the Federal Government—about one million of whom work for the DoD—and the beginning of annual pay increases for military personnel.

FIGURE 1—CHRONOLOGY OF MAJOR FACTORS AFFECTING PAY AND RETIREMENT

1946–48: 20-year military retirements.

1962: "Comparable" pay for GS civilians.

1963: Beginning of annual pay increases for career military.

1965: Cost of living adjustments for military retired pay.

1966: Beginning of annual pay increases for junior military.

1967: "Rivers amendment": Comparable pay increases for military.

1967–69: "Catch-up" pay raises for career military.

1969: "1% kicker" introduced for retired pay.

1970: Introduction of "automatic" annual military and civilian pay increases.

1971: AVF pay increase for junior military.

1971: Substantial pay increase for career military.

In addition, the period 1967 to 1969 also saw the so-called "catch-up" pay raises for career military personnel—to bring their pay in line with the private sector. Implementation of the "one percent kicker" for adjusting Federal military and civilian retired pay in 1969 meant that for every 3 percent increase in the cost of living, there would be a 4 percent increase in retired pay, thus increasing retirement costs substantially.

In fact, the only increases in manpower costs that can even be remotely related to the AVF are the large pay increase for first-term military personnel implemented in 1971 and the increased recruiting and bonus costs for these individuals. Even the pay increase should not really be viewed as an AVF cost, since the Gates Commission argued vigorously that pay discrimination against junior military personnel ought to be eliminated for equity reasons alone—whether or not the draft was to be ended.

The end result is that the volunteer force has added less than $300 million to the cost of defense manpower—about two-tenths of one percent of the defense budget. The reason why such a small proportion of manpower cost growth can be attributed to the AVF is that the draft provides little leverage over total manpower costs. That is, whereas the basic effect of the draft is to reduce the budget outlays for those in their first two years of service, the total cost of these personnel amounts to only about $6 billion—just a little over 10 percent of all defense manpower outlays.

FUTURE OF THE AVF

To summarize, most of the concerns raised thus far during the post-draft debate are either unfounded or misplaced. In many instances the debate has been factually incorrect; there has been a tendency to take issues and statistics out of context; and there has been a failure to distinguish what might be termed as general manpower problems from those specifically related to the volunteer force. The importance of this finding is twofold. First, the early experience with the volunteer force has generally been a success. In fact, considering the magnitude of the undertaking, it is perhaps surprising that more problems have not been encountered. Second, however, continued success depends on the Services making some fundamental adjustments in ways that they use, manage, and compensate their personnel.

Viewed narrowly, this means, for instance, that the Services ought to reduce personnel turnover rates, access more women, relax some of the medical criteria used to screen applicants for enlistment, and accept more Category IV high school graduates. In a broader sense, fundamental revisions in manpower utilization, career management, and compensation are required.

The AVF can be made to fail. But it can also be made to work, and perhaps much better than its draft-dependent predecessor.

TERRORIST VIOLENCE CAN NEVER DESTROY AMERICA'S COMMITMENT TO ISRAEL

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. DRINAN. Mr. Speaker, all people of conscience must deplore the senseless bombing of the home of the executive director of the American Israel Public Affairs Committee.

The enemies of the State of Israel, the enemies of the Jewish people must realize one elemental fact: That friends of

Israel, inside and outside the U.S. Congress, will not be deterred in our support of the Israeli people.

The lessons of the holocaust are too painful, the lessons of the September massacre in Munich are too fresh in our minds to allow for any lapse in our support.

Mr. Speaker, acts of mindless terrorism like the one in Montgomery County yesterday can only serve to worsen the chances for a peaceful settlement in the Middle East. The person or persons responsible for this act of violence must be made to understand that the American commitment to Israel, grounded in a deep belief in the moral values of the Judeo-Christian tradition, will never waiver nor fall victim to acts of terrorism.

In fact, the bombing this week only reminds us anew that the enemies of the Jewish people are committed to preventing the peaceful existence of the State of Israel. It is now up to the Congress and the American people to reaffirm our pledges of aid and support and to tell the world that no bombs, nor guns, nor terrorist tactics shall deter us from our mission.

The American Israel Public Affairs Committee is a symbol of the harmony and trust between our two nations. It embodies great resiliency and strength, as do the Jewish people; and it will not succumb to the violent acts of hatred like this week's bombing.

ILLEGALLY DISCHARGED EMPLOYEES: THE NEED FOR LABOR LAW REFORM

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CLAY. Mr. Speaker, the National Labor Relations Act, NLRA, forbids employers from firing or otherwise punishing workers for union activity. However, the law has failed to deter unscrupulous employers from such illegal behavior. The only remedy available to the National Labor Relations Board, NLRB, when a majority finds that an employee was illegally fired is to order reinstatement of the worker with backpay. This backpay is discounted by interim earnings for an amount that might have been earned if the worker had been more diligent in seeking other work.

The case of Mrs. Shirley Hobbs illustrates why the law must be changed. Mrs. Hobbs worked for the J. P. Stevens Co. in Roanoke Rapids, N.C., for 3 years when she was fired on October 9, 1963. She was one of 81 employees fired by the company in violation of the NLRA during a union organizing campaign at the plant. The NLRB ordered the company to reinstate Mrs. Hobbs. But it was not until December 1967, when the U.S. Supreme Court turned down the company's final appeal that Mrs. Hobbs was permitted to return to work. She had been out of work for more than 4 years.

However, Mrs. Hobbs' return was short lived. On March 13, 1968, less than 4 months after her reinstatement she was again fired with several others. The Labor Board once more determined that Mrs. Hobbs and the others were fired because of their union activities and ordered them reinstated. Stevens once again appealed the case to the courts. The court of appeals ruled that the company and its management personnel "have flouted our prior decrees in many ways * * * these respondents deliberately took their chances in ignoring our decrees because they thought it profitable for them to do so" (461 F.2d 490). The legal appeals had taken another 4 years to process before Mrs. Hobbs got her job back again.

The court of appeals was right. To such employers as J. P. Stevens the payment of a few dollars in backpay that the company had to pay Mrs. Hobbs is a small charge to pay for preventing union organization. It is more profitable for them to make an occasional backpay award than to abide by the law and bargain with the representatives of their employees. Such companies use the penalties of the NLRA as a license for union busting.

Punishment for such wrongdoing should be sufficient to deter repetition, and wronged employees should be compensated fully for the real suffering and anguish that they and their families sustain during years of joblessness. Section 10(c) of H.R. 8410 would attempt to fill in those gaps in the present law. It would permit the NLRB to award a wrongfully discharged worker double the amount of lost wages without deduction of interim earnings. In this way H.R. 8410 would attempt to take the profit out of illegal conduct and properly compensate aggrieved workers.

In addition, there is no reason that Mrs. Hobbs should have had to wait for a total of 8 years to be reinstated to her job. The existing law allows for a wide range of dilatory tactics on the part of unscrupulous employers who are determined to deny their workers basic rights regardless of the law. The Thompson-Williams bill contains several basic provisions that streamline the bureaucracy and tighten the procedures to eliminate the possibility of unwarranted stalling and delay in the enforcement of basic rights.

RENEGOTIATION REFORM ACT—H.R. 5959

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MINISH. Mr. Speaker, legislation to reform the renegotiation process (H.R. 5959) has drawn the strong opposition of large defense and aerospace contractors throughout the Nation.

These firms, and their subcontractors, have inundated the House in recent months with special interest requests that the Renegotiation Reform Act (H.R. 5959) be defeated and the Renegotiation Act itself killed. Of course, the conglomerates have much to lose under the equitable system of renegotiation proposed by H.R. 5959.

I am especially pleased, therefore, that President Carter has given his strong support to H.R. 5959. At this point in the RECORD, I am inserting a letter which was sent to every Member of the House yesterday by the President:

THE WHITE HOUSE,
Washington, July 25, 1977.

Hon. JOSEPH G. MINISH,
U.S. House of Representatives,
Washington, D.C.:

I understand that H.R. 5959, a bill to strengthen the Renegotiation Act, may be considered by the full House of Representatives in the near future.

I want to reemphasize how strongly I support this legislation. I believe that the integrity of federal defense contracting must be protected against abuse. This legislation, which provides the Renegotiation Board with the powers needed to perform its reviews, is vital to that protection.

I have thoroughly reviewed the proposed changes in the Renegotiation Act to be sure they are warranted. I am convinced that the amendments called for in H.R. 5959 do not unnecessarily burden defense contractors. I am especially pleased that small companies have been exempted from renegotiation proceedings.

I hope that you will join me in supporting this sound and important legislation.

Sincerely,

JIMMY CARTER.

TRANSPORTATION OF ALASKA'S GAS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. ANDERSON of California. Mr. Speaker, as the Executive and the Congress approach the day when a decision will be reached on the transportation system for Alaska's gas, I insert into the RECORD today a letter I received from Mr. Paul Hall, president, Maritime Trades Department, AFL–CIO. The text of the letter follows:

MARITIME TRADES DEPARTMENT,
Washington, D.C., July 14, 1977.

The Honorable GLENN M. ANDERSON,
U.S. House of Representatives
Washington, D.C.

DEAR MR. ANDERSON: Under the decision-making procedure established by the Alaska Natural Gas Transportation Act (P.L. 94–586), you will soon be deciding on a system to deliver Alaskan natural gas to domestic markets. President Carter is required to transmit his recommendation to Congress by September 1, 1977, and a joint resolution by Congress will thereafter be required.

Three systems have been proposed to deliver the Alaskan gas. Two of the proposed systems involve a pipeline through Canada. The third system, the Trans-Alaska (El Paso) system, will be constructed wholly within the United States. The Trans-Alaska system can be completed most quickly and all three systems will cost about the same.

According to a recent study by Robert Nathan and Associates, 16,500 man-years of primary employment and 121,600 total man-years of employment will be generated in

California by the selection of the Trans-Alaska (El Paso) system.

On February 25, 1977, the AFL–CIO adopted a resolution supporting the Trans-Alaska system. This recommendation was based upon the awareness that its selection will reduce delay in approving and constructing the system and result in substantially greater employment and economic benefits for Americans.

More than three-quarters of a million (765,000) man-years of employment will be generated in the U.S. by the Trans-Alaska system. This is nearly three times the employment benefits of either of the trans-Canadian systems. The Trans-Alaska system will use all United States materials, labor, goods, and supplies. In sharp contrast, the trans-Canada systems use substantial quantities of materials and supplies purchased from Japan, western Europe, and Canada, and will be subject to Canadian practices restricting labor and materials to Canadian sources.

Moreover, the beneficial employment impacts of the Trans-Alaska system will be spread throughout the country. Primary employment will be generated in twelve states and the District of Columbia, and secondary and induced employment will be generated in all fifty states.

During construction of the Trans-Alaska system, 22,500 direct jobs will be created. The number of jobs created during the construction phase of the project would result in approximately a 1.5 percent reduction in the number of unemployed. These jobs amount to approximately 4.7 percent of the total new jobs required to reduce the nation's unemployment to 5 percent.

Additionally, the financing for both Canadian pipelines will probably require U.S. government loan guarantees, and perhaps even U.S. government funds to guarantee completion. In effect, the U.S. government would be financing Canadian jobs when U.S. unemployment remains persistently high.

The Trans-Alaska system will also generate substantially more in U.S. revenues—$11.8 billion contrasted to the less than $2 billion and $4.7 billion for the two Canadian routes. In addition, the trans-Canadian routes will create a *deficit* impact on U.S. balance of payments amounting to approximately $8–10 billion.

Budget considerations severely limit the measures that the U.S. government can undertake to alleviate the nation's persistently high unemployment. As a result, it is important that employment receive high priority in deciding between systems to deliver Alaskan natural gas. The system selected should maximize the employment benefits, and other economic benefits, to the nation.

We urge you to support the selection of the Trans-Alaska (El Paso) system to deliver Alaskan natural gas.

Sincerely yours,

PAUL HALL,
President.

OPPOSITION AGAINST THE COMMUNICATIONS INDUSTRY

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. KETCHUM. Mr. Speaker, there is formidable opposition growing in Congress and across the United States decidedly against the communications industry. Although exploratory hearings were held last fall on the "Consumer Communications Reform Act," they merely served to lay the groundwork for further consideration. The major legislative battle on reform of our telecommunications policy must occur in the immediate months ahead.

The members of my own California Legislature recently completed their deliberations on issues surrounding our telecommunications industry. I commend to the attention of my colleagues the following Senate joint resolution, adopted on June 22, 1977, which expresses the interest and concern of the members of the California Legislature that Congress foster debate and investigation into telephone competition and interconnection:

SENATE JOINT RESOLUTION No. 2

RESOLUTION CHAPTER 36

Memorializes the Congress of the United States, in investigating telephone competition and interconnection, to consider the effects of any legislative action in the area on telephone rates applicable to the general public, and particularly to low-income individuals and small business.

Memorializes the Federal Communications Commission to delay full implementation of its policies fostering competition utnil Congress has had the opportunity to complete its investigation and develop national policy.

Whereas, Increased competition within the telecommunications industry and its effect on basic residential telephone rates is a matter of great public concern; and

Whereas, Much discussion has been generated regarding the possible benefits of such competition to the large users of telecommunications services and to the manufacturers of customer-provided devices; and

Whereas, It is pointed out in these discussions that the widespread use of private transmission services and customer-provided devices may cause increased costs for residual telephone service, with the result that much if not all the increased costs will, of necessity, be paid by the utilities' small business and residential customers, including persons in lower income groups and those on fixed incomes; and

Whereas, It is the duty of every public utility serving California customers to furnish adequate, efficient, just and reasonable service, instrumentalities, equipment and facilities as are necessary to promote the safety, health, comfort and convenience of its patrons; and

Whereas, It has come to the attention of the Members of the Legislature that the United States Congress has had under its consideration legislation concerning possible limitations on competition in the telecommunications industry; now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Members do hereby express their interest and concern regarding the Congress' investigation into telephone competition and interconnection; and be it further

Resolved, That the Congress be requested to include in its deliberations a full inquiry into the possible economic impact of any action it may contemplate, with the view of providing complete assurance that its action will not have an adverse effect on telephone rates applicable to the general public, and particularly to low-income individuals and small business, so that the public interest will be served; and be it further

Resolved, That the Federal Communications Commission is requested to delay full implementation of its policies fostering competition until Congress has had the opportunity to complete its investigation and to develop national policy; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States, and to the Federal Communications Commission.

BROUHAHA OVER THE NEUTRON WEAPON

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following article by my constituent, Gen. Henry Huglin. General Huglin is a retired Air Force brigadier general and syndicated columnist. He comments on the need to deter war and cities reasons why the neutron bomb will promote that objective:

BROUHAHA OVER THE NEUTRON WEAPON

(By Henry Huglin)

A lot of ivory-tower, idealistic, and emotional rhetoric has recently been used to oppose development of the neutron "enhanced radiation" weapon.

This brouhaha erupted over the news that our government is developing this weapon to be used by our Army artillery, primarily to counter the great numbers of Soviet armored forces that are deployed in Central and Eastern Europe.

The effect of this new weapon would be principally in radiation, rather than in great blast and heat, as would be put out by our present tactical nuclear weapons in Europe. Hence, this less-powerful neutron weapon would, for instance, kill or immobilize the soldiers manning Soviet tanks, rather than destroying the tanks and causing widespread damage and many casualties over a large area.

This is not a strategic weapon and has, according to President Carter, no relationship to the strategic arms limitation talks underway with the Soviets.

The President has made a preliminary decision to produce this weapon. But his final decision is to be made after he reads a government study on all aspects of the matter, which is due for completion the middle of August.

Still, the President asked Congress to fund the weapon's further development, saying: "Any aggressor should be faced with uncertainty as to whether NATO would use nuclear weapons against its forward echelons. For these purposes, the capability for discreet application of force—which the ER weapons may provide—presents (at least in this sense) an attractive option."

Our European NATO allies, reportedly, favor the introduction of this weapon. Obviously, this is because they believe that it will enhance the deterrent value of the NATO forces in Europe and, if deterrence should fail, provide a means of helping stop minimum collateral damage to Western Europe n troops, civilians, and property.

The issues involved in the controversy over this weapon include: deterrence of Soviet attack; if an attack should still occur, defeating such attack without an escalation to all-out nuclear war; and morality.

As to deterrence, to promote it, the Soviets have to expect that, in case of their aggression, the weapon will—or at least may—be used.

And our present tactical nuclear weapons in Europe—which have 10 times the explosive

power of the new weapon—are now considered to be a weak increment to deterrence, because the Soviets likely believe that they would not be used against their attacking forces, due to the widespread collateral damage they would cause.

The more precise nuetron weapon, which would have much less collateral damage, would thus be more likely to be used; hence, they would enhance deterrence of Soviet attack.

As to the Armageddon idea that, once any size nuclear weapon is used, the conflict would escalate inexorably to all-out nuclear war, this could lead to renouncing nuclear weapons unless they were first used against us. And then deterrence of the Soviets in Europe, which is based substantially on nuclear weapons, would not be effective at all. Further, some Soviet uncertainty about nuclear escalation is a factor in deterring their starting a war.

But, if the Soviets should start a war in Europe, they would obviously expect to win it—or at least force an early negotiated truce and territorial settlement favorable to their expansionist goal. They would certainly not lightly escalate the war to a global, all-out, nuclear conflict—and certainly we would not.

As to morality, surely it is moral to seek to enhance the deterrence of war and, if war breaks out, to defeat aggression and keep the damage as low as possible—all of which the neutron weapon is intended to promote.

One yardstick of war morality must be whether the war is for conquest or defense. and any wars we will get into certainly will not, on our part, be for conquest.

And nuclear weapons are not necessarily more or less moral nor more or less humane than other weapons. All are designed to inflict one nation's will on another.

Now, we can neither put the nuclear genie back in its bottle nor stop technological progress without a Soviet agreement to do so, which is not in prospect. And our technology lead counterbalances the Soviets' larger forces and expansionism.

So, although we may sympathize with the lofty objectives of the opponents of the neutron weapon, all nuclear weapons, and war itself, we can hardly let their idealistic druthers determine which weapons are to be developed to insure our nation's and our allies' security in this still-dangerous world.

One of our basic objectives is to deter war and blackmail and coercion by the very powerful Soviet military forces. Deploying the neutron weapon to our troops in Europe will promote that objective.

SALE OF THE CYBER 76 COMPUTER

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. BADHAM. Mr. Speaker, it gives me a great deal of pleasure to bring to the attention of my colleagues an editorial by two radio stations in the Los Angeles area which recognizes the contribution our colleague from California's 27th District—Mr. DORNAN—has made in leading the fight against exportation of the Cyber 76 computer:

EDITORIAL

We've had some doubts in the past about a tendency to grandstand by freshman Congressman Robert K. Dornan . . . we may have similar doubts in the future. But the local representative can be justifiably proud of his role in leading the fight to prohibit the sale of a sophisticated American computer system to the USSR.

The Cyber 76 computer might very well have ended up in Russian hands . . . giving them a far more advanced computer technology than they're been able to develop themselves. And—the system could very well have been used in weapons guidance.

It won't happen. Thanks to Dornan, the Commerce Department has agreed to deny a license for the sale. The Congressman, in his role as a watchdog, has done well.

THERE MUST BE A BETTER ANSWER THAN ABORTION

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. HYDE. Mr. Speaker, I would like to share with my colleagues an article by Joan Beck which appeared in the Chicago Tribune on July 18. As the controversy and debate surrounding abortion continues, I feel Ms. Beck's comments are particularly relevant and deserve the thoughtful attention of every Member of Congress:

THERE MUST BE A BETTER ANSWER THAN ABORTION

An agonizing reassessment is under way of what will happen when the nation's uneasy abortion policies come unglued later this summer.

The full extent of the cutoff in federal money for abortions won't be known until differences between House and Senate versions of the legislation are worked out, probably later this month.

The House voted for a flat cutoff of federal funds for abortion. The Senate limited payments to abortions "medically necessary" to save a woman's life or when pregnancy results from rape or incest. The new legislation will go into effect Oct. 1, replacing the controversial Hyde amendment which expires Sept. 30 and has not been implemented because of constitutional challenges in court.

What now? Will we become a nation with a double moral standard about abortion, in the name of privacy and freedom permitting those who can afford it to kill their unborn children while insisting those who can't pay must give birth and rear their offspring?

Many pro-abortionists are predicting a massive increase in the number of unwanted children who are abused, neglected, and relegated to a lifetime in the welfare system. A deluge of letters to newspapers and legislators in recent weeks cites how much cheaper it is for taxpayers to pay for killing such children in the womb rather than supporting them after birth—opinions which make it clear that one reason many people back abortion is to reduce the number of the poor.

Pro-abortionists also predict a great increase in back-alley abortions—cutrate, but legal. They are matching antiabortionists' photos of dead fetuses with photos of women mutilated by abortionists, and foreseeing an increase in maternal mortality.

It's not at all certain, however, that there will be a massive increase in births among the poor. Congress may approve money for medically-indicated abortions, opening to the poor the same loophole women often used to obtain hospital abortions before they were legal. Such a provision might reduce Medicaid-funded abortions by only a fraction, according to some estimates.

Some states may also decide to use their own funds for welfare abortions. But in Illinois and several other states, legislatures have recently voted down such bills.

Another possibility is that abortion advocates will raise money to buy abortions for the poor—as they have frequently urged anti-abortionists to do for the support of unwanted children. Planned Parenthood has already announced a $3 million drive for that purpose.

But must we accept the ugly choices between abortion and unwanted children, between mutilated women and butchered babies?

Even in ideal circumstances, without considering its morality or legality, abortion is an ugly, frightening, humiliating, painful, degrading experience. It isn't good for women or for babies. Legal or not, regardless of who pays for it, we should be working to end it.

There are alternatives to abortion and unwanted children, as millions of women can testify who have had neither. We should be pushing development of better contraceptives and for responsible use of those we have. [The poorer and younger women are, the more likely they are to use abortion as a substitute for birth control rather than as a backup for contraceptive failure.]

We need more effective sex education, teaching not just anatomy but moral responsibility for the way we handle sexuality. We must work for a social climate where young people are not pressured into being sexually active before they can handle the results, and where the relationship of sex, love, and marriage is reaffirmed and strengthened.

Uninhibited sexual expression is not engraved in stone on human genes. If abortion were as unthinkable as infanticide, we would make sure we found better ways to live with our sexuality. And there is no doubt that infanticide is what abortion is.

BURNOUT: A HIGH PRICE FOR CARING

HON. JOSEPH A. LE FANTE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. LE FANTE. Mr. Speaker, the death of the National Observer earlier this month was a sad event both for the readers and writers of this outstanding newspaper. My staff and I both mourn its passing.

Its final edition on July 11 was of the same high caliber that we had come to expect of this paper. I thought my colleagues in the House and in the other body, and in every place where politics is equated with caring for people, would be interested in reading an article which appeared in the Observer's last edition.

It deals very well with the price paid by those involved with what the writer, Michael Putney, describes as "high stress, high human contact occupations."

The Observer is no longer with us, but its spirit lives in this article, which I include here in my remarks, and commend to the attention of my colleagues and their staffs:

BURNOUT: A HIGH PRICE FOR CARING

(By Michael Putney)

Cops do it. Their flinks do it. Even educated shrinks do it. But don't do it, because what they're doing with alarming frequency is burning out emotionally. Especially the cops, not to mention the welfare workers, prison

guards, psychologists, doctors, nurses, clergymen, and other members of high-stress, high-human-contact occupations.

America's emotional landscape is littered with burnouts, according to San Francisco psychologist Dr. Christina Maslach, and there'll be more if those professions don't recognize the problem and do something about it. "The waste of training and talent in many professions because of burnout is staggering," says Maslach, an assistant professor of psychology at the University of California at Berkeley. It's destructive to the people, to the professions, and to society." The toll burnout takes is incalculable, says Maslach, because there's no way to measure its attendant ills such as alcoholism, divorce, mental illness, low productivity, and high absenteeism.

So what exactly is burnout? "When you burn out," Maslach explains, "your emotional center goes. There's nothing that you really care about. You don't have any optimistic feelings, only negative ones. You don't like the people you work with and wish they'd go away. You treat them in institutional, routinized, dehumanizing ways."

ALIENATION'S FLIP SIDE

Sound familiar? Of course it does to anyone who has been put off by a busy doctor, put down by a surly cop, or put on hold by a go-by-the-book bureaucrat. It's familiar to anyone who has been given the cold shoulder by a clergyman when they wanted one to cry on.

Burnout may well be the quintessential modern malady, the flip side of alienation. Whether they have cared too much or too little, burnouts have simply become incapable of caring. It can happen to anyone, but it happens most often to people for whom caring is part and parcel of their business. Indeed, for whom caring is part and parcel of their being.

Burnout has become a staple, almost a cliche, in literature, theater, and films. Novelist Graham Greene gave the ailment a name in *A Burnt-Out Case,* but the archetype was probably T. S. Eliot's J. Alfred Prufrock. Later there was Camus' *The Stranger,* a man so devoid of emotion that he couldn't remember on what day his mother died, much less grieve for her. M*A*S*H—novel, film, and TV series—is really case histories of men and women staving off burnout with humor. The cops in Joseph Wambaugh's bleak and blackly funny new novel, *The Choirboys,* are doing the same thing, helped by booze, dope, and sex.

Those metaphors help to explain burnout, but they don't necessarily ease the pain of those who suffer from it. And they do nothing for the innocent person who blunders into a burnout victim's domain—be it office, precinct house, or church—and is left angered. embarrassed, or humiliated by callous treatment from someone who just doesn't care any more.

LEAVE WORK AT WORK

Among the burnouts Maslach has dealt with are the cops she met with recently in New York City's ravaged South Bronx. "They were aware, of course, that their jobs cost them plenty in terms of their home lives," she says. "They were very sympathetic to the plight of their wives and kids." Still, most refused to transfer to another precinct.

Nor do most of them share with their families the worst horrors they see. "If they told them what happened to them," Maslach explains, "they'd have to relive it a second time. It may be cathartic to say it, but how does it help you cope with the same thing tomorrow? It doesn't."

With the help of her Berkeley graduate students, Maslach has interviewed some 200 persons in burnout-prone occupations. She reports that those who can cope best are those who can best separate their personal and professional lives. "When these people [who avoid burnout] leave their work they really leave it," says Maslach. "Their two lives are separate. But policemen can't do that. They're always cops, carrying their guns all the time reminds them of it."

There are a few other professions where people must be on duty full time, but find other ways of escaping. "One of the priests I talked to said he couldn't be detached and do his job well," Maslach says. "He said he had to really feel the problems his parishioners had. So he said he learned to detach himself completely between sessions. He said some days were like a roller coaster—a wedding, a baptism, a funeral—but he didn't burn out."

Many doctors and nurses Maslach interviewed said they strive for an attitude of "detached concern." More often than not, however, Maslach discovered more detachment than concern, with doctors impersonally referring to patients as "that coronary" or "that stroke." "Detached concern is a very difficult state for most people to reach," says Maslach. "I found that it's almost like mixing oil and water. And in most professions, there is absolutely no training in learning detached concern."

Maslach believes there would be significantly fewer burnouts if students in burnout-prone occupations were trained to recognize and cope with the problem. She relates the frustration and anger of cne welfare worker who complained she was woefully unprepared for her heavy client caseload because her field training had included only two or three. Maslach reports similar complaints from poverty lawyers, child-care workers, and nurses. "In many instances of burnout," she says, "the number of clients to staff is a major factor. I want to find out more in a laboratory setting, but I can say now that it's highly casual."

BURNOUT CAN BE CURED

Because those who suffer most from burnout often had the noblest intentions, their feelings of guilt and inadequacy are also the greatest. "Many of these people see themselves as the cause of the problem," Maslach says. "Say you're a welfare worker and you work as hard as you can for your client to see that he gets the check, and then the next week he's back in your office again with the same old problem. Well, you begin to have negative feelings and then say to yourself: 'Oh, what a bastard I am. How can I treat these people this way?' "

Another typical reaction is the classic one of blaming the victim. "As some people burn out, they begin to justify it by saying to themselves: 'These people are not like me. They're ignorant, lazy, uneducated.' Psychologically, it's better to blame the system rather than yourself or the victim, and it's probably more accurate."

Maslach concedes that she knows more about burnout's causes than its cure, but she firmly believes it can be cured. "It is possible to recharge emotionally," she avers. "Burnout is not irreversible. People are resilient, they can recharge." She is less optimistic, however, about how to do it. "Unfortunately, there aren't many available options. In the first place, you have to say, 'I need help.' And if you don't have the opportunity to share your problem with your peers, then you have to go outside for help."

Some jobs can be restructured to allow employes to recharge. At one hospital ward for the terminally ill, Maslach recommended allowing nurses to rotate assignments so that one nurse would do nothing more than prepare medication or do paper work. Morale improved. When staffers at a free-form child-care center complained of burnout, Maslach suggested a more structured environment with a much lower child-to-worker ratio. "When we followed up six months later," she says, "we found that teachers knew the kids better, and not just as problems. The children had a stronger sense of identity with their peers and teachers."

Sometimes, of course, the only remedy for burnout is a complete change of occupation. For many people, Maslach says, that prospect is more frightening than staying put and functioning burned out. For them, Maslach advises large doses of humor to lessen the workload, and developing their own sense of worth. "A lot of institutions and occupations—policemen, welfare workers—they just aren't going to pat you on the back or give you brownie points when you do your job. So people have to figure out what makes them feel good about their work."

And sometimes, Maslach adds, it's healthier to go ahead and snarl at people if they deserve it. "It happens occasionally with my graduate students," Maslach confesses with a smile. "They'll be bugging me, and if it comes down to the point whether it's me or them, well it's going to be them. Tough."

AIR BAG TEST JUST A GIMMICK?

HON. LUCIEN N. NEDZI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. NEDZI. Mr. Speaker, every Member of Congress I know is in favor of good, safe American cars and the protection of drivers and passengers.

That does not mean, however, that we should uncritically accept every purported safety device that comes down the pike.

Government bureaucrats dealing with automobile standards are not infallible and may, indeed, be wrong more often than industry representatives. We know, for example, the ignition-lock system was a multimillion-dollar mistake.

Now we are hearing a lot about the purported value of mandatory air bags. Well, we should be extremely careful with this one. I personally have very strong reservations about its utility and even more about any requirement that people be forced to have them.

In this regard, reporter John Peterson, a respected member of the Detroit News Washington bureau, has provided a public service by exposing the true facts in a recent pro-air bag demonstration.

Under leave to extend my remarks, Mr. Peterson's article follows:

[From the Detroit News, July 21, 1977]

D.C. REPORT—AIR BAG TEST JUST A GIMMICK?

(By John E. Peterson)

Some of Detroit's best automotive engineers are seething over the national exposure given photos that allegedly showed an air bag about to cushion a small girl during a demonstration on Capitol Hill of the controversial safety device.

The photos were sent out by Associated Press and United Press International, who both covered the July 5th press conference.

The conference was called by a pro-air bag coalition, and the deployment demonstration was designed to show doubting con-

gressmen and newsmen that air bags will effectively protect small children in auto crashes.

You probably remember the picture. Three-year-old Shelby Sutcliffe, the daughter of coalition attorney S. Lynn Sutcliffe, was perched in the driver's seat of an auto compartment mockup with Ralph Nader looking on.

Suddenly the air bag shot out of the steering wheel, planted a soft "lovepat" on Shelby's blond locks and forehead and collapsed.

Strobe lights flashed and cameras whirred. The episode made the nightly television news and the photo was splashed on the front page of dozens of newspapers across the country.

The remarkably successful publicity gimmick probably would have gone unquestioned, if several automotive engineers with years of air bag testing experience hadn't been in the watching crowd.

They noted that the air bag didn't go bang with the explosive force it is supposed to, it seemed to deploy a bit more slowly and the little girl was not in a position to be protected if she were in a real life crash.

Armed with growing doubts, the automotive engineers videotaped the air bag demonstration off that night's network news. Then they timed it. Not once, but numerous times.

They discovered some interesting facts. The demonstration air bag took 300 milliseconds to reach Shelby Sutcliffe's head. In a real crash situation, air bags must balloon out to front-seat occupants in only 30 milliseconds to provide effective protection.

The demonstration air bag barely touched Shelby Sutcliffe. In a real crash situation, it all but enshrouds the occupant, then collapses instantly to prevent suffocation.

The engineers called Allstate, which owns the demonstration model, and asked for an explanation. They said Allstate disputed that the bag had deployed at only a tenth of its real speed, but conceded that deployment was one/half to one/third slower.

Allstate, they said, contended that the demonstrator only simulates air bag deployments, so people can see how the air bag works.

"They didn't bother to explain that to the press or any of the lawmakers who attended the demonstration," said one of the automotive engineers who witnessed the test.

"They let all of those people walk out of there believing they had seen an actual air bag deployment," he said. "If the auto makers had pulled a stunt like that they would have been crucified by the press."

The Detroit News placed two phone calls to Allstate's public relations office in Northbrook, Ill., yesterday seeking a fuller explanation of the incident. They were not returned.

The company is careful to term the air bag demonstrations as "simulated," however.

Photo editors at both AP and UPI said they pointed out that the demonstration was a simulation in captions accompanying the picture.

Nevertheless, many newspapers apparently deleted the word "simulate" from the captions they ran with the photos—leaving their readers with the impression that the demonstration was the equivalent of an actual air bag explosion.

PERSONAL EXPLANATION

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CONABLE. Mr. Speaker, on the Findley amendment which was offered as a substitute to the Fithian amendment to H.R. 7171, the "Agriculture Act of 1977," I am recorded as not voting. That vote was taken on Thursday, July 21, 1977.

I would like to state that it was my intention to vote against that amendment. I was present when the vote was taken, and it is my memory that I voted. I do not know why I am recorded as not voting, but I wish to make this statement for the record.

THE B–1: A PRIVATE CITIZEN'S VIEW

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. KETCHUM. Mr. Speaker, I have received a letter from my constituent, Mr. Norman M. Walters, of Bakersfield, Calif., which I feel should be shared with my colleagues in this House. Mr. Walters has presented so fine an assessment of the need for the B–1 bomber, and has demonstrated so great a concern for our national security, that I believe his lengthy views must be conveyed to my colleagues in their entirety. Under normal circumstances, I make every effort to keep my extended remarks as concise as possible in the interest of keeping printing costs to a minimum. However, as Mr. Walters has so aptly put it, "our freedom should not be a financial bartering agent." I am most proud to have the honor of representing Mr. Walters in the Congress, and I trust that his informed presentation will enlighten those who would have us play political football with our national defense:

JULY 12, 1977.

Hon. WILLIAM M. KETCHUM,
Washington, D.C.

DEAR HONORABLE CONGRESSMAN BILL KETCHUM: I support your direction in behalf of the defense of the B–1 program. I have no personal or financial gain to receive by what I have printed here.

For a number of months, and yes, years, I have been concerned about the security posture of our nation in relationship to the nation's ability to defend itself against the aggression of Communism, namely, in the name of Russia or the Soviet Union, whichever term is most appropriate.

I am a citizen of the United States of America, and, in the best sense of the term, I am a patriot, loyal to the USA Constitution and the principles set forth by the founders of this great nation. I am old enough to remember the impact of all the great wars our nation has engaged in. I saw, firsthand, the Second World War and how our nation had arrived at that place in history without the support of the U.S. Congress. I have often questioned what would have happened if Pearl Harbor had occurred on a weekday rather than a Sunday, when I remember the hassle Congress gave to the situation on Monday, 8 December 1941. Our then president, Franklin Delano Roosevelt, took the lion by the horns, so to speak, on Sunday, 7 December 1941, by declaring our nation in a state of war with the nation of Japan. This was done in his address on that day of infamy.

From the facts of those days, available now in history books, and by authors who either were eyewitnesses or who researched the facts, our nation was in a sad state of affairs in regards to the air support forces it had at that time. Had it not been for the implementation of the then new Civil Air Patrol, under the War Department, what meager air strength we had would have been further diluted. The Civil Air Patrol was authorized by Congress on 1 December 1941.

History has given us a classic example of the attitudes of certain Congressmen in the 1930's when the B–17 was on the drawing board and in the developing stages. Though this airplane was known by other designations at the time, Boeing Aircraft Company, without the financial help needed, went ahead with the designing and testing of the first four-engine-heavy-bomber. Our nation's salvation was insured when Boeing was able to find a market in England when England was doing her best to defend herself against Adolf Hitler's Germany.

The attitude was, as is documented, in the USA Congress that our nation did not need such an airplane because no nation in the world would be so foolish as to attempt to cross the ocean and attack the USA. Today we know that the B–17 was an operational bomber on the date of Pearl Harbor and was the only bomber to be operational throughout the entire war. Over 12,000 of these birds were constructed. Today we still find them in use with the U.S. Forest Service fighting forest fires.

You, too, should remember that every day from 7 December 1941 until 4 June 1942 the United States lost every encounter with the enemy forces. It was a real concern to me to look every day to see if the Old Glory was still the flag flying. Then on the date of 4 June 1942 there was a standoff battle which occurred with the Japanese at Midway. In the confusion neither side could claim the battle a victory, but from this date forward the USA was able to push the Japanese closer to their homeland. So, we have been told, we had a six month lag in our preparation to be the aggressor to protect our land. I am not sure I agree with that evaluation. The truth would be more like the fact that we were not prepared for the conflict because our nation was so interested in the isolation position until early in 1941. Then during 1941 the president did all he could, by using the fireside chats and the news media, to reform the attitudes of the American common man so that the populace was able to rally to the incident at Pearl Harbor with unanimous support for the president when it was necessary to declare war upon enemy aggressors. The attack upon Pearl Harbor was known in advance by the President and certain officials, as has been documented since that time. It was, then, through the combined errors of our national leaders and the enemy's that six months was granted to our American people to get the war machinery to the point that we were able to repulse the enemy satisfactorily.

Today it is impossible to comprehend that any informed person can be complacent about the threat to our nation's security, world stability, and peace generally that is posed by the waxing military strength of the Soviet Union. Our nation today cannot expect a six month lag to be given to help us to gear up for war. Today with the technology as it is, we must be instantly combat ready which means we must be combat ready now with enough troops prepared for instant action. During World War Two, while our nation was actively engaged in a war against Japan and Germany, we had a greater enemy which our nation, through our own president, made overtures that this was an ally. This nation was the Soviet Union, or Russia.

A year ago the USA had 453 B–52 bombers with the Strategic Air Command, while the Soviet Union had 165 strategic bombers. The USA had no tactical bombers while the Soviet Union had 1,260. The USA had 331 manned interceptors, such as F–4, F101, and F106 while the Soviet Union had 2,650 manned interceptors. The USA had 1054 ICBM's while the Soviet Union had 1527. The USA had 656

submarine based missiles against Russia's 845. The USA had no strategic medium-range ballistic missiles while the Soviet Union had 600. The USA had no anti-ballistic missiles while the Soviet Union had 64. The USA had no strategically deployed surface to air missiles while the Soviet Union had 10,000.

Almost yearly, as a citizen of the USA, I have been able to get information through our newspapers the general decline in the numbers of our military personnel. I have had to listen to the rationale given by certain congressmen as to the why of decreasing the military, yet through it all I have learned that these elected representatives were in theory and fact aiding and abetting the enemy by decreasing the capabilities of our nation. We have less people in uniform today than at any time since World War Two. At the same time I am getting from our news media statements of the general buildup of the Soviet military forces to where today that nation has about 5 million troops combat ready.

You and I both know and are aware that the USA is not a super race, nor is our nation so superior in technology that our nation can rest in the fact of our quality achievements. Recently our nation had the privilege of examining a captured Russian Mig-25 (Foxbat) in Japan, and it was learned that this aircraft was superior to our aircraft in several ways. The explanation indicated, without doubt, that the Soviet technology is up there with the USA. While I am not in a position to say that it was superior in all ways, it was an aircraft that answered many questions for the USA. Only recently have we designed and put operational an aircraft of the same class equal or superior to the Foxbat.

There is no sound reason to assume that our B–52 bomber is a superior bomber, because we all know it is not because of the age of the design which is over twenty years old. Even if we spend $700,000 per B–52 to update the electronics similar to that of the B–1, we are left with old airplanes of subsonic speed. The B–52 is an excellent bomber in a subsonic aerospace world, but today the military attack power of the Soviet Union is supersonic.

For a number of years our designers and engineers have been working on a supersonic prototype bomber. We both saw the demise of the B–70 project, and now we have a president who wants the demise of the B–1 bomber project. On Thursday, 30 June 1977, President Carter made good his campaign promise to get rid of the B–1 bomber. When I looked down the list of congressmen supporting the president, and the political leaders who supported the president I was assured that the left-wing element of Congress was elated. When I read the comments of the patriotic American congressmen, including those who have consistently down through the years supported a strong autonomous USA, I was encouraged.

President Carter, according to the news release, was anxious to retire a superior bomber to accept the "buzz bombs" of World War Two put to use by Adolf Hitler against England. In other words President Carter is satisfied with an antiquated defense system known to be incapable of national defense. The cruise missile may be an effective part of the triad, but to make it the most important is, in my opinion, utter foolishness.

From Carter's comments he admits that the "cruise missile", which I refer to as "buzz bombs" has a range of 1500 miles, about one-fourth of the range of the B–1. Such missiles would have to be carried in aircraft flying relatively close to Soviet soil to be effective. These missiles would be carried by slow B–52 bombers, so that the enemy would have an extra amount of time to intercept and destroy the bomber before the cruise missiles could be launched. The known presence of B–52's on Soviet radar would be an indication of the intent of the mission and would allow supersonic Soviet fighter aircraft to intercept and destroy. The submarine based missiles have a range of 2000 miles, which also makes them vulnerable to enemy detection because they would have to be at sea to be effective.

I do not believe that the B–1 is the answer to our nation's problems, but at the present time I know of no better weapon system, nor does President Carter. President Carter has not offered a better system. He has offered his "I thinks". His comment to stop the B–1 was that the B–1 is too expensive. The cost of the B–1 is, in my opinion, unreasonable, and Congress, which appropriates the money, needs to initiate a cost plus 10 percent basis of funding so that certain corporations cannot become financial giants through manipulation of government monies. According to President Carter the B–1 was 20 percent too expensive. Possibly Congress ought to offer North American-Rockwell 80 percent of their suggested selling price. I am sure that the B–1 contractor would earn a sizeable profit even if the price was cut 20 percent.

I agree with your statement quoted in the *Bakersfield Californian* on 30 June 77. Your statement was, "President Carter has sold us out to the Soviet Union. In deciding to kill production of the B–1, he has failed to heed the loud, clear message sent him by the American people, by the Congress, by scientific data and by our military needs."

In my lifetime I have known of no president who has assumed such dictatorial powers as President Carter, and he is a peace-time president. When one man can upset many years of Congressional work, support, and thinking, and can disregard expert advice of those who are experts, our nation is in political trouble. If the Soviets decided to make an aggressive attack on the USA today, the USA could not adequately defend itself.

It seems as if the current president has a solution to every national problem and to effect the solution he wants Congress to delegate him more absolute power. Another case in point is the energy situation or problem facing the USA by the wasting of our natural resources in automobile gasoline. Over the years the American consumer has been forgotten by the automobile designers of Detroit while they designed and built automobiles with 300 to 400 horsepower, which in turn were gas guzzlers. They knew that automobiles of 30 to 90 horsepower could propel automobiles over the highways at speeds up to 100 miles per hour.

By this I am excluding the compact and mid-sized automobiles. The smaller horsepower could, and did, propel big, standard sized automobiles at highway speeds above the legal highway speeds. Yet, President Carter wants unprecedented peace-time power to initiate his program of gasoline rationing if he deems it necessary. I am glad to see that his Democrat congressmen are getting skeptical of him and his desire to have such power.

Getting back to the B–1, I have tried to visualize the way of Carter's decision to stop the work on the B–1 as a part of the triad for USA defense and ability to be aggressive in event of an attack on the USA. All I can imagine is that he is attempting a calculated risk hoping that he can bluff the Soviet Union into thinking that his "human rights" program will be accepted by all other world nations, including the Soviet Union. Whenever two people start defining specific terms it often is that each person defines the term in the context of that particular person's perspective.

Human rights means one thing to an American naturalized citizen; it is different to a "hippie"; it is different to a child; it is different to a mature adult; it is different to every nation and people of the earth. What the Soviet Union interprets human rights is perfectly legitimate in the context of the philosophy of communism, but at the same time it is a totally different thing to the typical American citizen.

There is no doubt in the minds of all of our national leaders that the Soviet Union has definite intentions to overthrow the USA and include the USA within the economy of the USSR. For the USA to be valuable the Soviet Union may not desire to destroy the soil capabilities of the USA but would rather conquer the land by subversion by using sympathizers in this country and through their efforts to completely disarm the USA and make concessions that in time would allow the demise of the USA and make the USA a republic within the USSR.

Congressman Ketchum, our freedom should not be a financial bartering agent, whereby for certain financial awards our leaders would be willing to negotiate our national heritage. Frequently I get mail asking for support to help the USA maintain its freedom and the author of the letter is requesting money in order to help fight for the freedom. These letters imply that our congressman and other national leaders are predetermined to subvert the USA into a world economy dictated and controlled by the Soviet Union. In my opinion, our Congressmen are elected to represent us and to fight for the USA as statesmen and not politicians.

I support your position on the B–1 and many of your other positions. I want to let you know I believe in this nation. Possibly the B–1 project should become a matter for the common man on the street to initiate to reverse the direction our administration in Washington, D.C. is now taking.

Sincerely,

NORMAN M. WALTERS.

ANDREW A. ATHENS

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MURPHY of Illinois. Mr. Speaker, Andrew A. Athens, president of Metron Steel Corp., in Chicago, was one of three honorary degree recipients at the Chicago College of Osteopathic Medicine's commencement June 5.

Mr. Athens received the honorary doctor of letters degree for his contributions to the Chicago business community, the Greek Orthodox Church, and the field of osteopathic medical education.

The Metron Steel Corp., was founded in 1950 and today it is one of the largest independent steel service centers in the Midwest. Active in the Chicago business community, Mr. Athens was commissioned a member of the State of Illinois Manufacturers Export Advisory Board of the Department of Business and Economic Development in 1970 and is a director of the Calumet Area Industrial Development Commission.

In February, Illinois Senator CHARLES PERCY asked Mr. Athens to serve on the advisory board of the nonprofit organization, "Alliance to Save Energy." He also is a member of Senator PERCY's Senatorial Advisory Committee.

Outside of the business world, Mr. Athens is a leader in the Greek community. He currently is chairman of the United Hellenic American Congress of Illinois and national chairman of the United Hellenic American Congress. He is

a member of the Greek Orthodox archdiocesan council, which is the executive committee of the archdiocese of North and South America, and is on the board of directors of the Hellenic Foundation. In 1974, His Eminence Archbishop Iakovos of the Greek Orthodox Church of North and South America presented to Mr. Athens the medals of St. Paul and St. Andrew for his devotion and efforts in assisting the church in fulfilling its mission.

A third special concern of Mr. Athens has been the Chicago College of Osteopathic Medicine. Currently chairman of the college's board of trustees, he has led the board during the school's most dynamic growth period. The second phase of expansion—a $54 million effort—concludes this year with the building of the six-story outpatient clinic in Hyde Park and construction of the 200-bed Olympia Fields Osteopathic Medical Center which will provide new hospital facilities in the south suburban area.

Among Mr. Athens' many civic accomplishments, he is past president of the Illinois Athletic Club and a patron of the Chicago Area Council of the Boy Scouts of America. He was honored by the City of Hope in 1970 with the Torch of Hope Award. In April, Mr. Athens received the Ellis Island Award, given by the Restore Ellis Island Committee, which honored six persons for their professional and civic achievements.

The honorary doctor of letters degree was presented to Mr. Athens at the commencement exercises of the Chicago College of Osteopathic Medicine at the Rockefeller Chapel on June 5, 1977, and the inscription on the plaque presented to him reads as follows:

The Chicago College of Osteopathic Medicine, in recognition of his outstanding service to the Chicago business community, to the Greek Orthodox Church, and the osteopathic medical profession, in acknowledgement of his concern for his fellow man exemplified by his philanthropic endeavors, and in appreciation for the guidance provided the College during its greatest period of growth, the Board of Trustees, upon the recommendation of its faculty, presented Andrew A. Athens the Honorary Degree, Doctor of Letters, on June 5, 1977.

HELSINKI'S UNFULFILLED PROMISE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MAZZOLI. Mr. Speaker, as part of the project known as "Helsinki's Unfulfilled Promise," which is sponsored by Representative DRINAN, I want to discuss the plight of Salamon Finklestein, his wife Freeda, and his son Arthur.

Mr. Finklestein applied in 1972 for a visa to leave the Ukraine to live with his parents in Israel. He has reapplied repeatedly for an exit visa, but has consistently been turned down.

At first, the Russian Government said that Finklestein, who had served in the Soviet Army from 1968–70, had to wait 1 year before he could leave. But that 1 year waiting period has long since expired, and still the Russian Government will not grant him his exit visa, nor ones for his wife and son.

Finklestein's parents, who live in Israel, have not seen their son, daughter-in-law, and grandson since 1974.

I urge the Soviet Government to recognize the "human" problems involved here, and allow Mr. Finklestein and his family to be reunited.

BATTERED WIFE RECEIVES NO HELP FROM LOCAL AGENCIES

HON. NEWTON I. STEERS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. STEERS. Mr. Speaker, on June 21, Congresswoman LINDY BOGGS of Louisiana, and I introduced legislation designed to aid the plight of battered wives. An identical measure was introduced on the same day in the Senate by Senators WENDELL ANDERSON of Minnesota and EDWARD KENNEDY of Massachusetts.

It has become apparent to me that the widespread and alarming occurrence of spouse abuse on all socioeconomic levels is not sufficiently understood by society. As a result, victims of spouse abuse are not receiving the support from social service agencies and law enforcement officials which would be given to other victims of criminal assault.

An article entitled "Beaten Wife Gets No Help From County" appeared in one of my district's papers, the Montgomery County Sentinel just last week. The article underscores the problems which Mrs. BOGGS and I are attempting to provide solutions to with respect to battered spouses in our Domestic Violence Prevention and Treatment Act of 1977. The article appears below:

BEATEN WIFE GETS NO HELP FROM COUNTY

(By Elizabeth Wiener)

On Monday, July 11, Diane Shepherd's estranged husband walked into her office in Silver Spring and told her co-workers "he just wanted two minutes alone with me, to kill me."

It was the latest threat in what had been a year of terror and actual beatings—a year in which Diane, her mother and a county social worker say they had gotten no help from police, court commissioners, or even a county program aimed at aiding exactly such victims of spouse abuse.

When Diane called a new "Hotline" number for the Abused Persons Program that Monday, director Monica Friedman told her, according to Friedman herself, that "the only thing you could do is disappear."

When she called county police, an officer escorted Michael Shepherd out of her office and left. Half an hour later, according to county social worker Barbara A Infante, "he walked right back into the building" and repeated his threats to Infante, while Diane "hid in the bathroom crying."

When Diane and her mother, Martha Owens, went to the Silver Spring police station later that day to ask for an arrest warrant, the court commissioner there told them, according to the mother, "I'm very sorry, he has not done anything yet."

"What do I have to do, wait to get killed?" Diane said.

The names of Diane, 21, Michael, 23, and Owens have been changed at the mother's request. Other names in this story are real.

"LIVING HELL"

What Owens calls "this living hell" occurred after numerous media reports focused attention on the previously "hidden" problem of battered wives, attention which many say has already made the criminal justice system more responsive to their plight, and which gave birth to the county's own abused spouse program this January.

But according to Infante, Diane's case is not isolated. Infante, a caseworker at the county Department of Social Services, said she knows of at least five women whose pleas for protection have also recently been ignored by local court commissioners and police.

One woman, she said, was hiding at a friend's house when her estranged husband "went in and grabbed her three weeks ago. She called the police and said 'My husband kidnapped me,' but they said, 'Sorry lady, we can't do anything.' Now I don't know if she's dead or alive."

Another woman, 19-year-old Bobbie Lewis, said her boyfriend has beaten her repeatedly during quarrels over custody of their infant daughter. Her lawyer found no record of the complaint Lewis said she made to a commissioner at the Glenmont police station. "As far as I know, he chucked it in the wastebasket," she said.

Three weeks ago, Lewis said, her boyfriend "beat me so bad I couldn't get up. I was bleeding, there was hair all over the apartment." Police arrived while the boyfriend was still there, she said, but they told her, "there's nothing we can do. We don't like to get into that sort of problem."

Police and courts have traditionally been reluctant to get involved in cases of domestic violence, in part because of the fine line between a "family quarrel" and a criminal act. Many women drop charges or fail to appear in court once they get a warrant for their husband's arrest—he is, after all, the father of their children.

But for those who turn to the government in desperation, earnestly seeking aid to get them out of an untenable and dangerous situation, it still appears there are occasions when the legal system doesn't deliver.

Diane and Michael Shepherd were married in November 1975, and according to accounts by Diane, her mother and caseworker Infante, the beatings began about a year ago.

Infante describes Michael as "a real con artist" who can be charming when he is not drinking heavily, and who has boasted to her about threatening Diane and her family. "It's a sickness," Infante said. "It makes him feel big."

While Diane was pregnant, according to the three women, he once tied her to the bed and hit her with the heel of his hand in a way that left no visible bruises. Another time, he held a gun to her head, they said. Diane later gave the gun to police but, as with previous incidents, police told her there was not enough evidence to press charges.

VISITS TO COMMISSIONERS

Several visits to commissioners (District Court representatives on duty at every police station to issue warrants, set bond and schedule initial court dates) also failed to result in any action against Michael.

About two months ago Diane moved with her nine-month-old daughter to an apartment in Rockville, hoping her husband would not be able to find her. But on July 11, the terror began again.

Michael knew where Diane worked. That Monday morning her car, which was parked near the office, was broken into. The car con-

tained insurance papers with her new address, and hours later Michael called Diane's mother at home.

Owens recounts his conversation: "Now I know where she lives. I'm gonna wait for her tonight and I'm gonna shoot her. I'm taking the baby to North Carolina, and I'll send you pictures of her growing up."

That same morning Diane called police after Michael threatened her in her office at 8728 Colesville Road.

Pfc. Steve Meyer answered the "trespassing complaint" but made no report, according to police spokesperson Philip Caswell. Michael was sitting in the office cafeteria when officer Meyer arrived, Caswell said, and "indicated he would sit there all day." Meyer escorted him outside and left. "He wasn't doing anything but sitting there, so we couldn't do anything," Caswell said.

Caswell also explained that in cases of assault and battery, a misdemeanor, police can make an immediate arrest only if they witness the incident or find a victim badly beaten and believe there is still physical danger. Otherwise, he said, they can only advise the victim to go to a commissioner and swear out a complaint.

HOTLINE CALL

After police left, Diane and Infante, who works in the same building, called the Abused Persons hotline number. This program offers temporary shelter, counseling and legal assistance for battered spouses. But in cases like Diane's where there is a continuing threat and no police action, director Friedman later explained, "It's almost impossible to help them.

"I told her to talk to the manager of the building (to keep Michael out)," Friedman said "But as far as real safety, there's nothing I could do. As kind of private advice, I said, 'The only thing you could do is disappear.'"

Early that afternoon, Diane and her mother appeared before commissioner Carol Schap, who declined to issue a warrant.

"There was no reason to doubt what they were saying, but they didn't have probable cause," Schap said later, adding, "The mother's fine, but the daughter was very hysterical." Schap said she did not have time to discuss the case further.

Finally that afternoon, Diane and her mother went with a private attorney to Shady Grove District Court, where a judge issued an Emergency Admissions Petition ordering Michael held for up to 96 hours for psychiatric evaluation, after which time he could be committed for treatment or released.

MICHAEL DISAPPEARS

Meanwhile, Michael had disappeared. Owens later discovered he had been arrested the following day on a disorderly conduct charge in Prince George's County. He was in jail in Upper Marlboro, scheduled for release on bond that Thursday, July 14.

"I called hospitals and jails all over—that's his second home," Owens said. "When I called Upper Marlboro, they said if somebody paid the bond, they had to let him out. I had to call police at Silver Spring and tell them to get over there. I had to do it all on my own."

A warden in Upper Marlboro confirmed that the family had contacted first him and then Montgomery County police, and that Montgomery sheriffs "were waiting outside" when Michael was released at 2:30 p.m. last Thursday. Sheriffs transported him first to Washington Adventist Hospital and then to Springfield.

Michael was placed in an alcoholic rehabilitation program at Springfield. He signed up to stay at the hospital in Sykesville for 28 days, but was free to leave at anytime. It was at that point, more terrified than ever, that Diane and her mother contacted The Sentinel for help.

"What if he gets out and they still won't protect us?" said Owens, clinging to a stranger's voice over the phone. "What if Diane gets out of the elevator, and he's there waiting in the stairwell. . . .

"For how long is she going to be hiding? Do you have to wait for murder, to get protection?"

A reporter then contacted Peggy Jacocks of Code 3, a local citizens group which monitors the criminal justice system. After a year in which her pleas for help were ignored, Diane's situation changed quickly once Jacocks became involved.

Last Friday Jacocks counseled Diane and her mother, promising to lend her own assistance with police and courts. On Sunday, she spent six hours with the two women, taking down the details of their case.

On Monday morning, Jacocks contacted court officials. On Monday afternoon, Jacocks, Owens and Diane appeared before commissioner John Ferry at Shady Grove District Court. At 5:20 that evening, Ferry issued two warrants for Michael Shepherd's arrest—one for using threatening language over the phone, one for "tampering" with Diane's car.

As The Sentinel went to press, state police were prepared to serve the warrants as soon as Michael left Springfield, and to return him to Montgomery County for trial.

Jacocks suggested her part in the story need not be mentioned in The Sentinel. "There are thousands of people whose story ended Friday," she said, "who didn't get help."

PRESERVING FREE ENTERPRISE

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. ABDNOR. Mr. Speaker, the survival of the free enterprise system is dependent to a large degree upon the understanding and respect our young people acquire for it. To help foster this interest, the South Dakota Stockgrowers Association has sponsored an annual essay contest. Below is another prize-winning entry from the 1977 competition:

HOW THE FREE ENTERPRISE SYSTEM CAN BE SAVED

(By Denise Greenough)

In its 200 years of existence, the United States has grown to be the economic wonder of the world. It has brought from its farms and factories a richness unprecedented in all history. We have also enjoyed a unique form of democratic government during this period that has been an inspiration to freedom-seeking peoples throughout the world. Now as we celebrate the Bicentennial years we should be aware of the important connection between our economic progress and the vitality of our democratic form of government.

Free enterprise is a system of political, social, and economical arrangements designed to solve the basic economic problem with great efficiency. Owners of wealth use it in an effort to make profit for themselves and join with others to carry on business for private gain. This system developed as a reaction to monopolistic and restrictive practices of mercantilism, after it was first presented in 1776 by Adam Smith in his book, The Wealth of Nations.

Through the econmic system labor, resources, and skills are brought together to produce an enormous variety of things people need and want. For example, goods, such as food, clothing, and machinery; and services—transportation, education, health care, and public safety. Basic choices must be made since there are limits to what can be produced. What goods and services will be produced? How will they be made and who will produce them? Who will use these goods and services?

Different countries have developed different ways of answering these questions. Sweden and Great Britain have socialistic oriented economies. Socialism refers to an economy which depends heavily on the government to plan and make economic decisions and to own and control important economic resources.

When government tries to provide services for the people, as in a socialistic economy, too many people are put on the public payroll. Sweden has the highest proportion of its population on its public payroll followed by Great Britain.

Great Britain, by trying to provide too much for the people, is finding itself in an economic crisis, with the pound losing value each day. We have to understand that inflation is primarily caused by deficit spending. Deficit spending lowers the value of money resulting in our needing more of it.

We, in the U.S., have to realize that our government should do only for the people what they cannot do for themselves. We must guard against following Great Britain's example.

What can we do to save the free enterprise system? I suggest the following ideas.

1. Our government should be run like a business. No business can spend more than it takes in and survive. Government shouldn't try to either.

2. We need to hold down inflation and increase production. It is important to balance the federal budget. Competition is necessary to keep prices down. Producers who supply the best goods and services at the lowest prices generally will be the most successful. Workers need a change of attitude. They should work not only for money, but also for the pride of accomplishment.

3. We should avoid allowing social programs to be abused. People able to work should not be allowed to draw welfare instead. Sometimes it is more profitable to take welfare than look for a job. Also unemployment fraud is common practice in some areas. A recent news program showed interviews of people who were drawing unemployment and had gone to Florida for the winter. Some took part-time jobs, but didn't report their income, so their unemployment payments were not affected. Some people actually avoided work to collect.

4. The Federal Government must not be allowed to become too powerful, it should be our servant, not our master. The problems and needs of the people of each state are different. Therefore, the federal government cannot meet all these needs. Such needs can only be dealt with by each state individually. Many times only the local government can make the decisions about what is best for that area.

5. We must not allow government to compete with private industry in providing services. Employment in private industry must be encouraged instead of creating public jobs just to get people on the payroll.

6. Our citizens must first be informed, then get involved and vote for the right people to run our country responsibly.

We, as citizens, must feel pride in our country and its free enterprise system and work to preserve it, because it has proven to be the best system. As our nation enters third century this system must continue to be our source of strength and achievement if we are to maintain our progress in the years to come.

WHY THE HATCH ACT IS WORTH KEEPING

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. DERWINSKI. Mr. Speaker, it is my hope the other body, after due deliberation, will reject legislation which would emasculate the Hatch Act and ultimately corrupt the Federal civil service system. In passing H.R. 10, the House made a serious mistake.

A number of responsible organizations and individuals already have underscored the dangers inherent in H.R. 10, but one of the most comprehensive articles in defense of the Hatch Act appeared in the Sunday, July 24 edition of the Washington Post. Written by Marjorie G. Fribourg, the author of several books on American history, the article emphasizes and documents the need for retaining the Hatch Act in its present form. The article follows:

WHY THE HATCH ACT IS WORTH KEEPING

(By Marjorie G. Friboug)

In a famous White House memo in 1971 John Dean asked, ". . . how can we use the available federal machinery to screw our political enemies." Only the Hatch Act, which spells out that government workers are not to take an active part in campaigns, kept the Watergate crowd from being able to use vast numbers of unwilling government workers to go after Nixon's enemies. Having worked well for the protection of both the nation and the employees, the Hatch Act now faces being demolished or updated, depending on your point of view.

The House has passed H.R. 10, knocking down the safeguards in the act. The Senate is holding hearings on the bill, and while opponents may have blocked action this fall, some union leaders still hope to push the bill through. If they don't succeed, H.R. 10 will be high on the Senate agenda early next year.

Hence, some clear spring evening a platoon of postmen could be combing your neighborhood ringing every doorbell, handing out campaign literature and collecting contributions. Ostensibly, they will have volunteered their services and in any case are trying to make sure that their candidate defeats the incumbent congressman who either dared disagree with the President or dared fight the demands of a government workers' union.

Picture it: Your mailman comes calling to get your signature on a petition to put the challenger on the ballot—something you don't want to do or to refuse. Elsewhere, a clerk for the Social Security office distributes posters for one of the administration's favorites, making her neighbors wonder if her on-the-job decisions are also partisan. A scientist from the Bureau of Standards is out fund-raising and calls on a manufacturer who has a product under examination—not by the campaigner; that would be illegal—but by another member of the agency. The manufacturer also doubts the integrity of the system.

A rumor has started simultaneously in every agency: Promotions will be given to those who go out and canvass for the cause; job descriptions will be reworded after election to match the individuals who helped the party. Legions of the 2.8 million civil servants have decided they had better be cooperative.

If anything like this ever happens—and it could without the Hatch Act—we will have returned to the patronage system instead of the merit system.

"I'M HATCHED"

Labor union activists have battled the Hatch Act for years. They come to the Hill to tell congressmen that postal and federal agency staffs are being treated as second-class citizens. It is not enough that they can vote, express their views and give contributions to political parties. "Voluntary political participation is one of the basic rights of American citizens."

Their challengers don't think it's the federal workers who want to be rid of the act. When a civil servant says, "I'm Hatched," he is not complaining. He is protecting himself from political arm-twisting, announcing, "You can't force me to do what is illegal." (Sen. Abraham Ribicoff's Governmental Affairs Committee has been getting a flow of personal notes from people with government jobs who don't want the change.)

It is the unions that will profit, gaining clout if H.R. 10 passes. Today, the president of an association tells his congressman he speaks for so and so many potential voters. Next November, he may be able to summon an instant campaign committee, persuading federal personnel to wave placards, address envelopes or drive the faithful to the polls, and somewhere in the United States swaying the outcome of an election.

The Republican minority on the House committee that processed the bill was deeply concerned over union power. One of them, Edward J. Derwinski (R.-Ill.), has charged that union leaders want enough influence to force the government to let its employees strike—giving unions enough muscle "to bring the government to its knees." It's not the unions, however, but future administrations that will have the greatest opportunities to be abusive.

Even with the Hatch Act, division chiefs in the General Services Administration six years ago collected ticket money for a gala "Salute to the President" dinner. They claimed that GSA placed a great deal of emphasis on "organizational responsiveness"; and they never checked to learn that the affair was partisan. In other words, they did what was expected of them.

We are heading into these problems because the sponsors of H.R. 10 have treated the Hatch Act as if it were merely an overreaction to problems with the New Deal's Works Progress Administration, an unnecessary, unprecedented and novel device. That impression is misleading. Americans have gone through a long, harrowing saga to get the Hatch Act.

THE SPOILS SYSTEM

It started in 1791. Worried that government workers would be used as political tools, a group led by Georgia's Rep. James Jackson tried unsuccessfully to limit the political activities of inspectors to casting their own ballots. But, in spite of subsequent warnings by President Jefferson, by 1830 public servants were picked or fired on the basis of party loyalty. And all resolutions designed to keep federal employees from using threats, money or official abuse to affect elections were voted down.

By 1876, the milking of federal workers for campaign funds was so shocking that Congress prohibited all except the highest-ranking appointees from "giving or receiving from any other employee of the government any money . . . for political purposes . . ." That did not save a number of them from getting a letter a few years later requesting 1 per cent of their salaries with the explanation that ". . . there will be no objections in official quarters to such voluntary contributions. . . ."

President Garfield had to be gunned down in a railroad station by a disappointed office-seeker before the spoils system was partially replaced with a merit system. (In the course of getting the bill passed, Congress discovered that in one section of the Treasury 500 of the 900 employees were completely useless except at election time.)

The Pendleton Act restated the prohibitions passed in 1876 and outlawed collecting political contributions in government buildings. By 1907, it was being evaded. President Theodore Roosevelt—a knowledgeable former civil service commissioner—issued a directive: Persons in the classified civil service could vote and express their views, but should take no active part in political management or political campaigns.

GOP CHARGES

It was all inadequate. In the 1930s, all the old abuses appeared in a new situation. The federal government had created projects designed to hire the unemployed but not under civil service. By 1938, there were legions of people relying on the WPA for their existence. Charges appeared that they were being shamelessly coerced to support Democratic candidates.

Bills had been introduced in previous Congresses to stop federal officeholders from misusing their positions for partisan ends, but mostly the suggestion came from statesmen on the minority side of the aisle. They did not get very far.

1938 was a congressional election year. Any attempt by the Republicans to do anything about the allegations against Democrats could have been countered as a partisan attack. Instead, the attack came from a Democrat, Carl A. Hatch—a gentle, mild-mannered New Mexican and the center of an influential group in the Senate. That summer, Hatch presented an amendment to be added to the appropriation for relief works. In brief, no person receiving pay from these funds was to use his authority to interfere with a political convention, a primary or an election.

Senate Majority Leader Alben Barkley of Kentucky objected: "The fact that a humble man or woman happens to be employed by the government . . . is not a sufficient reason for . . . denying to any such person the same right that anybody else in the United States enjoys . . .," he told Hatch.

When at last they voted, the measure was defeated, 37 to 40.

The Senate then increased the funds made available to Sen. Morris Sheppard's Committee on Privileges and Elections, which would be investigating the unsavory tales.

On July 16, 1938, the committee sent its investigators to Kentucky. It was true that Barkley's opposition in the primary took contributions from state employees. It was also true that, in parts of the state, Barkley's supporters conducted a systematic canvass of all WPA workers.

Project workers were asked by foremen to sign a statement that they would support Barkley's candidacy. Barkley buttons were handed out. Men known to hold views contrary to the candidates were, in a number of instances, discharged. Always the reason given was non-political. Always political motives were denied.

When Barkley was questioned, he emphatically denied knowledge of any improper practices. "In every speech I made," he said, "I declared, insisted and urged that every federal, state and local employee possessed, and should exercise, the right to vote as they pleased."

The investigators noted these remarks and conceded that it had found nothing to show that Barkley had any knowledge of any of these activities. Officeholders in Washington often claimed to be, and often were, ignorant of the activities of their supporters back home, as the committee knew.

OBJECTIONS IN THE HOUSE

Autumn found the investigators checking out complaints in Pennsylvania. There, on more than one occasion, the supervisor of a women's sewing project circulated among the timid seamstresses, offering to sell them $1

and $1.50 tickets to a political rally or clambake. The foreman of a crew of unskilled laborers on a highway project did the same to his crew.

With all this in the record, Hatch renewed his crusade in 1939 and won the help of a singularly valuable gladiator—Vice President John Nance Garner. Together, they lined up support for legislation that would keep government employees from using their authority for the purpose of affecting elections.

The measure passed the Senate and went to the House Judiciary Committee where, according to Hatch, "unfair, unjust and unreasonable criticisms were made." Representatives were afraid the bill might apply to their own campaign speeches and dinners, "a most ridiculous interpretation."

Hoping to save his bill, Hatch went to the committee and agreed to language changes. After the meeting, the act read: "No officer or employee in the executive branch of the federal government, or any agency or department thereof, shall take any active part in political management or in political campaigns." The President, his Vice President, his cabinet, his staff and his appointees on the policy-making level were exempt.

In other words, Hatch wanted Theodore Roosevelt's directive turned into law and extended to cover federal workers who were not part of the classified or merit system. (It has been estimated that at that time only 32 per cent of the government force were classified.)

Hatch faced other complications. The Democratic Party would soon have to decide whether to offer Franklin Delano Roosevelt a third term. Political analysts expected that the President's cause would suffer if federal employees were barred by the Hatch Act from being delegates to the convention.

Toward the end of July, the measure came back from the House. Hatch strolled into the Senate and asked that it be put to a vote. The Vice President agreed and announced hurriedly that, if no one objected, it would be so ordered. Then they heard Sherman Minton's sharp, "Wait a minute."

The Indiana senator looked over the House changes to see if the bill should be sent to conference.

This time Hatch, who was usually calm and affable, exploded.

"There is nothing to confer about," he insisted. "A vote to send it back to conference . . . is a vote to send the bill to the graveyard . . . Let there be no pious declaration of being for the noble objectives of the bill, but . . ."

Instead of being antagonized, Minton understood Hatch's concern for his bill. Gently chiding that he had no dagger up his sleeve, he capitulated, letting the measure come to a vote.

It passed the Senate. Then the President made everyone wonder whether he would sign it. Roosevelt told reporters at his press conference that it was too vague and hard to interpret. He wanted to study it and get some advice on it. According to journalist Marquis Childs, Hatch began preparing a speech to deliver if the President vetoed the bill.

Hatch never had to read his veto speech. Roosevelt signed the act into law.

But even then, the Hatch Act was not safely on the books. It was twice challenged before the Supreme Court. The fight was not over until the justices ruled that "Congress has the power to regulate within reasonable limits the political conduct of federal employees in order to promote efficiency and integrity in the public service." By then, a century and a half had gone by since congressmen first tried to prevent federal officers from interfering with elections.

Since 1791, there have been repeated frustrating struggles to protect both the integrity of elections and the rights of government workers. Nobody could have dreamed that, after all that, the issue would come up again—that it was still debatable.

The need for the Hatch Act is even greater now than when Hatch proposed it. The size of the civil service has more than tripled. Roughly 1 out of every 75 Americans works for the executive branch of the U.S. government. Every time we face a major national problem—war, depression or catastrophe—we add to the federal staff. If anyone ever succeeds in molding these millions of men and women into a well-disciplined political machine, no challenger will ever again be able to beat it.

The subcommittee under Rep. William Clay (D-Mo.) that processed H.R. 10 believes that it is so skillfully written that it will protect the public, the employee and the merit system. While the bill states that federal employees are encouraged to be politically active, exceptions are made. Foreign intelligence agents, men and women who enforce the laws and those awarding government contracts, subsidies or licenses will remain Hatched. No one will be able to staff a political committee with Internal Revenue agents or with mortgage credit inspectors from HUD.

NO WAY TO DRAW LINE

Someone asked Hatch, when his bill was being written, whether there weren't some government workers who couldn't coerce anyone and shouldn't be restricted. He answered that there is no way to draw a line. Almost every agency affects the lives of multitudes.

He would not have been impressed with the few hard-to-enforce rules in H.R. 10 stating that neither coercion nor abuse of authority (both almost impossible to prove) are not to be used for election purposes. Such rules are no substitute for a healthy nonpartisan spirit in a government office.

Another provision lets government employees run for public office if they take leaves of absence from their jobs. As one young attorney explained it, "If I take leave, run for the city council and am defeated, I can come back. By then, I have found out that only one of the three men in the office who lives in my district campaigned for me. If there is a chance to recommend him for promotion over the others, and I feel obligated to him because he helped me, you've stepped back into the patronage system."

The argument gets more heated when lobbyists examine the protection that workers are supposed to enjoy from being pressured by their superiors.

True, no one may campaign while on duty or in uniform or in a government building and no supervisor may solicit contributions from a subordinate or use his authority to help a political cause.

What the authors of the bill fail to consider is that coercion may be subtle. You do not have to go after a worker with a club or threaten to have him transferred. All a boss has to do is be visibly more cordial to those who showed up at a fund-raising dinner or rally and the maverick gets the idea. Life in the office will be more pleasant if one fits in with the crowd politically. If "great" assignments seem to go to the political conformist and "lousy" ones to the apathetic, that does it. More and more staff members show their eagerness to perform chores for the party after hours. They can no longer get out of it by saying. "I'm Hatched."

Obviously, a balance has to be struck between the needs of the workers voluntarily to exercise the rights of citizens and the needs of the government to preserve its integrity. The Hatch Act strikes that balance. Judging from the 150-year struggle required to get it, if we ever lose it, we won't get it back. We had better hold on to it.

SOCIAL SECURITY EARNINGS TEST

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. LAGOMARSINO. Mr. Speaker, I had the privilege of testifying before the House Ways and Means Committee Subcommittee on Social Security concerning needed changes in that system. The testimony follows:

TESTIMONY OF HON. ROBERT LAGOMARSINO

Mr. Chairman, members of the committee. I appreciate the opportunity to appear before you today with regard to suggestions for improving the social security system. After reviewing my case files and canvassing my district offices, I have concluded there are a number of specific changes which should be made to make our social security system more responsive, efficient, and effective. Most of these have to do with remembering that the system is intended to be a service to the people, not a hindrance, and that we are dealing with human beings, not with objects or numbers. Because I am aware of the limitations on the committee's time, I will not go into those suggestions at this time, but I would like to submit them for the record for the committee's consideration during the course of your work.

At the same time, I would like to take a minute or two to comment on a proposal which you have had before you for some time, and which I believe would provide a substantial benefit to both the national economy and to the millions of citizens now drawing social security benefits—that is repeal of the earnings test.

The earnings test has become for many a symbol of the arbitrary, condescending and unsympathetic way we treat many of our citizens. It has been said that the true test of a society is the consideration it gives to its senior citizens. On that score, we have a ways to go.

The earnings test is not only unfair, it is, in my view, counterproductive. It is unfair because it arbitrarily selects a figure—at the current time less than the official poverty level for a couple, above which a 50% tax is applied on earnings. That's right, 50 percent. Even our highest corporate tax is only 48%.

This fifty percent tax is in addition to federal and state income taxes already deducted from those earnings. The penalty is also arbitrary since it applies only to earned income. So the social security recipient who has been unable for one reason or another to put some money into stocks, bonds or other investments, is penalized. Finally, the test is inhumane because it does not relate to need. The young widow with several children is penalized along with the retired man or woman. Could anyone realistically believe it's possible to raise a family under these limitations?

But there is an economic argument as well as a humanitarian one for repealing the earnings limitation. The earnings test deprives our economy of the skills and productive capacity of the millions of older citizens who want to work, who are capable of working, and who are not now working for no other reason than to avoid having their social security checks reduced. Not only do we lose their skills and output, we also lose the taxes which they would be paying on those earnings.

All this because of an arbitrary rule which relies on age and income as a determinant of a person's capabilities. Mr. Chairman, the American Medical Association has confirmed that forced retirement is a significant cause of emotional and physical debilitation among senior citizens.

I urge you to adopt a humane, realistic, and economically sound approach to this issue and approve the earnings limitation repeal contained in my bill, H.R. 2457. Thank you. (Detailed testimony attached.)

SUPPLEMENTAL SECURITY INCOME

The original concept of the SSI program was to provide a standard basic monthly income payment to persons meeting simple eligibility requirements, such as age, income, disability, etc. Under these provisions, the SSI program responded quickly to those in need with only limited administrative demands and minimal costs imposed on the Social Security Administration.

Since its original inception, however, Congress, through legislation, and the Social Security Administration, through administrative regulation, have added a host of provisions and exceptions to this basic criteria for determining entitlement and establishing monthly benefits. We have become engaged in an on-going effort to address each of the variable conditions by which SSI recipients live. As a result, the administrative burden imposed on the Social Security Administration has increased substantially, requiring more and more personnel and higher and higher administrative costs in carrying out the SSI program.

I firmly believe we must return to the original concept of providing a standard benefit to persons found eligible through the application of simple basic criteria. The result will be a needed simplification and stabilization of the program.

Because of the many complicated and ever-changing exceptions and provisions for living arrangements, such as cooking facilities, housing conditions, and so forth, we now have an SSI payments policy system that is so complex that two well trained claims representatives can come up with differing payment levels in the same case. As a result, decisions of the local social security office are readily reversed on appeal. The result is greater inequity. Those persons who appeal SSI entitlement decisions are frequently rewarded while those who fail to appeal must be satisfied with the lesser award determined by the local claims representative.

The complicating exceptions and provisions, which are constantly being amended and altered by administrative and legislative action, have resulted in a general lack of clear-cut instruction for the administration of the program. The operation of Title XVI (SSI) is a significant contrast to the relatively smooth and predictable operation of Title II (regular social security retirement).

Because of the many provisions now operative in the SSI program, instead of receiving a standard basic grant, as originally conceived, recipients today are receiving from $100.00 per month to a maximum of $316.00 per month.

Because of these ever-changing provisions, local social security offices are constantly put in a position of having to go back over recipients' accounts and make modifications to comply with new rules and regulations.

I recommend the following changes be made:

1. REDETERMINATION OF BENEFITS

Arbitrary redetermination of benefits is now supposed to be conducted once per year by local Social Security Administration field office personnel. This requirement is designed to protect against fraud by recipients of the program. To meet this requirement, local SSA offices have whole units of personnel devoting their full attention to redeterminations and overpayments.

The SSI system could enjoy just as much protection by requiring only one-half of the total accounts in each office be redetermined annually on a staggered basis. Most recipients accounts are re-examined anyway when they change address.

2. OVERPAYMENTS

Income computation should be performed on a monthly rather than quarterly basis. This would preclude overpayment charges that are built into the system as a result of issuance of retroactive benefits due to the individual.

Under present regulations, an individual who receives a retroactive payment due him for several months can be charged with an overpayment for that quarter, disallowing future benefits. This is true even though the income that was charged as an overpayment represented past SSI or Social Security retirement benefits for which he was entitled.

The Social Security office in Santa Barbara, California reports over 600 overpayment cases in a single quarter. This places additional demands and expenses on an already over-burdened system. By revising Section 1611, to allow for income computation on a monthly rather than quarterly basis, these problems can be avoided.

3. MARITAL DISCRIMINATION

Each claimant for SSI benefits should be treated individually without reference to their marital status. The old adage that "two can live as cheaply as one" simply is not true, particularly in this age of housing shortages and inflated food and medical expenses.

Under the present SSI program, married couples receive a substantially lower benefit than two individuals who are not married. The result is that those who are legally married are penalized. This system forces people to get divorced just to qualify for SSI benefits.

By treating each claimant individually without reference to marital status, the administrative burden on SSA to constantly adjust accounts—when a spouse goes to work, when one dies, when they get divorced, when they get married—would be substantially lessened. In the end, we would be reducing administrative costs and eliminating an inequitable situation.

4. HOUSING PROVISIONS

I cite the recent case of a constituent who had her SSI benefits substantially reduced because she was fortunate enough to obtain private housing through a friend who owned an uninhabited dwelling and was willing to let her live in it at a minimal rental fee per month. SSI regulations, however, require that the actual fair market rental value of the residence so used to compute her SSI benefits. As a result, her SSI benefits was substantially reduced to the point she could no longer afford to live in this private dwelling. She was forced to move out of this private residence, placed in federally subsidized public housing (at substantial cost to the taxpayers) and receive the full entitlement of SSI benefits.

Under these regulations, we have discouraged individuals from seeking out private housing arrangements that cost the taxpayer nothing, and forced the individual to require more public assistance. Such regulations are counter-productive and should be changed.

5. SUGGESTIONS FOR CHANGES IN LOCAL SOCIAL SECURITY OFFICES

Congress should not think that clients in the programs it brings under federal administration are, by virtue of the transfer, better served. There may, indeed, be a psychological improvement in receiving payments from a federal agency like the Social Security Administraiton but the eligibility requirements were in no way simplified nor is the administration so dramatically improved that problems do not occur. Recipients in these programs may get paid, but much of the work that was done day-to-day and person-to-person by local agencies for their ages, disabled or poor clients is simply not being performed by these federal programs.

If Congress' sole concern is that payments are made and from a federal source, Social Security Administration offices are meeting that task. However, unless eligibility rules and computation methods are simplified and stabilized, and system limitations in the computer payment programs are removed, Congress must expect continuing criticism of program performance. Federal administration of the SSI program is not designed for 100% accurate fully documented accountability, nor are the local offices of the Social Security Administration staffed to achieve that result.

SUGGESTIONS FOR CHANGES IN LOCAL SOCIAL SECURITY OFFICES

In Ventura County, two social security offices with a total permanent staff of 75 serve a population of 300,000 (Thousand Oaks and Simi residents are served by the office in Canoga Park), including 43,783 persons receiving social security checks and 8,521 supplemental security recipients. By contrast, Ventura County's Public Social Service Agency, according to their Proposal to Reorganize dated January 7, 1976, budgeted for 206 positions in its Income Maintenance Division, which administers the Aid to Families with Dependent Childrens program, the Medical and Food stamp programs serving a clientele of about 14,000. To remedy this inequality, we should:

a. Create or redesign more meaningful SSA positions and position descriptions which cover actual requirements. Right now we are continually moving personnel in and out of specialized jobs because they must do the full range of their jobs. This causes constant disruption of the work process.

b. Reduce volume and frequency of instructional changes sent to field offices.

c. Strive for fewer employee irritants such as continued overtime.

d. Abandon the "open bull pen" type of SSA Field office and give Claims Representatives and Supervisors some semblance of privacy in which to ask clients to bare the secrets of their lives—such as prior marriages, illegitimate children, etc. and for supervisors to counsel their employees in privacy.

6. OTHER DEFICIENCIES THAT ARE A DISSERVICE TO THE PUBLIC WE SERVE ARE:

a. A complex disability claims process that works against prompt and equitable decisions in disability claims both under social security and SSI programs.

b. A computer system for SSI that still, 3½ years after initiation, cannot continue payments automatically to a surviving spouse when a death occurs in a family.

c. An inhumane regulation requiring that the market value of a cemetery plot be considered among an SSI claimant's "resources" in a determining eligibility for benefits. Why should such a plot, clearly held for an inevitable need, bar a person's access to money for current living expenses?

By making these relatively simple changes in the law and the way it is administered, I believe we can make the system more responsive, more efficient, and more effective in serving both the taxpayers' interests and those of the client. Thank you.

TRIBUTE TO JOHN BUCKNER

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CLAY. Mr. Speaker, as Representative of the First Congressional District of Missouri, I would like to pay tribute to a great American, an outstanding

educator, a respected community worker, and a recently deceased constituent.

I insert in the CONGRESSIONAL RECORD the following tribute from three St. Louis newspapers to this great man, who shall always be remembered in the St. Louis community:

[From the St. Louis Argus]

JOHN BUCKNER SUCCUMBS, SERVICES JULY 31

Memorial Services for John Davis Buckner will be Sunday, July 31, at 3:00 p.m. at Central Baptist Church, Ewing and Washington. The Rev. Dr. T. E. Huntley is pastor.

In lieu of flowers, contributions may be mailed to the John Davis Buckner Memorial Scholarship Fund, Sumner High School, 4248 West Cottage Ave., in care of Virgil King, principal.

Mr. Buckner died Sunday, July 17, at Homer G. Phillips Hospital after a brief illness. He was 54 years old.

Mr. Buckner was a curriculum specialist with the St. Louis Public Schools. He had recently returned from Buenos Aires, Argentina, where he was a delegate to the Seventh World Council of the YMCA. He was a devoted member of the Central Baptist Church.

Besides being active in the YMCA, Mr. Buckner was affiliated with many civic and professional organizations. He was an active member of the Alpha Phi Alpha fraternity, the Boy Scouts of America, The Athletic Club, The Ferrier Harris Home for the Aged and the Annie Malone Children's Home, among a long list of other volunteer service organizations.

For eight of the last ten years, he served as Toastmaster for the St. Louis Argus Distinguished Public Service Awards Banquets.

Mr. Buckner was the only son of Ms. Julia Davis, noted historian, for whom The Julia Davis Library is named.

[From the St. Louis Post-Dispatch, July 21, 1977]

JOHN D. BUCKNER MEMORIAL SERVICE

A memorial service for John D. Buckner, a curriculum supervisor for the St. Louis public schools, will be held at 3 p.m., July 31 at Central Baptist Church, 2843 Washington Boulevard.

Mr. Buckner, 55 years old, died Sunday at Homer G. Phillips Hospital after a brief illness. He had just returned the week before from the Seventh World Young Men's Christian Association Conference in Buenos Aires, Argentina.

Before being appointed curriculum supervisor, Mr. Buckner was principal of Sumner High School from which he graduated in 1939.

He was a member of many educational organizations including the National Education Association and the National Council of Teachers of Mathematics. He was a former officer of the St. Louis branch of the National Association for the Advancement of Colored People and was a past president of the Annie Malone Children's Home and the Ferrier Harris Home for the Aged.

Mr. Buckner was active also in public school athletics and had been a coach. "He was the Will Rogers of the West End," said Bob Broeg, Post-Dispatch sports editor, in describing Mr. Buckner's wit.

Mr. Buckner left a will bequeathing his body to the Washington University School of Medicine.

Surviving is his mother, Mrs. Julia Davis of St. Louis.

[From the St. Louis Sentinel, July 21, 1977]

JOHN D. BUCKNER, OUTSTANDING EDUCATION AND COMMUNITY SERVANT DIES

John D. Buckner, an outstanding educator, community leader and servant in the St. Louis Community, died Sunday, July 17, 1977 at Homer G. Phillips Hospital.

Mr. Buckner, a product of the St. Louis Public Schools and the first Sumner High School graduate to serve as its administrator, was a mathematics teacher there for several years before his appointment as principal of the historical secondary institution. At the time of his death he was a secondary curriculum specialist for the St. Louis City Public Schools.

John, an eminent toastmaster, had recently returned from the Seventh World Young Men's Christian Association (YMCA) Council in Buenos Aires, Argentina.

He was a member of Central Baptist Church and affiliated with numerous professional organizations. He served as Alpha Phi Alpha Fraternity's life membership committee chairman and on the board of directors for the Annie Malone Children's Home, Ferrier Harris Home for the Aged, Boy Scouts of America, and the National Council of the YMCA. Mr. Buckner was well known in the Tandy Athletic Association and other local athletic groups.

He was the son of Ms. Julia Davis, an outstanding educator and historian on Black People.

Memorial service for John D. Buckner will be Sunday, July 31, 1977, at 3 p.m., Central Baptist Church, at Ewing and Washington St., Rev. T. E. Huntley, pastor. In lieu of flowers, please send contributions to the John Davis Buckner Memorial Scholarship Fund, c/o Charles Sumner High School.

[From the St. Louis Argus, July 21, 1977]

JOHN BUCKNER—A REMEMBRANCE

(By Gene Liss)

Few people, in my 17 years with the Argus, have made as indelible an impression on me as had John Buckner, who passed away this week-end.

He was an absolutely unique guy, you can look all over the horizon and can hardly even imagine anyone who could replace his unique role in the community.

He was "the toastmaster general of Saint Louis", an enormously witty guy, who could say the most irreverant things about the great, the near great and the would be great and not just get a laugh from the audience, but from the 'victim' as well.

I guess Jack Buck is the only guy in town who has that same quality and the energy and humanity to be 'available' when needed.

You could count on John, he was there. For him that was no simple task, for he was, in reality, a tremendous traveler, and as often as not would fly in to do this banquet, that affair, and, of course, his own personal favorite of them all, The Argus Awards Banquet.

John could rescue you. No doubt about that. When all would be confusion because our head tables would have so very many guests, it would be Ina Boon, and Dr. Fredda Witherspoon getting them all lined up in order and feeding that information to John. Then as they filed in and sat down at their appointed place John would "one clap" them in his own absolutely inimitable style and say something cogent or witty about each. Often it would be hilarious and the audience would simply howl. John kept a straight face at all times.

I guess T. D. McNeal was the only one he never poked fun at, whenever Mr. Buckner would have a chance to introduce Mr. McNeal, and that was often, you clearly understood that this was his favorite personality. But then the next introducee might be A. J. Cervantes, and John, no respecter of rank, would get a gentle barb in to the amusement of all, including as I have mentioned, the victim.

For his humor was gentle, it was terrifically aware of the person it talked about and even more aware of that person's divergent private self and public image. He did not, ever, come on with a Don Rickles type stunner that left you wide eyed and slack jawed. He kept you laughing.

Of course we're all aware of his serious side, his ability as an educator, and administrator, his devotion to his Fraternity and to his cherished institutions.

But when I think of John Buckner it has to be of a guy who could pull you through and make everything come out fun and right no matter how tangled it seemed to be when given to him.

To say he will be missed is just an understatement. Julia Davis, our great historian, and John's mother has the cherished memory that John Buckner is a permanent and significant part of Saint Louis history forever.

SUPPORT FOR ABOLITION OF PAROLE SYSTEM

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MAZZOLI. Mr. Speaker, I would like to take this opportunity to share with my colleagues a recent newspaper article from the July 10, 1977, edition of the New York Times which examined the current functions of the parole system in this country.

Criminal justice experts and penologists agree that the parole system in this country has failed miserably as an inducement to rehabilitate the inmates of our correctional institutions. Research studies have shown that little or no rehabilitation is taking place in these facilities and that furthermore judges and parole officials have little basis for determining when and if an inmate has been rehabilitated.

It appears that the primary function of the parole system today is to control prison populations by providing a mechanism for the early release of inmates who are housed in overcrowded institutions. The result is that long sentences which are short-circuited by early releases on parole no longer serve as a deterrent to crime. In addition, the parole system often produces unwarranted disparities between sentences of persons convicted for the same offense.

Therefore, I support the proposals to restructure or abolish the present parole system which has become antiquated and inequitable. The article reads as follows:

FINALLY, TIME RUNS OUT ON PAROLE

(By Adam Clymer)

WASHINGTON.—Any concept in criminal justice that has the opposition of Attorney General Griffin B. Bell, the American Civil Liberties Union and former Senator Roman L. Hruska, the very conservative Nebraska Republican, is obviously in some basic difficulty. So it is with parole. The only defense for it in three weeks of Senate hearings on the revision of the criminal code that ended last month came from the United States Parole Commission, presenting an argument for preserving their own jobs, and as the bill that would phase out parole is prepared for the floor in markup later this session, even that defense may be absent.

The underlying assumption of the traditional concept of parole is that convicts can be rehabilitated in prison and then safely freed subject to some continuing supervision.

In Grade-B movies, five silver-haired do-gooders would interview George Raft to see if he'd learned his lesson in the slammer and would go straight on the outside. But the basis on which Curtis C. Crawford, the commission's acting chariman, urged retention of the commission, and of parole itself, was that it helped reduce disparities between sentences. He did not mention the other basic function of parole today; prison population control, through speeding up releases.

But the myth lives on, and the argument made by Mr. Bell, Senator Edward M. Kennedy and many others is that it's a harmful one. Insisting, with much expert testimony to support them, that penology has neither discovered a way to rehabilitate criminals or to judge when they have been rehabilitated, they find indeterminate sentences (such as one-to-three years, or five-to-fifteen) pointless and confusing, both to the criminal and the public. They maintain that certainty of punishment is a deterrent to crime, and that the vagueness of an indeterminate sentence diminishes that impact. And, they say, the vagaries of parole keep prisons stirred up.

No one is really making the argument the other way. It is apparently generally agreed that parole, as Benjamin Ward, New York Correction Commissioner, put it last week, is "a noble experiment that failed." He recalled the resolution of the 1870 National Prison Congress: "With men of ability and experience at the head of our penal establishments, holding their offices during good behavior, we believe that it will be little, if at all, more difficult to judge correctly as to the oral cure of a criminal, than it is of the mental cure of a lunatic."

The rare cautionary voices today only warn that the concept of a sentence fixed by a judge, whose discretion may be sharply curtailed by guidelines measuring factors such as the details of the offense or the age and education of the offender, may be equally simplistic. They don't argue against fixed sentences but they do warn that any promise that they are going to affect crime rates significantly is naive. As Prof. James Vorenberg of the Harvard Law School said: "I don't think that wisdom comes in ten-year cycles." And in 1967 Mr. Vorenberg was executive director of a national crime commission that argued strongly for the possibilities of rehabilitation.

Another concern, cited by the former research chief for both the California and federal prison systems, John P. Conrad, is prison population management. California, one of three states to go recently to fixed sentences, had adequate statistics to fit its terms to prison facilities, he said, but other states don't.

Mr. Conrad, now a senior fellow in criminal justice at the Academy for Contemporary Problems in Columbus, Ohio, is concerned that if legislatures fix sentences, they would generally be severe and would overcrowd prisons.

But such concerns are not the major obstacle to speedy change, at least on the Federal level. The largest prison system in the country, with 29,606 inmates, is controlled by Federal legislation, and its prisoners have been sentenced under the most confused and duplicative criminal law in the nation. Sentencing reform is tied up with recodification of Federal criminal law, and has become its centerpiece, a sweetener for that politically painful subject.

This year, the bill has broad support, with Mr. Kennedy and Senator John L. McClellan, Democrat of Arkansas, strongly behind it. So far even the Civil Liberties Union's criticisms of some of its provisions have been mildly stated, a far cry from the reaction the earlier versions, commonly called S.1, got when they were proposed by Mr. McClellan and Mr. Hruska. Sentencing reform—under this bill a commission established by the Judicial Conference would fix guidelines and parole would be phased out—has strong support in the House Judiciary Committee. The committee has been reluctant to tackle the overall bill unless it gets through the Senate smoothly.

Prison administrators such as Mr. Ward argue that a system of "equal time for equal crimes" would reduce prison tensions. Mr. Bell contends that certainty of punishment would deter crime. And on all sides they agree that a change in the Federal system would encourage the states to go the same way. But there remain the doubts of students like Mr. Conrad, who worries that the three state efforts are too new to provide guidance, and Mr. Vorenberg, who fears that rehabilitation would be discarded even as a goal. He conceded that "we know very little about rehabilitation," but added: "There's a difference between very little and nothing."

GENERAL STATEMENT OF CONCERNS BY DR. CARLTON B. GOODLETT

HON. PHILLIP BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. PHILLIP BURTON. Mr. Speaker, I am placing in the RECORD at this time, a recent thought-provoking speech by Dr. Carlton B. Goodlett, president of the National Newspaper Publishers Association. In addition, Dr. Goodlett is the president and publisher of the San Francisco Sun Reporter.

The full text of Dr. Goodlett's remarks follow:

GENERAL STATEMENT OF CONCERNS

I am Carlton B. Goodlett, Ph.D., M.D., psychologist and physician, President of the Reporter Publishing Co., a stockholder, and President of the National Newspaper Publishers Association—The Black Press of America, and I take this opportunity to formally alert the stockholders that our company is guilty of a callous policy of covert discrimination in employment and in equitable advertising.

For approximately three years now, I have been attempting to have meaningful discussions around these issues with Chairman of the Board, Mr. R. E. Dewar, and Mr. Roger E. Davis, Vice President, General Counsel and Secretary; in the latter person I have never found a more glaring example of corporate arrogance and duplicity. In response to a request for informal discussions between representatives of the Black Press of America and corporate officers of S. S. Kresge Company, we came to Troy in March, 1975; this visit, and subsequent telephone calls, demonstrated that Roger E. Davis's behavior was merely a charade to quiet a burning issue which simply will not roll over and die.

FAIR EMPLOYMENT

While our Company has employed an increasing number of racial minorities in menial, low-level capacities, we fall far short of the fair employment and equal opportunity mandate which requires that women and racial minorities be distributed from the Board of Directors' chambers to the janitor's closets. The insensitivity of corporate enterprise to its responsibility to obey fair employment laws is amazing and in many instances distressing. We readily condemn the felon who violates the law; however, is a corporation which violates Fair Employment statutes less guilty, and is not the violence which the corporation inflicts upon the hopes and aspirations of non-whites as grave to society as the deeds of the felon who robs and steals? Racism is a disease which will destroy the human personality; and similarly, institutional racism will destroy a great nation. We are demanding full equity in the employment of women and racial minorities, with no differentials in salary or opportunities for upgrading because of covert forms of discrimination.

It is regrettable that S. S. Kresge is guilty of the same criticism leveled against America's fifty largest corporations, with an excess of 2,500 top executives, none of which are filled by a single Black person.

FAIR ADVERTISING

25 million Blacks, more numerous than the populations of 157 nations in the world, have perennially purchased the products of S. S. Kresge Company. The policy of general management has not been one of reciprocal response to the needs of the Black community for jobs and advertising in its community newspapers so as to reflect our Company's appreciation of its responsibilities in a free economy to observe fair and equitable employment policies, on the one hand, and fair and equitable expenditures of our advertising dollars on the other.

Operation Bootstrap, local chapters of the National Association for the Advancement of Colored People, the National Black Students Union, religious leaders of the Black community and the California Black Leadership Conference, and many national Black organizations are being compelled to marshal national black community efforts to combat obvious racial discrimination not only on the part of S. S. Kresge but also other major businesses who spend millions of dollars in the metropolitan communications media, but refuse adamantly to return to the Black community a fair portion of their advertising budgets . . . not as a promotional gimmick, but as the way to deal equitably with one of the most grievous areas of economic racism in America; namely, the advertising industry.

Black America has learned well the lesson taught by Israel's behavior at the United Nations, in combatting the designation of Zionism as a form of racism. Through economic boycott Israel literally destroyed the tourist trade of Mexico, which voted Yes on the Zionism issue; moreover, while Jamaica merely abstained from voting on the Zionism issue, the economic boycott by American Jews also destroyed Jamaica's tourist business. The rosy projections of Kresge's increasing its gross income to $16 billion in 1980 and $18 billion in 1982 are blighted by the fact that Kresge's major competitors, such as Sears, Penney's and Montgomery Ward, literally spend hundreds of thousands of dollars for advertising in the Black Press of America. Black America will not allow our friends who contribute substantially to the viability of a Black Press in the nation to see their profits diminished by an insensitive Kresge feasting on the pocketbooks of Black consumers while contributing little or nothing to the maintenance of the one solely black-owned communications medium, the Black Press. It is the right of every Black purchaser to demand that promotional monies derived from Black purchasing power be returned to the Black community so that the Black nation may maintain a Black communications medium reflecting its $70 billion 1976 purchasing power.

There are 25 cities in the nation where the Black population exceeds 100,000 persons, and 17 of these metropolitan areas have Black populations in excess of 250,000. With Blacks comprising 33.8% of the 25 largest cities and 22.7% of the 50 largest cities, respectively, and with gross corporate income before taxes ranging between 8 and 14%, what business in the nation could

withstand a concentrated national nonpatronage campaign directed against it by Black Americans, as a reciprocal action in the marketplace against those who practice economic racism against Black people in the withholding of even that portion of corporate America's advertising budget, $1.54 billion in 1976, derived from Black purchasing power? S. S. Kresge is interested in selling many products, which involves profits. Black America must have a strong press, which means advertising. Both S. S. Kresge and Black Americans are interested in a common commodity: money in the marketplace. The success or failure of both Kresge and the Black Press have a reciprocal relationship. We, Blacks, shall not permit a prosperous white corporate America to destroy our one solely-black-owned communications medium, the Black Press, while wallowing in profits derived from Black merchandising dollars of $70 billion now, and a projected $100 billion by the year 2000. What viable purpose can be rationalized to justify continued Black support of S. S. Kresge in the marketplace?

According to Dr. Andrew Brimmer of the Federal Reserve Board, Black Americans earned $77.1 billion and spent $70 billion in the marketplace in 1976. Millions of dollars find their way from Black pocketbooks into the coffers of the S. S. Kresge Company, and a portion of this Black purchasing power finds its way into our advertising and public relations budgets. The refusal of S. S. Kresge to invest even that portion of its advertising expenditures derived from Black purchasing power in the Black newspapers is a form of the most insidious corporate criminality as well as an evil act of parsimony.

The failure of S. S. Kresge to spend advertising dollars in Black newspapers is glaringly illustrated in my state, California. California's Black population is 1,730,000; there are 18 or 19 sister states in the nation with smaller populations. Kresge would not dare to deny to states smaller than the population of Black California a fair share of our local advertising budget. The purchasing power of California's Blacks certainly exceeds that of the majority of states with a smaller population. However, the Black newspapers of California are the victims of Kresge's covert institutional racism in the area of advertising. To put the question directly, fellow stockholders: "What is Kresge prepared to do in a reciprocal fashion to continue to receive that portion of a $70 billion dollar Black purchasing power which Kresge has enjoyed over the past 25 years while making little or no effort to share with the Black community that portion of our advertising budget derived from Black sales?"

When the concept of "Fair Employment" and "Fair Housing" practices were first enunciated, reactionary business and racist home builders denied the existence of such valid arguments, and they took a determined position: This shall never pass! The wave of the future indicates that in a capitalist society where the marketplace provides a free play of force and counter-force, the demands of "Fair Advertising" policies represent a challenge to the fourth house of government, Big Business, which must be met in the future. Soon, the organized Black Press of America will seek a Federal Court interpretation of the EEO statutes to mean: (1) Equal Employment Opportunity, (2) Equal Investor Opportunities, and also (3) Equal Advertising Opportunities. Every business participating in a plus $75 billion annual expenditure of Federal non-defense dollars must not be allowed to practice economic racism in employment, investments and advertising!

How can the S. S. Kresge Foundation speak so proudly of the thousands of dollars which it gives for scholarships to educate young Blacks, while the S. S. Kresge Company, itself, spend nothing to achieve inter- and intra-group communication in Black America? What does it profit the nation for the Black masses to be uninformed? A people without a voice, its press, are a hapless people! Black Americans, 25 million strong, the 26th largest nation in the world, and their Black Press, will not endure any longer in silence the economic racism inflicted upon us by S. S. Kresge and other corporate institutions.

THREE RESOLUTIONS

To rectify these wrongs, three resolutions are made:

(1) That Management be instructed to issue within the next 6 months a full report to our stockholders of its distribution of employees, based upon race and sex, delineating policies of promotion in the main job categories.

(2) That stockholders be given a report on the expenditure of our advertising dollars in both the white and the Black Press.

(3) That a stockholders' Fair Employment and Fair Advertising Committee be appointed to assist management in broadening its programs of fair employment, equitable upgrading, and equitable advertising, which would allow S. S. Kresge to become an outstanding example of the proper role of corporate social responsibility in ameliorating the racial crisis and the crisis of sex discrimination, which threaten our national progress in the decade of the '70's.

REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. EARLY. Mr. Speaker, HEW Secretary Joseph Califano announced his plans for reorganizing the Office of Human Development—renamed the Office of Human Development Services—today. I would like to formally congratulate the Secretary and the Assistant Secretary, Arabella Martinez, on these most recent efforts to simplify and consolidate the bureaucratic workings of federal human development services.

The Office of Human Development Services operates programs for the aged, the handicapped, for children and youth and for Native Americans. As a member of the Labor, Health, Education, and Welfare Appropriations Subcommittee, I am especially pleased with this internal reorganization's attempts to reduce overlaps and I am very hopeful that this new structure will encourage efficient delivery of services to the Americans who depend on them. The reorganization's newly created "Administration for Handicapped Individuals," for example, will be the single focus within the Department for programs serving this important segment of the population—replacing the current organization which consists of 13 programs administered through 6 separate offices.

Similar program emphasis will be created for other parts of the population, according to the reorganization plans, by the creation of the new Administration for Children, Youth and Families; the Administration for Public Services; and the Administration for Native Americans. Programs for older Americans are to continue to be operated through the Administration on Aging.

In all, the reorganization plan will reduce from 24 to 9 the number of program and staff units which report directly to Assistant Secretary Martinez. This kind of clear identification of responsibility within the Department is a direct tie to the President's campaign promise to identify exactly where the proverbial buck stops. No longer will Americans in need of the office's services be confused by the overabundance of program directors, chiefs and administrators, or frustrated by the proliferation of offices ostensibly controlling program implementation. Now there will be nine clearly marked units through which all programs will operate.

I have long been a critic of duplicative services, overlap and waste in the Federal bureaucracy. Clearly, the redesign of the Department of Health, Education, and Welfare, in all its many facets and components, is a monumental task—but one that is long overdue to be undertaken. I applaud the Secretary and the Assistant Secretary for their work in reorganizing the Office of Human Development Services and I will look forward to witnessing its effect on the ability of the Department to serve vulnerable Americans humanely and efficiently.

POST OFFICE DEPARTMENT ESTABLISHED IN 1775

HON. HELEN S. MEYNER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mrs. MEYNER. Mr. Speaker, on this day in 1775, the Continental Congress established the Post Office Department under the guidance of Benjamin Franklin. I would like to celebrate this anniversary by reviewing the history of postal operations and by reminding my colleagues of the pressing problems plaguing the postal system. Problems that demand and deserve our close attention.

The "Journals of the Continental Congress" described the purpose of this new department as to provide "the best means of establishing posts for conveying letters and intelligence through this continent." Since that time, the scope of our Postal Service and the demands placed on it by postal patrons has increased greatly. The U.S. Postal Service is now regarded as the largest, single economic enterprise in the country. However, while it now provides an unprecedented number of services to the American public, few people believe that it still is, or has ever been, "the best means — for conveying — intelligence throughout this continent." By the end of fiscal year 1977, the Postal Service will have accumulated a deficit of $3.77 billion, while reporting a net loss of $1 billion in 1976 alone. For some time, the structure and operational methods of the postal system have generated a great deal of debate and controversy. Certainly, the severity of the situation can no longer be addressed by "stopgap" solutions and temporary morato-

riums on service reductions. Dramatic action to relieve the critical condition of the U.S. Postal Service is needed now. Without it, Mr. Speaker, I fear that we will lose the patient on the operating table.

Prior to 1970, the Post Office operated as a regular Government agency. Funds, employees and regulations were subject to Federal control. Increasing concern over postal deficits and the quality and dependability of mail services led the 90th Congress to enact the Postal Reorganization Act of 1970. This abolished the Post Office Department as a Cabinet level entity and established in its place a Government-owned independent postal corporation. The legislation was designed to free the system from direct political pressures with the hope that it would lead to eventual self-sufficiency. At the same time, the act recognized the basic economic character of the postal system.

The Postal Service began its independent operation in 1971. Unfortunately, the present outlook for self-sufficiency is not as promising as it seemed at the outset of postal reorganization. The Postal Service has incurred a deficit each year since fiscal year 1971 despite supplemental funding measures. The deterioration of service has led to widespread complaints about high postage rates and managerial unresponsiveness to public needs and wants. I do not have to remind my colleagues of the number of constituent complaints that we receive regarding the operation of the Postal Service.

Mr. Speaker, the fundamental question is "Should the Postal Service operate as a profit-making business, or as a service provided to the American people?" I have always contended that it is the latter. As a business, the Postal Service must react to market pressures. Since 1970, over 1,500 post offices have been closed because the Postal Service could not bear the economic burden of operating these unprofitable facilities. I do not believe that the closing of small, rural postal facilities is responsive to the needs of postal patrons, nor do I find it consistent with the intent of the postal system. Many of us have supported moratoriums of such closings with the hope that the Congress and the Postal Service could reach an accord on the type of service that should be provided. I can no longer condone these temporary solutions. And while the Federal Government and private enterprises are developing viable alternatives, these should not take priority over the reestablishment of a reliable, efficient, and reasonably priced postal service.

Mr. Speaker, while I am not advocating total congressional control over the activities of the Postal Service, I am arguing for a more responsive Congress and Postal Service. I believe that the Congress can achieve this goal through a careful subsidy system that does not unduly tax the American purse. The Postal Service can achieve the goal of cost-effectiveness by practicing sound business principles. Two hundred years ago, the Post Office Department began providing Americans with an efficient and inexpensive service. It is time that we had that type of service again.

REFUSAL TO BARGAIN: THE NEED FOR LABOR LAW REFORM

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mrs. SCHROEDER. Mr. Speaker, the National Labor Relations Act provides that representatives chosen by a majority of the employees at a firm shall be the exclusive representative of all employees in collective bargaining with management over the rates of pay, wages, hours of employment, and other conditions of employment. This feature of the law was designed to grant workers sufficient bargaining strength so that they could negotiate on an equal footing with corporate management. Unfortunately, this purpose has too often been circumscribed by companies who do not wish to bargain with equals, but who would rather attempt to impose their own terms, against the will of the majority of their employees.

Last year, the House Labor Subcommittee heard testimony regarding the almost impossible challenges facing workers in McComb, Magnolia, and Osyka, Miss. who were attempting to collectively bargain with Croft Metals. Inc. and various subsidiaries—such as Bancroft Manufacturing. This deplorable situation not only continues to exist but has now gone so far as to require the National Labor Relations Board to file a petition asking the court of appeals to find this company in contempt of court for failing to comply with two separate court orders.

The history of Bancroft Manufacturing is a poor reflection on the current state of our labor laws. Using nearly every trick in the book, this company has frustrated for over 6 years the will of its employees to have a union represent them.

Beginning in July 1971 even before a majority voted for a collective bargaining representative, Bancroft began exploiting its ability to delay and drag out the process. First, it attempted to coerce employees into voting against union representation, when this failed it protested the validity of the election. Rebuffed by the National Labor Relations Board—NLRB—on these grounds, it refused to bargain forcing the union to initiate more legal proceedings which were ultimately resolved in the union's favor. But, this took until May and August of 1975 for the appeals court to issue decrees ordering the company to bargain in good faith and to cease the various illegal activities which were interferring with employee rights spelled out in the National Labor Relations Act. As the court itself said this order was "4 years after a considerable majority of the employees in the company's plants voted that the union should represent them for collective bargaining purposes."

To an employer such as Croft who has deliberately set about to frustrate its employees' organizing efforts, these court orders were but another obstacle easily overcome.

The company implemented various unilateral changes in working conditions and other conditions of employment in defiance of its court ordered duty to bargain. For example, over 65 workers were laid off and others transferred without any consultation with the workers' bargaining representative. The company withheld from the union information essential to the proper conduct of negotiations.

In spite of these actions, the union pursued negotiations from September 1975 to November 1976 when discussions broke down. A strike was called in protest. The company responded by threatening various employees with dismissal if they honored the union's picket lines. Notwithstanding a company rule against distribution of any petitions in the plant, its representatives circulated one calling for the decertification of the union, claiming the union lacked majority status. These actions also violated the NLRA.

For Croft employees, it has become obvious that winning an initial election is but a pyrrhic victory. All too often, tactics such as those used by Croft Metals to prevent agreement upon an initial contract will destroy a union as efficiently as will a defeat in a representation election. By stalling the completion of a collective bargaining contract, a company can foster doubts in its employees minds as to the worth and desirability of a union. After 4 or 5 years of fruitless negotiations, it is only logical for one to ask if it is all worth it. Is the constant harassment and aggravation tolerable when the workers have nothing to show for their efforts but meaningless court victories?

Under existing law, the employees of Croft Metals had few options in the face of such adamant illegality. They could have given up, of course, or ever accepted an inadequate company offer.

The end result is that workers shoulder an inordinate burden when confronting a hostile employer who is not above violating the law rather than negotiating in good faith over a collective bargaining agreement.

Amendment of the National Labor Relations Act to provide compensation to employees for the delay stemming from surface bargaining would be a start in remedying situations such as this. Additional changes in the law to streamline procedures would also aid employees of firms that are determined to resist employee organization with every available legal trick. For these reasons, I support H.R. 8410, a measure to reform our national labor laws.

H.R. 8357, EDUCATIONAL ASSISTANCE FOR CHILDREN OF THE DISABLED

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MOAKLEY. Mr. Speaker, on July 15, I introduced a bill to help children of disabled parents by increasing the length of time these children are eligible

for educational assistance through social security.

Currently, children of totally disabled persons receive educational assistance until 22 years of age. This is not long enough—particularly for these children.

The reasons are clear cut. In order for a child to graduate by the time he is 22, he must go to school continually. If he takes any time off, he risks permanent interruption of his educational career due to discontinued assistance.

Yet, a late birthday or serious illness or injury may force a child to miss a year or more of school. The child of a disabled parent may also have to leave school temporarily to take care of his parent or to help his family financially. To require this child to go to school or to lose his aid in the middle of his last few years is to force this child to choose between his education and his family's needs.

My bill, H.R. 8357, proposes to lengthen the timespan in which dependents of the disabled may receive educational assistance from age 22 to 26. The age of 26 was chosen for two reasons. First of all, children of disabled veterans may receive educational assistance through veterans compensatory programs until age 26. Commonsense tells us that there is no difference between dependents of disabled veterans and of disabled civilians with respect to their educational needs. Standardization of eligibility ages would remove a needless distinction in our payment schemes. It would simplify even while equalizing.

A second reason to change this age from 22 to 26 is to correct the unfair rigidity of the present system of assistance as it applies to dependents of the disabled. By extending the age, we permit children of the disabled to miss a year or two of school to take care of their parent(s), to earn some money for their families and schooling, or merely to think more carefully about the future they want to pursue before selecting a school.

I advocate this change not only for humanitarian and practical reasons, but also because it is a change we can effect without much penalty. The disabled and their dependents receive less than 13 percent of the total social security payrolls, or about $807 million out of $6.478 billion each month. Out of this $807 million, the disabled are entitled to $669 million while their dependents receive $139 million each month.

The amount allotted to dependents of the disabled makes up approximately 2 percent of the entire monthly social security payroll. Even this figure combines payments to both wives and children. The specific dependents whose assistance would be increased under this bill are few in number—about 4 million children under 18 and 900,000 children between 18 and 21. Moreover, this percentage of children of the disabled is decreasing each year as the children of the World War II baby boom advance past school age.

In short, we are talking about less than 2 percent of social security payments and a group of individuals that is not likely to increase. At the same time, however, we are talking about a group which needs the chance for education as much as any other group of children in America.

If our purpose is to help the disabled to educate their children, we must not impose rigid timetables on their dependents. We need to give them some leeway by extending the time span in which the disabled's children may receive educational assistance. I urge you, therefore, to vote for H.R. 8357, which would permit educational assistance to the child of a totally disabled social security recipient until that dependent reaches the age of 26.

SOVIET CIVIL DEFENSE

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. BEARD of Tennessee. Mr. Speaker, on July 1 Columnists Evans and Novak wrote of the impact of Soviet civil defense measures upon the United States-Soviet strategic balance, citing a study that raises new doubts about the viability of any U.S. defense posture which does not account for the efforts the Soviets have made to survive nuclear war.

My good friend, the distinguished senior Senator from Tennessee, Senator HOWARD BAKER, has long had an interest in Soviet civil defense, and has sought to bring to the attention of this Congress—and past sessions of Congress—information which bears on this crucial issue. On July 1, Mr. BAKER inserted the Evans and Novak column in the RECORD, as part of a continuing effort to make known Soviet preparations to insulate their population and industry from the consequences of a nuclear war.

A critique of the Evans and Novak column was recently undertaken by Peter J. Ognibene. That critique contained a number of serious inaccuracies that I believe are worth pointing out, so that the flow of facts on Soviet civil defense, so ably initiated by Senator BAKER are not distorted by emotional rhetoric lacking in substance.

The critique creates the incorrect impression that the Soviets would be unable to carry out their plans for civil defense evacuation in anything but picnic-quality weather. Granted that we should not assume that the Russians are "10 feet tall," it is nonetheless imprudent to ignore capabilities that have been demonstrated historically by the Russian people. For example, under extremely severe winter conditions in 1941, with the added turmoil of a Nazi invasion, the Russians evacuated not only their people but over a thousand industrial complexes. In the face of the accomplishments it is even more illogical to assert that "fall rains" would prevent the Soviets from evacuating their urban centers. Moreover, it does not logically follow that evacuating urban residents to surrounding collective farms would disrupt planting and harvest operations, since the Soviet Government has in the past had to move city dwellers to the farms to alleviate seasonal labor shortages.

The final word on the subject of Soviet winter evacuation, however, may already have been spoken by Stanford Research Institute. A recent SRI study came to the conclusion that the Soviets could successfully evacuate their urban centers on all but a few days each year—the exact figure is classified, but is so low that it essentially demolishes editorial writer Ognibene's argument on the subject. This SRI study also noted that in some respects evacuation is facilitated by winter conditions. Evacuees can walk across frozen rivers more quickly than they can cross the bridges that would create "choke points" in warmer weather.

It is also incorrect to claim that Soviet transportation is inadequate to support their evacuation plans. While it is true that the Soviet Union "does not have a single all-weather road linking the easternmost and westernmost regions," such a road is irrelevant to a basic plan of moving urban residents to the collective farms surrounding each city. Even more disturbing is the reference to the vulnerability of the generating stations for the electrified portions of the railway system, the implication here being that the United States would be so foolish as to preemptively attack the Soviet Union.

Furthermore, it is at best misleading to state that the Soviet manuals are not very good—basing this claim on a minor notation by Oak Ridge National Laboratories specialists concerning the inadequacy of Soviet shelter air supplies, while ignoring their accompanying statement that as far as the manuals' preparation goes "their practicality and completeness is impressive" and "no comparable handbook has been published by our own government" (Civil Defense, Moscow, 1969, p. i). One must also note that the study report referred to in the Evans-Novak column accounted fully for all known deficiencies of the Soviet program, such as inadequate air supplies in shelters. The results of this study confirmed that even with several shortcomings, the Soviet civil defense program makes sense: it can reduce civilian casualties to levels far lower than the Soviet losses in World War II, a war that any Russian will tell you that they won.

It is wishful thinking to infer that there is no evidence of Soviet civil defense preparations. Mssrs. Evans and Novak provided no evidence for the simple reason that intelligence collection within the Soviet Union is not their profession. Those whose business it is, however, have assembled evidence much more than ample to persuade a prudent person, including the Joint Chiefs of Staff and the Joint Strategic Target Planning Staff at the Strategic Air Command, that the Soviets do in fact have a massive, long-term program for civil defense preparations. Furthermore, extensive evidence collected by Dr. Leon Goure of the University of Miami is available to the public in book form.

In my opinion it is especially inappropriate to mount ad hominem attacks against those investigating Soviet civil defenses and their impact on the secu-

rity of the United States. While the conclusions of such research may not be what some wish to hear, our civilization is thought to have progressed beyond the practice of beheading the bearers of bad news. Instead we should evaluate carefully and objectively, accepting realities rather than imposing preconceived notions.

If, as appears to be the case, national survival from nuclear war is possible, we should fully examine those ways by which the United States can protect its people. It is clear that U.S. citizens should not be less protected from possible nuclear war than are their Soviet counterparts. Indeed, contrary to highly fashionable arguments running the other direction, that ability may turn out to be an asset of central importance in the future to the United States and to those allies dependent on its power.

Mr. Speaker, I include for the RECORD at this point both the Evans and Novak column and Senator BAKER's remarks, and the Ognibene critique:

SOVIET CIVIL DEFENSE

Mr. BAKER. Mr. President, the Evans and Novak column of July 1, entitled "Soviet Civil Defense," directly addresses one of the most critical issues confronting the United States in the SALT negotiations and in Soviet-American relations generally.

I addressed the Senate on May 17 on the matter of Soviet civil defense. At that time I described the efforts the Soviets were making to provide survivability for large numbers of their people. I expressed my opinion that the Soviet Union could be highly successful in this effort because of their long-standing policy of dispersing military and civilian targets, their recent massive expenditures on civil defense, and the inherent advantages of their geographic size.

In my opinion Soviet civil defense efforts challenge the very basis for SALT—that neither country seeks nor can achieve a "war winning" advantage through the development and deployment of nuclear weapons and that it is, therefore, in the interests of both sides to limit and to stabilize the nuclear weapons race.

We need more information on Soviet civil defense. Consequently I welcome the fact that the CIA will soon complete a study of this matter; that the Senate Armed Services Committee has tentatively scheduled hearings; that the Foreign Relations Committee, of which I am a member, has a deep and abiding interest, particularly in regard to its responsibilities to advise and consent on SALT; and that there are significant and thoughtful studies and discussions taking place outside the government on Soviet civil defense.

I strongly urge my colleagues to give this matter their closest attention, and I ask unanimous consent that the Evans and Novak column of July 1 be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

SOVIET CIVIL DEFENSE

(By Rowland Evans and Robert Novak)

A chilling study of the potential impact of Soviet civil-defense measures on the U.S. Soviet strategic nuclear balance raises fresh doubts about U.S. reliance on a strategy that assumes each side is capable of virtually destroying the other—a strategy called "mutual assured destruction."

The study was privately done by a team of experts under the direction of T. K. Jones, one of the foremost American students in strategic nuclear analysis, for non-government defense and nuclear students. These include Paul H. Nitze, former Deputy Secretary of Defense, and other acknowledged experts long worried about imperfections in the strategy of mutual assured destruction and in the concept of overkill, both of which are paraded by doves in the arms-control community who want to slow U.S. strategic growth.

The Jones study first measures potential fatalities in the Soviet Union under an arbitrary scenario; following a Soviet first-strike nuclear attack against U.S. strategic launchers (a counter-force strike), the United States retaliates with an all-out nuclear strike *specifically designed as a population-killer*, using every strategic weapon that survived the initial strike.

The study (which Pentagon experts have not yet been able serious to flaw) assumes that full use is made of Soviet civil-defense planning. Thus, there is an exodus of population from Moscow and other cities with 24 hours of walking and maximum use of what the study calls "expedient shelters"—that is, simple but adequate cover for two weeks' protection from nuclear fallout.

Soviet civil defense, which has budget priority equal to the military and which is under the command of a high soviet general, has distributed millions of designs for quick construction of just such crude—but effective—shelters. Indeed, school children are regularly taught that art. Highly publicized exit routes for various neighborhoods when evacuation is ordered are also a routine part of Soviet civil defense.

The study claims that under "a full evacuation in accordance with Soviet civil-defense principles" the number of fatalities from the American retaliatory attack would be as low as 4 million—even lower, if the 24-hour walking time for evacuation were lengthened.

But the United States today has no plan whatever for "expedient shelters." Indeed, civil defense has been lost under the liturgy of mutual assured destruction, the concept of deterrence and the mythology of overkill" (superfluous nuclear power).

In the reverse case—an American first strike against Soviet launchers, and Soviet retaliation designed to kill only people—the study predicts 72 million dead in the United States. What is worse—if anything could be—is that even if the American people had access to "expedient shelters," the study predicts there would still be 20 million dead.

These catastrophic results both assume that 90 per cent of the urban population has 24 hours to get out of town, that the evacuees take maximum advantage of residential housing for fallout protection and that the 10 percent left in the cities make "optimum use" of designated fallout shelters (such as subways)—in tragic short supply here.

One reason for these ghoulishly high estimates is the size of Soviet nuclear weapons, with their much higher yields in both explosive force and radiation than U.S. long-range missiles. Thus, effective shelter from the deadly blast of a Soviet nuclear warhead in this country requires far more structural strength.

The arithmetic is startling. A shelter that would protect a Soviet citizen one mile from the point of impact of an average-size American warhead (probably a Poseidon submarine-launched weapon in the case of a retaliatory strike) would give protection only at three miles from the point of impact of an average (one-megaton) Soviet warhead.

Without question, studies such as this suffer from arbitrary assumptions. The authors concede that their scenarios are "overstated" and certainly "not likely." Yet to begin to perceive dangers from the highly organized Soviet civil-defense program, and the absence of any of the United States, a start must be made somewhere.

The study correctly suggests this conclusion: "If this highly exaggerated model . . . cannot produce casualty levels far greater than those of past wars, then the 'population hostage' concept of mutual deterrence loses much of its credibility." The Soviet Union suffered 20 million fatalities in World War II, five times more than it suffered in the theoretical American nuclear strike aimed solely at Soviet people.

[From the Washington Post, July 6, 1977]

WALK AND DIG—THAT'S SOVIET CIVIL DEFENSE

(By Peter J. Ognibene)

First there was the bomber gap. Then came the missile and anti-missile gaps. Now, according to Evans and Novak (July 1), the United States is on the short end of the shovel gap.

They do not put it quite that way, of course. Their stated concern is that Soviet civil defense might drastically reduce the effectiveness of American nuclear weapons and, thus, unbalance the balance of terror.

Yet, they provide no evidence that the Soviet Union is dispersing its population, building industries and, most important, developing an orderly system of post-war logistics for its 260 million people. The best they can do is point to a Soviet civil-defense manual, and not a very good one at that.

Take the simple but vital matter of air space in underground shelters. American scientists at the Oak Ridge National Laboratory have evaluated the two most recent Soviet manuals. They report that "the requirements [space and seating arrangements, water supply, heating, ventilation, sanitary facilities, etc.] for the bomb shelters constructed during peacetime for workers and employees of industrial enterprises . . . have not changed from those in the old manual, even to the minimum requirements for air supply. This leads one to suspect that the Soviet Union has not conducted mass shelter living experiments or even simulated ones as has been done in the U.S." The scientists call this error concerning air supply "the most serious flaw in the whole Soviet civil-defense planning."

Evans and Novak give no indication that they are aware of this or any other flaw in what they call "the highly organized Soviet civil-defense program." Their column seems to be based entirely on a report by T. K. Jones of the Boeing Corporation (a corporate affiliation they fail to note).

Jones has been a one-man road show on the subject of civil defense and has won for himself a considerable audience on Capitol Hill and elsewhere. His message is simple and direct: "Soviet civil-defense preparations substantially undermine the deterrence concept that has been the cornerstone of U.S. national security."

To enliven his presentation, Jones has assembled a slide show to accompany his talk. He begins with a photograph of Hiroshima. "Such images," he says, "reinforced by images of the mushroom cloud and the fear of unseen radiation can indeed create the belief that nothing could survive such a mechanism of destruction."

He then compares the view of Hiroshima to an equally bleak photograph of Tokyo after it had been subjected to a saturation attack by "fire bombs, a type of destruction that mankind has survived many times and in many places." (He neglects to point out that casualties from those attacks often ranged above 90 per cent.)

His apparent purpose in making the comparison is to dispel some of the horror surrounding nuclear war by showing that "some things did survive" atomic attack and that "with proper preparations it is possible for a nation to survive." He finds it heartening, in other words, that nuclear war may be not much different from a fire storm.

Central to Jones's thinking about "damage limitation" is a rather obvious proposition:

If somebody's shooting nuclear weapons, get out of the way. But his argument that the Soviet Union has a workable system for getting everybody out of the way is not at all convincing.

Take the matter of transportation. The Soviet Union does not have a single all-weather road linking its easternmost and westernmost regions. It has relatively few buses and private automobiles. The electric railways, on which it is heavily dependent, are powered by large (and vulnerable) generating stations.

Would these deficiencies impede Soviet evacuation? Not according to Jones. "To counter this argument," he says, "a case has been examined which is of such simplicity that it must be judged credible. The population would be instructed to walk for one day, for as far as they could, and then dig the most rudimentary shelters in the Soviet manual."

"Is that a day in the Russian winter?" asked a congressional staffer at the presentation I attended. After a lengthy pause, Jones allowed that it was not. If it were, Russian shovels would not be breaking ground; the exact opposite would occur. An evacuation in the spring or early summer would disrupt the planting season in that food-short nation; then, there are the fall rains and harvest to consider. In short, the Soviet evacuation scheme that Jones contends is of "such simplicity that it must be judged credible" would be incredible in all but a few weeks of the year.

Walk and dig. There, in a nutshell, is the Soviet civil-defense plan that alarms Messrs. Jones, Evans and Novak. And so the shovel gap joins its predecessors in the illustrious history of the nuclear age.

HEALTH CARE TO RURAL AMERICA

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. ROGERS. Mr. Speaker, today I am introducing legislation which addresses the particular problems of providing primary health care services to medicare and medicaid beneficiaries in rural America.

On Monday, July 25, the Ways and Means Committee ordered reported H.R. 8422, a bill to reimburse on a reasonable cost basis under medicare rural health clinics which utilize nurse practitioners and PA's. Because that bill was also referred to the Subcommittee on Health and the Environment of the Interstate and Foreign Commerce Committee, I am using it as a vehicle to introduce a proposal to expand this reimbursement to rural health clinics to medicaid as well.

Several characteristics of communities in rural America create difficulties for the delivery of primary care services. Those communities are usually small, sparsely populated, and relatively isolated geographically from major metropolitan areas. In recent years many of these communities have lost their physicians, who are their only providers of health services. In other communities and small towns and cities there simply are not enough physicians or other health providers to provide adequate access to all citizens of that area. The Department of Health, Education, and Welfare estimates that approximately 31.6 million Americans live in small towns and rural areas which are designated as "medically underserved."

The citizens and health providers from these rural areas have not been passive, however. They are to be commended for aggressively and imaginatively addressing their paucity of health services. Of the 3,400 rural medically underserved areas, over 500 are now served by health clinics. These clinics are now staffed by nurse practitioners and physician assistants who work with physicians either directly or by consultation and written medical protocol.

The same characteristics which prompted the development of these clinics, though, now mitigates against their ability to become financially self-sufficient. Our present fee-for-service system, which reimburses for physician's services only, does not provide adequate reimbursement for the services rendered by these clinics, nor does it reimburse for the services of the nurse practitioner or physician assistant. As a result, many medicare and medicaid beneficiaries do not have financial access to the health clinic services which are available to them and the health clinics are not able to become self-sufficient. The bill, H.R. 8422, reported by the Ways and Means Committee, provides for medicare reimbursement for beneficiaries who use rural health clinics. The bill I introduce today provides for medicaid reimbursement for beneficiaries who use rural health clinics.

The goal of medicare and medicaid is to make quality health services available to our elderly and our poor citizens. I question whether our reimbursement system adequately addresses the particular problems of providing health care in rural America. This bill, and H.R. 8422, introduce important proposals which seek to correct this problem. I hope that all Members will give these bills their full attention and consideration.

I am including in the record my amendment to H.R. 8422 regarding medicaid reimbursement:

AMENDMENT TO H.R. 8422 RE MEDICAID REIMBURSEMENT OF RURAL CLINICS

SEC. 2. (a) Paragraph (2) of section 1905 (a) of the Social Security Act is amended to read as follows:

"(2)(A) outpatient hospital services and (B) consistent with State law permitting such services, rural health clinic services (as defined in subsection (l)) and any other outpatient services which are offered by a rural health clinic (as defined in subsection (l)) and which are otherwise included in the plan;".

(b) Section 1905 of such Act is amended by adding after subsection (k) the following new subsection:

"(l) The terms 'rural health clinic services' and 'rural health clinic' have the meanings given such terms in section 1861(aa) except that clause (ii) of section 1861(aa)(2) shall not apply to such terms.".

(c) Section 1902(a) of such Act is amended—

(1) by striking out the semicolon at the end of paragraph (13) and inserting in lieu thereof ", and", and by adding at the end of such paragraph the following new subparagraph:

"(F) for payment of the reasonable cost of rural health clinic services provided under the plan, which shall not exceed the amount which is determined under section 1833(a)(3) as the reasonable cost of such services for purposes of title XVIII;"; and

(2) by inserting "or by reason of the fact that the plan only provides for rural health clinic services only in rural areas" before the semicolon at the end of paragraph (23).

(d) Section 1910 of such Act is amended—

(1) by amending the heading to read as follows: "Certification and Approval of Skilled Nursing Facilities and of Rural Health Clinics";

(2) by striking out "(a)" and inserting in lieu thereof "(a)(1)";

(3) by striking out "(b)" and inserting in lieu thereof "(2)"; and

(4) by adding at the end thereof the following new subsection:

"(b)(1) Whenever the Secretary certifies a facility in a State to be qualified as a rural health clinic under title XVIII, such facility shall be deemed to meet the standards for certification as a rural health clinic for purposes of providing rural health clinic services under this title.

"(2) The Secretary shall notify the State agency administering the medical assistance plan of his approval or disapproval of any facility which has applied for certification by him as a qualified rural health clinic.".

(e) Section 1866(c)(2) of such Act is amended by striking out "section 1910" and inserting in lieu thereof "section 1910(a)".

(f) The amendments made by this section shall apply to medical assistance provided, under a State plan approved under title XIX of the Social Security Act, on and after the first day of the calendar quarter that begins more than six months after the date of enactment of this Act.

DOLLARS ALONE ARE NOT THE ANSWER

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. WHITEHURST. Mr. Speaker, Gen. Bruce Cooper Clarke, USA, retired, recently commented on the need for a more effective Army, Navy, and Air Force for the United States, and I believe that his views deserve our careful attention.

General Clarke had an outstanding record in Europe in World War II, and subsequently served as commanding general of the 2nd Constabulary Brigade and the 1st Armored Division. He was commanding general of the 1st Corps in the Korean war and the 7th Army in Germany and later served as commander in chief of the United States Army in Europe. It is clear, therefore, that he is in a position to speak with considerable expertise and authority.

The Mexico, Mo., Ledger of July 19, 1977, contained an editorial outlining General Clarke's views, and I am pleased to share this article with my colleagues. Let me add that I share General Clarke's concern and fully agree with his comments:

DOLLARS ALONE ARE NOT THE SOLUTION

How can we have a more effective Army, Navy and Air Force?

Dollars are needed, but dollars alone are not the solution.

This is the opinion of Gen. Bruce Clarke, one of our nation's great commanders, now retired.

Here is his fuller comment:

"Our country spends more than one hundred billions of dollars a year to provide the cornerstone of defense of the Free World. The measure of the effectiveness of this National Defense Program is the effectiveness of our Armed Forces to deter our potential enemies from starting military aggression.

"What constitutes the effectiveness of the Armed Forces our country produces? I believe there are three factors:

"First: Their strength, arms, equipment, supplies and transportation.

"Second: Their morale, esprit, training, leadership, information, motivation, command, and confidence in their missions, and in the support of their people back home.

"Third: The ability of their Government to employ them wisely and effectively.

"The Second and Third factors are far more important than the First."

Gen. Clarke is right, of course. History proves it. Take Vietnam, we had the best supplied and equipped armed forces in the world there. But we lost the war because our "government did not employ them wisely and effectively" . . . and, they did not have "the support of their people back home."

Let's hope we never lose a more important war for the same reasons.

Meanwhile, we join Gen. Clarke and many other Americans encouraging the Pentagon and our War Colleges to do a comprehensive and balanced study on what we are getting for our defense expenditures.

Gen. Clarke has said, "If the Commander in Chief—President Carter—on down to our tank commanders in Europe would do their part well, we could have 25 percent more readiness without an increase in the Department of Defense budget. And a better Army, Navy and Air Force in the process".

In short, dollars are needed, but dollars alone are not the solution.

TERRORISM IN THE CAPITAL AREA

HON. NEWTON I. STEERS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. STEERS. Mr. Speaker, yesterday, a bomb exploded in the house of a family of my constituents, causing major damage to the house, killing the family pet, and, miraculously, not injuring any of the family of Morris Amitay. I would like to express my profound relief that none of the Amitay family was physically injured.

This incident, indeed a most violent, criminal act, is worthy of my colleagues' attention and concern because it involves an individual who is a part of our political system, a registered lobbyist. Incidents of terrorism and violence directed toward those involved in the decisionmaking of a country have become common—despite being deplorable—in some areas of the world. But they are particularly dangerous in a democracy. For that reason, I would also like to express my desire to see the culprits apprehended, and the true instigators of this heinous incident punished.

In the United States, we, as legislators and keepers of the Constitution, must strive to see that every individual in America has the opportunity to pursue his political beliefs without the threat or fear of violent, terrorist reprisal.

THE CARTER ADMINISTRATION AND OPEN GOVERNMENT—PART II

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. SYMMS. Mr. Speaker, last Friday, July 22, I brought to the attention of my colleagues the fact that the Carter administration was suppressing scientific and technical publications of ERDA which showed breeder reactors and nuclear fuel recycling to be favorable.

Now, it has come to my attention that the Carter administration may be involved in an effort to suppress and discredit an objective scholarly study by the Library of Congress that concludes that the Soviet Union is surpassing the United States in military strength.

Mr. Speaker, I am appalled at what appears to be censorship and even disciplinary action being taken against a highly qualified research specialist at the Library of Congress for producing a report that does not support the political policies of the Carter administration and the Democratic leadership in Congress. After all, just what is the Congressional Research Service supposed to do? We in Congress vote appropriations of the taxpayers dollars to support what is supposed to be an objective research arm for the Congress. Are we now going to politicize the Congressional Research Service? As I said last week, Mr. Speaker, censorship and manipulation of scientific inquiry to fit certain political policies is most unusual in the United States; rather, it smacks of the kind of activity one might expect from a totalitarian regime.

The noted Washington Post columnists Evans and Novak reported on the suppression of the defense report in their July 21, 1977, column. I would like to include it in my remarks at this time:

SUPPRESSING A GLOOMY REPORT ON DEFENSE

A defense expert's report to Congress on relative U.S. and Soviet military strengths, contradicting the Carter administration's rosy view, has resulted in suppression of the report and threats that the expert may lose his job.

An alarming picture was painted by John M. Collins, a Library of Congress researcher, in his report prepared for the Senate Armed Services Committee last March: relative U.S. declines, both qualitative and quantitative; rising vulnerability in Western Europe; possible erosion of the nuclear deterrent. Collins is suffering Cassandra's fate. The committee's staff rejected the report, and Collins faces disciplinary action.

It is alleged this was prompted by the Carter administration, but that has not been proved and is denied. Nevertheless, it fits a Carter administration tendency, previously reported by us, to smother material that would argue for higher defense spending. With a hold on Pentagon spending essential for President Carter's balanced budget, the tendency is likely to continue.

The Collins report was requested in July 1976 by Frank Sullivan, staff director of the Senate Armed Services Committee. He asked the Congressional Research Service (an arm of the Library of Congress) for an unclassified comparison of U. S. and Soviet military strength. What Sullivan wanted was a nuts-and-bolts catalogue to check Defense Department figures.

What Sullivan got was more than he asked or bargained for. Collins, with defense experience totaling 35 years, devoted full time to the project. He conferred with Sullivan in October and periodically gave him progress reports. Working 100-hour weeks at the end, he finished a draft Feb. 16. After review by the Defense Department, the Joint Chiefs of Staff and the services, Collins presented a final draft, ready for publication, to Sullivan March 9. At that point, Sullivan had uttered not a word of criticism.

"Quantitative changes in the U. S. and Soviet armed forces since 1970 favor the Soviet Union with scattered exceptions," Collins concluded. "U.S. qualitative leads, less pronounced than in the past, cannot completely compensate." The result "impinges increasingly on American abilities to deter attacks against the United States, defend this country if deterrence fails and safeguard associates whose security is closely linked with our own."

Collins also reported that 'NATO is quantitatively outclassed by the Warsaw Pact in almost every category and is losing its qualitative edge in several respects that count." Other samples from the 218-page report:

"U.S. bombers and ICBM's are more vulnerable than ever before. . . . Soviet counterparts are comparatively secure because of our second-strike strategy."

"American forces, people and production base are naked to nuclear attack. The 'vulnerability gap' grows, because Soviet leaders stress defense, while U.S. leaders do not. End results eventually could erode our deterrent."

While claiming U.S. advantages in leadership, aircraft, submarines and other areas, Collins did not soft-pedal weaknesses. On antisubmarine warfare, for example: "Breakthroughs in the detection field are still in the blueprint stage, but beyond that, the size of America's specialized force is simply insufficient."

Suddenly, Sullivan told Collins the report did not meet requirements and would not be published. Collins asked that portions be published separately; Sullivan refused. Trying to salvage something of his report (cost: about $50,000), Collins persisted.

That brought in Gilbert Gude, the former Maryland congressman who now heads the Congressional Research Service. Writing Collins in June, Gude denied him a civil-service step increase, contended the report is "not of an acceptable level of competence" and warned of disciplinary action if he violated the confidentiality of the client's request.

Our checks with Pentagon officials and other defense experts who have read the Collins report, while evoking some criticism of his writing and organization, produced general praise of his professional competence. Indeed, Senate committee staffers did not echo Gude's charge of incompetence but complained of "unsubstantiated assertions" and claimed they had only asked Collins for a "bean count" of weapons.

Why then was this not told Collins much earlier? Suspicion arises that the substance, not merely the form, of Collins' report was offensive. Some defense sources claim the National Security Council, then drafting PRM-10's cheery view of U.S.-Soviet strength, intervened to kill the Collins report. The committee's staff denies it, and there is no evidence to contradict them.

Still, suppressing the Collins report is of a piece with eliminating the President's Foreign Intelligence Advisory Board, downgrading Air Force intelligence and pooh-poohing the Team B dissenting view on Russian strength. This is no season for Cassandras.

In conclusion, Mr. Speaker, I would like to ask this question: If congressional research such as the Collins report are going to be suppressed and discredited for political reasons, how then are we ever going to know the truth or

be able to make the kind of decisions required Members of Congress?

If the Evans and Novak column is correct, even in part, it would indicate that the Carter administration and their policy supporters in Congress are aware of the fact that their national defense policies cannot be supported by factual data. There is no other reason why they would be so fearful of another expert viewpoint being made public. Frankly, Mr. Speaker, I am shocked that all of this—both the Library of Congress defense report and the ERDA atomic energy publications—can be happening under the administration of a man who campaigned for President under the theme of "trust me—I will never lie to you." What has happened to Jimmy Carter's "open government"?

DIXY LEE RAY TELLS IT LIKE IT IS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. TEAGUE. Mr. Speaker, Gov. Dixy Lee Ray of Washington was Chairman of the Atomic Energy Commission from August 1972 to January of 1975.

In a recent address before the American Nuclear Society—ANS—she assessed the administration's new energy proposal and found it deficient, particularly its nuclear provisions. Her remarks were summarized in the July issue of Nuclear News, a regular publication of the American Nuclear Society.

I wish to share Governor Ray's thoughts with my colleagues as we prepare to make a decision on the Clinch River breeder reactor in the coming weeks:

WASHINGTON.—Gov. Dixy Lee Ray, speaking at the ANS Annual Meeting last month in New York, thoroughly picked apart the energy program of President Carter, especially its nuclear provisions. She said the energy policy is fully supportable in its emphasis on conservation, but that it has little, if anything, to say about supply. Based on a 2 percent annual growth of energy, as projected in the program, she pointed out that this would raise the use of energy in the United States from the present 74 quads to 120 quads by the year 2000. Then in a carefully developed argument she showed that the nation could expect by 2000 the following amounts of energy from various sources: 20 q, petroleum; 20 q, natural gas; 32 q, coal ("if everything goes well"); 4 q, hydroelectric; "maybe" 5 q, solar; and "maybe" 6 q, geothermal, wind, ocean thermal, biomass, etc. Taken together, these come to 87 q, leaving another 33 q to bring the total up to the needed 120 q. Governor Ray said the only other option that could supply these 33 q is nuclear, but she cautioned, "If we are going to go from 2 quads of nuclear energy today to the 33 we need by the year 2000, it means that from the year 1995 on, every new nuclear plant in this country must be a breeder. And that is assuming that we dig out of the ground, in this nation, the 3.7 million tons of uranium which is the most optimistic estimate of what we might have in the way of uranium ore reserves." She added that if this uranium estimate is too optimistic, and if we can get only 1.8 million tons, "then every single nuclear plant in this country after the year 1985 must be a breeder."

She called the President's nuclear policy well-intentioned, but not practical and said that it would lead to "nuclear isolationism." She went on to say that it was misleading at best to lead the public to believe that the control of the growth or export or use of commercial nuclear power plants would in itself prevent proliferation. "Deny ourselves the advantages of reprocessing, of using mixed-oxide fuels, and of developing our breeder technology will not . . . reduce the likelihood and the possibility of proliferation and the development of nuclear weapons materials anywhere."

She also argued that the United States could not afford to forgo the economic benefits of pursuing nuclear technology. She said, "It is essential, not only for our nation, but for the world as a whole, for the United States to reconsider its position on nuclear energy. We need the reprocessed fuel, and we need to utilize the breeder technology. We should ask our President to listen to the voices of reason and common sense, and to look, in a practical way, at what energy really means to the economy of our nation." With a strong finish, she added "Indeed, if we don't come to our senses about energy, its importance, and the necessity for developing our supply—if we don't come to our senses, we will bring this nation to its knees."

FAMILY

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. McKAY. Mr. Speaker, in growing numbers, more and more concerned Americans, including many professionals, are echoing warnings of the deterioration of the family structure.

Accompanying this gradual breakdown of the family is a new wave of social ills—most notably a recent increase in youth crime.

The July 11 edition of Time magazine presents some surprising and disturbing statistics on youth crime. For example, more than half of all serious crimes—that is murder, rape, robbery, et cetera—are committed by youths aged 10 to 17. In San Francisco, kids of 17 and under are arrested for 57 percent of all felons against people, 66 percent of all crimes against property. Last year in Chicago one-third of all murders were committed by people aged 20 or under.

Contrary to a widely held belief, this rash of youth crime cannot be necessarily blamed on poverty—the great majority of poor youth do not commit crimes. The persistent offenders may come from a ghetto, but they often have more money than the people they rob. I submit that family life and background must be a key factor.

"Most important is the breakdown in the family," said the Time article. A judge in Dade County, Fla., Seymour Gelber, who hears 1,000 delinquency cases a year remarked:

The old saws about the family are true; we look for quick solutions, but family stability is the long term answer.

Gelber noted that blacks commit 75 percent of violent crimes in Dade County, though they constitute only 15 percent of the population. But Cubans make up a third of the county's population and account for only 12 percent of the violent crime. The judge believes the strong Cuban family structure explains this difference.

Juan Clark, sociologist at Miami Dade Community College, also agrees, pointing out that:

Like the Chinese, the Cubans have close-knit families with more supervision. There are more three generation families, and customarily middle- and upper-middle-class women do not work.

It saddens me to hear of the growing number of runaway children, abused children, and family breakups. Perhaps the crux of the problem was capsulized by the comment of a detective in the article when he said, "The parents don't seem to care * * * they turn to the police and say, 'here's my problem. Take care of it.' But they must start caring for their children in infancy."

One theologian has observed, "No other success can compensate for failure in the home." Surely, we, as all Americans, need to redirect our attention back to the home, back to the family. We need to organize family activities. And we need to open up the lines of communication within the home to foster an environment of greater understanding and love. For it is in the family where we acquire the values that shape our public and private lives. Perhaps now more than ever we must come to grips with the problem, sense the urgency of the dangers it poses, and awake to the realization that the future of this country is inseparably connected with the future of its families.

FOOD STAMP REFORM: A REGIONAL PERSPECTIVE

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. KOCH. Mr. Speaker, for the last several days the House has been considering H.R. 7171, the Agriculture Act of 1977. This legislation includes this year's amendments to the Food Stamp Act. For the benefit of our colleagues, I wanted to express my thoughts about the major provisions of this food stamp reform measure and the amendments which are likely to be considered. I offer my comments as one who has long been actively concerned with our food stamp program and also as one who has actively participated in the welfare reform debate.

The food stamp program comprises a major portion of the Federal share of our society's welfare payments. The Federal share currently of all welfare programs is approximately $13 billion and the food stamp program accounts for one-third of that amount. Therefore, developments with respect to food stamps will have a profound impact on comprehensive welfare reform.

Additionally, a program that accounts for so much Federal spending has a major impact on the money allotted to the Northeast and Midwest regions. As chairman of the Northeast-Midwest Economic

Advancement Coalition Task Force on Welfare Reform, I have worked the past several months to bring to the attention of my Northeastern and Midwestern colleagues those food stamp issues which will have the greatest impact upon our regions and my statement on the major food stamp issues will in part be affected by my concern for regional equity.

The committee bill represents significant reforms of the food stamp program. Particularly beneficial is the provision that would eliminate the purchase requirement. The major value of eliminating the purchase requirement is that people who do not have the money to pay for food stamps would now have access to the program. Although increased participation would result in increased costs, eliminating the purchase requirement would remove about 40 percent of all stamps in circulation resulting in major administrative savings. More importantly, eliminating the sale of food stamps by program vendors would improve program integrity and accountability. If the purchase requirement is reinstated to the committee bill, the regions of the Northeast and Midwest stand to lose an estimated $123 million in benefits.

The other very important feature of the committee bill is that it includes a shelter deduction to take into account the higher fuel and shelter costs incurred by those who live in certain parts of the country. That provision would allow for the deduction of shelter costs in excess of 50 percent of the recipients income, up to $75. This shelter deduction, which is calculated in excess of the $60 standard deduction in the committee bill, is a vast improvement over the proposed $80 standard deduction.

The standard deduction contained in the bill is to be updated semiannually relative to the consumer price index. However, the shelter deduction is currently not indexed to reflect increases in the cost of living. If the cost of fuel and shelter continue to skyrocket, the failure to index the shelter deduction will result in a loss of $60 billion to recipients in households in every region of the country over the life of the program. However, its greatest impact will be felt in those areas with relatively high fuel and shelter costs, particularly in urban areas and in the predominantly industrialized States in the Northeast and Midwest. Nationally, 13.4 percent of participating households would lose a portion of their food stamp benefits while 15.4 percent in the Northeast and Midwest would suffer a reduction of benefits if the shelter deduction is not indexed. The amendment offered by Congressmen McHugh and Jeffords, which would require an annual indexing of the $75 shelter deduction, is an important amendment because it would have the shelter deduction respond to inflationary pressures in the same way that the other variables in the committee bill already do.

Another issue related to the shelter deduction is that in the House bill the shelter deduction is only utilized in determining benefits, not eligibility. The Senate version of this legislation does include the shelter deduction in determining eligibility and I am confident that this issue will be addressed in conference. As it now stands the Senate version will target $26 million more to the Northeast and the Midwest than our own House bill and it also renders 2 percent fewer households ineligible than the House version. This disparity must be affirmatively addressed.

I also want to address two other amendments. Congressman Jeffords has introduced a recoupment amendment which would attempt to force certain food stamp recipients to repay their food stamps through the Federal tax structure. While I am not opposed to the amendment in principle, I do feel that it would cause an administrative nightmare, particularly for a State like New York which does not have all the necessary information computerized. I am told such a measure would cost the State several million dollars in administrative costs alone. Additionally, the amendment does not index either income or poverty to the cost-of-living differences between the States and regions of our country.

I am also opposed to the amendment which would place a spending ceiling of $5.6 billion on the food stamp program which has been proposed by Congressman Dawson Mathis. Under the Mathis proposal, if the program costs were to reach the expenditure ceiling, additional benefits would be refused to recipients nationwide. This would particularly aggravate a difficult situation in the Northeast and Midwest because the bill already creates disproportionate suffering to our regions' constituents. The food stamp program should be continued during this authorization period as an entitlement program and therefore the cap is inappropriate and unwarranted.

In conclusion, I am hopeful that the House will pass the committee version of the food stamp bill with the McHugh-Jeffords indexing of the shelter deduction amendment. In addition, I am also hopeful that all weakening amendments will be defeated and that when this bill reaches conference that the conferees will agree to include the shelter deduction in the determination of eligibility for the food stamp program.

ACTION OF THE CHICAGO CITY COUNCIL ON TELECOMMUNICATIONS POLICY

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. MURPHY of Illinois. Mr. Speaker, this Congress is faced with the enormous task of analyzing and updating our Nation's telecommunications policy. Since the Federal Communications Act of 1934 was passed there has been extensive growth in the telecommunications industry. This tremendous growth makes it necessary to conduct a thorough investigation before any new national policy can be adopted. High quality telecommunications services must continue to be available to the American people at the lowest rates possible.

Recently the Chicago City Council unanimously adopted a resolution regarding telecommunications policy. The resolution asks that the Congress request the Federal Communications Commission to delay implementation of its policies fostering competition until the Congress has had the opportunity to complete its investigation and develop a national policy. Council members further asked that Congress give assurance that any revisions in telecommunications policy will not have an adverse effect on telephone rates applicable to the general public, particularly to low-income people.

Mr. Speaker, I think the Chicago City Council has raised some legitimate concerns and I commend to my colleagues the council's resolution passed July 13, 1977, on this matter. The resolution follows:

City of Chicago
City Council Resolution

Whereas, competition within the telecommunications industry and its effect upon basic residential telephone rates is a matter of great concern; and

Whereas, use of customer-provided equipment and private transmission services may lower service quality and raise costs for residential customers, including persons in lower income groups and those on fixed incomes; and

Whereas, the United States Congress has begun the process of examining this nation's telecommunications policy with a view toward revising or rewriting the Communications Act of 1934 during the 95th Congress, if possible; and

Whereas, Congressman Daniel Rostenkowski introduced H.R. 564 on May 11, 1977 which expressed similar concerns about residential telephone service costs;

Now therefore, be it resolved that Congress is requested to include in its deliberations a full inquiry into the possible economic impact of any action it may contemplate, with the view of providing complete assurance that its action will not have an adverse affect on telephone rates applicable to the general public, and particularly to low income individuals, so that the public interest will be served.

Be it further resolved, that Congress request the Federal Communications Commission to delay implementation of its policies fostering competition until Congress has had the opportunity to complete its investigation and develop national policy.

Be it further resolved that copies of this resolution be forwarded to the members of the Illinois Congressional Delegation and to each member of the Federal Communications Commission.

RELIGIOUS PERSECUTION IN EL SALVADOR

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. EARLY. Mr. Speaker, I would like to call to the attention of the House an unfortunate situation in the country of El Salvador. On June 20 of this year, the White Warriors Union, a right wing terrorist group, notified 47 Jesuit priests that they had 20 days to leave the coun-

try or risk becoming the targets of its violent tactics. Since the beginning of this year, this group has claimed credit for six bombings at the Jesuit University and the death of one priest.

The Department of State has registered its concern over the safety of these men with the Government of El Salvador and requested that the Government take appropriate measures to insure their well-being.

These courageous priests became targets of this group's hostilities because of the church's decision to seek social justice for the poor. There presently exists in El Salvador a system of inequality in land ownership. The Jesuits have been active in helping the poor of El Salvador improve their wretched living conditions.

Instead of running from these lawless thugs, the Jesuits have chosen to remain with their parishioners and continue their work. I urge the administration to continue to register its concern for these men with the Government of El Salvador.

I am inserting the following article by Colman McCarthy which appeared in the Washington Post Julv 21. I urge my colleagues to read Mr. McCarthy's comments and give this matter careful consideration:

COLMAN MCCARTHY—LATIN AMERICA'S OUTSPOKEN CHURCH

Terrorists in El Salvador have said that 47 Jesuits must leave that country by today or they will be gunned down. This latest death threat is one more sign that violence has replaced law in El Salvador and that the Catholic Church is seen as subversive. Two priests have already been slain; several have been tortured. Others have been expelled. The government claims that the Jesuits are meddling in politics and riling the people.

That is the standard defense made by those Latin American governments in which thuggery is the main political force. The significance of El Salvador, though, is that the Church is not backing down. In a country of four million in which 70 per cent of the land is held by one per cent of the people, and 90 per cent of the peasants are landless, bishops and priests are refusing to be pressured into silence. They are insisting that such papal encyclicals as *Pacem in Terris* and *Populorum Progressio* are liberation documents meant to defend the weakest and poorest. Last December, El Salvador's Archbishop Chávez y Gonzáles attacked the government's fear of dissent by stating that "to proclaim the gospel's demands . . . is not communism; it is a commitment to the Christian faith. . . . What will the country's answer be to the misery of the common people, especially the *campesinos*? If we love God but our neighbor suffers, is hungry, has no work or land to cultivate, if his future is uncertain and his present also, we who think we are Christians must act."

As the confrontation unfolds in El Salvador, the Church elsewhere is offering support. The president of the National Conference of Catholic Bishops, the Most Rev. Joseph L. Bernardin, stated that "the landless peasants and the ministers of the Church" are on one side in El Salvador and "the national security forces and the landed oligarchy" on the other.

What is to be tested in this small country where over 90 per cent of the rural children are undernourished is less the future of strong-arm politics than the role of the Church as an instrument for social change throughout Latin America. Except for Costa Rica and perhaps Venezuela, citizens throughout the hemisphere are victimized by social and economic structures that a 1968 conference of bishops called "institutionalized violence." Military governments systematically torture their political opponents. Security forces hunt down and imprison "subversives." Amnesty International states that in Latin America "police brutality and harsh prison conditions have long been a traditional and largely accepted part of the social structure."

Catholicism is embedded in the history of Latin America, so much so that the current terror could not have grown over the decades without its blessing or at least its complicity. Today's turnabout is striking, because the same religion that was once used to subdue the poor is now used to rally them. The militarists and dictators running the Latin American governments have been able to suppress the labor unions, if any existed at all, and the press. But these are local institutions. The Church is international, led by a figure in Rome whose voice has been regularly raised in behalf of human rights and the fair distribution of wealth. A few priests can be murdered and some bishops sent into exile. But how can the entire organization be stamped out? And how can the *campesinos* be stopped from turning to the Church when they see it suddenly concerned with economic development rather than merely dispensing the sacraments?

Latin American governments can create martyrs, but history shows that the Church only grows stronger when its members are willing to die for it. The irony of Latin America is that, as its generals and dictators attack the Church in the name of national security and in defense against communism, they are imitating and even surpassing the brutality of Eastern European and Asian regimes that truly are Communist. From Gen. Augusto Pinochet in Chile to Gen. Alfredo Stroessner in Paraguay to Gen. Carlos Romero in El Salvador, Latin America is all but an armed camp that is fenced in by the culture of poverty. Latin American theologians, backed by the bishops and invoked by the priests and nuns who go among the poor, are telling the victims to reject fatalism. Religion has use in this life, too, is the message: to end hunger, unemployment, sickness and anything else that degrades human beings.

MORE THAN A FOOTNOTE—THE POLISH ASPECT OF ENIGMA

HON. LUCIEN N. NEDZI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. NEDZI. Mr. Speaker, the story has finally been told of Enigma, one of the greatest secrets of World War II. But not the full story.

As we know, F. W. Winterbotham, in his best-seller, "The Ultra Secret," told how the British broke the highly complex German code based on the coding machine Enigma. Now Mr. Stefan Korbonski details the origins of this great intelligence coup by spelling out the tremendous contributions made by Polish mathematicians and intelligence officers.

Mr. Korbonski, a Washingtonian very well-versed by personal experience in Polish affairs, wrote his article for the summer 1977 Eastern European Quarterly, published by the University of Colorado.

Under leave to extend my remarks, Mr. Korbonski's article follows:

THE TRUE STORY OF ENIGMA—THE GERMAN CODE MACHINE IN WORLD WAR II

(By Stefan Korbonski)

In his best seller, The Ultra Secret (Harper and Row Publishers, 1974), former British Intelligence Service officer F. W. Winterbotham reveals one of the greatest secrets of World War II: the breaking by British cryptographers of the code used for communications between Adolf Hitler and his generals. According to Winterbotham, British success in breaking the German code, which enabled the Allies to decipher German war commands, decisions and plans, was made possible only because in 1939, prior to the outbreak of the war, the Polish Intelligence Service stole the German coding machine named Enigma and made it available to the British.

When F. W. Winterbotham was informed that he failed to give the Poles full credit for their contribution towards the solution of the Enigma code, he explained in "The Ultra Secret," as follows (page 16):

Since this book was completed, Polish officers now living in Britain have stated that the Poles constructed a number of Enigma machines from information extracted from the factory in Germany coupled with the help of their own cryptographers, and that it was presumably one of these which they supplied to us. This may very well be true and certainly the Polish mathematicians and technicians displayed brilliance and great courage, but the story I had given is the one told to me at the time.

In another book on the same subject, Enigma ou la plus grande enigme de la guerre 1939–45 (Paris: PLON, 1973), a former French Intelligence Service general, Gustave Bertrand, confirms that the French had obtained a model of Enigma from the Poles just before the outbreak of war in 1939. However, Bertrand gives the Poles full credit for breaking the German code. To quote Bertrand:

Full merit and honor for the technical solution to this unbelievably difficult code, and for their knowledge and perseverance which are unequaled in any part of this globe, belongs to the Polish cryptographers.

Quite naturally disclosure of the Enigma secret in both of these books is based on British and French source material. However, "Ultra Secret and Enigma" only give a portion of the actual story. In view of the involvement of Polish Intelligence Service officers in this operation from its very beginning in 1926, all of the facts can only be ascertained from Polish Intelligence Service records, which have been brought to London after the outbreak of World War II, and from testimonies of those who actually took part in breaking the German code. The following story of Polish cryptographers is based on these sources.

* * *

After Poland regained its independence in 1918, the newly organized Polish armed forces established a radio intelligence unit with code breaking capabilities. Soon after, this unit succeeded in breaking the Soviet and German army codes. Because of the remarkable achievements of the Polish cipher experts, the head of this unit, Colonel Jan Kowalewski, was able to provide the Polish General Staff with the texts of most of the messages exchanged between the Soviet Marshal Tukhachevsky and his subordinates at the front during the Bolshevik invasion of Poland. This contributed greatly to the Polish victory over the Soviets in "the eighteenth decisive battle of the world" which took place at the gates of Warsaw in 1920. After the Polish-Bolshevik war, Colonel Kowalewski was invited by the Japanese government to modernize its codes; for his work he was honored by the emperor with an important decoration and received a golden sword. Later, by deciphering German messages the Polish experts informed their government of the secret Soviet-German mili-

tary agreement which the Germans signed in violation of the 1919 Versailles Treaty, and they also made it possible for the Polish air force to photograph secret naval manoeuvres of the combined German-Soviet fleets in 1928.

The successful code-breaking activities of the Polish intelligence organization were partly due to the fact that internationally known mathematicians, Waclaw Sierpinski, Stefan Banach, Stefan Mazurkiewicz and Zygmunt Janiszewski, the founders of the so-called Warsaw School of Mathematics, trained a long line of brilliant followers. One of these followers, professor Zdzislaw Krygowski, who was Director of the Mathematics Institute at the University of Poznan, in January 1929 received a secret message from the Polish Army General Staff Headquarters in Warsaw. This message asked the professor to seek out among students attending the Institute those who spoke German fluently and who would be interested in joining the General Staff as cryptoanalysts. Twenty students who were sufficiently trained in higher mathematics and who expressed interest were given intensive training in cryptography.

Poznan was selected as the site for this course because it was a quiet provincial town situated in what was known as the Prussian part of partitioned Poland prior to World War I where German was generally spoken. Here the people were extremely sensitive to the growing danger of Nazi aggression faced by the city of Poznan as well as by the so-called Polish western provinces. These fears were substantiated with the incorporation into the Reich during World War II of Poznan and contiguous Polish provinces as an integral part of the German Reich.

The cryptography course in Poznan ended with an examination which involved the deciphering of a German text encoded by means of a so-called "double cassette" which was regarded by the German army as being unbreakable. To facilitate their task the students were told that the message dealt with the subject of military housing. Within two hours three of the youthful participants in the course, Marian Rejewski, Jerzy Rozycki and Henryk Zygalski, succeeded in breaking the code. These three students, who in addition to exceptional mathematical skills also demonstrated that they possessed the creative imagination, perseverance, and intuition required to achieve success in breaking codes, were immediately given full time employment as cryptographers by the Polish military authorities. For security reasons they worked in the Poznan Military Headquarters building situated at St. Martin Street, just a short distance from the Mathematics Institute.

In 1932 the group was moved to the General Staff Code Bureau located in the Marshal Pilsudski Square in Warsaw. The three youthful scientists were given a great measure of independence and they were completely free to undertake any type of research and to conduct experiments in devising and breaking codes. They were not required to decipher current traffic; instead their task was to identify codes and their ever changing keys which were sometimes altered at twenty-four hour intervals, or even more often. Routine deciphering of messages in already identified codes was referred to other bureau workers, whose task was simplified by the fact that the Germans continued to use the so-called "double cassette" for enciphering messages.

The three Poznan code breakers, each of whom was a highly competent mathematician, formed a harmonious team. Most outstanding of the three was Marian Rejewski who possessed the exceptional talent of raising hypothetical questions regarding unbreakable code texts and seeking appropriate solutions. Jerzy Rozychi complemented Rejewski's skills with an imaginative and intuitive approach, while the persevering, systematic and stubborn work of Henryk Zygalski insured the successful completion of each task.

Beginning in 1926 the Polish General Staff noticed that in the flood of intercepted German messages which were encoded in the "double cassette" system, there appeared more frequently texts which could not be deciphered. Because the General Staff regular cipher experts were helpless, the newly employed trio in Poznan, who had already broken the German navy "four letter" code, were assigned the task of deciphering these messages which were shrouded in the mystery of a new code. Polish intelligence agents operating in Germany reported that the new code was based on a new cipher machine named Enigma, perfected after many years of research, and which, according to German sources, produced texts which could not be deciphered.

The Poles unexpectedly received additional details about Enigma from their French partners bound to them by a joint military treaty. During October 1932, a French intelligence officer, Major Gustave Bertrand, was approached by Hans Thilo Schmidt, the younger brother of a German Air Force general. Schmidt, who worked in the German Defense Ministry code bureau, offered to cooperate with the French Intelligence Service for appropriate compensation. He accepted a French financial arrangement and under the code name of Asche, informed his principals that beginning with 1926, the German military started gradually to introduce a coding machine into their communications system. He described the machine and provided samples of encoded and decoded messages. Even though they obtained this basic information, French experts were unable to decipher the German messages, so Bertrand sent copies to the Foreign Cipher Section of the Polish Intelligence Service in Warsaw, headed at that time by Colonel Gwido Langer and his depsucceeded not only in solving the matheuty, Major Maksymilian Ciezki.

After four and a half months of intensive effort, the three code breakers from Poznan matical problems, but also they uncovered the system of operation of the coding machine together with its variable key. On the basis of these discoveries the AVA Radio-Technical Factory in Warsaw, collaborating with the Polish Intelligence Service, constructed fifteen copies of Enigma.

This Polish-produced German coding-decoding machine which was both bulky and heavy required a substantial amount of electric current for its operation. Its parts were made up of highly sophisticated electrical and mechanical elements operating three or more revolving drums, each of which turned on its own axle. The individual drums possessed 26 electrical contacts and two attached rings; one ring had 26 cogs while the other contained 26 letters of the alphabet. Each of the two rings could be adjusted to any one of twenty-six positions in respect to its neighbour. The individual revolving drums could also be set to any one of twenty-six positions in respect to the other two or more revolving drums. Since the number of drums could be changed, the variations and combinations resulting from the use of different coding keys, electrical impulses, as well as the cogs and letters in the rings attached to the drums, produced over one hundred billion cipher combinations, thus assuring the security of the coded messages.

To the casual observer Enigma looked like an overgrown typewriter combined with a telephone exchange. The messages were encoded by typing the text on what looked like a standard keyboard; the intricate electro-mechanical devices within Enigma converted the clear language into the enciphered message. At the receiving end, after making appropriate adjustments to the drums, the same machine was used to decipher the messages to obtain the clear text, by typing the encoded message on the same keyboard.

Fearing the impending outbreak of war the Polish Intelligence Service asked its British and French counterparts to send their representatives to Warsaw. In July 1939 Major Bertrand and Captain Bracquenie arrived from Paris and Commanders Denniston and Knox came from London. The visitors were overwhelmed when Colonel Langer on behalf of the Polish service presented each of the two intelligence services with one copy of the Enigma coding-decoding machine, together with a full set of instructions giving the changeable code keys and specifying the exact adjustments which had to be made in order to read encoded German texts.

The inviolate rule of all intelligence services is to maintain for their own individual highly classified use all of their achievements in breaking the codes of foreign countries. Despite this rule, and in anticipation of the problems that Poland would face during the first phase of a German-Polish war, the Polish Intelligence Service shared its knowledge with its British and French allies in July 1939. The Poles realized that with the start of war, the radio intelligence stations located in Starogard, Poznan, and Krzeslawice, near Krakow, would come under enemy attack and consequently they would no longer be able to fulfill their function of intercepting German radio messages, and Enigma would be left with nothing to decipher. Perhaps the Polish Command even anticipated a defeat during the first phase of the war, and the complete occupation of Poland by the Nazis?

In the course of their visit in Warsaw, Colonel Langer told his British and French counterparts about the Polish improvements made in Enigma through the use of a bank of six inter-connected machines in the form of a so-called "cryptographic bomb" which speeded up the deciphering of coded messages. He also informed them about a newly invented Polish "cyclometer" which simplified setting up Enigma's code keys so that the machine could be more easily adjusted to the routine changes made by the Germans in encoding their messages. Finally, Colonel Langer told the allies about the latest German improvement to Enigma consisting of the addition of two extra revolving drums to the machine. He said that the Polish service was engaged in overcoming this difficulty. However, because of the defeat by the Germans in September 1939 and the evacuation of the Polish Intelligence Service to Rumania, it was incapable of completing this assignment.

Working assiduously, Major Bertrand succeeded in maintaining continuous radio contact with the Polish Intelligence unit after the outbreak of war on September 1st, and up to October 10th. The code breaking unit composed of 15 specialists and headed by Colonel Langer and Major Ciezki, together with two Enigma machines were eventually found by Bertrand in an internment camp at Kalimanesti in Rumania. The French made immediate arrangements to have the Polish unit, together with its three Poznan code breakers, brought to Paris, where, with the consent of the Polish Army-in-exile, they were co-opted into the French code breaking activities as "Unit Z." On January 17, 1940 they managed to solve the problem caused by the addition of two revolving drums. Major Bertrand was relieved to learn from Colonel Langer that before they departed from Warsaw, the Poles had succeeded in destroying all evidence of their work concerning Enigma. In view of the fact that the Germans had no reason to believe that the Poles knew about Enigma, they continued sending their messages with the use of this system, and the Poles continued deciphering their texts with the aid of four additional Enigmas

built in France and passing them over to their French allies.

With the defeat of France in June 1940, both Major Bertrand's section as well as "Unit Z" were evacuated to the south of France and after the declaration of an armistice, the Poles were transferred to Algiers in order to save them from falling into the hands of the Germans. The Vichy authorities soon gave Major Bertrand permission to recreate his radio intelligence unit under another name; this unit even undertook secret joint radio activities with the British cryptographers working in Bletchley Park, situated some fifty miles from London, who managed to perfect the "cryptographic bomb" by building a "superbomb." They constructed too for decoding purposes a kind of computer working with a speed of 25,000 operations per second, a great success in the 1940's.

The Polish "Unit Z" was eventually returned to France and was installed in an isolated castle, Fouzes, under the code name CADIX.

By November 1942 when the Germans liquidated the Vichy government and occupied southern France this Polish unit had decoded approximately 10,000 German messages, most of which dealt with military operations on all of the war fronts. During this period "Unit Z" suffered a great loss when one of its expert code breakers, Jerzy Rozycki, drowned together with two Enigmas during a Mediterranean crossing aboard the S.S. Lamoricier.

With the downfall of France, the British cryptographers alone had the task of deciphering German messages. They worked very efficiently up to the end of the war and achieved great successes described well in the F. W. Winterbotham book "The Ultra Secret."

The remaining members of "Unit Z" decided to flee to Spain after destroying Enigma as well as all traces of their activity at the Fouzes castle. While crossing the Pyrenees mountains in January, 1943, Colonel Longer, Major Ciezki and several other members of the unit were captured by the Germans and sent to a prison camp in the Reich. Marian Rejewski and Henryk Zygalski, the remaining members of the Poznan trio, reached England where they continued their work with the Polish radio-intelligence unit. After the war Colonel Langer and Major Ciezki also came to England where they remained until their deaths several years ago.

Because the Enigma code was broken, the Allied command was able to read during the entire World War II most of the messages exchanged between Adolf Hitler and the German High Command and commanders in the field. Every German strategic plan, movement, order and report was known to the Allied command within minutes after it was intercepted by radio-intelligence and decoded. At times, because of a better reception in France and England than, for instance, in North Africa and due to better decoding facilities at Fouzes or Bletchley Park than in the field these messages were available to allied leaders even before they were read by German commanders such as General Rommel. His report to Hitler where and when he was going to strike the British forces enabled General Montgomery to regroup his troops overnight and turn a possible defeat into victory.

Among messages decoded in 1940 were those regarding German preparations for the attack on France which, unfortunately, were completely neglected by the French High Command. The knowledge of General Brauchitsch's order to encircle the British Expeditionary Corps enabled the British to plan and execute brilliantly the evacuation of Dunkirk. The deciphered messages also revealed Nazi plans to invade England—Operation Sea Lion. During the Battle of Britain, the knowledge of detailed orders given by Goering to the Luftwaffe bomber squadrons—Operation Eagle—helped Air-Marshal Dowding to properly deploy and conserve the few precious British fighter units. Similarly, the German submarine offensive was stopped, the location of battleship Bismarck was disclosed and it was sunk, and the V–1 and V–2 production center at Peenemunde was located and destroyed by allied bombers.

Last but not least, the knowledge of German defense preparations for the anticipated allied landings on the continent prompted General Eisenhower to select for Operation Overlord the least defended beaches in Normandy and completely surprise the enemy, saving the lives of thousands of soldiers;

In the Pacific theater of war, Enigma helped to decipher Japanese messages. This enabled Admiral Nimitz to stop the Japanese southward advance in the Battle of the Coral Sea and later on to win the battle for Midway which was a turning point in the Pacific war. In 1943, an intercepted dispatch revealed precisely when Commander-in-Chief of the Japanese Navy, Admiral Yamamoto, would arrive by air to inspect an island base and American pilots shot him down.

There were also numerous messages dealing with less significant military directives, German plans and intentions. In brief, deciphering Enigma messages enabled the allied leaders to know every German action in advance, and to plan appropriate countermeasures. According to General Eisenhower's letter to General Menzies, Chief of the British Secret Service, written in July 1945, and preserved at the Eisenhower Library in Abilene, Kansas, Ultra/Enigma was a "very decisive contribution to the allied war effort." All of this was made possible because of the pioneering, extraordinary work, scientific acumen, imagination, intuition, and perseverance of three Polish mathematical geniuses. Beyond all doubt the breaking of the Enigma code was Poland's greatest contribution to the victory of the allies over Hitler's Germany.

VERNON JORDAN: "THE LORD LOVES THE TRUTH"

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CONYERS. Mr. Speaker, President Carter, in his address to the National Urban League's annual convention, stated that he welcomed Vernon Jordan's criticism but that he had "no apologies to make" for his record on blacks and the poor. The executive director of the Urban League surely did not expect apologies from the President for the major economic and social policy initiatives of his first 6 months in office. What Vernon and black leadership across the Nation did expect, however, and did not hear at all in the President's message, was an in-depth, or at least knowledgeable, understanding of the dimensions of the crisis afflicting black America.

First, public works, public service employment, countercyclical aid, and youth employment programs will not remedy more than a fraction of black structural unemployment. I can only assume that the President's policy advisers and speechwriters fed him material and data without interpretive explanations that would indicate the limitations and shortcomings of these programs with respect to black unemployment problems.

Second, whether the President realizes it or not, his overall economic program strategy—balanced budget, inflation reduction, increased private capital investment, energy conservation through a pricing strategy—already is in trouble and probably is doomed to fall far short of goals set for the next 3 years. This conclusion reflects a consensus among recent analyses prepared by the Congressional Budget Office, the General Accounting Office, the Brookings Institution, and even the administration's own Department of Commerce.

Third, if the administration's strategy for general stimulus of the national economy combined with inflation reduction does not work over the next 3 years, and the President still resists the development of a plan that attacks high structural unemployment, the catastrophic unemployment problems among blacks inevitably will intensify.

What are these dimensions of the black unemployment and subemployment problem that the President and his advisers, unfortunately, seem to be so unaware of—perhaps because they are hidden by the method that the U.S. Government uses to compile unemployment statistics?

According to official Bureau of Labor statistics:

45 percent of black teenagers are unemployed, up almost 5 percent since January 1, 1977.

However, roughly another 30 percent are unofficially unemployed for four reasons:

Have not been able to enter the labor force.

Have given up looking for work.

Involuntarily are working part-time.

Are school drop-outs still classified as students.

14 percent of all blacks are unemployed, up almost 3 percent since January 1, 1977.

However, roughly another 10 percent are unofficially unemployed.

Thus, about 75 percent of black youth and 24 percent of all blacks are unemployed and subemployed.

It is in relation to unemployment problems of this magnitude and severity that the President told Vernon Jordan and the Urban Leaguers gathered in Washington that he is doing all he can and has nothing to apologize about. President Carter went on to recite what his administration has been doing in economic stimulus and job creation programs, with the implication that these programs benefit blacks. What the President did not specify, perhaps for good reason, is the benefits that black unemployed and subemployed can expect from these programs in the short and long run. A close examination of these programs reveals that blacks have little or no reason for optimism or hope for relief of their unemployment at any time within the next few years.

Public works: At best, according to CBO and the Department of Commerce, the $4 billion for public works will produce 300,000 direct and indirect jobs, mostly for white construction workers. At best, 20 percent of the jobs or 60,000 will go to disadvantaged workers.

Countercyclical aid—$2.2 billion: According to the General Accounting Office—GAO—this money has very little

impact on local economies and job creation. The benefits for blacks will be unmeasurable because these funds flow into the general revenues of city treasuries and are used as all-purpose funds.

Public service employment—$7.9 billion: Public service employment is increased from 310,000 to 725,000 in fiscal 1978, which translates into 200,000 new jobs in 1977 and 415,000 new jobs in 1978. Roughly 80,000 and 160,000 of these new jobs in 1977 and 1978 respectively will go to minorities. These new jobs would not be sufficient to employ even those black adults who have dropped out of the labor force because they believe jobs are unavailable—that is "discouraged workers."

Youth employment—$1.5 billion: According to the House-Senate conference report, this bill would create only 450,000 job and training positions, with a peak of 1 million employed in the summer youth jobs program. However, there are about 3.5 million officially unemployed youth; plus about 300,000 youth who have dropped out of the labor force; and about 1.5 million youth working part time who want to work full time. Contradicting the President's claim, there has been only a small increase in the number of summer jobs for youth in 1977 compared to 1976. More important, employment opportunities end with the summer.

Given the nature of black unemployment and subemployment, and the extremely inadequate impact of the administration's job creation programs on black youth and adult joblessness, it should be clear to the President why Vernon Jordan, JOHN CONYERS and other member of the Congressional Black Caucus (CBC) find Mr. Carter's call for "patience" unacceptable. It should also be clear to the President why the CBC has requested, repeatedly over a period of months, to meet with him to discuss the jobs issue. Whereas President Carter claims that "it is too early to criticize the administration's economic and social policies affecting blacks," Vernon Jordan and the CBC take exactly the opposite view, namely: it is almost too late for the administration to basically reverse its economic strategy to achieve full employment and to significantly reduce inflation.

The data supporting this conclusion is everwhelming and needs to be fully understood and assessed by the Carter administration and evervone concerned with joblessness in America.

Last year, out of 21 million unemployed persons, 8.7 million were unemployed 15 weeks or longer. In addition, over 5.7 million "discouraged workers" have dropped out of the labor force—given up looking for employment. The long-term unemployed and the "discouraged workers" are disproportionately black. The numbers of long-term unemployed and "discouraged workers" are increasing in 1977, not decreasing, and now number close to 15 million.

Of the 2.6 million new members of the labor force in the past year, 1.6 million were adult women, reentering the labor force or entering for the first time. Since women's labor force participation rate is only 48.2 percent, compared to 80 percent for men, the number of women who want to and will try to enter the labor force in coming years will be tremendous. Women jobseekers will far outnumber jobs for them, forcing them to stay at home or to work part-time.

Between March 1975 and March 1976, central cities sustained a net population loss of 2 million people. In the 15 largest metropolitan areas, the central cities' share of metropolitan jobs dropped from 63 percent in 1960 to almost 45 percent in 1977. At the same time, the percentage of poor people in these cities who are black rose from 37 percent to 50 percent.

In 1977, 1 in 9 inhabitants of major cities receive some form of public assistance. Based on current trends, the figure will be 1 in 7 by 1980.

In 1981, even with an official 4.7 percent unemployment rate—the Carter goal—the "subemployment rate"—which includes persons earnings less than the minimum wage—in the 50 largest cities will be at least 30 percent.

For every unemployed person in 1981, there will be 3 persons in the 50 largest cities employed in jobs paying less than the minimum wage

In these 50 largest cities, even with a target unemployment rate of 4.7 percent, official teenage black unemployment will still exceed 40 percent.

The 200,000 public service jobs created in 1977 and the 400,000 public service jobs created in 1978 will reduce overall unemployment by a maximum of 0.5 percent, and black unemployment by 0.2 percent.

The $4 billion public works program will generate about 300,000 direct and indirect jobs, most of which will go to skilled and semi-skilled white construction workers. This program would reduce black unemployment by a maximum of 0.1 percent.

Somewhere between 500,000 and 1 million illegal aliens are expected to enter the U.S. this year. This number will be sufficient to entirely offset the job-creating impact of the Administration's stimulas package for fiscal 1978.

Reams of additional statistics and analyses are available from the Departments of Labor and Commerce which corroborate Vernon Jordan's thesis that "the list of what the administration has not done far exceeds its lists of accomplishment. The administration has formulated a new foreign policy, a new defense policy and a new energy policy. But it has not adequately addressed itself to a new domestic policy." That is the underlying message of New York's disastrous blackout—the mass joblessness of blacks is destroying the social fabric of our Nation's cities. With 75 percent of black youth and 25 percent of all blacks officially unemployed or out of the job market altogether, the hopes and aspirations of black Americans for equality of opportunity in their lifetime are being looted every day and night.

Before the Presidential election, there seemed to be reason to hope that Jimmy Carter would lead the Nation to deal with the unemployment problem. In his acceptance speech at the Democratic Convention, candidate Carter stated that "* * * any system of economics is bankrupt if it sees value or virtue in unemployment. We simply cannot check inflation by keeping people out of work." Unfortunately, instead of hearing the call for "jobs, jobs, jobs" in the first 6 months of the Carter administration, we were told that virtually everything else had to be sacrificed for new energy policies and a balanced budget.

The power failure in New York should have told President Carter that jobs, and not energy, rightly deserves his highest priority; that city rebuilding combined with job creation cannot wait until the 1980's; that balancing the budget can only be interpreted by blacks as a callous pretext for inaction.

I want to urge my fellow Americans to tell President Carter that they are waiting for his leadership on the jobs issue. We need a new national defense and national security policy: defense of our society against the devastating effects of unemployment; security against the social disease of enforced joblessness. Somehow the President has to be made to understand, acknowledge and act on the fact that an ominous national danger—depression-level black joblessness—threatens dozens of the Nation's urban centers, and grows worse every day. What happens in the White House after the lights in New York go on becomes far more consequential than what happened in the streets of Bedford-Stuyvesant and Harlem when the lights went out.

The President's reaction to Vernon Jordan's criticisms could have exhibited positive and responsive leadership qualities. Mr. Carter could have chosen the occasion of his address to the Urban League as the forum for a major policy address on the issues and problems of black unemployment and the administration's short- and long-range response, to be followed in the next days with detailed strategies and programs provided by Cabinet officials scheduled to speak to the Urban League's convention—Ray Marshall, Pat Harris and Joseph Califano. The theme of the President's address was supposed to be "National Policy and the Cities." Unfortunately he chose to ignore this theme in order to present a defense of his administration, without new substantive proposals or insight into future directions on urban or jobs issues.

Had I been asked to advise the President on the substance of his speech, I would have urged Mr. Carter to focus on two major policy initiatives: a commitment to active support for congressional enactment of the "Full Employment and Balanced Growth Act of 1977"—the Humphrey-Hawkins bill—or a variant of that legislation including provision for comprehensive, long-range Federal economic planning for full employment; and, more immediately, the following set of actions to deal with the staggering level of joblessness among black youth and adults:

1. Appointment of a Cabinet-level advisor to the President with the following responsibilities:

a. Preparation of a comprehensive national assessment of the unemployment and subemployment problems and needs of blacks and other minorities.

b. Preparation of a comprehensive assessment of the impact of all federal and federal-state programs for fiscal 1977 and fiscal 1978 on the unemployment and sub-employment

problems and needs of blacks and other minorities.

c. Preparation of a plan for the most effective utilization of all federal expenditures in all budget and program areas to maximize the creation and development of job and equal employment opportunities for blacks and other minorities.

d. Preparation of budget and program recommendations for the fiscal 1979 budget reflecting the results of a, b, and c above.

e. Preparation of recommendations for the President as to how to institutionalize the function and activities of the advisor's office within the White House and/or executive branch of government.

2. The President's advisor should be prepared to begin work on August 1 and present reports, in various stages of completion, on 1 a-d above, to the President by October 1, 1977.

3. The process of preparing the studies and recommendations outlined in 1 above should draw on the resources of all major minority and non-minority organizations concerned with the jobs and equal employment opportunity problems of blacks and other minority groups.

There is still time for President Carter to provide his black constituents with unmistakable evidence of concern for their economic and social conditions. The President was correct in asserting that these problems were inherited by the new administration and are of long standing. Very soon, however, the President will have taken full possession of this discomforting inheritance and no longer will be able to disavow full ownership. Vernon Jordan, together with the Congressional Black Caucus and other black leadership organizations and individuals across the Nation have offered to share this burden with the President, but only under conditions of mutual understanding of the real nature of the problems and mutual commitment to meaningful remedies. Hopefully the President will quickly and firmly grasp the opportunity for constructive partnership with the black community.

MICHIGAN AAA MEMBERS OPPOSE MANDATORY AIRBAGS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. SHUSTER. Mr. Speaker, the people of Michigan who belong to the AAA overwhelmingly oppose mandatory airbags—87 percent to 9 percent, according to a survey taken by AAA of Michigan.

Mr. Leonard Barnes, editor of their official publication sent me a very thoughtful fact-filled letter which I commend to my colleagues for their consideration.

The letter follows:

JULY 19, 1977.

Hon. E. G. SHUSTER,
U.S. House of Representtaives,
Washington, D.C.

DEAR CONGRESSMAN SHUSTER: I note that you have introduced legislation to overturn Transportation Secretary Brock Adams' passive restraint decision. I think some of the attached material may be of help to you in your legislative goals.

As a reporter, I have covered the auto industry for Automobile Club of Michigan's 1,250,000 members for 30 years, always with the interest of the motorist in mind. And I've covered the airbag-belt subject since it came to public view.

On both sides of the question there have been exaggerations and sometimes more heat than light. But the airbag advocates have certainly been guilty of more gross misrepresentation than the auto companies. Auto Club and AAA nationally have always said that the concept of passive restraints is great, but that airbags are unproven in real life and should not be mandated until they have been proven and their cost-benefit relationship has been established.

Almost ten years ago, Allstate Insurance Company began an advertising campaign in national magazines and many newspapers trumpeting that airbags were ready and tested and would save 25,000 lives a year. This figure they scaled down gradually. The claim that bags are tested is punctured even now by NHTSA scientists.

A film made by the Insurance Institute for Highway Safety has several persons claiming their lives were saved by airbags, but NHTSA figures show they exaggerated the speeds involved. And in the cases in the film where airbag cars hit non-bag cars head-on, those in the non-bag cars were no more seriously injured than those who said their lives were saved by bags.

The most recent demagoguery is the photo carried by many newspapers of Ralph Nader standing beside a three-year-old in an Allstate airbag demonstrator with the bag going over her head. She wore no belt, and would have been slammed into the firewall of the car. One of the four airbag deaths so far was an infant who went under the bag.

Clarence Ditlow of the Center for Auto Safety, a Nader enterprise, was in Detroit last week and addressed reporters. He said surveys show motorists want airbags, and quoted the Missouri Auto Club where 28 percent wanted them. He ignored dozens of surveys of auto clubs across the country and newspaper surveys which show motorists do not want mandatory bags by up to 92 percent, averaging well over 80 percent. In an April 1977 survey in our Motor News, given a choice of mandatory bags or mandatory belts, almost 70 percent chose belts. some choosing neither.

Airbag advocates say AAA nationally now favors mandatory bags. This is not true. AAA said Adams' decision would give motorists a choice. This is what we said also. I hope auto companies can make passive belts work. But I will continue to use my lap-shoulder belt regardless.

Nader said on WJR radio the day of Adams' decision that motorists would save 30 percent on their auto insurance with bags. This is untrue. It is 30 percent on the medical portion. Attachment B addresses this and shows that bags will not save motorists money on insurance, but will cost more. In Michigan, the estimated saving would be $13 on the medical portion, and added cost on collision portion would be an estimated $45. Although Joan Claybrook publicly disputes this, I have a copy of a claim report which shows that our Insurance Exchange paid $629 to replace an airbag recently. Our claims people estimate that bag deployments would be involved in 50 percent of our collision claims.

If a saturation campaign of positive education in the Grand Rapids, Michigan, area can in six weeks increase habitual safety belt use from 29 to 41 percent, and if a compulsory belt law could increase usage above 50 percent, ordering inferior airbags doesn't sound very intelligent unless the goal is to price cars out of the reach of the working man. Why should not the Congress order a massive positive education program on the value of belts? The only program tried before was negative and full of bloody faces.

The clincher should be that even if we do all have to buy airbags, we also will have to buy belts. When belts protect better than bags in the aggregate, it is ridiculous for you to permit bureaucrats whose salaries we pay make us buy things we don't want, and for those who wear belts, don't need. It is to be hoped that some kind of belt system will satisfy everyone but Ralph Nader.

I would not want to be responsible for a law which cut the sale of any kind or model of car by 50 percent or more just because people don't want to pay a premium for an airbag in it, or postponed plans to buy new cars until the old one fell apart. This would not add to safety either.

In 1976, a one-percent sample of Auto Club of Michigan members answered the question "Should the federal government order more safety items onto cars?" Eighty-seven percent said no, nine percent said yes. The heated comments by those who said the federal government should quit hanging things on their cars and let them worry about their own safety reflect a growing disenchantment with the Big Brother mentality of many national leaders, bureaucrats and self-appointed safety critics who do not represent motorists. That is why so many applauded the voluntary program Transportation Secretary Coleman had set up which would insure more real-life experience and educate public acceptance before any mandating of bags in all cars.

In summary, airbags are far from real-life tested, there are questions about how well they protect out-of-position persons, motorists don't want them, their promotion has been full of distortions and untruths, and they are a lot more complicated system than most realize.

Sincerely,

LEONARD R. BARNES,
Editor.

COAL WORKERS' PNEUMOCONIOSIS

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. SIMON. Mr. Speaker, a few days ago I inserted in the RECORD two major criticisms of the report on coal workers' pneumoconiosis put out by the National Academy of Sciences.

Since that report is still being used as a basis for denying the widely recognized prevalence of this disability among miners, I hope my colleagues will take the time to read the following letters, written by physicians with extensive knowledge of the subject.

I hope they will note, in particular, the statement of Dr. John Stoeckle that he finds the report "biased and inconsistent," and the conclusion of Dr. Harriet Hardy that it is a "disservice to have this document circulated in its present form."

The letter follows:

THE MASSACHUSETTS
GENERAL HOSPITAL,
Boston, Mass., April 19, 1976.

Dr. BRIAN SKINNER,
National Academy of Science,
Washington, D.C.

DEAR DR. SKINNER: Because of a long-time interest in occupational illness, I recently read a report of your committee—Supplementary Report, Coal Workers' Pneumonoconiosis—Medical Conditions, Some Social Implications. While the report is, in general, excellent about medical matters, it seems biased and inconsistent in dealing with the policy issues, the "social implications."

First, let me speak about the bias. In dealing with "policy options" the committee chose to discuss only those that pertain to the miners, and, in particular, only those having to do with disability benefits to them, speculating about the extensions of such benefits to others in hazardous jobs. The policy focus itself seems narrow; it ignores industrial policies, for example, of prevention of respiratory disease or injury regardless of etiology. Why did the committee spend a long time making distinctions between CWP and "BLD" only to address itself to compensation costs? This is a choice but I hope it was not a charge to the panel when issues of prevention still remain. One would have also hoped the panel would have rationalized its preoccupation with this topic to the exclusion of other policy issues.

When the panel does address itself to the social costs of private industrial production, namely disabled miners, it seems concerned about issues of equity in disability awards and their costs—not their benefits. In effect, miners are compensated better than other workers despite the origin of their disability. The panel views this as a lack of administrative justice, too much welfare to miners alone. Here the panel's perspective on the history and meaning of workman's compensation is missing. The history is one of unequal rewards for disability that gradually became equalized. Moreover, workman's compensation is and has been a form of welfare, but it has usually been inadequate. The BL benefits seem more adequate and may be more than conventional state compensation. The cost concern of the panel is not made clear because there is no current nor projected economic analysis. Costs are only affirmed but not demonstrated or analyzed as are the medical facts.

Second, a comment on consistency. When the panel describes three constructive alternatives on disability and employment it professes not to offer a specific administrative recommendation. It argues that the panel only focuses on the "medical anomalies" of the existing BL program, namely the awards to disabled miners with and without CWP and the consequences, e.g. the costs but not the benefits of such redistributed income. Despite this avowal the report finally does conclude that "unless the anomalies are corrected the costs could become disruptive." The panel, in effect, does conclude that anomalies per se require correction. It seems to me that the panel is recommending and is not using the case-study of coal mining illnesses to project policies of prevention within industry nor of administrative justice in managing disability and compensation. Its conclusions are inconsistent with its professed policy options. Moreover, it is distressing to find the panel arguing for economy without an economic analysis.

I would expect that a report from the National Academy would provide more analysis and clarification when addressing the policy options it chooses to discuss. This report, which I find biased and inconsistent, does not help to resolve the limited problem it chose to raise. It is precisely what the panel says it is not an "administrative recommendation."

Sincerely yours,

JOHN D. STOECKLE, M.D.,
Physician, MGH,
Associate Professor of Medicine, HMS.

LINCOLN, MASS., *May 19, 1966.*

BRIAN SKINNER, M.D.,
National Academy of Science,
Washington, D.C.

DEAR DOCTOR SKINNER: I would like to identify myself as working actively in the field of Occupational Disease from 1945 until head surgery in 1972 and a gradual return to part-time work. My professional associations have been with Massachusetts Institute of Technology, the Massachusetts General Hospital, and the Harvard Medical School. It has been my good fortune to travel and to have as one of the subjects for which I had support, both in travelling and clinical research, the problem of dust disease of both underground miners and those doing metal mining outdoors at high altitude. Thus, when a colleague of mine let me read the report "Mineral Resources in the Environment" published by the National Academy of Science, I confess I find myself unable to withhold certain strong reservations I have about this document.

My first and strongest objection is to the fact that a document written with the help of geologists and those who understand exactly what is deposited in nature should omit any in depth discussion of the quality of the coal miners' exposure. I undertook with the help of colleagues, to study coal miners from Ohio, Pennsylvania and West Virginia with seriously disabling respiratory tract disease and learned early that the coal in the United States varies widely in its silica content and is not similar to the Welsh coal with 2% or less of silica. This strikes me as a critical matter because granted one knows the duration of exposure and the actual size of the dose of inhaled coal, unless one also knows the quality of the dust the men are inhaling, there would be no possible way of making an appropriate decision on the clinical findings, the lung function studies, the X-ray and finally the post mortem findings. Surely it is well established that carbon of itself is quite harmless except when an excessive burden interferes with blood supply and with the lymphatics, and the NAS document to which I refer speaks of tissue reaction to coal. There is no tissue reaction except to the silica content, since silica is a fibrogenic agent and this difference should be a matter made very, very clear. The old term anthracosilicosis and more recent title, mixed dust pneumoconiosis are more accurate and useful than the United Kingdom coal workers' pneumoconiosis.

The second point I would like to make is that using literature from other countries is not useful in studying the problems in the United States, nor is it useful to use the literature from West Virginia in trying to understand the findings in our western states. Here again, there is a dependence on the quality and duration of the exposure. For example, in the open pit mining that I have seen in Utah, medical findings are related in large part to dilution with the atmosphere because the work is done above ground.

The same criticism can be levelled at the omission of description of various operations in coal mining with attention to changing technology and its resulting increase or decrease in hazard to the workers. It is puzzling to me that those clinicians who have been interested in this disease have found themselves so fascinated by x-ray classification and one or another fairly sophisticated practice in lung function study, that they cannot look at the sick miner as a whole. Apparently the use of the words "some social implications" is an attempt by the National Academy of Science to look into this matter but it is surely done in a curious fashion confusing economics and compensation with the character of the disease. I have long worked with and urged students to try to consider the worker-patient and all that happened to him economically, medically and emotionally; an old fashioned medical concept.

In an attempt to make these points, the studies that we did at the Massachusetts General Hospital with NIH support, we used the title "Respiratory Disease in U.S. Soft Coal Miners, Clinical and Etiological Consideration".[1] The authors of this study were another internist, a pathologist and a psychiatrist. The coal miners studied were brought to Boston through the courtesy of the physicians of the UMW Clinics in Ohio, Pennsylvania and West Virginia with advanced respiratory disability. I would like to quote from the contribution of the psychiatrist. "The low incidence of overt emotional illness in these 30 ill coal miners is striking. The tendency of this group to deny the seriousness of their physical symptoms provides a possible hindrance to the public health goal of early detection and prevention of respiratory disease, if case finding and avoidance of further exposures depends upon the initiative of the individual miner, to report early symptoms or to change his employment". This surely does not suggest that this group of workers were chiefly thinking of their symptoms in terms of compensation.

Another point I must protest is the use in legislative decisions, the criteria presented by chest x-ray classification, developed in a number of countries and brought together in the so-called "Cincinnati—UICC" form now in use together with added reliance on one or another special lung function study. Such data depend on the experience of the radiologist and physiologist and probably will change as knowledge increases. An example is provided by the statement within the document that "significant impairment in function due to pulmonary disease is most unlikely when ventilation is normal". This is not true. A good deal of first class work has been done to show that there are very important changes in gas exchange which probably are much more important in determining disability than are the ventilation dysfunction findings until these are advanced.

Finally, I would like very much to attack the concept of non occupational causes for respiratory disability in coal miners. While one would not for a minute exclude cigarette smoking as an important cause of loss of lung functions together with respiratory tract infection and the ageing process, in or out of industry, one wonders if smoking is really so important in the coal miners as some workers suggest. On account of the explosion or fire hazards from a number of sources, it is my understanding that workers do not smoke while they are working underground, which certainly cuts down the total number of cigarettes smoked in a day. In addition, as pointed out by Becklake[2] some time ago, there are chemical insults to the respiratory tract from oxides of nitrogen arising from use of explosives. Stoeckle, et al[1] described so called "cable fume" attacks suffered by underground miners when the insulation of the cable, because of friction, caused smoking and burning. Such attacks caused coughing, headache, and chest pain. These events are not recorded in medical reports on the subject and must represent part of the series of insulting factors to the bronchial tree and the oxides of nitrogen may damage the lung as a whole.

In summary then, I think it is a disservice to have this document circulated in its present form.

Yours sincerely,

HARRIET L. HARDY, M.D.,
Clinical Professor of Occupational Medicine, Emerita, Department of Preventive Medicine, Harvard Medical School.

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CONGRATULATIONS TO PUERTO RICO—25 YEARS A COMMONWEALTH

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. FARY. Mr. Speaker, yesterday was the 25th anniversary of the inauguration of the Commonwealth of Puerto Rico.

At this time I wish to pay tribute not only to the many Spanish-heritage residents of my hometown of Chicago, but also to the many Puerto Ricans living within my Fifth Congressional District. Puerto Ricans and their fellow Americans celebrate 25 years of self-government over the internal affairs of their beautiful Caribbean isle.

Our Spanish-speaking citizens in the United States proudly trace their heritage from the days of Spanish Florida and the Spanish Southwest. The Spanish heritage of our island Commonwealth of Puerto Rico is traced back to that day in 1493 when Columbus set foot on the island and claimed it for Spain. In 1508 came the first Spanish settlement with Juan Ponce de Leon serving as the first Governor of the island.

Spain settled and developed this beautiful island for almost four centuries. To this land Spain brought the richness of her language, religion, customs, literature, architecture, and her people.

Almost four centuries later, under the direction of Puerto Rican leaders, Spain granted to the island an unprecedented degree of freedom in 1897. Under the Charter of Autonomy with the Spanish Government, Puerto Ricans finally gained control over their own internal affairs. But this first democratic autonomous government only lasted a few months. On July 25, 1898, U.S. troops landed in Puerto Rico in one of the final engagements of the Spanish American War.

Under the terms of the treaty of Paris the following year, Spain ceded Puerto Rico to the United States. This treaty made the provision that the civil rights and the political status of the residents of the island are to be determined by the U.S. Congress.

After 2 years under military rule, Congress established a civilian government under the Foraker Act of 1900. Puerto Ricans were given limited control over their own affairs. The appointed Governor was to be an American. A Resident Commissioner was elected to represent the island in the U.S. House of Representatives. The role of Puerto Ricans in their own government was increased with the Jones Act of 1917 when the residents of this Caribbean island were granted American citizenship.

The movement toward increased self-determination finally resulted in the first popularly elected governor in 1948—Luis Munoz Marin. A short 2 years later, Congress permitted Puerto Ricans to draft a constitution.

Finally, 25 years ago yesterday—July 25, 1952—and exactly 54 years to the day after the American troops invaded the island—the self-governing Commonwealth of Puerto Rico was inaugurated.

The Commonwealth of Puerto Rico—a new experiment in United States territorial relations—is described as "a permanent union between the United States and Puerto Rico on the basis of common citizenship, common currency, free market, and a common loyalty to the value of democracy." The Federal Government, under this compact, retains specifically defined powers, especially in military defense and foreign affairs.

This new constitutional relationship of free association with the United States was described by the late Chief Justice Earl Warren as "perhaps the most notable of American political experiments in our lifetime." It has resulted in important social and economic progress for Puerto Rico during the past 25 years.

Puerto Rico today remains far poorer than the 50 States, but it has advanced faster than many nations. It is more developed than many of the Latin American nations. The standard of living has increased. Advances in public health has made significant inroads in infant mortality and deaths from infectious diseases or malnutrition.

Manufacturing has replaced agriculture as Puerto Rico's principal source of income. The island has grown increasingly urban. A large and suburban middle class has developed. Concrete homes replace old wooden shacks in many areas. Miles of new roads have been built. The remote areas of this beautiful island are now connected to the outside world by telephone, radio and television.

Despite the great progress that has been made over the years, many severe and chronic problems remain—poverty, unemployment and underemployment. It is for these reasons many Puerto Ricans come to the mainland seeking jobs in the major American cities.

Like other peoples who come here in search for a better life, they experienced hardships. Like others, they come from a different cultural background. But, as time goes on, they are becoming assimilated into the mainstream of American life. Unlike other immigrants, Puerto Ricans come here bearing full U.S. citizenship with all of the accompanying rights, privileges and responsibilities.

Today, the United States and Puerto Rico maintain strong mutual interests. There is a common commitment to individual freedom and human rights as well as to the principles of representative government. Both share a common interest in the economic growth and political development of the nations in the Caribbean and Latin America. We enjoy the ties of common citizenship. Our common efforts help to insure the success of our unique political relationship.

Since the time of Thomas Jefferson, the United States has had a tradition of self-determination. After many years as a territory, the people of Puerto Rico determined that their future was to be that of a self-governing Commonwealth freely associated with the United States. The 1967 plebiscite reaffirmed that position. What future plebiscite will indicate, the United States, I am sure, is willing to follow the wishes of the Puerto Rican people.

Mr. Speaker, I join today with my many Spanish speaking and Puerto Rican constituents in Chicago in wishing the people of Puerto Rico well in the days and years ahead.

THE DILEMMA OF WAGES AND CREDITS

HON. DAVE STOCKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. STOCKMAN. Mr. Speaker, I wish to commend to all Members of Congress the following article by Carolyn Bell, professor of economics at Wellesley College, which appeared in the New York Times on Sunday, July 24, 1977.

In her article Professor Bell lays bare the contradictions and costs of Government intervention into the labor and capital goods market on behalf of big labor and big business. She points out while union leaders and the captains of industry pay lipservice to the free enterprise system and market competition, both parties lobby vigorously here in Washington seeking special advantages and subsidies. Such attempts to alter market outcomes by appealing to the Government are contradictory with public stands in favor of free markets. It is also costly. Professor Bell then cites two cases.

When business comes to Congress seeking a tax break for investing in new plant and equipment, it uses the rationale that tax subsidies will spur new jobs, higher output, and higher real income. It would be difficult to vote against such subsidies were this the case. But the investment tax credit has the opposite effect. It reduces overall economic efficiency which leads to lower jobs, lower output, and lower real incomes. Where buying new machinery is only slightly more expensive than running existing equipment faster, an investment credit will cause many firms to choose the more expensive method than the method free markets would dictate.

When several hundred thousand firms make such decisions simultaneously, the combined effect is a tremendous national waste of men, machinery, and tax dollars. It is analogous to families with small houses and limited resources using their money to buy air conditioners on sale with twice the power they need and running them at half-speed to cool the homes.

When labor comes to Congress seeking increases in the minimum wage, it uses the rationale that businessmen are too stingy to part with their large profits voluntarily and, consequently, wages they offer are insufficient to lift many poor families out of poverty. Were an increase in the minimum wage a way of raising families out of poverty, it would be irresponsible and callous not to vote in favor of it.

Unfortunately, raising the minimum wage throws more families into poverty than it helps, lowers total output, lowers the income of the poor, and lowers eco-

nomic efficiency. Suppose the minimum wage were raised immediately to $50 per hour. Does anyone doubt that massive layoffs, accompanied by falling output, and lower real incomes would follow? While a $50 per hour minimum would adversely affect nearly everyone, increasing the minimum hurts those least able to absorb such financial shocks. A business that can support 100 workers earning $2.30 per hour may be unable to support 60 if the wages are raised to $2.65 per hour. Then the economy loses the output of 40 workers, while 40 workers lose their jobs. The cumulative total of lost jobs and lost output is very high when we view the effect not of one company, but of the entire country.

The conclusion from these examples and others is straightforward. Congress should reject the efforts of business and labor to distort the outcomes of free, competitive markets. The New York Times article follows:

THE DILEMMA OF WAGES AND CREDITS

(By Carolyn Shaw Bell)

Some fascinating parallels exist between the Carter Administration's efforts to negotiate a new minimum wage and the Administration's efforts to stimulate business investment.

For a while, it seemed, labor and President Carter had parted company over the minimum wage. The principle of legislating wage control was not in question. After all, a minimum represents Government control because it prevents workers from hiring themselves out for less than the specified rate.

Nor was there disagreement that the minimum was too low. Both sides recommended increases, and the dispute was over the exact figure. Prior to reaching a compromise July 12 on a 35-cent increase to $2.65 an hour, the two sides had been unable to agree on the "right" minimum and seemed polarized at the $3 an hour proposed by labor and the $2.50 perferred by the White House.

Business and President Carter had a similar dispute over the investment tax credit. The principle of subsidizing business purchases of machinery and equipment was not in question. (It should be realized that the tax credit represents Government subsidy to business because it makes the price of machinery cheaper than it otherwise would be.)

Nor was there disagreement that the present subsidy was "too low." Both parties recommended that Government increase its financial help to business to buy plant and equipment. The dispute—and it was not as abrasive as that over the minimum wage—has to do with the exact figure. The previous investment credit was 10 percent. Should it be raised to 12 percent or higher?

The two cases pose a number of intriguing similarities. Both labor and management urge Government interference with the operation of the price system—yet both are stout upholders of free enterprise and the market system of competition.

Labor and management blame each other for the troubles that beset the economy. Management claims that high labor costs fuel inflationary pressures, but the investment tax credit does not attack either of these problems directly, and its impact on employment seems fuzzy at best.

Labor claims that higher profits exist along with unemployment, but it is not clear how pressing for a higher minimum wage will alleviate the second nor, for that matter, affect the first. Its impact on inflation has been hotly debated without adding much useful information.

Nobody, in or out of the organized circles of Government, labor and business—the economic establishment of our times—bothers to debate the principles involved. The minimum wage has a longer pedigree than the investment tax credit—wage controls came in during the 30's and business subsidies during the 60's. But they both became accepted institutions, part of the economic framework, something nobody questions, in a remarkably short period of time.

One reason little debate occurred originally is that both measures were introduced during periods of grave economic concern and widespread political agreement. During the mid-30's, when the minimum wage was introduced, and the early 60's, which witnessed the birth of the investment tax credit, the consensus about economic problems was "do something."

Both the Roosevelt Administration and the Kennedy-Johnson Administration experienced a remarkable amiability, on the part of the general public, to accept innovations of all kinds. Both also included remarkably persuasive spokesmen for economic innovation.

It may not be too late to suggest that even if the principle of minimum wages and investment tax credits has been accepted, we still lack any standards for determining the right figures.

What's the minimum supposed to do, anyway? George Meany claims that $2.50 is below the poverty level. But $5,000 a year ($2.50 times 40 hours times 50 weeks) far exceeds the poverty level income for one person, which is approximately $2,700.

Of course, $2.50 an hour won't support a family above poverty, but why should it? Out of 56 million families in the country, a mere 13 million depend on only one earner—and many have other sources of income besides wages. Most wage-earners in this country are married to other wage-earners or live with other wage-earners.

What's the investment tax credit supposed to do, anyway? Most advocates point out that providing additional jobs requires additional capital, and therefore anything to help business purchase plant and equipment will increase employment. A frequently quoted figure is that each new manufacturing job requires $40,000 of capital. The tax credit, therefore, should help provide additional investment.

But what's the amount of capital, per worker, supposed to be? As it stands, that $40,000 encompasses a range of $230,000 investment per worker in the petroleum industry to $6,000 per worker in the garment industry. And what's the effect, according to the experience since 1963, of the tax credit on investment?

There's considerable evidence to suggest that the preponderance of investment after the tax credit was passed would have been made anyway, and that in a significant number of cases the subsidy led to buying machinery to substitute for labor. There's no evidence to support either 10 percent or 12 percent in preference to 7 percent as an incentive.

The most curious parallel between the cases, of course, is that they seem bent on making the worst of both worlds. We have a protracted and severe problem of unemployment, which means employers, for one reason or another, are unwilling or unable to hire. Raising the minimum wage will mean that employers will have another reason to be unwilling or unable to hire.

We have a system of technology that devises, almost daily, new means by which machinery can substitute for labor. Raising the investment tax credit means that employers will have more incentive to substitute machinery for labor and, therefore, less reason to hire.

What's the right figure for the minimum wage? For the investment tax credit? It all depends on your goals. For an economy concerned with unemployment, the proposals put forth by labor, business and the White House seem bereft of any convincing answers.

OCEAN DUMPING: SPRING AND SUMMER 1977

HON. EDWIN B. FORSYTHE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. FORSYTHE. Mr. Speaker, I have just recently observed firsthand the waters off of the New Jersey-New York shore. What I saw during a helicopter flight over our ocean waters confirmed what Government officials have reported several times in the past, most recently at Toms River, N.J., on May 31 and June 1, 1977, and at a hearing here in Washington, D.C., on June 15 of this year.

In brief, on my helicopter flight I observed a wide variety of sources of pollution in the mid-Atlantic—including municipal and industrial wastewater, dredge spoils, estuarine input, urban runoff, and sewage sludge. Of these sources, sewage sludge which is dumped in the ocean 12 miles offshore has received the most attention. While this sludge has created a 25 square mile biological "desert" around the dumpsite, the sludge is a very small part of the overall problem. Untreated sewage coming down rivers, and sewage which bypasses treatment plants during storms, are the major problems.

Fortunately, at this point in time environmental conditions in the ocean off New Jersey appear to be substantially improved over last year, when a massive fishkill occurred due primarily to natural phenomena. Last year, an immense amount of algae bloomed well offshore, and moved shoreward. As it decayed, it consumed oxygen. As a result, the waters off New Jersey's shore were depleted of oxygen during the summer of 1976. In contrast, no massive bloom of algae has occurred this year and the level of oxygen is much healthier.

In this report, I will summarize information presented during the Toms River hearing about the possibility of moving the dumpsite, during a hearing in Washington on H.R 5851, a bill I introduced to end ocean dumping as quickly as possible, and during the EPA helicopter testing flight I accompanied.

TOMS RIVER HEARING

On May 31 and June 1 of this year, the Environmental Protection Agency conducted hearings on the possibility of relocating the present sewage sludge dumpsite. I was the lead witness at these hearings and emphasized my firm desire to end ocean dumping as soon as possible, 1981 at the latest. In order to end ocean dumping as quickly as possible, efforts should be channeled toward bringing alternatives on line, not toward studying and utilizing new dumpsites.

I stated at this hearing, "the major point I'd like to make today is that new

sites should not be contaminated with sewage sludge dumping. Rather than simply moving the problem, EPA should focus on ending the problem." My principal reservation about moving the dumpsite was stated as follows: "Municipalities will exhaust their financial resources on increased transportation costs and ocean dumping barge construction while alternative methods go unfunded."

The hearings demonstrated that the major reason consideration is being given to moving the dumpsite is political expediency, not scientific evidence. Scientists testifying, both Federal and academic, presented evidence documenting that sludge dumping is a very minor part of the overall pollution problem in the New York bight. For example, sewage sludge dumping played a very minor role—if any—in last summer's fish kill.

A large number of witnesses testified during these hearings and, for the most part, supported the statements I made at the hearings' outset. Many of the witnesses opposed the dumpsite relocation, fearful that such a move will prolong ocean dumping well beyond 1981. Senator WILLIAM ROTH of Delaware submitted a statement in which he said that a decision to move the dumpsite "would increase pressure to permit an indefinite continuation of ocean dumping, despite the requirements contained in the present regulations and permits that it end by 1981. My concern is that if this dumping is placed out of sight, it will be placed out of mind, and allowed to continue."

The National Wildlife Federation, represented by Mr. Kenneth Kamlet, stated that—

A shift from the present dumpsites, at which harm to the environment can be documented, to sites further offshore at which such harm may be more difficult to detect and demonstrate, may appreciably increase the risk that current phaseout deadlines will not be met.

The National Wildlife Federation advanced a number of other arguments against moving all dumping to the site 106 miles offshore. They noted that the consequences of dumping at the deepwater dumpsite 106 miles offshore are largely, if not totally, unknown. Academic scientists are almost universal in expressing the need for great caution and considerable study before dumping in such deep water is sanctioned. The National Wildlife Federation emphasizes that dumping at the 106-site "would essentially deny the opportunity to monitor the situation and render it virtually impossible to alter the course of events should corrective action be necessary."

An additional critical problem with a dumpsite move is underscored by the National Wildlife Federation:

Relocation of sludge dumping to the 106-site would substantially increase the likelihood of short-dumping and attendant undesirable consequences.

In sum, the Federation flatly concluded:

EPA should relocate neither sludge dump at the present time.

Dr. Carol Litchfield of the Marine Sciences Division, Environmental Studies, of Rutgers University also testified at Toms River and stated that the dumpsite should "definitely not" be moved. Relocating the dumpsite would have two deleterious effects, according to Dr. Litchfield—an area which has not previously been impacted would be impacted; and, sewage sludge dumped at the deep water site would decompose very slowly, taking up to 50 years to disappear.

Federal officials also strongly opposed relocating the dumpsite. Mr. Peter W. Anderson, chief of the marine protection program of region II EPA, recounted EPA's finding that—

Simply stated, we found that continued use of the existing site posed no present or predicted hazard to public health and that water quality at the existing site would not improve if sludge dumping were moved elsewhere because pollution from other sources would continue.

Mr. Anderson noted that EPA's analysis indicated that moving the dumpsite might cause more environmental harm than good.

In regard to last summer's fishkill, Mr. Anderson cited the reports on the topic and their conclusion that "sludge dumping played a very, very minor role if any in the fishkill." Mr. Anderson noted that very little nitrogen—a key nutrient needed for the algae to bloom—comes from sewage sludge. Sewage sludge dumping contributes between 3 to 5 percent of the nitrogen introduced by humans to the New York bight. In contrast, the wastewater discharged from sewage treatment plants contributes 40 to 60 percent of the human-introduced nitrogen. In sum, the evidence was very convincing that sewage sludge dumping had very little to do with last year's fishkill and that relocating the dumpsite would not affect the likelihood of a future fishkill.

Dr. Donald Martineau, Deputy Associate Administrator for Marine Resources, represented the National Oceanic and Atmospheric Administration—NOAA—at these hearings. Speaking for the Agency most involved in analyzing the effects of sewage sludge on our oceans, he stated that the best evidence now available indicates that relocation of the present sewage sludge dumpsite would neither prevent recurrence of a fishkill nor result in a significant improvement in water quality of the bight. NOAA's position is summarized as follows:

To relocate the existing 11-mile site will not resolve the problem, it will only transfer the probem from one section of the ocean to another with no consequent ecological benefit.

Other spokesmen for NOAA testified, emphasizing the difficulties of dumping at a deepwater site and their conviction that the dumpsite should not be relocated. Moreover, they strongly endorsed the view that the environmental problems we experienced with our ocean waters last summer would have occurred even if no ocean dumping had taken place.

Both the Environmental Protection Agency and the National Oceanic and Atmospheric Administration testified that their monitoring efforts would almost immediately detect any move in the "sludge-front." If sewage sludge dumping begins to pose a danger to public health, the dumpsite should be relocated, according to EPA and NOAA. This view is one I wholeheartedly endorse. If scientifically valid evidence indicates that sludge dumping is beginning to affect public health at or near our beaches, then the dumpsite should be moved immediately. But until such time, we should not make a hasty decision to relocate dumping on the sole basis of political expediency.

The New Jersey Department of Environmental Protection was the only environmental agency at Toms River to support a dumpsite relocation—although the New Jersey DEP substantially qualified their recommendation. They stated that no move of the dumpsite should be made until:

The ocean's currents and conditions at the 106-site have been determined;

The Coast Guard surveillance system is installed on all ocean dumping barges;

A realistic, careful, and thorough assessment of barging capacity and costs is completed for all potential users; and,

A timetable is established to allow budgeting in advance by the sewer authorities.

Quite frankly, I do not see how these tasks can be accomplished before 1979 at the earliest. For example, collection of oceanographic data at the deepwater site—which the New Jersey DEP admits is an "area about which we know pitifully little"—will require considerable time and money. To me, it seems foolish to channel our efforts during the next 2 years towards moving the problem, not solving it, when ocean dumping will be ended shortly after the new dumpsites are utilized.

In contrast to most of the testimony I have already cited, Congressman JAMES HOWARD testified at Toms River in support of moving the dumpsite. He stated:

Our consensus from the start has been that the present sludge dump site off Long Island is a hazard to human and marine life and that continued dumping at that site could only lead to further contamination and fishkills. The degree to which the sludge dump site was responsible for the fishkill has been debated extensively, but the members of our Coalition [the Coalition to Move the Dumpsite] concurred that it is the single largest source of plant nutrients which fed the algae which in turn was a cause of the oxygen depletion and the fishkill.

Congressman HOWARD stated that sludge dumping was the largest single contributor of nutrients. However, both Federal and State studies presented evidence contrary to this contention. The New Jersey DEP reports, for example, the following table:

Nutrients introduced by humans into New Jersey's coastal waters

[In percent]

	Nitrogen	*Phosphorus*
Domestic and industrial wastes	67	42
Sewage sludge dumping	7	4
Dredge spoil dumping	11	50
Other	15	4

As I stated earlier, moving the dumpsite on the basis of its role in last year's fishkill is not supported by the scientific evidence.

As long as ocean dumping is the least expensive way to get rid of sewage sludge, cities will have an incentive to continue ocean dumping. I have introduced legislation, H.R. 5851, which will impose a penalty fee on ocean dumpers to eliminate the economic advantages of ocean dumping. Along these lines, one of the few advantages I can see to moving ocean dumping out to the 106-site is that ocean dumping would no longer be the cheapest form of waste disposal. However, Congressman HOWARD has introduced a bill, H.R. 3513, which would reimburse cities and municipalities for the increased cost of transporting sewage sludge to the 106-mile site. If this legislation were to be enacted, cities would have no incentive whatsoever to end ocean dumping and the 1981 deadline would likely not be met.

New York City and Philadelphia also testified at Toms River and, during their testimony, emphasized the increasd costs they'll face if dumping is moved to the 106-site. Philadelphia estimated that such a move would triple their costs—from $3 million to $9 million. New York submitted evidence that dumping at the deepwater site would cost them an extra $30 million a year. Quite frankly, this added burden on these municipalities would be enough to ensure that funds would not be available to bring alternatives on line by 1981.

JUNE 15, 1977 HEARING

On June 15, 1977, the Oceanography Subcommittee and the Fisheries and Wildlife Conservation and the Environment Subcommittee of the Merchant Marine and Fisheries Committee held joint hearings on the ocean dumping of sewage sludge and, in particular, H.R. 5851—a bill I introduced to end ocean dumping by 1981 at the latest.

During these hearings, we received a considerable amount of constructive input into H.R. 5851. Many of these suggestions will be very helpful to me and our committee as we work to put this bill into final form.

Not surprisingly, both New York and Philadelphia opposed this bill which would bring their ocean dumping practices to an expeditious end. A spokesman for Philadelphia voiced an objection to the provisions of this bill which would force ocean dumpers to spend more money on research. He stated that Federal officials "are certainly less informed and less experienced in allocating costs in a budget which directly affects the lives of all city residents." Frankly, this statement disturbs me greatly. As long as cities such as Philadelphia and New York decide how to dispose of their wastes on the basis of what is best for city residents, ocean dumping will continue. It is the role of the Federal Government to insure that the interests of people inhabiting our shorelines are protected as well.

Both Philadelphia and New York opposed one of the major provisions of H.R. 5851—the mandatory 1981 deadline for ocean dumping of sewage sludge. This requirement would eliminate any ambiguity in the Federal Government's decision to end ocean dumping. Municipalities could no longer hope to have the deadline extended and would be forced to vigorously pursue alternatives. Needless to say, the opposition expressed by municipalities reflects their concern that their current efforts are not sufficient to end ocean dumping in 4 years. H.R. 5851 will remedy this situation by generating additional funds for development, demonstration, and implementation of these alternatives and by removing the economic advantages of ocean dumping.

Mayor Angelo Errichetti of Camden, N.J., testified at the June 15 hearing and described the success Camden has had in phasing out ocean dumping. Camden is expected to compost all of their sewage by the end of 1977. Composting is a process which converts sewage wastes into beneficial soil conditioner. Mayor Errichetti testified:

> In regard to the City of Camden, EPA came down with a heavy heel. I could have procrastinated, I could have bought time; but my desire was to lead, and be the first to seek ultimate methods of dumping because I detested dumping sludge into the ocean.

Certainly, Camden's ability to end ocean dumping and capitalize on some of the recycling potential of sewage sludge offers hope that New York and Philadelphia will follow Camden's lead. Nevertheless, New York's and Philadelphia's reluctance to move ahead on alternatives, and their inability to generate sufficient funds to achieve the 1981 deadline, confirm in my mind the need for H.R. 5851.

I was very impressed with the testimoney we received at the June 15 hearing about the status of alternative treatment methods for sewage sludge. A number of the field's leading experts came to Washington to inform our committee of the various methods of sewage sludge disposal. On the whole, the evidence indicated that alternatives to ocean dumping exist now, can be implemented within a 2-year time frame, and are economically reasonable.

Mr. Joseph Trofe and Mr. Ken Hladun of Trofe Incineration, Inc., Mount Laural, N.J., testified about a sewage sludge incineration process their company is marketing. If their sludge incineration furnaces are utilized, sewage can be converted into energy with minimal harmful byproducts. Basically, the sewage sludge is burned and the heat is used to generate steam which in turn drives a turbine. The turbine generates electrical power which can be sold to local utility companies. They predict that municipalities' waste disposal operations can actually realize a profit if their sludge is incinerated.

Dr. Elliot Epstein of the Department of Agriculture testified on a viable method of converting sewage sludge into soil conditioner. Dr. Epstein informed our committee that sewage sludge is potentially a valuable resource, containing from 40 to 60 percent oragnic matter, as well as nutrients—phosphorus and nitrogen—and metals—copper and zinc—that are essential for plant growth and development.

During composting, sludge is mixed with woodchips as a bulking material, and then composted in a stationary, oxygenated pile for a period of 3 weeks. Sufficiently high temperatures are attained that most disease-causing viruses and bacteria are destroyed. The afterproduct can be used as either a fertilizer or a soil conditioner.

The major environmental problem with composting involves the heavy metals. Dangerous constituents—such as cadmium and mercury—are not removed during composting. Therefore, if sewage is contaminated with heavy metals, the resulting compost is not safe for agricultural uses. However, a number of cities across the Nation including Los Angeles, Houston, and Chicago—are currently composting their sewage. It appears that composting is a safe and constructive use of sewage sludge which is clearily preferable to ocean dumping. Evidence submitted at our June 15 hearing pointed out that New York and Philadelphia could have a comprehensive composting operation on line within 2 years. Obviously, the 1981 deadline is not an unreasonable burden on the cities currently dumping.

The key to removing heavy metals from city sewage is requiring industries to pretreat their discharges. In New York and Philadelphia, industries dispose of their wastes—which often contain high concentrations of heavy metals—directly into the municipal sewage system. If these heavy metals are not removed at their source, municipal sewage will contain dangerous contaminants which significantly obstruct the efficacy of alternative treatment methods.

In relation to the bacteriological problems of sludge, Dr. John Trump of the Massachusetts Institute of Technology informed our committee of a new electron beam treatment of sewage sludge being developed at MIT. By irradiating sewage with electrons for a brief instant, the sewage is disinfected. The electron treatment at this point, however, does not eliminate the presence of heavy metals. Nevertheless, this step may prove very useful in our efforts to dispose of sludge in constructive, environmentally beneficial, manners.

Understandably, EPA testified in opposition to my bill because it contains a firm 1981 deadline for the ocean dumping of sewage sludge. EPA maintained that they fully intend to end ocean dumping by 1981 but would prefer to do so administratively. They argued that to specify a date in the law would take away the flexibility they have in implementing the Ocean Dumping Act. While EPA's argument may have some merit, I am convinced that ocean dumpers will not take the 1981 deadline seriously unless Congress mandates it. Therefore, my bill, H.R. 5851, contains this provision and I will continue to urge its adoption. EPA made a number of additional suggestions for revising H.R. 5851. Many of these recommendations are currently being incorporated into the bill.

EPA also stressed in their testimony that ocean dumping was not related to last summer's fishkill. Thomas Jorling,

Assistant Administrator for Water and Hazardous Materials, stated:

Several studies were conducted on the fish kill and on the materials reaching Long Island's beaches. Not one of the studies found that sludge dumping was anything more than a minor contributing factor. The consensus of opinion is that the 1976 fish kill was basically a natural phenomenon brought on by atypical atmospheric and hydrographic conditions in the New York Bight.

HELICOPTER FLIGHT

On Thursday, July 7, I accompanied the region II EPA on one of their routine test runs during which water samples are collected from coastal waters along New Jersey's and New York's shoreline. These samples are taken with the use of a helicopter—a modified World War II Huey—which greatly facilitates the EPA water sampling operation. This helicopter is equipped to land on the water and samples can be taken at various depths from the water column. Sediment samples can be taken as well.

This helicopter can cover a large area in a very short time. In one day, EPA can sample at approximately 125 stations over a 300-square-mile area. EPA takes these samples on a daily basis, operating the helicopter 5½ hours a day, 6 days a week. This kind of comprehensive data collection has never been undertaken in the past and greatly assists EPA in monitoring the water quality in the New York bight.

With this helicopter, EPA can take daily samples checking for dissolved oxygen, fecal coliforms, chlorine, and algae. Such sampling can be used by EPA to detect or predict fishkills, floatables, or any other changes in the quality of the coastal waters.

As critical as this helicopter is to EPA's ocean monitoring efforts, its use may soon be terminated. The helicopter has been loaned to EPA by the U.S. Army; recently, the Army sent EPA a letter indicating that the arrangement will be terminated on October 1 of this year. I strongly believe that the Army should reverse their decision, and take steps to insure that this helicopter will be available to EPA on a continuing basis. Not only is EPA fully utilizing this helicopter, it has invested over $50,000 in altering this helicopter to its specific needs.

I have sent a letter to Secretary of the Army Clifford Alexander urging him to reconsider his decision to recall the helicopter which has been loaned to EPA. When the waters depended upon by millions for their livelihood or their recreation are at stake, every resource needed by EPA should be at their disposal. I intend to do everything in my power to insure the uninterrupted availability of this monitoring tool for our region's Environmental Protection Agency. To this end, I have enlisted the support of several of my colleagues from New York, New Jersey, and the Merchant Marine and Fisheries Committee in this cause, including Senators DANIEL PATRICK MOYNIHAN and JACOB JAVITS of New York, Senators HARRISON WILLIAMS and CLIFFORD CASE of New Jersey, and Representatives WILLIAM HUGHES, ROBERT A. ROE, MILLICENT FENWICK, JAMES HOWARD, FRANK THOMPSON, MATTHEW RINALDO, and HAROLD "CAP" HOLLENBECK of New Jersey.

Fortunately, it appears at this point that the EPA helicopter will not be needed to monitor a massive fishkill similar to the fishkill of 1976. Recent scientific cruises by National Oceanic and Atmospheric Administration ships have found that environmental conditions in the ocean off New Jersey appear improved over last year. Oxygen in bottom waters was found to be at healthy levels.

Even though we may avoid any large-scale environmental catastrophies this summer, our problems with the New York bight waters are by no means over. As long as the bight waters are contaminated by raw sewage running down rivers, urban runoff, inadequately treated wastewater discharges, combined sewer overflows, dredge spoils, and sewage sludge dumping, I will not be satisfied. Clearly, our coastal waters need protection from these sources nof contamination. Congress and the Environmental Protection Agency must work together to phase out these pollution sources rationally and expeditiously. In this report, I have tried to described my efforts to protect our ocean waters. I can assure you that I will continue to devote my full efforts to this problem and will do everything in my power to bring about a clean and healthy ocean for New Jersey residents.

CAPTIVE NATIONS WEEK

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 1977

Mr. YOUNG of Florida. Mr. Speaker, the week of July 17–23 marks our 19th observance of Captive Nations Week. Since first designated by President Eisenhower when he signed Public Law 86–90, this occasion has been observed by every President. It is a time we take to memorialize the plight of those nations overcome by the ruthless tyranny of the Soviet Union. The captive nations issue has always been interwined with that of human rights. In fact, no part of the world represents a more serious denial of human rights, including the right to national independence, than the imprisoning of the captive nations. Soviet repression in these countries has been consistent and harsh. Human rights have been violated in numerous ways and these violations are continuing.

I would like to bring to the attention of my distinguished colleagues a comprehensive statement on the Soviet violations of the Helsinki accords, which was presented in May to the U.S. Commission on Security and Cooperation in Europe. The reporter was Dr. Kazys Bobelis, chairman of the Joint Baltic-American Committee and national president of the Lithuanian American Council, Inc. Excerpts from the statement follow:

EXCERPTS

. . . In Principle III of the Final Act (of the Helsinki Agreements) the participating States declare that they "regard as inviolable all one another's frontiers as well as the frontiers of all States in Europe. . . ."

I submit that the phrase "all States in Europe" must also include the Baltic States, because Albania was the only other European State not participating in the Conference on Security and Cooperation in Europe.

In other words, in the light of the Final Act, the Baltic States must be considered as still legally existing States in Europe, which should not be included within the frontiers of the Soviet Union, but considered as temporarily occupied by that foreign power. Such interpretation shall at least be acceptable to the United States which do not recognize the forcible incorporation of the Baltic States into the Soviet Union.

In regard to the Baltic States, the affirmation of the principle of self-determination of peoples in the Act is of utmost importance. The Final Act states that, by virtue of this principle, "all peoples always have the right in full freedom, to determine, when and as they wish, their internal and external political status. . . ."

The Soviet Union is always unequivocally for self-determination in Africa and Asia. Yet it shows anger and indignation when self-determination is proposed for Eastern and Central European nations. Once a nation is absorbed by the Soviet empire, the principle of self-determination is emphatically denied to it. However, the principle of self-determination is a universal principle and does not and should not stop at the borders of the Soviet Union.

This also applies to the principle of universal human rights, as President Carter pointed out in his speech before the United Nations on March 17, 1977. The President said that ". . . no member of the United Nations can claim that mistreatment of its citizens is solely its own business."

The Soviet Union has no qualms about interfering in the "internal affairs" of South Africa or Chile for the violation of human rights by these countries, but cries interference in the "internal affairs" of the Soviet Union when violations of human rights there are pointed out by Western governments. This is a double standard which is contrary to the provisions of the Final Act of Helsinki.

The peoples of Estonia, Latvia and Lithuania exercised their rights to self-determination in 1918–1920 when they declared and established their independent States free from any ties with other nations.

. . . By forceful seizure and illegal annexation of the Baltic States in 1940, the Soviet Union did not destroy their self-determination, but is only temporarily prohibiting the peoples of Lithuania, Latvia and Estonia from the exercise of their internal and external political status to be free and independent States, and the people of Lithuania, Latvia and Estonia are denied the privilege of majority rule.

In this context, the final statement of Principle VIII on "Equal rights and self-determination of peoples" is very important. It provides that the participating States "also recall the importance of the elimination of any form of violation of this principle."

Since there cannot be any doubt that the Soviet Union did violate this principle by seizure of the Baltic States, in 1940, and still persists in that violation by keeping them in captivity, this provision of the Final Act clearly calls for elimination of such violation.

Equally important for the status of the Baltic States is Principle IV on "Territorial integrity of States" which expresses the impermissibility of acquisition of territory in contravention of international law and the

final sentence of which states that "No such occupation or acquisition will be recognized as legal."

. . . Finally, in discussing the status of the Baltic States, I wish to draw your attention also to Principle X on "Fulfillment in good faith of obligations under international law" of the Final Act which among other things states that "The participating States will fulfill in good faith their obligations . . . arising from treaties or other agreements, in conformity with international law, to which they are parties."

During the period of independence of Estonia, Latvia and Lithuania from 1918 to 1940, the Soviet Union had concluded treaties and non-aggression pacts with each one of the territories and peoples of those States. The above provision of the Final Act again calls upon the Soviet Union for fulfillment in good faith of those treaties to which the Soviet Union is a party.

. . . At the Conference on European Security and Cooperation in Belgrade there is an opportunity to bring those violations before world opinion and to apply diplomatic pressure of the Western world on the Soviet Union for continuance of these violations.

At this time, I would like to commend you, Mr. Chairman, for the excellent and thorough work that you have undertaken in compiling all the evidence of the Helsinki Agreement violations. I appeal to you, Mr. Chairman, and to your Commission, to present all these violations at Belgrade, and particularly I would like to ask you to present the United States position as far as the illegal occupation of the Baltic States is concerned.

The United States position of non-recognition of the illegal occupation of the Baltic States by the Soviet Union is in complete accord with the aims and goals of the Helsinki Act. Therefore, we respectfully urge the US delegation to raise the question of the present illegal status of the Baltic States at the Belgrade conference, demanding not only respect for human rights for the people of those enslaved countries, because in the case of the Baltic States human rights are inseparable from national rights, but also insisting on full respect and implementation of treaties which had been flagrantly violated by the Soviet Union.

Since the Soviet Union seeks better relations with the Western world for its own purposes, let us make compliance with the provisions of the Final Act of Helsinki a condition on which those relationships depend.

The Baltic nations will never accept enslavement by the Soviet Union. Freedom and independence for Estonia, Latvia and Lithuania remain the supreme goal of the Baltic peoples. Restoration of freedom and independence to their native countries is the principal aim of one million Americans of Estonian, Latvian and Lithuanian descent residing in the United States.

The time has come again to voice concern over the status of seven million people of the three Baltic States. Their desire for independence and self-determination is unquenchable. The Soviet policy today towards these people is one of intense russification and has not been changed by the Helsinki Accords. Quite opposite, it is clear form of cultural genocide that is erasing their ethnocultural heritage and making them a gradual minority in their own country.

It is tragic to see that, with the self-determination of peoples now almost global, this principle is denied by the Soviet Union. It is up to the free nations like the United States, Canada and other Western European countries to resist and reject these inhuman practices of the Soviet Union.

Mr. Chairman, and the members of this Commission, I again express my sincere appreciation for the opportunity to appear before you and to present the tragic case of these freedom and independence loving countries.

PRODUCT LIABILITY

HON. EDWIN B. FORSYTHE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. FORSYTHE. Mr. Speaker, I have today introduced legislation designed to make tax exempt those funds placed in a trust as a product liability self-insurance reserve, and to provide that those funds paid into the trust can be treated as a deductible cost of doing business, the same as an insurance premium.

Although this specific legislative proposal was brought to my attention by Congressman WHALEN, an articulate spokesman in this area, the problem of product liability is one in which I have long been interested. In fact I testified in April before the House Small Business Committee highlighting the problem of product liability insurance and its effect on my constituents. I look forward to continuing my efforts in this area by working with Congressman WHALEN and the Small Business Committee.

Product liability, or the responsibility of manufacturers and sellers for injuries sustained by persons using their products, is becoming an increasingly greater problem for the business community, and for the general public itself.

Over the past year, my office has received increasing complaints from manufacturers about the serious situation which has developed in the capital goods industry. It is a problem which warrants the immediate attention of Congress.

Workers who are injured in industrial accidents collect their workers' compensation and then frequently bring product liability actions against the manufacturers of the machines upon which they were injured. Please do not misunderstand; no one wants to prevent injured workers from pursuing any right action against any third party defendant whose act of commission or omission may have caused the injury.

However, in some cases, these industrial accidents have been caused by the employer's failure to maintain a safe workplace—to properly guard or keep up the often complicated machinery or to properly instruct or monitor his employees in its safe operation.

Nevertheless, the equipment manufacturer may not defend himself by bringing a negligent or unsafe employer into the action. This has resulted in an intolerable situation for the machinery manufacturer. Many of the machines in question are very old and have gone through several owners. These machines may not be properly guarded nor maintained by the employer. Yet the machinery manufacturer may neither look to an unsafe employer for the contribution or indemnification—because of the exclusivity provision in worker's compensation laws; nor may he raise the employer's unsafe practices in a subrogation action.

One example of this type of problem has been brought to my attention by Mr. H. M. Rowan, president of Inductotherm Industries, in Rancocas, N.J. In this particular instance, Inductotherm sold a melting furnance to a company in New England for melting bronze. The New England company elected to melt aluminum, and added some aluminum scrap bought locally which contained trapped water. The furnance blew up and unfortunately a man was killed. Inductotherm is now being sued for $2 million by his estate simply because the company made the furnance. The Inductotherm instruction book specifically warns against charging water into molten metal; however, the burden of payment has fallen on the furnance manufacturer.

Another example of how the product liability crisis is affecting us today is the fact that a number of small manufacturing companies have been forced to liquidate and go out of business due to the unavailability of adequate product liability insurance at reasonable rates, and in some instance the unavailability of such insurance at any cost. Other small manufacturers continue to operate with limited coverage and some without product liability insurance at all. Mr. J. H. Thatcher, Jr., of Sherman Industries, Palmyra, N.J., has advised me that his product liability insurance premium expense for 1977 as compared to 1976 has increased by 254 percent, and yet that substantial increase obtained only 67 percent of the 1976 coverage.

Prior to my introduction of this legislation, I contacted several of my constituents, who had expressed their concern with product liability insurance in the past, and requested their comments with respect to this type of legislation. Since any legislation that is considered by Congress will have a direct influence on them and their businesses, I wanted to have their comments and support. I received an overwhelmingly favorable response to this inquiry and because of that response, I am today introducing the Product Liability Insurance Tax Equity Act, PLITE. However, I believe that this legislation deals primarily with a symptom of product liability insurance and will offer some relief to businesses. Further legislative action is needed and I will continue to be in touch with my constituents regarding further progress in this area.

INTERNATIONAL SINGLE PARENT OF THE YEAR AWARD RECIPIENT

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. LUKEN. Mr. Speaker, I want to take this opportunity to direct your at-

tention to a distinguished citizen in my district. On July 9, Mrs. Marilyn Stockelman of the Delhi area of Hamilton County received the International Single Parent of the Year Award from Parents Without Partners at their convention in Boston.

Mrs. Stockelman, a widow with six children, was chosen for this honor for her interest in activities involving her children, and for her attention to the needs of members of Parents Without Partners in the Cincinnati area.

It is a great honor for me to recognize Mrs. Stockelman at this time and compliment Parents Without Partners for their selection of this fine parent.

AMEND SOCIAL SECURITY ACT

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 26, 1977

Mr. CARTER. Mr. Speaker, today I am joining with my distinguished colleague PAUL ROGERS, chairman of the Health and Environment Subcommittee, and several other Members in introducing legislation which would amend the Social Security Act to provide payment for rural health clinic services under medicare and medicaid. I would like to express my support, in particular, for the medicaid provisions of this bill. As you know, I have already introduced my own proposal which offers some further perspectives on the problem of rural health care delivery, and I would especially like to open up for discussion the area of preventive services, which are so essential to the good health of our rural citizens. I have included a broader description of such services in my remarks of April 18, 1977, page 11025. As a Representative from a rural district and as a physician I strongly endorse the goals of this legislation and feel it is sorely needed.

SENATE—*Wednesday, July 27, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by Hon. ROBERT C. BYRD, a Senator from the State of West Virginia.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Praise be to Thee, O Lord, for Thy providential care over this Nation and over us in our daily vocation. Be with us now in this place of high service and solemn duty. Enlighten us that we may lift those who are put down by poverty, hurt by war, or scorned by neighbors. Do not let us forget people who are remembered by Thee.

O Lord, our God, in whom we live and move and have our being, restrain us from doing the hasty, ill-considered thing which later must bring regret and repentance. But guide us by Thy higher wisdom to do what is right and good and true, remembering always that what we do here shapes the Nation's destiny and character for generations yet to come.

May we labor under the inspiration of Thy spirit with the assurance that goodness and mercy follow us all our days and at life's sunset we may abide in Thy house forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 27, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT C. BYRD, a Senator from the State of West Virginia, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. ROBERT C. BYRD thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The very distinguished Senator from Tennessee, the minority leader, is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Tuesday, July 26, 1977, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NUNN assumed the chair.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT H.R. 7797

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as Calendar No. 324, H.R. 7797, the foreign assistance appropriation bill, is before the Senate, there be a 2-hour time limitation on the debate on the bill, to be equally divided between Mr. INOUYE and Mr. SCHWEIKER; that there be an additional 3 hours under the control of Mr. HARRY F. BYRD, JR.; that there be a time limitation on any amendment of 1 hour; that there be a time limitation on any amendment to an amendment of 30 minutes; that there be a time limitation on any debatable motion, appeal, or point of order, if such is submitted to the Senate for its decision, or if the Chair entertains debate thereon, of 20 minutes; that the agreement be in the usual form with respect to the division and control of time; and that three amendments by Mr ALLEN be without limitation.

(The following proceedings occurred subsequently:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, with respect to the foreign aid appropriation bill, that the agreement be modified as follows: That no tabling motion be in order to any of the three amendments which may be proposed by Mr. ALLEN.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the unanimous-consent agreement is as follows:

Ordered, That when the Senate proceeds to the consideration of H.R. 7797 (Order No. 324), an act making appropriations for foreign assistance and related programs for the fiscal year ending Sept. 30, 1978, and for other purposes, debate on any amendment in the first degree (except three amendments by the Senator from Alabama (Mr. Allen), on which there shall be no time limitation and no tabling motions thereto in order) shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager; debate on any amendment in the second degree shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill; and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 5 hours, to be divided with 1 hour each under the control of the Senator from Hawaii (Mr. Inouye) and the Senator from Pennsylvania (Mr. Schweiker), and with 3 hours under the control of the Senator from Virginia (Mr. Harry F. Byrd): *Provided*, That the said Senators, or any one of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

RETIREMENT OF FRANCES G. KNIGHT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. MCCLELLAN, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

Mr. ROBERT C. BYRD, on behalf of Mr. MCCLELLAN, for himself, Mr. EASTLAND, Mr. CURTIS, and Mr. THURMOND, submits a resolution (S. Res. 231) to pay tribute to Frances G. Knight on the occasion of her retirement from Federal service:

Whereas the Senate of the United States wishes to recognize the thirty-eight years of service by Frances G. Knight to the Nation and her Government;

Whereas Miss Knight will be retiring on July 31, 1977;

Whereas she has served for twenty-two years as Director of the Passport Office of the Department of State; and

Whereas during this period, she has demonstrated outstanding administrative ability and has provided immeasurable assistance to Senators and their constituents: Now, therefore, be it

Resolved, That it is the sense of the United States Senate that Frances G. Knight be commended for her diligence in the faithful performance of her duty and outstanding service to the Nation during a landmark career of public service.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to Frances G. Knight.

The PRESIDING OFFICER. Is there objection to the present consideration of the resoution?

There being no objection, the resolution (S. Res. 231) was considered and agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SMALL BUSINESS ACT AMENDMENTS

Mr. ROBERT C. BYRD. Mr. President, I submit a report of the committee of conference on H.R. 692 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 26, 1977.)

Mr. HATHAWAY. Mr. President, the conference report on H.R. 692, the 1978 and 1979 Small Business Administration Act, which is current before us for consideration, represents an important step forward in legislation affecting this vital agency.

I am pleased to have introduced the bill which formed the core of the Senate version of this measure on May 2 of this year and that it received prompt action from the Senate Select Committee on Small Business. In order to underline the goals of this legislation and the improvements it represents over the prior statutory structure, I ask unanimous consent that my introductory statement of May 2 be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SMALL BUSINESS ADMINISTRATION AUTHORIZATION ACT, 1978

Mr. President, today I am pleased to introduce the Small Business Administration fiscal year 1978 authorization bill. This authorization measure is especially important to small business which plays such a key role in the economy of our Nation.

There are over 13 million small businesses in the United States, and these businesses constitute 97 percent of all the business entities. Small business accounts for over half of all private employment, 43 percent of business output, and over one-third of the Gross National Product.

I am particularly pleased to introduce this bill in behalf of the Senate Select Committee on Small Business, and that it will be referred to this committee for consideration. This morning, I participated, along with the Senator from Connecticut (Mr. WEICKER), in a hearing of the committee at which Small Business Administrator Vernon Weaver testified regarding the authorization levels for SBA programs.

I cite these events because they are all activities which the Select Committee on Small Business would not have undertaken in the 94th Congress, or in any of the preceding Congresses in its 27-year life. Instead, the Committee on Banking, Housing and Urban Affairs had direct legislative authority and authorization jurisdiction over the programs of the SBA.

This jurisdictional set-up was altered with the passage of Senate Resolution 104 in April of last year, which took effect at the beginning of this Congress. I was pleased to introduce that resolution and that it ultimately received the cosponsorship of over three-fourths of this body.

It is particularly gratifying that this organizational change is leading to substantive legislative improvements in SBA programs, of which this bill is a prime example.

A new approach to budgeting for the SBA is represented by this bill. Previously, authorizing committees simply increased loan program ceilings periodically. SBA would then decide how quickly it intended to lend the ceiling increase. The increase might be spent in 1 year or 2 or 3. The decision was entirely the SBA's.

This bill, however, sets program levels for the 1978 fiscal year alone and thereby sets targets and goals for such programs. For the first time, it establishes how much, and at what rate, the SBA will spend on business loans, handicapped assistance, disaster assistance, and all other lending functions. This process represents a major step toward responsible budgetary control of SBA's loan programs.

This bill also affirms the belief that SBA must be more than a lending agency. Specific line items are established for nonlending SBA programs such as management, technical, and procurement assistance, advocacy, and economic research. Mitchel Kobelinski, the past SBA Administrator, has said that he believes the SBA must do more than lend money. He told the Senate Small Business Committee that the SBA must deliver effective management help and that it must do a better job in advocating the interests and needs of small business within the Federal Government and around the Nation. So far, the level of the agency's funding requests for these nonlending programs indicate that the SBA may not be prepared to do much more than articulate its commitment.

This bill demonstrates an intention to act, as opposed to the SBA's apparent intention to do little more than talk. It earmarks funds for salaries and administrative expenses of the SBA to specific programs. It provides $30 million for management assistance with particular emphasis to be placed on training, counseling, and small business development centers. It provides sufficient funding to establish the beginnings of competent advocacy and economic research operations in the SBA.

The bill also provides increased funding for procurement assistance. As chairman of the Small Business Committee's Government Procurement Subcommittee, I am well aware of the importance of providing detailed assistance on procurement processes to individual small businesses, to insure that they benefit from procurement business opportunities. This bill would begin to provide that help by directing the SBA to employ more procurement officers in order to increase the number and total value of small business set-asides. It also sets as a priority for SBA's procurement office that it build a small business source data base to be used to widely expand the scope of SBA's business set-aside program.

The Administrator is already empowered under Section 8(b)(2) et seq., of the Small Business Act to make a complete inventory of all productive facilities of small business concerns and to coordinate how these facilities might be best used in all procurement activities. But thus far, there is no definitive data base available which includes all potential small business Government contractors. If SBA is to increase the number and value of small business set-asides, as required by this bill, it seems clear this data must be gathered and disseminated to all relevant procurement agencies.

Also, in the procurement area, the bill includes a section which expresses the policy that priority should be given to the placing of set-asides within areas of substantial unemployment, or so-called labor surplus areas. This section includes language to allow for total set-asides of individual contracts to small business firms within such areas pursuant to Defense Manpower Policy Number 4.

In this regard, on April 25 of this year I introduced S. 1380 which is intended to achieve this same goal.

The bill also gives the Administrator additional authority to declare a given contractor as qualified to perform Government work under the certificate of competency program.

Further, the bill responds to a major complaint by small business people that they do not know what SBA programs do or how they can use them. To a large degree, SBA presently lends to the most persistent, who may not always be those most needing help. SBA should serve small business; SBA should not force eligible and deserving small businesses to run an obstacle course in order to gain needed assistance. Therefore, reasonable funding for public information is provided to inform small business people of what SBA programs do and how they can be used.

This bill is a blueprint for the development of a complete Small Business Administration. If we follow it, the SBA will become a full service agency, not just a lending body.

Mr. HATHAWAY. Mr. President, during committee markup improvements were made from the initial draft. Particularly important was the inclusion in

the reported version of the provisions of the bill authored by the Senator from Colorado (Mr. HASKELL), S. 1305, which established on a permanent basis a sound and reasonable structure for assisting victims of physical and nonphysical disasters.

This legislation passed the Senate on May 19, and the conference committee reached agreement on July 20. The House cleared the conference report yesterday, and with Senate action today, I am confident that this vital legislation will be signed into law promptly by the President.

Also, I appreciate very much the cooperation and consideration of the majority leader (Mr. ROBERT C. BYRD) in the scheduling and expedited treatment this bill has received, as well as his strong support with respect to the disaster provisions.

In order that my colleagues might be better aware of the depth and breadth of the provisions contained in this bill, I ask unanimous consent that a summary of its provisions, as prepared by the distinguished chairman of the House Committee on Small Business (Mr. SMITH of Iowa), be printed in the RECORD at this point.

There being no objection, the summary of provisions was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROVISIONS

1. AUTHORIZATION FOR APPROPRIATION

Repeals the existing open-ended authorization for appropriation, and instead specifies the dollar amount of program levels by fiscal year effective at the beginning of fiscal year 1978, October 1, 1977. It also authorizes the appropriation of specific dollar amounts needed to carry out the program levels specified and eliminates the restrictions on the amount of assistance which may be outstanding and makes other conforming changes.

2. SBA PROGRAM LEVELS—FISCAL YEAR 1978

Authorizes for fiscal year 1978 a surety bond guarantees program level of $2 billion; a real estate lease guarantee authorization for appropriation of $4 million to pay claims on prior guarantees; and a $150 million program level for pollution control lease guarantees.

It also authorizes the following loan program levels:

Regular business loans: $400 million in direct loans, $15 million in immediate participation loans, and $3 billion in deferred participation loans.

Handicapped assistance loans: $30 million in direct and immediate participation loans and $20 million in guaranteed loans.

Economic opportunity loans: $60 million in direct and immediate participation loans and $81 million in guaranteed loans.

Development company loans: $45 million in direct and immediate participation loans and $41 million in guaranteed loans.

Assistance to small business investment companies: $20 million in direct purchase of debentures and preferred securities and $180 million in guarantees of debentures.

Non-physical disaster and water pollution control loan programs: $300 million in loans, guarantees, and other obligations or commitments.

3. SBA PROGRAM LEVELS—FISCAL YEAR 1979

Authorizes for fiscal year 1979 a surety bond guarantees program level of $2.2 billion; a real estate lease guarantees authorization for appropriation of $4.4 million to pay claims or prior guarantees; and a $300 million program level for pollution control lease guarantees;

It also authorizes the following loan program levels:

Regular business loans: $440 million in direct loans, $17 million in immediate participation loans, and $3.3 billion in deferred participation loans.

Handicapped assistance loans: $33 million in direct and immediate participation loans and $22 million guaranteed loans.

Economic opportunity loans: $66 million in direct and immediate participaiton loans and $89 million in guaranteed loans.

Development company loans: $49 million in direct and immediate participation loans and $45 million in guaranteed loans.

Assistance to small business investment companies: $22 million in direct purchase of debentures and preferred securities and to make $198 million in guarantees of debentures.

Nonphysical disaster and water pollution control loan programs: $330,000,000 in loans, guarantees, and other obligations or commitments.

4. SMALL BUSINESS INVESTMENT ACT REVOLVING FUNDS

Eliminates SBA's obligation to pay interest on capital appropriations to the Real Estate Lease Guarantees Revolving Fund, the Surety Bond Guarantees Revolving Fund, and the Pollution Control Lease Guarantees Revolving Fund. It also eliminates the authority to invest temporarily idle funds except that such authority is specifically retained for fees from the Pollution Control Lease Guarantees Revolving Fund. The reason for the distinction is that the Pollution Lease Guarantees Fund is new and although SBA is collecting fees for the guarantees, it is not anticipated that any claims will arise for several years and thus there should be funds available which are not currently needed and there is no reason SBA, and the Government, should not obtain interest on such amounts.

5. SBA'S SALARIES AND EXPENSES

Provides that all salaries and expenses shall be paid only from appropriated funds and not by transfers from the revolving funds. It also eliminates the open-ended authorization and instead specifies that $171 million is authorized for salaries and expenses for fiscal year 1978. Of this amount, $58.9 million is earmarked for five specific functions with priorities being given within each function. In addition, it authorizes the Administrator to transfer funds among the various five categories but restricts the amount which may be transferred away from any such function to 10 percent of the amount specified and further provides that none of these functions may be increased by more than 20 percent. Those categories earmarked in the conference report are as follows:

Procurement assistance, $13 million;

Management and technical assistance, $32 million;

Research and advocacy, $6 million;

Minority small business, $4 million; and

Data management, $3.9 million.

For fiscal year 1979, the conference report authorizes $188 million for salaries and expenses. Of this amount, $64.8 million is earmarked for five specific functions with priorities being given within each function. Those categories earmarked in the conference report are as follows:

Procurement assistance, $14.3 million;

Management and technical assistance, $35.2 million;

Research and advocacy, $6.6 million;

Minority and small business, $4.4 million; and

Data management, $4.29 million.

6. REPORTS TO CONGRESS

Provides that certain enumerated reports go to the Senate and House Small Business Commitees instead of to the House and Senate Banking Committees and also specifies that certain reports go directly to the Senate Select Committee on Small Business as well as to the President of the Senate and the Speaker of the House.

7. MINORITY SMALL BUSINESS REPORT

Specifically requires SBA's annual report to break out the assistance provided to socially and economically disadvantaged individuals. It also requires SBA to specifiy the goals of the Administration for the next fiscal year with respect to minority small business and to make recommendations for improving such assistance.

8. ASSISTANCE TO HOMEBUILDERS

Specifically authorizes SBA to make regular business loans to small-home builders to finance residential or commercial construction or rehabilitation for sale, but provides that such loans may not be used primarily for the acquisition of land.

9. MORATORIUMS

Authorizes SBA to undertake or suspend for a period of not in excess of five years a small business concern's obligation to make the required payments under a Small Business Administration loan providing that without the undertaking or suspension the small business would become or remain insolvent and that with the assumption or suspension the small business would become or remain a viable small business entity. The small business would be required to agree with SBA as to repaying the amounts that became due during the period of the moratorium and SBA would be authorized to extend the maturity date of the loan for a period to coincide with the moratorium. SBA would be authorized to require the borrower to take such action as is appropriate to assure that the rights and interests of the lender will be safeguarded.

10. DISPLACED BUSINESS LOANS

Expands SBA's displaced business loan program by authorizing SBA to make displaced business loans to small concerns suffering substantial economic injury as a result of displacement by, or location in or adjacency or nearness to a program or project constructed by a State or local government or public service entity which has the authority to exercise the right of eminent domain on such program or project.

11. ECONOMIC INJURY DISASTER LOANS

Authorizes SBA economic injury loans to small business concerns in an area affected by a natural disaster even if the extent of the natural disaster was not sufficient for a disaster declaration by the President, the Secretary of Agriculture or the Administrator of SBA. Assistance is to be provided upon the direct request to SBA from the Governor of the State involved.

In addition, economic injury loan assistance would be authorized in the event of "extraordinary, severe, and temporary natural conditions or economic dislocations" providing the governor certifies that such economic dislocations or natural conditions are of sufficient magnitude and that without economic injury relief loans, a significant number of small businesses in the impacted area would become insolvent or be unable to return quickly to their former level of operation. Such loans would have a special loan limit of $100,000.

The refinement of what constitutes natural conditions or economic dislocations is left to determination by SBA. The conferees intend, however, that such loans be made available to businesses suffering substantial economic injury as a result of situations such as occurred where severe cold weather struck many parts of the Nation this past winter (such as western Pennsylvania, Columbus and Cincinnati, Ohio and Buffalo, New York); the lack of snow affecting ski

resorts; the land title dispute involving Mashpee, Mass.; and the Mexican currency devaluation. It is not intended that such authority only apply prospectively; if small businesses are still suffering substantial economic loss as a result of similar events occurring in the past, the financial assistance authorized by the bill should be made available.

In order to administer the disaster loan provisions of sections 7(b)(1) and 7(b)(2) of the Small Business Act, the Small Business Administration has developed regulations and criteria for determining natural disaster assistance on the basis of physical damage to real and personal property not involved primarily with agricultural production. No specific regulations have been developed, however, for declaring a disaster on the basis of a physical disaster to those enterprises engaged in the production of food and fiber, ranching, and raising of livestock, and all other farming and agricultural related enterprises. Because the disaster relief provided herein will be available to these enterprises, SBA should develop, as soon as possible, regulations and criteria specifically defining a natural disaster both in terms of physical damage and economic injury to such agricultural enterprises under sections 7(b)(1) and 7(b)(2) of the Small Business Act and in terms of economic dislocation under section 7(b)(9).

12. DISASTER LOAN INTEREST RATES

Reduces the interest rate on SBA physical disaster loans to homeowners to 1 percent on the first $10,000 of the loan and 3 percent on the next $30,000 of the loan. The interest rate on SBA physical disaster loans to others is reduced to 3 percent on the first $250,000 and similar reductions are made in the FmHA disaster loan programs.

A corresponding reduction of the interest rate of 3 percent is also made on economic injury disaster loans to small businesses in amounts up to $25,000.

All interest rate reductions apply to loans made as a result of disasters occurring between July 1, 1976 and October 1, 1978.

The SBA will be required to make adjustments in loans made prior to the date of enactment; however, it is intended that any excess interest which has already been paid on such loans can be applied as a credit against future payments; it does not need to be refunded.

Also, all repayments of principal shall first be applied to reduce the principal amount of lower interest rate loans and only then applied to reduce the principal of the balance of such loans.

13. USE OF DISASTER LOAN PROCEEDS FOR HOME INSULATION

Authorizes SBA to increase the principal amount of a physical disaster loan by up to $2,000 to cover the cost of insulating property—regardless of whether the building was insulated prior to the disaster. This is to avoid the literal interpretation of regulations allowing only "repair or replacement" which might prohibit rebuilding with insulation where none existed before the disaster.

This is a trial program which will expire January 1, 1978. It will then be evaluated based upon a report to be prepared by SBA.

14. CERTIFICATE OF COMPETENCY

Authorizes the SBA to make all determinations regarding the responsibility of a small business concern to perform a specific Government contract. The term "responsibility" would include all criteria presently used by procurement officers. The bill also provides that a contract may not be withheld for any such reason without referring the matter to SBA for a determintaion. In addition, if the procurement officer believes that an otherwise qualified concern is in violation of the Walsh-Healey Public Contracts Act, this finding must be referred to SBA which is given the authority to either dismiss the finding and direct the officer to award the contract, or if it concurs, submit the finding to the Department of Labor for final disposition. It does not, however, in any way change the requirements of this act; it merely provides for a more uniform application of them in all areas of the United States.

Finally, the bill provides that whenever SBA issues a certificate of competency, it shall be deemed conclusive and the contract awarded.

15. SMALL BUSINESS SET-ASIDES

Provides that if the amount of a proposed small business set-aside contract is in excess of $1 million (the maximum amount of a contract on which SBA may issue a surety bond guaranty), the contracting procurement agency should, to the extent practicable, divide the contract so as to reduce the dollar amount of each set-aside contract to less than $1 million.

16. PROCUREMENT ASSISTANCE FOR NONPROFIT ORGANIZATIONS

Authorizes public and private organizations and individuals who qualify for assistance under section 7(h) of the Small Business Act (handicapped assistance), to compete for small business procurement set-asides for a 1-year trial period during fiscal year 1978; such participation would be limited to the total value of 11 such contracts or any parts thereof in an aggregate amount not to exceed $100 million. Also, SBA is directed to prepare and transmit by March 1, 1979, a report on the impact contracts awarded to such individuals and handicapped organizations have on the small business set-aside program.

17. LABOR SURPLUS AREA SET-ASIDE CONTRACTS

Encourages the placement of contracts and subcontracts into the labor surplus area program. Where determinations are made that sufficient competition exists, Government contracting agencies may designate total set-asides of labor surplus area contracts.

First priority in the awarding of Government contracts would be given to total set-asides to small businesses in labor surplus areas. Second priority would be given to total set-asides for small businesses. Third priority would be given to partial set-asides for small businesses. Fourth priority would be given to total labor surplus area set-asides for large and small firms.

PROCUREMENT ASSISTANCE—LABOR SURPLUS PROGRAM

Mr. HATHAWAY. Mr. President, there is one provision of this bill which is of particular interest to me—section 502 which amends section 15 of the Small Business Act to stipulate that total labor surplus area set-asides are authorized notwithstanding any other provision of law, and that small business is to receive highest priority in the implementation of such set-asides.

As further background on the need for these provisions and the substantial benefit which will be realized by small business, I ask unanimous consent that the relevant excerpt from Senate Report No. 95–184 be printed in the RECORD at this point, along with portions of my testimony on June 2, before the House Small Business Committee.

There being no objection, the excerpt and testimony were ordered to be printed in the RECORD, as follows:

TITLE IV—PROCUREMENT ASSISTANCE

BACKGROUND ON LABOR SURPLUS SET-ASIDE SECTION

Section 2 of the Small Business Act stipulates as a declared policy of the Congress that a "fair proportion of the total purchases and contracts or subcontracts for property and services for the Government . . . be placed with small business enterprises. . . ."

To implement this policy, section 15 of the act mandates that small businesses shall receive awards or contracts, or any parts thereof, whenever it is determined by SBA and the contracting procurement agency "(1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, (2) to be in the interest of war or national defense programs, or (3) to be in the interest of assuring that a fair proportion of the total purchases and contracts for property and services for the Government are placed with small business concerns. . . ."

This language is the statutory basis for the small business set-aside program by which contracts or parts of contracts are allocated for competition solely among small business concerns.

In fiscal year 1976, small businesses received approximately $12.4 billion in procurement awards from both defense and civilian procurement agencies out of a total of approximately $57 billion, or 22 percent. But of the $12.4 billion awarded to small business, only $3.19 billion were for set-asides.

Almost three-fourths of the aggregate value of procurement awards made to small firms, therefore, resulted not from set-aside procedures, but rather from small companies succeeding in open competition with large concerns. The net result was that small business set-asides constituted approximately 22 percent of the value of total procurement contracts awarded to smaller businesses and only 5.6 percent of overall Federal procurement.

The committee believes that in order to meet the requirements imposed by existing law, an increased number and proportion of contracts, with an increased aggregate value, should be subject to set-aside procedures. It is also the committee's conclusion that small firms should be assured a "fair proportion" of Federal procurement. An appropriate target goal should be a proportion equal to not less than the small business proportion of private employment in the economy of the United States. As of last year, this figure was approximately 55 percent. It is clear that there is a great need for expansion of contract set-asides to achieve this goal.

This bill specifically authorizes $13 million for salaries and expenses for procurement assistance. These funds are to be used to employ an increased number of procurement officers to increase the number and total value of set-asides, and to develop a procurement data bank of small business concerns.

In order that these increased set-asides are awarded to those businesses which have the greatest need and could most benefit from such contracts, the committee feels it appropriate that priority be given to concerns which are located in areas of concentrated unemployment, underemployment, or labor surplus areas. In establishing this priority, the committee intends that there be greater coordination and interaction between the small business set-aside procedures and the set-aside procedures established pursuant to Defense Manpower Policy No. 4 (32A C.F.R. Part 8), the so-called Labor Surplus Policy. This policy, first made effective in 1952, applies to defense and civilian procurement and to large and small concerns.

Unfortunately, the Labor Surplus Policy has not been fully implemented and therefore remains largely dormant. In fiscal year 1975, labor surplus concerns received $74.4 million or 0.19 percent in preference awards of prime contracts in excess of $10,000 from the Department of Defense procurement

agencies. Expansion of this total would be of benefit to the small business sector since, in fiscal year 1975, these small businesses received approximately 77 percent of the DOD labor surplus preference awards. In the preceding fiscal year, the figure was 76 percent.

One of the principal reasons that the labor surplus program has not been adequately implemented is that under a General Accounting Office interpretation of existing law, labor surplus set-aside contracts must be split into two or more units. One of those units must be bid among all eligible firms to establish a competitive price. If Labor Surplus concerns can meet this price on the reserved portion of the contract, they are eligible to receive that portion as a labor surplus area set-aside.

While this procedure insures that the procurement agency receives a reasonable price on the total production run of the contract involved, it artificially restricts the number of contracts going into this program to contracts susceptible to being split into two production runs. It also ignores whether a reasonable price for the entire contract could be obtained from labor surplus area concerns.

SUMMARY OF LABOR SURPLUS SET-ASIDE SECTION

The Small Business Act is amended to authorize total labor surplus area set-asides if the head of the procurement agency involved "determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices."

The amendment requires that a contracting agency give highest priority to the setting aside of a total contract for performance by small business concerns eligible for labor surplus area contracts. If this is not feasible due to a lack of reasonable expectation that offers will be obtained from a sufficient number of eligible small business concerns, the contracting agency would then consider setting aside the entire contract to small firms regardless of their location. If this is not feasible, next consideration would be given to setting aside part of the contract for small business concerns regardless of location. Final consideration would be given to a total set-aside for large and small firms eligible for labor surplus area contracts.

TESTIMONY OF SENATOR WILLIAM D. HATHAWAY

Mr. Chairman, I regret that I am unable to testify in person before this hearing of your Subcommittee, but I am pleased to have the opportunity to submit written testimony.

First, I commend the distinguished Chairman and the members of the Subcommittee for holding these hearings on Defense Manpower Policy Number 4, the so-called Labor Surplus Policy.

This policy, first made effective in 1952, applies to both defense and civilian procurement and to large and small concerns. Generally, DMP–4 requires that priority be given to the awarding of contracts and to the placement of subcontracts to concerns which shall perform a substantial proportion of the production on those contracts and subcontracts within areas of concentrated unemployment or underemployment or within labor surplus areas.

Unfortunately, the Labor Surplus Policy has not been fully implemented and therefore remains largely dormant. In fiscal year 1975, labor surplus concerns received $74.4 million or 0.19 percent in preference awards of prime contracts in excess of $10,000 from the Department of Defense procurement agencies.

DMP–4 has been of considerable interest to me for a number of years and I am pleased that recently a number of other Members of Congress and other elected officials throughout the country have shown a strong interest in making this program more workable.

One of the primary reasons that the Labor Surplus Program has not worked well is a provision of existing law, the Maybank Amendment, which has been included in every Defense Appropriation Act since 1953. This language states:

"No funds shall be used for the payment of a price differential on contracts made for the purpose of relieving economic dislocations."

This language has been interpreted by the General Accounting Office to apply to both defense and civilian procurement and to prohibit the setting-aside of a total contract for competition among labor surplus concerns. The GAO views the Maybank Amendment to mandate instead the splitting of all contracts otherwise eligible for DMP–4 into at least two production runs, one of which is open to competition among all firms, inside and outside labor surplus areas. Under the GAO interpretation, the open competition on one portion of the contract determines the highest price payable on the remaining portion of the contract to be set aside for labor surplus areas. This construction is based on the theory that the best price can only be obtained by an open competition among all sorts of firms and would not be obtainable under a total set-aside to labor surplus areas. Such a theory might have made some sense in times of low levels of unemployment where there were few qualifying labor surplus areas, but makes little sense today.

I might add that in 1953, when Senator Maybank first introduced his amendment, unemployment was only 3-percent. In a time of 7.3-percent unemployment when approximately 800 areas across the country were designated by the Secretary of Labor as having substantial unemployment in a count made a year ago, setting aside a Government contract for procurement among firms in these areas would surely yield a competitive price. Furthermore, the GAO interpretation which refuses to allow such a total set-aside severely limits the labor surplus area set-aside program's goal of helping alleviate localized severe unemployment. The time has come to change the statutory structure to allow total labor surplus set-asides and to eliminate the GAO's tortured construction to the Maybank amendment. I have attempted in each of the last three sessions of Congress to amend the Defense Appropriations Act to modify the Maybank Amendment to allow for total labor surplus area set-asides where the Secretary of Defense or his designee specifically determines that a reasonable price will result. The Senate has accepted these modifications each time, but the changes have been dropped in Conference, due apparently to concern over the impact which such a change might have upon small business set-aside programs.

It has been my belief that the Labor Surplus Program and the small business set-aside program were totally compatible and mutually complementary. But in order to ensure that the interests of small business are fully protected and enhanced in any altered structure, it is probably necessary to establish by statute a system of priorities for the implementation of the Labor Surplus Program which guarantees that small businesses located within labor surplus areas receive highest priority in the awarding of total labor surplus area set-asides, and that small businesses located elsewhere receive preferential treatment thereafter.

With this in mind, on April 25, 1977, I introduced S. 1380 which amends the DoD Appropriation Act and establishes a priority structure for the awarding of small business and labor surplus area set-asides. This structure protects the interests of small business and ensures that it benefits from an expansion of the Labor Surplus Program.

Also, of particular interest to this Committee, included in Title IV of the Senate amendments to H.R. 692, the SBA Authorization bill, as approved by the Senate on May 19, are similar provisions which integrate the goals of the small business and labor surplus set-aside programs and mandate that total labor surplus set-asides occur notwithstanding the Maybank amendment or any other provision of law. I am hopeful that, based on the findings of today's hearings, these provisions will receive favorable consideration in the course of the upcoming Conference on the differing versions of H.R. 692.

Since I am unable to appear today to respond personally to any questions which Members of the Subcommittee might have, I would be pleased to respond subsequently to such questions.

Mr. HATHAWAY. Mr. President, as the author of these provisions, and as the primary proponent of implementation of Defense Manpower Policy No. 4, I am particularly gratified to see these provisions, which mandate that implementation, on the verge of being enacted into law.

I appreciated the cooperation and assistance I have received from the distinguished House conferees on this issue, particularly for the strong support of the Congressman from New York (Mr. ADDABBO) and of the Congressman from New York (Mr. LAFALCE).

OVERRIDES GAO INTERPRETATION OF MAYBANK AMENDMENT

These provisions, contained in new subsection (d) through (f) of section 15 of the Small Business Act, are especially important, because they will succeed in removing a substantial impediment to the implementation of DMP 4; namely, the Comptroller General's interpretation of the Maybank Amendment, as explained in the prior inserted material.

The Maybank language itself says nothing whatsoever about DMP 4, and the GAO construction seems to me to be tortured and patently unreasonable. Consequently, I have attempted in each of the last 3 years, and again this year to amend that portion of the DOD appropriations bill to state explicitly that total labor surplus setasides are permissible under certain circumstances. The Senate on July 19 approved this change, and it is now pending in conference. In explanation of this change, I ask unanimous consent that the relevant portion of Senate Report 95–325 be printed in the RECORD at this point.

There being no objection, the excerpt from Senate Report No. 325 was ordered to be printed in the RECORD, as follows:

SECTION 823—"BUY AMERICA" PROVISIONS

The House included the "Buy America" provisions which were requested by the Administration in the Budget. The Committee recommends additional language in order to give the Secretary of Defense or his designee greater flexibility in awarding defense contracts under Defense Manpower Policy Number 4. Without this additional language, a GAO interpretation of the language in the House Bills, the so-called Maybank Amendment prohibiting the payment of price differentials on Defense contracts, restricts the flexibility of the Secretary of Defense in this area.

The additional language recommended by the Committee is very similar to that approved by the Senate during consideration of the fiscal year 1977 appropriation bill. The language is indicated by italics in the proviso:

Provided further, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations, *except that nothing herein shall be construed to preclude total labor surplus area set-asides pursuant to Defense Manpower Policy No. 4 (32A. C.F.R. Chapter 1) or any successor policy if the Secretary or his designee specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices.*

Mr. HATHAWAY. Mr. President, I am hopeful that this language will survive conference to underline the need for implementation of this policy.

But I point out that the language contained in section 502 of the pending measure makes the conferees' actions academic, since it clearly stipulates that, notwithstanding any other provision of law, total labor surplus set-asides are authorized.

Mr. President, I ask unanimous consent that new subsections (d) through (f) of section 15 of the Small Business Act, as contained in section 502 of the pending measure, be printed in the RECORD at this point.

There being no objection, subsections (d) through (f) were ordered to be printed in the RECORD, as follows:

"(d) For purposes of this section priority shall be given to the awarding of contracts and the placement of subcontracts to concerns which shall perform a substantial proportion of the production on those contracts and subcontracts within areas of concentrated unemployment or underemployment or within labor surplus areas. Notwithstanding any other provision of law, total labor surplus area set-asides pursuant to Defense Manpower Policy Number 4 (32A, C.F.R. Chapter 1) or any successor policy shall be authorized if the Secretary or his designee specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices. As soon as practicable and to the extent possible, in determining labor surplus areas, consideration shall be given to those persons who would be available for employment were suitable employment available. Until such definition reflects such number, the present criteria of such policy shall govern.

"(e) In carrying out labor surplus area and small business set-aside programs, departments, agencies, and instrumentalities of the executive branch shall award contracts, and encourage the placement of subcontracts for procurement to the following in the manner and in the order stated:

"(1) Concerns which are located in labor surplus areas, and which are also small business concerns, on the basis of a total set-aside.

"(2) Concerns which are small business concerns on the basis of a total set-aside.

"(3) Concerns which are small business concerns, on the basis of a partial set-aside.

"(4) Concerns which are located in labor surplus areas on the basis of a total set-aside.

"(f) The provisions of subsections (d) and (e) shall cease to be effective subsequent to September 30, 1979, unless renewed prior to such date.".

Mr. HATHAWAY. Mr. President, further, it is clear that, as I explained earlier, the language of Maybank was not, by itself, what prevented total labor surplus set-asides.

Rather, it was the judicial gloss placed on that language by the General Accounting Office.

The clear, unequivocal language in section 502 of the pending measure is not susceptible to any misinterpretations, and would require the GAO and all other Federal agencies concerned with procurement to alter their present policies to allow and implement total labor surplus set-asides.

Furthermore, the rules of the Senate support this conclusion, since rule 16 prevents any appropriation bill from containing legislative language.

DMP–4, established by Executive Order of the President in 1952, has the force of law. Section 502 of H.R. 692 will soon become law. Taken together, there can be no doubt that all of the procurement agencies must fully implement the labor surplus policy.

POTENTIAL IMPACT

The potential for this program is great indeed. The over $60 billion in procurement contracts in our federal system can be directed, at no additional cost to the Government, to areas which need such work the most.

The potential savings in unemployment benefits, welfare payments, food stamps, and so on, from such a policy are enormous. Those individuals who are now unproductive and, through no fault of their own, a drain on our Federal, State, and local revenues, would become productive.

In this regard, Congressman LAFALCE chaired hearings of his House Small Business Subcommittee yesterday and heard testimony from two distinguished economists on this issue.

I ask unanimous consent that this testimony be printed in the RECORD at this point.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF DAVID W. RASMUSSEN

After reviewing the Labor Surplus Policy the GAO concluded it is of questionable effectiveness. GAO recommended that Congress strengthen the policy by 1) giving it a statutory base, 2) placing it under one executive department that would focus on areas of persistent unemployment, and 3) providing for total labor surplus set asides if they are feasible. The alternative to these recommendations, according to GAO, is to rescind the policy. In agency comments there is support for each alternative.

In my comments today I would like to address three aspects of the Labor Surplus Policy. First, although the policy is not widely implemented, in some respects it appears more effective than GAO suggests. Second, I will discuss the role a Labor Surplus Policy can play to facilitate macroeconomic policies. I will close with a few comments on the appropriate definition of a labor surplus area.

Effectiveness of the Labor Surplus Policy has been challenged because of a decline in disadvantaged hires from 1973 to 1976. Set aside procurement as a percentage of the total is small and declining. Despite this evidence, in some ways the Labor Surplus Policy is an effective program that should be strengthened rather than dismantled. Effectiveness of the eixsting program is best shown by performance ratios rather than absolute figures. Last year 25,900 of the 65,200 workers hired were disadvantaged—almost 40 percent of the total. Even more impressive is the dollar cost of each disadvantaged new hire. Set aside procurements of $260.5 million generated 25,900 jobs—each job cost about $10,000. That is impressive policy leverage and an effective response from the certified firms. If these firms provided the goods at competitive prices, from a social point of view these disadvantaged new hires met a social purpose without cost except for those of administration. Expansion of such a program could yield extraordinary results if these performance ratios can be maintained.

An important reason to support a stronger Labor Surplus Policy is its potential contribution to our national macroeconomic policy. Ever since the Employment Act of 1946 we have attempted to keep unemployment as low as possible while maintaining relatively stable prices. Successful policy manipulates the rate of economic growth so to achieve an acceptable balance between these primary employment and price level objectives.

To reach a target rate of unemployment, say 4 percent, we manipulate the rate of economic growth and live with the related changes in the price level. To increase the number of jobs in areas of persistent unemployment the rate of growth must be accelerated to the point that inflationary pressures occur in many labor market areas. Capacity in some industries is strained before some geographic areas feel the effects of increased economic activity. The Labor Surplus Policy is one way to raise the employment effects of a given rate of growth. It is an attempt to selectively raise employment in those areas which economic growth is last to reach. Such a policy lowers the amount of growth required to achieve any target rate of unemployment and therefore works to reduce inflationary pressures in the economy.

Some may view the Labor Surplus Policy as a zero sum game: that jobs created in areas of persistent unemployment will be lost in other areas. This is a misperception. In fact, the view presented above suggests that the entire nation receives some benefits from efforts to increase the number of jobs in high unemployment areas. If we take our commitment to full employment seriously, this policy will help produce conditions under which we can realize full employment in most labor markets with less inflation. Rather than having less than full employment in areas ineligible for the Surplus Labor Policy, they may suffer less inflation when they do have full employment. Monetary and fiscal policy can stimulate growth to generate full employment in most labor markets—these areas will not lose jobs because of the Labor Surplus Policy. In fact these regions benefit because the nation can reach full employment with less inflation. With a commitment to our stated goal of full employment, the Labor Surplus Policy does not rob Peter to pay Paul.

If the Labor Surplus Policy is used to supplement macroeconomic policy only areas in which unemployment is caused by long term factors should be eligible for the pro-

gram. Cyclical unemployment, no matter how long the business cycle is, should be attacked with macroeconomic tools. When 122 of 150 major labor markets qualify for the program as in 1975, macroeconomic policy has failed. The Labor Surplus Policy should not be the policy instrument to correct this shortcoming for it has neither the flexibility nor the impact of monetary and fiscal policies for this purpose.

To limit the Labor Surplus Policy to those areas with persistent unemployment is to have the program focus its efforts where it is best suited. Furthermore this might increase the program's effectiveness. Fewer eligible areas will concentrate expenditures and increase the number of jobs that any given area can expect to gain by participating in the program. The decline in participation from 1972 to 1976 is consistent with this interpretation; as more areas were eligible less effort in each area was made to take advantage of the now reduced expected benefits. Reducing the number of eligible areas will also reduce the problems of disseminating information about eligibility and program requirements.

In summary, I believe the Labor Surplus Policy should be strengthened instead of rescinded. The policy appears to be an effective way to increase disadvantaged hires and to stimulate employment in labor surplus areas. Expanded it could made a significant contribution to realizing our goal of full employment without unacceptable inflation.

TESTIMONY BY JAMES M. HOWELL

THE ROLE OF FEDERAL PROCUREMENT POLICIES IN COMBATING REGIONAL GROWTH DISPARITIES

Over the past decade and one half, I have had the opportunity to study the behavior of the national economy from two distinct vantages. As an economist at the Federal Reserve Board and the United States Department of Commerce during the 1960's, I observed the formulation and implementation of national growth and employment programs and policies. As the Chief Economist of The First National Bank of Boston since 1971, I have witnessed the impact of national economic programming on the various regions of the country—especially among the economically mature Northeastern states. Throughout this relatively long period of research, I have developed a number of clear impressions about the effectiveness of Washington efforts directed at national economic development. Although I am tempted to elaborate these impressions in detail, it will be adequate to make the following observations:

"National economic policies are designed to achieve aggregate performance measures in growth, employment, and prices. As axiomatic as this may seem, it is important to always keep this narrow policy dimension in mind.

"These same national growth and employment policies simply fail to take into account the issue of regional growth disparities. Indeed, my distinct impressions are that the vast majority of economists who set national policies do not have much, if any, factual understanding of the structural dimensions to subregional economies—the very economic disparities that their policies should be designed to mitigate."

Together, these observations provide a departure point for examining why the Federal Government should pay more attention—serious attention in my opinion—to the issue of regional growth disparities and the structural problems that prevent certain subregions from benefitting from national economic growth. What I find so encouraging about these hearings today is that we are considering the possibility of the broadening of Defense Manpower Policy No. 4 and whether such a broadening would alleviate the economic plight of lagging areas.

This is an important task, and as I go through my testimony I believe that it will be helpful to address two specific issues. First, we must begin to accept the fact that regional growth disparities are national in scope: that is, every region has both economically healthy and depressed communities within it. Second, our present level of economic understanding is sufficient to support the contention that a broadening of Defense Manpower Policy No. 4 will, in fact, assist the lagging communities. Yet, our current level of economic analysis—albeit increasingly sophisticated—should be strengthened to provide a more precise quantification of the local economic consequences of broadening Defense Manpower Policy No. 4.

In my testimony today I will elaborate these two points.

REGIONAL GROWTH DISPARITIES: A NATIONAL PROBLEM

In my numerous conversations with private and public sector leaders from all regions of the country, I frequently hear the following view expressed: national economic activity is now relatively evenly distributed throughout the country . . . there are high wages in the South as well as the North, and there has been a dramatic equalization of income and wealth among the various states. As commonly held as this view is, it is in sharp variance with statistical fact. Although there continues to be movement in the direction of regional income and employment equalization, this view masks the uneven pattern of income and wealth within subregions: pockets of distress may be found alongside pockets of affluence; communities experiencing rapid growth in population or income expansion exist alongside those suffering population loss and employment decline. For every Fairfield or Stamford, Connecticut has a Bridgeport or a Waterbury. For every Beaumont or Port Arthur, Texas has a Clear Creek or a Seabrook.

Over the past several years, the Economics Department has undertaken a number of research projects on national and regional economic growth patterns in an attempt to better understand these dynamics.* In one of these studies we concentrated on economic change in the 3,064 counties of the United States in terms of a number of important statistical indicators, and I would like to comment on the significant portions of this investigation. To facilitate your understanding, I have included three of our county maps. The three accompanying maps are interesting in that they show the rate of change in economic activity, not the level of activity and, as such, provide valuable insights into the broad dynamic patterns of change—both growth as well as decline—in the country as a whole. On the accompanying maps, the relevant rates of change are expressed in quartiles.

The rationale for devoting attention to these changes of economic activity must not be overlooked. It is essential to develop an understanding of the difference between the level of economic activity (a stock of housing) and changes in economic activity (variations in housing starts). That economic activity has shifted to the South in recent years explains in part why income, employment, and population are growing faster in this region, but it is also true that higher-wage, more sophisticated industries have remained in the Northeast and hence that market is still a large and high-income region, even though unemployment remains a major regional problem. In making regional economic policy assessments, it is always critically important to consider both of these factors for the following important reasons: income and unemployment have a tight relationship—the rate of change of income is strongly and negatively related to the change in the unemployment rate. A high-income area experiencing a long-term slowing in the rate of income growth is destined to suffer from long-term structural unemployment.

I want to concentrate on these maps because they are particularly relevant from an economic policy standpoint as well as the work of the Congress in its deliberations on Defense Manpower Policy #4. There are two critical conclusions to which this research and these maps inescapably point.

First, it is obvious, even from a casual glance, that economic change at this county level has followed a most uneven pattern in terms of population employment and share of manufacturing employment. Indeed, the checkered variation of the different rates of county change remind one of grandma's patchwork quilt. The key conclusion is that economic and demographic change has followed, and can be expected to continue to follow, a most irregular pattern. This is not to argue, however, that this pattern is random. Clearly, it is not, and if the principal locations of the county's cities were superimposed on these maps, the suburban dispersal of population and manufacturing activity among other well-known trends, would show through clearly. But what is so important about these uneven patterns to our testimony today is that underneath these actual changes, individual communities are experiencing growth and decline, often not knowing whether their success is the luck of the draw or whether their decline is attributable to poorly understood and rarely perceived locational factors. This is the "real world" dimension that is determined by economic dynamics, and, of course, strongly affects the locational decisions made by industry.

Second, it is clear that these maps, as well as the many others we have prepared and analyzed, provide considerable insights into the relative dynamics of economic change over the past decade. They do, however, possess a weakness in that it is difficult to estimate with any degre of precision the number of counties in which economic change is rising or falling absolutely. Because of the increase in national concern over regional growth disparities, this is an important question. To provide additional insight into this issue, I have prepared a series of special tables that show the number and percentage of counties in which there were absolute declines in economic activity during the various time periods. Each of these tables is organized in terms of the nine economic regions and similar statistical measures are clustered together.

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*This project was undertaken jointly with the Geography Department of Boston University because of its access to economic data at the county level for the 3,064 counties in the United States. In addition, its geographical computer programs allow this data to be plotted on maps.

CHANGES IN POPULATION BY COUNTY

Region	Number of counties with absolute declines		Declining counties as a percent of total regional counties	
	1950–60	1960–70	1950–60	1960–70
New England	14	8	20.9	11.9
Middle Atlantic	32	33	21.3	22.0
East north-central	130	113	29.8	25.9
West north-central	401	410	64.9	66.3
South Atlantic	247	212	45.4	39.0
East south-central	252	165	69.2	45.3
West south-central	285	235	60.6	50.0
Mountain	123	141	43.8	50.2
Pacific	27	26	20.3	19.6
U.S. total	1,511	1,343	49.3	43.8

CHANGES IN EMPLOYMENT AND THE MANUFACTURING SHARE

Region	Number of counties with absolute declines				Declining counties as a percent of total regional counties			
	All employment		Manufacturing share		All employment		Manufacturing share	
	1950–60	1960–70	1950–60	1960–70	1950–60	1960–70	1950–60	1960–70
New England	12	6	34	51	17.9	9.0	50.8	76.1
Middle Atlantic	41	16	63	97	27.3	10.7	42.0	64.7
East north-central	152	75	80	134	34.8	17.2	18.3	30.7
West north-central	451	364	80	144	73.0	58.9	12.9	23.3
South Atlantic	271	97	96	126	49.8	17.8	17.6	23.2
East south-central	239	100	21	39	65.7	27.5	5.8	10.7
West south-central	299	238	92	114	63.6	40.0	19.6	24.3
Mountain	136	118	80	125	48.4	42.0	28.5	44.5
Pacific	33	31	52	81	24.8	23.3	39.1	60.9
U.S. total	1,634	995	598	911	53.3	32.5	19.5	29.7

The data contained in these two tables should vividly remind us that demographic and economic decline are, in fact, a reality in our market economy.

Furthermore, it is important to keep in mind the fact that the increases in county employment themselves show wide variations over time. Shown in the tabulation below are the relative rates of change in employment that delineate the boundaries in the four quartiles.

Quartile	Percent change (in employment) by county	
	1950–60	1969–70
I	−55.4— −12.6	−67.5— −3.4
II	−21.6— −1.8	−3.4— +8.2
III	−1.7— +11.8	+8.2— +20.3
IV	+11.8—+381.5	+20.3—+209.0

It will be appropriate to summarize at this point by saying that these two maps and their accompanying statistical tables provide considerable support to the view that regional growth disparities are national in their scope. Further, it is also important to point out that it is absolutely unreasonable economically to argue that, even during growth phases of the business cycle, all counties ought to experience satisfactory growth rates. In the final analysis, the hallmark of a market economy is growth and decline. Yet, recognition of this fact does not necessarily mean that we must do nothing from an economic policy standpoint.

DESIGNING SPECIAL PROGRAMS TO ASSIST ECONOMICALLY LAGGING AREAS

I would like to shift our discussion to the issue of designing special programs to assist economically lagging areas. Over the past two decades, the Federal Government has developed a relatively large number of tools and programs to mitigate some of the adverse job aspects of economic change as well as to bring structurally lagging areas into the mainstream of our dynamically growing national economy. Whatever the form and the program goal, a critical assessment of the effectiveness of these programs would have to recognize that many have fallen short in alleviating their intended objectives. Clearly, this is not to say that they have been failures, and as a bank economist I am intimately aware of situations where local employment conditions were improved because of them.

This in itself is encouraging, but our central task today is to discuss the economic policy worthwhileness of broadening Defense Manpower Policy #4 as a tool to assist economically lagging areas, especially in terms of lowering their unemployment rates. We need not look deeply into Defense Manpower Policy #4 to know that revisions are required. The FY 1976 set-aside of $260.5 million—or 0.39 percent—cannot be counted as any more than a token effort on the part of the Executive Branch to deal with subregional unemployment problems. The sheer insignificance of this level alone argues that it should be expanded, but only if it can be efficiently allocated and managed.

Let me underscore at this point why changes in Federal Government procurement policy offer potentially substantial benefits to lagging communities. One of the central problems in lagging areas is the decline in private sector capital spending and job creation. The erosion of the private sector is largely attributable to the higher cost of doing business in these areas. A properly designed Federal procurement program can directly help private firms in economically deficient areas, and, therefore, contribute to the creation of private sector jobs.

Admittedly, there are trade-offs to be made in providing an expanded procurement set-aside: a certain amount of national efficiency is "traded" to achieve a certain amount of regional equity. But direct Federal procurement to private sector firms has important positive consequences that should be considered in the trade-off, but which often go unnoticed. For example, a healthy private sector invariably results in an improved municipal balance sheet and provides the wherewithal for "community dividends" (through increased taxes) that enable communities to pay for badly needed public services. At a time when many municipalities are experiencing substantial financial pressures, that is a dimension that must be taken into account.

Looking ahead, I would like to offer three criteria that I believe should be seriously considered to attain a more desirable labor market impact through a greatly expanded Federal procurement process:

"Federal procurement to assist lagging areas must achieve a greater level of sophistication in disaggregated targeting. This is far easier stated than done for it demands improved data collection on local labor markets because local labor market data is currently collected on the basis of SMSA's. For instance, we do not even have accurate employment rates for the nation's cities. The collection of regional and community data banks has lagged significantly behind the collection of appropriate statistical performance measurements for the national economy. During my years in the U.S. Department of Commerce, I was personally aware of the generally low priority that was accorded to regional economic research. Clearly, Congress should recognize that while additional research costs more money, it is certainly a worthwhile expenditure.

"At this point I would like to digress for a moment to make a strong appeal for the development of a new data collection and forecasting system for small business firms to help fulfill the statistical requirements of an expanded Federal procurement set-aside program. Undoubtedly, small business firms would be the major beneficiaries of a strengthened procurement set-aside program, for larger business firms are better able to compete in many different markets and do not face financial hardship with the weakening or the loss of a single or handful of product lines. It is thus especially appropriate that this Subcommittee examine a mechanism to meet the small business data collection needs posed by a broadened procurement program.

"Federal procurement start-up must be implemented with triggers that are not only statistically reliable but that come into play with a certain amount of smoothness. In this context, I would strongly urge the Committee to spend some of its time debating the wisdom of continued reliance on the unemployment rate. Recent experience in determining the allocations under the Counter-Cyclical Public Works program certainly exposed the statistical weakness of this measure. At this writing, I can only say we are continuing to conduct a considerable amount of empirical research on the appropriate statistical formula and trigger variables. These limitations notwithstanding, one of the attractive features of this program is that it can be turned "on and off" depending on the availability of funds and local economic need.

"Finally, Federal procurement must face up to the issue of whether the policy goal of an expanded Defense Manpower Policy # 4 program is to mitigate the unfavorable labor market consequences of cyclical or structural change. My own views on this matter are quite strong: namely, that properly targeted Federal procurement should be used to assist economically lagging regions overcome by structural adjustment problems. Furthermore, I believe that there should be a quid for the quo involved. Whatever the ultimate disposition of these hearings, without community self-help efforts Defense Manpower Policy # 4 cannot become more than swing economic assistance. If Federal procurement policies are to be expanded—as I strongly urge—to assist areas experiencing structural unemployment, then the recipient community in which the targeted firms reside must begin to recognize that it has growth and development responsibilities to its local business and labor. So many times over the past seven years, I have witnessed community economic hardships that have resulted partly from negative community attitudes towards growth. Firms which benefit from targeted procurement policies must increasingly recognize their responsibilities to help community officials change these attitudes."

It will probably be helpful to summarize at this point by saying: (1) that regional growth disparities are a national problem; and, (2) that overhauling Defense Manpower Policy # 4 must be done with a critical eye to making certain that disaggregated targeting is achieved smoothly and with the expectation of local community improvements. Recognizing these conditions, I would like to argue that a significantly expanded Federal procurement program—especially with set-asides ranging from at least 2–3 percent—can be an effective national economic policy tool to overcome a part of the economic adjustment problems in lagging areas. There are compelling reasons to support this conclusion. For the most part, serious discussions

about this issue fall under the general trade-off topic of achieving aggregate national efficiency vis-a-vis regional equity, a subject to which I have already briefly referred.

The Federal Government has long been in the business of income transfers—both through direct payments and through Federal grants—as a means of increasing balanced national income growth (efficiency) and regional equality (equity). What we are arguing today is just a variation of this widely accepted theme; namely, that Federal procurements should be made directly to firms in lagging areas to lower unemployment. There are several different community circumstances that may be directly affected by this policy.

First, there are the lagging areas with higher-than-average unemployment that have become economically stranded from the mainstream of the dynamically growing national economy through industry migrations and/or the realignment of a major government program. In the minds of many, these stranded communities are simply "down on their luck." The principal point for this Committee to keep in mind is that most of these economically stranded areas share one common dimension; namely, that there are few, if any, alternative economic growth opportunities. The root cause of the higher unemployment in these stranded communities results from a lack of labor mobility. Regrettably, this immobility is a near-permanent structure feature to national labor markets, and it is extremely doubtful that national job banks and other informational systems will promote more than just marginal changes in these labor markets. In this sense, a broadened Federal procurement policy, properly targeted, will likely ease the adjustment burden until new community planning options can be devised.

Second, there are those communities that experience high unemployment because of structural adjustment problems in only a portion of their industrial base. Although it is difficult to generalize, communities falling into this category are much larger and already integrated into the national economy. Yet scale unemployment problems can become acute in portions of the local labor market even alongside a sound and growing subregional economy. In this case, it should be clear that special external financial assistance can be very helpful in stabilizing the segment of the local labor market until such time as a new community industry-labor equilibrium can be reached.

These two real world situations must be addressed if our economy is to begin to enjoy a more equitable regional balance in national employment policies. When one argues in favor of income subsidies to achieve this goal, especially when they are made directly to the private sector, a counter-argument is frequently asserted that the Federal procurement set-asides do not really create any new jobs in the aggregate. Early on, in the use of Defense Manpower Policy No. 4, this argument was frequently underscored. Many contended that unemployment would be widely distributed among many communities and that changing procurement policies would merely shuffle employment from regions with high unemployment to ones with still higher unemployment. In my opinion, this reasoning is faulty in that it fails to take full account of the fact that labor markets are highly structured and quite inflexible. Whatever marginal adjustments are made in Federal procurement patterns, there will not likely be job losses associated with this pattern. The basis for this line of reasoning is that non-set-aside firms are most likely participating in multi-product, growing markets where there are opportunity costs in their participation in such a set-aside program, while set-aside firms (usually smaller in size) are operating in labor markets that are institutionally limited with virtually zero opportunity costs. Realistically, I believe that we can safely conclude that this policy will not mean offsetting job gains with losses.

In closing, I would like to emphasize that a significant overhauling of Defense Manpower Policy No. 4 offers unique advantages for helping the private sector, and private sector job creation holds the key to the economic revitalization of lagging areas. There is, moreover, another reason why a high priority should be attached to a much larger procurement set-aside nationally: it provides an excellent opportunity to address regional growth disparities through the private sector and to join this policy tool with other Federal programming efforts to achieve regional balance within a national context. We have all witnessed a recent tendency to pit one section of the country against the other. As Chairman of the Council for Northeast Economic action—which is focusing on regional job creation, especially in older cities, via increased private sector capital spending—I personally consider regional economic sectionalism to be most unfortunate. National policymakers cannot hope to achieve national efficiency at the expense of any region. By expanding the amount of Federal procurement dollars spent in areas of high unemployment, regardless of region, the Administration can maximize the possibilities for growth and development in all regions of our country.

I hope today's hearings will constitute a step in that direction.

Mr. HATHAWAY. Mr. President, finally, there is one additional point I would like to address. In new section 15 (d) of the Small Business Act, it states that "if the Secretary or his designee specifically determines * * *." In the version which passed the Senate, the operative phrase was "if the Secretary or head of the appropriate department * * *" and so on. In drafting up the final language an effort was made to conform the conference report language with that in the DOD appropriation bill, and inadvertently, through a technical error, the words "head of the appropriate department" were omitted. They should be there and the legislative history should so indicate.

In this way it will be clear that this applies to all defense and civilian procurement agencies and entities, to the heads thereof, and to their subordinates.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I have no further need for time.

Mr. BAKER. Mr. President, I have no requests for and no need for my time under the standing order, and I yield it back.

The PRESIDING OFFICER. Under the previous order, the Senator from Alaska (Mr. STEVENS) is recognized for not to exceed 15 minutes.

ORDER INDEFINITELY POSTPONING S. 1305

Mr. ROBERT C. BYRD. Mr. President, now that the conference report on H.R. 692 has been agreed to by the Senate and House, I ask unanimous consent that Calendar Order No. 114, S. 1305, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR HARRY F. BYRD, JR., AND SENATOR HANSEN ON MONDAY, AUGUST 1, 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the standing order, Mr. HARRY F. BYRD, JR., and Mr. HANSEN be recognized each for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 11:37 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that:

The House agrees to the amendment of the Senate to the bill (H.R. 5864) to approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes.

The House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 692) to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority, and to improve the disaster assistance, certificate of competency and Small Business set-aside programs.

The House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7558) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1978, and for other purposes; the House recedes from its disagreement to the amendment of the Senate numbered 78 and concurs therein; and the House recedes from its disagreement to the amendments of the Senate numbered 2, 17, 71, 75, 91, 93, 98, and 99 and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

ENROLLED BILL SIGNED

The Speaker has signed the following enrolled bill:

H.R. 7553. An act making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT laid before the Senate the following communications which were referred as indicated:

EC–1735. A letter from the Secretary of the Treasury transmitting, pursuant to law, a report of a violation by the Finance and Analysis Branch of the Bureau of Government Financial Operations of Section 3679 of the Revised Statutes (31 U.S.C. 665) concerning an expenditure made prior to completing apportionment process with OMB; to the Committee on Appropriations.

EC–1736. A letter from the Secretary of Transportation transmitting, for the information of the Senate, a fact sheet concerning the feasibility, lifesaving capability and economics of automatic safety devices (with accompanying papers); to the Committee on Commerce, Science, and Transportation.

EC–1737. A letter from the Secretary of Agriculture transmitting, pursuant to law, a report on the enforcement of the Horse Protection Act for the period 1975–76 (with an accompanying report); to the Committee on Commerce, Science, and Transportation.

EC–1738. A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to amend the Social Security Act to strengthen and improve the program of Federal support for foster home care of dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes (with accompanying paper); to the Committee on Finance.

EC–1739. A letter from the Assistant Secretary for Congressional Relations of the Department of State transmitting, pursuant to law, a report on excess defense articles delivered to foreign governments in the second quarter of fiscal year 1977 (with an accompanying report); to the Committee on Foreign Relations.

EC–1740. A letter from the Deputy Administrator of the General Services Administration transmitting a draft of proposed legislation to amend chapter 53 of title 5, United States Code, to include the position of Commissioner, Automated Data and Telecommunications Service, General Services Administration, in level V of the Executive Schedule (with accompanying papers); to the Committee on Governmental Affairs.

EC–1741. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Summary of a Report: The National School Lunch Program—Is it Working?" (PAD–77–7) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1742. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "The National School Lunch Program—Is it Working?" (PAD–77–6) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1743. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "After Years of Effort, Accident Rates are still Unacceptably High in Mines Covered by the Federal Metal and Nonmetallic Mine Safety Act" (CED–77–103) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1744. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "An Evaluation of the National Energy Plan" (EMD–77–48) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1745. A letter from the Chairman of the Federal Election Commission transmitting, pursuant to law, a copy of correspondence which the Commission has sent to the Office of Management and Budget concerning revised employment ceilings for fiscal year 1977 and 1978 (with accompanying papers); to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration:

Without amendment:

S. Res. 232. An original resolution to pay a gratuity to Donald S. Towles.

By Mr. ABOUREZK, from the Select Committee on Indian Affairs:

Special report entitled "Allocation of Budget Totals From First Concurrent Resolution, Fiscal Year 1978" (Rept. No. 95–366).

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation:

With an amendment:

S. 1750. A bill to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act, as amended, to conduct studies concerning toxic and carcinogenic substances in foods, to conduct studies concerning saccharin, its impurities and toxicity and the health benefits, if any, resulting from the use of nonnutritive sweetners including saccharin; to ban the Secretary of Health, Education, and Welfare from taking action with regard to saccharin for 18 months, and to add additional provisions to section 403 of the Federal Food, Drug, and Cosmetic Act, as amended, concerning misbranded foods (Rept. No. 95–369).

DEPARTMENT OF ENERGY ORGANIZATION ACT—CONFERENCE REPORT (REPT. NO. 95–367)

Mr. RIBICOFF submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 826) to establish a Department of Energy in the executive branch by the reorganization of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purpose, which was ordered to be printed.

JUVENILE JUSTICE AMENDMENTS OF 1977—CONFERENCE REPORT (REPT. NO. 95–368)

Mr. CULVER submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. Williams, from the Committee on Human Resources:

Robert Nathaniel Smith, of Michigan, to be an Assistant Director of the Community Services Administration.

Robert Stern Landmann, of New Mexico, to be an Assistant Director of the Community Services Administration.

Sar A. Levitan, of the District of Columbia, to be a member of the National Commission on Employment and Unemployment Statistics.

John B. Gabusi, of Arizona, to be an Assistant Director of the Community Services Administration.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. Eastland, from the Committee on the Judiciary:

Earle B. McLaughlin, of Vermont, to be U.S. marshal for the district of Vermont.

William B. Gray, of Vermont, to be U.S. attorney for the district of Vermont.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Harold L. Murphy, of Georgia, to be U.S. district judge for the northern district of Georgia.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CURTIS:

S. 1930. A bill to amend title XX of the Social Security Act to provide for the reallotment on a pro rata basis of unused Federal funds for social services in any fiscal year to States which previously received an allotment which was insufficient to meet their needs;

S. 1931. A bill to amend title II of the Social Security Act to provide that widow's and widower's benefits shall be based upon the amount of the monthly benefit of the deceased individual in the case of a deceased individual who delayed his retirement; and

S. 1932. A bill to amend title IV of the Social Security Act to provide that payments made under the aid to families with dependent children program may be reduced in the case of a dependent child who lives in a home in which a relative not eligible for aid under such title is also residing; to the Committee on Finance.

By Mr. ANDERSON:

S. 1933. A bill for the relief of Anwar; and

S. 1934. A bill for the relief of Mrs. Harold R. Harter, Senior; to the Committee on the Judiciary.

By Mr. JACKSON (for himself, Mr. McCLURE, Mr. HART, Mr. HATFIELD, Mr. CULVER, Mr. CHURCH, Mr. DECONCINI, Mr. PACKWOOD, and Mr. CRANSTON):

S. 1935. A bill to amend Public Law 95–18, providing for emergency drought relief measures; to the Committee on Energy and Natural Resources.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 1936. A bill to amend the act of September 7, 1950 (relating to the construction of a public airport in or near the District of Columbia), to authorize arrests for offenses committed on lands acquired to provide access to the airport, and for other purposes; to the Committee on Commerce, Science, and Transportation.

S. 1937. A bill to amend section 1 of the act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible; to the Committee on Commerce, Science, and Transportation.

S. 1938. A bill to amend the National Weather Modification Policy Act of 1976 to extend the date for the submission of the report of the Secretary of Commerce on weather modification; to the Committee on Commerce, Science, and Transportation.

By Mr. GRAVEL (for himself, Mr. THURMOND, and Mr. MATSUNAGA):

S. 1939. A bill to amend the Internal Revenue Code of 1954 to provide that the U.S. Tax Court may issue a declaratory judgment with respect to the correctness of a precedential revenue ruling issued by the Secretary of the Treasury which modifies a revenue ruling issued at least 5 years earlier, and for other purposes; to the Committee on Finance.

By Mr. BENTSEN:

S. 1940. A bill to amend the Federal Meat Inspection Act to allow the interstate movement of all meat food products which are processed by federally inspected establishments and which are derived from meat which has been slaughtered or processed at certain State-inspected establishments; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHURCH:

S. 1941. A bill to authorize the Secretary of the Interior to initiate a rehabilitation and betterment program for the Post Falls irrigation district, Rathdrum Prairie Project, Idaho; to the Committee on Energy and Natural Resources.

By Mr. WILLIAMS:

S. 1942. A bill to encourage State and local governments to reform their real property tax systems so as to decrease the real property tax burden of low- and moderate-income individuals who have attained age 65; to the Committee on Finance.

By Mr. CURTIS:

S. 1943. A bill to provide that the Inspector General of the Department of Health, Education, and Welfare shall maintain a system of quality control with regard to payments made under the aid to families with dependent children program and the supplemental security income program; to the Committee on Finance.

S. 1944. A bill to amend title IV of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to reduce Federal financial participation under the aid to families with dependent children program on account of excessive erroneous State payments; to the Committee on Finance.

S. 1945. A bill to require the Inspector General of the Department of Health, Education, and Welfare to compile data concerning cases of fraud under the aid to families with dependent children program, and the supplemental security income program; to the Committee on Finance.

S. 1946. A bill to amend part A of title IV of the Social Security Act to provide increased Federal matching funds for the investigation and prosecution of welfare fraud; to the Committee on Finance.

S. 1947. A bill to amend title IV of the Social Security Act to allow access to certain records for purposes of determining eligibility for aid under the aid to families with dependent children program and carrying out the provisions of part D of such title; to the Committee on Finance.

S. 1948. A bill to amend title IV of the Social Security Act to permit States to require, as a condition of eligibility, photoidentification cards for recipients of aid to families with dependent children and to provide 75% Federal matching funds for the administrative costs thereof; to the Committee on Finance.

S. 1949. A bill to amend the Family Educational Rights and Privacy Act of 1974 to permit the release of information from education records to State agencies for use in establishing eligibility for aid under part A of title IV of the Social Security Act and the enforcement of child support obligations; to the Committee on Human Resources.

By Mr. MOYNIHAN:

S. 1950. A bill to protect communications among Americans from interception by foreign governments, and for other purposes; to the Committee on the Judiciary and the Committee on Foreign Relations, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON (for himself, Mr. MCCLURE, Mr. HART, Mr. HATFIELD, Mr. CULVER, Mr. CHURCH, Mr. DECONCINI, Mr. PACKWOOD, and Mr. CRANSTON):

S. 1935. A bill to amend Public Law 95–18, providing for emergency drought relief measures; to the Committee on Energy and Natural Resources.

Mr. JACKSON. Mr. President, I am pleased to join with the junior Senator from Idaho (Mr. MCCLURE) and other Western Senators in introducing legislation to amend the Drought Assistance Act of 1977—Public Law 95–18.

As my colleagues will recall, earlier this year the Senate acted with great dispatch in approving legislation to provide financial assistance to mitigate the adverse impacts of the drought which still persists in the Western States. On March 15, of this year, by a record vote of 92 to 0 the Senate approved S. 925, which provides certain temporary authorities to the Secretary of the Interior to undertake emergency drought related programs.

The hearing record and the report which accompanied S. 925 clearly indicated the many unknowns which confronted the drought program at that time. It was not known to what extent funds would be needed for specific drought-related programs. Because of those unknowns, the Senate version did not allocate the amount authorized to the various programs provided for in the measure. The final version of S. 925, which was signed into law by the President on April 7, contained House amendments which provided for an allocation of authorized funds to specific programs authorized by the bill and that is why amendatory language is now necessary.

The Bureau of Reclamation has informed me that a surplus of funds is available for the water bank program, but there is a shortage of funds for the facilities construction programs and related assistance to the States. The amendments we propose would provide that funds for which there are no demand could be used for the other programs authorized by the Public Law and would also extend the termination date of the programs, because of the time necessary for processing applications for assistance.

In that regard, I want to note that it has taken over 3½ months for the Department of the Interior and Department of Agriculture to prepare for the receipt of loan applications by individual irrigators for assistance under the act. At this rate, by the time assistance is made available, the authorities under the act would expire and no assistance would be rendered to the victims of the drought. That is why it is necessary to extend the cutoff date.

Mr. President, I ask unanimous consent that a letter from Mr. Keith Higginson, Commissioner of the Bureau of Reclamation be placed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
June 30, 1977.

Hon. HENRY M. JACKSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JACKSON: This is in response to a telephone request from your office for a report regarding the use of funds authorized by the Emergency Drought Act of 1977, Public Law 95–18.

As you are aware, section 9 of the act authorized $100 million to carry out the water purchase and redistribution program authorized by the act. That same section of the act designated 15 percent of the $100 million to be available for carrying out other programs authorized by the act. We have interpreted this to mean that the section 1(a) and (c) studies authorized by the act would be performed with funds out of the 15 percent. Also, assistance to individual irrigators (section 8(a)) and Indian irrigation projects (section 1) for construction must be made from the 15 percent. A portion of the 15 percent could also be utilized in assisting in the construction activities of water user entities in regular Reclamation projects.

Section 10(c) of the act sets aside $10 million of the authorized $100 million for use in mitigating damage to fish and wildlife resources caused by the drought. Deducting the $10 million and the $15 million (15 percent) for other purposes authorized by the act leaves a residual of $75 million available for the purchase and redistribution of water (water bank, section 2(a)).

Section 10(a) of the act extended the use of funds available under the Emergency Fund Act of June 26, 1948, to Small Reclamation Projects Act projects and to projects financed with non-Federal funds. Section 10(b) set aside 5 percent of the funds available under the 1948 act for use by State water resource agencies. Public Law 95–26 appropriated the $100 million authorized by the Emergency Drought Act of 1977 and $30 million to supplement the 1948 Emergency Fund Act. The $30 million, together with $2,356,161 already in the fund, made a total of $32,356,161 available for use under sections 10(a) and (b) of the Emergency Drought Act of 1977 and for use on our regular Reclamation projects.

Enclosed is a tabulation of funds obligated under the various sections of the 1948 and 1977 acts, as of June 15, 1977. You will note that the $15 million is completely obligated. Requests for funds for Indian projects alone exceeded the $15 million. We have been advised by our regional offices that we can expect to receive additional requests in excess of $20 million for construction of facilities which would be financed out of the funds available under the 1948 act. On this basis, we foresee insufficient fund availability under the 1948 act and in sections 1(a), 1(c), and 8(a) of the 1977 act.

If we can be of further assistance, please advise us.

Sincerely yours,

R. KEITH HIGGINSON,
Commissioner.

REQUESTS FOR DROUGHT ASSISTANCE IN 1977 RECEIVED BY RECLAMATION'S WASHINGTON OFFICE

Entity, Region, Date Approved	Emergency Fund Act 1948	Sec. 10(a)(1) Sml. Recl. Projects	Sec. 10(a)(2) Non-Fed. Recl. Proj.	Sec. 10(b) State Grants	Sec. 8(a) Federal Recl. Proj.	Sec. 8(a) Indians	Sec. 8(a) Individual Irrigators	Sec. 10(c) Fish and Wildlife	Sec. 2(a) Water Bank	Sec. 1(a) and (c) Studies	Total
Prosser I.D.—Yakima Proj., Reg. PN—Washington, 4–15–77.	Replace Hyd. Turbines W/Elec. Motors. $50,000										$50,000
Granger I.D.—Yakima Proj., Reg. PN—Washington, 4–27–77.	Dumps in Drains. $25,000										25,000
Kittitas Recl. Dist.—Roza I.D.—Yakima Proj. Reg. PN—Wash. 5–4–77.	Cle Elum Res. Pumps. $3,000,000										3,000,000
Wenatchee Heights Recl. Dist.—Small Recl. Proj. Reg. PN—Washington, 5–9–77.		Pumps–Pipeline Columbia River. $595,000									595,000
Reg. MP (State and Pleasant Grove–Verona Mutual Water Co.—Calif., 5–12–77.									(20,250 A.F. (9,754 A.F.C. $70) (10,496 A.F. at $75) 15,752 A.F. at $70 A.F.). $2,714,000		2,714,000
Heart Mountain I.D.—Shoshone Proj. Reg. UM—Wyoming, 5–24–77.	Pump from Alkali Cr. $25,000										25,000
Reg. MP (Pelger Mutual Water Co.—Calif.), 5–26–77 to 6–14–77.									4,425 A.F. at $25 A.F. $110,625		110,625
Elder Creek Water District—CVP Reg. MP—Calif., 5–31–77.	5 Deep wells. $250,000										250,000
Studies ($120,000) Reg. MP.—Nebraska, 6–7–77.										Mirage Flats and Farwell Irr. Dists. $45,000	45,000
Alpaugh I.D.—CVP, Reg. MP—Calif., 6–7–77.		Pump and well. $102,000									102,000
Orchard Mesa I.D. Grand Valley Project Reg. UC—Colorado, 6–14–77.	2 pumping stations and pipelines. $270,000										270,000
Canyon Creek Lateral Ditch Water Users' Assn. Reg. DN—Idaho.		Pumping plant, conveyance system and well. $240,000									240,000
Fremont-Madison I.D.—Minidoka Project, Reg. PN—Idaho, 6–15–77.	$125,000										125,000
Delta-Mendota Canal Intake Channel Dredg. Reg. MP—CVP—Calif., 6–14–77.	$750,000										750,000
Weber Basin Water Conservancy Dist.—Weber Basin Proj. Reg. UC—Utah, 6–15–77.	Pumping Plant and Discharge Line. $200,000										4,310,460 200,000
Lewiston Orchards I.D.—Lewiston Orchards. Proj. Reg. PN—Idaho, 6–14–77.											
BIA—51 Indian proposals—$18,938,500.						$10,000,000					10,000,000
Central Nebr. Public Power and I.D., Reg. LM—Nebraska, 6–14–77.		$348,300									346,400
California, Reg. MP, 6–10–77				3 proposals $501,000							501,000
Deaver I.D.—Shoshone Project, Reg. UM—Wyoming.	Pump in Polecat Cr. $20,000										20,000
Midvale I.D.—P-SMBP Riverton Unit, Reg. UM—Wyoming.	Surveillance Labor—Irrigation system. $24,700										24,700
Kirwin I.D.—P-SMBP, Reg. LM—Kansas, 6–14–77.	Pipelines in open laterals. $125,000										125,000
Reg. MP (Reclamation Dist. No. 108—Calif.)									$125,000		125,000
Reg. PN (West Extension I.D.—Umatilla Proj.—Oregon).									4,500 A.F. at $12, A.F. line meter dollar discn. line. $55,200		55,200
Riverside Reservoir and Land Co., Reg. LM—Colorado.			Pumps on 2 wells. $46,000								46,000
Lakeview I.D., Reg. UM—Wyoming.			Replace open laterals w/pipelines. $50,000								50,000
Henrylyn I.D.—Narrows Unit, Reg. LM—Colorado.			Replace open laterals w/pipelines. $418,000								418,000

Entity, Region, Date Approved	Emergency Fund Act 1948	Sec. 10(a)(1) Sml. Recl. Projects	Sec. 10(a)(2) Non-Fed. Recl. Proj.	Sec. 10(b) State Grants	Sec. 8(a) Federal Recl. Proj.	Sec. 8(a) Indians	Sec. 8(a) Individual Irrigators	Sec. 10(c) Fish and Wildlife	Sec. 2(a) Water Bank	Sec. 1(a) and (c) Studies	Total
Tetsel Mutual Ditch Co.—Narrows Unit, Reg. LM—Colorado.			5 wells, $50,000								50,000
Subtotal to date, 6–15–77.	$9,175,160	$1,283,400	$564,000	$501,000		$10,000,000			$3,004,825	$45,000	24,573,385
Tentatively reserved funds				$1,117,000			$4,000,000	$7,995,677		$955,000	14,067,677
Totals to date, 6–15–77.	$9,175,160	$1,283,400	$564,000	$1,618,000		10,000,000	4,000,000	7,995,677	$3,004,825	$1,000,000	38,641,062

Mr. McCLURE. Mr. President, the drought is still seriously affecting many of the Western States and this amendment today is to merely provide some flexibility within the Emergency Drought Act of 1977 so that moneys already appropriated can be redirected and utilized where they are most critically needed.

Under this act and the Urgent Supplemental Disaster Act of 1977, the Bureau of Reclamation was authorized and appropriated $100 million to carry out drought activities; $75 million for a water allocation program and the remaining amount to be divided between emergency conservation measures for irrigators, State programs, studies and fish and wildlife mitigation. Except for $72 million of the water bank program, all money appropriated has been allocated under this act. The water bank program, unfortunately, was not implemented in time to be effective and almost $72 million is locked into that program today. This amendment simply removes the authorizing limitations on the original $100 million so that the unused $72 million can be utilized by other programs under the act.

The amendment makes three minor changes in the Emergency Drought Act of 1977. It extends the dates of application for loans from September 30 to November 30, 1977, as well as extending the construction completion time to January 31, 1978. It authorizes the $100 million to apply to all programs under the act and it strikes any limitation on funding to the States.

Some of the provisions that have been useful and should be continued include:

Loans for Federal irrigation projects under the Emergency Fund Act of 1948. These are for construction facilities for drought relief.

Loans to reclamation projects, including Indian projects and non-Federal projects, for construction and management activities to reduce losses and damages on the projects.

Loans for individual irrigators on projects for construction purposes and the water allocation program.

Fish and wildlife resources can receive up to $10 million for mitigation.

States can receive aid for continuing drought programs under this act.

One of the most pertinent portions of the bill is the individual loan program for construction activities to mitigate effects of the drought. This was to have been a preventative program designed to lessen the severity of drought conditions affecting irrigated lands. It is deplorable that almost $72 million is still available because it was not implemented effectively and also that the individual loan program has never gotten off the ground. Senator JACKSON and I began in early May to direct the Bureau to carry out the intent of the act. The Secretary of Interior at the end of June admitted that the Bureau should be administering the program by granting individual loans to irrigators. To this day, I know of no individual in my State who has received any benefits under this portion of the act. Now with $72 million available, this program can be implemented as first intended.

The Western States Regional Drought Action Task Force, chaired by Gov. Richard Lamm, Colorado, has cited the need for additional funds to assist the States in their administration of drought related programs under this act. They have been working with the Commissioner of Reclamation in exploring how these funds can be distributed among those States who have expressed a need. Because of the necessary haste involved in trying to get this money to the field, I believe it is wise to allow the Secretary to use his discretion as to the best allocation of these moneys to the States and the other programs. He has been working with the States since this appropriation first passed, but because of the limited amount of money available, $1.6 million originally appropriated, many worthwhile State programs could not be implemented. Now, the remaining $72 million must be available if we are going to have any further effect on implementing these established programs, I have a letter from Mr. Jack Barnett, on behalf of 21 western Governors, stating this need, which I ask unanimous consent to have printed in the RECORD.

My colleagues from the West know full well how the drought is continuing to prove devastating to many of our farmers and ranchers. The National Weather Service has just reported that the drought continues to have a firm grip on the Western United States and prospects for even temporary relief in the near future are grim.

This legislation is definitely needed to complete a job that we had set out to do earlier this year. We must redirect our efforts and hopefully in time to provide some of the necessary relief. We have already given the Bureau the authority, the money, more than ample time and patience. Now we are giving them more flexibility. It is our last chance to help those people we promised assistance to almost 5 dry months ago.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 7, 1977.

Hon. JAMES A. McCLURE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR McCLURE: The states impacted by the drought, find that they are in need of additional funds to assist their efforts in the general administration of drought related programs, including programs authorized by the Congress. Further, there is a significant need within those states, for some monies which can be used with flexibility and discretion by state administrators in individual drought mitigation efforts.

The Regional Drought Action Task Force was created by the governors of 21 states, seriously impacted by the drought. The staff of the Task Force, and representatives of all 21 states involved, have examined the various needs of the states and have examined in detail, the availability of funds through federally authorized programs. We have learned that significantly large portions of the $843 million proposed by the President for drought programs, cannot be effectively utilized in drought mitigation because of the time frame authorized by Congress. For example, P.L. 95–18, often referred to as the "Water Bank Bill," provides $75 million for the purchase and sale of water rights. We have come to the conclusion that perhaps only $3 million will be utilized for this purpose. The same Act, however, authorizes some funds to be allocated to the states to be used for general drought mitigation efforts. Only $1.6 million was made available in Subsection 10(b) of the Act for the states to utilize at their discretion. States have already requested more than $8 million, and the Commissioner of Reclamation is currently exploring how limited funds can be distributed among the many expressed needs. Because of the limited amount of money available, many worthwhile state programs were not identified nor funds requested for same, as states recognized the very limited financial resources available to them through this vehicle.

After reviewing, in detail, all possible sources of funds for direct state use, we have been advised by our legal counsel that P.L. 95–18 appears to be the most logical program available to the states as a source of additional funds. We have been further advised by the Commissioner of Reclamation, that solicitors for the federal government have indicated there is no flexibility within the Act to allow the Commissioner to transfer funds from the $75 million allocation, to the state allocation.

Therefore, in behalf of the 21 state governors involved in the Regional Drought Action Task Force, I would urge that you examine the options available to the Congress to allow for the appropriation or reallocation of funds to Subsection 10(b) of P.L. 95–18.

I can assure you that the impacts of the drought have already been felt by many citizens of the affected areas, and that

early projections of the impacts were fairly accurate and not overestimated. Your immediate help would be appreciated.

Sincerely,

JACK A. BARNETT,
for
RICHARD D. LAMM,
Governor.

Following is a list of the Regional Drought Action Task Force States:

Arizona, California, Colorado, Hawaii, Idaho, Illinois, Iowa, Kansas, Montana, Minnesota, Nebraska, and Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 1936. A bill to amend the act of September 7, 1950 (relating to the construction of a public airport in or near the District of Columbia), to authorize arrests for offenses committed on lands acquired to provide access to the airport, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. MAGNUSON. Mr. President, I introduce today, at the request of the Department of Transportation, and on behalf of myself and my colleague, Mr. PEARSON, a bill to amend the act of September 7, 1950—relating to the construction of a public airport in or near the District of Columbia—to authorize arrests for offenses committed on lands acquired to provide access to the airport, and for other purposes.

I ask unanimous consent that the text of the bill and the letter of transmittal be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1936

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11 of the Act entitled "An Act to authorize the construction, protection, operation, and maintenance of a public airport in or in the vicinity of the District of Columbia," approved September 7, 1950 (64 Stat. 770, Ch. 905), is amended to read as follows:

"SEC. 11. As used in sections 4, 5, 6, 7, 8, 9, and 12, the word "airport" includes rights of way or easements for roads, trails, pipe lines, power lines, railroad spurs, and other similar facilities acquired and retained under section 3. Unless the context otherwise requires, the definitions of other words or phrases used in this Act shall be the definitions assigned to such words and phrases by the Federal Aviation Act of 1958, as amended."

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., July 1, 1977.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for introduction and referral to the appropriate committee is a draft bill

"To amend the Act of September 7, 1950 (relating to the construction of a public airport in or near the District of Columbia), to authorize arrests for offenses committed on lands acquired to provide access to the airport, and for other purposes."

The Act of September 7, 1950 (64 Stat. 770 as amended), authorized and directed the Administrator of the Federal Aviation Agency to construct and operate a public airport within or in the vicinity of the District of Columbia. Under that authority, a site for the airport (subsequently named Dulles International Airport) was chosen at Chantilly, Virginia, and the FAA acquired lands for construction of the airport and for construction of an access highway connecting the airport terminal and United States route number 66. Concurrent jurisdiction over the lands acquired for the airport and these access road was accepted by the Federal Aviation Agency on behalf of the United States, and the airport was opened on November 17, 1962. Under the Department of Transportation Act, the functions, powers, and duties of the Administrator of the Federal Aviation Administration with respect to the administration of the airport were transferred to and vested in the Secretary of Transportation.

The Act provides that the Secretary shall have control over and responsibility for the care, operation, maintenance, improvement, and protection of the airport, together with the power to make and amend such rules and regulations as he may deem necessary for the proper exercise thereof. The Department considers the access road to be a part of the airport property and exercises the same degree of control over the care and protection of the highway as it does over the airfield itself. It maintains the highway, provides police protection along its course, and prescribes traffic and other regulations governing its use.

However, a case decided in December 1965 by the United States District Court for the Eastern District of Virginia ruled that an arrest on the Dulles access highway by an FAA airport police officer was improper. The arrest was made under section 8 of the Act. That section, in part, authorizes designated airport employees to make arrests within the limits of the airport. The Court concluded that in this case the point on the highway where the offense was committed was not "within the limits of the airport."

While we believe that the Dulles access road is within the limits of the airport, in order to forestall future questions regarding FAA's jurisdiction over this road, FAA resorted to having those law enforcement personnel assigned to Dulles deputized as Special Deputy U.S. Marshals by the U.S. Marshals Service, Department of Justice. This poses administrative problems since these individuals must be deputized on a recurring basis every six months.

We continue in the belief that Congress intended that the word "airport" in section 8 include federally-owned access roads, but due to the ruling of the Court in the abovementioned case, we think that it is appropriate that Congress should reaffirm its original intent by amending the Act to clarify the definition of "airport" to preclude any future doubt as to its meaning. The proposed legislation would do that. It adds to section 11 of the Act a definition of the word "airport" providing that lands and interests in lands acquired and retained under section 3 of the Act for roads, pipe lines, power lines, railroad spurs and other similar facilities necessary or desirable for the construction or operation of the airport are considered to be a part of the airport.

A perfecting amendment has also been made to section 11 to replace an out-of-date reference to the Civil Aeronautics Act of 1938 with a reference to the Federal Aviation Act of 1958.

It is the judgment of the Department of Transportation, based on available information, that no significant environmental impact would result from the implementation of this legislation.

The Office of Management and Budget advises that there is no objection, from the standpoint of the Administration's program, to the submission of this proposed legislation to the Congress.

Sincerely,

BROCK ADAMS.

Enclosure.

IMPACT OF LEGISLATION TO GRANT FAA AIRPORT POLICE OFFICERS ARREST AUTHORITY ON THE DULLES ACCESS HIGHWAY

[Dollar amounts in thousands]

Estimated savings	Fiscal year— 1977	1978	1979	1980	1981
Employee years	[1] 0.07	0.14	0.14	0.14	0.14
Budget authority	$1.3	$2.6	$2.6	$2.6	$2.6
Outlays	[1] 1.3	2.6	2.6	2.6	2.6

[1] Assumes 1 of the 2 fiscal year 1977 deputization ceremonies will occur prior to enactment of this legislation.

Note: It is presently necessary to deputize Dulles airport police officers as special deputy U.S. marshals to provide them with arrest authority on the access highway. This is accomplished twice yearly, and requires payment of overtime to off-duty police officers reporting to duty for the ceremony. Savings will result from the elimination of this overtime.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 1937. A bill to amend section 1 of the act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible; to the Committee on Commerce, Science, and Transportation.

Mr. MAGNUSON. Mr. President, I introduce today, at the request of the Department of Commerce, and on behalf of myself and my colleague, Mr. PEARSON, a bill to amend section 1 of the act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible.

I ask unanimous consent that the text of the bill, the letter of transmittal, and the statement of purpose and need be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act of June 5, 1920, as amended (41 Stat. 929, as amended; 33 U.S.C. 853), is further amended to read as follows: "The Secretary of Commere is authorized to consider, ascertain, adjust, and determine all claims for damages, where the amount of the claim does not exceed $2,500, occasioned, subsequent to June 5, 1920, by acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible."

STATEMENT OF PURPOSE AND NEED

Pursuant to Reorganization Plan No. 5 of 1950 (15 F.R. 3174, 64 Stat. 1263) and Reorganization Plan No. 2 of 1965 (30 F.R. 8819, 79 Stat. 1318), the Secretary of Commerce has the authority under 33 U.S.C. 853 to settle claims of up to $500 arising by reason of acts for which the National Ocean Survey (formerly the Coast and Geodetic Survey) of the National Oceanic and Atmospheric Administration (NOAA) of the

Department of Commerce shall be found to be responsible. This authority does not extend to a negligent or wrongful act or omission of a Government employee acting within the scope of his employment which would already be covered under the Federal Tort Claims Act (28 U.S.C. 2671–80).

The purpose of this legislation is twofold. First, it would make clear that 33 U.S.C. 853 is applicable to all NOAA activities not merely National Ocean Survey activities. Second, it would increase the maximum dollar amount of authorized settlements from $500 to $2,500.

NOAA in its many diversified scientific endeavors and experiments often employs information gathering instruments that, absent any negligence, can cause damage exceeding $500. However, the occurrence of non-negligent incidents with damages over $500 is very infrequent. Nevertheless, when such an incident occurs, the cause of the damage is clear and the moral obligation to compensate is present. The usual administrative procedure is to settle such claims in excess of $500 under the Federal Tort Claims Act (which has no dollar limitation) on the premise that color of negligence or omission can be found. Following this procedure is not satisfactory because an appropriate finding is difficult to reach and because such settlements establish undesirable precedents.

Some of the types of claims against NOAA that could be settled pursuant to the Secretary's increased power under this proposed legislation are those arising from: (1) weather instrument operations such as the radiosonde which is sent into the atmosphere by balloon and after reaching 5 or 6 miles bursts and returns to ground by parachute; (2) marine torts in domestic and foreign waters especially tearing up of lobster and fish nets during surveys; (3) damage to private property by triangulation and survey field parties; and (4) damage caused by breakway buoys.

Enactment of this proposal would facilitate administrative processes but would not require any increase in appropriations.

THE SECRETARY OF COMMERCE,
Washington, D.C., July 6, 1977.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill.

"To amend section 1 of the Act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible."

The Department has determined that this proposed legislation does not constitute a major proposal requiring preparation of an Economic Impact Statement under Executive Orders 11821 and 11949, and OMB Circular A–107.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our draft bill to the Congress from the standpoint of the Administration's program.

Sincerely,

JUANITA M. KREPS.

Enclosures.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 1938. A bill to amend the National Weather Modification Policy Act of 1976 to extend the date for the submission of the report of the Secretary of Commerce on weather modification; to the Committee on Commerce, Science, and Transportation.

Mr. MAGNUSON. Mr. President, I introduce today, at the request of the Department of Commerce, and on behalf of myself and my colleague, Mr. PEARSON, a bill to amend the National Weather Modification Policy Act of 1976 to extend the date for the submission of the report of the Secretary of Commerce on weather modification.

I ask unanimous consent that the text of the bill, the letter of transmittal, and the statement of purpose and need be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(a) of the National Weather Modification Policy Act of 1976 (90 Stat. 2361; 15 U.S.C. § 330 note), is amended by striking the words "within 1 year after the date of enactment of this Act" and inserting in lieu thereof "by June 13, 1978,".

THE SECRETARY OF COMMERCE,
Washington, D.C., July 27, 1977.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill

"To amend the National Weather Modification Policy Act of 1976 to extend the date for the submission of the report of the Secretary of Commerce on weather modification."

together with a statement of purpose and need in support thereof.

The Department has determined that this proposed legislation does not constitute a major proposal requiring preparation of an Economic Impact Statement under Executive Orders 11821 and 11949, and OMB Circular A–107.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our draft bill to the Congress and further, that enactment would be consistent with the Administration's objectives.

Sincerely,

JUANITA M. KREPS.

Enclosures.

STATEMENT OF PURPOSE AND NEED

The Weather Modification Policy Act of 1976 (15 U.S.C. § 330 note) requires the Secretary of Commerce to conduct a comprehensive investigation and study of the state of scientific knowledge concerning weather modification, the present state of development of weather modification technology, problems impeding effective implementation of weather modification technology, and other related matters. Section 5(a) of the Act requires the Secretary to prepare and submit to the President and the Congress, within one year after the date of enactment (October 13, 1976), a final report of the findings, conclusions, and recommendations of the study. For the reasons set forth below, the time for submittal of the required report should be extended by eight months, from October 13, 1977 to June 13, 1978.

To carry out the requirements of the Act, the Secretary decided to establish a Weather Modification Advisory Board comprised of non-Federal members whose function would be to provide advice and recommendations to the Secretary and furnish necessary guidance for the study and report. The Secretary decided to establish such an advisory board after receiving letters from Members of Congress, professional societies, scientists, and others concerned with the future of weather modification. Most of these letters stressed the need for establishment of an independent advisory group to help in the study and report. The actual decision to form an advisory board was predicated on section 5(b) of the Act which requires that the Secretary "solicit and consider the views of State agencies, private firms, institutions of higher learning, and other interested persons and governmental entities in the conduct of the study. . . ." The Secretary concluded that an advisory board was the best method to comply with section 5(a).

Setting up the board and selecting the best qualified representative membership while fully complying with the mandates of the Federal Advisory Committee Act (5 U.S.C. App. I) did, however, cause unavoidable delays in conducting the study. Further, during the five month administration transition period, problems arose in obtaining timely approvals for certain actions. Nevertheless, the time spent in establishing the board was not wasted. An outstanding chairperson and a well-balanced membership has been appointed. However, the time remaining till October 13, 1977, is too brief to permit adequate investigation and analysis of the extensive information associated with the study and the preparation of a definitive final report. This view is shared by many, both in and out of the Federal government.

This legislation would amend section 5(a) of the Act to provide the Secretary with an additional eight months to prepare and submit to the President and the Congress a final report on the findings, conclusions, and recommendations of the study required to be conducted by section 4 of the Act.

No additional requirement for funds beyond those requested in the President's FY 1977 Supplemental Budget Request, will be necessitated by this extension.

By Mr. GRAVEL (for himself, Mr. THURMOND, and Mr. MATSUNAGA):

S. 1939. A bill to amend the Internal Revenue Code of 1954 to provide that the U.S. Tax Court may issue a declaratory judgment with respect to the correctness of a precedential revenue ruling issued by the Secretary of the Treasury which modifies a revenue ruling issued at least 5 years earlier, and for other purposes; to the Committee on Finance.

Mr. GRAVEL. Mr. President, the legislation which I introduce today is designed to remedy a problem in the administration of our tax laws which has vexed taxpayers for many years. In the time I have spent on the Senate Finance Committee I have seen several examples on Internal Revenue Service administrative action which has caused difficult and unnecessary problems for taxpayers. I am sure that most of my colleagues are aware of the problem of which I speak, having been approached at different times by affected taxpayers. The problem to which this legislation is directed is the periodic revision by the Internal Revenue Service of long-standing interpretations of the tax law.

The Internal Revenue Service issues revenue rulings which interpret our tax laws. These rulings are intended for the guidance of taxpayers and IRS agents in the preparation and auditing of tax returns. These rulings do not have the force or authority of law. But, they do have far-ranging influence on the daily

operation of thousands of businesses in our country.

The Internal Revenue Service takes the position that revenue rulings are interpretive only and therefore subject to change at any time. The Service maintains that theoretically a ruling currently in effect reflects the law as it has always been. Of course, the concept of a ruling as correctly reflecting what the law has always been is a fiction since rulings are subject to change. Indeed, rulings are often revised as the Internal Revenue Service reinterprets the law in light of changing business climates and personnel. But, throughout this process, the revenue rulings which are current represent the Service's position as to the meaning of a particular tax law provision.

Now, since the IRS and taxpayers both rely on revenue rulings for the ordering of their affairs, a change in an existing ruling can have drastic consequences. If a taxpayer has built up a business based on existing interpretations of law and then those interpretations are revised, he may find himself suddenly out of business. Such an event has occurred recently and many of my colleagues have been approached by the affected taxpayers in the investment annuity industry. Now, I do not wish to speak here to the substance of the claim made by the investment annuity industry, but I would like to tell you something about how that industry came to seek congressional redress during the recent consideration of the Tax Reduction and Simplification Act of 1977.

In 1963 a new life insurance company was formed solely to offer investment annuities, a type of variable annuity. The company requested the IRS to rule whether the element of policyholder control of investments would cause investment income to be taxed to the policyholder or to the insurer. The company took the position that it should be taxed to the policyholder. The Service ruled that there was not sufficient investor control to require the income to be taxed to the investor and therefore the income would be taxed to the company. The decision was based on section 801(g) of the Internal Revenue Code.

The Service issued its original ruling in this area in 1965. Again in 1968 it published a ruling reaffirming the position established in 1965. The Service knew full well that investors and businessmen were basing daily decisions on these revenue rulings.

In reliance upon these rulings a significant new industry developed, the investment annuity industry. The investment annuity established itself in the market as a desirable investment on the part of many Americans. One company specializing in such annuities had over $300 million in assets under its policies. On March 9, 1977 disaster struck. The Internal Revenue Service reversed itself on investment annuities. In revenue ruling 77–85 the IRS took the position that the income from the investment annuity was taxable to the policyholder rather than to the company.

This position is just the reverse of its original holding of 11 years standing. It is a position which the Service rejected in 1965 when it issued its original ruling. Neither the facts nor the law had changed in the interim—the IRS had simply changed its bureaucratic mind.

The issuance of revenue ruling 77–85 completely and immediately stopped the sale of investment annuities. Agents were laid off, salesmen terminated, policyholders were left with investments of questionable value, and at least one company was faced with bankruptcy. The affected company sought to ameliorate the IRS decision first through conversations with the Service and then through action in Congress. We here in the Senate acted to give some relief to this beleaguered industry. We adopted an amendment to the Tax Reducation and Simplification Act of 1977 allowing a delay in the effective date of the ruling, but this amendment was dropped in conference. The investment annuities industry was left with no effective recourse in its disagreement with the Internal Revenue Service.

Why, you might ask, did the industry not take the IRS to court over this revenue ruling? It certainly could and I understand has now done so, but this does not solve the problem for the industry. Under the law as it now stands, even if the industry challenges the ruling it remains in effect until a court decision holds it to be invalid. It might take years for the affected taxpayer to receive redress through tax court proceedings. In the meantime the revenue ruling stands to prevent operation of the taxpayer's business. This is because an injunction against the IRS is specifically prohibited by a Federal statute, the Anti-Injunction Act.

Now, Mr. President, I am not here to champion the investment annuity industry or any other special interest. The investment annuity industry is not the only industry which has been adversely affected by a reversal of an Internal Revenue Service ruling. I was personally involved in the legislative solution to another revenue ruling reversal which affected the operators of private water companies. Some public utilities obtain a substantial portion of their capital needs through contributions in aid of construction from taxable income. Then in 1975 the IRS revoked the 1958 ruling in revenue ruling 75–557. The change in the IRS ruling increased substantially the taxes of those utilities which had treated contributions in aid of construction as nontaxable contributions to capital. These utilities had their taxes substantially increased by IRS reinterpretation of the law. But because they operated as regulated utilities, they would not be able to pass the cost of this increased tax through to their customers in a timely fashion. Since the utilities, like the investment annuities industry, could not obtain an injunction against the issuance of this new ruling, its only recourse was through the courts or the Congress. Unlike the investment annuities industry, the utilities were fortunate Congress responded to their plight and passed remedial legislation as part of the Tax Reform Act of 1976.

The two examples I have cited here are not unique. The IRS constantly reviews revenue rulings and revises or reissues them. But, rulings of long standing are relied on by taxpayers and the Service alike, and by virtue of their age take on the color of law.

Mr. President, relief through the courts from an incorrect revenue ruling reversal is a time consuming and costly process. During the entire appeals process the challenged ruling remains in effect by virtue of the antiinjunction statutes. If the ruling reversal is a real threat to the taxpayer's business or investment, that business or investment may well have disappeared before legal redress is obtained. Victory for the taxpayer in court, if victory comes, may be a hollow and bitter experience when it comes too late to save his investment.

The legislative process provides limited redress to taxpayers. Indeed, the utilities industry found solace within the Congress and a solution to its problem. But, that is rare. If the ruling reversal affects only a small group, or a group without the financial resources necessary to wage a major legislative campaign, Congress may well turn a deaf ear to the taxpayer's problem. The bill I propose today, Mr. President, will provide taxpayers with redress through the courts while at the same time allowing him to continue in the pattern established by the Internal Revenue Service in earlier rulings until the courts have determined that the IRS reversal of position was well founded in law.

Mr. President, I would like to summarize this legislation for the Senate. The bill creates a new section of the Internal Revenue Code, section 7478. The section provides that in the case of an actual controversy involving a ruling by the IRS in which the IRS has reversed a published ruling of 5 years' standing or more, an affected taxpayer may file a suit for declaratory judgment with the Tax Court to determine whether the ruling is consistent with the Internal Revenue laws to which the ruling relates. I would emphasize, Mr. President, that this law only applies to reversals of rulings which have been IRS policy for 5 years or more. The bill also provides that when the IRS issues a ruling reversing, repealing, or revising a ruling of 5 years' standing or more, the new ruling may not be effective retroactively and may not become effective until 90 days from the day of publication. During the 90-day period any taxpayer directly affected may file a suit with the Tax Court. Filing suit in the Tax Court suspends the effective date of the ruling beyond the 90 days until a determination is made by the Tax Court and any appeal of that decision is final.

Some will argue that delaying the effective date of the challenged ruling will allow taxpayers affected by the ruling to operate under a fire sale approach, filing suit only to give themselves a few more months to market a tax shelter or avoid a tax. Mr. President, if that is necessary for justice to be done under our tax laws, so be it. However, I would point out that this legislation does not apply to the issuance of new rulings by the IRS. It does not apply to situations where the IRS has not had the opportunity to

act. Mr. President, this right of appeal with the delay of the effective date only applies where the Service, having acted in the past and established the precedent under which the taxpayer operates, then reverses its position for whatever reason. In the situation where the IRS reverses a long held position I think it only fair that the burden of proof regarding the correctness of its new position be carried by the Service before such a new position becomes effective.

And so, Mr. President, in conclusion I would like to say that I hope my colleagues here in the Senate will adopt this much needed correction in the balance between the power of the Government and the protection of our people. This bill will do a small part in helping to restore the faith of the American people in our system of raising revenues. It will, in its own small way, reconfirm that there is justice in America.

By Mr. BENTSEN:

S. 1940. A bill to amend the Federal Meat Inspection Act to allow the interstate movement of all meat food products which are processed by federally inspected establishments and which are derived from meat which has been slaughtered or processed at certain State-inspected establishments; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. BENTSEN. Mr. President, I am introducing to this body a bill which I feel is instrumental in protecting the small businessman's right to free trade. The businessman in this country has a time-honored position in our history books, yet unfortunately is often forced to bow to the intense pressure of his large competitors and close his doors. Compounding this serious problem is the ever-tightening grip of Government overregulation.

Our response to this plight should not be one which places artificial constraints in the path of big business. We also should take care not to grant unfair advantages to smaller-sized companies. However, it is the responsibility of this legislative body to assure that the small businessman is not deprived of his right to compete on equal terms under the law and thus lose his meaningful and important place in our society.

The meatpacking industry is characterized by firms that slaughter and process 5 or 10 animals a week to those that have thousands of animals pass through their plant each day. The various livestock producers, as well as the meat consumers, have needs which differ according to their size of operation. The small local meatpacking plant, which offers personal and often unique service is a necessary part of the industry. There are thousands of small plants across the United States, but in the last few years a great many have been forced to close. The problem is not poor management or lack of need for their service. Rather, the small meatpacking plants, that are usually State inspected, find that they have a limited market for their product. This limitation is not set up by competition in the field, but instead it is an artificial restriction created by law. State inspected meatpacking plants may sell their product to a local wholesaler, a local retailer or to another State inspected plant. They cannot legally sell anything to a federally inspected plant for fear that it might become mixed with the Federal product. This restraint stands today even though those plants are certified by the U.S. Department of Agriculture as having standards at least as good as the Federal plants. The State plants thus have their markets unfairly restricted by Government regulation.

The declining number of packing plants has had, and will continue to have a significant negative effect on the cattle industry. This situation is restricting competition, reducing the ability of individuals to kill their own beef, and causing the disappearance of a vital service in small cities across the Nation. The State inspected plants are being unjustly treated and we must improve this situation. It is for this reason, Mr. President, that I am bringing this vital matter to the attention of the Senate. The Congress needs to assist small packers in reaching new markets for their product that have been unfairly denied them by the Government.

If passed, this bill would allow the State inspected meatpacking plants, that have been certified as being "at least equal to" the Federal plants, to sell their product to any federally inspected plant in their State. This will allow the smaller plants to sell partially processed meat to the big plants for further processing, and provide new outlets for meat byproducts as well as new sources of meat for the larger plants. It will increase competition throughout the industry and help put an end to the destruction of the smaller plants.

This is important, Mr. President, not only to the affected small businessmen, but to the cattle industry as a whole. By limiting the markets of the smaller, State inspected plants, we are reducing their economic efficiency and thus contributing to their demise. This in turn, increases the concentration of a few, large packing plants and results in lower competition. Many cattlemen are concerned about this situation and we in Congress should be concerned also.

Mr. President, it is a very real problem that this Nation is losing its smaller packing plants. It is a reality that Government regulation is contributing to the loss of these plants. We must act now to improve this situation. Consumer, cattleman, and packer alike will benefit from the increased competition.

By Mr. CHURCH:

S. 1941. A bill to authorize the Secretary of the Interior to initiate a rehabilitation and betterment program for the Post Falls irrigation district, Rathdrum Prairie project, Idaho; to the Committee on Energy and Natural Resources.

Mr. CHURCH. Mr. President, the Post Falls irrigation district at the Rathdrum Prairie project in Idaho services some 2,950 acres of irrigable land for its 362 farms and domestic water users. In 1976 the cash value of the croplands irrigated by this project amounted to some $486,000 in wreat, barley, oats, hay, and pasture.

These croplands are irrigated with water pumped from the Spokane River by an irrigation system originally constructed in 1910 and badly in need of repair. For example, the pumping facilities which were installed in 1946 with used equipment, are frequently unreliable. Recently the switching mechanisms malfunctioned which curtailed delivery of water to parched croplands. Also, 2½ miles of the pipe delivering water within the system are constructed of wood. The leaking pipes directly hinder sound water conservation efforts by the district and result in poor and unreliable delivery of water to district users.

After these antiquated methods of water delivery were brought to my attention, the Commissioner of the Bureau of Reclamation informed me in February 1977 that—

> Reclamation representatives recently inspected the project and agree that replacement or extensive rehabilitation of the lateral system is necessary in order to continue serving the irrigable lands. Some of the area is served from a wood-stave pipeline that was used in the original Hayden Lake operation. Also, several existing concrete pipe laterals under roads have collapsed as a result of the stress caused by heavy traffic.

Because the Post Falls project is a private development constructed by the Bureau of Reclamation under the Water Conservation and Utilization Act of 1939, specific congressional authorization is needed to rehabilitate the irrigation system. Therefore, I urge prompt consideration of this legislation which would allow the Secretary of the Interior to initiate a rehabilitation program for the Post Falls irrigation district, with the costs to be fully repaid to the Treasury.

By Mr. WILLIAMS:

S. 1942. A bill to encourage State and local governments to reform their real property tax systems so as to decrease the real property tax burden of low- and moderate-income individuals who have attained age 65; to the Committee on Finance.

PROPERTY TAX RELIEF ACT OF 1977

Mr. WILLIAMS. Mr. President, I am today introducing the Property Tax Relief Act of 1977 in order to relieve financial pressures for elderly homeowners and renters who live on modest incomes.

Over the last several years, the combined effects of recession and inflation have often left local governments with little choice but to impose heavier property tax burdens on their citizens as a means of meeting their budgetory requirements. From 1974 to 1976, property taxes climbed from $49.3 billion to $60.2 billion. During the last decade, property taxes have risen by an incredible 82 percent.

While all segments of our population have been hit by these tax increases, the heaviest burden have fallen on the elderly. Latest available estimates indicate that elderly citizens pay almost twice as much of their income in property taxes as do younger homeowners. In many instances, elderly homeowners have found that 40 percent or more of their incomes go for property taxes. The Senate Aging Committee has been made aware of the

plight of one individual whose property tax obligation amounted to 70 percent of the person's income which was substantially below the poverty level.

Elderly renters also suffer from rising property taxes, because as these taxes increase for landlords, they are most often passed on to tenants in the form of higher rent.

The legislation I am introducing today would bring relief to those elderly citizens who find that property taxes or rent are eating up their small incomes. My legislation would accomplish this goal by providing Federal financial assistance to those States which establish, or have already established, circuit-breaker systems of property tax relief. This Federal assistance would amount to one half of a jurisdiction's expenditures for property tax or rent relief for elderly citizens. Qualifying jurisdictions would have to meet the minimum standards for circuit-breaker systems of tax relief set forth in my bill, although they would be free to provide greater relief if they wished.

Under the circuit breaker system established by this legislation, elderly homeowners or renters would be eligible for tax relief payments once their property tax or rent obligations exceed a certain portion of their income. For homeowners earning $3,000 a year or less, relief would be available when property taxes exceed 4 percent of income. This threshold would be increased by 1 percent for each $1,000 increment of family income until it reaches 9 percent for houesholds in the $7,000 to $8,000 range. Renters would be eligible for rent relief when their rent rises above 25 percent of family income. Maximum tax relief payments would be $750 for homeowners and $500 for tenants.

As property taxes and rents continue their steady rise, the quality of life for a great many of our elderly citizens is eroding. This problem exists in large cities and small towns, and speedy action is necessary to halt this erosion. My Property Tax Relief Act would encourage the establishment of new circuit breaker systems of property tax and rent relief, as well as additional tax relief payments in those States where such systems already exist. Equally important, the legislation could be implemented without the need for complicated, cumbersome administrative procedures.

Mr. President, I believe that my legislation would enhance the ability of our elderly citizens to live out their lives in dignity and reasonable financial security, and I urge its speedy adoption. I ask unanimous consent that the text of this legislation be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1942

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Property Tax Relief Act of 1977".

SEC. 2. DEFINITIONS.

For purposes of this Act—

(1) The term "jurisdiction" means a State, a political subdivision of a State, and the District of Columbia.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(3) PERSONAL INCOME TAX.—The term "personal income tax" means a tax imposed by a jurisdiction on the income of individuals.

(4) REAL PROPERTY TAX.—The term "real property tax" means an ad valorem tax imposed by a jurisdiction on real property.

(5) QUALIFYING HEAD OF HOUSEHOLD.—The term "qualifying head of household" means an individual—

(A) who has attained age 65, and

(B) provides more than 50 percent of the support for the household which is his principal residence.

SEC. 3. REIMBURSEMENT TO JURISDICTIONS PROVIDING REAL PROPERTY TAX RELIEF TO LOW- AND MODERATE-INCOME OLDER INDIVIDUALS.

(a) ENTITLEMENT TO REIMBURSEMENT.—If the Secretary determines that a jurisdiction has established a qualifying real property tax relief program which meets the requirements of subsection (b), he shall reimburse such jurisdiction for one-half of the qualifying revenue losses attributable to such program (as determined under subsection (c)) sustained by it during each fiscal year.

(b) QUALIFYING REAL PROPERTY TAX RELIEF PROGRAM.—For purposes of this section—

(1) IN GENERAL.—The term "qualifying real property tax relief program" means a program established by law of a jurisdiction which provides for eligible households a credit against a personal income tax or real property tax imposed by the jurisdiction, or a rebate or other cash payment in lieu of such a credit.

(2) ELIGIBLE HOUSEHOLD.—The term "eligible household" means a household of a qualifying head of household if the direct tax burden or indirect tax burden, as the case may be, of such household exceeds the applicable amount determined under the following table:

If the household income is:	And the direct tax burden exceeds:	Or the indirect tax burden exceeds:
$3,000 or less	4% of household income	25% of household income.
Over $3,000 but not over $4,000	$120, plus 5% of household income over $3,000.	25% of household income.
Over $4,000 but not over $5,000	$170, plus 6% of household income over $4,000.	25% of household income.
Over $5,000 but not over $6,000	$230, plus 7% of household income over $5,000.	25% of household income.
Over $6,000 but not over $7,000	$300, plus 8% of household income over $6,000.	25% of household income.
Over $7,000 but not over $8,000	$380, plus 9% of household income over $7,000.	25% of household income.

(3) HOUSEHOLD INCOME.—The term "household income" means the aggregate annual income of all individuals occupying the same household as their principal residence. For purposes of this paragraph, the term "income" means net income from whatever source derived and without regard to whether it is subject to the Federal individual income or the personal income tax of the jurisdiction in which the recipient resides.

(4) DIRECT TAX BURDEN.—The term "direct tax burden" means the amount of real property taxes imposed on the real property occupied as his principal residence by a qualifying head of household if such real property is owned, and such taxes are paid, by him or another member of the household.

(5) INDIRECT TAX BURDEN.—The term "indirect tax burden" means the amount of rent paid for occupancy of real property occupied as his principal residence by a qualifying head of household, if such rent is paid by him or another member of the household.

(c) QUALIFYING REVENUE LOSSES.—For purposes of this section, the qualifying revenue losses attributable to a qualifying real property tax relief program sustained by a jurisdiction during a fiscal year is the sum of—

(1) the credits allowed during the fiscal year with respect to eligible households against a personal income tax or real property tax imposed by the jurisdiction, and

(2) the rebates and other cash payments made during the fiscal year with respect to eligible households under such program, but, with respect to any eligible household, only to the extent the amount of credit, rebate, or other payment does not exceed $750, in the case of an eligible household which has a direct tax burden, or $500 in the case of an eligible household which has an indirect tax burden.

SEC. 4. ADMINISTRATION.

(a) APPLICATION, ETC.—

(1) A jurisdiction which desires to qualify for payments under this Act shall make an application therefor at such time, in such manner and containing such information as the Secretary shall prescribe by regulations. Payments may be made to a jurisdiction only if its application is approved by the Secretary. The Secretary may not finally disapprove any application submitted under this Act, or any modification thereof, without first affording the jurisdiction submitting the application reasonable notice and opportunity for a hearing.

(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing to a jurisdiction which has had an application approved under paragraph (1), finds that such jurisdiction which has a qualifying property tax relief program, he shall notify such jurisdiction that it will not be eligible to receive payments under this Act until he is satisfied that the jurisdiction has a qualifying property tax relief program.

(b) JUDICIAL REVIEW.—

(1) If any jurisdiction is dissatisfied with the Secretary's final action with respect to the approval of its application submitted under subsection (a)(1) or with its final action under (a)(2), such jurisdiction may, within 60 days after notice of such action, file with the United States court of appeals for the circuit in which the jurisdiction is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on

which he based his action, as provided in section 2112 of title 28, United States Code.

(2) The finding of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1253 of title 28, United States Code.

(c) PAYMENT.—Payment of the amount to which a jurisdiction is entitled for a fiscal year shall be made at such time after the close of the fiscal year as the Secretary shall prescribe by regulations.

(d) FISCAL YEAR.—For purposes of determining eligibility for, and the amount of, payments to a jurisdiction under this Act, any reference in this Act to "fiscal year" shall be considered to be a reference to the annual accounting period of such jurisdiction.

(e) REGULATIONS AND GUIDELINES.—The Secretary shall prescribe such regulations as may be necessary to carry out this Act and such guidelines as may be necessary to enable jurisdictions to apply for and qualify for payments under this Act.

(f) This Act is not to be construed to discourage States from establishing a qualifying real property tax relief program which provides credits, rebates, or payments benefiting eligible households in excess of the qualifying limitations established under this Act.

SEC. 5. APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 6. EFFECTIVE DATE.

Payments may be made under this Act with respect to fiscal years beginning on or after January 1, 1976.

By Mr. CURTIS:

S. 1943. A bill to provide that the Inspector General of the Department of Health, Education, and Welfare shall maintain a system of quality control with regard to payments made under the aid to families with dependent children program and the supplemental security income program; to the Committee on Finance.

S. 1944. A bill to amend title IV of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to reduce Federal financial participation under the aid to families with dependent children program on account of excessive erroneous State payments; to the Committee on Finance.

S. 1945. A bill to require the Inspector General of the Department of Health, Education, and Welfare to compile data concerning cases of fraud under the aid to families with dependent children program, and the supplemental security income program; to the Committee on Finance.

S. 1946. A bill to amend part A of title IV of the Social Security Act to provide increased Federal matching funds for the investigation and prosecution of welfare fraud; to the Committee on Finance.

S. 1947. A bill to amend title IV of the Social Security Act to allow access to certain records for purposes of determining eligibility for aid under the aid to families with dependent children program and carrying out the provisions of part D of such title; to the Committee on Finance.

S. 1948. A bill to amend Title IV of the Social Security Act to permit States to require, as a condition of eligibility, photoidentification cards for recipients of aid to families with dependent children and to provide 75 percent Federal matching funds for the administrative costs thereof; to the Committee on Finance.

S. 1949. A bill to amend the Family Educational Rights and Privacy Act of 1974 to permit the release of information from education records to State agencies for use in establishing eligibility for aid under part A of title IV of the Social Security Act and the enforcement of child support obligations; to the Committee on Human Resources.

Mr. CURTIS. Mr. President, one of the most serious and compelling areas which cries out for improvement in the area of public assistance is that of quality control and fraud prevention. The ineligibility and overpayment rates in aid to families with dependent children are staggering, as are those in the related medicaid and food stamp programs. It is time that the Congress moves decisively to place the necessary mechanisms in the Social Security Act to strengthen what we do in this critical arena. Every dollar that is misspent, every dollar that is spent fraudulently, is a dollar that literally is robbed from needy persons in this country. Accordingly, I am today introducing a series of seven measures, on which I hope we will see early and swift approval by the committees as part of its consideration of welfare-related issues in its deliberations on H.R. 7200.

The seven measures, in brief, would:

Place the quality control program for AFDC and SSI in the new Inspector General's Office in the Department of Health, Education, and Welfare;

Legislatively adopt tolerance levels for ineligibility and overpayments, with no Federal participation in amounts in excess of a 4 percent error rate;

Require the Inspector General to collect enumerated statistical data relative to the incidence of fraud and the various levels of administrative and legal actions relating to it;

Provide 75 percent Federal financial participation in the costs of investigation and prosecution of welfare fraud;

Authorize access to records of Federal, State, and local agencies, when necessary for the purpose of determining eligibility for AFDC and in locating absent parents, determining paternity, and establishing or enforcing child support obligations, accompanied by 75 percent Federal funding for the administrative costs of such activities;

Amend the Family Education Rights and Privacy Act of 1974 to permit the release of information in education records without the written consent of parents to welfare and child support enforcement agencies, limited to that information essential to the establishment of AFDC eligibility or the establishment or enforcement of parental child support obligations; and

Permit States to require, as a condition of eligibility, photoidentification cards of AFDC recipients, with 75 percent Federal funding of administrative costs related thereto.

Mr. President and Members, the Subcommittee of Public Assistance, chaired by my distinguished colleague from New York, Mr. MOYNIHAN, has been receiving some most impressive and compelling testimony from a number of witnesses with regard to the need for the kind of quality control and fraud prevention steps incorporated in this legislation. I very much hope that the committee will move toward its speedy enactment.

I ask unanimous consent that the bills be printed in their entirety in the RECORD at this point.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1943

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(a) of the Act of October 15, 1976 (Public Law 94–505), relating to the Office of Inspector General, is amended—

(1) by striking out the word "and" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new paragraph:

"(5) to maintain a quality control system to monitor case error rates in the Aid to Families with Dependent Children Program under title IV of the Social Security Act, and the Supplemental Security Income Program under title XVI of such Act.".

SEC. 2. The amendment made by this Act shall be effective on January 1, 1978.

S. 1944

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"FEDERAL FINANCIAL PARTICIPATION IN RELATION TO ERRONEOUS STATE PAYMENTS

"SEC. 441. (a) The Secretary shall establish a system of quality control (as he may prescribe by regulation) within the Department of Health, Education, and Welfare, and may require that States having plans approved under this part provide for a continuing system of quality control (as prescribed by regulation). Data supplied by such State systems of quality control shall be made available to the Secretary.

"(b) There shall be excluded from Federal financial participation in payments under this part, that portion of a State's expenditures for ineligibility, represented by a case error rate in excess of 4 percent, and that portion of a State's expenditures for overpayments, represented by a case error rate in excess of 4 percent, during the six month period beginning January 1, 1978, and each six month period thereafter.

"(c) The case error rates for ineligibility and overpayments in excess of 4 percent shall be converted to dollar error rates in determining the amount to be excluded from Federal financial participation. The dollar error rates shall be applied to the Federal share of expenditures for assistance payments made during the six month period, excluding payment for emergency assistance (as defined in section 406(e)(1)), foster home care of dependent children under section 408, presumptive eligibility payments, and vendor payments as described in section 406(b)(2).

"(d) The amount to be excluded from Federal financial participation shall be based on error rates determined by the Secretary on the basis of State and Federal quality control data in a manner prescribed by the Secretary.".

SEC. 2. Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(c) In the case of Puerto Rico, the Virgin Islands and Guam, the provisions of section 411 of this Act shall also apply with respect to payments made under titles I, X, XIV, and XVI of this Act, except that the State expenditures, for ineligibility and overpayment in excess of the 4 percent level shall be excluded from Federal financial participation (under such titles and under part A of title IV) only to the extent that such excess is greater than the portion of State expenditures that is eligible for Federal financial participation but is not participated in on account of the limitations on Federal funds payable to such jurisdictions under this section.".

SEC. 3. The amendments made by this Act shall be effective on January 1, 1978.

S. 1945

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Act of October 15, 1976 (Public Law 94-505), relating to the Office of Inspector General, is amended by adding at the end thereof the following new subsection:

"(e) The Inspector General shall compile statistical data relating to charges of fraud under the Aid to Families with Dependent Children Program and the Supplemental Security Income Program and shall make such data available to the Secretary and to the Congress. Such data shall be compiled so as to show, with regard to each program—

"(1) the number of alleged fraud cases, and the dollar amounts involved, which are under active investigation or awaiting investigation;

"(2) the number of cases of alleged fraud which were settled or decided by administrative action, including the type of administrative action involved, any penalties applied, and any repayments made in such cases;

"(3) the number of cases of alleged fraud which were referred for possible criminal prosecution, including the number of cases being actively prosecuted, the number awaiting prosecution, the number dismissed for insufficient evidence, and the number settled after referral for prosecution but prior to any final verdict of guilt or innocence (including any penalties applied and repayments made in such cases);

"(4) the number of such cases which were adjudicated with a final verdict of not guilty; and

"(5) the number of such cases which were adjudicated with a final verdict of guilty, including any penalties applied and repayments made in such cases.".

Sec. 2. The amendment made by this Act shall be effective on January 1, 1978.

S. 1946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FEDERAL FINANCIAL PARTICIPATION IN THE INVESTIGATION AND PROSECUTION OF FRAUD

SECTION 1. Part A of Title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"FEDERAL PARTICIPATION IN THE INVESTIGATION AND PROSECUTION OF FRAUD

"SEC. 411. (a) From the sums appropriated for expenditure under this title, the Secretary shall direct payment through the appropriate State agency to any State and/or political subdivision of a State an amount equal to 75 per centum of the expenditures made by such State or political subdivision thereof for the investigation and prosecution of complaints of fraud.

(b) The Secretary shall prescribe the manner in which such Federal financial participation shall be claimed by such State or political subdivision.".

SEC. 2. The amendments made by this Act shall become effective on January 1, 1978.

S. 1947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 402(a) of the Social Security Act is amended—

(1) by striking out the word "and" at the end of paragraph (27);

(2) by striking out the period at the end of paragraph (28) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(29) provide that any agent of the State, (or a political subdivision thereof) who is authorized under the State plan to make determinations with respect to the eligibility of individuals for aid or services under the plan, shall be authorized to have access to any records maintained by any State agency, or by an agency of any political subdivision of the State, which are necessary (as determined by the Secretary in regulations) for purposes of determining such eligibility, including payroll reports by employers for unemployment insurance purposes, payrolls of public agencies, State and local tax records, records of motor vehicle registrations and operator licenses, and public assistance records of agencies within the State; and

"(30) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State in making available to such other State information from records which are required to be available under the provisions of paragraph (29), when such other State requires such information for purposes of determining eligibility for aid or services under a State plan approved under this part.".

(b) Part A of title IV of such Act is amended by adding after section 410 the following new section:

"DISCLOSURE OF INFORMATION TO STATE AGENCY

"SEC. 411. (a) Notwithstanding any other provision of law, information contained in the records of any department, agency, or instrumentality of the United States shall be made available (upon request) to any agent of a State (or political subdivision thereof) who is authorized under a State plan approved under this part to make determinations with respect to the eligibility of individuals for aid or services under such State plan, if such information is necessary (as determined by the Secretary of Health, Education, and Welfare in regulations) in order to make such a determination.

"(b) The provisions of this section shall not apply with respect to any information the disclosure of which would contravene national policy or security interests of the United States, or the confidentiality of census data.".

SEC. 2. Section 403(a)(3) of the Social Security Act is amended—

(1) by striking out the word "and" at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by adding after subparagraph (A) the following new subparagraph:

"(B) 75 percent of so much of such expenditures as are for the costs of making information available to other States as required by section 402(a)(30), and".

SEC. 3. (a)(1) Section 453(a) of the Social Security Act is amended by striking out all that follows the word "information" the first time it appears, and inserting in lieu thereof "with respect to any absent parent when such information is to be used for the purpose of locating such parent, establishing paternity, enforcing support obligations, or obtaining child support.".

(2) Section 453(b) of such Act is amended by striking out "the most recent address and place of employment of any absent parent" and inserting in lieu thereof "information with respect to an absent parent".

(b) Section 454 of the Social Security Act is amended by redesignating paragraphs (9) through (13) as paragraphs (10) through (14) and inserting after paragraph (8) the following new paragraph:

"(9) provide that an authorized person as defined in section 453(c) (1) and (2) shall be authorized to have access to any records maintained by any State agency, or by an agency of any political subdivision of the State, which are necessary (as determined by the Secretary in regulations) for purposes of carrying out the provisions of this part, including payroll reports by employers for unemployment insurance purposes, payrolls of public agencies, State and local tax records, records of motor vehicle registrations and operator licenses, and public assistance records of other agencies within the State;".

(c) Section 454(10) of such Act, as redesignated by subsection (b) of this section, is amended—

(1) by striking out the word "and" at the end of subparagraph (C);

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) in making available to such other State (in accordance with standards prescribed by the Secretary) information from records which are required to be available under the provisions of paragraph (9), when such other State requires such information for purposes of carrying out the provisions of this part; and".

SEC. 4. The amendments made by this Act shall be effective on January 1, 1978.

S. 1948

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

RECIPIENT IDENTIFICATION CARD

SEC. 1. Part A of Title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"RECIPIENT IDENTIFICATION CARD

"SEC. 411. (a) Each State or political subdivision thereof administering programs under this title may require, as a condition of eligibility, that each household determined eligible for such programs be issued a card containing the signature and photo-

graph of the parent or caretaker of the family budget unit. Such identification card shall include, but not be limited to, the following items identifying the recipient:

"(1) a photograph;

"(2) name, address, and Social Security number;

"(3) the State in which issued;

"(4) the issuance and expiration dates;

"(5) the programs for which the recipient is eligible; and

"(6) other information required by the issuing agency.

"(b) From the sums appropriated for expenditure under this title, the Secretary shall direct payment through the appropriate State agency to any State and/or political subdivision of a State an amount equal to 75 per centum of the expenditures which may be made by such State or political subdivision thereof for the administrative costs of issuing photo-identification cards under the provisions of subsection (a) of this section.".

SEC. 2. The amendments made by this Act shall become effective on January 1, 1978.

S. 1949

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 438 (b) (1) of the Family Educational Rights and Privacy Act of 1974 is amended—

(1) by striking out the word "and" at the end of subparagraph (H);

(2) by redesignating subparagraph (I), and all references thereto as subparagraph (J); and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) any State or local official who is authorized under a State plan approved under part A or part D of title IV of the Social Security Act to establish eligibility for the Aid to Families with Dependent Children Program under such title, or to seek to recover any amounts owed as child support, if the information sought is essential (as determined by the Secretary) to the establishment of such eligibility or the recovery of such child support;".

SEC. 2. The amendment made by this Act shall be effective on January 1, 1978.

By Mr. MOYNIHAN:

S. 1950. A bill to protect communications among Americans from interception by foreign governments, and for other purposes; to the Committee on the Judiciary and the Committee on Foreign Relations, jointly, by unanimous consent.

Mr. MOYNIHAN. Mr. President, at a press conference this morning, I announced that I would today introduce the Foreign Surveillance Prevention Act of 1977, a bill to protect communications among Americans from interception by foreign governments.

I ask unanimous consent that the text of the statement I made describing the bill and my reasons for introducing it, and the text of the bill itself, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1950

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. That this Act may be cited as the "Foreign Surveillance Prevention Act of 1977".

SEC. 2. The Congress finds that:

(1) the widespread use of electronic surveillance and the interception of telecommunications by foreign governments pose a serious threat both to the national security of the United States and to the rights of privacy and association guaranteed to Americans by the Constitution;

(2) that such electronic intelligence activities by foreign governments have been, and are being, carried on under the guise of normal diplomatic relations with the United States; and

(3) that the President of the United States, constitutionally charged with the conduct of the nation's foreign relations and with the protection of the Constitution of the United States, has the primary responsibility to protect the rights and interests of American citizens as they may be jeopardized by the electronic intelligence activities of foreign powers.

SEC. 3. Whenever the President of the United States has reason, based upon information in his possession, to believe that in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States, any individual on whom diplomatic immunity has been conferred by the United States, is willfully engaging in electronic surveillance on behalf of a foreign power, the President shall:

a. so inform the Chairman and Ranking Minority member, or, in his discretion, the members of, the Committee on the Judiciary of the House of Representatives, the Committee on the Judiciary of the Senate, the Select Committee on Intelligence of the Senate, and the Select Committee on Intelligence of the House of Representatives;

b. so inform those persons, if any, reasonably believed to be particular targets of such surveillance in order that they may take such precautions as they consider advisable, unless he shall determine that to do so would seriously compromise sources or methods of intelligence gathering by the United States;

c. so inform the Ambassador or Chargé d'Affaires or other representative of such foreign power, and shall demand that such foreign power immediately cease such surveillance, unless he shall determine that to do so would seriously compromise sources or methods of intelligence gathering by the United States; and,

d. thirty days after such demand is made, if the electronic surveillance has not ceased, declare such individual to be persona non grata in the United States, and shall demand that he leave the United States immediately, unless the President shall determine that to do so would cause serious damage to the national security of the United States.

SEC. 4. Definitions.

As used in this Act—

(a) "Electronic surveillance" means the interception of wire or radio communications through the use of any electronic, mechanical, or other device.

(b) "wire or radio communication" means any communication made in whole or in part through the use of facilities for the transmission of communications by the aid of wire, radio, cable, or other like connection between the point of origin and the point of reception furnished or operated by any person engaged as a common carrier in providing or operating such facilities for the transmission of interstate or foreign communications.

(c) "person" means any individual, partnership, association, joint stock company, trust, or corporation.

(d) "electronic, mechanical, or other device" means any device or apparatus which can be used to intercept a wire or radio communication other than any telephone or telegraph instrument, equipment or facility, or any component thereof, furnished to the subscriber or user by a communications common carrier in the ordinary course of its business and being used by the subscriber or user in the ordinary course of its business.

(e) "Foreign power" means—

(i) a foreign government or any component thereof, whether or not recognized by the United States;

(ii) a faction of a foreign nation or nations, not substantially composed of United States persons;

(iii) an entity, which is openly acknowledged by a foreign government or governments to be directed and controlled by such foreign government or governments;

(iv) a foreign-based political organization, not substantially composed of United States persons; or

(v) an entity which is directed and controlled by a foreign government or governments.

(f) "Common carrier" shall have the same meaning which is given the term by section 153(h) of Title 47 of the United States Code.

STATEMENT BY SENATOR DANIEL PATRICK MOYNIHAN ON INTRODUCING THE FOREIGN SURVEILLANCE PREVENTION ACT

For some years now, we have been concerned with the manner in which sophisticated electronic technology threatens the traditional right to privacy guaranteed Americans by the Constitution of the United States. Our Constitution, of course, instructs the government that certain fundamental rights cannot be infringed. Moreover, it provides that the government, in effect, must restrict the actions of one citizen which have the effect of denying another his basic rights.

As a member of the Select Committee on Intelligence, I have been drawn to the matter of how the gathering of intelligence information by our government—especially by electronic means—may infringe upon individual rights. Our Committee now has before it legislation which establishes procedures and safeguards for the American government to follow whenever it seeks to protect the country from foreign espionage. The premise of such legislation is obvious: that, in the process of protecting the nation's security, we must not at the same time abuse the rights of the citizens we seek to protect.

The record is clear on this point: intelligence agencies of this government have, in the past, acted improperly, and individual citizens have suffered thereby.

But the matter cannot rest here. For the violation of privacy by electronic means, the use of sophisticated electronics equipment to intercept telephone calls, data transmissions, and the like has become a major enterprise of the principal totalitarian government in the world, that of the Soviet Union. Through the use of machinery installed at its diplomatic missions around the United States—in New York, in Washington, D.C., in San Francisco—Soviet espionage services have eavesdropped on "hundreds of thousands, even millions" of Americans (so the Chicago Tribune reported in June of 1975) and have presumably used the information gained thereby to advance the national interests of the Soviet Union. Private communications of all sorts have been violated—and on a scale that dwarfs any previous surveillance effort by friend or foe alike.

Yet a curious—even eerie—unwillingness exists to confront not merely the dimensions of the problem, but also to imagine that we in the United States can do anything about this! I have stated that I regard it as the responsibility of the government of the United States to protect the right of privacy of all citizens, regardless of whether the threat comes from our own government or foreign governments. I believe that the Fourth Amendment to the Constitution, which protects the right to privacy, is under assault by foreign powers, and that it is time for the U.S. Government to do something about it.

Now that the question of massive Soviet eavesdropping has come to the fore once again—for the third time in the past two years—I can say that it is bewildering that the government of the United States re-

fuses to acknowledge its responsibilities in this matter. It refuses to say either to the American people—or to the Soviet Union, so far as we know—that Soviet eavesdropping is unacceptable, that it must cease, that it is a crime under American law, that it will not be permitted by us—even if the perpetrators of that crime happen to enjoy diplomatic immunity. To be sure, we cannot arrest and prosecute foreign diplomats. But we can tell them to leave the United States if they persist in ignoring our representations on this question.

It is time to end the massive pattern of avoidance, which enables us to ignore the reality of Soviet illegalities, of Soviet efforts to deprive American citizens of their fundamental rights on our own soil.

Frankly, I would not have thought it necessary to introduce legislation that would speak directly to this point. I had thought that the government would of its own initiative act to protect the Fourth Amendment rights of American citizens. I found, however, that the government took another view. Mr. Anthony Lapham, General Counsel of the Central Intelligence Agency, at a hearing of the Senate's Select Committee on Intelligence held on July 20, 1977, replied to my question on this point that, "As much as we would like to think that the Fourth Amendment applies to the Soviet Union, I do not think the Constitution supports you on that."

Fair enough, the Fourth Amendment restricts the powers of the American government only. Yet this observation should be but the beginning, and not the end, of our government's response to Soviet wiretapping. For the Fourth Amendment grows out of a conviction that the rights of man are natural rights, and are to be protected from all enemies—"foreign and domestic"—as the well-known phrase of our Constitutional oath has it

Accordingly, as the government seemingly cannot find a Constitutionally-compelled responsibility to deal with the implications of foreign electronic surveillance of American citizens, I am offering legislation which would establish a specific legal requirement for the government to do so. The bill I shall introduce today will establish three requirements for dealing with this situation. First, the President will be obliged to inform individual citizens whenever he learns that there are reasonable grounds for believing that they are targets of foreign electronic surveillance. Second, he will be obliged to inform the Intelligence and Judiciary Committees of the House and Senate that such foreign electronic surveillance is underway. Third, he will be obliged to inform the offending foreign power that its actions are illegal under American law and that such actions should cease.

Finally, the President is enjoined to expel from the United States those foreign agents engaged in such activity and possessing diplomatic immunity, should they persist in such actions. The bill is carefully drawn and its definitions are clearly formulated, and are based largely on the law which makes wiretapping a crime when an American engages in it. The bill also contains adequate safeguards both for the sources and methods of U.S. intelligence and for the general foreign relations of the United States.

The principle here is simple: so far as electronic surveillance is concerned our law defines what Americans cannot do to each other; it is time far a law which says what foreign governments cannot do to us.

I cannot stress too strongly that modern technology has given to foreign espionage a new dimension which needs to be understood in this country. The targets of Soviet interception of telephone communications now include our businesses, our banks, our brokerage houses, as frequently as our government agencies. Soviet espionage seeks to penetrate into other aspects of American life—commercial, intellectual, political—as much as it seeks illegal entry into the councils of governments. This is precisely why the problem is now one of interest to all Americans in their daily lives—not an abstract problem for intelligence operatives in trench coats.

The legislation I propose will bring our consideration of the threat to privacy into better balance; it will alert Americans to the scope of foreign activities directed against our country. It will provide clear and unambiguous statutory authority to aid the President of the United States in his solemn responsibility—the defense of the Constitution of the United States.

Mr. ROBERT C. BYRD subsequently said:

Mr. President, I ask unanimous consent that a bill introduced earlier by the Senator from New York (Mr. MOYNIHAN), to protect communications among Americans from interception by foreign governments, and for other purposes, be jointly referred to the Committee on Foreign Relations and Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 528

At the request of Mr. WILLIAMS, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 528, relating to collective bargaining contracts.

S. 991

At the request of Mr. RIBICOFF, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 991, to establish a separate Department of Education, and for other purposes.

S. 1140

At the request of Mr. HART, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 1140, the Federal Aid in Nongame Fish and Wildlife Conservation Act.

S. 1214

At the request of Mr. ABOUREZK, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 1214, the Indian Child Welfare Act.

S. 1353

At the request of Mr. THURMOND, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1353, to amend chapter 81 of title 28, United States Code.

S. 1629

At the request of Mr. LAXALT, the Senator from Nebraska (Mr. CURTIS), the Senator from North Carolina (Mr. HELMS), the Senator from Arizona (Mr. GOLDWATER), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors to S. 1629, a bill to preserve and protect the free choice of individual employees to form, join, or assist labor organizations, or to refrain from such activities.

S. 1636

At the request of Mr. ABOUREZK, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1636, to extend the authorization for the American Folklife Center in the Library of Congress.

S. 1711

At the request of Mr. LAXALT, the Senators from Nebraska (Mr. CURTIS and Mr. ZORINSKY), the Senator from Idaho (Mr. MCCLURE), the Senator from Pennsylvania (Mr. SCHWEIKER), and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors to S. 1711, a bill to amend title XVI of the Social Security Act to provide that an alien may not qualify for supplemental security income benefits unless he not only is a permanent resident of the United States but has also continuously resided in the United States for at least 5 years.

S. 1899

At the request of Mr. JAVITS, the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Maine (Mr. HATHAWAY), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of S. 1899, the veterans' GI bill tuition equalizer measure.

SENATE RESOLUTION 114

At the request of Mr. ANDERSON, the Senator from Florida (Mr. CHILES) was added as a cosponsor of Senate Resolution 114, relating to telecommunications policies of the Federal Government.

SENATE RESOLUTION 219

At the request of Mr. ROTH, the Senator from Missouri (Mr. DANFORTH), the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of Senate Resolution 219, to establish in the Senate a senior citizen internship program.

SENATE JOINT RESOLUTION 29

At the request of Mr. BURDICK, the Senator from Iowa (Mr. CULVER) was added as a cosponsor of Senate Joint Resolution 29, designating National Family Week.

SENATE RESOLUTION 232—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

(Placed on the calendar.)

Mr. CANNON, from the Committee on Rules and Administration, reported the following original resolution:

S. RES 232

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Donald S. Towles, widower of Barbara D. Towles, an employee of the Senate at the time of her death, a sum equal to two months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED FOR PRINTING

FOREIGN ASSISTANCE APPROPRIATIONS—H.R. 7797

AMENDMENT NO. 580

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted an amendment intended to be proposed by him to the bill (H.R. 7797) making appropriations

for foreign assistance and related programs for the fiscal year ending September 30, 1978, and for other purposes.

PUBLIC FINANCING OF ELECTIONS—S. 926

AMENDMENTS NOS. 581 AND 582

(Ordered to be printed and to lie on the table.)

Mr. GRIFFIN submitted two amendments intended to be proposed by him to the bill (S. 926) to provide for the public financing of primary and general elections for the U.S. Senate.

AMENDMENTS NOS. 583 THROUGH 591

(Ordered to be printed and to lie on the table.)

Mr. TOWER submitted nine amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 592 THROUGH 596

(Ordered to be printed and to lie on the table.)

Mr. WALLOP submitted five amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 597

(Ordered to be printed and to lie on the table.)

Mr. LUGAR submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 598 AND 599

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 600 THROUGH 603

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted four amendments intended to be proposed by him to the bill (S. 926), supra.

NOTICES OF HEARINGS

GOVERNMENTAL AFFAIRS COMMITTEE MARK UP ON THE NUCLEAR NON-PROLIFERATION ACT OF 1977

Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold a business meeting to mark up the Nuclear Non-Proliferation Act of 1977 on Monday, August 1, 1977, beginning at 10 a.m. in room 3302 of the Dirksen Building.

NOMINATION OF SECRETARY OF ENERGY

Mr. JACKSON. Mr. President, the conference report on S. 826, the Department of Energy Organization Act, was filed on Tuesday, July 26, and there is a possibility that Congress will complete action on this major legislation before the weekend. In that event, I understand that the nomination of Dr. James R. Schlesinger to be the first Secretary of Energy will be submitted to the Senate next week.

Mr. President, there is some urgency involved in establishing the new Department and Senate action on Dr. Schlesinger's nomination would be an important part of this process. Accordingly, if the nomination of Dr. Schlesinger is received next week, the Committee on Energy and Natural Resources will hold a hearing on the nomination on Tuesday, August 2. The hearing will be held in room 3110 of the Dirksen Senate Office Building at 9 a.m. This hearing is being scheduled in this manner with the approval of the committee's ranking minority member, Senator HANSEN, and I am grateful for his understanding and cooperation.

REORGANIZATION PLAN NO. 1

Mr. RIBICOFF. Mr. President, I wish to announce that the Governmental Affairs Committee will hold a hearing on the President's Reorganization Plan No. 1 on Monday, August 1, at 11 a.m. in room 3302, Dirksen Senate Office Building. At that time, we shall hear from the administration represented by Mr. Bert Lance, Director of the Office of Management and Budget, and Mr. Harrison Wellford, Director of the President's Reorganization Task Force.

ADDITIONAL STATEMENTS

VANDERBILT TELEVISION NEWS ARCHIVE

Mr. BAKER. Mr. President, since August 5, 1968, in the main library building on the campus of Vanderbilt University in Nashville, Tenn., videotape recorders have been taping the evening news broadcasts of the three television networks. The result is a collection of more than 5,000 hours of videotaped news, easily available to students, scholars, and the public at large.

This unique collection was the inspiration of a Nashville businessman and Vanderbilt graduate, Paul C. Simpson.

In 1968, Mr. Simpson discovered there was no institution in this country responsible for the systematic preservation of the network evenings news broadcasts, not even the networks themselves. While it was generally recognized that these news programs were a major source of national and international news for many Americans, they were being irretrievably lost almost at the very time they were broadcast. Unlike the print media, television news, the chief medium of mass communications for 20th century, was leaving no permanent record.

However, in August 1968, Paul Simpson, with the assistance of Vanderbilt University, activated the recorders that inaugurated the Vanderbilt project. Originally, his objective was to prove the feasibility of making a library collection of videotapes of the newscasts, and he contributed the money necessary to initiate the project. Almost immediately others in Nashville, Jack C. Massey and David K. "Pat" Wilson, recognized the importance of the undertaking, and for the next 2½ years made funds available for the purchase of tape and the employment of student help to tape the broadcasts. Not until 1971, through a grant from a private foundation, were there sufficient funds for the employment of a staff sizeable enough to organize the collection and render user services. At this point the project was formally designated the Vanderbilt Television News Archive.

In 1972 the archive began publication of a monthly guide to the tape collection, titled Television News Index and Abstracts, and in 1973, with a grant from the Ford Foundation, began indexing the broadcasts taped from 1968 through 1971. The entire collection of evening newscasts has now been indexed for user research. During 1976 user services were rendered to persons in 42 States, the District of Columbia, Puerto Rico, and 6 foreign countries.

Besides the evening newscasts, the Vanderbilt Television News Archive contains about 1,500 hours of hard news specials, pertaining chiefly to the governmental process. Presidential speeches, the Watergate hearings, the impeachment deliberation, and the political conventions of 1968, 1972, and 1976 make up the largest categories of tapes in this portion of the collection.

Persons may use the Vanderbilt Television News Archive either by going to Vanderbilt or by borrowing tapes for use wherever the user resides. Approximately 460 copies of Television News Index and Abstracts are circulated each month, to make the collection accessible at many points throughout the country. Several copies of this guide go to the Library of Congress.

In borrowing tapes, users may request either full broadcasts or tapes of selected items, chosen by the user from Television News Index and Abstracts. The latter method enables users to make studies of subjects of their choice, without incurring the inconvenience and expense of working with the full newscasts. Modest fees are charged for these services.

In 1973, CBS, Inc., filed a lawsuit against Vanderbilt University, alleging copyright violation by the actions of the Television News Archive in the taping of the "CBS Evening News" with Walter Cronkite. The suit was dropped in December 1976, following enactment of the copyright revision bill which contains language I proposed when the Senate considered that legislation in 1974. That amendment permits libraries and archives, subject to certain conditions, to make off-the-air recordings of television news programs. As a result, Vanderbilt continues to tape off-the-air as it has done since 1968. While the House and Senate reports accompanying this legislation cite the Vanderbilt Television News Archive as the originator of this important enterprise, they recognize that other institutions may seek to make such recordings.

In establishing and maintaining this unique and valuable resource, Vanderbilt University and those who provided operating funds for the Television News Archive are to be highly commended for their foresight and extraordinary concern for the public interest. I was pleased to note on Thursday, June 30, 1977, that the George Washington University Library announced it had received a 3-year grant of $455,753 from the Sarah Scaife Foundation to establish a television news center for the use and promotion of the Vanderbilt University Television News Archive Collection. The George Washington University Regional Video Center will make the Vanderbilt collection more accessible to those desiring to study contemporary news events as presented by the three major networks' evening news broadcasts and thus promote a more

thorough understanding of the major news events of our times.

I ask unanimous consent that a copy of a George Washington University press release announcing the creation of the regional video center, along with a story by Kathy Sawyer on the Vanderbilt Television News Archive in the Tennessean magazine on July 7, 1974, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GWU LIBRARY RECEIVES $455,753 GRANT FROM THE SARAH SCAIFE FOUNDATION

WASHINGTON, D.C.—The Sarah Scaife Foundation has presented a three-year grant of $455,753 to The George Washington University Library to establish a television news center for use and promotion of the Vanderbilt University Television News Archive Collection. This videotape collection contains all the week-day evening news broadcasts of the three major networks beginning in 1968 and special network broadcasts such as the Watergate hearings.

Under the supervision of the GW library's audiovisual department, funds from the grant will be used to establish the university as a prototype regional video center where equipment, staff, and facilities will be available for individuals who want to use the tapes. Through GW library, users may borrow from Vanderbilt complete newscasts, or research compilations by subject matter, which can be found in indexes and abstracts that are published by the Vanderbilt Archive.

Special facilities will include a 75-seat multipurpose room equipped for large-screen video projection and video playback units for individual viewing in both open and closed environments. Under the provisions of the grant, the library will also develop a directory of video resources in the metropolitan area as a principal tool for both experienced and inexperienced video users.

"The goal of the grant would be not only to make the Vanderbilt Archive conveniently available to students, researchers, faculty, professionals, and Government staff, but to educate them about the potential of the Archive for their specific needs," says Rupert C. Woodward, university librarian. "The TV News Archive is a rich new resource for research and for study by students of the communication arts and other disciplines as the role of televised news in the creation of national consciousness and in the collective decisionmaking process is explored more extensively."

THE BATTLE FOR WALTER CRONKITE

(By Kathy Sawyer)

What was once a hallway connecting two wings of the Joint University Libraries (JUL) on Vanderbilt campus has become an embattled bridge between two eras, with the fatherly face of Walter Cronkite caught in the middle.

This is the site of the Vanderbilt Television News Archive, which provides the only "clipping service" on what is for most Americans the chief source of national and international news—the three commercial networks.

The Columbia Broadcasting System brought matters to a head last December when it launched a suit against Vanderbilt in the Federal District Court here. The network accuses the university of "pirating" its "Evening News With Walter Cronkite" on the grounds that the programs are created and performed in a unique way by CBS employes and are copyrighted.

Vanderbilt's response is that CBS' claim of copyright is an unconstitutional abridgement of First Amendment rights to free speech and free press.

While a blizzard of legal papers has flown between lawyers for the two parties, a growing chorus of "interested outsiders" has been singing out in support of Vanderbilt's position. In unaccustomed harmony, representatives of the Nixon administration and journalistic defenders of a free press have taunted CBS with its own frequent public posture as a champion of citizen rights.

The other networks remain officially silent on the issue, though a number of individual network employes, including some from CBS, have expressed off-the-record sympathy for Vanderbilt's position.

The lawsuit poses a number of complex questions borne in the wake of an electronic technology which, in future-shock fashion, is outstripping society's social and legislative machinery: Is television news to be regarded in the same light as written information or as a commercial entertainment? Where do the property rights of mass communication corporations leave off and the rights of public access begin? How important are the facial twitches of Walter Cronkite? Where is the dividing line between the medium and the message?

As one industry newsletter, "The Videoplay Report," commented hopefully in May. ". . . Now the issues can be fully aired. Each side has merit. Each party is widely known and respected and fully able to state its case."

Observers expect the case eventually to reach the Supreme Court for a landmark decision with far-reaching effect on the whole concept of the electronic information medium.

Meanwhile, in the eye of the storm, the Archive staff goes about its mission. The atmosphere here is the same as that of the rest of the library—one of hushed industriousness—except for the electronic hum which sings along with the staff like a note of tension unfamiliar in this venerable bastion of the silent print technology.

In one corner of the improvised suite of offices is a room of Ampex and Sony helical scan videotape recorders, television monitors and other equipment. Here, weekdays beginning at 5:00 p.m. with Channel 2's airing of the ABC network newscast, the staff begins another cycle of taping, making written summaries called abstracts indexing and filing the day's history-as-broadcast.

Outside this room, in a central area of desks and filing cabinets, is a small table with playback apparatus equipped with earphones, where a video scholar might be seen reviewing network coverage of meat price fluctuations, the Kent State killings, terrorism at the Olympic Games, or any other news subject since mid-1963.

"One day's taping—that is, an hour and a half of news—generates about 60 man-hours of work," said James Pilkington, Archive administrator. "That's what it takes to get the written information indexed and to the printer."

The information is published monthly and provides a guide to the Archive's tape collection.

An abstractor spends about six hours watching the tapes of the previous day's newscasts and making written digests of what was covered. During this process he or she checks the quality of the tapes for flaws (the Archive makes half-inch back-up tapes just in case) and makes sure he has avoided using any "loaded" words in his summary.

On the third day of the cycle, the handwritten abstracts go to the typist who puts them in "camera-ready" form for the printer and proof reads them against the original longhand.

"We run into a few interesting problems with the abstracts," said Pilkington, a wiry man with an easy Jimmy Cagney grin. "They (the broadcasters) say a lot of names and they don't spell them out."

To ease this problem, the staff stuck two large pieces of typing paper on the wall near the typist's desk and covered it with hard-to-spell words scrawled in longhand: Milhous, Egbal Ahmad, Nguyen Thi Binh, Mankiewicz, Kleindienst, syphilis . . .

"Some people think they are autographs, that all those people have actually been here," Pilkington chuckled.

There are also problems with deciding how to categorize news items as they break. "Until May 1973, we indexed "Watergate" under 'Democratic Headquarters—Electronic Surveillance.' We finally realized we'd have to change that," Pilkington said.

"The job involves a lot of tedium. One day we had an elaborate discussion as to whether Doan's Pills is a backache or kidney remedy."

The Archive preserves and indexes commercial messages as they are included in the newscasts ."The Library of Congress and others advised us that we should," Pilkington said. "Everything exactly the way it is broadcast. These tapes may be the Sears and Roebuck catalogues of the future."

"I guess this is the only place you can see all those old cigarette commercials," added Ron Moulton, the Archive's television systems technician.

Since 1971, each frame (30 per second) of all videotaped material has been imprinted across the top with the network's initials, the date of the broadcast and the time (Central) at ten-second intervals. This allows immediate identification and also insures that the tape is continuous and has not been edited.

The Archive's collection currently consists of more than 3,000 hours of news programs, with at least seven and a half hours added each week. Additional material, outside the regularly scheduled newscasts, includes political conventions, the Watergate hearings, presidential speeches and other news events.

(On two occasions, the Archive taped dramatic productions for viewing by classes on campus. This was "a mistake" in judgment, Pilkington says, and will not be repeated. "We never would have done it had the productions not been two Shakespearean plays in the public main." Vanderbilt, Scarritt and Peabody students and personnel may use Archive viewing facilities free of charge.

The tapes are available for a rental fee either in complete programs or by category (for example, a compiled tape of everything broadcast on President Nixon's trip to China). The Archive does not sell material and the terms of its contract with the user forbid duplication or rebroadcast of the material.

Rental charges are $30 per hour of material compiled by category; $15 per hour of duplicated material (material duplicated from master copies to be sent outside the Archive); $5 per hour of audio-only material.

Tapes rented for use outside the Archive require deposits: $50 per hour of one-inch tape; $35 per hour of ¾ inch tape; $25 per hour of half-inch tape and $1.50 per hour of audio tape. There is a $2.00 per hour charge for viewing at the Archive.

"The fees do not, of course, come close to the actual cost of the service," Pilkington said. "They only serve to insure serious interest on the part of the user." He said the cost of raw tape alone on any given day exceeds $100.

Before initiating the lawsuit, CBS said it had offered Vanderbilt a royalty-free license which would allow the Archive to continue videotaping the broadcasts for use on the premises by anyone, but it would specifically forbid Vanderbilt from duplicating, editing, renting or selling them to others.

University officials maintain the offer was never made formal. In any case, Archive of-

ficials pointed out that such a limitation would virtually eliminate from use of the Archive those who lacked the funds to travel to Nashville from wherever they live.

In April, the U.S. National Archives and Records Service acknowledged the right of CBS to dictate such terms and agreed to just such an arrangement. The three month pilot project, which does not include the other networks, provides for the Department of Defense to do the recording of the CBS material, with copies available to each of the branch archives and to Presidential libraries throughout the country. CBS is to furnish printed transcripts for all newscasts but the Archive has not announced a plan to index the material.

The Vanderbilt Archive's original "pirate"—the man who started it all—holds forth in an office converted from a Men's Room in the improvised suite of offices. He is retired insurance executive Paul Simpson. Tall and affable, he has served as vice mayor and mayor of the Nashville suburb of Oak Hill, and he likes to play golf.

"I must say I was surprised by the lawsuit," he says. "I felt that what we were doing was so much in the public interest that they (the networks) would go along, since we weren't duplicating any service they offered."

The idea for the Archive project came to him in 1968 when, during a business trip to New York, he visited the networks and found, to his amazement, that no one anywhere was preserving for more than about two weeks the televised network newscasts complete in the form in which they were broadcast to some 50 million viewers.

In view of the tremendous impact of television news, Simpson saw this as an exceptional failure of the public interest.

"I think you'd have to go back to the Dark Ages to find a time when the written word was as inaccessible as television has been," he says.

Simpson enlisted the aid of his alma mater (he is a 1933 graduate of the Vanderbilt Law School) and primed the pump with $4,000 of his own money which, he adds, "didn't last very long."

Vanderbilt viewed the undertaking as a scholarly one, a "library service," as Simpson puts it. Chancellor Alexander Heard named Robert McGaw, Secretary of the University, to head a faculty-administrative committee to guide the development of the Archive project.

McGaw's committee explained its reasoning in the initial draft of the project proposal: "America . . . is losing forever a unique record of the historical events of our time as well as a prime source for research by psychologists, sociologists, political scientists, economists and historians. It is difficult to imagine the loss that would accrue if, for example, copies of the New York Times, which are kept routinely by virtually every library in the country, were destroyed two days after publication. And just as libraries maintain newspaper and magazine collections, technology now permits the acquisition and maintenance of television news broadcasts and other programs of current and historical interest. For a history-making and history conscious nation, this oversight in the television medium is an anachronism of almost inconceivable proportions."

Unable to stimulate the networks to undertake the project and without their approval or cooperation, Vanderbilt began on its own in August 1968 with an experimental program designed to continue for three months—through the presidential election—"to prove it should be done by someone," Simpson said.

With funds provided by Simpson and Vanderbilt supplemented by private contributors, video suppliers and foundations, instead of dying after three months, the project has expanded in each of its six years. (Total contributions for 1968–69 were $26,862; the total for the past fiscal year was $304,590.)

The largest contributors over the years, according to Archive figures, are the Scaife Family Charitable Trust ($250,000), the Carthage Foundation of Pittsburgh ($225,000), Nashville's Justin and Valere Potter Foundation ($137,500), Nashville businessman Jack Massey and his Massey Foundation ($124,575) and the Ford Foundation ($100,000). The Columbus Dispatch donated $15,000.

Incomes from services averages about 2% of costs, or about $1 per $50 expended.

Until 1971, Simpson said, there was just enough money to buy tape. By 1971, with an increase in financial support, the archive acquired new and better equipment and hired Pilkington as administrator.

He and Frank Grisham, director of the JUL, found themselves faced with a pioneering challenge.

"When I started, the Archive had 1500 hours of tape about which we knew nothing except what was written on the boxes," Pilkington said. Another Vandy alumnus, Pilkington had worked for more than 20 years with the Methodist Publishing House where his duties included the indexing of all the company's periodicals and the researching and writing of a book on the company's history.

With more tape piling up each day, Pilkington and Grisham set out to develop a system of classification for the videotape materials, something which had never been done on this scale.

They sought advice from the Library of Congress, the networks, film libraries and other institutions involved in similar undertakings.

"I'd sit in front of the television set at home and jot down notes. My daughter thought I was crazy," Pilkington said. "Then we visited those places and saw people sitting in front of machines very unselfconsciously writing down what they saw and it gave me the nerve to come back and do it."

The indexing system was begun in January 1972. "We knew it would be a big year, with the election, the President's trips to Moscow and China and so forth," Pilkington said. "Of course we didn't know that Watergate would break."

The index, titled "Television News Index and Abstracts," is published monthly from the written summaries described earlier. It lists under a given date each network program, the time to the nearest second, the name of the broadcaster who is speaking and a brief summary of what he said. (For example: Under NBC, Monday, Sept. 25, 1972, 5:37:10—US-Sov. Salt Agreement; (S) Cong. passes US Sov. Salt pact limiting nuclear weapons. John Chancellor.)

There is also an annual index which indicates in which month to look for a given subject. (The Ford Foundation grant is making possible the indexing of material collected prior to 1972 as well.

"There wasn't exactly a crowd in the streets waiting for the Index," said Pilkington. "We decided instead of spending funds on an elaborate electronic retrieval system, we would publish and distribute the Index free of charge. Our mailing list has grown to about 450 copies, including libraries of most of the major schools and colleges in the country."

The mailing list also includes network officials and anchormen, several national magazines, newspapers, consumer oriented agencies such as Common Cause and Ralph Nader's group, government agencies and officials.

The Archive staff is especially proud of a request for the Index which it received from the national headquarters of the Walter Cronkite Fan Club in Skokie, Ill.

The Archive has attracted a variety of users.

In 1973 it was consulted in ten different studies of the '72 presidential election. James Keogh, author of "President Nixon and the Press" used it for his research.

The House of Representatives used it during hearings on charges of news staging by the networks.

The New York State Commission for the investigation of the Attica prison uprising contacted the Archives for help in unraveling the confusion surrounding the incident.

There have been almost 200 users in the three years of full operation, with studies ranging from the one-time viewing of a single item to those involving hundreds of hours of tape, Pilkington said.

English classes have used the material for a study of political rhetoric and a music class used it to demonstrate the use of music in the evening newscasts. Requests for various materials have been received from Australia, Canada and England.

"Most of the users are of course involved in communications, history, political science, many of them writers doing their theses," Pilkington said.

One consumer organization, the Council on Children, Media and Merchandising, was moved to submit an "amicus curiae" (friend of the court) brief in support of Vanderbilt in the CBS suit, following its own use of the Archive.

The Council's brief raises an aspect of the issue not emphasized so far in Vanderbilt's own legal response to the CBS suit—the use of the Archive as a means of monitoring television in order to "hold broadcasters publicly accountable" under the "fairness doctrine" of the Communications Act.

The Council brief states that "at present, (the Vanderbilt Archive) is the sole resource to which citizens can turn to obtain data necessary to hold the major networks accountable as trustees of the public airways."

Nixon speech-writer and media critic Patrick Buchanan made a similar point in a recent TV Guide article when he compared CBS' "attempted rape of the people's right to remember" to Orwell's nightmarish foreshadowings in his novel "1984".

Buchanan is in unaccustomed agreement with the prestigious Columbia Journalism Review, a "known liberal" publication, which in its May-June number features an editorial titled "CBS Proposes an Act of Oblivion." The editorial speculates that CBS is concerned not with damage to its pocket book but with distribution of the tapes to "potentially hostile researchers."

The Review asserts that "most donors (of scholarly papers to libraries) recognize and are willing to accept the risks that scholarly scrutiny entails. CBS might consider whether its procedural point is worth the infringement of the principle of access."

Both Buchanan, the Review and others have have expressed alarm at what they see as CBS' "bookburning mentality" ((Buchanan's words) in demanding that Vanderbilt not only stop distributing duplicates and excerpts of its broadcasts but also give up all the CBS tapes it has already made.

Nashville attorney Val Sanford, who represents CBS in the suit, was quoted in this newspaper and in TV Guide as having suggested that the tapes be erased. The second article quoted "an observer" as saying "That comment cost CBS a lot of friends."

Sanford responded that, in the first place, "I'm not concerned with running a publicity campaign but with a legal case."

He went on to say he "never made that comment." He said he may have responded offhandedly to some reporter's question that erasure was one of the options under the court's discretion.

"We (CBS) did not ask that the tapes be

delivered for destruction, although we could have, under the statute."

Sanford said that CBS had simply asked that the tapes be delivered to the court for disposition.

The attorney emphasized that "what CBS is suing for is only the tapes made since April 16 of last year." It was on this date that the network began registering the "CBS Evening News With Walter Cronkite" under the statutory copyright law (as opposed to common law copyright, which the network claims for programs prior to that time.)

In order to comply with statutory copyright requirements for the newscasts in the category of "unpublished motion picture other than a photoplay", CBS began at that time to submit to the office of the Copyright Register four still photos and a synopsis from each newscast.

When Simpson began his trouble-making initiatives in 1968, spokesmen for the three networks cited cost as the primary reason for not preserving tapes of their own newscasts. (The networks routinely use two-inch videotape as compared with Vanderbilt's one or one-half inch tapes.)

Simpson agreed that this was a valid objection for the network.

However, at the beginning of this year, CBS began keeping complete tape cassettes of its newscasts, thus accomplishing one of Simpson's original objectives. The network cited technological advances as having made the step possible.

The question of public access to the network tapes remains a thorny one.

When Vanderbilt began its Archive operation, network practice was to keep the complete tapes for some brief period—at CBS it was 15 days—and then erase them for reuse. The content of the newscasts was preserved partially in other forms, such as written transcripts, audio recordings, and certain film segments.

"The only thing you wouldn't have gotten from all this was the facial expressions of Walter Cronkite," Sanford said. "That's being pretty picky."

In January 1973, CBS began making time lapse tapes (three pictures every two seconds) of its newscasts. About six months ago, the network also began making the three-quarter-inch color video tape cassettes of the entire program.

According to CBS Archivist Samuel Surratt, in an affidavit filed in the lawsuit, the network tapes are available to the public on the limited basis. It would depend on who you were, what your need to see it was and the limitations of technical facilities of CBS, whether we could or could not allow you to see it."

He said that the majority (one half to two thirds) of the viewing requests are rejected, that most of them are home viewers who call up on a whim, unaware of the problems and cost involved, and don't want to pay the fees.

CBS charges a library service fee of $10 for viewing film. For video tapes the charge is $100 to $150 an hour, Surratt said.

He says the network sells its material for what it considers legitimate purposes. For example, he said, CBS has reproduced at "loser rates" material for parents who saw their sons on television in Viet Nam; or free of charge to those whose sons were killed in Viet Nam; or to public service groups in such areas as safety and health problems.

He said CBS sent at company expense to every returning Viet Nam POW a film of his arrival and that also the network made available to the Department of Defense documentaries and some segments of the evening news to reacquaint the POWs with the history of the past few years. Materials also were provided to the Kennedy and Johnson libraries, he said.

Most of those wishing to purchase material are regular customers engaged in making documentaries or other productions, he said.

Until recently, CBS would sell a political candidate his own face or voice, plus the crowd around him, but not the other candidate. He said this restriction was recently lifted.

No use by others is allowed of material showing an anchorman or other CBS personality, he said.

Since 1969, CBS has operated a department devoted to developing uses of CBS news materials. This activity has resulted in the sale of phonograph records, sound filmstrips, and audio cassettes, including a series of Vital History Cassettes on audio tapes which are sold to schools and libraries. CBS claims Vanderbilt is operating in competition with the network's own archives.

"The issue is not access to news," CBS contended in its suit. "The issue is who shall have the right to determine the terms and conditions of and to receive the benefits from, the use of certain factual work, the creator or an appropriator. . ." CBS is fighting to retain that right.

A spokesman for NBC said that his network last November or December started keeping complete two-inch tapes of the newscasts for 15 or 18 months.

He said he saw nothing wrong with Vanderbilt's taping of the shows but added "Vanderbilt doesn't have the problems we have. We've got 83 different unions to work with here."

He said the cost of the equipment and screening time, plus the extra personnel needed, made the costs prohibitive—"even for NBC, which is not known for its poverty."

He said the network has thousands of requests to view its material. "We have to take every case on its merits. A lot of students found out that NBC is a soft touch to get a thesis done—well, no more. We're out of the thesis and doctorate business. It's not the better students that bother you that way anyway."

He said that if "some nut" ever passed a law requiring the networks to maintain such a service, they'd go out of business.

A spokesman for ABC said that his network keeps the complete tapes for eight days and that they have neither the time nor facilities to maintain or achieve service. He declined to comment on the activities of the Vanderbilt archive.

Although, according to CBS, its motivation in bringing the suit is one of economic self-protection, the waters continued to be clouded by inferences as to the ideological motives of one or another of the parties.

Last week's TV Guide article, for example, lumps Vanderbilt in with the "liberal groves of academe," a generalization which is highly debatable. Some have concluded that Vanderbilt is a tool of the administration in an attempt to exert pressure on the network. Others have speculated that CBS is suing out of fear of being held accountable to the Nixon administration by means of Vanderbilt's monitoring procedures.

There are others who detect network uneasiness over the ease with which persons libelled in network broadcasts can secure proof of the libel—a very difficult procedure without such a service as Vanderbilt's.

In its lawsuit, CBS refers to Simpson's "idea that national television news broadcasts reflect a consistent liberal bias," and to reports that the "executive Branch" of the Federal Government had shown an interest in the project.

Simpson wrote a statement in 1968 in which he did voice concern that it is the responsibility of three men (one in each network), all three of whom live in New York and are subject to a "liberal" atmosphere, are charged with the decision as to "which 20 minutes (approximately) of the 90 to 180 minutes of news available" is to be included in a given newscast.

And in November 1969, Vice President Spiro Agnew used information gleaned from Archive tapes to launch an attack on national television news coverage. (The information was to the effect that the NBC network "showed virtually the same scene of violence—from three separate camera angles—without making clear it was the same scene" in coverage of the 1968 Democratic Convention.)

Regarding his statement about "liberals," Simpson says, "as I emphasized in the statement, the only way to study and determine if there is bias is to preserve the tapes. Incidentally, I wrote that during the Johnson administration."

He said the Agnew incident had nothing to do with politics. He did not provide the Vice President with the information directly, he said. As he told reporters at the time, his interest was "totally educational."

To Simpson, such questions are moot. "The fact that this even comes up at all to me indicates how we've not been able to bring ourselves to believe television news is just another form of news. You'd get no such questions if you asked for back copies of a newspaper or a book.

"So far as who uses our facilities, they've been used by Common Cause, the National Organization for Women—all sorts of people. Nobody who has ever had any connection with this archive has ever said anything but that the material should be available to anyone."

Whatever the outcome of the lawsuit, Simpson said, he takes satisfaction from his belief that "the American people will never again be satisfied with a situation where no one anywhere is preserving these tapes."

INITIATIVE CONSTITUTIONAL AMENDMENT

Mr. ABOUREZK. Mr. President, on July 11, Senator HATFIELD and I introduced a constitutional amendment to allow the use of the initiative process at the national level. We have since been joined in this effort by our colleague from Alaska, Senator GRAVEL.

The initiative process enables citizens to place a proposed law on the ballot by obtaining signatures of a required number of registered voters. Once the required number of signatures have been gathered, the voters will have an opportunity to either adopt or reject the proposal by a majority vote at the next general election.

This initiative process was first adopted by my home State of South Dakota in 1898. Since then, 22 other States have also granted the right of initiative to the people of those States.

The use of the initiative in these 23 States has clearly and repeatedly proven that the initiative process is a sound, democratic process. Mr. President, I ask unanimous consent that the names of the 23 States and the year of the adoption of the initiative process be printed in the RECORD.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

Adoption of initiative provisions

	Year
South Dakota	1898
Utah	1900
Oregon	1902
Montana	1906
Oklahoma	1907

Maine, Missouri	1908
Arkansas, Colorado	1910
Arizona, California, Idaho	1911
Nebraska, Nevada, Ohio, Washington	1912
Michigan	1913
North Dakota	1914
Massachusetts	1918
Alaska	1959
Wyoming	1967
Florida	1968
Illinois	1970

A CLOSE LOOK AT THE "UDALL BILL"

Mr. STEVENS. Mr. President, on June 30 of this year, I introduced S. 1787, what I feel to be the most reasonable legislation to deal with Federal lands withdrawn pursuant to section 17(d)(2) of the Alaska Native Claims Settlement Act, for study as potential additions to the National Park, Wildlife Refuge, Forest, and Wild and Scenic River Systems.

In the following article from the Anchorage Times, Joe Josephson, Anchorage attorney, former State legislator, and cochairman designee of the Joint Federal-State Land Use Planning Commission for Alaska, presents an Alaskan's views on H.R. 39, another bill dealing with this issue which would establish 146 million acres, 39 percent of the State of Alaska, as parks, wildlife refuges, and wilderness areas.

Mr. Josephson, intimately familiar with the Alaska Native Claims Settlement Act from his representation of Alaskan Native Corporations in litigation, points out how H.R. 39 would exceed the provisions of section 17(d)(2) of ANSCA in three ways. First, section 17(d)(2) provides for up to 80 million acres of Alaska lands to be set aside for parks, refuges, wild and scenic rivers, and wilderness areas. H.R. 39 exceeds this figure by 65 million acres. Second, the park, refuge, and river additions would be included in the National Wilderness Preservation System, which would, allowing limited exceptions, make these lands off limits to "commercial enterprises—permanent—or temporary roads—use of motor vehicles—and—landing of aircraft . . ." In addition, H.R. 39 would preclude the erection of any ". . . structure or installation . . ." on these lands.

Third, the Secretary of the Interior would have unilateral authority to designate lands surrounding the parks or refuges as "area of ecological concern." Furthermore, the Secretary could enter into agreements with outside agencies, Federal, State, or native, as to how resources surrounding the parks or refuges, and so forth would be utilized. Also, the guidelines, by which the Secretary is to delineate boundaries of "areas of ecological concern," allow much room for discretion on his part.

Although the federally owned land in my State belongs to all Americans, Alaskans, as Mr. Josephson notes, are also Americans and it will be our businesses and our lives that will be most directly affected by the legislation which we pass on the disposition of federally owned lands under section 17(d)(2) of the Alaskan Native Claims Settlement Act.

Mr. President, I ask unanimous consent that the attached article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A CLOSE LOOK AT THE "UDALL BILL"

(By Joe Josephson)

Strange doings in Southeastern! Rep. John Seiberling may have learned much about Alaskans during the recent public hearings on HR39, the so-called "Udall" Bill—the proposed Alaska National Interest Lands Conservation Act.

Hundreds of witnesses, each permitted to speak for two and a half minutes, addressed Mr. Seiberling's subcommittee. Mr. Seiberling told Alaskans that he sees no chance for passage of S1787. Sen. Steven's approach to the D2 lands question, and reminded witnesses that the federal land in Alaska belongs to all the American people.

The congressman's observations about S1787 are probably accurate, if biased. Yet it is important, Sen. Stevens believes, for a different perspective to be put before the Congress in legislative form. S1787 performs that service.

As for Mr. Seiberling's oft-stated comment that the federal land belongs to all Americans, the statement is a truism. Few Alaskans question the point. But Mr. Seiberling can be appropriately reminded that Alaskans are Americans, too, partners with other United States citizens in Alaska's federal land ownership here and throughout the country. But in the Alaska context, Alaskans are the resident partners, so to speak, the set of co-owners to be affected most immediately and directly, for good or ill, by the passage of D2 legislation.

HR39, the focal point of those strange proceedings in Southeastern, is a strange piece of work in itself. Section 17(d)(2) of the Alaska Native Claims Settlement Act directed the secretary of the interior to withdraw up to 80 million acres of unreserved federal land "which the Secretary deems suitable for addition to or creation as units of the National Park, Forest, Wildlife Refuge, and Wild and Scenic Rivers Systems".

Of course, both Secretary Morton's 1973 proposal and HR39 surpass 80 million acres by far. But in their defense, Mr. Morton and Mr. Udall would say that the secretary always retains plenary authority to advise the Congress as he sees fit, and the Congress has inherent power to legislate for federal land management.

H.R. 39, however, exceeds section 17(d)(2) in more ways than in the acreage proposed to be added to the four systems. It goes beyond the question of administrative tenure to the issue of management philosophy, because the proposed park, refuge and wild and scence river additions would be included in the National Wilderness Preservation System.

Lands within the wilderness system are places where, under section four of the National Wilderness Preservation Act, and with certain limited exceptions, "there shall be no commercial enterprise and no permanent road . . . no temporary road, no use of motor vehicles, motorized equipment or motorboats, no landing of aircraft, no other form of mechanical transport, and no structure or installation within any such area." So there is more to H.R. 39 than the designation of new parks and refuges.

Yet, H.R. 39 is not just a few steps beyond section 17(d)(2) in the amount of acreage which it would affect, or in its infusion of wilderness designations into the matter of additions to the four conservation systems. Procedurally, it would depart from the studied and rational program for wilderness designations established under the National Wilderness Preservation Act itself. Substantively, it would impact the activities of all federal agencies in Alaska and non-federal landowners.

Section 708 of H.R. 39 addresses land management in areas outside the proposed conservation units. In these places, the bill would allow the secretary, unilaterally, to identify areas of ecological concern. The only guidelines to be given the secretary in that respect are that an area of ecological concern should be "an area of land and waters which contains resources that are part of the total ecosystem, geological formation, or which reflects a cultural heritage directly related to the areas authorized . . . as a result of the four land conservation systems."

Within any area of ecological concern, he establishes the secretary could enter into agreements with the heads of other federal agencies and other parties, including the state and the native corporations. The purpose of the agreements would be to assure that resources—in the lands outside the four systems—"will be used, managed, and developed in such a manner as to be consistent with the environmental quality and (wilderness) management" of the conservation units.

Federal Officers having "direct or indirect" jurisdiction over any proposed "federal or federally assisted" undertaking in the land and waters "within, adjacent to, or related to" the existing or proposed parks, refuges, forests, wild and scenic river areas, or federal officers "having authority to license any undertaking in such lands and waters" would be required, before approving any expenditure of federal funds or issuing any license, to "afford the Secretary a reasonable opportunity to comment."

The opportunity of the secretary to comment is certainly unobjectionable. One would think in a modern government, without direction from Congress, any important question of federal policy or administration would be dealt with on an interagency or interdisciplinary basis anyway. What is objectionable is that the secretary of the interior—as opposed to the secretary of energy (in the department to be created), or the secretary of defense or other federal officials—is alone given such status in the federal decision-making process. And it is clearly to be contemplated that in striking agreements for the areas of ecological concern that the secretary himself would designate, he would insist that other federal officers grant him more than just the right of comment—perhaps even the ultimate say-so on federal expenditures or licenses in these areas.

It is in this way among others, that H.R. 39 would do more than create new parks, forests, refuges or wild and scenic river areas. In sum, it would create vast new wilderness areas and extend the powers of the secretary over federal lands outside of the parks and refuges themselves and over all federal agency activities in Alaska, including licensing activities within state and native lands.

If the Alaska statehood struggle was about curtailing the authority of the secretarial czar, H.R. 39 proposes to reverse the process. If it is sad that Ernest Gruening and Bob Bartlett are not here when we need them so badly, it is also good that they did not live to see so much of their work threatened to be undone.

H.R. 39 merits further comments here and next week other features of the bill will be reviewed.

H.R. 7171 AND S. 275, THE FARM BILLS OF 1977

Mr. MUSKIE. Mr. President, when the Senate debated S. 275, the farm bill for 1977, a number of Senators who thought that the commodity outlays of the Senate version were too high voted for them

anyway in the belief that reductions could be made in conference with the House. Forty-six Senators voted for my amendment opposing the most costly increase. Those who voted for a costly farm bill they did not really believe in are in for a rude shock. What has actually happened should be a lesson to anyone who believes that one House can abdicate its own budget responsibility.

I am especially disappointed that the administration has capitulated to those advocating ever higher farm income supports. Many Senators believed the President's assurances that he would veto the farm bill if it were as expensive as the Senate bill. Yet it appears that the administration has given in and now accepts spending as much as $2 billion above the level recommended in its budget update just 3 weeks ago. One wonders what further surprises from the President are in store for those of us who believe that this administration is trying to control spending. The message is clear. The Congress must set and stick to its own spending priorities without regard to the shifting positions of the administration.

Now we are faced with the strong possibility of even higher outlays for price supports than provided in the extravagant Senate bill. House actions taken this week on H.R. 7171 will add another $200 million to $300 million for a new sugar entitlement program, as much as $400 million for increased outlays for corn, and increased funding for disaster payments, grain reserves, and other costs.

What this means is that if the high outlay provisions of both Senate and House bills are accepted in conference and enacted into law, we could very likely have agricultural outlays of more than $6 billion in fiscal 1978. This is too much when we are limiting spending for so many needed programs in other parts of the budget.

I join my colleague in the House, Mr. GIAIMO, in saying that we have gone too far. We should not ask American taxpayers to pay for agricultural subsidies for surplus commodities that we cannot sell and sometimes cannot give away. This spending cannot be justified as sound when we have made a national commitment to balance the budget very early in the next decade.

As chairman of the Senate Budget Committee I would like to comment briefly on the budget outlook for the farm bill. I do so in support of remarks made by the chairman of the House Budget Committee, Mr. GIAIMO, who has expressed deep concern about the skyrocketing costs of agriculture income support programs due to congressional action.

Only a few weeks ago, I pointed out to the Senate the possible consequences of the Senate version of the farm bill. At that time I expressed grave concern about some of the provisions of S. 275, particularly the proposed target price for the 1977 wheat crop of $2.90 per bushel, because the best estimates showed that the Senate bill would cause spending for the agricultural function to exceed the first budget resolution target for fiscal 1978 by about $800 million. Forty-five of my colleagues supported my effort to reduce the cost of that bill and I think they, as well as other Members of the Senate will be concerned with what I have to say.

Let me put this into the framework of the congressional budget, which already entails a deficit of over $64 billion. The $4.35 billion outlay target in the first budget resolution for the agriculture function is extremely generous compared to the budget proposed by President Carter on February 22, which requested $2.3 billion for agricultural outlays. Thereafter, Congress added another $2 billion to the administration request in the first budget resolution. This was to take care of later estimates for price supports and other agricultural needs, because we were aware of the severe problems faced by farmers in a time of mounting commodity surpluses, deteriorating prices, and increased costs of production.

Since then the Congressional Budget Office has reestimated outlays for farm price supports and has projected that they will increase by about $400 million above the amounts assumed in the first budget resolution. If we add the increased outlays that would occur in the event the Senate bill were enacted, an increase of $1.2 billion over the first budget resolution agriculture spending and total deficit would be needed.

Beyond fiscal 1978, the House bill is likely to be less costly than the Senate bill. The House has wisely included lower future price support levels and much needed crop limitation provisions which will permit control of the exorbitant costs of future years' farm programs. Forty-two of my colleagues supported my efforts to limit the future costs of farm programs and many more will join me if the conference report does not reduce those costs. If the fiscal 1979 and later year costs of the conference report exceed the House bill, we must make an effort to assure that the Senate and the President reject it.

I want to remind the Senate conferees that among the 51 supporters of the commodity programs in the Senate bill, there were many who expected reductions to be made in the conference in fiscal 1978 costs of farm income support programs. Where the conferees have the opportunity to make reductions, I encourage them to make them. Where the House bill leads to higher fiscal 1978 costs, I encourage the Senate conferees to hold the Senate provisions. If fiscal 1978 costs of the conference report rise above the current estimates of the Senate bill, the Senate should reject the conference report.

The farm bill must be a lesson to anyone who hesitated to take the difficult position of limiting spending in the Senate bill, hoping our colleagues in the House would be more responsible. If we are ever going to put a limit on runaway Federal programs, we must do it here in the Senate. Members of the House must do it there.

So I hope that the Senate conferees will keep a sense of national priorities in mind as they seek to hammer out a conference report that can be sustained in the Senate. I fully recognize the problems facing our farmers, but if we spend more than can be justified for agriculture, you and I know it will be paid for by the farmers and other citizens of America through a deficit that is presently estimated at over $64 billion. We cannot afford to push this figure any higher and we must not abdicate our solemn obligation to take a responsible course in our spending decisions.

WEATHER CONDITIONS AFFECTING WORLD AGRICULTURE

Mr. BROOKE. Mr. President, events of the past decade have indicated that in many regions of the world the capacity to produce food at levels necessary to meet minimum nutrition levels is lacking. This was certainly the case in the Sahelian area of Africa during the early years of the 1970's. It is the case today in Haiti, Cape Verde, Bangladesh, and other countries. Even in countries that presently can meet minimum food needs, the situation is so precarious that any change in climatic conditions results in a serious and rapid deterioration in food production capabilities.

Concern over the world's food producing capacity have led many of us in the Senate to work for greater U.S. involvement in efforts to improve agricultural practices around the world. Such efforts include the International Fund for Agricultural Development, increased emphasis on funding for food and nutrition related projects in our bilateral programs and increased support for agricultural development efforts of the various international financial institutions. In addition, efforts are underway in the Senate and elsewhere to encourage the establishment of a worldwide grain reserve system. Given the preeminence of the United States in the area of agricultural production, our country should play a major role in this effort.

As we seek to insulate the world's people from the most severe ravages of food deficits, it is necessary to maintain a constant vigil regarding weather conditions affecting world agriculture. In this regard, the Environment Data Service of the Department of Commerce publishes a weekly report entitled "Major Abnormal Weather Conditions Affecting World Agriculture," which provides both early warning and updated information on conditions that may affect agricultural productivity. I find this to be one of the more useful documents I receive each week and believe my colleagues will find it equally so. Therefore, I ask unanimous consent that the report for the week of July 14–20, 1977, be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MAJOR ABNORMAL WEATHER CONDITIONS AFFECTING WORLD AGRICULTURE VALID: JULY 14–20, 1977

1. Western United States: Showers with accumulations of up to 0.8 inch brought slight relief to the forested regions of Washington and the coastal range of Oregon. Temperatures were near normal in California

and Arizona, subnormal in the Pacific Northwest. The drought which began in California in late 1975 has since widely spread. Most regions from the Rocky Mountains to the Pacific have received less than 60% of normal precipitation for the last 2 months.

2. Southeast United States: A pattern of record breaking temperatures and very little rainfall continues to plague the deep South. From Alabama through North Carolina, soil moisture dwindles and crops are suffering. Precipitation was less than 60% of normal for May and June from Texas to Georgia and northward through the eastern Carolinas.

3. Caribbean: Although a few heavy showers fell over portions of Jamaica, Haiti, and Puerto Rico, conditions remain dry over the Islands. Drought has plagued this area for 13 months.

4. Soviet Union: The European U.S.S.R. remained abnormally wet, making the beginning harvest of winter wheat difficult. Further east, dry conditions from the Southern Urals through Kazakhstan are threatening to reduce yields of the spring wheat crop there.

5. Greece and Turkey: The drought which began in last winter continues. Although temperatures have been slightly cooler than the 100° F readings of last week, virtually no rain has fallen over the country this week.

6. African Sahel: The Sahel region of central Africa which normally acquires enough moisture during the wet, summer-monsoon season to support agriculture during the ensuing relatively dry 8 to 9 months, experienced a sharp drop in rainfall over the past 2 to 4 weeks. Spotty drought has developed in Mauritania, Senegal, Gambia, Guinea, Ivory Coast, Ghana, Togo, Benin, and Nigeria. Pastures and crops are threatened unless the monsoon reintensifies during the next few weeks.

7. Australia: There has been no significant change in Southern and Western Australia. Light rainfalls on one day in the west have had little effect upon the dry condition there.

Other Areas: Cape Verde Islands (Dry) (2); Sicily (Dry) (1); Mozambique (Dry) (2); Canada: Alberta (Dry) (1); Southern Brazil (Wet) (3); Argentina (Dry) (2); Southeast Asia (Dry) (2); United States: Iowa (Dry) (1), Indiana, Ohio (Dry) (3).

Mr. BROOKE. Mr. President, this information clearly indicates that the drought conditions throughout much of the United States have not abated to any appreciable degree. While this may not have a major impact on production levels this year for the most important crops, should the drought continue for much longer there could be an appreciable impact next year as soil conditions continue to deteriorate.

The warning signs are flashing again in the Sahel region. Rainfall has not been of sufficient intensity to tide the area over the dry season. Unless the normal monsoon intensifies in the next several weeks, a serious drought situation may engulf the Sahelian peoples once again.

In general the EDS reports convey a picture of precarious conditions in many parts of the world. They and other sources indicate that the United States will have no respite from the need to give constant attention to meeting the challenge of world hunger in the difficult months and years ahead.

*These are selected areas of (1) less size or economic importance; or (2) areas where past dry or wet periods may be adversely influencing agriculture now, or can be expected to do so in the future; or (3) areas of potential weather-related problems.

PETROFOODS, PETROCHEMICALS AND THE FAMILY FARMER

Senator ABOUREZK. Mr. President, the August issue of Mother Jones magazine contains two very important articles on the state of agriculture in the United States. The first, "Eating Oil," describes new developments in petrochemical research which have introduced foods based on oil. Used now as additives, and listed as natural flavorings or yeast on labels, these petrofoods have become common ingredients in spaghetti, baby food, salad dressing, and other foods. Research is being conducted to create whole foods made from oil. All of this has been done with the approval of the Food and Drug Administration, even though other countries have banned such foods and additives as very dangerous. In fact, the article points out that the FDA has not even considered the matter very seriously. Not only does the development of such foods raise serious health questions, however. Dependence on oil for food would place the consumer at the mercy of the energy companies, who are already controlling one basic resource and have revenues and assets larger than most countries.

The second article, "The Day of the Locust," is equally if not more disturbing. The article points out that we have become increasingly reliant on pesticides. Insects, however, have become increasingly resilient against them, causing pesticide use to increase still further. The development of no-till farming, which requires a great deal more pesticide application, promises to make the problem even worse. All this is happening at the same time that new research is showing that organic farming, contrary to popular belief, can be virtually as productive as conventional farming.

I ask unanimous consent that the two articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

EATING OIL

(By Michael Harris)

(Editor's Note: Over the last 35 years, agriculture has undergone a revolution. Farm yields have tripled. Growing, harvesting and planting time has been cut. In 1955 a New York farmer spent about 16 minutes to produce a bushel of corn. By 1975 he could produce the corn in only three minutes.

This massive increase in production has been attributed to a series of changes in American farm life that began around the end of World War II. These changes are commonly called the "Green Revolution," a gospel for agricultural development that has spread to other nations where U.S. corporations hold land and American advisers instruct foreign governments. When the Green Revolution began, it promised abundant wealth. Not only would the American farmer enrich his family through the new techniques, but increased farm yields would assure that no one, in any nation, would ever go hungry again.

With the Green Revolution came the demise of the single-family farm. Since 1950 the number of farms operating in America has dropped by 50 percent. Those small farmers who could not afford the machines, the fertilizers, the pesticides and the fuel bills could not grow enough to compete. More than half the remaining single-family farmers hold other, nonfarm jobs to supplement their incomes. Widespread wealth, promised by the architects of the Green Revolution, has not materialized for most farmers. In fact, farm income has actually dropped by $5 billion since 1950.

The Green Revolution has been a boon to some, however. The oil companies discovered vast new markets in fuel and fertilizers through farm mechanization and specialized planting. Amoco has even gone so far as to create a food from oil. Petroprotein, the first engineered food to reach the American table, has entered the diet unnoticed, as Michael Harris describes in "Eating Oil," beginning on this page.

The pesticide companies, which changed the face of agriculture, have become an uncontrollable growth industry, as Daniel Zwerdling notes in "The Day of the Locust," page 35. And the hungry of the world are worse off than ever, forced, with the new techniques, to grow not their own food but luxury crops for export. Frances Moore Lappé and Joseph Collins discuss the widening influence of a few companies in their article "Still Hungry After All These Years," page 26.

The changes in agriculture over the last 35 years have vastly concentrated power over what we eat, how much it costs and where to buy it. The revolution was not our revolution. The Green Revolution is a myth.)

The Amoco Foods Company does business out of the fourth tallest building in the world. Owned by the Standard Oil of Indiana conglomerate, this soaring, 80-story structure in Chicago was built from the same Carrara marble Michelangelo used to create his Pietà. Though Amoco Foods is the newest, and still the tiniest, jewel in Standard's crown, days of greatness may lie ahead.

A tightly knit group of 16 executives, their technicians, engineers, bio-chemists and "support personnel" working at Amoco Foods stand together on the brink of a new frontier. Since 1975, the sole product of the company has been a food made from distillates of oil.

Producing food from petrochemicals is an idea hoary with age. George Orwell must have thought it possible when he included everything from petrobeef to petrovodka in his novel *1984*. What's new—and unknown to most people, including key administrators at the U.S. Food and Drug Administration—is that such a petrochemical product has already been introduced into the American food supply.

What do you get when you mix ethanol, phosphoric acid, potassium hydroxide, magnesium sulfate, calcium chloride, ferric sulfate, zinc sulfate, manganese sulfate, citric acid, potassium iodide, sodium molybdate, cupric sulfate, anhydrous ammonia, air, *Candida utilis* and water?

The answer, according to the bright people at Amoco, is "natural food," petroleum protein. The end product of this chemical conglomeration is now being sold to food processors in the United States for use in meat products, baked goods, frozen foods, infant dinners, margarines, soups, gravies, tortilla chips, pizzas and other prepared foods. You may even have some in your lunch box today.

IN THE AMOCO "KITCHENS"

Torutein, the marketing label for Amoco Foods' petroprotein product, is a high-protein yeast culture that is grown on hydrocarbons distilled from crude oil. It is the first and only product of its type now produced for human consumption. In 1975, the first Standard Oil of Indiana petroleum protein processing plant in Hutchinson, Minnesota, began churning out petroprotein at the rate of about 15 million pounds per year.

In appearance, Torutein looks as much like food as the process of its creation resembles agriculture. It is a uniform, light brown powder with the faint odor and bland taste of yeast. Its manufacture begins at the Stand-

ard Oil of Indiana refinery, where ethylene and the other petrochemicals left in the oil barrel after the extraction of gasoline and jet fuels are removed from the residue. By manipulating the hydrocarbon molecule, the ethylene is converted to ethanol, at which point it makes its appearance in the Amoco "food kitchen."

There, in a large stainless-steel vat, ethanol and the other "nutrient chemicals" are fed to a teeming culture of yeast cells—*Candida utilis* or p-10 torula, as they are commonly called. The single-cell microbes ingest the petroleum distillate constantly, even as they "breathe" the ammonia and sterilized air piped into the tank. All the while, they reproduce millions of mirror-image microbes that themselves eat, aspirate and reproduce in the darkness of the fermentation tank. After 24 hours of this chemical bacchanalia, the yeast is deactivated and then spray-dried, producing the powdery end product. Currently, Torutein sells to food processors for about 50 cents per pound.

The production process is the result of ten years of high priority Standard Oil of Indiana research and an investment of more than $10 million. It is one of the premier manifestations of what the food processing industry's trade journal calls "the designed foods of tomorrow." *Food Processing* magazine predicts that we will soon see a new generation of "snazzy lab-modified proteins"—and a world that will be increasingly dependent upon petroleum protein as a part of its food supply.

"When you come right down to it, there's really not a whole lot of difference between what we do and what a farmer does," said Ralph Stow, Standard Oil's amiable public relations man. This effort to "humanize" the company's petroprotein product is apparent throughout the Amoco Foods publicity presentations.

For the past two years, Amoco Foods sales force has been putting Torutein promotional literature in the hands of mass food producers of everything from pasta to prepared meat loafs. "Stop shelling out for egg yolks," exhorts one promo packet, advising manufacturers to use petroprotein instead in cookies, cakes, doughnuts and other bakery products. "A price-stable, high-protein material that beats the fluctuating costs of agricultural ingredients," Torutein "binds fat to water to extend poultry, seafoods and meats, masks 'beany' flavor," and is "the *natural* food ingredient with combined advantages no other ingredient can match."

"We now have 112 food processors in the United States using our product," Amoco Foods Executive Vice President Jack Shay explained. "Gaining acceptance for a new food substance such as ours is a slow process. However, we have established a certain credibility, and we are currently marketing Torutein in Canada and have a few ad hoc salespersons in Europe. In the future, we hope to be a worldwide operation, and, eventually, we're going to have to look beyond the product as simply a food *ingredient*."

For the present, however, there are complications. *Business Week* recently cited official debate in Italy "over charges that oil-based protein may cause cancer in humans" and that the production process itself "may harm plant workers and poison the environment." The Italian government has suspended development of petroleum protein in that country, and the governments of Japan, Venezuela and Great Britain have held up their approval of petroprotein processing plants on similar grounds.

PETROFODDER AND OIL STEAKS

Torutein is by no means the first petroprotein food product developed; it is simply the first to find its way into the American diet. Interest in petroleum protein developed after the Sixth World Petroleum Conference in 1963, where executives of the British Petroleum Company first announced they had discovered the concept of growing yeast cultures on hydrocarbons.

The first petroproteins were intended for use as livestock feed. French and Italian industrial interests designed petroprotein manufacturing plants for the purpose, and the Kyowa Hakko Company of Japan joined with British Petroleum in a cooperative venture. Soon no fewer than ten corporations announced that they were producing petroleum protein for animal food.

At the same time, American-based oil companies were quietly concentrating on developing petroleum protein for direct human consumption. Exxon, Gulf Oil and the Nestlé Company collaborated on the development of a "beef steak" made from oil-fed protein, but they soon halted experimentation when "doubts about safety appeared," according to one researcher. The Exxon-Gulf-Nestlé protein was grown on methanol—a petrochemical that is highly toxic in small doses. Minute quantities of it persistently found their way into the "steaks."

In Japan, controversy over petroprotein peaked in 1972 after an investigation showed that when the stuff was used as animal feed, it was passed on through the food chain. The Ministry of Welfare expressed "apprehension" about the effects of petroleum protein on humans. By 1973 all Japanese companies involved in petroleum protein development had announced a halt to their efforts.

In that same year, development of petroprotein for direct human consumption in the United States came a giant step closer to reality. G. Carl Holsing, Director of Toxicology of the Standard Oil Company of Indiana, addressed a letter to the Food and Drug Administration, announcing that his company had developed a pilot program for producing petroproteins as human food. He asked that the substance be approved under existing food additive regulations, on the grounds that the organism the company was raising on oil derivatives was no different from the torula yeast grown on natural foodstuffs. This sort of back-door approval provided an avenue for FDA sanction while drawing the least possible amount of public attention or controversy.

Indeed, there was none. In an eight-line letter to the manufacturer—a remarkably low-key manner, considering the significance of the decision—the FDA soon approved manufacture and distribution of petroleum protein in the United States "on the basis of existing FDA regulations." The FDA's action neatly sidestepped the safety issues and opened the door for the introduction of petrochemical food into the American food supply.

STRAINED OIL AND PEACHES MEET THE CLAM THING

Amoco Foods' Marketing Director Dan Murray holds forth from an office on the 20th floor of the Standard Oil of Indiana building, overlooking the misty shores of Lake Michigan. Murray is a calculating man, whose business is finding a place for Torutein in the formulations of the nation's food processors. He would not reveal the names of his customers, however, for fear of adversely affecting both his company's business and that of his clients.

"We're reluctant to identify the companies we're working with," Murray said from inside a business-blue three-piece suit. "We may spend millions of dollars developing a new market application for our product, and, if we publish the name of our customer, the competion can go right ahead and try to take that account away from us." The competition, in this case, is seen as producers of nutritional yeasts grown on natural foodstuffs.

"In addition," Murray continued, many of our customers don't want their names publicized. Frankly, they don't want to be associated with a food product made from oil. They are afraid of getting a bad name among consumers in the marketplace."

However, Dan Murray did reveal the names of a few Torutein users, and the labels of several other brand-name products were readily identifiable on the "customer products shelf" at the rear of his office. Among the items present were boxes of Prince Macaroni, French's croutons and Milani salad dressing, produced by the Alberto-Culver Corporation. Others were Angonoa brand breadsticks, cake mixes made by health Snacks, Limited and La Choy food products.

Inspection of the supermarket shelves revealed that several varieties of Gerber baby foods carry the words "torula yeast" in their list of ingredients. This could have been natural torula yeast, but Dan Murray admitted that his company "sold some Torutein" to Gerber. He declined any further comment.

An enterprising West Coast concern called the Golden California Company has agreed to purchase large quantities of an Amoco Foods concoction consisting of Torutein and soy flour. The product, called Crunchy Yeast, is being repackaged and sold as breakfast cereal or meat extender, complete with a health-food-oriented ad campaign. Other "health food" products containing Torutein include Loma Linda Seventh Day Adventist foods and RG brand protein supplement.

It is difficult for even the most discriminating consumer to determine which processed foods contain Amoco's petroprotein product. Under FDA regulations, if the primary activity of Torutein in a formulation is as a "flavor enhancer," then its presence in the product may be indicated by the catch-all term "natural flavorings" in the list of ingredients. If Torutein functions as a protein booster, it is described by the generic term "torula yeast." The product manufacturer makes the determination.

"Most of the companies we're selling to are in the institutional food business," Murray said. "They provide food to hotels, restaurants and schools." One of Amoco Foods' biggest customers in this category is Waldman's Inc., national distributor of more than ten million pounds of portion controlled" meat annually.

"We've also developed a textured soy/Torutein product we're trying to sell to schools to replace meat, and . . ." Dan Murray's vest swelled with a barely perceptible bit of pride, "I'm pleased to say that our high-protein macaroni product has been accepted by the government for use in the federally sponsored school lunch program."

Currently, Torutein is being introduced in foods at the level of only five to nine percent, but there are strong indications that this is just the beginning. More petroprotein goodies are in store for the future.

"Food analogues." That's how Dr. Robert Rosscup euphemistically describes the future's synthetic food creations. Rosscup, director of food research for Amoco Foods, is the R&D patriarch of the club. A smiling, professorial personage with bushy white hair, he presides over the Amoco Foods Division of the sprawling, well-guarded, 140-acre Standard Oil of Indiana research facility, 40 miles from Chicago among the pastoral farmlands, homesteads and dairy barns of what the insiders call "The Village" of Naperville.

The research complex is a security blueprint in mortar and brick. Beyond the gates, acre after acre of meticulously manicured lawn surrounds the cluster of laboratory and office buildings. "The biggest problem is to simulate the chewing characteristics of familiar foods," Dr. Rosscup was explaining. "There are thousands of artificial flavorings around; that's no problem. The texture is what we're working on now." According to Rosscup, meat analogues made with petroleum protein are in the not-too-distant future, to be followed closely by mushroom

analogues, seafood analogues and, later, imitations of many other protein foods.

"We're working on something we call 'The Clam Thing' right now," Amoco Vice President Shay revealed. "If an extruded, plastic-like product. It has the texture of clams, the flavor of clams, and it looks like a piece of clam, without the shell. This could put us into the snack food business. And I think there's the possibility we could be developing other seafood flavors as well."

In May of this year, the Food and Drug Administration proposed a new regulation that would allow other high-protein substances to be substituted for milk in commercial ice cream formulations. This change would be a blow to the dairy industry but a boon for the makers of Torutein. "Milk is going to become much more expensive and less available in the future," Dan Murray prophesied. "We're creating a new product to replace milk in foods. It will probably be ready for the market later this year."

"Someday, the slices of roast beef you eat," R&D Vice President Robert Flannery concluded, "that will look like, taste like, and have the texture of beef, will be made from Amoco yeast."

STARVED ON OIL

Petroleum protein has already been adopted as another one of the Industrial World's "final solutions" to the problems of underdeveloped nations. The United Nations' Protein Advisory Group (UNPAG), an assemblage of scientists, government officials and "industry observers" from U.N. member countries, announced its unqualified support for petroleum protein development soon after Standard Oil got the nod from the FDA.

The group even suggested that the term "single-cell protein" be adopted to "avoid unfavorable food connotations of names such as bacterial protein and petroprotein." Characteristically, the representatives who composed the advisory group touted petroprotein development as "significant in supplying foodstuffs to the starving Southern Hemisphere." Yet not one member was a representative either of a Southern Hemisphere nation or of the Third World.

"We have an important role in the future," Amoco's Dr. Rosscup stated. In reference to the populations of developing countries, he said: "Most of the diet of these people is cereals. We are now taking indigenous cereal grains, combining them with our product and manufacturing traditional dishes that are high in protein." Then he added cryptically, "It is in the long-range plans."

The U.N.'s Protein Advisory Group talks in terms of the "impact that 'single-cell protein' will have as a world source of protein." *Food Technology* magazine points to petroproteins as one way "to feed the increasing world population," and Amoco R&D Vice President Flannery boosts petroprotein as "needed in the fight against world hunger."

The Standard Oil Company of Indiana is not oblivious to the profits—and power—inherent in such predictions. And clearly, the company is looking to the future.

"We've been losing money hand over fist," admitted Jack Shay. "We're spending $3 million this year on R&D, and we've spent tens of millions of dollars in past years on this product. Our present sales of $7.5 million annually certainly aren't paying the bills. In the future, there will be lots of new innovations coming along."

"Some other very promising products that would have been more profitable for the company were sidetracked to make room for this one," another spokesperson agreed. "There is a vigorous effort under way to win acceptance of this product in the marketplace. Once this item is a marketing success, new applications will be found."

"Precisely what applications?" I asked Dr. Rosscup.

"Let your imagination run," he replied.

"So Torutein is just the beginning."

"Of course." The white-haired scientist pushed his chair back from his desk. His smile vanished.

"We're involved in more than this little yeast project here. This is a contribution to our overall knowledge of food science. We are really becoming experts in bio-processing," he continued. "There are a lot of waste products in the world suitable for manufacture into food resources. The knowledge we are now gaining in food science and the manufacture of food analogues is only in its early stages."

Then, just as abruptly as he had opened the door that led to the horizon of his new frontier, he closed it again. Sphinx-like, he smiled once more and declined further comment on the matter.

"I don't think some of the things Dr. Rosscup mentioned have ever been discussed in public before," another Standard Oil of Indiana executive said later. "But there's a whole new ballgame ahead. The amount of beans left in the oil jar is finite. Someday soon, the oil that's left is literally going to be too valuable to burn. And I don't know of any multi-billion-dollar corporation that wants to pick up its marbles when its raw material disappears and go out of business."

Petroprotein is headed into the human diet in the United States and the Third World at a rapid pace. Public debate on this subject has been conspicuously absent, and in that absence our own technology may ultimately succeed in defining human food, and human nature, without our consent.

More and more farmland is placed permanently under concrete, not only in the United States but in countries throughout the world where industrial-based development is literally bulldozing regional food production into oblivion. Other sources of plentiful protein—such as the oceans—are being contaminated by industrial waste and oil spills. The potential for centralizing mass food production becomes clear.

Future dependence upon petroleum protein, coupled with our reliance on large-scale agriculture, petroleum-based fertilizers and fuel, will make the power of the boards of directors of the multinational oil corporations unchallengeable.

Caveat humanus. Let Human society beware.

THE DAY OF THE LOCUST

(By Daniel Zwerdling)

This summer's harvest marks the 15th anniversary of Rachel Carson's anti-pesticide c'assic, *Silent Spring*. There will be no celebration. Farmers rumbling through the fields on their tractors are unleashing more than two times the amount of pesticides they used in 1962, more than in any other year in history. In growing regions across the country large numbers of farmers are approaching economic and ecological crisis as they lose control over pests. Ironically, it has been the pesticides, relentless spraying of pesticides, that has brought this day of the locust to the American farm.

In the lush Midwestern corn belt, farmers are nervously mapping the march of the western corn rootworm. Once only a minor pest in two states, the rootworms are advancing 150 miles a year, like Sherman's army, into the corn fields. Pesticides have not destroyed the rootworms, as the chemical industry promised farmers they would. The insects became immune to the chemicals instead.

In New York State, where onions are king in the vegetable fields, farmers fear the onslaught of the onion maggot. "We're down now to only one insecticide we're sure of," says Cornell University entomologist Dr. Charles Eckenrode.

Half the insecticides in the nation are sprayed on cotton. It is in the cotton fields, from Alabama to California, where the pesticide crisis is at its worst. "Many producers are now on a chemical treadmill," says Dr. Dale Bottrell, entomologist at the Council on Environmental Quality (CEQ), "a treadmill leading toward bankruptcy."

The mounting battles between farmers and insects in the fields carry an urgent message: America's "Green Revolution" is backfiring. The era of synthetic fertilizers and pesticide addiction is beginning to cripple many farmers economically far more than it is enriching them. Since World War II, when the pesticide onslaught began, insect losses to crops have not decreased. They have almost doubled, says Cornell University entomologist Dr. David Pimentel.

The pesticide industry, however, is celebrating its most profitable year in history. Industry reports indicate sales should approach $3 billion. Major manufacturers will spend twice as much on market expansion research as they did just six years ago.

And market expansion means more chemicals to be used in ever more ways. The pesticide industry is launching a campaign to convert U.S. agriculture to a system requiring up to *two times* the pesticides already used per acre. It is called "no-till farming": farmers junk the centuries-old ritual of plowing and cultivating the soil to control weeds and insects.

If the pesticide industry is successful in selling no-till farming to U.S. growers, the U.S. Department of Agriculture (USDA) predicts zero-tilled crops could cover about half the nation's farmland by the year 2000.

AMBER WAVES OF GRAIN?

Before World War II, farms in the corn belt flourished with a rich diversity of crops and livestock. Farmers planted different crops every year, rotating them, so insects and weeds attracted to one crop would disappear with the next. They enriched the land with manure from their livestock; chemical fertilizers were unnecessary.

But then, in 1945, DDT and the herbicide 2,4-D hit the market and, like the atomic bomb that exploded over Hiroshima that same year, the chemicals changed the political and economic fabric of the nation. With pesticides, farmers planted vast acreages of a single, highly profitable crop, controlling weeds and other pest infestations with the spectacular new chemicals.

With pesticides and single-crop monocultures came mechanized and energy-intensive farming, as machines and petrochemicals limited the amount of person-power needed to increase yields. Since World War II, corn yields per acre have tripled, while farmers have cut their labor by two-thirds.

But while corn yields tripled, the amount of energy used to produce one acre of corn quadrupled. The system favored large corporate farmers with lots of capital. Single-family farmers who could not afford to mechanize or pay their energy and chemical bills could not produce enough to compete and were forced to sell. Three million farms have been squeezed off the land since 1945, lost to the wonders of the Green Revolution.

In the corn belt, vast monoculture farms spread like a cancer. Eighty-five per cent of the Illinois cropland is planted with corn and soybeans. Since "monoculture creates an environment favorable to damaging pest populations," as a U.S. Department of Agriculture (USDA) report observes, it increases farmers' "vulnerability to disaster." Pesticides have become a way of life. Almost 70 per cent of the corn crop in Illinois is treated routinely with insecticides.

Dependence on pesticides has created a whole new complex of insects now plaguing crops, insects that were scarcely a problem before the pesticide war began. Western beet

cutworms, once limited mainly to Nebraska, have become an "unexpected problem," according to the National Academy of Sciences (NAS), for farmers in the corn belt. Farmers are reporting damage caused by seed-corn beetles "with increasing frequency," says the NAS, apparently "due to the development of resistance" to insecticides. While the overall use of pesticides on crops has increased 12 times since World War II to more than 600 million pounds per year, the losses due to insects on corn alone have more than tripled.

DEM OLE COTTON FIELDS

The seeds of the cotton disasters were planted back in the 1950s, when farmers attempted to eradicate the legendary boll weevil with the relatively new and miraculous DDT. Only ten years later, large numbers of weevils, immune to DDT sprays, beban to munch their way across cotton fields.

For a few years, salvos of other pesticides seemed to work. Supertoxins, such as methyl parathion, developed from Pentagon nerve gas, were used. But, as farmers boosted their sprayings, the potent new pesticides destroyed the complex of up to 600 predator insects and parasites that keep potential cotton insects under natural control.

Disaster struck in the late 1960s, as the budworm, freed from its natural controls and resistant to almost every pesticide known, exploded with more fury than the boll weevil could ever match. "In the Texas Rio Grande Valley farmers acted like crazy men," says CEQ's Dale Bottrell, who worked in the fields. "The budworm was so resistant that farmers were spraying their fields 35 times, twice as much as usual, and I've heard of some farmers, in desperation, spraying 70 times." Cotton yields in the Rio Grande Valley dropped by 50 per cent in 1970.

Curiously, the cotton industry and some USDA officials learned little from the cotton disaster. They are pushing to launch a massive ten-year, $1 billion insecticide war in 14 states to "eradicate" the boll weevil, a move some scientists warn is guaranteed to become an "entomological Vietnam."

California cotton farmers have never battled the boll weevil (the pest doesn't take to the western climate), but the cotton industry initiated an eradication war against the pink bollworm in 1965. "Pests we hadn't heard of in years became far more destructive than the bollworm," Berkeley entomologist Dr. Robert van den Bosch remembers, "and in 1970 cotton yields were the lowest since World War II."

"We have created monsters," one scientist observed, "out of previously unknown pests."

NEW VICTIMS FOR OLD POISONS

Tom Kelley's family has been farming the rolling fields in Maryland corn country since his great-grandfather built the red brick house on the hill after the Civil War. Kelley himself farms about 1,300 acres, 500 of it in corn. Some of his land presses against the backyards of $100,000 suburban ramblers just 45 minutes from Washington, D.C. The Kelley family, like Tom Kelley now, has prospered.

Kelley is a modern farmer. Like a growing number of farmers around the U.S., he has been sold on farming the no-till way, relying on chemical substitutes for turning over the soil to control weeds and other pests.

As I watched Tom Kelley plant a field of withered weeds and stubble with corn the no-till way, the growing allure of the system became obvious. "Before this I would of had to plow my field, disc it a couple of times to break up the soil, maybe harrow it once to make the soil fine. I'd work it over four times before I could even stick in the seed," Kelley says. "Now with no-till, I go in and spray with paraquat, and three days later it's ready to plant."

The key to non-till farming, as Kelley says, is a herbicide called paraquat. The major force promoting non-till is the Chevron Chemical Company, exclusive U.S. marketer of paraquat. A look at Chevron's sales strategy and the history of the herbicide tells the story.

Chevron introduced paraquat in the 1960s. It's so lethal—to plants *and* humans—that most farmers shied away from using it "Paraquat will kill everything in sight," one farmer told me. Out in California, one of the few states where paraquat caught on, the herbicide, which resembles Coca-Cola, gained a reputation among farmworkers as a killer. "No other single pesticide," warns the State Department of Food and Agriculture, "has had a safety record this poor."

So Chevron launched an extraordinary sales campaign in which the key to selling paraquat became selling an entire agricultural system. Suddenly, paraquat's major sales obstacle—its lethality—became its major sales gimmick.

"We were perhaps the first company in the industry," Chevron's Warren Lewis boasts, "to look upon the [no-till] movement in this country as potential market for a specific product. "Chevron has spent a "government-size budget advertising the concept," Lewis says. The hype has included writing articles for the farm press, financing "educational" symposiums promoting no-till under the auspices of major universities and setting up a special research team to promote "no-tillage and other uses of paraquat" on major crops, such as soybeans, cotton and sorghum. And the campaign has paid off. Since 1967, when Chevron began pushing no-till, sales of paraquat have increased more than 12 times.

One important boost for the company's market strategy has been the "fantastic" cooperation of USDA extension agents across the country, according to Lewis. "We organize special no-till demonstrations for farmers in the area and take the farmers on bus tours to visit no-till farmers around the county," one Maryland County extension agent told me—and Chevron and local agricultural pick up the tab.

Agriculture extension workers embrace no-till farming because, with its scorn for plowed and churned-up fields, the system helps prevent soil erosion and loss of moisture from the fields, two problems increasingly plaguing farmers across the country. But here's the irony: it is precisely this chemical monoculture style of farming, studies show, that creates the widespread erosion and moisture problems in the first place. The soil structure is broken down as the same crops are planted and fertilized synthetically year after year. Organic matter, which holds moisture, and minerals are leached out of the soil.

Perhaps Chevron's most effective strategy for selling paraquat is its nationwide network of about 300 farmers who promote the company's no-till system to their neighbors. In return, the farmers are paid consultant fees, and at least one farmer was given a free case of paraquat worth more than $200. "We'll help the local Chevron field man round up 20 farmers or so," one farmer-consultant explains, "and Chevron will take us out to a good restaurant and put on a real good meal." Farmers who express interest in the no-till way, Chevron's herbicide sales manager says might get a free loan of special no-till equipment—worth up to $5,000.

Disturbing reports from no-till regions across the country suggest it may not be long before no-till farmers find they have more headaches using paraquat than they had behind the plow. The untouched expanse of unbroken dirt and stubble on a no-till field is a pest's paradise. "There's not enough data on no-till farming to draw any conclusions yet," says Berkeley's van den Bosch, "but, based on 30 years' experience with pesticides, my gut instinct is that I wouldn't be surprised if no-till farming turns into a disaster."

Farmers like Tom Kelley don't need to read the dry prose in a recent Scientific American to learn that the corn armyworn, once only a minor pest on conventional chemical farms, is attacking no-till fields with added ferocity. "No-till invites the armyworm right in," says Kelley. "Boy, I've seen no-till fields where the armyworms really ate it up."

So far, no-till farmers are handling the surge in weed and other pest problems with the usual cure—hefty increases in pesticides. I watched Kelley load up his spraying tank. Instead of using two pounds an acre of atrazine and a similar herbicide, he pours in three. He adds a bottle of lethal paraquat, although he used none before. "I never used toxaphene, but we've got to now to take care of armyworms," he says, pouring the chemical into the truck's metal tank. When Kelley punches in the seeds a few days after he sprays, he'll use more insecticides. "When the corn starts coming up I may have to treat problem areas with 2,4-D," he says, as he turns on the ignition. Tom Kelley is now on the no-till chemical treadmill.

THE REAL GREEN REVOLUTION

As farmer Tom Kelley harvests his 500 acres of no-till corn this fall, sprayed with more pesticides than ever before, Minnesota farmer Harlam Burley is reaping 1,000 acres of corn and earning one of his best net profits ever. He's growing his crops organically, not a spurt of synthetic fertilizer, herbicides or insecticides.

"I was heavily into chemical cornfarming until just three years ago," Burley says. "I thought chemicals were the holy answer. That's what I learned in school, and that's what I learned from the pesticide companies. But around 1972, I realized we weren't getting the yields we used to. We kept putting on more and more fertilizer, and the ground got dryer and tighter. I even tried dynamiting it one year." Four years ago, Burley says, "my chemical bill was over $70,000."

Burley attended some meetings on organic agricultural techniques—and became a convert. Instead of pushing his soil with corn on corn every year, he rotates his crops—corn, soybeans, wheat, oats, alfalfa. "I haven't had any insect problems since," he says.

Burley's 1,000-acre farm, like the small but steadily growing number of organic farms across the country, is living proof of what the pesticide industry has persuaded a generation of Americans to forget: farmers used to grow the nation's food supply without pesticides only 35 years ago.

In one carefully controlled experiment at the University of Maine, professor of horticulture Dr. Franklin Eggert is comparing conventional chemically grown vegetables with organically raised vegetables, fertilized with manure tossed out by a local poultry plant. "I kept hearing rumors in the agricultural profession that organic farming methods are complete flops," says Eggert. "But you can't argue with data, and I've found virtually no difference in crop productivity between the different methods. It has some rather fantastic implications."

Another recent study shows that some commercial farmers in the fields are already living the data Eggert is plotting now. Researchers at the Center for the Biology of Natural Systems, directed by Dr. Barry Commoner, compared the performance of 14 conventional and 14 organic farms, ranging from 125 to 800 acres each, spread across the corn belt. While the yields per acre on the organic farms were slightly lower than on the conventional farms, the costs per acre on the organic operations were lower, too. The net profits per acre were virtually the same. When the researchers compared some of the social costs of the farms, the conventional chemical variety lost out. Invariably, the conventional operations soaked up at least twice as much energy as did the organic farms.

Experiments like these are igniting a serious interest in organic agriculture in even

the top government offices of Washington, D.C., where just a few years ago muttering the word "organic" was heresy. Up on Capitol Hill, the staid, industry-entrenched Agriculture Committee is undergoing an upheaval. Not long ago, five prominent Congress members—four of whom chair Agriculture subcommittees—dined for three hours with one of Europe's most prominent organic researchers. "All of us at that dinner," says Rep. Frederick Richmond (D-NY), "agreed that organic farming is something we should be pushing for—devoutly."

In the top offices of the USDA, there has been a revolution. "I'm sympathetic to organic farming," says Assistant Secretary for Conservation and Research Rupert Cutler, sitting in the same office where Earl Butz and his assistants condemned organic farming as "dangerous hogwash." For the first time a USDA official says he'll support "setting up a network of special experimental farms," to improve organic techniques.

In the meantime, American farmers can begin taking steps toward that organic vision by adopting pest control methods that researchers are now perfecting. Scientists call the methods "integrated pest management" (IPM), and under the system farmers still use pesticides but only as a last resort. IPM methods control pests with a natural balance of predator insects, specially purchased parasites and sometimes hormones that disrupt the pests' development.

A five-year, $14 million experiment on integrated pest management—funded by EPA and the National Science Foundation, with a little help from the USDA—has shown farmers in five major crops across the country they can slash insecticide spraying up to 50 per cent, while sometimes boosting their yields. In one area in Texas, cotton growers using integrated pest management systems cut insecticide costs 60 per cent and tripled their net returns.

But so far, Berkeley entomologist van den Bosch estimates, fewer than five per cent of the nation's growers are using IPM techniques. Farmers get virtually all of their information, directly or indirectly, from the pesticide industry. "The system," says van den Bosch, "is as if all the doctors in this country were on the payrolls of the drug manufacturers, and they got paid according to how many drugs they could sell."

Historians might look upon the last 25 years of the 20th century with bitter irony: the chemical industry's salvation for the food supply, pesticides, turned out to be the weapon most responsible for destroying it.

ALASKAN GAS WILL REACH MARKETS ACROSS THE UNITED STATES THROUGH THE EL PASO PROJECT

Mr. STEVENS. Mr. President, as the deadline approaches for the administration's selection of a route by which Alaskan natural gas will reach consumers in the South 48 States, it is important for us to keep in mind what the real issues are.

The route which is selected must first be technically feasible; second, make Alaskan gas available to markets throughout the South 48; third, pose no unacceptable environmental risks; fourth, be financially viable; and fifth, be completed and operating in a timely manner.

Of the three competing projects, only one satisfies all five criteria. This one is the All-American trans-Alaska route proposed by the El Paso Alaska Co.

The other two routes fall short in two or more of these criteria. The Arctic route across the North Slope and down the Mackenzie Valley is environmentally unacceptable and was flatly rejected by the Canadian National Energy Board and the Berger Commission. The Alcan proposal is subject to lengthy delays in Canada as environmental questions and native claims issues are resolved. Neither of these projects is financially viable and either would require Federal Government backstopping or an "all events tariff" or both to raise sufficient capital.

Only the El Paso proposal qualifies under all five points. The Council on Environmental Quality, in its July 1, 1977, report to the President, determined that "It is possible that the Alaska LNG corridor and technology can be environmentally acceptable" if sufficient analyses are conducted and mitigating measures are imposed. And the Federal Power Commission, in its May 1, 1977, recommendation, found that—

A United States pipeline can be built in Alaska and a tanker system can deliver gas to the contiguous United States at an economical price.

This last point is very important and poorly understood. A letter from John C. Bennett, vice president of El Paso Alaska Co., elaborates on this. Bennett quotes from Judge Litt's initial decision of February 1, 1977:

No challenge has been made to the technical feasibility of El Paso's displacement proposal.

Other sources testify to the economic and regulatory feasibility of the displacement scheme for distributing the benefits of Alaskan gas throughout the South 48 States.

I emphasize this point because the choice is not between two Canadian routes which will deliver natural gas to the energy-starved Midwest and an LNG tanker proposal which will cause a natural gas glut on the west coast. Rather, the choice is between the El Paso proposal which, through displacement, will make Alaskan gas available all across the United States and two Canadian routes which, because they pass through Canada, will most likely be delayed for many more years.

Mr. President, I ask unanimous consent that Mr. Bennett's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EL PASO ALASKA CO.,
Washington, D.C., May 19, 1977.

Hon. TED STEVENS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENS: As the nation approaches the decision on how best to move Alaskan natural gas to U.S. markets, a question frequently arises which is as easily answered as it is important: How will the El Paso "All-American" project deliver gas to the Midwest and Northeast?

Although no one will ever accuse the Federal Power Commission (including Judge Litt and the Commission staff) of bias in favor of El Paso, the ability of El Paso to deliver the gas to all U.S. markets has been repeatedly supported throughout the two years of hearings. To quote from Judge Litt's decision:

"No challenge has been made to the technical feasibility of El Paso's displacement proposal . . . Consultants for Arctic Gas have studied the feasibility . . . (and confirmed) the viability of the general concept."

To quote the Federal Power Commission staff counsel on April 6th:

"We've studied El Paso's displacement, we've listened to the testimony of their witnesses, we've listened to the testimony of Arctic Gas' experts analyze the El Paso displacement, the El Paso displacement was thoroughly analyzed . . . while they came to a slightly different manner of doing it, they agreed it has been and could be done. As a matter of fact, they agreed it could be done for approximately the cost overall that El Paso thinks it can be done for.

"So I think El Paso's displacement on the merits is not really in dispute."

Also on April 6th, Commissioner Holloman referred to the "Commission's experience in this past winter emergency and our demonstrated capability to move gas eastward from the West Coast through Texas . . ." He further observed, "Well, there's obviously going to be a great deal of excess capacity as the years go on."

The enclosed explanation of how El Paso can move Alaska's natural gas to Middle West, East, and Northeast succinctly describes the plan, which in fact did—on a few days notice—transfer California's gas to Atlantic Coast markets last winter.

Another pertinent fact is that all proposals—including the two trans-Canadian projects—will deliver Alaska's gas to markets east of Chicago only through existing facilities and exchanges. No new pipeline construction is proposed east of Chicago by any applicant.

Why, one may ask, does El Paso "protest so much" on this subject? Again, the answer is as simple as it is factual: proponents of trans-Canadian projects have repeatedly created the completely erroneous impression that El Paso, if it can move the gas East of California, will encounter all sorts of complex difficulties. The folowing is a direct quote from the Northwest Pipeline Corporation (proponent of Alcan):

"The LNG system is dependent upon a complicated nationwide displacement "theory" for transferring the gas from the West Coast to the rest of the United States."

Again, a quote from an elected official who supports Arctic Gas:

"The entire El Paso project rests upon the concept of displacement, one which is without doubt physically possible given sufficient pipeline investment, but one which will *surely create a legal and contractual nightmare.*" (emphasis added)

The falsity of that prediction was amply demonstrated last winter, when a "complicated theory" became a functioning system almost overnight and without any time for preparatory planning!

Once Americans throughout our nation realize that all three proposals can deliver gas to all domestic markets, they can focus on the very real differences among those projects—which one will deliver the gas at the earliest date, with greatest economic benefit to the United States, with complete U.S. control of what consumers pay for the gas, with minimal environmental damage, without governmental financing, and with minimal risk of schedule and cost overruns. On all these counts, El Paso is superior to the trans-Canadian proposals. More important, all of these factors are of great importance to all Americans, whether living in Maine or California.

If you have any questions at all concerning El Paso's project, we stand ready to respond immediately.

Thank you for your continued interest in which proposal best serves the nation's interest.

Sincerely yours,

JOHN C. BENNETT.

U.S. DELIVERIES OF GAS

In recent years, the U.S. natural gas industry has not been able to find new supplies of gas in quantities sufficient to offset the decline in reserves. This fact has resulted in increasing idle or unused capacity in the existing 1.1 million mile pipeline system crisscrossing the nation.

By 1980, pipelines extending northward from major natural gas production areas in Texas and Louisiana will have over 10 billion cubic feet/day of spare capacity. At the request of the Natural Gas Supply Committee, a study was prepared by the Energy Division of Foster Associates, Inc. to appraise the impact of declining gas supply on interstate pipeline transportation costs. This study reported that if the idle capacity is not filled, natural gas consumers will have to pay between 19 cents and 44 cents more per MCF of gas in order to amortize those facilities. El Paso's TransAlaska Gas Project will utilize this idle capacity to deliver Prudhoe Bay natural gas, either directly or through exchange of gas supplies, to markets throughout the nation.

After landing on the West Coast, Alaskan natural gas will be connected to existing major transmission systems in California and then delivered directly to markets in that state. How then will Alaskan gas be delivered to markets in the Northwest, Middle West, and Eastern U.S.? The procedure is really quite simple. It is also inexpensive and efficient, and will cause an absolute minimum of environmental damage.

Approximately three billion cubic feet of natural gas are presently shipped each day from Texas and New Mexico to California. To the extent that this lower 48 supply can be replaced by volumes of gas delivered from Alaska, an equivalent amount of gas need not move from Texas to California. Instead, this gas can be put into existing pipeline systems for movement to other markets throughout the United States. This process is called displacement. As lower 48 supplies diminish, Alaskan gas will physically move from California to other markets by reversing the flow in the pipeline systems which currently serve California.

At most, the El Paso Trans-Alaska Gas Project will require construction of a few hundred miles of new interconnecting pipelines in California and Texas to facilitate this delivery system. In contrast, both of the trans-Canadian projects propose to build thousands of miles of new pipeline in the South 48, compounding the problem of pipeline under-utilization.

ONE SMALL ACT, FOR PEACE

Mr. ZORINSKY. Mr. President, earlier this year, our colleagues, Senator EDWARD KENNEDY and Senator DANIEL MOYNIHAN together with the Speaker of the House, THOMAS O'NEILL and New York Governor Hugh Carey began a process designed to bring peace to a troubled area of the world. By urging other Irish Americans not to support the Irish Republican Army, these four distinguished men have taken a step in helping to end the violence that has plagued Northern Ireland for too many years.

I commend my colleagues for their action and ask unanimous consent that an editorial supporting their action from the Lincoln Evening Journal, Lincoln, Nebr., be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Lincoln Evening Journal, Mar. 22, 1977]

ONE SMALL ACT, FOR PEACE

The nation's four most celebrated politicians of Irish origin made a helpful contribution to the cause of peace the other day.

Speaker of the House Thomas O'Neill, Sens. Edward Kennedy and Daniel Moynihan and New York Gov. Hugh Carey jointly appealed to fellow Irish-Americans not to give money or other assistance to the violence-driven Irish Republican Army.

Only dream-clouded romantics can endorse the IRA's continued program of terrorism as the lever to bring Ulster under authority of the Dublin government. The IRA's most recent assassination bent is directed at Protestant industrial executives, not the British army.

Garret FitzGerald, Ireland's foreign minister, believes American popular opinion has significantly shifted away from thinking kindly of the IRA. For that, Dr. FitzGerald is most appreciative.

The actions of the four American political figures, supplementing Washington's posture against violence, should further shrink any flow of aid to the IRA from these shores.

BENJAMIN L. HOOKS

Mr. BAKER. Mr. President, this month Benjamin L. Hooks completes 5 years of service on the Federal Communications Commission and, after submitting his resignation to President Carter, prepares to become executive director of the National Association for the Advancement of Colored People.

Commissioner Hooks has compiled a distinguished record on the FCC as I predicted he would, when I recommended his appointment to President Nixon. As the first black to serve as an FCC Commissioner, he brought a valuable insight to Commission proceedings and enabled those industries regulated by the FCC to more fully understand their responsibility to serve the "public interest".

I regret that Commissioner Hooks is leaving the FCC but at the same time, I know his talents will continue to be dedicated to the service of his fellowman, a cause that has occupied him throughout his lifetime. Broadcasting magazine discussed Commissioner Hooks' record in a recent article which I ask unanimous consent be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HIGH MARKS FOR HOOKS HERITAGE

As FCC Commissioner Benjamin L. Hooks last week was closing out the final days of five years of service on the FCC and was preparing to answer "the call" (as he put it) to head the National Association for the Advancement of Colored People, post mortems on his commission service were being heard. Interestingly, few referred to him as "the first black commissioner." A black described him as "a commissioner who happened to be black." And National Association of Broadcasters President Vincent Wasilewski said the commissioner—who departs officially on Wednesday (July 27)—had served "with great honor and integrity."

Or: Five years after the first black had been named to the FCC, the sky hadn't fallen.

None of this is meant to suggest that the service of Ben Hooks, as a black, made no difference. It did. Blacks, for example, felt a window had been opened to them. "We didn't have access before," Pluria Marshall, head of the National Black Media Coalition, said the other day. "It was a big step in the right direction having our own person there. We could always call on Ben to discuss things. We're very proud of his service."

At least as important was the sensitizing effect of Commissioner Hooks. He made it a point to visit as many meetings of industry groups—broadcasters, cable television operators, telephone companies, and others regulated by the commission—to let them see and talk to a black who was an FCC commissioner. "The only blacks too many whites see," he said the other day, "are in a subordinate position, cooks and waiters."

What's more, Mr. Wasilewski credits him with opening eyes to minority problems. "He sensitized the commission and the industry," he said. Or, as Chairman Richard E. Wiley put it. "He heightened the awareness of all of us."

But was he, as the first black commissioner, a "one-issue commissioner," as some observers described him over the years? Was he under pressure from blacks and citizen groups generally that were seeking to make broadcasting more responsive to their needs?

If the "one-issue" charge was meant to suggest that he usually saw issues in terms of their relation to minority groups and the poor, it is probably on the mark, for he regarded minorities and the poor as his constituency. But the focus of his concern was wide. It encompassed more than equal-employment-opportunity matters. For instance, he favored retention of the equal-time law and the fairness doctrine because he saw them as two of the few keys available to the disadvantaged in gaining access to the broadcast media. And he opposed efforts to introduce AT&T to competition, not because of sympathy for Ma Bell but because of concern over the possible impact on telephone company customers who are poor—really poor. ("I became concerned that people on welfare paying $3.35 a month for telephone service didn't have to end up paying $6 or $7," he said the other day. To some, he added, such concerns sounded "crazy.")

As for pressure, it was present. But, in Commissioner Hooks's view, it was proper. He is familiar with the background of his appointment; he knows the efforts William Wright, then head of Black Efforts for Soul in Television, the predecessor organization to NBMC, and other blacks made in the late 1960's and early 70's to secure the appointment of a black FCC commissioner. They badgered former Senator John O. Pastore (D-R.I.), then chairman of the Senate Communications Subcommittee, and Senator Howard Baker (R-Tenn.), the subcommittee's ranking minority member, on the issue, and even took their case to the Nixon White House. Several blacks ultimately emerged as candidates for the Democratic seat that became vacant in 1972; Benjamin L. Hooks of Memphis was Senator Baker's choice.

"It's obvious Bill Wright and the others didn't want a black man to come here and declare, 'Now I'm not going to pay any attention to black and white,'" Commissioner Hooks said last week. "There's a large white population here that seems to think that if you consider the black issue, you've been unfair. But that is not the case. Black people, women, Hispanic-Americans—they have special problems, and I don't feel it is unfair to fight to remedy those problems without being unfair to anyone else. There's no way I planned to come here and forget I was black." But, he added, "without pressure, nothing gets done."

The pressure is, as he says, "both unspoken and spoken. There is the feeling in talking to black people that they want something done. They may not know what they want done, but they want something changed. We all know what the problems are, and that's what they're referring to. The direct pressure comes from groups like the National Black Media Coalition, Citizens Communications Center, the United Church of Christ—they look to me to be sensitive to their needs."

Probably the heaviest pressure came in connection with the commission's rulemaking involving broadcasters' EEO practices. Citizen groups, furious over proposals contained in the notice of inquiry and proposed rulemaking, urged Commissioner Hooks to dissent to the notice with a statement denouncing it as inadequate. A principal concern of the groups was the proposal to exempt stations with up to 10 employes—instead of five, as was then the case—from a requirement that they file EEO programs with the commission. But the commissioner, who saw some value in the notice—its call for goals and timetables, for instance—refused. He concurred and issued a statement expressing objection to the filing exemption provision. The final order in the proceeding, issued last year (BROADCASTING, June 28, 1976), followed the proposal in the notice, a fact that did not enhance the commissioner's popularity with the groups. However, the statement he issued, concurring in part and dissenting in part, is being used by citizen groups in their court appeal. Today, citizen group representatives seem to focus their continuing resentment on Chairman Wiley.

That Pluria Marshall, Vincent Wasilewski and Richard E. Wiley could agree on the value of Commissioner Hooks's service speaks eloquently about the character and personality of the man. When President Nixon appointed him, Mr. Hooks was, at 47, a fully formed man—Baptist minister, lawyer, businessman, and a man active in the civil rights movement all of his life. Those activities, plus service as the first black judge in a court of public record in the South, had combined to sharpen what those who have watched him speak of, with admiration, as the natural skill of a politician. (Indeed, one of his unrealized ambitions was to become a member of the Tennessee state legislature.)

He was, according to a colleague, willing to search for an accommodation to gain a result. And although he wrote a large number of vigorously stated dissenting and concurring opinions, he was not out to produce an issue. Nor did he believe in making personal attacks; Commissioners, a colleague said, "didn't tense up" when equal employment opportunity questions were discussed. "He was reasonable. He didn't give in on issues, but he looked for a responsible middle ground."

(Commissioner Hooks remembers the days when, as a Shelby county, Tenn., judge, he occasionally served with the 20 other judges of the county to perform quasi-legislative functions. "You could raise a lot of sand in those meetings," he recalled. "But if you did, you couldn't get a second to go to the rest room.")

Because he had the respect and even affection of all of his colleagues (the natural gregariousness of the true politician is part of his charm, one observer notes) and because on matters on which he was particularly interested he was as informed and as tough a debater as anyone on the commission, he was regarded as more effective in reaching his goals than was, say, former Commissioner Nicholas Johnson, who in his days on the commission gained nationwide publicity as a spokesman for consumer interests. His attacks on colleagues who disagreed virtually guaranteed the defeat of any proposal he advanced.

Commissioner Hooks has no illusions about his impact. The commission's "progress" over the past five years is not what he would have liked—is not what it would have been "if I'd been a one-man commission." But he makes no apologies.

He notes the sanctions the commission has imposed on stations as a result of petitions to deny filed by citizen groups, usually groups complaining about EEO matters—renewal applications set for hearings in some cases, renewed on a short-term basis in others and, in many, granted subject to EEO reporting requirements.

And, he says, "considering where we started from, I think broadcasters have been as responsive [to the demands of minorities] as any industry, if not more so, because the regulatory agency involved has indicated it wants to follow the laws of the land."

Commissioner Hooks is not the sole architect of such changes. EEO rules were on the commission books when he arrived. And, as Chairman Wiley says, each commissioner has his "own commitment" regarding EEO matters. But it is not too much to say that Commissioner Hooks contributed to the climate in which such developments occurred. On EEO and other citizen group matters, other commissioners knew they would, to use a phrase often employed by him, have Commissioner Hooks "to deal with."

And there have been changes within the commission itself. Where the commission had only two black lawyers in 1972, it has since hired 35 to 40 black, Hispanic American and woman lawyers (and many more have been approached), though not all remained on the staff. And in commissioners' offices, black faces among professional assistants and secretaries are less of a rarity than they were a few years ago.

If it is hard to measure precisely the extent of Commissioner Hook's impact on commission policies dealing with EEO matters—both in the industry and within the commission—his contribution to the cause of minority ownership of broadcast properties is more a matter of record. A concurring opinion he wrote, in January 1972, in a comparative hearing case which argued that applicants including minority ownership should be granted a preference, in order to assure diversity of ownership, became part of the holding of the court that reversed the commission's decision.

And in May he managed to persuade the commission to ignore what appeared to some to be hard precedent and renew the license of WLTH(AM) Gary, Ind., in a hearing on misrepresentation and other issues, and to permit its sale to a black group, Inter-Urban Broadcasting Co. Normally, renewal cases are decided on their merits. But the commission's action provided Gary with its first black-owned broadcast station (BROADCASTING, May 23).

In his new job, Commissioner Hooks will be dealing with the whole range of issues affecting blacks. But he will make use of what he has learned in the last five years to advance the causes in which NAACP is interested. An early order of business will be the establishment of a communications department, which will be patterned after the United Church of Christ's Office of Communication, and whose function will be, Commissioner Hooks said, "to see how we can make television more responsive to the people, black and white." The department will train viewers in monitoring programing and in dealing with local broadcasters. The department will probably become involved in the House Communications Subcommittee's current rewrite of the Communications Act, as well. Retenton of the equal-time law and the fairness doctrine are among the matters the NAACP would be interested in, Commissioner Hooks indicated.

Nor do the plans for the communications department represent the only transfer of experience. Commissioner Hooks has learned the mechanics of a good public relations operation—of learning about media deadlines and planning events accordingly, of making sure copies of speeches are prepared and distributed in advance, of developing contacts within the news media—and will apply them. And he has learned, too, of course, about the public interest standard of the Communications Act and of broadcasters' obligation to ascertain and meet community needs. That knowledge will also be applied.

So in becoming executive director of the NAACP, it seems that Commissioner Hooks will not be walking out of the lives of the nation's broadcasters. And in discussing matters as head of the NAACP, he will probably use rhetoric somewhat sharper than that he employed as a commissioner. He will not, he notes, be under the kind of First Amendment constraint he felt as a member of the FCC. And he will, he says, be "on the cutting edge" of change. In his new job, as at the commission, he intends to make a difference.

RAILROAD ABANDONMENTS

Mr. ANDERSON. Mr. President, rural America faces an increasing array of serious problems which cry for sensible solutions. The resourceful people who live on our farms and in our rural communities work tirelessly to solve these problems, few of which are of their own making. In many cases Government help is needed to supplement the efforts of local people. Thus we have enacted farm price support programs, rural development programs, soil conservation programs and economic development programs.

But there is one area in which Government is as much a part of the problem as it is a provider of a solution. I refer to the problem of railroad abandonment.

Each year the railroads petition the Interstate Commerce Commission, ICC, asking permission to abandon a railroad branch line in rural areas. And each year the ICC sees fit to approve an overwhelming majority of the railroads' requests. From 1971 through 1976 the ICC has approved more than 850 abandonment requests involving more than 10,000 miles of track. During the same period they have denied less than 30 petitions and have apparently saved less than 400 miles of track. In my own State of Minnesota 24 of the 29 abandonment applications filed with the ICC since 1970 have been approved.

These figures indicate one thing. The process used by the ICC for determining the merits of an abandonment petition was fast becoming a joke. The success rate in these matters enjoyed by the railroads was awesome. No wonder reasonable people in urban areas were asking why even bother to make the parties to these abandonment disputes go through the charade of hearings and decisions when odds are that the railroads will win anyway?

Congress responded to this problem last year by enacting the Railroad Revitalization and Regulatory Reform Act of 1976. This new law will provide Federal help for States willing to commit their resources to cover operating deficits of financially shakey branch lines.

Unfortunately, it will take many months before this law is ready to accomplish its purpose. In the meantime,

the railroads are indicating that they will seek abandonment permissions in record numbers, and at the same time there are still many abandonment petitions still pending before the ICC.

There is a need, Mr. President, to freeze this disturbing and confusing situation for a time to give the new law a chance to work. S. 1836, of which I am a proud cosponsor, addresses this problem quite directly. It shuts down the ICC's railroad abandonment process for 18 months, and forbids the ICC to authorize the abandonment of any line when the abandonment petition has been opposed by parties with a legitimate interest in the continued operation of the line.

If we permit the ICC to grant abandonment requests in contested cases during the next 18 months, many more miles of rural branch lines will be torn up and the line never reopened no matter how successful the new Federal rail assistance program might be.

In addition, the bill continues for 18 months the policy of giving to the States the 100 percent Federal share of rail service assistance, which on July 1 of this year was reduced to 90 percent. Most States are not equipped yet to pick up even 10 percent of what it takes to keep a line operating. This bill gives the States some needed breathing room.

The Railroad Revitalization Act has forced the railroads to reveal their abandonment plans for the next 5 years. The results have been extremely alarming. We are looking at the abandonment of perhaps as much as 200,000 miles of track or 10 percent of America's class I railroad tracks within a few years. This is nearly 20 times as much track as the ICC permitted to be abandoned since 1970.

If even a small percentage of these lines are actually torn up during this period, rural America will be facing a disaster of unprecedented proportions.

The railroad was once the lifeline for every town and village in America. But today that lifeline has eroded. There are many factors to explain this phenomenon but the results are clear. Trucks are being used in increasing numbers to bring agricultural commodities from the elevator to the market.

Trucks are a fast and flexible means of transportation. But they are more expensive. they use more energy, and they must use rural roads and bridges not designed to carry large numbers of heavy trucks.

We must preserve as many rural rail lines as possible. We must insure that rural America will be able to rely on a rail network adequate to get goods to market.

A map is needed which charts the most efficient rural transportation system that can be devised. Once we know what rail lines must be saved, and what lines need upgrading, Congress can do what is necessary to instruct the regulatory agencies to act accordingly.

I am also pleased to join in sponsoring Senator HUDDLESTON's bill, S. 1835, which instructs the Secretary of Agriculture to develop a report identifying a rail network essential to agriculture. The report would identify all the locations in each State that should receive rail service. The report would then be circulated and the public would have the opportunity to respond at hearings around the Nation. This kind of effort is essential if we are to forestall a transportation disaster in rural America.

Rural Minnesota has been crippled by the rash of railroad abandonments during the past decade. However, past abandonments are nothing compared to the 826 miles of track that the railroads want to abandon in Minnesota within the next 3 years, and the additional 238 miles of track being considered as part of a future abandonment program.

Communities in rural Minnesota, along with rural communities in many other States, are facing the abandonment of hundreds and hundreds of miles of vital tracks and rail service. They need the support of Congress. They need rail transportation.

S. 1835 and S. 1836 are absolutely vital to any effort by Congress to forestall these wholesale railroad abandonments. I urge their prompt and favorable consideration.

A rail line once abandoned, in virtually every instance, is gone forever.

HARD ENERGY VERSUS SOFT ENERGY

Mr. GARN. Mr. President, as a sort of summary of the criticisms I have recently provided of Amory Lovins influential article on energy futures, which appeared in last October's Foreign Affairs, Dr. Ralph Lapp has enumerated the major fallacies contained in the original article. Dr. Lapp is an energy consultant and senior member of Quadri-Science, Inc. I believe the Senate should take heed of these criticisms, and therefore ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MAJOR SHORTCOMINGS OF "ENERGY STRATEGY: THE ROAD NOT TAKEN?"

(By Dr. Ralph Lapp)

In analyzing Amory Lovins' article, which has gained some currency in environmentalist and other circles as a major statement of an alternative energy strategy, I have identified at least 27 major errors or shortcomings (several are cited below), which tend to invalidate the thesis he puts forth for a "soft" energy path. I have also found at least two consistent, unjustified practices, which are employed throughout the article.

First, a number of debatable statements are presented as matters of fact with no documentation whatsoever. For example, continued use of coal is asserted to make an environmental catastrophe inevitable in the near future (through the greenhouse effect—carbon dioxide releases raising the earth's temperature and ultimately melting the icecaps); but yet Lovins advocates widespread use of coal in homes, businesses and industry.

Second, Lovins fails to discuss in any systematic way the environmental, economic, social, political, or lifestyle impact and consequences of a radical conversion to a soft energy path, while dwelling at length on the difficulties he perceives with current energy strategies.

Instead of arbitrarily drawn hard or soft paths, what we need is a prudent path, one that recognizes the reality of the massive energy system already in place and one that can satisfy energy demands without inflicting mortal harm on the economy.

MAJOR SHORTCOMINGS

By overstating electricity growth rates by almost 25 percent, Lovins overestimates energy use in the year 2000 on the "hard" path by 25 quads (quadrillion Btu) and therefore substantially overestimates the consequent requirements for gas and oil (where most of this reduction would be felt). Furthermore, the assertion that U.S. energy consumption in 2025 can be limited to 65 quads—the same amount of energy used by 200 million Americans in 1969—fails to explain how a viable economy can be maintained for the 300 million Americans expected in 2025.

The belief that a wide variety of new energy sources can be developed and well in place to play major roles by 2000 is unsupported by past experience, which shows that new energy sources (or other technological innovations) generally take 30 years or more to see even limited commercial use. For example, it has taken 60-70 years for oil and natural gas to rise from one quad to 500 quads of total energy generation, worldwide. This fact alone should induce realism about the contribution of new energy sources.

Lovins overstates the number of nuclear power plants likely to be in operation by 2000 by relying on outdated projections which were made before the 1973 oil embargo. Furthermore, virtually all of these plants will use cooling towers and, therefore, will not release significant amounts of heated water, as he asserts.

While emphasizing the energy losses associated with the production of electricity, Lovins ignores such advantages of electricity as instantaneous availability for use, convenience, versatility, portability, and feasibility for production by solid fuels. He overlooks the fact that electric energy is the prime factor in increased economic productivity.

The assertion that the U.S. should reduce its per capita energy use to about the same level as that of the average Swede overlooks some basic differences between the two countries. For example, in the agricultural sector, the land under production in the U.S. for exports is about the same size as all the land in Sweden. Similarly, the U.S. uses much more energy in manufacturing, in part because a substantial portion of production is targeted for export. In addition, American homes are larger, appliance use is greater, and lifestyles in general are quite a bit different. Also, suburban living results in more energy use for travel—Lovins does not treat the problem of redeploying metropolitan populations to change this situation.

Sources quoted by Lovins in his support often contradict his own assertions. For example, many of his statements on conservation potential are much more optimistic than those of the Annual Review of Energy, one of his sources.

Although Lovins asserts that industrial cogeneration is a major area for improved energy use the fact is that industrial plants generate only about 5 percent of total U.S. electricity. Thus, if industry use of cogeneration were even to triple, the effect on overall electric demand patterns would be relatively small.

Although Lovins asserts that nuclear temperatures of millions of degrees occur in nuclear plants, the fact is that the highest temperature experienced, in the center of a fuel pellet, is about 4,000°F, which reduces to about 600°F at the pellet surface.

Lovins overlooks the fact that solar heating and cooling are so expensive at present as to be unaffordable for most homeowners.

Nor does he explain what energy source is to serve as the supplementary supply required during sunless periods.

In calling for mass-produced diesel generators, Lovins fails to discuss the community environmental problems that would result from the noise, fumes and siting of many diesels, the economic problems associated with the very high operating cost of such diesels (much higher than the cost of electricity from a central station power plant using nuclear power), and the resource problems stemming from encouraging the use of oil. Nor does he cite the record of actual experience with community reliance on local power plants, which has been one of much higher cost than that experienced by centralized power plants.

Assertions as to the "fine prospects" for community-scale solar collectors go undocumented and appear to be contradicted by the uneconomically high costs of such systems at present and for the near future. While the prospects may indeed appear promising, it would hardly be prudent to plan a radical turnabout in national energy policy based on expectations that have yet to be realized.

Serious analysis of Lovins' assertion that solar heating through use of "passive collectors," such as large south windows or glass-covered black south walls, would save as much energy as we would expect to recover from the Alaskan North Slope reveals that his estimate of possible energy savings is 20 times too high.

The suggestion that U.S. farmlands and woodlands be reoriented to emphasize growing crops for use as biomass fuels ignores the impact this would have on U.S. ability to continue serving as the world's breadbasket through extensive food exports—an especially serious consideration given forecasts of widespread famine throughout the world in the next decade.

Energy storage is dismissed as much less of a problem in a soft energy economy than in a hard one without any substantive justification beyond invoking hydro dams as one example—and despite the fact that dam sites are limited and subject to stiff environmental opposition.

In view of the energy consuming devices, population patterns and energy distribution systems (electric power grids, oil and gas pipelines, gasoline stations, etc.) that now exist, it is simply unreasonable to project the possibility of a revolutionary change to total dependence on "soft" energy technologies within 50 years. Certainly, Lovins has presented no basis for projecting such a change in his thesis.

Lovins seems to base the ability of coal to serve as a transitional technology, pending a full-scale conversion to the "soft" path, on widespread local use of fluidized bed boilers and furnaces. However, this technology remains to be commercially proven, let alone utilized to any significant extent, for industrialized furnaces or large plants. And once perfected, fluidized bed technology will most likely follow the pattern of acceptance set by virtually all other new technologies—it will take decades before it is in widespread use, if only because of the large physical plant powered by other means already in existence. As to the assumption that most homes will use fluidized bed, coal-burning furnaces (which have yet to be demonstrated), Lovins omits any discussion whatever of the environmental and practical implications of transporting and distributing large amounts of coal to residential neighborhoods and disposing of the waste materials thereby produced.

In extolling the virtues of soft technologies for rural villages and poor communities without electricity, Lovins puts his finger on the major candidates for this sort of approach areas. Even then, though, he fails to discuss the capital requirements that these capital-poor areas would have to meet.

In asserting that the elimination of commercial nuclear power would eliminate the threat of nuclear weapons proliferation, Mr. Lovins overlooks the availability of small research reactors, which are much better suited to the production of weapons-grade plutonium that light-water power reactors. Indeed, the reactors best suited to producing high-grade plutonium are generally *not* those used to generate electric power. So a ban on power reactors would have little impact on weapons proliferation for those bent on acquiring their own nuclear capability.

Never concretely described by Lovins is how the small-scale, community energy systems would actually function. For example, how would peak demands be met, as opposed to baseload demands? What effect would outages caused by storms, hurricanes, or other emergencies have on the reliability of the energy system? The central station electric power system which Lovins seems to loathe has established an excellent record of reliability in such situations and he provides no evidence whatever that the alternate he proposes would do the same. Nor does he discuss the impacts of the greatly increased management and maintenance responsibilities imposed on homeowners and individuals under his dispersed energy system.

And, although Lovins questions the continued necessity for energy consumption and GNP to march in lockstep, he offers no explanation of how his proposal for flattening out energy growth will be achieved without flattening out the economy as well.

PASSIVE TAX EXPENDITURES IN STATE INCOME TAXES

Mr. HART. Mr. President, on March 4 I offered S. 921, the Tax Expenditure and Review Act of 1977. That bill would provide a pilot program for the review of six specific tax expenditure provisions contained in the Internal Revenue Code. The bill reflects an effort to establish a workable process through which the Congress can systematically review new and existing tax expenditures.

Mr. William Hildred, an independent economic consultant at Policy Research Associates in Littleton, Colo., suggested in a recent article in Tax Notes that the tax expenditure concept can have a real impact on State income tax systems that are based on the Federal tax code.

Colorado's income tax system is one which is based in part on the Federal income tax. Mr. Hildred points out that in Colorado, as in many other parts of the country, economic incentives resulting from congressional action are in fact well beyond the level determined by Congress to be necessary for economic efficiency.

As we consider issues relating to tax reform, articles such as the one by William Hildred can provide some real insight into the changes needed to provide a tax system which is simple, efficient, and equitable. I ask unanimous consent that Mr. Hildred's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PASSIVE TAX EXPENDITURES IN STATE INCOME TAXES

(By William M. Hildred)

Tax expenditures are statutory exceptions to the general structure of the income tax. These exceptions are enacted to provide financial assistance to selected groups of taxpayers, not through direct appropriations, but through the indirect route of reducing tax liabilities. Because their purpose is to provide financial assistance, these provisions are not merely vague analogs to direct appropriations, but are deliberately chosen substitutes for appropriations.

The aid tendered may relate to some condition of the taxpayer such as age or blindness. In these instances the taxpayer's economic behavior in response to receiving aid is not a factor in determining how much is received. In other cases, the aid may be conditioned on the taxpayer's performance of particular economic actions, such as investing new capital equipment or supporting a dependent in college.

The latter kinds of tax preferences are unarguably subsidies, and the record of Congressional debate and intent usually makes it clear that the subsidy effects are the justification for the special provisions' enactment. In many other instances in which subsidization was not enunciated as the original justification for a special tax treatment, experience with the administration of the law has clarified the existence of subsidy effects and subsequently motivated beneficiaries to defend the provisions on subsidy grounds.[1]

In sum, there is substance to the tax expenditure concept, and clear thinking about the phenomena it describes is absolutely necessary for a rational reordering of the federal income tax. Opponents of the concept may hope to score debating points by asserting that the concept assumes that every dollar of income belongs to government unless government chooses not to take it. But this is verbal overkill; no such premise is inherent in the tax expenditure concept.

PASSIVE TAX EXPENDITURES

Foremost among the largely unnoted impacts of tax expenditures is the undermining of state income tax systems. The habit of state legislatures of tying state income taxes to the federal tax system results in definitions of taxable income, exclusions, deductions, and the like, that are often identical at the two levels of government. The consequences include (1) progressive erosion of states' income tax bases with each new Congressional exception to the federal tax rules, and (2) increases in the revenue losses associated with each federal tax subsidy, beyond that which Congress determines to be necessary for economic efficiency.

The latter form of economic waste may not seem large in any single state, but the nationwide effect is certainly significant. More important—especially for states struggling to raise revenue to meet rising demands for public services—is the disappearance of chunks of a state's income tax base whenever Congress enacts new tax incentives. One might suppose that a state legislature would examine the need for a particular subsidy to its residents, establish the adequacy of federal assistance in the matter, and decide if and how much the state should add to or subtract from the federal subsidy. Such a procedure would go far to maintain a state's control over its own revenue system.

Unfortunately, there is little evidence that many state officials are aware of the loss of control due to piggybacking their income tax systems on the federal system. To illustrate, in 1976 there were 76 tax expenditures affecting Colorado's income tax. Only three of

[1] A third group of unusual tax provisions that does not readily display subsidy-like characteristics but which nevertheless confers financial advantage on certain groups of taxpayers is the focus of much dispute. Most of these provisions bear on the calculation of net income. Relative to the total number of special tax treatments, the group is rather small, and is far outnumbered by specific subsidy provisions.

them had been enacted by Colorado lawmakers. The other 73 were rooted in federal decisions.

The financial losses to states are quite large. The order-of-magnitude impact of the 73 federal tax expenditures on Colorado tax revenues exceeded $200 million in 1976, a year in which the income tax yielded revenues of $338 million. In that year also, much political heat was generated over the possibility of a $20 million shortfall from the official projections of state revenues. Finally, general revenue sharing funds accounted for an inflow of $23 million to the state—a fraction of the loss attributable to Congressional tax expenditure decisions. Obviously, the tax expenditures passively included in the Colorado income tax are a major drain on the fiscal system of the state. Given that the drain is strictly a matter of federal initiative, unless offset by remedial state action, a clear challenge exists to advocates of decentralization and local control.

ASSERTING STATE POWERS

Political and economic rationality would be well served if each state having an income tax were to ignore major portions of the federal tax code and accept responsibility for a clear delineation of the state income tax base. The tax subsidies enacted by Congress might then be examined in terms of the state's needs and interests; if more aid to state taxpayers were warranted, the legislature could act to provide the right amount. Some tax subsidies, perhaps most of them, would be seen as either unjustified or adequately provided for by existing federal funding.

LOBBY ACTIVITY LIKELY

Each legislature that attempted to establish this kind of control over its revenues would doubtless be besieged by representatives of the same lobbying interests that invariably importune Congress. At the least, these advocates might be held to a high standard of proof that the federal level of aid is deficient, and that the perpetuation of aid via a particular state's tax forgiveness is the only conceivable remedy. Of course, the latter proposition is often not sustainable. In no case, except possibly the charitable contribution for churches, is a tax concession the only conceivable means of providing a subsidy. Almost any activity that can be subsidized through the tax system can also be the object of a direct appropriation, renewable annually upon the presentation of data on the effectiveness of the subsidy and the relative need for its continuance.

Recognition of the existence and magnitude of passive tax expenditures at the state level enlarges the agenda for tax reform, and suggests new prospects for action. State leaders might well take the initiative and institute reforms that would establish state control over the state income tax base and insulate it from possible future erosion from federal actions. They might also counter the concentrated lobbying that overwhelms the analytical resources and will to reform in individual states by joining with other advocates of federal tax reform to achieve the changes in federal law that would obviate the need for state-by-state reforms. Finally, this new evidence of the inequity and wastefulness of tax expenditures might be used to advantage by tax reform leaders in Congress and the Administration.

The table below presents my estimates of the fiscal 1976 magnitudes of federal tax expenditures and the passive tax expenditures which are thereby produced in the Colorado individual income tax. The procedures that I used to develop the Colorado estimates are based on those which underlie the federal estimates. Details are available on request.

CONCLUSION

As the table demonstrates, passive tax expenditures at the state level can involve substantial amounts of revenue. Analysis and review of passive tax expenditures is therefore important, both to enhance state revenues and to maintain state-level fiscal control.

COLORADO INCOME TAX EXPENDITURES, FISCAL YEAR 1976, COMPARED WITH FEDERAL TAX EXPENDITURES

[In millions of dollars]

Budget function and tax provision	Federal tax expenditure	Colorado passive tax expenditure
National defense:		
Exclusion of certain military benefits and allowances	650	1.9
Exclusion of military disability pensions	85	.2
International affairs:		
Exclusion of gross-up on dividends of LDC corporations	55	(1)
Exclusion of certain income earned abroad by U.S. citizens	100	.3
DISC income deferral	1,288	(1)
Special tax rate for Western Hemisphere trade corporations	50	(1)
Deferral of income of controlled foreign corporations	552	.1
Agriculture:		
Expensing of certain capital outlays	650	2.0
Capital gain treatment of certain income	552	
Natural resources, environment, energy:		
Expensing of exploration and development costs	1,365	.2
Excess of percentage over cost depletion	1,285	.7
Capital gain treatment of royalties on coal and iron ore	20	(1)
Capital gain treatment for cutting timber	215	.1
5-yr amortization of pollution control facilities	20	(1)
Commerce and transportation:		
Deferral of tax on shipping companies	40	(1)
5-yr amortization of railroad rolling stock	55	(1)
Bad debt reserves of financial institutions in excess of actual	980	(1)
Deductibility of nonbusiness State gasoline taxes	850	(1)
Community and regional development:		
5-yr amortization for housing rehabilitation	95	.1
Credit for purchasing new home	625	1.5
Education, manpower and social services:		
5-yr amortization for employer-provided child care facilities	5	(1)
Exclusion of scholarships and fellowships	190	.5
Parental personal exemption for student age 19 or over	690	1.9
Deductibility of contributions to educational institutions	590	1.1
Deductibility of child and dependent care expenses	260	.7
Credit for employing public assistance recipents under WIN program	6	(1)
Health:		
Exclusion of employer contributions to medical insurance premiums and medical care	3,745	10.2
Deductibility of medical expenses	2,630	7.1
Income security:		
Exclusion of social security benefits for the aged	2,940	7.4
Exclusion of social security disability insurance benefits	280	.7
Exclusion of social security benefits for dependents and survivors	480	1.2
Exclusion of railroad retirement system benefits	180	.4
Exclusion of sick pay	285	.8
Exclusion of unemployment insurance benefits	3,830	10.8
Exclusion of workmen's compensation benefits	620	1.7
Exclusion of public assistance benefits	90	.2
Net exclusion of persion contributions and earnings employer plans	5,740	15.4
Net exclusion of pension contributions and earnings, self-employed and others	710	1.5
Exclusion of premiums on group term life insurance	805	2.2
Exlcusion of premiums on accident and accidental death insurance	50	.1
Exclusion of privately financed supplementary unemployment benefits	5	(2)
Exclusion of employer-provided meals and lodging	190	.5
Exclusion of capital gain on house sale by persons aged 65 or over	10	(2)
Excess of percentage standard deduction over minimum standard deduction	2,090	6.5
Additional exemption for blind	15	(2)
Additional exemption for those aged 65 or over	1,250	3.1
Retirement income credit	70	.2
Earned income credit	1,455	3.6
Veterans' benefits and services:		
Exclusion of veterans' disability compensation	550	1.6
Exclusion of veterans' pensions	35	.1
Exclusion of GI bill benefits	250	.6
General government: Credits and deductions for political contributions	50	.1
Revenue sharing and general purpose fiscal assistance:		
Exclusion of interest on State and local debt	4,765	1.9
Exclusion of income earned in U.S. possessions	355	(2)
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes and gasoline	9,950	23.3
Business investment:		
Accelerated depreciation on rental housing	540	.9
Accelerated depreciation on commercial buildings other than rental housing	490	.4
Expensing of H. & D. expenditures	660	(2)
Capital gains provisions for corporations other than farming and timber	755	(1)
Investment credit	8,807	3.3
ADR method of accelerated depreciation	1,590	.3
Personal investment:		
Dividend exclusion	360	.9
Capital gains, other than farming and timber	4,165	14.1
Exclusion of capital gains at death	4,550	
Exclusion of interest on life insurance savings	1,820	4.4
Deferral of capital gains on home sale	315	.8
Deductibility of mortgage interest on owner-occupied homes	6,500	17.6
Deductibility of property taxes on owner-occupied homes	5,270	13.2
Deductibility of casualty losses	300	.8
Other:		
Exemption of credit unions	125	(1)
Deductibility of charitable contributions, other than to educational institutions	5,125	10.1
Deductibility of interest on consumer credit	3,450	9.0
Maximum tax on earned income	385	.8

[1] Not computed as a separate item, estimates of corporate tax expenditures were necessarily computed in aggregate procedure.
[2] Less than $100,000.

Note: Colorado tax expenditure estimates from Hildred, W. "Passive Tax Expenditures," unpublished Ph. D. thesis, Colorado State University, 1976, ch. 3.

Source: Federal tax expenditures from "Estimates of Federal Tax Expenditures" (prepared for the Committee on Ways and Means and the Committee on Finance by the Staffs of the Treasury Department and Joint Committee on Internal Revenue Taxation) July 8, 1975, Washington, U.S. Government Printing Office, 1975, pp 8-9.

UNIONIZATION OF THE MILTARY

Mr. THURMOND. Mr. President, there appeared recently in the July 17, 1977, edition of the Chicago Tribune a timely article entitled "The U.S. Army (AFL-CIO?)."

The article points out that it is imperative that the Congress act quickly to stop the threat of military unionization. I recommend this article to my colleagues here in the Senate.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE U.S. ARMY (AFL–CIO?)

There is a sense of unreality as we listen to the debate over whether the Constitution permits the armed forces to be unionized. The framers of the Constitution could never in their wildest dreams have imagined a unionized army or navy.

But experience has taught us that what may seem unreal at one moment can become very real the next, and military unions already exist in six northern European countries. In Sweden there is full collective bargaining including the right to strike [maybe Sweden can afford this; it has managed to keep out of every war since 1814]. The Dutch draftees' union has fought for such "reforms" as the elimination of inspections and of compulsory saluting.

And so we're glad to see that the Senate is taking seriously the efforts of the American Federation of Government Employees, an affiliate of the AFL–CIO, to organize the Army, Navy, and Air Force. The union says that the government has become "insensitive" to the needs of servicemen.

It's a little hard to imagine a drill sergeant or boatswain's mate whining about insensitivity; but insensitivity is a fashionable charge these days and maybe it's the sergeants and the bos'ns who are being insensitive to the needs of the raw recruits. It may also be that some insensitive recruiting officers give an unduly glowing account of life in uniform; but if this were a serious problem there would be a greater clamor than there is to get out of uniform. Instead, the volunteer services are holding their own tolerably well. And the old disciplines have been crumbling—faster, we sometimes think, than they should.

The union bases its campaign on the Constitutional right of free association; its opponents cite the Constitutional provision empowering Congress "to make rules for the government of the land and naval forces," and the Supreme Court has generally agreed that the armed services are a "specialized society separate from the civilian society."

Before some legal eagle points out that the air force is omitted from the provision just quoted, Congress should recognize that this is a matter it is going to have to cope with anyway, Constitution or no. One bill, sponsored by Sen. Thurmond of South Carolina and 39 other senators, would prohibit labor unions from soliciting or enrolling servicemen. Another, backed by Sen. Stennis of Mississippi, long chairman of the Armed Services Committee, would include a provision prohibiting servicemen from belonging to a union.

The Thurmond bill has almost enough backers already to carry the Senate; it is preferable, in our opinion, because it would achieve its purpose without inviting confusion over what organizations a serviceman may or may not join.

The pressure to unionize, after all, is coming primarily from the union, not from the servicemen. It is one more thrust in organized labor's effort to overcome its inertia in the private sector by signing up government workers.

We're solemnly assured that there is no intent to shut down the government by a strike or to change the law against strikes by federal employes. But we've heard similar assurances in the state and local arenas, and the number of strikes seems to grow with unionization. Some postal unions have even defied the federal law by striking.

So the real question has little to do with servicemen's needs or rights; it is whether a union—especially a national and politically active union—can be allowed to intervene between the generals and the troops, or can be given what might prove a decisive voice in whether our troops obey orders, whether a naval vessel sails as scheduled, or whether a missile is launched. We count on Congress to make it clear, in one form or another, that the answer is no.

THE VOLUNTARY STANDARDS AND CERTIFICATION ACT

Mr. ABOUREZK. Mr. President, March 1, of this year, I introduced S. 825, the Voluntary Standards and Certification Act. The bill would bring some accountability to the process of setting standards for an extensive variety of products. The process of setting standards has been the private preserve of a few large organizations whose power has been assured by the lack of knowledge in either society or government about the pervasiveness and importance of standards.

The legislation I introduced has had a great impact already. The major organizations that rule the standards process have mounted a massive lobbying campaign that has small businesses and individuals writing to Congress on the basis of propaganda and misinformation about the bill and its effects.

I would like to take this opportunity to clear up this situation and to express my unequivocal belief that vast power in the hands of a few giant private bureaucracies is like too much power in the hands of industry or government—it destroys the free market place and undermines democracy.

How much power do these nonprofit standards developers and testing laboratories have? Mr. Charles C. Horton, publisher of Supply House Times, has expressed it so eloquently that I will simply use his words. Mr. Horton stated his general political philosophy as follows:

My economic and social views are conservative to the point of being reactionary. The welfare state is odious to me. I am a zealous believer in free enterprise and the free, competitive market. I abhor big government and hate to see any extension of its control of the economy unless absolutely necessary.

Therefore, it is against my bias, against my philosophy, against all my impulses to support such a bill as you are now considering. The fact that I do support it and urge its early passage is an indication of how serious is the need for it.

He speaks specifically to the question of power:

While paying no taxes themselves, being not-for-profit corporations, these purely private bodies have arrogated to themselves the power to tax entire industries. In effect, they sell an annual license to manufacturers to participate in those industries. They have acquired a power over the economy exceeding that of any duly elected senator, governor or even the President of the United Sttaes. They can literally deny a product access to the market—and have. They can literally put a company out of business—and have. They can and have restricted participation in an industry to a favored "in group." They can and have shut out progress and needed innovation that would have benefited the public through a better product or a lower price, or both.

That private standards developers and testing laboratories have power is unquestionable. They now occupy a position that often gives them the power to decide who will or will not do business in this country.

They argue, of course, that they are nonprofit organizations carrying out a public service, akin to the Red Cross. But the lobbying now taking place indicates that very big financial interests are at stake. Letters of opposition have poured in from almost every major corporation, each of which happens to be a member of ANSI. Hiding under their not-for-profit robe and waving their public service flag, ANSI and others have tried to make S. 825 look like a lion chasing a mouse, when actually it is a pussycat with a muted meow.

As the questions and answers which follow will demonstrate, S. 825 creates a partnership between Government, industry, and other affected interests. It attacks the bad, but it also preserves the good. It is not heavy-handed regulation, forcing industry/standards developers into difficult positions. The only mandatory aspect of the proposed legislation is the provision requiring the FTC to write rules regarding on aspects of the system which have resulted in restraint of trade and consumer deception.

Standards developers argue that S. 825 will change the way of doing things. Yes, it will. Passage of S. 825 will mean that standards groups must really represent the public's needs, rather than cloaking private purposes in public service rhetoric.

Mr. President, I ask unanimous consent that the questions and answers may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS AND ANSWERS RELATING TO ISSUES RAISED ON S. 825, THE VOLUNTARY STANDARDS AND CERTIFICATION ACT OF 1977

Q–1. Does S. 825 propose an expensive and unwarranted extension of Federal Government regulation of the present voluntary standards system?

A–1. No. In terms of cost it has been estimated that the private sector spends about 1 billion dollars annually on standards activities, and the Federal Government about a half billion dollars. (There are no figures available for State and local governments, but these expenditures are also considerable.) S. 825 should reduce this cost considerably by requiring Federal departments, agencies and instrumentalities to use standards promulgated by private standard developers. And, by gaining the cooperation of State and local governments in the use of national standards, deviating only where necessary, the cost of standards development should be reduced even more. Moreover, by eliminating unnecessary duplication, the cost of both producer and consumer goods should be reduced. By eliminating intentional and unintentional restraint of trade activity in standards development, product testing and certification, S. 825 should have the effect of introducing new and different products into the marketplace and speeding delivery of these products to consumers. Thus, the savings resulting from enactment of S. 825 should far exceed its appropriations. While the laboratory accreditation program (Title III) will have to be funded initially, it should pay for itself in the end.

Q–2. Would S. 825 create additional bureaucratic redtape and delays?

A–2. S. 825 is directed at standards developers, testers and certifiers. Thus, it will not create any redtape or delays for industry in general. It will require some paperwork on the part of testing laboratories that seek accreditation. However, in that S. 825 provides for a single accreditation program for Government, the amount of existing paperwork will be reduced considerably. S. 825 should streamline the writing of standards and the testing and certification of products.

At present there are over 400 organizations writing standards. Many of them write duplicate standards with some minor deviation, not because it is necessary, but to promote their own existence. Many of these standards are further duplicated by the Federal Government and some 1,300 local code authorities.

Obviously no one would be so credulous as to believe all federal regulation is bad. But the private sector runs up the red herring of "bureaucracy and delays" and "unnecessary regulation" whenever it appears their power to promote their own interests will be curbed. This fact is presently coming through very clearly in the airline deregulation debate. Here industry claims regulation is great because they have been able to use it to protect a shared monopoly.

Most of the letters we have received in opposition to S. 825 come from people who haven't read the bill; they simply swallowed whole the propaganda of the major lobby against the bill, and ANSI, a giant standards development organization. The attached letter from the Flair Corporation is typical. Does it represent Flair's understanding of the bill or what ANSI said in its INFOPAC?

In 1960 the Kelly Report said of the voluntary standards system that "there are so many groups issuing and promulgating standards that one can conclude that, in reality, the United States has no standards program."

The Standard Research Institute noted in a 1971 report that standardization activities in the United States have "the aspect of a jungle enshrouded in a light mist." ASTM (itself a standards group, in its 1975 appraisal of the "Voluntary Standards System of the United States of America," concluded that "the present practices are so confusing, duplicative, and time-consuming that they discourage requests for approval" of standards. ASTM favored a solution establishing a central accreditation board.

A letter from Creative Products and Marketing Inc. of Bellevue, Washington to Senator Magnuson describes some of the consequences of the present system. The letter states, in part, "there are three codes, we must have all seven or our stoves tested by all three at a tremendous expense. Please see if anything can be done to stop these codes. As you can see, it is apparently their aim to keep the contractor employed as well as the officers of the conferences. The average cost of testing for each is over One Thousand dollars. We are trying to keep our stoves at an affordable price to the consumer, but we must make a profit as well."

Q–3. Are the Findings in section 3 of S. 825 unsupported by available evidence?

A–3. No. On the contrary, there is overwhelming evidence to support the Findings of Fact and the need for each title of S. 825. This evidence can be found in reports and studies dating back to the early 1930's which made findings similar to those in S. 825. See for example, "Report of the Policy Committee on Standards," Charles E. Wilson, (DOC) dated June 6, 1945; "Report to the Secretary of Commerce on the Role of Department of Commerce in Science and Technology," National Academy of Sciences, March 2, 1960; "Report of the National Commission on Product Safety on Industry Safety Standards and the Federal Antitrust Laws"; The Federal Trade Commission's Preliminary Staff Study (Precis) and final study, "Self Regulation—Product Standardization, Certification and Seals of Approval," 1972; Report by the Long Range Planning Service, Stanford Research Institute, on "Industrial Standards," 1971; the Library of Congress Report on "Voluntary Industrial Standards," 1974; "Industrywide Voluntary Product Standards," David Hemenway, 1975; "The Effect upon Small Business of Voluntary Industrial Standards," a report by the Select Committee on Small Business, House of Representatives, 90th Congress, 2nd Session; and Voluntary Industrial Standards hearings before the Senate Antitrust and Monopoly Subcommittee, March, 1975 and March and August, 1976.

Q–4. Would S. 825 destroy the present organization and operations of the voluntary standards system?

A–4. No. (The following answer addresses Title I. See answers on Titles II, III and IV, *infra*.) S. 825 would not attack or change the basic way standards-development organizations operate. For example, it does not change the committee, subcommittee or task force approach. Nor would it change the use of the consensus principle. The heart of Title I is found in section 102 which requires standards developers to give adequate notice of their activities, to balance the membership of their committees, to maintain written records of standards development proceedings, to provide an independent appeals body, to review and update standards and to give preference to performance standards. Finally it requires that testing laboratories and certification agencies conduct their activities in a nondiscriminatory fashion.

S. 825 would simply give standards organizations some necessary fine tuning. It is interesting to note that ANSI stated in its filing with the subcommittee in the last Congress that "ANSI's study and evaluation of the provisions for due process and the requirements for certification of standards-developers contained in Title I of the bill has not identified requirements far different from or more stringent than those already imposed under ANSI voluntary procedures."

Almost without exception standards developers argue that they already meet the requirements of section 102. If that is the case, they have nothing to fear from Title I because the remaining provisions of that title are to ensure that section 102 is carried out and followed by private standards developers and government.

Q–5. Would S. 825 take the decision as to what standards to use completely out of the hands of state and local governments?

A–5. No. There is no provision in S. 825 which preempts state and local governments' authority in the standards area. The extent to which state and local governments would make use of standards listed by the Institute would be their decision. The legislation hopes that they would use these standards as much as possible to eliminate unnecessary duplication and reduce the cost of products to the buyer. To encourage their use of such standards the legislation seeks their involvement and cooperation through section 102 (b)(1)(c) and section 402(c)(2).

For example, if the FTC found a standard to be restrictive and ordered the standards developer either to develop an acceptable standard or to cease publishing the standard, a state or local government could continue to use the restrictive standard if it chose. That there is no preemption in the proposed legislation led Mr. Gilbert L. Thompson, Chief Electrical Inspector of Baltimore County, Maryland, to comment in his testimony on S. 825, "I like the idea that it is not mandatory, and that we are not forced against our will to accept standards and regulations, but I also like the idea that it will provide the leadership and the information designed to be for the common good."

Q–6. Would S. 825 displace ANSI in the managing and coordinating of standards and in U.S. participation in international standards activities?

A–6. No. However, in that the Institute of Standards and Accreditation would accredit national standards developers, and list national standards, it does pose a threat to ANSI's status as the clearinghouse for national standards. But that threat does not come from any mandatory provisions of S. 825, it comes from the possibility that a standards developer may well say that since "I'm accredited and my standards listed by the Institute, ANSI's approval is unnecessary."

At the same time, there is no provision in the legislation which would require standards developers to gain accreditation from, or list their standards with, the Institute. There is an incentive for them to seek accreditation, since they cannot receive financial assistance unless they are accredited. Thus, if standards developers wanted to operate without government accreditation and listing, they could do so by not accepting financial assistance and by not actively seeking to have their standards listed.

It should also be pointed out that there isn't anything in the legislation which would prohibit ANSI from continuing to manage and coordinate standards. Thus, whether ANSI would continue this function if S. 825 was enacted would ultimately depend upon standards developers and industry in general.

Title II would require the Secretary of Commerce to identify international standards activities which may substantially affect the commerce and trade of the United States. It also states that the Secretary shall provide for appropriate participation through private not-for-profit organizations or governmental bodies. Governmental bodies are to be used only where arrangements cannot be made with a private standards developer. Thus, there is still a big role for ANSI in the international arena. Again, the legislation would not mandate ANSI to do, or prohibit it from doing, anything.

Q–7. Would S. 825 put ANSI out of business?

A–7. No. Actually, ANSI is more of a standards developer than it is a manager and coordinator of standards activities. ANSI develops standards by three methods, commonly known as the "Accredited Organization Method," the "American National Standards Committee Method," and the "Canvass Method." If S. 825 was enacted, ANSI's standards-development activities should increase. (See also A–6 and A–10.)

Q–8. Would S. 825 replace a free, flexible, diverse and heterogeneous system with a system that would stifle and suppress standards development activity?

A–8. No. Title I sets forth a code of conduct that standards developers would have to follow, and would give the FTC the authority to see that this code of conduct is complied with. In the main, section 102 identifies those aspects of standards development which are most likely to result in or be used to restrain trade. (See also A–4, A–15, A–16, A–20, A–24 and A–25.)

Q–9. Would S. 825 give the FTC the power to decide the content of standards and to overturn duly constituted consensus standards?

A–9. In certain circumstances. The legislation gives FTC the power to take remedial action where it finds a restrictive or a deceptive standard. However, before FTC can proceed to make even a preliminary determination it *must* consult with the Institute on

technical matters. For example, if the commission, following the procedures of section 105(b) and section 107(c) (1)–(4), determined that a design requirement was restrictive, it would not decide what the design requirement should be; it would simply direct the standards developer in question to develop an acceptable standard. If the commission had reason to believe that the standards developer could not or would not develop an acceptable standard, it would ask the Institute for an evaluation of an acceptable standard, and still allow the organization in question to develop the new standard. If the standards developer still could not or would not develop an acceptable standard then there would not be a standard, unless the Commission and the Institute decided that it would be in the public interest to have a national standard, which the institute would develop in accordance with section 102(b)(1)(C). In short, if a new standard is developed, it will represent a "duly constituted consensus standard."

The above procedure must be viewed in conjunction with section 106(b), which would require a petitioning party to exhaust reasonable rights of appeal provided by the standards developer before seeking Commission review. Thus, the proposed legislation seeks to have disputes resolved from within and to keep government's involvement to a minimum. If the process works as envisioned, very few complaints will warrant Commission review.

Given the fact that standards developers would be operating in accordance with FTC guidelines and may have their standards listed by the Institute, the stature of their standards will be elevated by S. 825. The Commission certainly could not attack such standards frivolously.

One interesting thing about those who object to FTC having the power to order the modification of a standard, is their argument that individuals who complain about restrictive standards already have recourse in the courts. Obviously, a court will have to look at the content of a standard to determine if it is restrictive. Do judges and law clerks have more expertise in this area than the Commission? Hardly.

Q–10. Would S. 825 effectively cripple and eventually destroy the large standards-development organizations?

A–10. No. S. 825 might even have the opposite effect of forcing smaller standards developers, who maintain one or two standards, under the umbrella of the larger organizations. ANSI would be an obvious beneficiary.

Q–11. Would S. 825 replace national consensus judgments with the judgments of government officials?

A–11. No. (See A–8 and A–9)

Q–12. Would S. 825 take away the right of various interest to communicate on a national consensus basis?

A–12. No. There is nothing in S. 825 which makes that the present standards system illegal or prevents associated activities. It merely sets a code of conduct which the system must meet.

Q–13. Do the three cases cited in the March 1, CONGRESSIONAL RECORD justify enactment of S. 825?

A–13. Taken alone, they do not justify S. 825—certainly not all four titles. However, the subcommittee has received many complaints over the last two years and continues to receive them daily; obviously, the subcommittee does not have the staff or funds to conduct a full investigation of each complaint, but those investigated coupled with studies that address changes in market structure and consumer expectations, indicated the need for reforms embodies in S. 825.

Q–14. Do the FTC and the Department of Justice already have sufficient authority to deal with the kinds of problems identified by S. 825?

A–14. Obviously, the FTC and DOJ have little to do with the kinds of problems addressed by titles II, III and IV of S. 825. Thus, we are left with title I. Certainly, the activities of the subject organizations are covered by the Sherman Act; however, that Act has been ineffective, as noted by the FTC staff in their 1972 Task Force Report on the system. There has been little activity by the Commission in the standards area, although it has done a great deal of studying. Why?

First, the Sherman Act is not definite and specific enough to deal with the commercial tool called "voluntary standards." Second, standards tend to be expressed in rather technical terms, and the courts are ill-equipped to deal with them. Third, their anticompetitive impact, in the main, falls upon small businesses who can least afford the expense of an antitrust action. Fourth, standards developers often perform government functions and wear quasi-governmental vesture. Thus, the courts have been reluctant to apply the Sherman Act to their activities.

As the FTC staff stated in its 1972 study: "The cases discussed demonstrated rather clearly that continued reliance on Section 1 of the Sherman Act alone will not correct the failings of current standards programs."

The courts' attitude is expressed in the opinion of a United States District Court, wherein it stated "Because of the heavy reliance of Federal, State and municipal governments upon ASTM for specifications, the society may be regarded as an essential arm or branch of government, and its acts may be entitled to immunity from the antitrust laws accorded governmental acts." ASTM has seized the opportunity; it proudly advertises that it is the place to do standards work without fear of the antitrust laws. In its pamphlet entitled "Questions Most Frequently Asked about ASTM," question No. 21 reads: "Are ASTM committees vulnerable to antitrust prosecution?" ASTM replies: "In the opinion of the Federal Court, ASTM is the place to write standards without fear of antitrust suits."

TFC: The Commission already possesses the power to write trade regulations. Whether it is authorized to write them relative to not-for-profit organization is in some dispute. While I believe the Commission would be victorious in the courts on this issue. I think the uncertainty accounts for the Commission's timid involvement in standardization activities.

In public, standards developers argue that the Commission already has the power to deal with restraint of trade and consumer deception in this area; privately, they argue that it does not. When the Commission enjoined ASTM as a party defendant in a plastic flammability case, ASTM's managing director wrote the Commission that "If the commission insists upon retaining ASTM as a respondent in the proceeding, ASTM will not only decline to cooperate voluntarily with the commission, but will further, inasmuch as ASTM is a non-profit corporation, move actively to dispute the Commission's jurisdiction to proceed against ASTM." The Commission dropped ASTM as a respondent.

Q–15. Would S. 825 complicate US participation in international standards activities?

A–15. The United States does not have a formal policy on international standards. It should. The United States has a clear interest in international standards activity which may affect its balance of trade and balance of payments. Title II establishes a partnership between government and the private section intended to meet this need. (See also A–16 and A–17)

Q–16. Would S. 825 impair the effectiveness of the presentation of the United States' position overseas?

A–16. At present, the United States takes no formal position on international standards activities. ANSI cannot represent the United States' interest in international standards activities or state its position, because ANSI has not been delegated such authority. ANSI represents only its membership in international standards activities.

And since Title II requires the Commerce Secretary to use private standards developers to represent the United States' interest in international standards, if ANSI and its associates have been effective in the past they certainly should be effective once they begin operating with official authority.

Q–17. Is the voluntary system adequate to represent the United States' interest in international standards activities?

A–17. No. First, the United States cannot be effective in international standards activities until it establishes a consistent policy for both domestic and international standards. Second, the United States is at a disadvantage in international standards because many foreign national standards bodies receive government support and send large official delegations. (See also A–16)

Q–18. Would S. 825 establish a mandatory laboratory accreditation system?

A–18. No. The program that would be created by Title III of S. 825 is completely voluntary. There is no language in the bill that requires laboratories to participate in the program. Section 311(a) allows testing laboratories to terminate their participation in the government program at any time.

Q–19. Would the accreditation program called for in S. 825 be onerous and expensive?

A–19. Many small laboratories have endorsed this program, including Approved Engineering Test Laboratories of Encino, California; MET Electrical Testing Company of Baltimore, Maryland; and Detroit Testing Laboratory of Oak Park, Michigan. The program has also been endorsed by manufacturers, including the Watts Regulator Company of Lawrence, Massachusetts and the American Cyanamid Company of Wayne, New Jersey. (See also A–1, A–2 and A–20.)

Q–20. Is the present Department of Commerce accreditation program considered the best approach?

A–20. There are five major difference between the program in Title III of S. 825 and the current DOC program. (1) the DOC program can be terminated at any time by the Secretary; (2) the review procedures in the DOC program call for considerably more evidence than those in S. 825, and the legislation allows the secretary to amend these; (3) the DOC program takes a product-by-product approach and S. 825 takes a class-of-technology approach, with the option that the product-by-product in question cannot be placed in an existing class of technology; (4) the requirements of each Federal accrediting agency are generally ideosyncratic; the cost of meeting these different requirements is passed on to the purchaser of the laboratory's service. S. 825 requires all Federal agencies to use a single program. DOC cannot require this. In the private sector, there is no accreditation program and I doubt if one could be established to give small labs wide acceptance; (5) the legislation provides funds to get the accreditation program into full operation.

Q–21. Does the present system provide small businesses with the knowledge and results of national and international standardization without the cost of actual participation?

A–21. Many of the standards adopted by Occupational Safety and Health Administration and Consumer Product Safety Com-

mission as mandatory standards are developed by private standards developers. In the case of OSHA, the vast majority are ANSI standards. National Institute of Occupational Safety and Health testified before the subcommittee on April 25, 1977, that "One of the problems associated with this [ANSI Z87 standard] and similar standards is restrictive design requirements." NIOSH went on to describe how a small manufacturer presented to it a pair of spectacles that incorporated several innovative features, but could not be certified because they did not comply with the design requirements of the OSHA-adopted standard. NIOSH went on to note that "many of the ANSI standards we have discussed here today appear to be written by persons who primarily represent the business interests of their own company or industry."

If small businesses had adequate and effective representation on these standards committees, they could protect their products from being written out of the marketplace. The subcommittee has had many cases similar to the spectacles case.

It should be remembered that the giants of the corporate economy did not bring us every major advancement in technology. The polaroid film process, the self-winding watch and the stainless steel razor blade come to mind immediately.

Q–22. Are small business interests fairly represented in the standards process?

A–22. The subcommittee's investigation found no formal procedures which required that small businesses be consulted regarding the burdens of standards upon them. Since the subcommittee began its investigation in 1974. ANSI has made overtures to the National Small Business Association. How serious ANSI is remains to be seen. However, at present ANSI has no small business representatives on its board of directors.

A–24. No. The requirements of section 102 (b) and (c) apply only to independent, third-party laboratories. Section 104(c) specifically exempts a "self-testing laboratory" or a "self-certification program" from those requirements. (See also A–19)

Q–25. Will the consuming public ultimately bear the added cost of Federal accreditation, record keeping, complaint adjudication and redress of grievance through the judicial system?

A–25. Yes. The consuming public ultimately bears the cost, whether it is private activity or government activity. There will be costs associated with this program, but the consumer benefits, in terms of products reaching the marketplace at a faster pace, reduction in product cost due to additional competition, and savings resulting from the overall program will outweigh these. The savings resulting from S. 825 should far exceed its appropriations. Moreover, the laboratory accreditation program should pay for itself in a few years. (See also A–1, A–2, and A–21).

In terms of cost resulting from complaint adjudication and redress of grievance through the judicial system, if the incidents brought to the subcommittee's attention are a few isolated cases, as standards developers argue, the FTC and the courts should not be stamped with standards complaints.

Q–26. Are the present certification and testing program in the United States free from political influence and pressure, and would S. 825 change this?

A–26. The present system has lacked essential pressures that would ensure that our antitrust and consumer protection policies are adhered to. Only recently did the FTC question the common practice of federal, state and local authorities writing the names of one or two laboratories into procurement specifications and local codes or ordinances. (See also A–14).

On the other hand the present system has been substantially shaped by political or monetary pressures from the business community. A small company sends a product to a testing laboratory . . . It is placed at the end of the queue and continues to move backwards. A multimillion-dollar company's product immediately goes to the front of the line and a responsive and helpful bureaucracy.

S. 825 will correct this and other complex practices that restrain trade. It will take some of the political and monetary advantage of bigness out of the testing and certification of products.

Q–27. Would the National Standards Management Board completely control and regulate all standards organizations?

A–27. No. First, only national standards-development organizations may seek accreditation and only standards developed for national application will be listed. The National Standards Management Board has one function: to write rules, procedures, policies, and criteria for the purposes of accrediting standards. Its direct effect on standards developers begins and ends there. The Institute operates under the rules, procedures, policies and criteria established by the board, which would be comprised of the affected interests. It will take the cooperation of these interests to make national standards work. It is whistling in the dark to think that the private sector alone, government alone, or state and local governments alone can make national standards a reality. (See also A–6)

Q–28. Does Title IV permit the government to regulate and control standards organizations' income?

A–28. No. There are no provisions in S. 825 which attempt to regulate the sale of standards, the price charged, or any other method standards developers employ to raise income. The legislation does nothing that would reduce standards' groups income, and states in section 407(b) that in providing information on national and international standards activities the Library of Standards should not attempt to compete with private standards developers in the sale of standards documents. To the extent that it does compete it must pay royalties. In short, the library would reimburse these organizations where its actions diminish their revenues.

Q–29. Does Title IV, regulate and control all standards organizations and the standards they develop?

A–29. No. This conclusion seems to stem from the language of section 403(b)(1)(A) which speaks of clearly-defined objectives and priorities for standards development, and section 406(b) which states that the secretary shall conduct research and analysis to determine the economic impact of standardization and other matters.

First, under S. 825 federal agencies must use private standards; thus, it is important that there be a central location (the Institute) where they can get the necessary standards information quickly, and be confident that it is accurate and up-to-date.

The Institute will list only one national standard; thus, it is important that it be in a position to inform a standard developer on areas where standards have been adopted already. However, there is nothing in the bill which would prevent any organization from developing a duplicate standard; it simply could not be listed as a national standard by the Institute. An organization such as ANSI could list it as a standard.

The National Standard Management Board, comprised of all affected interest, would serve as forum to consider important areas that deserve standardization attention—for example, the nuclear area. If the board felt that a certain area deserved attention, it could, through the institute, request a standards developer to undertake the task. The standards developer could agree or refuse; there is nothing in Title IV which gives the board or the Institute the power to force a standards developer to write a standard.

One could interpret section 406(c) as giving the secretary some leverage in this regard. However, this section does not address this situation. Where a standards developer declines to develop a needed standard or will not do so on a timely basis, section 406(b)(7) provides the solution. The bill would require the institute to develop the standard under its voluntary product standards program. (A similar program already exists in NBS).

Fourth, as noted earlier, the bill dominates agency standards—writing, and it requires the Institute to develop standards where the private sector fails to do so. Thus, the bill provides that the Institute have a research and analysis program.

There may be instances where manufacturers will come to the Institute seeking the development of a standard. The bill requires the Institute to determine if it would be in the public interest to develop such a standard.

Finally, there is nothing in Title IV which would require or permit the board or the Institute to get into the day-to-day operations of standards developers.

Q.–30. Does Title IV mandate that certain organizations write standards in specific area?

A.–30. Since the Institute would only be able to list one national standard, it will have to select from among standards in the same area. To that extent it could be argued that the Institute would determine what organizations could write certain standards.

It does not have the power to forbid other organizations from writing standards in the same area. (See also A–6, A–27 and A–29).

THE RETIREMENT OF THOMAS R. WARING, JR.

Mr. THURMOND. Mr. President, several weeks ago, I spoke to this body about the retirement of Thomas R. Waring, Jr., former editor of the News & Courier and the Charleston Evening Post of Charleston, S.C. At that time, I had inserted in the CONGRESSIONAL RECORD a number of tributes to Tom Waring that appeared in the two Charleston newspapers. Now a new honor has come to this distinguished journalist, in the form of a laudatory editorial in the State newspaper of Columbia, S.C. The editorial casts additional light on Tom Waring's work, both in presenting further details of his career and in demonstrating the professional esteem which he enjoys. For this reason, and in further recognition of Tom Waring's achievement, I ask unanimous consent that this tribute, too, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EDITOR WARING RETIRES

Beginning this month—and in the years to come—the daily newspapers of Charleston will be short a major ingredient which made them well known and respected not only in the state but in the South and the nation.

We refer to the absence of Thomas R. Waring, Jr., who retired June 30 as editor of *The Charleston Evening Post*, ending a newspaper career which began 50 years ago on the Charleston paper's morning companion, *The News and Courier*.

It was during his 23-stint as editor of *The News and Courier* that Mr. Waring attracted attention for his forthright editorials. They included opposition to school desegregation and an early and perceptive evaluation of Fidel Castro as a Communist when other Americans were accepting the Cuban as an agrarian reformer.

But the Waring editorials, like the man himself, were never strident nor vituperative. They were well reasoned, well phrased, and among his Lowcountry readers, well received.

An apt tribute to Mr. Waring came in late 1960 from the late James F. Byrnes. In the course of recommending Mr. Waring for an honorary degree from the Charlestonian's alma mater, the University of the South at Sewanee, Mr. Byrnes had this to say:

"His editorial page is brilliant, independent and courageous. Because he never hesitates to express his views upon the most controversial subjects, it is inevitable that some should disagree with his views, but no one will question the fact that he does disturb thought."

Tom Waring followed the journalistic tradition of his father, who was editor of *The Evening Post*, and his uncle, W. W. Ball, of *News and Courier fame*. But Mr. Waring, Jr. made his own reputation on merit and performance. We wish him well as he carries that reputation into a well-deserved retirement.

SOVIET BACKFIRE BOMBER A NAVAL THREAT

Mr. HART. Mr. President, a most interesting article was published in the March issue of the Naval Institute Proceedings, "Backfire: Long Shadow on the Sea-Lanes," by Mr. William D. O'Neil. Although the Soviet Backfire bomber has been discussed extensively in relation to its possible strategic role, it has received comparatively little attention in one of the prime roles for which it was procured, that of naval attack aircraft.

As Mr. O'Neil points out, the Backfire is a highly capable naval attack aircraft. Its supersonic speed and its long range will greatly increase the capability of Soviet naval aviation. Armed with modern air-launched antiship missiles, the Backfire could pose a very serious threat to our shipping, particularly our merchant shipping, the escorts for which have been designed primarily as antisubmarine ships.

Mr. O'Neil is a well recognized advocate for long-range, multi-mission, land-based naval aircraft for the United States—the so-called Big Momma—and his discussion of the role which such aircraft could play in defending convoys from the Backfire is interesting. However, I must suggest that he seems to dismiss too quickly a small aircraft platform carrying VSTOL aircraft as an answer to the problem. He discusses only the existing Harrier VSTOL aircraft, and fails to note that we will have the AV–8B Advanced Harrier by the early 1980's. The Advanced Harrier, although still subsonic, will have a range/payload capability which could enable it to function effectively as an air defense aircraft against the Backfire. It will have a 600-mile radius of action carrying a 4,000-pound payload; with the much lighter payload that an interception mission would require, the range would be greater. In addition, a VSTOL platform would have, with helicopters, a better antisubmarine capability than do existing frigates and destrovers. The problem of the range of detection of surface radars can be solved in several innovative manners, which are now under study.

While Mr. O'Neil's article focuses on the Backfire, it makes one subsidiary point which is of great significance. This is that low-performance aircraft with high-performance sensors and weapons can do the job which previously required high-performance aircraft. The use of a large land-based aircraft as a Backfire interceptor illustrates this fundamental transformation in the aircraft-weaponry relationship. This transformation has major implications in terms of the performance requirements for combat aircraft.

I hope my colleagues will read this article. It discusses a problem of which we must be aware, in our naval force planning. The Backfire is clearly an important element in the Soviet naval challenge.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BACKFIRE: LONG SHADOW ON THE SEA-LANES

(By William D. O'Neil)

If the past few years have witnessed an alarming growth in the Soviet naval threat, there has at least been a concurrent growth in public awareness that there is such a threat. The quality of this awareness often leaves something to be desired, however. A great many people seem to see the Soviet threat in terms of a fleet of cruisers steaming forth to engage our own in a missile duel, sinking aircraft carriers right and left as they chance to pass by them. Of course there are also many people, better informed (or perhaps simple less romantic), who understand clearly enough that the Soviet force of 250 general purpose (attack and guided-missile) submarines is a far more serious threat in purely military terms.

But surprisingly few people realize that there is a third prong to the Soviet naval Trident. It is every bit as sharp, if not yet quite so long as that of the submarine threat. As Admiral James L. Holloway III said, in addressing the 1976 annual meeting of the Naval Institute: ". . . our deployed fleets must have the defensive strength to defend themselves against attacks of land-based air, because we are seeing more and more the development of long-range aircraft with antiship missiles as a threat which can develop rapidly and can expand to almost any spot on the globe."

Perhaps the principal reason for the lack of widespread awareness of the Soviet land-based naval air threat is that its principal offensive capabilities are of quite recent origin. While Soviet Naval Aviation (*Aviatsiya Voennon-morskovo Flota*) has had a substantial force of missile-armed bombers for more than a decade, these were largely Tu–16 Badgers whose restricted radius of about 1,700 nautical miles without refueling did not suit them very well to offensive action against most major sea-lanes.[1]

This concentration on relatively short-range strike capability can only have been a matter of policy, for Soviet Long-Range Aviation force as a strategic aircraft with ample range to reach vital Atlantic and Pacific sea-lanes from Soviet homeland bases; the remarkable Tupolev Tu–20 (Tu–95 is the design bureau's designator) Bear. The Bear first joined the Soviet Long-Range Aviation force as a strategic bomber in 1956 and remains the backbone of Long-Range Aviation's intercontinental strike force. It has been officially estimated by DoD that the Bear has an unrefueled operational radius of 3,900 miles with a 25,000-pound payload. One version, the Bear B, carries an AS–3 Kangaroo nuclear missile for strategic strike.

When deliveries of the Bear to Soviet Naval Aviation began in the early 1960's, it presumably would not have been very difficult to have armed it with the AS–2 Kipper missile employed by the Badger C for antishipping strikes. But, according to published sources, Soviet Naval Aviation has employed the Bear only in the reconnaissance and surveillance role, providing targeting and mid-course guidance for missiles launched from other platforms.

Well into the 1970s, Soviet Naval Aviation remained a predominantly defensive force with a very impressive capability to strike surface forces approaching within 1,700 nautical miles of its bases. But it had only limited capability outside that range. Then, late in 1974, a new aircraft began appearing on Soviet airfields: the Backfire.

The Backfire, a Tupolev design with a variable-sweep "swing wing," had been under development since the mid-1960s. According to published reports, the initial production version, Backfire B, is a highly capable aircraft, with a speed of Mach 2 at high altitude. Table 1 provides descriptive data drawn from unofficial sources.

There has been a great deal of public discussion, sometimes heated, concerning official estimates of Backfire performance. This has apparently been engendered by the possibility that the aircraft, in addition to its unquestioned Eurasian-periphery and naval strike roles, might also be intended for strategic missions against the United States. One source, a column in *Aviation Week and Space Technology*, claims that there is a major divergence of official views on unrefueled combat radius, citing CIA/McDonnell Douglas estimates as low as 1,750 nautical miles and DoD estimates near 3,000 nautical miles.[2] There have been heated official condemnations of this column (although no explicit comment on the range estimates). It is possible that the seeming inconsistency actually is due to differing assumptions about flight conditions, with flight at low altitudes or supersonic speeds having an adverse effect on combat radius. Publicly released statements of various officials, including those in the CIA and the Department of Defense, about Backfire coverage in attacks on the United States imply an unrefueled high-altitude subsonic combat radius of approximately 2,500 nautical miles. Unofficial sources credit the aircraft with a 6,000 kilometer, or 3,240 nautical mile radius.[3]

In the past, the Soviet pattern in introducing new bombers had always been to fill the needs of its Long-Range Aviation force first, and only then to start furnishing aircraft for naval aviation. The Backfire is a significant exception, entering service with both air arms simultaneously. In May 1976, officials of the CIA testified before a congressional committee that a total of 80 Backfires had been produced to that date (including prototype and training aircraft) and that production was continuing at a rate of two and a half aircraft per month. It was estimated that a total of about 400 Backfires would eventually be produced. While these would be divided between long-range and naval aviation, all might be committed to naval missions under certain circumstances, since shipping attack is a collateral mission for Long-Range Aviation.

It is difficult to interpret this Soviet decision to supply the naval aviation force with the newest and most capable of long-range

[1] Radius as used here refers to one half the range of the aircraft, that is, the distance it can fly to an objective and then get to its point of origin with a minimum of fuel remaining.

[2] "Washington Roundup," *Aviation Week and Space Technology*, 13 September 1976, p. 13.

[3] Georg Panyalev, "Backfire—Soviet Counter to the American B–1," *International Defense Review*, October 1975, p. 639; William Green, *The Observer's Book of Aircraft* (London and New York: Frederick and Warne and Co., 1976) p. 200.

bombers as representing anything other than a determination to interdict the West's vital sea-lanes in event of war. Backfire's performance and equipment both argue a long-range offensive role. Homeland defense would not have demanded such a large, sophisticated, and expensive aircraft.

According to unofficial sources, Backfire carries a pair of either of two air-to-surface missiles, the AS–4 Kitchen or the AS–6 Kerry. Both have Mach 2.5 to 3.5 speeds and 150 nautical mile "operational ranges," although absolute maximum ranges appear to be substantially greater. The AS–6 is described as having an active radar homing system for terminal guidance, and thus presumably can be used as an antiship weapon with a nuclear or conventional warhead. It is also reported that the Backfire carries extensive passive and active electronic countermeasure systems to aid in defense penetration.

To see what the Backfire really means strategically, one must look at the map. Figures 1 and 2 show possible Backfire tracks superimposed upon charts of the North Pacific and North Atlantic Oceans. The tracks are marked off to indicate combat radius requirements. As discussed earlier, it appears that Backfire's unrefueled high-altitude subsonic radius must be 2,500 nautical miles or more. Actual range performance will depend upon a variety of factors, including flight profile, use of afterburners, reserves policy, weapon load and external fuel, use of in-flight refueling, and pilot skill.

Looking at the charts, we see that it is impossible for ships to transit from the United States to either Northwestern Europe or to Japan without coming within reach of the Backfire. The great-circle routes lie almost wholly within potential Backfire coverage.

It is all too easy to envision what this might mean in, say, a war between the NATO nations and those of the Warsaw Pact. On the fifth day of the war—we shall imagine—a convoy bearing urgently-needed supplies and combat equipment is halfway from Hampton Roads to Le Havre. Under the protection of a heavy escort of submarines, frigates, and patrol aircraft, it has beaten off submarine attacks with relatively little loss. The Soviet high command is determined to prevent the arrival of these reinforcements.

Every few hours, the convey's position on Moscow's maps is updated on the basis of satellite reports. As the convoy reaches a point midway between the Azores and Ireland, a force of 40 Backfires is launched from bases near Murmansk. The aircraft do not attempt to fly in close formation, relying on their inertial and satellite navigation systems to bring them together at the rendezvous point.

TABLE 1.—*Backfire Characteristics*

Maximum Gross Take-off Weight.	276,000 to 287,000 pounds.
Operating Empty Weight.	115,000 to 121,000 pounds.
Maximum Span (20° sweep).	113 to 115 feet.
Maximum Span (55° sweep).	90 to 92 feet.
Length	138 to 139 feet.
Maximum Speed at Sea Level.	Mach 0.9 (600 knots).
Maximum Speed at High Altitude.	Mach 2.0 (1150 knots).
Cruising Speed at High Altitude.	Mach 0.82 to 0.85.
Service Ceiling	59,000 feet.
Maximum subsonic High Altitude Radius.	(See text.)
Armament: Two AS–4 or AS–6 cruise missiles, carried externally.	

Sources: Georg Panyalev, "Backfire—Soviet Counter to the American B–1," *International Defense Review*, October 1975, p. 639: William Green, *The Observer's Book of Aircraft* (London and New York: Frederick and Warne and Co., 1976), p. 200.

The bomber stream is escorted out past the Norwegian coast by Mikoyan MiG–23 Flogger fighters. Once well out over the Norwegian Sea, the fighters depart and the bombers turn south, to pass midway between Scotland and Iceland. The Backfires fly in a loose stream at their optimum cruise speed of just under 500 knots, climbing as they burn down their fuel loads. As they near the gap between Iceland and the Faeroes, they dip down to 8,000 feet to avoid any possibility of radar detection. Once clear, they climb again to their optimum cruising altitude, a little below 30,000 feet.

Moscow transmits a revised aircraft rally point, based on latest satellite and submarine reports. Some aircraft fail to appear, for one reason or another, but 36 Backfires meet and form up for the run-in and attack. Following their leader, still keeping radio silence, they select full afterburner on their twin NK–144 turbofans, climb to 45,000 feet, and accelerate to 1,000 knots or more. A few minutes later, the leader breaks radio silence. The convoy is in sight on the radar; he orders his formation to turn 20° to port in order to intercept.

At virtually the same moment, the SPS–49 air-search radar of one of the screening *Oliver Hazard Perry*-class frigates (FFG–7) registers the massive raid at a range from the convoy center of 250 nautical miles. With the radar operator calling jamming strobes all over the scope, and no IFF (identification, friend or foe), no one has any doubt about the raid's identity or intent. But what can be done about it?

Within six minutes, the Backfires have identified their targets and have set their missiles. The range has closed to 150 nautical miles, and the missiles are released. The Backfires turn to return home, with a few of their number remaining within radar range long enough for damage assessment.

Some of the missiles fail to perform as intended, but more than 60 (each plane carries two) approach the convoy in a space of minutes. The guided-missile frigates among the escort belch Standard SM–1 missiles until their foredecks are burnt black, but they can get only a fraction of the AS–6s. More than 30 survive to plunge into convoy ships. Several ships are sunk, and several more have much of their vital cargo destroyed.

The Backfire force does not get home unscathed, of course. Alerted by reports from the convoy, NATO interceptors based in Iceland and Scotland await the bombers along their return route. With support from long-range Soviet interceptors, heavy use of their own electronic countermeasures, and a high-speed dash to minimize exposure time, the bombers break through, but only after three are lost. It is not a cheap victory for the Soviets, but it is a victory all the same. (Had the bombers thought it safer, they could have gone back between Iceland and Greenland, refueling if needed over the Norwegian Sea.)

The details of this scenario are, of course, purely imaginary. There seems little, however, to prevent the Soviets from translating it into practice, at least in broad outline. Is there anything the United States and its allies can do to protect our vital sea-lanes against this threat?

In trying to answer the question, let us concentrate on convoys and non-carrier naval forces. The general principles of carrier force defense against air attack are well known, and details of effectiveness against Backfire cannot usefully be discussed in an unclassified article.

One suggestion would be to route shipping well south, turning northward only when in range of land-based fighter protection. The delays incurred through circuitous routing would be costly but probably tolerable—if the scheme worked. Unfortunately, it seems questionable whether the land-based fighters can really provide protection without an inordinate commitment of resources.

If the fighters are to be kept on strip alert, the problem is one of providing adequate warning time. In order to protect the convoy, the fighters must engage the Backfires before they reach the 150-mile missile-release line. Even if the convoy hugs the coast quite closely and the protecting fighters leap-frog from airfield to airfield, in order always to be at the closest one, they can scarcely have less than 150 nautical miles to fly to make the intercept. Allowing for engine start, take-off, climb, and flyout, it would seem that even the fastest of fighters would need some 10 to 12 minutes' warning.

In 12 minutes, a Backfire can fly something over 200 miles, so detection will have to be made 350 miles out from the convoy. This would seem to imply a need for an airborne early warning radar aircraft—such as the Grumman E–2C Hawkeye or the Boeing E–3A AWACS (airborne warning and control system)—or a number of picket ships. If the convoy is more than 50 miles or so from the fighter strip, the warning time requirements will be increased proportionately, with resulting extension of the area which must be kept under surveillance.

If adequate warning could not be provided, then it would be necessary to have the fighters serving as combat air patrol (CAP) over the convoy. But to do any serious damage to a large Backfire raid would require perhaps six rather sophisticated missile-armed interceptors (although this might be scaled down to four or so in the case of the Grumman F–14 Tomcat with its multiple-engagement capabilities). And to keep this number of fighters on continuous CAP would require commitment of the better part of an air wing.

In either case, we seem to be dealing in assets NATO can ill afford to spare from other requirements, particularly when account is taken of the possibility that several convoys might require protection simultaneously. Of course, a carrier might provide quite effective escort against Backfire attack. But here again, we are using an asset which will be urgently needed elsewhere. There is also the consideration of the risk involved to the carrier. One great advantage which carrier escort would have over land-based fighter cover, however, would be the removal of the restriction to close in-shore tracks, with their exposure to submarine attack and mines.

At this point, some readers will object that the potential of land-based fighter cover is being slighted. It is not really necessary to make the intercept before the Backfires launch their missiles, it can be argued. Even the prospect of substantial casualties after launch would be enough to deter attack.

Leaving aside inherently metaphysical calculations of what sorts of losses Soviet Naval Aviation might consider acceptable, this objection can be met on purely physical grounds. For, after the Backfires have made their missile launch, they will turn away, involving the interceptors in a tail-chase. To catch a Mach 2 aircraft before your own fuel runs out—especially after you have been flying in maximum afterburner for eight to ten minutes just to get to the starting line—requires performance of a very high order. Such aircraft do exist—the MiG–25 Foxbat and Lockheed YF–12A are two—but not in NATO squadrons.

If the cost of defending convoys individually seems excessive, the NATO nations

might try another approach: cut 'em off at the pass. It has already been observed that passage of the Iceland-Scotland gap involves serious dangers to a Backfire raiding force (at least as long as NATO manages to hang onto Iceland). If suitable warning could be provided, interceptors based in Iceland and Scotland could take a serious toll of any bomber force, both outbound and inbound.

A suitable means to provide the warning appears to exist—Congress and the European NATO nations willing. It is the E–3A, the airborne warning and control system (AWACS), a Boeing 707–320B airframe fitted with an enormous, powerful Westinghouse radar and ranks of intercept-control consoles.

There do not seem to be any public discussions of radar coverage by the AWACS, but the fiscal year 1977 posture statement of General David C. Jones, the Air Force Chief of Staff, provides a radar scope photo taken onboard a high-flying AWACS prototype, not far from Norfolk, Virginia. The hundreds of radar returns displayed run from the southern tip of South Carolina to upstate New York, a span of 700 nautical miles. Thus, it appears safe to conclude that a single AWACS orbit could give coverage over the entire 500-mile gap between Scotland and Iceland.

But if blocked between Iceland and Scotland, the Backfires have the option of transiting the Denmark Straits, between Iceland and Greenland. Flying this longer route, they would not be able to close off access to Europe by the more southerly sea-lanes—unless they were refueled in flight. But General Brown's posture statement indicates that Soviet Naval Aviation possesses a force of about 100 Badger tankers and that, "The introduction of BACKFIRE into naval aviation creates a potential requirement for a new tanker to support extended range missions." Depending on the capabilities of these tankers, it would seem that air refueling might extend the Backfire's radius by as much as 1,000 nautical miles—ample to permit full interdiction of the European sea-lanes via the Denmark Straits. In order to close off this route, it would be necessary to maintain a second AWACS orbit. Thus, the forces required to block Backfire entry into the North Atlantic begin to seem rather substantial: a squardon, say, of high-performance, long-range interceptors (the F–14 would appear ideal) each in Iceland and Northern Scotland plus however many E–3As are needed to keep two airborne on station. (Commercial 707s fly about one-third of the time, but the E–3A's complex avionics would probably have a deleterious effect on its flight availability.)

An alternative approach would be to try to counter the Backfire with carriers. Probably one carrier each in the Iceland-Faeroes gap and the Denmark Straits would be sufficient. The survivability of carriers in such positions seems questionable, however. The Soviets would be able to throw everything but the kitchen sink at them, and the Soviet submarines would descend in force.

In short, the options in the Atlantic appear to be:

Tie up a lot of very valuable assets trying to defend convoys (and naval forces) one by one.

Tie up a lot of valuable assets trying to keep the Backfires out of the Atlantic altogether.

In the Pacific, the options look even less attractive. The Soviets base at Petropavlovsk offers almost unrestricted access to the open sea. There are no nasty allied bases sitting astride the flight tracks. With in-flight refueling there is virtually no point in the North Pacific which Backfires cannot reach. The southerly route from San Francisco to Japan stretches 7,500 nautical miles, and even that offers little security against air-refuelled Backfires. When or if the convoy does finally reach the questionable shelter of the Ryukyu Islands, south of Japan, one finds that airfields for protecting fighters are rather far between.

Trying to blockade Petropavlovsk with carriers seems to be a very questionable proposition at best. At least three or four carriers would be needed—assuming they stay beyond range of tactical strikes from Petropavlovsk—and, again, they would be very much exposed to attack.

For the moment, the Soviets probably do not have enough Backfires to deploy a significant force to the Pacific. As their inventory builds, however, it will become increasingly difficult to envision wartime resupply of Japan without direct carrier protection.

If experience is any guide, there will be no shortage of explanations that the Backfire is really not a threat, nor of simple schemes to meet the complex problems it poses. It is easily predictable that the most prevalent of the easy solutions will be that convoys and other forces carry their own air defenses, in the form of V/STOL (vertical or short takeoff and landing) aircraft.

Unfortunately, the only existing Western V/STOL which resembles a fighter in any way is the Hawker Siddeley/McDonnell Douglas AV–8 Harrier. The Harrier is a remarkable aircraft with many wonderful abilities, of which long-range air intercept is definitely not one. Quite aside from being strictly subsonic, the Harrier has no air intercept (AI) radar and hence no ability to carry any armament effective beyond visual range. Even if an AI radar and suitable missiles could be carried without hopeless compromise to the Harrier's performance (the aircraft is scarcely larger than the McDonnell Douglas A–4 Skyhawk) one would still face the same dilemma we encountered earlier; either one must have airborne early warning aircraft to give adequate warning for the fighters to scramble, or one must have a substantial combat air patrol.

There is no V/STOL early warning aircraft. One could probably be developed—given the better part of 15 years and a billion dollars—but there is no reason to suppose that it could be any smaller than the DC–3 size Grumman E–2C which now graces carrier decks. Several of these, plus perhaps a dozen Harriers would call for a good-size ship to carry them.

Given the Harrier's rather restricted flight duration, it would probably take something like six aircraft on board ship for each combat air patrol station. With six stations, this would mean some three dozen aircraft altogether—again, requiring quite a good-sized ship. And, again, the Harrier in its present form is not suitable for such missions in any case.

It would probably be possible to develop a V/STOL fighter with good intercept performance (given, again, 15 years and a billion dollars). But if the idea is to achieve deck-launched intercepts on the basis of shipboard radar warning, then the performance requirements are breathtaking.

Perhaps a more attractive alternative, if one is willing to wait for new developments, would be a long-range, surface-to-air missile system. There certainly should be no particular problem in designing a ramjet missile which can get out 150 nautical miles in less than five minutes. The Talos, introduced in the 1950s, offers nearly that level of performance. Targeting, command-control, and guidance would present formidable challenges, particularly in light of the need for high firepower and the likelihood of electronic countermeasures opposition.

One possible shorter-term developmental approach would be a long-endurance aircraft combining the warning and missile platform functions. In this concept, bomber or transport type airframes would be outfitted with an existing type of airborne early warning radar (such as the APS–88 of the E–1B or the APS–125 of the E–2C), one or more AWG–9 fire control systems, and a number of AIM–54 Phoenix missiles. (The AWG–9/Phoenix is the air-to-air weapon system of the F–14.

The long-range and multiple target capability of the AWG–9/Phoenix system would permit even a subsonic aircraft to make a number of intercepts before the Backfires could launch. Use of a large aircraft with long range and high endurance, such as the Lockheed P–3 Orion now used for antisubmarine patrols, would permit escort of convoys far at sea without tying up a carrier. Such a warning/missile aircraft might also have value in interception of Backfires on the way to and from their strikes, particularly in the Pacific. By sticking to existing types of airframes and systems, one would tend to reduce development cost and time. The aircraft would be expensive, however, and long transits to mid-ocean stations would eat into productivity.

It is clear that Admiral Holloway's concerns about the land-based air threat are amply supported by the cold facts. The heavy investments the Soviets are making in offensive, long-range antiship aircraft speak eloquently on their intentions. The United States and its allies are faced with a number of complex choices in deciding how to meet this threat. These choices must be analyzed and resolved, quickly and objectively, if we are to continue to have confidence in our ability to use the seas for essential defense purposes.

COURANT PAYS TRIBUTE TO RABBI FELDMAN

Mr. RIBICOFF. Mr. President, Dr. Abraham J. Feldman, who was the rabbi of the temple I attend, Temple Beth Israel in West Hartford, Conn., was a much respected and loved man known throughout the Nation for his intelligence, humanitarianism, and devotion to his faith. His death on Thursday, July 21, 1977, at the age of 84 was an occasion of deep sorrow and great loss for all who knew him.

As I noted in the Senate on July 22, Rabbi Feldman, a devout Jew, spent his life reminding all of us of the values, hopes, and aspirations that unite mankind, regardless of race, color, or creed.

In an editorial in its edition of July 23, 1977, the Hartford Courant paid tribute to Rabbi Feldman. Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RABBI FELDMAN REMEMBERED

Abraham J. Feldman called himself the "counsel for the defense." His clients were the thousands of congregants he served during a distinguished 52-year career at Temple Beth Israel in West Hartford. God was his judge and jury.

His death is not only a loss to the religious and civic organizations of Connecticut, but also the end of one of the most historic ministries in the Reform Jewish movement. The career of Rabbi Feldman stood out as a symbol of strength in the tumultuous affairs of the most liberal branch of Judaism.

A Russian immigrant from a strict Orthodox background, Rabbi Feldman embraced the philosophy of the German rationalists who modified traditional Judaism. His career was a fascinating mixture of new and old, liberal and traditional. In a famous convention sermon to his rabbinic colleagues in

1934, he warned against letting the Reform movement stray too far from tradition, at the risk of "dejudaization" of its members. He was also a firm and enthusiastic Zionist, even through the years when the bulk of the Reform movement opposed the notion of a Jewish state.

But Rabbi Feldman also embraced the Reform zeal to end traditions that no longer seemed important in a modern, Western world. He had little sympathy for Jews who wished to wear the traditional skull caps in his synagogue; they were virtually forbidden at Beth Israel until he retired in 1968.

His long career was a triumph of religious cooperation for a Jew in a Christian world. Still spry and alert at age 82, Rabbi Feldman was chosen to help plan the opening religious ceremony at the Hartford Civic Center in 1975. He outlived his two close friends in the Hartford Christian community, Roman Catholic Archbishop Henry O'Brien and Episcopal Bishop Walter Gray.

Brushing aside the many awards and honors he received, Rabbi Feldman said his proudest moment came in 1972 when his grandson was graduated from the Hebrew Union College in Cincinnati and became a rabbi. It was the same college from which Rabbi Feldman had been graduated 54 years earlier.

Rabbi Ralph D. Mecklenburger said his grandfather's career was an important element in his decision to become a rabbi. It was the kind of career that was an inspiration to us all.

RICHARD E. JOHNSON

Mr. WILLIAMS. Mr. President, I join my colleagues on the Committee on Human Resources in expressing my gratitude, admiration, and appreciation for Dick Johnson's outstanding work during his tenure as counsel to our Subcommittee on Employment, Poverty, and Migratory Labor.

In his more than 8 years as a member of the committee staff, Dick has been a mainstay, and Senators of both the majority and minority have confidently relied upon his perceptive advice. The quality of his work and the tireless dedication with which he pursued it has been exemplary.

My vantage as chairman of the committee affords me a broad and clear view of the work of our excellent staff. Dick Johnson's contributions reflect the highest standards of excellence and perseverance.

The legislation for which he has been largely responsible includes some of the most important in recent years—the landmark Comprehensive Employment and Training Act of 1973, the Emergency Jobs and Unemployment Assistance Act of 1974, the Emergency Jobs Program Extension Act of 1976, the Legal Services Corporation Act, and the amendments in 1969, 1972, and 1974 to the Economic Opportunity Act.

It is fitting that one of his most comprehensive timely, and gratifying projects—the Youth Employment and Demonstration Projects Act of 1977—has come to fruition with final congressional passage simultaneously with the culmination of Dick's work for the Senate. This momentous legislation has received overwhelming bipartisan support in Congress, standing in tribute to the precision and sensitivity with which it was developed by Dick Johnson.

We shall miss having his able assistance readily available, but we know that, in his new work at the Department of Labor, we shall continue to have the benefit of his counsel on those policies and programs for which we share a common commitment.

I know that all Senators share my wish that Dick continue to find success and satisfaction in his work on behalf of those Americans whose aspirations and opportunities would be less, but for Dick Johnson's efforts.

NEW APPROACHES TO NAVAL PROBLEMS

Mr. HART. Mr. President, I call to the attention of the Senate an article from the May issue of Shipmate, the publication of the Naval Academy Alumni Association, by Norman Polmar, entitled "Seeking Some Alternatives."

As Mr. Polmar points out, the Navy has seen its size shrink as its responsibilities have become more difficult. If the Navy is to grow in capability within acceptable budget constraints, we must find new and more cost effective ways to perform naval missions. One way may be to assign to the Merchant Marine certain tasks for which the Navy now procures its own ships.

This article discusses several ways in which the Merchant Marine could serve the needs of the Navy and the Marine Corps, such as providing oilers and tugs, augmenting amphibious lift capability, and even providing "convertible" warships. The Senate Armed Services Committee made note of these possibilities in its report, where it stated that—

> The committee requests that the Navy make every effort to avoid future requests for fleet oilers and fleet tugs by contracting for these capabilities from the Merchant Marine. The committee is concerned that the Navy make better use of Merchant Marine assets in all possible applications so as to reduce the need for naval ship construction funding of auxiliaries.

Mr. President, better Navy-Merchant Marine cooperation offers the possibility of improved naval capability at lower cost to the taxpayer. I hope my colleagues will join with me in encouraging the Navy to explore this possibility more thoroughly. I ask unanimous consent that the article, "Seeking Some Alternatives" by Norman Polmar be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SEEKING SOME ALTERNATIVES

(By Norman Polmar)

An ironic situation has developed with respect to U.S. naval forces. During the past decade the size of the U.S. Fleet has declined considerably, from a peak of 976 ships to some 475 today; but, in many respects there has been an increase in Navy operational requirements. For example, the "blue water" operations and capabilities of the Soviet Navy have increased while the tumultuous situations in Africa and the Middle East, coupled with increasing U.S. dependence upon Middle East oil, necessitate more U.S. Navy deployments into the Indian Ocean. Also in this period, most NATO navies have declined in size and the number of overseas bases available to U.S. forces has decreased.

At the same time, U.S. personnel, ship construction, and operating costs continue to rise. Several similar problems plague the U.S. Merchant Marine. The number of ships remains steady as productivity increases, with American ships carrying a smaller percentage of the increasing world trade. And, the development of specialized container ships for the liner trade limits flexibility in servicing Third World ports.

There does not appear to be a single solution for these inter-related problems. Rather a combination of both innovative and traditional approaches must be employed if the United States is to continue to exploit the seas for their political, economic, and military benefits.

In seeking solutions to these problems, the Transportation Institute, a non-profit organization devoted to research and education in a broad range of U.S.-flag merchant marine issues, asked if there is an increasing role for the Merchant Marine in the national security role. For example, could increased cooperation and coordination of the Navy and the Merchant Marine result in a greater effectiveness of both fleets? How could such coordination be undertaken? Could the Merchant Marine be employed in a peacetime auxiliary role to permit the Navy to concentrate resources on primary combat functions?

The Transportation Institute sought answers to these and other questions from the Santa Fe Corporation, an analytical research firm engaged primarily in maritime and defense studies. Santa Fe addressed the issues in both a historical and analytical context.

HISTORICAL PERSPECTIVE

The concept of cooperation and coordination of a nation's maritime assets is not new. In our own history, 200 years ago merchant ships were employed as warships and privateers; their crews were recruited from merchant seamen and officers, and fishermen. One merchant skipper achieved signal fame and became known as the father of the American Navy. He was John Paul Jones, and his flagship, the *Bonhomme Richard*, was a former French merchant ship.

In later wars the Navy would again call on merchant ships and merchant sailors to serve in a variety of roles. For example, during both World Wars hundreds of merchant ships were converted into naval auxiliaries, such as ammunition ships and fleet oilers, while others served as amphibious ships, command ships, minelayers, auxiliary cruisers, and even aircraft carriers. Also during the wars, even fishing trawlers were modified for use as minesweepers and patrol craft.

With time, the ability to employ merchant ships in military roles has become increasingly difficult. Whereas the coastal sailing ship of 1777 could quickly have a few gun ports cut into her sides and be fitted with a few smoothbore cannon, rapid adaptation of modern merchant ships for even auxiliary roles appears difficult if not impossible. The lack of trained crewmen, the need for secure communications, the desirability of carrying both munitions and fuels in the same replenishment ship, the small size of merchant ship crews, the large number of container ships which cannot handle break-bulk cargo, and many other factors tend to inhibit conversion of merchant ships to military roles.

But at the same time, certain technological developments appear to offer potential opportunities to employ modern merchant ships in national security roles. At the same time, certain "straight" auxiliary missions remain, such as fuel transfer and towing, which appear to be within the capabilities of available commercial ships. While a Navy-built, Navy-manned ship probably is "best" even for those tasks, some reduction in capability may be warranted in return for more hulls

being available, or obtaining a slightly lesser capability at a significant savings in acquisition or operating costs.

THE ISSUES

In analyzing the potential impact of the merchant marine on contemporary national security requirements, the Santa Fe Corporation examined a large number of related issues. During the course of the study, these were refined and consolidated into nine areas of potential benefit:

Performing peacetime Navy auxiliary functions with the merchant marine. Indications are that an enhanced defense posture and reduced costs could accrue from the greater use of merchant ships to perform certain basic functions currently performed by Navy ships, especially fuel and logistic supply, cargo transport, missile range and space support, research, surveying, and tug services.

For examples, after a suitable transition period the Navy would not operate "straight" oilers, but would contract with merchant ship owners who, in turn, would become specialized in serving this naval market. This would be similar to the manner in which the Navy now contracts for laboratory services even though it operates several laboratories.

The contract for these ships would be written to provide certain levels of ship availability in certain areas. Secure communications could be insured by assigning a small Navy communications detachment or providing security clearances to the necessary merchant seamen and officers. The feasibility of such operations was demonstrated in 1972 when the commercial tanker ERNA ELIZABETH was employed for a sustained period to support naval operations.

The merchant marine concept of operations would maximize ship use. First and foremost, while Navy oilers are alongside a pier for long periods because of personnel considerations, the commercial ships are always at sea when they are not loading or in the shipyard; relief crews need not be rotated to shore duty, and can even be shifted at overseas ports. Crew members who feel they need rest simply refrain from signing on, but the ship returns to sea. The Navy contract for these ships would provide for services; the commercial firm would work the problems of crewing, maintenance, keeping the agreed upon number of ships "on the line," etc.

Related factors are the saving of naval personnel and the related necessity for alternate shore billets, and the reduction of non-combatant ships in the shipbuilding programs. The latter is a real and psychological problem in an era when the Navy cannot obtain the numbers of warships considered necessary by its leadership.

Beyond the use of oilers and tugs of commercial construction for naval support roles, the development of container technology opens new opportunities for the use of merchant ships in performing Navy auxiliary functions.

Employing container concepts for specialized military support in peace and in war.

A merchant ship with specialized containers on board could perform a number of naval auxiliary functions such as missile range and space tracking support, surveying, ocean research, salvage, weapons and sensor test and evaluation. After the ship performs a specialized mission, it could put into port and with the exchange of specialized containers, be rapidly outfitted to undertake another mission of an entirely different nature.

The containers, upon removal from the ship, could be put into storage or used ashore until they are again required at sea. The ship could continuously undertake such specialized operations or, when not required by the Navy, could return to commercial container runs.

The Merchant Marine could provide this multi-mission service under contract to the Navy and to other federal agencies such as NASA and NOAA. Modifications to the merchant ships for multi-mission service would be minimal. The key element would be development of a family of specialized mission containers, all conforming to the standard cargo container dimensions (8 x 8 x 40 feet) or multiples thereof. In addition to the mission-oriented containers, certain support containers to provide auxiliary power, control centers, berthing, mess facilities, administrative offices, and workshops could be provided (some of which already exist).

Modifying merchant ships for military sealift during wartime.

Examination of the various modern merchant ships now in U.S.-flag service suggests a number of military sealift applications to which they could be readily adopted. In some cases no modifications would be required, as in employing Roll-on/Roll-off (Ro/Ro) ships for the sealift of military trucks, tanks, and other wheeled or tracked vehicles. The question in the case of Ro/Ro ships is not necessarily one of modification, but rather one of matching the U.S.-flag ship inventory with anticipated military requirements. If the number of available Ro/Ro ships is less than that needed for projected military demands, the solution would be in taking the steps necessary to increase the U.S. inventory.

Some options in this area are subsidies for commercial purchase vice building for government (Military Sealift Command) ownership and operation, or providing incentives to commercial operators to run more of these ships.

The modification or incorporation at construction of certain defense features could enhance the military sealift capabilities of these ships. Such features include Ro/Ro ship exhaust systems that could handle tanks and other military vehicles, special power outlets, strong points, space for containerized communications equipment (and possibly point-defense weapons), and fittings to install equipment for a self-unloading capability in less-developed ports.

Converting merchant ships for combat roles.

While the previous issue addressed employing merchant ships for auxiliary roles, there appears to be a continuing potential for their use in combat roles. The development of advanced-technology merchant ships such as container carriers. LASH (Lighter Aboard Ship), and SEABEE (Sea Barge) greatly facilitate the conversion of ships to the aircraft carrier and amphibious roles.

For example, the container ship has a configuration with broad flat areas, suitable for container "stacks", above which light-weight aircraft decks could be installed with specialized containers to provide maintenance shops, berthing, messing, auxiliary power generators, weapons storage, communication spaces, and navigation aids. This concept will be demonstrated in the Navy's ARAPAHO project, hopefully with at-sea trials this year or next.

Similarly, LASH and SEABEE ships—again using specialized containers—could be employed in the amphibious assault role. Containerized troop spaces, ARAPAHO-type helicopter facilities, and the carrying of landing craft (including air cushion) in the docking wells could result in highly effective amphibious assault ships with minimal modifications to the ships themselves.

Employing merchant ships to enhance American political presence.

Traditionally warships have performed in the "political presence" role for nations, demonstrating their interests in an area and the ability to provide military force in the region. Similarly, modern, advanced-technology merchant ships can demonstrate a nation's interests in trading with a region and American maritime capabilities.

In this context, the Third World nations of Asia, Africa, and South America are seeking to increase their trade, striving to earn foreign capital, export raw materials and some manufactured products, and import finished products and equipment which they cannot themselves produce. At the same time, the U.S. Merchant Marine has been severely restricted in its non-liner operations to the Third World because of the limited economic benefits for advanced-technology ships in those runs. Concurrently, reductions in the active U.S. Navy have resulted in fewer warships for port calls in the Third World. The net result is a significant decrease in American presence in several important regions.

Accordingly, a suitable program should be developed for U.S.-flag merchant ships to trade with selected foreign nations even if the economic benefits are less than desired. This program should be coordinated with the Navy, State, and Commerce departments, and other government agencies and commercial interests as appropriate. Subsidies may have to be considered, or specific exemptions to the anti-trust laws to encourage these operations. Of course, once such operations are initiated on a regular or periodic basis, there is an incentive for traders to use the ships.

Coordinating national maritime research activities.

Maritime research and development efforts in the United States are conducted by a large number of government agencies, commercial firms, and private research institutions. Within the Department of Defense these include the Office of Naval Research, the Naval Sea Systems Command, the Oceanographer of the Navy, the Army Corps of Engineers, Office of Defense Research & Engineering, and at times the Advanced Research Projects Agency. The Commerce, Interior, and Transportation departments, National Science Foundation, and a few other agencies have maritime research efforts underway.

A lack of formal coordination and, to some extent, focus in the overall national maritime research efforts has resulted in overlaps and gaps. Several of the areas which are not being adequately covered or evaluated involve the application of new maritime transportation technologies, and the commercial application of technology already proved in trial conditions. There is a lack of assessment of the military application of LASH and SEABEE related technology, coastal and inland waterways in this nation lag behind several foreign nations in the application of new technology (which exists in the military establishment), and much of the U.S. fishing fleet is primitive when compared to some available technology.

A first step in this area would be establishment of a national maritime research and development coordinating program. Initially this effort would be a cooperative effort of government, commercial, and institutional activities. However, it is envisioned that at a future date this program would be placed under the aegis of a National Maritime Affairs Coordinator (discussed below).

NASA/Department of Defense cooperation in a number of areas has demonstrated that such an effort can work within the United States.

Comparing national policies affecting sea and air transportation and their impact on national defense.

Major U.S. industries, such as aircraft manufacturing and the air transport industry, are supported by certain laws regulations, tariffs, and subsidies. This government support protects these industries from unfair foreign competition and tends to offset the higher costs of U.S. labor and other factors related to the high U.S. standard of living.

The maritime industry is also a major industry and an essential element of national security. In several respects the Merchant

Marine and shipbuilding industries (and related activities) are similar to U.S. airlines and aircraft industries, with both types of transportation essential to defense. Therefore, government policies toward sea and air transportation and their supporting industries should foster the development and encourage the maintenance of both.

The examination of differences in legislation and regulations affecting the two transport modes should also address related government organization, and the value of related government-sponsored research and support facilities.

In the course of this effort, areas which could enhance support for the maritime industries may be identified, as well as practices of those industries which could be improved from lessons assessed in the aviation industries.

Maintaining a shipbuilding/industrial base adequate for national defense.

If the United States is to maintain a modern Navy and Merchant Marine, even of modest size, and have a mobilization potential in these areas, a modern and viable shipbuilding/industrial base must be available. Previous studies, including the authoritative report of the Commission on American Shipbuilding (1973), have concluded that the nation lacks the shipbuilding/industrial base needed in a sustained conflict.

The long-lead times for ship construction, the skilled labor requirements, and other factors make shipbuilding an extremely difficult industry to start up rapidly. The construction of additional merchant ships in peacetime (some for the naval roles described above) would stimulate and improve the investment climate in the industry; capital expenditures for labor saving equipment and advanced production line techniques would facilitate more cost-effective construction of merchant ships and warships, and would strengthen the mobilization capabilities.

More efficient construction of merchant ships would increase American competitiveness in the world shipbuilding market, and increase the ability to exploit the high-technology American concepts. Every additional merchant ship on a production run lowers the unit cost and more so than buying additional naval auxiliary ships out of the potentially large commercial market available for tankers, tugs, container ships, and possibly other types.

Developing an organization for a strengthened U.S. maritime policy.

The United States traditionally has conducted its peacetime foreign policy through diplomatic means and has attempted to achieve national security by purely military means. Separate and apart, other governmental activities are geared toward international economic achievements. There is virtually no organizational mechanism through which related efforts to accomplish national political, economic, and military goals are coordinated, especially through the inclusion of commercial activities.

This is in stark contrast to our principal opponent, the Soviet Union, which has a highly integrated maritime posture. The Soviet Merchant Marine, for example, is openly employed to further national political as well as economic goals, while providing direct support for Soviet military activities.

There is no single agency within the Executive Branch of the U.S. Government which seeks to coordinate U.S. maritime policy and activity. Prior to the 1947 defense reorganization the Secretary of the Navy—then at the cabinet level—had certain extra-Navy responsibilities. But these have been greatly curtailed as the Navy became subordinated to the Department of Defense. Similarly, there is no single House or Senate committee which oversees maritime interests, but rather there are defense, commerce, and other committees which address specific segments of the nation's maritime activities.

Accordingly, as an initial step, consideration should be given to establishment of an office of Maritime Affairs Coordinator at the White House Assistant level. The goals of this office would be to:

1. Develop the U.S. Merchant Marine to compete in world commerce, to support national interests, and to serve as naval and military auxiliary in time of war or national emergency.

2. Introduce maritime alternatives in all applicable policy discussions concerning national interests and national security.

3. Produce national economic gains by optimum use of maritime transportation in foreign and domestic commerce.

The Maritime Affairs Coordinator would have specific responsibilities for establishing and developing legislation for a national maritime strategy, coordinating U.S. maritime research, designing and coordinating an overall naval-merchant shipbuilding program, and ensuring adherence to the provisions of the various existing laws relating to domestic and foreign trade, but proposing exemptions or changes, as appropriate.

The Coordinator also would provide a forum for the exchange of ideas for all parts of the naval-maritime community.

From an organizational viewpoint, the Coordinator would report directly to the President. He would be given authority to ensure inter-departmental coordination of all naval-maritime interests with the Navy, Coast Guard, Maritime Administration and NOAA, and conduct continuous liaison with other government departments and agencies as appropriate and the relevant Congressional committees. He also would sit on the National Security Council. Of course, by being a central point of contact in the government, directing certain programs, and providing the forum noted above, the Maritime Affairs Coordinator would work closely with representatives of the fishing industry, maritime labor unions, shipbuilding industry, shipping lines, and other non-government interests.

During 1976 bills were introduced in both the House and Senate to establish the office of Maritime Affairs Coordinator. For a number of reasons the bills were not passed, partially because of an Administration proposal to establish another "coordinating committee" in place of a specific coordinator.

Proponents of the establishment of a national Maritime Affairs Coordinator are somewhat optimistic that President Carter would back such an effort. However, the proposal to establish a new energy department and certain other federal organizational changes have priority, and are pushing the maritime position into the back bay.

Nevertheless, in a period when the United States is more dependent upon use of the sea for political, economic, and military reasons than ever before in the nation's 200 year history, the establishment of a national Maritime Affairs Coordinator, and a better understanding of the potential direct impact of the U.S. Merchant Marine on national security are a necessity.

THE MOUNTING PROSPECTS OF NUCLEAR WAR

Mr. CLARK. Mr. President, in recent weeks, the Senate has devoted considerable attention to the fundamental issues of U.S. national security, and the problem of pursuing a sane national defense policy in a nuclear world. After a sometimes heated debate, the Senate approved funds in the Energy Research and Development Agency budget for the construction of yet another nuclear weapon—the controversial "enhanced radiation" warhead. Just last week, the Senate approved an appropriations bill providing over $113 billion for this Nation's defense.

I thought of this, Mr. President, when reading the terrifying conclusions on the prospects for nuclear war in a report by the prestigious Stockholm International Peace Research Institute. This Swedish institute, renowned throughout the world for the quality of its professional staff and the soundness of its analyses, began its report with the simple conclusion:

The probability of a nuclear war is steadily increasing.

This conclusion, the report suggest, is not only possible, but given the consequences of advances in military technology and the spread of nuclear capability, "is virtually inescapable."

But the spread of military technology is not the only grounds for this bleak prognosis. Other reasons, according to the report, are:

The arms race evolution toward a "first-strike" capability;

The proliferation of nuclear technology all over the globe; and

The militarization of the entire globe through arms transfers.

Mr. President, I think these are factors which should be read and taken to heart by every American. Indeed, they should be called to the attention of every person in the world who cares about the issues of war and peace.

For that reason, I ask unanimous consent that this report, "The Mounting Prospects of Nuclear War," by Frank Barnaby, from the Bulletin of the Atomic Scientists, June 1977, be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE MOUNTING PROSPECTS OF NUCLEAR WAR—A REPORT OF THE STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE

(By Frank Barnaby)

The probability of a nuclear world war is steadily increasing. If just the consequences of recent advances in military technology and the worldwide spread of this technology are considered, this conclusion is virtually inescapable. But there are other reasons for this pessimistic conclusion. Some of the main ones are:

The arms race is now leading to a first-strike capability [1] by both the United States and the Soviet Union,

The growth of peaceful nuclear technology is spreading the capability of producing nuclear weapons all over the globe,

The international trade in arms is rapidly militarizing the entire globe,

And, finally, the current arms control approaches have failed. They have failed to restrain the nuclear arms race; they have failed to prevent the proliferation of nuclear explosives, and they have failed to control the arms trade—let alone lead to nuclear disarmament.

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[1] A first-strike capability does not mean the ability of one side to destroy totally the other side's ability to retaliate. It means that one side perceives that it has the capability of destroying enough of the other side's retaliatory forces so as to limit the casualties and damage it would suffer from a retaliatory strike to an "acceptable" level for a given political goal. The more reckless the political and military leaders, the higher this level is likely to be.

Given the catastrophic nature of a nuclear world war, this increasing probability of its occurrence is, to say the least, alarming.

Quantitatively, both the United States and the Soviet Union have enormous strategic nuclear arsenals. The United States admits to having 2,124 strategic nuclear delivery systems: 1,054 land-based intercontinental ballistic missiles (ICBMs); 656 submarine-launched ballistic missiles (SLBMs), on 41 strategic nuclear submarines; and 414 strategic bombers. The U.S. arsenal can deliver 8,500 independent targetable nuclear warheads.[2]

The Soviet Union is thought to have 2,404 strategic nuclear delivery systems: 1,452 ICBMs; 812 SLMBs on 60 strategic nuclear submarines, and about 140 strategic bombers. The Soviet arsenal can deliver about 4,000 independently targetable nuclear warheads.[2]

[2] The numbers quoted are for July 1, 1976.

And, in addition to their 12,000 or more strategic nuclear warheads, the United States and the Soviet Union have tens of thousands of tactical nuclear weapons in their arsenals, mostly much more powerful than the atomic bomb that destroyed Hiroshima.

But, as awesome as these numbers are, recent *qualitative* developments in offensive and defensive strategic weapons and delivery systems are as dangerous, if not more so, than the size of these nuclear arsenals.

U.S. AND SOVIET STRATEGIC NUCLEAR DELIVERY SYSTEMS, 1968-77 [1]

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Strategic bombers:										
U.S.	642	592	545	545	496	496	456	435	414	414
U.S.S.R.	150	140	140	140	140	140	140	(140)	(140)	(140)
Submarine-launched ballistic missiles:										
U.S.	656	656	656	656	656	656	656	656	656	656
U.S.S.R.	59	155	248	360	456	564	664	700	732	812
Strategic nuclear submarines:										
U.S.	41	41	41	41	41	41	41	41	41	41
U.S.S.R.	11	17	22	29	35	42	50	53	55	60
Land-based ICBM's:										
U.S.	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054
U.S.S.R.	900	1,200	1,498	1,527	1,527	1,547	1,567	1,587	1,552	1,452
Total bombers and missiles:										
U.S.	2,352	2,302	2,255	2,255	2,206	2,206	2,166	2,145	2,124	2,124
U.S.S.R.	1,109	1,495	1,886	2,027	2,123	2,251	2,371	2,427	2,424	2,404
Total warheads on bombers and missiles:										
U.S.	4,200	4,200	4,000	4,600	5,700	6,784	7,650	8,500	8,400	8,500
U.S.S.R.	1,100	1,350	1,800	2,100	2,500	2,200	2,500	2,500	3,300	4,000

[1] July 1 figures.

Both the United States and the Soviet Union are improving their strategic nuclear forces qualitatively along roughly the same lines. The United States remains ahead of the Soviet Union in almost all areas of strategic nuclear technology, but the gap is closing. Much more information is available about U.S. weapons than about Soviet ones, and so a description of developments inevitably, but unfortunately, emphasizes U.S. systems.

Warhead delivery. The most dangerous current development in strategic nuclear weapons is the continuous improvement of the accuracy of warhead delivery. This accuracy is normally measured by the circular error probability (CEP)—the radius of a circle, centered on the target, within which 50 percent of the warheads aimed at the target will fall.

The current U.S. Minuteman III ICBM multiple independently targetable re-entry vehicle (MIRV), for example, probably has a CEP of about 350 meters (1,148 feet) at a range of 13,000 kilometers (8,078 miles). But the guidance system of the Minuteman III—the NS 20—is capable of providing a CEP of about 200 meters (656 feet). And the new MIRV under development for Minuteman III—the Mark 12A—is expected to have this accuracy. The Mark 12A will be capable of destroying enemy missiles in hardened silos.

Recently deployed Soviet ICBMs—the SS–17 (with four MIRVs, the SS–18 mod. 1, and the SS–19 (with six MIRVs)—are thought to have CEPs of about 600 meters (1,968 feet), a considerable improvement on earlier Soviet ICBMs.

The next generation of U.S. guidance systems—currently planned for the MX ICBM, the proposed replacement for the Minuteman III—is expected to provide CEPs of about 100 meters (328 feet). And in the generation after that, warheads will presumably be guided right on to their targets; CEPs as small as 30 meters (98 feet) will probably be achieved. These warheads, likely to be available in the mid-1980s, may also be provided with a maneuvering capability so that they can take evasive action against missile defenses. Such maneuvering independently targetable re-entry vehicles (called MARVs) will represent the ultimate in accurate ICBM delivery systems.

Warhead design. Military technology has virtually attained the theoretical maximum also in warhead design. The Minuteman III MIRV, for example, weighs only about 100 kilograms (220 pounds) and yet has an explosive power equivalent to that of 200,000 tons (200 kilotons) of TNT. The Hiroshima bomb weighed four tons, had an explosive power of 12 kilotons, and delivered by a B–29 bomber, a delivery system with an extremely large CEP.

These extraordinary developments in military technology since World War II show that the only significant limits on military research and development—the activity which makes the arms race possible—have been the innovative capabilities of the Soviet and American peoples. There is no reason why this rate of progress should not be sustained—in fact, it will probably continue to increase. Where then will military technology take us in the next 30 years?

At the end of 1976, the world's nuclear power reactors had a total generating capacity of about 79,000 megawatts of electricity (MWe). This nuclear capacity, provided by 173 power reactors in 19 countries, was capable of producing 16,000 kilograms of plutonium annually. About 30 percent of it was in 15 nonnuclear weapon countries: Argentina, Belgium, Bulgaria, Canada, Czechoslovakia, the Federal Republic of Germany, the German Democratic Republic, India, Italy, Japan, the Netherlands, Pakistan, Spain, Sweden and Switzerland.

By the end of 1980, about 250,000 kilograms of plutonium will probably have been accumulated worldwide. Austria, Brazil, Finland, Hungary, Iran, South Korea, Taiwan and Yugoslavia will also then have nuclear power reactors. And by 1984, 28 nonnuclear weapon countries will probably have nuclear power reactors with a potential annual plutonium production rate of about 30,000 kilograms—theoretically enough to produce 10, 20-kiloton atomic bombs per day.

The major problem in controlling the spread of nuclear weapons is that the fissile material for atomic bombs can be produced on a relatively small scale. A 40-megawatt electrical graphite-moderated, natural-uranium reactor could, for example, produce about 20 kilograms of plutonium-239 per year, more than enough for two 20-kiloton atomic bombs. The components for such a small reactor could be easily and secretly obtained on the open market for a cost of less than $20 million. The reactor and a small chemical reprocessing unit to remove the plutonium from the reactor fuel elements could be clandestinely constructed and run.

Many countries have deposits of uranium ore within their borders and so it would normally not be difficult to obtain fuel for such a reactor. The small reactor route may well be the one chosen even by countries with large peaceful nuclear power programs, if they should decide to produce atomic bombs.

This does not, of course, mean that the possibility of the diversion of plutonium from a peaceful nuclear power program to military purposes should be ignored. Nor does it necessarily mean that the current concern over the acquisition of nuclear power reactors, reprocessing plants or enrichment plants by new countries is misplaced. But, contrary to public opinion and often even to official statements, it does mean that a lack of access to a commercial reprocessing plant need not (and probably would not) prevent the proliferation of nuclear weapons to countries which make the decision to acquire them.

The problem of controlling plutonium will be even more difficult if, and when, breeder reactors are developed to a commercial stage. The elements from the breeder blanket—in which uranium-238 is converted into plutonium—will normally contain plutonium with a 95 to 98 percent plutonium-239 content, excellent material for the manufacture of atomic bombs.

WORLD NUCLEAR POWER CAPACITY IN OPERATION ON DEC. 31, 1976

Country	Total nuclear power capacity 1976 (net MWe)	Number of power reactors 1976 (>20 MWe)	Approximate theoretical atomic bomb production capability in 1976
Argentina	319	1	6
Belgium	1,663	3	35
Bulgaria	837	2	17
Canada	2,535	7	50
Czechoslovakia	110	1	2
France	2,723	10	(1)
German DR	879	3	18
Germany, FR	4,855	8	100
India	603	3	12
Italy	542	3	11
Japan	7,067	13	140
Netherlands	499	2	10
Pakistan	126	1	3
Spain	1,073	3	20
Sweden	3,244	5	65
Switzerland	1,006	3	20
United Kingdom	4,302	28	(1)
United States	39,590	57	(1)
U.S.S.R	6,616	20	(1)

1 Nuclear weapon power.

NOTES

Number of countries having at least 1 reactor > 20 megawatts (MWe)	19
Number of reactors > 20 MWe	173
Capacity in megawatts (includes reactors < 20 MWe)	78,589
Total annual atomic bomb production capability in countries without nuclear weapons	510

The plutonium in the spent fuel elements from the core of a breeder reactor will normally contain about 70 percent plutonium-239, which is about the same concentration as the plutonium in the spent fuel elements from a typical non-breeder reactor. This "contaminated" plutonium would still be usable as the fissile material for atomic bombs, albeit of less than optimum efficiency.

The military uses of highly enriched uranium (over 40 percent uranium-235) include the use of this material for the trigger of a hydrogen (thermonuclear) bomb, and, with plutonium, for the manufacture of more efficient atomic bombs. The spread of uranium-enrichment plants could, therefore, contribute to the proliferation of nuclear weapons. Once again, attention has been mainly focused on plants large enough for commercial use. But a small enrichment facility—a dozen or so centrifuges, for example—would be enough to produce the kilogram-per-year quantities of suitably enriched uranium needed for the development of a modest nuclear weapon force. The relatively high degree of enrichment necessary could be obtained by repeatedly recycling the uranium through the system.

The major suppliers of nuclear material and equipment have, for the past few years, periodically held secret meetings in London to discuss ways of making the nuclear market place less anarchic. The aim is to minimize the risk of the diversion of nuclear technology—a technology which they are so eager to supply—to the production of nuclear explosives. The very fact that these meetings are deemed necessary is essentially an official admission of the failure of the Non-Proliferation Treaty (NPT) to establish a viable non-proliferation régime.

Countries that are party to the NPT are committed to have International Atomic Energy Agency (IAEA) safeguards applied to all their nuclear facilities, whether indigenously constructed or imported. A sensible course of action to slow down proliferation would be for the exporters to insist that their clients accede to the NPT, or at least subscribe to the same system of international safeguards as that which the parties to the NPT are required to take on. So far the suppliers have failed to establish such a rule.

It is unrealistic to hope that any new international measure to establish a non-proliferation regime will succeed where the NPT has failed. The most that can be hoped for is that measures will be taken to slow down the rate of proliferation. Such measures include a moratorium on the construction of reprocessing plants and breeder reactors until the necessity for these reactors is unambiguously demonstrated, and multinational uranium-enrichment plants are under IAEA safeguards.

But the most essential action of all is the demonstration by political leaders of the nuclear-weapon states that they see no political or military value in nuclear weapons. This they could most convincingly do by undertaking nuclear disarmament.

A new nuclear-weapon power should be able to produce a 20-kiloton atomic bomb with a weight of about 1,000 kilograms, even at an early stage in its nuclear-weapon program. Such a warhead could be transported by many delivery systems, some of which are already in the arsenals of many near-nuclear countries, including the American A–4 Skyhawk, the F–104 Starfighter and the F–4 Phantom; the French Mirage V; the British Canberra and Buccaneer, and the Soviet Ilyushin 28.

Surface-to-surface missiles such as America's Honest John, Lance, Pershing and Sergeant; the Soviet's Scud and Frog, and Israel's Jericho are all nuclear-capable. Moreover, the technology of a peaceful space program could produce, as byproducts, guided missiles suitable for short- medium- and long-range ballistic delivery systems for nuclear warheads.

Recent developments in cruise missile technology could have far-reaching consequences for the proliferation of credible nuclear delivery systems—both tactical and strategic. Apart from their relative invulnerability, modern cruise missiles have two important characteristics: they are very accurate and relatively cheap. Many states, underdeveloped as well as developed, may see cruise missiles as highly desirable tactical and strategic delivery systems.

Most countries, including underdeveloped ones with a moderately sized defense industry producing, say, jet aircraft and missiles, could produce effective (even though relatively unsophisticated) tactical cruise missiles should they choose to do so. Many of these countries would, or will soon be able to, produce cruise missiles suitable for use by them as credible strategic delivery systems. Such nonindustrialized countries with well-developed defense industries include Argentina, Brazil, China, India, Israel and Taiwan. If present trends continue, this list will quickly grow.

INTERNATIONAL COMMERCE

The major exporters of nuclear material and equipment are the United States, the Soviet Union, the United Kingdom, Canada, France, the Federal Republic of Germany, Sweden and Japan. In many of these countries, however, the nuclear exporters are private companies.

Canada has exported two nuclear power reactors, one to India and one to Pakistan; and is constructing a power reactor in Argentina, India and South Korea.

The Federal Republic of Germany has constructed a power reactor in Argentina and in the Netherlands; and is constructing one in Austria, two in Brazil, two in Iran, one in Spain and one in Switzerland.

France has constructed a power reactor in Belgium and in Spain; and is constructing another one in Belgium.

The United Kingdom has constructed one power reactor in Italy and one in Japan.

The United States has constructed 26 power reactors abroad: Belgium (3), the Federal Republic of Germany (2), India (2), Italy (2), Japan (6), the Netherlands (1), Spain (2), Sweden (1), Switzerland (3), and the United Kingdom (4). Currently, the United States is constructing 26 more power reactors abroad: Brazil (1), Italy (1), Japan (4), South Korea (2), Mexico (2), Spain (7), Sweden (2), Switzerland (2), Taiwan (4) and Yugoslavia (1).

The Soviet Union has exported five power reactors: Bulgaria (2), and the German Democratic Republic (3). It is now constructing 14 power reactors abroad: Czechoslovakia (4), Finland (2), the German Democratic Republic (6) and Hungary (2).

Sweden, the only other exporter of nuclear power reactors, is constructing two in Finland.

The 92 nuclear power reactors constructed or being constructed abroad by the major nuclear exporters have a total electrical generating capacity of 46,000 megawattts electrical. But international cooperation in nuclear energy extends far beyond the construction of these power reactors. Uranium enrichment plants, reprocessing plants and other key elements of the nuclear fuel cycle are involved.

Bilateral agreements, in fact, cover virtually all conceivable types of nuclear assistance and involve many countries. In some cases, both parties to bilateral nuclear agreements are underdeveloped countries. India has nuclear agreements with Afghanistan, Argentina, Bangladesh, Egypt, Iraq, and the Philippines. Argentina has agreements with five other Latin American states and with Libya.

International governmental nuclear transactions form a complex web of agreements. In addition, some transactions are not formalized in government agreements and some may be secret. And then there are the purely commercial transactions.

The nuclear industry has become a multi-billion dollar concern, with cutthroat competition. The stakes are so high that nuclear issues are often decided on the basis of narrow commercial and national interests instead of the consequences for nuclear-weapon proliferation.

As there are many thousands of nuclear weapons in the world's arsenals, a significant portion of which are on alert, it is hardly surprising that nuclear weapon accidents occur. But few realize just how frequently they do occur. The data on nuclear-weapon-system accidents given in the SIPRI Yearbook 1977 suggests that there have been at least 125 such accidents in the past 30 years—a frequency of one every three months.

Thirty-two accidents are listed, involving American weapon systems, in which nuclear weapons were believed to have been destroyed or seriously damaged. In 59 other American accidents, nuclear weapons may have been in danger of destruction or serious damage. Also listed are 22 Soviet nuclear weapon incidents, eight British, and four French. And the lists, relying as they do on open sources, are certainly incomplete.

Some of these accidents are bizarre. A U.S. Corporal missile with a nuclear warhead is recorded as "rolling off a truck into the Tennessee River." On April 9, 1968 the U.S. strategic nuclear submarine, Robert E. Lee, "became snagged in the nets of a French trawler" in the Irish Sea.

Among the Soviet incidents is one in which "American personnnel recovered a nuclear weapon from a Russian airplane that crashed in the Sea of Japan." And in September of 1974 a Soviet guided-missile destroyer allegedly exploded and sank in the Black Sea. A number of Soviet nuclear-powered submarines have been snagged by Norwegian or Japanese fishing boats. Some have collided with American submarines.

On at least nine occasions U.S. submarines, some of them armed with nuclear weapons, have collided with other, apparently Soviet,

vessels within or close to Soviet territorial waters while on intelligence-gathering missions. There are probably similar incidents involving Soviet nuclear-armed submarines on intelligence missions. Such events vividly recall President Kennedy's warning of the danger of a nuclear world war being started by an accident.

WORLD MILITARY SPENDING

SIPRI estimates show that total world military expenditure in 1976 was about $334 billion, a 3,000 percent increase since 1900 (in constant prices). If the U.S. intelligence estimate of the dollar-cost (U.S.) of 1976 Soviet military activities ($130 billion) is used instead of SIPRI's estimate ($61 billion), then total world military expenditure in 1976 exceeds $400 billion.

The SIPRI figure is calculated from the Soviet national budget converted to U.S. dollars using SIPRI estimates of the ruble/dollar purchasing power parity. The SIPRI calculation takes into account the fact that the cost of some military activities—such as military R&D, military aid and stockpiling, and the military elements of the nuclear energy program—are considered not to be fully covered by the Soviet budget. The U.S. intelligence figure is a calculation of how much it would cost in the United States to develop, procure, maintain and operate a military force like that of the Soviet Union.

According to SIPRI figures, the major alliances—NATO and the Warsaw Treaty Organization—spent about 70 percent of the total world military expenditure. The Third World (excluding China) spent $51 billion, or 15 percent of the total. The Middle East spent about 53 percent of total Third World (excluding China) military expenditure; the Far East (excluding China) and Africa (excluding Egypt) spent 13 percent each; South America spent 11 percent; South Asia spent 8 percent; and Central America, 2 percent. China has given no budgetary data since 1960, but a rough estimate of its military expenditure indicates that in 1976 it spent about 10 percent of total world military expenditure.

The military expenditures of individual Third World countries vary considerably. In 1975, for example, the three top spenders out of 93 Third World countries were Iran, Egypt, and Saudi Arabia, which spent (in current prices) $7.3 billion, $5.4 and $4.4 billion, respectively. These three countries accounted for 36 percent of Third World military expenditure. Israel spent $3.6 billion; and India, $2.6 billion. These five countries together accounted for 49 percent of Third World expenditure.

Each of another seven countries (Nigeria, Iraq, Brazil, Argentina, Libya, South Africa and Indonesia) spent between $1 and $2 billion. These top twelve countries—five of them in the Middle East—together accounted for 70 percent of Third World military expenditure.

An impression of the burden that military spending can become is given by the fact that Israel's 1975 gross domestic product per capita (in current dollars) was about $3,600 out of which about $1,050 was spent on the military; for Egypt the figures are $302 and $140, respectively. In comparison, the U.S. per capita military expenditure (the highest of all developed countries) in 1975 was about $425.

SIPRI's valuations of international deals in major weapons (tanks, ships, missiles and aircraft) are based on the annual arms trade registers it constructs and a list of comparable constant prices for the different types of major weapons supplied. The SIPRI figures do not, therefore, show the actual monetary value of major-weapon transactions.[3] Most of these transactions in any case involve credit arrangements of some kind and others are on a grant basis. The SIPRI figures are designed to provide an index of the amount of resources involved in the arms trade.

Major weapons probably account for about one-half of the total trade in weapons and equipment. The remaining items traded include spare parts, small arms, ammunition and support equipment.

The four biggest arms-producers—the United States, the Soviet Union, the United Kingdom and France—continue to dominate the trade in major weapons. In the 1970's, these four countries supplied about 90 percent of the major weapons sold. The United States supplied 39 percent of the major weapons sold to the Third World; the Soviet Union supplied 33 percent, and the United Kingdom and France each supplied 9 percent.

During the 1970s, the Middle East was the largest regional importer of major weapons in the Third World, accounting for about 52 percent of the major weapons imported, followed by the Far East (including Vietnam) with about 15 percent.

According to SIPRI valuation, the value of major weapon deliveries to the Third World in 1976 was more than 16 percent higher than that in 1975. This increase was due mainly to large deliveries of U.S. weapons to Iran, Israel, Saudi Arabia and South Korea. About 40 percent of U.S. exports of major weapons in 1976 went to Iran, and about 12 percent went to each of the other three. The United States accounted for about 50 percent of total exports of major weapons to the Third World in 1976, the Soviet Union accounted for about 20 percent and the United Kingdom and France for about 8 percent each.

If there were no international trade in arms, participants in arms races—at least qualitative ones—would be limited to a few industrialized countries able to support sufficient military R&D activities to develop new weapons. But as it is, arms races are almost worldwide. In 1976, a total of 95 countries imported major weapons—tanks, ships, missiles or aircraft. About 105 countries, 75 of them in the Third World, imported military equipment of some type.

An increasing number of Third World countries produce weapons, or their components, under licensing arrangements with industrialized countries. Participation in co-production projects with foreign companies, although relatively rare at present, is also increasing. Argentina, Brazil, Colombia, Egypt, India, Indonesia, North Korea, South Korea, Pakistan, Peru, the Philippines, Singapore, Taiwan and Venezuela all produce major weapons, or parts of them, under licenses issued by China, Czechoslovakia, France, the Federal Republic of Germany, Israel, Italy, Spain, Switzerland, the United Kingdom, the United States and the Soviet Union.

Publicity about satellites, and about space activities in general, normally focuses on their peaceful applications. Consequently, there is little public debate about the military use of space, in spite of the fact that about 60 percent of U.S. and Soviet satellites are military ones. Since the space age began, 1,386 military satellites are known to have been launched: 551 by the United States, 817 by the Soviet Union, 5 by the United Kingdom, 8 by France, 2 by China, and 3 by NATO.

Satellites for military communications, over both short and long distances, satellites for weather prediction, and satellites for accurate navigation are among the types used by the military. But perhaps the most important types are satellites used for photographic and electronic reconnaissance, to identify all sorts of military targets; satellites to position military targets accurately; satellites used to give early warning of the launching of enemy missiles; and satellites capable of intercepting and destroying orbiting enemy satellites.

Up to the end of 1976 the United States had spent about $30 billion on its military space activities, about one-third of the total sum spent on space. The cost of the Soviet military space program is kept secret, but the magnitude of the effort is similar to that of the United States.

China, France, the United Kingdom and NATO also operate military satellites. The exact purpose of the Chinese satellites is not known, but photographic reconnaissance is probably included. In fact, two of them (those launched on Nov. 26, 1975 and Dec. 7, 1976) ejected recoverable capsules. French, British and NATO military satellites have so far been only for communication, meteorologic and geodetic purposes.

In 1976 the United States launched 4 photographic reconnaissance satellites whereas the Soviet Union launched 34. Many of these satellites had on board high-resolution cameras for "close-look" missions. The U.S. Big Bird satellite, launched on July 8, 1976, orbited for 158 days, a much longer lifetime than that of any Soviet photographic reconnaissance satellite. It is because of the relatively long lifetimes of its newer satellites that the United States can perform its space reconnaissance missions with such a smal number of satellites.

Other military satellites launched in 1976 by the United States included 1 for electronic reconnaissance, 1 for navigation, 11 for communications, 1 for geodetic purposes, 4 for ocean surveillance, 3 for weather forecasting and 1 early warning satellite. In 1976, the Soviet Union launched 9 electronic reconnaissance satellites, 8 navigation satellites, 29 communication satellites, 1 geodetic satellite, 2 ocean surveillance satellites, 5 weather satellites, 1 early warning satellite, and 7 intercepter-destructor satellites. The only other military satellite launched in 1976 was a NATO communications satellite.

Considerable efforts are currently being made to increase the survivability in war of military satellites. Research into, for example, protection of orbiting satellites against nuclear attack from a hostile satellite is actively underway. Also under investigation are detection systems for early warning of satellite attacks, based on the surveillance of space by ground- and space-based sensors.

In the long-term, the most revolutionary military technological development may turn out to be the use of navigational and geodetic satellites to guide missiles on to their target. There is no reason why CEPs of a few meters over intercontinental ranges should not be obtained by these means. Moreover, the space-based navigation system of one country may be used by others for military purposes. This, coupled with the almost inevitable proliferation of, for example, cruise missile technology, is an extremely worrisome prospect.

The other side of the coin is the useful role of satellites in verifying, by "national technical means," some arms control agreements.

[3] The U.S. Arms Control and Disarmament Agency attempts to estimate the cash flow involved in the global arms trade. From ACDA's figures, it can be concluded that the annual value of the arms trade in military equipment exceeds $10 billion. New orders run at about $20 billion annually.

ARMS CONTROL

There was virtually no progress in 1976 in efforts to slow down the Soviet-American arms race and to limit armaments. The difficulties of achieving a SALT II treaty remained unresolved. The 1974 Threshold Test Ban Treaty, and the 1976 treaty governing peaceful nuclear explosions remained unratified. Since a threshold ban may indefinitely delay a comprehensive ban on nuclear tests it may be better for disarmament if these treaties are never ratified.

The Vienna talks on the mutual reduction of forces in Central Europe were almost at a standstill. The two sides merely agreed that reductions should be carried out by stages: that U.S. and Soviet troop strengths would be dealt with apart from those of the other nine states; and that tanks, nuclear warheads, aircraft and other nuclear weapon delivery vehicles could be among the weapons to be reduced. But there was still disagreement about the extent of the reductions and how they should be implemented.

At the end of 1976, the U.N. General Assembly decided that a convention on environmental warfare should be opened for signature. The convention prohibits military or any other hostile use of environmental modification techniques having "widespread, long-lasting or severe" effects as the means of destruction, damage or injury to another state party.

The convention may be taken to legitimize modification techniques such as rain-making, the effects of which are other than "widespread, long-lasting or severe." Perhaps more seriously, the convention does not deal with such environmental damaging military operations as the use of herbicides and strategic bombing.

All in all, the convention is valueless even as an arms-control measure and is certainly not a step toward disarmament. During 1976, negotiations about urgently needed measures, particularly a comprehensive nuclear test ban and a prohibition of chemical weapons, remained in the doldrums.

During 1976, 40 nuclear explosions were announced or are presumed to have been conducted: 15 by the United States, 16 by the Soviet Union, 4 by France, 1 by the United Kingdom, and 4 by China. One of the Soviet explosions was probably for peaceful purposes. The rest were almost certainly nuclear weapon tests. These nuclear explosions bring the total number between 1945 and the end of 1976 up to 1,081: 614 by the United States, 354 by the Soviet Union, 64 by France, 27 by the United Kingdom, 21 by China, and 1 by India. The numbers themselves dramatically demonstrate the need for a comprehensive nuclear test ban.

CHEMICAL WARFARE AGENTS

The tragic accident that occurred in Seveso, Italy, on July 10, 1976 demonstrated again the potential of dioxin (2,3,7,8-tetrachlorodibenzo-p-dioxin) as a chemical-warfare agent. Dioxin is one of the most poisonous substances synthesized. It is easy to produce; it maintains its integrity very well, and can be easily disseminated. These characteristics make dioxin a highly suitable agent for a number of hostile military purposes.

The dissemination of dioxin, as a contaminant of "agent orange," during the Vietnam war was the first significant contamination of man's environment with dioxin. Estimates indicate that a total of more than 110 kilograms of dioxin was spread, mainly during a four-year period, over about a million hectares of South Vietnam's inhabited forest and farmlands. In the Seveso incident, about 2.5 kilograms is estimated to have spread in a matter of hours over about 230 hectares of inhabited farmland.

From the available evidence it is quite clear that dioxin is rapidly incorporated into an ecosystem and taken up by the living things within it. Once present it is almost impossible to remove. A conceivable military use for dioxin would be as an area-denial weapon. The consequences of such use would be to make the contaminated area uninhabitable for a very long period of time. Wildlife would be virtually eliminated and a major ecological imbalance produced. Seveso is our most recent reminder of the urgent need for a comprehensive prohibition of the development, production and stockpiling of chemical weapons.

In modern war, munitions, particularly missiles and major weapons, are likely to be used at a very high rate. During the 18-day October 1973 Arab-Israeli War, for example, about 600 aircraft, 3,000 tanks and 16 ships were lost at an average rate of one aircraft about every 40 minutes, one tank every 9 minutes and one ship every 27 hours. The immediate financial cost of the war has been estimated at about $20 million per hour. Because of the international arms trade the military forces of even small powers come to rely on the most up-to-date armament.

The main recipients of arms can become bound to their suppliers, almost as strongly as if they were allies. In particular, the knowledge that victory in war may well depend upon the receipt of lavish supplies of munitions throughout the fighting can result in the great-power supplier becoming the virtual guarantor of the survival of the client state. The rate of loss of weapons and the consumption of munitions was so high during the October 1973 war that both sides requested additional supplies from their great-power suppliers within a very few days of the outbreak of the fighting.

In a future conflict, a war in an unstable region involving such client states may escalate to a general nuclear war between the two great powers. The conflict may start as a conventional war but escalate to a local nuclear war fought with the nuclear weapons of the regional powers. This nuclear war could then escalate further to the involvement of the great powers, intent on preventing the annihilation of their clients. This chain of events is most likely if it starts at a time when one of the great powers perceives the chance of making a first-strike. In fact, the pressures for escalation may, under such circumstances, be so strong that only a very strongwilled political leader could resist them.

Some argue that the bonds formed between states as a result of bilateral and multilateral cooperation in economic, social and political affairs are sufficiently strong, or may soon become so, to overcome tendencies toward such a confrontation. But given the speed at which military technology is advancing and spreading throughout the world, and the frailty and uneven progress of international détente, it is reasonable to doubt this argument. Those that do, and those who are not prepared to rely on the hope that sufficiently responsible political leaders will be in power in the right countries at the crucial times to avoid a nuclear world war, have an obvious option—to work for nuclear disarmament.

To say that nuclear disarmament is impossible in today's world is not only incorrect but may be tantamount to saying that nuclear war is inevitable.

ALTERNATIVES IN LONG-TERM CARE FOR THE ELDERLY

Mr. CHURCH. Mr. President, as chairman of the Committee on Aging, I was very pleased when Senator CHILES, a member of the committee, recently agreed to chair 3 days of hearings on "Health Care for Older Americans: The Alternatives Issue." The committee received important information during these hearings and I urge my colleagues to take note of the excellent summary provided by Senator CHILES in the CONGRESSIONAL RECORD of June 30.

Senator CHILES has long been a forceful advocate for improving the quality of health care available to all older Americans, both through his work on the Committee on Aging and through his earlier work as a member of the Committee on Government Operations, where he conducted an investigation of the proliferation of medicare-only home health care agencies in Florida.

Over the years, the Committee on Aging has watched with interest the development of noninstitutional alternatives on long-term care for the elderly. We have already issued two reports on home health care services in the United States [1] which illustrated the actual decline, rather than increase, of certified home health services. At the same time we were experiencing increases in our rates—and costs—of acute care hospitalization and nursing home placement.

In partial response to that situation, I was successful in obtaining legislation and funding for a home health demonstration project to provide startup funds for new home health agencies and allow expansion of services for some single service home health agencies already in existence. I am glad to say that during the past fiscal year 46 communities received assistance under this provision, and more are expected to be funded this year. But in view of the need, this is only a beginning.

We have also seen some progress, and some retrenchment, in other areas.

We know, from the growing demand by older persons themselves, that we must provide assistance in the home and help them stay out of hospitals and nursing homes.

We have been saying, with growing conviction, that the right kind of community-based alternatives in long-term care for the elderly can be good for the Nation by reducing our present overwhelming commitment of funds for institutional care and providing lower cost, more appropriate in-home care.

This new administration is turning to many issues which are fundamentally involved in the difficult long-term care questions we are trying to address.

In testimony before the Senate Finance and the House Ways and Means Committees on the administration's hospital cost containment bill, Secretary Califano expressed many goals which have been cited over and over again by those who have been building appropriate alternatives in long-term care for the elderly. He pointed to the 15 percent of our Nation's acute-care hospital population who do not need to be there and could be, in Secretary Califano's words, better cared

[1] Home Health Services in the United States, a report, April 1972, U.S. Senate Special Committee on Aging, prepared by Brahna Trager, home health consultant; and Home Health Services in the United States: A Working Paper on Current Status, July 1973, U.S. Senate Special Committee on Aging, prepared by Brahna Trager.

for at home, in skilled nursing facilities, or on an outpatient basis. He charged that these patients were generating excess charges of $7 million per day just for operating costs, or $2.6 billion a year. Secretary Califano also said that we must provide alternatives to costly institutional care—whether in hospitals or in nursing homes—as the first element of a successful long-term cost containment strategy.

We know the Secretary is right, that many forms of alternative care can provide more suitable supportive services at much less cost.

During the hearings, for instance, we heard of an innovative supported housing program right here in the Washington, D.C. area which combined support services with a congregate housing arrangement with operating costs of $395 per month per person. According to the witness, this is about one-third the cost of nursing home placement, where many of the residents would have to be if this unique housing were not available.

These hearings represent an important step forward in obtaining the full range of information we need to move forward in developing an active national strategy in providing alternatives in long-term care. Senator CHILES took testimony from a broad range of witnesses, including very encouraging testimony from Mr. Robert Derzon, the newly appointed Director of the Health Care Financing Administration within the Department of Health, Education, and Welfare.

Additional important testimony has been obtained from national aging organizations and national health care organizations.

I believe we must move ahead quickly. Marie Callender, director of the Connecticut Health Plan in Bridgeport, Conn., and previously Special Assistant for Nursing Home Affairs in the Department of Health, Education, and Welfare, told Senator CHILES that we have not made much progress:

> When asked if I believe that this Nation had progressed toward providing alternatives since the White House Conference on Aging in 1971, I would be compelled to respond negatively. The reality is that we are faced with potentially decreasing those chances, rather than expanding the opportunity.

A major factor which has been holding back a more direct commitment to this task has been the old question of cost-effectiveness. How can we show what forms of alternative care are most cost-effective in relationship to skilled and intermediate nursing home care? In relation to acute-hospital care?

It would appear that we do not have smooth cost-effectiveness formulas across the board, and there was considerable testimony at the hearings which indicated that we will not have all the answers on relative costs until we provide the alternatives to test. We must first make suitable choices available.

But there are a number of elements of a national long-term care strategy which do now seem clear:

We have to examine ways to redirect our medical and health dollar. Medicare and medicaid still support costly institutionalization at the expense of other, frequently more appropriate, community long-term care options. Less than 1 percent of our national medical reimbursement dollar goes for allowable home health services. I introduced legislation last year to deal with that problem and I will consider reintroduction again this year as soon as I have had a change to fully analyze the recommendations made at these hearings.

We must find ways to integrate and build upon existing social and health and medical systems and devise ways to integrate them effectively within the community. A number of very interesting projects have been experimenting with ways to achieve the needed coordination within the community, and many of them have been highly successful. But it is clear that we cannot go much further without providing the necessary Federal incentives and flexibility to make this possible. A priority need in this area is the development of uniform standards of care and service for all in-home services, whether they are funded through medicare or social service funds or housing assistance subsidies.

A number of specific recommendations were made to the committee during these hearings, and we will soon make a report to the Senate on available options.

U.S. NAVY NEEDS HYDROFOILS

Mr. HART. Mr. President, I call to the attention of my colleagues a most informative article from Seapower magazine, the publication of the Navy League. The article is entitled "PHM Flies Into Heavy Opposition," and it discusses the recent attempts to curtail our procurement of the patrol hydrofoil missile—PHM—ship.

The PHM is currently the Navy's only operational hydrofoil warship. Although it is a small ship—only 231 tons—it is fast, has excellent seakeeping ability, and possesses a capability of knocking out the largest Soviet surface warship. Only the PHM, of all the ships and aircraft in the Navy, will have the ability to keep station on Soviet warships at night and in bad weather: Our frigates and destroyers are generally slower than their Soviet counterparts, and aircraft cannot maintain effective surveillance at night or in bad weather. Only the PHM will have the capability to destroy Soviet ships in a preemptive scenario before those Soviet warships have been able to launch all of their own antiship missiles.

As the article from Seapower notes, although PHM costs have risen substantially, it remains a highly cost effective system. This will be even more true if the Navy adapts the PHM for antisubmarine warfare, as well as surface warfare.

Currently, the Appropriations Committees of the Congress in conference are considering a recission proposal on the PHM, put forward by the administration. I hope that the distinguished members of this conference committee will be aided in their examination of this program by this excellent article from Seapower, and by the report of the Senate Armed Services Committee on the fiscal year 1978 authorization bill, which noted:

> The PHM program is representative of the new technology approaches to naval missions which the committee believes should be pursued. The committee believes that the PHM could provide a needed capability to the U.S. Fleet in a scenario involving a pre-emptive Soviet naval attack because of its ability to present an effective and immediate threat to Soviet surface units. Also, it is believed that the Navy should explore possible anti-submarine warfare applications of the PHM, utilizing a different weapons/sensors suite. The committee, therefore, directs that funds already authorized and appropriated, along with those funds added to the program for cost growth and escalation, be used only for completion of these five ships.

Mr. President, I ask unanimous consent that the article, "PHM Flies Into Heavy Opposition" by James D. Hessman be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PHM FLIES INTO HEAVY OPPOSITION

(By James D. Hessman, Editor-in-Chief)

"A totally unexpected sight on one of Leningrad's canals this autumn was a large, new gas turbine-powered hydrofoil in the final stages of construction . . . [which is] obviously the forerunner of a new class of extremely formidable patrol boats destined for service with the Soviet Navy.

"Approximately 155 feet long, its displacement is estimated as being in excess of 300 tons, making it the world's biggest operational hydrofoil warship to date. Its armament includes the latest ship-to-ship missiles and a ship-to-air missile system of a new concept . . . The vessel, which is expected to have a maximum speed of about 55 knots, is the outcome of intensive development over the past 30 years."

So reported Roy McLeavy, editor of Jane's Surface Skimmers, in the recently released 1976–77 issue of that authoritative publication. The first public appearance of the new Soviet hydrofoil, he added—in an assessment gloomily shared by NATO defense officials, who have given the ship the NATO code name "Serancha" (locust)—demonstrates the "growing confidence" of Soviet Navy leaders (and their civilian superiors) in Russia's hydrofoil technology "and is a significant milestone in the evolution of Soviet sea power."

A GIANT STEP BACKWARD

While the USSR was thus taking another lengthy stride forward in its flank-speed drive to equal or surpass the United States in all aspects of naval/maritime strength, the United States itself was not sitting idly by. It was, in fact, also on the move—taking a giant step backward with the recently announced decision by Defense Secretary Harold Brown to cancel spending previously approved by Congress of some $126 million for continuation of the promising, but costly, PHM (patrol hydrofoil missile) program, which now consists of but one operational ship, the Pegasus (PHM–1). There will still be over $200 million remaining for "cost growth" and hydrofoil research, which program officials say will continue despite the cutback of ship construction money.)

Brown's decision, apparently based for the most part on strictly economic reasons, must under current law be submitted for approval to Congress—which has 45 days, following submission of a "request for rescission," either to reaffirm its original funding decision or, by failing to act, to accept the requested cutback.

PHM characteristics		
Length	131.2 ft.	40 m.
Beam	28.2 ft.	86 m.
Draft:		
Hullborne (foils retracted).	6.2 ft.	1.9 m.
Hullborne (foils extended).	23.2 ft.	7.1 m.
Foilborne (nominal)	8.8 ft.	2.7 m.
Displacement	231 long tons	235 metric tons.
Speed:		
Hullborne	12 knots	
Foilborne	In excess of 40 knots.	
opulsion:		
PrHullborne	2 diesels with 2 waterjets.	
Foilborne	1 gas turbine with waterjet.	
Crew	21	

Jetfoil characteristics		
Length	90 ft.	27.4 m.
Beam	31 ft.	9.5 m.
Draft:		
Hullborne (foils retracted).	4.8 ft.	1.5 m.
Hullborne (foils extended).	16.3 ft.	5 m.
Foilborne (nominal)	7.2 ft.	2.2 m.
Displacement	106 long tons	107.7 metric tons.
Speed—Foilborne:		
12-ft. waves	45 knots	
Calm water	48 knots	
Playload options	190 passengers (with baggage), 250 commuter passengers, 25 tons cargo.	
Propulsion	2 gas turbines with 2 waterjets.	

PHM proponents, who only last year waged, and won, a year-long battle with Congress itself to keep the program alive, say the latest fiscal reversal (not yet final) could set back the U.S. military hydrofoil program several years, if not kill it entirely—and at the very time when, they assert, the Pegasus performance has proven the program's viability as well as the versatility of missions which could be assigned later-generation hydrofoils.

TOO MUCH OPTIMISM, TOO LITTLE REALISM

But those in the Pentagon's upper echelon disenchanted with the program are correct on at least one major point: It has, to date, cost much more than anticipated for the benefits so far realized. Both the Navy and the contractor (Boeing) were decidedly overoptimistic in their original cost estimates, and less than realistic about some of the technological challenges which had to be overcome. The result is a ship which, whatever its admitted capabilities, will now cost more than twice the $23 million per copy anticipated less than three years ago.

It is fair to point out, however, that Defense Department and OMB (Office of Management and Budget) officials, and both houses of Congress, carefully reviewed, and concurred in, those original cost estimates—which did not, and could not, factor into the final funding total either the rampant inflation of the early- and mid-1970s or the additional costs tacked on by the equally unforeseeable material shortages of the past several years. The earlier cost projections, moreover, were predicated on a total buy of as many as 25 PHMs, a fleet large enough to reduce significantly the per-ship research, development, and startup costs. With only six ships, including Pegasus, now funded, unit costs have of course soared astronomically.

There are, however, several ways of measuring costs. One way is cost per ton, and by that measurement the technologically sophisticated PHM would be probably the most expensive ship in the U.S. Navy—at least in terms of original procurement costs. It might, however, in long-term costs prove to be considerably less expensive than most other ships in the current fleet inventory. To illustrate: the cost of another Nimitz-class nuclear-powered supercarrier would be about $2 billion in fiscal year 1977 dollars. For the same money the Navy could buy about 40 PHMs. But the Nimitz, with air wing embarked, has a complement of approximately 6,100 officers and men. The highly automated PHM has only a 21-man crew; 40 PHMs would have a collective total of 840 officers and men assigned, less than one-seventh of the Nimitz complement. With personnel costs now consuming about half of the Navy's annual budget it is obvious the PHM's outyear savings on personnel costs would be significant.

COST PER MISSION

There is, moreover, another and perhaps more realistic way of measuring costs: by cost per mission—the same measurement by which a seemingly high-cost "smart" bomb or missile which hits the target almost every time is considered a better bargain in the long run than relatively less expensive ordnance which must be expended in large volume to achieve the same hit probability.

In cost per mission, happily, the PHM would, it seems, be an extremely cost-effective addition to the Navy's inventory. A 1975 study conducted by the Center for Naval Analyses compared the PHM with a 3,000-ton frigate and a 2,000-ton cutter and found the hydrofoil to be two to three times as cost-effective in assignments: (1) to neutralize a large combatant; (2) to search a "fixed area"; and (3) to "pursue and overtake." The CNA study was corroborated by a similar Coast Guard study examining possible use of the PHM for protection of offshore oil and gas resources and/or enforcement of the new 200-mile fisheries conservation zone. "On a cost-effectiveness basis," the Coast Guard concluded, "hydrofoils are far superior to conventional cutters for performing the fisheries law enforcement mission; i.e., hydrofoils can perform the same amount of work for much less cost." (The Coast Guard's first hydrofoil, the Grumman-built Flagstaff, went into commission on 2 March specifically to help in the USCG's fisheries zone enforcement mission.)

The real key to the PHMs, however, and to the entire future of hydrofoils in the Navy, is not that they can perform "the same amount of work" as other ships at a lower cost, but that they can perform a wide variety of missions which no conventionally-hulled ship could perform under any circumstances.

What hydrofoils do best is go fast, a necessity for any ship intended to go in Harm's way. Along with the equally revolutionary surface effect ships (SES), in fact, hydrofoils may well be the only ships in tomorrow's U.S. Navy with sprint speed sufficient to outrun Soviet nuclear submarines, a point which program officials say makes a modified PHM a likely candidate for a strong ASW role.

UNIQUE SEAKEEPING ABILITIES

But such undiluted speed is not sufficient unto itself. What enhances that speed and makes the PHM uniquely valuable is its seakeeping ability in heavy seas. Unlike other relatively fast ships, which must reduce their speeds appreciably in high seas, the PHM is slowed down only fractionally by rough water. Through a combination of fully submerged foils and the ship's automatic control system (ACS), studies have shown, the PHM can continue to "fly" (the term applied when the ship is foilborne) smoothly at 40 knots through waves in which a 400-ton fast patrol boat would have to slow to 10 knots and a 3,000-ton cutter to 16 knots.

The military significance of the PHM's speed-plus-stability was spelled out by Sigmund Bakken and Richard G. Merritt in the March 1977 issue of Navy International: "The PHM was specifically designed for operating in rough seas. Her strut-length was chosen to allow foilborne operation in five-meter waves. As a result, PHM could operate foilborne at speeds of over 40 knots more than 99 percent of the time in the North Sea in the summer and over 96 percent of the time in the winter. By comparison, computer simulations of a 400-ton fast patrol boat . . . have shown that is could operate at high speeds for only 75 percent of the time in summer, and less than 50 percent in winter. Thus, the PHM can be considered the first truly all-weather advanced ship."

The same speed-plus-stability combination, Bakken and Merritt point out, gives the PHM other tactical advantages: "Hydrofoils are more maneuverable than conventional ships. Their turning rates are three to four times as fast in both calm and rough seas. This makes the hydrofoil a more difficult target for enemy missiles, guns, or torpedoes. The exceptional stability of the hydrofoil makes it a superior platform on which to mount surveillance equipment and weapons while maintaining the comfort and proficiency of its crew." (The importance of crew proficiency should be obvious—a ship's performance can sometimes be worse than, but it can never be better than, the performance of the ship's crew. Here again the PHM demonstrates its superiority over conventional ships. Boeing studies indicate that "for a normal watch of four hours" the crew members of a PHM "can remain proficient 99 percent of the days aboard the foilborne hydrofoil at speeds over 40 knots, compared to 80 percent of the days aboard the conventional fast torpedo boat operating at only 10 knots.")

POTENT PUNCH

Carrying eight Harpoon surface strike cruise missiles and 330 rounds of ammunition for its automatically-controlled rapid-fire 76mm OTO Melara cannon, the PHM packs an extremely potent punch. As a ship-killer, it could sink, destroy, or at least put out of commission any Soviet surface combatant from the Osa patrol boat to the Kiev V/STOL (vertical/short takeoff and landing) aircraft carrier. As a fleet air defense ship it could defend against any missiles or aircraft targeted against U.S. and allied ships in convoy. And as a gunboat it could carry out bombardment of enemy land targets.

Its most important early mission, however, in the view of U.S. planners, probably would be to seal off the various chokepoints and narrow waterways—the Dardanelles, Strait of Gibraltar, and Baltic approaches—which Soviet surface ships would have to traverse to reach the open seas.

America's NATO allies, who seem to be gravitating toward a "zone defense" concept for the Alliance's naval forces (with each country responsible for protection of its home waters and the U.S. Navy acting as roving linebacker), envision yet other roles for either the PHM or a military version of the Jetfoil (also built by Boeing). Norway and the United Kingdom, for example, are both reported to be interested in exploring use of the PHM/Jetfoil for protection of their North Sea oil rigs and pipelines against military or terrorist attack.

Norway, the only NATO nation besides Turkey which has a common border with Russia, is also said to want some Jetfoils as insurance against a Russian land attack, accompanied by air strikes, across the top of the Kola Peninsula. NATO officials (who would not speak for attribution) point out that in such a battle scenario the airfields on either side of the border would be quickly destroyed. For Norway, sea transport would be the only reinforcement alternative. (Helicopters would be faster, but would also be much more vulnerable to enemy attack, and couldn't carry as many troops per run as the Jetfoil, which could carry 250 troops and their equipment 250 nautical miles in less

than six hours.) A relatively inexpensive ($7.5 million per ship) fleet of 40 Jetfoils would be able to transfer an entire division—less the heaviest rolling stock, which would have to be pre-positioned—to the battle area in less than one day's time.

A LONELY, ONLY CHILD

Other possible uses envisioned for the PHM or Jetfoil: high-speed minelayer (which Denmark, particularly, is looking for); cargo carrier—the Jetfoil can carry 30 tons of cargo 250 nautical miles without refueling; medical evacuation ship (213 litter patients, plus attendants); counterinsurgency vehicle for clandestine delivery of SEAL teams and commandos; and anti-ship coastal defense vessel, hiding in shoreline caves or coves but prepared to dart out at high speed to repulse would-be invasion forces.

Still other missions are probable for future-generation PHMs, which theoretically could reach speeds of up to 80 knots. One Boeing study anticipates the possibility of a 1,363-ton DEH (destroyer hydrofoil) with a foilborne speed of 50 knots and a range of 3,600 nautical miles, while carrying an armament and military payload of 45 tons.

But that is in the future. What is here and now, on the American side, is the Pegasus, and only the Pegasus—which, unless the proposed PHM cutback is reversed, may go through life as an only child.

The same type of lonely existence does not appear likely for the new Soviet military hydrofoil, which joins 42 earlier hydrofoils (of lesser capability) already in the Soviet inventory: 25 of the 50-knot, 70-ton Pchela class, and 17 of the later 40-knot, 230-ton Turya class.

The fact that the Soviet Union, which already owns the world's largest hydrofoil fleet, now appears to be building its own PHM force may prompt U.S. and NATO decisionmakers to take another, more appreciative, look at the Pegasus family. While doing so they may want to ponder one other thing which Editor McLeavy of Surface Skimmers said about the USSR's latest ship: "It illustrates how imaginative thinking, planning on a bold scale, and the allocation of adequate resources have put the Soviet Navy ahead of its rivals once again."

UNITED NATIONS RATIFICATION ANNIVERSARY REMINDS US OF UNRATIFIED GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, 32 years ago this week the U.S. Senate ratified the Charter of the United Nations. In doing so, the United States pledged itself "to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom."

Mr. President, I ask the Senate today whether we have kept our word on that pledge of ours. Have we done what should be expected of the leader of the world whose commitment to world peace led to the creation of the U.N. in San Francisco over 30 years ago?

The answer to that question, as far as human rights are concerned, is a resounding "No." The U.S. Senate has failed in this area because some Senators listen to certain legal hairsplitters rather than their own consciences.

Reports indicate that Kurds are being transported en masse away from their homelands in Iraq. Other reports indicate that the ruling minority in Burundi are continuing to oppress the majority group in that country. Genocide is taking place today, in 1977, and yet the Senate still refuses to ratify the Genocide Convention and help bring these atrocities to a halt.

Mr. President, the time for ratification is now. The responsibility for ratification, should we fail to act, will haunt us in the future as it will haunt those innocent human beings we will have failed to protect.

PRESIDENT CARTER RESPONDS TO OSHA QUESTIONS

Mr. CHURCH. Mr. President, during President Carter's July 21 town meeting in Yazoo City, Miss., he responded to a question concerning the Occupational Safety and Health Act and its administration. I ask unanimous consent that it be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHURCH. Mr. President, the President said that OSHA is good legislation gone wrong in its administration. As past Presidents have been unable to do, President Carter cited his own personal experiences as a small businessman to testify on the OSHA abuses that have occurred and on the genuine needs it can meet. He detailed how the law will now be administered and that, as the President indicated, is good news for America's small businessmen. I commend President Carter on his views; it is refreshing to have an administration which will administer the law as the Congress intended.

EXHIBIT 1

QUESTION. Mr. President, my name is Sam Ray. The Occupational Safety and Health Administration has recently announced that they are screening their regulations to take out unrealistic ones.

Since 1970, small businessmen have been complaining to their Congressmen and others in Washington about OSHA's tactics. What will be done in your Administration to safeguard against further abuses of power by Federal regulatory agencies?

The PRESIDENT. I am a small businessman, too, as you know. And in several of the magazine and newspaper articles recently there has been an analysis of the OSHA Program by my brother, Billy, concerning his filling station and concerning Carter's peanut shelling plant. So I know at first hand the problems with the program.

I think I want to make clear that the Occupational Safety and Health Act is a good piece of legislation. It is important that in the working places we protect the health and safety of empolyees, but the OSHA Program is going to extremes.

The Director of OSHA this past week announced that 50 percent of all the report forms that had been used in this country are being eliminated altogether before the end of September and that the other 50 percent of the reporting forms are being substantially simplified.

I believe, also, that we have had too much of an emphasis on detailed regulations on safety. For instance, if you had to go home and write for me every possible description of a safe chair or a safe stool or a safe ladder, it would take you a year to do it. And it would take a 200-page volume to describe every possible danger that could be related to a ladder or a chair.

I think the Federal Government ought to get out of those kinds of detailed safety precautions when the worker can observe with his or her own eyes that a danger exists and then have the safety regulations covered perhaps by increases in the payment of Workmen's Compensation if an employer does have a dangerous place for the employees to work.

It is a little different in the case of health because, for instance, in my peanut shelling plant for years we treated peanut seed with what is called sericin, which is a mercury compound. I had no idea that it was poisonous and neither did my other employees that worked with me in the shelling plant. But had we had OSHA back then in the fifties and early sixties they could have told us a mercury compound was dangerous to our health because an employee cannot tell what is dangerous.

For a long time nobody knew that breathing cotton lint would give you permanent lung disease or asbestos fibers would cause death. Nobody knew anything about radioactivity. So I think in the field of health care that the regulations are necessary.

In the safety area, I do not think many of them are necessary. But we are doing what we can now to simplify the whole system, to shift the program as I have described to you.

I hope the Congress will help us with it and just a change in those regulation forms that I described to you will make a million and a half small businessmen happy before the end of September.

BRITAIN ADOPTS SMALL VSTOL AIRCRAFT CARRIERS

Mr. HART. Mr. President, recently an article was published in the Economist on the Royal Navy's adoption of small aircraft carriers designed for VSTOL aircraft.

Numerous U.S. naval experts have long believed that the United States should stop building large aircraft carriers designed for catapult-launched aircraft and do what Britain has done. The reason is that the Soviet Navy's anticarrier capability is dependent on facing only a small number of U.S. carriers, and only VSTOL carriers are affordable in sufficient numbers to take advantage of this Soviet weakness. At one time the U.S. Navy appeared willing to move in this direction: the Navy 5-year shipbuilding program presented in 1975 had seven VSTOL Support Ships in it, and the 1976 program had one. Unfortunately, there were none in the program presented this year. As the Economist states:

> The American navy has been considering ships like *Invincible* for years, but their American supporters have managed only partly to curb the appetites of the big-carrier admirals.

By the early 1980's, we will have a highly capable VSTOL aircraft suitable for ships of this type, the Advanced Harrier or AV–8B. This aircraft will be able to deliver 4,000 pounds of ordnance at a range of 600 miles flying an operational profile. This aircraft would be fully cap-

able against the Soviet Navy, which does not have high-performance naval tactical aircraft.

Mr. President, this article from the Economist explains why the Royal Navy has gone to small carriers for VSTOL aircraft. I commend it to the attention of my colleagues, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD. as follows:

THE ROYAL NAVY STAYS IN THE AIR

After a long period of decline in its naval air strength, and vacillation about how (or whether) it should use aircraft at sea, Britain has come down in favour of small aircraft carriers loaded with helicopters and short-take-off-vertical-landing (Stovl) aeroplanes. On Tuesday the Queen launched *Invincible*, the first of this new class of carriers.

The new ship will displace about 20,000 tons, and although it does not have the sharply angled flight deck of other modern warships of its kind it is otherwise unmistakably an aircraft carrier. The navy does not want to confirm the suspicion that the *Invincible* is a giant dodge to get round a government decision years ago to do away with all aircraft carriers. In fact it amounts to just that.

The new aircraft carrier will normally carry five Harrier Stovl aeroplanes plus nine Sea King helicopters with sonars which they can lower into the water to detect submarines. It will defend itself with Sea Dart anti-aircraft missiles, and carry an array of communications and control equipment (including advanced devices for talking to friendly submerged submarines without giving their presence away) which its admiral will use in directing his force.

The *Invincible* class—a sister ship is authorised and a third is planned—will be the Royal Navy's backbone in the 1980s. The *Invincible* itself will probably enter service in 1979. But its real significance is what it signals for new air-at-sea techniques throughout the world.

Most of the important developments in aircraft carriers since the second world war—mirror landing systems, angled decks, steam catapults—have come from Britain. *Invincible* promises one more: a "ski-jump" ramp on the bow, a sort of artificial cliff from which the Harriers will leap after a short run along the deck. Much simpler than complex catapult machinery, the ramp is expected to add about 1,000 lb to what a Harrier can weigh when it takes off. This extra poundage may consist of more fuel for longer range, or more weaponry, or some of each.

The American navy has been considering ships like *Invincible* for years, but their American supporters have managed only partly to curb the appetities of the big-carrier admirals. The result is that the United States finds itself with a fleet of giant aircraft carriers which carry big supersonic jets, only to see them being priced out of the market. After a lot of debate the Americans have now decided—compromised would be a better word—on medium-sized carriers of about 40,000 tons, which can still carry the big jets. This is a compromise that has neither the old American advantage of size nor the new British advantage of relatively inexpensive effectiveness.

The *Invincible* with its Harriers will be the nucleus of a task force which can sweep a fairly large area of ocean clean of enemy submarines and surface craft. In addition, the new ship has room to pack in several hundred marines who can be landed to fight ashore. The Harriers, operating from ships of this size, can attack targets on shore as well as ships and enemy aircraft. Britain is all the way back in the traditional carrier business.

The present Harriers have a very short range, and lack the speed and acceleration to fight on equal terms with modern fighters. But future Stovl aircraft can be made to do this. Such aircraft will cost more money than non-Stovl ones of equal quality, but the carriers from which they operate will cost enormously less than the huge American-style ones.

The trouble is that Britain has all but given up the Stovl research technology in which it once led the world. The Americans are making an advanced Harrier under license and are pouring research money into new vertical takeoff and landing technology. But today the Harrier-*Invincible* combination points the way to the sea power of the future.

MOBIL'S SUBTLE SOFT SELL

Mr. ABOUREZK. Mr. President, many people in this country are disturbed about an aspect of the energy crisis which receives only indirect publicity. That is the explosion of advertising by oil companies. The pack is led by Mobil, which puts out pious rhetoric about how interested it is in a wide-ranging public debate over how we should develop our remaining oil and gas resources, but spends millions on subtle ads that ridicule or misrepresent positions that Mobil disagrees with.

Today's Washington Post happened to pick up one of Mobil's tactics—sending around clever cartoons which attack a serious proposition regarding the need for increased competition among major oil companies. These cartoons get played by newspapers as though they were the free thoughts of creative artists, when in fact they are part of a corporate strategy to undermine any serious debate about the role and structure of the oil industry.

When divestiture legislation was still pending before Congress last year, Mobil published a long list of small papers which, like the oil industry, opposed divestiture. I wrote to each of the papers listed. Most replies indicated that the materials available to them on the issue came from the oil companies, from the lobbying arm of the industry, the American Petroleum Institute, and from industry groups within their State. One editor wrote back that he had never printed a pro-oil editorial, despite the fact that he had been listed by Mobil in their attempt to make people think that dozens of editors came independently to the conclusion that breaking up big oil was bad.

These are obvious examples of the way that advertising by big, wealthy corporaions can influence debate covertly. I think Charles Seib's article from the Post covers others. But we need a thorough examination of how advertising is changing as a tool of corporate power. Mr. President, I ask unanimous consent that the column "The News Business," from the July 22 Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MOBIL'S SUBTLE SOFT SELL

Mobil Oil, whose infatuation with the media knows no bounds, has come up with something new for the jaded newspaper reader: funny cartoons with a hidden commercial.

Now, if you are fortunate enough to subscribe to a weekly newspaper or a small daily, you cannot only laugh at a cartoon but also wonder whether you are getting a secret message from Mobil. Thus a company that is already famous for its editorial ads and that has been thinking of buying a newspaper for its very own can claim credit for a journalistic breakthrough.

This is the way it works: Mobil sends clever, well-drawn cartoons to about 5,000 small newspapers. The cartoons are drawn by top artists and are New Yorkerish in tone. The first batch of three went out some weeks ago and more are to follow in September.

Among the first was a cartoon by Roy Doty in which a man is talking to some friends while he uses an ax to hack to pieces the hose that runs to his kids' backyard pool. In the foreground, a woman speaks: "He's explaining how breaking up the oil companies would work."

Get it? A touch of humor to ease down a lump of propaganda.

Another was drawn by Robert Weper. A store clerk is explaining a new game to a customer: "It's a real challenge. You have to get the oil out of the ground and to market through this maze of federal restrictions, state restrictions and local restrictions."

Judy Lynn Prince, Mobil's media specialist, says the cartoons are designed to convey Mobil's feeling that "the government is too strong and industry is being overregulated."

In sending out the cartoons, Prince said in a note to editors that they make "editorial statements" in a "brash, off-beat, occasionally lighthearted manner." "If you like the cartoons," she said, "feel free to use them."

Although the mailing clearly comes from Mobil, the cartoons themselves bear no identification except for a tiny pair of concentric circles in one corner. These resemble the "O" in the Mobil trademark, but not one person in a million would make the connection. Prince says the purpose of the mark is to assist her clipping service in finding published cartoons.

Mobil people point out that editors can identify the cartoons from Mobil if they want to. But few do. Prince says that several newspapers printed feature stories saying, in effect, "look what we got from Mobil," but in all the other 70-odd clippings she had received when I talked to her the cartoons were used without identification.

An editor of a Pennsylvania daily told me he was planning to use the Doty cartoon with an editorial he was writing on the oil industry, but he didn't plan to identify the source. "There is a tendency to discredit anything the corporations put out," he said, and "it would tend to weaken the point of my editorial."

If the use of the cartoons without identifying Mobil as the source is open to criticism—and I am convinced that it is—the editors who publish them must take the blame. Mobil is merely accepting any free rides it can get.

Editor & Publisher, a newspaper trade magazine, noted in an article on the cartoons that Herbert Schmertz, Mobil's vice president for public affairs, recently asserted in a letter to news people: "The public has a right to know who is behind any advocacy effort, and for whom the advocate is speaking. That applies to material from a corporation, or from a group that labels as 'public interest.' "

That statement was made in connection with some anti-Mobil ads placed by a group that did not identify itself, and Schmertz says it has no application to the cartoons.

Editors know they come from Mobil, he says, and there is no attempt to dissuade them from identifying the source.

"If this is an issue," he adds, "then every newspaper has a problem in the use of press releases without identifying the source."

Most newspapers don't use unidentified press releases without identifying the source, but Schmertz has a point. Unlabeled propaganda does find its way into the press. A few days ago, for example, The New York Times reported that some small newspapers have been publishing Republican Party press releases as news items, with no mention of where they came from.

Schmertz also maintains that not identifying the source of the cartoons is no worse than the use of unidentified sources in news stories—a practice he calls, with reason, "one of the greatest abuses in the press today."

He has a point there, too, although I think he is reaching. Nevertheless, there is something particularly sneaky about cartoons that pose as entertainment but carry a hidden corporate message.

Maybe what the news business needs is a truth-in-packaging code. What a fascinating document that would be!

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notfiication of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification I have just received. A portion of the notification, which is classified information, has been deleted for publication, but is available to Senators in the office of the Foreign Relations Committee, room S–116 in the Capitol.

There being no objection, the notification was ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE) OASD/ISA

Washington, D.C., July 22, 1977.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover, Transmittal No. 77–48, concerning the Department of the Army's proposed Letter of Offer to Tunisia for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $18.0 million and support costs of $3.3 million for a total estimated cost of $21.3 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF Director, Defense Security Assistance Agency and Deputy Assistant Secretary (ISA), Security Assistance.

TRANSMITTAL NO. 77–48

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Tunisia.

(ii) Total Estimated Value:

	(*Millions*)
Major Defense Equipment*	$18.0
Other	3.3
Total	$21.3

(iii) Description of Articles or Services Offered: [deleted] Vulcan, self-propelled 20mm anti-aircraft guns (M163).

(iv) Military Department: Army.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: 22 July 1977.

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

VETERANS LACK RIGHT TO APPEAL ADVERSE GOVERNMENT DECISIONS

Mr. HART. Mr. President, the June 12 edition of the Baltimore News American carried a news article entitled "Veterans Lack Right to Appeal Adverse Government Decisions" and an accompanying editorial, "A Denial of Rights". These articles illustrate the abuses which have resulted from the fact that the Veterans' Administration—VA—is the only Federal agency which is insulated by statute from judicial review of its administrative decisions.

I am concerned with this denial of due process rights of veterans and have introduced legislation to correct this inequity. S. 364, "The Veterans Administration Administrative Procedures and Judicial Review Act", would subject the administrative decisions of the VA to judicial review and require this agency to adhere to provisions of the Administrative Procedures Act. Additionally, this bill would promote public participation in the rulemaking procedures of the VA and allow veterans to make payment of reasonable attorney's fees for those individuals who wish to be represented by counsel in adjudicative proceedings before the VA.

I am encouraged by the widespread support for this legislation generated by recent hearings in San Francisco before the Senate Veterans Affairs Committee. The committee's able chairman, Senator CRANSTON, is to be commended for his efforts to bring this problem to the attention of Congress and the Nation. Since the San Francisco hearings, this issue has received attention from both the print and broadcast media. My office has received numerous inquiries and statements of support from individuals and organizations concerned about the rights of veterans.

Additional regional hearings on the judicial review question are scheduled for August and September, and full committee hearings will be conducted in September. I am confident that these hearings will result ultimately in the realization of this important legislation.

Mr. President, I ask unanimous consent that these two articles from the Baltimore News American be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

VETERANS LACK RIGHT TO APPEAL ADVERSE GOVERNMENT DECISIONS

(By John Hall)

WASHINGTON.—What category of American citizens receiving federal benefits has no right to appeal to the courts from an adverse judgment of the government?

Welfare recipients?

Social Security retirement beneficiaries?

Unemployment compensation claimants?

Recipients of crop subsidies, disaster relief, airline and ship construction subsidies, small business loans, research grants?

Wrong.

The correct answer is veterans.

The Veterans Administration is the only agency in the federal government whose decisions are final and cannot be challenged in the federal courts. It is the closest thing the United States has to a system of unfettered, arbitrary authoritarianism.

Veterans' disability and pension benefits are classified by the courts as government "gratuities," while other payments—including welfare—are regarded as matters of legal entitlement.

VA judgments, under the current law, are not even reviewable by the President. Its files are closed even to Congress. The applicable 1933 statute declares that the VA's judgment on question of law or fact concerning a claim for benefits "shall be final and conclusive and no other official or any court of the United States shall have power or jurisdiction to review any such decision."

The Senate Veterans Affairs Committee, in San Francisco last week, opened a series of nationwide field hearings to determine whether it is time to change the 1933 law. Sen. Gary Hart, D–Colo., has introduced legislation to provide for judicial review of VA decisions. His measure would also eliminate a requirement that effectively prevents veterans from even hiring a lawyer to represent them in the claims process.

Strangely enough, traditional U.S. veterans organizations like the American Legion and the Veterans of Foreign Wars are opposed to Hart's bill. They warn that it would flood the courts with thousands of appeals from veterans who have been denied pensions or think they are entitled to a higher rate of disability than they are receiving.

The veterans organizations are an integral part of the current VA administrative set-up. To get legal help, a veteran usually must obtain free legal services from the Legion or VFW to avoid a $10 limitation the current law imposes on lawyers' fees.

But in a few, very complex cases, the veterans organizations have been unable to supply the time-consuming legal work that applicants need to obtain due process.

Hart cites one case in which a World War II veteran was severely wounded in Europe but no record could be found of his hospitalization. A local three-man rating board denied him any benefits and the man appealed in Washington to the VA's Board of Veterans Appeals, which turned him down.

With the help of a friend who was a lawyer, the man then went to the Defense Department's board for correction of military records, which ruled against him, and appealed that decision in the U.S. court of claims. The court held that he had indeed been injured in combat and was entitled to benefits. But the VA declared it was not bound by law to respect the court's decision and summarily refused to hear the case again. There was no other appeal.

Another case that has attracted interest here is that of Joseph Leib, a former campaign aide to President Franklin D. Roosevelt. A free-lance investigative reporter in the 1940s, Leib says he was drafted at the age of 32 in retaliation for his crusade against

defective aircraft purchased in World War II and suffered a disabling back injury, but his benefits were cut off in 1961. Leib enlisted support from dozens of congressmen to support his claims that the records of his war injury were deliberately destroyed and falsified because of his investigative work, including articles charging war profiteering that led to the firing of a former VA administrator. But his 16-year campaign to regain his disability benefits has floundered on the agency's contention that his back injury was sustained prior to the war, even though Leib was certified in 27 separate medical examinations as fit for combat duty when he was drafted.

Hart contends there must be a check on the VA's authority in cases like these.

He agrees that opening up the VA to judicial scrutiny will add to the courts' workload, but not as greatly as opponents contend. Of 2.7 million claims processed annually by the VA, only 28,000 ever reach the Board of Veterans Appeals.

In the Social Security system, whose beneficiaries may appeal rulings in the courts, only about 20 per cent of the cases which go through the entire administrative process ever reach the courts.

But Hart says the real question is whether veterans ought to be singled out for denial of due process because justice might prove to be too troublesome.

The VA "not only writes its own rules and regulations, but they are immune from the public and judicial review to which most other federal agencies are subject," says Hart. "To deny a citizen access to an attorney, and also to isolate a federal agency from the scrutiny of the federal courts, goes against the very principles of our constitutional system."

A DENIAL OF RIGHTS

It is hard to believe, but the fact is that United States war veterans—of all people—are the only American citizens receiving federal benefits who are denied the right of a court appeal from adverse rulings in their cases.

An option available even to welfare recipients, it seems, is barred to the nation's former service men and women by a 1933 statute which makes claims decisions by the Veterans Administration final and beyond any outside challenge.

Applicants for service benefits not only have no right to court appeal when they believe they have unjustly been denied pensions or higher disability rates, they also are effectively prevented from even hiring a lawyer to represent them in VA adjudication proceedings.

Under the law, as a result, the VA is the closest operation the U.S. has to an official system of unfettered, arbitrary authoritarianism. Its rulings are not even reviewable by the President and its files are closed even to Congress.

The word which comes quickest to mind to describe this is "outrageous." It is all but inexplicable why it has been permitted to stand for so long, along with its supportive rationale that veterans' benefits are "gratuities" rather than matters of legal entitlement.

Now, at very long last indeed, a move toward corrective action is under way. A series of nationwide field hearings on the 1933 law and its effects was launched in San Francisco last Friday by the Senate Veterans Affairs Committee.

Objectors to change contend that the present VA adjudication machinery—in which the American Legion and Veterans of Foreign Wars have an active function—is uniquely specialized, efficient and just. They also declare that opening the VA to judicial scrutiny would swamp the courts.

This is a clear contradiction. Why would the courts be "swamped" with cases of veterans' claims if VA rulings were invariably and patently just? More important—why should any American citizen, under any circumstance, be denied full legal recourse if he thinks he has been wronged?

Sen. Gary Hart (D-Colo.), who has introduced legislation to provide for judicial review of VA decisions, summed up an inexcusable situation in these words:

"To deny a citizen access to an attorney, and simultaneously to isolate a federal agency from the scrutiny of the federal courts, goes against the very principles of our constitutional system."

THE AWACS SALE TO IRAN

Mr. CULVER. Mr. President, the Foreign Assistance Subcommittee of the Foreign Relations Committee today wrote President Carter expressing its concerns over the proposed sale of AWACS aircraft to Iran and asked him to withdraw this proposal for further review. I believe this is an appropriate action because the evidence strongly suggests that this proposal was inadequately reviewed before it was presented to the Congress.

The AWACS sale to Iran also has been criticized in a number of newspaper editorials, and I ask unanimous consent that these views from the Washington Post, the New York Times, the Philadelphia Inquirer, the Des Moines Register, the Atlanta Constitution, and the New Republic be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD as follows:

[From the Washington Post, July 27, 1977]

ARMS BUSINESS AS USUAL

In 1972 President Nixon secretly gave Iran virtual *carte blanche* to buy the arms of its choice. Scarcely a year later, OPEC's quintupling of oil prices put into the Shah's hands the money to buy the quantities of sophisticated weapons he has been amassing relentlessly since. Campaigning for President, Jimmy Carter decried profligate American arms sales. In the White House, he declared he would view arms sales "as an exceptional foreign policy implement to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests." Putting his policy into effect in respect to Iran, he decided not to sell the F–18.

He has persisted, however, in pushing the sale of an elegant airborne radar system called AWACS (airborne warning and control system). Iran wants seven at a cost of $1.2 billion. Evidently the administration feels that American relations with Iran cannot easily stand the strain of canceling AWACS. Moreover, there is strong Pentagon pressure to recapture by exports some of the huge development costs ($2.8 billion). NATO is gagging on the price. Hence the drive to sell to Iran.

It's a pity because on the merits the administration's case is weak. The Director of Central Intelligence agrees that the technology could leak, with damaging results, to the Russians. The need for Americans to man the system could conceivably suck the United States into unwanted trouble. Since the system lets you control your fighter aircraft as well as detect enemy missiles, its sale undercuts the formal Carter pledge not to introduce into a region a weapons system creating "a new or significantly higher combat capability." Iraq or Saudi Arabia could reply by escalating their own military preparations. Ground radar provides Iran an alternative. Granted, not all these considerations are of equal merit. But in the 30 days which the law gives Congress to block proposed sales, the administration has not satisfactorily answered the questions that overhang this transaction. Said the President on May 19: "The burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it."

Senate Majority Leader Robert Byrd offered the administration a gracious escape from a collision with Congress. Citing the press of Senate business and the non-urgency of the AWACS sale, he suggested that the President wait awhile. But Mr. Carter said no. So a bruising battle is coming. Conservatives as well as liberals are aroused. For the sale to be blocked, both houses must disapprove by Aug. 5. We hope they do. The administration should understand in any event that its stand has federal a congressional drive to change the law to make it easier to block future sales.

[From the New York Times, July 13, 1977]

THE BOEING SHUFFLE AND THE SHAH

The Carter Administration proposes to sell Iran seven enormously expensive radar aircraft, running great risks for just one reason: to enable the United States Air Force to buy some too. The risks are that Soviet spies could gain easier access to some of the most secret and sophisticated American technology and that American personnel could become hostages to the service of those craft in Iran. The only immediate benefit is that if Iran buys three aircraft a year, Boeing will keep open its production line and deliver three others to the Air Force as well.

We are talking about the so-called Airborne Warning and Control System (AWACS), whose purpose is to monitor and control air warfare. Each of these modified Boeing 707 airliners and its accompanying electronic gear and spare parts will cost $170 million. The Air Force would like 31 of them, but can afford only three a year. Boeing says it cannot afford to produce so few, even at that price. But an additional three for Iran would buy time for the Administration to iron out the difficulties which thus far have blocked a hoped-for sale of 27 more to NATO governments.

AWACS has had an odd history on its way to the Shah's stable of costly hardware. It was conceived more than a decade ago as part of a program to modernize America's continental air defenses. Then the Nixon Administration decided that expensive air defense was not worth buying; SALT I had banned antiballistic missiles and thus made both the United States and the Soviet Union vulnerable to each other's missiles. So the Air Force changed AWACS' mission to one of controlling tactical air battles. Some military analysts doubt that AWACS is worth the cost and argue that most of its missions could be adequately performed by the smaller Grumman E–2C, which costs only $30 million.

As is so often the case, however, the Air Force wants the finest, and in the Shah it knows it has a kindred spirit. Like Senator Jackson, who spares no effort to promote the fortunes of Boeing, the largest employer in his state of Washington, the Shah is not an easy man for the Administration to turn down. But a clutch of Senators, led by John Culver of Iowa, an influential first-term member of the Armed Services Committee, has sponsored a resolution to block the proposed sale.

The Senators advance three main arguments. First, although the Iranians contend that they want AWACS for air defense against the Soviet Union, the Senators suspect that a more likely role for the system would be for military operations in the Persian Gulf—offensive as well as defensive. Second, they fear that Iran would not be able to safeguard AWACS from a major Soviet espionage effort. Finally, the Senators fear that the Iranians would not be able to operate AWACS without very substantial

help from American military personnel, some of whom would likely be needed even to man equipment aboard the aircraft. A Senate report warned last year that by 1980 perhaps 50,000 Americans, including dependents, might be resident in Iran to supply trained manpower for the sophisticated weapons the Shah has been buying. In the case of AWACS, Americans might actually find themselves in combat operations, raising even further the risk of American involvement in an Iranian war.

These arguments amounts to a strong case. The only countervailing argument—aside from the habitual desire not to offend the Shah—is the need to give Boeing sufficient business to keep its production line open. There is, of course, another way to accomplish that: the Air Force could increase its own purchases from three to six per year. But that would mean diverting funds from purposes more dear to both the Air Force and the Department of Defense, and AWACS might not survive such competition.

Arms sales usually confront principle with expediency. The Administration has made much of its desire to curb expedient sales and to let principle rule. No AWACS for Iran would be a good place to start.

[From the Philadelphia Inquirer, July 15, 1977]

U.S. NEED NOT SELL SHAH ALL THE ARMS HE WANTS

One reason for selling the Shah of Iran seven highly sophisticated Boeing radar command planes at a cost of $1.23 billion, as the Defense Department has informed the U.S. Congress it plans to do, is that the Shah wants them.

And what the Shah wants, the Shah gets, where arms are concerned: This has been U.S. policy since President Nixon made the decision during a brief visit to Iran in May, 1972. Sitting on top of all that oil, the Shah can afford to pay for what he wants and since 1972, Iran has become the U.S.'s best customer for arms, with total purchases rising above $15 billion.

There is another reason for selling Iran the Airborne Warning and Control System, known as AWACS, which the U.S. has sold to no other countries, including our NATO allies. It is that the U.S. Air Force wants to sell these jet transports, because the U.S. wants to buy them for itself. The argument is put in terms of cost-effectiveness: The more of these planes roll off Boeing's assembly lines, the more the costs can be spread for research and development.

There are, however, far more compelling reasons for blocking the sale, as Democratic Sen. John Culver of Iowa, Thomas Eagleton of Missouri, Republican Sen. Richard Schweiker of Pennsylvania and others propose to do in a resolution to be introduced today.

One is that AWACS, built as an air defense system, has a potent offensive capability. It is a "force multiplier," as Secretary of Defense Harold Brown called it in testimony to Congress, increasing the effectiveness of the hundreds of tactical aircraft the U.S. has also sold to Iran, including the F–14 Tomcat fighter. The Shah, with his dreams of empire, may want that, but it is questionable American interests are served if he has it.

Second, AWACS contains top-secret technology—including advanced radar, cryptographic equipment and the largest-capacity airborne computer ever flown. The Senators who signed the resolution are concerned about the risks that this stuff might fall into Soviet hands.

But there are other serious risks. As a Senate staff report pointed out about a year ago, Iran is trying "to create an extremely modern military establishment in a country that lacks the technical, educational and industrial base to provide the necessary trained personnel and management capabilities to operate such an establishment effectively."

That means Iran must have, for years to come, thousands of Americans for operations, logistics, training, maintenance and the like. That in turn means an inextricable U.S. involvement in whatever adventures Iran might embark upon.

Beyond these considerations but very much related to them is the matter of the promised change in U.S. policy on arms sales abroad. At the very first meeting of his National Security Council last January, President Carter discussed "tight restraints on future commitments." Last May, the President issued a policy statement declaring that "the United States will henceforth view arms transfers as an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests."

In the case of AWACS, no such clear demonstration has been made, and unless the administration can produce exceptional circumstances it has not produced so far, Congress should insist that the administration follow its own professed policy.

[From the Des Moines Register, July 15, 1977]

AWACS FOR IRAN?

As a candidate, President Carter campaigned against excessive arms sales to foreign governments and this spring he announced a set of principles to start bringing such sales under control. But he approved sale of $1.2 billion worth of Airborne Warning and Control System (AWACS) planes to Iran: seven big transport planes loaded with secret equipment.

Senator John Culver (Dem., Ia.) believes the sale would violate several of Carter's principles. It would introduce new and possibly destabilizing weapons into a potentially volatile area; it would risk compromising technology vital to U.S. defenses by putting these complex secret command and guidance systems made up of radar and electronic equipment right on the Soviet border. There is a cheaper way to do the same job.

Iran, thanks to past U.S. sales, is one of the most heavily armed countries in the world, and it is controlled by a single, arbitrary ruler who violates human rights and wants to make his middlesized country a top industrial and military power. He is on bad terms with most of his neighbors and with many of his own people. Huge sales to him are risky.

Under a recent law, Congress can stop a foreign arms sale of this size if both houses vote against it within 30 days of notice from the President. Culver started the procedure in the Senate, quickly getting nine other senators to co-sponsor his resolution, including Dick Clark (Dem., Ia.). Hearings before the Senate Foreign Relations Committee start July 18.

The sale is frightening and warrants further consideration by Congress.

[From the Atlanta Constitution, July 13, 1977]

ARMS DEAL

The Shah of Iran must be nervous. He wants to invest over $1 billion in seven U.S. Boeing 707s equipped with highly complex radar systems intended to monitor air battles. And President Carter has decided to go through with the deal.

What's this the President has been saying about limiting sales of arms abroad? That's what critics of the Iran deal want to know.

The President followed the Iran decision with some remarks on our arms policy. It's hard, he said, to lead the way in limiting arms sales when the Communist nations jump right in when we move out.

There's an effort to block the deal in Congress. Besides being against announced policy, critics maintain the Iranians couldn't operate the planes and complex equipment without hundreds of U.S. technicians. And Iran may not be getting the best deal for its money—the Pentagon is charged with fixing things so the Shah didn't have a chance to consider cheaper alternatives.

The Iranians went shopping back in 1975 before Carter was President. But since the President has consistently said he wants to cut back on Uncle Sam's huge international arms business, it is hard to see how he squares that with this decision. The explanation that "if we don't the Russians will" was as valid before the decision as after. Why didn't he consider that when talking about limiting arms sales?

[From the New Republic, July 30, 1977]

SPECIAL RULES FOR THE SHAH

President Carter already has failed a major test of his resolve to restrict arms sales to foreign governments. Now it is up to Congress to save Carter's policy for him. Congress has only until August 6 to block Carter's proposed $1.2 billion sale to Iran of seven sophisticated airborne radar systems.

The AWACS, or Airborne Warning and Control System, is a modified Boeing 707 airliner that monitors and controls air warfare. A group of senators led by Democrats John Culver of Iowa and Thomas Eagleton of Missouri opposes the AWACS sale to Iran, claiming it would constitute a needless security risk. The Soviet Union has a land border of 1200 miles with Iran. If the Russians somehow were to gain access to the AWACS, Soviet defenses and intelligence capabilities could be enhanced, and electronic countermeasures against U.S. and NATO AWACS could be developed. The senators also worry that the AWACS sale would require more American technical support. Even if Americans already resident in Iran were able to provide all the advice needed, their involvement could mean American support for an Iranian war.

Finally the opposition contends that selling the radar system to Iran contradicts the policy President Carter announced May 19 to deescalate arms sales. In that announcement, Carter declared one way the reduction in foreign arms sales was to occur: the US will not be the first to introduce into a region new or significantly higher combat capability. The AWACS sales would be a definite exception. AWACS is foreign to that area of the world, and its ability to function as an offensive weapon may upset the balance of power in the Middle East and Indian Ocean areas. Since the AWACS acts as an airborne command and control center, it could multiply offensive power of the aircraft already owned by Iran. The AWACS would be another asset in Iran's growing military arsenal, an arsenal that already is seen as a threat by neighboring nations.

Although not mentioned by the senators, selling the AWACS to Iran would contradict another of President Carter's policies: his stand on human rights. Carter has refused to help those countries whose standards of political freedom do not meet his own. The sale of AWACS to Iran seems to be a violation of this principle.

Iran has recently made some cosmetic changes in its dictatorial regime. The systematic torture of prisoners may have been restricted. A few people incarcerated for political reasons recently were freed. But the Shah's autocratic reign continues. Both the United Nations International League for Human Rights and Amnesty International have documented Iranian violations of the most basic human rights. The detention of Iranian citizens without due process of law, frequent executions of political prisoners, repression of all opposition to the Shah's government, restriction of press and speech and persecution of Iranians throughout the

world by the Iranian secret police (SAVAK) are just a few of the rights infringements that have been reported.

The Carter Administration has barred arms sales to Uruguay and Chile, ostensibly because of human rights violations. What is so much less offensive about the Shah's regime?

Clearly Carter's human rights doctrine and his new arms sale policy are not even factors in the AWACS decision. Perhaps a new policy should be issued: where oil is at stake, anything goes. If the Shah wants AWACS, the Shah gets AWACS.

Mr. CULVER. Mr. President, today's Washington Post contains an article by Anthony Sampson entitled "Curbing Global Arms Sales: Europe Looks To Carter." The writer, a British journalist, points out that the AWACS sale reinforces European doubts about the sincerity of the administration's new policy for controlling U.S. arms sales. He maintains that the Europeans might be interested in cooperative efforts to limit global arms sales, but that this welcome possibility depends on American example. Mr. President, I ask unanimous consent that Mr. Sampson's article also be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 27, 1977]

CURBING GLOBAL ARMS SALES: EUROPE LOOKS TO CARTER

(By Anthony Sampson)

Is President Carter really serious in his campaign to restrict arms sales in agreement with his allies? Or is he adopting a painful posture from which he would be glad to back down? The Europeans, particularly the British, are watching with considerable skepticism, and already they detect signs of retreat from Carter's first promise.

"Competition in arms sales is inimical to peace," said Carter in May. "We are trying to get other nations, both free and otherwise, to join us in the effort." Carter's policy was based on a report of the National Security Council—partially released July 11—that stressed that "the prospect that other countries will voluntarily and spontaneously follow our model of restraint is unlikely."

The President raised the question of controlling arms sales with his allies at the London summit in May, and talks on conventional arms sales are scheduled with the Russians for September. But in the meantime there is not much movement. British diplomats report little sign of serious pressure from Washington to restrict European arms sales, only some greater watchfulness from the American embassies. And their doubts about Carter's sincerity have been reinforced by the promise of sophisticated Boeing airborne warning and control systems to Iran.

The British government's attitude is politely skeptical. Whitehall points out that Britain—like France—accounts for only four percent of the world's arms trade, whereas the United States accounts for over 50 percent. But the government also stresses the great benefits to employment and the economy in the expanding arms trade. As the chairman of the Labour Party defense group, Alan Lee Williams, M.P., said on the BBC last week: "If there's some kind of moratorium, the Americans stand to lose very little because they are in the Middle East in such a big way. But for us, you see, it's our life blood."

The British and the French are all the less likely to restrain their arms sales to the Middle East at a time when new prospects are opening up. The tiny sheikdom of Kuwait, which already spends more per capita on weapons than any other country in the world, is soon expected to produce another huge order for tanks and hovercraft from Britain. Another half-billion-dollar order is expected from Saudi Arabia, and the fact that the Saudis are now financing Egyptian arms is excellent news for the British companies, who see Egypt as a growing market from which the Americans are largely abstaining.

All this fits in well with the propaganda from the American arms companies, who are relentlessly opposed to Carter's restrictions on sales. After the Paris Air show in June, Aviation Week, the chief apologist for the industry, reported how Carter's new policy had spread "gloom, confusion and anger" among the Americans, and "joy and vitality" among the British and French, who (Time magazine reported) were planning to fill the vacuums left by the Americans. The aerospace lobby has been repeating endlessly the old refrain: "If we don't sell them, someone else will."

But the apparent lack of an agreement with the European allies cannot honestly be used by the Carter administration as an excuse for retreating from its policy of restraint. In the first place, as Paul Warnke, head of the U.S. Arms Control and Disarmament Agency, has stressed, the argument "someone else will" is not very conciniving from a country that is responsible for more than half the trade. It sounds all too much like the old arguments for the slave trade. The first responsibility must lie with the chief trader.

In the second place, Washington thus far has not tried very hard to press the European allies—and there is some reason to suppose that Europe could be quite vulnerable to effective pressure.

In Britain, while the government has continued to foster arms sales surrounded by secrecy, there has been growing discontent from politicians and the public about the expansion of the trade. This week the national executive committee of the Labour Party published a report on defense spending that included strong arguments for banning arms sales to dangerous parts of the world and for publishing an international register of arms sales. The BBC produced a documentary nine days ago revealing the extent of government involvement in arms sales, particularly to Kuwait, including a forceful criticism of British policy by Paul Warnke. In the meantime trades unionists within British arms companies, including Vickers and Lucas Aerospace, have become more active in urging conversion of plants from military to peaceful production.

Even in France, where the government has been most impervious to criticism, there are signs of growing public concern about the dangers of the trade. And the French government is now much less confident that the Dassault Company can keep pace with American technology, as it has done in the past with the Mirage fighters. France's go-it-alone arms policy looks increasingly unconvincing, and its backwardness is likely to give greater scope for leverage from Washington.

The Russians, of course, present the thorniest problem. But the fact remains that the competition for the two biggest arms customers in the Middle East (Iran and Saudi Arabia) is confined to Western suppliers, and it is not very likely that either country would turn eastward for alternative weapons. An agreement between Western countries would be a major step in itself.

But a serious European response will depend on a much more energetic American initiative and pressure both in public and in private. If President Carter is serious—as many European liberals devoutly hope—he must speak out as the leader of the West and prove his good intentions. Until he has seriously tried, he can hardly use the Europeans as an excuse for backing down.

Mr. CULVER. Mr. President, in my judgment, there is no reason for the AWACS sale to Iran to be the first major exception to the administration's May 19 foreign military sales policy, and I believe there are very important reasons for the Congress to object to this proposal as suggested in these various editorials and commentaries.

PUBLIC OPINION ON THE U.N.

Mr. ANDERSON. Mr. President, today I had the opportunity to meet with a representative of the Minnesota League of Women Voters, Judy Rosenblatt. As a part of the educational service which the league performs, a nationwide survey has been conducted to evaluate the public's opinion of the role of the United Nations. The league's investigation revealed that Americans understand the limitations of this international organization and are hopeful about the U.N.'s role in keeping peace and solving world problems.

In addition to gathering facts, the league organized discussion groups for those who were interviewed to facilitate a more careful understanding of their views and serve as an educational opportunity for all participants. The league should be commended for performing this service. While their analysis does not evaluate the actual contribution the U.N. is making, it is important to understand how the public views the U.N.'s role.

In order for others to evaluate their results, I ask unanimous consent that the full text of the League of Women Voters survey be printed in the RECORD.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

PUBLIC OPINION ON THE UNITED NATIONS: WHAT POLLSTERS FORGET TO ASK

The League of Women Voters Education Fund (LWVEF) has completed an in-depth nationwide survey that indicates the continuing slide in public esteem for the United Nations has come to a halt in the past year, while negative evaluations of the organization have fallen off. Survey results also found no evidence for the speculation of some observers that decline in UN support stemmed from Americans' resentment of a pro-Arab atmosphere at the UN, frustration with Third World domination of the General Assembly, or growing isolationism here at home. None of these factors proved to be significant in Americans' assessments of the United Nations.

The survey found few people willing to advocate pulling out of the United Nations, although many were ready to criticize its performance. By and large, Americans are hopeful about the United Nations' role in keeping peace and solving world problems, but they recognize that there are limits to what the UN can do.

The LWVEF's project brought into play an array of techniques that made it one of the most comprehensive studies of citizen opinion on the United Nations ever undertaken. Specially trained members of the League of Women Voters of the United States conducted 1,769 telephone interviews in 71 communities across the country with a scientifically selected random sample of the public. The interviewers not only asked standard UN questions used by major pollsters, but also went on to ask why. League leaders then conducted "focus group" discussions—which delved into attitudes behind the answers—

first with 210 of the telephone interviewees, then with 351 community leaders in the same areas. Finally, the League Education Fund sponsored a public opinion poll by the Roper Organization to check current trends in opinion against earlier poll results.

The incentive for the project was a desire to shed light on the apparent conflicts in citizens' attitudes toward the United Nations in past public opinion polls. A 1976 poll, for example, found almost three-fourths of those questioned favored UN membership; yet that same year, another poll showed that no more than half of the respondents gave a positive evaluation of UN performance in any specific area. What lay behind these responses? What do people really mean when they give a certain answer and why do people feel the way they do? The League's survey was designed to get behind the cryptic answers to yes-no, broadly phrased questions of the polls.

TABLE I—Trends in opinion toward the U.N.

[In percent]

1. In general, do you feel the U.N. is doing a good job or a poor job in trying to solve the problems it has to face?

Gallup:	
1967:	
Good job	49
Poor job	35
Don't know	16
Total	100
1970:	
Good job	44
Poor job	40
Don't know	16
Total	100
1971:	
Good job	35
Poor job	43
Don't know	22
Total	100
1975 (J):	
Good job	41
Poor job	38
Don't know	21
Total	100
1975 (D):	
Good job	33
Poor job	51
Don't know	16
Total	100
League sponsored Roper poll, 1977:	
Good job	32
Poor job	39
Don't know	29
Total	100

2. The United States should cooperate fully with the United Nations.

Potomac Associates:	
1964:	
Agree	72
Disagree	16
Don't know	12
Total	100
1968:	
Agree	72
Disagree	21
Don't know	7
Total	100
1972:	
Agree	63
Disagree	28
Don't know	9
Total	100
1974:	
Agree	66
Disagree	20
Don't know	14
Total	100
1975:	
Agree	56
Disagree	30
Don't know	14
Total	100
1976:	
Agree	46
Disagree	41
Don't know	13
Total	100
League sponsored Roper poll, 1977:	
Agree	47
Disagree	30
Don't know	23
Total	100

3. Do you think our Government should continue to belong to the United Nations or should we pull out of it now?

National Opinion Research Corp.:	
1973:	
Continue	79
Pull out	15
Don't know	6
Total	100
1975:	
Continue	75
Pull out	18
Don't know	7
Total	100
1976:	
Continue	73
Pull out	19
Don't know	8
Total	100
League sponsored Roper poll, 1977:	
Continue	70
Pull out	13
Don't know	17
Total	100

4. How effective has the U.N. been in keeping world peace?

Roper, 1976:	
Highly	12
Moderately	37
Somewhat	27
Not at all	17
Don't know	7
Total	100
League sponsored Roper poll, 1977:	
Very	11
Somewhat	56
Not very	24
Don't know	9
Total	100

5. Do you happen to know the names of any U.N. institutions or agencies?

Gallup, 1975:	
Yes (UNICEF 20 percent, UNESCO, 9 percent)	29
No	71
Total	100
League telephone survey, 1977:	
Yes (UNICEF 19 percent, UNESCO 9 percent, WHO 4 percent, other 4 percent)	36
No	64
Total	100

6. If the United Nations had not been in existence, do you think there would likely have been another world war?

Gallup, 1965:	
Yes	59
No	26
Don't know	15
Total	100
League telephone survey, 1977:	
Yes	41
No	29
Don't know	30
Total	100

The most unexpected finding was that the trend toward increasing criticism of the United Nations, which had paralleled a general decline in public confidence in the UN, was a sharp drop in criticism of the organization. The League commissioned Roper poll found that positive evaluations of the UN have stayed at approximately the same level over the past year or so. But the survey identified significantly fewer negative attitudes in 1977 on three basic questions. For example, the percentage of those who say the UN is doing "a poor job in solving the problems it has to face" has fallen from 51% in late 1975 to 39% today. At the same time, Roper's "don't know" answers are much higher than those found in recent years. Many people who held negative views toward the United Nations have become more reluctant to criticize. This shift makes the reasoning behind these answers even more intriguing.

Although the League interviewers received somewhat more positive responses to the standard questions than Roper did, the League's open-ended telephone questions, coupled with information from focus group discussions, were able to probe beneath the raw totals to identify underlying attitudes.* The reasons people gave the League interviewers for their positive and negative answers should be broadly representative of American public opinion as a whole.

When pressed, people proved to be quite consistent in their responses, whatever the surface ambiguities might be. What seems to be happening is that people's expectations have become more realistic. Fewer Americans expect the United Nations to solve all the world's complex problems. People are ready to back the United Nations on the more modest grounds that it serves as a necessary forum for communication among nations. This explains why only 33% say the UN is doing a good job, yet only 13% want to pull out. The down to earth assessments, interestingly enough, come both from those who give the United Nations a "poor job" rating and those who give it a favorable evaluation.

People who criticize the job the UN is doing simply recognize that the organization has not solved the world's problems. Twenty-five percent of those giving a "poor job" rating note this failure. Half that many com-

*The generally more favorable responses the League received could be attributed to several factors: the differences between telephone and in-house surveys; the fact that the interviewer explained at the start that the subject of the survey was the UN (some of those who really dislike the UN may have refused to take part at all); and the fact that the communities used for the survey had to be at least partially selected on the basis of where League volunteers could be found to do the work, rather than to represent a perfect statistical sample. However, no significant differences in attitudes between the Roper and League studies can be attributed solely to a bias in the League sample on the basis of such factors as sex, age, education, or income.

ment that the UN has no effective enforcement methods, or that it is "all talk and no action." Another 8 percent mention that nationalism and nations pursuing their selfish interests keep the UN from acting effectively. (See Table II).

Even those giving favorable evaluations of the job the UN is doing recognize that it faces tough obstacles and cite mitigating circumstances. Close to a third of their answers note that the UN "is doing the best it can," "it's better than nothing," or "it's our best hope." Even fewer think the UN is generally helping to keep peace. But only 9 percent actually state that the UN has been effectively solving problems.

However, these less than enthusiastic job performance ratings do not translate into opposition to U.S. participation in the UN. The 70 percent majority who clearly favor U.S. membership in the UN give a broad range of reasons, citing particularly that membership is in the United States' self-interest, that the U.S. has an obligation to support the UN, that world cooperation is important, and again that the UN is our best hope for working on problems and contributing to peace. On the other hand, the 13 percent who want to get out of the UN feel that it costs too much, that it is not accomplishing anything, that it is ruled by factions and blocs, or that U.S. interests are not adequately represented in the United Nations.

The in-depth discussions were especially useful in searching out why people feel the UN is "better than nothing" and that U.S. membership is valuable in spite of ineffectiveness in many areas. The importance of the UN as a forum to facilitate communication came up more than twice as often as anything else as an argument for retaining U.S. membership in the United Nations. When asked to think of specific examples of UN effectiveness, the focus group participants stressed the UN's successes in such humanitarian activities as alleviating world poverty, helping underprivileged children, and providing health services.

Perhaps even more interesting than what the survey found about the reasons behind opinions was what it did not find. As noted earlier, very few participants in either the telephone survey or the discussion groups emphasized Third World domination of the General Assembly or a pro-Arab bias as reasons for negative opinions on the UN. Less than 1% of the phone interviewees specifically mentioned Third World domination in connection with any question. Even among the focus group participants whose knowledge of world affairs and UN activities was greater, only about a quarter agreed with the statement that the "UN is pro-Arab and anti-Israel."

The League survey also highlighted several areas of public ignorance about the United Nations. Barely a third of those interviewed could identify a single UN agency, and most vastly overestimated the size of the U.S. financial contribution to the UN. Sixty-one percent mistakenly believe the U.S. pays at least half of the total UN budget, instead of the actual share of only a quarter. Just over half of those interviewed felt the U.S. pays "too much" but of these, 80% overestimated our share. The focus group discussions made it clear that Americans are willing to give a substantial contribution to the UN if they feel others are paying their fair share and if the money is not being squandered.

The study was funded by a grant from the Charles F. Kettering Foundation, with financial assistance from the Exxon Corporation, The George Gund Foundation, The United Nations Association, and The Institute for World Order. The Communications Research Center of Cleveland State University provided technical guidance in the research design and data analysis.

TABLE II.—*Results of telephone interview with the general public*

[In percent]

1. In general, do you feel that the UN is doing a good job or a poor job in trying to solve the problems it has to face?

Good job	43
Poor job	33
Don't know	24

Major reasons for saying the UN is doing a good job:

The UN is doing the best it can/it's better than nothing	[1] 30
The UN is helping to keep peace	10
The UN is solving problems/working on problems	9
The UN is a forum/improving communication	6

Major reasons for saying UN is doing a poor job:

The UN hasn't solved problems/is ineffective	25
The UN has no enforcement/"all talk, no action"	11
Nationalism/selfish interests hamper UN is not keeping peace	6
UN effectiveness	8
Membership in the UN is not in US interest/US should stay out of others' problems	4

2. Do you agree or disagree with the following: The United States should cooperate fully with the United Nations?

Agree	54
Disagree	31
Don't know	15

Major reasons for saying the U.S. should cooperate fully with UN:

World cooperation is good	23
U.S. has responsibility to belong to UN/UN needs the U.S.	16
UN is solving problems	8
UN is helping to keep peace	6
It's in the interests of the US to cooperate with the UN	6
UN is our best hope/the idea is good	6

Major reasons for saying the United States should not cooperate fully with U.N.:

Objection to the word "fully"/cooperation depends on issues	27
U.S. interests not represented/U.N. goes against U.S. policy	25
Communists control the U.N.	4
The United States should act independently	4

3. Do you think our government should continue to belong to the U.N. or pull out now?

Continue	82
Pull out	7
Don't know	11

Major reasons for saying U.S. should continue to belong to the U.N.:

U.N. membership is in the U.S. interest/good for the United States	13
The United States has responsibility to belong to U.N./U.N. needs U.S.	13
U.N. is our best hope/concept is good/doing best it can	13
World cooperation is good/U.S. should work with others	12
U.N. is solving problems/only organization that can work on world problems	10
U.N. is a forum for communication	8
U.N. is helping keep peace	5

[1] Percentage of those giving "good job" rating.

Major reasons for saying U.S. should pull out of U.N.:

U.N. is ineffective/not solving problems	16
U.N. costs too much/too much waste	14
U.S. interests are not represented/U.S. hasn't gotten anything from U.N.	12
Nations at U.N. pursue own interests/blocs of nations control U.N.	11
U.S. should stay out of others' problems/should protect U.S. first	11

4. Below is a list of things the U.N. does. Do you think this is an important thing for the U.N. to do? How good a job you think the U.N. does in this area?

[In percent]

a. Working to help underprivileged children around the world.

Importance:	
Very	74
Somewhat	18
Not very	6
Don't know	2
Effectiveness:	
Very	15
Somewhat	42
Not very	17
Don't know	26

b. Keep world peace.

Importance:	
Very	91
Somewhat	5
Not very	2
Don't know	2
Effectiveness:	
Very	17
Somewhat	48
Not very	29
Don't know	6

c. Helping to increase world food production.

Importance:	
Very	80
Somewhat	12
Not very	5
Don't know	3
Effectiveness:	
Very	11
Somewhat	34
Not very	29
Don't know	26

d. Helping our population problem by teaching family planning.

Importance:	
Very	69
Somewhat	16
Not very	12
Don't know	3
Effectiveness:	
Very	10
Somewhat	32
Not very	33
Don't know	25

5. Most people we have talked to do not know the names of any UN agencies or institutions. Do you happen to know any?

Yes	36
UNESCO	9
Who	4
UNICEF	19
Other	4
No	64

6. If the UN ahd not been in existence, do you think there would have been another world war?

Yes	40
No	30
Don't know	30

7. Would you estimate the percentage of the entire UN budget which the U.S. pays to be:

10 percent	6
25 percent [2]	23
50 percent	34
75 percent	24
100 percent	3
Don't know	10

Do you think this is too much, about right or not enough for the U.S. to pay?

Too much	52
About right	34
Not enough	4
Don't know	10

8. Does the UN have its own army?

Yes	27
No	48
Don't know	25

9. Do you think the U.S. should or should not contribute money to the UN to help people in poor countries?

Yes	71
No	20
Don't know	9

[2] Correct answer.

TABLE III.—*Results of Focus group discussions*

	Public	Leader	Total
Rural	12	17	---
Urban	27	38	---
Suburban	11	14	---
Total	50	69	119
Number of participants	198	374	572
Number for staying in U.N.	188	367	555
Number for getting out of U.N.	10	7	17
Arguments for staying in U.N.:			
The U.N. is a forum/provides a means of communication	23	68	91
The U.N. is doing the best it can/the basic concept is good	14	26	40
The United States has a responsibility to stay in the U.N./U.N. needs United States	17	19	36
The U.N. has helped keep peace	7	18	25
The U.N. does needed humanitarian work	12	10	22
It is in the U.S. interest to belong to U.N	7	10	17
The U.N. is solving problems/working on problems	7	8	15
The U.N. promotes cooperation among countries	7	2	9
Examples of U.N. effectiveness:			
Specifically WHO and UNICEF are effective	33	71	104
The U.N. does needed humanitarian work/the specialized agencies are effective	15	38	53
Peacekeeping efforts of the U.N. have been successful	17	32	49
The U.N. is a necessary means of communication	10	24	34
The U.N. has been effective in solving problems	4	2	6
The U.N. has no real power	16	37	53
Fractionalism within the U.N. hinders effectiveness	10	37	47
U.N. peacekeeping hasn't worked	15	19	34
U.N. is ineffective/hasn't solved problems	7	12	19
Communists dominate the U.N.	5	9	14
The U.N. costs the United States too much money/wastes money	6	7	13
Lack of communication and cooperation within the U.N. hampers effectiveness	1	4	5
The leader groups were more informed than the public groups but were also less interested in receiving information on the United Nations.			
Kinds of information desired:			
U.S. contribution and U.N. budget	17	27	44
Work of the specialized agencies	11	22	33
U.N accomplishments	10	17	27
Overall more information	7	9	16
Structure of the U.N.	3	9	12
Day to day activities of the U.N.	2	10	12
Peacekeeping	5	3	8

CHARGED-PARTICLE BEAM WEAPONS

Mr. HART. Mr. President, recent weeks have seen a debate develop concerning possible Soviet efforts to build an antiballistic missile system around charged-particle beam technology. Such Soviet attempts should arouse concern; the development by the Soviet Union of an effective antiballistic missile defense could undermine deterrence and increase the risk of nuclear conflict.

On the other hand, it is important that we not jump to false conclusions. U.S. reactions to Soviet efforts that have little promise of success could be almost as destabilizing as a Soviet breakthrough in missile defense.

A recent paper by Dr. Richard L. Garwin gives some useful insights into the question of whether practical charged-particle beam weapons are feasible. While no statement is likely to be definitive given the extreme complexity of the subject, Dr. Garwin makes a number of interesting points that are useful information in the ongoing debate.

I ask unanimous consent that the paper by Dr. Richard L. Garwin, "Charged-Particle Beam Weapons" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHARGED-PARTICLE BEAM WEAPONS?

Recent publicity (especially an editorial and article in Aviation Week and Space Technology, May 2, 1977—pages 11, 16–20) describes in alarming terms supposed Soviet progress toward a charged-particle-beam (CPB) weapon for defense against U.S. ballistic missiles.

To argue publicly whether or not U.S. government intelligence supports the conclusions of Aviation Week would presumably involve sensitive intelligence information and methods. Fortunately, one can discuss the feasibility and utility of these supposed Soviet accomplishments without the use of any intelligence information at all, and that is what I shall do.

The reader must understand, however, that I hereby take no position as to whether the Soviet Union has or has not made certain technical demonstrations, whether certain facilities could or could not be what the publications imply, and the like.

INTRODUCTION

Accelerators have been among the most productive tools of nuclear and particle physics for more than 50 years. Much ingenuity is embodied in modern physics accelerators, and many ideas have been proposed by scientists and engineers from the U.S., the Soviet Union, and many other countries. In particular, various "collective" process accelerators have been subject to analysis and experimentation.

For more than 25 years, technical people and others have dreamed of using CPB weapons for defense against ballistic missiles, just as they have dreamed of using nuclear-armed interceptor missiles for defense. I shall discuss ABM systems which the USSR might build against the U.S. ballistic missile force and then proceed to analyze what might be relevant to a CPB ABM weapon.

We shall see that most of the specific information that has been cited to indicate that the Soviet Union is close to achieving such an ABM capability is simply irrelevant to the question. We should be no more concerned because of these supposed facts than if we had no information at all on Soviet ABM work.

ABM SYSTEMS EFFECTIVENESS

Early ABM programs in the U.S. concentrated, for much too long, on the question whether one could hit "a bullet with a bullet"—whether one could track sufficiently accurately a ballistic missile warhead (reentry vehicle—RV), launch an interceptor missile with a nuclear warhead and command that interceptor to fly sufficiently close to the trajectory of the RV so that the interceptor warhead could be detonated to kill the nuclear warhead contained in the RV. Reasonable interceptor warheads can have a kill radius of several kilometers against RVs above the atmosphere, and at least some hundreds of meters within the atmosphere, where the neutrons of the interceptor explosion are absorbed by the air.

Following the deployment of a succession of air defense systems, the U.S. Army pressed to deploy the NIKE ZEUS ABM system, which would use a long range missile to intercept ICBM warheads above the earth's atmosphere.

It is one thing to devise an ABM system to destroy enemy RVs if the enemy cooperates

in their destruction. It is quite another to maintain that capability when the enemy does not wish his RVs to be destroyed.

In the case of NIKE ZEUS, the countermeasure was relatively simple—to accompany the enemy RVs by decoys (inflatable balloons, wire jacks, and miscellaneous junk), to put the RVs themselves inside aluminum foil balloons to make them look like decoys, and to use multiple reentry vehicles (MRVs) spaced far enough apart so that a single interceptor could not kill more than one of them. My article with Hans Bethe in the February, 1968, Scientific American described these countermeasures in considerable detail.

Because such an exo-atmospheric intercept system can be so readily countered, it was next proposed to deploy the NIKE–X system, which would depend primarily on a short range interceptor, the SPRINT missile. Here the idea was to defend terminal areas such as cities by waiting until the enemy RVs had penetrated through much of the atmosphere, which would burn up or slow the decoys so that they could be ignored. Furthermore, radars and computers could avoid wasting interceptors in shooting at RVs which were sufficiently far away so that they did not threaten the defended area.

A determined enemy, however, could counter this defense either by avoiding it or attacking it. He could avoid it by the use of MARV (maneuvering reentry vehicles), which could enter the atmosphere tens of kilometers from the defended area and maneuver within the atmosphere to attack the target. He could counter also by "antisimulation", slowing or otherwise modifying the RV so that it looked like a decoy and would be ignored. He could also counter by using sufficiently many MRVs or MIRV (multiple independently-targeted reentry vehicles) to exhaust the ABM system. Finally, he could attack the crtical elements of the ABM system, especially the radars.

As is well-known, NIKE–X was never built and neither was Sentinel nor Safeguard, for these same reasons of ineffectiveness against the Soviet Union and ineffectiveness even against a limited ballistic missile threat which might be mounted by other nations.

From the foregoing discussion we see that the question of ABM systems effectiveness concerns far more than just the interceptor which might be replaced by a charged-particle-beam weapon (CPB), if such were practical.

CPB ABM SYSTEMS CONCEPTS

As with the systems embodying interceptor missiles bearing nuclear warheads, CPB weapons could be used for ABM purposes in a number of concepts. In particular, one could have a ground-based CPB which is used to shoot through the atmosphere to destroy RVs in midcourse or nearing the terminal area. Such a system would require the following capabilities:

To detect and track RVs with long-range radars,

To discriminate against decoys outside the atmosphere,

To generate the charged-particle-beam,

To point and track that beam,

To propagate that beam through the atmosphere,

To determine how far and in what direction the beam missed the target,

To correct the aiming of the beam,

To measure once more the miss,

To determine whether the target has in fact been killed,

And to attack all other objects which might be threatening RVs.

Furthermore, the system must be able to defend itself—its radars, accelerator, and the like, against nuclear attack.

One great difference between an ABM using a CPB and an ABM using a nuclear armed interceptor is that the nuclear weapon has a kill radius of some kilometers while the CPB with a dimeter of a few centimeters must actually strike the RV in order to injure it. Thus, at a range of 100 or 1000 kilometers, the radar accuracy and beam pointing accuracy for a CPB weapon must be better than that for an ABM interceptor by a factor of a thousand or more.

Furthermore, the CPB is bent substantially by the earth's magnetic field, so that one must point the beam in a direction other than that directly to the target. Finally, the earth's magnetic field is readily disturbed by nuclear explosions outside the atmosphere, so that a determined attacker can use this fact to help ensure the survival of his RVs.

One might imagine basing the CPB on satellites in order to avoid the problems of penetrating the atmosphere. Either near-earth statellites would be used or satellites in synchronous orbit.

If the purpose of the CPB ABM system were to destroy reentry vehicles, one might be able to defend a nation by shooting RVs at distances no more than 2000 km, but low-orbit satellites are mostly on the other side of the world from where one wants them at a particular time. In fact, only one in perhaps 20 would be within 2000 km of a particular target.

Furthermore, all of the problems of tracking and discriminating RVs from decoys would be present for this system as for the ground-based systems. It should be noted that certain kinds of decoys can fairly readily be swept by exo-atmospheric nuclear explosions (although others can then be deployed), but a CPB has no such bulk discrimination capability.

Finally, one might consider a satellite-based CPB with the job of destroying ICBMs and SLBMs during the boost phase—while the rocket is still thrusting to gain the speed which will carry the RVs to their target. This phase lasts about 5 minutes from lift off, and it has the advantages for the defense that there is only one object to attack rather than the large number of RVs and decoys which might otherwise be the case, that the rocket in boost phase is far less durable than the RVs once they have been deployed, and that it is also much more visible since it is radiating large amount of light and heat from its rocket exhaust.

Most discussions of CPB ABM are concerned with boost phase intercept. In this case, the Soviet Union must detect and track U.S. ICBMs over U.S. territory, which requires satellite-based sensors, either radar or infrared. Further, the USSR would have to detect and track and destroy U.S. SLBMs fired from any of the oceans surrounding the Soviet Union—(either that or have a strategic ASW capability sufficiently good to destroy reliably and preemptively the U.S. SLBM fleet).

Thus, one might imagine sensor satellites in synchronous orbit, together with CPB satellites which would carry the power supplies, accelerators, pointing and tracking equipment, and the like, to direct the CPB at the designated boosters, to measure miss distances and so on. For this system the particle beam must ultimately be directed with an accuracy on the order of 1 meter—an accuracy far beyond the capability of radar or infrared systems which might be used—Furthermore, the CPB will be sent severely by the earth's magnetic field and would not be able even to reach its target unless it had an energy above several billion electron volts ("giga-electron-volts" or GeV).

One might consider a bolt of protons of 5 GeV and ask how much energy must be in the beam in order to destroy a missile in boost phase. One reliable way of destroying an ICBM would be to burn a hold in the skin of its fuel tank, to explode the high explosive of its nuclear warhead, or something similar. Let us assume for the moment that the problem is to raise a section of an aluminum tank to its melting point. Since the high-energy beam loses very little energy per centimeter of travel in aluminum, a beam some 3 centimeters in diameter would have to carry an energy at least of 10 megajoules in order to raise aluminum to its melting point. This is not very much energy—about as much as in 3 kilograms of high explosives. In what follows, we shall take a requirement for an effective CPB weapon a bolt of energy of 10 megajoules.

An accelerator can be imagined with substantial efficiency. All things considered, an overall efficiency of 30 percent for the requirements of this job (in a light, compact accelerator) would be doing very well. Thus, the primary power source must provide some 30 megajoules to the accelerator.

One might consider a beam current between 1,000 and 10,000 amps. The beam power would then be 5,000 to 50,000 gigawatts (Gw). The accelerator power thus requires what would be the output of 15,000 to 150,000 standard nuclear power plants all operating at the same time; but really for only a very short time—between 1 microsecond and 10 microseconds.

Alternatively, if one considers that the energy of high explosives can readily and rapidly be turned into electrical energy (for instance with an efficiency of 10 percent), each bolt of energy of 10 megajoules could require the detonation of some 100 kilograms of high explosives. A device suitable for this purpose has been used in the United States for more than 20 years and is well-known in the Soviet Union, in Italy, and every place else where plasma physics research is done.

This method, however, will require 100 kg of high explosives per bolt, and many bolts will be required per kill (remember the initial miss distance), and there are many hundreds of ICBMs to be shot down.

U.S. COUNTERMEASURES TO CPB ABM SYSTEM

In considering U.S. countermeasures let us assume a Soviet system of sensor satellites at synchronous altitude, together with a set of CPB-producing satellites. It is clear that no effective system of this sort could be built without a long series of overall system tests in space.

Even such mundane questions as whether the system is to work entirely automatically or whether it is under Soviet communication control from the ground have major importance in the strategic capability of such a system. If the sensor satellites are to relay their information to the ground, this link can be jammed by spending enough money.

Such a system could be destroyed while it was in the process of being deployed.

Furthermore, a CPB system is quite readily countered at various critical points in its operation. As the beam is being stepped toward the target by some kind of successive approximation, one could fairly readily arrange additional aluminum foil shapes attached to the booster (above the atmosphere) out to distances of 50 meters or so, which could confuse the miss-distance sensor whatever its design.

Furthermore, although the particle beam travels essentially at the speed of light, even if the pointing and tracking response time is zero the miss-distance signal to the sensor and the beam return time to the target requires at least some 0.4 second, plenty of time for the booster to detect a charged-particle beam in the neighborhood and to eject chaff or other appropriate countermeasures to confuse the fine pointing of the beam.

Obviously, CPB-producing satellites are going to be very much more expensive than little satellites which could follow them in a similar orbit, carrying a few pounds of high explosives which could be used to destroy the CPB satellites on command.

In sum, even if CPB producers, sensors,

and the whole system were technically feasible, there is grave doubt whether it would be deployed because of its questionable effectiveness in the face of countermeasures.

NEUTRAL PARTICLE BEAMS

The Aviation Week article sketches the concept of a hydrogen-atom beam (HAB) which, being uncharged, crosses the earth's magnetic field without being bent and thereby avoids a serious problem with the CPB.

It should be noted that there are very fundamental limits to the angular spread of such a beam (caused by the motion of the electron in the negative hydrogen ion from which the hydrogen atom beam is to be formed by "stripping"). For a beam of 1 GeV, this angular spread amounts to about 1 microradian—a beam diameter at 40,000 km distance of about 40 meters. Presumably a negative hydrogen ion CPB would be accelerated, pointed accurately by a bending magnet and then stripped.

Due to the wide angular spread of the hydrogen atom beam (HAB), instead of a charged particle beam of a few centimeters diameter which could heat or otherwise seriously injure durable objects in its path, a HAB system would have to rely on peculiar vulnerabilities of the electronics of the missile it is attacking. These vulnerabilities could be fairly readily remedied, certainly more rapidly than a HAB system could be deployed with the capability of shooting down many hundreds of ICBMs simultaneously.

The problems of miss-distance indication and correction are serious ones with the HAB, which also suffers from its vulnerability to decoys and the like. Evidently, HABs are harder to generate than are CPBs. They are also trivial to counter in a strategic engagement.

A CPB of adequate energy can go through kilometers of air at sea level density and many centimeters of steel. Because the HAB consists of protons with electrons bound to them in the form of hydrogen atoms, a HAB can penetrate only a few millionths of a centimeter of air at normal density before becoming a proton beam. If one is considering the possibility that some day the USSR might deploy HABs on satellites intended to destroy U.S. ICBMs during their boost phase, we can readily counter that threat by sending up first a single high altitude nuclear explosive, high in the atmosphere above the U.S., with the purpose of throwing into space a relatively small quantity of air from the upper atmosphere.

To nullify the capability of a HAB over a region 2,000 km by 2,000 km by 1,000 km high, only about 10,000 tons of air need be lifted, at an energy expenditure of approximately 20 kilotons high-explosive equivalent. A nuclear explosion smaller than the present warhead on any of our ICBMs or SLBMs would suffice to render ineffective a Soviet HAB device.

The foregoing arguments should provide good reason to doubt the utility of work being done toward CPB or HAB ABM weapons, the depth of understanding of those who emphasize a threat in this regard, and the good sense of those government officials who would be responsible on either the U.S. or the Soviet side for spending large amounts of funds in the development of such a capability.

Furthermore, if we exaggerate a threat to the extent of persuading U.S. political leaders of the importance of countering or limiting a Soviet CPB program, we may give the Soviet Union a bargaining chip in SALT. In effect, we may have to limit some real military capability on our side in order to induce the Soviets to limit their own CPB efforts.

Long years of "head in the sand" behavior by system proponents and defense leaders brought us to the SAFEGUARD fiasco where the magnitude of the job required of SAFEGUARD was not apparent until the decision to deploy had already been made. We should learn from that experience.

We should also learn from the experience of the "missile gap" of 1960, apparently a previous misinterpretation of available information.

APPENDIX—RELEVANCE AND UTILITY OF VARIOUS TECHNOLOGIES DISCUSSED IN RELATION TO THE CPB

I have mentioned briefly the problem of propagating a CPB through the atmosphere as would be required for the ground-based ABM. The best that can be done is to have the beam in some way heat a tube of air and thereby to reduce the density so that the following beam suffers less energy loss than in traversing normal atmosphere. Still, there remain energy loss, nuclear scattering, stability problems, interference with the tracking of the beam, and the like.

The CPB generator itself must consist of:

A primary power source which produces on the order of 30 megajoules per bolt. If the individual CPB is to deliver 1,000 shots in a minute, the generator must produce some 500 megawatts of electrical energy on the average for that time. On the ground, 5 or 10 large jet engines connected to electrical generators could provide the primary power. In space, the explosion of a ton of explosive per second connected with appropriate magnetic generators could provide this power, consuming some 60 tons of explosive during the minute of presumed activity.

A device for staging the energy from the continuous production by jet engines to the time scale required for an accelerator (1 to 10 microseconds or thereabouts, although a HAB device could use a longer pulse). This device would have to store more than 30 megajoules of energy and retrieve it at high efficiency and in a short time. Such techniques are used the world over for various purposes, including research in fusion energy, but the mechaisms are very heavy.

An accelerator for receiving the electrical energy and converting it into the energy of the CPB.

Magnetic deflection devices and the life for focusing and pointing the CPB in the desired direction with adequate accuracy (accuracy better than anything has ever been pointed before).

The Aviation Week article suggests that "nuclear-driven explosives" are being used or will be used to power CPB weapons (a "nuclear explosive generator sphere"). This makes absolutely no sense as indicated above. For generation of prime steady power, more conventional approaches suffice and are better—jet engines on the ground, rocket-exhaust driven generators in space, high-explosive magnetic generators on the ground or in space.

If a nuclear explosion were to be used to provide the pulsed energy for a single bolt, how would one generate the many thousands of bolts required for an effective ABM system, either boost phase or terminal? Why saddle a CPB development effort with nuclear explosions for powering it?

SUMMARY

Without having to consider in detail the status of charger-particle-beam generation, propagation, pointing, and the like, we see that the system problems are such that the future looks dim for a CPB ABM system to be effective against the ballistic missile force of the United States or the Soviet Union. Much of the "evidence" which is used to support allegations that the USSR is close to deploying an effective CPB ABM system is completely irrelevant to CPB, even if it were true. In particular, nuclear explosive generators of electrical energy (even if they were to exist) are irrelevant to the supply of power for a CPB ABM system.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

John C. Krsul, of Montana, to be U.S. marshall for the district of Montana for the term of 4 years vice Louis A. Aleksich, term expired.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, August 3, 1977, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

REGULATORY REFORM

Mr. BAKER. Mr. President, I am pleased that my colleagues have organized today's discussion on the subject of regulatory reform. I can think of no broad issue which directly affects more Americans and results in a greater outpouring of views to Members of Congress than the extent to which Federal, State, and local government regulation has permeated our lives.

While few would question the desirability of the objectives which Congress has sought to achieve in expanding Federal regulatory controls over the private sector, we can no longer ignore the fact that such controls result in diminished production, a reduced incentive to develop new products, restrictions on the consumer's freedom of choice in the marketplace, and rising consumer prices. In addition, as Murray Weidenbaum, former assistant secretary of the Treasury for economic policy, has pointed out in his study, "Government Mandated Price Increases," by requiring actions in the private sector which increase the costs of production and raise prices, the Government is continually mandating more inflation by the regulations it promulgates.

Recognition of these unintended and undesirable effects of Federal regulation requires the Congress, in fairness to consumers and to private industry, to review the extent of regulatory controls and to eliminate, wherever possible, those requirements which are duplicative, wasteful, outmoded, and unnecessary. I regret that we have not made more progress on such reform. Former President Ford and Persident Carter have both expressed their support for a broad review of regulatory activity throughout the Government, and it is my hope that the Congress will follow through on such a review.

A notable exception to the general lack of activity on regulatory reform has been

the diligent effort within the Committee on Commerce, Science, and Transportation to develop legislation reforming regulation of the Nation's air transport industry. It is my understanding that such a measure will soon be ready for action by the full Senate, and I look forward to a full discussion of the issues which have been raised on the floor. The purpose of this legislation is to reduce or modify regulatory requirements which have resulted in lessened competition and wasteful capacity in the airline industry at the expense of consumers and, ultimately, of the industry itself. I have been pleased to support such reform, and I hope that successful reform in the airline industry will stimulate further reforms affecting other modes of transportation and other industries.

Again, I commend my colleagues on both sides of the aisle for their contributions today to the continuing dialog on Federal regulation, and I look forward to consideration by the Senate of effective regulatory reform legislation in the months ahead.

Mr. President, I ask unanimous consent that the previous order for special orders may be amended to permit the distinguished Senator from New Mexico (Mr. SCHMITT) to proceed at this time and out of sequence.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from New Mexico.

Mr. SCHMITT. I thank the distinguished Senator from Tennessee and minority leader.

Mr. President, this morning a number of Senators will discuss in their various ways the issue of regulatory reform.

Mr. President, the American citizen, the small businessman, business in general and Government are staggering under an increasingly heavy load of regulations. There is a general perception among the people that the regulatory bureaucracy is running out of control. There is a general mandate to the Congress to do something about reestablishing control of the regulatory process and to reform existing regulations. This mandate was reestablished in 1976 with the election of numerous Senators and Congressmen and the election of a new President.

There is little question that in recent decades Congress has increasingly given up much control over the "making of law" to the regulatory agencies. This loss of constitutional congressional authority has occurred through the passage of legislation that calls for the promulgation of rules and regulations that will cure some social ill. Subsequent congressional oversight over the rules and regulations so promulgated has been poor to nonexistent in many cases. Thus, the constitutional concept of the separation of powers between the legislative and executive branches of Government has been seriously blurred and compromised.

A number of recent legislative proposals are aimed directly at regulatory reform.

One effort currently being considered by the Congress to help correct this situation is S. 2, a bill sponsored by Senator MUSKIE which requires reauthorization of new budget authority for Government programs at least every 5 years. In addition this bill provides for a congressional review of Government programs every 5 years.

Another effort to reform regulatory procedures at the Federal level is S. 600. This bill sponsored by Senator PERCY would reorganize regulatory agencies to prevent excessive, duplicative, and anticompetitive regulation.

Additionally, several bills reported by the Commerce Committee and now awaiting floor consideration contain regulatory reform provisions which would improve the control of the citizenry and its representatives over the rulemaking presently authorized by statute: These provisions include requirements for economic, paperwork, and judicial impact analyses written on the proposed recodification of agency rules, as well as additional oversight control provisions to assist the Congress in its oversight responsibilities.

In addition to these efforts, it seems clear that a Regulation Reform, Reduction and Control Act is required which would preserve and strengthen the constitutional separation of powers between the legislative and executive branches. The major desired characteristics of such an act are as follows:

PURPOSE

This regulation reform, reduction and control legislation should preserve and strengthen the separation of powers between the legislative and executive branches by:

First, establishing a uniform proceduce for systematic and comprehensive congressional review of proposed rules and regulations which may have a serious impact on the public;

Second, expanding opportunities for public participation in the agency rulemaking process;

Third, strengthening congressional oversight over Federal regulatory agencies;

Fourth, requiring agencies, when proposing new rules and regulations, to consider carefully the impact of their proposals on the economy—cost versus benefits, on Federal paperwork and on the workload of the Federal court system;

Fifth, providing more complete information to the public and the Congress about rules and regulations so that they can make informed decisions on future courses of action;

Sixth, making Federal agencies more responsive to the needs, concerns and interests of the public;

Seventh, substantially reducing the costs of Government regulation, alleviate Federal report filing and recordkeeping requirements and eliminate regulatory excesses; and

Eighth, restoring public confidence in Government institutions.

The legislation should apply to rules and regulations promulgated by agencies subject to the provisions of the Administrative Procedure Act—APA (5 U.S.C. secs. 551–559). The legislation should make congressional review, approval and veto procedures an integral part of the APA.

CONGRESSIONAL REVIEW

This legislation should mandate a review period by Congress before most agency rules or regulations could go into effect; that is, all major rules and regulations with the exception of emergency rules, which I will discuss later.

This legislation should require the agency head promulgating a new rule to publish in the Federal Register the text of the proposed rule and a cross-referenced index of all regulations pertaining to the same subject matter. This information also would be transmitted to the Congress.

It also should require the agency to publish in the Federal Register an economic impact analysis of each proposed rule—and any alternative approaches considered by the agency.

Each economic impact analysis should estimate costs versus benefits to consumers, businesses, markets and levels of government and effects on productivity, competition, supplies of important manufactured products or services, employment and energy resources supply and demand. This information should be developed using internal governmental sources and would be transmitted with the proposed rule to the Congress.

The legislation should require the agency to publish in the Federal Register a paperwork impact analysis of each proposed rule—and any alternative approaches considered by the agency. Each paperwork impact analysis should estimate the nature, amount, frequency, costs, and manhours that would be required under the rule for fulfilling information, report filing and recordkeeping requirements, as well as measures the agency is undertaking to eliminate duplication. This information should be developed using internal governmental sources and would be transmitted with the proposed rule to the Congress.

The legislation should require the agency to publish in the Federal Register a judicial impact analysis of each proposed rule and any alternative approaches considered by the agency. Each judicial impact analysis would estimate the effects that adoption of the proposed rule would have.

Mr. President, with respect to the congressional veto, any regulatory reform reduction and control legislation, I believe, should adapt and apply the congressional review procedures that are now in the Congressional Budget Reform Act and apply these closely to the regulatory process.

This would enable Congress to reestablish its clear lawmaking authority and to prevent unnecessary regulations from going into effect. It should set standards for Congress in reviewing major rules proposed by the agency. In the case of a rule having an especially serious or costly impact on the public and the economy, both the House of Representatives and the Senate should pass a concurrent resolution approving the rule. Both Houses should act before the rule can become effective. In the case of a rule having a significant, but potentially less injurious or serious impact,

either House of Congress should be permitted to adopt within 60 legislative days a simple resolution disapproving the rule. This is the so-called congressional veto.

Existing House and Senate standing committees, subject to specific rules for discharge if they fail to act, should exercise jurisdiction over those rules and regulations falling under their normal legislative oversight responsibilities; that is to say no new committees need to be created to conduct the preliminary review.

Each agency rule adopted under the new congressional review procedures should automatically "sunset" in 5 years, in the opinion of this Senator. This legislation, as will be proposed, should also lapse in approximately 10 years, unless resubmitted by the enforcing agency.

Mr. President, there are additional provisions which I think would be important in any major reform effort of this kind. The legislation should amend the Administrative Procedure Act to require that interested citizens and groups be permitted at least 60 days for comment on proposed agency rules. Currently, 15 days is the minimum period allowed for public comment, and only 30 days are customarily granted by most agencies, and in our experience this is far too little.

Further legislation should amend the Administrative Procedure Act to allow agencies to put certain emergency regulations immediately into effect, under strictly defined circumstances relating to the immediate public interest but with mandated review at some subsequent time by Congress.

Mr. President, at the present time and for the last several months, I have been in contact with many of my colleagues on both sides of the aisle seeking cosponsors for a bill which meets the specifications just outlined, plus some others. In addition, I am seeking critical comments on the provisions of such a bill. I hope my colleagues now will consider cosponsoring this legislation. Introduction of the legislation will take place shortly after we have had sufficient opportunity to hear from all of my colleagues, and I believe that will occur within the next few days.

Mr. President, as evidence for the need of such legislation as I have described, I note an article which appeared just this morning in the Wall Street Journal. This piece points out that in spite of a great deal of rhetoric on the need for reducing the regulatory burden on our society, and much of that rhetoric during the last campaign, very little is being accomplished to achieve this end. In fact, if one looks at the legislation now under consideration in Congress one would think we were going in the opposite direction.

Indeed, there is little evidence that the burden is decreasing in any area of our economy. In fact it seems to be increasing.

I call the Senate's attention to the public financing legislation currently before this body. That will add regulations in spades to our own operations.

Mr. President, I ask unanimous consent that the complete text of this article in this morning's Wall Street Journal be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FEDERAL REGULATIONS, RED TAPE KEEP GROWING DESPITE CARTER'S RHETORIC ABOUT CUTTING IT BACK

(By Burt Schorr)

WASHINGTON.—More than two years have passed since the nation's Chief Executive set an ambitious goal: to shrink the mountain of federal regulations, red tape and paper work pressing down on businessmen, state and local governments and ordinary citizens.

That Chief Executive isn't in the Oval Office any longer, but his successor's rhetoric is even more expansive. "We will cut down on government regulations, and we will make sure that those that are written are in plain English for a change," Jimmy Carter has vowed.

Perversely, however, the federal regulatory mountain is resisting shrinkage. In some areas, it has even continued to grow at the same rapid pace of the past decade. One obstacle to cutbacks is that regulators, lawmakers and business executives who pay lip service to deregulation fight hard to keep their own favorite regulations intact. Another difficulty is that the Carter administration isn't yet able to match its deregulation rhetoric with deeds. Some samples of current frustration:

Ford administration men cheered last year when Congress agreed to grant railroads greater freedom to alter rates to compete with trucks and barges. The change was seen as an important first step toward less regulation and more competition in all sorts of transportation. However, to protect barge and truck operators, the Interstate Commerce Commission has interpreted the law in a way that prevents easy rate changes by railroads. Joined by the Justice Department and others, the rail lines are challenging the ICC in federal court—a legal fight that may last two or three years.

When the new Title XX of the Social Security Act took effect two years ago, its sponsors saw twin benefits: states would get more flexibility in deciding what social services to offer lower-income citizens; Washington would get tighter control over about $2.5 billion in federal aid given annually for such services. Now it appears that whatever else it has accomplished, Title XX has spawned an expensive proliferation of paperwork. After studies in six representative states, the Commission on Federal Paperwork recently reported that state costs of determining eligibility for family planning services spurted 266% and that costs of determining day-care eligibility zoomed 303%.

AMBIVALENT BUSINESSMEN

The Department of Health, Education and Welfare has been training its employes to write clear, simple regulations. But here's a sample from new regulations proposed for HEW student assistance—the section explaining how a school is to refund money laid out by Uncle Sam in the event a student withdraws or flunks out: "Subtract the number of days the student was enrolled . . . from the number of days making up the midpoint (of the payment period). . . ; divide the remainder (of days to the midpoint) by the number of days to the midpoint. . . ; multiply the amount disbursed to the student as determined in paragraph (G)(1) of this section by the ratio established in paragraph (G)(3)(III) of this section."

Among the special targets of shrinkage efforts is the web of economic regulation surrounding much of American business. Yet the task of reducing it is proving arduous because of resistance from many affected businessmen. Corporate executives who are quick to beef about Washington's safety and environmental rules are often just as quick to defend economic regulations that shield their companies from the vagaries of the free market.

A classic illustration is the reaction to current Senate efforts to free airlines from existing restrictions on fare and route competition. A number of airline executives, joined by airline unions and small towns fearful of losing scheduled air service, are lobbying strenuously against the idea.

"Deregulating the airline business is a dangerous step," Albert V. Casey, chairman and president of American Airlines, has warned the Senate Aviation Subcommittee. "If deregulation doesn't work, you will see the finest air transportation system in the world begin to disintegrate before your eyes."

The opposition threatens to swamp backers of the pending airline deregulation proposal, despite help from President Carter and organizations ranging from the National Association of Manufacturers to Ralph Nader's Congress Watch. Although Senate approval appears likely, one Senate aide gloomily perceives "rather atrocious politics" working against the bill in the House; deregulation opponents can muster their troops in nearly every congressional district, he says.

CONGRESS OFTEN TO BLAME

In other instances, Congress itself can be blamed for the continuing flood of new regulations. The strip-mining control legislation about to be signed by President Carter has already generated draft regulations that run almost 200 pages, an Interior Department executive says. The definition of "surface coal mining," lifted directly from the legislation, alone requires more than 300 words. (To enforce its strip-mining rules, moreover, the Interior Department will establish a new office staffed by several hundred employes.)

At the HEW Department, a specialist in regulatory matters acknowledges that "people are legitimately mad about the government intruding in their lives." Yet he argues that people often "want the government to do more" and cites new HEW regulations to prevent schools, local agencies and other recipients of federal aid from discriminating against handicapped persons; representatives of both the handicapped and the affected institutions and agencies insisted that the new regulations be very detailed, he claims. There's one 600-word section just to make clear what questions an employer can ask about a job applicant's handicap.

Whatever the reasons Uncle Sam's regulatory juggernaut isn't slowing down, few of the approximately 90 agencies that contribute most to its momentum have done much to make their regulations more comprehensible.

It's true that Interior Secretary Cecil Andrus, for one, has issued orders for clearer writing and fewer reporting requirements in regulations issued by his department. Nevertheless, they still sound like "lawyers talking to lawyers," frets a staff member who reviews departmental utterances.

PROBLEM IN THE GSA

Perhaps the strongest government advocate of regulations that sound like lawyers talking to ordinary folks is Fred Emery, director of Uncle Sam's official bulletin board, the Federal Register. Yet even Mr. Emery's own agency, the General Services Administration, hasn't exactly snapped up the concept.

Take the Privacy Act regulations that the GSA published a year and a half ago. Mr. Emery winced when he read that their purpose is to prescribe "procedures for notifying an individual of a GSA system of rec-

ords containing a record pertaining to him, procedures for gaining access and contesting the contents of their records, and other procedures for carrying out provisions of the act."

Putting his own staff to work, Mr. Emery came up with a proposed rewrite that would say: ". . . Congress passed the Privacy Act of 1974 . . . to protect your right to privacy and to prevent the misuse of personal information by federal agencies. This part applies to you, if you are a U.S. citizen or a permanent resident alien, and tells you how to—

"(A) find out what records, if any, General Services Administration has about you . . ." and so forth.

Thus far, the GSA hasn't done anything with the suggestion (though Mr. Emery tactfully blames the lack of response on the change in administration).

BASIC CHANGES NEEDED

Like their Republican predecessors, members of the Carter anti-red tape squad are convinced federal regulations won't improve without fundamental changes in approach.

One way to get such change at the Occupational Safety and Health Administration is to put Eula Bingham in charge. More than any other agency, OSHA has been denounced for workplace safety rules that deal in excruciating trivia, such as the knots in wooden ladders and the placement of exit signs. In May, the agency's new chief, Assistant Labor Secretary Bingham, pledged an end to dozens of nit-picking regulations and an increased emphasis on policing serious work hazards like cancer-causing chemicals. The other day, OSHA proposed to exempt 3.4 million smaller companies (out of five million covered by its safety rules) from the need to keep routine employee accident and illness records.

Wherever bold slashing isn't needed to get rid of superfluous regulations, Carterites favor application of a preventive procedure used by the Environmental Protection Agency. Basically, the EPA system calls for internal reviews of regulatory plans as several stages in their development—beginning well before the agency goes public with its intentions.

The system hasn't stopped every blooper. But it did prevent the EPA from proposing to act as policeman over approximately one million building-maintenance workers, demolition workers and others through its regulations for controlling highly toxic polychlorinated biphenyls (PCBs), says James Janis, the official in charge of the reviews.

PCB DISPOSAL ISSUE

EPA officials are concerned about eventual disposal of the estimated 250 million pounds of PCBs now distributed around the country in electrical equipment—including the capacitor units of about 800 million fluorescent lighting fixtures. One draft of the regulations called for fines of up to $25,000 on anyone neglecting to arrange for high-temperature incineration of such capacitors.

However, the review discussions led to a consensus that enforcement would be "extremely difficult." Result: The EPA has finessed the issue in its formal proposal, merely citing a requirement for high-temperature incineration as an "option" to be considered "if strong regulation is required."

Widespread application of the EPA technique could take time, however. Last year under the Republicans, the HEW Department adopted a similar screening system for proposed regulations, but now Secretary Joseph Califano wants it overhauled. "The system has gotten clogged with a lot of paper because agencies were sending up plans for every trivial matter," an aide to the Secretary explains.

Mr. SCHMITT. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Under the previous order the Senator from Idaho (Mr. McCLURE) is recognized for not to exceed 15 minutes.

Mr. SCHMITT. Mr. President, I ask unanimous consent that that previous order be modified so that the Senator from Alaska, Senator STEVENS, may speak at this time.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Does the Senator from Alaska also have reserved time?

The PRESIDING OFFICER. The Senator has. The Senator has 15 minutes reserved.

Mr. STEVENS. Mr. President, if I may, I wish to join with my colleagues on this side of the aisle in this colloquy on regulatory reform. I think it is important that the Nation know that the Republican Members of the Senate will continue to try to provide leadership in this important area.

Nearly 3 years ago, in an address to a joint session of Congress, President Ford called for a "total reexamination of our regulatory agencies."

I think that it should be plain that the Republican Party's leadership, particularly that in the Senate, remains dedicated to this commitment and that our dedication continue unfinished.

I join all Members of the Senate, both Republicans and Democrats, who favor improving the regulatory system. I believe we should also welcome President Carter's expression of interest in, and his commitment to, the continuation of the Presidential involvement, which was started by President Ford, toward improving the regulatory process of the Federal Government. However, regulatory reform is an issue which must be addressed by Congress and ultimately it must be solved by Congress. It is a challenge that must be met by us because it is the legislative branch that created the problem. We cannot blame the regulatory agencies or, as many people call them, the bureaucrats downtown for the creation of their functions.

An article in the magazine, the Public Interest, entitled "The New Social Regulation," includes the not surprising statistics that the number of major economic regulatory agencies created by Congress between 1970 and 1975 increased by 25 percent while their budgets increased by 157 percent. The number of major social regulatory agencies increased by 42 percent and their budgets increased by 193 percent. A congressional study on regulatory reform presently underway indicates that the Code of Federal Regulations containing only the basic standing Federal regulations would fill a shelf 15 feet long with 60,000 pages of fine print.

Mr. President, we expect our fellow citizens to know the law and to follow the law. Yet I would be willing to wager that those regulations have never been read completely by any Member of Congress.

Lastly, an Associated Press survey disclosed that the Federal departments and agencies send out over 9,800 forms and receive 556 million responses from individual citizens each year. These agencies, regulations, and forms are ultimately the responsibility of the legislative branch. We created these agencies. They are known as "arms" of Congress, and Congress should insure that our constituents are not strangled by them.

We should restrict the reach of our regulatory "arms" to those activities helpful to our constituents' needs. It must be understood by our regulatory agencies that their purpose is not to invade the every day lives of the citizens of this country.

Mr. President, I wish to yield the remainder of my time to my good friend, the Senator from California, and to welcome him to this colloquy along with the other new Members on this side of the aisle and, for that matter, all other Members of the Senate. I hope those of us in the Senate, who are concerned with the extension of regulatory activity in the country, will join together in assuming responsibility for the activities of the regulatory "arms" of Congress.

I yield the remainder of my time to the Senator from California.

The PRESIDING OFFICER (Mr. SASSER). Without objection, the Senator from California is recognized.

Mr. PERCY. Mr. President, first will the distinguished assistant minority leader yield for just a question? As I understand it, there is time provided for Senator BAKER, Senator McCLURE, Senator SCHMITT, I believe Senator LUGAR wishes to speak, and I have a speech. Is there any sequence for yielding time to us for that purpose, on regulatory reform?

Mr. STEVENS. Mr. President, I might say to the Senator from Illinois it is my understanding that a series of orders were entered, and the time started before the Senators arrived. It is difficult to manage the time, because some of the Senators entitled to time are not here to yield it. I would have to inquire of the Chair if I am at liberty to yield time from those orders.

Mr. NUNN. Mr. President, I would suggest to the Senator from Alaska and the Senator from Illinois that they simply make a unanimous-consent request for whatever time they want now, because, having been in the chair, I know the time did start running and there were several Senators who were not here when their time was allocated. So I think right now it might clear the record if the Senators would propose whatever unanimous-consent request they wish for additional time.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senator from New Mexico (Mr. SCHMITT), who has been here throughout these proceedings, be permitted to allocate the time that was reserved under specific orders for Senators on this colloquy.

The PRESIDING OFFICER. Without objection. it is so ordered.

Mr. SCHMITT. Mr. President, I believe I have 2 minutes left. How much time remains to the Senator from Alaska?

The PRESIDING OFFICER. The Senator from Alaska has 10 minutes remaining.

Mr. STEVENS. I had already yielded that time to the Senator from California.

Mr. SCHMITT. How much time does the Senator from California need?

Mr. HAYAKAWA. I would say about 6 minutes.

Mr. SCHMITT. I yield 6 minutes to the Senator from California.

Mr. STEVENS. And the Senator from Idaho had additional time.

Mr. SCHMITT. Yes; we had, I think, a half-hour for those gentlemen, but I hesitate to yield it until I check with them.

I yield the Senator from California 6 minutes.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. HAYAKAWA. Mr. President, I am glad to have the opportunity to join my colleagues today in addressing the need for reform of our Federal regulatory practices. Inefficiently administered regulations may well be one of the most significant factors working against the business community today, and the price is being paid by all Americans. I have received an enormous amount of mail from my constitutents relating to the problems of overregulation, and requesting relief from what appears to be indiscriminate governmental rulemaking.

The General Accounting Office has estimated the annual cost of Federal regulations at $60 billion, and this is one of the more conservative estimates. Another estimate places the cost at $130 billion. We cannot afford to delay in finding a remedy for this situation.

I have come across several examples that illustrate the burden of these regulations. The Dow Chemical Co. claims that the cost of complying with Federal rules for only 1 of its 10 product divisions increased from $164,000 in 1970 to $1.5 million in 1975. That is, the cost has multiplied by 8 or 10 times in just those 5 years. More than 5,000 companies have eliminated their pension plans because the cost of implementing the regulations for the Employee Retirement Income Security Act is so great that the companies would have been forced out of business. A GAO report states that more than 6 billion board feet of mature timber in national forests dies every year because Federal regulations prevent its harvest. The license renewal application for a company operating three small television stations required the completion of 45 pounds of Federal forms. Today we have more safety rules and more inspection of work areas than ever before, however, the accident rate for industry has shown no significant reduction. These disturbing stories can be discovered in every business and industry that is governed by Federal regulations. We do not need to look far to find them.

The redtape and paperwork impose a more severe hardship on smaller businesses who lack trained legal and account departments. Small businesses often are not able to afford the expensive investments necessary to comply with health and safety, and antipollution laws. Government regulations often deny small businesses the right to enter a market to compete at all. Can we afford the high cost incurred by preventing the establishment of a new business—one that would provide additional jobs, or one which may increase competition and thereby keep prices lower?

We have already seen the unemployment rate for teenagers rise as we continue to increase the minimum wage requirements. We are also reducing the employment opportunities for heads of households as we divert the capital necessary to expand businesses or establish new companies to covering the costs of filing the form required by Federal rule.

One of the biggest defects in the rulemaking procedure is a failure to take into consideration this relationship between costs and benefits of regulations. I do not believe any of us can deny that a cleaner environment is desirable, or that we prefer safer cars or freedom from work-related accidents. But we must recognize the high costs involved to achieve these goals and determine whether the benefits are justified in view of the price we pay.

For average persons, let us think for a moment of regulations that are of great inconvenience to some, while perhaps for the benefit of others. I think expressly of the mandated pill bottle tops which are almost impossible for the average person to take off. I have often thought that there ought to be a Federal regulation that pill bottle tops should be designed in such a way that they can be opened by any reasonably competent 65-year-old arthritic. Unfortunately, however, the regulations provide only that they should not be susceptible to being opened by the agile fingers of very small children.

I have found no one who can tell me how many regulations are in effect today. Nor can anyone tell me the cost in dollars of implementing these regulations—only that the price is in the billions. Recognition of the extreme costs is the first step. The next step is enactment of a system to review and revise in a systematic way present regulations. I am looking forward to consideration of sunset legislation which will give us the opportunity to begin such a review, as well as other potential remedies to halting the growth of Federal regulations.

I thank the Chair.

Mr. SCHMITT. Mr. President, I yield 7 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, first I wish to commend our distinguished colleague for setting aside this time for the discussion of something I feel is of great importance to the country. Certainly among the business community, among organized labor, among consumers, and among the American public in general, they are unanimous on one thing: There is just too much Government interference in the lives of individuals and in the processes of our organizations.

We live today in the Age of Regulation. Today there are at least 70 Federal regulatory agencies, many having a substantial impact on the economy. I say "at least" because there are so many of them, with such wide authority, that experts often cannot agree which may be properly termed "regulatory agencies" and which not.

Suffice it to say that there are almost as many regulatory agencies as there are Georgians in the government, but as a group they are not at all as friendly.

It is reported that thousands of small businesses are being forced to close down, either directly as a result of regulatory agency orders or indirectly as a result of high costs of compliance. The Code of Federal Regulations now has over 73,000 pages of detailed regulations. Economists point out that regulation has stoked the fires of inflation.

Direct regulatory operating expenses account for $3.5 billion in fiscal 1977, and the total cost to the American economy has been estimated at between $60 billion, a figure confirmed by the Comptroller General of the United States, Mr. Elmer Staats, to $120 billion annually, and a figure of over $100 billion came from the Ford administration White House.

The basic problem is that the agencies are trying to do what the free market could often better do for itself. The Civil Aeronautics Board, for example, governs the fares charged on each of the 15,000 interstate airline flights made every day. The Interstate Commerce Commission now has on file over one trillion different freight charges truckers may collect for hauling various commodities.

Economists long ago discovered that, other things being equal, the free market is the most efficient and fairest price setter around. It automatically accounts for costs of production, fair return on capital, expected shortages, buyer preferences, and a host of other variables. The open market is, for the most part, free of influence from special interests, would-be bribers, and South Korean lobbyists. And it costs the taxpayers nothing. "In political economy," economist Jeremy Bentham said, "there is much to learn and little to do."

Particularly in the economic sphere, by attempting to set prices through a political process, regulatory agencies frequently waste Government enforcement dollars as well as industry compliance dollars. They arrive at prices which may only coincidentally be the optimum market price, giving rise to resource misallocations, commodity shortages, and service interruptions.

Mr. President, we need only look at what happened under 30 years of controlled agriculture. Farmers were in a desperate condition and consumers in this country were not well served. Now that we have a relatively freer market, we have the benefit of being able to perceive what happens in the free market to agriculture and the consumer, and what happens under regulation. I think universally we would say the free market is by all odds the best.

Perhaps more pernicious than the economic losses of regulation is the loss of freedom we have legislated for ourselves. Some regulatory agencies seem determined to pick the last nit out of American industry. For example, the Occupational Safety and Health Administration dictates the size of partitions between stalls in employee bathrooms, the time it may take a worker to walk from his workplace to a restroom, and the size, number, and location of knots on wooden ladders.

There are other less obvious, but

equally noxious, side-effects of regulation. We increasingly find ouselves imbued with a "regulatory mentality." Firms reportedly hesitate to expand service, introduce new products, consider capital formation plans, or even change their factory layout for fear of violating an obscure regulation. Small businesses without large legal staffs are especially inhibited. The paperwork required to introduce a new product makes many otherwise useful and profitable research projects just not worth the effort. Even excluding tax and banking forms, as a nation we spend 71,000 man-years annually to fill out Government forms.

Moreover, with each new regulatory agency, we run the risk of favoritism and undue influence among the regulators. The legendary cozy relationship between the regulatory agencies and the oligopolists is all too often a reality.

On occasion, the Congress has been willing simply to set up an agency to handle a perceived social problem. Such a solution provides immediate and highly visible legislation. But it is akin to a political blind date. The result is today's hodgepodge of regulatory authorities with ill-defined and overlapping powers.

In short, regulation as an answer to social problems is nobody's panacea. We cannot expect our troubles to go away through some sort of legislative sleight of hand if we just turn an agency loose. In some instances, the regulatory agencies may be doing more harm than good.

What, then, is the proper role of the regulatory agencies? At a minimum, they should serve one of three principal functions:

First. Insure a properly working marketplace. This requires honest dealings, accurate consumer information, and active business competition. Efforts to police the financial markets, to require labelling of food ingredients, and to control "natural monopolies"—such as the telephone network—are examples of justified regulatory functions falling into this category.

Second. Make judgments consumers cannot make because they lack the requisite training or technical information. Pharmaceutical testing and surveillance is perhaps the best example.

Third. Act as the Government's agent in handling certain major social priorities. For example, the role of the Nuclear Regulatory Commission is one the private sector could not be expected to handle for itself, as is the money supply function of the Federal Reserve Board. Pollution control by the Environmental Protection Agency and discouragement of racial and sexual discrimination also meet this criterion.

Which social priorities are sufficiently crucial and complex to be taken out of the private sector must be decided on a case-by-case basis, but the presumption should be in favor of the free market. Each time we establish a new regulatory agency, we add a little to the Federal budget, displace certain scarce resources, and constrict a few more of our freedoms. Accordingly, social goals must be sufficiently important to justify regulatory interference.

Conforming our regulatory apparatus to these criteria is one of the most valuable contributions the 95th Congress could make to society.

Progress is being made. Between April 1971 and May 1975 the Securities and Exchange Commission gradually introduced a system of competitive brokerage commissions on Wall Street. The FTC in recent years has shed the cloak which caused it to be known as the "little old lady of Pennsylvania Avenue." The Interim Regulatory Reform Act, when passed, should correct several procedural shortcomings of the regulatory agencies.

We are now excitingly close to airline regulatory reform. And trucking regulatory reform may not be far behind. S. 600, the Regulatory Reform Act of 1977, now has 44 Senate cosponsors and over 80 cosponsors in the House. Its purpose is nothing short of a full-scale overhaul of the Federal regulatory establishment. We must review the whole array of Federal regulation. Some areas may have to be abolished. Others may be curtailed. Still others may be merged. Perhaps a few will be expanded.

We cannot stop after rethinking the roles of regulatory agencies. We also must rethink their modes of operation. A recent report by the Senate's Committee on Governmental Affairs documents the claim that regulatory appointments and practices have often been less than ideal. Commission seats are too often treated as only patronage appointments for faithful supporters or tribute to be offered to politically potent industries. Instead, we need to expand the number of dedicated commissioners broadly representative of society.

Regulatory delay is another problem. One case has been pending before the Interstate Commerce Commission for over 13 years.

And the agencies must concentrate on the most critical problems first. The Occupational Safety and Health Administration, while issuing regulations minutely detailing knots in wooden ladders, has failed to promulgate guidelines on over 20,000 toxic substances employed by American industry.

We cannot blame the regulatory agencies for many of these faults. The inattention or carelessness of Congress and the White House has added considerably to our regulatory woes. The civil servants in the regulatory system have often had to deal with vague mandates and elected officials beset by other, seemingly more immediate, concerns. The point is not to condemn the past but to reform for the future.

But even when we have reformed the regulatory system and its operations, we cannot allow our vigilance to lapse. The economic and technological facts of life change so rapidly that unless we are careful we will again have outgrown our regulatory system. Review and reform must be frequent.

All of this is not going to be easy, conceptually or politically. Intelligent government seldom is. But then, the alternative is the mess we are in now.

Mr. SCHMITT. Mr. President, I yield 7 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I take this occasion of the colloquy on regulation to bring to the attention of this body and the country the fact that two issues which are paramount in our current discussion but which will remain paramount for many years are the issues of food and energy.

Specifically, in the area of food, as my colleague from Illinois has just mentioned, we have been blessed in this country by a remarkable market system in which one farmer is able to produce enough food for 50 other citizens. I would contend, as others have, that this is a direct consequence of the market economy which is most pronounced in the agricultural area, an area in which men free from regulation to the greatest possible extent has given impetus to farmers in this country to plant all they wanted to plant, to plant those things they wanted to plant, and to make a maximum number of decisions free from Government regulation.

Even in the area of agriculture we recognize a mixed economy with the support facilities of research. Certainly, marketing orders in various parts of the country are part of that system. I would say our basic strength, however, comes from a lack of regulation and the maximum number of free choices made by farmers in this country.

On the area of energy, it seems to me that we are on the threshold of critical debate and the regulation issue is at the heart of it. I was impressed, in reading the front page story of the Washington Post last Sunday, to note recognition being given there to a point of view which suggests that very substantial supplies of petroleum are available in this country and very substantial additional supplies of natural gas are available in this country if, in fact, the price is right; in short, if the replacement cost in the amount needed for the major national supplies that will be hard to get to is paid by the consumers of those supplies.

The other side of the issue is doubt on the part of some in our country, first of all, that the supplies are there at all; and, second, very grave political doubts as to whether Americans understand the situation to the extent that they are willing to pay for the continuity of energy resources that are abundantly available if we are willing to pay that price. In short, the political issue has been the dominant one. To the extent that it is, the regulation lays on a very heavy hand.

Much of the debate on energy that has now ensued is on the area of conservation and regulation of price and regulation of allocation of resources, and the circumstances under which energy might be produced or extracted. It is very heavy regulation, and it grows more so daily as discussion occurs in the committees of this body and on the House side. It seems to me that, before that issue is locked in concrete, we had best take a look at the alternative, which has much less regulation in it, much more reliance on market forces, and suggests

that, to the degree that supply and demand are allowed to work, new natural gas will be found, that new petroleum supplies will be found, that solar energy will become competitive on a Btu basis in due course as the prices for other sources of energy rise, as they will, as we are forced to search farther and farther, with greater and greater expense, for these supplies. But clearly, now, we are paying a grievous price for a Btu of natural gas imported from abroad and for a Btu of petroleum imported from abroad; a very substantial price indeed.

We are living in a fool's paradise to believe that, through regulation, we can divorce that reality from the needs of the American public and from what is practical economic and political policy. So, at the heart of the matter, I have chosen to talk about food and energy today, because I believe a country that is basically self-sufficient in both of these areas will be a country that is basically strong. It has great strategic possibilities, a lot of possibilities to do many things for citizens in all sorts of areas of social services and social equity. But if we are not about the production of food and energy and we do not offer the incentives of a free market, untrammeled by growing regulation, then we are unlikely to have good on either side. We shall have the regulation; we shall not have the energy, and we shall not have very much social equity, in my judgment, either, as the pie constricts and the elbows become sharper for the various pieces of the pie.

I plead with my colleagues to think through seriously the implications of each of the areas of food and energy bills that we shall be considering in the weeks ahead, because it is of the essence that we cut back the regulation, that we free the market, that we offer the incentives to find growth and to have a strong market-production-oriented society.

I yield the floor.

Mr. SCHMITT. Mr. President, I yield such time as he may require—approximately 7 minutes—to Senator McCLURE.

Mr. McCLURE. I thank the distinguished Senator.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

THE IRS AND THE AMERICAN CITIZEN

Mr. McCLURE. Mr. President, every year, the U.S. Government approves thousands of regulations. While these may vary greatly in subject matter, there is a common thread linking them: a belief that their enactment will enhance the welfare of the American people. But something has gone wrong. All too often, regulations choke the free enterprise system whose development they are intended to assist; their inflationary effect raises the prices financially hardpressed Americans must pay for goods; and, as often as not, they serve to harass the very citizens whose lives they were meant to improve.

While the intent behind Government regulation is meritorious, it is ultimately on its effect which the policy must be judged. The examples my colleagues have cited clearly indicate regulatory power is acquiring a life of its own, one largely unrelated to our citizens' needs and desires.

Nowhere is the dark side of regulatory power more evident than in its use by the Internal Revenue Service. And nowhere is there sharper contrast between the intent in authorizing specific powers and the frequent effect of their application.

While we cannot reasonably expect our citizens to be fond of the IRS, we should be very concerned about the fear and absolute sense of helplessness most Americans feel when confronted by the IRS. Maybe they are sending us a message about abuses which we, as the body granting the IRS its broad powers, should have been the first to foresee.

I wish to review briefly some of the powers Congress allows the IRS to exercise. The IRS has the power of search and seizure without showing probable cause or need to notify the individual involved. It can unilaterally freeze bank accounts and place liens against property. The IRS can take an individual to court without showing probable cause, and it has the power to reinterpret law and make retroactive tax assessments based on this reinterpretation.

At the same time, the agency is not held accountable for its mistakes. It can give erroneous advice and later penalize the taxpayer for following it. All too often, the taxpayer becomes bogged down in a bureaucratic morass to straighten an IRS mistake at great personal expense. In the end, he has no way to recover his cost, even though he was in the right; citizens are forbidden to sue the IRS.

A few examples will illustrate how the application of the IRS powers often results in the harassment of innocent citizens.

There is the case of Willard Reese. He and his brothers made a late payment to the IRS of employee witholding taxes, and the penalty resulting from that late filing. This should have been the end of the story, but it was only the beginning. Even though the Internal Revenue Service received the check and cashed it, it failed to notify the local office. As a result, the local office seized the property belonging to the Reese brothers in the amount of $8,500. This was some $600 more than their total tax liability and penalty.

In addition to the seizure of buildings and automobiles, the Internal Revenue Service seized a fishing rod, a garden hose, and a bottle of dishwashing liquid. While it may be that the agents who seized these items were acting in good faith, there is some question as to their zeal when they start attaching 69-cent bottles of detergent. The Reese brothers, it turned out, had actually overpaid the IRS when they sent in their check, and had no liability. However, they had to take their attorney and the company books to an IRS office to have the attachment removed. Oddly, among the items seized was a vehicle which was not paid for, while others which were paid for were not seized.

It is certainly possible to make a mistake. What happened to the Reese brothers, however, was not an isolated example, but rather one of countless instances in which Internal Revenue agents, acting on insufficient or inaccurate information, have wrongly seized property belonging to citizens and have caused those individuals to incur considerable expense to correct what was an IRS error.

Another example is the case of James White, of St. Petersburg, Fla. Mr. White is a carpenter, and was doing work on a home. Apparently, his customer was in some way involved in narcotics traffic, and had been arrested the previous night. Mr. White was in no way connected with the individual who had been arrested; he was merely a workingman trying to make a living. While he was working on the house, an Internal Revenue Service agent approached him and inquired as to the ownership of White's automobile. When the agent asked to see the title to the vehicle, White complied by showing it to him, and pointing out his name. The agent then placed the title in his briefcase and slapped an attachment notice on the vehicle. White had to go to Federal court to get his car back. It took 8 months and cost him between $1,200 and $1,500.

White was an innocent man. He had done nothing, he was not guilty of any violation of the tax law, and as I have mentioned, he was not involved in the drug charge. He merely was doing some work on a house.

Each year, the IRS seizes or makes levies on property of nearly 1 million taxpayers. For the most part, the seizures and levies are against bank accounts and paychecks. Usually, they are made against low- and middle-income persons, often with serious effects. Take, for example, a laborer in Cincinnati, who had a receipt slip from the tax collector—in other words he had paid his taxes—who had his paycheck attached. The laborer contacted his employer to let him know that he had paid the taxes the IRS was seeking to attach his check for. The employer, however, had no choice but to go through with the attachment, even though the laborer had shown him his receipts. The IRS gave no consideration to the fact that the man had a wife and children; they took his whole check.

The time has come to examine the latitude afforded the IRS and to curtail its breadth. The purpose of the Internal Revenue Service is to collect taxes, not to harass innocent citizens. To the degree that harassment does occur, our system of voluntary tax payments is undermined. Our citizenry will not indefinitely support a government whose tax collectors act in an arbitrary and capricious manner.

REGULATORY REFORM

Mr. President, the growth of Federal spending has been so rapid during the past decade that the impact of the Federal budget on the economy has critically increased. In 1967, the Federal budget was $158.2 billion. Only 10 years later, a budget is proposed totaling $406 billion, nearly three times greater. In the last 3 years alone, spending has increased by as

much as it did in the 176 years from 1789 to 1965.

While many figures exist documenting the uncontrollability of Government, perhaps the most explicit are those from the catalog of Federal domestic "assistance"—detailing that we have 228 health programs, 156 income security and social service programs, 83 housing programs, et cetera—in all nearly 1,000 Federal programs touching virtually every aspect of life in the United States. To demonstrate the degree of Federal involvement, one need only glance at the Federal Government manual, where we discover that in addition to the 11 Cabinet departments, we require 44 independent agencies and a mere 1,240 advisory boards, committees, commissions, and councils to run the Federal Government.

Today, there are nearly 1,000 categorical programs administered by 54 Federal agencies. Ten agencies alone administer some 230 different health programs, including 23 for planning and building health facilities and 22 to deal with drug and narcotics addiction. Seven Federal programs provide health services for outpatient health centers in one city—the District of Columbia. Or, consider that there are 14 separate units within the Department of HEW which administer programs for educating the handicapped.

Similarly, in the area of Federal water pollution research, there are at least 25 bureaus and offices that serve the same purpose. Such duplication of effort only succeeds in impeding the productivity and effectiveness of governmental services. Yet, year after year, funding is renewed without concern for wasteful overlap.

This same contagious "uncontrollability" has infected Government regulatory agencies as well, swelling their numbers to 80 and their bureaucratic forces to 105,000. It has been shown that regulatory agencies have often fueled inflation, stifled competition, focused on trivia while neglecting significant issues, and resulted in a loss of jobs while reducing productivity. Yet, lest they be thought ineffectual, these agencies continue frantically to promulgate regulations to the tune of $130 billion/year in compliance costs.

Decades of increasing governmental regulation—controlling various aspects of the securities business, railroads, oil companies, antitrust, utilities, food and drugs, wages and hours, shipping, broadcasting, aviation, antidiscrimination, health and safety, environmental protection, energy, et cetera, have also resulted in wildly rocketing taxpayer costs and open-ended bureaucratic proliferation. Regulatory bodies at the Federal, regional, State, and local levels now number in the thousands. Due to their explosive growth and desire to perpetuate themselves, paperwork in agencies such as EPA, OSHA, IRS, and FEA has burgeoned to some 10,000 Federal forms alone.

Rather than thinking of ways to stimulate and assist the free enterprise system, we in Congress and the Federal Government have turned an army of overzealous regulators loose on the American economy—an army which costs $4 billion annually to support. If the apparent objective of these regulators be to strangle the vitality of this country in a sea of redtape, they are indeed succeeding, thus causing economic stagnation, overlap, nonproductive efforts and, ultimately, higher prices for consumers.

The Federal reporting burden on American business increased some 50 percent between 1967 and 1974, with new regulatory requirements such as EEOC, EPA, and OSHA serving as a main source of that increase. Higher prices for consumers resulted from the prohibitive cost private industry incurred in attempting to comply with the myriad new regulations. General Services Administration calculates today's cost to the private sector for handling Government forms to be $20 billion per year for larger firms and as high as $18 billion per year for small business. As one example, Du Pont estimates it spends $5 million annually managing its rising tide of paperwork. Goodyear Tire and Rubber says it spent over $30 million complying with Federal regulations in 1974. But the expense does not stop with private industry; it costs Uncle Sam another $20 billion yearly merely to process returns from the flood of regulatory paper it generates. And most, if not all, of these costs are transferred to the taxpayer and consumer.

Typical "consumerist" writing has devoted about half to savage criticism of Government regulation as we now experience it and half to erudite proposals for more intensive forms of regulation. Seemingly, the philosophy is that Government economic regulation is a mess—but let us have more of it just the same—an odd combination of naive optimism and sophomoric cynicism.

Even the most avid free enterpriser will concede there is, in real life, a case for direct Government intervention in certain instances. Where the structure of an industry in inherently monopolistic, Government regulation might legitimately intervene to simulate the effects of competition. This was originally the envisioned role of the Interstate Commerce Commission. The chief present role of the ICC is to frustrate the economic benefits which both the users and providers of transportation might derive from the vastly increased potential scope of competition.

In the environment field, Government has a proper role, since those who discharge wastes into water and air impose costs on others—those living downstream or downwind. But heavyhanded governmental intervention by the EPA simply telling producers what environmental practices they must follow is likely to be the most costly and least effective way of dealing with the problem. One alternative is to use the marketplace for allocating the burden of reducing pollution to tolerable levels, by assigning in each case the ultimate costs of pollution back to the productive processes which created it.

Similar problems are noted throughout the regulatory spectrum, whether it be contained in the time-consuming trivia requested by OCR mandatory school reporting forms, or in the indiscriminate regulations promulgated by OSHA regarding "hazardous" substances. The problem for Government is to use the marketplace and expand opportunities for public participation in the rulemaking process, rather than surreptitiously superseding them.

For too long, we in Congress and in the Federal Government have arbitrarily made regulatory decisions without concern for the impact of the proposed regulations on the economy. Rather than consistently examining the quality of Government and reviewing the efficacy of promulgated regulations, we in Congress have exacerbated the problem with more unnecessary requirements. We must now reverse the trend where every business is treated as an enemy of the State trying to circumvent its laws, rather than as its actual provider. To do so, we must eliminate regulatory overkill, by arming the public and Congress with information about present regulations, by strengthening oversight of the regulatory agencies, by measuring the cost versus benefits of new and existing regulations, and by reducing Federal report filing and recordkeeping requirements.

The time for regulatory reform has arrived. Restoring the public's confidence in our Government demands that we get the Government bureaucrat off the individual's back. Government must serve the people and not continue as a dictatorial parasite. Government can exist only on the production of the private citizen. Strangling that production is both immoral and suicidal.

Mr. President, regulatory reform is a Republican issue whose time has arrived.

For years, Republicans have been speaking out against the excesses of Government regulation and warning the American people of the consequences of continued growth and concentration of power in Washington.

At last, the message seems to have hit home. The taxpayers are beginning to realize that not only must they foot the tab to support a vast army of faceless bureaucrats to administer the agencies and regulations, but they also pay a hidden tax as a result of regulation in the form of higher prices for essential goods and services.

Consumers are learning that more expensive production methods mandated by Government agencies lead to higher costs imposed on the private sector which are passed along to them in the marketplace. Labor has discovered that higher production costs, induced by regulation, force companies to reduce output or close down, causing a loss of jobs.

Businessmen, too, complain about a maze of unreadable, often unworkable rules and regulations, costly delays and frustrating redtape, mounting paperwork and endless recordkeeping and report-filing requirements. They find that they can no longer make ordinary man-

agement decisions without prior clearance from remote bureaucrats who are unconcerned with cost-benefit ratios or profit and loss considerations.

In short, there has been a widespread realization among the people, sparked by economic recession and the energy crisis, that Government overregulation produces domestic shortages, stifles productivity, reduces competition, retards innovation, increases consumer costs, and contributes to inflation and unemployment.

As a consequence of this new public awareness everyone—from business to labor, from scholar to consumer, from editorial writer to politician, from left to right—has been talking or writing about the harmful effects of Government regulation and the urgent need to do something about it—echoing the Republican message of so many years.

Yet, at the same time that we hear all this rhetoric about regulatory overkill and reform, we find ourselves in the midst of a regulatory boom, a period of unprecedented expansion of Government in American life. In fact, regulation may well be the biggest growth industry in our Nation today.

In fiscal year 1976, the expenditures of the major Federal regulatory agencies came to almost $2.8 billion, a whopping 48 percent increase over the costs of these same regulatory authorities in fiscal 1974. The costs of regulation are increasing far more rapidly than the sales of the companies being regulated.

One OMB study stated that the total cost of regulation, direct and indirect, to the U.S. economy amounted to roughly $130 billion in 1976, or 8.1 percent of the Nation's GNP. General Motors estimates that it costs that company $1.3 billion each year to comply with various Federal regulations. Its administrative and reporting costs alone run to $190 million annually.

In 1974 new car buyers paid over $3 billion extra for the equipment and modifications needed to meet Federal standards. We are all familiar with the fate of the interlock system. Mandatory buzzers and harnesses were so disliked that over 40 percent of the automobile owners found ways to disconnect and otherwise avoid using them, and Congress finally abolished them altogether as a result of the public outcry. Unfortunately this "catalytic converter" mentality persists in Government, for our Secretary of Transportation has promised us compulsory air bags in our cars, whether we like them or not, by—guess when?—1984.

The Commission on Federal Paperwork estimated the annual cost of Government paperwork alone is about $40 billion. There are over 4,400 different types of approved Government forms, excluding tax and banking forms. Individuals and businesses spend over 143 million man-hours each year filling them out. One small 5,000-watt radio station in New Hampshire reported that 2 years ago it spent over $26 just to mail its license renewal application to the FCC—and that was before the postal rate increase.

Concerning the size and growth of regulation at the Federal level, I quote James C. Miller III, economist and resident scholar at the American Enterprise Institute:

> Over the period 1970 through 1975 . . . the number of pages published annually in the *Federal Register* more than tripled—from 29,036 to 60,221. From 1955 to 1970, the number of pages in the *Federal Register* grew at a compound rate of just under five percent. But between 1970 and 1975, the compound rate of growth was nearly 25 percent since 1970, the number of major regulatory agencies has grown from 20 to 27, a 35-percent increase. Between 1970 and 1975, the budgets of the major regulatory agencies grew from $1.6 billion to $4.7 billion, also a 35-percent increase. While the budgets of these regulatory agencies are insignificant compared with the total Federal budget ($325 billion in fiscal 1975), one should bear in mind that the effects of regulations on costs, and, presumably, benefits are great multiples of the expenditures of the individual agencies.

These statistics give some idea of the dimensions of the problem of Government regulation. I shall leave other horror stories to my colleagues to relate, as I know they, like myself, have received much correspondence on this subject from their constituents.

Mr. President, Dr. Murray Weidenbaum of Washington University has written extensively on regulatory matters, and I call my colleagues' attention to an article on the "The Rising Cost of Government Regulation" by that distinguished economist and Robert De Fina, published on January 31, 1977, by the Center for the Study of American Business. I ask unanimous consent that the complete text of the article be printed in the RECORD at this point.

The point is that Congress, which enacted the laws setting up the agencies, has the primary responsibility for oversight and overhaul of the regulatory system, and we face a formidable task if we are to undertake regulatory reform in a responsible and effective manner.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE RISING COST OF GOVERNMENT REGULATION

(By Murray L. Weidenbaum and Robert DeFina)

(NOTE.—Mr. Weidenbaum is Director of the Center for the Study of American Business at Washington University, St. Louis. Mr. DeFina is a graduate student in the University's Department of Economics.)

The direct cost of federal government regulation of business hit a high of $2.9 billion in the fiscal year 1976. On the basis of appropriations already enacted, these costs are estimated to reach $3.5 billion in the current fiscal year, a 21 percent increase. The budget for fiscal 1978 recently transmitted by the outgoing Ford Administration would bring the annual total federal regulatory cost to approximately $3.8 billion next year, an 85 percent rise over the 1974 level.

As shown in Table 1, the budgets of the regulatory agencies continue on a steadily upward growth trend. Any additions that will be proposed by the Carter Administration—such as a new consumer advocacy agency or a strip mining control law—would push these numbers higher still, if not offset by reductions in other areas.

The most expensive sectors of federal regulatory activity are not the traditional economic regulating commissions which typically focus on an individual industry. Rather, the largest budgets have been assigned to a broad category of social activities including environment, energy, and consumer safety and health; the major agencies in this latter group include the Environmental Protection Agency, the National Highway Traffic Safety Administration, the Food and Drug Administration, and the Animal and Plant Health Inspection Service. The jurisdiction of these agencies generally extends to the great bulk of the private sector, including manufacturing and service industries which are not generally thought of as "regulated." Tables 2 through 6 contain detail on each of the major sectors of federal regulation.

TABLE 1.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES

[In fiscal years and dollars in millions]

Area of regulation	1974	1975	Annual increase (percent)	1976	Annual increase (percent)	1977	Annual increase (percent)	1978	Annual increase (percent)	Increase, 1974–78 (percent)
Consumer safety and health	1,094	1,299	19	1,419	9	1,621	14	1,755	8	60
Job safety and other working conditions	310	379	22	446	18	536	20	564	5	82
Environment and energy	265	438	65	499	14	708	42	756	7	185
Financial reporting, and other financial	36	45	25	53	18	62	17	62	0	72
Industry—specific regulation	325	355	9	486	37	591	22	627	6	93
Total	2,030	2,516	24	2,903	15	3,518	21	3,764	7	85

Percent distribution of Federal regulatory expenditures, fiscal year 1978:	
Consumer safety and health	46
Job safety and other working conditions	15
Environment and energy	20
Financial reporting and other financial	2
Industry—specific regulation	17
Total	100

Source for tables 1–6: Computed from details in the "Budget of the United States Government, Fiscal Year 1978," Washington, Government Printing Office, 1977.

TABLE 2.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES, CONSUMER SAFETY AND HEALTH

[In fiscal years and millions of dollars]

Agency	1974	1975	1976	1977	1978
Department of Agriculture:					
Animal and Plant Health Inspection Service	314	345	377	429	437
Packers and Stockyards Administration	4	5	5	6	6
Subtotal	318	350	382	435	443
Department of Health, Education, and Welfare: Food and Drug Administration	165	201	218	240	277
Department of Housing and Urban Development: Office for Consumer Affairs and Regulatory Functions	1	2	(1)	2	5
Department of Justice:					
Antitrust Division	14	18	21	27	29
Drug Enforcement Administration [2]	98	132	146	176	184
Subtotal	112	150	167	203	213
Department of Transportation:					
National Highway Traffic Safety Administration	157	150	151	182	224
Federal Railroad Administration	7	9	15	19	21
Subtotal	164	159	166	201	245
Department of the Treasury:					
Bureau of Alcohol, Tobacco, and Firearms	79	95	103	122	135
Customs Service [2]	228	299	334	358	383
Subtotal	307	394	437	480	518
Consumer Product Safety Commission	19	34	38	46	39
National Transportation Safety Board	8	9	11	14	15
Total	1,094	1,299	1,419	1,621	1,755

[1] Less than $1,000,000.
[2] Activities extend beyond business regulation (breakdown not available).

TABLE 3.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES, JOB SAFETY AND OTHER WORKING CONDITIONS

[In fiscal years and millions of dollars]

Agency	1974	1975	1976	1977	1978
Department of the Interior: Mining Enforcement and Safety Administration	59	68	84	102	105
Department of Labor:					
Employment Standards Administration	56	72	84	99	106
Labor-Management Services Administration	24	27	37	49	54
Occupational Safety and Health Administration	69	90	109	129	132
Subtotal	149	189	230	277	292
Equal Employment Opportunity Commission	42	56	59	68	72
National Labor Relations Board	55	61	67	82	88
Occupational Safety and Health Review Commission	5	5	6	7	7
Federal Metal and Nonmetallic Mine Safety Board of Review	(1)	(1)	(1)		
Total	310	379	446	536	564

[1] Less than $1,000,000.

TABLE 4.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES, ENVIRONMENT AND ENERGY

[In fiscal years and millions of dollars]

Agency	1974	1975	1976	1977	1978
Environmental Protection Agency	232	317	363	471	487
Federal Energy Administration	33	121	136	237	269
Total	265	438	499	708	756

TABLE 5.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES, FINANCIAL REPORTING, AND OTHER FINANCIAL

[In fiscal years and millions of dollars]

Agency	1974	1975	1976	1977	1978
Cost Accounting Standards Board	1	1	1	2	2
Council on Wage and Price Stability		(1)	1	2	2
Securities and Exchange Commission	35	44	51	58	58
Total	36	45	53	62	62

[1] Less than $1,000,000.

TABLE 6.—EXPENDITURES ON FEDERAL REGULATORY ACTIVITIES, INDUSTRY—SPECIFIC REGULATION

[In fiscal years and millions of dollars]

Agency	1974	1975	1976	1977	1978
Civil Aeronautics Board	89	81	91	99	93
Commodity Futures Trading Commission	[1] 3	[1] 3	11	14	13
Federal Communications Commission	38	48	53	57	60
Federal Maritime Commission	6	7	8	9	9
Federal Power Commission	27	34	36	43	43
Federal Trade Commission	32	39	44	54	58
International Trade Commission	7	8	10	12	12
Interstate Commerce Commission	38	44	47	61	62
Nuclear Regulatory Commission	80	86	180	236	271
Renegotiation Board	5	5	6	6	6
Total	325	355	486	591	627

[1] Expenditures for Commodity Exchange Authority.

Mr. McCLURE. Mr. President, the American people are demanding reform, and Republicans are responding to that demand. The Ford administration made regulatory reform a national policy by instituting a series of internal reforms to make executive branch agencies more efficient and more responsive to the public, reduce Federal paperwork, eliminate bureaucratic redtape, and by proposing sweeping improvements in regulation in the transportation field.

The 1976 Republican Party platform called for a reduction of Federal regulation and paperwork, a functional realinement of Government programs, an extensive reassessment of the combined effects of all Government regulations and a cost-benefit analysis for every Federal regulation.

At the present time, Republican Members of the Congress are working on major legislative efforts to reform the CAB's regulation of airlines, require a systematic, comprehensive review of all Government programs, "sunset" outmoded, ineffective, and unecessary programs and regulations, increase public participation in the rulemaking process, and strengthen congressional oversight over the regulatory system.

Regulatory reform is consistent with Republican principles and our party's commitment to individual liberty, limited government, sound fiscal management, and a strong, competitive free market economy. Clearly this is our issue as much as it is the concern of reform-minded Democrats, liberals, and conservatives, and all Americans who cherish their freedom and democratic form of Government. Moreover, it is our duty to see that regulatory reform is not just another political slogan or showy Washington fad that is soon forgotten. Clearly, as Republicans, we have our work cut out if reform is to succeed in this era of big government.

It is to the problems of Government regulation and the prospects of reform that we address ourselves today.

Mr. President, I am pleased that we are having this colloquy to discuss the subject of regulatory reform, and I thank my colleagues who are able to participate today. Reform is long overdue, in my opinion, and our discussion today—and future such colloquies which I hope we will have—should reflect the concern and commitment of the Senate Republicans to follow through with specific and necessary improvements in the Federal laws, regulatory programs, and administrative practices.

Finally, Mr. President, I wish to insert into these proceedings a statement concerning the problems and approaches to obtaining regulatory reform by James C. Miller III, when he was Assistant Director of the Council on Wage and Price Stability. Dr. Miller discusses economic and social regulation and suggests a seven-point program for regulatory reform which merits our attention as we debate this complex subject. I request unanimous consent that the text of Dr. Miller's remarks before the American Management Association's "First National Forum on Business, Government and the Public Interest" on December 2, 1976, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TEXT OF REMARKS

I. ECONOMIC REGULATIONS

Federal economic regulation began with the establishment of the Interstate Commerce Commission (ICC) in 1887, and by the beginning of the Second World War most of it was firmly in place: the Federal Trade Commission (FTC) was established in 1914, the Federal Power Commission (FPC) in 1930, the Securities and Exchange Commission (SEC) in 1934, the Federal Communications Commission (FCC) in 1934, and the Civil Aeronautics Board (CAB) in 1938. More recently, we have seen the establishment of the Federal Energy Administration (FEA) in 1973 and the Community Futures Trading Commission (CFTC) in 1975. As you will note, the 1930's saw the initiation of much of the industry-specific economic regulation—at a time when the public generally thought that government should and could solve many perceived social and economic problems.

Because most of the economic regulatory agencies have been around for quite awhile, there has been ample opportunity for a large amount of research into this regulatory phenomenon. Literally thousands of Ph.D. dissertations, books, and scholarly articles have been written on the performance of agencies such as the ICC, the CAB, and the FPC. While, of course, there are notable exceptions, the vast majority have been highly critical of the agencies' performance and of regulation in general. And while depending on methodology adopted, data utilized, and the time periods examined, their estimates of the social costs of economic regulation vary, one conclusion stands out very firmly: the aggregate cost to society is very high. Whether one chooses to rely on economist A's estimate or that of economist B, as Senator Dirksen was fond of saying, "A billion here and a billion there, and pretty soon it adds up to real money."

Some of these studies have also addressed certain equity aspects of economic regulation. This is important, since decisions of elected officials are more likely to hinge on equity concerns than on questions of economic efficiency. The typical congressman, for example, cares little about economists' esoteric demonstrations of what regulation actually costs, but does respond when a constituent complains about rising prices, deteriorating service, or capricious, arbitrary, or high-handed regulation.

Economists have long noted that the redistributional aspects of regulation have been a major source of its support. Proponents of regulation have gone pretty much unchallenged with respect to the direction of wealth transfers. Under close scrutiny, however, one observes that economic regulation often has "perverse" effects. For example, in the trucking industry, ICC regulation has proven to be a significant barrier to upward mobility for minority groups. As a case in point, I understand that a few years ago the State of Illinois began a crackdown on so-called "gray market" trucking. I understand that of those (illegal) operators arrested, over half were black entrepreneurs.

But while there are exceptions, in most cases—at least where there is "competition" rather than "monopoly"—one finds that regulation has very little affect on the distribution of wealth. A major reason is that regulated firms are neither philanthropic nor eleemosynary. If they earn excess profits in one market, they are unlikely to throw away their ill-gotten gains; and they are not likely to provide "losing" service if they can avoid it. We observe in the airlines, for example, that allegedly profitable routes such as the transcontinental markets aren't really profitable after all. Competition results in excess capacity, driving down the excess profits that are the alleged source of the alleged cross-subsidy. Service to small towns is not cross-subsidized but is simply poor. A similar case holds in the trucking industry. The result is that consumers in both markets are worse off than they would have been in the absence of such regulation. Passengers and shippers in high-density, long-haul markets get extraordinarily good service in terms of the capacity offered but would prefer to pay lower rates commensurate with some reduction in excess capacity. Passengers and shippers in low-density, short-haul markets are worse off inasmuch as they would prefer a slightly higher level of service, even though this might mean paying slightly higher rates.

A final equity concern that is receiving increasing public notice is the close, symbiotic relationship between many of the economic regulators and the industries they regulate. As Senator James B. Allen of Alabama said in a guest editorial in the *Washington Post* on December 5, 1974:

"Truckers, major airlines, drug companies, and other highly regulated lines of industries, though they may be lithe and snarling when captured, appear to grow fat and sluggish in their Federal circus cages.

"It is easy to forget the competitive jungle where you belong if you are forced to learn to jump through hoops, let your trainer stick his head in your mouth, and submit to similar experiences.

"But you can take comfort in the realization that cages also can be used to prevent your natural enemies from coming in. And if, as you grow old with the man holding the whip, you find that he considers your relationship with him his most valuable asset, it can get downright cozy."

II. SOCIAL REGULATION

The effects of social regulation are less thoroughly understood and less well documented. A major reason is that we have gone about this type of regulation in a systematic way for a comparatively short period of time. While the Food and Drug Administration (FDA) is now some 40-odd years old, other major social regulatory agencies are fairly new. For example, the Environmental Protection Agency (EPA) was established in 1970, the Consumer Product Safety Commission (CPSC) was established in 1972, and the Occupational Safety and Health Administration (OSHA) was established in 1973. Another reason is that social regulation is a many-faceted phenomenon which invloves an exceedingly broad spectrum of society. Whereas the CAB, for example, has jurisdiction over a few hundred firms and the ICC's jurisdiction reaches a few thousand, hundreds of thousands of firms, nonprofit institutions and State and local governments are affected by regulations promulgated by EA and OSHA. Obtaining hard data on these effects is obviously a horrendous problem.

The evidence we do have on the effects of social regulations suggests that the costs are enormous and in many cases overwhelm any reasonable estimate of benefits. For example, several studies have questioned whether OSHA has had even the slightest impact on worker safety, despite having imposed detailed and costly regulations, ranging from standards for sawhorses to definitions of what constitutes a hole one should not fall into.

According to the Council on Environmental Quality, EPA regulation is expected to cost the economy some $40 billion annually by 1984. While this activity will surely secure sizable benefits in terms of a cleaner environment, the results of some studies question whether in particular cases the benefits exceed the costs. For example, in the case of EPA control of auto emissions, a study by the National Academy of Sciences estimated that the benefits would be approximately $5 billion per year but that the annual cost would be $11 billion. One recent study places the net cost of FDA regulation of drugs at hundreds of millions of dollars per year because of the slowdown in the introduction of new drugs and the lengthening of the period required for a new drug to be approved. Of course, these are merely selected examples—small pieces of a large puzzle. But the puzzle has many pieces, and, as Senator Dirksen would say, these costs do add up.

More often, concerns about social regulation stem from questions over equity—particularly isolated cases of what are termed "horror stories." For example, a Congressional aide recently told me that a farmer-constituent from a Southern State where the land is relatively flat had complained bitterly about an OSHA employee's having fined him for not having a roll bar on his tractor. In another, more substantive, example, the Federal Water Pollution Control Act, as promulgated by EPA, requires pulp and paper producers to initiate secondary treatment of their liquid effluents. This applies equally to those located along the Pacific Coast with outcroppings into the ocean, even though expert scientific opinion questions whether this has any deleterious effect on overall water quality.

III. KEYS TO OBTAINING REFORM

As the discussion to this point suggests, regulation, like many other institutions, is imperfect and is in need of substantive reform. Yet, there is a big step between recognizing the problem and getting something done about it. In my judgment there are two keys to success. First, reformers must recognize that the task will not be easy and must be willing to approach it with great determination. As George Eads said recently in addressing his fellow economists about the chances for reform of the economic regulatory agencies:

"It is quite clear that we are not likely to see a repeat of Joshua's remarkable victory at Jericho—the mere publication of our results will not bring down the walls of the ICC, CAB, FMC, and so on with a great crash. The "battle" for deregulation more likely will resemble a classical medieval siege with much logistical preparation, slow and dirty slogging in the trenches, small assaults that will often be repulsed, and victory through attrition and exhaustion."[1]

A major problem in obtaining reform of the economic regulatory agencies is that the major would-be beneficiaries—consumers—are largely unaware of their stake in the outcome. Another kind of problem is that the benefit per person is small in comparison with the cost of bringing about change. Also, there is the related "free-rider" problem, where each hopes that someone else will take the initiative. Consequently, the major beneficiaries of economic regulatory reform constitute a weak force in the political arena.

On the other hand, those that stand to lose from economic regulatory reform know well their stake in the outcome. They are relatively small in number, they are extremely well organized, and they bring their position to bear on decision-makers in an articulate manner. They also participate in a coalition that is very powerful. As columnist David Broder said a year ago in the *Washington Post* (November 19, 1975):

"There is no stronger political-economic power in this country than the triangle formed by the Congressional Committees that authorize and fund a program and agency, the bureaucrats who administer it, and the interest groups who are its beneficiaries."

With respect to reform of social regulation,

[1] George E. Eads, "Economists Versus Regulators," in James C. Miller III (ed.), *Perspectives on Federal Transportation Policy* (Washington, D.C.: The American Enterprise Institute for Public Policy Research, 1975), p. 108.

one problem is that since the agencies are relatively new there is a general feeling that we should give them more time to work out the difficulties of administering their statutes. Even more importantly, people generally are unwilling to place an economic value on human pain, suffering, and death. The problem arises in part from a confusion over a "statistical" event and a specific event. As Harvard economist Thomas Schelling was quoted in Mondaf's *Washington Post* as saying:

"Let a 6-year-old girl with brown hair need thousands of dollars for an operation that will prolong her life until Christmas and the post office will be swamped with nickels and dimes to save her . . .

"But let it be reported that without a sales tax the hospital facilities of Massachusetts will deteriorate and cause a barely perceptible increase in preventable deaths—not many will drop a tear or reach for their checkbooks."

As I know from experience, those who question regulatory proposals in the health and safety areas are invariably painted as ogres who get their jollies out of seeing 6-year-olds go without that last visit with Santa Claus. If the truth be known, what the reformers are really saying is that with a given resource expenditure a lot more lives could be saved, if only regulators were willing to approach the issue analytically.

Finally, most of the public harbors the illusion that social regulation is a "free lunch." That is, they believe that if government regulation imposes higher expenses on an industry, these higher costs come out of that well-known ubiquitous fund called "business profit." However, since the U.S. economy is reasonably competitive, over the long run the consumer pays the full amount of the cost increase.

The second key to success, in my judgment, is that reformers must realize that the array of regulations and regulatory problems is very diverse and that a "mix" of approaches is required. Obviously, some regulations need to be terminated. This is particularly true of anticompetitive regulations in the areas of transportation and communications. On the other hand, some regulations may need to be strengthened. But for all regulations retained and added, it is most important that we find ways of reducing the cost of achieving a given regulatory objective or increasing the benefits from a given regulatory cost. Just as nature abhors a vacuum, the public should no longer tolerate regulatory waste, and if my year's experience at the Council on Wage and Price Stability has taught me anything, it is that countless opportunities exist for improving the efficiency of regulatory action.

IV. A SEVEN-POINT PROGRAM FOR REGULATORY REFORM

Any regulatory reform initiative should contain two major elements. First, it should attempt to change the enabling legislation under which agencies operate, and second it should incorporate measures designed to improve agency performance under those statutory mandates. The seven-point program outlined below contains both elements and represents, in my judgment, an appropriate plan for action.

First, we must be wary of legislation which emphasizes reorganization and procedural reform and instead demand substantive reform of the basic regulatory authority. It is my considered judgment that pushing boxes around on an organizational chart or speeding up regulatory processes in order to reduce procedural delays will not improve the overall quality of regulation. As a matter of fact, it could make matters worse. As an example, I am convinced that if instead of the ICC there were mini-commissions for each of the various modes of surface transportation—railroads, trucks, barges, and pipelines—there would be a great deal more efficiency in surface transportation. Combining agencies simply puts a monopoly on inefficiency. Also, since it is at least arguable that regulations presently being promulgated create more costs than benefits, speeding up the process would merely increase the net cost to society.

Second, we should build on the legislative initiatives that were considered at length by the last Congress. As you know, so-called "fair trade" was abolished by the Consumer Goods Pricing Act of 1975, signed into law on December 12, 1975. Also, for the first time in its history, ICC regulation was pointed in the direction of more competition by the Railroad Revitalization and Regulatory Reform Act, signed into law on February 5, 1976. Extensive hearings have been held in both the House and the Senate on various versions of an aviation regulatory reform proposal, and even the airlines are coming around to the view that "deregulation" is inevitable—the only questions are when and what form it is going to take. Proposals to reform the regulation of financial institutions and of trucking are not as likely to be enacted soon, but the prospects for eventual success appear good.

Third, we should support legislative proposals which would force regulatory reform proposals out of committee where they tend to become buried. We have on the Hill the playing of a strategic game, not unlike multinational disarmament. While there is a general consensus that "something must be done" about regulation, few committees are willing to take unilateral action to give up the power that flows from overseeing a regulator and its regulated industry. Thus, we have proposals such as the Regulatory Reform Act of 1976, sponsored by Senators Percy and Byrd, and the Agenda for Regulatory reform submitted by President Ford. Under these initiatives, the Congress would agree collectively that regulatory reform proposals would be reported out of committee by a certain date or else the reform proposal submitted by the President would become the order of business before the full Congress. In my judgment, such initiatives hold great promise for breaking the legislative logjam and should be given broad support.

Fourth, there is a need to appoint and confirm good regulators. While I am not a proponent of the so-called "good man" theory of regulation, I do believe that the right person at the right time can have a sizable impact. By a "good regulator," I mean a person who is intelligent, who has integrity, and who possesses good judgment. The person may or may not have come from the industry, may or may not be an economist or lawyer, and may or may not have had similar experience in the past. It must be understood, of course, that regulatory appointees are as much the responsibility of Congress as of the President. Not only does the Senate confirm most senior regulatory policymakers, but as anyone familiar with the process can attest, regulatory nominations are usually "cleared" with the relevant committee before the names are submitted. Obviously, if we are to have good regulators, then Congress as well as the executive is going to have to set very high standards.

Fifth, we need to do something about the kind of bureaucrats we are recruiting and the incentive structure that molds their behavior. Make no mistake about it, low- and middle-level bureaucrats wield enormous power. As any agency head can tell you, one is almost helpless in dealing with the bureaucracy. As one old-line, departmental bureaucrat told me recently, "I've seen Secretaries come, and I've seen them go." Part of the problem is that of natural selection. For both supply and demand reasons, employees at regulatory agencies tend to "believe" in regulation. For example, the ICC is not likely to hire anyone who has strong reservations about the need for regulating surface transportation, nor is someone of that view likely to apply to the ICC for a job. Thus, to improve the quality of regulation, I would respectfully recommend that procedures be established so as to bring on board some opponents of regulation at the ICC. At least the outlook would be a bit more balanced, and the decision-making, I would allege, more rational.

Just as importantly, there should be significant changes in the structure of bureaucratic incentives. Rather than reward bureaucrats for the number of fines they impose and how strongly they write regulations, reward them for exhibiting justice and moderation. Rather than protect the incompetents who get ahead by getting along, make it easier for government executives to hire and fire, and hold such executives responsible for the performance of their employees.

Sixth, regulatory agencies should be required to perform economic analyses of proposed regulations and to prepare periodic reviews of existing programs. Such analyses and reviews should be placed in the public record. From my experience in having a major responsibility for the President's Inflation Impact Statement program, I can tell you that in general agencies neither like doing such analyses nor do they have the competence to do them well. However, I am certain that this kind of activity—imperfect though it is—can have a positive impact on the quality of regulatory decisionmaking. Understandably, agencies do not like revealing the ramifications of their actions to public scrutiny, for on occasion it brings upon them ridicule and scorn. Nevertheless, since bureaucrats seek to avoid adverse publicity, such a program can be quite effective in eliminating nonsense and poorly conceived regulatory proposals.

Finally, on a related note, it is highly desirable that an "outside critic" be funded and participate in major regulatory proceedings. On a limited scale, the Council on Wage and Price Stability has played this role, having intervened before a score of agencies. In the future that role could be played by the Council, an Agency for Consumer Advocacy, and/or some other governmental or government-sponsored instrument. While we have not observed that agencies are inclined to modify regulatory proposals just because of our criticism, we do have evidence that bureaucrats wish to avoid having us criticize their work and therefore are improving the quality of their initial proposals.

CONCLUDING REMARKS

This year we are celebrating not only the Bicentennial of our nation's birth but the bicentennial of the publication of the most influential book in the history of economics—Adam Smith's Wealth of Nations. In one passage, Smith noted:

"Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer." [2]

The relevance of Smith's point to the problem of economic regulation is obvious. In Smith's time, there was little in the way of "social" regulation, but if there had been, I am confident that he would have recommended that decisions be grounded on proper assessments of benefits and costs.

Mr. McCLURE. I thank the Senator for yielding.

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[2] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Cannan edition; New York: The Modern Library, 1937), p. 625.

Mr. SCHMITT. I thank the Senator from Idaho.

Mr. President, I yield such time as the Senator from North Carolina may require.

Mr. HELMS. Mr. President, I thank the Senator from New Mexico and all my other colleagues who are participating in this colloquy on the regulatory reform.

OVERREGULATION OF PRESCRIPTION MEDICINES DOES NOT PROMOTE HEALTH OF AMERICANS

Mr. President, I am very pleased to join so many of my colleagues in speaking out for regulatory reform. For my part, I would emphasize how overregulation by the Food and Drug Administration adversely affects the health and welfare of every American.

As our drug regulatory system is now structured, the Food and Drug Administration must determine that a prescription drug is both safe and effective before it may be used in the United States. The tremendous difficulty in proving a drug "effective" under FDA procedures has resulted in greatly increased costs to the consumer, decreased competition and innovation in the drug industry, and significant delay in the marketing of new drugs. Most importantly, this self-imposed "drug lag" has resulted in needless suffering for millions of Americans in need of medical treatment.

Bureaucratic overregulation which is today blocking the use of important, new, effective drugs stems from the "effectiveness" provision of the 1962 amendments to the Food, Drug and Cosmetic Act. The adverse effect of this legislation upon American production of prescription drugs is dramatic. American production of new drugs has fallen from an average of 43 per year before 1962 to 13 per year, with many drugs entering the American market 4 to 6 years after successful use in Europe. In many instances, the most effective medications are available only to those wealthy enough to travel outside the United States to obtain treatment with prescription drugs still banned here.

Several days ago, in remarks on the Senate floor, I referred to a recent speech by Prof. Yale Brozen of the Graduate School of Business of the University of Chicago before the National Coordinating Council for Constructive Action in Los Angeles.

In this study, Professor Brozen found that the 1962 amendments have reduced the number of new prescription drugs to one-third the number annually introduced before the "effectiveness" requirement was added. He also concluded that the 1962 amendments have failed in their purpose to remove all so-called "ineffective" drugs from the American market in that the instances of ineffectiveness of the new drugs marketed with FDA approval have remained constant. As a result, Professor Brozen calls for the repeal of the 1962 amendments to substantially increase the number of important, new, effective drugs in the United States.

SELF-IMPOSED "DRUG LAG" COSTING THOUSANDS OF LIVES

According to many experts, thousands of Americans are needlessly suffering and even dying as a result of the FDA's overregulation of American pharmaceutical production.

Dr. Ray Gifford, president of the American Society for Clinical Pharmacology and Therapeutics, recently stated that the existence of a "drug lag" in the United States is undeniable and that "it would be naive to deny that the drug lag has cost some Americans their lives or well being." Dr. Myrvin Ellestad of the American College of Cardiology is more emphatic. He charges that FDA implementation of the 1962 amendments "is costing thousands upon thousands of American lives"—Private Practice, February 1975 at 41.

At a recent conference on Pharmaceutical Innovation sponsored by American University in Washington, D.C., Prof. William Wardell observed that—

If even one new drug of the stature of penicillin or digitalis has been unjustifiably banished to a company's back shelf because of excessively stringent regulatory requirements, that event will have harmed more people than all the toxicity that has occurred in the history of modern drug development.

In an article entitled "Breaking the Drug Barrier," Richard Spark described the present "drug lag" for the New York Times magazine—March 20, 1977—as follows:

Over the past 15 years, many important new drugs have been developed that represent advances in controlling life-threatening . . . disorders. These medications have been widely used throughout the world but have been unavailable to American patients. Eventually, many of these drugs have been or will be sanctioned for use in the United States. But "eventually" usually means a delay of between 2 to 10 years. This bureaucratic embargo on new drugs has been referred to as the "drug lag" . . .

A graphic example of the adverse effect of the 1962 amendments in terms of human suffering is the delay they have caused in the introduction of a new family of drugs called beta-blockers. These drugs were developed over the past 15 years and are very effective in treating heart disease, a condition afflicting over 23 million Americans.

Although more than 20 beta-blocker drugs have been developed, only the oldest is presently available in the United States, and that one—propranolol—was approved in 1963. Frederick Roll, in his study of drug regulation makes the following observation:

The modern use of beta blockers for a variety of important new indications has been pioneered abroad, with the U.S. following 10 years behind. Current studies are showing that beta blockers can prevent heart attacks and sudden death.

The estimated potential saving in the U.S. is at least 10,000 lives per year.

The use of these drugs for that indication is at least five years away in the U.S. (Of Politics and Drug Regulation, Jan., 1977 at 20.)

Last month, I introduced S. 1683, the Medical Freedom of Choice Act to repeal the so-called effectiveness requirement of the 1962 amendments so as to make safe and effective drugs readily available to the American public. If enacted, this legislation would return consideration of a new drug's effectiveness to the pre-1962 policy when "effectiveness" was considered in light of the drug's safety. The American public will still be assured of drugs which have been rigorously tested for safety, and "effectiveness" will again be considered by FDA as part of that review.

Mr. President, I yield back the remainder of my time to the distinguished Senator.

Mr. SCHMITT. I thank the Senator for his remarks and now yield 3 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Mr. President, I thank the distinguished Senator from New Mexico. I wish to commend him for his outstanding leadership in arranging for these presentations to be made at this time.

The Senator from New Mexico is a new Senator in the Senate, but he has developed already the high respect of the Members of this body and is rendering his State a good service.

Mr. President, I am pleased to join my distinguished colleagues on the floor today to speak on government regulation and to warn of the consequences of continued concentration of power in Washington.

It is my firm belief that Americans want more freedom and less redtape. Government regulation now costs $120 billion annually, which is in excess of $2,000 per American family each year. It engages the efforts of over 63,000 Federal Government workers.

Unfortunately, the Congress is day-by-day passing additional legislation to add to the overregulation burden. While much recent legislation has embodied the worthy goals of improved health, safety, or environment, I have been equally concerned about the expansion of Federal power, uncertainty about compliance obligation on the part of small business and individuals, confusion over standards, limited access to Government advisory services, lack of knowledge about how to contest Government citations and enforcement actions, and additional recordkeeping and reporting burdens.

Mr. President, government overregulation should be attacked at its source, and I submit that the place to begin deregulation of our economy and society is in the Senate.

One of my greatest concerns has been the fact that nonelected, nonaccesible Government officials have, in fact, been legislating national policy. Accordingly, I have in the past cosponsored legislation to prevent a rule proposed by a regulatory agency from becoming effective until it has been reviewed by the Congress. Similar legislation will be proposed this year, and I intend to cosponsor it again.

Mr. President, in the realization the Congress bears great responsibility for the increased regulation of our economy and society, I hope my colleagues will hold early hearings on this legislation and will move it expeditiously to the Senate floor where it will be a vehicle to attack the burden of government overregulation.

Mr. President, Prof. Murray Wiedenbaum made this statement:

Regulation, requiring action on part of business, causes price increases resulting in

government-mandated price increases, and this results in more inflation.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. SCHMITT. I yield the Senator 1 more minute.

Mr. THURMOND. Mr. President, I have cosponsored legislation to provide that where the Government initiates action and small business is successful in defending it in OSHA matters, that the Government will have to pay attorney fees.

Mr. President, there is no question in my mind that there is entirely too much overregulation in Government and that the people of this country are sick and tired of it.

I hope Congress will take action to remedy this situation.

Again, I commend the able and distinguished Senator from New Mexico for his leadership in this matter.

Mr. SCHMITT. Mr. President, I thank the distinguished Senator from South Carolina for his comments, both political and personal.

Mr. President, I yield 5 minutes to the Senator from Missouri (Mr. DANFORTH).

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. DANFORTH. Mr. President, we live in the 20th century. I think it is fair to say that the days of laissez faire are a thing of the past. Government is not going to become insensitive to the needs of the American people. It is not going to adopt a hands-off policy to the concerns of our citizens. We are not, as a country, going to return to the law of the jungle. We are not, as a country, going to tolerate a system of predatory practices by monopolistic businesses; nor do the American people want a Federal Government that is going to shut its eyes to such serious problems as hazards on the jobsite, unsafe products, and the power of special interests operating within Government.

People do not want government to go away. But the problem we have gotten into as a Congress is that every time a need of the American people is perceived, we tend to meet that need by passing yet another law, establishing another agency, authorizing that agency to promulgate more regulations and to dispatch inspectors throughout our country in order to determine whether there is compliance with those regulations.

In other words, we have addressed ourselves to the real needs of the American people simply by adding layer on layer of Government, statute on top of statute, regulation on top of regulation.

Now there is an increasing concern on the part of our people as to whether Government is truly solving the problems of America, or whether Government is simply messing things up by increasing regulation, adding to redtape, and devising more forms for people to fill out. I do not think it is enough simply to criticize overregulation. I do not believe it is enough simply to devise gimmicks for regulatory reform.

What we have to do, in my opinion, is to begin rethinking the role of Government in addressing the real needs of our country and try to fashion methods of dealing with these needs which are more consistent with decisions being made in the marketplace, in the private sector, in our own lives, and in local and State government, and more consistent with local decisionmaking and less with simply adding regulation and concentrating more responsibility in Federal agencies.

I do not think the American people want to return to the days of laissez faire in the marketplace, but it seems to me that it is no answer to say that Government should do absolutely nothing and that what we need, instead of Government regulation by regulatory agencies, are strong and effective antitrust laws, particularly antitrust laws which encourage consumers and encourage people in their own lives to file treble damage suits in order to enforce the antitrust laws.

We in Congress are now going to be faced with whether or not we are going to overrule by statute the decision of the Supreme Court in the case of Illinois Brick versus the State of Illinois. I believe we should do that, because I think the Illinois brick case in effect guts antitrust enforcement. If we gut antitrust enforcement, we have created a vacuum; and if it is going to be filled, it is going to be filled by Federal regulation. Rather than filling it by more regulation, I say we should patch up the antitrust law and restore it to an effective method of trying to create a competitive marketplace.

Similarly, with respect to job safety, the Government has addressed itself to this real problem not in an effective way but simply by establishing a very burdensome regulatory agency—namely, OSHA. There are ways to address ourselves to job safety which are more consistent with marketplace decisions, as opposed to simply more and more detailed regulation. I believe that a progressive way to address ourselves to that problem is to think about the possibility of creating tax incentives in order to reward the creation of safe jobsites.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

The time allotted to the Senator from New Mexico has expired.

Mr. SCHMITT. Mr. President, it is my understanding that the order today does not entail any further mandated business until 1 o'clock. I ask unanimous consent that this colloquy may continue until that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHMITT. I yield 2 additional minutes to the Senator from Missouri.

Mr. DANFORTH. Therefore, it seems to me that, rather than just saying that the Federal Government has no role at all to play with respect, for example, to job safety, that we, as Congress, should be doing is to address ourselves to alternate methods of dealing with this real problem, as opposed to the present system of simply having a very complex set of regulations enforced by a heavy-handed regulatory agency. Specifically, my proposal would be to utilize the tax laws in order to provide a system of rewards or penalties for meeting or failing to meet general standards of job safety.

In sum, Mr. President, my position is that we cannot return to the past but that regulatory reform is something that has to be addressed, and has to be addressed in a way which is consistent with meeting the needs of the American people. This can be done by methods such as effective antitrust laws and a progressive system of tax reform, so as to provide incentives for such things as job safety, rather than just piling regulation on top of regulation and further complicating our federal system.

Mr. SCHMITT. Mr. President, I thank the distinguished Senator from Missouri for his comments. I also thank all other Senators who have commented in this area of regulatory reform.

Mr. President, I ask unanimous consent that further statements that may be submitted for the record in this area today be included en bloc with these four statements relative to this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHMITT. Mr. President, during some of the time remaining, I wish to add a few comments triggered by the comments of my colleagues.

It is clear that there are many examples of how excessive and unnecessary regulation has distorted various sectors of our economy. There are also many examples of situations in which necessary and appropriate regulation has assisted areas of our economy and particularly has assisted the consumer and the public in general to avoid the abuses of monopoly or other unfair, noncompetitive practices.

However, these distortions should be noted. They should be sought out and eliminated wherever possible. I think it is clear now, from the experience of history in the last several decades, that there are many such areas where we should be looking toward legislation, both specific and general, that will remove the distortions to our economy that have been produced by unnecessary regulation.

I have in mind a problem of energy supply relative to natural gas and the growing energy supply problem relative to oil. Both these problems have been created, I think, in almost everybody's book by excessive Federal regulation of the price of those commodities at artificially low levels. The products were very cheap. Therefore, they were used in increasing amounts. However, they were sought in increasingly less amounts. Therefore, we have a crisis of supply that we saw illustrated very vividly last winter in our natural gas situation. I am afraid that, even with a normal winter, we will see that crisis of supply repeated in the next winter.

In the area of the airlines, we have seen an extremely distorted airline economy develop through several decades of regulation. Now most people feel that the time has come to restore the airline industry to a much more competitive situation. A bill is before the Commerce Committee at the present time to deregulate to some degree the airline industry, and

I think it is appropriate that we consider that type of legislation.

However, in the process of the removal of those distortions and of any distortions in our economy produced by excessive regulation, we must remember that individuals in the public and individuals in industry have become dependent on the existence of those regulations and, therefore, in our zeal to remove the distortions we should insure that sufficient time is available for the economy and the individuals within that economy to adjust to the removal.

I think we can do that without sacrificing our total aim toward a much more competitive national economy wherever competition is possible.

Finally, Mr. President, I think it is important as we enter into another day of debate on the issue of public financing of congressional elections and, specifically, senatorial elections, that we bring into context this discussion of excessive regulation relative to the problem of elections because the bill we will be considering and are considering, which is S. 926, does, in fact, create a vast new bureaucracy that will regulate not an industry but a very fundamental process of our Government, a very fundamental process by which that Government perpetuates itself.

This is a major change in our philosophy of governing ourselves, in our philosophy of a republic, of a representative democracy, and it is not a change we should ever debate lightly or take lightly if it does, in fact, occur, because we will create, as we have in many other areas of our society, a bureaucracy with a vast power over the election of candidates to public office. They will have the power of the purse in many cases; they will have the power of general regulation in others, and I think this Nation and, in particular, the members of the press, must take due note of this change in our way of doing things if, in fact, it is going to occur, and report the implications of that change to the American people before this body acts on such an increase of regulation in our electoral process.

Mr. President, I do believe we will have one or two more statements before 1 o'clock. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, I ask recognition—I think I have how many minutes?

The PRESIDING OFFICER. The Senator from New Mexico has 3 minutes.

Mr. SCHMITT. I yield the remainder of my time to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I want to apologize to my colleagues who have been addressing themselves to the regulatory problems of this country, but we have been in session since early morning on the cruise missile, and I think that is of such importance to our country that I had better spend my time there.

I do welcome the opportunity to make a few short remarks about the problem facing this country. I think we have to remember that the Founding Fathers framed our Constitution and formed our Government from the experiences they had had in England and in Europe, namely the experiences under which they could not practice freedom or enjoy freedom. The whole Constitution was written with the idea that the American received his freedom from God, and it was our responsibility to maintain that freedom.

The Founding Fathers certainly recognized the dangers inherent in any government of that government's gaining control over the people's lives by the concentration of powers in one particular branch of government. That is why we have a tripartite system of government.

Yet we have seen since the early or middle thirties in this country a growing concentration of power in the administrative branch. We may think in Congress that we have powers. But, Mr. President, I suggest we have turned these powers over to the bureaucratic end of the administrative branch of Government by our passing laws creating agencies and not taking the time or the patience to prepare the regulations under which those laws will be operated.

Every agency of Government has been created this way, and every agency of Government so created has, in turn, made its own regulations, and these regulations seriously affect not just the daily lives of people, not just the business, the economy of our country, but they affect freedom and, Mr. President, that is what bothers me.

There has never been a country in the history of the world that has completely fallen from outside pressure. The great civilizations of the world, the great cultures of the world, the great governments of the world, have fallen because of what we are going through today, and we are not paying any attention to the way we have been losing our freedoms because of Congress giving these freedoms to executive agencies over which Congress has no control except the control of the coin or money.

Mr. President, I admire President Carter's position on trying to cut down the regulatory end of our Government. In fact, I got myself into national politics just because of that reason.

I wish I had a little more time, but I do thank the Chair for allowing me the time that I have had.

ADDITIONAL STATEMENTS SUBMITTED

Mr. HEINZ. Mr. President, the people across this country are becoming restless, and rightly so. They are becoming increasingly annoyed and angered at the reams of regulations pouring out of the numerous agencies created by the Congress. A January 1977 Gallup poll found that 39 percent of the people believe that big Government is the "biggest threat to the country in the future"—way ahead of big labor, 26 percent, and big business, 23 percent. Last year, a Harris survey found that 76 percent of the people feel that "the trouble with Government is that the elected officials have lost control over the bureaucrats, who really run things."

Some of the better-known regulatory offspring of Congress that are responsible for generating this feeling in the public are the SEC, FTC, ICC, FCC, and CAB. Then there are the executive agencies such as the EPA and the FEA. And if these were not enough there are various agencies within executive departments such as the FDA, FAA, and OSHA.

When confronted with this collection of alphabets I am reminded of the alphabet soup placed before a child. However, the American people are not children and they are becoming increasingly vociferous and telling all elected officials that the alphabet soup being dished to them in the form of myriad of regulatory agencies does not suit their taste.

With the creation of any new agency the individual stiffens his back and wonders, "What will the Government do to me now?" Regulation and regulatory agencies have become so pervasive that large sectors of the public believe that the Congress is attempting to protect them from themselves. The overwhelming consenus is that all of this regulation is not necessary.

One reason the public is so enraged at the regulatory process is because of the way the Congress has traditionally created agencies and the way these agencies have traditionally promulgated regulations. Traditionally, both agencies and regulations have had pretty much an everlasting lifespan. The public becomes annoyed and outraged because there is no reason that any agency or program—no matter how well designed and/or operated—should live in perpetuity unchallenged or unreviewed. Regulatory agencies and rules promulgated by these agencies are governmental responses to particular societal problems. As the societal problems change so too should the regulatory agencies and regulations that dealt with that problem.

However, agencies and regulations very often do not reflect the changes that have taken place in society. Outdated regulations frequently impose senseless requirements on the public. And outmoded agencies continue their existence unaltered even though the problem that it was created to solve has changed.

Herbert Kaufman suggests in his recent Brookings Institution study that if Government organizations are not immortal, they certainly have a high probability for prolonged life. Only 6 percent of the governmental agencies in his sample of over 400 have been terminated since 1923. Similar records of longevity are less common in private industry because of the forces of the economic marketplace.

Both the Congress and the regulatory agencies are held in contempt when the public perceives that either the agencies or their regulations are antiquated. And the public's perception is quick and sharp because it is on the receiving end of the mass of regulations.

Some of the same critcisms leveled at regulatory agencies and regulations are also made of Federal spending programs. The public justifiably points out that traditionally once a Federal spending

program is enacted, Congress too often casts a blind eye toward it and shortsightedly moves on creating still more programs. The Congress never thoroughly or adequately reviews Federal spending programs to see how they are working or if they are still needed. These programs are continually refunded without question.

Congress has created a morass of Federal programs, many of them unnecessary, many of them wasteful, and all of them in need of close scrutiny. Most of these programs were well-intentioned when they began, but too often these programs have slipped into the bad habit of throwing money at a problem that may not still exist.

The number of Federal programs is so large that even Secretary Joseph Califano of HEW has difficulty stating exactly how many are presently in existence. In recent testimony before the Subcommittee on Intergovernmental Relations, of which I am a member, Secretary Califano placed the number of Federal programs someplace between 381 and 1,000. If we have so many programs that we cannot adequately keep an accurate count of them how can we have any hope of responsibly supervising them? How is Congress to determine if these programs are achieving their goals, or if the programs even have any goals?

All of these deficiencies lead me to ask one basic question: Can the Congress afford to create and operate agencies and programs it has little hope of evaluating? My answer to this question is an obvious and resounding "no." To succumb to the evaluation problem is a virtual admission of congressional irresponsibility.

Congress must begin to once again assume responsibility for the programs and agencies that it has created. For Congress to create a multitude of programs and agencies and turn them loose on the public without anyone in Congress ever seriously and strenously reviewing them is analogous to parents bearing children and then casting them out of the household onto the public without any supervision. Such behavior is justifiably frowned upon when engaged in by neglectful parents or a neglecting Congress.

For this reason I have become an active cosponsor of both S. 2 and S. 600, the two major pieces of "sunset" legislation being considered by this session of Congress. S. 2 would sunset Federal programs and S. 600 would sunset regulatory agencies. These two bills are designed to make sure that there is an examination of the: First, timeliness; second, effectiveness; third, performance; and four, practicality of all regulatory agencies and Federal spending programs.

I am a fervent supporter of the sunset principle because I believe it forces Congress to do the job it is elected and paid to do. The sunset requirements of both S. 2 and S. 600 mandate congressional oversight by requiring the appropriate committees of Congress to review and evaluate on a regular and systematic basis their own legislative acts.

These sunset bills require Congress to define in operational terms a program's objectives and evaluation measures. In addition, these bills permit Congress to correct or redress possible deficiencies that this review process might uncover.

Perhaps most importantly, it forces the Congress to come back and look at previous legislation. I believe that if the Congress is forced to review its previous legislation it cannot help but be confronted with evidence of dupilcation and unnecessary programs and functions that should be terminated. In short, I believe that S. 2 and S. 600 will force the Congress to face and struggle with some of the problems and difficulties that would have otherwise plagued the public.

I believe that the basic questions which must be asked by the appropriate committee of any program or agency it is reviewing are:

First. Is this agency or program or regulation necessary?

Second. Can any part of this agency or program or regulation be eliminated?

Third. Is there any way that this agency or program or regulation can be made to be less burdensome on the public?

Fourth. Has the program or agency undergone a process of self-analysis in an effort to weed out unnecessary regulations or procedures?

With this type of sunset review I hope we can convince the public that Congress is doing something to cut the redtape and burdensome regulation and waste. I believe that if we pass S. 2 and S. 600 and properly execute the roles assigned us by these bills we will be well along the road of alleviating the overwhelming dissatisfaction and disenchantment reflected in the polls of the public's attitude toward the Government.

GOVERNMENT REGULATION THREATENS OUR FREEDOM

Mr. CURTIS. Mr. President, as we embark on the third century of our Nation's history, we find our Government has evolved into such a huge Federal bureaucracy that our future as a nation of free people is in jeopardy. The cost to taxpayers of maintaining the unwieldy, uncontrollable, unresponsive bureaucracy we now have could very well dwarf the oppressive wrongs which prompted the early American colonists to revolt against Great Britain.

I would like to cite a few examples of the oppressiveness and restrictions of Federal influences on the public. These come from my own files in recent months.

OSHA

The Occupational Safety and Health Administration spent $293.3 million between April 1971 and July 1975, and its budget is growing more each year. But the budget of OSHA is only a fraction of the cost to business to comply with OSHA regulations. The costs of OSHA to American business is now running more than $3 billion per year, and these costs are being passed on to consumers through higher prices. The costs to consumers and business will increase even further with the displacement of workers that results in many going on welfare rolls and of the tax rolls. The loss of businesses, especially small ones which are forced out of business by OSHA fines and tough enforcement, can stifle the economy of many small communities.

FPC

Delay in construction of the Gerald Gentleman Station powerplant in Nebraska is a prime example of how Federal regulation and redtape costs taxpayers many millions of dollars. Plans for the coal-fired plant, needed to meet the State's growing energy demands, were initiated in 1973. The Sierra Club, in November of the same year, filed a complaint with the Federal Power Commission on environmental grounds after a court suit and other attempts failed to halt the plant. The Nebraska Department of Environmental Quality had approved the powerplant construction plans as complying with State and Federal environmental quality standards. The EPA upheld the Nebraska State agency decision in this regard, and Federal courts also upheld the construction of the plant.

Yet the Sierra Club was able to have its complaint against the powerplant construction taken up by the FPC under the authority of the FPC over an original hydroelectric project built some 40 years ago. At the same time the Federal Power Commission agreed to process the claim of the Sierra Club, it refused to act on applications filed by the Nebraska Public Power District to amend the original hydroelectric project boundary to allow expeditious construction of the new plant.

Based on the Sierra Club complaint, the FPC issued a cease and desist order on any further construction of the plant. The FPC decision resulted in relocation of the plant facilities at a cost of $9 million, and in further delay in the planned operation of the 650 megawatt plant for 1976. According to information supplied by the power district and the Midcontinent Area Power Pact of which the Nebraska Public Power District is a member, the Gerald Gentleman Station had been planned to meet power needs in 1977 to keep electrical shortages to a minimum in the Midwest.

As a result of the delays, brownouts and power shortages are forecast for the Great Plains States by 1978. Furthermore, annual additional expenses of $38 million are forecast for the Nebraska Public Power District and the consumers of Nebraska to purchase the supplemental electricity that the delayed station would have otherwise been producing.

After 2 years the FPC granted approval for continuation of construction of the powerplant. But, that was after the citizens of Nebraska had been harnessed with additional debts and costs.

The irony of this case is that the FPC acted on an environmental complaint against the project and failed to recognize that it had met requirements of the Nebraska and Federal Environmental Protection agencies. This is an example of Federal overregulation that has cost consumers of one State alone more than $100 million. In this instance, overlapping and duplication of Federal agencies and regulatory functions cost the taxpayers and citizens.

ICC

A regional motor carrier purchased a smaller company about 5 years ago and received temporary approval from the Interstate Commerce Commission to continue operation of the small company's routes. The smaller firm served a large Nebraska city and several other communities, and was one of several motor carriers serving the area. The regional carrier was highly regarded in Nebraska for good service and the situation drew no complaints. But then the ICC directed the company to dispose of the routes formerly operated by the local carrier. That was another example of Federal regulation costing consumers by the restrictions on competition by the ICC.

CAB

The Civil Aeronautics Board took more than 4 years to approve airline service proposals of several airlines for service between Omaha and Des Moines and other points east. For many years Omaha had been served by just one major airline, though several others had petitioned to add the city to their schedules for north-south and east-west service.

Such regulatory functions of the CAB added to the time, inconvenience, and costs for the public to travel to and from America's heartland. Clearly the CAB has functioned as a hindrance to competition and efficiency in airline travel.

NLRB

The National Labor Relations Board in 1973 ignored the wishes of Wyoming miners and required that they be represented by the United Mine Workers of America. After many petitions and local disputes in which UMW employees from the East were brought into Wyoming, the local miners were allowed to hold a new election. They reinstated another labor group in place of the UMW. Yet during all that time, the desires, wishes, and rights of some 100 American workers were denied by an oppressive Federal agency through its regulatory stranglehold.

EPA

The regulations and requirements of the Environmental Protection Agency are so voluminous, restrictive and complicated that virtually every Federal, State and local government, and many citizens, have been loaded down with ridiculous paperwork requirements.

In a central Nebraska newspaper editorial, the Federal regulations were questioned when an environmental impact statement was required for installation of crossing signals and gates at a rural highway intersection in the State. The editorial said that installation of the signals and gates had been delayed almost a year while the environmental impact statement was being prepared. The crossing guards were to be installed for safety, and it is beyond my comprehension how anyone could perceive an effect on the environment by the installation of two flashing red lights and gates at a railroad crossing.

I wonder at the wisdom of Federal regulations that cause heavy cost increases while appearing to be more concerned with railroad crossing signals disturbing quail roosting nearby, or flashing red lights blinding sparrows in flight, than with the safety of human beings. The importance of the railroad crossing gates in providing safety for motorists seems to have been lost in the Federal regulatory scramble for ability to impose a new control somewhere.

Another example of the folly of EPA regulations occurred in Nebraska last year when a new highway bridge designed to replace an older bridge was delayed because of need for an environmental impact statement. The new bridge was located only 100 feet to the side of the older bridge. In reading the information in the environmental impact statement letter, I found that the study was concerned more with tree placements surrounding the bridges, than with relocation of the road.

HEALTH

A General Accounting Office study recently reported that private insurers had processed medicare forms at less cost than the Federal Government was doing, and that the private insurers provided a speedier payoff time for claims. The September 30, 1975, study stated that the Social Security Administration was spending an average of $12.39 in 1973 to process the same medicare hospital or nursing home bills that private insurers could process for $6.45.

The study concluded that it took the Federal Government longer to pay medicare claims, with only about half of its incoming bills handled within 15 days. On the other hand, private firms averaged processing of 79 to 89 percent of bills in the first 15 days. The delays and inefficiency ultimately cost all Americans more because our tax dollars are paying higher costs of Federal Government processing.

DOT

An irrigation district in Nebraska last year was directed to formulate an oil spill plan by the U.S. Coast Guard, even though in its environmental impact statement on construction of a small reservoir, the district said that motor craft will be prohibited from the reservoir. There was to be no oil drilling in or near the lake, and the small lake was well isolated from any commercial barge transportation streams. Yet the Coast Guard insisted on the ridiculous preparation of the oil spill plan. There is no telling how many thousands of dollars of taxpayers' money were poured into interpreting the useless plan by the Coast Guard or the Department of Transportation.

SOCIAL SECURITY

I am appalled at the continuing amount of stories such as the one in the Washington Star last year which quoted medicare officials in the Social Security Administration as saying millions of dollars in public funds were being spent for needless equipment rentals. The medicare officials said, "They are powerless to stop it." To make matters worse, these officials whom we have hired to economically and efficiently administer the agency with public funds say they are not sure how much money has been misspent in this way.

Another article last year quoted Social Security Commissioner James Cardwell, in a letter to the House Ways and Means Committee and the Senate Finance Committee on which I serve, as saying the federalized welfare program had overpaid clients by $547 million in the last 2 years.

HEW WASTE

A House Government Operations subcommittee last year charged that the Department of Health, Education, and Welfare risks "an unparalleled danger of enormous loss through fraud and program abuse" because the $120-billion-a-year agency does not adequately investigate how its money is spent. Federal officials involved with another agency's welfare program also admitted they had a 15-percent rate of waste which they claimed was "as low as we can get."

Clearly from these examples, the American public is not getting its money's worth for the Government it is supporting. Conversely, the Government is not taking care of the people, and massive bureaucracy doesn't support freedom of the people.

FISH AND WILDLIFE SERVICE

Mr. President, I saved what I consider to be the best example of Federal foolishness for the last. It is best in that it is the funniest, but also because it is the most ridiculous and most frightening example of the power the Federal Government holds over the citizens.

Last year I learned of an instance in my State of Nebraska involving two Federal agencies and concerning construction of a waste treatment system for the community of Henderson in central Nebraska. Henderson has a population of about 1,000 and it has outgrown its waste treatment system which was designed for a population of 500.

The community took all the steps necessary to qualify for a new waste treatment system under the grant program of the Environmental Protection Agency. About 2 years ago the total estimated cost of the project was $108,000, but it had grown to more than $281,000.

The project design met all the specifications of the EPA. It was approved by the EPA, the Nebraska Department of Health, and all other affected agencies. The first phase of the planning was completed. The second phase was about to be completed and approved by EPA when the project was stopped by the Fish and Wildlife Service. A representative of the Fish and Wildlife Service visited the community and discovered that the two lagoons to be built would have an environmental effect.

Now, the citizens of the community didn't deny that the new waste treatment system would have an effect on the environment. They knew that the new system would lessen the dangers that existed to the health of the community because the city had to bypass its present treatment system and dump the raw sewage into a draw the community owned for its sewage system. The people of Henderson knew that by containing all of the community's sewage in a proper treatment system they would remove the pollution of the city's system that was being bypassed into the draw.

But can you imagine that the Fish and Wildlife Service determined that the manmade pool of raw sewage created by the bypass of the community's sewage treatment system was a wetland that should be preserved? Yes, the Fish and Wildlife Service determined that the sewage pool constituted a wetland, and as such the community could not build a waste treatment system that would endanger that wetland.

Well, Mr. President, not believing that even some of our wildest eyed bureaucrats could be so stupid, I sent my field representative to the community to observe the situation firsthand.

The report I received from him confirmed the information I just shared with you here. The Fish and Wildlife Service declared the sewage area to be a wetland beneficial to wildlife, and because of its opposition to the already approved waste treatment system, the EPA concurred and went through a whole process to change the system.

Engineers were again called in, the plan was redrawn for the community's waste system, and the two lagoons of 12 and 14 acres were relocated and reduced to lagoons of 12 and 6 acres. The result is that the capacity of the system for effectively handling the sewage for Henderson was reduced from 15 to 7 years. At the same time one of the new lagoon sites would have required the relocation of a communications relay tower.

All of this created a delay in the construction of the community's waste treatment system. The project had more than doubled in cost. The health of the community was endangered through continual delay.

Here is a case of Federal agencies reducing the benefits of a project, adding to other disadvantages, and causing considerable extra economic effect on the community by higher costs All to save a manmade sewage site as a wetland that, when the waste treatment site was constructed, probably would disappear anyway.

Mr. President, I personally visited the area myself last year, and can state that if the area in question was to be protected as a wetland, then I think every pigsty, cesspool, and waste treatment lagoon should be considered a wetland.

The community of Henderson was dumping raw sewage into the so-called wetland under a permit from the EPA until June of 1977. Indeed, the raw sewage is what made the so-called wetland in the first place. The community did not want to have to reduce or relocate its waste treatment system, and it wanted to have the health threat of the raw sewage site removed.

Yet the Federal Government acting through the Fish and Wildlife Service and Environmental Protection Agency said that the raw sewage site must be preserved as a wetland for fowl and wildlife.

I do not think the wildlife would have been dumb enough to have used such a sewage site. They are smarter than the Fish and Wildlife Service and the EPA.

Only after considerable pressure, numerous telephone calls, and visits to the community by Federal officials from all over the country, were we able to get the Fish and Wildlife Service to withdraw its position. But, again it took thousands of dollars to combat the ridiculousness of an overgrown bureaucracy and its henchmen.

ECONOMIC IMPACT

Mr. President, most of the extensive Federal regulations have required additional personnel in Government and the private sector to hande the paperwork and reporting requirements. In the case of the Occupational Safety and Health Administration, regulations and requirements have increased costs for small businesses and farmers and in several instances have forced the bankruptcy and closing of small companies. In one instance, a small agricultural manufacturing company closed its doors after OSHA cited the firm for violations which would have cost about $3,000 to rectify.

OSHA ignored the fact that the company had absorbed another firm which was in financial distress only shortly before the inspection and that it had but a short lease on the building under question.

The changes needed to comply with OSHA standards were economically impossible under terms of the lease. The community lost an industry vital to its economy, and lost employment opportunities for 12 persons.

While the Federal Government compounds regulation upon regulation, little attention is paid to the effects of these regulations on the citizens and the economy. I know of no effort by OSHA to determine or record the closings of businesses or losses of jobs as a result of the enforcement of its regulations.

There is one agency that has made an attempt to analyze the impact of its regulations on business, labor, and the economy. At least until recently the Environmental Protection Agency monitored effects of its regulations on the economy and reported its findings to the Secretary of Labor.

In a June, 1975 letter, EPA reported that for the period between January, 1971, and March, 1975, cumulative data showed that 108 manufacturing plants had job losses due to compliance with EPA requirements. The report said that actual job losses totalled 12,560 in 71 plants during that time. It states further that another 37 plants were threatened with closing or curtailments that would result in the unemployment or displacement of 33,850 workers.

Surely the impact of EPA regulations on business, labor and the economy is significant. Then, when we consider the effects of other Federal agencies such as the Occupational Safety and Health Administration, Federal Trade Commission, Federal Power Commission, Interstate Commerce Commission, and Civil Aeronautics Board, along with many other departments and bureaus, I believe it is plain to see that Government regulations are fast pricing the country into bankruptcy.

Of the 11 principal departments under the executive branch, many have overlapping jurisdictions. I continually hear from constituents who ask questions of various Federal agencies, only to have their queries go unanswered or delayed for 6 months. There are 36 major independent agencies, bureaus, and administrations in the Federal organization, with hundreds of other minor and smaller agencies. Each has its own volumes and reams of regulations and requirements which directly and indirectly affect the economy in general and the availability of jobs, and which threaten our very free enterprise system.

Mr. TOWER. Mr. President, I note that a number of my colleagues have taken this opportunity to discuss a problem which has just about achieved the "household word" status here in this country—that is the need for effective regulatory reform. It is anticipated that we will shortly have an opportunity here in the Senate to consider certain reform measures that my colleagues on the Government Operations Committee have worked long and hard to devise. As I understand it, these measures will focus on efforts to revise the Federal regulatory structure, hopefully reducing wasteful duplication and inefficiency.

While structural changes are important, I am hopeful that the result of this effort will also be a more satisfactory method of exercising congressional oversight over the regulatory process. Each week I receive literally hundreds of letters from my constituents, complaining about the costly and unwarranted morass of Federal regulations. I would expect that my colleagues are receiving similar input, and I would sincerely hope that we can make some headway in reducing this insidious problem.

In some cases, of course, regulation is not only justified but is, in fact, necessary for the health and well-being of our citizens. But in other cases, even the best intentions cannot justify the absurd demands made upon the American people.

Congress has too little control over the regulations implementing the laws we pass. As a recent example, one sentence prohibiting discrimination against the handicapped spawned 26 pages of regulations. Congress had neither the time nor the opportunity to compare the details with our original intent. The ideals we legislate become a nightmare of specifics.

We have not only the regulations themselves to answer for, but we must also contend with the quality of interpretation filtering down to that last bureaucrat who puts them to work. In the final analysis, the original law is enforced by persons of varying intelligence experience, and sympathies. Reality may bear little resemblance to our intention. Let me give a couple of examples.

In the first case, the work of regulation bureaucrats will affect more than 66,000 students in 15 school districts in Texas alone.

In January of this year, HEW published in the Federal Register a proposed change in the implementing regulations of the Emergency School Aid Act. In publishing the proposed new amendment, HEW gave notice that it intended to restrict the eligibility criteria for ESAA assistance to majority/minority school districts. In addition, HEW also gave no-

tice that the Commissioner of Education would consider as qualifying plans only those which provided for the reassignment of children or faculty within the schools of a local education agency.

Mr. President, the purpose of emergency school aid funding is to provide financial assistance to schools in order to reduce minority group isolation among students and teachers and to help students overcome educational disadvantages. It was the intent of Congress to mold the broadest approach possible to the problem of segregation and discrimination in schools. Congress certainly did not intend to prohibit assistance when minority groups constituted a majority within a school district needing relief.

Mr. President, in my State's lower Rio Grande Valley, and in other States as well, there are school districts where no movement of students among the schools of a district is possible. The reason very simply is that no amount of movement will change the overall student enrollment percentages of racial or ethnic groups in such districts.

This dilemma for Texas school districts seeking assistance under ESAA was originally resolved in February 1973 by the Office of Education in region VI. It was resolved that a school district could become eligible for emergency school aid under an approved desegregation plan, even if there was no movement of students required, according to guidelines established in the Supreme Court decision dealing with student movement, Swann against Charlotte Mecklenburg. Consequently, as of February 1973, a number of my State's school districts, and certain districts in New Mexico and Oklahoma, too, have received ESAA funding on an annual basis under this revised interpretation.

However, as I have said earlier, regulation technicians in HEW moved again on January 21, 1977, to restrict severely the ESAA eligibility of school districts through an unnecessary and unjustified bureaucratic meddling. I invite my colleagues to note carefully that HEW has not yet officially rejected the February 1973 legal interpretation rendered by region VI, Dallas, on grounds that it has no legal standing; or officially declared that its new interpretation of January 21 is the "only" legally acceptable and mandated interpretation possible under the act.

The technical obstacle created for those school districts with atypical minority populations is not consistent with HEW's policy or position on equal educational opportunity, comprehensive educational planning, or the elimination of discrimination and segregation among and within the school districts of the Nation. I urge HEW to rectify the untenable position it has been placed in by its regulation technicians and withdraw immediately its new interpretation. If HEW is unable or unwilling to do that, I call on the Department to send a proper request to Congress for clarifying legislation to support under the authority of law the agency's action to narrow the scope of ESAA assistance.

My second example illustrates another type of distorted and counterproductive implementation of the law.

Last week, I received a letter from a very small school district in Texas. Two students had filed a complaint with HEW charging that the school district imposes discriminatory disciplinary sanctions against minority students. The two students had been suspended after what I assume was an exchange of blows with a teacher.

The regional office of civil rights swooped down on the school for an onsite investigation. After demanding an accounting of all disciplinary actions covering the previous 3 years, the investigating team determined that minority students were significantly higher recipients of suspensions and expulsions than nonminority students. The team immediately leaped to the conclusion that discipline was therefore discriminatory.

There were approximately 818 students enrolled in the District; 339 or 41 percent were minority students and approximately 479 or 59 percent were nonminority. During the 3 years studied, 16 students were suspended or expelled. Of this number, 15 or 94 percent were minority suspensions while 1 or 6 percent represented nonminority student suspensions.

No allowance at all was made for possible social or economic conditions that might have shed more light on the educational atmosphere and perhaps justified disciplinary policy. But let us consider what an absolute relation between the ethnic percentage enrolled and the ethnic percentage disciplined would have done to those statistics.

If a perfect ratio is to be maintained, only 6.5 of those minority students should have been disciplined, letting 9.5 get off scot free for whatever it was they did that evoked disapproval. Or legitimately to punish all 16 whose behavior may have been legitimately unacceptable, the school should have made sure that it also disciplined 23 nonminority students, even though only 1 had truly deserved it according to existing expectations.

Surely this must seem a little ludicrous by any standard. We cannot expect administrators or teachers to operate this way—according to a disciplinary quota system. Discipline therefore becomes meaningless.

Let me point out that school districts are not now required to keep the kind of disciplinary records that the Office of Civil Rights asked to examine. However, there is a regulation implementing title VI of the Civil Rights Act that allows investigators to demand such information to enforce the nondiscrimination provisions of that act. It is, therefore, wise for school districts to maintain such information as a defense—provided such information is defensive. For it to be defensive, teachers and administrators will have to think twice and check their statistics before disciplining a student.

Once the investigation team for this Texas school district had determined that discipline was discriminatory, a letter was sent from the regional office listing the requirements to be met if the district could not rebut the allegations. And this is where we get down to the interpretation of that last bureaucrat. The school district has been ordered to report to the Office of Civil Rights every semester—in great detail—all of its disciplinary sanctions of any kind for 2 years. Those reports must even include accounts of the why's and wherefore's of student withdrawals.

In addition, those two students whose discipline brought the school to the attention of the Office of Civil Rights must be allowed back into school, and the school must provide a detailed description of a 2-year program designed to meet their individual educational needs towards graduation. Those students have it made; do they not? After all this, no teacher or administrator in his right mind would dare take them to task for future infractions.

The school has written to me for help. I must have my staff examine all the requirements—only a few of which I have discussed here—set by that individual in the regional Office of Civil Rights. Are they fair? Are they punitive or corrective? Do they conform with what Congress intended? Are there extenuating circumstances that the investigative team did not consider?

Obviously, I do not have the staff resources to make sure that the school district is being justly treated. None of us do. We only pass the laws. We have almost no control over the regulations and the regulators who enforce them. We are giving others too much authority not to be deeply concerned about injustices that may arise out of the free exercise of that authority—to say nothing of the confusion and delay and expense involved and the very quality of life we are changing. I think we have good reason to be alarmed, and I hope that there will be some substantial and positive result.

I believe it is incumbent upon this body to challenge the often mindless bureaucratic excesses that occur primarily because the regulation technicians and the enforcers enjoy an unrestrained latitude that results in conflicting and unwise policy. We must make a consistent effort to insure that the intent of the original law is not dissipated through the bureaucracy and that the law itself does not become destructive or a tool of harrassment. We are going to have to start anticipating more of the details of lawmaking effect and make allowance for them in our committee reports and in our debate on the floor. It may mean fewer and more carefully constructed laws, but that would be a benefit in itself.

Mr. PACKWOOD. Mr. President, government regulation is a good thing. That statement, I am afraid, would attract few supporters. We have reached a point where the very term "government regulation" elicits exasperated cries from both the public and the regulated industries. How is it that Federal, State, and local governments have managed to almost universally alienate and dissatisfy both groups?

The original concept behind government regulation was certainly benevolent enough. Who else would intervene to protect the public in cases where an industry was engaging in deceptive practices, overcharging for essential services, unfairly using a monopolistic position, or not adequately protecting employees

from occupational hazards? Only Government had the authority, and the enforcement powers, necessary to check such activities. So, long before any of us were here, lawmakers at all levels began to exercise their discretion in this area. Utilities, transportation, and communication facilities were among the first groups to be affected. For the most part, the rules which were instituted proved beneficial to the public, while at the same time allowing business enough profit incentive to encourage innovation and responsiveness.

Slowly, however, in an attempt to provide protection from largely unavoidable and unintentional injuries, Government began stepping in more frequently. Regulation moved from the area of essential services to almost every type of business. Legal codes were developed to cover new industries almost as quickly as they appeared, and old ones were reregulated—always with new rules being added—until there were virtually no businesses left, regardless of size, which were not in some way covered by Government regulation.

In particular, it is the Federal Government that is viewed as the worst offender. Both the public and industry feel they have fallen under the control of a government run by commissions, councils, boards, and agencies. Every day the press reports new rules and regulations being promulgated by a mass of seemingly unreachable three letter bureaucracies: CAB, FAA, FCC, FPC, ICC, FTC, SEC, EPA, FDA, NRC, DEA, and so on.

Hopefully, this trend toward overregulation has begun to reverse itself. Over 30 bills have been introduced already this Congress which address the need for regulatory reform.

Many different approaches are being taken; some offer sunset clauses, and some call for congressional reapproval of all agencies and the rules they propose. But no matter what tack is chosen the legislation is aimed in the right direction. The regulatory reform which has been sorely needed for so long is finally gaining momentum.

Of particular note during this session are several bills which could have far reaching and beneficial effects. S. 263, which passed the Senate on June 10, as well as other recent legislation, has resulted in the statutory reevaluation of more than half a dozen boards and commissions with wide ranging powers. It is essential that such examinations take place on a regular basis if Congress is to be able to take any accounting of the many organizations it has created.

Also before Congress at this time are measures affecting the airline and broadcasting industries. Obviously, both these groups have a pervasive effect on the quality of life in this country, and should be closely analyzed to insure that government regulation is aiding and not hindering their ability to serve the public.

As far as the basic approach which regulatory reform should take is concerned, I would like to suggest the following guidelines.

Congress should not go too far in attempting to protect people from themselves. We have too often taken the attitude that we know better than the general public what is good for them. Laws have been passed and agencies created which we may deem necessary, but which the people see as interference.

Congress must also be careful to see that regulations are not just promulgated in negative terms. Instead of simply preventing actions, we should be encouraging that which is beneficial. Protection is fine, but it must be accompanied by a progressive attitude so that people might begin to see Government as an ally instead of an enemy.

Another approach to regulatory reform which has seldom failed is to return more power to the States. Except in cases where it is essential that nationwide uniformity be maintained, I believe it is almost axiomatic that the States can do a better regulatory job. This notion can also be effectively carried to the State-local level.

Through a rational program of regulatory reform, government at all levels can become more effective and obtain a better image among the populace. The idea that regulation and progress are mutually exclusive must be eliminated. It is possible for the two to go hand in hand, but only if Congress continues the course we have already begun.

THE COSTS OF REGULATION TO CONSUMERS

Mr. LAXALT. Mr. President, the average American is beginning to realize that he is paying a heavy price for the benefits of Government regulation. As a taxpayer, he contributes to the support of a vast machinery of Federal agencies and a host of Government bureaucrats which exercise tremendous control over his life, property, and business, but over which he has no direct supervision. As a consumer, he perceives that regulation drives up the costs of the goods and services he needs and frequently creates shortages in essential products he uses.

Is Government regulation worth the price of these hidden taxes? What can be done to improve the operation of the regulatory system to cut direct and indirect costs and eliminate many problems for the public?

These are the issues which I will discuss briefly during this colloquy on regulatory reform.

Mr. President, I have seen numerous estimates of the actual costs of regulation to American consumers. The direct cost of Federal Government regulation of business hit $2.9 billion in fiscal year 1976. Total expenditures in Federal regulatory activities in all areas of the economy amounted to over $2.9 billion last year, and I have seen estimates that these costs could reach $3.5 billion in the current fiscal year, a 21-percent increase.

The Federal Trade Commission found $80 billion of waste in the American economy attributable to regulatory overkill. Perhaps a more meaningful figure is the $130 billion direct and indirect costs to consumers estimated last year by the President's Council of Economic Advisers. This means that the average American family pays approximately $2,000 each year for the full costs of regulation; that is, the expense of supporting the Federal regulatory machinery plus the waste and high prices resulting from excessive regulation.

Estimates of the costs of ICC regulation alone vary from about $4 billion to $9 billion annually. One study indicated that various ICC rules banning backhauls and straight line routing waste up to 460 million gallons of fuel each year and contribute 150,000 tons of pollutants into the air we breathe.

The size of the bloated Washington bureaucracy is staggering. Prof. Murray Weidenbaum of Washington University's Center for the Study of American Business says that in 2 years employment in major Federal regulatory agencies rose from 55,000 to about 64,000. The Office of Management and Budget last year estimated that there are almost 101,000 Federal regulators at work. The total number of Federal agencies, according to GAO, has gone up from 77 to 102 in the past 10 years. This is a huge army of Federal bureaucrats living at the taxpayers' expense and a growing political force in our society.

No one knows for sure how many Federal regulations are now on the books or are issued each year, but it has to be in the hundreds of thousands. It took 45,000 pages of very small print in the Federal Register to publish the rules and regulations promulgated in 1974 alone. This once prompted former President Ford to remark:

> I mourn for the trees that fell in American forests to make this exercise in government nagging possible.

Worse yet, these rules are cumbersome, complex, and obscure and are often written in very legal and bureaucratic jargon which is difficult for the average layman to understand, let alone comply with.

Let me cite a few examples of Government-regulated waste in the economy.

As a result of ICC regulations, along the main crosscountry interstate routes between Cleveland, Ohio, and Jacksonville, Fla., trucks roll along with trailers empty—even though shippers at both ends of the line would eagerly give them cargo. The truckers are permitted to haul freight one way only and must make the 1,000-mile return trip empty.

Or take the glaring examples of how the Civil Aeronautics Board increases consumer costs. A small airline operating only in Texas flies passengers between Dallas and Houston for as little as $15 per trip. An interstate airline, meanwhile, operating under CAB authority, must charge $31 for the same trip. A similar disparity exists in California on flights between San Francisco and Los Angeles. In both cases, the State-regulated airlines will charge lower fares, yet return comfortable profits.

A GAO report on the effects of environmental and land use regulations found that more than 6 billion board feet of mature timber in national forests dies every year because Federal rules prohibit its harvest.

Mandatory safety standards for power lawn mowers developed for the Consumer

Products Safety Commission could increase the costs to consumers of a $100 lawn mower to $186 and might put 25 manufacturers out of business, according to a Stanford Research Institute Study.

Let me cite another example involving the Consumer Products Safety Commission which also indicates the extent of the overkill in the Commission's approach to safeguarding consumers from potential hazards. In 1974 the CPSC filed a suit against a manufacturer of windshield-washer solvent. The Commission alleged that there were 1,494 containers of solvent which were without child-proof caps and were not labeled with the required statement, "Cannot be made non-poisonous." Instead of ordering the manufacturer to change the caps and add the necessary four words of bureaucratise on each of the bottles, the Commissioners ordered that each and every one of the 1,494 containers of windshield washing material be destroyed, thereby contributing to the Nation's pollution problem. The effect of this stupid decision is that motorists who use that kind of solvent in their cars wind up paying the higher price that results from this federally mandated waste.

A tire quality grading system being developed by the National Highway Traffic Safety Administration could cost consumers as much as $150 million a year, and yet be too confusing to be of use to tire buyers, according to a report issued by the Rubber Manufacturers Association.

Three different Federal regulatory agencies have begun to collect internal data on the activities and methods of large businesses. Such disclosures could ultimately damage the public interest and virtually destroy some firms economically. The FTC, for instance, proposes to collect and reveal publicly "line of business" data on sales, profits and product lines from 345 of the Nation's biggest manufacturers. These firms have asserted that the costs of providing the Commission such information would average $548,000 per company, a cost that ultimately would be passed on to the consumers.

An Alexandria, Va., trucking contractor who specializes in hauling heavy machinery has tried for 3 years to obtain a permit to contract with the steel fabricator. His application to enter the market was challenged by six other truckers who already had the authority to operate over substantially the same routes. The ICC upheld the existing carriers, thereby keeping a bona fide competitor out of the marketplace.

As a member of the Senate Energy and Natural Resources Committee, I have been increasingly concerned by the effects of Federal regulation in the energy field. In my opinion, Government interference in the free market has contributed substantially to our Nation's energy crisis.

For instance, controls on the price of oil have discouraged domestic production and thereby increased America's dependence on costly foreign oil at a time when we should encourage energy self-sufficiency. Similarly, EPA's evironmental standards have delayed the development of alternate sources of energy and have exacerbated the shortage of electricity and power in many areas of the country.

It would appear that too often consumer preferences are simply ignored by the regulatory guardians of the public welfare. One of the most notorious indications of this is in the area of automotive safety and pollution control. The mandatory seatbelt-interlock system turend out to be a nuisance imposed by Government which the consumers didn't want and yet were obliged to pay for. Only a massive public outcry resulted in its elimination by Congress from the automobile.

Or look at the catalytic converter which the environmentalists so ardently championed as a means of controlling the automobile emissions. After requiring that the auto industry adopt this costly improvement, the Environmental Protection Agency discovered that the device can actually contribute to air pollution by releasing platinum and sulphuric acid mist into the air. To make matters worse, the EPA is now spending $6 million to study the adverse environmental impact of its own hasty decision.

As a result of such regulation, Professor Weidenbaum calculated that federally mandated costs increased the price of 1974 passenger cars on an average of $320 a car. Given the 9 million new car purchases for that year, the total cost of Government-imposed price increases was $3 billion.

Mr. President, these are but a few of the many "horror stories" I have seen about how Government overregulation imposes "hidden taxes" on consumers. I am sure we will hear other examples this morning. Fortunately, there is a growing awareness among the American people that Government regulation results in harmful economic and social costs. The cost to taxpayers has become so high that consumers are beginning to demand action. Our economic problems and the energy crisis have helped to focus public attention on all forms of Government waste, and clearly Government regulation is one of the major sources of waste in America today.

Unfortunately, Government has grown too fast in too short a time. The Congress had added agencies upon agencies, programs upon programs, and regulations upon regulations so rapidly that they have not had a chance to follow through and consider the results. Moreover, the bureaucracy within the agencies have built their own constituencies and it has become very difficult to get rid of unnecessary agencies, expensive programs, and costly and outmoded regulations.

Fortunately, Mr. President, taxpayers and consumers, liberals as well as conservatives, are demanding regulatory reform. The debate has now begun to focus on the means for achieving such reform.

Mr. President, I offer no magic formulas for reducing regulatory costs. I would suggest, however, that consumers should have a stronger voice in the regulatory process. What is needed is not an Agency for Consumer Advocacy or another layer of bureaucracy to represent one class of consumer at the expense of all others. Consumers neither want nor need another Government bureau to define and protect their interests. A better approach would be to insure that the people's elected representatives exercise greater control and supervision over Federal regulatory agencies.

One way to improve congressional oversight is to have the Congress review and approve major regulations proposed by Government agencies before they can be put into effect. At a minimum, we should demand that the regulators move cautiously, consider the impact of their activities, and prove to Congress that the benefits of regulations they propose exceed the cost to consumers. My colleagues may prefer alternative approaches. The important thing is that we recognize that Government regulation yields costs as well as benefits, that those costs often outweigh projected benefits, that the agencies and the Congress should know what these costs are likely to be, and that the Congress must take positive and responsible action to reform the regulatory system in order to reduce the costs to consumers.

Mr. President, I appreciate the opportunity to participate in this discussion. As a Republican who has long advocated an end to Federal overregulation of American industry, I sincerely hope that this colloquy will lead to meaningful, positive regulatory reform. I shall certainly support strong Republican and Democratic legislative efforts to that end.

Mr. ROTH. Mr. President, I am pleased to join my Republican colleagues in once again calling attention to the need for effective legislative reform.

Our Republican Party has always stood for a minimum of governmental interference in the private lives of Americans—whether in their business or in their personal lives.

Today overregulation by Government is strangling our free enterprise economy, inflating the prices we pay for goods and services, wasting literally millions of hours of our time each year, and intruding in a major way on our freedom as individuals.

The General Accounting Office estimates the cost of Government regulation at more than $1,000 per family annually. Federal paperwork alone costs more than $40 billion a year.

But no dollar figure can be placed on the real cost to our society. We cannot measure in dollars and cents the cost of the frustration each American feels when he is confronted with confusing, incomprehensible, and burdensome forms—such as his Federal income tax form. Or the cost to our way of life of the small businessman who is forced out of business because he does not have the resources the large corporation has to cope with Government regulation. Or the small entrepreneur or inventor who finds that some Government regulation or other prevents him from even making a start.

Unless checked, overregulation can destroy our reputation as a land of opportunity.

Today polls show that many people regard excessive Government regulation

as a greater problem than even taxes or inflation.

Over regulation is not easily susceptible to legislative solution because so much of the problem lies with the huge Federal bureaucracy. Our executive agencies have become a sprawling fourth branch of Government with an enormous capacity to affect our lives, but without direct accountability to the American electorate.

Each year these departments and agencies grind out more than 10,000 new rules and regulations, many of them absurdly complex and incomprehensible to the average citizen.

An individual seeking a Federal contract for mousetraps, for example, must wade through and comply with a 120,000-word product specification. The Interstate Commerce Commission has more than a trillion rates on file which tell truckers how much they can charge to carry different kinds of products between different locations. The list goes on and on.

While those at the top of the bureaucracy are often appointed by the President and subject to removal, the bulk of the agencies work is done by officials farther down the line who are entrenched in their positions and subject to little Presidential, congressional, or public scrutiny. In practice, as former Congresswoman Edith Green recently wrote, "the regulations and guidelines are issued, the laws are interpreted, the contracts are let by third, fourth, and seventh-ranking officials who too often are immune to constituency complaints."

Legislation may help. But there is also something more that no legislation can accomplish. That something is a new ethos in our Federal bureaucracy, a fresh reminder that our Government officials are supposed to be the servants, not the masters of the people. We have many Federal officials who are also disturbed by the power of the agencies, by the inconsistency of many Government regulations and rulings; and by the growing gap between Washington and the rest of the country.

I strongly believe that what will give people confidence in their Government is performance. The Congress, working with the President and with those in the Federal agencies who want change, can make government simpler, more effective, and more responsive to the people. At the same time, we will be restoring our freedom to shape our own lives and fortunes, free of the burden of excessive Government regulation.

Mr. DOLE. Mr. President, the claim that regulatory agencies were created to serve and protect the public interest is no longer a vaild statement. It hasn't been for quite some time.

Currently, Government regulation has become all-encompassing and pervasive, but is serving smaller and smaller sections of the population at a tremendous cost to all. There is, without a doubt, an overwhelming public demand for regulatory reform.

Throughout my campaign travel I had the opportunity to talk with many people about many issues. One of the major topics of interest and concern was the need for regulatory reform. These comments came from farmers, bankers, students, construction workers, school teachers—all expressing concern for too much Government intervention.

The point that has been clearly made by the American people regarding Government regulation is that it has a definite expensive price tag. Cost incurred by Government intervention are passed on to consumers in the form of higher prices for goods and services.

Between 1970 and 1975 spending by major social regulatory agencies more than tripled. During the same period spending by major economic regulatory agencies jumped from $166 million to $428 million. Without a doubt, this is an alarming trend.

I am convinced that the taxpayer is demanding, and rightfully so, the Federal Government be just as thrifty with their tax dollars as taxpayers are with the take-home portion of their paychecks.

The time is right for reform. Both the administration and Congress seem to agree that the subject is appropriate for serious action.

I further believe that Congress is in the best position to begin this movement toward less but more effective Government. I believe it is incumbent on us, as representatives of the public, to uphold this responsibility.

PUBLIC FINANCING OF SENATE ELECTIONS

The PRESIDING OFFICER (Mr. ANDERSON). Under the previous order, the hour of 1 p.m. having arrived, the Senate will now resume consideration of S. 926, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 926) to provide for the public financing of primary and general elections for the U.S. Senate.

The Senate resumed the consideration of the bill.

AMENDMENT NO. 570

The PRESIDING OFFICER. The pending question is on agreeing to amendment No. 570, on which there shall be 30 minutes debate, to be equally divided and controlled by the Senator from Oregon (Mr. HATFIELD) and the Senator from Nevada (Mr. CANNON), and with the vote thereon following at 1:30 p.m.

Who yields time?

Mr. HATFIELD. Mr. President, I yield myself sufficient time to cover my remarks.

Mr. President, the central issue facing the Senate this afternoon is whether the sponsors of S. 926 are really serious about campaign reform. The vote we will soon have on my amendment to reinstate, and I want to emphasize to reinstate, primaries into the public financing bill will be a test of their sincerity and consistency on this issue. My amendment is an opportunity for the sponsors and other supporters of S. 926 to affirm the courage of their convictions. If they think that public financing is a real reform, and not a public relations gimmick, then surely they will wish to extend it to all Senate elections.

I might state again that this was originally in one of the first of the bills of public financing; that is, the primaries were included.

I must emphasize, Mr. President, that it was the sponsors of S. 926, and not its opponents, who moved in committee to delete primaries from this bill. In the committee debate, the Senator from Iowa offered three reasons for this curious step. Let us analyze their weak justifications.

First, the Senator claimed:

The fact of the matter is that there are more problems with primary elections than with general elections in many different ways.

That is surely a fuzzy rationale. And I must ask the Senator why the same reasoning does not apply to Presidential public financing, a system the sponsors have loudly praised in this Chamber. We are told that the alleged success of Presidential public financing is reason enough to adopt a similar framework for Senate races. If that is correct, then let us truly follow the Presidential model, and let us fund primary campaigns for Senators, just as we finance primary campaigns for the Presidential elections. Consistency demands we do no less.

Further along in the committee debate, the Senator argued:

The House of Representatives is not giving serious consideration to Primary elections—and I think it would probably be inappropriate if the Senate were to adopt public financing of primaries and not the House of Representatives.

The Senator thus claims that we must follow the lead of the House in these matters.

I believe it is contrary to the traditions and integrity of the Senate to take a backseat to the House, so I reject that conclusion. In my view, Mr. President, what the House might eventually do regarding its own public financing scheme is, at this point, immaterial to the Senate. As the Senator from Iowa knows, the two Houses of Congress often disagree and, for that reason, a conference committee mechanism has been established. That is the time and place to compromise our convictions if we must, but to do so now is premature.

No Mr. President, speculation on what the House might do cannot be an excuse to ban primaries from this bill. The sponsors have told us that comity dictates we cannot consider public financing for House races in this legislation. If comity is so meaningful, then surely the House will allow us to design our own system of public financing for Senate campaigns. If we think primaries must be included, comity will dictate that the House will let us have them. So, Mr. President, the House may well not dissent from this bill. We have a right to go forward with a comprehensive package. Should the House disagree, then we can worry about working out our differences at the conference committee level.

Finally, Mr. President, the Senator contended in committee that:

There is concern over whether there will be enough money in the checkoff fund to cover primary elections at this time.

In addressing the Senate on Monday, the Senator from Massachusetts, one of the proponents of the bill, argued that public financing dollars are a small price to pay for the cleanup of our political system. I personally think that even one tax dollar for this is a dollar down the drain, but if the sponsors are right on this point, then we must leave no stone unturned.

The sponsors understand the importance of primaries in the electoral system. They know that private money contributed in primaries buys just as much or just as little influence as that given in general election, according, to their rationale. Surely, they would agree that the increment of funds needed to insure the integrity of primaries is a small enough price to pay in tax dollars.

It is abundantly clear, Mr. President, that the reasons offered by those who would delete primaries from this bill simply do not wash. The sponsors' action to this effect in committee was not really grounded in any of these reasons, but instead was a clear question of political expediency. They have thus brought us a prostituted bill which cures none of the problems they claim need reform.

I will take the Senator from Iowa at his word. He is a man of great integrity. In committee, he stated:

I have always supported public financing for both primary and general elections—I believe strongly in them:

The Senator and his colleagues who support this bill now have their chance to demonstrate consistency and conviction rather than expediency. If they mean what they say about S. 926, they will vote for my amendment.

May I add, Mr. President, that even if the amendment passes, I will continue to oppose S. 926. Let the record be clear. My disagreements with the basic tenets undergirding the bill are too fundamental for me to do otherwise. But, if this amendment succeeds, at least the Senate will have before it a measure that is logically consistent and comprehensive. If the amendment fails, the sponsors will show that their true concern is for political convenience and partisan expediency, and not for genuine campaign reform.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I yield 7 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 7 minutes.

Mr. CLARK. Mr. President, one of the ironies of the debate on this particular amendment, as I am sure the Senator from Oregon will agree, is that the proponents of this amendment do not believe in public financing and, yet, are extending it to primary elections, while the opponents of the amendment believe in public financing but are going to oppose it for primary elections. I believe it is a very interesting and unique situation because, as the Senator from Oregon has pointed out very clearly, those of us who sponsored the legislation believed strongly in public financing of primary elections as well as general elections.

The fact of the matter is that we wrote such a provision in the bill. We wrote similar legislation, with I think all of the same sponsors, in 1974, and passed it in the Senate. So the Senator is quite correct in saying that the proponents of this measure are very strong supporters of public financing of primary elections, and remain so.

Again, as the Senator from Oregon has accurately said, in the committee I moved to strike primary elections, and I did it for the very reasons the Senator has suggested: First of all, because we know very well that if primary elections stay in this bill and go to the House, we will have no bill at all.

I do not think it is accidental that the proponents of this amendment are offering an amendment that they know will kill the bill. That is very clear. Furthermore, it is quite right to say that with the checkoff funds we have provided for, it is clear we will not have enough funding as far as primary elections are concerned, and that would also kill the bill.

So I in no sense back away from the idea that it would be good to have primary elections included, just as in Presidential elections. It would be very good. But I find it, again, not very compelling that the proponents of the amendment say that if this amendment passes and we get primary elections included, they will not vote for the bill either. Obviously they will not. Obviously they want to have primary elections included because they are confident that it would kill the bill.

I do not understand the argument at all that public financing of elections is a bad idea, bad for a number of reasons, and at the same time the proponents of this amendment want to extend it from general elections to primary elections. If indeed it is a bad idea, why would the proponents of this amendment want to extend it to primary elections? We have heard the proponents of the amendment over and over again say this is a raid on the Treasury. But this particular proposal would increase the cost of this measure by probably double, according to the estimates of the FEC by an additional $10.5 million to $17.5 million, by extending it to primary elections. Is that a raid on the Treasury, from their point of view?

It does not seem to me there is any great inconsistency in the proponents of this measure arguing, "We would like to have primary elections, but are prepared to take half a loaf rather than none." That is what it finally comes down to: Are we prepared to have public financing of general elections in the hope that we can extend it to primary elections at a later period, when we are confident we have money in the fund and can get it enacted?

There have been many cases on this floor when we have been prepared to take less than we would like, in the hope of getting a bill. We are prepared to take half a loaf in this case.

I think it is strange that most of the proponents of this amendment have gone on record as saying they are opposed to any public financing, and that most of the proponents of the amendment voted against general election and primary election public financing in 1974. That ought to tell us something about whether the proponents of this amendment really wanting public financing of primary elections.

With the elimination of the coverage of primaries, the issue is clearly drawn, in the way most Members see it: Namely, are we going to move toward a system of public financing of elections by adopting, as a first step, the public financing of general elections? That is really the issue.

The plain fact is that most of the proponents of this amendment have no interest at all in public financing of any election at any level. They have stated on this floor all week long that clear fact. They prefer the status quo, where incumbents dominate and the special interests foot the bill.

Mr. President, primary elections will have to be covered eventually, in my judgment. As the Senator from Oregon has clearly indicated, primaries are a critical part of our political process. But I believe that the case for covering primaries will be stronger once we show that public financing can work and will work in general election campaigns. For that reason, I certainly urge my colleagues to support this idea of trying it in general elections, with the clear idea of going ahead, then, in primary elections at a future point.

Mr. President, I yield back the remainder of my time to the manager of the bill.

Mr. HATFIELD. Mr. President, I yield myself 2 minutes.

Mr. President, the statement of the Senator from Iowa compounds the curiosity that I already had about this whole procedure. We have a very interesting demonstration now. First of all, we have introduced a separate bill to deal with our own financing. The House has not even acted on their bill, or reported it out of committee. Now we hear we are only going to get half a loaf. I would like to know what kind of assurances or commitments have been made that the House of Representatives will not accept this amendment, when the House has not even acted on its bill. I do not understand how we could cave in on primary financing now in hopes of getting part of a loaf, before we even know what the other half is. The House has not enacted 'ts half a loaf.

I have often heard it said, on the floor of the Senate, "Let us enact our bill on this floor, and then we can compromise it out in conference, because we want as much as possible to compromise with the House committee." But here we say, "Let us compromise, and cave in before we know what the House position is."

Mr. DOLE. Mr. President, will the Senator yield for one quick question?

Mr. HATFIELD. I yield for one question.

Mr. DOLE. For someone who is opposed to public financing generally, as the Senator from Iowa charges, would it be consistent to vote for the Senator's amendment? At least then it would be indicated that we are not voting for an incumbent bill, if this amendment passes.

Mr. HATFIELD. Yes; the suspicion would be eliminated that it is an incumbent bill, if for no other reason than because the southern Democrats would not support it.

Mr. DOLE. If the primary is included, at least those of us who are incumbents might have more competition; is that not correct?

Mr. HATFIELD. Exactly. Exactly.

Mr. DOLE. That is another reason why it might be supported on the other side.

Mr. HATFIELD. Exactly, on the basis as we established it in the Presidential Public Financing Act, by helping fund one's opponents.

Mr. DOLE. I am opposed to big honoraria in any event, but I think this amendment is consistent and makes a great deal of sense.

Mr. HATFIELD. I thank the Senator.

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 2 minutes.

UP AMENDMENT NO. 702

Mr. HATFIELD. Mr. President, I have two technical amendments. I ask unanimous consent to further modify my amendment by adding the words "or his" after the word "campaign" on page 5, line 21 of my amendment.

This modification is only of a technical nature. With it, if my amendment is accepted by the Senate, then page 32, line 17, will read as follows:

In his primary election campaign or his general election campaign.

The same is true as to the second unanimous consent request for a second technical amendment.

The PRESIDING OFFICER. Without objection, the amendment will be so modified.

The modification is as follows:

On page 25, line 25, of S. 926 will read as follows: "For his primary 'or' general election campaign"

On page 32, line 17, of S. 926 will read as follows: "For use in his primary election campaign 'or his' general election campaign"

Mr. HATFIELD. I yield 1 minute to the Senator from New Mexico.

Mr. SCHMITT. I thank the Senator.

Mr. President, I would add just a comment on why the opponents of public financing, of whom I am one, would feel this amendment is appropriate at this time.

I think the basic thing comes down to the question that public financing is a bad idea that is made worse by excluding the primary. We hope we will be able to defeat this bill, but if the bill should pass, there is no question in my mind but that it must include primaries.

By excluding primaries, special interests will be greatly encouraged to apply their efforts to primary elections, and there will also be, I believe, a strong trend, with primary elections dominated by the sitting Senator, to move primary elections closer and closer to the general election, so that any challenger who might appear will have an increasingly difficult time beating an incumbent because of the time remaining between the primary and the general election becoming increasingly short.

I think we are going to see special interests, if the bill is passed, rise in their influence on the general elections, but particularly on the primary elections, and I would urge the adoption of the amendment.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. CLARK. Mr. President, I must say, I am surprised, having heard the debate of the Senator from Kansas yesterday about this being a major honoraria, that public financing was a terrible thing, and again today that he is opposed to public financing.

The Senator from Kansas certainly participated in that process. Last year, something like $21 million went to the Ford-Dole campaign. I never heard any rejection of that as a major giveaway, an honorarium, to the Senator from Kansas. He must know it was optional, that the Ford-Dole ticket did not have to take what he describes as this major honorarium. Does he interpret the decision by the Ford-Dole ticket to take public financing as an incorrect one, or does he interpret it to be a question of it being a major $21 million honorarium for the Ford-Dole ticket?

Mr. DOLE. I might say that decision was made before they even decided about me. That was made, of course, early in the year. I would say there is some advantage not having to raise money. I do not deny that. I suggest we are now launching into a whole new area, not just the Presidential race, but all of us, and then the House Members, then Governors, then State legislators, then county sheriffs. We will be owned by the Government sooner or later. That is the point the Senator objects to. I have referred to this as a big honorarium and it would be, a quarter million dollars.

Mr. CLARK. It would be in the Presidential as well as the senatorial campaigns, is that correct?

Mr. DOLE. That is correct.

Mr. KENNEDY. Will the Senator yield?

Mr. CANNON. I yield 3 minutes.

Mr. KENNEDY. Mr. President, the proposal by Senator HATFIELD to extend the public financing provisions of S. 926 to Senate primary elections is the right idea but it comes at the wrong time, and I hope the amendment will be defeated by the Senate.

The present posture of the debate is not without its obvious ironies. S. 926 contains far-reaching proposals for public financing of Senate general elections. Supporters of public financing and election reform are in the unusual present position of opposing the extension of public financing to primaries. Die-hard opponents of public financing and election reform are in the position of vigorously promoting the extension of S. 926 to Senate primaries—although supporters of S. 926 may be forgiven for feeling that the current amendment is a Trojan horse intended to make the overall bill impassable.

There are a number of reasons for our opposition to the pending amendment.

First. Precedent versus the reaction of the House of Representatives:

I believe it is fair to say that all of us who are the chief sponsors of S. 926 would favor in principle the use of public financing for Senate primaries as well as Senate general elections. As we originally introduced S. 926 last March, the bill would include Senate primaries, too. Twice before, in 1973 and 1974, the full Senate has voted for coverage of Senate primaries as part of comprehensive public financing legislation, only to see the entire concept rejected by the House of Representatives for all congressional elections—both primary and general.

Although Congressman Wayne Hays, the chief antagonist of congressional public financing in the past, is no longer leading the House opposition, there is scant evidence that public financing of congressional primaries would fare any better in 1977 than it did in 1974 or 1973. The principal House bill contemplates public financing only for congressional general elections. That bill itself represents major progress over the previous House position. Time is short. A Senate effort to push public financing of congressional primaries might well become a pyrrhic victory—winning on the Senate floor, but defeating the whole legislation in the ensuing controversy with the House, and thereby prohibiting the application of public financing to the 1978 congressional general elections.

In other words, a push now for public financing of primaries would be a clear case of the "best as the enemy of the good." S. 926 is a good bill. It deserves to be enacted in time for the 1978 elections, without regret over the decision to omit coverage of primaries at this time.

Second. Cost:

Given the present status of the dollar checkoff funds, it would not be possible to extend public financing to congressional primaries without providing an additional source of funds to cover the primary races.

According to FEC estimates, an additional $23 to $36 million would be required to provide the public funds needed if Senate primaries are to be covered in the 1978 and 1980 elections. A similar amount, if not more, would be required to cover House primaries. Thus, the total cost of public financing for congressional primaries would be about $50 to $75 million in additional public funds.

These additional funds would almost certainly not be available under the dollar checkoff in its present form, according to current projections of likely future receipts from the checkoff. One of the major advantages of S. 926 is that the existing checkoff will be adequate to fund Senate and House general elections in 1978 and 1980, in addition to meeting the needs of the 1980 Presidential campaign. No new source of funds will be required under S. 926.

If primaries are added to the bill, however, an additional source of funds will be needed. There are two possible sources of such funds—either general appropria-

tions or an increase in the dollar checkoff. But both of these alternatives are highly controversial, as the proponents of the pending amendment are well aware. It is curious, to say the least, that they are proposing this amendment without also proposing a way to pay for it.

Third. Administrative burden on the Federal Election Commission:

An additional source of the reluctance to extend public financing to congressional primary elections at this time is the obvious additional administrative burden that will be imposed on the Fedreal Election Commission to implement such public financing.

It will be challenge enough for the FEC to monitor public financing in the 33 Senate races and the 435 House races in the 1978 general elections, with two or more candidates likely in each race. The additional administrative burden of monitoring public financing for congressional primaries, with the possibility of multiple candidates in many States and congressional districts, could well be too much for the FEC to handle all at once.

Fourth. The benefits of experience and a gradual approach:

In the Election Reform Act of 1974, congressional public financing coverage was deleted partly for the reason that many Members of the House of Representatives preferred to wait and see how well public financing worked in the 1976 Presidential elections. We know now that public financing passed this test of experience with flying colors. It worked extremely well in the 1976 Presidential elections, and that successful experience has been a major factor in the new impetus in the present Congress to extend public financing to general elections.

The logic of the past argument has a certain merit in the present case. Given the cost and other factors mitigating against the immediate extension of public financing for congressional primaries, it is appropriate to defer action in this area, until we learn the results of public financing for congressional general elections in the 1978 Senate and House races.

I am confident that the successful application of public financing to Senate and House general elections in 1978 will enhance the prospects of public financing for Senate and House primary elections in 1980. As we have done so often in the past, we shall return again and again to the issue, until this long overdue reform has been achieved, and we have cleaned our own houses and ended the abuses that undermine public confidence in our congressional elections.

It is a fair question that the Senator from Oregon asks those who are sponsoring this legislation about the support in the past for public financing of primaries for the U.S. Senate. History, logic, and principle would argue in favor of it. If we look back to other times that the Senate has considered this issue, we will find those who were the primary sponsors of this legislation supported public financing of primaries in 1973 and 1974, when we were facing arguments in opposition to public financing.

To summarize again, there are, basically, several major reasons why we do not support the amendment at this time. But I think the cost issue is the most obvious point. As has been pointed out by the Senator from Iowa, cost is a factor. Those who support the amendment of the Senator from Oregon are apparently not willing to pay for it. They do not ask the Treasury to provide the direct appropriations needed to fund the primary as well as the general election. I doubt very much that we would get any favorable consideration from them of that way of funding the primaries.

If we went to the Senate and said, "Let us alter and change the $1 checkoff to a $2 checkoff to make up the difference," I do not hear any indication from the sponsors of this amendment that they would agree.

What we would be doing is adding an immense amount of confusion to the limited resources we have. Cost is an important factor. If we do not have a direct appropriation or an increase in the checkoff, we will not be able to fund it.

Another major objection to the amendment is the legitimate concern of those who are worried about the administrative burden on the FEC. The Commission did face some administrative problems during the Presidential election. That was partly because the Supreme Court's decision in the Valeo case came in the midst of that Presidential campaign. Requiring them to review the requirements of 33 Members of the Senate and 435 Members of the House in general elections is burden enough. It would be too much to add primaries as well.

It seems to us that, attempting to be responsible, we should take the issue step by step. Having taken a major step in 1974 in terms of the Presidential campaign, it is entirely appropriate, to say we will take the next step in terms of Senate general elections now, and wait until the next opportunity to act on primary elections.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CANNON. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Oregon which would provide for public financing of Senate primary elections. It is certainly an unusual proposal from such a strong opponent of the concept of public financing as my colleague from Oregon who, I recall, opposed the enactment of public financing of Presidential elections, and has opposed its extension to congressional elections in the past.

Mr. President, the question of financing of primary elections was before the committee during its consideration of S. 926. At that time, the committee decided, on a rollcall vote of 6 to 3, to delete primaries from the bill and recommended that the Senate extend the principle of public financing at this time to Senate general elections alone.

I note for the record that the first time the Senate passed a congressional public financing bill, on November 27, 1973, it provided only for the financing of general election campaigns. Upon consideration of the issue, the committee decided it was advisable to defer the question of possible application of public financing to primary elections to a later date, after the Congress and the Federal Election Commission have both had an opportunity to review its operation during the general elections of 1978.

Public financing of the Presidential elections involved the funding of 15 Presidential primary candidates, the two major political parties for their conventions, and the two nominees of the major parties in the general election. As Senate general elections alone will require the Federal Election Commission to certify funds and audit the campaign accounts for approximately 66 candidates, over three times the number in the Presidential elections, the committee felt that a gradual, step-by-step extension of public financing would help assure its successful administrative implementation by the Commission. Adoption of the pending amendment would result in an estimated 108 additional Senate primary candidates, not to mention the number of House candidates, in the event public financing were to be extended to House primaries. Consequently, adoption of the proposed amendment would, in my opinion, greatly impede the initial administration of the bill.

In addition to assuring the successful administrative implementation of Senate public financing, deferring application of the bill to primaries would result in substantial cost savings. The Commission estimated that financing of Senate primaries under the formula presented in this amendment would require paying out an additional $10.5 million to $17.5 million from the checkoff fund in 1978. This would reduce the estimated surplus in the tax checkoff fund at the end of 1980, after financing Presidential and Senate races alone, from a projected range of $53.4 million to $46 million down to a range of $30.3 million to $11.4 million. Additional administrative costs for the FEC over a 2-year period would amount to $946,000, based on Commission estimates.

It is clear, Mr. President, that substantial administrative cost benefits would accrue by implementing public financing for Senate elections on a graduated basis. Deferral of primary financing will thus help assure that the financing of Federal elections can be maintained from funds designated by citizens to the Presidential Election Campaign Fund, without having to either increase the amount permitted to be designated to that fund or reduce the funds which could be available to candidates. I would therefore urge my colleagues to vote against this amendment.

Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. CANNON. Mr. President, if no one desires additional time——

Mr. GRIFFIN. Mr. President, will the Senator yield 1 minute?

Mr. CANNON. I yield 1 minute.

Mr. GRIFFIN. Mr. President, I received a letter, as I believe most Senators did, from the chairlady of the National

Women's Political Caucus, Audrey Rowe Colom and Carol Randles, director of the Women's Campaign Fund. These ladies are representing the American Coalition of Women's Organizations, which is for public financing. Their letter, in general, urges support for it. This very interesting and important paragraph, however, I believe should be noted:

We would remind you that if public financing applies only to the general election, it is ultimately an ineffective means of equalizing opportunities and access. It is in the primary that women and other underepresented groups face the most difficult obstacles in public office.

Mr. President, it is obvious that their interest and their rights have been sold out in what is going to happen in a few minutes in order to pick up some votes from Southern Democrats to pass this bill.

Mr. SCHWEIKER. Mr. President, I rise in strong support of the amendment of the Senator from Oregon.

I have believed that the right kind of public financing could make significant improvements in the conduct of our elections by reducing the impact of big money and special interest money, and by giving our people fairer and better informed choices.

But it is vitally important that the public financing bill we enact is the right one. If we enact a bad bill, the best we can hope for is that the idea of public financing will be discredited and the law repealed after one or two elections. The worst that can happen is that the law will favor one group over another, or will entrench incumbents, or will otherwise warp the electoral process in a way that the incumbent party is happy to make it permanent.

Therefore it is essential that the Senate conduct full debate on this bill, carefully consider all amendments, and make sure any bill we approve is the right bill for America. The bill in its present form is badly flawed. There are a number of serious problems with it. Certainly one of the most serious is its failure to provide public financing coverage for primary elections. Public financing of Presidential elections pushed special interest money into congressional elections. And this bill, in its present form, would now push that special interest money into the primaries. In a primary the special interest money is not going to take a chance opposing an incumbent. So the present money edge already enjoyed by incumbents will become even greater.

Therefore, Mr. President, I believe it is imperative that we adopt the amendment of the Senator from Oregon. I urge that my colleagues support it if they are serious about getting a good public financing bill passed rather than one which will give incumbents a special interest edge at public expense.

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on the amendment, as modified, of the Senator from Oregon.

Mr. HATFIELD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

(Mr. ABOUREZK assumed the chair.)

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. McCLELLAN), the Senator from South Dakota (Mr. McGOVERN), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of illness.

Mr. STEVENS. I announce that the Senator from Connecticut (Mr. WEICKER) is necessarily absent.

I also announce that the Senator from Maryland (Mr. MATHIAS) is absent on official business.

I further announce that the Senator from Oklahoma (Mr. BARTLETT) is absent due to illness.

The result was announced—yeas 37, nays 56, as follows:

[Rollcall Vote No. 317 Leg.]

YEAS—37

Baker	Hatch	Packwood
Bellmon	Hatfield	Pearson
Brooke	Hayakawa	Roth
Case	Heinz	Schmitt
Chafee	Javits	Schweiker
Curtis	Johnston	Scott
Danforth	Laxalt	Stafford
Dole	Leahy	Stevens
Domenici	Lugar	Tower
Garn	McClure	Wallop
Goldwater	Metzenbaum	Young
Griffin	Morgan	
Hansen	Nelson	

NAYS—56

Abourezk	Eagleton	Metcalf
Allen	Eastland	Moynihan
Anderson	Ford	Nunn
Bayh	Glenn	Pell
Bentsen	Gravel	Percy
Biden	Hart	Proxmire
Bumpers	Haskell	Randolph
Burdick	Hathaway	Ribicoff
Byrd, Harry F., Jr.	Helms	Riegle
	Hollings	Sarbanes
Byrd, Robert C.	Huddleston	Sasser
Cannon	Humphrey	Sparkman
Chiles	Jackson	Stennis
Church	Kennedy	Stevenson
Clark	Long	Stone
Cranston	Magnuson	Talmadge
Culver	Matsunaga	Thurmond
DeConcini	McIntyre	Williams
Durkin	Melcher	Zorinsky

NOT VOTING—7

Bartlett	McClellan	Weicker
Inouye	McGovern	
Mathias	Muskie	

So Mr. HATFIELD's amendment was rejected.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CLARK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 528

Mr. PEARSON. Mr. President, I call up my amendment No. 528 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

Mr. PEARSON. Mr. President, may we have order? This is a very short amendment. It is very simple. I think we can understand it if we hear the clerk read it.

The PRESIDING OFFICER. The Senator's point is well taken. If the clerk will suspend, the Chair will attempt to obtain order in the Chamber.

The Chair will ask all Senators to cease conversations and remove themselves from the Senate floor. The clerk will not proceed until order has been restored in the Chamber.

The Chair would ask that all Senators cooperate in the request of the Senator from Kansas that they pay attention to his amendment.

Mr. LEAHY. Mr. President, would the Senator yield for a unanimous consent request?

The PRESIDING OFFICER. I have asked the clerk to suspend. Would the Senator wait just a minute until we have order?

Would the Senators over in the corner kindly stop conversing?

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. PEARSON) proposes an amendment numbered 528:

On page 30, line 19, immediately after the period insert the following: "No amounts from the general fund of the Treasury shall be deposited into such account, nor shall any moneys from such general fund be used for payments under this title.".

Mr. PEARSON. Mr. President, I yield to the Senator from Vermont for a unanimous-consent request.

Mr. LEAHY. I thank the Senator from Kansas.

Mr. President, I ask unanimous consent that Martin Franks of my staff be granted privilege of the floor during the debate and voting on all matters concerning the public financing bill up to the conclusion of that bill.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. PEARSON. I yield.

Mr. DURKIN. Mr. President, I ask unanimous consent that Ann Schlesinger, of my staff, have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered, as to both requests.

Mr. PEARSON. Mr. President, this amendment provides that none of the funds that shall be used to finance congressional elections shall be those except that are provided into the fund from the checkoff. The bill itself, by inference, indicates that that would be the mechanism, and it provides that if there are not enough funds by virtue of the checkoff, they will be depreciated and allocated down the line with the priority provided.

This amendment merely says that the fund shall be from the checkoff. It makes no mention of what the checkoff amount shall be, but none of these funds will come from the general fund.

I have discussed this amendment with the manager of the bill, and he has indicated that it is acceptable at least to

him and to the ranking member of the committee.

Mr. CANNON. Mr. President, I have discussed this amendment with the distinguished Senator.

In the Presidential campaign financing law, there is a similar provision. It reads as follows:

In any case in which the Secretary or his delegate determines that there are insufficient moneys in the fund to make payments under subsection (b), section 9008(b)(3), and section 9037(b), moneys shall not be made available from any other source for the purpose of making such payments.

That is an intent similar to the present proposal. In the present bill, we have on page 31:

If the Secretary of the Treasury determines that the moneys in the account are not, or may not be, sufficient to pay the full amount of entitlement to all candidates eligible to receive payments, he shall reduce the amount to which each candidate is entitled under section 503 by a percentage.

So it is clear that the intent of the bill as drafted was that no other funds would be made available but that the funds from the check-off account would be prorated in the event there was not enough money in the fund.

If the author of the bill has no objection, and I presume he does not, the manager of the bill will be willing to accept the amendment.

Mr. PEARSON. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I ask unanimous consent that Barbara Washburn may have the privilege of the floor during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 572

Mr. GRIFFIN. Mr. President, I call up my amendment No. 572.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. GRIFFIN) proposes amendment numbered 572:

On page 41, after line 3, insert the following language:

EFFECTIVE DATE AND NATIONAL REFERENDUM

SEC. 513. (a) Part I of this Act shall be subject to and effective only after a national referendum shall be held to ascertain approval of or disapproval of the diversion of funds currently held, and in the future accumulated, in the Presidential Election Campaign Fund.

(b) On the form 1040 for the taxable year 1977, there shall be included, immediately after the place for designation of funds for the Presidential Campaign Fund, the following question:

"Do you approve of the use of any excess of the Presidential Election Campaign Fund for public financing of senatorial campaigns?"

Yes ☐ No ☐

(c) Part I of this Act shall be effective only if a majority of those taxpayers who have filed their 1977 returns on or before May 15, 1978, have responded to the question stated in (b) above in the affirmative. Otherwise, the provisions of part I shall be null and void.

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GRIFFIN. Mr. President, this amendment is designed to accomplish two purposes.

First of all, it is intended to eliminate what I must regard as a measure of unintended deception in this bill in referring to a fund that will be used for financing senatorial campaigns as the "Presidential campaign fund."

Under existing law, there is established a Presidential campaign fund for the public financing of Presidential election races; and without changing the name of that fund, this bill purports to make the money accumulated in the Presidential campaign fund available for Senate races.

I think there is something not quite straightforward about that, and it certainly would be misleading to the taxpayer who fills out his form 1040.

Furthermore, this bill proposes to utilize some $23 million that has accumulated in the Presidential campaign fund for Senate races. I think that is a breach of trust, without going back to the people who indicated earlier that they were checking off a dollar, not for Senate races but for Presidential races. I do not see how you can call it anything other than a breach of trust now to appropriate that money, after the people indicated very clearly that they only wanted it to go to Presidential races.

How would they have voted if they had had the choice: "Do you want this dollar to go to either a Presidential race or a Senate race?"

Would they have voted the same way? Who can say? My guess is that there would have been quite a few of them who would not have checked off for the dollar if they had known that the money was going to go into congressional campaigns.

In any event, we do not know. It seems to me that this bill, as it stands now—unintentionally, of course—is something of a deception and a fraud on the people, to continue the use of the name "Presidential campaign fund," to seek to accumulate funds in the future by calling it that, and to go ahead and use the excess for a purpose that the taxpayers did not approve.

This amendment would give the taxpayers a chance to pass judgment on this very basic change in our system.

It seems to me that to go to the financing of campaigns out of the Federal Treasury is such a basic, fundamental change in our whole system of Government that it should not just be brought about by a vote in Congress. I think it actually should be brought into effect by a referendum of the people. This would accomplish that as well.

It would provide that this public financing of congressional campaigns would take effect if a majority of people filing their 1040 forms by May 15, 1978, indicate that they approve of this particular procedure. I do not know what could be fairer. I do not know what could be more reasonable.

It seems to me that if this law were to be in effect after that, it would be at least on a solid foundation and basis, knowing that the public, in fact, supported it. It is my prediction that the public would reject it.

It has been said before, and it should be repeated, that in the years when the public has had an opportunity to indicate whether or not they wanted a dollar to be checked off and allocated to the public financing of Presidential campaigns, in no year has more than 27 percent of the taxpayers filing their forms so indicated. Some 40 percent indicated that they did not want their dollar so used, and the remainder did not make any indication at all.

It is a sad commentary, it seems to me, if Congress, in the light of that kind of indication by the taxpayers, is going to go right ahead anyway and bull through a public financing bill to pay for the elections and campaigns of Senators out of the Federal Treasury. It is a total disregard of the principles upon which Congress is supposed to be operating, and that is to represent the people.

The people have indicated that they do not want this, and there is nothing to indicate otherwise.

It might be noted that in Oregon, where a proposal for public financing of State campaigns, for State office, was put on the ballot and put to a referendum, the people voted 2 to 1 against it.

Nevertheless, the majority here apparently is determined to go right ahead disregarding the views and the interests of the people of this country and put this into effect, taking the money for their campaigns out of the public treasury. I think it is a shocking thing, and I would hope that the very least we would do would be to adopt this particular amendment.

I yield to the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, if I understand the distinguished Senator from Michigan correctly, his amendment would require that on next year's 1040 income tax reporting form there be included a box providing an opportunity for taxpayers to indicate whether or not they wished to have the $23.9 million balance that was left over after the 1976 election, that amount of money, as I understand, being the amount in excess of what was afforded candidates in the Presidential election, to be diverted to the use of senatorial, or congressional, campaigns. The amendment would permit taxpayers to indicate what their desires were. Am I right in assuming that?

Mr. GRIFFIN. That is absolutely correct. I think questionable enough are the merits of whether we want to in the future use money that is accumulated in tax years hereafter for congressional races—that is a question itself. But a more serious question to me involves the requirement of recognition of the trust we have with respect to $23 million that was accumulated under a prior law where the taxpayers were asked did they want to check off and have a dollar go into a Presidential campaign fund?

Mr. HANSEN. Is it not a fact there was nothing at all, no indication at all, in the checkoff on the prior option, to which the Senator has just referred, that there might be a diversion——

Mr. GRIFFIN. Absolutely not.

Mr. HANSEN (continuing). Of money from that account into this account?

Mr. GRIFFIN. Absolutely none.

Mr. HANSEN. Well, is it not also a fact that while some, if I recall correctly, 27 percent of the persons polled on this issue of the financing of Presidential campaigns, have indicated they wanted the money, their tax dollars, to be used for that purpose, was it in the 1040 form, or was it in a private poll that it was discovered or determined that in excess of 40 percent of the taxpayers of this country were on record as saying they did not want their money used for this purpose? Would the Senator help me on those statistics?

Mr. GRIFFIN. Yes.

The fact is the taxpayers who filled out their 1040 forms have indicated, 27 percent of them, they wanted a dollar checked off and allocated to the Presidential campaign fund, and some 40 percent indicated they did not want that—40.9 percent.

Mr. HANSEN. Yes.

Mr. GRIFFIN. And 32 percent of the taxpayers elected not to check off either box, not to check in either box.

Mr. HANSEN. I do not know how it might be interpreted by the pollsters, but it would occur to the Senator from Wyoming that those persons who failed to check in either box certainly were not, at the very least, enthusiastic about the proposition that taxpayers' dollars should be used to finance Federal election campaigns. Would the Senator from Michigan reach that same conclusion?

Mr. GRIFFIN. I certainly would.

Let me be more specific. The figures I have used are the figures for the 1976 tax year which were filed by April 15 of 1977, those figures, 1976 figures.

Mr. HANSEN. Were those the figures to which the Senator earlier referred?

Mr. GRIFFIN. Yes; that is correct.

Mr. HANSEN. That while 27 percent favored the use of their tax dollars for Federal election campaign purposes, 40.9 percent indicated they did not want their money so used; and was it——

Mr. GRIFFIN. Thirty-two percent.

Mr. HANSEN (continuing). Thirty-two percent failed to indicate——

Mr. GRIFFIN. Either way.

Mr. HANSEN (continuing). Either way; that is correct.

Mr. HARRY F. BYRD. JR. Mr. President, will the Senator yield?

Mr. GRIFFIN. I would be glad to yield to the Senator from West Virginia.

Mr. HARRY F. BYRD, JR. The way I interpret it is that 72 or 73 percent of the people do not favor using their tax dollars for this purpose.

Mr. GRIFFIN. I would think it is a reasonable interpretation, I would say to the Senator from Virginia, and I think it should be of great concern that the money that has been accumulated from the 27 percent on the basis that it was going to be used for Presidential campaign funds is now about to be diverted and used for a different purpose.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. GRIFFIN. Yes.

Mr. HARRY F. BYRD, JR. Is that what this bill does?

Mr. GRIFFIN. Yes.

Mr. HARRY F. BYRD, JR. This bill takes money from those people who checked off this box for a Presidential campaign and diverts it to a senatorial campaign?

Mr. GRIFFIN. I was hoping I would get the attention of the members of the Committee on Finance because they were, of course, very instrumental in the enactment of the earlier law. Under the earlier law the fund is designated as a Presidential campaign fund. On the 1040 form the taxpayer is asked whether or not he wants a dollar to go to that particular fund. There is a $23 million surplus left over from the 1976 campaign which otherwise would carry over until the 1980 Presidential campaign.

Now we come along with this law, without going back to the taxpayers, without even changing the name of the fund, and it seems to me the bill might at least say "Presidential and senatorial" in the title or the designation of the fund, which the bill does not, and it just goes blithely along and diverts that money and, it seems to me, it is a breach of trust.

Mr. HANSEN. I would have to agree with the distinguished Senator from Michigan that the most charitable thing that could be said about it is that it is a breach of trust. I would also add, with the Senator from Virginia, the observation that while it is true that the members of the Senate Committee on Finance indeed have a role to play insofar as this concept did involve action by the Committee on Finance, it does not follow that all members of the committee supported this concept. The Senator from Wyoming was not one who endorsed it, and the Senator may speak for himself, but I can assure you that the people of Wyoming, insofar as I am able to determine, do not embrace the idea that their tax dollars ought to be used for purposes of conducting Federal elections.

I think it is also noteworthy and should be observed that we do not view, in Wyoming, the legitimate right of a person or of a business or an interest group to make an appeal to a Member of Congress as an inappropriate contact.

It seems as though threaded through this whole bill we have before us is the idea that there is something sinister, and wrong about a citizen of this country ap-approaching his elected representative. I conclude that, based upon the efforts of those who would try to insure that there is little, if any, opportunity for one person or an interest to gain any more attention than anyone else, or indeed any nonentity in an election process.

I make that observation, because of things that have happened here just this year when we were debating the ethics bill. A great concern was expressed by the committee charged with drafting that legislation that we ought not to be able to earn outside income. The effective date of that particular provision was set forward so as to make it effective, as I recall, January of 1979.

Along with that seems to be a feeling if anyone wants to talk to a Member of Congress or, in this instance, a Member of the Senate, and has any legitimate business interest, we must presuppose that that is wrong, that there is something bad about it.

I would ask my friend from Michigan if he reads into this legislation some philosophical underpinning that might warrant such a conclusion.

Mr. GRIFFIN. Well, I think the Senator from Wyoming makes a very good point.

If I could have the attention of the two Senators from Oregon and the chairman of the committee, I would like to be even more specific in this presentation.

Let me call attention to the first page of the tax instructions that were issued to taxpayers who were paying their 1976 taxes due by April 15, 1977. Those official tax instructions read like this:

> Please note the presidential election campaign fund checkoff on line 8 of your 1040. Without increasing your tax or decreasing your refund you have a right to earmark $1, on a joint return $1 each for husband and wife, of your taxes for a general fund to meet expenses of the 1980 presidential election.

That is the representation on which this $23 million was accumulated.

On the 1040 form, itself, the reading is as follows:

> Presidential Election Campaign Fund. Do you wish to designate $1 of your taxes for this fund? Yes or no.

I say again that we are about to breach the trust that was created on that tax form and take $23 million that was designated for one purpose and use it for another purpose unless my amendment is adopted. If my amendment is adopted even, of course, then the people will have the opportunity to approve the diversion of that money for the purpose which this bill contemplates. I do not understand and I hope that I would have the support of the floor manager and the majority on this bill. It seems to me it is the only right and appropriate thing that we could do which would be to go back to the people who made this allocation and ask them, "May we use this $23 million that you gave and put in the Presidential campaign fund now for a different purpose?"

Surely we cannot do any less than that, and I hope the managers of the bill will support this amendment.

The PRESIDING OFFICER (Mr. BIDEN). The question is on agreeing to the amendment.

Mr. CANNON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, the Senator from Michigan sets forth a rather unusual course of action here. I was just thinking a little bit about this. If we are going to adopt a referendum policy of government we could almost do away with most of our jobs here and just refer all proposed legislation back to the people by way of referendum to see if they desire to approve it. I do not know of any authorization or appropriation procedure where we have followed that in the past, but I think it might be a rather dangerous precedent if we were to require everything to go back to a vote of the people before it became effective.

So I would say that I could not support it on that basis alone if I were inclined to for any other reason. I think we would find the Government hopelessly bogged down and unable to get things done if we had to go to a referendum of the people on every major item or every solitary item of importance that came before the Senate.

So I hope my colleagues see the fallacy of this type of an approach and disapprove the amendment.

Mr. HANSEN. Mr. President, I wish to make a couple observations to my good friend from Nevada.

In the first place, it seems to me that it is not indicated to suggest that by adopting this amendment we would change substantially or significantly the way in which this Government operates, by turning it over on a referendum basis. It seems clear to me that what this amendment does is to recognize the facts of life. Congress gave the people of the United States an opportunity to indicate on their 1040 form if they wanted a dollar of their tax funds to be used for a specific purpose. Now the question arises: Are we going to take those funds which the taxpayers said could be used for a specific purpose and use them for another purpose? I do not think there is anything unusual about that kind of a referendum.

It would seem to be analogous to a situation where a school district would propose a bond issue and have it voted upon by the people, and they would say, "We want to support the schools, and we are going to make some money available." Then given the chicanery that I suggest may be evident in the Senate at this present moment, the county commissioners, who are custodians of the funds of county government in Wyoming, could very well say:

We have decided that instead of using the funds to build the schoolhouse, we are going to build a new road or a new bridge, or something else; in other words, we won't be using the money for which the voters of the county determined and authorized its use, but we will make some other use of it.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. HANSEN. I am happy to yield.

Mr. HATFIELD. I think the Senator makes a very telling point. But does not the Senator agree that if Congress in the first place, in setting up a Presidential Public Financing Act, had been concerned, as the Senator from Nevada has indicated today, about a referendum system, we would have passed a Public Financing Act and appropriated funds out of the general Treasury? But we embarked upon at that point a referendum action by referring it to the form 1040 with a little box, "Do you want it or not?" That in itself is a referendum.

All the Senator from Michigan is trying to do is maintain the integrity of that referendum, as I understand it. So when the Senator from Nevada raises this question about the possibility of embarking upon a referendum system of government, I think the argument falls apart. It is like a sieve. He is pouring water into a sieve with that kind of an argument, because we have already indicated to the people that they had a right to determine whether they wanted their money going for Presidential financing by providing that referendum on the 1040 form.

Does the Senator from Wyoming agree with that observation?

Mr. HANSEN. Mr. President, I have to agree completely with that observation. It seems to me that whether or not this is a departure from normal legislative government is not the issue. The fact is, by legislative action of Congress we, indeed, did precisely what the Senator from Oregon says. We asked the people of the United States by referendum, to indicate whether or not they wanted a certain amount of their money to be used for a specific purpose and they did so indicate by that referendum. Now without going back to them, as I understand is the objection raised by my good friend from Nevada, we want to take money that they specifically authorized earmarking for a specific purpose and to use it for yet another purpose. I think the analogy made by my good friend from Oregon is precisely correct. That is exactly what has happened. It seems to me that the argument falls apart completely when one makes the contention, as has been made, that this is a departure from the norm.

Mr. HATFIELD. If the Senator will yield for another question, will the Senator not agree that by using this sort of back-door approach, this sort of undercover snuggling up to the Presidential financing program, that we are a little bit reticent to take to the people head on the question of financing senatorial elections as perhaps we want to do something in this rather indirect way because we are fearful that the people of the United States would not provide us with a checkoff on the 1040 form. So it seems to me that again what the Senator from Michigan is trying to do is to bring this thing from under the cover, bring this thing from under the bed and bring it out of the closet. He wants to trust the people to have the intelligence, the judgment to determine in their own minds whether they want to set up a campaign financing program for the Senate of the United States. Will the Senator from Wyoming agree that is certainly not a farfetched observation?

Mr. HANSEN. I could not be more in agreement with my friend from Oregon. There is nothing farfetched about that observation. It seems to be very precise and to the point. It just follows as the night the day; that is the way it is.

I was hoping the distinguished floor manager of the bill on the majority side might respond to a question that arises in my mind. It seems as though, when we talk about the Presidential election campaign fund, that what we are talking about now implies at least a change in name, or a change in the purpose for which that fund may have been set up. I would ask my good friend from Iowa if that is not a fact.

Looking, for example, at page 72 of the report of the Committee on Rules and Administration on Public Financing of Senate General Elections Act and Federal Election Campaign Act Amendments of 1977, I find——

Mr. CLARK. The fund would be set up, yes.

Mr. HANSEN. The heading, "Projection of Estimated Receipts and Expenditures of the Presidential Election Campaign Fund Through 1980." And it is there, on that page, in the first line item, "Approximate balance in fund after 1976 election, $23.9 million."

Now, that fund is designated the "Presidential Election Campaign Fund." It does not say "senatorial election campaign fund." Will the Senator from Iowa agree that I have read it honestly?

Mr. CLARK. I do, yes.

Mr. HANSEN. Then it seems as though we are talking about taking moneys in one fund and putting them to use for another purpose, other than the purpose for which they were collected and allocated in the first place. Am I right about that?

Mr. CLARK. I have a different interpretation of that matter than the Senator from Wyoming.

Mr. HANSEN. Would the Senator from Iowa be good enough to share his interpretation with us?

Mr. CLARK. Yes, if I may take 2 or 3 minutes to discuss what has been discussed by the distinguished Senator.

Mr. HANSEN. If I might say so, if the Senator from Iowa will permit an interruption, let me observe, Mr. President, that I have been in the Energy and Natural Resources Committee since 8 o'clock this morning until 12:45, marking up a part of the President's energy proposal, and I regret that I was not able to be on the floor sooner. I would just observe that I was trying to discharge what I thought was the responsibility of the ranking Republican member of that committee, and I was there just exactly 4 hours and 45 minutes this morning.

That may explain, in part, why I was not able to be here this morning.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. HANSEN. Happy to.

Mr. ROBERT C. BYRD. That is a heavy responsibility, and the Senator from Wyoming can always be counted on to shoulder and to discharge with dedication his responsibilities.

Mr. HANSEN. I appreciate very much the kind words of our esteemed colleague from West Virginia, our distinguished majority leader.

Mr. CLARK. Mr. President, I think I would start off with a basic disagreement with the interpretation that has been stated by the Senator from Wyoming, the Senator from Oregon, and others, that the existing checkoff is itself a referendum. The fact is that it is not a referendum; it is an individual choice by each taxpayer as to whether he or she wishes $1 to go into this fund, the Presidential Election Campaign Fund. That is really the question that is put to the American people, and there has never been a majority response, as the Senator from Michigan pointed out a few days ago. The most who have even chosen to put the money in is about 27 percent. There has never been a referendum, either, to establish a Presidential fund.

It has been an individual choice by each American.

If we go to the principle involved in the pending amendment, we are saying we are not going to let each individual American decide whether or not they are going to continue to fund the Presidential fund or the newly created Federal fund, which would include congressional elections. If we are going to have a real referendum, 50 percent, or something over 50 percent, will decide whether or not individuals may appropriate money to the congressional fund.

It seems to me that is really a violation of the principle that was established in 1971, with the Presidential fund. Therefore it seems to me that the amendment would really be in conflict with the existing law with regard to that.

I could say further that it really does become the issue, as the Senator from Nevada describes it, that we would be turning to a national referendum. If we can turn to a national referendum on this question, it seems to me we can turn to a national referendum, on the IRS forms, on other issues, the neutron bomb or whatever issue we may decide to use them on.

Mr. HATFIELD. Mr. President, will the Senator yield at that point?

Mr. CLARK. Let me take another minute to finish, and then I will be happy to yield, because this is all one idea, it seems to me.

We, of course, are talking about creating, in this law, a new Senate fund and taking that money and segregating it in the Treasury by the creation of this law. It does not exist now; that fund will have to be created, obviously, or is created in the law if it becomes law. If it does not become law, obviously, it remains the Presidential fund.

The question does arise, certainly, if the Congress and the President pass this legislation, it becomes law, and we create a new fund, then obviously on the next tax form next January, to cover the 1977 taxes that are due in April of 1978, the question will have to be asked, "Do you want $1 to go into the presidential and congressional"—or I assume it will just be "Federal"—"campaign fund?" And then each individual, based on that, will say yes or no.

Mr. HANSEN. Or maybe not check it at all.

Mr. CLARK. Or maybe not check it at all; and based on past history the majority will not. I think some 27 percent checked "yes" and 40 percent checked "no" on the last count that we had. A majority did check the form one way or the other.

So the real question becomes, will there be enough money in the fund that is created by this law to fund congressional elections?

I do not know. I think that is a debatable issue, as to whether there will absolutely be enough money from that separate fund. If one assumes that there will or that there may be, then clearly the point of the Senator from Michigan is not well taken at all; it is obvious that we would have collected enough funds under the so-called new Federal fund to cover congressional elections. If not, then certainly it is at least a debatable point; the amendment is at least debatable. But I must say I think if you want to go to a referendum to decide that, and get 51 percent to vote for it, you are undertaking a vastly different principle than was involved in the Finance Committee's and Congress's present decision to go to a checkoff system.

Mr. HATFIELD. Mr. President, the Senator indicates, or did I misunderstand, that there is a separate or segregated fund here?

Mr. CLARK. Yes. On page 30, line 9, the bill reads:

> The Secretary of the Treasury shall maintain in the Presidential Election Campaign Fund established by section 9006(a) of the Internal Revenue Code of 1954, in addition to any other accounts he maintains under such section, a separate account to be known as the Senate Campaign Account.

Mr. HATFIELD. Account?

Mr. CLARK. Yes.

Mr. HATFIELD. All right. But will the Senator yield for a further question?

Mr. CLARK. Surely.

Mr. HATFIELD. Where is the money coming from which goes into this fund?

Mr. CLARK. The money is coming from the checkoff.

Mr. HATFIELD. Checkoff of what?

Mr. CLARK. The checkoff. This is the debating point, as I said. Either from moneys which have already been collected——

Mr. HATFIELD. Collected for what?

Mr. CLARK. Collected under the existing checkoff fund.

Mr. HATFIELD. For what office?

Mr. CLARK. For the President.

Mr. HATFIELD. The Presidential fund, is that correct?

Mr. CLARK. Absolutely. That is correct.

Mr. HATFIELD. We have a surplus now in that fund which would go over to the 1978 election.

Mr. CLARK. I am not saying that it would. It seems to me that is the essential issue in the debate on this amendment. Would enough money be collected under the new law, under the new designation, to go into congressional funding?

Mr. HATFIELD. It would be from the Presidential campaign fund?

Mr. CLARK. No, I am talking about money collected in April of 1978 for the 1977 taxes.

Mr. HATFIELD. What would be on the 1040 form for the checkoff? What would be the question?

Mr. CLARK. I assume that the question which will go on the checkoff is, "Do you want $1 of your money to go to either the Presidential, Senate, and congressional" or just Federal, on the assumption it involves both.

Mr. HATFIELD. What does the bill call for?

Mr. CLARK. The bill obviously does not say, and I think neither does the present law say. There are many things which are going to be implemented in this legislation which are not spelled out word for word in the bill?

Mr. HATFIELD. I will say that is very true. The Senator and I agree on that 100 percent. The Senator has indicated pretty much the statement that I was looking for, that the moneys which are in that fund now were checked off for the Presidential campaign. Is that correct?

May I have the attention of the Senator from Iowa?

Mr. CLARK. I am sorry.

Mr. HATFIELD. The funds which would be used in 1978 in the campaign for the Senate races, if this bill passes, are actually funds which were checked off by the citizens of this country on form 1040 for a Presidential campaign fund, is that correct?

Mr. CLARK. No. I am not at all certain that is correct. The money may well be collected in 1978 under a different title on the IRS form. I assume that the IRS would devise that or, indeed, if the Senator and the Senate feels that an amendment is needed to so designate, that is fine. But I am not suggesting that the only money which can be used in the 1978 congressional elections is money which has been collected prior to 1977. That is really what the Senator is asking.

Mr. GRIFFIN. Will the Senator from Oregon yield?

Mr. HATFIELD. I yield.

Mr. GRIFFIN. It seems to me the Senator from Iowa could agree to an amendment, which could be offered if he would support it, to make it clear that the $23 million surplus which was accumulated for the Presidential campaign fund will not be used in the senatorial campaign races. Does the Senator from Iowa go along with that?

Mr. CLARK. I have never said for a moment that I felt none of the money would or could be used from the Presidential campaign.

Mr. HATFIELD. The Senator wants to use the money, is that right?

Mr. CLARK. If the Senator will allow me to answer after having been asked the question, what I have said is that it seems to me the essential debating point of the amendment of the Senator from Michigan is the issue of whether previous funds would have to be used. As a matter of fact, I would support an amendment which would allow each individual taxpayer to determine on that checkoff, when they check it off, whether they would prefer or not prefer to allow the money that was previously collected to be used in that fund. I think that is a much fairer way than saying we are going to have everybody vote on it even though they did not make a determination to allow their money to go into the fund. In answer to the question of the Senator from Michigan, would that seem to be a fairer way to do it?

In other words, in April 1978 the taxpayer chooses whether or not to allow the previous money to go into the congressional fund and the money could not be transfered then without the consent of that individual who made that selection. That seems to me to be fairer than having a general referendum in the country on the IRS files.

Mr. LONG. Will the Senator yield at this point?

Mr. HATFIELD. I will be happy to yield.

Mr. LONG. Might I just say to the Senator that this money was received on the theory that we were going to let each taxpayer designate how $1 of his money

was to be spent, if he wanted it spent in this particular manner. Incidentally, that was my amendment when it first became law. The question was to be asked on the tax return, "Do you want $1 of your money to be spent for the presidential campaign election fund?"

Here is the language which appeared on the 1976 tax return, and we did a lot of fighting with the IRS to try to get them to display it so everybody would know about it, would understand it, and have the opportunity to be well advised:

Please note the presidential election campaign fund checkoff on line 8 of your 1040. Without increasing your tax or decreasing your refund you will have a right to earmark $1, on a joint return $1 each for husband and wife, of your taxes for a general fund to meet expenses of the 1980 presidential election.

If we tell a taxpayer that he has a right to request that $1 of his money be available for a presidential election, and then we use that money for a senatorial election, I submit there are laws in 50 States of the Union against doing that kind of thing which cause people to go to jail. It is known as misappropriation of public funds.

Admittedly, we do not have a law prohibiting that and we can legalize something that is purely corrupt on the face of it. But in talking about trying to eliminate corrupting influences, what do we call it but corruption to take people's money which was earmarked to be used for a Presidential race and then, without their consent use it to support candidates for Congress that they would rather see die and go to Hades than see have their money?

That is clearly not what the people of this Nation who checked off $1 for the Presidential election campaign fund want to see happen.

In Louisana we have abolished the distinction between embezzlement, obtaining money by false pretenses and larceny, and we call it all one word: theft. What would we call it when we tell the taxpayer that his request that $1 be spent for one purpose will now be used for something he did not give his consent to at all?

Mr. HATFIELD. And would be opposed to, perhaps.

Mr. LONG. Yes; he may be against it. For example, here is some fellow who could not get enough votes to wad a shotgun, who might have a horrible reputation, and taxpayers' money is being used to support that man for office, when that money was supposed to be used in a Presidential campaign fund.

I submit there is no distinction whatever between doing that kind of thing and what is known in the laws of 50 States of the Union, one way or the other, under the term of misappropriation of public funds. The funds were made available for one purpose and now we are being asked to permit them to be used for another purpose.

If one wanted to follow the theory that we followed in the Presidential election campaign fund, we would give everybody the chance to mark his tax return on, "Do you want your money used to finance senatorial campaign funds?" That would be an affirmative authorization.

The way to do it, if we wanted to follow that procedure, would be to put a second checkoff on the tax return and ask, "Do you want to earmark some of your money for senatorial elections?" That would be an entirely different matter.

Mr. HATFIELD. A third checkoff for House elections.

Mr. HANSEN. If the Senator will yield, it seems to me the Senator from Iowa misses the point entirely when we refer to the fund we are talking about now and the fund being addressed by the amendment of Senator GRIFFIN. The Senator from Iowa is not talking about the funds which may be collected on this year's 1040 form or the year after, but he is talking about money Senator LONG was talking about, money which was indicated specifically and precisely by each taxpayer to be used for a special purpose; that is, to finance the Presidential elections in 1980. Is that exactly the way the Senator from Louisiana understands the situation to be?

Mr. LONG. That was the whole idea.

Mr. HANSEN. It is not about what we are going to do prospectively, it is keeping the faith, and being honest, simply being honest. I like the word, "theft," and I like the word "honesty," because I think most Americans understand what we mean by those words.

That is exactly what this debate is about. We can say that the point in contention is something else, but what we are talking about is $23,900,000 that was left over from unexpended funds, which taxpayers had earmarked to be used for a specific purpose.

Mr. HATFIELD. If the Senator will yield at that point, I think his point is well taken. The Senator from Louisiana remembers that this whole proposal came in under the guise of "Let us restore integrity in elections."

Mr. LONG. Yes. "We want honor."

Mr. HATFIELD. The whole point was integrity. Yet here we are now, raiding a fund that has been decided by the taxpayer as to how it is going to be expended, and we are going to do that on our own initiative, unilaterally.

Mr. CURTIS. Will the Senator yield?

Mr. HATFIELD. I yield.

Mr. CURTIS. I concur in all that has been said about breaking faith with the people. They are asked to make a designation, told what it will be used for. Congress decides that we shall violate that. I agree with all that has been said in condemnation of that.

I also call attention to the fact that section 506 amends the Internal Revenue Code. If section 506 should stay in there, it ought to be referred to the Committee on Finance. It says:

The Secretary of the Treasury shall maintain in the Presidential Election Campaign Fund established by section 9006(a) of the Internal Revenue Code of 1954, in addition to any other accounts he maintains under such section, a separate account to be known as the Senate Campaign Account.

Then it goes on.

What they are doing is amending the Internal Revenue Code. I think that, if that is to be done, it ought to be referred to the Committee on Finance.

Furthermore, if the bill were to pass as is, I am not too sure that a court would not restrain the Secretary of the Treasury from paying out any money for senatorial campaigns or congressional campaigns, on the ground that there has never been any checkoff, and that something else was checked off.

I thank the Senator for yielding.

Mr. BAKER. Will the Senator yield to me for a moment?

Mr. HATFIELD. I yield.

Mr. BAKER. I am pleased and delighted that the Senate has this measure before it, because this is something that has troubled me since it was first brought to my attention.

As some of my colleagues know, I did not favor the enactment of legislation for the financing of Presidential campaigns, at least in part, with Federal funds. I felt as Senator Ervin felt, that we were throwing the baby out with the bath water, when we were financing elections with public funds originally.

Many of my colleagues may recall that I spoke against and voted against the $1 checkoff—not just because I am opposed to public financing of political races, which I think is a dangerous thing to do, dealing with the most intimate part of the American effort at self-government, but because I think there is a patent unfairness in a system that arbitrarily and unilaterally allocates a portion of that contribution to both candidates or more than one candidate, for President.

I think a fundamental right exists in the opportunity to contribute to the candidate of my choice or not to contribute to anyone at all in the campaign. I can assure my colleagues in the Senate that, in 1972, I did not choose to contribute to both candidates for President. In 1976, I would not have chosen to contribute to both, with the exquisite impartiality that this sort of thing tends to provide, because impartiality is anathema to free choice in public declaration of one's point of view in America's public life.

To carry that one step further, Mr. President, and to provide that this $1, divided between the parties and the candidates for President, is now going to be divvied up with Members of the Senate as well, I think, is carrying things too far. A national referendum on that subject, I believe, would produce an overwhelming vote against its inclusion.

Mr. President, I am troubled that the country is not fully aware of the nature of this legislation before us. I think the amendment now pending would help bring to the attention of the electorate the essential elements and the inherent dangers that exist in this plan.

I am concerned that some public opinion polls that are published show that a majority of Americans are in favor of public financing of political campaigns. I rather suspect that the people answering in the affirmative, or at least a large number of them, may have thought that we were choosing Federal funds in pref-

erence to private funds, and we are not doing any such thing. What we are doing is putting Federal funds as an icing on the cake. We are adding $1 for whipped cream on the top of private contributions that are going to come in significant and generous amounts.

This is not public financing. It is a Federal supplement to private financing. I think these matters should be brought to the attention of the country, a country that has been remarkably right in the major decisions that she has been called upon to make in our 200 years of existence, when the country fully understood the issues.

Mr. LONG. Will the Senator yield at that point?

Mr. BAKER. I am happy to yield.

Mr. LONG. The Senator is eminently right in making the point that what we are talking about here is not public financing and it is not private financing. It is neither one nor the other; it is a mixture of public plus private.

The Senator knows that the whole idea of the Presidential campaign fund started out with the general election. We arrived at the conclusion that, in a general election, you ought to decide if you wanted to take advantage of the checkoff. If there was enough money there to provide the amount that we hoped would be available, both sides would get the same amount of money.

When it was initiated, the public was not familiar with it. It was a new idea. I think the first year, only a few million people marked the checkoff. We did, as a precaution, say that if there were not enough to take care of all expenses, the limited funds available would be divided among the candidates as far as the money could be made available.

The Senator is entirely correct that what we are talking about here is not public financing, because there would still have to be private financing. And, public financing depends on the amount of private financing each candidate gets. So, in the last analysis, it would be the private money that determines how much public money is to be distributed.

The Senator is correct in saying that this is not really public financing and it is certainly not private financing. It is neither fish nor fowl; it is something in between, which the public certainly could not be expected to understand.

As far as I am concerned, my objection to the proposal is not so much the thought of public financing as it is to the way this bill would work. The feature that this amendment has directed itself to is clearly one of the problems involved. This money was not made available for senatorial races. This money was to be made available for Presidential campaigns. It may be that very few people would want their money spent in the fashion prescribed by this bill.

If we are going to follow the theory of the Presidential election campaign fund, with people knowing what they were supporting and how the money was to be used, then we ought to let people again clearly make the decision that they want $1 of their money spent to support senatorial elections.

Mr. BAKER. Mr. President, I thank the Senator from Louisiana. I entirely agree with his point of view. There is one aspect of that that I think should be observed and commented upon.

The Presidential race and a race for the Senate are two very different things. It may very well be that one would choose to check the dollar box on his income tax returns, thinking that the Presidential race—which, after all, is the only race, other than the Vice Presidential race, where everybody participates—is worthy of his blind contribution; that is to say, without his designating on whose behalf that will be spent. A Senate race is a different thing. I am not sure the people in California or Oregon or Louisiana had any idea, when they checked that box, that they were contributing to the campaign of the Senator from Tennessee or the Senator from Delaware, the distinguished occupant of the chair. I think it is highly unlikely that, if we could go back and find out from people who checked that dollar box on that 1040 form previously, we would find very many who said they expected part of that money in the future to be used for the election campaign of the nominees in Louisiana, Tennessee, Alaska, or Michigan, or wherever.

These are two very different things.

Mr. CLARK. Will the Senator yield?

Mr. BAKER. I am delighted to.

Mr. CLARK. Would the Senator feel that it would be appropriate for those people who put the money in the Presidential fund, as their IRS form would indicate, to indicate whether they feel that the money they put into the Presidential fund should be used for Presidential and congressional elections?

That seems to me to be the issue here. Because as we have said earlier in the colloquy with the Senator from Michigan, that seems to me to be much more sensible than to have a general referendum in the country, for those people who did not put money in the fund—I believe 73 percent of whom did not—to decide whether or not that money ought to be put in.

Mr. BAKER. I suppose that is better than our deciding it.

Mr. CLARK. Yes.

Mr. BAKER. If I may say to the distinguished Senator from Iowa.

Mr. CLARK. I agree.

Mr. BAKER. I would feel less like I was cheating the people who did that.

But I wonder why we are afraid of a national referendum? I am not. I would be willing to abide by it.

Mr. CLARK. But we are talking about the sanctity of the money put in the Presidential election.

I think it is an excellent point that the Senator from Louisiana and others made.

Why is it if we put this money into a Presidential fund that it can be just automatically used for a congressional fund?

Why not ask those people who put it in the Presidential fund, those people, not other people who did not put anything in, as the Senator from Michigan's amendment would do, but let us ask those people who put that money in the fund in April of 1978, on the tax form, whether or not they want that money to go back?

The Senator from Louisiana had his bill, in 1971, to go to a checkoff. Then in 1974, I believe it was, we decided we were going to not just use the checkoff for general election funds, we were going to use it for primary elections.

We never asked about primary elections in the form, but just added that on without getting the people's approval to go and use it in that way.

Mr. BAKER. Without my approval.

Mr. CLARK. Just to finish, in 1973 we tacked on a retroactive statement to that tax form, in the 1973 form, and for 1972 we said, "If you did not designate $1 of your taxes on your 1972 return, but now wish to do so, you may."

So that we, in effect, have established the principle of allowing people retroactively to make decisions.

It seems to me that step is a much better method for determination of where the money ought to go, instead of leaving it to people who never contributed anything, deciding how the people's money should be spent.

Mr. GRIFFIN. If I may respond, if what he is suggesting is the best we can get, it certainly would be the least we ought to do, and in my amendment I am seeking to be sure of doing a little more than that. Because I think that it is wise and appropriate when we are making a basic fundamental change in our system of government and political structure, as here, and we have already established a method and means of making a referendum, that we utilize it, as has already been done.

In so doing, we would both be approving the act itself insofar as having public financing for congressional campaigns, and we would be approving the use of the excess which has been accumulated for the presidential funds to be used in senatorial campaigns.

I think it is a wise and appropriate thing to do.

I hope the Senate will support it.

Mr. HATFIELD. Will the Senator yield for a question?

Mr. BAKER. I do not have the floor, but I am glad to yield.

Mr. Kennedy addressed the chair.

The PRESIDING OFFICER (Mr. ZORINSKY). The Senator from Oregon has the floor.

Mr. HATFIELD. Mr. President, I wish only to observe to the Senator from Iowa, making this proposal at this time, it would probably cost us more money to do the audit, to find out which taxpayer, at what time, contributed the money that is in this particular fund today.

We do not know how many dollars from the pool came from what taxpayers and at what time. It was not all that was collected since 1976, as the Senator well knows

We are talking about $23.9 million, almost $24 million. How does the Senator propose to audit those returns to find out which taxpayer is going to be able to

then give us his preference of where he wants the money put?

Mr. CLARK. In exactly the same way we do with every other individual taxpayer, in terms of filing the return. We assume their honesty. Then we say that if there is any reason to audit, we audit those individually.

I think that would be no more true of this provision than any other provision on the tax form.

Mr. HATFIELD. Does the Senator propose we go back and audit all the millions of tax forms?

Mr. CLARK. No.

Mr. HATFIELD. To find out which was a checkoff and then go and ask that person, that is part of the $23.9 million fund, whether he prefers to change his return?

Mr. CLARK. No.

Mr. HATFIELD. In the Presidential fund or go to a senatorial campaign?

Mr. CLARK. Put it on every tax form, just as we did when we went retroactively in 1973, in the form I have in front of me, and ask, as we see on this form, "If you did not contribute in 1972 and you want to contribute in 1973, we will allow you to do it."

Now, did we go back to check everyone to see if they lied about contributing in 1972? I assume not, but it is available to audit.

But it is not going to be any greater problem on this issue than it would on any other issue that an individual American taxpayer fills out. We take their word for it. If we want to check it, we have the ability.

Mr. HATFIELD addressed the chair.

Mr. STEVENS. Will the Senator yield?

Mr. HATFIELD. Yes.

Mr. STEVENS. The Senator from Iowa, I think, will recall the reason for that was that the first go-round on the checkoff, the statement was improperly placed on the form. It had nothing to do with the issue he is discussing.

Mr. CLARK. It has everything to do with it because the issue is whether or not we can trust the taxpayers, to say whether they contributed the previous year. This form assumes that we are going to leave it to the taxpayers to declare whether they did or did not contribute previously, that we are going to rely on their basic honesty, subject to an audit.

That is exactly the issue before us.

Mr. STEVENS. No. In the revised form, those of us who complained, as the Senator will recall, there was a separate statement put with the tax information and it was not on the form.

Mr. CLARK. Yes.

Mr. STEVENS. So in order to go back and cover that year, that statement was placed on the subsequent year's form.

Mr. CLARK. But I think the Senator will remember some people did, in fact, check 1972 in a separate slip. Not very many, but a few did.

So in 1973, we said—and we had to trust to their statement—"If you did not check in 1972, you can hereby check in 1973 for your 1972 return."

And, of course, we took their word for that, subject to audit.

I think it is the same principle.

Mr. HANSEN. Will the Senator from Oregon yield?

Mr. HATFIELD. I am happy to.

Mr. HANSEN. Mr. President, the Senator from Iowa has used the words "trust" and "basic honesty" as he referred, quite properly and appropriately, to taxpayers of the United States.

It occurs to me that if those taxpaying citizens have time enough between doing their jobs and paying their taxes, which at times gives them reason, indeed, to feel beleaguered, I would suspect, they will find some irony in reading this particular part of the debate. I think it would be most appropriate and clearly indicated that they should turn the issue around and say, "Are Members of the Senate honest, and are we keeping the trust?"

After all, the issue that was posed on that tax form called upon citizens to indicate how they wanted their money used, if they wanted it used for a political purpose.

I ask my good friend from Oregon if it is not true that the only choice given in that 1040 form was, in essence: "Do you want a dollar of your taxes for the current year to be used for political purposes, for precisely the support of a Presidential election, or do you not want it used?"

Mr. HATFIELD. Yes or no.

Mr. HANSEN. Simply yes or no.

I cannot understand how we can therefore conclude it is appropriate to take the $23.9 million, which was earmarked and authorized to be used for a specific purpose, and to use it for yet another purpose.

I say to my good friend from Iowa that we have just gone through a national beef referendum that in many respects compares quite comparably to the issue here. The issue raised in that referendum was among people who were qualified, according to accounts, as beef producers: "Do you want a certain amount of money of the results from the sale of your livestock used by the Secretary of Agriculture and/or State associations to promote the consumption of beef in the United States?"

The Senator from Iowa was a cosponsor or perhaps the prime sponsor of that referendum. I note that the State of Iowa contained, according to the figures I have, some 20,945 beef producers who qualified and were entitled to vote on that issue.

The good people of Iowa engaged in the production of beef voted, "Yes, we do want a percentage of our money to be used for this purpose." Six thousand, four hundred twenty-seven of them so indicated. Nine thousand, one hundred seventy of them said, "No, we do not want it used for that purposes."

I do not try to read any more into these figures than the figures themselves manifestly demonstrate; but I think it must be recognized that, by a vote of almost 3 to 2, the beef producers in Iowa said, "We don't want our money used for that purpose."

Here, we are taking funds that the taxpayers of this country indicated they would agree to have spent for a specific purpose, Presidential elections, and we are not saying to them, "May we use that money for another purpose?" We are just saying that we propose to take that nearly $24 million and use it not for the purpose indicated on their tax forms but to use it for the purpose of financing, in part, congressional elections.

Is that the essence of the issue before us now?

Mr. HATFIELD. I think the Senator from Wyoming has expressed it very eloquently and in very precise terms.

I say to the Senator from Wyoming that I suppose we all have certain natural and native reflections of viewpoint related to our place of origin and our upbringing.

I come from a State that was one of the first States to have initiative and referendum and recall. It was one of the first States to have direct election of U.S. Senators. It was one of the first States to have a progressive income tax. It was one of the first States to have migratory labor legislation and civil rights legislation.

Many of these were initiated by the people in order to circumvent the politicians, because they had the right of initiative.

I have now joined the Senator from South Dakota in a constitutional amendment to provide a national initiative as the right of people to initiate legislation as they may feel they are required at times to do in order to circumvent even the politicians here in Washington.

All I am suggesting is that I come from a background that has the utmost faith in the people. I am not afraid to let the people have a referendum or initiative on an issue. Our State had a Public Financing Act, and it was voted on by the people through referendum; and in a progressive, forward-looking State such as Oregon, we found that the people voted it down. Seventy-two percent voted "no," and 28 percent voted "aye."

My point simply is this: Here we are asked by the Senator from Michigan to let the people make a determination. We hear a great deal about participatory democracy today coming from my wing of the party, coming from my wing of the political spectrum. I find it very curious today that we tend to resist that when there is an opportunity to give people a chance to vote on this or to have a referendum. I would like to see more things go to referendum; this is why I support the amendment of the Senator from Michigan.

UP AMENDMENT NO. 703

Mr. KENNEDY. Mr. President, I send to the desk an amendment on behalf of myself and the Senator from Iowa (Mr. CLARK).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Masachusetts (Mr. KENNEDY), for himself and Mr. CLARK, proposes an unprinted amendment numbered 703:

EFFECTIVE DATE AND NATIONAL REFERENDUM

SEC. 513. (a) On the form 1040 for the taxable year 1977, there shall be included appropriate provisions for taxpayers to indicate whether $1 of their taxes for the

taxable years 1975 and 1976 may be used for financing Senate elections.

Mr. KENNEDY. Mr. President, it seems to me that a valid point has been raised by the Senator from Michigan and other Members during the discussion about whether it is appropriate to use in the congressional elections the moneys which have been checked off by taxpayers for Presidential elections.

Some have suggested that there are those in some States who welcomed the opportunity to designate their tax dollars for Presidential elections, but would deplore the use of their dollars for Senate elections. I do not believe that is the situation in my State. It may be so in some States, but I am skeptical. I suspect that, if we asked most taxpayers who have used the Presidential checkoff in the past whether their dollars could also be used for Senate elections, those taxpayers would say, "Amen," because they believe congressional elections need more cleaning up than Presidential elections.

Be that speculation as it may, Mr. President, I think there has been a good deal of overdramatization of this issue and a good deal of overstatement of the problem we are facing. The fact is that, based upon current projections, the estimate is that about $35 million to $40 million will be collected in the spring of 1978 on tax returns filed for the 1977 tax year. That should be enough to provide for most, if not all, of the funds needed to cover public financing of Senate and House elections in the fall of 1978. If this legislation passes, the IRS will undoubtedly rephrase the dollar checkoff on 1977 tax forms to cover all Federal elections. So dollars collected in 1978 will not be affected by the problem addressed by the amendment of the Senator from Michigan.

The problem arises only for funds already collected under the checkoff in years where the tax form referred only to Presidential elections. Most of the funds received in the past under the checkoff have already been spent for the 1976 Presidential election. As I understand it, however, there was a surplus in the checkoff account after the 1976 election of some $23 million. An additional $35 million or so has been received on 1976 tax returns filed this year. The returns for the 1975 and 1976 tax years referred only to Presidential elections, and those are the returns affected by the problem raised by the Senator from Michigan.

My amendment is intended to solve the problem in an effective way that avoids any disruption of public financing or that avoids any value administrative burden on the Internal Revenue Service.

The amendment simply asks the IRS to include appropriate provisions on the 1977 tax returns to enable taxpayers to retroactively agree that designations they made on their 1975 and 1976 tax forms under the dollar checkoff will also apply to Senate elections. Thus, a taxpayer who authorized $1 of his taxes on his 1975 or 1976 tax returns to be used for financing Presidential elections will be permitted to indicate on his 1977 return that those previous dollars may be used for Senate elections as well.

Obviously, it would not enable a taxpayer to checkoff a second dollar for 1975 and 1976. It says only that his dollars already checked off may be used for Senate elections in addition to Presidential elections.

In addition, the amendment would also allow taxpayers who failed to use the checkoff to designate dollars for public financing of Presidential elections on their 1975 and 1976 tax returns to retoactively decide to make designations for those years after all. Such designations of 1975 and 1976 dollars on 1977 returns would, of course, apply to Senate as well as Presidential elections.

Mr. President, I believe the amendment solves the problem raised by the Senator from Michigan with a minimum of inconvenience for all concerned, especially the IRS. In particular, it would not require the IRS to pull all the 1975 and 1976 tax returns of those who use the special designation on 1977 returns, in order to verify that they did in fact make a designation on their previous returns.

If a taxpayer used the checkoff in the prior years, he would merely be saying on his 1977 return that the earlier dollars could be used for Senate elections. If he did not use the checkoff in the prior years, he would be retroactively authorizing $1 from those years to be used for public financing, including Senate elections. Either way, the IRS would not have to undertake the considerable administrative burden of attempting to compare 1977 returns with 1975 or 1976 returns.

There is a clear precedent for this solution. In the first year of the dollar checkoff in 1972, a separate tax form was provided for the checkoff, but only 3 percent of the taxpayers used it. After the outcry from Congress, the IRS moved the checkoff to a prominent place on page 1 of the 1040 tax form in 1973, where it has been ever since.

To make up for the obfuscation of 1972, the IRS also added a separate checkoff line on the 1973 return, in addition to the checkoff for 1973 taxes, so that taxpayers could retroactively designate $1 of their 1972 taxes for Presidential elections on their 1973 tax returns.

As I recall, about 13 percent of the taxpayers used the 1973 checkoff on their 1973 returns, and about 7 percent used the retroactive 1972 checkoff on their 1973 returns.

In effect taxpayers were given a second chance to designate a dollar from their 1972 taxes for public financing, and many of them took advantage of the opportunity. Since then, of course, as taxpayers have become more familiar with the checkoff, participation has increased substantially. I understand that the participation is running about 28 percent so far on 1976 returns now being processed.

My amendment tracks what was done on the 1973 form, which included on the 1040 form a provision to permit the designation of dollars for the previous year. We can follow that rather effective precedent now. We can provide an opportunity for taxpayers who used the checkoff for Presidential elections on their 1975 and 1976 returns to make clear their dollars can also be used for Senate elections. We can also give taxpayers who did not use the checkoff in 1975 and 1976 another opportunity to do so for those years. The amendment would cure the problem that is of such concern to the Senator from Michigan and the Senator from Oregon, and it might also provide additional funds for the checkoff. It would eliminate any need for review or auditing of tax forms for 1975 and 1976, except for normal IRS compliance procedures—that is the IRS would have to do more than it did in monitoring the 1973 returns with the retroactive provision for 1972.

The amendment offers a simple solution. It is one which would duplicate what was done in the past.

I consider it a legitimate concern—that is, whether people who checked off in previous years want their funds used in non-Presidential elections. The preservation of the voluntary return of the checkoff is a very important goal. It seems to me that this amendment would remedy the problem that exists, without adding any complex auditing procedure for the IRS. It would retain the power for designation in the individual taxpayer.

So I hope that the amendment will be accepted by the Senator from Michigan and the others. If not, I hope we will vote on it.

Mr. GRIFFIN. Mr. President, it is encouraging that the Senator from Massachusetts and the Senator from Iowa have at least recognized there was a problem, because certainly there is.

In reviewing the language submitted by the Senator from Massachusetts, I note it is subject to the same criticism that the Senator from Iowa directed to my amendment in that it apparently would allow all taxpavers, I guess, to vote on whether a dollar of their taxes for the taxable years 1975 and 1976 may be used for financing Senate elections. I would suggest that the language is a little bit awkward and does not very clearly indicate that it is intended.

Insofar as the alternative I have proposed, it seems to me it is more appropriate because in a real sense this law cannot go into effect for the 1978 senatorial campaign elections without approval of the use of the $23 million.

The estimates for the 1978 Senate and House elections which are set forth in the committee report of the Committee on Rules before the Senate—and I would suggest they are very, very modest indeed—indicate that 1978 Senate and House elections would cost in the neighborhood of $57 million; and it is estimated that there would be receipts for the tax year 1977 of $37 million. There is no way that the $37 million that is anticipated in 1978 for the tax year 1977 could possibly finance the 1978 congressional campaigns if this law went into effect. So it is appropriate to have a referendum on whether this law should go into effect, and that is what my amendment does. In other words, it will not go

into effect unless the majority of those——

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. GRIFFIN. Yes.

Mr. CURTIS. I hold in my hand what purports to be a copy of the amendment to the Senator's amendment. It says:

On Form 1040 for the taxable year 1977 there shall be included appropriate provisions for the taxpayers to indicate whether $1 of their taxes for the taxable years 1975 and 1976 may be used for financing State elections.

Mr. GRIFFIN. I am sure the Senator from Massachusetts intended that to mean Senate elections, although I read it the same way.

Mr. CURTIS. It does.

My question is this: How do we know that it will be the same people who vote on this who voted for the checkoff that put the money in?

Mr. GRIFFIN. Well, that was the point I sought to make. It is the same point the Senator from Iowa is making against my amendment, and if the argument is not to be leveled against the amendment of the Senator from Massachusetts then, of course, it seems to me it should not be a valid point against mine.

Mr. CURTIS. Suppose a taxpayer paid a tax for the taxable year 1977 and he voted "yes" on this, and he did not pay any tax in 1975 or 1976. What then?

Mr. GRIFFIN. Well, he would have played a role in making a decision inappropriately. He should not have voted and he did and, of course, if the vote were close it would be unfair and not right.

Mr. CURTIS. To do it honestly and accurately they would have to compare the returns of everyone who voted on this provision——

Mr. GRIFFIN. That is right.

Mr. CURTIS. With all the checkoffs from 1975 and 1976.

Mr. HATFIELD. Mr. President, will the Senator yield at that point? I would disagree with the distinguished Senator from Nebraska. It would seem to me what we are providing for here is for every taxpayer, whether he did or whether he did not make a checkoff. That is not the point in this amendment. It just says, "Do you retroactively wish you had made a checkoff and would you like to have a dollar back now from 1975 or 1976?" So you do not really have to go back and check and see whether it affected only those who had checked off, but, in effect, it opens it up so that you retroactively can now make a checkoff on 1975 and 1976, as I understand the reading of the amendment.

Mr. CURTIS. I agree with the Senator. I intended to preface my question with this condition: If we were going to make it fair and equitable and accurate to conform to the facts, the only people who could modify or retract their checkoff of the previous year are the people who made the checkoff.

Mr. HATFIELD. Exactly.

Mr. CURTIS. Now, after all there is only a dollar involved in each tax return. How many dollars can we spend in administration per tax return to make that dollar transaction worthwhile? I doubt very much if the Government can withdraw a tax return and look at it for a dollar.

I have been told that one of the major businesses across the country has a practice where if a taxpayer complains about a transaction and there is less than $5 involved, they, after going through some motions, agree with the customer because it is cheaper to do that than to examine the records.

Not long ago or not many years ago I traded cars about a month before it was time to renew my insurance. I contacted my insurance agent and told him of the transaction. I wanted the insurance on the new car. I never got any bill for it. I asked him, and he said it was cheaper to give me that added protection than to bill me for it. I do not think he was condemning my credit rating. I would have mailed a check right back.

But, after all, how many referendums of voters and examination of returns can the Government afford to have over a dollar transaction? It might be interesting to see whether the people—if only 27 percent of the people availed themselves of the checkoff, and it does not cost them anything, why the whole system must be in pretty bad repute with our people back home.

If they really want to find out from the people who are for this, they might have a provision on the return that you could add a dollar to your total tax bill and send it in.

I never was for the present checkoff. It is delegating to the taxpayer the authority of the Appropriations Committee as to how the money might be spent after it reaches the Treasury.

Mr. GRIFFIN. I might just say that the 27 percent is the highest percentage for any year, 1976. In 1975 only 26 percent checked off a dollar; and for the tax year 1974 only 24 percent so checked off.

Well, I would say that the amendment of the Senator from Massachusetts is a rather inadequate substitute, and I hope it will not be adopted.

I trust the taxpayers of the United States. My amendment seeks to give them a voice, and I think they should have a voice, if we are going to make this fundamental change in our political system.

I hope the substitute will be rejected and my amendment will be adopted.

Mr. KENNEDY. Mr. President, I yield to the Senator, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that Glenn Feldman of my staff be given floor privileges during the voting and consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I will just make a brief comment and then I would like to ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. KENNEDY. Mr. President, just a brief comment. What we are proposing under the amendment that I have offered is effectively tracking what the Internal Revenue Service did in 1973. It is as simple as that.

The arguments that are raised at this time are similar to the arguments that were raised at that time, but the fact of the matter is it worked effectively, and it gave the American taxpayers an opportunity to make checkoff designations on their 1040 forms retroactively.

Mr. CLARK. Mr. President, will the Senator yield for the yeas and nays?

Mr. KENNEDY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. KENNEDY and Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. If the Senator will yield for a moment, I say to the Senator that I think this is an improvement. We are willing on our side to accept it.

Mr. KENNEDY. Fine.

Mr. President, I ask unanimous consent to withdraw the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. I thank the Senator from Oregon. We are prepared to vote.

Mr. HATFIELD. I thank the Senator from Massachusetts for recognizing this particular problem that we have, I feel, very legitimately raised. As I say, I do not feel it goes as far as I would like to have it go but I recognize the vote situation here and we would rather take a half loaf than no loaf, to coin a phrase.

Mr. KENNEDY. I am delighted, too. We are certainly most willing to work with the minority on other amendments as well, so that we can move this bill to early passage.

I thank the Senator from Oregon for his support of the amendment.

Mr. GRIFFIN. Mr. President, the amendment which I offer did have two features to it. One had to do with the approval of the use of excess funds remaining, some $23 million, to be used for senatorial funds after they had been designated for Presidential campaign funds. The substitute of the Senator from Massachusetts does address that particular concern, although not in the same words that I used. The other feature of my amendment which troubles the Senator from Iowa so much is that it would also have a referendum on whether the bill would ever become effective.

I will say to the Senator from Iowa that while we will go along with this step that the Senator from Massachusetts is now proposing, of course, it does not preclude me from offering another amendment at a later point in the debate to have a referendum on whether or not the act itself should become effective. And I reserve that right.

Mr. KENNEDY. Mr. President, let us vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CLARK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the Griffin amendment, as amended. The yeas and nays have been ordered.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the yeas and nays may be withdrawn.

The PRESIDING OFFICER. Without objection, the order for the yeas and nays is vitiated.

The question is on the amendment, as amended.

The amendment, as amended, was agreed to.

Mr. CLARK. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DANFORTH. Mr. President, I would like to take this opportunity to explain in some detail my position with respect to the bill that is before us. During my campaign for the Senate in 1976 I was asked on numerous occasions to state my position with respect to the public financing of political campaigns. I have been asked that question a number of times since the election, and—during the last few weeks—various people in the State of Missouri, including newspapers, have reminded me of my answer to that question; that is, that I have consistently supported the concept of public financing of campaigns for both, the Senate as well as the House of Representatives.

As a matter of fact, at times taking a position in favor of the concept of public financing has been a little bit difficult to explain in some circles. For a long time it has been thought that most members of my party, most Republicans, were opposed to everything that had anything to do with public financing of election campaigns—at any level at all.

So I have had some explaining to do—and I have done it. First of all, between 1968 and 1976 I ran for public office in the State of Missouri four different times—statewide.

Our State happens to be a very big State. Measuring on a diagonal the distance from one corner of the State to the other is about 560 miles. Under the best of circumstances it is difficult to campaign statewide—particularly when you are a member of a minority party, as I am. I am, as many of you know, the first Republican elected to the Senate from Missouri since 1946. In such circumstances, it is difficult enough just to conduct the campaign. But when you have to go out and raise money for a political campaign, that is just another very onerous, heavy, difficult burden to bear.

So from a personal standpoint, any method which would be easier to conduct a campaign has been to my advantage. For that reason, perhaps selfishly, the concept of public financing is immensely appealing to me.

Second, from a more philosophical standpoint, public financing has made a great deal of sense. I have always viewed it as a cost of good Government. I think that the people of our country deserve to see the candidates. I think they deserve to have the candidates present their message on the electronic media and through the printed media. And let us face it: All these things cost a great deal of money.

This past year I traveled 45,000 miles through our State in a van. Traveling around, even on the road, costs a great deal of money. With gasoline prices continuing to increase, it is not going to get any cheaper in the years ahead. Obviously, chartering an airplane is expensive. But particularly expensive is the cost of radio and television advertising, both the production of radio and television advertising and buying the time to present your message to the people. The people deserve to have the message presented. They want to see the candidate. They want to hear what the candidate has to say.

In this day and age you cannot really discharge your obligation to giving your message to the people if you try to conduct a front-porch campaign. That does not do it. You have to get out with the public, and you have to meet them in every way that the media, the electronic media, allows you to get the job done.

This is a cost of Government. The people deserve to be informed about the people who are candidates for office and the people who will represent them in Government.

So I am greatly interested in the idea of not leaving campaign financing to the candidate himself—particularly those candidates who can afford to finance their own campaigns out of their own pockets. And I am interested in the idea of not leaving campaign financing to the special interests. I am interested in trying to find out some other means—so that the candidate is not beholden to his own family; so that the candidate is not beholden to any special interest group; so that the public itself views the campaign as a part of the whole political process; so that the public itself assumes the burden of financing campaigns as a part of the cost of Government.

To me, on a philosophical basis, this is a sensible approach. For that reason I have long supported the concept, the idea, of public financing for political campaigns.

I arrived at the Senate about 6½ months ago with this idea pretty firmly in mind, but without having gone through the exercise of examining any particular bill or any particular approach to public financing—simply as a person who had a basic philosophical view, and a personal view in his own mind, that public financing of political campaigns is a good thing.

I can remember very early after I arrived in the Senate engaging in a conversation with the Senator from Oregon (Mr. PACKWOOD) about the question of public financing. He was so persuasive, so vehement in his arguments against public financing, as he understood public financing, that I must say he somewhat shook my confidence in the theory. I have great respect for Senator PACKWOOD. I consider him to be one of the brightest Members of the Senate and one of the most highly principled people whom I have ever known, and I have known him for about 6 or 7 years, long before I came here. In fact, he has campaigned for me in previous election campaigns in the State of Missouri. So when he speaks, I listen. And when he takes a view which is diametrically opposed to what I have believed, it certainly causes me to reexamine my belief.

But still the idea of public financing, and the idea of supporting this particular bill, was something that I had in my mind until about a week ago, when I attended a meeting of Senators. The Senator from Alaska (Mr. STEVENS) was present, and he told me something that caught my attention.

He said that the last time this bill came up, I do not know whether it was a year ago or 2 years ago—whenever it was—the last time that the idea of public financing came up in the Senate, he said that he was a cosponsor of the bill, that he was out front on the idea of public financing. But he said that he had reviewed this particular bill, S. 926, and had concluded that it was an absolute disaster, that it was a travesty, and that it was the last thing in the world that he wanted to support. And I have since heard him, in another forum, saying that the more he learns about the bill the less he likes it; the more he gets into the details of this particular bill the more outraged he becomes at what is in it.

So when forward-looking, progressive, public spirited, bright Members of the Senate such as BOB PACKWOOD and TED STEVENS state that this bill is a bad bill, it certainly causes me to take a second look at my predispositions—my earlier opinions—and to analyze this whole approach from scratch; to try to decide where I will stand when I am actually called upon to vote.

I think, on looking at it, that the problems are serious. They are serious in their specifics, and they are serious because this is a major piece of legislation that we have before us.

I remember the debate a couple of days ago when this was first brought up, and the expressions of opinion on the part of Senators who were advocating the passage of this bill. They said that if this is a major piece of legislation, that it is a major departure from past practice—that we stand at a crossroads in our country. So the seriousness alone of what we are doing, and the departure we are making, makes it important for us to take a good, hard look, to debate the bill thoroughly—not to waste a lot of time, but to go into it at great length—and to find out exactly what is in it and whether it is a good idea or a bad idea.

So for that reason I intend to vote against cloture. I intend to vote against cloture both Friday and next week. I intend to listen to the debate on the amendments that are offered on the bill very carefully. We are working in my office now on several amendments which we

are considering offering, amendments which I think would make the bill somewhat better.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield to me for a question?

Mr. DANFORTH. I yield.

Mr. ROBERT C. BYRD. Mr. President, I have consulted with the distinguished Senator from Missouri, who now holds the floor, and he has agreed to yield for the purpose of having a conference report called up. I ask unanimous consent that that not take the Senator from the floor, that he be recognized after action on the conference report, and furthermore, that the RECORD not show an interruption in his statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object——

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, before the Senator does that I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion, having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate upon S. 926, a bill to provide for the public financing of primary and general elections for the United States Senate.

Robert C. Byrd, Dick Clark, Alan Cranston, Edward M. Kennedy, John Glenn, Wendell Anderson, Patrick J. Leahy, John Culver, Gary W. Hart, Spark M. Matsunaga, Joseph R. Biden, Jr., John Melcher, Howard M. Metzenbaum, George McGovern, Daniel K. Inouye, Walter D. Huddleston, Paul S. Sarbanes, John A. Durkin, Birch Bayh, Adlai E. Stevenson.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. HARRY F. BYRD, JR. Reserving the right to object, Mr. President, as I understand it there is no time consideration involved in the Senator's request.

Mr. ROBERT C. BYRD. That is correct. I asked the distinguished Senator from Missouri to yield feeling we would not impinge upon his time at length, but this does not mean that the Senator from Virginia may not speak at whatever length he wishes on the conference report. If there is going to be very much time taken on that, I think we owe it to the Senator from Missouri to let him know so he can finish his speech before we begin the conference report.

Mr. HARRY F. BYRD, JR. Mr. President, I cannot completely tell whether there will or will not be a great deal of time involved, depending upon how my colloquy goes with the Senator from Minnesota.

Mr. DANFORTH. Mr. President, I am prepared to wait until the Senator has finished with the conference report. There are several Senators who are present for that reason alone. I doubt, for example, that Senator HUMPHREY is waiting with bated breath to hear me go on at some length about my position on public financing. I would rather listen to him on the conference report than have him listen to me.

The PRESIDING OFFICER. Is there objection?

Mr. DANFORTH. Mr. President, I do want to reiterate the understanding, that I have not yielded the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(The proceedings on the conference report which was considered at this point are printed later in today's RECORD.)

Mr. DANFORTH. Mr. President, my position is that I will vote against cloture as a matter of certainty on Friday, and certainly through the first part of the next week, and that I reserve judgment on what I will do on cloture votes thereafter.

I will support amendments which will improve and reform the defects which new appear in this bill, and I will support the substitute which will be offered by Senator PACKWOOD to provide tax credits for private contributions to congressional campaigns; and with respect to final passage of this bill I will reserve judgment until I find out what happens with the various amendments which will be proposed—to see whether we can clean up some of the problems.

My reason for voting against cloture is not to be an obstructionist, but because I think this is such an important bill, such an important departure from our way of financing elections to the U.S. Senate, that we should satisfy ourselves, through the process of debate, that all of the questions that now exist have been resolved in a satisfactory manner. The alternative is to enact a law which purports to reform the process of electing people to the U.S. Senate, and which operates to do the very opposite.

Now, I have two major problems with the bill at this point, and I would like to discuss those problems in some detail. I am concerned, first, that the bill as it is presently written may enhance the role that special interests play in financing senatorial campaigns.

My second concern is that the bill as it is now written may increase the propensity for the Federal Government and the Federal bureaucracy to manipulate what happens out in the world and, in this case, to manipulate the conduct of election campaigns in a way which would not be healthy for the body politic.

First, with respect to the role of special interests and the effect this bill may or may not have on the participation of special interest groups in financing senatorial elections.

This matter was raised expressly by the distinguished majority leader, Senator ROBERT C. BYRD, 2 days ago when he made a statement on the floor of the Senate in support of the public financing bill and said:

I believe it is the best way to achieve three important objectives.

Then he stated as the first objective—

Honest, open elections free of domination or even the hint of domination by special interests.

Therefore, it is the position of the majority leader and the position of many people who advocate the enactment of this piece of legislation that it is going to have the effect of creating honest and open elections, and that it will diminish or even end the effect of special interest groups and the role of special interests in the financing of Senate campaigns.

This position has been taken not only by Members of the Senate who support the bill, but also by editorial writers who support the bill, writers who have described this piece of legislation as one that will reduce the role of special interests.

However, there is another opinion, and the other opinion was expressed in the minority views accompanying the committee report on this bill. The minority states as follows, under the heading "A Strengthening of Special Interests":

It has been argued that passage of public financing legislation will eliminate the influence of special interest money on federal elections. That contention is false. The Supreme Court has ruled that limitations on the amount of money a person or organization can give directly to a campaign are constitutionally proper. It has held, however, that limits on truly independent expenditures respecting candidates or issues are unconstitutional. Thus, a particular special interest must observe a ceiling on how much it can give to a candidate, but no limit applies as to how much it can spend independent of that candidate to urge his election or his defeat. Thus, an organization might spend large sums of money to oppose a particular candidate whose ability to reply is constrained by the expenditure ceiling he must observe as a condition of accepting public funds. In such a situation, the special interests have not been eliminated; indeed, they have been strengthened.

So, Mr. President, we have two directly contradictory views on the effect of this bill with respect to the role that special interests will play in financing senatorial elections. One view, advanced by the advocates of the bill, is that it would reduce the role of special interests. The other position, advanced by those who oppose the bill, is that it would strengthen the role of special interests. This, Mr. President, is the nub of the issue before us.

Mr. President, the basic question which has been raised by both proponents and opponents of this bill is whether the bill would reduce the role of special interest groups in financing senatorial elections or, in the alternative, whether it would increase the role of special interest groups in financing senatorial elections.

I suggest that this is the issue on which the Senate should focus our attention, and hope that the debate on this question of special interest groups and their role will be an issue which will be debated not only within the Senate of the United States but also in the editorial

pages of this country—by the columnists, by the commentators on radio and television and, indeed, by the American people. Who is correct? Would the bill reduce the role of special interests or would the bill increase the roll of special interests?

This is the question that deserves debate.

I was encouraged yesterday when I was on a radio call-in program with a radio station in St. Louis to have two people who called in ask me about public financing of senatorial elections. So I believe that public concern and public attention to the matter that is before the Senate is beginning to take place. But I think that the debate has to go on for at least several more days so that we can direct adequate attention to the matter before us and, in particular, to the issue of whether the role of special interest groups will be limited or increased by this bill.

Mr. BAKER. Mr. President, will the distinguished Senator yield to me briefly?

Mr. DANFORTH. I yield.

Mr. BAKER. Mr. President, if I may do so, I ask the majority leader what he sees in prospect for the remainder of the day. I gather that the distinguished Senator from Missouri has further remarks on this subject. I wonder if it is possible that we could find a time to recess or adjourn this afternoon at a reasonably early hour and if it would be possible for the Senator from Missouri to consider continuing with his presentation possibly in the morning. Mr. President, will the majority leader share with us his views on the schedule for the remainder of the day?

Mr. ROBERT C. BYRD. Yes.

Mr. President, in response to the query from the distinguished minority leader, I know of no further business to be transacted by the Senate today. When Senators have completed their statements in connection with the pending matter, the Senate will recess until tomorrow, Thursday.

I have not asked the manager of the bill what time he would like to start tomorrow but I shall make that contact. I imagine we would come in about 11 o'clock or somewhere between 11 and 12. But whenever the Senator from Missouri finishes speaking if no other Senator wishes to speak today we will go out.

Mr. BAKER. I thank the majority leader and thank the Senator from Missouri for yielding so I could make that inquiry.

If it suits the distinguished manager of the bill on this side, the Senator from Oregon, I hope that we could finish in the next 10 or 15 minutes.

Mr. HATFIELD. If the Senator will yield, this schedule as outlined by the majority leader and minority leader is quite satisfactory with my position. I would like to either ask unanimous consent or have our session continue for a few moments longer. Senator GRIFFIN is on his way to the floor to introduce some amendments that he would like to have introduced tonight for printing. Outside of that I think we are ready to join with the leadership in recessing until tomorrow.

Mr. ROBERT C. BYRD. Very well.

Mr. BAKER. If the Senator will yield further to me then, if I might do so I would ask the Senator from Missouri if it would be possible to agree informally that he could continue with his presentation in the morning and in the next 10 minutes or so we might find it possible then to recess. That will give the majority leader time to establish a convening hour for us in the morning, to inquire of the floor staff if there are any requests for special orders and take care of the details.

Mr. ROBERT C. BYRD. That would be perfectly satisfactory.

ADDITIONAL STATEMENT SUBMITTED

Mr. STENNIS. Mr. President, I wish to register my strong opposition to S. 926, and particularly to that provision thereof which provides for the public financing of senatorial general elections.

Part I of S. 926 would provide public financing for candidates to the U.S. Senate in general elections beginning in 1978. In order to be eligible for public funds a candidate must be the nominee of a major political party or must have received contributions in amounts of $100 or less which aggregate 10 percent of the applicable State expenditure limit, or $100,000, whichever is the smaller.

Mr. President, I believe that public financing of Senate elections is basically unsound and indefensible. The majority of the committee believes that this action is the best method available to terminate political candidates dependence upon special interest money, and on large contributions but I simply do not believe that this bill can or will accomplish this purpose. As a matter of fact, Mr. President, I find nothing in S. 926 which will curb the influence of special interest money in political campaigns.

We have a very peculiar situation here. This bill would ask the taxpayers to finance the political campaigns of senatorial candidates. It would place an added financial strain on the Federal Treasury for the benefit of the two major political parties. I cannot support this position, and I urge that the Senate join in rejecting this measure.

There are a number of reasons, Mr. President, why S. 926 should be defeated. In the first place it is my judgment that it will disrupt and distort the integrity of senatorial elections. It will also set up expenditure ceilings that are unrelated to political reality and thereby result in strengthening certain special interest groups. It does not truly meet the public's desire to remove special interest from political campaigns, and will also end bureaucratic redtape and complicate compliance procedures with the law.

It is my conviction that this bill, if passed, will have an adverse and unfair impact on third party and independent candidates and place them at an extreme disadvantage. I believe that there is a better alternative than this bill to the public financing of senatorial campaign even if we should concede that public financing of such campaigns is desirable or necessary.

I am not unmindful, Mr. President, of the political abuses that have shaken public confidence in elections in recent years. I believe that these abuses are among the matters which have stimulated the mistaken support for public financing of senatorial elections. However, I think we should all remember that the abuses in political activities which occurred were already illegal at the time they were committed, and they were successfully prosecuted under laws which were already on the statute books. Also, Mr. President, we should remember that former Senator Sam Ervin, who chaired the Watergate committee, and all but two members of this committee, specifically recommended against enacting public financing as a method of preventing such excesses as Watergate and related abuses.

Senator Ervin stated that one of the most compelling arguments against taxpayer financing of congressional campaigns is that, according to the Internal Revenue Service, only about 25 percent of the American taxpayers have gone along with the dollar checkoff on their income returns for Presidential elections. Thus, if the process is expanded to include congressional campaigns without a parallel expansion of public interest and participation, the U.S. Treasury might be forced to underwrite political campaigns out of tax money pledged for other more worthwhile projects.

He also said that, administratively, the proposals would cause outrageous havoc. It has been estimated that the auditing of 15 Presidential candidates consumed 35 person-years of labor by the Federal Election Commission in 1976. You can imagine what the result would be if there was an expansion from those 15 Presidential candidates to possibly hundreds of senatorial candidates.

No one, Mr. President, is more strongly in favor of honest and incorrupt elections than I am. I believe that we should take every action possible to stamp out and eradicate corrupt elections. If we do not do so, then we do a tremendous disservice to the vast majority of the Senators and candidates whose integrity is beyond question.

My opposition to the pending bill is based upon the very firm conviction that it does not and will not accomplish its avowed purposes and that it will not serve to open up the political system to new candidates.

Mr. President, let me add a personal note. When I ran for reelection to the Senate last year, I determined that I would conduct a "people's" campaign. Therefore, in my announcement and mailings I asked that my friends limit their contributions to $50. Most of them complied with my request, although a few were overly generous. In any event, my campaign funds were ample without adding to the financial burden on the taxpayer.

Finally, I would like to say that, in my judgment, despite the unquestioned good intention of S. 926, all public officials are not beholden to special interest groups. Contribution ceilings and full disclosure of contributions such as we now have adequately protect the political system from being financially corrupt. Public financing, in addition to becoming a burden to the taxpayers, does not in my

judgment accomplish anything that cannot be accomplished by a combination of contribution ceilings and full disclosure requirements.

I cannot support S. 926 in the present form because I have a fundamental policy and ethical disagreement with it. It is not a "reform" which I think will contribute to the public welfare. I therefore hope it will be defeated by the Senate.

(The following proceedings occurred during the presentation of Mr. DANFORTH's remarks and are printed at this point in the RECORD by unanimous consent.)

INTERNATIONAL FINANCIAL INSTITUTIONS—CONFERENCE REPORT

Mr. HUMPHREY. Mr. President, I submit a report of the committee of conference on H.R. 5262 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank, and the Asian Development Fund, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 28, 1977.)

Mr. HUMPHREY. Mr. President, today I am presenting for final consideration by this body a most important piece of foreign assistance legislation—the conference report on H.R. 5262, the Omnibus Multilateral Development Institutions Act of 1977. Upon final passage it would authorize $5.2 billion for six international financial institutions over a 3- or 4-year period. Participation in these institutions is an important part of American foreign policy, as they are a primary mechanism to promote the development of the numerous poorer nations of the world. This process not only creates good will for the United States and helps us to assist those less fortunate than ourselves, but it contributes to the worldwide economic stability so necessary to insure our own.

The conferees from the House and Senate have met through several long and weighty sessions on this bill to resolve some very real differences between the two versions. The Senate conferees are pleased with the outcome because the conference bill retains most of the provisions and the spirit which first the committee, and then the Senate itself, endorsed during previous consideration and debate. The differences centered largely upon issues other than overall authorization levels. With one exception, both sides approved the internationally negotiated share for U.S. participation in these institutions. The impact of U.S. contributions is magnified many times by the contributions from other donor countries.

U.S. contributions contained in this bill include: $1.5 billion for the World Bank out of an all-donor investment of $8.4 billion; $112 million for the International Finance Corporation out of an all-donor contribution of $540 million; $2.4 billion for the International Development Association out of an all-donor contribution of $7.6 billion; $814 million for the Asian Development Bank out of an all-donor investment of $5 billion; and $180 million for the Asian Development Fund out of an all-donor contribution of $809 million.

Further the House agreed to the Senate's proposed authorization of $50 million for the current replenishment of the African Development Bank. The conference report states the expectation of the conferees that U.S. contributions over the next 3 years to this new, but increasingly important African institution, would be in the area of $150 million; the additional $100 million being contingent upon international negotiations and further congressional action.

The major areas of difference concerned human rights, and restrictions on lending to various countries or for the production of certain commodities. In all cases a mandated or required no-vote was called for by one side or the other. After lengthy discussion the conferees concluded that the pursuit of U.S. policy objectives within these institutions would be better served through broad instructions which require action in all aspects of the work of U.S. representatives, and not just a negative vote in the end; especially since the United States does not have veto power in any of these institutions.

The conference bill contains a new provision on human rights. The Senate bill took a positive approach to this issue by calling for the use of both voice and vote to channel assistance to countries not guilty of human rights violations. Senate conferees were anxious to retain this positive approach but the House conferees felt strongly that opposition to human rights violators must also be included: the new provision requires that where other means have proven ineffective, assistance to human rights violators must be opposed unless it directly serves basic human needs or the President determines that international human rights would be served better by other actions. Mr. President, this addition is designed to address the concerns of our colleagues in the House but it allows the administration room to determine in individual cases whether voting no, abstaining or simply declaring presence is a more effective means to deal with human rights violators. It was a long debate, but we believe we have found a good, solid compromise; I hope my colleagues in this body will wholeheartedly endorse it.

A similar approach was used to resolve the differences between the House and Senate restrictions on assistance for the production of palm oil, sugar, and citrus. Both sides were concerned that U.S. assistance through the Banks should not be used for production which would compete with our own. The Senate asked that this issue be taken into consideration by the Executive Directors in carrying out their duties; the House required a no vote.

The compromise calls for opposition to assistance for expanding production for export of these products if it would cause injury to U.S. producers. This compromise strikes at the heart of the sponsors' concern—competition with U.S. production—while still retaining the flexibility to abstain or be present as well as vote no.

The Senate bill contained restrictions on assistance to Vietnam, Laos, and Cambodia, including a requirement that U.S. contributions to the international financial institutions be reduced by an amount equal to any assistance given to these countries. The House adamantly opposed this requirement because the institutions cannot legally accept conditioned funds; its effect, therefore, would be to take the United States out of the banks and potentially to destroy the institutions. The Senate insisted that something must be retained in the bill which would indicate its concern about lending to these countries, especially when all American MIA's have not yet been accounted for. Consequently the House agreed to language which would require U.S. representatives to consider in carrying out their duties the responsiveness of these governments in providing a more substantial accounting of American MIA's.

Mr. President, I believe this compromise, while acceptable to the House, nevertheless expresses the concerns of my colleagues who proposed the original amendment and I urge their support for it.

Finally, the Senate language specifying that U.S. contributions to these institutions in future replenishments should not exceed 25 percent, was modified to read "the United States should work toward aggregate contributions to future replenishments not to exceed 25 percent." The House conferees, while agreeing that U.S. participation at a 25-percent level was a worthy goal, were most reluctant to specify a time limit since the world's economy is so unpredictable. The Senate insisted, however, that the compromise language retain a strong expression of intent that U.S. contributions should not be more than 25 percent.

Mr. President, this short summary indicates the successful outcome of the conference and the conference report merits the support of the Senate. I strongly urge its speedy adoption.

Mr. President, it is my understanding that this conference report has been cleared on the minority side. It was a unanimous report from the conference committee of the two Houses.

Mr. President, as I have said, the differences between the House and the Senate on this bill were not particularly in the numbers, that is, the dollar amounts. There were some but they were compromised. Primarily, the differences were in some of the restrictions and restraints

which were placed in the House bill as relates, for example, to the automatic use of the veto or "No" vote on any loans where a country was held in violation of human rights. The language which was worked out was mutually acceptable and is acceptable, as I was informed today, to the administration. They would have preferred much more flexibility, but the conferees felt that was not possible in light of the differences which existed between the two Houses. The report of the conference committee outlines very distinctly the compromises and the adjustments which were made in certain fields, such as in the field of human rights, and also in the language which relates to nuclear devices. The Senate amendment contained a provision which repealed section 15 of the International Development Association Act, which required the U.S. representative to vote against any loan to any country which develops a nuclear explosive device unless that country becomes a party to the nonproliferation treaty. The House receded to the Senate. In other words, we carried our point of view.

Likewise, on matters of salaries for international financial institutions, the Senate expressed grave concern as to the amount of the salaries of officers of these international banks. The House had no comparable provision, and the Senate provision was sustained.

There were certain other factors. One of the points I know my friend from Virginia is concerned about is the matter of reports.

Might I say to the Senator from Virginia, we have been trying in many of these bills to reduce the number of reports which come to our committee simply because we do not have any time to review the reports. It is an unnecessary expenditure, a waste of funds, particularly when any of these reports are duplications.

These Senate amendments, as the bill was passed by the Senate, directed the President to report annually to the Congress on total U.S. loans and grants including assistance from international financial institutions to all countries from July 1, 1945, to the present, including an estimate for the fiscal year in which the report was made.

The House had no comparable language at all. The House was very adamant in their position. They felt that that report was primarily a matter of history, going back to 1945; that it was unnecessary. They put up quite a fuss about it. We finally receded on the grounds that this information is currently available annually in the reports submitted to the Congress.

I want to say to the Senator from Virginia that I expressed at that time that the Senate Foreign Relations Committee in this coming year would provide an aggregate report to the Congress. We have the material; we have the information. There is no need for the executive branch to go back over the whole thing. It is all there. We will be able to break it down further to include not only aggregate figures for 1945 to the present, but more recent breakdowns. I believe that is what certain Members of Congress are concerned about. I will yield to my friend from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. HARRY F. BYRD, JR. First, Mr. President, let me say I have before me an article entitled "Foreign Aid, Evading the Control of Congress," as it appeared in the International Policy Report, volume 3, No. 1, published by the Center for International Policy in Washington, D.C.

Mr. President, before reading a statement from that article I might indicate the caliber of individuals who are involved with the Center for International Policy in Washington, D.C. Among the members of the board of advisers are Arthur J. Goldberg, former U.S. Supreme Court Justice and Ambassador to the United Nations; Philip C. Jessup, former member of the U.S. Court of Justice and former Ambassador; Charles W. Yost, senior fellow at Brookings Institution and former deputy representative to the United Nations, and many other prominent individuals.

This is what that report said:

> Some 69 percent of United States and multilateral foreign aid now reaching the Third World does so without benefit of any prior Congressional review of planned country-by-country allocations. In fiscal year 1976 the Third World got $24.9 billion in direct credits, government-guaranteed loans, government-insured investments, and official debt deferments from 15 U.S.-bilateral programs and U.S. supported multilateral agencies, of which Congress debated, authorized, and appropriated country allocations for $7.7 billion, only 31 percent of the total.

If the Senator from Minnesota has that information, which the Senator from Virginia could study to verify its accuracy—and I assume this report is accurate—if he could get a breakdown of that $24.9 billion for 1976, the Senator from Virginia would like very much to have that.

It is difficult to obtain a comprehensive view of our foreign aid program and the total amount of resources that go into aiding other nations in any one year.

Mr. HUMPHREY. I know the Senator will give me the benefit of the doubt when it comes to trust. I assure the Senator that, at his request, I shall request this information from the President and the Secretary of State. I think it is appropriate that we have it, and I shall ask for capacity as chairman of the subcommittee. I shall insist that this information be given to us. I shall allude to the article which was quoted and ask for verification or whatever comment they wish to make on it. I think this is important.

I want to bring this to the Senator's attention and place it in the RECORD as official business of the Senate.

Mr. HARRY F. BYRD, JR. I assume that that request which the Senator from Minnesota plans to make would include a breakdown of the $24.9 billion in direct credits, Government-guaranteed loans, and so forth.

Mr. HUMPHREY. Absolutely. I shall ask for a detailed breakdown so that we know the exact facts about what is alleged to have been the total amount of outlay of our credits and assistance.

Mr. HARRY F. BYRD, JR. That is for fiscal year 1976.

Mr. HUMPHREY. Whatever year the Senator wishes.

Mr. HARRY F. BYRD, JR. When this reporting amendment was being debated in the Senate, the Senator from Minnesota made this statement:

> I have spoken to the Senator from Virginia about the amendment. It is a very good amendment.

Mr. HUMPHREY. I agree.

Mr. HARRY F. BYRD, JR.—

> It only indicates the Senator's deep concern over the utilization and use of these funds. I compliment him on it. I think it ought to be a part of the bill.

Mr. HUMPHREY. That is exactly the way I felt, and I said that to the House conferees. It was considered by them a matter which they did not feel was of significance. They took a very firm position. I told them that we would get the information ourselves, then, as long as they would not put it in the bill; I would either have the committee do it or I would get it from the administration.

I shall do just that for the Senator—not only for him but for the Senate.

Mr. HARRY F. BYRD, JR. I want to continue to quote what the Senator from Minnesota said in the Senate when this amendment was being debated:

> I think it ought to be a part of the bill. I am only sorry I did not think of it myself. I join him in support of the amendment, and, in behalf of the committee, I accept the amendment and will fight to keep it in conference.

Mr. HUMPHREY. The Senator is correct, and I kept my word.

Mr. HARRY F. BYRD, JR. So it is an amendment that, in the opinion of the Senator from Minnesota, at least, according to his statements to the Senate, should have been enacted by the Senate. It is an amendment which, as he described it, is necessary and desirable, or words to that effect.

Mr. HUMPHREY. I do believe it is. We have been engaged for some 30 years in some form of foreign assistance. I think it is time for an accounting, I say to the Senator. This is especially true in light of the statement that some $24 billion in credits, loans, and guarantees have been made in fiscal year 1976. We ought to have the details both about amounts and terms. I shall look this record over very carefully. I assure the Senator that a proper communication will be made to the appropriate agencies or offices of Government and I shall insist upon their response.

If that does not happen, I shall back the Senator again on another amendment on another bill that may come up here until we get this information.

Mr. JAVITS. Will the Senator yield at that point?

Mr. HARRY F. BYRD, JR. If I may just say this before yielding, the committee report says that the information is currently available. Could I ask the Senator what he feels the time element might be in obtaining that information for the Senator from Virginia?

Mr. HUMPHREY. I think we ought to do it within the next 30 to 60 days—not

over 60 days. It ought not to take any longer than that. I shall do my level best to accomplish that goal.

Mr. HARRY F. BYRD, JR. That is very fine. I shall make no further issue of that proposal.

Mr. HUMPHREY. I thank the Senator.

Mr. JAVITS. If the Senator will yield to me, I should like to say that I agree that the amendment of the Senator from Virginia is eminently sound. Though I favor foreign aid programs and have for 30 years, I thoroughly agree that we should be hard-headed about what they cost and how we pay the bill. That is all the Senator asks and I shall fully cooperate. I believe that Senator CASE would feel exactly as I do together with Senator HUMPHREY. Notwithstanding the fact that we had to yield, Senator HUMPHREY really tried hard and used the name of the Senator from Virginia in that connection. Notwithstanding that we had to yield, the substantive information will be promptly forwarded.

Mr. HARRY F. BYRD, JR. I thank the Senator from New York.

Mr. HUMPHREY. I thank the distinguished Senator from New York.

Mr. HARRY F. BYRD, JR. As to another section of the report, in regard to human rights, the Senator from Minnesota, in describing the conference report, said that the U.S. representatives in international organizations would have more flexibility than perhaps the administration would like for that representative to have. What does he mean by that?

Mr. HUMPHREY. The administration wanted total flexibility. They did not want any restraint at all. But we did put restraints in.

Mr. HARRY F. BYRD, JR. Let us get to where the restraints are.

Mr. HUMPHREY. All right. The report itself says:

> The Senate receded, with an amendment, to the House provision which requires the United States representatives to the international financial institutions, where other means have proven ineffective in advancing the cause of human rights, to oppose all assistance to countries which engage in consistent patterns of gross violations of internationally recognized human rights or which provide refuge to airline hijackers unless the assistance is directed specifically to programs which serve the basic human needs of the citizens of the country or unless the President certifies that the cause of international human rights would be more effectively served by actions other than voting against such assistance.

We call upon the President to make a certification. The qualifications here are that our representative is directed to oppose any of these loans unless: No. 1, it is really a matter of humanitarian assistance—people who are starving, victims of flood or natural disasters; and No. 2, the President himself certifies—not determines, but certifies to Congress—and explains why he believes that he can make more progress in advancing human rights without the automatic opposition.

Mr. HARRY F. BYRD, JR. I think that is fine so far as it goes. But the last sentence of that same paragraph says this:

> The conferees stated their view that the term "oppose" can mean voting "no,"—

Mr. HUMPHREY. Or abstention.

Mr. HARRY F. BYRD, JR. Or voting "present," which means there is no opposition vote.

Mr. HUMPHREY. Right.

Mr. HARRY F. BYRD, JR. It can mean "abstention," which again has no effect on withholding funds.

Mr. HUMPHREY. Right.

Mr. HARRY F. BYRD, JR. Or any action other than voting "yes."

So it appears to me it is very meaningless, really.

Mr. HUMPHREY. Oh, no, I say to the Senator, because it permits our representative, first of all, to start out with the position of opposition.

Mr. HARRY F. BYRD, JR. He can do that now without anything else.

Mr. HUMPHREY. This directs that he shall.

Mr. HARRY F. BYRD, JR. No, it does not.

Mr. HUMPHREY. Yes, it does.

Mr. HARRY F. BYRD, JR. It directs him to oppose.

Mr. HUMPHREY. That is right.

Mr. HARRY F. BYRD, JR. Then we define what "oppose" means.

Mr. HUMPHREY. "Oppose" means no, or abstain.

The reason that we do it that way is because our "no" vote could not stop the loan anyway—all it does is register that he says "No"—the abstention can have the same effect. It does not stop the loan. But there may be some vital national reason that, in one instance or another, we may want to abstain, rather than putting ourselves on the line with a "No."

But may I say to the Senator, the representative of the American Government on these banks is directed to oppose these loans.

Mr. HARRY F. BYRD, JR. But only oppose them in the context of the definition which the conferees make.

Mr. HUMPHREY. That is correct.

Mr. HARRY F. BYRD, JR. The definition the conferees make gives the director plenty of leeway not to oppose the loans on the grounds that the Congress feels it should be opposed on.

Mr. HUMPHREY. He has to oppose, but he must not cast his vote as "No." One may abstain, but still oppose. That has been used in many international fora.

There may be times, and I think the Senator may be the first to know, because of his deep patriotism and love of his country, that there may be times when it would be exceedingly difficult for us to vote, "No," even though we have opposed the assistance in argument, even though we have registered our opposition to it. On the official record, we may want to abstain.

By the way, if our voting "No" meant that the loan could be killed off, that would be one thing. But it does not. In only one of these international institutions does our "No" vote do anything but register our opposition. That is all it does. We do not have a controlling interest in any of the banks.

Mr. HARRY F. BYRD, JR. I guess there is one way that it could be done. If Congress specifies that no funds shall go to the international banking institution unless a "No" vote is cast, that could be done, could it not?

Mr. HUMPHREY. Yes, but that does not leave room for any sensible reason, or persuasion, or negotiation.

We really want to advance the cause of human rights. Sometimes it is done much better through diplomacy, or through use of some argument or rationality, or some reasonable persuative position, rather than just a "no" vote.

As we work here in the Senate, sometimes we have difficulties and differences of view, but by debate and discussion and going into the cloakroom and talking things out, we come to some understanding and make progress. That is what this provision does.

Frankly, the position taken here, which met, by the way, with the approval of the House Members who had a very firm attitude on this, is I think a reasonable position and will be effective.

Mr. HARRY F. BYRD, JR. I think I must differ with the Senator. I do not think it will be effective. I think it is a weakening of our Nation's human rights stand. I think the House position was certainly a much stronger one.

Mr. HUMPHREY. The Senator is correct. Stronger in the sense it just said "No," but not stronger in the sense of commonsense.

Mr. HARRY F. BYRD, JR. The United States is now heavily involved in trying to see that human rights are respected all over the world—and I am in favor of this.

Consequently, I do not see why American tax funds should be used to finance governments which treat their citizens in an inhumane way.

If they do not get United States funds from the taxpayers of our country, they have a right to do what they want to do. We cannot tell every country all over the world how to operate their own affairs.

Mr. HUMPHREY. I agree.

Mr. HARRY F. BYRD, JR. However, we can put strings on funds that we take out of the pockets of the working people of this country and give foreign governments.

Mr. HUMPHREY. The only way we could meet that argument—and it has a great deal of legitimacy—is not to even participate. Because the truth is that by the structure of the bank charter and by our investment in stock in the bank and our contributions to the bank, we do not have that much control.

I mean, I put money in a bank uptown here and they loan it to people, I do not know who they loan it to.

Mr. HARRY F. BYRD, JR. That is totally different. It has nothing in the world to do with what we are speaking of.

Mr. HUMPHREY. But sometimes we do not have controlling interests. If we had controlling interests—

Mr. HARRY F. BYRD, JR. We have the controlling interest of the taxpayer to consider. We take tax money out of

the pockets of the American people and we have a responsibility to them.

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. We have control of that.

What we are doing is turning that money over to international financial institutions which, as I say, we cannot control.

That is one reason I am opposed to taking money out of the pockets of the American working people and turning it over to these international banks, who turn it over to other nations, not the poor people. They do not go out with programs for the poor. They turn it over to a government.

I think the Senator will agree that the countries to which this money goes are not all without corruption.

Mr. HUMPHREY. I understand the Senator's position very well. It is a very honorable position. There are just some of us who feel that the needs of world peace and world development are met reasonably well by some of these international financial institutions.

We recognize that we do not live in a perfect world. We recognize we do not have control in this imperfect world. But we feel what we are doing, at least up until now, is the right way to proceed.

In fact, I recall that only a few years ago the Senate went on record saying all of our foreign aid should go into international financial institutions and none of it into bilateral aid.

When we come to the bilateral, we do control the money and do not provide money to nations that have violated human rights, as we define them. No loan. None. Absolutely out.

We did the best we thought we could in the international institutions, directing our one representative on those boards to use our voting stock to oppose any loan to any country that violates human rights, and that is "No" or abstaining.

The reason for the abstention is very simple, there may be a time we find it inconvenient and embarrassing and contrary to our national interest to cast an open "No" vote if we have used all the powers of persuasion we have. That it would be more sensible to use the abstention vote, because the "No" vote would not stop the loan any more than the abstention would stop it.

It is an accommodation to the realities of the world in which we live.

I do not wish to argue with the Senator long on this. I know his view. I respect his view. I do not think even the best debate I could put up would change it one little bit.

Mr. HARRY F. BYRD, JR. Let us change the subject for a moment——

Mr. HUMPHREY. Good.

Mr. HARRY F. BYRD, JR. And get to the dollars involved.

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. How many dollars are involved in the bill?

Mr. HUMPHREY. The total amount of the funds involved in the bill—$5,125,000,000.

Mr. HARRY F. BYRD, JR. And what was the amount the Senate approved?

Mr. HUMPHREY. The same.

Mr. HARRY F. BYRD, JR. And just one other figure, if I might, what was the amount that was authorized for fiscal 1977? These figures——

Mr. HUMPHREY. This is for the 3 or 4 years, the total program, some authorizations cover 3 years and some more.

The only bank that runs 4 years, as I recall, is the Asian Development Bank. The rest of the items are 3 years. The amount for fiscal 1978 would be $1.6 billion.

Mr. HARRY F. BYRD, JR. But this bill we are speaking of now is a $5.1 billion authorization.

Mr. HUMPHREY. Because it authorizes for 3 years.

Mr. HARRY F. BYRD, JR. Right.

Mr. HUMPHREY. For most of the institutions. All but one; namely, the Asian Development Bank.

Mr. HARRY F. BYRD, JR. How does that figure compare with the previous authorization for the same period?

Mr. HUMPHREY. There is a difference because we have a pickup on what we call IDA because of the shortfall and in the appropriations for IDA before. Also, this time——

Mr. HARRY F. BYRD, JR. What does the Senator mean, a shortfall?

Mr. HUMPHREY. We did not appropriate enough.

Mr. HARRY F. BYRD, JR. That is because the Congress——

Mr. HUMPHREY. Neither authorized nor appropriated enough to take care of our negotiated commitment under IDA III. Then we had to pick up IDA IV. Plus the fact we did not have authorizations for some of these institutions last year because there was no new negotiated agreement. Last year was entirely different.

Mr. HARRY F. BYRD, JR. What does the Senator mean, we did not have enough on the commitment? Who made the commitment?

(Mr. CULVER assumed the Chair.)

Mr. HUMPHREY. That was made by the executive branch of the Government.

Mr. HARRY F. BYRD, JR. Not by the Congress?

Mr. HUMPHREY. That is correct, and we made it clear in this bill that while these are authorizations, they are all subject to annual appropriations under the Budget and Impoundment Act.

So that while the authorizations are there, the appropriation process is jealously guarded.

Mr. HARRY F. BYRD, JR. Is this the fourth or fifth replenishment?

Mr. HUMPHREY. For IDA, it is the fifth.

Mr. HARRY F. BYRD, JR. This is the fifth replenishment?

Mr. HUMPHREY. For IDA, yes.

Mr. HARRY F. BYRD, JR. And the total for IDA on the fifth replenishment is how much?

Mr. HUMPHREY. For the 3 years, the fifth replenishment would be $2.4 billion.

Mr. HARRY F. BYRD, JR. What was it for the fourth replenishment?

Mr. HUMPHREY. $1.5 billion.

Mr. HARRY F. BYRD, JR. So what this proposal does, then, is to almost double——

Mr. HUMPHREY. Not quite.

Mr. HARRY F. BYRD, JR. Not quite, but almost double the amount of funds which will be taken from the taxpayers of this country and given to IDA in the fifth replenishment as compared with the fourth replenishment.

Mr. HUMPHREY. It adds some $800 million; that is correct.

We have to keep in mind that since the fourth replenishment, there has been a bit of inflation. There also are needs that have to be met.

Mr. HARRY F. BYRD, JR. I suggest that we keep in mind, too, that it is because of appropriations such as this and the accumulated total of these and other huge appropriations that we have greater deficits and thus inflation. Then we have to come back and say that we have to replenish these funds because of the inflation which has been created by them in the first place.

Mr. HUMPHREY. I say most respectfully to my beloved friend from Virginia that the Senate voted overwhelmingly to support the Senate bill, which included this amount of money; and in conference we did not change the amount of money.

Mr. HARRY F. BYRD, JR. I understand that. Whether it was done overwhelmingly or by a narrow majority, the fact is that the money comes out of the pockets of the working people.

Mr. HUMPHREY. The money comes out of the pockets of the people working and not working; it comes out of the rich and the poor, the Republicans, the Democrats, and the independents. It just comes out of their pockets; there is no doubt about that.

Mr. HARRY F. BYRD, JR. The Senator has stated it ably. That is exactly right. Because it does come out of the pockets of the poor and the rich and the Republicans and the independents and the Democrats——

Mr. HUMPHREY. Not necessarily in that sequence.

[Laughter.]

Mr. HARRY F. BYRD, JR. Not necessarily in that sequence, but in total it comes from those sources and other sources. That is why the Senator from Virginia is concerned that there be such a tremendous increase in this amount, in this one bill.

We turn these vast sums over to the World Bank, and the World Bank, in turn, turns them over to various governments throughout the world—not to the people, but to a multitude of governments; and those governments then can spend the money any way they see fit, with no control whatsoever by the U.S. Congress.

Mr. HUMPHREY. I say to the Senator that we entered into a treaty on these matters. The treaty is the supreme law of the land. The Congress of the United States has ways and means of abrogating treaties, if it wishes.

Mr. HARRY F. BYRD, JR. The Senator from Minnesota does not say, does he, that we entered into a treaty that the Congress of the United States must appropriate $2.4 billion?

Mr. HUMPHREY. We entered into a treaty that establishes the structure of

the bank and how the loans will be made. The amount of money is still before the Congress of the United States, in its appropriation process.

Mr. HARRY F. BYRD, JR. Congress has the authority, if it wishes, to exercise it.

Mr. HUMPHREY. That is correct.

Mr. HARRY F. BYRD, JR. Congress has the authority to reduce these vast sums that have been going to these international banking institutions?

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. But the trouble is that Congress does not want to do it.

Mr. HUMPHREY. I say to the Senator that we listened to testimony. I would like to feel that if we listen to full testimony and have reason to believe it is in our national interest, we should at least express ourselves in support of these institutions. If we do not agree, then, we should do as the Senator from Virginia does, who states his case so well, and we should disagree and then add up the votes here. I have been on the losing side so many times that I can tell the Senator I know just how it feels.

Mr. HARRY F. BYRD, JR. The Senator from Minnesota has not been on the losing side in foreign aid. The Senator from Virginia has.

Mr. HUMPHREY. But the Senator from Virginia keeps amending these bills and doing such a good job, he forces us to think through these measures as never before. [Laughter.]

I mean that sincerely, not in jest.

Mr. HARRY F. BYRD, JR. I appreciate that very much.

When the Senator from Minnesota talks about being on the losing side, the Senator from Minnesota has been on the winning side of every foreign aid fight and every foreign aid bill that has come before the Senate since 1948.

Mr. HUMPHREY. The Senator is right; that is one of the things I am proud of. I have not always been on the winning side, as the Senator knows. Thank God for little victories.

Mr. HARRY F. BYRD, JR. As the Senator so beautifully points out, the Senator from Virginia does not have the votes. There is no way that this bill can be defeated.

The Senator from Minnesota is sitting with four aces in his hand, and it is very hard to beat four aces.

I realize that I cannot defeat the proposal, although I am strongly opposed to it. I think it is wrong to take money out of the pockets of the working people and turn it over to these financial institutions to do as they wish with it.

Be that as it may, the majority of my colleagues disagree with me.

I should like the RECORD to show that I shall vote in opposition.

Mr. HUMPHREY. I thank the Senator.

Mr. CASE. Mr. President, as in many other matters, this represents a monument to the achievement of the Senator from Minnesota. In guiding the bill through the committee, through the Senate, and then through the conference, he has been his usual combination of enormous adroitness, honesty, compassion, and great ability. We have brought back a product which is by no means satisfactory to us in every respect, but I am sure it contains the absolute maximum that could be obtained from Congress in this session. I commend him for his job.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. SPARKMAN. Mr. President, I certainly agree with the Senator from New Jersey.

As we all know, it was not an easy job. We worked through several sessions in conference with the House. It took a great deal of deliberation, discussion, and consideration in order to get this matter worked out. I think we worked out a very good program, and I commend the Senator from Minnesota.

Mr. JAVITS. Mr. President, I, too, attest to the skill and genius of HUBERT HUMPHREY in guiding these things through, especially his wonderful human qualities which carried it very often.

I underline what Senator CASE has said. Never, so far as I could detect, was there fudging, not only on the proof, but also on the facts, either in letter or in spirit, and that is the biggest achievement of all. I am delighted with my colleague's talent and his ability to accomplish great things and leave everybody with a very good taste in their mouths when it is all over.

Mr. HUMPHREY. Mr. President, my colleagues flatter me, honor me. I must admit that I am pleased. But, truly, it is more than the truth in this case. I thank them very much.

I say this to the Senator from Virginia: He is a good opponent in these matters. He states his case, and we have a good go-around here. Honestly, it is a delight to work with the Senator from Virginia. Do not get up and say, "You win all the time," because the Senator from Virginia has taken me to the cleaners many times.

I thank the Senator from New Jersey for his generous remarks, and I thank the chairman of our committee, Senator SPARKMAN, the chairman of our conference. He is entitled to a debt of gratitude. As he pointed out, we spent hours and hours on this, beyond 6 o'clock. We had a hassle with this bill.

I thank all Senators very much. It has been a joy to work with them.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. CASE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(This concludes proceedings which occurred earlier in the day.)

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Missouri yield?

Mr. DANFORTH. I yield.

ORDER THAT COMMITTEES MAY HAVE UNTIL 7 P.M. TODAY TO FILE REPORTS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may be authorized to have until 7 p.m. today to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT RECORD REMAIN OPEN UNTIL 7 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the CONGRESSIONAL RECORD be kept open until 7 p.m. today to accommodate Senators in submitting statements, petitions, and memorials, bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF IRENE TINKER TO BE AN ASSISTANT DIRECTOR OF ACTION

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Williams I ask unanimous consent that the nomination of Irene Tinker to be an Assistant Director of the ACTION Agency be jointly referred to the Committees on Human Resources and Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, the Commitee on Human Resources has received the nominations of John Robert Lewis to be an Associate Director of ACTION; Mary Frances Cahill Leyland to be an Assistant Director of ACTION; and Irene Tinker to be an Assistant Director of ACTION. In addition, Ms. Leyland's nomination has been jointly referred to the Committee on Foreign Relations. Ms. Tinker's nomination should also have been jointly referred to the Committee on Foreign Relations.

Mr. President, I have consulted with the chairman of the Subcommittee on Child and Human Development (Mr. CRANSTON) which has jurisdiction over the domestic volunteer programs of the ACTION Agency regarding the consideration of these nominations. So that nominations in the future may be appropriately referred, I further state the understanding which was discussed in 1973 with the Foreign Relations Committee following enactment of Public Law 93–113, the Domestic Volunteer Service Act of 1973, and which has been agreed to by the distinguished chairman of that committee (Mr. SPARKMAN). The understanding is as follows: That nominations for the statutory positions of Director and Deputy Director of the ACTION Agency will be considered by both committees; that the nominations for the statutory position of Associate Director for Domestic and Antipoverty Operations will be considered only by the Committee on Human Resources; nominations for the statutory position of Associate Director for International Operations—Director of the Peace Corps—will be considered only by the Committee on Foreign Relations; and

that nominations for two Assistant Director positions will be considered by both committees unless the Agency should assign to one or both of these positions responsibilities solely affecting either the domestic or international programs, in which case the understanding respecting the nominations for Associate Directors will apply.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I have no further requests at the moment so I thank the distinguished Senator from Missouri for yielding.

Mr. President, has the distinguished Senator completed his statement as far as today is concerned?

Mr. DANFORTH. Yes, Mr. President. I have more remarks that I would like to make on this bill but in view of the colloquy that took place between the majority and minority leaders I would be happy to stop at this place. But I would like the opportunity to proceed with the balance of my comments tomorrow when the Senate reconvenes.

Mr. ROBERT C. BYRD. Very well. Now the Senator understands there is absolutely no pressure for him to not complete his statement today if he wishes?

Mr. DANFORTH. I understand.

Mr. ROBERT C. BYRD. Whatever the Senator's wishes are.

Mr. DANFORTH. Yes, I understand and I appreciate that. It would be fine for me to stop at this point and then pick up tomorrow. I am at kind of a break point in my remarks.

Mr. ROBERT C. BYRD. Very well.

ORDER FOR RECESS UNTIL 12:30 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12:30 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RESUMPTION OF CONSIDERATION OF S. 926 AT 1 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 1 p.m. tomorrow the Senate resume the consideration of the public financing bill.

The PRESIDING OFFICER. Without of Mr. BYRD's order.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow after the two leaders have been recognized under the standing order, the Senator from Virginia (Mr. HARRY F. BYRD, Jr.) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if Mr. HARRY F. BYRD, Jr.'s 15-minute order should carry beyond the hour of 1 o'clock p.m. tomorrow, which I do not think is likely to happen, I ask unanimous consent that in that event the Senate resume the consideration of the public finance measure upon the completion of Mr. Byrd's order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM CLOSE OF BUSINESS TOMORROW UNTIL 10:30 A.M. ON FRIDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, so that Senators will be alerted to the time for the vote on cloture on Friday, that when the Senate completes its business tomorrow, it stand in recess until the hour of 10:30 a.m. on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, that would mean that, in accordance with the rule, the vote would occur on the motion to invoke cloture on Friday at about 11:45 a.m., give or take a little. I imagine it would be somewhere between 11:45 and 12 noon.

Mr. BAKER. Mr. President, will the Senator yield to me on that point?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I thank the majority leader for giving us this information and sequence of times, so that Senators may know the time for the vote on Friday, and I have no objection to that request.

I wonder, however, if it develops that there are certain minor adjustments that might appear necessary tomorrow, we might consider modifying that agreement. For instance, I know of one Member on our side who gets back to town after a necessary absence at about 11 o'clock. As I recall, there is another who has to leave on necessary business at about 11:30; but I am not sure of that. I wonder if the majority leader would accommodate me by agreeing that we might consider modifying that order if circumstances indicate the necessity.

Mr. ROBERT C. BYRD. We will certainly consider that, yes, indeed.

Mr. BAKER. I thank the Senator.

Mr. President, I ask the majority leader if he will yield for one more request?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. In view of the accommodation given us by the distinguished Senator from Missouri (Mr. DANFORTH), I wonder if the majority leader would ask unanimous consent that he be first to be recognized after the Senate resumes the consideration of this measure tomorrow?

Mr. ROBERT C. BYRD. Yes, indeed. The distinguished Senator from Missouri has been very patient in yielding for interruptions today, and has been most cooperative, and I am delighted to make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 12:30 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order, that the Senate stand in recess until 12:30 p.m. tomorrow.

The motion was agreed to; and at 4:44 p.m. the Senate recessed until tomorrow, Thursday, July 28, 1977, at 12:30 p.m.

HOUSE OF REPRESENTATIVES— *Wednesday, July 27, 1977*

The House met 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D. offered the following prayer:

If we live in the spirit, let us also walk in the spirit.—Galatians 5: 25.

Holy Spirit, truth divine,
Dawn upon this soul of mine;
Word of God, and inward light,
Wake my spirit, clear my sight.

Holy Spirit, love divine,
Glow within this heart of mine;
Kindle every high desire;
Perish self in Thy pure fire.

Holy Spirit, power divine,
Fill and nerve this will of mine;
By Thee may I strongly live,
Bravely bear and nobly strive.

Holy Spirit, right divine,
King within my conscience reign;
Be my Lord nad I shall be,
Firmly bound, forever free.

May this song sing its way into our hearts making us clear in conscience, firm in faith, and strong in spirit as we face duties of this demanding day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of the clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7932) entitled "An act making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes," and that the Senate agreed to the amendments of the House to the amendments of the Senate numbered 79, 87, 92, and 96 and receded from its amendment numbered 61, to the foregoing bill.

The message also announced that the Senate had passed a bill of the following

title, in which the concurrence of the House is requested:

S. 1765. An act for the relief of the Federal Life and Casualty Company of Battle Creek, Michigan.

AWACS—ARMS BUSINESS AS USUAL

(Mr. STUDDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUDDS. Mr. Speaker, today's Washington Post contains an editorial expressing opposition to the administration's proposed sale of seven early warning aircraft—AWACS—to the Shah of Iran. As the sponsor of a resolution to disapprove this sale, I strongly endorse the sentiments expressed by the Post. The AWACS sale is a classic case of the tail wagging the dog in our foreign policy. In this case, we are yielding to the Shah's desires by selling him whatever he wants—our own arms sales policy be damned; security risks be damned; U.S. citizen involvement in potential war be damned; human rights be damned; risks of arms escalation be damned; public opinion be damned; Iran's own needs be damned.

This is not a new foreign policy promised us by the President. It is business as usual in the arms trade.

I urge my colleagues, in the strongest possible terms, to join in the effort to stop this misguided, risky, and thoroughly unjustified sale of sophisticated technology to a responsive government in the least stable region of the world.

PERMISSION FOR AD HOC SELECT COMMITTEE ON OUTER CONTINENTAL SHELF TO SIT TODAY DURING 5-MINUTE RULE

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Ad Hoc Select Committee on the Outer Continental Shelf may be permitted to sit today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON PANAMA CANAL OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT THIS MORNING DURING 5-MINUTE RULE

Mr. METCALFE. Mr. Speaker, I ask unanimous consent that the Subcommittee on Panama Canal of the Committee on Merchant Marine and Fisheries may be permitted to sit this morning during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FEDERAL RULES OF CRIMINAL PROCEDURE AMENDMENTS

Mr. MANN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5864) to approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That notwithstanding the first section of the Act entitled "An Act to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the United States Supreme Court" (Public Law 94-349, approved July 8, 1976) the amendments to rules 6(e), 23, 24, 40.1, and 41(c)(2) of the Rules of Criminal Procedure for the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, shall take effect only as provided in this Act.

SEC. 2. (a) The amendment proposed by the Supreme Court to subdivision (e) of rule 6 of such Rules of Criminal Procedure is approved in a modified form as follows: Such subdivision (e) is amended to read as follows:

"(e) SECRETARY OF PROCEEDINGS AND DISCLOSURE.—

"(1) GENERAL RULE.—A grand juror, an interpreter, a stenographer, an operator of a recording device, a typist who transcribes recorded testimony, an attorney for the Government, or any person to whom disclosure is made under paragraph (2)(A)(ii) of this subdivision shall not disclose matters occurring before the grand jury, except as otherwise provided for in these rules. No obligation of secrecy may be imposed on any person except in accordance with this rule. A knowing violation of rule 6 may be punished as a contempt of court.

"(2) EXCEPTIONS.—

"(A) Disclosure otherwise prohibited by this rule of matters occurring before the grand jury, other than its deliberations and the vote of any grand juror, may be made to—

"(i) an attorney for the government for use in the performance of such attorney's duty; and

"(ii) such government personnel as are deemed necessary by an attorney for the government to assist an attorney for the government in the performance of such attorney's duty to enforce Federal criminal law.

"(B) Any person to whom matters are disclosed under subparagraph (A)(ii) of this paragraph shall not utilize that grand jury material for any purpose other than assisting the attorney for the government in the performance of such attorney's duty to enforce Federal criminal law. An attorney for the government shall promptly provide the district court, before which was impaneled the grand jury whose material has been so disclosed, with the names of the persons to whom such disclosure has been made.

"(C) Disclosure otherwise prohibited by this rule of matters occurring before the grand jury may also be made—

"(i) when so directed by a court preliminarily to or in connection with a judicial proceeding; or

"(ii) when permitted by a court at the request of the defendant, upon a showing that grounds may exist for a motion to dismiss the indictment because of matters occurring before the grand jury.

"(3) SEALED INDICTMENTS.—The Federal magistrate to whom an indictment is returned may direct that the indictment be kept secret until the defendant is in custody or has been released pending trial. Thereupon the clerk shall seal the indictment and no person shall disclose the return of the indictment except when necessary for the issuance and execution of a warrant or summons.".

(b) The amendments proposed by the Supreme Court to subdivisions (b) and (c) of rule 23 of such Rules of Criminal Procedure are approved.

(c) The amendment proposed by the Supreme Court to rule 24 of such Rules of Criminal Procedure is disapproved and shall not take effect.

(d) The amendment proposed by the Supreme Court to such Rules of Criminal Procedure, adding a new rule designated as rule 40.1, is disapproved and shall not take effect.

(e) The amendment proposed by the Supreme Court to subdivision (c) of rule 41 of such Rules of Criminal Procedure is approved in a modified form as follows: Such subdivision (c) of the Federal Rules of Criminal Procedure is amended—

(1) by striking out

"(c) ISSUANCE AND CONTENTS.—A warrant shall" and inserting in lieu thereof the following:

"(c) ISSUANCE AND CONTENTS.—

"(1) WARRANT UPON AFFIDAVIT.—A warrant other than a warrant upon oral testimony under paragraph (2) of this subdivision shall"; and

(2) by adding at the end the following:

"(2) WARRANT UPON ORAL TESTIMONY.—

"(A) GENERAL RULE.—If the circumstances make it reasonable to dispense with a written affidavit, a Federal magistrate may issue a warrant based upon sworn oral testimony communicated by telephone or other appropriate means.

"(B) APPLICATION.—The person who is requesting the warrant shall prepare a document to be known as a duplicate original warrant and shall read such duplicate original warrant, verbatim, to the Federal magistrate. The Federal magistrate shall enter, verbatim, what is so read to such magistrate on a document to be known as the original warrant. The Federal magistrate may direct that the warrant be modified.

"(C) ISSUANCE.—If the Federal magistrate is satisfied that the circumstances are such as to make it reasonable to dispense with a written affidavit and that grounds for the application exist or that there is probable cause to believe that they exist, the Federal magistrate shall order the issuance of a warrant by directing the person requesting the warrant to sign the Federal magistrate's name on the duplicate original warrant. The Federal magistrate shall immediately sign the original warrant and enter on the face of the original warrant the exact time when the warrant was ordered to be issued. The finding of probable cause for a warrant upon oral testimony may be based on the same kind of evidence as is sufficient for a warrant upon affidavit.

"(D) RECORDING AND CERTIFICATION OF TESTIMONY.—When a caller informs the Federal magistrate that the purpose of the call is to request a warrant, the Federal magistrate shall immediately place under oath each person whose testimony forms a basis of the application and each person applying for that warrant. If a voice recording device is available, the Federal magistrate shall record by means of such device all of the call after the caller informs the Federal magistrate that the purpose of the call is to request a warrant. Otherwise a stenographic or longhand verbatim record shall be made. If a voice recording device is used or a stenographic record made, the Federal magistrate shall have the record transcribed, shall certify the accuracy of the transcription, and shall file a copy of the original record and the transcription with

the court. If a longhand verbatim record is made, the Federal magistrate shall file a signed copy with the court.

"(E) CONTENTS.—The contents of a warrant upon oral testimony shall be the same as the contents of a warrant upon affidavit.

"(F) ADDITIONAL RULE FOR EXECUTION.—The person who executes the warrant shall enter the exact time of execution on the face of the duplicate original warrant.

"(G) MOTION TO SUPPRESS PRECLUDED.—Absent a finding of bad faith, evidence obtained pursuant to a warrant issued under this paragraph is not subject to a motion to suppress on the ground that the circumstances were not such as to make it reasonable to dispense with a written affidavit.".

SEC. 3. Section 1446 of title 28 of the United States Code is amended as follows:

(a) Subsection (c) is amended to read as follows:

"(c)(1) A petition for removal of a criminal prosecution shall be filed not later than thirty days after the arraignment in the State court, or at any time before trial, whichever is earlier, except that for good cause shown the United States district court may enter an order granting the petitioner leave to file the petition at a later time.

"(2) A petition for removal of a criminal prosecution shall include all grounds for such removal. A failure to state grounds which exist at the time of the filing of the petition shall constitute a waiver of such grounds, and a second petition may be filed only on grounds not existing at the time of the original petition. For good cause shown, the United States district court may grant relief from the limitations of this paragraph.

"(3) The filing of a petition for removal of a criminal prosecution shall not prevent the State court in which such prosecution is pending from proceeding further, except that a judgment of conviction shall not be entered unless the petition is first denied.

"(4) The United States district court to which such petition is directed shall examine the petition promptly. If it clearly appears on the face of the petition and any exhibits annexed thereto that the petition for removal should not be granted, the court shall make an order for its summary dismissal.

"(5) If the United States district court does not order the summary dismissal of such petition, it shall order an evidentiary hearing to be held promptly and after such hearing shall make such disposition of the petition as justice shall require. If the United States district court determines that such petition shall be granted, it shall so notify the State court in which prosecution is pending, which shall proceed no further.".

(b) Subsection (e) is amended by striking out "such petition" and inserting "such petition for the removal of a civil action" in lieu thereof.

SEC. 4. (a) The first section of this Act shall take effect on the date of the enactment of this Act.

(b) Sections 2 and 3 of this Act shall take effect October 1, 1977.

Mr. MANN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. MURPHY of New York). Is there objection to the request of the gentleman from South Carolina that the Senate amendment be considered as read and printed in the RECORD?

Mr. WIGGINS. Mr. Speaker, I reserve the right to object. I make this reservation and yield to the gentleman from South Carolina (Mr. MANN) for the purpose of explaining the Senate amendment.

Mr. MANN. Mr. Speaker, H.R. 5864 is a bill dealing with certain proposed amendments to the Federal Rules of Criminal Procedure. We passed the bill last April 19 by a vote of 376 to 3.

In April 1976, the Supreme Court promulgated certain proposed amendments to the Federal Rules of Criminal Procedure. These amendments made changes in four existing rules—6, 23, 24, and 41—and added a new rule, 40.1. The effective date of the proposed amendments was to have been August 1, 1976. However, Public Law 94-349 postponed the effective date until August 1, 1977, so that Congress could have additional time to review the proposals.

The Subcommittee on Criminal Justice took up the proposed amendments early this session. It held 3 days of hearings and received testimony from a wide range of persons and organizations. As a result of the hearings, the subcommittee drafted H.R. 5864.

As passed by the House, the bill disapproved the proposed amendments to rules 6, 24, and 41 as well as proposed rule 40.1. The bill approved the proposed amendment to rule 23 in a modified form.

In the other body, the bill was referred to the Subcommittee on Criminal Laws and Procedures. That subcommittee seemed to prefer to let the proposed amendments take effect as promulgated, and it appeared that there would be no action on our bill by the other body.

Discussions ensued, and the other body was persuaded to act on the legislation. It completed action on Monday, July 25, by passing an amended version of H.R. 5864. Because the amendments will take effect on August 1 in the form in which they were promulgated, it will be impossible to arrange for a conference to resolve the differences in the bills passed by the two Houses. In anticipation of such a possibility, the Subcommittee on Criminal Justice maintained a close liaison with the other body's Subcommittee on Criminal Laws and Procedures. Our concerns were made known to that subcommittee, and the other side, in fashioning its version of the bill, attempted to meet those concerns. I believe that the other body's version of H.R. 5864 makes improvements in the amendments as proposed by the Supreme Court. Enactment of it is much preferable to permitting the Supreme Court's proposals to take effect.

RULE 6

Rule 6(e) which deals with secrecy of grand jury proceedings, presently permits disclosure of grand jury information to "attorneys for the Government for use in the performance of their duties." The Supreme Court proposed to revise rule 6(e) by expanding the definition of "attorneys for the Government" to include "such other Government personnel as are necessary to assist the attorneys for the Government in the performance of their duties."

Our version of H.R. 5864 disapproves the proposed amendment, preferring to have the issue resolved in the context of the comprehensive grand jury reform legislation now pending before the Judiciary Committee's Subcommittee on Immigration, Citizenship and International Law. See House Report No. 95-195, at 5. In addition, there was some question as to whether the Supreme Court's proposal fully and accurately restated present law—as it purported to do. See the same at 4–5.

The other body's version of H.R. 5864 approves the proposed amendment to rule 6(e), but with modifications. For the most part, rule 6(e) as modified by the other body's version of the bill merely restates current practice under that rule. Many of the changes are organizational. There is no intent on our part to alter the present practice with respect to parts of the rule not involved in the Supreme Court's proposed amendment.

As modified by the other body, rule 6(e) establishes a general rule of secrecy for grand jury proceedings and provides that a knowing violation of the rule of secrecy is punishable as a contempt of court. The rule then sets forth several exceptions to the rule of secrecy.

The first exception continues a policy of present rule 6(e). Disclosure of grand jury information may be made to "an attorney for the Government for use in the performance of such attorney's duty." This language, which is similar to language presently in the rule, is not intended to change any current practice.

The second exception permits disclosure to "such Government personnel as are deemed necessary by an attorney for the Government to assist an attorney for the Government in the performance of such attorney's duty to enforce Federal criminal law." The attorney for the Government is required promptly to notify the district court of those persons to whom grand jury information is disclosed under this exception.

Recent cases have indicated that an attorney for the Government may utilize the assistance of other Government personnel and provide them with access to grand jury material in connection with the investigation of that grand jury—but may not allow such personnel to have access to such material in connection with solely civil investigations or in connection with criminal investigations unrelated to that grand jury's inquiry See *Robert Hawthorne Inc.* v. *Director of Internal Revenue*, 406 F. Supp. 1098 (E.D. Pa. 1976); *In re Pflaumer*, 53 F.R.D. 464 (E.D. Pa. 1971); *In re April 1956 Grand Jury*, 239 F. 2d 263 (7th Cir. 1956); *U.S.* v. *Anzelmo*, 319 F. Supp. 1106 (E.D. La. 1970). See generally 8 J. Moore, Federal Practice section 605 (1975). This second exception in rule 6(e) is not intended to alter that case law development, but rather to codify it.

Rule 6(e), as modified by the other body's version of H.R. 5864, also continues two additional exceptions to grand jury secrecy that are contained in present rule 6(e). One permits disclosure of information when "Directed by a court preliminary to or in connection with a judicial proceeding," and the other permits disclosure when permitted by a court "at the request of a defendant, upon a showing that grounds may exist for a motion to dismiss the indictment because of matters occurring before the grand jury."

Neither of these exceptions were questioned or criticized by any witness in any

of the testimony on rule 6(e) before the Subcommittee on Criminal Justice. It should be noted that the other body did not hold any hearings on the proposed amendments, but relied upon our hearings. As I indicated before, there is no intention to change the current practice with regard to those parts of rule 6(e) not directly involved in the Supreme Court's proposed amendment. Thus, it is not intended to change any current practice with regard to these two exceptions, nor is it intended to state a preference for how a court application should be made, whether ex parte or by notice to an adversary party.

RULE 23

Rule 23 deals with trials by jury and by the court. The Supreme Court's proposed change to rule 23(b) is a clarifying change and is approved in both versions of H.R. 5864.

Rule 23(c) deals with requests for special findings of fact in cases tried by the court. The Supreme Court proposed to change the rule to require that a request for a special finding be made prior to the general finding. For reasons set forth in House Report No. 95–195, at 6, we rejected this change and voted to require that special findings be made whenever the verdict is guilty, unless the defendant waives the findings.

The other body's version of H.R. 5864 approves the amendment to rule 23(c) as promulgated by the Supreme Court. While I believe that the House's action is preferable, the matter is not so important as to jeopardize the whole bill. Consequently, I am willing to accept the action of the other body.

RULE 24

Rule 24(b) deals with peremptory challenges to prospective jurors. The Supreme Court proposed to change the present rule by reducing the number of peremptory challenges available to each side. The number of such challenges in misdemeanor cases would be reduced to two, a loss of one for each side. The number of such challenges in felony cases would be reduced to five, a loss of one for the prosecution and five for the defense. The number of such challenges in capital cases would be reduced to 12, a loss of 8 for each side.

There has been much criticism of this proposed change. Our version of H.R. 5864, for reasons spelled out in House Report No. 95–195, at 7–8, disapproves the proposed change. Disapproval of this proposed change has been of paramount concern to the Subcommittee on Criminal Justice. I am pleased to say that the other body has also disapproved of the proposed amendment to rule 24(b).

RULE 40.1

The Supreme Court proposed a new rule, 40.1, to deal with removal of criminal cases from State to Federal court. Our version of H.R. 5864 disapproved the new rule, in part for separation of powers considerations and in part because of some practical problems presented by the language of the proposed rule. See House Report No. 95–195, at 9–10.

Removal of criminal cases from State to Federal court is presently governed by statute, 28 U.S.C. section 1446. The statute permits a defendant to file a removal petition at any time before trial, 28 U.S.C. section 1446(c). The effect of the removal petition is to stay the State court proceedings until the petition is acted upon by the Federal court, 28 U.S.C. section 1446(e).

In promulgating proposed rule 40.1, the Supreme Court appeared to be concerned with preventing disruption of State court proceedings. Thus its proposed rule provided that removal petitions had to be filed within 10 days after arraignment and that filing of the petition would not stay the State court proceedings. The State trial could continue up to entry of a judgment of conviction.

Subsequent to the House action on H.R. 5864, the Subcommittee on Criminal Justice looked further at rule 40.1. The subcommittee has drafted and recommended a bill, H.R. 8253, that amends the removal statute to address the concern about disruption of State court proceedings. H.R. 8253 provides that while a removal petition may be filed at any time, it will not automatically stay the State court proceedings.

The other body's version of H.R. 5864 disposes of proposed rule 40.1 in a way similar to H.R. 8253. It disapproves the proposed rule and amends the removal statute. While the Criminal Justice Subcommittee proposed to permit the filing on a removal petition at any time, the other body would require that it be filed 30 days after arraignment or at any time before trial, whichever is earlier. The difference between the two versions of H.R. 5864, in practical effect, is not great. The other body allows a defendant adequate time in which to decide whether or not to petition for removal, so its version of rule 40.1 is acceptable.

RULE 41

Rule 41 deals with searches and seizures. The Supreme Court proposed to amend subdivision (c) by providing a procedure for obtaining a search warrant by telephone. Our version of H.R. 5864 disapproved this change in order that it could be studied further. Subsequent to our passage of H.R. 5864, the Subcommittee on Criminal Justice held hearings on the proposed amendment and drafted and recommended legislation modifying the Supreme Court's proposed amendment to rule 41(c) (H.R. 7888).

The other body has approved the proposed amendment to rule 41(c), but with a modification. Its version of rule 41(c) is similar to the version recommended by the Criminal Justice Subcommittee in H.R. 7888 and is, therefore, acceptable.

The Senate version permits use of the telephone warrant procedure "if the circumstances make it reasonable to dispense with a written affidavit." It is expressly provided that—

Absent a finding of bad faith, evidence obtained pursuant to a warrant issued under this paragraph is not subject to a motion to suppress on the ground that the circumstances were not such as to make it reasonable to dispense with a written affidavit.

This provision does not, of course, in any way limit the use of the motion to suppress to challenge the existence of probable cause for the issuance of the warrant.

In summary, passage of the Senate version of H.R. 5864 is much preferable to letting the proposed amendments take effect in the form in which they were promulgated. Our paramount concern has been that the proposed amendment to rule 24(b) not take effect. The other body has agreed with us completely in this regard. We were also very concerned with the amendment to rule 6(e). The other body's version of that rule is to be preferred over the version as promulgated. I remind the Members that the Subcommittee on Immigration, Citizenship, and International Law is continuing its work on comprehensive grand jury reform legislation, and it is likely that any legislation it recommends will deal with the questions of grand jury secrecy raised by rule 6(e).

In short, the other body's version of H.R. 4864 is an entirely acceptable package and is an improvement over the amendments as promulgated.

Mr. WIGGINS. Mr. Speaker, I thank the gentleman from South Carolina (Mr. MANN) for his explanation.

I point out to my colleagues that the most important thing to remember here is that the Supreme Court rules which we find in part to be objectionable will go into effect if we fail to act at this time. They will go into effect on August 1.

The changes made by the Committee on the Judiciary and as further amended by the Senate constitute significant improvements over the rules as promulgated by the Supreme Court, and accordingly it is in the interest of this Congress to vote favorably on the Senate amendment which is under consideration. I support the legislation.

Mr. Speaker, I rise in support of H.R. 5864 as amended by the Senate.

The Subcommittee on Criminal Justice devoted considerable attention to changes proposed last year by the Supreme Court to the Federal Rules of Criminal Procedure. Four of the Court's proposed changes were of special concern:

A modification of rule 6(e) to facilitate grand jury use of outside expertise;

A change regarding the number of peremptory challenges available in Federal criminal trials;

A new procedure for obtaining Federal search warrants over the telephone; and

A change in procedure for removal of State criminal prosecutions to Federal court.

H.R. 5864, as originally passed by the House, disapproved of all these above proposed rule changes. However, with the exception of the proposal regarding peremptory challenges, it was the subcommittee's intention to further consider and refine the Court's proposals. Consequently, we held hearings on the use of oral search warrants and subsequently reported bills both on that subject and on the State court removal procedure. H.R. 5864, as amended by the Senate, incorporates with but a few modifications both of these bills.

The bill as originally passed by the House disapproved the Supreme Court's proposed substantive change to rule 6(e). I expressed both on the floor and in minority views to the committee report on

H.R. 5864 my belief that the amendment of the Supreme Court was salutary, and should be passed with certain drafting changes. This bill benefits in this regard from the Senate amendment.

The Supreme Court intended to permit grand juries to utilize outside expertise in complicated investigations, thereby conforming the text of rule 6(e) with the commonsense interpretation afforded it in practice and by most courts. *U.S.* v. *Evans*, 526 F.2d 701, 707 (1976). *See also U.S.* v. *Hoffa*, 349 F.2d 20, 43 (1965); *U.S.* v. *U.S. District Court*, 238 F.2d 713 (4th Circuit, 1957), *cert. den., sub. nom. Valley Bell Dairy Co.* v. *U.S.*, 352 U.S. 981; *U.S.* v. *Culver*, 224 F. Supp. 419, 432 (1963); *U.S.* v. *Anzelmo*, 319 F. Supp. 1106, 1116 (1970).

In the recent past, two cases dealing with rather unusual fact situations have raised legitimate questions as to the scope of rule 6(e).

In both, a grand jury investigation of criminal tax fraud on the part of a large corporation was initiated and began paralleling an Internal Revenue Service civil tax investigation of the same corporation. Personnel from the Internal Revenue Service were given access to grand jury materials to assist the prosecutor analyze the evidence against the putative defendants. The corporations contended that within the IRS grand jury evidence was being circulated and that, thusly, the grand jury was being improperly used as a tool to further a civil investigation.

Grand juries cannot be used for purposes other than the investigation of violations of the criminal law. However, the fact that a civil investigation is ongoing should in no way impede initiating a grand jury investigation. Indeed, an IRS civil audit could well lead to evidence of criminal tax fraud. Both investigations must then go forward. However, grand jury information must not flow to the civil investigation although the converse is not necessary or desirable.

The practical effect of the Senate amendment to rule 6(e) is that a Government agent receiving grand jury information from an attorney for the Government becomes, to that extent, an employee of the grand jury. He is not free to share such information within the agency which directly employs him, even though it might be useful and relevent to the mission of that agency. Materials produced before a grand jury must be held secret by that grand jury and, must remain within the control of the Attorney General or his assistants, or the U.S. attorney or his assistants, to be used by them in the performance of their duties.

There will come a time when a grand jury uncovers violations of civil laws, or State or local laws. It then becomes the duty of the attorney for the Government, if he or some other attorney for the Government cannot act on that information, to turn it over to the appropriate governmental agency so that such agency can do its duty. However, the attorney for the Government may do this only after successfully seeking an order of the court.

Because of the Supreme Court's rulemaking authority, the House must act promptly on the Senate amendments to H.R. 5864; otherwise, the Supreme Court's proposed rule changes—which this body has already disapproved of once—will take effect on August 1, 1977. Therefore, I urge a favorable vote on this bill.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina that the Senate amendment be considered as read and printed in the RECORD?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from South Carolina?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MANN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendment to H.R. 5864 as concurred in.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT THIS AFTERNOON DURING 5-MINUTE RULE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may be permitted to sit this afternoon during the 5-minute rule.

Mr. Speaker, I have checked with the ranking minority member, and there was no objection on their side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, I understand the gentleman from Idaho (Mr. SYMMS), who is off the floor, was concerned about the committee's sitting this afternoon.

I wonder whether we could wait until he returns so that we can determine whether he is still concerned about this matter.

Mr. MEEDS. Mr. Speaker, if the gentleman will yield, may I ask him whom he means?

Mr. BAUMAN. The gentleman from Idaho (Mr. SYMMS), who was here a moment ago.

Mr. MEEDS. Mr. Speaker, I will be happy to withdraw my request at this time.

The SPEAKER pro tempore. The gentleman from Washington (Mr. MEEDS) withdraws his request.

PERMISSION FOR SUBCOMMITTEES ON OVERSIGHT AND INVESTIGATION AND CONSUMER PROTECTION AND FINANCE OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT TODAY AND TOMORROW DURING 5-MINUTE RULE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Subcommittees on Oversight and Investigation and Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce may be permitted to sit on today and on Thursday, July 28, 1977, during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT ON H.R. 7558, AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1978

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill H.R. 7558 making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1978, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 21, 1977.)

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore (Mr. RONCALIO). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. WHITTEN) and the gentleman from North Dakota (Mr. ANDREWS) are recognized for 30 minutes each.

The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, I yield myself such time as I may consume.

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. WHITTEN) is recognized.

Mr. WHITTEN. Mr. Speaker, we bring to the Members today a conference report which I highly commend to my colleagues. The conference resulted in unanimous agreement with all conferees signing the report.

Mr. Speaker, this bill making appropriations for the Department of Agriculture and related agencies for fiscal year 1978 includes the Food and Drug Administration, the Commodity Futures Trad-

ing Commission, the school lunch and school milk programs, the food stamp program, and many other food programs relating to production, processing, and orderly marketing. The bill also includes funds for rural development and conservation.

I would like at this time to describe some of the highlights of this bill. The conference report recommends a total of $13,763,935,000 in total budget authority for fiscal year 1978. The amount agreed to by the conferees is $614,796,000 less than was appropriated in fiscal year 1977, $124,579,000 less than the Senate bill, $90,548,000 more than the House bill, and $472,082,000 less than the budget request. The conference agreement includes $12,749,378,000 in new budget authority, which is $90,548,000 over the House amount and $179,864,000 over the Senate. This is the result of differences in the level of funding portions of the child nutrition programs by transfer from section 32. By proposing a higher transfer amount, the Senate bill was able to make a corresponding reduction in new budget authority. The conferees agreed with the House on the importance of maintaining an appropriate section 32 balance. The conference agreement is $209,947,000 less than the congressional budget target, which will be reserved for future supplemental budget requirements.

TITLE I—AGRICULTURAL PROGRAMS

Mr. Speaker, the conference agreement provides throughout each of the agencies in the bill that the House reductions regarding pay cost annualization be maintained, and that the House reductions relating to General Services Administration space rental costs be restored. The agreement calls for a review by the General Accounting Office of the space rental rates charged USDA by GSA.

Mr. Speaker, for the Agricultural Research Service the conference agreement provides $324,859,000. Included in the agreement is $1.1 million for planning funds for a North Central Regional Dairy Forage Research Center, and not to exceed $400,000 planning funds for a Soil and Water Lab at Purdue University. The Purdue facility will coordinate its activities with the National Soil Sedimentation Laboratory at Oxford, Miss. The conference agreement also includes an increase of $100,000 over the budget request for the Oxford Laboratory.

One of the major new areas of research addressed by the conferees is the area of human nutrition. In order to expand the role of the Department of Agriculture in this field, the conferees have agreed to $2 million for planning a nutrition laboratory at Tufts University, and $3.5 million for an addition to the Human Nutrition Laboratory at Grand Forks, N. Dak. In providing $15 million for competitive research grants the conferees have earmarked $5 million for human nutrition research. We have embarked on this new field of work, Mr. Speaker, because we have learned that we know far more about proper nutrition for livestock than we do about proper nutrition for humans.

The conference agreement also includes $500,000 for citrus blackfly research, $1,500,000 for brucellosis research, and $11 million for research on soybeans.

Mr. Speaker, for the Cooperative State Research Service the conference agreement provides $143,150,000. Included in the agreement is $9,500,000 for cooperative forestry research, $100,000 for research on fever ticks, and $1,500,000 for research on the range caterpillar. For Hatch Act funds the agreement provides $109,066,000.

For the Extension Service, the conference agreement provides a total of $257,221,000. Included in the conference agreement is $176,031,000 for cooperative extension work, $9,333,000 for the 1,890 colleges and Tuskegee Institute, $3 million for urban gardening, $10,100,000 for urban 4–H work, and $2,500,000 for rural development extension education.

Mr. Speaker, for the Animal and Plant Health Inspection Service the conference agreement provides $441,204,000. Included in the agreement is $53 million for brucellosis eradication, $3,927,000 for witchweed, $500,000 for range caterpillar control, and $200,000 for horse protection.

The conferees concurred with the House position that funds requested for a trial boll weevil eradication program be held in reserve until the director of boll weevil research at the boll weevil laboratory certifies to appropriate congressional committees that a substantial and sufficient scientific breakthrough has been achieved, and that he recommends the program be initiated; and, that each of the three States to be involved has passed and implemented the necessary legislation and has demonstrated to appropriate congressional committees that they are legally and financially prepared to fulfill their responsibilities under the program.

Mr. Speaker, for citrus blackfly the agreement includes $4,712,000 to be provided to States in proportion to whatever the needs may be. For transportation-related activities under the recent amendments to the Animal Welfare Act the agreement includes $508,000.

For the fire ant program the conference agreement provides an additional $1 million for quarantine activities and a reserve of $4,460,000 for control.

Mr. Speaker, for pseudorabies control the conferees have agreed to $1 million to be available subsequent to the review of the problem currently being conducted by the Secretary.

For Japanese beetle the agreement includes $100,000 for spot checks.

TITLE II—RURAL DEVELOPMENT PROGRAMS

Mr. Speaker, for the Farmers Home Administration the conference agreement provides an increase of 300 additional permanent positions, all of which are to be located outside of the metropolitan Washington area. To fund the 300 additional positions, $4,000,000 is provided, which will also allow the Department to initiate planning and evaluation of the housing programs.

The agreement provides $550,000,000 for farm ownership loans and $825,000,000 for operating loans. Also included in the agreement is $5,000,000 for section 111 planning grants.

For the Soil Conservation Service the agreement includes $17,500,000 for new construction starts under Public Law 566 and restores the Senate reduction of $1,200,000 for new planning starts.

For the agricultural conservation program the agreement includes the $190,000,000 proposed by the House plus the 1977 budget amendment of $50,000,000 for drought and flood relief.

In the case of the forestry incentives program the agreement includes $15,000,000, the same as the House figure, rather than the $7,500,000 as proposed by the Senate.

TITLE III—DOMESTIC FOOD PROGRAMS

Mr. Speaker, the conference agreement includes an appropriation of $1,488,344,000 and provides a transfer of $1,014,557,000 from section 32 for child nutrition programs.

It is the intention of the conferees, Mr. Speaker, that the general level of commodity support provided per child not be decreased below the level authorized, and for the Department to purchase surplus commodities with section 32 funds. The conferees are agreed that section 32 balances should not be drawn below $300,000,000 unless they are needed to stabilize prices.

Included in the conference agreement is a transfer of $242,725,000 in commodities to States from section 32 as proposed by the House, instead of a direct cash transfer as proposed by the Senate.

Also included in the agreement is $1,000,000 for a new program of nutrition education grants to schools.

Mr. Speaker, the conferees have agreed upon $155,000,000 for the special milk program, $247,000,000 for the special supplemental food program, WIC, $31,400,000 for the food donations program, $30,000,000 for the elderly feeding program, and $5,627,000,000 for the food stamp program including a seven percent reserve.

The conference agreement provides for a new appropriation item, Food Program Administration, which includes under one account those funds necessary to administer the domestic food programs of the Food and Nutrition Service.

TITLE IV—INTERNATIONAL PROGRAMS

Mr. Speaker, with respect to the Foreign Agricultural Service the conferees have agreed to $22,835,000 for the foreign market development program and $4,928,000 for foreign commodity analysis. Funds for the Public Law 480 program were not in conference.

TITLE V—RELATED AGENCIES

Mr. Speaker, for salaries and expenses of the Food and Drug Administration the conference agreement provides $276,243,000, which includes a reduction of $500,000 from the budget request in nonregulatory travel and an additional $1,000,000 for artificial sweetener research.

With regard to saccharin, Mr. Speaker, the conferees considered the progress being made on this issue by the House and Senate legislative committees and

decided to delete the House language which would have prevented any saccharin ban by FDA during the fiscal year. The subcommittee chairmen of the legislative committees involved gave personal assurance to the conferees that their bills will be promptly brought to the House and Senate Chambers.

Mr. Speaker, for the Commodity Futures Trading Commission the conference agreement provides $13,196,000, including $100,000 for a study regarding the development of regulatory methods to protect participants in forward contracts.

TITLE VI—GENERAL PROVISIONS

Mr. Speaker, the conference agreement deletes the Senate amendment which related to payment limitations for sugar producers and the limitation contained in the House bill related to Hard Red Winter wheat. The conference agreement includes a Senate provision which allows employees of the Department, when not fully utilized, to be temporarily assigned to other agencies of the Department without reimbursement.

SUMMARY OF CONFERENCE ACTION

Mr. Speaker, the total obligational authority for the fiscal year 1978 recommended by the committee of conference, with comparisons to the fiscal year 1977 amount, the 1978 budget estimates, and the House and Senate bills for 1978 follow:

Total obligational authority, fiscal year 1977	$14,378,731,000
Budget estimates of total obligational authority, fiscal year 1978	14,236,017,000
House bill, fiscal year 1978	13,673,387,000
Senate bill, fiscal year 1978	[1] 13,88C,514,000
Conference agreement	[1] 13,763,935,000
Conference agreement compared with:	
Total obligational authority, fiscal year 1977	−614,796,000
Budget estimates of total obligational authority, fiscal year 1978	−472,082,000
House bill, fiscal year 1978	+90,548,000
Senate bill, fiscal year 1978	−124,579,000

[1] In addition, $50,000,000 was provided for fiscal year 1977.

Mr. WHITTEN. Mr. Speaker, I also will include detailed tables for the RECORD at this point.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1977	Budget estimates of new (obligational) authority fiscal year 1978	New budget (obligational) authority recommended in House bill 1978	New budget (obligational) authority recommended in Senate bill 1978	New budget (obligational) authority recommended by Conferees	Increase or decrease (−) conference recommendations compared with— 1977 enacted	1978 budget estimate	1978 House bill	1978 Senate bill
TITLE I—AGRICULTURAL PROGRAMS									
Production, Processing and Marketing									
Office of the Secretary	$2,321,000	$2,496,000	$2,440,000	$2,496,000	$2,496,000	+$175,000		+$56,000	
Departmental administration	14,818,000	14,292,000	14,276,000	14,292,000	14,276,000	−542,000	−$16,000		−$16,000
Economic management support center	2,923,000	3,006,000	3,006,000	3,006,000	3,006,000	+83,000			
Office of the Inspector General	19,526,000	28,058,000	20,093,000	28,458,000	20,204,000	+678,000	−7,854,000	+111,000	−8,254,000
Transfer from food stamp program	(8,231,000)	(1)	(8,231,000)	(1)	(8,231,000)		(+8,231,000)		(+8,231,000)
Total, office of the Inspector General	(27,757,000)	(28,058,000)	(28,324,000)	(28,458,000)	(28,435,000)	(+678,000)	(+377,000)	(+111,000)	(−23,000)
Office of the General Counsel	9,321,000	9,461,000	9,383,000	9,461,000	9,450,000	+129,000	−11,000	+67,000	−11,000
Federal Grain Inspection Service:									
Salaries and expenses	[2] 1,397,000	13,595,000	10,944,000	13,595,000	11,000,000	+9,603,000	−2,595,000	+56,000	−2,595,000
Inspection and weighing services	11,307,000	(3)	(3)	(3)	(3)	−11,307,000			
Total, Federal Grain Inspection Service	12,704,000	13,595,000	10,944,000	13,595,000	11,000,000	−1,704,000	−2,595,000	+56,000	−2,595,000
Agricultural Research Service:									
Research	$281,909,000	$319,719,000	$304,495,000	$362,812,000	$324,859,000	+$42,950,000	+$5,140,000	+$20,364,000	−$37,953,000
Special fund (reappropriation)	(1,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(+1,000,000)			
Scientific activities overseas (special foreign currency program)	7,500,000	7,500,000	5,000,000	6,500,000	5,750,000	−1,750,000	−1,750,000	+750,000	−750,000
Total, Agricultural Research Service	290,409,000	327,219,000	309,495,000	369,312,000	330,609,000	+40,200,000	+3,390,000	+21,114,000	−38,703,000
Animal and Plant Health Inspection Service: [4]									
Disease and pest control	185,623,000	189,238,000	188,438,000	229,339,000	199,623,000	+14,000,000	+10,385,000	+11,185,000	−29,716,000
Meat and poultry inspection	236,679,000	242,081,000	240,787,000	242,081,000	241,581,000	+4,902,000	−500,000	+794,000	−500,000
Total, Animal and Plant Health Inspection Service	422,302,000	431,219,000	429,225,000	471,420,000	441,204,000	+18,902,000	+9,885,000	+11,979,000	−30,216,000
Cooperative State Research Service	129,022,000	136,687,000	137,950,000	151,483,000	143,150,000	+14,128,000	+6,463,000	+5,200,000	−8,333,000
Extension Service	241,906,000	242,471,000	252,971,000	256,971,000	257,221,000	+15,315,000	+14,750,000	+4,250,000	+250,000
National Agricultural Library	6,193,000	6,880,000	6,819,000	6,880,000	6,877,000	+664,000	−3,000	+58,000	−3,000
Statistical Reporting Service	35,738,000	37,508,000	36,600,000	37,508,000	36,996,000	+1,258,000	−512,000	+396,000	−512,000
Economic Research Service	27,994,000	29,045,000	28,642,000	30,905,000	29,864,000	+1,870,000	+459,000	+1,222,000	−1,041,000
Agricultural Marketing Service:									
Marketing Services	54,437,000	50,927,000	46,379,000	50,927,000	46,484,000	−7,953,000	−4,443,000	+105,000	−4,443,000
Payments to States and possessions	1,600,000		1,600,000		1,600,000		+1,600,000		+1,600,000
Total, Agricultural Marketing Service	56,037,000	50,927,000	47,979,000	50,927,000	48,084,000	−7,953,000	−2,843,000	+105,000	−2,843,000
Packers and Stockyards Administration	6,079,000	6,152,000	6,146,000	6,252,000	6,252,000	+173,000	+100,000	+106,000	
Farmer Cooperative Service	2,724,000	2,920,000	3,048,000	3,770,000	3,370,000	+646,000	+450,000	+322,000	−400,000
Total, Production, Processing and Marketing	1,280,017,000	1,342,396,000	1,319,017,000	1,456,736,000	1,364,059,000	+84,042,000	+21,663,000	+45,042,000	−92,677,000
FARM INCOME STABILIZATION:									
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	157,410,000	160,407,000	161,019,000	161,838,000	161,838,000	+4,428,000	+1,431,000	+819,000	
Transfer from Commodity Corporation	(74,958,000)	(76,415,000)	(76,415,000)	(76,415,000)	(76,415,000)	(+1,457,000)			
Total salaries and expenses ASCS	(292,368,000)	(236,822,000)	(237,434,000)	(238,253,000)	(238,258,000)	(+5,885,000)	(+1,431,000)	(+819,000)	

Agency and title	New budget (obligational) authority enacted to date fiscal year 1977	Budget estimates of new (obligational) authority fiscal year 1978	New budget (obligational) authority recommended in House bill 1978	New budget (obligational) authority recommended in Senate bill 1978	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) conference recommendations compared with— 1977 enacted	1978 budget estimate	1978 House bill	1978 Senate bill
FARM INCOME STABILIZATION—Continued									
Dairy and beekeeper indemnity programs	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000				
Total, Agricultural Stabilization and Conservation Service	161,460,000	164,457,000	165,069,000	165,888,000	165,888,000	+4,428,000	+1,431,000	+819,000	
Federal Crop Insurance Corporation:									
Administrative and operating expenses	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000				
Federal Crop Insurance Corporation Fund	(9,384,000)	(11,088,000)	(11,283,000)	(11,413,000)	(11,413,000)	(+2,029,000)	(+325,000)	(+130,000)	
Subscription to Capital Stock	90,000,000	(5)	(5)	(5)	(5)	−90,000,000			
Total, Federal Crop Insurance Corporation	(111,384,000)	(23,088,000)	(23,283,000)	(23,413,000)	(23,413,000)	(−87,971,000)	(+325,000)	(+130,000)	
Commodity Credit Corporation:									
Reimbursement for net realized losses	899,053,000	1,234,342,000	524,342,000	524,342,000	524,342,000	−374,711,000	−710,000,000		
Limitation on administrative expenses	(41,220,000)	(39,800,000)	(39,800,000)	(39,800,000)	(39,800,000)	(−1,420,000)			
Total, farm income stabilization	1,162,513,000	1,410,799,000	701,411,000	702,230,000	702,230,000	−460,283,000	−708,569,000	+819,000	
Total, title I, new budget (obligational) authority, agricultural programs	2,442,530,000	2,753,195,000	2,020,428,000	2,158,966,000	2,066,289,000	−376,241,000	−686,906,000	+45,861,000	−92,677,000
TITLE II—RURAL DEVELOPMENT PROGRAMS									
Rural Development Assistance:									
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)				
Insured loans	(3,196,000,000)	(2,996,000,000)	(3,284,000,000)	(3,504,000,000)	(3,379,000,000)	(+183,000,000)	(+383,000,000)	(+95,000,000)	(−125,000,000)
Guaranteed loans	(500,000,000)	(700,000,000)	(1,000,000,000)	(900,000,000)	(900,000,000)	(+400,000,000)	(+200,000,000)	(−100,000,000)	
Reimbursement for interest and other losses	175,429,000	327,402,000	327,402,000	344,402,000	344,402,000	+168,973,000	+17,000,000	+17,000,000	
Total, Rural Housing Insurance Fund	(3,886,429,000)	(4,038,402,000)	(4,626,402,000)	(4,763,402,000)	(4,638,402,000)	(+751,973,000)	(+600,000,000)	(+12,000,000)	(−125,000,000)
Agricultural Credit Insurance Fund:									
Insured real estate loans	($520,000,000)	($518,000,000)	($520,000,000)	($670,000,000)	($620,000,000)	(+$100,000,000)	(+$102,000,000)	(+$100,000,000)	(−$50,000,000)
Soil conservation loans	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)				
Operating loans	(625,000,000)	(625,000,000)	(750,000,000)	(900,000,000)	(825,000,000)	(+200,000,000)	(+200,000,000)	(+75,000,000)	(−75,000,000)
Emergency loans	(100,000,000)	[8](200,000,000)	[8](200,000,000)	[8](200,000,000)	[8](200,000,000)	(+100,000,000)			
Reimbursement for interest and other losses	141,189,000	164,735,000	164,735,000	164,735,000	164,735,000	+23,546,000			
Total, Agricultural Credit Insurance Fund	(1,413,189,000)	(1,534,735,000)	(1,661,735,000)	(1,961,735,000)	(1,836,735,000)	(+423,546,000)	(+302,000,000)	(+175,000,000)	(−125,000,000)
Rural water and waste disposal grants	275,000,000	200,000,000	250,000,000	250,000,000	250,000,000	−25,000,000	+50,000,000		
Very low-income housing repair grants	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000				
Rural housing for domestic farm labor	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000				
Mutual and self-help housing	9,000,000		9,000,000	9,000,000	9,000,000		+9,000,000		
Rural Development Insurance Fund:									
Reimbursement for losses	47,484,000	75,547,000	75,547,000	75,547,000	75,547,000	+28,063,000			
Water and sewer facility loans	(750,000,000)	(600,000,000)	(750,000,000)	(750,000,000)	(750,000,000)		(+150,000,000)		
Industrial development loans	(350,000,000)	(350,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(+650,000,000)	(+650,000,000)		
Community facility loans	(200,000,000)	(200,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(+50,000,000)	(+50,000,000)		
Total, Rural Development Insurance Fund	(1,347,484,000)	(1,225,547,000)	(2,075,547,000)	(2,075,547,000)	(2,075,547,000)	(+728,063,000)	(+850,000,000)		
Rural community fire protection grants	3,500,000		3,500,000	3,500,000	3,500,000		+3,500,000		
Housing technical and supervisory assistance grants				1,000,000					−1,000,000
Rural development planning grants				10,000,000	5,000,000	+5,000,000	+5,000,000	+5,000,000	−5,000,000
Salaries and expenses	175,836,000	181,684,000	182,600,000	201,184,000	185,184,000	+9,348,000	+3,500,000	+2,584,000	−16,000,000
Transfer from loan accounts	(5,500,000)	(5,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(−2,000,000)	(−2,000,000)		
Total, salaries and expenses	(181,336,000)	(187,184,000)	(186,100,000)	(204,684,000)	(188,684,000)	(+7,348,000)	(+1,500,000)	(+2,584,000)	(−16,000,000)
Rural development grants	10,000,000		10,000,000	10,000,000	10,000,000		+10,000,000		
Total, Farmers Home Administration	849,938,000	961,868,000	1,035,284,000	1,081,868,000	1,059,868,000	+209,930,000	+98,000,000	+24,584,000	−22,000,000
Rural Development Service	1,475,000	1,663,000	[7]	1,663,000	1,663,000	+188,000		+1,663,000	
Rural electrification and telephone revolving fund: [9]									
Electric loans	(750,000,000)	(750,000,000	(750,000,000)	(750,000,000)	(750,000,000)				
Telephone loans	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)				
Total, loans	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)				

Footnotes at end of table.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1977	Budget estimates of new (obligational) authority fiscal year 1978	New budget (obligational) authority recommended in House bill 1978	New budget (obligational) authority recommended in Senate bill 1978	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) conference recommendations compared with— 1977 enacted	1978 budget estimate	1978 House bill	1978 Senate bill
TITLE II—RURAL DEVELOPMENT PROGRAMS—Continued									
Rural Development Assistance: Farmers Home Administration:									
Capitalization of Rural Telephone Bank [8]	($30,000,000)	($30,000,000)	($30,000,000)	($30,000,000)	($39,000,000)				
Salaries and expenses	22,299,000	22,567,000	22,551,000	22,567,000	22,567,000	+$268,000		+$16,000	
Total, Rural Electrification Administration	22,299,000	22,567,000	22,551,900	22,567,000	22,567,000	+268,000		+16,000	
Total, Rural Development Assistance	873,712,000	986,098,000	1,057,835,000	1,106,098,000	1,084,098,000	+210,386,000	+98,000,000	+26,263,000	−22,000,000
CONSERVATION									
Soil Conservation Service:									
Conservation operations	223,144,000	229,060,000	226,051,000	229,060,000	229,060,000	+5,916,000		+3,009,000	
River basin surveys and investigations	15,362,000	15,006,000	15,420,000	15,506,000	15,506,000	+144,000	+500,000	+86,000	
Watershed planning	11,651,000	10,647,000	11,778,000	10,647,000	11,847,000	+196,000	+1,200,000	+69,000	+1,200,000
Watershed and flood prevention operations	[9] 160,039,000	138,992,000	148,677,000	158,992,000	156,492,000	−3,547,000	+17,500,000	+7,815,000	−2,500,000
Resource conservation and development	30,679,000	23,283,000	30,964,000	31,033,000	31,033,000	+354,000	+7,750,000	+69,000	
Great Plains conservation program	21,639,000	21,704,000	21,704,000	21,704,000	21,704,000	+65,000			
Total, Soil Conservation Service	462,514,000	438,692,000	454,594,000	466,942,000	465,642,000	+3,128,000	+26,950,000	+11,048,000	−1,300,000
Agricultural Stabilization and Conservation Service:									
Agricultural Conservation Program									
Advance authorization (contract authority)	290,000,000	190,000,000	190,000,000	190,000,000	190,000,000	−100,000,000			
Fiscal year 1977 supplemental (contract authority)		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
Liquidation of contract authority	(205,000,000)	(190,000,000)	(190,000,000)	(305,000,000)	(190,000,000)	(−15,000,000)			(−115,000,000)
Fiscal year 1977 supplemental (liquidation of contract authority)		(125,000,000)		(125,000,000)	(75,000,000)	(+75,000,000)	(−50,000,000)	(+75,000,000)	(−50,000,000)
Forestry incentives program	$15,000,000		$15,000,000	$7,500,000	$15,000,000		+$15,000,000		+ $7,500,000
Water Bank Act program	10,000,000		10,000,000	10,000,000	10,000,000		+10,000,000		
Emergency conservation measures	10,000,000	$10,000,000	10,000,000	10,000,000	10,000,000				
Total, Agricultural Stabilization and Conservation Service	325,000,000	200,000,000	225,000,000	217,500,000	225,000,000	$−100,000,000	+25,000,000		+7,500,000
Total, Conservation	787,514,000	638,692,000	679,594,000	684,442,000	690,642,000	−96,872,000	+51,950,000	+ $11,048,000	+6,200,000
Total, title II, new budget (obligational) authority, Rural Development Programs	1,661,226,000	1,624,790,000	1,737,429,000	1,790,540,000	1,774,740,000	+113,514,000	+149,950,000	+37,311,000	−15,800,000
Fiscal year 1977 supplemental		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
TITLE III—DOMESTIC FOOD PROGRAMS									
Food and Nutrition Service:									
Child nutrition programs	1,792,032,000	1,281,173,000	1,500,848,000	1,183,901,000	1,488,344,000	−303,688,000	+207,171,000	−12,504,000	+304,443,000
Transfer from sec. 32	(1,039,000,000)	(1,319,000,000)	(1,014,557,000)	(1,319,000,000)	(1,014,557,000)	(−24,443,000)	(−304,443,000)		(−304,443,000)
Total, child nutrition programs	(2,831,032,000)	(2,600,173,000)	(2,515,405,000)	(2,502,901,000)	(2,502,901,000)	(−328,131,000)	(−97,272,000)	(−12,504,000)	
Special milk program	155,000,000	35,000,000	155,000,000	168,000,000	155,000,000		+120,000,000		−13,000,000
Special supplemental food program (WIC)	250,000,000	250,000,000	250,000,000	247,000,000	247,000,000	−3,000,000	−3,000,000	−3,000,000	
Food stamp program	5,514,400,000	5,673,804,000	5,673,804,000	5,627,000,000	5,627,000,000	+112,600,000	−46,804,000	−46,804,000	
Food donations program	27,109,000	9,946,000	31,726,000	31,400,000	31,400,000	+4,291,000	+21,454,000	−326,000	
Elderly feeding program	22,000,000	30,830,000	30,830,000	30,000,000	30,000,000	+8,000,000	−830,000	−830,000	
Food Program Administration		[10]		65,853,000	64,951,000	+64,951,000	+64,951,000	+64,951,000	−902,000
Total, title III, new budget (obligational) authority, domestic food programs	7,760,541,000	7,280,753,000	7,642,208,000	7,353,154,000	7,643,695,000	−116,846,000	+362,942,000	+1,487,000	+290,541,000
TITLE IV—INTERNATIONAL PROGRAMS									
Foreign Agricultural Service	39,950,000	43,040,000	43,100,000	47,040,000	45,665,000	+5,715,000	+2,625,000	+2,565,000	−1,375,000
Public Law 480:									
Title I—Credit sales	680,465,000	276,865,000	276,865,000	276,865,000	276,865,000	−403,600,000			
Title II—Commodities for disposition abroad	488,790,000	646,020,000	646,020,000	646,020,000	646,020,000	+157,230,000			
Total, Public Law 480	1,169,255,000	922,885,000	922,885,000	922,885,000	922,885,000	−246,370,000			
Sales manager	(3,273,000)	(3,474,000)	(3,474,000)			(−3,273,000)	(−3,474,000)	−3,474,000)	
Total, title IV, new budget (obligational authority, international programs	1,209,205,000	965,925,000	965,985,000	969,925,000	968,550,000	−240,655,000	+2,625,000	+2,565,000	−1,375,000

Footnotes at end of table.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1977	Budget estimates of new (obligational) authority fiscal year 1978	New budget (obligational) authority recommended in House bill 1978	New budget (obligational) authority recommended in Senate bill 1978	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) conference recommendations compared with— 1977 enacted	1978 budget estimate	1978 House bill	1978 Senate bill
TITLE V—RELATED AGENCIES									
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Food and Drug Administration:									
Salaries and expenses	$250,019,000	$275,743,000	$273,019,000	$275,743,000	$276,243,000	+$26,224,000	+$500,000	+$3,224,000	+$500,000
Buildings and facilities	3,125,000	3,515,000	6,665,000	6,665,000	6,665,000	+3,540,000	+3,150,000	----------	----------
Total, Food and Drug Administration	253,144,000	279,258,000	279,684,000	282,408,000	282,908,000	+29,764,000	+3,650,000	+3,224,000	+500,000
INDEPENDENT AGENCIES									
Commodity Futures Trading Commission	13,085,000	13,096,000	13,096,000	14,521,000	13,196,000	+111,000	+100,000	+100,000	−1,325,000
Farm Credit Administration: Limitation on administrative expenses	(8,776,000)	----------	(8,776,000)	(9,509,000)	(9,509,000)	(+733,000)	(+9,509,000)	(+733,000)	----------
Total, title V, new budget (obligational) authority related agencies	266,229,000	292,354,000	292,780,000	296,929,000	296,104,000	+29,875,000	+3,750,000	+3,324,000	825,000
RECAPITULATION									
Title I—Agricultural programs	2,442,530,000	2,753,195,000	2,020,428,000	2,158,966,000	2,066,289,000	−376,241,000	−686,906,000	+45,861,000	−92,677,000
Title II—Rural development programs	1,661,226,000	1,624,790,000	1,737,429,000	1,790,540,000	1,774,740,000	+113,514,000	+149,950,000	+37,311,000	−15,800,000
Fiscal year 1977 supplemental	----------	50,000,000	----------	50,000,000	50,000,000	+50,000,000	----------	+50,000,000	----------
Title III—Domestic food programs	7,760,541,000	7,280,753,000	7,642,208,000	7,353,154,000	7,643,695,000	−116,846,000	+362,942,000	+1,487,000	+290,541,000
Title IV—International programs	1,209,205,000	965,925,000	965,985,000	969,925,000	968,550,000	−240,655,000	+2,625,000	+2,565,000	−1,375,000
Title V—Related agencies	266,229,000	292,354,000	292,780,000	296,929,000	296,104,000	+29,875,000	+3,750,000	+3,324,000	−825,000
Total New budget (obligational) authority	13,339,731,000	12,917,017,000	12,658,830,000	12,569,514,000	12,749,378,000	−590,353,000	−167,639,000	+90,548,000	+179,864,000
Fiscal year 1977 supplemental	----------	50,000,000	----------	50,000,000	50,000,000	+50,000,000	----------	+50,000,000	----------
Transfer from sec. 32	1,039,000,000	1,319,000,000	1,014,557,000	1,319,000,000	1,014,557,000	−24,443,000	−304,443,000	----------	−304,443,000
Total obligational authority	14,378,731,000	14,236,017,000	13,673,387,000	13,888,514,000	13,763,935,000	−614,796,000	−472,082,000	+90,548,000	−124,579,000
Consisting of:									
1. Appropriations	13,048,731,000	12,727,017,000	12,468,830,000	12,379,514,000	12,559,378,000	−489,353,000	−167,639,000	+90,548,000	+179,864,000
2. Reappropriations	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	+1,000,000	----------	----------	----------
3. Contract authorizations	290,000,000	190,000,000	190,000,000	190,000,000	190,000,000	−100,000,000	----------	----------	----------
Fiscal year 1977 supplemental	----------	50,000,000	----------	50,000,000	50,000,000	+50,000,000	----------	+50,000,000	----------
4. Direct and insured loan level	6,433,000,000	6,181,000,000	6,796,000,000	7,316,000,000	7,066,000,000	+633,000,000	+885,000,000	+270,000,000	−250,000,000
5. Guaranteed loan level	850,000,000	1,050,000,000	2,000,000,000	1,900,000,000	1,900,000,000	+1,050,000,000	+850,000,000	−100,000,000	----------
Memoranda:									
1. Appropriations to liquidate contract authorizations	205,000,000	190,000,000	190,000,000	305,000,000	190,000,000	−15,000,000	----------	----------	−115,000,000
Fiscal year 1977 supplemental	----------	125,000,000	----------	125,000,000	75,000,000	+75,000,000	−50,000,000	+75,000,000	−50,000,000
2. Appropriations, including appropriations to liquidate contract authority	13,253,731,000	12,917,017,000	12,658,830,000	12,684,514,000	12,749,378,000	−504,353,000	−167,639,000	+90,548,000	+64,864,000
3. Transfers from sec. 32	1,039,000,000	1,319,000,000	1,014,557,000	1,319,000,000	1,014,557,000	−24,443,000	−304,443,000	----------	−304,443,000
4. Transfers from Commodity Credit Corporation	74,958,000	76,415,000	76,415,000	76,415,000	76,415,000	+1,457,000	----------	----------	----------

[1] The budget requested and the Senate bill proposed new budget authority in lieu of the transfer.
[2] The Federal Grain Inspection Service was established Nov. 20, 1976, pursuant to Public Law 94-582. In addition to the fiscal 1977 amount shown $8,874,000 was made available by transfer from the Agricultural Marketing Service.
[3] This account is a revolving fund capitalized by an initial appropriation in fiscal 1977.
[4] The recommendations are based upon the organizational structure existant during committee deliberations.
[5] As a result of heavy crop losses, in fiscal 1977 there was a total of $90,000,000 in new authority to enable the Secretary of the Treasury to subscribe and pay for capital stock of the Federal Crop Insurance Corporation.
[6] The budget request and bill provide no limitation for emergency loans. Funds are available in amounts necessary to meet the needs resulting from natural disasters.
[7] The House bill provided for the activities previously carried out by the Rural Development Service to be conducted henceforth by the Farmers Home Administration.
[8] These amounts are excluded by law (Public Law 93-32) from the budget totals.
[9] Includes $12,000,000 for sec. 216 emergency repair work.
[10] The budget request included $64,951,000 for this new account. The dollars requested are allocated in this column of the table to the appropriate food programs.
[11] The budget requested deletion of the limitation.

Mr. ANDREWS of North Dakota. Mr. Speaker, I yield myself such time as I may consume.

We agree that the total is as the chairman has pointed out closer to the House bill, and that this is a good conference report.

Essentially, the other body yielded to the good language of the House; and the total figure is well below the budget.

Mr. Speaker, I urge the adoption of the conference report.

Mr. VOLKMER. Mr. Speaker, today I am voting for the conference report on H.R. 7558, the agriculture appropriations bill for 1978, because it contains appropriations for necessary agricultural programs.

I note on page 24 of the conference report that the conferees have deleted the House language proposing a ban on the use of any funds by the Food and Drug Administration to ban saccharin, which language was incorporated by an amendment offered by myself and amended by the gentleman from Mississippi, the chairman of the Agriculture Appropriations Subcommittee.

I have been assured by the gentleman from Mississippi, Mr. JAMIE WHITTEN, that the conferees have obtained commitments from the appropriate House and Senate legislative committees that legislative bills to delay the FDA from banning saccharin for 18 months will be brought promptly before the House and Senate in order that Congress may appropriately decide the issue prior to October 1, 1977.

I have also received assurances from the gentleman from Mississippi that the conferees have been assured by the FDA Commissioner that the FDA will not issue a ban on saccharin prior to October 1, 1977.

It is with these commitments and assurances that I vote favorably on this bill, even though it does not contain my amendment on the saccharin issue.

Mr. BEDELL. Mr. Speaker, I am pleased to note that included the House/Senate conference report on the fiscal year 1978 agriculture appropriations bill, H.R. 7558, before us today, is $1 million for a program to bring about the eventual control and elimination of pseudorabies.

Though few of our people have ever heard of pseudorabies, this is a spreading disease which is fatal in affected young swine and can mean economic devastation for the individual pork pro-

ducer who finds his herd has been afflicted.

If allowed to continue, uncontested by research and appropirate efforts to control and ultimately eradicate this livestock killer, statistical evidence indicates that the problem will only grow more widespread.

The House version of the agriculture appropriations bill, which was approved on June 20, contained $300,000 for pseudorabies research activities. The Senate version also contained this research funding, as well as an additional $1.55 million to the Animal Plant Health Inspection Service—APHIS—for proposed control program activities.

Unfortunately, we in the House had no opportunity for a proper and thorough consideration of this funding for APHIS due to the unavoidable fact that the program proposals were announced after the House Appropriations Committee had already completed its work on H.R. 7558.

However, I am very glad that after close examination by the Senate, and with the concurrence of the House/Senate conference committee, the $1 million has been included in the fiscal year 1978 USDA budget.

I now ask my colleagues to give their final approval to this $1 million funding by accepting the provision within this conference report.

Further, I hope that a responsive, constructive, and equitable program can be activated by the administration, in conjunction with Congress, producers, and other interested parties, so that we will eventually wipe out the problem of pseudorabies.

Mr. Speaker, I would like to praise the beginnings of a renewed commitment to rural America found in the agricultural appropriations bill for fiscal year 1978, as we consider the conference report on H.R. 7558 today.

Under the authority of the Rural Development Act, H.R. 7558, provides a significant increase over the amount appropriated in the current fiscal year to fulfill the USDA's primary role under this statute. The figures in the agricultural appropriations bill clearly signify that for the first time substantial implementation of Rural Development Act programs has been given serious consideration by the Congress.

When the Rural Development Act was enacted in 1972, the promise sent out from this Federal Government to what is now almost one-third of our people was that our national resources would be divided equitably in the course of raising the quality of life for all Americans, in rural as well as urban areas.

However, this is 1977 and for sometime I have shared with my constituents, and with many of my colleagues in the Congress, the concern that an increasingly disproportionate share of Federal dollars has been diverted to the larger, metropolitan areas at the expense of rural communities.

I do not believe that the Federal Government can justify this past lack of balance in the distribution of resources and attention. As more and more rural communities have been caught up in the same fiscal crises of inflation, unemployment and scarcity of public financing capital as exist in urban centers, they have been relegated to the bottom of many a spending priority list because rural problems have been less visible and easier to ignore, though certainly not less painful.

The goal behind passage of the 1972 Rural Development Act was to actively commit Government spending to a wide range of research and development programs using loans and grants, here through the USDA. However, until this year, many of the rural community programs under the six titles of the act had never been funded and the implementation of most of the rest had been crippled by only half-hearted levels of appropriations, recommended by past Congresses and administrations.

Unfortunately, there are many other tangible examples of neglect of rural America throughout the Federal Government.

For one telling, very basic example of this trend, I can cite figures for the first quarter of 1977 which showed that unemployment for metropolitan dwellers reached 8.3 percent. Simultaneously, 8 percent of the rural population also went jobless. These figures demonstrate an unemployment problem of almost equal magnitude for both urban and rural areas at the beginning of 1977. However, on January 19, 1977, a rural development status report from the President of the United States revealed that in fiscal year 1975—the latest year available—88 percent of Federal spending for manpower training and employment opportunities went to metropolitan counties; only the remaining 12 percent of this aid was made available to rural areas.

That same Presidential report clearly broadcasts other past inequities in Federal spending. To mention just a few, as of fiscal year 1975, metropolitan areas received : 81 percent of all Federal housing dollars; 86 percent of emergency medical service system research; 100 percent of community service program funding on drug abuse; 88 percent of nursing home facility assistance; and 81 percent of Environmental Protection Agency construction grants for wastewater treatment works and 92 percent of EPA pollution control grants.

This unbalanced treatment, which for so long has biased the Federal budget against rural America, should not be allowed to continue. Over 27 percent of our people live in areas defined as nonmetropolitan. These people contribute to the economic well-being and healthy social fabric of this country. They have an undeniable right to demand a fair return from their National Government, whether by means of a thoughtful consideration of rural problems or through concrete responses using fully implemented grant and loan programs.

I ask that my colleagues support the rural development funding increases within the agricultural appropriation conference report, but only as a first step toward giving substance to the promise of the 1972 Rural Development Act and other programs, with their promises of a truly realistic and fair response to the needs of rural America.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 377, nays 33, not voting 23, as follows:

[Roll No. 460]

YEAS—377

Abdnor	Daniel, Dan	Hefner
Addabbo	Daniel, R. W.	Heftel
Akaka	Danielson	Hightower
Alexander	Davis	Hillis
Allen	de la Garza	Holland
Ambro	Delaney	Hollenbeck
Ammerman	Dellums	Holt
Anderson, Ill.	Derrick	Holtzman
Andrews, N.C.	Derwinski	Horton
Andrews, N. Dak.	Devine	Howard
	Dickinson	Hubbard
Annunzio	Dicks	Huckaby
Applegate	Dingell	Hughes
Ashley	Downey	Hyde
Aspin	Drinan	Ichord
AuCoin	Duncan, Oreg.	Ireland
Bafalis	Duncan, Tenn.	Jeffords
Baldus	Early	Jenkins
Barnard	Eckhardt	Jenrette
Baucus	Edgar	Johnson, Calif.
Bauman	Edwards, Ala.	Johnson, Colo.
Beard, R.I.	Edwards, Calif.	Jones, N.C.
Beard, Tenn.	Eilberg	Jones, Okla.
Bedell	Emery	Jones, Tenn.
Beilenson	English	Jordan
Benjamin	Erlenborn	Kasten
Bennett	Ertel	Kastenmeier
Bevill	Evans, Colo.	Kazen
Biaggi	Evans, Del.	Kemp
Bingham	Evans, Ga.	Ketchum
Blanchard	Evans, Ind.	Keys
Blouin	Fary	Kildee
Boggs	Fascell	Kindness
Boland	Fenwick	Kostmayer
Bolling	Findley	Krebs
Bonior	Fish	Krueger
Bonker	Fisher	LaFalce
Bowen	Fithian	Lagomarsino
Breaux	Flood	Latta
Breckinridge	Florio	Le Fante
Brinkley	Flowers	Leach
Brodhead	Flynt	Lederer
Brooks	Foley	Leggett
Broomfield	Ford, Mich.	Lehman
Brown, Mich.	Ford, Tenn.	Lent
Brown, Ohio	Forsythe	Levitas
Broyhill	Fountain	Lloyd, Calif.
Buchanan	Fowler	Lloyd, Tenn.
Burgener	Fraser	Long, La.
Burke, Calif.	Frenzel	Long, Md.
Burke, Fla.	Frey	Lott
Burleson, Tex.	Fuqua	Lujan
Burlison, Mo.	Gammage	Lundine
Burton, John	Gaydos	McClory
Burton, Phillip	Gephardt	McCloskey
Butler	Giaimo	McDade
Byron	Gibbons	McEwen
Carney	Gilman	McFall
Carr	Ginn	McHugh
Carter	Glickman	McKay
Cavanaugh	Gonzalez	Madigan
Cederberg	Goodling	Mahon
Chappell	Gore	Mann
Chisholm	Grassley	Markey
Clausen, Don H.	Gudger	Marks
	Guyer	Marlenee
Clay	Hagedorn	Marriott
Cochran	Hall	Martin
Cohen	Hamilton	Mathis
Coleman	Hammer-schmidt	Mattox
Collins, Ill.		Mazzoli
Conable	Hanley	Meeds
Conte	Hannaford	Metcalfe
Corcoran	Harkin	Meyner
Corman	Harrington	Michel
Cornell	Harris	Mikva
Cornwell	Harsha	Milford
Cotter	Hawkins	Miller, Calif.
D'Amours	Heckler	Minish

Mitchell, Md.	Reuss	Stark
Mitchell, N.Y.	Rhodes	Steed
Moakley	Richmond	Steers
Moffett	Rinaldo	Steiger
Mollohan	Risenhoover	Stokes
Montgomery	Roberts	Studds
Moore	Robinson	Stump
Moorhead, Calif.	Rodino	Taylor
	Roe	Thompson
Moorhead, Pa.	Rogers	Thone
Moss	Roncalio	Thornton
Murphy, Ill.	Rooney	Traxler
Murphy, N.Y.	Rose	Treen
Murphy, Pa.	Rosenthal	Tsongas
Myers, Gary	Rostenkowski	Tucker
Myers, John	Roybal	Udall
Myers, Michael	Rudd	Ullman
Natcher	Runnels	Vander Jagt
Neal	Ruppe	Vanik
Nedzi	Russo	Vento
Nichols	Ryan	Volkmer
Nolan	Santini	Waggonner
Nowak	Sarasin	Walgren
O'Brien	Satterfield	Walker
Oakar	Sawyer	Walsh
Oberstar	Scheuer	Wampler
Obey	Schroeder	Watkins
Panetta	Schulze	Waxman
Patten	Sebelius	Weaver
Patterson	Seiberling	Weiss
Pattison	Sharp	Whalen
Pease	Shuster	White
Pepper	Sikes	Whitehurst
Perkins	Simon	Whitley
Pettis	Sisk	Whitten
Pickle	Skelton	Wiggins
Poage	Skubitz	Wilson, Bob
Pressler	Slack	Wilson, C. H.
Preyer	Smith, Iowa	Winn
Price	Smith, Nebr.	Wirth
Pritchard	Snyder	Wright
Pursell	Solarz	Wylie
Quie	Spellman	Yates
Quillen	Spence	Yatron
Rahall	St Germain	Young, Alaska
Railsback	Staggers	Young, Mo.
Rangel	Stangeland	Zablocki
Regula	Stanton	Zeferetti

NAYS—33

Anderson, Calif.	Dornan	Pike
	Goldwater	Quayle
Archer	Gradison	Rousselot
Armstrong	Hansen	Stockman
Ashbrook	Jacobs	Stratton
Badham	Kelly	Symms
Caputo	Luken	Van Deerlin
Clawson, Del	McDonald	Wolff
Cleveland	Maguire	Wydler
Collins, Tex.	Miller, Ohio	Young, Fla.
Crane	Mottl	
Cunningham	Ottinger	

NOT VOTING—23

Badillo	Dodd	Murtha
Brademas	Edwards, Okla.	Nix
Brown, Calif.	Flippo	Shipley
Burke, Mass.	Koch	Teague
Conyers	McCormack	Trible
Coughlin	McKinney	Wilson, Tex.
Dent	Mikulski	Young, Tex.
Diggs	Mineta	

The Clerk announced the following pairs:

Mr. Burke of Massachusetts with Mr. Koch.
Mr. Teague with Mr. Flippo.
Mr. Shipley with Mr. Edwards of Oklahoma.
Mr. Nix with Mr. Trible.

Mr. Murtha with Mr. Charles Wilson of Texas.

Mr. Dodd with Mr. Conyers.
Mr. Dent with Mr. Coughlin.
Mr. Brademas with Mr. Diggs.
Mr. Badillo with Mr. McKinney.
Mr. Mineta with Mr. Brown of California.
Ms. Mikulski with Mr. McCormack.

Mr. QUAYLE and Mr. YOUNG of Florida changed their vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, line 6, after "$2,440,000" insert: "; in addition to appropriations provided herein, the Secretary may transfer up to $2,000,000 for salaries and expenses of personnel on detail to his office".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "; in addition to appropriations provided herein, the Secretary may transfer up to $1,500,000 for salaries and expenses of personnel on detail to his office".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 17: Page 6, line 19, after "*further*," insert: "That $25,434,000 of this appropriation shall remain available until expended for plans, construction, and improvement of facilities without regard to the foregoing limitation: *Provided further*,".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 17 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "That $8,975,000 of this appropriation shall remain available until expended for plans, construction, and improvement of facilities without regard to the foregoing limitation: *Provided further*,".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 71: Page 32, line 1, strike out "$11,788,000" and insert: "$10,647,000".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 71 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert the following: $11,847,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 75: Page 34, line 18, after "$190,000,000," insert: "of which $75,000,000 shall be available immediately upon enactment,".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 75 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "of which $25,000,000 shall be available immediately upon enactment,".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 78: Page 37, line 18, after "channels" insert: "*Provided further*, That for an additional amount to carry out the Agricultural Conservation Program, $50,000,000, to be immediately available upon enactment, to incur obligations for the period ending September 30, 1977, and to liquidate such obligations for soil and water conserving practices in major drought or flood damaged areas as designated by the President or the Secretary of Agriculture: *Provided further*, That, not to exceed 5 per centum of the amount herein may be withheld with the approval of the State committee and allotted to the Soil Conservation Service for services of its technicians in the designated drought or flood damaged areas".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 78 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 91: Page 43, line 14, insert:

FOOD PROGRAM ADMINISTRATION

For necessary administrative expenses of the Domestic Food Programs funded under this Act, $65,853,000 to remain available until expended: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 shall be available for employment under 5 U.S.C. 3109.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 91 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

FOOD PROGRAM ADMINISTRATION

For necessary administrative expenses of the Domestic Food Programs funded under this Act, $64,951,000 to remain available until expended: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 shall be available for employment under 5 U.S.C. 3109.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 93: Page 45, line 13, strike out "$273,019,000" and insert "$275,743,000."

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 93 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert the following: "$276,243,000."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 98: Page 48, line 16, strike out all after "609." down to and including "13,955." in line 22 and insert: "The Secretary of Agriculture is authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided for "Domestic Food Programs" in this Act: *Provided*, That such transferred balances shall be available only for the same purposes, and for the same periods of time, for which they were originally appropriated.".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 98 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following:

(A) None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on permanent positions below the level set herein for the following agencies: Farmers Home Administration, 7,440; Agricultural Stabilization and Conservation Service, 2,473; and Soil Conservation Service, 13,955.

(B) The Secretary of Agriculture is authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided for "Domestic Food Programs" in this Act: *Provided*, That such transferred balances shall be available only for the same purposes, and for the same periods of time, for which they were originally appropriated.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 99: Page 49, line 16, strike out all after "613." down to and including "services." in line 22 and insert: "No part of the funds provided in this Act may be used to administer any program which certifies, or otherwise states in writing, or performs any analysis to determine, (1) the subclass of Hard Red Winter wheat on the basis of color or on the basis of the dark, hard, and vitreous kernel content, or (2) the percentage of dark, hard, and vitreous kernels in Hard Red Winter wheat, except if such certification or analysis is pursuant to the requirements of any written contract for the sale of Hard Red Winter wheat entered into and signed prior to the date of enactment of this Act.".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from it disagreement to the amendment of the Senate numbered 99 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following:

Notwithstanding any other provision of law, employees of the agencies of the Department of Agriculture, including employees of the Agricultural Stabilization and Conservation County Committees, may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include tables, charts, and other extraneous material on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi.

There was no objection.

PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT THIS AFTERNOON DURING 5-MINUTE RULE

Mr. MEEDS. Mr. Speaker, I renew my unanimous-consent request that the Committee on Interior and Insular Affairs may be permitted to sit this afternoon during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

DIPLOMATIC RELATIONS ACT

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7819) to complement the Vienna Convention on Diplomatic Relations, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. BUCHANAN. Mr. Speaker, reserving the right to object, I do so for the purpose of asking the distinguished chairman of the subcommittee to explain the bill.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Speaker, I rise in support of H.R. 7819, the Diplomatic Relations Act. This bill, which is long overdue, will right a grievous wrong which has existed in this country for 187 years. Since 1790, the entire diplomatic community in this country—from ambassadors to chauffeurs—have enjoyed absolute immunity from U.S. law. This legislation will remove that immunity from two-thirds of the community, which numbers about 19,000 in Washington alone.

Mr. Speaker, I would like briefly to outline the provisions of this bill. First and foremost, this legislation repeals the 1790 statute which effectively created absolute immunity for embassy officials. The effect of this repeal will be to leave the 1961 Vienna Convention on Diplomatic Relations as the sole basis for diplomatic privileges and immunities in the United States. The bill stipulates that this Convention shall apply to all nations whether or not they have ratified it, thereby expressing the intent of the Committee on International Relations that the provisions of the Convention be applied uniformly to the diplomatic community. Since the Convention has been the law of the land since 1972, we are merely bringing our domestic statutes into conformity with the customary practice of nations. There are currently 123 nations signatory to this Convention out of a possible 147.

This bill will cover all embassy, mission, and OAS personnel in Washington and all U.N. personnel in New York, as well as their families. It will not cover foreign consuls or personnel and families of multilateral lending banks because they are already covered by separate agreements which extend only limited official acts immunity to them—much less than that provided by the Vienna Convention. By "mission" personnel, I am referring to liaison missions like those from the People's Republic of China and the European Economic Community. Since they perform the essential functions of formal diplomatic missions, they receive the same kind of treatment.

This legislation will also establish a mandatory liability insurance requirement for all embassy personnel and their families who plan to operate motor vehicles, vessels, or aircraft while in the United States. This will provide recourse to insurance companies for Americans injured in traffic accidents with diplomats. Had this legislation been in effect in 1973, Dr. Halla Brown could have sued the Panamanian cultural attaché who crippled her for life.

Another provision of this bill grants the President discretion to grant, on a reciprocal basis, more favorable or less favorable treatment than the convention specifies. This provision insures protection from harassment under local laws of our Embassy personnel overseas.

The committee has also provided a specific mechanism for dismissal by a judicial tribunal of actions where immunity is found to exist. This requires that the country itself take action to claim diplomatic immunity on behalf of its nationals and that the State Department have only the limited function of verifying the status of these individuals. The committee feels strongly that the burden is on the diplomatic community to seek dismissal of an action. The State Department is not to stand as a representative for the diplomatic community.

Mr. Speaker, the State and Justice Departments and the committee have

worked long and hard on this legislation and we feel that we have a bill that will solve about 95 percent of the problems caused by existing law. This legislation reflects the intent of both the committee and the Vienna Convention on Diplomatic Relations that the diplomatic community obey the laws and regulations of the United States and of the local jurisdictions in which they live and work. The need to provide certain privileges and immunities to insure the effective functioning of a foreign mission should not obscure the duties of guests of the United States not to abuse the hospitality of its citizenry. The committee is confident that enactment of this bill and its vigorous enforcement by the State Department will clear up the confusion caused by the 1790 statute and pave the way toward more equitable enforcement of the law.

I urge my colleagues to pass this long overdue legislation.

Mr. BUCHANAN. Mr. Speaker, further reserving the right to object, I would say to the distinguished subcommittee chairman that, as he has explained, this certainly is a meritorius piece of legislation. We are repealing an outmoded 1790 statute. We are reducing the number of people in a classification which has been far too broad, who now have diplomatic immunity. We are requiring insurance of those who will continue to have diplomatic immunity, and we are bringing our law into conformity with the Vienna Convention and recognizing international statutes narrower than our own. I commend the distinguished chairman for his leadership on this bill.

Mr. BROOMFIELD. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Speaker, I want to take this opportunity to express my support for H.R. 7819, the proposed Diplomatic Relations Act.

Passage of this bill will end the current state of confusion in the area of diplomatic immunity attributable to the simultaneous existence of two differing standards, the original 1790 Federal statutes and the Vienna Convention on Diplomatic Relations of 1961. H.R. 7819 will repeal the 1790 statutes and enact the Vienna Convention as the sole statement of U.S. law on diplomatic privileges and immunities applicable to foreign representatives in the United States, whether their sending state is a signatory of the Vienna Convention or not.

In general, the 18th century statutes have provided more extensive diplomatic immunity than is available under the Vienna Convention which the United States ratified in 1972. With the enactment of H.R. 7819, most classes of the staff of foreign missions and their families here will enjoy more limited immunity from U.S. judicial and administrative proceedings than has been the case under the 1790 law.

This fact, coupled with the provision in H.R. 7819 to require diplomatic personnel and their families who operate motor vehicles, vessels, or aircraft to carry liability insurance will increase the circumstances in which recourse will be available to innocent U.S. citizens injured by such persons in automobile accidents. Similarly, under H.R. 7819, the number of foreign mission personnel who could ignore all parking tickets with virtual impunity would be reduced. Regrettably, in my opinion, far too many auto license plates are issued to diplomatic personnel in Washington, which complicates the problem. I hope the Department of State will review this matter in the very near future.

H.R. 7819 also permits the President to provide for more favorable or less favorable privileges and immunities for the diplomatic personnel of a foreign mission than are available under the Vienna Convention. This provision would allow the President the discretion to implement reciprocal measures with respect to the representatives of any sending State which might be needed to protect U.S. diplomats in that particular sending State from harassment.

The ends at which H.R. 7819 is directed are worthy ones. The more modern and rational treatment of diplomatic privileges and immunities which this bill represents will be a definite improvement over the existing state of affairs. In light of these considerations, I urge the House to pass H.R. 7819.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Speaker, let me just ask the distinguished chairman of the subcommittee what effect, if any, this bill will have upon the treatment of American diplomats in foreign countries.

Mr. FASCELL. Mr. Speaker, this really should help because other countries have also subscribed to the Vienna Convention. But just in case somebody decides to get a little nasty with their own people, we have provided in this bill that the President shall have the authority to reciprocate and deal either harshly or to a lesser degree with a violator, just depending on the violation. This is in line with article 47 in the Vienna Convention, which is subscribed to by 122 other countries.

Mr. KAZEN. This will not disturb our relations with other countries as far as our diplomatic relations with them and as far as their treatment of our people abroad are concerned?

Mr. FASCELL. Absolutely not. Other countries do this already. We have just been a long time getting around to it.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, do I understand the gentleman's statement to mean that the bill's provisions as they affect diplomatic immunity will apply to all 50 States and the District of Columbia?

Mr. FASCELL. Mr. Speaker, if the gentleman from Alabama will yield further, the answer to the gentleman's question is: Yes, it applies across the board wherever we have people who are covered under the Convention. It does not apply to consuls because they are treated in a different fashion.

Mr. BAUMAN. Mr. Speaker, I have one further question. As far as diplomats are concerned, if they refuse to obtain the mandatory insurance or they simply do not get it—which quite often happens—what recourse then does a person who is injured in an accident have?

Mr. FASCELL. Mr. Speaker, we mandate the Secretary to set up regulations which they must meet in getting liability insurance. This does not affect the rights of the States to do what they want with respect to their own insurance programs.

Mr. BAUMAN. My question, however, is: What happens to the diplomat who refuses to participate or who just does not get the insurance and one of my constituents or one of the gentleman's constituents is involved in an accident. What recourse does the injured person have?

Mr. FASCELL. The State Department could use the mechanism of persona non grata to have the diplomat sent back to his country or, in the case of a diplomat acting in his official capacity, the individual can sue the country.

Mr. BAUMAN. And a foreign country could be sued?

Mr. FASCELL. I am sorry. Will the gentleman repeat his question?

Mr. BAUMAN. And in such a circumstance a foreign country could be sued?

Mr. FASCELL. Yes; it could, under the Foreign Sovereign Immunities Act of 1976.

Mr. BAUMAN. Mr. Speaker, I doubt that would be a satisfactory remedy and that seems to be a major loophole in the bill.

Mr. BUCHANAN. Mr. Speaker, I associate myself with the remarks of the distinguished chairman of our subcommittee, Mr. FASCELL.

In my judgment, this legislation is particularly carefully and well drawn. It represents many hours of hard work by members of the subcommittee and other members of our full commitee, subcommittee staff and Department of Justice and Department of State attorneys.

It is long overdue legislation and it is greatly needed.

Therefore, I would say to my colleagues, I can think of no reason why this legislation should be opposed.

The passage of H.R. 7819, the Diplomatic Relations Act, will remedy the overwhelming majority of the problems which Americans have encountered in their relations with members of the diplomatic community.

While the numbers of those adversely affected by claims of diplomatic immunity have been relatively small, they do serve to emphasize the need for the United States to bring its laws into conformity with the Vienna Convention and with generally accepted international practices.

As the gentleman from Florida (Mr. FASCELL) mentioned a few moments ago, this legislation has several basic functions. First, it would repeal the outdated 1790 statutes which provide far greater diplomatic immunity than is necessary or generally accepted and

which bars suits by Americans against diplomats.

Second, it requires members of diplomatic missions and their families who operate motor vehicles, vessels or airplanes while in the United States to obtain liability insurance.

Third, it permits the President to extend more or less favorable treatment, on a reciprocal basis, to other nations.

The bill also permits the adjudication of civil actions and proceedings against members of a mission or their families in the district courts of the United States, thereby amending current law which provides that the Supreme Court is the sole forum for such actions.

In my judgment, Mr. Speaker, this legislation will go a long way toward eliminating the blanket immunity which many diplomats now enjoy and which some have abused.

For example, the private servants of diplomats now enjoy full civil and criminal immunity. Under H.R. 7819, they will have no immunity.

Administration and technical staff who now enjoy full civil and criminal immunity would have full immunity from criminal jurisdictional actions, but would have immunity from civil actions only for their official acts.

Had this legislation been in effect in 1973 when Dr. Halle Brown was paralyzed after her car was struck by the Panamanian cultural attaché, she and her family would have been able to file an insurance claim against the attaché. As it is, he had no insurance, left the country and left Halle Brown with hundreds of thousands of dollars of hospital expenses—expenses which continue to run some $60,000 a year.

This legislation is long overdue, Mr. Speaker, and I commend the chairman of our subcommittee for his rapid and decisive action to remedy a long-standing inequity.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the bill, as follows:

H.R. 7819

A bill to complement the Vienna Convention on Diplomatic Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Diplomatic Relations Act".

DEFINITIONS

SEC. 2. As used in this Act—

(1) the term "members of a mission" means—

(A) the head of a mission and members of the diplomatic staff of a mission,

(B) members of the administrative and technical staff of a mission, and

(C) members of the service staff of a mission,

as such terms are defined in Article 1 of the Vienna Convention;

(2) the term "family" means—

(A) the members of the family of a member of a mission described in paragraph (1) (A) who form part of his or her household if they are not nationals of the United States, and

(B) the members of the family of a member of a mission described in paragraph (1) (B) who form part of his or her household if they are not nationals or permanent residents of the United States,

within the meaning of Article 37 of the Vienna Convention;

(3) the term "mission" includes missions within the meaning of the Vienna Convention and any missions representing foreign governments, individually or collectively, which are extended the same privileges and immunities, pursuant to law, as are enjoyed by missions under the Vienna Convention; and

(4) the term "Vienna Convention" means the Vienna Convention on Diplomatic Relations of April 18, 1961 (T.I.A.S. numbered 7502; 23 U.S.T. 3227), entered into force with respect to the United States on December 13, 1972.

ESTABLISHMENT OF THE VIENNA CONVENTION AS THE UNITED STATES LAW ON DIPLOMATIC PRIVILEGES AND IMMUNITIES

SEC. 3. (a) (1) Sections 4063 through 4066 of the Revised Statutes of the United States (22 U.S.C. 252–254) are repealed.

(2) The section analysis of title XLVII of the Revised Statutes of the United States is amended by striking out the items relating to sections 4063 through 4066.

(b) Members of the mission of a sending state which has not ratified the Vienna Convention, their families, and the diplomatic couriers of such state, shall enjoy the privileges and immunities specified in the Vienna Convention.

AUTHORITY TO EXTEND MORE FAVORABLE OR LESS FAVORABLE TREATMENT

SEC. 4. The President may, on the basis of reciprocity and under such terms and conditions as he may determine, specify privileges and immunities for members of the mission, their families, and the diplomatic couriers of any sending state which result in more favorable treatment or less favorable treatment than is provided under the Vienna Convention.

DISMISSAL OF ACTIONS AGAINST INDIVIDUALS ENTITLED TO IMMUNITY

SEC. 5. Any action or proceeding brought against an individual who is found by the court (or in the case of an administrative action or proceeding, by the appropriate administrative authority) to be entitled to immunity with respect to such action or proceeding under the Vienna Convention, under section 3(b) or 4 of this Act, or under any other law extending diplomatic privileges and immunities, shall be dismissed upon motion or written application of such individual to the court or administrative authority.

REQUIREMENT FOR LIABILITY INSURANCE

SEC. 6. (a) Each mission, members of the mission and their families, and individuals described in section 19 of the Convention on Privileges and Immunities of the United Nations of February 13, 1946, shall comply with any requirement imposed by the regulations promulgated by the President pursuant to subsection (b).

(b) The President shall, by regulation, establish liability insurance requirements to be met by each mission, members of the mission and their families, and individuals described in section 19 of the Convention on Privileges and Immunities of the United Nations of February 13, 1946, relating to risks arising from the operation in the United States of any motor vehicle, vessel, or aircraft.

(c) The President shall take such steps as he may deem necessary to insure that each mission, members of the mission and their families, and individuals described in section 19 of the Convention on Privileges and Immunities of the United Nations of February 13, 1946, who operate motor vehicles, vessels, or aircraft in the United States comply with the requirements established pursuant to subsection (b).

CONFORMING AMENDMENTS TO TITLE 28

SEC. 7. (a) (1) Section 1351 of title 28, United States Code, is amended to read as follows:

"§ 1351. Consuls, vice consuls, and members of a diplomatic mission as defendant

"The district courts shall have original jurisdiction, exclusive of the courts of the States, of all civil actions and proceedings against—

"(1) consuls or vice consuls of foreign states; or

"(2) members of a mission or members of their families (as such terms are defined in section 2 of the Diplomatic Relations Act).".

(2) The chapter analysis of chapter 85 of such title 28 is amended by amending the item relating to section 1351 to read as follows:

"1351. Consuls, vice consuls, and members of a diplomatic mission as defendant.".

(b) (1) Section 1251(a) of such title 28 is amended to read as follows:

"(a) The Supreme Court shall have original and exclusive jurisdiction of all controversies between two or more States.".

(2) Section 1251(b)(1) of such title 28 is amended by striking out "brought by" and all that follows through "consuls or" and inserting in lieu thereof "to which ambassadors, other public ministers, consuls, or".

EFFECTIVE DATE

SEC. 8. This Act shall take effect at the end of the ninety-day period beginning on the date of its enactment.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

AGRICULTURAL ACT OF 1977

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 410, nays 4, not voting 19, as follows:

[Roll No. 461]

YEAS—410

Abdnor	de la Garza	Hyde
Addabbo	Delaney	Ichord
Akaka	Dellums	Ireland
Alexander	Derrick	Jacobs
Allen	Derwinski	Jeffords
Ambro	Devine	Jenkins
Ammerman	Dickinson	Jenrette
Anderson, Calif.	Dicks	Johnson, Calif.
	Dingell	Johnson, Colo.
Anderson, Ill.	Dodd	Jones, N.C.
Andrews, N.C.	Dornan	Jones, Okla.
Andrews, N. Dak.	Downey	Jones, Tenn.
	Drinan	Jordan
Annunzio	Duncan, Oreg.	Kasten
Applegate	Duncan, Tenn.	Kastenmeier
Archer	Early	Kazen
Ashbrook	Eckhardt	Kelly
Ashley	Edgar	Kemp
Aspin	Edwards, Ala.	Ketchum
AuCoin	Edwards, Calif.	Keys
Badham	Edwards, Okla.	Kildee
Bafalis	Eilberg	Kindness
Baldus	Emery	Kostmayer
Barnard	English	Krebs
Baucus	Erlenborn	Krueger
Bauman	Ertel	LaFalce
Beard, R.I.	Evans, Colo.	Lagomarsino
Beard, Tenn.	Evans, Del.	Latta
Bedell	Evans, Ga.	Le Fante
Beilenson	Evans, Ind.	Leach
Benjamin	Fary	Lederer
Bennett	Fascell	Lehman
Bevill	Fenwick	Lent
Biaggi	Findley	Levitas
Bingham	Fish	Lloyd, Tenn.
Blanchard	Fisher	Long, La.
Blouin	Fithian	Long, Md.
Boggs	Flood	Lott
Boland	Florio	Lujan
Bolling	Flowers	Luken
Bonior	Flynt	Lundine
Bonker	Foley	McClory
Bowen	Ford, Mich.	McCloskey
Breaux	Ford, Tenn.	McCormack
Breckinridge	Forsythe	McDade
Brinkley	Fountain	McDonald
Brodhead	Fowler	McEwen
Brooks	Fraser	McFall
Broomfield	Frenzel	McHugh
Brown, Mich.	Frey	McKay
Brown, Ohio	Fuqua	Madigan
Broyhill	Gammage	Maguire
Buchanan	Gaydos	Mahon
Burgener	Gephardt	Mann
Burke, Calif.	Giaimo	Markey
Burke, Fla.	Gibbons	Marks
Burleson, Tex.	Gilman	Marlenee
Burlison, Mo.	Ginn	Marriott
Burton, Phillip	Glickman	Martin
Butler	Goldwater	Mathis
Byron	Gonzalez	Mattox
Caputo	Goodling	Mazzoli
Carney	Gore	Meeds
Carr	Gradison	Metcalfe
Carter	Grassley	Meyner
Cederberg	Gudger	Michel
Chappell	Guyer	Mikulski
Chisholm	Hagedorn	Mikva
Clausen, Don H.	Hall	Milford
	Hamilton	Miller, Calif.
Clawson, Del	Hammer-schmidt	Miller, Ohio
Clay		Minish
Cleveland	Hanley	Mitchell, N.Y.
Cochran	Hannaford	Moakley
Cohen	Hansen	Moffett
Coleman	Harkin	Mollohan
Collins, Ill.	Harrington	Montgomery
Collins, Tex.	Harris	Moore
Conable	Harsha	Moorhead, Calif.
Conte	Hawkins	
Conyers	Heckler	Moorhead, Pa.
Corcoran	Hefner	Mottl
Corman	Heftel	Murphy, Ill.
Cornell	Hightower	Murphy, N.Y.
Cornwell	Hillis	Murphy, Pa.
Cotter	Holland	Myers, Gary
Coughlin	Hollenbeck	Myers, John
Crane	Holt	Myers, Michael
Cunningham	Holtzman	Natcher
D'Amours	Horton	Neal
Daniel, Dan	Howard	Nedzi
Daniel, R. W.	Hubbard	Nichols
Danielson	Huckaby	Nix
Davis	Hughes	Nolan
Nowak	Roybal	Traxler
O'Brien	Rudd	Treen
Oakar	Runnels	Trible
Oberstar	Russo	Tsongas
Obey	Ryan	Tucker
Ottinger	Santini	Udall
Panetta	Sarasin	Ullman
Patten	Satterfield	Van Deerlin
Patterson	Sawyer	Vander Jagt
Pattison	Scheuer	Vanik
Pease	Schroeder	Vento
Pepper	Schulze	Volkmer
Perkins	Sebelius	Waggonner
Pettis	Seiberling	Walgren
Pickle	Sharp	Walker
Pike	Shuster	Walsh
Poage	Sikes	Wampler
Pressler	Simon	Watkins
Preyer	Sisk	Waxman
Price	Skelton	Weaver
Pritchard	Skubitz	Weiss
Pursell	Slack	Whalen
Quayle	Smith, Iowa	White
Quie	Smith, Nebr.	Whitehurst
Quillen	Snyder	Whitley
Rahall	Solarz	Whitten
Railsback	Spellman	Wiggins
Rangel	Spence	Wilson, C. H.
Regula	St Germain	Wilson, Tex.
Reuss	Staggers	Winn
Rhodes	Stangeland	Wirth
Richmond	Stanton	Wolff
Rinaldo	Stark	Wright
Risenhoover	Steed	Wydler
Roberts	Steers	Wylie
Robinson	Stockman	Yates
Rodino	Stokes	Yatron
Roe	Stratton	Young, Alaska
Rogers	Studds	Young, Fla.
Roncalio	Stump	Young, Mo.
Rooney	Symms	Young, Tex.
Rose	Taylor	Zablocki
Rosenthal	Thompson	Zeferetti
Rostenkowski	Thone	
Rousselot	Thornton	

NAYS—4

Cavanaugh	Mitchell, Md.	Wilson, Bob
Lloyd, Calif.		

NOT VOTING—19

Armstrong	Diggs	Murtha
Badillo	Flippo	Ruppe
Brademas	Koch	Shipley
Brown, Calif.	Leggett	Steiger
Burke, Mass.	McKinney	Teague
Burton, John	Mineta	
Dent	Moss	

Mr. BUCHANAN changed his vote from "present" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7171, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, July 26, 1977, title XII had been considered as having been read. Pending was the amendment offered by the gentleman from Washington (Mr. FOLEY) that contains the text of H.R. 7940, which is being read by sections as an original text, and the Clerk had read through line 17 on page 2.

The Clerk will read.

The Clerk read as follows:

(b) "Authorization card" means the document issued by the State agency to an eligible household which shows the allotment the household is entitled to be issued.

(c) "Certification period" means the period for which households shall be eligible to receive authorization cards. In the case of a household all of whose members are included in a federally aided public assistance or general assistance grant, the period shall coincide with the period of such grant. In the case of all other households the period shall be not less than three months: *Provided*, That such period may be up to twelve months for any household consisting entirely of unemployable or elderly or primarily self-employed persons, or as short as circumstances require for those households as to which there is a substantial likelihood of frequent changes in income and/or household status, and for any household on initial certification, as determined by the Secretary.

(d) "Coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

(e) "Coupon issuer" means any office of the State agency or, subject to the prerequisite contained in section 11(d)(14) of this Act or any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated functional responsibility in connection with, the issuance of coupons to households.

(f) "Drug addiction or alcoholic treatment and rehabilitation program" means any such program conducted by a private nonprofit organization or institution which is certified by the State agency or agencies designated by the Governor as responsible for the administration of the State's program for alcoholics and drug addicts pursuant to Public Law 91-616 "Comprehensive Alcohol Abuse and Alcohol Prevention, Treatment, and Rehabilitation Act" and Public Law 92-255 "Drug Abuse Office and Treatment Act of 1972" as providing treatment that can lead to the rehabilitation of drug addicts or alcoholics.

(g) "Food" means (1) any food or food product for home consumption except alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption except as authorized pursuant to subsections (3), (4), and (5), (2) seeds and plants for use in gardens to produce food for the personal consumption of the eligible household, (3) in the case of those persons who are sixty years of age or over or who receive supplemental security income benefits under title XVI of the Social Security Act and their spouses, meals prepared by and served in senior citizens' centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishment (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly, (4) in the case of persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriate State agency to perform such services at concessional prices, (5) in the case of narcotics addicts or alocholics served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs, and (6) in the case of certain eligible households living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equipment for purposes of transportation, clothing or shelter and not firearms, ammunition, and other explosives) if the Secretary determines that such households are located in an area of the State where it is extremely difficult to reach stores selling food and which depend to a substantial extent upon hunting and fishing for subsistence.

(h) "Food stamp program" means the pro-

gram operated pursuant to the provisions of this Act, except for the programs authorized under section 19 of this Act.

(i) "Household" means (1) an individual who lives alone or who, while living with others, customarily purchases food and prepares meals for home consumption separate and apart from the others, or else pays compensation to the others for such meals, or (2) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption or else live with others and pay compensation to the others for such meals. In neither event shall any individual or group of individuals constitute a household if they reside in an institution or boarding house. For the purposes of this section, residents of federally subsidized housing for the elderly and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution for the purpose of regular participation in a drug or alcoholic treatment program shall not be considered residents of institutions.

(j) "Reservation" means the geographically defined area or areas over which a tribal organization (as that term is defined in section 3(p) of this Act) exercises governmental jurisdiction.

(k) "Retail foodstore" means (1) an establishment or recognized department thereof or house-to-house trade route, over 50 per centum of whose food sales volume consists of staple food items for home preparation and consumption, such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy products, and the like, but not including accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices, (2) an establishment, organization, or program referred to in subsection (g), (3) a store purveying the hunting and fishing equipment described in subsection (g), and (4) any private nonprofit cooperative food purchasing venture including those in which the members pay for food purchased prior to the receipt of such food.

(l) "Secretary" means the Secreary of Agriculture.

(m) "State" means the fifty States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, and the reservation of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

(n) "State agency" means (1) the agency of State government, including the local offices thereof, which has the responsibility for the administration of the federally aided public assistance programs within such State, and in those States where such assistance programs are operated on a decentralized basis, the term shall include the counterpart local agencies administering such programs, and (2) the tribal organization of an Indian tribe determined by the Secretary to be capable of effectively administering a food distribution program under section 4(b) of this Act or a food stamp program under section 11(d) of this Act.

(o) "Thrifty food plan" means the diet required to feed a family of four persons consisting of a man and a woman twenty through fifty-four, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition except that the Secretary shall (1) make household-size adjustments taking into account economies of scale, (2) make cost adjustments in the thrifty food plan for Alaska and Hawaii to reflect the cost of food in those States, (3) make cost adjustments in the thrifty food plan for Guam, Puerto Rico, and the Virgin Islands to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia, and (4) adjust the cost of such diet every January 1 and July 1 to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the six months ending the preceding September 30 and March 31, respectively.

(p) "Tribal organization" means the recognized governing body of an Indian tribe (including the tribally recognized intertribal organization of such tribes), as the term "Indian tribe" is defined in the Indian Self-Determination Act (25 U.S.C. 450b (b) and (c)), as well as any Indian tribe, band, or community holding a treaty with a State government.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the section be dispensed with and that it be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENTS OFFERED BY MR. WALKER TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. WALKER. Mr. Chairman, I offer two amendments to the amendment, and I ask unanimous consent that those two amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. WALKER to the amendment offered by Mr. FOLEY:

On page 4 of H.R. 7940, line 6, strike out "except" and insert in lieu thereof the following: "which is determined by the Secretary to be of high nutritional value and which is approved and identified for purchase with food stamps under section 9 of this Act, except that such term shall not include".

And on page 29 of H.R. 7940, after line 22, insert the following new subsections:

(e)(1) The Secretary shall determine that a food is of high nutritional value under section 3(g)(1) and under paragraph (3) of this subsection if such food has an Index of Nutritional Quality which is at least 2 for 2 or more of the following nutrients: protein, vitamin A, vitamin C, vitamin B6, Vitamin D, Vitamin E, Vitamin B12, phosphorus, iodine, magnesium, folacin, niacin, thiamine, riboflavin, calcium, and iron, or if such food has an Index of Nutritional Quality of at least 1 for 4 or more of such nutrients; except that the Secretary, after consultation with the National Research Council of the National Academy of Sciences, the Food Nutrition Board of the National Academy of Sciences, and the President of the National Academy of Sciences, may make specific exceptions to this definition of condiments or food products which have a significant value in the enhancement of palatability.

(2) As used in this subsection, the term "Index of Nutritional Quality" for a particular nutrient means the ratio of the nutrient content of the food sample to the human nutrient requirement as defined by the United States Recommended Daily Allowances, divided by the ratio of the calorific content of the sample to the United States Recommended Daily Allowance of calories.

(3) Food manufacturers, processors, and producers desiring to have their products approved for purchase with food stamps shall submit an application therefor at such times, in such form, and with such information as the Secretary may, by rule, require. The Secretary shall periodically review such applications, shall approve for purchase with food stamps those products which the Secretary determines are of high nutritional value, and shall transmit a list of products so approved to the Congress. The first such list shall be transmitted to the Congress within one year after the date of enactment of the Agricultural Act of 1977, and subsequent lists shall be transmitted at such times as the Secretary may, by rule, determine appropriate.

(4) Annually after products are first approved for purchase with food stamps under this subsection, the Secretary shall review the products approved for such purchase and withdraw the approval of any product which the Secretary determines to be no longer of high nutritional value.

(5) The Secretary shall notify food stamp recipients and retail food stores and wholesale food concerns participating in the food stamp program of products which are approved for purchase with food stamps and of the withdrawal of the approval of any product for purchase with food stamps.

(f)(1) Within 90 days after any product is approved under subsection (e) for purchase with food stamps, the manufacturer, processor, or producer of such product shall indicate the approval in a conspicuous place on the outside container or wrapper of the retail package of such product; except that if the Secretary determines that it is not feasible to so indicate the approval of any product (such as fresh meat, vegetable, and fruit), the approval need not be so indicated, and the Secretary shall notify retail food stores and wholesale food concerns participating in the food stamp program of such products and shall publish in the Federal Register a list of such products.

(2) Within 90 days after the approval of any product for purchase with food stamps has been withdrawn—

(A) the Secretary shall publish in the Federal Register a notice of such withdrawal; and

(B) the manufacturer, processor, or producer of such product shall remove any indication of the approval of such product from the outside container or wrapper of the retail package of such product.

(g) The Secretary shall select the manner by which manufacturers, processors, and producers shall indicate the approval of products for purchase with food stamps under subsection (f).

Mr. WALKER (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendments be dispensed with and that they be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, the amendments that I have before the House today are designed to do one thing and one thing only in the food stamp program, and that is to assure that the food stamps are being used to purchase nutritional foods. There are really three things that this amendment would accomplish, and regardless of any other argument that is made about the amendments, the amendments will do these three things.

No. 1. They will assure that every food stamp user will eat only nutritional food.

No. 2. They provide a program for certifying and labeling that nutritional food.

No. 3. They establish a practical nutritional program for all Americans, food stamp recipients and all other Americans as well.

I repeat again that regardless of all other arguments that might be raised with respect to these amendments, these amendments will do those three things, and a vote against these amendments would seem to be a vote against doing those three things.

It seems to me that the need for a nutrition portion of the food stamp program is well established. It has been a traditional part of the food stamp program going back to when the food stamp program was originated in the mid-1960's. It has been oriented toward a nutritional diet. The taxpayers expect a program of this type to provide some nutrition within it. The taxpayers think that is a portion of this program. That is what we are supposed to be doing, saying to the people who use these programs that they should eat a nutritional diet and we will provide the wherewithal for that nutrition. We hear stories from across the Nation of malnourished children and we have knowledge that the food stamp program should assist in that kind of malnourishment.

The food stamp program should insist that the people on that program are doing something more than eating Twinkies and soda pop. If we take the program as it is right now, precisely that kind of junk food could be purchased with these stamps.

The committee in its bill eliminates all kinds of things that were in the food stamp program to move us in the direction of nutrition in the past. It seems to me that the elimination of the purchase requirement took out that last element. The thrifty purchase plan provided nutritional control.

Therefore, we have moved away from nutrition and anything which encourages that nutrition remains an integral part of the program.

I will admit that the formula developed under this program, the formula that certifies nutritional food, is not a perfect formula. I do not think we will ever develop a perfect formula for doing this; but it is an inclusionary formula, as opposed to an exclusionary formula.

What do I mean by that? The formula is designed specifically to include nutritional foods. It excludes only those foods that cannot be certified as nutritional. That is an important element in this whole idea. It includes only nutritional foods. It provides the means of certifying a wide variety of wholesome nutritious foods. How does it do that? It says that in any food you must have two other nutrients in twice the quantity of caloric content, or at least four other nutrients in equal proportions to the caloric content of the food. This would assure you are getting wholesome nutritional food. If we reject this kind of formula, we are rejecting the whole formula which the Government has been moving in recent months and years, because this is particularly the kind of amendment that the FTC has been developing for labeling nutrional foods.

Dr. Helen Guthrie has been one of those working with the FTC in developing nutritional food labeling procedures. If we reject that approach, we are saying that the whole thrust by the FTC toward nutritional food is not a proper one.

Where does the opposition come from on this bill? I think it is interesting to know where the prime opposition, at least that this Member has heard about, comes from. It has been the big business food processors. All of a sudden they are afraid if we begin to label nutritional food, some of their profits will be left out. Some of the foods they produce are going to be left out.

It seems to me what we ought to do is ask ourselves this question.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. WALKER was allowed to proceed for an additional 4 minutes.)

Mr. WALKER. Mr. Chairman, we should ask ourselves this question, whether the food stamp program is meant to produce big business profits or whether its prime objective is to assure nutrition for hungry people. That is what we are dealing with here. The opponents of this amendment seem to me to favor the kind of profits that big business can derive from the junk foods over an adequate nutritional diet. I cannot understand that. It seems to me we have to deal with that particular aspect.

In addition to this, there is going to be a spinoff effect to this program that I think we ought to take into account. The spinoff benefit is that the food stamp labeling on the shelves in the stores is going to be a nutritional education program for all Americans, because when you and I can walk in the stores, walk down the aisles, we may not be using food stamps, but we will know when we see the label that this is a food which the Government has certified as nutritional and that education element is an important element in this whole approach.

It seems to me we have some problems in the food stamp program, problems that the American public has perceived. I went back to my district a few months ago and worked 60 hours over a period of weeks as a bagger in food stores to take a look at what food is purchased with food stamps. What I saw was all kinds of junk food moving across the counter. That is the reason this amendment moves in this direction. The American people know something is wrong with this program.

This amendment represents the kind of reform that I think the American people want to fill the food stamp recipient needs.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. BURGENER. Mr. Chairman, I want to associate myself with the remarks of the gentleman in the well and commend the gentleman for the amendment.

I will wait with great interest and listen most carefully to the opposition. I cannot imagine on what rational basis one could oppose an amendment like this. Such a program on nutritional food will benefit the whole society.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, this amendment fulfills some of the need for nutritional information.

I would like to direct a question to the gentleman in the well. Why did he seek to offer an amendment to the food stamp bill? It seems to me that there are many other appropriate places where one could raise the issue of nutritional education. I wonder why the amendment is directed to the recipients of food stamps? It gives this gentleman the feeling that it is very patronizing in its approach to a group of people who ought to have dignity and the freedom of choice to buy whatever food they want.

Mr. WALKER. I would say to the gentleman that this is not unique. We do not allow it in the school lunch program; we only feed all kinds of students but limit the foods they eat. Therefore, we made such a determination in the past. It seems to me that in malnutrition problems we have been talking about in our Nation, we have an important issue which is particularly important for poverty people.

The object of this amendment is to provide the food stamps to people supposedly in a way that is going to improve nutrition in their diets. This amendment simply spells out this kind of approach, and hopes to make sure that they are purchasing that food. These are the people, for the most part, who are the most ignorant about nutrition of food available to them. I am using that phrasing in the best use of the term. I think I am ignorant of the kinds of foods I should be buying. We do not have an opportunity to get nutritional education to all these people. This amendment provides the way we are going to be able to assure that they are only purchasing the right food.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(On request of Mr. DELLUMS and by unanimous consent Mr. WALKER was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield further?

Mr. WALKER. I yield.

Mr. DELLUMS. I would just like to raise this issue with the gentleman. Back many years ago in England, in the 16th century, they had the days of the Elizabethan poor law. People provided food in kind to people who were poor. The notion was that poor people were too ignorant to purchase the food, shelter, and clothing that they desperately needed.

In this country, as a result of progressive thinking, we have moved away from that Elizabethan poor law to the dictate of the Government that no matter how impoverished they become, they have the right of choice. It would seem to me to be fundamentally contradictory for a

Member on the floor to be arguing the other way.

Mr. WALKER. Let me take my time back. I do not think this a return to that at all. This offers a wide variety of choice. What we are assuring is that big business junk foods are not going to be available. Those people will still have the right to purchase those foods with cash. It gives a wide freedom of choice.

I point out to the gentleman that I just happened to take note of what I was eating at home, without telling my wife. It turns out that all the things I was eating, with no particular attempt to, would fit under my formula. It seems to me that is the kind of freedom of choice that should be available to everybody, and it is in this amendment, I say to the gentleman. It is an inclusionary amendment rather than an exclusionary amendment. I think we are attempting to get at the whole junk food concept.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Georgia.

Mr. MATHIS. I thank the gentleman for yielding to me. I think all of us are aware of the things that can be purchased under the food stamp program are not completely what we would like, but would the gentleman tell us some of the foods that would be banned by his amendment? I have heard of such things as peanut butter and apples.

Mr. WALKER. I think what we have is an inclusionary amendment, because I have a list of foods that are included in the amendment that could be made available. I do not know specifically of peanut butter.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(On request of Mr. MATHIS and by unanimous consent Mr. WALKER was allowed to proceed for 2 additional minutes.)

Mr. WALKER. I will say to the gentleman that I am not aware of all the specific foods myself that would be excluded under this amendment. I know what will be included, and what will be included is a broad range of nutritional diet.

Mr. MATHIS. If the gentleman will yield further, the Department of Agriculture informs several Members of the House that, in fact, apples would be excluded; peanut products would be excluded, and a number of very nutritional foods would be excluded.

Mr. WALKER. If the Agriculture Department was responding to the previous amendment, I would say to them that we have modified the amendment and included eight more nutrients, of which I am told specifically that apples would be included.

Mr. MATHIS. I am delighted to hear that about apples. I wish the gentleman could make the same assurance about peanut butter.

Mr. WALKER. I do not know about peanut butter.

Mr. MATHIS. I would also say that we have in this bill, as a result of the work of the distinguished chairman of the subcommittee, a nutritional education program that is unsurpassed in the history of this program.

Mr. WALKER. I would say that I have hopes of having a nutritional educational program that would impact on these people.

I developed this formula in concert with a number of nutritional experts. Some of them are educators. I was very interested in their telling me that in some of their classes they asked them what they were purchasing in the way of food, after years of graduate education in nutrition, and found that all the education had not markedly changed their buying habit. So that education is not the whole answer. This is a much better answer to the food stamp program. It gives a practical way of educating the American people.

Mr. MATHIS. I will say to the gentleman that if the nutrition experts think that peanut butter is not nutritious, I think they should be further educated.

Mr. WALKER. I will say that the formula may not be perfect, but it is better than we have had.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the effort the gentleman has made on this matter, and I would just like to say to the gentleman from Georgia that after the House works its will on the gentleman's amendment, I intend to offer a much more simplified version which will not present the difficulties that the gentleman from Georgia brings up. So if he stands by, we will have an amendment which he may be interested in.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I hope I have the attention of the Members who do not think there is a single reason to oppose this amendment, because indeed I think it would be most surprising to me, at least, if many Members would want to support this amendment.

What this amendment requires is a balance of nutrients to calories in every single food item that is eligible for food stamps.

The gentleman has said that it was necessary for him to redraft this amendment recently because the original draft, which was analyzed by the Department of Agriculture, resulted in a finding that, out of a recommended number of nutritious foods, namely, 615 foods recommended in the Department of Agriculture Bulletin No. 72, the original amendment would have excluded 341, including peanuts, peanut butter, apples, enriched rice, ice cream, butter, margarine, jams, jellies, and so on.

If anyone contends that nutritionists think that every single item in the diet must have a balanced nutritional amount of calories, I do not think there is an adequate amount of thinking.

The gentleman has boasted of the fact that Dr. Helen Guthrie, a famous nutritionist and 1977–78 president of the Society for Nutrition Education, was the one in concert with whom this amendment was developed. I hope the House Members will be glad to know that Dr. Guthrie opposes the gentleman's amendment.

Mr. WALKER. Mr. Chairman, will the gentleman yield on that point?

Mr. FOLEY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, that is not a correct statement. I have talked to Dr. Guthrie. Dr. Guthrie has simply said that this language was drafted with the idea of nutrition education in mind, that it would not necessarily fit into a program like this.

Mr. FOLEY. I have a letter which is signed by Helen D. Ullrich, who now heads the Society of Nutrition Education.

Mr. WALKER. If the gentleman will yield, Helen D. Ullrich is a somewhat different person than Dr. Helen Guthrie.

Mr. FOLEY. I understand.

In recent publications Dr. Helen Guthrie, 1977–78 President of the Society for Nutrition Education (SNE), and an Expert Panel of five SNE Board Members presented proposals to guide nutrition educators and the Federal Trade Commission (FTC) in defining the term "nutritious foods" as meeting a certain nutrient:calorie ratio. The purpose of this definition was to provide educators, the FTC, and the food advertising industry with guidelines to assure that foods identified as "nutritious" would in fact make a significant nutrient contributions to the daily diet. The definition was developed to apply to single foods only and not the total diet. The types and kinds of foods needed by individuals are dependent on specific nutritional needs. A nutritionally adequate diet that promotes optimal health of individuals should be obtained by including a wide variety of foods.

The Society for Nutrition Education Board of Directors opposes the restriction of foods purchased by food stamp recipients because these restrictions would increase the cost and the administrative burden of the food stamp program, prove an inconvenience to grocery stores and consumers, and result in higher costs to food processers participating in the program while failing to assure that individuals acquire an adequate diet.

The first paragraph of this letter which I did not read says this:

The Society for Nutrition Education would like to bring to your immediate attention our position on Congressman ROBERT S. WALKER's proposed amendment to restrict the food purchased by food stamp recipients.

This is the Society for Nutrition Education of which Dr. Guthrie has just become president.

In addition to that, the complications arising from this amendment are enormous. It would be necessary in every supermarket to have a variety of different categories of food that are going to be checked out. In some States they would have to be distributed into six different piles: taxable food stamp foods; nontaxable food stamp foods; taxable nonfood stamp foods; nontaxable nonfood stamp foods; taxable nonfoods; and nontaxable nonfoods.

If the gentleman from Pennsylvania (Mr. WALKER) thinks that this is going

to contribute to the health of Americans and force food stamp recipients to have a nutritional diet, then, of course, he has to assume that the only foods the food stamp recipient is going to purchase are purchased with food stamps if the amendments are adopted. Indeed, the Committee bill contains no purchase requirement, which means that most families will have to substantially augment their nutrition with nonfood stamp food, and they are, of course, free as is any other American citizen to buy anything they wish. So the amendments in effect would not even reach the vast majority of food stamp families.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(By unanimous consent, Mr. FOLEY was allowed to proceed for 4 additional minutes.)

Mr. FOLEY. Mr. Chairman, the vast majority of food stamp recipients today augment food stamp coupon allotments with their own funds.

It is surprising to me that the gentleman from Pennsylvania (Mr. WALKER), who attacks big business for opposing this amendment, would take this position. Indeed the food industry opposes this, not only because it would add costs to them, but because those costs obviously are going to be passed on to consumers. Every American consumer is going to have to pay more for food because they are going to have to repackage thousands of food items. There are over 10,000 items in stock in the average store, and they are going to have to see whether each one meets these food stamp requirements. They will have to repackage every one in order to decide whether food stamp recipients can purchase them or not. Then there are complications in the food line, and there will be real questions as to whether this or that item is eligible under the Food Stamp Act.

I do not think the gentleman's comments about profits are in point, because I do not happen to feel that the food industry is going to swallow these costs and take them out of their own profits. I think they are going to pass them on to every single grocery buyer. The one who pays for this program is going to be the American citizen who buys food in the stores. The people are going to be paying for a needless, complicated, and ineffective, and, I must say, an enormously "big brother-ish" kind of a system.

We are now saying here that we are going to have to require that food stamp recipients can only purchase foods that the Secretary of Agriculture, in compliance with the National Academy of Sciences determines are nutritious.

I have gotten the impression somewhere along the line that there is a bit of a rebellion in this country and in the Congress against excessive regulation, but here the gentleman from Pennsylvania (Mr. WALKER) wants to regulate everybody and say what is nutritious and what is not nutritious. He wants to force them to be able to purchase only nutritious food, as he defines the term.

I want to say again that the Society for Nutrition Education is opposed to these amendments. They believe that the total diet must reflect a balance of foods, and the work of Dr. Guthrie was designed only to apply to specific kinds of food, fortified nutritious foods. To apply it to the whole diet is not only nutritiously wrong, unnecessarily expensive, and unnecessarily regressive, but misleads people in the field of nutritional education. It is something entirely apart from the standards of nutritional education everywhere, and that standard is a balanced diet of various foods, depending on the individual's own health.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I would simply say that prior to issuing its letter, of course, the Society for Nutrition Education did not talk to me, but after the letter was sent out I did take time to talk to them.

They did admit to me that there was somewhat of a problem with them in thinking that under the present circumstances nonnutritional foods can be bought with food stamps—and I refer only to nonnutritional foods; as I said in my statement, such articles as Twinkies and soda pop—and bought in vast quantities, and that is a bother.

At least, it would be better to assure that people were buying nutritional food. Surely, we cannot guarantee a balanced diet. We cannot guarantee a balanced diet in the present program. There is no way in which we can design a formula that tells people what they should put on their table at night. That would be big brotherism.

Aside from nutritional education, maybe the gentleman has had second thoughts, after discussing this with me, about whether or not it might be meritorious to have a nutritional food diet.

Mr. FOLEY. I think there is a difference, if the gentleman wants to make it, in what someone identifies as junk food and an apple. An apple or a pat of butter does not satisfy all the requirements of nutritious food.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I would like, first of all, to commend the gentleman from Pennsylvania (Mr. WALKER) because he is raising a problem which we talked about in committee.

I supported his position in the beginning. I thought it was tenable. I felt that the people in this country had some feeling that perhaps food stamps were being abused through the kind of food being purchased.

However, the more I thought about it, the more I began to understand the arguments presented by the gentleman from Washington (Mr. FOLEY), masterfully, I might say; but then I began to become confused about what is nutritious and what is not.

I would mention to the gentleman from Pennsylvania (Mr. WALKER) that I do not know whether he is a lawyer or not, but this whole issue reminds me of the issue of pornography. When the Supreme Court was originally studying those issues of pornography—and, in fact, they are still wrestling with the problem—one Justice once commented on pornography. He said, "I cannot define it, but I know it when I see it."

I think basically we are talking about the same issue here. Everybody is concerned about nutritional food. Everybody thinks he knows what it is; but nobody, really, in fact, knows what is nutritional in the makeup of diet or what is not nutritional.

I would suggest that the gentleman from Pennsylvania raises a problem which is serious; but it is a problem affecting our whole national diet.

I have seen studies that show that people in higher-income brackets have a lower nutritional food diet than people in low-income brackets.

We will have a double standard if we say that low-income people only can buy certain designated food items but the people in high-income brackets can buy anything they want to. I think that is unfair, having Government decide what is nutritional or not, and setting up a double standard on food.

I would suggest that there are ways to deal with this food stamp program. We will have amendments dealing with recoupment and other matters which I support. These amendments will go a long way to tighten the program.

However, Mr. Chairman, I commend the gentleman from Pennsylvania (Mr. WALKER), although I think his amendment is misguided.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's yielding.

The problem we have, though, is with respect to the purpose of this particular title introduced by the chairman.

We provide for increased utilization of food and establishing and maintaining higher national levels of nutrition, but we make that part of the purpose of this particular title.

Therefore, I ask my colleague whether he has a better and higher ideal than does the gentleman from Pennsylvania (Mr. WALKER). If he does, I ask him why he does not offer it.

Mr. Chairman, through the amendment of the gentleman from Pennsylvania, he is attempting to do the same thing in this program that is done in the school lunch program.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I wonder whether the gentleman from California (Mr. ROUSSELOT) would think that this would be a good provision to apply to the general public. If we all agree that higher levels of nutrition are desirable, would the gentleman want to have the Walker amendment cover all food items so that no American could buy in interstate commerce any food except that which the Secretary, in compliance with the National Academy of Sciences require-

ments, would decide was sufficiently balanced and of the right caloric content so as to be considered nutritional, and thereby bar every other food item from being sold?

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, if it had Federal support, as this does—we are supporting 17 million people with this wonderful food stamp program, as the gentleman knows—and if it was federally funded, I would say to the gentleman, yes.

I happen to be more confident about the ability of many people to pick nutritional food.

But the gentleman is the one that wrote this, I did not. If it was the purpose of the gentleman to establish a higher standard of nutritional value, then I think the gentleman from Pennsylvania (Mr. WALKER) has a good amendment.

Mr. FOLEY. I will tell the gentleman from California (Mr. ROUSSELOT) that I do believe that giving people an opportunity to buy a balanced diet leads to a more nutritional diet, and that is the purpose of the program. But it surprises me to think that the gentleman from California (Mr. ROUSSELOT) who has so often spoken against Government intrusion into the lives of individuals and restrictions on personal freedom would come forward and support an amendment which, if applied to the general population would be one of the most tyrannical and restrictive impositions on our freedom, on the basic determination of what to eat.

Mr. ROUSSELOT. I assume then the gentleman does not mean what he says in his "purpose" statment.

Mr. GLICKMAN. Mr. Chairman, if I may regain my time, let me say, for the benefit of the Members who do not understand it, let me point out that there were certain attempts to improve the nutritional parts of the bill. In the first place we had some oversight hearings on the administration of the program and we found that there was nothing really in fact being done toward the dissemination of nutritional education at all. It was absolutely appalling that in the food stamp centers throughout the country there was no effort to do this at all. The provisions of the bill help to remedy this problem.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. GLICKMAN was allowed to proceed for 2 additional minutes.)

Mr. GLICKMAN. There was nothing being done to improve nutritional education even in the food stamp centers. It was absolutely disgusting. I agree with the gentleman that there are significant problems with the implementation of this program and improvement of nutrition education and programs, but lets not do it this way. It will create a tremendous bureaucracy. It will permit an agency of the Government to determine what people can and cannot eat. That is antithetical to American democracy. If we are going to do it this way, then let us tell Safeway what they can or cannot sell, or let us tell Raymond over here in the Democratic cloakroom that we cannot eat Hershey bars. I doubt if Hershey bars are nutritious under the standards set forth by the gentlemen from Pennsylvania.

Mr. WALKER. They are included.

Mr. Chairman, I would simply point out, if I understand the argument that is being made here correctly, you are saying that if the approach taken in this amendment is a good one, then all Americans should be covered by it, well, that is being covered now also in the FTC's thrust against nutrition in advertising, because that is specifically where this amendment is going.

Mr. GLICKMAN. The same kind of approach is being used.

Mr. FOLEY. The amendment would not allow a food stamp recipient to make a choice.

The CHAIRMAN. The Chair will state that the gentleman from Kansas (Mr. GLICKMAN) has control of the time.

Mr. FOLEY. Mr. Chairman, if the gentleman will yield further, what I was suggesting is that I do not think the gentleman from Pennsylvania (Mr. WALKER) would bar the purchase of foods by American citizens of anything but the type of foods that he decides are nutritious. That is the comparison I was making. Because that would be considered the grossest intrusion of personal freedom to require Americans only to be buying only what the gentleman approves of as being nutritious foods.

So I say that if it is such a good plan, then why are you not willing to extend it to the whole American public? The answer is because that would be one of the most dictatorial and Government-dominated decisions that could be made.

As a matter of fact, you are not going to force food stamp recipients to use only your foods, because only a portion of their diet comes from food stamp usage.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. KELLY, and by unanimous consent, Mr. GLICKMAN was allowed to proceed for 2 additional minutes.)

Mr. KELLY. Mr. Chairman, if the gentleman from Washington (Mr. FOLEY) is such a champion of human dignity and human freedom, and the right to make choices, then why was there so much vehemence about making the food stamp program just a cash-out program in committee, so that the Americans that receive this public benefit could make a choice and buy anything they wanted to?

But I think the chairman, the gentleman from Washington (Mr. FOLEY) and some of the people that voted with him on this issue, that was made by the gentleman from Georgia in the committee felt that they could not trust the American people to spend their money for nutritional food. It was because of that very belief that you cannot trust the Americans, that they would not support a cash-out program, so we had to insist that they buy food.

If Americans have this dignity why do we not just give them the money.

Mr. FOLEY. I did not particularly dwell on the concept of resistance to Government direction, I was talking about the gentleman from California (Mr. ROUSSELOT) who is constantly, and I think eloquently, stating his resistance to Government regulations.

I am just surprised that in that quarter we should have support for such highly regulatory and highly governmental intervention. I think that there are balances and limits, I will tell the gentleman. I do not believe that if we cash out the program we will achieve a sufficient level of nutrition support, but this amendment goes far beyond any nutritional standard for the whole diet and requires that the only foods that can basically be sold are fortified foods.

Mr. KELLY. I will answer the Chairman by saying that I thought he was championing the fact that Americans could make a free choice.

Mr. HARKIN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

If the gentleman who offered the amendment will give me his attention, I would like to ask a question.

Mr. WALKER. If the gentleman will yield, I will be glad to answer a question.

Mr. HARKIN. I would like to know under the gentleman's amendment would something like Coca-Cola and Pepsi Cola, which have a lot of sugar content and carbohydrates, be disallowed?

Mr. WALKER. Yes. It is my understanding they would be.

Mr. HARKIN. Do they not have some kind of food value?

Mr. WALKER. Certainly. There is no food that does not have some food value to it, but the question is whether or not we have nutritional value. What we have developed here is a formula whereby we determine nutritional value, not just food value. Anything that has calories in it has some food value connected with it. The question is whether or not we are going to be in favor of nutrition.

Mr. HARKIN. How about ice cream?

Mr. WALKER. Ice cream is included in this bill. The new amendment includes some forms of ice cream.

Mr. HARKIN. But the gentleman says all soft drinks would be disallowed?

Mr. WALKER. As far as I know, soft drinks would not be permitted under this amendment; that is right.

Mr. HARKIN. What about a poor person who may happen to be a diabetic? He may want to have some soft drinks that do not contain any sugar like Tab or something else, and he does not have any other choices available to him. The gentleman would restrict those people also?

Mr. WALKER. I will say to the gentleman that there are fruit juices and milk and a lot of other things for people to drink which are included in the amendment, and there would be no problem with that, as far as I can see.

Mr. HARKIN. I think it would be very restrictive, especially if a person were a diabetic and had to live on food stamps.

Mr. WALKER. My brother is a diabetic so I understand the problem.

Mr. HARKIN. It would be very restrictive to those people, and this is another reason to oppose this amendment.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would simply like to

make three points. I would say to the gentleman, the maker of the amendment, first of all, I agree with him that there desperately needs to be a revolution in the food industry. We have been purchasing for a long time many, many food items that have little or no nutritional value, and I invite my distinguished Republican colleague to join me in that revolution. It has extraordinary ramifications.

No. 2, I would agree with my colleague that there is a desperate need for nutritional education in this country. We in America, as has been documented, tend to eat for taste and not for nutrition.

Perhaps I should have objected to the unanimous consent request to have the amendments offered en bloc so that we could discuss the question of nutritional standards on the one hand and discuss the other issue as it relates to recipients of food stamps, which is my third point.

I would simply say to my colleague that we desperately must embrace a principle in this country, until that revolution in the food industry is here, until people in this country are educated with respect to nutrition, that any human being in America, irrespective of his or her income, irrespective of economic, education, or social attainment in this country, be accorded dignity. In this country within the framework of the democratic process we say to people, you have freedom of choice. It would seem to me that a poor person has a right to this Government just as any other person. We do not have a right to say to that person. You cannot have the same freedom of choice as your fellow citizen.

We must accord the poor people in this country the dignity of being human beings. If they choose to buy Coca-Colas, so be it, that is their right. No one challenges the right of the gentleman to have a choice and he is at the public trough. He makes $57,500 a year and it is public money and no one says to him that he cannot spend this money to buy Twinkies and Coca-Colas.

I think it is ludicrous and ridiculous to say to the poor people in this country that they cannot purchase what they choose to purchase. I have been poor. I have lived in the ghettoes. I know the people there. They do not eat Twinkies and Coca-Colas. They try to purchase what is necessary. The gentleman knows and I know we can buy cheese and crackers and that is a very nutritious meal. But the gentleman and I do not have the right to say to people that because they are at the public trough they cannot buy this food. In Elizabethan times they said to the people: "Here are the clothes you must wear and the food you must eat." But we have left those times.

If we wish to deal with the question of nutrition education, I can support that, but I cannot support the violation of the integrity of people and the right of people to have to eat whatever they want.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for his remarks. The chairman of the committee a while ago pointed out that a lot of the food people eat is not purchased with food stamps. It is purchased with their own cash. There is nothing in this amendment that says people cannot buy with their own money whatever they want, and it often is public money in many instances. We do not say they cannot purchase whatever else they want. All we are saying is that with this food stamp money they can purchase only nutritional foods. We are not denying to them freedom of choice. We are not saying they cannot buy Coca-Colas. They can, but not with food stamps.

Mr. DELLUMS. Mr. Chairman, I take back my time.

The gentleman makes his point clear. But we are still zeroing in on the right of people to have freedom of choice. If they have freedom of choice in their other money, then they ought to have freedom of choice in the food stamp money.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, there is going to be a revolution in this country but it is going to be by the middle-class taxpayer who is being forced by the Government to make transfer payments out of his own household and give it to people who are recipients of these benefits. That is where the revolution is going to come from.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. SYMMS, and by unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. SYMMS. Mr. Chairman, if the gentleman will continue to yield, although I think the amendments offered by the gentleman from Pennsylvania go further than I would like to go, the point is not a good valid argument to say that this is not a freedom of choice issue. In the committee we had a discussion of an amendment to change this to a cash out program, and eliminate the whole food stamp program. That would be freedom of choice.

Mr. DELLUMS. As I understand it from some of my more progressive colleagues on the committee, the people who offered the amendment to go to cash out, which I think is an appropriate amendment, were not people who really wanted to see the cash out but they understood the politics of the floor of this Congress and they knew if they had gotten it into the bill and onto the floor it would have gutted the bill entirely, so I challenge the motives behind this and the motives of those who offered that amendment.

Mr. MATHIS. Mr. Chairman, will the gentleman yield. The gentleman referred to me.

Mr. DELLUMS. I yield to the gentleman from Georgia.

Mr. MATHIS. Mr. Chairman, I offered the amendment in committee but I do not think the gentleman should challenge my motive in offering the amendment.

Mr. DELLUMS. Did the gentleman offer the cash out amendment?

Mr. MATHIS. Yes.

Mr. DELLUMS. Would the gentleman support a cash out on the floor of this Congress?

Mr. MATHIS. Totally.

Mr. KETCHUM. Mr. Chairman, if the gentleman will yield, I would like to bring to the gentleman's attention the freedom of choice question. I am a great believer in that, except that the gentleman in the well has time and time again voted for program after program that mandates that the Government tell people how and when and where they ought to do something. We just simply cannot have a subsidy without control. Unless we are willing to accept that control, we should not accept the subsidy.

Mr. DELLUMS. I am simply saying we cannot mandate how people should eat and what they should choose. It is a violation of that principle and a violation of the dignity of the poor people to say to them they cannot eat what they want.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. FOLEY, and by unanimous consent Mr. DELLUMS was allowed to proceed for an additional 2 minutes.)

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I would like to say to the gentleman from Idaho (Mr. SYMMS), because we come from neighboring areas, the livelihood of the gentleman from Idaho as an apple grower is involved in raising nutritious food. It is not one that will be contested by the amendment of the gentleman from Pennsylvania (Mr. WALKER). Apples are supposed to be something you take to the teacher. An apple a day keeps the doctor away. It does not meet the standard, at least that is not listed in the approved foods.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would say to the gentleman from Pennsylvania that is one of the things that concerns me about this formula; but the gentleman from Pennsylvania assures me that we could buy apples.

Mr. DELLUMS. Mr. Chairman, I would simply like to summarize. I think the gentleman has raised an important question with respect to nutritional education in this country.

No. 2, the gentleman has raised a significant question with respect to reform in the food industry. I think the major food corporations are dominating the food industry and in 5, 10, or 15 years it will come back to haunt us, unless we have the ability to challenge that position; but until we have that universality of education and that universality of understanding, that within the framework of our ignorance, we must allow everyone to have the freedom to choose whatever food they want to choose.

I hope someday we do not have junk food, but people should have the right to purchase it if they want it.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. WALKER) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. WALKER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-six Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Pennsylvania (Mr. WALKER) for a recorded vote.

A recorded vote was refused.

So the amendments to the amendment were rejected.

AMENDMENT OFFERED BY MR. SYMMS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. SYMMS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS to the amendment offered by Mr. FOLEY: Page 5, line 15, strike the period and insert the following: ": *Provided*, That the term 'food' shall not mean any food, class of food, food product or condiment which the Secretary, after consultation not less than once annually with the President of the National Academy of Sciences-National Research Council (Food and Nutrition Board), determines has such negligible or low nutritional value or insignificant enhancement of palatability as to be inappropriate for inclusion in a nutritionally adequate diet, including but not limited to ice cubes, artificial food colorings, powdered and liquid cocktail mixes, chewing gum, carbonated beverages, and cooking wines."

Mr. SYMMS. Mr. Chairman, I think that the gentleman from Pennsylvania (Mr WALKER) who offered the previous amendments made a great contribution to improved nutrition in America that we are debating in the House by bringing this subject up, and offering his amendment.

This amendment that I offer is one that has been offered previously in the Committee on Agriculture by the vice chairman of the committee, Mr. POAGE, in earlier years and by myself this year, in his absence.

This amendment is much simpler than the previous amendments. Our new Secretary of Agriculture, Mr. Bergland, a former distinguished Member of this body and a member of the House Committee on Agriculture, has made some very outspoken statements about junk foods.

Mr. Bergland labels junk foods as "garbage" and "he vows USDA will warn the public about them."

I am quoting from the Des Moines Register of March 7, 1977. The article continues, and he explains his position. The Secretary of Agriculture names what some of the junk foods are that should not be consumed by the American public. He said that we are eating too many unhealthy foods and not enough nutritious whole-grain cereals, fresh fruits, vegetables, and so on.

It would be my wish that the taxpayers of this country would be considered in this amendment. There was a great deal of debate in the consideration of the last amendments that contributes to this amendment. This amendment would call for having the National Academy of Science Research Council consult with the Secretary, and the Secretary would come up with a very simplified version of what junk foods would be included.

I think that when we get to the point that food stamp recipients are buying cocktail ice, as now happens with food stamps, the middle-class American taxpayer, the hard-working guy who is employed in a factory, on a farm, on a newspaper, or wherever it might be, for wages, and who is not on the receiving end of the Government transfer payments of our society, deserves some recognition. And I think we should help guarantee these people who are receiving the benefits that they get a nutritious, healthy diet from the stamps which they are going to use to buy their food.

I would be my hope that we can, without a lot of debate on this amendment, get a vote on it so that the taxpayers of America would get a shot at this.

This would be simple. It would not be difficult to administer. It would take away the junk foods that are offensive to the American people. It may be acceptable to the Gentleman from California (Mr. DELLUMS), who made such an inspirational and articulate argument from his point of view on the floor of the House earlier that the rebellion of this country is coming from the middle-class taxpayer, that it is from the person who is working hard and only earning $10,000 or perhaps $12,000 or up to $15,000 maybe for a family of four.

He is the one who is offended when he goes into a grocery store and sees people going out ahead of him who have bought cocktail mixes, junk foods, and cocktail ice with food stamps. That is causing a cynicism toward the program, and it is beneath the dignity of those people who are in need of food stamps, because it is not perhaps to their liking that they should be permitted to buy such foods.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding.

Does the gentleman's amendment provide a little more flexibility than did the previous amendment in making sure that items such as peanut butter are not included?

Mr. SYMMS. Yes. This amendment would simply, as it says in the amendment, authorize the Secretary to issue a list of things that could not be purchased with food stamps. It would be a commonsense determination. It would include items in addition to alcohol and tobacco that could not be bought, and it would be a commonsense determination.

The Secretary would consult with nutritional experts and make a commonsense determination as to items that cannot be purchased.

I know that we are going to hear from grocery stores and manufacturing people who say, "We can't do it. We can't check this out." That is a lot of hogwash. They can do it, they can check it out. They may have to go to the point with this expanded program of free stamps of having food stamp people come to one checkout line in grocery stores. They can run food stamps and take care of those people in one line, and other people can pay money for food and go through other lines. I do not think there is any problem here that cannot be handled.

This is not an interference of liberty or personal freedom of choice, because we in this Congress are representing the people who are paying the bill.

We are now reaching a point in America where it is the payers versus the takers, and 44 percent of every dollar in this country is going to support Government at some level.

I think it is high time for those of us in a position to assure these transfer payments to people, on behalf of the people paying for them, so as to simply see that there are some guidelines.

Mr. ROUSSELOT. Actually, what the gentleman has done is to give our former colleague, now the Secretary of Agriculture, the authority to make some judgment on the kind of nutritional foods that would be available; is that correct?

Mr. SYMMS. That is right. The Secretary of Agriculture made a great talk about it.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. SYMMS) has expired.

(On request of Mr. ROUSSELOT and by unanimous consent, Mr. SYMMS was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I think the gentleman was going to make some comment about what the Secretary of Agriculture said.

Mr. SYMMS. Yes. He gave a speech in Des Moines, Iowa, in which he raised some questions about junk foods.

Mr. ROUSSELOT. The gentleman means the Secretary of Agriculture?

Mr. SYMMS. Secretary of Agriculture Bergland.

I would like to see an improved nu-

tritional level for all Americans. This is one place at which to start so that the people receive the transfer payments paid for by the hard-working middle-class taxpayers who make the payments out of hard-earned dollars. I would like to see that we start guaranteeing that they buy nutritional foods.

Mr. ROUSSELOT. Therefore, what the gentleman is doing is no more than following through on the suggestion the Secretary of Agriculture made, that he have some authority to make judgments on what is or what is not, as he said, junk food; is that correct?

Mr. SYMMS. The Secretary of Agriculture said that he is going to make an effort to see that Americans stop eating so much junk food, worthless food, oversaturated fats, too much sweets, and not enough whole grains and so forth.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleage, the gentleman from Idaho. I am sure our former colleague, Mr. Bergland, would be able to make rational judgments on this subject and would avoid trying to create too much bureaucratic redtape so that the matter would be made difficult from a checkout standpoint. That is not the gentleman's intention; is it?

Mr. SYMMS. No, it is not my intention. I do not believe there would be that much bureaucratic redtape if my amendment were adopted.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's comments.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I think the gentleman has a meritorious amendment, but the reason I asked for the time is to ask him not to make any more demeaning references to noble swine. I think I heard him use the term "hogwash" in describing an unjustified argument.

Mr. Chairman, hogs are splendid creatures, and they are very important in my district. Therefore, I hope that the gentleman will watch his language in the future.

Mr. SYMMS. Mr. Chairman, I can assure the gentleman that "hogwash" might be excluded, but "hogs" would not.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Missouri.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. SYMMS) has expired.

(On request of Mr. CLAY and by unanimous consent, Mr. SYMMS was allowed to proceed for 1 additional minute.)

Mr. CLAY. Will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, three times today I heard the gentleman from Idaho (Mr. SYMMS) express compassion and sympathy for the overtaxed middle-class American. That I agree with, when he says they are overtaxed.

I disagree, however, with the implication that they are overtaxed because they are the givers and poor people are the takers.

The reason middle-class America is overtaxed is because those who are wealthy in this country are not paying a fair share of the taxes.

I would ask the gentleman to elucidate with respect to some of the multimillion-dollar corporations in this country.

Mr. SYMMS. If I may regain my time at this point, Mr. Chairman, I would say to the gentleman that we are not here debating a tax reform bill today. I would further say to the gentleman that I favor tax reform. As one Member of this body, I favor tax reform so that all people would pay their fair share.

However, the truth of the matter is that when we start, as the gentleman was probably about to say, taxing big corporations at a higher rate, all we do is tax the middle-class American taxpayer who is the purchaser of the stocks produced by these corporations.

Mr. CLAY. Mr. Chairman, if the gentleman will yield further, I would like to point out that in 1975 the Ford Motor Co. paid absolutely not one nickel in taxes.

Mr. SYMMS. Again I regain my time, Mr. Chairman.

I say to the gentleman that when the Ford Motor Co. pays $50 million in taxes or $100 million or $1 billion or whatever, who is it really who pays those taxes? It is the man who buys the Ford cars because taxes, to corporations, are costs of doing business. Therefore, it is the purchasers of the Ford automobiles, the middle-class, hard-working taxpayers who are paying the taxes.

Returning to the subject of my amendment, Mr. Chairman, I would just like to make the point to the gentleman that this amendment, very simply, would provide an opportunity for us to make a moderate attempt to see that Americans can get a nutritionally adequate diet by having more of the benefits transferred to them from other segments of our economy, without making any concessions to our tax laws. I agree with the gentleman in that respect.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. SYMMS) has expired.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I certainly do not believe the gentleman from Idaho wants to leave the impression in this country that the reason that the middle-class taxpayers are overburdened is because they are paying the taxes for people who cannot provide basic services for themselves. This may not be a tax bill, but I wanted to clarify the record. The reason that the middle-class taxpayers are overburdened is because the rich in this country are not paying a fair share of the taxes. I am going to list some 11 corporations who paid no taxes in 1975 to the Federal Government, and they include the Ford Motor Car Co.

Delta Airlines, Northwest Airlines, Bethlehem Steel, Lockheed, National Steel, Phelps Dodge, Chemical Bank of New York, Manufacturers Hanover Bank, Freeport Minerals, and Western Electric.

I might point out that the law says that the minimum tax for these corporations has to be 48 percent. Can you explain to the American public how the law mandates 48 percent of taxes that they do not pay?

Mr. VOLKMER. Mr. Chairman, if the gentleman will yield, is it not possible that many of these corporations are getting, either directly or indirectly, subsidies from the U.S. Government in the line of contracts, or in the line of direct subsidies, and that many of their employees, such as the higher ranking ones, are not getting $170 for food stamps, but they are maybe getting $100,000 in salaries that are directly or indirectly paid by the American taxpayers?

Mr. CLAY. The gentleman from Missouri (Mr. VOLKMER) is precisely right. For instance, Lockheed came up to this body and we gave them $250 million in what we decided to term was a subsidy. I would say if we had given them $250 million in stamps, they would have told this Congress exactly where to go.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield back the balance of my time.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Idaho (Mr. SYMMS).

Mr. Chairman, it was not my intention to get into this particular debate, and I would like to speak on the amendment itself and not on tax reform—incidentally, as a member of the Committee on Ways and Means, we will be delighted to discuss that subject at great length with anybody who would like to—but I would not hesitate to point out that, since we have entered upon this subject, that along with the companies that the gentleman has mentioned which have paid no taxes, is included the President of the United States, and I think that is appalling.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would like to say to the gentleman from Missouri that the reason we have this situation is because the Democrat Party has had control of the Committee on Ways and Means for 40 years. You also have your own man down at the White House. Do not talk to us, the minority, about tax reform. You have controlled it pretty well in the Congress. If I had been in the Congress when the subsidy was given to Lockheed I would have voted against the subsidy.

Mr. KETCHUM. Mr. Chairman, if I may reclaim my time, I do not believe we should be talking about tax reform or subsidies at this particular point.

I want to commend the gentleman from Idaho (Mr. SYMMS) for offering his amendment. I believe it is a perfectly legitimate amendment. The amendment that was offered prior to this by the gentleman from Pennsylvania (Mr. WALKER) was far too complicated and

restrictive, and I would have voted no had we had a recorded vote. I believe the gentleman is saying that if we are going to give the Secretary of Agriculture some latitude in making the determination on what is or what is not junk food, and if we are trying to provide nutritional value to those individuals who are less fortunate than some of the rest of us, then let us at least give the Secretary of Agriculture that kind of latitude.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Idaho (Mr. SYMMS).

Mr. Chairman, I did not support the amendment offered by the gentleman from Pennsylvania (Mr. WALKER) because I thought it was too broad and excluded items that probaby should not have been excluded from being considered in the food stamp program, but I do support the amendment offered by the gentleman from Idaho (Mr. SYMMS) as being a reasonable kind of approach.

As the Members will recall, when the first food stamp bill was being sponsored in this House by the gentlewoman from Missouri (Mrs. SULLIVAN) a few years ago, one of the principal arguments was that we were about to insure a nutritional diet for poor people. That was one of the principal thrusts of this program in its infancy stage, and then it began to grow.

In my comprehensive bill to reform the food stamp program, introduced a couple of years ago, we had proposed that we increase the nutritional capacity for poor people by 29 to 30 percent with a different criteria, going back to that original thrust.

I think that what this bill is proposing to do by way of elimination of the purchase requirement shows all the more need for having some control as to just what kinds of foods are acceptable and those that ought to be excluded. It is true the committee bill provides an educational program designed to indicate what foods are nutritious, but the fact is that negative prohibitions tend to be more effective than positive urgings, and the energy crisis, I might add, is a good example of this. If we exclude the junk foods, we will be eliminating one of the red flags causing hostility toward the food stamp program. In my opinion, there is nothing that upsets the average taxpayer more than to see food stamps being used to purchase frivolous nonnutritional items.

Then, finally, I think we might very well make the point the gentleman from California (Mr. DELLUMS) was inquiring about as to what reason or criteria we have for imposing these kinds of restrictions. The senior Senator from South Dakota and the junior Senator from Massachusetts over on the other side of the Capitol have introduced legislation designed to prohibit the use of junk food in the child nutrition programs. If that is a bona fide approach for use in the child nutrition programs, why not have it apply in the food stamp program as well? I think there is good reason for it. I think the gentleman's amendment is sound, and I support it.

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words, and I rise in opposition to the amendment. I will not take the 5 minutes.

I just want to say that while this amendment does not have one of the features the Walker amendment made particularly undesirable, in my judgment—that is the requirement that each food item be nutritionally balanced—it would require an enormously complicated series of reviews. There are something like 8,000 to 10,000 items that are sold in the average modern supermarket. The Secretary of Agriculture is going to have to review which of those 8,000 to 10,000 items are not eligible for food stamp purchase. Because the committee bill eliminates the purchase requirement, a vast majority—not 100 percent, but a vast majority—of our food stamp recipients are going to have to supplement with their own cash the food stamps with which they purchase food. So if the gentleman thinks he is going to force people not to buy cooking wine if cooking wine is what is included in their diet, they simply will buy whatever food is eligible with the food stamps and use the cash to buy the cooking wine. I do not happen to think that cooking wine, by the way, is such a terrible, horrible thing. Many people traditionally use cooking wine in the preparation of nutritious foods. Nobody drinks it that I know of. They are a very poor judge of wine, if they do. I suggest that if anybody thinks that is a problem, sample it sometime.

It seems to me that what is involved here is a great deal of bureaucratic effort to produce nothing but a cosmetic result, and a cosmetic result which also will inconvenience all food shoppers, because at each counter we will have to have checkout personnel looking through long lists of what is eligible and not eligible for food stamps and separating them into two different piles, and just taking a lot of time to produce nothing. I understand the reach of the amendment and its intent, but I think it enormously complicates the program and will work to the individual in convenience not only of food stamp recipients, but primarily of all others who must patronize supermarkets, for no purpose except the satisfaction of saying we have eliminated certain foods, not from the diet, but from the purchase, that is, the purchase with food stamps.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Georgia.

Mr. MATHIS. I thank the chairman for yielding.

I think all of us need to be aware too that these grocery stores involved in the food stamp program can have their licenses to accept stamps removed at a moment's notice. I have had and I am sure the gentleman has had constituents say: "I have had my food stamp license removed because I have had a clerk who sold a box of tissues or something similar."

I know what the gentleman is trying to do but I think administratively it is impossible.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I would like to respond briefly to the gentleman because the gentleman is the second person who has tried to equate this with the children's program. Children are not adults. They are vulnerable and therefore we have a responsibility to protect their health and safety.

Also the child does not have a choice in the food as far as one item or another.

In the food stamp program we have adults who have a right to choice. So I do not think it is a legitimate argument to attempt to equate the two. There are these two distinctions between the programs. In the one we talk about adults who do have a choice that I think ought to be protected.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, where I draw my distinction is where we spend public funds as differentiated from using the individual's own resources. Anyone can do whatever he wants with his own resources. We are responsible to the taxpayers who elected us to do one important thing, that is, assure that public funds are spent only for useful purposes. Whenever public funds are involved we can always expect some measure of control or restriction as to the disposition of those funds.

Mr. FOLEY. Mr. Chairman, I do not think that is a bad position. I am just saying with respect to this particular program it will not work. It will not accomplish what the gentleman wants to do. It will accomplish it only at great expense and trouble.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take the full time because we have debated this pretty thoroughly, but I would say to my colleague, the gentleman from Washington, that in the declaration of purpose, this committee and the gentleman himself have said, and I want to quote it again from the purpose of the bill:

> The Congress further finds that increased utilization of food in establishing and maintaining higher national levels of nutrition will promote the distribution in a beneficial manner . . .

Additionally, the reason I believe that my colleague, the gentleman from Idaho, as the gentleman has conceded, has a more reasonable approach is because it allows an administrative input into it from a man whom we all know has served in this House and is very familiar with the program and will make sure that this authority is not used to establish a huge list of no-no's, so to speak. I believe the Secretary of Agriculture understands this program.

This is an authority in keeping with the purpose stated in the initial part of this title written by the gentleman from

Washington, and I cannot understand why there is a resistance to having an element put into the program to encourage the Secretary to have some requirement for nutritional foods.

It does not mean that it has to be a long list and it probably will not be, knowing the Secretary of Agriculture, because he is familiar with this program. He has served on this committee.

I think that it is a power given to him that is rational and I do not see why it would be so harmful to allow him this authority. I do not believe he will misuse it.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, first of all I tell the gentleman that his reciting of the purpose clause is exactly right. The purpose is to give higher levels of nutrition to low-income families, and in fact the single greatest barrier to good nutrition, with no exception I know of, is the inability to purchase adequate food.

The gentleman asks why I am opposed to the amendment. It is simply because it takes a great deal of expense and effort to produce an effective response.

We are only giving a portion of the total diet cost in the form of food stamps to the vast majority of recipients. They have to pay for their food with a combination of stamps and cash. I do not know what we accomplish by saying it is all right for them to buy salt with their cash, but they cannot buy salt with food stamps.

I am not chiefly concerned about disadvantaging the food stamp recipient. That does not trouble me, because I think there is an easy way to handle that so that they can purchase what they want to purchase. What bothers me is that it would impose a burden on the checkout stand that I think "taxes" the inconvenience of nonfood stamp recipients.

I think it accomplishes little, if anything, but is only a cosmetic amendment with the complication of going through thousands of food store items and coming up with a list of 50 or a hundred or however many and requiring every checkout counter person to have to check that list before recipients can use food stamps and every recipient to put his or her purchases into different piles for checkout purposes. This is not going to accomplish anything.

Mr. ROUSSELOT. Mr. Chairman, I say to my colleague, if I can regain my time, that I think the gentleman finds himself in disagreement with the basic purpose of this title, which I have just quoted again.

Mr. FOLEY. No, not at all.

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, we are asking for a very simplified commonsense approach to this. The Secretary of Agriculture has spoken on this. Senators CASE, CLARK, KENNEDY, MCGOVERN, METCALF and STAFFORD have introduced a bill (S. 1436) which is legislation which has not got too far, but goes in the direction of food and food services in the area of the Child Nutrition Act. It goes to the same thing we are asking, a commonsense approach, and if there is something that is not nutritional, they can put a few things on the list that are nutritional.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I would like to point out to those who are not members of the Agriculture Committee that we struggled with this particular concern, which is a very valid concern and one which I personally share, in two lengthy considerations of the food stamp legislation, both in 1975 as well as this year. There were a number of Members on both sides of the aisle, as a matter of fact, I was one of them, who tried to come up with a list that would be acceptable. Despite the attempts by Members on both sides of the political aisle to come up with such a list and this, obviously, was 1975, in the presence of the now Secretary of Agriculture and former member of the committee, we were unable to come up with such a list that would be practical and not be arbitrary.

I frankly do not see why now, despite the fact that 43 members of the committee were not able to come up with such a list twice, why we want to go through the motion now of imposing this impossible burden on the Secretary.

Mr. Chairman, for this reason, I reluctantly rise in opposition to this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho (Mr. SYMMS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 19, noes 26.

RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 185, noes 227, not voting 21, as follows:

[Roll No. 462]

AYES—185

Abdnor	Butler	Edwards, Ala.
Ambro	Byron	Edwards, Okla.
Anderson, Calif.	Caputo	Emery
Applegate	Carter	Erlenborn
Archer	Cederberg	Evans, Del.
Armstrong	Clausen, Don H.	Evans, Ind.
Ashbrook	Clawson, Del	Fenwick
AuCoin	Cleveland	Findley
Badham	Cochran	Fish
Bafalis	Cohen	Fisher
Barnard	Coleman	Flowers
Bauman	Collins, Tex.	Forsythe
Beard, Tenn.	Conable	Frey
Bennett	Conte	Gibbons
Biaggi	Cornwell	Gilman
Blanchard	Coughlin	Ginn
Bonior	Crane	Goldwater
Breaux	Cunningham	Goodling
Brinkley	D'Amours	Gore
Broomfield	Daniel, Dan	Gradison
Brown, Mich.	Daniel, R. W.	Grassley
Brown, Ohio	Davis	Guyer
Broyhill	Derwinski	Hagedorn
Buchanan	Devine	Hall
Burgener	Dickinson	Hammer-schmidt
Burke, Fla.	Dornan	Hansen
Burleson, Tex.	Duncan, Tenn.	Harris
Harsha	Michel	Sharp
Heckler	Milford	Shuster
Hillis	Miller, Ohio	Skubitz
Hollenbeck	Montgomery	Smith, Nebr.
Holt	Moore	Snyder
Huckaby	Moorhead, Calif.	Spellman
Hughes	Mottl	Spence
Hyde	Myers, Gary	Stangeland
Ichord	Myers, John	Stanton
Jacobs	O'Brien	Stratton
Jeffords	Oakar	Stump
Johnson, Colo.	Pettis	Symms
Kasten	Pike	Taylor
Kastenmeier	Poage	Thone
Kelly	Pressler	Treen
Kemp	Quie	Trible
Ketchum	Quillen	Van Deerlin
Kindness	Railsback	Vander Jagt
Lagomarsino	Regula	Waggonner
Latta	Rhodes	Walgren
Lent	Rinaldo	Walker
Levitas	Roberts	Walsh
Long, Md.	Robinson	Wampler
Lott	Roe	Watkins
Lujan	Roncalio	White
McCory	Rousselot	Whitehurst
McDonald	Rudd	Wiggins
McEwen	Runnels	Wilson, Bob
McKay	Ruppe	Winn
Madigan	Santini	Wirth
Maguire	Satterfield	Wolff
Mann	Schroeder	Wydler
Marlenee	Schulze	Young, Alaska
Marriott	Sebelius	Young, Fla.
Martin		Zablocki

NOES—227

Addabbo	Fascell	Mattox
Akaka	Fithian	Mazzoli
Alexander	Flood	Meeds
Allen	Florio	Metcalfe
Ammerman	Flynt	Meyner
Anderson, Ill.	Foley	Mikulski
Andrews, N.C.	Ford, Mich.	Mikva
Andrews, N. Dak.	Ford, Tenn.	Miller, Calif.
Annunzio	Fountain	Minish
Ashley	Fowler	Mitchell, Md.
Aspin	Fraser	Mitchell, N.Y.
Baldus	Fuqua	Moakley
Baucus	Gammage	Moffett
Beard, R.I.	Gaydos	Mollohan
Bedell	Gephardt	Moorhead, Pa.
Benjamin	Giaimo	Murphy, Ill.
Bevill	Glickman	Murphy, N.Y.
Bingham	Gudger	Murphy, Pa.
Blouin	Hamilton	Myers, Michael
Boggs	Hanley	Natcher
Boland	Hannaford	Neal
Bolling	Harkin	Nedzi
Bonker	Harrington	Nix
Bowen	Hefner	Nowak
Breckinridge	Heftel	Oberstar
Brodhead	Hightower	Obey
Brooks	Holland	Ottinger
Brown, Calif.	Holtzman	Panetta
Burke, Calif.	Horton	Patten
Burlison, Mo.	Howard	Patterson
Burton, Phillip	Hubbard	Pattison
Carney	Ireland	Pease
Carr	Jenkins	Pepper
Cavanaugh	Jenrette	Perkins
Chisholm	Johnson, Calif.	Pickle
Clay	Jones, N.C.	Preyer
Collins, Ill.	Jones, Okla.	Price
Conyers	Jones, Tenn.	Pritchard
Corcoran	Jordan	Pursell
Corman	Kazen	Quayle
Cornell	Keys	Rahall
Cotter	Kildee	Rangel
Danielson	Kostmayer	Reuss
de la Garza	Krebs	Richmond
Delaney	Krueger	Risenhoover
Dellums	LaFalce	Rodino
Derrick	Le Fante	Rogers
Dicks	Leach	Rooney
Diggs	Lederer	Rose
Dingell	Leggett	Rosenthal
Dodd	Lehman	Rostenkowski
Downey	Lloyd, Calif.	Roybal
Drinan	Lloyd, Tenn.	Russo
Duncan, Oreg.	Long, La.	Ryan
Early	Luken	Sarasin
Eckhardt	Lundine	Sawyer
Edgar	McCloskey	Scheuer
Edwards, Calif.	McCormack	Seiberling
Eilberg	McDade	Sikes
English	McFall	Simon
Ertel	McHugh	Sisk
Evans, Colo.	Mahon	Skelton
Evans, Ga.	Markey	Slack
Fary	Marks	Smith, Iowa
	Mathis	Solarz

St Germain	Traxler	Whalen
Staggers	Tsongas	Whitley
Stark	Tucker	Whitten
Steed	Udall	Wilson, Tex.
Steers	Ullman	Wright
Steiger	Vanik	Wylie
Stockman	Vento	Yates
Stokes	Volkmer	Yatron
Studds	Waxman	Young, Mo.
Thompson	Weaver	Young, Tex.
Thornton	Weiss	Zeferetti

NOT VOTING—21

Badillo	Flippo	Moss
Beilenson	Frenzel	Murtha
Brademas	Gonzalez	Nichols
Burke, Mass.	Hawkins	Nolan
Burton, John	Koch	Shipley
Chappell	McKinney	Teague
Dent	Mineta	Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Mr. Frenzel for, with Mr. Mineta against.

Messrs. LEVITAS, BLANCHARD, and RAILSBACK changed their vote from "no" to "aye."

Mr. MARKEY and Mr. METCALFE changed their vote from "aye" to "no."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to section 1203?

If not, the Clerk will read section 1204.

The Clerk read as follows:

ESTABLISHMENT OF THE FOOD STAMP PROGRAM

SEC. 1204. (a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a more nutritious diet through the issuance to them of an allotment. The coupons so received by such households shall be used only to purchase food from retail foodstores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

(b) In jurisdictions where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any law, except that distribution may be made on a temporary basis under programs authorized by law to meet disaster relief needs or for the purpose of the supplemental food program, and shall be made on all or part of an Indian reservation upon written request to the Secretary by the appropriate tribal organization. In the event of distribution on all or part of an Indian reservation, the agency of the State government which has the responsibility for the administration of the federally aided public assistance programs in the area involved shall be responsible for such distribution, except that, if the Secretary determines that the tribal organization is capable of effectively and efficiently administering such distribution, then such tribal organization shall administer such distribution: *Provided*, That (1) the Secretary shall not approve any plan for such distribution which permits any household to participate simultaneously in the food stamp program and the distribution of federally donated foods mandated by request by a tribal organization and (ii) the Secretary is authorized to pay such amounts for administrative costs of such distribution mandated by request by a tribal organization as he finds necessary for effective administration of such distribution by a State agency or tribal organization.

(c) The Secretary shall issue such regulations and instructions consistent with this Act as he deems necessary or appropriate for the effective and efficient administration of the food stamp program and shall promulgate all such regulations in accordance with the procedures set forth in section 553 of title 5 of the United States Code. In addition, prior to issuing any regulation or instruction, the Secretary shall provide the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the regulation or instruction with a detailed statement justifying it.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1204 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to section 1204?

AMENDMENTS OFFERED BY MR. MATHIS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. MATHIS. Mr. Chairman, I offer amendments to the amendment.

The Clerk read as follows:

Amendments offered by Mr. MATHIS to the amendment offered by Mr. FOLEY: On page 8, line 22, strike the word "The" and insert in lieu thereof the following: "Subject to the availability of funds appropriated under section 18, the".

On page 55, strike lines 23, 24 and 25 and insert in lieu thereof the following:

"SEC. 18. (a) To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of $5,847,600,000 for the fiscal year ending September 30, 1978; not in excess of $6,158,900,000 for the fiscal year ending September 30, 1979; not in excess of $6,188,600,000 for the fiscal year ending September 30, 1980; and not in excess of $6,235,900,000 for the fiscal year ending September 30, 1981."

On page 56, line 7, add the following new subsection:

"(b) In any fiscal year, the Secretary shall limit the value of those allotments issued to an amount not in excess of the appropriation for such fiscal year. If in any fiscal year the Secretary finds that the requirements of participating states will exceed the limitation set herein, the Secretary shall direct state agencies to reduce the value of such allotments to be issued to households certified as eligible to participate in the food stamp program to the extent necessary to comply with the provisions of this subsection."

Mr. MATHIS (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read, printed in the RECORD, and considered en bloc. They are actually a series of amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MATHIS. Mr. Chairman, what this series of amendments actually does is to place a ceiling or a cap on expenditures to be authorized by this section of the bill which deals specifically with food stamps.

There is in the amendment a ceiling, or a cap, if you prefer, of $5,847,600,000 for fiscal year 1978. Mr. Chairman, this is in excess of some $300 million of what the Agriculture Department estimates will be spent for the food stamp program during that year so I think that we have not only covered contingencies of possible changes in the unemployment picture and other things that go into making the food stamp program costs escalate, but we have provided a substantial cushion, and we have done so in a fairly liberal fashion.

The amendment also deals with fiscal years 1979, 1980, and 1981 and the ceiling on expenditures goes up 10 percent for each of the subsequent years included in the authorization for the food stamp program.

The obvious reason for this cap that is being offered today is because without it we have absolutely no handle or authority in the food stamp program.

I would say to the members of the committee that the bill which is brought forth in the House today is a definite improvement over the current food stamp law.

Much of the credit for that must go to the distinguished chairman of the subcommittee, the gentleman for New York (Mr. RICHMOND), and the other members of that subcommittee, who have worked so hard to bring forth a bill that would tighten up the requirements written in the law, and things that many of us who have had problems with the program in the past have been improved. We have no choice, it becomes an entitlement, presently in the current program under which we are operating no choice, it becomes an entitlement, and the Congress absolutely gives up any possibility of any handle on authority so far as spending in the future is concerned.

You will hear arguments made by those who oppose the amendment that what we have done is to lock in the expenditures and that there is no way we could secure an increase in authorizations under this cap. In order to refute that argument in the beginning, let me say that it would be very simple if the Department of Agriculture spends in excess of its anticipated goal, or anticipates spending in excess of the amount that is covered in the legislation, to come back to the Committee on Agriculture and ask for a change in the authorization. We could then report that authorization bill to the floor and then the Committee on Appropriations could report a bill on to the floor, that we could pass, for such additional funds as might be necessary to finish out a fiscal year.

Mr. Chairman, we have heard a lot of talk in this chamber in the past several months about fiscal responsibility and about our obligation as Members of this body to try to bring some fiscal responsibility to a number of programs.

I hope that we will take a very close look at this, and that we will, in fact, decide that this is a fiscally responsible body, and that we ought to put a very liberalized cap on this food stamp program, which, as I said before, and I do

not wish to be redundant, has $300 million more than the Department of Agriculture estimates will be spent for the program in fiscal year 1978.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding. I would like to say to the gentleman from Georgia (Mr. MATHIS) that after working on this piece of legislation for several months now, that I am in enthusiastic support of this amendment.

I can assure the members of the committee that the amendment is a very moderate approach. It is a sincerity test and an endorsement on how we think this program will work, and it is one that is well over the targets that have already been set up.

I believe the Members of this body should support the amendment. I think it is a vote of confidence on the Department of Agriculture in being able to handle this authority.

Mr. MATHIS. I thank the gentleman from Idaho for his contribution.

I would like to say to all my friends on both sides of the aisle that we are not trying to cut the program in any way with this cap. We have, as I mentioned, an appropriation bill that has already passed that provides for some $5.3 billion, and we have gone beyond that. We have set a limit here in excess of what everybody thinks the program is going to cost. But I, too, think it is a test of the sincerity of the Members of this body as to whether or not they want to get a handle on excessive levels of spending in order to keep some kind of control on this program which, theoretically, without a cap, could cost $10 to $20 billion in the next fiscal year.

AMENDMENT OFFERED BY MR. LATTA TO THE AMENDMENTS OFFERED BY MR. MATHIS

Mr. LATTA. Mr. Chairman, I offer an amendment to the amendments.

The Clerk read as follows:

Amendment offered by Mr. LATTA to the amendments offered by Mr. MATHIS: On line 9, strike the dollar figure "$5,847,600,000" and insert in lieu thereof the dollar figure "$5,600,000,000".

Mr. LATTA. Mr. Chairman, I commend the gentleman for offering his amendment, but I do not like the idea of picking out an "add-on" figure that really has no basis and adding it to the authorization. The President submitted a figure of $5.6 billion. The Budget Committee went along with $5.6 billion, and I think that is what we ought to adhere to if we are going to put on a cap on this escalating program. As I say, I favor the cap. But I do not think we ought to just come along and add to the figure the President submitted to the Congress, and which the Budget Committee has found to be adequate, so I am moving to strike $5,847,600,000 from the gentleman's amendment on line 9 and to insert in lieu thereof $5.6 billion. As I say, this is the administration's figure. It is the Budget Committee's figure, and I hope that the House will go along with it as we certainly do need a cap. I think this is a more realistic figure.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

As the gentleman knows, in the Budget Committee this item was discussed at some length, and the testimony of the administration was that they thought that they probably would not even reach $5.6 billion. I think the gentleman's amendment is very, very reasonable. As a matter of fact, letters that we have from the Department of Agriculture indicate it might not even get as high as $5.4 billion, so I think that the gentleman's amendment is extremely reasonable and is in line with what the Budget Committee has already adopted.

Mr. LATTA. I thank the gentleman.

Let me just conclude by saying if we are ever going to make the budget process work, we are going to have to do it when these bills come along and stick with the figures that the House agrees to in the budget resolution. But we have a figure recommended both by the administration and by the Committee on the Budget of $5.6 billion, and I think it ought to be adopted by the House. If at some later time they find that they need to raise this figure, we can do it. But I just do not think we ought arrive at the cap by just reaching out and picking a figure and saying this ought to be it when neither the administration nor the Budget Committee has come up with a figure that high.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the gentleman from California.

Mr. KREBS. I thank the gentleman for yielding.

I wonder whether the gentleman, a member of the Committee on the Budget, will be kind enough to refresh my recollection as to whether this was also his position in terms of sticking with the budget when we discussed the defense budget earlier this year.

Mr. LATTA. Oh, yes. We attempted to stick closely to the recommendation, and certainly in the budget resolution which came to the floor it was below that figure.

Mr. KREBS. I thank the gentleman.

Mr. RICHMOND. Mr. Chairman, I rise in opposition to the amendment. I think we all understand that the food stamp program is an entitlement program, that the food stamp program is usable mainly to help people who are hungry because they are unemployed. If the gentleman from Ohio and the gentleman from Georgia could guarantee us that unemployment would decrease in the next few years, I would be willing to see a cap on this bill.

But we cannot, in my judgment, cap one aspect of a program and not cap the other aspects which influence it.

What do food stamps do? First of all they help protect the needy against inflation and unemployment. Because of our present relatively low rate of unemployment we are not using our total authorization on food stamps, which is approximately $5.6 billion. If the employment rate continues to rise we will be using less food stamps.

But the gentleman from Georgia and the gentleman from Ohio cannot guarantee employment and they cannot guarantee against inflation. Therefore I think it would be wrong to impose a cap on this program.

Furthermore, let us remember this body spent 2 days in voting for farm price support programs. Many of those programs do not have a cap. They are subject to the vagaries of weather, the markets, and other influences beyond the direct control of Congress. Since inflation and unemployment have also proved impervious to easy or immediate solution we must, I believe, maintain the flexibility and responsiveness to human needs that is maintained in the committee bill. I might add though, that because of the committee's concern that an entitlement program can get out of fiscal control, it unanimously accepted an amendment to require the Secretary to report expenditures to this committee and its Senate counterpart on a quarterly basis. The report would set forth the previous quarters' expenditures on a State-by-State basis, including person participation levels and administrative costs.

Mrs. FENWICK. Mr. Chairman, I rise in opposition to the amendment and I move to strike the requisite number of words.

Mr. Chairman, this is a very troubling amendment. We are dealing here with people who are not only unemployed but who may be chronically poor. I cannot see why we cannot entitle those people who need nutrition to receive the food stamps. Then if we need a supplemental appropriation, we can come back as we did before and vote for or against it.

I am particularly troubled by the second paragraph which provides that in any fiscal year in which the program goes beyond what is authorized the program will have to be cut back to fit within the budget. We have had a lot of votes within this week and I certainly have supported the President's stand in regard to economy in many, many measures, including farm appropriations, water projects, and defense. Most of these expenditures were approved and I do not think this is the place suddenly for us to get so economy minded. This program is not the one to constrain in this particular way. This is not the program we should be targeting for our single economy effort and I hope we will defeat the amendment and the substitute amendment.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, for the purpose of legislative history I would like to point out that for most of the life of the current food stamp program we have had an authorization cap. Beginning with fiscal year 1965 and extending through fiscal year 1971, there was by statute a cap on the food stamp program. The food stamp program has operated

in effect with an open-ended authorization since 1971. We do not know what the cost of the food stamp program is in any given fiscal year until all the bills and entitlements have been presented.

I support the amendment offered by the gentleman from Ohio. I think this is an effective way to help put a cap on the food stamp program. If experience shows this cap is not sufficient, we have the mechanism through the authorization committee and the Appropriations Committee to first authorize and then appropriate the necessary amount of money to carry on the program. I would hope the Committee would adopt the amendment offered by the gentleman from Ohio.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Georgia.

Mr. MATHIS. Mr. Chairman, I would like to point out that while I am in great sympathy with what the gentleman from Ohio is trying to do, we this morning passed the conference report brought back by the Appropriations Committee appropriating $5.627 billion, so we actually already have appropriated by action on the floor today more money than the gentleman would seek to authorize.

So I urge the Committee to reject the substitute amendment.

Mr. WAMPLER. Mr. Chairman, the fact that the Congress has appropriated that amount of money does not mean it will be spent. If we are going to lend any credence to the work of the Budget Committee we ought to stick with the figure in the budget resolution and the one presented by the administration. If experience should show we need an amount greater than that, we have the mechanism through which to appropriate the needed amount of money.

Mr. McHUGH. Mr. Chairman, I rise in opposition to the amendment and I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment and the amendment to the amendment simply to point out that this issue was presented to the Agriculture Committee and debated extensively. The amendment was rejected, not because the members of the committee are not concerned about cost. One Agriculture Committee has expressed its concern on cost in many different ways. We have rejected this amendment primarily for the reasons suggested by the gentleman from New York (Mr. RICHMOND). Essentially, the food stamp caseload increases or decreases in direct relationship to the unemployment rate.

For example, in 1975 when the recession was worse than it is today, there were 19.5 million people on food stamps. Today with the recession receding to some degree there are about 17 million people participating in the program. It has been estimated that for every 1 percent of unemployment, the food stamp rolls increase by 500,000 to 750,000 people; so it is very clear that the cost of the food stamp program is affected not so much by the people who are in need of help, but by those external forces of unemployment and, of course, inflation as well.

As the gentleman from New York also pointed out, for these very same reasons we have not placed a cap on the farm programs.

Finally, let me say in defense of the Committee on Agriculture, we have made a strong effort in this bill to tighten up some of the provisions which certainly did need tightening up. For example, we have tightened up eligibility to the point where a million and a half people will be eliminated who are now participating in the program. Another 1 million households will have their benefits reduced by more than $6 a month.

While the program is controversial and while it is costing more than we would like it to cost, the costs are related much more to unemployment and inflation than it is to the people in need. Therefore, we should not place an artificial cap on the program which would deny needy people a minimum diet in the event unemployment or inflation should increase substantially.

Mr. WEISS. Mr. Chairman I oppose the amendment placing a ceiling on appropriations for the food stamp program. Passage of this amendment would defeat the intent of the food stamp program—feeding hungry, poor people.

By limiting expenditures, we would exclude many individuals from the food stamp program. There would just not be enough money to provide all individuals needing food stamps with this assistance.

This amendment erroneously assumes that the cost of the food stamp program is predictable. There are too many fluctuating variables to calculate the need for food stamps. In 1975, for instance, inflation and unemployment dramatically rose, driving up the demand for food stamps. The food stamp program is an entitlement program that is intended for the use of any person who is in need.

This food stamp program has already been streamlined in the Agriculture Committee markup to discourage the use of food stamps. As a result the program reported out by the committee is very restrictive regarding who qualifies for food stamps. The addition of this proposed ceiling would make the program far too restrictive in applicability.

The Northeast-Midwest Research Institute recently quoted estimates showing that a 1 percent increase in unemployment results in a $50,000 to $750,000 increase in food stamp participation. It is well known that the brunt of such increases occurs in the northeastern and midwestern urban centers. I believe that this measure, then, would place unfair burden on these regions and that it would hinder our Nation's attempt to feed hungry people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. LATTA) to the amendments offered by the gentleman from Georgia (Mr. MATHIS).

The question was taken: and on a division (demanded by Mr. McHUGH) there were—ayes 22, noes 38.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 168, noes 248, not voting 17, as follows:

[Roll No. 463]

AYES—168

Abdnor	Findley	Mottl
Allen	Fish	Myers, John
Ambro	Flynt	Neal
Anderson, Ill.	Forsythe	Nichols
Andrews, N. Dak.	Frenzel	O'Brien
	Frey	Pettis
Archer	Gammage	Poage
Armstrong	Giaimo	Pursell
Ashbrook	Goldwater	Quayle
Badham	Goodling	Quie
Bafalis	Gradison	Quillen
Bauman	Grassley	Railsback
Beard, Tenn.	Gudger	Regula
Bennett	Guyer	Rhodes
Breaux	Hagedorn	Roberts
Brinkley	Hall	Robinson
Broomfield	Hammer-schmidt	Rousselot
Brown, Mich.		Rudd
Brown, Ohio	Hansen	Runnels
Broyhill	Harsha	Ruppe
Burgener	Hefner	Russo
Burke, Fla.	Hightower	Santini
Burleson, Tex.	Hillis	Satterfield
Butler	Holt	Sawyer
Byron	Hughes	Schulze
Caputo	Hyde	Sebelius
Cederberg	Jenkins	Shuster
Chappell	Johnson, Colo.	Smith, Nebr.
Clausen, Don H.	Jones, Okla.	Snyder
	Kasten	Spence
Clawson, Del	Kelly	Stangeland
Cleveland	Kemp	Stanton
Cohen	Ketchum	Steed
Coleman	Kindness	Steiger
Collins, Tex.	Lagomarsino	Stockman
Conable	Latta	Stump
Conte	Leach	Symms
Corcoran	Lent	Taylor
Cornwell	Lott	Thone
Coughlin	Lujan	Treen
Crane	Luken	Trible
Cunningham	McClory	Vander Jagt
Daniel, Dan	McDonald	Waggonner
Daniel, R. W.	McEwen	Walker
Derrick	Madigan	Walsh
Derwinski	Mahon	Wampler
Devine	Marlenee	Watkins
Dickinson	Marriott	Whitehurst
Dornan	Martin	Wiggins
Duncan, Tenn.	Mattox	Wilson, Bob
Edwards, Ala.	Michel	Winn
Edwards, Okla.	Milford	Wydler
Emery	Miller, Ohio	Wylie
English	Mitchell, N.Y.	Yatron
Erlenborn	Montgomery	Young, Alaska
Evans, Del.	Moore	Young, Fla.
Evans, Ga.	Moorhead, Calif.	
Evans, Ind.		

NOES—248

Addabbo	Breckinridge	Dodd
Akaka	Brodhead	Downey
Alexander	Brooks	Drinan
Ammerman	Brown, Calif.	Duncan, Oreg.
Anderson, Calif.	Buchanan	Early
	Burke, Calif.	Eckhardt
Andrews, N.C.	Burlison, Mo.	Edgar
Annunzio	Burton, John	Edwards, Calif.
Applegate	Burton, Phillip	Eilberg
Ashley	Carney	Ertel
Aspin	Carr	Evans, Colo.
AuCoin	Carter	Fary
Baldus	Cavanaugh	Fascell
Barnard	Chisholm	Fenwick
Baucus	Clay	Fisher
Beard, R.I.	Cochran	Fithian
Bedell	Collins, Ill.	Flood
Beilenson	Conyers	Florio
Benjamin	Corman	Flowers
Bevill	Cornell	Foley
Biaggi	Cotter	Ford, Mich.
Bingham	D'Amours	Ford, Tenn.
Blanchard	Danielson	Fountain
Blouin	Davis	Fowler
Boggs	de la Garza	Fraser
Boland	Delaney	Fuqua
Bolling	Dellums	Gaydos
Bonior	Dicks	Gephardt
Bonker	Diggs	Gibbons
Bowen	Dingell	Gilman

Glickman	Marks	Rooney
Gonzalez	Mathis	Rose
Gore	Mazzoli	Rosenthal
Hamilton	Meeds	Rostenkowski
Hanley	Metcalfe	Roybal
Hannaford	Meyner	Ryan
Harkin	Mikulski	Sarasin
Harrington	Mikva	Scheuer
Harris	Miller, Calif.	Schroeder
Heckler	Minish	Seiberling
Heftel	Mitchell, Md.	Sharp
Holland	Moakley	Sikes
Hollenbeck	Moffett	Simon
Holtzman	Mollohan	Sisk
Horton	Moorhead, Pa.	Skelton
Howard	Moss	Slack
Hubbard	Murphy, Ill.	Smith, Iowa
Huckaby	Murphy, N.Y.	Solarz
Ireland	Murphy, Pa.	Spellman
Jacobs	Myers, Gary	St Germain
Jeffords	Myers, Michael	Staggers
Jenrette	Natcher	Stark
Johnson, Calif.	Nedzi	Steers
Jones, N.C.	Nix	Stokes
Jones, Tenn.	Nolan	Stratton
Jordan	Nowak	Studds
Kastenmeier	Oakar	Thompson
Kazen	Oberstar	Thornton
Keys	Obey	Tsongas
Kildee	Ottinger	Tucker
Kostmayer	Panetta	Udall
Krebs	Patten	Ullman
Krueger	Patterson	Van Deerlin
LaFalce	Pattison	Vanik
Le Fante	Pease	Vento
Lederer	Pepper	Volkmer
Leggett	Perkins	Walgren
Lehman	Pickle	Waxman
Levitas	Pike	Weaver
Lloyd, Calif.	Pressler	Weiss
Lloyd, Tenn.	Preyer	Whalen
Long, La.	Price	White
Long, Md.	Pritchard	Whitley
Lundine	Rahall	Whitten
McCloskey	Rangel	Wilson, Tex.
McCormack	Reuss	Wirth
McDade	Richmond	Wolff
McFall	Rinaldo	Wright
McHugh	Risenhoover	Yates
McKay	Rodino	Young, Mo.
Maguire	Roe	Young, Tex.
Mann	Rogers	Zablocki
Markey	Roncalio	Zeferetti

NOT VOTING—17

Badillo	Hawkins	Shipley
Brademas	Ichord	Skubitz
Burke, Mass.	Koch	Teague
Dent	McKinney	Traxler
Flippo	Mineta	Wilson, C. H.
Ginn	Murtha	

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. McKinney against.

Mr. Skubitz for, with Mr. Burke of Massachusetts against.

Mr. DELANEY and Mr. ZEFERETTI changed their vote from "aye" to "noe."

Mr. FRENZEL and Mr. CORNWELL change their vote from "noe" to "aye."

So the amendment to the amendments was rejected.

The result of the vote was announced as above recorded.

Mr. SYMMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will be very brief. I take this time, just very briefly, to say to the Members that now the vote will come on the Mathis amendments, which are a more moderate approach than the Latta amendment, which I supported, but which many Members felt went too far. The Mathis amendments leave plenty of cushion so as to provide that this program will be able to operate properly; and it is, more or less, under a ceiling.

Mr. MATHIS. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Georgia.

Mr. MATHIS. Mr. Chairman, I thank the gentleman for yielding.

The gentleman from Idaho (Mr. SYMMS) precisely states the case. The cap that is now before this body would set the ceiling at $5.847 billion.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank the gentleman for yielding.

In his explanation he says that this is a more moderate amendment. Actually, it is a more generous amendment.

Mr. SYMMS. It is a more generous amendment, that is right; I agree with the gentleman.

Mr. LATTA. It adds over $247 million to the cost.

Mr. SYMMS. It adds $247 million to the Latta amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Georgia (Mr. MATHIS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken.

RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 242, noes 173, not voting 18, as follows:

[Roll No. 464]

AYES—242

Abdnor	de la Garza	Heftel
Ambro	Derrick	Hightower
Anderson, Ill.	Derwinski	Hillis
Andrews, N.C.	Devine	Holland
Andrews, N. Dak.	Dickinson	Holt
Annunzio	Dicks	Horton
Archer	Dornan	Hubbard
Armstrong	Duncan, Oreg.	Huckaby
Ashbrook	Duncan, Tenn.	Hughes
Badham	Edgar	Hyde
Bafalis	Edwards, Ala.	Ichord
Barnard	Edwards, Okla.	Ireland
Baucus	Emery	Jacobs
Bauman	English	Jenkins
Beard, Tenn.	Erlenborn	Johnson, Colo.
Benjamin	Ertel	Jones, N.C.
Bennett	Evans, Colo.	Kasten
Bevill	Evans, Del.	Kazen
Biaggi	Evans, Ga.	Kelly
Blanchard	Evans, Ind.	Kemp
Bowen	Findley	Ketchum
Breaux	Fish	Keys
Brinkley	Fisher	Kindness
Brooks	Fithian	Kostmayer
Broomfield	Florio	Krueger
Brown, Mich.	Flowers	Lagomarsino
Brown, Ohio	Flynt	Latta
Broyhill	Forsythe	Le Fante
Burgener	Fountain	Lent
Burke, Fla.	Frenzel	Levitas
Burleson, Tex.	Frey	Lloyd, Tenn.
Butler	Fuqua	Long, La.
Byron	Gammage	Long, Md.
Caputo	Gaydos	Lujan
Cederberg	Giaimo	Luken
Chappell	Gibbons	McClory
Clausen, Don H.	Gilman	McDonald
Clawson, Del	Ginn	McEwen
Cleveland	Glickman	McKay
Cohen	Goldwater	Madigan
Coleman	Goodling	Mahon
Collins, Tex.	Gradison	Mann
Conable	Grassley	Marks
Conte	Gudger	Marlenee
Corcoran	Guyer	Marriott
Cornwell	Hagedorn	Martin
Coughlin	Hall	Mathis
Crane	Hamilton	Mattox
Cunningham	Hammer-schmidt	Mazzoli
D'Amours	Hansen	Michel
Daniel, Dan	Harsha	Milford
Daniel, R. W.	Heckler	Miller, Ohio
	Hefner	Minish
		Mitchell, N.Y.
Montgomery	Rousselot	Thone
Moore	Rudd	Traxler
Moorhead, Calif.	Runnels	Treen
Mottl	Ruppe	Trible
Myers, John	Russo	Udall
Natcher	Santini	Vander Jagt
Neal	Sarasin	Waggonner
Nichols	Satterfield	Walgren
O'Brien	Sawyer	Walker
Panetta	Schulze	Walsh
Pettis	Sebelius	Wampler
Pickle	Sharp	Watkins
Pike	Shuster	White
Poage	Sikes	Whitehurst
Pressler	Skubitz	Whitley
Purseli	Slack	Whitten
Quayle	Smith, Nebr.	Wiggins
Quie	Snyder	Wilson, Bob
Quillen	Spence	Wilson, Tex.
Railsback	Stanton	Winn
Regula	Steed	Wirth
Rhodes	Steers	Wydler
Risenhoover	Steiger	Wylie
Roberts	Stockman	Yatron
Robinson	Stratton	Young, Alaska
Rogers	Stump	Young, Fla.
Rose	Symms	Young, Tex.
	Taylor	Zeferetti

NOES—173

Addabbo	Ford, Tenn.	Oakar
Akaka	Fowler	Oberstar
Alexander	Fraser	Obey
Allen	Gephardt	Ottinger
Ammerman	Gonzalez	Patten
Anderson, Calif.	Gore	Patterson
Applegate	Hanley	Pattison
Ashley	Hannaford	Pease
Aspin	Harkin	Pepper
AuCoin	Harrington	Perkins
Baldus	Harris	Preyer
Beard, R.I.	Hawkins	Price
Bedell	Hollenbeck	Pritchard
Beilenson	Holtzman	Rahall
Bingham	Howard	Rangel
Blouin	Jeffords	Reuss
Boggs	Jenrette	Richmond
Boland	Johnson, Calif.	Rinaldo
Bolling	Jones, Okla.	Rodino
Bonior	Jones, Tenn.	Roe
Breckinridge	Jordan	Roncalio
Brodhead	Kastenmeier	Rooney
Buchanan	Kildee	Rosenthal
Burke, Calif.	Krebs	Rostenkowski
Burlison, Mo.	LaFalce	Roybal
Burton, John	Lederer	Ryan
Burton, Phillip	Leggett	Scheuer
Carney	Lehman	Schroeder
Carr	Lloyd, Calif.	Seiberling
Carter	Lundine	Simon
Cavanaugh	McCloskey	Sisk
Chisholm	McCormack	Skelton
Clay	McDade	Smith, Iowa
Cochran	McFall	Solarz
Collins, Ill.	McHugh	Spellman
Conyers	Maguire	St Germain
Corman	Markey	Staggers
Cornell	Meeds	Stark
Cotter	Metcalfe	Stokes
Danielson	Meyner	Studds
Davis	Mikulski	Thompson
Delaney	Mikva	Thornton
Dellums	Miller, Calif.	Tsongas
Diggs	Mitchell, Md.	Tucker
Dodd	Moakley	Ullman
Downey	Moffett	Van Deerlin
Drinan	Mollohan	Vanik
Early	Moorhead, Pa.	Vento
Eckhardt	Moss	Volkmer
Edwards, Calif.	Murphy, Ill.	Waxman
Eilberg	Murphy, N.Y.	Weaver
Fary	Murphy, Pa.	Weiss
Fascell	Myers, Gary	Whalen
Fenwick	Myers, Michael	Wolff
Flood	Nedzi	Wright
Foley	Nix	Yates
Ford, Mich.	Nolan	Young, Mo.
	Nowak	Zablocki

NOT VOTING—18

Badillo	Dingell	Mineta
Bonker	Flippo	Murtha
Brademas	Koch	Shipley
Brown, Calif.	Leach	Stangeland
Burke, Mass.	Lott	Teague
Dent	McKinney	Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Mineta against.

Mr. Burke of Massachusetts for, with Mr. Badillo against.

Messrs. ROSE, TRAXLER, and BLANCHARD changed their vote from "no" to "aye."

So the amendments to the amendment were agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to section 1204? If not, the Clerk will read section 1205.

The Clerk read as follows:

ELIGIBLE HOUSEHOLDS

SEC. 1205. (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources held singly or in joint ownership are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet. Assistance under this program shall be furnished to all eligible households who make application for such participation.

(b) The Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

(c) The income standards of eligibility shall be the income poverty guidelines for the nonfarm United States prescribed by the Office of Management and Budget adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2971d), for the forty-eight States and the District of Columbia, Alaska, Hawaii, Puerto Rico, the Virgin Islands, and Guam, respectively: *Provided*, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands, or Guam exceed those in the forty-eight States in the contiguous United States: *Provided further*, That the income poverty guidelines for the period commencing July 1, 1978, shall be made as up to date as possible by multiplying the income poverty guidelines for 1977 by the change between the average 1977 Consumer Price Index and the Consumer Price Index for March 1978, utilizing the most current procedures which have been used by the Office of Management and Budget, and the income poverty guidelines for future periods shall be similarly adjusted.

(d) Household income for purposes of the food stamp program shall mean all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household, (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $30 in a quarter, (3) all educational loans, grants, scholarships, fellowships, veterans' benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped, (4) all loans other than educational loans on which repayment is deferred, reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household, and moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (5) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (6) moneys received in the form of nonrecurring lump-sum payments, including but not limited to income tax refunds, rebates, or credits, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (7) the cost of producing self-employed income, and (8) any income that any other law specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

(e) In computing household income the Secretary shall allow (1) a standard deduction of $60 a month for each household, except those in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands which shall be allowed a standard deduction determined by the Secretary in accordance with the best available information on the relationship of actual or potential itemized deductions claimed under the food stamp program in those areas to such deductions in the forty-eight other States and the District of Columbia. Such standard deductions, starting on July 1, 1978, shall be adjusted every July 1 and January 1 to the nearest $5 to reflect changes in the Consumer Price Index of the Bureau of Labor Statistics for items other than food for the six months ending the preceding March 31 and September 30, respectively. The Secretary shall allow additional deductions (2) equal to 20 per centum of all earned income (other than that excluded by subsection (d)), to any household receiving earned income in order to compensate for taxes, other mandatory deductions from salary, and work expenses, (3) for excess shelter costs to any household to the extent that the amount of actual shelter costs of such household are in excess of 50 per centum of its income after all other deductions have been subtracted, but such excess shelter deduction shall not exceed $75 in the forty-eight States in the contiguous United States and the District of Columbia, or in the case of Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands, an amount determined by the Secretary in accordance with the best available information on the relationship of actual shelter costs of food stamp recipients in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands, to such costs in all of the other States, and such excess shelter deduction shall not be applied in any State for the purpose of computing household income in order to determine eligibility pursuant to subsection (c); and (4) a dependent care deduction, but not to exceed $75 a month per household, for the actual cost of payments necessary for the care of a dependent when such care enables a household member to accept or continue employment or training or education preparatory to employment.

(f) Household income shall be calculated by the State agency for the purpose of determining household eligibility. The State agency in calculating household income shall take into account the income reasonably anticipated to be received by the household in the certification period for which eligibility is being determined and the income which has been received by the household during the thirty days preceding the filing of its application for food stamps so that the State agency may reasonably ascertain the income that is and will be actually available to the household for the certification period except that for (1) those households which by contract for other than an hourly or piecework basis, or by self-employment, derive their annual income in a period of time shorter than one year, income shall be calculated by being averaged over a twelve-month period and (2) those households which receive nonexcluded income of the type specified in subsection (d)(3), income shall be calculated by being averaged over the period which it is provided.

(g) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed $1,500, unless the household consists of two or more persons, in which case the household's resources shall not exceed $2,250, or unless, in a household consisting of two or more persons, one of those persons is age 60 or over, in which case the household's resources shall not exceed $3,000. The Secretary shall, in prescribing inclusions and exclusions from financial resources, follow the regulations in force as of June 1, 1977, and he shall, in addition, (1) include in financial resources any boats, snowmobiles, and airplanes used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes, and any licensed vehicle (other than one used to produce earned income) used for household transportation or used to obtain or continue employment or to transport disabled household members to the extent that the fair market value of any such vehicle exceeds $4,500 and (2) study and develop means of improving the effectiveness of these resource requirements in limiting participation to households in need of food assistance and shall implement and report the results of such study and his plans to the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than June 1, 1978.

(h) The Secretary shall after consultation with the official empowered to exercise the authority provided for by section 302(a) of the Disaster Relief Act of 1974, establish temporary emergency standards of eligibility for the duration of the emergency for households that are victims of a disaster which disrupts commercial channels for food distribution, if such households are in need of temporary food assistance and if commercial channels of food distribution have again become available to meet the temporary food needs of such households. Such standards as are prescribed for individual emergencies may be promulgated without regard to the procedures set forth in section 553 of title 5 of the United States Code.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1205 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there amendments to section 1205?

AMENDMENT OFFERED BY MR. M'HUGH TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. McHUGH. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offecer by Mr. MCHUGH to the the amendment offered by Mr. FOLEY: Insert the following language after the figure "$75" in section 1205(e)(3) at page 14, line 11: "(adjusted annually to the nearest $5, commencing January 1, 1979, (to reflect changes in the shelter and fuel and utilities components of housing in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor for the 12 month period ending the preceding September 30th)".

POINT OF ORDER

Mr. SYMMS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. SYMMS. Mr. Chairman, I make a point of order against the amendment

offered by the gentleman from New York (Mr. McHUGH) on the grounds that it violates section 303(a)(4) of the Budget Control Act—Public Law 93-344.

Section 303(a) provides as follows:

SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) which provides—

(1) new budget authority for a fiscal year;

(2) an increase or decrease in revenues to become effective during a fiscal year;

(3) an increase or decrease in the public debt limit to become effective during a fiscal year; or

(4) new spending authority described in section 401(c)(2)(C) to become effective during a fiscal year;

until the first concurrent resolution on the budget for such year has been agreed to pursuant to section 301.

The amendment obviously provides for additional entitlement in fiscal year 1979 and is offered prior to the adoption of the first concurrent resolution for 1979 and is, therefore, subject to a point of order.

The CHAIRMAN. Does the gentleman from New York wish to be heard on the point of order?

Mr. McHUGH. Yes, Mr. Chairman.

Mr. Chairman, as anyone knows, this bill covers a 4-year period. All the provisions relating to entitlement relate to that 4-year period. Therefore, I think that the gentleman's point of order is not well taken.

Second, there is no guarantee that there will be any additional funds required by this amendment, if it should be adopted. It is an indexing amendment which is related to the cost of shelter in the Consumer Price Index. If those costs should not rise, then this amendment would have no impact.

So for those two reasons, I would indicate to the Chairman that this point of order is not well taken.

The CHAIRMAN. Does the gentleman from Idaho wish to be heard further on the point of order?

Mr. SYMMS. Mr. Chairman, speaking further on the point of order, the gentleman's own explanation of the amendment, the purpose of the cost index is to cover additional costs incurred, estimated by economic planners of the future, and I think it does, in effect, and will, in fact, incur additional funding. Therefore, the point of order should be sustained.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from Idaho makes the point of order that the amendment offered by the gentleman from New York (Mr. McHUGH) violates section 303(a) of the Congressional Budget Act of 1974 by providing for new spending—entitlement—authority which becomes effective in fiscal year 1979, and is proposed in advance of the adoption of the first concurrent resolution on the budget for that fiscal year.

The amendment would, beginning January 1, 1979, change the formula in H.R. 7940 by which households are determined to be eligible for food stamp entitlement benefits. In determining such income level eligibility the bill provides that the household's deduction that it may claim for excess shelter costs shall not exceed $75. The amendment would permit an annual adjustment of that deduction to reflect changes in shelter and fuel housing costs, and would, if such costs continued to escalate as they have, result in new eligibility after January 1, 1979, for households which would not be eligible under H.R. 7940 for food stamps.

In the opinion of the Chair, the amendment as drafted appears to constitute new spending authority which first becomes effective in fiscal year 1979 and for that reason is in violation of section 303(a) of the Congressional Budget Act. The Chair sustains the point of order.

Are there further amendments to section 1205?

If not, the Clerk will read section 1206.

The Clerk read as follows:

ELIGIBILITY DISQUALIFICATIONS

SEC. 1206. (a) In addition to meeting the standards of eligibility prescribed in section 5 of this Act, households and individuals who are members of eligible households must also meet and comply with specific requirements of this section to be eligible for participation in the food stamp program.

(b) No individual who is a member of a household otherwise eligible to participate in the food stamp program shall be eligible to participate for (1) three months after such individual has been found by a State agency after notice and hearing at the State level or after failure to appeal a local hearing to the State level to have fraudulently used, presented, transferred, acquired, received, possessed, or altered coupons or authorization cards and/or (2) a period of not less than six and not more than twenty-four months as determined by the court after such individual has been found by a court of appropriate jurisdiction, with a State or a political subdivision thereof or the United States as plaintiff, to have been criminally or civilly fraudulent in the use, presentation, transfer, acquisition, receipt, possession, or alteration of coupons or authorization cards, with each such period of ineligibility to take effect immediately upon the relevant administrative or judicial finding and to remain in effect, without possibility of administrative stay, unless and until the finding of fraud is subsequently reversed by a court of appropriate jurisdiction, but in no event shall the period of disqualification be subject to judicial review.

(c) No household shall be eligible to participate in the food stamp program if it refuses to cooperate in providing information to the State agency that is necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility. Every household that is participating in the food stamp program shall report or cause to be reported to the State agency, on a form designed or approved by the Secretary, that shall contain a description in understandable terms in prominent and boldface lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible household, changes in income or household circumstances that the Scretary deems necessary in order to assure accurate eligibility and benefit determinations. The reporting requirement prescribed by this subsection shall be the sole such requirment for reporting changes in income or in household circumstances for participating households.

(d)(1) Unless otherwise exempted by the provisions of subsection (d)(2) of this section, no household shall be eligible for assistance under this Act if it includes a physically and mentally fit person between the ages of eighteen and sixty who (i) refuses at the time of application and once every six months thereafter to register for employment in a manner determined by the Secretary; (ii) refuses to fulfill whatever reasonable reporting and inquiry about employment requirements are prescribed by the Secretary; (iii) is head of the household and voluntarily quits any job without good cause, unless the household was certified for benefits under this Act immediately prior to such unemployment; *Provided*, That the period of ineligibility shall be sixty days from the time of the voluntary quit; or (iv) refuses without good cause to accept an offer of employment at a wage not less than the higher of either the applicable State or Federal minimum wage, or 80 per centum of the wage that would have governed had the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), been applicable to the offer of employment, and at a site or plant not then subject to a strike or lockout.

(2) A person who otherwise would be required to comply with the requirements of subsection (d)(1) of this section shall be exempted from such requirements if he or she is (A) currently subject to and complying with a work registration requirement under title IV of the Social Security Act, amended (42 U.S.C. 602) or the Federal-State unemployment compensation system, a parent or other member of a household with responsibility or the care of a dependent child under twelve or of an incapacitated person; (B) a parent or other caretaker of a child in a household where there is another able-bodied parent who is subject to the requirements of this subsection; (C) a bona fide student enrolled at least half time in any recognized school, training program or institution of higher education (except that any such person shall be subject to the requirements of subsection (d)(1) of this section during any period of more than thirty days when such school or program is in vacation or recess and any such person enrolled in an institution of higher education shall be subject to the requirements of subsection (e)(3)(B) as well); (D) a regular participant in a drug addiction or alcoholic treatment and rehabilitation program if the chief administrative officer of the rehabilitation program has certified in writing to the State agency that the work registration requirement would interfere with rehabilitation; or (E) employed a minimum of thirty hours per week or receiving weekly earnings which equal the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), multiplied by thirty hours.

(3) To the extent that a State employment service is assigned responsibility for administering the provisions of subsection (d) it shall comply with regulations issued jointly by the Secretary and the Secretary of Labor, which regulations shall be patterned to the maximum extent practicable on the work incentive program requirements set forth in title IV of the Social Security Act (42 U.S.C. 630 et seq.) and shall take into account the diversity of the needs of the food stamp work registration population.

(e) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household if he (1) has reached his eighteenth birthday, (2) is enrolled at least half time in an institution of higher education, and (3)(A) is properly claimed or could properly be claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household or (B) during the regular school year (i) is not employed a minimum of twenty hours per week or is not participating in a federally financed work study program, (ii) does not have weekly earnings which at least equal the minimum

hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), multiplied by twenty hours, (iii) is not registered for work amounting to at least twenty hours per week, (iv) is not the head of a household containing one or more other persons who are dependents of that individual because he supplies more than half of their support or (v) is not covered by an exemption from the work registration requirement contained in subsection (d) other than (d)(2)(C).

(f) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household unless he or she is (1) a resident of the United States and (2) either (A) a citizen or (B) an alien lawfully admitted for permanent residence as an immigrant as defined by sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)), (excluding, among others, alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country: *Provided*, That for purposes of determining the eligibility of any alien, there shall be imputed to such individual the income and resources of any person who, as a sponsor of such individual's entry into the United States, executed an affidavit of support or similar agreement with respect to such individual, for the duration of the assurances of support contained in such affidavit or agreement but for no longer than a period of three years after such entry; except that the preceding provisions of this subsection shall not apply with respect to any individual who is blind or disabled pursuant to title XVI of the Social Security Act, if such blindness or disability commenced after the date of such individual's admission to the United States); or (C) an alien who entered the United States prior to June 30, 1948, or such subsequent date as is enacted by law, has continuously maintained his residence in the United States since then, and is not ineligible to citizenship, but who is deemed to be lawfully admitted for permanent residence as a result of an exercise of discretion by the Attorney General pursuant to section 249 of the Immigration and Nationality Act (8 U.S.C. 1259); or (D) an alien who has qualified for conditional entry pursuant to section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7)) because of persecution or fear of persecution on account of race, religious, or political opinion or because of being uprooted by catastrophic natural calamity; or (E) an alien who is lawfully present in the United States as a result of an exercise of discretion by the Attorney General for emergent reasons or reasons deemed strictly in the public interest pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)); or (F) an alien within the United States as to whom the Attorney General has withheld deportation pursuant to section 243 of the Immigration and Nationality Act (8 U.S.C. 1253(h)) because of the judgment of the Attorney General that the alien would otherwise be subject to persecution on account or race, religion, or political opinion. No other aliens than the ones specifically described in paragraphs (B) through (F) of this subsection shall be eligible to participate in the food stamp program as a member of any household.

(g) No individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, as amended, shall be considered to be a member of a household for any month, if, for such month, such individual resides in a State which provides State supplementary payments (1) of the type described in section 1616(a) of the Social Security Act and section 212(a) of Public Law 93-66, and (2) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(h) No household that knowingly transfers assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for a period of up to one year from the date of discovery of the transfer.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the section be dispensed with, that it be printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there amendments to section 1206?

AMENDMENT OFFERED BY MR. KELLY TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. KELLY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. KELLY to the amendment offered by Mr. FOLEY: Page 21, immediately after line 17, insert a new subsection (d)(4) as follows:

"(4) Notwithstanding any other provision of law, a household shall not participate in the food stamp program at any time that any member of such household, not exempt from the work registration requirements of the preceding subsection 1, is on strike as defined in section 501(2) of the Labor Management Relations Act, 1947, because of a labor dispute (other than a lockout) as defined in section 2(9) of the National Labor Relations Act: *Provided*, That a household shall not lose its eligibility to participate in the food stamp program as a result of one of its members going on strike if the household was eligible for food stamps immediately prior to such strike, but in no case shall the household receive increased benefits under this Act as a result thereof: *Provided further*, That such ineligibility shall not apply to any household that does not contain a member on strike, if any of its members refuses to accept employment at a plant or site because of a strike or lockout."

Mr. KELLY. Mr. Chairman, this amendment is a well-balanced amendment that is designed to accomplish one thing. That is, to not permit eligibility to be predicated upon the fact that an individual is on strike. Now, it is not in any way intended to cause the Government to be involved in the strike situation or in any kind of antilabor position in any way. It provides that if an individual is eligible for food stamps before the strike, he does not lose that eligibility by virtue of going on strike.

It further provides that an individual cannot be determined to be ineligible simply because he refuses to work at a plant that is on strike, or at which there is a lockout situation existing. If he was otherwise eligible.

The food stamp program in this country, I am sure everyone knows, is in disrepute with the people that have to pay the bill. One of the reasons that the people give for being dissatisfied with the food stamp program is because so many people are seen to be using food stamps, riding in automobiles, and evidencing an affluence that is not consistent with their being on the public dole. I cannot think there would be any question but what people that are on strike and receiving food stamps would nave to come within that category, because clearly they are not the class of people that are intended to be covered by a program that is designed to feed the poor.

It would seem to me that Members who represent constituencies that are truly needy should be affronted by the idea that a program designed to help their constituents is being subverted by a powerful special interest group, and that the whole program is given a bad reputation in the minds of the public. Now, for the rest of the Members who represent more affluent constituencies, I think they can find that this amendment is a reasonable amendment for this reason:

A recent Harris poll, in June of this year, found that over 80 percent of the people in this country believed that the food stamp program constitutes a Government ripoff because people who are not designed to be covered by the program find ways to qualify.

So this amendment is designed to try to cause the program to help the needy to be more palatable to the people who have to pay the bill. It is for this purpose and this purpose only that the amendment is offered.

Mr. ALLEN. Mr. Chairman, I rise in opposition to the Kelly amendment.

(By unanimous consent, Mr. ALLEN was allowed to proceed for an additional 3 minutes.)

Mr. ALLEN. Mr. Chairman, there has never been in the food stamp law a prohibition barring households, in which a single member may be out on strike, from receiving food stamps.

Many efforts have been made in past years to try to write such a prohibition into law, but these efforts have always been without success. I think the reasons are obvious.

First, what this amendment talks about, really, are mothers and children and the elderly, who happen to be a part of a household, who simply would not have the money to put food on the table, because of some labor-management dispute that results in a strike and which causes any single adult member of the household to be temporarily without work and income.

Under the explicit language of this amendment, it does not even have to be the head of the household who is on strike. But if any adult member of a household, between the ages of 18 and 60, is out of work because of a labor-management dispute, the entire household, including mother and children and any elderly members thereof, would be disqualified.

Under the provisions of the bill, as presently written, and even without this amendment, any household or family whose combined income for the month immediately prior to the strike was sufficient to render them ineligible for food stamps would remain ineligible for the next month, in any event—strike or no strike—because their eligibility under this bill would be determined, not on

their current month's income, but on their prior month's income.

So unless the strike continued for longer than a month, all members of such a household would still not be eligible for food stamps under the provisions already in this bill.

What is actually being proposed in this amendment is for the Government to take sides in all management-labor disputes. It would, in effect, be making an arbitrary determination in advance, regardless of circumstances, and regardless of which side may be primarily responsible for the strike, that the employees and their union are at fault in every case.

On the other hand, the company or employer in every such dispute would be presumed to be blameless if judged by the one-sided sanctions which would be imposed under this amendment. It would amount to a legal adjudication, without any hearing whatever, that all employers are right and totally without blame or responsibility in all disputes which lead to a strike.

The amendment would do this by denying food stamps to even the most needy families, where even one member of the household is out of work because of a strike.

Nowhere in this amendment, and regardless of circumstances which may have precipitated a strike, does it pretend to penalize an employer. It matters not that an employer may have been paying substandard wages, or imposing upon his employees intolerable working conditions, or refusing in some cases even to recognize, or to bargain in good faith, with the representatives of the employees chosen in a duly authorized NLRB-conducted election.

I do not mean to imply that I think the company or employer is always responsible, nor do I accept the presumption implicit in this amendment that the employees and their union are always to blame. Indeed, sometimes it is one side, and sometimes the other; and in many cases, we know both sides can be unreasonable and inflexible in seeking to reconcile their dispute, resulting in a needless strike in which both sides lose, and no one gains. But this amendment would place the whole responsibility on the employees without a hearing to determine the true facts, and they alone would be subject to Federal penalties, but never the companies.

Oh, no. The employer, regardless of the share of the blame the company should bear, could continue to deduct and take credit on his income tax return for rent, utility bills, maintenance of the plant, and other expenses during a strike or lockout—and the income taxes that such an employer would otherwise have to pay would thus be reduced, and have to be made up by taxes that would have to be paid by other citizens. Neither is there any law that says a small business loan cannot be made to a company during a strike, nor is there any law that says a Government contract cannot be let to a company during a strike.

Only the employees and their families would be penalized; they, and they alone, but never the companies or employers.

And so it is, because the Congress has perceived that such a provision as contained in this amendment is basically unfair and would really be setting a double standard, based on a prejudgment in advance, without any factfinding hearing whatever, that the employees are always the ones who are at fault, and the employer is always blameless, whenever a labor-management dispute results in a strike, that such a provision as this which could actually take food off the table of the hungry, because one single member, and not necessarily the head of the household, is on strike, has always been rejected.

And I ask you to follow the good judgment and sense of fairness of Congresses past, and reject it again today by voting against this amendment.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I merely want to point out that it would seem logic is exactly the opposite of what my good friend, the gentleman from Tennessee (Mr. ALLEN), has presented in the well.

In the first place, a strike is a voluntary action. Normally in our collective-bargaining processes it is usually the intention of the Government to not become involved and to not tilt toward one side or the other in a private economic controversy or a strike. But it is very clear and obvious that by putting the Government on the side of the striker during his free exercise of his rights in the collective-bargaining process, we are saying that the Government favors the striker.

So I think the first part of the gentleman's logic is not correct, because a strike is a voluntary action taken in the private economic sphere of our society. I think it is wrong for the Government to come down on the side of either party.

Mr. TUCKER. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Arkansas.

Mr. TUCKER. Mr. Chairman, I would like to explore that theory with the gentleman from Ohio (Mr. ASHBROOK).

First, does the gentleman suggest that a strike is a voluntary action on the part of the striker?

Mr. ASHBROOK. I think it is a voluntary act on the part of the union. It may not be a voluntary act on the part of the striker, because quite often union members are forced to go along with a strike although they do not believe in it.

Mr. TUCKER. I am glad the gentleman recognizes that sometimes an individual is caught up in a dispute between a large union and a big company and really does not take any voluntary action himself.

Mr. ASHBROOK. That is correct, except for those who believe in the great myth of democracy in American unions. You have to accept the idea that the rank and file has some say in determining whether or not a strike is called.

So accepting that myth, it is a voluntary action of the rank and file of a union, and it is a voluntary action at least on the part of the union.

Mr. TUCKER. Mr. Chairman, if I may explore this a little further, in considering the question of whether the Government is taking sides in providing food stamps to the striker, would we also be correct, then, in prohibiting business from taking a tax deduction for any losses resulting from a strike or depreciation or capital gains incurred during the same period of time? If we did that, would we not be making sure that everything is even?

Mr. ASHBROOK. Mr. Chairman, if the gentleman wants to promote the idea that a business can fold up and only operate during the time that the workers are there, maybe that would follow. However, from what I understand of employment and from what I understand of businesses and how they operate, I do not think they just fold up and go away.

The worker can fold up his tool box, and stick it in the drawer, and go outside or come in the next day; but I do not think any of us reasonably believe that the employer can do the same thing. He cannot go to the electric company and say, "Turn off the electricity. Never mind if my pipes freeze in the wintertime." I think he has to continue his operation. We know that.

Mr. TUCKER. Mr. Chairman, if the gentleman will yield further, he continues to receive the Government benefits available to him as a result of the tax law and so forth, does he not?

Mr. ASHBROOK. I would not consider the operating to make a profit as a benefit in the free enterprise system. As a matter of fact, many in this House are making it increasingly hard to make a profit, so I would say it is an uphill struggle. I, therefore, would not look upon the situation you present as a tax incentive under the tax law.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I came in at the tail end of this colloquy.

May I ask the gentleman this question: It is true, is it not, that business does have some kind of incentive from Government to go ahead and not reach an agreement with labor during collective bargaining, because if labor goes on strike and the business is forced to close down its plant or reduce its operations, the losses the business incurs it can deduct from its earnings over the next several years? That certainly is a benefit to the business which is given to it by the Government, is it not?

Mr. ASHBROOK. The gentleman certainly is not advocating the premise that it is in the interest of any business to lose money on the theory that it will recapture some of it later, is he?

Mr. HARKIN. What I am saying is that perhaps the Government should not give them that benefit. Perhaps we ought to go ahead and make them pay the tax and not let them deduct the losses that they incur, because of their failure to reach agreement with organized labor in a collective bargaining situation.

Mr. ASHBROOK. The gentleman again loses me in his reasoning. When he is talking about not letting them deduct their losses, it is not a question of deductions, there is nothing to deduct if they do not make profits during that

period of time? What profits does a company make when a plant closes down?

Mr. HARKIN. I am saying that if a business is involved with labor in a collective bargaining situation, the business knows that if it does not reach an agreement, they can stall; they can put them off. When the plant goes on strike they will not be put in a really hard financial situation, because of the tax laws which allow them to continue their operation by deducting their losses.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. ASHBROOK) has expired.

(On request of Mr. HARKIN and by unanimous consent, Mr. ASHBROOK was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield further?

Mr. ASHBROOK. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, to continue, that would allow them during that period of time to take those kinds of losses, carry them forward, and deduct them in the future, so that they really do not have those losses. To me, that is a benefit we in this body have given business.

Mr. ASHBROOK. I do not see that as a benefit.

Mr. HARKIN. If it is not a benefit, what would the gentleman call it?

Mr. ASHBROOK. The record is replete with examples of businesses being closed down, in which case sale of products are lost to someone else, and the plant may never open up again.

A strike is a free action in the economic sphere in which the industry struck loses money. The workers do not work. They take their loss on the theory that they will economically win out.

In any way we figure it, food stamps for strikers, I feel, tilts the balance in their favor.

Mr. HARKIN. I think we should go to the Committee on Ways and Means and ask it to take this out of our tax laws and not allow business to deduct those losses from future earnings. Let us make them operate the same way as the workers do.

I suppose, if I understand the gentleman correctly, that he would support that kind of program in this body, to take away that advantage which we have written into the tax law, which gives businesses this kind of benefit.

Mr. ASHBROOK. I suppose when we reach that time and place when we force businesses to make a profit, maybe at that point your argument would be reasonable. However, there is nothing in any tax law, there is nothing in the economic climate of this country that forces any business to make a profit. Indeed, it takes more and more effort to survive let alone make a profit.

I suppose that if we force them to make a profit and if we had Government-controlled industry, then at that point perhaps your argument would be reasonable.

Mr. HARKIN. We certainly do not force them to make profits. Our tax laws are especially designed to promote profit-making in this country. At least, that is what I have always assumed.

Mr. ASHBROOK. It seems as though it runs in the other direction, but I think that is a good theory.

Mr. Chairman, I thank my colleague, the gentleman from Iowa (Mr. HARKIN).

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, the gentleman from Ohio made the point that in a business they have to, even in a strike, go ahead and pay their electric bills and keep operating. Would the gentleman also agree that the striker has to pay his electric bills and continues to pay the other bills he has?

Mr. ASHBROOK. Yes, and that is a calculated part of the risk taken in a strike, and the gentleman from Iowa (Mr. BEDELL) knows that. He is sacrificing an economic loss in a strike to get some future benefits he feels is worth the hardships of the strike.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TUCKER. Mr. Chairman, I oppose the Kelly amendment to deny food stamp benefits to strikers. Similar amendments have been repeatedly rejected by both Houses of Congress.

Criticism of the food stamp program often focuses on participation by strikers. Yet, strikers represent only about 0.2 percent of all food stamp recipients primarily because statistics show strikes are usually settled before the waiting period for qualification expires. Moreover, strikers will only be eligible for food stamp benefits if they meet the same income and eligibility rules as anyone else. Strike benefits would count as income for food stamp purposes and strikers would be subject to work registration mandates as well.

I do not believe hunger should enter into labor-management disputes, particularly since breakdowns in collective bargaining are seldom the decision of individual workers. In light of the fact that businesses continue to receive Government assistance in the form of grants, contracts, and loans and tax deductions for losses during labor-management disputes, it would not be fair to treat individual strikers and their families differently. Finally, this bill is, obviously, a compromise of many interests. Farm price supports, essential for the health of our agricultural economy, are a part of this bill. To remove this provision could well endanger the entire farm bill.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Florida (Mr. KELLY).

Mr. Chairman, I seriously doubt that any minds are going to be changed on this issue. This issue has been before this body on many prior occasions and, as the gentleman from Tennessee (Mr. ALLEN) correctly pointed out, fortunately the Members of the various prior Congresses have seen fit not to engage in this one-sided penalizing of a segment of our population.

First of all, Mr. Chairman, to put this in its proper perspective, contrary to the assumption often made, the number of households that we are talking about is very limited indeed. We are talking about two-tenths of 1 percent of the households who are recipients of food stamps in this country, or, putting it in flat figures, last year 5,000 households participated in the food stamp program where a member of that household was on strike. If we consider that we have 50 States obviously the number of households affected in each State is miniscule, to say the least.

But, Mr. Chairman, one of the things that frankly concerns me, in addition to the gross inequity that has been discussed in terms of tax benefits, let us not talk about tax benefits for a minute, but let us consider the subsidies that many businesses in this country receive, a subsidy which these businesses continue to receive whether they are on strike or not. Certainly no one has suggested, so far, that these subsidies should be discontinued for businesses that are on strike, or for businesses that have locked out employees.

Last, but not least, Mr. Chairman, it appears to me there is a very basic principle of American justice and jurisprudence that would be violated under this amendment and that is the very basic principle that we do not punish by association. And in this patricular amendment, in effect, members of a household of a person on strike would not continue to receive food stamps and/or would not start to receive food stamps. Compare this with the law as it applies to families of people who are sent to the penitentiary, who, under the present law, and under the proposed law, do and will continue to receive the benefits from the food stamp program. This is even though a member of their family, who was the head of the household, has committed a serious crime and is sent to the penitentiary.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I am happy to yield to my colleague, the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, on issues like this we can begin to get involved in a number of emotional issues and emotional areas that do not relate to what we are doing here on the floor. We are talking about labor law and this is not the area to deal with labor law. This amendment appears to deal with the issue of stopping strikes but it has no such effect. Strikes are still legal regardless of what happens on this amendment. We deal here with food stamp legislation.

The fact is that we should try, as responsible Members, to come up with a food stamp program that is going to be administered effectively, fairly, and equally. What the committee has done here is to come up with a tough proposal that applies requirements evenly to everyone, whether they are strikers, whether they drive a bus, whether they are homosexuals or heterosexuals, Republicans or Democrats, regardless, it applies equal to all.

It requires tough work registration and search requirements. It eliminates over 1.5 million people currently on food stamps. It requires that a person be

below the poverty level on income. It applies tough assets test that requires that a person not have any assets in excess of $3,000 before he or she applies. It restricts student participation. It has strong protections against fraud. It is a tough bill that demands that these requirements apply to everyone. We cannot start picking and choosing whether it be strikers or someone else that we do not like and thus begin to undermine the very program itself by increasing administrative costs and overhead.

I think we have come up with a fair program. It is a tough program. It applies to everybody equally and fairly, and that is what I think we should retain.

Mr. McHUGH. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from New York.

Mr. McHUGH. I thank the gentleman for yielding.

I would like to associate myself with the remarks of the two gentlemen from California. We tend to spend a great deal of time on this issue. It is a very emotional one. This amendment has been rejected time and time again. But lest anyone think it is the big issue, I should point out that only two-tenths to three-tenths of 1 percent of those households participating in the food stamp program include strikers, so it is not an issue having a major impact on this program. It is not an issue which justifies the emotion that always surrounds it.

Mr. Chairman, present law provides that while able-bodied adults in a household must, with certain exceptions, seek and accept work in order for the household to be eligible for food stamps, "refusal to work at a plant or site subject to a strike or lockout * * * shall not be deemed to be a refusal to accept employment." The present rule, then, is that workers on strike should not be treated specially. That is, families should not be deprived of adequate nutrition, because the breadwinner is out of work due to a labor dispute rather than for another reason.

This rule should not be changed. It is consistent both with the basic purposes of the food stamp program and with the requirements of the Federal labor policy. And, it is consistent as well with the principle Congress has always followed with regard to providing, or permitting States to provide, benefits of various kinds to individuals out of work due to labor disputes.

Food stamps, like other benefits such as welfare and unemployment compensation, are designed to help individuals and families who do not have sufficient income to provide for their own needs. When a wage earner is not working because of a labor dispute at his place of employment and, therefore, meets the financial need test of the food stamp program, he and his family have exactly the same difficulty in meeting their nutritional needs as others who receive food stamps. If they meet the requirements set for eligibility, it would be cruel and discriminatory to single them out for special treatment.

It has been argued that providing food stamps for families of workers involved in labor disputes somehow interferes with the collective-bargaining process. To the contrary, I believe that to deny benefits such as food stamps to otherwise eligible families only because the wage earner is exercising his protected right to strike would interfere with Federal labor policy, which recognizes the use of economic weapons such as strikes as integral to the collective-bargaining process. This is the determination we made in 1971 when we specifically provided that strikers should not be ineligible for food stamps solely because of participation in a labor dispute. We were right then, and it would be wrong to alter that provision now.

Indeed, this Congress has had to face many times the question whether participation in a labor dispute ought to lead to disqualifications from various kinds of benefits provided with Federal funds. For all those programs in which eligibility standards are set by the Federal Government, we have required that participants in labor disputes not be declared ineligible for benefits for that reason. The Railway Unemployment Insurance Act so provides, and efforts to disqualify strikers from receiving AFDC benefits if otherwise eligible have always been rejected.

Similarly, for those programs in which States set the eligibility standards, Congress has always taken the view that the States may, if they choose, provide benefits to workers engaged in labor disputes. For example, when, in 1935, the same Congress which passed the Wagner Act provided for an unemployment compensation system in the Social Security Act, it left to the States the question whether to pay benefits to strikers, and, if so, under what conditions. In 1947, Congress rejected an attempt to include in the Taft-Hartley Act a provision which would have discouraged States from providing unemployment benefits to strikers. And, although the last administration sent to Congress several times proposals to amend the Social Security Act to outlaw unemployment benefits to strikers, these proposals were not adopted.

To adopt the amendment offered today would, therefore, to be to go back on the longstanding and consistent position we have taken with regard to providing strikers and their families benefits which they need and to which they are entitled. Not one cogent argument has been made in favor of this backtracking, and I am unalterably opposed to it.

Mr. SYMMS. Mr. Chairman, I move to strike the requisite number of words, and I rise in favor of the amendment.

Mr. Chairman, I am always amused when this debate comes up. We have gone through it time and time again in the House Committee on Agriculture. It always seems to bring out all those people who—I know how sincere they are—subscribe to the myth of the broken-window theory of economics, that you break all the windows out on Main Street, and then you employ all those glass workers and carpenters, and so forth, to put the windows back in. I know, of course, that they have tried that in New York City during the last couple of weeks, and it is not working out so well. The point is that strikes hurt production, and wages come from production therefore that food stamps for strikers puts an imbalance to the collective bargaining process and lengthens the strike. It is as plain as can be. People can see it.

I thank the gentleman from Florida, who has made a very articulate defense of his position in the Committee on Agriculture, and I commend him for it. I would encourage the Members to support the amendment offered by the gentleman from Florida.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Florida.

Mr. KELLY. I thank the gentleman for yielding.

There was just in the discussion reference made to American justice. Whom is the justice for—the special interest groups that benefit from the law as it is, or that 81 percent of the Americans who are irate over the food stamp program by just such provisions as allowing special interest groups to profit at the expense of the working American public?

Mr. SYMMS. I thank the gentleman for that. I would be glad to yield further to him in just a minute, but I would just like to say a little about his point. We are talking about a program that should be aimed to help the involuntary poor. That is where the bottom line is. Those who are voluntarily poor should not be given the benefit of transfer payments from the hard-working, middle-class American taxpayers. Those who voluntarily get themselves poor, such as college students—they are included in this legislation; they will be able to receive benefits from this program—and people who are out on strike, and others, should not benefit, and that is where the cynicism toward the Federal welfare programs is coming from.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Florida.

Mr. KELLY. I thank the gentleman for yielding.

In the discussion there was another comment about we do not want to impose a penalty on the worker. This amendment does not have anything to do with that. It says we are not going to reward him who goes out on strike and quits working. That is what the amendment says. We are not going to give him a reward. It does not say we are going to penalize him. There is nothing in the law that says an individual is entitled as a matter of constitutional right to take the money out of a worker's pocket and spend it while he sits at home. There is nothing like that in the Constitution, and there is nothing in this amendment about a penalty.

There was one other point, if the gentleman will yield further, that I would like to make. There is nothing that prevents the businessman from getting a small loan from the Small Business Administration, or a big loan. But let me tell the Members this. There is nothing in this amendment that says that a worker, if his family is in need, cannot get welfare from the 850,000 different welfare programs that exist besides this food stamp program. If there is anybody in

this House who can suggest that if you do not get food stamps in America, you are going to starve to death because we do not have any kind of welfare except food stamps, let him stand up and make that argument.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SYMMS was allowed to proceed for 4 additional minutes.)

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair notes a disturbance in the visitors gallery, in contravention of the law and the rules of the House. The doormen and guards will remove from the gallery those persons participating in the disruption.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Missouri

Mr. VOLKMER. Mr. Chairman, I just would like to ask a question so I understand the gentleman's amendment. If there is an industry or a business that has a union agreement or union contract with a union or more than one union and the industry or business deliberately violates that agreement either for one or more causes, as for violation of work rules or by failing to pay a scheduled increase that is in the agreement, and then the union or various unions would go out on strike, its members under this amendment would not be eligible for food stamps. Is that correct?

Mr. SYMMS. I yield to the gentleman from Florida (Mr. KELLY).

Mr. KELLY. Mr. Chairman, that is correct because that is a voluntary gesture on their part.

Mr. VOLKMER. Mr. Chairman, if the gentleman will yield further, in other words it would be a violation of a contract by the employer, and the union could be forced to go ahead and do that, and the industry could be absolutely wrong, and yet the gentleman would demand that those people who try to force their rights under the law would be denied food stamps?

Mr. KELLY. Mr. Chairman, if the gentleman will yield further, at least the provision that is made here is not to get involved in labor disputes between business and the unions. That is a matter for the business and the unions to handle and not for the American taxpayers in the name of the poor. And that is what this is all about.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I yield to the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Chairman, this subject has been before us in previous times. It is an ever recurrent refrain. Superficially it may have some appeal to those who want to use the power of the Government to prevent or to stop labor disputes, but let us pause just a moment and look at it from the standpoint of simple equity.

If a person is out of work by reason of an industrial dispute over which that individual worker may have absolutely no control whatever, he is just as unemployed, his children can get just as hungry, and his family just as anguished as if he were unemployed for some other reason.

And so the question is not whether we want to give food stamps to strikers as though by doing so we were somehow encouraging strikes. The question is whether we want to deny to the family of a worker rendered jobless by reason of an industrial disagreement a different treatment from what we give other children of other workers who are rendered jobless for other reasons.

The point is really quite simple, I think. The law compels a vote before a strike can be held. It compels that the majority will shall prevail. There is no way on Earth to know, because the law also compels that it be by secret ballot, which individual members of that bargaining unit may or may not have voted to strike. And the amendment presently before us would penalize even those who voted against a strike. It would penalize their families. It would penalize their children.

I would say to the gentleman that the guilt or the blame for an industrial strike lies not always, and certainly lies not by our predetermination, with the forces of labor. It could just as easily lie with a recalcitrant management. And I think that the Congress would be ill-advised were it to interpose its judgment in advance and place an onus upon those people who are members of a bargaining unit and assume that they were wrong. And so I just think the amendment is ill-timed, it is imbalanced, and it is unjust.

The question I want to leave with us is the question whether we want to interpose the power of the U.S. Government on the side of management as a strikebreaker.

The question is whether we will have a different rule of eligibility for a family whose breadwinner is denied his job by reason of an industrial dispute than the rule which applies to somebody who is rendered unemployed by some other reason. One is just as unemployed as the other. The children get just as hungry in one case as the other.

Mr. ALLEN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Tennessee.

Mr. ALLEN. Mr. Chairman, I thank the gentleman for yielding.

Indeed, it does not even have to be the breadwinner. Under this amendment if anyone in the household is on strike, even a 19-year-old girl in the household who happens to go to work and is a member of the Garment Workers' Union, for example, and the union votes to strike, and her father, the breadwinner, let us say, is a laborer working for a contractor where weather conditions cause him to be out of work, I am asking if under this amendment if the whole family would not be penalized and rendered ineligible for food stamps simply because the 19-year-old daughter was on strike, even though she is not the head of the household—is that not what the Kelly amendment would provide?

Mr. WRIGHT. Mr. Chairman, the gentleman makes a good point and as I understand, that would be correct. I cannot answer categorically.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Florida.

Mr. KELLY. Mr. Chairman, I thank the gentleman for yielding. I am sure the gentleman is not trying to, in any way, suggest that the law as it now stands constitutes a strike fund in support of a powerful special interest group at the expense of the American taxpayer.

Mr. WRIGHT. The gentleman is correct. I am not trying to suggest that. I am suggesting that an agriculture bill is no proper place to prejudge labor disputes.

Mr. ALLEN. Mr. Chairman, there has never been in the food stamp law a prohibition barring households, in which a single member may be out on strike, from receiving food stamps.

Many efforts have been made in past years to try to write such a prohibition into law, but these efforts have always been without success.

I think the reasons are obvious.

First, what this amendment talks about, really, are mothers and children and the elderly, who happen to be a part of a household, who simply would not have the money to put food on the table, because of some labor-management dispute that results in a strike, and which causes any single adult member of the household to be temporarily without work and income.

Under the explicit language of this amendment, it does not even have to be the head of the household who is on strike. But if any adult member of a household, between the ages of 18 and 60, is out of work because of a labor-management dispute, the entire household, including mother and children and any elderly members thereof, would be disqualified.

Under the provisions of the bill, as presently written, and even without this amendment, any household or family whose combined income for the month immediately prior to the strike was sufficient to render them ineligible for food stamps, would remain ineligible for the next month in any event—strike or no strike—because their eligibility under this bill would be determined, not on their current month's income, but their prior month's income.

So unless the strike continued for longer than a month, all members of such a household would still not be eligible for food stamps under the provisions already in this bill.

What is actually being proposed by this amendment is for the Government to take sides in all management-labor disputes. It would, in effect, be making an arbitrary determination in advance, regardless of circumstances, and regardless of which side may be primarily responsible for the strike, that the employees and their union are at fault in every case.

On the other hand, the company or employer in every such dispute, is presumed to be blameless, if judged by the one-sided sanctions that would be imposed under this amendment. It would amount to a legal adjudication, without any hearing whatever, that all employers are right, and totally without blame or responsibility in all disputes which lead to a strike.

The amendment would do this by denying food stamps to even the most needy families, where even one member of the household is out of work, because of a strike.

Nowhere in this amendment, and regardless of circumstances which may have precipitated a strike, does it pretend to penalize an employer. It matters not that an employer may have been paying substandard wages, or imposing upon his employees intolerable working conditions or refusing in some cases even to recognize, or to bargain in good faith, with the representatives of the employees chosen in a duly authorized NLRB-conducted election.

I do not mean to imply that I think the company or employer is always responsible, nor do I accept the presumption implicit in this amendment that the employees and their union are always to blame. Indeed, sometimes it is one side, and sometimes the other; and in many cases, we know both sides can be unreasonable and inflexible in seeking to reconcile their dispute, resulting in a needless strike in which both sides lose, and no one gains. But this amendment would place the whole responsibility on the employees without a hearing to determine the true facts, and they alone would be subject to Federal penalties, but never the companies.

Oh, no. The employer, regardless of the share of the blame the company should bear, could continue to deduct and take credit on his income tax return for rent, utility bills, maintenance of the plant, and other expenses during a strike or lockout—and the income taxes that such an employer would otherwise have to pay would thus be reduced, and have to be made up by taxes that would have to be paid by other citizens. Neither is there any law that says a small business loan cannot be made to a company during a strike, nor is there any law that says a Government contract cannot be let to a company during a strike. Only the employees and their families would be penalized; they, and they alone, but never the companies or employers.

And so it is, because the Congress has perceived that such a provision as contained in this amendment is basically unfair and would really be setting a double standard, based on a prejudgment in advance, without any factfinding hearing whatever, that the employees are always the ones who are at fault, and the employer is always blameless, whenever a labor-management dispute results in a strike, that such a provision as this which could actually take food off the table of the hungry, because one single member, and not necessarily the head of the household, is on strike, has always been rejected.

And I ask you to follow the good judgment and sense of fairness of Congresses past, and reject it again today by voting against this amendment.

AMENDMENT OFFERED BY MRS. FENWICK TO THE AMENDMENT OFFERED BY MR. KELLY

Mrs. FENWICK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mrs. FENWICK to the amendment offered by Mr. KELLY: add at the end: or if the household so disqualified includes children under sixteen.

Mrs. FENWICK. Mr. Chairman, I will not take the 5 minutes.

Mr. Chairman, I have always been disturbed by the idea that the children of strikers may be deprived of food. I think if we exclude from the provisions of this amendment all households containing children under 16, we would cover a great many of the problems involved.

Mr. DELLUMS. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I know that the gentlewoman from New Jersey is very much in support of the movement for the reparation of the humanity of all women in this country. I would suggest to the gentlewoman this amendment is fraught with sexism, because in the case of women being on strike and the husband not working, the husband is not eligible. The gentlewoman is only talking about the children. What about the spouse?

I think this is a sexist amendment.

Mrs. FENWICK. In other words, the amendment would not apply to any household in which there are children under 16.

Mr. DELLUMS. Mr. Chairman, if the gentlewoman will yield further, my point is , what about the spouse?

Mrs. FENWICK. Where a wife is working and she goes on strike, she is not disqualified and neither is her husband, because the children under 16 make the household available for food stamps.

Mr. SYMMS. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I think the problem I have with the amendment is if the striking worker himself is not concerned about the feeding of his own children, how in heaven's name can the Congress be?

Mrs. FENWICK. Oh, I would like to take back my time. Every striker is concerned about his children. What is he going to do if he is a member of a union and is called out on strike?

Mr. Chairman, I will not yield for that kind of question. The point I am trying to make is that we have children here and we have households in which we have children that should not be excluded from nourishment because the mother or father has been called out on strike.

Mr. SYMMS. Mr. Chairman, will the gentlewoman yield further?

Mrs. FENWICK. I yield.

Mr. SYMMS. Mr. Chairman, the way to do it is by supporting an open shop.

Mrs. FENWICK. We are not discussing that in this amendment.

Mr. SYMMS. I realize that.

Mr. KELLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Florida.

Mr. KELLY. Mr. Chairman, would the gentlewoman's amendment include the proposition that if other welfare is not available to feed the children, then the amendment would have effect; but if there is ample welfare provision otherwise or there is welfare otherwise to feed the children, then this particular kind of welfare would not be available to a striker's family?

Mrs. FENWICK. No, I am sorry. All this amendment does is what it says, that the provisions that exclude people from the right to food stamps do not, under the conditions described in the gentleman's amendment apply to households where there are children under 16.

Mr. RICHMOND. I rise in opposition to the gentlewoman's amendment.

I would like to ask the gentlewoman, when she drafted this amendment, did she think of the elderly people in the family? Her amendment says if any family has children under 16, they shall receive benefits. Is that true?

Mrs. FENWICK. Yes.

Mr. RICHMOND. As my colleague from California asked and the gentlewoman never did answer, what happens to the person's spouse? What happens to older people in the family?

Mrs. FENWICK. If there are children under 16, none of these restrictions to the food stamp program would apply.

Mr. RICHMOND. Does the gentlewoman understand that families which include older people would also be eligible for food stamps? If that breadwinner goes on strike, what happens to other people in the family who are over 16 or who are senior citizens?

Mrs. FENWICK. Senior citizens have their own food stamps. They get their own food stamps.

Mr. RICHMOND. Not if they are a member of another person's household.

Mrs. FENWICK. If the gentleman would like to include elderly people, I would be happy to do it.

Mr. RICHMOND. I would beseech the gentlewoman from New Jersey, who is so sensitive to social problems in the United States, to withdraw her amendment. I know what she is trying to do, but it is administratively impossible. Basically, we have to remember that in order for any person on strike to get food stamps he would have to conform to stringent assets and income standards before he or his family would be eligible.

Very few people on strike are eligible. First, they must meet the asset limit of $1,500 for a single person, $2,250 for a household of two or more, and $3,000 for a household of two or more containing a person over 65 years old. The household would also have to meet the other requirements including counting any car with a market value of $2,500 or more and any recreational vehicle as against the asset allowance. I wish to emphasize that strikers are not given preferential treatment. In addition to meeting all income and resource tests they must also register, search for and accept work. The gentlelady knows that a striker could be opposed to the strike and have voted against it. Why then should the whole family suffer? She also knows, I am sure, that all strikes are not initiated by unions; many are forced by unyielding employers.

Preventing strikers from getting food stamps does not create neutrality as the sponsors suggest. Employees can still receive grants, contracts and maximum

tax breaks from the Government. The prohibition against strikers would be an attempt to use the power of the Government to break strikes by giving advantages to employers.

Mrs. FENWICK. I understand what the food stamp provisions are, but I would like to let my amendment stand, any household with children under 16.

Mr. RICHMOND. Does the gentlewoman understand that this would exclude elderly and disabled people?

Mrs. FENWICK. I would be happy to include children under 16, or elderly, infirm, disabled dependents.

Mr. RICHMOND. What about the wives of the strikers?

Mrs. FENWICK. Since the household would not be disqualified and she is part of the household——

Mr. RICHMOND. What if you have the striker, his wife, and two elderly people?

Mrs. FENWICK. I would be happy to include in the amendment elderly, dependent members of the household.

Mr. RICHMOND. What about the striker's wife?

Mrs. FENWICK. That is part of the household.

Mr. RICHMOND. What if they do not have any children below 16?

Mrs. FENWICK. If they have no children under 16 and no elderly dependents, the wife can get a job.

Mr. RICHMOND. What are you going to do if the wife is handicapped?

Mrs. FENWICK. Oh, Mr. RICHMOND, come on.

Mr. RICHMOND. Does the gentlewoman agree that if the striker's wife is handicapped, she too needs food stamps?

Mrs. FENWICK. Of course. Further, a lot of women work, and the gentleman forgets that all of our tax laws and everything else concerning work assumes that nobody works but men. Women work too, and there are going to be some dependent husbands. But I am going to have to say that we cannot include everybody.

What I am saying is that I would be happy to change my amendment to say that this does not apply to any household if they have children under 16 or elderly, blind, or disabled, dependents.

Mr. RICHMOND. Does the gentlewoman understand that this issue which we are taking so much time to discuss, covers only 0.2 of 1 percent of all food stamp users?

Mrs. FENWICK. I am trying to get something for households with helpless people.

Mr. RICHMOND. In that case, let us vote down the Kelly amendment. The gentlewoman's amendment just beclouds the issue.

Mrs. FENWICK. It does not becloud the issue. It makes passage possible.

The CHAIRMAN. If members of the committee would indulge the Chair, the Chair would remind Members that we have debated this issue many times over the years in the past, and the Chair would suggest that we keep that in mind.

Mr. QUIE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to commend the gentlewoman from New Jersey (Mrs. FENWICK) for offering this amendment. Through the years that the amendment has been offered—and it has been offered many years—I have really been torn. On the one side, I do not think the Federal Government ought to enter in on one side or the other in a dispute between a labor union and employer. And, in effect, when the Government provides welfare for strikers, it does. I recognize that there are some States which do provide other welfare assistance to striking workers after a certain length of time, usually a week. But in this case, it has always bothered me. If we do adopt this amendment, what happens in a family where there are a number of children and they are dependent upon the food that the food stamps will bring in?

Mr. Chairman, I believe that the amendment offered by the gentlewoman from New Jersey actually helps this, so families with children under 16 could still receive food stamps.

I recognize that there are some families where there are people who are elderly. But I believe it is easier for an older person, a senior citizen, to be eligible for food stamps independently than it is for somebody under 16 years of age. I understand the gentlewoman from New Jersey is going to ask unanimous consent to modify her amendment. But most of the opposition I hear from the other side is that they are unhappy because the gentlewoman from New Jersey has offered an amendment which then makes the amendment more acceptable for those people who did have a concern for those dependent members of the household. A father or mother may vote against going on strike because of concern for their children but if a majority of the union favors the strike, such an employee, not guilty in any way of going on strike on his or her own volition would be denied help for their children.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I ask unanimous consent to modify my amendment so that the language to be added to the Kelly amendment would read as follows:

or if the household so disqualified includes children under sixteen, disabled or elderly dependents.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

Mr. Chairman, just to clarify something, I do not have the amendment up here. We are only at this time considering the Fenwick amendment to the Kelly amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK) to the amendment offered by the gentleman from Florida (Mr. KELLY).

The question was taken; and on a division (demanded by Mrs. FENWICK) there were—ayes 36, noes 45.

RECORDED VOTE

Mr. FRENZEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 152, noes 266, not voting 15, as follows:

[Roll No. 465]

AYES—152

Ammerman	Gibbons	Pressler
Anderson, Ill.	Ginn	Preyer
Andrews, N.C.	Glickman	Pritchard
Andrews, N. Dak.	Gonzalez	Pursell
Armstrong	Gore	Quayle
Barnard	Gradison	Quie
Bennett	Grassley	Quillen
Bevill	Gudger	Railsback
Boggs	Guyer	Regula
Breaux	Hagedorn	Roberts
Breckinridge	Hamilton	Rogers
Broomfield	Harsha	Rose
Brown, Ohio	Heckler	Runnels
Buchanan	Hefner	Ruppe
Burke, Fla.	Hightower	Sarasin
Butler	Hillis	Sawyer
Caputo	Holland	Sebelius
Carter	Horton	Sharp
Cederberg	Huckaby	Skubitz
Clausen, Don H.	Hyde	Smith, Iowa
Cleveland	Ireland	Smith, Nebr.
Cohen	Jacobs	Snyder
Coleman	Jeffords	Spellman
Conable	Jenkins	Stangeland
Conyers	Johnson, Colo.	Stanton
Corcoran	Jones, N.C.	Steers
Coughlin	Kasten	Steiger
Cunningham	Kazen	Stratton
D'Amours	Kelly	Thone
Davis	Kemp	Treen
de la Garza	Keys	Trible
Derrick	Krueger	Van Deerlin
Derwinski	Leach	Vander Jagt
Dickinson	Lent	Vanik
Diggs	Levitas	Volkmer
Duncan, Tenn.	Lloyd, Tenn.	Walgren
Edwards, Ala.	McCloskey	Walker
English	McEwen	Walsh
Ertel	Madigan	Wampler
Evans, Del.	Marks	Watkins
Fenwick	Mathis	White
Findley	Milford	Whitley
Fish	Miller, Ohio	Wilson, Bob
Fisher	Mitchell, N.Y.	Wilson, Tex.
Fithian	Mottl	Winn
Flowers	Myers, Gary	Wydler
Forsythe	Nichols	Wylie
Frenzel	O'Brien	Young, Alaska
Frey	Obey	Young, Fla.
Fuqua	Pettis	Young, Tex.
	Pike	
	Poage	

NOES—266

Abdnor	Brodhead	Dornan
Addabbo	Brooks	Downey
Akaka	Brown, Mich.	Drinan
Alexander	Broyhill	Duncan, Oreg.
Allen	Burgener	Early
Ambro	Burke, Calif.	Eckhardt
Anderson, Calif.	Burleson, Tex.	Edgar
Annunzio	Burlison, Mo.	Edwards, Calif.
Applegate	Burton, John	Edwards, Okla.
Archer	Burton, Phillip	Emery
Ashbrook	Byron	Erlenborn
Ashley	Carney	Evans, Colo.
Aspin	Carr	Evans, Ga.
AuCoin	Cavanaugh	Evans, Ind.
Badham	Chappell	Fary
Badillo	Chisholm	Fascell
Bafalis	Clawson, Del	Flood
Baldus	Clay	Florio
Baucus	Cochran	Flynt
Bauman	Collins, Ill.	Foley
Beard, R.I.	Collins, Tex.	Ford, Mich.
Beard, Tenn.	Conte	Ford, Tenn.
Bedell	Corman	Fountain
Beilenson	Cornell	Fowler
Benjamin	Cornwell	Fraser
Biaggi	Cotter	Gammage
Bingham	Crane	Gaydos
Blanchard	Daniel, Dan	Gephardt
Blouin	Daniel, R. W.	Giaimo
Boland	Danielson	Goldwater
Bolling	Delaney	Goodling
Bonior	Dellums	Hall
Bonker	Devine	Hammer-schmidt
Bowen	Dicks	Hanley
Brinkley	Dingell	Hannaford
	Dodd	

Hansen	Meeds	Rousselot
Harkin	Metcalfe	Roybal
Harrington	Meyner	Rudd
Harris	Michel	Russo
Hawkins	Mikulski	Ryan
Heftel	Mikva	Santini
Hollenbeck	Miller, Calif.	Satterfield
Holt	Minish	Scheuer
Holtzman	Mitchell, Md.	Schroeder
Howard	Moakley	Schulze
Hubbard	Moffett	Seiberling
Hughes	Mollohan	Shuster
Ichord	Montgomery	Sikes
Jenrette	Moore	Simon
Johnson, Calif.	Moorhead, Calif.	Sisk
Jones, Okla.	Moorhead, Pa.	Skelton
Jones, Tenn.	Moss	Slack
Jordan	Murphy, Ill.	Solarz
Kastenmeier	Murphy, N.Y.	Spence
Ketchum	Murphy, Pa.	St Germain
Kildee	Myers, John	Staggers
Kindness	Myers, Michael	Stark
Kostmayer	Natcher	Steed
Krebs	Neal	Stockman
LaFalce	Nedzi	Stokes
Lagomarsino	Nix	Studds
Latta	Nolan	Stump
Le Fante	Nowak	Symms
Lederer	Oakar	Taylor
Leggett	Oberstar	Thompson
Lehman	Ottinger	Thornton
Lloyd, Calif.	Panetta	Traxler
Long, La.	Patten	Tsongas
Long, Md.	Patterson	Tucker
Lott	Pattison	Udall
Lujan	Pease	Ullman
Luken	Pepper	Vento
Lundine	Perkins	Waggonner
McClory	Pickle	Waxman
McCormack	Price	Weaver
McDade	Rahall	Weiss
McDonald	Rangel	Whalen
McFall	Reuss	Whitehurst
McHugh	Rhodes	Whitten
McKay	Richmond	Wiggins
Maguire	Rinaldo	Wilson, C. H.
Mahon	Risenhoover	Wirth
Mann	Robinson	Wright
Markey	Roe	Yates
Marlenee	Roncalio	Yatron
Marriott	Rooney	Young, Mo.
Martin	Rosenthal	Zablocki
Mattox	Rostenkowski	Zeferetti
Mazzoli		

NOT VOTING—15

Brademas	Flippo	Murtha
Brown, Calif.	Gilman	Rodino
Burke, Mass.	Koch	Shipley
Dent	McKinney	Teague
Eilberg	Mineta	Wolff

Messrs. HAMMERSCHMIDT, BEARD of Tennessee, ROUSSELOT, EVANS of Georgia, HOLLENBECK, JONES of Tennessee, and SIMON changed their vote from "aye" to "no."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. FENWICK TO THE AMENDMENT OFFERED BY MR. KELLY

Mrs. FENWICK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mrs. FENWICK to the amendment offered by Mr. KELLY:

At the end of the amendment add the following: ", or if the household so disqualified includes children under sixteen, disabled or elderly dependents."

Mrs. FENWICK. Mr. Chairman, I think the time has come to face quite clearly what we are doing. What we are trying to do with this food stamp bill is to give help to those who need it. This further amendment would mean that no household in this country which otherwise qualifies for food stamps would be disqualified if it includes children under 16, disabled, or elderly dependents. This is not a radical move. This is quite clearly what we are trying to do. We are not here entering into a labor law or trying to balance accounts between labor and management. We are simply trying with the food stamp bill to make sure that we have no hungry people in this country.

We want to make sure we have no hungry children under 16 in families and that there are no elderly or disabled dependents in such households who might be disqualified from receiving food stamps.

The purpose is very simple. We are not here discussing the balance of economic power. We are discussing the need of human beings for food.

Mr. KETCHUM. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I have absolutely no doubt in my mind that the gentlewoman intends to help people who need help. Is the gentlewoman aware of the fact that the disabled and the elderly who are in need of that help are already eligible no matter whether the family is striking or not?

Mrs. FENWICK. I am only fearful lest any household in which there are dependent or elderly people might be disqualified by this amendment.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from California.

Mr. PHILLIP BURTON. I would like to join in the observation of my distinguished colleague, the gentleman from California (Mr. KETCHUM). He of course is quite correct. Those receiving SSI disabled or SSI elderly payments are already eligible for food stamps, unless the State has "cashed out" the food stamps.

I do not know what if anything this amendment does. It certainly does not improve the pending amendment. It does not hurt it but it certainly does not help it.

Mrs. FENWICK. Mr. Chairman, I decline to yield further.

The Kelly amendment quite clearly reads "a household shall not participate" and if an elderly or disabled person is in that household the Kelly amendment prevents the household from participating. All I seek to do is to remove this prohibition from any household that is disqualified only because of a striker if the household includes children under 16 or elderly or disabled dependents.

Mr. WRIGHT. Mr. Chairman, the gentlewoman from New Jersey obviously intends well. I might say in kindness and respect she is not "Millicent the Militant" but she is "Millicent the Munificent". She is lovely and gracious.

Now the basic question is: Do we want to create two different types of citizens—on the one hand those who are employed by a plant which may be on strike for no reason of theirs and who are thereby rendered unemployed, and on the other hand all other unemployed Americans?

The goals sought to be achieved by the gentlewoman from New Jersey will be achieved quite simply by refusing the Kelly amendment. We reject the Kelly amendment and the young people are protected, the little children are protected, the old people are protected, and the infirm are protected.

For that matter, I do not see any reason why a young couple without savings, struggling against high prices and caught up suddenly in the maw of unemployment, ought not just as well be protected. Their deprivation could be just as severe.

Juxtapose these two following situations and make any logic or justice out of them, and then perhaps you can justify a vote for the Kelly amendment. If a family head is convicted of a crime and sent to prison, his family is entitled to draw food stamps, because he is rendered unemployed and they have no breadwinner with a job. That is permitted under the law. If on the other hand he works for an industrial plant and it is idled, because of a labor dispute and he is similarly rendered unemployed and jobless—without money, without income—then his family would not be entitled under the Kelly amendment to the same benefits.

Now, manifestly that is not fair. Why should we arbitrarily place upon a worker an onus that is not placed upon a convicted felon? Why would we assume—as the Kelly amendment in any of its forms, with any of the amendments thereto, would basically assume—that an individual who is a member of a bargaining unit, a laborer, a worker, is automatically wrong. That is the basic assumption which the Kelly amendment would draw.

The law very clearly stipulates the manner in which strikes may be called. It governs and restricts that procedure. A strike may be called under the law only upon a vote of all members of the bargaining unit, and under the law that is a secret ballot. We would be penalizing some who voted against the strike, if we vote for the Kelly amendment. We would be drawing an assumption before the fact that the bargaining unit representing the labor side was wrong and that the management side was presumptively right.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentlewoman, since I mentioned the gentlewoman's name, I hope in the friendliness which betokens the esteem I feel for the gentlewoman.

Mrs. FENWICK. Mr. Chairman, the facts presented here and the objections that were raised seem to forget the children. We have not heard about them. Nobody mentions them anymore, or the elderly and disabled are no longer on anybody's mind. We are not talking about the human situation.

Labor half the time is right and half the time is wrong, and so is management, and we all know it.

The only thing we are trying to do, whatever the economic balance, which we are not seeking to disturb, whatever it may be, that the elderly and disabled people and children will not suffer. That is all this amendment does.

Mr. WRIGHT. Mr. Chairman, I would say to the gentlewoman that her amendment makes the Kelly amendment just a little bit less unpalatable. If we

had to embrace the Kelly proposal at all, I would rather have its harshness softened somewhat by her addition to it. But the Kelly amendment in any of its forms—even with the gentlewoman's benign amelioration—would prejudge a labor dispute in advance and put the Federal Government on the side of assuming that the laborers who are thrown out of jobs are wrong and, therefore, should be penalized.

Let me just say this: If it is not the purpose of the Congress to prejudge the right or wrong in some future labor dispute, and if we should insist that benefits otherwise legally available to the workers should be withheld during the dispute, then in simple equity we would have to insist that benefits otherwise legally available to management similarly should be withheld.

If we were to use the pressures of public policy against one side in the disagreement, then similar strictures would have to be applied against the other side as well.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for an additional 2 minutes.)

Mr. WRIGHT. Mr Chairman, if we are going to bring down the power of the Federal Government against the members of labor in such a dispute, then in order not to distort the balance of an even-handed policy, we would have to say that no Government credits, no small business loans, no other Federal benefits should be made available to management in case of a labor dispute. We are not proposing that. I do not suggest that it should be done.

I simply say that it is not fair to single out workers who may be rendered jobless, often through no fault of their own, and presume in advance that they are wrong and use the Federal Government as a strikebreaking force to starve them back into line to accept an agreement that may not be justifiably acceptable.

For that reason, if it is true, as the gentlewoman says, that those who support her point of view want simply to protect the old and the halt and the lame and the children, then we can achieve that objective very easily, simply by rejecting the Kelly amendment.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I want to compliment the distinguished majority leader on his statement. I agree with it entirely and I share the gentleman's high regard for the gentlewoman from New Jersey, who offers this amendment out of a sense of sincere concern.

The gentleman is exactly right and we should remain concerned for the elderly and disabled, but defeat the Kelly amendment.

I think those who are for the Kelly amendment and their opponents would like a decision on the main question, that is, whether it is appropriate to disqualify a household when there is one member involved in a labor dispute. Considering the fact that labor disputes are legal and sometimes labor is at fault and sometimes management is at fault and the striking families have to meet all the requirements of eligibility, I hope we reject both the Fenwick and the Kelly amendments.

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do want to congratulate the gentlewoman from New Jersey on offering the amendment. I know she considers these matters very deeply and has a heart as big as any heart on the floor of this House.

Whether we adopt the amendment of the gentlewoman from New Jersey or not, I want to urge the adoption of the Kelly amendment. The gentleman from Florida's amendment is an important one and, in my opinion, is designed to return a balance to the collective bargaining system.

It seems to me that my good friend, the majority leader, has only taken one side of the issue. Striking is an act of economic warfare: when you go on strike, you engage in economic warfare. That does not necessarily mean that the workers are the ones who declared the war on management or vice versa. I do not want to prejudge any individual circumstances. Nevertheless there is economic war, and do not let there be any doubt about that.

The workers try to win their argument by establishing picket lines and doing what they can to hurt the economy of the management. Management, on the other hand, certainly is going to do anything it can to end the strike by putting economic pressure on the workers. It is cruel. I happen to believe that this country is getting too big and too sophisticated to put up with this type of strike any longer. I hope that eventually Congress would do something to ameliorate the type of economic warfare or economic barbarism which strikes cause. But, for the time being, we have strikes and must deal with the situation as it exists.

In establishing the current food stamp program the Government has actually come down on one side. It has come down on the side of the striker. Before there was such a thing as food stamps people who went out on strike were able to get along. Ways were found to keep families at a subsistence level in order to get through the strike and keep people from starving. Those elements are still available and I do not believe that we have to have the Federal Government providing food stamps in order to keep striking families from starving.

It seems to me that instead of this amendment coming down on one side against the striker as the majority leader stated, the amendment actually takes us back to the neutral position we were in before we adopted the food stamp plan. It also seems to me that the Congress of the United States should look very carefully at how it spends the tax money of the people of this country. I do not think there are very many taxpayers in the United States who would want their tax money used for the support of a strike over which they have no control.

Now, my good friend, the distinguished majority leader, likened this situation to that of a person who has gone to jail, or prison. I do not really see any comparison there. The family of the person who has gone to prison did not have anything to do with committing the crime. I do not see why they should be punished. But, he also mentioned the fact that a strike is called because of a vote by the workers. That presupposes that the man who went out on strike voted and belongs to a union in which the majority rules.

I submit that a striker has a lot more to say about his own personal economic future than does the man who went to prison. It just seems to me that the justice of the situation is such that the amendment offered by the gentleman from Florida should be adopted, and we should end the current practice where we have actually come down on the side of the striker as against management, without any predisposition to determine which is right or which is wrong.

AMENDMENT OFFERED BY MR. ASHBROOK TO THE AMENDMENT OFFERED BY MRS. FENWICK TO THE AMENDMENT OFFERED BY MR. KELLY

Mr. ASHBROOK. Mr. Chairman, I offer an amendment to the amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK to the amendment offered by Mrs. FENWICK to the amendment offered by Mr. KELLY: At the end of her amendment add the following: "Who are not otherwise eligible for any other form of welfare."

Mr. FOLEY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The Chair will advise the gentleman from Ohio (Mr. ASHBROOK) that his amendment is in the third degree and, therefore, is not in order.

The question is on the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK) to the amendment offered by the gentleman from Florida (Mr. KELLY).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mrs. FENWICK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 227, not voting 16, as follows:

[Roll No. 466]

AYES—190

Abdnor	Burke, Fla.	Derrick
Anderson, Ill.	Butler	Derwinski
Andrews, N.C.	Caputo	Devine
Andrews, N. Dak.	Carter	Dickinson
Archer	Cavanaugh	Diggs
Armstrong	Cederberg	Duncan, Tenn.
Barnard	Chappell	Early
Beard, Tenn.	Clausen, Don H.	Edwards, Ala.
Bennett	Cleveland	English
Bevill	Cohen	Erlenborn
Boggs	Coleman	Ertel
Breaux	Collins, Tex.	Evans, Del.
Breckinridge	Conable	Fenwick
Brinkley	Corcoran	Findley
Broomfield	Coughlin	Fish
Brown, Mich.	Cunningham	Fisher
Brown, Ohio	D'Amours	Fithian
Broyhill	Daniel, Dan	Flowers
Buchanan	Davis	Flynt
Burgener	de la Garza	Forsythe
		Fountain

Fowler	Lagomarsino	Rose
Frenzel	Latta	Rousselot
Frey	Leach	Rudd
Fuqua	Lent	Runnels
Gibbons	Levitas	Ruppe
Ginn	Lloyd, Tenn.	Sarasin
Glickman	McClory	Sawyer
Gonzalez	McCloskey	Schulze
Goodling	McEwen	Sebelius
Gore	Madigan	Sharp
Gradison	Mahon	Shuster
Grassley	Marks	Sikes
Gudger	Marlenee	Skubitz
Guyer	Martin	Smith, Iowa
Hagedorn	Mathis	Smith, Nebr.
Hall	Mazzoli	Snyder
Hamilton	Michel	Spellman
Harsha	Milford	Spence
Heckler	Miller, Ohio	Stangeland
Hefner	Mitchell, N.Y.	Stanton
Hightower	Mottl	Steers
Hillis	Myers, Gary	Steiger
Holland	Neal	Stratton
Holt	Nichols	Taylor
Horton	O'Brien	Thone
Huckaby	Obey	Traxler
Hughes	Pettis	Treen
Hyde	Pike	Trible
Ichord	Poage	Vander Jagt
Ireland	Pressler	Volkmer
Jacobs	Preyer	Walgren
Jeffords	Pritchard	Walker
Jenkins	Pursell	Walsh
Jenrette	Quayle	Wampler
Johnson, Colo.	Quie	Watkins
Jones, N.C.	Quillen	White
Kasten	Railsback	Whitley
Kazen	Rangel	Wilson, Bob
Kelly	Regula	Winn
Kemp	Reuss	Wydler
Keys	Rhodes	Wylie
Kindness	Roberts	Young, Alaska
Kostmayer	Rogers	Young, Fla.

NOES—227

Addabbo	Dicks	Luken
Akaka	Dingell	Lundine
Alexander	Dodd	McCormack
Allen	Dornan	McDade
Ambro	Downey	McDonald
Anderson, Calif.	Drinan	McFall
	Duncan, Oreg.	McHugh
Annunzio	Eckhardt	McKay
Applegate	Edgar	Maguire
Ashbrook	Edwards, Calif.	Mann
Ashley	Edwards, Okla.	Markey
Aspin	Emery	Marriott
AuCoin	Evans, Colo.	Mattox
Badham	Evans, Ga.	Meeds
Badillo	Evans, Ind.	Metcalfe
Bafalis	Fary	Meyner
Baldus	Fascell	Mikulski
Baucus	Flood	Mikva
Bauman	Florio	Miller, Calif.
Beard, R.I.	Foley	Minish
Bedell	Ford, Mich.	Mitchell, Md.
Beilenson	Ford, Tenn.	Moakley
Benjamin	Fraser	Moffett
Biaggi	Gammage	Mollohan
Bingham	Gaydos	Montgomery
Blanchard	Gephardt	Moore
Blouin	Giaimo	Moorhead, Pa.
Boland	Goldwater	Calif.
Bolling	Hanley	Moorhead, Pa.
Bonior	Hannaford	Moss
Bonker	Hansen	Murphy, Ill.
Bowen	Harkin	Murphy, N.Y.
Brodhead	Harrington	Murphy, Pa.
Brooks	Harris	Myers, John
Brown, Calif.	Hawkins	Myers, Michael
Burke, Calif.	Heftel	Natcher
Burleson, Tex.	Hollenbeck	Nedzi
Burlison, Mo.	Holtzman	Nix
Burton, John	Howard	Nolan
Burton, Phillip	Hubbard	Nowak
Byron	Johnson, Calif.	Oakar
Carney	Jones, Okla.	Oberstar
Carr	Jones, Tenn.	Ottinger
Chisholm	Jordan	Panetta
Clawson, Del	Kastenmeier	Patten
Clay	Ketchum	Patterson
Cochran	Kildee	Pattison
Collins, Ill.	Krebs	Pease
Conte	Krueger	Pepper
Conyers	LaFalce	Perkins
Corman	Le Fante	Pickle
Cornell	Lederer	Price
Cornwell	Leggett	Rahall
Cotter	Lehman	Richmond
Crane	Lloyd, Calif.	Rinaldo
Daniel, R. W.	Long, La.	Risenhoover
Danielson	Long, Md.	Robinson
Delaney	Lott	Roe
Dellums	Lujan	Roncalio
Rooney	Stark	Weaver
Rosenthal	Steed	Weiss
Rostenkowski	Stockman	Whalen
Roybal	Stokes	Whitehurst
Russo	Studds	Whitten
Ryan	Stump	Wiggins
Santini	Symms	Wilson, C. H.
Satterfield	Thompson	Wilson, Tex.
Scheuer	Thornton	Wirth
Schroeder	Tsongas	Wright
Seiberling	Tucker	Yates
Simon	Udall	Yatron
Sisk	Ullman	Young, Mo.
Skelton	Van Deerlin	Young, Tex.
Slack	Vanik	Zablocki
Solarz	Vento	Zeferetti
St Germain	Waggonner	
Staggers	Waxman	

NOT VOTING—16

Ammerman	Gilman	Murtha
Brademas	Hammer-schmidt	Rodino
Burke, Mass.		Shipley
Dent	Koch	Teague
Eilberg	McKinney	Wolff
Flippo	Mineta	

Mr. DEL CLAWSON, and Mr. ROBINSON changed their vote from "aye" to "no."

Mr. MARTIN changed his vote from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. SYMMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have just taken this time for a very brief moment so as to remind the Members where we are, and that we are on the Kelly amendment.

I believe the gentleman from Florida (Mr. KELLY) would like to make several comments, and I will yield to the gentleman for that purpose.

Mr. KELLY. Mr. Chairman, I thank the gentleman from Idaho (Mr. SYMMS) for yielding to me.

Mr. Chairman, right now I believe that the issues are drawn. The amendment that is before the House is a clear issue regarding whether or not we are going to cause the Federal Government to be neutral in labor disputes, and that is all that is involved. The amendment as it is drawn is completely neutral. It is not in any way slanted in favor of either side.

There was a question raised here as to why do we have to come down on this side of the issue and I believe that there is an answer to that: Eighty-one percent of the American public have said that they disapprove of this kind of situation where people who were not intended to benefit by this program are now going to benefit because they have qualified under some loophole.

If you are not going to respond to 81 percent of the American public who disapprove of these kind of things, then it is going to be clear by your vote that this House does not represent 81 percent of the American public but it represents a special interest group called the big international labor unions. That is exactly what this issue is all about, whether this House represents the public or the unions.

Mr. SYMMS. I thank the gentleman for his comments.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in favor of the Kelly amendment.

Mr. Chairman, one of the points that seems to have been lost in the debate on the Kelly amendment, and seems likely to be lost also on the Jeffords amendment, is the fact that the food stamp program is not one that enjoys a high level of confidence with the American people.

One speaker today has said the Kelly amendment to bar some strikers from receiving food stamps is not worthy of House attention because it covered only a fraction of 1 percent of the total food stamp cases. The question is not how many persons have to collect benefits not intended for them. The question really is whether the program serves a clientele, which most Americans believe to be genuinely, and involuntarily, needy. We used to say food stamps was a disorderly program because the USDA does not know how to run a welfare program. After today, it is probably more accurate to say it is a disorderly program because Congress chooses to keep it that way.

If we structure a program that allows, if the Kelly amendment does not pass, people voluntarily unemployed, or if the Jeffords amendment does not pass, people who exceed the income limits, to receive food stamps, we should not be surprised that the public thinks the program is lousy.

Because I believe it is important that the food stamp program enjoy the confidence of the people. I support those amendments. Poll after poll has shown popular objection to food stamps for these very reasons.

If these amendments do not pass, the blame for public distrust of food stamps must be laid directly on Congress.

Mr. SKELTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at this time I wish to enter into the RECORD a conversation I have just had with the gentleman from New York (Mr. RICHMOND) on the subject of food stamps for strikers, as follows:

Mr. SKELTON. Do the work registration requirements of the bill apply to strikers who attempt to qualify for food stamps?

Mr. RICHMOND. Yes. The rules governing the eligibility of strikers for food stamps are, in essence, the same as those governing any other applicant household. A striker must register and accept available work. However, a work registrant cannot be forced to accept a job at a legally struck plant or site.

Mr. SKELTON. Since a work registrant can only be forced to accept a "suitable" job, that is a job in his "major field of experience", can a striker avoid the work requirements since such a job might not be available due to the strike?

Mr. RICHMOND. No. A food stamp work registrant can be forced to accept a job offer outside his major field of experience beginning 30 days after registration in order to retain food stamp eligibility.

Mr. SKELTON. What happens when the strike ends?

Mr. RICHMOND. Food stamp households are required to report changes in household status that would affect their eligibility or benefit level within 10 days of the change.

Mr. SKELTON. Are strike benefits counted as income for food stamp purposes?

Mr. RICHMOND. Yes.

Mr. SKELTON. Are there any groups or class of people which the bill disqualifies from receiving food stamps because they leave employment?

Mr. RICHMOND. A person who voluntarily quits a job without good cause is disqualified

for 60 days. A person who fails to continue employment to which he was referred under the work registration requirement (without a recognized excuse) loses food stamps until he resumes the job or a year elapses, whichever is earlier. (These prohibitions apply to the households).

Mr. SKELTON. Explain the assets test and whether it would apply to strikers?

Mr. RICHMOND. It would apply. The assets limits are: $1,500 for single-person households, $2,250 for households of 2 or more, and $3,000 for households of 2 or more containing one person over age 60. Homes, personal effects are exempt. Almost all liquid assets are counted in full. A car used for general household transportation would be included to the extent its fair market (or blue book) value exceeds $4,500. Same applies to any car used to seek or continue employment. (Cars used to produce earned income exempt.) Boats, snowmobiles, and airplanes used for recreational purposes would be included in assets at equity value.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. FITHIAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Kelly amendment.

Mr. Chairman, my decision on this matter was not an easy one, and the politically expedient action for me at this time would be to support the move to say that strikers, regardless of their financial position, are not eligible for food aid. But I believe that viewpoint to be an irresponsible one, and not in keeping with the goals of the food stamp program. I have four major arguments against the Kelly amendment.

First, I believe that the arguments in favor of cutting strikers out of the food stamp program are more political than economic. We are talking about an extremely small number of food stamp recipients. Studies by the Department of Agriculture, Bureau of the Census and the House Agriculture Committee all show that families with a striker have accounted for only two-tenths to three-tenths of 1 percent—of all food stamp households. This figure will be even further reduced once we institute some of the toughened eligibility requirements included in this bill. So let us not be deluded by arguments dealing with the expense of food stamp eligibility for strikers.

Second, I believe that this amendment ignores the fact that we have a tradition in this Nation of being a people of workers. Individuals who are involved in a labor-management dispute may be temporarily off the job, but they are workers, after all. At every step in the deliberations on this bill, we have sought to encourage food stamp recipients to work. Now we would be saying, if we pass this amendment, that people who do work—people who do have fulltime, good jobs—would be treated differently under the law than we treat anyone else. We would be telling them that although they work for a living, they do not deserve food stamps when they qualify on all other counts—simply because their union and the management of the company they work for cannot agree on a contract. I think that is patently unfair. It flies in the face of our goal of promoting employment, rather than encouraging nonworkers.

Third, I do not believe we in this House can overlook the children and dependents of strikers. Let us not embroil these youngsters—or the aged parents, or handicapped relatives—in penalties resulting from a labor-management dispute. The bill, as presently drafted, would say that a person who qualifies on all other counts would not be denied food stamps solely because they are involved in a labor-management dispute. We would now be saying that not only these individuals, but also their children as well, would be stricken from food stamp eligibility. Nowhere do I find an exemption in the law excluding from food stamp eligibility the children of convicted felons. Yet we would exclude the children of law-abiding individuals, exercising their right to collective bargaining? How far some of my colleagues seem willing to carry their antiunion sentiments.

Finally, I must argue against the Kelly amendment on the basis of equity. My distinguished colleague says that permitting qualified strikers to receive food stamps would place the Government on the side of unions in a labor-management dispute. I do not think that is really the argument here. If neutrality were the question, would it not be incumbent upon the Government to withdraw all benefits which accrue to businesses during a labor-management dispute? Businesses in my district receive SBA loans. They are not cut off during a strike. They receive Federal contracts which are not withdrawn for the duration of a labor-management dispute. What about the tax laws on this matter? As our committee report to accompany this bill notes:

There is not a single expense to an employer flowing from a strike which cannot be written off (in tax law).

Basically, I do not believe that strikers should be treated any differently than we treat anyone else in applying food stamp regulations. Individuals who qualify for food stamps, in my opinion, should not be excluded from the program simply because they are on strike. If they meet all other qualification criteria, upon what equitable basis can we vote to deny them food stamps?

We have laws in this Nation, as my colleagues well know, which protect the right to collectively bargain. If the Congress feels that those laws ought to be changed and the right to strike should be abridged, we could act to reform labor statutes at the appropriate time. But the Agricultural Act of 1977 does not seem to me to be an appropriate legislative vehicle to attempt to limit strikes.

Mr. Chairman, I opposed the Kelly amendment in committee, and I will vote against it again today. I take this stand not because I believe strikers deserve special consideration under the law, but because I believe they deserve the same equitable treatment this legislation attempts to guarantee all deserving American citizens who qualify for food stamps. I am convinced that a vote for the Kelly amendment is a vote to circumscribe the rights of a particular segment of American citizens, and I cannot in good conscience support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. KELLY) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. KELLY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 249, not voting 14, as follows:

[Roll No. 467]

AYES—170

Abdnor	Fowler	Moore
Anderson, Ill.	Frenzel	Moorhead, Calif.
Andrews, N.C.	Frey	Myers, John
Andrews, N. Dak.	Fuqua	Neal
Archer	Gibbons	Nichols
Armstrong	Ginn	Pettis
Ashbrook	Glickman	Pickle
Badham	Goldwater	Poage
Bafalis	Goodling	Pressler
Barnard	Gradison	Preyer
Bauman	Grassley	Pritchard
Beard, Tenn.	Gudger	Quayle
Bennett	Guyer	Quillen
Breckinridge	Hagedorn	Regula
Brinkley	Hall	Rhodes
Broomfield	Hammer-schmidt	Robinson
Brown, Mich.	Hansen	Rogers
Brown, Ohio	Harsha	Rose
Broyhill	Hefner	Rousselot
Buchanan	Hightower	Rudd
Burgener	Holland	Runnels
Burke, Fla.	Holt	Santini
Burleson, Tex.	Huckaby	Satterfield
Butler	Ichord	Sawyer
Byron	Ireland	Schulze
Cederberg	Jenkins	Sebelius
Chappell	Johnson, Colo.	Shuster
Clausen, Don H.	Jones, N.C.	Sikes
Clawson, Del	Jones, Tenn.	Skubitz
Cochran	Kasten	Smith, Nebr.
Cohen	Kelly	Snyder
Coleman	Kemp	Spence
Collins, Tex.	Ketchum	Stangeland
Conable	Kindness	Steiger
Corcoran	Krueger	Stockman
Coughlin	Lagomarsino	Stump
Crane	Latta	Symms
Cunningham	Leach	Taylor
Daniel, Dan	Lent	Thone
Daniel, R. W.	Levitas	Treen
Davis	Lloyd, Tenn.	Trible
de la Garza	Lott	Vander Jagt
Derrick	Lujan	Waggonner
Derwinski	McClory	Walgren
Devine	McDonald	Walker
Dickinson	McEwen	Wampler
Dornan	Mahon	Watkins
Duncan, Tenn.	Mann	White
Edwards, Okla.	Marlenee	Whitehurst
Emery	Marriott	Whitley
English	Martin	Wiggins
Erlenborn	Mathis	Wilson, Bob
Evans, Ga.	Michel	Winn
Flynt	Milford	Wydler
Forsythe	Miller, Ohio	Wylie
Fountain	Mitchell, N.Y.	Young, Alaska
	Montgomery	Young, Fla.

NOES—249

Addabbo	Gaydos	Pepper
Akaka	Gephardt	Perkins
Alexander	Giaimo	Pike
Allen	Gonzalez	Baldus
Ammerman	Gore	Baucus
Anderson, Calif.	Hamilton	Beard, R.I.
Annunzio	Hanley	Bedell
Applegate	Hannaford	Bellenson
Ashley	O'Brien	Benjamin
Aspin	Oakar	Bevill
AuCoin	Oberstar	Biaggi
Badillo	Obey	Bingham
Foley	Ottinger	Blanchard
Ford, Mich.	Panetta	Blouin
Ford, Tenn.	Patten	Boggs
Fraser	Patterson	Boland
Gammage	Pattison	Bolling
	Pease	Bonior

Bonker	Howard	Rangel
Bowen	Hubbard	Reuss
Breaux	Hughes	Richmond
Brodhead	Hyde	Rinaldo
Brooks	Jacobs	Risenhoover
Brown, Calif.	Jeffords	Roberts
Burke, Calif.	Johnson, Calif.	Rodino
Burlison, Mo.	Jones, Okla.	Roe
Burton, John	Jordan	Roncalio
Burton, Phillip	Kastenmeier	Rooney
Caputo	Kazen	Rosenthal
Carney	Keys	Rostenkowski
Carr	Kildee	Roybal
Carter	Kostmayer	Ruppe
Cavanaugh	Krebs	Russo
Chisholm	LaFalce	Ryan
Clay	Le Fante	Sarasin
Cleveland	Lederer	Scheuer
Collins, Ill.	Leggett	Schroeder
Conte	Lehman	Seiberling
Conyers	Lloyd, Calif.	Sharp
Corman	Long, La.	Simon
Cornell	Long, Md.	Sisk
Cornwell	Luken	Skelton
Cotter	Lundine	Slack
D'Amours	McCloskey	Smith, Iowa
Danielson	McCormack	Solarz
Delaney	McDade	Spellman
Dellums	McFall	St Germain
Dicks	McHugh	Staggers
Diggs	McKay	Stanton
Dingell	Madigan	Stark
Dodd	Maguire	Steed
Downey	Markey	Steers
Drinan	Marks	Stokes
Duncan, Oreg.	Mattox	Stratton
Early	Mazzoli	Studds
Eckhardt	Meeds	Thompson
Edgar	Metcalfe	Thornton
Edwards, Ala.	Meyner	Traxler
Edwards, Calif.	Mikulski	Tsongas
Ellberg	Mikva	Tucker
Ertel	Miller, Calif.	Udall
Evans, Colo.	Minish	Ullman
Evans, Del.	Mitchell, Md.	Van Deerlin
Evans, Ind.	Moakley	Vanik
Fary	Moffett	Vento
Fascell	Mollohan	Volkmer
Fenwick	Moorhead, Pa.	Walsh
Findley	Moss	Waxman
Fish	Mottl	Weaver
Fisher	Murphy, Ill.	Weiss
Fithian	Murphy, N.Y.	Whalen
Flood	Murphy, Pa.	Whitten
Florio	Myers, Gary	Wilson, C. H.
Flowers	Myers, Michael	Wilson, Tex.
Harkin	Natcher	Wirth
Harrington	Nedzi	Wright
Harris	Nix	Yates
Hawkins	Nolan	Yatron
Heckler	Nowak	Young, Mo.
Heftel	Price	Young, Tex.
Hillis	Pursell	Zablocki
Hollenbeck	Quie	Zeferetti
Holtzman	Rahall	
Horton	Railsback	

NOT VOTING—14

Ambro	Gilman	Murtha
Brademas	Jenrette	Shipley
Burke, Mass.	Koch	Teague
Dent	McKinney	Wolff
Flippo	Mineta	

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Mr. Jenrette for, with Mr. Mineta against.

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. M'HUGH TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. McHUGH. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. McHUGH to the amendment offered by Mr. FOLEY: On page 25, line 12, insert the following new section and renumber every section thereafter accordingly:

"SHELTER ALLOWANCE

SEC. 1207. In calculating the deduction for excess shelter costs contained in section 5(e) of this act, the Secretary shall adjust such deduction every January 1 (commencing January 1, 1978) to the nearest five dollar increment to reflect changes in the shelter, fuel and utilities components of housing in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor for the twelve-month period ending the preceding September 30th."

POINT OF ORDER

Mr. SYMMS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. SYMMS. Mr. Chairman, the point of order rested under 303(a)(4), restated. The gentleman from New York simply moved the date back 1 year, from 1979 to 1978. The Chair has already ruled and sustained the previous point of order, and I maintain that point of order is still valid.

The CHAIRMAN. Does the gentleman from New York wish to be heard?

Mr. McHUGH. Briefly, Mr. Chairman.

The point of order was originally sustained on the ground that the effective date was January 1, 1979, within a fiscal year for which we have not adopted a budget resolution. As the gentleman who raised the point of order indicated, the amendment has been revised to put the effective date in this fiscal year, fiscal year 1978. Therefore, the point of order does not lie.

Mr. SYMMS. Further debating the point of order, Mr. Chairman, the entitlement is still there. It is still the same issue. It calls for a new entitlement, and it still is a violation of 303(a), in fiscal year 1979.

The CHAIRMAN. The Chair is ready to rule.

The amendment of the gentleman from New York provides for new spending authority that becomes effective in fiscal year 1978, for which fiscal year the first concurrent resolution is already adopted. The previous amendment would not have become effective until the fiscal year 1979. The Chair must rely upon the terms "which becomes effective" in section 303(a)(4).

For this reason, the Chair overrules the point of order.

Mr. McHUGH. Mr. Chairman, under the current food stamp program, a household's eligibility and benefit level are determined by taking the household's gross income and deducting from it a whole series of itemized deductions. This is no doubt the fairest way to determine a household's disposable income for food, but unfortunately we have found that it is a very complex procedure, which has resulted in delay and a substantial error rate.

The administration originally proposed, by way of reform, a standard deduction to take the place of all those itemized deductions. The standard deduction the administration proposed was $80 a month. This had the benefit of simplicity, but unfortunately it was inequitable because it failed to make distinctions between families that had widely varying costs. By and large, the committee reached a very satisfactory compromise on this matter. It adopted a standard deduction of $60 a month, which of course is $20 less than the administration's proposal, and, in addition, the committee adopted three specific deductions. The first is a work-related deduction of 20 percent of earned income. The second is a child care deduction of up to $75 a month. And, finally, it adopted an excess shelter deduction, which provides that if a household's actual shelter costs exceed 50 percent of that household's net income after other deductions, then the actual shelter costs in excess of 50 percent of that income would be deductible, subject to a maximum cap of $75 a month.

Mr. Chairman, I believe under the current program the shelter deduction is the most important itemized deduction for most families. Seventy-two percent of the people who participate in the food stamp program now claim some form of shelter cost. It is important not just for one region of the country, but for all regions where the shelter costs are particularly high.

I should point out also that the committee, in adopting the shelter deduction in this bill, substantially limited the shelter deduction which is now available. More specifically, under this proposal the excess shelter deduction would not be available to determine a household's eligibility under the food stamp program. Under the current program, the shelter deduction is available to determine eligibility. Second, the shelter deduction under the current program allows all shelter costs over 30 percent of net income to be deducted. Under the bill presently before this committee, actual shelter costs over 50 percent of the net income are deductible. So, in this respect also, the deduction would be restricted.

Finally, under the current program there is no cap on the actual shelter costs that can be claimed each month. Under the committee proposal, there would be a cap imposed of $75 a month.

Mr. Chairman, the amendment which I offer, on behalf of myself and the gentleman from Vermont (Mr. JEFFORDS) and others, relates to that cap on the excess shelter deduction. The cap applies over the 4-year period covered by this bill. Therein lies the problem, because if shelter costs continue to rise, as they have in the past, the benefits of those people who are entitled to claim shelter costs will be eroded.

The committee staff estimates that over the 4-year term of this bill, the loss of benefits to people entitled to claim the shelter deduction would be $60 million. Therefore, in order to maintain people in their present position under this bill for its 4-year term, it is necessary to index the cap of $75 a month to that portion of the consumer price index which relates to shelter. And that is specifically what the amendment which I am offering would do. It would, starting on January 1, 1978, and annually thereafter, adjust the $75 cap on the excess shelter deduction by tieing that cap to those components of the consumer price index which relate to fuel, shelter and utilities.

I might also point out, Mr. Chairman, that in this bill the standard deduction which takes the place of most itemized

deductions is indexed. This is equitable, and for the same reasons the cap on the excess shelter deduction should be indexed.

The CHAIRMAN. The time of the gentleman from New York (Mr. McHUGH) has expired.

(By unanimous consent, Mr. McHUGH was allowed to proceed for 1 additional minute.)

Mr. McHUGH. In addition, Mr. Chairman, the work-related deduction, in effect, is indexed for inflation, because it is equal to 20 percent of earned income. Thus, as the family's earned income goes up, that 20-percent allowance would result in a higher deduction.

In conclusion, Mr. Chairman, this amendment is essential in order to maintain equity in the program over its 4-year term. I might also point out that the cost of indexing this excess shelter cap would be no more—in fact it would be less—than the original proposal of the administration for an $80 standard deduction.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I, of course, cannot speak for the committee on this amendment, but speaking for myself, I think the amendment is justified.

I want to point out to the Members that this excess shelter deduction does not take effect until the family has shelter costs in excess of 50 percent of its total income after deduction.

Mr. Chairman, I think the amendment is justified.

Mr. JEFFORDS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would like first to point out, as has already been stated, that this is merely a question of equity. This amendment would prevent inflation from taking a further toll against the people who qualify under this food stamp bill. It has nothing to do with eligibility. If we vote for this amendment, it will not add another single person to the food stamp rolls, and it will not change the eligibility of any family.

All the amendment does is this: It provides that through the period of this bill the benefits of people with respect to their shelter costs will not be reduced in the event that inflation continues as it has been.

Let me give the Members an example. We asked questions of people from my own State of Vermont who testified. We heard from one family, the Webers, that lives right now on a monthly income of $450 from disability. That is a family of six, living on an income that is $2,370 below the poverty line for a family of six. Those people pointed out that they pay $130 a month for rent, $80 for heat, and around $40 for electricity. That leaves them less than $100 a month to live on and take care of all their other expenses.

Under this present program they would have been entitled to $175 in benefits, but what happens just by changing the program? Just by changing the program as we have it now, they are going to be down to $148 a month in benefits, and that is a reduction in total benefits of $27.

This amendment would prevent that figure from going down below that figure and would lessen the inflationary impact on these families. Without this amendment, it would result in an additional loss over the period of the bill of up to $5 a month. Let me given you more detail on this family.

I would like to reinforce the excellent statement of the gentleman from New York with an example. I want to make sure that all of our colleagues understand just what this proposal means from the standpoint of a food stamp recipient in a high shelter cost area.

When the Domestic Marketing, Consumer Relations, and Nutrition Subcommittee held hearings on the food stamp bill this year, an outreach worker from the State of Vermont came here to testify. She brought a couple who receive food stamps with her.

Mr. and Mrs. Roger Weber support four children on Mr. Weber's monthly disability check of $450. That amounts to $5,400 annually, which is $2,370 below the poverty line for a family of six. This past winter, the Webers paid $130 monthly for rent, $185 for heat with the thermostat set at 68, and around $40 for electricity. This left the Webers with less than $100 per month to live on during the cold winter months. This family is an average low-income Vermont family and their living expenses are average for residents of my area.

The way the current food stamp program operates, the Webers are able to deduct their actual shelter costs to the extent that they exceed 30 percent of their income. This is the most equitable way to determine net disposable income for food stamp purposes, because shelter costs are fixed and, therefore the income devoted to these expenses is not available for food purchases. Beyond normal conservation measures the family has no control over how much they pay for fuel in a given winter—that is controlled by a combination of climatalogical trends and market forces. Therefore, when the food stamp program was set up, the committee judged that 30 percent represented a reasonable proportion of family income for basic shelter expenditures, and thus discounted amounts in excess of 30 percent.

To get back to the Weber example, they are now able to deduct all but $150 of their shelter expenses, or about $200 in the winter months, from their gross income. The Webers' income is so low that this deduction does not affect their eligibility, but neither can the shelter deduction in the present committee bill be used for eligibility determination. It does, however, mean that their benefits are now determined as though they had an income of $230, rather than $450, per month. That is the best reflection of the actual income they have available for food and other purchases. A family which lives in a low shelter cost area would normally spend less than 30 percent of their income on shelter, and thus have a greater proportion of income freed up for food purchases.

I think we can all understand from this example that the present food stamp program is very equitable in the sense that it distributes benefits according to a reasonable proportion of income available for food purchases. There is a rather extensive list of allowable income deductions, excess shelter being the largest and most frequently claimed. This is a very fair system, but it is also a very cumbersome one to administer. Therefore, the committee decided to establish a standard deduction. Now, whenever you set up a standard, you are taking an average of high and low. You are averaging high fixed costs of living with low. The higher you make the average, the more you benefit people who have lower fixed costs of living, and who have less need of assistance. The lower you make the standard, the more you penalize people who have high fixed expenses.

Therefore, the committee chose not to take a strict standard, or average, deduction, as was originally proposed by the administration. Eighty dollars represents a rough average, so that was the standard proposed by the administration. In the interests of equity, the committee chose $60, which is lower than the average, and added on an excess shelter cost deduction—for benefit determination only—for people whose shelter costs exceed half—not 30 percent—of their income. We put a $75 on this deduction, rather than including unlimited actual costs, in order to establish an upper limit on gross income.

Let me explain what this now means for an average low-income family in a place like Vermont. The Webers' shelter costs exceed half their income by $125. They will be allowed to deduct the $60 standard plus the $75 maximum shelter, so that their benefits will be determined as though they had a gross income of $315 per month, rather than their current benefit determination level of $250 per month. As a result of this change, the Webers will lose about $20 a month in food stamp benefits.

Not only will this family lose upon enactment of this bill, but they will continue to lose benefits over the 4-year life of the program, if a gross oversight is not corrected by the McHugh-Jeffords amendment. The committee failed to index the shelter deduction to increases in the shelter components of the consumer price index. The committee saw its way to indexing the standard deduction, so that benefits and eligibility will continue to reflect actual disposable income for the, and I quote, "average" family. But, if the committee bill is not amended as proposed by the Honorable MATT McHUGH, the $75 cap on the shelter deduction will not be allowed to rise in turn over the life of the program. As a result, if the cost of housing a family continues to skyrocket along with the cost of fuel—and there is every expectation that this will happen under the provisions of the forthcoming energy legislation—that family will lose ground in terms of disposable income and food stamp benefits. If the Webers have to pay $200 next year for heat instead of $185—and this is not at all inconceivable—they will simply receive that much less in food stamp benefits.

It should be emphasized here that the proposal will achieve more equity, and

end up costing less, than the original administration deduction system. Under the administration bill, the standard deduction claimed by all recipients could have risen from $80 to, say, $96 over the 4-year span of the program. Under the committee proposal, the standard deduction may rise from $60 to $72 and since shelter costs do not affect eligibility, obviously less people will be eligible in the future by the committee bill than under the administration bill. If the McHugh amendment is adopted, the shelter deduction may rise somewhat more substantially, but few households will claim the maximum, and this will not affect eligibility. Thus, the committee and the McHugh proposals combined will escalate program costs at a much slower rate than would the administration's.

In summary, this amendment does nothing except to protect these people from inflation. There is no cost to the amendment with respect to real dollars; these are only inflationary dollars.

Mr. Chairman, it seems to me only equitable that we should protect these poor people who are living on food stamps from being further injured as the program goes forward and inflation takes its toll.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Vermont (Mr. JEFFORDS) and of the gentleman from New York (Mr. McHUGH), and I commend the gentleman from New York for offering this amendment. It seems to me that it corrects an inequity in the original bill, and, therefore, the amendment is necessary.

Mr. JEFFORDS. Mr. Chairman, I think the gentleman is quite correct. All this is, is an amendment that is technical in nature, changing an oversight that we made, and I believe we should adopt the amendment.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Vermont (Mr. JEFFORDS).

The amendment offered by the gentleman from New York (Mr. McHUGH) is a good amendment, and I urge its adoption.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. Mr. Chairman, I would like to commend the gentleman from Vermont (Mr. JEFFORDS), for pointing out one of the most serious flaws in this bill.

As presently written, the bill does not really achieve equity, and that should be the basic theme of any piece of legislation. This amendment does achieve equity. It will serve many regions of the country as the coming winter aproached and increasing energy costs affect homeowners.

Mr. Chairman, I urge my colleagues to support the amendment.

Mr. JOHNSON of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to correct some of the statements that have been made with respect to this amendment.

It has been said that this is just a technical amendment, and that it provides for just a little equity and is not going to result in any increase in cost.

When the administration first sent up its proposal for food stamps, it was opposed to any kind of specific exemptions. They proposed to do away with all the specific exemptions that exists in the present law because otherwise it just becomes a mishmash of a special interest type of legislation. Those Members who are aware of this know of the different kinds of special exemptions that exist under the present law, and that they amount to a special interest kind of legislation in effect.

Because of that problem, the administration requested that there be no specific exemptions. But when this came out of the subcommittee, there was a specific exemption for child care and for housing allowances.

The way this works is that one has a $60 standard deduction from his ordinary income and he has a 20 percent earned-income deduction, then he takes off $75 for child care and $75 for housing; and then he starts computing the point at which one falls into the poverty level for purposes of making the food stamp computations. Therefore, every time we increase this formula, we really increase the amount of money that is going to ultimately be spent on food stamps.

What does this benefit, and what is this going to lead to? It benefits primarily those in the northeastern sections of the country. It is a regional amendment.

That is why the food stamp bill which originally came from the subcommittee contained that housing exemption. It does not have a travel exemption for people who live in the western part of the United States where we have to spend more money for travel than we do for housing, proportionately.

There will just be one specific exemption after another that will be brought up if we adopt this sort of amendment.

Mr. Chairman, I recognize that the train is on the track; but I wanted to get it on the record so that the Members can all be aware of what happens. This is a regional amendment. It benefits, in fact, only the northeastern section of the country and is not equitable at all. It is not fair at all. It is special legislation.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Kansas.

Mr. TRAXLER. Mr. Chairman, I just wanted the gentleman to know that it also benefits the Midwest. It is not discriminatory. It is fair and just. It is not a question of region. It is justice, equity, and fairness.

Mr. JOHNSON of Colorado. I disagree with the gentleman totally.

If we examine the hearing record of what the administration originally proposed, they wanted to get rid of this type of thing because it is regional.

Mr. SEBELIUS. This is a sweetener, an escalator, a New England ripoff; isn't that what we called this amendment in committee?

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I would like to associate myself with his remarks.

I just want to say that in the South, statistics which I have show that hospital costs are much higher.

There is no exception in here for higher hospital costs for the South.

The amendment is written in favor of the Northeastern corridor. Facts are facts. I would like to know how much it is going to cost.

Mr. JOHNSON of Colorado. They do not say.

Mr. SYMMS. They do not say how much it is going to cost, but I think it is a lot of money.

Mr. McHUGH. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from New York.

Mr. McHUGH. Mr. Chairman, I would just like to repeat what I said in my opening remarks, and that is that the committee staff estimates this particular provision would cost about $60 million over the 4-year term of the bill. Moreover, this provision is not designed to benefit only one region of the country. It would benefit all areas where the cost of shelter is especially high. For example, it could benefit an urban area in a Southern State. I might also mention that it helps Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, the gentleman knows that this amendment is going to benefit the Northeastern region of the country more than it will any other region of the country. The gentleman knows that I am correct, and I think he will admit it.

Mr. McHUGH. If the gentleman will yield further, Mr. Chairman, it is going to benefit the Northeast because shelter costs are high in the Northeast; but those costs are high in certain other sections of the country as well. They are a problem in the Midwest, for example.

Once again, it is estimated by the committee that over the 4-year term of the bill, this escalator will cost $60 million.

Mr. JOHNSON of Colorado. Mr. Chairman, I cannot hear the gentleman. Did he say $60 million?

Mr. McHUGH. That is correct, $60 million to maintain people in the same position over the 4-year term.

Mr. JOHNSON of Colorado. Will the gentleman tell us what the minimum income, then, for a family of four can rise to, given the normal, expected increase in inflationary costs? Will it be above $10,000 a year or not?

Mr. McHUGH. No, it will not.

As I indicated in my opening remarks, this shelter deduction does not apply for eligibility purposes, so the family cannot deduct the excess shelter costs for purposes of determining its eligibility.

The CHAIRMAN. The time of the gentleman from Colorado (Mr. JOHNSON) has expired.

(On request of Mr. SYMMS and by unanimous consent, Mr. JOHNSON of Colorado was allowed to proceed for 2 additional minutes.)

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I think the gentleman from Colorado (Mr. JOHNSON) made a very good point.

I have some statistics on the overall average shelter costs. They show that in the country as a whole it is $46.50; in New England, it is $77.85; in the Southeast it is $36.76; and in the Midwest it is $44.86.

Mr. Chairman, this amendment certainly directs the emphasis toward the northeastern corridor. There is no question about it.

I wonder whether the chairman of the Committee on the Budget, the gentleman from Connecticut (Mr. GIAIMO), is aware of this extra $60 million that is going to be added primarily for the Northeast corridor.

Mr. JOHNSON of Colorado. Mr. Chairman, there is not any question about that. I think we just have to get this colloquy on the RECORD. This amendment is obviously going to pass. As I say, the train is already on the track.

It must be placed in the record so people will know that the House was alerted to it and the House has worked its will as far as the coalition's operations.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to commend the gentleman from New York (Mr. MCHUGH) and the gentleman from Vermont (Mr. JEFFORDS) who have brought this amendment in today. I want to be the first to admit to the gentleman from Colorado (Mr. JOHNSON) and the gentleman from Idaho (Mr. SYMMS) that yes, indeed, this does, in fact, benefit the Northeast perhaps more than it benefits other parts of the country, but I want to say to the gentlemen that the Northeast has no monopoly on being the only region throughout the country where shelter costs are going to increase over the next 4 years.

I have had people in my district, particularly elderly people who have been in the situation last year where they have had their utility bills become higher than what they were paying on the place in which they lived.

This is a growing problem over my district and if it has not yet reached to the West, then I am saying to the gentlemen that it will get there.

I appreciate the fact that the only way we have to solve the problem of these elderly people who are caught in a squeeze is to reduce the food stamp benefits, and the best thing to do is to move to lower cost housing and in many cases there just "ain't" any lower cost housing available.

Mr. JOHNSON of Colorado. Mr. Chairmen, if the gentleman will yield, the gentleman knows that the administration proposed that the best way to do this was to apply a standard deduction across the country.

Mr. MATHIS. The gentleman from Georgia is very well aware of that.

Mr. JOHNSON of Colorado. But we have abandoned the administration's proposal to go through a specific regional type approach. All I am saying is that the gentleman from Georgia has acknowledged the administration's proposal and that we have abandoned their original approach and now we are going to the regional approach.

Mr. MATHIS. The gentleman from Colorado (Mr. JOHNSON) I am sure will remember the colloquy I had yesterday with the gentlewoman from Massachusetts (Mrs. HECKLER) about original administration proposals and I must say that I do not sometimes think too highly of them.

Mr. SYMMS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I must say that I am disappointed that a member of the committee, the gentleman from Georgia (Mr. MATHIS) is in favor of this amendment.

I think one of the things that has happened, and the gentleman from Colorado (Mr. JOHNSON) just touched on it briefly, but just so that the Members of the House understand what has happened here today, which started with the marriage of the food stamp program with the farm bill and now we have a bill of several billion dollars, of which most of it is for welfare, either national welfare or international welfare, but most of it is welfare and is not too good for the farmers. As we have said in the minority views, it is peanuts for the farmers and billions for welfare.

This is just another example of the coalition of the northeasterners interferring with the agricultural policies of the United States. I might say that the gentleman from North Carolina (Mr. WHITLEY) a member of the committee, and who is an excellent member of the committee, I might add, offered an amendment trying to speak out to this issue on the southern constituents, and he found out the hard way how that coalition works and only received a very minimum amount of votes on his amendment for a transportation amendment exemption.

The gentleman from Colorado (Mr. JOHNSON) has said it is obvious that the skids are greased, and that you probably have the votes to pass the amendment. It is going to cost an extra $60 million plus most of the benefits are going to go to the northeast, and there are going to be more of them using food stamps and there will be more loopholes through which we can drive a truck. It does nothing toward helping reform the food stamp program but only to deform it.

I think it is unfortunate that the amendment is here. I hope the Members will vote it down. If we do not do so, it will cost the taxpayers more money.

Mr. BIAGGI. Mr. Chairman, I rise in strong support of the McHugh-Jeffords amendment to H.R. 7171. Passage of this amendment is critical if we are to truly achieve our announced goals of reforming the food stamp program and making it responsive to those in need.

I wish to take this opportunity to comment on the overall bill. The committee, and especially its chairman, Mr. FOLEY, are to be commended for this legislation. Certainly the amount of time consumed in discussions on this bill and the relatively few amendments which have been offered, are a testimonial to the skills of Chairman FOLEY.

The proposed reforms in the food stamp program are, in general, excellent. I especially support the elimination of the purchase requirement as well as the new so-called work fare requirements which are provided. The food stamp program has been both a blessing and a nightmare, depending on which features you examine. It has provided vitally needed nutritional assistance to millions of economically hard-pressed Americans. Yet, the program has also been the object of rampant fraud and abuse. We have heard reports of affluent persons leeching from the Federal Government, depriving those who are truly in need from participating in the food stamp program. A number of important safeguards are contained in the bill which promise to make the needed reforms.

The McHugh-Jeffords amendment cannot be viewed as being anything but complimentary to the objective of this legislation. H.R. 7171 makes a very significant revision in the policies used to determine food stamp eligibility in households. Under the old plan, itemized deductions were permitted to determine eligibility. For some, the system truly reflected their expenses. But for others, it became a means to a fraudulent end. It was determined that 30 percent of all eligibility errors could be attributed to the old formula.

H.R. 7171 proposes a new uniform monthly standard deduction of $60 per household with certain additions related to taxes and dependent care expenses. The point of controversy is the shelter expense deduction of $75, which is awarded to persons whose shelter costs exceed half of the household income. Whereas the other deductions are indexed to the Consumer Price Index to reflect increased costs over the 4-year duration of this bill, the shelter deduction is not indexed.

Without gearing the shelter deduction to the CPI, the entire new formula will be of little value to Americans, especially those living in the East. It is expected that without indexing, more than $60 million in benefits under the food stamp program will be lost, primarily hurting people in those States of the East where rent and utility costs are traditionally high.

The McHugh-Jeffords amendment simply provides for the indexing mechanism to be extended to the shelter deduction. It can be expected that fuel, utility and rent costs in the East will continue to soar over the next 4 years. Yet under the terms of H.R. 7171, thousands of persons currently eligible for food stamps may have their benefits terminated or reduced while in reality they are entitled to additional food stamps.

As a member of the House Select Committee on Aging, I am aware of the importance of this amendment to the urban elderly population. Shelter costs continue to eat up more and more of the

elderly person's income. The dramatic increases in fuel and utility costs this past winter caused Congress to pass an emergency program to assist the poor in meeting their utility bills. Shelter costs, especially as they relate to the elderly, must be viewed as an integral part of their annual expenses. Failure to recognize this would be unfortunate.

In my home city of New York, this amendment is urgently needed. We have perhaps the highest utility costs of any place in the Nation. Almost 13 percent of the city's population is elderly. Many of these persons today find it difficult to keep pace with the cost of living. Without food stamps it would be impossible. Without this amendment, the loss of food stamps could be a reality for many New Yorkers and others along the east coast. Our sense of compassion should guide us to support this amendment today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. McHUGH), to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 45, noes 19.

Mr. THONE. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 1206? If not, the Clerk will read section 1208.

The Clerk read as follows:

ISSUANCE AND USE OF COUPONS

SEC. 1208. (a) Coupons shall be printed under such arrangements and in such denominations as may be determined by the Secretary to be necessary, and shall be issued only to households which have been duly certified as eligible to participate in the food stamp program.

(b) Coupons issued to eligible households shall be used by them only to purchase food in retail food stores which have been approved for participation in the food stamp program at prices prevailing in such stores: *Provided*, That nothing in this Act shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores:

(c) Coupons issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose and define their denomination. The name of any public official shall not appear on such coupons.

(d) The Secretary shall develop an appropriate procedure for determining and monitoring the level of coupon inventories in the hands of coupon issuers for the purpose of providing that such inventories are at proper levels (taking into consideration the historical and projected volume of coupon distribution by such issuers). Such procedures shall provide that coupon inventories in the bands of such issuers are not in excess of the reasonable needs of such issuers taking into consideration the feasibility with which such coupon inventories may be resupplied. The Secretary shall require each coupon issuer at intervals prescribed by the Secretary, but not less often than monthly, to send to the Secretary or his designee, which may include the State agency, a written report of the issuer's operations during such period. In addition to such other information deemed by the Secretary to be appropriate, he shall require that the report contain an oath, or affirmation, signed by the coupon issuer, or in the case of a corporation or other entity not a natural person, by an appropriate official of the coupon issuer, certifying that the information contained in the report is true and correct to the best of such person's knowledge and belief.

(e) The Secretary shall prescribe appropriate procedures for the delivery of coupons to coupon issuers and for the subsequent controls to be placed over such coupons by coupon issuers in order to insure adequate accountability.

(f) Notwithstanding any other provision of this Act, the State agency shall be responsible to the Secretary for any financial losses involved in the acceptance, storage, and issuance of coupons.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent to dispense with the further reading of section 1208, and that section 1208 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FOLEY. With the adoption of the amendment offered by the gentleman from New York (Mr. McHUGH) is this now section 1208 as renumbered?

The CHAIRMAN. The gentleman is correct. This would be considered as section 1208.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that section 1208 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk continued reading section 1208.

Mr. RICHMOND (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of section 1208, that it be printed in the RECORD, and that it be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to section 1208, which used to be section 1207? If not, the Clerk will read section 1209, which used to be section 1208.

The Clerk read as follows:

VALUE OF ALLOTMENT

SEC. 1209. (a) The value of the allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be equal to the cost to such household of the thrifty food plan reduced by an amount equal to 30 per centum of the household's income, as determined in accordance with section 5 of this Act, rounded to the nearest whole dollar: *Provided*, That for households of one and two persons the minimum allotment shall be $10 per month. The Secretary shall, six months after the implementation of the elimination of the charge for allotments and annually thereafter, report to the Congress the effect on participation and cost of this elimination.

(b) The value of the allotment provided to any eligible household shall not be considered to be income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of an allotment under this Act.

APPROVAL OF RETAIL FOODSTORES AND WHOLESALE

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of section 1209, formerly section 1208, be dispensed with and that section 1209, formerly section 1208, be printed in the RECORD, and be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. SYMMS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. SYMMS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS to the amendment offered by Mr. FOLEY: Page 27, line 12, strike out lines 12 through 24 and insert the following:

"(a) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event more than 30 per centum of the household's income: *Provided*, That coupon allotments may be issued without charge to households with income of less than $30 per month for a family of four under standards of eligibility prescribed by the Secretary: *Provided further*, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under this section. The face value of coupons, the charge to be paid by eligible households electing to exercise the option set forth in this section, the tax treatment of coupon allotments, and vendor exchange shall be as provided in Section 7 of the Food Stamp Act of 1964, as amended, as it existed prior to the enactment of this Act."

Mr. SYMMS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. SYMMS. Mr. Chairman, this amendment is probably the biggest amendment that will take place with respect to the food stamp bill here today.

First. EPR would all but eliminate the nutritional focus of the food stamp program, substantially transforming the program into an all-purpose income supplement. Participating households currently receive a monthly food stamp cou-

pon allotment—or fraction thereof in the case of variable purchase—in an amount equal to the value of a nutritionally adequate diet. The purchase requirement mechanism permits the benefit or "bonus" value of the coupon allotment to be differentiated according to the size and income of the household and requires the household to budget a certain percentage of its incomes for food. Under EPR, participating households technically would have the same "ability" to purchase a nutritionally adequate diet—but no external incentives to do so. As pointed out in the recent CBO budget options paper on food stamps, it is likely that—

> In the absence of purchased food stamps, the bonus food stamps would substitute for pre-food stamp expenditures. As a consequence, rather than increasing food purchases, the recipient household would continue to purchase food at the same level as before the transfer of bonus stamps and thereby generate freed income. (p. 75)

Ultimately, when families go unfed, additional social programs will be demanded.

Second. Massive increased costs would be entailed. EPR is a "budget buster" that will increase food stamp program costs by anywhere from $600 million to $2.7 billion a year. USDA's current services estimate of Federal food stamp program costs during fiscal year 1978 is $5.6 billion. While the exact cost of EPR has not been—and cannot be—determined, estimates published by CBO range from $600 million to $2.7 billion, depending upon the assumptions made regarding food stamp participation levels.

Currently, only about 50 percent of the eligible population actually participates in the food stamp program. As estimated by CBO, if the participation rate increased to 100 percent as a result of EPR, Federal food stamp costs would go up by $2.7 billion. If the participation rate went up to 93 percent—which is equal to the participation rate for the AFDC program—food stamp costs would increase by $2 billion.

And assuming the food stamp participation rate increased by only 10 to 20 percent over a 4-year period, CBO pegs the cost of EPR at $600 million—fiscal year 1978—to $1.2 billion—fiscal year 1982. A 20-percent increase in participation subsequent to full implementation of EPR appears low in light of the facts that proponents support EPR primarily as a tool to "remove the No. 1 barrier" to participation, and the current food stamp participation rate is low.

On the other hand, an assumed 93 percent participation rate—as in AFDC—appears too high, if for no other reason than because AFDC benefits are generally substantially higher than the equivalent food stamp bonus. Therefore, it appears reasonable to select a range of $1.2 to $2 billion. Regardless of the figure actually chosen, however, the cost increase under EPR would be substantial.

Third. EPR would increase participation among higher income eligibles. The argument is often used that some persons "are too poor to come up with the lump sum" purchase requirement all at once. Two points counter this argument:

No. 1. Two provisions already in effect—variable purchase and semimonthly issuance—take care of the alleged problem completely. Under variable purchase, an individual may buy one-fourth, one-half, three-fourths, or all of a coupon allotment. Under semimonthly issuance, an individual may receive one-half of his coupons twice a month.

No. 2. Why is someone "to poor" to direct 19 cent—the current purchase requirement—out of every dollar to food? If he contends he has other bills or expenditure requirements, it may very well be that his priorities are misplaced or that a number of other Government programs may exist to assist him in these other areas. In any event, the food stamp program is not the proper medium to meet them.

As pointed out in the recent CBO budget options paper:

> The impact of eliminating the purchase requirement would be to increase participation among groups whose income exceeds any proposed standard deduction (p. 76).

Also, as pointed out in the CBO report, under the current food stamp program:

> Participation rates range from complete coverage in lower income groups to very low participation rates in the higher income groups (p. 79).

It stands to reason that the largest pool of nonparticipating eligibles potentially affected by EPR occupies the higher income groups. It also stands to reason that if the purchase requirement is the "No. 1 barrier" to participation as suggested by some EPR advocates, then—up to a point—the larger the purchase requirement, the larger the disincentive to participate.

Fourth. Fraud may actually increase. It is often contended that reducing the amount of coupons in circulation will help to reduce recipient fraud, in discounting coupons for cash. Precisely the opposite may occur: with no cash investment of their own, and with coupons more readily accessible because they are free, recipients may be more willing to discount them for cash.

Fifth. EPR is a back door approach to total food stamp cash out and negative income tax. Elimination of the purchase requirement is a precursor to moves to secure the guaranteed annual income. Senator McGOVERN, one of the principal advocates of the purchase requirement elimination, has stated:

> We are moving toward the concept of a single flat income maintenance guarantee. Now, very frankly, when you eliminate the purchase price, you are taking a step in that direction, and it is probably a step that is more palatable to the Congress and the American people than talking about a guaranteed annual income. Nobody is more painfully aware of the hazards of that approach than I am.

The merits of negative income tax are not at issue in this discussion. The important point is that EPR would set in motion a process which very well could result in negative income tax, whether or not policymakers ever confronted the fundamental issues associated with comprehensive revision of the welfare system. EPR represents Government policy by default.

Sixth. Implementation of EPR within proposed budget limitations would force a reduction on food stamp benefits of current participants. On March 11, 1977, the committee approved a recommendation to the House Budget Committee to limit fiscal year 1978 food stamp program expenditures to the current policy level of $5.6 billion. If the committee reports food stamp legislation later this year which is consistent with its budget recommendation and opts for EPR, then the increased program participation under such legislation will dictate a reduction in benefits to current participation.

Seventh. Administrative savings are overestimated. It is believed that promises of significant administrative cost savings are overstated. Transactions must still occur; bonuses must still be calculated; and stamps must still be issued. To be sure, purchase requirement funds would not have to be handled and cared for, but it is questionable that administrative savings of much magnitude could ever be realized. In fact, CBO estimates such savings at $22 million for fiscal year 1978—a miniscule amount when compared to the cost of EPR. The $22 million figure does not account for the expected increase in certification transactions due to new participants.

Eighth. EPR would increase the "welfare stigma" of the food stamp program. The food stamp program differs markedly from most other Federal public assistance programs, because it is self-help. The participating household makes a contribution and Government makes a contribution. EPR would, by definition, put an end to the recipient's contribution. The food stamp program would become just another welfare program.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, it seems to me that the amendment offered by the distinguished gentleman from Idaho goes to the very heart of the food stamp program.

I have opposed consistently the elimination of the purchase requirement because it seems to me this is the only true discipline we have in this program. The food stamp program was originally enacted into law to achieve two purposes: one, to help move agricultural surpluses into consumption and, two, to help provide a nutritionally adequate diet to all Americans. Those are two commendable goals.

We have seen this program grow from a $70 million program in 1964 until today it will cost an estimated $5.5 billion to $6 billion.

Unless we restore the purchase requirement it would seem to me that this program would become a welfare program and would no longer belong under the jurisdiction of the House Committee on Agriculture.

If this amendment fails, the food stamp program ought to be removed from the jurisdiction of the Department of Agriculture and placed under the jurisdiction of the Department of Health, Education, and Welfare, because clearly without the purchase requirement it

takes on many aspects of an income transfer program.

It is my understanding that the administration has under active consideration recommendations for reform of our welfare programs as they exist today. Perhaps this is one thing that the Administration will recommend, that is the phasing out of food stamps and making it a part of what we can reasonably anticipate will be a guaranteed annual income or a negative income tax.

I hope the committee will adopt the amendment and for the time the agriculture committee has jurisdiction over food stamps I would hope we could retain the purchase requirement so that we can have some semblance of a nutrition program and not have it become an income transfer program.

Mr. Chairman, I hope the amendment prevails.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment of the gentleman from Idaho.

Eliminating the purchase requirement is by far the most important reform of the current food stamp bill. According to Agriculture Secretary Bergland, eliminating the purchase requirement is the cornerstone of the Carter administration food stamp proposal. It is also the cornerstone of the entire bill.

What does the elimination of the purchase requirement accomplish? First. It improves accessibility to the program. Currently less than 20 percent of elderly persons below the poverty line and only 40 percent of all households below the poverty line, participate in the program. Studies in California, Georgia, Mississippi, New York, and North Dakota, indicate that the major impediment to program participation is the lump sum purchase requirement. Very poor people just do not have the available cash to purchase their food stamps.

Second. It eliminates vendor fraud. Most of us have heard about the millions of dollars in vendor fraud during the last few years. Eliminating the purchase requirement would automatically eliminate the transfer of billions of dollars around the United States. That is something all of us want, since in one fell swoop we would eliminate all vendors of food stamps.

Third. Streamlines the program. Currently there are 15,000 check-cashing firms, banks, post offices, welfare agencies, town clerks, churches, fire stations, and corner stores that sell food stamps. Much of the redtape engendered by this cumbersome vending process would be ended by eliminating purchase requirements.

Fourth. The elimination of the purchasing requirement would substantially decrease the cost of program administration. Savings would result from a reduction in the cost of food stamp sales transactions; a reduction in the cost of printing and distributing coupons—about $3 billion worth of coupons would be removed from circulation—and a reduction in Federal accounting and inventory control costs. The House Agriculture Committee staff estimates that the annual administrative savings, after the cost of certifying the 3 million new people, would be $36 million. By eliminating the purchase requirement, we save $36 million in unneeded administrative expenses.

Fifth. It would reduce the black marketeering of food stamps. Since elimination of the purchase requirement would reduce the circulation of food stamps by 40 percent, there would be that much less available to the black market. In addition, the States would save approximately 10 million administrative work hours by elimination of the purchase requirement. As I said before, we would save Federal administrative costs of $25 million to $30 million.

Let us think of the bottom line. By eliminating the purchase requirement we allow very poor people in the United States to fully participate in the food stamp program. That is why we are here. We are here to give supplemental nutrition to very poor people, people well below the poverty line.

Mr. ASHBROOK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of the Symms amendment. This amendment would reverse the action of the Committee on Agriculture by restoring the purchase requirement for food stamps.

Presently, food stamp recipients must pay at least a small amount for their stamp allotments. The bill as reported out of committee, however, would change all that. Food stamps would be provided free of charge.

Elimination of the purchase requirement would lead to even greater abuse in the food stamp program. This is basic human nature. A free governmental handout is not treated with the same respect by the recipient as when the person must pay for it out of his or her own money.

This point is emphasized by former Congresswoman Leonor Sullivan, an acknowledged expert in the food stamp area. According to Congresswoman Sullivan:

> No one—no one—should receive food stamps free, no matter how small their income . . . Otherwise—and this is now the case in some situations—the stamps are considered a kind of "funny money" which are merely handed over as a gift from some mysterious source and do not have to be regarded as something you work for and buy. Anything handed over free in that fashion, whether it be food stamps or anything else, invites cheating and abuse.

Elimination of the purchase requirement would likewise cause a major increase in the cost of the food stamp program. Estimates published by the Congressional Budget Office run all the way from $520 million to $2.7 billion. The $520 million figure alone is almost three times the entire cost of the food stamp program only a decade ago.

Such a gigantic increase is totally unacceptable. For the sake of our Nation's taxpayers, we should be working on ways to reduce the size and cost of the food stamp program, not adding millions, if not billions of dollars more onto the price tag.

I urge my colleagues to adopt the position of groups such as the American Farm Bureau Federation and support reinstatement of the purchase requirement. Let us not take a step that will lead to more abuse and higher costs in the food stamp program.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman very much for yielding to me. I would just like to reiterate the one point, that consumer expenditures for food may drop if, in fact, it happens as the authors of the present bill say it will and it does lower this, as they are claiming. There will be less money then spent for food. If this is supposed to be a farm bill, we should be interested in farmers.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the last word, and I rise to speak against the amendment.

It is strange, coming from a Member from whom the kindest thing he has said about the food stamp program was that it is probably the best of the giveaway programs we have. But in this particular instance, in far too many cases of almost absolute poverty, people are required to raise $60, $70, $80, or $100, or whatever, in order to pay cash for the food stamps. Under the committee bill as I understand it, the recipient who is now paying $100—using round figures—now receives $200 worth of food stamps. The bill before us provides that he would now get the $100 in stamps without having to put up $100 cash which all too often the applicant does not have.

I had in my office just a few weeks ago one of my black friends who was the father of 11 children who, when he can work—and he is willing to work and is willing to pay for his food stamps—but the schedule he was on required that he had to raise $140 a month to get $320 worth of food stamps. Those figures are approximate, but almost correct.

During the winter months after seasonal work, there is absolutely no way he could possibly raise that amount of cash. I checked with the landlord who was giving him a free house, and he verified that during inclement weather there was no work for him.

So, I think that if we are going to have the food stamp program, and if it is indeed designed to feed the needy and not the greedy, I think this is a sensible approach. I support the phasing out of the cash feature of the food stamp program. I urge the defeat of the pending amendment.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

It is with great reluctance that I oppose a portion of a bill approved by the Committee on Agriculture. As I pointed out earlier, our chairman, Mr. FOLEY, has done an outstanding job in developing a comprehensive bill. Mr. RICHMOND has done a remarkable job in writing the food stamp sections and he, too, is to be congratulated: but, the elimination of the purchase requirement for food stamps is one issue on which I feel I

must express my opposition as strongly as possible. In my judgment, this proposal would destroy the food stamp program and make it simply another "handout."

Since its inception in 1964, the food stamp program has been aimed at assuring all Americans who were willing to work of a nutritionally adequate diet regardless of their income. While I have felt that the program as it has been administered has often provided assistance to many unneedy people, I have recognized the basic goal of the program—to make food available to all who cannot enjoy it through their own efforts. In this regard, the food stamp program, to date, has done a great job of providing food for the Nation's hungry. As a nutrition program, it can continue to render a service in the Department of Agriculture, but if it is to be but a welfare program, it seems to me that it should be turned over to the welfare agency.

At present, those eligible for food stamps are required to spend a portion of their net income to purchase their stamps or coupon allotment. At present, this amount is averaging around 25 percent of the family net income, in return, the food stamp recipient receives enough coupons to purchase sufficient food to meet the needs of his family. Part of this food is paid for from the resources of the family and part of the cost is met by the Government. Providing food for one's family has always been considered a first priority by both savage and civilized people. This bill shifts that responsibility and puts the entire burden on the Government. I think this is wrong. The Government should help but it should not accept primary responsiiblity.

I feel that by eliminating the food stamp purchase requirement, this legislation marks a shift in Federal policy away from that of assuring all Americans an adequate diet toward simply providing low-income families—and some families with not so low income—with food at Government expense without any cooperation on the part of the recipients. Everyone, no matter how poor, spends something for food. Maybe they get the money in unconventional ways, but whatever they have, they should continue to spend it for nourishment. It seems to me this is little enough to require.

Probably of greater importance, the elimination of the food stamp purchase requirement of this legislation, in my opinion, will result in a sharp decline in the nutritional intake of low-income Americans. If this bill passes as it stands, thousands of American children previously assured of an adequate diet by the present food stamp program will see the quality of their diet decrease from that of the past because their parents will have purchased less food. There is no possible way whereby as much food can be provided by the Government alone, unless you intend to greatly increase the Government's costs, and the proponents of this change say they do not intend any material increase.

Since only food can be purchased with food stamps, at least more of the Government's money and that of the family is now being spent on food and, in most cases, needy families are receiving the means of providing adequate nutrition. However, by eliminating the purchase requirement, many recipients will receive a smaller amount of food stamp coupons than they have received in the past and will have more cash to spend on anything they desire to buy. I do not feel that there is any doubt that this will result in many low-income families purchasing less food than they are presently purchasing. It is all right to tell us that this money, which formerly went for food, will not be spent for liquor; but, every one of you know that altogether too much of it will be. You will see more money being spent on unnecessary luxuries which contribute little or nothing to the health and nutrition of the food stamp recipients.

It is estimated that by eliminating the purchase requirement for food stamps, over $3.2 billion that presently is required to be spent on food will be free for the recipients to spend for anything they choose. In turn, the Congressional Budget Office estimates that this will result in a $1 billion reduction in food purchases in the United States. That will hurt both farmer and poor children.

I want my colleagues to realize just what they are doing when they support elimination of the purchase requirement. You are supporting the abandonment of the goal of assuring needy Americans an adequate diet and endorsing another income support program. You are condemning millions of the Nation's poor children to a substandard diet from which the present program has rescued them. If this is what you want, I urge you to go ahead and completely cash out the food stamp program and transfer it to the Department of Health, Education, and Welfare where it can be properly incorporated into other existing welfare programs.

In closing, I want to recall the views of our former colleague here in the House, Mrs. Leonor Sullivan, of Missouri. Mrs. Sullivan was the author of the first food stamp bill and worked as hard as anyone to see the program accomplish its goal of providing the Nation's poor with an adequate diet. In one of her last speeches in the House, Congresswoman Sullivan said:

> No one—no one—should receive food stamps free, no matter how small their income. They should be required to pay something for the food stamps—whatever they can afford to spend for food out of their limited income, even if it is only 50 cents or $1 for a month's food. Otherwise—and this is now the case in some situations—the stamps are considered a kind of "funny money" which are merely handed over as a gift from some mysterious source and do not have to be regarded as something you work for and buy. Anything handed over free in that fashion, whether it be food stamps or anything else, invites cheating and abuse.

I think we should all consider these words from the gentlelady from Missouri. If we want to maintain a useful program that not only provides adequate nutrition for needy people but a strong demand for farm production, the food stamp purchase requirement must be kept. I urge my colleagues to support the gentleman's amendment.

Mr. SEBELIUS. Mr. Chairman, I move to strike the requisite number of words.

The gentleman from Texas (Mr. POAGE) has enunciated far more eloquently than I could my own personal attitude toward the elimination of the purchase requirement.

It sounds good, I have to admit, especially when the gentleman from New York (Mr. RICHMOND) told us that it would probably, through simplification, save the administration money. I think he is correct. However, I must say this about it: As far as the elimination of it is concerned, we know full well that whatever the amount of money was that had to be spent to get the bonus stamps, that money will not be spent in many, many instances for food.

I think that is wrong. I think this program is designed for nutrition and food. I think it should not be on the basis of an investment. If one does not use it for food in his budget, he will use it for something else.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I am just wondering about eliminating the purchase requirement. Was it not, in fact, fostered in the Senate by the distinguished Senator from the State of Kansas?

Mr. SEBELIUS. Mr. Chairman, the gentleman is exactly correct, and I disagree with him most emphatically.

I can see various things as far as simplification is concerned.

However, we cannot prevent the possible fraud of individuals as far as their attitudes are concerned. I admit that there will be simplification, but the fact remains that the element of buying food stamps, the bonus element, and other things which encourage people to buy food have been removed. That changes it, Mr. Chairman, into nothing but a welfare program.

Mr. CUNNINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have sat here today and listened to the entire debate.

Certainly there is not a person in this room who is not sincerely interested in seeing that everyone who needs the food that goes along with these stamps receives it.

The argument as to whether the stamps should be purchased or given away is one, frankly, that I have not resolved myself.

That is why I speak now because I hope to ask a few questions which when answered, will be an aid in this debate, and in my decision.

One thing I would call to mind is that the gentleman from New York—and I am sorry that I do not see him on the floor now—mentioned, I believe, that

out of those eligible to receive stamps within the ranks of senior citizens, who qualified, only 40 percent were now availing themselves of the program. My question would be, Why?

Mr. Chairman, I have found in my 46 years that there seems to be a division within this country between the work ethic that existed 20 years ago and the one that exists today. There also seems to be a point where some people are afraid to avail themselves of what they call charity, but not afraid to avail themselves of what they call self-help.

The specific question that I would like to know the answer to is whether or not by making these stamps totally free, we reduce the recipients to a level of charity and deny the person the individual dignity of saying, "I am providing for myself and my family to the best of my ability."

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, in answer to the gentleman's question as to why the senior citizens have not availed themselves of the food stamp program, a $750,000 study was conducted by the committee and other studies were done by interested parties to help answer that question. As part of those studies they asked those senior citizens why, and I do not recall the exact percentage, but it was in the neighborhood of 30 or 40 percent who said that it was because they did not have the money to buy the stamps.

That is why the provision has been placed in this bill to eliminate the purchase requirement so that, in fact, more of these people, some of whom are among our poorest, could participate in the program and benefit from the food nutrition that flows from the program.

Mr. CUNNINGHAM. Mr. Chairman, I thank the gentleman.

I would like to continue with one more question.

It is also my understanding that people through programs such as AFDC, and other welfare grants, are given cash grants. It would seem logical that they could make a purchase with the cash grant, and in turn take pride in participating in a self-help program. I am just wondering if we are totally denying them that opportunity.

Mr. WAMPLER. Mr. Chairman, will the the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank the gentleman from Washington for yielding.

The Committee on Agriculture heard testimony in our hearings to suggest that many elderly people in this country do not avail themselves of the food stamp program because of the stigma of welfare.

It is my understanding that an amendment will be offered subsequently which will provide for a cashout for the elderly, the blind, and disabled people, and perhaps this amendment would remove some of the stigma. But, as I indicated, we found that many of the elderly do not participate in the food stamp program because of the stigma of welfare. This is one well-documented reason why elderly people are not participating in the food stamp program.

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, the gentleman from Virginia (Mr. WAMPLER) is quite right that a number of them do not participate in the food stamp program because of the stigma.

A part of that stigma is the result of the fact that people, I think for political reasons, have tried to characterize this as a program that is designed to merely benefit some lazy group of riffraff throughout America.

However, Mr. Chairman, the facts just do not bear that out. The food stamp program provides food and nutrition for the poorest of the poor in this country. All of the time we lose sight of this fact in the debate by pointing out something like.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. NOLAN, and by unanimous consent, Mr. CUNNINGHAM was allowed to proceed for 2 additional minutes.)

Mr. NOLAN. Will the gentleman yield further?

Mr. CUNNINGHAM. I yield further to the gentleman from Minnesota.

Mr. NOLAN. Mr. Chairman, opponents of the program create undeserving mythical people, who under the most unusual of all circumstances, could qualify for the program and then they tear the program apart on the basis of that mythical person who does not really exist.

I believe the facts we are receiving from all of our studies clearly indicate this program and this bill are designed to provide better and more nutritious food for the poorest of the poor people in our country.

Further, many of the elderly have said that they did not participate, some because of the stigma, but others, about 30 or 40 percent of them said that they did not have the money to buy the stamps, by the definition of what constitutes poverty, they did not have the money to buy the stamps. Elimination of the purchase requirement will help these poor people participate in the program.

Mr. CUNNINGHAM. Mr. Chairman, I thank the gentleman from Minnesota (Mr. NOLAN).

I might point out, and I believe the gentleman from Minnesota will note, that I have not referred to the "riffraff." I know that many people easily point the finger of accusation concerning fraud on these welfare programs, AFDC, and now the food stamp program.

Let me say that my goal and I believe the goal of the Members of the House is to see that food is available to those who need it, all preferably on ability to obtain it. The present sliding scale on food stamps purchase price does take into consideration the individuals' ability to participate within the level of their ability. Most people want the opportunity to ask for help—not charity.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take the full 5 minutes, but I believe that if there is one criticism that we have heard about the food stamp program in the past it has been the claim, and it may well have been a valid one, that in too many instances we are providing food stamps for those who are not really in need and failing to provide assistance for those who are truly in need.

Despite the detractors of the legislation before us, I would like to point out that the two primary reforms that we have been able to achieve in this legislation have been the removal from the food stamp program of anybody above the poverty line, the poverty income line. In turn, what we have tried to do, insofar as those claims, we have tried to provide food stamps to the poorest of the poor.

As has been pointed out here a few moments ago in the course of the debate, study after study has shown that there are a certain number of Americans who have a little difficulty, such as people with incomes of $57,500 a year, to understand, but the fact is that there are a rather large number of people in this country who, unfortunately, through no fault of their own, do not have the necessary amount of money to contribute toward the purchase of food stamps.

Mr. Chairman, I think it should be remembered, in closing, that the amendment before us is really an amendment that, in the final analysis, and I do not care how you dress it up, is going to hurt the poorest of the poor. I cannot imagine that is really the purpose of the person who offered the amendment to support that.

Let me say in closing that this amendment was offered in committee. It was defeated by a vote of 34 to 12, which obviously was a bipartisan majority. I am afraid that I am going to shock the gentleman who offered this amendment by pointing out that the net result of his amendment is going to be an increase in the cost of the legislation of $70 million. I can hardly imagine that this is really the intent of the gentleman from Idaho in offering this amendment. I, therefore, urge the members of the committee to reject this amendment as we have done in the committee.

Mr. McHUGH. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from New York.

Mr. McHUGH. I thank the gentleman for yielding. I would like to stress, Mr. Chairman, that the Committee on Agriculture held months of hearings in 1976 and 1977 on this food stamp program. There were three reasons that people gave for not participating in the program. One is the stigma attached to the program. Second is the failure of some people to know enough about the program and, therefore, the need for out-

reach. Third, and most important by far, is the purchase requirement.

There was also developed at those hearings the fact that more than 50 percent of the people below the poverty line, people who by anyone's definition are poor, do not participate in the program. So, putting those two vital factors together, it was clear that if the committee were sincerely interested in opening the program to the poorest, this purchase requirement should be eliminated. And that is precisely what the Agriculture Committee did. I think the committee consensus was well reflected in the vote which the gentleman from California (Mr. KREBS) mentioned, a vote of 34 to 12 to eliminate the purchase requirement. I would sincerely hope that the members of this Committee of the Whole will support the Committee on Agriculture on this judgment, which was based upon the extensive hearings that we have held.

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from Minnesota.

Mr. NOLAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment and in support of the food stamp portion of the farm bill that we are currently debating. As a member of the subcommittee and committee that prepared this legislation, I believe that the food stamp title in the farm bill represents a very even-handed balance between the interests of fiscal prudence and elimination of abuses on the one hand and programmatic responsiveness to the needs of poor people on the other.

Most importantly, the subcommittee and committee endorsed the administration's proposal to eliminate the purchase requirement. This provision—which will do much to bring into the program many eligible households that are not currently receiving aid—is the cornerstone of the committee bill. It is estimated that this provision will enable as many as 3 million low-income persons to receive food aid for the first time.

Throughout the country, many people have complained that the purchase requirement has been far too onerous to afford. As a result, many people who need food assistance have been unable to buy their way into the program. By eliminating the purchase requirement, these people will gain access to the program because they will be provided with their food stamp assistance, or bonus values, at no cost. Thus, even though benefit levels will remain roughly similar when the program gets changed to eliminate the purchase requirement, no purchase price constraints will preclude the poor from entering the food stamp program.

Eliminating the purchase requirement will also result in: A saving of administrative costs, the elimination of vendor fraud, a reduction in the black-marketing of stamps, and a substantial reduction in the number of food stamps that circulate in the program. Therefore, this critical provision in our bill will serve to streamline the program.

Similarly, the committee's bill streamlining the program by eliminating the numerous itemized deductions and incorporating them into one standard deduction, and three, clearly defined and easily manageable, other deductions. Due to this transformation of the program's structure, an effective cap in income eligibility will be established for the first time and certification procedures will be more efficient. Consequently, the program will become far more accessible to people who previously were discouraged from participating due to lengthy and cumbersome certification processes.

Accessibility to the program will further be enhanced by the Agriculture Secretary's new authority to make the certification and issuance processes more responsive to poor people's community situations. To make the program reasonably accessible to poor communities throughout the country, the Secretary is delegated with the responsibility to establish standards for: Points and hours of certification and issuance, caseload per certification worker limitations, the provision of expedited assistance to people who need food stamps immediately, and the provision of Outreach services and bilingual personnel and material where designated under the statute.

One of the significant changes made in the program was the tightening up of the assets test for food stamp eligibility. This bill, for the first time, offers specificity concerning congressional intentions on the assets requirement. Under the assets eligibility standard, the current regulatory assets standards would remain in effect with two specific exceptions. First, a household's resources could be as high as $2,250 and still qualify for assistance if that household contained two or more persons in it, and none of those persons is age 60 or over. Second, the assets test must "include in financial resources any boats, snowmobiles, and airplanes used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes," and must include the value of any licensed vehicle—except those vehicles used to produce earned income—to the extent that such vehicles exceed a market value of $4,500.

Additionally, the Agriculture Secretary is directed to conduct a study of the assets eligibility limits to insure that food assistance is directed to the truly needy. That study is to be completed by June 1, 1978, and hopefully responsive action will be undertaken promptly to implement the findings of the Secretary.

The bill curbs program abuses and is fiscally responsible in many other areas. The bill limits program eligibility for students to people who are without access to adequate parental resources and who are willing to accept part-time jobs. It establishes a tight work requirement that must be complied with if eligibility is to be extended. It places a cap on program eligibility at $6,570 in gross income for nonworking, four-person households, $8,212 for working families, and $9,338 for the small percentage of working families that need dependent care. And, it establishes strict penalties for people who were determined to have committed program fraud.

In sum, then, the bill represents a decent balance between different programmatic concerns. I must say, however, that although I strongly support the bill, I do have some reservations about the committee's bill. First and foremost, I am strongly opposed to the workfare provision that the committee adopted and that Mr. FINDLEY brought up on the floor. Since we believe in a system of fair wages for honest work, it is a terrible move in the wrong direction for us to be forcing people into unspecified jobs for no pay. There is a substantial likelihood that many current employees will, in the final analysis, be displaced by this workfare requirement even though that is not the intention of the committee.

The discrepancy in treatment between people not subject to the workfare requirement and those who are subjected to it is startling, to say the least. People who obtain regular jobs are provided wages for their work, people subjected to workfare are not. People who obtain regular jobs receive the benefit of an earned income deduction, people subjected to workfare do not. People who obtain regular jobs are eligible for a child care deduction, people subjected to workfare are not. In short, a substantial discrimination is perpetrated against workfare recipients, and I am, therefore, strongly opposed to the workfare provision.

Second, I am sorry that the subcommittee's sales tax provision—which would have reduced Federal administrative matching funds by the amount of money collected by a State on food stamp purchases—was deleted in the committee bill. Inasmuch as an impoverished household's costs in obtaining the thrifty food plan are increased by the price of sales taxes, and since the committee's bill mandates one coupon allotment for all similarly sized households in the contiguous United States, poor households in sales tax States are substantially disadvantaged as compared to similar households in nonsales tax States. I believe that the sales tax recoupment provision would have offered a disincentive to States for continuing any sales tax assessments on food stamp purchases, thereby encouraging interstate equity.

Additionally, I do not believe that this food stamp program should be permitted to be a subsidy program for State and other local governmental entities. Some States, together with their local governments, unfortunately are reaping the benefit of as much as 5 to 7 percent revenue profits from food stamp purchases, thereby causing an adverse fiscal effect on the Federal Government's efforts to feed needy families pursuant to the costs of the thrifty food plan. Clearly, to the extent that State sales taxes are the program's primary feeding objectives and causing unnecessary expenditures, we should discourage this from continuing by recouping State and local sales tax

collections on food stamp purchases in the Federal Government's matching contributions for administrative expenses.

Finally, I am sorry that the committee's bill did not include the shelter deduction in the calculation of food stamp eligibility. For those households that qualify for the shelter deduction, there exists a substantial financial hardship. Those households need food stamp aid as much as most others, and I am sorry that the failure to compute the shelter deduction for eligibility purposes may exclude many needy people—particularly in northern, cold weather areas as well as in urban centers—from participating in the program. I hope that this problem will be rectified in the Senate-House conference committee.

Despite these several misgivings, I believe that the committee's bill deserves our support. It is a responsible bill and it is a balanced bill, and I urge everyone to support it.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding.

Mr. Chairman, I am opposed to the amendment. I think that in light of the fact that we are going to to streamline and simplify the program, and in light of the fact that we have restricted benefit levels under this bill and tightened it up, I think it would be imprudent and also made complex by the issue to keep the purchase requirement. The elimination of the purchase requirement, coupled with the "toughening up" of the program which has occurred during the legislative process, constitutes a major, progressive reform of the food stamp system.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, when I testified before the Agriculture Committee as one of the leadoff witnesses on food stamp reform, I devoted quite a bit of my time to this particular subject because it is the heart and soul of what we are talking about here today.

The elimination of the purchase requirement makes it a completely different program. This was not intended to be a giveaway program. But that is what it is going to be—the first step toward what should be called a negative income tax. If we eliminate the purchase requirement, we might as well cash out the program and integrate it all into welfare reform.

You should all know that a number of our States and communities have been pushing for a voucher approach to welfare because they have found people are not spending their welfare money on the basic necessities. Ask your State Governors and those responsible for welfare administration in your individual States. Yet by eliminating the purchase requirement, we will be moving exactly in the opposite direction. Then, when families go unfed, we will more likely than not hear a demand for one more governmental programs to meet their needs.

The argument is often made that some persons are too poor to come up with a lump sum purchase requirement all at once. The fact is that the two provisions already in effect, variable purchase and that semimonthly issuance, are designed to deal with that problem. Under the variable purchase, an individual may buy a quarter, a half, or three-quarters, or all of the coupon allotment, and under semiannual issuance, an individual may receive one-half of his coupons twice a month.

Of course, elimination of that purchase requirement would increase participation among the higher income eligibles. I do not argue with the gentleman from New York (Mr. McHUGH) when he says that we should take care of the people in the lowest of the lowest income group. That is true, they do have the more serious problem. If we eliminate the purchase requirement, those who heretofore had to pay more will be the first in line to apply because they have the most to gain from the elimination of a purchase requirement.

The poorest of the poor who paid only a token before will not pay a cent, but there will be very little change for them and surely will not increase their participation in the program.

Even the Congressional Budget Office pointed out in their report, under the current food stamp program:

> Participation rates range from complete coverage in lower income groups to very low participation rates in the higher income groups.

It stands to reason that the largest pool of nonparticipating eligibles potentially affected by no purchase requirement occupies the higher income groups. It also stands to reason that if the purchase requirement is the "No. 1 barrier" to participation, as suggested by some of those advocating its elimination, then the larger the purchase requirement, the larger the disincentive to participate.

It is also argued that reducing the amount of coupons in circulation will help to reduce recipient fraud, in discounting coupons for cash. Precisely the opposite may occur: With no cash investment of their own, and with coupons more readily accessible because they are free, recipients may be more willing to discount them for cash.

I suggest Members mark my words and see if this will not take place after enactment of this bill.

Furthermore, elimination of the purchase requirement is a back door approach to total food stamp cash-out and the beginning of negative income tax. Senator McGOVERN, one of the principal advocates of the purchase requirement elimination, has stated that:

> We are moving toward the concept of a single flat income maintenance guarantee. Now, very frankly, when you eliminate the purchase price, you are taking a step in that direction, and it is probably a step that is more palatable to the Congress and the American people than talking about a guaranteed annual income. Nobody is more painfully aware of the hazards of that approach than I am.

Those are the verbatim quotes of Senator McGOVERN.

Even though the merits of negative income tax are not at issue in this discussion, the important point is that elimination of the purchase requirement would set in motion a process which could result in a negative income tax, whether or not policymakers ever confront the fundamental issues associated with comprehensive revision of the welfare system.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. MICHEL was allowed to proceed for 2 additional minutes.)

Mr. MICHEL. Mr. Chairman, implementation of the no purchase requirement within the proposed budget limitations would force a reduction of food stamp benefits for current participants. If we stick to the cap of $5.8 billion that we adopted in the Mathis amendment, then the increased program participation under this legislation will dictate a reduction in benefits to current participants. There is no other way for the numbers and figures to be reconciled.

The program currently involves spending of $9 billion; $6 billion in Federal contributions and $3 billion from the individuals as part of their purchase requirement. If we put a cap on of $5.8 billion, there will be a gap between that figure and the $9 billion currently being spent on the program. Many are going to be eased out of the program.

The gentleman wants to take care of his inner-city dwellers who are the poorest of the poor, but you are not going to be able to do that.

What about the future? With a $5.8 billion cap, people currently in the program will undoubtedly be frozen out of the program. Then there will be all the pressure in the world applied to come up with more and more and more dollars and all for free. We will be getting ourselves deeper and deeper into the red and no place to turn but the Federal Treasury.

Frankly my own judgment would be that if the original bill stands up without reinstituting the purchase requirement, we might as well cash out the whole program and develop it into an integrated and well-thought-out welfare program.

Mr. TUCKER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in support of H.R. 7171 to reform and extend the food stamp program.

I believe in the food stamp program. It is one of the most decent and worthwhile services this Congress can legislate.

Let us reflect for a moment on hunger in America. As a Nation, we control half the wealth and power of the world. Yet, as President Johnson reminded us, we live with the "parodox of poverty in the midst of plenty." For those mired in poverty, hunger is the cruelest burden of all. The $5 billion that this program would cost during the next fiscal year is a small price to pay to silence the cry of hunger and insure that all Americans have a sufficient nutritional diet.

Reform, like beauty, is in the eye of the beholder. Maybe there are better ways to administer food care. But, as Harry Hopkins once observed, "People don't eat in the long run; they eat every day." The hungry adults and children in need of assistance cannot wait while we debate formulas and percentages. The Agriculture Committee has worked diligently over a 2½-year period to come up with a reasonable, affordable bill. I urge my colleagues out of compassion for the less fortunate and a sense for what is right to support this bill.

I particularly favor elimination of the purchase requirement. There is no question that the purchase requirement has proven a barrier to participation in the food stamp program, particularly among the elderly. The sad truth is that many people eligible for benefits are unable to scrape together enough money to buy stamps every month. In my State alone only 39 percent of the one-half million eligible for food stamps currently use them. The 17.2 million participants nationwide represent only 50 percent of those in need of assistance. By eliminating the purchase requirement, the USDA estimates that 2.5 million more people could be reached, raising participation to 67 percent of those eligible. An approximate 15-percent increase in food stamp participation would be realized in Arkansas, for example, by eliminating the purchase requirement. It is high time that we took action to remove this financial burden and provide a decent and healthy diet for all those who are needy.

Moreover, eliminating the purchase requirement would simplify administrative and accountability problems; 40 per cent fewer stamps would be printed, stored, recorded, circulated, and reconciled, thereby reducing costs, procedures, and the potential for fraud. During the last fiscal year, $3 billion was paid to 15,000 food stamp vendors across the Nation. Mismanagement of these funds has been widely publicized, but I am firmly convinced that by simplifying issuance of stamps by eliminating the purchase requirement would reduce opportunities for abuse and fraud. This is an important step in restoring the much needed public confidence and credibility in this vital food assistance program.

What is particularly appealing to me, Mr. Chairman, is that the costs of serving 350,000 new households by eliminating the purchase requirement would be offset by tightening eligibility and work requirements. The original budget request for the food stamp program in fiscal year 1978 was $5.7 billion. However, if the reforms outlined in H.R. 7171 are enacted, the Congressional Budget Office estimates that the program would save $300 million and cost $5.4 billion in the next fiscal year.

H.R. 7171 would also replace the itemized deduction calculation with a standardized monthly deduction of $60 per household; another simplification which would reduce the bureaucratic nightmare the food stamp program has become. By standardizing deductions, it is estimated that administrative complexities that currently result in 30 percent of all errors in the food stamp program would be substantially eliminated.

Food stamp eligibility would be restricted further by lowering the net income qualification limits to the poverty levels. The committee bill proposes that the net income eligibility limit for a family of four be reduced from $6,804 to $5,850. For the first time gross income limits, consisting of official poverty levels plus allowable deductions, for eligibility will have been set. This proposal would eliminate 1.5 million people in high income households from the program and redirect the benefits to the poorest households where the need is not currently being met.

To dispel public cynicism concerning the food stamp program, the committee bill requires every mentally and physically able food stamp recipient between the ages of 18 and 60 to register for work, search for work, accept available work, and continue to work—or else jeopardize their food stamp eligibility. This is eminently proper and sound and a vital part of the reform package.

While few would begrudge nutritional assistance to the poor, I think we all agree there is general dissatisfaction with the way the program has been administered in the past. There has quite simply been too much abuse. To assist the States in fighting fraud and abuse, the bill provides a 25-percent increase in Federal funding to 75 percent of the cost to assist State agencies in defraying administrative costs of investigations and prosecutions of food stamp fraud. Federal funding to State agencies for total administrative costs would be increased as each State's error rate improves. These are potent incentives to the States for combating abuse. To further safeguard against deceit, a schedule of penalties and sanctions would be implemented against those found guilty of cheating the system.

The primary purpose of the food stamp program lies in reducing hunger and malnutrition among millions of poor people. From this vital function benefits flow to our agricultural economy. The sum of $75.5 million in food stamps was distributed in Arkansas in fiscal year 1976. This investment increased the annual food sales of retailers by some $40 million. Arkansas' poultry and egg farmers who supply nearly 10 percent of our Nation's poultry, increased their cash receipts by $13 million due to the demand generated by food stamp purchases. Likewise, Arkansas' ricegrowers who produce one-third of our national rice crop, sold more than an additional $2 million worth of rice to food stamp participants. We cannot overlook the secondary benefits that accrue to foodgrowers and distributors from food stamp purchases.

Mr. Chairman, I encourage my colleagues to support this long overdue restructuring of the food stamp program. In my strong opinion, these reforms are meaningful and substantive and serve the mutually beneficial goals of equity and efficiency by increasing accessibility to the program for the truly needy and by simplifying administrative procedures and controlling costs.

Mr. CORRADA. Mr. Chairman, will the gentleman yield?

Mr. TUCKER. I yield to the gentleman from Puerto Rico.

Mr. CORRADA. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Idaho. I shall briefly set forth the reasons why this amendment should be rejected.

For the last several years, the House Agriculture Committee and the subcommittee chaired by the gentleman from New York (Mr. RICHMOND) have deliberated in producing the reform measure which we are now finally—after years of consideration—debating on the floor of the House of Representatives.

The amendment offered by Mr. SYMMS was rejected in committee. It is not contained in the Senate-passed version which will soon go to conference with the House Agriculture Committee.

The removal of the eligibility of purchase requirement in the national food stamp program, in the case of Puerto Rico, will assure that the neediest of our citizens in Puerto Rico will be able to participate in the food stamp program, for those without the cash necessary to purchase food stamp coupons will now have direct and easy access to a means of providing an adequate nutritional diet.

It would help to eliminate any abuses that may exist in the food stamp program. It would provide a simplified method of reforming the food stamp program and, gentlemen, I make it clear that the reform involved in the provision now contained in the House-reported bill is not a reform under the guise of restricting food stamp participants, but one based on a very practical asumption, namely, that giving the poor more direct access to food stamps is a move based in the simple elements of social justice and concern for the neediest in our society.

As the House report on the Food Stamp Act of 1977 notes, the removal of the eligibility-of-purchase requirement is perhaps the single most important action taken by the House Agriculture Committee.

The reasons for this amendment are basically sound and I join with others in opposing the amendment to turn back the position of the House to the present situation existing in the food stamp program.

If we want real reform, and if we want to support a thorough effort to help the needy in our society, we will oppose this amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. TUCKER. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, essentially, the problem we deal with on the floor is whether we want either the food stamps or the cash-out program.

I respect the views of the gentleman from Illinois, the distinquished minority whip, and what the gentleman stated

here. It very well may be that when we deal with a comprehensive welfare reform proposal, we may want to include food stamps as part of that; but that is not what we are dealing with on the floor. We are dealing right now with a continuation of the food stamp program pending the introduction of a welfare reform bill. The question we have to ask ourselves is whether elimination of the purchase requirement is a reform of this ongoing program. I think the answer is yes. We are talking about saving $36 million in administrative costs by eliminating the purchase requirement. We are talking about eliminating something like 10 million work hours by eliminating the purchase requirement.

We are talking about reducing massive Federal inventories, Federal audits and accounting that are now part of this program. We are talking about streamlining the program and eliminating vendor fraud. We are talking about improvements.

Since we are working with the current program and not a welfare reform package, the best thing we can do is to commit ourselves to reform that program by cuts in administrative costs and bureaucracy. That would be the result by eliminating the purchase requirement.

Mr. TUCKER. Mr. Chairman, I thank my colleague.

Mr. Chairman, I serve on the Subcommittee on Public Assistance of the Committee on Ways and Means and we will consider the food stamp program in great detail during welfare reform hearings.

If any of my colleagues have been to a food stamp office and have looked at a food stamp application, they would think that a Federal income tax return is a thing of great simplicity and beauty, because a food stamp application has to be one of the most complicated forms in the country. This will remove that burden and greatly simplify the cost of administration.

Mr. BAUMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is unfortunate that this sort of debate is always conducted in terms of those who have compassion for the less fortunate and those who do not. I admit, not all Members indulge in that sort of characterization, but that is an all too common practice.

It was appropriate that the gentleman from Arkansas referred to Harry Hopkins and his bit of wisdom; the very same Harry Hopkins who made a patent admission of the political bankruptcy of the administration he served when he used the phrase, "Tax, tax; spend, spend; elect, elect." The majority party has repaired to that cynical standard to this very day.

We have long since come to the point when the taxpayers of the United States who have to finance these welfare programs deserve at least equal treatment as that accorded to the recipients of the programs.

I listened carefully to the debate about the removal of the cash requirement for food stamps. I heard very little said about the fraud that can occur. I heard a great deal about people that cannot receive help they need, but little about those who are illegally receiving aid they should not have.

I can say, from the experience in the State of Maryland, we have had massive fraud, much of it stemming from the relaxation by the State of Maryland of means requirements. We have almost self-certification for welfare applicants, and the forms are not very difficult to fill out. One can sign his name and get food stamps in many urban areas, depending upon the strictness of the local office, with almost absolutely no check. Thankfully, that is not true in most of the rural areas. Then, a recipient can go out and obtain subsequent employment, and have no fear of anyone checking to see whether the recipient is working and getting food stamps. Very little effort is made to see whether fraud is occurring.

I have not heard mentioned today of the issuance of the July 18 report by the Comptroller General of the United States to the Congress, in which he estimated that over half a billion dollars of the present annual funding is going out in over-issued food stamps because of errors, fraud, or misrepresentation. I do not object, as the gentleman from Illinois (Mr. MICHEL) says, to allowing a no-cash requirement for those who indeed have no cash to pay, but I think we must maintain the cash nexus for all others as a limit on this program.

Everyone who has argued that we should remove the cash requirement has made it plain that they want to expand the program to unlimited cost, although they soothingly assert that it will not cost much. At the same time, they refuse to admit what that cost will be. I suspect that without this cash limitation, this necessity of paying some small amount of cash for food stamps, taken together with the laxness of administration in certification of these applicants and the lack of attention to investigation of their backgrounds, we will have massive fraud, because there will be no limit. You will not need a single dollar. All you will need is the ability to sign your name, and you will never face prosecution in most areas because there are far more serious crimes in this country resulting from the attitude of permissiveness to worry about prosecution of these food stamp frauds.

So, we are seeing the Britainization of America, and we do not have the votes to stop it. But, we, as the Conservative Party, have the obligation to stand up for all the people, as we have done through all the years, to tell them where this kind of liberal philosophy is leading us as a people and as a nation. You are not helping the poor or the near destitute. Inflation, unlimited printing press money, these work the greatest and most cruel hardship on those with the fewest dollars in their hands. Those Members who express such great concern for the poor should be opposing this amendment. The bill already allows food stamps for those who have no cash at all.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman very much for his reasoned and articulate review of the facts. Harry Hopkins would have loved this bill, because that is all it is, buying votes in the North, the West, the Midwest, and the East.

I would like to say that when the food stamp program started out, to go back to chronological history, it was going to be a 50–50 State cost-paying program. When it got to the floor of the House, the State cost-paying part was taken out. Then, there was a cap on the program. That was removed, and the last discipline of the program, to have the participant-recipient of the program pay part of that program so that we would have some kind of individualized discipline controlling the cost of this program by the people, is lost. Once this requirement is removed, I predict that it is just a matter of 1 year, 2 years, 3 years, until we will be in here asking for $10 billion for food stamps, not $5.2 billion or $5.8 billion.

Mr. BAUMAN. I thank the gentleman.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Illinois.

Mr. MICHEL. I just want to make the observation that I hope Members would not make their decision here today on the basis of what may or may not be saved by paperwork, or because they believe this would end vendor fraud. You are still going to have to audit this multi-billion-dollar program. If the committee had followed my original bill, the computation of eligibility would have been predicated on gross income with a standard deduction depending upon the size of the family and whether there were any elderly people involved.

The CHAIRMAN pro tempore (Mr. SISK). The time of the gentleman from Maryland has expired.

(By unanimous consent Mr. BAUMAN was allowed to proceed for 1 additional minute.)

Mr. MICHEL. The thing that takes up so much paperwork is trying to figure out net income after using all these deductions, and that is what gets us into trouble.

I should also add that it is very likely that the promises of significant administrative cost savings are overstated. Transactions must still occur; bonuses must still be calculated; and stamps must still be issued. To be sure, purchase requirement funds would not have to be handled and cared for, but it is questionable that administrative savings of much magnitude could ever be realized. In fact, CBO estimates such savings at $22 million for fiscal year 1978—a miniscule amount when compared to the cost of EPR. The $22 million figure does not account for the expected increase in certification transactions due to new participants.

If we would have simply gone to a simple gross income figure with a stand-

ard deduction by family with the elderly, we would have a much simpler program and, of course, retained the purchase requirement.

Mr. BAUMAN. Mr. Chairman, I want to add a word of thanks. It was the gentleman from Illinois (Mr. MICHEL) alone amongst a great many people in this body who accepted the burden of drafting a program for true welfare reform and true food stamp reform. It is only the parliamentary situation we face today which prevents his offering it, which we should all regret.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, my good friend, the gentleman from Maryland Mr. BAUMAN), says that all of the Members on this side of the aisle who spoke in favor of abolishing the purchase requirement are in favor of or seem to be in favor of an uncontrolled cost of the program. I want to show him one Member who is in favor of eliminating the purchase requirement who very clearly favors keeping a handle on the program. There are several reasons why I favor elimination of the purchase requirement. First of all, as the gentleman from New York said, I think it cuts administrative nightmares and administrative costs of this food stamp program. And I also think it is the first step toward the elimination of the program and coming to a total cash-out system. As Members know, I think that constitutes a real welfare reform at some point down the line. Obviously, we are not going to get the cash-out program this year or next year, but I think maybe within the lifetime of this administration we will see the elimination of the food stamp program and going to a cash-out, or one uniform system. In the meantime, I think this is a step in the proper direction.

The gentleman from Idaho raised the question of uncontrolled costs, and I think he is sincere in what he says, he believes that this program could cost $600 million to $2.7 billion if we have full participation by people who are not now in the program, except for one thing. This House earlier today adopted a cap which places the figure at $5.847 billion. Very clearly we are not going to go beyond that, at least under the terms of this authorization.

Finally, there is one other reason—and I think this is more important, at least, to me—why I support elimination of the purchase requirement. This is best illustrated by a lady who called me—and I talked to her personally—who had been deserted by her husband. She was working and making about $500 a month, but working, and who had four small kids. She told me she called down to the food stamp office, and they said, "Yes, you will be eligible if you come and fill out forms. You can get about $140 worth of stamps and it will only cost about $100." She said, "Congressman, I cannot get together $100 at any time during the month." And that is exactly why I support the elimination of the purchase requirement.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

Mr. Chairman, I applaud the gentleman for offering his amendment placing the cap on the overall spending amount. Would not the gentleman agree, however, that having that cap, and with some 30 million people eligible, and probably some more, in view of the McHugh amendment having been adopted. With its escalating method of computation, that there is no way for those currently on the program to get anything but a reduced amount as a result of the cap? Everyone in the program is going to be proportionately reduced.

I am not arguing that is necessarily bad except for the poorest of the poor, and they are the ones I am most concerned about.

Mr. MATHIS. Mr. Chairman, if I might respond to the gentleman, I respectfully disagree with the gentleman. I think we are going to take care of the poorest of the poor. There have been studies conducted in my State, as well as in other States, which indicate there are elderly people and extremely poor people who are not participating because of the fact that the purchase requirement keeps them out. There may, in fact, be some additional people who try to come in, as the gentleman says. If they do, they will run up against a brick wall because we have established that cap. If that happens and if we see it will happen, this committee and the Committee of the Whole House on the State of the Union will look at it. If it is the judgment of this body that we should raise that authorization, we will have the opportunity to do it at that point.

In the meantime, Mr. Chairman, I urge the gentleman, let us not attempt to punish people who are unable to participate today because the purchase requirement stands in their way.

Mr. AKAKA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would first like to congratulate Chairman RICHMOND of the Domestic Marketing Subcommittee for all of his efforts in producing a food stamp bill which will eliminate many of the abuses that have become associated with the program and which will streamline the program to avoid administrative redtape and unnecessary costs.

The most significant aspect of food stamp reform is the committee's recommendation that the purchase requirement be eliminated. According to Secretary Bergland, the elimination of the purchase requirement—EPR—is the cornerstone of the administration's food stamp reform package.

This reform is essential mainly because it will improve accessibiilty to the program. Currently, only 40 percent of all households below the poverty line participate in the programs. The lump sum purchase requirement is the major impediment that prevents the poor from applying for food stamps. According to administration estimates, EPR will bring about 2.5 to 3 million new poor recipients into the program.

Mr. Chairman, we are constantly hearing about fraud and abuse in regards to food stamps. By eliminating the purchase requirement, we will strike out vendor fraud which is the largest abuse in the entire program.

Even taking into account the additional expenses of certifying the new people that will apply for food stamps, EPR will save $36 million in administrative costs. Savings would result from a reduction in the cost of food stamp sale transactions, a reduction in the cost of printing and distributing coupons, and a reduction in Federal accounting and inventory control costs.

By eliminating the purchase requirement, more of the poorest of the poor will be able to enter the program which will result in nutritional diets for millions of poor American families. I urge you to support the elimination of the purchase requirement in order that we can cut back on fraud and make the program more accessible for the poor for whom this program was intended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho (Mr. SYMMS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 22, noes 40.

RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 102, noes 317, not voting 14, as follows:

[Roll No. 468]

AYES—102

Abdnor	Goldwater	Poage
Archer	Grassley	Quayle
Armstrong	Guyer	Quillen
Ashbrook	Hagedorn	Rhodes
Badham	Hall	Roberts
Bafalis	Hansen	Robinson
Bauman	Holt	Rogers
Beard, Tenn.	Ichord	Rudd
Broomfield	Kasten	Runnels
Burgener	Kelly	Satterfield
Burke, Fla.	Kemp	Schulze
Burleson, Tex.	Ketchum	Sebelius
Butler	Kindness	Shuster
Caputo	Lagomarsino	Skubitz
Cederberg	Latta	Smith, Nebr.
Chappell	Lott	Snyder
Clausen, Don H.	McClory	Spence
Clawson, Del	McDonald	Stangeland
Coleman	Mahon	Stump
Collins, Tex.	Mann	Symms
Corcoran	Marlenee	Taylor
Crane	Marriott	Thone
Cunningham	Martin	Treen
Daniel, Dan	Mattox	Trible
Daniel, R. W.	Michel	Waggonner
Derwinski	Milford	Walker
Devine	Miller, Ohio	Wampler
Dickinson	Montgomery	Whitehurst
Dornan	Moorhead, Calif.	Whitten
Edwards, Ala.	Mottl	Wiggins
Edwards, Okla.	Myers, Gary	Wilson, Bob
Erlenborn	Myers, John	Winn
Flynt	O'Brien	Wydler
Frey	Pettis	Young, Fla.

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Addabbo	Fish	Mikulski
Akaka	Fisher	Mikva
Alexander	Fithian	Miller, Calif.
Allen	Flood	Minish
Ambro	Florio	Mitchell, Md.
Ammerman	Flowers	Mitchell, N.Y.
Anderson, Calif.	Foley	Moakley
	Ford, Mich.	Moffett
Anderson, Ill.	Ford, Tenn.	Mollohan
Andrews, N.C.	Forsythe	Moore
Andrews, N. Dak.	Fountain	Moorhead, Pa.
	Fowler	Moss
Annunzio	Fraser	Murphy, Ill.
Applegate	Frenzel	Murphy, Pa.
Ashley	Fuqua	Myers, Michael
Aspin	Gammage	Natcher
AuCoin	Gaydos	Neal
Badillo	Gephardt	Nedzi
Baldus	Giaimo	Nichols
Barnard	Gibbons	Nix
Baucus	Gilman	Nolan
Beard, R.I.	Ginn	Nowak
Bedell	Glickman	Oakar
Benjamin	Gonzalez	Oberstar
Bennett	Goodling	Obey
Bevill	Gore	Ottinger
Biaggi	Gradison	Panetta
Bingham	Gudger	Patten
Blanchard	Hamilton	Patterson
Blouin	Hammer-schmidt	Pattison
Boggs		Pease
Boland	Hanley	Pepper
Bolling	Hannaford	Perkins
Bonior	Harkin	Pickle
Bonker	Harrington	Pike
Bowen	Harris	Pressler
Breaux	Harsha	Preyer
Breckinridge	Hawkins	Price
Brinkley	Heckler	Pritchard
Brodhead	Hefner	Pursell
Brooks	Heftel	Quie
Brown, Calif.	Hightower	Rahall
Brown, Mich.	Hillis	Railsback
Brown, Ohio	Holland	Rangel
Broyhill	Hollenbeck	Regula
Buchanan	Holtzman	Reuss
Burke, Calif.	Horton	Richmond
Burlison, Mo.	Howard	Rinaldo
Burton, John	Hubbard	Risenhoover
Burton, Phillip	Huckaby	Rodino
Byron	Hughes	Roe
Carney	Hyde	Roncalio
Carr	Ireland	Rooney
Carter	Jacobs	Rose
Cavanaugh	Jeffords	Rosenthal
Chisholm	Jenkins	Rostenkowski
Clay	Jenrette	Roybal
Cleveland	Johnson, Calif.	Ruppe
Cochran	Johnson, Colo.	Russo
Cohen	Jones, N.C.	Ryan
Collins, Ill.	Jones, Okla.	Santini
Conable	Jones, Tenn.	Sarasin
Conte	Jordan	Sawyer
Conyers	Kastenmeier	Scheuer
Corman	Kazen	Schroeder
Cornell	Keys	Seiberling
Cornwell	Kildee	Sharp
Cotter	Kostmayer	Sikes
Coughlin	Krebs	Simon
D'Amours	Krueger	Sisk
Danielson	LaFalce	Skelton
Davis	Le Fante	Slack
de la Garza	Leach	Smith, Iowa
Delaney	Lederer	Solarz
Dellums	Leggett	Spellman
Derrick	Lehman	St Germain
Dicks	Lent	Staggers
Diggs	Levitas	Stanton
Dingell	Lloyd, Calif.	Stark
Dodd	Lloyd, Tenn.	Steed
Downey	Long, La.	Steers
Drinan	Long, Md.	Steiger
Duncan, Oreg.	Lujan	Stockman
Duncan, Tenn.	Luken	Stokes
Early	Lundine	Stratton
Eckhardt	McCloskey	Studds
Edgar	McCormack	Thompson
Edwards, Calif.	McDade	Thornton
Eilberg	McEwen	Traxler
Emery	McFall	Tsongas
English	McHugh	Tucker
Ertel	Madigan	Udall
Evans, Colo.	Maguire	Ullman
Evans, Del.	Markey	Van Deerlin
Evans, Ga.	Marks	Vander Jagt
Evans, Ind.	Mathis	Vanik
Fary	Mazzoli	Vento
Fascell	Meeds	Volkmer
Fenwick	Metcalfe	Walgren
Findley	Meyner	Walsh
Watkins	Wilson, C. H.	Yatron
Waxman	Wilson, Tex.	Young, Alaska
Weaver	Wirth	Young, Mo.
Weiss	Wolff	Young, Tex.
Whalen	Wright	Zablocki
White	Wylie	Zeferetti
Whitley	Yates	

NOT VOTING—14

Beilenson	Koch	Murtha
Brademas	McKay	Rousselot
Burke, Mass.	McKinney	Shipley
Dent	Mineta	Teague
Flippo	Murphy, N.Y.	

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Flippo against.

Mr. Rousselot for, with Mr. McKinney against.

Messrs. PEPPER, LUJAN, and VENTO changed their vote from "aye" to "no."

Mr. BEARD of Tennessee changed his vote from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to section 1209 which was formerly section 1208?

AMENDMENT OFFERED BY MR. JEFFORDS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. JEFFORDS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS to the amendment offered by Mr. FOLEY:

In title XIII, page 28, insert after line 8 the following new section:

"RECOVERY OF BENEFITS WHERE INDIVIDUAL'S ADJUSTED GROSS INCOME FOR YEAR EXCEEDS TWICE POVERTY LEVEL

"Sec. 1210. (a)(1) If—

"(A) any individual receives food stamps during any calendar year after 1977, and

"(B) such individual's adjusted gross income for such calendar year exceeds the exempt amount,

then such individual shall be liable to pay the United States the amount determined under subsection (b) with respect to such individual for such calendar year. Such amount shall be due and payable on April 15 of the succeeding calendar year and shall be collected in accordance with the procedures prescribed pursuant to subsection (g).

"(2) If, at the time prescribed by paragraph (1) for the payment of any liability imposed by such paragraph on any individual such individual is a member of a household receiving food stamps, the time for payment of such liability to the extent that such liability exceeds any offset which may be allowable under any other law shall be extended until such individual is no longer a member of a household receiving food stamps.

"(3) Except in the case of a husband and wife who live apart at all times during the calendar year, in the case of a married individual—

"(A) this section shall be applied by treating both spouses as one individual, and

"(B) the liability imposed by paragraph (1) shall be apportioned among the spouses in accordance with regulations prescribed by the Secretary (after consultation with the Secretary of Treasury)

"(b)(1) For purposes of this section, the amount determined under this subsection with respect to any individual for any calendar year is the lesser of—

"(A) the value of the food stamps received by such individual during such calendar year, or

"(B) the excess of (i) the adjusted gross income of such individual for such calendar year, over (ii) the exempt amount.

"(2) For purposes of this section—

"(A) if an individual maintains a household for any calendar year, such individual shall be treated as receiving all of the food stamps received by such household during such calendar year, or

"(B) if subparagraph (A) does not apply with respect to any household for any calendar year; each member of such household shall be treated as receiving a portion (determined under regulations prescribed by the Secretary) of the food stamps received by such household during the calendar year.

"(3) For purposes of this section, an individual shall be treated as maintaining a household for any calendar year if at least 80 percent of the cost of maintaining such household for such year is furnished by such individual.

"(c) If the Secretary determines that this section may apply with respect to any individual for any calendar year, not later than January 31 of the succeeding calendar year, he shall furnish such individual a written statement which—

"(1) sets forth the value of the food stamps received by such individual during such calendar year, and

"(2) contains an explanation that such amount may be recovered in accordance with the provision of this section.

"(d) The Secretary (after consultation with the Secretary of the Treasury) may waive any liability imposed by subsection (a) if he determines that such liability would result in an undue hardship.

"(e)(1) For purposes of the section—

"(A) The term 'exempt amount' means, with respect to any individual for any calendar year, an amount equal to twice the income poverty guidelines for a household which consists of such individual, his spouse, and any dependent of the individual with respect to whom the individual is entitled to a deduction under section 151(e) of the Internal Revenue Code of 1954 for such calendar year. For purposes of the preceding sentence, the term 'income poverty guidelines' means the guidelines as calculated in section 5(c) of this Act.

"(B) The terms 'taxable year', 'adjusted gross income' and 'dependent' have the same meaning as such terms have when used in chapter 1 of the Internal Revenue Code of 1954.

"(C) The determination of marital status shall be made under section 143 of such Code.

"(2) In the case of any individual whose taxable year is not a calendar year, this section shall be applied under regulations prescribed by the Secretary.

"(f) All funds recovered pursuant to the provisions of this section shall be deposited as miscellaneous receipts of the Treasury and shall be available to the Secretary of the Treasury to defray administrative costs incurred in carrying out the provisions of this section and shall be available to the Secretary of Agriculture to carry out the provisions of this Act in such amounts as may be specified in appropriation Acts.

"(g) The Secretary of the Treasury shall collect any liability imposed by this section in accordance with regulations prescribed by him (after consultation with the Secretary).

"(h) Nothing in this section shall be construed to affect in any matter the application of any provision of the Internal Revenue Code of 1954."

Redesignate the succeeding sections, and any references thereto, accordingly.

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. STARK. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from California reserves a point of order against the amendment.

The gentleman from Vermont (Mr. JEFFORDS) is recognized for 5 minutes in support of his amendment.

Mr. JEFFORDS. Mr. Chairman, this is an amendment which I think everyone has been kind of waiting for. It is an amendment that will do something really meaningful to bring this program under control.

Any time we design a program we should design it to make sure that only those people whom we really want to serve are able to participate in the program. We should design it by establishing limits to make sure that the group of needy, poor people are really those that take advantage of the program, and limit it to those people. Any time we find the program is being taken advantage of by people above and beyond those people we want to reach, we should change the program.

This is an amendment that will do that and make sure only those people we want to participate are participating.

The amendment is designed to recover funds from two groups. The first group obtains funds legally through a loophole.

The food stamp program is designed to help only those households earning a maximum of 1.5 times the poverty line. But statistics indicate that under the provisions of the Food Stamp Reform Act of 1977, some 400,000 households whose income exceeds twice the poverty line will receive food stamps. Recoupment of benefits from those in this earnings category would help insure that the food stamp program reaches its target—the truly needy household.

To our knowledge, nobody has argued that the recoupment proposal would deny benefits to anybody with legitimate need. The proposal acknowledges that in the first group a household with a relatively high income may have a temporary need. For such families, food stamp benefits would simply be considered as an interest-free loan, to be paid back in a painless manner through deduction from the income tax refund which would almost always be forthcoming to a person unemployed for part of a year. Or, the household could reimburse the Treasury on an interest-free, penalty-free schedule, after they are off food stamps.

Currently, the food stamp program rewards households in the first group for earning a high income in roller-coaster spurts, while the family which earns the same annual income on a monthly basis is ineligible.

The second group we want to go after are those who were participating through fraud or errors.

I think we are all aware of the Comptroller General's report that just came out this past week which indicates that out of every hundred dollars of benefits, $12 of those benefits go to people that we did not intend it to go to or should not have received them. Let me quote from that report:

> The Government is losing over half a billion dollars annually because of overissued food stamp benefits caused by errors, misrepresentations, and suspected fraud by recipients, and by errors by local food stamp offices. For every $100 of the more than $5 billion in annual benefits issued nationally, overissuances account for about $12, only about 12 cents of that $12 has been recovered. The 8 local projects GAO reviewed were doing little to identify and recover the value of these overissuances.
>
> At five of the eight projects, about half of the dollar value of claims established for food stamp overissuances were classified as involving suspected fraud by recipients, but very few recipients were prosecuted or otherwise penalized. The courts are already clogged with more serious criminal cases and most prosecutors are reluctant to prosecute suspected recipient fraud cases. If some sembalance of integrity is to be maintained in this program, food stamp recipient fraud cannot be allowed to continue unchecked. Administrative adjudication and penalty assessment could be an effective deterrent.

If we add on to that the people that are qualifying above in the first group, that are legally eligible but twice the poverty level, that $12 goes to $14 out of every hundred dollars is going to people that we did not intend to help.

Of that $14 only 12 cents comes back according to the GAO report.

With this amendment, we can increase the amount coming back to $2.12 very simply. What this does is to allow us to interface the program with our Internal Revenue system. It will prevent the situation that now exists where people go down to the welfare office and give them a false set of figures or at best overly pessemistic figures. They know that, under our laws welfare office people cannot get to the Internal Revenue Service for information and do not know what the actual earnings are.

This amendment just says if you earn more than you said you would, in fact 50 to 100 percent more, you have to turn it back. For those that have to give it back, we treat it as an interest-free loan. We say only that you were temporarily inconvenienced, send your money back. In most cases it could come out of the refund, should the taxpayer elect that route, or through a simple change enacted by the Ways and Means Committee.

Now, this situation occurs because the eligibility in this bill is based on prospective income. It looks forward only. If people are wrong, as many hundreds of thousands are, they pay us back

The present program reinforces the tendency of American citizens to resent and take advantage of the Federal system. A provision for payback of benefits over a relatively high-income level would go far toward restoring public confidence in Federal assistance programs. Recoupment has been nicknamed the "White Cadillac" amendment, as it addresses problems which many of us have experienced in our districts, with public resentment over participation by persons who do not really need the benefits.

This proposal looks forward to the way we are going to have to manage our welfare programs in the future. We have to do what we already do with businesses in the income area, which is to use modern technology to help insure that everyone complies with and receives equal treatment under the law. Interfacing public assistance programs with the tax system is the only way to assure that benefits go to those who are in need and eligible. By adopting food stamp recoupment now, States would have lead time to implement such a system. The Federal Government would obtain valuable experience and information to aid in future efforts to make the entire welfare system more accountable.

There are several estimates regarding what this amendment would do in terms of revenue coming back. They range all the way up to $450 million, which I agree was way too high. The best estimates coming from the staff indicate it would raise about $160 million to $200 million, before administrative costs, we could bring back this money to make it available for other people that need it, for other programs that need it. Close to a quarter of a billion dollars could come back without creating any significant administrative problem.

What will happen is that people will try to make this look like a complicated administrative problem for the taxpayer; but when we look at it, it is very simple. All it requires is that at the end of the year forms similar to the W–2 income tax forms, similar to those already sent out to employees, are sent out to some or most of the recipients, those we think will be caught. They have to report that at the same time they file their income tax return and show us what they actually did make. If their income was above twice the level of eligibility, then they might have to return that amount of money.

Let me explain, in a little more detail what this amendment would involve from the viewpoint of the administrators.

At the end of each year, the file of each food stamp household would be reviewed. This is a simple procedure for the 75 percent of households which are single taxpayer units. In these cases, all that would be required is a calculation of total food stamp benefits. The figures would be typed on a W–2 form, and mailed to the household.

This simple procedure would also apply to food stamp households in which 80 percent of income is received by a single taxpaying unit. No breakdown is currently available to determine the number of such households. For other multitaxpayer households. proportioning and averaging will be required.

The information indicating the amount of benefits attributable to the taxpayer, and the applicable twice poverty line figure, would be sent to the taxpayer.

It should be noted that a maximum of 600,000 households would be affected. The amendment allows the Secretary of Agriculture to decide who needs the forms. Since about half of food stamp households are also on SSI or welfare, and unlikely to be affected by the recoupment amendment, the number of W–2 type forms required can be substantially reduced by administrative decision.

In cases where a single taxpayer accounts for 80 percent or more of income, all that would be required of the taxpayer is to add the benefits to the adjusted gross income figure on his tax return. From this would be subtracted the appropriate twice poverty level figure supplied to him. The differences, or the amount of benefits—whichever is smaller—would be the amount owed.

In the case of a multitaxpayer household, if the information given on the food stamp form were believed by the taxpayer to be incorrect, the taxpayer would be given the option of supplying new data. In this case the taxpayer might have to make additional calculations. For further information, see additional views, page 837 of the committee report.

In the large majority of cases, taxpayers subject to recoupment would have income tax refunds due them. A simple change in the tax laws would allow the IRS to deduct the recoupment from the tax refund. If the household is still on food stamps, the payment would be postponed without interest, unless fraud or income errors are uncovered.

The IRS would collect any unpaid amounts, first by the collection letter system, and then by any other methods available to collect a debt owed to the Federal Government.

Following is a detailed breakdown of the administrative cost estimates for recoupment, prepared by my staff.

The calculation of these costs was based upon the expense of retrieving the necessary information from the food stamp applications and the cost of preparing W–2 forms and mailing them to those households having a potential tax liability. Additional costs were computed for IRS expenses in collecting the required tax payments.

The computation for the expenses involving W–2 preparation were based on the experience of the State of North Carolina for a similar procedure affecting the recoupment of tax revenues for individuals receiving unemployment compensation. The North Carolina costs are as follows:

Total number of individuals, 447,000; times cost preparing information, forms, mailing, etc., $0.24/each equals total cost, $107,280. Estimated revenues to be recouped, $6 million.

Based on the above process the calculations for determining administrative costs in keeping records, preparing W–2's and mailing are as follows:

Total households receiving food stamps, 8 million.

Those households requiring preparation of a W–2 form, 6 million.

Of those households requiring the preparation of a W–2 form, 75 percent, or 4.5 million, are single taxpayer units. The cost estimate for these units was calculated at $1 per household including the cost of retrieving the benefit information and the cost of processing the W–2 forms and for mailing them out. This would amount to an annual cost of $4.5 million.

The other 1.5 million household units were those having multitaxpayers. Because of the necessary recordkeeping and information required to prepare the W–2 forms, a cost of $5 was assumed. Considered in this cost would be personnel time—clerk at $4 per hour—as well as computer costs, W–2 processing and mail ing. This amounted to an annual cost of $7.5 million—1.5 million households times $5 per household.

In addition to these expenses, it was calculated that it would cost $5.5 million for those States whose food stamp programs are not currently computerized to accomplish this.

The administrative costs for the Internal Revenue Service were based on an estimate that 612,000 households would actually have a potential tax liability—CBO and Agriculture Committee staff. It was further assumed that none of these households would pay voluntarily. The IRS estimates are as follows: 612,000 households times $2 per letter—including processing, printing, postage, and so forth—equals $1.2 million. It was assumed that it would require four letters to each household. The total cost would then be $1.2 million times 4 equals $4.8 million. This is the total estimated cost for IRS.

Recapitulation of administrative expenses:

Single taxpayer units	$4.5
Multitaxpayer units	7.5
Miscellaneous expenses including computer costs	5.5
IRS collection letters	4.8
Total administrative costs	22.3

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(By unanimous consent, Mr. JEFFORDS was allowed to proceed for 1 additional minute.)

Mr. JEFFORDS. Committee staff estimated several months ago, and then again on a second review last week, that total administrative costs would range from $10 to $20 million, substantiating our figures.

The Congressional Budget Office made an estimate upon the request of Chairman FOLEY only a week before the amendment was scheduled to be offered. They based their administrative cost estimates on the cost, projected by the IRS of recovering child support obligations from fathers whose wives or ex-wives receive AFDC payments. The estimated cost of implementing this provision of the Internal Revenue Code, in existence since 1974 but never implemented, is $122.50 per case. On this basis, they arrived at an administrative cost estimate of $92 million.

These estimates were put together in a hurry, based on information supplied by an agency which had an obvious interest in defeating the amendment. They are not even roughly in the ballpark of what the actual costs would be as demonstrated by the above detailed information. To compare pulling information off a form and mailing it, to finding and getting money from a missing person is like comparing finding a needle in a haystack with locating a white Cadillac in a Volkswagon used car lot. The North Carolina experience effectively kills the bureaucrats' attempt to show that the program will overwork them.

Furthermore, the CBO estimate of recoverable benefits equal to $103 million, assumed no recovery from fraud of mistated income. The committee staff estimate of $160 to $200 million, included such recovery.

I will now quote from the letter transmitting this CBO estimate:

Based on discussions with the Internal Revenue Service, Office of Assistant Commissioner for Planning and Research, the amendment would probably be costly to administer. While not specific to this proposal, the cost of an amendment to the Social Security Act in 1974, designed to recover delinquent child care support in the AFDC program (having similar complex record keeping requirements), was estimated to be about $122.50 per unit examined. Assuming a similar per unit cost adjusted to 1978 dollars for this amendment, and based on the SIE estimate that about 8.1 percent of all families participating sometime during the year would be subject to recoupment procedures, the cost of administratering this amendment could be $92 million.

Following extensive conversations with my staff, CBO drastically lowered its estimate from $92 million to $49 million. Although committee info indicates the figure is still high, CBO should be commended for substantially reducing its original estimate. The CBO estimates are as follows:

[In millions]

High estimate:	
Personnel costs	$30.3
Forms, etc	5.7
Computer purchase	42.1
Total	78.1
Low estimate:	
Personnel	30.3
Forms	5.7
Leasing of computer	13.4
Total	49.4

Personnel costs are based on GS–4 Step 1 Level (4.27/Hr) × 7.143 Million Hours—1 Hour yearly per household.

Computer costs are based on the following—IBM 370 1/158 2 Meg Computer.

Purchase of above computer—$2.1 Million each.

Lease of above computer—$50,000/month.

The significance of this revision was clear. It totally defused the argument that administrative costs would offset recoverable benefits, thereby eliminating the last credible argument against the recoupment amendment. Hopefully, all the haggling over figures did not obscure the overall purpose of the amendment.

The food stamp program must be brought under control, and public con-

fidence in the program must be restored. I repeat, a very recent Harris poll showed three out of four Americans had a negative view of the program, and 81 percent thought there were widespread abuses. This public perception was confirmed by the new report from the Comptroller General, which points out substantial abuse, fraud, and error, and the lack of administrative capability to recover wasted taxpayer dollars.

Depending on whose figures you use, this amendment would recover a net of between $25 million and $250 million. That is, admittedly, a broad range. But even if only $1 were recovered in the first year, the recoupment program would be a success: it would be a start in restoring integrity, equity, and accountability to the food stamp program. And it would accomplish this goal without penalizing or harassing those with legitimate need.

Mr. JEFFORDS. Mr. Chairman, all this is trying to do is what the Comptroller General's office urges us to do, bring the program under control, bring it under control simply by using sophisticated administrative techniques, not a complicated system and not the very difficult systems we have in the present law.

Mr. Chairman, I urge support for this amendment. It will accomplish a lot. When we realize that approximately 81 percent of the people are right in this country when they say that we are ripping off this program, it is time to do something about it. This amendment will do that.

The CHAIRMAN. Does the gentleman from California (Mr. STARK) insist on his point of order?

Mr. STARK. Mr. Chairman, I reserve a point of order. I would like to engage the author of the amendment in colloquy.

Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from California.

Mr. STARK. Mr. Chairman, I would like to ask the distinguished gentleman from Vermont who or what branch of Government the gentleman feels would collect this money from the people?

Mr. JEFFORDS. Under the amendment, the Department of the Treasury would be required to collect the money.

Mr. STARK. It would be the Treasury Department and in no way did the gentleman intend that the Internal Revenue Service participate in any of the collection or in collecting the forms or collecting revenue?

Mr. JEFFORDS. No, on the contrary, it is my understanding and belief that the Internal Revenue Service would be charged with and do the collecting.

Mr. STARK. They would do the collecting?

Mr. JEFFORDS. Yes, that is correct.

POINT OF ORDER

Mr STARK. Mr. Chairman, I would press my point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. STARK. Mr. Chairman, I make a point of order that the jurisdiction of the Internal Revenue Service lies wholly within the jurisdiction of the Committee on Ways and Means.

This amendment, as the gentleman has stated it, would be counting on the Internal Revenue Service to perform the functions as put down under this amendment. The amendment would not be in order and would not be within the jurisdiction of this committee.

The CHAIRMAN. Does the gentleman from Vermont wish to be heard?

Mr. JEFFORDS. I certainly do, Mr. Chairman.

As I understand the rules here, I can ask for an amendment that can be proposed, as can anybody, to the collection. We could make the State Department or anyone else do the collection, but we cannot do what I have not done, and very specifically have not done in this amendment, which is to change any statute of the way it is done, which is under the jurisdiction of the Committee on Ways and Means. If I am wrong on this, there are so many places in this bill where the same thing is done that I do not know why a number of Members have not raised points of order.

We have asked the Postal Service to do something; we have asked the social security office to do things; we have mandated different agencies all over the place. We do not interfere with any statutes which are under committee jurisdiction of other committees. I have not done so here. The question is, do we change any statute which is under the jurisdiction of the Ways and Means Committee, and we do not. They are the guardian over those statutes, but they are not the guardian over any agency which happens to be involved with those statutes.

Mr. STARK. Mr. Chairman, I think it is quite clear that the gentleman, in terms of both the committee report and in his response to questions here, in his statement on the floor that this amendment, although it really says that the Secretary of the Treasury shall collect any liability, clearly the intention is that the Internal Revenue Service shall collect W–2 forms, match them against income figures which are now under the law not to be given even to the Secretary of Treasury, but are for collecting income tax and Internal Revenue matters.

Clearly, the intent of the amendment is to direct the Internal Revenue Service to participate in that. The jurisdiction of the Internal Revenue Service and all matters pertaining thereto is under the Committee on Ways and Means. I would ask that this amendment be ruled out of order on that basis.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from California makes the point of order that the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) is not germane to the food stamp title of the pending bill. The thrust of the gentleman's point of order is that the collection procedure for overpayments of food stamp benefits to persons above the poverty level involves responsibilities of the Treasury Department, and in effect mandates the establishment of regulations which would involve the disclosure of tax returns and tax information and utilization of the Internal Revenue Service—all matters within the jurisdiction of the Committee on Ways and Means.

The Chair notes that the amendment does contain the provision that "nothing in this section shall be construed to affect in any manner the application of any provision of the Internal Revenue Code of 1954," and it seems to the Chair to follow that, under the explicit provisions of the amendment. Secretary of the Treasury would therefore have to establish an independent collection procedure separate and apart from the mandated use of the Internal Revenue Service. The Chair does not have to judge the germaneness of the amendment by contemplating possible future legislative actions of the Congress not mandated by the amendment.

In the opinion of the Chair, the authority of the Secretary of the Treasury under the rules of the House as collector of overpayments of any sort is not subject explicitly and exclusively within the jurisdiction of the Committee on Ways and Means under rule X, and even if this were true, committee jurisdiction is not an exclusive test of germaneness where, as here, the basic thrust of the amendment is to modify the food stamp program—a matter now before the Committee of the Whole.

The Chair overrules the point of order.

Mr. ROSE. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

My colleagues on the committee, I am in great sympathy with what my colleague from Vermont is trying to accomplish here. I wish that this mechanism would work, but I do not believe it will. I sent the Members a "dear colleague" letter several days ago in which I outlined some of my reasons for my opposition to this recoupment proposition, and I called this the H. & R. Block Relief Act of 1977.

My good friend took some exception to that in a "dear colleague" letter which he sent back to the Members, but let me explain why I phrased it that way. This bill will require local food stamp issuing offices to send out a W–2-type form to every person who, during a calendar year, has received food stamps.

A family can be a food stamp household when grandmother and granddaddy and uncle and aunt are living there. But the recipients of these W–2-type forms are then going to have to take the forms and translate them into taxable units that they file for income tax purposes on April 15 with the IRS. That apportionment of benefits is not going to be an easy matter. There are about 20 States in the country today that are absolutely without a kind of computerized system which will be necessary to prepare quickly these W–2-type forms. There have been estimates from the Congressional Budget Office that the cost of this amendment could vary between $49 and $92 million a year.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Chairman, I think the gentleman would want to correct that. That $92 million figure was withdrawn by the Congressional Budget Office and replaced with a 1-year startup cost, if every State bought a computer, of some $70 million, and they have repudiated their first estimate. Is that not correct?

Mr. ROSE. I do not think that is correct. I have both of the letters here. I have just finished reading them very carefully. I believe what the CBO is saying—and I have checked this personally—is that, based upon a whole different set of assumptions, the cost of this program could be anywhere from $49.5 to $92 million.

But let us say, just for the sake of argument, that the gentleman likes the best estimate, which is $49.5 million. The gentleman would also then have to agree that CBO estimates that the maximum potentially recoverable under his amendment is $103 million. If we like their cost estimate of $49.5 million and take their potential recoverable amount of $103 million and then look at the fact that $103 million is the total maximum recoverable if everybody paid up, and that under the gentleman's own amendment he has agreed that these refunds could not be set off against tax refunds, because of the point of order problem which the gentleman has expressed in his "Dear Colleague" letter, the gentleman and I know that the recovery is going to be something greatly less.

Mr. JEFFORDS. If the gentleman will yield further, first of all, would the gentleman also agree with me that different estimates, substantially different estimates, on both revenue and cost were given by the majority staff of the Committee on Agriculture, which indicates that the administrative costs would be somewhere around $10 to $20 million, and that they have been recently asked to revise, to which the staff said, no, they are correct? And would the gentleman also agree that these are the people who have been working on this for many months, whereas the Congressional Budget Office has been given 1 week to come up with these estimates? Is that true?

Mr. ROSE. The gentleman has stated what I have also read in his "Dear Colleague" letter. I have not checked with the staff, and I am not disputing that the gentleman believes what he says to be true.

Mr. JEFFORDS. If the gentleman will yield further, would the gentleman also agree that the majority staff has also estimated that the revenue would go somewhere between $100 and $200 million?

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. ROSE) has expired.

(By unanimous consent, Mr. ROSE was allowed to proceed for 3 additional minutes.)

Mr. ROSE. Mr. Chairman, I would say to the gentleman that there are estimates all over the parking lot. I urge the gentleman to hear me on this. The gentleman did not bring this matter up before the subcommittee of the gentleman from New York (Mr. RICHMOND).

We have not held hearings an the gentleman's proposition. When the gentlemon lost this in the committee, we agreed to study this matter, and that is contained in the farm bill. I have seen four different versions of the gentleman's amendment.

If the gentleman from Vermont (Mr. JEFFORDS) will sit down with me, with the gentleman from New York (Mr. RICHMOND), with other members of the committee, and with members of the Committee on Ways and Means, I will be delighted to cosponsor with him a draft of this that will work, so that we will know what this will cost. But we should not rush in here at the 11th hour and put this thing together.

Mr. Chairman, I just think we do not know what this is going to cost, and I do not think the gentleman from Vermont knows either.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield further?

Mr. ROSE. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I do not think anyone knows what it will cost. Only if we try will that question be answered. All I know is that it will cost a great deal less than the gentleman has indicated, and I do know it will correct serious problems.

The primary thing we should be concerned with is to bring this program under control. If we do not make a buck on it, and only break even but we bring the program under control and reestablish confidence in the program, we will have accomplished our goal, even though it does not raise a single dollar.

Mr. ROSE. Mr. Chairman, I agree that the program has to have certain safeguards, and that things must be brought under control, but I do not like to see us recover just enough money that we will be able to pay for all the bureaucrats we would have to add downtown. It is my fear that they would be paid all the funds that we are going to recover. I do not think that is the objective of the Federal Government.

I applaud the gentleman from Vermont (Mr. JEFFORDS) for his intent, but I do not think this proposition will work.

Mr. Chairman, I urge my colleagues in the committee to reject this recoupment. Let us get on with the food stamp bill, let us get it behind us, and let us sit down together and think of a better idea and then pass legislation that will work.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, first of all I applaud the gentleman from Vermont (Mr. JEFFORDS) for offering this very creative amendment.

I do not know if any Member in this House really understands what we are talking about here. This is a recapture amendment; this is a recoupment amendment. This amendment provides that if too much money is spent or too many stamps are given out in violation of the statute or in violation of the regulation, we will get that back.

In that sense of the word, I think this reflects the first responsible, compassionate oversight mechanism that is contained in this bill to protect those who are truly needy.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, I do not pretend that I really understand the amendment, but I have got to believe that it does not do what the gentleman said it does, but that it goes a little bit further than recouping food stamps that were given under the present bill and that are legal under present laws and regulations.

Am I mistaken in my belief?

Mr. JEFFORDS. Mr. Chairman, if the gentleman from Kansas (Mr. GLICKMAN) will yield, I explained that this does pertain to two different groups of people. One is the group the gentleman from Kansas (Mr. GLICKMAN) is referring to.

It is true that because of the prospective nature of our law, which only looks forward and not backwards, that some people get stamps, but then it turns out, after looking back, that we are way above what our eligibility level calls for. These people have received the stamps legally, and we say, "We will help you out temporarily, so we will give you an interest-free loan and take it out of your refund check."

Mr. Chairman, this amendment in this bill would establish integrity in the program in the eyes of the taxpayer.

Mr. JOHN L. BURTON. Then there are two parts to this? There is the part that my distinguished friend, the gentleman from Kansas (Mr. GLICKMAN), was talking about, but it goes a little bit beyond that?

Mr. JEFFORDS. Yes, that is correct. There are two groups involved.

Mr. JOHN L. BURTON. It goes somewhat beyond that; it goes a little bit beyond that?

Mr. JEFFORDS. It goes beyond what the gentleman from Kansas (Mr. GLICKMAN) was saying; that is right.

Mr. JOHN L. BURTON. Mr. Chairman, I thank my friend, the gentleman from Kansas (Mr. GLICKMAN), for yielding.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, I rise in behalf of the gentleman's amendment to require the repayment of food stamp benefits by households earning more than twice the poverty guidelines. The recoupment would be made by the Government at the time of the next tax filing by the head of the household.

The amendment is similar in objective to one which I offered in committee

last year which would have required a retrospective accounting period for the determination of food stamp eligibility rather than the current prospective analysis. Certification and issuance errors inevitably result from attempting to anticipate income, particularly in the case of food stamp recipients, many of whom have only intermittent or sporadic employment.

This amendment recognizes that, through no wrongful or fraudulent intent, serious errors in benefit payments can arise in several ways—income can be anticipated incorrectly, and the short-term focus of food stamp eligibility determinations can result in longer-term inequities among similarly situated households. The amendment's objective, simply, is to see that these windfall payments are recovered by the Government. So long as there are limited resources available to this program, there has got to be a concerted effort to insure that these resources go to those households that need them most. Any households that has earned income in excess of twice the poverty guidelines for a 12-month period does not seem to me to fit that description.

The Jeffords amendment focuses benefits upon the long-term poor, or the "neediest of the needy," while eliminating from the food stamp rolls the transitory poor. The food stamp program should not be a fly-by-night program looking only at an applicant's employment position on Wednesday without also looking at his position on Tuesday and Thursday. The country simply cannot afford to do this. Citizens have got to be expected to exercise their own personal finances responsibly and in such a way that they can tide themselves over when temporary misfortune strikes. The food stamp program is properly designed to help those for whom misfortune is of a more permanent character.

This amendment establishes priorities. If this body cannot even see fit to require households earning $12,000 to pay for their own food, this program is going to continue out of control while undermining the respect of the public for the programs of this Congress.

Mr. GLICKMAN. Mr. Chairman, I would like to bring out a couple of points in addition to what I have said for the benefit of the Members, inasmuch as I have not been able to complete my thoughts on this matter.

The administration originally considered this proposal very carefully and decided not to adopt it, because we were in the midst of comprehensive reform on food stamps.

Nobody argues that the proposition is not good. In committee those who voted against it all admitted it was and said:

> Gee, isn't it great to have a mechanism by which we can recapture food stamps that were given out when they should not have been because the people's incomes were too high or because they erred in supplying the information in the first place?

The arguments against it are the same arguments that I always seem to hear when we get something that either people do not understand or do not want to understand, and that is that it is too complicated.

I think that is unfair, because for those of us here who favor and voted for the elimination of the purchase requirement, which I believe both the gentleman from Vermont (Mr. JEFFORDS) and I favor, and for those who believe we need to expand the purpose of this program, we also need to show to the American people that the program has credibility and that it has self-enforcement powers.

For that reason, Mr. Chairman, I believe the American people expect this program to be handled like a contract. The contract provides that there are certain benefit levels. If people do not comply with those benefit levels either through intent or error, they will still get some benefit of the doubt, but they will be required to pay back excessively received benefits. That will protect those moneys needed for food stamps for the truly poor and needy.

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Chairman, I would like to ask the gentleman how he voted on the issue of allowing strikers to receive food stamps.

Mr. GLICKMAN. I voted in favor of the Kelley amendment.

Mr. GARY A. MYERS. Is it not true that in most cases those people who are strikers and those who normally work to earn more than twice the poverty level over the course of the year would have to pay it back? Is it not true that the individual who has a temporary medical problem, such as a heart attack, but who is a normal, productive worker, would have to pay back, because he would have earned more money by the end of the year?

It seems to me that the problem with this amendment—I do have problems with the bill as it is now structured—is that under this amendment people who are normally productive and who happen to fall on hard times would be the ones most often affected by this amendment.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

(On request of Mr. GARY A. MYERS and by unanimous consent, Mr. GLICKMAN was allowed to proceed for 2 additional minutes.)

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield further?

Mr. GLICKMAN. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. To continue, Mr. Chairman, it would seem to me that this amendment would also provide a disincentive for individuals to return to work toward the end of the year. Also some might not return to work or might not fulfill normal work commitments during the course of the year so that he would not go above a certain earned income.

What we want to do, Mr. Chairman, is to provide an opportunity and an incentive for people to work. We must be cautious about this amendment since, although the idea sounds good, it might produce work disincentives.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, first, with respect to the question of disincentive, there is no disincentive in this amendment, because the amount of benefits involved here is relatively small, perhaps as little as $300. There is, therefore, very little chance that someone will not take a job or something because he wants to save that kind of money.

If the gentleman is talking about income levels of $12,000, which we are talking about here, disincentive is a false argument. There is no way in which that can be demonstrated here.

Mr. Chairman, I am trying to remember what the gentleman's second point was.

Mr. GARY A. MYERS. Mr. Chairman, if the gentleman will yield further, the point I made was about the person who has a heart attack in the middle of the year and is temporarily disabled, but can go back to work by the end of the year.

Mr. JEFFORDS. The amendment specifically provides that if, at the time one would become a liability, because he is on food stamps, then such liability is postponed.

There is another provision that says in hardship cases the Secretary can relieve anybody from repayment.

That problem has been recognized and specifically taken care of in the amendment.

Mr. GARY A. MYERS. In other words, if we take a normally productive worker who temporarily becomes sick, and if he recovers at the end of the year and has an income which places him twice above the poverty level, he would not have to pay the money back?

Mr. JEFFORDS. No. If he has recovered and is earning again, then, yes, he would have to pay it back, if he is twice above the poverty level.

Mr. GARY A. MYERS. But he might be substantially below his normal earnings level.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has again expired.

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

What this amendment does is to take two times over the poverty level, not half over the poverty level, not 60 percent, but two times over the poverty level.

If this program is aimed at helping poor people, as the proponents of it are saying, then certainly they would want to support this amendment which puts people two times above the minimum poverty level in the country. Then they would be classified as eligible. I think it is a

very, very generous amendment and I laud the gentleman for offering the amendment. I think it is one that the committee should accept without any controversy whatsoever, but in view of this Congress' disregard for the middle-class taxpayer I suppose they will not.

Mr. PANETTA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the effort here is one that we should sympathize with, obviously, because it is an effort to try to reach out and try to improve the program as much as possible.

However, even in exerting our best efforts in trying to improve a program, we sometimes can build into it unbelievable administrative problems that will only duplicate the problems we are trying to solve.

I think that that is the trouble with this amendment.

To further point out those problems, I will read from a letter that was written to the chairman of the committee, the gentleman from Washington (Mr. FOLEY), by Mr. John C. White, who is Deputy Secretary of the Department of Agriculture. As I say, I would like to quote from that letter with regard to some of the problems this amendment raises:

This brings us next to the question of administrative costs. To our knowledge, no careful analysis of the administrative costs both to the Internal Revenue Service and to food stamp offices was conducted until the Congressional Budget Office conducted such an analysis in recent weeks. We understand that CBO estimates the administrative costs may be as high as $92 million a year, or as low as $50 million a year.

These estimates show that there is a very real possibility that recoupment could cost more to administer than it saves, and that at best it will save only a few million dollars while generating sizable increases in bureaucracy, paperwork, and computer time. We think this would be most unwise.

We must also question the amendment from a policy standpoint. The principal person affected would not be a Cadillac owner as the bill's sponsor has tried to suggest, but a working household with a modest income that experienced a temporary period of unemployment. The target of this amendment is really the secretary living by herself who is out of work for 3 months and pulls down a total of $6,500 for the calendar year. We must question a tax policy that taxes money back from this secretary, when the use of this money is simply to pay for the added salaries in the bureaucracy, the added paperwork, and the added computers necessary to collect the money in the first place. We believe that there are serious policy questions in directing the government to collect money from working families of modest incomes when the use of the money is essentially to pay for government enlargement.

Finally, the Department believes that this amendment would substantially complicate the administration of the food stamp program, divert manpower in local food stamp offices (which would lead to problems in administration and increased errors), and be contrary to the Administration's goals of simplifying both the food stamp program and the income tax system. It could also serve as a work disincentive.

I believe the letter speaks for itself as to the cost associated with it. I believe the Members ought to understand that this amendment would permit a great intensification of the bureaucracy, and it would result in increased administrative expenditures, especially when we are trying to reduce the bureaucracy.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding, and I am so delighted to know that there are some people who are worried about the paper costs and increased paperwork, but I do not believe that the increases are going to be too much in comparison with other programs in the bureaucracy. Where is everyone when these programs are dreamed up? What about the added bureaucracy in other instances, or about the cost of the programs, or when they dreamed them up, but, instead, what about the poor taxpayers who are paying for it? He does not get anything. All he gets he sees somebody who makes twice the income of the poverty level and who is still eligible for food stamps, and he might not otherwise have had anything against the food stamp program. Where are all these people when we talk about paperwork in the first place? Consider what happened to the big increase in the Department of Agriculture before this program, it did certain things, it was concerned about the health of our animals and health of our plants, and it took care of the hoof and mouth diseases, quarantine, border and all of the other animal diseases, and now we have a giant welfare program tied to the USDA and a small one for the farmers, and then we do not expect people who make twice as much as the poverty level to pay just a little bit.

Mr. PANETTA. I understand the purpose of the gentleman's amendment, and I expect that he will vote against the entire program, anyway, but I repeat that we should not generate the added and additional outrageous costs that this amendment would produce.

Mr. STEIGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not serve on the Committee on Agriculture and I am a little hesitant always to get into the middle of a debate that is as fascinating as this one, and the truly unique coalition between Vermont and Kansas, but I believe the committee ought to think a little more carefully about just where we go with this amendment, forgetting the merits or the policy issue involved here in the Jeffords amendment.

The gentleman from North Carolina (Mr. ROSE) and the gentleman from Vermont (Mr. JEFFORDS) have both led us to believe that nobody knows for sure how much the amendment will cost or how much will be raised. But I would like to raise for the committee what I frankly will tell you is a more difficult problem for this committee as we look at whether the Jeffords amendment, as it is drafted, can work. Because it makes no sense to me, even if that policy is a good idea, to tell the House that we are going to embark upon a program of recoupment that will not be attained. It is that issue to which I would direct my colleagues' attention. The language of the Jeffords amendment is as follows:

The Secretary of the Treasury shall collect any liability imposed by this section in accordance with regulations prescribed by him (after consultation with the Secretary).

I would direct my colleagues' attention to the Internal Revenue Code, because we cannot look at the Jeffords amendment in isolation. Of course, it deals with food stamps, but it also clearly deals with the collection of that recoupment for whatever reason that is required by the Jeffords amendment. Thus, Mr. Chairman, I would ask my colleagues to look at section 6301 of the Internal Revenue Code. They will find if they look at that Code section, carefully drafted, that the collection authority of the Secretary of the Treasury is strictly limited to amounts due under the "Internal Revenue laws." These amounts are the only liabilities for which the Secretary is authorized to use the Internal Revenue Service as a collection agency. Since the liabilities for repayment of food stamp benefits are not liabilities due under the Internal Revenue laws, and since subsection (h) of the Jeffords amendment specifically states he does not amend the Internal Revenue Code, I do not see how the Internal Revenue Service can be required to collect the recoupment.

I think it is clear that the Secretary would have to establish an independent collection procedure separate and apart from the use of the Internal Revenue Service. Section 6301 and the authority of the Internal Revenue Service to collect only taxes imposed under the internal revenue laws cannot be changed under the regulatory power that is granted by the amendment.

Then, if I can, may I further call the attention of my colleagues to the fact that if they look at section 6103 of the Internal Revenue Code under which we presently operate, the Internal Revenue Service can disclose information to an officer or employee of the Department of the Treasury only where his or her official duties require disclosure for "tax administration" purposes. Tax administration does not include food stamp benefits. This rule of strict disclosure—and it is exceedingly strict disclosure—was passed after an extensive review by the Congress in 1976 as section 1202 of the Tax Reform Act. The disclosure provisions of last year's Tax Reform Act are intended to preserve confidentiality, to prevent abuses, and to supplement the Privacy Act of 1974. Consequently, even though subsection (g) of the Jeffords amendment requires the Secretary to collect the liabilities for repayment, the disclosure of tax return information necessary for such collection would not—I underline "would not"—be allowed under the present law. The Internal Revenue Service could not disclose tax information, such as the adjusted gross income of a taxpayer. Access to such information is restricted, even to the Sec-

retary of the Treasury, for purposes other than tax administration.

Thus, in spite of the good intentions of my friend, the gentleman from Vermont—my colleague in leading the fight for the dairy industry, in leading the fight to insure that we have clean ice cream and wholesome products, in leading the fight to insure that we take care of the Northeast and the Midwest in terms of housing and housing costs, and all of those good issues under the leadership the gentleman from Vermont has given—he is wrong on this. The amendment will not work. The amendment would be a charade. The amendment may in fact be a very good idea and we may in fact come to it, but I do not think that in its present form, in spite of all of the leadership of our friend, the gentleman from Vermont, it ought to be adopted.

Mr. GRASSLEY. Mr. Chairman, I rise in support of the Jeffords amendment. Back in 1964 when the food stamp program was first started, Federal assistance was intended to benefit the poor, and the poor only, particularly those who could not help themselves. Yet, in the 13 short years that have passed since the program was begun, it is evident that many members of Congress feel that we should be assisting not just the poor, but middle-class families as well. Clearly, any family which earns twice the poverty level, in terms of income, within a given year cannot be classified as poor, by definition.

Curiously, those who oppose the Jeffords amendment fail to remember that to provide Federal assistance to middle-class families, you are taking dollars away, in the form of taxes, from other middle-class families. It seems obvious to me that when family earnings result in a family becoming among the non-poor, that it is only fair that they pay back to other middle-class families what was taken from them, via taxes, in the first place.

As a matter of equity, the Jeffords amendment seems very common sensical, and I would hope that every member of this Chamber, on behalf of their own constituents who work hard to pay taxes, will support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and on a division (demanded by Mr. JEFFORDS), there were—ayes 21, noes 51.

Mr. JEFFORDS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count.

One hundred and twenty-one Members are present, a quorum.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Vermont (Mr. JEFFORDS) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 149, noes 262, not voting 22, as follows:

[Roll No. 469]

AYES—149

Abdnor	Fish	Montgomery
Anderson, Calif.	Fithian	Moore
	Florio	Mottl
Anderson, Ill.	Forsythe	Myers, John
Andrews, N.C.	Frenzel	Neal
Andrews, N. Dak.	Frey	O'Brien
	Gibbons	Obey
Armstrong	Glickman	Pettis
Ashbrook	Goodling	Pressler
AuCoin	Grassley	Pritchard
Badham	Guyer	Quayle
Bafalis	Hagedorn	Quie
Baldus	Hammer-schmidt	Quillen
Bauman		Railsback
Beard, Tenn.	Hansen	Rhodes
Bennett	Harsha	Robinson
Brown, Mich.	Hillis	Roe
Brown, Ohio	Hollenbeck	Rogers
Broyhill	Holt	Rudd
Burgener	Hughes	Ruppe
Burke, Fla.	Ichord	Satterfield
Burleson, Tex.	Jeffords	Sawyer
Byron	Johnson, Colo.	Schulze
Caputo	Kasten	Sebelius
Carter	Kastenmeier	Shuster
Cavanaugh	Kelly	Skubitz
Cederberg	Kemp	Smith, Nebr.
Clausen, Don H.	Kindness	Snyder
	Lagomarsino	Spence
Cleveland	Latta	Stanton
Cohen	Leach	Stockman
Coleman	Long, Md.	Stump
Collins, Tex.	Lott	Symms
Corcoran	Lujan	Taylor
Cornell	Luken	Thone
Coughlin	Lundine	Treen
Cunningham	McClory	Trible
Daniel, Dan	McCloskey	Tsongas
Daniel, R. W.	McDade	Vander Jagt
de la Garza	McDonald	Walker
Derwinski	McEwen	Walsh
Devine	McKay	Wampler
Dickinson	Madigan	White
Dornan	Mann	Whitehurst
Duncan, Tenn.	Marlenee	Wiggins
Edwards, Ala.	Marriott	Wilson, Bob
Emery	Martin	Winn
Erlenborn	Mattox	Wirth
Evans, Del.	Michel	Wydler
Fenwick	Miller, Ohio	Wylie
Findley	Mitchell, N.Y.	Young, Fla.

NOES—262

Addabbo	Carney	Fisher
Akaka	Carr	Flood
Alexander	Chappell	Flowers
Allen	Chisholm	Foley
Ambro	Clay	Ford, Mich.
Ammerman	Cochran	Ford, Tenn.
Annunzio	Collins, Ill.	Fowler
Applegate	Conable	Fraser
Ashley	Conte	Fuqua
Aspin	Conyers	Gammage
Badillo	Corman	Gaydos
Barnard	Cornwell	Gephardt
Baucus	Cotter	Gilman
Beard, R.I.	Crane	Ginn
Bedell	D'Amours	Goldwater
Bellenson	Danielson	Gonzalez
Benjamin	Davis	Gore
Bevill	Delaney	Gradison
Biaggi	Dellums	Gudger
Bingham	Derrick	Hall
Blanchard	Dicks	Hamilton
Blouin	Diggs	Hanley
Boggs	Dingell	Hannaford
Boland	Dodd	Harkin
Bolling	Downey	Harrington
Bonior	Drinan	Harris
Bonker	Duncan, Oreg.	Hawkins
Bowen	Early	Heckler
Breaux	Eckhardt	Hefner
Breckinridge	Edgar	Heftel
Brinkley	Edwards, Calif.	Hightower
Brodhead	Edwards, Okla.	Holland
Brooks	Eilberg	Holtzman
Brown, Calif.	English	Horton
Buchanan	Ertel	Howard
Burke, Calif.	Evans, Colo.	Hubbard
Burlison, Mo.	Evans, Ga.	Huckaby
Burton, John	Evans, Ind.	Hyde
Burton, Phillip	Fary	Ireland
Butler	Fascell	Jacobs
Jenkins	Murphy, Ill.	Sharp
Jenrette	Murphy, N.Y.	Sikes
Johnson, Calif.	Murphy, Pa.	Simon
Jones, N.C.	Myers, Gary	Sisk
Jones, Okla.	Myers, Michael	Skelton
Jones, Tenn.	Natcher	Smith, Iowa
Jordan	Nedzi	Solarz
Kazen	Nix	Spellman
Ketchum	Nolan	St Germain
Keys	Nowak	Staggers
Kildee	Oakar	Stangeland
Kostmayer	Oberstar	Stark
Krebs	Ottinger	Steed
Krueger	Panetta	Steers
LaFalce	Patten	Steiger
Le Fante	Patterson	Stokes
Lederer	Pattison	Stratton
Leggett	Pease	Studds
Lehman	Pepper	Thompson
Lent	Perkins	Thornton
Levitas	Pickle	Traxler
Lloyd, Calif.	Pike	Tucker
Lloyd, Tenn.	Poage	Udall
Long, La.	Preyer	Van Deerlin
McCormack	Price	Vanik
McFall	Pursell	Vento
McHugh	Rahall	Volkmer
Maguire	Rangel	Waggonner
Mahon	Regula	Walgren
Markey	Reuss	Watkins
Marks	Richmond	Waxman
Mathis	Rinaldo	Weaver
Mazzoli	Risenhoover	Weiss
Meeds	Roberts	Whalen
Metcalfe	Rodino	Whitley
Meyner	Roncalio	Whitten
Mikulski	Rooney	Wilson, C. H.
Mikva	Rose	Wilson, Tex.
Milford	Rosenthal	Wolff
Miller, Calif.	Rostenkowski	Wright
Minish	Roybal	Yates
Mitchell, Md.	Runnels	Yatron
Moakley	Russo	Young, Alaska
Moffett	Ryan	Young, Mo.
Mollohan	Santini	Young, Tex.
Moorhead, Calif.	Scheuer	Zablocki
	Schroeder	Zeferetti
Moorhead, Pa.	Seiberling	

NOT VOTING—22

Archer	Fountain	Rousselot
Brademas	Giaimo	Sarasin
Broomfield	Koch	Shipley
Burke, Mass.	McKinney	Slack
Clawson, Del	Mineta	Teague
Dent	Moss	Ullman
Flippo	Murtha	
Flynt	Nichols	

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Mr. Broomfield for, with Mr. Mineta against.

Mr. Del Clawson for, with Mr. Koch against.

Mr. Rousselot for, with Mr. Brademas against.

Mr. WALGREN and Mr. AMBRO changed their vote from "aye" to "no."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to section 1209? If not, the Clerk will read.

The Clerk read as follows:

FOOD CONCERNS

SEC. 1210. (a) Regulations issued pursuant to this Act shall provide for the submission of applications for approval by retail food-stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the food stamp program and for the approval of those applicants whose participation will effectuate the purposes of the food stamp program. In determining the qualifications of applicants there shall be considered among such other factors as may be appropriate the following:

(1) the nature and extent of the food business conducted by the applicant; (2) the volume of coupon business which may reasonably be expected to be conducted by the applicant food store; and (3) the business integrity and reputation of the applicant. Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval.

(b) No wholesale food concern shall be authorized unless the Secretary determines that its participation is required for the effective and efficient operation of the food stamp program. In addition, no firm shall be authorized as both a retail food store and as a wholesale food concern at the same time.

(c) Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide for safeguards which limit the use or disclosure of information obtained under the authority granted by this subsection to purposes directly connected with administration and enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(d) Any retail foodstore or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in section 14 of this Act.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1210, formerly section 1209, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, I do so for the purpose of asking the distinguished chairman of the committee what the plans are for the balance of the evening, so far as this bill is concerned.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, the next amendment in order is the amendment to be offered by the gentleman from New York (Mr. NOWAK) to section 1212. It is my belief that this is not an amendment of controversy and that it can be disposed of by a voice vote. I may be presuming, but I presume it can be disposed of by voice vote, without extended debate.

After the adoption of the Nowak amendment, it is my intention to move that the Committee do rise.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to section 1210, formerly section 1209?

If not, the Clerk will read section 1211, formerly section 1210.

The Clerk read as follows:

REDEMPTION OF COUPONS

SEC. 1211. Regulations issued pursuant to this Act shall provide for the redemption of coupons accepted by retail foodstores through approved wholesale food concerns or through banks, with the cooperation of the Treasury Department, except that retail foodstores defined in section (3)(k)(4) of this Act shall be authorized to redeem their members' food coupons prior to receipt by the members of the food so purchased and private nonprofit organization or institutions which serve meals to narcotics addicts or alcoholics in drug addiction or alcoholic treatment and rehabilitation programs shall not be authorized to redeem coupons through banks.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1211, formerly section 1210, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to section 1211, formerly section 1210?

If not, the Clerk will read section 1212, formerly section 1211.

The Clerk read as follows:

ADMINISTRATION

SEC. 1212. (a) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons and the control and accountability thereof. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not less than three years, as may be specified in the regulations.

(b) Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participating in the food stamp program for a period of sixty days from the date of such removal.

(c) In the certification of applicant households for the food stamp program there shall be no discrimination by reason of race, sex, religious creed, national origin, or political beliefs.

(d) The State agency (as defined in section 3(o)(1) of this Act) of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State in every political subdivision. In the case of all or part of an Indian reservation, the State agency as defined in section 3(o)(1) shall be responsible for conducting such program on such reservation unless the Secretary first finds that the State agency as defined in section 3(n)(1) is not capable of administering such program on such reservation effectively in accordance with the purposes of this Act and further determines that the State agency as defined in section 3(n)(2) is capable of effectively and efficiently conducting such program, in light of the distance of the reservation from State agency-operated certification and issuance centers, the previous experience of such tribal organization in the operation of programs authorized under the Indian Self-Determination Act (25 U.S.C. 4) and similar Acts of Congress, the tribal organization's management and fiscal capabilities, and of the adequacy of measures taken by the tribal organization to insure that there shall be no discrimination in the operation of the program on the basis of race, color, sex, or national origin, in which event such State agency shall be responsible for conducting such program and submitting for approval a plan of operation specifying the manner in which such program will be conducted: *Provided*, That the Secretary, upon the request of the tribal organization, shall provide the designees of such organization with appropriate training and technical assistance to enable them to qualify as expeditiously as possible as a State agency pursuant to section 3(n)(2) of this Act: *Provided further*, That a State agency, as defined in section 3(n)(1) of this Act, before it submits its plan of operation to the Secretary for the administration of the food stamp program on all or part of an Indian reservation, shall consult in good faith with the tribal organization about that portion of the State's plan of operations pertaining to the implementation of the program for members of the tribe, and shall implement the program in a manner that is responsive to the needs of the Indians on the reservation as determined by ongoing consultation with the tribal organization. Such plan of operation shall provide, among such other provisions as may be required by regulation—

"(1) that the State agency shall (A) inform low-income households about the availability, eligibility requirements, and benefits of the food stamp program, including but not limited to, notification to aid to families with dependent children, supplemental security income, and unemployment compensation recipients, distribution of apolication forms, and instruction in filling out such forms and on the documentation required pursuant to subsection (3), (B) not conduct any other outreach activities of a noninformational nature in those areas in which a federally funded community action program is in operation and conducting food stamp outreach, and (C) use appropriate bilingual personnel and printed material in the administration of the program in those portions of political subdivisions in the State in which a substantial number of members of low-income households speak a language other than English;

(2) that each household which contacts a food stamp office in person during office hours to make what may reasonably be interpreted as an oral or written request for food stamp assistance shall receive and shall be permitted to file on the same day that such contact is first made a simplified, uniform national application form for participation in the food stamp program designed by the Secretary, unless the Secretary approves a deviation from that form by a particular State agency because of the use by that agency of a dual public assistance food stamp application form pursuant to subsection (8) or because of the requirements of an agency's computer system. A duplicate of the form designed or approved by the Secretary and filled in by an applicant household shall be furnished to the head of each such household or to its representative pursuant to subsection (7). Each such form shall contain a description in understandable terms in prominent and bold lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible

household. The State agency shall comply with the standards established by the Secretary for points and hours of certification, or for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with the elderly, physically or mentally handicapped, and persons otherwise unable, solely because of transportation difficulties and similar hardships, to appear in person at a certification office or through a representative pursuant to subsection (7), so that such persons may have an adequate opportunity to be certified properly;

(3) that the State agency shall thereafter promptly determine the eligibility of each applicant household by way of verification only of income other than that determined to be excluded by subsection 5(d) and such other eligibility factors as the Secretary determines to be necessary to implement sections 5 and 6 of this Act, so as to complete certification of and provide an allotment retroactive to the period of application to any eligible household not later than thirty days following its filing of an application;

(4) that the State agency shall insure that each participating household receives a notice of expiration of its certification immediately prior to or at the start of the last month of its certification period advising it that it must submit a new application in order to renew its eligibility for a new certification period and, further, that each such household that seeks to be certified another time or more times thereafter by filing an application for such recertification no later than fifteen days prior to the day upon which its existing certification period expires shall, if found to be still eligible, receive its allotment no later than one month after the receipt of the last allotment issued to it pursuant to its prior certification, but if such household is found to be ineligible or to be eligible for a smaller allotment during the new certification period it shall not continue to participate and receive benefits on the basis authorized for the preceding certification period even if it makes a timely request for a fair hearing pursuant to subparagraph (11);

(5) the specific standards to be used in determining the eligibility of applicant households which shall be in accordance with sections 5 and 6 of this Act and shall include no additional requirements imposed by the State agency;

(6) that (A) the State agency shall undertake the certification of applicant households in accordance with the general procedures prescribed by the Secretary in the regulations issued pursuant to this Act, (B) the State agency personnel utilized in undertaking such certification shall be employed in accordance with the current standards for a Merit System of Personnel Administration or any standards later prescribed by the United States Civil Service Commission pursuant to section 208 of the Intergovernmental Personnel Act of 1970 modifying or superseding such standards relating to the establishment and maintenance of personnel standards on a merit basis, and (C) the State agency shall undertake to provide a continuing, comprehensive program of training for all personnel undertaking such certification;

(7) that any applicant household may be represented in the certification process and that any eligible household may be represented in coupon issuance or food purchase by a person other than a member of the household so long as that person has been clearly designated in writing, as the representative of that household for that purpose by the head of the household or the spouse of the head and, where the certification process is concerned, the representative is an adult who has sufficient knowledge of relevant household financial resources and circumstances;

(8) that the application for participation for households in which all members are included in a federally aided public assistance or State and local general assistance grant shall be contained in the public assistance or general assistance application form. For new applicants, as well as for households that have recently lost or been denied eligibility for public assistance or general assistance, certification shall be based on information in the public assistance or general assistance case file to the extent that reasonably verified information is available in such case file.

(9) safeguards which limit the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act;

(10) that households in immediate need because of income below the standard deduction level set forth in section 5(e) receive food stamps on an expedited basis;

(11) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of the State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program or by a claim against the household for an overissuance: *Provided*, That any household that timely requests such a fair hearing because of individually noticed agency action reducing or terminating its benefits within the household's certification period shall continue to participate and receive benefits on the basis authorized immediately prior to the notice of adverse action until such time as the fair hearing is completed and an adverse decision rendered or until such time as the household's certification period terminates, whichever occurs earlier;

(12) for the prompt restoration to households of any allotment or portion thereof which has been wrongfully denied or terminated.

(13) for the submission of such reports and other information as from time to time may be required by the Secretary;

(14) for compliance with standards set by the Secretary with respect to points and hours of coupon issuance: *Provided*, That the State agency shall be primarily responsible for maintaining such coupon issuance points and shall not contract with or delegate to any other entity said responsibility unless it can demonstrate to the satisfaction of the Secretary either that contracting or delegation will result in reduced issuance costs or improved coupon issuance service to recipients;

(15) for indicators of expected performance in the administration of the program; and

(16) that the State agency shall prominently display in all food stamp and public assistance offices posters prepared or obtained by the Secretary describing the information contained in subparagraphs (A) through (D) and shall make available in such offices for home use pamphlets prepared or obtained by the Secretary listing (A) foods that contain substantial amounts of recommended daily allowances of vitamins, minerals, and protein for children and adults, (B) menus that combine such foods into meals, (C) details on eligibility for other programs administered by the Secretary that provide nutrition benefits, and (D) general information on the relationship between health and diet.

(e) To encourage the purchase of nutritious foods, the Extension Service of the Department of Agriculture, with the technical assistance of the Food and Nutrition Service, shall extend its expanded food and nutrition education program to the greatest extent possible to reach food stamp program participants. The program shall be further supplemented by the development of single concept printed materials specifically designed for persons with low reading and comprehension levels on how to buy and prepare more nutritious and economic meals and on the relationship between food and good health. Effective fiscal year 1979, the Secretary is authorized to allocate to the Extension Service such sums from the funds appropriated to carry out this Act as he determines necessary to implement this section.

(f) If the Secretary determines that in the administration of the food stamp program there is a failure by a State agency to comply with any of the provisions of this Act, the regulations issued pursuant to this Act, or the State plan of operation submitted pursuant to subsection (d), he shall immediately inform such State agency of such failure and shall allow the State agency a specified period of time for the correction of such failure. If the State agency does not correct such failure within that specified period, the Secretary may refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance forthwith by the State agency and, upon suit by the Attorney General in an appropriate district court of the United States having jurisdiction of the geographic area in which the State agency is located and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(g) If the Secretary determines that there has been negligence or fraud on the part of the State agency in the certification of applicant households, the State shall, upon request of the Secretary, deposit into the Treasury of the United States a sum equal to the face value of any coupon or coupons issued as a result of such negligence or fraud.

(h) The Secretary, in conjunction with the Secretary of Health, Education, and Welfare, shall promulgate regulations permitting households in which all members are recipients of supplemental security income to apply for participation in the food stamp program by executing a simplified affidavit at the social security office and to be certified for eligibility utilizing information contained in files of the Social Security Administration.

(i) The Secretary, in conjunction with the Secretary of Health, Education, and Welfare, is authorized to prescribe regulations permitting applicants for and recipients of social security benefits to apply for food stamps at social security offices and be certified for food stamp eligibility in such offices in order that the application and certification for food stamp assistance may be accomplished as efficiently and conveniently as possible.

(j) Upon request by the State agency, subject to the prerequisite contained in subsection (d)(14), post offices in all or part of the State shall issue food stamps to eligible households in return for the full direct and indirect cost of this service and shall be subject to security requirements for the protection of food stamps established by the Secretary in conjunction with the Postmaster General that are tailored to each class of post office.

(k) Notwithstanding any other provision of law, the Secretary may, in accordance with arrangements entered into with the Secretary of Health, Education, and Welfare, pay qualifying household—

(1) of which every member is either over sixty-five or is eligible (A) for a supplemental security income benefit under title XV of the Social Security Act, or (B) for grants to the blind or disabled in Guam, Puerto Rico, and the Virgin Islands; and

(2) which is eligible to participate in the food stamp program;
an amount equal to the value of a coupon allotment to which the household is entitled under this Act. For the purposes of section 8(b) pertaining to benefits provided being excluded as income or resources under other laws, an amount paid under this subsection shall be treated as the value of the coupon allotment. In the administration of this Act, a household which receives payments under this subsection for any month shall not be issued a coupon allotment for such month. Payments under this subsection shall be made at such time or times as the Secretary determines by rule and shall be designated (on any voucher or other record of payment) as "Nutritional Supplement".

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1212, formerly section 1211, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. NOWAK TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. NOWAK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. NOWAK to the amendment offered by Mr. FOLEY: Page 31, line 12, strike the period at the end of the sentence, and insert the following:

"*:Provided*, That the State plan of operation shall include each State's plan of operation for providing food stamps for households that are victims of a disaster; that such plan shall include, but not be limited to, procedures for informing the public about the program and how to apply for benefits, coordination with Federal and private disaster relief agencies and local government officials, application procedures to reduce hardship and inconvenience and deter fraud, and instruction of caseworkers in procedures for implementing and operating the disaster program. The Secretary shall establish a Food Stamp Disaster Task Force, to assist States in implementing and operating the disaster program, which shall be available to go into a disaster area and provide direct assistance to State and local officials."

Mr. NOWAK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ASHBROOK. Mr. Chairman, I object. Let us hear the amendment read.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of the amendment.

Mr. NOWAK. Mr. Chairman, this is a simple amendment. It is one which I believe will solve one of two major problems which I have personally observed in the distribution of the emergency food stamps last winter in my district.

Mr. Chairman, as we know from the informal hearing that was chaired by the gentleman from New York (Mr. RICHMOND) in Buffalo on April 1, 1977, there were two major areas of concern in the distribution of emergency food stamps in western New York, which was declared a major disaster area because of unprecedented blizzard conditions. One concern focused on the eligibility requirements for receiving these emergency food stamps. In many cases, those in most need were not eligible, while those much more well to do were eligible. Certainly, our aim should be to insure that this emergency assistance is distributed as equitably as possible. The pending legislation would delete the phrase "without regard to income and other financial resources" from that section of the law providing authority for the Secretary of Agriculture to set temporary standards of eligibility for distributing these emergency food stamps. The Senate-passed version of these food stamp program amendments includes exactly the same language. In both the House and the Senate, therefore, we are seeking to give the Secretary adequate flexibility in setting these eligibility standards but allow him to take income and other assets into account in determining those standards. I would like to ask my colleague for his comments on the deletion of this phrase and the future equity of this program.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. NOWAK. I yield to the gentleman from New York.

Mr. RICHMOND. According to current law, the Secretary in a disaster situation, may establish emergency eligibility standards without regard to income or other financial resources. In other words, food stamps could be issued to anyone in the disaster area, whether or not they suffered a significant loss of income or property and regardless of how much money they had in the bank. The operation of the food stamp disaster program has been criticized for its failure to serve the most needy while providing unnecessary assistance to persons able to financially survive the disaster. In Buffalo, N.Y., during operation of the disaster program in last winter's blizzards, many nonneedy persons were able to obtain a full month's allotment of food stamps. Meanwhile, food stamp recipients, the working poor, and elderly persons on fixed incomes were unable to receive vitally needed food stamp assistance. No emergency procedures or criteria were available to determine categories of income and assets, and benefits were not targeted to the most needy people. The purpose of the food stamp disaster program is to provide to persons who have suffered financial losses or other hardship the nutritional assistance and additional food-purchasing power provided by food stamps. The intent of this program is not to provide assistance to all persons in a disaster area, but only to those affected by the disaster who do not have sufficient income or resources to maintain adequate standards of living. By removing the words "without regard to income and other financial resources." we are allowing the Secretary flexibility to set standards that take the financial condition of each applicant into account. The committee bill, then, will help match temporary eligibility standards to the particular disaster situation and the financial circumstances of each applicant.

Mr. NOWAK. I thank the gentleman. A second major point of concern in western New York was the apparent need for greater coordination and reduced confusion in the distribution of this emergency food stamp aid. In an effort to stimulate this greater coordination among various agencies and to achieve smoother distribution of emergency food stamps in disaster situations, the gentleman from New York and I have prepared an amendment which I shall offer shortly. I think this will strengthen the bill further to make this program more equitable. While allowing the Secretary continued flexibility in setting eligibility standards, this amendment would require each State to submit a plan of operation for providing food stamps for households that are victims of disaster. It would also require the Secretary to establish an agency task force to assist in the administration and distribution of these emergency food stamps. I would like to ask the gentleman from New York if he could comment on the elements envisioned in these State plans and his view on how this would affect the future administration of the emergency food stamp program.

Mr. RICHMOND. The operation of the disaster program suffers from a number of other deficiencies. Foremost among these is a lack of preparation by the State and lack of coordination between the USDA, State agency, local officials, and representatives of the Federal Disaster Assistance Administration. In Buffalo for example, the disaster official coordinating relief efforts was not knowledgeable about the food stamp disaster program, nor was he consulted about it. As a result, 50,000 people spent several days waiting outside in the snow and cold to receive their food stamps, while nearby armories stood empty. This hardship could have been prevented if the State had planned how to handle an emergency in advance. I believe the gentleman's amendment would accomplish just that.

As I understand the gentleman's amendment, it would require each State to make general advance arrangements to provide emergency food stamps in a disaster. I do not believe this would require a massive bureaucratic effort or much paper work to accomplish. If the local food stamp office has each caseworker's phone number on file, along with emergency information on how to contact disaster officials, law enforcement and other public safety officials, they will be prepared to mobilize quickly. If they plan beforehand to use National Guard armories, schools or other public meeting areas, they will be able to arrange application and distribution procedures. With a USDA task force to assist the State at the time of the disaster, this flexibility can then be assured. What the gentleman is really talking about is commonsense preparation, and I commend the gentleman on his efforts to insure that food stamps are available equitably and expeditiously in an emergency.

Mr. NOWAK. I thank the gentleman. I would now like to offer the amendment which is pending at the desk. This amendment would help address some of the problems cited on page 153 of the House committee report, namely—and I quote:

. . . much work must be done by the Secretary to resolve the problems of disaster aid by rectifying the unconscionable imbalance of benefits between the affluent and the poor, by consulting with state and local government officials to avoid chaos and confusion, by devising a short-circuited but nonetheless meaningful certification process to screen out those who have high income and resources, by issuing clear guidelines for administrators and recipients alike, by coordinating with private relief agencies, and by flexibly gearing up local program administration to meet the temporarily-swollen certification needs.

I urge adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. NOWAK) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was agreed to.

Mr. BROWN of California. Mr. Chairman, I rise in support of the Agriculture Committee provisions which should significantly improve the operation of the Federal food stamp program. Although certain provisions of the bill are not what I would have liked to have seen adopted by the committee, the overall bill is a giant step forward toward program simplification, and carefully targets benefits to those households most in need of food assistance. As a committee member, it is gratifying that after extensive debate we were able to make the many compromises necessary to report out a bill this session. This bill represents real progress toward food stamp program reform and its fundamentally well-balanced provisions should not be changed without careful consideration of how any such changes might affect the comprehensive revisions represented by the total bill.

The cornerstone of the improvements made in the committee bill is the elimination of the food stamp purchase requirement—EPR. For far too long, program administrators and food stamp recipients have been aware that nonparticipation of the poorest of the poor has been largely a consequence of such households' inability to pay the purchase requirement. As attractive as the notion of requiring recipients to "buy-into" the food stamp program may be for some members, its harsh effects on our neediest families need no longer be tolerated. The committee's action of eliminating the purchase requirement will make program administration more efficient and permit those households with the lowest incomes to participate in the program for the first time.

It is estimated that eliminating the purchase requirement will enable approximately 3 million additional persons to enter the program during the next few years. Since these persons are the poorest of the approximately 50 percent of potentially eligible households not currently participating, it is hoped that this provision is in place as soon as administratively possible to implement.

In addition to improving program accessibility, the elimination of the purchase requirement will make program administration simpler and more manageable. For example, the possibility of fraud will be mitigated because EPR will reduce the number of coupons in circulation and remove the need for program vendors to handle cash. Also, EPR will make the issuance task less complicated, an improvement which along with the standard deduction system should significantly streamline the entire eligibility process.

In place of the existing eligibility determination process—which allows for the individual itemization of all household deductions—the committee bill substitutes one standard deduction. Thus, except for three limited and easily manageable deductions for excessive shelter costs, work-related expenses and child care, the sole deduction which households will be allowed is the standard deduction of $60 per household—applied uniformly. Although this standard deduction will operate inequitably for some households, on balance the benefits it brings for program administration as a whole probably outweigh the individual inequities that are likely to result. Moreover, to remedy the standard deduction's obvious inequities, the 20-percent earned income deduction, child care deduction, up to $75 a month, and shelter deduction, up to $75 per month of that portion of shelter costs that exceed 50 percent of net income, were authorized in the final committee bill. These deductions should lessen the arbitrary nature of the standard deduction for working households and those households that, because of their place of domicile, must pay a disproportionate share of income for shelter and utilities. Thus, EPR and the standard deduction system together should greatly improve program accessibility while at the same time reducing administrative costs.

Throughout this year's and last year's markup, the committee members have heard a considerable amount of criticism concerning abuses in the food stamp program. In response, the committee bill's provisions make several changes designed to tighten up program administration Unfortunately, in the process, we have had to cut out many needy families. For example, eligibility standards have been lowered substantially. Specifically, the poverty line, $5,850, updated semiannually, will be used as the net income cutoff limit. Correspondingly, gross income limits are set at $6,570 for a nonworking family of four and at $8,212 for a working family of four. At most, if a four-person household obtained all its income from working and also qualified for the full dependent care deduction, the gross income cutoff would rise to $9,338. The final estimate of the Agriculture Committee staff is that 1.5 million current recipients will be rendered ineligible and approximately 2.5 million households will suffer benefit reductions in their benefit levels. As harsh as these effects are, the committee felt that they were necessary to achieve the goal of targeting benefits to those persons most in need in view of budgetary restraints.

The committee further tightened up the program by adding fraud as a disqualifying factor. All of us have been concerned by the harm a small minority of fraud perpetrators have wrought on the public's perception of this country's major antihunger program. Therefore, the following fraud provisions have been incorporated into the committee bill: First, an individual determined guilty of fraud is automatically disqualified from program participation for 3 months and, second, if the finding of fraud is a consequence of court action, disqualification will result for a longer period of time. Also, in order to provide States with an incentive to more actively investigate situations of potential fraud, Federal financing is increased to at least 75 percent of the costs incurred in such investigations. It is, of course, incumbent upon State administrators to employ adequate safeguards in such investigations to insure that honest recipients who may have committed some error in carrying out their recipient responsibilities are not indiscriminately accused of fraudulent action.

Another belt-tightening measure approved by the committee is the imposition of stricter assets limitations. While basic assets limitations were maintained, specific improvements are made by the bill's provisions. For instance, the value of an automobile that is not used to produce income is counted as an asset to the extent that its market value exceeds $4,500, and all recreational vehicles are fully counted along with other assets. Furthermore, the Secretary is directed to complete a comprehensive review of existing resource standards and is required to implement whatever limiting changes are necessary no later than June 1, 1978.

The committee also clearly defined the basis for offering benefit levels to recipients. Rather than using a vague "nutritionally adequate diet" standard for the provision of coupon allotments, a very specific standard has been established. Under the bill, poor people's costs of the thrifty food plan will be used as the basis for nationwide, uniform coupon allotments. These allotments are to be varied only due to household-size adjustments based on economies of scale, although specific variations are established for Alaska, Hawaii, and the territories. Thus, even though poor people's costs of obtaining the thrifty food plan differ—based on regional food price differences and differences in State and local food sales taxes—the coupon allotments will be equal in the 48 States and District of Columbia, based on a food price averaging process used by USDA. Moreover, the cost of the thrifty food plan is to be based on the plan's specific costs for a man and woman—20 to 54 years of age—and two children—6 to 8 and 9 to 11 years of age. Consequently, Congress has converted a vague benefit standard to a precise allotment system.

Finally, the bill establishes an appropriate system for determining income

availability during certification periods. Rather than mandating a retrospective income accounting system, the bill makes program administrators look at income received in the prior 30 days as well as anticipated income to determine the most likely income situation for households in the upcoming certification period. This most likely income situation, then, will form the basis for eligibility and benefit level determinations.

In sum, therefore, this food stamp bill is a good piece of legislation. I hope that it receives the strong support that it clearly deserves.

Mr. JENKINS. Mr. Chairman, I supported the amendment to H.R. 7171 offered by DAWSON MATHIS of Georgia to set dollar limits on the amount of food stamps that the U.S. Department of Agriculture can issue each year under the program.

Not only does the Mathis amendment have my support, but the support of many Members of the Congress concerned about the fiscal responsibility of this Government. An editorial in the morning's Wall Street Journal which I herewith submit for the RECORD with these remarks accurately describes the food stamp program as reported to the Committee of the Whole House of Representatives for consideration.

The Mathis amendment was adopted. DAWSON MATHIS is a member of the House Agriculture Committee and he is extremely knowledgeable of agriculture programs—their strengths and weaknesses. His amendment allows for an adequate food stamp program to serve the truly needy. Nevertheless, he insists on fiscal responsibility and retention in the Congress of the appropriations power for the food stamp program. I am hopeful that his position will prevail over the view of spending our tax revenues in whatever amount the administering agency determines.

The article follows:

M-1, M-2—M-USDA

Food stamps are money. They're as good as a dollar at the supermarket.

Wonder of wonders, the House will vote today on a new four-year food stamp bill that will allow the Department of Agriculture to print an unlimited supply of food stamp currency. And whereas the old bill required that stamps be sold at a sharp discount for real money, now they will be passed out free.

The only limit left in the bill is the eligibility requirement. Supposedly this has been tightened up to offffset the generosity elsewhere. You have to say that your income after some still generous deductions, is below the poverty level. And you have to list assets to prove that you are not an idle millionaire. If one of your assets happened to be a Rolls-Royce you could still get food stamps, provided that was your only car and used in your work. The limits sound a little squishy.

Under the old law, the USDA could only issue as many food stamps as Congress appropriated real dollars to pay for. It had to come back for a supplemental appropriation if it ran out. Under the new law, it will be assumed that Congress will pick up the tab for whatever USDA issues.

Congressman Dawson Mathis of Georgia thinks it is a bit overgenerous for Congress to relinquish its appropriations powers. He will offer an amendment today to set limits on how much food stamp currency the USDA can issue each year, a comfortable 10 percent above what the USDA and Congressional Budget Office estimated the new bill will cost.

Failing that, we would hope that Congress would at least arrange to urge Arthur Burns to include that $5 billion, $6 billion or whatever billion in food stamps in his money supply targets. Now that we have two central banks even the most minimal prudence would argue for keeping track of what both of them are doing.

Mrs. SMITH of Nebraska. Mr. Chairman, I regret very much that the gentleman from Illinois (Mr. FINDLEY) has withdrawn his amendment to strengthen the workforce provision of this bill. I am hopeful that this provision can be included at a later time.

I believe the food for work concept in the food stamp program is valid for all able-bodied, young and healthy individuals who are benefitting from the program. By all means we should exempt those whose age, infirmties and disabilities prevent them from working, but the others should expect to earn the value of their food stamps if they possibly can.

The food for work provision in the bill calls for able-bodied recipients, and those otherwise not exempt, to work in the public sector performing community service jobs. There is much work to be done and those earning their food stamp allotments should not take work away from those already holding public sector jobs.

The provision is too limited, however, in that it authorizes only one pilot project in each State. This is hardly the type of commitment which will test the concept. I agree with the gentleman from Illinois that the pilot project areas should be expanded and that the States and local communities should have the option to institute this type of requirement in connection with the administration of the food stamp program in their areas.

It is obvious that this food and nutrition program is being converted into a welfare program. I question the inclusion of food stamp reform in the omnibus farm bill. It is a major program in its own right. It should be considered in separate legislation.

Since that is not the case, however, I think we should do as much as we can to strengthen the requirements for those who benefit from the program. Certainly food for work is a step in the right direction. The principle should have widespread application.

Mr. FOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 692) entitled "An act to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and small business set-aside programs.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5262) entitled "An act to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank and the Asian Development Fund, and for other purposes.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3816, FEDERAL TRADE COMMISSION AMENDMENTS OF 1977

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 95-541) on the resolution (H. Res. 718) providing for the consideration of the bill (H.R. 3816) to amend the Federal Trade Commission Act to expedite the enforcement of Federal Trade Commission cease and desist orders and compulsory process orders; to increase the independence of the Federal Trade Commission in legislative, budgetary, and personnel matters; and for other purposes; which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.R. 6111, JUVENILE JUSTICE AND DELINQUENCY PREVENTION AMENDMENTS OF 1977

Mr. PERKINS submitted the following conference report and statement on the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 95-542)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Juvenile Justice Amendments of 1977".

DEFINITION OF JUVENILE DELINQUENCY PROGRAMS

SEC. 2. Section 103(3) of the Juvenile Justice and Delinquency Prevention Act of 1974 (hereinafter in this Act referred to as the "Act") is amended by striking out "who are in danger of becoming delinquent" and inserting in lieu thereof "to help prevent delinquency".

JUVENILE JUSTICE AND DELINQUENCY PREVENTION OFFICE

SEC. 3. (a)(1) Section 201(a) of the Act is amended by adding at the end thereof the following new sentence: "The Administrator shall administer the provisions of this Act through the Office.".

(2) Section 201(c) of the Act is amended by adding at the end thereof the following new sentence: "The Associate Administrator may be referred to as the Administrator of the Office of Juvenile Justice and Delinquency Prevention in connection with the performance of his functions as the head of the Office, except that any reference in this Act to the 'Administrator' shall not be construed as a reference to the Associate Administrator.".

(3)(A) The Act is amended by striking out "Assistant Administrator" and inserting in lieu thereof "Associate Administrator" in sections 201, 202(c), 204(1), 206(a)(1), 206(b), 241, 246 and any other place it appears therein.

(B) The Act is amended by inserting "Associate" before "Administrator" in sections 208(b), 208(e), 223(a)(14), 223(a)(20), 223(a)(21), 243(4), 246, 248 (as so redesignated by section 5(e)(1)), 249 (as so redesignated by section 5(e)(1)), section 250 (as so redesignated by section 5(e)(1)), and any other place it appears therein.

(4) Section 201(d) of the Act is amended by adding at the end thereof the following new sentences: "The Associate Administrator is authorized, subject to the direction of the Administrator, to award, administer, modify, extend, terminate, monitor, evaluate, reject, or deny all grants and contracts from, and applications for, funds made available under part B and part C of this title. The Administrator may delegate such authority to the Associate Administrator for all grants and contracts from, and applications for, funds made available under this part and funds made available for juvenile justice and delinquency prevention programs under the Omnibus Crime Control and Safe Streets Act of 1968, as amended. The Associate Administrator shall report directly to the Administrator.".

(5) The Act is amended by striking out "Deputy Assistant Administrator" and inserting in lieu thereof "Deputy Associate Administrator" in sections 201(e), 206(a)(1), 246, and any other place it appears therein.

(6) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(141) Associate Administrator, Office of Juvenile Justice and Delinquency Prevention of the Law Enforcement Assistance Administration.".

(b)(1) Section 204(b) of the Act is amended—

(A) by inserting ", with the assistance of the Associate Administrator," after "the Administrator"; and

(B) by redesignating paragraph (7) as paragraph (6), and by striking out paragraph (5) and paragraph (6) and inserting in lieu thereof the following new paragraph:

"(5) develop annually with the assistance of the Advisory Committee and the Coordinating Council and submit to the President and the Congress, after the first year following the date of the enactment of the Juvenile Justice Amendments of 1977, prior to December 31, an analysis and evaluation of Federal juvenile delinquency programs conducted and assisted by Federal departments and agencies, the expenditures made, the results achieved, the plans developed, and problems in the operations and coordination of such programs and a brief but precise comprehensive plan for Federal juvenile delinquency programs, with particular emphasis on the prevention of juvenile delinquency and the development of programs and services which will encourage increased diversion of juveniles from the traditional juvenile justice system, which analysis and evaluation shall include recommendations for modifications in organization, management, personnel, standards, budget requests, and implementation plans necessary to increase the effectiveness of these programs; and".

(2) Section 204(d)(1) of the Act is amended by inserting "Associate" before "Administrator" the second place it appears therein.

(3) Section 204(e) of the Act is amended by striking out "(6)" each place it appears therein and inserting in lieu thereof "(5)".

(4) Section 204(f) of the Act is amended by inserting "Federal" after "appropriate authority,".

(5) Section 204(g) of the Act is amended by striking out "part, except the making of regulations", and inserting in lieu thereof "title".

(6) Section 204(j) of the Act is amended by inserting "organization," after "agency," and by striking out "part" and inserting in lieu thereof "title".

(7) Section 204(k) of the Act is amended by striking out "part" and inserting in lieu thereof "title" and by striking out "the Juvenile Delinquency Prevention Act (42 U.S.C. 3801 et seq.)" and inserting in lieu thereof "title III of this Act".

(8) Section 204(l)(1) of the Act is amended by inserting "Associate" before "Administrator" the second place it appears therein.

(c) Section 205 of the Act is amended by inserting immediately before the period at the end of the first sentence, the following: "whenever the Associate Administrator finds the program or activity to be exceptionally effective or for which the Associate Administrator finds exceptional need".

(d)(1) Section 206(a)(1) of the Act is amended by inserting after "the Director of the Office of Drug Abuse Policy," the following: "the Commissioner of the Office of Education, the Director of the ACTION Agency".

(2) Section 206(c) of the Act is amended by inserting at the end thereof the following new sentence: "The Council is authorized to review the programs and practices of Federal agencies and report on the degree to which Federal agency funds are used for purposes which are consistent or inconsistent with the mandates of section 223(a)(12)(A) and (13) of this title.".

(3) Section 206(d) of the Act is amended by striking out "six" and inserting in lieu thereof "four".

(4) Section 206(e) of the Act is amended—

(A) by striking out "(e)" and paragraphs (1) and (2);

(B) by striking out "(3) The Executive Secretary" and inserting in lieu thereof "(e) The Associate Administrator"; and

(C) by inserting "or staff support" after "personnel".

(e)(1) Section 207(c) of the Act is amended by inserting ", including youth workers involved with alternative youth programs and persons with special experience and competence in addressing the problem of school violence and vandalism and the problem of learning disabilities," after "community-based programs", and by inserting immediately before the period at the end thereof the following: ", of whom at least three shall have been or shall currently be under the jurisdiction of the juvenile justice system".

(2) Section 207(d) of the Act is amended by adding at the end thereof the following new sentence: "Eleven members of the committee shall constitute a quorum.".

(f)(1) Section 208(b) of the Act is amended by inserting ", the President, and the Congress" after "the Administrator".

(2) Section 208(c) of the Act is amended to read as follows:

"(c) The Chairman shall designate a subcommittee of members of the Advisory Committee to advise the Associate Administrator on particular functions or aspects of the work of the Office.".

(3) Section 208(d) of the Act is amended by inserting "not less than" immediately after "subcommittee of".

(4) Section 208(e) of the Act is amended—

(A) by inserting "not less than" after "subcommittee of"; and

(B) by striking out "the Administration of".

(5) Section 208(f) of the Act is amended to read as follows:

"(f) The Chairman, with the approval of the Committee, shall request of the Associate Administrator such staff and other support as may be necessary to carry out the duties of the Advisory Committee.".

(6) Section 208 of the Act is amended by adding at the end thereof the following new subsection:

"(g) The Associate Administrator shall provide such staff and other support as may be necessary to perform the duties of the Advisory Committee.".

FEDERAL ASSISTANCE FOR STATE AND LOCAL PROGRAMS

SEC. 4. (a) Section 221 of the Act is amended by striking out "local governments" and inserting in lieu thereof "units of general local government or combinations thereof", and by inserting "grants and" after "through".

(b)(1) The last sentence of section 222(a) of the Act is amended by striking out "$200,000" and inserting in lieu thereof "$225,000", and by striking out "$50,000" and inserting in lieu thereof "$56,250".

(2)(A) The first sentence of section 222(c) of the Act is amended—

(i) by inserting "or for other pre-award activities associated with such State plan," after "State plan"; and

(ii) by inserting immediately before the period at the end thereof the following: ", including monitoring and evaluation".

(B) The second sentence of section 222(c) of the Act is amended—

(i) by striking out "15 per centum" and inserting in lieu thereof "7½ per centum"; and

(ii) by inserting immediately before the period at the end thereof the following: ", except that any amount expended or obligated by such State, or by units of general local government or any combination thereof, from amounts made available under this subsection shall be matched (in an amount equal to any such amount so expended or obligated) by such State, or by such units or combinations, from State or local funds, as the case may be".

(C) Section 222 of the Act is amended by striking out subsection (d) thereof.

(D) The amendment made by this paragraph shall take effect on October 1, 1978.

(3) The last sentence of section 222(c) of the Act is amended by striking out "local government" and inserting in lieu thereof "units of general local government or combinations thereof".

(4)(A) Section 222 of the Act is amended by adding at the end thereof the following new subsection:

"(e) In accordance with regulations promulgated under this part, 5 per centum of the minimum annual allotment to any State under this part shall be available to assist the advisory group established under section 223(a)(3) of this Act.".

(B) Effective on October 1, 1978, section 222(e) of the Act, as added by subparagraph (A), is redesignated as section 222(d) of the Act.

(c)(1) Section 223(a)(3) of the Act is amended—

(A) by striking out the matter preceding "(A)" and inserting in lieu thereof the following: "provide for an advisory group appointed by the chief executive of the State to carry out the functions specified in subparagraph (F) and to participate in the development and review of the State's juvenile justice plan prior to submission to the supervisory board for final action and";

(B) in subparagraph (C) thereof, by inserting after "prevention or treatment programs;" the following: "business groups and businesses employing youth, youth workers involved with alternative youth programs, and persons with special experience and competence in addressing the problem of school violence and vandalism and the problem of learning disabilities;";

(C) in subparagraph (D) thereof, by striking out "and" at the end thereof;

(D) in subparagraph (E) thereof, by striking out the semicolon at the end thereof and inserting in lieu thereof the following: "at least three of whom shall have been or shall currently be under the jurisdiction of the juvenile justice system; and"; and

(E) by inserting after subparagraph (E) the following new subparagraph: "(F) which (i) shall, consistent with this title, advise the State planning agency and its supervisory board; (ii) may advise the Governor and the legislature on matters related to its functions, as requested; (iii) shall have an opportunity for review and comment on all juvenile justice and delinquency prevention grant applications submitted to the State planning agency other than those subject to review by the State's judicial planning committee established pursuant to section 203(c) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, except that any such review and comment shall be made no later than 30 days after the submission of any such application to the advisory group; and (iv) may be given a role in monitoring State compliance with the requirements of paragraph (12)(A) and paragraph (13), in advising on State planning agency and regional planning unit supervisory board composition, in advising on the State's maintenance of effort under section 261(b) and section 520(b) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and in review of the progress and accomplishments of juvenile justice and delinquency prevention projects funded under the comprehensive State plan;".

(2) Section 223(a)(4) of the Act is amended—

(A) by striking out "local governments" the first place it appears therein and inserting in lieu thereof "units of general local government or combinations thereof"; and

(B) by inserting immediately before the semicolon at the end thereof the following: ", except that nothing in the plan requirements, or any regulations promulgated to carry out such requirements, shall be construed to prohibit or impede the State from making grants to, or entering into contracts with, local private agencies or the advisory group".

(3)(A) Section 223(a)(5) of the Act is amended to read as follows:

"(5) unless the provisions of this paragraph are waived at the discretion of the Administrator for any State in which the services for delinquent or other youth are organized primarily on a statewide basis, provide that at least 66⅔ per centum of funds received by the State under section 222, other than funds made available to the State advisory group under section 222(e), shall be expended through—

"(A) programs of units of general local government or combinations thereof, to the extent such programs are consistent with the State plan; and

"(B) programs of local private agencies, to the extent such programs are consistent with the State plan, except that direct funding of any local private agency by a State shall be permitted only if such agency requests such funding after it has applied for and been denied funding by any unit of general local government or combination thereof;".

(B) Effective October 1, 1978, section 223(a)(5) of the Act, as amended by subparagraph (A), is amended by striking out "section 222(e)" and inserting in lieu thereof "section 222(d)".

(4) Section 223(a)(6) of the Act is amended by striking out "local government" and inserting in lieu thereof "unit of general local government", and by inserting "or to a regional planning agency" after "local government's structure".

(5) Section 223(a)(8) of the Act is amended by inserting before the semicolon at the end thereof a period and the following: "Programs and projects developed from the study may be funded under paragraph (10) provided that they meet the criteria for advanced technique programs as specified therein".

(6)(A) Section 223(a)(10 of the Act is amended—

(i) by striking out the matter preceding subparagraph (A) and inserting in lieu thereof the following: "provide that not less than 75 per centum of the funds available to such State under section 222, other than funds made available to the State advisory group under section 222(e), whether expended directly by the State, by the unit of general local government or combination thereof, or through grants and contracts with public or private agencies, shall be used for advanced techniques in developing, maintaining, and expanding programs and services designed to prevent juvenile delinquency, to divert juveniles from the juvenile justice system, to provide community-based alternatives to juvenile detention and correctional facilities, to encourage a diversity of alternatives within the juvenile justice system, and to establish and adopt juvenile justice standards. These advanced techniques include—";

(ii) in subparagraph (A) thereof, by inserting after "health services," the following: "twenty-four hour intake screening, volunteer and crisis home programs, day treatment, and home probation,";

(iii) in subparagraph (C) thereof, by striking out "youth in danger of becoming delinquent" and inserting in lieu thereof "other youth to help prevent delinquency";

(iv) by amending subparagraph (D) to read as follows:

"(D) projects designed to develop and implement programs stressing advocacy activities aimed at improving services for and protecting the rights of youth impacted by the juvenile justice system;";

(v) in subparagraph (G) thereof, by inserting "traditional youth" immediately after "reached by";

(vi) in subparagraph (II) thereof, by striking out "that may include but are not limited to programs designed to" and inserting in lieu thereof "are designed to"; and

(vii) by adding at the end thereof the following new subparagraph:

"(I) programs and activities to establish and adopt, based on the recommendations of the Advisory Committee, standards for the improvement of juvenile justice within the State;".

(B) Effective October 1, 1978, section 223(a)(10) of the Act, as amended by subparagraph (A), is amended by striking out "section 222(e)" and inserting in lieu thereof "section 222(d)".

(7) Section 223(a)(12) of the Act is amended to read as follows:

"(12)(A) provide within three years after submission of the initial plan that juveniles who are charged with or who have committed offenses that would not be criminal if committed by an adult, or such nonoffenders as dependent or neglected children, shall not be placed in juvenile detention or correctional facilities; and

"(B) provide that the State shall submit annual reports to the Associate Administrator containing a review of the progress made by the State to achieve the deinstitutionalization of juveniles described in subparagraph (A) and a review of the progress made by the State to provide that such juveniles, if placed in facilities, are placed in facilities which (i) are the least restrictive alternatives appropriate to the needs of the child and the community; (ii) are in reasonable proximity to the family and the home communities of such juveniles; and (iii) provide the services described in section 103(1);".

(8) Section 223(a)(13) of the Act is amended by inserting "and youths within the purview of paragraph (12)" immediately after "delinquent".

(9) Section 223(a)(14) of the Act is amended by striking out "and" the first place it appears therein, by inserting ", and non-secure facilities" after "facilities" the second place if appears therein, and by striking out "section 223(12) and (13)" and inserting in lieu thereof "paragraph (12)(A) and paragraph (13)".

(10) Section 223(a)(15) of the Act is amended by striking out "all".

(11) Section 223(a)(19) of the Act is amended by striking out ", to the extent feasible and practical,".

(12) Section 223(b) of the Act is amended by striking out "consultation with" and inserting in lieu thereof "receiving and considering the advice and recommendations of".

(13) Section 223(c) of the Act is amended by adding at the end thereof the following new sentence: "Failure to achieve compliance with the subsection (a)(12)(A) requirement within the three-year time limitation shall terminate any State's eligibility for funding under this subpart unless the Administrator, with the concurrence of the Associate Administrator, determines that the State is in substantial compliance with the requirement, through achievement of deinstitutionalization of not less than 75 per centum of such juveniles, and nas made, through appropriate executive or legislative action, an unequivocal commitment to achieving full compliance within a reasonable time not exceeding two additional years.".

(14) Section 223(d) of the Act is amended by inserting "chooses not to submit a plan," after "State" the first place it appears therein, and by adding at the end thereof the following new sentence: "The Administrator shall endeavor to make such reallocated funds available on a preferential basis to programs in nonparticipating States under section 224(a)(2) and to those States that have achieved substantial or full compliance with the subsection (a)(12)(A) requirement within the initial three years of participation or have achieved full compliance within a reasonable time thereafter as provided by subsection (c).".

(15) Section 223 of the Act is amended by striking out subsection (e) thereof.

(d)(1) Section 224(a)(3) of the Act is amended by inserting after "system" the following: ", including restitution projects which test and validate selected arbitration models, such as neighborhood courts or panels, and increase victim satisfaction while providing alternatives to incarceration for detained or adjudicated delinquents".

(2) Section 224(a)(4) of the Act is amended by striking out all after "for delinquents" and inserting in lieu thereof "and other youth to help prevent delinquency;".

(3) Section 224(a)(5) of the Act is amended by striking out "on Standards for Juvenile Justice" and by striking out "and" at the end thereof.

(4) Section 224(a)(6) of the Act is amended by inserting after "develop and implement" the following: ", in coordination with the Commissioner of Education,", and by striking out the period at the end thereof and inserting in lieu thereof the following: "and to encourage new approaches and techniques with respect to the prevention of school violence and vandalism;".

(5) Section 224(a) of the Act is amended by adding at the end thereof the following new paragraphs:

"(7) develop and support programs stressing advocacy activities aimed at improving services to youth impacted by the juvenile justice system;

"(8) develop, implement, and support, in conjunction with the Secretary of Labor, other public and private agencies and organizations and business and industry programs for youth employment;

"(9) improve the juvenile justice system to conform to standards of due process;

"(10) develop and support programs designed to encourage and enable State legislatures to consider and further the purposes of this Act, both by amending State laws where necessary, and devoting greater resources to those purposes; and

"(11) develop and implement programs relating to juvenile delinquency and learning disabilities.".

(6) Section 224(b) of the Act is amended to read as follows:

"(b) Twenty-five per centum of the funds appropriated for each fiscal year pursuant to this part shall be available only for special emphasis prevention and treatment grants and contracts made pursuant to this section.".

(7) Section 224(c) of the Act is amended by striking out "20" and inserting in lieu thereof "30".

(e)(1) Section 225(c)(4) of the Act is amended by striking out all after "to delinquents" and inserting in lieu thereof "and other youth to help prevent delinquency:".

(2) Section 225(c)(5) of the Act is amended by striking out "and" at the end thereof.

(3) Section 225(c)(6) of the Act is amended by striking out "on Standards for Juvenile Justice", and by striking out the period at the end thereof and inserting in lieu thereof "; and".

(f)(1) Section 227(a) of the Act is amended by striking out "State, public or private agency, institution, or individual (whether directly or through a State or local agency)" and inserting in lieu thereof "public or private agency, organization, institution, or individual (whether directly or through a State planning agency)".

(2) Section 227(b) of the Act is amended by striking out "institution, or individual under this part (whether directly or through a State agency or local agency)" and inserting in lieu thereof "organization, institution, or individual under this title (whether directly or through a State planning agency)".

(g)(1) Section 228(b) of the Act is amended by striking out "under this part" and inserting in lieu thereof "by the Law Enforcement Assistance Administration".

(2) Section 228(c) of the Act is amended to read as follows:

"(c) Whenever the Administrator determines that it will contribute to the purposes of part A or part C, he may require the recipient of any grant or contract to contribute money, facilities, or services.".

(3)(A) Section 228 of the Act is amended by adding at the end thereof the following new subsections:

"(e) Except as provided in the second sentence of section 222(c), financial assistance extended under the provisions of this title shall be 100 per centum of the approved costs of any program or activity.

"(f) In the case of a grant under this part to an Indian tribe or other aboriginal group, if the Administrator determines that the tribe or group does not have sufficient funds available to meet the local share of the cost of any program or project to be funded under the grant, the Administrator may increase the Federal share of the cost thereof to the extent he deems necessary. Where a State does not have an adequate forum to enforce grant provisions imposing any liability on Indian tribes, the Administrator is authorized to waive State liability and may pursue such legal remedies as are necessary.

"(g) If the Administrator determines, on the basis of information available to him during any fiscal year, that a portion of the funds granted to an applicant under this part for that fiscal year will not be required by the applicant or will become available by virtue of the application of the provisions of section 509 of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, that portion shall be available for reallocation under section 224 of this title.".

(B) Section 228(e) of the Act, as added by subparagraph (A), shall take effect October 1, 1978.

(h) Part B of title II of the Act is amended by adding at the end thereof the following new section:

"CONFIDENTIALITY OF PROGRAM RECORDS

"SEC. 229. Except as authorized by law, program records containing the identity of individual juveniles gathered for purposes pursuant to this title may not be disclosed except with the consent of the service recipient or legally authorized representative, or as may be necessary to perform the functions required by this title. Under no circumstances may project reports or findings available for public dissemination contain the actual names of individual service recipients.".

NATIONAL INSTITUTE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 5. (a)(1) Section 241 of the Act is amended by striking out subsection (d) and subsection (e), and by redesignating subsection (f) as subsection (g) and subsection (d), respectively.

(2) Section 241(e)(4) of the Act, as so redesignated by paragraph (1), is amended by inserting "make grants and" after "(4)", and by striking out "and" at the end thereof.

(3) Section 241(e) of the Act, as so redesignated by paragraph (1), is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(6) assist, through training, the advisory groups established pursuant to section 223(a)(3) or comparable public or private citizen groups in nonparticipating States in the accomplishment of their objectives consistent with this Act.".

(4) The subsection designated as subsection (b) immediately following section 241(e) of the Act, as so redesignated by paragraph (1), is redesignated as subsection (f).

(5) Section 241(f) of the Act, as so redesignated by paragraph (4), is amended by striking out "subsection (g)(1)" and inserting in lieu thereof "subsection (e)(1)".

(b) Section 243(5) of the Act is amended by inserting after "effective prevention and treatment" the following: ", such as assessments regarding the role of family violence, sexual abuse or exploitation and media violence in delinquency, the improper handling of youth placed in one State by another State, the possible ameliorating roles of recreation and the arts, and the extent to which youth in the juvenile system are treated differently on the basis of sex and the ramifications of such practices".

(c) Section 245 of the Act is amended to read as follows:

"INSTITUTE ADVISORY COMMITTEE

"SEC. 245. The Advisory Committee shall advise, consult with, and make recommendations to the Associate Administrator concerning the overall policy and operations of the Institute.".

(d)(1) Section 247(a) of the Act is amended by striking out "on Standards for Juvenile Justice established in section 208(e)".

(2) Section 247 of the Act is amended by adding at the end thereof the following new subsection:

"(d) Following the submission of its report under subsection (b) the Advisory Committee shall direct its efforts toward refinement of the recommended standards and may assist State and local governments and private agencies and organizations in the adoption of appropriate standards at State and local levels. The National Institute for Juvenile Justice and Delinquency Prevention is authorized to develop and support model State legislation consistent with the mandates of this Act and the standards developed by Advisory Committee."

(e)(1) Part C of title II of the Act is amended by striking out section 248 and by redesignating section 249, section 250, and section 251, as section 248, section 249, and section 250, respectively.

(2)(A) Section 249 of the Act, as so redesignated by paragraph (1), is amended by striking out "section 249" and inserting in lieu thereof "section 248".

(B) Section 250 of the Act, as so redesignated by paragraph (1), is amended by striking out "section 249" each place it appears therein and inserting in lieu thereof "section 248".

(f) Section 241(d) of the Act, as so redesignated by subsection (a)(1), section 244(3) of the Act, and section 248(b) of the Act, as so redesignated by subsection (e), are amended by inserting after "lay personnel" the following: ", including persons associated with law-related education programs, youth workers, and representatives of private youth agencies and organizations".

ADMINISTRATIVE PROVISIONS

SEC. 6. (a) The heading for part D of title II of the Act is amended to read as follows:

"PART D—ADMINISTRATIVE PROVISIONS".

(b) Section 261(a) of the Act is amended to read as follows:

"SEC. 261. (a) To carry out the purposes of this title there is authorized to be appropriated $150,000,000 for the fiscal year ending September 30, 1978, $175,000,000 for the fiscal year ending September 30, 1979, and $200,000,000 for the fiscal year ending September 30, 1980. Funds appropriated for any fiscal year may remain available for obligation until expended.".

(c) Section 262 of the Act is amended to read as follows:

"APPLICABILITY OF OTHER ADMINISTRATIVE PROVISIONS

"SEC. 262. The administrative provisions of title I of the Omnibus Crime Control and Safe Streets Act of 1968, designated as sections 501, 504, 507, 509, 511, 516, 518(c), 521, and 524 (a) and (c) of such Act, are incorporated herein as administrative provisions applicable to this Act.".

(d)(1) Section 263(a) of the Act is amended by striking out "subsection (b)" and inserting in lieu thereof "subsections (b) and (c)".

(2) Section 263 of the Act is amended by adding at the end thereof the following new subsection:

"(c) Except as otherwise provided by the Juvenile Justice Amendments of 1977, the amendments made by the Juvenile Justice Amendments of 1977 shall take effect on October 1, 1977.".

RUNAWAY YOUTH

SEC. 7. (a)(1) Section 311 of the Act is amended—

(A) by inserting in the first sentence "and short-term training" after "technical assistance" and by inserting "and coordinated networks of such agencies" after "agencies";

(B) by inserting "or otherwise homeless where it first appears and by striking out "runaway youth" in the third and fourth sentences and inserting in lieu thereof "such youth"; and

(C) by inserting "States," before "localities".

(2) Section 312(b)(5) of the Act is amended by striking out "aftercase" and inserting in lieu thereof "aftercare".

(3) Section 312(b)(6) of the Act is amended by striking out "parental consent" and inserting in lieu thereof "the consent of the individual youth and parent or legal guardian".

(4) Section 313 of the Act is amended by striking out "$75,000" and "$100,000" and inserting in lieu thereof "$100,000" and "$150,000", respectively.

(b) Part B of title III of the Act is amended to read as follows:

"PART B—RECORDS

"RECORDS

"SEC. 321. Records containing the identity of individual youths pursuant to this Act may under no circumstances be disclosed or transferred to any individual or to any public or private agency.".

(c) Title III of the Act is amended by redesignating part C as part D, by redesignating section 331 as section 341, and by inserting after part B the following new part:

"PART C—REORGANIZATION

"REORGANIZATION PLAN

"SEC. 331. (a) After April 30, 1978, the President may submit to the Congress a reorganization plan which, subject to the provisions of subsection (b) of this section, shall take effect, if such reorganization plan is not disapproved by a resolution of either House of the Congress, in accordance with the provisions of, and the procedures established by, chapter 9 of title 5, United States Code, except to the extent provided in this part.

"(b) A reorganization plan submitted in accordance with the provisions of subsection (a) shall provide—

"(1) for the establishment of an Office of Youth Assistance which shall be the principal agency for purposes of carrying out this title and which shall be established—

"(A) within the Office of Juvenile Justice and Delinquency Prevention in the Department of Justice; or

"(B) within the ACTION Agency;

"(2) that the transfer authorized by paragraph (1) shall be effective 30 days after the last date on which such transfer could be disapproved under chapter 9 of title 5, United States Code;

"(3) that property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions of the Office of Youth Development within the Department of Health, Education, and Welfare in the operation of functions pursuant to this title, shall be transferred to the Office of Youth Assistance within the Office of Juvenile Justice and Delinquency Prevention or within the ACTION Agency, as the case may be, and that all grants, applications for grants, contracts, and other agreements awarded or entered into by the Office of Youth Development shall continue in effect until modified, superseded, or revoked;

"(4) that all official actions taken by the Secretary of Health, Education, and Welfare, his designee, or any other person under the authority of this title which are in force on the effective date of such plan, and for which there is continuing authority under the provisions of this title, shall continue in full force and effect until modified, superseded, or revoked by the Associate Administrator for the office of Juvenile Justice and Delinquency Prevention or by the Director of the ACTION Agency, as the case may be, as appropriate; and

"(5) that references to the Office of Youth Development within the Department of Health, Education, and Welfare in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding shall, on and after such date, be deemed to refer to the Office of Youth Assistance within the Office of Juvenile Justice and Delinquency Prevention or within the ACTION Agency, as the case may be, as appropriate.".

(d)(1) Section 341(a) of the Act, as so redesignated by subsection (c), is amended by inserting immediately before the period at the end thereof the following: ", and for each of the fiscal years ending September 30, 1978, 1979, and 1980, the sum of $25,000,000".

(2) Section 341(b) of the Act, as so redesignated by subsection (c), is amended to read as follows:

"(b) The Secretary (through the Office of Youth Development which shall administer this title) shall consult with the Attorney General (through the Associate Administrator of the Office of Juvenile Justice and Delinquency Prevention) for the purpose of coordinating the development and implementation of programs and activities funded under this title with those related programs and activities funded under title II of this Act and under the Omnibus Crime Control and Safe Streets Act of 1968, as amended.".

AMENDMENTS TO THE TITLE 18, UNITED STATES CODE

SEC. 8. (a) Section 4351(b) of title 18, United States Code is, amended by striking out "Deputy Assistant Administrator for the National Institute for" and inserting in lieu thereof "Associate Administrator for the Office of".

(b) Section 5038(a) of title 18, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (4):

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and "and": and

(3) by adding immediately after paragraph (5) the following:

"(6) inquiries from any victim of such juvenile delinquency, or if the victim is deceased from the immediate family of such victim, related to the final disposition of such juvenile by the court in accordance with section 5037.".

AMENDMENTS TO OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968

SEC. 9. (a) Section 519 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended—

(1) by inserting ", and to the Committee on Education and Labor of the House of Representatives," immediately after "House of Representatives"; and

(2) by striking out "and" at the end of paragraph (10), by striking out the period at the end of paragraph (11) and inserting in lieu thereof ": and", and by adding at the end thereof the following new paragraph:

"(12) a summary of State compliance with sections 223(a)(12)–(14) of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, the maintenance of effort requirement under section 261(b) of such Act and section 520(b) of this Act, State planning agency and regional planning unit representation requirements as set forth in section 203 of this Act, and other areas of State activity in carrying out juvenile justice and delinquency prevention programs under the comprehensive State plan.".

(b) Section 203(a)(1) of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following new sentences: "The Chairman and at least two additional citizen members of any advisory group established pursuant to section 223(a)(3) of the Juvenile Justice and Delinquency Prevention Act of 1974 shall be appointed to the State planning agency as members thereof. These individuals may be considered in meeting the general representation requirements of this section. Any executive committee of a State planning agency shall include in its membership the same proportion of advisory group members as the total number of such members bears to the total membership of the State planning agency.".

TECHNICAL AMENDMENT

SEC. 10. The Act is amended by striking out title IV thereof.

And the Senate agree to the same.

CARL D. PERKINS,
IKE ANDREWS,
AUGUSTUS F. HAWKINS,
WILLIAM D. FORD,
BALTASAR CORRADA,
ALBERT H. QUIE,
BILL GOODLING,
Managers on the Part of the House.

JOHN CULVER,
BIRCH BAYH,
DENNIS DECONCINI,
CHARLES MCC. MATHIAS, JR.,
MALCOLM WALLOP,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

The House bill provided that the Act may be cited as the "Juvenile Justice and Delinquency Prevention Amendments of 1977." The Senate amendment short title was the "Juvenile Justice Amendments of 1977." The Conference substitute adopts the Senate provision.

DEFINITION

The Senate amendment amended the definition of the term "juvenile deliquency program" to include prevention programs for all youth who would benefit from programs and services designed to reduce the incidence of delinquent conduct. The Conference substitute adopts the Senate amendment.

Office of Juvenile Justice and Delinquency Prevention

The Senate amendment reaffirmed that the provisions of the Act are to be administered through the Office. The House bill had no similar provisions. The Conference substitute adopts the Senate provision in order to reemphasize the intent of Congress that LEAA juvenile programs be administered through the Office.

The Senate amendment contained a provision not in the House bill that affirms the authority of the Associate Administrator of the Office to administer LEAA juvenile justice funds subject to delegation and direction by the Administrator of LEAA. The Conference substitute adopts the Senate provision. The Conferees intend that the Department of Justice fully implement section 527 of the 1974 Act so as to assure that all Crime Control Act juvenile programs are actually administered by the Associate Administrator or at least subject to the Associate Administrator's policy direction and concurrence. In this regard, it is expected, as required by the 1976 maintenance of effort amendment and by comparable language in the 1974 Act, that each Crime Control Act program component or activity, including, but not limited to, all direct assistance, all collateral assistance, and management and operations, allocate at least 19.15% of its resources for juvenile justice and delinquency prevention programs.

The Senate amendment changed the title of the head of the Office from Assistant Administrator to Associate Administrator and added the Associate Administrator to the Executive Schedule, level V.[1] The House bill only made the change in title. The Conference substitute adopts the Senate provision.

Concentration of Federal Effort

Annual Federal Reports—The Senate amendment consolidated the annual analysis and evaluation and the annual comprehensive plan into a single concise report to be submitted prior to December 31 of each year. The House bill made no change in the annual report provisions. The Conference substitute adopts the Senate provision with the modification of deleting the word "concise."

Delegation of Functions—The House bill provided that the Administrator may delegate any of his functions under this title, except the making of regulations, to any officer or employee of the Administration. The Senate amendment includes the making of regulations as a function that may be delegated. The Conference substitute adopts the Senate provision with the intent that any delegation of the making of regulations shall only be made to an officer or employee within the Office of Juvenile Justice and Delinquency Prevention.

Federal Coordinating Council—The Senate amendment required that the reports of the Coordinating Council be adequate but concise and authorized the Coordinating Council to review the programs and practices of Federal agencies and report on the degree to which funds are used for purposes consistent with the deinstitutionalization and separation mandates of the Act. There was no comparable provision in the House bill. The Conference substitute adopts the Senate amendment with the modification of striking the word "concise."

National Advisory Committee for Juvenile Justice and Delinquency Prevention—Both the House bill and the Senate amendment expanded the range of persons eligible for membership on the National Advisory Committee. However, the Senate amendment also provided that persons with special experience with school violence and vandalism and learning disabilities are eligible for appointment to the Committee. The Conference substitute adopts the Senate amendment, with the modification that individuals have special experience and competence in the selected areas.

The Senate amendment contained a provision not in the House bill which provided that the annual recommendations of the National Advisory Committee be included in the annual Federal report. The Conference substitute does not contain the Senate language. The Conferees intend to avoid duplicative reporting requirements, but in no way intend to curtail the wide dissemination of the views of the National Advisory Committee.

The Senate amendment clarified the intended role of the Advisory Committee relative to the activities of the Office of Juvenile Justice and Delinquency Prevention. There was no comparable provision in the House bill. The Conference substitute adopts the Senate amendment.

The House bill contained a provision not in the Senate amendment that deleted the Director of the National Institute of Corrections from membership on a Subcommittee of the Advisory Committee. The Conference substitute does not contain the House language.

The Senate amendment directed the Associate Administrator to provide such staff and other support as may be necessary for the National Advisory Committee to perform its duties. There was no comparable House bill provision. The Conference substitute adopts the Senate provision with the intent that the Associate Administrator will determine the level of staff and other support necessary for the performance of the Committee's duties.

Formula Grant Program

The House bill clarifies the term "local government" to mean "units of general local government or combinations thereof" consistent with the definition in section 103(8). The Senate amendment deleted the reference to local government entirely. The Conference substitute adopts the House provision.

The Senate amendment increased the minimum State formula grant allocation from $200,000 to $225,000 and, in the case of certain territories, from $50,000 to $56,250. The House bill contained no comparable language. The Conference substitute adopts the Senate provision.

Planning and Administration Funds—The House bill deleted the provision limiting the use of formula grant funds for planning and administration purposes to 15 percent. A companion provision in the House bill provided that no such funds could be used for preparation and promotion of the State plan, the cost of preparation, pursuit or promotion of applications for funds, or for administration services associated with such plans or application. The Senate bill contained no comparable provision. The Conference substitute provides that, beginning in fiscal year 1979, not more than 7½ percent of a State's total annual formula grant allotment shall be used to pay the costs of planning, administration (including monitoring and evaluation), and any pre-award activities carried out in association with the State plan, and that formula grant monies used for such purposes (including monitoring and evaluation) would have to be matched on a dollar-for-dollar basis from State or local government funds. The conferees do not intend to prohibit the use of the State's share of Federal formula grant funds for research or evaluation done by independent private agencies outside State government. The conferees expect that this provision will encourage States to use a greater share of their formula grant funds for action programs while retaining sufficient flexibility to insure that essential planning and administration services (including monitoring and evaluation) are performed. In order to provide time for the States to adjust to this change in the program, this provision will not take effect until October 1, 1978. Until that time, i.e. during fiscal year 1978, the 15 percent limitation on planning and administration costs in the 1974 Act will remain in effect.

Matching Funds—The House bill deleted the provision that limited financial assistance under the formula grant program to 90 percent of approved program costs, the non-Federal share to be made in cash or kind, and substituted a provision that such assistance shall be 100 percent of the approved costs of any program or activity. The Senate amendment provided that financial assistance extended under the formula grant program may be up to 100 percent of the approved costs of any assisted programs or activities and limited a State's authority so that it could require a matching share of no more than 10 percent of approved costs. The Conference substitute adopts the House provision but again delays the effective date until October 1, 1978. Until that date, i.e. during fiscal year 1978, the match provisions in the 1974 Act will remain in effect.

State Advisory Groups—The Senate amendment provided that between 5 and 10 percent of a State's minimum formula grant allotment shall be made available to assist the State advisory group to carry out its mandated and assigned functions. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision with the modification that the allotment for the State advisory group shall consist of five percent of a State's minimum formula grant allotment. In adopting this provision it is the intent of the conferees that the funds set aside for this purpose not count against or be included as a part of the maximum amount of the formula grants that may be used for planning and administration purposes under section 222(c).

The Senate amendment required advisory group participation in the development and review of the State's juvenile justice plan prior to submission to the supervisory board for final action. There was no comparable provision in the House bill. The Conference substitute adopts the Senate provision.

The Senate amendment added participation of the private business sector, youth workers involved with alternative youth programs, and persons with special experience with school violence and vandalism and learning disabilities to the listing of examples of private agency interests that may be represented on the State advisory group. The House bill added only participation of the private business sector. The Conference substitute adopts the Senate provision.

The Senate amendment provided for a considerably increased role for State advisory groups including the right to review and comment on juvenile justice and delinquency prevention grant applications submitted to the State planning agency. The Senate amendment also provided that the State advisory group may, upon request, advise the Governor and legislature, and may be given a role in advising, reviewing, or monitoring a number of other aspects of the

[1] It is important to note that the substitute bill does not create a new position to head the Office. It is contemplated that the present Assistant Administrator of the Office is authorized to continue to serve, with the title Associate Administrator, without the necessity of reconfirmation by the Senate. While the duties of the Associate Administrator are somewhat expanded by the bill, Congress may devolve upon one already in office different duties which are germane to his/her office without thereby rendering it necessary that the incumbent should be again nominated, appointed, or confirmed. Cf. *Shoemaker* v. *United States*, 147 U.S. 282, 301 (1893).

State's juvenile justice and delinquency prevention program. There was no comparable provision in the House bill. The Conference substitute adopts the Senate provision with the modification that the time period for the review and comment on grant applications shall not exceed 30 days from the date of the submission of such grant applications to the State advisory group.

Formula Grant Pass-Through—The Senate amendment contained a provision not in the House bill that clarified that formula grant funds may be made available, through grants or contracts, to local private agencies or the State advisory group. The Conference substitute adopts the Senate provision.

The Senate amendment exempted funds made available to the State advisory group from the 66⅔ percent pass-through requirement and from the requirement that not less than 75 percent of such funds be used for advanced technique programs. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment contained a provision not in the House bill that made local private agencies eligible to be recipients of pass-through funds. The Conference substitute adopts the Senate amendment with the modification that direct funding of local private agencies by a State under this subsection shall not be made unless the local private agency has applied to the appropriate unit of local government or combination thereof for funding and been denied. In adopting this provision, it is the intent of the Conferees that if a local private agency is denied funding by a unit of local government or combination thereof, the local private agency may request the State to provide such funding. The Conferees would expect that in considering any such application, the State would provide the unit of local government or combination thereof with a full opportunity to explain why it decided not to fund the local private agency.

Standards Development—Both the House bill and the Senate amendment encouraged the funding of programs and activities to establish standards for the improvement of juvenile justice within the State. The Senate amendment included activities designed to adopt the standards after they are established. The Conference substitute adopts the Senate provision.

Deinstitutionalization—Both the House bill and the Senate amendment provided that juveniles who are charged with or who have committed offenses that would not be criminal if committed by an adult, or such non-offenders as neglected or dependent children, shall be removed from juvenile detention or correctional facilities within three years of submission of the State plan. The Senate amendment specified that compliance must be made within three years of the initial plan. The Conference substitute adopts the Senate provision with the intent that States which have dropped out of participation prior to fiscal year 1978 and seek to reenter the program shall have three years from the time of re-entry to comply. The Conferees strongly note that they intend that this provision not be used to avoid complying with section 223(a)(12)(A). Thus if any State ceases to participate in the program during fiscal year 1978 or thereafter and then subsequently re-enters the program, it is the intent of the Conferees, that such State shall be required to comply with the provisions of this section after having participated in the program for a cumulative total of three years. This cumulative total of three years shall include any three years of participation whether or not these years were consecutive and whether or not these years of participation occurred prior to, during, or after fiscal year 1978.

The provisions of both the House bill and the Senate amendment eliminated language that appeared to require that all status offenders removed from juvenile detention or correctional facilities be placed in shelter facilities. The House bill provided that these children, if placed in facilities, are to be placed in facilities that (i) are the least restrictive alternative appropriate to the needs of the child and the community, (ii) are in reasonable proximity to family and the home communities of the juveniles and (iii) provide a full range of services designated to include, but not limited to, providing medical, educational, vocational, social and psychological guidance, training, counseling, alcoholism treatment, drug treatment and other rehabilitative services. The Conference substitute provides that all participating States shall include in their annual reports to the Associate Administrator a review of the extent to which they have complied with the deinstitutionalization provision and a review of progress made to provide that the goals in (i), (ii), (iii) are carried out. The Conferees strongly encourage the States to make every effort to achieve these goals within the time frame with regard to full compliance established by section 223(a)(12)(A) and section 223(c) of the Act. In this regard the Conferees note that they did not comtemplate that every facility would directly provide all of the services designated in (iii) above, but instead that these designated services for the child and the family should be readily accessible in the community.

The Senate amendment required that alternative nonsecure placements for juvenile offenders also be monitored under section 223(a)(14) in order to insure that they are properly classified as facilities that are not juvenile detention or correctional facilities. The House bill contained no similar provision. The Conference substitute adopts the Senate provision.

The House bill provided that the Administrator's determination of substantial compliance with the deinstitutionalization requirement be made with the "concurrence" of the Associate Administrator. The Senate amendment did not contain this requirement The Conference substitute adopts the House provision.

Reallocation of Funds—The Senate amendment required that the Administrator endeavor to make reallocated formula grant funds available on a preferential basis to States which have achieved compliance with the deinstitutionalization of status offenders requirement and to make a nonparticipating State's reallocated formula grant funds available to public and private agencies in that State for the purpose of developing alternatives to institutionalization. The House bill required that all reallocated formula grant funds be made available as special emphasis funds but established no preferences for their expenditure. The Conference substitute adopts the Senate provision with the intent that the Office of Juvenile Justice and Delinquency Prevention will determine the order of the preferences established by the amendment. It is also the intent of the Conferees that the amount allotted to any nonparticipating State shall in no event exceed the formula grant allocation that such State would have been eligible to receive for the particular fiscal year.

Special Emphasis Prevention and Treatment Programs

School Violence and Vandalism—The Senate amendment encouraged special emphasis attention to new approaches and techniques with respect to the prevention of school violence and vandalism. The House bill contained no comparable provisions. The Conference substitute adopts the Senate provision.

Youth Advocacy Activities—The Senate amendment provided special emphasis authority for youth advocacy programs for and protecting the rights of youth impacted by the juvenile justice system. The House bill contained a comparable provision. The Conference substitute adopts the House provision, noting that the Conferees intend youth advocacy services to include a full and comprehensive range of services.

State Legislatures—The Senate amendment provided special emphasis authority to assist State legislatures to develop legislation that would assist in achieving State compliance with the mandates of the Act and to devote greater resources to those purposes. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

Allocation to Program—The House bill provided that not more than 20 percent, rather than 25–50 percent, of Part B funds be available only for the special emphasis program. The Senate amendment contained no comparable provision. The Conference substitute does not contain the House language. The Conference substitute provides that 25 percent of Part B funds be available only for the special emphasis program.

Private Agency Share—The Senate amendment increased the minimum private agency share of special emphasis funding from 20 to 30 percent The House bill contained no similar provision. The Conference substitute adopts the Senate provision.

General Provisions

Formula Grant Funds as Match—The Senate amendment and the House bill both prohibited use of formula grant funds to match other LEAA funds. The Senate amendment, unlike the House bill, permitted up to 100 percent of a State's formula grant funds to be used as match for other Federal juvenile delinquency program grants. The Conference substitute adopts the House provision.

Match—The Senate amendment specified that the Administrator's authority to require a matching contribution extends to grants for the concentration of Federal efforts, the special emphasis program, and programs of the National Institute for Juvenile Justice and Delinquency Prevention. The House bill extended the Administrator's authority to require any recipient of a grant or contract to contribute money, facilities, or services to include all title II programs. The Conference substitute adopts the Senate provision with the modification that special emphasis programs are deleted from such authority.

Confidentiality of Program Records—The Senate amendment provided for confidentiality of program records, restricting the disclosure of program records unless otherwise authorized by law, with the consent of the service recipient or legally-authorized representative, or as necessary to perform the functions required by the Act. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

National Institute for Juvenile Justice and Delinquency Prevention

The Senate amendment provided that the Institute has the authority to assist, through training, State advisory groups or comparable public or private citizen groups in nonparticipating States in the accomplishment of their objectives. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment permitted the National Advisory Committee to refine its recommended standards for juvenile justice and to assist in the adoption of appropriate standards for juvenile justice and to assist in the adoption of appropriate standards at the State and local levels. The House bill contained a similar provision that would require the Committee to assist in the adop-

tion of standards. The Conference substitute adopts the Senate provision.

The Senate amendment authorized the Institute to develop and support model State legislation designed to implement the mandates of the Act and the standards developed by the Advisory Committee. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment included persons involved with law-related education projects, youth workers and citizens groups as eligible participants in Institute-funded training activities. There was no comparable House bill provision. The Conference substitute adopts the Senate provision.

Administrative Provisions

The House bill provided a 3-year authorization at authorized appropriation levels of $125 million for fiscal 1978 and such sums as are necessary for fiscal year 1979 and 1980. The Senate amendment also provided a 3-year authorization but at authorized appropriation levels of $150 million, $175 million and $200 million for fiscal years 1978, 1979, and 1980, respectively. The Conference substitute adopts the Senate provision.

The House bill incorporated certain administrative provisions of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, into the Act as administrative provisions. The Senate bill incorporated the same provisions and, in addition, a provision that would restrict the transfer of the functions, powers, and duties specified in the Act to be carried out by the Administration. The Conference substitute adopts the House provision. It is the strong intention of the Conferees that the Office of Juvenile Justice and Delinquency Prevention be retained within the Department of Justice. The Conferees note, however, dependent on the outcome of the Law Enforcement Assistance Administration reorganization, that the Office of Juvenile Justice and Delinquency Prevention may be established as a separate entity reporting to the Attorney General. In this regard the Conferees strongly reaffirm the original integrated approach contemplated for the Office of Juvenile Justice and Delinquency Prevention and each of its component parts, especially as regards its Institute, which has helped to assure that the Office has avoided most of the disappointing experiences of the Crime Control Act program. Similarly, with the advent of the abolition of the LEAA Regional Offices, it is contemplated that the Office retain at least its current fifty-one positions which were predicated on the fiscal year 1975 funding of $25 million and that the juvenile justice formula grant program along with necessary staff, including regional juvenile justice specialists, and resources, now be transferred to the Office.

Runaway Youth Act

The House bill provided a 3-year authorization of $25 million for fiscal 1978 and such sums as are necessary for fiscal 1979 and 1980. The Senate amendment also provided a 3-year authorization, but authorized $25 million for fiscal years 1978, 1979, and 1980 respectively. The Conference substitute adopts the Senate provision.

The House bill further provided the President with permissive authority to provide Congress, after January 1, 1978, with a reorganization plan to transfer the Runaway Youth Program from the Department of Health, Education, and Welfare to the ACTION Agency. The Senate amendment contained no comparable provision. The Conference substitute adopts the House provision with the modification that any such reorganization plan not be submitted until after April 30, 1978, and that the Office of Juvenile Justice and Delinquency Prevention within the Department of Justice be added as an eligible recipient of any such transfer as might be advised in the reorganization plan should one be submitted.

Extension of Juvenile Delinquency Prevention Act

The Senate amendment contained a provision, not in the House bill, that deleted expired title IV of the Act. The Conference substitute adopts the Senate provision.

The Senate amendment contained a provision that would allow a Federal court, upon the completion of any juvenile delinquency proceeding, to respond to inquiries from any victim of such juvenile delinquency (or if the victim is deceased from the immediate family of such victim) related to the final disposition of such juvenile by the court. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision. It is the intent of the conferees that the response to any such request would be restricted to information that might assist the victim, or the victim's family, to overcome any psychological damage that resulted from the act of delinquency. Normally such information would be restricted to whether or not the court had placed the juvenile in any form of treatment or incarceration and the length of any such treatment or incarceration. It would not include such information as the name, present location, prior record, or former place of residence of the juvenile.

National Institute of Corrections

The Senate amendment provided that the Associate Administrator of the Office shall be an ex officio member of the National Institute of Corrections Advisory Board. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

CONFORMING AMENDMENTS

The House required that the chairman and at least two other members of the State advisory group shall be appointed to the State planning agency supervisory board. The Senate amendment contained a similar provision but limits the additional representation to citizen members and requires that any State planning agency executive committee shall include proportional representatives of advisory group/State planning agency members. The Conference substitute adopts the Senate provision.

The Senate amendment required that the LEAA annual report be submitted to the House Committee on Education and Labor and that the annual report contain specified information pertaining to the implementation of the Juvenile Justice and Delinquency Prevention Act. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The House bill increased the number of authorized supergrade positions under the U.S. Code from 25 to 26. The Senate amendment contained no comparable provision. The Conference substitute does not retain the House provision.

CARL D. PERKINS,
IKE ANDREWS,
AUGUSTUS F. HAWKINS,
WILLIAM D. FORD,
BALTASAR CORRADA,
ALBERT H. QUIE,
BILL GOODLING,
Managers on the Part of the House.

JOHN CULVER,
BIRCH BAYH,
DENNIS DECONCINI,
CHARLES MCC. MATHIAS, Jr.,
MALCOLM WALLOP,
Managers on the Part of the Senate.

APPOINTMENT AS MEMBERS OF PERMANENT SELECT COMMITTEE ON INTELLIGENCE

The SPEAKER. Pursuant to the provisions of House Resolution 658, 95th Congress, the Chair appoints as members of the Permanent Select Committee on Intelligence the following Members of the House:

Mr. BOLAND of Massachusetts, chairman; Messrs. ZABLOCKI, BURLISON of Missouri, MURPHY of Illinois, ASPIN, ROSE, MAZZOLI, MINETA, FOWLER, BOB WILSON, ASHBROOK, MCCLORY, and ROBINSON.

OIL POLLUTION COMPENSATION AND LIABILITY ACT

(Mr. MURPHY of New York asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MURPHY of New York. Mr. Speaker, I rise for the purpose of notifying Members of the House of the latest development in connection with H.R. 6803, a bill to provide a comprehensive system of liability and compensation for oil spill damage and removal costs, and for other purposes.

This legislation, resulting from extensive hearings conducted by the Committee on Merchant Marine and Fisheries in both the 94th and 95th Congresses, was reported to the House by the committee on May 16, 1977, in House Report No. 95–340, part I. That report was a culmination of careful, extensive consideration of a problem. The solution for which is long past due. The bill is simple in concept and, hopefully, will be simple to administer.

In essence, it imposes strict liability on the owners and operators of vessels and facilities which are the source of oil pollution, resulting in damage to property or natural resources and involving, in some cases, massive cleanup costs. While imposing strict liability on owners and operators, the bill permits those who are personally innocent of wrongdoing to limit that liability to specified insurable levels. As a backup mechanism for responding to claims for oil pollution damage from unidentified sources, or for amounts in excess of permitted limitations, or for amounts in excess of permitted limitations, the bill establishes a compensation fund, to be maintained at a level of between $150,000,000 and $200,000,000, which is available to respond without limitation to claims for provable damages.

As a result, the bill imposes front-line settlement responsibility on the owner or operator of the spill source, whether that source is a vessel, a production platform, the source owner is, in fact, innocent of refinery, or any other oil handling facility. In cases of extensive damage, where the source owner is, in fact, innocent of wrongdoing, he still is held liable, up to a specified amount. But in such a case, the excess damages will be responded to by the fund which is derived from a fee levied against the oil owner. In effect,

this divides the liability between the oil handler and the oil owner.

H.R. 6803 was referred jointly to the Committee on Merchant Marine and Fisheries and the Committee on Public Works and Transportation. Subsequent to the filing of the Merchant Marine and Fisheries Committee report, the Subcommittee on Water Resources in the Committee of Public Works and Transportation, and later the parent committee, considered the report of the Merchant Marine and Fisheries Committee and, by letter of June 30, 1977, the Honorable HAROLD T. (BIZZ) JOHNSON, chairman of the Committee on Public Works and Transportation, notified me that his committee had concurred in our report. The concurrence was conditioned upon the willingness of our committee to include as a part of its committee amendments several technical and conforming amendments to be added to the bill.

On July 13, 1977, the Committee on Merchant Marine and Fisheries, after reviewing Chairman JOHNSON's letter, agreed to adopt the proposed amendments as its own and to add them to the committee amendments included in our report of May 16, 1977. Our committee determined that the proposed amendments were germane, lended clarification to various items in the bill, and served to improve the provisions of the legislation.

Operating under the present House rules, it has become apparent that the joint referral system can create roadblocks to desirable legislation through the inability of all the committees involved to find the time to give the bill the attention it deserves. The action of the Committee on Public Works and Transportation, in this instance, reflects a procedure which removes that threat from the joint referral process. By the splendid cooperation of the Committee on Public Works and Transportation with my committee on this bill, the potential long and involved process has been shortened considerably. Without in anyway abandoning any jurisdiction over the subject matter, Chairman JOHNSON and his committee have considered the bill and have been able to take a position reflecting that consideration, serving to improve proposed legislation reported by another committee.

With the unanimous, bipartisan support of the members of both our committees, and with the endorsement of industry and of governmental and environmental groups, I look forward to the passage of H.R. 6803 at an early date, hopefully next week.

For the benefit of Members, so that they may be aware of the additional amendments to be incorporated in the bill as amended originally by the Committee on Merchant Marine and Fisheries, I am submitting for printing in the RECORD a copy of Chairman JOHNSON's letter of June 30, 1977 and of replies which I have addressed to him and to the Honorable RAY ROBERTS, chairman of the Subcommittee on Water Resources.

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, HOUSE OF REPRESENTATIVES,
Washington, D.C., June 30, 1977.

Hon. JOHN M. MURPHY,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to let you know that the Committee on Public Works and Transportation concurs in the Merchant Marine and Fisheries Committee report (H. Rep. 95-340 Part 1) on H.R. 6803, the "Comprehensive Oil Pollution Liability and Compensation Act". This concurence is based on the inclusion of several technical and conforming amendments to be added to the bill when it is considered on the House floor and certain legislative history clarifying other provisions, all of which have been coordinated by our staffs and approved by our Committee.

This Committee recommends the following amendments:

(1) Page 2, line 1, strike out "fix 'means' " and insert in lieu thereof "means".

(2) Page 2, line 15, immediaetly after "or" insert "political".

(3) Page 3, line 2, after "States" insert "while operating in such waters".

(4) Page 8, after line 3, insert the following:

(cc) "internal waters of the United States" means those waters of the United States lying inside the base line from which the territorial sea is measured and those waters outside such base line which are a part of the Gulf Intracoastal Waterway.

(dd) "gross ton" means a unit of 100 cubic feet for the purpose of measuring the total unit capacity of a vessel.

(ee) "barrel" means 42 United States gallons at 60 degrees Fahrenheit.

(5) Page 8, line 7, immediately before the period insert a comma and the following: "except that such limitation shall be increased to the extent necessary to permit any moneys recovered or collected which are referred to in subsection (b)(2) and (3) of this section being paid into such fund".

(6) Page 8, line 16, strike out "; and" and insert in lieu thereof a period.

(7) Page 8, strike out lines 17 through 25, inclusive.

(8) Page 10, line 9, after the period add the following: "No modified fees paid by any owner of a refinery or a terminal pending completion of judicial review of the modified fee regulation shall be repaid to such owner notwithstanding the final judicial determination."

(9) Page 32, line 23, before the period insert the following: "to the extent of the admitted liability".

(10) Page 44, line 7, after the period add the following: "The second sentence of paragraph 6 of subsection (b) is amended by striking out "the owner or operator" and inserting in lieu thereof "whoever being".

This Committee further recommends that appropriate legislative history be made on the following matters:

(1) At page 6, line 16—the term "person in charge" requires clarification. A vessel at a terminal may be in the charge of either the owner or operator of the vessel or the terminal. For example, when a barge is loading or unloading at a terminal, it is often the practice that the person in charge is the manager of the dock area rather than the barge operator. In such cases any penalty for a spill should not be leveed on the barge owner or operator.

(2) At page 9, lines 12-20—with respect to the waiver of fees, the provision could be construed to permit the Secretary of Transportation to conclude that oil from deepwater ports being transported in a pipeline passing through the navigable waters (or other waters) is not a significant threat. Legislative history should discourage such a waiver.

(3) At page 14, lines 10-13—Section 103 (b)(4) may be narrowly construed to apply to annual earnings. This would effectively preclude recovery by a seasonal business or employee. The legislative history should clarify that the qualifying "25 per centum" refers to a period relating to the incident rather than to the entire year.

(4) At page 16, lines 4-11—The legislative history should indicate that section 103(c) does not preclude the Attorney General from taking appropriate action with respect to class actions at any time.

(5) Legislative history should reflect that the requirement of evidence of financial responsibility for owners or operators of any vessel over 300 gross tons with respect to hazardous substances is transferred from section 311 of the Federal Water Pollution Control Act to section 105(a)(1) of this Act.

Our acquiescence in order to expedite passage of this very important and urgently needed bill, of course, is not to be construed in any way as an abandonment of the jurisdiction of the Committee on Public Works and Transportation over oil pollution control legislation or any aspect thereof.

I congratulate you and the Committee on Merchant Marine and Fisheries on an excellent job, and it is a pleasure as always to work with you.

Sincerely,
HAROLD T. (BIZZ) JOHNSON,
Chairman.

HOUSE OF REPRESENTATIVES, COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C., July 19, 1977.

Hon. RAY ROBERTS,
Chairman, Subcommittee on Water Resources, Committee on Public Works and Transportation, Rayburn House Office Building, Washington, D.C.

DEAR RAY: I just wanted to let you know that I have written to the Speaker today requesting that H.R. 6803, with amendments, be put on the Suspension Calendar on July 25, 1977, or any other appropriate day prior to the August Recess.

This measure, of course, is a bill we have been working on for several years to provide a comprehensive system of liability and compensation for oilspill damage and removal costs. It is now ready to go to the House Floor for consideration in that forum because of the fine spirit of cooperation between our two Committees.

I want you to know that we are very appreciative of your expeditious and intelligent handling of this measure, and I look forward to future cooperative endeavors by our Committees in this same vein.

Sincerely,
JOHN M. MURPHY,
Chairman.

HOUSE OF REPRESENTATIVES, COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C., July 19, 1977.

Hon. HAROLD T. JOHNSON,
Chairman, Committee on Public Works and Transportation, Rayburn House Office Building, Washington, D.C.

DEAR BIZ: I have just written a letter to the Speaker requesting that H.R. 6803, with amendments, be put on the Suspension Calendar on Monday, July 25, 1977, or on any other appropriate day prior to the August Recess.

As you know, this important measure would provide a comprehensive system of

liability and compensation for oilspill damage and removal costs. I would like to take this opportunity to thank you and your colleagues for your splendid cooperation with the Merchant Marine and Fisheries Committee with respect to consideration of the provisions of H.R. 6803. Your enlightened consideration of this measure, together with your kind cooperation, has made it possible for us to speed this important legislation on its way and to be able to bring it to the House Floor for consideration expeditiously.

I would like you to know that I am extremely pleased with the cooperative way in which our two Committees handled this significant legislation, and I look forward to our Committees working together in the future in this same progressive and positive manner.

Sincerely,

JOHN M. MURPHY,
Chairman.

HOUSE REPUBLICAN TASK FORCE ON ENERGY

The SPEAKER. Under a previous order of the House, the gentleman from Indiana (Mr. HILLIS) is recognized for 60 minutes.

GENERAL LEAVE

Mr. HILLIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HILLIS. Mr. Speaker, today we will hear remarks from members of the House Republican Task Force on Energy, as well as from other Members who, for purposes of this occasion, have requested time to speak individually on the energy issues as they see them.

No issue before this Congress seems to have commanded so much attention, and yet has produced so little understanding. So much has been written on the Nation's energy dilemma, so much has been broadcast, publicized, debated, and analyzed in full public view. And yet, I would submit that no issue has left American public opinion so beleaguered and confused and divided over what is to be done about it.

Part of an explanation would be that we are dealing with a most highly scientific and technical subject.

My point, of course, is that the full range and scope of this country's energy situation involves broad and complex interrelationships. Is it any wonder that, in my own congressional district in Indiana, only half of my constituents believe we are faced with a critical problem. The other half believes there is no problem—or if there is, it is not a crisis in energy but rather a crisis that has been orchestrated by the energy producers, or created by shortsighted Government policies, or both.

Personally, I find it very disturbing that there is such a credibility problem over pinpointing—if that is possible—the basic causes of the current energy picture. And part of that credibility problem appears to be trying to pinpoint what the energy picture, itself, really is.

The fact that I speak today as chairman of a Republican task force, however, I hope does not leave a literal impression that there are only two solutions offered for our energy situation—one Republican and one Democratic. It is true that we will be speaking as Members of the minority party in the House, but I wish to point our very clearly that we are not here today to utterly reject the administration's energy proposals simply because the administration is comprised of the majority party. We, in fact, accept portions of the administration program while we beg to differ with others, not because of their political affiliation, but because of what they are and what they will or will not do—just as we can accept other parts of the administration proposals on that same basis.

Getting back to my initial comments about whether or not we are faced with an energy crisis, I suppose that when you get right down to it, it depends on how you define it. But, certainly, no one can deny we are faced with a national problem of great magnitude—and I think I need only point to the undisputable fact which remains: we are no longer energy independent. To me that means a crisis, or at the least, an impending crisis if we do not put this country back on the road to producing its own energy. Because without it, we could become a second-class Nation.

My colleagues on the task force and those others who have asked to address this Chamber individually, I assure you, wish to address themselves reasonably and prudently to some of the more specific concerns with the overall administration program. In general you will hear many complimentary observations, I am sure, with regard to conservation, as for example, the administration's oil storage program. And I think you will find, for example, a basic agreement with the administration on conversion to coal, our most abundant resource.

It is one thing, however, to conserve energy. We also must produce more energy, much more. And here is where we see a major weakness in the administration program which my colleagues on the task force will be addressing shortly. I strongly believe energy exploration must be the great undertaking of this decade, just as putting a man on the Moon was in the decade that preceded this one.

I also think it is time to level with the American people. I believe the leadership of this country has to face up to the fact that the period of having cheap energy is over. People would not like that. It would not be popular. In fact, my constituents have let me know that while they are for stepping up production of energy, they still do not like the idea of paying more. They do not want taxes on energy, and many do not want deregulation. So regardless of whether you call it a Republican program or a Democratic program, one way or another we are destined to have to face the American people and tell them, as kindly but straightforwardly as we can, that if we are going to produce the energy we need we are going to have to pay for it. And paying for it seems to be at the root of some other differences we have with the administration program.

It is in this regard we feel the administration program tends to be more punitive than it should be by approaching energy by putting taxes on it. We would like to think Congress and the executive branch would want to take the most positive approach it can with the American people—but instead, to tax energy is a roundabout way of disciplining America like children to keep them from using too much. That is why it seems to us that deregulation of the price of energy is more desirable than placing taxes on it. That is based on the belief, generally, that the consumer at least has some assurance of future domestic supplies in return for the higher prices he pays. This seems better than paying higher prices on energy in the form of punitive taxes which will not assure us of any increased production for future supply.

These are the general themes. But I wish to assure this body that we neither claim to have all the answers nor all the solutions. But we do urgently hope, in presenting our views as fairly and honestly as we can, that Congress and the administration can go much further toward arriving at a consensus on energy—one that the American people not only can better understand what is going on, but most of all can believe.

[From the Christian Science Monitor, July 26, 1977]

NAZIS' WARTIME SYNTHETIC FUEL SUCCESS RESEARCHED

(By Dudley Lynch)

COLLEGE STATION, TEX.—For two years, a research team at Texas A&M University has been tracing the energy records of Nazi Germany in an attempt to learn how Hitler's regime waged war almost totally on synthetic fuels.

"By late 1939, almost 80 percent of the country's petroleum needs were being produced synthetically from materials like coal and sawdust," says Dr. Richard E. Wainerdi, who heads the German Document Retrieval Project.

Thus far, Dr. Wainerdi's 10-man research team has uncovered more than a million pages of German industrial documents dealing with synthetic energy processes, many of them ignored since the end of World War II. The researchers are indexing and cataloguing the documents, using the computer at the U.S. Energy Research and Development Administration Technical Information Center at Oak Ridge, Tennessee.

Dr. Wainerdi says technical experts will have to determine the value of what his team is uncovering, but he shares these observations:

Compared with Nazi Germany's energy plan, the current U.S. plan is woefully inadequate. "This country's proposed plan covers 283 pages," he says. "The Germans' plan covered 6,000 pages."

The Germans knew how to make synthetic oils from at least 20 different processes. And not just oils. "They were even making butter synthetically," he says.

A synthetic fuel economy can be instituted quickly, if the German experience is any guide. Says Dr. Wainerdi, "Some of their plants were built in as short as eight months' time."

Some of the synthetic processes are so "enormously difficult" that the most valuable knowledge the Texas A&M project may provide is in knowing which processes worked and which ones didn't.

At first, Dr. Wainerdi had only scientists on his team. But today, nearly half of the staff is made up of historians whose primary job is to find the documents. Thus far, they have turned up materials—much of it in boxes unstrapped since they left Germany—in 23 repositories, including the Imperial War Museum in Britain, the National Archives in Washington, D.C., and U.S. Government document storage areas at Maxwell and Wright-Patterson Air Force Bases.

"There has never been a similar opportunity in modern history," says Dr. Wainerdi, who directs the university's Center for Energy and Mineral Resources. "This is a chance to investigate the entire industrial records of a country whose scientific and industrial expertise on this subject was advanced."

As word of the project spread, dozens of U.S. scientists who led Allied document retrieval teams at the end of the war and in some cases German technicians themselves have contacted the researchers.

The $150,000 cost of the project thus far has been underwritten by three U.S. chemical companies: Union Carbide, Diamond Shamrock, and Dow Chemical Company, but the information being uncovered is available to any company without charge.

Dr. Wainerdi estimates that the project may run another five years and cost several million dollars, should its leaders and sponsors feel that the expenditures are justified. Dr. Kurt J. Irgolic, associate director of the project, says, "If we prevent merely the commission of a single mistake in the construction of the reactor of a demonstration plant, our project will pay for itself."

He, for one, believes the project is a "chance of a lifetime," noting the German's pre-war reputation for scientific achievements. "In the 1930s, you must remember then that any American with ambitions in organic chemistry was finding some way to spend at least a year studying in Germany," he says.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I congratulate the gentleman on his statement and also for the obvious amount of hard work and the perceptive analysis that has gone into the preparation of this statement. I have served on several task forces that have looked into other areas and I know the hard work that has gone into them.

I only hope in the final analysis the American people will insist that their representatives reject the tax proposal and vote for proposals along the lines the distinguished gentleman, our colleague from Oklahoma, is presenting.

I certainly commend the gentleman for that work and hope before it is too late that we follow the course of action the gentleman suggests.

Mr. HILLIS. I thank my colleague, the gentleman from Ohio, for his remarks.

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, I want to commend the gentleman on the practical and pragmatic approach the gentleman has taken toward energy and the work the gentleman has done as chairman of our energy research and development program. There are many ways that America can meet and solve the energy situation, but they have to go into production as part of it. For so many years we have been getting further and further behind, and coal is our eventual basic supply source. So many times when we hear people talk on the floor of the Congress they talk and emphasize solar energy. Solar energy is very important, but there is no way in the next 15 years that it is going to account for over 2 percent of our energy supplies.

On the other hand, what we can do with coal, if we use it right, is tremendous.

Mr. Speaker, I would like to ask the gentleman from Indiana (Mr. HILLIS), what does the gentleman think of alcohol as a source of energy? Does the gentleman think that will be developed as a potential source?

Mr. HILLIS. Mr. Speaker, I think it has potential as a synthetic fuel to help supplement, but we are dealing with such volumes of energy that it may be a supplement with petroleum to stretch mileage.

Mr. GLICKMAN. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Speaker, I would like to comment on the gentleman's thoughts on alcohol. I have done an extensive amount of research on that subject and probably will do some more in the future. That is the most underestimated fuel source we have in our country today. The Germans used alcohol to propel their entire war machinery in the last 3 years of the war. Most of it was based on potatoes, believe it or not.

While alcohol alone I do not believe will handle the energy crisis, we could equip our cars right now with 10 percent of alcohol in the gasoline with no modification whatsoever to the automobile and result in a car that is not only more fuel efficient, but in terms of emissions has lower emissions than even under the most stringent clean air standards we are talking about. It is something that would have tremendous use, particularly in agriculture.

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield further?

Mr. HILLIS. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Speaker, I very much appreciate what the gentleman from Oklahoma has had to say, because there are many ways we could go after this energy problem.

The other day we talked about alcohol and they did cite the German example when they had the necessity and had to face up to it, they did turn to alcohol.

I was interested in hearing that these fast racing automobiles rely on alcohol.

If we do apply ourselves, there is one additional source.

Mr. HILLIS. Mr. Speaker, I know that the gentleman from Nebraska has worked on a project called gasahol. It is a thing that has worked. Part of it is an economic problem, I guess, of the price of alcohol in reference to gasoline; but the time has come when that would be very feasible.

Mr. GLICKMAN. Mr. Speaker, if the gentleman will yield further, in 1939 there was a bill before this Congress to exempt alcohol fuel from Federal gasoline taxes. Of course, at that time there was some concern on the part of the administration anticipating the war effort that we would not have enough fuel to propel either our domestic use or war machinery.

One thing that concerns me very much as we go into the energy bill next week is the fact that although it is not as comprehensive as I would like to see, there is really no way we can explore that concept, because we will be voting on gasoline taxes.

Perhaps an idea comes to my mind, why not float the idea of providing for other fuels from gasoline taxes.

Mr. COLLINS of Texas. Mr. Speaker, if the gentleman will yield further, I favor taxing everything equally, coming from a gas-producing area. I would like to see something done about energy requirements. We have had extensive hearings in the last 3 months and from every witness it was brought out that for the next 10 years we are going to have to depend primarily on oil and gas, because they account for 74 percent of the energy in America and for the next 10 years they will continue to account for the energy in America. If they are going to so continue, we need to provide incentives, because the oil is there and the gas is there.

One thing that is very important is the fact that we have become more and more reliant on foreign oil to the point we have begun to really disturb our entire economic structure. In 1972 this country imported less than $5 million worth of oil. That was all we spent was $5 million for the oil we imported and we paid the Arab OPEC countries $5 million. Today, in 1977, just 5 years later, we are spending over $45 billion for that Arab OPEC oil.

It is over half the oil we are using in this country. What we must do in America is to go back and start producing, because we have a tremendous amount of oil in this country. But, we need to pay the same price as we do for foreign oil. Surprisingly enough, the only commodity in the United States under price control is oil and gas. If we go back to world price and a primary market, we can solve the supply problem of oil and gas within this country.

I thank the chairman of our committee for the fine work he has done on this project.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Speaker, I, too, would like to congratulate the gentleman in the well, the gentleman from Indiana (Mr. HILLIS), for his work in the Republican Task Force on Energy of the Research and Development Group on the minority side, which has done so much good work in trying to figure out how we can address the energy problems that we face in our society.

The first thing that I think ought to be observed is that we have a new mission, or dedication, I guess I should say, on the part of this Congress, the 95th Congress. It is motivated, I suppose, by

the fact that we have a new President in the White House who has presented his ideas about what ought to be done at the Federal level and what ought to be enacted by Congress to encourage the accomplishment of his ideas.

I wish that the last Congress had had the same dedication when President Ford, at the beginning of the 94th Congress, made his presentation of, I think it was 13 individual bills, to try to deal with the energy problem that we faced then. Not all of those bills were addressed by the Congress. Some of them were passed pretty much as he recommended them. Others were in part addressed, and we enacted some legislation, notably the EPCA legislation which affected, I might say, oil-pricing policies. Unfortunately, the way in which we addressed it encouraged imports rather than production, because we set a price ceiling that was a composite of both the price ceiling that had been set under previous legislation for old oil and the price that was then set under those previous enactments, notably the EPAA legislation on new oil.

The result has been, because of a mistake made by FEA in figuring the composite, that actually the price of new oil in the United States has been going down over the last year and a half since the signing of EPCA into law at the end of 1975. So, what we really have been faced with is the declining price of oil, and naturally a declining production in the United States.

When we have declining production in the United States, since our production is not now equal to our demand for consumption of oil, we wind up having to import oil into this country. That comes from the OPEC nations mainly, our friends the Arabs, who have managed to fix the price quite high. The results have been the unfortunate impact on our balance of payments which the gentleman from Texas so properly pointed out.

Lest we get into that same situation on natural gas, where we cannot produce enough gas in this country and have to import gas from abroad in some way, I think we had better address the shortage that we have in natural gas by a more realistic approach to the pricing of natural gas.

So when we consider the energy legislation on the floor next week, the minority will approach it from the standpoint that we want the supply and the best way to get the supply is to remove the dead hand of Government and the price controls that it has improperly set on the supply of these two energy sources, oil and natural gas.

The gentleman from Wisconsin (Mr. STEIGER) will offer, if he is permitted to do so by the rule, an amendment which will reopen the oil pricing section under EPCA in the legislation which we will be considering next week.

I will be offering—and I am told that it will be in order—a proposal to remove or terminate the Federal price controls for natural gas.

I have today put in the legislation which will become the amendment on the removal of Federal price control for natural gas. It is called the Natural Gas Supply and Conservation Act of 1977. It has been given H.R. 8585 as its bill number.

What this legislation will do in the form of an amendment to the new energy policy of President Carter is:

First, it will remove Federal price controls over a narrowly defined category of new natural gas.

Second, it will continue Federal Power Commission pricing authority over old interstate natural gas, but it will not in any way affect the intrastate market in terms of adding Federal controls, as President Carter has proposed.

Third, it will continue Federal Power Commission price controls over offshore gas for 5 years under a new pricing structure which takes into account prospective production costs.

Fourth, it will extend the Emergency Natural Gas Act of 1977, which President Carter requested last winter during the great shortage that we had in the country and, particularly, in the interstate areas, because of the Federal price controls. That act and the part of this amendment which we will attempt to enact will permit the President to allocate natural gas in cases of emergency and permit the President to set emergency ceilings on the price at which gas can be sold over the next three heating seasons when, hopefully, the termination of Federal price controls will permit a full supply for those of us in the Midwest and East who need the natural gas supply and have been unable to get it under Federal price controls.

Fifth, it will protect the consumer by charging boiler fuel users of natural gas the costs associated with the higher price which will be paid when we terminate Federal price controls, the price which will be necessary in order to elicit the supply which will fill up those shortages.

New natural gas under this legislation is defined as gas sold or delivered in interstate commerce for the first time on or after April 20, 1977, provided that such gas was not withheld from the market. That determination will be made by either the local utility commission or the Federal Power Commission. Second, gas defined as new natural gas will be gas from new reservoirs or gas from a new well which is defined as a well 2.5 miles away from an existing producing well or gas from a new well 1,000 feet deeper than an existing well.

One of the arguments that we have heard in the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce is whether or not there are in fact those supplies of oil and gas extant within the United States. We all know, of course, that the discoveries in Alaska and the discoveries that are being made offshore indicate that in areas where we really have not looked up until very recent years there are additional oil and gas supplies, and they are being brought in, albeit at slightly higher prices than the price of the old Permian basin oil and gas from discoveries that took place literally on the surface of the ground.

This reminds us of the way oil and gas discoveries were found when we watch the "Beverly Hillbillies" television show that depicted some guy who shot a rabbit and the oil came bubbling up out of the ground.

That cheap oil is gone now. We are not finding oil in those old areas, but we are finding it in the frontier areas such as in Alaska and on the Outer Continental Shelf.

But the question that remains is this: Can we find new gas and oil elsewhere in the United States in areas that have perhaps been drilled before? The answer comes back as a resounding "yes," except from one source. That gas and oil does exist out there if we drill a little deeper, if we drill in some locations where we have not drilled effectively before, and if we are satisfied to get gas and oil from smaller producing wells and wells that were formerly productive. All of that means that we can get it if the price is somewhat elevated from its present level.

The U.S. Geological Survey, the studies of the Colorado School of Mines, and every industry survey that has been conducted recently show that we have 40 to 50 years of supply of natural gas from conventional sources, if we are willing to go out and find it, if we are willing to invest the capital to do it, and if we are willing to pay the slightly higher prices we may have to pay to get that gas.

Let me speak of my own State of Ohio. The whole eastern part of the State is supposedly underlaid with natural gas, although again it occurs in pockets that are small and the wells that are drilled do not produce for very many years and they do not produce a great supply. But we can get the gas in that area to run factories for several years if we are willing to lay the pipe—and that is costly—and pay the additional price.

I might say that perhaps the greatest source of natural gas for us may very well be that gas which is trapped in salt water, in the geological area that puts it under great pressure at depths that are called the geopressurized zone. And there it may be methane gas that we will be using.

The study done by the Energy Research and Development Administration called the MOPPS study—the marketing-oriented production, price, and supply—indicated that we have immense quantities of gas, both in the conventional natural gas sense and also in the sense of these geopressurized zones which are available for us in order to produce the supply that we will need for not just 40 or 50 years, but maybe hundreds of years. Again, we can do that if we are willing to elevate the price a little bit more than is now the case.

Then after that supply is exhausted, and perhaps in the middle of all that activity, there is the synthetic gas that we can get from gasifying coal which exists again all through the Midwest, including the State of the gentleman from Indiana (Mr. HILLIS), my own State, Pennsylvania, Illinois, and other States of the Union.

Walking back to the office building in which we both have our offices, I recently had a conversation with the gentleman from Missouri (Mr. ICHORD). He said that he had been in the Union of South Africa

and had seen that great plant they have from which they are supplying both natural gas and liquefied coal—and that is a petroleum form—which makes gasoline on which they run their automobiles.

The South Africans do not have too many friends in the world and, therefore, they find it difficult to get gas and oil imported. But they do have lots of coal in their country, and the result of that is that they are gasifying and liquefying that coal at a price we probably would not want to pay right now but which we may have to pay some day if we are to continue our economy on the same basis on which it is operating now.

Before I close, I will put some additional written material into the RECORD, but first I want to make two or three other references to this question of natural gas and price.

First, I will point out that the gentleman from Michigan, DAVE STOCKMAN, did a very extensive study on this subject, and he has strong economic training in his background, as the Members might guess. I was able to cooperate with the gentleman from Michigan in this study, but I must give the credit primarily to the gentleman from Michigan (Mr. STOCKMAN). He did an extensive study of the economic impacts of deregulation on the price of gas versus the present regulation that we have in the United States, and have had for the last 20 years so so.

What the gentleman from Michigan found was that the administration had significantly underestimated the cost of its program in terms of what consumers are faced with as a result of the program of price regulation at the Federal level.

The administration has steadfastly ignored the fact that in the gentleman's State of Indiana and in my own State of Ohio we have many subdivisions that have been built in the last few years; and the people who live in those subdivisions are not allowed to tap into the natural gas distribution system, because of the shortages. The result is that those folks have to use either oil, to the detriment of our national balance of payments, or they have to use electricity. Electricity, of course, for heat comes in at maybe three or four times the price of natural gas, even where it is deregulated in the intrastate market.

That cost has been overlooked by the administration, as has the cost of putting in synthetic gas to fill up the gap that we have in our supplies during the winter months like last winter when we ran, in some parts of Ohio, 25 percent below our needs. That synthetic supply comes at $14, not $2, the way the Texans find, because they can get plenty of gas.

Those costs are not the only costs that we bear when we have shortages. The cost of maintaining the pipeline has to be paid, whether that pipeline has a full supply of gas in it or half the amount of gas that it might have in it. The only thing that we have to face is that when one has half the amount of gas in the pipeline, then each unit of gas bears twice the cost of paying for the pipeline.

That also has forced natural gas prices up in areas like Indiana, Ohio, the Midwest, and the eastern seaboard.

The administration in its study of the cost of natural gas shortages, our gas supplies, overlooked that, too.

It is our estimate that we could save $48 billion between now and 1990 through the gradual removal of Federal price controls on natural gas, $48 billion that would otherwise be spent for pipeline costs where the pipeline was not full of gas or for synthetic gas where the pipeline was not full of gas. However, we have been using electricity or oil where gas was not available to the consumers of this country.

There is a significant cost, then, to consumers, a higher cost to consumers in the fact that we do not have an adequate gas supply.

Mr. Speaker, it was suggested to me by one of my friends on the floor today that maybe some of us ought to sue the Federal Government for withholding natural gas from the consumers of this country through the price-control method. Our consumers suffer, because of that; and when we had the shortages in Ohio and Indiana and in the other parts of the Midwest during last winter's very cold weather, we found that there was a tremendous economic crunch in the community when the factories were closed and kids were home from school. In our own State of Ohio the cost of all of those public institutions that were closed and had to lay off employees so that the employees collected their unemployment insurance has now all been laid on industry.

We could not understand why the newspaper industry, an industry that generally does not have much fluctuation in its employment, had its share of unemployment taxes go up very sharply just very recently in Ohio.

When we inquired—and this is the business I am in in real life back in Ohio—we found out that all industrial unemployment taxes went up because of the closed factories and public institutions, notably schools, last winter as a result of the natural gas shortage.

Mr. Speaker, to illustrate the impact on the economy of our society, I am going to put in the RECORD at this point both the study of the gentleman from Michigan (Mr. STOCKMAN), entitled "The Cost of Natural Gas De-Regulation: A Re-Estimate," and a separate piece that I wrote for the Washington Post on the 18th of June this year, called "The Cost of Not Deregulating Natural Gas." The headline, I might say, is the Post's. I think it has been at a substantial cost.

Mr. Speaker, the study and Washington Post article follow:

THE COST OF NATURAL GAS DE-REGULATION: A RE-ESTIMATE

SUMMARY OF CONCLUSIONS

This study is a re-analysis of the Carter Administration's June 9 study entitled "Estimates of Producer Revenues and Consumer Costs Under De-Control" based on more realistic and consistent assumptions. It produced the following conclusions regarding natural gas supplies and consumer costs under de-control versus the Carter-Dingell provisions for the period 1978–1990:

(1) Natural Gas Supplies. De-control will result in the production of 25 Tcf more gas during the period than Carter-Dingell; by 1990, de-control will result in 3 Tcf of additional gas each year.

(2) Consumer Costs. When the costs of substitute fuels and increased pipeline charges required to compensate for the gas production shortfall under Carter-Dingell are included, the Administration plan will cost American consumers $48 billion more than de-control over the next 13 years; by 1990, the Administration plan will cost consumers $7 billion per year more for equivalent energy supplies compared to de-control.

(3) Carter-Dingell is Little Better Than No Policy Change. Despite claims of "ample incentives" the Administration plan will only increase natural gas production by 7 Tcf or 3.5 percent over the next 13 years relative to what would be produced under a continuation of present FPC policy.

(4) The "Hidden" Cost of Carter-Dingell. Compared to de-control, the Carter-Dingell policy will require consumers to pay an additional $168 billion for high cost substitute fuels (petroleum products and electricity) over the next 13 years, and an additional $44 billion in gas transmission and distribution charges. By ignoring these impacts, the Administration study omitted more than $200 billion in estimating the consumer costs of its gas pricing policy.

(5) Increased Oil Imports. The natural gas shortfall under Carter-Dingell will require the importation of more than 2.1 billion barrels of oil more than under de-control between 1978 and 1990; this will drain $26 to $40 billion from the American economy. By 1990, it will amount to more than 700,000 barrels of increased imports per day.

(6) Increased Interstate Gas Supplies. De-control will increase interstate gas supplies by 44 Tcf during the period, or by 36 percent compared to a continuation of present FPC policy. By contrast, Carter-Dingell will produce no increase in interstate gas supplies and insure an annual recurrence of last winter's severe shortages.

THE COST OF NATURAL GAS DEREGULATION: A RE-ESTIMATE

The cost of declining production

Over the past four years, annual domestic natural gas production has declined by 4 trillion cubic feet (Tcf), or nearly 20 percent from a 1972 peak of 23 Tcf. If this decline is not halted, production will dwindle to less than 14 Tcf by 1990.

This falling production curve has imposed multi-billion annual costs on American consumers. These costs will grow steadily as the shortfall widens. The largest share of these consumer cost increases is attributable to the higher cost of substitute fuels. When it is necessary to equip a new home with an electric heating system because a natural gas hook-up is unavailable, heating fuel costs for the affected home owner rise from $2.00 per million Btu's to nearly $11. When a factory is forced to switch from gas to oil, the cost per million Btu's nearly doubles.

Diminishing gas availability over the next decade will also require that much gas combustion equipment be modified at considerable expense to accommodate petroleum-based fuels. Where the substitute is coal, such equipment must simply be scrapped, at even greater expense.

Similarly, the nation's $50 billion natural gas distribution system will face declining utilization rates. Since a very high proportion of pipeline and distribution system costs are fixed in the form of sunk capital, these costs will have to be recovered over steadily smaller volumes of through-put. The result will be higher unit costs to the remaining users on the gas system.

Finally, it is clear that for at least the medium term, a very large proportion of the gas shortfall will be made up with imported oil. This substitute will be far more expensive than the gas it replaces. Even more important, it will place added pressure on the thin margin of unused OPEC production capacity projected for the 1980's. If natural gas production drops an additional four trillion cubic feet, which is clearly in prospect under a continuation of current policy, U.S. import demands could easily rise by 10 percent. If this increase in demand were to elicit even a 5 percent OPEC price increase, it would generate $2 billion in additional annual costs to American consumers.

Savings from decontrol—$55 billion

The foregoing makes clear that any policy designed to increase the supply of natural gas will actually save the U.S. economy billions of dollars annually. In particular, this study concludes that de-control of the price of new natural gas would save American consumers nearly $55 billion between now and 1990. Moreover, because the supply response to higher prices inevitably takes years to fully materialize, the savings will grow progressively larger during the 1980's. By 1990, the savings from de-control would amount to nearly $10 billion annually, reflecting higher pipeline system utilization rates and diminished need for switching to higher cost replacement fuels.

The administration plan will produce only marginal savings

These projections are considerably at odds with previous estimates offered by the Administration and other opponents of de-control. The source of the difference is that previous studies have inappropriately equated producer revenue increases with consumer cost increases. Under conditions of declining conventional fuel supplies and rising real energy prices, such estimates constitute little more than an analytical non sequitur. The fact is that for the years ahead, an analysis of any pricing policy for any fuel (other than an absolute freeze at current levels) will show substantial increases in producer revenues.

This study, therefore, goes beyond a simple-minded analysis of producer revenue increases at constant levels of gas production. It attempts to estimate the total costs and benefits of each natural gas policy alternative, including the cost of replacement fuels and declining pipeline and distribution system utilization.

This broader analytical framework clearly demonstrates that the Administration's proposed tight ceilings on natural gas prices will impose billions of dollars in unnecessary costs on American consumers during the next decade.

Although Administration spokesmen have repeatedly argued that the proposed $1.75 price cap will provide "ample incentives" for increased production, the table below demonstrates that this is not the case.

With no change from current FPC natural gas pricing policy, cumulative production through 1990 will be more than 32 trillion cubic feet lower than under de-control. If the proposed Carter-Dingell policy is adopted, production will be 25 trillion cubic feet lower than under de-control. Similarly, cost increases to American consumers under the Carter-Dingell policy would be nearly as large—$48 billion versus $54 billion—as under a continuation of present FPC pricing policy.

These figures show that, despite all the claims and assurances to the contrary, the Carter-Dingell policy is hardly better than no natural gas policy change at all. By focusing on the narrow issue of producer revenues, advocates of the Carter-Dingell position have claimed great "savings" from their policy alternative. In reality, these "savings" will be far outweighed by massive, unnecessary cost burdens on energy consumers.

Cumulative production and total energy costs under decontrol, Carter-Dingell and no policy change, 1978–90

	Decontrol	Carter-Dingell	No policy change
Total natural gas production (Tcf)	238.8	214.0	206.4
Difference from decontrol	------	−24.8	−32.4
Total energy costs [1]	$414.2	$461.8	$468.1
Difference from decontrol	------	+$47.6	+$53.9

[1] Billions of 1975 dollars.

Source: See appendix for detailed derivation. Total energy costs include natural gas costs, substitute fuel costs and increased pipeline and distribution system costs.

Basic errors of the administration cost estimates

On June 9, 1977, the White House Office of Energy Policy and Planning released a study entitled "Estimates of Producer Revenues and Consumer Costs Under De-Control". This document projected that under various forms of de-control, producer revenues would increase $56 to $210 billion over the next decade. These estimates became the basis for high-level Administration charges that the Krueger-Brown de-control provisions adopted by the Energy and Power Subcommittee of the House Commerce Committee amounted to a "$70 billion rip-off of the American consumer". It is unfortunate that these estimates were given such widespread public circulation. In no way do they constitute a meaningful or analytically credible estimate of the costs of natural gas pricing policy alternatives.

(1) Inherently Incomplete Analysis. The basic defect in the White House study is that each of the half dozen policy scenarios analyzed assumed exactly the same level of natural gas production, down to the last fractional Tcf, despite average price assumptions under the various cases which ranged from $1.26 to $2.50 per mcf. While there has been considerable debate about the degree of supply elasticity in the natural gas producing industry, not a single credible expert has ever argued that there is zero elasticity of supply over this wide price range.

Once having made this totally indefensible assumption, the Administration's so-called "study" became an exercise in elementary school multiplication and addition. A range of hypothetical prices under various degrees of de-control was applied to a constant volume of gas in each class of flowing and new gas, and the results were summed.

The effect of these unreasonable assumptions, then, was to abort the analysis before it even began! By definition, deregulation will increase producer revenues—a proposition so obvious that a computer model study is hardly required for verification. The real analytical task is to determine the volume of additional supplies of gas which would be produced under deregulation and the incremental costs of these supplies relative to the total cost of using alternate fuels. Since the Administration study is totally silent on both of these questions, it cannot purport to be analysis of de-control.

(2) Unsupported basis for the "Just Price" of $1.75/mcf. An analysis of the detailed production figures included in the Administration study readily demonstrates that much of the study is premised on metaphysics rather than empirical observation or logic. In particular, the study predicts 13 Tcf of new discovery gas production over the 1978–85 period under the Carter-Dingell plan, at an average price of $1.88/mcf. Interestingly, the base case study series (no policy change from current FPC regulation), which was not made public with the remainder of the study tables, shows new discovery gas production over the period at 9.8 Tcf, at an average price of $1.54/mcf. This means that the implied elasticity of supply at the Carter-Dingell price is 1.5—or a 33 percent increase in supply for a 22 percent increase in price. Not even the most reckless advocate of de-regulation has ever argued that the elasticity of supply is 1.5 at any price, and most certainly not at a price just marginally above prevailing FPC levels.

More curiously, the study assumes that above the "just" price of $1.75, the elasticity of supply drops to zero. Even though the price for new discovery gas under the various de-control scenarios is projected to rise to an average level of $2.46 (constant 1975 dollars) during the 1978–85 period, total new gas production in each of the de-control cases is 13 Tcf, the same amount as under the Administration's pricing scheme. Yet after assuming such an extraordinarily high elasticity of supply (1.5) up to the Carter-Dingell price level, it is patently unreasonable to assume that a further 31 percent price increase will produce not one additional cubic foot of natural gas.

The unpublished base case figures, then, reveal the contrived assumptions underlying the Administration study. Relative to the base case, the implicit average elasticity of supply under de-control is assumed to be .54 (22 percent increase in supply versus a 60 percent increase in price). But at the "just" price of $1.75/mcf, the elasticity is assumed to be three times greater. Such a set of assumptions may serve polemical convenience, but they cannot begin to withstand even minimum analytical rigor.

(3) Mis-Pricing of Flowing Gas and Inventories. Three of the four de-control cases analyzed by the Administration study assume that interstate committed contracts would be de-controlled, and that part or all of committed intrastate gas would rise to the free market price. Both of these assumptions are wrong, and constitute a deliberate distortion of the Krueger-Brown proposal.

The Krueger-Brown language adopted by the Subcommittee does not include flowing interstate gas in the definition of "new gas", and explicitly nullifies "most favored nation" and other escalator clauses governing committed intrastate contracts, the mechanism by which these contracts would rise to the de-controlled price.

These interpretive errors lead to a vast exaggeration of the costs of de-control. For cases II through IV, they overstate producer revenues resulting from the Kreuger-Brown proposal by $30 to $154 billion, and constitute an error factor ranging from 42 to 79 percent. These massive errors further undermine the reliability and credibility of the Administration estimates.

Basis for reestimate

In order to prepare a consistent, accurate, and comprehensive estimate of the total

cost to consumers of the Carter-Dingell plan versus Krueger-Brown, we discarded all of the case estimates from the Administration study and returned to the unpublished "base case" from which these estimates were derived. The base case represents the best available data on natural gas supplies and costs over the next decade under a continuation of present FPC policy.

A new model was then developed from the Administration base case premised on more logical and consistent supply elasticity assumptions, and which accounted for the costs of higher priced replacement fuels and for changes in capacity utilization of the pipeline and distribution system. Additional estimates were run on the impact of the higher oil imports that would result under the Carter-Dingell gas pricing policy, but these were not included in the main body of the study. These altered assumptions and cost components were then run against the Administration "base case" to generate total supply and cost figures for each policy alternative.

The major assumptions employed to re-estimate the costs of Carter-Dingell vs. de-control were as follows:

(1) Elasticity of Supply. Rather than employ an extraordinarily high supply elasticity figure for one case, and a very low figure for the other, as did the Administration study, this re-estimate employs a single uniform supply elasticity figure for both the Carter-Dingell case and the de-control case. There is no logical reason to assume that the elasticity of supply for conventional natural gas is significantly different at $1.75 than at $2.50, or at the slightly higher de-control price assumed in this study.

The supply elasticity figure chosen for new discovery gas was .7, a figure near the low end of the range between 1.5 and .5, used in the Administration study to estimate the Carter-Dingell and de-control cases, respectively. This elasticity assumption was only applied to new discovery gas as defined by the Administration pricing plan: gas produced from new reservoirs more than two and one-half miles from an existing well or more than 1,000 feet below an existing producing zone. The production in this category would thus stem from new field wild cat exploratory drilling where the risk factors are high, and where higher prices could be expected to produce a relatively greater supply response than in the case of extension or new pool wells drilled in existing producing fields.

In the case of production from new wells which do not qualify for the Carter-Dingell definition of new gas (i.e. production from new reservoirs within the two and one-half mile perimeter) a more conservative supply elasticity assumption was used. The .35 supply elasticity figure used in these cases is identical to the assumption employed in the Administration study to estimate the production rate from uncommitted reserves under the Carter-Dingell pricing plan.[1]

In short, the supply elasticity assumptions used in this study are nearly identical to those used by the Administration study of June 9, except that they are applied uniformly across the range of prices assumed in the two pricing plans rather than in the arbitrary manner in which they were used in the White House study.

(2) De-control price. The Administration study assumed that the market clearing price for de-controlled natural gas at the well-head would be the Btu equivalent price of industrial distillate oil, less gas transmission costs. While this relatively low de-control price "helped" the de-control case in that it reduced producer revenues, we nevertheless believe that the decontrol price used by the Administration is too low.

Natural gas is a premium fuel in every sense. Its combustion produces almost no harmful pollutants, eliminating the need for the expensive environmental controls used with coal and high sulphur oil. It is easier and cheaper to handle because the user does not have to store it. Burners used for natural gas are cheaper and more reliable than combustion equipment used with other fuels. Natural gas is more versatile, providing the most precise temperature control. In addition to its intrinsic qualities that make it a premium fuel, a gas user who has already invested in combustion equipment can save considerable conversion expenses by continuing to use gas. This further enhances its value in the market.

For these reasons, we believe that the market clearing price for natural gas would rise somewhat above the Btu-equivalent of distillates, which are the best substitute. This study assumes that, reflecting its premium qualities, the de-control price of natural gas would be $2.50 per mcf at the beginning of the period (1975 dollars), rising to $3.00 at the end of the period (1990).

(3) *Substitute Fuel Costs.* In order to calculate the cost of the substitute fuels required because of lower gas production under the Carter-Dingell and no policy change alternatives to de-control, the following assumptions were employed:

(a) The other parts of the Carter energy policy were assumed to be in place and performing as predicted by the Administration. This would result in the curtailment of nearly all utility and industrial boiler fuel use of natural gas by 1990. New facilities, both utility boilers and major industrial fuel-burning installations, would be prohibited from using natural gas for a large proportion of its current applications. The gas not produced under the two alternatives to de-control was therefore assumed to be gas that would have been used for new residences, small commercial establishments, and industrial applications for which a substitute for gas is not technologically or economically feasible, principally feedstock and process uses. None of the uses to which this additional gas would be put are coal-capable; thus the users would have turned to electricity and distillate products as the only available alternatives. Extrapolating from present trends in fuel choice, we assumed that the breakdown between electricity and oil product substitutions would be roughly equal. This may well underestimate the share of electricity. If so, the cost of substitute fuels may be significantly higher than our estimates, as electricity is at least three times as expensive as oil products.

(b) Having concluded that the substitute fuels would be electricity and distillates, as described above, it was necessary to fix a price for these fuels. For the purposes of our study, we adopted the estimates of the after-Carter program costs of distillate prepared by the Congressional Budget Office. This yields a distillate Btu-equivalent price of slightly less than $4.00 per million Btu's.

The electricity price was assumed to be approximately 4 cents per killowatt hour at the beginning of the period. This corresponds to the expected 1978 national average and yields a Btu-equivalent price of approximately $11.00 per million Btu's. Because electricity prices vary so widely across the country, we believe that using the national average price may produce an overly cautious estimate of the electricity prices that would actually prevail for those individuals forced to use electricity by the unavailability of gas, who would tend to be located in areas of relatively high electric rates. If this is the case, the cost of substitute fuels may be significantly higher than our estimates.

In computing the estimates of substitute fuel costs, we subtracted from the costs of the substitutes the costs for gas distribution that would have been allocated to the gas replaced, or approximately $1.00 per million Btu's. This yielded an average weighted substitute cost of $6.00 per million Btu's expressed in 1975 dollars.

(4) Additional Pipeline and Distribution Costs. Although those consumers who are forced to use more expensive substitute fuels will bear the largest share of the increased consumer costs resulting from the Carter natural gas policy or from continuation of present policy, those consumers who continue to be served by the interstate pipelines will also incur needless cost increases.

Because of the regulated monopoly status of the interstate pipelines, Federal law guarantees them a certain fixed rate of return on investment. The revenues needed to produce this return on investment are generated by the transportation charges to pipeline customers. The amount of revenue that must be collected is a function of the amount of capital invested in the pipelines, together with the operating expenses of the systems. Although the operating expenses of the pipelines may be affected by a reduction in the volume of gas transported, the amount of capital invested is not. Thus the amount of revenue that the pipelines must generate through their transportation charges is largely unaffected by a decline in the volume of gas carried by the pipelines. This means that a decline in the volume of gas carried by the pipelines will result in an increase in the charge for carrying each unit of gas.

The higher transportation charges that can be predicted from a decline in pipeline utilization do not represent some theoretical possibility. The experience of the past few years has provided a concrete example of this phenomenon. From 1973–1975, pipeline utilization dropped from a national average of 89.7 percent to an average of 75.8 percent. The average transportation charge in 1973 was 25.75 cents per mcf. The average transportation charge in 1975 was approximately 35 cents per mcf. Although a portion of this increase may be atttributed to inflation in the operating costs of the pipelines, at least half is due to the decline in capacity utilization.

The Carter program will produce significantly less gas for the interstate market over the period of this study. However, a corresponding decline in the revenues of the interstate pipelines cannot occur under the existing rate-of-return based regulatory system. As a result, all the revenue that the pipelines would collect from the additional gas available under de-control will be collected from this smaller volume of gas. Under the Carter-Dingell plan, a similar effect can be noted with the local distribution companies. A decline in delivered volumes produces an increase in unit distribution costs.

For the purposes of this study, the total revenues collected by interstate pipelines was estimated on the basis of FPC data to be approximately $4.5 billion per year (1975 dollars). The total revenue collected by local distribution companies was estimated to be approximately $8.6 billion (1975 dollars). The volume of gas flowing in interstate commerce was estimated by calculating the proportion of new gas that would go to the interstate market. The different new gas price assumptions under the three cases necessitate corresponding changes in the assumption of how much gas will move into the interstate market. Continuing present policy would produce the smallest new supplies for the interstate market because of the higher prices prevailing intrastate. The Carter-Din-

[1] As in the case of new discovery gas, the Administration study assured the supply elasticity dropped to zero at ranges above the $1.75 price and that production from uncommitted reserves would be equal under the Administration plan and de-control.

gell case would eliminate the price difference, but the absence of FPC regulation in the intrastate market would continue to give that market an advantage in seeking gas supplies. De-control would result in the highest level of additional commitments to interstate commerce. The proportionally greater demand for gas in the interstate market would be free to attract more supply. In 1985, for example, we conclude that under de-control 13.7 Tcf would flow interstate, which compares to 9.5 Tcf under Carter-Dingell and 9.6 Tcf (including 0.5 Tcf emergency purchases) under continuation of present policy, and to total flows of 18.8 Tcf, 16.4 Tcf, and 15.9 Tcf, respectively. The amount of gas available interstate under de-control would thus increase relative to the total gas supply.

The additional costs attributable to the lower volumes of gas flowing interstate under the Carter-Dingell and continuation of present policy cases are equal to the share of pipeline and distribution company revenues that would have been borne by the additional volume of gas available under de-control. This is equal to approximately $44.2 billion (1975 dollars) under Carter-Dingell, and approximately $42.5 billion under the no policy change case. We have assumed that emergency purchase authority would continue to supplement interstate gas flows under the no policy change case; we did not assume a continuation of emergency purchase authority under the Carter-Dingell case. This had the effect of lowering slightly the volume of gas flowing in interstate pipelines under Carter-Dingell, thereby raising the additional pipeline and distribution costs slightly above the no policy change case.

(5) Estimating Period. The period necessary for increased production in response to higher prices of manufactured products is clearly far shorter than for a commodity like natural gas. Lengthened production runs and increased manufacturing capacity can lead to enhanced market supply of manufactured goods within a matter of months. But in the case of a geological resource like natural gas, current market prices are mediated through a lengthy process that results in a substantial lag between changes in price and increases in marketed supply.

The elements that produce this delay in supply-response include location and acquisition of prospective production areas, seismic and geological survey and interpretation, obtaining and financing mineral leasing rights, obtaining drilling permits and other forms of regulatory approval, drilling of exploratory wells, construction of gathering lines to new fields, completion of production wells, and finally production for sale. Because the production in a particular year represents a fixed rate draw-down of previously acquired reserve inventories which reflect a chain of reserve acquisition activities stretching back over twenty or thirty years, it takes several years for changes in current market prices to filter back through the system and yield higher current production.

Recent experience clearly demonstrates this lag effect. New gas reserve additions began declining in 1967, and subsequently dropped an annual average rate of more than 10 percent per year until 1973, when new reserve additions were 70 percent lower than their mid-1960's peak. Nevertheless, this drastic decline in gas and oil field activity was not reflected in current year production figures until 1974. In fact, the 70 percent decline in the annual rate of reserve additions between 1967 and 1973 was accompanied by a 30 percent increase in annual production rates over the same period. It may be concluded, then, that there is at least a 5–8 year lag between changes in market signals or prices and changes in aggregate current year production levels.

For these reasons, it is essential to use a longer estimating period than the eight years employed in the Administration study in order to properly evaluate the supply response to changes in natural gas pricing. This study has therefore adopted a thirteen year period covering the years 1978 through 1990. In light of the lag effect described above, it is not surprising that it is only during the last five years of the study that considerable supply differences between the pricing policy alternatives emerge. By limiting its study to an eight year period, the Administration created a framework inherently biased against de-control. The Administration study was primarily measuring the cost of production from inventories committed during the price-depressed period of 1965–1975, rather than any effects produced by policy changes made in 1977.

(6) Pricing of Inventory Gas. As was noted previously, the White House study vastly overstated the potential producer revenue increases under the Krueger-Brown de-control proposal because it erroneously assumed that committed interstate and intrastate gas would be quickly rolled-over to the market clearing level. Since in the early years of the estimating period, these two streams of committed gas comprise a high proportion of total supplies, it is especially important to utilize accurate pricing assumptions with respect to inventories.

We have employed the following assumptions in our re-estimates in order to reflect the provisions of the original subcommittee approved version of Krueger-Brown, together with amendments currently pending before the full Interstate and Foreign Commerce Committee:

(a) All interstate committed gas remains at current FPC set rates during the life of the reservoir;

(b) All intrastate reserves remain at their fixed contract price for the duration of the contract. It is assumed that the "most favored nation" clause nullification provisions of section 26 of Krueger-Brown will prevent "back-door" roll-overs via contract escalation. On the basis of data obtained from various large gas producers, it was assumed that a maximum of 15 percent of committed intrastate contracts would expire each year and rise to the market level, as permitted under the Wirth amendment;

(c) That proportion of interstate uncommitted reserves which consists of extensions of committed interstate reservoirs would continue to be priced at FPC-set levels. The remainder of gas produced in this category consists of new reservoir [2] production and is assumed to be priced at the de-control level;

(d) All uncommitted intrastate production is priced at the de-control rate, as it consists primarily of new reservoir gas and extensions of expired intrastate contracts;

(e) All new discovery gas, consisting of gas produced from reservoirs outside the Carter-Dingell-defined two and one-half mile perimeter, is priced at the market-clearing level.

Major conclusions

(1) Natural Gas Supplies. One model predicts that over the 1978–1990 period a de-control policy will result in the production of 25 Tcf above what would be obtained under the Carter-Dingell policy. Moreover, due to the previously described supply response lags, the addition supplies available under de-control increases from less than a half Tcf in 1978, to 2.4 Tcf in 1985, and to 3.0 Tcf by 1990. This final supply difference is the equivalent of nearly 1.5 million barrels of oil per day. Under the de-control, alternative natural gas supplies are restored to near 1976 production levels by the early 1930's and maintained at that level for the rest of the decade. Under the Carter-Dingell plan, natural gas supplies peak in the mid-1980's and fall to only 15 Tcf in 1990, a level almost 25 percent below 1976 production.

[2] This includes gas produced from a new reservoir within 2½ miles of an existing well. Such gas would not be new gas under Carter-Dingell, but would be new gas under de-control.

Natural gas supplies 1978–90
Carter-Dingell versus decontrol

Year	Carter Dingell	Decontrol (In Tcf)	Difference
1978	16.9	17.3	0.4
1979	16.7	17.2	0.5
1980	16.5	17.1	0.6
1981	16.6	17.6	1.0
1982	16.7	18.2	1.5
1983	16.7	18.5	1.8
1984	16.7	18.9	2.2
1985	16.4	18.8	2.4
1986	16.6	19.2	2.6
1987	16.6	19.5	2.9
1988	16.3	19.3	3.0
1989	15.9	18.9	3.0
1990	15.3	18.3	3.0
Total	214.0	238.9	24.9

(2) Energy Cost Differences. The model predicts that the cost of supplying consumers with the 239 quads of natural gas energy produced over the 13 year period under de-control will be nearly $50 billion greater under the Carter-Dingell alternative. This reflects the cost of replacing 25 Tcf of natural gas with high-cost substitute fuels, as well as increased unit gas transportation charges which will arise under the lower supply levels of the Carter-Dingell policy.

As in the case of natural gas supplies, the cost differences between the two policy alternatives widen over the estimating period. From a minor difference of $200 million in 1978, the gap widens to nearly $5 billion in 1985, and to almost $7 billion by 1990.

Comparative Energy Costs, 1978–1990—
Carter-Dingell vs. Decontrol

Year	Carter-Dingell	Decontrol (billions of 1975 dollars)	Carter-Dingell cost in excess of decontrol
1978	15.8	15.6	.2
1979	17.7	17.2	.5
1980	20.0	19.5	.5
1981	24.7	23.4	1.3
1982	30.0	27.4	2.6
1983	33.6	30.5	3.1
1984	38.1	33.9	4.2
1985	40.8	36.0	4.8
1986	43.8	38.9	4.9
1987	47.6	41.8	5.8
1988	49.1	42.7	6.4
1989	50.0	43.5	6.5
1990	50.6	43.8	6.8
Total	461.8	414.2	47.6

(3) Carter-Dingell is Little Better Than No Policy Change. Despite repeated assurances by Administration spokesmen that the Carter-Dingell pricing scheme will provide ample incentive for increased natural gas production, the model re-estimates clearly show otherwise. Specifically, the model predicts that during the entire 13 year period, the Carter-Dingell plan will produce 3.5 percent, or only 7.4 Tcf, more gas than would be produced under a continuation of FPC regulatory policy and a two-tier market.

As a result, the Carter-Dingell plan does almost nothing to mitigate the unnecessary increased costs facing American consumers un-

der a continuation of present policy. Due to steadily declining gas supplies under the "no policy change" scenario, American consumers will face nearly $54 billion in increased energy costs during the next 13 years that could be avoided under de-control. The marginal increase in gas supplies produced under Carter-Dingell will only reduce these extra costs by $6 billion, or 11 percent.

(4) The Hidden Costs of Carter-Dingell. The total energy cost estimates of the model dramatically demonstrate the fallacy of equating producer revenues with consumer costs, as was done in the Administration study. Due to the higher prices and increased production of gas under de-control, producer revenues will be 65 percent higher for the 13 year period when compared to the Carter-Dingell plan. However, the costs for substitute fuels and increased unit pipeline charges are zero under de-control, while they amount to billions under the Carter-Dingell plan.

Specifically, the cost of replacing the 25 quad shortfall in gas production under Carter-Dingell is estimated to be nearly $168 billion. Additional pipeline charges will amount to $44 billion. During 1990 alone, the additional cost for substitute fuels and higher pipeline charges will amount to $26 billion.

In short, by focusing only on producer revenues, the Administration analysis omitted nearly $215 billion in costs which will be incurred by the American economy as a result of its inadequate natural gas pricing policy. This massive sum may quite properly be considered the "hidden cost" of the Carter-Dingell natural gas policy.

(5) Increased Oil Imports. As indicated previously, our reestimating model assumed that 50 percent of the substitute fuel required to make up the 25 quad gas production shortfall under the Carter-Dingell plan would be comprised of distillates and other oil products. By definition, these increased petroleum demands during the 1980's must be filled by imports.

Under these conditions, the Carter-Dingell natural gas policy will require the importation of more than 2.1 billion barrels of additional OPEC oil beyond that which would otherwise be consumed during the 1978–90 period. Moreover, as shown in the table below, the additional import demand will begin rising to very high levels at the very time—mid-1980's—that Saudi Arabia is projected to have fully utilized most of its spare production capacity. The obvious implication is that even the somewhat modest additional demands for imported oil shown in the table could have very large effects on world oil price levels. If this were to occur, the American economy would be forced to absorb tens of billions in extra annual costs, as these increased prices would be spread across the entire volume of imported oil, not just that portion required to compensate for natural gas supply shortfalls.

While the OPEC price response to higher import demands cannot be estimated with any degree of reliability, it is nevertheless obvious that even the additional oil imports shown in the table will impose a multi-billion drain on the American economy. Even if it is assumed that the current OPEC price ($12 per barrel in 1975 dollars) does not rise in real terms during the next 13 years (a highly unlikely prospect), the additional imports required by the Carter-Dingell policy would cost more than $26 billion. If, as is more likely, the real cost of oil averages $18 per barrel during the period, the additional cost would be nearly $40 billion.

Finally, it should be underscored that energy payments flowing to the OPEC cartel have a fair different impact on U.S. economic output and domestic welfare than energy payments flowing into the domestic gas producing industry. Except to the extent that payments to OPEC are returned in the form of increased U.S. exports to these countries, the $26 billion additional oil import bill under Carter-Dingell will mean $15 billion in lost U.S. wages and salaries and nearly $8 billion in foregone U.S. tax revenues.

By 1990, lost wage and salary income due to higher OPEC payments will exceed $1.7 billion annually, the equivalent of more than 150,000 U.S. jobs.

Increased oil imports under Carter-Dingell

Year	Amount [1]	Annual cost [2]
1978	100	$438
1979	120	526
1980	180	788
1981	240	1,051
1982	350	1,533
1983	430	1,883
1984	520	2,278
1985	570	2,497
1986	614	2,689
1987	685	3,000
1988	710	3,110
1989	710	3,110
1990	710	3,110
Total		26,013

[1] 1,000 barrels/day.
[2] Millions of 1975 dollars.

(6) Increased Interstate Gas Flow. A final key conclusion of this study is that de-control will substantially increase the share of natural gas flowing into the interstate market, and thereby improve supply conditions in the industrial and urban gas-using areas of the nation. While it is estimated that under de-control total production over the period will increase by 32 Tcf compared to the "no policy change" scenario, the supply of gas flowing to the interstate market is projected to increase by nearly 45 Tcf. This amounts to a 36 percent increase in interstate supplies compared to a continuation of present policies. At the least, the prospects for recurrent winter shortages like those experienced in Ohio, the Southeast and other consumer areas during 1976–77 would be substantially diminished.

By contrast, the model concludes that the Carter-Dingell policy will actually result in a slight reduction in gas supplies flowing to the interstate markets during the next 13 years. This is due to the fact that the proposed $1.75 national ceiling price is actually below current intrastate prices and provides no incentive whatever for gas to move back into the interstate market where needs are the most critical. It would not be an overstatement to suggest that the Carter-Dingell plan is a prescription for recurrent winter crises similar to the one that caused so much hardship this year.

Gas flowing in interstate commerce (Tcf)

Year	De-control	Carter-Dingell	No policy change
1978	11.0	9.9	10.3
1979	11.2	9.8	10.2
1980	11.3	9.7	10.0
1981	12.1	9.8	10.1
1982	12.7	9.8	10.0
1983	13.0	9.7	9.8
1984	13.6	9.7	9.8
1985	13.7	9.5	9.6
1986	14.2	9.6	9.6
1987	14.6	9.7	9.6
1988	14.5	9.5	9.3
1989	14.3	9.1	8.9
1990	13.9	8.7	8.4
Total	170.1	124.5	125.6

[From the Washington Post, June 18, 1977]

THE COST OF NOT DEREGULATING NATURAL GAS

(By Clarence J. Brown)

Few Americans south or west of Philadelphia have any choice about using the family car to get to work. Most resent being asked to pay unavoidable taxes on gasoline—particularly when it is hinted their tax money will go to welfare or tax reform. Similarly, many Americans in the Northeast know that federal regulation of the price of natural gas made it impossible for them to get that gas last winter and that the shortage closed their factories and schools and left their homes and hospitals cold.

On the latter point, they have no better authority than President Carter himself. In the middle of that crisis last winter, he proposed and Congress passed an emergency bill to permit the purchase of natural gas at prices above the federally controlled price in order to relieve gas-short areas. His campaign letter to the governor of Oklahoma a few months earlier said:

"The decontrol of producers' prices for new natural gas would provide an incentive for new exploration and would help our nation's oil and gas operators attract needed capital. Deregulation of new gas would encourage sales in the interstate market and help lessen the prospect of shortages in the nonproducing states which rely on interstate supplies. While encouraging new production, this proposal will protect the consumer against sudden, sharp increases in the average price of natural gas."

These were the voices many members of Congress were listening to last week when House committee votes killed the stand-by gasoline tax, severely restricted the auto tax and opted for deregulation of new natural gas instead of a price ceiling.

Based on the last Congress, last week's votes might have been anticipated by the White House. Two years ago the House rejected a gasoline tax and the Senate voted 58 to 32 for a much broader deregulation bill, which the House barely failed to pass, 205 to 201.

Then it was a two-to-one Democratic Congress with a Republican President recommending a deregulation of both petroleum and natural-gas prices, and suggesting that the domestic production thus encouraged might help achieve energy independence. This year it was a Democratic President recommending "world-market" prices on oil, to be achieved by taxation, and "below-market" price ceilings on natural gas in both intrastate and interstate markets on the theory that there is no more domestic oil or gas to be produced before 1985 by higher prices.

But many congressmen clearly discount the "timely" CIA study that supports administration pessimism because every other study of any scholarship indicates supply response at higher prices. And even the most pessimistic of those studies notes the need to balance demand and supply through the price mechanism to stretch domestic oil and gas until coal, nuclear and more exotic fuels can be brought on line. The more optimistic studies indicate such strong supply response to prices as to obviate (or at least delay) expensive and environmentally costly conversions to coal called for in the President's plan.

When an administration spokesman suggested an eight-year, "$71 billion ripoff" cost of gas deregulation, no mention was made of the estimated $50 billion cost of public utilities' converting gas boilers to coal in the President's program—not counting the additional cost of needed antipollution systems.

Nor did he mention the $610 million in wages lost last winter by 1.2 million workers idled by shortages of natural gas—shortages that can be laid to the federally frozen price of $1.42 per thousand cubic feet.

Nor did he mention the cost to gas consumers of using synthetic gas at $4.14 be-

cause federal regulation prohibited them from buying natural gas for $2, the price at which demand was being fully met in the unregulated intrastate market. An American Gas Association white paper estimates the cost of substitutes needed to fill in for natural-gas shortages at current regulated prices will total $30 billion in the next eight years.

The point is that many members of Congress are beginning to suspect that the costs of *not* deregulating implicit in the President's program may far exceed the costs of deregulating. Treasury Secretary W. Michael Blumenthal conceded in hearings before the House Ad Hoc Energy Committee last month that the gross new taxes to be paid under the President's energy proposals in eight years would be $132 billion without the potential $50 billion annual gasoline tax. That is equivalent to an increase of 15 per cent in federal taxes!

This huge federal revenue windfall from energy taxes in the National Energy Act gives the administration great flexibility to pay for expensive new social programs, balance the budget or reduce taxes. In fact, this $132 billion in new taxes may be the only way to achieve those apparently contradictory promises of the 1976 campaign.

As awareness of the tax dimensions in the President's energy plan grows, more and more Americans seem to be concluding that—if they must pay higher conservation-including energy prices—they would rather contribute to energy production than to discretionary federal tax revenues. If energy companies don't re-invest in finding new energy sources, then Uncle Sam can tax the money away from them. If those energy-tax revenues were then spent on mass transit, at least some Americans could avoid paying higher energy costs.

Most members of Congress have been reluctant to criticize the President's energy proposals because there is an energy crisis and it is important that it be addressed successfully. After the failures of the War on Poverty and the Vietnam War, such federal credibility as remains may hinge on our nation's ability to win the Energy War.

But studies by the General Accounting Office and the Congressional Budget Office have both recently printed out the errors in the premise, underestimated goals and overstated results in the administration plan. Examination of the program by congressional committees has raised questions that have gone unanswered or to which contradictory answers have been given. Part of the reason is that few of the federal agencies with specialized knowledge on energy matters were in on developing the plan. The Federal Power Commission testified it had not been consulted until the proposals were ready to be submitted. The Consumer Product Safety Commission testified that it had not been consulted and still has concerns about the safety of most of the products now used for insulation for which the administration recommends tax credits.

No one is pleased with such anomalies. But faced with those realities, dismissal of last week's House votes as "preliminary" seems to miss the point. And clearly the White House contention that members were voting in subservience to oil, gas and auto lobbyists is a discouraging sign. Because they were not participants in the drafting of the plan, few members of Congress feel any responsibility of paternity, although all want a successful result. It is time for the White House to talk with people involved in the energy issue rather than at them.

Mr. HILLIS. I appreciate the gentleman from Ohio taking this time so that he might have the opportunity to insert these matters in the RECORD and I thank the gentleman very much for his contribution. He is truly an expert on the matters on which he has spoken. I know that I have talked with many of my own constituents about the alternative of deregulation costs versus continuation of present policies and I certainly agree with what the gentleman has said here and will look forward to examining the economic study the gentleman is going to submit. I believe it is altogether likely that the costs would not go up at all and there possibly might even be a slight lessening of them, even if all of the economic impacts which the gentleman just mentioned were taken into full account.

Mr. McEWEN. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I will be happy to yield to the gentleman from New York (Mr. McEWEN).

Mr. McEWEN. Mr. Speaker, I appreciate this opportunity to discuss the energy situation from the perspective of one from the energy-short Northeast and one who believes in our enterprise system.

The foundation of a successful energy program in my view is a balaned emphasis on energy production and conservation. I am pleased to see the President is concerned with conservation. Our once abundant supply of cheap energy fostered countless wasteful habits that should be changed. Regardless of the amount of non-renewable energy sources left to recover, we must use them wisely. While new sources of energy are being developed, it makes sense that available domestic resources, including petroleum, coal and natural gas, be utilized as efficiently as possible. This will only be possible if our energy policy is structured to encourage maximum production. I do not mean to imply that America should plan to rely solely on its fossil fuels as its mainstay, but the transition to a system which uses a wide mix of new sources such as solar, wind, geothermal, and nuclear, will be smoother if there is more time to perfect these developing technologies. More domestic oil as soon as possible will provide this time.

In my judgment, the most effective way to achieve this goal would be to gradually decontrol the wellhead price of crude oil. If the price were allowed to respond to market forces over a period of time, the capital required to increase domestic exploration and produce more effective recovery technology would develop without severe economic dislocation. The production record of the petroleum companies and the example of current Government policies that involve complex control of oil prices I believe reinforces my case.

It is easy to forget that private enterprise was responsible for the complete development of this remarkable complex business of oil exploration, refinement and marketing. From Titusville, Pa., to Kuwait, American ingenuity and skill, unhampered by lumbering Government intrusion, have developed this vast resource that has been a cornerstone in America's successful economic growth. Any industry that has accumulated such a large amount of wealth will always attract critics, and that is healthy. However, it is difficult to find fault with the oil industry's ability to do their job—find and recover oil.

The oil industry's freedom in pricing its product was a necessary ingredient in their success. We do not need to guess what might happen if this critical factor of price control was removed from the discretion of the oil companies and given to the Federal Government. There is now a record that demonstrates what many industry analysts have always suspected, Government control of oil pricing is counterproductive.

The noted Yale economist, Paul W. MacAvoy, edited a recently published collection of reports that President Ford requested from his regulatory reform group in 1976 concerning the Federal Energy Administration.

This group conducted a thorough investigation and analysis during the last 6 months of 1976. They concluded that the cost of current FEA regulations exceeded their benefits.

The investigation revealed that the cost to the oil industry of complying with FEA regulations is $500 million per year—a cost, I might suggest, Mr. Speaker, that is passed on to the consumer.

It costs the taxpayers $47 million a year to keep the FEA running. The quid pro quo for this substantial outlay is indeed disappointing. The Presidential task force found that FEA regulations discouraged construction of new refineries, encouraged the inefficient distribution of petroleum products, impeded the importation of cheaper foreign products, and promoted the use of domestic refineries at a level where the incremental costs of production and prices to consumers increased substantially.

This unenviable track record makes me shudder to think what results can be expected from the administration's proposal for oil in its energy program. Instead of three different prices of oil, there would be five. A new array of taxes on "gas guzzling" cars, business use of oil and the equalization of crude oil are also being pushed. The increased complexity of these proposals, coupled with the rest of the President's energy program, is certain to increase the scope of FEA's responsibility, as well as the opportunity for error and inefficiency.

In addition to utilizing America's diminishing supply of petroleum with maximum efficiency, it is obvious that new reliable sources of energy must be found. Our experience with energy that comes in limited quantities, like fossil fuels, has motivated a great deal of research in unlimited energy sources.

One of the most interesting sources I have recently heard of is the basic and well-known source, and I refer to wood. Wood energy was brought to my attention by a constituent of my district from Tupper Lake, N.Y., Mr. John Stock of the Litchfield-Park Corp. This company owns and harvests wood from a sizable acreage in the Adirondack Mountains in northern New York State.

John Stock showed me studies by the New York State Department of Environmental Conservation about the use of wood products or byproducts for com-

mercial energy production. I would like to share this information with you, Mr. Speaker, because I believe wood products have a tremendous potential as an energy source in areas of the country like my own congressional district where forest lands are abundant. The rising cost of presently available energy has made wood a viable alternative for heat generation and electricity production.

It is no secret that firewood is widely sought after in New York State. New York State sells firewood at 11 department environmental conservation offices and each office has unfilled orders that total over a thousand cords. One reason for wood's appeal to the individual who uses it to heat his home is a sense of independence. There are no oil tankers, Arabian governments, or FEA regulators standing between him and his woodpile. In most areas stockpiling only requires a chain saw and a pickup truck.

That same sense of control over the source of heat or electricity has spurred considerable interest in using wood products to heat institutions and generate electricity. Using the Adirondack Mountains as an example, department environmental conservation officials in New York have explored the possibility of using wood-fired steam boilers in State institutions.

A favorable preliminary report has been compiled on conversion of the Ogdensburg State Hospital to wood-fired boilers and further study is anticipated. An engineering study of the exact requirements for converting a Department of Mental Hygiene facility at Gowanda, N.Y. is now in progress. The possibility of using wood chips to generate electricity is being studied by a U.S. Department of Commerce sponsored Technical Assistance Center in Plattsburgh, N.Y. This center is investigating the feasibility of burning wood to supply electricity for a village, at Tupper Lake, N.Y.

The State of Vermont has progressed to the practical stage in large-scale heat generation from wood. The Waterbury State Hospital is converting to a system that uses wood chips in combination with oil for heating. The new heating plant will replace 800,000 gallons a year of No. 6 oil with 31,000 tons a year of wood chips.

Wood is certainly available in my own State of New York. The Department of Energy Conservation officials estimate that at least 3 million tons of wood grown each year in the State is not used. This occurs because almost half of the standing trees are diseased, deformed, or undersized. It is not merchantable as timber and is left to rot. If wood that is available for fuel from branches, bark, and tops of marketable trees that are harvested is included, considerably more than 3 million tons is available every year. In addition to being available and renewable, wood offers a number of other advantages. There is very little air pollution associated with burning wood. On the average, wood is less than 1 percent sulfur. Sulfur dioxide and resulting acid rains are minimal. Wood combustion leave about 2 percent of the dry waste burned as ash, which is a valuable agricultural byproduct. Wood ash is rich in potash, phosphorus, and calcium and is a good fertilizer.

Wood, Mr. Speaker, is not the answer for every part of the country, but it is an example of a resource that could reduce the dependence of some areas on fossil fuels. Just as one type of solar energy, the heat from the Sun's rays, could be a boon to the sunshine States in the South and the West, another type of solar energy, the energy that grows trees, could be an asset to the heavily forested areas of the country.

Finally, Mr. Speaker, I want to commend my colleague, the gentleman from Indiana, for taking this special order so that we might bring out some of the thoughts individual Members have in regard to this matter on the energy problem facing America.

I thank the gentleman for making this time available.

Mr. HILLIS. I thank the gentleman from New York for his comments.

In my closing notes, I would like to remark that those areas that are highly dependent upon oil for heat such as New York and all those States have a large supply of wood but they are mostly dependent for most of their heat on oil.

In the Northeast that is most dependdent on energy at this time from outside that area, particularly the foreign oil that is coming in, we have probably one of the greatest concentrations of forestlands in that area and I certainly should not suggest, and I do not, that wood is any one source of answer to America's energy problem, but it has been estimated that on an annual sustained-yield basis, using the forests of the Adirondack country, the privately owned forests that are available for harvesting, on a sustained yield annually could produce the equivalent in British thermal units of 750,000 tons of coal.

One of the problems, I would say to the gentleman, and we have discussed it and many have, is the problem of greater coal utilization, which I know he supports, but there are questions raised as to how we move all that tonnage of coal. Do we have the capacity in our transportation system? What I find interesting in the utilization of wood, which in my area exists in abundance, is that it can be harvested and used there without any great demand on our transportation systems.

I thank the gentleman from New York very much. He made a very substantial contribution.

Mr. LUJAN. Mr. Speaker, having served on the Joint Committee on Atomic Energy, the House Science and Technology Committee and on energy-related subcommittee of the House Interior Committee, I have been fortunate to have received quite an education in this most vital and complex issue of energy and national energy needs.

As recently as 3 weeks ago the Energy Research and Development Administration presented its report on market oriented program planning study, the so-called MOPPS report, to the Fossil and Nuclear Subcommittee of the Science and Technology Committee. The presentation of that report was, to say the least, most enlightening and I will have more to say on the subject in a moment, but first I wish to detail what I see as the pressing needs for our Nation in the total energy picture.

Primarily, our energy policy has to be dictated by a set of facts which are indisputable. Two of the most basic facts are these: There is a very limited amount of oil left in the ground and that at current regulated prices and even at increased prices we are not going to see a great increase in oil production—there simply is not the resource there.

The second basic fact is this: There is an almost endless supply of natural gas in this country. However, it stays in the ground because at present pricing under Government regulation it is not economically feasible to explore for it. The MOPPS report makes it very clear that at a price of $3 this Nation would have an ample supply of natural gas to take over most of our present energy needs. In fact, the members of the subcommittee which received the MOPPS were told by the ERDA people that at $3 we would have more gas than we could possibly use. This single fact would seem to say that there is no energy crisis, or at least, that there is no need for an energy shortage. The answer is self-evident; deregulate natural gas. The MOPPS report says this very plainly and I refer the Members of this House to the three appropriate charts from the MOPPS report.

Attachments 2 and 3 not printed in RECORD.

COMPARISON OF CUMULATIVE RESOURCE QUANTITY/COST DATA, TOTAL U.S. CONVENTIONAL GAS (LOWER 48 AND ALASKA, ONSHORE AND OFFSHORE)

Producer cost	Estimate 1,[1] Apr. 7, 1977		Estimate 2, Apr. 7, 1977	Estimate 3, May 24–26, 1977
	Old	Revised		
$1 per mcf	550	430	330	120
$2 per mcf	800	760	490	275
$3 per mcf	990	1,000	590	465
$5 per mcf	1,100	----------	750	622
$7 per mcf	1,140	----------	810	700

[1] Estimate 1 incorrectly stated for June 3, 1977 briefing Correct data is shown in the "revised" column.

Note: Quantities are in quads representing moderate case estimates corresponding to indicated costs. Quantities include proved, inferred and undiscovered.

However, deregulation seems to have been struck a death blow recently in subcommittee at the request of the administration. It seems very odd that the White House tells us on the one hand that we are facing the moral equivalent of war in the energy crisis and then on the other hand requests that deregulation, an act of salvation from that moral equivalent of war, be cast aside. Strange logic, to say the least. But, deregulation, for all its absolute necessity, seems out of the picture, and so, I turn to the alternatives.

The two most logical, abundant, and ready energy alternatives to oil and gas are coal and nuclear. Both are already at work producing energy and both are going to have to supply us a good deal of our energy needs for some time. However, both are finite resources and both have their limitations.

Coal is abundant but coal is not a solution for the very long term because we are discovering that we must limit the

number of coal-burning powerplants because of the effect of CO_2 expelled from those plants on our atmosphere. We have discovered what is being called the "hothouse effect," a problem which does exactly what the name describes; it turns the Earth into a giant hothouse which would eventually become so hot it would kill all life. We would most probably kill life on this planet from the "hothouse effect" before we ran out of coal, so the limitation of the resource is not significant.

Nuclear energy is limited by the amount of uranium in the world. The figures on the amount of discovered and undiscovered uranium vary considerably depending upon one's source. However, no source suggests that there is a supply for the next 500 years as in the case of coal. This limitation of the resource brings me to the next step in the nuclear cycle, and, I might add, the most logical step of all in a world of dwindling energy supplies. The step is the breeder reactor. To anyone concerned with the crisis of a diminishing supply of energy in the world, the breeder offers a realistic and sound solution. It is the only technology developed which supplies more fuel for energy than it uses

As for the talk of plutonium proliferation, I would point to the fact that the present light water reactors, which have found favor with the administration, also produce plutonium. And to those who say our halting the breeder program will bring the end of plutonium production around the world, I say look around you. The very best allies we have in the world, Great Britain, West Germany, Japan, and France have told us in no uncertain terms, they will not stop their breeder programs.

The breeder is an absolute must for the years after 2000 when we cannot build any more coal-burning plants and when our uranium supply is running short. Hopefully, fusion technology will be advanced to the stage that it will soon be able to take over from the breeder in the years shortly after 2000. We all agree fusion is the ideal, but we all agree it is far down the road.

Finally, I cite the energy sources which are being so highly touted these days, solar, and geothermal. Add to that hydroelectric and you have the last three possible primary sources of energy.

Solar and geothermal are very appealing because of their nonpolluting and apparent infinite nature. But they, too, have limitations. Solar would at even the most liberal estimate produce less than 10 percent of the Nation's energy needs. Geothermal is limited to a very precise locale in which the Earth is producing heat in sufficient amounts to heat either natural fluids or injected fluids. The same goes for hydroelectric which is limited by the location of the resource. None of these energy sources can be relied upon as a major contributor. It is possible that one day solar will be a greater contributor, but that day is even farther away than the fusion program.

In summary, I once again list energy priorities:

First. Deregulation of natural gas;

Second. Development of the breeder reactor;

Third. Continuing and sped-up work in the area of fusion; and

Fourth. Development of solar and geothermal technology.

Mr. MILLER of Ohio. Mr. Speaker, when formulating a national energy policy, natural gas is only one of several important energy sources that must be considered. However, natural gas is one of our most critical fuel sources, and how the President and Congress choose to handle it will greatly affect the lives of all Americans.

The Federal Energy Administration has estimated that natural gas is used in over 40 million homes, in 314 million commercial establishments, and by over 193,000 industrial users. It accounts for about 30 percent of all the energy consumed in the United States and industry depends on natural gas for over 40 percent of its energy needs. In addition, natural gas is also a crucial raw material in the manufacture of many chemicals, plastics, and fertilizers.

Without question, millions of jobs are at stake in this debate about a natural gas policy.

THE PRESIDENT'S POLICY

It appears that one of the key assumptions in the President's energy plan is that there is little or no natural gas to be found in our country, so stiff conservation measures, price controls, and possible rationing are required.

In contrast to the administration's premise, there is abundant evidence to show that there is an enormous amount of gas to be found in this country.

The Potential Gas Committee of the Colorado School of Mines projects that there are between 923 and 973 trillion cubic feet—tcf—of conventional natural gas remaining to be discovered in the United States. Today we consume around 20 tcf a year; at this rate we have over a 40-year additional supply.

The U.S. Geological Survey estimates that we have a natural gas supply ranging from a low of 890.7 tcf to a high of 1290.7 tcf lasting anywhere from 45-65 years.

A recent ERDA study identified four reservoirs in the Rocky Mountain area alone that contain 730 tcf of natural gas.

AGE OF CHEAP ENERGY IS OVER

Although there is a great deal of gas yet to be discovered, the age of cheap and easy energy is over. The supplies are there, but drillers are now forced to go deeper and in more remote areas to get it. For example, the amount of capital needed to build a platform off the gulf coast now ranges in the tens of millions of dollars.

THE ALASKAN SUPPLY OF GAS

In 1968, natural gas was discovered at Prudhoe Bay with a proven reserve of 26 Tcf.—an amount around 11 percent of our known reserves. Total potential Prudhoe Bay gas reserves could run as high as 72 to 185 Tcf. The discovery of this supply is welcome news in view of the problems we encountered last winter with the cold weather and natural gas shortages.

The cost of getting this gas to the lower 48 States now ranges between $7 to $9 billion. The President and Congress are currently debating whether the gas should be brought down in liquefied gas tankers—the El Paso route—or across Canada in a new pipeline—the Alcan or Arctic route.

Whichever route is picked, one thing is certain—the longer we wait, the more expensive it will be to the consumer. The gas is there and the need is here. It is time to get it moving before costly delays drive the price beyond what the consumer can pay. We are all aware that the Alaskan oil pipeline cost five times the original cost because of delays and inflation.

WHAT IS AT STAKE

The debate surrounding natural gas is extremely important. Because of the shortage last winter, $610 million in wages were lost by 1.2 million idle workers. Many employers who could operate only on natural gas were forced to close.

The natural gas shortage could be worse this winter than last year. The Federal Power Commission warned recently that even if we have a normal winter, supplies could fall short by 23 percent—or about—169.6 billion cubic feet less than we had last year.

The hot summer season makes it hard to recall the winter energy shortages; but unless we deal with the problem in the correct manner now, many people will suffer later.

WHY THE SHORTAGE

For years American enjoyed an abundant supply of natural gas. Because it is clean, efficient, and low in cost—consumption rose dramatically, and so did production. However, in the late 1960's and early 1970's shortages began to appear. With trillions of cubic feet of natural gas yet to be drilled, why are there shortages? Why are factories, schools, and businesses being forced to close and jobs being lost?

There can be only one logical explanation: Federal control of natural gas prices.

HISTORY OF PRICE CONTROLS

Since 1938, the FPC has had the authority to regulate the price of gas flowing in interstate pipelines. A Supreme Court decision extended this control to include the wellhead price of gas as well, and if the President's energy plan is enacted by Congress, the price of intra-State natural gas will be controlled also.

Since 1954, the FPC has held natural gas prices below the market price in an effort to help consumers. As a result, wasteful consumption was encouraged because of artificially low prices—and as demand exceeded supply, shortages appeared.

THE RESULTS OF PRICE-CONTROL

We cannot hold the price of any item below its natural market level without bringing about two certain results:

Increased demand for the product—because it is cheaper, more people will want it.

Reduced supply of the product—production is discouraged because costs are

more than the return on investment. No one can afford to give his product away.

Forcing the price of anything below a price determined by supply and demand forces will lead to overconsumption and shortages. However, if the price is allowed to reach the level supported by the market, the proper incentive to find new, harder-to-produce gas sources will be provided.

PRICE CONTROLS COST THE CONSUMER MORE IN THE END

Controlling the price of natural gas has had many bad side effects. Because the price was artificially low, controls have hindered the development of new sources of energy such as: solar, wind, geothermal, tidal, et cetera.

It has made us more dependent on expensive foreign imports. When the shortages appeared, alternate fuel sources were required. In 1969, America was spending $3 billion on foreign oil; today we are spending $43 billion.

It has been estimated by many sources that decontrol of natural gas prices, which would lead to an increase in the amount of natural gas available, would save consumers between $26 to $40 billion on imported oil.

This price savings to consumers does not even begin to estimate the cost of employee layoffs and increased production costs due to the gas shortage.

It is not in our national interest to encourage this national gas shortage any longer by controlling the price of natural gas. The consumer is being forced to pay higher prices for alternate sources of fuel and higher prices for goods due to inflation, and higher tax rates due to the cost of unemployment to the Government.

GRADUAL CHANGE

Our natural gas supplies are not going to last forever, and eventually we will need to switch to new energy sources. However, such a change does not have to be sudden and abrupt.

Sudden surpluses in natural gas followed by sudden shortages and rationing are not the fault of the market mechanism, but of Government intervention.

If Government would step aside and let the market work, we would not have the massive and sudden school and industry closings we experienced last winter. As natural gas prices gradually increase due to harder-to-find sources—businesses and homes would gradually switch to less expensive forms of energy.

We do have an energy crisis and conservation is needed; but conservation imposed through the market pricing mechanism is far preferable to costly foreign imports, penalty taxes, and Government imposed regulation and allocation.

MAIN OBJECTION TO DECONTROL

The fear that a drastic increase in home utility costs will occur seems to be the main argument against allowing the free market to set the price of natural gas.

In terms of consumer costs, it is important to remember that only a small percentage of the total cost of natural gas is affected by an increase in the price at the wellhead. Approximately two-thirds of the cost of natural gas is the cost of transporting the gas from the well through pipelines to our homes and businesses.

The 1.1 million-mile pipelines are already in place and that cost is virtually fixed. Because of this fact, there is a great deal of evidence to show that increased gas production due to decontrol would lead to full use of the existing pipeline capacity and therefore, lower the unit transportation cost of gas through the system.

If immediate decontrol would lead to unjust profits to gas producers, Congress could easily enact windfall profit taxes and plowback legislation forcing the companies to reinvest their earnings in further production and exploration for new gas.

EASY WAY OUT AND THE CHALLENGE BEFORE US

In explaining the rationale for price controls, it appears that it is politically advantageous for some of my fellow colleagues to tell their constituents they passed a law to keep natural gas prices low. They forget to tell the people that such controls cause unemployment due to industry closings, and more dependence on expensive foreign oil and gas.

Congress does a grave disservice to the Nation by rationalizing and ducking the tough issues instead of meeting them head-on. Unless we want to face successive winters of high unemployment, cold homes, and closed schools—the public must be informed why we have gas shortages and what needs to be done to increase natural gas production.

Mr. EMERY. Mr. Speaker, during this special order, I would like to address myself to the contribution that synthetic fuels can make to our energy needs. More specifically, I will discuss methanol-ethanol fuels, solid waste energy sources, geothermal, tidal, and small site hydro.

ALCOHOL FUELS

Alcohol fuels—methanol or ethanol—are not new energy technologies. The United States currently consumes over 1 billion gallons of methanol per year. These liquid fuels were used quite extensively during World War II to fuel German war machinery and to some extent our own cars. However, due to cheap, plentiful supplies of gasoline they have been all but forgotten until the energy crises of the 1970's. Extensive studies and some demonstration projects have brought alcohol fuels back into the limelight.

The State of Nebraska initiated a program to demonstrate ethanol-gasoline use in automobiles. The test program consists of driving 45 vehicles belonging to the Nebraska Department of Roads with a 90–10 ethanol mixture, and the sale of 90,000 gallons of this mixture to the general public. There is wide enthusiasm for the continuation of the program.

According to Drs. Reed and Lerner—MIT—a 10- to 15-percent methanol-gasoline mixture provides more engine power than gasoline alone. Although methanol is a less powerful hydrocarbon by 50 percent, in a 10- to 15-percent mixture it burns gasoline more efficiently. Reductions in emissions have been documented as a result of methanol-gasoline blends. The methanol reduces unburned hydrocarbons and decreases carbon monoxide. Tests by both Volvo and Volkswagen conducted over several months indicated no problems with cold start, vapor lock or unusual wear on engine parts.

One of the most promising factors in the development of alcohol fuels is the ready availability of several renewable resources for its manufacture. The Office of Energy Resources in Maine estimated that 2,250 gallons of methanol can be produced from 1 acre of forest land—assuming 7 pounds of wood yield 1 gallon of methanol. It would take approximately 1 percent of national forest acreage or equivalent wood waste to produce a 10 percent methanol replacement of gasoline.

Studies on urban waste utilization reveal that 60 gallons of methanol can be produced per ton of waste. Both the States of Washington and California are looking at proposals to produce methanol from waste.

Ethanol is readily manufactured from several grains including wheat, corn, and milo at approximately $1 a gallon depending on grain prices. To replace 10 percent of our current gasoline consumption with ethanol would require 40 billion bushels of grains—approximately 40 percent of our annual harvest. However, spoiled grain, sample grade, and agriculture waste could be used as the predominant ingredient to produce ethanol.

Although no one source, municipal waste, agricultural or timber products will produce enough liquid fuel to replace gasoline, substantial gasoline replacement could occur if all of these resources are considered.

At this time there are no methanol-ethanol commercial size plants using a renewable resource. Nebraska estimates that a small plant capable of producing 20 million gallons of alcohol per year would cost approximately $21 million. This represents a substantial investment for a local or State government in a technology which is both complex and new. The Agriculture Act of 1977 authorizes approximately $84 million for research and pilot projects on industrial hydrocarbons from agricultural and forest products.

Alcohol fuels reduce our dependence on nonrenewable foreign fuels, decrease the detrimental effects on our environment, and provide needed diversification of our fuel alternatives. The technology to produce and commercialize alcohol blend fuels is available but at the present time a favorable investment climate does not exist.

SMALL SITE HYDROELECTRIC

Another resource which should not be overlooked is the development of new or expanded power facilities on already existing dams. There are over 42,000 dams in this country, only a small number of which are presently producing power. Studies by the Federal Power Commission, the New England River Basin Commission, and the Mitre Corp.

indicate there is substantial unused potential which can be developed at a cost of $700 to $2,000 a kilowatt. It is estimated that development of economically feasible dams could replace 2 million barrels of foreign oil per day.

Much of the potential for development of this resource lies in the energy-short Northeast. Larry Gleeson of the Maine Hydro-Electric Development Corp. estimates there are 3,005 dams which have a 25-foot head or have a storage capacity of 50 acre-feet or more. Many are in areas of heavy energy demand—near factories and small towns.

Some of the problems associated with the development of already existing dams are institutional, including extremely complex and lengthy FPC regulations, interconnection among utilities and ownership questions. To encourage private enterprise and public utilities to go ahead with the technology there must be incentives and recognition of the value of this resource. Hydropower on existing dams is a viable energy alternative now which causes no environmental problems and is within the economic cost/benefit picture of present energy sources.

Growing interest in this source of power has prompted a $10 million increase in the fiscal year 1978 ERDA authorization for demonstration and further study and a $300 million—over the next 3 years—increase in the authorization for the Federal Power Commission. These moneys would be used for grants and loan guarantees to establish a revolving fund for continued development of hydropower in this country.

WASTE-TO-ENERGY CONVERSION

Municipal solid waste is another important alternative source of energy which should be developed and utilized. According to a recent ERDA report, 200 million tons of urban waste are generated annually. At a ratio of approximately 4,500 Btu/pound, this amount of waste could potentially generate 1.8 quads per year—1 quad=10^{15} Btu—which would equal 1½ to 2 percent of the energy consumed nationally each year. The cost of waste collection and disposal is estimated to be $3.5 billion on a national scale. Waste removal represents an increasingly large portion of municipal funds, and landfill sites are becoming scarce. A 1975 EPA report estimated that the energy equivalent of 10 percent of our oil imports could be produced from wastes, and the cost of waste disposal could be reduced by $1 billion if it was converted into energy. Thus, waste-to-energy conversion is an emerging industry that is vital to our economy both from an environmental and energy standpoint.

There are several different methods of waste-to-energy conversion in current use and in developmental stages around the country. Water-wall incineration with steam recovery and refuse derived fuels—RDF—for cofiring with fossil fuels, such as coal, are two proven, marketable technologies used all over Europe and in several cities in the United States. Newer technologies include pyrolysis, or combustion without fire to produce gases, liquids, chars, or steam generation, and bioconversion to methane and carbon dioxide through anaerobic digestion, enzymatic hydrolysis and recovery of gases from landfills and coal mines. All forms of energy production from waste can be made more cost-effective by recovering marketable materials, such as scrap metals, from the combustion process—which also increases the Btu/pound ratio of waste—and by placing the combustion unit close to the refuse supply and integrating it with the end use of energy produced. Energy recovered from waste can be in the form of electricity to heat water for domestic use, or steam for heating, cooling, industrial processes, and the drying of sewage sludge.

Although existing waste conversion plants have experienced problems with air pollution, the major obstacles to further development and marketing of waste-to-energy conversion systems are institutional, not technological. The technology is available for current use, but it needs to be refined and, above all, methods of commercialization must be demonstrated. Waste recovery projects are capital intensive with a high initial cost which makes them difficult for cities to finance. Federal aid is needed both to assist municipalities through loan guarantees or grants, and to provide incentives for utilities and private industries to initiate waste recovery projects because neither the cities nor the utilities can afford to accept all the risks involved in marketing new, developing technologies.

The conversion of waste to energy is vital to our economy and to our society both as an alternative, renewable source of energy to replace limited fossil fuel reserves, and as an economically sound method of disposing of wastes without harming our environment. To realize the full potential for waste conversion, Federal and State governments must assist and encourage private industry in the demonstration of a wide range of technical options and in the creation of new financing mechanisms.

Congress has taken a first step toward promoting waste-to-energy conversion, but more needs to be done. Legislation such as the Resource Conservation and Recovery Act of 1976 and the proposed fiscal year 1978 ERDA authorization bill provide limited funds for research development and demonstration—R.D. & D.—projects, but not for commercialization. The President's national energy plan also includes a general commitment to funding R.D. & D. projects, but fails to provide adequate mechanisms or incentives for the production of alternative energy sources such as waste. These limited initiatives should be supported, but both Congress and the administration should do more to actively promote commercialization of waste-to-energy conversion so that cities and private industry can begin to construct more plants for operation in the near future. Higher costs for development and demonstration today will result in greater cost-effectiveness on a life-cycle basis with long-term benefits to our economy and our environment.

GEOTHERMAL ENERGY

Geothermal energy resources represent an alternative energy source that is just beginning to be tapped. ERDA has estimated that these resources could potentially produce 7,500 to 15,000 megawatts—MW—of power which is roughly equivalent to 2 percent of total U.S. energy requirements by 1985. If the technology for recovering geothermal energy can be developed and demonstrated in marketable form by the 1980's, geothermal resources could make a significant contribution to our energy needs within the 1985 to 2000 timeframe.

There are at least five known sources of geothermal energy including hydrothermal convection, geopressurized water, hot dry rock, normal gradients and molten rock, or magma. Hydrothermal convection, or the production of dry and wet steam for electric generation is the most readily available resource which has the greatest potential for immediate industrial expansion. Pressurized water reserves can be transformed into heat, mechanical energy, and dissolved methane. These so-called "hot water wells" are currently used on a large-scale basis in Iceland, Boise, Idaho, and Klamath Falls, Oreg., to produce electricity and hot water for home heating. Similar projects in Italy produce electricity from dry steam, and in California, the geysers are now being tapped to produce 2,500 MW of electricity.

An ERDA-funded project currently underway in New Mexico employs the hydraulic fracturing method whereby hot pressurized water is used first to crack hot rocks and then to circulate through the opening to extract heat. On a larger scale, this system could produce 10 MW electricity. The creation of energy from normal gradients and magma involves technology that is largely undeveloped and certainly not available for economical use in the near future.

In the area of geothermal energy, Federal aid is needed primarily to promote research, development, and demonstration of the various technological methods. In an industry as new as geothermal energy production, there is a primary need for reliable, quantitative information on the location and potential of reservoirs as well as proven, reliable methods for the extraction and marketing of the energy produced. Leasing of Federal lands for geothermal development, and grants and loan guarantees to help finance R.D. & D. projects would provide immediate aid. In addition, cost-benefit and environmental impact studies are especially important in this process.

WIND AND TIDAL POWER

The production of energy from the wind and tides is an old concept which has been largely abandoned in recent years in favor of cheaper, more readily available fossil fuels. As those nonrenewable energy resources become more expensive and scarce, however, the natural alternatives will become more attractive and cost effective. Once again, the basic technology is available, but it needs to be refined and methods of marketing the energy produced at competitive prices need to be developed before commercialization will be feasible.

ERDA is currently funding several R.D. & D. projects on wind power. In Ohio, NASA is operating a Mod-O 100 kW turbine generator which could provide electricity for 30 houses. Larger, horizontal axis turbine models are in the developmental stage. In 18 mph average winds, these models will produce enough electricity for up to 500 houses.

Other projects involve experimentation with different types of turbines, offshore wind machines and smaller scale farm and rural use systems in the 2 to 15 kilowatt range. These federally funded demonstration projects should provide the necessary data base for private industry to draw on once commercialization of wind power is feasible. Since wind turbines necessarily have a variable output, utilities must either develop storage facilities or flexible methods of using the power as it is generated at varying levels. Although development of wind power on a large scale for use by utilities is important, small scale turbines for irrigation and other agricultural purposes could also make a significant contribution to the energy supply and help to cut utility costs for individual farmers.

Tidal power has been demonstrated in Europe, but no projects are yet underway in the United States. France has a 240,000 kW plant which produces 502,000,000 kWh annually at an average cost of 1.83 mils per kWh—the average cost of electricity from conventional sources is about 30 mils per kWh. A recent study, issued by Stone & Webster Engineering Corp., indicated that the two most feasible sites for tidal generation in the United States—because of their high mean tidal range—are the Passamaquoddy Bay region in Maine and Cook Inlet, Alaska.

The combined potential power from these two sites would be 18.3 billion kWh output per year which is less than 1 percent of the total electrical energy produced in the United States in 1976. The engineering study estimates for length of time and cost of construction, peak load capacity, cost per kilowatthour, and total energy production look promising. Projects such as the ones proposed for Maine and Alaska will become more economically feasible as the costs of fossil fuels increase and supplies become scarce. The proposed projects could provide an important supplementary source of electrical power for those regions and should be developed in the near future.

CONCLUSION

In conclusion we commend the President for taking the initiative to begin building a national energy policy. The conservation elements of his proposal are an important beginning. However, a national energy policy can not be built on saving alone; this will only delay the crises. Alternatives, particularly renewable sources must be encouraged, in both the public and private sector. Federal incentives both monetary and institutional must be provided for research, demonstration, and commercialization of alternative fuels. The technologies are available to begin immediate use of many new energy sources, and it is now time to rise above the parochial and political fights of the past and formulate a creative, workable national energy policy.

Mr. SPENCE. Mr. Speaker, we of the Republican task force on energy have carefully reviewed the energy picture—present, past and future—over a period of several months. It is almost absurd to say that it is an enormous, very complex and highly technical matter. Given the volumes and volumes of material that have been produced on the subject in recent years and the length of time and the extent of talent and resources our Nation and its leaders have invested in looking for a solution to our "energy problem," that fact is patently self-evident.

The technical nature of much of the basic data, the widely variant interpretations and applications made of that data, and the complex and competitive web of economic, social and political issues entertwined with it, raise serious doubts in my mind whether it is possible to arrive at a "solution" during the course of this Congress. But it is a near certainty that, if that solution is conceived in an atmosphere of partisan politics and dedicated to the advancement of purely political goals then, to paraphrase the immortal words of Abraham Lincoln in a drastically different context, we shall certainly spend precious years testing whether any solution, "so conceived and so dedicated, can long endure." I believe it cannot. That is why I am pleased to be a part of this effort today. We hope to lay out alternatives to what seems a much too hastily developed, politically motivated and very inadequate "solution" offered by the current administration. I commend my colleague and the chairman of the Energy Task Force, BUD HILLIS, for arranging this time and for his energetic leadership on this vital issue.

One thing, I believe, is certain, Mr. Speaker—whatever sort of solution we arrive at, whatever the mix of ingredients, whether we arrive at it by studied and rational, long-range planning or stumble along from one crisis to another, coping with a problem we never really solve—one thing is certain: Nuclear energy should be and undoubtedly will be a significant part of the equation.

Today, I would like to discuss two important questions with regard to nuclear power as a source of energy:

First. Is it politically feasible?

Second. Is it economically viable?

Looking first at the political feasibility of nuclear power as an energy source, it is clear that there are at least two levels of consideration—domestic politics and international politics.

On the domestic scene, opinion surveys have demonstrated rather conclusively that leadership groups in the Nation badly misjudged public opinion on several nuclear related questions. They underestimated public support for nuclear power, they overestimated the concern about its risks, and they underestimated the demand for simultaneous preservation of the environment. In other words, they consistently misjudged the American people's commonsense when they have the facts.

Two successive Harris polls in August 1975, and November 1976, found support for the building of more nuclear powerplants to be in the 61 to 63 percent range with opposition in the 19 to 22 percent range. Six States have placed propositions relating to the development of nuclear facilities on their ballots, and in all six the results of the vote have favored development by percentages ranging from 59 percent to 74 percent. The results of my own Second Congressional District poll in South Carolina in April of this year showed 81 percent in favor of "the use of nuclear power to help meet our energy needs," and only 16 percent opposed. These results are especially noteworthy since the highly publicized Barnwell nuclear reprocessing plant is being constructed in my district.

Clearly then, further development of nuclear power is politically feasible from the domestic point of view. Those in Congress who hold it to be otherwise either represent districts which deviate substantially from the norm or they are representing their own personal views or those of special interest groups and not their total constituencies.

At the same time, there is a fairly clear evidence that many people who favor development of nuclear energy do not want it done at the expense of environmental destruction. This is not an unreasonable position nor an unwarranted concern. It stems largely, I think, from a lack of experience with the handling of waste materials which retain harmful radioactive properties over a long period of time and with a failure to provide the public with the data that do exist on this facet of the problem.

Most people are experientially aware of the existence and operation of nuclear powerplants here and abroad, and they have not heard of any serious consequences. Thus, they have set their minds at rest about the basic proposition, and so we have the high levels of support in recent polls for plant development. On the other hand, they have heard about the problems connected with nuclear waste disposal and the longevity of its harmful properties and there seems no way to demonstrate the long term effects or possible consequences of increasing stockpiles of buried wastes under the Earth's surface. This then, engenders a concern which may continue to be an impediment to nuclear development.

If, however, the public were made more aware of the efforts underway to demonstrate successful containment of radioactive wastes, as in the Asse salt mine in the heart of West Germany's fertile "vegetable basket," perhaps their concern over this aspect of the problem would diminish as did the initial fears regarding the very use of nuclear powerplants as energy resources. For that reason, I ask unanimous concern to insert at this point in my remarks a portion of a recent article in the U.S. News and World Report detailing the Asse nuclear "graveyard."

What then, of the bearing of nuclear development on international politics. Surprisingly to many, the answer seems to be that if we do not move ahead we will be cutting our own throats.

I have every respect for the announced motivation of President Carter in opposing the development of the Clinch River

nuclear breeder reactor and the reprocessing of nuclear wastes containing increased amounts of plutonium. I, too, do not want terrorists holding the world hostage. Unfortunately, I do not see a rational connection between that motivation and the action which it prompted.

In the first place, there are far too many other ways of obtaining nuclear weapons, including bombs—for example, to steal one already operational—and there are far too many other sufficiently devastating weapons or tactics available to terrorists at less trouble and expense—such as germ warfare, poisons in water supplies or hijacking planes or trains or capturing schools—for the prospect of widespread stealing of plutonium to manufacture bombs to be taken so seriously. Such precipitous action with respect to this particular danger is not consonant with our relative tolerance of other equally dangerous situations of a similar type. It must, therefore, be seen as somewhat emotional—or political.

Secondly, safeguards, international checkpoints and facilities, and irridation could easily be implemented to minimize the threat of theft by terrorists. Irridation—the retaining of a small amount of highly radioactive nuclear waste in the plutonium which would make it almost impossible to handle safely outside a fully equipped nuclear plant—is a particularly economical and feasible way of safeguarding the wrongful use of plutonium.

Thirdly, even if we were to concede that terrorism is a serious threat, it does not appear that the nations of Western Europe and others who have the technology for fast breeder reactor development have any intention of abandoning their plans for going ahead. If that should prove the case, it would indeed be both political and economic suicide for the United States to refrain from this logical "next step." Not to move ahead might, in fact, seriously impair our political influence in the world of today, and, therefore, our ability to exert moral leadership.

Let me turn now to the next question—Is nuclear energy economically viable? The economics of energy is, of course, a very relative thing. In the Southwest, where great supplies of oil and natural gas have been readily available and easily accessible, this fossil fuel has been and may remain for some time the most economical source of power. But when, in recent years, we cut down on our imports of cheaper foreign oil, the Northeast, which had also long made wide use of petroleum fuel, began rapidly to develop more nuclear power stations because it was more economical than high priced domestic oil and gas piped the long distances from the Southwest.

In areas where coal is produced, it may be the cheapest source of power, but it is costly to haul this bulky fuel long distances in our modern economy.

Now, I understand, New England is experimenting with procedures that may make it economically feasible to use wood as a power generating fuel.

A breakthrough could come any day in the field of solar energy which could render many other considerations inconsequential. But we cannot rely on something we are not certain will happen.

One of the difficulties, then, in arriving at a solution to the energy problem is the ever changing face of the technology. What seems the best solution or the best mix of energy sources today may be outmoded tomorrow. New technology holds the potential for drastic reductions in the cost of future energy supplies. On the other hand, world politics and economics can result in sudden and drastic price increases for energy raw materials such as petroleum, coal, or uranium.

Despite such frustrating variables, there are a few things of which we can be fairly certain. One is that nuclear energy can be produced more and more economically. Already it is competitive with or more economical than traditional fossil fuels in much of Western Europe and other parts of the world, as well as in parts of the United States. Approximately 10 percent of our own electrical energy consumption this year will be nuclear generated. My own State of South Carolina uses an annual average of 35 percent nuclear generated electricity, one of the highest levels of any State in the Union. All of this energy, as I understand it, is domestically generated from domestically supplied uranium. Last year, in contrast, oil and natural gas accounted for about 75 percent of the Nation's total energy consumption, but 40 percent of this fuel had to be imported at a cost of $35 billion.

It was originally assumed that nuclear energy would provide an abundant source of cheap energy. The primary reason it has not yet "arrived" as an economically competitive energy source nationwide has been the high capital costs, coupled with the escalating costs caused by politically motivated delays in construction in a period of serious inflation. However, studies such as an update by the New England Electric System of an earlier Arthur D. Little, Inc., study of relative costs per-kilowatt hour for generating electricity by oil, coal or uranium-fueled plants, show nuclear powerplants to be increasingly competitive. As the technology improves, the costs should continue to go down.

This, of course, could be counter-balanced by increasing scarcity and cost of uranium—the primary cause also for the increasing cost of fossil fuels—but the liquid metal fast breeder reactor, in which more fuel—plutomium—is produced than is used, could and would offset increased costs for initial uranium supplies, enabling costs of nuclear energy production to continue decreasing.

This must be balanced off against the fossil fuel picture, where the costs of oil and gas can only continue to increase. Whether we have left only a few years supply of this fuel resource, as many believe, or whether we have a 50 to 60 year domestic supply, as Barry Commoner assures us in a recent interview in U.S. News & World Report, there is no question but that much of our remaining reserves are subeconomic, meaning the cost of recovering them will result in escalating prices. As for coal, the fact that we do have large supplies must be traded off against the increasing cost of production and the cost of protecting the environment from this relatively "dirty" energy source.

Nuclear energy is, economically, a keystone without which the arch of interrelated energy supply sources may well crumble. It is certainly not the whole arch in itself. Crucial to any economic solution for the energy problem is an understanding of the fact that there is a role for all the various supply sources to play. One will be most feasible for this purpose or in this area—another somewhere else for some other purpose. Certainly, the nuclear power is not only an economically viable concept, but, as the potentially cheapest source of power we have next to hydropower, it must be an integral part of any energy solution.

There is also the impact of nuclear energy in the world economic picture to consider. The United States has long been the leading exporter of nuclear technology. It has been an important element in our relatively favorable balance of payments picture. As we increasingly take ourselves out of the nuclear development field for political and humanitarian reasons, we risk becoming dependent on others for what may turn out to be the "inevitable" basic source of energy, just at the time we are concerned with shaping an energy policy which will reduce our present dependence on foreign oil supplies.

According to a recent U.S. News & World Report article:

> France and Britain are making a pitch to become the atomic-fuel handlers and reprocessors of the world—
>
> While we call a moratorium on our reprocessing activities. The British—
>
> have recycled fuel from eight other nations. Pending is another contract with Japan for reprocessing more than 3,000 tons of spent fuel over a 10-year period. Germany and France have (already) become the Continent's two most aggressive exporters of reactors, seriously challenging the dominance of American manufacturers (in that field).
>
> Already, the Germans have sold reactors to Iran, Brazil, Switzerland, Austria, the Netherlands and Spain—nearly all of them markets that two American companies * * * were pursuing.

While it is obvious that clear-cut moral and humanitarian principles should not be sacrificed on the altar of economic pragmatism, it is equally clear that economic growth and stability should not be capriciously discounted for high sounding but essentially ephemeral goals. The question of developing the liquid metal fast breeder reactor, with its attendant problem of nuclear proliferation, is one of the most difficult questions before the Congress because our answer is not dependent alone upon our own decisions and desires. We cannot unilaterally protect the world or even ourselves from the dangers, if they exist, of plutonium stockpiling and nuclear proliferation. To endeavor to do so is neither economically, politically, nor morally sensible.

In conclusion, Mr. Speaker, I want to say that it would be foolhardy for this Nation to throw out the baby with the

dirty water on the nuclear power issue. There are problems, but they can be resolved. And there are enormous potential benefits yet to be achieved, not only from increasing supplies of less costly energy, but from the scientific spinoff of future technology development as we move ahead with nuclear research.

Perhaps the most pressing problem Congress needs to address with respect to the issue of nuclear energy is the endless delays and skyrocketing costs resulting from politically motivated court injunctions against construction and development. Such actions serve no informational purpose and are pursued only for their nuisance value. Still, all too often these political actions are responsible for the cancellation of projects which could provide jobs and lower cost energy for the poor.

Here on the domestic scene, orders for nuclear reactors dropped from 30 in 1974 to 4 in 1975 and 3 in 1976. The number of planned reactors dropped from 30 in 1974 to 11 in 1975 to 2 in 1976. At least 14 plants have been canceled since 1975, representing 13,739 megawatts of power. This does not reflect a glutted market, as is amply demonstrated by the following typical example. The Florida Power & Light Co. now operates three nuclear powerplants. They stopped plans for a fourth, in which $140 million had already been invested in preconstruction planning, and canceled plans for two more because of licensing problems and court suits. They are now building coal-fired plants instead, even though the nuclear plants would have been able to produce energy more economically.

It now takes an average of 10 to 11 years to complete a light-water breeder reactor in the United States, compared with 6 to 7 years in Japan and comparable times in Western Europe. That 4- to 5-year delay here means millions of dollars in inflated costs.

Mr. Speaker, inefficient use of man's limited resources is not good stewardship. It is as immoral—indeed, I believe it may be far worse—to waste our resources, as it is to develop a mechanism with inherent capacity for great benefit to mankind and only an unmeasured and fairly controllable potential for harm.

No problem is so critical that an answer is more important than the right answer. Let us take our time reviewing and acting upon the administration's proposed energy package so that we find the right answer.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding and welcome this opportunity for discussing our Nation's energy problems. I want to commend the gentlemar. from Indiana for arranging this special order.

Since the most ancient times, mankind has been intensely aware of the Sun as a vital force in their lives. We constructed buildings to take advantage of prevailing winds and at angles to catch the Sun's rays. We built our industries near streams and rivers to benefit from power generation and to make transportation easier, and our lives revolved around the agricultural seasons. Then, in the 14th century, fossil fuel, in the form of coal, became an increasing portion of Europe's energy budget; a trend that accelerated at a dramatic pace through the 18th and 19th centuries. In the last century, natural gas and petroleum became the primary energy sources for an industrialized world, while power from the Sun—solar, falling water, wind, and biomass—was, for the most part, ignored.

Our world economy was anchored in the false assumption that its limited resources of fossil fuels could be indefinitey expanded, while needs of future generations was almost entirely discounted. The 1973 Arab oil embargo, coupled with the oil cartel's drastic increase in fuel prices, precipitated a severe crisis in the world's economy and power businesses; indeed, many of our utility companies verged on bankruptcy. High fuel prices and interest rates wiped out profits, precipitating unheard of rate increases.

The Federal Government, along with massive increase in rates, bailed out the utility companies, so that by early 1976 utility stock and bond prices recovered, along with national—and world—economy. Everyone breathed a sigh of relief and believed that the crisis was past; but was it?

While the immediate crisis seemed to have passed, the underlying problem has not been addressed, let alone solved. There is no need to reiterate the problem this Nation, and the entire world, faces in regard to the overdependence upon oil. For the rich and poor nations of the world alike, the energy patterns of the past are not prologue to the future. The oil-based societies of the industrial nations cannot be sustained nor replicated; their spindly foundations, built in the shifting sands of the Mideast, are quickly eroding. The alarming increase in oil prices since 1973 virtually guarantees that the industrialized nations of the world cannot long continue their dependence upon petroleum: There simply is not enough of this commodity to serve our needs even through this century, let alone the next.

Because of the many available alternatives to gas and oil, it is imperative that we carefully explore all the consequences; for the choices we make today we will have to live with in 50 years. While, obviously, no one can accurately predict the state of the world's energy in half a century, it is possible to make some rough calculations which provide important insights for our policy decisions:

> If we optimistically assume that the world's population will level off after one more doubling and stabilize at 8 billion by 2025, and if we conservatively assume that per capita energy use will then amount to one-third the current U.S. level, we can broadly assess different ways of trying to meet this aggregate demand, (Denis Hayes, *Worldwatch Paper 11*, Worldwatch Institute, March 1977).

It has been postulated by some of our experts that this huge demand for energy in the future could be met by nuclear fission. Unfortunately, at this time the cancellations of nuclear energy plants have exceeded the number of new orders. High interest rates, limited supplies of uranium and confusion regarding the safe disposal of radioactive wastes further aggravate a series of difficulties experienced in building and operating nuclear fission plants. Although these plants were intended to supply industry and the public with low-cost energy, construction costs are known to have increased alarmingly over early estimates. At best, nuclear energy still remains a speculative technology:

> No one knows what it will cost, how it will work, or even whether it will work (David Hayes, *Worldwatch Paper II*).

The administration has announced that a major effort will be launched to encourage the utilities and industry to move away from using scarce energy resources, such as oil and natural gas, and switch to coal as a primary source of energy.

As environmentalists are quick to point out, however, the combustion of coal produces CO_2—carbon dioxide—which, once added to the air, raises the Earth's temperature by retarding the radiation of heat into space—also known as the "greenhouse effect." Further, since CO_2 remains in the atmosphere for hundreds, or even thousands, of years, the impact of its emissions is cumulative in effect, and irreversible on a grant scale. According to current projections of yearly coal consumption, the atmospheric makeup of CO_2 will increase at a rate of approximately 4 percent per year. This rate could, if unchecked, alter the Earth's balance of heat in a dramatic fashion—Stephen H. Schneider, "The Genesis Strategy: Climate and Global Survival," 1976.

True, this effect could be minimized by strict environmental safeguards. But according to the vice president of the American Coal Association, Glenn Schleede, even under today's standards "you can't dig the stuff and you can't burn it."

Clearly, this planet is on the brink of a major energy transition, else we face an awesome discontinuity in the production and use of energy, and, therefore, in our world as we know it today. If we objectively consider both the dangers and the scarcity of uranium and fossil fuels, it is clear that our best option is the solar option: direct sunlight, wind, water, and biomass. The solar options add no new pollutants to the environment, they are abundant and ever-renewable, and they are free. Solar technology fits comfortably into our own political system, which emphasizes pluralism and a balance of centralized and local power. Further, the Sun's inconstancy is seasonal and regional, rather than arbitrary or political, and therefore can be anticipated and planned for—see: Wilson Clark, "Energy for Survival" and Farrington Daniels, "Direct Use of the Sun's Energy."

Once the province of dreamers and a handful of scientific researchers, solar energy has been reborn, courtesy of the 1973 Arab oil embargo, and is now emerging in the United States as a fruitful new industry. It is my belief that the solar age could eventually replace the nuclear age, as solar energy becomes our most important alternate source of en-

ergy. This is particularly clear when one realizes that solar energy is a nonpolluting, versatile, and virtually ever-renewable source of fuel. It has long been felt by solar energy researchers that this type of fuel could have rapid introduction into existing technology because of its probable popularity in contrast to the unpopularity of nuclear fission and fusion. Its widespread use, whether for heat or for electricity, could greatly reduce the need for more nuclear energy plants, and with them the dangers of reprocessing and radioactive waste disposal. Furthermore, the technology to harness this enormous source of clean energy is within our grasp and will soon be developed so that solar equipment will soon be cheap enough to compete with conventional heating systems using fossil fuels.

Egan O'Connor, author of "Solar Energy—How Soon?" published by the Committee for Nuclear Responsibility, Inc., stated:

> There can be years of difference, even decades, between developing solar energy systems which just work . . . and developing elegant systems which work as well as engineers know they can someday work. The first generation of fossil fuel electric plants certainly did not work as well as today's, but they surely produced a lot of power . . . Therefore, it is legitimate to ask: When do you interrupt cerebration and start building? When is a design good enough? When is solar energy equipment "practical", and who is making the decisions?

At this time, the job of formulating and managing the U.S. program for accomplishing the application of solar systems, as authorized by the Congress, lies within the jurisdiction of the Energy Research and Development Administration—ERDA. A number of other Federal agencies also have various responsibilities under the Energy Reorganization Act of 1974, such as HUD, residential demonstration projects; DOD, military installation demonstrations; NASA, evaluation and testing of solar systems and subsystems; NBS, performance standards and recommendations; GSA recommendations of installation of systems into Federal buildings; and FEA policy proposals and incentives, and investigative duties on constraints.

In 1976, the Federal Government began to install and operate the first set of a series of solar heating and cooling demonstration programs across the United States as part of a program that will launch a large number of homes, factories, and office buildings into using solar heating, hot water, and air conditioning. The systems were the first phase of a major new Federal program, mandated by the Solar Heating and Cooling Demonstration Act of 1974.

The consensus of opinion in the solar energy industry is that congressional legislation will not, by itself, lead to the widespread application of solar systems. Edward J. Carlough of the Sheet Metal Workers' International Association feels that "this is a developed technology capable of producing energy and jobs," and, while stating in the union's newsletter of March 8, 1977 that Federal incentives are needed to foster the growth of this new technology, he noted that those individuals in the sheet metal and air-conditioning industry have already encouraged their members to be trained in solar equipment installation techniques, have sought to eliminate collective bargaining blocks to solar job development and have sponsored research in the area of solar research and development.

Further efforts by the Congress and the administration should help to stimulate consumer demand and build up the necessary industry infrastructure. The Heating and Cooling Demonstration Act is only a first step in that direction. Solar heating is to be demonstrated this year, and combined solar heating and cooling by 1979.

ERDA's activities have helped to stimulate public acceptance of solar energy heating and cooling units, and helped to create a market demand for these systems. At this time, ERDA's goal is to install solar heating and cooling systems in at least 1 percent of annual housing and commercial buildings by 1980, up to 10 percent by 1985. Industry has set even higher goals:

> Solar technology can now compete economically with electricity in most areas of the country . . . half the single-family houses built in the United States in 1975 and 1976, which have electric heating, could have used solar heat.

Furthermore:

> At a relatively low cost, we (the Sheet Metal Workers') would make a huge dent in the nation's energy consumption by modifying those systems to use solar energy where it is feasible. (Sheet Metal Workers' Union President Carlough in a March 8, 1977 press release).

The intent of both ERDA and industry is, therefore, to demonstrate to the public the feasibility of solar energy's efficiency and versatility, and to prove to consumers that solar systems are as reliable as conventional fossil fuel systems.

ERDA's demonstration program will also help to solve zoning and other institutional problems that inhibit the more widespread application of solar systems.

The key to widespread solar energy commercialization, of course, is to make solar systems economically attractive by lowering costs and by developing an industry which is both versatile and efficient. To help stimulate demand—which in turn will reduce unit cost—both the administration and Congress are studying a variety of proposals:

First. Tax credits to reduce the overall purchase price to consumers, which would provide a 25-percent credit for homeowners against the purchase of solar energy equipment costing as much as $8,000. If enacted, this would, in effect, reduce purchase prices by as much as a quarter.

Second. Low-interest, long-term loans to assist purchasers in handling the high front-end costs of solar systems. Hopefully, such legislation would also reduce monthly payments to comparable levels with fuel bills associated with conventional heating and cooling systems.

Third. Solar energy Government building projects have been taken up as legislative initiatives by both the House and Senate. The FEA has studied proposals to require that all designs for future Federal buildings include an assessment of the feasibility of using solar heating and cooling, and the feasibility of designing methods which would enable a relatively easy retrofit to solar heating and cooling at some future time. This program could also provide for substantial Government purchases of competitive solar systems and some purchases of noncompetitive systems to contribute to the development of industry infrastructure.

Although the administration has stressed—and rightfully so—the need for an all-out national conservation program, reducing energy use is not the same as having an independent supply of energy readily available for public and private use. The advantage of heating with sunlight is that, obviously, it is free.

Ideally, Federal policy would be to vigorously pursue solar technology which could replace the low-efficiency, high-cost private power monopoly's behemoth plants, particularly since our supplies of oil, coal and natural gas are quickly running out. There is no reason why solar energy cannot be developed until its technology is every bit as widespread and efficient as our fossil fuel technology. In fact, Leon Gaucher of the National Petroleum Institute has admitted that—

> Had it not been for an abundance of fossil fuel . . . we might today have a "solar energy economy" just as effective and efficient as our "fossil fuel economy" (United States Energy Outlook, 1972.)

Sir George Porter, a Nobel laureate in chemistry, reiterated the same thoughts when he stated:

> I have no doubt that we will be successful in harnessing the sun's energy. If sunbeams were weapons of war, we would have had solar energy years ago (*Solar Age*, Jan. 1976, Vol. 1, No. 1, pg. 7).

The amount of energy this Nation alone receives in the form of solar energy already far exceeds any known projections for total energy consumption in the United States. Each year, this Nation alone is bathed with many times the total energy that is found in the entire Earth's known reserves of fossil fuels. According to Dr. M. King Hubbert in his article "The Energy Resources of Earth," Scientific American, September, 1971, 30 percent of the solar energy reaching our planet is reflected back into space; 47 percent is absorbed into the atmosphere, the land and seas, where it is then converted into heat and radiated back into space; and the remaining 23 percent drives our planet's water cycle—through evaporation and precipitation—before radiating back into space.

In other words, it takes less than 1 percent of our incoming solar energy to power all the Earth's winds and waves, atmospheric and oceanic circulation. Furthermore, less than 3/10,000ths of incoming solar radiation provides energy to all the plantlife on Earth for photosynthesis. So, as one can see, solar energy could provide 100 percent of our fuel needs because, in comparison with fossil fuel and nuclear energy, it can reduce

resource and land consumption, environmental deterioration and our overdependence upon foreign energy sources.

Unfortunately, people in this country have tended to think of solar energy as being in the realm of science fiction or, at best, as something for "the future." However, since ancient times men have recognized the Sun as the power behind every natural phenomenom on Earth, and a primary determinant of all manmade processes. Many individuals do not know that as early as the 18th century, Swiss scientist Nicholas de Saussure developed the flat-plate collector used to catch heat from the Sun's rays. The modern flat-plate collector operates on the same basic principles. At the Paris exhibition in 1878, a parabolic collector was used to collect and concentrate solar energy into a steam boiler, which in turn powered a printing press.

In more recent times, MIT used a grant received in the early 1930's to construct the first solar-heated home in 1939. A second home was constructed in 1947 and tested the idea of combining the operation of heat collection, storage and delivery to the inside environment by exposing a solar storage "wall" to the direct sunlight. In 1948 this solar house was remodeled and successfully heated the entire indoor environment by solar energy alone for several years of follow-up experimentation.

About 25 solar heating and cooling projects were built before 1965. Since then, interest has greatly increased and at this date hundreds of projects have been completed successfully, with literally thousands more in the planning stages. Before 1974 there were no commercially available solar collectors to heat and cool buildings. In only 3 years, at least 200 manufacturers are marketing, or planning to market, solar heating and cooling projects.

We now have, in addition, solar powered cars, stoves, ovens, water stills, crop dryers and sludge dryers. Wind—powered by the Sun—generates electricity and mechanical power. Solar-produced methane gas fuels stoves and cars. Solar electrolizers convert water to clean hydrogen gas, which is then utilized as fuel.

In Australia, solar water heating is a multimillion dollar business and is required for all new housing in the northern regions by the Australian Government. Israel makes extensive use of solar powered water heaters, as does Japan. France and the Soviet Union are increasingly viewing solar energy as a major component of their energy policy, and the Middle East has shown a growing awareness of possible uses of solar electric technology. In fact:

About one-fifth of all energy used around the world now comes from solar resources (David Hayes, "Energy: The Solar Prospect," Mar. '77).

Solar technologies can provide energy of any quality, and are even more attractive when cross bred with other types of energy technologies. More massive applications of solar energy do not have to be decades away. Although a sensible strategy for energy policy demands much more than a simple substitution of sunlight for fossil fuels and uranium, several types of solar technologies are presently available today, and many other types will soon be on the market if funds are appropriated for research and development:

First. Solar thermal power plants are currently being developed both in the United States and abroad. Thermal power plants, or "power towers," rely upon a large field of mirrors, which focus sunlight on a boiler atop a high structure. The mirrors follow the sun across the sky, maintaining an angle able to reflect sunlight back to the boiler. The boiler produces pressurized steam to run a turbine to generate electric power. France, which successfully used a small prototype to generate electricity in January of this year, plans to have a 10-megawatt unit operational by 1981. The United States is currently conducting similar tests with prototypes located in New Mexico, and plans to have our own 10-megawatt power plant ready for operation by 1980 in Barstow, Calif.

Second. Ocean thermal energy: The difference in temperature between the upper and lower layers of ocean water can be used to run what is known as a "low temperature difference heat engine" which drives a generator that produces either electricity or hydrogen fuel. Dr. William Heronemus at the University of Massachusetts has predicted that such plants are competitive in prices with plants fueled by oil or natural gas.

Third. Solar photovoltaic cells: These modular cells, currently the principal power source of space satellites, are able to directly convert solar energy into electricity. Silicon solar cells are probably one of the most exciting solar electrical prospects, since they operate on a beautifully simple idea: They generate electricity directly when sunlight falls on them. They have no moving parts, consume no fuel, produce no pollution, operate at environmental temperatures, have long lifetimes, require little maintenance and are produced from silicon, the second most abundant element in the Earth's crust—see: Joseph A. Merrigan, "Sunlight to Energy: Prospects for Solar Energy Conversion by Photovoltaics," Cambridge, Mass.; MIT Press, 1975, and Bruce Challmers, "The Photovoltaic Generation of Electricity," Scientific American, October 1976.

Although photovoltaic cells now cost 20 to 30 times as much as conventional sources of electricity, the costs of conventional plants has soared during the past 10 years, while the costs of photovoltaic cells has rapidly declined. ERDA's national photovoltaic program's goal is to develop low-cost, reliable systems, and has predicted that the reduced maintenance costs of the photovoltaic process should lead to increased reliability during the operational lifetime of a power system.

Fourth. Concentrating collectors: This type of equipment heats fluids which in turn operate heat engines powering generators. Low temperature collectors—flat-plates—can be used to heat buildings and water; with further research, the collectors could be developed to run absorption cooling equipment. High temperature collectors are able to focus solar energy from a large area, lessening conduction and convection losses, with attainable temperatures up to 1,000° F.

Fifth. Satellite solar power: Dr. Peter Glaser, vice president of Arthur D. Litte, Inc., an authority on solar energy, has done considerable research in this field and concludes:

Technical and economic feasibility studies of such systems already indicate that they could provide an economically viable, and environmentally and socially acceptable, option of power generation substantial enough to meet a significant portion of future world energy demands," (*Physics Today*, "Solar Power from Satellites," Feb., '77).

Investigations of solar-power stations have been carried on under the auspices of NASA at both the Johnson and Marshall Space Flight Centers, and have been found to be most promising. A power station in space could use more than one method to convert solar energy into electricity on a continual basis. This electricity would be available on a round-the-clock basis, since it would be converted from the continuous sunlight of space. The electricity would be incorporated into microwave beams, transmitted by antennae positioned in a direct line of sight on Earth, and then safely reconverted into electricity and fed into a conventional power-transmission network.

With a chain of these satellites in synchronous orbit around the Earth, under the auspices of NASA, electrical power could be delivered to any place in the world, constantly. Furthermore, the thermal pollution entailed would be about 75 percent less than that of conventional powerplants and virtually no waste products would be generated—Dr. Peter Glaser, Ibid.

A variety of options, then, are available to us for producing energy directly from the Sun. There is no reason why the approaches sketched here—all of which have been demonstrated on a technical basis—cannot be made economically competitive with fossil- or uranium-fueled plants. There can be no doubt that the price of solar technologies will fall drastically with further research and development.

It is true that solar energy is not cheap, and may never really be cheap. But unlike fossil fuels or uranium, sunlight provides a constant flow of available energy. Once a barrel of oil is burned, it is gone forever; but the Sun will cast its rays upon our planet for billions of years to come whether we utilize its energy or not. Research, development, and commercialization could permanently lower the price of solar energy; similar development of fossil-fuel technology will only hasten the exhaustion of our already limited supplies of gas, coal, and oil.

The evidence is clear: we are not running out of energy. What we are running out of is a plentiful supply of cheap fossil fuels; enough money to pay for an already overdeveloped and awesomely expensive fossil-fuel technology; the environmental capacity to absorb the pollutants generated by energy produced via fossil fuels; public willingness to accept

the social, economic, political, and environmental tolls exacted by our reliance on a technology based on fossil fuels and, the most urgent of all, we are running out of time to correct these frightening realities.

This country; indeed, this world is no closer today than it was a quarter of a century ago to using alternative sources of energy. More energy is spent on rhetoric about our "energy crisis" than is spent on real action to rectify the situation; public officials and industry continue to speak of solar energy as though they were addressing a solution for future generations. This generation must realize that the energy crisis is its crisis, that solar and other alternative forms of energy are today's bridge to tomorrow, and that we must not burn our bridges behind us. Let us plan and build now, for a better tomorrow.

Mr. ABDNOR. Mr. Speaker, I wish to thank Mr. HILLIS for providing the opportunity for me to present testimony regarding the subject of energy.

Energy legislation is one of the major issues to be decided by Congress this year and the outcome will alter the lifestyle of all Americans. Therefore such a policy must take into consideration the different sectors of the country and the effect the energy policy will have on each one.

I represent three-fourths of South Dakota, one State among a large area where agriculture represents the No. 1 industry. Too often this area is overlooked and not taken into consideration when Congress deliberates on measures of national importance, such as energy. This lack of concern is a slap in the face to rural America which provides the commodities that feed the entire country. Thus one of the main emphases of an energy policy should be the assurance of equity to rural America.

In order to understand the importance of agriculture and its relation to energy, an historical perspective provides an informative insight into this subject.

Wind, water, earth, fire—the four elements of our physical universe, enhanced by the light and the warmth of the Sun—are the foundation of our civilization. From these original sources of energy come the energy for man and beast.

Most basic of the energy sources is the Sun and its process of photosynthesis by which its electromagnetic energy is converted to energy stored in plants. From this most important energy-producing process have come the other great energy sources—the fossil fuels. Plants alone appropriate 15 billion tons of carbon dioxide a year from the Earth's atmosphere and with the aid of chlorophyll as a catalyst create complex organic materials. Ultimately all agricultural practices are directed toward increasing the efficiency and enhancing the results of the process of photosynthesis.

From the beginning, man supplemented nature's elements with his own forms of energy. Up until the mid-19th century these consisted primarily of horse—and ox—power and elbow grease. Hand sowing and reaping, aided by wooden tools where they were available put the grain into the ground, then reaped it. The four natural elements and the Sun took care of it in between. What irrigation and conservation was done, was accomplished through elbow grease and the sweat of the brow.

Then came the Industrial Revolution and the advancement of technology. The new methods of operation also made use of the four natural elements. The wind was harnessed to pump water and, later, to generate electricity. The Sun was used for natural drying of the ripened crops. Fire combined with water to operate the steam threshers and other tools. More important, the Earth was drilled and mined in search of new fuels to replace the wood which was rapidly depleted. What was found were the fossil fuels of coal and, later, of oil.

The very existence of mankind depends on an adequate quantity and quality of food and fiber. The growing of crops, livestock, poultry, dairying, and related practices are bound up completely in energy. One energy puts seed into the soil; another energy ripens the crop; other energy harvests it and food of its very nature is energy. The complete start-to-finish energy cycle is repeated over and over in every facet of agriculture.

The population of the world is approximately 4 billion humans. As our own population and that of other nations has continued to grow, U.S. technology has pioneered methods, in which it has been highly successful, in increasing crop quality and yield, while reducing the number of persons required to produce that quality and yield. In 1930 there were 10 non-farm workers to every farm worker; in 1971 there were 48 off the farm for each one on the farm. Today only 4 percent of our population lives on farms.

The new agricultural technology and the "green revolution" which resulted throughout the world have had a tremendous impact on energy supplies, inasmuch as it is totally dependent upon energy. In addition to directly using vast amounts of fossil fuels, there has also been an attendant depletion of soils, pollution, disruption of natural plant and animal populations, all of which have required additional expenditures of energy to stabilize and amend. Fossil fuel inputs have become so integral and so indispensable to modern agriculture that any energy shortage has a significant impact upon food production in all parts of the world which have adopted or are adopting modern agricultural technology.

Regardless of the source of energy, the needs of agriculture are not only seasonable and variable, but also specific and essential. If a crop is not planted on time, fertilized properly and harvested and conditioned on time, the entire year's production is affected. Without sufficient energy of the proper type at the right time and in the right place, goals of increased production cannot be met. Lack of production not only affects the profitability of farming, but also affects food prices for consumers, ability to expand exports, the Nation's balance-of-trade payments, and the value of the dollar in world markets.

America's competitive highly mechanized agriculture is now totally dependent upon petroleum and other fossil fuels. Huge diesel tractors, gasoline-fueled combines and farm trucks, grain dryers, and irrigation systems run by various fuels are examples of what makes the farmer the petroleum industry's No. 1 customer. Farmers use about 2.5 percent of the Nation's total electricity, much of which is generated with fossil fuel power.

Horsepower, once four-legged and measured in hands, is now four-wheeled and measured in cubic centimeters. Steam gave way to gasoline, which was in turn replaced in many instances by the more sophisticated middle distillates of diesel and liquid-petroleum gas. Highly specialized equipment for handling every facet of planting, cultivating, harvesting, and storage is commonplace on even the smallest of acreages. During 1972 the demand for diesel fuel for agricultural use was approximately 144,000 barrels or 6 million gallons a day. The demand for gasoline was just over 260,000 barrels or almost 11 million gallons a day. Total demand for LP gas in 1972 was 326 million barrels.

Electric power has also been innovatively utilized to enhance the productivity revolution in agriculture. Twenty years ago a dairyman could take care of 20 to 30 cows. Today, thanks largely to electricity, he can milk, feed, clean, and care for a herd of 120 cows. A cow can be milked in a minute with the dairy products preserved, churned, homogenized, refrigerated and frozen by electricity.

Generation of electricity is more and more dependent upon distillate fuels. Due to clean air standards necessitating the rapid abandonment of the use of coal, demand for distillates by electric utilities jumped from 8,000 barrels a day in 1967 to 186,000 barrels a day in 1972.

Natural gas also plays an important role in agriculture for it is the feedstock in the production of fertilizer. Of all of the uses of fossil fuels, natural gas is the only one to enter the food chain directly and to contribute directly to food production. It is the hydrocarbon building block for anhydrous ammonia and urea. The utilization is unique and no other use of natural gas equals it in terms of essentiality for man's well-being.

At the present time there is no economical alternative means for making either anhydrous ammonia and urea. Some 80 percent of all anhydrous ammonia produced in the United States is used for fertilizer.

Liquified petroleum gas, while representing only a small proportion of the Nation's total energy picture, has very critical uses because of its high quality, portability and substitutability for natural gas. It has previously been indicated that LP gas is utilized as energy in farm machinery. Its wider application is in drying processes required in the curing of tobacco and the storage of livestock ensilage.

Corn Belt farmers have greatly boosted grain production with adoption of practices that require high speed drying equipment dependent upon LP gas. Crop drying is a relatively short term, highly seasonal demand of variable character. While limited alternatives are available, farmers are essentially "locked-in" to the technology for a number of years because of the investment in specially designed harvesting, handling, drying and storage equipment. The only real alternative to an inadequate supply of LP gas is to leave the grain in the field.

Save for natural rainfall, utilization of water in crop production and for livestock, is also reliant on fossil fuels. Irrigation demands electric pumping facilities either from reservoirs which have required petroleum-fueled machinery for construction or from wells which have required petroleum-fueled machinery for drilling.

So dependent has the farmer become upon electricity in watering, feeding, heating and cooling that most operators maintain auxiliary generating equipment on their farms, to be utilized when weather conditions interrupt normal transmission through rural electric systems. This generating equipment is most frequently powered by gasoline.

ALTERNATIVES FOR THE PRESENT

Rising costs and dwindling supplies of fossil fuel agricultural energy demand evaluation of alternatives available. While use of human labor—the elbow grease of the past—has steadily declined as bigger and better machinery became available, its reintroduction in certain applications must be considered.

Virtually ignored in recent years has been the use of livestock manure as fertilizer, yet the single largest energy input in corn production, as an example, is fertilizer. Today fertilizer is applied to one acre of corn at the rate of 112 pounds of nitrogen, 31 pounds of phosphorus and 60 pounds of potassium. A like amount of nitrogen is available from manure produced in one year by either one dairy cow, two young fattening beef cattle, nine hogs or 84 chickens. In addition to the nutrients manure adds to the soil, it adds organic matter which increases the number of beneficial bacteria and fungi in the soil, makes plowing easier, improves the water-holding and percolation capacity of the soil, reduces soil erosion and improves the carbon-nitrogen ratio in the soil.

ENERGY OF THE FUTURE

What about the agriculture energy of the future? Photosynthesis has been managed as the world's most important energy producing process. This has been a fact since the beginning of time. Photosynthetic processes from the beginning of the world were the basis of all of the fossil fuels on which we have become dependent.

The second most important energy producer is a biochemical process known as anaerobic biological nitrogen fixation whereby nitrogen fertilizer is produced within the soil. Despite the fact that these two processes—photosynthesis and biological nitrogen fixation—are recognized as "renewable resources" of energy, they have managed to escape serious consideration among the energy options now under study.

Indeed, while it would seem that a partial answer to the energy crisis might rest in increasing the efficiency and enhancing the magnitude of food-producing systems, these "energy farms" and "energy plantations" have come under criticism because of their high energy requirements. American agriculture is seen as a process for converting some 3 percent of the Nation's fossil fuel energy into food, despite the fact that the proportion of the total energy consumption has changed but little in the past three decades.

The flow of energy into and from agricultural enterprises must have serious consideration with encouragement for developing least cost, low energy producing systems. Minimum, no-till, or zero tillage systems are extremely effective on crops such as corn, sugarbeets and asparagus, and on some soil types. In such instances energy input can be cut nearly in half while yields are simultaneously increased and soil and water conserved.

Utilization of solar energy in crop production must be intensified. Productivity of corn, sorghum and potatoes has quadrupled in recent decades and great progress has been made in this direction with wheat and rice. High lysine corn is a reality. Using only a high lysine variety instead of standard corn in hog feeding would enable a reduction in soybean acres, now used chiefly as protein supplements.

Corn, because it produces more total digestible nutrients than almost any other major crop, is the most efficient as an energy converter. Breeding of other higher energy plants, already underway in "the Green Revolution," its a requisite. In addition to the higher energy of the protein, other qualities must be considered. Breeding of corn for insect, disease and bird resistance would in itself reduce the energy inputs of pesticides and at the same time reduce problems from perticide pollution. Other qualities that can be bred into plants include faster maturity, reduced moisture content, greater water efficiency, and improved fertilizer response.

Development of "energy farms" and "energy plantations" converters, through photosynthetic food and fiber production, will capitalize on a proven renewable resource. It will quickly yield tangible results.

Research into use of hydrogen as a nonpolluting multi-purpose fuel will have broad application in agriculture, not only in the operation of machinery but in the manufacture of fertilizer and other chemicals. Today's research is only hinting at the vast possibilities of this recyclable technology.

Also receiving much attention is the conversion of biomass to fuels, such as the conversion of grain or grain products and wood and other forest products in the development of fuels.

Methanol—wood alcohol and ethanol—grain alcohol have both been considered additives for gasoline. Technically, their use as a fuel is completely feasible. The only restrictions on their use are those of economics and supply.

Methanol is a widely used chemical with an annual U.S. production of approximately 1 billion gallons per year. Estimates conclude that less than 1 percent of the total national forest acreage is required to produce a 1-year supply of gasoline.

The use of grain alcohol in a blend with gasoline as a fuel was widespread in a number of countries around the world in the 1930's and 1940's when petroleum was in short supply.

After the war, this source was eliminated for reasons of economy. However, with the recent increase of prices due to the Arab embargo and shortage of oil supplies, the feasibility of renewing this process has once again surfaced.

Since grain supplies are limited and would not provide a sufficient amount of fuel on a large scale basis, specialized limited uses may be feasible in certain areas of the country, especially the Midwest.

Through research efforts in this field the use of ethanol and methanol could make a significant contribution toward relieving the energy crisis and reducing this country's dependence upon foreign sources of petroleum.

The agriculture of the future will continue to require consumption of energy to meet energy needs. New cropping and livestock practices hold the promise of lessening reliance on depletable energy while increasing the capabilities and utilization of renewable energy.

As in any other complex problem, the solution rests in getting back to the basics—wind, water, earth, fire, and most of all—the Sun.

Mr. BROYHILL. Mr. Speaker, I am pleased to take this opportunity to participate in a discussion with my distinguished colleagues, members of the Republican Energy Task Force, on the various aspects of our Nation's energy situation.

Since the energy crisis of 1973, there has been a growing understanding that the Sun must eventually become a major source for our Nation's energy.

Each year, the world's solar energy income at ground level is about 500,000 barrels of oil equivalent, or about 1,000 times the energy of our known reserves of oil.

The rate at which solar energy will become widely used, however, is highly uncertain, for technical, economic, and social reasons. Questions of costs, supply, materials requirements, reliability and acceptability need to be answered before use of solar energy becomes widespread.

The financial constraints on the use of solar energy involve the capital needed for technological development, and the generally high initial costs of the systems themselves. Life cycle costs, in which high initial costs are offset by low operating costs, could give solar systems a growing advantage over systems based on fuels with rising prices.

The task before this Congress, therefore, will be to encourage not only further development of solar technology, but also to create significant incentives to use solar energy.

In the climates of North America, Europe, and Japan, enough solar energy falls on the roof of the average house to supply all of its energy needs. Capturing and converting portions of this energy for useful purposes appears economically feasible over much of these areas, especially in existing residential dwellings.

The turnover time of a nation's housing stock is approximately 100 years. Thus, progress in the implementation of solar heating in the industrialized world may be slow if applications of solar technologies are confined to new construction. For example, to achieve a solar energy usage equivalent to 1,000 barrels of oil a day in the United States by the year 2000 would require the building of solar hot water and heating systems in two out of every three homes built between 1980 and 2000. Such an effort would satisfy only about 2 percent of the total U.S. energy needs in 2000. A key problem, then, is how to devise more economical solar designs for retrofitting existing buildings and to provide incentives for such investments with high first cost and very low operating costs.

Normally, rising prices of heating fuels would tend to make solar systems increasingly attractive. Indeed, the lifetime cost of a solar heating system may be much less than the lifetime cost of a conventional heating system requiring fuel. But most financing systems do not take into account the lifetime costs. The building owner knows only that he must make a large investment—consequently lowest first cost is typically favored.

The real question facing the Congress, therefore, is not going to be whether to further increase solar development and demonstration as much as it will be how to create a market for solar use in our homes and in our businesses. We must construct an incentive program which will emphasize the longrun energy savings and make the short-term expense bearable. Such a program would not only encourage the incorporation of solar equipment into new construction, but also its installation into existing structures throughout the United States. It is my hope that such a program will include tax credits of sufficient magnitude so as to provide real incentive for conversion to solar energy use.

Mr. ANDREWS of North Dakota. Coal is the energy source that brought us into the industrial revolution. It heated our homes, generated our electricity and fired our factories. It then fell from grace as the cheaper, more efficient, more utilitarian petroleums came into being. Coal was then considered to be dirty, costly, inefficient, and environmentally hazardous.

Well, things have come full cycle. We are now to believe that coal is the savior, to hold us over until the exotic superfuels of the Sun and the atom are harnessed. I think we had better take a good, hard, long look at what we can and cannot expect from coal.

The Bureau of Mines estimates there are about 1.8 trillion tons of coal in the United States. About 500 billion tons of that coal are considered minable and 219 billion tons are proven, measured, and indicated reserves. Forty-one percent of these reserves lie in the western coal regions of the Rocky Mountains and Northern Great Plains.

At the present time we are consuming about 50 million tons of coal per month domestically. Our coal exports are negligible.

We are currently producing 665 million tons annually, with the largest customers being electric utilities who consume about three-fourths of all coal mined. This is what is being done now, but it is a far cry from what will be expected from the coal industry in the near future.

The administration's energy bill, if approved by this Congress, would increase coal production by 400 million tons annually over the 665 million tons produced in 1976. The largest user of this coal would continue to be the electric utilities of this country.

They will be converting existing oil and gas-fired burners to coal, and testimony before the Energy and Power Subcommittee indicated that utilities are already beginning that conversion process. Industry, especially utilities, not only recognize the need for the conversion to insure dependable supplies, but they are fast becoming aware of the economics involved.

It is the area of economics where the current proposal is greatly lacking. There is little incentive for industry and ultilities to convert. Tax penalties are not incentives, they have never been incentives. It has been estimated that the conversion process will cost up to $50 billion by 1985. This does not include the cost of pollution control equipment, including the effective but expensive sulfur scrubbers.

Surely the bill does not envision generating plants being built and belching out tons of pollutants thousands of miles from where the electricity is needed while the users get nice clean fuel and air. I certainly hope no one plans on using huge power grids or transmission lines to get power to the cities. New York City can well testify as to what could happen in that case.

Obviously, the power should be generated as close as possible to the user. This is where the very real possibilities of cogeneration and trigeneration will come into the picture. Again, they are very expensive propositions. But, industry can combine with the utilities to produce power that is available and, in the long run, cheaper than current systems. But here again, we must provide an incentive to raise the tremendous capital necessary.

Coal, to be used, must be transported to the generation point. Railroads have been the historical delivery system for coal. However, to deliver a billion tons of coal annually will require 10,000 new coal cars per year. Some standard railbeds must be upgraded to heavy duty and then all beds will have to be properly maintained if the system is to be efficient and safe. Again, a substantial investment is required by private industry. There is no sign of relief to the railroad industry coming from the current proposal. We cannot rely on the Government to do the job—it has proven it cannot run a railroad, let alone maintain thousands of miles of track. Private industry can respond, but it must have a free and hopeful hand from the Federal Government. Not the heavy hand of restrictive regulations securely bound with redtape and loaded with tax penalties.

Of course, the administration would like to take much of the delivery system away from the railroads and give it to coal-slurry pipelines. Alaska has shown us how expensive and possibly dangerous pipelines can become. Certainly this idea will not induce railroads to invest when their business might be skimmed away, leaving them with a marginal investment.

Pipelines also require rights-of-way and can be delayed and tied up for years in the courts with environmental suits and compensation battles. The railroads already have the necessary rights-of-way to do the job. Nor is there an assurance that the limited point-to-point approach of pipelines will prove out. Since we are using coal because it is a proven, available energy source, let us transport it by proven, available methods.

Obviously, truck transport is out, as the supply of petroleum will prohibit the massive use of trucks. Barge shipment, while efficient, is limited to those coal areas located near navigable waters. The frozen Ohio River this past winter was enough to show that barges are very dependent on the weather.

So we can transport it and we can burn it, but can we mine it? The current proposal utterly fails to consider that one billion tons of coal annually will require at least 100,000 more miners. That would require a massive recruitment and training program. There is little incentive to those persons who would have to do the work. I know in the Western coal States that could mean about 390 million tons of coal being mined by 198,000 miners. The population of the Western coal States is 9.5 persons per square mile. Certainly the work force is not there, it must be imported from other parts of the country. These new mines would result in new towns and cause existing communities to double, triple, and even quadruple their populations in a few years. Those who have gone through the explosive expansion from energy developments, such as the fine folks in the Coastal zones, know that excessive haste makes waste. We need steady growth, not boom towns. This growth would cause changes in the social structure and lifestyles of the communities as they grew from small towns to cities.

The need for basic public facilities and services often arises before adequate local revenue sources, including a tax base, exist within a community. The extent and severity of the socioeconomic effects of such an increase will depend on the extent of resource development and the Nation's ability to effectively implement

programs to mitigate these effects. There is certainly little in the current proposal to point toward any concern over these problems.

We have a whale of a lot of promise in the use of coal and a whole host of problems. We can deliver on the promise and solve the problems. But not by some grand sounding, but fundamentally unsound scheme of thousands of new bureaucrats writing regulations. We can do it when the natural market forces are combined with Government incentives.

But it must be done with each region of the country responding to its abilities and needs. We should not use Western coal to solve the energy problems of the coal-rich East. We should not pollute the air in one part of the country to supply clean energy to another part that does not want to join in solving the problem. We should not expect those in the Sun Belt to bear the burden of the North, nor can we penalize the North for being cold.

We cannot rape the coal areas without regard to the consequences. We must not create an Appalachia in the West. We must maintain our agricultural land to feed a hungry world. We must learn how to reclaim, then mine, not mine first and worry about how to reclaim the land later. We must temper our use of coal with reason to help solve the energy problem, or we will fall far short of our important goal.

Mr. BROWN of Michigan. Mr. Speaker, when the President presented his comprehensive national energy plan to the Congress in April, most of us thought of it as a call by the administration to begin a full and extensive debate of the future directions of our Nation in the overwhelmingly complex and crucially important field of energy policy. True, we have had in the various committees of this House a couple of months of hearings and some hotly contested debate in committee markup sessions.

I was honored to have been appointed to the unique Ad Hoc Committee on Energy, Mr. Speaker, because I felt that in that committee there would exist an unparalleled opportunity to make constructive contributions to this all-important deliberative process in the field of energy. In preparation for what I expected to be untrammeled discussions and debate, I began to prepare myself for the challenge of designing substantive energy policy, with which we would all have to live for years to come. Over the period since the President's message, I have been raising many basic, fundamental questions about energy supply, demand, and the economics of energy policy. Others have been doing the same thing, and it is only now that the real questions are beginning to surface. But I regret to say that the answers to these fundamental questions have not yet been brought forth. It had been my hope that the Ad Hoc Committee on Energy would be the forum, through full-blown hearings and deliberate, thoughtful consideration of the bill before us. Such, unfortunately, was not to be the case, nor could it possibly have been, when only 3 days were consumed in the consideration of this measure.

There are, Mr. Speaker, many questions which need to be asked—and properly answered—before we commit our votes to these 113 different proposals made by the administration. The information to justify and reinforce these proposals has simply not been presented to us and I submit that we must take a more careful, studied look at this series of proposals, particularly as they affect our national economy.

Whether or not the administration and the Congress choose to acknowledge it, the President's proposals have rather significant impact on our Nation's capital demand and capital supply situation and our ability to meet the financial requirements which will result. In formulating a consistent and practical energy program, the capital demand and supply elements of the equation are just as important as those elements which involve oil, gas, coal, nuclear power, solar, geothermal and all the other exotic forms of energy. These components cannot be separated from each other.

As hearings have been held and committee deliberations have been proceeding in the Congress, the administration has come forward with what it considers to be relatively accurate and well-founded estimates concerning supply and demand.

The administration and others have brought to our attention their estimates of what will be the demand and consumption figures for oil and gas in the absence of an energy program. The administration has estimated that if there were only a 3-percent, annual increase in the rate of consumption, our supply of oil to meet the needs of the world would be exhausted before the year 2020; and, if one projected a growth rate of 5 percent, the same resources would be exhausted by the year 2010. To meet this kind of a consumption schedule, the administration has pointed out that on the supply side, the world "would have to discover another Kuwait or Iran roughly every 3 years, or another Texas or Alaska roughly every 6 months."

A similarly dire picture is painted with respect to the natural gas situation. It has been pointed out that in the United States natural gas constitutes only 4 percent of conventional energy reserves and that if consumption continued at the existing rate, supply of this highly important energy source would soon be exhausted.

Since the administration has advocated a massive program for converting industries and utilities to coal, from gas and oil, it is, of course, necessary to consider the amount of coal which would be needed and the availability of that resource. Practically every witness, including those of the administration, has pointed out the vast quantities of coal resources we have in this country, even though some may have questioned whether or not it is readily accessible in view of the strip mining and other environmental constraints which have been placed on its production; nevertheless, the resource is there.

Similarly, the administration has pointed out the almost limitless energy resource that exists to the extent we are able to harness solar, geothermal, and other nondepletable or renewable sources of energy, including the significant potential which nuclear power presents if safety, environmental, and other problems can be overcome.

Not only has the testimony of witnesses been directed at the basic issues of the available supplies and potential resources of oil, gas, coal, nuclear energy, solar, and geothermal energy, but in the course of these supply discussions, representations have been made with respect to the ability of our economy to provide the other things that will be needed on the supply side, such as drilling and mining equipment, rolling stock to get the coal to its ultimate destination, capacity of the industry to produce solar energy devices, and the capacity of our industries to produce all of the other nuts and bolts items which will be required to carry out the President's energy program; and, in every instance, at least the administration witnesses contended that the capacity and ability to produce is here.

For example, there was testimony from administration officials and industry representatives with respect to the ability of the industry to produce insulation materials sufficient to achieve the energy conservation goal of bringing 90 percent of existing American homes and all new buildings up to minimum energy efficiency standards by the year 1985. When one considers that not only will the industry be required to continue to produce insulation materials sufficient to weatherize the some 1½ million new homes that are expected to be built each year, but will be required to produce materials adequate to retrofit millions and millions of existing homes, the ability of the industry to do so becomes a terribly important factor.

The insulation materials producing industry is not exactly operating at a gross undercapacity rate at the present time. Of course, some additional capacity can be wrung out of the industry, but nowhere near enough to accomplish the ambitious goal set by the President's energy program, especially when one remembers that that program calls for achieving energy conservation efficiency in 90 percent of the 74 million homes in America, or approximately 66 million homes, by the year 1985. Like so many elements of the President's program, this supply aspect of his energy conservation in buildings proposal has been pretty much ignored while great public and legislative discussions go on concerning whether or not, and in what amounts, tax credits should be granted for practices which are aimed at achieving energy conservation in homes and buildings.

However, Mr. Speaker, the supply situation with respect to one essential ingredient has been largely overlooked or ignored, or when examined, has been a subject of grossly inadequate analysis and evaluation. That ingredient—that subject—is the supply of capital and financing necessary to achieve the many individual aspects and the collective goal of the President's energy program.

When I suggest that there has been inadequate analysis of the capital requirements of the President's energy program, I do not mean to say that the money and economic ramifications of the program have not been considered and estimated by the administration. It might be well to recite a few of these conclusions since many Members, I am sure, will question their validity as, have a large number of respected economists.

With respect to the plan's impact upon our real gross national product, unemployment, and inflation, Dr. James Schlesinger, soon to be Secretary of Energy of the Carter administration, has said,

> The plan would have no significant impact on the growth of real gross national product or unemployment. The plan would have a measurable, but modest, new inflationary impact of 0.3 to 0.4 percent annually over the next two years and 0.1 to 0.3 percent annually over the following two years.

Dr. Schlesinger added that these figures do not contemplate the imposition of the now apparently dead standby gasoline tax. If that were triggered, he estimates that we could add 0.2 to 0.3 percent annually and respectively to the above-cited figures. The President's energy adviser concludes that—

> The impact of real GNP would be slightly contradictory, although of such a small magnitude as to be within the margin of error for a forecast of this type.

With respect to the plan's impact upon the budget, Treasury Secretary Blumenthal has pointed out that the principal mechanism for achieving the energy objectives of the program, lies in the tax system, both through tax penalties and tax incentives. Blumenthal claims that from a macroeconomic view, "the revenues collected under the proposed tax penalties will be recycled to finance related elements of the energy conservation program." He illustrates this by saying that the penalty tax imposed on the use of oil and natural gas for industrial consumers and utilities could in part be used to "finance tax incentives for energy conservation in residential construction and similar activities." He concludes that total Treasury outlays associated with the plan would aggregate some $50 billion to 1985, while revenues raised during the same period would amount to about $51 billion. In short, it is Secretary Blumenthal's opinion that the plan is awash insofar as budgetary impact is concerned.

As I earlier indicated, Mr. Speaker, substantial disagreement has been voiced with respect to these estimates made by administration officials. In fact, Chase Econometrics has estimated that the Carter energy plan would lower economic growth by 1 percent per year and could very well raise the rate of inflation by between 1 percent and 2 percent per year for the 1981–85 period, the years when the most significant impact of the program will be felt.

Even though there is disagreement with respect to the growth, inflationary, and budget consequences of the President's energy program, we should feel pleased and almost blessed to have such disagreement, because from disagreement can only occur relatively well-documented study, analysis, and evaluation. There has been relatively little disagreement concerning the capital requirements of the plan, but this is not because there is agreement; rather it is because little attention has been paid to this subject.

Believe it or not, the administration has provided capital cost or requirement estimates in only two of the many capital involved aspects of the energy program. The administration has estimated that the cost of conversion to coal by utilities and industries will total $40 billion; and, that it will cost approximately $10 billion to achieve its goal of energy conservation in buildings and homes. Although I have made serious attempts to get some kind of an estimate from officials of the administration with respect to other capital requirements of the energy plan, in every case the answer has been that the administration has not had an opportunity to develop such estimates or that such analysis and evaluation is still in process.

One gets the impression that in developing its energy plan, the administration decided that it would limit its research, analysis, and evaluation only to those aspects of the plan which directly involved the Federal Government and let the private sector worry about the rest. It has been most interesting to observe the way in which officials of the administration have engaged in numerical gymnastics with respect to things like offsets, tax rebates, and the like. For instance, I was mystified by a conversation I had with one of these officials. In response to my question concerning the capital requirements of just the home insulation program, I was told that other than for the program of weatherization of homes for the poor, the capital requirements for the massive energy conservation retrofitting of homes would be small since a majority of the retrofitting would be paid for out of savings. Apparently, this official saw no connection between savings and capital but only viewed the matter from a budgetary impact standpoint.

Let us look at the program in greater detail. Since the administration has not broken down its estimate of capital cost for coal conversion, we were unable to determine what all has been included in its estimate. One gets the impression that all that has been considered in the administration estimate is the cost of the conversion of oil- or gas-fueled boilers to coal-fueled boilers. However, if we are to double our consumption of coal, going from a consumption rate of approximately 600 million tons per year to 1.2 billion tons per year in 1985, will we have to expend substantial sums for new and additional mining equipment, for railroad upgrading and for rolling stock to transport the coal to the ultimate user, for training additional miners, and for constructing and opening new mines? And, what about the cost of providing and installing scrubbers or other antipollution devices? Private sector estimates of the cost of the whole coal conversion package to utilities and industries range as high as $120 billion in 1976 prices or $180 billion in 1983 prices. That is more than four times the cost cited by the administration.

The energy conservation in buildings program which is estimated to cost $10 billion by the administration, has been priced out by estimates from the private sector to amount to more than $20 billion, and these latter estimates probably do not include an amount for capital requirements of the industry if it is to reach the kind of capacity needed to achieve the goals of the program.

But, the capital costs and requirements associated with the coal conversion and energy conservation in buildings aspects of the President's energy plan, again the only two things for which the administration has submitted cost data, are just the beginning when we look at the capital requirements of the total energy program.

What figure should we use in estimating the capital cost to the appliance and automobile industries for the redesign and retooling which they must undertake if the energy conserving goals and objectives of the program are to be met? I would respectfully suggest that capital expenditures in this area will be substantial.

And, finally, although this recitation does not constitute a total printout, how much will the Energy Research and Development Administration, ERDA, spend between now and 1985, and even beyond, on its research and development programs as we seek the means and methods of meeting this Nation's energy needs through use of nondepletable and renewable sources of energy? Again, the price of this effort will be huge.

Most importantly of all, we must remember that even before the energy plan surfaced it had been estimated that as much as $3.5 trillion would be needed for capital expenditures over the next 10 years if we are to continue to maintain our traditional growth pattern; between 1975 and 1985, $650 billion being required just to meet the needs of the domestic petroleum industry alone.

In setting forth this itemization of capital requirements, I have not intended to portray this Nation's future as one of gloom and doom. Rather, what I have attempted to do is to provoke a little thought and debate concerning the additional and inescapable financing needs which will accompany the adoption of this, or for that matter, almost any energy plan. Although I have emphasized the extent of the capital and financing needs, no doubt they will be met, but what will be the attendant costs in interest rates?

Maybe the figures I have cited are gross exaggerations of what will really be needed in the years ahead. It would certainly appear that Dr. Charles Schultze, Chairman of the President's Council of Economic Advisers, thinks so since in his testimony before committees of the House of Representatives he concluded that the positive impacts of the program on investment would outweigh the negatives during the early years with the

positive impacts "tapering off" as conservation expenditures stabilize while other types of investment "begin to decrease."

He also stated that the administration's econometric models have assumed that energy-related investments would not be "substantially inhibited" by financial barriers.

What troubles me most, Mr. Speaker, is that in a few days we will be asked to act upon a measure which involves trillions of dollars and can drastically change the lifestyles of all of our citizens. Can we in good conscience act on this legislation absent the fundamental types of economic analysis necessary to make a studied, objective decision on the merits of the particulars of the national energy plan when better alternatives could be promptly developed. I do not believe that we have had made available to us yet the information we need in order to act in a calm, deliberate manner. It is not too late to reschedule consideration of this legislation and arrange for it to be taken up immediately following our return from the August recess. The other body will not be considering it until it also returns from the recess and it should be obvious, permitting the recess period to be a period of contemplation before passage would serve a much better purpose than the use of such period for contemplation after passage.

Mr. WYDLER. Mr. Speaker, the minority members on the Science and Technology Committee have assembled their ideas for improving our Nation's energy research and development. Over the course of hearings and markup on the fiscal year 1978 ERDA authorization bill we have observed several areas which deserve additional support.

Below is a minority energy R. & D. alternative geared to the fiscal year 1978 ERDA authorization bill, H.R. 6796. It concentrates on a few selected areas where real progress can be made. Our proposal is designed to maintain progress in nuclear energy; to accelerate work on improved coal combustion technology; and to develop the technology to extract oil and gas from unconventional reserves:

MINORITY ENERGY R. & D. ALTERNATIVE

I. LIQUID METAL FAST BREEDER REACTOR (LMFBR)

The LMFBR program is designed to develop the technology of the breeder reactor because it would increase significantly our ability to supply the fuel requirements of both domestic and foreign power reactors. The breeder reactor program would keep open the option of someday proceeding to commercial scale breeder power reactors if demonstration plants prove successful. Other nations (France and Russia) are already ahead of us in demonstrating breeder reactor technology.

The President has called for an indefinite delay in the breeder demonstration project (Clinch River) because of his concern with nuclear proliferation. Far from contributing to nuclear proliferation, a domestic breeder reactor capability would reduce the proliferation potential. If the United States can credibly assure foreign countries of our ability to satisfy their nuclear fuel requirements, then they will not be forced to build their own nuclear reprocessing facilities (from which weapons-grade plutonium can be diverted). A domestic breeder capability would give credibility to U.S. promises to supply nuclear fuel.

The Clinch River Breeder Reactor Project is the focal point of our breeder reactor development program. It would be our first large-scale demonstration of breeder technology and environmental effects. It is a necessary mid-point milestone between experimental models and commercial size breeder reactors.

Current status: LMFBR Base Program: $506 million ($115.0 million below Ford) Clinch River Project: $150 million ($85.0 million below Ford)

Recommendation: Increase the LMFBR base program by $59 million, i.e., restore about one-half of the reduction. The increase should be allocated $18.8 million to operating expenses in order to restore component and safety testing activity; and $40.2 to plant and capital equipment in order to maintain progress in safety and test facilities needed to support the Clinch River project.

Maintain the current $150 million for Clinch River in FY 1978. Although $85 million below the original request, the recent delays have obviated the ability to use the higher amount.

II. NUCLEAR FUEL REPROCESSING

Nuclear Fuel Reprocessing would permit us to stretch our uranium supplies by recovering useful nuclear fuels from the "spent" fuel in our light water power reactors. Uranium-235 and plutonium could be recovered and recycled for future use instead of being discarded.

The facility at Barnwell, South Carolina was to be a private, commercial reprocessing operation. The President has decided to stop the plant's operation. Barnwell represents a significant investment of money and manpower. The pool of human talent assembled to develop Barnwell is a valuable resource in itself.

Recommendation: Add $13 million to the ERDA budget to maintain the technical personnel of Barnwell during FY 1978. This would permit an orderly evaluation of the future use of Barnwell—either alternative uses or a decision to proceed with the original plan to reprocess nuclear fuel.

III. MULTI-TECHNOLOGY COAL GASIFICATION TEST FACILITY

The need exists for a Multi-Technology Coal Gasification Test Facility tailored to address several technologies, out at less than full scale size. Mr. Gary Myers originated the concept for such a facility. The Multi-Technology Facility would be about one-quarter to one-third full scale size and would accommodate research on low, medium, and high-Btu gasification technologies for various types of coal.

Current Status: The FY 1978 ERDA bill includes $30 million for solely a high-Btu coal gasification test facility projected to cost a total of $1.2 billion.

Recommendation: Amend the current language to expand the scope of the project to include low and medium Btu gasification research.

IV. IMPROVED COAL COMBUSTION: FLUIDIZED BED TECHNOLOGY

Fluidized bed technology offers a means of direct coal combustion which is cleaner and more efficient than other methods. For example, high sulfur coal is easier to burn in an environmentally safe manner with fluidized bed technology. There are two types of fluidized bed technology: atmospheric and pressurized. There is more experience with atmospheric fluidized bed than pressurized systems. However, the pressurized technology offers greater efficiency and the potential for reduced costs when successfully developed.

Current Status: The FY 1978 ERDA bill contains $23.5 million for atmospheric fluidized bed and $15.2 million for pressurized fluidized bed activity.

Recommendation: First, increase the atmospheric fluidized bed by $2 million and pressurized by $2 million, also. This will restore OMB cuts to the ERDA request.

Second, establish a demonstration program for atmospheric fluidized bed technology in order to accelerate the commercial acceptance of this technology. The demonstration program would have industrial and utility elements. The industrial phase would sponsor 5–10 fluidized bed facilities to test technical variations and different plant sizes. The units would range from a capacity of 15,000 to 160,000 pounds of steam per hour for processing applications. This phase would cost $100 million and the federal share would be about $50 million.

The utility phase demonstration would sponsor a large-scale (200 megawatt) atmospheric fluidized bed project. This phase would cost $400 million and the federal share about $200 million.

The Atmospheric Fluidized Bed Demonstration Program will hasten the commercial acceptance of this technology. The concept is parallel to one currently in the ERDA bill: a demonstration program for coal gasifiers in small industrial situations. Considering the need to use significantly greater amounts of coal in the future, the timely introduction of this technology is important. In each case, the demonstration program would replace oil or gas fueled operations with coal as the feed stock.

V. ENHANCED GAS RECOVERY

Devonian Shale Gas: The Devonian Shale in the eastern United States contains about 285 trillion cubic feet of gas. The virtue of eastern shale gas is its proximity to industrial areas subject to frequent curtailments and the accessibility of gas pipelines for its distribution.

Current Status: The fiscal year 1978 ERDA bill contains $15 million for Devonian Shale research. The Committee added $5 million to the requested $10 million.

Recommendation: Add $50 million to spur research and expanded drilling operations. This amount could result in the drilling of 250 gas wells within the next three years.

Geopressured Gas: Vast amounts of geopressured gas exist in the Gulf Coast area. Before this resource can be fully tapped, progress is needed in the technology of drilling deep wells containing high internal pressures and the environmental problem of disposing of the corrosive brines which often accompany the gas extraction process.

Current Status: The fiscal year 1978 ERDA bill contains only $3 million for this activity.

Recommendation: Increase the geopressured gas program by $40 million. This amount would support accelerated research.

Coal Seam Gas: The presence of gas (methane) has long been a hazardous aspect of coal mining. Estimates indicate that 260 trillion cubic feet of gas exist in mineable coalbeds down to a depth of 3,000 feet. The potential for recovering coal seam gas should increase in step with the tremendous increase projected for coal production itself. Research is necessary to develop the best techniques for economically extracting the coal gas. The research should be aimed at developing extraction technology for new coal mines as well as the technology for extracting gas from existing or even abandoned mines.

Current Status: The fiscal year 1978 ERDA bill has no funds earmarked for this activity. Since the whole enhanced gas recovery section is only $30 million, there is no likelihood coal gas will receive any priority attention.

Recommendation: Add $10 million for research and demonstration on the extraction of coal seam gas.

VI. SHALE OIL

The development of our vast oil shale reserves has been protracted for decades. The fiscal year 1978 ERDA bill contains $28 mil-

lion for shale oil development, which was the amount submitted to the Congress.

Recommendation: Increase shale oil research by $14.5 million. This will restore the program to the level originally requested by ERDA in its submission to OMB. It will permit ERDA to pursue the more accelerated pace which it proposed.

VII. STRATEGIC MILITARY FUEL RESERVE

The nation can provide an assured outlet for fuels produced by the contemplated synthetic fuel demonstration projects by authorizing the Secretary of Defense to purchase their output in order to maintain a strategic reserve. This approach would provide a stable market for newly produced synthetic fuels. It would also enable the military to respond to any future crisis situation without diverting needed fuel away from the civilian sectors.

A strategic reserve equivalent to one billion barrels of oil would provide the military with freedom of action without crippling industrial, commercial, and residential usage during a crisis period. Such a program would be an insurance policy for military fuel needs.

Mr. BURKE of Florida. Mr. Speaker, I rise today to join my colleagues from the task force on energy of the House Republican research committee to inform our colleagues as well as the public generally, of our concerns regarding H.R. 8444, which is expected to be debated by the House of Representatives next week. This legislation is supposed to assure the American people of an adequate energy supply in the future. However, I have sincere doubts that this will be its true impact. The Florida Chamber of Commerce recently prepared a study entitled "The President's Energy Plan—Its Impact on Florida." I would like to make it part of the RECORD for my colleagues to read since I agree with many of the conclusions reached by the chamber of commerce. The following is the text of the study:

TEXT OF THE STUDY

INTRODUCTION

Whenever there is a discussion on the future course of Florida's economy, there is a realization that it will depend to a great extent on the future of our energy supplies. Decisions are being made today which will determine the future of Florida's energy supplies, and it was for this reason that the Florida Chamber of Commerce convened a special conference of business, government and community leaders to discuss the impact of the President's National Energy Plan on our state.

This report is a compilation of information supplied by the persons who attended the "Energy Impact Conference." It has been prepared to assist our state's Congressional delegation and other officials in the federal government as they deliberate over the next few months in the creation of a National Energy policy.

Surely there is no more pressing need in our country today than the direction and goals which this policy will provide. This was pointed out time and again by the business people, community leaders and organizational executives who participated in the Florida Chamber's "Energy Impact Conference" which provided much of the information in this report.

Generally, the reaction by the participants in this conference was one of high praise for the leadership exhibited by President Carter in drawing public attention to the energy problem in the United States. Conferees also felt our Congressmen deserved high commendation not only for acting swiftly to the President's Plan, but for passing legislation in the past two years which certainly could be considered the seeds of any National Energy Policy which finally comes about.

Criticism fell into three broad categories: the Plan is weighted too heavily toward conservation and provides few incentives for bringing about more energy production; the utilization of taxes will do more harm to the economy than good in the form of energy conservation; and little consideration is given to current environmental regulations and the effect they will have on the conversion to alternate forms of energy.

IMPACT ON FLORIDA CITIZENS AND ECONOMY

A. Proposed goals for 1985

There is little disagreement with the President's objectives in proposing the Plan. Most persons attending the conference agreed that the United States must reduce its dependence on foreign oil and its vulnerability to supply interruptions; that U.S. imports should be sufficiently low to weather the period when world oil production approaches its capacity limitation; and that we must have renewable and essentially inexhaustible sources of energy for sustained economic growth.

As to the specific goals set forth by the President to reach these objectives, several persons attending the conference questioned their feasibility. Specifically, it was felt the reduction of the annual growth of total energy demand to below two percent would be unwise. There is some question as to whether this reduction can be reached and if it were reached, there is considerable fear that it may cause direct economic problems.

The other goals mentioned in the Plan—reduction of gasoline consumption and oil imports, establishment of a petroleum reserve, home insulation, and development of solar energy—were generally acceptable to persons attending the conference.

However, because of its geographical situation and its heavy dependence on tourism and agriculture, Florida has to be viewed in a somewhat different light insofar as the accomplishment of those goals is concerned. Solutions which answer the energy problem in one part of the country could easily prove disastrous to Florida's economic system.

It is for this reason that the Florida Chamber of Commerce strongly urges the Federal Energy Administration to conduct regional and state-level analysis to determine the economic impact of the President's Plan on areas of the U.S. which might be most significantly and adversely affected by whatever energy legislation is developed in the coming months.

This analysis could be conducted by the FEA in conjunction with the states and local business and private resources. The Florida Chamber would be very willing to contribute time and resources to such an effort in tandem with appropriate state and federal data analysis offices.

B. Utility rate reform

A major point in the President's Plan is to end electric utility rates that give big industrial users better prices than small residential users. Florida's commercial and industrial rates since the oil embargo have grown tremendously and now surpass the national average. Since the rates are already high and on the increase, little can be gained in the way of conservation by further increasing costs in this area. Utility companies insist that the best method for determining rates is via the "cost to serve" method. To do otherwise may help to lower residential rates (also higher than the national average) but would also increase the cost of doing business substantially and prove inflationary to the state's economy.

On the concept of separate metering for individual apartment units, the Florida Chamber finds nothing objectionable on this point other than the added cost to multi-housing unit owners.

The recommendation that electric utilities be required to offer daily off peak rates to each customer or direct load management systems drew considerable response from participants in the conference.

While the peak load pricing system has shown indications of giving residential users the ability to lower their costs by as much as ten percent, a recent study by Florida Power Corporation in St. Petersburg shows energy conservation is not necessarily a by-product of the system.

Also, it was pointed out that peak load pricing if it is approved should not be allowed to discriminate against those businesses whose trade would prevent them from participating in the system.

In Florida, this would affect the hospitality industry to a great extent as the energy usage by visitors to hotels, motels, and resorts cannot be controlled by the management. This is also true in the retailing business in Florida as stores must be open at a time most convenient to their customers. To do otherwise would prove a detriment to their sales.

The many tourist attractions in Florida also would be affected adversely by peak load pricing. Since the tourist trade provides about one-third of the state's total economy, any mandatory peak load pricing system would be harmful to the state's economy and its many communities.

As an alternative to the "peak-load" or "time-of-day" rate systems, the Florida Chamber would support the Direct Load Management System (or sometimes referred to as Automatic Load Leveling Devices).

This system would be voluntary on the part of the user, but would allow utility companies to cut off certain electrical appliances for brief periods of time through radio control to avoid greater flexibility in reducing peak demands with less inconvenience to consumers and yet an ability for consumers to reduce their electric bills.

The end result could mean a reduction in utility plant construction and a corresponding drop in high capital investment demands which, of course, increases user rates. The Florida Chamber would recommend that studies be conducted to determine the feasibility of the Direct Load Management System.

C. Increased oil costs

While no one is in favor of increasing prices on oil, it was the consensus that domestic crude oil prices should be allowed to rise to world oil prices. This would not affect Florida electrical consumers to any great extent because most of the oil used for generation of power is purchased from foreign sources. Also, it should be noted that Florida is the third largest consumer of oil among the 50 states, burning 9 percent of the total U.S. consumption.

The major problem is that the President's Plan proposed increasing the price through taxation. This method of increasing the price would mean that benefits from the world price would go to government, with its built-in distribution inefficiencies, and not back into production. It is an acceptance of the price theory of conservation with constraints on its benefits.

Because of this, adequate incentives for increased exploration and production are lacking. Crude oil taxes would help expand the government but would not meet the need for private investment in increased domestic production of oil and gas.

Unless more domestic oil supplies are found Florida will continue to be at the mercy of foreign suppliers. Of course, alternative energy sources could be used, but in the opinion of many these sources will take years to develop into feasible alternatives. A decade or

more transitional time will be needed in which domestic oil would play a major role.

Rather than utilizing taxes to immediately increase the price of old domestic oil, the Florida Chamber favors allowing the free market system to increase the price of oil gradually through deregulation

Such a plan should have the following features:

Crude oil prices should be freed from regulation with the excise tax imposed at the wellhead on lower tier oil only equal to the increase in price for such oil.

The tax on lower tier oil should be phased out over a four year period, thus providing the proper incentives for finding and developing added domestic oil reserves.

It should be noted that whichever plan is adopted will raise the operating costs of both farmers and food processors. A hike in new oil prices would push up farm fuel prices and therefore the cost of food.

D. Gasoline and automobile taxes

Florida's trucking industry believes any increases in federal gasoline taxes necessary to curb nationwide consumption should not apply to commercial trucking operators whose voluntary efforts are already producing a significant savings in fuel consumption. Some companies have reported savings of 20 to 25 percent in consumption through voluntary programs.

Many participants in the conference felt gasoline tax increases would prove to be inflationary and be injurious to our state's tourism industry.

Eighty percent of all visitors to Florida travel by automobile. The effect of a price increase on gasoline through taxation is not fully known at this time. It is expected that the short term effect of a price increase would decrease travel until incomes and attitudes were adjusted (as we have seen since the oil embargo).

A 20 cent increase in gas prices would mean an estimated $46 in additional travel costs for the average automobile visitor to Florida based on the average 3,500 travel miles per vacation figure.

In the long term, increased taxes on gasoline would probably not affect travel habits as long as income levels are able to keep pace with the increases. Therefore, the President's tax proposal would not bring about energy conservation in this area until the price increase made travel by other modes more economical for a broader range of the population.

Indeed, the Florida Chamber feels increased gasoline taxes will affect the operating costs of all business. This will not necessarily bring about less use of gasoline, but most certainly will add to inflationary pressures in the economy. It is hoped that the Congress will keep this in mind as it considers these tax proposals.

The President's proposal for taxes on "gas-guzzling" automobiles also brought generally negative reaction. And there was general feeling that any rebates on economy cars should apply to those made in America only. The Florida Automobile Dealers Association feels that the rebate program would not be practical since the tax receipts from which the rebates would be paid would not be sufficient.

The extra tax on larger automobiles would only delay the energy savings because people would tend to keep their cars rather than trading and paying an additional tax. Since more than half of the cars on the highways today are more than five years old, the rebate program would affect only a fraction of the automobiles actually in use. This proposal would be discriminating against those people whose needs mandate the use of larger cars, including many families.

It should be emphasized that standards of fuel economy have already been mandated by the federal government and by 1985 the fuel economy of all new cars must average 27.5 miles per gallon.

The President's proposal to increase the price of gas through a producers tax would bring about an increase in cost to Florida consumers by seven to eight cents per gallon.

E. Coal

Transporting coal would appear not to present any significant difficulties for the railroad industry. It has been predicted that increased coal traffic could help rather than hinder movement of other commodities.

There was general agreement that our country has sufficient coal resources to meet the needs of our industrial plants, but government's help and considerable research and development would be necessary to make the transition to coal unilization feasible.

A major problem for Florida with increasing coal utilization would be that coal fields in general are greater than 500 miles from most of our state's power plant sites and the low sulfur western coal is nearly 1500 miles away. Therefore, transportation costs for Florida on coal utilization would be greater than most areas of the country.

Coal utilization presents yet another problem, that of wastes produced. For every 100 car unit train of coal delivered to a plant, approximately 70 car loads of ash and scrubber waste would have to be eliminated.

F. Natural gas

It was thought that the President's approach to the natural gas problem was based on an unduly pessimistic appraisal of remaining natural gas supplies. Thus, the President's program mainly concerned itself with imposing a price lid on all gas supplies including those in the presently unregulated intrastate market, and in rationing remaining gas supplies through the imposition of onerous use-taxes on industry and utilities. The latter are intended to lead to rapid conversion of end-users to other fuel sources. It was concluded that this scenario is both the most costly and least environmentally sound of possible natural gas pricing alternatives.

Industrial and utility use taxes impact far more heavily on Florida than other states because of Florida's heavy reliance on natural gas and petroleum for utility fuel (over 55 percent petroleum and over 15 percent natural gas); and on natural gas for industrial uses (over 65 percent). The net effect of the President's plan will be to increase industrial and utility fuel costs—and thus consumer prices—in Florida by a minimum of $1 billion between now and 1985. Moreover to the extent conversions are effected, they will be primarily from natural gas to foreign oil.

Tax revenues and the increased prices derived from this plan will have no effect on supplies, as revenues will not go into development of new resources through investment in exploration and development, but will instead go into the federal treasury and presumably back out in rebates, with a subsequent loss of efficiency. Moreover, the conversions thus induced will mandate the use of less environmentally clean fuels—primarily residual fuel oil and coal, with subsequent large increases in utility and industrial pollution control equipment and plant conversion costs.

Recommendations were for the immediate deregulation of field prices on new supplies of natural gas, which is estimated to result in significant additional supplies of natural gas as compared to the President's proposal. In addition, the tax proposals should be eliminated with the substitution instead of an alternative under which the use of natural gas for boiler fuel would be phased out over a reasonable period of time to permit Florida and other states adequate time to convert to alternate fuels.

G. Oil and natural gas users tax

The President's Plan recognizes the principle of replacement cost pricing as a key ingredient of a national energy policy, and acknowledges that such a step would not damage the nation's economy.

However, the Plan calls for a tax to be levied on industrial and utility use of natural gas and petroleum products beginning in 1979 to encourage conversion to other sources of energy.

It is felt that there is no need for a tax on utility and industrial users of oil and gas if they are paying full market value for petroleum products. Elimination of artificial price constraints will be an adequate inducement for conversion where and when feasible.

The addition of user's taxes on top of oil priced at world prices will make oil more expensive in the United States than anywhere else in the world; thus, a major effect of this proposal could be to threaten U.S. manufacturers with imports from abroad.

H. Industry (Cogeneration)

The savings of wasted energy through the installation of cogeneration equipment would be a viable energy conservation method. The financial incentives offered industry (an additional 10 percent investment tax credit) for investment in approved energy saving industrial equipment is heartily endorsed.

While the federal energy administration would be required to insure that rates for sales and purchases of power would not discriminate against cogenerators, an amendment would be needed to assure that the same rates would not discriminate against the electric utilities or their other customers.

I. Nuclear power

Because of Florida's geographical situation, the use of nuclear energy is a necessity in light of the scarcity of oil and unfeasibility of other sources of energy.

For this reason, the Florida Chamber strongly supports the President's program for the expansion of light water nuclear power facilities and the streamlining of the permitting process.

However, there is a broad consensus that the President is wrong to eliminate the development of plutonium and the breeder reactor from our energy policy. Points made in favor of continuing research and development in the breeder reactor program included the fact that safeguards against theft are now sufficient and can be improved upon; many other countries are going ahead with their own breeder reactor programs leaving the U.S. in a "follower" class rather than a place of leadership; and this country has had more success through helping developing countries than controlling them (which would be the effect of the President's edict on plutonium).

A final point is that uranium used in conventional reactors is a limited source whereas breeder reactors would bring about constant reproduction and an unlimited energy source.

J. Economic impact of income tax rebates

While everyone is in favor of receiving income tax rebates, few if any would favor increased taxes necessary to fund those rebates.

As is pointed out in the President's Plan, "major price, tax, and regulatory burdens . . . would be reflected in higher priced goods and services."

At the same time, the tax rebates mentioned in the plan would reach consumers only in select, separate instances where their purchases may allegedly lead to energy conservation.

Business will not be immune from this process, of course, and in the long run will suffer greatly at the expense of additional inflation which will come from the increased

burden. Because of this, the Florida Chamber finds the President's solution for the economic impact of his Plan to be severely lacking.

K. Insulation

The Florida Chamber found general support of the President's goal of insulating 90 percent of American homes and all new buildings. Energy conservation through home weatherization programs can realize a payoff in energy savings in a rather short period of time.

There are serious doubts, however, as to the methods through which the President's Plan proposes to bring about this process. The tax credits on approved conservation measures and the funding for low income residential weatherization was generally supported, but the program calling for inspections, financing, and consultation by public utilities was felt to be completely unreasonable and impractical.

It is felt instead that loans for residential energy savings devices should be made by the established financial lending sector rather than by the public utilities.

L. Household appliances

Energy efficiency standards for home appliances are strongly favored.

M. Solar energy

The state of Florida has long been a strong supporter of continued research and development of solar energy.

Many homeowners and businesses are now seriously considering the application of solar energy in their building construction plans. The President's proposal to include a tax credit for installation of solar equipment would be very helpful in making these plans more economically feasible.

Florida's state government also has been a leader in supporting the solar energy field through the establishment of several research projects and the Florida Legislature is now considering amendments to property tax laws which would exempt solar installations from assessments.

To the extent that solar energy requires electric backup, it could impose serious economic penalties on the utilities and their customers in the form of capital costs associated with building facilities necessary to meet peak load requirements.

Therefore, the Florida Chamber recommends that the Plan include an awareness that public utilities will need to be appropriately compensated for "backup" service to solar systems or relieved of the responsibility of providing such service by making the solar systems totally independent and self sufficient.

N. Federal agency actions

The Florida Chamber of Commerce is in agreement with the President's plan in that there is a need for a more cohesive organizational structure in the federal government as far as energy is concerned.

However, we must point out that there is great fear of government using the energy situation as an excuse to add unnecessary additional numbers of agencies and employees. There is also a fear of unnecessary rules and regulations and unwarranted government controls.

It is felt that government has a role to play but private enterprise should be the key to solving the energy situation. Governmental controls should be held to an absolute minimum. Incentives to the free enterprise system should be the guiding theme.

As one of the participants in the conference pointed out, "tell us what you want to achieve, then leave us alone and let us find the ways to achieve it."

Mr. DICKINSON. Mr. Speaker, I am pleased to join with my Republican colleagues in a discussion on solutions to the energy problem.

There have been dire predictions in the last several years about the status of our energy supplies, and the administration with the apparent support of the majority of the Congress has set out a national energy plan to meet the crisis which depends heavily on Government regulation and increased taxation. Past experience would indicate that the predictions as well as the proposed solutions are erroneous.

Individuals and Government agencies have issued pessimistic predictions a number of times in the past that we were running out of oil, but each of these warnings proved to be false. It was the work of many private companies, not a program of massive Government management of energy supply and demand, which brought forth new supplies, however. Recent studies by Government agencies, foundations, banks, consulting firms, oil companies and others, although differing in method and basic assumptions, all show that significant new discoveries of oil and gas can be made. But these studies assume that the right kind of economic and political climate can be created and maintained.

What is the right kind of economic and political climate? A climate in which the free market is allowed to work and the American people are given the opportunity to exercise the ingenuity and dynamic qualities which have always been in evidence in past crises.

Conservation is a laudable goal, and a necesesary part of any energy plan, but it is only half the battle. No matter how much we increase our energy efficiency, we cannot conserve our way out of our energy problems. We must develop new supplies of domestic oil, gas, coal, nuclear and solar power as well as exotic sources, and in order to do that, we must assure developers of an adequate profit growth.

Oil companies will have to find more investment capital to search for and develop new supplies of oil and natural gas, and this capital will be available if harmful price controls, which have impeded oil and natural gas development in the past and produced artificial shortages, are continued. This is particularly true now because it is so much more expensive to recover oil and gas.

Some geologists estimate that as much as half of the Nation's yet-to-be-found petroleum will be discovered by drilling deeper and searching harder in currently producing basins. Deep drilling is much more expensive than shallow drilling. New reserves of oil are likely to be found in frontier areas such as Alaska and on the Outer Continental Shelf, and drilling in these areas will mean more costly recovery methods and deeper wells.

Even if the costs can be met, there are myriad problems with Federal laws which prevent or discourage exploration both onshore and offshore. Energy companies must have access to the lands which probably contain vast new supplies of oil and natural gas in order to be able to produce these supplies. This means that changes will have to be made in the leasing program and in environmental contradictions.

There will also be a need to use tertiary methods of recovering oil from the ground, and the costs of these methods are extremely high. Just maintaining production from existing fields is more expensive now than in the past because of increased prices throughout the economy. The point is energy supplies are available to carry us through the next decade or two while new sources are being developed without a major change in our lifestyles, but these supplies cannot be brought to the public if Government controls and regulations and low rates of return discourage needed investment.

A recent ERDA study estimates that, at $15 per barrel, proved, inferred, and undiscovered domestic oil supplies obtainable by conventional methods range from 94 billion barrels to 135 billion barrels, while at $20 per barrel, supplies range from 115 billion barrels to 165 billion barrels. The ERDA estimates are based on the assumption that higher prices for crude oil will produce additional funds for exploration and development, rather than tax revenues for nonenergy Government uses as is the case under the administration's energy plan.

The Carter program is intended to force an increase in energy prices primarily through new taxes. It is estimated the proposed taxes would yield approximately $15 billion per year, but there is no provision in the plan to put these tax revenues to use on energy-related projects. If consumers pay more for energy, they should get what they pay for—more energy. These revenues should not be allowed to go to other Government uses unrelated to energy for such application would simply be a redistribution of wealth and would not solve the energy problems we face.

An end to price controls on oil and natural gas would result in higher prices comparable to those set through the taxation plan, but the consumer would know that his money was available to be channeled to find and develop more energy. If energy companies do not use their increased revenues for investment, we can always impose a windfall profits tax and direct that the tax revenues be earmarked for energy research and development. This alternative would insure that the higher price the consumer will pay for energy under any circumstances will be reinvested in new energy supplies, and the greater the investment, the less the chance for a repetition of the energy shortages we experienced last winter.

A century ago, the United States recovered from the whale oil crisis and since that time has made remarkable breakthroughs in electricity and petroleum by relying on individual initiative and private enterprise. There is no reason to believe we cannot rely on the same principles today to insure continued prosperity for the American people.

Mr. CLEVELAND. Mr. Speaker, I would like to commend my colleague, the gentleman from Indiana, chairman of the Republican task force on energy, for scheduling this special order to present a "Republican" point of view on energy. I welcome the opportunity to join in this presentation particularly since many of the thoughts and ideas expressed in this collection of statements deserve to be brought to the attention of the American

people so that they may be aware of alternate philosophies and varying ideas with respect to solutions to our many-sided energy problem.

In order to gain perspective on two recurrent issues relating to energy, I would like to backtrack a bit and discuss past actions on the deregulation of energy prices to stimulate production and the funding of alternate energy technologies.

For several years, my votes on deregulation of the prices of petroleum, petroleum products, and natural gas have been characterized by a view that restricting the economic incentives needed to create more energy supplies is totally counterproductive to our stated goal of achieving energy independence and stable, assured sources of fuel for our needs. This issue will be an underlying one again next week when the House commences debate of the new energy bill. In spite of criticism that decontrol would lead to consumer ripoffs by the oil companies, and so forth, I believe that gradual decontrol accompanied by appropriate safeguards to protect against windfall profits could move this country a lot closer toward solving our energy problems than we have come thus far. This assumption takes into account our own energy reserves that admittedly are not as abundant as we would like but nevertheless can be utilized more productively in the short term until we have managed to fully develop more advanced long-range technologies. This optimum utilization requires the willingness to remove current disincentives to production.

Restoring competition in the energy marketplace will not singlehandedly solve our shortages, of course. Rather, it is one badly needed step that in conjunction with other effective measures will reduce energy consumption, help promote conversation of supplies, and provide economic incentives to increase the development and use of alternate energy sources. I might add that this point of view has been partially accepted by a majority of my colleagues—including those from New England—with respect to overly restrictive controls on petroleum products.

Indeed, figures on the rise in imports of foreign oil—29 percent to 42 percent since 1972—and the accompanying increase of 650 percent in price justify measures which will effectively curb this continuing trend. The Republican alternative proposal works toward that end not only by altering the pricing mechanism for crude oil but also by encouraging the development of synthetic fuels so that our conversion to use of abundant domestic coal reserves can be accomplished with less environmental damage and therefore on a greater scale.

In addition to developing such new sources as synthetic fuels, we must aggressively move forward with development of solar energy, a promising long-range supplier of energy. It is noteworthy that budget authority for solar energy has increased from $15 million in 1974 to $294 million in 1977. In 1975, I voted against adding $64 million in 1975 to the solar energy appropriations which already represented an increase of 255 percent over the previous year on grounds that ERDA personnel contended the additional increase could not be spent wisely. A majority of the House concurred and the amendment was defeated. The following year, however, I became convinced that increased financial support for what promised to be a major breakthrough in a clean, safe energy source was both totally justified and required and I joined with colleagues in sponsoring an amendment to increase solar energy development funding by $116 million.

Next week's action will provide the House with again another opportunity to demonstrate to the country that a comprehensive, effective national energy program is not beyond the capabilities of the U.S. Congress. It is a sad commentary on the performance of Government that 4 years have passed since the onset of a national crisis and very little has been done to constructively deal with the problem in a coordinated fashion. Although specific approaches and provisions are still matters of some controversy, I hope that the Congress and the administration will draft a final product that demonstrably offers realistic methods of achieving our shared goals of reducing energy consumption, conserving our scarce resources, and providing optimum utilization of them in the most efficient manner possible. I look forward to healthy and vigorous debate on the many questions involved in the passage of this new energy legislation and I hope that more than one point of view will have a chance to be considered. Certainly, the years of partial and fragmented action thus far justify the complete consideration of alternate strategies.

Mr. STANGELAND. Mr. Speaker, 1 month ago, the Wall Street Journal ran an editorial on this subject which they call "The Energy Policy Calamity." I am not a financier, I am a farmer—but any private enterpriser can agree with their observation that: "The more the Government has tinkered with the marketplace, the worse things have become. It is folly to believe that the same people who created this energy mess can now improve the situation."

It is a deception to the American people for any of us in this Congress to promise that a "new" energy policy which gives greater and greater control to the bureaucracy will get this Nation off the energy hook.

That is the same pied piper tune the consumer hears every time the legislative branch of Government shirks its responsibility and shoves the tough and unpopular issues over to the bureaucrats who are beyond the reach—and wrath—of the consumer's vote.

That is the history of our swollen and cumbersome bureaucracy that cannot get out of its own way—let alone function as an expediter of ever new and more complex public issues. That is the history of the 20-year-old "comprehensive energy policy" that has "regulated" our Nation's energy industry to a virtual standstill.

It is a turn-of-the-century absurdity to hold that we can get along without any Government rules and regulations—but it is 21st century insanity to smother our energy industry under even more regulation than they already have.

The more I ponder the administration's proposal, the more I marvel at its incomprehensiveness. For, it is "comprehensive" all over the ball park except in the one corner where the American people have the only chance of winning this deadly serious game.

The administration does not seem to comprehend that private industry—and not big government—developed all of the energy sources that have made this country the most productive Nation in the world. And it will take private industry to get us out of the bind we are now in.

What the administration proposal seriously lacks, is a "comprehensive" policy to free the industry and encourage it to produce the vital energy this Nation must have to carry it through to that "some day" in the future when we may discover a magic substitute for the sources now at hand.

Any way you look at it, there simply have to be some trade-offs to accomplish energy sufficiency. The experts estimate that this Nation will need the equivalent of 1,200 1,000-megawatt electric plants by the year 2000. That is a demand the American Government is not going to meet with taxes on gas-guzzlers, wellheads, utilities, and gas pumps—nor with rigged-up rebates for conservation.

The only way to meet new demand is with new production.

America has no choice but to develop the resources she already has. It is not just a matter of freeing our Nation from the clutches of the OPEC cartel. One day, in the not-too-distant future, we would go to the world market for oil and gas—and find we cannot buy it at any price.

Should we let that day come, the "trade-offs" required by the emergency could destroy our country.

For the "energy crisis" of tomorrow—unless we act responsibly today—won't be one that "discomforts" the consumer. It could be the crisis that shuts down the farm and cuts the consumer's chain of survival.

Mr. ARMSTRONG. Mr. Speaker, I commend the gentleman from Indiana for his leadership on energy policy.

Energy is critical to the United States—and indeed to the entire world. Historically, our growth has depended in large part on the increased use of energy.

Right now, we are using almost 33 percent of the world's annual energy consumption to provide goods and services and food for 5 percent of the world's population here in the United States. In addition, our food exports could feed another 2 to 4 percent of the world's people.

We operate the world's most energy intensive agriculture—and 40 percent of our agricultural production is directly accountable to energy inputs. According to studies from the University of Colorado, U.S. farmers use the equivalent of 80 gallons of gasoline for each acre of corn—but only 9 hours of human labor.

The United States is the most energy wasteful of all industrialized countries. In 1975, more than half the energy consumed ended up as wasted or waste heat.

Why do we use energy at double or triple the rate of other countries? Why are our electrical generation plants so inefficient? Why do we use inordinate amounts of gasoline?

Because it's cheap.

Energy prices in the United States have been held artificially low by Government policies and regulations. In addition, the cost of replacing scarce energy supplies has not been included in the current price of energy.

The administration reaction to the problem has been typical—a program of greater regulations and more taxes. The proposed crude oil equalization tax could amount to almost double the current price of a barrel of domestically produced crude oil. The sum total of the taxes suggested by the President could result in additional taxes of $40 billion a year. That boils down to an extra tax of $200 for each man, woman, and child in the country every year.

But the critical question remains: Will a program of $40 billion in energy taxes encourage new energy discoveries, inspire new energy technologies, and encourage Americans to conserve energy?

No; because this same program retains price controls on crude oil and extend price controls on natural gas even more.

This approach should be rejected. Americans pay far too much in taxes as it is—and usually the burden falls on those least able to bear it.

While some taxes may be necessary to shift preferences where the market system does not reflect the true cost of energy—in most cases due to Government intervention—the up to $40 billion a year which the President has proposed could drag down the economy at a time when unemployment is far too high—and without making a substantial impact on the energy problem.

For example, unemployed Americans are not likely to buy any cars, let alone smaller ones. Neither will higher taxes cause Americans to use less gas and oil if the regulations keep the price low.

And higher taxes will certainly not prompt the oil companies to look for more oil or create alternatives to our excessive cost of importing oil and natural gas.

Much has been said about the need for new technologies—from solar energy, geothermal, tidal, and wind-powered systems to the dream of unlimited clean fusion power.

All of these can and will make a substantial contribution to our energy situation, but what we need is both the time to make that transition and the encouragement of both businesses and individuals.

Some encouragement should come through the price system. How does maintaining an artificially low price for natural gas encourage the development of solar heating for homes? Deregulating natural gas prices would give a natural boost to solar heating and cooling. So would tax credits for individuals who installed their own solar heating systems.

Electric rates which place a heavy emphasis on the first kilowatt hours tend to discourage both conservation and private power supplementation, yet many remote locations might be better off with either independent or supplementary systems. High rise buildings are prodigious wasters of electricity, but the current rate structure does not really reflect any need for conservation.

There are certainly other changes that could be made in the income tax structure to encourage technological innovation—as well as in building codes, Federal and local regulations, and transportation pricing.

All of these should be explored, especially with an eye to reducing the more meaningless and oppressive Federal regulations.

But the two key points, which seem to be conveniently overlooked by many of the administration's supporters and critics alike, need to be emphasized:

First. The supply of "cheap" energy is rapidly dwindling.

Second. A thorough overhaul and rethinking of our approach to the use of energy is necessary.

In the past, I have submitted pages upon pages of horrible examples which show why energy price controls and regulations do not work and why they only make the situation worse.

A "free market" approach to energy is a vital first step in developing a new U.S. energy policy. But—it is only the first step. Higher energy prices will have adverse affects on the poor, on those struggling with fixed incomes, and on those who require large amounts of energy for their work. In addition, higher prices may result in windfall profits for some energy producing companies.

While these problems need to be handled, they are secondary. First, we need to develop an energy pricing system which reflects the true value of energy and encourages new and innovative technologies.

Then we can deal with those who are adversely affected.

The administration proposals are only a delaying action, which will neither encourage any real conservation nor encourage new developments. It is a futile effort to avoid hurting anyone in the short run which pays no attention to the long range danger to everyone. In short, it is a cop-out.

Regulations do not work, not in a democratic society. There are over 4,000 natural gas producers, more than 5,000 producers of crude oil, and another 5,000 firms engaged in the transportation and initial distribution of petroleum and natural gas. Over 225,000 retail gasoline stations serve American motorists.

Nor are more taxes a fair answer, not when the total of Federal, State, and local taxes already amounts to more than 40 percent of America's national income.

The real answer, in my opinion, lies in letting the price system reflect the true cost of energy—and then in acting to give further help and encouragement where necessary. But first, we need accurate and free prices.

In conclusion, I would like to comment briefly on an implicit misunderstanding which seems to complicate much of the public discussion of energy issues. It is often implied, and sometimes openly charged, that a handful of affluent consumers are using so much energy that the shortage could be largely or completely alleviated if they would reduce their consumption. So many proposed solutions to the energy problem are based on cutting off or reducing "excessive" use of energy by snowmobiles, motor boats, private aircraft, racing cars, et cetera.

Such proposals might reduce consumption marginally, but they would not solve the main problem. Over 40 percent of the demand for petroleum in 1976 was for automotive transportation. Less than 1 percent was for snowmobiles, motorboats, and private aircraft.

Moreover, American families with incomes of more than $30,000 comprise about 10 percent of the population and have 16 percent of the cars—around 19 million. Their actual mileage per car is about the same as all American families who make more than $7,000 a year. Since more than 70 percent of all American families make more than $7,000 and Americans consumed over 100 billion gallons of gasoline last year, it is obvious that any real reduction in gasoline use must involve all Americans, not just a few high income gas hogs.

The same pattern holds true for natural gas consumption. According to studies by natural gas companies around the United States, there is only about a 20-percent difference in consumption levels between the highest income areas and the low income areas.

Obviously, meaningful energy proposals will affect all Americans.

Domestic oil and natural gas production are continuing to decline, and even after the embargo of 1973–74, our reliance on imported fuels continues to increase, while the prices we shell out for such fuels also skyrocket. In 1973, U.S. dependence on petroleum imports was 34 percent; in 1974 it increased to 37 percent; and this year to over 42 percent.

The failure of Congress to come up with a realistic energy policy has also created a situation where Americans who invested in the oil and natural gas business in the United States are being penalized, while Americans who invested abroad are being rewarded.

I think it is clear; we have no choice. Regardless of Government policies, political promises, self-deception, and little white lies, energy prices have gone up and will continue to go up.

Unless we choose a tremendous loss of personal freedom for all Americans which will result from the increase in Government controls and regulations, we cannot choose lower prices. As we have seen, even thousands of pages of regulations could not keep energy prices from some increase. So more regulations, and the corresponding loss of personal freedoms are no answer.

What we can choose, however, is the kind of future we pay for with higher energy prices. Will it be one where we have new energy sources, a continuation of personal freedom, and a faith in personal initiative? Or will it be one where

the Government controls energy use, legislates the morality of energy consumption, and mandates all phases of the economy?

I believe the choices we face are that fundamental and that there is no escaping a choice, because U.S. prosperity is based on energy.

Refusing to make a choice is, in effect, choosing higher prices and surrending control of energy policy and our economy to the oil producers of the world.

Continuing the present situation is merely a "share the shortage" philosophy requiring greater and greater Government involvement as the shortages become worse, as they will.

And if the Government controls energy, it must control our most personal choices.

I feel the choices which face this Congress should be made as an active decision, rather than as a passive acceptance of current policies.

We can encourage new technologies, new discoveries, and new ways of life—or we can blindly assume that everything will somehow remain the same—and that we can scrape up another $40 billion to pay off foreign oil suppliers this year, and the year after, and the year after, ad infinitum.

After the experience of the past 4 years, I suggest we choose the American tradition of letting Americans be free to work out solutions, rather than opting for more and more regulations.

Mr. FORSYTHE. Mr. Speaker I would like to add my comments on the energy issue to those of my colleagues participating in the discussion initiated by the House Republican Task Force on Energy.

As floor action intensifies the often-violent energy debate, I heartily recommend to my colleagues as required reading the document entitled "Quarterly Report: Energy Information, First Quarter 1977" recently issued by the Federal Energy Administration.

I, along with all of my colleagues here in the House, have been bombarded with quantities of numbers purporting to document all sides of the energy issue. And I know how misleading numbers can be when used selectively to prove a point. And I, too, along with many of my colleagues have been critical at times of the performance of the FEA. But nevertheless, let me cite some of the findings of the FEA relating to energy in the first quarter of 1977.

Coal production: "Production of bituminous coal and lignite during the first quarter of 1977 totaled 153.1 million tons, representing a decrease of 6.7 percent from first quarter 1976 production of 164.2 million tons."

Natural gas: "The Bureau of Mines (BOM) projects natural gas marketed production in the first quarter of 1977 to be 5.0 trillion cubic feet (Tcf), a decline of 1.6 percent from the level experience in the first quarter 1976."

"First quarter imports of natural gas are expected to rise 11.7 percent over the level of imports for the same period last year to 276 billion cubic feet (Bcf)."

"As of March 31, 1977 stocks of natural gas liquids at processing plants are projected to be nearly 102 million barrels, down 8.7 percent from the level for the end of first quarter 1976."

Petroleum: "Domestic demand for petroleum products during the first quarter of 1977 averaged 19.5 million barrels per day, 9.8 percent above demand for the same quarter 1976."

"Imports for the quarter, as reported by the Bureau of Mines were 9.1 million barrels per day, 36.3 percent above imports for the same period of the previous year. In the first quarter of 1976, petroleum imports accounted for 37.5 percent of domestic demand; they represented 46.5 percent of demand in the first quarter of 1977."

"Crude oil production for the quarter declined to 7.8 million barrels per day, 4.6 percent below the level for the same period of 1976."

"Direct imports from members of the Organization of Petroleum Exporting Countries (OPEC) accounted for 66 percent of total shipments during the quarter. Imports from nations belonging to the Organization of Arab Petroleum Exporting Countries (OAPEC) represented 33 percent of the total. This figure is nearly three times the percentage provided of OAPEC nations in 1972, prior to the Arab oil embargo."

"Motor gasoline output [from refineries] . . . was 21.2 percent above the previous year's level."

"Demand for motor gasoline during the first quarter of 1977 was . . . up 4.1 percent from gasoline demand during the first quarter of 1976."

Nuclear energy: "A total of 45 plants in some phase of planning or construction experienced delays during the quarter."

Table 6–2 indicates that during the first quarter of 1977 no orders were placed for nuclear reactors, while orders were canceled for 5 reactors with a design capacity of 5,168 megawatts.

Mr. Speaker, I think these figures indictate that we as a Nation are in serious trouble.

While Congress debates whether or not there even is an energy crisis and then debates whom to blame for it, the Nation continues to increase its energy consumption, lower its energy production, and sell its soul to OPEC and OAPEC.

Other figures released this month by the Department of Commerce point out projects based on actual first quarter 1977 performance indicate imports of 3.4 billion barrels of oil during the year at a price of over $44 billion. That figure represents an increase of nearly 22 percent over imports for last year.

As a member of the House Ad Hoc Select Committee on the Outer Continental Shelf, Mr. Speaker, I have witnessed since March of 1975 the determined efforts of Members of this body to push through amendments to the Outer Continental Shelf Lands Act which will delay energy development on the Outer Continental Shelf—our last easily accessible frontier—from 3 to 6 years.

During the same year that Great Britain has finally begun to produce oil and gas from the North Sea—production which will make eventually the United Kingdom energy self-sufficient—we have seen U.S. Circuit Judge Weinstein in New York void the entire December 1976 Mid-Atlantic Lease Sale. That decision may be eventually overturned or legislation may eventually permit a new sale, but meanwhile at least a year's delay in exploration of the mid-Atlantic OCS has occurred. Exploration began in the North Sea in 1962.

Mr. Speaker, regardless of whether the energy crisis is due to mismanagement, economics, or simply diminishing resources, that crisis is very real.

I applaud President Carter for recognizing that fact. I applaud the Members of the House committees who have spent many hours dealing with specific components of the President's energy proposal. I commend the Members of the Ad Hoc Committee on Energy who have attempted to reassemble the battered parts of the proposal into a coherent whole.

But I must emphasize that I think the proposal does too little, too half-heartedly, and reflects the basic unwillingness of the House to cope with the political problem of admitting that the crisis is real.

It is easier for us, Mr. Speaker, to create a special committee with no legislative jurisdiction to go through the motions of creating a special piece of legislation with no real substance than it is for us to face reality.

Unfortunately, the increasing economic clout of petrodollars and the uneasy stability in the Mideast are eventually bound to force us to face that reality—at a terrible price, both economically and socially.

Mr. Speaker, I am not preaching the coming of an energy doomsday. On the contrary, I feel we can avoid a doomsday by moving now from political rhetoric to energy reality. Instead of a national energy program that is "all things to all men," a program that according to President Carter will not add $1 to the U.S. Treasury nor remove $1 from the pockets of consumers, we really need a national energy program that realistically produces conservation, provides alternatives to present energy consumption, and encourages production of U.S. energy resources.

Fifth, Mr. Speaker, to produce realistic conservation we must provide economic incentives by using sufficiently attractive tax advantages to promote insulation by both citizens and corporations, and to promote the use of energy-efficient equipment, cogeneration, and general conservation-oriented innovation and investment. Conservation is our only immediate hope.

Second, to provide alternatives to present consumption we must not only commit ourselves to long-range development of exotic alternative energy sources but must also commit ourselves to short-range expansion and utilization of presently available alternatives such as mass transportation, efficient intermodal freight transportation systems, nuclear power, and recycling where present technology is available. Presently, 26 percent of our energy consumption is attributable to transportation alone. Again, however, we must make these alternatives economically attractive.

And finally, to encourage production of U.S. energy resources we must remove artificial barriers to production—barriers often falsely erected in the name of the consumer or the environment. The consumer is best served by providing an adequate supply of energy, even though that energy must realistically reflect a higher production price. The environment is best served by strong regulations which

adequately protect but which realistically allow development of our own resources to lessen our dependence on more environmentally dangerous energy imports.

I commend the Republicans on the House Ad Hoc Energy Committee for their attempts to get provisions dealing with these goals built into the National Energy Act legislation to be considered on the floor. I am convinced that the bill as reported from committee is more image than substance. Consequently, I hope that realization of the true scope of the problem will produce a willingness on the part of the House to give real consideration to passing the stronger Republican substitute.

Mr. Speaker, the translation of these general energy policy goals of producing conservation, providing alternatives, and encouraging production depends, naturally, on the basic willingness of this Congress and this administration to admit that we are indeed faced with a true energy crisis that demands real action. The time for accusation, recrimination, and cosmetic rhetoric is past. We must admit that the United States cannot continue to tolerate its present economically and politically vulnerable energy situation.

I only hope that our actions in the next few days reflect that admission.

THE SOLAR CARD MUST BE PLAYED TO ITS OUTER LIMITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 30 minutes.

Mr. JEFFORDS. Mr. Speaker, solar energy is rapidly becoming a serious alternative to our increasingly alarming dependency on insecure foreign supplies of petroleum and petroleum products. This is becoming recognized, oddly enough, rather belatedly despite the many attractive features of the technologies involved, from the points of view of national security, the environment, and the wide-ranging prospects for innovative capitalism.

The reluctance with which the Congress up until 2 years ago, and the energy bureacracies up until today have been willing to give a major Federal impetus to the development and commercialization of solar technologies can be ascribed to an ingrained institutional bias against anything really creative, even radical, in fashioning new solutions to the energy crisis. These institutional biases have been heavily propelled by the skepticism of the utility industry about how these technologies could be integrated with the present structure of energy delivery. They have also been reinforced by a somewhat negative attitude on the part of the major energy companies and contractors, especially those in the fossil fuel and nuclear business. As a result of this hesitancy, the development of these alternatives remained largely in the hands of capital-poor inventors and small businessmen who were able to secure grants from the inadequate funds which had been appropriated to ERDA for these purposes.

As a freshman Congressman somewhat over a year ago, I undertook to examine the ERDA solar division's budget in order to make a determination as to whether those people who were arguing that we needed to fund these technologies at a much higher level had a good case. In reviewing the fiscal year 1977 budget requests, it was apparent that they had been severely cut as from the initial requests coming from the bureaucratic levels closest to the technology and that funding levels could easily be doubled.

The major constraint cited by everyone was cost, but this was a self-fulfilling prophecy. Without major impetus in the form of capital, economies of scale could not be achieved for decades, and it became clear that without a signal from the Federal level that the Nation should take up solar energy as a major alternative, large companies with capital to invest were not going to enter the market. Without the necessary investment to produce mass markets, costs would remain high and out of reach of most consumers.

It should have been apparent from the results of the oil embargo that we could afford to leave no reasonable prospect unexamined. The problem was to give the development of these technologies the kind of visibility to American business that would produce incentives for American capitalism to dedicate a large quantum of its resources to the technologies. I felt, as did many of my colleagues, that the time was here to upgrade the Federal budget in this regard, even if the prospects for some wastage of funds were increased. For if the uncertainty surrounding solar energy was cost, there were clearly uncertainties of even greater magnitude associated with each of the other energy forms which the Nation depends upon. Regarding petroleum, the uncertainty was obviously supply. Concerning nuclear a host of uncertainties were involved: The unresolved question of a national waste policy, skepticism on the part of large segments of the public regarding safety, and cost problems. A clear answer seemed to be coal, which we have in abundant supply, but as was pointed out recently by a major study by the National Academy of Sciences, the coal conversion program raises possibilities of altering the natural balance of the globe in ways which could be deleterious to us. The study warned that the world's average temperature could increase 6° centigrade over the next two centuries with "adverse, perhaps even catastrophic" events in agriculture, fisheries, rises in sea level, and percentage of carbon dioxide in the atmosphere.

In the light of the problem to be solved, a dramatic increase in funding was achieved by the last Congress, to an authorization level of $345 million, and an appropriation level of $300 million despite a low administration request of $160 million. These funds are just now moving into the spending stream and this quantum leap of Federal support has set a new tone for alternative energy programing. The Science and Technology Committee has taken the initiative for fiscal year 1978 and jumped up the spending level again, authorizing over $450 million for solar electric, heating, and cooling and biomass technologies; and the public works appropriation conference has followed the lead by appropriating about $370 million. Amendments which have been announced for the ERDA authorization, if successful, would push the authorizing figure above the $0.5 billion mark.

The signal to American society, that the Federal Government is now prepared to infuse massive funds into these technologies has led industry to begin turning its attention, and its capital, to the problems; and that the message has gotten through is evident to me, as I am sure it is to all of my colleagues, from the constant flow of inquiries I receive from my constituent communities, individuals, schools, and businessmen as to how they can get more information concerning the programs, and apply for grants and loans.

Congressional interest has become wider-ranging, as was evident during the early stages of the present Congress, when a coalition formed to investigate the possibilities for legislative action. That coalition produced nine bills in the way of a comprehensive package concerning the development and application of solar and other renewable energy sources. The package, which swept across many jurisdictions included new and restructured programs and mandates, promoting the use of renewable energy equipment in the areas of small business, agriculture, international applications, Federal buildings, and assistance to individuals. A variety of instruments are employed, including tax incentives, grants, low interest and guaranteed loans, education, and demonstration and pilot projects.

To date, the results of the coalition's work have been a testimony to the new congressional sentiment. An entirely new program has been passed by the conference committee on the fiscal year 1978 International Food and Development Assistance Act to establish a bilateral program of research, development, and demonstration with third world countries for small-scale rural-oriented renewable energy technologies—this program, which is authorized to dedicate up to $18 million, should help to stimulate the growth of a worldwide mass market for decentralized technologies and influence investment decisions by American industry.

A second entirely new program has been incorporated into the farm bill. The keystone of the program is the establishment of a series of demonstration solar farms, to be located in every State of the Union which will demonstrate practical solar alternatives for farm use. In Vermont, for example, I would expect that the solar farms would demonstrate practical alternatives to energize milking machines, to heat barns and other farm

structures through a variety of means. And in the Southwest, for example, the implantation of this program will be a needed solution to the increasingly scarce supplies of natural gas needed to drive irrigation systems.

A third product of the coalition was passage of a House resolution authorizing a study of the feasibility of using solar energy in connection with the heating, cooling, and hot water systems of the House office buildings.

A fourth bill, providing for loans through the Small Business Administration has moved to the hearing stage in both Houses of Congress. And another initiative for the promotion of solar energy in Federal buildings has also received hearings.

The entire package was cosponsored by nearly 100 Members of the House.

The national energy bill, which is being reported from the ad hoc Energy Committee, contains additional incentives. The administration has proposed to establish a 3-year, $100 million solar heating and cooling demonstration program in Federal buildings, and the House Public Works Committee added to the President's proposed $39 million worth of photovoltaics—solar electric cells—over 3 years to be used in Federal buildings. In the tax area, the bill provides a credit of 30 percent of the first $1,500 and 20 percent of the next $10,000 for residences installing approved solar- and wind-energy equipment.

As my colleagues are aware, a number of other initiatives have surfaced recently. New proposals have been announced to establish a Solar Bank in the new Department of Energy which would be capitalized at $5 billion and provide for long-term, low-interest loans for the installation of solar equipment in commercial and residential buildings. Amendments have been announced which would provide for an accelerated solar photovoltaic procurement program of 152 megawatts of photovoltaic systems over a 5-year period and provide for the development of the manufacturing process. This last proposal was based on a recent Federal Energy Administration study which estimated that a 150-megawatt market exists in the Department of Defense alone. Such a program would undoubtedly result in increased development and use of mass production techniques which would hothouse the technology and drive costs down. Other amendments would establish a biomass loan guarantee program to facilitate the development of biomass projects by municipalities and private industry. This proposal had been adopted by the conference committee on the fiscal year 1977 ERDA authorization, but failed to become law due to a Senate filibuster on an unrelated subject.

Now that the attention of the Congress has focused on the possibilities associated with renewable technologies, the range of initiatives should increase even more, as the recognition matures that this part of the solution to the energy crisis, in the long run, may be the most promising of all.

What of the cost restraints? The Office of Technology Assessment has just published a major study, entitled the "Application of Solar Technology to Today's Energy Needs" which concluded that "onsite" solar energy systems which supply individual houses, apartment buildings, and commercial and industrial facilities "must be considered as a serious addition to the limited number of options available for meeting the world's demand for energy." Cost was concluded to be an uncertain factor, depending critically on the cost of nonsolar energy, but prudence would dictate the assumption that nonsolar costs will continue to rise, making alternatives increasingly attractive for all uses.

Despite the cost ambiguities, the study concluded that—

> There is a market for some types of onsite solar equipment at today's prices and this market could expand rapidly if relatively modest increases occur in the cost of conventional energy.

Further, that it—

> Should be possible by 1980 to build solar systems which supply 100 percent of the heating and hot water needs of large buildings in many American cities at prices competitive with electricity from all other sources.

Investment tax credits and other incentives would make these systems competitive in many other American cities. And despite the fears of the utility industry, the study found that there were no insurmountable barriers to incorporating widespread use of onsite technologies within the existing utility framework—if that framework would lend its enthusiastic support to the process. Regarding generation of electricity, it was found to be possible, within 10 to 15 years to "develop onsite solar devices capable of producing electricity at rates equivalent to the price of electricity produced by new utility generating plants."

Although ERDA is still maintaining that, according to its "National Plan" of June 1977, the major energy contribution of solar electric is "expected to occur after the turn of the century," the removal of institutional barriers and attitudes toward new solutions should surely accelerate the timetable. A recent DOD study, prepared for FEA, shows that a large government and private sector market "should develop as unit array costs decline" for photovoltaic conversion. If "currently automated-production technology were implemented," these costs should decline from the "current price for 'handicrafted' systems of $15.50 per peak watt to about $2 per peak watt," with "prices dropping below $1 to $2 per week in 3 years." According to FEA, the markets which were identified in the DOD study "could sustain rapid industry development into the early 1980's." Further, that by the mid-eighties, "central power applications may become attractive," but that "aggressive efforts in R. D. & D. and accelerated commercialization must be undertaken now in order to achieve any significant energy production during the 1980's."

It is clear that the time is now for such an accelerated push. As the funding levels are reaching their proper magnitude, and the bureaucracy is given the legal mandate and dollars to move these technologies, I believe that Congress must see to it that implementation of the legislation goes forward with the utmost speed.

The President has declared the energy crisis to be on the top of his agenda. The clarion call he issued before the Congress in announcing his energy plan was not a moment too soon, since it has been observed that trends in the past year indicate a "return to the consumption patterns and growth rates of the pre-embargo era." (CRS study, January 1977.) The same kind of forgetfulness can be seen in renewed demand for less fuel-efficient cars and frills. Yet at the same time, U.S. dependency on foreign sources of oil has increased since the embargo, from 30 percent in 1972 and 36 percent in 1973 to more than 40 percent in the first 8 months of 1976. The keystone of energy supply uncertainty remains the availability of oil. It is clear that this uncertainty involves grave security implications for the Nation and that prospects for its resolution will remain unclear for the foreseeable future.

The Stanford Research Institute, in an important study done for ERDA last year, concluded that, over the longer term, if "society decides not to move toward dependence on nuclear energy, then there is only one other viable direction. After fossil fuels have been exhausted and except for the appearance of some totally new technology of which at present we have no idea, the only alternative is a solar-dominated energy economy with moderate energy demands." It does not seem necessary to me for us at this point to choose among energy options, to select one or another at the exclusion of all else, but I would argue that the uncertainties associated with all of our options require us to play the solar card out to whatever limits it can take us. To do less would be the height of national imprudence.

In reviewing the catalog of proposals and projects initiated during the present administration, I cannot help but be struck by the fact that the most imaginative work has so far been done by the Congress. It is also still rather unclear to what extent the new administration is dedicated to the kind of first-team solar effort which is so necessary to move us along to a truly balanced national effort. Let us hope that these congressional initiatives will be met by an equal enthusiasm on the part of the executive branch.

LIBRARY OF CONGRESS COMPARISON OF PRODUCT LIABILITY TAX BILLS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 10 minutes.

Mr. WHALEN. Mr. Speaker, on June 9, I introduced the Product Liability Insurance Tax Equity Act, H.R. 7711. Joining me as original cosponsors were six colleagues, and we have since been joined by more than 40 additional Members.

Our legislation, commonly referred to as PLITE, is often compared with S. 1611, a bill authored by Senator JOHN CULVER. These two bills do address the same problem and do share certain conceptual similarities, but they also have distinguishing features.

Both bills seek to end Federal tax discrimination against businesses that would self-insure for product liability. However, there are two obvious differences in the bills.

First, PLITE offers tax relief not only to businesses with product liability insurance problems, but also to doctors, lawyers, architects, engineers, and others with professional liability insurance problems. Second, S. 1611 sets rather rigid limits on the amount of money that can be set aside in the self-insurance reserve, while PLITE is more flexible on this point.

There are other, more subtle distinctions between the two bills, H.R. 7711 and S. 1611, but those are the two major differences. The bills, as I said, are conceptually similar and the differences appear to be reconcilable. At this point, the two bills represent alternative versions of the same basic idea.

Recently, Mr. Speaker, a comparative analysis of PLITE and the Culver bill was prepared by the Library of Congress. The report is the work of Mr. Howard Zaritsky, a very capable legislative attorney specializing in tax law, who works in the American Law Division of the Congressional Research Service. In light of the inquiries I have received from various sources, seeking a comparison between the bills, I think this report will be very helpful to students of liability legislation.

At this point in the RECORD, I wish to insert the Library's comparative analysis of H.R. 7711 and S. 1611. The text follows:

PROPOSED TAX BENEFITS FOR SELF-INSURANCE AGAINST PRODUCT AND PROFESSIONAL LIABILITY: AN EXAMINATION AND COMPARISON OF H.R. 7711 AND S. 1611, 95TH CONGRESS

Two bills introduced in the Ninety-fifth Congress, First Session, propose to use the tax systems to subsidize self-insurance against products and professional liability. While both H.R. 7711 and S. 1611 attempt to use the tax laws to stimulate such self-insurance, they approach the problem distinctly and cover slightly different situations. This report will examine these two proposals and note any potential interpretative difficulties which appear on the face of the bills.

(1) S. 1611

S. 1611 was introduced by Senator Culver on May 26, 1977, and referred to the Senate Committee on Finance. Under the proposal, anyone engaged in manufacturing, importing, distributing, leasing or selling a product would be allowed to establish a reserve account for self-insurance against products liabilities. Contributions to this account would be deductible, subject to specific limitations. When the account paid a products liability claim, there would be no taxable income to the taxpayer, but there would also be no deduction for the claim paid. The net result, consequently, would be that the reserve fund, to the extent it was eventually used for payment of products liability claims, would defer taxes but not eliminate them.

The amount which could be deducted as a contribution to a reserve account for products liability self-insurance would be the lesser of three percent (3%) of the taxpayer's gross receipts for the given year or enough to raise the account balance to fifteen percent (15%) of the taxpayers' average gross receipts for either the past five years or the period during which the account was used, whichever was shorter. An excess contribution would be nondeductible, but it could be withdrawn within ninety (90) days of the end of the taxable year without penalty. Other withdrawal of funds, aside from those needed to pay products liability claims, are both taxable income to the taxpayer and also subject to an added fifty percent (50%) tax.

Special rules provide that where corporations are commonly controlled to a certain degree of ownership, they will be considered together for purposes of their maximum contribution limitations.

The operation of the account may be illustrated by an example. If ABC Corporation is engaged in the manufacture of widgets and believes that there may be a liability for their production of widgets, either property or personal injury damages resulting therefrom, it may establish an account for the purpose of self-insurance. The account may either entirely insure the company or merely supplement another commercial insurance policy. Assuming that ABC Corporation has a steady gross receipts history of $1 million a year, it may begin to contribute $30,000 a year to its account annually, deducting this sum from its income for tax purposes.

Assuming that no claims are presented for payment within the first five years, after that time the total in the account will be $150,000, or fifteen percent (15%) of the taxpayer's average gross receipts for the past five years. Until claims are presented for payment, there can be no further contributions to the account. If, however, a $50,000 claim is paid in the next year, leaving an account balance of $100,000, the corporation can again begin making annual contributions of $30,000 a year or whatever is required to bring the balance up to fifteen percent (15%) of the average gross receipts, whichever is less.

One possible difficulty with this proposal is that it uses as a basis for measuring contributions the gross receipts of the taxpayer. Gross receipts is not a term used elsewhere in the Federal tax laws, but only in State laws. Consequently, to define gross receipts, reference will have to be made to State tax laws.

Two possible solutions to this potential interpretative difficulty would be either referring to the laws of the various States for workable definitions of gross receipts, or changing this measurement to gross income, a term defined by the Federal tax laws.

The proposed effective date for S. 1611 is contained in the last section of the bill. It would be effective for all taxable years beginning after December 31, 1977.

(2) H.R. 7711, THE PRODUCT LIABILITY INSURANCE TAX EQUITY ACT

H.R. 7711 was introduced by Representative Whalen on June 9, 1977, and referred to the House Committee on Ways and Means. It provides for the establishment of tax-exempt self-insurance trusts to fund self-insurance against both products liability and professional liability protection. Income earned by the trust would not be taxable and contributions to the trust would be deductible. The trust would be able to fund either all or any part of the insurance of the settlor and, subject to regulations of the Treasury Department, contributions to the trust would not be divertable to purposes other than self-insurance and payment of claims.

The limitation imposed upon deduction for contributions to a tax-exempt self-insurance trust is that amount which would be the reasonable cost of acquiring that insurance from an insurance company, if available.

One potential difficulty with the proposal in H.R. 7711 is that no provision is made for payment of claims and the taxation of such payment. Assuming that the normal rules of receipt of income apply, when a claim against the taxpayer is paid by the trust, it would constitute income to the taxpayer in full. Since the taxpayer was never subject to income taxes on the amounts contributed to the trust, this would not appear incongruous to the general nature of the proposed plan.

The proposals in H.R. 7711 would be effective for taxable years beginning after enactment.

OIL AND GAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

Mr. COLLINS of Texas. Mr. Speaker, 74 percent of the energy in our country is derived from oil and gas. A few years ago we produced all of our own oil and gas needs, but then the Nation established oil and gas price controls. Oil and gas are the only commodities in this country under price controls. This has handicapped and limited drilling so we have imported more and more foreign oil.

In 1972 we sent $5 billion to the Arab OPEC countries for oil. This year we will send over $45 billion to the Arab OPEC countries for their oil.

The bureaucrats have devised varied tiers of oil, entitlement, quotas, and regulations to regiment our domestic oil and gas operators. We have the oil and gas and should be using it. Twenty years in the future, we will make a transition to nuclear and solar. But for the next 10 years we must have oil and gas or we will have tremendous unemployment.

When America first discovered and developed the initial oil wells, we only produced 30 percent of the oil with our limited technical information. Although the secondary recoveries are more expensive than the first drilling, they are better than buying Arab OPEC oil, and they can more than double current oil recoveries. Oil and gas have suffered the same bureaucratic fate because of price controls.

I have had an outstanding oil economist from the Southwest working full time with me on this energy legislation. He is Dr. H. A. Merklein, director of the International Institute of the University of Dallas. He has had 9 years working in the oil business, so he combines practical as well as technical evaluations. He had prepared an assessment of regu-

lated crude oil prices which conclusively show that America should deregulate.

This report is his summary statement to me. For anyone who is making an in-depth academic study, please call or write my office here at 2419 Rayburn and I will furnish you with the full 15 page report. Here is the Merklein summary:

The fundamental error of the National Energy Plan (NEP) of April 20, 1977, is that it equates low energy prices with consumerism. The authors of NEP refuse to admit that price controls at low levels will dry up supplies and that controls therefore create shortages that hurt the consumer much more than deregulated prices. Because the National Energy Plan, through its system of price controls, virtually guarantees future energy shortages, it basically reflects an anti-consumer attitude.

This charge is not based on purely theoretical considerations. Its validity has been amply demonstrated by the gas shortages that developed during the winter of 1976/1977. It will be recalled that this relatively minor gas shortage of 1.5 TCF threw more than 1.2 million workers out of their jobs. This coming winter, the gas shortage will be at least as severe as last winter, and it could be worse if it is a cold winter.

There are two reasons why the U.S. economy has not been exposed to oil shortages of the magnitude of the recent gas shortage. First, multi-tiered controls on crude-oil prices were not implemented until 1974, compared to a history of artificially depressed natural gas prices for more than 20 years. And second, the importation of crude oil can be increased rapidly in the face of a developing shortage, while the importation of natural gas from countries other than Canada and Mexico requires prior liquifaction and, therefore, substantial plant capital investments and years of lead times.

The control of crude-oil prices at depressed price control levels will ultimately cost the U.S. consumer more than unregulated prices. It is the purpose of this study to assess the cost of crude-oil price controls under the National Energy Plan.

The severity of the crude-oil shortage as it exists today is generally underestimated, even by experts. There are two ways to close the gap between U.S. consumption and production, and both have been used. First, crude oil may be imported from abroad and second, domestic crude oil may be produced at a rate faster than the replacement rate, thereby depleting the existing reserve base.

The importation of crude oil, which may be called the "visible shortage," ran approximately 42% of domestic consumption in 1976, up from 37% the year before. Reserve depletion, the "hidden shortage," accounted for an additional 27% of domestic consumption. Together, the visible and hidden crude-oil shortages amounted to more than 69% of U.S. consumption, up from 52% in 1974.

Over the period 1978 to 1985, the cost of price controls on crude-oil to the U.S. consumer will be $194 billion, and it will be $431 billion during the period 1978–1990. Many contributing factors are involved in making the National Energy Plan so costly. The most important ones are:

1. The National Energy Plan encourages the continued waste of crude oil and crude-oil products by pricing them below market value. This is done directly through price rebates, as in the case of heating oil, or indirectly, through general refunds of the crude-oil price equalization tax. As a result, U.S. crude-oil consumption will be 6.7 billion barrels in 1985, compared to 5.3 billion barrels under deregulated prices.

2. The National Energy Plan actively discourages the continued exploration for new oil reserves, since it fails to provide the needed price incentives. As a result, domestic U.S. crude-oil production will decline from the present rate of 3.6 billion barrels per year to 2.2 billion barrels in 1985. If prices were deregulated, domestic production would rise to 3.8 billion barrels in 1980, and then decline slowly, to 3.3 billion barrels in 1985.

3. The National Energy Plan encourages the importation of crude oil, since it fails to close the widening gap between domestic consumption and production. As a result, imports will rise from the present rate of 2.7 billion barrels a year to 4.5 billion barrels in 1985. If crude-oil prices were deregulated, total imports would actually decline to 2.0 billion barrels in 1985. That corresponds to 44% of the 1985 import requirements under the NEP.

4. The National Energy Plan creates jobs abroad at the expense of losing U.S. jobs, due to incomplete recycling of petrodollars. Every dollar that leaves the United States and fails to be recycled in the form of OPEC recycled in the form of OPEC purchases of U.S. goods will contribute towards the creation of jobs abroad and the destruction of jobs in the United States. This is one of the heaviest burdens of the NEP.

5. The National Energy Plan fails to provide a safety cushion for impending ceilings on OPEC exports and it leaves the United States virtually without protection against future embargoes, since its implementation implies an irreversible and irresponsible reduction of the U.S. crude-oil reserve base. Under the NEP, the remaining reserves in the lower 48 States will be 11.0 billion barrels in 1985, down from 20.9 billion barrels now. If prices were deregulated, the remaining reserves would essentially be the same in 1985 (19.6 billion barrels) as they are today.

6. The National Energy Plan establishes a heavy and expensive bureaucracy within the federal government, and it imposes an equally massive bureaucracy on the oil industry. It may be interesting to note that the proposed Department of Energy budget is 10.6 billion dollars. The oil industry's total spending for drilling for oil and gas is 10.3 billion dollars a year. This includes a 4.2 billion all drilling for new oil and gas wells, reworking 500,000 old wells, 2.3 billion in dry holes, 1.6 billion to acquire acreage, 1.5 billion for lease rentals and .7 billion for geology and geophysical. It costs more for Bureaucrats than for the nation's entire drilling program.

The costs and related data on production, consumption and imports of the National Energy Plan as summarized in the following table (oil volumes and dollars in billions per year).

The cost of the national energy plan

1985 crude-oil consumption (6.4 today):	
Complete deregulation	5.3
National energy plan	6.7
1985 crude-oil production (3.6 today):	
Complete deregulation	3.3
National energy plan	4.5
1985 imports (2.7 today):	
Complete deregulation	2.0
National energy plan	4.5
1985 imports (percent of consumption (46 percent today)):	
Complete deregulation (percent)	38.7
National energy plan (percent)	67.0
1985 remaining reserves (20.9 today):	
Complete deregulation	19.6
National energy plan	11.0
Total cost of crude oil to U.S. consumers 1978–85:	
Total cost:	
Complete deregulation	$732
Natural energy plan	926
Cost of controls:	
Complete deregulation	----
Natural energy plan	$194

These costs of the National Energy Plan have been calculated with a great deal of conservatism. For example, it was assumed that gross additions to reserves would decline at 10% annually, when they did in fact decline at 25% in 1974–1976, at a time when the incentives to exploration were similar to those under NEP. Also, the last available reserve data were used as beginning-of-year 1978 reserves, a procedure that assumes no draw-downs in 1977 and therefore overstates future production, while understating imports. For example, 1978 imports are shown to be 46%, but they are running 46% of domestic consumption in 1977. Finally, the demand response under the NEP is probably overstated, showing a greater reduction in consumption than is likely to occur in fact.

The deregulation of crude oil prices remains the most efficient and least costly way to meet the current oil shortage and to develop intermediate and long-term substitutes such as coal and nuclear energy. All the alternative plans will cost more than deregulation of oil.

JAMES M. COLLINS.

THE PUBLIC BROADCASTING FAIRNESS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DORNAN) is recogized for 10 minutes.

Mr. DORNAN. Mr. Speaker, yesterday, Senator ORRIN HATCH and I introduced identical legislation to authorize the FCC to enforce objectivity in programs funded by the Corporation for Public Broadcasting.

As my colleagues know, the CPB itself does not produce programs, but does fund other organizations which do. The most notable and best known among them is the Public Broadcasting Service. By bill, H.R. 8545, would provide for the enforcement by the Federal Communications Commission of the strict requirements of fairness and balance which were included in the statute establishing the Corporation for Public Broadcasting.

As a background, I would like to cite the relevant passage of the establishing statute (47 U.S.C. 396(g)(1)(A)) which formulates the very high standard of fairness and objectivity for the CPB. This is what the Congress said:

(g)(1) In order to achieve the objectives and carry out the purposes of this subpart, as set out in subsection (a) of this section, the Corporation is authorized to:

(A) facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse sources, will be made available to noncommercial educational television or radio broadcast stations, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature;

The intent of the Congress is clear: public money should not be spent to finance a "Ministry of Propaganda" under the guise of the CPB. The purpose of the corporation is to provide the diversity, quality, and balance which are too often missing in commercial broadcasting. Since the money of all taxpayers was used to fund public broadcasting, the corporation is expected to present the different opinions on the issues it covers. The Congress stated that the public of the United States has the right to expect

that their public broadcasting bring them objective and fair information in its documentaries and news programs. The whole purpose of establishing the Corporation for Public Broadcasting was to insure that the public airways carried a wide variety of points of view and varying perspectives. Any other, biased, purpose was clearly not the intent of Congress. The legislation which Senator HATCH and I have introduced does not, of course, apply to the fine cultural programs in which the CPB funded programs excell—that would be outside the scope of original congressional intent. The intent of Congress was made perfectly clear: when the CPB funded programs of a controversial nature it was to do so evenhandedly.

Now, some of my colleagues here today may question the need for my legislation. They may argue that since the directive of objectivity was included in the statute which established the CPB, legislation to give the FCC enforcement powers is superfluous.

I would be inclined to agree with them if it were not for the history of the programing funded by the CPB. The record, I am afraid, speaks for itself.

Has the CPB fulfilled the intent of the Congress? The answer is, unfortunately, "No" and it is for this reason that I have introduced H.R. 8545 to give recourse to those persons who feel that their points of view have not been adequately represented.

One need only look at the history of the CPB to see that this recourse is not now provided and is, indeed, needed.

Several years ago, a complaint was filed with the FCC against the Public Broadcasting Service which is funded by the CPB. The two programs which were cited in the complaint were "Justice?" and "the three r's and sex education" [sic]. The complaint argued that the latter program unfairly depicted the opponents of sex education in the public school as uninformed and that the former was actually little more than an effort to propagandize the case for Angela Davis while her trial was going on.

In spite of the fact that both the Washington Post and the New York Times—neither of which can be considered a bastion of conservatism—commented on the biased viewpoint of these programs, the FCC ruled against the bias complaint.

But it is important to note that it did not rule against the complaint because the programs were unbiased; the FCC ruled against the complaint because, as it stated, it did not have the authority to require objectivity in CPB-funded broadcasting. In other words, it threw the ball back into the congressional court. The FCC stated in its decision that it was not clear what the intent of the Congress was when it established the fairness and objectively doctrine for the CPB. It asked whether it should even seek to enforce the objectivity requirements of section 396 and wondered if Congress intended "to set forth a specific standard subject to administrative enforcement rather than merely a general enunciation of the corporation's functions."

Not only the FCC but the U.S. court of appeals handed down a noncommittal decision when the complaint was brought to it. The court found that the congressional requirement was merely an exhortation to be objective; that it was meant to be a "guide to congressional oversight policy" and "a set of goals to which the directors of CPB should aspire." The court of appeals also stated that if the Congress were displeased with the performance of the CPB it could express its displeasure through the appropriations process.

This solution is, in my view, a very cumbersome and shotgun approach to a problem which few deny exists. We all know how arduous is the appropriations approach and that any financial restraints aimed at documentaries might well hurt the excellent cultural programs which are also funded by the CPB. Moreover, the disciplining of the CPB through the appropriations process is even more difficult when one remembers that the CPB has sought and received long-term authorization from the Congress.

After these decisions, it should be obvious that there is a very real need for the Congress to put a few more teeth into the fairness requirement and to clarify the original intent of Congress.

My bill would do just that. It reads:

> Notwithstanding any other provision of this Act, the (Federal Communications) Commission shall have the authority to enforce the preceding requirement of balance and objectivity with respect to the funding of programs or series of programs of a controversial nature, and in the event of a finding by the Commission of a violation of the above requirement of strict adherence to objectivity, the Commission shall order the Corporation to make available to the educational station or stations which have broadcast such programs adequate funding for a balancing program or series of programs and the Corporation shall comply with any such order.

It should be clear from the wording that this legislation is not intended to be a vehicle for censorship. Quite the opposite is the case: it is the vehicle which will allow broader and more diverse coverage of controversial topics.

I want to make it clear that this in no way impinges upon the right of the Public Broadcasting Service or similar television producers to present a program which includes only one point of view. The public television producers can still present one-sided documentaries and news programs as long as they have a market for them. What my bill does do, however, is require that the public funds—the taxpayers' dollars—be spent by CPB in providing a counterbalancing viewpoint which can be produced by a producer who wishes to do so. In this way, the Congress can insure that the public airways are used equitably and that both sides of any controversial issue are presented when taxpayers' dollars are used.

The record shows that, unfortunately, the Corporation for Public Broadcasting has not always been willing to distribute its funds equitably among opposing and differing viewpoints. It, therefore, behooves the Congress to give the FCC authority over the CPB in this specific area so that it can use that authority to effect the results intended by Congress and to establish the fair and objective public broadcasting that the citizens of this Nation expect.

THE ARMED SERVICES MEDICAL SCHOOL MUST BE CONTINUED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on April 21, over the objections of the Office of Management and Budget and the Department of Defense, the House voted to adopt the 1977 Supplemental Appropriations bill containing a Senate amendment of $12.5 million for the fiscal year 1978 operations and maintenance of the Uniformed Services University of the Health Sciences.

As a strong advocate of the medical school for the Armed Forces over the years, I was delighted by this strong congressional affirmation of support for the continuation of this facility, because I feel that our Armed Forces should have access to the best medical personnel and training our country can make available and not be dependent on unreliable outside civilian sources for this vital manpower.

In testimony before the Subcommittee on Investigations of the House Armed Services Committee, Col. Robert Joy, chairman of the medical school's Department of Military Medicine and History, testified as follows regarding the specialized education in military medicine being provided:

> They get many hours of education in medical defense against special weapons of war, such as chemical, biological, and nuclear war. The Armed Forces Radiobiology Research Institute provides a 10-man faculty to give 10 hours of instruction on mass casualties and about patients hit by the atomic weapons and the blast. They get a good number of hours and lectures on what happens to ordinary people when they join the military and what does the military do * * *. They will have over 30 hours of military applied physiology * * *. The course I am about to describe, no civilian school teaches—we give them 30 hours, using military and civilian senior scientists from Department of Defense laboratories on heat exhaustion, frost bite, altitude sickness, decompression system, translocation—which means jet lag—seasickness; there are noise problems which are pretty bad in the service.

Mr. Speaker, a commentary on the need for the Uniformed Services University of the Health Sciences by Joseph McCaffrey, aired on July 3 over Washington's WMAL radio follows:

> Military medicine is in crisis. There is a serious shortage of doctors, and looking ahead that shortage will probably become worse.
>
> In light of this it is surprising that the Carter Administration sought to terminate the military medical school which was established under legislation written by F. Edward Hébert one time Chairman of the House Armed Services Committee.
>
> Graduates of this school have an obligation to serve for a period of time in the military, and the reason that Hébert was able to persuade his fellow House Members and later Members of the Senate, to approve the school was because of the need for medics in the service.

That need has become more acute during the last three years.

Had the Hébert sponsored medical school been started ten years ago the military would not be in the tight squeeze it is today.

Mr. Speaker, the Subcommittee on Investigations of the House Armed Services Committee has initiated a study to close loopholes in the law and thereby discourage any additional attempts by the Office of Management and Budget and the Department of Defense to close down the operations of the military medical school. I remain hopeful that Congress will continue its support of this vitally needed facility—the Uniformed Services University of the Health Sciences.

THE SMALL BUSINESS ADMINISTRATIVE REVIEW ACT

The SPEAKER pro tempro. Under a previous order of the House, the gentleman from Alabama (Mr. FLOWERS) is recognized for 5 minutes.

Mr. FLOWERS. Mr. Speaker, on June 15, I introduced the Small Business Administrative Review Act. This bill is in response to an increasing concern among the small business community that they are in fact being denied due process when faced with administrative orders, fines, or citations. I feel it is imperative that this sector of our economy be allowed to challenge the applicability of Federal actions in a manner and a forum that they can afford. After all, this sector, of our economy does account for 97 percent of all firms in this country and provides, directly or indirectly, the livelihood of over 100 million Americans. This legislation would allow small businessmen and women to obtain speedy and inexpensive reviews of administrative orders, fines and citations which amount to less than $2,500.

The Federal Government passes more and more regulations every year. These regulations become more complicated as well as more voluminous every year. It is inevitable with extensive indiscriminate regulatory procedures that fairness and equity will not be the result in every case. However, this is acceptable as long as there is a way to provide for appeals to remedy the inequities.

For extensive orders or orders which entail great expense one has recourse to the internal appeals process or the courts. But what about an individual who does not have a lawyer or cannot afford one and wishes to appeal a small fine? And what about the ruling which suspends the operations of a small firm and requires a trip to Washington in order to clear up the ruling and resume operations? Theoretically, the internal appeal route exists, but in reality it does not. It is only when the fine or citation is large enough to make the appeal economically feasible that it is used. In many instances, the small businessman simply cannot afford to challenge an order because to do so would cost more than merely paying the fine or complying with the order.

This is certainly not to say that all Federal regulations are bad and should be eliminated. In fact, many are quite necessary. It is simply that with the number and complexity of the regulations now is existence, it is inevitable that inequity will result in some cases. What is needed is a way to introduce this common sense and fairness into this process. This bill does just that.

Mr. Speaker, I would like to briefly point out the ways in which my bill would provide the equity and common sense so badly needed. First, it would create an efficient court system which would be accessible to businessmen throughout the country without necessitating a trip to Washington. By hearing cases in many locations across the country, the court can handle a high number of petitioners and yet still remain convenient to small business.

Second, these courts would have jurisdiction over only those fines, orders or citations levied which do not exceed $2,500. Its jurisdiction would be further limited to include only those cases which do not already have a special court where they now may be tried. Such courts now in existence include the Tax Court, the Court of Military Appeals, and the Customs Court. The dollar and jurisdictional limits will insure that only those specific cases for which the court was created will be heard in them. Furthermore, the limitations will serve to keep the backlog of cases at a minimum and thus insure greater efficiency.

Third, the courts could modify any order or citation as well as rescind all or any part thereof. In modifying or rescinding administrative decisions these courts will only be reviewing the fairness, consistency or appropriateness of the regulations and will not necessarily be passing on the constitutionality, legality or wisdom of the regulation itself. This adds a human, commonsense element which is otherwise lacking in the present system.

Fourth, the cost to the individual petitioner would be low. Under this bill the filing fee would be only $10. Moreover, there would be no need for an attorney nor the necessity for costly appeals. All the courts would need to review a case would be the $10 filing fee and a one-page application. And by applying to the Small Business Review Court, the right to appeal is automatically waived. This would reduce the lengthy and costly process of appeal as well as assuring that the decisions of the Small Business Review Court would not be precedential. By assuring this then the individualized approach is preserved. Finally, the procedures and rules of evidence would be simple enough to allow a businessman to present his own case.

It is clear that both the need and the demand for this type of forum are real and immediate. According to a recent business organization survey approximately 8 percent of the Nation's small firms have been fined by the Federal Government during the past 2 years. And these fines were not confined to any particular sections of small business. In fact, in every sector of small business 3 percent of that sector reported receiving a fine in this period.

Mr. Speaker, there are two other points which make this bill appealing. First, the experience of the Tax Court with its special procedures for considering "small tax cases" has been very encouraging. The average time span between the filing of a petition and a decision has been reduced to only 10 months. And there is only an average time lag of 3 months between trial and decision. In addition, over 90 percent of the petitioners have no attorney and represent themselves very ably. The success of the Tax Court would seem to indicate that the SBA Review Court could function just as successfully.

Second, this will not become another massive bureaucracy. The Review Court has a built-in 5 year sunset provision. At that time, the chief judge would be required to submit a detailed report on the operation, use and expense of the court, after which Congress can decide whether to continue it or not.

In conclusion, the Small Business Administrative Review Act provides an effective, workable solution to the present problem. To not pass this act would leave a large segment of our population without an effective opportunity to exercise their right to due process. This continued denial of due process should not be ignored. This bill has the full support of small business across the country and I urge my colleagues to add their support as well.

WEST INDIANS IN GREATER HARTFORD CELEBRATE THEIR HERITAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, I would like to share with my colleagues an event that has come to symbolize the cultural richness of my district. From July 31 to August 6, citizens of West Indian descent in the Greater Hartford, Conn., area will celebrate West Indian Week, a salute to the West Indian states that have achieved nationhood. The event will be marked by parades, religious ceremonies, cultural programs, and social activities designed to unify the West Indian community and keep a proud cultural tradition alive.

West Indian Week has been celebrated for 14 years. It began in 1962 when Jamaica and Trinidad and Tobago attained independence. Since then, the celebration has taken on new meaning with the independence of Barbados, Guyana, the West Indies Associated States, the Bahamas, and Grenada.

We owe much to our West Indian citizens. Their music, language, and art have contributed much to the cultural life of our community. Their unique identity has an important place in our society and it should be strengthened.

Among the many members of the community who are working hard to make West Indian Week a success, I would like to single out Kenneth Carrington, chairperson; Pearci Bastiany, vice chairperson; Keith Carr, secretary; Claire Hickland, assistant secretary; Patricia Lindo, recording secretary; Kenneth Walker, financial secretary; Alfred Parker, treasurer, and Aldwyn Thomas, assistant treasurer.

I salute the more than 50,000 West Indian Americans of Greater Hartford for

their cultural pride and commitment to our society.

ANNOUNCEMENT OF HEARINGS ON ALLEGED NAZI WAR CRIMINALS RESIDING IN THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, I wish to announce that the Subcommittee on Immigration, Citizenship and International Law of the Judiciary Committee will hold 1 day of public, oversight hearings on August 3, 1977, to review the U.S. Government's ongoing investigation of alleged Nazi war criminals residing in the United States. The hearing will be held in room 2237, RHOB, and commence at 9:30 a.m.

In the exercise of its oversight responsibilities, the subcommittee has been following closely the progress of this investigation for a number of years and deportation and denaturalization proceedings were recently instituted by the Department of Justice in a number of cases.

During the hearing next week, the subcommittee intends to review:

First. The status of the aforementioned cases;

Second. Past and current procedures followed by the Immigration and Naturalization Service in processing allegations received from interested organizations and individuals;

Third. The priority attached to this investigation; and

Fourth. The efforts made by the Immigration and Naturalization Service and the State Department to obtain eyewitness testimony to those alleged atrocities from persons who are residing abroad.

Testimony will be received from officials from the Departments of State and Justice at this hearing.

H.R. 28, THE DISPLACED HOMEMAKERS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Mrs. BURKE) is recognized for 5 minutes.

Mrs. BURKE of California. Mr. Speaker, the Employment Opportunities Subcommittee of the House Committee on Education and Labor recently completed hearings on H.R. 28, the Displaced Homemakers Act.

I would like to share with my distinguished colleagues the testimony of Ms. Cynthia Marano, director of the Maryland Center for Displaced Homemakers, which describes in some detail the work of the center in Baltimore and the needs of displaced homemakers for services which are not presently available to them:

TESTIMONY BEFORE THE HOUSE SUB-COMMITTEE ON EMPLOYMENT OPPORTUNITIES

(By Cynthia Marano)

Members of the Committee and Interested Guests:

Maryland passed its bill to establish a pilot displaced homemaker center in May of 1976. For the 268,000 displaced homemakers in Maryland, this was an important step. Where, in the past, this disadvantaged category of older workers had been ineligible for assistance under nearly every traditional social assistance program, there now would be a stable funded program mandated to provide specific solutions to their needs.

The Maryland Center for Displaced Homemakers opened in October of 1976. Funded by the state at $190,000 per year for three years, it is administered by the State Department of Human Resources under contract to New Directions for Women, a non-profit job referral and employment assistance organization in Baltimore. In its work, New Directions had been seeing many displaced homemakers and had been largely unable to provide help. Displaced Homemakers came to New Directions seeking jobs. They were almost always unable to begin the job search because they were not job-ready.

The Maryland Center for Displaced Homemakers is primarily a job-readiness center. Since its opening in October, the Center has provided service to more than 1,500 persons—both male and female. During that time, the needs of displaced homemakers have been continually re-assessed and new solutions have been developed to meet these needs.

The difficult situations facing the displaced homemakers who utilize the Center make it necessary for the Center staff members to be creative problem solvers. Being displaced homemakers ourselves, and having been through the problems, have perhaps made it possible for us to be quick problem identifiers. Less than 10 percent of those who have sought services at the Center have had incomes of $6,000/year or more and most still have some dependent children to support. The educational range of those seeking services—though broad—still shows, from all income brackets, that while 53 percent have high school diplomas or some college experience, 47 percent have not finished high school. In the employment scene of today, this defines the displaced homemaker as a disadvantaged category of worker.

To date, the successes of the Maryland Center for Displacement Homemakers have been many: 1,500 persons have received service. More than 90 job-readiness workshops have been held serving nearly 1,000 persons. Approximately 600 personal counseling sessions have been attended. 85 persons have sought training at the Center.

The Center was budgeted to train only 30 displaced homemakers in its first year. Nearly twice this number were trained. And while, most displaced homemakers take three months to six or seven months to become job ready 70 persons have already become job-ready or have been placed in permanent employment. In the areas of training and therefore, placement, our successes are solely dependent upon funding. We could provide training for twice as many displaced homemakers—and significantly add to the number who are quickly employed with an extended training budget.

But it is not the training alone that makes the Center work. At the Maryland Center, displaced homemakers are, in a sense, trained to be trained. The following list of needs of displaced homemakers illustrates this point. Displaced Homemakers need:

1. the chance to assess their skills related both to their homemaking experience and to their volunteer work.

2. the opportunity to see these skills as related to employment and occupational areas.

3. the opportunity to assess the emotional and substantive obstacles to the job search, and assistance in identifying manageable steps to conquer these obstacles.

4. assistance with a career investigation matching personal skills with occupational titles.

5. assistance in strengthening self esteem, assertiveness, and job seeking skills.

6. peer support and the observation of others (models) who are making new lives for themselves.

7. resource assistance, including: legal services; health and medical assistance; financial planning assistance; housing; etc.

Before training can be effective these needs must be fulfilled. They are not fulfilled by any traditional training or employment assistance programs. When these programs serve older women at all, they begin at a point which assumes that these needs have been fulfilled or steer women only into entry level positions ignoring the skills acquired in homemaking or volunteer experiences.

With its counseling, resource referral and advocacy, peer support, workshops, training, and employment assistance programs, the Maryland Center for Displaced Homemakers is beginning to meet these needs effectively. We are being deluged by requests from other parts of our state and from groups in other states for technical assistance. We are limited in what we can do—but we try to provide this help.

We would like to bring the program to other parts of Maryland where displaced homemakers cannot get to the Baltimore Center. We have requested funds to do this from our state and have been told that these desperately needed services can be funded only if federal monies are made available through the proposed bill.

Displaced homemakers and the community are affected by the Maryland Center. One displaced homemaker wrote: . . . "when I walked in I felt like somebody cared what happened while I was wondering where I was going, what I was going to do, and how I was going to do it. After the staff put a few ideas in my head, . . . I did it. I am happy with my job." And one employer wrote: . . . "when she first came to us, her typing and other clerical skills were so rusty that we could not possibly have afforded to bring her on our permanent staff. By the completion of her training period, however, her skills had improved markedly. Additionally, we found her to be a dedicated and congenial worker. Consequently, this week she began work here as a permanent, part-time member of our staff, and if additional funds should become available in the future, I'm sure we would want to increase her time with us.

THE PROPOSED REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT AT DHEW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER of California. Mr. Speaker, the Secretary of the Department of Health, Education, and Welfare yesterday announced a far-reaching and innovative plan to reorganize the Office of Human Development. This plan is part of a comprehensive Department-wide effort to improve the delivery of services to persons receiving assistance from HEW and reflects the President's commitment to making the bureaucracy more manageable and efficient.

I understand that the reorganization plan is the first phase of the restructuring of OHD and that a more detailed description of the proposed changes will be forthcoming along with the legislative proposals where they are necessary to implement the plan. The Secretary intends to seek the advice and suggestions of Members of Congress on his plan during the next several months. This will give each of us an opportunity to make

constructive comments on the proposal before either legislation is introduced or the plan or parts of the plan are submitted to the Congress pursuant to the President's reorganization powers.

The Assistant Secretary for Human Development is presently responsible for the direct administration of 18 program areas, 6 staff offices and 10 regions, each with 7 or more program offices themselves. Personnel working in these offices and activities amount to nearly 2,000 persons operating $4.9 billion in grants. The Secretary's reorganization plan would condense these responsibilities to four offices, five program areas or administrations and the regional offices. It is hoped that this action will result in improved service delivery by focusing on the entire family and community, as well as on the whole person. The plan should also increase the effectiveness, efficiency and accountability of service delivery programs; improve the quality of services and address critical unmet needs; and build supportive relationships at the Federal, State, and local levels, working with consumers, to achieve these goals.

I am particularly concerned about programs that will affect the children and youth of our country. Under the reorganization plan, I am pleased to note that there will be an Administration for Children, Youth and Families created. A separate youth bureau will be established within that office, to give the much needed attention to programs for runaways and other services for our young people. Functions now performed independently by the Office of Child Development—particularly Head Start—the Children's Bureau—including traditional child welfare services, and the present Office for Youth Development, would be consolidated. Programs for all our youngsters could be dealt with in a single place, with a special focus on children that is so badly needed, and, in the context of their lives as members of families. The Administrator of this new office will be directly responsible to the Deputy Assistant Secretary for Human Development, and would operate a budget of about $500 million.

While at this early stage I cannot yet endorse the Secretary's reorganization plan, I do feel that he is on the right track in trying to improve the delivery of services from our largest Federal department. I applaud his initiatives in this area and look forward to receiving full details of the reorganization plan.

THE PLIGHT OF ISAAC SHKOLNIK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. KOSTMAYER) is recognized for 5 minutes.

Mr. KOSTMAYER. Mr. Speaker, I join with many of my colleagues today to speak out on the unfulfilled promise of Helsinki. I rise on behalf of Isaac Shkolnik, a Soviet Jew.

I speak on behalf of Mr. Shkolnik as a result of the efforts of two of my constituents, Rabbi Laurence H. Rubinstein of Temple Shalom in Levittown, and Steven Garber of Levittown. Isaac Shkolnik's plight typifies the Soviet Union's continued disregard for the most basic human rights—rights that the Soviet Union acknowledged when they signed the Helsinki agreement.

Isaac Shkolnik has been imprisoned in a Soviet prison camp since his conviction on charges of spying for Israel in 1973. I believe that the facts in the Shkolnik case show a man victimized by the Soviet Union's continued disregard for human freedom. His case is characteristic of the Soviet Government's efforts to stop other Russian Jews from emigrating.

Let me briefly tell you something of Mr. Shkolnik. I am sure you will agree that Isaac Shkolnik is a victim of anti-Semitism which is now the official government policy of the Soviet Union.

Isaac Shkolnik was born in 1936, raised in a traditional Jewish family, and was a semiskilled laborer and mechanic in his home town of Vinnista in the Ukraine. Mr. Shkolnik taught himself English and frequently listened to broadcasts of the Voice of America, British Broadcasting Co., and Radio Liberty. In 1967, six Englishmen came to Vinnesta to install equipment which the Soviet Union had purchased. Shkolnik befriended them and once invited them to his home for a birthday party for his daughter.

In 1971 Jews in Vinnista began to apply for permission to immigrate to Israel. Mr. Shkolnik applied for a visa for himself, his wife, and daughter. His wife and daughter were subsequently granted visas to immigrate to Israel, where they have lived some 5 years. Shkolnik, however, was charged with treason and arrested in July 1972. Originally charged with spying for Great Britain and passing secrets to the English engineers in 1968, the Soviet Government produced evidence at Shkolnik's trial such as a radio tuned to the frequency of a "hostile" station, a business card of one of Shkolnik's English visitors, and five American dollars.

When the British Government was informed of the charges against Shkolnik they denied any connection whatsoever. The charges were then changed from spying for England to spying for Israel. The Soviets charged that Shkolnik had a photographic memory and planned to pass state secrets to Israel.

Shkolnik's trial took place before a military tribunal and lasted from March 29 to April 11, 1973. Witnesses were called by the KGB and naturally gave evidence of Shkolnik's anti-Soviet activities.

After 9 months of maintaining his innocence, Isaac Shkolnik changed his plea from innocent to guilty after his court appointed lawyer advised him that a death sentence would be sure to follow if he was convicted at trial. He was sentenced to 10 years imprisonment, later reduced to 7 years at hard labor.

Today Mr. Shkolnik lives in a prison camp in Moscow while his wife and young daughter live in Israel. There is no justice for the Jews in the Soviet Union, Mr. Speaker.

The Soviet Union has not convicted a man who is a criminal. Isaac Shkolnik's only crime was his desire to leave the Soviet Union and live in a land that would not despise him. On behalf of my constituents, Jews and non-Jews alike, I am proud to speak out for Isaac Shkolnik. As a result of his courage, Mr. Speaker, Isaac Shkolnik is now serving 7 years at hard labor.

Today we in this House speak out to demand that the Soviet Union honor the Helsinki accords. For once again Mr. Speaker, it is the Jews who are the victims of Soviet harassment and hate. We must not allow the Soviet Union for even an instant to believe that we will tolerate this official anti-Semitism.

I am saddened to say that because the victims of this official Soviet policy are Jews some do not feel compelled to speak out. I do Mr. Speaker. For Isaac Shkolnik is one of many who have been denied justice in the Soviet Union and it is our duty to bring these violations of the most basic and fundamental rights to the attention of the world.

Today I ask the Soviet Union to release Isaac Shkolnik and allow him to join his family in Israel—allow him the rights that are his under the Helsinki agreement, and finally allow him to be once again a husband to his wife, a father to his child, a citizen of a land that is his, and a Jew who can honor his faith and his future.

REMARKS OF JIM WRIGHT TO TEXAS STATE CONVENTION, AFL–CIO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 10 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, last Saturday our colleague and leader, JIM WRIGHT, addressed the State convention of the Texas AFL–CIO. His speech, delivered extemporaneously, was a ringing defense of the Congress and especially of the House of Representatives. It deserves the attention of every American.

Mr. WRIGHT spoke of the vague charges that have been made against Members of the House and of the generalized hints and accusations of scandal that have persistently appeared in the news media.

Since the majority leader spoke without notes or a prepared text, his comments were transcribed from a tape recording. I have read that transcription and thoroughly applaud his ringing defense of the accomplishments, the character, the morals, and the behavior of this remarkable institution in which we are privileged to serve.

I heartily commend it to the attention of my colleagues:

REMARKS OF MAJORITY LEADER JIM WRIGHT AT THE TEXAS STATE CONVENTION, AFL–CIO

(Transcribed from a Tape Recording of Wright's Extemporaneous Speech)

I'm at home with this group.

For 23 years, as your president has told you, I have worked with your people. Had it not been for diligent, energetic, friendly help from members of your organization back in 1954, I might not have been in the United States Congress. And I haven't forgotten that!

Last November, you and the organizations that you represent, and the great preponderance of all the members of those organizations throughout the United States, joined in helping to elect a Democratic Congress and a Democratic President of the United States. Exactly six months ago this past Wednesday, Jimmy Carter took the Oath of Office as President.

So I felt, as Majority Leader of the United States House of Representatives and spokesman for the Democrats in that body, I ought to come and say a sincere "thank you" for your understanding, for your help, for your assistance that made it possible . . . and to give to you an accounting of our stewardship.

A BUSY CONGRESS

Today, I have good news for you. These six months have been the most productive six months in the passage of major economic stimulative legislation that the country has seen, with two possible exceptions . . . the first six months of the Presidency of Franklin Roosevelt and the first six months of the Presidency of Lyndon Johnson.

That latter period, however, was not really comparable. The country was in the throes of a great trauma. We had lost a national leader. Lyndon Johnson stepped into the void, and there was a natural tendency to want to do those things that he asked the country to do. Moreover, the Congress already was organized at that time and legislation already had begun flowing through the mill.

This year, already, we have enacted an unprecedented number of major legislative measures. Up to now we have passed some 75 major national initiatives, as compared with about 47 this time two years ago. Almost twice as many as any recent predecessor Congress in the first six months.

Your Congress has been in session longer hours, conducted more committee hearings, and had more rollcall votes than any Congress in the last 40 years and perhaps than any Congress in history!

Last year, the last major appropriations bill was enacted on September 1. This year the House had passed all of them by July 1. And last year was the first time since 1948 that all the major appropriations bills had been passed before the beginning of the fiscal year.

Now those are statistical things and maybe they don't say much to you. At the beginning of Congress, the Democratic Leadership went down to a place called the Pond House in Plains, Georgia, and met with Jimmy Carter. We hammered out on the anvil of mutual understanding a package of economic stimulative measures that we both agreed we'd do everything within our power to enact.

Speaker O'Neill and Majority Leader Byrd in the Senate announced that it was our goal to pass all of these measures in the President's stimulative package by July 31. We passed all of them six full weeks ahead of that date. All of them have been signed into law and all of them are going into effect.

THE ECONOMY IMPROVING

And now let me give you this bit of good news. The economy is responding.

Thanks to our Democratic President, Jimmy Carter, and a Democratic Congress working together, the economy is beginning to move again. The rate of economic growth in these six months has been greater than even the most optimistic economists had forecast.

In spite of a brutal winter, and in spite of the gas shortage that put a lot of Americans temporarily out of work, slowing down purchasing, and keeping people at home, the economic growth rate for this six-month period is nearly 7 percent.

During this six-month period, we have created 2,200,000 additional jobs in America. And the unemployment rate has fallen since the end of last year by almost a full percentage point.

We still have an unacceptable rate of unemployment, and I'm not trying to suggest to you that all of our other problems have been solved because they have not been.

I am saying to you that we have been moving in the right direction. Unemployment still is unacceptably high, particularly among minorities, among teenagers, and still unacceptably high among the building trades. But the good news is that on balance, among heads-of-households, the unemployment figure has fallen to 4.4 percent. That's in the ballpark; and at least we're moving in an orderly direction toward full employment.

Business involvement has increased. Investment in new plant and equipment by American businesses is up 16 percent since the same period last year.

Housing is on the rise. Suffering a setback because of the cruel winter weather, it now has rebounded in these last three months. New housing starts are 18 percent higher than they were this time last year.

NEED FOR CONTINUED ECONOMIC GROWTH

So all of those signs, I suggest to you, are good. It does not mean we can relax. It doesn't mean we can stop, or rest upon our laurels. Surely we have to continue to do everything possible to stimulate continued economic growth in this country.

We must remember that it takes two million new jobs in the private economy every year simply to stand still. That many are required to take up the slack created annually by automation, and to provide jobs to those people newly coming onto the job market. But we have provided that many more in just the first six months of the year; so we're cutting into the unemployment appreciably.

Full employment is the only way that we're ever going to balance the budget. In the past three years, I've had the real privilege of serving on the House Budget Committee. It has been an eye opener to me. I have learned some things.

For one thing, there has been developed a rule of thumb very well accepted by conservative as well as liberal economists, to the effect that each percentage point of unemployment generates an adverse impact upon the budget in the equivalent of $16 to $17 billion.

Now let me say that once more. Every time we allow unemployment to go up by one percentage point, the deficit automatically goes up by $16 to $17 billion. The reason for that is not too hard to see if you just stop and think. People who aren't working are not paying taxes. Every time unemployment goes up by one percentage point, the Federal government loses some $12½ to $13 billion that it otherwise would be receiving in tax payments. In addition to that, we take on the responsibility to pay out some $3½ to $4 billion more in unemployment compensation and related welfare costs.

If we simply took the budget deficit for this fiscal year, some $51 billion, and applied that mathematical formula to it and assumed that we could get unemployment down to a liveable ratio of 4 or 4½ percent across the board, there'd be no deficit. I'm not saying even full employment; I'm not saying even 3 percent, which is our goal. If we were at four percent, at the same level of expenditures we've approved this year, we'd be operating at a surplus. It's just that simple.

So I salute you and your organization for having kept the pressure on, forging ahead for these energetic measures that are making this economy move again.

THE HONOR OF THE CONGRESS

Now let me just say one other word or two about the honor of the Democratic Congress that you and most of your members helped to elect. There are those in the country who are trying to blaspheme and corrupt the good name of the entire Democratic Congress by pointing to the misdeeds of a very few people.

Now please understand, I am not condemning the press as a whole. I'm not condemning Republicans as a class. That would be as irresponsible on my part as the irresponsible comments that some few members of the minority party and the press have engaged in. The unsupportable numbers being bandied around are reminiscent of McCarthyism.

What I am saying to you is that the members of the Democratic Congress, by and large—the preponderant majority of them—are decent, honorable, hardworking people, responsive to the demands of their constituencies and responsible to the demands of their consciences.

There have been repeated by a few in the press, and a few in the Republican ranks, gross numerical distortions of the truth. The Republicans, smarting and stinging from the greatest disgrace that has occurred in the history of this Nation at its highest level, are voraciously thirsting for some way in which they can spill some of the taint over onto the Democratic majority in the Congress.

GROSS NUMERICAL DISTORTIONS

Senator Howard Baker, who knows better, who basically is and has been a decent man, fell prey to that temptation earlier this year on a nationally televised talk show. He was asked how many people supposedly were connected with this so-called Korean scandal. Howard Baker answered that there were "probably about 40"—most of them, he volunteered, Democrats, and most of them in the House.

Immediately the House Committee on Ethics and Standards of Official Conduct—the Committee charged with investigating the allegations—wrote an official letter to Senator Baker, the Minority Leader in the Senate, calling attention to his statement on national television, and saying, please give us the names of these 40. The Committee promised that they would be thoroughly investigated, and if there were any truth to the Senator's allegations that they have committed wrongdoing, to see to it that they were brought to justice.

Senator Baker replied to the Committee that he did not have knowledge of a single one. And yet the public was exposed to a statement from a high-ranking member of the other party, glibly throwing out the figure of 40. Put to the test, he said. "I don't know a single one."

The New York Times has been guilty of the same thing. Reporters for that paper have glibly used figures like "115" or "more than 100" members of the House, whom they say have been involved in the "Korean scandal".

Let me tell you categorically, emphatically, unequivocally, that that is a lie!

I don't know how many people may ultimately be disclosed to have done something wrong. I'll guarantee you it is not 100, and it is not 115, and it is not 40.

Those figures, used so glibly, a la Joe McCarthy, to cast aspersions upon the character of our most fundamentally representative American institution of government, were picked out of the thin air. If they represent anything at all, they represent such things as these: members of Congress who were assigned as part of their official duties to go on inspection trips to South Korea over the past ten or fifteen years, there to look at America's defense installations and to see the results of America's aid efforts and to report back to Congress.

Yes, it is true that those people, when there, would have been entertained by Koreans: certainly they would. But I am here to tell you that there is nothing wrong, there

is nothing illegal, there is nothing immoral, there is nothing unethical about representing our government, and about sitting down with foreign people when you're on foreign soil and trying to understand the problems. That is not a scandal.

And yet members who have done no more than that are included in the numbers that are bandied about by some few irresponsible representatives of the Republican party and some few irresponsible representatives of the press.

Another group that probably would be included in any such broad categorization by numbers would be people who attended dinners given in Washington by a man named Tongsun Park. I attended such a dinner in honor of one of my distinguished colleagues.

I didn't know Tongsun Park from Forest Park in Fort Worth. I never heard of his name before that. I believe, however, that he was there. Certain events have led me to believe that he probably was the principal sponsor of that dinner. But I'm here to tell you that the honoree of the dinner was an honorable man and I'm here to tell you also that the Republican Attorney General of the United States was present and if there was anything wrong with it, I don't believe that the State Department would have allowed Cabinet officers to attend.

The Speaker of the United States House of Representatives was given a dinner in his honor at a place called the George Town Club. Some forty members of Congress attended that dinner. Would you not have attended a dinner that was given in the honor of the president of your local or your state president if you were invited? Would you have asked five years ago, "Well, now wait a minute, let me see if anybody who is a Korean is contributing to this dinner?" It would not have occurred to you to ask. Of course you would not.

Some forty members of Congress did attend and in addition to that, let me tell you who else was there. A man named Gerald Ford was there, as an attendee at the dinner. A man named William Saxbe was there, Attorney General of the United States. Other officials of the Executive branch, including some who represented the State Department were there . . . Republican Cabinet officials I might add.

I'm not saying they did something wrong. They didn't do anything wrong. But I am deeply resentful that some present representatives of their party want to cast doubt and besmirch the honor and the reputation of decent people in the Congress of the United States. In so doing, they cast doubt in the public's mind upon the value of that institution of government simply because a number of congressmen accepted invitations and attended a dinner. That is not guilt; that is not wrongdoing; and that ought not be covered in the same general category when people speak disparagingly of a Korean "scandal."

THE GUILTY WILL BE PUNISHED

Now just let me make this further point abundantly and resoundingly clear. If there is any member of Congress, past or present, who ever has accepted money or any type of gratuity in bribery, then that person ought not only to be removed from Congress; that person ought to be in jail. And I'm saying to you that I have total confidence in the Attorney General of the United States that if there is any evidence to that effect, those persons will be prosecuted.

I'm saying to you further that if anybody has suggested that Thomas P. O'Neill, the Speaker of the House, has in any way, shape, form, or fashion asked the Ethics Committee to slow down or suppress evidence in that investigation, that person is a categorical liar. Because it's not true. It is 180 degrees from the truth.

And I believe the American public surely must understand that when a man of the character, the courage, the intelligence and the integrity of Leon Jaworski, who has been selected as the chief investigator, will come to Washington without any possible hope of gain for himself, and will serve free of charge as a public service to his nation, when his reputation is already made, and will stand by the results of those investigations and say to the American people, "This is the truth", then they will know that is the truth. When Leon Jaworski of Houston, Texas, will do that, then I say anybody who casts doubt or aspersions upon the character and the reputation and the decency of the people who have given of their time and effort to bring honor and decency to the Congress and to the government of the United States, that person is also a categorical liar.

I hope I've made myself clear. I don't know if any members or former members of Congress have been guilty of legal violations. It is possible that some may have accepted campaign contributions from the people who were foreign nationals without knowing that they were foreign nationals. I don't know, it's possible.

It is possible that some may have accepted contributions before it became unlawful—and that was about 1975—to accept contributions from foreign nationals. Prior to that time it was not against the law. And if they reported those contributions, duly and legally, I don't see any violation in that.

And I deeply resent the attitude on the part of some that the only good news is bad news, and I resent the thirst for scandal which makes them want to besmirch the honor of the people's representative body of government.

THE CONGRESS ON BALANCE

I'm not here to tell you that all the members of Congress are saints. Of course, they're not saints; you know better than that. Hale Boggs described us probably better than anyone else. On one occasion the late Majority Leader from Louisiana said, "The Congress of the United States is a collection of ordinary men and women, grappling with extraordinary problems." That's just about the truth.

Maybe on an average, we would be a little better educated than the norm in the population. I'd like to think that on the whole we are a little harder working than the average person has to be. But beyond that we are roughly what the name implies. We are representative of the people. I don't think I'm any more honest and honorable or any less so than the average person in my district. I think the average person in my district is a decent and honorable and honest person. I think that applies to most of the members of Congress, who are trying their best to do a good job.

Thus far this year, I think we've done a good job. Done a good job in organizing Congress and writing our rules of procedure and conduct. Done a good job in the enactment of legislation. We've done a good job in trying to get the economy moving again. We've done a good job in working with the Democratic President. And next week we're going to do a still better job when we increase the minimum wage.

I think you will agree because you're a part of this. You've been the folks who've known that politics is not a spectator sport where you can sit up in the bleachers and boo the referee or simply watch the players on the field.

This game which we call democracy—politics—is something that everybody has got to get involved in. If we take the attitude that we will let George do it, then George—George with a vested interest, George with an ax to grind—will be only too glad to do it for us.

But I salute you and I salute your members, because you have known that democracy is worth preserving. You have known something that Sam Rayburn said to me once. Sam Rayburn once said, "Freedom is not something that you can work for once or sacrifice for once and win forever." He said, "It's like an insurance policy. Its premiums have to be kept up to date; and in order to keep it, you just have to keep sacrificing for it and keep working for it just as long as you live. If you don't, your children may not know the pleasure of working to keep it, because it might not be theirs to keep."

I think that you believe that. I think you live it. And I think you agree with me that, with all its flaws and mortal imperfections, with all the human error that's bound to creep in here and there, this system of our still is—just as it was in Lincoln't day, and may it forever remain—the last best hope of earth.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CARR) is recognized for 5 minutes.

Mr. CARR. Mr. Speaker, on the preferential motion offered yesterday by Mr. MITCHELL of Maryland to the conference report on H.R. 7932, concerning legislative appropriations, I am recorded as not voting.

Unfortunately, I was not able to be present as I was at the State Department at the time of the vote. I was meeting with Mr. Paul Warnke, our Chief Negotiator at the SALT talks and the Director of the Arms Control and Disarmament Agency. Had I been present, I would have voted for the motion to recede and concur.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. STOCKMAN) and to revise and extend their remarks and include extraneous matter:

Mr. BURGENER, for 20 minutes, on July 28.

Mr. GILMAN, for 30 minutes, today.

Mr. KETCHUM, for 60 minutes, on July 28.

Mr. WHALEN, for 10 minutes, today.

Mr. COLLINS of Texas, for 30 minutes, today.

Mr. DORNAN, for 10 minutes, today.

Mr. EMERY, for 15 minutes, today.

The following Members (at the request of Mr. GLICKMAN) to revise and extend their remarks and include extraneous matter:

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. FLOWERS, for 5 minutes, today.

Mr. COTTER, for 5 minutes, today.

Mr. EILBERG, for 5 minutes, today.

Mrs. BURKE of California, for 5 minutes, today.

Mr. KOSTMAYER, for 5 minutes, today.

Mr. KRUEGER, for 5 minutes, today.

Mr. ROSTENKOWSKI, for 10 minutes, today.

Mr. CARR, for 5 minutes, today.

Ms. HOLTZMAN, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BIAGGI, to revise and extend his remarks in support of the McHugh amendment immediately prior to the vote on the McHugh amendment.

Mr. FORD of Tennessee to revise and extend his remarks on Agriculture bill prior to the vote on the Kelly amendment.

Mr. GRASSLEY to revise and extend his remarks just prior to vote on the Jeffords amendment in the Committee of the Whole today.

The following Members (at the request of Mr. STOCKMAN) and to include extraneous matter.

Mr. COLEMAN.
Mr. PURSELL in two instances.
Mr. MICHEL in four instances.
Mr. LENT.
Mr. CONTE.
Mr. VANDER JAGT.
Mr. STEERS.
Mr. HYDE.
Mr. YOUNG of Florida.
Mr. SHUSTER in two instances.
Mr. RHODES.
Mr. CRANE.
Mr. DERWINSKI.
Mr. MARLENEE in two instances.
Mr. COUGHLIN.
Mr. RUDD.
Mr. MARRIOTT.
Mr. SNYDER.
Mr. ASHBROOK in two instances.
Mr. ABDNOR.
Mr. DEVINE.
Mr. KEMP.

The following Members (at the request of Mr. GLICKMAN) and to include extraneous matter:

Mrs. BURKE of California in three instances.
Mr. LONG of Maryland.
Mr. BRODHEAD in two instances.
Mr. HAMILTON.
Mr. DAVIS.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. DRINAN in three instances.
Mr. MOTTL.
Mr. NEAL in two instances.
Mr. NOLAN.
Mr. SKELTON.
Mr. ROSENTHAL.
Mr. MILLER of California.
Mr. STUDDS.
Mr. KOCH in three instances.
Mr. JENKINS.
Mr. TEAGUE in two instances.
Mr. AKAKA.
Mr. FLORIO in two instances.
Mr. MOORHEAD of Pennsylvania in two instances.
Mr. CORNWELL.
Mr. HANNAFORD.
Mr. FRASER in five instances.
Mr. MCDONALD in two instances.
Mr. EDGAR.
Mr. BYRON.
Mr. STOKES.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1765. An act for the relief of the Federal Life and Casualty Co. of Battle Creek, Mich.; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 692. An act to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and small business set-aside programs, and for other purposes;

H.R. 5864. An act to approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes;

H.R. 7553. An act making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes; and

H.R. 7932. An act making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on June 25, 1977 present to the President, for his approval, bills of the House of the following title:

H.R. 2. To provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes;

H.R. 6138. To provide employment and training opportunities for youth, and to provide for other improvements in employment and training programs;

H.R. 6714. To amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that Act, and for other purposes; and

H.R. 6884. To amend the Foreign Assistance Act of 1961 to authorize international security assistance programs for fiscal year 1978, to amend the Arms Export Control Act to make certain changes in the authorities of that Act, and for other purposes.

ADJOURNMENT

Mr. GLICKMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 51 minutes p.m.), the House adjourned until Thursday, July 28, 1977, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2017. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting proposed amendments to the Basic Educational Opportunity Grant family contribution schedule for the academic year 1978–79, pursuant to section 41(a)(3)(A)(ii) of the Higher Education Act, as amended (90 Stat. 2091); to the Committee on Education and Labor.

2018. A letter from the Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Tanners' Council of America, New York, N.Y., for a research contract entitled "Chromium Conservation in Leather Tanning," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

2019. A letter from the Assistant Secretary of the Interior; transmitting a copy of a proposed contract with Rader Pneumatics/Radmark Division, Portland, Oreg., for a research project entitled "Pneumatic Hoisting System for the Blind Shaft Borer," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

2020. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to sell certain defense equipment to Korea (Transmittal No. 77–50), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2021. A letter from the Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting a report on the programing and obligation of international disaster assistance and contingency funds during the quarter ended June 30, 1977, pursuant to section 492 of the Foreign Assistance Act of 1961, as amended (89 Stat. 849); to the Committee on International Relations.

2022. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on International Relations.

2023. A letter from the Deputy Administrator of General Services, transmitting a draft of proposed legislation to amend chapter 53 of title 5, United States Code, to include the position of Commissioner, Automated Data and Telecommunications Service, General Services Administration, in level V of the Executive Schedule; to the Committee on Post Office and Civil Service.

2024. A letter from the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), transmitting a report on Department of Defense procurement from small and other business firms during October 1976–January 1977, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

2025. A letter from the Comptroller General of the United States, transmitting a report on how the Army can improve its internal auditing (FGMSD–77–49, July 26, 1977); jointly, to the Committees on Government Operations, and Armed Services.

2026. A letter from the Comptroller General of the United States, transmitting a report on the need for fairer treatment of homeowners' claims by the Department of Housing and Urban Development under a program to compensate homeowners for defects in existing insured homes (CED–77–97, July 27, 1977); jointly, to the Committees on Government Operations, and Banking, Finance and Urban Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3454. A bill to designate certain endangered public lands for preser-

vation as wilderness, to provide for the study of additional endangered public lands for such designation, to further the purposes of the Wilderness Act of 1964, and for other purposes; with an amendment (Rept. No. 95–540). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 718. Resolution providing for the consideration of H.R. 3816. A bill to amend amend the Federal Trade Commission Act to expedite the enforcement of Federal Trade Commission cease and desist orders and compulsory process orders; to increase the independence of the Federal Trade Commission in legislative, budgetary, and personnel matters; and for other purposes (Rept. No. 95–541). Referred to the House Calendar.

Mr. PERKINS: Committee of Conference. Conference Report on H.R. 6111 (Rept. No. 95–542). Ordered to be printed.

Mr. ASHLEY: ad hoc Committee on Energy. H.R. 8444. A bill to establish a comprehensive national energy policy; with amendments (Rept. No. 95–543). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRINKLEY:

H.R. 8551. A bill to amend title 10, United States Code, to require that medical and dental care be provided to retired members of the uniformed services on the same basis as such care is provided to active duty members; to the Committee on Armed Services.

H.R. 8552. A bill to amend title 10, United States Code, to require that medical and dental care be provided to retired members of the uniformed services and their dependents on the same basis as such care is provided to active duty members and their dependents, as amended; to the Committee on Armed Services.

H.R. 8553. A bill to amend title 10, United States Code, to provide essential medical and dental care to members or former members of the uniformed services, entitled to retired or retainer pay or equivalent pay, and their dependents, and to the dependents of members of the uniformed services on active duty; jointly, to the Committees on Armed Services and Veterans Affairs.

By Mr. CARNEY (for himself and Mr. RAHALL):

H.R. 8554. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of Illinois (for himself, Mr. BROWN of Ohio, Mr. HORTON, Mr. WYDLER, Mr. BROWN of Michigan, Mr. STEIGER, Mr. COLLINS of Texas, Mr. GOLDWATER, Mr. ARCHER, Mr. MARTIN, Mr. MOORHEAD of California, Mr. EDWARDS of Oklahoma, and Mr. STEERS):

H.R. 8555. A bill to establish a comprehensive national energy policy; jointly, to the Committees on Banking, Finance and Urban Affairs, Interstate and Foreign Commerce, Public Works and Transportation, and Ways and Means.

By Mr. EARLY:

H.R. 8556. A bill to require the Secretary of Defense to submit a report to the Congress explaining why Peter Burke was not offered an appointment as a commissioned officer upon his graduation from the U.S. Military Academy with the class of 1976; to the Committee on Armed Services.

By Mr. FAUNTROY (for himself, Mr. BARNARD, Mr. GEPHARDT, Mr. MATTOX, Ms. OAKAR, Mr. PATTISON of New York, and Mrs. SPELLMAN):

H.R. 8557. A bill to provide for additional assistance for the preservation of historic structures under title I of the National Housing Act, section 312 of the Housing Act of 1964, and the act of October 15, 1966 (80 Stat. 917); jointly, to the Committees on Banking, Finance, and Urban Affairs, and Interior and Insular Affairs.

By Mr. FINDLEY:

H.R. 8558. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to plan and construct recreation improvements on Quinsippi Island, Mississippi River, at Quincy, Ill.; to the Committee on Public Works and Transportation.

By Mr. HARRIS:

H.R. 8559. A bill to amend the Internal Revenue Code of 1954 to eliminate the tax credit for oil and gas extraction taxes paid to any foreign country; to the Committee on Ways and Means.

By Mr. HYDE (for himself, Mr. EILBERG, Mr. SIMON, Mr. HARRINGTON, and Mr. BAUCUS):

H.R. 8560. A bill to provide procedures for calling constitutional conventions for proposing amendments to the Constitution of the United States, on application of the legislatures of two-thirds of the States, pursuant to article V of the Constitution; to the Committee on the Judiciary.

By Mr. KILDEE (for himself, Mr. MURPHY of New York, and Mr. HOLLAND):

H.R. 8561. A bill to amend the Child Abuse Prevention and Treatment Act to prohibit the sexual exploitation of children and the transportation and dissemination of photographs, films, or electronic visual images depicting such exploitation; to the Committee on Education and Labor.

By Mr. MOORHEAD of Pennsylvania:

H.R. 8562. A bill entitled the "National Domestic Development Bank Act"; to the Committee on Banking, Finance, and Urban Affairs.

By Mr. PRESSLER:

H.R. 8563. A bill to provide for payments to local governments based upon the acreage of the National Wildlife Refuge System which is within their boundaries; to the Committee on Merchant Marine and Fisheries.

By Mr. QUILLEN:

H.R. 8564. A bill to amend the Communications Act of 1934 to provide for the regulation of utility pole attachments; to the Committee on Interstate and Foreign Commerce.

By Mr. RISENHOOVER:

H.R. 8565. A bill to amend the Tariff Schedules of the United States; to the Committee on Ways and Means.

By Mr. ROGERS:

H.R. 8566. A bill to amend title 38 of the United States Code to require that Veterans' Administration benefit checks be mailed in time for delivery before the regularly scheduled delivery day whenever that day falls on a Saturday, Sunday, or legal holiday; to the Committee on Veterans' Affairs.

H.R. 8567. A bill to provide that individuals who retired on disability before October 1, 1976, shall be entitled to the exclusion for disability payments under section 105(d) of the Internal Revenue Code of 1954 without regard to the income limitation in such section, and for other purposes; to the Committee on Ways and Means.

By Mr. RUPPE:

H.R. 8568. A bill to authorize the Secretary of the Interior to review means of transporting Alaskan crude oil to midwestern and inland States; jointly, to the Committees on Interstate and Foreign Commerce, and Interior and Insular Affairs.

By Mr. SEIBERLING (for himself, Mr. NOLAN, Mr. PATTISON of New York, Mrs. SPELLMAN, and Mr. STARK):

H.R. 8569. A bill to amend the Clayton Act to prohibit the suppression of certain technology, and for other purposes; to the Committee on the Judiciary.

By Mr. SEIBERLING (for himself, Mr. CORNELL, Mr. NOLAN, Mr. PATTISON of New York, Mrs. SPELLMAN, and Mr. STARK):

H.R. 8570. A bill to establish classes of bidders for the acquisition of new Federal coal leases, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 8571. A bill to amend the Mineral Leasing Act of 1920 to prohibit any company from acquiring control over more than one major energy resource on Federal lands after 1979, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SEIBERLING (for himself, Mr. NOLAN, Mr. PATTISON of New York, Mrs. SPELLMAN, and Mr. STARK):

H.R. 8572. A bill to place the mining of uranium on Federal lands under the Mineral Leasing Act of 1920, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 8573. A bill to amend the Clayton Act to prohibit restraints of trade in the transportation of petroleum, and for other purposes; to the Committee on the Judiciary.

By Mr. SEIBERLING (for himself, Mr. NOLAN, Mrs. SPELLMAN, Mr. STARK, and Mr. WAXMAN):

H.R. 8574. A bill to amend the Clayton Act to maintain competition among the energy-producing industries, and for other purposes; to the Committee on the Judiciary.

By Mr. WEAVER:

H.R. 8575. A bill to authorize and direct that the Secretary of Agriculture specify guidelines for units of the National Forests which include municipal watersheds; to the Committee on Agriculture.

By Mr. WHITE:

H.R. 8576. A bill to amend the Immigration and Nationality Act to provide for the issuance of nonimmigrant visas to certain aliens entering the United States to perform services or labor of a temporary or seasonal nature under specific contracts of employment and fair employment conditions; to require an immigrant alien to maintain a permanent residence as a condition for entering and remaining as an immigrant of the United States; and for other purposes; to the Committee on the Judiciary.

By Mr. YATRON:

H.R. 8577. A bill to provide for the termination of all American assistance to any country which fails to take adequate steps to control illegal trade in narcotics; to the Committee on International Relations.

By Mr. YOUNG of Florida:

H.R. 8578. A bill to amend title XVI of the Social Security Act to provide that a burial plot or crypt shall be excluded from an individual's resources in determining his or her eligibility for SSI (and medicaid) benefits; to the Committee on Ways and Means.

By Mr. AKAKA (for himself, Mr. BEDELL, Mr. RYAN, Mr. O'BRIEN, and Mr. FLOOD):

H.R. 8579. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to authorize programs for the provision of escort services to the elderly in high crime areas, and for other purposes; to the Committee on the Judiciary.

By Mr. ANNUNZIO:

H.R. 8580. A bill to amend the Equal Credit Opportunity Act to prohibit discrimination on the basis of residence or occupation; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ASHBROOK:

H.R. 8581. A bill to establish a program of comprehensive medical, hospital, and dental care as protection against the cost of ordinary and catastrophic illness by requiring employers to make insurance available to each employee and his family, by Federal financing of insurance for persons of low income, in whole or in part according to ability to pay, and by assuring the availability of insurance to all persons regardless of medical history, and on a guaranteed renewable basis; jointly; to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mrs. BURKE of California (for herself, Mr. ADDABBO, Mr. AUCOIN, Mr. PHILLIP BURTON, Mr. CONABLE, Mr. CORRADA, Mr. DUNCAN of Oregon, Mr. ERTEL, Mr. GUYER, Mrs. KEYS, Mr. KILDEE, Mr. LEHMAN, Mr. MITCHELL of New York, Mr. MURPHY of Pennsylvania, Mr. MICHAEL O. MYERS, Mr. PRITCHARD, Mr. RANGEL, Mr. ROONEY, Mr. ROSE, Mr. STEERS, Mr. THOMPSON, Mr. TSONGAS, Mr. VENTO, Mr. WAXMAN, and Mr. WIRTH):

H.R. 8582. A bill to provide for the establishment of Multipurpose Service Centers for displaced homemakers, and for other purposes; to the Committee on Education and Labor.

By Mrs. BURKE of California (for herself, Mr. BINGHAM, Mr. DRINAN, Mr. MCCORMACK, Ms. MIKULSKI, Mr. NEAL, and Mr. WALGREN):

H.R. 8583. A bill to provide increase employment opportunity by executive agencies of the U.S. Government for persons unable to work standard working hours, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. BURKE of California (for himself, Mr. BONIOR, Mrs. CHISHOLM, Mr. COLLINS of Illinois, Mr. DELLUMS, Mr. EDGAR, Mr. HANNAFORD, Mr. HARKIN, Mr. HAWKINS, Mr. KOCH, Mr. KILDEE, Mr. MURPHY of New York, Ms. OAKAR, Mr. PREYER, Mr. SCHEUER, Mrs. SCHROEDER, Mr. STEERS, Mr. TRAXLER, Mr. WALGREN, Mr. WEISS, Mr. YOUNG of Missouri, and Mr. ZEFERETTI):

H.R. 8584. A bill to promote the healthy development of children who would benefit from adoption by facilitating their placement in adoptive homes, and for other purposes; jointly to the Committees on Education and Labor and Interstate and Foreign Commerce.

By Mr. ANDERSON of Illinois (for himself, Mr. BROWN of Ohio, Mr. KRUEGER, and Mr. WIRTH):

H.R. 8585. A bill to amend the Natural Gas Act to remove Federal price controls on natural gas, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CARR (for himself and Mr. BLANCHARD):

H.R. 8586. A bill to increase deposit insurance from $40,000 to $100,000 for accounts which qualify as individual retirement accounts established under qualified (Keogh) plans for the self-employed; to the Committe on Banking, Finance and Urban Affairs.

By Mr. CORNWELL:

H.R. 8587. A bill to amend title II of the Social Security Act to require that social security benefit checks be mailed in time for delivery prior to the regularly scheduled delivery day whenever that day falls on a Saturday, Sunday, or legal holiday; to the Committee on Ways and Means.

By Mr. FOUNTAIN (for himself, Mr. BROOKS, Mr. FUQUA, Mr. ENGLISH, Mr. LEVITAS, Mr. WAXMAN, Mr. JENRETTE, Mr. BLOUIN, Mr. HORTON, Mr. WYDLER, Mr. BROWN of Ohio, and Mr. CUNNINGHAM):

H.R. 8588. A bill to reorganize the executive branch of the Government and increase its economy and efficiency by establishing Offices of Inspector General within the Departments of Agriculture, Commerce, Housing and Urban Development, the Interior, Labor, and Transportation, and within the Community Services Administration, the Energy Research and Development Administration, the Environmental Protection Agency, the Federal Energy Administration, the General Services Administration, the National Aeronautics and Space Administration, the Small Business Administration, and the Veterans' Administration, and for other purposes; to the Committee on Government Operations.

By Mr. FRASER.

H.R. 8589. A bill to establish a comprehensive program of long-term care services for aged and disabled individuals, and to provide for the creation of community long-term care centers and State long-term care agencies as part of a new administrative structure for the organization and delivery of such services; jointly, to the Committees on Agriculture, Education and Labor, Interstate and Foreign Commerce, the Judiciary, and Ways and Means.

By Mr. HYDE (for himself and Mr. MCCLORY):

H.R. 8590. A bill to amend title 18, United States Code, relating to the production of false documents or papers of the United States, and the use of false information in obtaining official documents and papers of the United States, involving an element of identification; to the Committee on the Judiciary.

By Mr. KREBS (for himself, Mrs. LLOYD of Tennessee, Mr. WALKER, Mr. STEERS, Mr. DAN DANIEL, Mr. GILMAN, Mr. HANNAFORD, Mr. HUGHES, Mr. PRITCHARD, Mr. BEDELL, Mr. OTTINGER, Mr. BURGENER, Mr. GRASSLEY, Mr. MURPHY of Pennsylvania, Mr. MOTTL, Mr. CHARLES WILSON of Texas, and Mrs. SPELLMAN):

H.R. 8591. A bill to amend the Immigration and Nationality Act to provide that before an alien who is likely to become a public charge may be admitted into the United States, such alien must have an immigration sponsor post a $5,000 bond on such immigrant's behalf, and for other purposes; to the Committee on the Judiciary.

By Mr. SNYDER:

H.R. 8592. A bill to clarify the rights of smokers and nonsmokers aboard air carrier aircraft; to the Committee on Public Works and Transportation.

By Mrs. SPELLMAN (for herself, Mr. APPLEGATE, Mr. BLOUIN, Mr. BONIOR, Mr. BROWN of California, Mrs. BURKE of California, Mr. CORNELL, Mr. DELLUMS, Mr. EDGAR, Mr. EILBERG, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. GOLDWATER, Mr. HOLLENBECK, Ms. HOLTZMAN, Mr. HORTON, Mr. JENRETTE, Mrs. KEYS, Mrs. LLOYD of Tennessee, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MURPHY of Pennsylvania, Mr. NIX, and Mr. NOLAN):

H.R. 8593. A bill to provide for the installation of telecommunications devices for the deaf in agencies of Federal, State, and local governments, in offices of Members of Congress, and in other locations; jointly to the Committees on Government Operations, and House Administration.

By Mrs. SPELLMAN (for herself, Mr. O'BRIEN, Mr. OTTINGER, Mr. PEPPER, Mr. PURSELL, Mr. RODINO, Mr. ROYBAL, Mr. SIMON, Mr. STARK, Mr. THONE, Mr. VENTO, and Mr. WIRTH):

H.R. 8594. A bill to provide for the installation of telecommunications devices for the deaf in agencies of Federal, State, and local governments, in offices of Members of Congress, and in other locations; jointly, to the Committees on Government Operations, and House Administration.

By Mr. JACOBS:

H.J. Res. 558. Joint resolution proposing an amendment to the Constitution of the United States with respect to the observation of a moment of silence in public buildings; to the Committee on the Judiciary.

By Mr. HANSEN (for himself, Mr. MOORE, Mrs. SMITH of Nebraska, Mr. ANDREWS of North Dakota, Mr. RUDD, Mr. SYMMS, Mr. STANGELAND, and Mr. RHODES):

H. Con. Res. 311. Concurrent resolution disapproving the President's determination not to grant import relief to the U.S. sugar industry; to the Committee on Ways and Means.

By Mr. STUDDS (for himself, Mr. FOWLER, Mr. EDGAR, Mr. RICHMOND, Mr. AUCOIN, Mr. EDWARDS of California, Mr. HOLLENBECK, Mr. UDALL, Mrs. SPELLMAN, Mrs. BURKE of California, and Mr. JOHN L. BURTON):

H. Con. Res. 312. Concurrent resolution disapproving the proposed sale of airborne early warning aircraft to Iran; to the Committee on International Relations.

By Mr. ANDERSON of Illinois (for himself, Mr. RHODES, Mr. COHEN, Mr. BADHAM, Mr. BAFALIS, Mr. BURGENER, Mr. DEL CLAWSON, Mr. CLEVELAND, Mr. COLLINS of Texas, Mr. DUNCAN of Tennessee, Mr. EMERY, Mr. ERLENBORN, Mr. EVANS of Delaware, Mr. FREY, Mr. GRADISON, Mr. HILLIS, Mrs. HOLT, Mr. JEFFORDS, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. LEACH, Mr. LENT, Mr. LOTT, Mr. MCCLORY, and Mr. MADIGAN):

H. Res. 719. Resolution providing for the consideration of the bill (H.R. 8125) to provide for the appointment of a special prosecutor in appropriate cases, and to require the Attorney General to make a preliminary investigation of alleged improper influence in Congress to determine whether or not such a special prosecutor should be appointed for any cases arising therefrom; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. RHODES, Mr. COHEN, Mr. MARTIN, Mr. MICHEL, Mr. MILLER of Ohio, Mr. MITCHELL of New York, Mr. PRESSLER, Mr. PURSELL, Mr. QUAYLE, Mr. SAWYER, Mr. STANGELAND, Mr. WALKER, Mr. WALSH, and Mr. KASTEN):

H. Res. 720. Resolution providing for the consideration of the bill (H.R. 8125) to provide for the appointment of a special prosecutor in appropriate cases, and to require the Attorney General to make a preliminary investigation of alleged improper influence in Congress to determine whether or not such a special prosecutor should be appointed for any cases arising therefrom; to the Committee on Rules.

By Mr. GOODLING (for himself, Mr. WYLIE, Mr. FREY, Mr. HARKIN, Mr. LENT, Mr. BADHAM, Mrs. HOLT, Mr. QUAYLE, Mr. KOCH, Mr. GRASSLEY, Mr. HANNAFORD, Mr. LAGOMARSINO, and Mr. CLEVELAND):

H. Res. 721. Resolution expressing the sense of the House of Representatives that the Attorney General of the United States should appoint a special prosecutor to serve in the Department of Justice to investigate, and prepare prosecutions with respect to, acts by agents of foreign governments or by other individuals to obtain by means contrary to the laws of the United States influence from officials of the United States; to the Committee on the Judiciary.

By Mr. MAZZOLI (for himself, Ms. HOLTZMAN, Mr. HARRIS, Mr. NEAL, Mr. MOTTL, Mr. FRENZEL, Mr. DUNCAN of Tennessee, Mr. CEDERBERG, Mr. EDWARDS of Oklahoma, Mr. EDGAR, Mr. ERTEL, Mr. PATTISON of New York,

Mr. MOFFETT, Mr. PANETTA, Mr. HARKIN, Mr. WIRTH, Mr. BEDELL, and Mr. MAGUIRE):

H. Res. 722. Resolution to establish a Commission on South Korean Influence; to the Committee on Rules.

By Mr. ROGERS:

H. Res. 723. Resolution expressing the sense of the House of Representatives with respect to the establishment of a national telecommunications policy; to the Committee on Interstate and Foreign Commerce.

By Mr. SOLARZ (for himself, Mr. DERWINSKI, Mr. FRASER, Mr. HARRINGTON, and Mr. GOODLING):

H. Res. 724. Resolution to express the House of Representatives deep concern over the disregard of basic human right in Cambodia; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DAVIS:

H.R. 8595. A bill for the relief of William H. Koss; to the Committee on the Judiciary.

By Mr. EARLY:

H. Con. Res. 313. Concurrent resolution urging the President to appoint Peter Burke, a graduate of the U.S. Military Academy, as a second lieutenant in the U.S. Army; to the Committee on Armed Services.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3744

Offered by Mr. BLOUIN:

Page 14, insert after line 4 the following:

ENTERPRISE COVERAGE

SEC. 10. (a) Section 3(s) (29 U.S.C. 203(s)) is amended by (1) inserting "(1)" after "(s)", (2) redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively, (3) amending subparagraph (A) (as so redesignated) to read as follows:

"(A) is an enterprise whose annual gross volume of sales made or business done is not less than the dollar volume standard in effect as prescribed by paragraph (2);", and

(4) adding at the end the following:

"(2)(A) For purposes of paragraph (1)(A), the dollar volume standard in effect for any calendar year is $250,000 or, if higher, the dollar volume standard prescribed by subparagraph (C). In determining if the annual gross volume of sales made or business done by an enterprise exceeds the dollar volume standard, excise taxes at the retail level which are separately stated shall not be considered.

"(B)(i) On or before October 1, 1978, the Secretary shall adjust the dollar volume standard to reflect the percent rise in the Price Index during the six-month period ending on June 30, 1978, and shall publish the adjusted amount in the Federal Register.

"(ii) On or before October 1 of each succeeding year, the Secretary shall adjust the amount determined under clause (i) of this clause, as the case may be, on or before the next preceding October 1 to reflect the percent rise in the Price Index during the twelve-month period ending on June 30 of such year and shall publish the adjusted amount in the Federal Register.

"(C) If an adjustment under subparagraph (B) results in an amount which is equal to or greater than a multiple of $25,000, the dollar volume standard for the calendar year beginning after the date of such adjustment shall be such multiple and shall be published in the Federal Register.

"(D) For purposes of subparagraph (B), the term 'Price Index' means the Consumer Price Index for Wage Earners and Clerical Workers (all items—United States city average) published by the Bureau of Labor Statistics.".

(b) Section 13(a)(2) (29 U.S.C. 213(a)(2)) is amended by striking out "section 3(s)(4)" and inserting in lieu thereof "section 3(s)(1)(D)".

By Mr. CAVANAUGH:

Page 5, strike out "November 1" each place it occurs in line 19 and insert in lieu thereof "September 10".

Page 5, line 21, insert after "period" the following: "and, for purposes of subsection (g), shall transmit such earnings to both Houses of Congress on the same day".

Page 9, insert after line 5 the following:

"(g)(1)(A) The minimum wage prescribed by subsection (a)(1) for the year beginning January 1, 1979, and for each year thereafter shall take effect as prescribed by that subsection unless, between the date of the transmittal under subsection (a) of the average hourly earnings on which such wage is to be based and the end of the first period of thirty calendar days of continuous session of Congress after the date on which such earnings are transmitted, either House passes a resolution stating in substance that the House does not favor the wage rate prescribed to go in effect for such year. If either House so passes such a resolution, the minimum wage rate for such year shall be the minimum wage rate in effect for the preceding year.

"(B) For purposes of this subsection—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(2) For the purpose of this subsection, 'resolution' means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: 'That the does not favor the minimum wage rate prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938 for the year beginning on , 19 .'. The blank spaces therein are to be filled appropriately.

"(3)(A) No later than the first day of session following the day on which earnings are transmitted to the House of Representatives and the Senate under subsection (a), a resolution shall be introduced (by request) in the House by the chairman of the Education and Labor Committee of the House, or by a Member or Members of the House designated by such chairman; and shall be introduced (by request) in the Senate by the chairmen of the Human Resources Committee of the Senate, or by a Member or Members of the Senate designated by such chairman.

"(B) A resolution shall be referred to the Committee on Human Resources of the Senate and the Committee on Education and Labor of the House by the President of the Senate or the Speaker of the House of Representatives, as the case may be. The committee shall make its recommendations to the House of Representatives or the Senate, respectively, within 15 calendar days of continuous session of Congress following the date of such resolution's introduction.

"(4) If the committee to which is referred a resolution introduced pursuant to paragraph (3) (or, in the absence of such a resolution, the first resolution introduced with respect to the same wage rate) has not reported such resolution or identical resolution at the end of 15 calendar days of continuous session of Congress after its introduction, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(5)(A) When the committee has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution with respect to a wage rate, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, a motion to proceed to the consideration of other business, or a motion to recommit the resolutions is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

"(C) Immediately following the conclusion of the debate on the resolution with respect to a wage rate, and a single quorum call at the conclusion of the debate if requested in accordance with the rule of the appropriate House, the vote on final approval of the resolution shall occur.

"(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a wage rate shall be decided without debate."

By Mr. COHEN:

Page 14, insert after line 4 the following:

AGRICULTURAL HAND HARVEST LABORERS

SEC. 10. Section 13 (29 U.S.C. 213) is amended by adding after the subsection added by section 9 the following new subsection:

"(l)(1) An employer or group of employers may apply to the Secretary for a waiver of the application of section 12 to the employment of individuals, who are less than twelve years of age, as hand harvest laborers in an agricultural operation which has been, and is customarily and generally recognized as being, paid on a piece rate basis in the region in which such individuals would be employed. The Secretary may grant such a waiver only if he finds that—

"(A) the application of section 12 would cause severe economic disruption in the industry of the employer or group of employers applying for the waiver;

"(B) the employment of the individuals to whom the waiver would apply would not be deleterious to their health or well-being; and

"(C) the industry of such employer or group of employers has traditionally and substantially employed individuals under twelve years of age without displacing substantial job opportunities for individuals over sixteen years of age.

"(2) Any waiver granted by the Secretary under paragraph (1) shall require that—

"(A) the individuals employed under such waiver be employed outside of school hours for the school district where they are living while so employed;

"(B) such individuals while so employed commute daily from their permanent residence to the farm on which they are so employed; and

"(C) such individuals be employed under such waiver (i) for not more than thirteen weeks between June 1 and October 15 of any calendar year, and (ii) in accordance with such other terms and conditions as the Secretary shall prescribe for such individuals' protection.".

By Mr. GARY A. MYERS:

Page 14, insert after line 4 the following:

STUDY OF SPECIAL WAGE FOR YOUTH

SEC. 10. Section 4 (29 U.S.C. 204) is amended by adding after the first sentence the following: "Such study shall include consideration of the effect of authorizing a lower minimum wage for youth for the purpose of expanding their employment opportunities.".

By Mr. PICKLE:

Page 14, insert after line 4 the following:

ENTERPRISE COVERAGE

SEC. 10. (a) Section 3(s)(1) (29 U.S.C. 203 (s)(1)) is amended to read as follows:

"(1) is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level which are separately stated;".

By Mr. WEAVER:

Page 14, insert after line 4 the following:

EXECUTIVE COMPENSATION

SEC. 10. Section 19 (29 U.S.C. 219) is redesignated as section 20 and the following section is inserted after section 18.

"EXECUTIVE COMPENSATION

"SEC. 19. No corporation with an annual volume of business done or sales made of not less than $10,000,000 shall provide an annual salary for any employee employed in an executive or administrative capacity at a rate greater than—

"(1) the product of the minimum wage rate in effect under section 6(a)(1) and 100,000, or

"(2) a rate established by a majority of individuals holding stock in the corporation and whose holdings comprise a majority of said stock at a meeting held solely for such purpose."

H.R. 3816

By Mr. SANTINI:

Strike section 7, starting on page 35, line 14 and all that follows through line 8 on page 45.

H.R. 8444

By Mr. BROWN of Ohio:

Page 169, strike line 20 and all that follows down through line 18 on Page 261, and insert in lieu thereof the following:

PART V—PUBLIC UTILITY REGULATORY POLICIES

Chapter 1—GENERAL PROVISIONS

SEC. 501. PURPOSES.

The purposes of this part are—

(1) to increase the efficiency of generation, transmission, and distribution of electric power through encouragement of competition, through incentives for efficiency, and through prescription of reliability standards;

(2) to establish national minimum standards for electric ratemaking to encourage efficient use of electric energy to—

(A) insure that electric utility rates are designed to encourage energy conservation by minimizing (i) energy consumption and (ii) the need for new generating capacity.

(B) provide for reasonable rates to electric consumers, and

(C) assure that States which implement rate reforms are not placed at a competitive economic disadvantage by reason of the failure of other States to implement such reforms; and

(3) to provide for greater consumer representation in regulatory proceedings, to provide notice procedures respecting termination of service to electric consumers, and to provide technical and financial assistance to State regulatory authorities.

SEC. 502. DEFINITIONS.

As used in this part:

(1) The term "Administrator" means the Administrator of the Federal Energy Administration.

(2) The term "Commission" means the Federal Power Commission.

(3) The term "electric consumer" means any person, State agency, or Federal agency, to which electric energy is sold other than for purposes of resale.

(4) The term "electric utility" means any person, State agency, or Federal agency, which sells electric energy.

(5)(A) The term "State regulated electric utility" means any electric utility other than a nonregulated utility as defined in subparagraph (B).

(B) The term "nonregulated utility" means a nonregulated public system or a nonregulated cooperative. Such term does not include an electric utility with respect to which the Tennessee Valley Authority has ratemaking authority.

(C) The term "nonregulated public system" means an electric utility which is a State agency or Federal agency unless a State regulatory authority has substantially the same ratemaking authority respecting the rates of such utility as such authority has with respect to other electric utilities subject to its jurisdiction.

(D) The term "nonregulated cooperative" means a private cooperatively organized electric utility unless a State regulatory authority has substantially the same ratemaking authority respecting the rates of such utility as such authority has with respect to other electric utilities subject to its jurisdiction.

(6) The term "Federal agency" means any agency or instrumentality of the United States, but does not include the District of Columbia.

(7) The term "rate" means any (A) price, rate, charge, or classification made, demanded, observed, or received with respect to sale of electric energy to an electric consumer, (B) any rule, regulation, or practice respecting any such rate, charge, or classification, and (C) any contract pertaining to the sale of electric energy to an electric consumer.

(8) The term "ratemaking authority" means authority to fix, modify, approve, or disapprove rates.

(9) The term "rate schedule" means the designation of the rates which an electric utility charges for electric energy.

(10) The term "sale" includes an exchange of, or a charge for transmission of, electric energy.

(11) The term "State" means a State or the District of Columbia.

(12) The term "State agency" means a State, political subdivision thereof, or any agency or instrumentality of either.

(13) The term "State regulatory authority" means any State agency which has ratemaking authority with respect to the sale of electric energy by any electric utility (other than by such State agency), and, in the case of an electric utility with respect to which the Tennessee Valley Authority has ratemaking authority, such term means the Tennessee Valley Authority.

(14) The term "bulk power facility" means a bulk power generating facility or a bulk power transmission facility.

(15) The term "bulk power generating facility" means electric generating equipment (and associated facilities) designed for, or capable of, operation at a single site with an aggregated capacity of 200 megawatts or more.

(16) The term "bulk power transmission facility" means an electric transmission line (and associated facilities) designed for, or capable of, operation at a nominal voltage of 200 kilovolts or more, between phase conductors for alternating current or between poles for direct current.

(17) The terms "evidentiary hearing" and "evidentiary proceeding" mean (A) in the case of a State agency, a proceeding (i) which includes notice to, and an opportunity for, participants to present direct and rebuttal evidence and to cross-examine witnesses, and a written decision based upon evidence appearing in a written record of the proceeding, and (ii) which is subject to judicial review; and (B) in the vase of a Federal agency, a proceeding conducted in accordance with section 556 of title 5, United States Code.

(18) The term "class" means, with respect to electric consumers, any group of such consumers who have similar characteristics of electric energy use, such as—

(A) the nature of requirements placed by such group upon the system of the electric utility, and

(B) the amount of kilowatt demand and kilowatt-hour requirements placed by such group upon the system of the electric utility.

SEC. 503. APPLICATION TO FEDERAL POWER ACT.

Section 3 of the Federal Power Act is amended by inserting "(a)" after "Sec. 3." and by adding the following at the end thereof:

"(b) For purposes of this Act, the terms 'bulk power facility', 'bulk power generating facility', 'bulk power transmission facility', 'electric utility', 'evidentiary hearing' and 'evidentiary proceeding' have the same meaning as when used in part V of the National Energy Act.".

SEC. 504. ADVISORY COMMITTEE.

(a) ESTABLISHMENT AND COMPOSITION.—There is established a Utility Advisory Committee (hereinafter in this section referred to as the "Committee") to advise the Commission respecting its duties and functions under chapter 2 of this part, sections 541 through 546 of this Act, and chapters 4 and 5 of this part, and to advise the Administrator respecting his duties and functions under subpart A of part I and part VI of this title. The Committee shall be composed of at least 12 members appointed by the President as follows:

(1) at least three representing utilities (one representing publicly owned utilities, one representing privately owned utilities, and one representing nonregulated cooperatives);

(2) at least five representing State regulatory authorities from different parts of the country;

(3) at least three representing consumers of utilities (at least one from groups of residential consumers, at least one from groups of commercial consumers, and at

(4) at least one representing conservation organizations.

A vacancy in the Committee shall be filled in the manner in which the original appointment was made.

(b) TERMS.—Members of the Committee shall serve for terms of 2 years.

(c) PAY AND TRAVEL EXPENSES.—While away from their homes or regular places of business in the performance of services for the Committee, members of the Committee shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittenly in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(d) AUTHORIZATION.—There are authorized to be appropriated not more than $50,000 in each of the fiscal years 1978, 1979, and 1980 to carry out the provisions of this section. No other amounts are authorized to be appro-

priated unless specifically provided by law enacted after the date of the enactment of this Act.

Chapter 2—IMPROVING EFFICIENCY OF USE OF ELECTRICITY

Subchapter A—General Provisions

SEC. 505. COVERAGE.

(a) APPLICATION OF CHAPTER.—The requirements of this chapter do not apply to sales of electric energy by an electric utility—

(1) in any calendar year beginning less than 2 years after the date of enactment of this Act, or

(2) (A) in any calendar year beginning 2 years or more after the date of enactment of this Act but less than 7 years after such date of enactment unless such sales of electric energy by such utility during the second preceding calendar year exceeded 750 million kilowatt-hours, or

(B) in any calendar year beginning 7 or more years after such date of enactment unless sales of electric energy by such utility during the second preceding calendar year exceeded 200 million kilowatt-hours.

Except in the case of section 515 (relating to prohibition against special nonaggregate inclusions) and section 536(c) (relating to contracts by Federal agencies) the requirements of this chapter apply only to sales of electric energy for purposes other than resale.

(b) EXTENSION.—Upon application to the Commission by an electric utility, and for good cause shown, the Commission may provide that the 2-year period specified in subsection (a) may be extended for one additional period of not more than 2 years with respect to such utility.

Subchapter B—National Minimum Standards for State-Regulated Electric Utility Rate Regulation

SEC. 511. MINIMUM STANDARDS FOR RATES OF SERVICE.

(a) MINIMUM STANDARDS FOR RATES.—Each State-regulated electric utility shall, in making sales of electric energy subject to this chapter, comply with the following minimum standards respecting the rates at which such energy is sold:

(1) Except to the extent permitted under subsection (b), rates for providing electric service to each electric consumer (or class thereof) shall be designed, to the maximum extent practicable, to reflect the costs of providing electric service to such consumer (or class). For purposes of carrying out this paragraph, the rate per kilowatt, or per kilowatt-hour, for electric service during any period to any electric consumer (or class thereof) shall not decrease as kilowatt, or kilowatt-hour, consumption by such consumer increases during such period except to the extent that such utility shows in an evidentiary hearing that such decrease reflects the decrease in such cost of providing electric service to such consumer (or class) as such consumption increases during such period.

(2) (A) The rates for providing electric service to each class of electric consumers shall be on a time-of-day basis which reflects the costs of providing electric service to such electric consumers unless such rates have been determined (in an evidentiary hearing by the State regulatory authority, or the Commission in any case in which such authority has not assumed responsibility under section 531) not to be cost-effective with respect to such class.

(B) The rates for providing electric service to each class of electric consumers shall be on a seasonal basis which reflects the cost of providing service to such consumers unless such rates have been determined (in an evidentiary hearing by the State regulatory authority, or the Commission in any case in which such authority has not assumed responsibility under section 531) not to be cost-effective with respect to such class.

(C) A rate for a class of electric consumers shall be treated as cost-effective for purposes of subparagraph (A) only if the long-run benefits of such rate are likely to exceed the metering costs associated with the implementation of such rates.

(D) If any time-of-day rate has been determined not to be cost-effective under subparagraph (A) for any class of consumers, each electric utility shall offer such rate to each consumer in such class willing to pay the costs of metering associated with such rate.

(E) Each electric utility shall offer each electric consumer (or class thereof) an interruptible rate which reflects the cost of providing interruptible service to such customers.

(3) The Commission may prescribe voluntary guidelines respecting the terms and conditions of any rate offered under subparagraphs (A), (B), and (E) of paragraph (2) and the types of load management systems and terms and conditions of rates offered under section 521.

(4) For purposes of this section, costs of providing electric service shall be determined as provided in section 532.

(b) LOWER RATES.—(1) No provision of this title shall prevent an electric utility, a State regulatory authority, or other State agency from fixing, approving, or allowing to go into effect a rate for electric energy for essential needs of residential electric consumers (as defined by the State regulatory authority) which is lower than that otherwise required by paragraph (1) of subsection (a).

(2) A State regulatory authority which has enforcement responsibility may, upon application of any electric consumer, prescribe a temporary exception pursuant to which an electric utility rate schedules which does not comply with the requirements of subsection (a) will be fixed, approved, or allowed to go into effect, with respect to such consumer. Any such exception shall comply with the following requirements:

(A) such exception may apply only to the type of use and amount of use of electric energy as does not exceed the amount the electric consumer used prior to the date of enactment of this Act;

(B) the electric consumer who applies for such exception demonstrates to such State regulatory authority in an evidentiary hearing that such exception is necessary to avoid significant economic hardship to such consumer; and

(C) such exception does not remain in effect more than 5 years after the date of enactment of this Act.

(c) GATHERING INFORMATION ON COSTS OF SERVICE.—(1) Each State-regulated electric utility shall gather information to determine the costs associated with providing electric service under rules promulgated by the State regulatory authority which has ratemaking authority with respect to such electric utility, if such State regulatory authority assumes responsibility with respect to such utility under section 531. If such State regulatory authority has not notified the Commission that it assumes such responsibility under section 531, the Commission shall promulgate rules for the gathering of such information. For purposes of this section and section 532 (relating to determination of costs of service), such rules shall include requiring the gathering of the following information—

(A) the costs of serving each electric consumer class and of serving different consumption patterns within such class, based on voltage level and time of use; and

(B) representative daily kilowatt demand load curves for all electric consumer classes combined, and representative daily kilowatt demand load curves for each electric consumer class for which there is a separate rate; and

(C) annual capital, operating, and maintenance costs—

(i) for transmission and distribution services of such utility, and

(ii) for each generating unit to meet kilowatt demand on such electric utility.

Such rules shall provide that information required to be gathered under this subsection shall be presented in such categories and such detail as may be necessary to carry out the purposes of this subsection.

(2) The Commission within 180 days after the date of enactment of this Act, shall, by rule, prescribe for each electric utility with respect to which the State regulatory authority has not assumed responsibility under section 531 the methods, procedures, and format to be employed by electric utilities in gathering the information described in this subsection.

(3) Rules promulgated by a State regulatory authority (or the Commission, in any case in which such authority has not assumed responsibility as provided in section 531) may exempt an electric utility under its jurisdiction from gathering all or part of the information described in this subsection, if such utility shows and the State regulatory authority (or the Commission) finds, after public notice and opportunity for the presentation of written data, views, and arguments (and so states in such rule) that gathering such information is not likely to further the purposes of this chapter. The State regulatory authority (or the Commission) shall periodically review such finding and revise such rule where such revision is appropriate.

(4) Not later than 2 years after the date of enactment of this Act, and every 2 years thereafter, each electric utility shall file with—

(1) the Commission, and

(2) any State regulatory authority which has rate-making authority of such utility the information gathered pursuant to this section (if such information is not otherwise required to be filed with such authority), and publish or otherwise make such information available to the public, in such form and manner as the Commission shall prescribe. In addition, each electric utility shall publish or make such information available to the public, in such form and manner as the Commission shall prescribe, not later than 60 days prior to the commencement of any hearing on an application for any rate increase.

SEC. 512. MINIMUM STANDARDS RESPECTING POLLUTION CONTROL COSTS.

(a) RECOVERY OF COSTS.—Each State-regulated electric utility may recover from its electric consumers the reasonable costs incurred by such electric utility for any pollution control facility.

(b) DEFINITON.—For purposes of this section, the term "pollution control facility" means a facility which is used to remove, alter, dispose of, or store pollutants, contaminants, waste, or heat.

SEC. 513. AUTOMATIC ADJUSTMENT CLAUSES.

(a) PROHIBITION.—Except as otherwise provided in subsection (b) no increase in any rate may be made by any State-regulated electric utility unless—

(1) opportunity for consideration of the lawfulness of such increase in an evidentiary hearing is afforded prior to the date such increase takes effect,

(2) such rate increase is pursuant to an automatic adjustment clause which has been mined by the State regulatory authority (or the Commission as provided in section 531), after evidentiary hearing, to effectively pro-

vide incentives for efficient use of resources (including, in the case of fuel, incentives for economical purchase and use of fuel) and be necessary to enable such utility to meet its immediate short-term financial system,

(3) such increase reflects an increase in the cost of electric power purchased from a centrally dispatched power pool (as defined in section 202(b)(4)(B) of the Federal Power Act).

(b) INTERIM RATES.—The prohibition contained in subsection (a) shall not apply to interim rates which take effect subject to a later determination of the amount of such rates and to a requirement of refund of any overcharge with interest.

(c) REVIEW OF CLAUSE.—(1) No automatic adjustment clause shall be treated as meeting the requirements of subsection (a)(2) unless the rate schedule containing such clause is reviewed by the State regulatory authority having ratemaking authority with respect to such utility (or by the Federal Power Commission as provided in section 531) not less often than every 2 years to insure the maximum economies in those operations and purchases which affect such rates. No such automatic adjustment clause may be treated as meeting such requirements for any period in excess of 4 years after such clause has been reviewed in an evidentiary hearing unless such clause is again reviewed in such an evidentiary hearing before the expiration of such period and the State regulatory authority makes the finding required under subsection (a)(2).

(2) In making a review under this subsection, the reviewing authority shall examine and, if appropriate, cause to be audited the practices of such utility relating to expenses subject to an automatic adjustment clause. Each such utility shall provide reports on such practices as required by such authority, which shall be made available to the public, and shall contain such information as such authority may require to implement the purposes of this subsection (including a disclosure of any ownership or corporate relationship between such utility and the seller of fuel or other items).

(d) DEFINITION.—As used in this section, the term "automatic adjustment clause" means a provision of a rate schedule which provides, without prior evidentiary hearing, for increases and decreases in rates reflecting increases and decreases in the amount of operating expenses (not including any expense attributable to the imposition of any tax under section 4991 of the Internal Revenue Code of 1954).

SEC. 514. PRIHIBITION AGAINST SPECIAL NONAGGREGATE INCLUSIONS.

(a) The rates of any electric utility which is a State utility agency shall, consistent with section 511(a), be based on the total costs of—

(1) all electric energy generated by all facilities of the entire system of such utility; and

(2) all electric energy purchased by such utility which is sold by such utility.

(b) The term "State utility agency" means an agency of a State (not including any political subdivision or agency thereof) which is an electric utility.

SEC. 515. RELATIONSHIP TO OTHER APPLICABLE LAW.

Nothing in this subchapter shall be construed as authorizing or requiring the recovery by an electric utility of revenues, or of a rate of return, in excess of the amount of revenues or a rate of return determined to be lawful under otherwise applicable State or Federal law.

SEC. 516. SOLAR, WIND, AND SMALL ELECTRIC GENERATING SYSTEMS

Each State-regulated electric utility shall—

(1) within 2 years after the date of enactment of this Act, include in the rates for the sale of electric power by such utility—

(A) rates which do not discriminate against the use of solar electric generating systems, including electric generating systems, which use wind power, and other small electric generating systems of 15,000 kilowatts of capacity, or less, and

(B) rates and conditions under which excess power generated by such systems may equitably be sold to such utility except that such rates and conditions shall not require such utility to purchase electric energy from any such system during any period at any rate which exceeds the highest cost at which such utility generates electric energy, or purchases electric energy from any other source, during such period; and

(2) take such other steps as may be prescribed by the State regulatory authority, by rule, in order to prevent any other unreasonable discriminatory practice (as defined by the Commission) against such systems, or the regulated utilities to which such systems sell, or from which such systems purchase, electric power.

Subchapter C—Other Requirements for State-Regulated Electric Utilities

SEC. 521. LOAD MANAGEMENT TECHNIQUES.

(a) PRACTICABLE AND COST-EFFECTIVE TECHNIQUES.—Each State-regulated electric utility shall—

(1) offer to its electric consumers such alternative load management techniques which have been determined (as provided in section 533) to be practicable and cost effective; and

(2) submit, as a part of any application for a rate increase, an analysis of the cost effectiveness of such other load management techniques as have been identified under section 553(2)(A) prior to 1 year before the date of application.

(b) DEFINITIONS.—For purposes of this section:

(1) The term "load management technique" means any technique (other than a rate described in section 511(a)(2)) to reduce maximum kilowatt demand on the electric utility or the maximum kilowatt demand of an electric consumer, including ripple or radio control mechanisms, energy storage devices, interrupted or interruptible electric service, load-limiting devices.

(2) A load management technique is cost effective if—

(A) such technique is likely to reduce maximum kilowatt demand on the electric utility or the maximum kilowatt demand of an electric consumer, and

(B) the long-run benefits of such reduction are likely to exceed the long-run costs associated with implementation of such technique.

SEC. 522. STANDARDS FOR INFORMATION TO CONSUMERS.

(a) PROPOSED RATE SCHEDULES.—Each State-regulated electric utility shall transmit to each of its electric consumers—

(1) not later than 60 days after the date of commencement of service or 90 days after this title takes effect with respect to such utility, whichever last occurs, and

(2) not later than 30 days (60 days in the case of a utility which uses a bimonthly billing system) after such utility's application for any change in a rate schedule applicable to such consumer,

a clear and simple statement of the existing and any proposed rate schedule applicable to such consumer.

(b) EXISTING RATE SCHEDULES.—Each such State-regulated electric utility shall transmit to each of its electric consumers not less than once each year a brief, clear, and simple summary of the existing rate schedules applicable to each of the major classes of its electric consumers, and identification of any classes whose rates are not summarized. Such summary may be transmitted together with such consumer's billing or in such other manner as the utility deems appropriate.

(c) STATEMENT OF CONSUMPTION.—Unless such information is otherwise provided as part of a bill for electric service (or in any other manner which has been determined by the State regulatory authority (or the Commission as provided in section 531) to be adequate to make such information available to the consumer), on request of an electric consumer of such an electric utility, such utility shall transmit to such consumer a clear and simple statement of the actual consumption (or degree-day adjusted consumption) of electric energy for each billing period during the prior year (except when such consumption data is not reasonably ascertainable by the utility).

SEC. 523. MINIMUM PROCEDURES FOR TERMINATION OF ELECTRIC SERVICE

No State-regulated electric utility may terminate electric service to any consumer of electric energy except pursuant to procedures prescribed by the State regulatory authority (or the Commission, in any case in which such authority has not assumed responsibility as provided in section 531). Such procedures shall be prescribed by such authority (or Commission) not later than 30 days following assumption of enforcement responsibility and shall—

(1) provide that no electric service to an electric consumer may be terminated until reasonable prior notice (including notice of rights and remedies) has been given to such consumer and such consumer has had a reasonable opportunity (at least 15 days before any such termination) to contest the proposed termination in an impartial hearing in which such consumer has had the opportunity to dispute the reasons for such termination and opportunity to establish whether or not a deferred payment plan for any amounts owed is reasonable, and

(2) provide that no electric service to a residential electric consumer may be terminated on account of nonpayment for electric service during any period where termination of service would be especially dangerous to health, as determined by the State regulatory authority (or the Commission in any case in which such authority has not assumed responsibility as provided in section 533) if such consumer establishes in an impartial hearing that such consumer is unable to pay for such electric service without undue hardship.

Such procedures shall also include special provisions for elderly and handicapped consumers to assure that such consumers are made aware of, and are able to avail themselves of, their rights (as provided in this section). No electric service may be terminated before the procedures required under this section have been completed.

Subchapter D—Nonregulated Utilities

SEC. 526. REQUIREMENTS.

(a) APPLICATION OF SUBCHAPTERS B AND C.—The provisions of subchapters B and C (other than section 521, relating to load management techniques, and, in the case of nonregulated cooperatives, sections 521, 512, relating to advertising, and 514, relating to automatic adjustment clauses) shall apply to each nonregulated utility in the same manner as each State-regulated electric utility, except that any action required to be taken by a State regulatory authority under such provision shall, in the case of a nonregulated utility, be taken by such utility.

(b) LOAD MANAGEMENT.—Each nonregulated utility shall consider alternative load management techniques (as defined in section 521(b)) and shall promptly implement those which are practicable and cost effective (within the meaning of section 521(b)(2)).

(c) COSTS OF SERVICE.—Each nonregulated utility shall establish and utilize methods for determining cost of service in accordance with section 532.

Subchapter E—Requirements Applicable to State Regulatory Authorities

SEC. 531. COMPLIANCE DETERMINATION AUTHORITY FOR STATE REGULATED ELECTRIC UTILITIES.

(a) DETERMINATION BY STATE.—A State regulatory authority which has ratemaking authority with respect to an electric utility may determine whether or not such utility is in compliance with the requirements of subchapters B and C if—

(1) such authority notifies the Commission (at such time, and in such manner, as the Commission shall prescribe by rule) that such authority assumes such responsibility with respect to such utility and certifies that it has adequate authority to carry out the requirements applicable to such authority under this chapter.

(2) such authority makes such determination of compliance by an eletcric utility with the requirements of subchapters B and C in an evidentiary hearing, and

(3) complies with the requirements applicable to such authority under this chapter.

(b) DETERMINATION BY COMMISSION.—If such State regulatory authority has not complied with subsection (a) or if such authority withdraws its assumption of responsibility under subsection (a), the Commission shall, upon the application of any State regulated electric utility, determine in an evidentiary hearing whether or not such utility is in compliance with such requirements and shall carry out the requirements of this subchapter, until such time as such State regulatory authority notifies the Commission that it assumes such responsibility and certifies that it has adequate authority to carry out the requirements of this subchapter.

(c) COMMISSION REVIEW OF ENFORCEMENT.—(1) Not later than 2 years after the date of enactment of this Act (and every 2 years thereafter), each State regulatory authority which has assumed responsibility under this chapter shall submit to the Commission a report (containing such information as the Commission by rule may require), describing the extent to which such authority has implemented the requirements of this part.

(2) If upon complaint to the Commission, or upon the Commission's own motion, and after notice and an evidentiary hearing, the Commission finds that any utility or utilities regulated by a State regulatory authority that has assumed responsibility pursuant to subsection (a) hereof exhibit a pattern of noncompliance with any requirement of subchapter B or C, the Commission shall publish such finding which shall be prima facie evidence in any court that the rates of such utility or utilities are not in compliance with such requirement under subchapter B or C of this chapter. The preceding sentence shall not apply in any case in which the Commission has not made any such finding or in any case in which the Commission, after notice and an evidentiary hearing, has reversed any such finding.

(3) The absence of any finding by the Commission under paragraph (2) shall not be treated in any court or administrative proceeding as a finding by the Commission that the rates of any utility regulated by any State regulatory authority are in compliance with the requirements of subchapters B and C.

SEC. 532. DETERMINATION OF COSTS OF SERVICE.

(a) METHODS TO DETERMINE COSTS OF SERVICE.—(1) Each State regulatory authority which has assumed responsibility under section 531 shall prescribe methods for determining costs associated with providing electric service to electric consumers (and classes thereof) by each electric utility over which it has ratemaking authority. The Commission shall prescribe such methods for each State-regulated utility with respect to which no such assumption has been made.

(2) Such methods shall, to the maximum extent practicable and to the extent consistent with section 516, reflect differences in cost-incurrence, for each electric consumer (or class thereof), attributable to daily and seasonal time of use of service.

(b) FINDINGS REQUIRED.—A State regulatory authority which has assumed responsibility under section 531 (or the Commission in the case of an electric utility with respect to which no such assumption has been made) may not make a determination of compliance with section 511 unless—

(1) such authority (or the Commission, as the case may be) has made findings of fact respecting—

(A) the factors which cause changes in the daily and seasonal peakloads of such utility and of the electric consumer classes served by such utility;

(B) the costs of serving each electric consumer class and of serving different consumption patterns within such class, based on voltage level and time of use; and

(2) such authority (or Commission, as the case may be) bases the determination of such compliance on such findings and on the methods prescribed under paragraph (1) of subsection (a).

(c) LOWER RATES.—In the case of any electric utility which does not have a lower rate as described in section 511(b)(1) in effect on the date 2 years after the date of the enactment of this Act, the State regulatory authority (or the Commission in any case in which such authority has not assumed responsibility under section 531) shall determine, after an evidentiary hearing, whether or not such a rate should be implemented by such utility.

SEC. 533. ALTERNATIVE LOAD MANAGEMENT TECHNIQUES.

Each State regulatory authority which has assumed responsibility under section 531 (or the Commission in any case in which such authority has not assumed such responsibility) shall consider in an evidentiary hearing, initially within 2 years of the date of enactment of this Act and thereafter no less often than once during each subsequent 2-year period, alternative load management techniques for purposes of carrying out the requirements of section 521.

SEC. 534. MASTER METERING.

The Commission shall prescribe rules requiring each State regulatory authority which has assumed responsibility under section 531 to prohibit or restrict the use of such bulk or master meters in buildings as it deems necessary to carry out the purposes of this chapter. Such rules shall provide that in determining whether or not to prohibit or restrict such meters in any building, such authority shall consider the potential energy savings of central heating, cooling, and domestic hot water systems in buildings in which the output of such systems to separate units is measured separately and charged to such units. Such rules may apply to buildings construction of which commenced less than 1 year after the date of promulgation thereof only to the extent the Commission determines that such application is economically feasible.

SEC. 535. PARTICIPATION IN REGULATORY PROCEEDINGS BY STATES AND BY ELECTRIC CONSUMERS.

(a) INTERVENTION.—Any electric consumer or State agency may intervene as of right as a party in any evidentiary hearing or other proceeding of a State regulatory authority which has assumed the authority to make determinations under this chapter (or of the Commission in any case in which the State authority has not assumed such authority) if such hearing or other proceeding affects such consumer or State agency and relates to the determination of compliance with the requirements of this chapter.

(b) COMPENSATION FOR COSTS OF PARTICIPATION.—(1)(A) Unless an alternative means for assuring electric consumer representation is adopted in accordance with paragraph (2), if an electric consumer (who is a person described in paragraph (2)) of an electric utility prevails in a ratemaking proceeding before a State regulatory authority (or before the Commission where responsibility has not been assumed by such authority under section 531) in which such consumer has alleged that any rate proposed by an electric utility is not in compliance with any requirement of subchapter B or C, such utility shall be liable to compensate such consumer for reasonable attorneys' fees, expert witness fees, and other reasonable costs of preparing for, and participation in, such proceeding (including fees and costs in obtaining judicial review of such proceeding). Such consumer may collect such fees and costs from such utility in a civil action in any court of competent jurisdiction, unless such State regulatory authority (or the Commission, as the case may be) has adopted a reasonable procedure pursuant to which such authority—

(i) determines the amount of such fees and costs, and

(ii) includes an award of such fees and costs in its order in the proceeding.

(B) For purposes of subparagraph (A), an electric consumer shall be deemed to have prevailed in a proceeding if such consumer's participation in the proceeding substantially contributed to disapproval or modification of a rate proposed by an electric utility on grounds that the rate did not comply with any requirement of subchapter B or C.

(C) A State regulatory authority (or the Commission, as the case may be) may prescribe reasonable requirements that persons with the same or similar interests have a common legal representative in the proceeding, as a condition of receiving fees and costs under subparagraph (A).

(2) Paragraph (1) shall not apply to proceedings before a State regulatory authority if the State or such authority has provided an alternative means for providing adequate compensation to persons—

(A) who have, or represent, an interest (i) which would not otherwise be adequately represented in ratemaking proceedings, and (ii) representation of which is necessary for a fair determination in the proceeding, and

(B) who are unable effectively to participate in such proceeding because such persons cannot afford to pay reasonable attorneys' fees, expert witness' fees, and other reasonable costs of preparing for, and participating in, such proceeding (including fees and costs of obtaining judicial review of such proceeding).

(C) TRANSCRIPTS.—Each electric utility shall make available at cost of reproduction to parties in a proceeding before a State regulatory authority transcripts of such proceeding.

Subchapter F—Enforcement and Review

SEC. 536. PROHIBITIONS.

(a) STATE REGULATED UTILITIES.—Except for an increase referred to in section 514(a)(2) or (3), no State-regulated electric utility may increase any rate at which it sells electric energy unless such utility has been determined to be in compliance with the requirements of subchapters B and C. Such determination shall be made as provided in sections 531 and 532 at the proceeding at which such rate is fixed, modified, or ap-

proved by the State regulatory authority (or by the Commission in any case in which the State has not assumed responsibility as provided in section 531).

(b) NONREGULATED UTILITIES.—(1) Except for an increase referred to in section 514(a)(2) or (3), no nonregulated public system (as defined in section 502(5)(C)) may increase any rate at which it sells electric energy unless such system has determined that it meets the requirements of subchapter D.

(2) No nonregulated cooperative (as defined in section 502(5)(D)) may violate the requirements of this chapter made applicable under subchapter D.

(c) CONTRACTS BY FEDERAL AGENCIES.—No contract between a Federal agency and an electric utility for sale of electric energy by such Federal agency for purposes of resale may contain any provision inconsistent with the requirements of this chapter. Any such inconsistent provision shall be null and void. This subsection shall apply notwithstanding section 505(a)(2) (relating to volume of electric energy sold).

SEC. 537. ENFORCEMENT.

(a) INJUNCTIONS.—Upon petition of any Federal agency, or State agency referred to in section 535(a), the appropriate United States district court shall have jurisdiction to enjoin an electric utility from violating any prohibition contained in section 536. Each electric consumer of an electric utility (1) who may not maintain an action against such utility in a State court or (2) who is a consumer of a nonregulated public system which is a Federal agency may petition the United States district court to enjoin such utility from violating any such prohibition.

(b) NONREGULATED COOPERATIVES.—Any person who is a member of a nonregulated cooperative may bring a civil action in the appropriate United States district court against such cooperative for purposes of obtaining enforcement of the requirements of the prohibition contained in section 536(b)(2) if such action may not be brought by such person against such cooperative in a State or local court.

SEC. 538. JUDICIAL REVIEW.

(a) COMMISSION OR STATE AGENCIES.—The Commission, after making a finding of a pattern of noncompliance pursuant to section 531(c)(2), or any State agency referred to in section 535(a) may obtain review of any determination referred to in section 536 made by a State regulatory authority or a nonregulated public system by commencing a civil action in the United States court of appeals for any circuit in which such authority or system is located. Such court shall have jurisdiction to review such determination in accordance with chapter 7 of title 5, United States Code.

(b) UTILITIES AND CONSUMERS.—(1) Any electric utility with respect to which a determination referred to in section 536 has been made or any electric consumer of such a utility may obtain review of such determination by commencing a civil action in the United States court of appeals for any circuit in which such authority or system is located if such determination was made—

(A) by a nonregulated public system which is a Federal agency.

(B) by a State regulatory authority or nonregulated public system whose determination is not reviewable by a State court of competent jurisdiction, or

(C) by a State regulatory authority or nonregulated public system whose determination is reviewable by such a court in a review proceeding in which—

(i) the Commission may not intervene as a matter of right, or

(ii) the court does not treat any finding under section 531(a) as prima facie evidence of noncompliance with the provisions of this chapter.

(2) Any Federal agency which is an electric consumer of an electric utility with respect to which a determination referred to in section 536 has been made may obtain a review of such determination by commencing a civil action in the United States Court of Appeals for any circuit in which such authority or system is located. Such court shall have jurisdiction to review such determination in accordance with chapter 7 of title 5, United States Code.

(3) Except as provided in subsection (c), nothing in this subsection or section 537 shall be construed to prohibit any electric consumer or electric utility from obtaining review in any State court of competent jurisdiction in the case of any determination referred to in section 536 made by a State regulatory authority or nonregulated public system which is a State agency, or to effect the jurisdiction of the United States Supreme Court to review any decision of a State court on writ of certiorari in accordance with section 1257 of title 28, United States Code.

(c) REMOVAL.—In the case of any action brought by the Commission or a State agency under subsection (a) or by a Federal agency under subsection (b)(2), the court may order that any action respecting the same matter brought by any electric consumer or electric utility in a State court shall be removed to, and consolidated with, the action brought under subsection (a) or (b)(2) if such removal and consolidation will result in a more expeditious determination of such actions.

(d) FEDERAL COURTS.—Notwithstanding any other provision of law, no opportunity for review of a determination of compliance with the provisions of this chapter in the courts of the United States shall be available except as provided in this chapter.

Chapter 3—IMPROVING EFFICIENCY OF, AND PRESERVING COMPETITION IN, GENERATION AND TRANSMISSION OF ELECTRICITY

SEC. 541. INTERCONNECTION, POOLING, WHEELING, AND CENTRAL DISPATCH.

(a) REGIONAL DISTRICTS. Section 202(a) of the Federal Power Act is amended:

(1) by striking the word "voluntary" from the first sentence; and

(2) by inserting "for the purpose of assuring the goals set forth in this part and to assure maximum competitive opportunities for the purchase and sale of electric energy at wholesale at the lowest possible cost" immediately after "districts" in the third sentence.

(b) Section 202(b) of such Act is amended to read as follows:

"(b)(1) Whenever the Commission, on its own motion or upon application of any State commission or of any electric utility or the owner or operator of any qualifying cogeneration facility (as defined in section 546(b)(2) of the National Energy Act), and after public notice and notice to each State commission and electric utility directly affected and after evidentiary hearing, finds it necessary or appropriate in the public interest, it shall by order direct an electric utility to—

"(A) establish physical connection of its transmission facilities with the facilities of any other electric utility or qualifying cogenerator, or

"(B)(i) sell or deliver energy to or exchange energy with,

"(ii) provide pooling for,

"(iii) provide wheeling, or otherwise transmit energy for, or

"(iv) otherwise coordinate with,

such utility or cogenerator. For purposes of this paragraph, the term 'wheeling' means transmission of electric energy among electric utilities and qualifying cogeneration facility (as defined in section 546(b)(2) of the National Energy Act), but such term does not include the transmission of electric energy to an ultimate consumer (other than to a qualifying cogenerator for purposes of providing backup power, as determined by the Commission).

"(2) No order may be issued under subparagraph (A) of paragraph (1) unless the Commission determines that—

"(A) such order will benefit consumers of an electric utility by reducing costs of supplying electric energy to such consumers or will otherwise provide public benefits in assuring that supplies of electric energy are generally made available with greater economy and with regard to the proper utilization and conservation of natural resources, and

"(B) no utility subject to such order or consumers of such utility will suffer economic hardship thereby.

The Commission may not issue an order under paragraph (1) upon application of any electric utility or the owner or operator of any qualifying cogeneration facility to direct an electric utility to establish physical connection or to provide wheeling services unless the electric utility or qualifying cogeneration facility which makes an application for such connection or wheeling demonstrates to the Commission that such electric utility or owner or operator of any qualifying cogeneration facility is ready, willing, and able to provide reimbursement reasonably due for the costs (including capital and operating costs) incurred by the electric utility or owner which is requested to make physical connection or to wheel electric energy.

"(3) Whenever the Commission, on its own motion or upon application of any electric utility within a regional district established under this Act, and after public notice and notice to each State commission and electric utility directly affected and after evidentiary hearing, finds such action necessary or appropriate in the public interest may by order direct any electric utility owning or operating any bulk power transmission facility located (in whole or in part) within such district to increase the transmission capacity of such facility.

"(4)(A) With respect to each regional district established under this Act in which a centrally dispatched power pool is not operating, upon its own motion or upon application the Commission shall commence a proceeding to determine whether requiring operation of such a power pool in such area is technologically and economically feasible and in the public interest. To the extent that the Commission determines, after public notice and notice to each State commission and after evidentiary hearing, that operation of such a pool is technologically and economically feasible and in the public interest, the Commission shall by order require operation of such a pool.

"(B) For purposes of subparagraph (A), the term 'centrally dispatched power pool' means—

"(i) a power pool which utilizes a central dispatch system for all generation facilities (other than cogeneration facilities which are not required to be included as provided under regulations under section 546(a)(2) of the National Energy Act) in a regional district and in which, to the extent technologically and economically feasible as determined by the Commission, each electric utility which owns or operates a bulk power generation facility in such region participates, or

"(ii) an exchange or other system which the Commission determines is more effective or substantially as effective as a power pool referred to in clause (i) in assuring the most economical utilization of generation and transmission facilities in such area.

"(C) For purposes of subparagraph (B), the term 'central dispatch system' means a centrally coordinated system for controlling the generation and transmission of electric power in an area which system is designed to obtain the most economical utilization

of generation and transmission facilities in such area.

"(5) The Commission shall prescribe the terms and conditions of the arrangement to be made between the persons affected by any order under this subsection, including the apportionment of cost between them and the compensation or reimbursement reasonably due to any of them if the parties fail to agree to such terms and conditions.

"(6) The Commission shall have no authority under this subsection to compel the enlargement of generating facilities for purposes of this subsection, nor to compel an electric utility to take any action under paragraph (1) if the Commission determines that to do so would impair the ability of the electric utility to render adequate service to its customers.".

(c) APPLICATION OF FEDERAL POWER ACT.—(1) The first sentence of section 201(b) of such Act is amended by inserting "(other than sections 202(b) and 205(1))" after "Part" and by adding the following at the end thereof: "The provisions of sections 202 (b) and 205(1) shall apply to the electric utilities and other persons specified therein.".

(2) Section 201(e) of such Act is amended by inserting "(other than facilities subject to such jurisdiction solely by reason of sections 202(b) and 205(1))" after "Part.".

SEC. 542. CONTINUANCE OF SERVICE.

(a) CONTINUANCE OF SERVICE.—Section 202 of the Federal Power Act is amended by inserting the following new subsection at the end thereof:

"(g) In order to insure continuity of service to retail and wholesale customers, the Commission—

"(1) shall require, by rule, each public utility to report promptly any anticipated shortage of electric energy which would affect such utility's capability of serving its wholesale customers,

"(2) shall require, by order, such utility to accommodate such shortage in a manner which affects the retail customers of the utility and the retail customers of such utility's wholesale customers in a nondiscriminatory manner, and which gives due consideration to public health and safety,

"(3) shall require, by order, such connection of facilities and such generation, sale, delivery, exchange, or transmission of electric energy, pooling, wheeling, or other transmission service or other coordination as in its judgment will best serve the public interest, and

"(4) shall, by rule, require each public utility to submit contingency plans respecting electricity supply shortages.

No order may be issued under this paragraph, except after evidentiary hearing.".

(b) CONFORMING AMENDMENT.—The last sentence of section 202(c) of such Act is amended by striking out "affected by such order" and inserting in lieu thereof "affected by any order under this subsection or subsection (g)".

SEC. 543. CONSIDERATION OF PROPOSED RATE INCREASES.

(a) NEW SCHEDULES.—(1) Section 205(e) of the Federal Power Act is amended by striking out "(e) Whenever" and inserting in lieu thereof the following: "(e) Except as otherwise provided in subsection (f) in the case of proposed rate increases, whenever".

(2) Section 205 is amended by adding the following new subsection at the end thereof:

"(f)(1) Whenever any such new schedule contains a change in any rate, charge, classification, or service, or any rule, regulation, or contract relating thereto, which results in any increase in the charges to any customer for electric energy, 30 days before filing such schedule, the public utility shall provide notice of such schedule to the Commission and to each customer which purchases electric energy for resale from the public utility.

"(2) The Commission may, upon its own initiative, and shall, upon complaint, enter into an evidentary hearing concerning the lawfuless of such schedule and shall suspend the operation of such schedule and defer the use of such rate, charge, classification, or service until a lawful schedule is established by final order of the Commission based upon the record of such evidentiary hearing. The last sentence of subsection (e) shall apply to any hearing referred to in this subsection.

"(3) The Commission upon its own initiative or upon application of any person, shall determine whether or not to require such public utility to furnish additional relevant data or information to support any such new schedule. In any case in which the Commission determines that a decision with respect to the application of such utility requires additional relevant data or information, except for a period determined by the Commission (not in excess of 14 days, or 21 days in case of the first such determination), the time after such determination and before such utility furnishes such additional data or information shall be added to the 10-month and the 12-month periods referred to in this subsection and subsection (d)(2).

"(4) The Commission shall render a decision with respect to such new schedule within 10 months of the original filing of such schedule. If the Commission fails to issue a final order within such period, it shall immediately notify the President of the Senate, the Speaker of the House of Representatives, and the Chairmen of the appropriate Committees of the House and Senate of such failure, and shall cease to have authority under this subsection with respect to such schedule.

"(5) In any case in which the Commission has not completed the evidentiary hearing within the 10-month period, the Chairman of the Commission shall continue and complete such hearing concerning the lawfulness of such schedule. In any case in which the Commission has not issued a final order within such 10-month period, the Chairman shall issue a final order thereon within 12 months from the original filing of such new schedule. The same provisions of law as apply to any hearing conducted or final order issued by the Commission under this subsection shall apply to any hearing conducted or final order issued by the Chairman under this subsection and the Chairman shall have the same authority as the Commission with respect to any such hearing or order. An order of the Chairman under this subsection shall be based upon the record of the hearing conducted under this subsection. A final order of the Chairman with respect to such schedule shall be treated for purposes of this Act as a final order of the Commission.

"(6) No schedule to which this subsection applies may take effect unless established by a final order under this subsection.

"(7) Notwithstanding section 3147, for purposes of this subsection, the term 'person' includes any State or political subdivision thereof or any agency or instrumentality thereof.

"(g) For purposes of this section, the term 'lawful', with respect to a new schedule filed by a public utility under subsection (d), means just, reasonable, and otherwise lawful. Such schedule shall not be considered lawful if differences between such utility's wholesale rates under such schedule and its retail rates are unreasonable or anticompetitive.".

(b) CERTAIN NEW SCHEDULES PROHIBITED.—Section 205(d) of such Act is amended by inserting "(1)" after "(d)" and by adding at the end thereof the following:

"(2) A public utility may not file a new schedule which seeks to increase a rate to any customer for electric energy or power, which rate is the subject of a prior schedule which is pending before the Commission but which has not taken final effect, or any amendment to such pending schedule (other than a technical or clerical amendment), unless such prior schedule was filed 10 months or more before the filing of such new schedule.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply only with respect to schedules filed after the date of the enactment of this Act under section 205(d) of the Federal Power Act.

SEC. 544. AUTOMATIC ADJUSTMENT CLAUSES.

(a) AUTOMATIC ADJUSTMENT CLAUSES.—Section 205 of the Federal Power Act is amended by adding the following at the end thereof:

"(f)(1) Except as otherwise provided in paragraph (2) of this subsection, the Commission may not allow to go into effect any increase in any rate of any public utility unless—

"(A) opportunity for consideration of such increase in an evidentiary hearing is afforded prior to the date such increase takes effect,

"(B) such rate increase is pursuant to an automatic adjustment clause which the Commission, has determined, after evidentiary hearing, effectively provides incentives for efficient use of resources (including, in the case of fuel, incentives for economical purchase and use of fuel) and is necessary to enable such utility to meet its immediate short-term financial obligations, or

"(C) such increase reflects an increase in the cost of electric power purchased from a centrally dispatched power pool (as defined in section 202(b)(4)(B)).

"(2) The prohibition contained in paragraph (1) shall not apply to interim rates which take effect under subsection (e)(1)(B).

"(3)(A) If a rate schedule of a public utility contains an automatic adjustment clause, the Commission shall review such schedule not less often than every two years to insure the maximum economies in those operations and purchases which affect such rates. No such automatic adjustment clause may be effective for any period in excess of 4 years after such clause has been reviewed by the Commission in an evidentiary hearing unless such clause is again reviewed in such an evidentiary hearing before the expiration of such period and the Commission makes the finding required under paragraph (1)(B).

"(B) In making a review under subparagraph (A), the Commission shall examine and, if appropriate, cause to be audited the practices of such public utility subject to an automatic adjustment clause. Each public utility shall provide such reports on such practices as may be required by the Commission, which shall be made available to the public, and shall contain such information as the Commission shall require to implement the purposes of this subsection (including a disclosure of any ownership, corporate relationships, and other legal or financial relationships between the utility and the seller of such fuel or other items).

"(C) Any purchaser of electric energy for resale which purchases electric energy subject to such adjustment clause may examine the records of the public utility pertaining thereto from which it purchases electric energy to insure compliance with applicable schedule and Commission rules.

"(g) On its own motion or upon complaint, the Commission shall, after affording an opportunity for evidentiary hearing, issue an order directing a public utility to cease or modify any practice which does not result in the most economical purchase and use of fuel or other items.

"(h) As used in this section the term 'automatic adjustment clause' means a provision of a rate schedule which provides, without prior evidentiary hearing, for increases and decreases in rates reflecting in-

creases and decreases in the amount of operating expenses (not including any expense attributable to the imposition of any tax under section 4991 of the Internal Revenue Code of 1954).".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date one year after the date of enactment of this Act with respect to public utilities which file a schedule containing any rate increase after the expiration of such 1-year period.

SEC. 545. ELECTRIC UTILITY RELIABILITY.

(a) RELIABILITY RULES.—(1) Not later than 2 years after the date of enactment of this Act, after consultation with representatives of State regulatory authorities, and after a reasonable opportunity for interested persons to submit oral and written data, views, and arguments, the Commission shall prescribe rules respecting electric utility reliability.

(2) The Commission shall base such rules on the availability of electric energy to a consumer at the point of use. The Commission shall, in prescribing such rules require a level of reliability—

(A) sufficient to meet the demonstrated public need; and

(B) not in excess of that which is cost-effective (except where necessary for purposes of subparagraph (A)),

as determined by the Commission.

(3) The Commission, in prescribing such rules, shall—

(A) give consideration to the technological feasibility, energy conservation, and environmental impact of such standards;

(B) minimize capital costs and operational and maintenance expenses related to such standards;

(C) recognize different requirements of reliability of different consumers due to use, need, alternative sources, location, and other matters;

(D) provide that the relationships between the reliability of generating, transmission, and distribution equipment and operating and maintenance procedures are consistent with the reliability of the entire electric system; and

(E) consider the availability of emergency electric energy from nonutility sources.

(4) Such rules may require minimum standards of quality in the purchase, construction, operation, and maintenance of bulk power facilities.

(5) Not less often than every 5 years, the Commission shall review and, after consultation with representatives of State regulatory authorities and after a reasonable opportunity for the presentation of oral and written data, views, and arguments, make appropriate amendments in such rules.

(b) IMPLEMENTATION RULES.—The Commission, after consultation with representatives of State regulatory authorities, and after a reasonable opportunity for interested persons to submit oral as well as written data, views, and arguments shall prescribe such rules (and may issue orders and take such other action) as may be necessary or appropriate to assure implementation of subsection (a). Such rules (and other actions) under this subsection may include—

(1) sampling, testing, and other quality control requirements applicable to facilities (or components thereof) to which rules under subsection (a) apply, and

(2) provisions, relating to performance warranties and measure of damages, which shall be included by electric utilities in contracts between such utilities and their suppliers.

(c) ENFORCEMENT.—For the purpose of enforcement, a rule, order, or other action under this section shall be treated as a rule or order under the Federal Power Act.

(d) DELEGATION TO STATES.—The Commission may authorize (on such terms and conditions as it determines appropriate) any State regulatory authority to exercise any part of the Commission's authority under subsection (b) if the Commission determines that such State authority has the capability to effectively exercise such authority within its jurisdiction.

SEC. 546. COGENERATION.

(a) COGENERATION RULES.—Not later than 1 year after the date of enactment of this Act, the Commission shall, after consultation with representatives of State regulatory authorities, and after a reasonable opportunity for other interested persons to submit oral as well as written data, views, and arguments, prescribe rules requiring electric utilities to offer to sell electric energy to the owner or operator of a qualifying cogeneration facility and to offer to purchase electric energy from such owner or operator. Such rules shall insure that rates for such sales and purchases are just, reasonable, in the public interest, and do not discriminate against cogeneration. Such rules shall include—

(1) rules for allocating costs of a qualifying cogeneration facility between those incurred in generating electric energy and those incurred in generating electric energy and those incurred in generating other forms of energy;

(2) rules respecting the interconnection of a qualifying cogeneration facility to the distribution system of any electric utility or to a centrally dispatched power pool as defined in section 202(b)(4)(B) of the Federal Power Act;

(3) rules respecting the responsibility of the owner or operator of a qualifying cogeneration facility during periods of electric shortage;

(4) rules respecting the minimum reliability standards for the qualifying cogeneration facility; and

(5) rules which specify the reliability of emergency electric energy service available to the qualifying cogeneration facilities.

Such rules may not (A) require an electric utility to purchase electric energy from a qualifying cogeneration facility during any period at a rate which exceeds the highest cost at which such utility generates electric energy, or purchases electric energy from any other source, during such period, or (B) authorize such cogeneration facility to make any sale for purposes other than resale.

(b) DEFINITIONS.—For purposes of this section:

(1) The term "cogeneration facility" means a facility which produces—

(A) electric energy, and

(B) other forms of useful energy (such as steam or heat) which is, or will be, used for industrial commercial, or space heating purposes.

(2) The term "qualifying cogeneration facility which the Commission determines—

(A) meets such requirements respecting minimum size and fuel efficiency as the Commission, by rule, prescribes; and

(B) in the case of a cogeneration facility which is not owned by a utility and which is, or will be, directly connected to an electric utility, the owner or operator of such facility has offered such utility an opportunity to construct and operate such facility on terms acceptable to such owner or operator.

(c) ENFORCEMENT.—For the purposes of enforcement, a rule under this section shall be treated as a rule under the Federal Power Act.

(d) DELEGATION TO STATES.—The Commission may authorize (on such terms and conditions as it determines appropriate) any State regulatory authority to exercise any part of the Commission's authority under this section if the Commission determines that such State regulatory authority has the capability of effectively exercising such authority within its jurisdiction.

(e) EXEMPTION FROM FEDERAL POWER ACT.—Not later than 1 year after the date of enactment of this Act, the Commission shall, after consultation with representatives of State regulatory authorities, prescribe rules exempting qualifying cogenerators in whole or part from the Federal Power Act, the Public Utility Holding Company Act, and from State laws and regulations respecting electric utility regulation, if the Commission determines such exemption is necessary to carry out the purposes of this part. No such exemption shall be modified, except for good cause shown, with respect to any such cogenerator after such exemption takes effect with respect to such cogenerator.

SEC. 547. APPLICABILITY OF ANTITRUST LAWS.

(a) APPLICATION.—Nothing contained in this chapter or the amendments made thereby shall—

(1) be deemed to convey to any person immunity from civil or criminal liability, or to create defenses to actions, under the antitrust laws, or

(2) restrict any authority the Commission may have under the Federal Power Act to regulate unfair methods of ccmpetition.

(b) DEFINITION.—For purposes of this section, the term "antitrust laws" includes—

(1) the Sherman Act (15 U.S.C. 1, and following);

(2) the Clayton Act (15 U.S.C. 12, and following);

(3) the Federal Trade Commission Act (15 U.S.C. 41, and following);

(4) the Wilson Tariff Act (15 U.S.C. 8 and 9); and

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21A).

Chapter 4—CONSUMER REPRESENTATION AND ASSISTANCE TO STATE AGENCIES

SEC. 551. FINANCIAL ASSISTANCE FOR STATE AGENCIES AND FOR CONSUMER REPRESENTATION.

(a) GRANTS.—Title II of the Energy Conservation and Production Act is amended by striking out section 203 and inserting in lieu thereof the following:

"ESTABLISHMENT OF PROGRAM

"SEC. 203. (a) The Administrator is authorized, in accordance with the provisions of this title, to make grants to State utility regulatory commissions—

"(1) for purposes of section 203A (relating to staffing);

"(2) for purposes of section 205(d) (relating to participation in proceedings); and

"(3) for purposes of section 204(1)(B) (relating to innovative rate structures).

"(b) No grant shall be made under this title unless an application therefor has been submitted to the Administrator in such form and manner as the Administrator may require. The Administrator may not approve an application of a State agency unless such authority assures the Administrator that funds made available under this title will be in addition to, and not in substitution for, funds made available to such State agency from other sources.

"(c) No grant may be made under this title after September 30, 1980.

"GRANTS TO IMPROVE STAFFING

"SEC. 203A. The Administrator may make grants to assist any State utility regulatory commission in improving its staff capacity to effectively regulate electric utilities. No grant may be made under this section unless the Administrator determines that such State utility regulatory commission—

"(1) requires additional staff in order to effectively carry out its regulatory authority, and

"(2) agrees to institute a system for assessing and collecting fees in a just and equitable manner from every electric utility subject to its jurisdiction, or otherwise secures the funds, to maintain the additional staff

made possible under such grant following expiration of the grant."

(b) FUNDING FOR INNOVATIVE RATE STRUCTURES.—Section 204(1)(B) of such Act is amended by inserting the following before the comma at the end thereof: "which encourage the development and operation of innovative rate structures which encourage conservation, are equitable and nondiscriminatory among the various classes of electric consumers, promote the efficient use of electric energy, and comply with the requirements of chapter 2 of part V of the National Energy Act".

(c) PARTICIPATION IN PROCEEDINGS.—(1) Section 204(2) of such Act is amended by inserting "or nonregulated public system (as defined in section 502 of the National Energy Act)" before "which relates".

(2) Section 205 of such Act is amended by adding the following new subsection at the end thereof:

"(d) The Administrator may make grants to State utility regulatory authorities to provide for the establishment and operation of programs which meet the requirements of 537(b)(2) of the National Energy Act (respecting participation in proceedings) and which meet such other requirements as the Administrator shall prescribe by rule.".

(d) AUTHORIZATIONS.—Section 207 of such Act is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 207. There are authorized to be appropriated—

"(1) not to exceed $40,000,000 in any fiscal year for grants under section 203A (relating to staffing);

"(2) not to exceed $5,000,000 in any fiscal year for grants under section 205(d) (relating to participation in proceedings); and

"(3) not to exceed $5,000,000 in any fiscal year for grants under section 204(1)(B) (relating to innovative rate structures).".

(e) ALLOTMENTS.—Such title II of such Act is amended by adding the following new section at the end thereof:

"ALLOTMENT OF SUMS

"SEC. 208. (a) In each fiscal year the Administrator shall allot the sums appropriated under this title equitably among the States on the basis of population, except that—

"(1) no State which qualifies for a grant under section 203A (relating to staffing) or section 204(1)(B) (relating to innovative rate structures) may receive less than one-half percent or more than 5 percent of amounts appropriated for grants under section 203A (relating to staffing) or section 204(1)(B) (relating to innovative rate structures), respectively, for any fiscal year; and

"(2) no State qualifies for a grant under section 205(d) (relating to participation in proceedings) may receive less than 1 percent or more than 3 percent of amounts appropriated for grants under such section for any fiscal year.

"(b) The Administrator may withhold any part or all of any grant under this title if such Administrator finds that the State regulatory authority or other person is not carrying out the program as described in the application or has violated assurances contained in the application.".

(f) CONFORMING AMENDMENTS.—The table of contents for title II of such Act is amended by striking out the item relating to section 203 and inserting in lieu thereof the following:

"Sec. 203. Establishment of program.
"Sec. 203A. Grants to improve staffing."

SEC. 552. REPRESENTATION OF CONSUMER INTERESTS BEFORE FEDERAL POWER COMMISSION.

The Federal Power Act is amended by redesignating sections 319 and 320 as 320 and 321, respectively, and by inserting the following new section after 318:

"OFFICE OF PUBLIC COUNSEL

"SEC. 319. (a)(1) There shall be established, within sixty days after the date of enactment of this section, an independent office in the Commission to be known as the Office of Public Counsel (hereinafter in this section referred to as the 'Office').

"(2)(A) The Office shall be administered by a Director. The Director shall be appointed by the President, by and with the advice and consent of the Senate.

"(B) The term of office of the Director shall be 4 years. The Director shall be responsible for the discharge of the functions and duties of the Office. He shall be appointed and compensated (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates) at a rate not in excess of the maximum rate prescribed for GS–18 of the General Schedule under section 5332 of title 5 of the United States Code.

"(3) The Director may appoint, fix the compensation, and assign the duties of employees of such Office, and he may procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code. Each bureau, office, or other entity of the Commission and each department, agency, and instrumentality of the executive branch of the Federal Government and each independent regulatory agency of the United States shall provide the Office with such information and data as it requests. The Director is authorized to enter into, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of his functions and duties.

"(4) In addition to any other duties and responsibilities prescribed by law, the Office—

"(A) shall have standing to become a party to any proceeding, formal or informal, which is before the Commission;

"(B) may petition the Commission for the initiation of proceedings on any matter within the jurisdiction of the Commission;

"(C) may seek judicial review of any Commission action, to the same extent such review is authorized by law for any person;

"(D) shall solicit, study, evaluate, and present before the Commission in any proceeding, formal or informal, the views of those States and political subdivisions thereof and consumers of electric energy affected by proceedings before the Commission, whenever the Director determines, for whatever reason (such as size or location), that such State or political subdivision or consumer might not otherwise be adequately represented before the Commission in the course of such proceedings; and

"(E) shall evaluate and represent, before the Commission and before other Federal agencies (when their policies and activities significantly affect public utility matters subject to the jurisdiction of the Commission) and by other means assist the representation of the interest of States and political subdivisions thereof and consumers of electric energy in safe, efficient, reliable, and economical electric utility services.

"(5) The budget requests and budget estimates of the Office of Public Counsel shall be submitted concurrently to the Congress and to the President.

"(6) There are authorized to be appropriated to the Office of Public Counsel for the purpose of carrying out the provisions of this subsection not to exceed $500,000 for the fiscal year 1978, not to exceed $2,000,000 for the fiscal year 1979, not to exceed $2,200,000 for the fiscal year 1980, and not to exceed $2,400,000 for the fiscal year 1981.

"(b)(1) The Director of the Office may, pursuant to rules prescribed by him, provide compensation for reasonable attorneys fees, expert witness fees, and other costs of participating in any proceeding before the Commission to any person—

"(A) who has, or represents, an interest (i) which would not otherwise be adequately represented in such proceeding, and (ii) representation of which is necessary for a fair determination of the proceeding taken as a whole, and

"(B) who is unable effectively to participate in such proceeding because such person cannot afford to pay costs of preparing or making oral presentations, conducting cross-examination, and making rebuttal submissions in such proceeding.

"(2) The aggregate amount of compensation paid to all persons in any fiscal year under this subsection may not exceed $2,000,000.".

SEC. 553. RESPONSIBILITIES OF ADMINISTRATOR.

The Administrator, for the purpose of carrying out his functions under title II of the Energy Conservation and Production Act, shall—

(1) publish a list identifying the State regulatory authorities and nonregulated utilities to which the provisions of chapter 2 of part V are applicable;

(2) inform, on a continuing basis, the State regulatory authorities and nonregulated utilities identified pursuant to paragraph (1) with respect to—

(A) the identification (for purposes of section 521 of the National Energy Act) and development of load management techniques, including the results of experiments in load management;

(B) developments and innovations in electric utility ratemaking throughout the United States, including the results of experiments in rate structure and rate reform;

(C) methods for determining cost of service under section 532; and

(D) any other data or information which the Administrator determines to be of assistance in carrying out the provisions of chapter 2; and

(3) State agency having responsibility with respect to planning and siting of bulk power facilities such technical assistance (including assistance in developing demand forecasting methods and in using techniques for choosing the desired degree of reliability) as he determines is appropriate; and

(4) provide on a formal or informal basis such appropriate technical assistance as is requested by a State regulatory authority, electric utility, or nonregulated utility.

H.R. 8444

By Mr. BROWN of Ohio:

Page 268, line 5, strike out "100" and insert in lieu thereof "300".

Page 269, strike out line 11 and all that follows down through line 20.

Page 282, strike line 16 and all that follows down through line 18 on page 292, and insert in lieu thereof the following:

SEC. 613. EXISTING ELECTRIC POWERPLANTS AND EXISTING MAJOR FUEL-BURNING INSTALLATIONS.

(a)(1) The Administrator may prohibit by order any existing electric powerplant from using petroleum or natural gas, or both, as a primary energy source, if—

(A) such powerplant, on April 20, 1977, had, or thereafter acquires, the technical capability to use coal or other fuels as a primary energy source; and

(B) the use by such powerplant of coal or other fuels as a primary energy source is financially feasible (as determined under rules prescribed by the Administrator).

(2) In the case of any existing electric powerplant in which it is technically and financially feasible (as determined under rules prescribed by the Administrator) to use a mixture of coal or other fuels and petroleum as a primary energy source or a combination of coal or other fuels and

petroleum or natural gas as primary energy sources, the Administrator may prohibit such powerplant from using petroleum or natural gas in amounts in excess of the minimum amount necessary to maintain fuel efficiency of such mixture or such combination.

(b)(1) The Administrator may prohibit by order any existing major fuel-burning installation from using petroleum or natural gas, or both, as a primary energy source, if—

(A) such installation, on April 20, 1977, had, or thereafter acquires, the technical capability to use coal or other fuels as a primary energy source; and

(B) the use by such installation of coal or other fuels as a primary energy source is financially feasible (as determined under rules prescribed by the Administrator).

(2) The Administrator may prohibit any existing major fuel-burning installation which is not capable of using coal or other fuels from using natural gas as a primary energy source, if the Administrator finds that—

(A) the exercise of authority under this paragraph is necessary to carry out the purposes of this part, particularly the conservation of natural gas;

(B) such exercise of authority would not significantly deter the carrying out of the purposes of this part of reducing the petroleum importation into the United States; and

(C) in the case of the installation or the category of installations to be prohibited from using natural gas under the exercise of such authority, it is technically and financially feasible (as determined under rules prescribed by the Administrator) to use petroleum as a primary energy source.

For purposes of applying paragraph (2) (A) and (B) in the case of the exercise of the authority granted the Administrator under this paragraph, subparagraph (B)(ii) shall not apply, and subparagraph (A)(i) shall be considered as satisfied if, despite diligent good faith efforts to obtain a contract or other arrangements for an adequate and reliable supply of petroleum, it is unlikely that such supply will not be available.

(3) In the case of any major fuel-burning installation in which it is technically and financially feasible (as determined under rules prescribed by the Administrator) to use a mixture of coal or other fuels and petroleum as a primary energy source or a combination of coal or other fuels and petroleum or natural gas as primary energy sources, the Administrator may prohibit such installation from using petroleum or natural gas in amounts in excess of the minimum amount necessary to maintain fuel efficiency of such mixture or such combination.

(c) In issuing any order under subsection (a) or (b), the Administrator shall take into account any special circumstances or characteristics of each powerplant or installation (such as the technical feasibility of burning coal or other fuels and the size, age, or location of such powerplants or installations). The effective date of such order shall be stayed in the case of any existing electric powerplant or major fuel-burning installation subject to such order, pending a resolution of any petition for any suspension which may be filed with the Administrator not later than 120 days after such order is issued.

(d) The Administrator shall grant a suspension of such period as the Administrator determines appropriate if he finds that—

(1) for the period of the proposed suspension—

(A) despite diligent good faith efforts to obtain a contract or other arrangements for an adequate and reliable supply of coal or other fuels, it is likely such supply will not be available to such powerplant at a cost (taking into account associated facilities for the transportation and utilization of such fuel) which, based upon the best practicable estimates, does not substantially exceed the cost of using imported petroleum as a primary energy source during the useful life of the powerplant;

(B) despite diligent good faith efforts, site limitations exist which cannot reasonably be expected to be overcome;

(C) the requirements of the Order could not be satisfied without violating applicable environmental requirements; or

(D) the granting of such suspension furthers the purposes of this part; and

(2)(A) in the case of an existing electric powerplant, the Federal Power Commission has certified that there is no alternative power supply which can be obtained without impairing reliability of service; or

(B) in the case of an existing major fuel-burning installation, the use of a primary energy source other than petroleum or natural gas is technically infeasible and a substitute heat source is not possible due to process requirements.

Any such suspension shall be on terms and conditions as the Administrator determines appropriate, including terms and conditions requiring the use of conservation measures for the efficient use of fuel, which are practicable and consistent with the purposes of this part, and terms and conditions designed to insure that upon the expiration of such suspension (other than a permanent suspension) such powerplant will comply with the prohibitions of subsections (a) and (b). No suspension under this paragraph, including any extensions or renewals thereof, may exceed a period of 5 years' duration.

(e) In the case of any existing major fuel-burning installation, before issuing any order or dumping any suspension under this section, the Administrator shall request the Attorney General and the Federal Trade Commission to evaluate the impact, if any, of the proposed order or denial on competition and provide to the Administrator, within 120 days of receipt of such request, written views and recommendations, if any, concerning such impact. Any such views or recommendations shall be available to the public. The Administrator shall consider such views and recommendations in issuing any such order or suspension.

(f)(1) No proposed order under subsection (a) or (b) of this section (or modification thereof) which may result in the use of coal as a primary energy source may be issued—

(A) until the Administrator of the Environmental Protection Agency notifies the Administrator under section 119(d)(1)(B) of the Clean Air Act, or

(B) if such notification is not given, until the date which the Administrator of the Environmental Protection Agency certifies pursuant to section 119(d)(1)(B) of such Act is the earliest date which the powerplant or installation will be able to comply with all applicable requirements of section 119 of such Act.

(2) Such order (or modification) shall not be effective during any period certified by the Administrator of the Environmental Protection Agency under section 119(d)(3)(B) of such Act. Notice or certification pursuant to this subsection shall be provided within 270 days of the date the Administrator of the Environmental Protection Agency receives notice of the such proposed order (or modification).

(g) The provisions of this section, except subsection (h)(2), shall not apply to any powerplant or installation for which an order issued pursuant to section 2(a) of the Energy Supply and Environmental Coordination Act of 1974 before the effective date of this part is pending or final or which, on review, was held unlawful and set aside on the merits. Nothing in this subsection shall be construed to affect the validity of any order issued under such section 2(a) or be construed to require the Administrator to reissue any such order.

(h)(1) The Administrator shall, by rule, require that no existing electric powerplant which, on or after April 20, 1977, uses petroleum, coal, or other fuels as a primary energy source may increase its use of petroleum as a primary energy source unless a permit is issued by the Administrator authorizing such increased use of petroleum. Such permit shall be issued if—

(A) the Administrator finds that the petitioner demonstrated that the powerplant cannot comply with the applicable implementation plan, as defined in section 110(d) of the Clear Air Act, without the issuance of a permit and established the duration of the need for increased petroleum to comply with such plan; and

(B) the Administrator of the Environmental Protection Agency certifies to the Administrator that the increased use of petroleum by such powerplant is necessary to permit the powerplant to comply with such implementation plan.

(2) The Administrator shall, by rule, require that no existing electric powerplant which, on April 20, 1977, used or thereafter uses, pursuant to this part, natural gas as a primary energy source, may use petroleum unless a permit is issued by the Administrator for such use of petroleum. Such a permit shall be issued if the Administrator finds that the petitioner has demonstrated pursuant to this part that such powerplant cannot use coal or other fuels instead of petroleum, and the appropriate State regulatory authority has certified that the proposed use of petroleum is approved by it.

Page 297, strike out line 9 and all that follows thereafter down through line 9 on page 298.

Page 136, strike out line 2 and all that follows down through line 19 on page 169 and insert in lieu thereof:

FINDINGS AND PURPOSES

"SEC. 401. (a) The Congress finds that—

(1) in the early history of this nation's petroleum industry, natural gas was a by-product of the production of crude oil, was not easily marketable, and was often flared off and treated as waste or sold at very low prices;

(2) the natural gas market changed dramatically through the course of the last 40 years as a national distribution system was built to deliver natural gas to commercial and industrial consumers throughout the Nation;

(3) the Congress enacted the Natural Gas Act in 1938 to provide protection for consumers and to provide a regulatory structure through which interstate pipelines could be assured a fair rate of return;

(4) in 1954, the Supreme Court held that the Natural Gas Act applied to the wellhead sale of natural gas in interstate commerce, subjecting producers selling interstate gas, but not intrastate gas, to a reasonable rate of return regulatory standard based on a determination of production costs;

(5) the differential between the price of natural gas and oil has widened with the continuation of cost-based regulation of natural gas, the fourfold rise in world oil prices in 1973 and 1974, and the increasing pressure to burn natural gas because of its environmentally superior qualities;

(6) as a result, the incentives to find new natural gas have declined along with the proven reserves of natural gas, while demand for this premium and relatively inexpensive fuel has increased;

(7) the decline in incentives to find new natural gas and the decline in the Nation's inventory of proven reserves can be reversed by permitting market forces to determine the value of future supplies through the removal of Federal wellhead price controls applicable thereto.

(b) The purposes of this part are—

(1) to bring the natural gas market back into better balance by increasing the supply

of and reducing the demand for natural gas through the deregulation of producer sales of future supplies which are sold in interstate commerce; and

(2) to deal with short-term supply shortages of natural gas through extension of the authority of the President under the Emergency Natural Gas Act of 1977.

SEC. 402. This part may be cited as the Natural Gas Supply and Conservation Act of 1977.

SEC. 403. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); and (2) amending section 1 thereof by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and inserting therein the following new subsection.

"(a) This Act may be cited as the 'Natural Gas Act'.".

SEC. 404. Section 1(c) of the Natural Gas Act, as redesignated by the Natural Gas Supply and Conservation Act of 1977 (15 U.S.C. 717(b)), is amended (1) by deleting "The" at the beginning thereof and by inserting in lieu thereof immediately after "(c)" the following: "(1) Except as provided in paragraph (2) of this subsection, the"; and (2) by inserting at the end thereof the following new paragraph:

"(2) Subject only to the provisions of section 24 of this Act, as amended, after the date of enactment of the Natural Gas Supply and Conservation Act of 1977, the authority of the Commission to regulate the sale of natural gas to a natural-gas company for resale in interstate commerce pursuant to this Act shall cease to exist with respect to, and shall not apply to, new natural gas: *Provided, however,* That nothing contained in the Natural Gas Supply and Conservation Act of 1977 shall modify or affect the authority of the Commission in effect prior to the date of enactment of such amendments to (A) regulate the transportation in interstate commerce of natural gas or the sale in interstate commerce for resale of old natural gas or (B) regulate the sale for resale of natural gas by any natural-gas company which transports natural gas in interstate commerce.".

SEC. 405. Section 2 of the Natural Gas Act (15 U.S.C. 717a) is amended by redesignating paragraphs (7) through (9) as paragraphs (12) through (14), respectively, and by inserting the following new paragraphs:

"(7) 'New natural gas' means (A) natural gas sold or delivered in interstate commerce for the first time on or after April 20, 1977: *Provided,* That such natural gas shall not be deemed new natural gas if at any time prior to April 20, 1977, such gas could have been sold and delivered and was not sold and delivered at any time prior to April 20, 1977, as determined by the Federal Power Commission: *Provided further,* That new natural gas contracted for sale or delivery from offshore Federal lands shall be committed for an initial contract term of not less than fifteen years or for the life of the reservoir from which it is produced if less than fifteen years: *Provided further,* That any natural gas sold or delivered in interstate commerce prior to the date of enactment of the Natural Gas Supply and Conservation Act of 1977 pursuant to limited term certificates (five years or less) or temporary emergency contracts including sales made pursuant to the Emergency Natural Gas Act of 1977 shall not be considered, for the purpose of this provision, as having been committed to interstate commerce, or (B) natural gas produced from a new well which is 2.5 miles or more (horizontal distance) from any old well, unless such new well is completed in a newly discovered reservoir as determined by State or Federal agencies having jurisdiction over the drilling of wells and production therefrom; or is produced from a new well the completion of which is one thousand feet or more deeper than the deepest completion location of any old well which is within 2.5 statute miles (horizontal distance) of such new well, unless such new well is completed in a newly discovered reservior as determined by the State or Federal agencies having jurisdiction over the drilling of wells and production therefrom, regardless of whether or not the leases on which the wells were drilled were committed by contract or dedicated to the interstate market.

"(8) 'Old natural gas' means natural gas sold or delivered for resale in interstate commerce other than new natural gas.

"(9) 'Affiliate' means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person, as determined by rule by the Commission.

"(10) 'Offshore Federal lands' means any land or subsurface area within the Outer Continental Shelf, as defined in section 2(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).

"(11) 'Intrastate commerce' means commerce within the United States other than interstate commerce.

"(12) 'New well' means a well the surface drilling of which was begun after April 20, 1977.".

SEC. 406. Section 4(e) of the Natural Gas Act (15 U.S.C. 717c(e)) is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing, the Commission shall have no power to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portion thereof, for new natural gas sold or delivered from offshore Federal lands exceed the national ceiling or interim ceiling established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company which transports natural gas in interstate commerce purchases new natural gas from an affiliate or produces new natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by persons not affiliated with such natural-gas company.".

SEC. 407. Section 5(a) of the Natural Gas Act (15 U.S.C. 717d(a)) is amended by striking the period at the end thereof and by adding the following: ": *Provided further,* That the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such natural-gas company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portions thereof, for new natural gas sold or delivered from offshore Federal lands exceed the national ceiling, or interim ceiling, established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company which transports natural gas in interstate commerce purchases new natural gas from an affiliate or produces new natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by persons not affiliated with such natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas or new natural gas produced from offshore Federal lands by a natural-gas company if such rate or charge has been previously determined or deemed to be just and reasonable pursuant to this Act.".

SEC. 408. The Emergency Natural Gas Act of 1977 is amended—

(1) in section 2, by striking out in paragraph (4), the following: "or which would be required to be so certificated but for section 1(c) of such Act."

(2) in section 4(a)(1), by striking out "April 30, 1977" and inserting in lieu thereof "April 30, 1980";

(3) in section 4(f)(2)(A), by striking out by August 1, 1977, to the maximum extent practicable" and inserting in lieu thereof "as expeditiously as practicable,";

(4) in section 6(a) delete "as the President determines" and insert in lieu thereof "which the President shall determine from time to time, in advance of any such sales";

(5) in section 6(a), by striking out "August 1, 1977" and inserting in lieu thereof "August 1, 1980";

(6) in section 9(c), by striking out "August 1, 1977" and inserting in lieu thereof "August 1, 1980"; and

(7) in section 12(b), after "October 1, 1977,", by inserting "October 1, 1979, and June 1, 1980,".

SEC. 409. Section 7 of the Natural Gas Act (15 U.S.C. 717f) is further amended by adding at the end thereof the following new subsection:

"(i) Subject only to the provisions of section 24 of this Act, as amended, after the date of enactment of the Natural Gas Supply and Conservation Act of 1977, the provisions of this section shall not permit the Commission to condition the grant of or to deny a certificate of public convenience and necessity to a natural-gas company which transports natural gas in interstate commerce for the transportation in interstate commerce or for the sale in interstate commerce for resale of natural gas, or for the facilities used therefor, based on the price of new natural gas: *Provided, however,* That any contract for new natural gas shall be filed with the Commission by the purchasing natural-gas company which transports natural gas in interstate commerce.".

SEC. 410. The Natural Gas Act (15 U.S.C. 717 et seq.), as amended by the Natural Gas Supply and Conservation Act of 1977, is further amended by adding at the end thereof the following new sections:

"NATIONAL CEILING FOR RATES AND CHARGES

"SEC. 24. (a) The Commission shall by rule, as soon as practicable after the date of enactment of the Natural Gas Supply and Conservation Act of 1977, establish, and may from time to time modify, a national ceiling for rates and charges for new natural gas sold or delivered from offshore Federal lands on or after April 20, 1977, through April 20, 1982. In establishing such national ceiling the Commission shall consider the following factors and only these factors:

"(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of new natural gas from offshore Federal lands;

"(2) the rates and charges necessary to encourage the optimum level of (A) exploration for natural gas, (B) development, production, and gathering of natural gas, and (C) maintenance of proven reserves of natural gas;

"(3) the promotion of sound conservation practices in natural gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers; and

"(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraphs (1) through (3) of this subsection.

"(b) The Commission shall monitor the national ceiling established pursuant to subsection (a) or the interim ceiling established pursuant to subsection (d) during the period such ceiling is in effect, and commencing on April 20, 1978, the Commission shall report to the Congress not less than annually on the effectiveness of such national ceiling or interim ceiling in meeting the factors set forth in subsection (a).

"(c) The Commission may authorize a person to charge an amount in excess of the national ceiling established pursuant to subsection (a) or the interim ceiling established pursuant to subsection (d) for new natural gas produced from offshore Federal lands from any high cost production area or vertical drilling depth as designated by the Commission by rule.

"(d) Pending the establishment of a national ceiling pursuant to subsection (a) by a final Commission order which is no longer subject to judicial review and within thirty days after the date of enactment of the Natural Gas Act Amendments of 1977 and on April 20 of each year thereafter until such establishment of a national ceiling pursuant to subsection (a), the Commission shall establish an interim ceiling for rates and charges for new natural gas sold or delivered from offshore Federal lands which shall be effective April 20, 1977, and which shall be equivalent on a British thermal unit (Btu) basis to the average first sale price for new crude oil produced in the United States in effect on the date of enactment of the Natural Gas Supply and Conservation Act of 1977 as determined by the Federal Energy Administration pursuant to title IV of the Energy Policy and Conservation Act (15 U.S.C. 753–757). After the establishment of a national ceiling pursuant to subsection (a) by final Commission order which is no longer subject to judicial review, any person who has sold or delivered new natural gas from offshore Federal lands during the period the interim ceiling price was in effect shall thereafter have the benefit of the national ceiling: *Provided, however*, That the Commission shall have no power to order a reduction in the rates and charges for such sale or delivery below the interim ceiling price in effect on the date of the establishment of the national ceiling.

"(e) From and after April 20, 1982, there shall be no ceiling price applicable to the sale or delivery of new natural gas from offshore Federal lands.

"(f) No price established by or pursuant to the Natural Gas Supply and Conservation Act of 1977 for new natural gas produced from offshore Federal lands be retroactive so as to affect any price for any natural gas sold or delivered in interstate commerce prior to April 20, 1977.

"(g) The rates and charges made, demanded, or received by any natural-gas company for, or in connection with, a contract for new natural gas sold or delivered from offshore Federal lands shall be deemed to be just and reasonable for the purposes of this Act, if they do not exceed the applicable national ceiling or interim ceiling established by the Commission pursuant to this section, in effect at the time when such new natural gas is either first sold or first delivered under such contract to a natural-gas company.

"NATURAL GAS FOR ESSENTIAL AGRICULTURAL AND OTHER PURPOSES

"SEC. 25. (a) Except to the extent that natural gas supplies are required to maintain natural gas service to residential users, small users, hospitals, and similar users vital to public health and safety, as defined by the Commission, and notwithstanding any other provision of law (other than the provisions of this Act) or of any natural gas curtailment plan in effect under existing law, the commission shall within one hundred and twenty days of the date of enactment of the Natural Gas Supply and Conservation Act of 1977, by rule, prohibit curtailment by a natural-gas company, to the maximum extent practicable, of natural gas for essential agricultural food processing, and food packaging purposes for which natural gas is necessary, including but not limited to irrigation pumping, crop drying, the use of natural gas as a raw material feedstock or process fuel in the production of fertilizers and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants. The Secretary of Agriculture shall determine by rule within sixty days of the date of enactment of the Natural Gas Supply and Conservation Act of 1977 the agricultural, food processing, and food packaging purposes for which natural gas is necessary. The Secretary of Agriculture shall certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirements for full food and fiber production.

"(b) Except to the extent that natural gas supplies are required to maintain natural gas service for purposes specified under subsection (a) of this section, the Commission shall prohibit curtailment by a natural-gas company, to the maximum extent practicable, of natural gas for industrial purposes for which natural gas is essential for uses (other than boiler fuel) for which there is no practicable substitute.

"(c) The Commission shall decide applications for special relief from a curtailment plan as soon as practicable, but in no event later than one hundred and twenty days after the date such applications are accepted for filing.

"SEC. 26. Any contractual provision in any contract for the first sale, transfer or exchange of natural gas in or affecting commerce, which provision determines or redetermines the price paid to the seller by reference to other sales of natural gas, crude oil, or any sale of any refined petroleum product is declared to be contrary to public policy and any determinations or redeterminations of price pursuant thereto made from and after the date of enactment of the Natural Gas Supply and Conservation Act of 1977 shall be unenforceable.

"SEC. 27. (a) (1) Not later than ninety days after the date of the enactment of this Act, the Commission shall, by rule, provide that, to the maximum extent practicable, the amount by which the average cost of natural gas delivered after such date of enactment to any pipeline company exceeds the average cost of natural gas delivered to such company during the twelve-calendar-month period ending immediately before the date of enactment of this Act shall be initially allocated to the rates and charges of such pipeline company applicable to sales of natural gas to—

"(A) low priority users served by such pipeline company,

"(B) high priority users served by such pipeline with respect to uses of natural gas in excess of the base quantity of each user, and

"(C) local distribution companies for resale by such companies to low priority users and to high priority users in excess of the base quanity of each such high priority user.

until the rates or charges applicable to such low priority users or high priority users with respect to sales of natural gas which exceed the base quantity of each such high priority user, served by such pipeline company or such local distribution company, equals 120 percent of the average cost of imported crude oil which has the equivalent Btu content as the quantity of natural gas for which such rates or charges apply (as determined by the Commission).

"(2) Not later than 90 days after the date of the enactment of this Act, the Commission shall, by rule, provide that, to the maximum extent practicable, the dollar amounts allocated to any local distribution company pursuant to subparagraph (C) of paragraph (1) shall be allocated by such local distribution company to the rates and charges of such company applicable to sales of natural gas to low priority users and to high priority users with respect to sales of natural gas which exceed the base quantity of each such high priority user.

"(3) The rule required to be prescribed under paragraph (1) shall, to the maximum extent practicable, provide that after the rates and charges of a pipeline company applicable to sales of natural gas to—

"(A) low priority users served by such pipeline,

"(B) high priority users served by such pipeline in excess of the base quantity of each such user, and

"(C) local distribution companies for resale by such companies to low priority users and to high priority users in excess of the base quantity of each such high priority user, equal 120 percent of the average cost of imported crude oil which has the equivalent Btu content as the quantity of natural gas for which such rates or charges apply (as determined by the Commission), further increases in the average cost of natural gas delivered to such pipeline company shall be allocated to the rates and charges of such pipeline company applicable to sales of natural gas to all customers of such pipeline company.

"(b) For purposes of this section:

"(1) The term 'low priority user' means any person who uses natural gas for boiler fuel use in excess of 1500 Mcf per peak day.

"(2) The term 'high priority user' means any person who uses natural gas and who is not a low priority user and who uses natural gas in amounts greater than 50 Mcf on a peak day.

"(3) The term 'boiler fuel user' means the use of natural gas for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity whether or not alternate fuel capacity has been installed.

"(4) The term 'base quantity' means, when used with respect to any user of natural gas served by a pipeline company or local distribution company—

"(A) the average annual quantity of natural gas used by such user during the 3-year period ending June 30, 1977, or

"(B) if such user was not being served by such pipeline company or local distribution company during such period, a quantity determined under regulations prescribed by the Commission to be used by similar users under comparable circumstances during such 3-year period.

"(5) The term 'pipeline company' means any person engaged in the business of transporting natural gas in interstate commerce by pipeline other than a local distribution company.

"(6) The term 'local distribution company' means any person engaged in the business of transportation and local distribution of natural gas and the resale of natural gas received from a pipeline company for ultimate consumption.

"(7) The term 'person' includes the United States and any State, and any political subdivision, agency, or instrumentality of either.

"(8) The term 'Commission' means the Federal Power Commission.

"(9) the term 'natural gas' has the same meaning as such term has under section 2(5) of the Natural Gas Act.

"EFFECTIVE DATE OF THIS ACT

"SEC. 411. The amendments to the Natural Gas Act made by the Natural Gas Supply and Conservation Act of 1977 shall not take effect until April 30, 1978, or until Congress so declares by concurrent resolution, whichever is earlier.".

EXTENSIONS OF REMARKS

THE NEED FOR LABOR LAW REFORM

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MOTTL. Mr. Speaker, when the Wagner Act was enacted in 1935 Congress intended to grant workers the right to organize for their collective benefit, and, to secure this right, the discharge of an employee for activities related to organizing was made illegal. Such firings remain illegal under the law, but thousands of employees continue to be illegally dismissed each year. The problem is that the law provides remedies which are too slow in application and too weak to successfully protect the worker once they are finally levied against an employer.

The employees of a company in Cleveland learned this lesson when in February 1971, they became interested in union representation and initiated an organizing campaign.

Within months, the company had discharged workers for their efforts to organize fellow employees.

A lady worked as a punch operator and in various other capacities for the company for 2 years. She signed an authorization card, joined the picketing of the company, and met with company representatives in an attempt to settle the issues which prompted the strike.

In July, her physician gave her a slip stating that she had a swollen hand which might have been caused by her operating the punch press. He suggested an alternative job. In spite of the fact that she was experienced in a number of other jobs that the company was seeking to fill through public notices, she was refused a job transfer and terminated.

Two other girls were also employed as packers by the company and both had worked for over 2 years. Both signed union authorization cards. Although neither had previously received verbal or written reprimands regarding attendance or performance, they were discharged for absenteeism. Three or four days prior to the discharges, one of the girls was warned by a lower echelon supervisor that she was being set up to be fired. That supervisor testified that he was told that the setup was initiated because she was involved in union activity.

But this was only the beginning of the company's illegal activities. In July and October of 1972, the Board found that these employees and four others had been discharged in violation of the National Labor Relations Act, and ordered them reinstated. The company appealed. On December 21, 1973, nearly 2½ years after the initial discharges, the court found the Board's decision correct and ordered it to be enforced. The company then refused to reinstate two of the employees for nearly 2 years and then did so only under threat of contempt of court.

Under present law, the National Labor Relations Board must seek preliminary injunctions when a union is charged with the violation of certain provisions of the National Labor Relations Act. The Board also has discretionary powers to seek preliminary injunctions against employer activity, but this authority is rarely used. Inequities have resulted from this imbalance as demonstrated in the case of this company.

The discharged employees were forced to wait over 2½ years before even being offered reinstatement and a considerably longer period before receiving the compensation owed them due to their illegal firings.

Requiring the Board to seek a preliminary injunction in the cases of illegal discharges during an initial organizing campaign—or refusal to bargain after an expedited election—would provide protection from blatant attempts to deny workers their rights to associate and organize. This is why it is incumbent upon this Congress to pass a comprehensive reform of our national labor laws.

NCOA CONVENTION

HON. MENDEL J. DAVIS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. DAVIS. Mr. Speaker, On June 30 and July 1, 1977, I had the privilege of being a guest of the Non-Commissioned Officers Association of the U.S.A.—NCOA—at its 16th Annual International Convention, San Antonio, Tex.

I was honored on June 30 as the keynote speaker for the NCOA annual awards night.

The following evening I had the pleasure of hearing our colleague, "CHICK" KAZEN, address the convention assembly in behalf of Chairman MELVIN PRICE of the Armed Services Committee whom the NCOA honored with its anual "L. Mendel Rivers Award for Legislative Action."

Regretfully, the chairman could not be there, but the gentleman from Texas did a magnificent job of "telling it like it is" within the committee. In fact, he did such a great job, the association's president awarded him a special plaque.

I commend "CHICK'S" remarks to the Members of Congress. Hopefully they will be as well received by my colleagues as they were by the noncommissioned and petty officers assembled at the NCOA convention:

REMARKS OF CONGRESSMAN ABRAHAM KAZEN, JR.

I am pleased and honored to be with you tonight—pleased that your organization holds its annual convention and is based in San Antonio, for which I share representation in the Congress, and honored that I am here to represent a great American, the chairman of the House Armed Services Committee on which I serve, the distinguished gentleman from Illinois, Mr. Melvin Price.

I congratulate your organization for selecting Mel Price to receive your annual L. Mendel Rivers Award for Legislative Action, just as I congratulate him for being chosen. Your organization named this award for one of Mel Price's predecessors as chairman of our committee. He and Mendel Rivers were alike in that they were men of persistent dedication to the good of our country. Both of them believed, as I do, that we must have a military establishment second to none if our country is to remain free. They also believed, as I do, that our nation and our people have pledged long-term support to the men and women in our armed services, and that support includes protection of their retirement benefits which should not be eroded.

I propose to touch briefly on matters in which you and our House Committee have common interest, but first let me say why I think your award this year to Melvin Price is especially appropriate.

You may know that he is the first Congressman to head our committee after having had military service of his own. Even more significant, I suggest, is that he came to the Congress directly from the army, that he was a non-commissioned officer when he was elected, and he must be one of the few corporals ever promoted to sergeant because he had been elected to the Congress.

Mel Price today is a distinguished Congressman, but before he came to Washington he was a sports writer. When he entered the Army in World War II, he even arranged to have his reporting date delayed until he could watch his beloved St. Louis Cardinals play in the World Series. He had also been an elected official—he was only 24 when he won a seat on the County Board of Supervisors in East St. Louis, Illinois.

He gave up that position, as well as his sports writing, to serve from 1933 to 1943 as staff assistant to Congressman Edwin M. Schaefer. That gave him 10 years of basic training for service in the House of Representatives. By the time election day came around in 1943, Corporal Mel Price was busy counting. But he wasn't counting votes; he was counting crates of apples and other supplies in the warehouse section of Camp Lee, Virginia.

The next afternoon, Corporal Price was told to report to camp headquarters to take a telephone call. When he finished the call, a colonel asked him "What was the news?" And the corporal replied "I've been elected to Congress."

That colonel was not unimpressed. He said "Maybe the general would like to see you; do you mind if I call him?" and Mel Price recalls that he answered "No, sir." The colonel went into another office, called the general, and came out to tell the corporal that General Harkins would like to see him right away.

"I'll walk up to headquarters," said the corporal, and the colonel's answer was "No, we have a staff car out there." So Corporal Price reported to the general, tried to pop a good salute only to have the general hurry over to shake hands, and then say "I see you are a corporal." Mel Price had a good answer. He said "Yes, sir." So General Harkins said "Make him a sergeant, that will be the policy here. Anybody elected to Congress will automatically be promoted one grade."

I don't think any of you would be surprised to know that General Harkins and Mel Price remained friends for years. Friends have al-

ways been important to Mel Price, as have his Illinois constituents and those of us who serve with him in the Congress. I came to the Armed Services Committee after 8 years of service on the Foreign Affairs Committee, just as he became chairman, succeeding a man you've previously honored, another outstanding American who served his country well, Hon. Eddie Hébert of Louisiana. I can tell you it's a real joy to serve with Chairman Price, one of the most diligent, decisive and dedicated men it's been my pleasure to know.

There comes to mind a line about Sam Rayburn, a Texan who was one of the great leaders in the history of the House. Someone once asked Mister Sam how many Presidents he had served under, and his answer was "I've served with eight—under none." I'm sure everyone of you, at some time, has been asked how many C–Os you've served under, and perhaps you've silently counted how many you served with. There is a difference, of course, and that's why I am proud to serve with Chairman Mel Price.

I'd like to offer another footnote to history that came to mind as I thought about your L. Mendel Rivers award.

Some of you may have attended sessions of the Armed Services Committee—certainly your legislative committee Chairman Mack McKinney is there often—but you may not know the history of one decoration in that room. It's a plaque that faces each witness who appears before our committee, and it quotes article I, section 8 of our Nation's Constitution.

It says "The Congress shall have the power to raise and support armies, provision and maintain a Navy, make rules for the Government and regulation of the land and Naval forces."

I believe it would be interesting to recall how that plaque came to be there. Chairman Mendel Rivers, in whose honor you have named your legislator award, was not a man who was awed by others of high rank. One day, early in his service, a former Secretary of Defense, was somewhat less co-operative with the committee than Chairman Rivers thought proper. He did not rebuke the Secretary, but during one lunch hour recess he had that quotation from the Constitution put in place. When the Secretary came back to the witness stand that afternoon, Mendel Rivers' first quiet question was: "Mr. Secretary, can you read?" The Secretary was surprised, but he answered "yes—sure." So Chairman Rivers said "Mr. Secretary, will you please read that quotation facing you?"

I wasn't there at the time, but I'm told the Secretary got the point, and the message has gotten through to other witnesses ever since. Mendel Rivers respected his responsibility. So does Mel Price. That sets a great example for the rest of us on the committee.

One of the most valuable members of the committee at present is Congressman Mendel Davis of South Carolina, whom you have already heard address your convention. He is, as you know, a former employee, and the godson of Mendel Rivers, whose seat he succeeded in Congress, and believe me, he carries on the same determination and dedication to a strong military force that Chairman Rivers represented.

Earlier this week, Mendel Davis and I sat together in a Congressional Conference Committee working toward agreement between the House and the Senate on the military construction bill. I mean it as praise when I say that Mendel Davis was a feisty, vigorous advocate of our House views of what should be in the bill this year. I want to note especially how helpful he was in our effort to include $10 million for repairs at Brooke General Hospital at Fort Sam Houston. He couldn't have worked harder if he'd been a Texas member, and Mendel Rivers, once again, would have been proud of him as I am.

I could not be here when he spoke to your convention, but I am certain that he made clear that he and I stand together in recognition of the importance of manpower in our military establishment. We need the best possible equipment, of course, but it can be limited in its use if we don't have dedicated and diligent men and women trained to use it.

Since the first days of our Nation's history, when those brave continental soldiers faced the British, we have relied on personnel who combined intelligence, energy and bravery. Weapons have changed. Tactics have advanced, materiel has become more sophisticated. But our manpower remains the essential key to the defense that can maintain our freedom.

The Congress has been in session this week, as you know, so I am not completely current on actions of your convention, but I am sure that I can report on some of the matters that have concerned you before I read your resolutions—and for those of you who have forsaken the marvelous attractions of San Antonio to work on resolutions, I am one Congressman who will consider them carefully.

We hear increasing talk of labor unions in the Armed Forces, and I share the view that your organization expressed last year that unions are out of place in the military. I respect and applaud what some of them have done for the civilian employees of the Defense Department, but I do not believe they should cross the line into the uniformed services. I am also aware that there are those who say that unions provide the only way to protect against the erosion of benefits. I believe that benefits are being scrutinized increasingly, but I want you to know that you people have friends in Washington as well as critics.

I was pleased last year to lead the fight to continue financial support for the commissaries, just as I have fought this week against restrictions on retired military personnel qualifying for civil service jobs. On both matters, I saw the issue as very simple: The government, and therefore the American people, made a contractual arrangement with you people and we have no right to chip away at it, let alone tear up that contract.

There are other important reasons for my view. I say that pensions, and job rights and medical care and commissary access are deferred earned benefits, and I also say that our taxpayers should get the greatest possible return for their tax dollars by utilizing the competence, experience and skill which military service often provides and which produces some of the best quaified men and women for civil service jobs.

I think you'll want to know that we in the Congress, and especially in our committee, work hard to keep up with your concerns. When General George C. Brown, Chairman of the Joint Chiefs of Staff, appeared before our committee, he gave a factual report showing that military pay raises have not kept pace with the cost of living. He said 20 per cent of the Army's enlisted members work at second jobs, and 50 per cent of their wives have to work.

Another evidence of the economic pressures on the military: When we were fighting to continue the commissary system as it exists—and as recruiters were telling enlistees that it was a service benefit—I asked the Department of Defense to determine how widely food stamps were being used in commissaries. They came back with an astounding figure—almost $20 million a year. I took that to mean that many enlisted men in the lower pay grades and many retirees had been compelled, by economic pressure, to apply for and use food stamps.

Yet to save a relatively small amount by the measurements of the Federal budget figures, there were those who said we ought to cut out the commissary support funding, thus showing no regard for the promise made to those in uniform or in retirement.

There has been talk, as you know, of changing the retirement system, and indeed Chairman Nichols has said that he would hold hearings on this matter in the near future, but I would hope that even the most eager advocates would make changes affecting newcomers to service, and not those already in uniform.

Medical care is another concern, and some retirees have criticized changes, but to maintain health care, our Armed Services Committee successfully led an effort to continue the military's University of the Health Sciences, even after the budget planners persuaded the Department of Defense to cancel that important training program.

I know all of you are concerned with the all-volunteer force concept. In brief, we in the Congress share that concern. We have some Members of the Congress who are already convinced that it isn't working, and many more of us who recognize that questions must be answered. We know, of course, that as the economy improves, there's more competition for the young men and women the services need, and we've seen, in the active forces, the Reserve and the Guard that there are pressures to take more class D people, those in the lower bracket of competence.

The Guard, for example, is 45,000 men short right now—that's an alarming 10 per cent of personnel. In the total force concept, it's a major problem.

We're watching all the factors—the decline in population in the teen-age levels, the question of how much educational help we need to assist those in uniform or those who want to continue their education after their service, the ever-increasing costs of recruiting and retaining personnel, and other factors that might be called grim.

What might be called the other end of the cycle is our concern about the deserters and draft evaders for whom the President has proposed amnesty. I recognize that the President, as Commander in Chief, or the Secretary of Defense as his agent, possesses the legal authority to determine what class of discharge a veteran might get. But if dishonorable or general discharges are upgraded to honorable, a question then arises as to whether these men are entitled to the same privileges which other veterans earned when they served honorably and well.

Should they, for example, get the same GI educational benefits that now cost the taxpayers $13,000 per eligible veteran? Should they get VA medical care? I would think not. Ours is a forgiving Nation and it may be that we should forgive, but I am not prepared to reward those who turned their backs on their country.

For that reason, when the House debated providing funds for continuation of the Veterans' Administration programs, I strongly supported an amendment which declared that no funds should go to individuals whose discharges were upgraded by the President's special discharge program. I spoke during the floor debate, after someone said we ought to forgive slight transgressions. I said that failure to serve honorably was more than a mild transgression, and I did not propose to reward such action.

That amendment passed the House by a vote of 273 to 136—and some of those who voted "no" agreed with the purpose of the action but wanted to await the hearings being held by our Veterans' Affairs Committee.

I also feel I should tell you that strong as I am in support of our defense establish-

ment—a sentiment shared by Chairman Price, Mendel Davis, and most members of our Armed Services Committee—these are not unanimous opinions in the Congress. Each of you here tonight, as you head back to your homes or your military stations, should be aware that you can help carry on the work of your organization.

Keep up to date on legislation in the Congress. Read your organization newspaper, the Vanguard, other military-oriented publications, your newspapers, and when you spot an issue on which you feel strongly, write your Congressman and your Senators. Believe me, a personal expression from a constituent is well worth his time and effort, and it helps affect votes. I might add that you ought to pick your targets—if a member is already on your side, he doesn't need convincing. Just let him know that you support him. But if you know your Congressman is undecided or on the other side, let him know what you think.

I've talked long enough. I was told early in my political career to never compete with a preacher—and I don't plan to talk till church time tomorrow morning. I think there's another truth, too—never compete with a dance band.

So let me conclude by thanking you for your attention and for the opportunity to appear here to accept your honor for Chairman Mel Price. He told me to convey his regrets at his inability to personally be present to receive this honor which you have bestowed upon him. But I am pleased he chose me to stand in for him. And as a citizen, my thanks to each of you for your time and effort which have helped build greater strength into the Non-commissioned Officers Association of America.

PUBLIC ASSISTANCE AMENDMENTS: H.R. 7200

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. PURSELL. Mr. Speaker, I would like to reiterate my support for federally funded preventive service programs which can reduce the need for foster care, as was contained in the public assistance amendments, H.R. 7200.

Although I voted "no" on the passage of H.R. 7200 for reasons of principle on two minor accounts, I indeed erred by voting against a very meritorious bill. I recognize and strongly support provisions in the measure which deal with the child welfare services program, aid to families with dependent children, and those which provide protective measures for foster care children removed from their homes for long-term placement.

The adoption provisions of the AFDC program are by far one of the most important components of the total Federal welfare program. Under H.R. 7200, States will be allowed to use Federal AFDC matching funds to provide foster care for children in public institutions or group homes. On the whole, passage of H.R. 7200 has evidenced the prospective worth in meeting the financial crisis of those less fortunate.

I am particularly supportive of the clause which directs the Secretary of HEW to take steps to provide for the establishment of a national and regional adoption information center. These steps would emphasize the need for efforts to actively recruit potential adoptive parents, as well as develop a more unified national adoption network.

Further, children who enter foster care are too often inappropriately placed in institutions when their needs could better be met in less restrictive settings. The title IV amendments recognize the need for different types of foster care placement types to provide a broad range of services for the needs of the children in foster care.

The public assistance amendments would also recognize that family reunification services be made available to children receiving foster care and their families. I fully agree that more aggressive efforts, such as this, be made to try and reunite these children and their families.

In summary, I view these preventive service programs as valuable, timely, and enormously vital to our total program of Federal assistance legislation.

OPENING OF CENTER

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. LONG of Maryland. Mr. Speaker, on July 24 I had the opportunity to speak at the opening of the Francis X. Gallagher Center in Pikesville, Md. The text of the address follows:

THE HONORABLE CLARENCE D. LONG AT THE OPENING OF THE FRANCIS X. GALLAGHER CENTER

I welcome Archbishop Borders, Senator Sarbanes, Harold Smith and Margaret Mohler from Associated Catholic Charities, County Executive Venetoulis, Mayor Schaeffer, Mr. Goldstein, Mr. Lucas and Mr. Monohan from the State of Maryland. and especially Mary Gallagher and the Gallagher family, who have a right to be very proud on this occasion.

I am honored to speak at the dedication of this center, honored because of my friendship with Frank Gallagher and honored because of the philosophy that the center embodies. I can think of no greater cause than to help handicapped children who might otherwise be institutionalized and make it possible for them to share in the full life of the larger community.

Retarded persons have long been among the most discriminated against individuals in our society. They depend on someone else speaking up for them. All too often, no one has.

In the last Congress we passed legislation that set the goal of providing full, free public education to all handicapped individuals by 1980. In the past year 1,350,000 retarded children were served under this act. but 150,-000 still remain to be included in these programs. The Congress appropriated $315,-000,000 to carry out the Education for All Handicapped Children Act in 1977, and we hope to increase this commitment significantly in the coming year.

Legislation is also pending that would allow the parents of handicapped children to deduct educational expenses that go beyond those provided in the Handicapped Children Act from their taxes, I wholeheartedly support such legislation.

I congratulate Catholic Charities for its concern and for having the moral will to put that concern into action.

As Chairman of the Foreign Operations Committee of the Appropriations Committee of the House, I have seen first-hand the courage of the Catholic Church in fighting for justice. Catholic clergy from countries where repression rules have testified without thought of their own danger, before my Committee about the atrocities they have seen and suffered. The Francis X. Gallagher Center is in the long Catholic tradition of altruistic and charitable work.

I congratulate all those who were instrumental in bringing this project to fruition, especially Mr. Smith and Mr. Monohan who worked very hard, and the Trinitarian Fathers who will make the Center a success.

TRIBUTE TO DR. HELEN KELLEY

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mrs. BURKE of California. Mr. Speaker, it is with pride and a sense of reverence that I pay tribute today to Dr. Helen Kelley upon her retirement as president of the Immaculate Heart College in Los Angeles.

Under her leadership, a responsiveness to contemporary needs and values has been built into the program of Immaculate Heart College. It has joined in the intellectual progress by offering facilities and acceptance to those who are groping for honest reactions to social pressure they do not understand and, often times, with which they are unable to cope.

To insure further relevance, Dr. Kelley was the guiding force in the enlargement of the board of trustees to include a majority of lay members. These lay members have added a vitality and strength that is reflected in the programs of the college.

But further, through the turbulence of the 1960's, Dr. Kelley stood out as a sensitive but fearless pillar of common sense to which we all are indebted. It was her leadership and spiritual strength that brought the Sisters of the Immaculate Heart Community through a period of growth that has been an inspiration to men and women the world over.

Her intellectual honesty and steadfast commitment to human dignity stands as a monument in her honor. And none of us who know her can forget that she also has a joyous sense of humor coupled with an instinctive sense of charity.

She will be remembered not only as a leader of American educational administration but also as a leader in the human rights movement in the United States. But more important for many of us, she will stand out as our model for truth, strength, and humility.

I salute Dr. Helen Kelley upon the occasion of her retirement and extend to her my best wishes and full cooperation in whatever endeavor she is presently considering. Whatever it is, we can all be sure that Dr. Kelley will continue to strengthen human dignity for all.

THE FARM BILLS

HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. NOLAN. Mr. Speaker, the Carter administration has repeatedly attacked the target prices and loan levels prescribed in S. 275, the Senate farm bill. The price supports in the Senate bill, administration economists claim, will be highly inflationary for consumers and will jeopardize attempts to balance the budget. Both assertions are false.

The Carter administration nevertheless is counting on a drop in farm prices to help cool inflation in the coming months. The President's economic advisers apparently have had the commonsense book-learned right out of their heads. They fail to note some obvious facts.

According to the Department of Agriculture's "market basket" figures, between 1974 and May 1977 the retail cost of food climbed 16 points, but the farm value of food registered a modest increase of 2.2 points. By contrast, processing and marketing costs skyrocketed 24.9 points. During this period, the farm value of food in the market basket declined from 43 percent to 39 percent. The Carter economists ignore the fact that the nonfarm share of the food dollar is the real inflationary culprit. Blaming farmers for rising food costs therefore represents either the height of ignorance or a willful attempt to make farmers the shock absorber for inflation.

President Carter still threatens to veto the Senate farm bill, claiming that it will strain the budget too much. This charge, however, is without foundation. The target prices and loan levels in the Senate farm bill represent only 0.8 percent of the Federal budget outlays for fiscal 1978 and an average 1.1 percent annually between fiscal 1979–82. The total budget outlays for direct payments and CCC loans under S. 275 are substantially lower than the same outlays for the fiscal 1966–70 and the fiscal 1971–74 periods.

Although the sudden—and brief—widening of export markets between 1972 and 1974 raised market prices and reduced farm program costs, the budget outlays during the preceding periods cannot be ignored because the export market has never been sustained. From a more accurate, historical perspective, the target prices and loan levels in S. 275 require lower budget outlays than those previously authorized during periods when the market prices for farm products were falling.

As of July 21, 1977, administration representatives indicated that President Carter will not veto H.R. 7171, the House farm bill which now includes increased price supports for the 1977 wheat and corn crops. At the same time, the President claims he will veto any increase in price supports beyond the levels prescribed in H.R. 7171 for the 1978–81 crop years. The administration's rhetoric implies that the Senate farm bill is a wildly inflationary, budget-busting measure. The facts indicate otherwise.

According to projections by the Congressional Budget Office and the Congressional Research Service, a comparison of H.R. 7171—as amended, and which the administration supports—and S. 275 reveals little difference between the two bills for the 1978–81 crop years. The following table tells the story:

	Average[1]	Average[2]	Total[3]	Average[4]
Fiscal years 1979–82 (estimated):				
H.R. 7171	2.2	2.0	4.2	0.8
S. 275	3.4	2.1	5.5	1.1

[1] Average annual direct payments (billions of current dollars).
[2] Average annual net CCC lending (wheat, feedgrains, cotton, rice).
[3] Total budget outlay (average annual outlay for direct payments and CCC lending).
[4] Average percentage of Federal budget outlays.

As the table reveals, S. 275 is projected to cost $1.3 billion more annually than H.R. 7171, which will raise Federal budget outlays by 0.3 percent, from 0.8 percent to 1.1 percent. The total budget outlay for target payments and loans is so miniscule—and the outlay for loans is a recoverable item—that the Carter administration's stubborn opposition to S. 275 defies rational explanation. Clearly, S. 275 will not bust the budget, but the administration's desired meager budget outlay for target and loan programs may bust agriculture.

Actually, the administration's whole program to balance the budget appears to be misguided and ineffective. In the following article, published in the Washington Post on July 24, 1977, Hobart Rowen casts grave doubts upon President Carter's ability to cut inflation to 4 percent by 1980.

Little wonder that the administration's anti-inflation program is failing. The "high poohbahs of conventional wisdoms," who dominate the Economic Council and OMB, have decided to curb inflation by sacrificing agricultural commodity programs. The budget cannot be balanced by trying to squeeze blood out of a turnip. As Mr. Rowen's article suggests, conventional economic theory is bankrupt.

The article follows:

A GRIM INFLATION OUTLOOK

Evidence is piling up that the outlook for lower rates of inflation "is rather grim." President Carter's goal of cutting the rate to 4 per cent by the end of 1979 looks hopeless in the absence of any real administration anti-inflation plan.

The phrase "rather grim" belongs to Northwestern University Prof. Robert J. Gordon in a recent Brookings paper. But almost everyone else is jumping on the bandwagon.

Intellectual opposites such as monetarist Milton Friedman and Keynesian Arthur M. Okun see inflation lingering for years. Friedman, in a new book, talks of "decades" of simultaneously rising inflation and unemployment.

"The truth of the matter is that we just don't know how to control inflation," said a U.S. official at the conclusion of the London summit.

In its statements for the record, the Carter administration has to keep up a more hopeful facade. But testimony last week by Economic Council Chairman Charles L. Schultze was the first formal admission that we have had double-digit inflation (11 per cent on the wholesale index and 10 per cent on the consumer index) for the first four months this year. This is more worrisome than the less offensive "6 per cent underlying rate" the Carter administration usually publicizes.

Schultze hopes and promises that inflation will subside in the second half, with less pressure from food and fuel prices. But in contrast to the stated administration goal of a 4 per cent rate by the end of 1979, its own recent forecasts and projections of consumer inflation, December over December, go like this:

	Percent
1977	6.9
1978	6.1
1979	5.7

A thoughtful report just issued by the Congressional Budget Office, titled "Recovery with Inflation," is pessimistic. It says that the persistence of high inflation in a lackluster economy remains a "puzzle."

Both the CBO and Northwestern's Gordon remind us it is still theoretically possible to apply a crunch—the "old-time religion"—and squeeze prices down 1 or 2 percentage points.

But the cost would be a jobless rate even higher than the present 7.1 per cent level, a more severe recession, and a worsening of the problems of the cities, so well illustrated by last week's blackout riots in New York City.

What then? The CBO mentions and discards (too quickly) general wage-price controls, interventions in specific markets, and tax incentives as hopes for quick cures.

Gar Alperovitz, a non-establishment economist who runs the Exploratory Project for Economic Alternatives, has proposed a plan that deserves consideration. It would tackle inflation in the areas where it hits hardest at consumers—food, energy, health and housing.

These necessities account for 70 per cent of the average family budget, a fact to which President Carter alluded in his first and only fireside chat.

Alperovitz is looking for radical solutions, not an extension of present food, rent, and Medicare subsidies that merely increase demand and add to inflationary pressures.

Moreover, he argues, most existing subsidies—food stamps, housing, welfare—are aimed at poor people and "alienate working people and the middle class."

One facet of Alperovitz' plan—which will cause cardiac reactions in the estate industry, the banking community and at the Federal Reserve Board—calls for unlimited public ownership of land. And it would require the Fed to reallocate credit for low- and moderate-income housing (and mass transit).

On food, Alperovitz would follow the Canadian system of setting low consumer prices and supplementing production costs by direct payments to farmers. Antitrust policies and support for smaller farmers and co-ops would replace tax and other aids to agribusiness.

These are indeed radical approaches. But if "the slow unwinding of inflation . . . is probably the best that can be expected over the next few years," as the CBO says, it may be time to seriously consider something more daring.

The only alternative—and it may be the right one—is to go back to a system of full wage-price controls. We are never going to cure inflation until some limitation on the discretionary power of business and labor to raise prices and wages becomes politically acceptable.

PERSONAL EXPLANATION

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mrs. KEYS. Mr. Speaker, on Tuesday, July 26, 1977, I was unavoidably absent

from the House for rollcall No. 457, a preferential motion offered by Mr. MITCHELL of Maryland to H.R. 7932, making appropriations for the legislative branch for the fiscal year 1978. Had I been present, I would have voted "yea."

THE INJUSTICE OF THE HYDE AMENDMENT

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. ROSENTHAL. Mr. Speaker, Members of the House of Representatives will be given another chance next week to voice their concern over the outright banning of federally funded abortions. It is my sincere hope that the House will take this opportunity to reconsider its previous endorsement of the Hyde amendment which will deny thousands of poor women the same rights to a safe, legal abortion as are had by the middle-class and wealthy women of America.

The enactment of the Hyde amendment will force poor women to once again have illegal or self-induced abortions. The following article, published in the May/June 1976 issue of Family Planning Perspectives examines how the poor women in New York City dealt with unwanted pregnancies before abortion was legal. It presents a picture of a situation to which we dare not return:

THE BAD OLD DAYS: CLANDESTINE ABORTIONS AMONG THE POOR IN NEW YORK CITY BEFORE LIBERALIZATION OF THE ABORTION LAW

(By Steven Polgar and Ellen S. Fried *)

Although the incidence of illegal abortion in the United States has been vastly reduced since the Supreme Court's 1973 decisions overturning restrictive state abortion laws, some women continue to obtain—and die as the result of—clandestine abortions, self-induced or performed by nonmedical operators. What is more, virtually all of the women who have died from illegal abortions since the Supreme Court decisions have been poor and members of minority groups—80 percent of them were nonwhites.[1] A high-powered national campaign is under way to amend the Constitution and make abortion a criminal offense—turning the clock back to the days before liberalized abortion laws were passed in the late 1960s, and where it remains stopped for millions of women in countries where it is still impossible to obtain safe, legal abortions. Examination of the illegal abortion situation that obtained in New York City in the mid-1960s, before liberalization of New York's abortion law, is therefore illustrative of what might be expected if antiabortion groups win their battle to reverse the Supreme Court decisions it is also suggestive of what is being experienced currently by women still denied access to safe, legal abortions because of poverty and restrictive local policies.[2]

In the 1960s, prior to liberalization of New York State's restrictive abortion Law, an average of 400 legal ('therapeutic') abortions were performed each year. Poor and minority-group women were virtually precluded from obtaining safe, legal procedures, the overwhelming majority of which were obtained by White women in the private hospital services on psychiatric indications.[3] Most of the poor and minority-group women seeking to obtain abortions, it may be presumed, were among the 50,000 New York City women estimated to have obtained clandestine abortions annually in the preliberaztion years.[4] Abortion-related mortality in those years was very high—about 25 deaths annually—all attributable to clandestine procedures.[5] By 1974, illegal abortion mortality had been wiped out—and there was only one death associated with legal abortion.[6] On the basis of survey data collected in the mid-1960s, we will describe in this article some of the facts about clandestine abortion before the law was changed.

This investigation is part of a project initiated in 1965 by the Planned Parenthood Federation of America in collaboration with its affiliates in New York City. Interviews were conducted in 1965 and 1967 by the New York office of the National Opinion Research Center with a panel of married women and single parous women (18–38 years old at the time of the base-line interviews) from randomly selected households in four New York City areas, containing about 70,000 residents each; a supplementary sample from a fifth area was interviewed once in 1967.[7] One or more interviews were conducted with a little over 1,000 women, 889 of whom were included in this study. Items concerned with abortion were included in all questionnaires. In the initial interviews—i.e., the ones conducted in 1965 with the panel and in 1967 with the supplementary sample—a thorough reproductive history was obtained. For each pregnancy a question was asked (among others) about its outcome: whether it was a live birth, miscarriage, abortion done in a hospital, or abortion done elsewhere. In the second interview with the panel there were similar questions, intended to update the reproductive history for the 1965–1967 interim. Quite late in the 1967 interviews, for both the panel and the supplementary sample, there was a series of questions dealing with knowledge about ways to abort, persons who could perform an abortion, the abortion experience of friends, relatives and acquaintances, and, finally, the details of the respondent's own abortion experience.

ABORTION ATTEMPTS

A total of 74 women, 8.3 percent of the 889 in the sample, said that they had attempted to abort one or more pregnancies; of these, 31 (3.5 percent of the sample) reported that the attempt had been successful. A total of 338 respondents, 38 percent of the sample, said that one of their friends, relatives or acquaintances had attempted to abort one or more pregnancies.

The responses indicate that in the population studied, abortions were most often attempted in the middle of the childbearing period rather than before marriage or after two or more children had been born. Seventy-six percent of the respondents were already married at the time they attempted to provoke a first abortion. Of those who reported more than one attempt 89 percent were married when the second abortion attempt was made and 86 percent at the time of the third. This is consistent with data obtained from the office of the New York City medical examiner showing that over half the women who died from the aftereffects of abortion between 1953 and 1963 were currently married.[8]

TABLE 1.—*Percent distribution of abortion attempts, by number of respondents' living children at each attempt, New York City, as reported in 1965 and 1967*

Abortion attempt	N	Percent by No. of children					
		0	1	2	3	*4	Total
1st	74	23	31	23	13	9	100
2nd	33	0	34	30	18	18	100
3rd	12	0	34	8	50	8	100
All attempts	119	17	38	28	22	14	100

*Greater than or equal to.

NOTES: Percents may not add to 100 because of rounding. Table does not include seven abortion attempts where it is unknown if it was a first or later attempt.

Since no nulliparous single women were included in our sample, the information we have on the premarital nulliparous period is neither representative of fecundable nulliparа nor contemporaneous with the interviews. Responses about premarital abortion attempts, therefore, are more subject to recall error than attempts made closer to the interview date. We doubt, however, that these factors could entirely explain the pattern of reported incidence in this population, which contrasts strongly with that of women who have obtained legal abortions in the United States since 1970—the overwhelming majority of whom are unmarried.[9]

Table 1 shows the number of living children that respondents reporting one or more abortion attempts had at the time they tried to terminate the pregnancy. It is clear that at both the first and second attempts most of the women had two or fewer children, and even at the third attempt, a large majority still had three or fewer. Less than a quarter of them had no children at the time they first tried to end a pregnancy, and none were nulliparous when second or third attempts to end pregnancy were made.

Subject to the cautions noted above, these findings indicate that induced abortion in poverty neighborhoods of New York City in the 1960s was predominantly used to stop pregnancies that came at an inappropriate time or from a union that was unsatisfactory, rather than to avoid a premarital pregnancy or to terminate childbearing after two or three children had been born.

THOSE WHO PERFORM ABORTIONS AND THE METHODS USED

The success of an abortion attempt and the risk of complications are both closely associated with the skill of the person involved and the techniques utilized. Only 16 percent of all respondents said that they knew of a specific person who might help to terminate a pregnancy. Forty-three percent of these women (seven percent of the total) said that the person they had in mind was "just an ordinary woman" (i.e., a person without any specialized medical training). Only 23 percent (four percent of the total) said that the person was a physician. Sixteen percent of those who reported knowing of someone other than a physician (two percent of all respondents) said that they knew of people who would perform abortions for money, but did not indicate whether these persons had any specialized training. These findings confirm the common presumption that during the 1960s, women living in poverty neighborhoods had very limited access to medically supervised abortions.

Eighty percent of the respondents who reported actual abortion attempts said that they had tried to terminate the pregnancy themselves with no help from any other person. Only two percent of the respondents who attempted an abortion said that a doctor had been involved in any way. Regarding the attempted abortions reported for the respondents' friends, relatives and acquaintances, six percent were said to have been performed by doctors; 18 percent by "just ordinary women"; and 33 percent were said to have been self-induced. (A possible explanation for the large difference in the proportions of self-induced abortion attempts reported by the respondents for themselves and for their friends, relatives and acquaintances, may have to do with the degree to which the attempt is part of public knowledge. If someone other than the pregnant woman is to be involved, friends and relatives may well be called upon to recommend an abortionist. By the same token, if the attempt is to be entirely self-induced, there may be little incentive to discuss it with others. Knowledge

Footnotes at end of article.

about methods for self-induced abortion is probably obtained largely from women of an older generation, who would not be as likely to discuss it in terms of their own attempts as in more general terms.)

As for the known methods that people could use themselves to end a pregnancy, 74 percent of the 889 respondents replied that they knew of one or more methods. When the answers are classified by general type of method; 48 percent referred to a substance to be ingested orally. Some of these substances are relatively harmless, like herbal tea, but others, such as turpentine, can be quite dangerous. (The different methods described in this study are quite similar to those found in an investigation of folk abortion methods in California, (See: L. Newman, "Abortion as Folk Medicine," *California's Health*, 23:75, 1965).) Whether harmful or not, the oral methods are generally ineffective as abortifacients. More effective, but sometimes also dangerous, are techniques involving the insertion of something solid into the uterus; these accounted for 19 percent of the responses. In the majority of these cases, the women specified the object to be inserted as "the tube." A few respondents cited coat hangers and knitting needles, as well as a piece of bark, which, they said, expands after it is placed inside the uterus. Eleven percent of the replies mentioned the insertion of liquids—i.e., some form of douche.

Although the 889 respondents knew something about the abortion attempts of 338 friends, relatives and acquaintances, they could report the method used in only 214 (63 percent) of the cases. Where the method was known, uterine insertion (33 percent) was the most common type, followed by substances that were swallowed (30 percent). For the respondents themselves, methods taken by mouth were the most commonly reported.

TABLE 2.—REPORTED ABORTION ATTEMPTS AMONG RESPONDENTS AND THEIR FRIENDS, RELATIVES, AND ACQUAINTANCES, BY METHOD AND OUTCOME, NEW YORK CITY, AS REPORTED IN 1965 AND 1967

Method	Outcome				
	Survey respondents		Friends, relatives, and acquaintances		
	Number of attempts	Percent successful	Number of attempts [1]	Percent successful	Deaths
Oral intake alone	40	23	60	55	1
Douche (soap, Lysol, other)	16	69	26	85	0
Tube through cervix	8	75	58	90	1
Other uterine insertion	4	100	7	86	4
Done by doctor	0	----------	12	92	1
Baths	4	0	4	75	0
"Accidents" and exertion	2	0	2	0	0
Injections	2	50	18	72	0
Combinations [2]	49	22	----------	----------	----------
Miscellaneous and unknown	1	0	135	74	4
Total	126	33	322	75	11

[1] 16 abortion attempts where the outcome was unknown are omitted from the table.
[2] Only 1 method was coded for reported attempts by friends, relatives and acquaintances. For the respondents themselves, when the combinations are included, 59 pct of all attempts involved oral intake and 34 pct of all attempts involved the swallowing of some dangerous substance.

Forty-three of the 126 reported abortion attempts involved the swallowing of such potentially dangerous substances as Chlorox, turpentine or massive doses of quinine. Some of the women volunteered comments such as "God, was I sick." Other things taken by mouth were ruda tea, gin and various pills. Insertion of objects through the cervix and into the uterus, used in 19 percent of all attempts, came next in frequency, followed by douches, used in 11 percent (both techniques were used either singly or in combination with other methods).

In Table 2, the methods used by the respondents themselves are compared to those reported for their friends, relatives and acquaintances. One-third of their own attempts were reported to be successful, compared to 75 percent of the attempts they reported at second hand. This difference is very likely explained by the higher probability that a successful abortion will be mentioned to others than will an unsuccessful attempt. The comparative success rates of the different methods should be viewed with great caution. The numbers are small, and we cannot tell how complete and accurate the information obtained in the interviews was on this highly sensitive subject. In general, attempts where something was swallowed were less likely to succeed than attempts where something was inserted into the uterus. According to the respondents, in 3.4 percent of the 322 abortion attempts reported for their social circle where the outcome was known, the person died in the attempt. This is a death-to-case rate more than 1,000 times the rate currently reported in the United States for legal abortions.[10] Although the number of abortions in the denominator is undoubtedly understated, and respondents would be more likely to know of abortions where death ensued than of uneventful terminations, this proportion nevertheless suggests strongly how dangerous clandestine abortions can be.

SUBGROUP DIFFERENCES

The women included in the survey included Blacks, Puerto Ricans, West Indians, Hasidic Jews and other Whites, including representatives of various ethnic groups. Only Blacks and Puerto Ricans, however, were sufficiently numerous for detailed analysis of their responses (447 Blacks and 313 Puerto Ricans—85 percent of all respondents).

Reports of abortion attempts by women in the respondents' social circles were somewhat more frequent among Blacks (44 percent) than Puerto Ricans (35 percent), but there was no difference regarding their own attempts (10 percent and nine percent, respectively).

When the Black and Puerto Rican respondents are classified separately by socioeconomic status, slightly more abortion attempts are reported for friends, relatives and acquaintances, by those of higher status in both groups, but no difference is seen in the respondents' own attempts. However, Black women raised outside the South reported somewhat more attempts both for themselves and for their social circle than those raised in southern or border states. Among Catholics, the more religious women report somewhat fewer attempts, but the difference is small.

All in all, there seems to have been little variation between the subgroups of women living in poverty areas of New York City with respect to clandestine abortions in the 1960s. Factors relating to individual life circumstances were presumably much more important than gross sociological categories in determining who would and would not attempt to terminate an unwanted pregnancy at a time when it was very difficult to obtain a therapeutic abortion.

SUMMARY

In surveys of poverty neighborhoods in New York City conducted in 1965 and 1967, it became apparent that clandestine abortions were more frequently reported as occurring when the woman was married and had one to three children than before marriage or after three children had already been born.

Knowledge of persons who could induce an abortion was not very common among the women interviewed, and most of those who were known did not have any specialized medical training. Physicians were involved in only two percent of the respondents' own reported abortion attempts (No physicians actually performed any abortions. Their involvement was limited to completing self-induced abortions.) and in six percent of those among their friends, relatives and acquaintances.

There was a fairly large variety of methods known and used that were supposed to provoke an abortion. The largest proportion of these were substances taken by mouth—some of which, like turpentine, Chlorox and massive doses of quinine, are quite dangerous. The next largest group involved uterine insertions. Other types of methods like massage and baths were quite rare. The popularity of the oral route of administration may be relevant to biomedical researchers who are developing new fertility regulating methods and are concerned about their acceptability.

FOOTNOTES

* Steven Polgar is Professor of Anthropology at the University of North Carolina at Chapel Hill, and Project Director with the Carolina Population Center. He is a member of the Expert Advisory Panel on Human Reproduction of the World Health Organization. Ellen S. Fried, who recently acquired her doctorate in sociology from the University of Chicago, is a member of Lollipop Power, Inc., publishers of nonsexist children's books.

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[2] E. Weinstock, C. Tietze, F. S. Jaffe and J. G. Dryfoos, "Abortion Need and Services in the United States, 1974–1975," *Family Planning Perspectives*, 8:58, 1976.

[3] C. L. Erhadt, C. Tietze and F. G. Nelson, "United States: Therapeutic Abortions in New York City," *Studies in Family Planning*, Vol. 1, No. 51, 1970, p. 8; E. M. Gold, C. L. Erhadt, H. Jacobzine and F. G. Nelson, "Therapeutic Abortions in New York City: A 20-Year Review," *American Journal of Public Health*, 55:964, 1965; and R. E. Hall, "Therapeutic Abortion, Sterilization and Contraception," *American Journal of Obstetrics and Gynecology*, 91:518, 1965.

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[5] J. Pakter, D. O'Hare, M. Helpern and F. Nelson, "Impact of the Liberalized Abortion Law in New York City on Deaths Associated with Pregnancy: A Two-Year Experience," *Bulletin of the New York Academy of Medicine*, 49:804, 1973.

[6] J. Parker, F. Nelson and M. Svigir, "Legal Abortion: A Half-Decade of Experience," *Family Planning Perspectives*, 7:248, 1976, Table 5.

[7] S. Polgar and F. Rothstein, "Family Planning and Conjugal Roles in New York City Poverty Areas," *Social Science and Medicine*, 4:135, 1970, and S. Polgar and V. A. Hiday, "The Effect of an Additional Birth on Low-Income Urban Families," *Popular Studies*, 28:463, 1974.

[8] S. Polgar and T. H. Shey, "A Review of Abortion Deaths in New York City, 1953–1963," 1964 (unpublished).

[9] C. Tietze and M. C. Murstein, "Induced Abortion: 1975 Factbook," *Reports on Population/Family Planning*, No. 14 (2nd ed.) Dec. 1975.

[10] Center for Disease Control, DHEW, *Abortion Surveillance, Annual Summary*, 1974, Atlanta, 1976, Table 21, p. 35.

MEDICAL FREEDOM OF CHOICE BILL

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. RHODES. Mr. Speaker yesterday I cosponsored the medical freedom of choice bill. This legislation is designed to limit the Federal Food and Drug Administration's regulatory powers over the effectiveness of drugs.

The 1962 amendments to the Food, Drug, and Cosmetic Act expanded the regulatory powers of the Food and Drug Administration to include the responsibility for determining the effectiveness, as well as the safety, of newly developed drugs.

Since the enactment of the 1962 amendments, the result has been that new drugs have cost the American people more money and have been kept off the market for longer testing periods, thereby depriving people of effective medical treatment in some instances. The cost of developing new drugs under the efficacy provision has risen drastically. The average drug now takes from 7½ to 15 years of testing before it is placed on the market. Of course, the increased cost that has resulted from this prolonged testing is passed on to the American consumer. This means that sick people who need these drugs are deprived of them while they are tested for effectiveness—while at the same time some of the very drugs are being used to treat illnesses in other countries.

If this delay and increased cost resulted in more effective drugs for use by the American people then, perhaps, the delay before new drugs hit the market could be justified. However, this is not the case. The 1975 economic report of the President said:

It is not clear that the average efficacy of drugs introduced after 1962 is any higher than that of drugs previously introduced.

The medical freedom of choice bill would not change the safety requirements that the FDA is charged to enforce. Rather, it would remove only the effectiveness provision from the law. I hope that, in light of the facts outlined above, the medical freedom of choice bill can pass in this Congress so that necessary drugs will be made available to people who need them immediately.

A DISAPPOINTING RESPONSE FROM THE WHITE HOUSE ON ENERGY CONSERVATION

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. KOCH. Mr. Speaker, I recently received an energy-saving proposal from the president of Economic & Manpower Corp., Samuel Ganz. He pointed out that, while improved mileage standards for new cars are laudable, there are presently 100 million cars on the roads which will continue to operate for years and which offer an enormous potential source for gasoline conservation. With the understanding that proper carburetion and ignition can result in a 10 to 15 percent savings in gasoline consumption, Mr. Ganz recommended a Federal program to encourage or require regular servicing of carburetion and ignition systems.

Believing Mr. Ganz's suggestions to be worthy of serious consideration, I wrote to the President's energy advisor, James Schlesinger, with the thought that he might be interested in assigning a staff assistant to work with Mr. Ganz, me, and other interested parties in formulating some program and appropriate legislation based on Mr. Ganz's suggestions. I regret that the response I received was somewhat disappointing. If the President is serious about conserving energy, I fail to see how he can neglect the vast majority of cars that are already on the roads. Moreover, as Mr. Ganz also points out, new cars quickly become old cars, and they, too, require regular maintenance to continue to operate at maximum fuel efficiency. In fact, the introduction of sophisticated energy-saving devices and pollution-control equipment required by law for new cars makes routine maintenance even more important.

Anyone who has sat in bumper-to-bumper traffic with their windows down should support Mr. Ganz's proposals, having been asphyxiated by the clouds of unburned fumes billowing from the tailpipes of the many poorly maintained autos. While voluntary servicing makes economic sense for car owners, as the response I received from the administration correctly points out, the evidence all around us is that most people are negligent in this regard. It is time that the President's advisors emerge from their air-conditioned cars and smell for themselves where the greatest fuel waste in this country is.

My correspondence with Mr. Ganz and Mr. Schlesinger's office follows:

ECONOMIC & MANPOWER CORP.,
New York, N.Y., May 20, 1977.

Hon. EDWARD I. KOCH,
Federal Plaza,
New York, N.Y.

DEAR ED, the President's energy conservation drive includes a program to reduce fuel consumption in future automobiles, now being produced at the rate of 13–15 million per year. However, it is important to keep in mind that there are over 100 million vehicles currently operating in this country. It seems to me therefore, that it is equally, if not more important to reduce gas consumption by motor vehicles now on the road.

I understand that if proper carburetion and ignition are efficiently maintained in a vehicle, an estimated saving of 10–15% in gas usage can be achieved. A check-out of these systems and their servicing need not be done more often than twice a year.

A program for that purpose could include such aspects as—

1. Mandatory servicing of carburetion and ignition systems twice a year. (Coupled with safety inspection where required.)
2. Cost to be shared by vehicle owners, and the government.
3. Expenditure control can be effected by a voucher system from the government to the auto service organization. (Gas station, repair center, auto dealer, etc.)
4. Another possibility is a tax credit to the automobile owner, and possibly to the auto service organization, rather than cash payment.
5. State inspection stations to do the checking with corrections by private auto service organizations. (Although I hate to suggest more bureaucracy.)

If the idea is of interest, I suggest gathering a small informal group to discuss and make recommendations. It could include people from auto dealerships, gas stations, etc. from the union (Sam Myers) and energy and environment protection agencies. I will be glad to participate.

Sincerely,

SAMUEL GANZ,
President.

JUNE 16, 1977.

JAMES R. SCHLESINGER,
Assistant to the President, The White House, Washington, D.C.

DEAR MR. SCHLESINGER: I received the enclosed letter, and I think it contains some good ideas. If you are interested, would you be willing to assign someone to work with me and Mr. Ganz in formulating legislation embodying these ideas in some form?

Either way, please let me know. All the best.

Sincerely,

EDWARD I. KOCH.

Enclosure.

EXECUTIVE OFFICE OF THE PRESIDENT, ENERGY POLICY AND PLANNING,
Washington, D.C., June 28, 1977.

Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR MR. KOCH: Mr. Schlesinger has asked me to respond to your letter of June 16, concerning the proposals by Mr. Samuel Ganz for energy conservation by a program of automobile maintenance.

Mr. Ganz' suggestion of carburetion and ignition inspections twice a year is certainly worthwhile. A program encouraging voluntary adoption of such routine maintenance by the individual auto owner, at his own expense, would be most desirable. In addition to fuel conservation, it would be of economic benefit to the owner by the very fact

that such maintenance would add to the life expectancy of his automobile. The proposal for joint government/individual-owner maintenance has several drawbacks, however. The most obvious one is that not all Americans own automobiles, and some own more than one, and a government subsidy of routine auto maintenance would in effect be compelling the non-owner to support such maintenance through his taxes. And of course there are the businesses and industries who own fleets of automotive transports, who would also enter into such consideration if they were not to be discriminated against.

We appreciate your bringing this proposal to our attention. As you know, we welcome suggestions from the public since a viable energy plan will affect all individuals and industries.

Thank you for writing. With very best regards,

Sincerely,

S. DAVID FREEMAN.

JUNE 17, 1977.

SAMUEL GANZ,
President, Economic & Manpower Corp., New York, N.Y.

DEAR SAM: Thanks for your letter, and I apologize for the delay in responding. I think your ideas to conserve fuel by encouraging or required proper carburetion and ignition in the 100 million cars already on the road are good ones. I have written to the President's energy advisor, Mr. Schlesinger, inquiring whether he might be willing to assign someone to work with us to formulate legislation embodying your suggestions in some form

I'll be in touch. All the best.

Sincerely,

EDWARD I. KOCH.

JULY 1, 1977.

SAMUEL GANZ,
President, Economic & Manpower Corp., New York, N.Y.

DEAR SAM: Enclosed is the response from Schlesinger's office. Any comments?

Sincerely,

EDWARD I. KOCH.

ECONOMIC & MANPOWER CORP.,
New York, N.Y., July 18, 1977.

Hon. EDWARD I. KOCH.
Federal Plaza, New York, N.Y.

DEAR ED: Thanks for your effort on the motor vehicle energy conservation suggestion.

Apparently, it was not really understood.

If the Administration believes there is a real energy crisis and a total effort is necessary to meet it, then obviously all the motor vehicles in operation now and in the future must be a target for energy saving measures, not only the new ones. Incidentally after one year the new vehicles will be old and require maintenance to operate at maximum fuel efficiency.

The cost-sharing idea was only one approach. If the Administration prefers for the owner to assume all costs that certainly can be done. The point about non-motor vehicle owners paying for maintenance through tax abatement is tenuous. Government funds support roads (at the expense of mass transit), energy programs, industry subsidies and a host of others, depending on how much each involves the public interest. Also the commercial vehicle maintenance would not be government cost-shared because this expense would be part of their regular maintenance and thus included in their costs of doing business.

However, the whole matter is not worth belaboring if it will be opposed by the agency. My only reaction as an ex-bureaucrat is one of cynical disillusionment.

Thanks for your interest.

With best wishes,

SAMUEL GANZ.

THE HALF-SAFE CAR

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. CRANE. Mr. Speaker, in a recent announcement by Secretary of Transportation, Brock Adams, he stated that all new cars must have "automatic crash protection" whether it be air bags or shoulder harnesses. Although no real commitment has been made to air bags, there has been no strong lobbying against them either.

Air bags are expensive and relatively ineffective. In towaway accidents involving approximately 11,000 cars equipped with air bags from 1973 through 1976, there have been four fatalities and 23 serious injuries. That rate is far higher than for shoulder harness equipped cars, even averaging in accidents in which the shoulder harness was not in use. As far as cost is concerned, the lowest estimate by a major automaker is GM's $193. Ford puts the cost $235 and Chrysler estimate is at $250 or more.

There is no good reason why the public should even consider accepting the administration's proposal. It has already been proven that harnesses are very effective and introducing air bags to all new cars would be a waste of time and money.

With these thoughts in mind, I would like to insert the enclosed article entitled, "The Half-Safe Car" which zeros in on the costly ineffectiveness of the air bag:

THE HALF-SAFE CAR

We've been wondering why Brock Adams, in his "air bag decision," seeks to force the nation's motorists to accept an auto safety device that is both expensive and relatively ineffective.

The most charitable answer is that the Transportation Secretary felt compelled by the rigidities of the Motor Vehicle Safety Act to go with available technology, however flawed. If so, he should read the act again.

Less charitably, but more plausibly, we could guess he fell victim to the air bag lobby—such voices as Allstate Insurance, Ralph Nader and Joan Claybrook, a Nader protege who has risen to become Mr. Adams' highway safety chieftess. These early advocates of the air bag trouble their minds little with recent data demonstrating its inadequacies.

Least charitably of all, we might think the Secretary himself has come down with that virulent Washington disease, paternalism. Whatever the reason, it was a bad decision.

We should note at the outset that the Secretary did not commit himself unequivocally to the air bag. His order merely requires that beginning in 1981 and by 1984 all new cars be equipped with "automatic crash protection—air bags or passive seat belts."

But no one is lobbying very hard for the passive seat belt. Reliable crash data still are sketchy on the one such device in general use, on the Volkswagen Rabbit, which pulls a strap across the passenger when he closes the car door and utilizes "knee bolsters" to prevent his sliding under the strap in a crash. Given the DOT's biases, it is not misleading to call the Secretary's action, at this stage at least, an "air bag" decision.

But the DOT's own research shows lap and shoulder harnesses, with which cars sold in the U.S. already are equipped, far more effective than air bags in protecting passengers. In tow-away accidents involving the approximately 11,000 cars equipped with air bags from 1973 through 1976, there have been four fatalities (five if you count one delayed death) and 23 serious injuries. That rate is far higher than for shoulder harness equipped cars, even averaging in accidents in which the shoulder harness was not in use.

Dr. Howard Goldmuntz, who has been conducting auto safety research under federal contracts for six years and who favors laws requiring motorists to use their shoulder harnesses, notes that harnesses were in use 44.2% of the time in 1975 cars involved in tow-away accidents. "Even at the 1975 voluntary usage rates, 30% more lives would be saved with harnesses than by mandating the air bag," he contends. "For those of us who use the harness, requiring that we use the less safe air bag is a cruel and unwarranted imposition."

Indeed it would seem so. In order to argue that the air bag would save lives it was necessary for DOT to hold, on the basis of observations in shopping center parking lots, that motorists buckle their harnesses only 20% of the time. Even at 20% harness usage, Dr. Goldmuntz doubts that the air bag would be superior.

It doesn't help the Secretary's case when costs are thrown into the balance. His argument that air bags "could" cost an added $100 to $200 is so optimistic as to border on the fraudulent. The lowest estimate by a major auto maker is GM's $193. Ford puts the cost at $235. Chrysler estimates it at $250 or more.

That doesn't include consideration of the air bag's 40 to 50 pounds extra weight, which calls for costly additional engine power. It doesn't include maintenance costs; the air bag can be dangerous if its deceleration sensor is mishandled by a mechanic. And it doesn't take account of replacing the bag and repairing the damage to the passenger compartment if the air bag bangs out through malfunction or a minor accident. The bill here runs $500 to $600. Congressman Bud Shuster of Pennsylvania predicts 30,000 accidental deployments a year if all cars are air bag equipped and puts the bag's cost to the average motorist during his driving life at $2,000. Claims that the air bag would lower insurance costs look implausible in the face of these numbers.

It should be obvious by now that there is something other than logic propelling the drive for "passive restraint." There is. Passive restraint is a part of the theology of those who distrust individual choice and judgment. The Secretary's brief for the air bag holds that "the automobile's characteristics must reflect broadly defined societal goals as well as those advanced by the individual car owner." In case you haven't heard, "societal goals" are set in Washington.

Secretary Adams decided to mandate air bags after discovering that "public acceptance or rejection of passive restraints is not one of the statutory criteria which the department is charged by law to apply in establishing standards." Maybe not, but Congress might want to give some thought to public reaction in deciding over the next two months whether to let the Secretary's deci-

sion stand. It has only been three years since Congress was forced by public outrage to scrap the interlock, which made it impossible to start a car without first buckling the seat belt. Public preferences may not look very important to Secretary Adams but we have the feeling they still count for something in the American political process.

A "VIEWPOINT" WITH MERIT

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. VANDER JAGT. Mr. Speaker, I have just had the opportunity to read an outstanding column in the most recent edition of Life Association News written by C. Carney Smith, executive vice president of the National Association of Life Underwriters—NALU. The publication, circulated nationally to thousands within the membership of NALU, features Mr. Smith's "Viewpoint" column in each edition. The one featured in the July 1977 issue, entitled "Equality and Equality of Opportunity" does have a great deal of food for thought for all of us.

Permit me to quote Mr. Smith's excellent closing paragraph, summarizing very well his comments on this matter. Mr. Smith concluded:

Men and women must march to the drummers they hear. But let us recognize that equality has nothing to do with equality of opportunity. And let us recognize that men and women who have risen to the challenge of opportunity have, by their actions, become stars in our business and in other fields of endeavor.

At this time, I would like to include Mr. Smith's entire column:

EQUALITY AND EQUALITY OF OPPORTUNITY

It occurs to me that we are becoming more and more confused about equality and equality of opportunity. We all endorse the principle of equal opportunity for everyone; it is a goal toward which we must strive. But striving to make everyone equal is an entirely different matter. Many government regulations being imposed on business and education are so extreme that the result will be equal mediocrity, not equal opportunity.

As noted in The Wall Street Journal, a group of poets protested that a famous magazine did not publish very many poems from minorities or women. Because the magazine was being given government money, the poets felt that the magazine should publish more poems from these groups. Are they suggesting the magazine lower its standards?

I'm told the government is now considering regulations that would require colleges to accept students regardless of their background or habits. Colleges would be forced to accept alcoholics and drug addicts. Private colleges today can't get an honest evaluation of a high school student other than his grades because the teachers and principals are afraid to write anything but innocuous letters of recommendation. If the trend continues, even our literature and schools will become bastions of mediocrity.

Such things impinge upon freedom of choice and individual initiative. The government seems to be trying to put us all into the same mold. Maybe we should now ask ourselves whether we really are free. Do we dare to stand out in a crowd? If not, we are not free. We have lost our individualism; we have become "yes" men to the masses. When enough people are enslaved by this social tyranny, it is easy for a dictator to step in and take over.

Democracy is committed to equal opportunity; without it, democracy will perish. No society, however, can guarantee its citizens equality of condition, of social and economic status. We are unequally endowed by our Creator. We cannot make good poets by forcing a magazine to publish poems just because they are written by members of minorities. On the other hand, if those members write good poems, they should be published. Any change in that position by the magazine would be a disaster. Our country cannot advance unless we reward ability.

Development of ability comes from self-discipline. Through self-discipline the individual can gain knowledge to take advantage of equal opportunity. In life insurance selling, for example, equal opportunity is available to all. That all do not want to pay the price for Million Dollar Round Table membership does not deny the fact that the opportunity is there. The fact that more agents do not make MDRT does not mean they are inferior, that they are not making contributions to society. It's possible that in many respects they are making greater contributions than MDRT members; they just have different goals, different talents, different backgrounds. If we ever get to the point where we have to have so many people in MDRT simply because we do not have enough of one minority or another represented, then all will be lost.

Men and women must march to the drummers they hear. But let us recognize that equality has nothing to do with equality of opportunity. And let us recognize that men and women who have risen to the challenge of opportunity have, by their actions, become stars in our business and in other fields of endeavor.

C. CARNEY SMITH,
NALU Executive Vice President.

BAD BUSINESS ALL AROUND

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. ABDNOR. Mr. Speaker, when we consider the Fair Labor Standards Act amendments later this week, particularly the provision tying the cost-of-living index to the minimum wage, I hope we all fully comprehend its full potential—not only as far as inflation is concerned, not only as far as depriving young people and the untrained of jobs is concerned, but also as far as our congressional responsibility to make timely determinations is concerned.

It sounds very simple to point to this bill and think we are doing away forever with the need to set minimum wage rates: Just tie it to the cost of living and the problems are gone forever. Or, are they?

Dave McNeil, executive vice president of the Greater South Dakota Association, reviews some of the pitfalls in a column he has prepared for release this week. The article follows:

MINIMUM WAGE REVISITED

PIERRE.—It's not bad enough that the Federal Minimum Wage exists in a "Free Market Economy", but last week's Washington headlines were a bit much. Congressional leadership, the Administration and Labor negotiated the new minimum wage level. Wow! That's heavy stuff.

The Federal Minimum Wage is not related in any way to an employee's ability, productivity or desire to work. For the most part, those who receive minimum wage are not breadwinners (heads of households). Is it worth $3.00 per hour for dishwashers or supermarket carry-out boys? How about our state's tourist industry? Most of the jobs are seasonal, providing college kids with the necessary money for school expenses.

With no merit factors involved in receiving the minimum wage, an employer is likely to go for the most potential productivity money can buy. Voila'! Out goes the kids and in come the heads of households becoming under employed.

No matter how you look at it, a government minimum wage standard is negative and causes a dampening effect on the job market.

In this week's issue of Business Week, there is an indepth story on lobbying and its impact on our country. Lobbying is one thing, but raw negotiating between two branches of government to arrive at what business should pay its employee goes beyond lobbying. It smacks of Big Brother.

The kicker in all this is the current minimum wage bill carries an indexing system to tie the cost of living index and minimum wage together. This means Congress will never again have to suffer through the agony of voting on minimum wage levels. Exit one more political football, i.e., Federal decisions with potential reverberations from back home. The way things are going, our good, forthright Congressmen Abdnor and Pressler won't have much in the way of issues to convey their (our) conservative financial spirit in Washington, D.C.

CARTER AIDE HOLDS MEETING ON BATTERED SPOUSES AT WHITE HOUSE

HON. NEWTON I. STEERS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. STEERS. Mr. Speaker, I was pleased to note that the Washington Star reported yesterday that Presidential adviser, Midge Costanza, has offered to help with passage of legislation to aid battered wives.

Congresswoman LINDY BOGGS and I introduced the first major piece of legislation, H.R. 7927, to address spouse abuse on June 21. Senators WENDELL ANDERSON and EDWARD KENNEDY introduced an identical version of the measure on the same day in the Senate.

The article appears below.

CARTER AIDE BACKS BATTERED SPOUSE BILL

Proponents of national legislation to help battered wives got a boost recently when presidential adviser Midge Costanza said she wants to help organize a national lobbying effort to win passage of the bill.

One recent study concluded that more than half of the country's married women are physically abused to some degree by their husbands and that at least 10 percent—close to 5 million women—are badly battered.

In Prince Georges County, for example, police recorded 8,440 cases of wife beating in 1974.

Experts have noted that spouse abuse, like child abuse, has been a hidden problem until recently because victims were too embarrassed to ask for help, and there was an absence of laws and lack of facilities to protect them.

Bipartisan legislation to provide help for battered spouses has been introduced in the House by Reps. Newton I. Steers, R-Md., and Lindy Boggs, D-La., and in the Senate by Sens. Wendell R. Anderson, R-Minn., and Edward M. Kennedy, D-Mass.

The identical measures, which would authorize money for shelters and demonstration projects as well as for research into the causes, is considered the first federal measure aimed at dealing with the problem of domestic violence.

Costanza met last week in an emotional two-hour session with some women who told her of being beaten by their husbands. One woman said she was so badly beaten that she lost one of her kidneys, and that a recent beating almost destroyed the other.

At the close of the meeting, Costanza told staff aides of the congressional sponsors that she wants to meet with them again in three weeks to discuss the legislation and plan a national campaign.

CONFEREE ACTION IS NOT A SETBACK FOR THE BREEDER

HON. DAVID L. CORNWELL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. CORNWELL. Mr. Speaker, last week the House and Senate conferees on the public works appropriations bill decided to eliminate "without prejudice" the funding for the Clinch River breeder reactor. Some are reading this action as a capitulation on the part of the legislative branch to Mr. Carter's wishes. This is not the case.

The House of Representatives has not yet considered the ERDA authorization bill, in which funds will be authorized, for Clinch River. The bill contains $150 million for this project and it is not a figure arrived at lightly. The Flowers subcommittee of the Science and Technology Committee held extensive hearings on the breeder; and after listening to advocates on both sides of the issue, and this includes the administration's witnesses, decided that $150 million was the proper funding level.

I concur wholeheartedly with this figure. The CRBR is an R. & D. project which is vital to this Nation's future security. The President wishes to stop this project in order to stem the proliferation of plutonium. Yet, other countries are ignoring the President's action and are proceeding with their breeder projects. The President wishes to have 380 light-water reactors online by the year 2000. Yet, there are serious questions concerning the availability of enough U-235 to fuel those reactors. Conversely, there is enough U-238 in cannisters at Oak Ridge to produce 660 years of electricity at current levels if we had breeders. The President calls for the country to adopt a conservation ethic yet he wants to terminate a technology that would provide us with an inexhaustible source of energy.

I will support the Science and Technology Committee and the $150 million for Clinch River when the ERDA authorization bill comes to the floor and I will support a supplemental appropriation for Clinch River when it comes to the floor. I urge my colleagues to do the same.

AMERICAN DREW, INC.: INDUSTRIAL ACORN BECOMES GIANT OAK

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. NEAL. Mr. Speaker, the Fifth District of North Carolina is dotted with industrial firms which began as essentially cottage industries or family enterprises and through craftsmanship, ingenuity, and sound business practices, gained national reputation.

One such company is American Drew, Inc., of North Wilkesboro, founded in 1927 as American Furniture Co. At the beginning, the company employed 25 persons. Today, as a Sperry and Hutchinson Co., it employes 1,500 workers in its North Wilkesboro facilities and has become one of the Nation's leading and most respected manufacturers of bedroom, dining room, and occasional furniture.

Taking note that American Drew, Inc., is observing its 50th anniversary, the North Carolina General Assembly has ratified a resolution of congratulations. The resolution follows:

RESOLUTION

A joint resolution congratulating American Drew, Inc., of North Wilkesboro, a Sperry and Hutchinson Company, on its 50th anniversary

Whereas, American Drew, a company deeply imbedded in the history of Wilkes County, has developed into one of the nation's most respected and leading manufacturers of wood bedroom, dining room and functional furniture; and

Whereas, American Drew has increased its family of employees from 25 in 1927 when the firm was created as the American Furniture Company, to 1,550 full-time employees in North Wilkesboro, and over 50 field representatives throughout the United States today; and

Whereas, the Drew Furniture Company, before its merger with American Furniture Company, also contributed significantly to the economic progress of Wilkes County; and

Whereas, officials and employees of American Drew, throughout those 50 years, have unselfishly contributed of their personal time and efforts to the betterment of the community; and

Whereas, "The Tree of Promise", the company emblem of American Drew, signifies skilled innovations in furniture manufacturing and superior workmanship in products distributed throughout the United States from over 4,000 retail firms;

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. That the General Assembly commends, congratulates and expresses its deep sense of appreciation to American Drew, Inc., a Sperry and Hutchinson Company, for its long-time contribution to the economy and well being of North Carolina.

SEC. 2. That a copy of this resolution be duly certified by the Secretary of State and transmitted to the American Drew, Inc., of North Wilkesboro.

SEC. 3. This resolution shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 20th day of June, 1977.

Mr. Speaker, to that I would add only my personal words of congratulations and express my appreciation for the substantial contribution which American Drew, Inc., and its employees continue to make to North Wilkesboro and the Fifth Congressional District of North Carolina.

OUR NATION'S ELDERLY

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. YOUNG of Florida. Mr. Speaker, today I have introduced a bill to relieve some of our Nation's elderly of the necessity to relinquish what is perhaps their last bit of dignity; the right and privilege of selecting, and paying for their own place of burial, and the right of ownership of that small piece of Earth, in spite of their need for SSI and medicaid benefits. Specifically, my bill amends title XVI of the Social Security Act to provide that a burial plot or crypt shall be excluded from an individual's resources in determining his or her eligibility for SSI and medicaid benefits.

This history of this bill is interesting. The necessity for it came to light when an 82-year-old Seminole County, Fla., woman was denied medicaid payments for her nursing home expenses because her nephew had listed a prepaid burial plan on her application. Technically, this became a part of her net worth and put her over the $1,500 medicaid limit; $1,500 worth of assets, after 82 years of life, is not a great deal, Mr. Speaker. At the most it can consist of a few family heirlooms, perhaps a few savings bonds or small stocks, and in this case, a burial plot which was valued at about $300.

This constituent's story caught the attention of Florida State Representative George Hieber, who introduced legislation, almost identical to the bill I am proposing today, before the Florida Legislature this past year. Representative Hieber's bill passed the Florida House unanimously, and the Florida Senate with one dissenting vote. The Senator who cast that vote, later admitted that he had voted in error. But, in spite of the obvious sentiment of that State legislature, the bill did not become law.

It was vetoed by Florida's Gov. Reubin Askew, because the Governor was informed that when the State opted to provide medicaid coverage to all eligible individuals under the Federal supplemental security income program, the State agreed to accept all eligibility rules

of that program. The Governor was further informed that the exclusion of burial plots and crypts as "assets" would result in Federal rejection of the State plan for medical assistance under title XIX. It would, in fact, jeopardize the State's eligibility for Federal participation in the entire program.

The solution to this elderly lady's problem, and the problem of hundreds of others like her, Mr. Speaker, now lies with us. To an elderly person, the certainty of his burial place can mean a very great deal. Often, the prepaid plot, is part of a family burial program, where loved ones are already buried. Not only is it very difficult to sell a single plot out of a family burial site, but it is unconscionable to think that our Government would support, in fact dictate, a provision that would require an elderly person to relinquish the right to be buried with his loved ones—as an alternative to receiving SSI and medicaid entitlement.

Because this is a minor issue, when compared to the major problems faced by this body, Mr. Speaker, it could be destined to years of waiting for a solution. But, I would like to remind you, and my colleagues, that the people to whom this issue is a "major" one, do not have years to wait. The entire membership of the Florida State Legislature was concerned enough to respond to the problem by passing legislation to correct it in one single legislative session. I would like to think that those of us who serve these same constituents on a national level are no less concerned, or capable of righting an obvious wrong with equal dedication and haste.

I urge my colleagues, Mr. Speaker, to join me asking the appropriate committee to consider this bill rapidly, and favorably, and to encourage passage of this "humane" piece of legislation through the House of Representatives as expediently as possible.

CAPTIVE NATIONS' WEEK: A PLEA FOR HUMAN RIGHTS

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. COUGHLIN. Mr. Speaker, the third week in July has been observed for nearly two decades as Captive Nations' Week. This annual commemoration of the millions of people who have been silenced by Soviet domination vividly demonstrates that we cannot afford to forget the ongoing tragedy of these people of Eastern Europe who are held virtual prisoners in their own countries.

We should take this opportunity to recall the struggles of our forefathers to guarantee the freedoms outlined in the Bill of Rights, rights which are not strictly an American privilege but basic to all men throughout the world. With President Carter's outspoken campaign for international human rights, the American people, too often cynical about the goals of their government and the means of attaining them, have demonstrated a new pride. The spirit of rededication to values and their open espousal have infused our political life with the most positive factor that has been witnessed in years.

We must actively remember the plight of the citizens of the Baltic Nations who must endure Soviet repression in enforced silence. The United States must strive to set a strong example of moral leadership and support for the people of Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania. By focusing on such a goal, renewed confidence in the U.S. appeal for human rights could bring about positive changes in the oppressive policies of the Soviet Government.

Our concern for the Baltic people must not be packed away until next year's Captive Nations' Week. Rather we must remind ourselves always of their difficult struggle to achieve the same type of freedom which so many Americans take for granted. With the closing of Captive Nations' Week, we should enter a time of firm commitment to the preservation of individual rights and liberty throughout the world and especially to those people of the Baltic Nations.

FRANCES KNIGHT: GREAT AMERICAN

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MICHEL. Mr. Speaker, from time to time individuals come into Government service and, as the years pass, demonstrate uncommon ability, far surpassing the expected norms of mere competence. Among these rare few, there is an even more select group: That handful of men and women who, as public servants, have become legends in their own time. Frances Knight is such a public servant.

As Director of the U.S. Passport Office she has demonstrated that the Federal Government can work—if it is blessed with leaders such as Frances Knight. For 22 years she has given of herself unstintingly and has given the American public a passport agency whose efficiency and responsiveness are unquestioned.

For reasons not quite clear to me, Frances Knight has been asked by the administration to resign her post. Some argument about "mandatory retirement age" has been made as an excuse, but it is inconceivable to me that anyone would ask Frances Knight to resign simply because of some bureaucratic regulation. Whatever the real case may be, our Nation is going to miss Frances Knight. She is a great public servant—she is, indeed a great American.

At this time I would like to insert in the RECORD an editorial from the Alexandria, Va., Gazette. "Frances G. Knight: She Wasn't Meek," July 21 1977:

FRANCES G. KNIGHT: SHE WAS NOT MEEK

Love her or hate her, but you can't ignore her—and nobody, especially her State Department superiors, could ignore Frances G. Knight, director of the U.S. Passport Office for the past 22 years.

Known for her efficiency and outspokenness, Knight has been likened by both her admirers and detractors to J. Edgar Hoover, the late FBI director. Her defense of bureaucratic prerogatives and her conservative views on political dissidents have won her a Hoover-like constituency in Congress and have helped her to remain in her post for two years beyond the mandatory 70-year-old retirement age for career civil servants.

Now her time apparently has run out. A handwritten note from President Carter informed her that Secretary of State Cyrus R. Vance had decided against a third extension of her stay in office, which she held since the days when John Foster Dulles was Secretary of State.

Under Knight's stewardship, the Passport Office acquired a well deserved reputation for responsiveness and efficiency. Shortly after taking office, she explained her approach to her job to a New York Times reporter. "When people planned months ahead to go overseas," she said, "they didn't mind waiting three weeks for a passport. Today London and Paris are an overnight hop." Now Europe is even closer, in terms of travel time, but the Passport Office continues to process applications with dispatch.

Throughout her career, Knight has been the despair of civil libertarians. In 1966 she was reproved by her superiors when it was learned that her staff had passed an FBI request on to the U.S. embassies in Paris and Moscow to keep an eye on an antiwar Harvard professor who was on sabbatical leave. More recently, she has been criticized for advocating a national identity-card system and a secret, computerized "lookout file" of more than 243,000 Americans "whose applications for passports may be of interest to . . . law-enforcement agencies."

In an interview with U.S. News & World Report, Knight described opponents of the identity-card proposal as "a very small but well-organized minority (which) has been successful in conjuring up the specter of storm troopers and secret police. Of course, criminals, illegal aliens, tax dodgers and small-time crooks and hoods would be against national registration and identity cards. That is to be expected."

Similarly, Knight justified the lookout file by saying that the names in it were those of people of "questionable citizenship" about whom it was her duty to be cautious and watchful. But former Sen. Sam J. Ervin Jr. (D-N.C.) asserted that the file posed a serious threat to First Amendment freedoms. And former Sen Stephen M. Young (D-Ohio) denounced Knight as "one of those superduper patriots who considers it her duty to judge the patriotism of other Americans."

It would be uncharacteristic of Knight to go quietly, and she isn't. She told Human Events, the conservative weekly newspaper, that Vance's decision was "an inside job" by lower-level bureaucrats. And she may write a book. Frances Knight has never been one to surrender without a fight.

TRIBUTE TO ALFONSO LOSCUITO

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. SKELTON. Mr. Speaker, last week the State of Missouri lost a fine public servant, an exemplary citizen, and a good friend. The sudden death of Alfonso Los-

cuito, presiding judge of the Morgan County court, was a sad event for all who knew and loved him. Al Loscuito was more than a friend to me—he was a man I could rely on, a dependable source of solid advice, and a man who took his responsibility to the public with the utmost seriousness.

Al was elected presiding judge of Morgan County in 1974. Prior to that, he was battalion chief of the Kansas City Fire Department for 20 years. Throughout his career, Al was a conscientious worker, a man who earned the resepct of those he met. He is survived by his wife Alice, his stepson and one granddaughter.

Mr. Speaker, I believe that each of us who knew Judge Al Loscuito feels a little poorer today. He was a most unique individual. He will be missed by the many people whose lives he brightened with his warm personality.

RESPONSE TO CHARGES AGAINST MR. JUAN FERREIRA

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. KOCH. Mr. Speaker, in the July 13 CONGRESSIONAL RECORD, our colleague, Representative LARRY MCDONALD, made the following statement with regard to the country of Uruguay:

The anti-Uruguayan "human rights" lobby has a very active spokesman whom we often see in the Halls of Congress, named Juan Ferreira. Mr. Ferreira runs the Uruguayan Information Project from the offices of the Washington Office on Latin America at 110 Marvland Avenue NE., Washington, D.C. 20002.

Mr. Ferreira's story is that he personally opposes the Tupamaros who threatened to kill his father. This is in sharp contradiction to the fact that he is cooperating with Castroite organizations in the United States that serve as the mouthpieces for the Tupamaros and other terrorist groups.

Having taken a great concern in the human rights situation in Uruguay, and having led the successful fight in Congress to ban military aid to the repressive regime in Uruguay, I do feel that Mr. Juan Ferreira, whom I do know personally, should be allowed to respond to Congressman MCDONALD'S accusations. I am therefore appending the letter which Mr. Ferreira has written to Congressman MCDONALD:

WASHINGTON OFFICE ON LATIN AMERICA,
Washington, D.C., July 22, 1977.

Hon. LARRY MCDONALD,
Cannon House Office Building,
Washington, D.C.

DEAR SIR: I have read with great interest your statement about the political situation in Uruguay. I choose not to respond to your evaluation of the internal politics and of the political parties in my country, since that is a prerogative I concede only to my fellow countrymen.

Neither will I argue with you about the human rights situation in Uruguay. Not only the specialized international agencies, but also the Department of State and the new U.S. Ambassador to Uruguay have already been very explicit in this regard.

What I do choose to respond to is your labeling my person and my work as "anti-Uruguayan." This I cannot allow you. Since my youngest days, I have committed myself to the well-being of my country with a total disregard for personal gain. Now, because I defended justice and liberty, I cannot return to my country.

There may be, I am sure there are, others as Uruguayan as I. None more than I. Being a North American citizen, I do not know how you can feel competent to comment on this subject. The right to judge Uruguayans as "good" or "bad" is a right reserved to Uruguayans alone. And you should know, even though you may not like to learn it, that very soon the Uruguayan people will rise to say on which side have been the "good" and on which side the "bad."

Your insults and insinuations, these do not offend me, for you are no friend of my people.

Sincerely,

JUAN FERREIRA.

I believe it in the national interest of the United States not to support repressive regimes with arms to be used against their citizens. When we provide such arms, we then become linked inextricably with the oppressor government in the minds of those citizens, and that is not to the advantage of the United States. Regrettably, we have provided such arms to a number of Latin American countries and others around the world and have damaged our own self-interest by doing so. It is important to note that, while it was the Congress last year that ended military aid to Uruguay because of its oppression and violations of human rights, it was the Carter administration this year that stated it was opposed to such military assistance to Uruguay because of that very oppression and made no request for military support of that government.

So far as I am concerned, oppression whether it is on the left or on the right must be condemned equally and those familiar with my record on the subject will find that I do so. Regrettably, there are those who simply condemn oppression on the left and excuse it on the right or conversely condemn it on the right and excuse it on the left. They neither serve the national interest of the United States or the conscience of humankind.

MORE INVESTMENT THAN PROFITS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. COLLINS of Texas. Mr. Speaker, total free world energy investment needs have been estimated at $700 billion between now and 1985. This compares to 1976 capital investments of the 30 major petroleum companies of $27.8 billion and to profits of $13.5 billion. Recent profit and investment data of the 30 majors are given below:

Funds total

[Billions of dollars]

Capital and exploration expenditures:	
1972	13.2
1973	14.6
1974	22.9
1975	25.1
1976	27.8
Total	103.6
Profits:	
1972	6.8
1973	11.7
1974	16.4
1975	11.5
1976	13.5
Total	59.9

For the entire period 1972–75, paid-out dividends were only 37 percent of total profits. Capital outlays were fully 1.7 times as great as total profits.

Controlled oil and gas prices proposed under the administration's energy plan do not provide the capital needed to explore and develop American oil.

HEARINGS ON THE SOCIAL SECURITY PROGRAM

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. DRINAN. Mr. Speaker, early this year I introduced legislation along with 85 cosponsors which provides for equal treatment between men and women under the benefit programs of the Social Security Act. Just this week the Subcommittee on Social Security has undertaken an important series of hearings on the program. Besides the urgent need for a review of the financing problems of the social security program it is time to make the program more responsive to this Nation's changing social structure. I was pleased to submit testimony to the subcommittee and following are my remarks:

TESTIMONY BEFORE THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY, JULY 1977, CONGRESSMAN ROBERT F. DRINAN

Mr. Chairman, I commend this Subcommittee and the Administration for prompt attention to the anticipated financial problems of the social security program. Just about every American has a stake in this program, either as a beneficiary, a contributing worker or the dependent of a worker. The federal government through the Social Security Act has promised a certain measure of economic security to all these people and guaranteed protection against loss of earnings due to retirement, disability or death in return for contributions made by both employers and employees via the payroll tax. Reports of a deficit and financing problems have caused an erosion of public confidence unparalleled in the forty-two year history of the social security program. The Congress must act expeditiously to restore integrity to this program in order to keep faith with this and following generations of workers and beneficiaries.

USE OF GENERAL REVENUES

In my view the Administration's proposals for meeting the short and long-term financing problems of the system are an important first step in rebuilding public confidence. The recommendation for limited use of general revenues when the unemployment rate exceeds 6 percent is sensible and would provide protection against a short-term deficit caused by the loss of payroll taxes from unemployed workers. It is expected that use of general revenues under these circumstances would provide $14.1 billion of the $83 billion needed to balance the Old Age and Survivors Insur-

ance and the Disability Insurance Trust Funds through 1982. The use of general revenues is not unprecedented in the social security program. As early as 1939 the Congress recognized that unforeseen factors could change the operation of the system and recommended that Congress be kept informed of probable future obligations so that "each generation may then meet the situation before it in such a manner that it deems best".

The report on the 1939 amendments to the Social Security Act stated that "Since the nation as a whole, independent of the beneficiaries of the system, will derive a benefit from the old age security program, it is appropriate that there be Federal financial participation in the program by means of revenues derived from sources other than payroll taxes."

Unfortunately the future cost projections for the program which were made in 1972 were based on an obsolete set of demographic assumptions. The actual birth rate in 1972 was 30 percent lower than the assumed rate. Since support for future costs or benefit outlays depends upon the number of contributors or taxable workers, any decline in population projections requires that alternative income sources be considered. Projections about the age and size of the future population show that we as a nation are getting older and that future workers will be supporting an increasing number of retirees.

"DECOUPLING" AND THE COST-OF-LIVING ADJUSTOR

Although the inclusion of an automatic cost-of-living adjustor for social security increases was a major accomplishment which afforded some protection against inflation in the benefit programs, it has now been shown that the formula established in law has the result of overcompensating future beneficiaries. The automatic cost-of-living provision should be changed, as the Administration has recommended, so that benefits paid in the future are the same proportion of earnings for those who retire at that time as they are for those retiring today. It is estimated that one half of the future deficit is attributable to the double indexing or 'coupled' benefit formula adopted in 1972.

The purchasing power of benefits must be assured in retirement through the cost-of-living adjustor and in my view this mechchanism should be modified so that cost-of-living benefits are received twice instead of once a year. Last year the Congress provided for twice a year cost-of-living increases in federal civil service retirement and social security beneficiaries should also receive their increases twice a year in order to be better able to meet cost increases as they occur.

Moreover, action should be taken to base cost-of-living increases on the real increase of costs in the goods and services purchased by the older population. Expenditures for housing, food and medical care constitute about 70 percent of older American's budgets while less than 60 percent of younger workers' income is devoted to such needs. I have introduced legislation which calls for a separate consumer price index for older Americans and to provide twice a year cost-of-living increases.

THE EARNINGS RESTRICTION

I have been a long time advocate of eliminating the earnings limitation in the social security retirement program. I realize that there are important financial considerations inherent in this matter but I would urge the Subcommittee to at least consider raising the ceiling to a more realistic level or to allow earned income for social security recipients to be increased to the difference between an individual's benefits and the maximum benefit plus the $3,000 allowance provided under current law. For example, the maximum annual benefit today totals $4,647.60. The recipient is permitted to earn an additional $3,000 for a total of $7,647.60. However by allowing a recipient to make up the difference between his or her benefit and the maximum a recipient of minimum social security benefits of $1,294.80 could earn up to $6,352.80 for a total income of $7,647.60 without losing any social security benefits.

The limitation on work earnings is particularly unfair because there is no limit on how much an individual can receive from interest and investments. Thus most often those who must work in order to make ends meet are penalized for doing so. An older worker who remains in the work force continues to pay both the payroll tax and Federal income tax and I would suggest that the Subcommitte ascertain what in general revenues and payroll taxes would be gained through removal of the earnings restriction as well as what burden such action might place on the social security trust funds.

MAKING THE PROGRAM MORE RESPONSIVE

Of equal importance as financing in the future of the social security program is the issue of making the program more responsive to the changing social structure. The program must be revamped to adapt to the evolving nature of the family and the increased participation of women in the work force.

In January of this year I introduced legislation with eighty-five cosponsors which provides for equal standing between men and women in their entitlement to benefits under the social security law. This legislation, H.R. 2420 calls for removal of the dependency requirements for entitlement to husband's and widower's insurance benefits, equal entitlement to survivor's benefits and the payment of retirement benefits to a married couple based on their combined earnings.

In 1975 the Supreme Court in the landmark *Weinberger vs. Wiesenfeld* decision struck down the gender-based distinction of the social security law which authorized survivors' benefits for a widow with minor children but denied them to a widower in the same situation. The Court observed that the distinction in payment of benefits was based upon an "archaic" and "overbroad" generalization that "male workers' earnings are vital to their families' support while female workers' earnings do not significantly contribute to their families' support".

This decision was followed in March of this year with another ruling in the *Califano vs. Goldfarb* case in which the Supreme Court addressed the matter of the dependency requirement in the payment of widowers' benefits and ruled that "this distinction invidiously discriminates against female workers by affording them less protection for their surviving spouses than it affords male workers."

Justice Brennan in writing for the majority noted that congressional intent was not to provide differential treatment but to "aid the dependent spouse of the deceased wage earner" based on "a presumption that wives are usually dependent".

While it is true that homemaking may be the main occupation of American women, the Department of Labor estimates that 9 out of every 10 women will work outside the home at some time in their life. At the present time over half of the women between the ages of 18 and 64 are members of the work force. These women are working to meet expenses—their salaries contribute to the support and education of their children and to improve the quality of their families' lives. A woman's earnings must buy the same protection for her family as those of a man.

In addition to being discriminatory toward working women in the extension of benefits to their spouses and dependents, the social security benefit program is also discriminatory in the way in which benefits are calculated. Unless the earnings of a working woman entitle her to a larger benefit than half her husband's, she may receive a benefit no higher than had she never paid into the system through the payroll tax. Even when her earnings do entitle her to a retirement benefit somewhat higher than she would have received as a dependent, for that extra amount she would have paid a disproportionately higher tax.

The changes in the computation of benefits for married couples in such circumstances as contained in H.R. 2420 were recommended by the Special Subcommittee of the Advisory Council on Social Security. The calculation formula for income splitting was considered by the Ways and Means Committee and approved by the House as a part of H.R. 1 in the 93rd Congress but later dropped in conference.

The social security system must be modified to take into account the contributions of a wife with a sporadic work record. As the rate of divorce increases after ten to twenty years of marriage, more and more women are left with little if any economic security. They often have no standing for social security benefits and most often were forced by the circumstances of child-rearing or other household obligations to forsake outside employment on a regular basis.

I again commend this Subcommittee for its attention to the social security program. These hearings will serve to underline the government's determination to meet all present and future obligations and to make the program more responsive to changes in our life styles.

GOVERNOR BROWN IS PLAYING WITH PERIPHERAL CANAL

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MILLER of California. Mr. Speaker, residents of the entire San Francisco Bay area have become extremely concerned about the decision by California officials to advocate the construction of the highly controversial Peripheral Canal. This water transfer facility would divert the fresh water of the Sacramento River from a point north of the Sacramento-San Joaquin Delta, around that delicate ecosystem, to huge pumps which would deliver the water to southern farmers and cities.

This entire project is a throwback to an earlier era of water politics. The canal, as proposed, is part of a $3.5 billion expansion of the California State Water Project and the Central Valley Project, both of which have been mismanaged so seriously that in the second year of drought they are largely failing. The first priority ought to be the establishment of coordinated and sound management procedures which would reflect the limited availability of our water resources rather than continue to squander it. We should then look to subsurface storage and substantial conservation before turning to the construction of expensive and environmentally destructive projects like the Peripheral Canal.

Some of the canal's advocates are trying to dress up this 1977 version for sales purposes as being necessary for the protection of the delta and San Francisco

Bay. Anyone even barely familiar with the longstanding controversy, however, knows that the only real purpose of the project is to increase the amount and quality of water which is delivered to State and Federal contractors south of the delta.

In fact, several major hydrological studies, including some by the Interior Department, have indicated the absolute importance of fresh water inflows from the Sacramento River on the water quality of the entire San Francisco Bay estuarine system. Although the modern advocates of the canal have included in the design outlets to release water into the delta, such releases would not benefit even the western delta, let alone San Francisco Bay.

The impact of this canal, once in operation, would very likely be economic and environmental catastrophe for much of northern California. A recent editorial in the Contra Costa Times illustrates well the outrage of the citizens of the northern portion of our State, and the determination that San Francisco Bay will not be sacrificed to cover up the planning errors, or to satisfy the insatiable demands, of others.

The editorial follows:

GOVERNOR BROWN IS PLAYING WITH PERIPHERAL CANAL

Will the State Water Project, as envisioned by his father two decades ago, become Jerry Brown's Tinker Toy?

The California governor who once advised his constituents to lower their expectations, has embarked on what could become the state's biggest spending program. He obviously is riding his own expectations with his high pressure campaign to get the Peripheral Canal built and the State Water Project functioning as originally conceived.

Ron Robie, state director of the Department of Water resources, was fond of saying "The Delta comes first" when asked about state water plans after he took office under Jerry Brown. Now, he's joined in the push to complete the water project, and a U.S. Bureau of Reclamation official may have supplied the new slogan—the Delta be damned.

James E. Cook of the USBR's California division recently said that the way to solve the problem of salinity in the Delta was to "abandon the goddam thing."

Gov. Brown by no means would agree with that rash recommendation but his sudden shift from low key state administration to high pressure campaigns to get long-stalled programs moving makes one wonder to what lengths he will go to overcome what commercial interests call the poor business climate in California.

Jerry Brown knows where the votes are in California, just as his father, Pat Brown knew where they were when the State Water Project bond issue was placed before state voters in the early 1980s.

Southern California votes literally overwhelmed the North's vote, with the prize being Northern California's water. Only one Northern California county voted for the proposal—Butte County.

Voters in the Orville area voted favorably because they viewed the key element of the water plan, Oroville Dam on the Feather River, as a source of new riches for them, via construction jobs and later as a recreational gold mine that never really developed as anticipated.

Now Southern Californians want to tighten their grip on the North's water.

And Jerry Brown wants them to remember him—when the time comes for him to make his moves on the national level—as the man who secured bountiful supplies of fresh water for them.

That is why Brown used boilerroom tactics last week to rush the expanded state water plan through the Senate's Finance Committee.

So confident of success are those who engineered this feat that Contra Costa County's Water Agency, an arm of the county's Board of Supervisors, was completely ignored in negotiating sessions. So was the Central Delta Water Agency and the South Delta Water Agency.

All had the temerity to oppose plans for the Peripheral Canal in advance of ironclad guarantees that Delta water quality, as determined by joint state and federal studies, would be given priority over exports of Delta water.

The true goal is to get Oroville Dam water to Southern California by the most direct means without mixing it with lower quality water already in the Delta.

And we know who would be left with the even lower quality water.

Why could the proposed new water program be likened to a Tinker Toy for Jerry Brown?

So anxious are Brown's minions to get the project built that they are willing to gamble, but only with the Delta's future.

The gamble is that the canal plan will work even in the absence of preliminary studies to prove that it will. And to show their 'good faith,' the project boosters propose to build only one part of the three-stage project to see if it works before building the other two parts.

This is tinkering on a grand scale, for the proposed first stage is not only the longest segment of the canal—from Hood on the Sacramento River, south of Sacramento, to the outskirts of Stockton—but includes some of the most expensive construction, including pumping plant facilities at Hood.

It would then be operated for two years to determine its effects on the Delta and to give officials time to develop an adequate fish screen for the new pumps, something they have been unable to do at the present pumping plants on the southern edge of the Delta.

In other words, let's build it first and find out how it works later. And who can believe that once this expensive plumbing is completed that it will be abandoned if the impact on the Delta proves detrimental?

Does anyone remember similiar tinkering with another expensive piece of hardware? Does Bay Area Rapid Transit District provide a clue?

The cry of rapid transit promoters then was "get off our backs—let us get on with the job." That job cost Bay Area taxpayers unnecessary millions and the toll for tinkering still is being paid.

We believe the California Delta and the entire San Francisco Bay Estuarine System is too precious a resource to be tinkered with.

Let's try to save a bundle of money and insure protection for our environment by completing studies and tests before any new water project construction begins. That's the only kind of tinkering that makes sense to us.

A TRIBUTE TO BISHOP H. HARTFORD BROOKINS

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mrs. BURKE of California. Mr. Speaker, it is, indeed, an honor for me to join the Brotherhood Crusade in tribute to Bishop H. Hartford Brookins, who has distinguished himself for his political and civic contributions as well as his service as a nationally recognized churchman.

Bishop Brookins has been pastor-builder of two nationally recognized churches, one in Wichita, Kans., and the other in Los Angeles. Presently, he is serving as the 91st bishop of the AME Church.

From 1972 to 1976, Bishop Brookins served the AME Church in Central Africa. While there he built a church and sponsored a 100-unit housing development. He also became actively involved in the liberation movements of Zambia, Rhodesia, Malawi, Tanzania, and Zaire.

IIe has distinguished himself as the organizer of the first interfaith service in Los Angeles. He organized the movement that successfully elected the first black member of the Board of Education in 25 years and the first black city councilman of Los Angeles. He also served as chairman of the campaign for the election of Los Angeles Mayor Tom Bradley. He is attentive to increasing the voter registration and has continually organized and participated in registration campaigns.

Bishop Brookins and his accomplishments stand as an inspiration to us all. He has been adviser for elected officials on all levels of government. I am proud to bring recognition to the work of this great American.

THE BURGEONING BUREAUCRACY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. CONTE. Mr. Speaker, while most people derive their sustenance from food and drink, the denizens of the Washington bureaucracy seem to feed on paper. The mounds of forms, memorandums, documents, and applications ingested by this Federal monster do not begin to satisfy its insatiable appetite.

In a recent column, Jack Anderson, one of our Nation's foremost investigative reporters, addressed this problem of a burgeoning Federal bureaucracy. I wish to commend this excellent essay to my colleagues' attention:

WHITE-HOT RED TAPE BLUES

(By Jack Anderson)

WASHINGTON.—Each generation has its King George III—a home-grown demagogue if not a foreign despot: a corporate or union monopolist if not a slave holder. All have taken their turns at clipping the wings of freedom.

The ascendant danger of our day is the government bureaucrat. Because his services are many and indispensable, his threat to free choice is unique. His penetration of the control towers of our society is the deeper because it comes by lawful invitation; the more insidious because its aim is often benevolent; the more disarming because its weapons are paper clips; its fortresses are often unpretentious and its bully boys unmenacing, even friendly.

Yet King George III, in all his arrogance and panoply, never dared aspire to the power

over us that has been quietly accumulated by the tyrant in the cubicle.

Not too long ago, we Americans were distinctive throughout the world as a breed of self-starters, innovators, doers. Now, bound up in red tape, we are being reduced to a nation of paper-shuffling petitioners, forever waiting for permission from some government office for our next step, continually putting aside the work of the world in order to fill out forms.

The complaints we receive paint a disturbing composite picture of an American increasingly immobilized by bureaucracy. A farmer's tractor stands idle in the corn fields while he struggles with crop reports for the Dept. of Agriculture. A would-be educator is bureaucratized, trying to master a 17-page instruction manual from the Office of Education on how to fill out 15-page applications for aid to needy students.

A plant manager is in a dither over safety regulations. The white lines he had painted on the shop floor to mark off aisles must be repainted yellow. The fire extinguishers fastened on the walls at a height of five feet must be lowered to four feet. In the lavatory, the old-style toilet seats must be replaced with the "split" model; and coat hangers must be put on the doors of the stalls. Meanwhile, the production line languishes.

A citizen who is no longer sure of his rights is on the way to the Internal Revenue office for an audit after wasting days of preparation and losing sleepless nights of worry. He is one of two million to be audited this year; two million Americans must explain and defend the trivia of their lives to the government.

Some of the cost of regulations can be measured in dollars, although with only rough accuracy. The cost of merely filling out government forms has been calculated at $40 billion a year. The direct and indirect cost of complying with projected regulations has been placed variously at between $120 billion and $180 billion.

General Motors claims that the documents it files in a typical year, in connection with the certification of its cars for sale, would make a stack 15 stories high. Well, General Motors has much to account for; but, on the other hand, the pioneer like old Henry Ford could not even dream of going into the car business today in a small garage without even a Xerox machine.

Many government regulations are necessary; many bureaucrats are effective public servants; few question that. But the aggregate picture produced by regulations-run-wild is of a nation whose vision is blinkered, whose pace is hobbled, whose substance is wasted and whose progress is dribbling to a halt.

What is needed is a national Declaration of Independence from the bureaucracy. We recommend consideration of the following general planks, fully realizing that some of them, after study, may prove insupportable:

First, the rampaging growth of regulation must be slowed. Politicians used to build reputations by getting laws passed; we must begin to judge them by the regulations they repeal and the agencies they liquidate.

Sunset laws, by which each government agency is automatically terminated after five or 10 years unless it proves the case for its re-establishment, ought to be given tryouts.

Before enacting a new law, Congress should require a harassment impact statement, which would seek to envision all the ways the laws could be administered that would plague the citizen. The ruling axiom should be that what is possible will, in fact, occur.

To combat the time-honored practice by which money appropriated to aid the poor is diverted to the payrolls and perquisites of the bureaucracy, each new program should mandate a limit on the percentage that can go to administration.

Second, we must consider ways of emphasizing that the American citizen is a sovereign to be respected and not a mere subject to be shunted around.

Consideration should be given to government compensation of individuals and businesses of the cost of carrying out some, although not all, regulations.

Certainly, the cost of complying should be estimated on all regulations and made public. All compensation in such cases should come out of the budget of the agency involved.

Finally, measures must be taken to reduce the bureaucrat's feeling of splendid insulation from the people.

Pay raises should no longer be automatic, according to an immutable public formula, free of public control.

Dismissal from the government payroll for poor performance should not be as difficult as it now is.

WILDERNESS DEBATE

HON. FRANK E. EVANS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. EVANS of Colorado. Mr. Speaker, the following representative letters put forth the view of citizens of Mineral County, Colo., and elsewhere concerning amendments to the Endangered American Wilderness Act. Following the letters are the names of those who contacted my office on this issue:

PRO

I am writing in regard to the Goose Creek Wilderness proposal.

I was born and raised in the Creede area, and presently employed on the 4UR Ranch on Goose Creek where I have been working the last twenty four years.

The original proposal includes too much area and too close to the Creede City limits which has made most of the Creede citizens bitter and resentful toward and Wilderness proposed. However in my opinion there is a need for an extension to the Weminuche Wilderness Area in Goose Creek and Fisher Creek to preserve the natural calving grounds for Elk, and for many other reasons, but the boundary lines should be reasonable, and further back where prime wilderness begins, and where it will not hinder the economy of Creede.

If you are not familiar with the area in Goose Creek and Fisher Creek I would like to offer you an overnite packtrip, free of charge, preferably just prior to the June 10th meeting in Creede. At this time of year you will see Elk migrating to their favorite summer habitat, and I am sure you will see a need for preserving portions of this unspoiled beautiful country.

I certainly hope your time schedule will allow you to go on this trip. I will be waiting to hear from you.

Sincerely,

ED WINTZ,
Creede, Colorado.

Those supporting Mr. Wintz' position included: Betty Kuehner, Denver, Colo.; Mrs. Dorothy Gumaer, coordinator, Southeast Colorado Wilderness Coalition; Jay E. Bailey, et al., Pueblo, Colo.; Steve Crawford, Alamosa, Colo.; Janet S. Oliver, Telluride, Colo.; Kevin Kilillea, Leadville, Colo.; Dr. Oliver Osborn, Pueblo, Colo.; David M. Seaver, Cedaredge, Colo.; Mrs. D.R.C. Brown, South Fork, Colo.; Eric and Marcy Kelly, Canon City, Colo.; Norbert W. Necker, Colorado Springs, Jack Saunders, Leadville, Colo.; Mel and Connie Williamson, Canon City, Colo.; and David B. Montgomery, Alamosa, Colo.

CON

DEAR MR. EVANS: I want to take this opportunity to thank you for your stand and support against the proposed Goose Creek and La Garita Wilderness additions. Without your help and great effort, the mining and lumbering industries in Mineral County would have been severely restricted and damaged in the years to come.

We may yet need additions to the Wilderness System, but these additions will now at least be fully studied and all factors taken into consideration. In this manner, the needs of all the people rather tnan a select few will be fulfilled.

Please count on me for any help or assistance for which I can be of service.

Very truly yours,

A. S. WINTERS, *Creede, Colorado.*

The following persons supported Mr. Winters' arguments: Harry L. Larson, W. W. Wyley, Gordon E. Hosselkus, Mineral County commissioners; Chloe Rogers, county clerk; Jean Evans, Managing Officer, Del Norte Federal Savings and Loan Association; Wendell H. Groff, Douglas Studs, Inc.; Joe Coronado, Monte Vista, Colo.; Charles Steele, Mineral County land administrator; C. K. Collins, Creede, Colo.; Rudolph Trujillo, Del Norte, Colo.; Norman D. Rue, South Fork, Colo.; William F. Harrison, South Fork, Colo.; Arthur R. Goers, South Fork, Colo.; William G. Sumners, Jr., president, Colorado Mining Association; Margaret M. Lamb, Creede, Colo.; Raymond E. Baker, chairman, Southwest Forest Industries; and Lyle Smith and Bob Burnham, council and executive chairmen, San Luis Valley resource conservation and development project.

"A PLANNED ECONOMY—PLANNED FOR WHOM?"

HON. PHILLIP BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. PHILLIP BURTON. Mr. Speaker, I am placing in the RECORD at this time, a recent thought-provoking speech by Dr. Carlton B. Goodlett, president of the National Newspaper Publishers Association. In addition, Dr. Goodlett is the president and publisher of the San Francisco Sun Reporter.

The full text of Dr. Goodlett's remarks follow:

"A PLANNED ECONOMY—PLANNED FOR WHOM?"

As the Black Press of America continues its observance of the 150th Anniversary of its founding, we find a poignant similarity between the social crisis of slavery, which challenged John Russwurm, our founding father, and the crisis which today confronts Black America, in particular, and the nation in general: the crisis of Black survival. It is fitting that we should come to St. Louis for the 37th Annual Convention of the National Newspaper Publishers Association—the Black Press of America, where we are meeting only a short distance from the courthouse where the Dred Scott Decision was enunciated 120 years ago, which proclaimed that the Black man and the slave had no rights that White men were bound to respect.

Today, 114 years after Lincoln's Emancipation Proclamation, the crisis of Black survival is a serious challenge confronting the Black Press.

A full discussion of the requirements for Black survival would demand a lecture series of many weeks, but we can, we hope, in a few moments point out some of the important crises facing Black America, and we hope to indicate the special role which the Black Press must play as we light the torch up Survival Road.

Our elder statesman, W. O. Walker, in describing the unique role of this Black Press of ours, as we have been lighting the way to freedom for 150 years, said it best:

"The highest tradition in journalism is service to the people. Service by informing and by interpreting; service by giving voice to the goals, aspirations and needs of the people. Service by calling attention to injustices inflicted on the people and by demanding an end to these injustices. Service by rallying the indignation and the action of the people when the need arises.

"Such has been the role of the Black Press in America, and no other mass communication medium has been more effective in serving freedom's cause than this Press. For its crusades it has directed its attention to the practical realities in the life of the people it serves."

Today, our Black Press must serve 25 million Blacks and their millions of allies, by moving them in the direction of a planned economy in America—one which emphasizes the humanistic values called for by John D. Rockefeller III in his "Second American Revolution," where the human rights and life enrichment potentials of our society have an ascendancy over the insatiable greed of the powerful few who feast on the bounty which should satisfy the needs of the many.

After 114 post-Lincoln's Emancipation years of recycling depression, inflation, and the last-hired first-fired syndrome, the teeming black masses feel that there must be something better than their wretched economic existence, and they are crying for help—for jobs, food for their children, care for the aged, and roofs over their heads. From whence will this help come? What and who will rescue our people?

The Black Press must call upon all Black institutions to help plan a new economy:

BLACK SCHOOLS

Our sons and daughters must be imbued to seek educational excellence and dedicate their lives to the service of the teeming Black masses. Our youth must never forget that there is a nation to be led, and an eternal struggle to be waged against racism.

THE BLACK FAMILY

In all ages when men were victims of both physical and psychological slavery, the strength for survival has been the family. The Black family has been a balm and a refuge in time of distress; we must not be brainwashed by the nonsense of a Moynihan. The family institution must rescue the lost Black youth; it must strengthen the resolve of each Black citizen to walk tall and assume leadership in the human struggle for survival and liberation.

THE BLACK SORORITIES AND FRATERNITIES

More than 600,000 of the educated Black elite are members of the Pan-Hellenic Council, composed of members of our national sororities and fraternities. They must assume the responsibilities which higher education and economic advantage places upon the apex of the 25-million Black pyramid. These organizations, together with the various orders of the Masonic Lodge and the Eastern Star, the Knights of Tabor, the Pythians, the Woodmen of the World, the Elks et al, are capable of amassing tremendous manpower and economic resources for common programs and common causes. Their only need is an ideology as the precursor to their development of agendas, to rechart the Black experience.

THE BLACK CHURCH

Too often, the Black Church has become a bastion of conservatism, reflecting the status-quo-ism of the organized White Church. Black churchmen must become revolutionary leaders using their institutional resources to build the whole man, who can use religion as an instrument for social change.

Of all the Black religious forms, perhaps the Muslims come closest to developing a Black ideology; they have set themselves apart and built a Black agenda, with the possibility of accomplishing through togetherness that which Blacks cannot accomplish alone. The Muslim ideology reflects itself in their espousal of the dignity and the beauty of Blackness.

The Black Church has a prophetic mission to play in Black survival. Christianity is a revolutionary religion, and Black churchmen must take on the revolutionary zeal of the early Christians, when Jesus was the first great socialist, and Christianity was the earliest form of socialism. The Acts from the Bible describe the first church: "And they continued steadfastly in the apostles' doctrine and fellowship, and in breaking of bread, and in prayers. And all that believed were together, and had all things in common; And sold their possessions and goods, and parted them to all men. . . ."

There are two basic forces that men can wield as mighty weapons to better their lot in society: 1) political power, and 2) economic power. Unless we can learn to use both of these powerful tools of collective behavior we are a people without a tomorrow. Who will rescue Black youth, the endangered species? We dare not fail!

POLITICAL POWER

Slowly and subconsciously, the nation has accepted the concept of a planned society; in 1974 America's foremost economists concluded without strong dissent in their annual Yuletide meeting in San Francisco, California, that the present concomitant occurrence of inflation and mass unemployment sounds the death knell for the laissez-faire capitalist system. The rich have always expected and received handouts from our government—local, state and federal. They came to the seat of government 200 years ago via horse and buggy, recently by jet, and now by mass communication, to take their expected share of the national larder. What horror was decried, if a poor devil sought to put his hand in the national cookie-jar to find some assistance to build a home, to educate a child or to lighten the burden of a medical emergency! Such behavior was bad for the stamina and the constitutional well-being of the individual citizen! Such presumption was judged treasonable and reeking of dreaded socialism, by the rich, the powerful and the greedy who control Fortress America.

Now, with the energy crisis, and the shortage of seventeen raw materials required for a booming national economy, and with the national consciousness moving toward a society with restricted priorities—"Small is great"—the giant multinational corporations quartered in the United States are slowly but quietly encompassing the concept of a planned economy for the rich.

As Blacks capture the mayoralty positions in America's great cities (recently, in Oakland, California, the home of the Black Panthers,) we are realizing the prediction of the '60's, that by 1985 fourteen of America's 25 largest cities will be governed by Black mayors. However, the reality of this new political power is not as bright as we had hoped. With no American city economically viable enough to provide its citizens with adequate goods and services such as education, old age assistance, welfare, public health facilities; and with the flight of industry following the White flight from the Black-mayored cities, we find that old political ways offer little or no promise for the new world a-borning.

There is an unfolding Jimmy Carter mirage, in which the promising Jimmy-Carter-the-campaigner's rhetoric lies hollow in the reality of Jimmy-Carter-the-President's deeds. The Black Press must make the Black masses recognize that Carter has substituted anti-inflation jingoism for full employment and equal opportunity. Blacks' 92 to 94 percent support secured Carter his victory, despite the 55 percent majority Southern White vote garnered by Ford. Carter promised equal partnership in governance of the nation to Blacks on the campaign trail, but now shows his indifference to the economic plight of the Black masses, and countenances 40.5 percent Black teenager unemployment. He has demonstrated his contempt for the poor in New York City—with a welfare program which apparently is nothing more than a redistribution of the presently inadequate welfare assistance, so as to penalize the poor elite, by taking from the poor elite and giving to the poor poor!

This man Carter, pushed by the military-industrial complex and his Tri-Lateral Commission commitments, if Blacks and their allies do not move into the vanguard, will create a planned economy in the service of the rich and the powerful, while smiling, yet punishing the masses who brought him to political power. We must learn a political art more sophisticated than self-service and individual greed. We are dealing with a man and his party who in the usual Democratic Party tradition counted Black political power only until the ballot boxes closed, and has appointed powerless Blacks who anxiously perform puppet roles in some Never-Never-Land trumped up by the Trilateral Commission (the brainchild of the "liberal" branch of the multinational corporate community which seeks to strengthen the industrial West's control, in league with Japan, of the natural resources which abound in the Third World countries).

Blacks must mass all of their political strength in support of President Carter's Call for disarmament. We must first stop the squandering of the world's resources, and especially $120 billion in 1977 of U.S. resources in the arms race. Without a reduction of the squandering of our national wealth in arms production (the WPA of this era) there is no possibility of our nation's giving its attention and financial resources to needed national renewal and development. There will be no schools for the children, no medical facilities for the ill and the aged, no homes for our burgeoning population, and, alas, no jobs for the millions who are denied the most precious of all American rights—the right to gainful employment. Yet, Blacks must move one step further, and lead the progressive vanguard in our nation demanding not only nuclear disarmament and general disarmament, but also the abolition of war, poverty, disease and racism.

THE PLANNED ECONOMY

A planned economy must be the ideology of Blacks. We must use our best minds to hone and develop the leadership to command the attention of the leaderless Black masses in America. We must rally those whom DuBois called the educated tenth, who have been misguided by the system; we must use our political power on a sustained drive as powerful as the End-the-War-in-Vietnam people's power—to wipe out the present leadership and forge a new one, if all else fails.

First, we must use the economic resources of Blacks, modest as they are, to more adequately serve the needs of the Black masses. We can think of no better example than three lessons to be learned from the Jewish experience: 1) Individually and collectively, our organizations must develop and sustain a

United Black Community Fund patterned after the National Jewish Welfare Appeal. We are wealthy enough to share our small abundance with our own needy. 2) Like the National Conference of Presidents of National Jewish Organizations, which has an international headquarters in Geneva, Switzerland, we must formulate a National Council, or Round-table, of Presidents of National Black Organizations—not to create a superstructure, but for a cross-fertilization between our organizations, so that our specific agendas might be strengthened as we search for an ideology of Black liberation in the USA. 3) As the Jews have so ably inculcated in their progeny their identity and their common struggle to be waged against anti-Semitism, so U.S. Blacks must start a two-phase crusade, from the cradle to the grave: first, of developing an identity and appreciation of Blackness, and, second, of never permitting our progeny to forget the menace of racism to the Black experience. No Black sacrifice is too great in our struggle—with allies if possible, but alone if necessary—to destroy racism—the enemy eternal, by any means necessary, and create for all people a decent life.

A recent observation on how many times a dollar changes hands within the ethnic communities of San Francisco should be of significance to us: A dollar changes hands in the Chinese community 5 to 6 times, in the Jewish community 4 to 5 times, in the WASP community 3 to 4 times, and in the Black community, once—it comes *in* and goes *out*! Think of the awesome economic power Blacks will control, when we learn and practice the simple expedient of allowing a dollar to touch Black hands twice while residing in our community!

In the new planned national economy, Blacks should show the highest degree of creative statesmanship by moving to the vanguard, offering to White businesses and the White middle class who have flown the cities an invitation to return and rebuild these areas of enterprise, and share in the political power which thereby results; they should urge the development of the metropolitan concept, in which the borough system provides, with federal assistance, the economic basis for all the life enrichment potentials—adequate schools, adequate health facilities, adequate housing, adequate finances—a community vibrant enough to implement the philosophical demands of the Humphrey-Hawkins Full Employment Bill: a job for every able-bodied citizen, with the government accepted as an employer of last resort.

Only in the Black experience and our own sordid circumstances can we find the courage, fortitude and daring intellectual perspective to move out from a submerged, amorphous mass, the victims of an oppressive social and political system, to rally millions of sleeping giants in America to the cause of turning this nation around, moving in a great crusade to fulfill the humanistic promises in a Second American Revolution (or indeed to guarantee the fulfillment of the humanistic promises submerged in the First American Revolution) which must be won. Our crusade will give birth to a planned economy, dedicated to the service and enrichment of life for *all* Americans. What a victory this would be for a suffering humanity against all of our enemies, who stealthily but surely are structuring a planned society for the few who are rich, the few who are powerful, the few whose greed knows no bound.

We have hastily postulated the emerging pattern of the new yet great design by which 25 million Blacks residing in the belly of the beast can find internal resources with which to enlarge their political and economic options. If, however, we slumber while our masses crawl and our youngsters are allowed to rot in jail, we shall deserve our fate—which is being ignored in person while our economic resources are snatched from us as life-enriching contributions for those who are basically our enemies. We fail to utilize the intellectual, creative genius of Black America in this crusade for Black survival at great peril.

It is estimated that from 500,000 to 600,000 Black youths from 16 to 19 are continually out of work; if we include those ranging from 8 to 16, while too young to work they must be counted because far too many are committing violent crimes and using narcotics, they number about one million. These youngsters live on the edge of a civilized society; their most immediate option is crime, first and foremost against other Blacks. The Chicago Police Department's commander of homicide recently stated in an interview that the average person found guilty of murder is "male, Black, 18 and under." An entire generation of Black youth are becoming useless, expendable, nonfunctional, nonproductive human waste material because the system refuses to educate them, or provide for them or their parents. These young expendables have become the nation's number one social liability.

We are a people without a tomorrow, unless on a crash emergency basis we move to rescue our children, who are indeed an endangered species. No nation can survive in a society in which more Black youth (in the State of Louisiana) are incarcerated in jails and prisons than attend colleges and universities. No people can survive in a national environment in which all the male children born in 1960—who are now 17—find the following sordid horrendous circumstance: One in ten has been the victim of murder; and one in ten has been convicted of murder!

The horror of these statistics only partially describes the dark, threatening clouds of destruction which loom over the head of every Black householder. If in the short time allotted to us we have planted a seed which will grow through the morass, the wilderness and confusion that surrounds us, with the possibilities of bringing to fruition a new age struggling to be born, then this pause to celebrate the 150th anniversary of the Black Press of America will not be an elegy of despair, but the orchestration of a triumphal march into a new age which we shall create.

The question comes to mind: Can a people out of whose bosom sprang a John Russwurm heralding the end of slavery, a Frederick Douglass crusading for human justice, a W. E. B. Du Bois warning of the impending world-wide struggle of race against race; can a people producing a Martin Luther King, not find within its own human resources the creative genius to attack humanity's three scourges: racism, poverty and war?

In the words of John Donne, we must never forget that when the bell tolls, "it tolls for thee."

AGRICULTURAL RESEARCH

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. COLEMAN. Mr Speaker, on January 5 of this year, I was pleased to cosponsor a bill to improve the agricultural research program of this nation. I am pleased to express my strong support for title XII of H.R. 7171, the National Agricultural Research Extension and Teaching Policy Act of 1977.

Everyone directly or indirectly associated with food production, distribution or quality, is well aware of our desperate need to revise the outdated agricultural research system. During the hearings and the subsequent actions by our Agriculture Committee, I was closely involved with this proposal. I have had the good fortune of being able to consult with a number of agriculture research leaders in my Sixth Congressional District of Missouri.

It is my firm belief that this title meets the research needs of our colleges and universities. It can bring the resources of all our educational institutions into use, as well as the continuing use of land-grant colleges.

We all want a cleaner environment and a safer quality of food. To obtain these goals we must have more research.

Farmers, because they are the people most exposed to agricultural chemicals, are interested in finding new, better and safer ways to insure an adequate supply of food.

The world food need requires that we find the best ways to safely produce sufficient food for an ever growing number of people. We can only meet these goals if we have adequate research into all aspects of food production and human nutrition.

Again, I want to express my strong support for this title of the bill and further state my hope that our increased efforts at improving our agricultural research will be beneficial for all mankind.

THE WASHINGTON SUBWAY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MICHEL. Mr. Speaker, amidst the shouts of joy and paeans of praise for the Washington Metro a few less admiring, if more objective, questions have been raised. A recent article showed that there is a structural problem with the subway cars that make them break down when carrying a heavy load: that is, precisely when they are needed, in the rush hour. I recently read another criticism in an editorial in the Journal-Star of Peoria. The $5½ billion cost of Metro, while not much in the eyes of Washington big spenders, is a colossal sum. Journal-Star Editor C. L. Dancey raises some very tough questions about the building of Metro. At this point I would like to insert into the RECORD, "Spending: D.C. vs. Peoria." from the Peoria Journal-Star of July 16, 1977:

SPENDING: D.C. VERSUS PEORIA

Washington, D.C., has been celebrating the opening of a new subway system, and apparently the people there—including a number of Washington columnists—are just in *love* with it.

Cost: five and a half billion dollars.

That would build 60 of the most luxurious Peoria-style civic centers!

Now, take the largest breakdown possible to spread out that use—the whole Washington metropolitan area reaching into Virginia and Maryland—and that is still $1,850 per head for every man, woman and child living there.

How much is that, really?

Well, if Uncle Sam fathered a single project in Peoria and invested $1,850 per head

for us, in the same manner, it would be a $250,000,000 project. Yessir, for the city *only* it would be 250 millions of dollars—enough to build the entire civic center complex in its most luxurious form, and not even make a dent in the available funds.

Figured on the same basis—the standard metro area—we would get more than *twice* that much running it on a truly comparable basis with Washington to some *half-billion plus* for a local project here . . . but that gets so utterly ridiculous there's no use fooling with it.

Oddly enough, Mary McGrory, the ultra-liberal finds herself ecstatic about this local construction deal, writing how wonderful it is, that "We deserve it!" (because of fighting traffic all these years in Washington)—and chortling about how refreshing it is to get something for "the people" out of Washington.

Heretofore any dams or highways or other local projects around the country have been lambasted sneeringly by Mary and her ilk as "pork barrel."

But not when it's a municipal deal for *them* in *their* city!

And in those proportions, one must admit it is hardly pork by the barrel. It is Prime Rib of Kobe beef by the warehouse.

Now, we have been used to our government building a $250,000,000 palace to provide offices for a mere 60 senators many years ago which is an outrageous price for an office building to house such a modest number of officials anyplace, of course, and would also build half a dozen civic center complexes to include convention centers, giant theaters, sports palaces and all.

We just figured that Congress was taking very good care of themselves . . . not a standard they applied to *municipal* works.

But five billions and a half for a 12 mile mini-subway for the people of an American city . . . that happens to be their city?

That suggests more than mere favoritism or special privilege. It suggests simply, that our government leaders have lost all sense of the value of money. They just throw it around on a scale that is unimaginable elsewhere, and don't even know it *is* outrageous.

No wonder that kind of total loss of perspective can destroy a national economy—as it has in England.

The Washington metro, as a measuring stick for irresponsible financial attitudes, is the saddest news in many a year.

When even the media there cheers—because this time its for *them*—it isn't only the lawmakers that have lost touch with grass roots realities. It's the whole Washington establishment, including the press.

That shouldn't come as a surprise. New York spent itself into ruin . . . and while it did so, the New York centered national media cheered at this "enlightened" spending.

We have to face the fact that the Biggest Business in the world, our federal government, is being run by and reported on by people who have lost all sense of proportion.

They burn *our* money like autumn leaves (before environmental laws prevented burning leaves.)

And *this* irresponsibility is a greater danger to our total environment than anything they have legislated against.—C. L. Dancey.

CORRECTION

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. PURSELL. Mr. Speaker, on May 12, 1977 an insert appeared in the CONGRESSIONAL RECORD listing contributions to Members of the House and Senate from labor organizations.

In error, I was listed as receiving $1,125 in contributions from labor groups when in fact I received only $125.

The list which appeared in the RECORD was prepared by the Americans for Constitutional Action. Following is a letter from their chairman which explains the error:

AMERICANS FOR CONSTITUTIONAL ACTION,
Washington, D.C., July 19, 1977.

Hon. CARL PURSELL,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PURSELL: I would like to apologize for any trouble a mistake in our recent news release has caused you. A contribution of $1,000.00 from the National Education Association should have been credited to candidate Ken Pursley of Idaho instead of you. During the transcribing from the dictaphone tape the mix up happened.

Please let me know if you desire any other form of explanation.

Sincerely yours,

J. CHARLENE BAKER, *Chairman.*

LASER FUSION—VIRTUALLY INEXHAUSTIBLE ENERGY SUPPLY

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. TEAGUE. Mr. Speaker, the energy problems which our country faces are serious. The national energy plan submitted by the President has attacked these problems by encouraging conservation and new domestic exploration and production of conventional fuels for the near term. However, we must prepare now for the long term and answers must be sought from our scientists and engineers. One of the most promising long-term technologies is laser fusion. Energy delivered by this technology relies upon the virtually inexhaustible supplies of oceans. In addition, it may impact medical radiation therapy as well as the production of synthetic fuels. And, of course, it will produce electricity. Soon the Congress must consider H.R. 6566, which authorizes the laser fusion program in the Energy Research and Development Administration. I am including here excerpts from an article by Arthur Fisher entitled, "Energy from Laser Fusion." They illustrate fully the widespread nature of the work that is developing laser fusion at both private and government laboratories. They also point out the stress that ERDA is placing on laser fusion as a technology that may increase energy supplies for the whole country.

The article follows:

POWER IS STILL FAR OFF

The mechanism for accomplishing this is called implosion. A fuel pellet is bathed in a very short, very powerful pulse of laser light. This ablates the outer surface of the pellet by heating it and causes that portion to fly outward. (Similarly, the heat shield of a spacecraft is ablated by the heat of friction during atmospheric reentry). But, by Newton's Third Law (every action has an equal and opposite reaction), the rest of the pellet, including the fuel at the core, is accelerated inward—imploded. In the words of John Emmett, head of the laser fusion program at LLL, the system is akin to "a laser-powered spherical rocket whose payload is the rapidly contracting pellet."

Fuel pellets have been imploded at many labs. But we are a very long way from a laser-fusion power plant. To achieve that, we will need a laser that can deliver hundreds of trillions of watts with a pulse length somewhere around a billionth of a second. It must have a reasonable efficiency—say several percent. Its light should be in the near-infrared or in the visible spectrum (although recent work at LASL suggests this may not be necessary at very high powers). It must fire at least once a second, millions of times in a row, without breaking down.

No such laser exists. The neodymium glass lasers I saw at LLL and KMS and Rochester, for example, are no more than 0.1 percent efficient. Moreover, they can't be fired more than about once an hour. Carbon dioxide lasers, like the ones I saw at LASL, are much more efficient—they may reach five percent or so—but their wavelength is in the far infra-red. The search for a laser of some new material that will achieve the best blend of all these properties—"Laser X," as everyone in the field calls it—is going on all over the world.

In the meantime, existing lasers, and ones slated to be built in the next few years, are helping solve some of the more anguishing problems of plasma physics—of just what happens when an unimaginably high-powered jolt hits a tiny target. Some of them are pictured in these pages. All are extremely impressive technological achievements. When I toured the giant room at LLL housing Argus, the world's most powerful laser until Shiva is operating, John Emmett turned to me proudly and said: "You're standing on the world's largest optical bench—40 by 240 feet, and made of solid reinforced concrete a meter thick in one continuous slab, supported by a hundred columns. The whole thing is entirely isolated from the rest of the building."

At the small end of the scale, too, technology plays a vital role. We couldn't reveal, in our 1974 story, that the fuel pellets being tried in several labs were actually tiny hollow glass spheres, 10 times smaller than a pinhead, filled with a D–T fuel mixture. We didn't know. Their use had been classified by the then AEC, because the design of fuel pellets figures heavily in nuclear-weapons work. The spheres are made by commercial suppliers (you can watch their strange, liquid-like mass behavior in a fascinating toy, made by Wham-O, called "Magic Window") and come to the labs literally by the billion—a quart jar holds about 2.5 billion of them.

A SMALL COMPANY MADE IT BIG

Finding a perfectly formed microballoon, spherical and with symmetrical, uniform walls, is a job that far surpases looking for a needle in a haystack, as I tried when I tried to pick one up with a camel's hair in the laser target fabrication lab at Los Alamos. Gene Farnum of LASL told me the spheres were so light—a gallon of them weighs only a pound—that if disturbed they may float suspended in the air for weeks. One of the chief maxims of the lab, he said, was "no hard breathing."

With such D-T filled microballoons, at least two labs, KMS and LLL, have reached an important milestone in the laser fusion program. After a laser shot, they have detected the kind of neutrons that are generated in a genuine fusion "burn"—thermonuclear neutrons. Almost evervone now acknowledges that KMS got results first, an extraordinary accomplishment for a small company that had no backing from the government (it now has a contract with ERDA).

Pellet implosion and thermonuclear neutrons are the first two milestones in ERDA's

well-planned route to laser fusion. Dr. C. Martin Stickley, Director of ERDA's Division of Laser Fusion, ticked off the rest of the schedule recently in Washington:

Significant fusion burn . . . 1977–1978. This means about one percent of the fuel in the target is undergoing a fusion reaction, enough to analyze with confidence. Shiva should produce significant burn.

Scientific breakeven . . . 1981–1982. The thermonuclear energy from the burn equals the energy delivered to the *target* (not to the laser). Says Dr. Stickley: "We will need hundreds of trillions of watts on target, attainable with the 100-kilojoule gas laser being built at Los Alamos, or perhaps, in 1983, with Nova, a proposed upgrade of Shiva that might double the number of arms and increase the power five- to ten-fold."

Net energy gain . . . mid 1980's. "This is the all-important point: more total energy yield from the burn than is required to drive the laser system. It will require a few hundred more trillions of watts and a new laser—laser X—or fast energy source such as electron or ion beams."

Operating test system . . . late 1980's. "That assumes all our discoveries including Laser X can be engineered into a high-pulse-rate pellet-burning system with all the control and conversion equipment . . ."

Demonstration power plant . . . late 1990's.

I asked Dr. Stickley how confident he was about ever really reaching that last, tantalizing milestone. "People's general criticism of fusion," he answered, "is that it hasn't worked . . . we haven't done it. One of the reasons for my enthusiasm for the laser-fusion program is that I believe we have the concepts in hand to show that it *can* work."

Nevertheless, the engineering problems in designing a workable inertial confinement fusion power plant are formidable, and ERDA experts believe laser fusion will contribute nothing to the U.S. electricity supply before the end of this century.

Similar problems also attend electron-beam and ion-beam fusion, the other inertial confinement schemes ERDA is investigating. (Some people are using the collective term "charged-particle fusion.")

THE PRACTICAL OUTLOOK

There are prospects, though, for getting some positive use out of the high-energy neutrons from laser fusion devices long before they reach the milestone of net energy gain. For example, KMS chairman Dr. Russell D. O'Neal told me: "We've been working under contract with the Texas Gas Transmission Corp. to produce hydrogen from water by using thermonuclear neutrons from laser fusion. Then we'd make methane—the main constituent of natural gas—from the hydrogen. We hope to be making a real contribution to the energy problem by the mid-1980's."

And at the University of Rochester's Laboratory for Laser Energetics, Dr. Moshe Lubin has pulled together funds from ERDA, N.Y. State, G.E., Exxon, and utility companies to build a 24-beam glass laser called Omega X. As a "useful intermediary result," he told me, "we envision a laser fusion breeder . . . we should know if it works within the next five years." Spent nuclear fuel rods would simply be inserted in a laser fusion target chamber, and would capture the thermonuclear neutrons produced. Uranium-238 or thorium-232 could thus be bred into the fissionable materials plutonium-239 or uranium-233. The rods would be reusable many times.

"You wouldn't need to worry about energy gain," says Lubin. "You could even consume energy. As long as the end product gives you a lot more energy when you put it a light-water reactor. We envision, not too long from now, a laser fusion breeder next to light-water reactor complexes."

GROWING OLD IN AMERICA

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mrs. PETTIS. Mr. Speaker, in light of the recent passage by the House Education and Labor Committee, on which I serve, of legislation outlawing mandatory retirement at age 65, I thought it most appropriate to insert the following article on Margaret Mead which recently appeared in the Family Circle magazine.

Dr. Mead discusses some of the problems which face older Americans. I commend it to my colleagues as necessary reading on this subject:

GROWING OLD IN AMERICA

Margaret Mead celebrates her 75th birthday this year. We went to see her in her office, tucked away in a Victorian turret of New York City's Museum of Natural History. It is the same place she began her work 50 years ago—cozy, comfortable and cluttered with books and memorabilia. To get there, we had to take a large museum elevator, walk down long, dimly lit corridors lined with fossil specimens and finally climb a tiny winding staircase. Few with her fame could resist the temptation to move to grander and more accessible quarters. But one secret of Margaret Mead's long and productive life is her ability to know instinctively what is right for her.

She has been acclaimed "one of the greatest women alive" and is known throughout the world as a pioneer in her chosen field of anthropology. She is the author of nearly two dozen books and countless articles on primitive peoples and all aspects of family life.

A petite and lively woman, she's seated behind her large desk, which overflows with papers and other evidence of work in progress, and beams her famous smile as she talks. Dr. Mead's energy and unflagging interest in life pervade her own unique and inspiring perspective on old age in America.

Family Circle: America has a bad reputation for our treatment of the elderly. Do you think it is warranted?

Dr. Mead: America is pretty negligent in this respect. As a nation of immigrants, we have always put a tremendous premium on youth. The young people, the first generation born here, understood American life better than their parents, who had come from other countries. In the more uprooted families, grandparents became a source of embarrassment. Though children whose grandparents were not English-speaking might learn to understand their grandparents' language, they would refuse to speak it.

But at least older people used to stay in the family. Homes were big, and there was room for extra aunts and grandparents. Families lived close together in communities. Today we have many more old people than in the past. And we have changed our whole life-style. The flight to the suburbs in the last 25 years has done a great deal of harm. In these age-segregated, class-segregated communities, there is no place for old people to live near the young people they care about. So the poor ones are stacked away in nursing homes, which are sometimes called "warehouses for the old." The more affluent ones move into golden ghettos or go to Florida, but they too are segregated and lonely.

FC: How were the elderly treated in some of the primitive cultures you have studied?

Dr. Mead: You don't find many early or primitive societies that treat old people as badly as the civilized societies do. The very earliest civilizations, of course, had to let their older people die, very often because they weren't strong enough to walk the necessary distance to find food. But as soon as there were ways of storing food, older people were looked after.

FC: Do you see any parallel in the way America treats its older people and the way we treat our children?

Dr. Mead: Our treatment of both reflects the value we place on independence and autonomy. We do our best to make our children independent from birth. We leave them all alone in rooms with the lights out and tell them, "Go to sleep by yourselves." And the old people we respect most are the ones who will fight for their independence, who would sooner starve to death than ask for help.

We in America have very little sense of interdependence. The real issue is whether a society keeps its older people close to children and young people. If old people are separated from family life, there is real tragedy both for them *and* the young.

FC: How could we structure our society to help bring older people back into the lives of their families?

Dr. Mead: It is primarily a question of replanning, of building communities where older people are welcome—not necessarily your own grandmother, but somebody's grandmother. Older people need to live within walking distance of shops and friends and family. They need younger people to help with the heavy chores, to shovel the snow and cut the grass so they can continue to live on their own.

FC: What do you think about the way we approach retirement?

Dr. Mead: The practice of early retirement is terribly wasteful. We are wasting millions of good years of good people by forcing them into retirement. The men especially suffer. Whether or not women work, they've always had to do the housekeeping and the shopping and the planning. So when they retire, they still have some continuity in their lives. But the men are admirals without a fleet. They don't know what else to do but die.

FC: What can we do to keep older people active in community life?

Dr. Mead: We can do many things. Some universities are building alumnae housing on campuses so that graduates will be able to move back near the universities. Some can teach, and all can enjoy the lectures, the intellectual stimulation and being near young people.

We shouldn't drop people from the PTA when their last child leaves school. We should have a grandparents' association that works for local schools. At present, older people vote against school bond issues for schools their children once attended. They get selfish because they're no longer involved.

FC: It has been a fond American myth that in the good old days—whenever those were—we treated old people much better. Did the elderly really have fewer problems?

Dr. Mead: For one thing, there weren't a great many older people, and the ones that lived long lives were very, very tough.

Older people are more frail today. Many are the kind who would have died during infancy in earlier times and have had uncertain health all their lives. I had never seen an older person lying around like a vegetable, taking up the energy of doctors and nurses, until I was 28 years old. Every old person I knew as a child was somebody I could admire and listen to and enjoy.

When we're involved with old people whose hearing and eyesight go and who have to be cared for, we don't treat them like people, and that is frightening to old and young alike.

FC: When you were a child, grandparents had a much more active role in child-rearing than they do today. Do you believe that

grandparents can educate their grandchildren?

Dr. Mead: If only today's grandparents would realize that they have seen more social change than any other generation in the history of the world! There is so much they could pass on!

In the small towns of earlier times, one good grandmother went a long way with her stories, her store of old-fashioned songs and her skills in the vanishing arts. From her, children absorbed a sense of the past and learned to measure time in meaningful biological terms—when grandmother was young, when mother was young, when I was young. Dates became real instead of mere numbers in a history book.

When my grandmother died in 1928 at the age of 82, she had seen the entire development of the horseless carriage, the flying machine, the telephone, the telegraph and Atlantic cables, radio and silent films.

Today, telephoning has largely replaced the family correspondence of two generations ago. I still treasure a letter that ends: "You are always in the thoughts of your grandmother by the sea. P.S. 'Apartment' is spelled with one 'P.' "

FC: Was your grandmother very important to you when you were growing up?

Dr. Mead: One of my grandmothers, who always lived with us, was the most decisive influence on my life. She sat at the center of our household. Her room was the place we immediately went when we came home from school. We did our lessons on the cherry-wood table with which she had started housekeeping. Later it was my dining room table for 25 years.

I think my grandmother was the one who gave me my ease in being a woman. I had my father's mind, which he had inherited from her. Without my grandmother's presence—small, dainty and pretty—I might have thought having my father's mind would make me masculine. Though she was wholly without feminist leanings, she taught me that the mind is not sex-typed.

You know, one reason grandparents and grandchildren get along so well is that they can help each other out. First-person accounts of the parents when they were children reduces parental fury over disorders and fads of "the younger generation" and does away with such pronouncements as: "My father would never have permitted me to . . ."

In small-town schools, there used to be teachers who taught two generations of children and mellowed in the process. They were there to remind the children that their parents had once been young, played hooky and passed forbidden notes in school. They were also able to moderate the zeal and balance the inexperience of young teachers.

FC: It is a popular belief that the way people were treated as children influences the way they treat older people. Do you agree?

Dr. Mead: There is a story that I like about a father bird who was carrying a little bird in its beak over the river. The little bird was completely in the power of the father bird. The older bird said, "My son, when I am old, will you care for me?"

The little bird said, "No, father, but I will care for my children the way you have cared for me."

The story shows something of the way affection is passed down through the generations. But it also reveals a fear of aging. In this country, some people start being miserable about growing old while they are still young, not even middle-aged. They buy cosmetics and clothes that promise them a young look.

A concommitance to the fear of aging is a fear of the aged. There are far too many children in America who are badly afraid of older people because they never see any. Old people are not a regular part of their everyday lives. Also, children are aware that their middle-aged parents cling to youth.

FC: It's true. We Americans are obsessed with staying young. There are not enough models like you, Dr. Mead, to show younger people goals to grow toward.

Mr. Mead: We have always had a good number of lively old people—it is just the proportions that are changing. We had Bernie Baruch sitting on his park bench, advising one president after another. We have many physicians who go on practicing late in life. Writers, too, and justices of the Supreme Court.

FC: How can middle-aged and young people lessen the fear of growing old?

Dr. Mead: It's very important to prepare yourself. One useful thing is to change all your doctors, opticians and dentists when you reach 50. You start out when you are young with everybody who looks after you older than you are. When you get to be 50, most of these people are 65 or older. Change them all and get young ones. Then, as you grow older, you'll have people who are still alive and active taking care of you. You won't be desolate because every one of your doctors is dead.

Another thing is to consider what you want to do later in life while you are still young If you think of your whole lifespan and what you are going to do at one stage and then at another, and incorporate these plans in your life picture, you can look forward confidently to old age. If you associate enough with older people who do enjoy their lives, who are not stored away in any golden ghettos, you will gain a sense of continuity and of the possibilities for a full life.

FC: How did you plan for your life when you were young?

Dr. Mead: I went to work at the Museum of Natural History as a young girl, and of course I had no idea how long I'd stay. You don't when you are 24. Then I saw a doddering old man walking around the corridors, and I asked, "What is he dong here?" I was told, "He is working on a book. He retired 20 years ago." I discovered that at the Museum they keep you until you die. And so I decided to stay right there.

FC: How do you think people can learn to appreciate the past?

Dr. Mead: I frequently have my students interview older people. For the Bicentennial, we developed a model book called *How to Interview Your Grandfather*. It is the reverse of a baby book. The students made up the questions simply by thinking of what they wanted to know about the past. The older people adcre being asked. They stop complaining that nobody is interested in them or that "nobody listens to me anymore. . . ." And the young people find that what they have to say is fascinating.

FC: It's so important for children to sense the treasure of memory, both personal and national.

Dr. Mead: Another thing we are doing with students is to tell them to write an autobiography for their as-yet-unborn grandchildren. What would you like your grandson or granddaughter to know about you? Thinking like this gives young people a new perspective about the future: They begin to realize that someday they themselves will be old.

My mother was very fond of Robert Browning. She used to quote these lines from *Rabbi Ben Ezra*. They are favorites of mine:

Grow old along with me!
The best is yet to be.
The last of life, for which
the first was made:
Our times are in His hand
Who saith "A whole I planned,
Youth shows but half; trust God:
see all, nor be afraid!"

AWACS

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. STUDDS. Mr. Speaker, on July 11, I introduced a resolution to disapprove the proposed sale to Iran of seven early warning aircraft—AWACS—to Iran. I was pleased this morning to see that my position on this issue is fully shared by the Washington Post. The following is today's Post editorial on this subject, a matter which I believe is of interest to all our colleagues:

ARMS BUSINESS AS USUAL

In 1972 President Nixon secretly gave Iran virtual *carte blanche* to buy the arms of its choice. Scarcely a year later, OPEC's quintupling of oil prices put into the Shah's hands the money to buy the quantities of sophisticated weapons he has been amassing relentlessly since. Campaigning for President, Jimmy Carter decried profligate American arms sales. In the White House, he declared he would view arms sales "as an exceptional foreign policy implement to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests." Putting his policy into effect in respect to Iran, he decided not to sell the F–18.

He has persisted, however, in pushing the sale of an elegant airborne radar system called AWACS (airborne warning and control system). Iran wants seven at a cost of $1.2 billion. Evidently the administration feels that American relations with Iran cannot easily stand the strain of canceling AWACS. Moreover, there is strong Pentagon pressure to recapture by exports some of the huge development costs ($2.8 billion). NATO is gagging on the price. Hence the drive to sell to Iran.

It's a pity because on the merits the administration's case is weak. The Director of Central Intelligence agrees that the technology could leak, with damaging results, to the Russians. The need for Americans to man the system could conceivably suck the United States into unwanted trouble. Since the system lets you control your fighter aircraft as well as detect enemy missiles, its sale undercuts the formal Carter pledge not to introduce into a region a weapons system creating "a new or significantly higher combat capability." Iraq or Saudi Arabia could reply by escalating their own military preparations. Ground radar provides Iran an alternative. Granted, not all these considerations are of equal merit. But in the 30 days which the law gives Congress to block proposed sales, the administration has not satisfactorily answered the questions that overhang this transaction. Said the President on May 19: "The burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it."

Senate Majority Leader Robert Byrd offered the administration a gracious escape from a collision with Congress. Citing the press of Senate business and the non-urgency of the AWACS sale, he suggested that the President wait awhile. But Mr. Carter said no. So a bruising battle is coming. Conservatives as well as liberals are aroused. For the sale to be blocked, both houses must disapprove by Aug. 5. We hope they do. The administration should understand in any event that its stand has fueled a congressional drive to change the law to make it easier to block future sales.

CORRESPONDENCE BETWEEN CHAIRMAN TEAGUE AND THE STATE DEPARTMENT ON CLINCH RIVER BREEDER REACTOR PROJECT

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. TEAGUE. Mr. Speaker, last month the Speaker referred to me a letter which he had received from Mr. Vance, Secretary of State. This letter stated the administration's reasons for terminating the Clinch River breeder reactor project. I felt that these administration views indicated a lack of understanding of both the real purpose of the project and the best way to work with other nations to reduce proliferation. On June 20, I wrote the Secretary of State and expressed these concerns to him.

This week I received a reply from the Department of State which purports to "fully appreciate the elements of the problem" raised in my letter. I commend all three letters in this exchange to my colleagues and have included my comments on the most recent responses from the State Department. I felt compelled to comment because this latest response still indicates an alarming lack of appreciation of what Clinch River is about and its relation to proliferation risks in both substance and timing:

COMMENTS ON THE JULY 13 REPLY FROM THE STATE DEPARTMENT

Mr. Bennet's statement of commitment to light water reactors via uranium enrichment makes no mention of the uncertainty of our uranium reserves. However, it is a fact that the prudent planning base of probable uranium resources is only 1.8 million tons and it will be at least three or four years until we can obtain a better estimate. As a result, our commitments to enrichment beyond the 1980's have little credibility with other countries or utilities. In view of these uncertainties, one can hardly expect major capital investments for light water plants without an assured supply of fuel.

The expansion of U.S. enrichment capacity is a key item which deserves some comment. The safeguards to prevent the non-peaceful uses of this technology require attention in the very near future. The relative convenience of centrifuge technology appears a much easier route to weapons proliferation than the breeder technology being developed. I am surprised that the Administration makes no mention of this.

An overwhelming majority of our Committee came to a single conclusion—the link between Clinch River, a technology demonstration project, and proliferation is weak. The continuation of the project does not move us "prematurely to a plutonium economy." The demonstration of breeder technology at Clinch River is two very large steps removed from commercialization. It would necessarily be followed by prototype demonstration of commercial viability and then the first commercial plant. I have difficulty with the Administration contention that "asking other nations to pause and reassess fuel cycle alternatives is not consistent with our continuing programs such as Clinch River which give momentum to commercialization of the breeder." It seems much more rational to decide on whether or not to commercialize, if need be, after we have developed it as an alternative, not before.

The Administration contention that we are continuing breeder development at a $483 million level overlooks the stage of technology development which has been reached in the program. The time is right to demonstrate the breeder technology in an integrated fashion. ERDA and industry *cannot* continue component development, materials and fuels work indefinitely. This work is focused to reach fruition in the Clinch River Project where the components are brought together to interact as a total system. The French have isolated some problems at this level with their Phenix reactor which they feel confident will not be repeated in their commercial prototype demonstration. There is a breeder team waiting to bring about this culmination of Breeder R&D; it would take five to seven years and a billion dollars or more to reconstruct this team.

Fortunately, some hint of realism appears in the State Department view which suggests that the limitation of their non-proliferation approach has become clear.

Our Committee recently completed an overnight trip to Western Europe and one of our major findings in discussions with the International Atomic Energy Agency is relevant to the last paragraph of Mr. Bennet's letter. Although the Administration now feels that "close cooperation is the only answer", this was not always so. The non-proliferation policy was developed not only without prior consultation with the International Atomic Energy Agency but also without any discussion with the American delegation to that body. This was, I feel, an unfortunately presumptuous course of action for a new Administration and the deficit in utilizing this unilateral approach has now become evident. I would remind the Administration that deferring our demonstration of breeder technology hardly provides us with a strong suit for exchanging international breeder technology.

I hope that we will see an increased awareness that less, albeit sincere, symbolic posturing in the foreign policy arena and more objective analyses of what real choices the technology affords us will insure that the country steers a true course through the perils of weapons-proliferation.

THE SECRETARY OF STATE,
Washington, June 14, 1977.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives

DEAR MR. SPEAKER: I wish to provide you and your colleagues in the House of Representatives with some additional views concerning recent Administration decisions on nuclear energy policy, in particular, the termination of the Clinch River Breeder Reactor (CRBR) project.

The President's April 7 and April 27 statements on non-proliferation and nuclear power established for the first time a realistic basis for controlling the spread of nuclear weapons capability abroad. One of the crucial elements of this policy is a clear and unambiguous decision by the United States to cancel all construction and licensing of the Clinch River Breeder Reactor project. It is our recommendation that we pause before commercializing this next generation of nuclear technology which in its current form would greatly increase the risk of nuclear weapons proliferation.

We have launched a major diplomatic effort to persuade others to similarly avoid premature commercialization, and to join us in an international Nuclear Fuel Cycle Evaluation Program in which we would jointly explore ways to make future breeders more proliferation-resistant or find other alternatives that would satisfy our collective energy and national security concerns. I am encouraged by the initial responses of the countries which have been invited to join the Evaluation Program. This effort was one of the key topics for discussion at both the London Economic Summit and the Salzburg Conference on Nuclear Power and its Fuel Cycle. Following up the Economic Summit, a group of experts is now working on the terms of reference for the Evaluation, and will report its result by July 7.

If we were to proceed towards the early commercialization of the breeder at this time by funding the Clinch River Breeder Reactor, it would undermine our credibility and call into question our motives in calling for a joint reassessment of the problems associated with early entry into a plutonium-based economy. I must emphasize that this Administration has not ruled out a long term breeder option. Indeed, the President's proposed budget for the 1978 ERDA authorizations contains $483 million in R&D for the Fast Flux Test Facility and the base breeder reactor program. But I believe that to proceed with the Clinch River Breeder Reactor would adversely affect the chances of success of the Evaluation Program by sending precisely the wrong signal abroad at this time.

Sincerely,

CYRUS VANCE.

COMMITTEE ON SCIENCE
AND TECHNOLOGY,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., June 20, 1977.

HON. CYRUS VANCE,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: Your letter expressing the views of the Administration on the proposed termination of the Clinch River Breeder Reactor Project was referred to our Committee by the Speaker. While I share the Administration's interest in doing all that is possible to safeguard the proliferation of nuclear weapons, I feel that the Administration's views on the Clinch River Breeder Reactor suffer from a lack of understanding about the purposes of the project as well as from an understanding how best to work with other nations to reduce the possibilities of nuclear weapons proliferation.

The Clinch River Breeder Reactor Demonstration Project is not a commercial power reactor as is implied in your letter of June 14. This is a matter of common knowledge among the nations with whom you are interested in negotiating and I regret that the State Department is not well informed on this issue. The purpose of constructing the facility at Clinch River, Tennessee is to demonstrate in a 300 megawatts facility which is less than one-third a commercial sized facility scaled at about 1000 megawatts, whether the technological concepts can be made to work and to provide a test facility for alternatives concepts as well.

I would like to suggest that the State Department consider at least three basic elements which are key to this debate:

1. Most of our Allies do not have either unlimited supply of uranium or fossil fuels.

2. Most of our Allies have relied on the United States to provide enrichment services but have seen the problems caused by the overdependence for supplies as a result of the actions of the OPEC cartel.

3. Some of our Allies are moving more rapidly than others in pursuit of the breeder option. It is highly doubtful that they will be impressed enough with the new U.S. policy to halt their efforts.

Your letter also states that proceeding with the Clinch River will undermine the U.S. credibility. After returning from discussions in Europe with several energy experts and leaders, I have come to the opposite conclusion on what will destroy our credibility. It is my belief that attempting to place conditions on the fuel processed for other countries and at the same time stopping work on the liquid metal breeder tech-

nology, calls our motives into question. We may have limited alternatives such as coal; but to seek to keep others from developing ways to better utilize human resources in those countries where they are short of natural resources, is not viewed as cooperation. It is isolation.

Your strong comments lead me to believe that this issue is not being viewed as a traditional diplomatic initiative, but is basically driven by fear of proliferation on the part of the breeder. To my mind a greater danger, lack of international cooperation, lack of common trust and willingness to continue programs which may develop alternative technologies which will not proliferate has not been adequately weighed as part of this decision.

Sincerely,

OLIN E. TEAGUE, *Chairman.*

DEPARTMENT OF STATE,
Washington, D.C., July 13, 1977.

Mr. OLIN E. TEAGUE,
Chairman, Committee on Science and Technology, House of Representatives.

DEAR MR. TEAGUE: The Secretary has asked me to respond to your letter of June 20 concerning the Administration position on the Clinch River Breeder Reactor Project.

I should first like to address myself to what I believe is your principal point namely, that the President's new non-proliferation policy has the effect of denying to other nations with fewer national energy resources than the United States the full peaceful benefits of the atom. This is not the case. The President has made it clear that we remain fully committed to the use of nuclear energy at home and to peaceful cooperation abroad. At the same time, however, we must be concerned about the proliferation risks inherent in the next generation of nuclear power development, particularly commercial reprocessing techniques which produce pure plutonium in weapons-usable form and which would all but render ineffective the current international safeguards system.

Against this background, we fully appreciate the need to consider the elements of the problem raised in your letter: the energy resource shortages of many of the countries with which we cooperate in the nuclear field: the need for assured enrichment services for our allies: and the on-going foreign breeder research programs.

With regard to the first two, a key element of the President's new policy is to develop bilateral and multilateral arrangements which would ensure our being able to provide an assured supply of non-sensitive nuclear fuels and enrichment services on a timely, reliable, and economic basis. In this regard, we have proposed the expansion of U.S. enrichment capacity. In addition, we are exploring multilateral arrangements designed to substantiate guarantees to consumers by fuel suppliers backing up each other's fuel contracts as well as to assure access to fuel supply by reactor exporters having no indigenous fuel resources, and wider international arrangements which might serve as a contingency reserve for other supply arrangements. All of these possibilities will be examined in the International Nuclear Fuel Cycle Evaluation, called for by the President in his April 7 Nuclear Power Policy Statement.

Our position, with respect to the breeder, recognizes that foreign nations without our fossil fuel and natural uranium resources are strongly wedded to the belief that the plutonium breeder is needed at an early date to achieve energy independence. Contrary to some reports, we have not told others to stop breeder R&D. We ourselves are continuing breeder development and the current ERDA budget contains some $483 million for breeder research. What we are saying to these nations is that we believe that, before moving prematurely into a plutonium economy, we have the responsibility to examine fuel cycle alternatives that minimize proliferation and physical protection risks and that we have time to do so. This would also be a key element in the International Nuclear Fuel Cycle Evaluation.

With specific reference to the Clinch River Breeder Research Project, the President's decision reflected his belief that asking other nations to pause and reassess fuel cycle alternatives is not consistent with our continuing programs such as Clinch River which give momentum to the commercialization of the breeder. It also reflected his conviction that Clinch River is unnecessary for the maintenance of the U.S. nuclear research and development program. I should emphasize that the decision to defer indefinitely domestic commercial reprocessing and to restructure the breeder program does not foreclose the option in the future of some form of fuel recycle or breeders, if it is necessary that we enter a breeder economy.

Finally, concerning your assertion that our non-proliferation strategy is based on a policy of isolation and that we are not prepared to cooperate with other nations to develop more proliferation resistant nuclear technologies, on the contrary, this is precisely the objective of the President's proposed International Nuclear Fuel Cycle Evaluation. We fully appreciate that our example alone will not suffice to achieve our non-proliferation goals, nor do we have the leverage to coerce other nations to follow our policy. Close cooperation is the only answer.

Sincerely,

DOUGLAS J. BENNET, Jr.,
Assistant Secretary for Congressional Relations.

PLAN TO REORGANIZE THE OFFICE OF HUMAN DEVELOPMENT

HON. IKE F. ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. ANDREWS of North Carolina. Mr. Speaker, a long-awaited announcement was made yesterday by the Secretary of the Department of Health, Education, and Welfare that a preliminary plan to reorganize the Office of Human Development has been drafted. The plan would consolidate 18 program areas and 5 offices into 5 streamlined "Administrations" and four offices. The effect of this action should mean improved services for children, families, the aged, and the handicapped.

The plan is part of a major reorganization to make the largest Federal Department more effective and efficient. In her statement yesterday, Ms. Arabella Martinez, Assistant Secretary for the Office of Human Development, while pointing out the difficulties of coordinating the numerous and overlapping programs she administers, said that "the disorganized way in which services are provided is itself a serious social problem." The steps outlined by Secretary Califano are a part of the President's overall commitment to streamlining the Federal bureaucracy and improving the delivery of services.

During the next several months, Members of Congress will have an opportunity to comment on the reorganization plan in detail and provide constructive suggestions to the Secretary. I applaud the broad outlines of the plan and the improved services that should result if it is implemented, and I look forward to working with the Secretary as the specific details of the plan are developed.

THE PRICE OF COMMUNISM

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MICHEL. Mr. Speaker, two articles in today's Washington Post should be posted in the offices of every Member of this House. I refer to "The Tragedy of Cambodia" and "Jailings, Killings in Vietnam Recounted," two pieces giving us an idea of the unspeakable horror that is now being visited upon the people of Cambodia and South Vietnam.

I say that these articles should be placed in prominent places because it seems to me that there are many Members who eloquently denounced American efforts to save Vietnam from communism and who scoffed at the idea that a bloodbath would follow Communist takeover of Southeast Asia. How moralistic these critics were. How they mocked those of us who warned that nothing could be worse than a Communist victory. How they applauded each other and how very nicely they were treated by the media.

But now we know the truth. In Cambodia there is barbarism so awful, so widespread, so evil that it is all but incredible; in Vietnam the slow, day-by-day annihilation of entire classes, the long agony of reeducation camps, the bloody and predictable aftermath of Communist victory.

Where are those voices of compassion and concern today, Mr. Speaker? Where are those whose savage contempt for our Nation's attempt to save these people from communism echoed through these chambers? Not a sound. Not a sound, Mr. Speaker.

Well, they have what they wanted. They have "peace". It is a peace of murder and terror and torture and concentration camps. Where are the peace marchers now? Where are the demonstrators? Where are the congressional voices that only such a short time ago brought such national attention to themselves with their selective pity and their part-time indignation over human suffering?

These articles cannot be ignored. There is a stain on this House, a stain of things unspoken, of condemnations unmade. Until we hear the full outcry of the self-appointed compassion crowd against the mind-boggling genocide and atrocities taking place in Southeast Asia today we can only conclude that when it comes to compassion, you can get a lot of it so long as you are not a victim of Communist tyranny.

At this point I would like to place in the RECORD the two articles I mentioned above:

[From the Washington Post, July 27, 1977]

HUNGER, DISEASE AND DEATH—THE TRAGEDY OF CAMBODIA

(By Murrey Marder)

Carter administration officials yesterday blamed Cambodia's Communist rulers for

one of the world's worst continuing tragedies of disease and hunger, after a surge of political executions following the American departure in April, 1975.

"Most reports are that executions continue," but "the number who died from disease or malnutrition is greater than [from] executions," said the U.S. Foreign Service's chief Cambodian watcher, Charles H. Twining Jr., 35.

Twining, just returned from Bangkok, Thailand, and Assistant Secretary of State Richard C. Holbrooke told a House International Relations subcommittee headed by Rep. Donald Fraser (D-Minn.) that it is impossible to give any "precise figure," or even an accurate estimate, on the deaths in Cambodia.

Some "journalists and scholars," Holbrooke said, "guess that between half a million and 1.2 million have died since 1975." The only thing officials can say with confidence, Holbrooke said, is that "the number of deaths appears to be in the tens if not hundreds of thousands."

Some published accounts attribute the disputed estimate of 1.2 million or more deaths to "American embassy sources." Twining disclaimed that estimate in talking with reporters, as do other U.S. officials. No figures on Cambodia "are worth very much," said Holbrooke. Cambodia's population is similarly disputed; figures range from 5 million to 7.7 million.

Nevertheless, Holbrooke said, "Based on all the evidence available to us, we have concluded that Cambodian authorities have flagrantly and systematically violated the most basic human rights."

"They have ordered or permitted extensive killings," he said, "forcibly relocated the urban population; brutally treated supporters of the previous government, and suppressed personal and political freedoms."

Holbrooke said that "my guess . . . is that for every person executed, several have died of disease or malnutrition or other factors, which were avoidable if the government itself had not followed the kind of policy . . . which seeks to completely transform a society by applying purely draconian measures."

After hearing the witnesses, the subcommittee approved a resolution for House action deploring "the continuing disregard for basic human rights, including atrocities and killings, of the Cambodian people by the government of Democratic Kampuchea."

The resolution calls on President Carter to cooperate with other nations, through such forums as the United Nations to end "flagrant violations of internationally recognized human rights" in Cambodia.

Deleted from the resolution, as it was originally introduced by Rep. Stephen J. Solarz (D-N.Y.), was any reference to the major U.S. involvement in Cambodia during the Indochina war, which was barely alluded to in the hearing.

In its original form, the resolution said, "The United States must recognize its responsibility as a contributor to the disastrous events which have taken place in Cambodia . . ."

Former President Nixon's decision to send U.S. troops into Cambodia in April, 1970, to attack North Vietnamese troops, after Cambodia's ruler Prince Norodom Sihanouk was overthrown by a coup, provoked an American uproar. There were protests and defections inside the federal bureaucracy, and violent demonstrations swept college campuses, with the slaying of students by National Guardsmen at Ohio's Kent State University.

In the subsequent spread of warfare across Cambodia, the American-backed government of Cambodian Premier Lon Nol was overwhelmed by suddenly expanded Khmer Rouge forces, who now rule Cambodia.

This history was passed over in yesterday's hearing except for fleeting allusion to it. In a hearing before the subcommittee last May, there were angry exchanges between Solarz and a private Indochina specialist, Gareth Porter.

Porter charged that the subcommittee was ignoring the American record in Cambodia. He said it was "a myth" that "1-to-2 million Cambodians have been the victims of a regime led by genocidal maniacs." Porter claimed that an unsubstantiated "blood bath" version of Cambodia was nourished by a Reader's Digest book, "Murder of a Gentle Land," by John Barron and Anthony Paul, and another study by a French priest, Francois Ponchaud, "Cambodge, Annee Zero" ("Cambodia, Year Zero").

Twining's testimony yesterday, unlike those two accounts, avoided all countrywide numbers. Twining stressed that accounts from Cambodian refugees, the core of information on present-day Cambodia, are largely limited to one section of the small nation, the northwest, and come from refugees reaching Thailand.

Therefore, Twining said, "we can't even estimate how many have been executed."

However, Twining testified, that after systematic killings in 1975 of Cambodians associated with the Lon Nol government in early 1976 killings began of "all other intellectuals."

Twining said "an intellectual was anyone who had a seventh-grade education or above." When asked if that was documented, Twining said "this was my own deduction," based on interviews with hundreds of refugees.

After the initial killings by shooting, he said, the most common method of execution "was to hit the people on the back of the head with a hoe handle or an axe handle," as though to save ammunition.

Twining said "I have never heard of one trial" in Communist-ruled Cambodia. As one example of the death toll, he said that in a village of 1,200 persons, during one year there were 15 "military types taken away and presumably executed," about an equal number of civilians similarly removed; "perhaps 50 older people died of disease," and 80 children died of disease or malnutrition.

Twining emphasized that "our knowledge is so superficial," however, about the government of Cambodia. "Khmer Rouge on a local level," he said "admit they don't know who is in charge."

There is an "inner circle" politburo of five members, Twining said, but the head of state, Khieu Samphan, is not in that innner group, but in an "outer circle" of another five officials. The leader of the inner group is believed to be Saloth Sar, secretary general of the Cambodian Communist Party, whose existence is not admitted.

An earlier witness told the subcommittee that Pol Pot, the identified premier of Cambodia, is believe to be a pseudonym for Saloth Sar.

Cambodia lacks a school system as such, Twining said, although it appears to have some technical schools." The nation is also said to have no money system.

Diplomatic missions in Cambodia are limited to China, Cuba, Albania, North Korea, Vietnam, Laos, Romania, Yugoslavia and, one non-Communist nation, Egypt. Twining said that diplomats are severely restricted in the capital, Phnom Penh, except for the Chinese, the strongest foreign presence in Cambodia.

Cambodia's rulers are so determined to isolate themselves, Holbrooke noted, that they recently rejected an interest-free loan from the Organization of Petroleum Exporting Countries.

Although no direct mention was made in the hearing that Cambodia's rulers list the United States as their No. 1 enemy, Holbrooke told the subcommittee there is virtually no prospect that the United States can influence Cambodia.

The only indirect U.S. action permitted so far, he said, was authorization for a private organization to send DDT insecticide to Cambodia for malaria control.

Cambodian authorities, Holbrooke noted, "claim that only two or three thousand died during the evacuation of Phnom Penh after the Khmer Communist takeover and as many again during the first months in the countryside."

Ieng Sary, Cambodia's deputy premier in charge of foreign affairs, told an Italian interviewer in a report published last May that "the Khmer revolution has no precedents." He said the country was being reconstituted on an agricultural basis, with its cities reduced "to human dimensions" but "it is still too early to announce what we are doing in our country."

Those who claim that Cambodia has executed hundreds of thousands of people, he said, "are crazy. Only hardened criminals have been sentenced."

Subcommittee Chairman Fraser, at the close of yesterday's hearing, alluding to U.S. policy toward Cambodia during the Indochina war, which he opposed, said he cannot agree that the past record "now disables us from speaking out."

Rep. Michael Harrington (D-Mass.), said he wished the hearing had recorded "comparatively greater concern" about the Cambodian history in which "we were directly involved," Holbrooke said, "I share your feelings about that policy," but, he said, "We cannot let it be said that by our silence we acquiesce in the tragic events in Cambodia."

A dissent in defense of the Nixon administration record came from Republican Edward J. Derwinski (Ill.). He said, "I think our motives were good, our actions and policies basically sound." The fault, he maintained, was the refusal by Congress to sustain a continuing American role in Cambodia.

The only prospect that Holbrooke held out for U.S. action involving Cambodia "is to continue our assistance to refugees who have fled Vietnam, Laos and Cambodia."

However, he acknowledged that plans to admit an additional 15,000 Indochinese refugees to the United States would bring in only about 750 Cambodian refugees. The criteria give higher priority to Vietnamese refugees.

Twining said there are about 11,000 Cambodian refugees in Thailand. The flow of refugees has been sharply reduced, he said, by a "scorched earth policy" on the Cambodian side of the border, which includes minefields.

Only about one out of five persons who tries to flee Cambodia to Thailand, Twining said, survives the escape. By contrast, he said, many Cambodians flee across the less-guarded border to Vietnam, and he said "generally they are being well-treated." Vietnam and Cambodia, Holbrooke noted, have "400 years of hostility."

JAILINGS, KILLINGS IN VIETNAM RECOUNTED

(By Don Oberdorfer)

The only Vietnamese national assemblyman to serve under both the American-backed government and the victorious Communist regime testified yesterday that 700 persons have been executed and more than 6,000 imprisoned in his home province alone since the fall of Saigon.

The former parliamentarian, Nguyen Cong Hoan, told the House International Relations Subcommittee on International Organizations that he obtained that information from friends and relatives and from sources available to him as a government official.

Hoan fled the country late in March in a fishing boat and took refuge in Japan. He was permitted to enter the United States last weekend, after the House subcommittee requested his testimony, and hopes to remain here as a refugee.

Hoan, speaking through an interpreter, said there are seven camps for political prisoners in his home province of Phu Yen, which is about halfway up the Vietnamese coast between Saigon and Danang. He said that some claim to be "re-education camps" but actually are prisons for those who served the old regime or are otherwise deemed unreliable.

One of the prisons, he said, houses about 1,000 persons who fled Vietnam in U.S.-sponsored evacuation on April 1, 1975, but who were repatriated from Guam late that year at their own request.

About 500 persons were executed in the immediate aftermath of the Communist victory, Hoan testified, and about 200 have been killed since. After the hearing, he told reporters that a principal source of his information was the former Communist Party military chief in the province, who has since been deposed.

An anti-government deputy who was close to the Buddhist political movement during the regime of President Nguyen Van Thieu, Hoan was elected to the unified Vietnamese assembly after the takeover and served for about a year. He testified that he was selected to run for the unified assembly by a local Communist comittee, although he said he was not a party member.

In fleeing Vietnam he left behind his mother, wife and four children. He said he decided to leave the country despite hardship to himself and his family, in order to bring out the story of what is happening.

At several points during his questioning, Hoan disavowed prepared remarks in English that were read for him to the committee. One statement, he said, had been based on press reports in a Vietnamese language newspaper in the United States and not on his own knowledge.

Hoan said in his prepared statement that he heard "news" about Americans missing in action while he was in Hanoi to attend the legislature. In answers to questions, however, he said he heard "some rumors" on the subject, but declined to divulge any data in public session.

After two years under the Communist regime, most Vietnamese realize they have much less individual freedom than before, Hoan maintained. In his province, he said, "every family" has some relatives in prison camps.

TOOTSIE ROLL CAMPAIGN

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. BYRON. Mr. Speaker, I would like to take this opportunity to give recognition to the outstanding work of the Maryland State Council of the Knights of Columbus in raising funds for services to assist the mentally retarded and to increase the public's awareness of mental retardation and the valuable contributions mentally retarded citizens are making to our society each day.

For the third consecutive year, the Maryland Knights of Columbus will be conducting their "Tootsie Roll Campaign" to raise funds for the mentally retarded. In 1975, $6,000 was donated from this program and last year $13,000 was raised. This year's goal is $25,000 and all of us are certainly hopeful that the public again responds to the program and the goal is achieved.

On October 7–10, Columbus Day weekend, members of the Knights of Columbus and others will be giving specially prepared packages of Tootsie Rolls to individuals in return for donations for the mentally retarded. All of the proceeds for this worthwhile undertaking will be donated to local associations for the mentally retarded throughout Maryland.

I know my colleagues in the House would want to join me in commending the Maryland Knights of Columbus for their fine work and in extending best wishes for another successful Tootsie Roll campaign.

CANCELLATION OF THE B-1 A SERIOUS MISTAKE

HON. SAMUEL L. DEVINE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. DEVINE. Mr. Speaker, unfortunately, President Carter received and accepted bad advice which motivated his decision to shoot down the B–1 bomber.

Not only does this decision do violence to our traditional posture of peace through strength, but the President received nothing in return from the Soviet Union as it relates to the SALT talks, détente, human rights, or any other concessions. To compound this strategic error, the President also put the lid on Minuteman III, as well as SRAM.

Displacement and wide unemployment, breaking up teams of experts in Rockwell plants, not only in my district, but on the west coast, does irreperable harm, not only to the defense industry, but creates massive unemployment which is unwise and unnecessary.

Former Chief of Air Force Intelligence, George J. Keegan, Jr., recently published a column titled, "How to Keep the Russians Away," and I invite all Members and others to read it:

HOW TO KEEP THE RUSSIANS AWAY

(By George J. Keegan, Jr.)

WASHINGTON.—By its decision to cancel production of the B–1 bomber, the Carter Administration has resolved all doubt about its perception of the Russian threat, and the character of its approach to peace and security.

The decision leaves little room for confidence and casts a pall over the future. Unfortunately, we are observing a repetition of the ignoble military unpreparedness of the 1930's.

Despite the Soviet Union's commitment to superior war-waging capability, defense spending more than double that of the United States, and an imperial expansiveness of unprecedented scope—it appears that factors of domestic politics, budget and illusory hopefulness shall prevail over legitimate needs of national security.

It seems not to have occurred to our leaders that the B–1 might also have to be used in a nonnuclear capacity to help secure the world's sea lanes and as a crisis response weapon of remarkable responsiveness, precision and survivability. Instead, we are told that an untested cruise missile requiring elaborate preprogramming against known targets is to be mated to the aging B–52 as the flying leg of a triad which may soon be rendered obsolete by breakthroughs in Russian defense technology.

What then has the Carter Administration revealed of itself by the B–1 decision?

It has signaled clearly that our persistent underestimation of the threat will continue; that our pursuit of peace and security will continue to be premised on the strange notion that if we can but assuage Russian fear of the United States by self-imposed restraint, we may some day induce like behavior on the part of the Russians; and, that the defense of the free world will not be premised on the oldest lesson of history—namely, that to prevail in peace, one must have the means to prevail in war.

And finally, the one nation upon which the peace and security of the free world must depend has apparently opted for a continuing commitment to unilateral disarmament. Are the Russians now to judge that they are free to pursue their hegemonic interests against the cause of human rights and freedom with less fear of United States intervention?

Strategically, the United States is eliminating the most survivable element of the strategic triad—and the only one which has utility for non-nuclear warfare. Unless the cruise missile is mated to a manned bomber which itself can penetrate the most sophisticated of defenses, its utility shall be restricted to preprogramed retaliatory routes and targets—thus contributing little to a far more likely range of real world conflict operations.

A remarkable body of evidence, which this Administration has chosen to ignore, makes it clear that the Russians, with their high-energy beam research, hope to neutralize the intercontinental ballistic missile before the end of the next decade.

Similarly, the Russians have every expectation of soon rendering the oceans transparent and neutralizing the large submarine through remarkable advances in antisubmarine technology. Yet we are proceeding willy-nilly to put all of our deterrent eggs in fewer and fewer large underwater baskets.

Despite credible evidence that Russian war survival, military hardening and civil defense measures have proceeded far beyond what our politicized estimates concede, the Carter Administration has refused to face the reality. Our strategic missile forces lack the accuracies and yields necessary to overcome the marked survivability advantages which the Russians must now perceive they enjoy. Again, the B–1 and the stationary version of the MX missile alone are competent to deny the Russians such advantage and to redress the shocking 40-to-1 fatality exchange ratios which I believe the Russians would now enjoy in a nuclear war.

Yet we seem unconcerned that the Russians are planning soon to test more than a dozen new strategic missiles and to double the production capacity for their own version of the B–1 bomber of which more than 200 are now operational.

Practically, the B–1 has the potential of being the most effective antinaval weapon in history. Some 40 to 50 B–1's, armed with suitable conventional warheads and guided weapons, could probably sink the entire Russian and East European fleets of major surface war ships within 24 to 36 hours, day or night and in any kind of weather—a feat which today could not be accomplished by all of the free world's naval forces operating over a period of years.

Meanwhile, the United States Navy has been cut in half and the Russians allowed to seek virtually uncontested domination over the free world's ocean access to fuel and raw materials, and the ability to reinforce threatened overseas theaters. The B–1,

but for a pittance, might allow us to redress decisively the naval balance which has long been the key to this nation's ability to export, import and reinforce by sea—thus easing the Navy's complex burden of coping with the submarine threat.

One wonders about the intelligence advisories which counsel more restraint as a suitable response to the Russian threat. Also, one must ask who has counseled the President against concern for Russian developments in antisubmarine warfare, particle-beam research and civil defense—all trends which clearly portend the demise of United States ballistic missile forces.

Upon what hopes and by what advisors has our President been induced to believe that the now clearly hegemonic ambitions of the Soviet Union are likely to be assuaged by the elimination of the single most useful general purpose weapon system yet produced by the United States? Are we once again to tempt fate through a return to the evangelical didacticism of the Wilsonian era or the isolationism of the 1930's?

Jimmy Carter is the last President of the United States who has time remaining to assure that his successor Presidents will not have had all of their options for peace mortgaged by the failures of one man to make the capital investments necessary to assure adequate safeguards against the ever-escalating propensities of dictatorships to make war.

By the B–1 decision alone the United States leadership has elected to turn its back on history and succumb once again—as have so many recent Administrations—to dealing with the cosmetics rather than the realities of international power politics.

UNIVERSAL VOTER REGISTRATION OPPOSITION

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MARRIOTT. Mr. Speaker, as you know, the President's Commission on Registration and Voting Participation issued a report in 1963 identifying two separate suspected causes of low voter turnout. The Commission stated as the two causes: First, legal obstacles, and second, psychological barriers.

Briefly, to deal effectively with the so-called legal obstacles, the Commission recommended that the States change the way they and their local subdivisions conducted elections. These suggested changes included making election day a holiday, shortening State and local residency requirements, keeping registration offices open as close to election day as possible, permitting new State residents to vote for President, permitting voters' names to remain on the registration lists unless they failed to vote every 4 years, expanding absentee registration opportunities, eliminating literacy tests, making absentee voting procedures less cumbersome, eliminating the poll tax, and lowering the age requirements to 18.

It is now well over a decade since the President's Commission issued its report. And in this interim period, many of the so-called obstacles noted by the Commission have been eliminated. For example, the Voting Rights Act of 1965 and its amendments have eliminated literacy tests and residency requirements for voting in Presidential elections, and lowered the voting age to 18 in Federal elections—the 26th amendment to the Federal Constitution eventually accomplished this for all elections. The Overseas Voting Rights Act of 1975 assured American citizens living outside the United States the right to vote by absentee ballot in Federal elections. Additionally, various court decisions—for example, *Dunn* v. *Blumstein*, 405 U.S. 330 1972—have reduced residency requirements.

Now we come to the psychological barriers, apathy and alienation from the political process. The President's Commission also recommended certain courses of action to pursue in order to eliminate or minimize the effect of this second cause of low voter turnout. Specifically, the Commission recommended education programs to instruct citizens in the basic mechanics of our system of Government. In addition, it hypothesized that the reestablishment of a competitive two-party system would increase turnout in some sections of the country. However, thus far—according to a Library of Congress issue brief, 1B74003—"There has been no Federal action directed at solving the psychological problems cited by the President's Commission" (CRS, IB74003, p. 2, April 21, 1977).

Given the above information, my question is simply this: Will H.R. 5400, the Universal Voter Registration Act really ameliorate the problem of reduced voter turnout? In all honesty I believe the answer is unequivocal: No it will not.

Even if we disregard the possible effects of this legislation and consider for a moment the public's sentiment—those we represent—we would as responsible Members, indeed as a categorical imperative, defeat this measure. Toward this end, I commend for Congress' attention the results of a Gallup Poll which were printed in the Sunday edition of the Salt Lake Tribune, May 8, 1977.

I truly hope the following article entitled "Gallup Poll: Public Rejects Carter Bid on Universal Registration" will be of value as the Congress debates H.R. 5400.

The article follows:

GALLUP POLL: PUBLIC REJECTS CARTER BID ON UNIVERSAL REGISTRATION

(By Dr. George Gallup)

PRINCETON, N.J.—The public is not ready to accept President Jimmy Carter's proposal to permit any adult to vote in federal elections merely by producing some kind of identification on election day.

A recently completed Gallup Poll shows that 55 per cent of Americans oppose the President's plan—"universal registration"—which would allow voters to forego the traditional process of registering well ahead of the actual election. The plan is favored by 40 per cent of the public.

Most interesting of the survey findings is the fact that members of the Democratic party actually vote against the President's plan, by a 53–43 per cent margin.

HELPS DEMOCRATS

Surveys conducted since 1936 by the Gallup Poll have shown that any plan which would substantially increase election day turnout would almost invariably help Democratic candidates. An analysis of presidential election data confirms this would have been the case last year.

In the popular vote last year, Carter defeated Gerald Ford by just over two percentage points. However, had everyone 18 years of age and older turned out at the polls, Carter would have won by just over five percentage points—a result that would have given him a landslide victory in the electoral college.

The table below compares the actual election figures with what, according to Gallup Poll data, would have been the result had all adults voted:

1976 Election returns

(Percentage of popular vote)

Actual election	
Carter:	
Returns	50.1
All adults	50.7
Ford:	
Returns	48.0
All adults	45.6
McCarthy:	
Returns	.9
All adults	2.5
Others:	
Returns	1.0
All adults	1.2
Carter's Margin:	
Returns	2.1
All adults	5.1

Not surprisingly, the Republican National Committee last week went on record as opposing the Carter proposal—a stance shared by the GOP rank-and-file, who vote 67–30 percent against universal registration in the current survey.

Independents are closely divided in their outlook, but lean in opposition to the plan, 49–44 percent.

Although most other population groups oppose the proposed bill, there are pockets of support—among young people, Catholics, and residents of cities with more than a million people. Even among these supporters, though, opinion is closely divided.

Here is the question asked in the survey:

"In order to vote in elections, each person must now be registered. It has been proposed that registration NOT be required in elections for national office if a person can produce proper identification, such as a driver's license, on election day. Would you favor or oppose this plan?"

Here are the national findings as well as the results by key population groups:

Favor or oppose universal registration?

(In percent)

National:	
Favor	40
Oppose	55
No opinion	5
Republicans:	
Favor	30
Oppose	67
No opinion	3
Democrats:	
Favor	43
Oppose	53
No opinion	4
Independents:	
Favor	44
Oppose	49
No opinion	7
East:	
Favor	48
Oppose	46
No opinion	6
Midwest:	
Favor	40
Oppose	56
No opinion	4

South:	
Favor	35
Oppose	60
No opinion	5
West:	
Favor	38
Oppose	58
No opinion	4
College background:	
Favor	39
Oppose	58
No opinion	3
High school:	
Favor	40
Oppose	56
No opinion	4
Grade school:	
Favor	45
Oppose	46
No opinion	9
Under 30 years old:	
Favor	49
Oppose	46
No opinion	5
30–49 years old:	
Favor	35
Oppose	60
No opinion	5
50 and older:	
Favor	38
Oppose	57
No opinion	5
City size:	
One million and over:	
Favor	49
Oppose	43
No opinion	8
500,000–999,999:	
Favor	37
Oppose	57
No opinion	6
50,000–499,999:	
Favor	42
Oppose	55
No opinion	3
2,500–49,999:	
Favor	44
Oppose	52
No opinion	4
Under 2,500, rural:	
Favor	34
Oppose	61
No opinion	5

Although increased participation in the political process is generally a universally accepted goal in the U.S. (Americans have one of the lowest voter-participation records of any free nation), critics of universal registration are not sure this plan is the best way to facilitate voter participation.

Speculation that widespread voter fraud would occur is at the heart of opposition to the plan. Local election officials are also concerned about the expense involved in hiring additional precinct judges and deputies.

DRAMATIC STEPS

Those who favor the plan feel dramatic steps must be taken to halt the steadily declining turnout of America's voters. Post-election Gallup Polls conducted after each of the last three presidential elections have shown, in each instance, that inability to register is the reason cited most often by those who did not vote.

Supporters also point out that, while there has been no evidence of fraud, in the two states which already have a similar registration law—Minnesota and Wisconsin—voter turnout increased two to three percentage points between 1972 and 1976, while the national figure was declining three percentage points.

The findings reported today are based on personal interviews with 1,550 adults, 18 and older, in more than 300 scientifically selected localities during the period.

NURSE-MIDWIFERY SERVICES

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. FLORIO. Mr. Speaker, in response to H.R. 8459 which I have introduced to provide medicaid reimbursement for nurse-midwifery services, my legislative assistant has received the following letter in support of my bill from the director of the Division of Nurse-Midwifery of the New Jersey College of Medicine and Dentistry. I also insert in today's CONGRESSIONAL RECORD an article about practicing nurse-midwives in Mississippi which I think my colleagues will find most instructive:

NURSE-MIDWIFERY
EDUCATIONAL PROGRAM,
Newark, N.J., July 15, 1977.

MS. MARION ISAACS,
Longworth House Office Building, Washington, D.C.

DEAR MS. ISAACS: First I wish to express my appreciation to Congressman Florio and his staff for this opportunity to comment on this bill. New Jersey Nurse-Midwives are indeed fortunate in having a Congressman from our own State who is supportive of Nurse-Midwives and quality care for mothers and babies.

In New Jersey, Nurse-Midwifery services were introduced in 1972 with the beginnings of two services, one in Jersey City and one in Newark. Both programs were made possible with seed money from the State Health Department. Currently, there are nine services in the State, a majority receiving State Health Department funding to salary Nurse-Midwifery staff.

As mentioned in our telephone conversation, the Nurse-Midwifery Program at the College of Medicine and Dentistry of New Jersey which encompasses an Educational Program and Nurse-Midwifery Service is totally supported with grant funding through the Health Department, Newark Maternal and Infant Care Project, National Foundation-March of Dimes and a DHEW PHS Division of Nursing Contract which supports the Educational Program. The first College-wide support for Nurse-Midwifery was realized this July through the School of Allied Health Professions budget for three Nurse-Midwifery *faculty* salaries. To date the Nurse-Midwifery Service has not received support in the Martland Hospital budget.

Recognition for medicaid reimbursements for Nurse-Midwives will strengthen our bargaining power in securing Nurse-Midwives salaries.

Another difficulty which confronts American women is their inability to choose their care givers if they desire the services of a Nurse-Midwife. I am receiving, at the rate of two to three calls per week, requests from women who want Nurse-Midwives to provide their care. Since we are not recognized by third-party payers as reimbursable providers, women who demand our care must pay out-of-pocket for our services. Further, women who are medicaid carriers in New Jersey must be referred to physicians for care.

Currently several New Jersey physicians have expressed interest in working with Nurse-Midwives but cannot do so since neither Medicaid nor insurance carriers will reimburse the group for services provided by the Nurse-Midwife.

I would hope your bill would reflect:

1. support of quality health services for women and children.
2. the right of all women to choose their providers of care and birthing facility
3. the reimbursement for services given by Nurse-Midwives who work within institutions and/or in conjunction with physicians
4. support of Nurse-Midwives whose scope of practice is defined by other than Nurse practice acts.

I have enclosed a copy of the Standards of Practice which the New Jersey Council of Nurse-Midwives has submitted to the Board of Medical Examiners for their consideration in amending the New Jersey Midwifery Law.

If I can be of any further assistance, please do not hesitate to call me.

Sincerely,

TERESA MARSICO, C.N.M.,
Director.

Enclosure.

[From the New Jersey Council of Nurse-Midwives]

STANDARDS OF PRACTICE

I. INTRODUCTORY STATEMENT

The Midwife is part of a medically directed health team. She/he functions within the framework of medically approved orders.* She/he is responsible for the management and care of the basically normal woman during the Antepartal, Intrapartal, Postpartal and Interconceptional periods.

II. QUALIFICATIONS

1. Certification by the American College of Nurse-Midwives to practice Nurse-Midwifery in the United States.
2. Current licensure to practice Midwifery in the State of New Jersey.

III. MINIMUM STANDARDS OF PRACTICE

A. Antepartum

1. Under medical direction the Midwife will manage the care of the basically normal pregnant woman. The physician will review the laboratory reports and the initial history and physical performed by the Midwife.
2. Antepartal Management
a. assesses the woman's social, medical and obstetrical history
b. performs the initial physical assessment and obstetrical evaluation
c. orders and interprets appropriate laboratory studies
d. orders medication in accordance with Approved CNM Orders
e. maintains and updates records
f. provides counseling and teaching appropriate to needs
g. refers the woman to appropriate health and social agencies as indicated.
3. Consultation

Women with medical or obstetrical problems will be referred to the physician for evaluation and/or appropriate medical management. A physician will be consulted at least once during the prenatal course. Consultation will consist of a:

a. review of the woman's chart/records
b. evaluation of those portions of the physical examination requested by the Midwife and/or those portions that the physician deems appropriate.
c. verification in writing that progress of/and plan for the woman is satisfactory
d. recommendations as appropriate.

B. Intrapartum

1. Under medical direction the Midwife will manage the care of the basically normal pregnant woman. The Midwife will support

* Orders written according to guidelines of the American College of Nurse-Midwives and approved by the Medical Director.

medically/obstetrically complicated pregnant women who are under medical management.

2. Intrapartal Management

and physical findings including pertinent medical, obstetrical and social information

a. reviews and updates the woman's history

b. evaluates the progress of labor and assesses maternal and fetal well being

c. orders analgesia in accordance with Approved CNM Orders, woman's preference and status

d. consults physician when labor, or maternal fetal well being deviates from normal

e. provides ongoing emotional support to the woman and her family

f. manages and controls the delivery of the newborn

g. administers pudendal and/or local anesthesia as indicated

h. performs and repairs episiotomy as indicated

i. evaluates and manages the Third and Fourth Stages of Labor

j. performs initial screening of newborn

k. initiates emergency procedures to resuscitate the newborn until physician arrives

l. consults physician when deviations from normal occur

m. records and reports the birth.

C. Postpartum

1. Under medical direction the Midwife will manage the care of the basically normal puerperal woman. She/he evaluates and manages the care of the woman from the initial puerperal period through the 4th to 6th week postpartal examination.

2. Postpartum Management

a. reviews and updates the woman's history and physical findings including pertinent medical, obstetrical and social information

b. assesses, evaluates and records the physical and psychological changes during the puerperium

c. orders medications in accordance with Approved CNM Orders

d. provides ongoing emotional support to the woman and her family

e. provides counseling and teaching appropriate to needs

f. refers the woman to appropriate health and social agencies as indicated

g. consults physician when deviations from normal occur.

D. Family planning/interconceptional care

1. Under medical direction the Midwife will manage the care of the basically normal woman seeking family planning, preventive health maintenance and education.

2. Family Planning Management

a. assesses the woman's medical, obstetrical, gynecologic and social history

b. performs a physical assessment, including gynecologic screening

c. provide family planning information

d. initiates contraceptive method of choice, if not medically contraindicated

e. orders medication as specified in Approved CNM Orders

f. provides counseling and teaching appropriate to needs

g. refers the woman to appropriate health and social agencies as indicated

h. consults physician when deviations from normal are found.

[From Newsweek, Sept. 1, 1975]

MODERN MIDWIVES

For women living in the poorest parts of the rural South, having babies has always been a hazardous business. With no access to skilled obstetrical care or even basic information, routine problems of pregnancy often develop into serious medical crises, resulting in an infant mortality rate of 39 per thousand live births, among the highest in the nation. But thanks to far-reaching nurse-midwife programs pioneered by the University of Mississippi Medical Center, pregnant women in a score of Southern communities are now getting first-rate care—and their babies are being born alive and healthy.

Nurse-midwives in the U.S. bear little resemblance to the traditional "granny" midwife; beginning in 1925 with the Frontier Nursing Service in Appalachia, they have been registered nurses with specific intensive training in obstetrics. In exchange for a commitment to practice in the rural South for at least a year, the nurses in the Mississippi program receive free tuition. As part of her year-long training, each nurse is apprenticed to a graduate nurse-midwife and follows the entire course of at least one pregnancy, from the first prenatal clinic visits to postnatal calls in the home.

NUTRITION

The key feature of the HEW-funded Mississippi program is extended care, starting as soon as a woman suspects she is pregnant and continuing through delivery and into the baby's first year of life. In Holmes County, Miss., a largely black farming area, six midwives counsel 40 prenatal patients every clinic day, as well as 50 women seeking family-planning services. At the three midwife clinics, the expectant mothers are given medical care and supplementary food, and also instruction in basic physiology, hygiene and nutrition. One woman learned for the first time that the candy, Cokes and fried foods she loved were contributing to her obesity.

The nurse-midwives regularly deal with problems of malnutrition and poor sanitation. Just as important, they free the county's seven busy physician's to concentrate on high-risk pregnancies—women with diabetes, heart and kidney ailments, hypertension or a history pregnancy complications. "It's a life-saver for us," says Holmes County's Dr. Charles Campbell. "I guess the midwives even see the high-risk patients more than we do. If something's wrong, they hustle them back to us or hospitalize them—when we wouldn't see them before the next office visit.

CONFIDENCE

Patients are encouraged to have their babies without medication. "Letting the woman know she can use her own resources is the best way," says Freda Bush, associate director of nurse-midwifery programs at the University of Mississippi. "Sure, it's uncomfortable, but it doesn't have to be nightmarish. We teach our students to build the mother's confidence." The midwife remains with the mother throughout labor and until at least an hour after delivery. Midwives perform their deliveries in hospitals, with physicians and emergency equipment nearby in case of complications. Within a week after the mother and baby have left the hospital, they receive a home visit from the midwife, followed by additional visits at six weeks, six months and one year.

Nurse-midwives have cut the Holmes County rate of abnormal pregnancies from 50 percent to 15, partly because of the confidence they inspire. "Except for my last baby, I had all of them at home," says Lula Turner, a 43-year-old mother of eleven children. "Some of them alone, just me. When that midwife came the last time, I knew I didn't have anything to worry about—it was so much better having her there holding my hand." Since the birth of her eleventh child four years ago, Turner has taken a new job, as a maternal child-health worker assisting the midwives.

MINIMUM WAGE FOLLY

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. RUDD. Mr. Speaker, a most recent economic analysis of the administration's proposed increase in the Federal minimum wage—from $2.30 an hour to $2.73 an hour in 1978—indicates that this legislation will increase unemployment among marginal workers by about 1 million.

This means that 1 million people who can least afford to lose their jobs will be laid off if this proposal is passed into law by the Congress.

It is also estimated that this minimum wage increase will increase labor costs by about 2.5 percent for all businesses nationwide, and 2.8 percent for small businesses, which will also mean increased consumer costs for all our people.

The study done by Dr. Jack Carlson, chief economist for the U.S. Chamber of Commerce, estimates that my own State of Arizona will be hard hit by this minimum wage increase, owing to the large amount of teenage and other marginal employment in the State.

Under the administration's proposal, Arizona will lose about 11,000 jobs and would suffer a 2.4-percent increase in labor costs for all businesses. Labor costs for small businesses throughout the State would increase 3 percent, and consumer costs would increase about 1.6 percent across the board.

This increased inflation from bad minimum wage legislation is unnecessary, and should be avoided. Who in their right mind can argue that the public will benefit from higher unemployment and higher consumer costs and labor costs that will eliminate the increased wage benefits? Congress should not pass this proposal.

An excellent editorial against the administration's proposed minimum wage increase appeared yesterday in the Phoenix Gazette. I would like to include that editorial and the complete economic analysis of the U.S. Chamber of Commerce at this point in the RECORD:

[From the Phoenix Gazette, July 26, 1977]

MINIMUM WAGE FOLLY

Teen-age unemployment, a major socio-economic U.S. problem, is destined to become more severe when the minimum wage increases.

Under compromise legislation now in Congress, the minimum would be raised from $2.30 an hour to $2.65 next January and thereafter set by a formula fixed to a percentage of the average manufacturing wage. Estimates put the minimum at $3.15 an hour by 1980.

Historically, each increase in the minimum wage has been accompanied by an increase in teen-age unemployment. The increases have been disproportionately high for minority youths. Unemployment in this age group means more crime and a greater burden on the criminal justice system.

When the effects of the increases became apparent, thoughtful economists and congressmen urged a lower minimum wage for youthful employes. This proposal has always drawn the tired reply that employers would fire fathers and hire sons so as to save money.

Despite the absurdity of the claim, Labor Secretary Ray Marshall has parroted it. He said the administration considered and rejected proposals for a lower minimum wage for teen-agers. There are proposals in Congress to establish a special minimum wage at 75 per cent of the regular level for those under 18, and for a reduced level for those under 21 for their first six months on a job.

"A separate minimum wage for youth would only encourage employers to lay off adults with families to support and hire teen-agers at the lower wage rate," Marshall said. "That clearly would cause more problems than it would solve."

Strangely enough, a lower minimum for youngsters in other nations does not result in fire-Dad, hire-lad. In the United Kingdom, teen-agers enter employment at about 30 per cent of the adult wage, and in steps reach the adult level when they are 21. In West Germany youths enter employment at wages ranging from 60 to 90 per cent of the adult rate. In the Netherlands the youth rate begins at 25 to 30 per cent of the adult rate and reaches 100 per cent of the adult rate by age 20 to 23.

All the nations with a youth wage system have very low rates of teen-age unemployment, and thus fewer socio-economic problems.

Marshall has an answer for a teen-age unemployment hike: "The increase in the minimum wage may slightly accentuate the problem of youth unemployment. But it is happening in tandem with our far-reaching program designed to alleviate these unemployment problems."

Translation: Taxpayers will pay the youngsters to rake leaves.

Federal Minimum Wage and Its Impact on the State of Arizona

An increase in the minimum wage is not like an increase in welfare payments. Wages are paid on the basis of the value of the worker's contribution to a product or a service that a consumer is willing and able to purchase. Consequently, government-directed increases in wages make it less attractive for business to hire inexperienced or less skilled workers. Rather, they shift to machines or higher skilled workers or less output in order to satisfy American consumers. As a result, these workers become discouraged and can not find jobs now, or often in the future. This is a key reason why participation in the labor force and unemployment rates remain unsatisfactory even during good times and why high cost and less useful public sector jobs are proposed by the same lawmakers that caused the loss of employment by increasing the minimum wage in the first place.

The AFL–CIO supports an increase in the minimum wage from $2.30 to over $3.31 an hour in 1978 with a built-in automatic inflationary increase each year to maintain the minimum wage at 60% of manufacturing wages, elimination of the tip credit, and elimination of a lower minimum wage for youth workers.

Applying the best studies available,[1] if the reaction to this increase is similar to what resulted from minimum wage increases in the past, this proposal could cause the loss of at least 2.4 million jobs—over 2.6% of the present civilian labor force; 4.7% higher labor costs for all businesses; 5.9% higher labor costs for small businesses which would reduce competition; and 3.1% higher consumer prices for all Americans.

The State of Arizona could lose about 25,000 jobs with minorities and teenagers most adversely affected; 1,000 jobs lost for blacks and other young male minorities through age 24; 18,900 young workers through age 24; 5,700 adult workers; and 200 adult minority females.

Arizona would also experience a 4.6% increase in labor costs for all businesses; 5.8% increase for small businesses; and 3.1% increase in consumer prices. Of those workers still employed and at or near the minimum wage, only about one-half would be from households receiving low incomes.[2] Increases in the minimum wage is an undesirable and cruel way to help a few households increase low incomes.

The Administration proposed a more reasonable increase in the Federal minimum wage from $2.30 to $2.73 an hour in 1978 with automatic and inflationary adjustments to maintain 50% of average manufacturing wages. However, even this seemingly moderate increase would cause labor costs to increase by 2.5% for all businesses and 2.8% for small businesses, and cause an increase in consumer prices by 1.7% for all Americans. Also it would reduce employment by about 1 million.

Under this proposal, Arizona would lose about 11,000 jobs: 5,300 white teenagers; 300 black and other minority teenagers; 2,500 white male workers ages 20–24; 200 minority male workers ages 20–24; and 2,500 adult male workers (25–64). Labor costs would increase by 2.4% for all businesses, 3.0% for small businesses, and Arizona consumers would have to pay about 1.6% higher consumer prices.[3]

By way of contrast, the stimulus program recommended by President Carter and passed by the Congress earlier this year will create fewer jobs in Arizona.

Arizona would be better off without such harmful increases in the minimum wage. If an increase is enacted it should be more modest, not tied to automatic inflationary adjustments and recognize the importance of retaining a full tip credit and provide a 25% youth differential.

Footnotes at end of article.

IMPACT OF MINIMUM WAGE INCREASE

	AFL–CIO bill			Administration's proposal		
	Job loss (thousands)	Labor cost increase	Consumer price increase	Job loss (thousands)	Labor cost increase	Consumer price increase
Alabama	42	4.5	3.0	18	2.4	1.6
Alaska	2	3.6	2.4	0	0	[4] 0
Arizona	25	4.6	3.1	11	2.4	1.6
Arkansas	29	5.3	3.5	13	3.0	2.0
California	241	3.9	2.6	83	1.7	[5] 1.1
Colorado	32	4.9	3.3	14	2.6	1.7
Connecticut	37	4.2	2.8	16	2.2	1.5
Delaware	7	4.0	2.7	3	2.2	1.5
District of Columbia	4	3.0	2.0	0	0	[4] 0
Florida	95	4.9	3.3	41	2.6	1.7
Georgia	61	4.9	3.3	26	2.6	1.7
Hawaii	10	4.5	3.0	5	2.4	1.6
Idaho	11	5.6	3.7	5	3.0	2.0
Illinois	122	4.5	3.0	53	3.0	2.0
Indiana	59	4.3	2.9	26	2.4	1.6
Iowa	33	4.6	3.1	14	2.4	1.6
Kansas	32	4.9	3.3	14	2.6	1.7
Kentucky	37	4.8	3.2	16	2.6	1.7
Louisiana	40	5.0	3.3	17	2.8	1.9
Maine	15	5.2	3.5	6	2.8	1.9
Maryland	49	4.3	2.9	21	2.4	1.6
Massachusetts	70	4.7	3.1	31	2.6	1.7
Michigan	96	4.0	2.7	41	2.2	1.5
Minnesota	58	4.7	3.1	25	2.6	1.7
Mississippi	30	4.9	3.3	13	2.6	1.7
Missouri	54	4.7	3.1	23	2.4	1.6
Montana	8	5.7	3.8	4	3.2	2.1
Nebraska	21	5.1	3.4	9	2.8	1.9
Nevada	8	4.7	3.1	4	2.6	1.7
New Hampshire	11	5.0	3.3	5	2.8	1.9
New Jersey	74	4.0	2.7	26	1.7	[5] 1.1
New Mexico	15	5.2	3.5	8	2.8	1.9
New York	165	4.5	3.0	72	2.4	1.6
North Carolina	84	4.7	3.1	36	2.6	1.7
North Dakota	10	5.7	3.8	4	3.2	2.1
Ohio	115	4.3	2.9	50	2.4	1.6
Oklahoma	30	4.7	3.1	13	2.6	1.7
Oregon	23	5.1	3.4	10	2.8	1.9
Pennsylvania	129	4.3	2.9	56	2.4	1.6
Rhode Island	13	4.7	3.1	6	2.6	1.7
South Carolina	39	4.7	3.1	17	2.6	1.7
South Dakota	10	5.5	3.7	4	3.0	2.0
Tennessee	49	4.6	3.1	21	2.4	1.6
Texas	149	4.1	2.7	64	2.4	1.6
Utah	19	4.8	3.2	8	2.6	1.7
Vermont	6	5.3	3.5	3	3.0	2.0
Virginia	63	4.1	2.7	27	2.6	1.7
Washington	33	4.8	3.2	14	2.6	1.7
West Virginia	17	4.8	3.2	7	2.6	1.7
Wisconsin	63	5.1	3.4	21	2.4	1.6
Wyoming	5	6.0	4.0	2	3.2	2.1
United States	2,450	4.7	3.1	1,026	2.5	1.7

FOOTNOTES

[1] Jacob Mincer, Unemployment Effects of Minimum Wages, *Journal of Political Economy*, August 1976; George S. Tolley, Philip E. Graves and Ronald J. Krumm, *"New Estimates of the Effect of Minimum Wages on the U.S. Economy by* (1) *Updating Measures of Sensitivity to Minimum Wage Increases,* and (2) *Measuring the Impact on Productivity"*, June 15, 1977, Chicago, Illinois.

[2] Edward M. Gramlich, "Impact of Minimum Wages on Other Wages, Employment and Family Incomes," *Brookings Papers on Economic Activity* (1976).

[3] All estimates take into account state minimum wage laws.

[4] State minimum negates impact of Federal proposal.

[5] While state minimum is $2.50/hour, it lacks automatic escalator clause contained in Administration's proposal.

[6] Estimates for individual states made by Mori Diané, Lorie Johnson and Brent Bartholomew.

A RULING BORDERING ON IDIOCY

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. HYDE. Mr. Speaker, several weeks ago, I called my colleagues' attention to the inclusion of drug addicts and alco-

holics as "handicapped individuals" in section 504 regulations of the 1973 Rehabilitation Act.

The regulations not only forbid discrimination by exclusion, but also mandate affirmative action programs. Employers are expected to find and hire alcoholics and drug abusers.

I want to share with my colleagues a column by Nicholas von Hoffman in the July 19 Chicago Tribune and a July 20 Washington Star editorial:

[From the Chicago Tribune, July 19, 1977]

A RULING BORDERING ON IDIOCY

(By Nicholas von Hoffman)

WASHINGTON.—Here's mud in your eye, Donald Elisburg, assistant secretary of Labor for Employment Standards. Elisburg was brought into the government to discredit sound principles by applying them with idiot energy and to destroy respect for all regulations by carrying them several steps past reduction ad absurdum. You need that background to appreciate Elisburg's warning to all contractors doing more than $2,500 worth of business with the government per year.

In a ukase which shows that he would be happier working for somebody like Catherine the Great, he announced the other day that, "employers who fail to consider qualified alcoholics and drug abusers because of their handicap are clearly violating the law . . . Our Government [the reverential capital G is Elisburg's] spends a considerable amount of money each year to rehabilitate alcoholics and drug abusers to help them again become employable, productive citizens. It would be incongruous to turn around and deny them protection under the antidiscrimination law."

A spokesman for Elisburg, in trying to clarify his meaning, explained that the drunks and dope fiends do not have to be on the wagon or off the needle to qualify for mandatory employment. Moreover, the spokesman explained, every company must have an affirmative action program to find and hire lushes and drug addicts "just as they are expected to hire blacks, Hispanics, and other minorities." Blacks, Hispanics and other minorities should be delighted to learn that in the eyes of the law, at least as it's interpreted by President Carter's genie at the United States Department of Labor, there is no difference between them and some bum on skid row.

This decision doesn't do much for the traditional picture of the sober, hard-working family man, but that's the price we have to pay for social justice. It will also mean some changes in our child-rearing practices.

Distraught mothers now will ransack their children's bedrooms and come downstairs to report to Dad, "I fine-tooth combed Abigail's and Courtney's rooms and I couldn't find a thing . . . not a marijuana seed, not a pep pill. What are we going to do about these kids?" Dad will groan, slump forward in his chair, hold his head in his hands and say, "I don't know what's going to happen to them. I don't know how they'll survive. They know what the job market is like, and they won't take dope, they just won't do anything to help themselves, Harriet."

Or picture this scene. It's 10:30 in the evening. Junior has just let himself in the front door when he's confronted by Pop who says to his offspring, suspicion dripping from his voice, "It's awfully early to be coming in. Lemme smell your breath . . . Vanilla! . . . Just what I thought! Been down at the 'Y' again, haven't ya? . . . Building your body and all that stuff. Listen, you're 18 years old. A kid your age! You should be ashamed! If I catch you coming home again sober before midnight, it's outta this house. You're no son of mine."

Or imagine yourself in the personnel office of a large corporation. The employment officer has dropped a sheaf of papers on his desk in mild disgust. "I hope," he says, not without a touch of sarcasm in his voice, "I hope you didn't walk in here expecting to get a job on the basis of these credentials . . . M.A., Harvard School of Business, Ph.D. in organic chemistry, UCLA, two years postdoctoral work at the University of Wisconsin, why that's trash to us. Look, son, let me set you straight, you're white, you're male, you're heterosexual, you're worthless."

But instead of being crestfallen, a smirky smile steals across our job seeker's face as he rolls up a shirt sleeve and reveals a nest of needle punctures. "Ahh, haa!" exclaims our personnel man, "now you're on the right tracks. Get it? Right tracks, did you get it?"

While corporations send out headhunters and personnel recruiting teams to pull drunks out of ash cans and snatch wired and blinking coquettes from the beds of rock stars, others will start schools to teach the industrious children of the middle class how to acquire an economically indispensable vice. There will be accusations that some young persons, who have secured employment on their claims to be confirmed boozers, are in fact secret abstainers.

It's possible that some government contractors may have been in compliance with this regulation for some time. That might explain the cost overruns of companies like Lockheed, and there's no doubt that the Department of Labor is in compliance with the regulations insuring the employment of the intellectually handicapped, as Elisburg's presence on the payroll so amply attests.

[From the Washington Star, July 20, 1977]

ANOTHER "AFFIRMATIVE" ACTION

Where does it end?

The Labor Department, according to an article in *The New York Times*, has directed employers with federal contracts to take "affirmative action" to hire alcoholics and drug abusers if they are "qualified" for jobs. Assistant Secretary Donald Elisburg told employers that if they don't they are violating the 1973 Rehabilitation Act which protects handicapped persons against job discrimination.

Alcoholics and drug abusers have a handicap all right, but the handicap is largely, if not totally, of their own making. They deserve sympathy and help in trying to overcome that handicap; and the government, as Mr. Elisburg pointed out, does spend a considerable amount of money trying to rehabilitate them. No doubt many businesses voluntarily offer them an opportunity to prove themselves able to hold jobs—and should.

But should employers be required by the government to shoulder a responsibility for their livelihood? If an employer has a choice between a non-alcoholic and an alcoholic, or between a non-drug abuser and drug abuser, equally "qualified" as to educational background and skill, should he be forced by government order to hire the alcoholic or drug abuser and take a chance that he'll work out?

Not only are employers prohibited from discriminating against them, but an aide who expanded on Mr. Elisburg's statement said employers are expected to find and hire alcoholics and drug abusers "just as they are expected to hire blacks, Hispanics and other minorities." They don't even have to be rehabilitated—the key word, according to the aide, is "qualified."

This anti-discrimination business can be carried to extremes.

TWO PROMISING OIL SHALE PROCESSES

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, many of us were encouraged to note that President Carter's energy message to the Congress, delivered this past April, singled out the Devonian shale deposits of the Eastern United States as an oil and gas source, for with adequate effort in support of their development, substantial additions to supply could be provided and the possibility of curtailment and plant closures as a result sharply reduced.

One very important feature of the Devonian source rests upon its reserves potential. If we can get to a point where this shale becomes a part of our reserves instead of just a resource, we will have turned an important corner regarding the future of the Eastern United States.

Mr. Speaker, Victor McElheny, writing in the July 27 issue of the New York Times, describes the potential of an exciting and encouraging new technology under development for the recovery of oil and gas from these sources. I believe it may be of interest to my colleagues, and I would, therefore, like to include the article in the RECORD at this point.

[From The New York Times, July 27, 1977]

TECHNOLOGY: TWO PROMISING OIL SHALE PROCESSES

BY VICTOR K. MCELHENY

Despite the gloom that has descended over much of the shale oil business lately, engineers have not given up on tapping shale rock—in the East as well as the Rockies—for oil and gas.

Work continues on so-called in-situ processing—cooking explosively crushed shale rock within the mountainsides where it is found to extract the oil.

But engineers' attention is focusing on two other attractive process.

One, developed by the Superior Oil Company of Houston, would be used to tap Colorado shales not only for oil but also for three other products—alumina, soda ash and a substance called nahcolite than can serve as a sulphur-oxide scrubbing agent for coal-burning electric power plants.

The second, developed at the Institute of Gas Technology in Chicago, with more than $3 million in support so far from the American Gas Association, would slowly cook eastern shales in the presence of hydrogen gas (derived from the hydrocarbons in the shale) to produce oil and gas in a wide range of controlled proportions.

The western shales, which Superior Oil and the partners it now is seeking would process, are so-called "tertiary" formations laid down 40 to 50 million years ago on the bottom of a very deep lake covering large areas of northeastern Utah, northwestern Colorado and southwestern Wyoming.

Such shales, largely found on lands that the United States Government leased a few years ago to groups of oil companies, frequently contain 25 to 30 gallons of oil per ton of rock.

The eastern shales, which the Institute of Gas Technology plans to begin processing in a one-ton-per-hour process development unit

late this year or early next, are far older, dating from the Devonian period several hundred million years ago. Yields are leaner, with 10 gallons of oil per ton of rock typical from standard retoring methods.

Leading the work on the Superior Oil process from its beginnings 10 years ago has been Dr. Bernard Weichman, who assigned his basic patent to Superior. In a telephone interview this week, Dr. Weichman said that laboratory and pilot-plant work on the process, conducted chiefly at Cleveland, is now complete. He said, "We are convinced that the next step is commercialization."

At the Institute of Gas Technology, whose work began about five years ago, leading figures have been Frank C. Schora, the institute's senior vice president for process development, and Paul Tarman, director of chemical processes.

Up to now, Mr. Tarman said in a telephone interview yesterday, the institute's process development unit, with a diameter of 12 to 134 inches, has tried the so-called "hydroretorting" process on western shales only. Limits on funds and supplies of eastern shale have restricted testing of eastern shales to a unit only four inches in diameter that processes about 100 pounds of shale an hour, he said.

In testimony to the House Energy Research subcommittee last March, Mr. Schora said, "We discovered some time ago, and have confirmed in more extensive testing during the past year, that when we process eastern Devonian shale with the I.G.T. process, we obtain yields of useful products equivalent to those from conventional retorting of rich Colorado shale."

Mr. Schora said it was reasonable to ask how I.G.T. researchers obtained 25 gallons of oil and 2,000 cubic feet of gas from lean eastern shale that only yields 10 gallons by such conventional processes as the so-called Fischer Assay.

"Our researchers have provided the answer to this," Mr. Schora said. "Actually the organic carbon contents of many eastern and western shales are very similar. They found that the 10 gallon-per-ton Kentucky shale and a 30-gallon-per-ton Colorado shale had organic carbon contents of 13.4 and 13.6 percent respectively."

Although in conventional retorting, two-thirds of the carbon-containing substance called kerogen is extracted from the western shales and only one-third from the eastern, Mr. Schora said, the I.G.T. process converts most of the organic carbon in both types of rock to oil and gas.

Plans for commercializing the Superior Oil process, according to Dr. Weichman, call for a plant that would begin by processing some 24,500 tons of shale rock daily. This would be converted into 4,500 tons of nahcolite for power-plant scrubbers, 500,000 gallons of oil, 600 tons a day of the aluminum—and an unspecified amount of soda-ash.

Considered essential to starting the project is a proposed exchange of land near the Northern Piceance Creek Basin in northwestern Colorado with the federal government's Bureau of Land Management, Dr. Weichman said. The process of obtaining approval for the land exchange, which is designed to create a mine block of land that is economically mineable, is expected to take about two years, he said. Completion of the plant would take another five, he estimated.

Because the Superior Oil process leads to four products instead of one—oil—he said, it is possible to return all waste from the plant to the mine, rather than dispose of it on the surface as single-product shale oil processes do.

VETERANS' ADMINISTRATION HOSPITAL IN PHILADELPHIA

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. EDGAR. Mr. Speaker, on Saturday, July 23, the Subcommittee on Medical Facilities and Benefits of the House Committee on Veterans' Affairs held hearings at the Veterans' Administration Hospital in Philadelphia. The purpose of the hearings was to look into the quality of health care being offered to veterans of the Philadelphia metropolitan area.

During the next few days I would like to share some of the information we received during the hearings with my colleagues. The following report was prepared by Jack Westall of the Veterans' Administration:

REPORT OF FINDINGS AND RECOMMENDATIONS REGARDING CONSOLIDATION OF THE OUTPATIENT CLINIC AND HOSPITAL ACTIVITIES, VA HOSPITAL, PHILADELPHIA, PA.

(By Jack Westall)

BACKGROUND

This report is prepared in response to a Chief Medical Director's memorandum dated April 11, 1977, to (13) and (17A) requesting that a review be conducted of the Clinic and Hospital activities in Philadelphia. The request for a special review was precipitated by the expressed concerns of service organizations as well as correspondence to the Administrator and to Congressman David Satterfield, Chairman of the Subcommittee on Medical Facilities and Benefits, HVAC, concerning services provided veterans by the DM&S facilities in Philadelphia.

Two on-site visits were made to Philadelphia. The first was made April 14 and 15 by Jack Westall and Dr. Tom Watt. The visit was exploratory in order to develop more definitive parameters for subsequent reviews. A second visit was made April 26, 27 and 28 by Jack Westall, Edward Zacharek and George Gary.

Data provided in this report was also obtained through group meetings with the Clinic staff and representatives of Veterans Organizations as well as individual discussions with the Medical District Director, Medical School Representatives, various staff at both VA facilities and top management at the hospital.

The assistance and cooperation received by all elements during this review were outstanding.

FINDINGS

The Chief Medical Director's assignment memorandum cited five specific charges that had to be clarified and placed in proper perspective in the conduct of this review. Comments relative to these areas of concern are marked with an asterisk. Other significant programs findings are also identified as the basis for the recommendations made in this report.

Inadequate unattractive space at the outpatient clinic

This criticism is totally false. The Cherry Street facility has an abundance of space which is attractively decorated, clean and well maintained by contract through GSA. The color scheme is varied and bright with the exception of one floor where a flat dark Williamsburg blue was used extensively, but is attractive. The NP Unit uses this space. There are a dozen or so chairs in the waiting areas that are heavily soiled on the arms and should be replaced. Equipment items appear adequate and modern. Steel gray desks and office furniture items are used as these have been standard items for our field facilities. There were no complaints from any source regarding space or attractiveness of the Cherry Street Clinic. The current annual cost of renting this space from GSA is $842,588, based on the billing charges for the last quarter.

Lack of clinic leadership

This is a valid charge and compounds the problems in the multifaceted relationship between the hospital and the clinic. The Special Assistant to the Hospital Director is the highest level of management physically located at the clinic. The incumbent is not recognized as a member of management by either the administrative or professional staff at the clinic.

The problems associated with lack of clinic leadership are further illustrated in the deficiencies found. Management and control of the clinic workload were negligible. Important functions such as medical record committee meetings, clinical executive staff meetings and staff meetings have been ignored for over two years. Systematic reviews have not been accomplished and were only recently initiated in one service. There is no coordinated centralized appointment scheduling system between the two facilities for the convenience of patients and better staff utilization. Fee basis authorizations were granted based upon recommendations of private nurses and approved with little or no review by professional staff, resulting in increased expenditures for the facility.

Low employee morale

This was found to be true. Many of the Cherry Street employees have worked at the facility for years with dignity and pride in their accomplishments. They feel they were deceived, first by the last independent director whom they feel brought about the consolidation of the hospital and clinic for his own personal grandiosity. Blamed now are the Chief of Staff, the medical schools, the residents, and management at the hospital. The lack of proper communication between hospital and clinic staff members seriously underlies this problem. While many clinic staff members are bitter about their experiences in the consolidation, the professional staff has been affected the greatest. This was brought on by their disenchantment with the consolidation and its one dimensional concept. Examples of this are that clinic physicians cannot admit a patient to the hospital without reexamination by a resident and that hospital physicians would not perform compensation and pension examinations regularly or serve to relieve backlogs. Also of concern was the belief that staffing would continue to be shifted from the clinic to the hospital and that all clinic functions would be eventually phased out.

Social workers assigned to Psychiatry were frustrated and negative. The Chief of Psychiatry has allegedly informed the social work coordinator for psychiatry that he has no intention of involving social workers in discharge planning. As a result, patients are being discharged without proper Social Service work-up which requires social work assistance in the post discharge period. Also affecting morale and promoting hostile feelings toward the hospital staff is the alleged technique the Chief, Psychiatry Service has applied in assuming the management of the combined service. The inference of professional incompetency is demeaning to clinic physicians after many years of serving the service-connected veterans at the clinic.

Inadequate planning for the clinic

This is probably true. There was no formal plan to systematically coordinate the full integration of the two facilities. No evidence was found to indicate interest in clinic functions by the two affiliated medical schools, nor was it evident that any commitment had been made to support clinic needs other than a token interest by the Psychiatry Department. The unilateral decision by the Chief of Staff to move the RMS Clinic to the hospital upset the veterans formerly treated in that clinic, as well as the service organizations and clinic personnel.

Failure to communicate between hospital personnel and clinic counterparts

There has been a continuing effort on the part of the Hospital Director to visit the clinic frequently and to establish a working rapport with the staff. While there is a great deal of respect for the Director as an individual, there is the belief that his control of the situation is compromised by the influence of the Chief of Staff and the Medical Schools.

This comment is enforced by the fact that clinic dentists do not attend formal staff meetings with their hospital counterparts, and that clinic surgeons and medical staff function independently of Surgical Service and Medical Service at hospital. To compound the problem, the clinic staff was not invited to participate in the transfer of RMS to the hospital.

Workload data and comparison with other outpatient clinics

The staff and fee workload at the Cherry Street Clinic and the lack of space at the hospital preclude closing the clinic and achieving a physical consolidation. The potential to improve services provided veterans residing in the Philadelphia catchment area does exist with the present Cherry Street facility. The clinic is in an ideal location for completing the initial examinations to determine the need for care. This concept is successful at the Brooklyn Outpatient Clinic, which has a similar workload.

In comparing the two facilities, the Brooklyn Clinic conducted 2,531 such examinations as opposed to 171 at the Cherry Street Clinic during the first six months of FY 1977. However, the examinations conducted in Brooklyn are accepted for direct admission to the hospital. This concept at the Cherry Street Clinic would be advantageous for the veterans in the Delaware Valley area, the clinic and the Philadelphia Hospital. The recent patient attitude survey conducted nationwide revealed the veteran population using the facility has a high regard for the staff and services offered at the clinic.

More veterans in the OPT–NSC and AHA programs are seen on a staff basis in Brooklyn than in Philadelphia (14,522–2,394). The majority of visits in these programs at the Cherry Street Clinic are on a fee basis. This workload could be better managed to control fee costs. The MHC workload at Philadelphia is comparable to that of Brooklyn. The compensation and pension workload at Philadelphia exceeds Brooklyn (2,851–1,805). Dental applications also exceed the number received at Brooklyn (1,617–442).

Present consolidation activities

Some organizational elements have been functioning well and it is expected they will continue to function with no significant organizational problems. These are Pharmacy Service, Nursing Service, Laboratory Service, Prosthetic and Sensory Aids Service, Supply Service, Medical Administration Service and Dietetic Service. All other services are either not consolidated or causing a significant amount of friction and adverse reactions.

Management should evaluate the need to improve the supervisory/employee relationships in several of the consolidated services.

Veterans service organizations

In two meetings with representatives of twelve service organizations the sensitivity of the situation was quite evident. This group of VA experienced and knowledgeable individuals was adamant in their position that there had to be immediate changes in the operation of both the clinic and the hospital. A primary concern centered on the activities of the clinic and how consolidation was diluting the effectiveness of the medical services which service-connected veterans have been receiving through the Cherry Street Clinic for many years. They pointed out how a number of dedicated, senior professional employees of the clinic were being harassed through the efforts of the hospital staff to absorb their functions. They stated that the professional qualifications of clinic physicians were challenged after long careers of loyal and qualitative service to the VA and veterans of the area. Certainly of equal concern was the role the Chief of Staff has assumed at the hospital and in the consolidation. They believe that his dominance and unilateral actions have compromised the position of the Hospital Director in managing the combined facilities. They consider him so closely allied to the University of Pennsylvania Medical School that he cannot adequately relate to the responsibilities he has for serving veterans. They also feel that the Philadelphia VA Hospital is no longer a facility for veterans but a teaching instrument of U. of Pa. The Administrative Assistant to the Chief of Staff has also been allowed to overplay his role so that he has become an impossible barrier rather than a buffer in their attempts to reach the Chief of Staff for specific information and assistance.

The relationship between this group and top management has been completely splintered through the failure of the hospital staff to understand and appreciate the role of the service organizations in our system. The failure to accept and utilize the representatives as consumer advocates and as a vital communication link between the user and the provider needs immediate correction.

Veteran population served

The catchment area for the Philadelphia Clinic includes some 725,000 veterans. This number will not be substantially reduced when the Allentown satellite clinic is activated. With the vast majority of these veterans residing in the immediate Philadelphia area, and with the clinic location so conveniently centralized, DM&S should utilize the clinic as a viable health care provider and initial screening point as a convenience to veterans and to relieve congestion at the hospital.

OPTIONS CONSIDERED

Two options were considered regarding the consolidation of activities at Philadelphia with each option having several alternative actions. Based on information obtained during this review, it is desirable to retain the present facility and to provide a viable medical treatment capability in downtown Philadelphia for veterans residing in that area. The operational concept best suited to accomplish this mission would appear to be the alignment of selected programs into separate divisions for the hospital and clinic under single management at the hospital. An Organizational Chart depicting this concept is shown as an attachment to this report.

Option and operational alternatives

Close Clinic

1. Relocate all functions in VAH Philadelphia.

2. Rent space near VAH/HUP—move clinic functions.

3. Build addition at VAH for clinic activities.

4. Do not replace.

Keep Open

1. Continue present consolidation with Philadelphia (no changes).

2. Continue consolidation with Philadelphia (move Medical and Surgical activities to hospital—strengthen NP services at clinic.)

3. Continue consolidation with VAH Philadelphia (keep under single Director but with two Chiefs of Staff. Operate as separate and distinct entities).

4. Discontinue present consolidation with VAH Philadelphia and establish administrative consolidation with VAH Coatesville.

5. Reestablish Independent Clinic (no medical school affiliation).

6. Reestablish Independent Clinic (affiliate with different medical schools).

RECOMMENDATIONS

1. Organize the hospital and clinic functions into separate divisions of the Philadelphia health care facility, that will operate cooperatively in the care of veterans.

2. Establish position of Chief of Staff at Cherry Street Clinic. The Chief of Staff will organizationally report directly to the Hospital Director and be on a level in stature to the Chief of Staff at the hospital.

3. Designate Chiefs of Medicine, Surgery, Psychiatry, Radiology, Dental and Social Work Services at the clinic. These appointments should be processed into VACO by usual route through H.J.

4. Continue to strengthen support and consolidation of Fiscal, Personnel, Supply, Medical Administration, Pharmacy, Dietetic, Nursing and Laboratory Services.

5. The organizational realignment and leadership should be clearly documented. Functional statements and staff assignments should also be published and shared with the supervisory staff at both divisions.

6. Decision on proper assignment for Psychology Service at the clinic should be determined after the appointment of a new Chief of Staff.

7. Implement single functioning centralized scheduling system for coordination of hospital and clinic appointments.

8. Fully utilize the veterans service organizations representatives as consumer advocates. Their assistance is invaluable in providing the link between the VA as the provider and the veterans as the users of DM&S services.

9. Encourage representation of service organizations as ex-officio members of the Deans Committee. This role should be fully understood to be a participating member in the Deans Committee discussions but without vote.

10. Establish a Position Management Committee at the Cherry Street Clinic for the review and proposed distribution of manpower resources. Also establish a Clinical Medical Record Committee and Medical Executive Committee.

11. With assistance from CO DM&S Budget Staff, identify a separate clinic budget, appointing clinic staff members to the Budget Committee. Set up budget controls to be managed by the Chief Staff at the clinic.

12. Review hospital programs and identify functions that could be relocated at the Cherry Street Clinic to maximize space utilization, relieve congestion at the hospital and enhance service to veterans (the centralized scheduling unit and combined dictating pool are examples of this suggestion).

13. Clinic Chief of Staff should strengthen working relationships with VAH Coatesville in order to provide a Philadelphia base for continuity of care for patients discharged from Coatesville and residing in the Philadelphia area.

14. Make Cherry Street Clinic a primary health care screening facility as well as provider for veterans residing and working in center city Philadelphia.

15. Hospital Director assure that pertinent hospital and clinic policy and procedural publications pertaining to patients be regularly distributed to the designated service organizations representatives.

16. That the Chief Medical Director designate Planning Service to evaluate the need for additional nursing home care beds in Philadelphia and to consider the availability of such beds from the Naval Hospital. (This question was raised in the attachment to Congressman Edgar's letter of March 29, 1977 to the Administrator.)

17. Hospital Director and Hospital Chief of Staff review Questions C and D in the attachment to Congressman Edgar's letter which relate to the use and attitude of residents in the admitting process at VAH Philadelphia. The Director should report his findings of such review to the Chief Medical Director.

18. The Hospital Director, in concert with the Information Service Representative, prepare an appropriate news release regarding the realignment of services, new appointments, new programs and services available to veterans through the Cherry Street Clinic at such time the changes take place. Also that Information Service Representative be used more extensively in improving communications between DM&S activities in Philadelpia and veterans served by our activities in the Greater Delaware Valley area.

19. VACO monitor progress made regarding these recommendations and continue to follow up as necessary in reporting the implementation of the recommendations to the Chief Medical Director.

"REFUSENIK" FAMILIES OF ILYINKA

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. LENT. Mr. Speaker, on July 11, 1977, for the benefit of my colleagues in the Congress I included in the RECORD a copy of a report prepared by the Student Struggle for Soviet Jewry, detailing the plight of 120 families in the village of Ilyinka in the U.S.S.R. With great difficulty after extensive research the SSSJ was able to provide me with a partial list of those families, which follows:

This incomplete refusenik list is corrected to July 12, 1977.

1. Chernaukhov, Abram Moiseyevich. Wife—Dina Nicoronova. (Abram's mother Leya Ivanovna Chernaukhova lives with them.)

2. Kazhokin, Avraham Iosifovich. Wife—Mira Iosifovna. Dina, Yakov, Mikhail.

3. Kazhokin, Avraham Yakovlevich. Wife—Mira Yakovlena. Five children.

4. Kazhokin, Avram Yakovlevich. Wife—Chava Iosifovna. Leda, Anna, Yakov, Igor. (Azram's mother Simfora Iosifovna lives with them.)

5. Kazhokin, David Moisevevich. Wife—Dina Moiseyevna. Dina, Valery, Yuri, Svetlana, Gennady.

6. Kazhokin, Isak Iosifovich. Wife—Sara Samuilovna. Five daughters: Rifka, Ida, Miriam, Toma (Tamara), Eera.

7. Kazhokin, Isak Maximovich. Wife—Esfir Fyorovna. Son Yakov and daughter.

8. Kazhokin, Isak Mikhailovich. Wife—Reva Iosifovna. Benyamin, Ella, Leya, Eera.

9. Kazhokin, Mikhail Tikanovich. Wife—Marya. Daughter Reva.

10. Kazhokin, Moisyei Fyedorovich. Wife—Maria Matveyevna. Pensioners.

11. Kazhokin, Moisyei. Wife—Leya Lionteva. Son Mikhail.

12. Kazhokin, Moisyei Mikhailovich. Wife—Dina Iosifovna. Raya, Yakov, Boris.

13. Kakhokin, Moisyei Mikhailovich II, b. 1930. Wife—Leya Khanyovna (1931). Fira (1956), Yakov Moiseyevich I (1957), Dvora (1960), Lubov (1966), Boris (1960).

14. Kazhokin, Samuil Moiseyevich. Wife—Chava Semyoneva. Riva, Leya, Mikhail.

15. Kazhokin, Shmuel Semyonovich. Wife—Reva Davidovna. Mira, Leda, Yakov, Chana.

16. Kazhokin, Yakov Iosifovich. Wife-Dvora Mikhailovna, Dina, Aron, Moisyei, Yosef, Ruvin, Boris (Boruch). A married daughter and her family, living in Voronizhe, also want to emigrate: Esfir Yakovlena, her husband Victor Leonovich Itskovich, and their two sons.

17. Kazhokin, Yakov Mikhailovich. Wife-Leya Moiseyevna. Moisyei, Mikhail, Raya.

18. Kazhokin, Yefraim Yakovlevich. Wife-Versavya. Pensioners.

19. Lahmina, Dina Binyaminovna (1933); Lahmina, Leya Binyaminovna (1938) and Leya's son David Yakovlevich (1955).

20. Matveev, Avramam Alexanderovich. Wife-Vera Mikhailovna, Valery, Mikhail, Dina.

21. Matveev, Avram Moiseyevich. Wife-Raya Yefimovna, Mira, Leda, Yakov, Chana.

22. Matveev, Avram Mordufayevich. Wife-Simfora Isakovna, Mikhail, Leya, Sara, Yakov. (Simfora's mother Dina Dmitrovna lives with them.)

23. Matveeva, Chana Matvievna. Husband is deceased. Son-Isak Matveev, b. 1946, single.

24. Matveev, David Israilovich. Wife-Leya Samulilovna, Samuil, Mikhail, Raya, Anna. (David's parents are Israil and Sara Matveev.)

25. Matveev, David Mikhailovich. Wife-Esther Davidovna. (Esther's parents are in Israel.)

26. Matveev, Isai Borisovich. Wife-Sara Yefimovna. Yefim, Luba, Yosef. (Sara's brother in Israel.)

27. Matveev, Isak Dimitrovich. Wife-Sara Ivanovna. Pensioners.

28. Matveev, Isak Yekhezkelovich. Wife-Simfora Izakovna. David, Samuil, Mikhail, Solomon, Leya, Ida, Ilya, Luba and Benyamin (twins). Isak's sister lives in Israel.

29. Matveev, Israel Maximovich. Wife—Sara Iosefna (they are the parents of Moisyei Israilovich, #33). Daughter—Dina Israelovna; single.

30. Matveeva, Leya Moiseyevna. Husband is deceased. Daughters: Rifka, Dina.

31. Matveeva, Leya Yakovlena. Daughters—Ella, Raya, Anna, Eera, Tamara, Lubov (Lubov is married to Yakov Shleimovich Matveev).

32. Matveeva, Margarita Davidovna, b. 1951. Her parents live in Israel.

33. Matveev, Moisyei Israilovich. Wife—Fira Isakovna. Dina, Anna, Lova, David.

34. Matveev, Moisyei Yoanovich. Wife—Fira Isakovna. Leonid, Larissa, Isak. (Moisyei's mother Versavya Mikhailovna lives with them).

35. Matveev, Mordufayev Borisovich. Wife—Irina Yefimovna (parents of Samuil Mordufayevich, listed separately). Irina's brother is in Israel.

36. Matveev, Reuvim Yakovlevich. Wife—Mira Yefraimovna (she is the daughter of #18, Yefraim Kazhokin). Daughters: Anna, Lubov. (Also, Reuvim's mother Rachel Mikhailovna lives with them).

37. Matveev, Samuil Mordufayevich. (1938). Wife—Rakhel Grigorina (1930). Boris (1962), Luba (1965), Anna (1967), Yakov (1969).

38. Matveeva, Sara Moiseyevna. Husband is deceased. Dina, Dani, Moisyed, Leya, Rakhil, Reva, Mariyan. (The deceased husband's unmarried sister, Dina Danielvna, lives with them).

39. Matveeva, Sara Fyordorova (1909). Daughter: Rakhil Khanyovna (1936).

40. Matveev, Yakov Alexandrovich. Wife—Raissa Samuilovna (she is the sister of Leya Mateev, #24). Children: Dina, Raya.

41. Matveev, Yakov Isaiyovich. Wife—Mira Mordufayeva. Eight children (one is named Mikhail).

42. Matveev, Yakov Mikhailovich. Wife—Dvora Yakovlena. Moisyei, Isak, Boris, Ilya, Benjamin, Irina, Toma (Tamara).

43. Matveev, Yakov Morduchayevich. Wife—Rakhil Isakovna. Five children.

44. Matveev, Yakov Shleimovich,. Wife—Lubov Moieyevna.

45. Matveev, Yakov Yekhezkelovich. Wife—Riva Chanyana. Dina, Hilli (in the navy), Boris, Lova, Chanye, Luba. (Yakov's sister is in Israel).

46. Piskaryov, Aron Moiseyevich. Wife—Dvora Yonovna. Yoel, Dina.

47. Piskaryov, David Moiseyevich. Wife—Esfir Isaiyovna. (Esfir is the daughter of Isai and Sara Matveev, #26). Four children.

48. Piskaryov, Samuil Moiseyevich. Wife—Leya Isaiyovna. (Leya is the daughter of Isai and Sara Matveev, #26). Daughter—Tamara.

49. Piskaryov, Yakov Mikhailovich. Wife—Leda Nikonorovna. Five children. (Yakov is the brother of Yoel Piskaryov, #50).

50. Piskaryov, Yoel Mikhailovich. Wife—Mira Moiseyevna. Rayissa, Mikhail, Moisyei, Luba, Dina, Devora. (Yoel's mother Rifka Maximovna lives with them).

51. Timliyansov, Nicanor Vasilyevich. Wife—Sara Mikhailovna.

52. Timliyansov, Yakov Nicanorovich. Wife—Maria.

53. Varnafsky, Avram Grigorievich. Wife—Reala (Rifka) Yakovlena, Raya, Grigory, Yakov, Luba, Alexandra. (Avram's parents are in Israel).

54. Varnafsky, David Grigorievich. Wife—Fira Moiseyevna, Yakov, Luba, Raya. (David and Avram Varnafsky are brothers).

55. Varnafsky, Yakov Grigorievich. Wife—Rayissa Iosifovna, Svetlana, Benyamain, Luba. (Yakov is the brother of Avram and David Varnafsky).

I hope that his further publication will serve notice on those who oppress these families that there are concerned officials and citizens of the United States who are aware of the situation, and who are watching.

LEGISLATION TO GIVE BACK FULL CITIZENSHIP TO SMOKERS WHO HAPPEN TO FLY

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. SNYDER. Mr. Speaker, we have recently been deluged with a wild influx of rules and regulations preserving and defending the rights of some people at the expense of the rights of others, and I feel it has fostered a great deal of confusion.

To eliminate some of this confusion—at least as it concerns common air carriers—I am introducing legislation today, to clarify the rights of smokers and nonsmokers aboard aircraft.

With the above and below seat ventilation systems we have in our aircraft today, there is no need to burden pas-

sengers with discriminatory regulations directing them to a particular section of the aircraft arbitrarily. Forcing smokers to congregate near the rear of aircraft could also possibly result in a safety problem if they outnumber their nonsmoking colleagues up front. By this I mean you could possibly induce aft center of gravity for a particular flight.

I do not argue with the intent of the CAB decision for segregating smokers and nonsmokers. I merely intend to point out the same goal could have been furthered by aisle separations instead of sending smokers to the back of the bus like so many second class citizens.

Of course, if the CAB was going to suggest trimming air fares for those who are forced to bring up the rear because of their smoking habits—it would be a different matter. But as of this moment I have not heard such a suggestion.

Therefore, Mr. Speaker, I introduce this legislation to give back full citizenship to smokers who happen to fly:

H.R. 8592

A bill to clarify the rights of smokers and nonsmokers aboard air carrier aircraft

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 404 of the Federal Aviation Act of 1958 (49 U.S.C. 1374) is amended—

(1) by inserting "(1)" immediately before "No"; and

(2) by adding at the end thereof the following new paragraph:

"(2) In the designation of seating areas aboard aircraft in air transportation, no air carrier or foreign air carrier shall make, give, or cause any undue or unreasonable preference or advantage to passengers who use, and who do not use, tobacco products, except insofar as safety in air transportation may require restrictions on the use of such products.".

ENCOUNTER IN MOSCOW

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. DRINAN. Mr. Speaker, in the course of making decisions on foreign policy, we often lose our sensitivity to the human aspect of these issues. I commend to my colleagues the following article from America, the Jesuit-edited weekly, as a very touching and a highly personalized account of the lives of Soviet Jews:

ENCOUNTER IN MOSCOW

(By Leon Gersten)

I have journeyed through New York City's subways countless times and no one has ever batted an eye at me. Yet, the very first time I boarded a train in Moscow's immaculate underground, I was singled out conspicuously. It was an international incident that was to change the course of my life.

The strange woman inched forward and launched a finger at me. "You are Jewish, are you?" Startled, I looked at the woman and realized she was pointing at me. I felt all the passengers' eyes riveted on me, as if I were an American C.I.A. agent. I nodded to the woman, hoping she would be satisfied and go away. She didn't. In a voice louder than a whisper, she said: "I can tell."

I was stunned, somewhat annoyed, but I didn't know how to handle this situation. At the next station, she seized my hand and drew me from the train. I followed, like a child dragged by his mother. There was a magnetic power to this stranger that made me more curious than afraid. Amazing courage, I thought, for a Russian to act so aggressively.

"How do you know I am Jewish?" I whispered. Leading me out of the electrically-controlled gate, she answered: "I just know."

Was it my face? When you travel in a foreign land, you never think of your religion as an obvious sign. After all, the passport indicates your nationality, and isn't that what is important? Of course, I knew, from our press, all about the persecutions of Jews by the Soviet regime, but I was a tourist, an American traveler, there to see what everyone else comes to see.

"I want to tell you how it is for us to live here. I want you to know the truth," she insisted, tears starting. A surge of emotion drew me closer, and I was unaware of the Moscow street on which we were walking.

"What is it you want to know?" I managed to ask, but she put her finger on her lips and bade me follow her up the street and deeper into the crowd. "It is safer here, with the people, away from the buildings." I had to control my urge to get to the truth.

When we reached Lenin Square, near St. Basil's Cathedral, she began her tale. "We Jews suffer very much. I only tell you we are not free, we have no jobs and many restrictions there are. Some leave, but for this you need money. It is difficult to even request a visa."

The woman stopped and wrapped her fur collar around her neck to ward off the biting spring wind. A street-cleaner, aproaching us with a broom and pan, caused her to move on nervously. I followed. "You never know who is listening. You must be careful."

"Why don't you leave soon and go to America or Israel?"

"My son is in the conservatory, and if I make such a request, they will dismiss my boy and his education will stop. I am old, and I can endure, but my son is my life, and I would do nothing to harm him."

As we skirted the Kremlin walls, I found the courage to ask: "How can I help you?" I could hear in the distance the stomp of the honor guard as they marched thunderously to and from Lenin's tomb.

"My son is an accomplished musician, but the Government will not publish his music, because he is a Jew. Can you take it back to America and give it to a publisher there?

Thoughts of Russian prison camps flooded my mind. "But that's illegal. My bags may be checked at the airport, and besides, it may be considered smuggling. Why don't you send them by mail?"

The woman, whose name I did not even know yet, pleaded with her eyes. "Many times we have done so. But always they never arrive. Once we were investigated."

"But why do you trust me? After all, I am a stranger."

She touched my hand with hers and looked straight at me: "Because you are Jewish."

A flood of tourists filled the square and we walked in the safety of numbers. "'Meet me here tomorrow," and she pressed into my hand a paper with an address scrawled in Cyrillic letters. I placed it deep into my inner pocket for safekeeping and headed for the Russian Hotel to join my group.

At the dinner meal, I asked our In-Tourist guide how to get to the address. She regarded me suspiciously and shook her head. "There is no such place. I suggest you do not go to look for it." Then she changed the subject of the conversation.

When I revealed the incident to my friends in the group, there were repeated warnings to tear up the paper and forget the whole thing. It was dangerous, they insisted, and, more important, going off the official tourist circuit was not advisable. Besides, there were so many cases of Americans getting involved with the authorities for one reason or another. I should be smarter, they cautioned.

After the morning tour, when we were allowed to wander freely, I headed back to the subway to read the maps of the train lines, but to no avail. I showed the paper to passing strangers, but no one seemed to know where such a place was. Summoning enough courage, I asked a policeman standing in a busy traffic island and he pointed in a certain direction, indicating on my map how to get there. By bus it was all of 10 minutes, but walking took an hour.

It was an inconspicuous building, far from the center of Moscow. The steps led down into a recessed room, where a handful of men, with a sprinkling of women, were praying. I realized, then, it was a synagogue. I looked around and spotted my woman friend with a covering over her head. She walked to the rear and kissed me on the cheek, "You have come, I knew you would."

From her heavy fur coat she withdrew an envelope and tucked it under my arm. "Be careful with this, please. It is my son's best work He has poured his heart into it. It is beautiful music and should be heard. On the inside is the address of the man in New York who will take it from you. He knows to expect someone."

"How?"

"There are ways. A Jew must learn ways to survive."

I pointed to the men in the pews. "May I join them in prayer?"

"No, it is not good that you remain. Visitors do not come here. Ours is not the synagogue the authorities wish to show tourists."

The envelope felt like a weight in my pocket. Somehow it was more than a generous deed I was doing; it was an act of love for a woman whose life was far removed from my own, but whose anguish was mine, as well. I felt her pain keenly, for we were, after all, Jews.

I noticed a young man in the front, "Is that your son?" I inquired.

"Yes, but he is afraid to talk with you. But he is grateful, and he wishes you God's blessing. May God guide you and keep you."

Surprisingly, no one—the women, the men or the rabbi—looked my way. Apparently, they were pretending I was not there. And though being in a synagogue was natural enough for me, I was uncomfortable. "Shall I write to you when I get back to New York?"

"No. Letters are opened. Then they would know. Too dangerous." With that, she left me and returned to her place, probably to ask for God's help. I withdrew from the synagogue, never to see her again.

At the Moscow airport, it is customary for customs officials to check baggage. Sure enough. I was asked to open my attaché case in which I had cached the musical compositions. The dour-looking man who examined it asked what they were.

"I am a musician. I have written a sonata in memory of my trip to the Soviet Union," I lied.

The man smiled, seemingly pleased. "We Russians love music. Do you know that?"

I folded the papers and coolly placed them in the upper slot. "Yes, so I have discovered. But then, music is the soul of people, the heart of existence."

He was cheered by my words. "Someday maybe our countries will share their music for all people."

I couldn't resist saying: "For some, not for all."

The memory of the woman and her artist son haunted me all the way home, and the

papers I carried were as dear as cherished heirlooms. The day I turned them over to a New York publisher, he clasped me and warmly regaled me with vodka as a toast to a great event. "Do you know what you have accomplished?" he asked.

"Yes, of course. I have helped a woman who begged a favor of me."

He smiled. "No, you have done much more. Unknowingly, you have given the world the opportunity to hear the music of a modern-day genius. This composition is a masterpiece. Why did you do it?"

"She is Jewish," slipped from my lips.

TRIBUTE TO REV. JAMES OTIS STALLINGS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. STOKES. Mr. Speaker, I rise on this occasion to pay tribute to the Rev. James Otis Stallings of Cleveland, Ohio, who is one of the outstanding religious and civic leaders in our city. Rev. Stallings has recently resigned his post as executive director of the Cleveland branch of the National Association for the Advancement of Colored People. In this position, Reverend Stallings has stood at the forefront of the battle for civil, economic, and human rights for the black citizens of Cleveland. Mr. Speaker, I am sure that you and my colleagues are aware that Cleveland is currently under a court order to desegregate its public school system. Throughout the NAACP's long and harrowing legal battle with the school system, Reverend Stallings has provided exemplary guidance and leadership.

Mr. Speaker, so that my colleagues in the U.S. House of Representatives can acquaint themselves with Reverend Stallings' career, I would like to take this opportunity to relate to you some of the highlights of his life.

James Otis Stallings was born January 31, 1945, in Crawford, Miss., the son of Mr. and Mrs. John T. Stallings. Educated in the Mississippi public school system, he later traveled to Atlanta, Ga., to attend Morehouse College. While an undergraduate at Morehouse, young James served as chief marshal at the funeral of the late Rev. Dr. Martin Luther King, Jr., in 1968. An excellent student, he received the Benjamin E. Mays debating award and the J. J. Webb oratorical prize upon graduation.

From June 1968 to March 1969, Mr. Stallings was an intern with Friendship Baptist Church in Atlanta. He was also a management trainee with Miles Laboratories, Inc. for more than a year. In April of 1970, he joined the staff of Antioch Baptist Church in Cleveland as associate minister, and in March of 1972, he was appointed executive director of the Cleveland NAACP.

Mr. Speaker, the young and dynamic minister has been extremely active in religious, social, and educational concerns in the black community. He was the chairman of the Outreach Study Group, community advisory council of the mental development center of Case-Western Reserve University; former member of the board of trustees of the Urban League of Greater Cleveland; member of the Board of Managers of the University Christian Movement; member of the board of trustees of the Fairfax Foundation; member of the Association for the Advancement of Applied Behavioral Science in Religion; member of the Association for the Study of African/American Life and History; member of the Task Force on Church and Society; member of the Greater Cleveland Inter-Church Council; life member of the NAACP and member of the Antioch Baptist Church.

Mr. Speaker, at this time I would like to call upon my colleagues to join with me in thanking Reverend Stallings for his unselfish devotion to the citizens of Cleveland. As a young man, he has many more mountains to climb and challenges to meet. He has made an indelible mark on our city. We can only hope that he will remain with us in increasingly important positions of leadership.

DR. BRUNO A. ARCUDI REPRESENTS ITALIAN-AMERICANS IN A SCHOLARLY AND POSITIVE MANNER

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. KEMP. Mr. Speaker, I am greatly pleased to bring to the attention of my colleagues, the outstanding work of Dr. Bruno A. Arcudi, who besides being associate professor of Italian at Buffalo University, edits the country's No. 1 scholarly Italian-American journal, Italian-Americana. This outstanding international publication is printed in western New York.

Italian-Americana is cosponsored by Buffalo State College and New York City's Queens College, and Richard Gambino of Queens College is the journal's other editor. Dr. Arcudi says:

One of the reasons for the journal is to clear up some of the misconceptions about Italian-Americans.

The journal will undoubtedly clear up some of these misconceptions, but Dr. Arcudi's work alone dispels many of those myths.

Dr. Arcudi's work and dedication, reflects the unique Italian-American experience, not just in the Buffalo area, but across these United States. The scholar points out that while Italian-Americans are derivatives of an Italian culture, they are Americans first.

Dr. Arcudi says that Italian-Americana, "is a living archive of the Italian-American experience." Dr. Arcudi exemplifies the Italian-American's hard work, tenacity, and success. He is a great credit to the Italian-American community and to all Americans.

Mr. Speaker, at this time, I include for the RECORD, and commend to the attention of my colleagues, the July 10, 1977, Buffalo Courier-Express article by Louise Leiker concerning Dr. Arcudi, and the Italian-American experience. The title is: "Italian-American Experience—More Than Pizza and Fonzie."

The article follows:

ITALIAN-AMERICAN EXPERIENCE MORE THAN PIZZA AND FONZIE

(By Louise Leiker)

With three degrees from Yale, Dr. Bruno A. Arcudi still places special significance in growing tomatoes and basil in the backyard of his Crescent Ave. home.

"It is cheaper to buy," he admits. "But this is one of the ceremonial traditions we Italian-Americans have as a means of fighting loneliness."

As editor of the country's only scholarly Italian-American journal, published in Buffalo, Dr. Arcudi explores the question of what it means to be Italian-American. The forthcoming August issue of Italian Americana will mark three years of showing the world—it has an international circulation—that the Italian-American experience extends eons beyond pizza and Fonzie.

In western New York, as well as across the country, Italian-Americans face a crisis when it comes to image, Dr. Arcudi says.

"We're being tainted as criminals," maintains the associate professor of Italian at the University of Buffalo.

For instance he refers to a study being published in the August issue of the journal, which examines portrayal of Italian-Americans in films.

"We're shown either as unlawful or as clowns," says Dr. Arcudi, who also serves as adjunct professor at Buffalo State College—co-sponsor of the journal with New York City's Queens College.

"One of the reasons for the journal is to clear up some of the misconceptions about Italian-Americans. Italians didn't come to this country as beggars. We were willing to work. We've paid our way but no one wants to acknowledge that. What Italians gave to this country has never been said."

Walls full of books line the professor's home. Books spill off end tables, coffee tables. Volumes and pamphlets are stacked in every available space. St. Francis of Assisi, a few feet high and carved from wood, presides over the scholarly clutter.

Dr. Arcudi alternately sips espresso and jumps up to check a bit of Italian-American history. With the mention of each ear-tickling name, pride widens his smile and his eyes.

"Do you know that Old Fort Niagara was built by an Italian—Enrico Tonti? asks Dr. Arcudi, throwing out a barrage of questions and facts.

"The FBI was set up by an Italian-American, Charles J. Bonaparte. The Metropolitan Museum of Art in New York City was developed partly by its first director, Luigi Palma di Cesnola."

Dr. Arcudi says there's some evidence to suggest that Thomas Jefferson's "All Men Are Created Equal" doctrine, incorporated in the Declaration of Independence might have been paraphrased from the writings of Philip Mazzei, an Italian-born doctor and scholar who was a friend of Jefferson and Benjamin Franklin.

"Italian" and "Italian-American," however, are not one and the same, says the editor, whose father came from Calabra, the mountainous region of southern Italy.

"We're not Italians at all," he says. "We are derivatives of Italian culture. We're Americans and proof of that is what Judge John Sirica did to save the Constitution.

"We have two fathers—an American father who took us fishing and an Italian father who taught us to stake tomatoes and how to cry."

The professor would like more than just subscriptions to his twice-a-year journal from Buffalo area residents.

"I'd like to have Buffalo area Italian-Americans tell their own story and I'd like

to print it. I'm intensely interested in the Buffalo Italian.

"For instance we've had painters here who worked in the Vatican. I'd like to know more about them. I'd like to know who was the first Italian-American here who graduated from college.

"I'd like to disprove the idea, stated in some history books, that Italian immigrants did not encourage their children to go to school."

The journal, which is published in English, was founded by Dr. Ernest S. Falbo, who died in 1975. He was chairman of the dept of Foreign Languages at Buffalo State College.

Italian Americana's other editor is Richard Gambino of Queen's College.

"This is a living archive of the Italian-American experience," Dr. Arcudi says.

The 25 to 30 million Italian-Americans are a diverse group, Dr. Arcudi notes.

"But I can always spot an Italian-American family," says the father of three boys. "I might see a vineyard in their backyard, a carefully tended garden. We have a love of children, a respect for life, an awareness and dedication to beauty.

"Italians-Americans know life is tough, but we don't yield.

"We know how to live. On living, no one beats us."

CRUISE MISSILE AND NEUTRON BOMB NEXT TARGETS OF ANTI-DEFENSE LOBBY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. McDONALD. Mr. Speaker, President Carter's decision to terminate the B–1 bomber program was hailed by the Communist Party, U.S.A., and the anti-defense lobby which it works with, the Coalition for a New Foreign and Military Policy—CNFMP—as their greatest victory since Congress, after years of leftist pressure and a disastrous "no-win" policy in Vietnam voted to withdraw U.S. forces and end assistance to the Government of South Vietnam.

In the week immediately preceding the President's decision, both the Communist Party and the CNFMP ground out urgent appeals to their supporters to flood the White House with demands to end the B–1. For example, the Daily World editorial of June 29, 1977, said:

When Carter was a candidate he garnered votes by opposing the B–1. Unless great public pressure is put on him now—today—this promise may go the way of so many others * * *.

The Daily World urges all its readers to wire or call the White House immediately, demanding that Carter fulfill his pledge to the voters to stop this wasteful and dangerous program.

Carter's phone number is (202) 456–1414. His address is White House, Washington, DC 20500.

The Communist Party's official newspaper, I should note, explained the B–1's dangerousness as "it destabilizes the arms race and brings us closer to war." At the present time the U.S.S.R. is the only serious entry in the arms race; if the United States were to seriously develop a comprehensive research and development for new defense systems, it certainly would "destabilize" and disturb the Soviet Communists' increasing hegemony in the field.

The Communist Party newspaper then ran a front page editorial on July 2 on the "Lessons of the B–1 Battle" which pointed out that the cruise missile was next on the list of U.S. weapons under development which would have to be scrapped because its production "is one of the sticking points holding up a new strategic arms agreement."

The Communist Party editorial did not attempt subtlety, and used the traditional Stalinist/Khrushchev "We will bury you" type threat:

The Cruise missile is less expensive then (sic) the B–1. But if it blocks a new arms agreement it could end up costing the U.S. people many times more. * * * it could cost millions in lives in a new world war, if peace agreements are not developed.

Immediately following the President's decision to end the B–1 the National Campaign to Stop the B–1 Bomber, a project started in 1973 by the American Friends Service Committee—AFSC—an organization which continues to support Marxist terrorist "national liberation movements" in Africa and Southeast Asia as well as the new Marxist-Leninist regimes there, circulated a letter to its local organizers which stated:

Go after the missile because it's dangerous, mainly because it is so easy to conceal.

And that is an interesting statement since the cruise is a "danger" only to America's enemies.

The National Campaign to Stop the B–1 Bomber, which will no doubt soon be changing its name, has called for a telegram and letter campaign targeted at 31 "key Senators." The Communist Party reproduced the list of Senators targeted by the anticruise activists with the notation that members of the Senate Appropriations Committee should be given special attention by letter writers.

Soviet "asset" organizations have commenced a shrill campaign against the neutron bomb. Women Strike for Peace—WSP—supported without reservation by the Communist Party since its inception and which works closely with the big international Soviet fronts, the World Peace Council and the Women's International Democratic Federation, has been conducting a phone call and letter-writing campaign in the Senate against the neutron bomb.

The Communist Party, U.S.A. has its own directly controlled front working with the World Peace Council apparatus against the neutron bomb called the National Center to Slash Military Spending—NCSMS. The NCSMS's coordinator is Pauline Royce Rosen, a veteran CPUSA Stalinist who is also the coordinator of the World Peace Council's U.S. section.

Nothing that small tactical neutron bomb artillery shells would be highly useful to NATO forces in offsetting a massive conventional Warsaw Pact invasion of Western Europe, Rosen has set forth a new argument for the antineutron campaign. The line is that since neutron bombs kill people, and dead people—particularly dead Warsaw Pact invaders—have no human rights, President Carter must be urged to end production of the neutron bomb to show his sincerity of concern for human rights.

Hopefully neither my colleagues on Capitol Hill nor the White House will give credence to such specious reasoning.

WAR IN SPACE?

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MURPHY of New York. Mr. Speaker, one of the biggest problems we face in the defense of this Nation is not necessarily the age-old question of men, bullets, and guns facing each other across a barbed wire fence. The 20th century has brought us into a system of technology which might conceivably see the next global conflict fought from behind a console of pushbuttons which command a network of satellite bombs, laser guns, and similar weapons which attack an enemy not on a one-to-one basis, but an almost effortless 3-minute war which could wipe out entire regions of this country—and others.

I would like to bring to the attention of Congress and the American people an article which recently appeared in the July 1977 Popular Mechanics magazine, which graphically outlines the nature of current war technology. The author, Edward Hymoff, has an extensive background in aerospace technology as well as being an award-winning author and former news executive.

As Mr. Hymoff notes, this type of war is no longer a possibility which appears only in Buck Rogers comics; it is real and offers only the hope that such total devastation will make all nations realize that there would be no victors, and that differences between nations can be settled not based on who can kill the most people or destroy the largest area, but on a reasonable meeting of the minds and hearts of men.

[From Popular Mechanics, July 1977]

WILL THE NEXT WAR BE FOUGHT IN SPACE?

(By Edward Hymoff)

A hunter-killer satellite silently stalks another satellite in space. Slowly closing on its prey, it blasts it out of orbit. An early-warning satellite is "blinded" by the brilliant flash of a laser beam. Unable to "see," it fails to detect the oncoming barrage of ballistic missiles—in an instant its country is destroyed. A space Shuttle suddenly appears from nowhere, grabs an enemy satellite in its mechanical claws and pulls it into its cavernous cargo bay—like a giant man-eating insect. Trapped, the enemy satellite is a doomed "prisoner" captured far out in space, no longer able to detect or attack opposing spacecraft. And so the satellite "dogfight" continues—one zaps another, then it, in turn, is itself zapped out of the sky, a molten mass of blazing wreckage spinning crazily out of orbit to a fiery death in the atmosphere above us.

Science fiction? No, these are not scenes from a Buck Rogers or Flash Gordon comic strip. They are just a few of the many very real and possible techniques that could be used in a future global war—a weird and eerie conflict fought thousands of miles out

in space. The technology exists today; the capability is not far away.

Why should anyone want to shoot down satellites? Because, quite simply, they are our "eyes" in the sky. In today's modern sophisticated art of warfare, highly sensitive early-warning satellites have become our first line of defense—just as our now largely obsolete DEW line used to be. Especially for the superpower nations that rely on them, satellites form a vital part of long-range detection, communication, navigation and missile-guidance systems that would be useless without them.

Eventually, "armed" satellites could be used as attack weapons as well as defensive aids. Any nation able to knock out another nation's satellites could, in effect, cripple all its enemy's forces in minutes without shooting down a single plane or sinking a single ship. The war could be over before it even began.

The Russians realized this years ago and since 1967 have conducted a series of 16 experiments designed to develop a special breed of hunter-killer satellite whose sole purpose is to blast unwanted foreign satellites into oblivion. This intriguing—and frightening—prospect took on a new and even more compelling importance when the mainland Chinese started launching experimental spy satellites of their own in February 1976. The Soviet spy-in-the-sky developments stepped up in pace dramatically.

Last December, radar observers with the North American Defense Command (NORAD) watched spellbound as two Russian satellites went through a hunter-killer exercise as they orbited the Earth. One satellite acted as the "victim" while the hunter first circled it, as if inspecting it, then used a camera to "shoot" it, experts believe. The implication was grimly clear: If you can maneuver one satellite close enough to another to take its picture, you can also maneuver close enough to blow it up.

It is well known that most satellites already carry self-destruct explosive charges that can be triggered by radio command from Earth. So far, this capability has been used only to get rid of unwanted satellites that have strayed from orbit, gone dead or otherwise outlived their usefulness. But if you can explode a satellite on command, you can also make it a controllable bomb. Just sneak it up next to an enemy spacecraft, press a button and—pow!—no more enemy satellite.

Last fall word leaked out about a satellite attack that was neither an experimental exercise nor a war game between two Soviet spacecraft. This time the victims were two U.S. satellites, an early-warning surveillance satellite and a companion message relay satellite. The surveillance satellite had been blinded and its companion totally crippled. What really happened is still being debated. The official explanation is that the bright glare of fires burning off natural gas on a Soviet pipeline caused the blindness, but skeptical critics say it would have taken a fire 10 to 10,000 times brighter to cause that kind of damage. Some speculate that the spacecraft were knocked out by an experimental high-powered laser beam from Earth.

Of course the Pentagon has not been unaware of this renewed Soviet interest in satellite warfare and has a few defensive and offensive tricks of its own. Back in the early 1960s it briefly toyed with the idea of a one-on-one Satellite Inspection Technique (called SAINT) by which we would launch satellites to check out every one put up by the Russians. However, the idea was scrapped after it was realized they were putting up far too many for us to look over one at a time.

ATTACK ALARMS

Among the ideas that did make it is the special equipment added to new models of our SAMOS (Satellite and Missile Observatory Systems) and MIDAS (Missile Defense Alarm System) satellites, part of our fleet of "Big Bird" surveillance/reconnaissance network 50,000 miles out in space. They are now equipped with special alarm systems to alert Earth if they come under attack by hunter-killers. They have high-powered lights and sharper television systems to show Earth watchers what the attackers look like, and they carry extra fuel and rocket power to get out of the killer's way.

In addition, these are backed up by a small fleet of decoy satellites that also give off an alarm when they spot an intruder and, if necessary, will suicidally eliminate the hunter-killer by rushing up to it and exploding.

As another backup precaution last March we launched the first two of a new series of "dark" satellites. Built with special exteriors to make them invisible to conventional radar, these will be set out in deep space where they will wait silently to be called into action to substitute for destroyed satellites.

To implement its own seek-and-destroy strategy against hostile spacecraft, the Pentagon is considering such sneaky tactics as using "mine layer" satellites to sprinkle clusters of explosives in the orbital paths of unwanted satellites or even using the Space Shuttle with its large cargo bay to kidnap enemy satellites, snatching them literally out of space.

The subject of arming satellites for open warfare with one another is a very touchy one, both militarily and diplomatically. The reasons are the 1967 Outer Space Treaty by which both Moscow and Washington agreed to ban weapons from space, and the 1972 antiballistic missile treaty in which both agreed to leave each other's spy satellites alone.

In fact, it was the 1972 treaty which banned another satellite weapon, the Russians' Fractional Orbital Bombardment System. Essentially this was a bomb in the form of a satellite which hugged the planet in a close Earth orbit. On command, it could break its orbit and plunge to strike an Earth target and detonate.

In spite of these treaties, no one is so optimistic as to think that all will remain quiet on the outer-space front forever. As Dr. Malcolm R. Currie, director of Defense Research and Engineering for the Pentagon, remarked: "Over the next 10 to 15 years space is not going to remain the unmolested territory, the sanctuary that it is today."

What could change this "sanctuary" into a real battlefield, according to many experts, is the development of some kind of "death ray"—a weapon that needs only one shot to destroy its target and that has no effect on the vehicle used to fire it.

REGULAR WEAPONS NO GOOD

Except for sacrificial satellites that deliberately blow themselves up, conventional weapons are of little use in the vacuum and weightlessness of space. Trying to fire a small 20-mm cannon from a satellite would have the same effect as igniting a propulsion rocket on the craft—the reactive force of the gun's recoil would blast the satellite out of orbit in the opposite direction, rendering it useless.

What's needed is something that's fast, deadly—and recoil-less. Right now, the prime candidate to fill that spot in our space arsenal is—you guessed it—a weapon using Light Amplification by Stimulated Emission of Radiation, better known as the laser. In theory, the laser is the perfect space weapon. It's fast—literally traveling at the speed of light—has no more kickback than a flashlight beam, and actually would be even more efficient in space than on Earth.

The reason is the laser is a beam of light so concentrated it can bore through the densest of materials. On a cloudy or foggy day on Earth this concentration tends to get broken up, but out in airless space this is no problem. Equipped with a high-intensity laser gun, a soldier satellite could cripple an enemy satellite or an Intercontinental Ballistic Missile (ICBM) as it arched above the atmosphere on its destructive run.

One problem, however, is that a light beam of weapon-strength intensity takes a tremendous amount of energy. For example, one arms specialist says we could build a long-range laser cannon with our present know-how. The only trouble is it would be a huge piece of apparatus and would need most of the electricity generated in the northeastern United States to make a single shot. "It's great protection," he says, "if you don't mind living by candlelight."

In spite of the obstacles, both powers have been pushing ahead. As long ago as 1964, Nikita Krushchev, then Russia's Premier, was bragging to a visiting American industrialist that "our Soviet scientists are superior to yours." As proof he picked up a steel ruler sitting on his desk and pointed to a series of different-sized holes drilled in it.

"You see these holes?" he asked his visitor. "They were drilled by rays of light that our scientists created!"

Here in the United States our own laser weapon research is done at Kirkland Air Force Base in Albuquerque, N.M., under the code name "Eighth Card." Working under the direction of the Defense Advanced Research Projects Agency (DARPA), scientists have already come up with a small arsenal of laser weapons.

The Army has developed a rifle-like ranging laser for its tanks and artillery as well as a tank-mounted laser cannon. The Air Force has another laser powerful enough to knock an airborne target out of the sky. And in a report to Congress this past February, DARPA director Dr. George H. Heilmeier admitted his agency is also working on satellite armaments using lasers. In fact, some experts believe the United States will have its first laser weapon in space by the 1980s.

NEXT: PARTICLE BEAMS

Another version of the death ray getting special attention from the Russians is the particle-beam weapon that accelerates charged atomic particles, such as protons and electrons, and uses large electromagnets to aim the stream of particles. According to military intelligence, the Russians have had a huge research commitment to this weapon for the past 20 years. The word is they may have an experimental model ready for testing some time this year, and plan to have it fully operational by the 1980s. In May, the highly regarded industry magazine Aviation Week and Space Technology reported ominously that such a breakthrough "may soon provide a directed-energy beam weapon capable of neutralizing the entire United States ballistic missile force."

U.S. research in this area has not been so intense largely because our scientists don't believe particle accelerators would make very effective weapons. They share many of the same drawbacks of the laser weapon. They need huge amounts of power to operate and the impact of a weapon is diminished by the Earth's atmosphere which scatters and weakens the particle beam. Even in space its aim would be thrown off by the Earth's magnetic field.

If all these bugs were worked out, the particle accelerator would be a deadly anti-missile weapon. Properly aimed, it could melt the plutonium in a missile's nuclear warhead and defuse it long before it ever hit its target.

NO LONGER SCIENCE FICTION

The whole idea of satellites battling satellites or enemy missiles is long past the science-fiction stage and now at the point where it is openly discussed at presidential press conferences. This past winter President Carter admitted the possibility of satellite war-

fare is a very real one and told reporters, "I have already suggested to the Soviet Union that we forgo the opportunity to arm satellite bodies and also to forgo the opportunity to destroy observation satellites."

Still, if the Soviet Union doesn't take to these suggestions, most military experts believe that by the 1980s both superpowers will have the first few of their robot soldiers in orbit around the Earth. As a result, according to Dr. Charles S. Sheldon II, expert on Russian space activities, "the notion of the bloodless war fought by computer-controlled automatons . . . might become a part of the institution of war."

SPACE WAR A BLESSING?

Space warfare could take some strange twists. Some experts believe it might even be a blessing—that belligerent nations could settle their differences thousands of miles above us without ever firing a shot on Earth. Others see space armaments as the ultimate deterrent to war—that the very presence of such awesome might hanging over our heads would make nations think twice about pulling a trigger.

It almost certainly would be a war no one could win. There would be no victors—only the vanquished. Hopefully, most nations realize this—or will in time. But the chilling possibility that it *could* happen will be with us long after those pleasantly amusing fantasies of Buck Rogers and Flash Gordon have been forgotten.

NATIONAL DOMESTIC DEVELOPMENT BANK

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, today I am introducing legislation to create a National Domestic Development Bank. This bill is identical to one Mr. HUMPHREY has introduced in the Senate and would establish an institution which could systematically fight the problems of urban and rural blight through the financing of both public and private capital projects located in economically depressed areas.

Today, while most of the Nation is regaining its health after the recent recession, pockets of poverty and high unemployment remain in various parts of the country. Federal programs designed to reduce unemployment and to stimulate growth nationally have only mildly improved economic conditions in these areas. Some areas, particularly in cities in the Northeast and Midwest, are not substantially better off today than they were at the height of the recession. The severity of the past winter and the cumulative effects of a decade of outmigration to other regions have made them even less attractive to private investment.

The disproportionate suffering and economic loss felt by the people living in these areas must be confronted. We need a national development policy pinpointed directly at the unique problems of these economically depressed regions. We need a national program to revitalize these areas, to enrich the lives of their people, and to provide the means for a return to economic health.

In the past, we have had national programs designed to make these regions more attractive to private investment by providing improved transportation and by training the local labor force. Individual States and communities have tried to attract business by providing such public services as sewers and electricity. These programs have been only moderately successful. In many cases, improved public facilities alone could not overcome the reluctance of private businesses to invest in these areas. Moreover, the few businesses interested in locating or expanding operations in these sections often found themselves unable to obtain credit from private financial institutions.

The problem of obtaining credit at reasonable costs not only discourages many businesses from investing in these areas; the political subdivisions themselves have been faced with similar problems. Cities and counties with shrinking tax bases and increasingly higher unemployment rates have found themselves shut out of the municipal markets, or able to obtain funds only at much higher rates than other communities. This situation has thwarted such municipalities in their attempts to attract new investment because they are forced to defer much-needed improvements and additions to their public facilities. The resulting decline in public services has also decreased the quality of life of residents of these areas.

These problems are not only local problems. The human and capital resources in these regions are not being used to their fullest potential. The entire Nation suffers from loss in national productivity caused by unbalanced growth and development.

Mr. Speaker, I believe that we must recommit ourselves as a nation to seeking the solutions to the problems of these economically depressed regions. We must recognize that while investment in these regions is in the national interest, financing such investments may be too risky for the private sector. Therefore, I believe we need a program to provide both municipalities and private businesses with the capital they need to revitalize these areas.

They key to such a program is, in my judgment, a national development bank. The bank created by this bill can help communities attract business by providing financing for public facilities. It can also help businesses locate and expand in these areas by making financing more readily available.

Mr. Speaker, this idea is not new but it is time that it be given serious consideration. I plan to do this both in the Joint Economic Committee hearings on the financing of municipal needs, which I am cochairing with Mr. HUMPHREY this week and next, and in hearings before the Subcommittee on Economic Stabilization following the August recess. We will discuss the numerous bills now pending before us and aimed at providing a wide variety of proposed solutions to these same problems.

THE CONGRESS CONSIDERS THE AGRICULTURE ACT OF 1977

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for July 27, 1977, into the CONGRESSIONAL RECORD:

THE CONGRESS CONSIDERS THE AGRICULTURE ACT OF 1977

The Congress is considering the Agriculture Act of 1977 at a time when the American farmer is hurting.

Unfortunately the problem is a familiar one to farmers. While prices they receive for their products have been falling, the prices they must pay for their farm supplies have been rising rapidly. Since October 1975 wheat prices have fallen steadily from about $4 a bushel to less than half that figure. Corn prices are at a five-year low. Unlike other industries, farmers are totally unable to pass these increased production costs on to the consumer.

The farmers plight is made even more difficult because for the last three crop years farmers have produced record crops of wheat and feed grains. With the current bumper crop of wheat now being harvested, a surplus greater than the all-time high levels of the early 1960s could occur. Few observers doubt that, barring an unforeseen disaster of monumental proportions, this year bumper grain crops will overflow the bins when harvests are completed. If so, it is likely that the nation will return to the situation that prevailed in the 1960s which was a period of high subsidies, low commodity prices, large surpluses, and controls on the acreage farmers could plant. By producing near-record crops, farmers have again become the victims of their productivity.

In many cases the cost of producing wheat and feed grains is equal to or in excess of the average market price for these commodities. The Department of Agriculture estimates that unless prices in wheat and feed grains improve substantially in the near future, over 14,000 farmers will be bankrupt in the Great Plains alone. In addition, more than 50,000 other farmers in this area will be forced to refinance their loans or dispose of some of their assets.

In recent years an unprecedented export demand pushed prices to high levels and routed the government out of its role as the principal market for grain. But now the foreign demand is slack and current prices are low. Both the old and the new farm program before the Congress set target prices for wheat and corn and continue the old system of loans on these crops. Under this system if the market price per bushel falls below the target price, a farmer is paid the difference in a direct subsidy payment. If he takes a loan on his crop and then the market price falls below the loan level plus interest, he may turn the grain over to the government for payment for the loan.

This year's market prices for wheat and corn are below target and loan levels. There were no planting restrictions imposed this year and wheat and corn farmers can expect to collect thousands of dollars in subsidies and loans by the end of the year. In the bill now under consideration, the Secretary of Agriculture is empowered to impose planting restrictions on next year's crop.

The commodity provisions in the farm bill are especially important to farmers. Low market prices could result in farmers receiving in 1977 their first deficiency payments

since the target price system was first created in the 1973 farm bill. The higher the target price in the bill, the larger the payments received by the farmer and, of course, the greater the budget outlay for the government.

The Senate bill, already passed, extends the major commodity programs for five years, and sets higher target prices and loan rates than the original House bill for wheat, corn, and other feed grains. During consideration of the House bill, the target prices for wheat and corn were increased substantially, adding an extra $470 million in fedral subsidies to the estimated $2.5 billion cost of the commodity support programs, bringing the total cost to about $3 billion. The President initially vowed that he would veto the Senate farm bill because it would jeopardize his pledge to balance the budget by 1981. But this week his Secretary of Agriculture recommended that he sign the bill as it was tentatively approved by the House.

So, the practical problem is to get a farm bill that the President will approve. The bill is politically important to the President and the Congress and it is economically important to the farmer and to the agri-business complex that supports the farmer. The bill is an effort to provide additional income to hard pressed grain farmers and, at the same time, not unreasonably increase the agricultural expenditures of the budget. The commodity prices must also be structured both to insure that the farmer's commodities remain competitive in world markets, and to avoid costly takeovers under the loan program that would result in surpluses overhanging the market.

As I observe the Indiana farmer at work, I often wonder if he is fully aware how central a figure he has become in national and international affairs. The nation owes it to him to develop an agricultural policy which does not jump from one extreme to the other, from unfettered markets to price controls and embargoes, and which enables him to earn a fair return on his labor and investment.

CARTER-MONDALE PANDER TO NEA DEMANDS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. ASHBROOK. Mr. Speaker, Nick Thimmesch has written an excellent article which very perceptively notes the pandering tones of Vice President MONDALE's genuflecting speech before the NEA national convention. As Mr. Thimmesch puts it—

> You can thank the NEA for its obvious partisanship and big help in 1976, Mr. Vice President, but do you have to announce a reciprocal drop of $1.5 billion on the education establishment just to get an appreciative something from this gang of job-hungry unionists?

Well put, I might add, but there is nothing new in that. Liberal Democrats have been pandering to the NEA for years and their checkbooks pump contributions into the districts of those liberals who toe the NEA line and to opponents who challenge legislators who do not walk the NEA plank.

It does not seem to matter that the NEA is in bed with the most liberal groups in the country. I found absolute anger among teachers last fall when I pointed out that the NEA platform called for lining the teachers up behind the antigun proposals which were in the Judiciary Committee. Poor teachers, they do not seem to realize that education is secondary to the professional unionists-bureaucrats-educationists who run the leftist NEA office.

This article by Nick Thimmesch which appeared in Human Events hits the nail right on the head. It should be must reading for everybody:

CARTER-MONDALE PANDER TO NEA DEMANDS

(By Nick Thimmesch)

So the Vice President bellowed to the Republic's largest teacher's union, the National Education Association, that President Carter now supports a $1.5-billion hike in federal spending on education. Hooray and huzzah! Walter Mondale shows that he can quickly slip back into campaign rhetoric.

The 1976 election is over, Mr. Vice President. You and Jimmy Carter won. You need not pander to the powerful NEA which publicly endorsed the Carter-Mondale team, thus breaking its traditional (how they hate that word) neutrality. NEA dunned its members for check-off dollars dutifully routed to political action, and dropped nearly three million bucks on Democratic candidates, including a good chunk for Carter-Mondale.

You can thank the NEA for its obvious partisanship and big help in 1976, Mr. Vice President, but do you have to announce a reciprocal drop of $1.5 billion on the education establishment just to get an appreciative something from this gang of job-hungry unionists?

Oh, you praise the Carter Administration for making "the largest increase in federal dollars for education since the Elementary and Secondary Act was passed in 1965." And you got the usual baying sounds from the NEA multitude by scoring the Nixon-Ford succession as "one of the most anti-education Administrations in history."

The Vice President demonstrated a cuteness and a superficiality. He conveniently neglected to mention that only a few weeks ago, the Carter Administration was opposed to any increase in the education budget. Its spending proposal was actually lower than the last four administrations' budgets.

But that's just a bit of political sleight-of-hand by Carter-Mondale. What really hurts is the mindless assumption by the Vice President that to spend more billions on education is to improve it. One of the great bitter truths of our time is to know that while enrollments shrink, spending on education rises and student achievement drops. Education is not so short on funds as it is in the discipline of real teaching.

The Council for Basic Education, which opposes these debilitating trends, can tick off case after case documenting the aforementioned, unfortunate truth:

A $1.8-million study of "innovative" education shows that these expensive programs did not produce higher achievement. In fact, students in relatively traditional programs demonstrated greater scholastic improvement, and the most improved readers were those who received plain old one-on-one instruction.

In the 1968–1976 period, the Consumer Price Index rose 59 per cent, but per-pupil costs rose 132 per cent. Instead of returning to basics, school administrators struggled to save the jobs of unneeded teachers when school boards demanded cost cuts.

Students (mostly Spanish) in bilingual programs who achieved proficiency in English were kept in the program to preserve teachers' jobs, though research shows that they should be moved into regular classes. Other students were unnecessarily assigned to such programs to satisfy a constituency, thus mixing pedagogy with politics.

A study of Philadelphia public schools shows that advanced degrees of a teacher are "irrelevant to student achievement"; "equalization" of spending in schools provides little educational benefit; matching teacher race to student race was "apparently immaterial" to student achievement.

Question: If researchers are right that unequal distribution of resources results in better education, will the courts go along with the idea? Final conclusion: Better teachers, not more spending and/or "equalization" programs, are responsible for student improvement.

In state after state, officials painfully learned that the NEA system of measuring quality education by the amount of expenditures is wrong, and that the only true test is how well children read, write and comprehend.

This spring, for example, the superintendent of the Maricopa County (Phoenix, Ariz.) schools, suggested a freeze in state funding pending a review of "where we have been and where we are headed with education in Arizona." He voiced doubts about such elective courses for junior high students as "Critique of the Cinema" and "Bachelor Survival."

Much of it boils down to this: When teachers become unionized, they tend to lose motivation, and are more likely to indulge in "pass the buck" education—routing students to expensive special programs and resource teams—thus avoiding the tough job of teaching.

Happily, there are many exceptions to this pattern, but it is prevalent enough that Mr. Mondale should think twice before he puts out that simplistic stuff about more spending equaling better education. By that logic, he and Mr. Carter should have plumped for the B–1 bomber in order to get a more effective defense system.

The present educational establishment in the U.S., meaning unions like the NEA, is the B–1 bomber of education, and what a pity, especially for our children.

AIR BAG LOBBY—LONG ON EMOTION, SHORT ON FACTS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. SHUSTER. Mr. Speaker, on July 22, the insurance company leading the air bag lobbying efforts gave their movie and presentation on the air bag to certain Members of Congress.

Their presentation deserves a response and I offer one to my colleagues for their consideration.

This information appeared in the CONGRESSIONAL RECORD on July 25 with a typographical error, so it is resubmitted in corrected form.

First. The movie shows only single impact direct frontal crashes into stationary walls, so no observations can be made about other types of crashes such as side, rollover, rear, frontal—followed by secondary crashes, and so forth.

Second. The movie compared crashes of a dummy protected by an air bag that worked with a dummy protected by a lap and shoulder strap that failed to work. Hardly a fair comparison unless there is evidence to show that air bags generally inflate and belts generally pull apart. No such evidence was presented.

Third. They emphasized that there is no Federal requirement for belts to meet

a dynamic test. This is an excellent point and deserves investigation.

Fourth. The movie offered testimonials from a doctor and a stunt driver who say their air bags protected them in frontal crashes. These personal testimonials are significant, of course, only if they are representative of a broad statistically sound sample. No such evidence was presented.

Fifth. The former chief automotive safety engineer for American Motors, employed by the insurance company for the past 7 years, informed us that the NHTSA air bag data was based on 433 million miles driven and was "substantial." There seemed to be disagreement with NHTSA's own statement that not enough data had been gathered to be statistically reliable. In any event, we were pleased to hear a defense of the NHTSA data, because it is that data which shows that air bags are less safe than safety belts, as detailed in the analysis inserted in the CONGRESSIONAL RECORD on July 18, 1977, page 23620.

Sixth. We were surprised to be told that the NHTSA order does not require a lap belt with the air bag. If this is true, then the NHTSA data previously referred to gives the air bag more safety credit than it deserves, because 87 percent of the air bag car crashes investigated were also equipped with lap belts.

Seventh. We were told that our statistics showing that air bags did not inflate in 42 percent of the towaway crashes studied was inaccurate and should be 29 percent. We referred to the NHTSA data of 230 towaway crashes in which the air bag did not inflate in 97 cases; 97 divided by 230 equaled 42 percent. They acknowledged that our arithmetic was correct after all, but claimed it was not fair to express our "surprise" at the air bag not inflating in 42 percent of the towaway crashes, because it was not supposed to inflate. I could only repeat my concern that in towaway crashes the air bag did not even inflate in 42 percent of the accidents.

Mr. Speaker, I appreciated the opportunity to see and hear the sales pitch on the air bag, but I think they helped make the case against the mandatory air bag. A half dozen tests with dummies and stunt drivers slamming into brick walls, a demonstration with a defective safety belt, and a testimonial from someone "saved" by an air bag, does not prove that air bags are more effective than safety belts. Only a large quantity of real world statistics on car crashes with air bags and safety belts will reliably tell us which is safer. NHTSA has real world data which shows that safety belts are 5.5 times more effective saving lives in towaway crashes than are air bags and 2½ times more effective in preventing injuries. While NHTSA discounts the reliability of its own data, a former chief safety engineer says the data is very "substantial." The air bag lobby has an emotional movie with plastic dummies, stunt men, and personal testimonials. But the most significant factor was the absence of statistically sound real-world data to prove their case.

PEOPLE, PEOPLE, PEOPLE

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. NEAL. Mr. Speaker, I am today introducing an editorial from the July 26 Christian Science Monitor titled "People, people, people." I think it is an excellent summary of the problems surrounding human nutrition, food scarcity, and the continual drain on the world's resources by a burgeoning population.

In light of the pending consideration of the proposed Select Committee on Population, I urge my colleagues to consider the problems set forth in the Christian Science Monitor editorial and adopt the resolution for a select committee.

The editorial follows:

PEOPLE, PEOPLE, PEOPLE

The problem is not just "too many mouths to feed." The solution is not just family planning. Nor does the population challenge always mean *over*population; in some few places the challenge to research and assistance is an unusually high degree of *in*fertility.

What *is* the population situation?

THE PROBLEM

Where population is increasing too fast, the impact is not only on food supply and distribution.

Item: Next fall there will be a Nairobi conference on deserts. These are being created in places of previously scanty population as extra people destroy their own habitat by overgrazing and chopping down trees for firewood that previously held the soil.

Item: Enormous numbers of children demand enormous expansion of education. When these costs are added to inflated oil and other expenses, struggling economies face the prospect of ever greater debts. Scarcity of jobs spurs emigration, as dramatized by the illegal tide from Mexico, with its high population rate, to the United States.

Such problems of energy, environment, and economy are not cited to minimize the problem of food for the poor. But so far the rate of growth in world food output has been keeping up with that of population. It can theoretically continue to do so if necessary measures are taken to make use of arable land in the developing countries themselves.

Complicating factors include the current effort not only to keep people from starving but to make up the nutritional deficits in the diets of many. High population growth undercuts this effort. It can virtually wipe out the gains in food output already being achieved by some developing countries.

If food and population trends continue, the developed countries (meaning mainly the United States and Canada in this context) will have to double grain exports to the third world—to 85 to 100 million tons a year by 1985. A year of poor harvests in North America would have even more far-ranging repercussions than in the past. If the developing countries happened to have poor harvests at the same time or in overlapping years, the strain of shortages would be obvious.

What happens if the North American "granary of last resort" cannot come through? Some countries such as India can produce almost all their own food—but being unable to import the difference could mean starvation for thousands. The increase in population heightens the risk from any failure in food supply.

THE SOLUTION

It should go without saying that the developed and developing countries must work together to anticipate and meet the needs of an expanding world population. But the growth of the population must be brought under control. More and more developing countries are coming to recognize this, and many are having some success. Third-world efforts must be self-generated, however. The white industrial nations should not be in the position of telling the nonwhite developing nations not to have babies. At the same time the developed nations should stand ready to help any nation that wants aid in population control.

Jamaica, Taiwan, and Costa Rica are among countries that have proved birth rates can be brought down. More than 45 nations have family-planning programs. Progress has been made. For example, the U.S. has seen national family planning succeed so well in some dozen countries that it expects to be able to phase out its assistance to them after a few years.

Raising the status of women has recently come to the fore as a key element in encouraging family planning. The range is wide. Incentives come both from women entering the urban jobs market, for example, and from those in village wives' clubs working for community development. Rising economic and social standards in themselves tend to foster individual family planning.

National policies can also offer "disincentives" to large families. Requiring that all children be educated can provide such a brake. Setting up a social security system means that couples do not need to plan families on the basis of being dependent upon their children in the future.

The means of balancing population with natural resources and human needs do exist. The challenge is to move ahead with them in time.

THE 25TH AND ASIA POLICY

HON. DANIEL K. AKAKA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. AKAKA. Mr. Speaker, as you may know, in June the Congressional Budget Office released a report on force related to Asia. Listed in the report as an option was the suggestion that the Army's 25th Division at Schofield Barracks in Hawaii be deactivated. While it is clear that the intent of the CBO report was merely to present eliminating the 25th Division as a suggestion in order to curb military spending, I would like to express my strong feeling that such a move at this point would be extremely unwise. Perhaps the best summation of the CBO report is contained in an excellent editorial which appeared in the Honolulu Advertiser on July 26, 1977. I would like to submit the editorial for the benefit of my colleagues and urge that its content be carefully considered, particularly in light of our foreign policy role in Asia and the Pacific:

THE 25TH AND ASIA POLICY

For several reasons the U.S. Army's 25th Division seems unlikely to be removed soon from Schofield Barracks.

But the suggestion to that effect from the Congressional Budget Office again underscores both the importance of the military in Hawaii's economy and the role U.S. forces still play in our Asia-Pacific foreign policy.

Military spending here last year was well over $1 billion. That's bigger than sugar and pineapple combined and on a par with tourism. It has continued to grow despite the disturbing decline of more than 3,600 civilian defense jobs since 1970.

For perspective, there is this from a recent First Hawaiian Bank report on the subject:

"Defense expenditures here create almost a fourth of our total personal income, and almost a fourth of the people residing in Hawaii owe their livelihood directly to the military. On any given day there are far more uniformed personnel and their dependents here than there are tourists, and although they are less obvious, they are buying consumer goods and services ranging from automobiles, appliances and garments to pizzas, taxi rides, and entertainment."

Since the elimination or transfer from Hawaii of the 25th Division would involve more than 20,000 service personnel, dependents, and civilian workers, that would be a serious loss in a Hawaii economy already burdened with other uncertainties and a growing number of people seeking jobs.

U.S. defense activity should not be geared primarily to provide jobs in Hawaii or elsewhere. The Congressional Budget Office study is concerned with ways to reduce military spending, and that is a goal many Americans support.

But, leaving aside the potential negative economic impact on Hawaii and other Pacific areas, the study is controversial and should be the subject of debate if its recommendations are seriously pushed.

It says: "The United States appears to have forces deployed in East Asia and the Pacific that exceed considerably the needs generated by a North Korean attack, assuming no Soviet or Peoples Republic of China combat involvement, or by the threat posed by the Soviet Pacific fleet."

Defense experts may want to debate that conclusion on military grounds. But it seems to us there is a political case to be made for a continued U.S. military presence at this time because it helps with regional balance and stability.

That's said even though we cannot now imagine most Americans willing to get involved in any Asia conflict that now seems remotely possible, with the possible exception of North Korean attack on the South. It's also said mindful that the major challenge for U.S. policy in Asia today may be to relate to changing economic patterns.

Still, we are impressed that leaders of Asian nations whose friendship we value are urging the U.S. to maintain a military presence or to go slow with any withdrawals in this time of continuing post-Vietnam transition.

That especially means leaders of ASEAN, the five-nation Association of Southeast Asian Nations, and Japan. But it also includes the Chinese, who, for example, have reportedly told us that only Moscow would benefit from the removal of U.S. bases from the Philippines.

In that political context, President Carter's plan for a phased withdrawal of U.S. ground troops from South Korea has been a disturbing symbol, despite its long-range reasonableness and Administration reassurances.

We aren't sure, just how the 25th Division fits into present Asia defense strategy, or what its elimination or transfer to the Mainland would mean in that regard.

But it would seem that such a move, taken with the psychological impact of the Korean troops withdrawal, would be another unfortunate political signal to an Asia which sees the U.S. as a vital factor but wonders about our resolve.

SALUTE TO ESTHER PETERSON

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. DRINAN. Mr. Speaker, today I would like to salute Esther Peterson, who utilizes her role as the President's Special Assistant for Consumer Affairs to serve as an effective and gallant champion of consumer interests. Her unflagging support of the Agency for Consumer Protection is testimony to Ms. Peterson's persistence and her dedication to important goals. Eventually Esther Peterson's efforts will prove successful, and when that day comes the American people will owe a debt of gratitude to this fine woman for her work in their behalf.

I would like to share with my colleagues an article on Esther Peterson which appeared in yesterday's edition of the Christian Science Monitor:

WHITE HOUSE CONSUMER ADVOCATE
(By Lucia Mouat)

Wherever she goes on business these days, Esther Eggertson Peterson carries in a brown zippered notebook a tattered, heavily penciled copy of a bill to set up a Consumer Protection Agency backed by President Carter.

When questions about the bill are raised, she often reads aloud from her copy in schoolteacher fashion to set the record straight.

As Special Assistant to the President for Consumer Affairs, this grandmother with the warm smile and familiar braid circling her gray hair is all-absorbed in talking up the merits of the Carter-backed bill—and can hardly stop for running.

Of the opposition to the bill from business forces and the personal barbs that have been aimed at her, Mrs. Peterson says, "I think they come with a script—there's such a pattern to the opposition. They don't want to be changed, and they don't listen."

From her cream-colored office next door to the White House here, she is constantly shuttling back and forth to Capitol Hill. Recently she made a week-long trip to a half-dozen districts of officially "undecided" Congressmen in Missouri, Kansas, and Colorado.

As a White House representative, Mrs. Peterson is barred from actually lobbying for legislation, but this veteran consumer advocate can, according to her lawyers, supply "information" and support the President by explaining his programs.

"I've never worked so hard in my life," she said in a recent interview.

If the seven-year fight for an agency to act as the consumer's voice in government should end in a victory, Mrs. Peterson would be out of a job—and that is fine by her. The agency, she says, "is the one thing I want to see happen, then bow out."

Opponents to the bill argue that the agency would add another unneeded layer of bureaucracy to government and that because its powers would be vast, it could be used to the political advantage of those controlling it.

But, says Mrs. Peterson, "I find that so many people talking against this bill have never read it—they've swallowed hook, line, and sinker the propaganda that's been put out about it."

Most publicized of Mrs. Peterson's run-ins on the bill was U.S. Chamber of Commerce president Richard Lesher's reference to her criticism of intense business lobbying against the agency as "a saga of a frustrated woman . . . 'Hell hath no fury like a woman scorned.'"

Immediately, 19 members of the administration rallied to her defense, demanding an apology from Mr. Lesher, and President Carter said she was one person "it is impossible to scorn."

Mrs. Peterson says she could only laugh about the incident: "It wasn't worth dignifying with more than that." All the same she treasures a picture on her office wall of her and President Carter walking away from the camera.

"I was saying, 'Am I hitting it too hard? That picture means a lot to me because he put his arm around me and said, 'No, you aren't' . . . that exemplified to me the kind of support that man gives."

One reason why this benign-looking mother of four and grandmother has sparked such occasionally rough comments from those who oppose her position on issues is that her work has involved a series of "firsts" and strong pushes for change.

Long active in the labor movement, Mrs. Peterson fought hard for equal pay and a broadening of minimum-wage legislation. As assistant secretary of labor, she was the highest ranking woman in the late President John F. Kennedy's administration and the first White House consumer adviser under the late President Lyndon Johnson.

Then, too, business opposition mounted ("I was a little too vigorous," she admits) to the point where she was let go. Later she drew fire from consumerists for "selling out" when she became the first well-known consumer advocate to join the management of a business corporation (Giant Food Inc.).

In her view, the consumer movement has undergone a vast change in the ten years since she has been away from government. Her mail reflects a growing sophistication, she says.

"I don't get as many of the individual weepy letters of frustration anymore . . . now questions often are more procedural. It's not just 'I don't like red dye No. 2,' but 'Why is it there?' and 'What procedures allowed it to get there?'

"I'm also hearing from many stockholders from General Motors, General Foods, and Procter & Gamble who say, 'Isn't this our money the companies are using to fight the consumer agency bill?'"

Mr. Peterson agrees that government regulation is costly and that there is probably a line beyond which government should not go in protecting the individual from his own mistakes—such as requiring him to pay more for a safer lawnmower. However, she sees government intervention on air bags ("In that situation you're not totally in control of your own safety") and on the saccharin issue as perfectly legitimate.

She says she is an avid reader of The New Yorker magazine—"Their short stories are delightful"—and a steady watcher of TV's Masterpiece Theater. She is fond of both Bartok and the Brandenberg concertos—"But for real relaxation I put on Brahms and Mozart."

GENERAL TAX REVENUES FOR SOCIAL SECURITY

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. BRODHEAD. Mr. Speaker, the following statement, which I today sub-

mitted to the House Ways and Means Subcommittee on Social Security, explains the many benefits which I believe would result from using general tax revenues to finance a portion of social security benefits:

STATEMENT OF HON. WILLIAM M. BRODHEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

A great many Americans are deeply concerned about the Social Security system because of announcements by public officials that the Social Security trust fund is "perilously low" or near "complete exhaustion." It is true that the system has its problems, but benefits aren't going to stop and Social Security isn't going bankrupt.

The system's revenues in 1976 totaled $71.6 billion, making Social Security the second largest source of federal government income, exceeded only by the income tax. This year Social Security will provide support for over 33 million people—or one out of every seven Americans. Twenty-five million senior citizens will have some of their medical expenses paid by the Social Security-funded Medicare program.

The system today covers about 90 percent of American workers. The coverage itself has been gradually expanded to include old age, survivors, disability, and most recently, medical insurance. Benefit levels are now tied by law to the cost of living.

Since its inception, Social Security has been financed by a payroll tax. This tax (called FICA) is the most regressive of all federal taxes; that is, it takes a larger percentage from the income of lower-paid workers than it does from higher paid ones.

There are several reasons for this: First, the tax is levied on every dollar a low-paid worker earns, since there are no exemptions or deductions for such items as family size and medical expenses. Second, the payroll tax is levied only against wages; investment income is totally free from the payroll tax. Third, the rate itself is a flat 5.85 percent, and there is a limit (currently $16,500) on how much income is taxed. The result of these factors is that the effective tax rate declines as a worker's wages rise beyond $16,500. For example, the rate for a person who earns $5,000 is 5.85 percent; those who earn $25,000 contribute 3.86 percent of their income, and those earning $50,000 pay only 1.93 percent.

Millions of people pay more in Social Security (FICA) tax than they pay in federal income tax. Even low-paid workers who are officially classified as living in poverty and exempted from federal income tax still must pay several hundred dollars per year in Social Security tax.

If the idea occurs to you at this point that it would be a lot fairer to finance at least part of Social Security from the federal income tax, you should consider some other facts about the Social Security system.

The original idea behind Social Security was that the government would set aside a part of a worker's earnings for his use in later years. Benefits as an "earned right" appeal to the great majority of Americans, and the concept has provided the program with a broad base of support. Actually, Social Security is financed on a yearly basis; that is, taxes collected in any year are used to pay benefits in that same year.

For example, in 1976, Social Security collected $71.6 billion in taxes and paid out $75.6 billion in benefits. Social Security, therefore, is really a direct transfer of funds from those who work to those who do not, from the younger working class population to the elderly, the ill, and the disabled. The basic burden of the tax is on younger blue-collar workers—especially working couples—and the benefits go almost entirely to the elderly—their grandparents.

Social Security maintains a trust fund which is merely a contingency fund. The fund currently contains approximately enough money (about $35 billion) to pay benefits for approximately six months.

In 1976, the Social Security Administration was forced to dip into this trust fund for $3.2 billion to make up the difference between money coming in and benefit payments going out. Next year, it is projected that $5.6 billion will be withdrawn from the trust fund.

This short-term deficit is largely due to our current economic problems: it has been brought on by the dual pressures of inflation and recession. Because Congress enacted an automatic cost-of-living increase in Social Security, benefits have gone up with the rate of inflation. At the same time, revenues have been eroded by high unemployment, since millions of American are out of work and are, therefore, not paying payroll taxes.

There is also a long-run financing problem, since projections show that the system is likely to face even greater deficits around the turn of the century. A relatively smaller number of workers will have to provide benefits for a relatively larger retired population. The reason for this is that a high birth rate in the 1940's and 1950's has been followed by a low birth rate in the 1960's and 1970's. Today, there are about three workers for every retiree; as this century ends, this ratio may drop for a time to two to one.

Another reason for this long-term deficit is a mistake in the Social Security benefit formula. The formula inadvertently makes a double correction for inflation for those workers who have not yet retired. Clearly, Congress never intended this. Eliminating this mistake (called "decoupling") would decerase the projected longterm deficit by 50 percent. The other half of this deficit must be met by finding a new source of revenue.

If this again suggests to you that we look to the federal income-tax financed general fund, then consider the benefit problem.

Despite recent benefit increases, Social Security benefit payments still are less than what the federal government itself says is a poverty level. The average payment to a single individual in 1976 equalled only $2,700; the average payment to a couple was $4,500. In addition, Social Security provides relatively low returns to women who have worked all their lives and contributed to the system. These benefit levels and inequities must be viewed in light of the fact that more than half of all Social Security recipients have no other income whatsoever.

To increase the adequacy of Social Security benefits, I believe we should raise the minimum benefit floor for all Social Security recipients. Today, the minimum benefit for a single retiree is $1,371.60 per year, and for a married couple it is $2,059.20 per year. The maximum benefits are currently $5,245.20 for an individual and $7,867.80 for a couple. I believe we should raise these amounts substantially. Increasing benefit levels would bring about substantial additional costs, and these costs could only be paid by finding a new source of revenue, since the present payroll tax is so burdensome for both employers and employees.

These then are the factors that have led me to the conclusion that general revenue financing is essential. Let's look at the improvements in the system that would result.

General revenues would solve the problem of the unfairness of the tax by making it possible not only to halt further increases in the payroll tax (FICA) but to provide reductions in that tax. This would in turn allow important tax relief for low and middle income workers. Another advantage would be that it would encourage additional hiring. A reduction in the payroll tax for both employers and employees would provide tax relief to industry for the creation of more jobs. I would propsoe a phased-in use of general tax revenues with a goal of paying one-third of the system's cost from this source within the next seven to 10 years.

I believe that this could be done without new taxes and without substantially increasing the federal government's debt. To understand how, look at the pattern of the last 10 years. We have seen substantial reduction in federal income tax rates and substantial increases in the Social Security tax rate. By eliminating a good part of future income tax reductions we would gradually lower the Social Security tax. In recent years, the trend has been to lower the progressive income tax and increase the regressive Social Security tax. I am proposing to keep the federal income tax rates relatively level and to substantially lower the Social Security tax. The effect of these changes would be tax relief for the low-paid worker, no increases for the middle and upper income worker, and the overall impact of federal taxes would be fairer.

This proposal also offers the best chance of solving the deficit problem since it ties the fate of the Social Security system to the most prolific money raiser ever devised by any government anywhere—the federal income tax. This would tend to unify and simplify both the collection and the disbursing of money for these programs.

General revenues would have the additional advantage of providing fairer financing for the aspect of Social Security which is in fact welfare. Over the years, Congress has increasingly recognized the problem of poverty among the aged by raising Social Security benefits for low income persons. Today, the minimum Social Security benefit far exceeds a strict actuarial return on taxes paid. Thus, a portion of the present obligations of the Social Security system are more akin to welfare than to Social Security. These benefits should be financed through the same source as all other federal welfare programs: the progressive income tax.

RHODESIA ESTATE BECOMES FORTRESS AFTER MASSACRE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. McDONALD. Mr. Speaker, all the venom of the western press appears to be directed against the whites in Rhodesia, but it is significant to note that the economic and military measures taken against Rhodesia usually hurt the blacks in Rhodesia. The majority of the "terrorist" incidents result in black deaths, not white ones. The so-called liberation fronts battling Rhodesia are not attempting to win the fight by the persuasiveness of their own arguments but by sheer terror. However, in at least one case this terror tactic was counterproductive. The London Daily Telegraph of July 21, 1977, reports how a terrorist attack backfired and turned an apathetic black workforce on a tea plantation into a small army of dedicated anti-

terrorists. Yet, the Carter administration continues its policy of befriending the terrorists which will only result in another black African dictatorship ruled by whomever can command the most guns from Moscow. The news item follows:

RHODESIA ESTATE BECOMES FORTRESS AFTER MASSACRE

(By Richard Cecil)

Terrorists of Mr. Mugabe's liberation army took 35 tea plantation workers from an estate on the Mozambique border, piled them into a heap in front of their wives and children and machine-gunned the heap killing 27, on Dec. 19 last year.

Few people thought that the tea business, an important contributor to Rhodesia's exports, would survive.

Terrified tea pluckers vanished into the hills. For weeks it looked as though the estates would never again find the labour prepared to risk working for White employers so near to the bases of the massacre's perpetrators.

But eight months later the estate does survive—as a fortress. It is particularly vulnerable. It lies only one-and-a-half miles from the Mozambique border in the notorious Honde Valley. A posting dreaded by the Rhodesian Army.

DANGEROUS STRETCH

For them it has proved one of the most dangerous stretches of bush, its lush green undergrowth hiding a million ambush positions and one of the heaviest infestations of terrorists in the country. Against these odds, as the estate owners admit, there seemed little hope.

But, paradoxically, it may owe its survival to the massacre. The 800-strong workforce, who before were apathetic to, or even sympathetic to, the guerrilla cause, are now solidly behind the Europe owners and nurse a bitter hatred of the men who murdered and maimed so many of their friends and relations.

Before the killings the labour force resisted all attempts to put them behind wire fences for their own protection. Now seven separate defended areas protect their living quarters, and volunteers from the workers have been formed into a mini private army armed with shotguns and rifles and trained by Black soldiers from the Rhodesian Army.

They have beaten off three attacks by the guerrillas on the tea pluckers in the fields since the December massacre.

BODIES DISPLAYED

Twice when the Army have killed guerrillas in the Honde Valley they have displayed the bodies to the estate workers to demonstrate their success. Both times the managers have had to intervene to prevent enraged tea pluckers from attacking and dismembering the bodies.

"We want to kill them the same way they killed us." Victor Ncube, one of the eight survivors of the massacre, told me. Ncube survided despite four bullets through the legs because he was at the bottom of the pile of bodies and shielded by his friends.

"They do not know what they are doing," he said. "They promised us silly things which will never happen. But it's easier now we have guns. We are able to defend ourselves from the hyenas—they are not human beings."

PUNISH AND ROB

Another guard, John Chitengwa, said: "Freedom fighters fight for the people to be free, not kill comrades. They punish and rob and kill innocent people—most of us have dead parents, dead friends—they are hyenas. When they come we want to blast them all away."

For the workers who still live outside the estate, life has also changed. A curfew is enforced at night and the Army will shoot anyone wandering through the valley after dark.

As the terrorists gave as their only reason for massacring the workers that they were working for Europeans for slave wages, all tea pluckers now carry a written certificate of their minimum weekly wage in case they are stopped by the guerrillas and asked how much they earn.

THE RENEGOTIATION REFORM ACT

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. HANNAFORD. Mr. Speaker, in view of the pending legislation on the Renegotiation Act, I am submitting the following excerpts from an article titled, "Renegotiation: Where We Are Now," by Vincent C. Page, which I believe will be of interest to my colleagues.

Mr. Page served as a Renegotiation Board counsel immediately following World War II and has also served as a special counsel representing the Defense Department in a number of contract and tax cases. The article, in its entirety, may be found in the Federal Bar Journal, vol. 35, No. 1, and in the Yearbook of Procurement Articles, vol. 13 (1976).

The author raises several points which support the Hannaford-McCloskey amendment to abolish the Renegotiation Board during peacetime. As the article stresses, the board was created to cope with the peculiar problems of wartime defense procurement. During periods of national emergency, the "renegotiation device served the country well." However, as Mr. Page adds, "Since then—the board has had slim pickings, and, as a consequence, its administration has necessarily become more arbitrary and uneven." In fact, current net recoveries by the board range between one-tenth and one-twentieth of 1 percent of procurement cost as compared to 1.5 percent during World War II.

As the author plainly states, "renegotiation was neither designed nor constitutionally validated to operate" during peacetime. Page emphasizes that the original Renegotiation Act, while authorizing the Board to determine and remove excess profits, does not "direct, empower, or equip the board" to determine "reasonable" or "adequate" profits.

However, a review of the Board's current activities indicates that it is not engaged in "excess profit" determinations; rather, the Board is "shaving" profits to fit its arbitrary standards of "reasonable" or "adequate" profits. For example, the author cites cases in which:

Profits on sales of jet engines are narrowed from 10.6 percent to 10.4 percent.

Profits on sales of aerospace parts are shaved from 10.6 percent to 9.9 percent.

Profits on sales of machined parts are reduced from 11.9 percent to 11.1 percent.

The author aptly states that:

Under current economic conditions, it is highly doubtful that these amounts can properly or even constitutionally be considered "excessive" within the meaning of the Act. Neither "reasonable" profits nor "excessive" profits can be computed with such precision. At best, such refunds represent overzealous, counterproductive, bureaucratic flyspecking. . . .

It is clear that renegotiation is a justifiable wartime process. However during peacetime the defense procurement system provides ample safeguards which render renegotiation unnecessary. It must be stressed that the peacetime procurement environment is not one in which renegotiation was intended to serve. I refer my colleagues to the following excerpts:

Renegotiation as we know it commenced with the United States' entry into World War II. It was a sophisticated, flexible approach to an age-old problem. And, to its great credit, both World War II and Korean procurement were virtually scandal free. As a procurement device, it can and has done an excellent job under such circumstances.

In comparing now with then from the standpoint of economic context, there is no better starting point than the United States Supreme Court decision in *Lichter* v. *United States*, 334 U.S. 742. For students and practitioners in renegotiation, it is "must" reading.

The *Lichter* decision excerpts portions of the President's State of the Union Message of January 6, 1942, wherein the President states the objective involved in smashing the axis powers and producing the necessary weapons and supplies for global war for ourselves and our allies. He speaks of the necessity of producing not just a superior supply, but rather an *overwhelming supply of munitions, planes,* and *ships*. He speaks of raising production far above current levels as follows:

"1. To increase our production rate of airplanes so rapidly that in this year, 1942, we shall produce 60,000 planes, 10,000 more than the goal set a year and a half ago. This includes 45,000 combat planes—bombers, divebombers, pursuit planes. The rate of increase will be continued, so that next year, 1943, we shall produce 125,000 airplanes, including 100,000 combat planes.

"2. To increase our production rate of tanks so rapidly that in this year, 1942, we shall produce 45,000 tanks; and to continue that increase so that next year, 1943, we shall produce 75,000 tanks.

"3. To increase our production rate of antiaircraft guns so rapidly that in this year, 1942, we shall produce 20,000 of them; and to continue that increase so that next year, 1943, we shall produce 35,000 antiaircraft guns.

"4. To increase our production rate of merchant ships so rapidly that in this year, 1942, we shall build 8,000,000 deadweight tons as compared with a 1941 production of 1,100,000. We shall continue that increase so that next year, 1943, we shall build 10,000,000 tons. . . .

One cannot read this State of the Union Message without being caught up in the magnitude of the undertaking and the all-pervasive effect on the economy, from the largest enterprise to the smallest village machine shops, the complete diversion of virtually all raw materials to the war effort, and the compelling necessity for speed. Normal methods of procurement had to be abandoned. Forecasting of costs became nothing more than informal guesswork. Advance billing prices to accommodate immediate commencement of production often had little relation to actual experience. . . .

Again, it must be said that on an overall basis the renegotiation device served the country well with regard to the emergency procurement conditions attendant on the Korean conflict, and Board statistics reflect this fact. Since then, however, the Board has had slim pickings, and, as a consequence, its

administration has necessarily become more arbitrary and uneven. . . .

Currently, net recoveries approximate between 1/10 and 1/20 of 1 percent of procurement cost as compared to 1.5 percent during World War II. Moreover, most of the so-called recoveries for the last few years were made by unilateral order, rather than by bilateral agreement. Renegotiation simply cannot operate in this fashion. It is counterproductive and either increases cost, generates acquisition, or drives the best talent away from government procurement. . . .

And so, where are we now? First, the economic context is the reverse of that which existed during World War II and Korea. Competition, even at the major systems level, is fierce and made even more so what with technical transfusion, auction techniques, "best and finals" and so-called "parallel development." From the top down, competition increases. There are 25,000 subscribers to the Commerce Daily. Renegotiation was neither designed nor constitutionally validated to operate in this framework. . . .

In any event, assuming the continued existence of this measure, the principal problems have been, and will be, administration and court decisions. In this regard, it might be useful to point out that while the inflexible mind of bureaucracy always seeks mathematical exactitude (despite Harry Truman's warning), "excessive profits" are no more capable of precise definition than character of business, risk, efficiency, or contribution to the defense effort. This is as it should be because there are an endless variety of elements which influence what is excessive and what is reasonable in each individual instance. . . .

The most important consideration in administration at both the Board and court level is the fact that the Renegotiation Act empowers the Board to determine excess profits. It neither directs, empowers or equips the Board to determine or fix a "reasonable" or "adequate" profit. There is a world of difference. Somehow over the years, the bureaucratic notion has become apparent even in some court decisions that the way to determine excess profits is first to determine a so-called "adequate profit." The "adequate profit" is then deducted from the profit actually earned, and, voila, the precise amount of excessive profits to the penny emerges. But as Harry Truman pointed out in 1943, "overzealous administration of the vast powers delegated by the renegotiation law could be seriously detrimental to the war (now read "defense") effort." The best that can be achieved is the elimination of profits that are clearly excessive and unjustified, not profits which are legitimately earned even though they may be "high" or "above average." After all, price measures an undefinable desirability—not just cost.

The schizophrenic unevenness in both rationale and result exhibited in many Board and court decisions are a direct consequence of an attempt to determine and fix a reasonable or adequate profit rather than to follow the mandate of Congress to remove only those profits which are clearly excessive. (*e.g., Major Coat Company, Inc.* v., *United States*, U.S. Ct. Cl., Trial Division No. 31–72, filed July 25, 1975; *Mason & Hanger—Silas Mason Co.*, v. *United States*, Trial Division No. 616–71, filed August 9, 1974.) Moreover, the Board's own statistics are conclusive evidence of the tendency to "shave" profits by ordering refunds which amount to a very small fraction of the sales in question: profits reduced from 10.6 percent to 10.4 percent on 1.1 billion dollars in sales (jet engines); from 10.6 percent to 9.9 percent on 42.8 million dollars in sales (aerospace parts); from 11.9 percent to 11.1 percent on 2.7 million dollars in sales (machined parts). Cases are common where the hard dollar recovery to the government is insignificant in relation to the contractor's volume (less than 1 percent). Under current economic conditions, it is highly doubtful that these amounts can properly or even constitutionally be considered "excessive" within the meaning of the Act. Neither "reasonable" profits nor "excessive" profits can be computed with such precision. At best, such refunds represent overzealous, counterproductive, bureaucratic flyspecking. . . .

Finally, in the present context, Congress should consider the fact that most of the contractors from which a refund is exacted these days, and for many years past, are first-timers. In this regard, renegotiation performs in very much the same fashion as the great white shark in the current epic "Jaws." Its overall effect on procurement is insignificant, but it can kill or badly cripple an individual contractor—particularly a small contractor. Athough there are relatively few attacks—last year the Board took 153 bites around the country out of thousands of government contractors swimming in the government contract sea—it cost those contractors 70 million dollars gross and about 35 million dollars net. The effect on many of these contractors was devastating—the effect in relation to the procurement budget was zilch—about 1/10 of 1 percent. . . .

There is no significant reward in renegotiation for real efficiency. In today's climate, and in a counterproductive effort to "capture the last dollar of so-called excessive profits," the Board is forced to operate on an illegal cost plus a percentage cost basis. Cost plus a percentage of cost analysis such as represented by the so-called "weighted guidelines" can only be legally used prospectively to establish profit objectives during contract negotiations. It might even be used post-performance as a check. But its use in attempting to fix a reasonable profit retroactively in renegotiation puts contractors on notice that higher costs would yield potentially greater profits. (Aero Spacelines v. United States, U.S. Ct. Cl. Trial Division No. 589–71, filed July 23, 1975.)

NHTSA PROVIDES ERRONEOUS AND MISLEADING INFORMATION ON AIRBAGS TO MEMBERS OF CONGRESS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. SHUSTER. Mr. Speaker, the Congress, if permitted to vote on the issue, will be faced with the decision of whether or not to support the National Highway Traffic Safety Administration—NHTSA—airbag/passive restraint order for all cars beginning in 1981. On the basis of Government data I have seen, I believe the mandate is a mistake—comparable in proportions to the buzzer-interlock fiasco of a few years ago—and could substantially set back the cause of highway safety. There are those in the Congress, on the other hand, who believe the mandate is justifiable.

Some of those Members circulated a "Dear Colleague" letter dated July 22 referring to "erroneous and misleading" statements made about airbags, and enclosed a copy of a letter from NHTSA Administrator Joan Claybrook, critical of my statement of July 18.

Since Ms. Claybrook's letter, in my opinion, not only fails the test of objectivity, but in many instances ignores facts compiled by her own Administration, I feel compelled to offer these observations in balance.

First. Ms. Claybrook states that I "took very specific and limited seat belt use statistics and erroneously catapulted it into a general rule."

In fact, I observed that NHTSA's report DOT HS 802 035, page iv, shows a 44.2 percent usage for lap and lap-shoulder harnesses in 1975 model cars in towaway accidents. Interlocks were discontinued in 1975 models produced after October 28, 1974, so only a few had interlocks. It is completely reasonable to expect that future usage in accidents will attain the level actually observed in 1975 models as older cars with poorer belt designs are retired. Indeed recent studies show that safety belt usage can be significantly increased through proper education and promotion.

Second. Ms. Claybrook claims that airbags could save 9,000 lives per year. This claim is based on laboratory tests with dummies in airbag cars coupled with unsubstantiated assumptions. The fact is that real-world data, compiled by NHTSA, contradicts the conclusions drawn by NHTSA from the laboratory tests. Furthermore, the National Motor Vehicle Safety Advisory Council, an advisory body to the Secretary of Transportation, adopted a Resolution on November 14, 1974, stating, in part, that ". . . the analysis indicates that mathematical projection and tests with dummies do not predict with sufficient accuracy the potential value of these (passive) restraints in actual use," refuting the value of laboratory tests at all. The Council went on to recommend that rulemaking on passive restraints be delayed until actual field effectiveness is established.

Third. Ms. Claybrook boldly states that—

> The fact is, airbags are four times as effective in preventing fatalities as safety belts . . .

Unless this claim can be supported by facts, it is no fact—it is nothing more than so many words.

All the words in the dictionary will not change the facts that NHTSA's own data of real-world experience thus far indicates:

In 230 towaway crashes of airbag-equipped cars: The bag did not inflate in 97 crashes or 42 percent of the time; 4 fatalities occurred, making the fatality rate 1.7 percent; and 32 injuries occurred, making the injury rate 13.9 percent.

In 4,032 towaway crashes where safety belts were worn: 12 fatalities occurred, making the fatality rate 0.3 percent; and 239 injuries occurred, making the injury rate 5.0 percent.

Even if one accepts the unsupported NHTSA assertion that some towaway crashes with airbags were not reported, and adjusts the NHTSA data to reflect national towaway rates—as I did in the attachment to my July 5 statement—safety belts are still more than three times as effective in saving lives as are airbags.

NHTSA argues that this is not enough data to quantitatively measure the injury and fatality reducing effectiveness

of airbags and I say amen. Go and get enough data and then come to us with your airbag mandate.

Fourth. Ms. Claybrook asserts that three of the four deaths which occurred in airbag equipped cars could not have been prevented by any restraint system. Even if this speculative assumption were true, would it not be equally true for safety belt data?

Fifth. Ms. Claybrook says that airbag effectiveness has been proven in extensive and carefully controlled laboratory tests. But what Ms. Claybrook fails to realize is that people just don't drive in laboratories—they drive on roads. And studies conducted with cars on roads show thus far that safety belts are safer than airbags.

Further, the highly touted laboratory tests, upon close examination, do not support airbags as the best system. DOT Report HS-801-719 concludes: "We feel that . . . the air belt—not bag—has the potential for the lowest injury levels of any restraint system ever developed." NHTSA vehicle research expert Thomas H. Glenn stated in SAE No. 740579, "Seat belt systems offered to the motorist are a very effective and low-cost safety system."

Sixth. Ms. Claybrook promises "substantial insurance savings" to offset purchase and operating costs of airbag systems when the airbag is fully mandated. While this is a noble promise, it, too, is not borne out in fact. As reported in my July 18 statement, although three major auto insurance companies now offer discounts, these discounts average less than 1 percent of annual premimum costs. It's very nice for the insurance companies to establish a discount policy, but the facts are that their agents are not writing them.

Additionally, Ms. Claybrook chooses to ignore the added cost of collision coverage which would occur as a result of the higher cost of repairing a damaged airbag equipped car. Someone has to pay for replacing airbags—and it won't be the insurance companies.

Seventh. Ms. Claybrook claims that the replacement cost for airbags, spread over the entire auto population, would be $5 per car. The fact is that for many people—indeed, most people—it will be nothing. For others, however, who must replace the airbag, it will be at least $325—one recent documented replacement cost over $600. Uninsured motorists will have to foot the entire cost. Insured motorists will have to pay the cost up to the limit of their deductible. For accidental inflations, both insured and uninsured motorists will have to bear the entire cost, out of pocket. So while $5 may not sound like much—and in isolation, it is not—no one will in fact pay that amount. Many will pay hundreds of dollars more.

Eighth. In response to my survey of insurance companies, Ms. Claybrook says that today's insurance rates "obviously would not reflect these savings" since very few cars are airbag equipped. But according to the insurance companies promoting the airbag, the discounts are offered now, and the savings should be reflected by insurance rates for airbag-equipped cars. My survey considered only airbag-equipped cars, and the average savings amounted to less than 1 percent of the annual premium.

Ninth. Ms. Claybrook states that my "claim that up to 30,000 inadvertent actuations will occur each year is not supported by the evidence." I did not initially claim that the 30,000 figure was an annual rate, but rather believed it was possible to realize that many accidental inflations during the life of a fleet of airbag cars. However, a further review of NHTSA data indicates that I was too conservative in my estimates, and indeed the data justifies estimating 30,000 inadvertent inflations annually. This is based upon 12 inadvertent inflations in 34,000 car years—as reported by NHTSA—which, when extrapolated to 100 million cars, works out to approximately 30,000 inadvertent inflations annually.

Additionally, Ms. Claybrook chooses not to count accidental inflations that do not occur on the road. While promises of design improvements to prevent these occurrences may be comforting to some, they provide no comfort at all to those who will have to shell out $325 and up to replace a non-highway accidental inflation.

In statements that I have made on the subject of airbags, I have emphasized that if the real-world evidence showed that airbags would save lives, I would vigorously support airbags. That was an open invitation to anyone who could make a compelling case, based on fact, to do so.

I hope that this information may provide a balance to the claims being circulated by NHTSA and the airbag lobby, and that you, and all Members of the House, will form your opinions on the basis of cold, hard facts, and not emotional rhetoric, or "laboratory tests".

Ms. Claybrook's intemperate language, suggesting that those Members of Congress who dare to disagree with her are "contortionists" hardly dignifies the position of public trust she holds.

In summary, NHTSA and the airbag lobby can make assumptions and estimates based on "laboratory tests", and they can discount their own real-world data as not being reliable, but do we really want to force the airbag on millions of Americans before we have the proof that it works?

SAM ERVIN'S CASE AGAINST TAX-FINANCED CONGRESSIONAL CAMPAIGNS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1977

Mr. MICHEL. Mr. Speaker, there are innumerable arguments that have been made against the proposals to finance congressional campaigns with tax dollars. These arguments to me are overwhelming and persuasive and I have outlined my objection to such a raid on the taxpayers paycheck. But I know that very often it is not an argument as such, but a person of proven integrity and devotion to truth who can carry the day, who can persuade by the power of his reputation. That is why I am glad to report that Sam J. Ervin, U.S. Senator from North Carolina, 1954–75, and internationally known as the respected chairman of the Senate Watergate Committee has put the force of his personality and his great reputation on the line against the proposed tax-financed congressional campaigns.

Here we have a living symbol of integrity, a man the media have praised for his dedication to the highest principles, telling plain truths about the evils of tax-financed campaigns. It is my pleasure to place in the RECORD at this time "Tax Financed Campaigns a Threat," by Sam Ervin, published in the Chicago Tribune, July 26, 1977:

TAX-FINANCED CAMPAIGNS A THREAT

(By Sam J. Ervin, Jr.)

I fear my former colleagues in the United States Congress, anxious to rid politics of the last remnants of Watergate-type scandals, may be close to damaging the very institution they hope to strengthen.

Several proposals have been introduced in both the House of Representatives and the Senate which would provide for taxpayer financing for congressional campaigns, in much the same manner as the presidential campaigns are financed every four years.

What they may fail to recognize, however, in their zeal to remove any taint of "special interest" money, is not only the potentially terrible financial burden they may be laying on the taxpayer's shoulders but the damage they may be doing to the election system itself.

Under many of the proposals being considered, only minimal requirements are established before federal funds are made available to congressional candidates. One proposal in the House even extends the concept beyond the general election to include primaries as well. Thus, one net effect of the bills, if they become law, would be the proliferation of "splinter candidates" or "one issue candidates" much as we saw in the early days of the presidential campaign last year.

This proliferation of campaigns and individual candidacies would have two detrimental effects on the electoral system. First it would tend to drain the federal funds early in the primary season with a large number of candidates drawing from the federal till. And, second, it would tend to accelerate the demise of the two-party system on the national level, leading us down the coalition road already travelled by many of our Western allies.

One of the most compelling arguments against taxpayer financing of congressional campaigns is that, according to the Internal Revenue Service, only about 25 per cent of the American taxpayers have gone along with the dollar check-off on their income returns for presidential elections. Thus, if the process is expanded to include congressional campaigns without a parallel expansion of public interest and participation, the U.S. Treasury might be forced to underwrite political campaigns out of tax monies pledged for other, more worthwhile projects.

Administratively, the proposals would cause outrageous havoc. In testimony before the House Administration Committee recently, Ralph K. Winter, professor of law at Yale University, said, "It has been estimated that the auditing of 15 presidential candidates consumed 35 person-years of labor by the Federal Election Commission in

1976." He rightly concludes that a proposed expansion from those 15 presidential candidates to possibly more than 1,000 congressional candidates refutes itself.

Further, public funding would place in one executive branch agency, the Federal Election Commission, massive discretionary enforcement power which could increase the potential for election-year mischief, similar to what we saw exposed a few short years ago. Delays in processing the required forms could leave candidates without any funds during critical periods in the campaign and it would be virtually impossible to determine later whether those delays were bureaucratic or political.

It is proper and appropriate that my former colleagues consider measures such as taxpayer financing for congressional campaigns, for it allows a full and open debate on the merits of the specific legislation rather than on the perceptions of the goals sought. In this case, the goal is admirable but the route being considered is wrong.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extension of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterik to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, July 29, 1977, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 29

8:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on constitutional issues associated with negotiations for the disposition of the Panama Canal Zone and of U.S. facilities located therein.
2228 Dirksen Building

9:00 a.m.
Energy and Natural Resources
To hold hearings on the nomination of Hazel R. Rollins, of the District of Columbia, to be an Assistant Administrator of the F.E.A.
3110 Dirksen Building

9:30 a.m.
Armed Services
Research and Development Subcommittee
To receive further testimony in closed session on S. 1863, proposed supplemental authorizations for fiscal year 1978 for the Department of Defense.
224 Russell Building
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To resume oversight hearings on the Railroad Revitalization Act of 1976 (P.L. 94-210), and amendments proposed thereto.
5110 Dirksen Building
Select Committee on Indian Affairs
Business meeting, to make up S. 785, Paiute and Shoshone Tribes land bill; S. 1560, the proposed Siletz Indian Tribe Restoration Act, and S. 1582, Ak-Chin Indian community water bill.
318 Russell Building

10:00 a.m.
Budget
To mark up second concurrent resolution on the Congressional Budget for fiscal year 1978.
235 Russell Building
Energy and Natural Resources
To continue mark up of S. 1469, proposed National Energy Act.
3110 Dirksen Building
Finance
To hold a business meeting.
2221 Dirksen Building
Foreign Relations
Arms Control, Oceans, and International Environment Subcommittee
To receive testimony on the results of the recent Law of the Sea Conference.
224 Russell Building
Foreign Relations
Foreign Assistance Subcommittee
To receive testimony on S. 1771, the Overseas Private Investment Corporation Amendments Act of 1977.
4221 Dirksen Building
Human Resources
To mark up S. 1391, proposed Hospital Cost Containment Act.
Until noon 4232 Dirksen Building
Select Committee on Indian Affairs
To hold oversight hearings on the Bureau of Indian Affairs budget process.
318 Russell Building

11 a.m.
Select Committee on Indian Affairs
To resume oversight hearings on the present organization of the Bureau of Indian Affairs.
318 Russell Building

AUGUST 1

9:00 a.m
Human Resources
Labor Subcommittee
To resume hearings in S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 1, 8, and 18, proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States.
2228 Dirksen Building

9:30 a.m.
Environment and Public Works
To hold hearings on the nomination of S. David Freeman, of Maryland, to be a member of the TVA, to be followed by consideration of this nomination and the following other nominations: Marion Edey, of the District of Columbia, to be a member of the Council on Environmental Quality; William Drayton, of Massachusetts, to be Assistant Administrator of the E.P.A.; and Dent Forrest Hansen, of Massachusetts, Joseph M. Hendrie, of New York, and Peter A. Bradford, of Maine, each to be a member of the Nuclear Regulatory Commission.
4200 Dirksen Building

10:00 a.m.
Budget
To continue mark up of second concurrent resolution on the Congressional Budget for fiscal year 1978.
357 Russell Building
Select Intelligence
To resume hearings on a proposal to establish procedures for electronic surveillance in the area of foreign intelligence (embodied in S. 1566).
1201 Dirksen Building

11:00 a.m.
Governmental Affairs
To resume hearings on the President's plan to reorganize the Executive Office of the President (Reorganization plan No. 1).
3302 Dirksen Building

AUGUST 2

9:00 a.m.
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building
Judiciary
Constitution Subcommittee
To continue hearings on S.J. Res. 1, 8, and 18, proposing an amendment to the Constitution to provide for direct popular election of the President and Vice President of the United States.
1224 Dirksen Building

9:30 a.m.
Agriculture, Nutrition, and Forestry
Environment, Soil Conservation, and Forestry Subcommittee
To hold hearings on S. 1280 and S. 1616, bills to preserve, protect, and enhance the Nation's soil and water resource base.
322 Russell Building
Judiciary
Antitrust and Monopoly Subcommittee
To hold hearings on S. 1927, to promote competition in the energy industry.
2228 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1664-1669, to amend in several regards the law as it pertains to Federal regulations of financial institutions.
5302 Dirksen Building
Budget
To continue markup of second concurrent resolution on the Congressional Budget for fiscal year 1978.
357 Russell Building
Judiciary
To hold hearings on the nomination of John H. Shenefield of Virginia, to be an Assistant Attorney General.
2228 Dirksen Building
Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on S. 1792, to remove the authorization ceiling on the Administrative Conference of the U.S.
6202 Dirksen Building

AUGUST 3

9:00 a.m.
Human Resources
Health and Scientific Research Subcommittee
To hold joint hearings with the Select Committee on Intelligence on drug testing by the CIA.
1202 Dirksen Building
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building

9:30 a.m.
Environmental and Public Works
Resource Protection Subcommittee
To hold hearings on S. 1140, to encourage and assist States to develop improved programs for the conservation of nongame species of native fish and wildlife.
4200 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of S. 1664–1669, to amend in several regards the law as it pertains to Federal regulations of financial institutions.
5302 Dirksen Building
Foreign Relations
Arms Control, Oceans and International Environment Subcommittee
To hold a closed, followed by an open, session on the proposed Threshold Test Ban and Peaceful Nuclear Explosions Treaties with the U.S.S.R. (Exec. N., 94th Cong., 2nd sess.).
4221 Dirksen Building
Governmental Affairs
To hold a hearing on the subject of handling employment discrimination complaints in the Senate.
3302 Dirksen Building
*Select Committee on Indian Affairs
To hold oversight hearings on the Bureau of Indian Affairs budget process.
457 Russell Building
Joint Economic
Economic Growth and Stabilization, and Fiscal and Intergovernmental Policy Subcommittees
To resume joint hearings on the current fiscal condition of cities.
6226 Dirksen Building

AUGUST 4

9:00 a.m.
Agriculture, Nutrition, and Forestry
Environment, Soil Conservation, and Forestry Subcommittee
To continue hearings on S. 1280 and S. 1616, bills to preserve, protect, and enhance the Nation's soil and water resource base.
322 Russell Building
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
4232 Dirksen Building
9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue hearings on S. 1927, to promote competition in the energy industry.
2228 Dirksen Building
10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1542, to extend to September 30, 1979, the Council on Wage and Price Stability, and S. 1724, to establish a Neighborhood Reinvestment Corporation.
5302 Dirksen Building
Select Indian Affairs
To hold hearings on S. 1214, to establish standards for the placement of Indian children in foster or adoptive homes, and S. 1509, to provide for the return to the U.S. of title to certain lands conveyed to certain Indian pueblos of New Mexico.
457 Russell Building

AUGUST 5

9:00 a.m.
Human Resources
Labor Subcommittee
To continue hearings on S. 1871, to increase the Federal minimum wage.
5232 Dirksen Building
9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue hearings on S. 1927, to promote competition in the energy industry.
2228 Dirksen Building

AUGUST 23

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings on the dimension of national debts and payments deficits, and the outlook for the future.
5302 Dirksen Building

AUGUST 24

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To continue hearings on the dimension of national debts and payments deficits, and the outlook for the future.
5302 Dirksen Building

SEPTEMBER 8

9:00 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on automatic auto crash protection devices.
5110 Dirksen Building
10:00 a.m.
Select Committee on Indian Affairs
To hold hearings on Federal Indian Domestic Assistance programs.
Room to be announced

SEPTEMBER 9

9:00 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To continue heaings on automatic auto crash protection devices.
5110 Dirksen Building

SEPTEMBER 12

9:30 a.m.
Banking, Housing and Urban Affairs
To hold hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building

SEPTEMBER 13

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building
10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Donald L. Tucker, of Florida, to be a member of the Civil Aeronautics Board.

SEPTEMBER 14

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1710, proposed Federal Insurance Act of 1977.
5302 Dirksen Building
10:00 a.m.
Select Committee on Indian Affairs
To hold hearings on the concept of creating an independent Indian Agency.
Room to be announced

SEPTEMBER 15

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 1594 and H.R. 5959, to revise and extend the Renegotiation Act.
5302 Dirksen Building

SEPTEMBER 21

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 364, Veterans' Administration Administrative Procedure and Judicial Review Act.
Until 1 p.m. Room to be announced

SEPTEMBER 28

10:00 a.m.
Veterans' Affairs
To receive legislative recommendations from representatives of the American Legion.
412 Russell Building

CANCELLATIONS

AUGUST 3

9:30 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To continue oversight hearings on the effectiveness of antitrust laws enforcement.
2226 Dirksen Building

SENATE—*Thursday, July 28, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 12:30 p.m., on the expiration of the recess, and was called to order by Hon. EDWARD ZORINSKY, a Senator from the State of Nebraska.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray today in the words of St. Francis:

Lord, make us instruments of Your peace.
Where there is hatred, let us sow love;
Where there is injury, pardon;
Where there is discord, union;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
Where there is sadness, joy.
Grant that we may not so much seek to be consoled as to console;
To be understood as to understand;
To be loved as to love.
For it is in giving that we receive,
It is in pardoning that we are pardoned,
And it is in dying that we are born to eternal life. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 28, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable EDWARD ZORINSKY, a Senator from the State of Nebraska, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. ZORINSKY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Wednesday, July 27, 1977, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, there are various nominations on the Executive Calendar which are cleared on my side, with the exception of the last two nominations. They are under the Department of Justice, on page 3. I would observe a temporary hold on those two nominations. I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar, beginning with Calendar No. 385, and going through Calendar Order No. 399.

Mr. BAKER. Mr. President, reserving the right to object, and I do not expect to object, the nominations appear to be cleared on this side, I would advise the majority leader. I wonder if I could have just one moment before we proceed to the consideration of the nominations.

Mr. ROBERT C. BYRD. Yes, indeed.

Mr. BAKER. Mr. President, there is no objection to the consideration and the confirmation of the nominations as described by the majority leader.

There being no objection, the Senate proceeded to the consideration of executive business.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of David B. Bolen, of Colorado, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the German Democratic Republic.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Raymond L. Garthoff, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Mauricio Solaun, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Nicaragua.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Jean M. Wilkowski, of Florida, to be Ambassador.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Allard Kenneth Lowenstein, of New York, to be the Alternate Representative of the United States of America for Special Political Affairs in the United Nations, with the rank of Ambassador.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

CIVIL AERONAUTICS BOARD

The second assistant legislative clerk read the nomination of Elizabeth E. Bailey, of New Jersey, to be a member of the Civil Aeronautics Board for the remainder of the term expiring December 31, 1977.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Elizabeth E. Bailey, of New Jersey, to be a member of the Civil Aeronautics Board for the term of 6 years expiring December 31, 1983.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of J. Albert Jones, of Kentucky, to be U.S. attorney for the western district of Kentucky.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Donald L. Beckner, of Louisiana, to be U.S. attorney for the middle district of Louisiana.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of John H. Hannah, Jr., of Texas, to be U.S. attorney for the eastern district of Texas.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Theddis R. Coney, of Texas, to be U.S. marshal for the southern district of Texas.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NATIONAL COMMISSION ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

The second assistant legislative clerk read the nomination of Sar A. Levitan, of the District of Columbia, to be a member of the National Commission on Employment and Unemployment Statistics.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

COMMUNITY SERVICES ADMINISTRATION

The second assistant legislative clerk read the nomination of John B. Gabusi, of Arizona, to be an Assistant Director of the Community Services Administration.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk the nomination of Robert Stern Landmann, of New Mexico, to be an Assistant Director of the Community Services Administration.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Robert Nathaniel Smith, of Michigan, to be an Assistant Director of the Community Services Administration.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

THE JUDICIARY

The second assistant legislative clerk read the nomination of Harold L. Murphy, of Georgia, to be U.S. district judge for the northern district of Georgia.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to move to reconsider the votes by which the confirmations were agreed to en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the motion is in order.

Mr. ROBERT C. BYRD. Mr. President, I make that motion.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask that the President be immediately notified of the confirmations of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

The ACTING PRESIDENT pro tempore. Without objection, the Senate will return to legislative business.

CLINICAL LABORATORY IMPROVEMENT ACT OF 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 335.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, that matter is cleared for consideration and indeed passage on this side.

The ACTING PRESIDENT pro tempore. The bill will be stated by title. The legislative clerk read as follows:

A bill (S. 705) to amend the Public Health Service Act to revise and strengthen the program under that act for the regulation of clinical laboratories.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Human Resources, with amendments, as follows:

On page 4, line 23, following "and" insert "with respect to the entities defined in subsection (a)(1)(A)";

On page 5, line 19, strike "improvements in technology utilized in laboratory testing," and insert "advances in the sciences and improvements in the technology utilized in laboratory testing which may require specialty personnel.";

On page 6, line 2, following the comma, insert "after consultation with the Advisory Council,";

On page 6, beginning with line 11, insert:

"(ii) The Secretary shall promulgate such other national standards designed to assure consistent performance of accurate and reliable procedures and services by facilities limited in function to the collection, processing, and transmission of materials derived from the human body, as referred to in subsection (a)(1)(B), and consistent with the recommendations of the Advisory Council established under subsection (n).

On page 7, line 10, strike "(1)," and insert "(1);"

On page 7, line 10, strike "(ii) shall" and insert "(ii) shall include except for laboratories described in (c)(2)(D) (i) and (ii) a requirement for a supervised unannounced on-site system for the testing of a laboratory's proficiency in the examination of specimens; and (iii) may";

On page 10, line 24, strike "testing" and insert "examination";

On page 10, line 25, strike "testing;" and insert "examination;";

On page 11, line 9, strike "the owner or operator of";

On page 12, beginning with line 9, insert:

"(v) The Secretary shall, upon application, exempt, on such terms and conditions as may be appropriate from the national standards for clinical laboratories any laboratory in which the only tests or procedures performed are tests or procedures for persons engaged in the business of insurance for the purpose of determining whether to write an insurance contract or determining eligibility for payments under an insurance contract.

On page 12, line 17, strike "Except" and insert "Upon promulgation of the National Standards, except";

On page 12, line 22, following "Laboratories" insert "located in such State";

On page 12, line 24, following "program" insert "in such State";

On page 14, line 21, strike "and";

On page 14, line 24, strike "laboratories." and insert "laboratories, and";

On page 14, beginning with line 25, insert:

"(vii) has provided the Secretary with assurances that the State to the maximum extent feasible coordinates its program with other State laboratory programs and with the Federal laboratory program authorized by this section so as to avoid unnecessary duplication.

On page 15, line 13, strike "the" and insert "such";

On page 16, line 25, strike "therefor" and insert "therefore";

On page 17, beginning with line 21, insert:

"(4) Any State with primary enforcement responsibility may submit to the Advisory Council established by this section a proposed change in the national standards."

On page 19, line 4, strike "respecting" and insert "employing";

On page 20, line 8, strike "to the owner or operator of a clinical laboratory licensed under this subsection,";

On page 20, line 10, strike "such" and insert "a clinical";

On page 20, line 10, following "laboratory" insert "licensed under this subsection";

On page 21, line 1, strike "the owner or operator of";

On page 21, line 6, strike "to the owner or operator of a" and insert "that a";

On page 21, line 7, strike "subsection, that such owner or operator" and insert "subsection";

On page 21, line 12, strike "himself" and insert "itself";

On page 22, line 6, strike "such persons" and insert "the laboratory or any person determined by the Secretary to have made the misrepresentation described in clause (i) or to have engaged in any activity described in clause (ii), (iii), (iv), or (v)";

On page 22, line 18, strike "owner or operator of a clinical laboratory" and insert "person";

On page 23, line 1, strike "final and the license of the laboratory involved in such violation shall be revoked." and insert "final.";

On page 23, beginning with line 3, insert:

"Where such person has (directly or indirectly) an ownership interest or lease or rental interest of 5 per centum or more in such laboratory, or who is the owner (directly or indirectly) of an interest of 5 per centum or more in any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such laboratory or any of the property or assets thereof, the license of the laboratory involved in such violation shall be revoked."

On page 24, line 23, strike "and" and insert "or";

On page 25, line 3, following "adopted" insert "and implemented";

On page 26, line 24, strike "significant hazard" and insert "substantial risk";

On page 26, line 25, following "he" insert "or she";

On page 27, line 7, following "who" insert "knowingly and willfully";

On page 27, line 8, strike "any owner or operator who" and insert "knowingly and willfully";

On page 27, line 17, strike "owner or operator who" and insert "knowingly and willfully";

On page 27, line 17, strike "owner or operator of a clinical laboratory, or any employee thereof," and insert "person";

On page 27, line 18, following "who" insert "knowingly and";

On page 28, line 20, following the comma, insert "or is about to commence or cause to be commenced";

On page 29, line 4, strike "the employee" and insert "he or she";

On page 29, line 7, strike "thirty" and insert "sixty";

On page 29, line 11, following the period, insert "such sixty-day period shall be tolled during the pendency of any grievance procedures or other efforts at conference, conciliation, or mediation,";

On page 29, line 22, strike "on behalf" and insert "with the authority";

On page 30, line 8, following the period, insert "The Solicitor of Labor shall, with the consent of the employee, represent such employee at any such hearing.";

On page 31, line 6, strike "person" and insert "employee or employer";

On page 33, line 3, following "with" insert "the national standards promulgated under";

On page 33, line 21, strike "may" and insert "is authorized to";

On page 33, line 21, strike "one grant" and insert "grants";

On page 34, line 2, following "grant" insert "or grants";

On page 34, line 15, strike "therefor and insert "therefore";

On page 34, line 19, strike "purposes" and insert "purpose";

On page 34, line 22, strike "1978" and insert "1979";

On page 35, line 11, strike "and";

On page 35, line 14, strike "enforcement." and insert "enforcement, and";

On page 35, beginning with line 15, insert:

"(4) any proposed change in the national standards submitted in accordance with subsection (d)(4).

On page 36, line 25, following the comma, strike "and";

On page 37, line 3, strike "Secretary." and insert "Secretary, and";

On page 37, beginning with line 4, insert:

"(3) to improve laboratory methodology and utilization promotion and funding of grant and contract projects and studies, both solicited and unsolicited.

"(p) LABORATORY METHODOLOGY AND UTILIZATION.—(1) The Secretary, acting through the Office of Clinical Laboratories, is authorized to make grants to and enter into contracts with public and nonprofit private entities for projects and studies respecting clinical laboratory methodology and utilization. No grant may be made or contract entered into under this subsection unless an application therefore has been submitted to and approved by the Secretary. Such application shall be submitted in such form and contain such information as the Secretary may reasonably require.

"(2) For the purpose of making payments under grants and contracts under this subsection there are authorized to be appropriated not to exceed $1,000,000 for the fiscal year ending September 30, 1979, and for each of the succeeding fiscal years.

On page 37, line 23, strike "(p)" and insert "(q)";

On page 38, line 7, strike "doncuted." and insert "conducted.";

On page 38, beginning with line 9, insert:

"(r) CITIZEN'S CIVIL ACTIONS.—Except as provided in paragraph (2) of this subsection, any person may commence a civil action for mandatory or prohibitive injunctive relief, including interim equitable relief, on his own behalf, whenever such action constitutes a case or controversy—

"(A) against any person (including the Secretary) who is alleged to be in violation of any regulation promulgated under this section; or

"(B) against the Secretary where there is alleged a failure of the Secretary to perform any act or duty under this section which is not discretionary with the Secretary.

The district courts of the United States shall have jurisdiction over actions brought under this section, without regard to the amount in controversy, or of the citizenship of the parties.

"(2) No civil action may be commenced—

"(A) under paragraph (1)(A) of this subsection—

"(i) prior to sixty days after the plaintiff has given notice of the alleged violation to the Secretary and to any alleged violator in such manner as the Secretary may by regulation require; or

"(ii) if the Attorney General or the Secretary has commenced and is diligently pursuing judicial proceedings or administrative action with respect to such alleged violation,

"(B) under paragraph (1)(B) of this subsection, prior to sixty days after the plaintiff has given notice to the Secretary of such alleged failure to perform an act or duty.

"(3) In any action under this subsection, the Attorney General or the Secretary may intervene as a matter of right. The decision and rulings of the court, in any judicial proceeding commenced under this subsection, shall not be a bar to the institution of any judicial proceeding or administrative action by the Secretary against a party to such judicial proceeding, nor shall any factual finding by such court be determinative as to any fact in any subsequent judicial proceeding or administrative action, unless the Secretary is a party to the proceeding under this subsection.

"(4) The court, in issuing any final order in any action brought pursuant to paragraph (1) of this subsection, may award costs of litigation (including a reasonable attorney's fee, based on the prevailing rates for such services, and expert witness fees) to any party, whenever the court determines that such an award is appropriate.

"(5) Nothing in this subsection shall restrict any right which any person (or class of persons) may have under any statute or at common law to seek enforcement of any regulation or order or to seek any other relief.

"(6) Nothing in this subsection shall require the disclosure of any trade secret in-

formation or any other confidential information except as provided by the Federal Rules of Civil Procedure.".

On page 41, line 16, following "sevice" insert "unless such charge or cost is found not to be excessive for such rental or lease arrangement.".";

On page 41, line 23, following "otherwise" insert "on an experimental basis limited to the first year following the enactment of this section";

On page 42, line 18, strike "services"." and insert "services. At the end of the first fiscal year following enactment of this clause, each State that has entered into such experimental arrangements must report to the Secretary concerning the results of these experimental arrangements.".";

On page 43, line 14, following "services)" insert "for comparable services by the provider of such services";

On page 48, beginning with line 5, insert:

(e) Section 1123(a) of the Social Security Act is amended by adding at the end thereof the following: "Notwithstanding the first sentence of this subsection, such program designed to determine the qualifications of laboratory technicians, technologists, and cytotechnologists shall be conducted until December 31, 1979.

On page 53, line 12, following the semicolon, strike "and";

On page 53, line 13, following "analysis" insert "and evaluation";

On page 53, line 19, strike "(2)." and insert "(2);";

On page 53, beginning with line 20, insert:

"(5) an analysis and evaluation of the problems encountered by rural clinical laboratories in recruiting qualified personnel; and

"(6) an analysis and evaluation of the performance of the laboratories described in (c)(D)(v) and the advisability of continuing in effect the exemption procedure authorized therein."

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

"SECTION 1. This Act may be cited as the "Clinical Laboratory Improvement Act of 1977".

FINDINGS

SEC. 2. The Congress finds that—

(1) clinical laboratory testing is a vital element of health care throughout the Nation;

(2) health care in this Nation will only be effective and of high quality if procedures utilized for testing by clinical laboratories assure accurate and reliable results;

(3) it is essential to the public interest that the health and welfare of consumers of health care be protected by requiring that all clinical laboratories comply with uniform standards to assure accurate and reliable testing by laboratories;

(4) testing in clinical laboratories which do not comply with such standards can be performed at less expense and thus such laboratories are able to compete unfairly with the clinical laboratories which do comply with such standards;

(5) requiring compliance with standards to assure accurate and reliable testing by clinical laboratories which operate in interstate commerce without provision for requiring compliance with such standards by other clinical laboratories will discriminate against and depress interstate commerce and adversely burden, obstruct, and affect such commerce; and

(6) all clinical laboratory testing is either in interstate commerce or substantially affects such commerce and regulation by the Secretary in cooperation with the States as contemplated by the amendment made by this Act is appropriate to prevent and eliminate burdens upon interstate commerce, to effectively regulate interstate commerce, and to protect the health and welfare of consumers of health care.

AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT

SEC. 3. Section 353 of the Public Health Service Act is amended to read as follows:

"REGULATION AND LICENSING OF CLINICAL LABORATORIES

"SEC. 353. (a) DEFINITIONS.—As used in this section—

"(1) The terms 'laboratory' and 'clinical laboratory' mean (A) a facility for the biological, microbiological, serological, chemical, immuno-hematological, radioimmunological, hematological, biophysical, cytological, pathological, or other examination of materials derived from the human body for the purpose of providing information for the diagnosis, prevention, or treatment of any disease or impairment of, or the assessment of the health of, man, or (B) a facility for the collection, processing, and transmission of such materials for such purposes, other than a facility exclusively engaged in the collection, processing, or transmission of human whole blood or its components.

"(2) The term 'interstate commerce' means trade, traffic, commerce, transportation, transmission, or communication between any State, territory, or possession of the United States, the Commonwealth of Puerto Rico, or the District of Columbia, and any place outside thereof, or within the District of Columbia.

"(b) NATIONAL STANDARDS.—(1) Within one hundred and eighty days of the date of the enactment of the Clinical Laboratory Improvement Act of 1977, the Secretary shall publish proposed national standards for clinical laboratories. Within one year after such date of enactment, the Secretary shall promulgate such standards with such modifications as the Secretary deems appropriate and such standards shall take effect upon their promulgation. Standards under this subsection may be amended from time to time.

"(2)(A) National standards promulgated under paragraph (1) for clinical laboratories shall be designed to assure consistent performance by clinical laboratories of accurate and reliable laboratory tests and other procedures and services and with respect to the entities defined in subsection (a)(1)(A) shall—

"(i) require clinical laboratories subject to the standards to maintain appropriate quality control programs,

"(ii) require such laboratories to maintain such records, equipment, and facilities as may be necessary for the proper and effective operation of such laboratories,

"(iii) require satisfactory performance by such laboratories on periodic proficiency tests developed in accordance with paragraph (3)(C),

"(iv) to the extent necessary to insure the accuracy and reliability of performance of tests by such laboratories, prescribe qualifications for directors and supervisory personnel of such laboratories, laboratory technical personnel, and any other laboratory personnel, which qualifications shall (I) not be limited to education requirements but shall include as alternative requirements appropriate training, experience, and examination requirements, (II) include requirements designed to insure the continued competence of laboratory personnel, and (III) take into account advances in the sciences and improvements in the technology utilized in laboratory testing which may require specialty personnel.

"(v) contain adequate provisions for the enforcement of the standards, including provisions for inspections and monitoring, and

"(vi) include such other requirements as the Secretary, after consultation with the Advisory Council, determines necessary to assure consistent performance by such laboratories of accurate and reliable tests and other procedures and services.

"(B) (i) Standards prescribed under subparagraph (A) for clinical laboratories may vary on the basis of the type of tests, procedures, or services performed by such laboratories or the purposes for which such tests, procedures, or services are performed.

"(ii) The Secretary shall promulgate such other national standards designed to assure consistent performance of accurate and reliable procedures and services by facilities limited in function to the collection, processing, and transmission of materials derived from the human body, as referred to in subsection (a)(1)(B), and consistent with the recommendations of the Advisory Council established under subsection (n).

"(C) The Secretary shall, in accordance with subsection (c), administer and enforce the national standards promulgated under paragraph (1).

"(3) Within one year of the date of the enactment of the Clinical Laboratory Improvement Act of 1977, the Secretary in consultation with appropriate professional organizations shall (A) develop job-related proficiency and practical examinations (including reasonable standards for determining successful completion of such examinations) for personnel in clinical laboratories which examinations reflect the nature of the work performed by such personnel, (B) develop mechanisms designed to assure the continued competence of such personnel, and (C) develop standards for the proficiency testing of clinical laboratories which standards (i) shall require such tests to be administered at least annually to all laboratories subject to the national standards in effect under paragraph (1); and (ii) shall include except for laboratories described in (c)(2)(D) (i) and (ii) a requirement for a supervised unannounced onsite system for the testing of a laboratory's proficiency in the examination of specimens; and (iii) may include a requirement for a system for the testing of a laboratory's proficiency in the examination of specimens under which system the laboratory is not informed that its proficiency is being tested (commonly referred to a 'blind proficiency testing').

"(c) APPLICATION OF NATIONAL STANDARDS.—(1) National standards for clinical laboratories in effect under subsection (b) shall, except as provided in paragraph (2) and subsection (h)—

"(A) apply to each clinical laboratory which is engaged in business in interstate commerce, and

"(B) apply to any other clinical laboratory which is located in a State which (as determined under subsection (d)) does not have primary enforcement responsibility for the regulation of clinical laboratories.

"(2)(A) The Secretary upon request of a State which has primary enforcement responsibility for the regulation of clinical laboratories shall authorize such State to regulate, under the standards of the State described in subsection (d)(1)(A)(i), clinical laboratories located or doing business within the State, as determined by the State, which are described in subparagraph (A) of paragraph (1).

"(B) During the two-year period beginning on the date that national standards first take effect under subsection (b) such standards shall not apply to clinical laboratories which are not engaged in business in interstate commerce.

"(C) During the two-year period beginning on the date that national standards for clinical laboratories first take effect under subsection (b) (or, in the case of a clinical laboratory which is not engaged in business in interstate commerce, during the two-year period beginning on the date such standards

are first made applicable to such laboratory), the provisions of such standards prescribing qualifications for supervisory or other personnel shall not apply to a clinical laboratory which—

"(i) the Secretary determines is located in a rural area (as defined by the Secretary) in which individuals with the qualifications prescribed by such provisions are not available,

"(ii) performs services solely for hospitals and licensed physicians, dentists, or podiatrists (or any combination of such practitioners) located within such a rural area, and

"(iii) provides the Secretary satisfactory assurances that it will take such actions as may be necessary to train individuals to meet such qualifications or to employ individuals with such qualifications.

"(D)(i) Upon such conditions as the Secretary may by regulation prescribe, the Secretary may, upon application, exempt from the national standards for clinical laboratories any clinical laboratory—

"(I) which is located in the office of, and operated by, a licensed physician, dentist, or podiatrist, or a group of such practitioners, and

"(II) in which the only tests or procedures which are performed are tests or procedures performed by such a practitioner in connection with the treatment of his patients.

"(ii) Upon such conditions as the Secretary may by regulation prescribe, the Secretary may, upon application, exempt from the national standards for clinical laboratories any clinical laboratory—

"(I) which is located in the office of, and operated by, a licensed physician, dentist, or podiatrist, or a group of not more than five such practitioners and in which the only tests or procedures which are performed are tests or procedures performed in connection with the treatment of the patients of such practitioner (or practitioners), and

"(II) in which the only tests or procedures which are performed are tests or procedures described in clause (i)(II) of this subparagraph and routine tests or procedures, as determined by the Secretary, or only such routine tests or procedures.

An application for the issuance of an exemption under this clause shall be attested to by the applicant and shall include an estimation of the number and a specification of the type of tests and procedures conducted in the laboratory for which the application is submitted, a description of the qualifications (including the educational background, training, and experience) of personnel who are not physicians, dentists, or podiatrists and who participate in the conduct of tests and procedures, the collection of specimens, and the transmission of specimens; a specification of the quantity and type of tests and procedures conducted by such personnel; the type of proficiency examination (if any) participated in by such personnel and the scores received in such examination; the type of proficiency testing (if any) participated in by the laboratory and the score received in such testing; and a description of the quality control programs in effect in the laboratory for which the application is submitted. If the Secretary finds, after reasonable notice and opportunity for a hearing, that a laboratory granted an exemption under clause (i) or this clause is not a laboratory which is described by subclauses (I) and (II) of clause (i) or this clause, as the case may be, or that such laboratory was guilty of misrepresentation in obtaining the exemption, the Secretary shall by order published in the Federal Register withdraw the exemption granted such laboratory.

"(iii) The national standards for clinical laboratories shall not apply to any clinical laboratory described in subclauses (I) and (II) of clause (ii) if the laboratory participates in a proficiency testing program approved by the Secretary and if the laboratory has submitted to the Secretary in accordance with this clause notice of its participation in such a program. The notice required by this clause shall be made in such form and manner as the Secretary shall prescribe and shall be submitted to the Secretary at such times as the Secretary may prescribe. The Secretary may not approve a proficiency testing program for purposes of this clause unless the program has entered into an agreement with the Secretary to provide information to the Secretary respecting the results of the proficiency tests administered under such program.

"(iv) The Secretary shall, upon application, exempt, on such terms and conditions as may be appropriate, from the national standards for clinical laboratories any laboratory in which the tests or procedures which are performed are primarily tests or procedures for biomedical or behavioral research.

"(v) The Secretary shall, upon application, exempt, on such terms and conditions as may be appropriate from the national standards for clinical laboratories any laboratory in wnich the only tests or procedures performed are tests or procedures for persons engaged in the business of insurance for the purpose of determining whether to write an insurance contract or determining eligibility for payments under an insurance contract.

"(3) Upon promulgation of the National Standards, except as authorized under subsection (d), no State or political subdivision may adopt or continue in effect requirements (other than licensing requirements applicable to directors, supervisory personnel, technologists, or technicians in clinical laboratories located in such State and requirements applicable to clinical laboratories under a certificate of need program in such State) which—

"(A) are applicable to clinical laboratories, and

"(B) are different from or in addition to the national standards for clinical laboratories in effect under subsection (b).

"(4) Any clinical laboratory which is engaged in business in interstate commerce shall, during the period beginning on the date of the enactment of the Clinical Laboratory Improvement Act of 1977 and ending on the date such laboratory is required to have in effect a license under this section, as amended by such Act, comply with the licensing requirements in effect under this section before such date of enactment.

"(d) PRIMARY ENFORCEMENT RESPONSIBILITY.—(1)(A) For purposes of this section, a State has primary enforcement responsibility for the regulation of clinical laboratories described in paragraph (2) during any period for which the Secretary determines (pursuant to regulations prescribed under paragraph (3)) that such State—

"(i) has adopted (I) standards applicable to clinical laboratories which are no less stringent than the national standards in effect under subsection (b), and (II) a system for the licensure of laboratories which meets the requirements of subparagraph (B) of this paragraph and which includes provisions respecting applications and submissions to health systems agencies which provisions are no less stringent than the provisions of paragraph (1)(B) of subsection (e) and includes provisions respecting the suspension, revocation, and eligibility for licenses which provisions are no less stringent than the provisions of paragraph (2) of subsection (e),

"(ii) has adopted and is able to implement adequate procedures for the enforcement of such State's standards, including such monitoring and such inspections as the Secretary may require by regulation,

"(iii) will keep such records and make such reports with respect to its activities under clauses (i) and (ii) as the Secretary may require by regulation,

"(iv) if it permits exemptions from the requirements of its standards which meet the requirements of clause (i)(I), permits such exemptions under conditions and in a manner which are no less stringent than the conditions and the manner in which exemptions are or may be granted under subsection (c)(2),

"(v) has adopted and can implement adequate procedures for the effective and timely control of health hazards which may result from an activity of a clinical laboratory within the State,

"(vi) has designated a single agency of the State to enforce its standards and to administer its system for licensure of clinical laboratories, and

"(vii) has provided the Secretary with assurances that the State to the maximum extent feasible coordinates its program with other State laboratory programs and with the Federal laboratory program authorized by this section so as to avoid unnecessary duplication.

"(B) For the purpose of primary enforcement responsibility under this subsection, a State system for the licensure of clinical laboratories—

"(i) shall prescribe that licenses issued under such system shall be valid for such period (but not in excess of twenty-four months) as is prescribed under the system, and may require a fee for the issuance or renewal of a license in an amount (not in excess of $500) determined under such system;

"(ii) may provide for variances in such fees based on the volume of tests or procedures performed by the clinical laboratories subject to such fees; and

"(iii) shall provide that licenses issued for a clinical laboratory shall specify the categories of tests and procedures which such laboratory may perform.

"(2) The clinical laboratories subject to regulation by a State which has primary enforcement responsibility are—

"(A) clinical laboratories (other than clinical laboratories described in subsection (h)) which are located within such State and which are not engaged in business in interstate commerce, and

"(B) if authorized under subsection (c)(2)(A), any other clinical laboratory (other than a clinical laboratory described in subsection (h)) engaged in business in interstate commerce and located or doing business within the State, as determined by the State.

"(3)(A)(i) The Secretary shall, by regulation (proposed within one year of the date of the enactment of the Clinical Laboratory Improvement Act of 1977)), prescribe the manner in which a State may apply to the Secretary for a determination that the requirements of paragraph (1) are satisfied with respect to the State, the manner in which the determination is made, the period for which the determination will be effective, and the manner in which the Secretary may determine that such requirements are no longer met. The Secretary shall, at least every two years, review the clinical laboratory regulatory activities of a State with primary enforcement responsibility to determine if the State continues to meet the requirements of paragraph (1).

"(ii) Regulations under this subparagraph shall require that before a determination of the Secretary that the requirements of paragraph (1) are not met or are no longer met with respect to a State may become effective, the Secretary shall notify such State of the determination and the reasons therefore, shall provide an opportunity for public hearings on the determination, and, in the case of a determination that such requirements are no longer being met by a State, shall prescribe the period within which such State must comply with such requirements to retain its primary enforcement responsibility. Such regulations shall be promulgated (with

such modifications as the Secretary deems appropriate) within ninety days of the publication of the proposed regulations in the Federal Register. The Secretary shall promptly notify in writing the chief executive officer of each State of the promulgation of regulations under this subparagraph. Such notice shall contain a copy of the regulations and shall specify a State's authority under this section when it is determined to have primary enforcement responsibility for clinical laboratories.

"(B) When an application is submitted in accordance with the Secretary's regulations under subparagraph (A), the Secretary shall within ninety days of the date on which such application is submitted (i) make the determination applied for, or (ii) deny the application and notify the applicant in writing of the reasons for the denial.

"(4) Any State with primary enforcement responsibility may submit to the Advisory Council established by this section a proposed change in the national standards.

"(e) LICENSES.—(1)(A) The Secretary shall establish a system for the licensure of clinical laboratories subject, as determined under subsection (c), to national standards in effect under subsection (b). A license issued under such system for a clinical laboratory (i) shall specify the categories of tests and procedures which such laboratory may perform, and (ii) shall be valid for such period (but not in excess of twenty-four months) as the Secretary may prescribe. A fee may be required by the Secretary for the issuance or renewal of a license in an amount not to exceed $500. The Secretary may prescribe variances in such fees based on the volume of tests or procedures preformed by the clinical laboratories required to be licensed.

"(B) The system established under subparagraph (A) shall require the following as a condition to the issuance or renewal of a license under the system:

"(i) The submission of an application in such form and manner as may be prescribed by the Secretary.

"(ii) A determination by the Secretary that the applicant meets the national standards in effect under subsection (b).

"(iii) The submission by the applicant to the Secretary and to the health systems agency serving the area in which the applicant is located of (I) an accurate itemized schedule of all current rates the applicant charges (including such a schedule of rates for common groupings of tests) for the laboratory services it provides, and (II) such information as may be necessary to disclose any contractual relationships in effect between the applicant and physicians and other health professionals employing the laboratory's services and the terms of any contracts between the applicant and such persons.

"(C) From the information submitted in accordance with subparagraph (B)(iii) a health systems agency may not disclose—

"(i) the identity of any person for whom an applicant for a license performed services except in response to a request of an officer or employee of the United States or a State made in accordance with regulations of the Secretary and in connection with the functions or duties of the officer or employee in the enforcement of this section or of a Federal or State criminal law; and

"(ii) any contractual relationship described in subclause (II) of such subparagraph, except that, in accordance with regulations promulgated by the Secretary, the health systems agency may disclose (I) a contractual relationship between the applicant and any physician for the performance of services if the applicant receives compensation under title XVIII of the Social Security Act or under a State plan for medical assistance approved under title XIX of such Act for the performance of clinical laboratory services, and (II) any contractual relationship described in such subclause (II) in response to a request of an officer or employee of the United States or a State made in connection with the functions or duties of the officer or employee in the enforcement of this section or a Federal or State criminal law.

"(2)(A) If the Secretary finds, after reasonable notice and opportunity for a hearing, that—

"(i) a clinical laboratory licensed under this subsection is not in compliance with applicable national standards in effect under subsection (b), or

"(ii) such laboratory has (I) failed to comply with reasonable requests of the Secretary for any information or specimens, or work on specimens, the Secretary deems necessary to determine the laboratory's continued eligibility for its license under this subsection or continued compliance with applicable national standards in effect under subsection (b), or (II) refused a request of the Secretary or any Federal officer or employee duly designated by him for permission to inspect, under subsection (l), the laboratory and its operations and relevant records at any reasonable time,

the Secretary may revoke such laboratory's license for the remainder of its term or may limit or suspend such laboratory's license until such laboratory has demonstrated to the satisfaction of the Secretary that the laboratory is in compliance with such national standards or such requests will be complied with, as the case may be.

"(B) If the Secretary finds, after reasonable notice and opportunity for a hearing, that a clinical laboratory licensed under this subsection—

"(i) has been guilty of misrepresentation in obtaining the license;

"(ii) has engaged or attempted to engage in, or represented itself as entitled to perform, any laboratory test or procedure or category of tests or procedures not authorized by the license;

"(iii) has engaged in a billing practice under which charges for laboratory services provided a patient, on whose behalf reimbursement (in whole or in part) for such charges is provided under a program receiving Federal financial assistance, are made at a higher rate than charges for comparable services provided a patient for whom such reimbursement is not made;

"(iv) has offered, paid, solicited, or received any kickback or bribe in the form of money or any other thing of value in connection with the provision of clinical laboratory services; or

"(v) has engaged in any false, fictitious, or fraudulent billing practice for the purposes of obtaining payment under any program the funds for which are provided in whole or in part by the United States,

the Secretary may revoke such license for the remainder of its term or may make the laboratory or any person determined by the Secretary to have made the misrepresentation described in clause (i) or to have engaged in any activity described in clause (ii), (iii), (iv), or (v) ineligible to apply for a license under this subsection for such period (not to exceed two years) as the Secretary may prescribe, or take both such actions. A billing practice which results in different charges for the same laboratory services solely because of differences in administrative costs related to receiving reimbursement for the provision of such services shall not be considered a billing practice described in clause (iii).

"(C) Any person who is convicted under paragraph (1) or (2) of subsection (j) of this section or under section 1877(b) or 1909(b) of the Social Security Act after the date of enactment of the Clinical Laboratory Improvement Act of 1977 for a violation occurring after such date shall not be eligible to apply for a license under this subsection for a clinical laboratory during the ten-year period beginning on the date such person's conviction became final. Where such person has (directly or indirectly) an ownership interest or lease or rental interest of 5 per centum or more in such laboratory, or who is the owner (directly or indirectly) of an interest of 5 per centum or more in any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such laboratory or any of the property or assets thereof, the license of the laboratory involved in such violation shall be revoked.

"(f) JUDICIAL REVIEW.—(1) Any person aggrieved by any final action taken under subsection (e)(2) of this section may at any time within sixty days after the date of such action file a petition with the United States court of appeals for the circuit wherein such person resides or has his principal place of business for judicial review of such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose. The Secretary thereupon shall file in the court the record on which the action of the Secretary is based, as provided in section 2112 of title 28, United States Code.

"(2) If the petitioner applies to the court for leave to adduce additional evidence and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Secretary, and to be adduced upon a hearing in such manner and upon such terms and conditions as the court may deem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendations, if any, for the modification or setting aside of his original action, with the return of such additional evidence.

"(3) Upon the filing of the petition referred to in paragraph (1) of this subsection, the court shall have jurisdiction to affirm the action, or to set it aside in whole or in part, temporarily or permanently. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

"(4) The judgment of the court affirming or setting aside, in whole or in part, any such action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification, as provided in section 1254 of title 28, United States Code.

"(g) AGREEMENTS.—(1) The Secretary or any State which has primary enforcement responsibility for the regulation of clinical laboratories may enter into agreements with qualified public or nonprofit private entities which, as determined by the Secretary or such State, or the case may be, have adopted and implemented laboratory standards at least as stringent as those in effect under subsection (b) (or in the case of agreements to be entered into by such a State, at least as stringent as those in effect in such State under subsection (d)) under which agreements such entities would—

"(A) make such inspections as the Secretary or such State may require to determine if clinical laboratories are in compliance with applicable standards,

"(B) administer (i) such proficiency tests as the Secretary or such State may require for clinical laboratories, or (ii) such examinations of laboratory personnel as the Secretary or such State may require, or

"(C) do any combination of the activities described in subparagraphs (A) and (B).

"(2) If the Secretary has entered into an agreement under the first sentence of sec-

tion 1864(a) of the Social Security Act for the enforcement of the requirements of section 1861 of such Act with respect to clinical laboratories by a State which does not have primary enforcement responsibility for the regulation of clinical laboratories, the Secretary may enter into an agreement under this subsection with such a State for the enforcement within such State of the requirements of national standards in effect under subsection (b) with respect to clinical laboratories not subject to the requirements of such section 1861.

"(h) FEDERAL CLINICAL LABORATORIES.—(1) Federal clinical laboratories under the jurisdiction of the Secretary shall be subject to national standards in effect under subsection (b) and any other Federal clinical laboratory in a State shall be subject to such standards unless (A) the laboratory is under the jurisdiction of any of the Armed Forces of the United States or the Administrator of Veterans' Affairs, or (B) the agency which has jurisdiction over such laboratory has in effect standards for such laboratory which are no less stringent than the national standards in effect under subsection (b).

"(2) The Secretary shall bring the national standards in effect under subsection (b) to the attention of the Secretary of each military department and the Administrator of Veterans' Affairs so that such standards may be considered and applied as appropriate by such Secretaries and Administrator to clinical laboratories under their jurisdiction.

"(i) INJUNCTION.—Whenever the Secretary has reason to believe that continuation of any activity by a clinical laboratory required to be licensed under this section by the Secretary would constitute a substantial risk to the public health, he or she may bring suit in the United States district court for the district in which such laboratory is situated to enjoin continuation of such activity, and, upon proper showing, a temporary injunction or restraining order against continuation of such activity pending issuance of a final order by the court shall be granted without bond.

"(j) PROHIBITED ACTS.—(1) Any person who knowingly and willfully solicits, or knowingly and willfully accepts, directly or indirectly, any specimen for a laboratory test or other laboratory procedure by a clinical laboratory which is required to have in effect a license issued by the Secretary under subsection (e) and which does not have such a license in effect or which is not authorized by its license to perform such test of procedure, shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(2) Any person who knowingly and willfully engages in any false, fictitious, or fraudulent billing practice for the purpose of obtaining payment for laboratory services provided under title XVIII of the Social Security Act, a program established pursuant to title V of such Act, or a State plan for medical assistance approved under title XIX of such Act shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

"(3) No clinical laboratory which is required to have in effect a license issued by the Secretary under subsection (e) or a license issued by a State with primary enforcement responsibility for the regulation of clinical laboratories and which does not have such a license in effect may—

"(A) receive a grant, contract, or other form of financial assistance under this Act, or

"(B) charge or collect for laboratory services for any entity which receives a grant, contract, or other form of financial assistance under this Act.

The charges of such a laboratory may not be included in determining Federal payments under title XVIII or XIX of the Social Security Act.

"(k) EMPLOYEE PROTECTION.—(1) No employer may discharge any employee or otherwise discriminate against any employee with respect to the employee's compensation or the terms, conditions, or privileges of his employment solely because the employee (or any person acting pursuant to a request of the employee) has

"(A) commenced or caused to be commenced, or is about to commence or cause to be commenced a proceeding under this section or a proceeding by a State in carrying out its primary enforcement responsibility;

"(B) testified or is about to testify in any such proceeding; or

"(C) assisted or participated or is about to assist or participate in any manner in such a proceeding or in any other action to carry out the purposes of this section.

"(2)(A) Any employee who believes that he or she has been discharged or otherwise discriminated against by any person in violation of paragraph (1) may, within sixty days after such alleged violation occurs, file (or have any person file on the employee's behalf) a complaint with the Secretary of Labor (hereinafter in this subsection referred to as the 'Secretary') alleging such discharge or discrimination. Such sixty-day period shall be tolled during the pendency of any grievance procedures or other efforts at conference, conciliation, or mediation. Upon receipt of such a complaint, the Secretary shall notify the person named in the complaint of the filing of the complaint.

"(B)(i) Upon receipt of a complaint filed under subparagraph (A), the Secretary shall conduct an investigation of the violation alleged in the complaint. Within thirty days of the receipt of such complaint, the Secretary shall complete such investigation and shall notify in writing the complainant (and any person acting on behalf with the authority of the complainant) and the person alleged to have committed such violation of the results of the investigation conducted pursuant to this subparagraph. Within ninety days of the receipt of such complaint the Secretary shall, unless the proceeding on the complaint is terminated by the Secretary on the basis of a settlement entered into by the Secretary and the person alleged to have committed such violation, issue an order either providing the relief prescribed by clause (ii) or denying the complaint. An order of the Secretary shall be made on the record after notice and opportunity for agency hearing. The Solicitor of Labor shall, with the consent of the employee, represent such employee at any such hearing. The Secretary may not enter into a settlement terminating a proceeding on a complaint without the participation and consent of the complainant.

"(ii) If in a response to a complaint filed under subparagraph (A) the Secretary determines that a violation of paragraph (1) has occurred, the Secretary shall order (I) the person who committed such violation to take affirmative action to abate the violation, (II) such person to reinstate the complainant to the complainant's former position together with the compensation (including back pay), terms, conditions, and privileges of the complainant's employment, (III) the award of compensatory damages, and (IV) where appropriate, the award of exemplary damages. If such an order is issued, the Secretary, at the request of the complainant, shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expenses (including attorney's fees) reasonably incurred, as determined by the Secretary, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

"(3)(A) Any employee or employer adversely affected or aggrieved by an order issued under paragraph (2) may obtain review of the order in the United States court of appeals for the circuit in which the violation, with respect to which the order was issued, allegedly occurred. The petition for review must be filed within sixty days from the issuance of the Secretary's order. Review shall conform to chapter 7 of title 5 of the United States Code.

"(B) An order of the Secretary, with respect to which review could have been obtained under subparagraph (A), shall not be subject to judicial review in any criminal or other civil proceeding.

"(4)(A) Whenever a person has failed to comply with an order issued under paragraph (2)(B), the Secretary shall file a civil action in the United States district court for the district in which the violation was found to occur to enforce such order. In actions brought under this paragraph, the district courts of the United States shall have jurisdiction to grant all appropriate relief, including injunctive relief and compensatory and exemplary damages. Civil actions brought under this paragraph shall be heard and decided expeditiously.

"(B) Any nondiscretionary duty imposed by this subsection is enforceable in mandamus proceeding brought under section 1361 of title 28, United States Code.

"(5) Paragraph (1) shall not apply with respect to any employee who, acting without direction from the employee's employer (or any agent of the employer), deliberately causes a violation of any requirement of this section or of a clinical laboratory regulatory requirement of a State with primary enforcement responsibility.

"(l) INSPECTION AUTHORITY.—(1) For purposes of enforcement of this section, officers, employees, or agents designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, are authorized to enter and inspect, at reasonable times and in a reasonable manner, any clinical laboratory in a State which is subject to national standards in effect under subsection (b). A separate notice shall be given for each such inspection, but a separate notice shall not be required for each entry made during the period covered by the inspection. Such an inspection may extend only to relevant equipment, materials, containers, records, files, papers (including financial data, sales data, and pricing data), processes, controls, facilities, and all other things in the clinical laboratory bearing on whether it is being operated in compliance with the national standards promulgated under this section.

"(2) Upon completion of any such inspection and prior to leaving the premises, the officer, employee, or agent making the inspection shall give to the owner, operator, or agent in charge a preliminary report which summarizes any conditions or practices observed by him which, in his judgment, indicate a violation of national standards in effect under subsection (b). He shall also prepare a written final report of his findings and send it to such owner, operator, or agent within thirty days of the completion of the inspection.

"(3) No officer, employee, or agent designated by the Secretary to enter a laboratory and conduct an inspection pursuant to this subsection shall be required to obtain a search warrant from any judicial officer prior to entering any laboratory and conducting any inspection which is authorized by this subsection.

"(m) GRANTS AND TECHNICAL ASSISTANCE.—(1)(A) The Secretary is authorized to make grants to any State to assist it in meeting the costs of meeting the requirements of clauses (ii) through (vi) of subsection (d)(1)(A) if the State meets the requirements of clause (i) of such subsection and provides assurances satisfactory to the Secretary that within one year from the date the State receives such grant or grants it will have primary enforcement responsibility for the regulation

of clinical laboratories as determined under subsection (d).

"(B) In addition to the payments made to States under title XVIII of the Social Security Act for the enforcement of standards applicable to clinical laboratories under such title, the Secretary may also make grants to States with primary enforcement responsibility to assist them in meeting the cost of administering and enforcing their programs for the regulation of clinical laboratories.

"(2) The amount of any grant made under this subsection shall be determined by the Secretary.

"(3) No grant may be made under this subsection unless an application therefore has been submitted to and approved by the Secretary. Such application shall be submitted in such form and contain such information as the Secretary may reasonably require.

"(4) For the purpose of making payments under grants under this subsection there are authorized to be appropriated not to exceed $15,000,000 for the fiscal year ending September 30, 1979, and for each of the succeeding fiscal years.

"(5) The Secretary may provide technical assistance to States to assist them in meeting the requirements of subsection (d).

"(n) ADVISORY COUNCIL.—There is established in the Department of Health, Education, and Welfare an advisory council on clinical laboratories which shall advise, consult with, and make recommendations to, the Secretary with respect to—

"(1) national standards promulgated under this section,

"(2) the implementation and administration of this section, and

"(3) coordination between the Federal and State clinical laboratory regulatory programs for the purpose of avoiding duplicate enforcement, and

"(4) any proposed change in the national standards submitted in accordance with subsection (d)(4).

The advisory council shall be composed of individuals who, as a result of their training, experience, or attainments, are well qualified to assist in carrying out the functions of the advisory council. The membership shall include representatives of nationally recognized laboratory accrediting bodies; directors of State laboratory licensing programs; owners, operators, or directors of laboratories; members of professional and other associations concerned with laboratories and laboratory personnel; representatives of laboratories which are engaged in research; representatives of hospitals; and members of the public; and, as ex officio members the designated representatives of the Secretary of Health, Education, and Welfare, the Secretary of Defense, and the Administrator of Veterans Affairs. The Secretary shall make appointments to the advisory council in such a manner that the membership is fairly representative of the interests described in the preceding sentence. Members of the advisory council to be appointed from the public shall be individuals who are not employed by, or do not receive (either directly, or through a spouse) any income from, clinical laboratories or any entity which is a supplier of clinical laboratories. Section 222 (b) shall apply with respect to members of the advisory council.

"(o) ADMINISTRATION OF SECTION.—The Secretary shall establish, within the Department of Health, Education, and Welfare, an Office of Clinical Laboratories the purpose of which shall be—

"(1) to establish a uniform regulatory policy for the administration of the functions authorized under this section and the laboratory certification and regulatory functions, presently administered under this Act, the Federal Food, Drug, and Cosmetic Act, and titles XVIII and XIX of the Social Security Act,

"(2) to provide guidance with respect to the laboratory component of other health programs administered and enforced by the Secretary, and

"(3) to improve laboratory methodology and utilization promotion and funding of grant and contract projects and studies, both solicited and unsolicited.

"(p) LABORATORY METHODOLOGY AND UTILIZATION.—(1) The Secretary, acting through the Office of Clinical Laboratories, is authorized to make grants to and enter into contracts with public and nonprofit private entities for projects and studies respecting clinical laboratory methodology and utilization. No grant may be made or contract entered into under this subsection unless an application therefore has been submitted to and approved by the Secretary. Such application shall be submitted in such form and contain such information as the Secretary may reasonably require.

"(2) For the purpose of making payments under grants and contracts under this subsection there are authorized to be appropriated not to exceed $1,000,000 for the fiscal year ending September 30, 1979, and for each of the succeeding fiscal years.

(q) ANNUAL REPORT.—Not later than January 1, 1979, and January 1 of each succeeding year the Secretary shall make a report to the Congress (1) respecting the accuracy and reliability of tests and procedures performed by clinical laboratories during the preceding fiscal year, and (2) evaluating the effect of the costs and pricing of clinical laboratory tests and procedures on the overall cost of health care services and the relation of the costs of such tests and procedures to the costs of the health care services for which the tests and procedures are conducted.

"(r) CITIZEN'S CIVIL ACTIONS.—(1) Except as provided in paragraph (2) of this subsection, any person may commence a civil action for mandatory or prohibitive injunctive relief, including interim equitable relief, on his own behalf, whenever such action constitutes a case or controversy—

"(A) against any person (including the Secretary) who is alleged to be in violation of any regulation promulgated under this section; or

"(B) against the Secretary where there is alleged a failure of the Secretary to perform any act or duty under this section which is not discretionary with the Secretary.

The district courts of the United States shall have jurisdiction over actions brought under this section, without regard to the amount in controversy, or of the citizenship of the parties.

"(2) No civil action may be commenced—

"(A) under paragraph (1)(A) of this subsection—

"(i) prior to sixty days after the plaintiff has given notice of the alleged violation to the Secretary and to any alleged violator in such manner as the Secretary may by regulation require; or

"(ii) if the Attorney General or the Secretary has commenced and is diligently pursuing judicial proceedings or administrative action with respect to such alleged violation,

"(B) under paragraph (1)(B) of this subsection, prior to sixty days after the plaintiff has given notice to the Secretary of such alleged failure to perform an act or duty.

"(3) In any action under this subsection, the Attorney General may intervene as a matter of right. The decision and rulings of the court, in any judicial proceeding commenced under this subsection, shall not be a bar to the institution of any judicial proceeding or administrative action by the Secretary against a party to such judicial proceeding, nor shall any factual finding by such court be determinative as to any fact in any subsequent judicial proceeding or administrative action, unless the Secretary is a party to the proceeding under this subsection.

"(4) The court, in issuing any final order in any action brought pursuant to paragraph (1) of this subsection, may award costs of litigation (including a reasonable attorney's fee, based on the prevailing rates for such services, and expert witness fees) to any party, whenever the court determines that such an award is appropriate.

"(5) Nothing in this subsection shall restrict any right which any person (or class of persons) may have under any statute or at common law to seek enforcement of any regulation or order or to seek any other relief.

"(6) Nothing in this subsection shall require the disclosure of any trade secret information or any other confidential information except as provided by the Federal Rules of Civil Procedure.".

AMENDMENTS TO SOCIAL SECURITY ACT

SEC. 4. (a) Part A of title XI of the Social Security Act is amended by adding after section 1131 the following new section:

"PROCEDURES FOR DETERMINING REASONABLE COST AND REASONABLE CHARGE

"SEC. 1132. In determining the amount of any payment for a clinical laboratory service (other than such a service which is provided by a clinical laboratory which is located in a hospital and which provides services primarily in connection with the furnishing by the hospital of other inpatient or outpatient services) furnished under title XVIII, under a program established pursuant to title V, or under a State plan for medical assistance approved under title XIX, no reimbursement will be available for any element of the cost or charge for such service to the extent that such element is—

"(1) a commission (other than a commission paid to an employee of a clinical laboratory in the course of its usual and customary business) or finder's fee, or

"(2) an amount payable for any facility (or part or activity thereof) under any rental or lease arrangement, where such amount (A) is unrelated or disproportionate to the market value of the facility (or part thereof), or (B) is, directly or indirectly, determined, wholly or in part, as a per centum, fraction, or portion of the charge or cost attributed to the laboratory service unless such charge or cost is found not to be excessive for such rental or lease arrangement.".

(b)(1) Section 1902(a)(23) of the Social Security Act is amended by inserting "(A)" before "has entered into" and by inserting before the semicolon at the end the following: ", or (B) has made arrangements through a competitive bidding process or otherwise on an experimental basis limited to the first year following the enactment of this section for the purchase of laboratory services referred to in section 1905(a)(3), if the Secretary has found that (i) adequate services will be available under such arrangements, (ii) such laboratory services will be provided only through laboratories which during the three-year period beginning on the date of enactment of the Clinical Laboratory Improvement Act of 1977 meet the requirements of section 1861(e)(9) or paragraphs (10) and (11) of section 1861(s) and after the expiration of such period are licensed in accordance with section 353 of the Public Health Service Act, and (iii) charges for services provided under such arrangements are made at the lowest rate charged (determined without regard to administrative costs which are related solely to the method of reimbursement for such services) for comparable services by the provider of such services, or, if charged for on a unit price basis, such charges result in aggregate expenditures not in excess of expenditures that would be made if charges were at the lowest rate charged for comparable services by the pro-

vider of such services. At the end of the first fiscal year following enactment of this clause, each State that has entered into such experimental arrangements must report to the Secretary concerning the results of these experimental arrangements.".

(2) Section 1902(a)(28) of such Act is amended by inserting before the semicolon the following: ", and provide that any laboratory services paid for under such plan must be provided by a laboratory which during the three-year period beginning on the date of enactment of the Clinical Laboratory Improvement Act of 1977 meets the requirements of section 1861(e)(9) or paragraphs (10) and (11) of section 1861(s) and after the expiration of such period is licensed in accordance with section 353 of the Public Health Service Act".

(3) Section 1902(a)(30) of such Act is amended by inserting before the semicolon the following: "and, in the case of laboratory services referred to in section 1905(a)(3), such payments do not exceed the lowest amount charged (determined without regard to administrative costs which are related solely to the method of reimbursement for such services) for comparable services by the provider of such services to any person or entity for such services by that provider of laboratory services, and in the case of laboratory services billed for by a physician or laboratory but performed by another person or entity which is not in the employ of the physician or laboratory, do not exceed the lowest amount charged to any person or entity for the service plus, at the option of the State and if it is determined to be reasonable under regulations prescribed by the Secretary, a nominal charge for any necessary professional service performed by the physician".

(c)(1)(A) The second sentence of section 1861(s) of the Social Security Act is amended to read as follows: "No diagnostic test performed in any laboratory shall be included in paragraph (3) unless such laboratory meets applicable Federal or State licensing requirements under section 353 of the Public Health Service Act.".

(B)(i) Paragraphs (12) and (13) of section 1861(s) of such Act are redesignated as paragraphs (10) and (11), respectively.

(ii) The first sentence of section 1864(a) of such Act is amended by striking out "the requirements of paragraphs (10) and (11) of section 1861(s)" and inserting in lieu thereof "the requirements of section 1861 (e)(9) and the second sentence of section 1861(s)".

(2)(A) Section 1861(e) of such Act is amended—

(i) by striking out "and" after the semicolon at the end of paragraph (8);

(ii) by redesignating paragraph (9) as paragraph (10); and

(iii) by inserting after paragraph (8) the following new paragraph:

"(9) meets applicable Federal or State licensing requirements under section 353 of the Public Health Service Act with respect to any laboratory (as defined in subsection (a)(1) of such section 353) which is a part of the institution; and".

(B) Section 1861(j)(15) of such Act is amended by inserting after "physical facilities thereof" the following: "(including applicable Federal or State licensing requirements under section 353 of the Public Health Service Act with respect to any laboratory which is a part of the institution)".

(C)(i) Subparagraphs (C) and (D) of section 1814(a)(2) of such Act are each amended by striking out "and (9)" and inserting in lieu thereof "and (10)".

(ii) Section 1861(f)(2) of such Act is amended by striking out "(3) through (9)" and inserting in lieu thereof "(3) through (10)".

(iii) Section 1861(g)(2) of such Act is amended by striking out "(3) through (9)" and inserting in lieu thereof "(3) through (10)".

(iv) Section 1865(a)(4) of such Act (prior to its redesignation by subsection (e)(1)(B) of this section) is amended by striking out "pursuant to paragraph (9)" and inserting in lieu thereof "pursuant to paragraph (10)".

(3) The first sentence of section 1864(a) of such Act is amended by inserting before the period at the end thereof the following: "; except that the Secretary may not make an agreement with a State under this sentence for the purpose of determining whether a laboratory meets the requirements of the second sentence of section 1861(s) or the requirements of section 1861(e)(9) (or include provision for such purpose in any such agreement) unless either such State has primary enforcement responsibility for the regulation of clinical laboratories, as determined under section 353 of the Public Health Service Act, or the State provides assurances satisfactory to the Secretary that it will implement procedures for the enforcement of such requirements".

(4)(A) The amendments made by paragraphs (1) and (2) of this subsection shall become effective on the date on which the national standards for clinical laboratories take effect under section 353(b) of the Public Health Service Act (as amended by section 3 of this Act); except that such amendments shall not apply to laboratories specified in section 353(c)(2)(B) of the Public Health Service Act during the two-year period beginning on such date.

(B) The amendment made by paragraph (3) of this subsection shall become effective four years after the date of the enactment of this Act.

(d)(1) The first sentence of section 1865(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (3);

(B) by redesignating paragraph (4) as paragraph (5); and

(C) by inserting the following immediately after paragraph (3):

"(4) paragraph (9) thereof, and".

(2) The second sentence of such section is amended—

(A) by inserting immediately before "or imposes" the following: ", or imposes standards with respect to laboratories which the Secretary (and the applicable State agency designated in accordance with section 353(d)(1)(A)(vi) of the Public Health Service Act, in the case of any laboratory in a State which has primary enforcement responsibility under section 353(d) of such Act) determines are at least equivalent to the national standards for clinical laboratories in effect under section 353(b) of such Act,";

(B) inserting ", section 1861(e)(9)," immediately after "section 1861(e)(6)"; and

(C) by striking out "paragraph (4)" each time it appears and inserting in lieu thereof "paragraph (5)".

(3) The third sentence of such section is amended by inserting immediately after "the Secretary" the following: "(and the applicable State agency designated in accordance with section 353(d)(1)(A)(vi) of the Public Health Service Act, to the extent that licensing requirements for laboratories under section 353 of such Act, as specified in section 1861(e)(9) or 1861(j)(15) of this Act, are involved, if the institution or agency is located in a State which has primary enforcement responsibility under section 353(d) of such Act)".

(e) Section 1123(a) of the Social Security Act is amended by adding at the end thereof the following: "Notwithstanding the first sentence of this subsection, such program designed to determine the qualifications of laboratory technicians, technologists, and cytotechnologists shall be conducted until December 31, 1979.

PENALTIES FOR DEFRAUDING MEDICARE AND MEDICAID PROGRAMS

SEC. 5. (a) Section 1877 of the Social Security Act is amended—

(1) in subsection (a) thereof, by striking out "shall be guilty" and all that follows and inserting in lieu thereof the following: "shall (i) in the case of such a statement, representation, concealment, failure, or conversion by any person in connection with the furnishing (by that person) of items or services for which payment is or may be made under this title, be guilty of a felony and upon conviction thereof fined not more than $25,000 or imprisoned for not more than five years or both, or (ii) in the case of such a statement, representation, concealment, failure, or conversion by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than $10,000 or imprisoned for not more than one year or both.";

(2) in subsection (b) thereof—

(A) by inserting "or arranges for the furnishing of" immediately after "Whoever furnishes";

(B) by inserting "(in cash or in kind)" immediately after "kickback or bribe";

(C) by inserting "or arrangement for the furnishing" immediately after "in connection with the furnishing";

(D) by striking out "rebate of any fee or charge" and inserting in lieu thereof "rebate of any fee, charge, or portion of any payment, in cash or in kind,";

(E) by inserting "or arrangement for the furnishing" immediately after "another person for the furnishing";

(F) by striking out "misdemeanor" and inserting in lieu thereof "felony";

(G) by striking out "$10,000" and inserting in lieu thereof "$25,000"; and

(H) by striking out "one year" and inserting in lieu thereof "five years"; and

(3) in subsection (c) thereof—

(A) by striking out "misdemeanor" and inserting in lieu thereof "felony";

(B) by striking out "$2,000" and inserting in lieu thereof "$25,000"; and

(C) by striking out "6 months" and inserting in lieu thereof "five years".

(b) Section 1909 of such Act is amended—

(1) in subsection (a) thereof, by striking out "shall be guilty" and all that follows and inserting in lieu thereof the following: "shall (i) in the case of such a statement, representation, concealment, failure, or conversion by any person in connection with the furnishing (by that person) of items or services for which payment is or may be made under this title, be guilty of a felony and upon conviction thereof fined not more than $25,000 or imprisoned for not more than five years or both, or (ii) in the case of such a statement, representation, concealment, failure, or conversion by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than $10,000 or imprisoned for not more than one year or both.";

(2) in subsection (b) thereof—

(A) by inserting "or arranges for the furnishing of" immediately after "Whoever furnishes";

(B) by inserting "(in cash or in kind)" immediately after "kickback or bribe";

(C) by inserting "or arrangement for the furnishing" immediately after "in connection with the furnishing";

(D) by striking out "rebate of any fee or charge" and inserting in lieu thereof "rebate of any fee, charge, or portion of any payment, in cash or in kind,";

(E) by inserting "or arrangement for the furnishing" immediately after "another person for the furnishing";

(F) by striking out "misdemeanor" and inserting in lieu thereof "felony";

(G) by striking out "$10,000" and inserting in lieu thereof "$25,000"; and

(H) by striking out "one year" and inserting in lieu thereof "five years"; and

(3) in subsection (c) thereof—

(A) by striking out "misdemeanor" and inserting in lieu thereof "felony",

(B) by striking out "$2,000" and inserting in lieu thereof "$25,000", and

(C) by striking out "6 months" and inserting in lieu thereof "five years".

(c) The amendments made by this section shall apply only to offenses committed after the date of the enactment of this Act.

STUDY RESPECTING REQUIREMENTS FOR LABORATORIES AND LABORATORY PERSONNEL

SEC. 6. The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), in cooperation with appropriate public and private entities, shall conduct a study of (1) existing voluntary certification standards and State licensure laws for clinical laboratory supervisors, technologists, and technicians; (2) qualifications of entities that certify such personnel as qualified to perform laboratory procedures in clinical laboratories licensed under section 353 of the Public Health Service Act, (3) existing and proposed public and private mechanisms to determine the continued competence of such personnel, (4) existing laboratory proficiency testing methods used to evaluate the performance of clinical laboratories, and (5) the relationship of requirements for such personnel and of clinical laboratory proficiency testing requirements with clinical laboratory performance.

(b) The study required by subsection (a) shall include—

(1) an assessment of the need for certification of such personnel pursuant to national standards and for assurance of their continued competence;

(2) development of national standards which the Secretary determines should be used as guidelines for entities which certify such laboratory personnel with consideration of the need for increased geographic and career mobility of such personnel;

(3) a determination of the numbers of technical laboratory personnel who would meet standards developed by the Secretary under paragraph (2) and a projection of the Secretary under paragraph (2) and a projection of the numbers of such personnel in the calendar years 1980, 1985, and 1990;

(4) an analysis and evaluation of the effect on the costs of laboratory tests and procedures and quality of such tests and procedures of a requirement that a laboratory may not be licensed under section 353 of the Public Health Service Act unless its personnel meet standards developed by the Secretary under paragraph (2);

(5) an analysis and evaluation of the problems encountered by rural clinical laboratories in recruiting qualified personnel; and

(6) an analysis and evaluation of the performance of the laboratories described in (c)(D)(v) and the advisability of continuing in effect the exemption procedure authorized therein.

(c) Within two years of the date of the enactment of this Act the Secretary shall submit to the Congress the results of the study conducted pursuant to subsection (a) and recommendations for legislation which the Secretary considers necessary.

REPORT ON EXEMPTIONS

SEC. 7. The Secretary of Health, Education, and Welfare shall report to the Congress a summary of the information received by the Secretary under applications submitted under section 353(c)(2)(D)(ii) of the Public Health Service Act (as amended by this Act) during the three-year period beginning on the date national standards take effect under section 353(b) of such Act (as amended by this Act) and, on the basis of such information, make recommendations (1) as to whether clinical laboratories granted exemptions under clause (ii) of section 353(c)(2)(D) of such Act (as amended by this Act) should be required, as a condition to their exemption, to have laboratory procedure manuals, participate in laboratory proficiency testing programs, and maintain quality control programs prescribed under such standards, and (2) as to whether such section 353(c)(2)(D) should otherwise be revised. Such report shall be submitted within three months of the expiration of such period.

STUDY OF FINANCIAL ARRANGEMENTS MADE BY HOSPITALS FOR CLINICAL LABORATORY SERVICES

SEC. 8. (a) The Secretary shall conduct a study of the financial arrangements entered into by hospitals, reimbursed for the provisions of health services under title XVII of the Social Security Act or a State plan for medical assistance under title XIX of such Act, for the provision of clinical laboratory services by persons who provide such services in such hospitals to determine if such arrangements are in the public interest. Such study shall include an examination of—

(1) arrangements between hospitals and providers of clinical laboratory services under which the fee for the provision of such services is based on a percentage of the gross revenues received by the providers for such services,

(2) leasing arrangements for facilities and equipment entered into by hospitals and providers of such services, and

(3) arrangements by hospitals for salaries and other forms of compensation for the providers of such services.

(b) Within six months of the date of enactment of this Act such study shall be completed and a report made to the Congress setting forth the findings of the study and recommendations of the Secretary for such corrective legislation as the Secretary determines to be necessary.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the amendments are considered and agreed to en bloc.

Mr. JAVITS. Mr. President, the Clinical Laboratory Improvement Act of 1977—S. 705—is legislation designed to improve the performance standards of all clinical laboratories in order to assure that the highest quality of health care is rendered in these facilities. S. 705 amends the Clinical Laboratory Improvement Act of 1967—P.L. 90-174—which authorized the Secretary of Health, Education, and Welfare to regulate clinical laboratories which operate in interstate commerce—by expanding the existing licensing provisions to encompass all such laboratories within the Federal jurisdiction. This new authority would include some 14,000 independent and hospital based clinical laboratories, and the approximately 50,000 to 80,000 medical laboratories located in physicians' offices for which there are special certification procedures only.

The need for this legislation stems from the recognition that while the Clinical Laboratory Improvement Act of 1967 raised the standards of laboratory performance in the large interstate laboratories, many of the problems and deficiencies which provided the impetus for the first law continued to trouble the remaining unregulated laboratories. Such deficiencies include poor quality medical laboratory testing practices which, too often, have resulted in severe consequences to patients, ranging from permanent disability to death; and widespread fraud and abuse practices shown by successive investigations, particularly in relation to reimbursement through medicare and medicaid. This bill seeks to remedy that situation.

Congress considered similar amendments to CLIA of 1967 at the end of the 94th session; that bill was passed by an overwhelming margin—64 to 11—by the Senate. Unfortunately, due to a heavy legislative calendar at the end of the session, the measure failed to be acted on by the House of Representatives. The bill before us today is, with a few modifications made in response to testimony at hearings held this year essentially the same as that which passed the Senate last year.

SECTION-BY-SECTION ANALYSIS

As approved by the Committee, S. 705 would—

First. Extend and expand the existing program of licensing to all laboratories—except those under the jurisdiction of the Department of Defense or the Veterans' Administration—soliciting and accepting specimens for laboratory analysis;

Second. Authorize the Secretary of Health, Education, and Welfare—hereinafter referred to as Secretary—to license those laboratories meeting quality assurance standards;

Third. Authorize the Secretary to promulgate standards and regulations to assure the quality, accuracy, and reliability of laboratory testing;

Fourth. Authorize the Secretary to delegate his licensing authority to States with primary enforcement responsibility to implement laboratory quality assurance programs at least equal to the Federal program;

Fifth. Authorize the Secretary—and any State with primary enforcement responsibility—to take necessary actions against laboratories not meeting the quality assurance standards;

Sixth. Authorize the Secretary to establish an Office of Clinical Laboratories, the purpose of which would be to establish a uniform regulatory program for all laboratories subject to Federal jurisdiction;

Seventh. Authorize the Secretary to establish an advisory council to advise, consult with, and make recommendations to the Office of Clinical Laboratories concerning the development of quality assurance standards and the implementation of such standards;

Eighth. Authorize the Secretary to exempt from licensing physicians' office laboratories (1) where the physician files an attested application with the Secretary, including but not limited to a description of the qualifications of nonphysician laboratory personnel, the quality and type of tests conducted, and the score of proficiency examinations taken by such personnel; or (2) where such laboratory participates in an approved proficiency testing program;

Ninth. Authorize the Secretary to waive the personnel standards as to laboratories located in and serving rural areas;

Tenth. Authorize the Secretary and any State with primary enforcement responsibility to utilize the services of private, nonprofit entities—including professional organizations—for the provision of inspection and proficiency testing services;

Eleventh. Authorize $15,000,000 annually to permit the Secretary to provide technical and financial assistance to States to enable them to become States with primary enforcement responsibility;

Twelfth. Authorize the Secretary to inspect laboratories without a warrant solely for the purpose of determining compliance with the promulgated national standards;

Thirteenth. Authorize the Secretary to seek revocation of a laboratory's license where it is found that the laboratory has engaged in kickbacks, bribes, or false, fictitious, or fraudulent billing practices;

Fourteenth. Prohibit discrimination by any licensed laboratory against any employee who has become involved in any activity concerning allegations that the laboratory is in violation of this section;

Fifteenth. Authorize the Secretary to exempt laboratories which are primarily engaged in biomedical or behavioral research;

Sixteenth. Authorize the Secretary to exempt laboratories where the sole purpose of the tests or procedures performed is to determine insurability for the business of insurance;

Seventeenth. Authorize $1 million annually to permit the Secretary to make grants and contracts for projects and studies respecting clinical laboratory methodology and utilization;

Eighteenth. Authorize increased penalties for failure to comply with the national standards and for any fraudulent activities undertaken in connection with obtaining reimbursement under titles XVIII and XIX of the Social Security Act;

Nineteenth. Authorize 1-year experimental demonstration of competitive bidding for laboratory services in State medicaid programs under title XIX of the Social Security Act; and

Twentieth. Authorize citizen suits for alleged violation of compliance with the law.

Mr. President, the legislation before you now is urgently needed to correct severe deficiencies which pervade one element of our medical care delivery system. This measure is the means needed to alter practices which too often tragically damage or destroy human lives. Furthermore, it will provide the necessary authority for overcoming costly and widespread fraud and abuse. I strongly urge my colleagues to favorably act on this bill.

The ACTING PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The ACTING PRESIDENT pro tempore. The question is, Shall the bill pass?

The bill (S. 705) was passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER OF MEASURE TO UNANIMOUS CONSENT CALENDAR

Mr. ROBERT C. BYRD. Mr. President, Calendar Order No. 340, Senate Resolution 232, a resolution to pay a gratuity to Donald S. Towles, is cleared for action on both sides of the aisle. I ask that the clerk transfer that measure to the Unanimous Consent Calendar.

The ACTING PRESIDENT pro tempore. The measure will be so transferred.

Mr. ROBERT C. BYRD. Mr. President, I yield briefly to the Senator from Iowa.

JUVENILE JUSTICE AMENDMENTS—CONFERENCE REPORT

Mr. CULVER. Mr. President, I submit a report of the committee of conference on H.R. 6111 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the Houses on the amendment of the Senate to the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 27, 1977.)

Mr. CULVER. Mr. President, H.R. 6111, as reported by the conference committee, would reauthorize the Juvenile Justice and Delinquency Prevention Act of 1974 for an additional 3 years and make certain amendments to improve the implementation of the 1974 act.

The Senate Subcommittee to Investigate Juvenile Delinquency, of which I have recently assumed the chairmanship, was responsible, under its distinguished former chairman, Senator BIRCH BAYH, for the initial formulation of the 1974 act. This act was a landmark piece of legislation which made Federal assistance available to the States for the improvement of their juvenile justice systems. It also coordinates the various Federal programs dealing with juvenile justice and provides direct assistance from the Federal Government for a number of innovative State, local and private programs. Finally title III, known as the Runaway Youth Act, makes Federal assistance available to local groups and organizations for the provision of services to runaway youths and their families.

On June 21, 1977, the Senate unanimously passed its amendment to H.R. 6111. On June 28, 1977, the Senate agreed to the request of the House for a conference and appointed myself and Senators BAYH, DECONCINI, MATHIAS, and WALLOP as Senate conferees. It was our pleasure to serve with Representatives PERKINS, ANDREWS, HAWKINS, FORD, CORRADA, QUIE, and GOODLING on the conference committee.

Today I am gratified to report the results of that conference. The conferees have reached agreement on a bill which furthers the Senate's objective of placing the highest priority on Federal efforts to improve juvenile justice and combat juvenile delinquency.

I would like briefly to highlight the provisions of the conference bill with respect to the framework for the administration of the 1974 act; the formula grant program and the special emphasis prevention and treatment program for which the 1974 act provides; and the funding levels for the 1974 act during fiscal years 1978–1980.

One of the chief concerns of the Senate has been the creation and maintenance of a workable framework for the administration of the 1974 act. Hearings conducted by the Juvenile Delinquency Subcommittee have revealed serious deficiencies in this administrative framework that have impaired the effective implementation of the act.

The responsibility and authority for the administration of the 1974 act is lodged in the Office of Juvenile Justice and Delinquency Prevention in the Law Enforcement Assistance Administration. The conference report incorporates provisions of the Senate bill reaffirming that the 1974 act is to be administered through the Office of Juvenile Justice. The conference report also incorporates provisions of the Senate bill which provide for the delegation to the head of the office, to be known as the Associate Administrator, the authority necessary to carry out implementation of the Act in accordance with congressional mandate.

Another essential component of the framework for the administration of the 1974 act is the Federal Coordinating Council on Juvenile Justice and Delinquency Prevention and the National Advisory Committee for Juvenile Justice and Delinquency Prevention. The former is charged with assuring coordination of Federal activities with respect to juvenile justice and delinquency prevention. The latter is charged with furnishing advice to the Office of Juvenile Justice and Delinquency Prevention on juvenile justice-related matters. The conference report adopts provisions of the Senate bill which will significantly strengthen and improve the operations of these two groups.

Another major area of concern to the Senate has been to achieve more efficient and productive expenditure of funds available for the formula grant program. The conference report includes a number of changes in the formula grant program designed to serve this purpose.

Among the most important provisions of the conference report are a series of provisions drafted to encourage broader participation by the private sector in the formula grant program. More specifically, the conference report authorizes State planning agencies in certain circumstances to make formula grant funds available directly to private agencies as well as to units of local government. Underlying such provisions is the recognition of the vital role that private agencies, especially nonprofit agencies, play in the prevention and control of juvenile delinquency.

It should also be noted that the conference report adopts the provisions of

the Senate bill which will increase the role of State advisory groups, including participation by those groups in the development and review of the State juvenile justice plan and the right to review and comment on juvenile justice and delinquency prevention grant applications submitted to the State agency subject to certain time limitations. The thrust of these and related provisions is to encourage citizen participation in the activities of State planning agencies undertaken pursuant to the 1974 act.

The current act allows a State to use up to 15 percent of its formula grant allotment to cover the costs of planning and administration. Beginning in fiscal year 1979, the conference substitute will limit the expenditures of Federal formula grant money for such purposes to 7.5 percent and require that State or local governments match such expenditures on a dollar for dollar basis. It is the hope of the conferees that this change will result in more funds for action programs while still providing needed financing for planning and administration.

The Senate amendment would have provided for at least 90 percent Federal financing for the cost of formula grant programs with a discretionary match of up to 10 percent.

The bill passed by the House provided for 100 percent Federal financing of such programs. The conference substitute adopts the House provision with the exception of requiring a 50-percent match for planning and administration funds. In order to allow States enough time to adjust to this modification in the program, the provision will not be effective until the beginning of fiscal year 1979.

The conference report not only amends the portions of the 1974 act dealing with the formula grant program but also the sections dealing with the special emphasis prevention and treatment program. The conference report provides that 25 percent of funds available under part B of the 1974 act can be utilized only for the special emphasis programs. In addition the conference substitute adopts the provision of the Senate bill increasing the minimum private agency share of special emphasis funding from 20 to 30 percent.

Still another area of major concern to the Senate has been the securing of adequate funding for the 1974 act. Inadequate funding has substantially and consistently impeded full and effective implementation. The Senate bill called for a 3-year funding authorization for the act with authorized appropriation levels of $150 million, $175 million, and $200 million for fiscal years 1978, 1979, and 1980 respectively. The House bill, however, called for authorized appropriation levels of $125 million for fiscal year 1978 and such sums as necessary for fiscal years 1979 and 1980 respectively. The conference report adopts the Senate funding levels which will serve to underscore Congress strong commitment to Federal juvenile justice and delinquency prevention programs.

Mr. President, the importance of the legislation we are considering cannot be overemphasized. At the present time, 43 percent of the serious crime in this country is committed by youth 18 and under. Contributing to this alarming spiral are a variety of underlying causes—broken homes, more than 700,000 runaway children each year, child abuse and neglect estimated at a million cases each year, juvenile alcoholism and drug abuse, the pernicious exploitation of children for pornographic purposes. The urgency of the need for preventive as well as corrective action is a national priority of the first order. The enactment of the Juvenile Justice Amendments of 1977 as set forth in the conference report will constitute a major and responsible step by Congress both to protect society from rising crime and to conserve our most valuable resource, our children and youth.

Mr. BAYH. Mr. President, today we consider H.R. 6111, the House-Senate conference substitute to S. 1021, as amended, entitled, "The Juvenile Justice Amendments of 1977." This measure is designed to strengthen, implement, and stabilize the 1974 congressional-citizen initiative which established juvenile crime prevention as the Federal priority.

The 1974 Juvenile Justice and Delinquency Prevention Act was the product of a 4-year effort, which I was privileged to lead, to improve the quality of juvenile justice in the United States and to overhaul the Federal response to juvenile delinquency. The bipartisan nature of its support is reflected by its 1974 cosponsorship in this body—Mr. Hruska, Mr. MATHIAS, Mr. Cook, Mr. MCCLELLAN, Mr. Fong, Mr. HART, Mr. Hugh Scott, Mr. KENNEDY, Mr. THURMOND, Mr. BURDICK, Mr. Gurney, Mr. ABOUREZK, Mr. Bible, Mr. BROCK, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. CRANSTON, Mr. GRAVEL, Mr. HUMPHREY, Mr. McGee, Mr. Montoya, Mr. Moss, Mr. Pastore, Mr. RANDOLPH, Mr. RIBICOFF, Mr. MONDALE, Mr. CANNON, and Mr. EASTLAND.

The Congress approved it by overwhelmingly bipartisan majorities in both the Senate; 88 to 1 and the House of Representatives, 329 to 20.

The act was designed to prevent appropriate young people from entering our failing juvenile justice system. It is designed to assist communities in developing more sensible and economic approaches for youngsters already in the juvenile justice system. Its cornerstone is the acknowledgment of the vital role private nonprofit organizations must play in the fight against crime. Involvement of the millions of citizens represented by such groups will help assure that we avoid the wasteful duplication inherent in past Federal crime policy. Under its provisions the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice, must assist those public and private agencies who use prevention methods in dealing with juvenile offenders to help assure that those youth who should be incarcerated are jailed and that the thousands of youth who have committed no criminal act—status offenders, such as runaways—are not jailed, but dealt with in a healthy and more appropriate manner.

Likewise, I am proud that this bipartisan congressional initiative was strongly endorsed in my party's national platform in the following unequivocable manner:

A Democratic Congress in 1974 passed the Juvenile Justice and Delinquency Prevention Act to come to grips with the fact that Juvenile Justice and Delinquency Prevention serious crimes in the United States, and to remedy the fact that federal programs thus far have not met the crisis of juvenile delinquency. We pledge funding and implementation of this Act, which has been ignored by the Republican Administration.

The measure I introduced in March, which we have under consideration today is designed to carry on our congressional commitment and to fulfill my party's commitment to the program by providing the continuity and strengthened features so vital to the full implementation of the Juvenile Justice and Delinquency Prevention Act of 1974.

Never have we had a more opportune setting to fulfill these commitments.

I was especially heartened and gratified by President Carter's February 22, 1977, message to the Congress on the revisions to the fiscal year 1978 budget. The President noted that there were important goals that the revision did not reflect and then, relative to the changes made to date, Jimmy Carter said:

The 1978 budget is essentially still President Ford's budget, with only such limited revisions as my administration has had time to make. But these revisions do reflect our careful choices among many possible options: they are important first steps toward a Federal Government that is more effective and responsive to our people's needs.

Among those "careful choices" and "important first steps—more responsive to our people's needs" is the first clear Presidential endorsement of the Juvenile Justice and Delinquency Prevention Act of 1974.

Mr. President, the Carter administration has requested "additional funds for juvenile justice and delinquency prevention programs that have a high potential for reducing crime and delinquency" specifically the requested amount for fiscal year 1978 restores the 1977 level of $75 million.

Although I am very pleased by this particular change in White House policy I was not surprised. When candidate Jimmy Carter was asked last October by the American Bar Association whether he favored an increased share of LEAA and other Federal funds for juvenile justice and delinquency prevention he responded in the affirmative and added:

Both the commentators and the statistical evidence now point to the fact that court reform, corrections, and juvenile justice are the critical elements in improving crime control.

For one who has struggled to establish such Federal priorities these words and the budget revisions reflecting a commitment to them are indeed sweet music.

Similarly, Attorney General Griffin Bell made a strong commitment to such priorities and to the full implementation of the Juvenile Justice and Delinquency Preventtion Act during the Senate Judiciary Committee's confirmation hearings. In response to my inquiries as to whether, if confirmed as Attorney General, he would provide juvenile justice and juvenile crime prevention the priority it deserves and that the 1974 law and the

1976 amendment require, Judge Griffin Bell said that he would and then continued by noting:

If we are going to do anything about crime in America, we have to start with the juvenile.

He also added the following observation:

I have never known that our country on a national level had a criminal justice policy. I plan to establish one. If you do have a criminal justice policy, the most important part of it would be juvenile justice—how to prevent juvenile crime—I have a deep interest in that.

The measure, which passed the House on May 19, 1977, by a vote of 389 to 5 and which passed the Senate unanimously on June 21, 1977, will extend and strengthen the Office of Juvenile Justice. It will strengthen and revitalize the program designed to accomplish the very priority on juvenile justice and juvenile crime prevention underscored by President Jimmy Carter and Attorney General Griffin Bell.

H.R. 6111, as amended, extends the Office of Juvenile Justice and reaffirms the role of its chief executive; authorizes appropriations of $150, $175, and $200 million, respectively, for fiscal years 1978, 1979, and 1980; provides flexibility relative to the act's requirement that noncriminal offenders be deinstitutionalized; emphasizes the need to respond sensibly to the serious problems of school violence and vandalism; repeals unnecessary reporting requirements and combines others; expands the cornerstone of the 1974 act; namely, the integral role of nonprofit agencies and essential citizen involvement and participation; clarifies the authority of the Office to provide careful, nonemotional assessments of issues found to be of national significance and lacking in comprehensive understanding, such as the role of family violence, sexual exploitation and sexual discrimination in delinquency and juvenile justice areas, and it extends the Runaway Youth Act for an additional 3 years.

The House version of the Runaway Youth Act provided the President with permissive authority to provide Congress, after January 1, 1978, with a reorganization plan to transfer the runaway youth program from the Department of Health, Education, and Welfare to the ACTION Agency. The Senate amendment contained no comparable provision. The House-Senate substitute adopts the House provision with the modification that any such reorganization plan not be submitted until after April 30, 1978, and that the Office of Juvenile Justice and Delinquency Prevention within the Department of Justice be added as an eligible recipient of any such transfer as might be advised in the reorganization plan should one be submitted. Mr. President, I favor the Office of Juvenile Justice and Delinquency Prevention, if such a transfer should take place, but acknowledge that the compromise is a good one.

Mr. President, the Senate amendment to H.R. 6111, reaffirmed that the provisions of the act are to be administered through the Office of Juvenile Justice and Delinquency Prevention. The House bill had no similar provision. The conference substitute adopts the Senate provision in order to reemphasize the intent of Congress that LEAA juvenile programs be administered through the Office.

The Senate amendment contained a provision not in the House bill that affirms the authority of the Associate Administrator of the Office to administer LEAA juvenile justice funds. The conference substitute adopts the Senate provision. The conferees intend that the Department of Justice fully implement section 527 of the 1974 act so as to assure that all Crime Control Act juvenile programs are actually administered by the Associate Administrator or at least subject to the Associate Administrator's policy direction and concurrence. In this regard, it is expected, as required by the 1976 maintenance of effort amendment and by comparable language in the 1974 act, that each Crime Control Act program component or activity, including management, all direct assistance and all collateral assistance allocate at least 19.15 percent of its resources for juvenile justice and delinquency prevention programs.

An essential aspect of the Juvenile Justice and Delinquency Prevention Act of 1974 was the "maintenance of effort" provision. It required LEAA to continue funding juvenile programs with Crime Control Act funds at least at the fiscal year 1972 level. It was included to assure LEAA did not use the new program dollars to supplant ongoing activities, thus guaranteeing that juvenile crime prevention was the priority of the new office.

It was this provision when coupled with the new prevention thrust of the substantive program authorized by the 1974 act, which represented a commitment by the Congress to make the prevention of juvenile crime a national priority—not one of several competing programs administered by LEAA, but the national crime-fighting priority.

The Judiciary Committee had worked for some time to persuade LEAA to increase its funding of juvenile programs, particularly in light of the fact that youths under the age of 20 were responsible for half the crime in the country. In fiscal year 1972, LEAA spent only 20 percent of its funds for programs directly related to juvenile delinquency. In 1973, the Senate approved an amendment to the LEAA extension bill requiring the Agency to allocate 30 percent of its dollars to juvenile crime prevention. The amendment was dropped, however, in the House-Senate conference on the legislation.

The 1972 level was chosen for the maintenance of effort base because LEAA officials told the committee in 1972 that nearly $140 million had been awarded by the Agency in that year for juvenile programs. It was intended that this level of funding be maintained, together with funds under the Juvenile Justice and Delinquency Prevention Act, so that juvenile programs would be given national priority.

The committee was subsequently informed that actual expenditures by LEAA for juvenile programs in fiscal 1972 were only $112 million, $28 million less than had been contemplated. Thus, annual expenditures under the maintenance of effort provision were considerably less than expected.

When Congress provided, over strong administration opposition, 50 percent of the funding authorized for the new prevention program under the 1974 act, the administration renewed its efforts to prevent its full implementation. In fact, the Ford Crime Control Act of 1976, S. 2212, would have repealed the vital maintenance of effort provision of the 1974 act. The committee's disappointment at the decreased funding of juvenile programs was heightened by this development.

It is interesting to note that the primary reason stated for the Ford administration's opposition to funding of the 1974 act prevention program was the availability of the very "maintenance of effort" provision which the administration sought to repeal in their original version of S. 2212.

The same forked-tongue approach was articulated by Deputy Attorney General Harold Tyler before the Senate Appropriations Subcommittee. He again cited the availability of the maintenance-of-effort requirement in urging the Appropriations Committee to reduce by 75 percent, to $10 million, current funding for the new prevention program or in other words, kill it.

The Subcommittee To Investigate Juvenile Delinquency held hearings on the repeal proposal on May 20, 1976. Witnesses testified that the repeal of the provision would have a drastic negative impact on juvenile justice programs.

The administration was unable to persuade the committee to fully repeal this key section of the 1974 act, but they were able to persuade a close majority to accept a substitute percentage formula for the present law, the effect of which would substantially reduce the total Federal effort for juvenile crime prevention. But, what the former administration sought and what its supporters diligently pursued was the full emasculation of the program. This intent was clearly evidenced in the original version of S. 2212 and even more importantly in their proposal to extend the 1974 act, for 1 year, which was submitted to Congress on May 15, after the compromise version was reported from the committee. This new proposal again incorporated sections repealing the key maintenance-of-effort provision.

The repealer was widely debated. The following partial exchange between Senator KENNEDY and Representative CLAUDE PEPPER who testified before the Criminal Law and Procedures Subcommittee in favor of the retention of the maintenance-of-effort provision was typical of its supporters:

Senator KENNEDY. I want to thank you for your comments, Congressman Pepper. I must say that I am in strong agreement with the positions you have expressed here, strong agreement. Even if we follow the recommendations that you have mentioned here we would still be spending woefully little in the area of juvenile crime.

Representative PEPPER. Sure.

Senator KENNEDY. If we follow your recommendation, which is only the bare minimum that should be spent, it is still an

extremely small amount, and I could not agree with you more that we must focus on the young people who are dropouts. * * *

Representative PEPPER. Well, I thank you very much, Senator. It is obvious that it is desirable for the Federal Government to encourage the States. Maybe some States do not see this problem with the clarity with which we see it, at the national level, and by encouraging them, we may increase their own effort. They are more likely to buy a new automobile or a radio for their police than they are to initiate these programs.

Senator, I could not agree more strongly with what you have said.

The LEAA reauthorization bill was considered by the Senate on July 22, 23, and 26, 1976. On July 23, an amendment I offered was approved by a record vote of 61 to 27 rejecting the administration proposal and a compromise proposal designed to repeal or dilute the key maintenance-of-effort sections of the 1974 act. Instead the Congress voted overwhelmingly to reaffirm the bipartisan congressional commitment to retaining juvenile crime prevention as the Federal crime priority.

I explained during the debate in part as follows:

Mr. BAYH. Let me explore that because I do not wish to damage other programs or categories and my amendment does not, but the fact of the matter is that the only LEAA programs that have had the percentage limitation or the dollar figure limitation have been the grant programs going back to local communities. As to administrative costs, research, technical assistance, court programs, training and other components, there is no priority for juvenile crime. Only the 1972 figure of $112 million was limited for local juvenile crime programs. Other programs are not going to suffer if a minimum of each within its own area must go for juvenile crime efforts. The Senator from Indiana is saying that there ought to be a minimum requirement for all programs. I think it is important for us to take a good, hard look—a realistic look—at what happened yesterday. Forty-five Members of this body voted to decrease the tenure of this bill. Only three votes kept the length of this bill from being decreased from 5 to 3 years. We are having significant criticism directed at LEAA, and I think the reason we have had criticism directed at LEAA is it has not been doing the job, especially with regard to juvenile crime. Many good judges and law enforcement officials are not getting adequate support and resources to deal with juvenile crime or to focus early enough in the life span of a would-be criminal. Too often assistance has only been available when we deal with repeat offenders instead of when we have a chance for change. We must make LEAA more responsive to juvenile crime.

Illustrative of the broad bipartisan support for this approach was the July 21, 1976, letter to each Senator:

DEAR SENATOR: The American Legion urges your support of Senator Bayh's amendment to S. 2212, The Crime Control Act of 1976, which is scheduled for floor action Friday, July 23.

The Bayh amendment would require that the Law Enforcement Assistance Administration each year shall maintain from appropriations a minimum level of financial assistance for juvenile delinquency programs that such bore to the total appropriation for the programs funding pursuant to part C and E of this title, or 19.15 percent of the total LEAA appropriation.

It is believed this formula approach affecting every area of LEAA activities provides a more equitable means of allocating crime control funds more nearly in proportion to the seriousness of the juvenile crime problem.

It is interesting to note that while youths within the age group 10 to 17 account for only 16 percent of our population they represent 45 percent of persons arrested for serious crime. More than 60 percent of those arrested for criminal activities are 22 years of age or younger.

The American Legion believes that the prevention of juvenile crime must clearly be established as a national priority, rather than one of several competing programs under LEAA jurisdiction. Your support of the Bayh amendment would help assure this.

Sincerely,

MYLIO S. KRAJA,
Director, National Legislative Commission.

Not only was the concerted effort to modify the maintenance level rejected, but in fact, even with a declining LEAA budget, namely, from $895 million in fiscal year 1975 to $753 million in fiscal year 1977, the Congress increased the level for juvenile crime by $17 million—2 percent of the total fiscal year 1977 budget for LEAA over the original level of $111 million.

Coincidentally, the current level of maintenance of effort for juvenile justice is nearly identical with that set by the 1973 Bayh-Mathias-Cook amendment to the LEAA extension bill, supported by the Senate, without objection, which would have required that 30 percent of LEAA part C and E funds be allocated for improvement of the juvenile justice system.

This provision was retained by the committee of conference and was signed into law on October 15, 1977.

Thus, the bipartisan commitment to retaining juvenile crime prevention as the major Federal priority was reaffirmed.

The Judiciary Committee noted with special interest that Attorney General Griffin Bell reiterated strong support for this congressional initiative in his transmittal of the "Juvenile Justice and Delinquency Prevention Amendments of 1977" when he stressed that:

The maintenance of effort provision, applicable to juvenile delinquency programs funded under the Omnibus Crime Control and Safe Streets Act, would be retained. The retention of this provision underscores the Administration's commitment to juvenile justice and delinquency prevention programing at the Federal level.

This was indeed a welcome change in policy.

Mr. President, the House bill incorporated certain administrative provisions of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, into the act as administrative provisions. The Senate bill incorporated the same provisions and, in addition, a provision that would restrict the transfer of the functions, powers, and duties specified in the act to be carried out by the administration. The conference substitute adopts the House provision. It is the strong intention of the conferees that the Office of Juvenile Justice and Delinquency Prevention be retained within the Department of Justice. The conferees note, however, dependent on the outcome of the Law Enforcement Assistance Administration reorganization, that the Office of Juvenile Justice and Delinquency Prevention may be established as a separate entity reporting to the Attorney General. In this regard the conferees strongly reaffirm the original integrated approach contemplated for the Office of Juvenile Justice and Delinquency Prevention and each of its component parts, especially as regards its institute, which has helped to assure that the Office has avoided most of the disappointing experiences of the Crime Control Act program. Similarly, with the advent of the abolition of the LEAA regional offices, it is contemplated that the Office retain at least its current 51 positions which were predicated on the fiscal year 1975 funding of $25 million and that the juvenile justice formula grant program along with necessary staff, including regional juvenile justice specialists, and resources, now be transferred to the Office.

The Judiciary Committee has carefully reviewed the role of the Office of Juvenile Justice and Delinquency Prevention and its executive head, the Associate Administrator. The Congress fully intended in 1974 that the administration administer the Juvenile Justice and Delinquency Prevention Act program through the new Office and that the Associate Administrator be delegated full authority to carry out the act's mandates.

The oversight hearings, held by the Subcommittee To Investigate Juvenile Delinquency on the implementation of the 1974 act in 1975 and 1976 established that the Administrator failed to delegate sufficient authority for the Associate Administrator to fully implement the program. This situation was aggravated by the Ford administration's refusal to support the program through adequate appropriations, staffing, and other evidence of commitment to the program's objectives. While the Office did a relatively effective job of getting the new program off the ground under difficult circumstances, it is the Judiciary Committee's view that the mandated support of the Office's administration of the program by the administration, as well as the Department of Justice, would greatly enhance the future ability of the Office to implement the program as intended by Congress.

The conference committee does not believe it is appropriate to legislate in excessive detail the management relationships and the authority and responsibility of the Juvenile Justice Office which must implement the program. Therefore, the substitute amendment proposed by the conference committee has been carefully drawn to clarify management responsibilities and yet retain flexibility to manage programs in the most efficient manner.

As reported by the conference committee, H.R. 6111 would clarify the role of the Office and the relationship between the Associate Administrator and the Administrator. The bill clarifies and reaffirms that the provisions of the act are to be administered through the Office.

The committee believes that section 527 of the Omnibus Crime Control and

Safe Streets Act,[1] combined with an amendment to section 201, provides a viable framework within which all Administration juvenile justice and delinquency prevention funds can be properly administered. Section 527 requires that:

All programs concerned with juvenile delinquency and administered by the administration shall be administered or subject to the policy direction of the office established by section 201(a) of the Juvenile Justice and Delinquency Prevention Act of 1974.

Section 201(a) reaffirms that the provisions of the act are to be administered through the Office. The committee fully expects that the new Administration, consistent with Attorney General Griffin Bell's confirmation testimony, will promulgate policies to fully implement these important provisions of the law.

Consistent with the Ford administration opposition to its passage and funding of the program the LEAA Administrator did not delegate the authority necessary for the Associate Administrator to fully implement the program. Additionally, this situation was exacerbated by the designation of the Office head as Assistant Administrator. Other Assistant Administrators within LEAA have less authority and are subjected to more levels of review than the Congress had contemplated for the head of the Office responsible for all the delinquency programs. It was for this reason that the rank of Assistant Administrator was combined with the status of a Presidential appointment and senatorial approval in order to underscore the importance of the Office and to provide the appropriate status and identity required for the national focus on delinquency prevention and the authority and necessary clout to carry out the act's mandates, unfettered by intermediate review or ratification. The bill ameliorates these problems, most of which would not have developed had the administration supported the full implementation contemplated by Congress and now supported by the Carter administration.

As reported by the committee, H.R. 6111, elevates the head of the Office of Juvenile Justice and Delinquency Prevention from the general schedule to the executive schedule level V. This gives recognition to the importance of the position and its status as Presidentially appointed, by and with the advice and consent of the Senate. The committee notes, however, that the level of compensation is not altered by the change. The title of the position is changed from Assistant Administrator to "Associate Administrator" to emphasize the rank of the Office head within the administration structure and the important programmatic responsibility of the Office head. The titles of the two Deputy Assistant Administrators of the Office are changed to "Deputy Associate Administrator." While the committee did not provide a third deputy, as originally proposed by S. 1021, the committee did not intend thereby to diminish the importance of the concentration of the Federal effort function. However, given the number of current permanent employees in the office, the committee found that a third deputy position could not be justified at this time. In this regard, the committee notes that the Office is severely understaffed and expects that additional personnel will be allocated to assure that the program can be effectively and fully implemented.

The authority of the Associate Administrator is clarified by the addition in section 201(d) of a provision specifying that part B and part C programs are to be administered by the Associate Administrator subject to delegation and direction by the Administrator. Authority that may be delegated includes the authority to award and administer grant funds. Further, authority to administer part A programs and funds made available for juvenile justice and delinquency prevention programs under the Omnibus Crime Control and Safe Streets Act of 1968 may be delegated by the Administrator to the Associate Administrator. The Associate Administrator is given a statutory role in concentration of Federal efforts activities under section 204 and an advisory role in joint funding proposals under section 205. Amendments to sections 208 (b) and (e) provide that the national advisory committee directly advise the Associate Administrator, rather than the Administrator, on Office functions. Amendments to sections 223(a) (14), (20), and (21) vest a direct role in the Associate Administrator for State plan requirements related to monitoring, analysis and evaluation of programs and activities, and formulation of additional terms and conditions of the State plan. Finally, amendments to sections 243(4), 246, 249, 250, and 251 provide a more direct role for the Associate Administrator in Juvenile Justice Institute evaluation, reporting, and training activities.

Furthermore, regarding important aspects of the 1974 act the Office and its Assistant Administrator, who is one of four LEAA officials appointed by the President with the advice and consent of this body, were relegated only marginal or indirect responsibilities. These areas include the responsibility relative to the membership of State planning agencies boards and the regional units; the expenditures under the maintenance of effort provisions; the compliance with section 223(a) (12), (13), and (14); the allocation of funds redirected to special emphasis; and the eligibility for continuous funding under section 228 (a). The committee contemplates a direct role for the Office in these matters and encourages a closer liaison with regional management and staff so as to avoid any conflict with the important mandate of section 527. Additionally, it is expected that the Office will exercise a predominant role in exercising its 527 responsibilities on the Grant Contract Review Board.

It is the concern of the Judiciary Committee, the Senate, and the conference committee that the Office remain unfettered by intermediate review or ratification of the variety so graphically documented in the two-volume Judiciary Committee publication "Ford Administration Stifles Juvenile Justice Program."

Much work still remains so as to assure that past LEAA policies and practices, especially those specifically inconsistent with the intent of Congress no longer prevail.

The existence of a Grants and Contracts Review Board may pose such an obstacle to congressional intent—especially if it inhibits the predominant role with regard to all LEAA programs clearly contemplated by the authority provided the Associate Administrator under section 527 of the Crime Control Act.

Zero based budgeting, which if properly implemented probably makes sense, but I am concerned that LEAA's fiscal year 1979 ZBB plan literally dissects the Office of Juvenile Justice functions in a fashion quite inconsistent with our intent to coordinate Federal delinquency programs under one clearly identified roof.

Similarly, we should be concerned that management tools such as the MBO program, or schemes such as the LEAA action program development process not be implemented in a manner that fragments the Office or stifles existing program development. Additionally, to the extent that such ostensibly helpful devices intrude upon the contemplated priority setting established for the Associate Administrator under section 527 of the Crime Control Act and sections regarding the maintenance of effort and other mandates of the 1974 act, they violate congressional intent.

Another possible obstacle to the implementation of congressional intent is presented by the recently announced abolition of the LEAA regional offices. To date these offices handled the bulk of the work required by the juvenile justice formula grant program. These activities were coordinated by the Juvenile Justice Office through a single juvenile justice specialist in each of the 10 regions. The bulk of the work—correspondence, intermediate review of the 1974 Act portion of the plan as well as the Crime Control Act juvenile programs—which are clearly subject to the policy direction, but more preferably the administration of the Associate Administrator—as well as a myriad of other tasks were handled by region staff, especially the so-called State representatives. Had LEAA not operated with a regional configuration the intent of Congress was that the Juvenile Justice formula program be administered, naturally by the Office of Juvenile Justice. The new amendments make this intention crystal clear. The States are required to report to the Associate Administrator for the Office regarding compliance with the key deinstitutionalization requirement (223(a)(14)) the Associate Administrator is responsible for the review of the adequacy of the State plan (223(a)(20)); the Associate Administrator of the Office establishes other terms and conditions to assure the effectiveness of the formula program (223(a)(21)); and State eligibility for participation in the formula grant program requires the concurrence of the Associate Administrator (223(c)). Other relevant provisions bear on the appropriate place-

[1] See sec. 545 of the Juvenile Justice and Delinquency Prevention Act of 1974.

ment of the formula grant program, but the clear and unequivocal intention of the committee, this body, the program's sponsors, and its author, this Senator, is that the Office administer the formula grant. It hardly should need reiteration, it was for such purposes that the Congress established the Office.

CITIZEN PARTICIPATION

State planning agencies, have not been adequately responsive to the need for meeting the crisis of juvenile delinquency and the needs of youth to obtain needed services to prevent delinquent conduct. State advisory groups, representative of a broad cross-section of citizens and juvenile justice expertise, were established by the 1974 act to advise the State planning agency and review the State's juvenile justice plan prior to supervisory board approval and submission. The committee finds that these groups have made a substantial contribution to the State planning agency in many States. In others, however, they have been given limited duties and staff support, and have been largely stifled. It is apparent that additional statutory duties and resources must be built into the act so that these citizens groups can make the contributions envisioned by the 1974 act.

The bill broadens advisory group participation to specifically include the private business sector, youth workers involved with alternative youth programs, and persons with special experience regarding the problem of school violence and vandalism and the problem of learning disabilities, and provides that at least three of the next appointed youth members on the group must have been or must now be under the jurisdiction of the juvenile justice system.

The role of the advisory group is expanded to include a role in State plan development, a role in advising the Governor and legislature on juvenile justice matters upon request, and an opportunity to review and comment on all juvenile-related grant applications submitted to the State planning agency. While final authority to approve or disapprove grant applications must remain in the State planning agency, it is expected that advisory group grant review will be of substantial benefit to the State planning agency supervisory board. Permissive authority is granted to the Governor and the legislature, to involve the State advisory group in monitoring State compliance with the mandate of the act. It is intended that the advisory group will review the progress and accomplishments of juvenile-related projects funded under the State plan.

Finally, in order to assist State advisory groups in carrying out their duties, the committee bill provides 5 percent of the State's minimum formula grant allocation, will be used to assist the State advisory group to carry out its mandated and assigned functions.

SPECIAL EMPHASIS PREVENTION AND TREATMENT PROGRAM

The committee bill expands upon the areas of special emphasis program authority enumerated in section 224 of the act. The bill encourages the development of programs designed to provide more effective responses to minor delinquent conduct outside the formal juvenile justice system. Office of Juvenile Justice funded school violence and vandalism programs are strengthened and required to be closely coordinated with the Office of Education. New authority is provided to fund youth advocacy programs, the development of model youth employment programs, and programs to improve the juvenile justice system to conform to standards of due process.

The committee adopted Senator WALLOP's suggestion to include programs designed to encourage and enable State legislatures to consider and further the purposes of the act. It is intended that the office expand its efforts in this area and build on those supported by the subcommittee, such as the contract to Legis 50—the Center for Legislative Improvement, which has provided such assistance in States including Alabama, Florida, Michigan, and New Mexico. Additionally, section 224(c) 20 percent earmarking of these funds to private nonprofits is increased to 30 percent. Again, these new authorities reflect the bill's emphasis on proactive programing. The committee strongly emphasizes and reaffirms the intended role of State planning or local agencies regarding special emphasis assistance. Namely, that under 225(b)(5) and (8) they have solely an advisory role and under no circumstances do the views of such agencies have a determinative effect. These sections were intended merely to inform those agencies of special emphasis grants and contracts.

DEINSTITUTIONALIZATION, SEPARATION, AND MONITORING

The Juvenile Justice and Delinquency Prevention Act of 1974 called for all States participating in the formula grant program to deinstitutionalize status offenders within 2 years. The committee has very carefully considered the testimony before the subcommittee on the reauthorization of the act. The clear indication is that some additional flexibility must be provided to the States in their efforts to meet the deinstitutionalization requirement. Otherwise, many currently participating States—States that have acted in good faith to meet the 2-year deadline—may be forced to withdraw, or have their eligibility terminated, from participation under the formula grant program. The children of those States would be the losers because many currently funded programs and projects would be discontinued and new programs and projects could not be initiated. The incentive to continue the deinstitutionalization, separation, and other act mandates and objectives would be severely affected.[2]

Further, Congress did not expect the low level of funding provided under the act for fiscal years 1975, 1976, and 1977. The Congress authorized appropriations of $75 million, $125 million, and $150 million for each of the 3 fiscal years. Faced with strong opposition from the Ford administration, the Congress was still able to pass appropriations of $25 million, $40 million, and $75 million for the 3 fiscal years, representing 40 percent of the authorized level.

It should be emphasized that substantial progress has been made toward the goal of deinstitutionalization since the enactment of the Juvenile Justice Act. Additional States such as California and Virginia have passed legislation requiring the deinstitutionalization of status offenders. Utah has deinstitutionalized and removed status offenders from jurisdiction of the court. Similar bills are pending in a number of State legislatures and 46 out of 56 jurisdictions eligible to participate in the juvenile justice program have made a commitment to compliance with the deinstitutionalization and separation requirements.

The continued participation of these 46 jurisdictions and the participation of the 10 jurisdictions not currently participating is one of the committees' objectives. Reaching this objective would allow the act's resources to be available to all the noncriminal incarcerated children of the United States and the act's deinstitutionalization mandate to be realized in every jurisdiction where they are held in public and private detention and correction facilities.

Therefore, the committee has amended section 223(a)(12) to provide 1 additional year, or 3 years in total, for States participating in the formula grant program to achieve compliance with the deinstitutionalization requirement. In addition, the committee has included an amendment to section 223(c) to specifically provide that any State's failure to achieve compliance with the deinstitutionalization requirement within the new 3-year time limitation shall terminate the State's eligibility for formula grant funding unless it is determined that the State is in substantial compliance with the requirement and has made an unequivocal commitment to full compliance within a reasonable time. The committee bill defines substantial compliance as 75 percent deinstitutionalization and a reasonable time as no more than 2 additional years.

The new substantial compliance standard is consistent with current Office of Juvenile Justice policy and reflects the standard agreed upon with the Subcommittee To Investigate Juvenile Delinquency following passage of the 1974 act. This provision, coupled with the extension of the section 223(a)(12) requirement from 2 to 3 years, and the addition of up to 2 additional years for full compliance, meets the need for flexibility while retaining the strong congressional commitment to the deinstitutionalization effort. The committee rejected a suggestion which was offered in the House Education and Labor Committee and later withdrawn and modified, that would have required the placement of all nonoffenders in facilities and thus eliminated a child's return home and other appropriate sensible alternatives.

As noted previously, the committee has also included several amendments in the bill designed to clarify the sec-

[2] It is worth noting the Crime Control Act funds, especially those earmarked by sec. 261, are available to help meet the objective of deinstitutionalization.

tion 223(a) (12) and (13) deinstitutionalization and separation requirements. The committee has noted that testimony before the Subcommittee To Investigate Juvenile Delinquency on April 27, 1977, indicated that the States' initial submission of monitoring reports to the Office of Juvenile Justice on December 31, 1976, revealed some problems in clarity of data, specifically with regard to the progress achieved, the facilities monitored, and confusion regarding the definition of juvenile detention and correctional facilities.

In response to these concerns, the committee has included in the bill a requirement that all facilities for juveniles be monitored in order to determine whether they are juvenile detention or correctional facilities or other types of facilities where status offenders may be placed. The committee encourages the Office to provide technical assistance to those States that have had difficulty in generating adequate compliance and progress data. Further, the committee has reviewed the Office's proposed definition of juvenile detention and correctional facilities, submitted to the subcommittee, and finds that the definitions fairly reflect congressional expectations of the criteria to be applied in distinguishing juvenile detention and correctional facilities from other types of facilities where status offenders may be placed.

In implementing section 223(a) (12) and (13), the committee expects the Office to follow a "rule of reason." While section 223(a)(12) appears to be an absolute prohibition, the committee recognizes that there may be rare situations in some States where short-term secure custody of status offenders is justified. For example, detention for a brief period of time prior to formal juvenile court action, for investigation purposes, for identification purposes, to allow return of proper custody to the juvenile's parents or guardian, or detention for a brief period of time under juvenile court authority in order to arrange for appropriate shelter care placement may be necessary. This would be a limited exception which the committee expects should not exceed 24 hours. The exception recognizes a balance between competing interests as highlighted by the report of the advisory committee to the Administrator on Standards for the Administration of Juvenile Justice, submitted pursuant to the Juvenile Justice Act. In its September 30, 1976, report, the advisory committee recognizes that the juvenile intake officer needs some time to gather information necessary to make proper intake and detention decisions and also recognizes the harsh impact that detention may have on a juvenile:

> On the other hand, there is the harsh impact that even brief detention may have on a juvenile, especially when he/she is placed in a secure facility, and the corresponding need to assure as quickly as possible that such detention is necessary. (Standard 3.155)

It is expected that the maximum 24-hour period recommended by the advisory committee would be the outer limit and that where a shorter period is appropriate or established by State law, that LEAA would require that the shorter period be used. However, with the development of 24-hour intake encouraged by the committee bill it is expected that such exceptions, if any, would be rare indeed. Such flexibility is particularly appropriate for such sparsely populated States as Alaska or Wyoming where shelter facilities may not be readily available. At the request of the subcommittee, definitions relevant to these sections were submitted by the Department of Justice. The committee notes the significance of the definitions in providing the guidance necessary for the States to more appropriately respond to the 1974 act. Especially noteworthy are the definitions of "shelter facilities" and "juvenile detention or correctional facility." The committee expects that Office of Juvenile Justice and administration guidelines will address such issues.

NATIONAL INSTITUTE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

NEW PROGRAM EMPHASIS

The oversight hearings held by the Subcommittee To Investigate Juvenile Delinquency have established that the Office's Juvenile Justice Institute plays an important role in the formulation, assessment, and evaluation of special emphasis programs and projects. The research initiatives of the Institute have been geared to laying the groundwork of the future special emphasis initiatives and have brought new knowledge to important areas of the juvenile justice system.

In order to emphasize the committee's concern with the need for further possible research, H.R. 6111 provides the Institute with specific authority to undertake research that would assess the role of family violence, sexual abuse or exploitation and media violence in delinquency, interstate placement of juvenile offenders, the ameliorating role of recreation and the arts of delinquency prevention, and the extent and ramifications of disparate treatment of juveniles in the juvenile justice system on the basis of gender.

TRAINING AUTHORITY

In order to assist State advisory groups to effectively carry out their duties and assign responsibilities and to assure citizen participation, the committee has included authority in the Institute to assist, through training, State advisory groups to accomplish their objectives.

STANDARDS

The Institute, under the direction of the advisory committee, has provided staff assistance for the establishment of advisory committee standards for the administration of juvenile justice. As part of the ongoing standards process, section 247 of the committee bill authorizes the Institute to develop and support model State legislation to implement the mandates of the act and the standards developed by the advisory committee. This effort would be invaluable to the States in their standards-setting activities and provide a benchmark against which existing State juvenile codes can be compared.

INSTITUTE FUND ALLOCATION

It is expected that these additional responsibilities will require an increase in the Institute's allocation from the Juvenile Justice Act appropriation. In 1974, the conference report on S. 821 indicated that the Institute allocation should not exceed 10 percent of the annual appropriation for the act. The committee believes that an increase to 11 percent would be justified in order to permit the Institute to expand its current program to include these newly authorized areas of focus.

SCOPE OF PREVENTION PROGRAMING

The committee wishes to emphasize that a number of amendments are included in H.R. 6111 that are designed to accomplish two purposes: First, to broaden the scope of "prevention" programing to include services made available to youth who are neither delinquent nor identified as "youth in danger of becoming delinquent"; and second, to eliminate the need to label a juvenile as a potential delinquent in order to provide prevention services. It is the committee view that the labeling of juveniles as potential delinquents is counterproductive because it may lead to a negative self-image and self-fulfilling prophecies in the juvenile. Therefore, the committee has broadened the definition of "juvenile delinquency program" to include prevention programs geared to youth who would benefit from prevention programing, broadened the scope of community-based prevention programs under the formula grant programs to include such youth, and similarly broadened the scope of youth eligible for public and private agency services under the special emphasis program.

Mr. President, the hard facts indicate that juvenile crime has reached crisis proportions. To respond to this crisis with half measures would be worse than doing nothing at all, for it might well give us a false sense of accomplishment. We must face this crisis of delinquency in all its severity, and recognize that our approach must be completely restructured.

A juvenile justice system that resorts to incarceration masquerading as rehabilitation serves only to increase our already critical crime rate by providing new students for what have become institutionalized schools of crime. What is needed is an approach that concentrates on producing productive citizens.

When juvenile crime costs our society billions of dollars each year, such an approach makes good sense not only from a humanitarian point of view, but from an economic point of view as well. So long as we tolerate a system of juvenile justice that turns delinquents, status offenders, and dependent and neglected children into hardened criminals, our crime rate will continue its upward spiral.

The need for alternatives to provide an intermediate step when necessary between essentially ignoring a youth's problems of adopting a course which can only make them worse was evident.

Some youthful offenders must be removed from their communities for society's sake as well as their own. But the

incarceration of youthful offenders should be reserved for those youth, usually the few violent offenders, who cannot be handled by other alternatives.

But today, because the juvenile justice system often fails to differentiate between serious criminal and minor delinquent or noncriminal conduct, many youngsters are wrongly introduced to our penal schools of crime, while others remain free to terrorize our citizens.

Once overloaded as the result of such indiscriminate policies, the juvenile justice system, which is presently under fire for not being able to stem the tidal wave of violent crimes for which only a few predatory lawbreakers are responsible, is doomed to failure. Each year scandalous numbers of juveniles are unnecessarily incarcerated in crowded juvenile or adult institutions simply because of the lack of a workable alternative. There should be little doubt as to why young people have the highest need for such alternatives to provide an intermediate step between essentially ignoring a youth's problems or adopting a course which can only make them worse, is evident.

I am proud of the leadership provided by this program and of the strong bipartisan support of my colleagues and of their dedication to the conviction that juvenile crime prevention must be the priority of the Federal crime program. The GAO has identified the Juvenile Justice Act as the most cost-effective crime prevention program. It is supported by a myriad of groups interested in both the safety of our citizens and the quality of juvenile justice in the Nation.

Our former distinguished colleague and comanager of the 1974 act, Senator Hruska, aptly hit the nail on the head when in urging its passage he told us:

This bill represents a culmination of years of hard work and the expertise and dedication of a great many individuals. The importance of this piece of legislation cannot be overstated. While we in government are attempting to achieve a balanced budget, certain crisis problems such as juvenile delinquency demand an immediate mobilization of Federal resources. The crisis of juvenile delinquency must be met.

This measure will provide the stability so vital to the continuation of this congressional initiative. The 3-year extension, with the adequate funding provided, when coupled with the full implementation of the provisions of the 1974 act will help assure that we have begun to address crime's cornerstone in this country—juvenile crime and violence.

Mr. President, I ask unanimous consent that the Judiciary Committee report section entitled "Conclusion" be printed at this point in the RECORD.

There being no objection, the conclusion of the report was ordered to be printed in the RECORD, as follows:

VII. CONCLUSION

The committee believes that S. 1021, as amended, will strengthen and revitalize the program established by the Juvenile Justice and Delinquency Prevention Act of 1974. The committee bill reflects recommendations included in S. 1021 as originally introduced, S. 1218, the administration bill, and the comments of many interested public and private representatives.

The Federal Government has an important responsibility to provide the leadership and coordination to assist and encourage the development of sensible, humane, and more economical responses to juvenile delinquency. Many of the multitude of factors and influences have yet to be seriously addressed. There are no panaceas. A reauthorization of the 1974 Juvenile Justice and Delinquency Prevention Act will be an important step. As Attorney General Bell stressed to the committee earlier this year, the most essential and important ingredient of a national criminal justice policy is the prevention of juvenile crime. There must be a commitment by all our citizens to begin to resolve the legal and social problems and attitudes relevant to children in trouble. Alternatives to unsound policies must be developed and encouraged. Many States, localities and private interests are already beginning to redirect and increase their efforts. The 1974 act has contributed to this progress. The committee believes that S. 1021, as amended, further emphasizes the type of commitment that is requisite. Passage of the bill will refocus this clear product of bipartisan congressional and citizen initiative, and permit what President Carter characterized as the program's "high potential for reducing crime and delinquency" to be realized.

Mr. President, I am especially gratified today, as a Senate conferee, to take this opportunity to highlight the results of the House-Senate conference on H.R. 6111. We had differences of opinion, but in the spirit of compromise, and in view of the unanimous vote in this body and the 389 to 5 vote in the House, the conferees and their collective staffs labored mightily and have come up with a bill that will strengthen and revitalize the goals we established more than 6 years ago. I want to commend the efforts of our distinguished colleagues: From Iowa, Mr. CULVER, who served as chairman of of the Senate conferees; from Arizona, Mr. DECONCINI; from Maryland, Mr. MATHIAS; from Wyoming, Mr. WALLOP; our House counterparts: From Kentucky, Mr. PERKINS; from North Carolina, Mr. ANDREWS, who served as chairman of the House conferees; from California, Mr. HAWKINS; from Michigan, Mr. FORD; from Puerto Rico, Mr. CORRADA; from Minnesota, Mr. QUIE; and from Pennsylvania, Mr. GOODLING. I am especially appreciative of the dedication of Mr. RAILSBACK who introduced a companion to my bill in the House and with whom we have worked closely for nearly 10 years to help assure a respectable Federal response to juvenile crime and delinquency. The diligent work of all these members helped to further the bipartisan atmosphere in which our proceedings were conducted.

Mr. President, I especially want to commend our distinguished colleague in the House CARL PERKINS for his devotion and skill as chairman of the House Committee on Education and Labor who on May 5, 1977, by a vote of 30 to 0 reported the juvenile justice measure which represented a well-considered, bipartisan approach to dealing with the problems associated with juvenile delinquency. Congressman PERKINS and Congressman QUIE both served along with me on the original House-Senate conference in the summer of 1974 on the Juvenile Justice and Delinquency Prevention Act. We have come a long way since then, as the saying goes, but we still have much to achieve and I am grateful to have such devoted colleagues.

I would also like to express special appreciation to Mary Jolly of my staff, Mike Klipper of Senator MATHIAS' staff, Tim McPike of Senator DECONCINI's staff, Pat Hoff of Senator WALLOP's staff, the many staffers of the Juvenile Delinquency Subcommittee, especially Cliff Vaupel, who during the Judiciary Subcommittee transition period has been exceptionally helpful, and to William F. Causey, Gordon Raley, and Marty LaVor of the House Committee on Labor and Education staff, along with the House legislative counsel, John Cimko, all who labored so long and hard on this measure.

There was substantial agreement, Mr. President, with the final version of this bill. All the Senate and House conferees signed the conference report. We believe that there has been a successful effort to retain the best features of both bills. This bill represents a culmination of years of hard work and the expertise and dedication of a great many individuals. The importance of this legislation cannot be overstated. While we in government are attempting to achieve a balanced budget, certain crisis problems such as juvenile justice and delinquency prevention demand an immediate mobilization of Federal resources for our States, counties, cities and local private organizations who are best equipped to focus their energies on and to adapt these resources to their own needs. We realize that the crisis of juvenile delinquency must be met, but none of us can hope to prevail if we operate alone, but together, along with the strong support of President Carter and Attorney General Bell, we can move toward attainment of our mutual goals.

I urge my colleagues to support the action of the conference committee.

The careful consideration given by the conference committee to this measure is reflected in its joint explanatory statement of the committee of conference, which I ask unanimous consent to print in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6111) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

The House bill provided that the Act may be cited as the "Juvenile Justice and Delinquency Prevention Amendments of 1977." The Senate amendment short title was the "Juvenile Justice Amendments of 1977." The Conference substitute adopts the Senate provision.

DEFINITION

The Senate amendment amended the definition of the term "juvenile delinquency program" to include prevention programs for all youth who would benefit from programs and services designed to reduce the incidence of delinquent conduct. The Conference substitute adopts the Senate amendment.

OFFICE OF JUSTICE AND DELINQUENCY PREVENTION

The Senate amendment reaffirmed that the provisions of the Act are to be administered through the Office. The House bill had no similar provision. The Conference substitute adopts the Senate provision in order to re-emphasize the intent of Congress that LEAA juvenile programs be administered through the Office.

The Senate amendment contained a provision not in the House bill that affirms the authority of the Associate Administrator of the Office to administer LEAA juvenile justice funds subject to delegation and direction by the Administrator of LEAA. The Conference substitute adopts the Senate provision. The Conferees intend that the Department of Justice fully implement section 527 of the 1974 Act so as to assure that all Crime Control Act juvenile programs are actually administered by the Associate Administrator or at least subject to the Associate Administrator's policy direction and concurrence. In this regard, it is expected, as required by the 1976 maintenance of effort amendment and by comparable language in the 1974 Act, that each Crime Control Act program component or activity, including but not limited to all direct assistance, all collateral assistance and management and operations, allocate at least 19.15% of its resources for juvenile justice and delinquency prevention programs.

The Senate amendment changed the title of the head of the Office from Assistant Administrator to Associate Administrator and added the Associate Administrator to the Executive Schedule, level V.[1] The House bill only made the change in title. The Conference substitute adopts the Senate provision.

CONCENTRATION OF FEDERAL EFFORT

Annual Federal Report.—The Senate amendment consolidated the annual analysis and evaluation and the annual comprehensive plan into a single concise report to be submitted prior to December 31 of each year. The House bill made no change in the annual report provisions. The Conference substitute adopts the Senate provision with the modification of deleting the word "concise."

Delegation of Functions.—The House bill provided that the Administrator may delegate any of his functions under this title, except the making of regulations, to any officer or employee of the Administration. The Senate amendment includes the making of regulations as a function that may be delegated. The Conference substitute adopts the Senate provision with the intent that any delegation of the making of regulations shall only be made to an officer or employee within the Office of Juvenile Justice and Delinquency Prevention.

Federal Coordinating Council.—The Senate amendment required that the reports of the Coordinating Council be adequate but concise and authorized the Coordinating Council to review the programs and practices of Federal agencies and report on the degree to which funds are used for purposes consistent with the deinstitutionalization and separation mandates of the Act. There was no comparable provision in the House bill. The Conference substitute adopts the Senate amendment with the modification of striking the word "concise."

National Advisory Committee for Juvenile Justice and Delinquency Prevention.—Both the House bill and the Senate amendment expanded the range of persons eligible for membership on the National Advisory Committee. However, the Senate amendment also provided that persons with special experience with school violence and vandalism and learning disabilities are eligible for appointment to the Committee. The Conference substitute adopts the Senate amendment, with the modification that individuals have special experience and competence in the selected areas.

The Senate amendment contained a provision not in the House bill which provided that the annual recommendations of the National Advisory Committee be included in the annual Federal report. The Conference substitute does not contain the Senate language. The Conferees intend to avoid duplicative reporting requirements, but in no way intend to curtail the wide dissemination of the views of the National Advisory Committee.

The Senate amendment clarified the intended role of the Advisory Committee relative to the activities of the Office of Juvenile Justice and Delinquency Prevention. There was no comparable provision in the House bill. The Conference substitute adopts the Senate amendment.

The House bill contained a provision not in the Senate amendment that deleted the Director of the National Institute of Corrections from membership on a Subcommittee of the Advisory Committee. The Conference substitute does not contain the House language.

The Senate amendment directed the Associate Administrator to provide such staff and other support as may be necessary for the National Advisory Committee to perform its duties. There was no comparable House bill provision. The Conference substitute adopts the Senate provision with the intent that the Associate Administrator will determine the level of staff and other support necessary for the performance of the Committee's duties.

FORMULA GRANT PROGRAM

The House bill clarifies the term "local government" to mean "units of general local government or combinations thereof" consistent with the definition in section 103(8). The Senate amendment deleted the reference to local government entirely. The Conference substitute adopts the House provision.

The Senate amendment increased the minimum State formula grant allocation from $200,000 to $225,000 and, in the case of certain territories, from $50,000 to $56,250. The House bill contained no comparable language. The Conference substitute adopts the Senate provision.

Planning and Administration Fund.—The House bill deleted the provision limiting the use of formula grant funds for planning and administration purposes to 15 percent. A companion provision in the House bill provided that no such funds could be used for preparation and promotion of the State plan, the cost of preparation, pursuit or promotion of applications for funds, or for administration services associated with such plans or application. The Senate bill contained no comparable provision. The Conference substitute provides that, beginning in fiscal year 1979, not more that 7½ percent of a State's total annual formula grant allotment shall be used to pay the costs of planning, administration (including monitoring and evaluation), and any pre-award activities carried out in association with the State plan, and that formula grant monies used for such purposes (including monitoring and evaluation) would have to be matched on a dollar-for-dollar basis from State or local government funds. The conferees do not intend to prohibit the use of the State's share of Federal formula grant funds for research or evaluation done by independent private agencies outside State government. The conferees expect that this provision will encourage States to use a greater share of their formula grant funds for action programs while retaining sufficient flexibility to insure that essential planning and administration services (including monitoring and evaluation) are performed in order to provide time for the states to adjust to this change in the program, this provision will not take effect until October 1, 1978. Until that time, i.e. during fiscal year 1978, the 15 percent limitation on planning and administration costs in the 1974 Act will remain in effect.

Matching Funds.—The House bill deleted the provision that limited financial assistance under the formula grant program to 90 percent of approved program costs, the non-Federal share to be made in cash or kind, and substituted a provision that such assistance shall be 100 percent of the approved costs of any program or activity. The Senate amendment provided that financial assistance extended under the formula grant program may be up to 100 percent of the approved costs of any assisted programs or activities and limited a state's authority so that it could require a matching share of no more than 10 percent of approved costs. The Conference substitute adopts the House provision but again delays the effective date until October 1, 1978. Until that date, i.e. during fiscal year 1978, the match provisions in the 1974 Act will remain in effect.

State Advisory Groups.—The Senate amendment provided that between 5 and 10 percent of a State's minimum formula grant allotment shall be made available to assist the State advisory group to carry out its mandated and assigned functions. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision with the modification that the allotment for the State advisory group shall consist of five percent of a State's minimum formula grant allotment. In adopting this provision it is the intent of the conferees that the funds set aside for this purpose not count against or be included as a part of the maximum amount of the formula grants that may be used for planning and administration purposes under section 222(c).

The Senate amendment required advisory group participation in the development and review of the State's juvenile justice plan prior to submission to the supervisory board for final action. There was no comparable provision in the House bill. The Conference substitute adopts the Senate provision.

The Senate amendment added participation of the private business sector, youth workers involved with alternative youth programs, and persons with special experience with school violence and vandalism and learning disabilities to the listing of examples of private agency interests that may be represented on the State advisory group.

[1] It is important to note that the substitute bill does not create a new position to head the Office. It is contemplated that the present Assistant Administrator of the Office is authorized to continue to serve, with the title Associate Administrator, without the necessity of reconfirmation by the Senate. While the duties of the Associate Administrator are somewhat expanded by the bill, Congress may devolve upon one already in office different duties which are germane to his/her office without thereby rendering it necessary that the incumbent should be again nominated, appointed, or confirmed. Cf. *Shoemaker* v. *United States*, 147 U.S. 282, 301 (1893).

The House bill added only participation of the private business sector. The Conference substitute adopts the Senate provision.

The Senate amendment provided for a considerably increased role for State advisory groups including the right to review and comment on juvenile justice and delinquency prevention grant applications submitted to the State planning agency. The Senate amendment also provided that the State advisory group may, upon request, advise the Governor and legislature, and may be given a role in advising, reviewing, or monitoring a number of other aspects of the State's juvenile justice and delinquency prevention program. There was no comparable provision in the House bill. The Conference substitute adopts the Senate provision with the modification that the time period for the review and comment on grant applications shall not exceed 30 days from the date of the submission of such grant applications to the State advisory group.

Formula Grant Pass-Through.—The Senate amendment contained a provision not in the House bill that clarified that formula grant funds may be made available, through grants or contracts, to local private agencies or the State advisory group. The Conference substitute adopts the Senate provision.

The Senate amendment exempted funds made available to the State advisory group from the 66⅔ percent pass-through requirement and from the requirement that not less than 75 percent of such funds be used for advanced technique programs. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment contained a provision not in the House bill that made local private agencies eligible to be recipients of pass-through funds. The Conference substitute adopts the Senate amendment with the modification that direct funding of local private agencies by a State under this subsection shall not be made unless the local private agency has applied to the appropriate unit of local government or combination thereof for funding and been denied. In adopting this provision, it is the intent of the Conferees that if a local private agency is denied funding by a unit of local government or combination thereof, the local private agency may request the State to provide such funding. The Conferees would expect that in considering any such application, the State would provide the unit of local government or combination thereof with a full opportunity to explain why it decided not to fund the local private agency.

Standards Development.—Both the House bill and the Senate amendment encouraged the funding of programs and activities to establish standards for the improvement of juvenile justice within the State. The Senate amendment included activities designed to adopt the standards after they are established. The Conference substitute adopts the Senate provision.

Deinstitutionalization.—Both the House bill and the Senate amendment provided that juveniles who are charged with or who have committed offenses that would not be criminal if committed by an adult, or such nonoffenders as neglected or dependent children, shall be removed from juvenile detention or correctional facilities within three years of submission of the State plan. The Senate amendment specified that compliance must be made within three years of the initial plan. The Conference substitute adopts the Senate provision with the intent that States which have dropped out of participation prior to fiscal year 1978 and seek to re-enter the program shall have three years from the time of re-entry to comply. The Conferees strongly note that they intend that this provision not be used to avoid complying with section 223(a)(12)(A). Thus if any State ceases to participate in the program during fiscal year 1978 or thereafter and then subsequently re-enters the program, it is the intent of the Conferees, that such State shall be required to comply with the provisions of this section after having participated in the program for a cumulative total of three years. This cumulative total of three years shall include any three years of participation whether or not these years were consecutive and whether or not these years of participation occurred prior to, during, or after fiscal year 1978.

The provisions of both the House bill and the Senate amendment eliminated language that appeared to require that all status offenders removed from juvenile detention or correctional facilities be placed in shelter facilities. The House bill provided that these children, if placed in facilities, are to be placed in facilities that (i) are the least restrictive alternative appropriate to the needs of the child and the community, (ii) are in reasonable proximity to family and the home communities of the juveniles and (iii) provide a full range of services designated to include, but not limited to, providing medical, educational, vocational, social and psychological guidance, training, counseling, alcoholism treatment, drug treatment and other rehabilitative services. The Conference substitute provides that all participating States shall include in their annual reports to the Associate Administrator a review of the extent to which they have complied with the deinstitutionalization provision and a review of progress made to provide that the goals in (i), (ii), (iii) are carried out. The Conferees strongly encourage the States to make every effort to achieve these goals within the time frame with regard to full compliance established by section 223(a)(12)(A) and section 223(c) of the Act. In this regard the Conferees note that they did not contemplate that every facility would directly provide all of the services designated in (iii) above, but instead that these designated services for the child and the family should be readily accessible in the community.

The Senate amendment required that alternative nonsecure placements for juvenile offenders also be monitored under section 223(a)(14) in order to insure that they are properly classified as facilities that are not juvenile detention or correctional facilities. The House bill contained no similar provision. The Conference adopts the Senate provision.

The House bill provided that the Administrator's determination of substantial compliance with the deinstitutionalization requirement be made with the "concurrence" of the Associate Administrator. The Senate amendment did not contain this requirement. The Conference substitute adopts the House provision.

Reallocation of Funds.—The Senate amendment required that the Administrator endeavor to make reallocated formula grant funds available on a preferential basis to States which have achieved compliance with the deinstitutionalization of status offenders requirement and to make a nonparticipating State's reallocated formula grant funds available to public and private agencies in that State for the purpose of developing alternatives to institutionalization. The House bill required that all reallocated formula grant funds be made available as special emphasis funds but established no preferences for their expenditure. The Conference substitute adopts the Senate provision with the intent that the Office of Juvenile Justice and Delinquency Prevention will determine the order of the preferences established by the amendment. It is also the intent of the Conferees that the amount alloted to any nonparticipating State shall in no event exceed the formula grant allocation that such State would have been eligible to receive for the particular fiscal year.

SPECIAL EMPHASIS PREVENTION AND TREATMENT PROGRAMS

School Violence and Vandalism.—The Senate amendment encouraged special emphasis attention to new approaches and techniques with respect to the prevention of school violence and vandalism. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

Youth Advocacy Activities.—The Senate amendment provided special emphasis authority for youth advocacy programs for and protecting the rights of youth impacted by the juvenile justice system. The House bill contained a comparable provision. The Conference substitute adopts the House provision, noting that the Conferees intend youth advocacy services to include a full and comprehensive range of services.

State Legislatures.—The Senate amendment provided special emphasis authority to assist State legislatures to develop legislation that would assist in achieving State compliance with the mandates of the Act and to devote greater resources to those purposes. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

Allocation to Program.—The House bill provided that not more than 20 percent, rather than 25–50 percent, of Part B funds be available only for the special emphasis program. The Senate amendment contained no comparable provision. The Conference substitute does not contain the House language. The Conference substitute provides that 25 percent of Part B funds be available only for the special emphasis program.

Private Agency Share.—The Senate amendment increased the minimum private agency share of special emphasis funding from 20 to 30 percent. The House bill contained no similar provision. The Conference substitute adopts the Senate provision.

GENERAL PROVISIONS

Formula Grant Funds as Match.—The Senate amendment and the House bill both prohibited use of formula grant funds to match other LEAA funds. The Senate amendment, unlike the House bill, permitted up to 100 percent of a State's formula grant funds to be used as match for other Federal juvenile delinquency program grants. The Conference substitute adopts the House provision.

Match.—The Senate amendment specified that the Administrator's authority to require a matching contribution extends to grants for the concentration of Federal efforts, the special emphasis program, and programs of the National Institute for Juvenile Justice and Delinquency Prevention. The House bill extended the Administrator's authority to require any recipient of a grant or contract to contribute money, facilities, or services to include all title II programs. The Conference substitute adopts the Senate provision with the modification that special emphasis programs are deleted from such authority.

Confidentiality of Program Records.—The Senate amendment provided for confidentiality of program records, restricting the disclosure of program records unless otherwise authorized by law, with the consent of the service recipient or legally-authorized representative, or as necessary to perform the functions required by the Act. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

NATIONAL INSTITUTE FOR JUVENILE AND DELINQUENCY PREVENTION

The Senate amendment provided that the Institute has the authority to assist, through training, State advisory groups or comparable public or private citizen groups in nonparticipating States in the accomplishment of their objectives. The House bill contained

no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment permitted the National Advisory Committee to refine its recommended standards for juvenile justice and to assist in the adoption of appropriate standards at the State and local levels. The House bill contained a similar provision that would require the Committee to assist in the adoption of standards. The Conference substitute adopts the Senate provision.

The Senate amendment authorized the Institute to develop and support model State legislation designed to implement the mandates of the Act and the standards developed by the Advisory Committee. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The Senate amendment included persons involved with law-related education projects, youth workers and citizens groups as eligible participants in Institute-funded training activities. There was no comparable House bill provision. The Conference substitute adopts the Senate provision.

ADMINISTRATIVE PROVISIONS

The House bill provided a 3-year authorization at authorized appropriation levels of $125 million for fiscal 1978 and such sums as are necessary for fiscal year 1979 and 1980. The Senate amendment also provided a 3-year authorization but at authorized appropriation levels of $150 million, $175 million and $200 million for fiscal years 1978, 1979, and 1980, respectively. The Conference substitute adopts the Senate provision.

The House bill incorporated certain administrative provisions of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, into the Act as administrative provisions. The Senate bill incorporated the same provisions and, in addition, a provision that would restrict the transfer of the functions, powers, and duties specified in the Act to be carried out by the Administration. The Conference substitute adopts the House provision. It is the strong intention of the Conferees that the Office of Juvenile Justice and Delinquency Prevention be retained within the Department of Justice. The Conferees note, however, dependent on the outcome of the Law Enforcement Assistance Administration reorganization, that the Office of Juvenile Justice and Delinquency Prevention may be established as a separate entity reporting to the Attorney General. In this regard the Conferees strongly reaffirm the original integrated approach contemplated for the Office of Juvenile Justice and Delinquency Prevention and each of its component parts, especially as regards its Institute, which has helped to assure that the Office has avoided most of the disappointing experiences of the Crime Control Act program. Similarly, with the advent of the abolition of the LEAA Regional Offices, it is contemplated that the Office retain at least its current fifty-one positions which were predicated on the fiscal year 1975 funding of $25 million and that the juvenile justice formula grant program along with necessary staff, including regional juvenile justice specialists, and resources, now be transferred to the Office.

RUNAWAY YOUTH ACT

The House bill provided a 3-year authorization of $25 million for fiscal 1978 and such sums as are necessary for fiscal 1979 and 1980. The Senate amendment also provided a 3-year authorization, but authorized $25 million for fiscal years 1978, 1979, and 1980 respectively. The Conference substitute adopts the Senate provision.

The House bill further provided the President with permissive authority to provide Congress, after January 1, 1978, with a reorganization plan to transfer the Runaway Youth Program from the Department of Health, Education and Welfare to the ACTION Agency. The Senate amendment contained no comparable provision. The Conference substitute adopts the House provision with the modification that any such reorganization plan not be submitted until after April 30, 1978, and that the Office of Juvenile Justice and Delinquency Prevention within the Department of Justice be added as an eligible recipient of any such transfer as might be advised in the reorganization plan should one be submitted.

EXTENSION OF JUVENILE DELINQUENCY PREVENTION ACT

The Senate amendment contained a provision, not in the House bill, that deleted expired title IV of the Act. The Conference substitute adopts the Senate provision.

The Senate amendment contained a provision that would allow a Federal court, upon the completion of any juvenile delinquency proceeding, to resopnd to inquiries from any victim of such juvenile delinquency (or if the victim is deceased from the immediate family of such victim) related to the final disposition of such juvenile by the court. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision. It is the intent of the conferees that the response to any such request would be restricted to information that might assist the victim, or the victim's family, to overcome any psychological damage that resulted from the act of delinquency. Normally such information would be restricted to whether or not the court had placed the juvenile in any form of treatment or incarceration and the length of any such treatment or incarceration. It would not include such information as the name, present location, prior record, or former place of residence of the juvenile.

NATIONAL INSTITUTE OF CORRECTIONS

The Senate amendment provided that the Associate Administrator of the Office shall be an ex officio member of the National Institute of Corrections Advisory Board. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

CONFORMING AMENDMENTS

The House required that the chairman and at least two other members of the State advisory group shall be appointed to the State planning agency supervisory board. The Senate amendment contained a similar provision but limits the additional representation to citizen members and requires that any State planning agency executive committee shall include proportional representatives of advisory group/State planning agency members. The Conference substitute adopts the Senate provision.

The Senate amendment required that the LEAA annual report be submitted to the House Committee on Education and Labor and that the annual report contain specified information pertaining to the implementation of the Juvenile Justice and Delinquency Prevention Act. The House bill contained no comparable provision. The Conference substitute adopts the Senate provision.

The House bill increased the number of authorized supergrade positions under the U.S. Code from 25 to 26. The Senate amendment contained no comparable provision. The Conference substitute does not retain the House provision.

Mr. BAYH. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a chart on the LEAA appropriation history from 1969 through the present, a chart on the LEAA distribution of parts B, C, E, and J.J. & D.P. formula funds for fiscal year 1978 and a summary of the Juvenile Justice Act History and the Runaway Youth Act History.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEAA APPROPRIATION HISTORY

[In thousands of dollars]

Budget activity	1969 actual	1970 actual	1971 actual	1972 actual	1973 actual	1974 actual	1975 actual	1976 actual	Transition quarter actual	1977 actual	1978 actual
1. Direct assistance (formula grants):											
a. Planning formula grants	19,000	21,000	26,000	35,000	50,000	50,000	55,000	60,000	12,000	60,000	50,000
b. Corrections formula grants			25,000	48,750	56,500	65,500	56,500	47,739	10,500	36,838	29,849
c. Juvenile justice formula grants							10,600	23,300	5,750	47,625	64,000
d. Criminal justice formula grants	24,650	182,740	340,000	413,695	480,250	480,250	480,000	405,412	84,660	313,123	253,717
2. Collateral assistance (discretionary grants and contracts):											
a. Criminal justice program (part C discontinued)	4,350	32,000	70,000	73,005	88,750	88,750	84,000	71,544	14,940	55,256	53,179
b. Correctional programs (part E discontinued)			22,500	48,750	56,500	56,500	46,500	47,739	10,500	36,838	35,453
c. Juvenile justice programs:											
Special emphasis							10,750	11,500	2,950	18,875	25,000
Juvenile justice institute							3,150	4,000	1,000	7,500	10,000
Concentration of Federal effort								500		1,000	1,000
Total juvenile justice							13,900	16,000	3,950	27,375	
d. High crime area program											
e. Community anticrime program										15,000	15,000
f. Technical assistance		1,200	4,000	6,000	10,000	12,000	14,000	13,000	2,500	13,000	11,000
g. Educational assistance and special training programs:											
LEEP	6,500	18,000	21,250	29,000	40,000	40,000	40,000	40,000	40,000	40,000	30,000
Educational development			250	1,000	2,000	2,000	1,500	500		500	500
Internship			500		500	500	500	250		300	300
Section 402 training			500	1,000	2,250	2,250	2,250	2,520	600	3,250	3,168
Sec. 407 training					250	250	250	250		250	250
Total educational assistance	6,500	18,000	22,500	31,000	45,000	45,000	44,500	43,250	40,600	44,300	

Budget activity	1969 actual	1970 actual	1971 actual	1972 actual	1973 actual	1974 actual	1975 actual	1976 actual	Transition quarter actual	1977 actual	1978 actual
h. National institute: Enforcement and criminal justice	3,000	7,500	7,500	21,000	31,598	40,098	42,500	32,400	7,000	27,029	21,000
i. Data systems and statistical assistance		1,000	4,000	9,700	21,200	24,000	26,000	25,622	6,000	21,522	16,000
3. Public safety officers' benefits program										29,600	15,000
4. Management and operations	2,500	4,487	7,454	11,823	15,568	17,428	21,500	23,632	6,560	26,936	26,844
Total	60,000	267,937	528,954	698,372	[1] 841,166	870,526	[2] 887,171	809,638	204,960	754,442	
Transfer to other agencies	3,000	182	46	196	14,431	149	7,829				
Total appropriated	63,000	268,119	529,000	698,919	855,597	870,675	895,000	809,638	204,960	754,442	647,250
Positions (PFT)	225	343	448	546	660	691	[3] 801	822	[4] 822	830	

[1] Includes $14,200,000 transferred to DOJ.
[2] Includes $7,829,000 transferred to DOJ, and $10,000,000 transferred to juvenile justice.
[3] Includes 51 positions appropriated through juvenile justice supplemental.
[4] Includes 20 positions transferred from Bureau of Prisons, 1 from HEW.

Note: Congress required in 1974 and again in 1976 under sec. 261 of the act that LEAA allocate 19.15 percent of its non-JJDPA moneys to the area of juvenile justice for each of the above cited components.

LAW ENFORCEMENT ASSISTANCE ADMINISTRATION DISTRIBUTION OF PARTS B, C, E, AND J.J. & D.P. FORMULA FUNDS FOR FISCAL YEAR 1978

[In thousands of dollars]

State	Part B	Part C	Part E	J.J. & D.P.	State	Part B	Part C	Part E	J.J. & D.P.
Alabama	852	4,240	499	1,102	New Jersey	1,470	8,601	1,012	2,077
Alaska	311	428	50	225	New Mexico	440	1,342	158	385
Arizona	618	2,594	305	695	New York	3,258	21,202	2,494	5,008
Arkansas	601	2,475	291	626	North Carolina	1,156	6,382	751	1,609
California	3,778	24,864	2,925	5,953	North Dakota	356	747	88	225
Colorado	673	2,980	351	751	Ohio	2,037	12,591	1,481	3,192
Connecticut	766	3,636	428	867	Oklahoma	702	3,184	375	765
Delaware	346	679	80	225	Oregon	630	2,679	315	639
Florida	1,628	9,708	1,142	2,193	Pennsylvania	2,224	13,911	1,637	3,250
Georgia	1,071	5,784	680	1,530	Rhode Island	405	1,092	129	257
Hawaii	394	1,018	120	265	South Carolina	719	3,303	389	886
Idaho	385	954	112	261	South Dakota	363	799	94	225
Illinois	2,113	13,133	1,545	3,275	Tennessee	944	4,895	576	1,214
Indiana	1,134	6,232	733	1,604	Texas	2,287	14,353	1,689	3,764
Iowa	726	3,356	395	838	Utah	450	1,411	166	423
Kansas	629	2,674	315	633	Vermont	329	554	65	225
Kentucky	814	3,973	467	1,013	Virginia	1,079	5,842	687	1,443
Louisiana	883	4,464	525	1,234	Washington	842	4,174	491	1,017
Maine	426	1,241	146	315	West Virginia	549	2,110	248	514
Maryland	936	4,835	569	1,207	Wisconsin	1,014	5,383	633	1,382
Massachusetts	1,218	6,819	802	1,624	Wyoming	313	441	52	225
Michigan	1,766	10,686	1,257	2,825	District of Columbia	368	835	98	225
Minnesota	903	4,599	541	1,184	American Samoa	255	33	4	56,250
Mississippi	640	2,746	323	776	Guam	267	117	14	56,250
Missouri	1,043	5,591	658	1,351	Puerto Rico	741	3,461	407	1,105
Montana	374	875	103	230	Virgin Islands	264	97	12	56,250
Nebraska	507	1,811	213	451	Trust Territory	270	139	16	56,250
Nevada	348	692	81	225					
New Hampshire	385	952	112	242	Total	50,000	253,717	29,849	64,000,000

Summary of Juvenile Justice Act History

On February 8, 1972, Senator Bayh introduced S. 3148, the Juvenile Justice and Delinquency Prevention Act of 1972. (White House Office).

Hearings were held by the subcommittee on April 28, May 15, 16 and June 27, 28, 1972 on S. 3148.

On February 8, 1973, Senator Bayh reintroduced the Juvenile Justice and Delinquency Prevention Act of 1973 as S. 821. (White House Office).

Hearings were held by the subcommittee on February 22, March 26, 27 and June 26, 27, 1973 on S. 821.

On March 28, 1973, the House introduced S. 821 as H.R. 6265, which with modifications, became H.R. 15276.

On March 5, 1974, the subcommittee reported S. 821 to Judiciary (HEW Office) and on May 8, 1974, the judiciary reported S. 821 to the Senate (LEAA Office).

On July 1, 1974, H.R. 15276 passed the House by a 329 to 20 vote; on July 25, 1974, S. 821 passed the Senate by an 88 to 1 vote; subsequently a House-Senate Conference was held on the differences of the two passed bills and on August 19, 1974, the Senate passed the compromise version of S. 821 unanimously; on August 21, 1974 the House passed the same version unanimously; and the measure was sent to the President.

Signed into law on September 7, 1974 as Public Law 93-415.

Administered by the office of juvenile justice and delinquency prevention of the Department of Justice.

On September 24, 1975, the President nominated as Assistant Administrator of LEAA to administer the office of juvenile justice and delinquency prevention Mr. Milton Luger of New York. Hearings were held by the subcommittee on October 30 and the Senate confirmed the nomination on November 11, 1975.

Despite stiff Ford administration opposition, $25 million was obtained in the fiscal year 1975 supplemental. The act authorized $125 million for fiscal year 1976; the President requested zero funding; the Senate appropriated $75 million; and the Congress approved $40 million. In January, 1976, President Ford proposed to defer $15 million from fiscal year 1976 to fiscal year 1977 and use $10 million of the $150 million authorized for fiscal year 1977, or a $30 million reduction over fiscal year 1976. On March 4, 1976, the House, on a voice vote, rejected the Ford deferral by approving a resolution offered by the chairman of the State, Justice, Commerce and Judiciary Appropriation Subcommittee. On July 14 the President signed a bill appropriating $75 million for fiscal year 1977, or half of the authorization. A bill amending the Omnibus Crime Control and Safe Streets Act which mandated the Law Enforcement Assistance Administration to spend 19.15 percent of their total funds in the area of juvenile delinquency prevention, or approximately $130 million for the 1977 fiscal year, was signed by the President on October 15, 1976.

Carter revised budget requests $75 million for Juvenile Justice Act.

On March 17, 1977, Senator Bayh introduced the juvenile justice amendments of 1977, S. 1021.

On April 1, 1977, Senator Bayh introduced, on request, the Carter administration 3-year extension bill as S. 1218.

On April 27, 1977, Senator Culver chaired subcommittee hearings on S. 1021 and S. 1218.

On May 13, 1977, HR. 6111, as amended was reported from the House Education and Labor Committee, Report No. 93-313.

On May 14, 1977, S. 1021, as amended was reported from the Senate Judiciary Committee, Report No. 95-165.

On May 19, 1977, HR. 6111 passed the House by a vote of 389-5; on June 21, 1977 the Senate struck the language of HR. 6111 and substituted the language of S. 1021, and unanimously passed this version of HR. 6111, as amended; subsequently a House-Senate Conference was held on the differences of the two passed bills and the Conference substitute amendment was filed on July 27, 1977.

On June 30, 1977 the House-Senate Appropriations Conference met and agreed to $100 million for the Juvenile Justice Act for fiscal year 1978.

Summary of Runaway Youth Title History

On November 9, 1971, Senator Bayh introduced S. 2829, the Runaway Youth Act.

Hearings were held by the subcommittee to investigate juvenile delinquency on January 13, 14, 1972, on S. 2829.

On July 31, 1972, S. 2829 passed the Senate unanimously.

On January 31, 1973, Senator Bayh reintroduced the Runaway Youth Act as S. 645.

On June 8, 1973, S. 645 passed the Senate unanimously; was introduced in the House on July 16, 1973, as H.R. 9298 and was incorporated into H.R. 15276 and S. 821 sent to the President on August 21, 1974.

Signed into law on September 7, 1974, as title III of Public Law 93-415, the Juvenile Justice and Delinquency Prevention Act of 1974.

Administered by the Department of Health, Education, and Welfare, Office of Youth Development.

Public Law 93-415 authorizes $10 million for each fiscal year 1975, 1976, and 1977.

Labor-HEW appropriation bill, H.R. 8069, passed the Senate September 26, 1975. Reported out of House-Senate Conference on December 8, 1975, and sent to the President.

Five million dollars appropriated for fiscal year 1975, $7 million appropriated for fiscal year 1976, $1.2 million appropriated for the transmittal period (July 1-October 1).

Labor-HEW appropriations bill was vetoed by the President on December 19, 1975, veto overriden on January 27, 1976, by the House. ($8.2 million for July 1, 1976, to September 30, 1977.)

Nine million dollars appropriated by fiscal year 1977.

Ford budget deletes funding for Runaway Youth Act. Carter revised budget request, restores fiscal year 1977 level to fiscal year 1978.

Senator Bayh introduces S. 1021 extending the Runaway Youth Act for 5 years. No administration bill proposed.

On May 14, 1977, S. 1021, as amended was reported from the Senate Judiciary Committee, Report No. 95-165, included a three year extension at $25 million each year for the Runaway Youth Act.

On May 19, 1977, H.R. 6111 passed the House by a vote of 389-5, included a three year extension at $25 million for fiscal year 1978 and such sums for fiscal years 1979 and 1980 and included a provision that permitted the President, effective January 1, 1978 to transfer the program from HEW to the ACTION Agency; on June 21, 1977 the Senate struck the language of H.R. 6111 and substituted the language of S. 1021, and unanimously passed this version of H.R. 6111, as amended; subsequently a House-Senate Conference was held on the differences of the two passed bills and the Conference substitute amendment was filed on July 27, 1977. The substitute amendment to H.R. 6111, would extend the Runaway Youth Act for three years at $25 million per year, included a provision that permits the President, effective April 30, 1978 to transfer the program from HEW to the Office of Juvenile Justice and Delinquency Prevention or to the Action Agency.

Senate Labor-HEW appropriation bill, H.R. 7555, appropriated $16 million for fiscal year 1978, House appropriated $9 million for fiscal year 1978 and the House-Senate appropriation Conference agreed to $12 million for fiscal year 1978.

Mr. BAYH. Mr. President, I wish to bring to the attention of my colleagues an article written by John M. Rector, entitled "Juvenile Justice: A Congressional Priority"—Judicature, Volume 61, Number 1/June-July 1977.

As my colleagues who have worked with John since 1971 know, before being nominated by President Carter and confirmed by the Senate as the administrator of the Office of Juvenile Justice and Delinquency Prevention in the Department of Justice, he excelled as my staff director and chief counsel of the Subcommittee to Investigate Juvenile Delinquency. As a senior member of our staff, John worked long and hard. He clearly demonstrated his total commitment to the struggle for human rights for America's children. Our immediate loss of John Rector's keen sense of justice and injustice that be brought to his work with us, is offset by the contribution I know he will make in his new assignment on President Carter's team, where he will certainly be an asset to Attorney General Bell and a friend to the youth of our Nation.

The Juvenile Justice Amendments of 1977 guarantee the continuity and stability of the 1974 Act and under the direction of John Rector the Office of Juvenile Justice and Delinquency Prevention will begin a new era.

Mr. President, it is with great pride that I ask you and my colleagues to join me in congratulating John for his significant contribution to our body and to wish him our best in his new responsibilities as administrator of the Office of Juvenile Justice and Delinquency Prevention. I ask unanimous consent that a copy of Mr. Rector's article appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JUVENILE JUSTICE: A CONGRESSIONAL PRIORITY

(By John M. Rector)

When young people confront our juvenile justice system, injustice is a frequent result. The system does not provide the individualized justice promised by reformers at the turn of the century; it does not help the many non-criminal status offenders who fall into its jurisdiction; and it does not protect communities from juvenile crime.

The statistics on juvenile delinquency are alarming and growing worse. Of the 8 million arrests made nationally in 1975, 26 per cent were of persons under 18 years of age. The peak age for arrests for violent crime was 18, followed by 15 and 17. Arrests in this category have tripled since 1963. The peak age for arrests for major property crime was 18, followed by 17, 16 and 19.[1] But juvenile crime statistics tell only part of the juvenile justice story. Nearly half of those in the system are not charged with even minor criminal conduct.[2]

I will forgo reciting the standard litany of horror stories that illustrate the sordid and even brutal manner in which we as a nation indiscriminately respond to children in trouble—from those who are abandoned and homeless to those who threaten public safety. Rather, it is my purpose to discuss the background and prospects of a Congressional and citizen initiative developed in response to the inconsistencies of our present system.

For years, persons familiar with juvenile procedure have raised basic questions. Why do we subject juveniles to stricter laws than adults? Why do we impose more severe penalties on juveniles who commit non-criminal acts than on many adults who commit felonies? Why is the concept of preventive detention thought to violate basic liberties when proposed for adults but seldom questioned when implemented for juveniles? When more than half the serious crime is committed by juveniles, why is delinquency prevention assigned such low priority by most community leaders and policy makers? There are no satisfactory answers.

In the midst of the Watergate era, Congress sent the Juvenile Justice and Delinquency Prevention Act of 1974 to the White House for signature.[3] This Act had been developed and supported by citizen groups throughout the country and by strong bipartisan majorities in Congress.[4] It was designed to help states, localities and public and private agencies to develop and conduct effective delinquency prevention programs, to divert more juveniles from the juvenile justice process, and to provide urgently needed alternatives to traditional detention and correctional facilities. It was developed during a four-year investigation of the federal response to juvenile crime conducted by the United States Senate Subcommittee to Investigate Juvenile Delinquency under the direction of Senator Birch Bayh.

INCARCERATION POLICIES

The subcommittee found that the existing maze of federal programs lacked leadership, direction and resources. Moreover, existing policy only sustained irrational, costly and counterproductive responses to youthful delinquency. The Act reflected the consensus of most professionals in the delinquency field that too many juveniles are being locked up. Many of the youths we detain and incarcerate—particularly those whose conduct would not be illegal if they were adults—require at most non-secure placement. In fact, they might be better off if the state refrained from intervening in their lives at all.

Indiscriminate secure placement, whether in public or private facilities, masquerading under the questionable disguises of "rehabilitation" or "the best interest of the child," only increases our already critical crime rate. Such policies supply new recruits for the jails, detention centers, state farms, camps and training schools, which are often nothing more than wretched academies of crime.

Furthermore, the economic costs of maintaining secure detention facilities are staggering. The average cost for incarcerating a youth for a year is $11,657.[5] This is three times the average cost of a year in a halfway house or group center and fifteen times the cost of a year of probation services. In fiscal 1974, the fifty states spent more than $300 million operating detention facilities and less than $30 million on community-based residential programs.[6] As Milton Rector and David Gilman point out in an article in *Criminal Justice Review:*

The increasing reliance upon detention and institutionalization as a response to deviant behavior is no longer justifiable. The costs are exorbitant. Constructing a new security room runs to about $40,000. If amortized through a twenty-year bond issue, the cost would rise to $140,000. Add to this figure the $12,000 to $25,000 per year for inmate care and services, and we see a very compelling economic reason to end our reliance upon institutionalization.[7]

The traditional solution to juvenile justice problems has been to upgrade personnel, improve services or refurbish facilities. This is not enough. We need an uncompromising departure from the current policy of institutionalized overkill which undermines our primary socialization agents—family, school and community. Likewise, we must shift our resources toward developing productive, responsible youths rather than reinforcing delinquent or undesirable behavior.

It is time to accept responsibility for the antiquated and destructive practices which undermine the fabric of our next generation. We must reject the repugnant policy of unnecessary, costly detention and incarceration of scandalous numbers of young Americans.[8] We must support policies and practices which protect our communities while also assuring justice for our youth. Some youthful offenders must be removed from their homes for society's sake as well as their own. But detention and incarceration should be reserved for youths who cannot be handled by other alternatives—the few violent offenders.

The current overreach of the juvenile system in its reliance on detention and incarceration is particularly shocking as it affects so-called status offenders. These youths are actually more likely to be detained, more likely to be institutionalized, and once incarcerated, more likely to be held in confinement than those who are charged with or convincted of criminal offenses.[9] Seventy per cent of the young women in the system are status offenders.[10]

Many status offenders are arrogant, defiant and rude—and some are sexually promiscuous. Detention or incarceration, however, helps neither them nor us. Some of

Footnotes at end of article.

these children cannot be helped, and others do not need help.[11] Real help, for those who need it, might best take the form of diverting them from the vicious cycle of detention, incarceration and crime. A firm but tolerant approach will not compromise public safety and will salvage young lives.

The 1974 Act was intended to stimulate the development of appropriate alternatives to fill the void between essentially ignoring illegal behavior and continuing wholesale incarceration. The Act provides incentives that discourage states and local communities from committing non-offenders to secure facilities and encourage them to develop truly helpful alternatives, including doing nothing when any other available intervention would be more destructive.[12]

CITIZEN INVOLVEMENT

The Act was designed to prevent status offenders from entering our failing juvenile justice system. It is designed to assist communities in developing more sensible and economical approaches for youngsters already in the juvenile justice system. Its cornerstone is the acknowledgment of the vital role that private, nonprofit organizations and citizen groups must play in the fight against crime.[13] Involvement of the millions of citizens represented by such groups will help assure that we avoid the wasteful duplication inherent in past federal crime policy.

A model of the kind of citizen projects which the Act was designed to support is the Juvenile Justice Coalition, a project of the Juvenile Justice Center of Pennsylvania. The coalition is a group of eighty-three civic and church organizations, and the Juvenile Justice Center trains members to assist the state Department of Welfare in inspecting and monitoring youth facilities.

"Citizen monitoring helps facilities come into compliance with state regulations; it helps the morale of those working with the children; and it helps the children by encouraging a high quality of services," says Barbara Fruchter, executive director of the Center. Her organization hopes to send inspection teams regularly to every state-supported youth facility in Pennsylvania.[14]

Coalition members have endorsed a five-point policy statement, which says (1) children should not be kept in adult jails; (2) status offenders should be removed from the delinquent category; (3) children should be afforded full due process rights; (4) no detention center or juvenile institution should be built until alternatives have been explored and implemented; and (5) the Center will work to implement new legislation that provides incentive-funding for local governments to keep children in the community.

The Juvenile Justice Center also conducts a detention-alternative demonstration project, funded by the city of Philadelphia, which seeks to divert children from detention and keep them out of the juvenile justice system. The project works with status offenders, first offenders and chronic runaways.

The detention-alternative staff includes twelve professionally trained foster parents in the field and a group home reception center. They match children with temporary foster parents, and provide supportive services for the parents. The project is completely community-oriented; all the children stay in the community, and some go to their own schools.

COORDINATED LEADERSHIP

The Act represents a federal commitment to provide leadership, coordination and a framework for using the nation's resources to deal with all aspects of the delinquency problem. To help meet these lofty goals, the Act created the Office of Juvenile Justice and Delinquency Prevention within the Department of Justice to coordinate all relevant federal programs. Formerly, anyone interested in federal assistance for juvenile justice programs needed a guide to the Washington bureaucracy.

The Office of Juvenile Justice is headed by an administrator, appointed by the President with the advice and consent of the Senate, who administers the new programs and exercises policy control over all delinquency programs of the Law Enforcement Assistance Administration. Thus, Congress clearly identified one place in the federal government where citizens or representatives of states, localities, and public or private agencies can go for help, especially in developing sounder alternative approaches to delinquency prevention.[14]

The Act establishes a National Institute within the Office of Juvenile Justice to conduct ongoing research into new techniques of working with youth. The Institute will offer training in those techniques to individuals (including lay persons and volunteers) to work with youth; serve as a national clearinghouse for information; evaluate programs; and develop standards for juvenile justice. Of particular interest to those involved with delinquency programs are the Formula and Special Emphasis grants established by the Act.

GRANTS TO STATES

The federal government will provide formula grants to states that submit comprehensive delinquency plans. A state must spend 75 per cent of its formula grant on prevention, diversion and alternatives to incarceration. Alternatives include foster care and group homes; community-based programs and services to strengthen the family unit; youth service bureaus; programs to provide work and recreation for youth; programs to encourage youth to stay in school and youth-initiated programs to help those who otherwise would not be reached by assistance programs.

Within two years of submitting a plan, a state must prohibit confinement and detention of status offenders and delinquents in institutions in which they have regular contact with adults charged with or convicted of a crime. The state must establish a monitoring system to ensure compliance.

The Act also requires the state governor to appoint a group to advise the state planning agency about juvenile delinquency, and it requires active participation of private and public agencies in developing and implementing the plan. State and regional planning agencies must be reconstituted to include more specialists in delinquency prevention.

If a state does not submit an acceptable plan, the Office will disburse its formula grant funds through special emphasis grants. The special grants will go to public and private agencies and organizations to develop and implement programs similar to the formula grant ones. The federal government will provide 100 per cent of special emphasis funds, and it will give priority to projects in communities which have high rates of youth unemployment, school dropout and delinquency.[15]

For these prevention programs, the Act provided $75 million in fiscal 1975, $125 million in 1976 and $150 million in 1977, and it requires that LEAA maintain its commitment of $140 million a year to juvenile programs.

The Act also established a council to coordinate all federal juvenile delinquency programs, and to assure broad citizen participation it created a National Advisory Committee appointed by the President to advise the Office on the planning, operations and management of all federal juvenile delinquency programs.[16] It broadened state and regional boards to help assure vital citizen input.

The 1974 Act is permeated with language designed to cultivate participation by young persons. Too often young people are systematically excluded from participation in the planning, operation and evaluation of programs that exist supposedly for *them*. Thus, they are further alienated and denied the opportunity to learn, to make mistakes, to be held accountable and responsible for their judgment and actions.

The Act represents a commitment by Congress to the prevention of juvenile crime. Juvenile justice will no longer be one of several competing programs within LEAA, but it is *the* national crime-fighting priority.

The Ford Administration opposed the implementation and funding of the program and worked unsuccessfully to repeal significant provisions of this bipartisan congressional initiative. Over this strong opposition, however, Congress managed to appropriate half of the funds it had authorized in 1974.

Senator Bayh has accurately characterized the failure to implement the Act as the "Achilles heel of the former Administration's approach to crime." It was heartening that the Congress last summer rejected a White House proposal to repeal key maintenance provisions of the 1974 Act.[17] Instead, the Congress reaffirmed its bipartisan commitment to this priority, even though it reduced the LEAA budget.[18]

NEW LEGISLATION

In anticipation of the likely reauthorization of the Act and bolstered by strong endorsement from President Jimmy Carter and other Administration officials, Senator Bayh introduced the Juvenile Justice Amendments of 1977 (S. 1021) and, on behalf of the new Administration, a similar bill (S. 1218). These measures were designed to provide the stability and revitalization essential to the implementation of the 1974 Act. It is likely that the predicted three-year reauthorizing legislation will give an even larger role to nonprofit agencies and citizen groups in this landmark federal program.

New categories of youth advocacy, due process and programs to encourage the development of neighborhood courts are likely to be emphasized under the new legislation. These changes will help provide what Attorney General Griffin Bell has characterized as "fresh emphasis on alternatives to resolution of conflicts in the traditional court settings."[19] Through the encouragement of arbitration, mediation and conciliation and by the use of paralegals, ombudspersons, advocates, community participants and others, we can develop more rational and economical responses to minor delinquent conduct.

The Congress is also expected to reaffirm its commitment to the deinstitutionalization of non-offenders encouraged by the 1974 Act.[20] It is nearly certain, however, that participating states will be given an additional period before they must comply fully with its provisions.

Typical of the enthusiastic support expressed for the Act were the comments of Speaker Roland Luedtke of Nebraska, chairman of the National Conference of State Legislatures' Criminal Justice Committee, when he recently told the Subcommittee.

I feel that the success of this program to a large extent depends on the commitment of funds by Congress and the President. Since the passage of this landmark act in 1974, we in the states have been disappointed by the lack of commitment in the federal executive branch. The Crime Control Act programs of the Law Enforcement Assistance Administration have always been more important to the previous administrations than were the juvenile delinquency efforts. In my opinion, this illustrates the backwards logic which has plagued our criminal justice system for decades. We place more emphasis on deal-

Footnotes at end of article.

ing with crime after it has been committed by equipping police with fancy equipment and multiplying the capacity of our courts and correctional facilities to deal with individuals who have already made a career out of crime. If we are ever to curb the intolerable rate of crime in the United States, we must engage in efforts to curb juvenile delinquency. It is the juvenile we can help and steer away from a lifetime of crime. If we miss the opportunity to provide assistance to a young person, we have probably forgone the chance to rehabilitate that person later.[21]

The American system of juvenile justice is under fire for its failure to stem the tide of youthful criminal violence. It is vital that the lurid publicity given to a small percentage of violent youth not distract us from the reality of a system whose wide net catches predominately non-offenders and minor delinquents who are subjected to unwarranted detention and incarceration grossly disproportionate to the harm, if any, generated by their conduct. Such indiscriminate angling permits the appropriate punishment of even fewer violent offenders.

For those committed to humane, rational care for children in trouble, it is important to bear in mind that many of those who spawned and nurtured our current bankrupt juvenile justice process were well intentioned. Thus, it is imperative to carefully evaluate programs popularly labeled "youth service bureaus," "community based," or "diversion," so as to ensure that the sterile, destructive authoritarianism often typical of training schools is not unleashed upon our communities under the protective banner of helping children in trouble.

Those who support the policy thrust of the Act have good reason to be encouraged. The Democratic Party's National Platform unequivocally pledged to implement the Act. President Carter's message to the Congress on February 22, 1977, on the revisions to the fiscal 1978 budget requested additional funding for the program and cited its "high potential for reversing crime and deliquency." [22] Similarly, Attorney General Bell made a strong commitment to the full implementation of the Act during the course of the Senate Judiciary Committee confirmation hearing. He stated that he plans to establish a national criminal justice policy, the most important part of which will be juvenile justice. "If we are going to do anything about crime in America," he said, "we have to start with juveniles." [23]

The Juvenile Justice Act has been a catalyst for a long overdue and healthy assessment of current policy and practices. Additionally, it has stimulated the development of criteria for imposing incarceration [24] while stressing certainty of punishment for serious offenders.

The Government Accounting Office has called the Act the most promising and cost-effective federal crime prevention program.[25] No one would claim that the Act is a panacea. There are no federal answers to the problems of juvenile crime and delinquency. Its authors did not intend to divert attention from major reforms aimed at ameliorating the poverty, unemployment, sexism and racism so relevant to the quality of life and opportunities for our youth. Nor were they naive about the capacity for resistance to change, especially by those entrenched and sustained by the status quo.

Still, by its enactment of the Juvenile Justice and Delinquency Prevention Act of 1974, Congress has called upon the states, localities, public and private agencies and others to reassess the rationale which has made institutionalization the favored alternative far too often.

FOOTNOTES

[1] JUVENILE DELINQUENCY ANNUAL REPORT, 95th Congress, 1st Session, Report No. 95–17, 25 (1976).

[2] "Such cases comprise—though firm figures are not available—no less than one third and perhaps close to one half the workload of America's juvenile courts. In one county of better than 500,000 population, a thorough study in connection with a diversion program revealed that non-criminal behavior cases accounted for 40 percent of all minors detained and 72 percent of court-ordered out-of-home placements and commitments." American Bar Association-Institute of Judicial Administration, Juvenile Justice Standards Project, Tentative Draft, Standards Relating to Noncriminal Misbehavior 1–2 (New York: Ballinger Publishing Co. 1977).

"Today virtually every state empowers its juvenile courts to exercise authority over children who do not commit crimes but are 'incorrigible,' 'ungovernable,' or 'beyond control' of their parents or custodians. Children who fall into this category are often called 'status' offenders since they harm no one other than themselves and are punished for merely 'being' something. Most status offenses of children are not illegal if committed by adults. Children are therefore subject to possible punishment and loss of liberty for acts which are not prohibited for adults." Alan Sussman, THE RIGHTS OF YOUNG PEOPLE 53–54 (American Civil Liberties Union: March, 1977).

[3] Juvenile Justice and Delinquency Prevention Act of 1974, 42 USC § 5601.

[4] The Senate vote was 88–1; the House voted 329–20.

[5] Rosemary C. Sarri and Robert D. Vintner, *Justice for Whom? Varieties of Juvenile Correctional Approaches* in THE JUVENILE JUSTICE SYSTEM 161–173, M. Klein, ed. (Beverly Hills: Sage Publications, 1976).

[6] ANNUAL REPORT, *supra* n. 1 at 28–29.

[7] Milton Rector and David Gilman, *How Did We Get Here and Where are We Going—The Future of the Juvenile Court System*, 1 CRIMINAL JUSTICE REVIEW 77 at 83.

[8] In fiscal 1974, 543,890 juveniles were admitted to detention centers and training schools. ANNUAL REPORT, *supra* n. 1, Table VII, 25. At least another 500,000 youths are held in adult jails each year. For every ten youths incarcerated in all types of facilities, nine are in jails or detention units. *See* Sarri and Vintner, *supra* n. 5 at 172.

[9] *See* Patricia Wald, "Status Offenders: Saturday's Children," presented September 3, 1976 to the 84th Annual Convention of the American Psychological Association, 1. ". . . TO FORM A MORE PERFECT UNION . . ." JUSTICE FOR AMERICAN WOMEN, Report of the National Commission on the Observance of International Women's Year, 158–159 (1976). Birch Bayh, *Girls in Trouble: Second Class Delinquents*, 1 THE WOMEN'S OFFENDER REPORT 6–7 (March/April 1977).

[10] Even a cursory review of the handling of young women reveals the grossest application of the double standard. *See* U.S., LEAA, CHILDREN IN CUSTODY, REPORT ON THE JUVENILE DETENTION AND CORRECTION FACILITIES CENSUS OF 1971, 6 (1974). FEMALE OFFENDERS: PROBLEMS AND PROGRAMS 6, Female Offender Resource Center, National Offender Services Coordination Program, American Bar Association (1976).

See also ABA-IJA *supra* n. 2 at 13. "The Juvenile Justice Standards Project's New York City Study found that although girls only accounted for 62 percent of the total PINS sample, they accounted for 100 percent of the cases involving allegations of prostitution, promiscuity, 'cohabiting' and 'general sex innuendo' (whatever that may mean, if anything)."

[11] "Sane youth policies will have to be based on a greater acceptance of young people on their own terms, a willingness to live with a variety of life styles, and a recognition of the fact that young people of our society are not necessarily confused, troubled, sick or vicious. These attitudes cannot emerge within the context of the present juvenile justice system with its paternalistic, patronizing even hostile philosophy." Edwin M. Schur, RADICAL NONINTERVENTION: RETHINKING THE DELINQUENCY PROBLEM 168 (New York: Prentice Hall, 1973).

[12] "The curse of juvenile courts has always been their lack of appropriate disposition resources for a variety of problem children they handle. The availability of detention facilities for holding juveniles indefinitely in lieu of a proper final placement has thus provided a convenient device for avoiding reform. . . . If a juvenile justice system in fact has no resources to treat or rehabilitate a juvenile, the dilemma ought to be faced in open court and the juvenile released. . . ." Patricia M. Wald, *Pretrial Detention for Juveniles*, PURSUING JUSTICE FOR THE CHILD 126–127 (1976).

[13] The center has published an introductory pamphlet on monitoring which they used at their Citizen Survey and Visitation Training Seminar on January 24, 1977. It may be obtained from the Juvenile Justice Center of Pennsylvania, 1902 Rittenhouse Square, Philadelphia, Pennsylvania 19103.

[14] "The law provides increased visibility to the problem and a focal point for juvenile delinquency activities in the federal government by creating an Office of Juvenile Justice and Delinquency Prevention. For the first time, there will be an organizational unit that can identify existing and needed resources, identify and set priorities, and develop strategies to implement a comprehensive attack on juvenile delinquency. Also, for the first time, specific efforts to both prevent and control juvenile delinquency will be the responsibility of one agency. This should provide for innovative prevention programs." Testimony of Elmer B. Staats, Comptroller General of the United States, April 29, 1975, in FORD ADMINISTRATION STIFLES JUVENILE JUSTICE PROGRAM, Vol. 1, p. 13. (*Hearings of the Senate Subcommittee to Investigate Juvenile Delinquency*).

[15] Once a program receives formula or special emphasis grants, it is entitled to get continued assistance subject to an annual evaluation.

[16] The committee will consist of 21 members, the majority of them from the private sector, and one-third of them under age 26.

[17] The Senate vote was 61–27 on July 23, 1976.

[18] The LEAA fiscal year 1975 budget was $895 million; when Congress reauthorized LEAA last fall, it reduced the budget for fiscal year 1977 to $753 million.

[19] Speech before the Mexican-American Legal Defense Fund in San Francisco, California, February 15, 1977.

[20] "No reforms or alternatives can rescue these institutions from their historical excesses," according to William Wayne, a federal district court judge in Tyler, Texas, in Peter Schrag and Diane Divoky. *The New Juvenile Justice At Work*, 2 CIVIL LIBERTIES REVIEW 74.

[21] Unpublished testimony before the subcommittee on April 27, 1977, chaired by Senator John Culver of Iowa, pp. 4–5.

[22] Carter's action fulfilled a campaign promise. When candidate Jimmy Carter was asked last October by the American Bar Association whether he favored an increased share of LEAA and other federal funds for juvenile justice and delinquency prevention, he responded in the affirmative and added, "Both the commentators and the statistical evidence now point to the fact that court reform, corrections and juvenile justice are the critical elements in improving crime control." 62 A.B.A.J. 1275 (October, 1976).

[23] *Hearings on the Prospective Nomination of Griffin B. Bell of Georgia to be Attorney General* of the Senate Committe on the Judiciary, 95th Congress, 1st Session, January 11, 1977, p. 77.

[24] Clear criteria limiting admission to detention should help to eliminate the need for expensive consultive services or the development of extraordinarily complicated proc-

essing. By providing intake personnel on an around-the-clock basis as the 1974 Act encourages, the savings could be significant.

[25] Staats, *supra* n. 14 at 4.

Mr. MATHIAS. Mr. President, today we have before us the Juvenile Justice Amendments of 1977 conference report. These amendments extend the Juvenile Justice and Delinquency Prevention Act of 1974 for an additional 3 years. I shall take just a moment to explain to my colleagues why I think this legislation is so important to our Nation.

In 1967, the President's crime commission called juvenile delinquency and youth crime "the most serious single aspect of the present crime program." Today, 10 years later, the country is confronted with the astounding fact that, although youths from 10 to 17 years of age comprise only 16 percent of the population, they account for more than 45 percent of all the people arrested for serious crime. The criminal record of this group is three times as great as its percentage of the population.

When the original Juvenile Justice and Delinquency Prevention Act became law 3 years ago, I emphasized the importance of prevention as a first step to solving the major juvenile justice problems facing this country. I am as convinced today as I was at the time of the passage of the original act that the key to success lies in prevention.

As ranking minority member of the Senate Subcommittee to Investigate Juvenile Delinquency, I have been closely monitoring the implementation and administration of the Juvenile Justice and Delinquency Prevention Act since its enactment in 1974. Last summer I chaired hearings of the subcommittee in Maryland which were aimed at assessing how well the 1974 Juvenile Justice Act has helped State and local programs deal with the juvenile delinquency problem.

One thought that was continually expressed at the Maryland hearings was the need for community involvement in juvenile justice. Col. Bishop Robinson of the Baltimore Police Department aptly stated:

> Crime prevention is a total community responsibility and it necessitates the involvement of the total community . . .

Clearly we must all become involved if we are to realize the full potential of our greatest natural resource—our young people. By promptly enacting H.R. 6111, Congress can make a major contribution in combating juvenile crime.

Mr. President, it is increasingly evident that continued support of State action in juvenile justice and delinquency by the Federal Government is imperative. As I have said on earlier occasions, juvenile justice is at a crossroads. The Juvenile Justice Amendments of 1977 is a major and important step in the right direction and is a reaffirmation of the Federal Government's commitment to a national policy of juvenile delinquency prevention.

Mr. DECONCINI. Mr. President, H.R. 6111 represents a substantial improvement in the structure of the Juvenile Justice and Delinquency Prevention Act of 1974, based on the experience of the programs operating under the provisions of the Act. The upgrading of the duties of the associate administrator under the Administrator of the Law Enforcement Assistance Administration is designed to prevent administrative neglect of juvenile justice programs. The restructuring of the allocation of grant funds under part B of title II of the Act represents a fair balancing of Federal, State, and local interests and goals in programs. The extension of time for compliance with the deinstitutionalization of status offenders requirement will allow States that have started a deinstitutionalization to continue their good-faith efforts. Of special concern is the guarantee that 25 percent of grant funds will be allocated to special emphasis programs, including learning disabilities studies. The research already being conducted in this area indicates a significant correlation between delinquency and learning disability. Certainly, no child who has a learning handicap is likely to lead a well-adjusted, satisfying life in today's complex society, where education is a survival tool, not a luxury. That both the House and Senate have included learning disabilities as an area for special emphasis is a clear signal to State administrators and program directors that Congress expects strong State and local efforts in this area.

Mr. President, I wish to commend the efforts of the conferees, especially the distinguished Senators from Iowa and Indiana for their dedication to the problems of juveniles and for their leadership in guiding this legislation to fruition. H.R. 6111 is a significant further step in the Federal effort against juvenile delinquency.

Mr. WALLOP. Mr. President, it is with pleasure that I endorse the Juvenile Justice Amendments of 1977 conference report. As a conferee, I am convinced that the Juvenile Justice Amendments of 1977 will improve and strengthen the juvenile justice and delinquency prevention programs established in 1974 over the course of the next 3 years. With the passage of these amendments, we reaffirm our strong commitment to solving juvenile justice and delinquency problems at the local level with the benefit of Federal leadership and coordination. The amendments recognize the essential and constructive role that local governments and local agencies, both public and private, can play in fashioning creative solutions to local problems of juvenile delinquency and other juvenile status offenses.

I am particularly gratified that the conference report includes an amendment I proposed which will encourage nonparticipating States to work toward the laudable goals of the act. Under this amendment, a nonparticipating State's reallocated formula grant funds will be made available on a preferential basis to public and private agencies in that State for developing and maintaining community-based alternatives to traditional forms of institutionalization. Wyoming is one of several States that will benefit by the moneys made available under this provision.

I support the Juvenile Justice Amendments of 1977 and urge my colleagues to do the same.

Mr. CULVER. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. CULVER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I yield further on my time to the Senator from Connecticut (Mr. RIBICOFF).

ORDER TO PRINT BILL—S. 555

Mr. RIBICOFF. Mr. President, I ask unanimous consent that S. 555, the Public Officials Integrity Act of 1977, be printed as passed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—S. 1360

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, at such time as Calendar Order No. 310, S. 1360, a bill to estabilsh an advisory committee on timber sales procedure, is called up and made the pending business before the Senate, there be a time limitation of 3 hours on the bill, to be equally divided between Mr. BUMPERS and Mr. HATFIELD, 1 hour on any amendment, and that there be 30 minutes on any amendment to an amendment, 20 minutes on any debatable motion, appeal, or point of order, if such is submitted to the Senate, and that the agreement be in the usual form.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, will the majority leader indicate the calendar number?

Mr. ROBERT C. BYRD. This is Calendar No. 310, at the top of the page, this bill dealing with timber sales.

Mr. HARRY F. BYRD, JR. I thank the Senator.

I have no objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The text of the unanimous consent agreement is as follows:

Ordered, That when the Senate proceeds to the consideration of S. 1360 (Order No. 310), a bill to establish an Advisory Committee on Timber Sales Procedure appointed by the Secretary of Agriculture for the purposes of studying, and making recommendations with respect to, procedures by which timber is sold by the Forest Service, and to restore stability to the Forest Service timber sales program and provide an opportunity for congressional review, debate on any amendment in the first degree shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill, debate on any amendment in the second degree shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled

by the mover of such and the manager of the bill: Provided, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 3 hours, to be equally divided and controlled, respectively, by the Senator from Arkansas (Mr. Bumpers) and the Senator from Oregon (Mr. Hatfield): Provided, That the said Senators, or any one of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

RECOGNITION OF THE LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from Tennessee is recognized.

Mr. BAKER. I thank the Chair.

THE FALTERING DOLLAR

Mr. BAKER. Mr. President, yesterday's Wall Street Journal editorial points up an area of increasing concern to many Americans. In the last month, we have noticed increasing strain on the American dollar in Europe; and I believe the Journal editorial highlights some concerns about which Congress must be aware.

One of the overriding points of this editorial is that a stable dollar, lower money growth, lower inflation, lower tax burden, higher employment, and a better balance of payments, et cetera, are all facets of the same problem. It is extremely difficult to treat one single facet without having an adverse effect on the other elements.

Certainly, our international economic problems demand a multifaceted approach by the administration and the Congress. I do not wish to make specific suggestions in this regard at this time, but I do want to call my colleagues' attention to the apropos comments in the Journal's editorial.

Mr. President, I respectfully request that these remarks and the Journal editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

The dollar hit new lows for the second straight day yesterday against the mark and the Swiss franc. It also lost ground against the pound and the lira. This may not worry Treasury Secretary Blumenthal, but it worries us.

The faltering dollar, far from being a source of concern to Mr. Blumenthal, seems to be the result of a systematic campaign by the Treasury. When the Treasury of the world's largest economy announces it would like to see its currency slide, the odds are it will somehow or another accomplish that objective. And the markets will of course anticipate that outcome, making the announcement self-fulfilling.

Back at the OECD meeting in June, Mr. Blumenthal went public with his campaign for a stronger mark and yen, which is to say a weaker dollar. In mid-July an anonymous Treasury official confided to reporters in Washington that the Treasury approved of the dollar's slide. Last week Mr. Blumenthal told The Washington Post that while much of what the account called the "necessary" depreciation had already occurred, he was prepared to see further deterioration.

Why should the U.S. Treasury want to drive down its own currency? Because, in the face of a generation of consistent experience to the contrary, it believes a stronger mark will reduce the West German trade surplus. The theory is that a stronger mark will make German goods more expensive in world markets, and the world's goods cheaper in German markets. So Germany will sell less and buy more, boosting the economy in the rest of the world. This theory has a little problem; to wit, it has never been known to work.

The most persuasive theoretical explanation of why this theory does not work in practice is that the adjustment of exchange rate changes takes place not through trade flows but through differential rates of inflation. A 5% devaluation of the dollar means 5% less inflation in Germany than in the U.S. By the time Volkswagens get here or U.S. feed grains get to Germany, the prices have already adjusted so that a Volkswagen is worth the same number of bushels of feed grain as before the devaluation.

What this means is that the Treasury's jawboning of the dollar will not reduce West German trade surpluses. Instead it will increase U.S. inflation.

Now, before we go further, we want to make clear that we see no point whatever in intervening in the foreign exchange markets to bolster the dollar. We see even less point in restrictions on imports, whether "voluntary" or not, to reduce the recent U.S. trade deficits, which are anyway chiefly the result of the high growth rate of the U.S. economy over the last two quarters. The way to prevent a falling dollar, and the way to prevent faster inflation, is to reduce the growth rate of the money supply. If fewer dollars are created, each of them will be worth more, at home and abroad.

The most worrisome part of Mr. Blumenthal's international jawboning, indeed, is that it implies rapid money creation. That is ultimately how a government gets its currency down if it wants to. And unfortunately, the jawboning has been repeated on the domestic side. Most notably but not solely when Budget Director Bert Lance, whose own multi-million dollar debts turn out to be pegged to the prime rate, lashed out at the half-point spurt in the prime that accompanied the Fed's slowing of growth rates after runaway rates in April.

That Arthur Burns's term as Fed chairman expires in January adds to the concern about long-term monetary policy. Even in the short term it would not be entirely prudent of Mr. Burns to ignore the pressures coming from the administration and Congress. We note that over the last two months, the time the dollar has been falling, the monetary base has been growing at an 8.7% annual rate. This of course is the aggregate most directly under the Fed's control, and if this growth is not offset soon it will work its way through to broader money measures.

The nervousness resulting from the administration's jawboning is by no means confined to the foreign exchange markets, as the latest drop in stock prices demonstrates. The tax increase the administration calls an energy program, with its inevitable drag on the U.S. economy, is no doubt also an important factor in both markets. And in the face of this nervousness, it's not easy for us to share the widespread euphoria about the general economic outlook for the next 18 months.

The weakness of the dollar, in short, is part of a broader pattern. A stable dollar, lower money growth, lower inflation and a lower tax burden are all part of one package. Until the administration makes clear that it sees the relationships and that it recognizes that the economy needs this kind of package, there will be problems first in the financial markets and later in the real economy.

Mr. BAKER. I have no further request or requirement for my time under the standing order. I yield it back.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, was provision made for any morning business at this time?

The ACTING PRESIDENT pro tempore. No.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR GOLDWATER TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, on tomorrow, after the two leaders or their designees have been recognized under the standing order, Mr. GOLDWATER be recognized for not to exceed 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 12:37 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 692. An act to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, and for other purposes.

H.R. 5864. An act to approve with modifications certain proposed amendments to the Federal rules of criminal procedure, to disapprove other such proposed amendments, and for other related purposes.

H.R. 7932. An act making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following communications which were referred as indicated:

EC–1746. A letter from the Principal Deputy Assistant Secretary of Defense, MRA & L, transmitting, pursuant to law, a report of Department of Defense Procurement from Small and Other Business Firms for October 1976–January 1977 (with an accompanying report); to the Select Committee on Small Business.

EC–1747. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Need for Fairer Treatment of Homeowners' Claims for Defects in Existing Insured Homes" (CED–77–97) (with an accompanying report); to the Committee on Banking, Housing, and Urban Affairs.

EC–1748. A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed contract with Radar Pneumatics/Radmark Division, Portland, Oreg., for a research project entitled "Pneumatic Hoisting System for the Blind Shaft Borer" (with accompanying papers); to the Committee on Energy and Natural Resources.

EC–1749. A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed contract with Tanners' Council of America, New York, N.Y., for a research project entitled "Chromium Conservation in Leather Tanning" (with accompanying papers); to the Committee on Energy and Natural Resources.

EC–1750. A letter from the Secretary of the Interior transmitting a draft of proposed legislation to add certain lands to Redwood National Park in the State of California, and for other purposes (with accompanying papers); to the Committee on Energy and Natural Resources.

EC–1751. A letter from the Assistant Administrator for Legislative Affairs, Department of State, transmitting, pursuant to law, notification of an increase in the funding level of the proposed fiscal year 1977 program in Mali (with accompanying papers); to the Committee on Foreign Relations.

EC–1752. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law international agreements other than treaties entered into by the United States within the past 60 days (with accompanying papers); to the Committee on Foreign Relations.

EC–1753. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Mission Budgeting: Discussion and Illustration of the Concept in Research and Development Programs" (PSAD–77–124) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1754. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Why the Army Should Strengthen its Internal Audit Function" (FGMSD–77–49) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1755. A letter from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of Council Act 2–60, an act to increase the poundmaster's fee for the seizure and impoundment of dogs found running at large, and to reduce the tag tax for dogs purchased or reclaimed from the pound (with accompanying papers); to the Committee on Governmental Affairs.

EC–1756. A letter from the U.S. Commissioner of Education transmitting, pursuant to law, a copy of the proposed amendments to the Basic Educational Opportunity Grant Family Contribution Schedule for the academic year 1978–79 (with accompanying papers); to the Committee on Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Environment and Public Works:

Without amendment:

S. Res. 233. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1952, a bill amending the Federal Water Pollution Control Act. Referred to the Committee on the Budget.

By Mr. MUSKIE, from the Committee on Environment and Public Works:

Without amendment:

S. 1952. An original bill to amend the Federal Water Pollution Control Act Amendments of 1972 (together with additional views) (Rept. No. 95–370).

By Mr. NELSON, from the Select Committee on Small Business, with an amendment:

S. 1306. A bill to provide temporary authority to the Administrator of the Small Business Administration to facilitate water conservation practices and emergency actions to mitigate the impacts of the 1976–77 drought (Rept. No. 95–371).

By Mr. HASKELL, from the Select Committee on Small Business:

S. Res. 235. An original resolution waiving the provisions of section 402(a) of the Congressional Budget Act of 1974 with respect to S. 1306; to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports to committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs:

Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

James K. Robinson, of Michigan, to be U.S. attorney for the eastern district of Michigan.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. KENNEDY, from the Committee on the Judiciary:

Edward F. Harrington, of Massachusetts, to be U.S. attorney for the district of Massachusetts.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CURTIS:

S. 1951. A bill for the relief of Jozef Swiderski; to the Committee on the Judiciary.

By Mr. MUSKIE, from the Committee on Environment and Public Works:

S. 1952. An original bill to amend the Federal Water Pollution Control Act Amendments of 1972. Placed on the Calendar.

By Mr. STEVENSON:

S. 1953. A bill for the relief of Rawleigh Moses & Co., Inc.; to the Committee on the Judiciary.

By Mr. CURTIS:

S. 1954. A bill to repeal the carryover basis provisions added by the Tax Reform Act of 1976; to the Committee on Finance.

S. 1955. A bill to delay for 1 year the effective date of the changes made by the Tax Reform Act of 1976 in the minimum tax on individuals; to the Committee on Finance.

S. 1956. A bill to amend the Internal Revenue Code of 1954 to lower the percentage requirements of stock in a decedent's estate in order to qualify for section 303 treatment; to the Committee on Finance.

By Mr. CURTIS (for himself and Mr. ZORINSKY):

S. 1957. A bill to amend the Internal Revenue Code of 1954 to exclude certain sales of farms or businesses from treatment as a tax preference for purposes of the minimum tax; to the Committee on Finance.

By Mr. MATSUNAGA:

S. 1958. A bill for the relief of Zosima Batoon; to the Committee on the Judiciary.

S. 1959. A bill for the relief of Paul E. Zirkle; to the Committee on the Judicary.

By Mr. HEINZ:

S. 1960. A bill to improve the quality of children's lives through the creation of a National Endowment for Children's Television; to the Committee on Commerce, Science, and Transportation.

By Mr. KENNEDY (for himself and Mr. JAVITS):

S.J. Res. 78. A joint resolution to authorize and request the President to proclaim the second week of April as "National Medical Laboratory Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CURTIS:

S. 1954. A bill to repeal the carryover basis provisions added by the Tax Reform Act of 1976; to the Committee on Finance.

Mr. CURTIS. Mr. President, today I am introducing a bill to repeal the carryover basis provisions of the Internal Revenue Code for estate taxes that was approved in the Tax Reform Act of 1976.

Prior to the Tax Reform Act, the basis of property to the heirs for income tax purposes was the value of the property on the date of death of the testator. These values were easily ascertained and understood by all. Under the new law, the basis to the heirs is the same as the basis to the testator. This means that the executor must trace the property and attempt to establish the price the testator originally paid for the property, 10, 20, or even 50 years before his death. There are special rules for marketable securities and other rules for nonmarketable securities. There are special computations and adjustments that the executor must make depending on whether the property is in a marital deduction trust or whether the property is subject to State death taxes.

These unbelievable complex rules will only add to the cost of dying and cause

a flurry of new IRS forms and regulations.

Mr. President, the Subcommitte on Taxation and Debt Management of the Committee on Finance recently held hearings to explore problems resulting from the estate and gift tax provisions. The carryover basis provision was described as being complex beyond description and an administrative nightmare. In addition, small estates will probably be paying more taxes than would have been the case prior to 1976.

I strongly urge my colleagues to support me in this measure to return to the old law.

By Mr. CURTIS:

S. 1955. A bill to delay for 1 year the effective date of the changes made by the Tax Reform Act of 1976 in the minimum tax on individuals; to the Committee on Finance.

Mr. CURTIS. Mr. President, I am today introducing legislation which will delay for 1 year the effective date provisions of the minimum tax as amended by the Tax Reform Act of 1976. As you may recall, the Tax Reform Act raised the tax rate and lowered the tax exemption applicable to minimum tax. The Reform Act became law on October 4, 1976, but the minimum tax provisions were made effective retroactively to January 1, 1976. This retroactivity has had a severe adverse effect on many individuals and small businesses who made personal and business decisions relying on the law as it was at that time.

Now they find themselves with unexpected tax liabilities, not because the taxpayer acted on the facts but because Congress acted after the fact.

There is precedence for delaying the effective dates that were originally made retroactive. This Congress corrected the retroactive effect of the repeal of the sick pay exclusion because we believed that it was basically unfair to impose a tax burden on individuals without giving them the opportunity to plan for it. The same equities apply in this situation. If we expect the taxpayer to voluntarily comply with our tax laws, then those laws must be as fair as possible.

Mr. President, the intent of the minimum tax was to insure that all citizens paid some income tax regardless of the nature of their income. The law was never intended to apply to citizens who have paid taxes over their working lives and upon retirement sell their homes, businesses, or farms.

Yet it has come to my attention that many farmers, small businessmen, and even homeowners were subject to the retroactive application of the minimum tax in 1976.

We must assure the taxpayer that if he acts in accordance with present law we will not later change the law to his detriment. I urge my colleagues to support me in this bill.

By Mr. CURTIS:

S. 1956. A bill to amend the Internal Revenue Code of 1954 to lower the percentage requirements of stock in a decedent's estate in order to qualify for section 303 treatment; to the Committee on Finance.

Mr. CURTIS. Mr. President, I am today introducing legislation which will reinstate the requirements that were in effect prior to the 1976 Tax Reform Act relating to the percentage of stock in a decedent's estate that is necessary in order to qualify for capital gains treatment when the stock is redeemed to pay death taxes.

In many cases, an executor of a decedent's estate is faced with the necessity of redeeming stock in the estate in order to pay certain administrative expenses, including death taxes. Present law recognizes that a hardship may result if, as a result of redeeming stock to pay death taxes, the proceeds were taxed as dividends.

Section 303 of the Internal Revenue Code provides that if certain conditions are met, the redemption of stock will be given capital gains treatment. Prior to the Tax Reform Act of 1976, one of the requirements was that the value of the stock which was included in the gross estate must have been more than 35 percent of the value of the gross estate or more than 50 percent of the taxable estate. The Tax Reform Act of 1976 restricted the relief provision to situations in which stock in the decedent's estate exceeds 50 percent of the taxable estate.

The severe restrictions now in effect undercut the very purpose of the relief provision and denies its availability to the many estates for which it was originally intended.

By Mr. CURTIS (for himself and Mr. ZORINSKY):

S. 1957. A bill to amend the Internal Revenue Code of 1954 to exclude certain sales of farms or businesses from treatment as a tax preference for purposes of the minimum tax; to the Committee on Finance.

Mr. CURTIS. Mr. President, I am today introducing legislation to exclude certain sales of farms and businesses from the retroactive effect of the minimum tax provisions.

The Tax Reform Act of 1976 increased the tax rate and decreased the tax exemption for purposes of the minimum tax. The Reform Act became law on October 4, 1976, but the minimum tax provisions were made effective retroactively to January 1, 1976. This retroactivity has had a severe adverse effect on many small businessmen and farmers who sold their property in early 1976 relying on the law as it existed at that time. Now, to their financial detriment, they find that Congress changed the law late in 1976 and applied it to all transactions during the year.

I understand that Mr. James R. Blunt, an attorney from Iroquois County, Ill., has four such cases in his office alone. He writes:

> Where the buyer was buying the farm for an agreed price with the understanding that the buyer would pay all capital gains as a result of the sale. As you know, the only way legally we can work out such a transaction is to first figure out what the taxes are and add them to the net price to the seller. This was done by a CPA as well as by myself to ascertain what the total tax bill would be. The sale was consummated in March of 1976 in reliance on the minimum tax law which was in effect at that time. However, my clients are shocked that in September the United States Government made the law retroactive to January 1, 1976 increasing the tax and reducing the exemption from $30,000 to $10,000. In the four cases in which I am involved, none of the people have ever been in a position to avoid any taxes. These people were all selling their farms to convert them to cash for retirement purposes.
>
> I believe there may be a rebellion and a Boston Tea Party of sorts in Iroquois County against the United States Government unless something is done to stop the kind of legislation that is embodied in the Tax Reform Act.

One of my constituents sold his business in April 1976 and solely because of the retroactive effect of the law, is now faced with $14,000 in additional tax liability. This particular businessman never had a tax preference item before 1976. Surely, the law was not intended to have this effect, and I would urge my colleagues to support this bill which would grant relief only to those who committed themselves to binding contracts before the law was passed.

By Mr. HEINZ:

S. 1960. A bill to improve the quality of children's lives through the creation of a National Endowment for Children's Television; to the Committee on Commerce, Science, and Transportation.

NATIONAL ENDOWMENT FOR CHILDREN'S TELEVISION ACT OF 1977

Mr. HEINZ. Mr. President, every week young children in this country spend an average of 23 hours watching television. Despite the impact that this massive exposure to television has on the intellectual and emotional development of our children, our Nation has not yet clearly focused its efforts to improve the quality of the broadcast environment as a means of improving the quality of young people's lives. While I believe that such efforts are largely a matter for private initiative, it seems to me that this is a legitimate area for Government concern and an area in which the Federal Government has a useful and constructive role to play.

The statistics on the amount of time that American children spend in front of their TV sets are staggering. One analyst has calculated that by the point at which a typical child enters kindergarten, he has spent the same amount of time watching television as it would take for his older brother or sister to get a baccalaureate degree from college. Another startling calculation shows that the average American high school graduate has spent under 13,000 hours attending school and over 18,000 hours watching television. It is important to note that of 1,200 hours of television watched annually by 2- to 11-year-olds, a large portion is spent with "adult" rather than "children's" shows. The National Television Institute reports that in 1976, commercial network prime time programing, designed for general adult audiences, accounted for 42 percent of the viewing done by 2- to 5-year-olds, and 59 percent of the viewing of the 6 to 11 age group.

The figures plainly show that for better or worse, television, is an important fact of life for our Nation's young. As my colleagues know, many Americans

are persuaded that the large dose of television that children take each day is cause for grave concern, given the current nature of television programing. Part of the problem they perceive stems from the realization that young people are constantly exposed through the television medium to violence and other forms of antisocial behavior that should not be legitimized in their impressionable minds. The concern is deepened when researchers suggest that constant exposure to antisocial behavior on television desensitizes children to it and may even increase the likelihood of their taking part in antisocial activities.

Even if the researchers are wrong and television does not have directly negative impacts on our children, it is obvious to me that the programing that confronts young people can be better and that this Nation can do a better job in promoting excellence in television programing for children. Considering that television plays such a critical role in shaping the emotional and intellectual development of our children, we ought to seek and stimulate excellence in television on our children's behalf. Television programing ought to be stimulated to move in new directions that meet our children's special needs, that are sensitive to their special vulnerabilities, and that will help prepare them for a productive and satisfying life.

This task that I and others have set cannot be met simply by mere Government regulation. It requires the work of imaginative people. It requires the work of competent people. It requires positive effort by compassionate people who care about the future of our kids, and I strongly believe that our society ought to be about the business of supporting this work and encouraging those people.

Mr. President, the Center for Action Research recently conducted a major study of how best we can encourage innovation and excellence in television programing for children. The report concluded that a positive and potentially beneficial approach is available to us—namely the creation of a National Endowment for Children's Broadcast. I am pleased today to introduce legislation which embodies the recommendations of the Center for Action Research.

My bill would create a new National Endowment for Children's Television modeled on the National Endowment for the Arts, whose mission it would be to stimulate and financially aid the work of artists and educators who seek to improve the broadcast environment to which millions of American children are exposed. The Endowment would be headed by a chairman, who would work with a council of 26 other distinguished citizens to review and assist worthy projects in this area.

Under the bill the Endowment's Chairman, with the advice of the National Council on Children's Television, would be authorized to establish a program of grants and contracts to assist the work of people who are engaged in the creation or production of television programing for children. Four types of projects would be eligible for assistance. First, the Endowment could fund programs which have substantial artistic or educational merit making them worthy of broadcast on the television medium for viewing by audiences primarily including children. Second, experimental and innovative projects that might contribute to improving the quality of television programing for children would be eligible for assistance. Workshops and other training programs in the field are a third category of undertaking that could be aided, while the Endowment might fund research and publications as a fourth endeavor.

In its very careful examination of the feasibility of a new National Endowment, the Center for Action Research found that there were some concerns about the efficacy of such a federally funded program. I want to take this opportunity to briefly address the concerns that the Center reported.

The first, and to my mind the most important, concern was that an Endowment such as I propose would create implicit Government control of the content of television programing, and some even suggested that the Endowment may evolve into efforts at Government "mind control." I think my bill protects against this by creating the Endowment as an essentially independent operation, controlled by a diverse board of 26 leading citizens. If I thought that this project would interfer with free expression, I would not introduce my bill. But the fact is there is mounting pressure for Government regulation in this area, and I firmly believe we can head off untoward efforts at censorship by pressing this positive approach to the problems that exist. I also think that the National Endowments for the Arts and Humanities have demonstrated that interference with free expression can be avoided in endeavors such as this one.

A second concern that was raised suggested that the Endowment might stifle diversity of funding sources for children's television in the Federal Government. I can simply say that is not my intention. The funding that is now available is directed through specific categorical programs—and while the work of the Endowment may supplement and complement current efforts, they have dramatically different purposes from one another and their support ought to be considered separately.

A final concern reported by the Center was that the Endowment may become another irresponsive bureaucracy. I am sympathetic to that concern, because that is always a great danger in our Government. But I think it can be avoided with the Endowment by the involvement of the council members, by the scrutiny of Congress, and by careful structuring of this new and independent operation.

I wanted to be frank about the drawbacks that people have identified because I think that this can help us focus our own efforts in Congress to face potential problems, deal with them in an effective way, and create an Endowment that can truly help meet the needs of American children. I know that several of my colleagues share my deep feelings of concern about the relationship between television and young people, and I look forward to the opportunity of working with them in the coming months and years to develop effective, positive responses.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1960

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Endowment for Children's Television Act of 1977".

DECLARATION OF FINDINGS AND PURPOSE AND DEFINITIONS

SEC. 2. (a) The Congress hereby finds—

(1) that American children spend a dominant part of their early lives watching television;

(2) that the programming to which children are exposed through the television medium creates an intellectual and emotional environment which plays a decisive role in shaping individual development and perception; and

(3) that there is currently no national entity through which our society can focus its efforts to help promote excellence in the development of television programming for children.

(b) The Congress hereby declares—

(1) that the encouragement of excellence in the development of television programming for children, while primarily a matter for private initiative, is an appropriate subject of concern for the Federal Government;

(2) that the Federal Government can play a useful and fruitful role in providing economic incentives to artists and educators who seek to improve the broadcast environment to which millions of American children are exposed; and

(3) that, in order for the Federal Government to exercise its obligations and responsibilities in promoting the quality of American children's lives, it is desirable to establish a National Endowment for Children's Television.

(c) As used in this Act—

(1) the term "group" includes any State or other public agency, and any society, institution, organization, association, partnership or establishment in the United States, except that it does not include a licensee under title III of the Communications Act of 1934 which is not a non-profit organization; and

(2) the term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, and the Virgin Islands.

NATIONAL ENDOWMENT FOR CHILDREN'S TELEVISION—ESTABLISHMENT

SEC. 3. (a) There is established a National Endowment for Children's Television (hereinafter referred to as the "Endowment").

(b) (1) The Endowment shall be headed by a chairman, to be known as the Chairman of the National Endowment for Children's Television, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The term of the office of the Chairman shall be four years and the Chairman shall be eligible for reappointment. The provisions of this subsection shall apply to any person appointed to fill a vacancy in the office of the Chairman. Upon expiration of his term of office, the Chairman shall serve until his successor shall have been appointed and shall have qualified.

(c) The Chairman shall be compensated at the rate prescribed for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(d) The Chairman, with the advice of the National Council on Children's Television, is authorized to establish and carry out a program of contracts or grants-in-aid to groups or individuals engaged in the creation or production of television programing for children, for the purpose of enabling them to provide or support in the United States—

(1) projects and productions which have substantial artistic or educational significance and which meet high standards of merit making them worthy of broadcast on the television medium for viewing by audiences primarily including children;

(2) projects and productions of an experimental nature which may reasonably be expected to contribute to the quality of television programing for children;

(3) workshops, institutes and training programs in the field of television programming for children; and

(4) other relevant projects, including surveys, research, planning and publications relating to the purposes of this subsection.

(e) No payment may be made to any group or individual under this section except upon application therefor which is submitted to the Endowment in accordance with regulations and procedures established by the Chairman.

(f) The total amount of any grant to any group or individual pursuant to subsection (d) of this section shall not exceed 50 per centum of the total cost of such project or production, except that not more than 20 per centum of the funds allotted by the Endowment for the purposes of subsection (d) of this section for any fiscal year may be available for grants and contracts in that fiscal year without regard to such limitation.

(g) The Chairman shall prescribe appropriate conditions with respect to grants under this Act which will prevent unreasonable profits from being made from projects or other activities receiving such grants.

(h) Whenever the Chairman, after reasonable notice and opportunity for hearing, finds that—

(1) a group or individual is not complying substantially with the provisions of this section; or

(2) any funds granted to a group or individual under this section have been diverted from the purposes for which they were allotted or paid,

the Chairman shall immediately notify the Secretary of the Treasury and the group or individual with respect to which such finding was made that no further grants will be made under this section to such group or individual until there is no longer any default or failure to comply or the diversion has been corrected, or, if compliance or correction is impossible, until such group or individual repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

(i) It shall be a condition of the receipt of any grant under this section that the group or individual receiving such grant furnish adequate assurances to the Secretary of Labor that (1) all professional performers and related or supporting professional personnel (other than laborers and mechanics with respect to whom labor standards are prescribed in subsection (i) of this section) employed on projects or productions which are financed in whole or in part under this section will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and (2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall have the authority to prescribe standards, regulations, and procedures as he may deem necessary or appropriate to carry out the provisions of this subsection.

(j) It shall be a condition of the receipt of any grant under this section that the group or individual receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Eacon Act, as amended. The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 and section 276c of title 40.

(k) The Chairman shall correlate the programs of the Endowment insofar as practicable, with existing Federal programs and with those undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this chapter which can be made by other Federal agencies under existing programs.

NATIONAL COUNCIL ON CHILDREN'S TELEVISION

SEC. 4. (a) There shall be, within the Endowment, a National Council on Children's Television (hereinafter referred to as the "Council").

(b) The Council shall be composed of the Chairman who shall be Chairman of the Council, and twenty-six other members appointed by the President who shall be selected, from among private citizens of the United States who are widely recognized for their broad knowledge of, or expertise in, or their profound interest in, the education, development and maturation of children or development of television programing for children.

(c) Each member shall hold office for a term of six years, and the terms of office shall be staggered. No member shall be eligible for reappointment during the two-year period following the expiration of his term. Any member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed.

(d) The Council shall meet at the call of the Chairman but not less often than twice during each calendar year. Fourteen members of the Council shall constitute a quorum.

(e) Members shall receive compensation at a rate to be fixed by the Chairman but not to exceed the per diem equivalent of the rate authorized for grade GS–18 by section 5332 of title 5 of the United States Code and be allowed travel expenses including per diem in lieu of subsistence, as authorized by law (section 5703 of such title 5) for persons in the Government service employed intermittently.

(f) The Council shall (1) advise the Chairman with respect to policies, programs, and procedures for carrying out his functions, duties, or responsibilities under this Act, and (2) review applications for financial assistance under this Act and make recommendations thereon to the Chairman. The Chairman shall not approve or disapprove any such application until he has received the recommendation of the Council on such application, unless the Council fails to make a recommendation thereon within a reasonable time. In the case of an application involving $17,500, or less, the Chairman may approve or disapprove such request if such action is taken pursuant to the terms of a delegation of authority from the Council to the Chairman, and provided that each such action by the Chairman shall be reviewed by the Council: *Provided*, That the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriated for that fiscal year for the purposes of this Act.

AUTHORIZATION OF FUNDS TO BE APPROPRIATED

SEC. 5. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

By Mr. KENNEDY (for himself and Mr. JAVITS):

S.J. Res. 78. A joint resolution to authorize and request the President to proclaim the second week of April as "National Medical Laboratory Week"; to the Committee on the Judiciary.

NATIONAL MEDICAL LABORATORY WEEK

Mr. KENNEDY. Mr. President, S. 705, The Clinical Laboratory Improvement Act of 1977, is urgently needed legislation. S. 705 is a substantially similar but improved version of the Senate passed bill of the 94th Congress. The records of the hearings of the last Congress and of those held in March of this year fully document the need for this legislation. The quality of the performance of our Nation's clinical laboratories whether they are large interstate laboratories, intrastate laboratories or laboratories in the offices of private physicians needs to be improved.

The American people are becoming increasingly dependent upon the services of clinical laboratories. Over 4 billion tests are done annually at a cost of approximately $12 billion. And yet we have learned at our hearings that approximately 15 percent of all laboratory tests are done in error, 2 million test errors a day.

The purpose of S. 705 is to establish national standards for clinical laboratories to upgrade the quality of their output. The establishment of these standards accompanied by vigorous enforcement will improve the quality of health care given to the American people. At the same time, the enactment and enforcement of the antifraud and abuse provisions will result in substantial economic swings.

I wish to commend my good friend and colleague, Senator JAVITS, for his excellent work in focusing our attention on the critical shortcomings in the important area of health care and being the principal sponsor of this legislation. I strongly urge its passage.

At this time I would also like to introduce on behalf of myself and Senator JAVITS a joint resolution which provides for the annual proclamation of a National Medical Laboratory Week during the second week of April. This week of recognition is being supported by the many professional associations representing medical laboratory personnel throughout the country.

Currently there are some 170,000 practitioners of medical laboratory science in the United States. These dedicated men and women have over the last 50 years played an increasingly vital role in the diagnosis and prevention of disease. They have been major supporters

of the legislation before the Senate today indicating their dedication to the improvement of the quality of the performance of the laboratories in which they work.

Laboratory personnel are team members in the third largest industry in the United States. Unfortunately, the efforts of medical laboratory scientists often go unnoticed by the public. And because public confidence in all segments of the health arena is vitally needed, it is important that the public more adequately understand the role played by the laboratory in their well-being. That is the purpose of this resolution.

Throughout the United States, medical laboratories perform over 4 billion tests annually in the pursuit of accurate health treatment. These laboratories are staffed by pathologists, medical technologists, medical laboratory technicians, and specialists such as histologic technicians, cytotechnologists, chemists, microbiologists, and others. They are highly educated, skilled professionals in their science.

As both professional and public attention becomes increasingly focused on the provision of quality care, I think it is most fitting that this Congress recognize the dedicated effort being made daily by the thousands of men and women who serve so ably in our Nation's medical laboratories by proclaiming April 13–19 as National Medical Laboratory Week.

ADDITIONAL COSPONSORS

S. 247

At the request of Mr. GOLDWATER, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 247, to provide recognition to the Women's Air Forces Service Pilots.

S. 418

At the request of Mr. BAYH, the Senator from Maine (Mr. HATHAWAY) was added as a cosponsor of S. 418, the Displaced Homemakers Act.

S. 481

At the request of Mr. DOMENICI, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 481 to amend the Age Discrimination in Employment Act of 1967.

S. 995

At the request of Mr. WILLIAMS, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 995, a bill to prohibit sex discrimination on the basis of pregnancy, childbirth, or related medical conditions.

S. 1163

At the request of Mr. MATSUNAGA, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1163, a bill to amend title 5, United States Code, to improve the basic workweek of firefighting personnel of executive agencies, and for other purposes.

S. 1276

At the request of Mr. HEINZ, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 1276, a bill providing for more rapid amortization of pollution control equipment.

S. 1385

At the request of Mr. HELMS, the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 1385, a bill to amend title XVIII of the Social Security Act to authorize payment for services furnished by physician extenders.

S. 1482

At the request of Mr. DOMENICI, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 1482, to provide for the recycling of used oil.

S. 1651

At the request of Mr. ROTH, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 1651, a bill to insure equal protection of the laws as guaranteed by the 5th or 14th amendments to the Constitution of the United States.

S. 1724

At the request of Mr. PROXMIRE, the Senator from Indiana (Mr. LUGAR) and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 1724, the Neighborhood Reinvestment Corporation Act.

S. 1780

At the request of Mr. DOMENICI, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 1780, the Elementary and Secondary Education Optional Consolidation and Reorganization Act.

S. 1838

At the request of Mr. NELSON, the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Georgia (Mr. NUNN), and the Senator from Hawaii (Mr. MATSUNAGA) were added as cosponsors of S. 1838, a bill to insure fair and equitable representation for smaller and medium-sized businesses on Federal Advisory Committees.

S. 1923

At the request of Mr. ROTH, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 1923, a bill to amend the Consolidated Farm and Rural Development Act and title V of the Housing Act of 1949 to authorize Federal assistance under such acts with respect to the installation of solar heating and cooling devices in residential and farm structures.

SENATE JOINT RESOLUTION 69

At the request of Mr. NELSON, the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Georgia (Mr. NUNN), and the Senator from Hawaii (Mr. MATSUNAGA) were added as cosponsors of Senate Joint Resolution 69, a joint resolution requiring each executive department and agency to designate a senior official as a point of contact for the small business community.

SENATE CONCURRENT RESOLUTION 26

At the request of Mr. CRANSTON, the Senator from Arizona (Mr. DECONCINI), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Utah (Mr. GARN), the Senator from Vermont (Mr. STAFFORD), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. HATHAWAY), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of Senate Concurrent Resolution 26, declaring a state of war against amyotrophic lateral sclerosis.

SENATE RESOLUTION 233—ORIGINAL RESOLUTION REPORTED RELATING TO THE CONSIDERATION OF S. 1952

(Referred to the Committee on the Budget.)

Mr. RANDOLPH, from the Committee on Environment and Public Works, reported the following resolution:

S. RES. 233

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1952. Such waiver is necessary to allow for the authorization of funds for the Federal water pollution control program and municipal treatment construction grant programs.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 16, 1977, because of the large number of other matters considered and reported by the Committee on Environment and Public Works. Other matters considered and reported to the Senate included S. 1529, the Water Resources Development Act of 1977, and S. 252, the Clean Air Act Amendments. Further, the issue of water pollution was addressed in the conference on H.R. 11, the Public Works Employment Act, but no satisfactory resolution of the issues could be worked out. Water pollution issues were not included in the conference report.

The authorizations contained in S. 1952 are consistent with the Environment and Public Works Committee's March 15, 1977, report to the Committee on Budget.

SENATE RESOLUTION 234—SUBMISSION OF A RESOLUTION TO REFER A BILL TO THE COURT OF CLAIMS

Mr. STEVENSON submitted the following resolution:

S. RES. 234

Resolved, That bill (S. 1953) entitled "A bill for the relief of Rawleigh Moses & Company, Inc." now pending in the Senate, together with all the accompanying papers, is referred to the Chief Commissioner of the United States Court of Claims; and the Chief Commissioner shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28, United States Code, and report thereon to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States or a gratuity and the amount, if any, legally or equitably due from the United States to the claimant.

SENATE RESOLUTION 235—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

(Referred to the Committee on the Budget.)

Mr. HASKELL, from the Select Commitee on Small Business, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 235

Resolved, That the provisions of section 402(a) of the Congressional Budget Act of

1974 are waived with respect to S. 1306, a bill to create a temporary drought relief program in the Small Business Administration.

SENATE RESOLUTION 236—RESOLUTION COMMENDING WILLIAM A. RIDGELY UPON HIS RETIREMENT AS SENATE FINANCIAL CLERK

(Considered and agreed to.)

Mr. ROBERT C. BYRD (for himself and Mr. BAKER) submitted the following resolution, which was considered and agreed to:

S. RES. 236

Whereas upon the retirement of William A. Ridgely, the Senate wishes to express its appreciation for his 28 years of service as an employee of the Senate, including 7 years as the Financial Clerk of the Senate;

Whereas the said William A. Ridgely at all times has discharged the important duties and responsibilities of his Office with great efficiency and diligence; and

Whereas his exceptional service and his continuous dedication to duty have earned for him our esteem and our affection: Now, therefore, be it

Resolved, That William A. Ridgely is hereby commended for his lengthy, faithful, and outstanding service to the Senate.

SEC. 2. The Secretary of the Senate is directed to transmit a copy of this resolution to William A. Ridgely.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL INSECTICIDE ACT AMENDMENTS—S. 1678

AMENDMENT NO. 604

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill (S. 1678) to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

OPPORTUNITIES FOR ADOPTION ACT—S. 961

AMENDMENT NO. 624

(Ordered to be printed and to lie on the table.)

Mr. PERCY. Mr. President, I am pleased to join with my colleagues, Senator CRANSTON, Senator RANDOLPH, Senator RIEGLE, Senator JAVITS in submitting an amendment to S. 961, the Opportunities for Adoption Act of 1977, to authorize the National Center for Child Abuse and Neglect to undertake a major effort to prevent and treat cases of child sexual abuse. This amendment is an outgrowth of concern that I and many of my colleagues have felt toward the growing problem of child pornography and other forms of sexual exploitation of children ranging in age from 3 to 18.

Due credit must be given to the important contributions of the press in bringing this problem to light, particularly the Chicago Tribune for its series of investigative articles on the problem of child pornography and prostitution, the CBS–TV program "60 Minutes" for its recent report on "Kiddie Porn," and the NBC–TV program "Weekend" for its report on the growing problem of incest.

Through the media and through hearings held by Judiciary subcommittees in both the Senate and the House of Representatives, we have learned that child pornography is but one part of a larger social problem facing this country. The growth of child pornography, child prostitution, child molestation, incest involving children, and similar practices is leaving a black mark on the lives of many thousands of American children. The scars of such experiences on a young mind can last a lifetime. Psychologists have talked of the shadow of shame, fear, alienation, and lost self-respect that haunts the lives of many of these children.

We as a civilized society cannot ignore this human travesty. Nor will any amount of rhetoric make it go away. It is not enough to put the perpetrators in jail. It is our responsibility as a humane people to help these children, through the vehicle of local government and private relief efforts, to remove the stigma of exploitation and face the challenge of returning to productive, purposeful lives.

The amendment I am introducing today would authorize $2 million dollars per year for 2 years for the National Center for Child Abuse and Neglect to spend specifically on programs to prevent and treat cases of child sexual abuse. Money would be made available to State and local governments as well as nonprofit private institutions on the same basis as is currently used for other child abuse programs. Specific provision would be made for programs attempting to treat family units, as broken homes are consistently cited as a factor in sexual child abuse.

This amendment recognizes that sexual child abuse is but one small part of the general problem of child abuse in this country. As such, we have drafted the legislation to assure that no arbitrary division is made between programs under this amendment and those under the larger child abuse program. It is our hope and intent that ongoing child abuse programs will expand their activities into the sexual abuse area using the incentives provided by this amendment.

Sexual child abuse is not an easy topic to discuss publicly. It is a depressing topic. To a large measure this very reluctance to openly confront the problem has contributed to its reaching a point of crisis.

Both in the public and the private sectors effective treatment programs are few and experimental. Psychologists and other professionals are still struggling to develop effective approaches for helping these children. Unless and until a significant commitment is made to helping the victims of sexual child exploitation, the problem can only continue to grow, and the human waste can only continue to mount.

Mr. President, I ask unanimous consent that the text of the amendment I am introducing be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 624

On page 34, line 4, insert "(1)" after "(a)".

On page 34, insert between lines 18 and 19 the following:

(2) Section 5 of such Act is further amended by—

(A) inserting "(a)" after "Sec. 5."; and

(B) adding after subsection (a) the following new subsection:

"(b)(1) There are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1978, and $2,000,000 for the fiscal year ending September 30, 1979, for the purpose of making grants and entering into contracts (under sections 2(b)(5) (relating to research), 4(a) (relating to demonstration projects), and 4(b)(1) (relating to grants to States)) for programs and projects designed to prevent, identify, and treat sexual abuse of children, including programs involving the treatment of family units.

"(2) Of the sums appropriated under this subsection, not more than 20 per centum shall be expended under section 2(b)(5).

"(3) As used in this subsection, the term—

"(A) 'sexual abuse' includes the obscene or pornographic photographing, filming, or depiction of children for commercial purposes, or the rape, molestation, incest, prostitution, or other such forms of sexual exploitation of children under circumstances which indicate that the child's health or welfare is harmed or threatened thereby, as determined in accordance with regulations prescribed by the Secretary; and

"(B) 'child' or 'children' means any individual who has not attained the age of 18.

"(4)(A) Nothing contained in the provisions of this subsection shall be construed as prohibiting the use of funds appropriated under subsection (a) for programs and projects described in subsection (b), nor be construed to prohibit programs or projects receiving funds under subsection (a) from receiving funds under subsection (b).

"(B) No funds shall be obligated or expended under this subsection unless an amount at least equal to the amount of funds appropriated in fiscal year 1977 has been appropriated for programs and projects under subsection (a) for any succeeding fiscal year."

On page 34, line 19, strike "(b)" and substitute "(c)".

On page 34, line 21, strike "(c)" and substitute "(d)".

PUBLIC FINANCING OF ELECTIONS—S. 926

AMENDMENTS NOS. 605, 606, AND 607

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI submitted three amendments intended to be proposed by him to the bill (S. 926) to provide for the public financing of general elections for the U.S. Senate.

Mr. DOMENICI. Mr. President, today I submit three amendments to S. 926, the public financing of general elections for the U.S. Senate. While I have grave reservations concerning the effects of this bill, should it pass, I offer these amendments to deal with inequities in the bill I perceive as untenable.

The first amendment is meant to equalize the period of time allotted by this bill for the raising of contributions eligible for matching funds. As some States hold late primaries, these States would have an extended period of time within which to raise contributions for matching funds. My amendment would specify and make uniform the time span within which to raise matching funds.

The second amendment would allow an individual to make unlimited "independent expenditures," as is his right guaranteed by the first amendment and reiterated by the Supreme Court in Buckley against Valeo. However, it would prohibit a partnership, committee, asso-

ciation or any organization or group of persons, including any segregated fund established by a corporation, labor organization, or national bank from making any contribution of money or effort to a candidate or political party which will not be disclosed to the Federal Elections Commission or which will not be regarded as a contribution or expenditure by a particular candidate or political party.

Much of the discussion of my colleagues concerning this bill includes the role of "special interest groups" in campaign financing. It is my contention that any group, be it two or more individuals, which contributes to a campaign does so to advocate an issue or candidate of "special interest." If there was no area of "special interest" there would be no common ground for the members of the group to unite. However, the role played by these "special interest groups" in our political structure is healthy as it permits individuals to gather their forces and effectively express their views on issues of particular interest to them. The purpose of my amendment is not to hinder this process, but to merely bring these groups under the auspices of the Federal Election Commission so that the public is made aware of their efforts and the extent of their involvement.

The Supreme Court has reaffirmed in Buckley against Valeo what I have firmly expressed in the past. Every individual has the right to support, including financially, any idea, any political position, or any individual who expresses causes or beliefs similar to his. My amendment specifies this right.

I further believe, however, that groups and organizations do not make truly "independent expenditures." Groups and organizations have the resources and experience to become in actuality "corrollary committees" capable of directing effective and expensive efforts to directly elect or defeat a particular candidate or political party.

The amendment I offer would allow these "special interest groups" to express their views and financially support candidates and political parties. However, all their efforts will now be disclosed and they will be subject to limitations on the amount they may expend in energy and money on any candidate or political party. This truly will reduce the undue influence of "special interest groups."

The third amendment I offer will allow corporations, labor organizations and national banks to communicate with their shareholder members, executives or administrative personnel on any subject. However, when such communication advocates the election or defeat of a particular candidate, the cost of such communication must be reported to the Federal Election Commission and will be attributed as either a contribution or expenditure to the particular espoused.

I ask unanimous consent that my amendments be printed at this point in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 605

On page 23, line 23, insert the following: Subsection (4) is amended by striking "before September 1 of the year immediately preceding the year in which any general election is held" and inserting in lieu thereof, "280 days prior to the date of the primary election for the United States Senate."

AMENDMENT NO. 606

On page 47, line 10, insert the following: Insert new subsection (e) to read as follows: (e) Section 301(p) of the Act (2 U.S.C. 431(p)) is amended to read:

"(p) 'independent expenditure' means an expenditure by an individual expressly advocating the election or defeat of a clearly identified candidate or political party which is made without cooperation or consultation with any candidate or political party or any authorized committee or agent of such candidate or political party and which is not made in concert with, or at the request or suggestion of, any candidate or political party or any authorized committee or agent of such candidate or political party."

AMENDMENT NO. 607

On page 65, line 7, insert the following: Insert a new subsection (1) and renumber all subsections as succeeding.

(1) by amending 2(A) by inserting "nonpartisan" in the first sentence as the first word.

AMENDMENTS NOS. 608 THROUGH 616

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted nine amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 617

(Ordered to be printed and to lie on the table.)

Mr. TOWER submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 618 THROUGH 621

(Ordered to be printed and to lie on the table.)

Mr. JOHNSTON submitted four amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 622

(Ordered to be printed and to lie on the table.)

Mr. MORGAN submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 623

(Ordered to be printed and to lie on the table.)

Mr. CHAFEE submitted an amendment intended to be proposed by him to the bill (S. 926).

AMENDMENTS NOS. 625 AND 626

(Ordered to be printed and to lie on the table.)

Mr. JOHNSTON submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 627

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 628

(Ordered to be printed and to lie on the table.)

Mr. WALLOP submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 629

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 630 THROUGH 632

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted three amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 633

(Ordered to be printed and to lie on the table.)

Mr. BROOKE submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 634

(Ordered to be printed and to lie on the table.)

Mr. HELMS (for himself, Mr. BAKER, and Mr. ALLEN) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 916), supra.

AMENDMENT NO. 635

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

NATURAL GAS AND PETROLEUM CONSERVATION AND COAL UTILIZATION ACT OF 1977—S. 977

AMENDMENTS NOS. 636 THROUGH 639

(Ordered to be printed and to lie on the table.)

Mr. HEINZ. Mr. President, I am concerned about recent developments in our national energy policy and, in particular, the weakened posture of S. 977, the Natural Gas and Petroleum Conservation and Coal Utilization Act of 1977. We appear to have backed off from our commitment to energy independence by increased coal use. For this reason, I am prepared to restore some meaning to our intent in this legislation through a number of strengthening amendments.

The act was originally conceived—and broadly endorsed I might add—to "foster the greater use of coal, fuels derived from coal, and other fuels in lieu of natural gas and petroleum—for certain electric powerplants and major fuel-burning installations * * *" and to thereby "reduce the United States' vulnerability to energy supply interruptions." This language has been forged from the difficult lessons of oil embargoes and natural gas curtailments in winters past. I had thought that we had learned from those experiences. I am disappointed to report that we have not.

The first priority, and our most immediate concern in this bill, is to reduce the inappropriate and often indiscriminate use of natural gas in both utility and industrial facilities. This would make available increasing supplies of domestic gas to superior uses in the residential and small commercial sectors. As the bill is reported, there is no change in the level of gas use in existing plants.

Our second goal is to reduce our growing dependence on foreign sources of petroleum by promoting the substitution

of coal where its use is feasible. As a corollary to our substitution of coal for oil, we can begin to conserve our remaining domestic oil reserves. Though there may be disagreement over the actual extent of those domestic reserves, there is no doubt that each additional barrel we consume today will have an increasing cost of replacement—a cost that will eventually be borne by future generations trying to meet their needs. Unfortunately, even those plants that are capable of being converted to coal use are exempted from any prohibition on the use of oil. In fact, the net effect of this bill in the short-term will be to increase our industrial use of petroleum and dependence on foreign sources.

Our third objective in this bill is to promote the development of our indigenous coal resources. I am informed that the coal industry stands ready to expand and meet our demands for domestic energy. What is needed is a clear national commitment to dispel the uncertainties and endorse new growth. This bill does not make the fullest and most effective commitment to conversion to coal and promotion of growth in the industry.

The recent history of S. 977 has been marked by capitulation and weakening. It is my opinion that we must reverse this trend and make this legislation as strong as possible and effective as soon as possible if we are to achieve our policy objectives of energy conservation and independence at all.

A program for replacing the use of oil and natural gas in the utility and industrial sectors should have three interdependent elements: A regulatory program to mandate the conversion of major facilities; appropriate pricing or taxes to bias the economics of fuel use away from industrial burning of oil and natural gas and toward conservation; and financial incentives to promote the investment in conversion facilities. Each element is important in effecting a significant shift in fuel consumption patterns.

S. 977 establishes the regulatory element of the program. It represents an extension of the authorities mandated in the Energy Supply and Environmental Coordination Act of 1974—ESECA. Under those authorities, the Federal Energy Administration has ordered the conversion of utility and industrial plants from oil and/or gas to coal. But because of weak enforcement and procedural delays, not one prohibition or construction order involving an electric utility or major fuel burning installation has to this date become effective. The FEA program simply has not been adequate to the task.

Without a stronger congressional mandate, there is no reason to expect the administration of this program to be any more effective.

S. 977 does strengthen the administrative authority of the FEA to order the construction of new plants for the combustion of coal rather than oil and natural gas. But there are broad permanent exemptions that would relieve a company of any requirement to burn coal for the life of the new plant; in most cases, 30 to 40 years. There is no knowing how our energy situation will develop in that length of time. I believe that at the very least we should be constructing our new plants with the capability to burn coal and other fuels rather than continuing to leverage our future in oil and natural gas.

S. 977 will also have little effect in relaxing our current shortages in natural gas. The provisions of the bill that had been designed to prohibit continued combustion of natural gas in industry boilers have been deleted. These facilities, burning 3 trillion cubic feet of gas per year or 15 percent of our national demand, will be allowed to continue their level of consumption for their useful life. Gas which could be redirected to households will continue to be wasted in inappropriate uses. Industry that continues to rely on it will face the same risk of winter curtailments and shutdowns that have left so many unemployed in the past, and our shortages will begin to include homeowners as well.

Mr. President, the time has come for this Congress to come to grips with the energy problems that have plagued us and will continue to plague us in our apathy. We cannot continue to allow natural gas to be burned indiscriminately under large boilers; to acquiesce is to guarantee still worse unemployment and consumer hardship in the winters ahead. We can no longer afford the uncertainties in foreign oil dependence and harsh winter climes. We can no longer confidently laud our expansive coal resources and yet remain indifferent to their development as a viable fuel substitute. We all recognize that any change in our energy budget will generate some additional cost in the short term. But let us face that prospect responsibly and make our intention clear and emphatic: the long-term interests of this Nation, in this generation and beyond, will be best served by the development of abundant coal for intensive industrial uses and the conservation of scarce natural gas and oil for needier individual uses. We cannot continue to capitulate but must legislate on these issues. To this end, I urge my colleagues' endorsement of the broad purposes of this bill and solicit their firm support to restore its substantive provisions.

CONSUMER CONTROVERSIES RESOLUTION ACT—S. 957

AMENDMENTS NOS. 640 THROUGH 643

(Ordered to be printed and to lie on the table.)

Mr. ALLEN. Mr. President, I am today introducing four amendments to S. 957, the Consumer Controversies Resolution Act. Each amendment would impose some reasonable limitations on the ability of the proposed Office of Consumer Redress to interfere with the power of States to operate their own court systems.

I can think of no legislation which we have favorably considered in this body which would interpret the power of the Federal Government and of the Federal Trade Commission as expansively as S. 957.

On page 19, the bill declares a congressional finding which brings virtually every commercial transaction in the country within the purvue of the Federal Government. Having broadly defined its jurisdiction, the bill proceeds to define its purpose as the fair and expeditious settlement of all consumer controversies and to give the Federal Trade Commission omnibus authority to "take such other actions as the Commission in its discretion deems appropriate and necessary to fulfill the purposes of this act."

Additionally, the Federal Trade Commission and the Comptroller General are given almost unlimited authority to examine "any relevant books, documents, papers, and records" relating to State court disposition of consumer controversies.

Mr. President, such provisions would render State commercial law jurisdiction virtually meaningless.

My first amendment would remove from this legislation the statement of congressional finding which would tend to bring all commercial transactions within the ambit of Federal Government jurisdiction. In addition, my second amendment would remove the open-ended grant of authority which would allow the Commission to take all "appropriate and necessary" actions with respect to consumer controversies.

My third amendment would remove the Miranda-type procedures by which the act attempts to dictate the manner in which the States are to achieve a reduction in the number of default judgments. Finally, my fourth amendment would limit the access of the Commission and the Comptroller General to those records required to be kept under the provisions of the act, rather than allowing a carte blanche investigatory authority over all State court records.

Several weeks ago, I recall seeing an article in the Baltimore News American which observed that the Federal Government currently has 33 agencies and approximately 400 bureaus and subagencies operating more than 1,000 consumer-oriented programs. Consumers pay around $4 billion a year in taxes to support all the Federal agencies riding herd on business.

This additional consumer program may not be needed at all, but if the Senate is bent on further stifling American commerce by stirring up petty but costly litigation, then, at least, we should insure that no Federal agency is given authority to supervise and hence to repress State courts.

FOREIGN ASSISTANCE APPROPRIATIONS—H.R. 7797

AMENDMENT NO. 644

(Ordered to be printed and to lie on the table.)

Mr. HEINZ submitted an amendment intended to be proposed by him to the bill (H.R. 7797) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1978, and for other purposes.

NOTICES OF HEARINGS

NOMINATION

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, August 2, 1977, at 10 a.m., in room 2228,

Dirksen Senate Office Building, on the following nomination:

Earl E. Veron, of Louisiana, to be U.S. district judge for the western district of Louisiana vice Edwin F. Hunter, Jr., retired.

Any persons desiring to offer testimony in regard to this nomination shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

This hearing will be before the full Judiciary Committee.

INTERNATIONAL DEBT—CHANGE IN DATES

Mr. STEVENSON. Mr. President, the dates for hearings on international debt to be held by the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs have been changed to August 29 and 30. The hearings were originally scheduled for August 23 and 24.

A description of the hearings was included in the RECORD on July 1 at page 22005. For additional information contact Robert W. Russell at 202–224–0891.

CRUDE OIL PRICE POLICY

Mr. JOHNSTON. Mr. President, the Subcommittee on Energy Conservation and Regulation of the Senate Committee on Energy and Natural Resources will hold a hearing on Thursday, August 4, 1977, to review the Federal Energy Administration's implementation of the crude oil price policy established by statute. At this hearing FEA Administrator John F. O'Leary will appear to present testimony on this issue. Additional hearings may be held after the August recess.

This hearing will commence at 8 a.m. in room 3110 of the Dirksen Senate Office Building. Questions about the hearing should be directed to Ben Cooper of the committee staff at 224–9894.

SELECT COMMITTEE ON SMALL BUSINESS

Mr. NELSON. Mr. President, I wish to announce that the Select Committee on Small Business has scheduled a hearing on "Late Payments to Contractors by Federal Agencies and Government Paperwork." The hearing will be held in Portland, Oreg., on August 26, 1977, in the Lloyd Center Auditorium from 9 a.m. to 12 noon. Witnesses will be announced at a later date.

Further information can be obtained from the committee offices, 424 Russell Senate Office Building, at 224–2130.

ADDITIONAL STATEMENTS

THE HEART OF U.S. INTELLIGENCE

Mr. INOUYE. Mr. President, on July 14, 1977, the New York Times published an article entitled "The Heart of U.S. Intelligence" written by Senator WALTER D. HUDDLESTON, of Kentucky, describing the present state of efforts by the Senate Select Committee on Intelligence and the executive branch to frame legislation that will govern the intelligence activities of the United States. I believe that Senator HUDDLESTON has fairly assessed the central issues.

Senator HUDDLESTON is chairman of the Subcommittee on Charters and Guidelines of the Senate Select Committee on Intelligence. Over the past 6 months, the committee has worked closely with the executive branch in developing draft charters for each of the entities that make up the national intelligence community. The committee has had meetings with the President, the Vice President and, of course, the intelligence agencies and has had the opportunity to express its views about what direction the future organization of the intelligence community should take. It is my expectation that the President will make key decisions concerning the structure of the intelligence community in the near future. Essential to his considerations will be the issues discussed in Senator HUDDLESTON's thoughtful article. I ask unanimous consent that Senator HUDDLESTON's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HEART OF U.S. INTELLIGENCE

(By Walter Huddleston)

WASHINGTON.—There is a clear and urgent need for strong central leadership of the United States intelligence community.

If the executive and legislative branches do not act decisively and soon, our country will not have the most efficient and effective intelligence organization possible—and will lack vital information which such an organization should provide.

Congress is not seeking operational control over the intelligence community. But it does seek to improve the intelligence activities of the Government and to place them upon a coherent legislative foundation rather than upon a few ambiguous paragraphs in the National Security Act of 1947 and a series of largely secret executive orders and Presidential directives.

Thirty years ago the National Security Act anticipated the need to "coordinate" intelligence activities, but successive Directors of Central Intelligence have been unable to do so. Among many reasons for this failure were these:

The Director of Central Intelligence has had genuine authority over only one agency, the C.I.A. His control over the budgets for other agencies such as the National Security Agency has been sharply limited.

The Director has been unable to establish and enforce "intelligence requirements" to guide our massive collection efforts.

The Director has spent most of his time supervising clandestine activities.

To continue the present situation would be a prescription for diffused and, consequently, weak leadership.

For the past year my colleagues on the Senate Select Committee on Intelligence and I have been working on statutory charters which would remedy this situation. The legislation is designed to insure that the executive branch and the Congress are provided with access to the most accurate, relevant and timely intelligence possible at the lowest possible cost. It would guarantee that vital secret activities do not infringe upon the rights of Americans, directly or indirectly.

The legislation is based on the premise that if there is to be real accountability in the intelligence community, the Director of Central Intelligence must be given real power. This includes the power to allocate resources, eliminating waste and duplication. He must be able to set priorities for intelligence collection based upon the guidance offered by intelligence consumers such as the President. He should supervise, but not engage in the day-to-day management of agencies such as N.S.A., and be given responsibility for producing national intelligence estimates which represent the intelligence community's best judgment on key issues. He can and should be held accountable for any misdeeds by our secret agencies.

Two arguments have been raised against centralization. The first is that it would lead to the stifling of debate within the intelligence community and prevent dissenting voices from reaching the President.

Competition and debate, essential for good analyses, are encouraged by the legislation. Moreover, it will require that when the President asks for judgment on a subject, major disagreements will be identified. Because the Director is not a policy-maker with a policy-maker's bias, he is uniquely equipped to provide an authoritative view on intelligence issues.

A second argument against centralization is that it will increase the potential for abuse of civil liberties.

The legislation will clearly define the missions of the various intelligence agencies and establish a pattern of constitutional accountability for all intelligence activities. At the same time, agency employees will be given statutory guidance on what they can and cannot do. Violations will be subject to swift and sure punishment. Clearly defined missions, statutory restrictions which unlike executive orders cannot be changed with the stroke of a pen, increased accountability, and new review and oversight mechanisms within the executive branch and in Congress are better protections against abuse than decentralization which undermines our intelligence effort.

At the same time that statutory charters for the Director and the intelligence agencies are being completed, the White House is finishing a major review of the intelligence community. I have every hope that the President will agree with the need to improve our intelligence community, increasing its accountability and responsiveness. Cooperation, based upon an awareness of the differing roles of the Congress and the executive branch in our constitutional system, has so far marked the relationship between the White House and the Select Committee.

I am sure that this will continue and that, in the next months as the draft charters are introduced, the national debate on strengthening our intelligence community and bringing it firmly under the rule of law, will lead to a successful conclusion.

TREND TOWARD STERILIZATION

Mr. HATFIELD. Mr. President, among the various methods of birth control that exist, one which is seldom emphasized by either opponents of more violent birth control methods, such as abortion, or by so-called prochoice proponents, is voluntary sterilization. The impression sometimes has been conveyed that a woman who does not wish to have more children and who is not permitted to have an abortion because of legal or monetary restrictions has no choice but to use dangerous and unreliable contraceptives or to become a baby-producing machine. Voluntary sterilization, however, provides another option to both men and women.

For those individuals who have made the decision to bear no more children, voluntary sterilization should be carefully considered. It is safe, it is simple, and it is sure. Moreover, for those of this group of individuals who contemplate abortion, sterilization is surely a less violent choice.

I would not advocate a forced sterilization program, nor would I claim that undergoing such an operation is a simple decision to make. However, as demonstrated in a recent Princeton Univer-

sity study, an increasing number of individuals have made such a choice. In fact, at least one spouse has been sterilized in one out of every four American couples of childbearing age.

I ask unanimous consent that the recent Washington Post report of the Princeton study be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

CHOSEN BY 6.8 MILLION COUPLES—TREND TOWARD STERILIZATION

(By Victor Cohn)

In more than a quarter of American couples of child-bearing age, the husband or wife has been sterilized.

Slightly more couples are choosing the pill as a birth-control method. But a growing number of sterilizations for medical reasons makes sterilization for the first time the most common bar to conception among married people.

These findings were reported yesterday by the Princeton University Office of Population Research, whose head, Dr. Charles Westoff, said they were among the most "dramatic" and "extraordinary" changes in birth-control practice of recent times.

In a report to the government's National Center for Health Statistics, Westoff and research associate Elise Jones said that in 1975:

Some 6.8 million couples chose sterilization for birth control, nearly as many as the 7.1 million where the wife used birth-control pills. Some 3 million husbands and 3.8 million wives were sterilized. Use of the pill, subject of adverse publicity in recent years, had dropped somewhat from earlier years.

Couples of child-bearing age, defined as those with the woman under 45, totaled 27 million. Among more than a million couples, one partner (usually the wife) was sterilized for medical rather than birth-control reasons.

Among couples who planned to have no more children at any time, 43 per cent chose sterilization (compared with 31.9 per cent in 1973 and 13.7 per cent in 1965). Twenty-four per cent used the pill, compared with 28.5 per cent in 1970, the high point of pill use for this group.

Most of these estimates were based on interviews with a national sample of 3,403 white women. In some cases, blacks were included in the statistics.

"The number of contraceptive sterilizations among blacks and whites is about the same," Westoff said. "But in blacks most of the sterilizations are in women."

Westoff and Jones collected no statistics on sterilized unmarried persons. An Association for Voluntary Sterilization spokeswoman in New York said, "We're getting an increasing number of inquiries about sterilization from single persons, so we believe there are quite a few."

While pill use was down slightly overall, its use among younger women who intend to have children was increasing—from 51 per cent in 1970 to 59 per cent in 1975.

The greatest drop in pill use was among women married 15 years or more. Use of the IUD, or intrauterine device, also was down in almost all the women except those married 20 years or more.

Though some drug firm reports have hinted at more use of the diaphragm, the Princeton data showed a continued decline in its use—from 5.7 per cent of all couples in 1970 to 3.9 per cent in 1975. However, women intending to have children were using it slightly more.

Use of condoms also continued to drop overall, though in couples married fewer than 10 years it had increased. It was being used by 7.5 per cent of all couples, compared with 6.4 per cent using the IUD, 2.6 using contraceptive foam and 2.2 the rhythm method.

Westoff and Jones said the number of couples choosing sterilization was growing partly because they wanted "relief" from continuous use of a chemical or a mechanical device. Also, they said, "couples are more willing to accept irreversibility" in their decisions not to have children.

The most common female sterilization operation—tubal ligation, or tying the fallopian tubes—cannot be reversed. The male operation—vasectomy, or surgical removal of the tube that carries sperm from the testicles—is seldom reversible.

UNITED STATES STANDS WITH PORTUGAL AND SOUTH AFRICA ON THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, only three nations that were members of the United Nations when the Genocide Convention was passed by the U.N. in 1948 have still not ratified the convention. Only three nations have refused to take part in a treaty to make genocide—the destruction of a national ethnic, racial, or religious group—an international crime.

Perhaps some Americans would guess that Portugal and South Africa are two of those who have not ratified the convention. But would any Americans guess that the United States is the third?

I think it is both a disgrace to the Senate and a disgrace to the American people that the United States is not included among those members of the family of nations which have ratified this great human rights treaty.

In the hope that it will prompt long-over-due action by the Senate, I ask unanimous consent that the total list of the 82 nations which have ratified the Genocide Convention be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bahamas, Belgium, Brazil, Bulgaria, Burma, Byelorussian SSR, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Finland, France, German Democratic Republic, Federal Republic of Germany, Ghana, Greece Guatemala, Haiti, Honduras, Hungary, Iceland, India, Iran, Iraq, Israel, Italy, Jamaica, Jordan, Khmer Republic, Laos, Lebanon, Lesotho, Liberia, Mali, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Vietnam, Romania, Rwanda, Saudi Arabia, Spain, Sri Lanka, Sweden, Syria, Tonga, Tunisia, Turkey, Ukrainian SSR, U.S.S.R., United Kingdom, Upper Volta, Uruguay, Venezuela, Yugoslavia, and Zaire.

FRANCES KNIGHT RETIRES

Mr. DOLE. Mr. President, Frances G. Knight is retiring after 38 years of distinguished Federal service, the last 22 of them as Director of the Passport Office in the Department of State. Under sometimes difficult circumstances, she executed the policies of several different administrations faithfully and diligently, at a time when women in Government were expected to know their place and refrain from speaking their mind.

An actively liberated woman before it was fashionable, Frances Knight performed the duties of her sensitive public office in accordance with the dictates of her conscience and the important responsibilities of her position. Through all the years she earned our gratitude for her patriotic devotion and hardworking service. No one could every justifiably disparage the efficiency of the agency she directed.

For someone of her energy and youthful vitality, retirement is certain to be a busy experience. We thank her for her service to her country and wish her many more years of happiness.

PUBLIC SUGGESTIONS ON REORGANIZATIONAL PLANS

Mr. RIBICOFF. Mr. President, the Reorganization Act of 1977, which was signed by President Carter on April 6, established streamlined procedures for congressional action on administration reorganization proposals.

The act permits the President to submit executive branch reorganization plans to Congress over the next 3 years. Unless rejected by either House, these plans go into effect 60 days after their submittal.

The purposes of the Reorganization Act are:

To promote more effective management of the executive branch;

To reduce public expenditures and promote economy in Government operations;

To better coordinate agencies and functions of Government; and

To reduce the overall number of agencies, eliminating those agencies and functions which are unnecessary.

The act mandates that the reorganization process include opportunities for broad involvement by the general public. Section 901 states:

It is the intent of Congress that the President provide appropriate means for broad citizen advice and participation in restructuring and reorganizing the Executive Branch.

In compliance with this provision, Richard A. Pettigrew, Assistant to the President for Reorganization, recently distributed a questionnaire on reorganization issues to various public officials, interest groups, and interested citizens. An invitation for public response to the questionnaire was also printed in the Federal Register.

To further facilitate the process of broad involvement in the reorganization process, I ask unanimous consent that this public notice be printed in the RECORD.

There being no objection, the notice was ordered to be printed in the RECORD, as follows:

INVITATION FOR PUBLIC COMMENT REGARDING EXECUTIVE BRANCH REORGANIZATION

President Carter has pledged to make the Federal government more competent through improvements in Executive Branch structure and management.

Major objectives of reorganization include:

Efficiency and economy in government operations;

More effective planning, coordination and administration of government activities;

More open, responsive and understandable government;

Reduced government fragmentation, overlap and paperwork;

More simplified government regulations;

Increased predictability and consistency in governmental actions;

Improved relationships among Federal, state and local governments to promote partnership and coordinated delivery of services;

Higher levels of performance from federal officials.

Attaining these reorganization objectives will require careful and comprehensive analysis by the President's Reorganization Project. It will also require the broadest possible public participation.

The survey that follows begins with cross-cutting questions on the broad issues of Executive Branch reorganization. Following these are additional questions dealing with each reorganization study category. These questions are designed to serve primarily as points of general comment. Should you wish to focus your response on other reorganization issues, please do so in any manner you deem appropriate. Your views are welcome in every area.

I. GENERAL REORGANIZATION ISSUES

Which Federal departments and agencies are most in need of reexamination?

What tasks does the Federal government perform especially well? What tasks does it perform poorly?

Do you have specific examples of governmental programs that are failing to accomplish their purposes because they are improperly organized or managed? Can you suggest programs that are succeeding on the basis of proper organization?

What general standards would you recommend to evaluate the merits of any federal reorganization proposal? Examples might include improved service, reduced costs and paperwork.

What methods can you suggest for involving citizens in the federal reorganization effort on a continuing basis?

An effort to attain the various reorganization objectives listed on the preceding page will inevitably involve trade-offs. Where these are necessary, to which objectives would you attach the highest priority?

II. ISSUE CATEGORIES

The President's Reorganization Project consists of several study teams, each examining different functional areas of the Executive Branch. Here are brief descriptions of each study area. Once again, the questions are representative only and not intended to limit the scope of your response. Develop your views in any manner you find appropriate.

1. General government

The overall justice system, including federal law enforcement, litigation, prosecution and rehabilitative activities; general revenue sharing and other general purpose fiscal assistance; revenue collection; central administrative activities such as fiscal, property and records management; and planning. Agencies of major interest in this area are the Departments of Treasury and Justice and the General Services Administration.

How can the administration of federal law enforcement be improved?

In what areas, if any, should the Federal government be playing a greater or lesser role? Should state or local governments assume greater responsibility in the law enforcement area?

Do you believe there is adequate coordination and planning in the nation's justice system? Can you indicate how and in what areas coordination or administration might be improved?

Have you any suggestions for improving federal procurement procedures? How can selling goods and services to the Federal government be simplified for smaller businesses?

Do you see any need for the Federal government to improve its long-range planning capabilities? If so, what planning mechanisms would you suggest?

2. Human resources

Health, education, social services, nutrition, income assistance, employment, training, retirement and youth assistance programs. Key agencies include the Departments of HEW, Labor, Agriculture, and the Community Services Administration.

Are you aware of particular human resources policy or management problems that organizational changes might help to solve? Can you suggest any solutions that should be considered? In your judgment which human resources programs are well organized and managed and which are not?

In cases where particular federal, state, and local agencies are jointly involved in human resources programs, can you suggest ways to improve coordination of service delivery?

3. Civil rights enforcement

The Federal government's overall effort to ensure equal opportunity for minorities, women, the aged and the handicapped in the areas of employment, education, housing and federally assisted programs. The study will focus on management and administrative improvements, fragmentation of responsibilities among various federal agencies, and the impact of standards and reporting requirements upon the affected interests. The principal agencies to be studied initially include the Departments of Justice and Labor, the Equal Employment Opportunity Commission, and the Civil Service Commission.

Do you think that discrimination complaints are adequately handled by the Federal government? If not, can you cite examples? Is there overlap or duplication among agencies handling discrimination complaints?

Do you think that persons know where they can go for relief when they feel they have been discriminated against? Is the federal enforcement effort sufficient with respect to minorities? Women? The aged? The handicapped?

How would you assess the regulatory impact of equal opportunity regulations and reporting requirements? Too burdensome? Necessary and appropriate? Can you suggest alternative methods for achieving equal opportunity objectives?

4. National security and international affairs

The structure, decision processes, and roles and missions of agencies in formulating and implementing national security and foreign affairs policy. Agencies of major interest include the Department of Defense and the Department of State.

Within the broad functional area of national security and international affairs, what problems, if any, do you see which should be reviewed by the President's Reorganization Project? Are such problems related to organizational structure, decision processes or other factors? Please explain and provide specific suggestions for improvements.

How can foreign policy and/or national security policy be developed with more public input? How would you recommend this be accomplished?

5. Natural resources, environment and energy

Federal programs for management of land, water, mineral, historical and forest resources, and for protection of the environment. Development and utilization of science and technology for national purposes. Agencies: the Department of the Interior, Environmental Protection Agency, Forest Service, National Oceanic and Atmospheric Administration, TVA, Army Corps of Engineers, National Aeronautics and Space Administration, the National Science Foundation and the planned Department of Energy.

Is the Federal government organized effectively to manage and protect the nation's land resources? What about water and ocean-related resources? Are there any changes you would recommend?

Is the government well organized to implement environmental programs? Is it organized to confront and resolve properly the choices involving environmental protection and economic development? What organizational improvements would you propose?

What should be the federal role in fostering scientific research and applying technology to human needs? What should be the proper mix of government-conducted versus government-funded research?

6. Economic development

Federal programs dealing with urban development, rural development, housing, transportation, communications, business promotion, and the structure of the economic policy-making process. Agencies include the Departments of Commerce, Transportation, Agriculture, Housing and Urban Development, as well as the Postal Service, Small Business Administration, Export-Import Bank, Federal Reserve Board and other bank regulatory agencies, AMTRAK, the Federal Trade Commission, the ICC, the CAB, and the Federal Maritime Commission.

How can the Federal government be better organized to encourage rural and urban economic vitality? What are the most effective approaches to delivery of economic and community development assistance?

What organizational changes can be made to improve the nation's transportation system? Should transportation programs be integrated more fully into urban programs?

What should be the goals of the Federal government in the area of housing? Are separate urban and rural housing and community development programs desirable?

7. Regulatory reform

The regulatory structures and practices of the Federal government. These include those policies governing certain economic decisions of business, such as regulation of prices, rates, certificates, and franchises. Also covered are those regulations designed to protect the environment and the public health and safety. The cost-effectiveness and public accountability of various regulatory schemes will be included in this study.

How would you assess the performance of the present federal regulatory system in protecting public health and safety? Worker health and safety? In preserving competition? What specific deficiencies do you perceive and how could they be remedied?

Can you provide examples of overlap, duplication or conflict among regulations issued by government agencies? How might these be resolved?

What circumstances do you believe justify regulatory action by the Federal government? In what areas would less regulation be appropriate?

Do you think there may be better approaches than direct regulation for achieving national goals? Would incentives or direct federal subsidies be feasible alternatives? In what instances?

Do you believe that regulatory agencies are properly accountable to the public? If not, how should accountability be improved? How can we achieve more effective public participation in agency decisions?

8. Federal personnel management

Federal personnel policies, processes and organization. The Civil Service Commission.

What changes would you recommend in the present recruitment, hiring and retention policies of the federal civil service?

Do you believe that the federal civil service is a productive work force? If so, why? If not, what improvements should be made?

What changes would you recommend to improve the responsiveness of federal civil servants to the public?

* * * * *

You are invited to submit your responses to: Reorganization Issues, The White House, Washington, D.C. 20500.

This invitation to comment on reorganization issues is only the first of many opportunities the public will be afforded to advise us on reorganization matters. We will certainly want your views on specific reorganization issues as they develop. Of course, the President's Reorganization Project welcomes your comments, idea or suggestions on reorganization at any time.

Richard A. Pettigrew, Assistant to the President for Reorganization.

THE HUMANITY OF THE UNBORN

Mr. HATFIELD. Mr. President, Congressman HENRY HYDE recently wrote a cogent and well-reasoned article in the Washington Post in response to many editorials and newspaper columns that have objected to the withholding of Federal funds for abortions.

Opponents of the prohibition in the Labor/HEW appropriations bill have asked, with good reason, what basis there can be for effectively denying to the poor access to a medical procedures that is legal. Congressman HYDE responds to this question and I insert his article in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 25, 1977]

THE HUMANITY OF THE UNBORN

(By Henry J. Hyde)

The pages of The Washington Post (and most newspapers, for that matter) have been crowded with editorials, cartoons and columns deploring congressional action withholding federal funds for abortions. One would think that those of us who are trying to preserve the right to life of the unborn are heartlessly cruel zealots, unthinking and uncaring about the human problems involved in unwanted pregnancies.

It is more than a matter of emphasis (pregnant woman vs. unborn child). It is rather a question of fundamental values, the nature of human life itself and the government's essential role in protecting the innocently weak and defenseless against those who hold the power of life and death over their lives.

First and foremost, it is essential to focus on just what an abortion is: the killing of human life. If I believed that the unborn was less than human, that the fetus was some sort of tumor—a collection of randomly multiplying cells—then all the reasons for killing it would make some sense. But medical science tells us the unborn is human life. An editorial in the September 1970 California Medicine, the official journal of the California Medical Association, says:

"Since the old ethic has not yet been fully displaced it has been necessary to separate the idea of abortion from the idea of killing, which continues to be socially abhorrent. The result has been a curious avoidance of the scientific fact which everyone really knows, that human life begins at conception and is continuous whether intra- or extrauterine until death. The very considerable semantic gymnastics which are required to rationalize abortion as anything but taking a human life would be ludicrous if they were not often put forth under socially impeccable auspices."

If abortion is a good, or even a neutral act, then some rational argument can be made on its behalf. On the other hand, if it is the killing of an innocent (although possibly inconvenient) human life, then have we really moved very far from Dachau?

That the unborn is a human life is a biological fact, not a theological one. Dr. Bernard Nathanson, former director of the Center for Reproductive and Sexual Health in New York, which is described as "the first—and largest—abortion clinic in the Western World," has had an interesting change of heart and, although he still supports abortion in some cases, his comments are worth pondering:

"We must courageously face the fact—finally—that human life of a special order is being taken. And since the vast majority of pregnancies are carried successfully to term, abortion must be seen as the interruption of a process that would otherwise have produced a citizen of the world. Denial of this reality is the crassest kind of moral evasiveness."

The argument is often made that the so-called Hyde Amendment denies to poor women the ability to obtain an abortion readily available to middle-class and wealthy women. The ability of women to pay for their abortions doesn't make the killing of their unborn children any more proper. The real question Congress must face is whether the taxpayers shall pay for the killing.

To those who say we are seeking to impose our religious concepts upon others, I can only say that the commandment against killing has been a part of the criminal law of every civilized state for centuries. Religion indeed says "Thou shalt not kill," but it is biology, not religion, that teaches us that a fetus is human life—not potential human life, but human life with potential!

Abortion is violence. There ought to be human answers to the human problems of unwanted pregnancies. The woman's "right to choose" ought to remain fully valid *until* she conceives—and then there is a victim whose "right to life" deserves consideration. Actually, birth is simply a change of address.

I should like to share with you the views expressed nearly 40 years ago during World War II by Dr. Joseph D. DeLee, a leader in modern obstetrical practice, which was printed in the 1940 edition of the Yearbook of Obstetrics and Gynecology:

"At the present time, when rivers of blood and tears of innocent men, women and children are flowing in most parts of the world, it seems almost silly to be contending over the right to life of an unknowable atom of human flesh in the uterus of a woman.

"No, it is not silly. On the contrary, it is of transcendent importance that there be in this chaotic world one high spot, however small, which is safe against the deluge of immorality and savagery that is sweeping over us. That we, the medical profession, hold to the principle of the sacredness of human life and of the rights of the individual, even though unborn, is proof that humanity is not yet lost . . ."

NATIONAL FOREST MANAGEMENT ACT

Mr. BUMPERS. Mr. President, the Senate will soon be considering S. 1360, which would repeal section 14(e) of the National Forest Management Act. The purpose of section 14(e) was to eliminate collusion among bidders for Forest Service timber.

I believe repealing section 14(e) this soon after the act was passed would be premature. The National Forest Management Act was enacted late in 1976, and the act should be allowed to be implemented. Regulations implementing section 14(e) were adopted on June 2, 1977, by the Secretary of Agriculture.

Before adopting the final regulations, Secretary Bergland requested an opinion from the Department of Justice about the value of maintaining sealed bidding procedures in an effort to eliminate the probability of collusion in Forest Service timber sales.

The response on April 26, 1977, by Donald I. Baker, the Assistant Attorney General of the Antitrust Division of the Justice Department, explains how oral auctions employed in the past by the Forest Service have compounded the difficulty in proving collusion on National Forest timber sales. This letter is very informative, and, Mr. President, I ask unanimous consent that the letter from the Justice Department to the Secretary of Agriculture be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., April 26, 1977.

Hon. BOB BERGLAND,
Secretary, Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: By letter to the Attorney General dated March 17, 1977, you inquired as to the experience of the Department of Justice with suspected collusion in bidding for forest service timber. You asked that in responding to your letter, we include information as to the following:

"Based on information available in your Department, how many investigations of suspected collusive bidding have been completed and are underway, how many actions have been filed, how many convictions have been obtained, and what, in your opinion, is the extent of collusive bidding for National Forest timber?

"Do your investigations indicate that there may be collusion in circumstances in which there is insufficient evidence to obtain a conviction?

"In your opinion, would the use of sealed-bidding procedures be helpful in reducing the probability of collusion?"

You indicated that such information would be useful in the current proceeding to promulgate timber bidding regulations to implement the provisions of Section 14(e) of the National Forest Management Act. By letter dated March 23, 1977, I responded preliminarily to your inquiries.

We have now completed our responses to your inquiries, and hope our views as to how our experience may be relevant to your proposed regulations will be helpful.

In the context of National Forest timber sales, we understand collusion to mean an agreement or understanding, or an exchange of information or assurances, among potential bidders for the purpose of, or having the effect of, lowering the price paid for Forest Service timber or preselecting the winning bidder. As part of the new National Forest Management Act, Congress included a section designed to prevent collusion in National Forest timber sales.

Section 14(e) of the National Forest Management Act of 1976 (Pub. L. 94-588) provides as follows:

(e) The Secretary of Agriculture shall take such action as he may deem appropriate to obviate collusive practices in bidding for trees, portions of trees or forest products from National Forest System lands, including but not limited to—

(1) establishing adequate monitoring systems to promptly identify patterns of noncompetitive bidding;

(2) requiring sealed bidding on all sales except where the Secretary determines otherwise by regulation; and

(3) requiring that a report of instances of such collusive practices or patterns of noncompetitive bidding be submitted to the At-

torney General of the United States with any and all supporting data.

Since at least 1950, the United States Forest Service has sold most National Forest timber in the Western United States by a procedure utilizing oral auction bidding. Section 14(e) of the new Act, quoted above, now requires "sealed bidding on all sales except where the Secretary determines otherwise by regulation." On November 4, 1976, shortly after passage of the Act, interim regulations were adopted which permitted the Regional Foresters to use oral auction selling upon determining "that the stability of local dependent communities could be adversely affected by sealed bidding for all sales." (41 Fed. Reg. 48539). Proposed permanent regulations to replace the interim regulations were published on February 23, 1977.

INVESTIGATIONS OF COLLUSIVE BIDDING

Since 1960 the Department of Justice has investigated situations in at least ten areas where collusion was suspected or alleged among purchasers of National Forest timber. In some of these areas collusion was believed to have involved several firms and numerous timber sales during periods lasting as much as ten years. Six areas are currently being investigated for possible timber bidding collusion. It is noteworthy that each of these investigations has concerned an area where oral bidding was the predominant method of selling timber.

Only two criminal cases involving collusive bidding on National Forest timber sales have been brought, both in the District of Oregon. In the first, *United States* v. *Cascadia Lumber*, Cr. 64–13, a Grand Jury indictment was dismissed in 1964 by the Court for insufficient evidence after presentation of the Government's case at trial. In the second, *United States* v. *Champion Int'l Corp.*, Cr. 74–698, the Grand Jury indicted ten individual and corporate defendants. After a lengthy trial in 1975, the Court convicted seven defendatns and acquitted three. This case is presently on appeal to the Ninth Circuit Court of Appeals. A companion civil case was also filed, seeking recovery of the damages caused to the Government by the collusive bidding of the defendants.

DIFFICULTIES ASSOCIATED WITH PROSECUTING BID RIGGING

It has been the experience of the Department of Justice that collusive bidding is one of the more difficult antitrust violations to discover and prove in court. Unless there is an informer or othre direct evidence of an agreement, it is very difficult to show that the absence of competitive bids is due to concerted behavior. Direct evidence is very difficult to obtain in a tightly-knit industry such as the timber industry. Thus, the Government may have to rely exclusively upon circumstantial evidence consisting of the bidding results alone, which may be "explained away" by the defendants.

The oral auctions employed in the past by the Forest Service have compounded the difficulty in proving collusion on National Forest timber sales. Oral bidding makes it both easier to coordinate and enforce a conspiratorial agreement and more difficult to prove its existence in court, because less need be agreed upon in advance of the auction by the participants in such an agreement.

In the past, oral bidding has permitted some timber buyers to dominate timber sales in certain areas, precluding other, perhaps more efficient, firms from taking timber. The oral auction procedure facilitates the establishment of such areas by making legal intimidation possible through emotional, selectively high or retaliatory bidding behavior by certain firms. A firm may establish its dominance in a particular market by means of a collusive arrangement or through historical buying patterns. The dominant firm indicates through its bidding its intention to purchase any timber offered by the Forest Service in certain areas. When timber sales are offered within that area, the company bids to whatever level is necessary to purchase the timber. This practice dissuades bidding by other firms, which soon learn the futility of attempting to purchase timber in the dominant firm's "territory." The result is that many, if not most, of the timber offered in such an area is sold without bidding challenge, at the minimum price the Forest Service will accept. Purchasing some sales at minimum gives the dominant firm the economic base to bid as high as necessary, even above its projected economic breakeven point, on sales where bidding challenges are offered. This preclusive bidding raises a significant barrier to entry in the forest products industry and stifles innovation and efficiency by perpetuating the status quo. In addition, the Government frequently receives less than a competitive price for its timber.

Several firms may come to dominate Forest Service timber sales in an area as a result of historical buying patterns under an oral auction system, then find it necessary to enter a collusive arrangement in order to maintain that pattern in the face of a dwindling supply of timber or increasing bidding challenges by nonhistorical purchasers. When this happens, the circumstantial evidence of an agreement is undercut because no previous competitive pattern can be used to contrast with the bidding behavior during the alleged conspiracy period.

SEALED BIDDING AS A MEANS OF OBVIATING COLLUSION

Sealed bidding has two purposes—to insure a fair opportunity among the bidders and a fair price to the agency contracting by that method. Sealed bidding is standard procedure in federal government procurement.[1] It has long been the predominant method of sale of National Forest timber east of the Rockies and is widely used by state and private sellers of timber.

We believe that sealed bidding under Section 14(e) will very effectively obviate collusion on National Forest timber sales. Because each bidder has only one bid and the bids of others are secret, each bidder must bid at a level which corresponds to his interest in a given sale. To implement a collusive arrangement under sealed bidding, a bidder would have to arrange the actual amounts bid by every likely active bidder, whereas under oral bidding the few dominant firms can control the bidding by merely knowing the general needs and interests of the other dominant firms. Even where a group of bidders allocated a series of sealed bid sales among themselves by agreement, one winning bid by a nonconspiring firm on an important sale would completely upset the allocation scheme.

Under sealed bidding, National Forest timber will sell at prices more near its true economic value, rather than frequently at the minimum price and occasionally at a very high (preclusive) price, as has been observed in some areas over periods lasting many years. When firms consistently purchase timber near the actual value they assign it, the more efficient firms will be the more successful bidders. Thus, sealed bidding encourages and rewards innovation and efficiency. To the extent that oral bidding perpetuates an inefficient status quo by insulating established operations from the competition of new entrants or more innovative outside firms, it operates against the public's interest in maintaining markets with low entry barriers.

PROTECTING THE ECONOMIC STABILITY OF DEPENDENT COMMUNITIES

In determining whether the public interest justifies departures from the sealed bid norm in order to protect the economic stability of dependent communities, we suggest consideration of the following:

Present-day notions of "community" should be based on transportation realities. Because of the construction of extensive road networks into most National Forests and the development of ever more efficient means of transportation, most timber sales are economically feasible raw material supplies for numerous mills. Furthermore, mills have proliferated since the turn of the century, when the community stability policy of the Forest Service was established. We think it is no longer necessary for the Forest Service to attempt to guarantee the existence of a timber purchasing "constituency" in order to provide a flow of wood products from the National Forests to the nation. The constituency already exists in a well-developed forest products industry; the elements of this constituency need not be located as near the raw material as in the past. Particularly with the available timber supply shrinking, there will normally be no want of potential buyers for stands of trees.

Excess timber milling capacity exists in many areas. Since the available raw material is decreasing, adjustment in particular communities is inevitable. This adjustment should be guided by natural economic forces rather than by efforts to maintain the status quo in each community through bidding systems that permit the preclusion of more efficient operations.

The proposed regulations permit the use of oral auctions merely upon a determination that a particular community is "dependent," i.e., that it draws 30 percent or more of its timber raw material from National Forest lands. We believe that the public interest should not be found to justify the protection of the economic stability of certain communities unless their stability is actually threatened as measured by two factors combining: (1) an inadequate timber inventory (considering all sources) available to the local mills, and (2) significant timber purchases by nonlocal, nonhistorical purchasers, provided that the stability of the communities where such purchasers are located is not itself threatened. In circumstances where the public interest might otherwise justify exception to the sealed bid norm, sealed bidding should nevertheless be maintained in areas which exhibit consistently low levels of bidding.

We believe that measures more consistent with competition and open markets than oral bidding should be considered in attempting to deal with problems of stability in dependent communities. One such measure might be limiting the size of Forest Service sales. Sales containing as much as one-fourth of an area's annual allowable cut are not uncommon today. A sale that large may represent a year's inventory for some of the local mills. Reducing sale size would make each sale less crucial to the various purchasers. Another, although less desirable, measure would be to require manufacture of logs within a certain radius of the sale.

We believe that values of competition and open markets should weigh heavily in any assessment of the public interest with regard to timber selling methods. Absent unique and compelling specific situations, United States Government timber should be sold by the method which best guarantees that this vital raw material will be most equitably available to those interested and that the Government will receive the most competitive price for timber.[2]

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[1] 41 U.S.C. § 251ff.

[2] It is not only the federal government's revenues that are at stake, but those of local governmental units as well. Twenty-five percent of the gross receipts from sale of Forest Service timber must by law be returned to the states involved for disbursal among the local counties to be used for schools and road construction. 16 U.S.C. § 500.

EXPERIENCE WITH SEALED BIDDING UNDER THE INTERIM REGULATIONS

Sealed bidding was implemented nearly exclusively in areas previously selling by oral auction when interim regulations under Section 14(e) were implemented on November 4, 1976. Many in the timber industry claimed that widespread sealed bidding in areas formerly employing the oral auction system would cause substantial economic displacement by permitting "outsiders" to deprive mills dependent on Forest Service timber of an opportunity to "protect" their timber supply when challenged at the bidding table and by increasing the bid prices necessary to obtain National Forest timber to a level not economically justified. Based upon our survey of National Forest timber sale bidding during the first several months of the interim regulations, these fears appear groundless.

During the first two months of exclusively sealed bidding under the interim regulations, the Forest Service in its Region 5 (California) and Region 6 (Oregon and Washington) sold about one-quarter billion board feet of timber at 66 sealed bid sales. The total minimum bids for this timber amounted to about $17.5 million and the total winning bids amounted to about $29.5 million.

The average "overbid" by the winning bidders on these sales was about $51 per thousand board feet and the "bid ratio" [3] about 1.69 on a volume-weighted basis. Both of these aggregate sale price figures are generally consistent with results of oral auction sales in these two regions as a whole during the past several years. On the other hand, in several timber buying markets in Regions 5 and 6 that had exhibited an historical lack of bidding competition, resulting in most timber in those areas being sold at lower than normal prices, the bidding patterns have been more comparable to nearby competitive markets. Thus, in those areas the Government has obtained more revenue, while the companies operating there have been placed on a raw material cost basis that is more equitable vis-a-vis competitors in other areas.

The Department conducted a telephone survey of timber management officials at each National Forest throughout Regions 5 and 6. From November 4, 1976 through mid-March of this year, Region 6 forests held about 220 timber sales. Of these, only fourteen, or less than 10 percent, were purchased by firms which were neither local to nor historical purchasers in the districts in which each sale was offered. Only two other sales went to nonlocal but historical purchasers. Thus, in nearly five months of exclusively sealed bidding in the largest timber producing region in the National Forest system, virtually all sales were purchased by local firms. In Region 5 during the last two months of 1976, five of fourteen sales were awarded to nonlocal, nonhistorical purchasers. On three of the five sales, local purchasers did not bid above the minimum; all five were small sales.

The bid results of sealed bid sales in Regions 5 and 6 under the interim regulations can best be described as normal in comparison to the observed results under oral bidding during the recent past. This fact underscores the need under permanent Section 14(e) regulations to require a showing of an actual threat to the stability of dependent communities before the Forest Service should consider alternatives to the sealed bidding method.

I hope our experience and views will be of assistance to the Department in its rule-making deliberations. You may wish to make this response available to other interested parties which may or may not share our views.

Sincerely yours,

DONALD I. BAKER,
Assistant Attorney General,
Antitrust Division.

[3] The bid ratio is a somewhat crude measure of the level of sale competitiveness commonly used by the Forest Service and is derived by dividing the bid price by the minimum, or appraised, price.

RUSSELL DAM

Mr. HOLLINGS. Mr. President, as we are all aware, one of the most divisive issues to confront the Congress in this session has been the administration's effort to delete from the 1978 budget funds for various water projects across the country.

The issue has been largely settled, of course, by passage of the public works appropriations bill. The bill represents a compromise between the Congress and the President, it has been sent to the President for his signature.

Nowhere, however, has the divisive nature of this bill been more apparent than in my own State of South Carolina, where one of the water projects the President originally selected for deletion from the budget—the Richard B. Russell Dam and Lake—is presently under construction on the Savannah River.

Opponents of the project have been most vocal. They have questioned the project on economic grounds, claiming that the costs involved were prohibitive when compared with the benefits to be gained. They have questioned it on environmental grounds, alleging that the Richard Russell Dam would have a severely adverse impact on the area. And they have questioned the safety of the project.

It has been my position that the Russell Dam, an ongoing project for 17 years, was a necessary hydro-electric facility. That position has been reinforced by the critical nature of our energy situation in recent years. I have been assured by every piece of information made available to me and by the most expert testimony that the Russell Dam project is cost-conscious, that its impact on the environment is an acceptable one and that it is safe.

Although funds for the Russell Dam project are contained in the bill, questions as to its feasibility continue to swirl. For this reason, I found a recent article in the Anderson, S.C., Independent/Daily Mail to be most interesting. Anderson, S.C., is physically located about 30 miles from the proposed dam site, and from the beginning of the recent controversy, the Independent/Daily Mail has taken a keen interest in the Russell project. Its daily news reports on developments both in South Carolina and Washington have been extensive, detailed and very professional. The editorial in question is the result of an independent, in-depth study of all the issues involved in the Russell Dam project by the editorial board of the Independent/Daily Mail. The result of their analysis of the project is that the Russell Dam should be constructed because of the future power needs of the region.

In the case of Russell Dam, I think we can find a no more considered opinion than that of the Independent/Daily Mail, no fairer an assessment of the pros and cons. I think my colleagues will find the editorial most instructive, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FUTURE POWER NEEDS WARRANT BUILDING RUSSELL HYDRO-PROJECT ON SAVANNAH RIVER

President Carter would be ill-advised to veto a public works bill which earmarks $21 million for continuing the construction of the Richard B. Russell Dam and hydroelectric project on the Savannah River.

There are too many substantial, people-oriented needs that the electricity to be generated and the reservoir of stored water can help meet now, and in the future.

Sponsors of the bill are massaging it through Congress. The project funds would be spent in fiscal 1978, and virtually signal that the facility can be completed by 1985.

The Independent/Daily Mail Editorial Board—like many groups, organizations, individuals and politicians—has spent considerable time reviewing the many complex pros and cons of building the $276 million project since the President on April 18 included the Russell Dam on his list of water and dam projects he wanted deauthorized because they didn't meet his environmental, safety or cost/benefit standards.

These newspapers felt they had an obligation to perform for their readers by recommending a position the facts indicate is in the best interests of the people.

Historically, The Independent/Daily Mail has vigorously supported the orderly development of the natural resources of the Upper Savannah River Basin, whose heart is that mighty river which heads in the Blue Ridge Mountains and meanders into the Atlantic Ocean.

But we harkened to Rep. Butler Derrick's message in mid-May when he announced his support for the President's position to kill the dam. Perhaps "the criteria and standards used . . ." more than a decade ago in determining the feasibility of the project were "no longer valid," as Derrick said. Priorities will inevitably change. The plans stayed on the drawing boards nearly 15 years.

So we conducted what we perceive to be an exhaustive study of the facts—data, estimations and opinion which had been presented by the spokespersons of all sides in the long raging controversy.

This review was enlightening. We determined that indeed some of the prime priorities of a decade ago such as flood control and recreation had changed.

There is a need for additional flood control. There can never be too much. Yet farming is on the decline. Keeping the river from leaping its banks and damaging farmers' crops in the fertile bottom fields is no longer as important as it once was. Lake Hartwell, above, and Clarks Hill Reservoir, below, provide adequate flood control for the stretch of the Savannah under consideration. There aren't as many people living near the river. Surveys reveal that only 27 families will be displaced by the Russell Lake, 20 families in Georgia and seven in South Carolina.

The full recreational potential of Hartwell or Clarks Hill has yet to be realized. This is evident by the Corps' figures that show in 1976 the list of visitors who enjoyed one or more forms of available recreation increased by more than 300,000 over the combined 1975 totals of 12.8 million.

In our opinion the impact of the project on wildlife and the environment is such that it will not be sufficient to overwhelm the

need for power in this area. The stretch of river between the existing lakes is no longer "free flowing." Wildlife, principally turkeys and white tail deer, would not be wastefully destroyed but only displaced to adjacent suitable habitat. The fishing at Clarks Hill is not in jeopardy. Corps experimentation with oxygenation systems now makes it possible for the installation of such a system in the Russell project which will insure adequate oxygen, more than the minimum requirement, to keep fish healthy.

We found that many issues had been blown out of proportion through the years because of emotionalism or personality clashes between the principal pro-dam and anti-dam activists.

In the final analysis, we telescoped on these two vital questions : (1) Does the project make economic sense to build from our sectional point of view?; (2) Is the power to be produced by the hydroelectric facility really needed by the people who reside in the region?

Our answer was "yes" to both questions.

We, like you, are concerned with the energy crisis and how the shortage of energy—electricity—impacts the already out-of-control inflationary index.

"Hydropower derives its value from its unique ability to serve as 'peaking' power," one report noted. That's the power needed when demand is the highest like during this current summer heat wave or during last winter's severe cold weather. More specifically, peaking power is needed during the hottest part of the day when businesses are open, most industrial machinery is running and air conditioners, washers, driers and other utilities are going full speed.

Duke Power Co., for example, last week instituted a "brownout" of electric power—a systemwide 5 per cent cutback in voltage—in the Carolinas because of its loss of some generating capacity and the increased demands by customers prompted by the hot weather.

Duke and other utility companies are asking customers to voluntarily conserve the use of electricity before more dire measures become necessary such as the interruption of power on a rotating basis.

The most chilling evidence of power shortage was the New York City blackout, which plunged America's largest city into chaos.

Some 400 families in Anderson have faced a brief blackout.

Edison Electric Institute, an industry group that collects statistics on electricity usage around the country, issued a report last week that power reserves will be inadequate to meet demand in several areas of the nation—including the Southeast—within six years.

The Library of Congress estimates that the the consumption of electricity will increase at the rate of 4.8 per cent annually. Power demands the first half of this year have increased 6.7 per cent. The Federal Power Commission (FPC), through a group of regional councils consisting of private and federal utility operations, estimates the peak hour demand for energy will increase an average of 85 per cent and the net demand for energy will increase by 87 per cent between now and 1986 in the Russell Dam market area.

Thus the project with its 600,000 kilowatt capacity (based on the pumped-storage system) can help meet these future energy needs.

Unknown to many, during January and February of this year as many as 270,000 homes in the region would have been without electricity had not the Hartwell and Clarks Hill hydro-facilities gone to around-the-clock emergency generating schedules.

In the future, we can visualize one of the major attractions of Russell Dam will be the foundation it provides for coupling nuclear generators into the power system. Nuclear generation could increase the electrical capabilities of the project tremendously.

We are convinced after studying all available economic data and estimates that loss of jobs by building the project and the number of jobs to be created after construction will just about equal out—but with more jobs available after the dam is completed.

Let's not kid ourselves. The supply of natural water we have always taken for granted is running out. The water table is dropping in many regions of the country. The current drought underscores this dilemma. Several North Carolina cities are restricting use of water and Myrtle Beach and other Low Country areas in South Carolina are considering similar moves. On the West Coast, water is so scarce it's being rationed.

In contrast, cities around Lake Hartwell and Clarks Hill have an unlimited source of fresh water. Russell Lake will provide yet another reservoir that can be tapped in the near future.

An issue of the magnitude of Russell Dam is often divisive. We certainly don't wish to fan the flames of ill will. We aren't attempting to tell you how to think or ram our viewpoint down your throat.

We respect every group and individuals' opinion on the project.

But with all due considerations, The Independent/Daily Mail is duty-bound to report to our readers that the facts of the review supported the newspapers' long-standing position that the dam should be built, and the sooner the cheaper—and better.

The sale of power generated at Russell Dam will pay back to the U.S. treasury four of every five dollars spent. The project will play a meaningful role in the future development of the twin-state region by helping meet the power and water needs of the people now, and generations to come.

This is why we trust President Carter will back off, as reports indicate he might, and through good judgment allow Russell Dam to be built.

FTC LINE OF BUSINESS PROGRAM UPHELD BY U.S. DISTRICT COURT

Mr. PROXMIRE. Mr. President, I wish to draw the attention of the Senate to the recent U.S. district court ruling upholding the right of the Federal Trade Commission to obtain from individual firms information on individual line of business and corporate patterns. This information is important to Government in understanding how corporate concentration influences price behavior and the entry of new firms into markets. Although it is expected the action will be appealed, I would like to share with my colleagues the court's findings regarding the corporate patterns report survey and the line of business report.

INFORMATION NEEDED TO IMPLEMENT ANTITRUST PROGRAM

Under section 6b of the Federal Trade Commission Act, the FTC can seek information to carry out its antitrust functions from corporations provided that compliance with a request for information does not impose an undue burden. Although data similar to that which the FTC is seeking is collected by the Bureau of the Census, the Bureau can release it to other Government agencies only in aggregate form.

CORPORATIONS REFUSE TO SUPPLY INFORMATION

The court case was made necessary when some large corporations refused to supply the information. In a memorandum decision issued by the U.S. district court dated July 11, 1977, the court focused on the cost of compliance in evaluating the merits of the case for both the corporate patterns report survey and the line of business report. The court states:

> This court previously has concluded that the corporate parties claims of undue burden should be limited to the assertion that the cost of compliance with the forms would be undue.

The court then concluded that the burden of showing undue cost of compliance had not been met for the corporate patterns report and that the cost of compliance for the line of business report was not unduly burdensome. The court pointed out the alleged cost of compliance was too small a fraction of total sales of each firm to be considered an undue burden.

COURT SUGGESTS FIRMS EXAGGERATE COSTS OF COMPLIANCE

Further the court strongly suggested that the companies involved in the lawsuit exaggerated their costs of compliance. The opinion states "for several reasons the affiant companies may have overestimated the costs of compliance actually imposed by the 1974 LB form." For example, a spokesman for DuPont testified its internal accounting records were not based on the standard industrial classification codes but DuPont's 10K report filed with the SEC states "individual products are generally classified according to the Standard Industrial Classification. * * *"

Another company included in its cost of compliance figure $90,000 paid to an independent accounting firm, although spokesmen for that firm acknowledged such a review was not necessary.

One company submitted estimates of from $1 million to $3 million for the first year's compliance. The court pointed out that a survey of 20 firms by the Commission on Federal Paperwork showed annual cost of compliance with FTC's request would be from $1,600 to $60,000.

ECONOMIC CONCENTRATION AND DIVERSIFICATION

The decision by the Court is significant because it allows the FTC to carry its antitrust responsibilities. The changing character of American business is evidenced by the unprecedented movement toward mergers and increased diversification of the Nation's largest corporations. The supporting statement for the FTC's corporate patterns report establishes the Commission's need for the types of data these two surveys ask for:

> The Federal Trade Commission Act of 1914 established the Commission with a responsibility to maintain and foster competition and competitive conditions in the economy. Congress charged the Commission with statutory responsibility for enforcing the Federal Trade Commission Act against mergers, price discrimination and tying contracts whose effects may substantially lessen competition or trend to create a monopoly. The Commission cannot carry out its antitrust responsibilities, however, unless it has comprehensive information relating to the structure, conduct and performance of markets and to the position and activity of individual firms in markets.

The primary function of the corporate patterns report is to provide market

share data on the value of shipments by product class. The survey includes data on specialization and diversification for approximately one thousand of the leading manufacturing companies.

The line of business program is intended to enable the Federal Trade Commission to collect financial data from approximately 450 of the largest manufacturing companies on a product line basis.

USEFULNESS OF LINE OF BUSINESS INFORMATION

Each line of business for which the company is engaged is to provide descriptive and financial data. Once available on a company-by-company and line of business basis, the data can be used in a variety of ways. The primary use will be for antitrust analysis by product line. The data can be useful in aggregate form to potential investors and to other Government agencies. Although individual company data will be kept confidential, aggregate data will eventually be published.

FTC STRUGGLE TO OBTAIN DATA

The first attempts to obtain the data for these reports date back to 1970 when the FTC sent the proposed line of business forms to the Office of Management and Budget for approval. OMB took no action and a revised version was submitted by FTC in 1973. While awaiting approval, Congress amended the Federal Reports Act in 1973 transferring to GAO the authority to approve reports for independent regulatory agencies. The amendment, which requires GAO to act within 45 days, has succeeded in simplifying FTC's procedures and removing OMB as a roadblock.

ECONOMIC CONCENTRATION OFTEN OBSERVED

Certain sectors of the defense industry illustrate how economic concentration is often obscured by the numbers of companies that appear to be in competition with one another. For example, there are numerous private shipyards in the business of building ships. But only a handful build major warships for the Navy. In fact, only three private shipyards dominate naval shipbuilding. Of the three yards only one has the capability for building aircraft carriers. Thus, one must inquire into lines of business, sometimes referred to as product lines, to understand the nature of the shipbuilding industry.

It is not necessarily inefficient or against the interests of the public for such concentration to exist. There is no assumption in the FTC program that concentration by itself is improper. On the other hand, the Government certainly has a need to know whether markets are concentrated in order to carry out the public policies declared by Congress.

RELEVANCE OF COURT DECISION TO RENEGOTIATION PROGRAM

I might add that in addition to the public policy concerning antitrust activities there is the public policy concerning excess profits on defense contracts. Bills now pending before the House and Senate to strengthen the renegotiation program contain provisions authorizing renegotiation by product line. It is interesting to note that a number of defense contractors are objecting to the product line provision on the grounds of excessive costs of compliance.

This is the same objection raised against the FTC line of business reporting program. It also seems that the defense contractors in their zeal to defeat a renegotiation reform are also exaggerating the costs of compliance.

I urge all of my colleagues to read the opinion of the U.S. district court in the FTC case, especially the section dealing with costs of compliance.

I ask unanimous consent that the memorandum decision of the U.S. District Court for the District of Columbia, dated July 11, 1977, "In Re FTC Corporate Patterns Report Litigation" be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

This memorandum represents the court's latest effort in determining challenges to the Federal Trade Commission's information-gathering activities with respect to the 1974 Line of Business (LB) report and the Corporate Patterns Report (CPR) survey. The court considered and decided various issues related to several motions to dismiss and motions for summary judgment in opinions issued January 21, 1977 and April 12, 1977. Several issues in the summary judgment motions remain, and the court undertakes to resolve them at this time. This memorandum deals with the following matters: (1) "agency action" and APA review; (2) corporate parties' motion for reconsideration; (3) FTC's motion for reconsideration; (4) corporate parties' motion to dismiss for lack of personal jurisdiction; and (5) undue burden in the sense of excessive cost of compliance. An appropriate Order accompanies this Memorandum.

I. "AGENCY ACTION" AND APA REVIEW

The corporate parties have contended throughout that the court should review the actions of the FTC in implementing the LB and CPR programs in accordance with the standards of 5 U.S.C. § 706(2).[1] An initial issue arises of whether these programs constitute "agency action" within the meaning of section 706(2); both sides have submitted supplementary memoranda on this question to the court. For the reasons enumerated below, the court finds that the FTC's actions with respect to the LB and CPR programs do not constitute "agency action" and that APA-type review of the programs under an arbitrary and capricious standard is therefore unavailable to the corporate parties. Alternatively, even if APA review were available, the court concludes on the basis of the administrative record that the FTC's actions were not arbitrary, capricious, an abuse of discretion, or otherwise not in conformance with the standards of section 706(2).

A. Agency action

The APA defines agency action as including "the whole or a part of an agency rule, order, license, sanction, relief, or the equivalent or denial thereof, or failure to act." 5 U.S.C. § 551(13). This court already has held that the programs are not rules. Memorandum of April 12, 1977. The FTC's actions with respect to LB and CPR can hardly be termed an agency license, sanction, or relief, and the corporate parties nowhere so contend. The APA defines an "order" as "the whole or part of a final disposition, whether affirmative, negative, injunctive, or declaratory in form, of an agency in a matter other than rule making but including licensing." 5 U.S.C. § 551(6). Although the FTC "ordered" the respondents in this action to file the LB and CPR forms, it is far from clear that this is the sort of order contemplated by the APA definition. Evidence exists suggesting that an APA "order" is an outgrowth of the adjudication process. Adjudication itself, for example, is defined as "agency process for the formulation of an order." 5 U.S.C. § 551(7). The corporate parties never have contended that the LB and CPR programs or orders constitute adjudication; it is clear to the court that they are not adjudications. *International Telephone and Telegraph Co.* v. *Local 134, Electrical Workers*, 419 U.S. 428, 442–44, 447 (1975); *Hannah* v. *Larche*, 363 U.S. 420, 442–44 (1960); *United States* v. *St. Regis Paper Co.*, 285 F.2d 607, 616 (2d Cir. 1960), *aff'd on other grounds*, 368 U.S. 208 (1961); *Federal Trade Commission* v. *Waltham Watch Co.*, 169 F. Supp. 614, 617–18 (S.D.N.Y. 1959). The investigative orders issued for the LB and CPR special reports thus are not adjudicative orders as defined by the APA; the word "order" can have various meanings in various contexts. *Investment Co. Institute* v. *Board of Governors*, No. 75–1822 (D.C.Cir. Jan. 14, 1977), slip opinion at 15.

This analysis of the statutory language of the APA is buttressed by the fact that the APA contains an explicit standard for enforcement of reports orders or other compulsory process. 5 U.S.C. § 555. That section provides: "Process, requirement of a report, inspection, or other investigative act or demand may not be issued, made, or enforced except as authorized by law. . . . On contest the court shall sustain the subpena or similar process or demand to the extent that it is found to be in accordance with law." 5 U.S.C. §§ 555(c), (d). It seems unlikely to the court that Congress intended that agency process be reviewed under an "arbitrary or capricious" section 706 standard as well as under the expressly delineated section 555 standard. Indeed, the Supreme Court has analyzed two cases involving the FTC's use of compulsory process under section 555 alone and not under section 706. *St. Regis Paper Co. v. United States*, 386 U.S. 208 (1961); *United States v. Morton Salt Co.*, 338 U.S. 632 (1950). This suggests that review under section 555 alone is sufficient.[2]

Finally, this circuit appears to endorse the notion that FTC investigations[3] do not constitute agency action under the APA. In *Brandenfels v. Day*, 316 F.2d 375 (D.C. Cir. 1963), the court affirmed the dismissal of an action against the FTC on the ground that the suit was premature since the Commission was merely investigating plaintiff and had not brought—and might never bring—charges against him. The court concluded that the FTC had "taken no final action which is reviewable under the Administrative Procedure Act." *Id.* at 378. More recently, in *Gifford-Hill & Co. v. Federal Trade Commission*, 523 F.2d 730 (D.C. Cir. 1975), a case arising under the National Environmental Policy Act, the court found that an agency decision to institute an adjudicatory proceeding was not reviewable agency action. *Id.* at 732. The court noted in dictum that decisions to investigate would merit the same treatment as decisions to bring adjudicatory proceedings. *Id.* at 733 n. 7.

In the face of this cumulative evidence that the FTC's use of compulsory process does not constitute agency action reviewable under section 706 standards, the corporate parties cite the APA's legislative history and several important cases in support of a contrary conclusion. Indeed, Congress did intend a broad definition of agency action. *See* S. Rep. No. 752, 79th Cong., 1st Sess. 12 (1945); H.R. Rep. No. 1980, 79th Cong., 2d Sess. 21 (1946). The definition of agency action

Footnotes at end of article.

though broad, is not without boundaries; the court already has considered the statutory language and has determined that compulsory process does not readily fit into the definition of agency action.

The corporate parties next rely on the Third Circuit's decision in *A. O. Smith Corp.* v. *Federal Trade Commission*, 530 F.2d 515 (3d Cir. 1976). Although the court did not explicitly consider the definition of agency action, it assumed that the 1973 LB orders were agency action and then found them to be "final" agency action. *Id.* at 521–22. The question before the court was the propriety of preenforcement review. Thus, although the Third Circuit's finding is directly relevant to the issue before this court, the persuasive value of that finding is lessened because the Third Circuit appeared simply to assume that agency action was present.[4] Similarly, in *Citizens to Preserve Overton Park, Inc.* v. *Volpe*, 401 U.S. (1971), a case on which the corporate parties place great reliance, the court did not consider whether agency action was involved before engaging in judicial review under the APA.[5]

Finally, the corporate parties rely on two cases in which agency action more informal than adjudication or rulemaking was held to be agency action. In *Independent Broker-Dealers' Trade Association* v. *Securities and Exchange Commission*, 442 F.2d 132 (D.C. Cir. 1971), the SEC had clearly stated its policy toward a particular practice and requested a stock exchange to abolish it. The court found that this amounted to agency action under the APA. *Id.* at 142. However, the court found that the SEC's action was the equivalent to a rule under the APA, while this court has rejected the corporate parties' rulemaking claim. Moreover, the D.C. Circuit did not hold in *Independent Broker-Dealers* that full APA review would be available in the circumstances; indeed, it held only that "limited judicial review" was proper to determine whether the agency acted *ultra vires*. *Id.* In essence, the D.C. Circuit found a sufficient regulatory impact to justify judicial review; this court rejected the corporate parties' rulemaking claim precisely on the ground, *inter alia*, that the special reports orders lacked the requisite regulatory impact. The corporate parties also cite the recent case of *Writers Guild of America, West, Inc.* v. *Federal Communications Commission*, 423 F. Supp. 1064 (C.D. Cal. 1976). There the court held that certain speeches by the FCC chairman and meetings between the chairman, FCC staff, and broadcasting executives constituted sufficient, albeit informal, agency action under the APA. *Id.* at 1085–86. That conclusion, to this court, is justified neither by the statutory definition of agency action nor by the present state of the caselaw.

Certain of the corporate parties have submitted an unsolicited supplemental memorandum to the court on this question. In it, they suggest that, whatever the court's view as to the CPR program,[6] the LB program presents an administrative whole that includes the collection, aggregation, and publication of massive amounts of data on an annual basis. It is not clear to the court whether this claim seeks reconsideration of the court's conclusion that the LB program does not constitute a rule under the APA or whether these corporate parties merely wish to assert that the pervasive impact of the LB program require that APA review be accorded under an informal agency action theory, as in *Independent Broker-Dealers*. If the former, all corporate parties have a pending motion for reconsideration of the rulemaking decision that the court has under advisement; if the latter, the court has explained, *supra*, why it believes that neither the LB nor CPR programs require APA review under an informal agency action theory.

Footnotes at end of article.

B. APA review

The court finds, alternatively, that nothing in the administratve record or in the subsequent filings before the court demonstrate that the FTC's actions with respect to the LB and CPR programs were arbitrary, capricious, an abuse of discretion, or otherwise not in conformance with the standards of section 706(2). The corporate parties initially contend that the court does not have before it the full administrative record, and the court first considers that claim.

The FTC has not produced, as part of the administrative record, the following materials: (1) the "blue" minutes of the Commission, which are primarily instructions of the staff; (2) the Commission's chronological minutes, which summarize deliberative communications among and between the Commissioners and the staff; (3) memoranda authored by individual Commissioners; (4) nonpublic documents authored by Commission staff; and (5) documents containing confidential business information. The corporate parties cite no cases holding that the blue minutes or chronological minutes must be included in the administrative record. Indeed, in this circuit those minutes ordinarily are exempt from disclosure under the Freedom of Information Act. *Ash Grove Cement Co.* v. *Federal Trade Commission*, 511 F. 2d 815 (D.C. Cir. 1975). Similarly, courts have not required memoranda authored by individual Commissioners to be included in the administrative record. The analogy to Freedom of Information Act cases again is instructive, as disclosure of the views of the individual Commissioners is not required. *Sterling Drug, Inc.* v. *Federal Trade Commission*, 450 F. 2d 698, 707–08 (D.C. Cir. 1971); *see Renegotiation Board* v. *Grumman Aircraft Engineering Corp.*, 421 U.S. 168, 189–90 (1975). Nor do the staff-authored memoranda and documents reflect an official expression of the intent of the Commission requiring their inclusion in the administrative record. *See Sterling Drug, Inc.* v. *Federal Trade Commission, supra*, 450 F. 2d at 706; *Securities and Exchange Commission* v. *National Student Marketing Corp.*, 66 F.R.D. 157, 160 (D.D.C. 1975). The FTC has not explicitly relied on any of the disputed staff-authored documents in makings its determination, and they remain protected deliberative documents. Finally, it seems clear that confidential business information submitted to the FTC is not required to be made part of the administrative record. The corporate parties nowhere so contend and, indeed, have expressed great concern in this proceeding about the FTC's treatment of their own confidential business information.

The documents the corporate parties wish to include in the record, which are largely deliberative in nature, do not fit within the general definition of the administrative record. The Supreme Court has long held the view that the mental processes of the decisionmaker should not be probed, at least where that decisionmaker has supplied contemporaneous reasons for his decision. *Camp v. Pitts*, 411 U.S. 138, 143 (1973) (*per curiam*); *United States v. Morgan*, 313 U.S. 402, 422 (1941). This circuit has held that in an informal rulemaking case the "whole record" consists of "comments received, hearings held, if any, and the basis and purpose statement." *Rodway v. Department of Agriculture*, 514 F. 2d 809, 817 (D.C. Cir. 1975). As the court noted in *Norris and Hirschberg v. Securities and Exchange Commission*, 163 F. 2d 689, 693 (D.C. Cir. 1947), *cert. denied*, 333 U.S. 867 (1949): "An administrative agency, such as the respondent here may utilize the services of subordinates to sift and analyze the evidence received by a trial examiner and subsequent use by the agency of a written resume of that sifting and analyzing is a part of the internal decisional process which may not be probed on appeal." *Id.* at 693 (footnotes omitted). The court thus concludes that it has the entire record before it and need not require the production of the essentially deliberative materials at issue which should not be considered part of that record.

Nonetheless, the record in this case is rather extensive. The court has reviewed it carefully with an eye toward the deficiencies that the corporate parties have asserted vigorously in several of their memoranda. The court has a limited role to play, however, in reviewing agency action to determine whether it is arbitrary or capricious. This court cannot merely substitute its judgment for that of the agency. *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 416 (1971). Rather, after a searching and careful inquiry, the court should determine whether the decision was based on a consideration of the relevant factors and whether there has been a clear error of judgment. *Id.* The record of this case indicates clearly that the FTC made its decision after considering the possible problems concerning the LB and CPR programs, including many of the alleged problems that the corporate parties have identified in this proceeding. No clear error of judgment can be perceived, and certainly the fact that the corporate parties disagree as to certain matters, such as the suitability of the data to be collected, does not transform the FTC's judgment into a clear error. As the Court noted in *Overton Park*, the ultimate standard of review is a narrow one. *Id.* Under this narrow standard of review, the court concludes that the Commission's action was neither arbitrary, capricious, an abuse of discretion, nor otherwise not in accord with the standards set by 5 U.S.C. § 706(2).

II. CORPORATE PARTIES' MOTION FOR RECONSIDERATION

The corporate parties move at this time for reconsideration of two aspects of this court's decision of April 12, 1977. First, the corporate parties ask the court to reconsider its determination that the LB program does not constitute rulemaking. This is not necessary. Although the corporate parties offer to prove that certain companies will have to change their recordkeeping practices in order to comply with the LB program, such a factual determination is not determinative. The FTC has not in fact prescribed any particular accounting methods, and the LB orders do not direct revision of recordkeeping or accounting methods. Any actual revision undertaken by any company will be a voluntary act on its part as an indirect response to the orders. The court believes its prior discussion of the regulatory impact of the LB orders is sufficient.

Second, the corporate parties ask the court to reconsider its "factual finding" that the corporate parties have not alleged that the data to be collected is useless. The court did not understand the corporate parties seriously to be asserting that the LB data would be utterly without any utility whatsoever, but even if that is the case, no change in result is necessary. The record in this action provides an ample basis for drawing the limited conclusion, without further evidentiary hearing, that the data sought in the LB program is not totally useless; thus no genuine issue of material fact is presented. In any event, the court believes that it should defer considerably to the FTC's determination as to the utility of the data.[7]

III. FTC'S MOTION FOR RECONSIDERATION

The Commission requests the court to reconsider its decision to require the FTC to give ten days notice to any company before publishing that company's individual CPR data. The court required this short notice period because it believes that the corporate parties raised their trade secret claim prematurely; the court further believed that the corporate parties should not necessarily

be precluded from raising this claim when and if a final decision to publish has been made. The FTC now correctly notes that *FTC v. Texaco*, —F.2d —, No. 74–1547 (D.C. Cir. Feb. 23, 1977), does not mandate a ten day notice period or lay down a rule of general applicability; indeed, the court simply approved the FTC's offer of a ten day notice period in that case. Nonetheless, this court is convinced that fairness requires a similar notice period in this case. This will hardly constitute undue meddling in the affairs of the Commission.

The court does agree with the FTC that the ten day notice should be given only to those companies who formally apply for confidential treatment for their data *after* submission of it to the Commission. If the FTC either denies confidential treatment in whole or in part or fails to act on a request, the notice requirement would apply. The court also will amend the portion of its April 12, 1977 order dealing with the ten day notice requirement to eliminate an ambiguity brought to the court's attention by the FTC; the corporate parties have no objection to this minor change.

IV. CORPORATE PARTIES' MOTION TO DISMISS

The court deferred consideration of certain of the corporate parties' motions to dismiss the enforcement actions for lack of personal jurisdiction on January 21, 1977 so that the FTC could engage in certain limited discovery on that question. The Commission has submitted a supplemental memorandum on the personal jurisdiction issue, to which the three corporate parties still pressing this claim have replied. This court elucidated the applicable standards for personal jurisdiction in its January 21 opinion.

Applying those general standards to the present controversy, it is clear that this court can exercise valid personal jurisdiction over two of the respondents, American Beef Packers, Inc. and Square D Company. American Beef Packers solicits orders by telephone in the District of Columbia; during a 23 month period—February 1975 to December 1976—the company made sales with a wholesale value of $424,000 in the District. Six employees of Square D solicit sales within the District, some of whom communicate with customers or potential customers on a daily basis. Square D shipped goods to distributors in the District worth $2,000,000–3,000,000 between 1974 and 1976. In addition, the company mails advertising to 220 District recipients approximately six times per year at an allocated cost of $5,000–6,000. These contacts obviously are substantial and form a clear basis for exercise of personal jurisdiction. *See Payton v. Summit Loans, Inc.*, 253 A.2d 459 (D.C. Ct. App. 1969); *Key v. S.C. Johnson & Son, Inc.*, 189 A.2d 361 (D.C. Ct. App. 1963); *Frene v. Louisville Cement Co.*, 134 F.2d 511 (D.C. Cir. 1943). That the cause of action is unrelated to these activities within the District and the sales to District customers constitute a small percentage of the companies' total sales does not defeat personal jurisdiction here because the absolute amount of those sales is high. *Cf. Founding Church of Scientology v. Verlag*, 536 F.2d 429, 432–33 (D.C. Cir. 1976) (court should consider absolute total of sales as well as percentage of total sales).

With respect to Van Dorn, however, the court cannot conclude on the present state of the record that the FTC has established personal jurisdiction. Van Dorn apparently neither solicits nor makes sales to District customers, but it has refused to answer an interrogatory concerning advertising within the District. The Commission has not moved to compel the answer to this interrogatory. Accordingly, the FTC has failed to establish a valid basis for the court's exercise of personal jurisdiction, and the enforcement action against Van Dorn should be dismissed. The FTC has suggested, however, that its enforcement petition be treated as a counterclaim to Van Dorn's preenforcement action. This proposal makes sense to the court, and Van Dorn has no objection to this procedure.

V. UNDUE BURDEN—COST OF COMPLIANCE

This court previously has concluded that the corporate parties' claims of undue burden should be limited to the assertion that the cost of compliance with the forms would be undue. Memorandum Opinion of April 12, 1977, at 36, 38. The corporate parties then were invited to submit up to five affidavits on the cost of compliance question. Five such affidavits were submitted on the LB program, but none were filed for the CPR program.[8] It thus appears that the corporate parties have essentially capitulated on their cost of compliance challenge to the CPR orders; they certainly have failed to carry their burden of demonstrating that those orders; they certainly have failed to carry would entail an undue burden. The court then invited any or all of the five affiants to give evidence at an oral hearing held June 16 and 17, 1977. Messrs. Howard Siers and John Spellman appeared to testify for the corporate parties; Dr. William Long testified briefly on behalf of the FTC. On the basis of the affidavits in the record, the oral testimony, and the administrative record before the court, the court hereby enters the following findings of fact and conclusions of law on the issue of cost of compliance with the 1974 LB orders.

Findings of fact

1. The starting point for considering the likely cost of compliance is the 1974 LB form itself and related materials. The related materials include the Instructions, a Glossary, a list of Industry Categories (LB Pet. Exh. F), and two sets of Questions and Answers issued by the Commission's staff (LBX 156, 159).

(a) The Instructions provide general guidance and specific line-by-line directions for completion of the form.

(b) The Glossary defines many of the terms used in the form and instructions, frequently using definitions adopted by other government agencies in information-gathering activities.

(c) The Industry Category list defines categories adopted by the Commission for LB purposes on the basis of the "four-digit" classification level of the Standard Industrial Classification ("SIC") System developed by the Office of Management and Budget as a standard frame of reference for government information gathering, augmented in some instances by reference to the "five-digit" level of clasification adopted by the Bureau of the Census on the basis of the SIC codes.

As explained by the LB Instructions (p. 6) and Glossary (pp. 3, 5, 6), a "line of business" ("LB") will generally consist of the company's "basic components" having the same "primary activity," provided that the LB satisfied certain "specialization" requirements; a basic component may be an establishment (e.g., plant), a product line, profit center, organizational unit, or other such part of the company, and the "primary activity" of a company, basic component, or LB, as the case may be, is the "industry category" that accounts for the greatest percentage of its net operating revenues. As the instructions indicate (pp. 7–8), in some instances vertically integrated companies may or must include activities preceding or following manufacturing in the industry category for the manufacturing activity.

3. In determining its basic components a company must ordinarily satisfy certain "specialization" requirements intended to limit the extent to which the data reported for an LB are "contaminated" by inclusion of data relating more properly to an industry category other than the primary activity of the LB. The "specialization ratio" (Glossary p. 6) is the ratio of operating revenues for the primary products to the sum of such revenues for primary and other ("secondary") products. The requirements are that the specialization ratio for the basic components be no lower on average than the coverage specialization ratio for the company's establishments, and that the ratio be at least 85% for each manufacturing LB with $10 million or more in net revenues (Instructions p. 6).

4. The LB form consists of four schedules, one of which contains three segments.

(a) Schedule I calls for identification data and involves no material burden.

(b) Schedule II calls for limited descriptive data about the company's LBs, including an estimate of net operating revenues for each of the LB's products.

(c) Schedule III(A) calls for data on specified items relating to profit or loss for each LB (e.g., net operating revenues; transfers; cost of operating revenues; other traceable costs and expenses; nontraceable costs and expenses; operating income).

(d) Schedule III(B) calls for data relating to the assets of each LB (e.g., gross plant property and equipment; depreciation; depletion and amortization; inventories; other assets) broken down between traceable and nontraceable elements.

(e) Schedule III(C) calls for supplementary data concerning various items such as payroll, research and development, methods of valuing inventories, methods of depreciation, methods of valuing intracompany transfers; general age of assets.

(f) Schedule IV calls for a summary reconciliation with respect to specified items between the aggregated LBS and certain items in the company's annual report (see Tr. 434–37).

5. The Instructions contain a number of provisions that give the company various options, authorize reasonable estimates or allocations—in a manner determined by the company—by providing for exceptions, and encourage consultations with the Commission's staff about compliance problems.

6. Among the options included are:

(a) Optional adoption by reference of material previously filed for lines 2–6 of Schedule I (p. 3);

(b) Optional combined reporting in Schedule I for non-manufacturing subsidiaries and for non-material subsidiaries (p. 4);

(c) Optional combined reporting of LB's with less than $10 million in net operating revenues in "catch-all" category 99.99 (p. 5);

(d) Optional inclusion or exclusion of operations regulated by government regulatory agencies (p. 6 and Glossary of Terms used, p. 2);

(e) Alternatives for determining basic components (p. 6);

(f) Optional use of value of shipments data or net operating revenues data for calculating specialization ratios (p. 6);

(g) Optional consolidated or separate reporting of certain vertically related operations (p. 8);

(h) Optional combined reporting, using the designation "all others," or products for the 99.99 category in Schedule II (p. 9);

(i) Alternatives for allocation procedures (p. 12).

7. Among the explicit references to use of estimates or approximations are the following:

(a) In general, well-informed estimates are to be provided when data are not provided in existing accounting reports. Thus, the Instructions state:

Reporting corporations need not develop new accounting systems or substantially rework data processing procedures in order to

Footnotes at end of article.

complete the LB Form. It is not necessary to reconstruct data from information in invoices or other primary documents. If the data required for the LB Form are not provided exactly in accounting reports which are already in existence, reasonable, well-informed estimates should be provided by knowledgeable company staff.

(b) Only estimates of 5-digit product net operating revenues are called for in Schedule II (p. 9);

(c) For Schedule III(C) data, estimates are explicitly identified as appropriate and the instructions make clear that it is not necessary to make a complete or sample survey of primary documents (p. 13);

(d) Records used to compile data on payrolls and materials used for Bureau of Census form MA–100 are explicitly cited as possible sources for estimates of the corresponding data for Schedule III(C) (p. 13);

(e) Data in Schedule III(C) concerning various methods need only be approximate percentages (p. 14).

8. The certification on the LB Form, required to be signed by a responsible company official provides as follows:

"This report was prepared under my supervision in accordance with instructions issued by the Federal Trade Commission. Subject to the recognition that reasonable estimates have been made when company accounts do not provide the requested data, the information is, to the best of my knowledge, true, correct, and complete."

Thus, (1) compilation procedures are viewed explicitly in terms only of instructions given by the FTC, thereby ruling out the need to adhere to any other set of compilation or reporting requirements; (2) reasonable estimates are explicitly permitted when the requested data are not provided in the company's accounts, thereby ruling out the need for perfect accuracy; and (3) the affirmation is based on the knowledge concerning the compilation which is possessed by the signer, thereby ruling out liability for unintentional errors.

9. The five affiants submitted the following estimated costs of compliance: DuPont—$350,000 to 700,000; Grace—$630,000; Eaton—$500,000; Goodyear—$150,000; and Hobart—$1,000,000 to 3,000,000. The two witnesses, Mr. Siers of DuPont and Mr. Spellman of Grace, reiterated in their oral testimony the respective cost estimates of their two companies.

10. Since the court's orders of April 12 and June 3 gave the corporate parties complete freedom in selecting affiants and witnesses concerning cost of compliance, it is fair to assume that the five affidavits and the two witnesses represent the most favorable and defensible estimates of compliance cost the corporate parties could provide.

11. This inference is confirmed by the fact that the estimates of the five companies exceeded—in most cases by a large margin—every estimate concerning the 1974 LB form previously submitted to the Commission or the courts and also exceeded virtually all of the few additional estimates previously submitted by some of the corporate parties to GAO or to the Commission at an earlier stage. Similarly, the estimates submitted to the Commission by DuPont ($1.2–$1.8 million) and Grace ($500,000) for completing the 1973 LB form in full were, respectively, the highest and third highest of all (LB Pet. Exh. E, pp. 7–8; 73 Ad. Rec. 30 M. pp. 1–2).

12. There is no factual basis for concluding that the estimates of the five companies submitting affidavits on May 5 or of the two that testified are typical or representative of the costs likely to be sustained by others of the corporate parties. The company witnesses testified that they had no basis for believing that their estimates were representative (Tr. 151, 152, 360). The Du Pont witness acknowledged that the problems of transfer pricing and allocation that were significant factors in his compliance cost estimate were more pronounced in chemical manufacturing (in which both DuPont and Grace are involved) than in other manufacturing (Tr. 215).

13. For several reasons, the court believes that the affiant companies may have overestimated the cost of compliance actually imposed by the 1974 LB form.

(a) Mr. Siers' affidavit and testimony were the most detailed, and the court begins here. Siers testified that a significant mismatch between the company's existing organizational structure and accounting system with the prescription of the LB form requiring reporting on a uniform set of defined lines of business accounted for the high estimated cost of compliance. In his laudable desire to produce high-quality data, however, Siers may have based his compliance estimate on procedures not actually required by the LB form. In addition, it is not clear that Siers has exhausted the possibility of finding at least some of the data from existing sources.

Although Siers testified that DuPont does not maintain its internal accounting records on the basis of the Standard Industrial Classification ("SIC") codes (Tr. 12, 87), he was unable to reconcile that assertion with the statement in DuPont's 10K report that, in the tables concerning profitability of product groups in the annual report "individual products [are] generally classified according to the Standard Industrial Classifications * * *" (FTC Hearing Exh. 1, 10K p. 2). Moreover, Siers conceded that DuPont was required to and did report to the Cost of Living Council on a four-digit SIC code basis (Tr. 180).

In addition, Siers included substantial amounts for reviewing original documents at the plant level (including travel)—even though the LB instructions explicitly state that "[i]t is not necessary to reconstruct data from information in invoices or other primary documents" (LB Pet. Exh. F, p. 2)—thereby overstating costs (Tr. 139–140). Siers also indicated that he might not choose the least costly basic component for the 1974 LB form if his consideration of the subsequent year's data indicated that different specialization ratios might result (Tr. 26, 201, 233). However, he conceded that neither the LB form and instructions nor generally accepted accounting principles require such consideration of future compliance, and that he would not have been in a position to make such a comparison if he had filed the 1974 LB form when it was due (Tr. 201). Moreover, the Commission has expressly indicated that where there are variations in specialization ratios in the range of 85% between the current year and a prior year, an exception may be appropriate.

(b) The court perceives similar problems with Mr. Spellman's estimate of the cost of compliance for Grace. Spellman's estimate includes a total of $90,000 to an independent accounting firm (Tr. 246, 280), even though review by outside accountants was a step that Mr. Siers did not believe was necessary (Tr. 165). Indeed, even Spellman acknowledged that review by an independent accountant was not "necessary" would only "probably" occur and, if done, would in part be to provide "comfort" to the company (Tr. 279, 368). Grace's estimate also appears to include an unspecified amount for the kind of legal review usually given to a 10K report filed with the SEC or an annual report to stockholders, even though: the LB reports will not be public; such is not given to all other non-public filings, such as Census reports; and Spellman said this was something they would only "probably" do (Tr. 350–52).

(c) In addition, the court identifies several areas in which DuPont, Grade, and the other three affiant companies probably could reduce the estimated compliance burden and still meet the requirements of the 1974 form. For example, the two witnesses both testified that they would provide accounting quality data comparable to that which they provide in annual reports to stockholders or other financial statements required to conform with generally accepted accounting principles ("GAAP"), including principles such as "verifiability" and "traceability." They said they would do so as a matter of "business judgment" or "company policy" (Tr. 169, 367; see Roberts Aff. ¶¶ 6–7), even though data of such quality were not required by the Commission (see Tr. 444–45, 453) and, as they both conceded, were more expensive to compile than data not meeting such high standards (Tr. 165, 206, 364). Mr. Siers testified that, apart from company policy, his assumption that GAAP must be satisfied was based on his own interpretation of the requirements of the LB form and certification (Tr. 69, 163, 165–67, 206), which he regarded as more stringent than the usual certification of an independent accountant (Tr. 66), although the LB instructions in no way refer to GAAP and the manager of the Commission's LB program had the contrary view of the relative stringency of the certifications when read in the context of the 1974 LB form and instructions (Tr. 440, 451). The witnesses' testimony about the effect of the LB form certification on the standards they would apply is also contrary to their testimony about their companies' income tax returns, in which they conceded that in forms required to be certified as "true and correct" they make estimates or allocations that are not in accordance with GAAP and claim deductions or credits based on their view of the law even if a point is the subject of dispute or conflict (Tr. 177–78, 373, 375).

The other affidavits tend to be highly generalized and conclusory, referring, for example, to a lack of correlation between LB categories and the categories used in the companies' own records, but without identifying specifically the nature or extent of such non-correlation. Because Hobart presents the highest estimated cost of compliance ($1–3 million), the affidavit of Harland Mischler deserves special mention. The affidavit supplies little information regarding the number or kind of personnel that would be required, hourly rates assumed, allocation of corporate overhead, travel, etc. The affidavit also supplies little information on Hobart's corporate structure that would permit an assessment of what data are or are not readily available to Hobart for use in preparing the LB form or what problems may be presented concerning relevant cost factors such as the specialization ratio, transfer pricing, and allocations. The affidavit adopts a previous estimate made by Hobart concerning the 1973 Form LB without acknowledging or discussing the differences between the 1973 and 1974 forms (¶ 4). Moreover, a substantial portion of Hobart's projected cost is based on Mischler's assumption that Hobart must modify more than 300 computer programs and reconstruct at least 400,000 transactions per month (¶ 8)—an assumption which apparently disregards the instructions for the LB form indicating that compliance does not require the reconstruction of data from information in primary documents and that estimates may be used. The credibility of Hobart's estimate of its compliance cost is also impaired by the fact that in an affidavit executed on March 5, 1975 (*Hobart Corp. v. FTC*, No. 76–0839 (D.D.C.) (No. 75–49 in Delaware), Docket Entry No. 16), Mr. Mischler stated that Hobart had prepared a draft response for the full 1973 LB form using a product "divisional" approach based on existing company records which required only "several hundred" man-hours (¶¶ 14, 16, 17).

14. Even if the affidavits and testimony of the corporate parties were credited at face value with respect to the absolute amount of probable compliance costs for the 1974 LB form, no company has demonstrated that the cost of compliance threatens to unduly dis-

rupt or seriously hinder normal operations of its business.

15. Most of the companies that have provided specific cost estimates have failed to provide sufficient information to permit the Commission or the court to assess the estimated cost relative to the other operations of the company. The record indicates, however, that even for the companies presenting some of the most extravagant cost estimates the amount involved is relatively small. For example, DuPont's upper estimate of $700,000 amounts to 0.0084% of its 1976 sales of $8,361,000,000 (FTC Hearing Exh. 1, 10K p. 1), while Grace's estimate of $630,000 amounts to 0.017% of its 1976 sales of $3,615,153,000 (FTC Hearing Exh. 5, 10K p. 9), and Goodyear's estimate of $150,000 amounts to 0.0028% of its 1974 sales of $5,300,000,000 (FTC Reply Exh. Z). That an amount on this order is of *de minimis* proportions for such companies is indicated by the fact that some of them round off to the nearest million in their annual reports (*e.g.*, FTC Hearing Exh. 1, AR, p. 23).

16. This pattern of relatively insignificant burden is likely to exist as to all the corporate parties, since they were selected to receive orders to file the 1974 Form LB in part because they are among the country's largest domestic manufacturing corporations (LB Pet. Exh. D, pp. 4–5). Information provided by some of the corporate parties in statements filed with the SEC for 1974 reveals that their revenues are sizeable: e.g., American Cyanamid, $1.8 billion; American Home Products, $2 billion; American Standard, $1.8 billion; Boeing, $3.8 billion; Carnation, $1.9 billion; Cities Service, $2.8 billion, Del Monte, $1.3 billion; Exxon, $45.7 billion; General Telephone & Electronics, $2.8 billion; General Tire & Rubber, $1.8 billion; B. F. Goodrich, $2.0 billion; Goodyear Tire, $5.3 billion; Honeywell, $2.6 billion; Ingersoll-Rand, $1.4 billion; Johnson & Johnson, $2.0 billion; Koppers, $900 million; Kraftco, $4.5 billion; Merck, $1.3 billion; Rockwell International, $4.4 billion; Standard Oil (Indiana), $2.0 billion; United Brands, $2.5 billion; Warner-Lambert, $1.9 billion; Westinghouse Electric, $8.8 billion; White Consolidated Industries, $1.8 billion (FTC LB Reply Exh. Z).

17. In its submissions to GAO, the Commission estimated that the cost to reporting companies of complying with the 1974 Form would be an average of $24,000 per company, with low costs under $10,000, and high costs of $75,000—$100,000 for a few large, diversified corporations (LB Pet. Exhs. D, p. 15; E, p. 9). Although the court cannot determine with precision the accuracy of these predictions, several observations can be made. Many specific cost estimates expressed in comments to the Commission or GAO were within the Commission's range (FTC Pet. Exh. C, pp. 140 (Dresser Industries, $10,000–$20,000); 196 (General Telephone & Electronics, $50,000); 198 (Gillette, 500+ man-hours); 275 (Merck, $56,000+); GAO 74 Ad. Rec. Comments, p. 5 of Mayer, Brown & Platt letter on behalf of Oscar Mayer ($50,000–$100,000); letter of General Mills (1,000–4,000 man-hours).

18. The only corporate parties that supplied specific cost estimates to the Commission in their motions to quash were within or very close to the Commission's estimated range (LB Pet. Exhs. L–2, p. 22 (Outboard Marine, $30,000); L-21, p. 23 (CIT Financial, $30,000); L–41 (Gillette, 500 hours +); L–51 (Exh. B) (ICI Americas, $75,000+).

19. Other than the five affiant companies, the only corporate parties which submitted specific 1974 LB estimates to the courts were within the Commission's estimated range (LBX 173 (U.S. Gypsum, $10,000); LBX 175 (CIT Financial, $15,000+) LBX 180 (CPC International, $25,000+); LBX 181 (Hart, Schaffner & Marx, $50,000–$100,000)).

20. Of 20 companies surveyed by the staff of the Commission on Federal Paperwork, cost estimates ranged from $1,688 to $63,600, with an average of $16,916 (Exh. A, pp. V–19, V–20, to affidavit of Salem M, Katch, filed in support of the corporate parties' Motion to Strike Affidavits). While that report is inadequate insofar as it fails to reveal specifically whether the companies submitting estimates had filed LB reports and whether all the estimates concerned the 1974 LB report, and is not necessarily indicative of what the costs would be for any corporate party, it tends to suggest a general cost of compliance for lower than that professed by affiants.

21. Of the 440 or so companies served with and required to comply with the orders to file the 1974 Form LB, at least 270 companies have complied (FTC Exh. AA, ¶ 3; FTC Supp. Exh. B, ¶ 2).

CONCLUSIONS OF LAW

1. The burden of demonstrating that an agency's use of compulsory process is unreasonable is on the party ordered to produce the material at issue. *United States v. Powell*, 379 U.S. 48, 58 (1964); *Federal Trade Commission v. Texaco, Inc.*, —— F.2d ——, No. 74–1547 (D.C. Cir. Feb. 23, 1977) (en banc), *cert. denied*, —— U.S. ——, 45 U.S.L.W. 3805 (U.S. June 13, 1977). In the context of this case, the corporate parties bear the burden of showing that the cost of compliance is undue.

2. This burden is not easily met when the agency inquiry is, as here, pursuant to a lawful purpose and the request made is, as here, relevant to that purpose. *FTC v. Texaco, supra*. slip opinion at 39; *United States v. Davey*, 543 F.2d 996, 1000 (2d Cir. 1976).

3. A court should inquire whether compliance "threatens to unduly disrupt or seriously hinder normal operations of a business." *FTC v. Texaco, supra*, slip opinion at 40. No company resisting enforcement of the special reports orders at issue has made such a showing. Indeed, in light of the high annual revenues of many of the corporate parties, it seems unlikely that such a showing could be made even if the estimated costs of compliance were significantly higher.

4. A court also should consider whether other companies have complied with the same orders. *FTC v. Texaco, supra*, slip opinion at 40; *United States v. W. H. Hodges & Co., Inc.*, 553 F.2d 276, 278 (5th Cir. 1976). Here, 270 companies—well over half of those so ordered—have completed and filed the 1974 LB form with the FTC without apparent overwhelming difficulty.

5. Similarly relevant is the size of the estimated cost compared to other costs normally borne by the company. *Cf. United States v. Davey, supra*, 543 F.2d at 1001. As noted, the cost of compliance for the corporate parties, even if high in an absolute sense, is not high compared to other costs borne by such large corporations.

6. The actual size of a company also should be considered. *Cf. California Bankers Association v. Schultz*, 416 U.S. 21, 50 & n.2 (1974). This court previously has noted that the LB orders are directed to "many of the largest companies in this country." Memorandum Opinion of April 12, 1977, at 37.

7. The court also may consider whether the cost of compliance is in part due to a company's large size. *FTC v. Texaco, supra*, slip opinion at 40 ("the breadth complained of is in large part attributable to magnitude of the producers' business operations"). Here there is no doubt that the relative size and complexity of the corporate parties' business operations contribute to the compliance burden.

8. Finally, common sense dictates that a court should inquire only into the costs actually imposed by the LB orders and not into additional procedures that a company might undertake for its own benefit. *Cf. California Bankers Assoc. v. Schultz, supra*, 416 U.S. at 49 n. 21; *United States v. Davey, supra*, 543 F. 2d at 1001. The testimony before the court indicates that some of the corporate parties would attempt to produce data with a degree of accuracy and verifiability not demanded by the LB form. This goal, however laudable, does not give a true indication of the costs actually imposed by the form.

9. The court identified several areas in which the witnesses' estimate of cost compliance might be overstated but was unable to arrive at a specific dollar amount as to the actual cost of compliance for any corporate party. At most, the court can conclude that the actual cost of compliance would be somewhat less than estimated. Except for the estimate of Hobart, which the court cannot accept as valid for the reasons stated in Finding of Fact 13(c), all estimates of cost of compliance have been under $700,000, and the court believes the actual cost to be somewhat less than that. The court finds that the burden to be sustained by the corporate parties is not undue. As the Court of Appeals noted in *Texaco:*

There is no doubt that these subpoenas are broad in scope, but the FTC's inquiry is a comprehensive one—and must be so to serve its purpose.

Slip opinion at 40. The compliance burdens faced by the corporate parties are comparable to those found acceptable by other courts in similar circumstances. *California Bankers Association v. Schultz, supra*, 416 U.S. at 50 n. 22 ($392,000); *FTC v. Texaco, supra*, slip opinion at 62 (Wilkey, J., dissenting) ($4,000,000); *FTC v. Dresser Industries*, 1977–1 Trade Cas. ¶ 61,400, at 71,492 (D.D.C. 1977) ($400,000); *cf. North Carolina Utilities Commission v. Federal Communications Commission*, 552 F. 2d 1036, 1052–53 (4th Cir. 1977) ($94,000,000).

10. Even if the actual cost of compliance is as large as the corporate parties estimate, the court alternatively finds that those costs would not present an undue burden in the circumstances of this case.

11. Since the court presumes that the corporate parties chose the companies with the highest compliance estimates to submit affidavits and to testify (Findings of Fact 10–12), it is therefore clear that no corporate party has demonstrated or could sustain the burden of proving that the compliance cost is undue.

12. Therefore, the court declines to deny enforcement of the 1974 LB orders on the ground that the cost of compliance would entail an undue burden.

THOMAS A. FLANNERY,
U.S. District Judge.

Dated: July 11, 1977.

FOOTNOTES

[1] 5 U.S.C. § 706(2) provides that a reviewing court shall hold unlawful and set aside agency action, findings, and conclusions found to be—

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(B) contrary to constitutional rights, power, privilege, or immunity;

(C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right;

(D) without observance of procedure required by law;

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; or

(F) unwarranted by the facts to the extent that the facts are subject to trial de novo by the reviewing court.

In making the foregoing determination, the court shall review the whole record, or those parts of it cited by a party, and due account shall be taken of the rule of prejudicial error.

[2] The Court did indicate, however, that APA review might be available if the Commission

issues a notice of default but then delayed in seeking enforcement while penalties accumulated. *United States v. Morton Salt Co., supra,* 338 U.S. at 654; *St. Regis Paper Co. v. United States, supra,* 368 U.S. at 226–27. In the present case, no notice of default has been issued.

[3] The court previously has found that these special reports programs do not constitute more than investigations in legal effect or in concept. Memorandum Opinion of April 12, 1977, at 11. No meaningful distinction can be drawn.

[4] This silence is perhaps understandable since the district judge had found that the LB program constituted rulemaking; though the Third Circuit expressed no view on that issue, the district court's holding could have led the Third Circuit simply to assume that the LB orders presented reviewable agency action.

[5] The corporate parties urge a contrary inference from the silence: that the courts should give the notion of reviewable agency action a broad reach. Yet courts that fail to consider this question for one reason or another surely do not intend to abrogate the requirement under the APA that a court review only agency action under the standards of section 706.

[6] As to the CPR program, the court ruled on April 12, 1977 that consideration of the corporate parties' trade secrets claim was premature. This suggested to these corporate parties that the court considered the CPR program as less than an administrative whole, i.e., that the decision to collect the data could be separated from the decision to publish it.

[7] The corporate parties also ask the court to consider their claim that the FTC cannot meet its LB confidentiality pledges because of its past practice and the disaggregability of the data. It is premature for the court to consider the disaggregability of the data in the absence of a final decision to publish it; likewise, a court should not consider the corporate parties' other concern unless and until a specific claim of violation of the 1974 confidentiality guarantees arises.

[8] The FTC submitted, but later withdrew, three counter-affidavits directed to the question of cost of compliance with the LB orders.

U.S. district court for the District of Columbia, Master File Misc. No. 76–0126, Misc. No. 76–0127]

In re FTC corporate patterns report litigation. This document relates to all actions—master file only in re FTC line of business report litigation. This document relates to: All actions—master file only.

ORDER

In accordance with the accompanying Memorandum, it is by this court, this 11th day of July, 1977.

Ordered that the corporate parties' motion for reconsideration be, and the same hereby is, denied; and it is further

Ordered that the FTC's motion for reconsideration be, and the same hereby is, partially granted and the fourth ordering paragraph of this court's order of April 12, 1977 is hereby amended to read:

Ordered that, if a party having filed a CPR report requests the FTC to accord confidential treatment to specific information in such report, and if the FTC either denies that request in whole or in part or fails to act on it, then the FTC shall give that party ten days' notice before publishing any CPR data of that company for which confidential treatment has been requested; and it is further.

Ordered that the motions of American Beef Packers and Square D to dismiss for lack of personal jurisdiction be, and the same hereby are, denied; and it is further

Ordered that the motion of Van Dorn to dismiss for lack of personal jurisdiction be, and the same hereby is, granted; and that the FTC's enforcement petition be treated as a counterclaim to Van Dorn's preenforcement action; and it is further

Ordered that the FTC's motion for summary judgment be, and the same hereby is, granted, as no genuine issues of material fact remain and the Commission is entitled to judgment as a matter of law; and it is further

Ordered that tht FTC shall submit an appropriate Order and Judgment for the court's consideration no later than July 14, 1977.

THOMAS A. FLANNERY,
U.S. District Judge.

WATCH OUT IF THEY BOTH GO DOWN

Mr. McCLURE. Mr. President, in this period of increased awareness of the Nation's economic situation, one of the most frequently neglected parties to this economic instability is the party who earns his living from the land. I am speaking of the farmers, the lumbermen, and even further, the local communities which have grown around this activity.

Many of our rural communities are entirely dependent on these activities, and though their population is small, as compared to our large cities, the economic survival of these regions is just as important.

Mr. Robert Hammes, publisher of the St. Marie's Gazette-Record has put these thoughts into print very well. I ask unanimous consent that his recent editorial from that newspaper be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WATCH OUT IF THEY BOTH GO DOWN

The TV news, newspapers and magazines have been filled recently with stories about the plight of the American farmer. His costs are up, his income down. He's got lots of problems.

That's one half of a formula for disaster. The economy of this country is badly hurt when either agriculture or home building goes into a tailspin. That's because each has such a tremendous effect on our economic health.

Agriculture, for example, is the industry which buys more of everything than any other industry. It consumes more steel, rubber, petroleum, chemicals, etc., than any other industry. When the farmer stops buying, that means troubles all down the line.

The housing industry is second in importance in this country. It employs more skilled workers who use more materials and affect more businesses than any other industry except agriculture.

Fortunately for the United States, when the housing industry was pretty sick in 1974, agriculture was booming. We are lucky again in 1977. While agriculture is pretty sick, housing is moving right along.

But should the two take a downturn together, hang onto your hats, because that's going to be a real shakeout.

FTC IMPROVEMENTS ACT AND CLASS ACTIONS: AN IMPORTANT FIRST STEP

Mr. METZENBAUM. Mr. President, if there is any bill which speaks directly to the consumer it is the Federal Trade Commission Improvements Act of 1977. In a consumer society it is imperative to provide some vehicle for an effective voice for the individual consumer which parallels that of business. That vehicle is the class action.

It is no more realistic today to suppose that an individual consumer can successfully resolve his or her grievance in the marketplace than it was at the turn of the century to suppose that an individual in a sweatshop or a coal mine could battle singlehandedly for decent working conditions and win. The labor movement has accomplished for America's workers what the class action can accomplish for America's consumers. Without this basic judicial device, most suits, if consumers were even inclined to attempt them, would yield, at best, pyrrhic victories.

As chairman of the Subcommittee on Citizens and Shareholders Rights of the Senate Judiciary Committee, I intend to pursue those steps which will make access to the courts more the reality it should be instead of the dream it now is. In my role as chairman of the subcommittee, I welcome the Federal Trade Commission Improvements Act as the first step toward according our Nation's citizens their private right of action as consumers.

In the past 8 years consumer access to courts has been eroded through Supreme Court decisions which deny access for class-action claimants, or make such access so difficult and expensive that they are no longer a practical remedy. It is up to Congress to reverse a trend which has become commonplace and which, as recently as June 9, 1977, has all but banished the consumer from the courts.

To take just one recent example, the Supreme Court has just ruled, in the Illinois Brick against Illinois case, that only those who are direct purchasers of a product or service from a price fixer have the ability to seek redress for price fixing. If, for example, a customer buys an item from a retail store which has not been a party to the price fixing by the manufacturer, the customer cannot sue the manufacturer. Only the store owner can sue. The customer rarely deals directly with a manufacturer, and since the retailer with whom the customer does deal passes on the higher fixed price to its customers, the retailer obviously has no incentive to file suit against the manufacturer. If the customer cannot sue and the retailer will not sue, the manufacturer continues to engage in price fixing, encouraged by the Court's direct denial of standing to the consumer, and its indirect protection of the practice.

The Federal Trade Commission Improvements Act of 1977 affords Congress the opportunity to begin to overturn the increasingly restrictive decisions rendered by the Supreme Court. This bill authorizes any consumer or group of consumers injured by an unfair trade practice to commence a civil action on his or her own behalf or on behalf of all consumers similarly injured, eases methods of giving notice, permits aggregation of damages, and eases the burden of establishing damages. The class action is an effective consumer remedy that can forestall any further erosion of American consumers' con-

fidence in society's capacity to respond effectively and justly to daily problems bound to surface in a consumerized, conglomeratized society.

But the class action is only one means of redressing consumer injuries. It is no secret that the institutions of modern American society, be they educational, governmental, or social, have lagged behind the times in providing our citizens with essential means, materials, and knowledge to cope with a consumer world. Consequently, we are now playing catch up ball and I, for one, intend to go to bat with every legislative means which expands redress of grievance opportunities to every American consumer.

CUTTING FEDERAL EMPLOYMENT

Mr. HELMS. Mr. President, official Washington is filled with politicians who claim to speak for the people, but it is always refreshing to come across someone who actually works on the people's behalf—not because he is paid to do so but because of his dedication to free government and the rights of individual citizens.

Such a man is Abraham Kalish. Abe, as his many friends call him, holds an M.A. in classics from Harvard. He spent 10 years as a features writer with the U.S. Information Service and 14 years as a professor of writing and research at the U.S. Defense Intelligence School. Upon retiring from Government service in 1971, he served for 3 years as unpaid executive secretary of Accuracy in Media. He has written a book on schools and has published in National Review and Conservative Digest. In 1975, he received a Freedoms Foundation award.

Mr. Kalish has recently turned his formidable talents to devise ways in which the growth of the Federal bureaucracy can be halted and, what is more remarkable, reversed. His article in Reason magazine of April 1977, outlined "A Plan to Check Inflation" which is as ingenious as it is simple. So that the Congress and the public can share in Mr. Kalish's novel idea, I ask unanimous consent that his article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A PLAN TO CHECK INFLATION

(By Abraham H. Kalish)

Perhaps no other American president, on assuming office, has been so obviously on the spot as Jimmy Carter. Reacting to the widespread popular resentment against skyrocketing taxes and prices, and the growing fear of runaway inflation. Carter committed himself, in the heat of his presidential campaign, to balance the Federal budget. He thereby set himself up to resolve a problem that many historians have come to regard as inherent in a democracy. Professor Alexander Tytler, writing almost 200 years ago about Greek society more than 2,000 years before, concluded: "A democracy can only exist until the voters discover they can vote largess out of the Public treasury, with the result that democracy collapses over a loose fiscal policy."

In any case, hardly had Carter been declared the winner, than governors, mayors, representatives of government employees unions and of countless other groups converged upon him—all presenting demands for more and greatly expanded government programs as payment for their pre-election support. The adoption of even a fraction of these programs would not only destroy any chance for budget balancing, but would practically guarantee our emulating the current economic conditions of England. Further though these programs are presented as solutions to many social and economic ills, a decade of experience has shown that despite the expenditure of billions of dollars, these programs in most cases merely aggravate the problems they promise to cure.

But most significantly, high government spending means more employees on government payrolls. In 1960, the total employed by Federal, state and local governments was 8.3 million. By 1976, the number had increased to 15 million, an increase three times faster than the growth of the U.S. population. This growth has stimulated the organization of government employees unions, whose main interest is to see that current levels of government spending rise. Spearheaded by the 1.8 million member National Education Association, with limitless funds, tens of thousands of volunteers, and a pool of millions of concerned voters, they have helped elect enough U.S. Senators and Representatives to assure Congressional approval for almost any measure they wish.

An indication of this power came a few days before Congress adjourned for the November election campaign. President Ford had submitted an HEW budget which was half a billion higher than that of the previous year. Congress, responding to the wishes of the government employees unions, added $4 billion, even though HEW still had billions from the previous year which it had been unable to spend. When President Ford vetoed the bill because of its inflationary character, the Senate immediately overrode the veto. The only opposition came from 12 Republicans and three Democrats. In the House, the veto was defeated 312 to 93, by a larger margin than in the original vote.

In the November election, while a few Senate and House candidates used such slogans as "We all [meaning you] will have to tighten our belts," they were in most cases defeated. On the other hand, Democrats in almost all instances ran well ahead of presidential candidate Carter, who during the campaign had said "I would like to have complete authorization to reorganize the executive branch of the government, giving me authority for the elimination of unnecessary agencies and departments."

These are matters which President Carter will have to consider when he tries to balance the budget. He will also be thinking about the concepts of *Sunset legislation* and *Zero-Based Budgeting*. Since the election, these terms have been appearing with increasing frequency in newspaper columns, often with the implication that they contain a magic formula for painlessly solving our economic problems.

Newspaper accounts tell us that when Jimmy Carter was Governor of Georgia in 1973–74, Georgia became the first state in the nation to adopt Zero-Based Budgeting. A year later, Common Cause helped guide through the Colorado legislature the first Sunset law. In 1976, leading members of both political parties introduced into both the U.S. Senate and House a bill which incorporated both ideas. This bill would place almost all government programs on a four-year authorization schedule. At the end of this period, the programs not reauthorized would be terminated.

How effective would a Sunset bill be in cutting down government expenses, balancing the budget and stopping inflation? A former employee of the State of Georgia, writing in the November *Johns Hopkins Magazine*, indicates that the reorganization that took place under Governor Carter was almost completely a paper operation. A number of departments were placed under one head, but the total number of state employees and executives increased substantially. There are already indications that other such moves might wind up the same way. This would be unfortunate because the basic sunset idea is widely accepted and could be the beginning of a worthwhile development.

Advocates of Sunset laws recognize that many current functions of government are unneeded and should be eliminated as a means of cutting down government expenditures. But its primary political weakness is the unanswered question: "What happens to employees of programs to be terminated?" Given current political realities, even slight suspicion that a bill would lead to the dropping of any government employees would mean its overwhelming rejection by a majority of legislators. At the Congressional hearings on the bill, one of the witnesses suggested "reasonable assurance that employees whose jobs would be eliminated would be offered other public employment." But merely transferring employees to other programs would not cut expenditures. And what agencies are short handed?

Another weakness in the bill is that it lets the administrators assess which programs are not needed. At the Congressional hearings, a top government official warned that assessing some 20,000 programs and activities would lead to an accumulation of paperwork that is mind-boggling, even by Washington standards. To prevent this from happening, it would be much better to have the suggestions for eliminating unneeded jobs come from those who know best the specific jobs that could be eliminated, namely the people working on these jobs. At the very least, employees should be offered the opportunity to take the initiative. This may sound like an impossible dream, but two helpful practices could see it put into effect.

The first concept is insurance. For generations, the knowledge that they are covered by insurance has given most people confidence that even in an emergency, they will be able to meet the financial crises that result from fire and death. After the bank closings of the 1930's, the idea was extended to bank deposits and home mortgages. Since then, insurance has been used to cover the purchase of automobiles and, through such organizations as the Blue Cross, health. What needs to be added to sunset laws is some form of employment insurance.

The second idea which could be used to stimulate employee initiative originated with Clinton Golden, a former vice president of the Steel Workers Union. In his book, *The Dynamics of Industrial Democracy* (1942), Golden proposed a method for increasing industrial efficiency through enlisting the cooperation of workers by giving them job assurance plus awards based on the increased productivity that resulted from any ideas they suggested. In many current labor-management contracts, this concept has replaced the former suggestion-box system whereby a worker would receive an award for a good idea, but later, he or some of his fellow workers might be dropped, because their jobs had become unnecessary.

To overcome the powerful yet natural resistance of government employees to Sunset legislation, the bill should incorporate these ideas. It should include a provision that if any jobs were terminated, the employees now holding these jobs would be guaranteed their pay. Further, the Bill should also have a provision that if terminated government employees went into private industry, they would receive a 10 percent bonus on all that they earned there. In this way, a $10,000 a year government employee who transfers to private industry and makes $6,000 in the new job, will receive $4,600 from the government. By this transfer, the government

would save $5,400 in salary, plus the incidental costs of office space, supplies. If the former government employee's private earnings reached $10,000, his total income would be $11,000; and the government would save $9,000 plus.

In addition to reducing government expenditures, the transfer of many government employees to the private sector would have a beneficial effect on the entire economy. While much attention is focused daily on the activities of government, the public tends to take our free enterprise system largely for granted, except to blame it for many ills including unemployment.

The facts, however, are that Federal, state and local governments now spend about 44 percent of total National Income, yet employ one-sixth of those gainfully employed. Five-sixths depend for their livelihood on private enterprise which also supplies most of our services and practically all our manufactured goods. Further, our economic history shows that if there is an increased demand for consumer goods, private industry expands rapidly, and hires more people. And increased demand for goods quickly follows the hiring of more people. In short, only private industry can solve the problem of unemployment.

Should the modified Sunset program be adopted, the specific techniques for installing it will, of course, vary. The following scenario merely suggests how an overstaffed school system could be made more efficient. The school superintendent at the request of the city's chief executive draws up an overall position chart; one teacher for every 25 pupils; a principal for each 20 teachers; a superintendent. The superintendent then informs the school employees that those who believe that their jobs are unnecessary should present statements to that effect. If these are accepted, the employees will be guaranteed their salaries plus a 10 percent bonus on whatever they may earn in private industry.

The superintendent will then select from the remaining employees those needed to fill the positions on the chart. He should notify the others that they are being placed on leave of absence with full pay. If these choose to stay home, the government will still save the cost of their work space and supplies. There will also be a four percent payroll saving each year through retirements and deaths. If any employees on leave decide to take a job in private industry, they will of course get the 10 percent on what they earn; and the government will save up to 90 percent on their salaries.

A different scenairo could be developed for the U.S. Postal Service which in 1970 was set up as a quasiindependent agency. By 1976 the Postal Service had greatly increased its rates, cut services and run a deficit of $1.7 billion. Some of the Agency's services have been consistent financial losers. These could be leased to private companies. By means of the $1.7 billion which the Government now spends to met the U.S.P.S. deficit, the current employees would be guaranteed their incomes plus the 10 percent bonus for transferring to private industry. Many of the employees would be quickly absorbed by the new private employers who, by greater efficiency, would be able to cut rates, expand, and perhaps stimulate other private enterprises to expand and hire more workers.

One of the advantages of the proposed program is that once the new, simply-stated payroll formula has been worked into the computer, the program will virtually police itself, and so will not require additional expenditures or personel to operate. A requirement that employees who have transferred to private industry submit annually a copy of their income tax report would provide a check and a means for making adjustments for income changes that occurred during the year.

Does this mean that government employees who transfer will be guaranteed their income, plus a bonus, until they reach the government retirement age? For a number of reasons, the answer must be an emphatic yes. First, obviously and naturally, no program which did not offer government employees more than they are getting now would be acceptable to them. And unless it is acceptable to them, it would, given current political realities, have no chance of approval by Congress, or by the vast majority of state and local governments.

Secondly, whatever the cost of the guarantee, it would from the very start cost less than continuing to pay for programs and jobs that are not needed. Finally, a gradual, painless transition may be preferable to a meat-axe approach of cutting government expenditures by laying off employees. Separating tens of thousands of heads of families from their means of livelihood would have a chilling effect on businesses and financial institutions dependent on these individuals' ability to keep up their mortgage and automobile payments.

But what if jobs and programs which have been abolished are later replaced? This is the crucial question, for if this happens the whole sunset program will collapse. For, as we have already indicated, any proposal to eliminate government programs and jobs is almost completely dependent for its adoption on the belief of government employees that they will gain thereby not only in the long run but immediately. Only on this basis will they decide to back the program and to cooperate in order to make it a success. This is the fundamental requirement. Hence, the vital importance of strictly adhering to the original position charts. Only by doing so can the desired results be achieved.

The success of the American Constitution derives from the fact that the men who framed it were able to come up with a series of agreements in which those who had special privileges gave them up in return for the establishment of conditions that would benefit the entire country. By backing Sunset legislation, government employees would give up their present powerful position. But by means of the added provisions to the Sunset legislation, they would not only be able to gain immediate financial benefits, but would also pave the way for a healthier economy for everybody.

Given the past history of American business, a plan that cut government expenditures, led to tax cuts, and helped make millions of highly educated workers available, would encourage industry to expand, hire more workers, cut prices and so be better able to compete for wider markets. In this way, the United States would be placed on the road to relief from the twin scourges of ever-expending bureaucracy and chronically depressed economy.

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

Mr. NELSON. Mr. President, on July 21 the Small Business Legislative Council, a group of small business associations with representation from many of the Nation's important business sectors, held a meeting at which they passed a resolution calling for a White House Conference on Small Business.

As the Senate knows, a resolution calling for a White House Conference on Small Business was introduced at the beginning of this session. The resolution, referred to the Small Business Committee, was reported on March 24 and was passed unanimously by the Senate on March 28, 1977.

A companion measure is now pending in the House of Representatives. We hope passage will occur soon.

There is no doubt in the opinion of the Senate Small Business Committee that a White House Conference on Small Business is one of the major avenues open to the Federal Government to develop new policies and initiatives for our 13 million small businesses.

We have seen, and examined in hearings, the report of the Small Business Administration called "The Study of Small Business," prepared by the Office of the Chief Counsel for Advocacy of the SBA. This report, prepared by the SBA under Public Law 94–305, examines many of the problems of small business, but its 152 recommendations in large part are not new and novel ideas for the solution of small business problems.

It is our hope that the President, who now has had time to examine our resolution, will call for a major White House Conference on Small Business, which would be the first at that level since the 1950's when President Eisenhower called for a Cabinet level task force on small business. That task force was chaired by Arthur Burns, now Chairman of the Federal Reserve Board.

Small business, which represents 97 percent of all the businesses in the United States, produces 43 percent of the gross national product, 48 percent of the business product, and employs 52 percent of the non-government work force, as well as being the most innovative sector of the economy, needs help.

Mr. President, I ask unanimous consent that the text of the Small Business Legislative Council resolution requesting a White House Conference on Small Business, and the list of its members, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas, 97 percent of all business in the United States of America are considered to be "small businesses," and these small businesses number more than 13 million individual units, and;

Whereas, these small businesses provide 43 percent of the gross national product, provide 48 percent of the business product, employ 52 percent of the non-government workforce, and account for many significant innovations, inventions, and technological developments, and;

Whereas, small business is an important and vitally needed sector of the national economy, and;

Whereas, small business faces major problems unique to its size, and these problems have not been comprehensively and systematically presented at the White House level since the last White House Conference on Small Business in 1956, and;

Whereas, the convocation of such a conference would aid small business by focusing the attention of the nation and its best intellects on the importance of small business; would serve to identify its problems; and could provide suggestions for solutions to these problems and for other actions to encourage the growth and strengthening of small business in the United States, now therefore be it

Resolved that the Small Business Legislative Council endorses strongly the action of the United States Senate in calling for a

White House Conference on Small Business, and urges the President to act on this proposal as soon as possible, and be it now further

Resolved that the individual members of the Small Business Legislative Council contact the President of the United States expressing the support of their members for this resolution, and also contact the Honorable Robert Byrd (Majority Leader of the Senate), the Honorable Howard Baker (Minority Floor Leader of the Senate), the Honorable Gaylord Nelson (Chairman of the Senate Select Committee on Small Business), the Honorable Thomas O'Neill (Speaker of the House), the Honorable James Wright (Majority Leader of the House), the Honorable John Rhodes (Minority Leader of the House) and the Honorable Neal Smith (Chairman of the Small Business Committee), urging them to use their good offices to further this resolution.

LIST OF PARTICIPANTS OF SMALL BUSINESS LEGISLATIVE COUNCIL MEETING, JULY 21, 1977

Automotive Warehouse Distributors Association, Eve Bachrach.
Food Merchandisers of America, Inc., Harold Smith.
Independent Bakers Association, Bob Pyle.
Manufacturers Agents National Association, Jim Gibbons.
National Association for Child Development & Education, Paul Nagle.
National Association of Black Manufacturers, Ron Lewis.
National Association of Brick Distributors, Walter Galanty.
National Association of Home Manufacturers, Don Gilchrist.
National Association of Independent Lumbermen, Bob Robertson.
National Association of Plumbing/Heating/Cooling Contractors, Bob Sandvick.
National Association of Retail Druggists, Thomas M. Driscoll.
National Beer Wholesalers of America, Inc., Cathy Douglas.
National Concrete Masonry Association, Paul Lenchuk.
National Electrical Contractors Association, Bob White.
National Federation of Manufacturers Representatives, Daniel Honig.
National Home Improvement Council, Randy Seifert.
National Independent Dairies Association, Art Berndtson, Tom Rothwell.
National Insulation Contractors Association, Joe Koach.
National Office Machine Dealers Association, Bob Woletz.
National Office Products Association, Bruce McLellan.
National Patent Council, Inc., Eric Shellin.
National Small Business Association, Ruth Brady, Senga Howat, John Lewis, Karin Lewis, Herb Liebenson, Ted Longeway, Elizabeth Morris, Margaret Robson, Ann Walker, Carl Beck.
Printing Industries of America, Inc., John Grant.
Small Business Service Contractors Association, Frank Katz.
American Traffic Services Association, Inc., Robert Garrett.
Association of Independent Colleges and Schools, Mary Wine.
Automotive Parts and Accessories Association, Susan Soodak.
Cast Metals Federation, Walter Kiplinger, Charles Sheehan.
Chemical Specialties Manufacturers Association, Inc., Ralph Engel.
Cigar Association of America, Inc., Carl Carlson, Michael Kowalski.
Computer and Communications Industry Association, Jack Biddle.
Cotton Warehouse Association of America, Don Wallace.
Council of Construction Employers, Harry Taylor.
Direct Selling Association, Robert Jenkins.
First Class Mailers Association, John Hurley.
Greater Wahington Business Center, William Jameson.
Helicopter Association of America, Inc., Ann Jones.
House Small Business Committee, Bernard Layne.
Independent Media Producers Association, Bill Williams.
Institute of Industrial Launderers, Bernard H. Ehrlich.
Local and Short Haul Carriers of the U.S., David Gordon.
Manufacturers Association of Delaware Valley, Payson Burt.
Marking Device Association, Thomas H. Brinkmann.
Mechanical Contractors Association of America, Inc., Jerry Pritchett.
Metropolitan Richmond Chamber of Commerce, Robert Martin.
Motorcycle Trades Association Inc., Gary Throneberry.
Moving Agents and Drivers of America, Robbie Page.
National Association of Realtors, Al Abrahams.
National Association of Trade and Technical Schools, Bill Goddard.
National Audio-Visual Association, Kenton Pattie.
National Economic Development Association, Joe Martinez, Richard Salvatierra.
National Federation of Independent Business, Mike McKevitt.
National Home Furnishings Association, Spencer Johnson, Gerald Nagy.
National Lumber and Building Materials Association, Joe Hobson.
National Oil Jobbers Council, Inc., Phil Chisholm.
National Parking Association, David Ivey.
National Pest Control Association, Inc., Debbie Edmontson.
National Society of Public Accountants, Julie Canny, John Fitch.
National Tire Dealers and Retreaders Association, Inc., Phil Friedlander.
Pharmaceutical Manufacturers Association, Bruce Brennan.
Senate Small Business Committee, Bill Cherkasky, Kay Klatt.
Small Business Administration, Anthony Stasio.
Southern Furniture Manufacturers Association, Elizabeth Powell.
Tile Contractors Association of America, Inc., J. L. Loomis.
London & Goldberg, Jim Goldberg.
Representing:
Home Center Institute.
National Retail Hardware Association.
National Shoe Retailers Association.
Photo Marketing Association.
Retail Floorcovering Institute.
Retail Jewelers of America.

BITTER SUGAR FOR THE COCA-COLA CONNECTION?

Mr. McCLURE. Mr. President, on May 4, 1977, President Carter proposed a series of actions "aimed at maintaining a viable domestic sugar industry." His plan called for supplemental compensation to growers of up to 2 cents a pound when the market price for sugar falls below 13.5 cents per pound. He stated: "13 cents is the estimated average breakeven price for domestic sugar growers."

Mr. President, I, along with many of my colleagues, immediately wrote to express our disapproval of this ill-conceived plan. The fact is that the maximum payment to any one grower will be no more than 2 cents per pound, hardly enough to aid farmers who have lost between 4 and 10 cents per pound. The fact is that the breakeven point for most domestic growers is approximately 15½ cents per pound, not 13½, and for many the average can go as high as 18 to 19 cents per pound. The fact is, the President did not heed the advice of the majority of the domestic sugar industry who suggested he adopt the International Trade Commission's 4.275 million ton import quota proposal. The fact is that the President's plan simply does not maintain a viable domestic sugar industry.

It would seem that high ranking members of the President's Cabinet are now agreeing with this statement. In an article by nationally respected syndicated columnists, Rowland Evans and Robert Novak in the Washington Post, the President's Special Trade Representative, Robert Strauss was quoted as saying:

> Secretary Bergland and I and the members of the Economic Policy Group (headed by Treasury Secretary W. Michael Blumenthal) . . . think it (the President's sugar proposal) is proving to be wholly ineffective.

When asked whether he agreed with Comptroller General Elmer Staats' ruling that the 2-penny subsidy is illegal, Mr. Strauss called Mr. Staats "dead right on that, and we have always been concerned that that was going to be where we end up and it would not surprise me one bit if the Justice Department upheld it."

To add insult to this injury, there is now a great deal of speculation that the President's plan was influenced greatly by former associates of the Coca-Cola Co., a firm that enjoys paying low prices—today's New York spot price was 10.85 cents per pound—for the sugar it buys, which amounts to about 10 percent of all domestically consumed sugar. The fact is that Attorney General Griffin Bell, Deputy Secretary of Defense Charles Duncan, and Director of the Office of Management and Budget Bert Lance were formerly closely associated with Coca-Cola.

While the administration and the Congress try to decide what is legal and what is illegal, and what is justifiably suspicious and what is not, sugar growers and sugar processors are slowly but surely going under. This sugar crisis has been upon us for almost a full year and yet we have failed to do anything meaningful to aid this valuable and necessary American industry. How long will it be before this Congress has the guts to tackle this problem head on? The U.S. sugar industry does not have much time left.

Mr. President, I feel the article in today's Washington Post, "Bitter Sugar for the Coca-Cola Connection?" by Rowland Evans and Robert Novak, sheds a great deal of light on this situation, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BITTER SUGAR FOR THE COCA-COLA CONNECTION?

(By Rowland Evans and Robert Novak)

Political schizophrenia has led two members of President Carter's cabinet to take one position in private and another in public on increasingly troublesome sugar policy, raising questions about the impact here of a single corporation: the Coca-Cola Co.

Atlanta-based Coca-Cola, which buys 10 per cent of all home-grown or imported sugar in the United States, profits heavily from current low prices. It supports the administration's two-penny domestic-grower subsidy, viewed as hopelessly inadequate by American growers, so strongly that Chairman Russell Long (D-La.) of the Senate Finance Committee calls it "a Coca-Cola program."

That claim carries special significance in Jimmy Carter's Washington. Coca-Cola gave the President his Attorney General (Griffin Bell, senior partner in the Atlanta law firm representing Coca-Cola) and his Deputy Secretary of Defense (Charles Duncan, Coca-Cola board of director). Budget Director Bert Lance as an Atlanta banker had strong business and social links with the Coca-Cola hierarchy.

Nobody is charging conflict of interest. But congressional opponents of the administration's sugar policy fear the Coca-Cola connection means Carter may not be getting the full story on sugar policy from his cabinet—which would be a clear breakdown of "cabinet government." What gives their fears substance is a July 7 confidential memorandum to the President.

The memorandum was drafted by domestic policy adviser Stuart Eizenstat and his deputy Lynn Daft. While lamenting an unexpected further decline in sharply falling sugar prices, the memo nevertheless defended the administration's two-penny domestic subsidy. Growers view that as worthless against cheap sugar imports and want import restrictions instead. The Eizenstat-Daft memo warned the President against congressional efforts "to cripple the program or replace it with a more protectionist program."

"As a result of these congressional actions," the President was told, "we have met with [Agriculture Secretary] Bob Bergland, [trade negotiator] Bob Strauss and [Assistant Secretary of State] Julius Katz to reassess our options. This group has concluded that the policy you announced in early May [the two-penny grower subsidy followed by a still elusive international sugar agreement] remains the best option and that we should redouble our efforts to avoid any congressional action that would undermine its chances."

In his heart, however, Bergland's concept of a "best option" differed. Exactly six days later, testifying before a Senate finance subcommittee, Bergland used language seemingly designed to tear the two-penny program to shreds.

"Things are coming apart at the seams," he told the senators. "We understand that . . . from our vantage point in the Department of Agriculture, we will never support a policy that will consciously or subconsciously allow the disintegration of the domestic sugar industry."

At that point, Sen. Long lashed out at the "Coca-Cola program" that was destroying Louisiana cane and Western beet growers.

Furthermore, Bergland's true sentiment about "the best option" makes twins of him and Bob Strauss. Testifying on July 20 to the House Banking Committee, Strauss declared:

"Secretary Bergland and I and the members of the Economic Policy Group [headed by Treasury Secretary W. Michael Blumenthal] . . . think it is proving to be wholly ineffective."

Strauss then made an even more dramatic departure from Eizenstat's memo. Asked whether he agreed with Comtproller General Elmer Staats's ruling that the two-penny subsidy is illegal, Strauss called Staats "dead right on that, and we have always been concerned that that was going to be where we end up . . . and it would not surprise me one bit if the Justice Department upheld it."

There would, however, be a problem there. Since Attorney General Bell ran the law firm that represents Coca-Cola (King and Spalding, now headed by presidential intimate Charles Kirbo), an appeal by the administration to him from Staats's ruling would invite conflict-of-interest problems. The appeal would go to Deputy Attorney General Peter Flaherty.

Congress, however, may seize upon the administration's lamentable confusion and place sugar under a mandatory price-support system with import restrictions. If so, the President may be spared immediate further agony over sugar that has resulted from disjointed "cabinet government": Blumenthal fighting for free trade, Bergland angling for supports and quotas, Strauss battling for anything that works, White House economic advisers plotting to continue low-price sugar to help check inflation.

The President seems willing to accept confusion as the price of diversity. The worrisome asepct is added by the Coca-Cola connection. Whether or not this is an unjustifiable suspicion in hypersuspicious Washington, the confidential memo to the President can only promote those worries.

AGRICULTURE APPROPRIATIONS CONFERENCE

Mr. TALMADGE. Mr. President, I am pleased to announce that the House and Senate conferees are about to get down to the serious business of resolving their differences and developing a farm bill to meet the needs of our producers and consumers in the years ahead.

I have consulted Chairman FOLEY, and we have agreed to meet in conference every working day, early to late, until we complete action on the farm bill. Our first meeting will be on Monday, August 1, at 9 a.m. This announcement is to put the conferees on notice that they will be expected to attend every session and work diligently to produce a bill before the August recess.

Our farmers have a real stake in this legislation and they deserve to know what the farm program will be. We see increasing evidence that farmers are having difficulty servicing their debts.

A third successive 2 billion bushel wheat crop has pushed prices down—in some areas below $2 per bushel—and well below the cost of production. I am happy that the House has adopted the Senate's 1977 target level of $2.90 per bushel for wheat. This increase of 43 cents over the present target price of $2.47 per bushel will help our producers stay in business.

Since the passage of the Senate bill in May, it also has become evident that a bumper corn crop is in the offing, and the action of the House of Representatives in raising 1977 corn target and loan levels to $2 per bushel also will be helpful to those producers.

It is encouraging that the House of Representatives also has moved up the disaster payment provisions of the farm bill for wheat and feed grains to apply in 1977 along the lines of the legislation I introduced in the Senate. This will help producers hard hit by this year's drought.

It is important that we reach agreement in conference before the August recess on a farm bill that the President will sign. This will provide a signal now, before Congress goes home, so that producers can begin to plan for next year and bankers will have some assurance that credit can be extended. This bill is of critical importance to the economic life of our small rural communities.

As my colleague will recall, the bill passed by the Senate is a comprehensive measure.

MAJOR FEATURES

Continuation of major commodity programs for wheat, feed grains, rice, soybeans, and cotton, with revisions, for 5 years.

Adoption of a new 5-year peanut program with a two-tier price system and poundage quotas.

Elimination of present crop allotments to be replaced with a current acreage planted system.

Establishment of extended loan or reserve program for grains with authority for the administration to begin negotiations toward an international food reserve.

Limitation of $50,000 on payments under wheat, rice, feed grain, and cotton programs.

Extension of the Public Law 480 program for 5 years, with increased emphasis on agricultural development.

Establishment of a coordinating mechanism and increased emphasis on agricultural research.

Extension of milk marketing order provisions for 5 years with support levels set at 80 percent of parity through March 31, 1979.

Five-year extension of the National Wool Act with increased support levels.

Two-year extension of the food stamp program, while eliminating the purchase requirement.

The House, during its floor action, also added sugar to the basic commodity programs with support levels set at 55 to 65 percent of parity. This will be an important issue for our consideration in conference.

Cost considerations and commodity support levels have been the focal points of discussion throughout consideration of the farm bill. I am pleased that the administration has shown increased flexibility on the cost issue as the House proceeded with consideration of its bill. I hope and expect that this same reasonable attitude will continue as we proceed to conference.

COMMODITY SUPPORT LEVELS

	Announced for 1977	Senate bill levels: Changes for 1977	Senate bill levels: 1978	House bill levels: Changes for 1977	House bill levels: 1978
Wheat (per bushel):					
Target	$2.47	$2.90	$3.10	$2.90	$3.00
Loan	$2.25	----------	$2.47	----------	$2.35
Corn (per bushel):					
Target	$1.70	----------	$2.28	$2.00	$2.10
Loan	$1.75	----------	$2.00	$2.00	$2.00
Cotton (cents per pound):					
Target	47.8	----------	51.1	----------	[1] 56
Loan	42.6	----------	[1] 51.0	----------	[1] 51
Peanuts (per ton): Loan	([2])	----------	[3] $420	----------	$420
Rice (per hundredweight):					
Target	[1] $8.45	----------	([4])	----------	([4])
Loan	[1] $6.34	----------	([4])	----------	([4])
Soybeans (per bushel): Loan	$3.50	----------	$4.00	----------	----------
Sugar (cents per pound)	[5] 13.5	----------	----------	[6] 14.3–17	([7])

[1] Estimate.
[2] Not available.
[3] On quota base.
[4] As under current law.
[5] 2-cent payments through processors.
[6] Estimate; 55 to 65 pct of parity.
[7] To be determined; 55 to 65 pct of parity.

Earlier there was extensive discussion of the cost levels of the Senate bill and the extent to which the President would go in accepting higher supports without vetoing the measure. The committee's cost estimate for the commodity support section of the Senate bill, developed during the spring, was $2 to $3.9 billion, depending on the weather and world production. Now, in light of the expected bumper harvest here and abroad, it appears that the costs may be slightly higher.

The cost of the House bill, as reported out of committee, was around a billion dollars below the Senate bill. However, increasing the supports for wheat and corn in 1977 will cost an estimated $470 million, and the expanded reserve program, if implemented, may cost an additional $500 million. In addition, the sugar program, if accepted in conference, could add another half billion dollars to the final cost of the measure.

We will be looking carefully at costs as we proceed. But we also need to keep in mind the relatively modest cost of these supports in relation to the total national budget and the importance of agriculture to the economy.

As we go to conference, it should be noted that, whatever compromises are made, the levels established will represent a major improvement over the protection provided in the present program. Only through maintaining a prosperous agriculture can we maintain our level of agricultural exports—now running at around $24 billion per year—and at the same time assure adquate supplies of food and fiber for consumers here and abroad.

Mr. President, in our deliberation we have benefited greatly from the close cooperation which we have received from the Department of Agriculture. It should be noted that this will be the first time since the Agricultural Adjustment Act of 1933 that a comprehensive farm bill has been passed during the first year of a new administration.

With the work which has already gone into these two measures and the determination of the conferees to work long hours to produce a good compromise, I believe that we can develop a sound measure which meets our objectives. I pledge my best efforts toward that goal.

LET US PUT INCENTIVES BACK INTO ECONOMIC POLICY

Mr. HELMS. Mr. President, every year the Congress is involved in a debate about the proper amount and kind of economic stimulus that is needed for the economy to reach the various goals that it is said we must reach. This debate is heavily influenced by econometric models which forecast the effects of various policy options. These models are generally computerized combinations of assumptions on how the economy works. In other words, what will happen if Government cuts taxes, or if oil prices go up, or if we have a long steel strike.

Because of the importance of these models and the information they put out, recent attention has been given to the basic assumptions the computer programers make. Some economists have been highly critical—with good reason. It has now been made clear, publicly, that the economic models, which set the limits to our debates, all share in common a policy bias that focuses primarily on the impact that policy alternatives have on demand.

In other words, most economic policy has been decided on how it would affect the way people and business increased or decreased their willingness to purchase goods and services.

The ways in which alternative Government fiscal and economic policies impact on supply have not been part of the debate. Attention has not been given to how economic policy affects the production—the supply—of goods and services.

Such a debate is really quite important because it has major implications for policies which might raise demand in the short run and reduce supply in the long run. That is a good way to cause both inflation and unemployment, both of which we have had too much of in recent years.

Our deliberations, guided by these one-sided economic models, have resulted in policies that have produced a decline in capital spending as a percentage of gross national product. This has caused a severe decline in the rate of growth in productivity. The slowdown in productivity means that real wages grow slowly, that employment opportunities grow slowly, and that the output of goods and services grows slowly. When the labor force is growing rapidly and job opportunities slowly, the result is unemployment.

When Government spending and the money supply are growing rapidly and the output of goods and services slowly, the result is inflation. We have got the country in a situation in which the deficits that we use to increase demand cut further into capital spending. Thus, the policies that the economic models suggest worsen the situation.

I ask unanimous consent that a letter by Dr. Paul Craig Roberts in the July 25 Wall Street Journal be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

POLITICAL ECONOMETRICS

Editor, The Wall Street Journal:

The dispute between Irving Kristol ("The Foxes and the Hedgehogs," June 14) and Otto Eckstein ("Taxes and Investment," letter to the editor, June 27) about the economic policy biases of econometric models involves extremely important issues of public policy.

While serving as chief economist, minority staff, House Budget Committee, during the recent period when the House Republicans were uniting behind tax rate reductions as the appropriate response to inflation and unemployment, I repeatedly encountered the estimated effects of tax rate reductions by the Data Resources Inc., Wharton and Chase Econometrics models. Simulations run by the Congressional Budget Office and the House Budget Committee showed that in two of these models (Data Resources and Wharton) GNP declined as a result of reductions in corporate tax rates.

I puzzled over more than one set of computer print-outs before inquiring into these nonsensical results. As the explanation was pieced together with the help of CBO staff, it came to be that in the case of the DRI model, investment did not depend on after-tax profits in a very strong way. However, investment was very sensitive to changes in interest rates. Since the models do not correctly estimate the feedback effects of tax rate reductions on the tax base, they predict revenue losses as the result of tax rate reductions. Interest rates rise to finance the deficit resulting from the tax cut, and investment falls. Thus, in the DRI model GNP declined as a result of tax rate reduction that increased the profitability of investment.

As I looked further into the matter I discovered another fundamental problem was

that the models were based on a macroeconomic theory that stresses the impact that tax rate changes have on disposable income and spending, that is, on demand, but neglects the impact on supply. The relative price changes that affect the critical choices between work and leisure and between consumption and investment are not modeled. In short, the incentive effects are left out.

In the meantime, awareness that there is a problem and dissatisfaction with the models are spreading. On June 14, Senator Long, chairman of the Finance Committee, stated in no uncertain terms in a hearing before the Subcommittee on Taxation that the revenue estimates of tax changes "have a way of being very, very far off base because of their failure to anticipate everything that happens." A member of the Joint Economic Committee has requested hearings on the models. And Chase Econometrics has expressed the following concern:

"During the past 15 years, economic policymakers of all political persuasions seem to have accepted the view that the level of the federal deficit is an appropriate policy tool. Typically, policymakers in the Executive Branch seem first to determine a level of the federal deficit which is appropriate to prevailing economic conditions and then adjust their revenue and, to a lesser extent expenditure targets to reach this desired deficit. Recently, the new congressional budgeting procedure has explicitly established this concept within the legislative branch as well. However, although policymakers seem to have placed ever-increasing emphasis on the overall level of government revenues, they have paid very little attention to the means by which these revenues are raised and the possible impact upon the economy's level of aggregate supply that these revenue-raising measures might have.

"Many persons have recently expressed serious concern that the neglect of the study of the effects of different tax policies is likely to cause the government to choose tax policies which will restrict economic growth in unforeseen ways. Specifically, it has been charged that by setting policy on a strictly Keynesian basis, the government has seriously lessened private-sector incentives, lowered the rate of savings and investment in the economy, increased the levels of unemployment which must be endured for each level of inflation, and in addition, increased the long-run rate of inflation. In short, these policies have created an atmosphere which fosters both unnecessarily high unemployment and unacceptably large price increases.

"Econometric models have, at times, been charged with encouraging the neglect of the supply and incentive effects of government revenue policies. Certainly, econometric models cannot be solely at fault, since the trend toward the current reliance upon a strictly Keynesian analysis of the budget began well before econometric models were in widespread use. Nevertheless, these models, which are now used by virtually all economic policymakers are constructed in a way such that they are much better able to simulate the effects of tax policies on aggregate demand than on aggregate supply. Thus the use of these models may have directed policymakers toward those policies which had visible short-term effects on aggregate demand without considering their likely intermediate and long-term effects on productive capacity."

If OMB, CBO and the JEC really want the ability to accurately forecast the effects of policy alternatives on the economy, perhaps they will take the lead in financing research to identify and quantify the linkages between fiscal and policy actions and aggregate supply and then incorporate them into an overall macroeconomic model.

Something needs to be done, because in Eckstein's words, "The models also give plenty of warning that policies should not exceed our knowledge." Yet they do exceed our knowledge, day after day, year after year.

PAUL CRAIG ROBERTS, *Washington.*

Mr. HELMS. Mr. President, Dr. Roberts is a highly qualified and experienced economist in public policy, and he has performed a public service by setting out the problems with the models in a clear, straightforward way. Earlier this year Congressman ROUSSELOT brought Dr. Roberts' criticisms of the models to the attention of Alice Rivlin, the Director of the Congressional Budget Office, and to Bert Lance, the Director of the Office of Management and Budget. The reply from OMB, under Mr. Lance's cover letter, stated that it is—

Correct that Chase, DRI, and Wharton do not include any relative price effects from an individual income tax rate reduction—no incentives to work longer, to work harder, to save more, to take greater risk, to be more innovative, etc. Disposable income is increased, which raises consumption, and that is the only direct effect.

Dr. Rivlin also agreed that—

The criticisms are well taken; the models do tend to neglect the influence of tax rates and other incentives on aggregate supply and capital formation.

More recently, Chase Econometrics has itself expressed its concern that—

These models, which are now usel by virtually all economic policymakers, are constructed in a way such that they are much better able to simulate the effects of tax policies on aggregate demand than on aggregate supply. Thus the use of these models may have directed policymakers toward those policies which had visible short-term effects on aggregate demand without considering their likely intermediate and long-term effects on productive capacity.

Mr. President, the Congress knows how to increase demand. We never have any trouble increasing spending. What the Congress has got to learn is how to increase supply. No one can any longer say that we have inflation and unemployment in this country because the Congress does not spend enough money. Before we base any more public economic policy on economic models, let us be sure, as Dr. Roberts suggests, that the models include the impact that policy actions have on incentives and the supply of goods and services.

The way it is now, we are told that we cannot cut taxes because it will make the deficit worse. At the same time we are told that we have got to make the deficit worse by spending more in order to cure unemployment. If we put incentives in the picture, we might find that it is just the opposite—that more public spending means less private incentives and more unemployment, whereas tax rate reductions mean more incentives, a larger tax base and a smaller deficit. Maybe if we put incentives back into economic policy, we can put higher real levels of employment, stable prices, and a balanced budget back into the economy.

UTILIZATION OF THE EMPLOYMENT TAX CREDIT BY SMALL BUSINESS

Mr. NELSON. Mr. President, as chairman of the Senate Select Committee on Small Business, I believe it is in order to provide an interim report to the Senate on the "employment tax credit" which was enacted earlier this year as part of the Tax Reduction and Simplification Act of 1977—Public Law 95–30.

The development of this measure constituted a part of the committee's efforts to assist the overall economy through equitable tax treatment for the small business community over the past 2½ years.[1] Small business, according to the SBA definition, comprises at least 97 percent of the number of U.S. enterprises. It accounts for 55 percent of all employment in the private sector, as well as 48 percent of business output, 43 percent of the GNP, and over half of significant industrial invention and innovation in this country. It thus has an immense potential for affecting economic activity if it is fairly treated by governmental policy.

EVOLUTION OF THE EMPLOYMENT TAX CREDIT LEGISLATION

In 2 days of public hearings during 1975, the committee made an in-depth exploration of the relationship of taxes to employment.[2] Then, in further hearings conducted by the committee during the course of the debate on the 1977 stimulus package,[3] the membership of the Small Business Committee developed and introduced amendment No. 64, which eventually became the employment tax credit portion of the statute.[4]

HOW THE CREDIT WORKS

This job, or employment, tax credit provides a 50-percent credit against the income taxes of any business—incorporated or unincorporated—for the first $4,200 of wages of any new employee hired during 1977 and 1978, with certain technical limitations. Small- and medium-sized businesses should obtain the entire $2,100 for all additions to their work force and even the largest businesses will be fully covered up to 47.6 new workers. There are safeguards in the law against possible abuses such as substituting low income for higher income employees.

In February 1977, the unemployment level stood over 7.3 percent, meaning that 7 million people were actively looking for jobs and could not find them. The employment tax credit was designed to help combat unemployment on all fronts. It is based upon the premise that since the small business community accounts for the majority of private jobs, it should be in the front lines.

[1] See S. Rept. No. 94–636 (the committee's 26th annual report) and S. Rept. No. 95–30 (27th annual report), pp. 73–110 and 39–60, respectively.

[2] Joint hearings before the Select Committee on Small Business and the Subcommittee on Financial Markets of the Committee on Finance, U.S. Senate, 94th Cong., 1st sess., "Small Business Tax Reform," June 17 and Sept. 24, 1975, pp. 5–164 and 903–1134, respectively.

[3] Hearings before the Senate Select Committee on Small Business, "Impact of the Stimulus Package on Small Business and Employment Stimulus," Feb. 22, 1977.

[4] Introduction of amendment No. 64 to H.R. 3477, *Cong. Rec.*, March 10, 1977, p. 7200, which became section 202 of Public Law 95–30. See also News Release No. 95–50 of the Senate Select Committee on Small Business, May 16, 1977.

COMMITTEE ADVOCATES ADVISING THE BUSINESS COMMUNITY

The employment tax credit thus represents a bold experiment. Our committee has urged the executive branch to follow through in the implementation of this innovation to advise the potential users of the credit of its benefits and in order to discover whether it fulfills its objectives and the hopes of its proponents.

As a first step, we asked the Treasury to supply information on and the operation of this new tax stimulus device, to the 3.5 million businesses which have employees in the quarterly forms sent to employers; and also to the remainder of the 13.9 million total U.S. enterprises. We suggested specifically that a notice be sent to accompany the 941 employment form.

TREASURY DEPARTMENT DISTRIBUTES INFORMATION

We were therefore gratified to learn that the Treasury Department has taken three actions along these lines to inform the private business community of the employment tax credit. These are:

First. A slip notice—No. 453, dated June 1977—which, we understand, accompanied the second quarterly mailing of the form 941;

Second. Notice IR–1846, which was made available to the Internal Revenue Service's press list, including wire services and the Washington bureaus of news publications; and

Third. The printing of a technical publication 902 entitled "Tax Information on Jobs Tax Credit," dated June 1977.

We have already seen some secondary effects from this publicity. For example, the Tax Week of July 1, 1977, published by Commerce Clearinghouse, contained a box referring to the information release and publication 902. This publication reportedly is distributed to about 45,000 tax practitioners around the country. Other small business trade association publications are also beginning to include articles describing the new jobs credit.

We commend the Treasury Department and the Internal Revenue Service for these efforts.

EVALUATING EFFECTS OF THE CREDIT

The next phase will be to properly evaluate the effect of this new jobs credit. In this regard, I have recently joined with members of the Senate Finance Committee in a letter to the Small Business Administration, the Departments of Treasury, Labor, and Commerce again citing the opportunities presened by the credit for sitmulating employment and asking these agencies to—

promote . . . participation in this new jobs program . . . (and) to provide appropriate evaluative information . . . at the earliest possible time.

Such analysis by the Government departments concerned should be accompanied by comparable appraisals on the part of the private sector, so that Congress can approach knowledgeably the questions of how the employment tax credit has performed, whether it should be continued, and in what form.

Our committee will be doing all it can to bring about thorough and expert evaluation for the benefit of the other committees and Members of this body. If the credit works to reduce unemployment and provides a greater measure of equity for small businesses, it should be retained and built upon.

In order to provide further background, I ask unanimous consent that my letter of June 27, 1977, the joint letter of July 18, 1977, and the IRS quarterly notice be printed in the RECORD.

For information purposes, IR–1846 and publication 902 can be obtained from any district office of the IRS upon request.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C., June 27, 1977.

Hon. W. MICHAEL BLUMENTHAL,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: In my view, the employment tax credit provision which was contained in the Tax Reduction and Simplification Act of 1977 is one of a series of measures in the furtherance of a commitment to reduce unemployment to the lowest possible level.

In the form in which it was enacted, the credit focuses the incentive aspects of the bill on the medium-sized and smaller business sector of the economy, which account for about 55% of all private employment, according to the Small Business Administration.

In view of the temporary nature of this provision, we would urge that a special effort be made to inform the small business community of the existence of the credit so that they would be in a position to take action in 1977 and 1978 and the effects on the economy would be maximized.

Although unemployment has declined in the U.S. in recent months, the current unemployment rate of 6.9% still means there are over 6 million people out of work who are actively seeking jobs. This is far higher than in comparable industrialized countries, as illustrated in the attached table showing the annual average unemployment rates in the U.S. and 8 other industrialized countries.

We feel that the estimate of the Congressional Budget Office which shows that a 1% increase in employment yields approximately $16 billion in revenue to the Treasury continues to be valid, and emphasizes the eligibility of making the best use of this incentive.

A mechanism would seem to be readily available for conveying information of this kind as part of the quarterly employment reports which are regularly mailed to all businesses having employees.

We would therefore appreciate your comments as to whether it would be feasible to have an appropriate information bulletin on the employment credit made available to potential users in this manner.

Very truly yours,

GAYLORD NELSON,
Chairman.

Enclosure.

Unemployment in nine industrial countries by average for 1976

[In percent]

United States	7.7
Canada	7.1
Australia	4.4
Japan	2.1
France	4.6
Germany	3.8
United Kingdom	6.3
Italy	4.0
Sweden	1.6

Source: Bureau of Labor Statistics.

COMMITTEE ON FINANCE,
Washington, D.C., July 18, 1977.

Letter sent to:
SECRETARY OF COMMERCE,
SECRETARY OF THE TREASURY,
SECRETARY OF LABOR,
ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION:

The new jobs credit recently passed by Congress and signed into law by President Carter is of great interest to us and many of our Colleagues in Congress. As you may know, this provision of the Tax Reduction and Simplification Act of 1977 is an attempt to bring about more jobs in the private sector of the economy by granting tax credits to businesses that hire more workers. The effectiveness of this novel approach to job creation clearly depends on the widespread knowledge and understanding of the program by businesses. Because the tax laws and regulations through which the job incentive is provided may initially appear complicated and so reduce the response of many employers, an extraordinary effort to explain and clarify the effect of the law on businesses' tax and hiring decisions is essential. While the promulgation and clarification of regulations is the responsibility of the Treasury Department, the unique nature of the new jobs credit program is related to the objectives of the Commerce Department. We, therefore, urge the Department of Commerce to initiate efforts, in cooperation and consultation with the Treasury Department, as well as the Department of Labor and the Small Business Administration, to promote awareness of and participation in this new jobs program by businesses throughout the United States. We believe that such efforts would greatly enhance the success of this program in increasing employment and business activity.

We anticipate continued strong interest in this general approach to generating increased job opportunities in the economy in the context of upcoming Congressional deliberation on welfare reform and on tax reform. Our ability to gain insights from the new employment tax credit program could be a major factor in shaping future legislative initiatives of this type. The timely availability of the data necessary to support a critical evaluation of the employment tax credit program is critically important in this regard. Information normally available through gross National product accounts, business tax returns, and other sources will not be sufficient for these purposes. We have requested that studies to provide the appropriate evaluative information be initiated at the earliest possible date by the Commerce Department, either separately or in cooperation with the Departments of Labor and Treasury and the Small Business Administration. Your support and cooperation in this endeavor is urged.

The promotion of business activity and private sector jobs through jobs credits or similar mechanisms may be an important element of our National economic policies. We believe initiatives of the type requested herein may be of major significance in directing the course of economic policies undertaken in the United States in the coming years. Your efforts and cooperation with other government agencies in this endeavor will be of great assistance in guiding future Congressional decisions.

Sincerely yours,

RUSSELL B. LONG,
LLOYD BENTSEN,
GAYLORD NELSON,
HUBERT H. HUMPHREY,
CARL T. CURTIS,
PAUL LAXALT,
U.S. Senators.

[Internal Revenue Service, Notice 453(6-77)]
NEW JOBS TAX CREDIT

The jobs tax credit recently enacted into law establishes for employers a tax incentive for creating new jobs. Employers who hire additional employees during 1977 and 1978 can qualify for this credit for their tax years beginning in 1977 and 1978.

The jobs tax credit is based upon the employer's wage base under the Federal Unemployment Tax Act (FUTA). Most employers maintain records needed to file FUTA returns (Form 940) and, therefore, should find no need for additional recordkeeping generated by the jobs tax credit.

In deciding whether to take the necessary actions to generate a jobs tax credit, an employer should consider:

1. For tax years beginning in 1977, the jobs tax credit is 50% of the amount by which an employer's FUTA wages paid during 1977 exceeds 102% of FUTA wages paid during 1976. For tax years beginning in 1978 the credit is 50% of the amount by which FUTA wages paid during 1978 exceeds 102% of FUTA wages paid during 1977.

NOTE: By definition, FUTA wages are limited to $4,200 for each employee.

2. The allowable credit is limited to:

50% of the excess of total wages paid (without $4,200 wage limit) during the current year over 105% of total wages paid (without $4,200 wage limit) during the previous year.

25% of FUTA wages paid during 1977 (or 1978);

$100,000 for any given year (except for additional credit for handicapped individuals);

The employer's income tax liability for the year, but unused credits can be carried back to the 3 perceding tax years and carried over to the 7 succeeding tax years.

3. Additional credit is allowable for tax years beginning in 1977 or 1978 amounting to 10% of FUTA wages paid to new employees who are handicapped individuals (including handicapped veterans) who have received vocational rehabilitation. Only wages paid during the 1-year period after the beginning of the individual's rehabilitation plan are taken into account. The additional 10% credit is limited to 20% of the credit otherwise allowable (disregarding the overall $100,000 limit).

4. The employer's income tax deduction for salaries and wages for the year must be reduced by the jobs tax credit allowable for the year (including any amount of credit that exceeds tax liability for the year).

5. Wages paid to an employee are taken into account only if more than half the employee's wages are paid for services performed in the United States in the employer's trade or business.

OTHER PERTINENT CONSIDERATIONS

Wages paid to employees who are not covered under the FUTA system are excluded for computing the jobs credit. However, wages paid for agricultural labor and for railway labor are included. Wages paid by governments and tax-exempt organizations (except certain farm cooperatives) do not qualify under any circumstances.

Certain special rules are designed to:

Prevent artificial creation of a credit by a self-employed person's merely incorporating the business;

Allocate the credit between buyer and seller where ownership of a major portion of a business changes hands;

Treat all employees of commonly controlled businesses (such as controlled groups of corporations, or proprietorships, partnerships, corporations, etc., that are under common control) as employees of a single employer.

A publication to provide more guidance with respect to the jobs credit will be available at Internal Revenue offices about the last week in July.

SOCIALIZED MEDICINE

Mr. McCLURE. Mr. President, socialized medicine is not a viable solution to this country's health care needs. While the Senate has debated, from time to time, various proposals which would move us toward a more socialized form of medical practice, I believe we have only to look at other countries who have implemented socialized medicine to determine that it is not best for us.

Recently Mr. and Mrs. Glen Bodily, of my home State, visited the British Isles and had some experience with that form of socialized medicine. The problems which the Bodilys encountered, I hope, will never be encountered in this country. I ask unanimous consent that an article from the July 14 Owyhee Nuggett, which aptly describes the Bodily's visit, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Owyhee (Idaho) Nuggett, July 14, 1977]

GLEN BODILYS SAMPLE SOCIALIZED MEDICINE ON ENGLAND TOUR

Mr. and Mrs. Glen Bodily were accompanied home from the British Isles this week by their son, Pete, who had spent two years on an LDS Mission in Scotland and Ireland.

Mr. and Mrs. Bodily first drove to Calgary, Alberta, Canada, to see their daughter, Melonie and family, the Roy Galbraiths. From there they flew to Paisley, Scotland where they were met by Pete. After touring in Scotland they flew to Edinburgh to London, England, former home of Mrs. Bodily. They toured the city and saw some of her old friends. Continuing to Cornwall they were guests of her sister and family. This was their first meeting since Mrs. Bodily left England to come to the United States as a bride thirty years ago.

It was stepping from a curb onto a slick stone pavement that Mrs. Bodily turned her ankle and broke the mediotarsol bone of her foot. Taken to the hospital where free service is given everyone through their "socialized medicine," the doctor merely bound her foot and ankle. When they arrived at Calgary more medical care was sought and the foot properly cared for, with a caste. Mrs. Bodily, who is an LPN at the Caldwell Hospital, observed that there was no pride in the medical care given in England and it is very inadequate. In Canada, doctors are allowed to carry on private practice as well as to be involved in socialized medicine, and therefore give dedication to their profession.

Pete and his parents drove to Rexburg to see his sister and their daughter Rama Jean Percifield, husband Jeff, and children. They arrived home Monday evening.

S. 1929—COMPENSATION FOR THE FAMILIES OF BLINDED VETERANS

Mr. ALLEN. Mr. President, on July 26, 1977, I joined with the distinguished Senator from South Carolina, Mr. THURMOND, in introducing legislation which would provide a presumption of service-connected death for purposes of paying under 38 U.S.C. section 410 dependency and indemnity compensation to the survivors of blinded veterans.

At present, in order to qualify for dependency and indemnity benefits under the law, a survivor must demonstrate that the deceased veteran died from a disability which was service-connected. Frankly, Mr. President, the Veterans' Administration, in interpreting the law, has been quite lenient in allowing the claims of survivors of disabled veterans who suffered wounds other than those causing blindness. Statistics from the Veterans' Bureau show that approximately 90 percent of the survivors of disabled veterans are awarded dependency or indemnity compensation on the basis that the veteran's death was service-connected. However, in the case of veterans who have wounds resulting in blindness, only 40 percent of the claims of survivors are allowed. The result is an anomalous situation in which those who have perhaps suffered the greatest and who have been most greatly disadvantaged in seeking new occupations after serving in the military receive the least from the Government with respect to assurances that their dependents and families will be secure in the event of their death.

Studies conducted by the Veterans' Administration show that the blinded veteran leaves an average estate of less than $5,000. Although 80 percent of the blinded veterans are gainfully employed, typically their employment produces income sufficient only for immediate needs. Their dependents are, therefore, pretty much unprovided for in the event the blinded veteran dies. It should go without saying that blinded veterans find it almost impossible to obtain life insurance.

Mr. President, I am tired of seeing millions in Federal taxes thrown away on useless foreign aid projects, ill-conceived welfare programs, and bloated regulatory bureaucracies while the Government fails to fulfill the proper duties and functions with which it is charged. The bill Senator THURMOND and I have introduced is a small step toward a complete satisfaction of the great obligation of the country to our citizens who have served in the Armed Forces in time of war.

I urge that Senator CRANSTON, the distinguished majority whip of the Senate and chairman of the Committee on Veterans' Affairs, schedule hearings on S. 1929 at the earliest practical date.

POORLY INFORMED VEGETARIANS

Mr. McCLURE. Mr. President, the national mood has been caught by a recent rash of vegetarian propaganda citing the evils of a meat, dairy and poultry diet. One of their arguments is that land and resource would be more effectively used by raising grain instead of raising cattle and livestock feed grains. This view, of course, has little merit as is aptly pointed out in an editorial by Mr. Bill Whittom in the July 17 edition of the South Idaho Press.

No one would state that man cannot live without meat, dairy and poultry in

his diet, but I strongly submit that these products are an essential part of a well-balanced, nutritious diet.

I ask unanimous consent that the full text of Mr. Whittom's article be printed in the RECORD and called to the attention of my colleagues.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BILL'S FARM NEWS

(By W.F. (Bill) Whittom)

One of the biggest farces to come along in recent years is the campaign by a bunch of poorly-informed vegetarians intended to scare the uninformed into joining them in a meatless existence. President Carter was even sucked into the so-called Food Day in April.

While there is nothing wrong with a meatless diet, either nutritionally or tastewise, there is plenty wrong with maligning meat, dairy and poultry products and implying that they are not tasty, nutritious and healthful.

Food Day enthusiasts promote the idea that farm products fed to livestock, poultry and dairy animals are extravagances, and that the grain and feed supplements would go further if fed to people. This is a typical misrepresentation of the economic facts of food production.

Those who know anything about farming know that about one-third of the land in agriculture is devoted to pasture and hay production. For the most part, this land is unfit for grain production, and the best way to have it contribute to the nation's food supply is to pasture it with some form of livestock. In certain types of farming operations, a relatively small amount of grain is then fed to the animals to "finish" them into the kind of meat Americans enjoy eating. To detract from this sensible, economic and conserving program is idiocy.

For several years, eggs, pork and milk have suffered the slander of those who, without conclusive proof, blame them for the cholesterol problems of the world. This propaganda has led to larger markets for margarine, egg substitutes, and phony bacon. Now livestock products—like the delicious T-bone steak, pork chops, and standing rib roast—come under the same kind of misguided slander.

People in most countries of the world envy our U.S. food production record. Why should a small group of our well-fed citizens meddle in this issue when the American people have the freedom to "order up" whatever kind of diet they want? If they choose meat, meat products will prosper; if they reject meat, its production will drop. Demand, or lack of it, tells the farmer what to produce. Farmers don't need poorly-informed cultists muddying the water.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

George V. Grant, of New York, to be U.S. marshal for the southern district of New York for the term of 4 years vice Thomas E. Ferrandina, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Thursday, August 4, 1977, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

SPECIAL ORDER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

WHO IS TO BLAME?

Mr. HARRY F. BYRD, JR. Mr. President, I wish to share with my colleagues the lead paragraph of a news story carried by a national news service yesterday. The first paragraph says:

HEW Secretary Joseph Califano told the Urban League today Congress is to blame for legislation slowing the civil rights movement. He urged black leaders not to focus their criticisms solely on President Carter.

Mr. Califano then went on to cite three recent moves on Capitol Hill, which he said limit his office's efforts toward ending racial discrimination. He especially attacked a conference committee decision Monday preventing him from taking another survey this year about racial segregation. He said it is "a black mark on the history of this country and the history of this Congress."

Now let us analyze Secretary Califano's bitter statement. The background is this:

During the just ended school year, the Department of Health, Education, and Welfare required 16,000 school districts throughout our Nation to complete and file with the Department detailed, comprehensive, mammoth, and complex forms.

The volume of paperwork connected with the report was such that it took the city of Newport News, a city of about 150,000 persons in tidewater Virginia, 10 large envelopes to send the reports to the Office of Civil Rights in Washington.

Dan Roberts, Newport News superintendent of schools, said there were 38 individual reports of 9 pages, 7 copies of each—2,394 sheets of paper—and in addition there were 7 copies of each page of the school division report.

George W. Young, superintendent of schools for Northampton County, Va., says that his report sent to HEW weighed 21 pounds.

This gives some indication of the magnitude of the paperwork problems facing the school districts throughout the United States and, incidentally, helps explain why the budget for the Civil Rights Division of the Department of Health, Education, and Welfare is being increased 15 percent.

The national council of Chief State School Board offices estimates that it took 810,000 person-hours at a cost to local school districts of $7,514,000 to complete the 1976–77 survey.

The reports were filed 3 months ago, April 30.

On the night of June 29, the Senate of the United States, in a rare display of independence of the Department of Health, Education, and Welfare, approved by the overwhelming vote of 78 to 11 the following legislation:

None of the funds appropriated or otherwise made available in this Title (H.E.W. Appropriations bill) shall be obligated or expended for the Elementary and Secondary school Civil Rights survey: School year 1977–78 in the case of any school district which has completed the Elementary and Secondary school Civil Rights survey: School year 1976–77; provided, however, that whenever the Secretary has reason to believe that there may be a violation of the civil rights laws in a particular school system, and so certifies, he may take an appropriate survey in respect to that particular school system.

During the debate on that proposal, offered by the Senator from Virginia, the chairman of the subcommittee handling the HEW appropriation, Senator MAGNUSON of Washington, reported to the Senate that Secretary Califano had "promised in the committee hearing that he would not conduct any surveys this particular year."

That assertion by Senator MAGNUSON is on page S11063 of the CONGRESSIONAL RECORD of June 29, 1977. On the following page, S11064, Senator MAGNUSON asserted again that he is sure that HEW will not make another survey for the upcoming year.

Secretary Califano's vitriolic and unwarranted attack on the Congress in his speech to the Urban League flies directly in the face of Senator MAGNUSON's assurance to the Senate that Secretary Califano had promised that he would not make another civil rights survey for the upcoming school year.

Based on Senator MAGNUSON's statement to the Senate, it appears that Secretary Califano is telling the Senate Appropriations Committee one thing when he is seeking money for his Department but is saying the opposite in making a political speech to an activist civil rights group.

I want to read to the Senate the language of the conference report that Secretary Califano says "will be a black mark on the history of this country and the history of this Congress."

This is the conference report language to which Secretary Califano addressed himself with such bitterness in his speech before the Urban League:

The conferees acted after assurance from the Secretary of HEW that this, or any similar type survey will not be conducted for the 1977–78 school year. The conferees agree that there is a definite need to gather information where the Secretary of H.E.W. has reason to believe that there may be a violation of the civil rights laws in a particular school. Nevertheless, the conferees see no reason to conduct a large-scale or random survey for the 1977–78 school year. In addition, the conferees agree that any questions asked on the Civil Rights Survey for school year 1976–77 should not be repeated under any authority for school year 1977–78, provided, however, that this shall not be construed to preclude any questions to applicants necessary to determine eligibility under the Emergency School Aid Act. This will give the Department adequate time to analyze and interpret the large amounts of data contained in the 1976–77 school civil

rights survey before initiating another large-scale survey.

The conferees were in agreement that the paperwork associated with this survey created an unnecessarily large burden upon the Nation's school districts.

If this directive is not followed, it is doubtful that any funds will be provided for any survey for the 1978–79 school year.

Mr. President, can any reasonable person say that such language is a black mark on the history of our country? To Secretary Califano, I say his assertion is ridiculous.

In ending, I might add that at least one Senator from 47 of our 50 States supported the limitation on HEW to which Secretary Califano objects.

I ask unanimous consent that the rollcall vote on the Byrd amendment be printed at this point in the RECORD.

There being no objection, the rollcall vote was ordered to be printed in the RECORD, as follows:

The result was announced—yeas 78, nays 11, as follows:

[Rollcall Vote No. 264 Leg.]

YEAS—78

Allen, Baker, Bayh, Bellmon, Bentsen, Bumpers, Burdick, Byrd, Harry F., Jr., Byrd, Robert C., Cannon, Case, Chafee, Chiles, Church, Curtis, Danforth, DeConcini, Dole, Domenici, Durkin, Eagleton, Eastland, Ford, Garn, Glenn, Goldwater.

Griffin, Hansen, Haskell, Hatch, Hatfield, Hayakawa, Heinz, Helms, Hollings, Huddleston, Humphrey, Inouye, Jackson, Javits, Johnston, Laxalt, Leahy, Long, Lugar, Magnuson, Mathias, Matsunaga, McClure, McGovern, McIntyre, Melcher, Moynihan.

Muskie, Nunn, Packwood, Pearson, Pell, Percy, Proxmire, Randolph, Riegle, Roth, Sarbanes, Sasser, Schmitt, Schweiker, Sparkman, Stafford, Stevens, Stevenson, Talmadge, Thurmond, Tower, Wallop, Williams, Young, Zorinsky.

NAYS—11

Anderson, Biden, Brooke, Clark, Cranston, Culver, Hart, Hathaway, Kennedy, Metzenbaum, Ribicoff.

NOT VOTING—11

Abourezk, Bartlett, Gravel, McClellan, Metcalf, Morgan, Nelson, Scott, Stennis, Stone, Weicker.

So Mr. HARRY F. BYRD, JR.'s amendment, as amended, was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, has the Senator completed his statement?

Mr. HARRY F. BYRD, Jr. Yes.

Mr. ROBERT C. BYRD. Does he have any time left under the order?

The ACTING PRESIDENT pro tempore. The Senator as 7 minutes.

Mr. HARRY F. BYRD, Jr. Mr. President, I yield that time to the majority leader.

Mr. ROBERT C. BYRD. I thank the distinguished Senator.

Mr. President, I, in turn, yield such time as he may need therefrom to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. I thank the majority leader.

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AUTHORITIES

Mr. PROXMIRE. Mr. President, I send to the desk a Senate joint resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 77) to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, for the record, the request of the distinguished Senator from Wisconsin to immediately proceed to the consideration of this resolution has been cleared on both sides of the aisle.

Mr. PROXMIRE. I thank the majority leader.

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read the second time at length, and the Senate will proceed to its consideration.

Mr. PROXMIRE. Mr. President, the proposed joint resolution would extend, through September 30, 1977, the authority of the Secretary of Housing and Urban Development to, first, insure mortgages or loans under certain HUD–FHA mortgage or loan insurance programs contained in the National Housing Act; second, administratively set interest rates for FHA-insured mortgage loans to meet the market at rates above the statutory maximum; and third, enter into new flood insurance contracts under the National Flood Insurance Act of 1968. The proposed joint resolution would also extend, through September 30, 1977, certain authorities under title V of the Housing Act of 1949 with respect to the rural housing programs of the Farmers Home Administration.

Mr. President, this action is required, because the House and Senate conferees on H.R. 6655, the Housing and Community Development Act of 1977, have been unable to complete action on this important legislation, which reauthorizes the aforesaid programs through fiscal year 1978. Pursuant to Senate House Joint Resolution 525, these programs and authorities have been extending through July 31, 1977. Because the differences between the House and Senate conferees on H.R. 6655 cannot be resolved before that date, there is the very serious likelihood that these programs and authorities will expire. The purpose of this proposed joint resolution would be to continue these programs and authorities through September 30, 1977, by which time it is anticipated that H.R. 6655 will have been approved by Congress and signed by the President.

The joint resolution (S.J. Res. 77) was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AUTHORITIES

SECTION 1. (a) Section 2 (a) of the National Housing Act is amended by striking out "August 1, 1977" in the first sentence and inserting in lieu thereof "October 1, 1977".

(b) Section 217 of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(c) Section 221 (f) of such Act is amended by striking out "July 31, 1977" in the fifth sentence and inserting in lieu thereof "September 30, 1977".

(d) Section 244 (d) of such Act is amended by striking out "July 31, 1977" in the first sentence and inserting in lieu thereof "September 30, 1977".

(e) Section 809 (f) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(f) Section 810 (k) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(g) Section 1002 (a) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(h) Section 1101 (a) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

SEC. 2. Section 3 (a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "August 1, 1977" and inserting in lieu thereof "October 1, 1977".

EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM

SEC. 3. Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

EXTENSION OF RURAL HOUSING AUTHORITIES

SEC. 4. (a) Section 513 of the Housing Act of 1949 is amended by striking out "July 31, 1977" where it appears in clauses (b), (c), and (d) and inserting in lieu thereof "September 30, 1977".

(b) Section 515 (b) (5) of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(c) Section 517 (a)(1) of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(d) Section 523 (f) of such Act is amended by striking out "August 1, 1977" and inserting in lieu thereof "October 1, 1977", and by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore. The Chair, on behalf of the Vice President, pursuant to Public Law 95–24, appoints the Senator from Wisconsin (Mr. PROXMIRE) and the Senator from Utah (Mr. GARN) to the National Commission on Neighborhoods.

PUBLIC FINANCING OF SENATE ELECTIONS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 926, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 926) to provide for the public financing of primary and general elections for the U.S. Senate.

The Senate resumed the consideration of the bill.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from Missouri is recognized.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Missouri (Mr. DANFORTH) yield to me?

Mr. DANFORTH. Mr. President, I yield to the Senator from West Virginia, with the understanding that I will not relinquish the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the distinguished Senator for his usual courtesy and patience in yielding the floor. We have imposed on him a great number of times, and I hesitate to do it again.

Mr. President, on Monday, I expressed my support for public financing of congressional elections, and for the pending legislation, S. 926, because I believe that it is the best way to achieve three important objectives. They are:

Honest, open elections, free of domination or the hint of domination by special interests.

Fair competition between candidates.

Increased public participation in the electoral process.

Today I want to address myself in more detail to one of those points: Promotion of competition between candidates. A good deal of misunderstanding appears to exist about the impact of this bill upon electoral competition.

I believe that this bill will increase competition between candidates.

The present system of campaign financing is not truly competitive, because of a built-in bias that favors incumbent candidates. It has repeatedly been documented that incumbents are able to outspend challengers by an order of magnitude of nearly 2 to 1. Incumbents win more frequently than challengers, by an order of magnitude of more than 2 to 1.

Incumbency; success at the polls; superior financing—these three factors repeatedly are found together. They are interrelated. Incumbent candidates as a rule have a higher visibility and greater public recognition, which makes it easier to raise campaign contributions. They are more likely to win, and this makes it easier to raise contributions. Many people simply prefer to back a winner; others view campaign contributions as a means of gaining access to a legislator in order to express their views, and select the recipient of their contribution accordingly.

Interest group contributions, in particular, follow a distinct incumbency pattern. Incumbents in the 1976 congressional elections received a total of $13.2 million from interest groups, compared to $4.1 million in interest group contributions to their challengers. In other words, incumbents received more than $3 for every $1 contributed by organized interest groups to challengers.

Contributions from individuals follow a similar pattern of favoring incumbents, although they are not as heavily biased as are interest group contributions.

I honestly cannot say that I know which factor is more important: Whether the probable success of an incumbent at the polls increases his ability to raise campaign contributions, or whether an incumbent's ability to raise and spend more than a challenger accounts for a greater probability of success at the polls.

But I can say that this does not strike me as a competitive situation. I also feel confident that partial public financing will begin to equalize the built-in advantages of incumbency, and this will be an important step in the right direction.

Some of my colleagues fear that this bill will secure the advantages of incumbency. I believe that these fears are unjustified.

First. In races where both candidates choose to receive public financing, the same expenditure limitations will apply to both candidates: $250,000 plus 10 cents multiplied by the voting age population of the State. This means that in most instances, the incumbent will no longer be outspending the challenger.

Careful consideration has been given to the expenditure limits contained in S. 926. The Rules Committee has arrived at a formula designed to set realistic limits which are not so low that incumbents are favored, but high enough to encourage competitive races.

Second. The emphasis in the bill before us is on small, individual contributions. Only contributions from individuals of $100 or less are eligible for matching payments from the checkoff fund. The overwhelming tendency of interest groups to give financial support to incumbents should be offset by the fact that each dollar contributed by an individual voter is worth $2 to the candidate.

Third. The simple fact that public financing is available should encourage entry by viable candidates who otherwise might not be able to raise sufficient private contributions to carry their campaigns to the public.

When the Senate was debating proposals for public financing of presidential campaigns, the cry was heard that it was an "incumbents' bill." Many of the arguments which are being advanced in the current debate with respect to financing of congressional campaigns were aired in 1973 and 1974. It was argued that both public financing and expenditure limitations would work to the disadvantage of a candidate who challenged an incumbent President. It was suggested that a challenger—and particularly a challenger who did not have high visibility or public recognition—simply could not raise enough small, individual contributions to benefit from public financing. It was suggested that expenditure limitations would make it impossible for any challenger to defeat a sitting President; that a challenger's only hope for success was to outspend the incumbent.

In 1976, both Presidential candidates availed themselves of public financing, and both were subject to the same expenditure limitations. In 1976, a candidate who was not nationally known just a year before defeated an incumbent President—for the first time in 44 years.

I sincerely believe that if public financing is extended to congressional elections, the result will be to reduce the advantages of incumbency, and to reduce the role of interest group contributions in campaigns. I believe that this is the important lesson of the 1976 Presidential campaign.

This is not an incumbents' bill. This is not a Democrats' bill or a Republicans' bill. This is a peoples' bill. It will help to return to the people of this country, to the average voter, a measure of the influence which has slipped away from them as campaign costs have escalated and as organized interest groups became more and more involved in campaign financing. It will help to promote the kind of competition on which a healthy democracy thrives.

Mr. President, I again thank the distinguished Senator from Missouri for his courtesy in yielding.

(Mr. RIEGLE assumed the chair.)

Mr. DANFORTH. Mr. President, yesterday, I stated that I have two major concerns with this bill which I hope could be addressed by amendment and which I hope would receive a considerable amount of public attention before we have to vote on the bill itself. Because I think public attention to these issues is important, it is my intention, at least initially, to vote against cloture.

One of the concerns which I mentioned yesterday had to do with special interest financing of political campaigns, and the other had to do with the problems that so often occur when Federal bureaucracies get involved in administering any program.

With respect to special interests, I pointed out yesterday that there are two completely divergent views of the effect of this bill on special interest participation in senatorial campaigns. Under one view, that of the advocates of the bill, the role of special interests in financing political campaigns would be severely limited by the bill. The other view, which is stated in the minority section of the committee report accompanying the bill, is that the contrary is true, that far from limiting special interest group participation in campaigns the effect of this bill would be to do the opposite, to enhance the role of special interest participation in political campaigns.

It is unfortunately a fact of political life that special interest groups are deeply involved in American politics today.

It is difficult to estimate with any degree of accuracy the precise value of the services performed by special interest groups in a campaign, and it is sometimes difficult to know precisely what special interest groups have spent directly or indirectly for a political campaign. But we have some pretty fair estimates of what happened in 1976.

According to an article which appeared in the National Journal on March 1, 1977, the role of special interest groups

was considerable in the 1976 Presidential campaign. That article estimated that in 1976 the value of organized labor's in-kind contribution to the Carter-Mondale campaign was in the neighborhood of $8.5 to $11 million, and it stated that $8.5 million was a very conservative figure. Somewhere in this range, $8.5 to $11 million, was the value of mailings, of voter registration, of delivering people to the polls, of communications with membership in one form or another—the contribution of labor unions in the Presidential campaign in 1976.

In 1976, the cash participation of special interest groups in congressional campaigns also went through the roof. Common Cause has issued a report estimating the role of special interest groups in the congressional campaigns last year. It is estimated by Common Cause that a total of $22.5 million was spent by special interests in 1976 on congressional campaigns—in direct dollar contributions.

This figure of $22.5 million in dollar contributions does not include in-kind contributions, and it does not include indirect contributions to a campaign. It represents direct dollar contributions to congressional campaigns for both the House and the Senate in 1976—$22.5 million, up from $12.5 million in 1974 congressional campaigns.

Of this $22 million, about $8.2 million was contributed by labor, about $7 million was contributed by business, about $2.5 million was contributed by organizations interested in health problems.

In 1976, 25 candidates for the U.S. Senate received cash contributions from special interest groups of $90,000 or more. These are cash contributions to the campaign. These do not include, again, in-kind or indirect contributions—$90,000.

So, Mr. President, the fact of the matter is, whether we like it or not, in one form or another, special interest groups of all sorts have taken a very large interest in Presidential campaigns and in congressional campaigns, and this particular trend is not going to be reversed.

If the special interest groups are shut off in one kind of participation they will not be shut off in another kind of participation.

If they are limited to direct cash contributions to a campaign, they will find another outlet for their activities. In fact, in the case of Buckley against Valeo the Supreme Court of the United States held that the participation of these groups in political campaigns cannot be stopped. There is no constitutionally permissible way to limit independent spending by special interests in a political campaign.

And they can have a very, very great effect on the whole tone of a campaign. Let me give you some examples. With the expenditure limits set out in S. 926—the bill before us—there are 18 States in which special interests contributions of $100,000 would equal 25 percent or more of the allowable campaign budget for a Senate campaign—25 percent or more.

There are an additional 20 States in which cash contributions of $150,000 would equal at least 25 percent of allowable campaign expenditures.

There are seven States in which expenditures of $150,000 would constitute more than 50 percent of the total amount a candidate or his committee could spend. Therefore, in a large number of States special interest contributions to a campaign in the neighborhood of $100,000—of a relatively small amount by special interest standards, since 25 candidates for the Senate last year received $90,000 or more from special interests—would constitute 25 percent or more of the total amount that can be spent in a campaign by the candidate himself.

Now, my problem with this bill is very simple to state and it is this: That the effect of this bill would be to impose a lid on what a candidate or a committee operating for a candidate could spend on his election. But under Buckley versus Valeo no limitation can be imposed on what a special interest group does, either in kind or indirectly for a political candidate or against the opponent of the candidate they favor. Therefore, under this bill you have a limitation on the candidate, you have a limitation on his committee, but you have no limitation on what the special interest groups do so long as they do not coordinate their activities with the candidate or with the candidate's campaign. In other words, under the terms of this bill, all people are to be treated equal, but some people are more equal than others.

All candidates who agree to participate in this bill are limited as to what their committees can do, but there is no limitation as to what the special interest groups can do for them. And the special interest groups cannot only get out the vote, conduct registration drives, send mailings to their own members, but the special interest groups can make indirect cash contributions, in effect, by purchasing radio time, television time, billboards, and newspaper advertising. Everything that the campaign itself can do can be done by the special interests.

So, again, my concern with this bill is that you have two candidates and they agree that they are going to comply with the terms of the bill and with the limitations on total spending for their campaign and they both do comply, and yet the interest groups come into the campaign on the side of one of the two candidates and spend a very substantial amount of money equal to, say 25 or 50 percent or even more than what the candidate himself is spending.

And that is my concern. I believe the role of special interest groups in political campaigns will be enhanced by this bill. It is as though you had two boxers in a ring against each other and they were both complying with the Marquis of Queensbury rules, and the only difference was that one of the boxers had somebody else on his side also standing in the room with a blackjack in his hand. And I think that that is unfair.

By enhancing the role of the special interests, this bill also diminishes the role of political parties as a moderating influence in political campaigns. Historically, political parties have supported their candidates. Political parties have been made up of a cross section of the American people. People with various kinds of interests are in the party and the party supports the candidate of its choice. But when you have limitations as to what can be done directly for the candidate's campaign, but no limitation on the special interest groups, the effect of this is that interest groups with one particular ax to grind, one position, which may be an extreme position, can involve themselves in the campaign, pushing that position, and the object of a candidate wanting to win an election will be to chase after what the interest groups want, to position himself in a way so as to pander to the desires and the wishes of one particular segment of the population as opposed to the rest of the population. And I believe that is wrong.

Therefore, I do not believe that it is either fair or healthy for the political process to create the kind of situation where the percentage of the total amount that is being spent by the interest group is increased because you have limited what can be spent by the candidate himself or by his committee.

Mr. CLARK. Does the Senator from Missouri want to be uninterrupted or will he entertain some discussion on the points he made?

Mr. DANFORTH. Fine. Go ahead.

Mr. CLARK. I think the Senator from Missouri has made a very interesting point and a very valuable one. We have had occasion to discuss it privately, and it may be valuable to discuss it on the record.

As I understand his point, it is simply that if a candidate chooses to take public financing and therefore to live within the expenditure limits, he runs the risk of some organization or some individual or group of individuals spending independently or through communication with their own members a large amount of money against that candidate or for his opponent. He will sit there stuck with the limitation. Thousands of dollars could be spent against him independently or in communications, and he would have no alternative. He would in effect be bound by that limit. Is that a fair explanation of the Senator's feeling?

Mr. DANFORTH. That is correct. You have, in effect, one candidate complying with the rules and, in fact, the other candidate would be complying with the rules but someone else would be entering the battle on the side of the other candidate.

Mr. CLARK. Right. There are three areas, it seems to me, worth discussing about that particular matter. One is whether an independent expenditure is really as valuable to a candidate, to the Senator from Missouri or to the Senator from Iowa, as a direct contribution, such as we receive now; whether in fact the Senator would not agree that, if he had a choice of receiving money as a direct contribution which he can spend in a way in which he felt would best benefit his candidacy, as distinguished from someone else doing it and, by law, in no way coordinating or cooperating with him on how that money is going to be spent, which way would be more valuable. I am not saying this would be of no value. I am simply asking the Senator whether he agrees that having a direct contribution to you for your own use would not,

in fact, be somewhat more valuable than an independent expenditure?

Mr. DANFORTH. I think the answer to that question is, it certainly could not be more valuable.

Mr. CLARK. Yes.

Mr. DANFORTH. But I think that the answer as to how valuable it is depends on how shrewd the special interest group is in spending money. If it spends it in a very heavy-handed way, if it is offish in its operations, it can do the same as any spending in any campaign. It can do more harm than good.

Mr. CLARK. Yes.

Mr. DANFORTH. On the other hand, if it is done shrewdly and if the people who are in the special interest group know what they are about, then I think it can be done even without direct coordination with a campaign in a way that is supplemental to the general direction and efforts of the campaign.

If you have interest groups that are spending large amounts of money, and some of them are, let us face it, or spending large amounts of time in political campaigns, they are not dumb; they are very shrewd in their operations. So I think the trap that I see ahead is that more and more, particularly under this bill, the efforts of the special interest groups are going to be directed to indirect participation in political campaigns and they are going to become more and more shrewd in their way of doing it so shat the gap between the optimum use of the effort and offish use of the special interest effort will be reduced.

Mr. CLARK. Just to continue this a bit further in terms of whether it is more valuable to get a direct contribution which appears under the name of your own committee, in which you decide how the money is going to be expended as compared to an independent expenditure, one other factor has to be kept in mind.

This special interest or individual is going to spend money independently. The law presently requires that there be a very clear—what is the proper word—identification of who spent that money, so that if someone goes on the radio, as the Senator suggested earlier, and buys a lot of radio time and says, "Let's defeat the incumbent Senator from Missouri," at the end of each of those ads it has to say "Paid for by the United Steel Workers," or "American Medical Association," or whatever group in fact paid for that television ad or that radio or that newspaper or that billboard, whatever it is.

I would suggest to the Senator that, as far as I am concerned, I do not want billboards or television ads or radio ads or anything else spread around my State saying paid for by the United Steel Workers, the Maritime Workers, the American Medical Association, or the Chamber of Commerce. Or paid for by so and so in New York City. I think that would be more harmful than useful.

I am not saying that it would be of no value in any circumstance. But I daresay that it would not be as valuable, as far as I am concerned, to have someone else going around spending money as they saw fit as against my opponent or me as a direct contribution. That is what we have now. We have a direct contribution of interest groups.

Mr. DANFORTH. Well, I think that it would depend on what the group is and what it names itself. For example, a number of years ago, there was a group in the State of Missouri who was operating under the name "Citizens for Honest Elections." I would say that that would sound pretty good insofar as the public was concerned.

Mr. CLARK. Under present law that is not allowed. I remember the same kind of fund-raising groups around the country that we used to have in our State and other areas as well. But I think—we can dig out that section of the law, the act itself—but I think the AFI–CIO cannot create a good government committee and put "Good Government Committee" on the billboards.

Mr. PACKWOOD. Could an organization called "Committee for the Survival of a Free Congress" do it?

Mr. CLARK. I think that is their official name.

Mr. PACKWOOD. Yes, and a very good-sounding name.

Mr. CLARK. But I think if they were to use that against the Senator from Oregon or the Senator from Iowa, we would be very interested in pointing out who those people are. It might not be all that detrimental, I would agree.

The point is not whether such expenditures can or cannot be made effectively. I think they can be. My point is simply that if I have to choose a direct contribution of money as one now receives it in political campaigns from PAC groups, I cannot help but consider that to be more valuable and more influential than to have the same group go out and spend that money independently, in a way uncoordinated with the candidate. I would feel that was a very risky business. I would not want any individual or any group going out across the country spending money as they saw fit. I would rather take my chances than have that kind of help from anyone.

Mr. DANFORTH. I think the fact is, though, that, to date, there has been no reason for special interest groups to concentrate their attention on indirect spending for a campaign, because they have been able to go to the direct route, as we did in 1976.

Now, if you close off the possibility of direct contributions, or severely limit direct contributions to a campaign, the route that would be open to them would be just this kind of indirect activity, and I think that for those interest groups which are really in business, are really serious, they would soon become very savvy in how they spend the money.

Mr. CLARK. I understand the Senator's point, but I think there are two other rather significant points with regard to the one the Senator just now made.

In other words, it is the position of the Senator from Missouri that there has not yet been any reason for the private or special interest groups to find other ways to spend their money independently.

I would say there are two reasons for their doing that. First of all, there is the general election for the Presidency; they were not able to contribute one dollar to the Presidential campaigns of Governor Carter or President Ford during the last campaign. Yet they wanted to have influence with the new President or the incumbent President, whoever might be elected; therefore, they had every reason, in the 1976 Presidential election, to put a lot of money in independent expenditures or communication with members, and yet the FEC reports show that less than $2 million was spent on the campaigns for the Presidency in that way.

Second, in terms of congressional elections, on the day that we put on contribution limits in 1974 on this body, on congressional races, or indeed on all Federal elections, of $5,000 per PAC, that was a limitation that many of them had far exceeded in the past, and this was a very severe limitation for the first time. They had reason very often, I would suggest, to want to put a lot more than that into the campaign of a key Member of the Senate or of Congress. So they had motivation, as that limit went on, to with independent expenditures or internal communication with those people, and I dare say that the record does not show that that occurred.

Mr. PACKWOOD. In that case, why not just lower the limit, and not let them give us the money?

Mr. CLARK. I think that would solve that problem, but it would create another one, namely, that the incumbent would get an enormous advantage over challengers, because the lower the limit becomes, the more difficult is it to raise money, the greater the bill becomes an incumbents' bill.

Mr. PACKWOOD. That is the problem the American Civil Liberties Union has with this bill. For that reason, the American Civil Liberties Union, for one, opposes the bill.

Mr. CLARK. We have had public disclosure of campaign funds, as the Senator knows, since 1972. Therefore there have been 3 congressional elections and 17 cases in which challengers defeated incumbents. Ten of the 17 cases on record since 1972 show that the challengers indeed spent less money. So I would not think the record would show that challengers must spend more money to win.

Mr. PACKWOOD. But putting it the other way around, the incumbents have won about 70 percent of the races since 1972.

Mr. CLARK. That figure is probably correct. I think it is more like 95 percent, actually.

Mr. DANFORTH. I think the fact of the matter is, though, that if you are going to communicate with the voters and use the mass media, money is very important in a political campaign.

Mr. CLARK. Indeed it is.

Mr. DANFORTH. There is absolutely no doubt about it.

Mr. CLARK. Indeed.

Mr. DANFORTH. And the second fact is that in 1976, there was a quantum leap forward in the amount of money spent by special interest groups.

Mr. CLARK. Yes.

Mr. DANFORTH. Over what had been spent in 1974. My concern is that the problem with this bill is not that the

special interest groups are going to be spending any more money, but that they are going to be spending roughly the same amount, perhaps, in the next years as they did in the last years, but that we are not going to have a fair shake, because while special interest groups are unlimited in the amount they can spend, the candidates and the committees operating for the candidates themselves are limited, so that you have restraints on the committees, but no possibility, under Buckley versus Valeo, to have restraints on the special interests.

That is my problem; not that the amounts would necessarily be increased, but that you have got the limitations on the competition which is not, because of Buckley versus Valeo, applicable to special interest groups.

Mr. CLARK. I understand the Senator's point, and I think it is a good one. As I said in the beginning of this colloquy, I would not think an indirect, independent contribution would be of as much value to a candidate as a direct one. If I had to choose between limiting direct and independent, I would choose to limit direct.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. CLARK. In just a moment.

As the Senator knows, we have talked back and forth, but the Senator has a good point. Expenditures could be made, communications could be made, which would be adverse to the interests of one of the two parties.

I think the solution would be to draw an amendment to lift the limitation on the candidate who is being spent against, so that we would thus have some solution to the problem of unlimited expenditures.

We know we cannot constitutionally limit the expenditure, which the Valeo case told us, but we can lift the limit of the person who is receiving the funds. I think such an amendment is quite in order, and I believe it helps to significantly resolve the problem.

Mr. DANFORTH. I would definitely support such an amendment. However, while it alleviates the problem somewhat, it does not totally solve it.

Mr. CLARK. No problem is totally solved.

Mr. DANFORTH. We would have to have in that kind of an amendment a trigger so that once the special interest groups spent, say, 20 percent more than the amount that was permitted for a candidate in this campaign, then the lid would come into effect.

Mr. CLARK. Exactly.

Mr. DANFORTH. We could not have it at $1 over, could we? We could not say that the trigger was $1, that the minute the special interest group spent $1 that would lift the lid on both candidates.

Mr. CLARK. That is correct.

Mr. DANFORTH. It would have to be a percentage figure, for example 20 percent, or whatever percentage.

Mr. CLARK. Exactly.

Mr. DANFORTH. What that would mean is this, and I will support it: One candidate can spend, say, $500,000, and the total amount that could be spent by the other candidate would be $600,000. So it is still not fair.

Mr. CLARK. If one equates an independent expenditure dollar for dollar for a direct one, which I would not, then the Senator would be right. But let us remember also that there is no way we can write a bill which is going to treat every challenger and every incumbent in every situation equally. An incumbent is going to have a significant advantage in any case.

I remember Senator Buckley, for example, offering an amendment on this floor in which the challenger was to get significantly more than the incumbent to try to offset that. With the exception of that amendment, I do not remember any particular attempt to do that in the various bills we have had.

What I am saying is it is quite true if we had a $500,000 limit and a 5-percent trigger mechanism, one person could spend $525,000 and the other could only spend $500,000. I do not know if we would get the dollar figure exactly the same if we have some kind of trigger mechanism which really means something.

Mr. DANFORTH. But there is a way to do it, and Senator PACKWOOD has found the way.

Mr. CLARK. If one does not want to limit special interest contributions in any way in terms of their direct input beyond what we have already done in the law, that is the way. I agree with the Senator when he says special interest contributions to the Congress have increased by 80 percent in the last election. I think we have to face up to that, and I do not think the suggestion of the Senator from Oregon does that.

Mr. DANFORTH. There is no limitation in this bill on what special interests contribute.

Mr. PACKWOOD. Nor is there any constitutional limitation we could put in this bill or any other bill. I think the Supreme Court is probably right. I do not think this Congress ought to be putting limits on what the ACLU, the National Rifle Association, Right to Life, or Right to Work spends. It would be a dangerous thing for us to do. The Supreme Court has said we cannot.

I tried to draw an amendment similar to what the Senator from Missouri is talking about, that if special interest groups spend money against a candidate, the candidate could get money from the Government. There are two problems. First, they spend their money very late in the campaign. It is normally a last-minute blowdown or blast. It comes in the last 2 weeks or 10 days. There is no physical way to get the Federal Elections Commission or someone else to verify how much money has been spent by this independent organization against a candidate and give him money quickly enough to do any good. The only way to try to do it is to say that a candidate could get as much money as the special interest group was planning to spend against him.

The Senator from Missouri can quickly realize the untold perils in that. Some organization would say, "We do not like Danforth. We will spend a half million dollars against him." Then the Senator would come to the Treasury and say, "Give me my half million dollars."

Mr. SCHMITT. Will the Senator yield?

Mr. PACKWOOD. I yield.

Mr. SCHMITT. I think that is one of the most controversial aspects of the bill. I think there is a way, within the philosophical context of this country, that it can be handled. That is, that we do not have public financing; that we do have the kind of proposal the Senator from Oregon has made in terms of tax credit and maintain a limit on individual and group contributions. Then it becomes a competitive system and people are voting not only in the ballot box but they are voting with the dollar, with a maximum of $100.

Mr. PACKWOOD. I could not agree more. The Senator from Iowa says a challenger cannot raise money in small amounts.

Mr. CLARK. I said it has not been done. I did not say it could not be done.

Mr. PACKWOOD. He has done it.

Mr. CLARK. Let us look at the historical record.

Mr. PACKWOOD. If the Senator is saying do incumbents do it, the answer is no, we have never in the past been forced to go to the small contributors.

Mr. SCHMITT. If the Senator will yield, in 1972 in New Mexico I was forced to go to small contributors because no large contributors would contribute. We received 53 percent of our contributions overall from contributors who contributed $100 or less.

Mr. PACKWOOD. What we have discovered in the Republican Senatorial Campaign Committee, and the Senator just does not want to listen to the evidence, is that so far 93 percent of our contributions this year are from people who have never donated before, and the average contribution is $20. They have never been asked to donate before. We have to learn what the YMCA, the Catholic Church and the Presbyterian Church learned long ago, that they cannot exist on a few large contributions. There has to be a broad base of support. People will give. I challenge anyone in this Senate—if there is a tax credit of 75 percent—to walk down the street and say, "If you give me $75 for my campaign, you can take $37.50 off of your income tax," to not get enough money to run a credible campaign.

Mr. CLARK. I am not saying it is not possible. I think it is possible for each of us to raise $1 from every person in our State and have enough to run our campaigns on a $1 limit. It is possible, but it is a great problem.

Mr. SCHMITT. Anybody who contributes $1 or $5 is also going to vote. The more people who have the kind of financial commitment in a person's campaign, the better off he is.

Mr. PACKWOOD. The Senator heard me tell of an experience that I had in 1968 when I first ran for the Senate. Of course, initially, people think challengers cannot win. Everyone thinks incumbents are going to win. For about 6 months we ran our campaign very much as the Senator from New Mexico did, with 10 women, and coached them in the laws of campaign contributions so they did not make any mistakes. We simply sent them down the main streets of towns, going into every single business, asking cus-

tomers and proprietors, "Would you give?" We managed to raise about $600 or $700 a day for roughly 5 months. One woman all by herself, working about 4 to 5 hours a day, was able to raise $250 a day by just asking people who had never been asked.

Mr. CLARK. May I ask the Senator what year?

Mr. PACKWOOD. 1968.

Mr. CLARK. And what percentage of the campaign funds, total funds, which were spent were collected in those contributions under $5 or $10?

Mr. PACKWOOD. These were normally $10 to $20 contributions. At the end of the campaign I ran against the then incumbent Senator Morse. We each spent about $400,000 in the general election. I had about 3½ to 4 times as many contributors. My average contribution was around $65, and in terms of the number of contributors under $100 they were about 95 percent of our total. It can be done.

Mr. CLARK. I think the Senator is a much better mathematician than I am. I know from experience he knows that one cannot simply average the contributions and argue that there are a great number of small contributors. Neither can one take the median. If a candidate has $2 million in his campaign and received $1 million from one person and the other $1 million from the other 999 contributors, it is a very small contribution if we average them. It does not tell the story. The fact is we have to get the number, the percentage, of the total expenditures from under $100. That is what the Senator from New Mexico did. He said he had 53 percent of his total amount of money coming from contributions under $20. That is what I am describing.

Mr. PACKWOOD. Let me give another figure based upon the projections to date, and I do not see now why they should change. Within a percent, 91 to 92 percent of the money that the Republican Senatorial Campaign Committee raises this year will come from contributions under $50.

Mr. CLARK. Eighty percent.

Mr. PACKWOOD. Ninety-one to ninety-two percent. I may be off a percent, because of the totals. That is of the total money. That will be about 97 percent of the contributors.

Mr. CLARK. I think that is a very significant figure.

Mr. PACKWOOD. It is being raised basically by three people by direct mail, soliciting people who have never given to a senatorial campaign before, never given to a political party, so far as we know, before. And they give. Why is that?

Mr. CLARK. First of all, let me say I think that is a very significant figure. Ninety-two percent of all the money raised by the Congressional Campaign Committee this year was in under $50 contributions?

Mr. PACKWOOD. I realize they are averages, and our average contribution is $20.16. But projecting this—and we all know that people give more rapidly as we approach a campaign. I do not know now why the percentages would change. I am saying that, under $50, within about 1 percent, about 91 percent of our money would be in contributions of $50 and 92 percent of our total number of donors under $50.

Mr. CLARK. I say that is significant, but it does not seem to me to take away from the argument that, historically, in every single election—not every individual election, but every 2-year election, every election for Congress—when we go back and look at the figures, and they are all a matter of public record now for three Congresses, it is very, very difficult to identify serious challengers and serious incumbents—I am not talking about someone who did not have opposition or had very weak opposition—who did not go very deeply into the special interest money. It is just a fact of life. I am not saying they had to. I am not saying it will never be that way in the future. I am just saying that is the way it is.

Mr. DANFORTH. Let me explain what the problem is with the bill as it is written: When combined with the effect of Buckley against Valeo, it limits the amount that can be raised from the small contributors but does not limit the amount that the big special interests can spend on behalf of a campaign. The bill has exactly the opposite effect of Senator PACKWOOD'S approach. Senator PACKWOOD'S approach is to say, let us see how we can bring the most number of small contributions into the campaign. Let us see how far we can go in going throughout this country and getting, not the fat cats, not the wealthy people—because Senator PACKWOOD wants to have very strict restrictions on the amount that anybody can contribute—but the ordinary citizen, the person who can contribute $50 or $25 to a campaign, by saying to them, "Look, contribute $100. Uncle Sam is going to pay you $75 back when you file your taxes next April. You are, in effect, lending the $75. You are going to get that back. Twenty-five dollars is what you are contributing."

What he is saying is the opposite of what this bill does. This bill puts a cap on the ordinary citizen, and allows unlimited spending by the big special interests.

Mr. CLARK. If that is the case, and I think this is a valuable discussion—at least for me—how does the Senator respond to what I said earlier about the fact that there was every reason to believe that these so-called special interests were individuals who want to defeat a candidate? There is every reason that they should have tried to do it in 1976, in view of the fact that we already had a cap of $5,000 on the amount of money that these interests can contribute, and in view of the fact that they were shut out entirely on the Presidential race. Goodness knows, the power of the Presidency in our form of government is so great that these special interests, presumably, would like to have an impact on it. Why did they not do it?

Mr. DANFORTH. They did.

Mr. SCHMITT. Oh, but they did.

Mr. DANFORTH. The answer is that the special interests did and they did it by in-kind contributions to the Presidential campaign, equal, according to the National Journal, to somewhere between $8.5 and $11 million. They did so through contributions of $22.5 million in cash to congressional candidates. These were the other two routes they could take for a total amount of about $33 million in cash or in-kind contributions.

The special interests are not going to roll over and play dead. They are not going to go away. They are not going to say, "Oh, my golly, we can't do anything in a campaign." They are already involved to the tune of about $33 million a year in election campaigns.

What we are saying in this bill is that if they continue at $33 million a campaign, we are not going to put any lid on them, but we are going to put a lid on the little guy and the average citizen who is contributing his $50 or $100.

Mr. CLARK. Just on a factual matter, with regard to the National Journal article, I have had occasion to see that as well. I find it a most interesting article. All of the statistics so far that have been presented on this floor, I have noticed, have come from that source. I think we ought to take a good look at that source.

The allegation is, and the Senator has just repeated it, that something like $11 million was spent in the Presidential campaign of 1976. Everyone acknowledges, I think, that reported to the FEC under the existing reporting requirements, there was about $1 million. This is made up by a large number of labor groups in internal communications to members and families, and some $41,000 reported by a small number of business groups—the NRA, I think, and four corporations—in such communications to stockholders. That is $1 million, not $11 million.

I think, since it has been mentioned here several times, we ought to get the breakdown. What is the evidence that $11 million was spent here? That is an allegation. Will someone tell me what that $11 million was?

Mr. DANFORTH. I do not intend to read the article at this point, but I think that——

Mr. PACKWOOD. I shall give just one. This is in addition to the other.

Mr. CLARK. I think one will find that these are all estimates made by the author.

Mr. PACKWOOD. Oh, no.

Mr. CLARK. Hard figures are not available.

Mr. PACKWOOD. The $8.5 million is the firm figure. The $3 million additional is the estimate. On the amendment—as I recall, the Senator voted last year against the amendment I offered on this floor to make unions report communication expenditures to their members. They never had to report this.

Mr. CLARK. The $1 million?

Mr. PACKWOOD. The $8.5 million.

Mr. CLARK. No, the Senator from Oregon's amendment did not cover it. The internal communications are, indeed, the $1 million reported to the FEC.

Mr. PACKWOOD. No, the $8.5 million is what they spent communicating to their members, which is a reportable expense. They were able to spend it in concert with the candidate. They did not have to spend it independently, because

communications with their members are covered, allowing them to spend it in concert. They could have spent it independently if they wanted to. They chose to spend it in perfect concert with the Democratic Campaign Committee.

Mr. CLARK. I think we ought to read directly from the FEC report. It is a matter that has come up several times.

Will the Senator from Missouri permit me to read it? I know there is no time agreement, but he has yielded to me. We might continue this discussion.

Mr. DANFORTH. Surely.

Mr. CLARK—

AMOUNTS SPENT BY CORPORATIONS AND UNIONS ON REPORTABLE INTERNAL COMMUNICATIONS IN 1976

Corporations are permitted to communicate on partisan and nonpartisan political subjects with stockholders and executive and administrative personnel and their families. Labor organizations are permitted to communicate on these same subjects to their union members and their families.

The costs of these internal communications may be paid for from corporate or union funds. The cost of these communications, however, must be reported to the FEC if they are primarily devoted to and expressly advocating the election or defeat of a clearly identified candidate, and the costs exceed $2,000 per election.

According to FEC figures, corporations and labor unions spent a total of $2,146,899 in 1976 on these reportable internal communications which were for or against 416 Federal candidates.

Labor unions spent 93.8% ($2,014,326) of the total figure; corporations spent 1.4% ($31,045); and one membership organization—the National Rifle Association—spent the remaining 4.7% ($101,528).

Of all the Federal candidates supported, House, Senate and Presidential, Jimmy Carter benefitted the most, receiving the support of 57.6% ($1,160,432) of all such money spent. 2.2% ($44,249) of the internal communications were spent on behalf of Gerald Ford. 22.3% of these internal communications were spent on behalf of Senate candidates, and the remaining 16.6% on behalf of House candidates.

Although the average cost of the reportable internal communications was between $2,000 and $5,000, several groups spent much larger amounts on behalf of individual Senate candidates:

Penn. AFL–CIO, $58,626 in support of William Green (D. Pa.);

Mich. State AFL–CIO, $45,720 in support of James O'Hara (R. Mich.);

Ohio AFL–CIO, $32,122 in support of Howard Metzenbaum (D. Ohio).

The Senate candidates receiving the benefit of the largest aggregate amounts of internal communications from corporations to stockholders or executive or administrative personnel, or from unions to their members were:

1. James O'Hara (R. Mich.) $66,553;
2. William Green (D. Pa.) $65,184;
3. Howard Metzenbaum (D. Ohio) $51,263;
4. Daniel P. Moynihan (D. N.Y.) $39,784, and
5. Paul Sarbanes (D. Md.) $39,232.

The majority of all reportable internal communications was by direct mail (87.1%). Brochures, leaflets and flyers came in a distant second with 6.2%. Phone banks accounted for 2.7%, and posters and banners were used 2%. Miscellaneous methods, such as distribution of peanuts, buttons, tie tacs, etc., 1.9%.

That means the total amount expended, according to the FEC, was $2,146,899, in all races—all Federal elections—and the total amount spent in the Presidential campaign was $1,160,432, as I indicated to the Senator from Oregon earlier.

I must say, the author of the National Journal article, beyond that, is simply making estimates, and even those estimates in which he is able to arrive at a figure of $8.4 million total leaves a rather large amount unexplained, namely, about $3 million.

I think if we are going to use that and say it is a legitimate figure and is what has been spent, there ought to be some basis for it.

Mr. PACKWOOD. Let us quote what the article says further:

Members of the labor movement are proud to say that their direct contributions are dwarfed by the rest of their effort, both in terms of the money and the volunteer workers involved. "We don't think it's the money that's decisive. It's the services they imply," said Ben Albert, director of public relations for the AFL–CIO's Committee on Political Education (COPE).

Is the Senator from Iowa seriously suggesting that all that organized labor spent outside of the $22 million—roughly $2 million?

Mr. CLARK. If the Senator is saying, under the Senator's own amendment, that what was required to be reported was that amount. I have not said that all of the people belonging to a labor organization that worked to get out the vote are included in that. Of course, they are not.

Of course, the requirement says that we must report any partisan voter registration drives. We do not have to on nonpartisan. Of course, in the National Journal report they are doing just that. They are reporting nonpartisan voter registration drives as counting toward that limit.

I think it is important that we try to understand how this $11 million is arrived at.

Mr. PACKWOOD. That is very much like saying, and I do not know if the Senator is familiar with the New York Times article on the effect of money spent between aggregate registration groups, not through the NRA. But two kinds of spending. One was directed against Joe Tydings. The other was an immense amount of money spent to educate the voters about the problems and the dangers of gun registration.

Now, to say that money was not spent against Joe Tydings is ridiculous. The fact it did not have to be reported against him because it did not specifically advocate his defeat is one thing. To say it did not intend to defeat him is another.

Mr. CLARK. I agree with the Senator.

Mr. PACKWOOD. Just because we do not report specifically, as we have to under this bill, money designed only when we are basically advocating the election or defeat of a candidate, to say any other money is spent not for an election purpose is ridiculous.

Mr. CLARK. I am not suggesting that it is. I am suggesting that the figure of $11 million ought to be defensible on the facts.

I am not saying that it is the only money that influenced elections—I do not want to be on record as saying that. I am simply saying if we are going to use this $11 million figure, I would like to see some concrete basis for it or else use the figure 8.4, or 2 million, whatever can be clearly identified.

Mr. DANFORTH. It is obvious the $8.5 million to $11 million is an estimate. But it is an estimate that appears in a reputable publication. It is not just pulled out of the air. I think that the argument made on behalf of the author's point in the article is quite convincing.

With respect to the Senate campaigns, which is exactly what we are involved in here, the figures I have been using are ones prepared by Common Cause, an organization supporting this bill, and the fact is that $22.5 billion cash——

Mr. CLARK. Direct?

Mr. DANFORTH. Was contributed to congressional candidates in the last election.

Mr. CLARK. Exactly the same labeling as we are talking about with $22.5 million contributed directly in the past to Senate and House campaigns. I agree entirely. That is what our legislation, we hope, is designed to begin to curb.

Mr. DANFORTH. No.

That is the whole point. The point is not what the Washington Post mentioned in its article this morning. The point is not that Republicans are a minority and can never get to be a majority unless they outspend the Democrats.

The point I am trying to make is the role of special interests and the fairness or lack of fairness in putting a lid on what the ordinary guy can contribute and no lid at all on what the special interests can contribute.

Now, this article contains a list of the candidates for the U.S. Senate and how much certain labor groups supported.

Mr. CLARK. Speaking of direct contributions?

Mr. DANFORTH. Contributed the following amounts to different candidates for this body, for the Senate.

Mr. CLARK. Are these direct contributions?

Mr. DANFORTH. Direct cash contributions.

Mr. CLARK. Yes.

Mr. DANFORTH. $164,000, $154,000, $149,000, $143,000, $132,000, $122,000, $121,000, and so on.

Business, professional and agricultural groups contributed $187,000, $174,000, $155,000, $121,000, $120,000, and so on.

And this is going to keep up. These groups are not going to crawl into a hole.

Mr. CLARK. Exactly.

Mr. DANFORTH. As a result of this legislation. And the problem that we do not deal with in this bill and the problem Senator PACKWOOD's bill does deal with is that of imposing a lid on the little guy, but not on the fat cat.

Mr. CLARK. Does the Senator feel that the nature of the amendment of the Senator from Oregon would deal effectively with those very precise contributions that he just read out, how would it affect them?

Mr. DANFORTH. It would not affect these contributions, but what it would

do is to encourage and induce an increased amount of spending by the ordinary citizen.

Mr. CLARK. We had no such tax credit only a few years ago. We instituted in this body a tax credit. The Senator from Oregon can speak to this more precisely than I can, but we introduced a tax credit in our income tax deductions.

How much did that increase the input as a result of having done that? What is the evidence that large numbers of givers have started contributing as a result of that tax credit?

It seems to me, unless one can show an enormous increase in that last tax deduction, one can hardly argue the next one will be the thing that suddenly gets individuals contributing in campaigns.

Mr. PACKWOOD. I will give two answers. One, historic, look at charitable giving in this country. Nobody, political parties, charities, or anybody else, has ever bothered to raise money from great numbers of people in small amounts until they were forced to do it because it was easier to raise it from a few people.

Now when the needs got so great and there were not enough large donors left, they were forced to go abroad.

Politicians have never been forced to do it before. We were never heard to ask for small amounts.

We said that with the exception of JACK SCHMITT, or others, that nobody would scrounge up, $1 or $2 at a time. We were never forced to. The money is there. The tax credit will be a tremendous inducement.

I have cited the figures a dozen times on this floor about the Republican Senatorial Committee and the tremendous number of people giving who never gave before.

Mr. CLARK. The Senator is not putting any limit on not forcing candidates to go to small contributors.

As the Senator from Missouri has said, if we have the same kind of increase and trend—and I think he is right; we will have that in the future, in the growth of PACs and the amounts they contribute—if we adopt the proposal of the Senator from Oregon and increase the tax deduction, that is not going to affect the enormous proliferation of PACs.

Mr. PACKWOOD. With the tax credit, I would be happy to support a substantial lowering of the limits; because everybody in politics who wanted to, with a $100 tax credit, could raise all the money he would need for a decent campaign and limit himself to contributions of $100 or more.

Mr. CLARK. Would the Senator feel it would be wise, if this bill is adopted against his will, that we lower the expenditure limits of PAC's?

Mr. PACKWOOD. You cannot lower the expenditure limits of PAC's. It is unconstitutional.

Mr. CLARK. It is not unconstitutional.

Mr. PACKWOOD. You can lower the contribution limits they can give, but you cannot lower what they spend.

Mr. CLARK. I am sorry. I mean the contribution limits.

Mr. PACKWOOD. If the Senator will support my bill and it passes, I will be happy to support the contribution limits, not only of PAC's but also of limits.

Mr. CLARK. I am talking about my bill.

Mr. PACKWOOD. I think the Senator's bill is irrelevant.

Mr. DANFORTH. Here is the fact: Neither the bill of the Senator from Iowa nor the bill of the Senator from Oregon nor any other bill, under Buckley against Valeo, can limit the economic participation of special interests in a campaign. So if we envision a fight going on in a boxing ring, there is nothing you can do to stop this great, big bully from swinging his punches. But what the bill of the Senator from Iowa does is to say to the other guy who is in the ring, "Just stand by, please, and we're going to tie your hands."

What Senator PACKWOOD's bill does is to say that if we are going to have unlimited spending by special interests—which we are not going to stop, anyway—let us at least permit the little guy to fight back. Let us permit the guy who is not the favorite of the special interests—of the fatcats, the Stewart Motts, the Joe Coors, and the rest—to be able to go out to the average citizen and get some money so he can fight back.

This bill says that we have unlimited spending for the special interest groups and the big, powerful groups, and the well-heeled fatcats, and we have very limited spending placed on the little guy.

Mr. CLARK. If the Senator will let me have 60 seconds to make my position clear, I will not interrupt the Senator further.

It seems to me that the alternative is to continue this escalation of special interest money, which increased 80 percent in the last election, and to do that on and on and on into the future and say, "There is nothing you can do about special interest money; no way to stop it; just let it go; just let it keep going."

I think this bill would reduce the influence of the special interests. If it is accompanied by an amendment which would lower the amount that PAC's can contribute, cut it in half, it is going to be a significant lowering, a significant restriction, as to those special interests.

The Senator argues that, over and above that, it is going to mean nothing because all these special interests and fatcats are going to go out, uncoordinated with our campaigns, and spend all kinds of money, for or against us, whether or not we are coordinated—in fact, without our coordination; and that this suddenly is going to become the new way of campaigning. Everybody is spending independently and uncoordinated with the candidate.

The history of the 1976 elections, when that particular situation first arose, indicates that it did not occur in large amounts of communication or independent expenditures. It really is not practical to have millions of dollars spent on someone's behalf without his cooperation in it. That is not realistic and is not a real possibility.

But given the theoretical possibility of independent expenditures, I do agree with the Senator that this body should arrive at an amendment which at least would lift the limit on someone who might be affected. I think that would resolve the problem.

Mr. CHILES. Mr. President, will the Senator yield for a question?

Mr. DANFORTH. I will be happy to yield. I promised Senator SCHMITT that I would yield to him first. Then I will yield to the Senator from Florida.

Mr. SCHMITT. This will take only a minute.

I think it is important at this point to step back and realize that this issue of the influence of special interests or factions is not a new issue. In fact, Federalist Paper No. 10, written by James Madison, treated this issue. It was his conclusion—and I think the general belief of the framers of the Constitution—that the existence of a republic with a sufficiently large number of units represented in the Federal Government was going to be sufficient to restrict the influence of special interests. I quote the first sentence of Federalist No. 10:

> Among the numerous advantages promised by a well constructed union, none deserves to be more accurately developed, than its tendency to break and control the violence of faction.

"Faction" means special interests.

What has happened? Why has this not worked? We know that throughout our history, special interests representing business, special interests representing labor or other groups have been extremely influential in the conduct of our business.

I think what has happened is that the Founding Fathers did not recognize that special interests or factions have influence that crosses State lines, and their resources can be focused and distributed among candidates who particularly adhere to their beliefs.

I am not sure what the answer is, but I think what the Senator from Oregon and the Senator from Missouri—and to some degree the Senator from Iowa—are saying is that, somehow, we have to encourage the participation in elections of the individual American to such a degree that it overcomes the influence of faction. I believe the tax credit is a step in that direction.

Anything we can do to encourage candidates to go to the small contributor for the bulk of their financing is a step in that direction. Perhaps therein lies our answer: That instead of focusing, as the Senator from Missouri has started, on putting a cap on the contributions that the little guys can give, let us do everything we can to encourage those contributions, to expand their participation, their voting with their dollar in this electoral process, so that the special interests, who cannot be capped according to Buckley against Valeo, are, in fact, immersed in a vast sea of contributions by the little guy, by the citizen, by the average voter.

I think that therein lies our answer, and that is the direction our efforts on this bill or any other bill should be directed at: encouraging, not discouraging, the little guy to contribute to whatever cause he may think is important.

(Mr. ALLEN assumed the chair.)

Mr. DANFORTH. Mr. President, I yield to the Senator from Florida.

Mr. CHILES. I thank the distinguished Senator from Missouri for yielding.

I have been listening with great interest to this discussion about how to limit the interests of special interests. The Senator from Florida had an amendment several years ago that would have done this. In listening to what the Senator from Oregon and the Senator from Iowa have said, regardless of which bill prevails, if both would accept the Chiles amendment, I think we would have a limitation.

My amendment simply said, "A pox on your pact; there will not be any contributions from other than individuals." It was very simple. It just said that they will not be allowed to contribute, whether they be from the union side or the management side or whatever kind of interests they were.

I would like to hear in this colloquy whether the distinguished Senators who have these two different approaches would accept the Chiles amendment. It seems to me that we could then leave out part of this argument about special interests, because we would not be dealing with that. We could get around to some other means. We would simplify the debate if we adopted the Chiles amendment and only allowed individuals to contribute in a political race.

Mr. PACKWOOD. I supported the amendment of the Senator from Florida. I talked with him a few days ago about it. I thought it was good then, and I think it is good now.

Only individuals ought to be allowed to give. The problem with that is under the present bill there is a cap and, beyond that, you cannot collect any more money or spend any more money, so you are limited to the number of individuals who can give, and this is one of the major concerns.

The American Civil Liberties Union wrote me yesterday, and this is what they say:

The ACLU is not opposed to the concept of public financing. But, in our view, any valid public financing scheme must, at least, square with the following two principles:

(1) It must insure that minor party and independent candidates have a full and fair opportunity to qualify for such subsidies, and

(2) It must not condition the receipt of campaign subsidies on an agreement to abide by otherwise unconstitutional spending limits.

Would the Senator from Florida be willing to lift the lid on spending limits if an amendment were passed saying only individuals can contribute?

Mr. CHILES. Well, I think the Senator from Florida would say the way to handle this question is to sort of dissect it one step at a time. If the Senator from Oregon still feels as he did when he supported the amendment before, that it would be beneficial to say we are not going to allow other than individuals to contribute, then it seems like to me that is step 1, and that gets us off square 1, and we can move on to square 2.

I am delighted to hear that support from the Senator from Oregon. I wish he would include that provision in his substitute. It would certainly make that substitute more attractive to the Senator from Florida. But I would also like to know if the Senator from Iowa would also consider that kind of a substitute or that kind of an amendment for his bill and then, as I say, I think we could graduate to some of these other questions the Senator is raising, and he might have a very valid point.

I do not think you have to interlock, and I would not want to interlock, the proposition that only individuals could contribute to a campaign limit or not a campaign limit. I do not think it is necessary.

I think right now the question is have we changed this whole process and gotten away from what we thought, what I thought, elections were all about, and that was you were going to have people vote for you, and that meant individuals, to where now we are talking about conglomerates that put up money, and that, therefore, in effect influence elections, and where we have gotten away from people, away from an individual choice and an individual vote.

It seems to me as if we need to move back in that direction, and then we can talk about some of these other questions.

I would be delighted to hear from the Senator from Iowa just on this question, if I might.

Mr. CLARK. I think the Senator raises an interesting question. To me it really involves two basic issues: One is whether if we were to limit, to exclude PAC contributions, to make that, let us say, so as to outlaw all PAC contributions——

Mr. CHILES. I do not really want to outlaw PAC's as such. I want to "in-law" individuals, and I just want to say we have to recognize that this country operates for people. It does not operate for any kind of an entity that is created in our political system. It should operate on the basis of people and not those other things. So I am just going to kind of bring us back to recognize that we deal in people in this country and not in organizations.

Mr. CLARK. The Senator would not allow groups to join together.

Mr. CHILES. I would allow people to just operate in this wonderful system we call our political system. I would reserve for individuals that exclusive right.

Mr. CLARK. There would be two questions I think one ought to ask, and they deal with the same matter, that of the amendment the Senator from Florida, I think, and the Senator from Georgia sponsored a year ago which, as I recall, was a $10 limit on all individual contributions—I thought there was an amendment offered at one point in 1976.

Mr. CHILES. I do not think we ever went quite that far. I think we reduced the limit to $50 at one time. I had an amendment——

Mr. CLARK. That was it.

One thing we have to be concerned about, and I do not know that it speaks necessarily to the Senator's amendment, but I think it may, and that is the question of not writing a bill which is strictly an incumbent's bill, that is to say, where you put a challenger in a position where there is not enough money available to become well-known and be a serious challenger.

But the more interesting question, I think, is the constitutional question, particularly with the questions that were raised in Buckley against Valeo. For example, we had the Library of Congress Congressional Research Service look at exactly this point—and I will put the memorandum in the RECORD, I do not want to read it all here, but put it in the RECORD at this point, and I ask unanimous consent that it be put in the RECORD at this point, along with a brief summary.

There being no objection, the memorandums were ordered to be printed in the RECORD, as follows:

JULY 18, 1977.

Memo to Hon. Dick Clark, Attn: Andy Loewi
From American Law Division.

Subject: Analysis of Constitutionality of Proposal to Prohibit Groups or Organizations from Making Political Contributions.

This is in response to your request for a brief summary of the attached memorandum prepared by the American Law Division on the constitutionality of a proposal to prohibit groups or organizations from making political contributions in connection with Federal election campaigns.

As is more fully explained in the attached memorandum, it appears that a proposal to amend present law to totally prohibit political contributions from groups or organizations in Federal campaigns, thereby permitting only individuals to make contributions, might raise serious constitutional questions. Although there has apparently never been a Federal court case precisely on this point, strong arguments can be made that such an amendment might be considered an infringement of the constitutional right to political association, an outgrowth of the First Amendment guarantee of freedom of speech.

The most pertinent case concerning this issue is the Supreme Court decision in *Buckley* v. *Valeo*, 424 U.S. 1 (1976), which dealt with the constitutionality of the Federal Election Campaign Act Amendments of 1974, Public Law 93–443, 88 Stat. 1291. Although the constitutionality of a total prohibition against contributions from groups or organizations was not at issue in *Buckley*, the Court did discuss the right of an organization to pool resources and money as an associational right.

On the issue of contribution limitations, the Court held that a limit on political contributions by individuals or groups entailed only a marginal restriction on the contributor's ability to engage in free communication. The Court's discussion of this holding indicates, however, that a contribution limitation which would prevent candidates or committees from amassing resources might infringe upon the First Amendment right of free speech by inhibiting effective advocacy of varying points of view. (See attached Memorandum at p. 3.) Further, in concluding that the Act's contribution limitations do not infringe on the First Amendment right to freedom of association, the Court noted that the limitations permit political associations to aggregate sums of money to promote their political goals. By contrast, the Act's expenditure limitations were found to preclude associations from effectively amplifying the voice of their adherents, thereby interfering with the First Amendment rights of those adherents. (See attached Memorandum at p. 4.)

In addition, in examining the Act's disclosure requirements, the Court in *Buckley*, stated that included in the right to group association is the right to pool money. It would thus seem that any law prohibiting groups from making political contributions might be viewed as a violation of the associational right of the members of those groups—such a prohibition would prevent

the pooling of resources and money, which are considered necessary elements of free speech. (See attached Memorandum, p. 6.)

Apart from the Supreme Court's statements in the *Buckley* case with regard to participation by groups in poltical campaigns, a proposal to totally prohibit political contributions by groups may be analyzed according to review standards established by the Court in examining the constitutionality of laws involving First Amendment rights.

As is more fully explained in the attached memorandum, many Supreme Court decisions have held that laws affecting a fundamental right, such as freedom of association, are subject to close scrutiny to determine whether they are constitutional. In order for such laws to be considered constitutional, various cases have held that the government must show that it has at least a sufficiently important interest in the prohibition in order to justify the infringement of First Amendment freedoms. Further, beyond showing that it has the requisite interest, the government must employ a statute which is closely and narrowly drawn to meet its specific objective in order to avoid any unnecessary infringement of First Amendment rights.

In the *Buckley* case, the Court found that the governmental interest in preventing corruption was sufficiently important to justify a general overall contribution limitation. However, in the record developed there, it was shown that the corruption stemmed from *large* campaign contributions. Thus, it would appear that on the basis of the record developed in the *Buckley* case, a statute whose purpose is to eliminate corrupt influence by groups or organizations would have to focus on large contributions by such groups. Further, it would seem that under current Supreme Court cases, in order for a total prohibition on political contributions by all groups and organizations to be considered constitutional, the government would have to show that these groups and organizations exercised such a pervasive corrupting influence on candidates, that a total prohibition on contributions from them was justified. Such a showing of corruption would require a factual background far beyond that developed in the *Buckley* case.

Finally, as is discussed in the attached memorandum, attempts to limit the influence of special interest groups on elections may focus on corporate and labor union PACs. Although the Supreme Court has never specifically ruled on the issue of whether the establishment of such PACs is constitutionally protected, it appears that an outright prohibition on them may raise serious constitutional questions. Similarly, legislation to seriously limit the operation of PACs might also raise constitutional problems.

PATRICIA FIORI,
Legislative Attorney.

CONSTITUTIONALITY OF PROPOSAL TO PROHIBIT GROUPS OR ORGANIZATIONS FROM MAKING POLITICAL CONTRIBUTIONS

In order to curtail the influence of special interest groups on Federal election campaigns, a total prohibition against contributions by organizations or groups has been proposed. Under such proposals, only individuals would be permitted to make contributions.

At present, individuals are subject to a $1,000 limitation on campaign contributions to each Federal office candidate for each general election, primary, or nominating convention in which the candidate runs (2 U.S.C. Section 441(a)(1)(a)). Certain groups and political committees are subject to the same limitation. However, multicandidate political committees are subject to a higher limitation—$5,000 per candidate per general election, primary, or nominating convention (2 U.S.C. Section 441a(a)(2)). The term multicandidate political committee is defined to mean a political committee which has: (1) been registered with the Federal Election Commission for at least 6 months; (2) received contributions from at least 50 persons; and (3) made contributions to at least 5 Federal office candidates (except for any State political party organization). Many corporate and labor union political action committees as well as political party committees exist in the form of multicandidate committees permitted to take advantage of the higher contribution limitation. In addition, the national committee and State committees of a political party are permitted to make a certain amount of expenditures in connection with the election of Federal office candidates. Thus, the contribution limitations actually place certain groups in a more favorable position than individuals in terms of the amounts they are permitted to contribute to Federal office candidates.

It appears that any proposal to amend present law to totally prohibit contributions from groups or organizations, thereby allowing only individuals to make political contributions, might raise serious constitutional questions. Although there has apparently never been a Federal court case precisely on this point, such an amendment might be viewed as an infringement of the constitutional right to political association, an outgrowth of the First Amendment guarantee of freedom of speech.

The most pertinent case concerning this issue is the Supreme Court decision in *Buckley* v. *Valeo*, 424 U.S. 1 (1075). The Buckley case dealt with the constitutionality of The Federal Election Campaign Act Amendments of 1974, Public Law 93–443, 88 Stat. 1291. Although the constitutionality of a total prohibition against contributions from groups or organizations was not at issue in *Buckley*, the Court did discuss the right of an organization to pool resources and money as an associational right. This discussion arose in the context of deciding the validity of the Act's contribution limitations and disclosure requirements.

On the issue of contribution limitations, the Court held that a limit on political contributions by individuals or groups "entails only a marginal restriction upon the contributor's ability to engage in free communication," *Buckley*, at 20. The Court's discussion of this holding indicates, however, that a contribution limitation which would prevent candidates or committees from amassing resources might infringe upon the First Amendment right of free speech by inhibiting effective advocacy of varying points of view. The Court states:

"Given the important role of contributions in financing political campaigns, contribution restrictions could have a severe impact on political dialogue if the limitations prevented candidates and political committees from amassing the resources necessary for effective advocacy. There is no indication, however, that the contribution limitations imposed by the Act would have any dramatic adverse effect on the funding of campaigns and political association. The overall effect of the Act's contribution ceilings is merely to require candidates and political committees to raise funds from a greater number of persons and to compel people who would otherwise contribute amounts greater than the statutory limits to expend such funds on direct political expression, rather than to reduce the total amount of money potentially available to promote political expression." *Buckley* at 21, 22

Further, in concluding that the Act's contribution limitations do not infringe on the First Amendment right to freedom of association, the Court noted that these limitations permit political association to aggregate sums of money to promote their political goals. By contrast, the Act's expenditure limitations were found to preclude associations from "effectively amplifying the voice of their adherents," thereby interfering with the First Amendment rights of those adherents (*Buckley*, at 21). Thus, it appears that the Court might view a prohibition against contributions by groups in the same light as a prohibition against contributions by members of those groups:

"The Act's contribution and expenditure limitations also impinge on protected associational freedoms. Making a contribution, like joining a political party, serves to affiliate a person with a candidate. In addition, it enables like-minded persons to pool their resources in furtherance of common political goals. The Act's contribution ceilings thus limit one important means of associating with a candidate or committee, but leave the contribution free to become a member of any political association and to assist personally in the association's efforts on behalf of candidates. And the Act's contribution limitations permit associations and candidates to aggregate large sums of money to promote effective advocacy. By contrast, the Act's $1,000 limitation on independent expenditures "relative to a clearly identified candidate" precludes most associations from effectively amplifying the voice of their adherents, the original basis for the recognition of First Amendment protection of the freedom of association. See *NAACP* v. *Alabama*, 357 U.S., at 460. The Act's constraints on the ability of independent associations and candidate campaign organizations to expend resources on political expression "is simultaneously an interference with the freedom of [their] adherents." *Sweezy* v. *New Hampshire*, 354 U.S. 234, 250 (1957) (plurality opinion)." *Buckley*, at 22

In the same vein, the Court found that the Act's contributions limitations were drawn with adeqaute precision and narrowness—focusing only on the potentially corrupt aspects of political association, those limitations allow political expression through a variety of methods, including participation by special interest groups:

"The Act's $1,000 contribution limitation focuses precisely on the problem of large campaign contributions—the narrow aspect of political association where the actuality and potential for corruption have been identified—while leaving persons free to engage in independent political expression, to associate actively through volunteering their services, and to assist to a limited but nonetheless substantial extent in supporting candidates and committees with financial resources.[21] Significantly, the Act's contribution limitations in themselves do not undermine to any material degree the potential for robust and effective discussion of can-

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[21] While providing significant limitations on the ability of all individuals and groups to contribute large amounts of money to candidates, the Act's contribution ceilings do not foreclose the making of substantial contributions to candidates by some major special-interest groups through the combined effect of individual contributions from adherents or the proliferation of political funds each authorized under the Act to contribute to candidates. As a prime example § 610 permits corporations and labor unions to establish segregated funds to solicit voluntary contributions to be utilized for political purposes. Corporate and union resources without limitation may be employed to administer these funds and to solicit contributions from employees, stockholders, and union members. Each separate fund may contribute up to $5,000 per candidate per election so long as the fund qualifies as a political committee under § 608(b)(2). . . ." *Buckley*, at 28

didates and campaign issues by individual citizens, associations, the institutional press, candidates, and political parties." *Buckley*, supra at 28–29.

The Court in footnote 31, cited in the immediately preceding quotation, apparently noted with favor the participation by special interest groups in campaigns:

The question of participation by groups in political campaigns also arose in connection with the Court's examination of the Act's campaign disclosure requirements, which were ultimately held to be constitutional. The Court states that included in the right to group association is the right to pool money. It would thus seem that any law prohibiting groups from making political contributions might be held by a court of law to violate the associational right of the members of those groups by preventing the pooling of resources and money, which are necessary elements of free speech:

"As we have seen, group association is protected because it enhances "[e]ffective advocacy." *NAACP* v. *Alabama, supra*, at 460. The right to join together "for the advancement of beliefs and ideas," *ibid.*, is diluted if it does not include the right to pool money through contributions, for funds are often essential if "advocacy" is to be truly or optimally "effective." Moreover, the invasion of privacy of belief may be as great when the information sought concerns the giving and spending of money as when it concerns the joining of organizations, for "[f]inancial transactions can reveal much about a person's activities, associations, and beliefs." *California Bankers Assn.* v. *Shultz*, 416 U.S. 21, 78–79 (1974) (POWELL, J., concurring). Our past decisions have not drawn fine lines between contributors and members but have treated them interchangeably. In *Bates*, for example, we applied the principles of *Alabama* and reversed convictions for failure to comply with a city ordinance that required the disclosure of "dues, assessments, and contributions paid, by whom and when paid." 361 U.S., at 518. See also *United States* v. *Rumely*, 345 U.S. 41 (1953) (setting aside a contempt conviction of an organization official who refused to disclose names of those who made bulk purchases of books sold by the organization)." *Buckley*, at 65, 66

Thus, the Court's statements in the *Buckley* decision, seem to indicate that a total prohibition on contributions from groups or organizations might be considered an unconstitutional infringement of First Amendment rights.

Apart from the Court's statements in the *Buckley* case with regard to participation by groups in political campaigns, a proposal to totally prohibit political contributions by groups may be analyzed according to the review standards established by the Supreme Court in examining the constitutionality of laws involving First Amendment rights.

Under this analysis, laws affecting a fundamental right, such as freedom of association, are subject to close scrutiny to determine whether they are constitutional (*NAACP* v. *Alabama*, 357 U.S. 49 at 461 (1958) *Bullock* v. *Carter*, 405 U.S. 134 at 144 (1972), *Dunn* v. *Blumstein*, 405 U.S. 330 at 336 (1972), *Buckley* supra., at 25). In its strict scrutiny of such laws, the Court has employed somewhat varying standards. Under one standard, it must be shown that there is at least a "reasonably necessary" interest to justify a law which restricts First Amendment rights (*Bullock* v. *Carter*, supra.). Under a more stringent standard, the Court in some cases has required a showing that there is a "compelling" interest to justify a restriction of First Amendment rights (*Dunn* v. *Blumstein*, supra., *William* v. *Rhodes*, 393 U.S. 23 at 31 (1968)). Yet another standard, employed in the *Buckley* case, requires that the government show a "sufficiently important" interest to justify infringement of First Amendment rights (*Buckley*, supra., at 20). In addition, beyond showing that it has the requisitic interest, the government must employ a statute which is closely and narrowly drawn to meet a specific objective in order to avoid any unnecessary abridgement of First Amendment freedoms (*Buckley*, supra. at 20, citing *Cousin* v. *Wigoda*, 419 U.S. 477 at 488 (1975), *NAACP* v. *Button*, 371 U.S. 415 at 452 (1963), *Shelton* v. *Tucker*, 464 U.S. 479 at 486 (1960)).

Applying the above principles to a proposed prohibition on political contributions from groups, it appears that such a prohibition might be considered an unconstitutional infringement of the right to political association as guaranteed under the First Amendment. The object of such a prohibition would presumably be to avoid corruption or improper influence by special interest groups or elected officials. However, as with the present $1,000 limitation on contributions from individuals, the corruption problem appears to stem from *large* campaign contributions. Thus, a statute whose object is to eliminate corrupt influence of special interest groups would have to focus on that "narrow aspect of political association where the actuality and potential for corruption have been identified" (*Buckley*, supra., at 28), i.e. *large* contributions. At the same time, such a statute should leave persons—individuals and groups—free to assist candidates with financial resources to some extent. A strong argument could thus be made that a statute which totally prohibits political contributions from groups or organizations would not be sufficiently narrowly drawn to meet the standard of review established by the Supreme Court decisions cited above.

Of course, the situation may be changed if the government were able to show that the influence of special interest groups was so corrupting that they should not be permitted to make any political contributions. If such pervasive corruption were shown, a court might find a sufficiently important or even compelling governmental interest to justify a total prohibition against contributions by groups or organizations. Such a showing of corruption would require a factual background far beyond that developed in the *Buckley* case.

It does seem that, in order to reduce the influence of special interest groups on elections, present law might be amended to require groups or organizations to adhere to the same contribution limitations established for individuals. As was stated earlier, qualifying organizations or groups are now permitted to contribute higher amounts than individuals are permitted to donate. It appears that an amendment to establish identical limitations for individuals and groups would be deemed constitutional on the same basis that the Supreme Court in *Buckley*, supra., found the present contribution limitations to be valid.

In addition, in order to reduce the influence of special interest groups, Congress might wish to consider placing further restrictions on corporate and union political action committees or "PACs". However, legislation in this area might also present constitutional problems.

PACs exist under a Federal election law provision which permits labor unions and corporations to establish "separate segregated funds" (2 U.S.C. § 441b(b)(2)(C)). This provision originated as a floor amendment sponsored by Representative Hansen to H.R. 11060 (92nd Congress), which was eventually enacted as Public Law 92–225, 86 Stat. 3. In his statement on the amendment, Representative Hansen pointed out that the provision was intended to codify prior case law and to clarify the meaning of the prohibition against corporate and union political contributions (117 Cong. Rec. 43379 (1971)). On the specific issue of separate segregated funds, Representative Hansen referred to the legislative history surrounding the 1947 amendment to 18 U.S.C. § 610 the predecessor to the present section prohibiting corporate and union contributions, now codified at 2 U.S.C. § 441b. The 1947 Senate floor debate does indicate that Congress did not intend to prohibit political funds or action committees which were organized by a union and contained voluntary contributions from union members. For instance, Senator Taft in discussing the meaning of the proposed prohibition against contributions from corporations and labor unions, stated:

"If the labor people should desire to set up a political organization and obtain direct contributions for it, there would be nothing unlawful in that." 93 Cong. Rec. 6439 (1947)

Shortly after the enactment of Public Law 92–225, the Supreme Court rendered a decision concerning PACs in *Pipefitters* v. *U.S.* 407 U.S. 385 (1972). *Pipefitters* held that "§ 610 does not apply to union contributions and expenditures from political funds financed in some sense by the voluntary donations of employees" *Pipefitters*, supra. at 409. By so construing § 610 in *Pipefitters* the Court thus did not reach the question of whether it would be constitutional to prohibit union or corporate PACs. The Court did, however, note that at the time of the 1947 debate, there was concern among legislators that to prohibit PACs might raise constitutional questions as to the infringement of First Amendment freedoms:

"Senator Taft's view that a union cannot violate the law by spending political funds volunteered by its members was consistent with the legislative history of the War Labor Disputes Act and an express interpretation given to that Act by the Attorney General in 1944.[17] His view also reflected concern that a broader application of § 610 might raise constitutional questions of invasion of First Amendment freedoms, and he wished particularly to reassure colleagues who had reservations on that score and whose votes were necessary to override a predictable presidential veto, see 93 Cong. Rec. 7485, of the Labor Management Relations Act.[18] We conclude, accordingly, that his view of the limited reach of § 610, entitled in any event to great weight, is in this instance controlling. Cf. *Newspaper Pub. Assn.* v. *NLRB*, 345 U.S. 100, 106–111 (1953); *Bus Employees* v. *Wisconsin Board*, 340 U.S. 383, 392 n. 15 (1951). We therefore hold that § 610 does not apply to union contributions and expenditures from political funds financed in some sense by the voluntary donations of employees. Cf. *United States* v. *Auto Workers*, 352 U.S., at 592; *United States* v. *CIO*, 335 U.S., at 123. *Pipefitters* at 408, 499.

On the other hand, in the dissent to the *Pipefitters* case, Justice Powell, who was joined by Chief Justice Burger, states that the language of § 610 clearly proscribes any union or corporate contributions. Thus, he concludes that the Court's holding flatly contradicts the clear and unambiguous statutory language. The dissent makes no mention of any possible constitutional problems involved in prohibiting union or corporate PACs but does acknowledge that union members as well as stockholders are free to make political contributions individually (*Pipefitters*, supra. at 446).

Thus, as was stated earlier, in any attempt to limit the influence of special interest groups on elections, Congress might deem it advisable to amend 2 U.S.C. § 441b to impose more stringent restrictions on corporate and union PACs. Although the Supreme Court has never specifically ruled on the issue of whether the establishment of such PACs is constitutionally protected, it appears that an outright prohibition of them may raise constitutional questions. Similarly, legislation to seriously limit the operation of

PACs might also raise constitutional problems.

Mr. CLARK. The title is "Analysis of Constitutionality of Proposal to Prohibit Groups or Organizations from Making Political Contributions."

Although the memorandum does not state specifically that they feel it is unconstitutional, they cite various parts of the Buckley against Valeo opinion in which they conclude, or seem to conclude—the Senator can draw his own conclusions after having read the memorandum—that it may well be unconstitutional.

I just cite it.

Mr. CHILES. I do not know who "they" are.

Mr. CLARK. I am speaking of the Congressional Research Service, only of them. Let me cite a couple or three sentences from that memorandum:

The most pertinent case concerning this issue is the Supreme Court decision in *Buckley* v. *Valeo*, 424 U.S. 1 (1976), which dealt with the constitutionality of The Federal Election Campaign Act Amendments of 1974, Public Law 93-443, 88 Stat. 1291. Although the constitutionality of a total prohibition against contributions from groups or organizations was not at issue in *Buckley*, the Court did discuss the right of an organization to pool resources and money as an associational right.

Then it goes on in further detail that the Senator can read, and I will read just two more sentences.

Mr. CHILES. Sure.

Mr. CLARK—

In addition, in examining the Act's disclosure requirements, the Court in *Buckley*, stated that included in the right to group association is the right to pool money. It would thus seem that any law prohibiting groups from making political contributions might be viewed as a violation of the associational right of the members of those groups—such a prohibition would prevent the pooling of resources and money, which are considered necessary elements of free speech.

Mr. CHILES. I am sure, like many issues, you could raise a constitutional issue and there may be a valid constitutional issue here. I have a hard time trying to just think through what would be the constitutional prohibition of saying that only individuals could contribute because I find—I just fail to see how that would be an unfair classification.

It would seem to me it would have to fall on the basis of being some kind of unreasonable or unfair classification.

We do not allow individuals to pool and cast some kind of a weighted vote. We say that is reserved to individuals to cast their vote.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. CHILES. Excuse me, just answering the question a little more fully, I think if you drew that in such a way as to, perhaps, not be fair as to how much a person could contribute or something to that extent, but it seems to me that with a limitation of some amount on the part that a person could give, then it is not discriminating against people whether they are or are not in a group, and as long as it was not some discriminating feature——

Mr. CLARK. Mr. President, if the Senator will yield.

Mr. CHILES. Yes.

Mr. CLARK He may well be right But there is this consideration. Suppose you have, let us say, one individual who under the present law can contribute $1,000, and $1,000 only.

Mr. CHILES. Certainly.

Mr. CLARK. But suppose you have 1,000 people who are, let us say, very poor people. Let us say they could afford, felt they could afford it, a $1 contribution. The advantage that group has is in pooling their one dollars to $1,000 to match the one so-called fatcat or relatively wealthy person who can contribute that; and it could be argued, it seems to me, at least this memorandum points to that problem, I think, that you are denying them the right to pool their money, to have the same kind of impact as one wealthy individual.

Mr. CHILES. I really do not see that as denying them any right. I think each one of them can contribute his dollar and they can all go to a hall if they want to and all raise their hands and say, "We are all going to contribute our dollars,'" but they contribute their dollar in their individual names as opposed to contributing it in the name of some kind of a group.

I think I do not see anything that prohibits that. If they want to have the group deliver their money they could do that. But when I weigh that, and I think the court would weigh any kind of advantages against disadvantages in any item like that, I think they have to, and I think when the court sees and looks at the same kind of facts and figures that some of you all have been citing now about the PAC's, what they are contributing, the kind of force and effect they are getting as opposed to individual contributions, that is where I come down on the fact that I think the court is going to follow the logic of deciding it would be much better to have individuals contribute.

Mr. DANFORTH. My response to that would be I am all for you. However, I have serious doubts about what a court would do, and my belief, on the basis of Buckley against Valeo, is that unless the court really overrules that case there can be no limitations placed on what an association of individuals or group or PAC can do indirectly on behalf of a campaign, including spending money so long as that expenditure of money is not coordinated with the campaign itself.

It can be very helpful. It can amount to buying radio and television time so long as it is not keyed in or coordinated with the campaign.

Therein is fear that there is no constitutional possibility of solving this problem and, so long as special interest money is unlimited under the Supreme Court's decision, it seems to me that it is unfair under this bill to limit what can be spent by people other than special interest groups.

Mr. CHILES. I see the point that the Senator is making. I would say, though, I think to interpret what the Court's action would be, you would have to look at it, with a set of facts that exist if you had this kind of prohibition, because I think the Court might look completely differently at these organizations in what they have allowed them to do or the ways they have said you can or cannot limit them, if it were provided that only individuals could give. I think now you have changed completely the set of facts from which the Court is then making its judgments and rationale on all of the other matters. I think you might find the Court looking at it in a completely different way.

Mr. DANFORTH. I am for you, but if I were a lawyer I would not want to give a legal opinion that the Court would so hold; therefore, I would not want to gamble in enacting this particular statute in the hopes that the Court would uphold this kind of amendment.

Mr. CHILES. I am delighted to hear what the Senator's comments are, because it seems to me it is still an issue that can, in effect, stand on its own and then you attack all of these other issues as you go up whether you have or have not adopted that. Certainly I do not say that cures everything in this area that we are trying to deal with. But I still think it would be very salutary for the electoral process that we are dealing with here and from the standpoint of allowing people to get back into the process.

Mr. PACKWOOD. I might suggest to the Senator from Florida, there might be two possible ways that the amendment could be written to be safe.

One, the court, not the Supreme Court, but the Federal courts of appeals have already held that we can constitutionally ban corporations and unions from giving their own internal money to politics.

Mr. CHILES. Yes.

Mr. PACKWOOD. The Court came down and decided for the benefit of good Government we can ban that. They might extend that to all organizations, they might. If not, certainly in the Buckley case the Court did say you can put a contribution limit on what organizations could give and individuals could give and you could put a limit on what an organization can give of $5 or $10 or $25, certainly removing any taint of large special interest money and still have a contribution limit which I think the Court would uphold.

Mr. CHILES. I think the Senator might have a good point.

I thank the Senator from Missouri for yielding.

Mr. RIEGLE. Mr. President, will the Senator yield at that point?

Mr. DANFORTH. I yield to the Senator from Michigan on the understanding that I have not yielded the floor.

Mr. President, I am a little bit embarrassed for talking so long. I have about another 10 or 15 minutes' worth of points that I would like to make but I have been going on at such length. I do not intend myself to be engaging in a filibuster, but it sounds that way. It is the longest I have ever spoken on anything in my life. But I will accommodate the Senator from Michigan on the understanding that I will retain the floor when he finishes his remarks.

Mr. RIEGLE. I thank the Senator for yielding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. I thank the Senator for yielding.

I say I have been in the Chamber for the bulk of the Senator's comments. I have enjoyed what he had to say and the comments by some others which have been stimulating.

I appreciate very much his yielding to me at this time so I might make some remarks myself about this legislation.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield merely for an order?

Mr. RIEGLE. I yield.

FOREIGN RELATIONS COMMITTEE MEETING

Mr. ROBERT C. BYRD. Mr. President, under rule XXV of the standing rules of Senate:

When the Senate is in session, no committee of the Senate or any subcommittee thereof may meet, without special leave, after the conclusion of the first two hours after the meeting of the Senate commenced and in no case after two o'clock postmeridian unless consent therefor has been obtained from the Majority Leader and the Minority Leader (or in the event of the absence of either of such Leaders, from his designee). The Majority Leader or his designee shall announce to the Senate whenever consent has been given under this subparagraph and shall state the time and place of such meeting. The right to make such announcement of consent shall have the same priority as the filing of a cloture motion.

Mr. President, the distinguished minority leader and I have agreed to give consent to the Foreign Relations Committee at the request of the distinguished chairman of that committee, Mr. SPARKMAN, to meet today at 3:30 p.m. in room S116 of the Capitol.

I thank the distinguished Senator.

Mr. SPARKMAN. Mr. President, will the Senator yield briefly?

Mr. RIEGLE. I yield.

Mr. SPARKMAN. We have a conference report and I do not think it will take more than 2 or 3 minutes if I might be able to call that up at this time.

Mr. RIEGLE. Let me say to the Senator, if it is something that will take that short a time, I would certainly be willing to yield but I would indicate the Senator from Missouri has yielded to me and he holds the time. I just would want to clarify the parliamentary situation so that I do not violate my understanding with him in his agreement that he yield to me on his time and take this time.

Mr. SPARKMAN. Senator Baker is due to be here.

Mr. ROBERT C. BYRD. He is on his way.

Mr. SPARKMAN. He is on his way over here.

Mr. RIEGLE. As I say, I would certainly be willing to yield to the Senator but I have my understanding with the Senator from Missouri, who is just coming through the door. I want to inquire of him whether he would have objection to that.

Mr. SPARKMAN. May I ask the Senator from Missouri?

The Senator from Missouri I understand has the floor. We have a conference report. I think it will take only a very few minutes to dispose of it.

Mr. DANFORTH. Of course.

Mr. SPARKMAN. Will the Senator yield?

Mr. DANFORTH. Yes, certainly, as long as I retain the floor.

Mr. SPARKMAN. Certainly.

I ask unanimous consent that he retain the floor.

The PRESIDING OFFICER (Mr. BENTSEN). Without objection, it is so ordered.

Mr. DANFORTH. Mr. President, it is my understanding that I will retain the floor.

The PRESIDING OFFICER. It is the understanding of the Chair the Senator from Missouri retained the floor and yielded only for the Senator from Alabama to call up a conference report.

Mr. RIEGLE. Might I inquire, it would be the intention of the Senator from Missouri at the time I finish to allow me to make my statement before I yield the floor back to him.

Mr. DANFORTH. Yes, certainly.

Mr. RIEGLE. I yield now.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. We are waiting for Senator BAKER to come in. He is on his way and, as a matter of fact, I thought he was in the cloakroom.

STATE DEPARTMENT AUTHORIZATIONS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on H.R. 6689, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BENTSEN). The report will be stated.

The second assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6689) to authorize fiscal year 1978 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House preceedings of the RECORD of July 26, 1977.)

Mr. SPARKMAN. Mr. President, because the conference report on H.R. 6689, the Foreign Relations Authorization Act for fiscal year 1978, provides a detailed explanation of the recommendations of the committee of conference, and because those recommendations so closely parallel the bill as passed by the Senate, I will not take the Senate's time for a detailed discussion of the legislation.

The principal purpose of the bill, Mr. President, is to authorize fiscal year 1978 appropriations for the State Department, the U.S. Information Agency, and the Board for International Broadcasting. Concerning these budgetary amounts, I ask unanimous consent to have printed in the RECORD a table comparing the executive branch requests in the various authorization categories, the amounts approved by the House, the Senate amendments to those figures, and the final conference agreement.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1978

[Table shows the executive branch request, the provisions of the House bill, the Senate amendment, and the conference substitute, with respect to the authorization of appropriations]

[In thousands of dollars]

Program	Executive branch request	House bill	Senate amendment	Conference substitute
Department of State:				
Administration of foreign affairs	741, 820	762, 005	742, 426	[1] 762, 005
International organizations and conferences	400, 537	389, 412	389, 462	[2] 389, 412
International commissions	31, 278	21, 839	21, 839	21, 839
Educational exchange	83, 100	88, 100	101, 100	94, 600
Migration and refugee assistance	30, 054	53, 054	64, 554	[3] 63, 554
Subtotal	1, 286, 789	1, 314, 410	1, 319, 381	1, 331, 410
U.S. Information Agency:				
Salaries and expenses	269, 286	269, 286	269, 286	269, 286
Special international exhibitions	4, 360	4, 360	4, 360	4, 360
Acquisition and construction of radio facilities	13, 032	19, 872	19, 872	19, 872
Subtotal	286, 678	293, 518	293, 518	293, 518
Board for International Broadcasting	63, 985	68, 980	63, 985	[4] 68, 980
Total	1, 637, 452	1, 676, 908	1, 676, 884	1, 693, 308

[1] Beyond the executive branch request for administration of foreign affairs, the conference substitute provides $19,559,000 in additional foreign building funding in order to acquire certain rental properties, $441,000 for new passport field agencies, $165,000 for 6 new positions in the Department's Bureau of Oceans and International and Scientific Affairs, and $20,000 for 2 consular positions.

[2] See United States-European Community Interparliamentary Group.

[3] Beyond the executive branch request for migration and refugee assistance, the conference substitute provides and earmarks an additional $20,000,000 for assistance to refugees from the Soviet Union and countries in Eastern Europe, and allows an additional $7,000,000 for African refugees, $6,000,000 for the resettlement of refugees in the United States, and an additional $500,000 contribution to the International Committee for the Red Cross.

[4] See currency fluctuations and RFE/RL operations.

Mr. SPARKMAN. Since the activities to be carried out using funds in the various authorization categories were discussed at some length during the Senate's original consideration of this bill, Mr. President, I believe it should suffice now to say that the figures in the conference report differ only slightly from those approved at that time by the Senate.

Concerning the nonbudgetary, or policy, amendments, Mr. President—a number of which were significant—I believe that the conference was very successful from the Senate perspective; indeed most of the provisions in the Senate-passed version of the bill have been retained with little or no revision.

Thus, in both its budgetary and policy provisions, H.R. 6689 stands little changed from the bill which passed the Senate; and on that basis, Mr. President, I move the adoption of the conference report.

Mr. GRIFFIN. Mr. President, I intend to support the conference report, but before we dispose of it, I would like to call attention to one matter of particular interest to the junior Senator from Michigan and myself, and also to the Senators from Connecticut and the Senators from Texas.

Speaking as far as the Michigan situation is concerned, over a long period of time, 10 years or more, there has been an effort to have a passport office located in the city of Detroit.

There are a number of field passport offices around the country. There is one in Chicago, for example. But although the number of passport applications has continually increased at Detroit, we have always had difficulty getting the State Department to go along with the establishment of a passport office in Detroit.

A preliminary study has indicated that passport applications from the city of Detroit alone will reach 65,000 by the end of 1977. Without taking the time of the Senate to go into further detail, there is overwhelming justification for the location of such an office. I understand that the House International Relations Committee, for a number of years, has been trying to get out of the State Department some definitive study or statement of policy, and the State Department has had underway a request for a study and report concerning its future plans with respect to the processing of passports.

The Senate Foreign Relations Committee—and I am grateful to them—adopted an amendment to the Senate version of the bill authorizing the establishment of a passport office at Detroit and one at Houston, Tex. Then later, when the bill came to the floor, the Senator from Connecticut (Mr. WEICKER) offered an amendment, which was adopted, specifically line iteming the authorization of a passport office in Connecticut. The authorizations for Houston and Detroit were not specifically mentioned in the bill itself, but were referred to in the Senate report.

In addition, the Appropriations Committee has approved funding for these three offices. I do not think there is any difficulty now. It seems to me that with the adoption of this conference report and the provision of money, we should be able to expect that the State Department, despite their long reluctance, will now proceed to establish these three passport offices. But, knowing the State Department and having had a lot of experience with the way they operate, I do not take anything for granted, because I know that if there is any loophole anywhere, the State Department will find it and rely upon it.

I notice that in the report of the conferees on page 30, at the bottom of the page, it makes reference to this matter, and reads:

> The conference substitute omits the earmarking in the Senate provision but retains the funds provided for passport offices in the Senate provision for Houston, Detroit, and Connecticut. The committee of conference, however, emphasizes that it is important that the Passport Office be able to provide passports efficiently and conveniently to Americans and, therefore, urges the Secretary of State to conduct a comprehensive review of present and anticipated requirements of passport field offices and to report his findings to the appropriate committees of Congress by January 1, 1978. In view of the fact that authority and funds are now available for passport offices in Houston, Detroit, and Connecticut, the committee of conference intends that the Department, without awaiting the results of this report, give priority attention to the establishment of these three offices.

Obviously, then, the State Department can no longer say that they are going to wait for some report. I would like to direct a question to the distinguished chairman of the Senate Foreign Relations Committee, and ask him if, based upon his participation in the conference, I am correct in my expectation that now the State Department will proceed with the establishment of those three passport offices.

Mr. SPARKMAN. Well, we certainly expect them to, and I believe they will. I cannot guarantee what they will do or what they will not do.

By the way, in this connection, the lady who has conducted the passport office for all these years, Frances Knight, has just retired. We all know that Frances did not always have an easy time. In fact, she found herself having to fight the good fight for a long time in order to get good passport service for the citizens of the United States.

Mr. TOWER. Mr. President, will the Senator yield at that point?

Mr. GRIFFIN. I yield.

Mr. TOWER. I might note that that was through several administrations, both Democratic and Republican.

Mr. SPARKMAN. The Senator is correct. It ran over a period of many years.

I want to pay tribute to Frances Knight for the tremendous job she did against tremendous odds over the years. I think it is only right we should do this at this time when she is retiring from service.

Returning to the question of the field passport offices, we do intend for these offices to be set up and operated. As I stated, funds are available. I assure my colleague on the Foreign Relations Committee I will stand right by his side, and also with the Senator from Texas and Senator WEICKER of Connecticut, on this matter. I will do all I can and I am sure other Senators will, too, to see that the spirit of this is implemented. I do not know of anything further I can say.

Mr. RIEGLE. Will the Senator yield at that point?

Mr. GRIFFIN. I yield.

Mr. RIEGLE. If I could add to the comments of the senior Senator from Michigan, just speaking for a moment of the Detroit offices, the Detroit area, as all know, is an area of tremendous ethnic mix, people coming to work in the automobile plants, and so forth. I can say from my own personal experience that the volume of passport business is so large and the backup is such that there is ample justification and need for this office.

I just want to say that I appreciate the strong statement the Senator has just made. I believe with the help of the committee, and giving the State Department a constructive nudge, we ought to be able to get this done. In terms of the authorization and appropriations, the offices are needed, and there really is no excuse for them not following through and getting this job done. I also would appreciate the Senator's help and the help of the committee in accomplishing that. I thank the Senator for yielding.

Mr. SPARKMAN. I appreciate the remarks of the Senator. I feel confident it will be done. I believe the Senator can take considerable comfort in the fact that his colleagues will be working very hard with us on this, too.

Mr. TOWER. Will the Senator yield?

Mr. GRIFFIN. I yield.

Mr. TOWER. I want to associate myself with the remarks made by my distinguished colleague from Michigan, and I also thank the Senator from Alabama for his sympathy and attention on this matter. I believe the State Department is so much oriented to external affairs that sometimes the State Department fails to take into consideration that they have a few domestic responsibilities as well. They are a service organization for the people of this country. Actually, I believe we need more passport offices than are specified here, in Houston, Detroit, and Connecticut.

We have a highly mobile population. The junior Senator from Michigan has alluded to the ethnic mix in Michigan. I think that is generally true over the country, people returning to the lands of their origin or the origin of their mothers and fathers, or grandparents.

Too, the United States is more involved in international affairs than at any time in its history. In the case of Houston, Tex., Houston is regarded as the energy capital of the world. Although the State of Texas does not produce the relative percentage of energy for the world that it once did, it still is the largest energy producing State in this country. It is the major petrochemical center of the United States. It maintains in Houston most of the technological know-how for the exploration and development of new facilities everywhere in the world. The fact is that the expertise of Texas in the energy business is being exported all over the world. For that reason, it is important that those people who are in-

volved in the energy business in Houston have access to a passport office.

I might note that up to this point Texans have had to go to New Orleans to get their passports. New Orleans is a splendid city and one in which I believe Texans enjoy themselves. The fact of the matter is from the standpoint of expedition we need a passport office in Houston. I believe some 65 percent of the passport applications processed by the New Orleans office originate in Texas. Therefore, there should be an office in Houston.

I would be remiss if I did not note that the people of the Dallas-Fort Worth metroplex feel there should be a passport office located there. They did not get their bid in as early as Houston did. Houston has been trying for a passport office for 15 years, almost from the time I came to the Senate. I believe it is long overdue that the needs of Houston, which is now the fourth largest city in the United States, be recognized, and the area served by Houston. We urge the Department of State to get on with the business of establishing a passport office there.

I hope that, by taking this step and establishing these offices in Detroit, Connecticut, and Houston, they will go beyond that and establish more passport offices throughout the United States. With our ever more mobile population in this country, I believe we need to urge the State Department to focus on its domestic responsibilities as well as its international responsibilities. I thank my friend from Alabama.

Mr. SPARKMAN. Let me say to the Senator from Texas I certainly agree with all he has said. It is true that back a good many years ago there was very little sympathy in the State Department, as such, with problems such as passport offices. Again I say we should be everlastingly grateful to Frances Knight. She had a very difficult time ever getting the State Department to accede to the fact that we needed this passport work. They finally did come around to it and she has done a tremendous job over the years.

Mr. TOWER. If the Senator will yield, I would like to join him in his tribute to Frances Knight. She has done an extraordinary job. In the face of extraordinary inertia at the State Department she was a tireless advocate for extending this service within the easy availability of more people in this country. She is to be commended for that.

I think what we do here as a step in that direction is a tribute to her efforts.

Mr. SPARKMAN. I do want to say this, that the State Department did come around and did work with her in the concluding years of her service. I feel certain we will have full cooperation from the State Department hereafter with regard to the Passport Office.

Mr. TOWER. And that is the intent of this legislation.

Mr. SPARKMAN. That is the intent of this legislation. We are saying that this shall be done. Funding is already authorized.

Mr. GRIFFIN. I thank the chairman for that very definitive response. I will just take another few moments to say that I felt this colloquy was necessary in view of the fact that there was a State Department representative present at the conference. When he was asked what would happen, his answer, unfortunately, was something less than unequivocal.

These conferences now, of course, are all conducted in the sunshine under our new procedures, and there are transcripts available. I have had a chance to review the transcript.

When Senator PERCY was pressing in the conference on this matter, he turned to Mr. Atwood of the State Department and asked whether or not they would go ahead and set up these offices forthwith. Mr. Atwood's response was:

> Let me say this: I cannot give you a definitive answer on that because we are still studying the question. There is a very important demographic study which is being accomplished.

That is the reason I am going through this. That is the kind of a response we get out of the State Department, which is typical of those received over the years.

Of course, the State Department does not do the legislating, so it really comes down to what we mean.

On the House side, as the distinguished Senator from Alabama knows, the Congressman from Florida, Mr. FASCELL, is a key person. He is the chairman of the subcommittee dealing with this particular subject. At one point in the transcript of the conference he said:

> Mr. Chairman, as far as I know, nobody objects to a passport field office in Connecticut. I understand that the Senate amendment on the floor, is that correct, added additional money for use of Detroit but did not specifically identify in legislation those new offices.

Then Senator PELL said, "But we also had Houston, did we not?"

Mr. FASCELL said, "Houston and Detroit."

Senator PERCY. "Houston was the other as the fastest growing area in the country."

Then Mr. FASCELL went on in the transcript to talk about the study that they were trying to get out of the State Department. Then he said:

> We would suggest that we leave all the money in there, write language in the conference that we support those offices—namely, Connecticut, Houston, and Detroit—on a priority basis, we disengage those offices from our request for a report. Let me just add why we think the report is essential, but it has nothing to do with these three offices.

Then, at another point, Mr. FASCELL, in the transcript, after talking about the study again, says this:

> So the House is very strong on getting this kind of report from the State Department and doing it by the first of the year. That is quite separate and apart from the requirements and the needs of the three offices that have already been alluded to.

Senator SPARKMAN then said: "Is that satisfactory with the State Department?"

Mr. FASCELL said: "It had better be."

Mr. Ritch, of the Foreign Relations Committee staff, then said:

> Mr. Chairman, does the staff understand that the report language should say that the unequivocal intent of the conferees is that work begin on those three offices with this money?

Senator SPARKMAN replied: "Yes."

Mr. FASCELL then added: "Same priority. OK."

I just want that in the RECORD here so that I hope we shall have the cooperation of the State Department.

I thank the chairman.

Mr. SPARKMAN. I believe we will have that cooperation. I do not see how we could state our purpose, our intention, more strongly than has been done.

I give the same assurance to the junior Senator from Michigan. I appreciate his yielding time.

Mr. President, I move the adoption of the conference report.

Mr. SPARKMAN. Mr. President, on April 1, 1977, the Official Conduct Amendments of 1977 (S. Res. 110) was adopted by the Senate. That resolution contained the following provision:

> SEC. 305(a) The Committee on Foreign Relations shall review the problem of travel, lodging, and other related expenses provided to Members, officers, or employees of the Senate paid for by foreign governments in the situation where it is not possible to produce transportation, lodging, or other related services or to reimburse the foreign government for those purposes.
>
> (b) The committee shall report the results of its review under subsection (a), together with its recommendations, to the Senate within ninety days after the day on which this resolution is agreed to.

On June 28, the Senate approved a 30-day extension of the time for the report required by section 305. It was the intention of the Committee on Foreign Relations to include in its report a consideration of the conference action on the Foreign Relations Authorization Act of 1978 (H.R. 6689). Section 458 of the Senate-passed version of that legislation addressed the entire area of foreign gifts and decorations including the acceptance of travel paid by foreign governments. However, the Committee on Conference filed its report on H.R. 6689 Thursday, July 28. Consequently, the Committee on Foreign Relations will not have enough time to adequately study this report and meet its July 30 deadline.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER (Mr. JOHNSTON). The Senator from Michigan is recognized under the previous order.

Mr. RIEGLE. I thank the Chair. I want to say at the outset, before we return to the matter we were discussing before, that I appreciate the comments and assurances of the Senator from Alabama, the chairman of the Committee on Foreign Relations. As always, his willingness to respond in matters of this kind is appreciated very much by me.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

Mr. RIEGLE. Returning to the matter that was before us previously and continues before us—namely that of the

Campaign Financing Act—I have some remarks with respect to the general thrust of that bill which I wish to make at this time. I shall be brief, because the Senator from Missouri has been kind enough to yield to me on his time. I am conscious of the fact that he wishes to conclude. I want to make some summary comments at this time. I am going to submit additional remarks as part of my statement at the end of my remarks.

I strongly support this legislation and I think this is one of the most important matters to come before this Congress or, for that matter, any Congress. Those of us who recently have had the opportunity to run for the U.S. Senate under the new campaign financing rules that were in effect in 1976, I think, are the ones who would likely have the keenest appreciation for the difficulties that any candidate faces—any candidate, I might say, who is not a self-financing candidate, because that is a different ball game. But for those of us who are not self-financing candidates, there are difficulties that we face and which other future candidates will face in raising the amount of money necessary to mount effective Senate campaigns in the 50 States of this Union.

My State has its own unique characteristics, as they all do, but my State is a State of roughly 9.5 million people. It is a very large State geographically, seventh in population in the country. I must say that reaching people, communicating with constituents sufficiently and effectively enough that they are in a position to evaluate my candidacy versus the others seeking election is a very difficult job. I am frank to say that one cannot do it on foot. It would be nice if that were possible. But because one cannot hope to reach, on a person-to-person basis, all the voters of a State of that size, or, for that matter, any State in our country, one has to rely on other methods of communicating the purposes of the campaign and the meaning of his or her candidacy. To do that, in order to be able to communicate effectively, to convey the information that voters need to have to make an informed judgment, unfortunately, requires large sums of money. Let me give just one example.

A 60-second television spot in Detroit, Mich., which covers the metropolitan area around Detroit, in prime time, costs $2,000 I have heard other speakers suggest that the way to go out and raise campaign money is to go about and make personal solicitations, ask for $1 a head. I have done that more times than I can remember. I have raised a lot of $1 contributions that way. But I tell you, it takes a lot of senior citizens pitching $1 in a hat before you have $2,000, before you can go down to a Detroit television station and buy the right to be on one station one time for 60 seconds.

That is the issue here, the ability to reach voters, to communicate effectively with voters so you have some kind of fighting chance to get your views across and have a competitive chance to win. The heart of this bill is the question, really, of who can afford to run for the U.S. Senate. Today, the hard fact is that not very many people—not very many people—can.

In this area, in my judgment, we talk about democracy and we talk about every man and woman having his or her own chance. That is, in large measure, fiction. The frank facts are the tough, hard, strategic requirements of being able to run for an office in this body, the U.S. Senate.

In my campaign last year, I raised something on the order of $800,000 in contributions over a period of a year and a half. I would say that I spent at least a third of my time endeavoring to raise that money. I might also say that struggling to raise that money took time that I was not able to spend doing other things in the campaign that I would have liked to do more of. For example, I was not able to go out and meet as many citizens as I would have liked to at plant gates, community meetings, or going door-to-door—in large measure because I needed those hours to go out and solicit money so that I could have the right and the ability to communicate with the large number of people in my State.

I wish television were free in terms of serious political campaigns of like candidacies for the Senate or the House. I wish we had access to television time. I think it is the best purpose television can be put to if we are going to be serious about self-government. But that is not the way the system works. Television is not free. You have to pay for it. Because you have to pay for it, most people who sit in this Chamber today as spectators cannot even think about the possibility, in a practical sense, of running for the U.S. Senate.

It does not matter how good they are, how well motivated they are, or what kind of service they might bring to this body. They are precluded because they do not have the money and they do not have a practical way to get the money.

That is a defect in our system. It has given us, in my judgment, Congresses now for 200 years that have been less than they might have been—more so in recent years, because as the cost of campaign activity, the price of communicating, of reaching people, has gone up, it has priced more and more people out of any practical chance to run for any public office.

President Jimmy Carter is a case in point. In the last election, we had public financing in the Presidential race. In my judgment, that is the main reason he is President today. Take away public financing from last year in the Presidential race, and Jimmy Carter would not be President.

He would not be President. And that is a very vivid illustration to me, because the change in that law, in public financing in Presidential races, created an opportunity for that particular individual to come forward as a viable candidate, and today he serves as President.

The same thing applies here. If we have public financing available in the Senate races, there will be candidates who will then have the chance to run and who will come forward to run, who will have a fighting chance to win, and many of them will win, and they will be here in this body, bringing talents and capacities that otherwise would have no chance to get here.

I say to my friends on the other side of the aisle—and I spent time on that side of the aisle—they know as well as I do the difficulties of the candidate who is not self-financing, not a millionaire, not lucky enough to have done well in private investment, or having been born into a family with great wealth, the difficulties, the hard, tough realities of raising the money that is necessary to have to be a viable candidate for statewide office.

So most people cannot participate, and that becomes the part of the effort.

It is not hard for me to understand why people are frustrated about the American system of government, disheartened about it. It is partly because we do not do as good a job as we ought to, but also that people are smart enough to know the government does not really belong to them, because there is a pervasive special interest quality to the way our system works.

There are the campaign contributions, and it is reflected finally in who has the chance to run and who gets elected. That is not a desirable feature of this democracy of ours and it is something that needs to be improved.

Some will say that this bill does not do it perfectly. I grant that. This is not a perfect bill. We never have had a perfect bill in the Congress. We have not had one in 100 years because it is not possible to make something that is absolutely perfect, and certainly so in an area as complex and difficult to legislate in as this one.

So my mind is open to any constructive amendments anyone wants to suggest about ways to improve and strengthen this legislation and this concept, and to put into effect the means for people in this country who care about public service and who have the capacity to serve and the desire to serve, to have the practical ability to be able to come forward and to be viable candidates, and to be able to come forward on equivalent footing with anybody in this Chamber, myself very much included. Because I want here, in the end, a Senate that is made up of the best people in this country who are willing to come forward and, on the basis of some kind of fair competition, can earn the confidence of the American people and come here to govern.

That is what I want to see here. I think as to the people of this country today who feel that politics is off limits to them, that they have been foreclosed from any real participation, if we can enact this public financing legislation, that there will be tens of thousands of people across this country who will accept this proposition. I think there will be millions of younger people who will say to themselves, "Maybe there's a chance for me some day to have the chance to run and serve in the U.S. Senate."

I want the younger people of this country to feel that way. But I know young people well enough, I think anybody here does who thinks about it, to know that

young people today are savvy enough to see exactly how the game is worked, to see who gets elected, the sums of money it takes, where it comes from, out of private fortunes and special interest sources. They know the game is largely closed off and that is an enormous part of the frustration in this country today toward self-government.

We can correct that here in very large measure by doing, in effect, exactly what has been done in the Presidential race.

Now, who wants to come forward and allege that we are less well off today, having passed campaign financing reform legislation of this sort in the Presidential race, than we were before?

There are very few people that I think are prepared to even try to make a persuasive case that we ought to go back to the old system in the Presidential race. I think the one test we have had already shows that system works, and works well. I think the public is satisfied with it.

I think the public is willing, on the basis of the $1 checkoff in the tax credit, to go to the same approach in the Senate races and, in effect, buy their way into this process and buy out the special interests that have dominated in too large a measure for far too long.

Unless anybody is mistaken, if we pass this legislation, this does not force anything down anybody's throat because no citizen has to participate that does not want to participate and no candidate has to participate who does not want to participate.

So people are free to take part or stay out, as they will. But it is my judgment that the vast number of people will elect to take part because this is an effective mechanism for dealing people back into Government.

I have known a lot of people at all levels of our society and I have seen a lot of people from a variety of backgrounds that today, for practical reasons, reasons of money-raising and raising campaign finances, cannot run for public office, cannot run as a practical matter because they just do not have the resources to do so and no practical way to get them.

But I think they are men and women of quality that is at least equal, and integrity that is at least equal, to what we have today in this body, or in the House, to be found in every profession, in every walk of life across the American scene. And what more profound message could we deliver, the year just following the Bicentennial, to the people of this country than to say, "Look, come on in, come on into this system and have the chance to run and be a viable condidate for an office as high as the U.S. Senate."

I like that. It is what this country is supposed to be about and it is long overdue.

I have a firm conviction that if we adopt this system and let it run for a few years, we are going to have a better Senate and a better House. Even if the same people here today were to be reelected in the facet of adequately financed challengers, I think the Members here being reelected with that tougher competition would be better Members.

I think we all would, facing that kind of pressure and facing that kind of competition.

I believe in it. This is competition in politics.

It is nothing that I think my friends on the Republican side of the aisle ought to fear. I think they ought to embrace it. I think this is very much in their interests, to open doors in their own party as well as in the party that I represent. It is a whole new set of conditions to people who before have been frozen out. I think that is what this is about. It is about who our Government is going to be and who, in effect, will be in control.

I will conclude this thought. Many people say, "Well, even though you take special interest money and finance campaigns that way, in the end the men and women elected can free themselves up from the pressures, the implied obligations that go with having taken that money."

Some can. Some cannot. But I doubt there are very many people in this country that will be persuaded that those of us here—and it involves essentially everybody—that have received some amount, large or small, are not in some way influenced by it, affected by it. And try as we might not to be, that does not do anything about the appearance of it, that does not do anything about the potential of it, and it need not be that way.

We do not have to finance our system that way, and we ought not to. I think the reform laws we have adopted in terms of limitations that affected us in the last year were positive. But the next step is to go in and allow the public as a whole to participate, in a sense, to come in and buy back this system, to take it back through the force of their own contributions and at the same time to issue the invitation to every citizen of this land, every person of whatever age or whatever background, to now be able to look seriously at the possibility that if their ultimate desire is to try to serve in this body, they are not prevented from doing so because they were not fortunate enough to be born into a wealthy family or a political family or to have some other special set of benefits and arrangements that might have helped them come through a system where the entry costs are as high and as tough as they are, in our system.

I hope we can vote cloture at some point. I do not want to cut off debate. I want everybody to be heard. In the end, I hope this issue can be voted up or down on its merits.

I think there is no more sound way and important way we can open the doors to this Chamber and allow new people and new thinking and more persons in this country to participate than by passing this measure, which would provide public financing for candidates for the U.S. Senate.

Mr. President, in considering the wisdom of this proposal, the Senate should consider the effect this law would have upon: first, the selection of public officials, specifically U.S. Senators, second, the machinery of government, the manner in which men and women are chosen for the Senate, and third, the effect such legislation is likely to have on the perception of the electorate toward the Senate and its Members and actions.

Let us examine these facets of the bill.

First, the effect upon public attitudes toward the Senate:

Mr. President, the Nation has witnessed a steady decline in public confidence in the essential integrity of the process of politics, in the honesty and competence of those holding public office, and in the decisions made by all branches of government, at each level, and certainly including the Senate.

There are, of course, many factors which have contributed to this decline in confidence. The exposure of deceit and greed, the abuse of high office and honor as witnessed most recently in the Agnew, Watergate, and Korean scandals and the continued lying, cowardice of conscience, and political demagoguery of Vietnam have each contributed to the belief that politicians are too often lying scoundrels, determined to feed at the public trough and prepared to commit any action to perpetuate themselves in office. Supporting the fear held by the electorate that they are controlled, rather than in control, is the revelation accompanying each scandal that it was in some manner connected with reelection, and laundered or hidden campaign money used to fuel a reelection effort.

The decline in public confidence in us and the institutions which produce and support us, and which ultimately makes and enforces the laws of this land, is seen and commented upon by many observers of the political scene. The polls of Gallup, Harris, and Hart provide vivid statistical support for the impressions one gathers on the street corners, in the barber shops, and at the plant gates of the Nation. Fewer and fewer of the eligible voters bother to cast ballots on election day, or to participate in the process of nomination and election of candidates. There is a desperate and disheartening feeling of hopelessness and cynicism held by the electorate about those who should be the servants of the people. And this, public feeling, while I believe is exaggerated, is not without a foundation in fact.

The Nation cannot survive, cannot survive as a democracy, with the people removed from the government, either by force or by despondency. We need the involvement of all groups and each individual, to insure that each group and citizens weight is measured in the policymaking process. If some groups cannot participate because they have not the wealth to match or challenge those forces of wealth within society, and others abandon the process, despairing of hope, the government ceases to be one of the many, and becomes a government of the few. The decisionmaking is distorted and only the rich and their minions will participate, can participate, in government. An underclass is created, and American democracy will have succumbed, not to the missiles of the Soviets or the massed armies of the Chinese, not to the technology of science, but to the technology

of politics produced and employed by political wealth.

The amount of money necessary to conduct an effective campaign rises, Mr. President, with each passing election. And with the limitations now placed on contributions and expenditures in the Presidential races, we are witnessing an influx of special interest money and influence in congressional and Senate elections. In 2 short years, the amount of contributions in these elections has nearly doubled.

With the special interest groups barred from easy access to the Presidential candidates, they have refocused upon the Congress. Unless we act, Mr. President, we will see more and more money put into these campaigns by people with selfish causes to advance, the expense of running for office will be so great that only those with enormous private wealth, or those willing to receive contributions from sources able to give and likely to expect favorable consideration in return.

Second, Mr. President, what is the effect this legislation would have on the machinery of Government? I want to repeat that Senator CLARK and others have said, but which appears not to have been heard by some of the opponents of this bill. The money used to support this program will come only, I repeat, only, from the voluntary contributions of American citizens. The taxing power of the State will be used in no way to force contributions for any campaign. No American will have a single penny taken from him or her without consent. The funding procedure is entirely voluntary.

In addition to the provisions for matching moneys, the bill establishes a ceiling on total general election campaign expenditure for those accepting support through this law. No one need participate if they wish not to do so. Participation, like contributions, is not forced, but the free act of the individual from start to finish.

The bill provides, additionally, that in the event a candidate willing to participate is opposed by one refusing to do so, there is no handicap upon the participating candidate, since the limit on expenditures for the participating candidate is removed and he or she is immediately eligible for an increased amount of matching funds.

What does this mean for those of us who are likely to run for reelection, or for those who are likely to challenge us? It means that we will continue to bear the responsibility for raising the moneys necessary to finance our campaigns and that we will continue to need the support of the people to stand for office. And more importantly, Mr. President, since matching funds will not be available for contributions above $100, we will be freed, or forced to look to working men and women, to the bulk of the American population for our support, not simply in votes, but in the fuel of campaign contributions, as well.

What will this do for the selection of Senators? It will enable more candidates lacking great personal fortunes to stand for office, Mr. President. There are many millionaires in this Chamber, all good men, dedicated to the common good and of the highest integrity. But men and women of equal good will and integrity can be found among painters, shop stewards, schoolteachers, telephone linemen, and coal miners. But these people lack the basic ingredient of campaigns: money.

This bill, Mr. President, would take some, not all unfortunately, of the burden of the men and women who wish to serve the Nation but lack personal wealth, and wish to avoid the entangling web of favors and obligations too often connected with the solicitation and acceptance of contributions from special interests.

I wish, Mr. President, that public financing of elections extended to the very beginning of the process by which our local and national leadership is selected. Primaries, as well as general elections, should be funded by the public and we in Congress should work to make available the means to facilitate citizen participation in that process. But we must wait for another day for the extension of the admirable concept embodied in this bill.

We see in summary, Mr. President, that this bill will offer the American people the best of possible investments for their single $1, and that is an honest and responsive Government.

This bill offers, Mr. President, three advantages over the present system of campaign financing. First, a wider range of men and women will be eligible to stand for the Senate, reflecting the great divergence in ideas, heritages, and experiences, that is the strength of our Republic and our people. Second, the machinery of Government will beholding to the people, to the citizenry, and not to the few with the wealth which have enjoyed governmental influence and power far out of proportion to their numbers.

And finally, Mr. President, this bill will be a profound step to the restoration of faith in the national political system upon which the survival of the Nation depends. Participation within, and respect for, the system will be encouraged.

I say to the Senator from Missouri that I appreciate his kindness in yielding and his patience in terms of allowing me this opportunity to speak at this time.

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. DANFORTH) is recognized.

Mr. DANFORTH. Mr. President, I am not going to repeat my arguments as to why this bill as presently written would enhance, as it would, the role of public interest spending in a political campaign. I should like now to turn to another problem with the bill, and I hope it will be disposed of with reasonable speed. The problem is the pitfall that we seem to get into every time we increase the participation of the Federal Government in anything.

Thus far in Senate campaigns, the role of the Federal Election Commission has been primarily one of recordkeeping. I should like to apprise the Senate of the problems that my campaign had with the Federal Election Commission in the last campaign, in 1976.

A very good friend of mine, who is a lawyer in Kansas City, came to me as I started my campaign for the Senate and said:

I want to help you in your campaign. What can I do for you?

I said:

You are a lawyer, and you are a good lawyer, and what I would like you to do is to furnish legal advice to the campaign.

That, in itself, is a little peculiar, because you do not win any votes with legal advice. When people offer to volunteer their help in a campaign, what you have in mind is that they will help you with speaking engagements or they will help you with doorbell ringing or stuffing envelopes, but not as acting as your lawyer. Unfortunately, this man made the mistake of offering to serve as the lawyer for our campaign committee.

I asked him how many hours he spent doing legal work to comply with the requirements of the Federal Election Commission, and, during the campaign, he spent 240 hours doing legal work to comply with the requirements of the law and the regulations under the law. His standard billable rate in the practice of law is $50 an hour. So if he had contracted with me, it would have cost $12,000.

It is a little too much to ask that a lawyer, whose time is money, give me 240 hours of his legal services, which is what it turned out in order to comply with the Federal election laws.

We asked a man who is an officer of a major corporation and who happens to be a certified public accountant if he would serve as the treasurer of the campaign. This CPA spent 90 hours working on the books and the recordkeeping of the campaign. He required the help of an accountant who spent 1,110 hours working on the recordkeeping and the books. In addition, secretaries, and so forth, who were working in the office, spent an estimated 1,300 hours trying to keep track of all this material.

As a matter of course, the campaign staff read the Federal Register to find out what was new from the Federal Election Commission. I am informed that to date, the Federal Election Commission has published 900 pages of rules, regulations, and advisory opinions in the Federal Register. To date, the Federal Election Commission has issued 214 opinions of counsel and 276 opinions of the Commission.

This is what happens when you get heavy Federal involvement in almost anything, and this is what happened in the particular case of compliance with Federal Election Commission requirements during my campaign.

It is said that under the bill before us, Congress has a right to review the regulations and to overrule the regulations of the Federal Election Commission, and that is true. But after looking at what we did to the ethics code, I wonder if the Senate of the United States is exactly the paragon for publicity and straightforward requirements.

It seems that the whole method of operation is this: the more complex you get, the more complicated you get, the more regulations you promulgate, the better it

is from the standpoint of Federal agencies and from the standpoint of Congress.

However, beyond just the paperwork problem, which was extreme in my campaign for the Senate, beyond just the burdensome problem of trying to comply with rules and regulations, there is the implicit rule that with Federal money goes Federal control.

Our colleges and universities have found this out. When colleges and universities ask Washington for funds and receive them from us, they soon find out that together with the money goes all kinds of controls that they never dreamed of before.

For example, a university might receive Federal funds for its science program or for its medical school and then find out that, as a condition for receiving money for its medical school, it is required to offer a certain quality of athletic program for women undergraduates, having nothing to do with medical education and nothing to do with its science program.

I am concerned that, in the hope that we could work this out, either by amendment or perhaps by legislative history in this particular bill, we will not get the Federal Government so deeply involved in election campaigns, previously free from Federal control, that all we are doing is complying with Federal regulations and doing the bidding of the Federal Government.

If Congress gets into the business of financing campaigns, does this mean that other requirements are going to follow?

For example, are campaign committees going to have to comply with EEOC requirements? Is it going to be necessary to fill out all kinds of forms with respect to how many minority people and how many women are working on the campaign staff? Is the minimum wage eventually going to be imposed on political campaigns? Are safety standards of OSHA going to be imposed on political campaigns? What kinds of requirements are going to follow Federal funding?

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. DANFORTH. I yield.

Mr. PACKWOOD. Most of us have grown up entering politics with our wives. Would we be allowed to hire our wives or our children in our campaigns? We are not allowed to hire them here.

Mr. DANFORTH. That is a very good point. Who knows what requirements are going to be put on top of this?

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. DANFORTH. Certainly.

Mr. LONG. Just applying this law to Louisiana which, of course, may not be typical, but it does pose problems that exist in other States, let me say that in most of the elections where I have had a Republican opponent and had a Democratic opponent prior to that time, the Democrat opponent received substantially more votes than the Republican opponent. It was not always that way, but I can, as I recall it, state that the first time I ran my Democratic opponent got twice the votes my Republican opponent got in the general election.

The next time I ran my Democratic opponent got three times the votes. He got about 33 percent and the Republican who entered on that occasion—I think probably a converted Democrat but running as a Republican—got 13 percent of the vote.

If you are going to insist on spending Federal money, which one would make better sense, spending the money with the one who got the 33 percent or the one who got the 13 percent?

Mr. DANFORTH. I think that is an excellent point, and that is exactly the point that was raised yesterday, when the whole question of financing primary elections came up.

It is not logical to finance general elections when primary elections are not financed, especially in States such as Louisiana, where the general election is not as important as the primary.

Mr. LONG. Mr. President, if the Senator will yield further, there has been a case or two where either I had no Republican opponent or where he withdrew. For example, on one occasion I got 87 percent of the vote in the Democratic primary, and my Republican opponent—who, incidentally, had been a Democrat right up to the year before the race, decided to be a Republican to bypass the need for having to run in the primary—withdrew from the race; he was an honorable man, but a man who saw no point in making a race against that kind of an expression of support from the people.

Can the Senator tell me what is the point in putting up a lot of Federal money just to get somebody to run for office even though the person knows he has very little, if any, chance of being elected? Does it make any sense, Senator, to encourage that type of thing?

Mr. DANFORTH. I think it is a very good point the Senator makes.

Mr. LONG. I thank the Senator.

Personally, I see several things wrong with this bill that I would like to discuss later on my own time. I find difficulty within this bill even if you believe in public financing. This bill proceeds on the basis that it is not the votes you get which bring you money but the money you get which brings you money, and that concept is contrary to the whole idea of public financing. If you want to have public financing you ought to get the money because people voted for you, that is, people believe you are the man who ought to serve in that job. You should not receive public funds just because you found somebody who would contribute money to your campaign. So it seems to me this bill is entirely off on the wrong track.

We had in the Presidential primaries, in the Presidential election, campaign financing similar to what is being suggested by this bill. I know of at least one candidate for whom I was not going to vote, and it sort of irritated me to have that candidate running in primary after primary even though he was not first, second or third in any of them, but he continued to get more and more Federal money. That is the kind of thing we ought to try to stop.

It seems to me if you are going to put Federal money behind a candidate, it ought to be behind somebody who has a chance to win, not some candidate who attracts some money because he is a vegetarian or antiabortionist or proabortionist or whatever. It ought to be because the candidate is genuinely a serious contender who has a chance to win the office.

I think at the minimum you ought to insist on that. This bill does not do that. It fails in the bare minimum of what ought to be required. Under the circumstances I have seen some worse public financing bills, but offhand I cannot recall one.

It proceeds entirely on the wrong basis, and I really think the best service that could be done for it would be to put the bill back in the committee and tell them them to start back on square one and see if we can get them to start out on the right assumption: If you are going to finance Senate campaigns, you should fund only candidates who have a chance to win the election. The only way you would really know that is after the fact. There is no reason why you could not work it on a reimbursement basis. We apply that principle with regard to the Presidential election. A formula could be worked out. It seems to me that would be a far better approach rather than to put all that Federal money in as a grant.

The way I understand this bill to work is, if the Republican and Democratic committees meet, and they find that no one is offering himself in the primary, the committee could just meet in a hotel room, a dozen men meet, and select someone to run. The minute the committee designates him, as their nominee, he would get $125,000 even though he might not be able to get enough votes to wad a shotgun at the election. That seems to me to be a very poor investment in public funds.

Does the Senator agree with that approach?

Mr. DANFORTH. I think, with this bill, different Senators will have different problems with it. The problem that you have is not the one on which I would focus, but maybe that is because the Democratic Party in the State of Missouri, which is the party I run against, is not as weak in Missouri as the Republican Party is in Louisiana. Quite the contrary, as a matter of fact.

My fundamental problem with this bill, as I have pointed out earlier, is I think it will open the floodgates for special interest spending, and that it will disproportionately give an advantage to special interest spending by putting a lid on what the ordinary citizen can spend for a campaign. Under the Buckley case no lid at all is placed on the special interests so that you have, as I pointed out earlier, a big bully special interest, and Congress then comes into the ring and says, "Well, we are going to tie the hands of the little guy who is fighting the special interests," I think that is absolutely wrong and is what should be corrected.

The second point is that everything in which the Federal Government becomes involved it does so in the most complicated, bureaucratic, heavy-handed way possible.

Now, my campaign, was not financed with Federal funds in 1976, and it required 240 hours of legal advice and 90 hours of a CPA's time. We were not doing anything unusual in the campaign, just complying with all the requirements. I think something is terribly fouled up when a campaign staff such as mine had to start the day reading the Federal Register so we would know what new requirements we had to take into account.

If the Federal Government gets involved not just in reporting requirements but in funding requirements, what more are they going to heap on our heads, not only with respect to paper they dump on us, but with respect to all kinds of requirements. For example, are our wives going to be forbidden or our children forbidden to work on our campaign because it is nepotism since we would be receiving Federal money? Who knows what comes next?

Mr. LONG. I thank the Senator. I think he is making a good argument.

I believe the point he is bringing out just illustrates the point that occurred to me with regard to this bill, and that is the longer it is debated, the more reasons you find why it should not become the law.

The whole thing, if it is to be done, ought to start from square one all over again. The biggest profit we will receive from this debate is at least to learn that the bill starts out on entirely the wrong basis. Perhaps one can gain something from that, that it is off on the wrong track, it is proceeding in the wrong direction; that is not how you ought to go about doing it for more reasons than one. I think the Senator is making a good argument.

I can recall the first time I looked at all the complexities of the so-called Campaign Reform Act that was passed. A very dear friend of mine, whom I propose to be left nameless at this point because you should not quote someone without his permission, said:

> There is only one good thing about all this. It tends to keep down opposition, because anybody who is thinking about running for the job, when he realizes all he has got to put up with, all of these forms to fill out, all the things he must comply with, and then add to that if for some reason he slips up and fails to comply with it, instead of going to the U.S. Senate he goes to the penitentiary, well then, a man may just decide it is better to stay out of it and have nothing to do with it.

The Senator has explained to us now that theoretically you should encourage people to want the job. But as a practical matter, what you have done is to put so many impediments in the way that the best people will not run for the job. They will say, "If I have to put up with all that, forget about it."

Mr. DANFORTH. I will give the Senator an example of exactly what he is talking about.

In my campaign for the Senate, the American Medical Association contributed the maximum $5,000 to my campaign. The Missouri Medical Association contributed, I think it was, $2,500 to my campaign. Someone complained that they were both the same. That made the front page of one of our Missouri newspapers as though something terrible had happened. So we said:

> All right. We will settle this matter. We will put the $2,500 of the Missouri Medical Association in an escrow account. We will not spend it until we get a ruling from the Federal Election Commission as to whether we can use it or not use it, whether it will be attributed to the AMA or whether it is a separate association. We will put it in escrow and put off the day of spending it.

Do you know where that money is right now? It is in an escrow account. We have never received it. In fact, the person who was my campaign manager just the other day called up the Federal Election Commission and asked him what is the latest word. What are we to do with our escrow account? No answer. They are still pushing the question around the Federal Election Commission from desk to desk.

Now I ask you. It is now July 28, 1977. What am I supposed to do with my $2,500 when I get it? The election is over. I do not need it any more. We could not get a ruling.

One of the amendments I hope to offer on this bill is to try to force a decision on this kind of thing so that we are not forever putting the question to the bureaucracy.

Mr. LONG. I will supply the answer, if the Senator will yield.

Mr. PACKWOOD. There is the question of Governor Shapp.

Mr. LONG. I want to bring this point up. It is hard to think a man runs for the Senate, and he may find he may not go to the Senate but go to the penitentiary. We understand how that works.

In addition to that, when he goes out to raise the money, he may find the same experience Governor Shapp found up here in Pennsylvania trying to run for President, FEC telling him he has to give all the money back, so that if he escapes going to the penitentiary he may be sued for the money which has been spent. What else can he do but take bankruptcy at that point? If he has any resources he winds up being impoverished.

Mr. PACKWOOD. Picture the situation. The decision of FEC never said Governor Shapp knew anything about the contribution that was wrong. He did not know anything about it. It was solicited personally, and 1 year later he discovered he has to pay back almost $300,000. Apart from the unfairness of making him pay it back when he had nothing to do with it, knew nothing about it, how long is it going to take the FEC if we apply it to Congressmen. There is going to be Congressmen running for a third term before FEC ever catches them running for the first term.

Mr. DANFORTH. We had in my campaign what we thought was a very good straightforward idea. We were going to have a joint fund-raising affair in Springfield, Mo. There were going to be three candidates participating in it. The candidate for governor, the candidate for Congress, and the candidate for the Senate. Then we started finding out how, under the regulations, can you put on a joint fund-raising affair and still meet the regulations. My campaign staff decided it was so complicated that we just absolutely could not do it. So we gave up.

I have talked too long, and it has not been my intention to just go on forever. I want to yield the floor to the Senator from California. But I just want to sum up very briefly.

As I stated at the outset of these remarks, I have long supported the concept of public financing for campaigns. I still do. My problem is not with the concept. My problem is with the way the concept would be implemented by this bill.

I believe that this will disproportionately give an advantage to special interests in their ability to spend in political campaigns.

I also believe that this bill has a possibility of moving us yet deeper into the trap of Federal requirements, regulations, forms, bureaucracy, and manipulation.

Is there a solution to this problem? Can we have our cake and eat it too? Can we have public financing and have it in a way which does not give an advantage to the special interest groups and does not lead to more red tape? The answer to that question is yes, we can.

There is one very simple way to do it, and it is my hope that later in the debate Senator Packwood will explain it in great detail. It is the method he has proposed to provide a tax credit so that individual citizens will be encouraged to contribute relatively modest sums of money to a political campaign and yet have a part of the cost paid for by Government. It is public financing. It is public financing in a way that does not give an advantage to the special interests but does so, as a matter of fact, for the candidate who is not supported by the special interests. It is a straightforward method, not requiring huge amounts of record keeping, red tape, and harassment by the bureaucracy and requirements and manipulation by the spending of Federal funds.

I am looking forward to the presentation of the Senator from Oregon because I think he is right on target. He has a solution to this problem which is so much better than what is in the bill as we have it.

I yield to the Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. HAYAKAWA. I thank the distinguished Senator from Missouri, and I am also grateful to the distinguished Senator from Louisiana for his wise remarks.

Mr. President, rightly or wrongly, many of us who have been involved in the discussion of Senate bill 926 have seen this proposed legislation as a threat to the two-party system. The far-reaching discussions on this floor have revived in my mind some reflections on the two-party system and indeed on the American political system, as a whole, that I shall share with my distinguished colleagues.

VIVE LA DIFFERENCE

Have you ever tried to explain to a foreigner the difference between the Republican and Democratic Parties? It is an almost impossible job because, first, few of us have been able to define that difference for ourselves and, second, Europeans especially try to understand the difference between one party and another in ideological terms; whereas, ideology does not matter all that much to Americans.

Both parties include, although in different proportions, the rich and the poor; urban people and rural people; blacks and whites; industrial interests as well as agricultural interests; and both parties are highly pragmatic, in the American tradition. Each party borrows ideas freely from the other, so that the great Republican idea of one decade becomes, two decades later, a great Democratic idea, and vice versa.

Hence the two parties differ from each other, not in the interests they espouse or the ideologies they represent, but in psychology. And, if I may be psychological and diagnostic for a minute, it seems to me that the two parties do differ from each other in psychology.

Republicans tend to feel a sense of proprietorship toward the economy. That is, to put it bluntly, they act as if they owned the joint. They have the psychology of insiders. Democrats, on the whole, feel marginal, like outsiders.

These feelings are psychological. They are often quite independent of the facts. Some Republicans are on welfare. Some Democrats are insiders, and rich and powerful.

Nevertheless, this psychological difference does serve, in a rough way, to distinguish the modality of the two parties.

Generally, Republicans tend to include insiders in the business system, those who actually own or manage a sufficient portion of the system to give them a sense of proprietorship. That is they act as if they do own the point.

Second, there are those who believe they are about to own the joint, or they would like to be mistaken for those who do; and third, the second and third generation descendants of immigrant families, those described as having upward mobility, who are attempting to expunge from themselves the remaining status of being outsiders, and so they become Republicans.

In the case of the radical right, it seems to me that they are those who believe that the joint is rightfully theirs and is being taken away from them, especially by those who are outsiders, often thought to be Communists. And, of course, the Republican Party includes thousands and thousands who are Republicans by force of habit, as well as assorted opportunists, chiselers, and punks.

Similarly, Democrats seem to include, first, those who do own the joint or a comfortable percentage thereof, but remain startled at their good fortune, and therefore tend to remain identified with those who still look forward to getting their share. Second, the Democrats include immigrants and their descendants, at least until the feeling of being outsiders wears off. Third, it seems to me southerners, Catholics, Jews, and blacks tend to be Democrats, because they believe that Gentiles, Protestants, northerners. and whites own the joint.

Intellectuals are usually Democrats; their feelings of being left out are intensified by their conviction that by rights they ought to be running the joint.

And, of course, the Democratic Party includes thousands and thousands who are Democrats by force of habit; also assorted opportunists, chiselers, and punks.

In the light of these psychological differences, certain rhetorical differences between the two parties assume a clearer significance. For example, for Democrats it is the task of Government to do battle with the powerful business interests that are depriving the common people of their economic opportunities and subverting their political rights.

For Republicans it is the task of Government to help a prosperous nation become more prosperous, so that everyone can share in the good life that results therefrom.

The characteristic Democratic rhetoric is represented by President Franklin Roosevelt, who effectively used such phrases as "princes of privilege," "economic royalists," and "malefactors of great wealth" to rally the people to his side. However inspiring these phrases were to Democrats, they fell harshly on Republican ears. At best they sounded to Republicans like demagoguery. At worst they seemed to be a call to class warfare.

On the other side, Republican oratory sounds strangely heartless to Democratic ears. Republicans inveigh against "creeping socialism" and "Federal handouts." At the same time as they favor more generous tax write-offs and depletion allowances for industry, they grow furious at what they believe to be an increasing number of "welfare chiselers." Their enthusiasm for "free enterprise" and "individual initiative" reminds Democrats of the elephant who cried, as he danced among the chickens, "Every man for himself!"

The miracle of America is that the poor have been made less poor, under legislation often originated by Democrats but endorsed by Republicans, at the same time as industry and agriculture have continued to prosper, under legislation often originated by Republicans and endorsed by Democrats.

The two parties are, despite the rhetoric, not opposites but complementaries, and I trust they will both be around for a long time to come.

Additionally, it seems to me that the two parties steal ideas from each other with great regularity, and then claim them as their own. Nevertheless, there is a difference in emphasis between the two parties in the way in which they approach the problems of power. Generally speaking Republicans prefer to look upon Government as a referee, adjudicating and adjusting the conflicting interests different interest group, different regions, different economic blocs. "That Government governs best that governs least," say the Republicans, quoting a famous Democrat.

President Truman's characterization of Congress in 1948 as a "do-nothing Congress" did not trouble the Republicans, who generally feel that that is what Congress ought to do.

Democrats, on the other hand, tend to think of Government as mover and shaker—the initiator of constructive and necessary social actions. The Social Security Act, the Tennessee Valley Authority, the Rural Electrification Administration—these and many ambitious measures like them are Democratic achievements, strenuously opposed by Republicans at the time they were proposed, but ultimately endorsed by the Republicans.

So we come back again to the question of rhetoric.

Democrats are roused to enthusiasm by activist slogans such as Wilson's "New Freedom," Roosevelt's "New Deal," Truman's "Fair Deal," Kennedy's "New Frontier" and Lyndon Johnson's "The Great Society." There is always a touch of euphoria or, in Republican eyes, megalomania, in Democratic aspirations.

Republican aspirations are phrased in more modest terms: "Back to Normalcy," "Keep Cool with Coolidge," "A Chicken in Every Pot," "A Full Dinner Pail." The limits of euphoria in Republican oratory were reached in the modest enthusiasm of "I like Ike."

Traditionally, Republicans have aspired to be good housekeepers. "Clean out the mess in Washington." They have tended to consolidate gains already made and beyond that to leave well enough alone.

The late Adlai Stevenson aptly summarized the difference between the two parties when he said, "The most important thing the Republicans—in the Eisenhower administration—have done is not to repeal the New Deal."

Of course, the foregoing are simplifications, and the tendencies I have mentioned are not exclusive to either party. Nevertheless, the two conceptions of Government as referee, Republican, and Government as activist, Democratic, serve as convenient points of reference.

Americans tend to want, after a long period of rapid social change and turmoil, the relative tranquility of a Republican regime. After the turmoil of the Second World War and the Korean war, America turned to the reassuring and placid father figure of Dwight Eisenhower.

And after the turbulence of the civil rights movement, the war in Vietnam, and the student revolt of the 1960's, Americans sought a slowing down of the pace of social change by voting for Richard Nixon, as opposed to Senator George McGovern, who seemed to be promising even more rapid change on behalf of the young, the poor, and the black.

It must be recalled that much happened during the Nixon administration toward the restoration of a measure of national tranquillity. Gains in civil rights were consolidated and a strong black middle class began to emerge. American troops were withdrawn from Vietnam. Détente with Communist powers lessened our anxieties about international conflict.

Nevertheless, the Nixon administration was a huge disappointment to those seeking a period of peace and quiet. The unprecedented forced resignation of Vice President Agnew, the two years of uproar over Watergate, followed by the unprecedented forced resignation of the President—these kept the Nation in a state of mental turmoil quite as serious as that caused by Vietnam and the student demonstrations of 1960s.

So the period of order, tranquillity, and the consolidation of gains the voters were seeking in 1968 did not arrive, despite the 6 years since then of a Republican Presidency.

Now the Democrats are getting power and one wonders what they will do with that power. Will they continue to be shakers and movers, introducing one great program after another? There are signs in that direction. Or will they sense the national mood and dedicate themselves to the functions traditionally performed by Republicans?

Even as we look ahead, many of the questions facing us are retrospective. How far have we come? What have we done wrong? What have we neglected? Have any of our programs produced unintended side effects?

The great need today is to put our national house in order, to regain our confidence in our political system. It is fervently to be hoped that Democrats understand this fact, and will, for a couple of years at least, behave like Republicans. It seems to me, however, that S. 926, which we are discussing now, is a step in the wrong direction in the sense that it is another example of shaking, moving, stirring things up, and usurping initial power on the part of the Federal Government instead of going back to a reliance on that which has served so well in the past.

I would like to continue with a few historical reflections on the subject of Thomas E. Dewey. I am reminded of Thomas E. Dewey because not long ago a story with a Washington dateline said, "Senator JESSE HELMS urged conservatives to begin now to build a third party that can go to the voters next year"—he is talking about 1976, I believe—"if the Republicans and Democrats fail to produce a program of freedom."

In 1975, there was a lot of talk about the formation of a third party. Third party advocates are often zealots. If they are conservatives, they want to make no concessions with liberalism. If they are liberals, they want no compromise with conservatism.

This way of thinking, Thomas E. Dewey told us, is politically unwise. He was former Governor of the State of New York, twice Republican candidate for the Presidency, and chief strategist for the nomination of Dwight Eisenhower in 1952 at the Republican National Convention. He certainly knew what he was talking about.

Dewey wrote in 1950:

> Under our two-party system, we have none of the instabilities of the multiparty system, but we do achieve our own kind of coalitions. We make our coalitions within the parties and instead of making them after the election, as most European parliaments do, we make them before the election. Every 4 years the national conventions the two parties present deep and bitter controversies. There are those who "take a walk" from the convention, either publicly or quietly. But finally the coalition is achieved and the party goes on to fight the election.
>
> Why do the parties have these bitter internal fights?

This is still Thomas Dewey talking.

> Because each party really represents a composite spectrum of roughly similar interests. Each contains farmers; each contains industrial workers; each includes businessmen; each attracts men and women from every walk and station of life. . . . Each party is to a considerable extent a reflection of the other.
>
> The result is that . . . the parties have not been too far apart on most fundamentals of our system. This means that the choice of one or the other party during this period (since the Civil War) has not represented anything like a revolution. . . . As a people we have learned to distrust and avoid extremes of principles and interests in our public life.

Dewey, therefore, had little patience with those who are unwilling or unable to form coalitions with those with whom they disagree. As he said:

> These impractical theorists with a passion for neatness demand that our parties be sharply divided, one against the other, in interest, membership and doctrine. They want to drive all moderates and liberals out of the Republican Party and then have the remainder join forces with the conservative groups of the South. Then they would have everything neatly arranged, indeed. The Democratic Party would be the liberal-to-radical party. The Republican Party would be the conservative-to-reactionary party. The results would be neatly arranged, too. The Republicans would lose every election and the Democrats would win every election. It may be a perfect theory but it would result in a one-party system and finally totalitarian government.

"As you may suspect, I am against it," said Thomas Dewey.

The lessons of history, especially of recent history, are clear. Ideologocial liberals, dissatisfied with the moderate liberalism of Harry S. Truman, ran Henry A. Wallace as their candidate on the Progressive Party ticket in 1948, and the Progressive Party hardly made a dent in the final result.

Ideological conservatives of 1964 were delighted with Senator BARRY GOLDWATER. Instead of forming a working coalition with moderate Republicans, they vanquished them, in effect driving them out of the party. As a result, Lyndon Johnson, seen by most voters of the time as the man of the middle, won by a large margin.

Again, ideological liberals rejected the moderate liberalism of HUBERT HUMPHREY, rode roughshod over the traditional machinery of the Democratic Party, and nominated Senator GEORGE MCGOVERN for the Presidency in 1972. A huge majority, believing that the Democrats had been taken over by fanatics of the left, voted for Richard Nixon.

The moral, then, is clear. The genius of American politics lies in the art of making improbable coalitions: the black Detroit auto worker joins the University of California professor of sociology and the bourbon sipping southern aristocrats. All these three gentlemen are in the same Democratic Party, although probably they could not stand each other socially. The Nebraska farmer joins the fried chicken franchise operator on U.S. Highway 66 and a director of the Chase Manhattan Bank. Those three are the Republican Party. What Governor Dewey so well knew as the reconciliation of irreconcilables constitute the parties of the United States.

All these lead to some reflections I have had on the political process as a semanticist.

I should like to present a few reflections on language, politics, and intellectuals in an attempt to throw light on the problem before us.

There was a very great language scholar named Benjamin Lee Whorf of Hartford, Conn., who once said:

> Whenever agreement or assent is reached in human affairs, this agreement is reached by linguistic processes, or else it is not reached.

By linguistic processes he meant, of course, discussion, argument, persuasion; definitions and judgments; promises and contracts—all those exchanges of words by means of which human beings interact with each other.

Without language—without words—there is no such thing as the future. Have you ever thought about the fact that a simple expression like "hamburger next Tuesday" is meaningless to a dog—even a very intelligent dog? Language creates society. "Mary and John are married" is a statement about the present and also about the future. The term "married," points to the obligations that Mary and John have towards each other in the days and years ahead. The future is real to us because it is formulated into words.

Society is a network of agreements about future conduct. Here, let us say, are two tribes, the Blues and the Reds. Both tribes want exclusive access to the fish in Clearwater Bay. If the two tribes are equally strong, they will fight and fight and kill each other—until someone has the good sense to say, "Since we can't lick them and they can't lick us, let's call a conference and see what we can work out."

So what Benjamin Lee Whorf calls "linguistic processes" are initiated. Delegates from the two tribes argue and shout and scream, but ultimately they come to an agreement. The Reds will fish the bay Mondays, Wednesdays, and Fridays; the Blues on Tuesdays, Thursdays, and Saturdays; no fishing on Sundays.

People who work out agreements of this kind to reconcile what seem to be irreconcilables are known as politicians. Politicians are people who resolve, through linguistic processes, conflicts that would otherwise have to be solved by force.

But, unfortunately, politicians are rarely thanked for their efforts. Many of the Blues are disappointed. "Look at what the politicians gave to the Reds," they say. "What a sellout! They must have been bribed."

The Reds are equally critical of their delegates. "Everyone knows," they say, "that God intended the bay for the exclusive use of us Reds, but now the Blues act as if they had equal rights to it. What we need are delegates who are men of principle, not compromisers."

The results of a political process are

never satisfactory to all concerned. Give the Arabs what they want, and the Israeli are furious. Give the employers what they want, and the unions are apoplectic. Introduce a measure of gun control, and the National Rifle Association is enraged.

So, if the political process is successful, all get only part of what they want, and none get all they want. And everyone blames the politicians for their disappointments.

This is not an easy point to understand. It has often seemed to me that the political process is far too subtle, far too complex, for men of words—intellectuals and journalists—to understand. Intellectuals, with their passion for logic and order, often disdain the democratic process. They are fascinated by Plato's perfect republic governed by philosopher-kings.

Some men are gold, said Plato, some are silver, some are iron and lead. Of course, women did not count in that world. Imagining themselves to be the "gold" of Plato's definition, intellectuals are easily seduced by Marxism, which insists that government be in the hands of those who understand such matters as historic necessity and dialectical materialism—that is, intellectuals. This is, no doubt, the reason that there are more Marxists than Democrats and Republicans combined in so many university departments of philosophy.

Mike Royko of the Chicago Daily News is a characteristic journalistic critic of politics. He wrote a book, "Boss," attacking and ridiculing Mayor Richard Daley of Chicago as corrupt, ruthless, venal, and given to making shady alliances and ridiculous mistakes in English grammar. I am sure Royko thought he had effectively destroyed Daley's political career. But what happened?

Not long after the book was published, Daley was returned to office—at the age of 73 and allegedly no longer in the best of health—with the biggest majority of his long political career. Apparently, there is something important about the political process that Royko failed to understand.

Ultimately, disgusted with politicians, some people, from time to time, yearn for government without politics. Sometimes, to their dismay, they get it, as in Soviet Russia, Poland, and North Korea, where the political process has been abolished, or, as in Northern Ireland, where the political process has failed.

As Americans, we need more than ever today to understand and cherish the political process. It is admittedly untidy. It is often illogical and confusing. But we must not forget, as our responsibility, that it is the very essence of civilization.

(Mr. METZENBAUM assumed the chair.)

Mr. HAYAKAWA. Mr. President, if I may go back to the point at issue, S. 926, in our discussion of this issue of public financing, it seems to me that we have fairly effectively struck down most arguments in favor of this bill. Let me briefly enumerate the major ones once again.

My first objection is to the argument that this bill would insure the pristine innocence of campaign contributions. The idea of public financing is based on the assumption that we are all corruptible. I respectfully submit that most Congressmen and Senators are not open to the corrupting influence of private contributions of special interest groups. If that assumption is incorrect and we are dealing with morally spineless legislators who are open to whatever corrupting bribe is offered, then I object that this legislation does literally nothing to stop this. In fact, it increases the possibilities of corruption. If the proponents of this legislation are so worried about the possibilities of our own depravity, why did they not support the attempt to strengthen the disclosure provision of the Federal Election Campaign Act? Indirect corporate and union expenditures constitute substantial special interest influence on political campaigns. But this bill does not even limit contributions by special interests, much less eliminate them. It merely supplements these contributions with money from the U.S. Treasury.

The bill, in fact, seems to strengthen special interests. These groups can spend unlimited amounts advocating the defeat or election of a candidate. A particular special interest must observe a ceiling on how much it can give to a candidate, but no limit applies as to how much it can spend independent of that candidate to urge his election or defeat. So, an organization might spend large sums of money to oppose a particular candidate whose ability to reply is constrained by the expenditure ceiling he must observe as a condition of accepting public funds. If this is the case, how can we accept this bill as an effort to reduce public uneasiness about congressional ethics?

As this proposal is so ineffective in dealing with the supposed corruption of the electoral process, why, then, is it being pushed for passage on the Senate floor? It seems to me quite obvious that there is another issue at stake. This legislation serves the special interest of the incumbent, which we shall all be the next time we are up for election. More specifically, it serves the interest of the majority party.

Why is this legislation even being considered? Have we come so far in our evolution as responsive representatives of the American people to become opportunistic politicians that we are unashamed to pass such self-serving legislation? If the public truly understood what this legislation would do, it would further erode their already shaky faith in their elected Representatives. As Senators, we must not take unfair advantage of our current positions to ease the way for ourselves when we run for reelection.

Neither should the major parties take advantage of their numbers to effect the passage of this highly prejudiced legislation. S. 926 requires minor party candidates and independents to reach a contribution threshold before they are eligible for public funds. The purpose of the threshold is to demonstrate public support. But even after it has been reached, the bill discriminates against such candidates by giving them funding only on a matching basis, while both block grants and matching funds are available to major parties. The major parties, already having great advantages over minor parties and independents, are given yet a further edge by the funding discrimination in this bill. Those who are truly concerned about effecting an equitable election plan could not possibly vote for this bill. On the other hand, those of us who are here to further our own interests, to protect our own situation, would be quite justified in doing so.

A politician is one who is concerned about the next election. A statesman is concerned about the next generation. This seems to be an unprecedented opportunity to show our true colors.

I thank the Chair.

Mr. LONG. Mr. President, I want to vehemently oppose the provisions of the bill presently before this body which deal with public financing of Senatorial general elections as a wasteful expenditure of the taxpayers' money.

From time to time this body is called upon to consider legislation which involves an area in which certain of its Members have devoted considerable time and thought. The issue of public financing of Federal elections is such an area as far as this Senator is concerned. Since 1966 I have led the charge up the hill to obtain public financing for the general election of the President. It may seem ironic that I now rise to oppose this bill before us, but I respectfully ask that my colleagues consider my case.

In 1966 I proposed and the Congress passed at $1 check-off to finance the general election of the President of the United States. In 1967 an effort was launched to delay the effective date of that provision so that it could not take effect. In 1971 the Senate once again passed a provision for the public financing of the campaign for the Presidency.

At that time, I was floor manager of the bill urging the Senate to agree to the amendment and I was the leader of the conferees pressing the House to agree to that amendment and this effort was successful.

In that effort we had to make public financing effective after January 1, 1973, so that it would be signed by then President Richard Nixon who did not want it to apply to his relection campaign in 1972.

Why is it that I have been interested in public financing of Presidential elections? Basically, it is because I have always felt that the candidates of both major parties were entitled to equal opportunity to be heard in the general election. Third parties are entitled to public assistance based on the showing the new party or third party makes at the polls. They are entitled to reimbursement after they have demonstrated their voter appeal.

The basic objective of public financing as far as I am concerned is to insure the vitality of the concept of "one man, one vote, one dollar" and to make public assistance tc candidates available in direct relationship to their vote-getting potential rather than their ability to merely raise money. We have made great

strides in the way we finance the Presidential general election. We still have a number of problems that confront us with respect to the financing of the Presidential election. Before we leave that area of public financing, we ought to correct those problems.

Those who would extend public financing to Senate elections should first consider improving the operation of the public financing system we have for the election of the President.

The present task should first be to undo prior Congressional mischief which bases the entitlement to public funds in those State-by-State preferential primaries on a candidate's ability to raise money for matching purposes. Before we embark on further efforts in the wrong direction, Congress ought to straighten out the current mess.

The provisions providing an equal amount of money to two candidates of the major parties in the general election in November are basically fair and good. The same cannot be said of the provisions dealing with preferential primaries leading up to the party conventions.

The most striking error of our legislative scheme was the decision to base public financing of the preferential primaries on the ability to raise money rather than the ability to attract votes. Our original intent was to establish a campaign financing system whereby votes talked rather than money. But our present idealistic scheme assured just the opposite effect by making "money talk," thus, money gets money, rather than votes getting money.

The present approach to financing Presidential primary campaigns is clearly contrary to our original purpose. It is unfair, inequitable and ought to be corrected.

I say that as one who helped put it on the books. Experience should have taught us something.

One thoughtful analyst who has reviewed our present public financing system is Mr. George E. Agree, chairman of the Committee for the Democratic Process. Mr. Agree has cited recent Federal Elections Commission data to show that tax money did not flow to Presidential candidates according to the number of votes supporting them, but in proportion to the wealth of their contributors. He has pointed out that in the Democratic primaries, Congressman MORRIS UDALL obtained funds from approximately 97,000 individual contributors. President Carter had slightly more than 94,000 individual contributors. President Carter received twice as much private money as UDALL, because the private contributions made to Carter were larger than those made to UDALL.

Mr. Agree indicates that, as a result, President Carter received substantially more in matching funds than Congressman UDALL. This disparity, according to Agree, may have greatly affected the result. The key point here is that unlike countries such as Germany, Norway, and Sweden, which base public financing of politics on the number of citizens who support the recipients, in the United States we have a system which deploys tax dollars most heavily on the side of the candidates who can raise the most private money. The majority of Americans who favor public financing as a means of curbing the possible corrupting influence of large private contributions are bound to come to realize that it is now conducted in such a way as to continue the inequities that we have fought so long and hard to eliminate.

Now, how does this all relate to S. 926? Well, if you believe in the theory of "one man—one vote—one dollar"—as I do—then you can see that this proposed bill continues the financing of elections based on the same outrage that exists in the financing of preferential primaries for the Presidency. That outrage is that money speaks louder than votes when it comes to financing a campaign.

The original objective underlying public financing was to reduce the undue influence of money on Presidential primary candidates. Unfortunately, under the present system, the almighty dollar reigns as king. Votes do not form the principal basis for public financing in this bill: Private donations do. This is not the result Congress intended. Moreover, the bill, which we are presently considering would perpetuate this undesirable result and extend it to Senate races.

There is also much more to learn from the experience of the last Presidential election. We saw how a single issue candidate and other candidates with limited voter appeal could continue as candidates for the Presidency and receive Federal funds when they were unable to win a single primary or attract a significant number of votes in any primary in which they were entered.

It was Federal funds that kept those people in the race. This kind of Federal handout of tax revenues to propel individuals on ego trips merely serves to confuse the outcome of elections and to waste part of the resources that we genuinely want to deploy in an effective way in financing Presidential elections.

Mr. President, no one can quarrel with an individual's right to be a candidate for public office. This is a principle deeply rooted in our Democratic system.

The issue before us, however, is a decision whether to publicly finance candidates for the U.S. Senate, and, if so, which candidates and under what limitations.

What logic is there for subsidizing nuisance candidates and sprinkling taxpayer money about on individuals who never should have offered themselves as candidates for public office?

S. 926 provides financing for candidates who may have little or no public support. Is this a wise expenditure of the taxpayers' money? I submit that it is not. It is ludicrous.

The inevitable result of any such wasteful expenditure of public funds to feed the campaigns of numerous nonserious candidates will be public resentment.

Where are we headed with the kind of public financing that is proposed in this bill, when there is no logic that would argue that it should be passed? If it is to be passed, of course, every bit of logic in it would compel us to extend it to House races. Nor would there be any excuse for not extending such financing to primaries. And by extending such a program to primaries, a substantial increase in the number of candidates entering primaries can be anticipated.

The incumbent will be set up for the kill by publicly financed character assassins in the primary election, for as surely as the scheme before us becomes law, it will be extended to the primary. Then, with image tarnished, toga torn, shield bent, and sword broken, the incumbent will find himself facing a knight in shining armor in the general election.

What will make the knight in shining armor look so glamorous is that he has never been required to vote on any of a hundred no-win issues, such as abortion, which leaves the incumbent with bitter enemies regardless of which way he has voted.

The best of statesmanship will prevail when a good man who has done creditable work can be reasonably assured of reelection. That is the only reward that true statesmen seek on this side of Heaven, but surely they have the right to expect that much.

The late former President Lyndon Johnson used to tell us that if you look after the people's business when you are in office, the election will take care of itself. That is how it should be. But if we are to finance with public funds irresponsible candidates and character assassins in the primaries the result which is sure to follow is a host of candidates in the general election. Few among us—even few of our best—will survive more than one reelection. Those who take us out of office will do no better when their turn comes.

I, for one, do not believe that something is necessarily better just because it is newer. Few, if any, of us are the equal of those predecessors whose statues and paintings adorn the halls and windows of this building—products of the system that the proponents of this bill would destroy. Our successors will not be our equal if we fail to recognize certain facts that forever escape those who will never rise to the challenge of greatness.

One of those facts is that the survival of this Republic depends from time to time upon at least some Senators having the courage to do that which is not popular, because it is little understood.

Usually the kinds of individuals who do these things are representatives who are so overwhelmingly entrenched with their constituents that they can take the risk of fighting for a cause that is not popular at that particular time.

These great leaders are remembered in the Hall of Fame. Some of their names appear on the office buildings and in the histories of their time.

What is now being proposed by way of public financing would have worked against Daniel Webster, for example. Without him, this would never have been the great Nation that it is. It would have worked against the giants among whom I have served like Richard Russell, Arthur Vanderburg, Walter George, Everett Dirksen, Robert Taft, and Harry Byrd, tending to replace those statesmen with politicians of much less integrity.

It would have increased the already too great hazard to those who took courage-

ous positions. It would have terminated their careers. The result will be that Senators will tend to sit by quietly when their consciences should be propelling them to accept the challenge of a misunderstood cause.

The risk that a Senator is willing to take usually relates to the extent to which he feels he can afford to take this chance. If he is serving the first 2 years of a 6-year term, he is more inclined to risk public displeasure. The same is also true with regard to his standing in the polls. If he knows he has the overwhelming confidence of those whom he represents, he is more likely to go the extra mile in fighting for his convictions.

So, what will be the inevitable yield of this bill? The result will be Senators who are less and less the statesmen and more and more the expedient politicians.

The principal purpose of the Senate, as in most bicameral legislatures, is to resist legislation that appears popular and good when first considered but on mature reflection may prove to be unwise. This legislation strikes at that essential reason for our existence in that it tends to undermine the statesmanship which is characteristic of this noble body. Without such statesmanship the Nation would be better off without a Senate at all.

We have made it quite difficult for dedicated public-spirited Members of Congress—who zealously seek to serve those who send them here—to be reelected. And that is how the system should operate.

But should we embark on a course which prompts hordes of phantom candidates to enter primaries? We will soon find that dedicated people with records which are overwhelmingly approved by those whom they represent will find it quite difficult to escape repudiation at the polls.

Now, how does this system work for a candidate whom the polls show will be reelected regardless of whoever may be his opponent? Should the Federal Government pay out money to try to defeat a man who will be reelected by an overwhelming majority in any event?

Looking back over the various races in which I have participated in my State, opponents have received as little as 13 percent of the vote. Most of those opponents would concede today that they had very little chance to succeed and that they made a mistake to run. Yet, under this legislation, large amounts of taxpayer money would have been made available to finance those races. Is that how we should spend Federal money? I think we might find it quite difficult to justify such expenditures.

Are there better alternatives? I should think there are.

I say, why not let the people by their votes determine how much help a candidate should receive? Mr. President, if the Senate is permitted to proceed in an orderly fashion, I intend to propose an amendment that will relate a candidate's vote-getting ability to the amount of aid he can receive from the Federal Treasury. Candidates who receive a low percentage of votes will be entitled to little, if any, public funds. Little public good is gained from encouraging people whose candidacies are taken seriously by no one but themselves, to run against candidates who are certain to be reelected or elected by enormous majorities. If it is influence—improper influence—we seek to avoid, it is counterproductive to publicly finance a candidate with little voter support to run against, for example, my distinguished colleague, HUBERT HUMPHREY, as was the case in the last election. I am not saying that such candidates should be denied the right to run, I am merely outraged at anyone making me pay my tax money to finance that undertaking, and contribute it to the unwise decision of an opponent to that great statesman.

Let us briefly take a look at some of the changes that have occurred since we first agreed to provide public financing. We have limited campaign spending and campaign contributions. No longer can a President spend an unlimited amount of money on his election campaign. The most any one individual can contribute is limited to $1,000. The most a political committee can contribute is limited to $5,000. The present system no longer offers an excessively large economic advantage to a single person or a single group.

At the same time, we have changed our tax laws to encourage small contributions, and the Finance Committee has just recommended an additional change so that a person can contribute up to $100 and receive a tax credit of $75 for that contribution. I find little objection to that kind of approach. We simply are trying to make it easier for a person to contribute his own money to a race. In that way the Federal Government is financing the races for candidates who are viable alternatives.

The present bill provides a public funding incentive to candidates who should never have offered themselves in the first place.

Unfortunately, this bill provides such financing. It seems to me that it is a waste of public funds to subsidize candidates who receive little, if any, support, and it should be defeated.

The logical way to structure public financing is to relate it to candidates who can obtain a significant percentage of the votes cast.

Unfortunately, S. 926 does not use this approach. It encourages rather than discourages fringe candidates. Ultimately, the public will resent and properly resent having its funds spent to finance candidates who cannot muster enough votes to wad a shotgun. Yet, that is what this bill proposes.

Mr. President, we have had debates about public financing before. We have passed public financing laws before. Those measures have been debated thoughtfully and they have been amended in the public interest. Regretfully, that is not the procedure which is being followed in this case.

Before S. 926 was ever reported by the Rules Committee, before we knew for sure what the bill was likely to contain, Senators were being asked to commit themselves, not only to vote for the bill, but to agree to vote for cloture to shut off debate and to limit the ability of the Senate to legislate in a thoughtful manner.

I, for one, have never seen so much pressure in support of a single piece of legislation. Even before the merits have been debated, those of us on the Democratic side of the aisle were being asked to commit themselves to vote cloture and shut off debate.

Mr. President, this issue is not the kind of thing which should be resolved with little or no debate. We are considering the election of U.S. Senators or the way in which U.S. Senators are elected. This is a matter with which U.S. Senators are intimately familiar. It is a matter on which the Senate should independently take the first step.

The Senate should decide this matter after carefully considering the alternatives. I will vote against cloture. If the Senate is permitted to legislate in an orderly fashion, I intend to offer an approach that will relate the number of votes that a candidate receives to the financial assistance he receives from the U.S. Treasury.

Under my proposal, candidates who receive a small percentage of the votes in a head-to-head race would receive little, if any, help. On the other hand, candidates who receive 49 percent of the vote or even 45 percent would be eligible for financial assistance that would approximate that available to the successful candidate.

The money paid out to candidates would be solely to defray their qualified campaign expenditures. No one would be permitted to make a profit from running for public office.

The thrust of my proposal is to insure that public financing is not a waste of Federal funds. It is designed to provide funding for viable candidates. That is how public financing should be structured. That is the approach I intend to press hard for adoption.

In addition, there is one other aspect of S. 926 that ought to be highlighted. Under that bill the candidate who elects to receive Federal matching funds would be limited to personal and family contributions of not more than $35,000. Should a candidate elect not to accept public financing and, instead, choose to use more than $35,000 of his own money to finance his campaign, the bill provides that his opponent will then be entitled to a bonus of an additional 62½-percent reimbursement over and above those expenditures for which he would otherwise be entitled to reimbursement.

Indeed, this provision raises an interesting constitutional question. That question is: Can a candidate be required to accept an unconstitutional limitation, as determined in the landmark case of Buckley against Valeo, in order to qualify for Federal matching payments?

In testimony before the Senate Finance Committee, Mr. John Bolton, one of the attorneys representing former Senators Buckley and McCarthy in their challenge to the constitutionality of various parts of the Federal election campaign finance laws, noted that if a particular restraint is unconstitutional

when it is applied directly, should there be an attempt to apply that same unconstitutional condition indirectly, it should be similarly found to be an unconstitutional restraint. He added that Congress cannot require compliance with an unconstitutional condition as a precondition for a Federal grant or subsidy.

A further question is: Can a candidate be penalized by a bonus payment to his opponent for merely exercising his constitutional right to spend his own private money, without limitation, on his own campaign? Aside from the constitutional issue, I can see no rational purpose for such a bonus payment to the opposing candidate simply because an individual exercises a constitutional right.

I would like to conclude by making the following points: Our first order of priority should be to make the Presidential election campaign fund work properly. Next, we should think about providing public assistance to candidates for the Senate and incorporate in that effort each candidate's vote-getting ability rather than his money-raising ability. Let us end that outrage that continues to make money talk louder than votes. Finally, this body should examine with great scrutiny what public purpose is served by encouraging candidates who are not viable to take short ego trips at the taxpayers' expense.

Mr. President, I urge each and every one of my colleagues to think long and hard before he decides to cast his vote in favor of this ill-conceived, misdirected bill to provide public financing for the general election of U.S. Senators.

Mr. ROBERT C. BYRD. Mr. President, does the Senator yield the floor?

Mr. LONG. Yes.

COMMENDATION OF THE PRESIDENT FOR POSTPONING THE SALE OF AWACS TO IRAN

Mr. ROBERT C. BYRD. Mr. President, President Carter has taken a reasonable and statesmanlike action in withdrawing, temporarily, the notice of the proposed sale of the airborne warning and command system—AWACS—to Iran.

I want to commend him on this action and express my appreciation to him on behalf of the Senate for his cooperation with the Congress in delaying consideration of this proposal.

In my letter to the President of July 22, I outlined the difficult parliamentary situation facing the Senate prior to the statutory August recess. The extensive consideration being given in the Senate to the public financing of congressional elections, which is part of the President's election reform package, would have made it particularly difficult for the AWACS sale to be thoroughly considered by the Senate. And this is a matter which deserves serious consideration.

The President's action will enable us to further examine the issues that have been raised in connection with the proposed sale.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the two nominations on the Executive Calendar under "Department of Justice."

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, the nominations are cleared for consideration on this side, and we have no objection to proceeding with them at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of William B. Gray, of Vermont, to be U.S. attorney for the district of Vermont for the term of 4 years.

Mr. LEAHY. Mr. President, I strongly support the nomination of Mr. Gray as U.S. attorney for the State of Vermont. I was a prosecutor for nearly 9 years in the State of Vermont, and during that time I knew Mr. Gray, who was an assistant U.S. attorney in the State of Vermont.

He comes from a distinguished Vermont family. He has been recognized by all members of the bar in the State as one of the best prosecutors the State of Vermont has ever had, and I am absolutely convinced that he will be seen as certainly one of the finest U.S. attorneys the State could have.

I wholeheartedly endorse his confirmation as U.S. attorney for the State. I think his appointment speaks well for the administration and for the cause of justice in this country.

I yield to my distinguished senior colleague, Senator STAFFORD.

Mr. STAFFORD. I thank the Senator very much.

Mr. President, I appreciate Senator LEAHY yielding to me so that I can say that during the several years that William Gray served in Vermont as a U.S. assistant district attorney he did so with distinction and he does enjoy an excellent reputation with the bar and the people of Vermont, and I believe he will be an effective and able U.S. attorney.

I am very happy to join Senator LEAHY in urging the Senate to confirm him in that responsibility.

Mr. LEAHY. Mr. President, I move the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. STAFFORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The second assistant legislative clerk read the nomination of Earle B. McLaughlin, of Vermont, to be U.S. marshal for the district of Vermont.

Mr. LEAHY. Mr. President, Earle B. McLaughlin is a man I have known for nearly 15 years. He has been sheriff of Chittenden County in Vermont for nearly a generation.

He told me on my first day as State's attorney that he was happy to have a chance to break me in and having trained a number of my predecessors he finally, after 8½ years, told me that he was going to have to give up; that he did not think he would get me fully trained, and I should try some other type of Government job, and with his blessing I did move on—to the U.S. Senate.

I am delighted that he is going to be the next U.S. marshal. His law enforcement credentials are exemplary.

The reaction I have received from the law enforcement people throughout the State of Vermont is very positive to the appointment, and I am delighted to see his name before this body.

Again, I yield to my colleague, the distinguished senior Senator from Vermont.

Mr. STAFFORD. Mr. President, I appreciate the fact that my colleague, Senator LEAHY, has yielded to me, and in this particular instance I can say that I have known Earle McLaughlin probably longer than Senator LEAHY has.

Mr. LEAHY. That is true.

Mr. STAFFORD. Back in the antediluvian past I was the attorney general of Vermont.

I first became acquainted with Earle McLaughlin in those days, and I knew him from the time I was Lieutenant Governor and Governor of the State and more recently when he has been the sheriff of our largest county. I think Earle McLaughlin will make a fine U.S. marshal. He has been a very good law enforcement officer, as a sheriff of Chittenden County, and I am very happy to have this opportunity to heartily urge the Senate to confirm his appointment in that responsibility.

Mr. LEAHY. Mr. President, I move the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. LEAHY. I move to reconsider the vote by which the nomination was confirmed.

Mr. STAFFORD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I thank the distinguished majority and minority leaders for affording me this opportunity.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, I have read in the media that a Republican filibuster is being waged against this public

financing bill. It is true that the Republicans have occupied most of the discussion. But I feel that I would be remiss in my duty if I did not on this fourth day of debate of this bill indicate my strong opposition to the bill and my determination to vote against the application of cloture on tomorrow.

Mr. President, this is a concept that I have opposed ever since I have been in the Senate, coming here in January 1969; almost immediately thereafter getting into the fray regarding public financing of elections.

I believe that public financing of elections has the effect of moving our Government away from the people. It makes the Government less responsive to the people. It makes the public officials involved just another cog in our governmental system, less representative of the people, more representative of the Federal bureaucracy.

Mr. President, as I see it, the taxpayer is getting it in the neck again. The pending bill is another one of those "something for nothing" or "something for little" ideas that sound so good, but are so poorly understood by the people. "Public financing" of political campaigns has a weighty, righteous ring about it; just enough to satisfy the unwary that a "cure all" for political corruption and campaign chicanery has been discovered. But far from it. S. 926 calls for siphoning money out of the taxpayer's pocket for politics and is touted as being a political reform. Advocates say that paying politicians and aspiring politicians to run for Federal office is a "forward step" in our political evolution. On the day that debate on S. 926 began, one national magazine had on its cover, in bold headlines, "New Scandal in Congress." Without regard to the sensibilities of the American public, the Senate plows ahead now with consideration of a piece of legislation that would make it more difficult for the American public to "throw rascals" out of Congress.

Mr. President, right at this point I commend the distinguished majority leader for the manner in which he has handled the bringing of this bill before the Senate. Not only has he waited until several weeks after the bill was reported from the committee but he has given ample opportunity for a discussion of the issue prior to the filing of a cloture motion.

He received unanimous consent that the matter be brought up on Monday and that no cloture motion would be filed before Wednesday. So certainly there has been no effort to ram this bill through without debate up to this point. I do not believe that the matter has been adequately considered. It has not been sufficiently debated. And I have noticed, Mr. President, the almost complete absence of suggesting of the absence of a quorum in order to delay consideration of this matter.

There has been constructive discussion of the measure. There has been constructive criticism of the measure. There has been discussion on both sides, and I was very much pleased to hear the distinguished Senator from Louisiana (Mr. LONG) express his strong opposition to this concept because he is, in fact, the father of the $1 checkoff which I believe now has doubled in size.

But he points out that the present bill is a radical departure from this original concept which he describes as one man-one vote-one dollar, because this bill would encourage candidates to run who have no chance whatsoever of winning just in order to get the tremendous Federal subsidy that is involved, and that far from being one man-one vote-one dollar, the same amount would be paid to a candidate no matter how few votes he received. If he received 10 percent of the votes, he would get the same amount of subsidy that the candidate receiving 90 percent of the votes receives.

So certainly it is inequitable in that regard.

The bill brings up an entirely new concept from what we find in the Presidential primary, where there is matching on a 50–50 basis—equal matching—on contributions. This bill seems to provide that at the outset, the candidates of both major parties will receive as an outright gift, without any show of support whatsoever at the hands of the people, an outright gift of one-fourth of the limit that is prescribed for expenditures in that particular race, by way of a gratuity.

In California, for instance, the limit on expenditures by a senatorial candidate, be he Republican or Democrat—I will explain in a moment how little support is given to a minor party or Independent candidate—the limit prescribed in California is some $1.6 million, which would mean that the taxpayers would give to the two candidates, the Republican candidate and the Democratic candidate, each an outright gift of one-fourth of that amount, or $400,000. Each one of the candidates would receive, as an outright gift, before he took in a single contribution, $400,000, making an outlay by the taxpayers immediately, in that State, of $800,000.

In my State I believe the limit is $500,000, for the State of Alabama, so each candidate for the Senate would receive $125,000 as an outright gift. Thereafter, contributions up to $100 will be matched equally by the taxpayers.

Perhaps I should not make a personal reference to my own campaign in Alabama 2 years ago. Having opposition in the primary and in the general election, my campaign committee spent a total of $35,000 in both of the contests. Yet this bill would provide for $125,000 being paid to each of the candidates. I do not know what they would do with the money.

The distinguished Senator from Louisiana has put his finger on a very apparent defect in the bill, in that the incumbent, naturally, is in position to get a larger sum contributed to him than the challenger. So this bill and this type of matching procedure compounds the advantage that the incumbent has, because he can get such contributions as he can in excess of what the challenger can get, and then the taxpayers would match that amount. Therefore, it just doubles the advantage that the incumbent would have, the test being not who has got the most support, as the distinguished Senator from Louisiana has pointed out, but who can raise the most money, with the taxpayers matching that amount. So certainly it is inequitable at that point.

Also, Mr. President, it does not apply to the House of Representatives. I see no reason why both branches of the Congress should not be covered by the same law. If it is good for the Senate, it ought to be good for the House. If it is not good for the House, it ought not to be good for the Senate.

Then another strange situation, it seems to me, was the reluctance of those who were supporting this bill to provide that it shall apply in a primary. They defeated the amendment making it applicable in primaries, and it applies only in the general election.

(Mr. KENNEDY assumed the chair.)

Mr. ALLEN. In many Southern States, and possibly other States as well, the primary is the real election; so we are not providing any help to the challenger in that particular case. It is all in favor of the incumbent. How are you going to unseat the Member, if that is the purpose of it, to give the challenger a break against the incumbent? How are you going to give the challenger a break if you do not even provide the subsidy in primaries? Once the primary is over, you might as well not have the general election in many States. I dare say in as many as half of the States the primary controls. But this bill does not even provide for that.

That, to me, is another indication that this is an incumbent's bill. It is an incumbent's bill because it compounds the advantage he has by reason of being able to raise more money than the challenger. It is an incumbent's bill because it does not provide for a subsidy in the primary, which is the main election. It is an incumbent's bill because it does not provide adequate assistance to independent candidates or third party candidates. Do they get this 25-percent subsidy? Why, no. No matter how much they receive in contributions, they never get the 25-percent subsidy.

That is hardly fair. How are you going to develop new thoughts, new ideas, new philosophies, if you freeze out third parties and independent candidates and freeze in the two major parties? You give no chance to independent thought, and you provide a method whereby the incumbent can stay in office again and again and again.

So make no mistake about it, Mr. President, this is definitely a bill favoring the incumbent, and that is the reason it apparently has the support of a majority here in the Senate, in my judgment.

The right of incumbency is being protected by giving the incumbent a greater advantage under this bill. In past years, when legislation of this sort was before the Senate, amendments have been offered—I recall one by the then Senator from New York, Mr. Buckley, who offered an amendment, and I supported it, that gave the challenger more of a subsidy. The challengers got double matching for their contributions.

It was voted down overwhelmingly, as you might imagine, because that would have been something in favor of the challenger and against the incumbent.

I do not believe that we can sell to the public, John Q. Citizen, a claim that this will aid challengers, that it will make Senators more responsive to the people, that it is in the interests of good government, or that it will eliminate unfair practices or corruption, if there be such.

Another thing, Mr. President, is there were two bills before the Rules Committee, one having to do with needed reform in the election laws we already have. That is part 2 of the bill. That was in a separate bill.

We need that, Mr. President. I plan to offer an amendment later on which would knock out part 1 and just leave some of the reforms which have been indicated as being necessary as a result of the elections we have had under the present law.

What is sought to be done here is to let the taxpayer financing the elections ride piggyback on the true reform legislation.

They say, "We will not let you have the reform measures unless you take the taxpayer financing."

I do not feel that is the right attitude to have. I feel we ought to leave the taxpayer financing out of the way and go ahead and pass part 2, the reform legislation.

Mr. President, I was listening to the distinguished Senator from Michigan (Mr. GRIFFIN) the other day on this issue here on the floor. He made an excellent point, it seemed to me, when he pointed out that with all of the cajoling, with all of the arm twisting, with all of the campaign directed against taxpayers, urging them to indicate that they want a portion of their tax money put in this campaign fund—and even though it did not cost the taxpayer a dime as an individual taxpayer filing his return to check the mark, though, in the general body of taxpayers, of course, he does pay for it because it comes out of the Treasury—only 27 percent of the people checked off this square indicating they wanted tax money used for this purpose.

I remember the amendment offered by the distinguished Senator from Tennessee (Mr. BAKER) when this matter was up several years ago. He proposed that if one checked it off they would have to add $1 to cover the contribution. Of course, that was defeated and it was just carved out of the tax the taxpayer would pay.

Even though it cost nothing as an individual taxpayer paying their taxes, only 27 percent of the people did so.

The genesis of S. 926 can probably be found in the proposal forwarded to Congress in 1962 by President Kennedy in a report by the President's Commission on Campaign Costs. In that measure, the President recommended that individuals be given credits or deductions against their Federal income tax for political contributions, and that the Government pay the "reasonable and necessary costs" of a President-elect's facilities and staff during the "transition" period between election and inauguration. The only part of the Commission's recommendations enacted at that time was the "transition" appropriation. In 1964, a provision to allow taxpayers to claim a deduction for campaign contributions of up to $50 for individuals and $100 for married couples was added to the administration's tax bill, but was dropped by the Senate-House conference committee.

Then came 1966, and along with the war on poverty, President Johnson's administration sent to Congress a comprehensive campaign finance reform law that covered all Presidential and congressional campaigns, both in the primary and general elections.

They have apparently abandoned the primary election concept because they do not want to subsidize campaigns in the primaries. They feel the primary is not the real race.

In his 1966 state of the Union message, the President called for tax incentives to stimulate small contributions to political parties and "make it possible for those without personal wealth to enter public life without being obligated to a few large contributors."

That has been pretty well handled by cutting down the size of the contributions to $1,000. I would go along with the amendment of Senator CHILES, which would limit those who can contribute to individuals. I believe that is a great idea. If we do not have these special funds, special interest funds, political alliances making large contributions and carrying on separate campaigns of their own, if we limit contributions to individuals using their own money, not just being a conduit for somebody else, I believe we would eliminate half of the objectionable practices which go on at the present time in our elections.

Mr. CLARK. Will the Senator yield for a question?

Mr. ALLEN. I yield.

Mr. CLARK. Is it the considered opinion of the Senator from Alabama that such an action would be constitutional in view of the Buckley against Valeo case?

Mr. ALLEN. I rather believe that it would be. We already prevent corporations from contributing. I should think that special interest committees would pretty well fall in the same category. I am not making any constitutional analysis of it, but I would feel it would certainly be worth trying.

Mr. CLARK. I just invite the Senator to read in the RECORD tomorrow morning a memorandum I placed in the RECORD earlier in the debate today in which the Congressional Research Service expressed a judgment on that, based on their own analysis of Buckley against Valeo.

Mr. ALLEN. That is fine. In the main, I am speaking against the bill. I do believe the Chiles amendment would be an improvement on the bill. As I stated, I have not made a study of it from the standpoint of its constitutionality.

A number of initiatives by the Congress in connection with election change have been stricken down by the Supreme Court. One was the original setting up of the Election Commission, where, for many, it seemed a very reasonable proposal at the time to have the Commission consist of two appointed by the President, two appointed by the Speaker, I believe on the recommendation of the majority leader, though I am not sure, and two by the President of the Senate, on the recommendation of the majority leader here.

Well, that was thrown out because that was a joint congressional-Presidential commission and it could not be a hybrid committee. It had to be done by the executive.

Here we are putting in the hands of an executive commission, so-called by the Supreme Court, authority to manage senatorial campaigns. It would seem to me there is considerable reason for believing we have a conflict there on the separation of powers which may well be unconstitutional, as an offhand suggestion.

That year, in 1966, both Houses of Congress approved a measure establishing a Presidential Election Campaign Fund, to be financed by voluntary $1 tax form checkoffs by the country's taxpayers. While the measure was to become law, it was made inoperative a year later, but in 1967, another bill was introduced which embodied a comprehensive plan for Federal subsidies to Presidential and congressional campaigns.

Once again, the legislation was stalled, but the seed sown by President Kennedy's public financing of the "transition" expenses had grown into a budding flower which only needed more nurturing.

The 1968 and 1970 Federal election campaigns saw a skyrocketing of political campaign spending by both major parties. By 1971, after President Nixon's veto of the campaign broadcast spending bill, Members of Congress came under increasing pressure to pass a bill that would be applicable to the 1972 Presidential and congressional elections. The resulting congressional action brought into being the Federal Election Campaign Act of 1971 (P.L. 92–225). While this was a first step in the direction of actual campaign reform, it did not water the flowers of public financing.

But the life-giving water came when Congress, on December 8, 1971, established the first political campaign tax. The measure was initially adopted by the Senate as a non-germane amendment to the Revenue Act of 1971 (P.L. 92–178), but, because of a threatened veto of the revenue bill with the campaign language attachment, the effective date of the campaign financing provision was put off until after 1972. Public Law 92–178 required annual appropriation by Congress of payments into the Presidential campaign fund not to exceed the amount checked off on tax returns, and thus, Congress finally forced the taxpayer to start paying for political campaigns.

That is the status we are in right now as regards the Presidential campaign. Initially, they are trying to add Senate campaigns in a general election and they say maybe the House will add the House of Representatives, but nobody knows. Of course, we do not know what the House will do in this or what changes they might make. Right now, it

does not apply to the House and does not apply to primaries.

I should feel that, if we are going to have such a law, it would be more meaningful, it would make more sense, to have it for the primaries as well as the general elections. I oppose it for both, but it does not make sense to have it just in the general election, which, in many cases, is not the real election, because the real election is the primary.

Having planted and nurtured the seed of public financing of political campaigns, it remained only to reap the harvest.

While the harvest was slow in coming, the hybrids were not. In 1973, the Senate attempted to add a broad rider to an essential bill to raise the temporary debt ceiling—to extend the time during which we could have the debt—which included the text of a campaign reform bill as well as provisions for public financing of Presidential and congressional general and primary election campaigns. When the bill was returned to the House, the leadership agreed to schedule a House vote on provisions affecting Presidential elections only if the restrictions on congressional elections were dropped. Thus, the bill came back to the Senate where a number of Senators joined in a successful effort to block public financing of congressional campaigns.

Misdeeds connected with Watergate and the Presidential election of 1972 gave the final impetus to those seeking to change our system of conducting elections, and, as a result, Congress enacted the Federal Election Campaign Act Amendments of 1974. That law imposed new and needed limitations on the form, amounts, sources, and expenditures of contributions, and strengthened the public disclosure requirements.

Those are the two chief means, as I see it, of providing for honest elections. That is, full disclosure of all contributions and all expenses and the limitation of the amount of contribution.

We tried to limit the overall expenditures, the total amount of expenditures. The Supreme Court threw that out, unless it is in connection with the acceptance of a campaign subsidy, as provided in the Presidential primary provision. If they elect to come under that, they are bound by it. If they do not come under that, the sky is the limit on the expenditures they can make. There is no limit whatsoever on what they can receive, other than the amount of contribution. They can receive any amount, spend any amount, according to the Supreme Court.

The Campaign Act Amendments of 1974 made provision for the 1976 distribution of $72 million to finance 15 Presidential primary candidates, the 2 major political party conventions, and the 2 nominees of the major parties in the general election.

Now they are seeking to add the Senators to that and, possibly, the House Members, though we are not sure that the House Members are going to accept it for themselves. I do not know whether they would regard doing so, accepting the bill and making it applicable to the House, whether they would feel that they would be subjected to the charge being made here in the Senate, that this is an incumbent's bill. Possibly they do not want to be subjected to that charge in the House. They might not provide it for themselves, though they might be willing to see the Members of the Senate subject themselves to that charge.

According to the majority report of the Senate Rules and Administration Committee accompanying this bill, report No. 95–300, the concept of public financing of political campaigns has been proven on the basis of the experience of the 1976 Presidential campaign. Striking while the iron is hot and the Nation and the media are honeymooning with the new President, the committee sends us S. 926 to build on the public financing concept by adding taxpayer financing of senatorial campaigns.

I think we might name this bill the politicians' welfare tax of 1977, because it does provide millions of dollars for candidates for the U.S. Senate, incumbents and challengers alike.

It is, of course, assumed that if the Senate passes this bill, the House will follow suit with one of its own to protect the incumbents there, and sometime this year, in time for the 1978 congressional elections, the President could sign into law a bill that would take the public out of the political picture except in two instances—voting and paying for the election and campaigns of the candidates.

On that score, we have learned that the voters are increasingly less interested in the voting process. I think we are going to add to that lack of interest with this bill unless they rise up in righteous indignation at what the politicians are doing to them and for themselves in order to try to perpetuate themselves in office. One could reasonably estimate that another intrusion of the Government into the lives of the taxpayers may accelerate the tendency of citizens to exercise their negative response to the actions of the Congress and the executive branch by not voting.

That has been the trend: Fewer and fewer people are voting. A smaller and smaller percentage are voting. Of course, some have brought out election day registration as a panacea for the decline in voting. But that is not the problem. The problem is getting those who are already registered to go out and vote. The disillusion on the part of the people with the conduct of their Government—and the conduct of those who make up their Government—is what is causing the lack of interest, the apathy, in elections.

With respect to paying, there is no question in my mind that the politician's welfare tax—that is all that public financing really is—will lead to a further alienation of the American public from its own Government.

Mr. President, in my view, we cannot have a law that says the Government will finance the political process by which the Government will be chosen.

How do we like that? Those in office set up a system to pay for the campaigns that they themselves run, compounding the advantage they already have of being able to obtain more campaign contributions than the challengers by doubling the amount they are able to get in campaign contributions, after first giving both sides the subsidy of 25 percent of the overall limit, amounting, as I said, in California to $400,000 for each one of the candidates, and in Alabama to $125,000 for both candidates.

There is no way to work out all the equities and the distinctions in our pluralistic society under such a concept. If someone had come into the Constitutional Convention and proposed a system whereby the Government would finance politics, the Founding Fathers would have told that individual that the Revolution was to be fought against just such a closed system of government.

I believe we ought to open this up to the people, not just close ranks, have the Government pay the costs of the election, leave the voter out of the process, or well nigh freeze him out.

All he would be able to contribute would be, at most, 37½ percent, I believe, of the total campaign costs.

How are we going to get people to take interest in election campaigns? How are we going to get them to take an interest in government if we are freezing out the participation that they are allowed to have in the governmental process and in the election procedure?

The essence of the system of government which has evolved over 200 years is based on free choice and the intestinal fortitude to weather the storms created by any decision of the electorate.

The thrust of the pending legislation, Mr. President, is to take the element of chance out of the political process through the control of the means of effecting changes in the political process through elections.

The use of tax revenues for financing campaign expenses is wrong, unfair and dangerous. It is wrong because it is not compatible with our democratic system which is based on volunteerism. It is unfair because, even after all the attempts to legislate the fact away, incumbent officeholders will have the advantage of public financing of their campaigns on top of free mailing privileges, offices, staffs, phone and travel allowances, to the detriment of challengers. And it is dangerous to our way of government and our free elections because it could pave the way to profound and unwelcome changes in our form of government. Federal funds applied to Presidential and congressional campaigns, and perhaps later to State and local campaigns, would substantively change the extent of personal participation in politics and significantly alter our political system.

This Nation's political system is predicated on the proposition that our people are free individually or to group together to pursue legitimate political objectives through a voluntary contribution of time, effort and money. To sharply diminish that proposition would imply that Congress has lost faith in the American way of life. To offer Federal subsidies—taxpayer subsidies—as the cure-all for our political illnesses might well be compared to the hastily conceived remedy, combined with an im-

proper diagnosis, that killed the patients it was intended to help.

Mr. President, for these reasons, and for the reasons stated during debate on this subject in 1971, 1972, 1973, and 1974, I shall oppose the politician's welfare tax, and I urge my colleagues to do the same.

I am hopeful that on tomorrow the effort to invoke cloture will fail in order that this matter can be discussed further, in order that perfecting amendments, constructive amendments, may be offered, and that they can be considered, not under the pressures of cloture, not under the 1-hour limitation that is cloture, but in a calm, dispassionate way discuss these major amendments, see if we can reshape the bill, see if we can knock out part 1 which applies to taxpayer financing in elections, and leave us with the constructive reforms that embrace the second half of the bill.

But if we invoke cloture, it would just indicate that the matter is going to be rammed through to its final passage by the strength of numbers.

I am hopeful that the Senate will withstand this effort to invoke cloture and winning on tomorrow on this issue. I hope that those who do so vote will continue to vote against cloture.

One point I would like to make in this regard, sometimes a Senator will say, "Well, I'm against the bill, but I'm going to vote for cloture."

Well, that does not sell, Mr. President. If we are against the bill, we are going to vote against it at any opportunity we have. We are going to vote against it when cloture is proposed because that is the best way to kill it, by seeing that the debate does not continue, and by seeing that we are against the bill by going to vote for cloture.

That is trying to have the best of both worlds and that is just not permitted in this present day. I do not believe that those who adopt that attitude are going to be able to convince either side that they stand with them on this issue.

If anyone is against the bill, he should also vote against cloture because if we vote against cloture and cloture is invoked, taking 60 votes, it certainly is obvious from that that any opposition to the bill will be bowled over.

So all those who profess opposition to the bill would do well not to fall for the suggestion that we can continue to be against the bill and still vote for cloture because if we vote for cloture we are voting for the bill.

I hope Senators will not make that mistake and fall for that line of reasoning.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, my colleague from Alabama might be very helpful if he could stay around for some questions.

I have not been able to join in the floor debate, and I say so with misgiving in some sense. Then in another sense I have no misgiving, because I think the public should understand debate ensues and continues not necessarily on the Senate floor under the process today, but at lunch time when Senators sit down and eat, as they meet together, as they are talking on conference committees, and other places.

I have been trying to follow the public financing of political campaigns, the measure at hand, by listening and trying to hear both sides of the issue and trying to see if I could answer some of the real concerns that I had as to where we were heading.

Specifically, the subject matter is not new. Ten years ago, I joined the distinguished Senator from Louisiana in supporting what I used to call his "every mother's son bill." Every mother's son should have the right to run for President. He should not be denied it—for the simple reason that, after all, the country is so mammoth, the communications media so expensive, the campaign so demanding, that de facto, as we say now—in fact—every mother's son is not eligible to be President.

It is very interesting that the nearest to "every mother's son," an unknown from Plains, Ga., became President. If he were known, he was known for the wrong reasons—namely, he was a former Governor of Georgia. That certainly did not help him in the Democratic primary in Pennsylvania, running against the labor candidate. He has refuted that.

While we started a good idea and while it did work well in the 1976 campaign, and I am the first to acknowledge the success, as a sponsor and supporter, having been proud of that success, I asked myself, "Why do I resist the financing of political campaigns at the local level—namely, for Congress and the Senate?"

Well, for one thing, the idea is that if we extend that, we eliminate politics now. As the Senator from Alabama has pointed out, I think we have eliminated a lot of sordid things from the political process.

I commend the floor leadership in this regard. The Senator from Iowa, DICK CLARK, worked all during January, February, and March promulgating an ethics bill.

Prior to that, we had the Vietnam war. Then there were the days of the Bobby Baker's wheeling-dealing, hot and cold running of government, quid pro quos.

When the young leadership came to this Capital and asked for an explanation of that war, it developed into more or less a fairness doctrine. It affected our consciences. We began to ask whether the tax laws were fair, whether the draft law was fair, and Government became more responsive. It was a very healthy development.

On the heels of that came the campaign financing disclosure, wherein I voted for the limitations, so that every rich man's son could not buy an office. But a rich man's son brought the case the Senator referred to a little earlier. I never have agreed with the court decision that one could just spend away and it was a right to spend any amount.

In any event, it made us list every dollar in and every dollar out, so you could see exactly where the support was coming from. And we limited individual contributions to a thousand dollars.

Having listed those reforms, together with the ethics bills, and the various States following on the heels of this cleansing of the political process—post-Watergate or what have you—we now have, I think, a pretty good system, and we do not want to go so far as to eliminate politics. I think of it in the highest regard. I think it was Root, the Secretary of State for a Republican President, Teddy Roosevelt, who said that politics was the practical art of self-government and that if we are to have self-government, someone must attend to it. Then he concluded that the principal ground for reproach against any American citizen should be that he is not a politician.

We have had that representative government for the past 200 years, and I think we should look with pride not only on politics and on politicians, but also on the political process and, in essence, the two-party system.

I have been in the Defense Appropriations Subcommittee markup. We have 26 long, wide pages. After 2 days, we have gone through 11 pages, and I do not know how many days we will be on it. It is difficult to attend to those duties and to keep up the continuity with reference to this debate and to give attention to it.

However, I really resist the idea that, somehow or other, ipso factor, we have cleaned up or bolstered or strengthened America in its political system, by the taxpayers picking up the tab.

On the contrary, what you have done is taken those who can get up the kitty, and certainly incumbents can do that, and given them a free ride.

So it makes it very easy for us on the one hand to sort of sit back and not listen. Why listen? We know that you do not have to respond. After 6 years, you do not have to go down on Main Street in America and on the farms of Iowa and the agricultural and rural sections of South Carolina and answer the concerns of the voters. You do not have to go back to the people. You can always pick up that $44,000 and immediately get your $120,000 Then you are on your way. With that, you can do the mailing or whatever else you want to do. The advertising gimmicks and approaches are valid, have been tried and found true.

So you get up the rest of the money with the taxpayers footing the bill, and you have sort of done away with the politics. You do not have to go back to your people and make an accounting. Like everybody else, you can go on the tube and take the big money. As long as they keep up the television publicity, I can tell Senators that they do not have to worry about the newspapers or the billboards or the little cards they give out. They do not have to travel around.

We have not improved an accounting by the incumbency or an accounting that is by politics or a person testing himself. It is all on the basis of working to bolster the system and cleansing it; and those who are against public financing for Congress and for the Senate are really against the people or against the system, and they are not for clean politics. Instead they are still for the "dirty old way." I am talking about the "dirty old way." I think it was a clean old way, a very valid old way, and it should persist.

I have found out, as most of us have, that in the $10, $15, and $20 contributions, when you get those kinds of contributions, you get that kind of support.

One of the experiences that has not come to the forefront in this debate with respect to last year's Presidential campaign financing success, was some of the failures. One of the biggest failures was trying to get enthusiasm and interest and participation with stickers and the general political hoopla, in the sense that you did not know how to do it. You could not spend money; nobody could print stickers. It was alluded to as the overall candidacy. It was just like OSHA. I think we had the OSHA part of campaign financing in the Presidential election last year. You just could not get people moving, and it still went down to the wire.

We have 46 counties in South Carolina. I spent the month of October visiting 35 counties, making talks for Carter, and in some counties for other candidates.

So I was down there during the last days, and I never saw such a dearth of activity. We could hardly predict what was going on except through the TV. It had taken the political process away from the people themselves, the candidates, the supporters, the headquarters, and the young people moving around.

When there are no small contributions there is no participation, there is no support, and that is when I really began to experience and resist within myself a total sort of financing at the ground level.

The question is, of course, does it really do away with the special interests or does it really project the special interests. The Senator from Maine and I have been around long enough to watch from where the force comes, the pressure that is engendered, and the pressure behind this bill is in the special interests.

Whether it is the AFL–CIO, Common Cause or the ERA, it is those groups with a cause—not American but a particular cause—who say now, "Look, if we can go and just get up that seed money, that $44,000, we get $125,000. We will forget about the Democratic primary, we will forget about the Republican primary. What we are trying to do is put our cause in its most forceful light."

And with that seed money, what we do then is we buy a fellow and put him up as a TV man. We have to test him for that, I can tell you right now. You want one who is attractive and articulate on television. Once you have that, the devil with his beliefs. You have just what the doctor ordered, because then you pay him and he gets on, the public starts sending the money to him.

Again I wish I had Dean Acheson's book, "A Democrat Looks at His Party," because we will have to have the two-party system. It is one of the most eloquent accounts of the success and the strength of America being the strength of its two-party system; I have to agree, coming from the South, with a westerner from Iowa or a northerner from Pennsylvania, and I have to sort of tailor the needs and problems of my State, with the needs and problems of Pennsylvania and Iowa.

That is a pretty good thing. It has made America strong. That is really where the debate is involved.

But I look with concern on the fragmentation of the political process as we know it in America. That is what is really at the base of my opposing this bill.

I have heard it already has boiled into "this is a party proposition," and the President has put it down as a party matter, and "we are going to really test whether you are for the party or you are not for the party tomorrow on the matter of cloture."

I think we are going to have a lot of tests for those handling the bill. I have not been in on any of those conferences, but I see some of their staff around, and they can carry messages pretty well. We have on this side of the aisle 11 good stalwart Democrats who are going to stay 11 and stalwart, in my opinion. I do not know what they have on the other side, but I hope we can forego cloture because that has also been another sales presentation, "Oh, yes, we are going to lose on Friday but win it later."

We have had the pressure. The President has been misled. He has to go along with some of the crowd he takes with him into the administration. Again, that is the process and that is necessary, and I do not mind his going along with it. But I hate the inference, that you are being disloyal, or whatever it is. "This is good for the country and a Democratic issue," where the contrary is true if you have any sensibility of history.

The real strength of the Democratic Party, if you want to go to one convention like we did this last time, which I thought was a tremendous improvement over the political convention in 1976, the Democratic Convention, as compared to that thing we had in 1972 in Miami, and if you want to see a can of worms and everybody having his way, that is what we had down in Miami. With all the causes and all the beliefs and all the sections' interests being represented, we were forced into a better and stronger party, and I want to see it continue that way. I do not want to see people coming and abusing this process with candidates running who have no idea of service, using it just to advertise and get the campaign money and the taxpayers' money.

If I were in the advertising business and had a particular cause I believed in, or a product to sell, I would put it up and let them keep matching funds.

Finally, Mr. President, this country was founded on the people's reaction against taxation without representation. I wonder what the public thinks—I know what most of the South Carolinians think, I know what most of the taxpayers of my State believe. I would like to say that they like me or like all the candidates or like all the Senators or like all the candidates for Congress, but I can see that general situation where we are willing to reinstill credibility in Washington, the Congress and the political process and the institutions in this country.

We are beginning to rebuild confidence under President Carter. And this Congress, I think, has done extremely well, and we have gotten to develop energy policies, we have an economic problem, but a million more Americans have gone back to work since President Carter took the oath of office in January. You are beginning to see change experienced around here and felt by the people themselves. Then we are supposed to come home on Labor Day and say, "Look what we have done. We have taxed you, and anybody in the world who wants to get up and talk about any kind of subject that you do not agree with you have got to pay for it with your tax moneys." Taxation without representation. Now, go back home and sell that to Americans. I never heard of such a thing—taxation without representation, every idea that is the opposite, the antithesis, of everything you represent—to agree with Voltaire "I disapprove of what you say, but I will defend to the death your right to say it"—but do not call on me to pay for it with my tax dollars and call it great campaign cleansing for the financing law when we are really taking all the special interests out of it, and you are really promoting the special interests of this country.

They know what to do with this bill. In fact, I have had lobbyists come and say, "HOLLINGS, why are you so opposed? We have for the trade association some rabbits in that bill. You ought to read it. We have it where we really can get to him and get that money and get that seed pot and put it in there and then get the taxpayers' money flowing." That is what they have here. It is right in this bill. And they ask you why you are against it. I said it just does not smell right, Senator.

I admire your opposition, Senator from Louisiana, to this bill. You have great integrity. You are the daddy rabbit of public financing of Presidential campaigns, and I followed you in your work.

But I have talked about limitations. When you try to bring it down to the local process and you get into the general election you will carry it to the primary and carry it down to the gubernatorial and State legislature, and then we have got chaos on our hands, chaos, and a turnoff.

Everybody has a right to run, like everything else in this country today, and there is no longer responsibility. There is a right to this and a right to that. It is not equality of opportunity they want, it is equality of result.

We are not here to legislate equality of result. Everybody ought to start equal. They ought to know—the Senator from Alabama said he did not want to make a personal reference about the amounts of money, nor do I want to make a personal reference, but you can bet your boots I ran against a multimillionaire. He is a fine gentleman and a distinguished citizen of this land, nationally known, incidentally, and he has a tremendous record. In fact, if he had done what I had done, I do not believe I would have been here. I think he would have won. But I did just that. I went out and asked for money. He had the kitty, he had the pot, and he sat with the pot, and I am here and he is not.

I talk from experience now where you get financing of campaigns and, more than anything else, the so-called taxpayers brought in under the aegis of cleans-

ing politics and cleansing the system and getting away from the special interests.

I do not think it is healthy, I do not think it is needed. I think we ought to sit down and soberly look at this thing, test the ethics bills, the financing, make sure we know where everybody's money is from. My campaign contributions were publicly given in the 1974 election. I was reelected then and every dollar in, every dollar out was known.

The first thing I hired was a certified public accountant. I did not get a campaign manager. I was scared to death. I did not know where I was going to end up with all of those rules and regulations. None of these people could tell you about it, and none of these people can tell you about this bill because I have been asking.

But the first thing I got was a CPA. Everything was kept there and we maintained integrity. Let us not go so far as to take politics out of the political system in this country and act like all you need to do is to get your little cause and the devil take the rest.

You are not responsible to a county or State or a general electorate. You are only responsible to the special interests, and "Do not knock on my door and do not ring my phone because I have my money."

It is political advertising. It is communications. That is the trouble. Unless we get—I am negotiating with the administration right now—a spokesman in communications at the national level to start promulgating policy. They never thought about optic fibers and television and satellites and electronic bank transfers and electronic delivery of mail, and neither did I.

No one did. Now we have this, and it is packed to the pump where they have the debates. They did not win these debates one way or the other. If one fellow had faltered that would be the end. That proved to be the case in 1960. There is no doubt. It got to the podium in the 1960 Nixon-Kennedy campaign and was brought down later in the League of Women Voters debate. That is what you are buying. You are not getting to the people. You are excluding the people from the political process with this bill. That is my objection.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. HOLLINGS. I yield.

Mr. LONG. The kind of situation that will develop in Louisiana in the next election for Senator JOHNSTON I think helps to highlight the problem a little bit. We have a very fine Senator from Louisiana in BENNETT JOHNSTON. In my judgment, he is a statesman and he is a great credit to this body and a fine, clean, upright, young man. All of us are proud to call him one of our own, either as a fellow Senator or as a Member of this side of the aisle. We proudly named him to be the chairman of the Democratic Senatorial Campaign Committee in the previous Congress.

If Senator JOHNSTON were to oppose anyone, other than perhaps the Governor of the State, there would not be any point in anyone running because he would win so easily that there would be nothing to it. If the Governor runs, that would be a contest. Both sides could find the money to pay for it, and neither side need ask for any advantage one way or the other. It would be a real race.

Yet what is more likely to happen if this bill passes and if the Governor decides not to run is that these other people will be taking polls to find out whether they would not have a chance. Someone who has even less of a chance than that man who is the only person in the State who regards himself as a serious candidate will proceed to run and then spend a lot of Federal money saying a lot of mean, unkind, hateful things about our colleague from Louisiana.

Why should we have to pay for that? If someone wants to do that, let him go ahead and make that kind of an attack upon my junior colleague at his own expense. I do not know of many people in Louisiana who would want to contribute one penny to it. Why should they be required to pay their tax money to pay for that?

Mr. HOLLINGS. Exactly. That is exactly what I mean, and they have the good sense enough to see it. They have sense enough to see it.

We do not have sense enough up here right now. It has been a symbolic thing. I have had more Senate colleagues tell me, "I really am worried about that bill. I am not for it. But I remember voting way back." And we served for quite a few years with these fellows, I say to Senator LONG, and there was Senator LONG's bill and it worked well, and I cannot explain it. It is a life of symbolism. "I made a symbol."

There is no deliberativeness any longer to our careers around this blooming place. They do not all look objective or long range or for a sense of history or anything. They have made it a symbol and they fall in line and say, "I have to vote for it. I have to vote to include it." Bam, bam! There is a symbol, the blooming thing.

What worries me again, I say to the Senator, is the man running against Senator JOHNSTON.

I hope they run, not against Senator JOHNSTON, because I am 100 percent for him and agree with Senator LONG he has had a magnificent record up here and we have followed his leadership in so many regards. He is doing an outstanding job not only for Louisiana alone but for this entire Nation.

What I am thinking of is not the candidate. They are not even going to run against the candidates. They are just going to run and get a weighted cause and an additional weight, so to speak, to their particular cause by coming in and just saying, "I am for that," and saying, "I am for abortion," or, "I am against abortion," and all they do is talk and talk and talk. And they are not Democratic, they are not Republicans; they are not a member of the party. They are just cause candidates. And they will come down to the wire, and having gotten all the money and publicity, will say, "All right." They will come on election night and say, "Candidate X is more likely to carry out the programs about which I am concerned, and I hope tomorrow everyone else will vote for him. I got my advertising. I have him committed. He cannot win without me. I pressed him in." And everything else.

It is the most insidious thing I have ever seen.

And what are they going to do? Watch them. They have sense enough, if you run campaigns before, to know exactly what they have in mind, and these are special interest people. I have not had a citizen say, "HOLLINGS, why don't you vote for that bill."

I have had nothing but special interests come and say, "What is the matter with you? We are all for this bill."

I said: "I know you are for this bill and everything else like that."

The only other interest that they may think can get around me is a thousand dollars here and a thousand dollars there, and that is not going to change anyone's vote, buy a Senator, or anything else. If they are going to buy them, they will buy them with this bill. This is the so-called public financing, which is a special interest purchase bill, and it is similar to the French Government. It is going to be like the Government of France. You are going to have, I do not know how many political parties run loose all over the lot and are going to have to get a concurrent majority or wheel and deal trying to get together a government. They are trying to get together a government in England every other week, or something else like that. That is the great land of the Magna Carta that we have out there in the foyer. They were nice enough to send it to us. I hope they do not send the rest of those practices, especially, this multiparty system.

This is the beginning of the multiparty system and the special interest system in this country right here today.

That is what is going on all in the name of cleaning up campaigns and politicians.

Mr. LONG. Lyndon Johnson used to say that "if you look after the people's business when you are in office, the election will take care of itself." I think that is how it should be.

Mr. HOLLINGS. That is right.

(Mr. BUMPERS assumed the chair.)

Mr. LONG. You can have $125,000 of tax-paid money in Louisiana, and a lot more in other States, it is just there for someone to go out and run against a man, just go out and give him hell, work him over, give him a hard time. Then if that is how it is, does this not conflict with the general thought that if a man zealously dedicates himself to the interests of the people, the election should just take care of itself?

Mr. HOLLINGS. That is right.

A fellow can really do that over several years by serving his people extremely well and then some issue at campaign time comes up that he conscientiously just does not believe in and cannot vote that way, and it all goes down the drain. If they can get the public airways and their attention, it just goes down the drain because they can get the seed money and put it on TV, and his entire record of public service goes right down the drain. What you are going to

have is no continuity, no stability, no experience.

I hope I have learned something in the 10 years I have been in the Senate. I hope in the next 10 years to learn even a little bit more.

Of even greater importance, I hope this inures to the benefit not just of old FRITZ HOLLINGS but my people, and I can do a better job.

But you are not going to have that. The very people who are tearing it down are tearing it down in the name of really strengthening and doing away with the special interests. They are really putting the special interests in the driver's seat, and they have not stopped to look at it.

Mr. LONG. One of the most courageous Members of this Senate in his own quiet way was George Aiken of Vermont.

Mr. HOLLINGS. Yes.

Mr. LONG. He was an institution in Vermont and still is. He was a man of such integrity and high regard among his people that they could not get anyone, Democrat or Republican, to even run against the man.

Can the Senator explain to me what is the purpose of spending a big Federal grant to get someone to run against a man like George Aiken?

Mr. HOLLINGS. It is the right to run. Everything is a right to run now, and they just want to put up taxpayers' money in that way.

The Senator from Alabama explained how he spent $40-some-thousand and he would have gotten $125,000. What is he going to do with this money?

We know what other nonconscientious people are going to do. They are going to do exactly what I explained in my remarks, that is, advertise themselves or their cause.

If I were a young law graduate, I say to the Senator from Louisiana, I would first get out and say, well, I have to get around and meet everyone, and I want to make a name so I am known. I can make a pretty good talk, and no one knows that what I am doing is finding me a cause and going to them and say, "You get that. You have a spokesman. I will go on TV and I will sell your cause and you can count on me and I will just run across the State. I do not care about serving. All I am trying to do is get advertising."

Really I am hoping that the people who take this money run.

You, in contrast worry that they will take the money and will run against the other fellow. Both ways, it cancels out.

Mr. LONG. The Senator is making a point that is very familiar to the Senator from Louisiana. When I first started practicing law as a young lawyer, any time that the elections for the State legislature came around, all the young lawyers would go qualify to run for the State legislature, not that they thought they were going to win—most, of course, knew they were not going to be elected to the State legislature—but they wanted some publicity. These young lawyers were not permitted to advertise for business at that time, but they could get their picture in the newspaper, stating the fact that this was a young lawyer practicing there in town. They would gain a lot of publicity, but the public was not paying for that.

Mr. HOLLINGS. That is right.

Mr. LONG. They were getting free publicity in the newspaper, but it was not costing the public anything.

If this approach is to be followed, so far there has not been one Republican opponent I have had to run against who ever ran in the primaries. A Republican committee, for example, would name the candidate. So this would be just $125,000 worth of free publicity. I do not know why a young lawyer should run for mayor or council; he should run for the U.S. Senate in order to get his publicity. There is $125,000, just lying there.

Moreover, with $125,000 to start with, someone might also get contributions, so he could get more than $125,000 worth of free publicity.

As one who fought hard on this floor for years for campaign financing for Presidential elections, I say to the Senator from South Carolina, this bill is entirely on the wrong track. This bill works on the principle that people receive money even though they may not be able to attract any votes at all; and the amount of money they get depends on how much money they have to get the money with. The money gets the money.

Mr. HOLLINGS. That is right; the money gets the money. That is really giving the Government back to the people, by giving it back to the moneyed interests. You know, speaking of poor Democrats, that is one thing we have down in South Carolina, to get votes. And the Republicans, with all respect to them, they have got money. And with all due respect to my senior colleague, who built up his record as a Democrat, they do not have anything but money. That is not going to help them with votes.

If I really needed money, and felt this was a fair proposition, I would be racing around like some of these other Democrats, pleading, "Send me the money, give me the matching funds."

But I know this is going to ameliorate the elective process, sure as little green apples, I am telling you right now.

Mr. LONG. As the Senator knows, yesterday the supporters of this measure made at least one right move: They moved to amend the fund to provide that we could not take money out of the presidential campaign funds to spend it on senatorial campaigns. Someone pointed out to them that in every State of the Union this is against the law. My State has abolished larceny, embezzlement, and obtaining money under false pretenses, and they now call it all by one word: theft.

Mr. HOLLINGS. Theft.

Mr. LONG. Someone realized that this amounted to misappropriation of public funds, so they amended the bill to provide that you would have to go back 2 or 3 years to indicate in previous years you would like to have had the money put into a senatorial fund. That is an improvement over the bill the way it is.

But to show that the bill should have further consideration, the fact that someone would even bring a bill out here which, on its face, was proposing misappropriation of public funds and a breach of trust, showed the bill had not had the consideration in committee that it should have had to begin with.

Mr. HOLLINGS. The staffs have all been studying, of course, and reporting in, and Senators have been discussing it, and we find another label, or another loophole as we move on down the road.

The truth is that I have favored liberalization in order to bring people in. The matter of post card registration, I have voted for it. I supported registration of younger voters. I supported campaign financing for presidential elections because of the size of the country.

But this bill, this is where the special interests, all of a sudden, donned the suit that you wore in trying to open up and claim the power to run in Presidential races. If it had not been for your law, Senator from Louisiana, I do not think Carter could ever have run for the Presidency. He could never have won, and we would not have him in the White House.

But, like the sheep dog with a taste for blood, they go in and gobble up everything in the name of politics. So money gets money; and it appears to me we have forgotten about the people, and you persuading me that I can trust you, or me persuading you of my views. To forget about politics and put it all in the name of money, with the idea that then we will have better government, is about as much nonsense as anything I can think of. It would be totally ineffective.

Mr. LONG. The Senator knows very well, because he was here and participated, that in working on the Presidential campaign fund, we carefully considered the various problems—and there were many—but we had men like Lyndon Johnson to give us his thoughts, and we had men who had run for President to give us their thoughts, and we had men like Larry O'Brien, who helped manage the Democratic campaign, to give us their thoughts; we had men like Henry Fowler, who had been Secretary of the Treasury and active in the Government, to contribute his thoughts.

Over a period of time, we worked out what I really think was about the best answer to all the problems involved that one could put together. We attempted to solve all the various problems that could be imagined in connection with the election of the President in the general election.

But then, without that kind of careful, painstaking, and lengthy consideration, the Senate later agreed to an amendment that extended the financing on a matching basis in the primary elections leading up to the conventions for both major parties; and I submit that the experience in that area indicates that we would have done well to have taken a lot more time working on that provision, because in that case we have incorporated the concept that "the money gets the money." Also, we failed to find a way to distinguished between the candidates who can muster a lot of votes in order to continue their race, and those who cannot muster votes, in order to drop out.

I do not want to call any names, but I

must say I was disappointed to see, in the last effort, the last race, some candidate who was a poor, pitiful, also-ran running on and on, at the taxpayers' expense, when that person should have dropped out. All these people who continued the race after they had run about fourth or fifth, and then about sixth the next time, and maybe eighth the next time—all those people were doing was preventing the public from arriving at a majority decision between the top runners.

Mr. HOLLINGS. Exactly.

Mr. LONG. You really could not say for sure who would have won the race if you had had a head-on race between Mr. Carter and Mr. UDALL, for example, because these other characters would not drop out. Like Uncle Earl used to say, "They were dead politically, but they refused to lay down."

So nobody could know who was the best, between the front runners, because the also-rans would not get out.

We ought to try to correct this situation. This bill follows the pattern of our previous errors in the Presidential campaign financing bill.

I really do not believe, and I would ask the Senator if this is not correct, that we can think about the election of a Senator from a single State in quite the same way that we think about a Presidential race. There are so many different problems involved in one race that do not apply to another; there are so many relative considerations, even as between different States.

Mr. HOLLINGS. Exactly. There is no doubt about it. We have a heterogeneous political society with the issues, with explosions of information and communications explosions.

I am going to try to yield the floor because the distinguished Presiding Officer has a highly important engagement, I have been informed, and I do not want to delay this body any longer.

I felt in conscience I should say something about public financing. We have been listening to this for the last week. We have been discussing it in the hallways and at the lunch tables. I really believe this idea of taking politics out of politics and putting politics on the money is adopting the policy of taxation without representation and putting it into the statutory laws of the United States of America is unheard of. Someone should stand up and ask them to back off and look at this in the broad way to really see what the results are going to be.

We just cannot eliminate basic politics. We should not eliminate them. Forget the Potomac fever. Each Senator must go back home and resolicit his support. If he has done wrong and he has not represented his State, they are not going to respond. Those campaign contributions are then cut off. Everything is made public.

With the ethics bill, it really opened up the process of Government in the sunshine, open markups and all. We have done extremely well.

I commended the Senator from Iowa on his ethics bill leadership and otherwise.

It cannot follow, like the sheep dog having tasted blood just gobbled up the sheep, that the people of America, on the basis of cleansing politics, will put it all away and do it on a cash and carry basis.

Mr. President, I thank my colleagues for their attention and I yield the floor.

ADDITIONAL STATEMENT SUBMITTED

Mr. WILLIAMS. Mr. President, as one who has long supported public financing for congressional elections, and as a cosponsor of S. 926, I wish to commend the leadership for bringing this measure before us for consideration at this time.

Our Nation recently went through the first Presidential election in our history which was financed totally with public funds. The new system of financing Presidential elections worked—and worked well. The time has now come for Congress to adopt a new system for financing its election campaigns, so that there no longer need be sole, or even primary, reliance on private funds to finance evermore expensive congressional election efforts.

I believe that the method of financing elections proposed by S. 926 will create a greater degree of competition for Senate seats—a healthy situation. Adoption of S. 926 will enable Senate candidates without access to large sums of money the opportunity to wage more competitive campaigns, thus giving the voters greater opportunity to choose the best of the candidates. Should S. 926 be enacted, I believe that we will have keener competition between the major parties. Equally important, the measure provides financial support for minor and independent candidacies—candidacies that have contributed so richly to our political tradition.

Increased citizen participation—as voters, as workers, as contributors—strengthens our system of democracy. Under the current system of financing congressional elections, there is heavy reliance on relatively large contributions by groups. Consequently, many individual citizens, able only to make a relatively small contribution, are not encouraged to make them. Importantly, this measure would create a matching fund program for relatively small contributions. By giving contributors of relatively small donations a more direct feeling of participation, the bill preserves, even enhances, the role of the individual citizen in the election process.

While this measure would not eliminate the need to appeal for contributions, it will certainly lessen considerably the time, effort, and energy a candidate will have to devote to fund raising. Personally, I find fund-raising to be the only aspect of campaigning that I dislike. I know that many of my colleagues share this feeling. Enactment of this measure will enable candidates to devote less time to fund-raising and more time to meeting the people and addressing their concerns—the truly rewarding aspects of campaigning.

Mr. President, study after study has confirmed that in the past decade the confidence of American citizens in their institutions, public and private, has dropped at an alarming rate. Confidence in political institutions has diminished during this period. The Watergate scandal has, of course, contributed greatly to this diminution. It is significant that under the new system of financing of Presidental elections, we did not witness the corruption and the appearance of the corruption that were so much a part of the 1972 election scene and that figured so prominently in the Watergate scandal. Consequently, much faith and confidence in our Presidential election process has been restored.

Unfortunately, there is a great deal of cynicism prevelent about Congress, including about the way congressional campaigns are financed. Many question whether a linkage exists between votes and contributions. Now I firmly believe that groups representing various interests have a right, indeed a responsibility, to bring their views, on matters of importance to them, to the attention of Congress. Congress has the responsibility to consider the views of all Americans—those of individual citizens as well as those of organized groups—in making its determinations as to what is the best interest of the country. However, the current system of financing congressional elections has led many to conclude—rightly or wrongly—that the congressional decisionmaking process is unduly influenced by contributions from these organized groups. The public financing mandated by S. 926 will help restore trust in the Senate electoral process by removing the great reliance on relatively large contributions and thereby removing questions in citizens' minds over whether a linkage exists between votes and contributions.

Mr. President, S. 926 is not a panacea for all the problems of our election system. I do, however, believe that its adoption will make significant contributions to our system of democracy. It will help us to improve political dialog, encourage citizens to participate in the political process as contributors, help diminish financial inequalities among candidates and political parties, help reduce the dominance of big money and open opportunities for well-qualified persons to become candidates for the Senate. Perhaps most importantly, its enactment offers us hope for restoring public confidence in the Senate election process.

EXTENSION OF TIME FOR COMMITTEE ON FOREIGN RELATIONS TO FILE REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be granted an additional 7 days to meet the reporting requirement of the official conduct amendments of 1977. It is my understanding that the Senate Ethics Committee has no objection to this additional extension.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate upon S. 926, a bill to provide for the public financing of primary and general elections for the United States Senate.

Robert C. Byrd, Dick Clark, Alan Cranston, Edward M. Kennedy, Gary Hart, Mike Gravel, Adlai Stevenson, John A. Durkin, Spark M. Matsunaga, Wendell Anderson, James Abourezk, Joe Biden, Howard Metzenbaum, Claiborne Pell, Patrick Leahy, Harrison Williams, John Glenn, Gaylord Nelson, Walter D. Huddleston, William Proxmire.

TIME-LIMITATION AGREEMENT—S. 1678

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as S. 1678, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is before the Senate, there be a time limitation thereon as follows: 1 hour on the bill to be equally divided between Mr. TALMADGE and Mr. DOLE, 30 minutes on any amendment, 20 minutes on any debatable motion or appeal on a point of order, if such is submitted to the Senate, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement is as follows:

Ordered, That when the Senate proceeds to the consideration of S. 1678 (Order No. 311), a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, debate on any amendment shall be limited to 30 minutes to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Georgia (Mr. Talmadge) and the Senator from Kansas (Mr. Dole): *Provided*, That the said Senators, or any one of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

COMMENDING WILLIAM A. RIDGELY UPON HIS RETIREMENT AS FINANCIAL CLERK OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. BAKER and myself, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

S. RES. 236

Whereas upon the retirement of William A. Ridgely, the Senate wishes to express its appreciation for his 28 years of service as an employee of the Senate, including 7 years as the Financial Clerk of the Senate;

Whereas the said William A. Ridgely at all times has discharged the important duties and responsibilities of his Office with great efficient and diligence; and

Whereas his exceptional service and his continuous dedication to duty have earned for him our esteem and our affection: Now, therefore, be it

Resolved, That William A. Ridgely is hereby commended for his lengthy, faithful, and outstanding service to the Senate.

SEC. 2. The Secretary of the Senate is directed to transmit a copy of this resolution to William A. Ridgely.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 236) was agreed to.

The preamble was agreed to.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. KENNEDY, I ask unanimous consent that the Senate go into executive session to consider the nomination of Edward F. Harrington, of Massachusetts, to be U.S. attorney for the district of Massachusetts, which was reported earlier today. This report has been unanimously reported by the Judiciary Committee. I understand there is no objection to its consideration at this time.

I yield to the distinguished minority leader.

Mr. BAKER. Mr. President, I thank the majority leader for yielding. He is, of course, correct. The matter has been cleared. I am delighted to say that there is no objection to proceeding to the consideration of this nomination or to its confirmation.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of Edward F. Harrington, of Massachusetts, to be U.S. attorney for the district of Massachusetts.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. KENNEDY, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PENDING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, what is the business pending before the Senate?

The PRESIDING OFFICER. S. 926.

Mr. ROBERT C. BYRD. I thank the Chair.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 10:30 a.m. After the two leaders or their designees have been recognized under the standing order, there is a special order for the recognition of Mr. GOLDWATER, not to exceed 15 minutes.

After the first hour has lapsed tomorrow, the chair, under the rule, will ask the clerk to ascertain the presence of a quorum and, upon the establishment of a quorum, the Senate will automatically, by rollcall vote, vote on the motion to invoke cloture on the public financing bill.

I do not anticipate that that cloture motion will be successful.

Following the vote, the Senate will continue its discussion of the public financing bill. There may be votes on amendments. There also may be actions on conference reports, which are privileged, and on any other matters which have been cleared for action by that time.

RECESS UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 10:30 a.m. tomorrow morning.

The motion was agreed to; and, at 6:31 p.m., the Senate recessed until tomorrow, Friday, July 29, 1977, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 28, 1977:

DEPARTMENT OF STATE

Marshall Darrow Shulman, of Connecticut, for the rank of Ambassador during the tenure of his service as Special Adviser to the Secretary of State for Soviet Affairs.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

William P. Dixon, of Virginia, to be U.S. Alternate Executive Director of the International Bank for Reconstruction and Devel-

opment for a term of 2 years, vice Hal F. Reynolds, term expired.

NATIONAL CREDIT UNION ADMINISTRATION

Lawrence Connell, Jr., of Connecticut, to be Administrator of the National Credit Union Administration, vice C. Austin Montgomery, resigned.

Eloise A. Woods, of Georgia, to be Chairman of the National Credit Union Board, vice Richard H. Grant, resigned.

MISSISSIPPI RIVER COMMISSION

Maj. Gen. Robert Creel Marshall, xxx-xx-xxxx xxx-x... U.S. Army, to be a member and President of the Mississippi River Commission, under the provisions of section 2 of an act of Congress, approved 28 June 1879 (21 Stat. 37) (33 U.S.C. 642).

CONFIRMATIONS

Executive nominations confirmed by the Senate July 28, 1977:

DEPARTMENT OF STATE

David B. Bolen, of Colorado, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the German Democratic Republic.

Raymond L. Garthoff of Connecticut, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

Mauricio Solaun, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Nicaragua.

Jean M. Wilkowski, of Florida, a Foreign Service officer of class 1, for the rank of Ambassador while serving as Coordinator of United States Preparations for the United Nations Conference on Science and Technology for Development.

Allard Kenneth Lowenstein, of New York, to be the Alternate Representative of the United States of America for Special Political Affairs in the United Nations, with the rank of Ambassador.

CIVIL AERONAUTICS BOARD

Elizabeth E. Bailey, of New Jersey, to be a member of the Civil Aeronautics Board for the remainder of the term expiring December 31, 1977.

Elizabeth E. Bailey, of New Jersey, to be member of the Civil Aeronautics Board for the term of 6 years expiring December 31, 1983.

DEPARTMENT OF JUSTICE

J. Albert Jones, of Kentucky, to be U.S. attorney for the western district of Kentucky for the term of 4 years.

Donald L. Beckner, of Louisiana, to be U.S. attorney for the middle district of Louisiana for the term of 4 years.

John H. Hannah, Jr., of Texas, to be U.S. attorney for the eastern district of Texas for the term of 4 years.

Theddis R. Coney, of Texas, to be U.S. marshall for the southern district of Texas for the term of 4 years.

NATIONAL COMMISSION ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

Sar A. Levitan, of the District of Columbia, to be a member of the National Commission on Employment and Unemployment Statistics.

COMMUNITY SERVICES ADMINISTRATION

John B. Gabusi, of Arizona, to be an Assistant Director of the Community Services Administration.

Robert Stern, Landmann, of New Mexico, to be an Assistant Director of the Community Services Administration.

Robert Nathaniel Smith, of Michigan, to be an Assistant Director of the Community Services Administration.

DEPARTMENT OF JUSTICE

William B. Gray, of Vermont, to be U.S. attorney for the district of Vermont for the term of 4 years.

Earle B. McLaughlin, of Vermont, to be U.S. marshall for the district of Vermont for the term of 4 years.

Edward F. Harrington, of Massachusetts, to be U.S. attorney for the district of Massachusetts for the term of 4 years.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Harold L. Murphy, of Georgia, to be U.S. district judge for the Northern District of Georgia.

HOUSE OF REPRESENTATIVES—*Thursday, July 28, 1977*

The House met at 10 o'clock a.m.

The Reverend Joseph McGhee, Jr., pastor, Greater White Stone Missionary Baptist Church, Memphis, Tenn., offered the following prayer:

Almighty God, Thou that dwellest in everlastingness, which beholdest from above things in the heaven and in the air; whose throne and whose glory may not be comprehended; before whom the host of angels stand with trembling. We humbly beseech Thee that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will. Bless our land, and endue with the spirit of wisdom those in Thy name we entrust the authority of government, that there may be justice and peace at home. In the time of prosperity, fill our hearts with thankfulness, and in the day of trouble, suffer not our trust in Thee to fail; all which we ask through Jesus Christ, our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

THE REVEREND JOSEPH McGHEE, JR.

(Mr. FORD of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FORD of Tennessee. Mr. Speaker, it is with great pride and appreciation that I rise today to acknowledge the presence of one of the Eighth District's most distinguished religious leaders. Rev. Joseph McGhee, Jr., is the eminent pastor of one of Memphis' finest churches, Greater White Stone Missionary Baptist Church.

In addition to his notable, widely respected ministry, Reverend McGhee also serves the Memphis community through his position as an instructor of business education with the city school system. Through the utilization of these diverse talents as a clergyman and educator, our distinguished guest has exemplified the reality of high ideals and their implementation.

In thanking Reverend McGhee for his inspiring message, I would also urge my colleagues to contemplate the wisdom of his words. For only through the adoption of the principles, of which he spoke, may the humanitarian purposes of the legislative process be forwarded.

Mr. Speaker, the gentleman from Tennessee (Mr. JONES) would like to associate himself with these remarks.

AGRICULTURAL ACT OF 1977

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. JEFFORDS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 386, nays 4, not voting 43, as follows:

[Roll No. 470]

YEAS—386

Abdnor	Boland	Coleman
Addabbo	Bonior	Collins, Ill.
Akaka	Bonker	Collins, Tex.
Alexander	Bowen	Conable
Ammerman	Breaux	Conte
Anderson, Calif.	Breckinridge	Corcoran
	Brodhead	Corman
Anderson, Ill.	Brooks	Cornell
Andrews, N. Dak.	Broomfield	Cornwell
	Brown, Mich.	Cotter
Annunzio	Brown, Ohio	Coughlin
Applegate	Broyhill	Crane
Archer	Buchanan	Cunningham
Armstrong	Burgener	D'Amours
Ashbrook	Burke, Calif.	Daniel, Dan
Ashley	Burleson, Tex.	Daniel, R. W.
AuCoin	Burlison, Mo.	Danielson
Badham	Burton, Phillip	Davis
Bafalis	Butler	de la Garza
Baldus	Byron	Delaney
Barnard	Caputo	Dellums
Baucus	Carney	Derrick
Bauman	Carr	Derwinski
Beard, R.I.	Carter	Devine
Bedell	Cavanaugh	Dickinson
Beilenson	Cederberg	Dicks
Benjamin	Chappell	Diggs
Bennett	Clausen, Don H.	Dingell
Bevill		Dodd
Biaggi	Clawson, Del	Dornan
Bingham	Clay	Downey
Blanchard	Cleveland	Drinan
Blouin	Cochran	Duncan, Oreg.
Boggs	Cohen	Duncan, Tenn.

Early	Krebs	Richmond
Eckhardt	Krueger	Risenhoover
Edgar	LaFalce	Roberts
Edwards, Ala.	Lagomarsino	Robinson
Edwards, Calif.	Latta	Rodino
Edwards, Okla.	Le Fante	Roe
Eilberg	Leach	Rogers
Emery	Lederer	Rooney
English	Lehman	Rosenthal
Erlenborn	Lent	Rostenkowski
Ertel	Levitas	Roybal
Evans, Colo.	Lloyd, Tenn.	Rudd
Evans, Del.	Long, La.	Runnels
Evans, Ga.	Long, Md.	Ruppe
Evans, Ind.	Lott	Russo
Fary	Lujan	Ryan
Fascell	Luken	Sarasin
Fenwick	Lundine	Satterfield
Findley	McClory	Sawyer
Fish	McCloskey	Scheuer
Fithian	McCormack	Schroeder
Florio	McDade	Schulze
Flowers	McDonald	Sebelius
Flynt	McEwen	Sharp
Foley	McFall	Shuster
Ford, Tenn.	McHugh	Sikes
Forsythe	McKay	Simon
Fountain	Madigan	Sisk
Fowler	Maguire	Skelton
Fraser	Mahon	Skubitz
Frenzel	Mann	Slack
Frey	Markey	Smith, Iowa
Fuqua	Marks	Smith, Nebr.
Gammage	Marlenee	Snyder
Gaydos	Marriott	Solarz
Gephardt	Martin	Spellman
Giaimo	Mathis	Spence
Gibbons	Mazzoli	St Germain
Gilman	Meeds	Staggers
Ginn	Metcalfe	Stangeland
Glickman	Meyner	Stanton
Gonzalez	Michel	Stark
Goodling	Mikva	Steed
Gore	Milford	Steers
Gradison	Miller, Calif.	Steiger
Grassley	Miller, Ohio	Stockman
Gudger	Mineta	Stokes
Guyer	Minish	Stratton
Hagedorn	Mitchell, N.Y.	Studds
Hall	Moakley	Stump
Hamilton	Moffett	Symms
Hammer-schmidt	Mollohan	Taylor
	Montgomery	Thompson
Hanley	Moore	Thone
Hannaford	Moorhead, Calif.	Thornton
Hansen		Traxler
Harkin	Moorhead, Pa.	Treen
Harrington	Mottl	Trible
Harsha	Murphy, Ill.	Tsongas
Hawkins	Murphy, Pa.	Tucker
Heckler	Myers, Gary	Ullman
Hefner	Myers, John	Van Deerlin
Heftel	Myers, Michael	Vander Jagt
Hightower	Natcher	Vanik
Hillis	Neal	Vento
Holland	Nedzi	Volkmer
Hollenbeck	Nichols	Waggonner
Holt	Nix	Walgren
Holtzman	Nowak	Walker
Horton	O'Brien	Walsh
Howard	Oakar	Wampler
Hubbard	Oberstar	Watkins
Huckaby	Obey	Weaver
Hughes	Ottinger	Weiss
Hyde	Panetta	Whalen
Ichord	Patten	White
Ireland	Pattison	Whitehurst
Jacobs	Pease	Whitley
Jeffords	Pepper	Whitten
Jenkins	Perkins	Wiggins
Jenrette	Pettis	Wilson, C. H.
Johnson, Calif.	Pike	Wilson, Tex.
Johnson, Colo.	Poage	Winn
Jones, N.C.	Pressler	Wirth
Jones, Okla.	Preyer	Wolff
Jones, Tenn.	Price	Wright
Jordan	Pritchard	Wydler
Kasten	Pursell	Wylie
Kastenmeier	Quayle	Yates
Kazen	Quie	Yatron
Kelly	Quillen	Young, Fla.
Kemp	Rahall	Young, Mo.
Ketchum	Railsback	Young, Tex.
Keys	Rangel	Zablocki
Kildee	Regula	Zeferetti
Kindness	Reuss	
Kostmayer	Rhodes	

NAYS—4

Aspin	Mitchell, Md.	Wilson, Bob
Lloyd, Calif.		

NOT VOTING—43

Allen	Fisher	Patterson
Ambro	Flippo	Pickle
Andrews, N.C.	Flood	Rinaldo
Badillo	Ford, Mich.	Roncalio
Beard, Tenn.	Goldwater	Rose
Bolling	Harris	Rousselot
Brademas	Koch	Santini
Brinkley	Leggett	Seiberling
Brown, Calif.	McKinney	Shipley
Burke, Fla.	Mattox	Teague
Burke, Mass.	Mikulski	Udall
Burton, John	Moss	Waxman
Chisholm	Murphy, N.Y.	Young, Alaska
Conyers	Murtha	
Dent	Nolan	

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7171, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, July 27, 1977, section 1212 had been considered as having been read. Pending was an amendment offered by the gentleman from Washington (Mr. FOLEY) that contains the text of H.R. 7940, which is being read by section as an original text. The Clerk had read through line 9 on page 43.

Are there any amendments at this point to the bill?

AMENDMENT OFFERED BY MR. JEFFORDS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. JEFFORDS. Mr. Chairman, I offer an amendment to the amendment.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FOLEY. In the present state of reading the bill, is it correct that we are now on section 1212, formerly section 1211?

The CHAIRMAN. The gentleman is correct.

Mr. FOLEY. I believe the gentleman's amendment relates to section 1213, formerly section 1212.

Mr. JEFFORDS. I am sorry; I may have gotten mixed up on the change of numbers, Mr. Chairman.

The CHAIRMAN. I will advise the gentleman from Washington that the amendment offered by the gentleman from Vermont does apply to the pending section.

Mr. FOLEY. I thank the Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS to the amendment offered by Mr. FOLEY: On page 42 of H.R. 7940, strike out lines 12 through 15 and insert in lieu thereof the following:

(k) Notwithstanding any other provision of law, the Secretary, in accordance with arrangements entered into with the Secretary of Health, Education, and Welfare, may pay (or upon the request of the highest officer of a State, shall, in such State, pay) qualifying households—

Mr. JEFFORDS. Mr. Chairman, what this amendment does, very simply, is give the States an option to send to the elderly living alone, and the blind or disabled, a check in lieu of food stamps. In essence it is a compromise between the position taken by the Committee on Agriculture last year, which mandated that everyone in this group should be given a check in lieu of stamps, and this year's version which makes it at the discretion of the Secretary.

As we all know, with the budget crunch, et cetera, it is OMB who will be dictating the policy, not the Secretary of Agriculture, and it is unlikely that this option will be exercised.

This amendment is supported by a broad base. The gentleman from Wisconsin (Mr. BALDUS) is a cosponsor of the amendment, along with the gentleman from Massachusetts (Mr. HARRINGTON), along also with the gentlewoman from Massachusetts (Mrs. HECKLER), the gentlewoman from New Jersey (Mrs. FENWICK), and the gentleman from Minnesota (Mr. QUIE). It also has the support of the Policy Committee on my side of the aisle. It does have this kind of support because it gets at a very serious problem. It is a problem that must be faced. It was faced at one time through a different approach, which allowed States to cash-out food stamps via the SSI program.

I want to make sure everyone understands this amendment. It is a good one and a simple one. It is not novel. Two States are now cashing out via the SSI program but they are the only two States now qualified to give their elderly a break. This amendment will give the other States the option to do this.

The reason for this is very simple. The elderly, blind, and disabled just are not participating in the food stamp program.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield briefly for a question?

Mr. JEFFORDS. I yield to the gentleman from Indiana.

Mr. FITHIAN. I thank the gentleman for yielding.

Did I understand the gentleman to say in the introduction to the amendment that it is to give the option for all the States to go to the all-cash-out for the elderly living alone?

Mr. JEFFORDS. That is right, and for the blind and disabled.

Mr. FITHIAN. I thank the gentleman.

I support his amendment. It is a good one and will leave it up to the States as to how to handle the program.

Mr. JEFFORDS. Yes. I thank the gentleman for his comments.

I would point out that some States will not exercise this option but some will. I will get into this later on.

The reason for this amendment is very simple. The participation is very low among this group.

On this issue I would like to quote the present Secretary of Agriculture's comments from last year's supplemental views. He was a member of our committee and he endorsed an amendment to mandate cash out for this group. Of course this amendment only gives an

option. But in his views he pointed out that:

There is, however, one desirable provision to reach some of those who are in need of food stamp benefits but are not currently receiving them. This is a provision offered by Mr. JEFFORDS of Vermont that would relieve households in which all members are elderly, blind, or disabled of the need to travel to food stamp offices and purchase the stamps each month.

It goes on to explain the amendment. Then he says:

A study by the Bureau of the Census shows that at present, less than 20 percent of the elderly households below the poverty line participate in the food stamp program.

Bob Greenstein, who represents the administration before the Agriculture Committee on the food stamp bill, then the staff writer for the Community Nutrition Weekly spoke in these terms about the amendment when it passed last year:

To anti-hunger advocates, passage of the Jeffords provision would represent the one major step forward to emerge from the three months of deliberations by the Committee. Under the amendment, elderly, blind, and disabled persons would still go to local food stamp offices to apply for benefits. After the food stamp office determined the dollar amount of their benefits, either state officials or USDA would mail them their monthly checks.

The low participation of this group is totally different from the percentages participating among the nonelderly. In the AFDC program, of those eligible 90 percent are participating, whereas in the SSI program only 50 percent are participating. Of the AFDC families, 97 percent are participating in the food stamp program, whereas with respect to the elderly only about one-third of the SSI recipients are participating in the food stamp program.

The reason for that is primarily the stigma problem. There is no question that it is almost entirely the stigma problem.

I would like to quote from a study which will be released this week, done in a county near New York City. It is a survey done among the elderly and nonelderly. That survey showed that of those over 55—and with my amendment we are talking about those over 65—51.7 percent agreed it was often embarrassing to use food stamps, whereas of those under 55 only 29 percent agreed it was embarrassing to use food stamps.

I also want to quote Maynard M. Green, president of the Institute for Socio-Economoic Studies, whose organization ran this study. He stated:

The food stamp program study to be published on July 30 by the Institute for Socio-Economic Studies reveals that a majority of elderly poor in the New York county studied feel stigmatized by food stamps.

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(On request of Mr. SYMMS, and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 4 additional minutes.)

Also when the Department of Welfare in my State sent down their commissioner, Mr. Philbrook, to testify on behalf of our State and when he testified on behalf of all the State administrators of the food stamp program, but particularly from my State, he said:

I think that EPR would improve the rate of elderly participation, it does nothing to get at what I believe to be the main impediment for elderly Vermonters—they simply do not want to be stigmatized by spending food stamps at the supermarket checkout counter while you and I observe the transaction.

Also, Wisconsin went from 100-percent participation when they operated the SSI cash-out, down to, in some counties, about 10 percent, of those eligible for SSI. Nevada had a similar experience.

The second reason given was the inconvenience of having to go and get the stamps. Because of theft potentials, the inconvenience barrier can only be lifted by cashing-out with checks. Stamps are like cash and cannot be mailed, especially in urban areas. These are barriers almost entirely associated with this group. Only by eliminating these basic problems can participation be significantly increased.

Again all this amendment will do is give the States an option to really do something meaningful for our blind, disabled, and elderly who are living alone.

Mr. Chairman, the cost of this program will not be much. We should take into consideration that, as far as I know right now, there are only four States that are seriously considering cashing out. The cost of cash-out for those four States which are seriously considering cashing out the first year—New York, Wisconsin, Nevada, and Vermont—is between $4 million and $7 million. If we take the first year costs, because of the way the program works, that is, it requires changes in behavior and from evidence first year cost would be around half of subsequent years, it is something like $2.5 million or $3 million. If all the States cashed out, the first year cost would be somewhere around $26 million. Because the amendment would require administrative changes, and in some cases additional expense many States may wish not to participate. Another question has been raised:

Will cash-out reduce the nutritional emphasis of the program?

No. The food stamp program seeks to improve nutrition among low-income households, with a particular view toward insuring that families have an adequate and sound diet. Cash-out would apply only to households which are comprised exclusively of people over 65 and/or blind and disabled persons. It is unreasonable to expect that we can change the nutritional habits of persons over 65; moreover, we need not worry about the effect of their habits on dependents or other household members. The most the committee can hope to do is to help insure that they have a sufficient income supplement for food purchases.

In conclusion, Mr. Speaker, a program that serves less than one-fourth of the poorest and most deserving, the blind, disabled, and lonely elderly that are eligible, is not working well and must be improved. My amendment, which gives the States the option of sending a check to this needy group in lieu of stamps, will go a long way toward providing help to this poverty-stricken group.

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(At the request of Mr. FITHIAN, and by unanimous consent, Mr. JEFFORDS was allowed to proceed for an additional 2 minutes.)

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Indiana.

Mr. FITHIAN. Mr. Chairman, I would inquire if the gentleman in the well would not agree that in other areas in the food stamp program we are doing a lot of outreach programs. As a matter of fact, the State of Indiana now is under some very serious pressure and it is going to be tightened because they have not run an adequate outreach program.

It seems to me what the gentleman is suggesting is an outreach program for those people really least able to comply with going and making their applications and all the rest of it. It seems to me logical if we are going to spend money on reaching out to certain groups that the much more simple and effective way might be pursuant to the same end.

Mr. JEFFORDS. Mr. Chairman, the gentleman is exactly correct. This would make it much easier for outreach programs. Some people are embarrassed about going to a welfare office. All this would do is give them a chance to participate with money, instead of using stamps, which they cannot bring themselves to do.

We have to realize when we are talking about people in this group, that there should be no worry about nutritional problems. We are not going to change the eating habits of people over 65. The main concern is that they have enough money in their pockets to buy food. They are not getting it now. All this does is make sure we get the maximum participation, to help these people out, to make sure they can participate above this miserable rate that is around 20 percent.

The CHAIRMAN. The time of the gentleman from Vermont has again expired.

(At the request of Mrs. FENWICK, and by unanimous consent, Mr. JEFFORDS was allowed to proceed for an additional 1 minute.)

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, this amendment is very close to my heart. There is nothing harder to the elderly, the blind and disabled, than transportation. To go from one place to another is a terrible burden. The blind in my State cannot even get to an office once a month. Transportation from one office to another office is impossible.

A second problem to the blind is the carrying of cash. Nothing could be more dangerous. They have been attacked when they returned from cashing checks and when they have to carry cash to buy food stamps, it just increases their risk.

I very much hope this amendment will pass, as it should, unanimously in this House.

Mr. JEFFORDS. Mr. Chairman, I think the gentlewoman makes a valid point, that food stamps are just the same as cash. That is why we cannot mail food stamps, because there would not be a food stamp left in the mailboxes because of that, nor, for that matter would there be a mailbox left.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I want to commend the gentleman from Vermont for offering this amendment. A good deal of the debate yesterday concerned the proposition to eliminate the purchase requirement and it was revealed, and the hearings in our committee established that a substantial percentage of the blind, disabled, and elderly do not participate in the food stamp program principally because of the stigma that exists. I think the gentleman has offered an amendment that will work. The amendment recognizes the doctrine of States rights. It gives the States the option of cashing out the food stamp program for these categories of persons.

This amendment makes a great deal of sense. I intend to support the gentleman's amendment. I hope the committee will adopt it, because here is an opportunity to help people, as we certainly can all agree, who are worthy of assistance, and to the extent the Government can, these are the people we should help.

Mr. Chairman, I hope the committee will adopt the gentleman's amendment.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I want to direct the attention of the members of the committee to the fact that the committee bill provides that the Secretary of Agriculture in consultation with the Secretary of Health, Education, and Welfare may—I repeat, may—undertake to cash out food stamps for the elderly or SSI recipients.

The only thing that the gentleman adds by his amendment is the requirement that it be done on the request of the Governor. I believe that is not a wise addition to this bill. This program is an almost 100-percent federally funded program. It is not one for which the States bear any part of the cost, except for the administration.

We are approaching very shortly some recommendations that may come forward from the administration with respect to overall welfare reform. There may be some specific proposals to substitute cash payments for a wide variety of services that are now provided under various assistance and income support programs. I think it would be most unwise and disruptive to allow individual governments to cash out part of the food stamp caseload in some States and to have the majority of Governors not do that. Then, we have to adjust not only the possibility of the food stamp program and where it fits into eventual welfare reform, but we have to deal with a checkerboard pattern of some States having cashed out the elderly recipients or SSI recipients, and some other States not having done so.

That is a problem that has not been inconsequential in the past when we have undertaken to do precisely what the gentleman proposes to do, and allowed some States to cash out part of their recipient caseload.

Second, the needs of the elderly with respect to the food stamp program are being addressed by the elimination of the purchase requirement. If there was a single complaint that was made about the program with respect to entry into it, it was that some people, many elderly, did not have sufficient cash resources to enable them to buy in and pay the purchase requirement for food stamps. That will no longer be required under this bill as it is about to be reported, so there is an opportunity now for the elderly and others who are eligible to receive food stamps without a purchase requirement.

That was the main goal—the main goal—of many groups concerned with food stamp reform, including the National Council of Senior Citizens, which is in opposition to this amendment offered by Mr. JEFFORDS, believing that the greater change that was needed to be made was the elimination of the purchase requirement.

It will complicate the judgment of both the administration and the Congress with respect to ultimate welfare reform. It will lead to a disorganized and uncoordinated approach to income and welfare policies. It will have too many exceptions in a Federal program that needs to be treated with uniformity nationwide.

Finally, the main objectives of many of this program's resources available have been met by elimination of the purchase requirement. The National Council of Senior Citizens opposes this amendment, believing that the most important change was the elimination of the purchase requirement.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Vermont.

Mr. JEFFORDS. We should also recognize that the American Association of Retired Persons does support this, as do other groups. Of course, the reason that the National Council of Senior Citizens oppose it is because they made an agreement—and I commend them for that—because they wanted to work for elimination of the purchase requirement. They knew this would help others, not just the elderly. Then, they agreed that they would oppose any other amendments under that agreement. Although I think they did this needlessly, I think perhaps that was a wise goal for them, and I commend them for it. But to say that this is something they oppose without giving the background leaves perhaps the wrong impression. I know from talking with members of that group in Vermont, my senior citizens agree strongly with this amendment.

Mr. FOLEY. I think the gentleman will agree that I stated it correctly, that they opposed the Jeffords amendment, believing that the most important single goal for the organization representing senior citizens was the elimination of the purchase requirement.

Mrs. HECKLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think it is quite clear to all of us that we are a Nation which blindly worships youth, and yet I am proud to say that we are a Congress that has shown a growing sensitivity to the needs of the elderly. We have shown this in our passage a few years ago of the ban on discrimination on the basis of age in the granting of credit. In this very session of Congress we will quite inevitably, and rightfully, pass an extension of the period of time in which one can be employed, and I would seek a ban on discrimination on the basis of age in the area of employment. We have passed continual increases in the social security law, because the elderly as recipients have been in serious financial need. Their needs have been met by this Congress. The Jeffords amendment, which allows a cash-out of the food stamp allotment to the elderly, is another important move in the direction of sensitivity to the needs of the elderly. We know what has happened. We know the attitudes of the elderly. And, of course, this amendment will apply, as well, to the blind and to the disabled, as well as the elderly.

What are the attitudes, what are the needs of the older people in our population? Financially they very often are the poorest of the poor. They have saved for years, but their savings have been eroded by new costs and continuing inflation. They have worked hard all their lives. They have been self-supporting and have a spirit of independence. They do not want a handout. For that reason, because of the social stigma attached to food stamps—the participation of the elderly in the food stamp program is notoriously poor. When Wisconsin discontinued the cash-out program on SSI, participation of the elderly dropped from 100 to 10 percent for the poorest of the poor, the elderly.

Mr. Chairman, let us consider the blind and the disabled. In contrast to the elderly, they are made to feel constantly dependent, even when they are making every effort to be self-supporting. This is just one more indignity that they have to face. The State of Wisconsin is a case in point.

The committee staff has estimated that this amendment's cash-out would bring an additional 924,000 people into the program. And I believe that they should be the subject of our concern, not only in terms of providing money for food, but in terms of their nutritional needs. All of us know elderly people in our district who live on tea and toast, who cut corners, because of the high utility bills and the high rental bills and who save money out of their food allowance, because they cannot afford to eat well and so they do not eat nutritionally. It is time that we make a food allowance for the elderly, blind and the disabled a matter of convenience—through the cash-out of benefits.

As to this question of welfare reform, I would suggest to the distinguished

chairman of this committee, for whom I have a great respect, that the cash-out of benefits for these special people with special needs can provide the country and the Congress with the kind of grassroots data which will enable this Congress and this President to draft and devise a welfare program based on experience with the people. This proposal allows the States to have the option to approve a cash-out or to disapprove such a cash-out. I suggest that it is wise for the Congress, before we plunge into a massive welfare reform, without having any data upon which to base the success of administrative plans of the program, to use the cash-out for the elderly, the blind, and the disabled to give us the experience and the data bank with which we can improve future welfare proposals. Most of all, this amendment which I have proudly cosponsored demonstrates sensitivity to those who have the greatest handicaps in our society, the elderly, the blind, and the disabled and who turn to us for assistance.

Mr. Chairman, I urge passage of the amendment.

Mr. BALDUS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the Jeffords amendment to give States the option of issuing cash in lieu of stamps to the elderly, the blind, and the disabled.

Congressman JEFFORDS and I have been supporting this concept since the Agriculture Committee marked up the food stamp bill in the 94th Congress. This year I offered an amendment to allow cash instead of food stamps for these special categories when this bill was being marked up by the subcommittee. The committee has opted for a program of pilot projects to be established by the Secretary.

For my part, I would still be willing to support the implementation of this concept on a nationwide basis. We are not talking here about individuals who are likely to abuse the program by using the cash to buy items other than food. We are talking about people who have had their mobility limited by age, blindness, or disability. We are talking about qualified senior citizens who live on starvation diets rather than face the stigma of going into stores and paying for food with stamps so that all of their neighbors and friends are aware that they are receiving stamps.

I know that in my State this stigma against using food stamps is a very real factor causing most eligible senior citizens not to use the program which they need and to which they are entitled. The State of Wisconsin only has statistics on two counties in which studies have been made, but in those two counties we find that only 12 and 8 percent of all senior citizens who qualify actually participate in the food stamp program.

This amendment would not alter the Secretary's authority to create pilot projects. Nor would it require any State which does not want to issue cash to senior citizens, the blind, and the disabled to do so. All that it would do is allow States which prefer the cash in lieu of food stamp concept for these special categories to put it into operation. I urge my colleagues to join me in voting yes on this amendment.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BALDUS. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding, and I want to associate myself with his remarks.

The district I am privileged to represent is much like the district the gentleman in the well has just described. I also know that 20 percent of the people who live in the district I represent are age 60 or over. Many of these elderly people are in fact just as the gentleman has described. They have lived very frugal lives, they have saved, and they have worked hard.

As the gentleman pointed out, they live in small towns where they cannot lose their identity like they could in large cities, and it means quite a bit to their pride and their self-esteem not to have to go into a store with food stamps to buy their food.

What the gentleman from Wisconsin (Mr. BALDUS) has so eloquently pointed out is the fact that we need some system whereby we can provide these elderly people with the means to partake of the food program in small communities and rural areas, just as they do in the large cities. What the gentleman is talking about is supporting a program of allowing these elderly people to have the cash assistance that will enable them to do so.

Mr. Chairman, I compliment the gentleman from Wisconsin (Mr. BALDUS) on his remarks. They are eloquent and well stated.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BALDUS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I would like to call the committee's attention to an associated problem. In this legislation several years ago, Congress prohibited counties that go into the food stamp program from having direct distribution of commodities.

In every instance where that has happened, participation has dropped by the elderly.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. BALDUS) has expired.

(On request of Mr. SMITH of Iowa and by unanimous consent, Mr. BALDUS was allowed to proceed for 2 additional minutes.)

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield further?

Mr. BALDUS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, this legislation continues that prohibition.

I think it is a bad mistake, and I hope that the next time this legislation comes up, the committee will work out some way so that commodities can be distributed directly, at least for those kinds of people like those about whom the gentleman is talking.

Mr. BALDUS. Mr. Chairman, I think this committee ought to at least examine that problem.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman and members of the Committee, we have debated this bill at great length. We have had some good amendments and some bad amendments. We have won a few and lost a few, and I do not wish to prolong the debate on this particular amendment since it really does nothing for California, because we already do this.

Mr. Chairman, I simply speak in favor of the amendment, because it has worked so well in the State of California. I represent, as does the gentleman who preceded me in the well, a district largely made up of small towns. There is something particularly demeaning to the aged, the blind, and the disabled to walk through a grocery line with food stamps.

I believe that this amendment, exercised at the discretion of the various States, will offer those individuals a little dignity as we attempt, to the best of our ability, to offer them the help that they so richly deserve.

Mr. Chairman, we have argued the food stamp question up and down; and I have very strong views on that question, as most Members know.

This particular amendment should certainly be passed by an overwhelming margin. It does no damage to the program, and it certainly will offer a great deal more dignity to those individuals to whom we have addressed ourselves.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I would like to associate myself with the remarks of the distinguished chairman of the Committee on Agriculture in reminding this body that the National Council of Senior Citizens, a major body representing senior citizens in this country, is against the amendment. The administration is against the amendment. The U.S. Department of Agriculture is against the amendment. The amendment would create an administrative nightmare.

Mr. Chairman, we certainly want dignity for our senior citizens, but by eliminating the purchase requirement, we believe we have given dignity to all poor people. Senior citizens are no poorer relative to other members of society who use the food stamp program.

By elimination of the purchase requirement, we have simplified the administration of this program. We have made it more accessible to poor people and particularly to senior citizens. Our committee bill contains a pilot project to test the Jeffords approach and gives the Secretary authority to implement the cash-out nationwide if the pilot project shows this to be desirable.

Mr. Chairman, there is an item which our chairman did not add, which I am sure this body will be interested in, and that is that the adoption of the Jeffords amendment will cost an additional $70 million. Mr. Chairman, do we want to spend an additional $70 million for something that the senior citizens themselves do not want?

The cash-out has no administrative savings. In fact, it would complicate the

administration of the program, as some households would move back and forth from stamps to cash. If a husband aged 66 lived with a wife aged 64, they would get their benefit in stamps, but on her 65th birthday, they would stop getting stamps and start getting cash. Then if a nephew moved in, their benefit would revert to stamps again. This is not a rational program structure, and could lead to confusion. It could also be more costly to administer.

The amendment does not simplify the application process for the aged, blind, and disabled. They would still have to go to food stamp offices and fill out food stamp applications like everyone else. They would simply get their benefit in the form of a check rather than in food stamps.

Mr. SYMMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am absolutely astounded to hear my distinguished chairman, the gentleman from New York (Mr. RICHMOND), get up and be against an amendment like this one, which will deprive senior citizens in rural America of the opportunity to have the benefits of this program which the gentleman has so ably stated should be made available to most Americans.

It surprises me. He has been the architect of repealing the purchase requirement, which is, after all, a cash-out. Let us face it: The purchase requirement cashes out a third of the food stamp program. The gentleman from Texas (Mr. POAGE) made the point very clearly yesterday that there would be $3 billion less that the recipient participating in the program will spend for food, necessarily, because of the repeal of the purchase requirement.

Mr. Chairman, now we have an opportunity to make this available to our senior citizens; and I am surprised about the attitude of the gentleman from New York (Mr. RICHMOND).

The question came up about the cost of sharing to the States, and I might say to the members of the committee on both sides of the aisle, just to give a little history of this program, when the food stamp program was originated in the House Committee on Agriculture, it started out to be a 50–50 deal. If the States participated, they paid half the costs.

I think that was probably a very fair proposition, but what has happened, it was taken out of the floor of the House by a Democratic controlled Congress, I might add. Then in the Ag Committee, SONNY MONTGOMERY, from Mississippi, who was a former member of the committee, he said that if we cannot have 50–50, then let us go for 10 percent for the State's participation, 10 percent, and he could not accomplish that. Then the gentleman from North Carolina (Mr. JONES), a very able member of the Ag Committee, offered an amendment for 2½ percent and this year he was down to a very feeble 2 percent, of State sharing. This too was defeated in committee.

Then when we talk about the cost of administering this program, the GAO has recently come up with a report where they said we have lost over $60 million in food stamps this year, over-issued. One of the reasons for this situation is that there is no incentive on the part of the State to hold the line, they can just issue them, because the Congress has to appropriate the money to pay for them, the States do not share in the cost. Therefore the bureaucracy at the State level can be the good guys and buy votes from some of these people. And all of this could be avoided, but our committee turns down all of those opportunities to involve the States so they would have the opportunity for an incentive to save or over-issued stamps.

So, Mr. Chairman, I am astounded to hear some of my friends on that side of the aisle who would oppose such positive action toward helping these people get the benefits of this program for our senior citizens.

Now, it may be that in Brooklyn they do not have a difficult time getting down there to get their stamps, but in many States, like the State of Wisconsin, as the gentleman from Wisconsin (Mr. BALDUS) pointed out, there are many who are 50 miles away from the nearest town, they cannot get to town. To mail stamps opens the possibility of people robbing from the post boxes, but they could mail them a check which could be cashed by the recipient, and by no one else.

I believe the Congress should realize what is going on here.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, I want to commend the gentleman from Idaho (Mr. SYMMS) and the gentleman from Vermont (Mr. JEFFORDS) as well, on their efforts in support of this amendment, and for offering the amendment.

Mr. Chairman, let me state that I have had elderly individuals in my district come to me, and they state that they are really concerned about going to the grocery store with their food stamps because they grew up with an ethic where they are ashamed of doing so, and yet they are needy individuals. I do not care how conservative or how liberal a person might be in this body, I believe everybody would want to help those individuals. This amendment will enable States to cash out food stamps for the elderly. Two States are doing it now. I do not think we should prohibit any State that wants to move in this direction from doing so. I believe it is the most humanitarian way we can handle it.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to quote from a letter written by John L. Harwick, director of the food stamp program for the State of New York. He lists three reasons as to why elderly people do not participate in this program, and one of them is one we have been talking about, that is stigma, another one listed, also very relevant is transportation, and he says:

> I estimate that we could obtain 80 percent participation from the SSI group if the clients did not have to use food stamps.

He says we could help the elderly in New York if we could pass this amendment.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SYMMS was allowed to proceed for 2 additional minutes.)

Mr. SYMMS. Mr. Chairman, I would like to ask the gentleman from New York (Mr. RICHMOND), the chairman of the Domestic Marketing Subcommittee, a question, and that is that there is a concern here if the Jeffords amendment passes, and I think the gentleman from Washington (Mr. FOLEY), the chairman of the full committee, has very ably pointed it out, that we cannot determine the cost of the program, so could I receive a commitment from my friend, the gentleman from New York (Mr. RICHMOND) that we could go for the 2-percent amendment as the State's share? And I would be very happy to offer the Jones of North Carolina amendment, and then this would alleviate the problem of cost of the addition of more senior citizen participation.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, let me say that I think the gentleman from Idaho (Mr. SYMMS) did not intentionally misquote me, but I did not raise the question about costs at any point, although there is some additional cost attached to it and the gentleman from New York (Mr. RICHMOND) is correct in saying that. My concern is with the disruption of the orderly transition in welfare reform in giving the States the option to make a decision that I really think ought to be made on the national level. That is my objection to the Jeffords amendment.

The gentleman knows that the bill gives full opportunity for the Secretaries of HEW and Agriculture, in consultation, to cash out all the elderly and in the SSI program.

Mr. SYMMS. Mr. Chairman, let me state that I did not mean to misquote the gentleman from Washington (Mr. FOLEY) and I apologize if I did. My point is if we could get a commitment from the leadership of the committee to support the so-called Jones of North Carolina amendment, then I think we would know where we were going with this amendment because the States would be able to voluntarily participate and they would know that they would be participating in some of the additional costs and we would be on a very firm footing.

Mr. FOLEY. The gentleman knows the Jones amendment was rejected by the Committee on Agriculture and rejected by a bipartisan vote of the committee, and that it is not a part of the bill.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. SYMMS) has expired.

(At the request of Mr. KELLY and by unanimous consent, Mr. SYMMS was allowed to proceed for 1 additional minute.)

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I will be happy to yield to my distinguished friend from Zephyrhills, Fla.

Mr. KELLY. Mr. Chairman, I wish to call attention to a situation that brings shame to all Americans. I refer to the plight of older Americans who, while eligible for and in need of food stamp assistance, refuse to take advantage of the benefits available. The reason for their refusal is their adherence to a belief once commonly held in our land, a belief now sadly ignored. It is the sense of pride, of self-worth, that comes with the knowledge that one is self-sufficient and independent. Older Americans feel deeply stigmatized by accepting Government assistance. They were not brought up to view the welfare state as a matter-of-course situation. They understood, rather, that the solution to personal economic hardship was personal industry and ambition. Unlike so many Americans today, they demanded of government only a policy of noninterference—not a minimum wage, or subsidized housing, or free health care.

These are traditional values. Our Government, in creating the welfare state, has undermined the plans and hopes of elderly Americans for a secure retirement. We must not compound our errors by punishing our senior citizens for their pride. We cannot undo what has been done. But we can see to it that Americans whose pride does not allow them to accept assistance are offered the available benefits in a form acceptable to them. By sending a check for the amount of food stamps the recipient is entitled to, we can spare our elderly considerable embarrassment at the supermarket checkout. It is the least we can do.

Mr. SYMMS. I thank the gentleman very much for his comments.

Mr. HARKIN. Mr. Chairman, I move to strike the requisite number of words.

I will not take the full 5 minutes. Let me just rise in strong support of the Jeffords amendment and to reiterate what the gentleman from Wisconsin said so eloquently in the well, that there are many elderly people in this country who are living in small towns and communities and rural areas who have a great deal at stake in terms of the amount of community pride that they have built up in those small communities amongst themselves. For them to utilize food stamps is something which they simply cannot do. Yet some of these elderly people are some of our neediest people in this country.

I have not been opposed to any measure in this food stamp bill which would help try to get more food stamps to the neediest people in this country. I supported eliminating the purchase requirement, and I still support it. But if we just take a look at the equity on both sides, there are many younger people in this country receiving food stamps—and to be sure they need the food stamps and legally are entitled to them—who are young people who probably could get off of those food stamps and could go to work someplace and perform a job and get additional income. That is absolutely not true with the elderly. They have no other place to go. They are on fixed incomes. In many cases they are way below the poverty line. They cannot go out and supplement their income in any other fashion, so these really are the neediest people of all.

All we are asking for is a little bit more money to enable these elderly people to provide themselves with a decent diet. Otherwise they will not be able to have it, because they cannot utilize the food stamps in the small towns and small communities. So I ask the support of the Members for the Jeffords amendment which provides that the States can do it on an optional basis. For those urban States, they can stick with the food stamp program. For those rural States, like the one I come from, we might want to go on a different basis and cash out those food stamps for the elderly citizens.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I will be glad to yield to the gentleman from Indiana.

Mr. FITHIAN. I thank the gentleman for yielding.

I know the debate is long, and probably everybody has made up his mind, but I am just staggered at the argument that this amendment would cost us another $50 or $70 million. I was talking to a member of the Committee on Ways and Means yesterday. We have agreed to a sugar program in here that is going to cost us, if his analysis is correct, and we are trying to save the sugar workers—$38,000 per sugar worker. And now we are quibbling over $50 million for all of the senior citizens who are going to be reached by this outreach program. I do not understand the equity of the argument.

Mr. HARKIN. I agree with the gentleman. I do not understand the equity either. I think we ought to vote favorably on the Jeffords amendments.

Mr. McHUGH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will take just a moment to reluctantly oppose the amendment. I say reluctantly because I recognize there is a stigma which attaches to the food stamp program. It is a stigma which has been promoted by some rather outrageous statements made about the food stamp program and those who must rely upon it. Unfortunately, some of those statements have been made on the House floor. The basic point, however, is that this regrettable stigma attaches not only to elderly people, but to everyone who participates in the program. While I sympathize with those subject to that stigma, and while I have a particular sympathy for elderly people, I do not think that we should distinguish between the elderly people in the Nation and everybody else.

The Council of Senior Citizens opposes this particular amendment in part, because it does not want to see elderly people treated differently from other people under this program.

For that reason I sincerely hope that the members of this Committee will reject this well intentioned amendment which has been offered by the gentleman from Vermont.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I take the opposite view.

The gentleman from New York said the National Council of Senior Citizens opposed it. Is that not the group sponsored by the AFL–CIO? We have not heard any opposition to it in our area.

Mr. McHUGH. I understand they represent about 3.5 million people.

Mr. SEBELIUS. That is fine. They are fine people. But they are sponsored by the AFL–CIO so they are more urban oriented.

Mr. McHUGH. Frankly, I do not know, but even if they are sponsored by the AFL–CIO, it does not make them less elderly or less American.

Mr. SEBELIUS. I do not contend that, but they do not have their basic thrust in the rural area. This is the rural area we are talking about.

The gentleman has had one for the Northeast. Let us have one for the rural areas.

Mr. McHUGH. I decline to yield further.

I happen to represent an upstate New York rural area. Most people think about New York and think about New York City, but I represent a rural area in upstate New York. There are rural elderly and urban elderly, and I do not think we should distinguish between them in discussing this amendment. I do not think we should treat the elderly different from others, and I think that is understood not just by those of us from New York, but also by the elderly in other places as well.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the bleeding hearts have broken out in a strange new place this morning and it is sort of unusual to see it. It is refreshing in some respects.

I rise to oppose this amendment. Let me make it very clear at the outset. I do so for one reason and the gentleman from New York just said it. It is inequitable.

I have heard the gentleman from Vermont, who sponsored the amendment this morning say some of the people are stigmatized and some people are embarrassed to have to go through the food lines with the food stamps and some pride is somehow taken away from them when they go through the grocery lines with the food stamps.

The gentleman from California (Mr. KETCHUM) talks about how demeaning it is for them to walk through the grocery lines.

Is it somehow less demeaning for an orphaned child of a father who was killed in an industrial accident to have to go through those lines? Is it somehow less demeaning for a widow to have to go through those lines?

Let us be equitable. If we are going to cash the program out, cash it out totally. I am clearly on record as totally in favor of doing that. In the meantime let us not remove the stigma from some part of the population.

If the gentlemen on my right are sincere, let us keep the pressure on to ultimately cash out the entire program in 3 or 4 or 5 years from now.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, I too favor cashing out the program and I too voted for eliminating the purchase requirement. I would like to see each State have an opportunity to cash out food stamps for the elderly and maybe we will learn from that how to eliminate the stigma from the widows and orphans the next time this comes up.

Mr. MATHIS. The gentleman from Minnesota makes a perfect argument for voting against the Jeffords amendment, because the committee has already made available pilot programs for cashing out. Let us see how it works and take a look at it 4 years from now and I hope this body will agree with me and go to cashing out the entire program.

Mr. QUIE. Mr. Chairman, I rise in support of the amendment and I move to strike the requisite number of words.

Mr. Chairman, I commend the committee for opening its heart enough to provide for those pilot programs. All I ask them to do is open their hearts a little more and permit the elderly also to have the same chance. How can you require all to suffer, just because some suffer?

Mr. ALLEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in the past three-quarters of an hour, we have heard much about stigma. It is asserted that a stigma exists in the minds of many people against those who stand in line to get food stamps, and those who go to the grocery stores and use food stamps to buy food.

Now, of all the citizens of a community who would be less stigmatized than any others would be the elderly. Certainly an elderly person who went through a grocery store and paid for his or her groceries with food stamps would be understood by most people who have any feeling or compassion for the elderly poor. If a person is old, is infirm, it is understandable to most people who have any understanding at all of the situation in this world, in the real world, that they are more likely to need food stamps to assist them in obtaining a balanced and nutritious diet than young and more vigorous citizens.

The one who is most greatly stigmatized is a great big strapping man who most people would say should be at work, or his wife who has to go through a food stamp line or stand in line to pay for groceries with food stamps. But of all people less stigmatized than any others, it would be certainly the elderly, who most people would recognize as probably in real need of the assistance of food stamps in order to have a balanced diet.

Mr. Chairman, for that reason, I ask that we do not discriminate and make two classes of citizens, and that we vote down this amendment.

Mr. STANGELAND. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, I want to commend the gentleman from Vermont (Mr. JEFFORDS) for offering this amendment.

I would also like to associate myself with the remarks of the gentleman from Wisconsin (Mr. BALDUS), as well as the gentleman from Minnesota (Mr. QUIE), that have spoken in favor of this amendment.

I have been visiting with the senior citizens of my district and whether there is a stigma or not, a lot of our senior citizens believe the food stamp program is a welfare program and they have too much pride to participate. These are people who have worked all their lives and have never asked for help from anyone. Many are in need of a more adequate diet but do not have the money to spend. This program would enable more of them to participate while allowing them to retain their dignity.

The directors of the senior citizens organizations in my area, and we have some very active senior citizens in the Seventh District of Minnesota, tell me this is the case; but more importantly, there is a great deal of concern about the practices taking place in the food stamp program. Stores are issuing scrip as change when purchasing food with stamps and that scrip has to be brought back to that specific store and spent. What if they cannot go back to that store. What happens if the scrip is lost? They lose it and the stores profit by their loss. Scrip does not carry the significance that real money does.

I do not believe that this group of people has to be treated in the same manner as all the other recipients.

Mr. Chairman, I think this is a good amendment and should be adopted.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. STANGELAND. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I just would like to respond to the gentleman from Tennessee (Mr. ALLEN). The elderly people I know do not want any sympathy. That is the last thing they want is sympathy. What they want is some understanding of their situation.

There are elderly people today in small rural communities that do not have an adequate diet. The question we have to ask ourselves is are we going to see that they have an adequate diet or are we not? That is the question. The way to do that is by adopting the Jeffords amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was agreed to.

The CHAIRMAN. Are there further amendments to this section? If not, the Clerk will read.

The Clerk read as follows:

CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 213. Any approved retail food store or wholesale food concern may be disqualified for a specified period of time from further participation in the food stamp program, or subjected to a civil money penalty of up to $5,000 for each violation if the Secretary determines that its disqualification would cause hardship to food stamp households, on a finding, made as specified in the regulations, that such store or concern has violated any of the provisions of this Act or of the regulations issued pursuant to this Act. Such disqualification shall be for such period of time as may be determined in accordance with regulations issued pursuant to this Act. The action of disqualification or the imposition of a civil money penalty shall be subject to review as provided in section 14 of this Act.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1213, formerly section 1212, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentlemen from Washington?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of the section.

The CHAIRMAN. Are there any amendments to section 1213, formerly section 1212?

If not, the Clerk will read section 1214, formerly section 1213.

The Clerk read as follows:

DETERMINATION OF DISPOSITION OF CLAIMS

SEC. 1214. The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under the provisions of this Act or the regulations issued pursuant to this Act, including, but not limited to, claims arising from fraudulent and nonfraudulent overissuances to recipients. Such powers with respect to claims against recipients may be delegated by the Secretary to State agencies.

The CHAIRMAN. Are there any amendments to section 1214, formerly section 1213?

If not, the Clerk will read section 1215, formerly section 1214.

The Clerk read as follows:

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 1215. Whenever an application of a retail foodstore or wholesale food concern to participate in the food stamp program is denied pursuant to section 9 of this Act, or a retail foodstore or wholesale food concern is disqualified or subjected to a civil money penalty under the provisions of section 12 of this Act, or all or part of any claim of a retail foodstore or wholesale food concern is denied under the provisions of section 13 of this Act, or a claim against a State agency is stated pursuant to the provisions of section 13 of this Act, notice of such administrative action shall be issued to the retail foodstore or wholesale food concern or State agency involved. Such notice shall be delivered by certified mail or personal service. If such store or concern or State agency is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate. If such a request is not made or if such store or concern or State agency fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such a request is made by such store or concern or State agency, such information as may be submitted by the store or concern or State agency as well as such other information as may be available

shall be reviewed by the person or persons designated, who shall, subject to the right of judicial review hereinafter provided, make a determination which shall be final and which shall take effect thirty days after the date of the delivery or service of such final notice of determination. If the store or concern or State agency feels aggrieved by such final determination, it may obtain judicial review thereof by filing a complaint against the United States in the United States court for the district in which it resides or is engaged in business, or, in the case of a retail food store or wholesale food concern, in any court of record of the State having competent jurisdiction, within thirty days after the date of delivery or service of the final notice of determination upon it, requesting the court to set aside such determination. The copy of the summons and complaint required to be delivered to the official or agency whose order is being attacked shall be sent to the Secretary or such person or persons as he may designate to receive service or process. The suit in the United States district court or State court shall be a trial de novo by the court in which the court shall determine the validity of the questioned administrative action in issue. If the court determines that such administrative action is invalid, it shall enter such judgment or order as it determines is in accordance with the law and the evidence. During the pendency of such judicial review, or any appeal therefrom, the administrative action under review shall be and remain in full force and effect, unless on application to the court on not less than ten days' notice, and after hearing thereon and a showing of irreparable injury, the court temporarily stays such administrative action pending disposition of such trial or appeal.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1215, formerly section 1214, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of section 1215.

The CHAIRMAN. Are there any amendments to section 1215, formerly section 1214?

If not, the Clerk will read section 1216, formerly section 1215.

The Clerk read as follows:

VIOLATIONS AND ENFORCEMENT

SEC. 1216. (a) Notwithstanding any other provisions of this Act, the Secretary may provide for the issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization cards are of the value of $100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than five years, or both, or, if such coupons or authorization cards are of a value of less than $100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than one year, or both.

(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of $100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than five years, or both or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than one year, or both.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of section 8 of title 18, United States Code.

(e) Any coupon issuer or any officer, employee, or agent thereof convicted of failing to provide the report required under section 7(d) of this Act or of violating the regulations issued under section 7 (d) and (e) of this Act shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

(f) Any coupon issuer or any officer, employee, or agent thereof convicted of knowingly providing false information in the report required under secton 7(d) of the Act shall be fined not more than $10,000 or imprisoned not more than five years, or both.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1216, formerly section 1215, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of the section.

The CHAIRMAN. Are there any amendments to section 1216, formerly section 1215?

If not, the Clerk will read section 1217, formerly section 1216.

The Clerk read as follows:

ADMINISTRATIVE COST-SHARING AND QUALITY CONTROL

SEC. 1217. (a) The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) outreach, (2) the certification of applicant households, (3) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (4) the issuance of coupons to all eligible households, and (5) fair hearings: *Provided*, That the Secretary is authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further authorized at his discretion to pay any State agency administering the food stamp program on all or part of an Indian reservation pursuant to section 11(d) of this Act such amounts for administrative costs as he determines to be necessary for effective operation of the food stamp program.

(b) The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including but not limited to staffing standards such as caseload per certification worker limitations, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the various efficiency and effectiveness standards, including those established by the quality control system. If the Secretary finds that a State has failed without good cause to meet any of his standards, or has failed to carry out the approved State plan of operation under section 11(d) of this Act, he may withhold from the State such funds authorized under subsection (a) as he determines to be appropriate.

(c) Effective fiscal year 1979, the Secretary is authorized to adjust a State agency's federally funded share of administrative costs pursuant to subsection (a), other than the costs already shared in excess of 50 per centum as described in the exception clause of subsection (a), by increasing such share to 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) is less than ten, but greater than five, and, to 65 per centum, if the State agency's cumulative allotment error rate is less than five.

(d) Effective fiscal year 1979 and annually thereafter, each State not receiving an increased share of administrative costs pursuant to subsection (c) shall be required to develop and submit to the Secretary for approval, as part of the plan of operation required to be submitted under section 11 (d), a quality control plan for the State which shall specify the actions such State proposes to take in order to reduce—

(1) the incidence of error rates and the value of—

(A) food stamp allotments for households which fail to meet basic program eligibility requirements;

(B) food stamp allotments overissued to eligible households; and

(C) food stamp allotments underissued to eligible households; and

(2) the incidence of invalid decisions in certifying or denying eligibility.

the State food sales tax is 2, 3, 4, 5, 6, 7, and 8 per centum, respectively.

Mr. RICHMOND (during the reading). Mr. Chairman, I ask unanimous consent that section 1217, formerly section 1216, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The clerk will read.

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 471]

Andrews, N.C.	Edwards, Calif.	Pickle
Annunzio	Erlenborn	Pursell
Archer	Fish	Railsback
Armstrong	Flippo	Reuss
Badillo	Ford, Mich.	Rodino
Bafalis	Goldwater	Rose
Beard, R.I.	Hammer-schmidt	Rousselot
Bevill	Hanley	Ryan
Bolling	Harris	Santini
Brademas	Harsha	Scheuer
Breaux	Hollenbeck	Schulze
Brown, Calif.	Horton	Seiberling
Burke, Calif.	Howard	Shipley
Burke, Fla.	Jenrette	Shuster
Burke, Mass.	Kastenmeier	Stark
Burton, John	Koch	Stokes
Butler	Leggett	Teague
Byron	McClory	Thompson
Clay	McCloskey	Traxler
Conyers	McDonald	Udall
Crane	McKinney	Vento
D'Amours	Moorhead, Pa.	Waggonner
Dent	Murphy, N.Y.	Whitten
Diggs	Murtha	Wiggins
Dingell	Pattison	Young, Alaska
Drinan		

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 7171, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 357 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will continue the reading.

The Clerk continued the reading.

Mr. RICHMOND (during the reading). Mr. Chairman, I ask unanimous consent to consider section 1217, formerly section 1216, as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will continue the reading.

The Clerk concluded the reading of section 1217, formerly section 1216.

The CHAIRMAN. Are there amendments to section 1217, formerly section 1216? If not, the Clerk will read section 1218, formerly section 1217.

The Clerk read as follows:

RESEARCH, DEMONSTRATION, AND EVALUATIONS

SEC. 1218. (a) The Secretary shall, by way of making contracts with or grants to public or private organizations or agencies, undertake research that will help improve the administration and effectiveness of the food stamp program in delivering nutrition-related benefits, including research on the value of utilizing data processing equipment and other computer technology in the administration of the program.

(b) (1) The Secretary is authorized to conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, including projects involving the payment of the value of coupon allotments in excess of the amount charged in the form of cash to eligible households all of whose members are either age sixty-five or entitled to supplemental security income benefits under title XVI of the Social Security Act, the use of countersignature of food coupons or similar identification mechanisms that do not invade a household's privacy, and the use of food checks or other voucher-type forms in place of food coupons. The Secretary may waive the requirements of this Act to the degree necessary for such projects to be conducted, except that no project shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to sections 5 and 7 of this Act.

(2) The Secretary shall implement a pilot project jointly with the Secretary of Labor in each of the fifty States and the District of Columbia appropriately divided between urban and rural areas, involving the performance of work in return for food stamp benefits. Under such pilot projects, any person who is subject to the work registration requirements pursuant to section 6(d) of this Act, and is a member of a household that does not have earned income equal to or exceeding the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, shall be ineligible to participate in the food stamp program as a member of any household during any month in which such person refuses, after not being offered employment in the private sector of the economy for more than thirty days after the initial registration for employment referred to in subsection 6(d)(1)(i) of this Act, to accept an offer of employment from a political subdivision or a prime sponsor pursuant to the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812), for which employment compensation shall be paid in the form of the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, with each hour of employment entitling the household to a portion of the allotment equal in value to 100 per centum of the Federal minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)); which employment shall not, together with any other hours worked in any other capacity by such person exceed forty hours a week; and which employment shall not be used by the employer to fill a job opening created by the action of such employer in laying off or terminating the employment of any regular employee not supported under this subsection in anticipation of filling the vacancy so created by hiring an employee or employees to be supported under this subsection: *Provided*, That all of the political subdivision's or prime sponsor's public service jobs supported under the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812), are filled before such subdivision or sponsor can extend a job offer pursuant to this subparagraph. The Secretary and the Secretary of Labor shall jointly issue reports to the appropriate committees of the Congress on the progress of such pilot projects no later than six and twelve months following enactment of this Act, and shall issue a final report describing the results of such pilot projects no later than 18 months following enactment of this Act.

(c) The Secretary shall develop and implement measures for evaluating, on an annual or more frequent basis, the effectiveness of the food stamp program in achieving its stated objectives, including, but not limited to, the program's impact upon the nutritional and economic status of participating households, the program's impact upon all sectors of the agricultural economy, including farmers and ranchers as well as retail foodstores, and the program's relative fairness to households of different income levels, different age composition, different size, and different region of residence.

(d) The Secretary in conjunction with the Secretary of Health, Education, and Welfare shall study and develop alternative poverty line definitions at different levels. The types and amounts of income and assets consistent with these poverty definitions shall be defined. In developing alternative poverty definitions, an examination of consumption and expenditure patterns, including both food and nonfood expenses, of families shall be conducted. Where statistically significant differences occur, the poverty line definition may contain adjustments for family size and composition and geographic differences in the cost of living. The definitions may include the mechanism for updating the definition. The two Secretaries shall report to the Congress annually beginning April 1, 1978, on the progress of this study and development of activities. A final report shall be presented as soon as possible. This report shall include statistical information on the expenditure patterns of low-income families, the alternative poverty definitions and their impact upon the food stamp program in terms of cost and beneficiaries and other observations and recommendations which they deem appropriate.

(e) Notwithstanding any other provision of law, the Secretary shall, in consultation with the Secretary of the Treasury, conduct a study through the use of Federal income tax data of the feasibility, alternative methods of implementation, and the effects of a program to recover food stamp benefits from members of eligible households in which the adjusted gross income of members of such households for a calendar year (as defined by the Internal Revenue Code of 1954) may exceed twice the income poverty guidelines set forth in section 5(c) of this Act. Such study shall be conducted in rural and urban areas only on a voluntary basis by food stamp recipients. The Secretary shall, no later than twelve months and eighteen months from the date of enactment of this Act, report the results of the study to the Committees on Agriculture and Ways and Means of the House of Representatives and to the Committees on Agriculture, Nutrition and Forestry and Finance of the Senate, together with such recommendations as he deems appropriate.

Mr. RICHMOND (during the reading). Mr. Chairman, I ask unanimous consent that section 1218, formerly section 1217, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk continued to read.

Mr. FINDLEY (during the reading). Mr. Chairman, I have an amendment to subsection (2) which will next be read. It will come after the end of the first sentence. Should I be recognized at this point, or should I wait until subsection (2) is read?

The CHAIRMAN. The Chair will advise the gentleman from Illinois that the gentleman must wait until the entire section has been read.

The Clerk will read.

The Clerk concluded the reading of section 1218, formerly section 1217.

AMENDMENT OFFERED BY MR. FINDLEY TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY to the amendment offered by Mr. FOLEY: Page 52, line 8, strike the period and insert in lieu thereof the following: ": *Provided*, That the Secretary shall implement additional pilot projects involving the performance of work in return for food stamp benefits which are requested by State agencies.".

Mr. FINDLEY. Mr. Chairman, the bill before the committee at the present time has what I think is a very progressive and exciting idea: a provision under which certain pilot projects will be established, one in each State and one in the District of Columbia, to test the workfare concept in the Nation's food stamp program.

The pilot projects will be so constructed to permit State agencies which administer the food stamp program to require certain recipients to perform public service work in exchange for food stamps. Of course, many recipients would be exempt from the food-for-work requirement, such as those who have a job which pays more than the value of the food stamp allotment and those who are exempt under the food stamp law from the requirement to seek work. However, other able-bodied recipients for the first time would be required to earn their food stamps through community service. Each hour of public service work would be equivalent in value to the Federal minimum wage.

Many of us have spoken with great fervor on behalf of work requirements in our welfare programs. It may be that there has been an earlier occasion on which the concept of workfare has been before this body and has been voted on, but I do not know. I cannot recall of such an event. The amendment before us at this time provides each of us an opportunity to vote for or against the concept of workfare. Judging from the mail I have received, it has very broad public interest and support.

Mr. Chairman, my amendment would not disturb the provision which requires a pilot project in each State and the District of Columbia—a provision which was adopted by the Committee on Agriculture by a vote of 43 to 2. The amendment would add one additional sentence—a very important one. This is what it says:

. . . the Secretary shall implement additional pilot projects involving the performance of work in return for food stamp benefits which are requested by State agencies.

This means that if in a particular state, for example, a community is selected as the pilot project for demonstration under the language recommended by the Committee on Agriculture, but a neighboring community would also like to undertake a similar workfare project, the neighboring community could also take advantage of the food-for-work provision.

It is possible, of course, that no additional communities would want to take part. My language is entirely optional. It does not require any community to apply, and, of course, approval of the community's application would be subject to the same standards established by the Department of Agriculture and the Department of Labor for the pilot projects already authorized in the committee language. My amendment would make the food-for-work experience available, however, to such additional local units of government as might wish to participate.

Mr. Chairman, I would like to have the Members reflect upon what they would be saying if they voted against this amendment. The Members would be voting a lack of confidence in their own State and local units of government by barring them from the opportunity to participate. It would seem strange, to me, indeed, that any of the Members would wish to bar a state or local unit of government from the opportunity to be a pilot project under this workfare concept.

Mr. Chairman, I would be glad to yield to any Member who wishes to ask a question.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentlelady from Nebraska.

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I rise to commend the gentleman in the well, and urge support of this amendment. It seems to me that any able-bodied person who gets food stamps would wish the opportunity to work to pay for them. There is much work to be done in our communities. This would not deprive anybody else of their job. The workfare principle should be expanded, and we ought to have the opportunity to use it wherever the local areas want to do so.

Mr. Chairman, I urge adoption of the amendment.

Mr. FINDLEY. Mr. Chairman, I thank the gentlelady for her comments.

I might add that the reactions from my district have been a resounding hurrah, after hearing what the Committee on Agriculture already has done. I hope we can broaden the food-for-work provision as a reflection of the overwhelming public support that exists in my district and elsewhere.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the committee bill does not in any way limit the number of pilot projects that can be initiated by the Secretary. I will repeat that.

The committee bill does not in any way limit the number of pilot projects that can be initiated by the Secretary. It is perfectly possible for the Secretary to allow two communities in the same State, side by side, to both have pilot projects, but it is up to the Secretary to make the decision as to where the pilot projects are, with the exception that the committee bill mandates and requires the Secretary to have a pilot project in one of each of the 50 States so long as an eligible sponsor is willing to administer a project in every State.

This may be a useful program, but I think we ought to distinguish between a pilot project which is designed to analyze the program's performance and results and moving into the operation of the program, which is really, I suggest, what is the basis of the gentleman's amendment. The gentleman from Illinois (Mr. FINDLEY) really wants to start the program and not have pilot programs. They are called pilot programs, but I think the gentleman's intention is to allow any individual county to implement the program immediately, without further requirement.

It seems to me that this is, as the gentleman himself said, a new and very different and potentially innovative approach. If it is successful, we want to know that. If it is not successful or there are mixed results, we want to know that. Before we go to a national requirement or provide a national opportunity to implement this program, I think the results of carefully organized pilot project studies are critical.

Frankly, I think we would do better in many of our programs if we carefully studied some demonstration projects before we rejected or accepted certain directions on a national basis.

We have in the Committee on Agriculture given the Secretary the broadest kind of authority to conduct any pilot projects he thinks are necessary. We have insisted that he institute one in every State if a willing project sponsor can be found. That is not the maximum; that is the minimum.

This amendment, which would place in the hands of individual counties acting through their States the conducting of a pilot study or the designation of a pilot study is, I think, misdirected, and I hope the amendment will be rejected.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I am really gratified to hear the gentleman's interpretation of what the committee's language is, because every indication we had in the committee was that it meant there would be just one pilot project in each State. If the language means otherwise—and I am glad to hear that it does—then certainly my amendment would do no harm; it would simply clarify the language.

Mr. FOLEY. On the contrary. I must disagree on that point with the gentleman from Illinois (Mr. FINDLEY).

The committee bill allows the Secretary to make the decision as to what a pilot project is and when a State may have a multicounty pilot project. The Secretary can define, in cooperation with local governments, the pilot project area and what the scope of the pilot project is.

What the gentleman's amendment does is to require the Secretary to accept any application made by any county for a pilot project, thereby taking out of the hands of the Secretary completely the devising of an organized, coordinated, and analytical study and merely throwing it into the hopper for any local government to say, "We want a pilot project here," and then the Secretary is mandated to conduct one.

Mr. Chairman, that is a disorganized way to do it; that is a confused way to do it. It would frustrate the results of the study if we were to adopt his amendment. I am greatly opposed to the amendment, and I urge the Members to accept the language of the committee bill.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I think our concern and the concern of the gentleman from Illinois (Mr. FINDLEY) is that the administrator of this program, Ms. Foreman is reluctant.

The gentleman from Illinois (Mr. FINDLEY) participated in the hearings, and I would like to read for the chairman of the committee this excerpt from one of the hearings:

Mr. FINDLEY. I would like to ask Ms. Foreman if she believes that such recipients should be, as a matter of public policy, required to work off the food stamp benefits they get.

Ms. FOREMAN. I do not believe this is an appropriate mechanism. I think they should be required to register for work and to undertake a very serious job search under penalty of losing benefits.

Mr. FINDLEY. But you are not in favor of requiring such recipients to work off the value of the food stamps they get. Is that right?

Ms. FOREMAN. That is correct.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(On request of Mr. SYMMS and by unanimous consent, Mr. FOLEY was allowed to proceed for 1 additional minute.)

Mr. FOLEY. Mr. Chairman, if the gentleman will allow me, I will be glad to reply to what he has said.

Mr. SYMMS. Mr. Chairman, if I may just continue for a moment, that is the concern we have with the administrator of the program. If we turn it over to someone who has this attitude, how in heaven's name will the amendment offered by the gentleman from Illinois (Mr. FINDLEY) ever get a shot at being considered?

If the gentleman will consult the record of her testimony, he will find a flat statement—I am not sure that it is in precisely the place from which the gentleman was reading—but in the RECORD Ms. Foreman said as follows:

The instructions that we receive from the Congress we will carry out. The policy determined by the Congress will be carried out faithfully and properly by the Department and by my office.

I think the gentleman may remember that commitment.

Mr. SYMMS. That is right.

Mr. FOLEY. I have full and complete faith in Ms. Foreman and believe that she will do that.

If we are going to have a study, which was the result of the committee's deliberations, let us have one that we can all rely on.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(By unanimous consent, Mr. FOLEY was allowed to proceed for 1 additional minute.)

Mr. FOLEY. To continue, Mr. Chairman, we can have some confidence in a proper analytical and informative study.

The amendment of the gentleman from Illinois (Mr. FINDLEY) simply allows any county in the country to come in demand a study. That is going to confuse the results of the effort that the committee has put in the bill.

The committee, again, gives the Secretary full authority to conduct as many studies as he wishes. It mandates one in each one of the States on which a willing sponsor can be found. That is the minimum that he can conduct. We require him to give us a report every 6 months, including a final report on the study in 18 months.

I think that if we let this be done, we will get results from which we can make future informed judgments.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has again expired.

(On request of Mr. THONE and by unanimous consent, Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. THONE. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Nebraska.

Mr. THONE. Mr. Chairman, I think the gentleman from Washington (Mr. FOLEY) inadvertently gave the House the impression that any organization or any group may demand a study.

Mr. FOLEY. Any county.

Mr. THONE. The term "county," as used by the distinguished gentleman, bears clarification. Specifically, the Findley amendment uses the term "State agencies" as defined by section 3(h) of the bill (H.R. 7940).

Therefore, the realm of conceivable interpretations—even to the most creative and imaginative intellect—is in fact quite limited.

Mr. FOLEY. I do not really think it is useful to have, let us say, one study in each one of the 49 States and 39 studies in the State of Washington, which could result from the Findley amendment. Under the committee bill, the Members could still go to the Secretary and suggest areas for study in their States. Governors can suggest areas, and the Secretary is perfectly free to conduct as many studies as he wishes.

However, this amendment gives each county the right to automatically conduct a study when it may or may not add anything at all to the information needed.

Mr. THONE. If the gentleman will yield further, I still think there is confusion with respect to this question.

Under the committee bill, the Secretary is equally free not to conduct any pilot projects beyond the 51 which are specifically required. I submit that the current administration is substantially more likely to exercise "freedom" in this direction, rather than in the direction suggested by the distinguished gentleman from Washington.

Additionally, as I read the definition of "State agency" in this bill, there can be no question about its meaning. It is simple. It is one of the few really straightforward provisions of the bill.

Mr. FOLEY. The State agency includes counties, I tell the gentleman.

Mr. THONE. That is not the way I read subsection (n) of section 1203 of the bill, Mr. Chairman. "State agency" means the State agency.

Mr. FOLEY. It means the agency of the State government, including the counterpart local offices or agencies thereof to the extent they administer the food stamp program.

Mr. THONE. But the counterpart local agencies have to go through the State agency, do they not?

Mr. FOLEY. The State agency, I will again tell the gentleman, means the local agencies thereof, including the counties.

Mr. THONE. Regardless of our apparent difference of interpretation, Mr. Chairman, I think what we really are talking about here is stigma—a welfare stigma of the worst kind.

Any time this country shies away from encouraging the work ethic, it plays a dangerous game in which we all lose—those who pay the taxes as well as those who get the benefits. A vote against the Findley amendment is a vote to deny States the opportunity to take full advantage of the food-for-work opportunity. It is a vote to leave the decisions instead to the same Federal agencies and bureaucrats that continually have failed to design or administer a meaningful work requirement under the food stamp law. A "no" vote is a vote against the work ethic. I, therefore, strongly urge the support of my colleagues to vote for the Findley amendment and for the work ethic.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has again expired.

Mr. COLEMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would just point out that apparently one of the chief arguments against the Findley amendment is that we may be hitting a nerve center in this country so that we indeed may have 39 counties in the State of Washington or 114 counties in the State of Missouri which would like to put the work ethic into practice in the food stamp program.

I do not think that we can argue against the Findley amendment. It may be exactly what the country would like to have.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I think that is the point. If we want to put it into practice without a study, that is one thing. If we want to have a study, that is something else again.

That is why I suggested that the thrust of the gentleman's amendment was not to bar the study, but merely to put the program into practice. The committee decided we were going to have a study first.

Mr. COLEMAN. I think the chairman is right, and I think a number of people on the committee feel a little frustrated that perhaps the majority of the American people would like to see the work requirement put into the bill.

What we have come up with in the committee is simply a study and I believe that most people are rather cynical about studies because we have very few results that we have ever put into practice.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to make a couple of comments.

First, my friend from Washington, the distinguished chairman of the Committee on Agriculture, has argued that we ought to have a thorough study on a pilot project basis of this workfare concept before we broaden it to a national scope. The implication is that we will have to wait until the food stamp law is up for review again, and that will be 4 years from now.

As I testified, Mr. Chairman, the sentiment of my constituents is that they do not wish to wait 4 more years before this workfare concept can be instituted in every community where there is an interest for it.

Second, Mr. Chairman, it simply is not true that just any local unit could not cook up a workfare scheme and put it over without any supervision or standards. My amendment comes right in the middle of the section which deals with pilot projects and it would, therefore, be subject to all of the language which follows—language which insures very proper administrative standards and gives considerable authority for performance review to the Secretary of Agriculture and the Secretary of Labor.

On this basis, Mr. Chairman, I renew my hope that the amendment will be supported.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I believe the gentleman from Missouri has stated very frankly his position, as he interprets it, that we should not have a pilot project, we should just go immediately into the full implementation of this program.

Mr. COLEMAN. If the gentleman will acknowledge the practicality of the situation of the way in which we are moving to do it, then we must do it through a study, and that is what the gentleman supports and what the committee adopted.

Mr. FOLEY. If it was the purpose of the Findley amendment to go into direct operation of the program without a pilot project, then I believe it would be best if we just candidly said that. But, instead, the gentleman has proposed an amendment which seems to direct the expansion of the pilot program. Actually he mandates that the Secretary accept and put into effect any pilot project requested by any State agency. So really we are talking about apples and oranges, if we are interested in pilot projects, that is one thing. If we are interested in immediate implementation, that is another.

Mr. COLEMAN. Is it not a fact that any such work is administered on the local levels?

Mr. FOLEY. All of the programs are administered on the State levels.

Mr. COLEMAN. Does the gentleman not believe that those people who have the duty to administer a program and who have the obligation to follow it through would be the best people to indicate what studies should be made, instead of the Secretary here in Washington doing so with the information flowing back to the States? Does the gentleman not think we should reverse the situation?

Mr. FOLEY. Let me point out something to the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. The gentleman from Washingtin (Mr. FOLEY) does not want to reverse the process, as such, that we have?

Mr. FOLEY. We are looking for national information on the program, it is national in scope, so that it does not help to let the State of Washington—and I will use my own State as an example—to decide what the pilot program will be on a national basis. We should have Federal input to structure the national picture. If the only State government we had involved was the State of Washington, then I would think that the State of Washington would be the best source for designing the program. But where there is practically a kaleidoscopic situation with regard to pilot projects all over the United States, then I do not believe that is possible to rely on the judgment of individual States or counties.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SYMMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in favor of the amendment. I believe that the gentleman from Illinois (Mr. FINDLEY) has probably come up with one of the most imaginative ideas possible to help the program that we have.

As I understand the workfare program, those people who are qualified to work under the definition of work in this bill, but who do not find suitable employment. Then the local entity could issue stamps it would be able to trade those stamps for work, if they were otherwise qualified for work. Those people who were not qualified would not be affected, those people who were not qualified for work would not be affected.

I think it is a very effective amendment and I commend the gentleman from Illinois for offering it.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to add just a few comments about the prospects for success of those projects set out and designated by the Secretary of Agriculture, and administered by Assistant Secretary Carol Foreman.

In her testimony to the House Committee on Agriculture I could not detect any enthusiasm for the workfare idea—not one bit of enthusiasm at all. I hate to be cynical, but I think it is possible that in the administration of these select pilot projects local units of government would be sought where there was a similar lack of enthusiasm. The result would be a self-fulfilling prophecy: a report of dismal failure—a report that workfare does not work.

The addition of my amendment would enable communities which are enthusiastic about workfare—who really want to make this work to the benefit of the food stamp beneficiaries, their local unit of government, and the whole food stamp program—to apply for a pilot project, too. In that way I believe we would have a far better chance of having a balanced and fair test than is likely to occur under the sponsorship of Ms. Foreman, who obviously is not for the program at all.

Finally, let me add that a letter that several of us just received from President Carter, despite the rhetoric in favor of workfare, casts severe doubt on whether he really wants a workfare project either. So, I do not think we really can expect the administration to spark the enthusiasm that is essential for the success of the workfare projects. Therefore, my amendment is absolutely necessary.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I thank the gentleman for yielding.

My colleague, the gentleman from Illinois (Mr. FINDLEY), has put his finger on one of the precise problems we have in dealing with the bureaucracy. We could fill the record with examples of exactly the same thing.

I would only point out that a few years ago in HEW we had the same type of pilot project in an educational program. The bureaucrats picked a school district in California and a school district in New Hampshire. If one were to pick two of the thousands of school districts which were the least likely to implement that particular program, he would have picked those two districts. The bureaucrats picked them, the pilot failed and then they came back and said, "It didn't work." Why? Because they did not want it to work in the first place. This was in a previous administration, so we are not playing partisan politics. It was in a Republican administration where the administration did not want—at least the spokesman in the U.S. Office of Education in HEW—to implement the program that we suggested.

My colleague, the gentleman from Illinois, has hit the nail on the head. That is why we should indicate what we want rather than leave it to somebody who may not want to implement it at all.

Mr. SYMMS. I thank the gentleman from Ohio.

I would just like to reiterate by Ms. Foreman's own testimony, when the gentleman from Illinois (Mr. FINDLEY) asked her the question, and I repeat:

> But you are not in favor of requiring such recipients to work off the value of the food stamps they get. Is that right?

Ms. Foreman replied:

> That is correct.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Findley amendment.

Mr. Chairman, this Findley amendment is not only administratively un-

feasible, it would allow for discrimination between workers.

Employees would receive social security, workman's compensation, and all of the other workers' benefits. People under this workfare program would not receive these protections. Non-work-for-food employees would receive a 20-percent deduction for work-related expenses, thereby increasing their coupon allotment. Work-for-food employees would not receive this benefit.

This amendment would result in a displacement of paid jobs, and would discriminate against unemployed people who could not compete with free labor. Because of the short term under this workfare of 7 or 8 hours a week, it is hardly possible recipients would learn any useful skills. Obviously any public service job involving 7 or 8 hours of work a week today would probably take 10 hours to administer.

My colleague from California will discuss the California experiment, which we all know was a disaster.

Mr. Chairman, I urge this Committee to oppose and vote against the amendment.

Mr. KREBS. Mr. Chairman, will the gentleman from New York yield?

Mr. RICHMOND. I yield to the gentleman from California.

Mr. KREBS. I thank my friend, the gentleman from New York, for yielding.

Reference has been made here repeatedly to the experimental nature of the pilot program that is before us. This project has been discussed at considerable length in the committee and the same arguments that have been presented here on the floor in support of the Findley amendment, of course, had been presented in the committee. In the course of the deliberations those of us who feel that there should be some return to the taxpayers for the amount expended on the food stamp program tried very carefully to find a solution that is really going to be meaningful to the taxpayer rather than just something that may look attractive to the uninformed.

It is in that fashion that we came upon the 50-State pilot project. Initially I should remind the Members of this committee an amendment was passed with a substantially smaller number of pilot programs, and then a 50-pilot program was adopted as a reasonable compromise.

The feeling was that we should not charge, full speed, into a program which might be expensive, which might be self-defeating, and a program that really might leave us in worse shape than when we entered it.

What the gentleman from New York alluded to has been the California experience, if I might refer to it in that fashion. The California experience, let me point out, did not occur under a Democratic administration, the type of administration that was described yesterday as socialistic in philosophy, but instead it was inaugurated under the great disciple of conservatism, the former Governor of California Mr. Reagan, a person who has always expressed deep interest in putting people back to the good old days of Marie Antoinette and President McKinley. It was under his administration that this program was initiated.

After 3 years of a program of putting welfare recipients to work, the program was then evaluated, it turned out it was nothing short of a total fiasco. Anybody who would like to come over to this desk and read the details of the report which was prepared on that fiscally conservative program, I certainly welcome him to take advantage of this opportunity. I believe one reading this report will agree with me that this is not the type of program we want to enter into in connection with the food stamp program.

So I urge Members of the Committee to please see how these projects are going to work in those 50 States in which we are attempting to implement before we embark on the extensive program proposed in the amendment.

Mr. RICHMOND. I thank the gentleman from California (Mr. KREBS).

Mr. THONE. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Nebraska.

Mr. THONE. Mr. Chairman, as the gentleman from New York (Mr. RICHMOND) knows, I have great respect for the gentleman from New York and the amount of work he has done on this legislation albeit some good, some bad. In fact, I was going to suggest that there be a commemorative stamp issued with the gentleman's picture on it as one of the very first stamps in this whole free food stamp arena.

Mr. RICHMOND. Mr. Chairman, if the gentleman from Nebraska would just pass the bill and forget the stamp, I would appreciate it.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. THONE, and by unanimous consent, Mr. RICHMOND was allowed to proceed for 2 additional minutes.)

Mr. THONE. Mr. Chairman, if the gentleman will yield further, the gentleman from California (Mr. KREBS) puts his finger right on it. I think there is an obvious basic difference in philosophies here regarding the importance of the work ethic, and I would ask the chairman of the committee whether he feels that in any instance a beneficiary of a food stamp program should ever work for those food stamps?

Mr. RICHMOND. I believe every recipient of food stamps who is able should work at a reasonable job, one that pays a fair wage for honest labor. Fundamental to our democratic tradition, this means payment in money, not coupons. I do not think one should work on a barter basis for food stamps.

In conclusion, I would like to read three paragraphs of a letter from President Carter to the gentleman from Illinois (Mr. FINDLEY):

> Your letter suggests that an effort will be made on the House floor to expand the number of pilot projects, permitting virtually any local government to participate. It is my view that such an expansion would be unwise.
>
> I believe that any work program for low-income people should be organized to pay the participants a wage just as every other worker is paid. That is what the jobs program in my welfare reform plan will do. Requiring food stamp recipients to work-off their benefits does not meet this objective.
>
> Any expansion of the number of pilot projects beyond those in the Committee bill should await the results of the tests the Agriculture Department has already agreed to conduct.

Mr. THONE. I would say that when we eliminated the purchase requirement yesterday, we turned food stamps into a true welfare program. This will prove to be a mistake.

I support the general concept of the food stamp program and feel that few Americans begrudge giving this assistance to those truly in need and unable to help themselves. I feel, and think most of our fellow citizens feel, that the food stamp program needs meaningful reform. I realize that reform, like beauty, is in the eye of the beholder, but I have some reservations about the broad claims of reform in this bill.

The current program is tremendously complex, making the certification process almost incomprehensible to certification workers, not to mention applicants. The process needs to be both streamlined and tightened, but the bill has not remedied the complexity of the income certification section, the income accounting period—the average of the prior 30 days is combined with the entire length of the certification period—or the certification process. In fact, the language to provide for telephone contact and mail delivery and return of certification forms opens the door even wider for abuse and misrepresentation. The program has been widely abused in recent history, and more effort should go into seeing that the stamps go to the truly needy.

The language of the assets test is not so strong as I would have liked, but it is a step in the right direction.

However, the provision of the bill which causes the most concern is the elimination of the purchase requirement, which so greatly destroys the nutritional thrust the food stamp program has had historically. With this provision, we are no longer guaranteeing needy families a nutritionally adequate diet nor are we encouraging them to budget their resources for a better food dollar return, as the program has done in the past. Also, this switch from nutritional focus to straight income transfer really lays the basis for a negative income tax even though the committee has not addressed this issue frontally. The next step, which is sure to come, is total program cash-out. Such action, if it incorporates needs objectives—like food, housing, et cetera—and work incentives, might be the best alternative to the current overall welfare confusion, but I fear such cash-out will incorporate neither.

Mr. BURGENER. Mr. Chairman, I move to strike the requisite number of words. I rise in favor of the amendment.

Mr. Chairman, reference has been made to the former governor of California and to so-called disastrous work-for-welfare plan in California. I would like to comment on that. I did a little homework to see how the plan worked. It was not on food stamps. It was on AFDC, but I think that the principles are similar. It was a 4-year trial and it went from 1971 to 1974. When Governor Brown was elected, under-

standably having a different philosophy about many things, including public assistance, he terminated the plan. A report was issued, which some of my colleagues from California will soon share with us.

I take strong issue with that report. I think it is not reflective of what happened. The report failed to talk about how many people on AFDC found permanent employment under this plan. Each and every year of this so-called experiment, which involved about 32 of our 58 counties, the number of people who left the AFDC rolls for permanent employment, really is the bottom line. I think all of us are interested in permanent employment for everyone, particularly those on public assistance.

In 1971, 15,577 left the rolls for permanent employment who were involved in this plan. The next year, 25,000.

The third year, 57,000, and the final year of the plan's implementation, 75,705 left the rolls for permanent employment; but nowhere in this study was that mentioned.

I respectfully submit, and I will choose my words carefully, that this so-called report was a hatchet job, a hatchet job designed to discredit what I think was a successful experiment.

Mr. Chairman, a news story in the Los Angeles Times and an editorial in the San Diego Union commented about that. They said, "Who does not like the plan?"

They conclude that those who did not like it were the county welfare workers. The reason they did not like it was, and I quote, "It created tensions" between the social worker and the welfare recipient.

I do not think that is enough reason to abandon something that provided permanent employment in its last year of operation for 75,000 people.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for this enlightening commentary on what happened in California. I share the gentleman's belief that the Findley amendment would be an absolute welcome addition to this food stamp program and would go a long way toward helping it.

I also wanted to say that I share with my colleague, the gentleman from Nebraska (Mr. THONE) that I think our distinguished chairman, Mr. RICHMOND, who has worked so hard on this bill establishing the principle that free income stamps will be made available to those eligible that he should be enshrined on the front of a stamp for his place in history, for getting free income stamps.

Mr. Chairman, would the gentleman from California yield to the gentleman from New York (Mr. RICHMOND)?

Mr. BURGENER. I yield.

Mr. SYMMS. Mr. Chairman, in the committee the gentleman from New York (Mr. RICHMOND) said:

> I cannot understand in a million years how you can expect people to work for food stamps. It is demeaning, it is humiliating, it is inefficient, it is administratively impossible.

Does the gentleman from New York (Mr. RICHMOND) still share that view, or why is it so bad to have people otherwise eligible for work, other than mothers or the sick or the old and unable to work, but those otherwise qualified to work, but cannot get suitable employment, what is humiliating about asking them to work for food stamps?

Mr. RICHMOND. Mr. Chairman, if the gentleman will yield, I believe it is less humiliating and more efficient to ask these people who are eligible to use food stamps to work for dollars and cents and thereby give them their 20-percent work deduction and allow them to pay their taxes and treat them with the same dignity as every other American worker. I do not believe in working for barter.

Mr. SYMMS. One of the problems we have is because of the loophole in the work requirement which says "suitable employment." The people can turn down the job because it is not suitable or it is not what they are looking for.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. SYMMS and by unanimous consent Mr. BURGENER was allowed to proceed for 2 additional minutes.)

Mr. SYMMS. I think what we are talking about here is an opportunity to proceed on a program where we could lend dignity to the program. The gentleman calls it barter. I call these income stamps. The only difference between food stamps and greenbacks is the color, because the people now, as established yesterday by the wisdom of the Congress, do not have to pay for these stamps. They are free income stamps. It is another form of Government currency, fiat currency.

Mr. BURGENER. If I may claim my time back, my primary motivation in supporting the Findley amendment is not to save money. My motivation is to train people to work who, in my judgment, really and truly want to work. I have always believed that most recipients really and truly want to work.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the last word, and I rise in brief opposition to the amendment.

As one who participated in the conference with our former great and glorious Governor of the Sovereign State of California, Ronald Reagan, I know a little bit about this measure. The most damning report that came out about it was to the Reagan administration.

Now, my good friend, Mr. BURGENER, says that there were some—I guess over the years close to 100,000 people under this program who went to employment, which is really amazing when I think that there were only 5,000 people enrolled in the C–WAC program during the time of the program. There were people who were on welfare, who went to employment because the economy was spurred because the great layoffs that abound in our State, where working people were forced into welfare. and was reversed by the spur to the economy and they could get jobs.

In the meantime, the great and glorious Governor's great and glorious welfare director, Robert Carleson, who was somewhat of a nitwit, claimed the success of the welfare work program because employment was up when unemployment was down. We all know that when unemployment is up, employment goes down. When it goes down, welfare goes down because there are no jobs available. There were something like 2.5 persons per thousand who applied. There were 5,000 in the whole program. The Reagan administration tried to take credit for everyone on unemployment who got a job, but I think they got their work in this program. Yet, according to my good friend, Mr. BURGENER, there were close to 100,000 people who went off welfare and into jobs in the private sector when there were only 5,000 in the program.

Local governments found that it was a terrific hangup when they asked people to spend 40 hours a week working in a job for food stamps at the local level. Where are they going to find time to go out and get a job in the private sector that means something? We do not want to create generations of people on the dole, raking leaves for food stamps, participating at the Federal and local troughs. We want people in private industry working for jobs.

If we adopt this amendment, we assure them that they will be on food stamps 40 hours a week, raking leaves. Where are they going to find the time to look for a decent job at a decent wage? The program did not work in California, one of the greatest embarrassments to a much embarrassed Governor. How they can get 100,000 people jobs out of a program where there were only 5,000 in it must have happened at a time when we permitted abortions.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to my colleague from California.

Mr. KETCHUM. I thank the gentleman for yielding to me. Since the gentleman in the well, the gentleman from California (Mr. BURGENER) and myself all were in the California Legislature at the same time during this process, I do thank the gentleman for congratulating the former Governor of California for stimulating an economy that provided 100,000 jobs.

It is far different from the present administration in Sacramento, which kept Dow Chemical out, which cost us 2,000 jobs, and the President of the United States, with the cancellation of the B–1 bomber, which cost us 7,000 jobs.

Mr. JOHN L. BURTON. Mr. Chairman, I would say this: I would rather see those people who lost jobs on the B–1 bomber be able to go out and look for work, maybe working on the Jupiter probe, than to see them raking leaves.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it was not even my intention to speak on this bill, but I think I must take exception to what my good friend, the gentleman from California (Mr. JOHN L. BURTON), said. I think the bounds of debate should have some decency. To see a good friend and a very able Californian, Bob Carleson, maligned as a nitwit I think is totally unnecessary.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield for an apology?

Mr. ASHBROOK. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, I would apologize for referring on this floor to Mr. Carleson as a nitwit. I do apologize. I have said it to his face, but I should not have said it on the floor. I do apologize. And I will say to my friend that he has returned the compliment.

Mr. ASHBROOK. Mr. Chairman, the fact that the gentleman from California (Mr. JOHN L. BURTON) and Mr. Carleson might hold themselves in equal mutual disregard I think is a personal thing. We all know Mr. BURTON has a great sense of humor but I frankly do not think it should be a subject of controversy on the floor.

I notice the former Governor of California has been sliced up pretty well. My good friend, the gentleman from California (Mr. KREBS), referred to Governor Reagan as possibly dating about the time of Marie Antoinette. Maybe we could make another stipulation for the record. My liberal Democratic colleagues seem to find Mr. Brown a rather interesting political animal. Would you care to stipulate that his philosophy falls somewhere between the time of Julian and Joan of Arc. Possibly we could stipulate that for the record, both sides can agree, and we can go on with the farm bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 159, noes 255, not voting 19, as follows:

[Roll No. 472]

AYES—159

Abdnor	Coughlin	Kelly
Allen	Crane	Kemp
Anderson, Ill.	Cunningham	Ketchum
Andrews, N. Dak.	Daniel, Dan	Kindness
Applegate	Daniel, R. W.	Lagomarsino
Archer	Derwinski	Latta
Armstrong	Devine	Leach
Ashbrook	Dickinson	Lent
Badham	Dornan	Levitas
Bafalis	Duncan, Tenn.	Long, Md.
Bauman	Edwards, Ala.	Lott
Beard, Tenn.	Edwards, Okla.	Luken
Bennett	Emery	McClory
Breaux	Erlenborn	McCloskey
Brooks	Ertel	McDade
Broomfield	Evans, Del.	McDonald
Brown, Mich.	Findley	McEwen
Brown, Ohio	Flowers	Madigan
Broyhill	Flynt	Marlenee
Burgener	Forsythe	Marriott
Burleson, Tex.	Frenzel	Martin
Butler	Frey	Mathis
Byron	Gibbons	Michel
Caputo	Goodling	Milford
Carter	Gore	Miller, Ohio
Cederberg	Gradison	Mitchell, N.Y.
Clausen, Don H.	Grassley	Montgomery
Clawson, Del	Guyer	Moore
Cleveland	Hagedorn	Moorhead, Calif.
Cochran	Hammer-schmidt	Motti
Cohen	Harsha	Myers, Gary
Coleman	Holt	Myers, John
Collins, Tex.	Hyde	Nichols
Conable	Ichord	O'Brien
Conte	Johnson, Colo.	Pettis
Corcoran	Jones, Okla.	Poage
	Kasten	Pursell
Quayle	Sawyer	Trible
Quie	Schulze	Vander Jagt
Quillen	Sebelius	Waggonner
Railsback	Shuster	Walker
Regula	Skubitz	Wampler
Rhodes	Slack	Watkins
Risenhoover	Smith, Nebr.	White
Roberts	Snyder	Whitehurst
Robinson	Spence	Whitten
Rogers	Stangeland	Wilson, Bob
Roncalio	Stanton	Wilson, Tex.
Rudd	Stockman	Winn
Runnels	Stump	Wydler
Ruppe	Symms	Young, Alaska
Santini	Taylor	Young, Fla.
Sarasin	Thone	
Satterfield	Treen	

NOES—255

Addabbo	Fuqua	Neal
Akaka	Gammage	Nedzi
Alexander	Gaydos	Nix
Ambro	Gephardt	Nolan
Ammerman	Giaimo	Nowak
Anderson, Calif.	Gilman	Oakar
Andrews, N.C.	Ginn	Oberstar
Annunzio	Glickman	Obey
Ashley	Gonzalez	Ottinger
Aspin	Gudger	Panetta
AuCoin	Hall	Patten
Baldus	Hamilton	Patterson
Barnard	Hanley	Pattison
Baucus	Hannaford	Pease
Beard, R.I.	Harkin	Pepper
Bedell	Harrington	Perkins
Beilenson	Harris	Pike
Benjamin	Hawkins	Pressler
Bevill	Heckler	Preyer
Biaggi	Hefner	Price
Bingham	Heftel	Pritchard
Blanchard	Hightower	Rahall
Blouin	Hillis	Rangel
Boggs	Holland	Reuss
Boland	Hollenbeck	Richmond
Bolling	Holtzman	Rinaldo
Bonior	Horton	Rodino
Bonker	Howard	Roe
Bowen	Hubbard	Rooney
Breckinridge	Huckaby	Rose
Brinkley	Hughes	Rostenkowski
Brown, Calif.	Ireland	Roybal
Buchanan	Jacobs	Russo
Burke, Calif.	Jeffords	Ryan
Burlison, Mo.	Jenkins	Scheuer
Burton, John	Jenrette	Schroeder
Burton, Phillip	Johnson, Calif.	Seiberling
Carney	Jones, N.C.	Sharp
Carr	Jones, Tenn.	Sikes
Cavanaugh	Jordan	Simon
Chappell	Kastenmeier	Sisk
Chisholm	Kazen	Skelton
Clay	Keys	Smith, Iowa
Collins, Ill.	Kildee	Solarz
Conyers	Kostmayer	Spellman
Corman	Krebs	St Germain
Cornell	Krueger	Staggers
Cornwell	LaFalce	Stark
Cotter	Le Fante	Steed
D'Amours	Lederer	Steers
Danielson	Leggett	Steiger
Davis	Lehman	Stokes
de la Garza	Lloyd, Calif.	Stratton
Delaney	Lloyd, Tenn.	Studds
Dellums	Long, La.	Thompson
Dicks	Lujan	Thornton
Diggs	Lundine	Traxler
Dingell	McCormack	Tsongas
Dodd	McFall	Tucker
Downey	McHugh	Udall
Drinan	McKay	Ullman
Duncan, Oreg.	Maguire	Van Deerlin
Early	Mahon	Vanik
Eckhardt	Mann	Vento
Edgar	Markey	Volkmer
Edwards, Calif.	Marks	Walgren
Eilberg	Mattox	Walsh
English	Mazzoli	Waxman
Evans, Colo.	Meeds	Weaver
Evans, Ga.	Metcalfe	Weiss
Evans, Ind.	Meyner	Whalen
Fary	Mikulski	Whitley
Fascell	Mikva	Wiggins
Fenwick	Miller, Calif.	Wilson, C. H.
Fish	Mineta	Wirth
Fisher	Minish	Wolff
Fithian	Mitchell, Md.	Wright
Flood	Moakley	Wylie
Florio	Moffett	Yates
Foley	Mollohan	Yatron
Ford, Mich.	Moss	Young, Mo.
Ford, Tenn.	Murphy, Ill.	Young, Tex.
Fountain	Murphy, N.Y.	Zablocki
Fowler	Murphy, Pa.	Zeferetti
Fraser	Myers, Michael	
	Natcher	

NOT VOTING—19

Badillo	Flippo	Pickle
Brademas	Goldwater	Rosenthal
Brodhead	Hansen	Rousselot
Burke, Fla.	Koch	Shipley
Burke, Mass.	McKinney	Teague
Dent	Moorhead, Pa.	
Derrick	Murtha	

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Mr. Burke of Florida for, with Mr. Brademas against.

Mr. Goldwater for, with Mr. Badillo against.

Mr. Hansen for, with Mr. Koch against.

Mr. Rousselot for, with Mr. Moorhead of Pennsylvania against.

Messrs. POAGE, LEVITAS, and QUAYLE changed their vote from "no" to "aye."

Messrs. YOUNG of Texas, STRATTON, and WALSH changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to this section?

Mr. BROWN of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time for the purpose of posing a question to the distinguished chairman of the Committee on Agriculture, the gentleman from Washington (Mr. FOLEY) with regard to a matter involving the administration of the food stamp program which has been of substantial concern to my own State of California. I will pose the question to him with a little brief introduction.

Under the present food stamp law each State agency has primary responsibility for maintaining coupon issuance points and hours, as you know. Further, this responsibility has been defined by regulation in such a way as to allow State agencies to enter into contracts with issuance agents, if such arrangements best achieve the purposes of the program. Under the proposed legislation we are considering today, however, I understand State agencies can only contract out or delegate responsibility for issuance of food stamps if they can prove to the Secretary's satisfaction that such practices would result in reduced issuance costs or improved issuance service for recipients.

Now, I am all for taking a hard look at practices that may result in the profiting of some private organizations at the expense of taxpayers' dollars, but at the same time I am also concerned about setting up elaborate justification mechanisms that ultimately result in more costs, and not less. The proposed limitations on contracting may be just such a case in point. My State of California contracts with 100 issuance agents, and it is deeply concerned that this new requirement may result in an expensive cost benefit analysis for each of these contracts. Furthermore, with the proposed elimination of the purchase requirement, there will no longer be any problems relating to issuance agent procedures for cash depositing and accountability. I would like your assurance, therefore, Mr. Chairman, that it is the intent of the

committee in reporting this bill that the determination of the benefit of such contracts not result in a requirement that an elaborate or costly procedure be undertaken by the State agencies, but rather that the justification required by the Secretary be in the spirit of the administrative flexibility and economy which has characterized the States' administration of the program in the past.

Is that correct, Mr. Chairman?

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from Washington, the chairman of the committee.

Mr. FOLEY. Mr. Chairman, the gentleman from California is correct in his assumption.

The gentleman from Washington as chairman of the committee believes that the intention of the committee was not to unduly burden the States regarding the State's handling of the issuance process. We do not want the Secretary to require the States to engage in any extensive or expensive cost-benefit analysis before being able to contract out issuance. The Secretary should be able to develop easy to administer, simple procedures and tests for States to use and satisfy in order to be able to delegate responsibility for issuance of food stamps.

Mr. BROWN of California. Mr. Chairman, I appreciate the statement of the chairman. I am sure that it will reassure the State of California and other States in a similar situation.

The CHAIRMAN. Are there further amendments to section 1218, formerly section 1217?

There being none, the Clerk will read section 1219, formerly section 1218.

The Clerk read as follows:

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1219. To carry out the provisions of this Act, there are hereby authorized to be appropriated such sums as the Congress may appropriate for fiscal years 1978 through 1981. Not to exceed one-fourth of 1 per centum of the previous year's appropriation is authorized in each such fiscal year to carry out the provisions of section 17, up to 10 per centum of which may be utilized for the purposes of section 17(d). Sums appropriated under the provisions of this Act shall, notwithstanding the provisions of any other law, continue to remain available until expended.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1219, formerly section 1218, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to section 1219, formerly section 1218?

There being none, the Clerk will read section 1220, formerly section 1219.

The Clerk read as follows:

COMMODITIES

SEC. 1220. Notwithstanding any provision of law, the Secretary shall, during fiscal years 1978, 1979, 1980, and 1981 purchase sufficient agricultural commodities with funds appropriated from the general fund of the Treasury to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to distribution to institutions, supplemental feeding programs wherever located, disaster areas, summer camps for children, and the United States Trust Territories of the Pacific, as well as to provide a sufficient type and quantity of commodities for Indians, whenever a tribal organization requests distribution of federally donated foods pursuant to section 4(b) of this Act, that will furnish them with the nutritional equivalent of the thrifty food plan in light of their food consumption patterns. The Secretary shall, in carrying out supplemental feeding programs, pay to each State or local agency administering such program its administrative costs in any fiscal year, but not in excess of an amount equal to 10 per centum of the value of all of the commodities furnished recipients by such agency in such fiscal year. There are hereby authorized to be appropriated such funds as may be necessary to carry out the provisions of this paragraph. Authority provided in this section shall be carried out only with such funds as are appropriated from the general fund of the Treasury for that specific purpose, and in no event shall it be carried out with funds derived from permanent appropriations.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1220, formerly section 1219, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. GLICKMAN TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. GLICKMAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN to the amendment offered by Mr. FOLEY: In section 1220 on page 56, line 23, after "patterns." insert the following: "Notwithstanding any other provision of law, the Secretary, in furnishing commodities to summer camps for children may furnish such commodities to any such camp in which the number of adults participating in camp activities as compared with the number of children under 18 years of age so participating is not unreasonable in light of the nature of such camp and the characteristics of the children in attendance."

Mr. GLICKMAN. Mr. Chairman, this amendment clarifies something in the existing law in reference to summer camps and the ability of the distribution of surplus commodities to those summer camps. Current legislation prohibits the distribution of commodities to summer camps if the number of adults participating in the activities of such camps is in excess of one for such five children participating in such activities. This language was put into the law several years ago because it was felt that there was some abuse in some camps in some parts of the country.

However, after further implementation and review of this problem, we find this arbitrary requirement has caused extreme hardship on many summer camps, many of those which have as the great proportion of their constituency the handicapped and the disadvantaged and the underprivileged who, for whatever reason or another go to a camp where there is a need for more than one adult for each five children. There are many other cases and instances in which for one reason or another, summer camps all over this country, for good reason, have adult-to-child rates in excess of one to five and it is clearly inequitable to deny those children in these camps the right to this food.

For that reason this amendment is offered, and I would thank the staff of the committee for helping me work on this amendment which provides flexibility so that the Secretary can look at these individual cases, perhaps cases where there are camps for handicapped children where it is impossible to operate as a camp and have a ratio of one adult to five children, and provide these kinds of surplus commodities to these children.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. Mr. Chairman, I thank the gentleman for yielding.

I commend the gentleman for offering this amendment.

I want to make sure, that this would address itself to the mentally retarded and the developmentally disabled and the physically handicapped who very often need more than one adult for every five children.

Mr. GLICKMAN. Yes, in addition to others, those people would be covered.

Mr. BURGENER. I thank the gentleman.

I commend the gentleman again for introducing this amendment.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Missouri (Mr. SKELTON).

Mr. SKELTON. Mr. Chairman, I associate myself with the remarks of the gentleman and commend him for offering this amendment.

Those of us who know anything about the various types of disabilities and the problems that arise with physically handicapped and mentally retarded realize that they cannot live by the existing formulas.

I think what the gentleman is doing is making life a great deal easier for a lot of less fortunate young people.

Mr. GLICKMAN. I certainly hope so.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I cannot speak for the committee, but speaking for myself, I support the amendment and I hope the committee will adopt it.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I have carefully examined the amendment. I want to commend the gentleman from Kansas (Mr. GLICKMAN) and the gentleman from California (Mr. BURGENER) for advancing this amendment. I think it is very worthy and, speaking for the minority, we are prepared to accept the amendment.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I want to join with the gentleman and support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was agreed to.

The CHAIRMAN. Are there further amendments to this section?

AMENDMENTS OFFERED BY MR. FOLEY TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer several amendments to the amendment and ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Amendments offered by Mr. FOLEY to the amendment offered by Mr. FOLEY: On page 56, line 10, strike "shall" and insert "may" in lieu thereof.

On page 56, line 17, strike "and".

On page 56, line 17, strike everything from "as" through "for" on line 19, and insert "and" in lieu thereof.

On page 56, line 21, strike everything from "that" through "patterns" on line 23, and strike the comma after "Act" and insert a period in lieu thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. SYMMS. Mr. Chairman, reserving the right to object, I yield to the chairman.

There are many of us on our side of the aisle who would like to vote on the whole Foley amendments en bloc. Is this method going to be possible so we can have a vote like that? We want to get a vote on the food stamp section of the bill.

Mr. FOLEY. Mr. Chairman, this just deals with one section, one part of the section.

Mr. SYMMS. Mr. Chairman, I thought we were at the end of the section.

Mr. FOLEY. No; we are not.

Mr. SYMMS. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, while I agree with the chairman that it would probably be wise to have a discussion as to the value of these programs and whether or not they ought to continue, I really do not think that the conference committee is the place to begin that task. The proper place for it is in an investigatory effort by the Department, as well as hearings and investigatory efforts by the committee; so I oppose the amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Washington (Mr. FOLEY) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendments to the amendment were agreed to.

The CHAIRMAN. Are there further amendments to section 1220, formerly section 1219?

If not, the Clerk will read section 1221, formerly section 1220.

The Clerk read as follows:

SEC. 1221. (a) The Secretary shall implement this Act as expeditiously as possible consistent with efficient and effective administration of the food stamp program. Regulations governing the food stamp program promulgated by the Secretary pursuant to the Food Stamp Act of 1964, as amended, shall remain in effect until revoked, superseded, amended, or modified by regulations issued pursuant to this Act. As of October 1, 1977, or as soon thereafter as this Act becomes law, all funds and appropriations available to carry out the provisions of the Food Stamp Act of 1964, as amended, shall be available to carry out the provisions of this Act, and the Food Stamp Act of 1964, as amended, shall be repealed effective July 1, 1978. Coupons issued pursuant to the Food Stamp Act of 1964, as amended, and in general use as of the date of enactment, shall continue to be usable to purchase food, and all other liabilities of the Secretary, States, and applicant or participating households, under the Food Stamp Act of 1964, as amended, shall continue in force until finally resolved or terminated by administrative, or judicial action or otherwise.

(b) The Secretary shall, within six months of enactment of this Act, submit a quarterly report to the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture, setting forth the previous quarter's expenditure, by State, for the food stamp program. Such report shall also include the number of individuals on the program and the cost of administering the program at each State level and at the national level.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that section 1221, formerly section 1220, be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to section 1221, formerly 1220?

If not, the Clerk will read.

The Clerk read as follows:

CONFORMING AMENDMENTS

SEC. 1222. Section 3(b) and section 4(c) of Public Law 93–86 are repealed.

SEC. 1223. The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92–603), is repealed.

SEC. 1224. Section 8(c) of Public Law 93–233 is amended by striking out "section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section)" and inserting in lieu thereof "section 6(g) of the Food stamp Act".

SEC. 1225. Section 8(f) of Public Law 93–233 is amended by striking out everything through "during such period," and inserting in lieu thereof "The amendment made by subsection (e) shall not".

Mr. FORD of Tennessee. Mr. Chairman, I rise today to express my opposition to deny food stamps to striking workers and compliment the committee on their action. I am well aware of the emotionalism associated with this subject. I, too, have seen the television programs and newspaper articles pointing out the abuses which occur in the program. The bill before us today goes a long way toward tightening up the program to reduce fraud and abuse. By instituting standard deductions, lowering the income ceiling, tightening the assets tests, and requiring those who can work to register, look for and accept work, the main areas of abuse are eliminated.

What we must not forget in view of the 7.6-percent abuse rate is the original intention of the food stamp program. An estimated 16.7 million needy people are able to survive because of it. To them, this program means the difference between minimum existence and none at all. We are not talking about a free ride or a windfall profit. The food stamp program does not pay for a striker's or anyone else's mortgage, clothing, or property tax. The food stamp program keeps a person and his family from starving, if their income and lack of assets qualify for the status we call poverty.

I urge my colleagues to consider this amendment in its true form, removed from the cliches which have so badly clouded the real issues. What the amendment will do, plain and simple, is set a policy that would make eligibility for the food stamp program dependent on the causes of a family's poverty. This discriminatory policy assumes, in this case, that in all labor disputes the worker's grievances are never legitimate, that he is voluntarily poor and that he should continue to work under any conditions. If this amendment passes, the U.S. Government would be saying that if a worker exercises one legally recognized right, he would lose the right available to all other Americans in his situation, the right not to starve, a right that we are guaranteeing through this food stamp program. The families of strikers as well as those workers who vote against the strike are victimized by this kind of discrimination. The Government does not restrict a business' eligibility to receive taxpayer money in the form of contracts and loans because of that company's involvement in a labor dispute. The Government should not interfere with the rights of a striker and his family to participate in the food stamp program if they meet the qualifications.

I would like to commend the majority of the members of the Agriculture Committee for the fair stand they have taken on this issue, and I urge my colleagues to reject this amendment to discriminate among the truly needy.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY), as amended.

The question was taken; and the Chairman announced the ayes appeared to have it.

Mr. SYMMS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

RECORDED VOTE

Mr. Chairman, I withdraw my point of order of no quorum and demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 320, noes 91, not voting 22, as follows:

[Roll No. 473]

AYES—320

Addabbo	Evans, Colo.	McEwen
Akaka	Evans, Del.	McFall
Alexander	Evans, Ga.	McHugh
Allen	Evans, Ind.	McKay
Ambro	Fary	Madigan
Ammerman	Fascell	Maguire
Anderson, Calif.	Fenwick	Mann
	Findley	Markey
Anderson, Ill.	Fish	Marks
Andrews, N.C.	Fisher	Mathis
Andrews, N. Dak.	Fithian	Mattox
	Flood	Mazzoli
Annunzio	Florio	Meeds
Applegate	Flowers	Metcalfe
Ashley	Flynt	Meyner
AuCoin	Foley	Mikulski
Badillo	Ford, Mich.	Mikva
Baldus	Ford, Tenn.	Miller, Calif.
Barnard	Forsythe	Mineta
Baucus	Fountain	Minish
Beard, R.I.	Fowler	Mitchell, Md.
Bedell	Fraser	Mitchell, N.Y.
Beilenson	Frenzel	Moakley
Benjamin	Fuqua	Moffett
Bennett	Gammage	Mollohan
Bevill	Gaydos	Moore
Biaggi	Gephardt	Moorhead, Pa.
Bingham	Gibbons	Moss
Blanchard	Gilman	Mottl
Blouin	Ginn	Murphy, Ill.
Boland	Glickman	Murphy, N.Y.
Bolling	Gonzalez	Murphy, Pa.
Bonior	Gore	Myers, Michael
Bonker	Gradison	Natcher
Bowen	Gudger	Neal
Breaux	Hamilton	Nedzi
Breckinridge	Hanley	Nichols
Brinkley	Hannaford	Nix
Brodhead	Harkin	Nolan
Brooks	Harrington	Nowak
Brown, Calif.	Harris	O'Brien
Brown, Mich.	Harsha	Oakar
Buchanan	Heckler	Oberstar
Burke, Calif.	Hefner	Obey
Burlison, Mo.	Heftel	Ottinger
Burton, Phillip	Hightower	Panetta
Butler	Holland	Patten
Byron	Hollenbeck	Patterson
Caputo	Holtzman	Pattison
Carney	Horton	Pease
Carr	Howard	Pepper
Carter	Hubbard	Perkins
Cavanaugh	Huckaby	Pettis
Cederberg	Hughes	Pike
Chisholm	Hyde	Pressler
Clay	Ireland	Preyer
Cleveland	Jacobs	Price
Collins, Ill.	Jeffords	Pritchard
Conable	Jenrette	Pursell
Conte	Johnson, Calif.	Quie
Conyers	Johnson, Colo.	Quillen
Corman	Jones, N.C.	Rahall
Cornell	Jones, Okla.	Railsback
Cornwell	Jones, Tenn.	Rangel
Cotter	Jordan	Regula
Coughlin	Kastenmeier	Reuss
D'Amours	Kazen	Richmond
Danielson	Keys	Rinaldo
Davis	Kildee	Risenhoover
de la Garza	Kostmayer	Rodino
Delaney	Krebs	Roe
Dellums	Krueger	Rogers
Derwinski	LaFalce	Roncalio
Dicks	Le Fante	Rooney
Diggs	Leach	Rose
Dingell	Lederer	Rosenthal
Dodd	Leggett	Rostenkowski
Downey	Lehman	Roybal
Drinan	Lent	Ruppe
Duncan, Oreg.	Levitas	Russo
Duncan, Tenn.	Lloyd, Calif.	Ryan
Early	Lloyd, Tenn.	Santini
Eckhardt	Long, La.	Sarasin
Edgar	Long, Md.	Sawyer
Edwards, Ala.	Lujan	Scheuer
Edwards, Calif.	Luken	Schroeder
Eilberg	Lundine	Schulze
English	McCloskey	Seiberling
Erienborn	McCormack	Sharp
Ertel	McDade	Sikes
Simon	Traxler	White
Sisk	Tsongas	Whitley
Skelton	Tucker	Wilson, C. H.
Slack	Udall	Wilson, Tex.
Smith, Iowa	Ullman	Wirth
Solarz	Van Deerlin	Wolff
Spellman	Vander Jagt	Wright
St Germain	Vanik	Wydler
Staggers	Vento	Wylie
Stanton	Volkmer	Yates
Stark	Walgren	Yatron
Steed	Walsh	Young, Alaska
Steers	Wampler	Young, Mo.
Steiger	Watkins	Young, Tex.
Stokes	Waxman	Zablocki
Stratton	Weaver	Zeferetti
Studds	Weiss	
Thornton	Whalen	

NOES—91

Abdnor	Frey	Myers, John
Archer	Goodling	Poage
Armstrong	Grassley	Quayle
Ashbrook	Guyer	Roberts
Aspin	Hagedorn	Robinson
Badham	Hall	Rudd
Bafalis	Hammer-schmidt	Runnels
Bauman		Satterfield
Beard, Tenn.	Hansen	Sebelius
Broomfield	Holt	Shuster
Brown, Ohio	Ichord	Skubitz
Broyhill	Kasten	Smith, Nebr.
Burgener	Kelly	Snyder
Burke, Fla.	Kemp	Spence
Burleson, Tex.	Ketchum	Stangeland
Chappell	Kindness	Stockman
Clausen, Don H.	Lagomarsino	Stump
	Latta	Symms
Clawson, Del	Lott	Taylor
Cochran	McClory	Thone
Cohen	McDonald	Treen
Coleman	Mahon	Trible
Collins, Tex.	Marlenee	Waggonner
Corcoran	Marriott	Walker
Crane	Martin	Whitehurst
Cunningham	Michel	Whitten
Daniel, Dan	Milford	Wiggins
Daniel, R. W.	Miller, Ohio	Wilson, Bob
Devine	Montgomery	Winn
Dornan	Moorhead, Calif.	Young, Fla.
Edwards, Okla.		
Emery	Myers, Gary	

NOT VOTING—22

Boggs	Giaimo	Pickle
Brademas	Goldwater	Rhodes
Burke, Mass.	Hawkins	Rousselot
Burton, John	Hillis	Shipley
Dent	Jenkins	Teague
Derrick	Koch	Thompson
Dickinson	McKinney	
Flippo	Murtha	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. McKinney for, with Mr. Rousselot against.

Mrs. Boggs for, with Mr. Rhodes against.

Messrs. STANGELAND, MARLENEE, DON H. CLAUSEN, and BROYHILL, changed their vote from "aye" to "no."

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will now read title XIII of the bill:

The Clerk read as follows:

TITLE XIII—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977

SEC. 1301. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act of 1977".

FINDINGS, PURPOSE, AND DEFINITIONS

Findings

SEC. 1302. (a) The Congress finds that—

(1) research, extension, and teaching in the food and agricultural sciences have made an indispensable contribution to agricultural productivity in the United States and are vital to the Nation's well-being;

(2) projected increases in the population of the United States, the worldwide population expansion, and food shortages due to short-term, localized, and adverse climatic conditions place increasing demands for agricultural products on the United States. United States agricultural production and utilization, and the system for storing, transporting, and distributing agricultural foods, fiber, and wood products which will have to be met chiefly through the teaching, extension, and application of scientific and technological advances from agricultural research;

(3) the existing agricultural research system consisting of the Federal Government, the land-grant colleges and universities, other colleges and universities engaged in agricultural research, the agricultural experiment stations, and the private sector constitute an essential national resource which must serve as the foundation for any further strengthening of agricultural research in the United States;

(4) advances in the current state of the art in food and agricultural sciences and technology have become increasingly limited by the concentration upon the thorough development and exploitation of currently known scientific principles and technological approaches at the expense of more fundamental research needed to meet the needs of future generations for agricultural production;

(5) a strong research effort in the basic sciences, including biology, chemistry, and physics, will offer opportunities for breakthroughs in knowledge that can result in new varieties and substantial increases in productivity;

(6) to obtain the full benefits of agriculture and aquaculture, human nutrition and food consumption behavior must be better understood through long-term, comprehensive nutrition and related research;

(7) a strong applied research effort, aimed at the development of new and innovative agricultural technology and new crops and animals for use in both the United States and in subtropical, tropical, and arid climates, offers promise of further increases in agricultural productivity;

(8) agricultural research, extension, and teaching costs have risen more rapidly than appropriations and the level of Federal support for the food and agricultural sciences, including research conducted by the United States Department of Agriculture and research, extension, and teaching conducted by the colleges and universities, should be substantially increased;

(9) it is important to assure that the results of food and agricultural research be effectively communicated and demonstrated to farmers, processors, handlers, consumers, and all other users who can benefit therefrom;

(10) as the agricultural research effort of the Federal Government is expanded, and because energy, the weather, the environment, and social, political, and economic considerations have become essential and must be incorporated in planning for the food and agricultural sciences, there is a need for strengthening the planning, coordination, and conduct of Federal agricultural research;

(11) the production of healthy animals and plants is essential to insure a safe food supply for the Nation;

(12) the public wants plentiful supplies of safe and nutritious foods and other products and amenities of our lands and waters at reasonable prices;

(13) more intensive agricultural research and extension programs oriented to the needs of small farmers and their families are essential to the preservation of the family farm system, a vital component of the agricultural productive capacity of this country;

(14) expanding exports of agricultural commodities is essential for maintaining a positive balance of payments in international trade and a successful export program requires coordinated agricultural research support;

(15) the utilization of agriculturally renewable resources is vital to the economic security of the Nation;

(16) the demand for fiber and wood products to clothe and house the Nation will continue to climb and must be met through increased production and innovative uses of fiber and wood products, and associated waste materials;

(17) the educational programs in forestry carried out by the cooperative extension services are essential to meet the Nation's objectives in increasing timber productivity on private lands, insuring multiple use benefits from such lands (including timber production, wildlife, water, and recreation), providing adequate returns to landowners from forest products, and providing products to consumers at reasonable prices; and

(18) reduction of food, fiber, and wood products losses is a significant way to increase the supply of these products and to lower costs.

Purposes

(b) The purposes of this Act are to—

(1) firmly establish the Department of Agriculture as the lead agency in the Federal Government for the food and agricultural sciences, and to emphasize that research, extension, and teaching in the food and agricultural sciences are distinct missions of the United States Department of Agriculture;

(2) encourage and facilitate the development and maintenance of an overall national agricultural research policy upon which the unified Federal research effort can be based;

(3) provide a mechanism for identifying the Nation's priorities for food and agricultural research, extension, and teaching to assure that high priority research is funded and that these activities are effectively planned, implemented, coordinated, and evaluated;

(4) facilitate cooperation and coordination in the implementation of ongoing agricultural research programs, by Federal and State departments and agencies, State agricultural experiment stations, and colleges and universities engaged in such research;

(5) assure the continuation of the vital work of the existing agricultural research, extension, and teaching systems which now include the Department of Agriculture, the land-grant colleges and universities, and the State agricultural experiment stations;

(6) provide for research and extension on human nutrition and food consumption patterns in order to improve the health and vitality of the people of the United States;

(7) provide for expanded programs of animal disease and health care research, and associated research in the productive use of animal waste products in order to improve the health and productivity of domestic livestock, poultry, aquacultural species, and other animals essential to the Nation's food supply and the welfare of producers and consumers of animal products and the health of horses; to minimize losses due to transportation and handling; and to protect human health through control of animal diseases transmissible to humans;

(8) provide for programs of new crop research in order to expand our use of varied soils and increase the choice of nutritional and economically viable crops that are appropriate for various soil conditions;

(9) establish a new program of research grants to be awarded on the basis of scientific competition from among the widest groups of scientific research workers and all colleges and universities with the aim of encouraging high-priority basic and applied research and promoting excellence in agricultural research;

(10) establish a new program of education grants and fellowships to be awarded on the basis of competition to strengthen training and research programs in the food and agricultural sciences;

(11) encourage and facilitate through research the development and implementation of more efficient and environmentally sound methods of producing, processing, marketing, and utilizing food, fiber, waste products, other nonfood agricultural products, and forest and rangeland products and amenities; and

(12) provide for a program of facilities and instrumentation support for research in the food and agricultural sciences.

Definitions

(c) For purposes of this Act the following definitions shall apply:

(1) the terms "basic research" and "applied research", when used for the purpose of classifying research projects or grants, have the following meanings:

(A) the term "basic research" means research with the primary goal of gaining knowledge or understanding of a subject;

(B) the term "applied research" means research in which the primary goal is a practical application of knowledge, recognized as a need;

(2) the term "Secretary" means the Secretary of Agriculture;

(3) the term "Department" means the United States Department of Agriculture;

(4) the term "State shall mean any one of the fifty States, Puerto Rico, Guam, the District of Columbia, and the Virgin Islands;

(5) the term "cooperative extension service" means the organizations established at the land-grant universities under the Smith-Lever Act of May 30, 1914 (38 Stat. 372, as amended, 7 U.S.C. 341–349, and section 208(b) of the Act of October 26, 1974, D.C. Code, sec. 31–1609);

(6) the term "aquaculture" means the propagation and rearing of aquacultural species in controlled or selected environments;

(7) the term "aquacultural species" means any species of finfish, mollusk, or crustacean (or other invertebrate), amphibian, reptile, or aquatic plant;

(8) the term "extension" means the informal education process conducted by university personnel to extend information that will assist people in making informed decisions, and to identify problems so that research can be directed to finding solutions;

(9) the term "teaching" means the formal classroom and laboratory instruction and training conducted at universities in the area of food and agricultural sciences leading to baccalaureate and other recognized degrees;

(10) the term "State agricultural experiment station" means any institution eligible to receive funds under the Act entitled "An Act to establish agricultural experiment stations in connection with the colleges established in the several States under the provisions of an Act approved July second, eighteen hundred and sixty-two, and of Acts supplementary thereto", approved March 2, 1887, as amended (known as the Hatch Act, 24 Stat. 440, as amended; 7 U.S.C. 361a–3611);

(11) the term "land-grant colleges and universities" means any institution eligible to receive funds under the Act entitled "An Act donating Public Lands to the several States and Territories which may provide Colleges for the Benefit of Agriculture and the Mechanic Arts", approved July 2, 1862, as amended (known as the first Morrill Act, 12 Stat. 503, as amended: 7 U.S.C. 301–305, 307, and 308), or the Act entitled "An Act to apply a portion of the proceeds of the public lands to the more complete endowment and support of the colleges for the benefit of agriculture and the mechanic arts established under the provisions of an Act of Congress approved July second, eighteen hundred and sixty-two", approved August 30, 1890, as amended (known as the second Morrill Act, 26 Stat. 417, as amended; 7 U.S.C. 321–326), including the Tuskegee Institute; and

(12) the term "colleges and universities" means an educational institution in any State which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (B) is legally authorized within such State to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree or any other higher degree, (D) is a public or other nonprofit institution, and (E) is accredited by a nationally recognized accrediting agency or association;

(13) the term "food and agricultural science" shall relate to the problems of food and agriculture in their broadest aspects, including the social, economic, and political considerations of—

(A) agriculture, including soil and water conservation and use, and plant and animal production and protection, and plant and animal health;

(B) the processing, distributing, marketing, and utilization of food and agricultural products;

(C) forestry including range management, forest and range products, multiple use of forest and range lands, and urban forestry;

(D) aquaculture;

(E) home economics, including human nutrition and family life;

(F) rural and community development;

(14) the term "agricultural research" means research in the food and agricultural sciences.

COORDINATION AND PLANNING OF AGRICULTURE RESEARCH, EXTENSION, AND TEACHING

SEC. 1303. The Department is designated as the lead agency of the Federal Government for agricultural research, extension, and teaching in the food and agricultural sciences, and the Secretary, in carrying out his responsibilities, shall—

(a) keep abreast of developments, in and the Nation's need for, research, extension, teaching, and manpower development in the food and agriculture sciences and represent such need in deliberations within the Department, elsewhere in the executive branch of the United States Government, with the several States and their designated land-grant colleges and universities, other colleges and universities, agricultural and related industries, and other interested institutions and groups;

(b) coordinate all research, extension, and teaching activity in the food and agricultural sciences, conducted or financed by the Department and, to the maximum extent practicable, by other agencies of the executive branch of the United States Government;

(c) in the exercise of the responsibility of coordination with other departments and agencies of the Federal Government, and in consultation with the Office of Science and Technology Policy and the Office of Management and Budget, utilize the Federal Coordinating Council for Science, Engineering, and Technology and such other mechanisms as he deems appropriate;

(d) assist in establishing coordination of State-Federal cooperative food and agricultural science research, extension, and teaching programs, funded in whole or in part by the Department, in each State through the administrative heads of land-grant colleges and universities and the State's directors of agricultural experiment stations and cooper-

ative extension services, and other appropriate program administrators;

(e) assist in establishing coordination of food and agricultural science research, extension, and teaching programs, funded in whole or in part by the Department and conducted by colleges and universities, agricultural and related industries, and other interested institutions and groups;

(f) consult the Board provided for in section 1307 of this Act in the formulation of basic policies, goals, strategies, and priorities for programs of research, extension, and teaching in the food and agricultural sciences;

(g) review annually with appropriate agencies of the Department and other Federal departments and agencies, insofar as it is practicable, the agricultural research, extension, and teaching requirements of these agencies;

(h) report (as a part of the Department of Agriculture's annual budget submissions) to the committees of both Houses of the Congress which have jurisdiction over appropriations and over agriculture, action taken to support the recommendations of the Board provided in section 1307 of this Act;

(i) establish appropriate review procedures to assure that agricultural research projects are timely and properly reported, that there is no unnecessary duplication of effort or overlapping between research units (unless geographical soils, climatic differences, or other factors indicate otherwise), that the result of completed research are promptly published, that research units cooperate fully in the use of available resources and skills when necessary and to develop and encourage quick response and team research on broad problem areas requiring a wide range of skills or resources;

(j) establish Federal or cooperative multidisciplinary research teams on major agricultural research probelms with clearly defined leadership, budget responsibility, and research programs;

(k) assure that promising potential products or processes resulting from the Department's agricultural research are developed to the point of practical application and use;

(l) disseminate information and the findings of agricultural research through the cooperative extension services of the several States and such other media as the Secretary may deem appropriate, consulting as necessary with other Federal departments and agencies; and

(m) in order to promote the coordination of agricultural research by the Department, conduct a continuing inventory of ongoing and completed research projects being conducted within or funded by the Department.

FEDERAL SUBCOMMITTEE ON FOOD AND RENEWABLE RESOURCES

SEC. 1304. Section 401(h) of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651 (h)) is amended by adding at the end thereof the following: "Among such standing subcommittees and panels of the Council shall be the Subcommittee on Food and Renewable Resources. The purpose of this subcommittee shall be to review Federal research and development programs relevant to domestic and world food and fiber production and distribution, to promote planning and coordination of this research in the Federal Government, and to recommend policies and other measures concerning food and agricultural sciences for the consideration of the Council. The subcommittee shall include but not be limited to representatives of each of the following departments or agencies: Department of Agriculture, Department of State, Department of Defense, Department of the Interior, Department of Health, Education, and Welfare, the National Oceanic and Atmospheric Administration, the Energy Research and Development Administration, the National Science Foundation, the Environmental Protection Agency, and the Tennessee Valley Authority. The principal representative of the Department of Agriculture shall serve as the chairman of the subcommittee.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1305. (a) To assist the Secretary in meeting the coordination and planning responsibilities provided in section 1303 and to assist the Board in meeting its advisory and reporting responsibilities as provided in sections 1307 through 1310, the Secretary shall establish a Joint Council on Food and Agricultural Sciences, hereinafter referred to as the "Joint Council", to be composed of representatives from the Department of Agriculture and those of its agencies with significant research and extension responsibilities, the Office of Science and Technology Policy, the land-grant colleges and universities, State agricultural experiment stations, State cooperative extension services, and those colleges and universities, other public and private institutions, producers, and representatives of the public who are interested in and have a potential to contribute, as determined by the Secretary, to formulation of national policy in the food and agricultural sciences. The Joint Council shall be chaired by the Assistant Secretary of Agriculture responsible for research, extension, and teaching. The primary purpose of the Joint Council is to foster coordination of the research, extension, and teaching activities of the Federal Government, the States, colleges and universities, and other public and private institutions and persons involved in the food and agricultural sciences. The Joint Council's responsibilities shall also be to—

(1) analyze and evaluate the economic, environmental, and social impacts of research, extension, and teaching programs in the food and agricultural sciences conducted in the United States;

(2) assist in developing, reviewing, and evaluating memoranda of understanding or other documents that detail the terms and conditions between the Secretary and the universities participating in programs under this Act and other Acts dealing with research, extension, and teaching in the food and agricultural sciences; and

(3) assist the Secretary in carrying out his responsibilities under this Act through planning and coordination efforts in the food and agricultural sciences and utilizing an effective system of regional and national planning, develop recommendations and reports that describe current and long-range needs, priorities, and goals in the food and agricultural sciences and recommend means to achieve these goals.

(b) While away from their homes or regular places of business in the performance of services for the Joint Council, members of the Joint Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(c) The Joint Council is authorized to form subcommittees or panels as required to meet its responsibilities.

(d) To assist the Joint Council in the performance of its duties, the Secretary is authorized to appoint—

(1) not to exceed fifteen full-time professional staff employees qualified in the food and agricultural sciences, not less than half for terms not to exceed four years, who shall be appointed without regard to the provision of title 5, United States Code, governing appointments in the competitive service, at a rate of compensation not lower than the annual rate of basic pay in effect for grade GS–13 and not higher than such rate for grade GS–16; except that not more than five members of such staff shall receive the rate of pay for grade GS–16; and

(2) an Executive Director for such staff who shall perform such duties as the cochairman of the Joint Council may direct, and shall receive compensation at the rate now or hereafter prescribed for persons in level V of the Executive Schedule.

(e) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(141) Executive Director, Joint Council on Food and Agricultural Sciences, Department of Agriculture.".

SECRETARY'S REPORT

SEC. 1306. The Secretary shall submit to the President and the Congress by December 31 of each year a report on the Nation's agricultural research, extension and teaching activities, and such report shall include—

(a) a five-year national agricultural research, extension and teaching plan, updated annually, which shall cover all phases of the food and agricultural sciences and which shall indicate overall present and future agricultural research, extension and teaching and manpower development priorities which take into account both domestic and international needs;

(b) a review, covering the following three categories, of the agricultural research extension and teaching activities of the Department and their relationship to similar activities of other departments and agencies of the Federal Government, the States, and the private sector:

(1) a current inventory of such activities organized by statutory authorization and budgeted outlay;

(2) a current inventory of such activities organized by field of basic and applied science; and

(3) a current inventory of such activities organized by commodity and product category.

NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ADVISORY BOARD

SEC. 1307. (a) There is hereby established within the Department an Agricultural Research, Extension, and Teaching Policy Advisory Board (hereinafter referred to as the "Board"). The Board, in its report to the President and the committees of the Congress, required under this Act, and in assisting the Secretary in carrying out the provisions of this Act, shall have general responsibilities for preparing independent advisory opinions, initiating recommendations on, preparing reports on, and monitoring of the activities set forth in this Act and other Acts dealing with agricultural research, extension, or teaching activities (including the Hatch Act, the McIntire-Stennis Act, the Morrill-Nelson Act, the Bankhead-Jones Act, the Act of August 4, 1965 Public Law 89–106), the Smith-Lever Act, and the Rural Development Act of 1972), including reviewing recommendations of existing advisory committees under those Acts.

MEMBERSHIP

SEC. 1308. (a) The Board shall consist of fifteen representatives appointed by the President, within ninety days from the date of enactment of this Act, for such terms as he shall designate. The membership shall include persons eminently qualified by background and experience from the following types of organizations:

(1) national farm organizations;

(2) national forestry organizations;

(3) agricultural commodity associations;

(4) national organizations concerned with food distribution (wholesale, retail, or institutional);

(5) national food or natural fiber processing organizations;

(6) national organizations primarily concerned with transportation of food and agricultural products to domestic or foreign markets;

(7) national human nutrition organizations;

(8) national environmental organizations;

(9) national consumer organizations;

(10) national labor organizations primarily concerned with the production, processing, distribution, and transportation of food and agricultural products;

(11) private sector organizations involved in development programs and issues in developing countries; and

(12) the public at large.

(b) The Board shall be chaired by the Assistant Secretary of Agriculture responsible for research, extension, and teaching.

(c)(1) While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(2) Members of the Board shall serve without compensation from the Federal Government except for travel expenses described in paragraph (1) above.

SEC. 1309. (a) The Board's specific responsibilities shall include, but not be limited to—

(1) reviewing programs, policies, plans, and goals related to food and agricultural sciences of the Department of Agriculture and of related programs in other agencies and in the colleges and universities developed by the Secretary under this Act;

(2) providing a forum for the exchange of information on plans and programs of all Federal agencies sponsoring or conducting research, extension, and teaching programs related to food and agricultural sciences, including information to be provided by the Subcommittee on Food and Renewable Resources of the Federal Coordination Council for Science, Engineering, and Technology, established by section 1304 of this Act;

(3) reviewing and providing consultation on national policies, priorities, and strategies for food and agricultural research, extension, and teaching for both the short term and the long term for consideration by the Secretary, the Board for International Food and Agricultural Development, and other agencies and institutions conducting such programs; and

(4) assessing the overall adequacy and making recommendations to the Secretary with regard to the distribution of resources and the allocation of funds authorized by this Act.

(b) In formulating its recommendations to the Secretary, the Board may obtain the assistance of Department employees, and, to the maximum extent practicable and after appropriate consultations, obtain the assistance of employees of other Federal departments and agencies conducting related research, extension, and teaching programs, and of appropriate representatives of universities including State agricultural extension services, and other non-Federal organizations conducting significant programs in the food and agricultural sciences.

(c)(1) To assist the Board in carrying out its day-to-day responsibilities under this Act, the Secretary shall appoint, upon the recommendation of the chairman of the Board, an Executive Secretary of the Board, who shall perform administrative duties as the chairman of the Board may direct and such person shall receive compensation at the rate now or hereafter prescribed by law for persons in level IV of the Executive Schedule.

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(114) Executive Secretary, Agricultural Research, Extension, and Teaching Policy Advisory Board, Department of Agriculture.".

(3) To further assist the Board in the performance of its duties, the chairman of the Board is authorized to appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not to exceed ten full-time professional staff employees qualified in the food and agricultural sciences for a term of not to exceed four years at a rate of compensation not lower than the annual rate of basic pay in effect for grade GS–13 and not higher than such rate for grade GS–16; except that not more than three members of such staff shall receive the rate of pay for grade GS–16. It shall be a function of the staff, in support of the activities of the Board, to examine matters of policy regarding all aspects of agricultural research, extension, and teaching and related matters.

(4) The Board may establish such panels as it deems appropriate to develop information, reports, advice, and recommendations for use of the Board to meet its responsibilities. Members of such panels may include members of the Board, Board staff members, individuals from the Department and other departments and agencies of the Federal Government, and individuals from the private sector who have expertise in the subject to be examined by the panel.

ANNUAL REPORT OF THE BOARD

SEC. 1310. No later than January 31 of each year, the Board shall submit a report on all actions taken to meet its responsibilities under this Act and on all activities which were financed under this Act during the preceding fiscal year. Such report shall be submitted to the President, the House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Committee on Appropriations. The report may include the separate views of members of the Board. The first report shall be due not later than January 31 following the first complete fiscal year after the enactment of this Act.

EXISTING RESEARCH PROGRAMS

SEC. 1311. It is the intent of the Congress in enacting this Act to augment, coordinate, and supplement the planning, initiation, and conduct of agricultural research programs existing prior to the enactment of this Act.

PROGRAM OF COMPETITIVE GRANTS FOR AGRICULTURAL RESEARCH

SEC. 1312. (a) The Secretary shall establish a program of competitive grants for agricultural research.

(b) Grants made under this section shall be made in the following categories to individual scientists, to all colleges and universities, State agricultural experiment stations, private organizations, Federal agencies, or groups of such institutions based upon research proposals from individual scientists or groups of scientists:

(1) for the purpose of conducting basic research aimed at the discovery of new scientific principles and techniques that may be applicable in agriculture and forestry;

(2) for the purpose of conducting applied research aimed at the development of new and innovative products, methods, and technology in such fields as biological nitrogen fixation and photosynthesis that will improve and increase the productivity of agriculture and forestry resources;

(3) for the purpose of conducting basic and applied research in the field of human nutrition; and

(4) for the purpose of conducting research, development, and demonstration of new crops, including guayule and jojoba.

(c) In seeking proposals and in awarding agricultural research grants authorized under this section, the Secretary shall give priority to research in those fields of basic and applied science which offer promise of yielding advances and breakthroughs in new areas of knowledge which can be applicable to agriculture, human nutrition, aquaculture, and forestry. In the identification of such fields of science, the Secretary shall seek the advice and assistance of the Joint Council.

(d) In seeking research proposals and in performing peer review evaluations of such proposals under this section, the Secretary shall seek the widest participation of qualified scientists within the Federal Government, in all colleges and universities, in State agricultural experiment stations, and in the private sector.

(e) These research grants shall be made without regard to matching funds by the recipient or recipients of such grants.

SPECIAL RESEARCH GRANTS

SEC. 1313. In addition to any other grants made under Federal law, the Secretary is authorized to make grants for periods not to exceed five years' duration to land-grant colleges and universities, and to State agricultural experiment stations, and to all colleges and universities having a demonstrable capacity in agricultural research, as determined by the Secretary, to carry out research to facilitate or expand promising breakthroughs in research programs in areas of the food and agricultural sciences of importance to the Nation. Eligible institutions are limited to receiving one special research grant annually. These grants shall be made without regard to matching funds being provided by the States in which the recipients are located. The eligible institution shall bear overhead costs necessary to carry out the purposes of such a grant.

GRANTS FOR RESEARCH ON INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS

SEC. 1314. The Secretary shall make grants under this section to colleges and universities for the purpose of conducting research related to (1) the production and marketing of coal tar for the manufacture of agricultural chemicals and alcohol-blended motor fuel (such agricultural chemicals to include, but not be limited to, fertilizers, herbicides, insecticides, and pesticides), (2) the production and marketing of alcohol made from agricultural commodities and forest products as a substitute for alcohol made from petroleum products, and (3) the production and marketing of other industrial hydrocarbons derived from agricultural commodities and forest products. There is authorized to be appropriated for the purposes of carrying out the provisions of this section, $3,000,000 for the fiscal year ending September 30, 1978, and such sums as may be necessary for the four subsequent fiscal years ending September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, except that the total amount of such appropriations shall not exceed $24,000,000 during the five-year period beginning October 1, 1977, and ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year: *Provided*, That not more than a total of $3,000,000 may be awarded to the colleges and universities of any one State.

PILOT PROJECTS FOR THE PRODUCTION AND MARKETING OF INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS

SEC. 1315. Title V of the Consolidated Farm and Rural Development Act of 1972 is amended by adding at the end thereof a new section as follows:

"SEC. 509. (a) The Secretary is authorized and directed to formulate and carry out a pilot program for the production and marketing of industrial hydrocarbons derived from agricultural commodities and forest

products for the purpose of stabilizing and expanding the market for such commodities and products and expanding the Nation's supply of industrial hydrocarbons.

"(b) The Secretary shall provide for four pilot projects for the production of industrial hydrocarbons from agricultural commodities and forest products by guaranteeing loans not to exceed $15,000,000 per project to public, private, or cooperative organizations organized for profit, or nonprofit, or to individuals for a term not to exceed twenty years at such a rate of interest agreed upon by the borrower and lender.

"(c) No loan may be guaranteed under this section unless (1) research indicates the total energy content of the products and byproducts to be manufactured by the loan applicant will exceed the total energy input from fossil fuels utilized in the manufacture of such products and byproducts, or (2) such other conditions as the Secretary deems appropriate to achieve the purposes of this section are met.

"(d) In order to assure the recipients of loans made under this section with a dependable supply of agricultural commodities at a stable price for use in the pilot project provided for under this section, the Secretary is authorized to enter into long-term contracts, not exceeding five years, with the recipients of such loans. Such contracts shall guarantee the recipients of such loans a specified quantity of agricultural commodities annually at mutually agreed upon prices, but in no case shall the agricultural commodities be sold under any such contracts at less than the price support level prescribed for the commodity concerned unless the product is out of condition, unstorable, or sample-grade or lower, as prescribed in Department of Agriculture standards.

"(e) The Secretary shall purchase such quantities of agricultural commodities as may be necessary to comply with the terms of agreements entered into under this section.

"(f) The provisions of this section shall be carried out through the Commodity Credit Corporation.".

RESEARCH FACILITIES GRANTS

SEC. 1316. (1) Paragraph (2) of section 3 of the Act entitled "An Act to assist the States to provide additional facilities for reserach at the State agricultural experiment stations", approved July 22, 1963 (7 U.S.C. 390b), is amended to read as follows:

"(2) the term 'eligible institution' means a department established under provisions of the Hatch Act of March 2, 1887, as amended, (7 U.S.C. 361a) and under the direction of college or university established in any State in accordance with the Act entitled 'An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and mechanic arts', approved July 2, 1862 (7 U.S.C. 301); or a department otherwise established pursuant to standards prescribed by the State the purpose of which is to conduct agricultural research; such term also includes the Connecticut Agricultural Experiment Station at New Haven, Connecticut, and the Ohio Agricultural Experiment Station at Wooster, Ohio, and those colleges, universities, and other legal entities in each State now receiving, or which may hereafter receive, benefits under the Act of August 30, 1890 (known as the Second Morrill Act), the Tuskegee Institute, or the Act of October 10, 1962 (known as the McIntire-Stennis Act); and".

(2) Such Act is amended by striking out sections 4 through 11 (7 U.S.C. 390c–390g) and inserting in lieu thereof the following new sections:

"SEC. 4. (a) There is authorized to be appropriated for allocations to eligible institutions under this Act for the purposes of section 2, $15,000,000 for the fiscal year ending September 30, 1978, $19,000,000 for the fiscal year ending September 30, 1979, $23,000,000 for the fiscal year ending September 30, 1980, $27,000,000 for the fiscal year ending September 30, 1981, and $31,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year.

"(b)(1) The first $4,000,000 appropriated for research facilities pursuant to this section for any fiscal year shall be apportioned equally.

"(2) Any amount in excess of $4,000,000 appropriated under this section for any fiscal year shall be apportioned as follows: Each eligible institution shall be entitled to an amount which bears the same ratio to the amount of funds being allocated in such fiscal year under this paragraph as the amount received by such institution in the preceding fiscal year bears to the total amount received by all such institutions in such preceding fiscal year. The total amount received by eligible institutions in the preceding fiscal year shall be determined on the basis of funds received under section 3 of the Hatch Act of March 2, 1887, as amended (7 U.S.C. 361c), under section 3 of the Act of October 10, 1962 (16 U.S.C. 582a–2), and for institutions receiving benefits under the Act of August 30, 1890, and Tuskegee Institute, on the basis of funds received under section 2 of the Act of August 4, 1965 (7 U.S.C. 450i), during the fiscal years ending September 30, 1977, and September 30, 1978, and on the basis of funds received under section 1323 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 in subsequent years.

"(c) It shall be the duty and responsibility of the Secretary to administer the provisions of this Act under such rules and regulations as he may prescribe as necessary therefor.

"SEC. 5. As a condition for receiving funds apportioned under section 4, each eligible institution shall submit, in such form as the Secretary may require, specific proposals for planning, acquisition, contruction, repair, rehabilitation, renovation, or remodeling of buildings, laboratories, and other capital facilities including the acquisition of fixtures and equipment including scientific instrumentation which are to become part of such buildings.

"SEC. 6. Any unused portion of the allotment to any eligible institution for any fiscal year shall remain available at the option of such institution for payment to such institution for a period of not more than five fiscal years following the fiscal year in which such allotment is first made available.

"SEC. 7. With respect to multiple-purpose physical facilities, the segment or portion thereof which is to be utilized for food and agricultural research shall be the basis for determination of fund support under this Act.

"SEC. 8. For each fiscal year that funds are made available for allocation the Secretary shall ascertain, at the earliest practicable date during such year, the amount of the allocation to which each eligible institution is entitled and shall notify each such institution in writing promptly thereafter as to the amount of such allocation.

"SEC. 9. (a) Any eligible institution authorized to receive payments under the provisions of section 4 of this Act shall have a chief administrative officer and a duly designated fiscal officer, who shall be the same persons who are responsible for receipt of payments under the Acts referred to in section 4(c), to whom payments can be directed by the Secretary. Such duly designated fiscal officer shall receive and account for all funds paid to such institution pursuant to the provisions of this Act, and shall submit a report approved by the chief administrative officer of such institution, to the Secretary on or before the first day of December of each year. Such report shall contain a detailed statement of the amount received under the provisions of this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

"(b) If any portion of the allotted funds received by the duly authorized fiscal officer of any eligible institution shall by any action or contingency be diminished, lost, or misapplied, it shall be repaid by the institution concerned, and until repaid no part of any subsequent appropriation shall be allocated or paid to such institution.

"SEC. 10. The Secretary shall make an annual report to the Congress during the first regular session of each year with respect to (1) payments made under this Act, (2) the facilities, by institution, for which such payments were made, and (3) whether any portion of the appropriation available for allotment to any of the eligible institutions has been withheld and, if so, the reasons therefor.

"SEC. 11. Three per centum of funds appropriated under this Act shall be available to the Secretary for administration of this Act.".

(3) The title of such Act, the first section of such Act, and section 2 of such Act are amended by striking out "the State agricultural experiment stations" each time it occurs therein and inserting in lieu thereof "eligible institutons".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1317. (a) The Secretary shall conduct a comprehensive study of the status and future needs of agricultural research facilities and, within fourteen months from the date of enactment of this Act, submit to the President and the Congress a report on this study.

(b) To assist him in the preparation of this report, the Secretary may appoint a Committee on Agricultural Research Facilities. Such Committee shall consist of not to exceed thirteen persons with significant knowledge about the subject of the study, and the Secretary shall designate the Chairman and Vice Chairman of the Committee.

(c)(1) The report shall cover agricultural research facilities and materials including but not limited to facilities and materials such as buildings and farms, plant, seed, genetic stock, insect, virus and animal collections, as well as lease and purchase items such as computers, laboratory instruments, and related equipment.

(2) The report shall include an analysis of the operation and impact of the Act entitled "An Act to assist the States to provide additional facilities for research at eligible institutions", approved July 22, 1963, as amended (7 U.S.C. 390–390k; 77 Stat. 90), and other relevant Federal statutes concerning research facilities acquisition and support programs, including those for forestry, plant, and veterinary research, food and fiber processing, and other agricultural research.

(3) The report shall include recommendations for a program designed to provide the United States with the most modern and efficient system of research facilities needed to advance agricultural research in all fields, and recommendations with regard to priority requirements for research instrumentation and facilities needing modernization, construction, or renovation in accordance with the requirements of State, regional, and national priority programs of research and based on the fullest utilization of human, monetary, and physical resources.

(d) While away from their homes or regular place of business in the performance of services for the Committee which the Secretary may establish under subsection (b), members of such Committee shall be reimbursed for travel expenses, including per

diem in lieu of subsistence, in accordance with applicable laws.

ANIMAL DISEASE RESEARCH; EXISTING RESEARCH INSTITUTIONS

SEC. 1318. (a) In order to carry out the purposes of this section, the Secretary is hereby authorized to cooperate with and assist the States in carrying out programs of animal disease research at eligible institutions in the manner hereinafter described in this section. Funds authorized to carry out this section shall be used to meet direct expenses of conducting research, publishing and disseminating the results of such research, contributing to retirement of employees subject to the provisions of the Act approved March 4, 1940 (54 Stat. 39; 7 U.S.C. 331), administrative planning and direction, and purchasing needed equipment and supplies.

(1) For purposes of this section—

(A) the term "eligible institution" includes all colleges and universities having an accredited college of veterinary medicine or a department of veterinary science or animal pathology, or similar unit conducting animal disease research in the State agricultural experiment stations; and

(B) the term "animal disease research capacity" shall mean the capacity of an eligible institution to conduct research on animal disease as measured by a formula to be developed and applied by the Secretary with the advice of the Joint Council; the formula will provide a figure for each eligible institution which will be used in determining the institution's relative capacity to perform such research as a percentage of the total national capacity of all such intitutions to conduct animal disease research.

(2) Funds appropriated to carry out this section shall be apportioned and distributed as follows:

(A) 4 per centum shall be retained by the Department for administration, program assistance to the States, and for program coordination;

(B) 48 per centum shall be apportioned by the Secretary to States having eligible institutions in the proportion that the value and income of domestic livestock and poultry in such State bears to the total value and income of domestic livestock and poultry in the United States; the amount apportioned a State under this paragraph shall be distributed by the Secretary to each eligible institution within such State in the proportion that the animal disease research capacity of each eligible institution bears to the total animal disease research capacity of all such eligible institutions in such State; the Secretary will determine the total value and income of, and the proportionate value and income of, domestic livestock and poultry for each State from the latest inventory of all cattle, sheep, swine, and poultry published by the Department; and

(C) 48 per centum shall be apportioned and distributed by the Secretary to each eligible institution in the proportion that the animal disease research capacity of the institution bears to the total animal disease research capacity of all such institutions, as determined by the Secretary.

(3) When the amount available under this section for allotment to any eligible institution on the basis of livestock values and income exceeds the amount for which such institution is eligible on the basis of animal disease research capacity, the excess may be used for remodeling of facilities, construction of new facilities, or an increase in stafling proportionate to the need for added research capacity at the discretion of the Secretary.

(4) The sums distributed on the basis of proportionate value and income of domestic livestock and poultry and proportionate animal disease research capacity in the first appropriation to carry out this section and like sums appropriated in subsequent years shell be based on the latest available data on National and State livestock values and income and research capacities and any sums in addition to the initial appropriation level appropriated in subsequent years shall be distributed on the basis of domestic livestock and poultry values and income and animal disease research capacities in the years those additional sums are first appropriated.

(5) The Secretary shall establish necessary rules and implementing regulations for administration, including reporting requirements by institutions on the expenditure of Federal funds under this section.

FUNDS FOR RESEARCH ON SPECIFIC NATIONAL OF REGIONAL ANIMAL DISEASE PROBLEMS

SEC. 1319. (a) To further support animal disease and health care research, the Secretary may provide funds to eligible institutions as defined in section 1318 of this Act to support research on specific national or regional animal disease problems. Funds appropriated to carry out this section shall be used to pay costs of conducting research on specific national or regional animal disease and health care problems and to pay expenses which are related to such research and which are described in section 1318.

(b) Funds appropriated to carry out this section shall be allocated to eligible institutions for research as mutually agreed upon between the Secretary and eligible institutions.

GRANTS TO ESTABLISH SCHOOLS OF VETERINARY MEDICINE

SEC. 1320. (a) The Secretary shall conduct a program of grants to States for the purpose of meeting the costs of construction, employing faculty, acquiring equipment, and taking other action relating to the initial establishment and initial operation of a school of veterinary medicine, or the expansion of an existing school of veterinary medicine, as determined by the Secretary by regulations. This grant program shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding.

(b) Except for the States of Alaska and Hawaii to which this condition does not apply, the Secretary shall give preference in awarding grants to States which file, with their application for funds under this section, supportive assurances satisfactory to the Secretary that—

(1) the State has established, or has made a reasonable effort to establish, a veterinary medical training program with one or more States without colleges of veterinary medicine which consists of appropriate cooperative agreements providing for a sharing of curriculum and costs by the individual States; and

(2) the clinical training of the school to be established or expanded shall emphasize care and preventive medical programs for food-producing animals.

However, no State which the Secretary determines has made such a reasonable effort to establish appropriate cooperative agreements shall be denied a grant or otherwise prejudiced by virtue of its failure to establish such cooperative agreements.

(c) Funds appropriated to carry out this section for any fiscal year shall be apportioned and distributed as follows:

(1) Four per centum shall be retained by the Department for administration, program assistance to eligible States, and program coordination.

(2) The remainder shall be apportioned and distributed by the Secretary to those States which have applied for funds under this section on such basis as the Secretary may deem appropriate: *Provided, however,* That no less than 50 per centum of such funds shall be made available to such States which have accredited schools of veterinary medicine.

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCE EDUCATION

SEC. 1321. (a) The Secretary shall conduct a program of competitive grants for all colleges and universities for the purpose of furthering education in the food and agricultural sciences. These grants shall be made in the following two categories:

(1) Grants to strengthen programs of training and research for scientists at the graduate and postdoctoral levels at all colleges and universities. Awards in this category may include support for exploratory research by such scientists, for the acquisition of instruments, equipment, and facilities for research and training, and for other programs and activities aimed at meeting departmental, interdepartmental, or institutionwide training and research needs, or a combination thereof. Awards shall be made on a competitive basis and may cover periods not to exceed four years. Competition for such grants shall be open to all colleges and universities in the United States which have a capacity for teaching, research, and the dissemination of research results or which are establishing such programs in the agricultural sciences.

(2) Grants to strengthen undergraduate programs in the food and agricultural sciences at all colleges and universities. Awards in this category may be made with respect to any approach designed to improve such undergraduate programs through traditional or nontraditional courses, curriculums, or teaching modes. Awards shall be made on a competitive basis and may cover periods not to exceed two years. Competition for such grants shall be open to all colleges and universities or to groups of such institutions which individually or collectively have a capacity for teaching, research, and the dissemination of research results or which are establishing such programs in the food and agricultural sciences.

(b) The Secretary shall conduct a program of predoctoral and postdoctoral fellowships in the food and agricultural sciences. These fellowships shall be made in the following two categories:

(1) Predoctoral fellowships, each for a period of up to four years. The purpose of these fellowships is to provide training and increase research capabilities in areas of need as identified by each State. These fellowships shall be awarded on the basis of merit, as determined by ad hoc review panels established annually by the Secretary, to graduate students from each of the States, provided the following criteria are satisfied:

(A) that the student is enrolled in a graduate degree program in a college or university;

(B) that the student intends to pursue or is pursuing a course of study in the food and agricultural sciences which is directly related to an area of need as identified by the Governor or chief executive officer of the State; and

(C) that at least three such fellowships shall be awarded to students from each State in every year.

(2) Postdoctoral fellowships, each for a period of from one to five years. The purpose of these fellowships is to attract highly promising investigators to research careers in the basic sciences underlying agriculture and to provide stipends and/or research support for their training and establishment as independent investigators. In making awards under this program, the Secretary shall give priority to individuals doing basic research at colleges and universities.

(c) The administration of funds authorized in section 22 of the Act entitled "An Act to provide for research into basic laws and principles relating to agriculture and to work for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935 (7 U.S.C. 329; 49 Stat. 439, as amended), as amended, is hereby transferred from the Secretary of the Department of Health, Education, and Welfare to the Secretary of Agriculture.

NATIONAL AGRICULTURAL RESEARCH AWARD

SEC. 1322. (a) The Secretary shall establish the National Agricultural Research Award for research or advanced studies in the food and agricultural sciences. Two such awards, one for each of the categories described in subsection (c), shall be made in each fiscal year.

(b) The awards shall not exceed $50,000 per year for a period of not to exceed three years to support research or study by the recipient.

(c) Awards under this section shall be made in each fiscal year in two categories as follows:

(1) to a scientist in recognition of outstanding contributions to the advancement of the food and agricultural sciences; and

(2) to graduate student or postdoctoral research worker in recognition of demonstrated capability and promise of significant future achievement in the food and agricultural sciences.

(d) The Secretary may establish such nominating and selection committees, to consist of scientists and others, to receive nominations and make recommendations for awards under this section, as he deems appropriate.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES AND TUSKEGEE INSTITUTE

SEC. 1323. (a) There are hereby authorized to be appropriated annually such sums as Congress may determine necessary to support continuing agricultural research at colleges eligible to receive funds under the Act of August 30, 1890, as amended (7 U.S.C. 321–326 and 328), including Tuskegee Institute (hereinafter referred to as "eligible institutions"). Beginning in fiscal year 1979, there shall be appropriated under this section for each fiscal year an amount not less than 15 per centum of the total appropriations for such year under section 3 of the Act of March 2, 1887, as amended (7 U.S.C. 361c): *Provided*, That the amount appropriated in fiscal year 1979 shall not be less than the amount made available in the fiscal year ending September 30, 1978, to such eligible institutions under the Act of August 4, 1965 (7 U.S.C. 450i). Funds appropriate under this section shall be used for expenses of conducting agricultural research, printing, disseminating the results of such research, contributing to the retirement of employees subject to the provisions of the Act of March 4, 1940, as amended (7 U.S.C. 331), administrative planning and direction, and purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research. The eligible institutions are authorized to plan and conduct agricultural research in cooperation with each other and such agencies, institutions, and individuals as may contribute to the solution of agricultural problems, and moneys appropriated pursuant to this authorization shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

(b) Beginning in fiscal year 1979, the funds appropriated under this section shall be distributed as follows:

(1) Three per centum shall be available to the Secretary for administration of this section.

(2) The remainder shall be alloted among the eligible institutions as follows:

(A) $100,000 to each eligible institution; and

(B) of the remaining funds, one-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State in which the eligible institution is located bears to the total rural population of all the States in which eligible institutions are located as determined by the last preceding decennial census; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State in which the eligible institution is located bears to the total farm population of all the States in which eligible institutions are located as determined by the last preceding decennial census. In computing the above distribution the allotments to Tuskegee Institute and to Alabama Agricultural and Mechanical University shall be determined as if each institution were in a separate State.

(c) The director of the State agricultural experiment station in each State where an eligible institution is located and the chief administrative officer specified in subsection (d) of this section in each of the eligible institutions in such State shall jointly develop, by mutual agreement, a comprehensive program of agricultural research in such State, to be submitted for approval by the Secretary within one year of the date of enactment of this Act.

(d) Sums available for allotment to the eligible institutions under the terms of this section shall be paid to such institutions in equal quarterly payments beginning on or about the first day of October of each fiscal year upon vouchers approved by the Secretary. The President of each eligible institution shall appoint a chief administrative officer who shall be responsible for administration of the program authorized herein. Each eligible institution shall designate a treasurer or other officer who shall receive and account for all funds allotted to such institution under the provisions of this section and shall report with the approval of the chief administrative officer, to the Secretary on or before the first day of December of each year a detailed statement of the amount received under the provisions of this section during the preceding fiscal year, and of its disbursement on schedules prescribed by the Secretary. If any portion of the allotted moneys received by the authorized receiving officer of any eligible institution shall by any action or contingency be diminished, lost, or misapplied, it shall be replaced by such institution concerned and until so replaced no subsequent appropriation shall be allotted or paid to such institution. Funds made available to eligible institutions shall not be used for payment of negotiated overhead or indirect cost rates.

(e) Bulletins, reports, periodicals, reprints or articles, and other publications necessary for the dissemination of results of the research and experiments, including lists of publications available for distribution by the eligible institutions shall be transmitted in the mails of the United States under penalty indicia: *Provided, however*, That each publication shall bear such indicia as are prescribed by the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such publications may be mailed from the principal place of business of the eligible institution or from an established subunit of said institution.

(f) The Secretary is hereby charged with the responsibility for the proper administration of this section, and is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its provisions. It shall be the duty of the Secretary to furnish such advice and assistance as will best promote the purposes of this section, including participation in coordination of research initiated under this section by the eligible institution, from time to time to indicate such lines of inquiry as to him seem most important, and to encourage and assist in the establishment and maintenance of cooperation by and between the several eligible institutions, the State agricultural experiment stations, and between them and the Department.

(g) (1) On or before the first day of October in each year after the passage of this Act, the Secretary shall ascertain whether each eligible institution is entitled to receive its share of the annual appropriations under this section and the amount which thereupon each is entitled, respectively, to receive.

(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that any portion of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount shall be deducted from the next succeeding annual allotment to the institution.

(3) If the Secretary shall withhold from any eligible institution any portion of the appropriations available for allotment, the facts and reasons therefore shall be reported to the President and the amount involved shall be kept separate in the Treasury until the close of the next Congress. If the next Congress shall not direct such sum to be paid, it shall be carried to surplus.

(4) The Secretary shall make an annual report to the Congress during the first regular session of each year of the receipts and expenditures and work of the eligible institutions in all the States under the provisions of this section and also whether any portion of the appropriation available for allotment to any institution has been withheld and if so the reasons therefor.

(h) Nothing in this section shall be construed to impair or modify the legal relation existing between any of the eligible institutions and the government of the States in which they are respectively located.

EXTENSION EDUCATION; SMALL FARMS, NUTRITION, ENERGY CONSERVATION, FORESTRY, AND ANIMAL DISEASES

SEC. 1324. Under existing authorities provided by the Act of May 8, 1914 (38 Stat. 372) (known as the Smith-Lever Act) as amended and the Act of August 30, 1972 (known as the Rural Development Act of 1972), using additional funds as may be authorized by this Act, the cooperative extension services shall, in addition to expanding efforts in other areas, give increasing attention to education programs for—

(a) meeting the needs of small farm operators, putting more emphasis on management skills and individual husbandry in the use of known practices, and further developing scientific and technological information to improve and preserve the family farm system in the United States;

(b) human nutrition, including food utilization for all segments of society;

(c) energy conservation, including techniques to accomplish such conservation and the need for such conservation on the part of individual citizens, households, businesses, and agricultural and industrial firms;

(d) forestry and natural resources, including developing, transferring, and seeking the application of scientific and technological information to improve forest and other renewable natural resources management; special emphasis shall be given to opportunities for improving the productivity of small private woodlands; to modernizing wood harvesting and utilization; to developing and disseminating reliable multiple-use resource management information to all landowners and consumers, and the general public; to wildlife management, watershed management, and recreational management; and to cultural practices, including reforestation, protection, and related matters; and

(e) animal disease and health care, including nutrition and related areas.

COOPERATIVE EXTENSION AT 1890 LAND-GRANT COLLEGES AND TUSKEGEE INSTITUTE

SEC. 1325. (a) There are hereby authorized to be appropriated anually such sums as Con-

gress may determine necessary to support continuing agricultural and forestry extension at colleges eligible to receive funds under the Act of August 30, 1890, as amended (7 U.S.C. 321–326 and 328), and Tuskegee Institute (hereinafter referred to as "eligible institutions"), beginning in fiscal year 1979, there shall be appropriated under this section for each fiscal year an amount not less than 4 per centum of the total appropriations for such year under the Act of May 8, 1914, as amended (7 U.S.C. 343(c)): *Provided*, That the amount appropriated in fiscal year 1979 shall not be less than the amount made available in the fiscal year ending September 30, 1978, to such eligible institution, under section 3(d) of the Act of May 8, 1914, as amended (7 U.S.C. 343(d)). Funds appropriated under this section shall be used for expenses of conducting extension programs and activities, and for contributing to the retirement of employees subject to provisions of the Act of March 4, 1941, as amended (7 U.S.C. 331). No more than 20 per centum of the funds received by an institution in any fiscal year may be carried forward to the succeeding fiscal year.

(b) Beginning in fiscal year 1979, any funds appropriated under this section up to the amount appropriated in fiscal year 1978 for these eligible institutions, pursuant to section 3(d) of the Act of May 8, 1914, as amended (7 U.S.C. 343(d)), shall be allocated among the eligible institutions in the same relative proportion as for fiscal year 1978. Any funds appropriated in addition to the amount for fiscal year 1978 shall be distributed to the eligible institutions as follows:

(1) Four per centum of the sum appropriated each year shall be allotted to the Extension Service for administrative, technical, and other services, and for coordinating the extension work of the Department and the several States, territories, and possessions.

(2) Of the remainder so appropriated each fiscal year, 20 per centum shall be paid to the eligible institutions in equal proportions; 40 per centum shall be paid to the eligible institutions in the proportion that the rural population of the State in which the eligible institution is located bears to the total rural population of all the States in which eligible institutions are located, as determined by the last preceding decennial census; and the balance shall be paid to the eligible institutions in the proportion that the farm population of the State in which the eligible institution is located bears to the total farm population of all the States in which the eligible institutions are located as determined by the last preceding decennial census.

In computing the above distribution, the allotments to Tuskegee Institute and Alabama Agricultural and Mechanical University shall be determined as if each institution were in a separate State.

(c) The State director of the cooperative extension service and the administrative head of outreach of the eligible institution in each State where an eligible institution is located shall jointly develop, by mutual agreement, a comprehensive program of extension for such State to be submitted for approval by the Secretary within one year of the enactment of this Act.

(d) On or about the first day of October in each year after passage of this Act, the Secretary shall ascertain whether each eligible institution is entitled to receive its share of the annual appropriation for cooperative extension work under this section and the amount which it is entitled to receive. Before the funds herein provided shall become available to any eligible institution for any fiscal year, plans for the work to be carried out under this section shall be submitted by the proper officials of each institution and approved by the Secretary. Such sums shall be paid in equal quarterly payments on or about October 1, January 1, April 1, and July 1, of each year to the treasurer or other officer of the eligible institution duly authorized to receive the same, and such officer shall be required to report to the Secretary on or about the first day of December of each year, a detailed statement of the amount so received during the previous fiscal year and its disbursement on forms prescribed by the Secretary.

(e) If any portion of the moneys received by the designated officer of any eligible institution for the support and maintenance of cooperative agricultural extension work, as provided in this section shall by any action or contingency be diminished or lost or be misapplied, it shall be replaced by said institution and until so replaced no subsequent appropriation shall be apportioned or paid to said institution. No portion of said moneys shall be applied, directly or indirectly, to the purchase, erection, preservation, or repair of any building or buildings, or the purchase or rental of land, or in college course teaching, lectures in college, or any other purpose not specified in this section. It shall be the duty of said institutions, annually, on or about the first day of January, to make to the Governor of the State in which it is located a full and detailed report of its operations in extension work as defined in this section, including a detailed statement of receipts and expenditures from all sources for this purpose, a copy of which report shall be sent to the Secretary.

(f) If the Secretary finds that an institution is not entitled to receive its share of the annual appropriation, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the next Congress in order that the institution may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be carried to surplus.

(g) To the extent that the official mail consists of correspondence, bulletins, and reports for furtherance of the purposes of this section, it shall be transmitted in the mails of the United States under penalty indicia: *Provided, however*, That each item shall bear such indicia as are prescribed by the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such items may be mailed from a principal place of business of the eligible institution or from an established subunit of that institution.

(h) Persons employed by eligible institutions to perform activities funded under this section shall be eligible to receive appointments as agents without compensation in the Federal service in accordance with regulations of the Secretary without regard to the provisions of the civil service laws.

(i) Persons so appointed shall be deemed to be Federal employees for the purposes of chapters 81, 83, 87, and 89 of title 5, United States Code.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1326. The Secretary shall transmit to the Congress not later than March 31, 1979, an evaluation of the economic and social consequences of the programs of the Extension Service and the cooperative extension services, including those relating to agricultural production and distribution, home economics, nutrition education (including the expanded food and nutrition educational program), community development and 4–H youth programs. No less than $1,500,000 and no more than $2,500,000 of the funds appropriated for the purposes of carrying out the extension programs of the Department shall be used for this evaluation.

INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION

SEC. 1327. The Department jointly with the colleges and universities, State agricultural experiment stations, cooperative extension services, and the Agency for International Development, and in cooperation with other appropriate institutions and organizations, public and private, as the Secretary may determine, shall—

(a) expand its operational coordination with agricultural research and education activities around the world, in both developed and developing countries by exchanging research materials and results and conducting joint or coordinated research, extension, and teaching on problems of common interest;

(b) engage and assist in institutional and agricultural infrastructure development including the development of credit institutions, soil and water conservation, marketing, transport, storage, processing, and other related areas through support of food and agricultural sciences, including forestry in developed and developing countries;

(c) engage and assist in providing educational and training opportunities for foreign nationals in the food and agricultural sciences including the various vocational and professional fields in support of the food and agricultural industries in developing countries;

(d) station United States scientists and educators abroad at national and international institutions and invite foreign scientists and scholars to work at United States institutions where this is valuable to increase knowledge, foster coordination, and exchange materials, information, and results;

(e) strengthen research extension, and teaching capabilities within the United States as a mean of increasing the support for agriculture in United States tropical and subtropical ecologies and providing a useful bridge between the large amount of United States research and extension applicable to temperate regions and the research and education in the extensive tropical areas of the world; and

(f) develop within the Department of Agriculture and the involved institutions a staff of highly qualified experienced scientists and educators who specialize in international agricultural programs and who shall be employed on a career basis to carry out international activities and programs.

WEATHER AND WATER ALLOCATION RESEARCH STUDY

SEC. 1328. The Secretary shall conduct a comprehensive study of the effects of changing climate and weather on crop and livestock productivity and, within twelve months of the enactment of this Act, submit to the President and the Congress a report, together with pertinent recommendations, on this study. The study shall include—

(a) an assessment of what is occurring in this Nation's climate and weather and the possible impact of changes in this field on our total economy and on future food and feed availability and prices;

(b) a review of Federal and State water allocation policies; and

(c) a consideration of strategies and techniques for dealing with water shortages in the United States that could occur if current climate and weather conditions continue or become more severe.

PAYMENT OF FUNDS

SEC. 1329. Funds available for allotment under this Act shall be paid to each eligible institution or State at such times and in such amounts as shall be determined by the Secretary. Such funds shall remain available for payment of unliquidated obligations for one

additional fiscal year following the year of appropriation.

WITHHOLDING OF FUNDS

SEC. 1330. Except as provided elsewhere in this Act or any other Act of Congress, if the Secretary determines that an eligible institution or State is not entitled to receive its allotment of an annual appropriation because of a failure to satisfy requirements of this Act or regulations issued under it, the Secretary shall withhold such amounts, the facts and reasons concerning the determination and withholding shall be reported to the President, and the amount involved shall be deposited in the miscellaneous receipts of the Treasury.

AUDITING, REPORTING, BOOKKEEPING, AND ADMINISTRATIVE REQUIREMENTS

SEC. 1331. (a) Assistance provided under this Act shall be subject to the recordkeeping and audit provisions of section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i; 79 Stat. 431).

(b) The Secretary shall provide that each recipient of assistance under this Act shall submit an annual report, at such times and on such forms as the Secretary shall prescribe, stating the accomplishments of projects (on a project-by-project basis) for which such assistance was used and accounting for the use of all such assistance. If the Secretary determines that any portion of funds made available under this Act has been lost or applied in a manner inconsistent with the provisions of this Act or regulations issued thereunder the recipient of such funds shall reimburse the Federal Government for the funds lost or so applied, and the Secretary shall not make available to such recipient any additional funds under this Act until the recipient has so reimbursed the Federal Government.

(c) Grants or assistance authorized under this Act shall be limited to allowable overhead costs necessary to carry out the provisions of a grant, unless otherwise provided in this Act.

(d) Three per centum of the appropriations, unless otherwise specified under this Act, shall be retained by the Secretary for the administration of the programs authorized under this Act.

(e) The Secretary shall establish appropriate criteria for grant and assistance approval and necessary regulations pertaining thereto.

LIBRARIES AND INFORMATION NETWORK

SEC. 1332. (a) It is the policy of Congress to provide the mechanism and authorization to facilitate cooperation, coordination, and the more effective utilization of disparate agricultural libraries and information units, and to—

(1) assure that the needs related to agricultural research and education are effectively planned, coordinated, and evaluated.

(2) establish a structure for the coordination of libraries of colleges and universities, Department of libraries, and their closely allied information gathering and disseminat- units, and to work in close conjunction with private industry and other research libraries;

(3) provide effective access by all colleges and universities and Department of personnel to literature and information services not now adequately provided; and

(4) strengthen or establish programs for training in information utilization, including research grants for librarians, information scientists, and agricultural scientists.

(b) Programs shall be carried out through cooperative agreements, grants, or contracts.

(c) There is hereby established within the National Agricultural Library of the Department a Food and Nutrition Information and Education Resources Center. Such Center shall be responsible for—

(1) assembling and collecting food and nutrition education materials, including the results of nutition research, training methods and procedures, and other materials related to the purpose of this Act; and

(2) maintaining such information and materials in a library and providing for their dissemination on a regular basis to State educational agencies and other interested persons.

(d) Funds are authorized to be appropriated annually in such amounts as Congress may determine to support the purposes of this section. The Secretary is authorized to carry out this section with existing facilities through the use of grants, contracts, or such other means as he deems appropriate and to require matching of funds. No funds appropriated to support the purposes of this section shall be used to purchase additional equipment unless specifically authorized by law subsequent to the date of enactment of this Act.

AUTHORIZATION OF APPROPRIATIONS FOR EXISTING AND CERTAIN NEW AGRICULTURAL RESEARCH PROGRAMS

SEC. 1333. (a) Notwithstanding any authorization for appropriations for food and agricultural science research in any Act existing there is authorized to be appropriated for the purposes of carrying out the provisions prior to the date of enactment of this Act, of this Act, except sections 1314, 1315, 1316, 1326 and the programs provided for in subsections (b), (c), (d), and (e) of this section, and except that authorization for moneys provided under the Act of March 2, 1887 (commonly known as the Hatch Act) are excluded and are provided for in subsection (b), $505,000,000 for the fiscal year ending September 30, 1978, $575,000,000 for the fiscal year ending September 30, 1979, $645,000,000 for the fiscal year ending September 30, 1980, $715,000,000 for the fiscal year ending September 30, 1981, and $780,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year.

(b) Notwithstanding any authorization for appropriations for agricultural research at State agricultural experiment stations in any Act existing prior to the date of enactment of this Act, there is authorized to be appropriated for the purpose of conducting food and agricultural science research at State agricultural experiment stations under the Act of March 2, 1887, as amended (commonly known as the Hatch Act), $120,000,000 for fiscal year ending September 30, 1978, $145,000,000 for the fiscal year ending September 30, 1979, $170,000,000 for the fiscal year ending September 30, 1980, $195,000,000 for the fiscal year ending September 30, 1981, and $220,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPROPRIATIONS FOR COMPETITIVE GRANTS

(c) There is authorized to be appropriated for the purpose of carrying out the provisions of section 1312 of this Act $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending September 30, 1980, $40,000,000 for the fiscal year ending September 30, 1981, and $50,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may thereafter be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

(d) Notwithstanding any authorization for appropriations for the Cooperative Extension Service in any Act existing prior to the date of enactment of this Act, there is authorized to be appropriated for the purposes of carrying out the extension programs of the Department $260,000,000 for the fiscal year ending September 30, 1978, $280,000,000 for the fiscal year ending September 30, 1979, $300,000,000 for the fiscal year ending September 30, 1980, $320,000,000 for the fiscal year ending September 30, 1981, and $350,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may thereafter be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPRORIATIONS FOR TEACHING IN FOOD AND AGRICULTURAL SCIENCES

(e) There is authorized to be appropriated for the purposes of carrying out the provisions of section 19 of this Act $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending September 30, 1980, $40,000,000 for the fiscal year ending September 30, 1981, and $50,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may thereafter be authorized by law for any subsequent fiscal year.

MISCELLANEOUS

SEC. 1334. (a) Section 3(c)(4) of the Act entitled "an Act to establish agricultural experiment stations in connection with the colleges established in the several States under the provisions of an Act approved July second, eighteen hundred and sixty-two, and of Acts supplementary thereto", approved March 2, 1887, as amended (7 U.S.C. 361(c)(4); 24 Stat. 441, as amended) is repealed.

(b) Section 3(c)5 of such Act, as amended (7 U.S.C. 361(c)(5)), is amended by adding at the end thereof a new sentence to read as follows: "These administrative funds may be used for transportation of non-Federal scientists to research meetings for the purpose of assessing research opportunities for a broad area and for research planning.".

(c) Section 8332(b) of title 5, United States Code, is amended by (1) striking out the word "and" at the end of paragraph (8); (2) striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word "and", and (3) inserting after paragraph (9) the following new paragraph:

"(10) subject to sections 8334(c) and 8339 (i) of this title, service rendered as an employee of (1) a State agricultural experiment station as defined in section 1 of the Act of March 2, 1887, as amended (7 U.S.C. 361a), (2) of a forestry school eligible to receive funds under the Act of October 10, 1962 (16 U.S.C. 582a–2 and 582a–7), or (3) of an institution eligible to receive funds under the Act of August 30, 1890, as amended (7 U.S.C. 321–326 and 328), including Tuskegee Institute; but only if such employee later becomes subject to this subchapter in a position in the Cooperative State Research Service, United States Department of Agriculture.".

(d) Section 3 of the Act of May 8, 1914, as amended (7 U.S.C. 343), is amended by adding thereto a new subsection (e) to read as follows:

"(e) Insofar as the provisions of subsections (b) and (c) of this section, which require or permit Congress to require matching of Federal funds, apply to the Virgin Islands and Guam, such provisions shall be deemed to have been satisfied, in fiscal years 1978 and 1979 only, if the amounts budgeted and available for expenditure by the Virgin Islands and Guam in such years equal the amounts budgeted and available for expenditure by the Virgin Islands and Guam in fiscal year 1977.".

Mr. DE LA GARZA (during the reading). Mr. Chairman, I ask unanimous consent that title XIII be considered as

read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk continued to read.

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that title XIII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore (Mr. HALL). Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WAMPLER. Mr. Chairman, when I began my membership on the House Agriculture Committee more than a decade ago, production yields of grains, poultry, meats, rice, cotton and forest products from American farms were pushing to unheard-of new highs annually.

For example, corn yields rose from 70 bushels an acre in 1955 to 130 bushels in 1965 and the grain needed to produce a pound of broiler chicken meat had fallen from 4 pounds to 2.5 pounds in the 25 years following the end of World War II.

This fantastic growth rate was due, in large part, to previous decades of vigorous agricultural research by Federal and State governments, State universities and colleges, State agricultural experiment stations and private industry research services and the transfer of this new knowledge to our producers and suppliers by an effective cooperative extention service.

Springing from these fountains of research came the factors of mechanization, hybridization, fertilization and pesticides. Moreover, cheap and seemingly endless energy allowed us to easily adapt to these major new technologies.

However, as pointed out by the Economic Research Service, U.S. Department of Agriculture in a 1974 report—

> Most of these major technologies were nearly exploited by 1960 and productivity increase has slackened since that time. For the future, minor technologies will contribute a modest improvement in productivity but major change will have to wait the discovery of new major technology.

Today we have a different story—many American agricultural scientists are raising disturbing questions about America's future ability to feed itself and ease food shortages elsewhere.

What are these agricultural scientists saying is happening to our once vaunted agricultural research system that is cause for alarm? Let's take a look.

Dr. Glenn Salisbury, director of the Illinois Agricultural Experiment station points out that while corn production had increased to 130 bushels per acre by 1965, it has dropped in the last 10 years toward 120 bushels per acre. This trend takes into account a poor crop in 1974 and an exceptional one in 1975.

Other scientists see a major threat to future agricultural production in the invasion of prime farmland by suburban developers' bulldozers.

And, I might add, one cannot discount the effects of the current energy crisis on the total food, fiber, and forest products equation—from production to use by the ultimate consumer. Understandably, the primary energy source the Nation settles on and the means we utilize in arriving at a solution to our present energy dilemma will impact severely on current agricultural production and distribution practices. Solutions may well require considerably more food and agricultural research and education than is currently contemplated.

Let me share another thought with you. A little over a year ago, a speaker at a seminar at Virginia Polytechnic Institute and State University said something like this:

> Untold millions of souls lost their lives as a result of World War II, but this great catastrophe hardly caused a dent in the Malthusian-predicted growth of the world's population.

Translated to census statistics, I am informed our own population will expand from today's 214 to 270 million by the year 2000, even with our current declining birthrate. And during the same period the world's population will dramatically rise from 4 billion to between 6 and 7 billion souls.

Dr. Jean Mayer, author of the article entitled, "Agriculture the Island Empire," said:

> This means that we have to find in the next 25 years, food for as many people again as we have been able to develop in the whole history of man 'til now.

We should also consider demands of the world for agricultural products by bringing idle land in our own country under cultivation. The nearly 60-million-acre reserve from cropping that existed in the United States in the early 1970's is, for all intents and purposes, gone. Among these lands are many acres that are inherently less productive and more subject to drought and soil losses due to water and wind erosion; a situation we were gravely concerned about recently in our winter wheat belt.

Also, the use of fertilizers, which has been so successful in increasing productivity, is now reported to be reaching a point of diminishing returns.

Additionally, we must export large quantities of our agricultural products in order to maintain a favorable balance of trade and thus pay for our considerable imports of foreign oil to support our industries, our individual requirements, and yes, provide energy for our agricultural system.

In this regard, some have said we have reached the point in our economy where agriculture plays such an important part in the solution of the Nation's energy problem that we either export food products to pay for imported gasoline, which in turn allows Americans to drive to work, or we stop exporting food and Americans walk to work.

Finally, and not all of the considerations by any means, is the continual decline of the U.S. farm population. Much of this is due to a decline in the profitability of farming, which has seen farm producers paying increasing prices for farm equipment, building materials, land, fertilizers, feed ingredients, and labor, but not receiving a corresponding price for the goods they produce.

This points up the economically disturbing fact that far too many of our people who play the key role in providing us with food fiber and forestry products, the staff of life, so to speak, are finding it unprofitable to keep producing. This unprofitability must be corrected.

You and I know the real facts of our past accomplishments. We know it is no accident that Americans are eating the least expensive and at the same time the highest quality food in the world. We also know this is not a phenomenon in our history but is the direct result of our fine agricultural research and extension effort carried out by the U.S. Department of Agriculture, our land-grant institutions and the extension service working closely with the innovative and highly efficient American farmer and our business institutions—all operating within the framework of the free enterprise system.

However, the day has passed when we can take for granted our excellent past record in bettering our agricultural performance.

Before we continue on this point, I would like for you to examine with me past and current agricultural programs of our Federal Government from a budgetary standpoint to determine if our current programs and the funding thereof, meet our problems of: Providing food, fiber, and forest product needs for the expected population expansion of our own country and the world; maintaining a balance of payments in international trade; lowering food and fiber productions costs to increase farm incomes, and providing reasonable agricultural product costs to American consumers.

Let us consider what has been happening with respect to the Department of Agriculture's budget over the last several decades. The USDA's main functions are no longer agriculture functions, but are instead welfare functions. To me the most shocking revelation is the fact that the Agriculture Department's own budget people have in recent years referred to the Department's traditional activities such as agricultural research, conservation programs, meat and poultry inspection, and related functions as "other." I find this unbelievable.

The Department's total obligations for all USDA research amounted to $262 in fiscal year 1969 advancing to $536 million in fiscal year 1977. During the same period USDA obligations for research at universities and State agricultural research experiment stations only modestly advanced from $59 million in fiscal year 1977. In considering these figures it is important to note that total agricultural research constitutes only slightly more than 3 percent of the total agriculture budget. Even more significant to me is that a decline occurred in funding at universities and State experiment stations in constant dollars. Beginning in fiscal year 1972 inflation of the dollar took its toll. The constant dollar figures expended at State agricultural colleges are significant and point up the serious

declining position of agricultural research funding.

It is also important to note that agricultural research accounted for 39 percent of the total Federal research and development budget in 1940, while today agricultural research has slipped to only 1.8 percent of the total Federal R. & D. budget. In testimony before the House Subcommittee on Science, Research, and Technology, in the 94th Congress, Dr. Sylvan H. Wittner, Chairman of the Board on Agriculture and Renewable Resources, National Academy of Science, director of the Agricultural Experiment Station, and assistant dean of agriculture at Michigan State University, stated:

Five times as much for research is projected by HEW, ERDA, and considerably more by the National Science Foundation, than is projected for USDA in the current Federal budget. And research and development budgets for the U.S. Department of the Interior and the Environmental Protection Agency are projected for more than a 50 percent increase in this current year, while agriculture is to receive only a modest 11 percent increase over its low figure of 433 billion dollars in the Fiscal Year 1975 budget.

The National Science Foundation's publication titled: "An Analysis of Federal R. & D. Funding, by Function, Fiscal Year 1969–76" points up yet another likely reason for past declining agricultural research effort in the Federal Government; a pure lack of emphasis. An examination of the NSF analysis would lead one to wonder whether or not the Agriculture Department had been conducting any research whatsoever.

You could not find agricultural research on their 1976 analysis charts because the National Science Foundation did not consider agriculture as a primary function of our Government, but carried it as a subfunction under the heading titled "Natural Resources."

In its latest report for 1977 the National Science Foundation has clarified matters and now carries agricultural functions under the heading "Food, Fiber, and Other Agricultural Products."

Before I proceed further I want to again insert an important quote from Dr. Edminster, Administrator of the Agricultural Research Service, in his testimony before the Subcommittee on Science, Research, and Technology last September, I quote:

Frankly, as scientists and engineers, we are becoming increasingly concerned about the real likelihood that we cannot sustain the rate of flow of new technology we enjoyed in recent years, despite our great confidence in the agricultural research system in the U.S. This concern is based on the: (1) general slippage in research capacity during the past ten years due to inflationary costs, (2) higher constant dollar cost in researching complex problems, (3) new and greater responsibilities to maintain and improve the environment, (4) increasing demands for safe nutritionally acceptable foods, (5) increasingly repressive pressures placed on high yielding plants and animals by the environment, insect pests, and diseases, (6) new technology demands caused by high energy prices, use of marginal lands, consumer demands, and inability to use certain existing technology, (7) persistent and formidable yield barriers, and (8) erosion of technology reserves.

During the period of readily available agricultural production capacity, the argument was forcefully made that it did not make sense to increase agricultural research at a time when food and feed reserves were so large. The logic of that argument gave little weight to the time lag between research expenditures, research results, technological development and adoption, yet it was sufficient to stabilize expansion of research programs. For example, in 1965, agricultural research funding from Federal, SAES, and industry sources was estimated at $854 million. A comparable estimate for 1975 was about $1.6 billion. After discounting for inflation the 1975 expenditure had less purchasing power than the amount spent in 1965. A similar pattern existed for ARS. While the real value of the budget was no higher than 1965, the new thrusts of human nutrition, environmental quality, and other special problems were funded out of increases by or program redirections, the result being inadequate funding for production and marketing research.

The contribution that agricultural research can make to a safe and adequate food supply, reasonably priced, must place it as one of the highest research priorities. To achieve this objective will require an increase in priority for research well above the present two percent share of the Federal R&D budget.

My observations and my readings on the problems confronting our agricultural system has led me to believe that we must make significant upgrading of the priorities in the agricultural budget for research, extension and teaching in the food and agricultural sciences if we are going to meet the challenges before us.

My findings also point out the necessity for a modification in the management of research extension and manpower development in the Department of Agriculture itself, and the system that now covers programs for agricultural research extension, and manpower development in the land-grant colleges and the State agriculture experiment stations. We must also better coordinate the research activities of the National Science Foundation, the National Institutes of Health, HEW, EPA, and the Energy Research and Development Administration with the basic food and agricultural science functions in USDA as all of these agencies are now carrying out some research relating to farming.

Such fragmentation greatly hinders our ability to focus the vast research capabilities of this Nation on the research needs of highest priority. Moreover, the research effort as to priority and funding needs to be represented at the highest councils of our Government. In establishing research needs and priorities the Secretary should seek and have the counsel of both the "doers" of research and the "users" of research to advise him on overall food and agricultural research priority and long-range goals and planning. The current Agricultural Research Policy Advisory Committee—ARPAC—has labored mightily to give the Secretarl this counsel but lacks proper authority and assigned responsibilities to accomplish the job that is required.

It is also apparent that the current funding of research as to in house projects and research at our land-grant colleges, our State agriculture experiment stations, and support for outside institutions and individuals must be expanded and better balanced. This would entail in my judgment, an expansion of the funding of the Hatch Act to insure we preserve the outstanding mission-oriented research capabilities we posess at land-grant and other agricultural colleges and our State agricultural experiment stations. We also need a new competitive grant process to give us broader access to the expertise of the whole scientific community, outside present funding channels, to broaden the range of basic knowledge which can be applied to the problems of food and agricultural science.

From what I am told, a revitalized Federal agricultural research program and budget is necessary to tackle basic research in such promising areas as: Fundamental knowledge about photosynthesis, nitrogen fixation, crop, poultry and livestock protection, water and nutrient efficiencies, genetics, biochemical aspects of handling and processing of crops, livestock and fish, and plant, soil and water relationships.

Additionally, the Extension Service, together with each State Cooperative Extension Service, needs to be more closely associated with the total food and agricultural science research effort to insure that the fruits of research are quickly and efficiently placed in the hands of the users, whether they be the small family farmer, the corporate farmer, the processor or distributor, or those dealing with transporting farm products. Likewise, the training of research and extension scientists and technicians needs to be better incorporated into the total food and agricultural science program. It makes little sense to expend more research dollars without the tools to get the job done or the means to get new information generated by added research into the hands of those who can benefit by it.

These goals are contained in corrective legislation we are considering today.

As an historical note, the main thrust of this legislation was originally introduced as H.R. 11339, on December 19, 1975, and was titled the "National Agricultural Research Policy Act of 1976." On the recommendation of many land-grant institutions, the directors of State agricultural research stations, and others concerned with agricultural research, I subsequently modified my bill and it was reported out of the House Agriculture Committee on May 5, 1976, with some minor committee amendments. The revised bill, H.R. 11743, passed the House by a vote of 373 ayes to 7 nays on July 26, 1976, but reached the Senate too late in the session for consideration and died upon final adjournment of the 94th Congress.

The previously passed House bill was reintroduced on the opening day of this Congress, under new bill numbers H.R. 78 and 79, and was cosponsored by Chairmany FOLEY and 30 of my colleagues, all but 2 of whom were Members of the House Agriculture Committee. Modifications to H.R. 78 by myself and Congressman THORNTON and subsequent compromises during subcommittee and full committee markup sessions resulted in

title XIII, the National Agricultural Research, Extension and Teaching Policy Act of 1977, being added to H.R. 7171.

The resulting legislation before us today is designed to assure that this Nation will establish and meet adequate national goals and policies in food, fiber, and forestry product production and distribution research and human nutrition research.

Specifically, the Secretary of Agriculture is directed to: Establish adequate national goals, policies and strategies for research, extension and teaching; to coordinate these goals, policies and strategies as the lead agency in the Federal Government in the food and agricultural sciences; to provide a mechanism for identifying the Nation's priorities for food and agricultural research, extension and teaching to assure that high priority research is funded, and that these activities are effectively planned, implemented, coordinated and evaluated; and to assure the continuation and orderly growth of existing research activities and the cooperative arrangements that exist between the Federal Government and the States and their institutions.

Additionally, the Secretary is given new authority and direction: To establish new competitive research grant programs; to expand existing research activities; to expand support for research facilities; to expand the cooperative extension services in support of food and agricultural science research; to expand programs of animal disease and health care research; to reestablish educational training programs for the training of young scientists and researchers to support expanded research and extension activities required by this act.

Moreover, this legislation provides for the establishment of a Joint Council on Food and Agricultural Sciences and a National Agricultural Research, Extension and Teaching Policy Advisory Board. The first advisory group would be composed of the "doers" of research, extension and teaching in the food and agricultural sciences, and the second would be composed of the "users" of such benefits and endeavors. The purpose for separating the "doer" and the "user" bodies would be to preclude these widely divergent groups from dominating each other and to give the Secretary and especially the Congress the benefit of their independent views on these matters, views that the Congress has found most difficult to obtain in the past.

Finally, this legislation authorizes an expansion of grants and funding during the next 5 years for existing, as well as new research, extension and teaching programs. The effect of the authorization program is to all but double current funding authorizations for the food and agricultural sciences by fiscal year 1982.

It is my hope that this initiative by the Congress to get these basic agricultural programs back on the track will not require continual congressional oversight. However, if that action becomes necessary, this legislation provides the Congress with the necessary tools to obtain such oversight. I would hope instead that the executive branch would never again allow such an important function of Government to fall into such a sad state of affairs. For the next 5 years the mechanisms and the authorizations for funds are here in this legislation to assure our people that our farmers will have the abilities and the tools to produce the food, fiber, and wood products for the future needs of our people. It will also provide us with an expanded food export capability to be used to pay for needed foreign products, such as oil, or to be used in times of world food crisis.

Mr. Chairman, before I conclude, I would like to thank our distinguished committee chairman, TOM FOLEY, for his support over the last 3 years for this bill. I would also like to express my appreciation to subcommittee chairman, KIKA DE LA GARZA, for his patience and support for this legislation as well as my other colleagues from both sides of the aisle, for their support.

This is a good bill; a bipartisan bill; and a much-needed bill.

I urge the support of my colleagues for title XIII of the legislation before us.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, title XIII is known as the National Agricultural Research, Extension, and Teaching Policy Act of 1977. This title contains important initiatives in agricultural research and extension. And I would like to commend the ranking minority member of our committee, Mr. WAMPLER, for spearheading the committee's efforts in this area.

The committee found, after extensive hearings, that agriculture's share of the Federal research budget has shrunk alarmingly in the past 10 or 15 years and that this lack of emphasis has been accompanied by deterioration of the national agricultural research and extension efforts. We noted, first of all a disurbing lack of coordination of efforts, both among Federal agencies, on a broader front, among the many Federal, State, and other entities working in this area. This bill makes the Department of Agriculture the lead agency of the Federal Government for this purpose and requires the Secretary to establish and submit to the Congress a 5-year national plan for research, extension, and teaching in the food and agricultural sciences. To assist him in getting off the ground and in establishing priorities we have established two advisory committees, both to be chaired by the Assistant Secretary in charge of agricultural research and extension. One of these committees is composed of scientists and administrators; and the other is composed of direct users of the fruits of agricultural research. After the initial startup period, the Secretary would have discretion as to whether to continue these committees in existence.

We found a number of specific areas of basic and applied research which need emphasis right now, and this bill authorizes incentives in the form of grants for research in these areas. These areas include human nutrition, animal disease, new crops, and the manufacture of industrial hydrocarbons from agricultural commodities. In addition, this bill would authorize grants to upgrade both graduate and undergraduate programs in the food and agricultural sciences and also grants for construction of research facilities and establishment or expansion of veterinary medical schools. In addition, the bill would authorize predoctoral and postdoctoral programs and an annual national agricultural Research Award.

This bill provides for the strengthening of the USDA extension program in a number of particulars and directs the Secretary to study the impact of the Federal and cooperative extension programs and report the results to the Congress by March of 1979. The bill also puts the so-called 1890 predominantly black land-grant institutions on a par with the 1862 land-grant colleges and universities by providing specific authorizations for funding of agricultural research and extension at the 1890 schools. Finally, the bill authorizes appropriations both for existing research and extension programs and for the new initiatives contained in the bill. However, both the existing programs and new initiatives would have to be reauthorized after 5 years. I urge my colleagues to support this section and the bill.

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Page 77, line 8, after the semicolon, strike out "and".

Page 77, line 11, strike out the period and insert in lieu thereof "; and" and, after such line, insert the following new paragraph:

(13) establish a new program of research and extension concerning genetics, nutrition, reproduction, disease, and health care of dairy goats and concerning marketing of milk and milk products produced by dairy goats.

Mr. WEAVER. Mr. Chairman, the dairy goat industry has several pressing problems which require research. For one thing, it is a growing industry. Our growing consciousness of what we put into our stomachs has stimulated interest in the wholesome, nutritious products made from goat's milk. Because it is a relatively small animal, dairy goats can be raised on small parcels of land and fed feedgrains. Over 300,000 dairy goats are registered by more than 10,000 people.

But virtually no research is available in this country on raising goats for high quality milk and milk products. Among the areas that need study are:

First. Genetics: Increasing the genetic transmitting ability of bucks and does for milk; improving genetic merit for yield traits: that is, seasonal breeding and reproductive rates.

Second. Nutrition: Determining nutritional requirements for high-producing, profitable, long-lived dairy goats. What minerals, vitamins, protein, calcium, phosphorus, and trace metals do they need, and in what quantities?

Third. Reproduction: Procedures for year-round freshening, for production and storage of semen. Improve and develop techniques for artificial insemination, pregnancy diagnosis.

Fourth. Health: Prevention and cure for Johne's disease, abcesses, joint dis-

ease, mastitis, abortion, and infertility, parasites.

Fifth. Management systems: Facility and equipment design for dairy goats, lactating and nonlactating. Business management economics.

Sixth. Milk and milk products: Determine variation among breeds, stage of lactation; effects of antibiotics, feeds, herbicides; flavor; bacterial quality; enzymes.

Seventh. Marketing: How to develop markets; governmental regulations.

All these and other research information is needed by raisers of dairy goats.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I am glad to have the opportunity to clarify this point. I point to the definitions which appear on pages 80 and 81 of the bill. On page 81, line 7, "the term 'agricultural research' means research in the food and agricultural sciences."

And on page 80, line 15, "the term 'food and agricultural science' shall relate to the problems of food and agriculture in their broadest aspects, including the social, economic, and political considerations of (A) agriculture, including soil and water conservation and use, plant and animal production and protection, and plant and animal health; (B) the processing, distributing, marketing, and utilization of food and agricultural products."

Definitions in the bill are amply broad to include everything the gentleman from Oregon has outlined on behalf of the dairy goat industry.

Mr. WEAVER. Mr. Chairman, I appreciate very much the remarks of the chairman of the subcommittee, and I am glad to hear him say that there is already language in the bill covering goats.

Mr. Chairman, I ask unanimous consent that I may be permitted to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

Mr. WAMPLER. Mr. Chairman, reserving the right to object, I do so in order that I may concur in the statements made by the distinguished chairman of the subcommittee, the gentleman from Texas (Mr. DE LA GARZA).

I think the language in the bill is sufficiently broad to cover the areas of concern to the gentleman from Oregon (Mr. WEAVER). While I would not object to the amendment, it seems to me that it is unnecessary.

Mr. Chairman, inasmuch as the gentleman has asked unanimous consent to withdraw his amendment, I wanted to make these comments for the purpose of legislative history. I withdraw my reservation.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. THONE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will be very brief. I do want to acknowledge very briefly the tremendous work that has been done on this much-needed National Agricultural Research, Extension, and Teaching Policy Act of 1977. As the ranking Republican member of the Committee on Agriculture, the gentleman from Virginia (Mr. WAMPLER) has done a superlative job on this particular legislation. He has earned the title of "Mr. Ag Research." His expertise in this area is vast.

I have great respect for the work done by this gentleman in this field. For the last couple of years he has worked diligently to get an ag research bill enacted into law. As we all know, the House passed a bill by an overwhelming vote in the last Congress, but it was not taken up in the Senate. Now, we have an even better piece of legislation in this title, and considering the amount of time and effort put into developing this title the less we tinker with it the better it will be.

Mr. Chairman, I would also like to acknowledge the work of the gentleman from Arkansas (Mr. THORNTON), the fine former attorney general of his State, who contributed very much to this title, which will reap tremendous dividends for agriculture and for all of the consumers of America for years to come.

I would also like to call special attention to my gasohol amendment which, I think, has great possibilities.

Mr. Chairman, "Some day we may be farming our fuel!"

That statement was made by Richard L. Terrell, vice chairman of the board of General Motors, recently here on Capitol Hill as he spoke to the State Presidents' Washington Conference of the Future Farmers of America. Mr. Terrell praised his own company's research that has resulted in the huge boiler serving the GM plant at Flint, Michigan, being fueled by crop residues and the research of the State of Nebraska's development of gasohol.

Gasohol is the term for a mixture of 90 percent gasoline and 10 percent alcohol. In Nebraska, we would like to see that alcohol made from grain. And it can be made from wet, moldy grain that could not be sold in regular commercial channels.

In other parts of the Nation, the alcohol could be made from scrub trees that are not fit for lumber, from potatoes, sugar beets, or sugar cane.

Mixing alcohol with gasoline does not require any involved blending. It can be done at the refinery, at the wholesaler's site, at the service station or even in the automobile tank, simply by pouring the two together.

Writing in the Washington Post, Phil McCombs recently reported:

Most motor vehicles can run on a blend of gasoline with 10 percent alcohol—sometimes called gasohol—and without engine modification, experts say. Better yet, alcohol is less polluting than gasoline . . . A spokesman for the California Air Resources Board, which stringently controls auto emissions in the state, said board members are "very enthusiastic" about alcohol fuels because of their low emissions, but are waiting for costs to fall.

Cost is the only reason why gasohol needs Federal help. H.R. 7171 contains an amendment which I introduced in the House Agriculture Committee. It provides for $24 million in research over the years and for a federal guarantee of up to $15 million of loans on each of four pilot plants to produce the alcohol.

The loan guarantees will expedite financing for large plants that can demonstrate the economy of scale in producing alcohol from the sources I have mentioned. Most such alcohol has so far been produced only in laboratories or very small test plants.

The most important part of the research, as I see it, will be to develop marketable uses for the raw materials left over after the alcohol has been extracted. For example, when alcohol is made from grain, almost all of the protein remains in the spent grain. It can be used to produce both a high protein cattle feed and carbon dioxide to provide the effervescence in soft drinks.

Mr. Chairman, one of the principal subjects of debate on H.R. 7171 is the huge supply of grain that is going to be on hand this fall and what are the best steps to cope with the surplus. One small solution will be the financing guarantee for four pilot plants to produce alcohol. One of these plants would consume 21,300 bushels of grain each and every day of its operation.

If gasoline prices continue to rise in relation to grain prices, a mixture of gasoline and alcohol will eventually become economical without any Federal aid. Federal research and development, however, can hasten the day when the mixture becomes economically feasible. Already, gasohol is closer to economic feasibility than some of the energy alternatives now being supported by Federal research, such as oil from shale.

The United States now imports about 40 percent of its petroleum requirements. If every motor vehicle in America used a mixture of 90 percent gasoline and 10 percent alcohol from crops, we could reduce our foreign dependence on oil to 30 percent. Gasohol certainly will not be the total solution to America's energy problem. Gasohol certainly can be one of the solutions.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. THONE. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to join in the accolade to the gentleman from Virginia (Mr. WAMPLER) and the gentleman from Arkansas (Mr. THORNTON), both of whom have done splendid work in this field; and I also join in expressing appreciation for the work of the gentleman from Washington (Mr. FOLEY), under whose chairmanship this bill has come before us.

AMENDMENT OFFERED BY MR. M'HUGH

Mr. McHUGH. Mr. Charman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McHUGH: Strike section 1320, page 111, line 22, through page 113, line 12, and renumber the following sections appropriately.

Mr. McHUGH. Mr. Chairman, this amendment would, very simply, strike section 1320 of this title.

Aside from this particular section, I think this title is an exceptionally good one, and in this connection I, too, would like to compliment the gentleman from Arkansas (Mr. THORNTON) and the gentleman from Virginia (Mr. WAMPLER), two of the members of our committee who have spent a considerable amount of time in working on this title and who have done a marvelous job in doing so. Of course, I also appreciate the work of our distinguished chairman, the gentleman from Washington (Mr. FOLEY), and I wish to commend him for his leadership.

Mr. Chairman, I oppose this particular section because it directs the Secretary of Agriculture to give grants in aid to those States which do not have veterinary schools and also to those States that do have veterinary schools for the expansion of those schools.

Mr. Chairman, this section which grants the Secretary of Agriculture that authority is opposed by the Secretary of Agriculture. It is opposed by the Secretary of the Department of Health, Education, and Welfare. It is also opposed by the Office of Management and Budget. These departments oppose this section because the authority which it grants is currently assigned to the Department of Health, Education, and Welfare under the health manpower provisions of the Public Health Service Act.

This section is also vigorously opposed by the Committee on Interstate and Foreign Commerce, because that committee has had exclusive jurisdiction up until now of the Federal effort with respect to schools of veterinary medicine.

Mr. Chairman, we should remember that this title relates to agricultural research. It does not relate to the construction of veterinary schools. It is, therefore, inappropriate for this particular provision to be part of an agricultural research title.

Why, then, is section 1320 part of the bill? It is part of the bill because there are some States that do not have veterinary schools; and those States, quite understandably, would like to have them. This is especially so if the Federal Government is prepared to assume half the cost, and those States have prompted inclusion of this provision in the bill. However, I suggest to the committee that that is not a good enough reason to include the provision.

Beyond that, on the merits, there is virtually no evidence or testimony in the hearing record to justify this particular provision. As a matter of fact, the two professional organizations which testified at the subcommittee hearings opposed this funding provision at this particular time.

More specifically, the Association of American Veterinary Colleges was represented at the hearings, and it testified in opposition to any funding at this time. It did so, firstly because the projected need for veterinarians may be met by 1985 to 1990.

As a matter of fact, Mr. Chairman, in 1974 the Department of Health, Education, and Welfare conducted a health-manpower study which indicated that although there is now a shortage of veterinarians, that manpower shortage might well be overcome by 1990, at about the time at which new veterinary schools might be graduating some of their first graduates.

The second reason the Association opposed this type of provision was that the American Veterinary Medical Association is about to conduct a manpower study which will give us more accurate data as to the manpower needs today and in the future.

Mr. Chairman, I would like for a moment to quote from the testimony of the dean of the School of Veterinary Medicine at Purdue University, who represented the Association of American Veterinary Colleges at the hearings.

He said the following:

"There are 21 schools of veterinary medicine in the United States, and one of their major functions is supplying the veterinary medical manpower to meet the nation's needs. With increases in enrollments and with the establishment of three new schools in the past few years, the projected needs can be met by 1985–1990 if we can continue at current enrollment levels and thus meet the projected rate of veterinary medical manpower production."

He went on to say:

These data show that over the past 6 to 7 years enrollments have increased by 30 percent and when the three new schools shown in the 1976 data become fully operational and have a full complement of students the increase will be one-third. As you are well aware Health Manpower Legislation has included veterinary medicine and indeed has permitted the expansions cited above. The American Veterinary Medical Association is, I understand, about to engage in a comprehensive manpower study and until information from that effort is available it would appear to be wise to call a moratorium on new program implementation.

That is the testimony of the professional representing the Association of American Veterinary colleges in opposition to this type of funding.

The second professional organization represented was the American Veterinary Medical Association, and a representative of that association, in testifying on behalf of that professional association, stated that the association was taking no position in support of new funding at this time, because, as previously indicated, the association was undertaking a manpower study which would give us the benefit of more accurate data on which a valid judgment can be made.

On the basis of this, Mr. Chairman, I would sincerely hope that the committee would reject section 1320 and approve this amendment.

At such time as we have sufficient data to support this type of construction I would be the first to support it.

I might point out, Mr. Chairman, that in New York State we have a veterinary school. As a matter of fact, it is located in my home town, and under this particular proposal that school would be eligible for money for expansion. The point is, however, that the record is devoid of any testimony which would support this proposal. Further, this is an agricultural research title. This provision relates to construction. It is opposed by the Department of Agriculture, by the Department of HEW, and by OMB. It is also opposed by the Committee on Interstate and Foreign Commerce.

Therefore, Mr. Chairman, I sincerely hope that this amendment will be adopted.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. WHITLEY, and by unanimous consent, Mr. McHUGH was allowed to proceed for 1 additional minute.)

Mr. WHITLEY. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from North Carolina.

Mr. WHITLEY. Mr. Chairman, the gentleman from New York (Mr. McHUGH) seems to base a large part of his opposition on the fact that the Association of Veterinary Schools and the Association of Veterinarians are opposed to it, or wish to make additional studies. I would like to ask the gentleman if it has not been his experience that associations of schools and members of professions almost invariably also oppose additional schools or other actions increasing membership in their profession?

Mr. McHUGH. That has not been my experience universally. As a matter of fact, as the gentleman from North Carolina (Mr. WHITLEY) knows, this particular provision would provide 50 percent of the funding for existing schools, so those schools that are now in existence would benefit at least as much as those States that do not have a school.

Mr. WHITLEY. Would the gentleman then be surprised if the Association of Veterinarian Medicine came up and said that we do not need more veterinarians?

Mr. McHUGH. Well, I would not be surprised.

Mr. WHITLEY. Nor would I.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. McHUGH was allowed to proceed for an additional half minute.)

Mr. McHUGH. Mr. Chairman, the major point is that this is opposed by all of the departments that have any knowledge of this situation, as well as the professional organizations. If we were to commit ourselves to this kind of funding, it would certainly in future years lead to a substantial financial outlay by the Federal Government. Under the circumstances, the burden of justifying such a commitment should be on those who would have us assume it. Since they have produced no evidence in committee hearings to support their position, I believe the amendment should be accepted and this provision rejected.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the need for additional veterinary colleges has been clearly established. A 1972 National Academy of Sciences study, published just recently in 1976 in the Journal of the American Veterinary Medical Association, gives de-

tailed needs for these facilities. This was brought out in the hearings on this legislation, Mr. Chairman, under questions raised by the gentleman from Virginia (Mr. WAMPLER) and the gentleman from Arkansas (Mr. THORNTON). The recent study of the National Academy of Sciences was that we will have a shortage through 1980 and that the shortage will even grow more into the year 2000.

It is very well for the gentleman from New York to sit there and say that there is a veterinary college in his hometown, but over half of the States in this great Nation of ours do not have schools of veterinary medicine, and all of us know that what we discuss here today in the agricultural legislation on agricultural research will play an important part in any balancing of the budget due to the fact that if any surplus is registered in our balance of payments, it comes from the agricultural sector.

We have information, Mr. Chairman, that we have over $2.5 billion each year in losses due to animal diseases, many of which might be taken care of by further research in colleges of veterinary medicine and associated practices in those institutions. It is true that the Committee on Agriculture and the Committee on Interstate and Foreign Commerce have some jurisdiction over this area, but we are within the jurisdiction that has been established for this committee.

Also, HEW has a limited program for providing construction of educational facilities in veterinary science, but the provisions of this bill will complement this effort so that they can focus more on research and the resources that go into agricultural areas which presently are inadequate. I cannot stress enough the fact, Mr. Chairman, that $2.5 billion are lost—$2.5 billion—every year to animal diseases that very well could be saved at the same time by training young men and women for this very important segment of agriculture.

I certainly hope that my colleagues will support me in the endeavor to defeat this amendment, because this is needed. The facts are there. I wish that some of the Members could have visited the areas that we have visited in the colleges throughout the United States, and some of them in the Colleges of Veterinary Science, wherein they are not only doing research and contemplating doing more research in animal research, but research as related to human diseases and related to human suffering. I think this all complements itself, and I would hope that the Members would join me in opposing the amendment.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

I want to commend the gentleman for his remarks, and I would like to associate myself with his remarks.

Considerable testimony has been received indicating that an extreme shortage exists in our country of trained veterinarians. Not only is there a shortage, this shortage is basically caused by the simple fact that existing facilities can accommodate only one out of every six applicants. While we fail to be able to meet the desirous needs of young people interested in this profession our national livestock losses are in excess of $2½ billion. If we continue our failure to provide training and research this figure will grow at the expense of consumers and producers alike.

In my area of the country, New England, the individual States must depend upon agreements with those States such as New York and Cornell University to train their veterinarians. The quota from each State is very small and after the instate quota of New York or other similiar States has been met little room is left for us. This is also the situation in many other sections of the country.

The most recent study on veterinary medical manpower confirmed the findings of the 1972 National Academy of Sciences study that there would be a manpower shortage of veterinarians through 1980. It further predicted that under current supply conditions, this shortage will grow even more acute beyond the year 2000.

The Agriculture Committee and the Interstate and Foreign Commerce Committee each have some jurisdiction in this subject area, and each committee has reported bills relating to animal health and research and treatment of diseases. While there is a limited program provided by the Department of Health, Education, and Welfare for construction of health education facilities, including veterinary medicine, the provisions of this bill would complement this effort, and would focus research and resources into agricultural areas which are at present inadequately served.

This provision has broad bipartisan support. I would like to ask that you join us in keeping this most important section in the bill for the following reasons:

Mr. PREYER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York (Mr. MCHUGH).

In addition to the excellent arguments which he has already advanced against the need for and on the merits of section 1320, I want to emphasize that the subject matter of this section, that is schools established to meet national health standards, is clearly within the jurisdiction of the Subcommittee on Health and the Environment of the Committee on Interstate and Foreign Commerce. I am a member of that subcommittee. I regret that the chairman of the subcommittee, the gentleman from Florida (Mr. PAUL ROGERS), could not be here today to make this argument, but he is unfortunately tied up in the Clean Air Act conference right now.

The provisions of section 1320 are duplicative of the existing authority under title VII of the Public Health Service Act passed less than a year ago.

In the Health Education Assistance Act this body authorized institutional support for schools of veterinary medicine at a level of more than $31 million.

The Committee on Interstate and Foreign Commerce has had jurisdiction over Federal veterinary education programs since they began. The first such legislation, the Veterinary Medical Education Act of 1966 was reported by the Commerce Committee after no fewer than 18 bills dealing with the subject had been referred to it. In 1966, legislation was continued, and expanded in 1968 and 1971 and 1976, each time being referred to and reported from the Commerce Committee. Over the years scores of bills affecting the construction and otherwise affecting the support of schools of veterinary medicine had been referred to the Interstate and Foreign Commerce Committee, including bills in the 95th Congress.

None of these bills had been referred to the Committee on Agriculture, so that this is a flat invasion of the jurisdiction of another committee.

Further it should be noted that the entire $25 million appropriated in fiscal year 1977 under the authority of the Public Health Service Act for the construction of health professions teaching facilities has been earmarked for the expansion of schools of veterinary medicine. They are getting all of that $25 million.

The Health Subcommittee deals with all of the medical schools in this country, all of the health schools, and that is as it should be. We consider the veterinary schools, what they should get, the schools of medicine, the schools of dentistry, the schools of podiatry, all of them, and so veterinary medicine must be placed in that context so that it gets its fair share.

For another committee to say, "We will grant this amount of money to a school" is going to upset the whole scheme of equitable distribution of Federal funds for health care in this country.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. PREYER. I yield to the gentleman from Texas (Mr. DE LA GARZA), chairman of the Department, Investigations, Oversight, and Research Committee.

Mr. DE LA GARZA. Will not the gentleman admit the fact that this committee has jurisdiction under the rules of the House?

Mr. PREYER. As I understand it, the Agriculture Committee had jurisdiction where research questions, the questions of research were involved, but it never had any over construction of veterinary schools.

Mr. THORNTON. Mr. Chairman, will the gentleman yield?

Mr. PREYER. I yield to the gentleman from Arkansas.

Mr. THORNTON. Mr. Chairman, referring to rule X and subsection (a) on the Committee on Agriculture, the Committee on Agriculture does have jurisdiction over agricultural economics and research; animal industry and diseases of animals; inspection of livestock and meat products; extension service; and agricultural colleges and experiment stations.

Of all of the veterinary schools presently in existence in the United States, only one, it is my understanding, is not an institution under the jurisdiction of the committee.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. PREYER) has expired.

(On request of Mr. THORNTON, and by unanimous consent, Mr. PREYER was allowed to proceed for 2 additional minutes.)

Mr. THORNTON. Mr. Chairman, if the gentleman will yield further, would the gentleman agree that is a correct statement of the jurisdiction of the Agriculture Committee and that it should include the colleges relating to agricultural medicine and treatment of animal diseases?

Mr. PREYER. I would agree that is a correct statement of the rules of the House. Certainly the history and practice has been that as to veterinary medicine, every bill relating to it has been referred to the Health Subcommittee and not the Agriculture Committee, and that it has been treated as a part of health care generally. And without regard to who has jurisdiction, it is clear that this bill duplicates existing authority, and that is why I think the Secretary of Health, Education, and Welfare and the Secretary of Agriculture have opposed this section 1320, so that I would urge my colleagues to join me in voting against this amendment.

Mr. THORNTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to respectfully submit that while there may be some thought that the provisions of this bill might in some degree duplicate the provisions of other existing legislation, there are very significant and material differences between legislation now existing, and the provisions of the bill which is now being brought before this House, the thrust of which is to provide for education of veterinarians, for research, and to provide better care for this Nation's livestock and food producing animals, in order to make sure that the agricultural economy of this country and consumer prices are benefitted.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. THORNTON. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, I would like to ask this question of my colleague from North Carolina. Can the gentleman give us some reasons why we should vote for the pending amendment? To me, the jurisdiction is secondary. Does the gentleman know how many veterinary schools have been started in this country in the last 5 years?

Mr. THORNTON. To respond to the gentleman, less than half of the States in this country have veterinary colleges. There are three schools under contemplation for construction, and even with the construction of those three schools, the latest forecast is that there will be a great inadequacy of veterinarians by the year 2000.

Mr. JONES of North Carolina. Mr. Chairman, if the gentleman will yield further, I think that is where the proof of the pudding is. That there are not enough veterinary schools to produce the needed number of veterinarians.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. THORNTON. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I subscribe to what the gentleman has said. I have served for 8 or 10 years on the subcommittee that recommends appropriations for veterinary schools. Medical doctors sit on the various boards that screen the recommendations for health facilities. The same thing applies to veterinary schools as applies to nursing schools and by the time they consider money to build some veterinary school, there is no money left within the budget restrictions.

We have been lucky to build one or two schools a year and after we fund them, we find they hold back on the construction funds and delay.

I am from Iowa and I got the money for a new school in Iowa. I was in the position to do it and so we have the new school we needed. However, I know others are needed in other States and we will never have the veterinary schools we need if we have to rely on the mechanisms existing now. Some of the most valuable research to help humans we have had has been done by veterinary schools; and there is still a big unfunded need for veterinary schools for the purpose of helping with human health related needs as well as the purpose of attending to our livestock needs.

Funding is provided under two budgets and would be handled by two subcommittees of the appropriation committee. I think some overlapping and dovetailing of efforts would at least result in more adequate funding and that we can use both so I oppose striking this section.

Mr. THORNTON. Mr. Chairman, I want to thank the gentleman and point out that the specific statutory language to which the gentleman refers says:

"SEC. 720. (a) (1) The Secretary may make grants to assist in the construction of teaching facilities for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, and professional public health personnel.

As the gentleman points out, the question of providing for adequate funding for veterinary facilities is pretty far down the list. As a matter of fact, the history of money authorized and appropriated has shown a steady decline from the time this program was first authorized reflecting that this program now in existence, is not meeting the Nation's enormous need for the training of veterinary personnel.

I ask that the amendment of the gentleman from New York (Mr. MCHUGH) be defeated.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. MCHUGH).

Mr. Chairman, there is an urgent need for many more veterinarians to provide health care for the livestock and poultry industry in the United States than are now available.

The gentleman from New York has given us some very impressive statistics all leading to the premise that there is no need to expand the training of veterinarians because there will be a surplus of people in this profession by the year 1990.

If we were to limit the practice of veterinary care to dogs and cats and other pets in the urban and suburban areas of our country, I could agree with my colleague's argument. But, this is not the case and this is why the Agriculture Committee adopted the substitute amendment language offered by Mr. KREBS to an identical amendment offered by the author of this amendment during the full committee markup of section 1320 to this title. The Krebs amendment was adopted by a vote of 25 ayes to 9 nays.

Mr. Chairman, the problem that my distinguished colleague from New York addresses should not be passed over lightly. But, this is not the proper place for his amendment. Properly, his amendment should be made to that part of the law that offers grants in aid to veterinary students; an amendment that would attempt to balance the flow of grants-in-aid to students so that only those students who enter proper fields of veterinary medicine would receive such aid. Veterinary colleges have no control over where student graduates locate themselves or their specialties. We have this same problem with medical graduates. Section 1320 of this bill does not offer 1 penny in aid to students. It seeks only to establish or expand schools that emphasize care and preventive medical programs for food-producing animals.

Mr. Chairman, the Agriculture Committee in its deliberations took into consideration testimony that many young veterinary graduates are setting up practices in the suburbs and cities of America to care for the millions of cats and dogs and other pets that exist in these areas. And, I am not saying these pets do not need care, but, section 1320 is not aimed at dog and cat care. Far from it, this section is aimed at providing practicing veterinarians to assist farmers to put meat, poultry, and dairy products on our tables and clothes from fiber producing animals on our backs.

Mr. Chairman, in the United States today, 48 percent of the sale of all agricultural commodities are from animal origin. USDA's Economic Research Service, "Farm Income Statistics" for 1975 reports the cash receipts of all farm commodities to be $89.5 billion. Of this sum, $25.8 billion represents meat animals, $9.8 billion dairy products, $6.7 billion poultry and eggs, and one-half billion dollars miscellaneous livestock receipts. This involved over 190 million cattle and calves and over 83 million hogs and pigs on American farms in 1976; quite a task for 15,000 veterinarians who directly support American farmers.

Unfortunately, and this is the crux of the problem, disease costs the American cattle industry $1 billion annually. The loss to diseases in the swine industry is

estimated to be over $800 million a year or nearly 20 percent of that industry's direct gross income and a similar situation also exists in the poultry industry. This is not to say that all of these millions of dollars our farmers are suffering in losses could be saved if we trained more veterinarians. Basically, most of the savings will come from research, also provided in this bill, into what causes the diseases and the methods to be used in treatment. However, we do have an urgent need for veterinarians to treat the sick animals and poultry on the farms and we also have a vital need for young veterinarians trained in the health care of livestock and poultry to enter into disease research.

Mr. Chairman, in my State of Virginia we have 546 veterinarians. Of that number, 335 are engaged in active private practice and 75 are engaged in State regulatory agencies, research laboratories, or universities. Our State university has informed me we need 822 veterinarians now and 935 by the year 1980. In other words, Virginia has only half the veterinarians needed to meet our farm requirements.

Currently Virginia has contracts with 3 of the 21 existing veterinary medical colleges in the United States. These three States accept only 20 students per year; 15 at the University of Georgia, 3 at Ohio State and 2 at Tuskegee Institute in Alabama. There were 113 fully qualified applicants from Virginia for the 15 openings at the University of Georgia alone. With this sort of situation, it is obvious Virginia farmers are not going to receive vital veterinary support.

Currently Virginia is working out cooperative arrangements with the State of Maryland to establish a new school of veterinary medicine at its State land-grant college at Blacksburg. Also Virginia is working on arrangements with other adjacent States to take their students when the school is established. Five other States are also seeking to establish new veterinary colleges with adjacent States that do not have veterinary schools.

I understand the Department of Health, Education, and Welfare opposes this section. I also understand members from the Subcommittee on Health and the Environment of the Committee on Interstate and Foreign Commerce oppose this section. I say to you, Mr. Chairman, caring for the health of farm animals and poultry, and research into their diseases is purely an agricultural matter. The production of animals and poultry only have a human health significance if they are not produced in sufficient numbers to feed our people. I do not deny that veterinarians play several roles here. Wearing one of their other hats, so to speak, veterinarians also inspect slaughtered animals and poultry to assure our people that food produced on the farms of America is safe for human consumption. But even this function is an agricultural function under the Animal and Plant Health Inspection Service, U.S. Department of Agriculture. The Food and Drug Administration does get into the production end of agriculture, however, on the safety of certain drugs fed to animals that could be harmful to humans. Regardless, there is no doubt that current Federal policy is failing to meet the need for veterinarians on the farm nor is there any doubt that we are failing to provide sufficient Federal funds to support animal health and disease research. This title attempts to solve both of these critical farm problems. Section 1320 is a vital part of this bill.

As for the study proposed by the gentleman from New York, the American Veterinary Medical Association currently has such a study underway and I feel certain their study will prove veterinarians, like medical doctors, are improperly distributed. And as I said before, this should be the subject not of this legislation but other legislation on grants to individual students.

Again, this section of the bill addresses an agricultural need to provide assistance to new or established veterinary schools emphasizing care and preventative medical programs for food and fiber-producing animals, not for human needs to provide for the health and welfare of dogs and cats.

I urge defeat of this amendment.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman I will not use the 5 minutes. I rise in opposition to the amendment. I do so reluctantly because it is not very often that I find myself in disagreement with my distinguished colleague (Mr. McHUGH).

Enough has been said about the connection between research and the jurisdiction of the Agriculture Committee, so I will not belabor the point. But, what I would very briefly like to address myself to, and possibly underscore, is the desperate need for veterinary schools in this country. I certainly agree with my colleague from North Carolina (Mr. WHITLEY) when he pointed out that we could hardly expect a professional organization to tell us that we do not have enough professional schools covering their particular profession.

I would like to point out that in my State of California, with a population of 22 million, we have one single veterinary school.

I think it should also be recalled, that it is, these days, more difficult to get into a veterinary school than it is to get into either a medical school or a dental school. So I fail to see how anyone can seriously argue that we do not have a serious need for additional veterinary schools in this country.

Mr. Chairman, the program which is included in this particular bill provides for matching funds. It is a Federal-State joint project.

I urge the members of the committee to vote down this amendment.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the amendment of the gentleman from New York. I appreciate his concern regarding this matter. It is one that I have had a long-standing personal interest in and one which I have given considerable study. As a result of that study, I am convinced that section 1320, which expands construction and grant research funds for veterinary medicine is completely justified.

There is conflicting evidence on the projected demands for veterinarians in the United States. However, the most recent study by McLaughlin, Bard, and Talbot, published in the "Journal of American Veterinary Medicine," concluded that even the additional output from three newly created veterinary schools would not meet the national needs:

> Our study confirms the predictions made by the National Academy of Sciences study (the basis for most previous estimates), in that there will be a shortage of veterinarians through 1980, and further predicts that, under current supply conditions, the shortage will grow even more acute beyond the year 2000.

Indeed, no less an authority than Dean Robert Marshak of the University of Pennsylvania declared in a recent meeting that there is a shortage of training facilities for the increasing demands for veterinarians.

Beyond the relative merits of projections of needs for veterinary manpower, there are two points which must be considered when contemplating a new school. First, it has been clearly demonstrated that there is a large number of qualified students who desire admission to veterinary schools and are denied. Nationally, only about 1 in 8 or 9 applicants is eventually admitted to a veterinary school, as compared to 1 in 3 for a medical school.

Second, in addition to past studies regarding the need for more veterinarians and more research, there are also future trends that support this need. Among these trends are: Changes in the technology of breeding and caring for food and fiber-producing animals; changes in human dietary and fiber preferences; overall economic considerations and their effect on animal populations; public consciousness of the care and treatment of animals; and increased use of animal models for disease analysis and treatment, both in industry and in medical research.

During hearings on this bill, the American Veterinary Medical Association testified eloquently to the economic importance of food animals to our Nation. I submit this for the RECORD:

STATEMENT OF THE AMERICAN VETERINARY MEDICAL ASSOCIATION

> The economic importance of food animals cannot be underestimated. In the United States, milk supplies about 24 percent of our food protein, 12 percent of our energy, 76 percent of our calcium, 38 percent of our phosphorous, 44 percent of our riboflavin, and important percentages of other food needs. Dairymen in the United States own about 12 million cows, conservatively valued at $500 each. This $6 billion investment is accompanied by an additional investment in dairy farms of between $6 and $12 billion in land, buildings and equipment.
>
> The beef industry, as well, is a way of economic life for many rural Americans, and processing and marketing provide thousands

of jobs and dollars for the economy of every State. Beef sales account for over 25 percent of the total cash receipts on farms.

Between 90 and 100 million swine are marketed annually in this country. The direct cash income from this market amounts to $5.5 billion, and the swine industry generates an additional yearly agribusiness income of at least $4.5 billion.

Mr. Chairman, this bill also calls for cooperative efforts between States that currently have veterinary schools and those that do not. I am proud that New England was recently approved by the Congress as a site for a new veterinary school. Tufts University in Boston is to be the academic location. But Tufts is proceeding to expand their programing into every State in the New England region. The funds provided for in this bill would facilitate the regional programing that would make the New England program truly effective. I am sure that this will be true in other parts of the country as well.

Mr. Chairman, I know that when the gentleman from Massachusetts (Mr. EARLY) and I were working on the veterinary schools, to supply the money in the bill for that veterinary school in Massachusetts and one on the west coast, there were Members from Virginia, Maryland, North Carolina, and other parts of the country, who came to me and asked that we try to supply money in the HEW appropriation bill for their State.

We could not do it. We had a monetary constraint upon the budget at that time.

That is why I feel it behooves me and it is my responsibility now to stand up here and do all I can to see that this becomes a reality and that this amendment is defeated so these other States can have the veterinary schools which they so badly need.

Mr. Chairman, I urge that this amendment be defeated.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to take this opportunity to commend the gentleman from Arkansas (Mr. THORNTON) and the gentleman from Virginia (Mr. WAMPLER) for their work in bringing this particular section to the floor. Many Members had a part in it, but I know of no Member who was more instrumental than these two gentlemen, and they are indeed to be commended.

I urge that the Committee reject the amendment offered by my friend, the gentleman from New York (Mr. MCHUGH) and go forward with what the committee has brought here today to provide relief to the people of this country who need the services that can be available by veterinarians who are turned out of these schools.

I would like to call the attention of the Committee to one particular feature of this section of the bill. That provides that States which now have established schools of veterinary medicine are going to be entitled to receive at least 50 percent of the funds that are appropriated under this act. So this is not just a provision that says they will be able to build schools of veterinary medicine in Virginia, North Carolina, Arkansas, or wherever they might be needed, but that money is going to be available for expansion. I think, therefore, it is important for those Members who represent States that now have schools of veterinary medicine to remember that these funds will be available for their States as well as other States.

Mr. Chairman, I urge the Members to reject the amendment and stay with the committee position.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. MCHUGH).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PREYER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-three Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have recorded their presence. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from North Carolina (Mr. PREYER) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DE LA GARZA:

Page 130, beginning at line 5, strike out everything down through and including page 131, line 25, and insert in lieu thereof the following:

"INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

"SEC. 1327. The Secretary of Agriculture, subject to such coordination with other Federal officials and agencies as the President may direct, is authorized to:

"(1) expand the operational coordination of the Department of Agriculture with agricultural research and extension activities around the world by exchanging research materials and results and by conducting joint or coordinated research and extension on problems of significance to agriculture in the United States;

"(2) assist the programs of the Agency for International Development in agricultural research and extension in developing countries;

"(3) work with developed countries on agricultural research and extension, including the stationing of United States scientists at national and international institutions in such countries;

"(4) assist in strengthening research and extension capabilities among United States colleges and universities which are relevant to agricultural development activities overseas; and

"(5) further develop within the Department of Agriculture highly qualified experienced scientists who specialize in international agricultural programs, to be available for the activities described in this section."

Mr. DE LA GARZA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, I offer this amendment as a substitute for section 1327 of the farm bill. This section provides some badly needed authority for the Department of Agriculture to support U.S. initiative in cooperation with other countries, both developing countries and developed countries, overseas. As originally drafted, section 1327 of the bill was perceived by some to be too broad and susceptible to interpretation which might place it in conflict with other existing legislation, notably title XII of the Foreign Assistance Act. Accordingly the staff of the committee, in conjunction with representatives of the administration and the staff of the Committee on International Relations, have all worked out this amendment, which is in the nature of a substitute, for that section.

I believe that this new language makes it clear that there will be no duplication of effort by the Department of Agriculture with respect to activities under title XII of the Foreign Assistance Act. We, in supporting this amendment, Mr. Chairman, agree that there should be a cooperative effort among all of the agencies involved, both in developing and developed countries, but we do not want to have duplication. We want the Department of Agriculture to cooperate with existing agencies overseas. This amendment as offered will substitute that section and assure us that there will be no duplication but a joint cooperative effort wherever possible.

Mr. FINDLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I commend the gentleman from Texas for his constructive contribution in offering this amendment.

Certainly more research and extension, and education, are vital in the agricultural field for us to make headway, both at home and abroad, in meeting the climbing food demands around the world.

As the gentleman knows, I sponsored the "title XII—famine prevention and freedom from hunger"—program which was enacted by the Congress in 1975, and of which the gentleman was a cosponsor. This program enlists the agricultural colleges and universities of our country in the campaign to stimulate food production in developing countries through better systems for teaching farmers, research, teaching, and extension, and appropriate institutional development.

As one associated with the development of this amendment, I am pleased to note

that it does not interfere with or overlap the title XII famine prevention program of the Foreign Assistance Act in any way. In fact, it is supportive in several important respects.

So again, may I commend the gentleman from Texas and urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. DE LA GARZA).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DE LA GARZA:

Page 77, line 8, delete the word "and" at the end of the line.

Page 77, line 11, delete the period and insert in lieu thereof "; and".

Page 77, immediately following line 11, insert the following:

"(13) provide for investigation and analysis of the practicability, desirability, and feasibility of using organic waste materials to improve soil tilth and fertility.".

Page 80, line 20, immediately following the comma insert "the use of organic waste materials to improve soil tilth and fertility,".

Page 124, line 12, delete the word "and" at the end of the line.

Page 124, line 14, delete the period and insert in lieu thereof "; and".

Page 124, immediately following line 14, insert the following:

"(f) the use of organic waste materials to improve soil tilth and fertility.".

Page 132, immediately following line 17, insert the following new section 1329 and renumber succeeding sections accordingly:

"ORGANIC FARMING STUDY

"SEC. 1329. The Secretary shall conduct, and, within twelve months of the date of enactment of this Act, submit to the President and to the Congress a report containing the the results of his recommendations concerning, an investigation and analysis of the practicability, desirability, and feasibility of collecting organic waste materials, including manure, crop and food wastes, industrial organic waste, municipal sewage sludge, logging and wood-manufacturing residues, and any other organic refuse, composting, or similarly treating such materials, transporting and placing such materials onto the land to improve soil tilth and fertility. The analysis shall include the projected cost of such collection, transportation, and placement in accordance with sound locally approved soil and water conservation practices.".

Mr. DE LA GARZA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, this amendment adds a section having to do with organic farming studies to the research section of this bill. It is the exact wording that is already in another piece of legislation which has passed this House, H.R. 75, of which the gentleman from Texas is the author. It has passed this House and is waiting action in a conference in that it has already passed the Senate. I might add in the last session it passed by unanimous consent.

So what we are doing is taking the exact language of H.R. 75 and placing it in the research section here so that agricultural research and extension activities provided in title XIII include investigation and analysis of the practicability, desirability and feasibility of using organic waste materials to improve soil, tilth, and fertility.

It is an effort to avoid duplication. It is an effort to have one thrust in this area having both pieces of legislation which deal in different departments within the Department of Agriculture but nonetheless having the same wording so that we might have the same effort in this field.

Mr. Chairman, I would appreciate an "aye" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. DE LA GARZA).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PANETTA

Mr. PANETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PANETTA: Page 123, line 4, after "Conservation," insert "Water Conservation,".

Page 123, after line 24, insert the following new paragraph and redesignate the subsequent paragraph accordingly:

(d) water conservation, including the development and dissemination of scientific and technological information to improve methods, procedures and practices for conserving water (such as irrigation management, tail water reuse, desalination, and crop conversion);

Mr. PANETTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PANETTA. Mr. Chairman, the amendment I am offering today is really quite simple and, I hope, noncontroversial. It merely adds a new paragraph within the extension education subsection of title XIII, agriculture research, to direct the cooperative extension services to expand their education programs to include the development and dissemination of scientific and technological information concerning water conservation.

In light of the recent drought throughout 29 States in this country and the serious deterioration in water quality, it is becoming extremely more important that a new emphasis be placed on conserving our water resources. Since our agricultural sector consumes approximately 85 percent of all water supplies, it is particularly important that farmers be made aware of the most up-to-date methods, procedures, and practices for conserving water.

In my own area of California, which has been particularly hard-hit by the drought, serious problems have arisen as a result of overdrafts, salt water intrusion, and the accumulation of nitrates in the soil. The drilling of new wells will not alleviate these obstacles to agriculture production. But water conservation will. It has been shown that conservation practices such a more efficient irrigation management, tail water reuse, desalination, and crop conversion can save significant amounts of water and in many cases leads to higher crop yields.

While it is evident that comprehensive, long range programs must be developed to meet our future water needs, now is the time for Congress to endorse the concept of giving increasing attention to education programs for conserving water in agricultural use. Since section 1302 of this act states that "'food and agricultural science' shall relate to the problem of food and agriculture in their broadest aspects, including social, economic and political considerations of agriculture, including soil and water conservation and use," it is only appropriate that my amendment be inserted into the agriculture research section of the farm bill.

It is my hope that my colleagues will support this amendment since I feel its acceptance will represent an important step towards water conservation in this country.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, I appreciate the gentleman offering this amendment.

We feel this matter would be covered, but I think if we accept the gentleman's amendment it would delineate directly that research be done in this area.

Certainly all of us know the need and the intent of the legislation was that it be done in this area, so I have no objection and would certainly approve the amendment and urge my colleagues to adopt the amendment offered by the gentleman from California.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. Mr. Chairman, I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank the gentleman for yielding.

I compliment the gentleman from California (Mr. PANETTA) for offering this amendment. I think this was an oversight in the drafting of the legislation.

Speaking for the minority we would be willing to accept the amendment.

Mr. PANETTA. I thank the gentleman from Virginia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. PANETTA).

The amendment was agreed to.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, will the gentleman from Texas (Mr. DE LA GARZA), who is chairman of the cognizant subcommittee, yield for the purpose of a colloquy to establish some legislative history?

Mr. DE LA GARZA. Certainly.

Mr. WAMPLER. A number of questions have been raised with respect to sections 1323 and 1325 of title XIII, which deal with the relationships between the 1890 land-grant colleges and universities, including Tuskegee Institute and the 1862 land-grant institutions in the areas of agricultural research and extension. I would appreciate the gentleman's comments as to the implications of these two sections.

Mr. DE LA GARZA. The two sections not only provide for continuous, permanent funding of the 1890's and Tuskegee but also require the 1890's and Tuskegee and the 1862 institutions to coordinate their research and extension efforts to prevent duplication and fragmentation of Federal funds. This would be accomplished by the 1862 and 1890 institutions in each State jointly developing by mutual agreement a comprehensive research and extension program to be submitted to the Secretary of Agriculture for his approval. Neither the 1862, nor the 1890 institution would have veto power over the other. The Secretary would have the authority to resolve any disagreement. In addition, the sections would not impair the long-term cooperative relationships that have existed between the Department of Agriculture and the States, nor would they interfere with the present responsibilities of directors of State agricultural experiment stations or of cooperative extension to carry out the administration of Hatch or Smith-Lever funds for their States, or to coordinate and direct the State and local appropriations under their jurisdictions.

Mr. FOLEY. Would the gentleman yield?

Mr. DE LA GARZA. Certainly.

Mr. FOLEY. I thank the gentleman for yielding. I would just like to say that I support the gentleman from Texas' assessment of sections 1323 and 1325. With respect to the veto question, I also think this is vitiated by the provision in the sections that the Secretary of Agriculture would have the final approval authority on the program of research and extension to be developed by the 1890 and 1862 institutions. I have received a letter from Secretary of Agriculture, Bob Bergland, which includes the Department's position and intent on these sections, should they become law. The Secretary's statement and the gentleman from Texas' position appear to be identical. Under leave I will obtain. I place the Secretary's letter in the RECORD at this point.

Mr. DE LA GARZA. I have a copy of a letter from the President of Alabama A. & M., on behalf of the presidents of the 1890 institutions which appears to be in accord with the Secretary's position. I will also obtain leave and place it in the RECORD at this point.

Mr. WAMPLER. The two letters and the statements by Chairman FOLEY and the gentleman from Texas completely clarify the intent of the two sections to my satisfaction. They follow:

ALABAMA AGRICULTURAL AND MECHANICAL UNIVERSITY,
Normal, Ala., July 8, 1977.

HON. E. DE LA GARZA,
U.S. House of Representatives, Longworth House Office Building, Washington, D.C.

DEAR MR. DE LA GARZA: On behalf of the Presidents of the 1890 Land-Grant Colleges and Tuskegee Institute, I am submitting for use as you deem appropriate our thinking and rationale regarding legislative amendments relating to Cooperative Extension and Agricultural Research at our institutions.

Recently, several issues and concerns have emerged regarding specific sections of the legislation. The enclosed statement reflects the position of the Presidents regarding the concerns and issues. Essentially, our position is one of mutual respect and cooperation with relevant institutions in a state in developing, implementing, and evaluating research and extension programs. This requires bringing our institutions more fully into the land-grant system as full partners. We believe that this type of approach is more desirable than separate, unrelated efforts.

The current language in H.R. 7171 provides for cooperative planning of research and extension programs of 1862 and 1890 institutions without interfering with federal/state prerogatives and institutional autonomy. Therefore, we strongly urge that this language remain as stated in H.R. 7171 rather than have alternative phrases or words inserted that would change the intent of this language.

Congressman de la Garza, we appreciate all you have done for us. If at any time we may be of help to you, feel free to contact us.

Sincerely yours,

R. D. MORRISON,
President.

STATEMENT OF LEGISLATIVE NEEDS FOR 1890 RESEARCH AND EXTENSION

1. Why legislation is needed for research and extension in the 1890 Land-Grant Colleges and Tuskegee Institute.

The 1890 land-grant institutions were established in response to the Second Morrill Act of 1890 and granted privileges similar to those provided by the first Morrill Act. However, significant funding for research and extension were not made available until fiscal year 1972. At that time, the 1890's and Tuskegee Institute received funds for agricultural research out of appropriations made to the USDA Cooperative State Research Service—for grants under P.L. 89-106. This law does not specifically mention 1890 land-grant institutions and Tuskegee Institute. It is left to the discretion of the Secretary of Agriculture to provide funds for research through special grants. Similarly, these institutions receive funds for extension through special grants.

In light of this situation, federal funds cannot be considered continuous or hard funds. This affects their status and recognition in the educational community. It prevents hiring tenure staff. It hampers long-range planning at the State level. It treats them inequitably in relation to other land-grant institutions.

These institutions are already making a unique and valuable contribution to agricultural research and extension and their potential for further contributions is great.

The legislation proposed authorizes the appropriation of funds annually to colleges of 1890 and Tuskegee Institute for the support of continuous food, agricultural, and forestry research and extension education. Additionally, the legislation would insure a future role for these institutions and make them more nearly full-fledged partners with other land-grant institutions.

2. What the legislation provides.

H.R. 7171 provides continuous funding for research and extension for each fiscal year in an amount not less than 15 percent of the total appropriations for such year under Section 3 of the Act of March 2, 1887, as amended; and 4 percent of the total appropriations for such year under the Act of May 8, 1914, as amended.

The distribution of funds for the 1890 institutions and Tuskegee Institute is on a formula basis consisting of 20 percent in equal proportions; 40 percent based on rural population; and the remainder based on the farm population.

The development of a single, comprehensive, coordinated program for research and extension by the 1862 and 1890 land-grant institutions in each State is emphasized.

3. The intent of the provisions on coordination.

There are 16 states with both 1862 and 1890 land-grant institutions. These institutions were established to provide teaching, research and extension activities to the people of the State. If the federal support for research and extension to these institutions is to be effective and efficiently utilized, there must be cooperation and coordination.

The provisions in H.R. 7171 specify coordination by requiring the director of the State agricultural experiment station and the chief administrative officer for agricultural research at the eligible institution, jointly develop, by mutual agreement, a comprehensive program of agricultural research in such State. A similar provision is made for the director of the Cooperative Extension Service and the administrative head of outreach at the eligible institution.

This coordinated effort would:

a. Minimize needless duplication;

b. Focus more sharply on more problem areas needing research;

c. Mobilize more resources than are available in any one institution;

d. Bring to attention a wider array of needs and problems from a larger segment of the population; and

e. Make for a wise use of public funds.

As a result of the coordination there would be a single, comprehensive program for research and extension, within each State, that would maximize the unique competencies and capabilities of participating institutions without destroying or limiting institutional autonomy.

Such a program would:

a. Identify and specify problem areas of concern;

b. Prioritize problems for appropriate action;

c. Identify and specify specific roles and functions of each participating institution;

d. Develop time frames, milestones or goals to be achieved;

e. Specify resources needed to solve problems; and

f. Develop and use evaluating machanisms.

The program should be long-term—not less than five years. The intent is for the program to be developed jointly by the participating institutions with neither having veto power over the other. The intent is to assure the future of the 1890 and 1862 land-grant institutions and Tuskegee Institute as full partners in the land-grant community and to consider and to make use of their contributions.

We expect that the Secretary of Agriculture, in meeting his responsibilities, will find the means to encourage these educational institutions to work together in a broadened science and education effort serving all of the people of a State.

In summary, the President of the 1890 land-grant colleges and universities and Tuskegee Institute wish to work as full partners with relevant institutions in a State in jointly developing, implementing and evaluating research and extension programs in an atmosphere of mutual respect and cooperation.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 14, 1977.

HON. THOMAS S. FOLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. FOLEY: This letter is in response to your request for the Department's interpretation of the coordination provisions of Sections 1323 and 1325 of H.R. 7171. These sections provide continuous funding for research and extension to the 1890 land-grant colleges and universities and Tuskegee In-

stitute. They bring these institutions in as full partners in the USDA-land-grant system for research and extension. The Department fully supports these sections.

The provisions for coordination of programs between the 1862 and 1890 institutions of each State are essential to ensure that the use of Federal funds will result in a single program tailored to the needs of the people of the State rather than two separate programs with potential duplication and fragmentation of effort. We expect this to be done by a reciprocal exchange of ideas between the institutions and by mutual agreement regarding the division of responsibilities and areas of active cooperation.

It is not intended that either the 1862 or the 1890 institutions would have veto power. We accept the statements of the 1890 Presidents to members of Congress and to our Department that this will not occur on their part and trust that the 1862 institutions also will avoid this abuse of the partnership. Furthermore, if this should occur despite the good intentions of both parties, the Secretary can monitor and correct such activity.

There is no reason to believe that these sections will impair the strong and continuing cooperative relationships between the Department and the States. The Secretary never has had jurisdiction over the use of State and local funds in agricultural research and extension and this will not change. Such information as the States submit on State appropriations is and will be voluntary and in the interest of cooperation.

These sections will not be carried out by the Department in a manner that will impinge on the present responsibilities of directors of State agricultural experiment stations or of cooperative extension to carry out the administration of Hatch or Smith-Lever funds for their State, or to coordinate and direct the State and local appropriations under their jurisdictions.

This information is offered as the Department's position and intent should the provisions of H.R. 7171 become law.

Sincerely,

BOB BERGLAND,
Secretary.

Mr. THORNTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first, I would like to take this opportunity to express my sincere appreciation and congratulations to the gentleman from Virginia (Mr. WAMPLER) for the gentleman's outstanding work on behalf of the research section, and also to recognize the effective leadership of our subcommittee chairman, whose leadership has made possible the development of this legislation. Also, Mr. Chairman, I want to call to the attention of the Committee a need by the administration to consider one technical problem which may arise with regard to a section of this title XIII. Section 1304 of title XIII provides for the establishment of a standing Subcommittee on Food and Renewable Resources of the Federal Coordinating Council for Engineering and Technology. That Federal Coordinating Council was established by Public Law 94–282; but it should be called to the attention of the Committee and of the administration, that the President's first reorganization plan, which was submitted to the Congress just last July 15, calls for the abolition of the Federal Coordinating Council.

In accordance with the provisions of the Reorganization Act, the President has authority to do this provided that the Congress does not within 60 days disapprove of the plan. However the President must carry forward the provisions of any statutory matter which has been enacted before reorganization is accomplished. The first reorganization plan states that while the Federal Coordinating Council will be abolished, the functions for which it is responsible will be transferred to the President, with the intent of redelegating them to a Cabinet committee.

Mr. Chairman, the standing Subcommittee on Food and Renewable Resources and its functions provided for in section 1304 is not yet a statutory provision. Even if the Federal Coordinating Council is, in fact, abolished, the need for better coordination of agricultural research activities among the Federal agencies will remain as strong as it is now. Furthermore, I expect that the statutory requirement for such coordination, which is embodied in our bill will, if and when it becomes law, be treated in the same manner as the existing statutory functions of the Federal Council.

I hope that the President when he takes up the task of performing and perhaps redelegating the funtcions of the Federal Coordinating Council and its several functions, will give the most serious attention to the functions contained in section 1304. Agricultural research is performed by a number of Federal agencies, and together they can make a very major contribution to increasing the productivity of agriculture in our country and around the globe. I, therefore, respectfully urge the Administration to give this matter the attention it deserves.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. THORNTON. I am delighted to yield to the gentleman from Virginia.

Mr. WAMPLER. I thank the distinguished gentleman from Arkansas for his very kind remarks pertaining to my participation in drafting this title of the bill. I would likewise express my appreciation to him for his cooperation.

I agree with his interpretation of the language he just read into the RECORD. I think that is a correct interpretation, and I hope those who will be charged with the responsibility of administering this section will take note of it.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requiiste number of words.

Mr. Chairman, very briefly, I cannot let this opportunity pass before we close this section to commend very, very strongly the gentleman from Virginia (Mr. WAMPLER) and the gentleman from Arkansas (Mr. THORNTON) who were the leading authors of this legislation. Their cooperation with me, as chairman of the subcommittee, and with the subcommittee which I have the honor of presiding over has been excellent.

I cannot pass over the excellent, exhaustive and very diligent work done by the staff in coordinating all of the institutions and all of the elements involved in this research section which will be, I hope, very, very important for the future of this country. I wanted to take these few seconds to be sure that this was mentioned, Mr. Chairman.

The CHAIRMAN. Are there further amendments to title XIII?

If not, the Clerk will read title XIV.

The Clerk read as follows:

TITLE XIV—AGRICULTURAL SOLAR ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1977

SEC. 1401. This title may be cited as the "Agricultural Solar Energy Research, Development, and Demonstration Act of 1977".

Subtitle I—Existing Programs

AGRICULTURAL RESEARCH

SEC. 1402. The Act of June 29, 1935 (popularly known as the Bankhead-Jones Act), as amended, is amended—

(1) by inserting after "electricity and other forms of power;" in the third sentence of section 1 (7 U.S.C. 427) the following: "research and development relating to uses of solar energy with respect to farm buildings, farm homes, and farm machinery (including equipment used to dry crops and provide irrigation);";

(2) by adding at the end of section 1 the following new sentence: "For purposes of this title, the term 'solar energy' means energy (other than energy derived from the fossilization process) obtained from solar radiation."; and

(3) by adding at the end of section 10 (7 U.S.C. 4271) the following new subsection:

"(f) Of the sums authorized to be appropriated for any fiscal year under subsection (a) of this section, $25,000,000 is authorized to be appropriated to carry out research and development relating to uses of solar energy with respect to farm buildings, farm homes, and farm machinery (including equipment used to dry crops and provide irrigation).".

AGRICULTURAL EXTENSION

SEC. 1403. The Act of May 8, 1914 (popularly known as the Smith-Lever Act), as amended, is amended—

(1) by inserting after "subjects relating to agriculture" in the first section (7 U.S.C. 341) the following: ", uses of solar energy with respect to agriculture,";

(2) by adding at the end of the first section the following new sentence: "For purposes of this Act, the term 'solar energy' means energy (other than energy derived from the fossilization process) obtained from solar radiation.";

(3) by inserting after "demonstrations in agriculture" in section 2 (7 U.S.C. 342) the following: ", uses of solar energy with respect to agriculture,"; and

(4) by adding at the end of section 3(a) (7 U.S.C. 343(a)) the following new sentence: "Five per centum of the sums so authorized to be appropriated for each fiscal year shall be used to carry out cooperative agricultural extension work with respect to uses of solar energy.".

RURAL DEVELOPMENT

SEC. 1404. (a) Section 303 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923) is amended by inserting "(a)" immediately before the first sentence and by adding the following new subsections at the end of such section:

"(b) For purposes of this subtitle—

"(1) the term 'improving farms' includes, but is not limited to, the acquisition and installation of any qualified solar energy thermal conversion system in any residential structure located on a family farm; and

"(2) the term 'qualified solar energy thermal conversion system' means solar heating and cooling equipment (within the meaning of the Solar Heating and Cooling Demonstration Act of 1974) which meets such standards as may be prescribed by the Secretary, taking into consideration appropriate

and available standards prescribed by the Secretary of Housing and Urban Development.

"(c) Five years after the enactment of this subsection, no loan may be made or insured under this subtitle for the purpose of financing the acquisition and installation of any qualified solar energy thermal conversion system in any residential structure located on a family farm.".

(b) Section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by inserting after "poultry, and farm equipment" in clause (2) the following: "(including equipment which utilizes solar energy)"; and

(2) by adding at the end of such section the following new sentence: "For the purposes of this subtitle, the term 'solar energy' means energy (other than energy derived from the fossilization process) obtained from solar radiation.".

Subtitle II—Solar Demonstration Farms

SOLAR RESEARCH INFORMATION SYSTEM

SEC. 1405. The Secretary of Agriculture (hereinafter in this title referred to as the "Secretary"), through the Cooperative State Research Service and such other agencies within the Department of Agriculture as the Secretary considers appropriate, shall, by June 1, 1978, and by June 1 in each year thereafter, make a compilation of all solar energy research projects being carried out during such year and the results of such projects. In making a compilation under this section, the Secretary shall consult with the Energy Research and Development Administration, the Agricultural Institute of the National Academy of Sciences, and private and nonprofit institutions which are carrying out solar energy research projects. Such projects shall include, but shall not be limited to, heating and cooling methods for farm structures and dwellings (such as greenhouses and livestock shelters), storage of power, operation of farm equipment (including irrigation pumps, crop dryers, and anaerobic digesters), and development of new technology to be used on farms which are powered by solar energy.

ADVISORY COMMITTEE

SEC. 1406. In order to assist the Secretary in carrying out his functions under this title, the Secretary is authorized to establish an Advisory Committee within the Department of Agriculture or utilize an existing Advisory Committee, if a suitable one exists, for such purposes.

SEC. 1407. The Chairman and members of any Advisory Committee established by the Secretary under section 1406 shall be appointed by the Secretary for such term as the Secretary may prescribe. The Committee shall consist of a number of members, as determined by the Secretary, fairly balanced in terms of points of views represented and functions to be performed. It is the sense of Congress that the advice and recommendations of any Advisory Committee used under this title should be the result of the Committee's independent findings and judgment.

SEC. 1408. Any Advisory Committee which the Secretary may use to assist him under this title shall have the following functions, among other functions assigned to it by the Secretary. It shall—

(a) as soon as practicable after completion of a compilation under section 1405 meet with regional representatives of the State departments of agriculture—

(1) to determine and make recommendations concerning which solar energy research projects included in such compilation are, with respect to each State and region, useful and beneficial taking into consideration—

(i) the energy and agricultural needs and resources of such State or region;

(ii) the condition of soil and water resources in such State or region;

(iii) the needs of small farmers in such State or region;

(iv) the feasibility of using various energy systems in such State or region considering the climate, weather, wind velocity, number of farms (especially livestock farms), sizes of farms, and other factors which affect the usage of energy systems in such State or region;

(v) the practicability and expense of carrying out and demonstrating a project in such State or region; and

(vi) such other factors as the Committee may determine; and

(2) to review and evaluate each solar energy research project being carried out under sections 1414 and 1415 in each State and region with respect to—

(i) the results, progress, and effectiveness of such project;

(ii) the degree of local interest with regard to such project; and

(iii) the factors described in subparagraph (1);

(b) as soon as practicable after a meeting held under paragraph (a) and based on the determinations and evluations made during such meeting, recommend to each State department of agriculture and to the regional representative of each region solar energy research projects which the Committee determines should be started, continued, continued with modifications, or discontinued under sections 1414 and 1415 in such State or region during the fiscal year beginning after such recommendation;

(c) make recommendations to the Secretary regarding applications from State Departments of Agriculture for grants under section 1413; and

(d) prepare and submit an annual report to the Secretary and to each House of the Congress containing a detailed summary of the recommendations made under paragraph (b) and of the results of the evaluation carried out under paragraph (a)(2).

SEC. 1409. (a) Except as provided in subsection (b), members of the Committee shall serve without pay.

(b) Members of the Committee who are full-time officers or employees of the United States or Members of Congress shall receive no additional pay on account of their service on the Committee.

(c) While away from their homes or regular places of business in the performance of services for the Committee, members shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

SEC. 1410. (a) The Secretary shall provide an adequate number of employees from the Department of Agriculture to assist the members of the Committee in performing their duties.

(b) The Committee may procure temporary and intermittent services of experts and consultants to the same extent as is authorized by section 3109(b) of title 5, United States Code.

(c) Upon request of the Committee, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Committee to assist it in carrying out its duties under this title.

SEC. 1411. Upon request of the Chairman of the Committee, each department, agency, and instrumentality of the United States shall furnish to the Committee such information as the Committee deems necessary to carry out its duties under this Act. The Committee may acquire, by purchase or otherwise, from the departments, agencies, and instrumentalities of the States and political subdivisions of States and from private and nonprofit institutions such information concerning solar energy research projects as the Committee deems necessary to carry out its duties under this title.

SEC. 1412. Any committee appointed by the Secretary under this section shall not continue in existence beyond September 30, 1981, unless extended by Act of Congress.

GRANT PROGRAM

SEC. 1413. (a) In order to promote the establishment, operation, and demonstration of solar energy research projects, the Secretary shall use 80 per centum of the funds authorized to be appropriated under this subtitle to make grants to State departments of agriculture for the purposes of establishing model farms under section 1414 and demonstrations of solar energy research projects under section 1415.

(b) Any State department of agriculture may submit to the Secretary an application to receive a grant under this title at such times, in such form, and containing such information as the Secretary may, by rule, require.

(c) The Secretary may only make a grant under this title to a State department of agriculture if such department—

(1) agrees to comply with the provisions of sections 1414 and 1415; and

(2) agrees to provide such fiscal control and fund accounting procedures as the Secretary deems necessary to assure proper disbursement and accounting of Federal funds which such department receives under this title.

(d) Grants to carry out activities under this title are for obligation in the fiscal year for which they are made available. Any grant made available to a State department of agriculture and not obligated by that department during the fiscal year for which it is made shall not be available for obligation in a subsequent fiscal year.

(e) Any State department of agriculture receiving a grant under this title with respect to any fiscal year shall be eligible to receive grants under this title with respect to subsequent fiscal years, except that if the department does not comply with the provisions of its agreement under subsection (c), the Secretary may not make a subsequent grant under this title to the department until the department complies with such provisions.

(f) The Secretary shall determine the amount of a grant under this title, except that with respect to any fiscal year, no State department of agriculture may receive more than 5 per centum of the funds authorized to be appropriated to carry out the provisions of this title.

MODEL FARMS

SEC. 1414. (a) After receiving a recommendation from the Committee under section 1408(b), each State department of agriculture receiving a grant under this title for the fiscal year with respect to which such recommendations is made shall meet with its regional representative and, from among the projects included in such recommendations, shall select the projects to be carried out in that State during such fiscal year under this section.

(b) During the first fiscal year for which a State department of agriculture receives a grant under this title, the department shall establish (working with the Extension Service of the Department of Agriculture and with State agricultural experiments stations, agricultural institutes of higher education, and private and nonprofit institutions, which are located in the State and which carry out solar energy research projects in the State) a farm—

(1) which demonstrates all the solar en-

ergy-research projects selected to be carried out in the State under subsection (a);

(2) which is located in the State on land owned by the State; and

(3) which uses other farming practices, such as raising livestock and crops, in order to make such farm a model farm which uses new and improved methods of agriculture.

(c) Any livestock and crops produced on a model farm established under this section may be sold by the State department of agriculture which established such farm, and any funds received from such sales shall be paid to the United States Department of Agriculture for deposit into the miscellaneous reecipts of the Treasury of the United States.

(d) Each State department of agriculture receiving a grant under this title for any fiscal year shall, during such year—

(1) provide tours of the model farm established by it under this section to farmers and other interested groups and individuals and, upon request, provide such farmers, groups, and individuals with information concerning the operation of such model farm and the demonstrations, if any, established by it under section 1415;

(2) determine the costs of energy, the income, and the total costs of such model farm;

(3) submit a report concerning the use of equipment, income, costs, operating difficulties, and farmer interest with respect to such model farm and the demonstrations, if any, estabilshed by it under section 1415, along with any recommendations concerning continuation and modification of projects being carried out in the State under this section and section 1415, to its regional representative who shall submit the report at the next meeting held under section 1408(b).

DEMONSTRATION FARMS

SEC. 1415. (a) During each fiscal year after the first two fiscal years for which a State department of agriculture receives grants under this title, the department shall establish not less than ten demonstrations of solar energy research projects which the department selects from among the projects demonstrated on the model farm established by the department under section 1414. Such demonstrations shall be carried out on farms which are already operating in the State.

(b) A State department of agriculture shall enter into a written agreement with any person who owns a farm selected by the department and who is willing to carry out a demonstration under this section. Such agreement shall include the following provisions concerning solar energy research projects which the owner agrees to demonstrate on such farm:

(1) the owner shall carry out such projects on such farm for a period of five years;

(2) tools, equipment, seeds, seedlings, fertilizer, equipment, and other agricultural materials and technology which are necessary to carry out such projects and which, on the date of such agreement, are not commonly being used on farms in such State, shall be provided by the department:

(3) during the five-year period, the department, with the assistance of the Extension Service of the Department of Agriculture, shall provide the owner with technical assistance concerning such projects;

(4) during the five-year period and for such other periods as the department deems necessary, the owner shall—

(A) keep a monthly record for such farm of changes, if any, in energy usage and costs, the amount of agricultural commodities produced, the costs of producing such amount, and the income derived from producing such amount, and of such other data concerning such projects as the department may require; and

(B) transmit to the department such monthly records, along with a report containing his or her findings, conclusions, and recommendations concerning such projects;

(5) during the five-year period, the owner shall give tours of such farm to farmers and other interested groups and individuals and provide them with a summary of the costs of carrying out such projects;

(6) all right, title, and interest to any agricultural commodity produced on such farm as a result of such projects shall be in the owner;

(7) at the end of the five-year period, the owner shall have all right, title, and interest to any materials and technology provided under paragraph (2); and

(8) such other provisions as the Secretary may, by rule, require.

DEFINITIONS

SEC. 1416. For purposes of this title—

(1) the term "institute of higher education" means an educational institution in any State which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (B) is legally authorized within such State to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (D) is a public or other nonprofit institution, and (E) is acredited by a nationally recognized accrediting agency or association;

(2) the term "solar energy" means energy (other than energy derived from the fossilization process) obtained from solar radiation;

(3) the term "region" means any of the four regions into which States are divided by the Secretary for the purposes of this title;

(4) the term "State" means any State of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands; and

(5) the term "State agricultural experiment station means a department which has been established under the direction of a college or university in any State in accordance with the Act entitled "An Act donating Public Lands to the several States and Territories which may provide College for the Benefit of Agriculture and the Mechanics Arts", approved July 2, 1862 (12 Stat. 503; 7 U.S.C. 301–305, 307, and 308); or a department which is established pursuant to standards prescribed by the State and the purpose of which is to conduct agricultural research.

AUTHORIZATION OF APPROPRIATION

SEC. 1417. There is authorized to be appropriated $20,000,000 for this title for the period beginning October 1, 1977, and ending September 30, 1981, and thereafter such sums as may be authorized by Congress.

Mr. DE LA GARZA. Mr. Chairman, I ask unanimous consent that this title be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. BOWEN

Mr. BOWEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOWEN: Page 157, immediately after line 15, insert the following:

"Subtitle III—Regional Solar Energy Research and Development Centers

"REGIONAL CENTERS

"SEC. 1418. In order to provide for research and development projects having a national or regional application, the Secretary of Agriculture shall establish in existing federal facilities or in cooperation with State and local government agencies, including State departments of agriculture, colleges and universities, or other qualified persons and organizations, including local non-profit research groups, no less than three nor more than five regional solar energy research and development centers in the United States, to be variously located so as to reflect the unique solar characteristics of different latitudes and climatic regions within the United States. Funds used in the operation of such regional centers may be used for the rehabilitation of existing buildings or facilities to house such centers, but may not be used for the construction or acquisition of new buildings.

"AUTHORIZATION FOR APPROPRIATIONS

"SEC. 1419. There are authorized to be appropriated such funds as are needed to carry out the provisions of this subtitle."

Mr. BOWEN. Mr. Chairman, I would like to commend the gentleman from California (Mr. BROWN) for his outstanding work in this area, in preparing this title of the bill. He is to be commended. The skill that he brings to the Committee on Agriculture as a result of his work as chairman of the Subcommittee on the Environment and the Atmosphere of the Committee on Science and Technology has certainly been of value to us. I have prepared this amendment in cooperation with him. It is a part of the Senate bill, as well.

The senior Senator from Minnesota has expressed a very keen interest in it, as well as several others in that body. It provides a valuable supplement, I believe, to the title, and it provides for the research work that is needed through our institutions of higher learning on a regional basis in the area concerning solar research as it relates to agriculture.

This would involve, of course, the problems of crop drying, biomass, heating, and a variety of other agricultural applications which might be addressed through the research of our universities on a limited basis regionally.

Mr. Chairman, I would commend it to the attention of the House and urge its approval.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we find no objection to this excellent amendment and we think it will complement the legislation.

I am gratified to see that the words "solar energy" are used, because in some areas, such as the Southwest and, particularly, in my area, solar energy can be utilized for cooling, the same as in other areas where it can be used for heating. Certainly, if this statement has any weight, I would hope that one of these research facilities would be established in an area of the Southwest where we have different problems from the solar

heating situation in areas of the North or the Northeast.

With that, Mr. Chairman, I would endorse the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. BOWEN).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XIV?

AMENDMENT OFFERED BY MR. FISH

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 141, line 25, strike the words "(other than energy derived" and all that follows through line 2 on page 142, and insert in lieu thereof the words, "derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Research and Development Act of 1974, as amended."; and"

Page 142, strike lines 18 through 22, and insert in lieu thereof the following:

"(2) by adding at the end of the first section the following new sentence: "For the purposes of this Act, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Energy Research and Development Act of 1974, as amended.";

Page 143, strike lines 18 through 23 and insert in lieu thereof the following:

"Qualified non-fossil energy system in any residential structure located on a family farm; and

"(2) The term 'qualified non-fossil energy system' means any system that utilizes technologies to generate fuel, energy, or energy intensive products from products, other than fossil fuels, as included in the Federal Nonnuclear Energy Research and Development Act of 1974, as amended.";"

Page 144, strike lines 4 through 8.

Page 144, strike lines 14 through 18, and insert in lieu thereof the following:

"(2) by adding at the end of such section the following new sentence: "For the purposes of this subtitle, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Research and Development Act of 1974, as amended."."

Page 145, strike lines 12 through 14, and insert in lieu thereof the following; "(including irrigation pumps, crop dryers, and electric vehicles), and development of new technology to be used on farms which are powered by other than fossil fuels or derivatives thereof.".

Page 156, strike lines 16 through 18 and insert in lieu thereof the following:

"(2) The term "solar energy" means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-nuclear Energy Research and Development Act of 1974, as amended;"

Mr. FISH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, I would like to take this opportunity to congratulate the Agriculture Committee, and Mr. BROWN of California and Mr. JEFFORDS, my colleague on the House Science and Technology Committee, for their foresight and boldness in including title XIV in this year's agriculture bill.

Solar energy derived indirectly from solar radiation is a significant renewable nonfossil source of energy on which development efforts must be expanded. There are, however, other renewable nonfossil forms of energy beyond the bounds of solar radiation that are showing great promise for a variety of applications.

I fully expect that the committee intends the definition of the term "solar energy" to be broad, but under the definition contained in H.R. 7171, solar energy is limited to that energy "obtained from solar radiation." This would restrict solar application in agriculture to solar heating and cooling, wind power, and the growing of crops and use of brush for biomass conversion. These sources of nonfossil energy offer great potential, but they are by no means all of the nonfossil sources of energy that are currently available to rural America.

It is estimated that current technologies in the nonfossil fuel area could supply up to one-third of the current needs of agriculture. Unfortunately, the definition of solar energy contained in the bill before us excludes many of these technologies. What are excluded in the present language are biomass of garbage as well as agricultural solid wastes, electric vehicles, low-head hydroelectric dams which can generate enormous amounts of energy from irrigation ditches and streams, geothermal energy, utilizing heat from the Earth's core, fuel cells, and other technologies all of which are applicable to farming now or will be in the very near future. My amendment would include all of these technologies.

The definition contained in title XIV appears at four points and reads as follows:

Solar energy means energy (other than from the fossilization process) obtained from solar radiation.

This definition as I have explained confines solar energy to solar heating and cooling, wind power, and biomass from agricultural crops. In addition, the exclusion of the fossilization process in activity excludes only coal, since coal is the only fossil fuel obtained from solar radiation—that is, plants.

My amendment alters this definition to clearly exclude all fossil fuels, and to include nonfossil fuel technologies that are included in the Federal nonnuclear Energy Research and Development Act of 1974, as amended. This act covers the entire range of nonnuclear alternative sources of energy. This will give the Department of Agriculture clear and precise direction, and eliminate any confusion as to what technologies are to be included in the programs outlined in title XIV.

The definition of solar energy appears at four points in the title. My substitute definition reads as follows:

Solar energy means energy derived from sources (other than fossil fuels) and technologies included in the Federal Nonnuclear Energy Research and Development Act of 1974, as amended.

My amendment makes three other changes in the bill. The first appears on page 143, lines 18 through 23. It broadens the definition of solar energy thermal conversion systems to be in line with the expanded definition of solar energy.

Second, I strike lines 4 to 8 on page 144.

This amendment strikes the 5-year time limit given the Department of Agriculture to extend loans under this title. I struck this because some nonfossil technologies are not yet on line due either to mechanical difficulties, which is the case of windmills, or due to the fact that the technologies are not yet economically feasible, such as photovoltaics. I feel that we should not limit the possibilities to fully examine the potential available to us in the area of nonfossil energy technologies.

The other change made by this amendment would correct technical errors contained on page 145, lines 12 through 14.

In drafting this amendment, I and my staff have consulted with counsels from ERDA, the Department of Agriculture, the House Science and Technology Committee, and the House Agriculture Committee. They all concur in my understanding of the limited definition of solar energy contained in the bill, and of what my amendment will accomplish.

I and my staff have also conferred with the Office of the Assistant Secretary of Agriculture for Rural Development, and he has said that my "amendment is in line with his policies and goals."

While I wish to reiterate and praise the great adance the Agriculture Committee and Mr. BROWN of California and Mr. JEFFORDS have made to bring the application of solar energy to the farm, I do feel that now is the time to broaden the scope of potential energy resources and to make them readily available today for the benefit of American agriculture and to its future energy independence.

Mr. Chairman, I feel my amendment more closely reflects the goals and policies that have been set by the President and Congress in the area of energy than do the definitions contained in H.R. 7171, and I uge my colleagues to accept the amendment.

Mr. BROWN of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am in a rather difficult position with regard to this amendment. I think all of us in the House have expressed our desire on repeated occasions to accelerate the progress of this country toward the application of the replenishable and infinite source of energy such as represented by solar energy.

The intent of this particular section of the bill was to indicate to the Departmen of Agriculture that the House, and the Congress as a whole, assigned a high priority to this kind of activity and that we felt that the Department should move aggressively in this field. There had been some signs that it was not moving aggressively. For example, many Members probably noted recent news stories in the local press to the effect that the Farmers

Home Administration had rejected loan applications because they contained a solar heating and cooling element. Obviously this is not in line with the desires of most Members of the House, as I interpret them.

The section was intended to make clear that the legislative authority of the Farmers Home Administration, the Agricultural Research Service, and the Agricultural Extension Service included the authority to dissiminate the technology of solar energy and to conduct such research as was necessary in the applications of this form of energy to rural America and to agricultural uses.

What the gentleman from New York (Mr. FISH) has done is very commendable, and I want to express my commendation. He has broadened the definition of "solar energy" to include a wider range of applications. I think he has made it more comprehensive but I feel that we may, by adopting his amendment, be in a position of loving a good thing to death if we are not careful.

Mr. Chairman, the Department of Agriculture feels that we may be moving too rapidly in this area. As a matter of fact, there is some feeling within ERDA that we may be requiring, in the ERDA authorizing legislation that we have passed, faster progress in the field of solar energy than the technology would now permit.

I think in all honesty, Mr. Chairman, that I have to tell the House that the Secretary of Agriculture, who I know is an enthusiastic exponent of solar energy, has called me and has informed me that the official position of the Department was to oppose this entire solar energy section as representing a greater effort than they are prepared to make at the present time. I feel that it is desirable to move ahead with this initiative, and I think most Members agree that we should do so. But the amendment of the gentleman from New York (Mr. FISH) represents an even further extension of what we tried to do in this legislation. I cannot, in view of the expressed opposition of the Department to the speed with which we are moving now, express wholehearted support for the amendment of the gentleman from New York.

I leave it in the hands of the Members, having given them the purpose behind the existing language and the attitude of the administration, to vote their own best judgment on this matter. I am sure, Mr. Chairman, that it will all work out properly in the end.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as expressed in the prior amendment, I have great sympathy for the intent of the gentleman from New York (Mr. FISH) in offering his amendment.

I am constrained, nonetheless, to say that the section of the bill was very narrowly drafted to do exactly what it was intended to do in seeing that the Department of Agriculture and its different agencies would have authority over this area.

The gentleman broadens quite extensively that intent and, further, if I read the gentleman's amendment correctly, he strikes out a very important section which this gentleman now speaking has supported in many other pieces of legislation, something that is called the "sunset section" wherein we provide an end to the specifics of a section, as is incorporated in the bill, and the gentleman from New York (Mr. FISH) strikes it out completely. Therefore this does not give us the control for reexamination and oversight.

For that reason, Mr. Chairman, I am constrained to oppose the amendment in this form.

Mr. SEBELIUS. Mr. Speaker, I move to strike the last word.

Mr. Chairman, with all due respect to the opinion of the chairman of the subcommittee, the gentleman from Texas (Mr. DE LA GARZA) and with respect to the gentleman from California (Mr. BROWN) who has been the leader in this action, I feel that the matter should be broadened if we wish to carry out the things the gentleman from New York (Mr. FISH) has mentioned here.

Mr. Chairman, this would permit the farmers to invest in such energy saving items as crop residues for powering irrigation pumps, crop drying and heating and cooling of farm building, energy systems that utilize gasohol, solar and wind power would be eligible for such loans.

The Farmers Home Administration would coordinate the program, the lending program, with the Energy Research and Development Administration. The rural areas would be eligible for this type of lending assistance. So by joining the Farmers Home Administration with ERDA, it should enable persons to develop the best alternative energy source for a given application.

I am hopeful that we can pass this amendment.

Mr. Chairman, I have contacted researchers at Kansas State University and the University of Kansas, and they join with me in believing that the gentleman from New York (Mr. FISH) has a good amendment.

Mr. Chairman, I urge the adoption of the amendment.

Mr. PURSELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had the chance to talk to some of the farmers in Michigan, particularly the young farmers, and they think, and I think, that the amendment offered by the gentleman from New York (Mr. FISH) can be looked upon as giving us a chance, in this farm bill, to encourage us to use alternative sources of energy.

Quite frankly, Mr. Chairman, I wish to compliment the gentleman from New York (Mr. FISH) in exerting some leadership here on the floor, particularly at this time when the President of the United States and the Congress will be addressing themselves to energy in the next few days. I believe that this is a very timely amendment. I would hope that the Members of the House today would accept this amendment, and the other amendment. I ask this, because I think that having done so, we can offer our young farmers an opportunity, particularly the ones I have talked to, to look forward to alternatives in energy. They, too, would like to see this expanded through enabling legislation. This is what I consider enabling leigslation, to encourage the Secretary to give preference toward looking in the future at other sources of energy for the future of the farms in this country.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. PURSELL. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, I thank the gentleman from Michigan (Mr. PURSELL) very much for yielding to me.

Mr. Chairman, with all due respect to my friend and colleague, the gentleman from Texas (Mr. DE LA GARZA), I would like to point out that a "sunset" provision is not very feasible in a measure such as this when we are talking not just about those technologies which are ready now and economically feasible, such as the low-head hydroelectric dams, but we are also talking about technologies that may come on line when they get the bugs out as in the case of windmills in the next year or two, photovoltaics, which may be a couple of years down the road. To have this enlarged FHA funding in place, and see the technological improvements through research, development, and demonstration going to commercialization, and then to have all these farming communities and business communities and the people administering this act looking at a termination date with the possibility of going out of business I think would be totally contrary to the effort we all share and the goal of attempting to move away from dependence on fossil fuels.

I think that the agricultural community gives us a perfect example of a self-contained entity that can with its own waste in many cases generate gas or some other form of energy that will lead it to be less of a drain on the entire community's resources.

I thank the gentleman very much for yielding.

Mr. PURSELL. I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. FISH).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XIV? If not, the Clerk will read title XV.

The Clerk read as follows:

TITLE XV—WHEAT AND WHEAT FOODS RESEARCH AND NUTRITION EDUCATION ACT

SHORT TITLE

SEC. 1501. This title may be cited as the "Wheat and Wheat Foods Research and Nutrition Education Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 1502. Wheat is basic to the American diet and the American economy. It is grown by thousands of farmers and consumed, in various forms, by two hundred and fifteen million people in this country. All commerce in wheat, processed wheat and end products is in interstate commerce or burdens or affects interstate commerce.

The size of the American wheat crop and how it is marketed and ultimately consumed determines whether many of our citizens will receive adequate nourishment. Wheat has a strong impact on both the physical and economic health of America. Additional research on the optimal use of wheat products can improve the American diet. Consumer education about the nutritional value and economic use of wheat products can enhance our national welfare.

It has long been recognized that it is in the national public interest to have a regular, adequate, and high quality wheat supply. It would be extremely difficult, without an effective coordinated research and nutrition education effort, to fully accomplish this objective. Such a programed effort of research and nutrition education is of great importance to wheat producers, processors, end product manufacturers, and consumers alike.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein, to authorize and enable the creation of an orderly procedure, adequately financed through an assessment for the development and initiation of an effective and continuous coordinated program of research, and dissemination of the results of research through nutrition education, designed to improve and enhance the quality and make the most efficient use of American wheat, processed wheat, and wheat end products to insure an adequate diet for all Americans. The maximum rate of assessment authorized hereunder would represent an infinitesimal proportion of the overall cost of manufacturing wheat end products. Therefore, it is not expected that such assessment would significantly affect the retail prices of those products. Furthermore, any such price effect is expected to be more than offset by the increased efficiency in end product manufacture and increased consumer acceptance, due to nutritional improvements in those products, which may be expected to follow from adoption of a plan under this Act. Nothing in this Act shall be construed to provide for control of production or otherwise limit the right of individual wheat producers to produce wheat.

DEFINITIONS

SEC. 1503. For the purpose of this Act:

(a) The term "wheat" means all classes of wheat grains grown in the United States.

(b) The term "processed wheat" means the wheat-derived content of any substance (such as cake mix or flour) produced for use as an ingredient of an end product by changing wheat grown within the United States in form or character by any mechanical, chemical, or other means.

(c) The term "end product" means any product which contains processed wheat as an ingredient and which is intended, as produced, for consumption as human food notwithstanding any additional incidental preparation which may be necessary by the ultimate consumer.

(d) The term "wheat producer" means any person who grows wheat within the United States for market.

(e) The term "processor" means any person who commercially produces processed wheat within the United States.

(f) The term "end product manufacturer" means any person, who commercially produces an end product containing processed wheat within the United States, but such term shall not include such persons to the extent that they produce end products on the premises where such end products are to be consumed by an ultimate consumer, including, but not limited to, hotels, restaurants, and institutions, nor shall such term include persons who produce end products for their own personal, family, or household use.

(g) The term "research" means any type of research to advance the nutritional quality, marketability, production, or other qualities of wheat, processed wheat, and end products.

(h) The term "nutrition education" means any action to disseminate to the public information resulting from research plans or projects concerning the economic value or nutritional benefits of wheat, processed wheat, and end products.

(i) The term "Council" means the Wheat Industry Council established pursuant to section 1506 of this Act.

(j) The term "Department" means the United States Department of Agriculture.

(k) The term "Secretary" means the Secretary of Agriculture, or any officer or employee of the United States Department of Agriculture who is authorized to exercise the powers and perform the duties of the Secretary.

(l) The term "person" means any individual, partnership, corporation, association, or other entity.

(m) The term "United States" means the several States and the District of Columbia, including any territory or possession.

ISSUANCE OF ORDERS

SEC. 1504. (a) Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for hearing upon a proposed order. Such hearing may be requested and proposal for an order submitted by an organization certified pursuant to section 1514 of this Act, or by any interested person affected by the provisions of this Act, including the Secretary.

(b) After notice and opportunity for hearing as provided in section 1504(a), The Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 1505. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and, except as provided in section 1506, no others:

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for nutrition education, with respect to wheat, processed wheat, and end products, both within the United States and in international markets and for the disbursement of necessary funds for such purposes: *Provided*, That, in carrying out any such plan or project, no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against wheat, processed wheat, and end products of other persons: *And provided further*, That no such programs shall make use of unfair or deceptive acts or practices in behalf of wheat, processed wheat, and end products or unfair or deceptive acts or practices with respect to quality, value, or use of any competing product;

(b) Providing for establishing and carrying on research or studies with respect to sale, distribution, marketing, utilization, or production of wheat, processed wheat, and end products and the creation of new products thereof to the end that the marketing and utilization of wheat, processed wheat, and end products may be encouraged, expanded, improved, or made more acceptable, and for the disbursement of necessary funds for such purposes;

(c) Providing that processors, distributors of processed wheat, and end product manufacturers shall maintain and make available for inspection by the Secretary or the Council such books and records as may be required by any order issued pursuant to this Act and for the filing of reports by such persons at the time, in the manner, and having content prescribed by the order, to the end that information and data shall be made available to the Council and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act, or of any order or regulation issued pursuant to this Act: *Provided*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture, the Council, and by all officers and employees of contracting agencies having access to such information, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of the number of persons subject to an order or statistical data collected therefrom, which statements do not identify the information furnished by any person, (2) the publication, by direction of the Secretary, of general statements relating to refunds made by the Council during any specific period, or (3) the publication by direction of the Secretary of the name of any person who has been adjudged to have violated any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee of the Department, the Council, or a contracting agency violating the provisions of this subsection shall, upon conviction, be subjected to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and if an officer or employee of the Council or Department of Agriculture shall be removed from office;

(d) Providing for exemption of specified end products, or types or categories thereof, from the assessments required to be paid under section 1506 under such conditions and procedures as may be prescribed in the order or rules and regulations issued thereunder;

(e) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 1506. Orders issued pursuant to this Act shall contain such terms and conditions as to provide—

(a) for the establishment and appointment by the Secretary of a Wheat Industry Council which shall consist of not more than twenty members and alternates therefor, and to define its powers and duties which shall include only the powers enumerated in this section, and shall specifically include the powers (1) to administer such order in accordance with its terms and provisions, (2) to make rules and regulations to effectuate the terms and provisions of such order, (3) to receive, investigate, and report to the Secretary complaints of violations of such order, and (4) to recommend to the Secretary amendments to such order. The term of an appointment to the Council shall be for two years with no member serving more than three consecutive terms, except that initial appointments shall be proportionately for two- and three-year terms;

(b) that the Council and alternates

therefor shall be composed of wheat producers or representatives of wheat producers, processors or representatives of processors, end product manufacturers or representatives of end product manufacturers, and consumers or representatives of consumers appointed by the Secretary from nominations submitted by eligible organizations or associations certified pursuant to section 1514, or, if the Secretary determines that a substantial number of wheat producers, processors, end product manufacturers, or consumers are not members of, or their interests are not represented by any such eligible organizations or associations then from nominations made by such wheat producers, processors, end product manufacturers, and consumers in the manner authorized by the Secretary, so that the representation of wheat producers, processors, end product manufacturers, and consumers on the Council shall be equal: *Provided*, That in making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of wheat producers, processors, end product manufacturers, and consumers throughout the United States;

(c) that the Council shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any research plans or projects and nutrition education plans or projects resulting from research, and that any such plan or project must be approved by the Secretary before becoming effective;

(d) that the Council shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of research and nutrition education projects;

(e) that, except as provided in sections 1505(d) and 1507, each end product manufacturer shall pay to the Council, pursuant to regulations issued under the order, an assessment based on the number of hundredweights of processed wheat purchased, including intracompany transfers of processed wheat, for use in the manufacture of end products, from processors, distributors, or (in the case of intracompany transfers) related companies or divisions of the same company. Such assessment is to be used for such expenses and expenditures defined above, including provisions for a reasonable reserve, and any referendum and administrative costs incurred by the Secretary and the Council under this Act, as the Secretary finds are reasonable and likely to be incurred under the order during any period specified by him. The circumstances under which such a purchase or intracompany transfer will be deemed to have occurred will be prescribed by the Secretary in the order. Such assessment shall be calculated and set aside on the books and records of the end product manufacturer at the time of each purchase or intracompany transfer of processed wheat, and shall be remitted to the Council in the manner as prescribed by the order. In order to enable end product manufacturers to calculate the amount of processed wheat they have purchased, persons selling or transferring processed wheat in combination with other ingredients to such end product manufacturers for use in the manufacture of end products, shall disclose to such end product manufacturers, as prescribed by the Secretary in the order, the amount or proportion of processed wheat contained in such products. The rate of assessment shall not exceed 5 cents per hundredweight of processed wheat purchased or transferred. The Secretary may maintain a suit against any person subject to such assessment for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy;

(f) that the Council shall maintain such books and records, which shall be open to the Secretary for inspection and audit, and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Council with respect to the receipt and disbursement of all funds entrusted to it;

(g) that the Council, with the approval of the Secretary, may enter into contracts or agreements for development and carrying out of the activities authorized under the order pursuant to section 1505(a) and (b) and for the payment of the cost thereof with funds collected through the assessments pursuant to the order. Any such contract or agreement shall provide that such contractors shall develop and submit to the Council a plan or project together with a budget or budgets which shall show estimated costs to be incurred for such plan or project, and that any such plan or project shall become effective upon the approval of the Secretary, and further, shall provide that the contracting party shall keep accurate records of all of its transactions and make periodic reports to the Council of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require;

(h) that the Council, with the approval of the Secretary, may invest, pending disbursement pursuant to a plan or project, funds collected through assessments authorized under this Act in, and only in, obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank which is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States;

(i) that no funds collected by the Council under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a)(4) of this section; and

(j) that the Council members, and alternates therefor, shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Council.

EXEMPTION

SEC. 1507. Any end product manufacturer who does not purchase more than two thousand hundredweight of processed wheat per year for use in the manufacture of end products shall be exempted from specific provisions of this Act under such conditions and procedures as may be prescribed in the order or rules and regulations issued thereunder.

REQUIREMENT OF REFERENDUM

SEC. 1508. The Secretary shall conduct a referendum as soon as practicable among end product manufacturers not exempt hereunder who, during a representative period preceding the date of the referendum, as determined by the Secretary, have been engaged in the manufacture of end products for the purpose of ascertaining whether the issuance of an order is approved or favored by such manufacturers. Qualified end product manufacturers may register with the Secretary by mail to vote in such referendum during a period ending not less than thirty days prior to the date of the referendum. Within ten days thereafter, the Secretary shall determine which end product manufacturers are eligible to vote in such referendum and cause to be published the list of such eligible voters. The Secretary shall issue ballots to all such persons who have so registered and been declared eligible to vote. No order issued pursuant to this Act shall be effective unless the Secretary determines (1) that votes were cast by at least 50 per centum of such registered end product manufacturers, and (2) that the issuance of such order is approved or favored by not less than two-thirds of the end product manufacturers voting in such referendum or by a majority of the end product manufacturers voting in such referendum if such majority manufactured end products containing not less than two-thirds of the total processed wheat contained in all end products manufactured by those voting in the referendum, during the representative period defined by the Secretary: *Provided*, That at the time of the registration provided under this section each end product manufacturer so registering shall certify to the Secretary the amount of processed wheat contained in the end products manufactured by such end product manufacturer during such representative period. The Secretary shall be reimbursed from assessments collected by the Council for any expense incurred for the conduct of the referendum. Eligible voter lists and ballots cast in the referendum shall be retained by the Secretary for a period of not less than twelve months after they are cast for audit and recount in the event the results of the referendum are challenged and either the Secretary or the courts determine a recount and retabulation of results is appropriate.

REFUND

SEC. 1509. (a) Subsequent to the approval by the Secretary of the annual budget of the Council or amendments thereto, a summary of such budget or amendments thereto, including a brief general description of the proposed research and nutrition education programs contemplated therein, or project submitted by the Council hereunder, any proposed plan shall be published in the Federal Register. All end product manufacturers not exempt hereunder shall have sixty days from the date of such publication within which to elect, under such conditions as the Secretary may prescribe, by so indicating to the Council in writing, by registered mail, to reserve the right to seek refunds under subsection (b) of this section. Only those end product manufacturers who make such an election, under the described procedure, shall be eligible for refunds of assessments, if any, paid prior to the expiration of such period and of the assessments paid during the one-year period immediately following the expiration of such sixty-day period.

(n) Notwithstanding any other provisions of this Act, any end product manufacturer who has been subject to and has paid an assessment, but who has reserved the right, under subsection (a) of this section, to seek a refund, and who is not in favor of supporting the programs as provided for herein shall have the right to demand and receive from the Council a refund of such assessment: *Provided*, That such demand shall be made by such end product manufacturer in accordance with regulations and on a form prescribed by the Council and within a time period described in subsection (a) of this section and upon submission of proof satisfactory to the Council that the end product manufacturer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand is received therefor.

PETITION AND REVIEW

SEC. 1510. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition

which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to make such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

SEC. 1511. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act. Any civil action authorized to be brought under this Act shall be referred to the Attorney General for appropriate action: *Provided*, That nothing in this Act shall be construed as requiring the Secretary to refer to the Attorney General minor violations of this Act whenever he believes that the administration and enforcement of the program would be adequately served by suitable written notice or warning to any person committing such violation.

(b) Any end product manufacturer or other person who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States: *Provided*, That (a) and (b) of this section shall be in addition to, and not exclusive of, the remedies provided now or hereafter existing at law or in equity.

SUSPENSION AND TERMINATION OF ORDER

SEC. 1512. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provisions thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provisions thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of end product manufacturers subject to the order to determine whether such manufacturers favor the termination or suspension of the order, and he shall suspend or terminate such order within six months after he determines that suspension or termination of the order is approved or favored by a majority of the end product manufacturers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the manufacture of end products, or by end product manufacturers who produced end products containing more than 50 per centum of the total processed wheat contained in all end products manufactured during such period by the end product manufacturers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS

SEC. 1513. The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether any person subject to the provisions of this Act has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provisions of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

CERTIFICATION OF ORGANIZATIONS

SEC. 1514. The eligibility of any organization to represent wheat producers, processors, end product manufacturers, or consumers to request the issuance of an order under section 4(a) and to participate in the making of nominations under section 6(b), shall be certified by the Secretary. The Secretary shall certify any organization which he finds to be eligible under this section and his determination as to eligibility shall be final. Certification shall be based, in addition to other available information, upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including, but not limited to, the following:

(a) Geographic territory covered by the organization's active membership.

(b) Nature and size of the organization's active membership, including, in the case of an organization other than a consumer organization, the proportion of the total number of active wheat producers, processors, or end product manufacturers represented by the organization.

(c) Evidence of stability and permanency of the organization.

(d) Sources from which the organization's operating funds are derived.

(e) Functions of the organization.

(f) The organization's ability and willingness to further the aims and objectives of this Act: *Provided*, That the primary consideration in determining the eligibility of an organization, other than a consumer organization, shall be whether its membership consists primarily of wheat producers, processors, or end product manufacturers who produce a substantial volume of wheat, processed wheat, or end products, respectively, and whether the organization is based on a primary or overriding interest in the production, processing, or end manufacture of wheat or wheat products, and the nutritional attributes thereof: *And provided further*, That the primary consideration in determining the eligibility of a consumer organization shall be whether (i) a principal purpose of the organization is to promote consumer interests, consumer research, or consumer education, (ii) such organization has a broadly representative constituency of consumers, with active membership participation on a regular basis, and (iii) the organization has demonstrated in such report, to the Secretary's satisfaction, its commitment to the achievement of the objectives of this Act.

EFFECT ON OTHER PROGRAMS

SEC. 1515. Nothing in this Act shall be construed to preempt or interfere with the workings of any other program relating to wheat or wheat foods research or nutrition education organized and operating under the laws of the United States or any State.

REGULATIONS

SEC. 1516. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 1517. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

SEPARABILITY

SEC. 1518. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 1519. Effective October 1, 1977, there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for payment of the expenses or expenditures of the Council in administering any provisions of any order issued pursuant to the terms of this Act.

Mr. FISH. Mr. Chairman, I offer another amendment to title XIV.

The CHAIRMAN. Does the gentleman from New York have another amendment to title XIV?

Mr. FISH. That is correct.

The CHAIRMAN. The Chair will inform the gentleman that we passed title XIV. The only way the amendment could be considered would be by unanimous consent.

Mr. FISH. Mr. Chairman, I ask unanimous consent that my second amendment, really a companion to the first one that was just adopted by the committee, to title XIV at the desk be in order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. FOLEY. Reserving the right to object, Mr. Chairman, I wonder if the gentleman from New York would explain more fully his proposed amendment.

Mr. FISH. I would be delighted to.

Mr. Chairman, very briefly, this amendment to title XIV will correct the lack of action on the part of the Farmers Home Administration in pursuing an active and diverse program of funding nonfossil energy alternatives in our agricultural community.

The amendment adds a new subtitle E to the Consolidated Farm and Rural Development Act and directs the Farmers Home Administration to fund, on a priority basis, applications for financial assistance that propose to install facilities that generate and/or use nonfossil forms of energy, as defined in this title. The amendment also directs Farmers Home Administration to coordinate this activity with ERDA and other departments and agencies.

As we are all aware, the Department of Agriculture has been turning down applications by agricultural clients that would utilize nonfossil forms of energy. It was not until the Department of Housing and Urban Development established their minimum standards for solar heating and cooling that the Department of Agriculture began to move forward. This occurred only 3 weeks ago.

In 1910, two calories of input energy were required to place one calorie of food on the table. In 1970, it took nine calories of input energy to put one calorie of food on the table. The primary reason for this is mechanization and technological advances in agriculture, all of which take energy. With these increased costs to agribusiness—which are ultimately passed on to the consumer—it is easy to understand the need for this amendment.

In addition to requiring the funding of applications utilizing nonfossil forms of energy, an equally important point in the amendment is the direction and authority it gives the Secretary of Agriculture to work closely with ERDA which has the technical expertise in energy technology to establish minimum standards and insure that technologies are applicable to farming, and that they are technically feasible.

The amendment also directs the Secretary of Agriculture to coordinate this effort with other pertinent departments and agencies such as EPA and EDA.

In drafting this amendment, as with the previous amendment, I have worked with counsels at Agriculture and ERDA, and in both cases the amendment was greeted with enthusiasm, and eagerness to get underway with programs included under the amendment.

This amendment will in no way divert funds from any other program, nor will it cause other applications, which propose the use of fossil fuels, to be considered under a cloud of prejudice. I might also add that this amendment does not increase the authorization level of the bill before us.

Mr. Chairman, I feel this amendment is an additional step forward, and will provide the emphasis needed to instill a degree of energy independence for rural America.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. FOLEY. Mr. Chairman, I reluctantly object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk continued reading title XV.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that title XV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there amendments to title XV?

AMENDMENT OFFERED BY MR. WOLFF

Mr. WOLFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLFF: Page 157, strike out line 16 and all that follows through line 4 on page 181 (and amend the table of contents on page 2 accordingly).

Mr. WOLFF. Mr. Chairman, this is the amendment to delete the so-called bread tax from this bill. I rise today to bring my colleagues' attention to an amendment which I am offering to H.R. 7171, the Agricultural Act of 1977. At a time when inflation and excessive governmental intervention are uppermost in the minds and biting at the pockets of the American public, the House is about to consider a proposal which will result in higher prices to the consumer.

For many years now, we in Congress have been looking for ways to protect the consumer from the ravages of inflation and the excesses of taxation. Rarely, however, have we been presented with a clearer way to protect the consumer from both of these evils than we are today. The choice is simple—the issue is clear. Do we add to the burdens of the consumers by taxing wheat, or do we rush to their aid by preventing this ill-conceived, ill-advised, and illogical tax scheme from being strapped to the back of the American public?

The provision of H.R. 7171 to which I refer is title XV, which would establish a wheat and wheat foods research and nutrition program. Although the purpose of this proposal—to encourage a wheat research and education program—is laudable, I believe that for a number of reasons the means by which it would be implemented is of concern to both consumers and industry.

First, the program would be financed by an assessment bread tax—of up to 5 cents per hundredweight of processed wheat. This assessment would, in effect, levy a tax on all products made from wheat which are designed to be sold for consumption off of the premises at which they are baked. Although the actual added cost per loaf of bread would not be great, the cost over time to the consumer would be significant because all costs, regardless of how small per unit, are ultimately borne by the consumer. Now, I am sure that the Members of the House are well aware that no one adds three one-hundredths of a cent to the price of a loaf of bread. Rather, as we all know, the price increase would likely be a full cent or more. Briefly stated, in this age of inflation it just does not make any sense to add any cents to the price of a basic commodity like bread.

Moreover, the additional financial resources which the baker must devote toward recordkeeping, with respect to the quantity of processed wheat it uses, will ultimately result in greater overhead for the baker and hence higher prices for the consumer. Furthermore, even those companies which would not be subject to a tax due to insufficient volume would be required to prove their insufficient volume and this would demand similarly detailed bookkeeping and result in greater overhead and higher prices to the consumer. In the words of the Associated Retail Bakers of America, this legislation "would subject bakers to many onerous and costly regulations" and is "a costly administrative and clerical monstrosity."

Second, this program would increase the Federal Government's involvement in the industry. Title XV would establish a wheat industry council to administer the program. The Secretary of Agriculture would have the power to appoint all council members; approve all plans, budgets, assessments, and contracts of the council; and compel the filing of detailed reports from all companies covered by title XV. Although some large multistate bakeries may not feel the weight of this new governmental intervention, the smaller businesses affected by this program will be overcome with redtape, and governmental regulations and expectations.

Third, the Federal Government should not become involved in promotion programs such as this. Once one commodity has its promotion program, another commodity will want its own program in order to prevent its being put at a competitive disadvantage. These promotion programs are thus a can of worms for the Federal Government. Furthermore, between the research already done by the Department of Agriculture and the promotion already done by private companies which deal with wheat products, there is already enough research and promotion done with respect to wheat. In fact, the National Farmers Union has indicated that it finds it difficult to rationalize the need to pyramid commodity promotion programs on the top of the vast expenditures already being spent by the food industry for advertising and promotion.

Also related to this is a question which I believe begs for an answer. If the need for the program is so great and the consensus is so massive, then why is it necessary for the Federal Government to nudge, encourage, or force the money to support the program? I believe that the answer is clear—the need for the program and the consensus behind it is weak and shallow. On the other hand, the opposition to the program and in support of the amendment which I will offer is wide ranging. Currently supporters of the amendment include the Consumers Federation of America, the American Farm Bureau Federation, the Associated Retail Bakers of America, the Biscuit and Cracker Manufacturers' Association, and the National Farmers Union.

As you are aware, one reason why the Federal Government has grown in size is its assuming of aspects of life which were formerly the domain of private initiative and enterprise. While this involvement is often well-intentioned, it has been on occasion counterproductive. I believe that this would be the case with respect to title XV. Here the Federal Government is embarking on a program which is better left to the ingenuity of private enterprise.

I am for these reasons offering an amendment to strike title XV from the Agricultural Act of 1977. I urge my colleagues to seriously consider the issues which I have mentioned today and urge them to support the amendment which I am offering.

Mr. Chairman, I have received broad based support for my amendment from both consumers and producers. The American Farm Bureau Federation by a letter to me dated July 15, 1977 said:

The American Farm Bureau Federation opposes Title XV of the proposed Agricultural Act of 1977, H.R. 7171.

Farm Bureau has given careful consideration to various commodity promotion programs over the years. In the case of the so-called Wheat and Wheat Foods Research and Nutrition Education Act, the AFBF Board of Directors has approved a recommendation of the AFBF Wheat Advisory Committee, composed of wheat producer leaders from 15 major producing states, that this legislation be opposed.

Although the proposal provides that funds would be checked off from end product manufacturers, it is to be expected that such funds ultimately would come from the returns paid to farmers from raw commodities.

Farm Bureau urges deletion of Title XV from H.R. 7171 by the House of Representatives.

Similarly, the National Farmers Union wrote that:

Agriculture has been witnessing a proliferation of producer financed commodity research and promotion programs in recent years. Many of our members believe that these check-off programs simply add to their cost of production while having little, if any, impact upon the product markets and consumption, and chiefly redound to the benefit of the promotional media.

Under the programs which are supervised by the federal government, it is estimated that farmers are spending about $37 million on commodity research and promotion programs. It is further estimated that at least $100 million annually are being spent for research and promotion by farmers through state or private or cooperative programs.

These expenditures by farmers come at a time when the U.S. food industry is projected to be spending $3.1 billion on food advertising this year, up $600 million from $2.5 billion estimated by the USDA for 1974.

This total of $2.5 billion expended by the food industry in 1974 was equal to 3% of the total food marketing bill of $92 billion that year.

Therefore, National Farmers Union convention delegates and our National Board of Directors in recent years have found it difficult to rationalize the need to pyramid producer-sponsored commodity promotion programs on the top of the vast expenditures already being made by the food industry for advertising and promotion and by the federal government and the Land Grant institutions for basic research, product development and market promotion.

The National Farmers Union, therefore, urges support for Congressman Wolff's amendment to strike Title XV of the Agricultural Act of 1977.

Finally, Mr. Chairman, the Consumer Federation of America distributed a letter to my colleagues which stated:

The purpose of this letter is to specifically communicate to you CFA's strong opposition to title XV of the bill, and urge you to vote for the Wolff amendment which would delete that provision.

While we agree that there are important consumer concerns about the nutrition supply and marketing aspects of the wheat industry, we do not feel that the scope and structure of title XV of the Agricultural Act will optimally address them.

At its most recent annual meeting, on February 12, 1977, CFA adopted the following policy resolution concerning commodity and promotion boards:

Commodity and promotion boards which are in any way sponsored, administered, or supported by the government should not be allowed. By promoting certain commodities at the expense of other commodities, these boards violate basic principles of fairness, represent an inappropriate involvement of government officials and taxpayer revenues in private industry gimmickry, and ultimately result in an increased consumer cost of the commodities promoted.

During Congressional consideration of the Beef Research and Information Act, the Office of Management and Budget foresaw the dangers of commodity boards when it stated that the bill:

. . . would not be in the long-run interest of agriculture, the food industry, or consumers in general. The involvement of the Federal Government in the promotion of a particular commodity at the expense of other commodities would compel other commodity groups to seek similar assistance in order to maintain their share of the food market. The net effect of such action would be to unnecessarily increase costs to both producer and consumers.

CFA is concerned that any assessment will be passed on to consumers, particularly in light of the oligopolistic character of certain segments of "end product manufacturers." In addition, a substantial portion of the collected assessment is bound to go toward advertising and promotion in view of the apparent preference of many "end product manufacturers" for the short term benefits of advertising versus and long term benefits of product improvement and lowering of prices.

We therefore urge you to vote for the Wolff amendment to delete title XV of H.R. 7171. The title is clearly anti-consumer provision.

You will be receiving additional communications from CFA as to our position on other specific features of this legislation.

Mr. Chairman, I hope that like yeast, the House will rise to the occasion and vote to strike the bread tax.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I urgently join in supporting this amendment. I think it is excellent and I hope it passes.

Mr. BLANCHARD. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, I rise to commend the gentleman from New York (Mr. WOLFF) for presenting this amendment.

In my area which has several bakeries, virtually every one of them opposes this so-called wheat research title. First, it has a tax on their product. It is a ridiculous item and it makes for a lot of paperwork. Consumers will pay more and bakers will be flooded with paperwork. This title of the bill would never pass the House if it weren't tacked on to a bill like the farm bill. Title 15, which is advanced under the guise of research and nutrition, should be eliminated immediately before this foolishness continues any longer.

I urge adoption of the amendment and commend the gentleman from New York (Mr. WOLFF) for offering it.

Mr. SAWYER. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, for those of us who have not had an opportunity to read the full text of this title 15, it imposes a 5-cent tax per hundredweight on bakers. In other words, the consumer will bear the burden of the sale of the product for all wheat that they consume in the making of their product. Bakers buy the product mostly from suppliers and, therefore, have to obtain certification from the source that they buy it from as to how much wheat is in it in order to be able to comply with this regulation.

The money then goes supposedly to promoters for the sale of wheat products; but at the end of the year if the retailer and the baker do not like it, they can go through a series of regulatory steps and apply for and get their money back. Of course, the cost of the regulation imposed on the baker is going to be passed on to the consumer.

It is interesting to note some of the organizations that support the repeal of this particular section and support the amendment of the gentleman from New York:

The Consumer Federation of America.
The American Farm Bureau Federation.
The National Farmers Union.
The Biscuit and Cracker Manufacturers Association.
The Food Marketing Institute, and
The Associated Retail Bakers of America.

Mr. Chairman, these are all united from the producer to the manufacturer to the retailer in opposing this section.

Now, a similar bill was voted down in 1972 by the House. In the last Congress a similar bill died in committee. It has now been tacked onto the 1977 Agricultural Act following a half-day hearing, which is all that was held on the matter in the subcommittee, although Deputy Secretary of Agriculture John White in May of 1977 wrote to the committee:

We question the feasibility of this type of assessment structure as well as the promotion of wheat and wheat products within the United States.

After all, in these kinds of programs, if they are necessary and desirable, the people are totally able to combine voluntarily to do this, instead of having it thrust on them by the Government.

There is some $11 million already appropriated each year in the Department of Agriculture budget for the promotion of wheat and wheat products.

Promotion is not going to create new consumer demand. It is merely going to pull and tug from one product to another. People are not going to eat more grain and more of everything. It is just going to push and tug between them. I think it is obviously an unnecessary bureaucratic burdening on our businessmen, and as I say, we could not get a more united opposition when it comes from the producer, the farm associations, through the manufacturers, and through the retailer who bears the burden of it.

I think just a couple of responses from bakers since we joined with Mr. WOLFF to eliminate this title speak for themselves:

We need no more Government meddling or forms to fill out.

New burdens, record-keeping and additional operating costs.

Mr. Chairman, I urge support of the amendment.

Mr. BIAGGI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I am pleased to join with my colleague, Mr. WOLFF, in cosponsoring this amendment to strike title XV of H.R. 7171, the Agriculture Act Amendments of 1977.

Title XV is an ill-conceived program which has no place in what is an otherwise excellent piece of legislation. I object to tile XV because it is anticonsumer, antismall business, and further, because it extends the powers of the Federal Government into areas where it really does not belong.

Title XV establishes a wheat and wheat food nutrition program to research ways of better promoting wheat. In theory, it is an excellent concept. However, the means proposed to achieve this goal are wrong and the only way to remedy the situation is to strike title XV in its entirety.

This program is to be financed with an arbitrary tax which will work to the detriment of small, retail bakers as well as consumers. The tax, calculated at the rate of up to five cents per hundredweight of processed wheat, would be assessed against all wheat products sold for domestic consumption off the premises at which they are baked. While the consumer might not feel the effect of the tax on individual wheat products immediately, cumulatively and in the long run, he will be faced with an increase in the cost of bread and other wheat products.

Further, as the Consumer Federation of America has pointed out, such promotion boards as the one provided for in title XV which are financed or sponsored by the Government, should not be allowed because they pit one commodity against another "violating basic principles of fairness and ultimately resulting in increased consumer costs."

I am also objecting to the increased paperwork and expense which bakers will be forced by this title to incur, solely to determine if they will be assessed with this unfair tax. Not only will a small retail baker run the risk of having to pay a new tax on his end product, but he will also have to invest extra time and money to keep records, merely to show if he must pay the tax. Even those who would be exempt from the tax due to insufficient volume, would be required to take the time and pay the expense of keeping records to prove it. The Government has no right to impose such a burden on our small bakers. Not only will small bakers suffer, but ultimately, so too will the consumer, for he is the one who will be forced to absorb the additional overhead costs and expenses of the baker's operation.

I further am opposed to the level at which title XV will allow the Federal Government to come in and meddle in the baking industry. Title XV establishes a Wheat Industry Council which would grant the Secretary of Agriculture the power to appoint all Council members, approve all plans, projects, budgets, rates of assessment and contracts, and compel filing of detailed reports by companies affected under title XV.

At a time when we are seeking to limit Government, this title is an about-face and advocates new Government incursions in private enterprise. The baking industry should be permitted to develop its own promotional programs. They certainly do not need the Government to come in and further complicate their lives. The tragic irony which could result from title XV is that the baking industry might have to spend so much time on meeting paperwork requirements, that their production could drop off. Then we would be faced with an economic problem of far greater consequence.

I have a great deal of respect for the chairman of this committee, Mr. FOLEY. But I respectfully suggest to him that neither he, nor many of the Members of this body, are fully aware of the practical ramifications of title XV. I was visited by a number of small retail bakers from the New York area. They related to me in detail, the economic horrors they will suffer if title XV is passed. Unfortunately, they did not have the ability to speak with each Member. I dare say, if more Members had spoken with these same small businessmen, the wisdom of our amendment would be even clearer.

In many respects, H.R. 7171 is a bill which is good for the agriculture industry. It will encourage increased food production; the ultimate key to bringing down food prices. It is a good bill for consumers. It is a good bill for the needy who require food stamps. Yet title XV sticks out like a sore thumb. It is arbitrary, unjust, and will work to the disadvantage of all those that the rest of the bill is designed to benefit. It should be defeated and I implore my colleagues to join with us in striking title XV.

Mr. SEBELIUS. Mr. Chairman, I move to strike the last word.

I rise basically to oppose the amendment.

Mr. Chairman, I am just a little surprised that such fine people as the two gentlemen from New York would let American retail bakers stir this up so much. I got a letter from one of my bakers on this. I said, "Do you know what is in the bill?"

He said, "No, I was just told that I was to be against it."

I will not mention the gentleman's name out in western Kansas, but I said, "How much do you bake? This exempts you unless you use more than 100 tons a year. That is 300,000 loaves of bread."

He said, "I didn't know that. They didn't tell me."

To follow that up, the American Retail Bakers Association has 1,730 bakers, but that is out of 18,000 of them. We have not put them in there unless they are a substantial baker. We have not put them in there, and they will be exempt and will not have to fill out any papers, so that there is no worry on that score.

I appreciate the concern expressed here, and I appreciate that everybody is concerned on the subject, but actually what we are trying to do here is to establish a very small assessment on the end product, of up to 5 cents per hundredweight.

They get 150 loaves of bread out of a hundredweight of flour, so if we use the whole 5 cents as against a lesser figure, it would still be 0.03 of a penny per loaf. So, that is no burden.

I appreciate the concern of the gentleman from New York (Mr. BIAGGI) for more paperwork. It is not going to be more for our little bakers. They mentioned a system by which they would do it voluntarily. They tried that, and they got to the point of saying, "Let George do it." We are trying to study wheat, the staff of life, to make it more nutritious, more available to the people.

I am not talking about the sugar cereals. I am talking about the bran. And the milling industry is very much interested in this.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, first of all let me ask the gentleman whether he ever heard of a retail grocer putting three-tenths of 1 cent onto the cost of the bakery.

Mr. SEBELIUS. Three-tenths of 100 percent.

Mr. WOLFF. Or even three-tenths of 100 percent. The minimum amount would be maybe 1 cent. But putting that aside for just a moment, under the Federal programs, the Federal Government estimates that the farmers are spending $37 million on commodity research already and about $100 million annually in research and promotion by farmers. These expenditures by the farmers come at a time when the U.S. food industry is projected to spend $3.1 billion on food advertising.

Mr. SEBELIUS. Mr. Chairman, I will say to the gentleman that on that point alone this is to study nutrition in the industry so it can respond. That is specifically stated. It is not only to explain the nutrition. It is not going to be a select thing. The companies do enough of that. We do need to study the nutritional items, the nutritional criticism, and tell the world about that specific item.

Mr. WOLFF. If the gentleman will yield further, does the gentleman imply that we are not spending that kind of money today in the Department of Agriculture for nutritional research?

Mr. SEBELIUS. The trouble is that in the USDA they have basic research in various sections, but they do not get down to the science where the trade deals with all of the problems. The farmers are represented and for the very first time the consumers will be represented to direct the thrust.

Mr. WOLFF. If the gentleman will yield further, it seems that the only people who want this program are the people who are going to conduct the program and get paid for it. If we say money will be spent on research, how much is

going to be left to spend on the idea of wheat as a particular product? Why do we not let the people who sell the product pay for it themselves?

The CHAIRMAN. The time of the gentleman from Kansas (Mr. SEBELIUS) has expired.

(By unanimous consent, Mr. SEBELIUS was allowed to proceed for 1 additional minute.)

Mr. SEBELIUS. Mr. Chairman, we have a Kansas Wheat Commission. The farmer pays that. He can get his money back, just like the bakers can. That is on the subject of promotion overseas.

I just recently went, with Secretary Bergland, to Japan, Hong Kong, and Jakarta, Indonesia. I saw what can take place with market development programs conducted by Western Wheat Associates with wheat producer checkoff funds. We do not oppose that. This is supplementary, in a different field entirely. That is why I like to distinguish.

Mr. WOLFF. If the gentleman will yield further, does the gentleman believe that the American Farm Bureau and the National Farmers Union pretty well speak for a major portion of the farmers in this country?

Mr. SEBELIUS. In cases such as this, they do not. I can tell the gentleman that in my district, in my State of Kansas, the Kansas Farm Bureau is for this mechanism and they are behind me 100 percent.

Mr. ALLEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, it seems to me that the people of this country are getting just about fed up. I have supported the distinguished chairman of the Committee on Agriculture on this very excellent bill, I suppose, as consistently as any other Member of this House.

But on this section of the bill we must part company. The people have had forced upon them all the taxes they need to pay. They do not need any more taxes on bread, on wheat, on gasoline, or on anything else.

The Farm Bureau Federation of Tennessee does, indeed, speak for the farmers, and the Consumer Federation of America certainly speaks for consumers more eloquently and more effectively than perhaps any other organization in this country.

Mr. Chairman, when all of these people, together with the bakers themselves, say they are against this proposal, I think we should heed their advice and their pleas and reject this portion of the bill which this amendment is designed to strike.

PERFECTING AMENDMENT OFFERED BY MR. QUIE

Mr. QUIE. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. QUIE: Page 170, line 23, insert a period after the word "Act" and strike all of the remaining language in lines 23, 24, and 25.

Mr. QUIE. Mr. Chairman, my concern in title XV is with the small baker whom the committee intended to exempt by putting in a limit of 100 tons or 2,000 hundredweight.

However, in reading that section of the bill which provides the exemption, I find it says that they will be exempted "under such conditions and procedures as may be prescribed in the order or rules and regulations issued thereunder."

If we turn back to page 163, to section 1505(c), we can see there are recordkeeping requirements that could be burdensome to small bakers.

I think the committee had intended that these small bakers who are exempted should not have to provide all that recordkeeping. It seems to me all they need to provide really is to show from their invoices that they had used less than 2,000 hundredweight during the year. Every baker has that information, and it is no onerous effort at all for him to keep such records throughout the year to show how much flour they used. Any small operator can do that.

This amendment will make it clear that this is all the small baker is required to do. All he would have to do is prove he had used less than 2,000 hundredweight of processed wheat, and none of the other recordkeeping would be necessary.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I agree with the remarks as expressed here by the gentleman from Minnesota (Mr. QUIE) about the paperwork and the little man who is exempt under this language. I think the gentleman has offered a good amendment, and I certainly agree with him and support the amendment. I believe it relieves the small bakers of any possibility that bureaucrats in Washington will burden them with further redtape.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I heard the Clerk read the amendment, and I did not understand whether this amendment is an amendment to the amendment that is pending or a substitute for that amendment.

Mr. QUIE. No; this is what we would call a perfecting amendment. It would perfect title XV at the same time the gentleman from New York (Mr. WOLFF) is attempting to strike it.

Mr. VOLKMER. Mr. Chairman, I thank the gentleman.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, as I understand it, all the gentleman is attempting to do here is to eliminate some of the recordkeeping; is that correct?

Mr. QUIE. Yes; it is my understanding the bill exempts the small baker who uses 2,000 hundredweight or less of processed wheat. The small bakers I have heard from are concerned that they may still have to keep burdensome records. I am saying in my amendment that all they will have to keep as records would be invoices to prove that they used less than 2,000 hundredweight.

Mr. WOLFF. Mr. Chairman, if the gentleman will yield further, the gentleman's amendment does not eliminate this additional tax; it does not affect this 5 cents per hundredweight?

Mr. QUIE. It would not eliminate that for any manufacturers who use over 2,000 hundredweight.

Mr. WOLFF. Then the benefits the gentleman seeks are primarily for the bakers?

Mr. QUIE. The gentleman is correct.

Mr. WOLFF. Mr. Chairman, the benefits I seek in my amendment are for the ultimate consumer and the producer, because this would eliminate the whole idea of taxing the people an additional 5 cents, adding on to their already high food costs.

The consumer today can no longer afford even that 5 cents a hundredweight the committee is trying to put on here.

I appreciate what the gentleman from Minnesota (Mr. QUIE) is trying to do in making the burden easier for the small baker, but the purpose of my amendment is to make it easier for the consumers and the farmers of America.

Mr. QUIE. Mr. Chairman, I recognize what the gentleman from New York (Mr. WOLFF) is attempting to do.

Throughout the years I have supported programs in which we would have research and certain kinds of education grants. I have done that in legislation having to do with dairy, beef, cotton, wool, and other products, and I recognize this is a different method of collection that is being used.

However, I do not want to get into that discussion. I will myself be supporting title XV, but if we do accept it, I want to make certain that the small producers are exempted from this recordkeeping.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, under the gentleman's proposal are the retail bakers exempt from accounting procedures?

Mr. QUIE. They are exempt, with only one exception: They have to keep their invoices to show the amount they used throughout the year. That is really no problem. They have all those invoices to show the volume of flour they use.

Mr. BIAGGI. Briefly, the amount of demarcation here is 2,000 hundredweight?

Mr. QUIE. That is right.

Mr. BIAGGI. Approximately 800 loaves of bread a day?

Mr. QUIE. That may be about right.

Mr. BIAGGI. What happens to the baker who produces 900 loaves of bread?

Mr. QUIE. I have not changed the bill at all in that regard. If anybody wanted to change that benchmark, he could offer an amendment to do it. I have not changed it. All I have done is to make certain that those who are exempted actually are exempted from unnecessary recordkeeping.

Mrs. SPELLMAN. Mr. Chairman, I rise in support of the amendment of the gentleman from Minnesota and in opposi-

tion to the amendment of the gentleman from New York.

I support the wheat foods bill. In essense, this is an industry self-help program for research and nutrition education specifically aimed at wheat and its products. Certainly no one can question the value or need for a research program that will increase the quality or usefulness of this basic "staff of life" commodity in our present era of growing population and dwindling resources.

Among the laudatory features of this legislation is that, since it is to be funded by industry through an assessment on processed wheat purchased, it will not cost the Government 1 cent. I also feel it is significant, in view of the huge carryover of wheat that we are now facing, that the bill provides for nutrition education to be conducted not only domestically, but in foreign markets as well.

As a representative of a largely urban district, I am also happy to note that this provision contains several bright spots for consumers. The assessment for which the bill provides is so small—only three one-hundredths of a cent per loaf of bread, even at the maximum assessment of 5 cents per hundredweight of flour—that, as a practical matter, it is unlikely to be passed on to consumers. However, consumers will derive real benefits from the research and nutrition education programs the bill will authorize. These programs will not be just another slick advertising or promotion campaign, but will focus on straight research and on nutrition education programs based on the results of such research.

Furthermore, the Wheat Industry Council, which will administer the program, will provide equal representation to everyone with an interest in the program—producers, processors, end product manufacturers, and—for the first time in such a program—consumers.

Title 15 has been erroneously described as tax legislation and a more emotional term—as a "bread tax." Those are code words meant to frighten some and infuriate others. The fact is that as already noted the maximum assessment on a loaf of bread of three-hundredths of a cent cannot be compared to what was a bread tax under a mandatory Government program—namely the unlamented wheat certificate program. The impact of that was $1.73 per hundredweight of flour and this in less inflationary times. Surely it is not fair to characterise this voluntary program with that unlamented program of some years ago.

Who supports this provision? Its proponents include Secretary Bergland and the Department of Agriculture; numerous representatives of the scientific and academic community; the National Rural Electric Cooperative Association, a long-time champion of consumer interests; and representatives of the affected industry—including the Wheat and Wheat Foods Foundation, American Bakers Association, Millers' National Federation, and National Association of Wheat Growers. I feel it is particularly significant that the labor movement, as represented by the Bakery and Confectionary Workers International Union of America and the Food and Beverage Trades Department of the AFL–CIO, have also joined with industry and the other proponents in strongly supporting this legislation. I would like to add my voice and my vote to this support, and I urge my colleagues to join me in doing so.

Mr. WOLFF. Mr. Chairman, will the gentlewoman yield?

Mrs. SPELLMAN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, the gentlewoman from Maryland (Mrs. SPELLMAN) mentioned at the outset of her remarks that this amendment would benefit the consumer. Yet, I noticed that she did not mention any consumer organizations in reading off her list of supporters.

In fact, Mr. Chairman, the Consumer Federation of America, which is the largest organization of consumers in the United States, definitely supports the idea of deleting this portion from the bill.

Furthermore, in answer to a statement the gentlewoman made relative to the question of the money being used for promotion and the like, the Consumer Federation in February 1977, adopted the following resolution:

> Commodity and promotion boards which are in any way sponsored, administered, or supported by the government should not be allowed. By promoting certain commodities at the expense of other commodities, these boards violate basic principles of fairness, represent an inappropriate involvement of government officials and taxpayer revenues in private industry gimmickry, and ultimately result in an increased consumer cost of the commodities promoted.

Mr. MARLENEE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

The program provided for in this title is basically for research and education. The assessments collected will be used for research, such as development of higher protein strains of wheat, and more efficient means of processing wheat, and nutrition education from the results of the research, not advertising and promotion.

Like in other marketing order programs, a referendum will be held so that end product manufacturers can elect whether or not they want the program. Even if a majority votes for the program, those not wanting to participate can receive a refund of their assessment simply by requesting it.

There will be no burdensome record-keeping requirements imposed on bakers. Bakers know how much wheat they purchase, their invoices show that. Those bakers using less than 2,000 hundredweight annually, which equals 100 tons of wheat, or 300,000 loaves of bread, would be automatically exempted from participation.

The maximum assessment is 5 cents per hundredweight. There will be no increase in costs of bread to consumers because of the stiff competition in this market. It will not affect the prices paid to wheat growers because end product manufacturers do not purchase wheat directly from farmers, but from millers.

Any costs to the Federal Government for the referendum or for developing the order will be reimbursed from assessments.

Mr. Chairman, I think this program is worthy of our support. It will benefit all concerned, from producers to consumers, and therefore, I urge my colleagues to reject the Wolff amendment.

Mr. GUDGER. Mr. Chairman, I rise in support of the Wolff amendment and urge that title XV be deleted from H.R. 7171. Title XV in its opening paragraphs contains an adequate declaration of the importance of wheat to the American diet and the American economy and certainly an appropriate commendation of all those farmers, distributors, and wheat processors who form a part of the wheat production, distribution, and manufacturing industry in the United States. If title XV were merely a resolution of this nature, I could support it; but to the extent that it undertakes to vest in the Secretary of Agriculture the authority to establish a new bureaucratic system, to impose assessments and raise and expend substantial funds for the promotion of wheat sales nationally and internationally and for general research in wheat nutrition, I consider that it is unnecessary, burdensome, and unwise.

Certainly, it is unjust and unfair to call upon the bakers of America, referred to in title XV as "end product manufacturers," to open up their books, accounts, and records to inspection by the Secretary and his agents and to impose upon them assessments wherewith to raise moneys to fund research and promotion which is obviously designed to increase foreign sales of wheat and thus benefit the wheat producers at the expense of the American consumer and the wheat processor.

I am aware that title XV calls for a referendum before the order of the Secretary creating a 20-member council and generating this new bureaucracy will become totally effective, and that America's bakers, the so-called end product manufacturers, will participate in this referendum; but here again I see nothing being created by this title in structuring this nationwide election and in proposing to structure this system of assessment, research, promotion, and regulation which will do anything but create jobs for Government employees to discharge functions now being adequately discharged by the various national associations of wheat growers, wheat distributors, and wheat processors.

Every baker in my district and virtually every wheat processor who has written to me about title XV of this bill has objected to it, pointing out that it amounts to a Government takeover of research and promotion of all wheat products, that it could ultimately lead to a vast system of governmental regulation affecting not only wheat production, distribution, and manufacturing but also control over the wheat component in the diet of every American and that the place to stop this broadbase bureaucratic thrust is by adoption of the Wolff amendment now.

I agree with all of these objections to title XV but I submit to you that there

are some other features that are equally dangerous. First, the bill contains an almost total delegation of legislative authority in that it does not either create the council nor the regulatory system which it suggests but literally authorizes the Secretary of Agriculture to use wide discretion in structuring such a council and such a system.

Second, it creates a system of orders to be adopted by the Secretary with rights of review but does this under such circumstances as to make the orders of the Cabinet-level Secretary of Agriculture subject to review by a district court of the United States in any district containing a dissatisfied citizen affected by such order. It also opens up the Federal court system to a vast new expansion of its jurisdiction by providing in section 15.11(a) for broad use of the Federal courts for injunction, mandanus and other civil actions to enforce the provisions of the act and, of course, as is typical of these bills creating new regulatory agencies. In section 15.11(b) it creates a series of new crimes providing criminal penalties for failure to remit assessments or otherwise comply with the terms of the act.

Altogether, Mr. Chairman, this bill, in my opinion, contains an unwarranted delegation of legislative authority to the Secretary of Agriculture. It taxes one business—the baking industry—for the benefit of another—the wheat producers of America. It sets up a Federal agency with regulatory power to perform the function of wheat and sales promotion now adequately performed by private industry and its associations. It imposes a burden upon the Federal courts which is uncalled for, ignores present jurisdictional limitations and totally runs counter to Chief Justice Burger's appeal for relief for the courts from excessive additional judicial workload.

Mr. Chairman, I submit that the Secretary of Agriculture, the Federal judicial system, the bakers of America and in the long run even the wheat producers of America will be better off without title XV of H.R. 7171 and urge that the Wolff amendment be adopted.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Minnesota (Mr. QUIE).

The perfecting amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WOLFF).

The question was taken; and on a division (demanded by Mr. WOLFF) there were—ayes 24, noes 16.

Mr. FOLEY. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Washington (Mr. FOLEY) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 300, noes 109, not voting 24, as follows:

[Roll No. 474]

AYES—300

Addabbo	Drinan	Kildee
Allen	Duncan, Tenn.	Kindness
Ambro	Early	Kostmayer
Ammerman	Eckhardt	Krebs
Anderson, Calif.	Edgar	LaFalce
	Edwards, Ala.	Lagomarsino
Anderson, Ill.	Edwards, Okla.	Latta
Annunzio	Emery	Le Fante
Archer	Erlenborn	Leach
Ashbrook	Ertel	Lederer
Aspin	Evans, Del.	Lent
Badillo	Evans, Ga.	Levitas
Bafalis	Evans, Ind.	Lloyd, Tenn.
Baldus	Fary	Long, La.
Bauman	Fenwick	Long, Md.
Beard, R.I.	Findley	Lujan
Beard, Tenn.	Fish	Luken
Bedell	Fisher	Lundine
Benjamin	Fithian	McDade
Bennett	Flood	McDonald
Bevill	Florio	McEwen
Biaggi	Ford, Mich.	McHugh
Bingham	Forsythe	Madigan
Blanchard	Fountain	Maguire
Blouin	Fowler	Mahon
Boggs	Fraser	Markey
Boland	Frenzel	Marks
Breaux	Frey	Mattox
Brinkley	Gammage	Mazzoli
Brodhead	Gaydos	Metcalfe
Brooks	Giaimo	Meyner
Broomfield	Gibbons	Mikulski
Brown, Mich.	Gilman	Mikva
Brown, Ohio	Ginn	Milford
Broyhill	Glickman	Miller, Calif.
Buchanan	Goldwater	Miller, Ohio
Burgener	Gonzalez	Mineta
Burke, Calif.	Gore	Minish
Burton, Phillip	Gradison	Mitchell, Md.
Byron	Grassley	Mitchell, N.Y.
Caputo	Gudger	Moakley
Carney	Guyer	Moffett
Carr	Hammer-schmidt	Mollohan
Carter		Moore
Cederberg	Hanley	Moorhead, Calif.
Chisholm	Harkin	
Clausen, Don H.	Harrington	Moorhead, Pa.
	Harris	Moss
Clay	Harsha	Murphy, Ill.
Cleveland	Hawkins	Murphy, Pa.
Cohen	Heckler	Myers, Gary
Collins, Ill.	Hefner	Myers, Michael
Collins, Tex.	Hillis	Natcher
Conable	Holland	Neal
Conte	Hollenbeck	Nedzi
Conyers	Holt	Nichols
Corcoran	Holtzman	Nix
Cornell	Horton	Nolan
Cotter	Howard	Nowak
Coughlin	Hubbard	O'Brien
Crane	Huckaby	Oakar
Cunningham	Hyde	Oberstar
Daniel, Dan	Ichord	Obey
Daniel, R. W.	Ireland	Ottinger
Delaney	Jacobs	Panetta
Dellums	Jeffords	Patten
Derwinski	Jenkins	Pattison
Devine	Jones, Okla.	Pease
Dickinson	Jordan	Pepper
Dicks	Kasten	Pettis
Diggs	Kastenmeier	Pike
Dingell	Kazen	Pressler
Dodd	Kemp	Price
Dornan	Ketchum	Pritchard
Downey	Keys	Pursell
Quayle	Sharp	Vento
Quillen	Simon	Waggonner
Rahall	Skubitz	Walgren
Rangel	Slack	Walker
Regula	Smith, Iowa	Walsh
Reuss	Snyder	Waxman
Rinaldo	Solarz	Weiss
Risenhoover	St Germain	Whalen
Robinson	Staggers	White
Rodino	Stanton	Whitehurst
Roe	Stark	Whitley
Rogers	Steed	Wiggins
Rooney	Steers	Wilson, Bob
Rostenkowski	Steiger	Wilson, C. H.
Roybal	Stockman	Wirth
Runnels	Stokes	Wolff
Ruppe	Stratton	Wydler
Russo	Studds	Wylie
Ryan	Taylor	Yates
Santini	Thompson	Yatron
Sarasin	Thornton	Young, Alaska
Satterfield	Treen	Young, Fla.
Sawyer	Trible	Young, Tex.
Scheuer	Tsongas	Zablocki
Schroeder	Van Deerlin	Zeferetti
Schulze	Vander Jagt	
Seiberling	Vanik	

NOES—109

Abdnor	Flowers	Perkins
Akaka	Flynt	Poage
Alexander	Foley	Preyer
Andrews, N.C.	Ford, Tenn.	Quie
Andrews, N. Dak.	Fuqua	Railsback
	Gephardt	Rhodes
Armstrong	Goodling	Richmond
Ashley	Hagedorn	Roberts
AuCoin	Hall	Roncalio
Barnard	Hamilton	Rose
Baucus	Hansen	Rudd
Beilenson	Heftel	Sebelius
Bolling	Hightower	Shuster
Bonior	Jenrette	Sikes
Bonker	Johnson, Calif.	Sisk
Bowen	Johnson, Colo.	Skelton
Breckinridge	Jones, N.C.	Smith, Nebr.
Brown, Calif.	Jones, Tenn.	Spellman
Burke, Fla.	Kelly	Spence
Burleson, Tex.	Krueger	Stangeland
Burlison, Mo.	Leggett	Stump
Butler	Lloyd, Calif.	Symms
Cavanaugh	Lott	Thone
Chappell	McCloskey	Traxler
Cochran	McCormack	Tucker
Coleman	McFall	Udall
Corman	McKay	Ullman
Cornwell	Mann	Volkmer
Danielson	Marlenee	Wampler
Davis	Marriott	Watkins
de la Garza	Martin	Weaver
Derrick	Meeds	Whitten
Duncan, Oreg.	Michel	Wilson, Tex.
Eilberg	Montgomery	Winn
English	Motti	Wright
Evans, Colo.	Murphy, N.Y.	Young, Mo.
Fascell	Myers, John	

NOT VOTING—24

Applegate	Edwards, Calif.	Mathis
Badham	Flippo	Murtha
Brademas	Hannaford	Patterson
Burke, Mass.	Hughes	Pickle
Burton, John	Koch	Rosenthal
Clawson, Del	Lehman	Rousselot
D'Amours	McClory	Shipley
Dent	McKinney	Teague

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. SKUBITZ, Mr. STAGGERS, Mrs. KEYS, Mrs. HECKLER, and Messrs. BROWN of Ohio, GLICKMAN, BLOUIN, GINN, BRODHEAD, ANDERSON of California, JACOBS, DEVINE, RUNNELS, ICHORD, HAMMERSCHMIDT, TAYLOR, BROYHILL, FISHER, FOUNTAIN, HEFNER, GRASSLEY, WHITLEY, RYAN, PRITCHARD, DICKINSON, DICKS, AMBRO, and THOMPSON changed their vote from "no" to "aye."

Mr. CHAPPELL and Mr. FORD of Tennessee changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOLEY: Page 181, after line 4, insert a new Title XV, as follows:

TITLE XV—FEDERAL GRAIN INSPECTION

RECORDS

SEC. 1501. Section 12(d) of the United States Grain Standards Act (90 Stat. 2882; 7 U.S.C. 87a(d)) is amended by striking out "shall, within the five-year period thereafter, maintain complete and accurate records of purchases, sales, transportation, storage, weighing, handling, treating, cleaning, drying, blending, and other processing, and official inspection and official weighing of grain," and inserting in lieu thereof the following: "shall maintain such complete and accurate records for such period of time as the Administrator may, by regulation, prescribe for the purpose of the administration and enforcement of this Act,".

SUPERVISION FEES

SEC. 1502. (a) Section 7(j) of the United States Grain Standards Act (90 Stat. 2873; 7 U.S.C. 79(j)) is amended by—

(1) striking out "administrative and supervisory costs" in the second sentence of paragraph (1) and inserting in lieu thereof "50 per centum of administrative and supervisory costs"; and

(2) striking out "the estimated costs incurred by the Service (outside of the Washington office) relating to direct supervision of official agency personnel" in the first sentence of paragraph (2) and inserting in lieu thereof "50 per centum of the estimated costs incurred by the Service (outside of the Washington office) relating to direct supervision of agency personnel".

(b) Section 7A(1) of the United States Grain Standards Act (90 Stat. 2877; 7 U.S.C. 79a(1)) is amended by—

(1) striking out "administrative and supervisory costs" in the second sentence of paragraph (1) and inserting in lieu thereof "50 per centum of administrative and supervisory costs";

(2) striking out "section (7)(j)" in the third sentence of paragraph (1) and inserting in lieu thereof "section 7(j)"; and

(3) striking out "the costs incurred by the Service (outside of the Washington office)" in the first sentence of paragraph (2) and inserting in lieu thereof "50 per centum of the estimated costs incurred by the Service (outside of the Washington office)".

(c) Section 21 of the United States Grain Standards Act of 1976 (90 Stat. 2886) is amended by striking out "those Federal administrative and supervisory costs incurred within the Service's Washington office or not directly related to the official inspection or the provision of weighing services for grain" and inserting in lieu thereof the following: "those Federal administrative and supervisory costs related to the official inspection or the provision of weighing services for grain which are not required to be covered by fees as provided for in sections 7(j) and 7A(1) of this Act".

(d) The provisions of this section shall become effective October 1, 1977.

ESTABLISHMENT OF TEMPORARY ADVISORY COMMITTEE

SEC. 1503. (a) In order to assure the normal movement of grain in an orderly and timely manner, the Secretary of Agriculture shall establish a temporary advisory committee to provide advice to the Administrator of the Federal Grain Inspection Service with respect to the implementation of the United States Grain Standards Act of 1976. The advisory committee shall consist of not more than twelve members, appointed by the Secretary, representing the interests of grain producers, consumers, and all segments of the grain industry, including grain inspection and weighing agencies. Members of the advisory committee shall be appointed not later than thirty days after the date of enactment of this Act.

(b) The advisory committee shall be governed by the provisions of the Federal Advisory Committee Act.

(c) The Administrator of the Federal Grain Inspection Service shall provide the advisory committee with necessary clerical assistance and staff personnel.

(d) Members of the advisory committee shall serve without compensation, if not otherwise officers or employees of the United States, except that members shall, while away from their homes or regular places of business in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5 of the United States Code.

(e) The advisory committee shall terminate eighteen months after the date of enactment of this Act.

(f) Effective October 1, 1977, there are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.

TECHNICAL AMENDMENTS

SEC. 1504. The United States Grain Standards Act (39 Stat. 482–485, as amended; 7 U.S.C. 71, 74–79, 79a and 79b, 84–87, and 87a–87h) is amended as follows:

(a) Section 3 is amended by—

(1) striking out "grain sorghum" in subsection (g) and inserting in lieu thereof "sorghum";

(2) amending subsection (m) to read as follows:

"(m) the term 'official agency' means any State or local governmental agency, or any person, designated by the Administrator pursuant to section 7 of this Act for the conduct of official inspection (other than appeal inspection), or section 7A of this Act for the conduct of official weighing or supervision of weighing (other than appeal weighing);";

(3) inserting "for" immediately after "under standards provided" in subsection (x); and

(4) amending subsection (y) to read as follows:

"(y) the term 'supervision of weighing' means such supervision of the grain-weighing process as is determined by the Administrator to be adequate to reasonably assure the integrity and accuracy of the weighing and of certificates which set forth the weight of the grain and such physical inspection of the premises at which the grain weighing is performed as will reasonably assure that all the grain intended to be weighed has been weighed and discharged into the elevator or conveyance;".

(b) Section 3A is amended by inserting at the end thereof the following: "The Secretary may delegate authority to the Federal Grain Inspection Service to perform related functions for grain and similar commodities and products thereof under other statutes administered by the Department of Agriculture. Notwithstanding any other provision of law, the Secretary is authorized to appoint four individuals to positions at grade 16 of the General Schedule, in the Federal Grain Inspection Service.".

(c) Section 4(a) is amended by—

(1) striking out "grain sorghum" and inserting in lieu thereof "sorghum";

(2) inserting a comma after "equipment calibration and maintenance"; and

(3) inserting "or procedures" after "standards" wherever it appears in paragraph (2) and striking out "procedures" after "weight certification".

(d) Section 7 is amended by—

(1) designating the third sentence in paragraph (2) of subsection (e) as paragraph (4) of subsection (e) and inserting it at the end of subsection (e);

(2) amending subsection (f) by—

(A) in the first sentence of paragraph (2), inserting "or State delegated authority pursuant to subsection (e)(2) of this section" immediately after "Not more than one official agency", inserting "inspection" immediately before "provisions of this Act", and striking out ", but this paragraph shall not be applicable to prevent any inspection agency from operating in any area in which it was operative on August 15, 1968";

(B) striking out "No" in the second sentence of paragraph (2) and inserting in lieu thereof "Except as authorized by the Administrator, no";

(C) designating the second sentence of paragraph (2) as paragraph (3) of subsection (f); and

(D) designating the third sentence of paragraph (2) as paragraph (4) of subsection (f);

(3) striking out "subsections (e) and (f)" in paragraph (1) of subsection (g) and inserting in lieu thereof "subsection (f)"; and

(4) adding at the end of subsection (i) a new sentence as follows: "All or specified functions of such inspections shall be performed by official inspection personnel employed by the Service or, except for appeals, by persons operating under a contract with the Service.".

(e) Section 7A is amended by—

(1) in subsection (b), inserting "at export elevators" immediately after "located other than" and inserting "or official weighing at the request of the operator of such facility," immediately after "provisions of this Act,";

(2) amending paragraph (2) of subsection (c) by—

(A) in the first sentence, inserting "or supervision of weighing" immediately after "to delegate authority to perform official weighing", inserting "official weighing or" immediately before "supervision of weighing, if such agency or person qualifies", and striking out "number" and inserting in lieu thereof "under";

(B) in clause (A) of the second sentence, striking out "at export elevators", and inserting "or supervision of weighing" immediately after "official weighing"; and

(C) inserting "official weighing or" immediately before "supervision of weighing" wherever this phrase appears in clause (B) of the second sentence;

(3) adding at the end of subsection (d) a new sentence as follows: "All or specified functions of such weighing shall be performed by official inspection personnel employed by the Service or, except for appeals, by persons operating under a contract with the Service.";

(4) striking out the second sentence of subsection (e);

(5) amending subsection (f) by—

(A) in clause (2), striking out "employ" and inserting in lieu thereof "permit", and inserting "and who are approved by the Administrator" immediately before "to operate the scales"; and

(B) in clause (3), striking out "employees of the facility" and inserting in lieu thereof "persons other than official inspection personnel", and striking out "employees to operate" and inserting in lieu thereof "such persons to operate";

(6) inserting "or supervision of weighing" immediately after "official weighing" in subsection (g);

(7) inserting "or local governmental agency" immediately after "No State" in subsection (i); and

(8) adding at the end of subsection (i) a new sentence as follows: "Not more than one official agency or State delegated authority pursuant to subsection (c)(2) of this section for carrying out the weighing provisions of this Act shall be operative at one time for any geographic area as determined by the Administrator to effectuate the objective stated in section 2 of this Act.".

(f) Section 7B is amended by—

(1) inserting "for the purpose of official inspection, official weighing, or supervision of weighing" immediately before "of grain located at all grain elevators" in subsection (a);

(2) at the end of subsection (a), inserting "Such regulations shall provide for the charging and collection of reasonable fees to cover the estimated costs to the Service incident to the performance of such testing by employees of the Service. Such fees shall be deposited into the fund created by section 7(j) of this Act,"; and

(3) inserting "for the purposes of this Act" immediately after "no person shall use" in subsection (c).

(g) Section 8 is amended by—

(1) amending subsection (a) by—

(A) inserting ", other than appeal weighing," immediately after "supervision of weighing" in clause (1);

(B) striking out "of grain" in clause (2) (B) and inserting in lieu thereof "(including appeal weighing) of grain in the United States, or of United States grain in Canadian ports"; and

(C) in clause (3), inserting "or governmental agency" immediately after "(3) to contract with any person", and striking out "specified sampling and laboratory testing" and inserting in lieu thereof "specified sampling, laboratory testing, and similar technical functions"; and

(2) adding at the end of subsection (e) a new sentence as follows: "The Administrator may compensate such personnel at any rate within the appropriate grade of the general schedule as he deems necessary without regard to section 5333 of title 5 of the United States Code.".

(h) Section 11 is amended by—

(1) inserting "official weighing or" immediately before "supervision of weighing" in paragraph (3) of subsection (b);

(2) in the first sentence of paragraph (5) of subsection (b), inserting "official weighing or" immediately before "supervision of weighing except", and inserting "director," immediately before "officer, employee,"; and

(3) inserting "or State agency delegated authority under this Act" immediately after "official agency" in subsection (c).

(i) Section 12 is amended by—

(1) inserting ", every State agency delegated authority under this Act," immediately after "official agency" wherever this phrase appears in subsections (a), (b), and (c); and

(2) striking out "delegate authority of this Act" in subsection (c) and inserting in lieu thereof "delegated authority under this Act".

(j) Section 13(a) is amended by—

(1) inserting ", or that any weighing service under this Act has been performed with respect to grain" immediately before the semicolon at the end of paragraph (6);

(2) striking out in paragraph (11) "5, 6, 7(f) (2), 7A, 7B(c), 8, 11, or 12" and inserting in lieu thereof "5; 6; 7(f) (2), (3), or (4); 7B(c); 8; 11; 12; or 17A";

(3) striking out "testing" in paragraph (12) and inserting in lieu thereof "weighing"; and

(4) in paragraph (13), striking out "the grain" and inserting in lieu thereof "grain", and inserting "the" immediately after "observing the loading of". (k) Section 16 is amended by—

(1) striking out, in subsection (a), the second sentence and all that follows "or other person;" in the first sentence down through "by the Administrator." and inserting in lieu thereof the following: "and prescribe such rules, regulations, and instructions as the Administrator deems necessary to effectuate the purpose or provisions of this Act. Such regulations may require, as a condition for official inspection or official weighing or supervision of weighing, among other things, (1) that there be installed specified sampling, handling, weighing, and monitoring equipment in grain elevators, warehouses, and other grain storage or handling facilities, (2) that approval of the Administrator be obtained as to the condition of vessels and other carriers or receptacles for the transporting or storing of grain, and (3) that persons having a financial interest in the grain which is to be inspected (or their agents) shall be afforded an opportunity to observe the weighing, loading, and official inspection thereof, under conditions prescribed by the Administrator."; and

(2) striking out "additional" in subsection (f).

(l) Section 17A is amended by striking out "All persons registered in paragraph (1) of subsection (b) and inserting in lieu thereof "All persons required to register".

(m) Section 17B is amended in clause (2) of subsection (b) by inserting "notwithstanding the provisions of section 812 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612(c)–3)," immediately after "(2)" and inserting "notice of" immediately after "Administrator or the Secretary of".

(n) Section 21 is amended by striking out "SEC. 21" and inserting in lieu thereof "SEC. 19".

SEC. 1505. (a) Section 8(b) of the United States Grain Standards Act of 1976 (90 Stat. 2874) is amended by—

(1) inserting in paragraph (3) "(which may include the application of statistical tolerances for expected variations)" immediately after "error rates of such agencies";

(2) striking out in paragraph (4) "eighteen months" and inserting in lieu thereof "thirty months"; and

(3) striking out in paragraph (5) "two years" and inserting in lieu thereof "three years".

(b) Section 27 of the United States Grain Standards Act of 1976 (90 Stat. 2889) is amended by—

(1) striking out all that follows "SEC. 27." down through "without a designation under the United States Grain Standards Act, as amended by this Act" and inserting in lieu thereof the following: "This Act shall become effective thirty days after enactment hereof; and thereafter no State or other agency or person shall provide official inspection or official weighing or supervision of weighing under the United States Grain Standards Act, as amended by this Act, at an export port location without a delegation of authority or other authorization under such amended Act, and no agency or person shall provide official inspection service or official weighing or supervision of weighing under such amended Act in any other area without a designation or other authorization under such amended Act";

(2) inserting "or other authorization under such Act" immediately after "may continue to operate in that area without a delegation or designation"; and

(3) striking out "and export elevators located at export port locations" in clause (3).

CONFLICT OF INTEREST

SEC. 1506. Section 11(b) of the United States Grain Standards Act (90 Stat. 2881–2882; 7 U.S.C. 87(b)) is amended by inserting in paragraph (5) thereof immediately following the first sentence, the following: "The Administrator shall, in making a determination under this paragraph, consider—

(A) the historical record of the organization and its employees with respect to integrity in the provision of inspection or weighing services;

(B) whether there exists a balance of buyers and sellers on the Board of Directors, or other governing body of the inspection service organized under a Board of Trade or private exchange;

(C) whether there exists an autonomous committee or other governing body to manage an inspection service provided by a Chamber of Commerce, Board of Trade, or private exchange; or

(D) such other criteria as the Administrator, after consultation with representatives of the grain trade industry, may decide is necessary and proper.

HARD RED WINTER WHEAT

SEC. 1507. (a) Notwithstanding any other provision of law, no person acting under a license or authorization to perform official functions under the United States Grain Standards Act shall certify or otherwise state in writing, or perform any analysis to determine, (1) the subclass of Hard Red Winter wheat on the basis of color or on the basis of the dark, hard, and vitreous kernel content, or (2) the percentage of dark, hard, and vitreous kernels in Hard Red Winter wheat.

(b) The provisions of this section shall become effective October 1, 1977, except that a certification or analysis as described in subsection (a) may be performed after October 1, 1977, if pursuant to the requirements of any written contract for the sale of Hard Red Winter wheat entered into and signed prior to the date of enactment of this Act.

MISCELLANEOUS AMENDMENTS

SEC. 1508. The United States Grain Standards Act (39 Stat. 482–485, as amended; 7 U.S.C. 71, 74–79, 79a and 79b, 84–87, and 87a–87h) is amended as follows:

(a) Section 3(i) is amended by striking out "; or, upon request of the interested party applying for inspection, the quantity of sacks of grain";

(b) Section 5(a) is amended by inserting the words "or procedures" immediately following the word "standards" each place it appears therein;

(c) Section 6(a) is amended by striking out the words "factor information" and inserting in lieu thereof the word "criteria";

(d) Section 7(b) is amended by striking out the words "or quantity of sacks of grain,";

(e) Section 7A is amended by inserting in subsections (a), (b), and (e) the words "or procedures" immediately following the word "standards";

(f) Section 8(f) is amended by inserting "and weighing" immediately following the words "official inspection";

(g) Section 11(b)(4) is amended by inserting the words "or supervision of weighing" immediately following the words "official weighing";

(h) Section 13(a)(6) is amended by striking out the words "condition or quantity" and insert in lieu thereof "or condition";

(i) Section 16(b) and 17B are amended by striking out the words "Committee on Agriculture and Forestry" each place they appear therein and inserting in lieu thereof "Committee on Agriculture, Nutrition, and Forestry"; and

(j) Section 17B(a) is amended by inserting the words "and weighing" immediately following "inspection".

Sec. 1509. The United States Grain Standards Act of 1976 (90 Stat. 2874 and 2889) is amended as follows:

(a) Section 8(b)(4) is anmended by striking out the words "Committee on Agriculture and Forestry" each place they appear therein and inserting in lieu thereof "Committee on Agriculture. Nutrition, and Forestry"; and

(b) Section 27 is amended by (1) striking out "official inspection service or supervision of weighing" and inserting in lieu thereof "official inspection service, official weighing or supervision of weighing", and (2) inserting "or" immediately after the semicolon at the end of clause (2).

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that the amendment be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Reserving the right to object, Mr. Chairman, I reserve a point of order against the amendment, and I withdraw my reservation of objection.

The CHAIRMAN. The gentleman from Maryland reserves a point of order.

Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. FOLEY. Mr. Chairman, this may be the last title of the bill. I hope it will be.

Mr. Chairman, I rise in support of the Federal grain inspection amendments to H.R. 7171. These amendments are the same as H.R. 6135 reported by the House Committee on Agriculture, except for a few purely technical amendments. It is being included as an amendment to H.R. 7171 because the omnibus farm bill passed by the Senate contains similar grain inspection amendments as one of its titles. Action by the House to pass the amendments at this time will enable the House to take the issue to conference and resolve any differences we may have in an expeditious manner so they may be enacted into law promptly. The amendments are designed to facilitate and improve the implementation of the amendments made in 1976 to the U.S. Grain Standards Act by Public Law 94–582.

Under the amendments—

First. The requirement that grain merchandisers and elevator operators using grain inspection or weighing services under the U.S. Grain Standards Act maintain certain itemized types of records of their operations for a 5-year period would be eliminated. Instead, they would be required to keep only such records and for such period of time as the Administrator of the Federal Grain Inspection Service prescribes for the purpose of administering and enforcing the act.

Second. Effective October 1, 1977, the authority for the charging of fees for the Federal supervision of grain inspection and weighing under the U.S. Grain Standards Act would be amended so that this activity would be funded 50 percent by appropriations and 50 percent by users.

Third. A committee would be established to advise the Administrator of the Federal Grain Inspection Service on the implementation of the 1976 act. The advisory committee which would be composed of 12 members representing farmers, consumers, and all segments of the grain industry, would terminate at the end of 18 months following the date of enactment of the bill.

Fourth. Several technical amendments would be made to the U.S. Grain Standards Act and the 1976 act which would provide additional guidelines for consideration by the Administrator in making conflict of interest determinations.

Fifth. Effective October 1, 1977, the sub-classing of hard red winter wheat under the U.S. Grain Standards Act would be prohibited.

Mr. Chairman, the requirement in section 12(d) of the act that users of grain inspection and weighing services keep extensive and detailed records was formulated primarily to cover large commercial grain elevators at major interior terminals and export locations. However, the provision applies as well to small country elevator operators, processors, millers, and others who, we have found, use these services only occasionally, or for whom such extensive and detailed recordkeeping creates a burden out of all proportion to the benefits anticipated from the legislation. Accordingly, we have supplanted this detailed statutory recordkeeping requirement with a more general direction that the Secretary provide by regulation for such recordkeeping as is required for effective administration of the act.

The 1976 act provides that 100 percent of the field cost of Federal supervision of inspection and weighing be borne by the users of these services. This has resulted in an increase in the cost of grain inspection and weighing of roughly 25 percent, an increase which ultimately is passed back to the producer in the form of lower prices. The committee felt that since the farmer had no part in the corruption at the gulf ports which precipitated the 1976 act, and since this cost was formerly paid entirely from appropriated funds, it would be more equitable for the Government to pay one-half the cost of Federal supervision.

Implementation of the 1976 act to date has been attended by a number of technical and administrative problems many of which, the committee believes, might have been avoided if the Federal Grain Inspection Service had had the benefit of informed comment from affected segments of the farm and grain merchandising community. These problems continue to arise. Therefore, the bill provides for a temporary advisory committee of 12 knowledgeable members to assist the Federal Grain Inspection Service to complete the job of establishing an effective and practical regulatory system under the statute.

The bill also makes sundry technical amendments to the 1976 act of which I shall note only two. First, the federalization of grain inspection and weighing services formerly provided by State and private agencies has resulted in employment by the Federal Grain Inspection Service of personnel formerly employed by those agencies. We thought that we had adequately provided that such personnel should be compensated at whatever salary step in the appropriate GS grade they qualified for on the basis of prior service and experience. However, the Civil Service Commission advises us that the act was not sufficiently specific on this point. This bill contains an amendment to cure this deficiency.

Second, the 1976 act did not afford the FGIS adequate guidelines by which to judge when a conflict of interest might exist which would render it inadvisable to designate an agency, such as a Board of Trade, to perform official inspection. This bill provides such guidelines.

Mr. Chairman, these amendments provide tools which our experience thus far under the 1976 act has demonstrated are needed to complete the job of establishing an effective national inspection and weighing system for grain. I urge the Members to join me in voting in support of the amendments.

Mr. BAUMAN. Mr. Chairman, it had been the intention of the gentleman from Maryland to make a point of order against the amendment as not being germane but with those assurances I will not make the point of order.

Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The gentleman from Maryland withdraws his point of order.

Mr. MADIGAN. Mr. Charman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding.

If my memory is correct, initially when we set the Federal grain inspection into motion we authorized an appropriation to the Department of Agriculture of a considerable sum of money for the purpose of their authorizing research into the reasons why the quality of grain being sold in overseas shipments was inferior.

It is my understanding that today, although it has been more than a year ago, to date the Department of Agriculture has not spent any of this sum of money that we gave them for the purpose of this research.

I would like to ask the gentleman from Washington if he would agree that it would be timely for the Department to begin to undertake this research now.

Mr. FOLEY. I will say to the gentleman from Illinois, I was not aware that there was a delay in implementing this provision of the bill that the gentleman mentioned. I will certainly make inquiries.

The CHAIRMAN. The time of the gentleman from Washington has expired.

(On request of Mr. MADIGAN, and by unanimous consent, Mr. FOLEY was allowed to proceed for an additional 30 seconds.)

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield further, I want to thank the gentleman for his response and say I hope that his calling attention to this at the Department of Agriculture will encourage them to begin to go into this very important area of research.

I thank the gentleman for yielding.

Mr. SEBELIUS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have the privilege of representing the First District of Kansas, which produces more winter wheat than any other State. More than half of that wheat—sometimes three-fourths—is exported to foreign countries to help feed a troubled and hungry world and to shore up our balance-of-trade deficit.

I recently had the staff of the committee contact the Treasury Department regarding the volume of our farm exports. The information is favorable about farm exports and unfavorable and startling about the general export situation. Farm exports for calendar year 1977 are again expected to reach over $23 billion. Farm exports were $23.4 billion in 1976 and $22.2 billion in 1975.

What is of equal importance to all Americans is the fact that a $25 billion balance-of-payments deficit is expected for 1977. It was $9.2 billion in 1976. Much of this huge deficit is attributable to lagging nonfarm exports and increased fuel imports. I am sure I need not remind you what such a huge deficit will do to the U.S. dollar in world financial circles. However, I mention these statistics only to illustrate the importance of farm exports to all Americans.

Since the implementation of the new Federal Grain Inspection Service last October, we have experienced serious problems in regard to the fees charged for supervision of inspection and weighing and the problems related to grading and recordkeeping requirements. Concern has been expressed throughout the grain industry from producers to exporters. They have been joined by numerous State departments of agriculture and the Governors of several States.

The Foley amendment which incorporates H.R. 6135 is an attempt to address some of the problems created or not properly addressed by the enactment of the U.S. Grain Standards Act of 1976. Some of the problems are corrected by this bill, but others are only partially corrected or are aggravated—as I will point out further in these remarks.

I am pleased that this bill removes the burden of unnecessary recordkeeping from the country elevators. The language of Public Law 94–582 is confusing in this regard. As it is now interpreted, any elevator that has a grain sample submitted for official inspection, whether it be an interior elevator or export terminal, will be required by the FGIS to keep a record of all purchases, sales, transportation, storage, handling, testing, cleaning, drying, blending, and other processing and official inspections and official weighing of grain, so that USDA representatives will be able to identify violations of the act and identify potential problems in the marketing of grain.

All of this may be warranted at the export points. However, its utility at the country elevator level is unwarranted, of questionable regulatory value, and not in the public interest. If interior elevators must comply with this regulation, such FGIS expertise of authority would be capricious and oppressive. The additional personnel required to tabulate such bureaucratic redtap would pose an additional cost that would further discount prices received by farmers—who have enough problems with depressed wheat prices that they should not be expected to solve unemployment by useless public employment functions.

The establishment of a temporary advisory committee of 12 members, representing farmers, consumers, and all segments of the grain industry, to oversee the implementation of the Federal Grain Inspection Service and to help it avoid pitfalls during its first 18 months of operation is a commendable idea.

A similar committee performed a most useful function during the startup of the Commodity Futures Trading Commission, and our experience so far with the 1976 Grain Standards Act has documented the need for such a committee. The fact that it is tied to a "sunset" period of 18 months enhances its value, I believe, in the eyes of legislators and those whom it will serve.

The issue of whether to fund supervisory costs of inspection and weighing by Federal appropriation of user fees is probably the most crucial portion of this bill. I am most concerned over the costly startup operation of the FGIS and its impact on the farmer-seller, which would take nearly $500,000 from Kansas grain farmers alone in 1976 under present law.

Were it not for the fact that the Appropriations Committee, with the support of many of the members of the Committee on Agriculture—including its chairman, provided funding for the Federal supervision of grain inspection and weighing through this fiscal year; the users—farmers, small grain dealers, et cretra—would have been paying 80 cents per thousand bushels for Federal supervision of inspection and 35 cents for Federal supervision of weighing during the startup period, when the FGIS was hiring and training their personnel.

It was especially inequitable for the wheat and feed grain producers to have to bear this total cost burden of the federalization of the supervision of grain inspection and weighing during a period when the employee productivity must necessarily be low and when the intensity of the supervision of inspection and weighing could not be very great.

It continues to be inequitable to have the producers of wheat and feed grains bear 50 percent cost burden of the Federal supervision of inspection and weighing as is provided for in this bill.

The reason for the enactment of the U.S. Grain Standards Act of 1976 was mainly because of scandals at export port locations and because the Congress wanted to protect the foreign markets for U.S. wheat and feed grains.

While farmers and producers are interested in protecting foreign markets for their products, they were not involved in the scandals. Moreover, it is doubtful that anyone has more to gain from large farm exports than the U.S. taxpayer.

Without large farm exports, our balance of trade deficits will grow, the dollar will come under pressure in foreign countries, and the entire Nation will suffer. It well may be that the Secretary of Treasury is more interested in preserving foreign farm markets than any one other U.S. official.

Later today I will offer an amendment to make the Federal supervision of inspection and weighing to be fully federally funded, as is provided for in the Senate bill—which was passed 93 to 0. I will also move to amend the bill by striking section 7, which prohibits the showing of the percentage of dark, hard and vitreous, DHV kernels in hard red winter wheat on the official grading certificate. I will explain this matter further when my amendment is offered.

With these two necessary amendments, I totally support the Foley amendment—that is, H.R. 6135—and urge my distinguished colleagues to vote for its adoption.

AMENDMENT OFFERED BY MR. SEBELIUS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. SEBELIUS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SEBELIUS to the amendment offered by Mr. FOLEY: Section 1607 is amended by striking all the language therein, commencing on page 16, line 17, through page 17, line 6.

Mr. SEBELIUS. Mr. Chairman, I have an amendment at the desk which will strike section 7, which prohibits the Federal Grain Inspection Service—FGIS—from performing analysis of Hard Red Winter wheat to determine the percentage of dark, hard and vitreous kernels.

Last fall during the initial startup of the FGIS inspection supervision, grading discrepancies based on the percentage of dark, hard and vitreous—DHV—kernels between the veteran State inspectors at the interior points and the inexperienced inspectors at the gulf ports created some confusion in the grain trade. Fortunately, the problem, I believe, has been corrected.

However, the issue of whether or not a DHV analysis should be performed is still alive. My colleagues from my neighboring State of Oklahoma have been successful thus far in arguing that DHV no longer serves a useful purpose and should be prohibited as a grading process and that only a protein analysis should be used in the future.

I respectfully submit that such a prohibition would not accomplish what its authors intend. In fact, numerous testimony from all segments of the grain industry in the Agriculture Committee hearings demonstrated that there will be a substantial disruption in the export markets if the percentage of DHV kernels in Hard Red Winter wheat cannot appear on the official grading certificate. Dr. Leland Bartlet, new FGIS Administrator, agrees.

Some of our major foreign customers, such as Japan, have indicated that they will either shift their business to other countries, such as Canada, or they will contract with private laboratories on a private-fee basis for a DHV or protein test. The cost of the test will be either a disincentive for foreign buyers to buy U.S. wheat, or the cost will be passed on

down to the farmers or producers in the form of lower prices at the country elevator. We submit that the damage to export sales resulting from the inclusion of section 7 in this bill—if it becomes law—may be permanent and severe.

Whether or not a DHV count should be part of the grain grading process is an authority that I would be satisfied to give to the FGIS or the Secretary of Agriculture, inasmuch as the danger of its adverse impact on exports poses a clear and present danger to added trade deficits in this year and future years. It should not be a matter dictated by legislation which is rigid and inflexible. Such a move would be the equivalent of the Congress legislating a change in the grades of beef or milk.

Presently, DHV counts are used as a gauge in determining the amount of protein content and until May 1 of this year, they divided hard winter wheat into subclasses. Over the years, foreign customers have experienced a few surprises when they purchased "ordinary" hard red winter wheat. Experience taught them to specify a subclass such as "dark hard winter," "hard winter," or "yellow hard winter." In most cases, dark hard winter provided higher protein than yellow hard winter. In addition, some foreign buyers use DHV counts to help millers increase their starch damage to desired levels and for making farina to be used in pasta products.

The prohibition of DHV counts would make the traditionally acceptable winter wheat subclasses even more indistinguishable, and it would only confuse and handicap the foreign buyers and millers who use the strong gluten U.S. wheat to improve their bread baking. This would encourage foreign buyers, particularly those from Japan and Brazil, to purchase lower protein spring wheat as a substitute; because they could still be assured of obtaining subclass grades and DHV counts.

It is for this reason that farmers in the spring wheat producing areas of the Dakotas are on record as being opposed to the elimination of either their spring wheat subclasses or DHV counts. To do so, they believe, would give the Canadian Wheat Board a decided marketing advantage and jeopardize their overseas sales to such dependable customers as Brazil and Japan. Given the world surplus of wheat, we should take any steps we can to preserve our overseas markets.

As a general rule, the major foreign importers of U.S. wheat request both the protein specification and the DHV content specification in making their purchases of U.S. hard red winter wheat. Therefore, by including section 7, H.R. 6135 ignores the realities of existing market conditions. In addition, it singles out one class of wheat for the elimination of such a count and, thus, is inequitable and discriminatory. Foreign buyers are going to become suspicious that the USDA wheat classification system no longer adequately reflects the quality of wheat offered for sales and that it is abandoning some of the U.S. specialty markets for wheat.

We should realize that our foreign wheat competitors in the world markets would use the prohibition of DHV to their advantage in promoting their wheats that are competitive with U.S. hard red winter wheat at a time when wheat buyers can go anywhere in the world to find sufficient wheat to meet their needs at extremely low prices.

I firmly believe that everyone needs to work toward improving the image of hard red winter wheat rather than prohibiting DHV kernel counts on grading certificates, which buyers have come to rely upon in making purchases.

I strongly urge your support of my amendment.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I think the gentleman has raised a key point in this whole issue. I think the issue is this, that all experts agree that the DHV system is a very poor system of trying to determine the quality of grain. In particular, that has to do with the protein count. I think most experts now recognize that it is the protein that is the key. That is what makes wheat valuable. The DHV is an age-old system which mainly relates to the color of wheat. It has nothing to do with the protein.

Mr. SEBELIUS. Mr. Chairman, if I can stop the gentleman there, there is another element that has not come up in my prepared remarks. Canada does have DHV. If the importer can get DHV from them it complicates matters. Also it leaves us totally inflexible when we go to conference. I have the testimony and letters of 20 people that we should leave it out.

Mr. ENGLISH. Mr. Chairman, I think the key thing is the United States is the only country in the world that uses the DHV system.

Mr. SEBELIUS. It is still available and they can get it from Canada.

Mr. ENGLISH. Mr. Chairman, if the gentleman will yield further, it is still a major point as far as the United States is concerned.

I might say also, the USDA came over to my office and attempted to persuade me as to its usefulness. Right now, 40 is the cut-off point at which farmers are docked as far as grain is concerned. Relating that to protein, we go all the way down to 25, which is very low in relationship to the color. This is the cut-off point as far as any usefulness is concerned in regard to protein.

I think the important thing is that this is a system which docks the farmers. It is unfair to the farmers that they may have bleached grain. This happened to us in Oklahoma. It had absolutely nothing to do with the protein count and usefulness to the people around the country.

Mr. SEBELIUS. We are aware of that. If the foreign buyer still wants to specify it we are locked out, and they go to the Canadians.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

(By unanimous consent, Mr. SEBELIUS was allowed to proceed for 2 additional minutes.)

Mr. SEBELIUS. Mr. Chairman, I do not want to belabor the point. It is in the Senate bill. It is not in the House bill.

I would like to ask the chairman, the gentleman from Washington (Mr. FOLEY) whether or not the gentleman would like to go to conference with it not in the House bill?

Mr. FOLEY. Mr. Chairman, I always say go in with all you can on a conference report.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I shall not use the 5 minutes.

Mr. Chairman, I think it has been about 17 years that I have followed the work of the U.S. House of Representatives closely. I have been honored to serve in it for 9 years. I have seen many great committee chairmen solve the most difficult lawmaking assignment in recent history, including many Members sitting among us today; but I do not think I have ever seen as good a job, smooth professionalism and calmness, courtesy, and understanding, as shown by the gentleman from Washington (Mr. TOM FOLEY).

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I simply want to add to what the gentleman who preceded me said and to state I also appreciate the fact that the esteemed gentleman from Washington (Mr. FOLEY) has not endeavored to inhibit debate. It has been a long debate. Sometimes it has been trying. The gentleman has not endeavored to cut back on the opportunity of Members to speak or offer amendments. I think many others in this body might take recognition of that fact.

Mr. Chairman, I extremely regret that the House is being forced to handle the farm bill and the food stamp program as a single package. These are two very different types of legislation that deserve separate treatment. Considering the programs together only confuses the important issues involved in each individual program.

I am sympathetic with the move to protect the American farmer by providing some measure of price stability. Rising operational costs and major price fluctuations are having a severe impact on our Nation's grain farmers. Although fuel, equipment, labor and other factors have risen, farm income has not kept pace. These factors are driving farmers into a precipitous situation—a situation that threatens their independence and could lead to a reduction in production.

Circumstances are especially difficult for the small family farm. Small farmers are caught in a financial squeeze. They need higher prices for their farm products.

As I mentioned before, however, the farm provisions comprise only one portion of the bill. H.R. 7171 also authorizes a 4-year extension of the food stamp program at an estimated cost of $5.3 billion for fiscal year 1978 alone. This should be compared with the $2.3 billion estimated cost of the commodity loan and target price programs. As my friend and colleague from Idaho has stated, the bill provides peanuts in sub-

sidies for farmers when compared to the billions spent on welfare for food stamps.

We have all been waiting for the food stamp reform package. To call the food stamp provisions added into H.R. 7171 a reform measure, however, is laughable. Instead, it opens up the program to even more abuse.

Given this fact, I feel compelled to vote against the entire bill because of the food stamp provisions alone. The taxpayers of this country should no longer have to carry such a heavy load.

Let me cite just a few of the most obnoxious features of this so-called food stamp reform. Particularly troublesome is the elimination of the purchase requirement. Under present law, recipients must pay at least a minimal amount for their stamp allotments. This is both fair and wise.

I think it is important that food stamps be something that a person buys out of his or her own money. That way the stamps have more value to the person. If they are just another free government handout, we are inviting increased cheating and abuse.

Elimination of the purchase requirement will also mean a substantial cost hike. Estimates published by the Congressional Budget Office ranged between $520 million and $2.7 billion annually. This is an unacceptable increase.

While this may sound bad enough, the committee also rejected an attempt to help guarantee that food stamp benefits would not go to the nonneedy. This proposal would have required food stamp recipients whose earnings are more than twice the poverty level in any given year to pay back the food stamps they receive during the year.

A recoupment provision would have substantially increased the equity of the program. In addition, it would in no way hurt the truly deserving. All those with legitimate need would still receive food stamps. So also would those who temporarily need food stamps but end up with a high income. For them the stamps would be similar to interest-free loans.

The bill also fails to include some other key provisions. There is, for example, no limitation on total Federal spending for the food stamp program. The committee refused to even approve an amendment that set a spending cap $600 million above its spending projections.

This is bad news for the taxpayer. It undoubtedly means another hefty boost in the cost of the food stamp program, a program that has already increased thirtyfold in only a decade.

The bill also fails to ban food stamps to strikers. In my opinion it is ridiculous and a waste of the taxpayers' money to give food stamps to people who voluntarily stop work as a means of getting higher pay or improved employment benefits.

Millions of people in this Nation are involuntarily out of work. These are the people we should be concerned with. To award food stamps to those who voluntarily leave their jobs and go out on strike is a travesty.

Numerous other proposals to tighten the food stamp program also went down to defeat. Consequently what we have ended up with is reform of the program in name only.

I strongly believe that steps must be taken immediately to reduce costs and limit abuses in the food stamp program. The bill before us does not achieve these essential goals. This leaves me no choice but to vote against the bill.

Mr. BAUCUS. Mr. Chairman, I move to strike the requisite number of words. I rise in favor of the amendment.

Mr. Chairman, I do not want to belabor this, but for those that do not know the term DHV, some of our States that produce high quality wheat, like Montana, can continue to cooperate with the Department of Agriculture in grain feed, in the quality of grain, so that States like Montana have an opportunity to market their grain overseas.

The effect of this amendment would be to allow the USDA to continue to grade wheat in special categories so that the States that do have such high quality can sell their wheat at higher prices and, obviously, to their benefit. If we defeat this amendment, the effect would be to prevent the USDA from going through this procedure. The effect would be to lump all the various grades of wheat together. That would be the result, and that would work to the disadvantage of those areas of the country which do produce a better grade of wheat.

That is the thrust of the amendment. I strongly support the amendment and encourage my colleagues to support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. SEBELIUS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was agreed to.

AMENDMENT OFFERED BY MR. JENRETTE TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. JENRETTE. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JENRETTE to the amendment offered by Mr. FOLEY: At the end of the amendment add the following: Amend Section 27, Clause (2) of P.L. 94-582 (90 Stat. 2867) by deleting the semicolon at the end of Clause 2 and inserting the following: *Provided*, That the Administrator may allow such an effected agency or person to continue to provide official inspection or weighing if he determines that such continued operations are necessary or desirable in carrying out the requirements of the Act. *Provided further*, That whenever the Administrator makes such a determination he shall, within 30 days after making such a determination, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate detailing the factual bases for such determination;

Mr. JENRETTE. Mr. Chairman, I will be very brief. Last year, when the Agriculture Committee sought to make improvements in the Grain Inspection Act, we placed in a provision that made it very strong; that is if any two employees of a grain inspection agency were convicted of a crime, then that agency was no longer allowed to operate as a State inspection agency. There were about 10 States that were grandfathered because they had good, ongoing inspection agencies. Therefore, we did not make it mandatory to have only Federal inspectors.

South Carolina, the State I represent, in an effort to clean up and to make even stronger its inspection procedures, investigated and found two violations; one being a weigher and one being a truck driver. We prosecuted these two in State court, and under the law we passed last year that accounted for two violations. Therefore, we could no longer utilize our State inspection agency. The two convictions put us out of business under the present law.

My amendment would allow the administrator to look into the facts and if it was warranted, then he could waive that requirement and allow the agency to continue operation.

I think this gives the Administrator the opportunity of not being caught by these two individuals. I would certainly urge that the committee accept the amendment so that the Administrator, if he finds that there has not been a total corruption of the agency, can allow the State inspection agency to continue. As it stands now, no matter what ones job may be at the inspection agency, a janitor, a sweeper, or anybody else, conviction, under the present law with the very narrow rule we have, the whole agency would be dismantled and there presently is no provision under which the agency could be recreated. There is no way unless we have an amendment like the one I have offered which gives the Administrator of the Federal Grain Inspection Agency some discretion.

I urge the passage of my amendment.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. JENRETTE. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I think the gentleman has offered a good amendment. It is certainly agreeable with me.

Mr. JENRETTE. Mr. Chairman, I thank the gentleman for his remarks.

I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina (Mr. JENRETTE) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was agreed to.

AMENDMENT OFFERED BY MR. SEBELIUS TO THE AMENDMENT OFFERED BY MR. FOLEY

Mr. SEBELIUS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SEBELIUS to the amendment offered by Mr. FOLEY: Section 1602 is amended by striking the language commencing on page 2, line 9, through page 3, line 23, and substituting in lieu thereof the following:

"(j) The Administrator shall, under such regulations as he may prescribe, charge and collect reasonable fees to cover the estimated cost of official inspection except when the official inspection is performed by a designated official agency or by a State under a delegation of authority. The fees authorized by this subsection shall, as nearly as practicable and after taking into consideration any proceeds from the sale of samples, cover the costs of the Service incident to its performance of official inspection services in the United States and on United States grain in

Canadian ports, excluding administrative and supervisory costs. Such fees, and the proceeds from the sale of samples obtained for purposes of official inspection which become the property of the United States, shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Service incident to providing services under this Act.".

(b) Section 7A(1) of the United States Grain Standards Act (90 Stat. 2877; 7 U.S.C. 79a(1)) is amended to read as follows:

"(1) The Administrator shall, under such regulations as he may prescribe, charge and collect reasonable fees to cover the estimated costs of official weighing and supervision of weighing except when the official weighing or supervision of weighing is performed by a designated official agency or by a State under a delegation of authority. The fees authorized by this subsection shall, as nearly as practicable, cover the costs of the Service incident to its performance of official weighing and supervision of weighing services in the United States and on United States grain in Canadian ports, excluding administrative and supervisory costs. Such fees shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Service incident to providing services under this Act.".

(c) Section 21 of the United States Grain Standards Act of 1976 (90 Stat. 2886) is amended by striking out "those Federal administrative and supervisory costs incurred within the Service's Washington office or not directly related to the official inspection or the provision of weighing services for grain" and inserting in lieu thereof the following: "Federal administrative and supervisory costs related to the official inspection or the provision of weighing services for grain".

(d) Section 27 of the United States Grain Standards Act of 1976 (90 Stat. 2889) is amended by striking out ", who pays fees when due, in the same manner as prescribed in section 7 or 7A of the United States Grain Standards Act, as amended by this Act,".

(e) The provisions of this section shall become effective October 1, 1977.

Mr. SEBELIUS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. SEBELIUS. Mr. Chairman, I have an amendment at the desk which provides for full Federal funding of Federal Grain Inspection Service supervisory costs for inspection and weighing.

Mr. Chairman, presumably one of the principal reasons for enactment of the U.S. Grain Standards Act of 1976 was to protect foreign markets for U.S. grain. While we admit that farmers are interested in maintaining their overseas markets, is not that true of all Americans?

Does not the sales of our wheat and feed grains overseas permit the United States to have some semblance of a balance of trade with foreign countries despite our burgeoning imports of oil? Is it only the farmer who benefits from the more than $22 billion in farm products exported each year? The answer is: of course not! All Americans benefit. And all Americans benefit when fraud and corruption are prevented in any segment of our economy.

I recently had the staff of the committee contact the Treasury Department regrading the volume of our farm exports. Tne information is favorable about farm exports and unfavorable and startling about the general export situation. Farm exports for calendar year 1977 are again expected to reach over $23 billion. Farm exports were $23.4 billion in 1976 and $22.2 billion in 1975.

What is of equal importance to all Americans is the fact that a $25 billion balance-of-payments deficit is expected for 1977—it was $9.2 billion in 1976. Much of this huge deficit is attributable to lagging nonfarm exports and increased fuel imports. I am sure I need not remind you what such a huge deficit will do to the U.S. dollar in world financial circles. However, I mention these statistics only to illustrate the importance of farm exports to all Americans.

During the long and drawn out consideration of the Grain Standards Act amendments in the 94th Congress, it was stated that the Kansas inspection system was a model one and that we did not need total federalization as some advocated. In the conference committee that helped draft final legislation authorizing the Federal grain inspection program, we do not believe that it was contemplated that the costs of the Federal supervision of inspection and weighing would increase as greatly as they apparently have in jurisdictions such as the State of Kansas.

Based on fiscal year 1976 shipments in Kansas, the cost of Federal inspection would total nearly one-half billion dollars, excluding the fees for weighing supervisions. Other States also report enormous cost increases, none of which was expected at the time the 1976 act was being considered in Congress.

Reliable sources in the grain trade estimate the fees, either directly or indirectly, will discount wheat from 2½ to 4 cents per bushel at the country elevator. The gain industry, with whom I concur, unanimously believes these costs are unwarranted when discounted—as they will be under the 1976 act—in the prices received by farmers.

Farmers, even under this bill which provides for 50–50 sharing of supervisory costs, will have to pick up the $7.96 million price tag for fiscal year 1978. The Senate, in a vote of 93 to 0, approved an amendment that would provide for 100 percent Federal funding of grain inspection and weighing.

As illustrated in the table below, which was prepared from information provided by the U.S. Department of Agriculture, total Federal funding of grain inspection and weighing is consistent with the relationship between inspection fees charged and appropriation funding provided other commodities or products inspected by the Federal Government. About 98 percent of the cotton, 84 percent of the tobacco, 93 percent of the livestock, and 96 percent of the egg inspection and grading by USDA personnel is funded from appropriations.

Funding for inspection and grading by USDA of commodities other than grain

[In millions of dollars]

Commodity	From user fees	From appropriations
Cotton	0.2	8.0
Tobacco	.8	5.0
Livestock	16.3	240.0
Fruits and vegetables	15.6	.6
Poultry	9.0	.03
Eggs	.2	5.5

It appears to me that it is just as much, if not more in the public interest to prevent corruption and promote the sales of wheat and feed grains overseas as it is to insure that Americans have wholesome meat supplies.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, as the gentleman from Kansas so aptly said just a few moments ago, when he was urging us to support his amendment on DHV in order to have flexibility in conference, the same argument now applies to his amendment. If we adopt this amendment, we will require 100-percent financing of supervisory costs. If we defeat the amendment we will have flexibility in conference. And since I am for flexibility in conference, I respectfully urge the Members of the Committee to reject the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. SEBELIUS) to the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the amendment was rejected.

The CHAIRMAN. Are there further amendments to the amendment offered by the gentleman from Washington (Mr. FOLEY)?

Mr. LEDERER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to place the membership on notice that when the Committee rises I shall request a separate vote on the de la Garza amendment, and I will request the yeas and nays.

The reasons for this action are: The de la Garza amendment will cost the Nation's consumers over $1 billion a year. This is why the Consumer Federation of America has asked each of us to oppose it. The de la Garza amendment will immediately result in a 50-percent increase in the price of sugar. Think of that. A 50-percent increase to the American housewife. That is 5 cents a pound. Despite the importance and complexity of the sugar issue, no hearing has been held or committee consideration given to this matter.

This is clearly an irresponsible way to legislate on issues of this magnitude. The gentleman from Washington (Mr. FOLEY) the chairman of the committee, has already announced his willingness

to hold sugar hearings in September. The administration has stated it is opposed to this amendment and has publicly reinforced its commitment to support raw sugar prices at 13½ cents.

After consultation with the Department of Agriculture, I can tell the Members that it is extremely doubtful that the President will sign the bill if the de la Garza amendment is in it.

Later today the vote of the Members will be recorded for or against the Nation's consumers. I hope the Members will join me in assuring full committee consideration for this vital issue.

Mr. LE FANTE. Mr. Chairman, will the gentleman yield?

Mr. LEDERER. I yield to the gentleman from New Jersey.

Mr. LE FANTE. Mr. Chairman, I wish to commend the able gentleman from Pennsylvania (Mr. LEDERER) for his stand on behalf of the Nation's consumers.

I think all of us understand the concept of parity and how it is applied. Let me ask the gentleman from Pennsylvania this question:

Could the gentleman tell us, what would be the market price equivalent of the 55 percent to 65 percent of parity called for by the amendment?

Mr. LEDERER. I believe the parity levels in the amendment would produce a price of from 14.3 cents to 16.9 cents per pound of raw sugar.

Mr. LE FANTE. A difference of 2.6 cents per pound?

Mr. LEDERER. Yes.

Mr. LE FANTE. Mr. Chairman, will the gentleman yield further?

Mr. LEDERER. I yield to the gentleman from New Jersey.

Mr. LE FANTE. How much outlay would it take for the Government to support these prices?

Mr. LEDERER. To achive a minimum of 55 percent of parity on a 5-million-ton crop, much lower than the average. It would require, I think, as much as something like $1 billion 430 million.

Mr. LE FANTE. Mr. Chairman, will the gentleman yield further?

Mr. LEDERER. I yield to the gentleman from New Jersey.

Mr. LE FANTE. What other approaches could be used under the amendment?

Mr. LEDERER. Protectionist measures such as additional import fees or restrictive quotas.

Mr. LE FANTE. How much will that cost the consumers, does the gentleman know offhand?

Mr. LEDERER. I do not have that information.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. LEDERER. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding.

I hope that this body, having discussed this amendment at great length, will continue to hold firm on the de la Garza amendment, secure in the knowledge that, if we do not, we will be handing that poor little old Coca-Cola Co. a hundred million bucks.

Mr. LEDERER. Mr. Chairman, if the Members will bear with me a little further, I would like to say that I read the article that appeared in the Washington Post by Rowland Evans and Robert Novak, and I hope I read it a little more carefully than some of the other Members in this House did.

One line in the article said:

> Nobody is charging conflict of interest.

Another line quotes the Secretary of Agriculture as saying:

> . . . from our vantage point in the Department of Agriculture, we will never support a policy that will consciously or subconsciously allow the disintegration of the domestic sugar industry.

Mr. Chairman, I support the President on this issue, and I ask the Members to support it.

Mr. ANDREWS of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think it ought to be pointed out that we debated this matter thoroughly last week. Those Members who were here in the House voted by a vote of 81 to 3 in favor of the amendment offered by my colleague, the gentleman from Texas (Mr. DE LA GARZA).

I think we ought to take a look at the facts and consider what it costs the consumer. Everybody seems to forget that the consumer today is on a sugar price roller coaster between the high price of 60 cents a pound of 2 years ago and the low prices we have now because foreign countries have dumped sugar that has no home on our market.

Let us take a look at this and find out where that sugar comes from. Sugar that is produced in Brazil is supported at 18 cents a pound. The de la Garza amendment says we will support it at 14 cents. The 18-cent-a-pound sugar goes to Europe where it is sold for 25 cents a pound. If these foreign countries have a little bit left over, they dump it into our market for whatever it brings and when they do not have a little bit left over, our consumers pay 60 cents or more a pound for their sugar.

The United States of America produces only 50 percent of the sugar it consumes domestically. Let us remember from the standpoint of the consumer that the price of sugar in the United States has always been lower than the price anywhere else in the world. Our farmers are efficient.

It is true that we need a sugar act. The de la Garza amendment is far better than the subsidy that is proposed by the Carter administration. That would cost this Government some $500 million or more. All the de la Garza amendment says is that we will set up a loan program at 55 percent of parity, treat it as "other crops," have, been treated and that will, we hope, force the administration into implementing and supporting action taken by our own Trade Commission saying that our country should not be the dumping ground for sugar that has no home in the world market.

Again let me stress 2 points. The consumer buys sugar and other farm commodities in the United States for a cheaper price than the price anywhere else in the world.

Secondly, the choice we have with the de la Garza amendment is this: Do we want to maintain a domestic sugar industry, or do we want to make the American consumer totally dependent on foreign imports? We have had that with oil, we have had it with a number of other commodities, and I do not think the American consumer wants to be dependent for his sugar supply on foreign suppliers.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I will be glad to yield to my colleague, the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, a couple of years ago when sugar commanded a lot of money in the marketplace and went up to about 60 cents a pound, how much did the bottlers raise the prices of their products?

Mr. ANDREWS of North Dakota. The price of Coke went up, and after that, even though the price of sugar came down, I have not seen the price of Coke come down appreciably.

Mr. WAGGONNER. So they have not cut their prices since the price of sugar has come back down?

Mr. ANDREWS of North Dakota. No, they have not. I have heard that the price of Hershey bars is going up again, too. I do not feel too sorry for them, and I think the consumer will be well served if we supply our own market.

Again, the news on the ticker out there today says that this last month we had the greatest imbalance in payments in our country's history. We spent $5 billion over the last 3 years for foreign sugar. Far better is it that we produce more of our own sugar, keep our own industry viable, and not have that problem of a drain on American dollars overseas, which does not do anybody in this country any good, farmer or consumer.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, too, want to use this time to speak briefly to this House about the implications of the sugar amendment that we are going to be asked to vote upon in just a few minutes.

I would be less than honest with the Members if I did not tell them that I was just a little bit distressed and disturbed about some of the tactics, about some of the misrepresentations, about some of the distortions of facts relating to this most important and crucial issue, not the least of which is the fact that the administration has told Members of this House that the Nolan amendment is a legal justification for the administration program on sugar.

Mr. Chairman, those who were here when that debate took place know full well that it was offered and intended specifically for the purpose of dealing with a specific problem with regard to a few producers in Hawaii and in California who would not have benefited from the de la Garza program. In no way whatsoever was it pretended to be a substitute or a legal justification for the administration program.

Mr. Chairman, the administration maintained this pretense in spite of facts; the fact is that the de la Garza program is a perfectly proper and legal program,

the same kind of program that is used for corn, for wheat, for tobacco, for peanuts and all the other commodities.

There is no question about its legality, while the administration program's legality is highly questionable. In fact, the Comptroller General of this country has ruled that it is, in fact, illegal.

Secondly, Mr. Chairman, there have been some misrepresentations about the cost of this program. The gentleman from Pennsylvania (Mr. LEDERER) has pointed out and Mr. BERGLAND has pointed out to me—he did so only last night—that if the de la Garza-Nolan program goes into effect, there will have to be either import quotas or countervailing tariffs. If there are import quotas, the program will cost the Treasury and taxpayers nothing. If there are countervailing duties, the de la Garza program will bring $300 million into the U.S. Treasury, as opposed to the administration program which requires a $240 million outlay of Treasury tax dollars.

Thirdly, Mr. Chairman, there have been some misrepresentations as to the impact this is going to have on world trade. The Secretary has said and the gentleman from Pennsylvania (Mr. LEDERER) has said and others have said that if the de la Garza-Nolan program goes through, there will be countervailing duties or there will be quotas; and anyone who has studied or paid any attention to international commodity agreements knows clearly that this will encourage the negotiators in London to develop an international sugar agreement.

Fourth, Mr. Chairman, the administration program does nothing to restrict imports and gives the importing countries every possible conceivable initiative to continue dumping sugar into the American market at the expense of the producers in this country.

Fifth, Mr. Chairman, I would like the Members to examine the hunger impact if the producers of sugar in Minnesota, Colorado, California, Louisiana, and Hawaii in some of the most modern, new, and efficient sugar-producing plants in the world, cannot make a profit on 8-cent sugar.

Mr. Chairman, how do these developing nations make a profit on 8-cent sugar? They are taking it out of the hide of their people. They have absolutely no business producing sugar, coffee, or any other product for export to the United States to feed our sweet tooth. If we want sugar, we had better be willing to pay for it and not pay for it by promoting hunger and starvation in the developing nations of this world.

Mr. Chairman, the de la Garza program discourages imports into this country. It encourages those people to use the land in developing nations to produce food, vegetables, grain, and other foodstuff to feed their own people, not the American sweet tooth.

Finally, Mr. Chairman, if we do not have the de la Garza program, farmers and consumers are going to hurt because the legality of the administration program is highly questionable.

Because the administration's program is highly questionable, we might not have any program at all. We might force more sugar producers in this country out of business, then we will again be dependent upon foreign producers of sugar. That is a highly volatile market.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. NOLAN was allowed to proceed for 2 additional minutes.)

Mr. NOLAN. That market is one that has given us 65 cent sugar and 8 cent sugar.

Eighty-five percent of all the sugar produced in the world is used for domestic consumption, or committed under international agreements only 15 percent goes on the world market—a market, I might add, controlled by some rather big corporations and wealthy individuals who are not the least bit hesitant to manipulate that market.

It has also been argued that the administration's program is somehow going to save the consumer a billion dollars or somehow DE LA GARZA is going to cost a billion dollars to the consumers in this country.

The facts are the price of sugar has gone from 65 cents down to 8 cents and there has not been a penny reduction by Coca-Cola or any other prime user of sugar in this country. In fact their prices have gone up a little.

One more fact for you to rest with: Almost 85 percent of the sugar in this country goes to the industrial users, and Coca-Cola is the largest. Failure for us to adopt a program in this Congress and failure for the administration to adopt a program one way or another has resulted in huge windfall profits to Coca-Cola and other companies. It is time that Congress started legislating policy in this country. It is time we had price stability in the sugar market so that the consumers and the producers benefit from it. It is time we had a policy that is workable, saves tax dollars, gets us an international sugar agreement, and gives us price stability. The de la Garza amendment achieves all these objectives. I strongly urge its adoption.

Mr. GIAIMO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think we should know what we are doing here because this bill really busts the budget—the budget targets that we adopted this spring, and that we will be revising shortly.

We started out with a budget request from the President in February of $2.3 billion for all agricultural outlays. Because of administrative actions called for by existing law and by actions of the committee we added to that. You will recall that the Committee on the Budget worked very closely with the distinguished chairman of the Committee on Agriculture, the gentleman from Washington (Mr. FOLEY), and we added about $2 billion in outlays, bringing the total up to about $4.3 billion. Since the first budget resolution our current estimate has increased the outlays for the agricultural bill as reported amounting to some $400 million, bringing the total up to about $4.7 billion in outlays. Then by amendments on the floor these past several days you have added approximately $1 billion in outlays, bringing us up to $5.7 billion.

I realize that there is an economic problem for American farmers. I recognize that we have an obligation to do something to help them. But there is a limit on how much we should help. Part of the problem is that we are having bumper crops, certainly in wheat and in feed grains.

Part of the problem is that prices have become depressed for those two crops as well as for sugar and others. We must do something to resolve these problems and I submit that we are doing something. We are spending billions of dollars. But I do not see how by adding more money, as we are doing now—money that is coming out of the pockets of either the American consumer or the American taxpayer or both—we will encourage farmers to exercise any restraint. What we are doing, in effect, is saying, "Go ahead and plant and grow. Don't worry if the market prices fall. The Government will bail you out." I think that approach is wrong.

If the President intends to get a balanced budget by 1981—and to get a balanced budget not just for the purpose of balancing a budget but to reduce these massive deficits we have been living with for the past few years so that we can meet some of our pressing national priorities such as mass transportation, health programs, and other things that we have to do—if we intend to do that and to try to balance the budget by 1981, we have to begin to exercise restraint. I submit we are not doing that here in this bill, and that is a mistake.

Let me address myself to the sugar problem. I do not know for certain whether the de la Garza amendment is a good one or a bad one, but I have learned one thing in my 18 years in Congress, and that is when the word "sugar" comes along on this floor, the American consumer and the American taxpayer had better look out. For 18 years that has been a cardinal fact of life here. I would like to see the Agriculture Committee look into this matter. I would like to see them hold hearings and study the matter. The fact is that we use about 11 million tons of sugar a year, that we import about 5 million tons of sugar, and that we have a very depressed sugar market at present.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. We must find an answer to that problem. But the answer is not to pass any quick-fix legislation which is going to cost either the taxpayer hundreds of millions of dollars in payments or cost the American consumer anywhere from $500 million to $1 billion.

The Secretary of Agriculture himself has indicated to me that he is trying to work out the sugar problem in international negotiations. I think he is entitled to some time to do that. I think the committee can come forth here in a matter of weeks or months with new legislation that has had the benefit of careful consideration. We should not jump to quick action at this time.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I appreciate the gentleman's yielding. I share the gentleman's concern toward a balanced budget. We are in accord on that. We have no disagreement. We have been trying to work with the gentleman. That is one of the reasons for this amendment. I would like to edify the gentleman if I might, very respectfully. When he mentions sugar and that people had better beware, does the gentleman have any specific knowledge as to whether the sugar program that was previously in existence ever cost the taxpayer any money?

Mr. GIAIMO. My recollection is that since I have been here we have had sugar programs that have been very, very much lobbied by the sugar industry.

Mr. DE LA GARZA. Does the gentleman have any knowledge that it cost the taxpayers any money?

Mr. GIAIMO. And they have cost the U.S. consumer money, and that is the taxpayer.

Mr. DE LA GARZA. Does the gentleman have knowledge as to how much it cost?

Mr. GIAIMO. I think I have just answered the gentleman. The answer is yes, it has cost consumers over quite a few years.

Mr. DE LA GARZA. I would like to emphasize under the system we have wherein we have a tariff, any assistance given to the farmer came from the tariff, and I would be willing to say to the gentleman that not 1 penny came from the Treasury. It was taken from the sugar that came in.

I think the gentleman should be fair enough to admit either he does not understand the program or he does not have the facts, because the fact is it does not cost the taxpayer any money, on the contrary it brought some money into the Treasury.

Will the gentleman yield further?

Mr. GIAIMO. I will continue to yield to the gentleman so he can continue.

Mr. DE LA GARZA. I am trying to help someone else in this now very famous article about the Coca-Cola Co. I am not going to get involved in the Coca-Cola matter but here is my concern. The gentleman says the administration is working. If he will read from this article he will see that it says:

> Blumenthal fighting for free trade, Bergland angling for supports and quotas, Strauss battling for anything that works, White House economic advisers plotting to continue low-price sugar to help check inflation.

If this is the fact, then what can we expect from the administration? The gentleman said to wait. I am willing to wait, but when they are so disjointed and disoriented, what are we waiting for?

Mr. GIAIMO. I thank the gentleman from Texas. Mr. Chairman, I decline to yield further.

I will stand on my statement.

The Members are calling for vote, vote, vote, and I want to vote like everyone else, but I am telling the Members we have a budget buster here. We are not encouraging agriculture to exercise some restraint and we are not helping the administration to balance the budget by 1981 so that we can get on with some of our crying unmet priorities which are begging for our attention.

Let me say one final thing. When this bill goes over to conference it will not come back lower. It is going to be higher, because this bill has increased the fiscal year 1978 outlays for the 1977 crop. The other body has increased the outlays for 1978 and 1981 crops and they are above us. We can bet the compromise will be somewhere above the House and below the Senate.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield briefly?

Mr. GIAIMO. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I would like to point out to the gentleman that there are provisions for reduction of production of farm crops and for set-aside programs in this bill without cost to the taxpayers at all, and I believe that feature of this bill needs to be better understood by many Members of this Congress.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY), as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will read the balance of the bill.

The Clerk read as follows:

TITLE XVI—EFFECTIVE DATE

SEC. 1601. The Agricultural Act of 1977 shall become effective October 1, 1977, except for those provisions for which a later date is specified elsewhere in this Act.

Mr. BAUMAN. Mr. Chairman, I have listened and watched with great interest the progress, or lack thereof, regarding the long pending farm food stamp bill, H.R. 7171. I have the privilege of representing a great congressional district in which agriculture and the small family farm is of the greatest importance to many thousands of people. I had hoped that I could find enough good in this multifaceted legislation in order to vote for it, but frankly I cannot.

I have conferred with a number of farm leaders in Maryland, including the president of the Maryland Farm Bureau, Grove Miller of Cecil County, and the consensus has been that the general outlines of national farm policy contained in this bill represents a distinct retreat from the previous policies of Secretary Butz which called for full production and a free market sale of farm commodities here and abroad. Under such a policy our farmers prospered.

Instead, they, and I view this bill as a return to the discredited policies of boom and bust of the past liberal administrations; the days when farmers raised crops for Government storage, huge surpluses developed and were dumped on the market by the Government to depress farm prices, and farmers were told what to plant, how much to plant, and where to plant. Inherent in the pending bill is a repetition of the same low prices that badly hurt the American agricultural community.

While I support increases in the target prices for wheat and corn which will guarantee the farmers a fair return on their labor, this bill also contains other features which deserve praise, including the raising of loan rates which were definitely too low. The agricultural research section is also acceptable.

Nevertheless, Mr. Chairman, make no mistake. This is not a farm bill for the most part, but a welfare bill. I say that because of the enormous costs and welfare expansions which are contained in title XII, the food stamp section of the bill. It was a cynical and unwarranted move to append to a much needed farm bill an entirely new bill pertaining to the unrelated issue of the food stamp program. As I said earlier in debate, this issue should have been treated on its own merits in a separate bill with full and free debate and amendment. Many of us have worked for true food stamp reform, and instead we are forced to vote in a limited manner on language which is anything but reform. This title alone will add more than 2 million more Americans to the food stamp rolls with no assurance against fraud and every likelihood of billions more in spending. This section alone requires a no vote.

Mr. Chairman, I sincerely hope that the conference will improve the worst features of this bill. If it does not, the President should have the courage to veto the bill and ask for the separate consideration of the two major issues of farm policy and welfare reform.

In the meantime I must oppose the bill in the best interests of my farm community and the thousands of taxpayers who are fed up with the abuses of the food stamp program.

Mr. CONTE. Mr. Chairman, I rise in strong opposition to this multibillion dollar giveaway. This boondoggle is replete with provisions benefiting numerous special interests, in fact, all the special interests except two, the American consumer and the American taxpayer. Mr. Chairman, the administration sent us a recommended spending figure of $2.3 billion. As the bill now stands, we will surpass the $4.6 billion figure, or more than double what the administration had originally requested. I was recently encouraged, as were many Members of this body, at the President's recent statements concerning his pledge to balance the budget by 1981. I wholeheartedly support the President in this worthy effort. However, this piece of legislation, if passed by this body, will further push us in the wrong direction. And for what? This bill will provide financial assistance to select segments of the farming industry. They stand to reap millions, while the taxpayer and consumer will be forced to shell out additional billions. This type of handout must stop if we are ever to realize the balanced budget goal.

For the benefit of the Members of this body, I would like to briefly highlight the "memorable" actions this body has taken with regard to this massive giveaway legislation. We rejected a rational amendment which would have set a limitation of $20,000 for payments for wheat, rice, upland cotton, and feed grains. This would have benefited most small farm operations and would have limited the payments to large corporations. The Congressional Budget Office stated that without such a limitation, between 4 and 10 percent of the farms would receive over half of the payments, a situ-

ation that I had hoped we were going to avoid.

We rejected an amendment which would have declared nonfarm corporations and trusts ineligible for receipt of these payments. This, too, would have saved the taxpayer, in this case over $200 million. We rejected an amendment which would have limited the amount of payments to sugar producers or persons engaged in sugar production to $50,000 annually. This amendment would have prohibited large corporations from continuing their practice of ripping off the American taxpayer. Without the amendment, the five largest producers stand to pocket over 20 percent or $50 million, with the total cost of their program to be in excess of $200 million.

We rejected an amendment which would have set a limit of $100,000 for loans any producer can get in any year on one or more crops that he may raise. The committee rejected the amendment I was honored to offer which would have repealed the wasteful beekeeper indemnity program, thus saving millions in future outlays. We then adopted an amendment which will raise the target price for wheat from $2.65 to $2.90 for 1977 crops. This little amendment will cost the taxpayer an additional $472 million.

We defeated an amendment which would have reduced the price supports for peanuts and save the taxpayers over $280 million. We defeated an amendment which would have made tobacco products ineligible for the food for peace program, with its savings of $24 million to the taxpayers.

Mr. Chairman, the taxpayers are not alone in the abuse this massive bill doles out. The consumer stands to lose with numerous provisions of this bill. First, the consumer will lose, over the succeeding years, with the new policy expounded in the bill, since the major effect will be the unavoidable overproduction and higher costs to the consumers which will result from the price support provisions. The classic example of this is the sugar price supports this body adopted. This misunderstood amendment will raise the price of an average 10-pound bag of sugar which is purchased for family consumption, by 50 cents, or to better understand the impact, this amendment will cost the American consumer $1 billion in increased costs. This is just one of the many provisions of this bill, which were disguised as proconsumer under the weak statement that they would assure the consumer a continued supply, but in reality will add measurably to the consumers cost and benefit only a select few special farm interests.

Mr. Chairman, I do not believe the American consumer or taxpayer deserve such contemptible treatment. I, therefore, urge my colleagues to soundly reject this extravagant piece of "special interest" legislation.

Mr. ASHLEY. Mr. Chairman, I rise in support of title 16 of the agriculture bill. In doing so I want to first congratulate the distinguished chairman from Washington for his customarily excellent job of legislative craftsmanship. And I also want to express my gratitude for the wise counsel and guidance he has provided me in addressing a problem of great moment not only to certain of my constituents in Ohio, but to the entire export grain industry.

For a number of weeks now I have given serious thought to offering an amendment to title 16, originally constituted as H.R. 6135, which would significantly alter the scope of involvement by the Federal Grain Inspection Service—FGIS—in the official supervision of the weighing of grain at export elevator sites within the purview of the Grain Standards Act of 1976—GSA. I have determined to withhold that amendment at this time, owing to recent indications of flexibility on the part of FGIS officials, though I want to make clear my reservations about the official supervisory weighing requirements of the GSA. It is my fear that mandatory FGIS involvement in this process will prove to be extremely cost ineffective, while not properly advancing the underlying policy reasons for the requirement in the first place.

Current law requires the official supervision of weighing by FGIS at all export locations, both when the grain is delivered into the elevator for subsequent delivery, and when the grain is transferred out of the facility into the export system. The provisions maintain without regard for the fact that many export locations deal in both export and domestic shipments of grain, without regard for the sophisticated weighing methods already in operation at many of these facilities, without regard for the unchallenged record of integrity at the vast majority of these locations, and without regard for the drastic increase in costs that these weighing requirements will impose on the grain industry—and, inevitably, on the consumer.

I am particularly concerned with the current requirement of the GSA which necessitates official FGIS involvement in the weighing of grain shipments coming into a potentially export facility. If one accepts the stated public policy reasons underlying this provision, as advanced by the Department of Agriculture—that is, preserving the integrity of our foreign trade—it is most difficult to discern the efficacy of inbound supervision in promoting that policy. Official outbound supervision by FGIS, when compared with the particular export contract for a given lot of grain, should be more than adequate protection against fraudulent shortfalls in our international trade. And there is little question but that deletion of the inbound official weighing supervision would result in substantial savings to the industry, the farmer and the American consumer with the concomitant paring of administrative costs of this program.

The argument against inbound supervision is buttressed by reference to existing practices within the American grain industry. A number of export grain facilities also receive, house and eventually deliver shipments of grain into the domestic marketplace. Current law makes no distinction in the mandatory inbound and outbound weighing requirements for these allotments of grain, thereby placing a facility involved in both export and domestic business at a serious competitive disadvantage with those facilities involved exclusively in domestic transfers.

Moreover, current provisions of the GSA do not specifically address the industry reality that certain of these export or export-domestic locations become exclusively domestic facilities for a period of time each year, owing to weather conditions sufficient to preclude international shipment. And, finally, the current state of the law does not take into account the existence of modern, automatic weighing mechanisms already in operation at many facilities, perfectly capable of handling the needs of inbound deliveries into these facilities—as a protection both to the party delivering the grain to the export location, and to the elevator operator.

At Toledo, Ohio, for example, inbound grain deliveries are monitored by automatic, print-out scales that preclude fraud and maintain accurate records of delivery. Moreover, the special scales recognize the peculiar reality of the Toledo operation, whereby the vast majority of inbound deliveries arrive by truck. Other locations throughout the country have different realities; for instance, in certain locations most of the grain is delivered to the export facility by barge, in others rail is the chief means of transfer, while others, similar to Toledo, are serviced almost exclusively by truck. The existing law takes little account of these widespread differences—differences which suggest varying necessity for governmental scrutiny.

The amendment I contemplated offering to H.R. 6135, which now has been incorporated into the agriculture bill as title 16, would have deleted the requirement for mandatory FGIS supervision of the weighing of inbound deliveries of grain to a potentially export facility, except where provided for by contract between the buyer and seller of a particular lot of grain. I have determined at this time not to offer such an amendment, as previously indicated, because of what I perceive as a very flexible and cooperative spirit at FGIS to make these provisions work, taking into account the need for some supervision as well as the realities of the industry.

Dr. Lee Bartelt, the new Administrator of FGIS has demonstrated a willingness to closely supervise the operational end of this process, with an eye to cost-cutting that is most heartening. Further, he and his staff have demonstrated an increased effort to take into account the extreme differences that abound within the industry, from port location to port location. From the standpoint of my constituents, and other Great Lakes Congressmen, FGIS has taken a most significant step in the administering of the GSA by invoking the Waiver clause provided for in section 6 of Public Law 94–582.

Specifically, FGIS has notified those engaged in the exporting of grain on the Great Lakes that the provisions for mandatory official supervision of the weighing of grain at export locations will be waived during that period the lakes are non-navigable, a waiver which will apply to both inbound and outbound transfers. This is a rational and flexible response by FGIS to an existent industry reality, and in my judgment augurs

well for the future of the program. To underscore this significant development, I am including at the conclusion of my remarks a copy of the letter from D. R. Galliart, Acting Deputy Administrator for program operations of FGIS to T. L. Sam Irmen, general partner of the Andersons, a Maumee, Ohio partnership engaged in both the export and domestic shipment of grain, dated June 17, 1977, which outlines the waiver.

To a large extent, industry objections to the stringent weighing requirements of the GSA may be regarded at this time as anticipatory. Full implementation of those requirements will not be completed until June 30, 1978, and this must stand as another reason at this time for withholding the contemplated amendment. It must nonetheless be stressed, however, that many of the industry objections to these requirements of FGIS involvement in the weighing of grain are worth monitoring as they are implemented, with an eye to the possibility of subsequent corrective legislation. It is my hope that the experience gained through implementation of the act, together with the flexible attitude being evinced by FGIS officials, will make this sort of action unnecessary.

The letter follows:

FEDERAL GRAIN INSPECTION SERVICE,
Washington, D.C., June 17, 1977.

Mr. T. L. SAM IRMEN,
General Partner,
The Andersons,
Maumee, Ohio

DEAR SAM: The FGIS has received several requests from export elevators on the Great Lakes for an exception to mandatory weighing of grain during the non-navigation season. After consideration of these requests, we have determined that an exception will be made to the mandatory weighing requirements for export elevators on the Great Lakes during the non-navigation season under the following conditions:

1. The Administrator may withdraw the exception for any or all export elevator(s) if in his judgment the objectives of the U.S. Grain Standards Act are being impaired.

2. At the end of each shipping season and immediately prior to the beginning of the next shipping season a complete examination of each export elevator will be made, including a sounding of all bins. The FGIS will accept the examination findings of the Transportation and Warehouse Division or other FGIS approved organizations if this examination is timely and complete.

If you have any questions on this exception or the conditions under which it is granted, please contact this office.

Sincerely,

D. R. GALLIART,
Acting Deputy Administrator,
Program Operations.

Mrs. BOGGS. Mr. Chairman, during consideration of the Grain Standards Act of 1976, a problem that concerned me especially was the inequities that could confront the individuals employed by the new Federal Grain Inspection Service who had formerly been employed by private agencies. In transferring from the private sector to the Federal sector, many of these experienced individuals were faced with giving up the pension programs and seniority benefits they had acquired as a result of their long service in the private sector.

The distinguished chairman of the Agriculture Committee, along with several other members of the committee, recognized this problem and took steps to ameliorate any negative impact on the workers in question. Unfortunately, the Department of Agriculture and the U.S. Civil Service Commission chose to ignore the legislative intent clearly expressed by Congress that experienced individuals should be given preference in hiring and advancement within the new FGIS.

The provisions of this bill would, among other things, authorize the Administrator of the FGIS to hire—without regard to the provisions of title 5 of the United States Code—persons who were licensed under the act to perform inspection, or who were performing weighing functions, as of the date of the enactment of the Grain Standards Act amendments last year.

As a result of the establishment of the FGIS grain inspection and weighing personnel of State and private agencies found their jobs eliminated. However, because of their skills and experience many of these individuals were hired immediately by the new Federal Service. Unfortunately, the Service saw fit to hire these individuals at the minimum rate of pay for an appropriate grade at the same salary level as individuals new to the field with little or no experience. In other words, their skill and years of experience were ignored.

It was the intent of Congress that these individuals displaced by Federal preemption would have factors such as their rank and longevity in their former positions taken into account in the establishment of their Federal salaries. Since the Department of Agriculture has seen fit to ignore this intent, it was important to have this consideration mandated by law.

I would like to take this opportunity to report to my colleagues on one of the private agencies that has recently been "federalized." On May 8 of this year the grain inspection and weighing supervisory duties of the New Orleans Board of Trade were assumed by the Federal Grain Inspection Service. This ended some 61 years of honorable service by the New Orleans Board of Trade to the grain interests of the New Orleans area and the Nation.

As would be expected of an organization of high integrity such as the board of trade, the turnover to the Federal Grain Inspection Service was accomplished without incident and with the full cooperation of the board's entire staff, both management and labor, who worked diligently to preserve the smooth operation necessary to the commerce of the Port of New Orleans.

While the amendment to the Grain Standards Act was primarily designed to eliminate those agencies involved in wrongdoings, it is noteworthy that the Federal Grain Inspection Service saw fit to offer positions to all 59 of the New Orleans Board of Trade employees involved in the inspection and weighing of grain. Of this number, I am informed that 23 accepted employment and have been assigned to the same elevators where they were previously employed performing identical duties. It is important to note that, of the remaining, 8 accepted employment in other areas and a shocking number, 28, are presently unemployed. These highly experienced individuals did not accept the FGIS jobs offered to them because of the considerable differential in pay scale of the board of trade versus the FGIS for longevity and experience.

I feel this legislation is vitally necessary to remedy the inequities done to these individuals as a result of the creation of the FGIS, and commend the members of the Agriculture Committee for their sensitivity to the plight of honest working men and women at the ports of our Nation.

Mr. SKELTON. Mr. Chairman, as a member of the House Committee on Agriculture I have had the opportunity to follow this complex and important piece of legislation from the beginning. The resolution of the many sharp differences of opinion has not been an easy task. In this regard, I want to commend our distinguished chairman of the Committee on Agriculture, Mr. FOLEY, for his leadership and guidance, both in committee and on the floor. His diligent efforts have made possible a bill that is fair to both producers and consumers and deserves the support of the membership.

This is a vital piece of legislation. The current law relating to wheat and feed grains expires with the 1977 crop. We must act now to prevent antiquated legislation which no longer meets the needs of present-day farmers from coming back into effect. Moreover, since the planting of next year's winter wheat crop will begin in the fall of 1977, the USDA and the wheat farmers must have time to plan to reduce the accumulation of surplus wheat. Thus, we must have legislation signed into law in the next few weeks.

At this time, our wheat producers and some of our feed grain producers are faced with severe financial crisis. They have produced near-record crops, at the same time that the demand for their crops, particularly in foreign markets, has been decreasing. This has meant large surpluses and decreased prices at a time when the cost of production is increasing substantially. Many farmers have exhausted their cash and credit reserve.

While it is clear that these farmers need and deserve Government assistance, we must operate within certain limits. The Nation is faced with an unprecedented budget deficit and many demands for available Government funds from competing sectors of the economy.

H.R. 7171 is a good bill, which deliberately attempts to balance these competing equities. The target prices, for example, provide additional income to hard pressed grain farmers, and yet are fiscally responsible. The loan rates have been established to permit commodities to remain competitive in world markets and avoid costly takeovers by the Government. Farm allotments have been updated to reflect the actual cropping and production patterns of today's farmers. The disaster program has been revised to direct aid to producers who have suffered the greatest losses.

In the area of food stamps, the bill makes significant progress in restoring integrity to that much-abused program. Administration has been simplified, and

the possibility of fraud and abuse reduced. Moreover, eligibility requirements have been tightened to eliminate the nonneedy from the program and assure that those who truly need food stamps get them. A serious attempt has been made to hold costs to present levels.

In summary, Mr. Chairman, this bill is a sound measure. It is a measure which we can afford. It will assure consumers of a continued supply of food at fair and stable prices. It will give farmers income stability and a degree of protection from market prices beyond their control. I urge my colleagues in the House to support it and I hope the Senate will accept it and the President will sign it.

Mr. TRAXLER. Mr. Chairman, I again rise in complete support of the de la Garza amendment to title IX of the Agricultural Act of 1977. I believe that we demonstrated an extremely strong case for the proposal last week, and I am certainly distressed that some of our colleagues find it necessary to force an additional vote on this issue. We certainly could be wasting much of our time here if Members persistently move to a rollcall vote on those many measures that passed with strong support by division or voice votes in the Committee of the Whole.

There can be no doubt that our domestic sugar industry needs help. We are vitally interested in creating American independence from foreign suppliers, and yet we have those who would prefer that we export our jobs and dollars with the importation of foreign sugar in increasing amounts.

We have heard that the administration's price support program is not a legal one. Secretary of Agriculture Bob Bergland even described the 2-cent a pound program before the Senate Finance Committee recently as one that will not help our domestic sugar industry from coming apart. A week ago on this floor we heard statements that raised the expectations of many of us that the administration was proposing a price floor program at 13.5 cents per pound. Later when my office checked the details of this program we learned that the administration was committed to a philosophical program of 13.5 cents per pound, and no actual proposal has been put to the President to this time.

Yesterday I received a phone call from Lynn Daft, who is the deputy to Stuart Eizenstat, the President's domestic policy adviser. He told me that the administration was going to "pull out all the stops" in their opposition to the matter because of several reasons. I asked them what those reasons were.

He told me that the administration does not want this program because it could cost nearly a billion dollars to administer, and that it would lead to increased consumer prices. Actually, those two reasons are contradictory. The situation is that farmers have to get more money for the sugar they produce to cover their costs. This money can come from either the Government or the consumers. It will not come from both groups.

But that concern is contrary to the type of programs that the administration is trying to promote! On the one hand the administration proposes we use a price support program with a floor of 13.5 cents. By the administration's own admission, that program could cost a billion dollars if prices for sugar continue to drop. If we have a price support program, you can bet they will. Sugar users can just tell the processor to sell the sugar for 2 or 3 cents a pound less and just get the difference from Uncle Sam. That is not the type of program anyone in this Chamber wants, and for that reason we may need a rollcall vote on the Nolan amendment to see if we want authority for a payment program in this bill.

Second, the administration promotes an international agreement as the only viable sugar policy. The end result of any agreement of this type will have to be the imposition of import quotas, which can do only one thing—raise the price of sugar to consumers. There is nothing inherently wrong with a price increase when that increase is one that goes to cover actual expenses. But for the administration to argue that we cannot have a sugar program because it will raise consumer prices is for the administration to deny its own attempts in London in the past week to reach an agreement with several other world sugar importers and exporters about a viable world sugar policy.

We do not want to create a unilateral sugar program that will cause difficulties in negotiations at these talks. But we cannot sit by and allow our sugar farmers to go out of business because we were afraid to stand up to the other nations of the world and tell them that we will not let them dump their surplus sugar on the United States.

Word has already reached London that we passed the de la Garza amendment. The other nations know that the Congress is serious about a sugar policy. They see right now that they have a vested interest in reaching an agreement, because if they do not, they will soon face further declines in world prices because of their inability to dump their sugar here. If they now see that this body reverses itself on the amendment, they can only believe that we are not serious about protecting our domestic interests, and can delay an agreement which will only destroy our sugar industry.

We have a responsibility to our sugar farmers and those people who work in the sugar industry. We need to protect their jobs and their income, because if we do not, consumers will surely suffer in the near future when other countries decide that they deserve more money for their sugar, and we either pay it or do without it.

I urge all my colleagues to vote "yes" on the de la Garza amendment.

Mr. CLEVELAND. Mr. Chairman, I intend to vote against H.R. 7171, the Agricultural Act, and would like to state my reasons for doing so.

If this bill were limited to farm programs, and did not contain the title dealing with food stamps, my vote would be an easy "nay," one I would have no hesitation in casting. As worked over by the Agriculture Committee and the full House, it authorizes inflationary subsidy payments in excess of the administration's budget requests, gives favorable treatment to large corporate farms that obviously do not need the money, and in general smacks once again of special interest lobbying.

Coming as I do from an industrial part of the country, where failing factories receive only scraps of help from the Federal Government, I cannot support legislation of this sort. I have long been an opponent of these farm subsidy programs, and since this year's farm bill not only perpetuates them at a higher level, but has even added a few more of them, my opposition has been hardened.

My reluctance, however, is occasioned by the presence in this massive bill of provisions amending the food stamp program. Mr. Chairman, I support the food stamp program, if administered properly and efficiently, as a worthwhile means of assisting low-income people acquire food sufficient for balanced and nutritious meals.

In that connection, I support and voted for the elimination of the purchase requirement so that we may facilitate the participation of poor people, particularly the elderly, who have previously been hindered by this requirement, and thereby achieve our goal of providing assistance to the truly needy. I also supported the ceiling on expenditures as a means of controlling the increase in costs that may be generated by expanding participation in the program.

Although other efforts to tighten up abuses in the program were not successful, notably the recoupment amendment, I feel on balance that the food stamps provisions of H.R. 7171 represent a significant attempt to restore the integrity of the food stamp program and I, therefore, cast my vote in favor of the Foley amendment approving only the food stamp provisions of H.R. 7171 as amended.

Nevertheless, the many deficiencies in the body of this bill, in my opinion, overwhelm the merits of the food stamp program. Although I suspect my vote will be misinterpreted as a vote simply against food stamps, I cannot in good conscience vote in favor of a bill that will fan our country's smoldering inflation and help the corporate agriculture industry much more than the small family farms that genuinely need assistance.

Mr. Chairman, the faults in this bill are legion, and I can enumerate only a few of the most glaring. Subsidy payment levels were increased for wheat and corn by floor action, and oats and sugar were added to the list of commodities eligible for subsidy. Incredibly, these actions were in the first instance at least all taken by voice vote. Moreover, the price support for sugar was increased far above what the administration suggested, and this year's crop is to be included. An attempt was made to reduce the subsidy payments for peanuts, yet the House voted to continue the present wastefully high levels.

Large corporate farm operations made off like bandits in this bill, because the House failed to adopt amendments to limit subsidy payments to individual producers and to prohibit payments altogether to corporations.

Finally, in what is probably the crowning irony, the House failed to remove tobacco from the food for peace program. As a pipe smoker I dearly love my tobacco, but how it should be included as a priority export item in our food for peace program is beyond comprehension. It only indicates the power exercised over this body by the tobacco lobby.

If the Congress could see its way to establishing a responsible and economical farm program, I would gladly support it. I would also be much more comfortable if the food stamp program could somehow be separated and considered in a bill by itself. Until that time, however, I must continue to vote "nay" on farm subsidy legislation.

Mr. ULLMAN. Mr. Chairman, I am in strong support of the de la Garza amendment to include sugar as a nonbasic commodity.

The issue at stake today is not merely whether a segment of our farming community deserves a boost. The critical issue is the outright survival of our very important domestic sugar industry. Because of an increasing deluge of imported sugar and the resulting downward pressure on prices, our sugar producers are currently disposing of their product at prices below the cost of production. Even with the administration's 2-cent support program, farmers are losing 2 to 3 cents per pound of sugar. Obviously, we cannot expect these people to continue in the business of sugar production if nothing is done to resolve the current crisis. Farmers will switch to other crops and processors will close their factories.

Admittedly, the 14.3-cent minimum will mean an additional cost to consumers of a couple cents per pound. I consider this cost inconsequential compared with the expense to consumers that could result from failure to adopt a reasonable sugar program. When foreign producers control an even greater portion of the U.S. market, our consumers will become the defenseless victims of an international sugar cartel. We need only look at the incredibly high sugar prices of 2 years ago to recognize the impact such a cartel could assert.

In conclusion, Mr. Chairman, I want to reemphasize that the de la Garza amendment is designed to protect the interests of both the producer and the consumer. For this reason I urge all Members to lend their support to this desperately needed proposal.

Thank you.

Mr. Chairman, I also wish to express my strong support for title XV which would establish a wheat and wheat food research and nutrition program.

For many years I have cosponsored and supported efforts to bring such a program into being. Although research of this type is certainly in the best interests of producers, processors, product manufacturers, and unions associated with wheat production, it will also be of substantial assistance to all people of our Nation. The program will help raise the nutritional value of this basic food for all consumers and be of great utility to the undernourished peoples of developing countries.

I want to emphasize, Mr. Chairman, that all Government costs of the program will be fully reimbursed. The program will be financed exclusively with private funds, with a provision for refunds to those not wanting to participate in the program. Even those who willingly participate will incur only a minimal assessment. An assessment that will add from seven-hundredths to three-hundredths of a cent per loaf of bread is certainly not a "bread tax."

In conclusion, Mr. Chairman, I reiterate my strong support for this title and invite all Members to join me in defeating any attempts to eliminate this valuable program.

Thank you.

Mr. THONE. Mr. Chairman, I wish to express concern about the set-aside of cropland feature of this farm bill.

I offered the successful amendment in the committee that provided for an update on allotments; specifically, that the Secretary would set a national allotment for wheat and feed grains, that the national allotment would be allocated down to the farmers, and that deficiency payments would be paid to farmers at a percentage of production—from planted acreage—no lower than 80 percent. My thought was that this would spur a market oriented philosophy.

However, a set-aside provision also was added to the wheat and feed grains titles of the bill in the committee, at the urging of the Department of Agriculture. It permitted the Secretary of Agriculture to require a set-aside of cropland as a condition of receiving farm program benefits, such as deficiency payments, disaster payments, or loans.

The more thought I have given to the idea of farmers setting aside cropland without any payments therefor, the more I have become very concerned about it. Among other things, I wondered if Congress had ever effectively required "free" set-asides by farmers as a condition of other program benefits.

As a consequence, I wrote a letter to the Secretary of Agriculture in early June and asked him how the set-aside and allocation factors would operate for wheat and feed grains and what the history was on set-aside. The reply of the Secretary, dated July 19, 1977, appears below as it was forwarded to me:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 19, 1977.

Hon. CHARLES THONE,
House of Representatives.

DEAR MR. THONE: Thank you for your letter to Secretary Bergland in which you request information regarding the allotment and set-aside provisions of H.R. 7171.

The Department is and will continue to review the 1977 supply-demand situation. With the large wheat carryover and potentially large 1977 wheat crop and an expected significant buildup of feed grain stocks, it would appear a set aside will be needed in 1978. Preliminary ana'yses of set-aside provisions are currently under review for the 1978 program. These analyses are very tentative as the specific provision for set-aside will depend on the final legislative authority.

In response to your specific question, perhaps the following summary will be of some help:

Wheat

[Million bushels]

Allotment factor, 80 to 85 percent:	
1977 carryover	0.9
	1.0
Set-aside percentage	(1)
Allotment factor, 95 to 100 percent:	
1977 carryover	1.1
	1.2
	1.3
Set-aside percentage	(2)
1977 carryover	1.4
	1.5
Set-aside percentage	(3)

[1] Probably no set-aside.
[2] Potential 10 to 30 percent required set-aside.
[3] Required plus potential voluntary.

It is difficult to say what the upper limit is for required set-aside acreage, however, we estimate participation would probably decline sharply at any level over 30 percent. If it were determined that a required set-aside of 30 percent was not sufficient to accomplish our objectives, then it may be necessary to pay for additional voluntary set-aside.

Corn

Allotment factor, 80 to 85 percent:	
1977 corn production	5.8
	5.9
Set-aside percentage	(1)
Allotment factor, 90 to 95 percent:	
1977 corn production	6.0
	6.1
	6.2
	6.3
	6.4
	6.5
Set-aside percentage	(2)

[1] Probably no set-aside.
[2] Potential 10 percent required set-aside.

With large wheat carryover stocks and the price of wheat competitive with the price of corn, we are expecting some impact on feed grains fed. We have already witnessed this occurring and wheat estimates for feed use have been increased.

The concept of "set aside" without any required diversion payments to farmers is not new. The Agricultural Act of 1973 provides that producers may be required to set aside cropland to be eligible for target level protection on the production from their allotment, grain loans on their entire production, and disaster protection. The Agricultural Acts of 1965 and 1970 provided the same requirements for eligibility, and nonpayment set-aside provisions were implemented under these Acts.

Legislative proposals being considered provide that current year plantings will be used in determining farm allotments. In the event of potential planting limitations for the 1978 crop, it is not clear from H.R. 7171 whether substitute crops would qualify for previous year's feed grain or wheat planted acreage. Since there are no historical allotments after 1977 in the legislative proposals now being considered, substitution provisions would not be applicable during the life of the new legislation.

Your interest in having available the latest information on which to consider the farm bill is appreciated.

Sincerely,

DALE E. HATHAWAY,
Assistant Secretary, International Affairs and Commodity Programs.

Mr. Chairman, you will note from the Secretary's letter that it is contemplated that a "potential 10 to 30 percent required set-aside" may be imposed on wheat farmers in 1978 if the wheat carryover is 1.1 billion or more bushels. A "potential 10 percent required set-aside" is

contemplated by the Secretary for feed grains if 1977 corn production is 6 billion or more bushels.

While the Secretary states that set-aside provisions were authorized and actually implemented under the Agricultural Act of 1965 and 1970, I doubt that farmers and producers are actually aware that the Department of Agriculture plans to require "no payment" set-asides of up to 30 percent for wheat growers and up to 10 percent for corn producers in 1978. I question if this is fair and just or the right way to go.

If such plans are actually implemented, I am sure we will hear from the farmers; and I fear that they will be most upset and express "surprise" and claim that they did not understand that they had to "set aside" such substantial cropland without payment, in order to be eligible for a possible deficiency or disaster payment or to obtain a loan.

The issue surrounding required, no-payment, set-aside was further highlighted here on the floor when the floor manager, Mr. FOLEY, inserted an amendment in the bill providing cross-compliance between crops on set-aside in order to be eligible for benefits.

Mr. Chairman, it is hoped that the Secretary will promptly get out the message to the farmers of what he plans to do for the 1978 crops. Moreover, I hope he will exercise his "required set-aside" authority in a judicious and fair manner and give consideration to how much "additional voluntary set-aside" he will certainly pay for as part of a balanced total set-aside program. I foresee real problems—real problems, indeed!

Mr. Chairman, I urge all of my colleagues to give this matter their serious consideration and that they join me if they share my concern about this serious matter as it relates to our Nation's farmers.

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, we have come to the end of a very long and very difficult legislative session, we have spent almost 10 days on the omnibus farm bill. I thank all the Members for their great patience and endurance through the many amendments and the debates that have taken place.

The gentleman from Wyoming (Mr. RONCALIO) was kind enough to say some good things about me. Now, I want to thank all the Members for their patience and forbearance, but particularly I would like to thank the gentleman in the chair, the gentleman from Colorado (Mr. EVANS), who has now approached the Guinness Book of Records for the longest endurance as chairman of the Committee of the Whole House on the State of the Union. I believe he also deserves the highest accolades that this House can pay to a Member.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. EVANS of Colorado, chairman of the Committee of the Whole House on the State of Union, reported that that Committee having had under consideration the bill (H.R. 7171) to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes, pursuant to House Resolution 666, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment adopted by the Committee of the Whole?

Mr. LEDERER. Mr. Speaker, I demand a separate vote on the so-called de la Garza amendment amending title IX of H.R. 7171.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment?

Mr. ASHBROOK. Mr. Speaker, I demand a separate vote on the so-called Nolan amendment to title IX, to authorize and direct the Secretary of Agriculture to establish a price support program for the 1977 crop of sugar.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment upon which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 52 insert immediately after line 4 the following new section:

SEC. 910. Section 201 of the Agricultural Act of 1949, as amended, is further amended by:

(a) striking out, in the first sentence, the word "and" after the word "honey,";

(b) inserting in the first sentence, the words ", sugar beets, and sugar cane" after the word "milk,", and

(c) adding a new subsection (d) as follows:

"(d) The price of the 1977 and 1978 crops of sugar beets and sugar cane, respectively, shall be supported through loans or purchases with respect to the processed products thereof at a level not in excess of sixty-five per centum nor less than fifty-five per centum of the parity price therefor.

The Secretary is authorized and directed to establish minimum wage rates for agricultural employees engaged in the production of sugar.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken.

Mr. LEDERER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 246, nays 165, not voting 22, as follows:

[Roll No. 475]

YEAS—246

Abdnor	Beard, R.I.	Bowen
Akaka	Bedell	Breaux
Alexander	Beilenson	Breckinridge
Ambro	Benjamin	Brodhead
Andrews, N.C.	Bennett	Broomfield
Andrews, N. Dak.	Bingham	Brown, Calif.
Armstrong	Blanchard	Brown, Mich.
Ashbrook	Blouin	Broyhill
Bafalis	Boggs	Burgener
Baucus	Bolling	Burke, Calif.
Bauman	Bonior	Burke, Fla.
Burlison, Mo.	Bonker	Burleson, Tex.
Burton, Phillip	Hubbard	Preyer
Butler	Huckaby	Price
Carr	Hyde	Pritchard
Carter	Ichord	Quie
Cavanaugh	Ireland	Quillen
Cederberg	Jeffords	Railsback
Chappell	Jenrette	Rhodes
Chisholm	Johnson, Calif.	Richmond
Clausen, Don H.	Johnson, Colo.	Rinaldo
Clay	Jones, N.C.	Roberts
Cochran	Jones, Okla.	Robinson
Cornwell	Jones, Tenn.	Rogers
Cunningham	Jordan	Roncalio
Danielson	Kazen	Rooney
Davis	Kelly	Rose
de la Garza	Ketchum	Rostenkowski
Dellums	Keys	Roybal
Devine	Kildee	Rudd
Dickinson	Kindness	Russo
Dicks	Krebs	Ryan
Diggs	Krueger	Santini
Dingell	Lagomarsino	Satterfield
Dornan	Latta	Schroeder
Downey	Leach	Sebelius
Duncan, Oreg.	Leggett	Shuster
Duncan, Tenn.	Lloyd, Tenn.	Sikes
Edwards, Calif.	Long, La.	Sisk
Edwards, Okla.	Lott	Skelton
English	Luken	Skubitz
Evans, Colo.	McCloskey	Smith, Iowa
Fary	McCormack	Smith, Nebr.
Fascell	McEwen	Snyder
Fithian	McFall	Spellman
Flowers	McKay	Staggers
Flynt	Madigan	Stangeland
Foley	Mahon	Steed
Ford, Mich.	Markey	Stokes
Fountain	Marlenee	Stump
Fraser	Marriott	Symms
Frenzel	Martin	Taylor
Frey	Mathis	Thompson
Fuqua	Meeds	Thone
Gephardt	Michel	Thornton
Glickman	Mikulski	Traxler
Goldwater	Miller, Calif.	Treen
Gonzalez	Mitchell, Md.	Trible
Goodling	Mitchell, N.Y.	Ullman
Gore	Montgomery	Van Deerlin
Grassley	Moore	Vander Jagt
Gudger	Moorhead, Calif.	Vento
Guyer	Moss	Volkmer
Hagedorn	Myers, John	Waggonner
Hall	Natcher	Walsh
Hamilton	Neal	Wampler
Hammer-schmidt	Nedzi	Watkins
Hanley	Nichols	Waxman
Hansen	Nolan	Weaver
Harkin	Nowak	White
Harris	O'Brien	Whitley
Harsha	Oakar	Whitten
Hawkins	Oberstar	Wilson, Bob
Hefner	Obey	Wilson, C. H.
Heftel	Panetta	Wilson, Tex.
Hightower	Patten	Winn
Hillis	Pattison	Wirth
Holland	Pease	Wright
Hollenbeck	Pepper	Young, Alaska
Holt	Perkins	Young, Fla.
Horton	Pettis	Young, Mo.
	Poage	Zablocki
	Pressler	

NAYS—165

Addabbo	Conte	Flood
Allen	Conyers	Florio
Ammerman	Corcoran	Ford, Tenn.
Anderson, Calif.	Corman	Forsythe
Anderson, Ill.	Cornell	Fowler
Annunzio	Cotter	Gammage
Archer	Coughlin	Gaydos
Ashley	Crane	Giaimo
Aspin	D'Amours	Gibbons
AuCoin	Daniel, Dan	Gilman
Baldus	Daniel, R. W.	Ginn
Barnard	Delaney	Gradison
Beard, Tenn.	Derrick	Harrington
Bevill	Derwinski	Heckler
Biaggi	Dodd	Holtzman
Boland	Drinan	Howard
Brinkley	Early	Jacobs
Brooks	Eckhardt	Jenkins
Brown, Ohio	Edgar	Kasten
Buchanan	Edwards, Ala.	Kastenmeier
Byron	Eilberg	Kemp
Caputo	Emery	Kostmayer
Carney	Erlenborn	LaFalce
Clawson, Del	Ertel	Le Fante
Cleveland	Evans, Del.	Lederer
Cohen	Evans, Ga.	Lehman
Coleman	Evans, Ind.	Lent
Collins, Ill.	Fenwick	Levitas
Collins, Tex.	Findley	Lloyd, Calif.
Conable	Fish	Long, Md.
	Fisher	Lujan

Lundine	Myers, Gary	Stanton
McClory	Myers, Michael	Stark
McDade	Nix	Steers
McDonald	Ottinger	Steiger
McHugh	Pike	Stockman
Maguire	Pursell	Stratton
Mann	Quayle	Studds
Marks	Rahall	Tsongas
Mattox	Rangel	Tucker
Mazzoli	Regula	Vanik
Metcalfe	Reuss	Walgren
Meyner	Rodino	Walker
Mikva	Rosenthal	Weiss
Milford	Runnels	Whalen
Miller, Ohio	Sarasin	Whitehurst
Mineta	Sawyer	Wiggins
Minish	Scheuer	Wolff
Moakley	Schulze	Wydler
Moffett	Seiberling	Wylie
Mollohan	Sharp	Yates
Moorhead, Pa.	Simon	Yatron
Mottl	Slack	Young, Tex.
Murphy, Ill.	Solarz	Zeferetti
Murphy, N.Y.	Spence	
Murphy, Pa.	St Germain	

NOT VOTING—22

Applegate	Hannaford	Roe
Badham	Hughes	Rousselot
Badillo	Koch	Ruppe
Brademas	McKinney	Shipley
Burke, Mass.	Murtha	Teague
Burton, John	Patterson	Udall
Dent	Pickle	
Flippo	Risenhoover	

The Clerk announced the following pairs.

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Mr. Brademas for, with Mr. Hughes against.

Mr. Badillo for, with Mr. McKinney against.

Mr. Rousselot for, with Mr. Koch against.

Until further notice:

Mr. Dent with Mr. Murtha.

Mr. Flippo with Mr. Roe.

Mr. Shipley with Mr. Pickle.

Mr. John L. Burton with Mr. Applegate.

Mr. Hannaford with Mr. Patterson of California.

Mr. Udall with Mr. Risenhoover.

Mr. SAWYER and Mr. KEMP changed their vote from "yea" to "nay."

Mr. GUDGER changed his vote from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will report the remaining amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Insert the following new section at the end of Title IX:

SEC. 914. The Agricultural Act of 1949, as amended, is further amended by inserting a new section 304, as follows:

"SEC. 304. Notwithstanding any other provision of this Act, the Secretary is authorized and directed to establish a price support program for 1977 crop sugar beets and sugar cane providing for payments to or for the benefit of all domestic producers of such crops based on a price of 13.5 cents per pound, raw sugar equivalent: *Provided, however*, That this provision shall not apply to sugar beets and sugar cane of the 1977 crop which receive price support under section 201 of this Act.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 173, nays 238, not voting 22, as follows:

[Roll No. 476]

YEAS—173

Akaka	Flood	Oberstar
Alexander	Flynt	Obey
Anderson, Calif.	Foley	Ottinger
Andrews, N.C.	Ford, Mich.	Panetta
Andrews, N. Dak.	Fraser	Pattison
Armstrong	Fuqua	Pease
Ashley	Gephardt	Pepper
Aspin	Gore	Perkins
AuCoin	Gudger	Pettis
Bafalis	Hall	Poage
Baldus	Hamilton	Preyer
Barnard	Hanley	Price
Baucus	Harkin	Pritchard
Bedell	Hawkins	Richmond
Beilenson	Heftel	Roberts
Benjamin	Hightower	Rogers
Blanchard	Holland	Roncalio
Blouin	Hubbard	Rooney
Boggs	Huckaby	Rose
Bolling	Ireland	Rostenkowski
Bonior	Jeffords	Roybal
Bonker	Jenrette	Rudd
Bowen	Johnson, Calif.	Schroeder
Breaux	Johnson, Colo.	Seiberling
Breckinridge	Jones, N.C.	Shuster
Brodhead	Jones, Okla.	Sikes
Brown, Calif.	Jones, Tenn.	Sisk
Burgener	Kastenmeier	Skelton
Burke, Calif.	Kazen	Skubitz
Burlison, Mo.	Kelly	Smith, Iowa
Burton, Phillip	Keys	Smith, Nebr.
Carr	Kildee	Spellman
Cavanaugh	Krebs	Staggers
Chappell	Lagomarsino	Stangeland
Chisholm	Leggett	Steed
Clausen, Don H.	Lloyd, Tenn.	Stokes
Clay	Long, La.	Stump
Cochran	Lott	Thompson
Corman	McCloskey	Traxler
Davis	McCormack	Tucker
de la Garza	McFall	Ullman
Derrick	McKay	Vento
Dicks	Mahon	Volkmer
Diggs	Mann	Waggonner
Dingell	Marks	Walgren
Dornan	Marlenee	Wampler
Downey	Mathis	Watkins
Duncan, Oreg.	Meeds	Waxman
Edgar	Mikulski	Weaver
Edwards, Calif.	Miller, Calif.	White
Eilberg	Mitchell, Md.	Whitley
English	Montgomery	Whitten
Evans, Colo.	Moore	Wilson, C. H.
Fary	Moss	Wirth
Fascell	Natcher	Wright
Fithian	Nedzi	Young, Alaska
	Nolan	Young, Mo.
	Nowak	Zablocki
	Oakar	

NAYS—238

Abdnor	Collins, Tex.	Florio
Addabbo	Conable	Flowers
Allen	Conte	Ford, Tenn.
Ambro	Conyers	Forsythe
Ammerman	Corcoran	Fountain
Anderson, Ill.	Cornell	Fowler
Annunzio	Cornwell	Frenzel
Archer	Cotter	Frey
Ashbrook	Coughlin	Gammage
Bauman	Crane	Gaydos
Beard, R.I.	Cunningham	Giaimo
Beard, Tenn.	D'Amours	Gibbons
Bennett	Daniel, Dan	Gilman
Bevill	Daniel, R. W.	Ginn
Biaggi	Danielson	Glickman
Bingham	Delaney	Goldwater
Boland	Dellums	Gonzalez
Brinkley	Derwinski	Goodling
Brooks	Devine	Gradison
Broomfield	Dickinson	Grassley
Brown, Mich.	Dodd	Guyer
Brown, Ohio	Drinan	Hagedorn
Broyhill	Duncan, Tenn.	Hammer-schmidt
Buchanan	Early	Hansen
Burke, Fla.	Eckhardt	Harrington
Burleson, Tex.	Edwards, Ala.	Harris
Butler	Edwards, Okla.	Harsha
Byron	Emery	Heckler
Caputo	Erlenborn	Hefner
Carney	Ertel	Hillis
Carter	Evans, Del.	Hollenbeck
Cederberg	Evans, Ga.	Holt
Clawson, Del	Evans, Ind.	Holtzman
Cleveland	Fenwick	Horton
Cohen	Findley	Howard
Coleman	Fish	Hyde
Collins, Ill.	Fisher	Ichord
	Jacobs	Mitchell, N.Y.
	Jenkins	Moakley
	Jordan	Moffett
	Kasten	Mollohan
	Kemp	Moorhead, Calif.
	Ketchum	Moorhead, Pa.
	Kindness	Mottl
	Kostmayer	Murphy, Ill.
	Krueger	Murphy, N.Y.
	LaFalce	Murphy, Pa.
	Latta	Myers, Gary
	Le Fante	Myers, John
	Leach	Myers, Michael
	Lederer	Neal
	Lehman	Nichols
	Lent	Nix
	Levitas	O'Brien
	Lloyd, Calif.	Patten
	Long, Md.	Pike
	Lujan	Pressler
	Luken	Pursell
	Lundine	Quayle
	McClory	Quie
	McDade	Quillen
	McDonald	Rahall
	McEwen	Railsback
	McHugh	Rangel
	Madigan	Regula
	Maguire	Reuss
	Markey	Rhodes
	Marriott	Rinaldo
	Martin	Robinson
	Mattox	Rodino
	Mazzoli	Rosenthal
	Metcalfe	Runnels
	Meyner	Russo
	Michel	Ryan
	Mikva	Santini
	Milford	Sarasin
	Miller, Ohio	Satterfield
	Mineta	Sawyer
	Minish	Scheuer
		Schulze
		Sebelius
		Sharp
		Simon
		Slack
		Snyder
		Solarz
		Spence
		St Germain
		Stanton
		Stark
		Steers
		Steiger
		Stockman
		Stratton
		Studds
		Symms
		Taylor
		Thone
		Thornton
		Treen
		Trible
		Tsongas
		Van Deerlin
		Vander Jagt
		Vanik
		Walker
		Walsh
		Weiss
		Whalen
		Whitehurst
		Wiggins
		Wilson, Bob
		Wilson, Tex.
		Winn
		Wolff
		Wydler
		Wylie
		Yates
		Yatron
		Young, Fla.
		Young, Tex.
		Zeferetti

NOT VOTING—22

Applegate	Hannaford	Roe
Badham	Hughes	Rousselot
Badillo	Koch	Ruppe
Brademas	McKinney	Shipley
Burke, Mass.	Murtha	Teague
Burton, John	Patterson	Udall
Dent	Pickle	
Flippo	Risenhoover	

The Clerk announced the following pairs:

Mr. Burke of Massachusetts with Mr. Applegate.

Mr. Teague with Mr. Roe.

Mr. Brademas with Mr. Rousselot.

Mr. Koch with Mr. Ruppe.

Mr. Badillo with Mr. McKinney.

Mr. Murtha with Mr. Badham.

Mr. Shipley with Mr. Dent.

Mr. Flippo with Mr. Hughes.

Mr. Udall with Mr. Hannaford.

Mr. Patterson of California with Mr. Pickle.

Mr. John L. Burton with Mr. Risenhoover.

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. FINDLEY. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FINDLEY of Illinois moves to recommit the bill H.R. 7171 to the Committee on Agriculture with instructions to report the same back forthwith with the following amendments:

SEC. 101(1) is amended to read as follows:

"(1) The total amount of payments which a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949, as amended, for wheat, feed grains, rice, and upland cotton shall not exceed $30,000 for the 1978, 1979, 1980, and 1981 crops of such commodities.".

Mr. FINDLEY. Mr. Speaker, I am sure many of us could not hear the amendment when it was read. It would establish at $30,000 a year the aggregate dollars that any producer can get from a combination of the feed grains, wheat, cotton, and rice programs.

Earlier in the consideration of the bill the committee saw fit to reject an amendment which would have kept the aggregate limits at $20,000.

Recognizing the mood of the House, I offer this recommittal of $30,000. Before presenting what I think are the merits of the amendment, I would like to say a word to my colleagues about what they are about to do in voting for this farm bill.

My friend from Connecticut (Mr. GIAIMO), chairman of the Budget Committee, gave words of wisdom to us which went, unfortunately, unheeded. Note these facts—note these facts: This bill will guarantee profit on unlimited production of sugar. This bill will guarantee profit on unlimited production of dairy products. It will do the same for wheat. It will do the same for rice. It will do the same for corn. Government guaranteeing profit means that we are going to get a tremendous production of these commodities, not in response to the marketplace, to consumer needs, to user prospects, but in response to Government enticement. And, of course, this will mean enormous pressure downward on prices in the long term, creating high Government payments, enormous payments that will be far higher than even Mr. GIAIMO estimated in his remarks.

So, it is going to lead to difficulty. Now, we can bring a little commonsense into this program if we will establish a reasonable limitation on how much any farmer can get from a combination of these payment programs. There will be about $2 billion the first year issued to producers of feed grains, cotton, wheat, and rice.

Now, what do these farmers do in return for the payments? Well, actually they do nothing but take the money to the bank. They set aside new resources. They idle no acres. They surrender nothing of value. This is an unearned beneficence from the taxpayers of the United States.

Now, it will be argued, I am sure, by my friend, the chairman of the House Agriculture Committee, that a payment limitation will impair the effectiveness of programs. Let me cite, in response to that, a prominent Democrat, a well-respected agricultural economist, John Schnittker, who served as Undersecretary of Agriculture for a number of years under Orville Freeman. John Schnittker said that a $5,000 payment limitation would not impair the effectiveness of farm programs. Now, even allowing for inflation since that time perhaps 10 year inflation since that time perhaps 10 years ago, a $30,000 payment limitation is not going to impair the effectiveness of these programs.

I ask you—I ask you how much farm family income support should the taxpayers of the United States provide? Is not $30,000 farm family income support a year adequate? I would say so, would you not? I would like further to say that if the Members want to save 15 minutes, put my amendment through on a voice vote.

The SPEAKER pro tempore. Does the gentleman from Washington (Mr. FOLEY) desire to be heard on the motion to recommit?

Mr. FOLEY. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. The gentleman from Washington (Mr. FOLEY) is recognized for 5 minutes.

Mr. FOLEY. Mr. Speaker, I rise in opposition to the motion to recommit. I will not delay the House for long. We have already considered and rejected an amendment to limit payments to $20,000. The gentleman from Illinois was the author of a payment limitation of $20,000. He offered that in 1973. He offered it, and was not successful, in 1970.

If $20,000 was an appropriate level, fair and reasonable in 1973, and $20,000 was appropriate and fair in 1970, according to the gentleman from Illinois' own statements then the committee bill of $36,000 is not unfair today.

Mr. Speaker, since 1972 the cost to the farmers of what they put into production has risen by a figure of 62 percent. I would hope that we would recognize that in the payments to farmers we have the same problems of inflation, the same problems that those farm families have in providing the necessary inputs to make a living on their farms. We do this when market prices drop. The programs are designed to eliminate these payments entirely when market prices reach a reasonable level. Farmers need help when market prices are low and payments are made. When prices are restored in the market, the program evaporates. Between 1973 and this year we did not pay a dime of payments for wheat, feed grains, or cotton. This year was the first time that payments were made for those crops.

Mr. Speaker, I urge the Members to reject the motion to recommit. The committee has a fairly balanced payment limitation. We reduce commodity payments year by year until they all reach the same level in 1981.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. FINDLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 201, nays 210, answered "present" 1, not voting 21, as follows:

[Roll No. 477]

YEAS—201

Addabbo	Fish	Myers, Gary
Allen	Fisher	Myers, Michael
Ambro	Fithian	Neal
Ammerman	Florio	Nedzi
Anderson, Calif.	Ford, Tenn.	Nolan
	Forsythe	Nowak
Anderson, Ill.	Fowler	O'Brien
Annunzio	Fraser	Oberstar
Archer	Frenzel	Ottinger
Armstrong	Frey	Pattison
Ashbrook	Fuqua	Pettis
Bafalis	Giaimo	Pike
Bauman	Gibbons	Pritchard
Beard, R.I.	Gilman	Pursell
Bedell	Goldwater	Quayle
Benjamin	Goodling	Quie
Bennett	Gradison	Rahall
Biaggi	Grassley	Railsback
Blanchard	Hagedorn	Regula
Blouin	Hamilton	Reuss
Boland	Hanley	Rinaldo
Brodhead	Harkin	Rodino
Broomfield	Harris	Rogers
Brown, Mich.	Hefner	Rostenkowski
Brown, Ohio	Hollenbeck	Runnels
Broyhill	Holt	Russo
Buchanan	Holtzman	Sarasin
Burke, Fla.	Hyde	Satterfield
Butler	Ichord	Sawyer
Caputo	Jacobs	Scheuer
Carney	Kemp	Schroeder
Cederberg	Kildee	Schulze
Clausen, Don H.	Kostmayer	Seiberling
	Lagomarsino	Sharp
Clawson, Del	Le Fante	Shuster
Cleveland	Leach	Simon
Cohen	Lederer	Slack
Collins, Tex.	Lehman	Snyder
Conable	Lent	Solarz
Conte	Levitas	Spellman
Conyers	Long, Md.	St Germain
Corcoran	Lujan	Stanton
Cornell	McClory	Stark
Cotter	McDade	Steers
Coughlin	McDonald	Steiger
Crane	McHugh	Stockman
Cunningham	Madigan	Stratton
D'Amours	Maguire	Studds
Delaney	Marks	Symms
Dellums	Marriott	Taylor
Derwinski	Martin	Tsongas
Devine	Mattox	Van Deerlin
Dickinson	Mazzoli	Vander Jagt
Dodd	Michel	Vanik
Downey	Mikva	Vento
Drinan	Milford	Volkmer
Early	Miller, Calif.	Walgren
Edgar	Miller, Ohio	Walker
Edwards, Ala.	Mineta	Whalen
Edwards, Calif.	Minish	Wiggins
Edwards, Okla.	Moakley	Wilson, Bob
Emery	Moffett	Wolff
Erlenborn	Mollohan	Wydler
Ertel	Moorhead, Calif.	Wylie
Evans, Del.		Yates
Evans, Ind.	Mottl	Yatron
Fenwick	Murphy, Ill.	Young, Fla.
Findley	Murphy, Pa.	Zeferetti

NAYS—210

Abdnor	Burton, Phillip	Fascell
Akaka	Byron	Flood
Alexander	Carr	Flowers
Andrews, N.C.	Carter	Flynt
Andrews, N. Dak.	Cavanaugh	Foley
	Chappell	Ford, Mich.
Ashley	Chisholm	Fountain
Aspin	Clay	Gammage
AuCoin	Cochran	Gaydos
Baldus	Coleman	Gephardt
Barnard	Collins, Ill.	Ginn
Baucus	Corman	Glickman
Beard, Tenn.	Cornwell	Gonzalez
Bellenson	Daniel, Dan	Gore
Bevill	Danielson	Gudger
Bingham	Davis	Guyer
Boggs	de la Garza	Hall
Bolling	Derrick	Hammer-schmidt
Bonior	Dicks	
Bonker	Diggs	Hansen
Bowen	Dingell	Harrington
Breaux	Dornan	Harsha
Breckinridge	Duncan, Oreg.	Hawkins
Brinkley	Duncan, Tenn.	Heckler
Brooks	Eckhardt	Heftel
Brown, Calif.	Eilberg	Hightower
Burgener	English	Hillis
Burke, Calif.	Evans, Colo.	Holland
Burleson, Tex.	Evans, Ga.	Horton
Burlison, Mo.	Fary	Howard

Hubbard	Metcalfe	Sikes
Huckaby	Meyner	Sisk
Ireland	Mikulski	Skelton
Jeffords	Mitchell, Md.	Skubitz
Jenkins	Mitchell, N.Y.	Smith, Iowa
Jenrette	Montgomery	Smith, Nebr.
Johnson, Calif.	Moore	Spence
Johnson, Colo.	Moorhead, Pa.	Staggers
Jones, N.C.	Moss	Stangeland
Jones, Okla.	Murphy, N.Y.	Steed
Jones, Tenn.	Myers, John	Stokes
Jordan	Natcher	Stump
Kasten	Nichols	Thompson
Kastenmeier	Nix	Thone
Kazen	Oakar	Thornton
Kelly	Obey	Traxler
Ketchum	Panetta	Treen
Keys	Patten	Trible
Kindness	Pease	Tucker
Krebs	Pepper	Ullman
Krueger	Perkins	Waggonner
LaFalce	Poage	Walsh
Latta	Pressler	Wampler
Leggett	Preyer	Watkins
Lloyd, Calif.	Price	Waxman
Lloyd, Tenn.	Quillen	Weaver
Long, La.	Rangel	Weiss
Lott	Rhodes	White
Luken	Richmond	Whitehurst
Lundine	Risenhoover	Whitley
McCloskey	Roberts	Whitten
McCormack	Robinson	Wilson, C. H.
McEwen	Roncalio	Wilson, Tex.
McFall	Rooney	Winn
McKay	Rose	Wirth
Mahon	Rosenthal	Wright
Mann	Roybal	Young, Alaska
Markey	Rudd	Young, Mo.
Marlenee	Ryan	Young, Tex.
Mathis	Santini	Zablocki
Meeds	Sebelius	

ANSWERED "PRESENT"—1

Daniel, R. W.

NOT VOTING—21

Applegate	Flippo	Pickle
Badham	Hannaford	Roe
Badillo	Hughes	Rousselot
Brademas	Koch	Ruppe
Burke, Mass.	McKinney	Shipley
Burton, John	Murtha	Teague
Dent	Patterson	Udall

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. Hughes for, with Mr. Brademas against.

Mr. McKinney for, with Mr. Koch against.

Mr. Rousselot for, with Mr. Badillo against.

Mr. Ruppe for, with Mr. Patterson of California against.

Until further notice:

Mr. Udall with Mr. Applegate.

Mr. Dent with Mr. Flippo.

Mr. John Burton with Mr. Hannaford.

Mr. Shipley with Mr. Roe.

Mr. Murtha with Mr. Pickle.

Messrs. VENTO, FRASER, NOLAN, OBERSTAR, and FREY changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 294, nays 114, not voting 25, as follows:

[Roll No. 478]

YEAS—294

Abdnor	Ambro	Annunzio
Addabbo	Anderson, Ill.	Aspin
Akaka	Andrews, N.C.	AuCoin
Alexander	Andrews, N. Dak.	Baldus
Allen		Barnard
Baucus	Gore	Nowak
Beard, Tenn.	Grassley	O'Brien
Bedell	Gudger	Oakar
Beilenson	Guyer	Oberstar
Bevill	Hagedorn	Obey
Biaggi	Hall	Ottinger
Bingham	Hamilton	Panetta
Blanchard	Hammer-schmidt	Pattison
Blouin	Hanley	Pease
Boggs	Harkin	Pepper
Boland	Harrington	Perkins
Bolling	Harsha	Pettis
Bonior	Hawkins	Poage
Bonker	Heckler	Pressler
Bowen	Hefner	Preyer
Breaux	Heftel	Price
Breckinridge	Hightower	Pursell
Brinkley	Hillis	Quie
Brodhead	Holland	Quillen
Brooks	Horton	Rahall
Brown, Calif.	Howard	Railsback
Brown, Mich.	Hubbard	Rangel
Brown, Ohio	Huckaby	Richmond
Buchanan	Ichord	Risenhoover
Burke, Calif.	Jeffords	Roberts
Burleson, Tex.	Jenkins	Rodino
Burlison, Mo.	Jenrette	Rogers
Burton, Phillip	Johnson, Calif.	Roncalio
Byron	Johnson, Colo.	Rooney
Carney	Jones, N.C.	Rose
Carr	Jones, Okla.	Rosenthal
Carter	Jones, Tenn.	Rostenkowski
Cavanaugh	Jordan	Roybal
Cederberg	Kasten	Runnels
Chappell	Kastenmeier	Ryan
Chisholm	Kazen	Santini
Clausen, Don H.	Keys	Sawyer
Clay	Kildee	Scheuer
Cochran	Kostmayer	Sebelius
Coleman	Krebs	Sharp
Collins, Ill.	Krueger	Sikes
Conyers	LaFalce	Simon
Corman	Latta	Sisk
Cornell	Leach	Skelton
Cornwell	Lederer	Skubitz
Cotter	Leggett	Slack
D'Amours	Levitas	Smith, Iowa
Daniel, Dan	Lloyd, Calif.	Smith, Nebr.
Daniel, R. W.	Lloyd, Tenn.	Solarz
Danielson	Long, La.	Spence
Davis	Lott	Staggers
de la Garza	Lujan	Stangeland
Delaney	Luken	Stanton
Dellums	Lundine	Stark
Derrick	McCloskey	Steed
Dickinson	McCormack	Steers
Dicks	McDade	Steiger
Diggs	McEwen	Stokes
Dingell	McFall	Studds
Downey	McHugh	Taylor
Drinan	McKay	Thompson
Duncan, Oreg.	Madigan	Thone
Duncan, Tenn.	Mahon	Thornton
Eckhardt	Mann	Traxler
Edgar	Markey	Treen
Edwards, Ala.	Marks	Trible
Eilberg	Marlenee	Tsongas
English	Mathis	Tucker
Ertel	Meeds	Ullman
Evans, Colo.	Metcalfe	Vander Jagt
Evans, Ga.	Meyner	Vento
Evans, Ind.	Mikulski	Volkmer
Fary	Miller, Calif.	Waggonner
Fascell	Mineta	Walsh
Fithian	Mitchell, Md.	Watkins
Flood	Mitchell, N.Y.	Waxman
Flowers	Moakley	Weaver
Flynt	Mollohan	Weiss
Foley	Montgomery	Whalen
Ford, Mich.	Moore	White
Ford, Tenn.	Moorhead, Pa.	Whitley
Fountain	Moss	Whitten
Fowler	Murphy, Ill.	Wilson, C. H.
Fraser	Murphy, N.Y.	Wilson, Tex.
Frenzel	Murphy, Pa.	Winn
Fuqua	Myers, John	Wirth
Gammage	Myers, Michael	Wright
Gaydos	Natcher	Wylie
Gephardt	Neal	Yatron
Gilman	Nedzi	Young, Alaska
Ginn	Nichols	Young, Mo.
Glickman	Nix	Young, Tex.
Gonzalez	Nolan	Zablocki
		Zeferetti

NAYS—114

Ammerman	Benjamin	Cleveland
Anderson, Calif.	Bennett	Cohen
Archer	Broomfield	Collins, Tex.
Armstrong	Broyhill	Conable
Ashbrook	Burgener	Conte
Bafalis	Burke, Fla.	Corcoran
Bauman	Butler	Coughlin
Beard, R.I.	Caputo	Crane
	Clawson, Del	Cunningham
Derwinski	Kelly	Regula
Devine	Kemp	Reuss
Dodd	Ketchum	Rhodes
Dornan	Kindness	Rinaldo
Early	Lagomarsino	Robinson
Edwards, Calif.	Le Fante	Rudd
Edwards, Okla.	Lehman	Russo
Emery	Lent	Sarasin
Erlenborn	Long, Md.	Satterfield
Evans, Del.	McClory	Schroeder
Fenwick	McDonald	Schulze
Findley	Maguire	Seiberling
Fish	Marriott	Shuster
Fisher	Martin	Snyder
Florio	Mattox	Spellman
Forsythe	Mazzoli	St Germain
Frey	Michel	Stockman
Giaimo	Mikva	Stratton
Gibbons	Milford	Stump
Goldwater	Miller, Ohio	Symms
Goodling	Minish	Van Deerlin
Gradison	Moffett	Vanik
Hansen	Moorhead, Calif.	Walgren
Harris	Mottl	Walker
Hollenbeck	Myers, Gary	Wiggins
Holt	Patten	Wolff
Holtzman	Pike	Wydler
Hyde	Pritchard	Yates
Ireland	Quayle	Young, Fla.
Jacobs		

NOT VOTING—25

Applegate	Hannaford	Ruppe
Ashley	Hughes	Shipley
Badham	Koch	Teague
Badillo	McKinney	Udall
Brademas	Murtha	Wampler
Burke, Mass.	Patterson	Whitehurst
Burton, John	Pickle	Wilson, Bob
Dent	Roe	
Flippo	Rousselot	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Hughes against.

Mr. Wampler for, with Mr. McKinney against.

Mr. Teague for, with Mr. Rousselot against.

Mr. Brademas for, with Mr. Bob Wilson against.

Until further notice:

Mr Badillo with Mr. Applegate.

Mr. Koch with Mr. John Burton.

Mr. Patterson of California with Mr. Badham.

Mr. Shipley with Mr. Murtha.

Mr. Hannaford with Mr. Whitehurst.

Mr Pickle with Mr. Roe.

Mr. Ruppe with Mr. Udall.

Mr. Dent with Mr. Flippo.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. FOLEY. Mr. Speaker, pursuant to the provisions of House Resolution 666, I call up from the Speaker's table the Senate bill (S. 275) to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOLEY moves to strike out all after the enacting clause of the Senate bill S. 275 and to insert in lieu thereof the provisions of the bill H.R. 7171, as passed by the House as follows:

That this Act may be cited as the "Agricultural Act of 1977".

SEC. 2. TABLE OF CONTENTS.

Title

I. Payment Limitation for Wheat, Feed Grains, and Upland Cotton.
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XV. Federal Grain Inspection.
XVI. Effective Date.

TITLE I—PAYMENT LIMITATION FOR WHEAT, FEED GRAINS, AND UPLAND COTTON

SEC. 101. Section 101(1) of the Agricultural Act of 1970, as amended, is amended to read as follows:

"(1) The total amount of payments which a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949, as amended, for wheat, feed grains, and upland cotton shall not exceed $20,000 for the 1974 through 1977 crops, $35,000 for the 1978 crop, $38,500 for the 1979 crop, $42,350 for the 1980 crop, and $46,585 for the 1981 crop of such commodities.".

TITLE II—DAIRY AND BEEKEEPER PROGRAMS

DAIRY BASE PLANS

SEC. 201. Section 201(e) of the Agricultural Act of 1970, as amended, is amended to read as follows:

"(e) The provisions of this section shall not be effective after December 31, 1981, except with respect to orders providing for class I base plans issued prior to such date, but in no event shall any order so issued extend or be effective beyond December 31, 1984.".

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 202. Section 202 of the Agricultural Act of 1949, as amended, is amended by striking out "1977" in subsections (a) and (b) and inserting in lieu thereof "1981".

DAIRY INDEMNITY PROGRAM

SEC. 203. The Act of August 13, 1968 (Public Law 90–484; 82 Stat. 750), as amended, is amended as follows:

(a) Section 1 is amended by adding after the first sentence the following: "The Secretary is also authorized to make indemnity payments for milk, or cows producing such milk, at a fair market value to dairy farmers who have been directed since the date of enactment of the Agricultural Act of 1977 to remove their milk from commercial markets because of the presence of products of nuclear radiation or fallout if such contamination was due to no fault of the farmer.

(b) Section 3 is amended by striking out "June 30, 1977" and inserting in lieu thereof "September 30, 1981".

DAIRY PRICE SUPPORT

SEC. 204. Section 201 of the Agricultural Act of 1949, as amended, is further amended as follows:

(a) Subsection (c) is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding the foregoing, effective for the period beginning with the date of enactment of the Agricultural Act of 1977, and ending on March 31, 1981, the price of milk shall be supported at not less than 80 per centum of the parity price therefor.".

(b) A new subsection (d) is added as follows:

"(d) Effective for the period beginning with the date of enactment of the Agricultural Act of 1977 and ending on March 31, 1981, the support price of milk shall be adjusted by the Secretary at the beginning of each semiannual period after the beginning of the marketing year to reflect any estimated change in the parity index during such semiannual period. The Secretary is further authorized to adjust the support price of milk at the beginning of each remaining quarter in the marketing year to reflect any substantial change in the parity index during such quarterly period. Any such adjustment shall be announced by the Secretary not more than thirty days prior to the beginning of the period for which it is applicable.".

BEEKEEPER INDEMNITY PROGRAM

SEC. 205. Section 804(f) of the Agricultural Act of 1970, as amended, is amended by striking out "December 31, 1977" and inserting in lieu thereof "September 30, 1981".

TITLE III—WOOL AND MOHAIR

SEC. 301. Section 702 of the National Wool Act of 1954, as amended, is amended to read as follows:

"SEC. 702. It is hereby recognized that wool is an essential, strategic, and energy-efficient commodity which is not produced in the United States in sufficient quantities and grades to meet the domestic needs; and that the desired domestic production of wool is impaired by predatory animals and by depressing effects of wide fluctuations in the price of wool in the world markets. It is hereby declared to be the policy of Congress, as a measure of national security and to promote the general economic welfare, a positive balance of trade and the efficient use of the Nation's resources, to encourage the continued domestic production of wool at prices fair to both producers and consumers in a manner which will assure a viable domestic wool industry in the future.".

SEC. 302. Section 703 of the National Wool Act of 1954, as amended, is amended as follows:

(a) Subsection (a) is amended by striking out "1977" and inserting in lieu thereof "1981".

(b) Subsection (b) is amended by striking out "1977" and inserting in lieu thereof "1976", and by inserting immediately before the period at the end thereof the following: ": *And provided further*, That for the marketing years beginning January 1, 1977, and ending December 31, 1981, the support price for shorn wool shall be eighty-five per centum (rounded to the nearest full cent) of the amount calculated according to the foregoing formula".

(c) Subsection (c) is amended by striking out "1977" and inserting in lieu thereof "1976".

TITLE IV—WHEAT

SEC. 401. Effective for the 1977 through 1981 crops of wheat, section 107 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 107. Notwithstanding any other provision of law:

"(a) The Secretary shall make available to producers loans and purchases on each crop of wheat at such level, not less than $2.25 per bushel for the 1977 crop and $2.35 per bushel for the 1978 through 1981 crops, nor in excess of 100 per centum of parity, as the Secretary determines will maintain its competitive relationship to other grains in domestic and export markets: *Provided*, That if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for wheat, the Secretary shall reduce the level of loans and purchases for wheat for the next marketing year by the amount necessary to maintain domestic and export markets for grain.

"(b) If a set-aside program is in effect for any crop of wheat under section 379b(c) of the Agricultural Adjustment Act of 1938, as amended, payments, loans, and purchases shall be made available on such crop only to producers who comply with the provisions of such program.

"(c) Payments shall be made for each crop of wheat to the producers on each farm in an amount determined by multiplying (i) the amount by which the higher of—

"(1) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(2) the loan level determined under subsection (a) for such crop

is less than the target price per bushel times in each case (ii) the allotment for the farm for such crop (but in no event on a greater acreage than the acreage actually planted to wheat), times (iii) the projected yield established for the farm with such adjustments as the Secretary determines necessary to provide a fair and equitable yield. The target price shall be $2.90 per bushel for the 1977 crop, $3.00 per bushel for the 1978 crop, and for the 1979 through 1981 crops the target price shall be the target price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made: *Provided*, That in the event the Secretary adjusts the level of loans and purchases for wheat in accordance with the proviso in section 107(a) of this Act, the Secretary shall provide emergency compensation by increasing the target price for wheat by such amount as may be necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided further*, That any such increase in the target price shall not be included in the payments subject to limitation under the provisions of Title I of the Agricultural Act of 1970, as amended. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information and data as he finds necessary and appropriate for the purpose and shall be limited to (i) variable costs; (ii) machinery ownership costs; and (iii) general farm overhead costs allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop. Effective only with respect to the 1978 and 1979 crops of wheat, if the Secretary determines that because of drought, flood, or other natural disaster, or other conditions beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 50 per centum of the projected yield established by the Secretary for the farm for such crop during the current year times the acreage planted to harvest for such crop in such year, the Secretary shall make a farm disaster payment at a rate equal to 80 per centum of the target price for the crop to the producers of such crop for the deficiency in production below 50 per centum of the projected yield on the acreage planted to harvest for the crop. If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, he shall make a prevented planting payment on the smaller of (1) the acreage intended to be planted to wheat or (2) the average acreage planted to wheat for harvest (including any acreage which the producer was prevented from planting to wheat or other nonconserving crop), in the immediately three preceding years, multiplied by 75 per centum of the projected yield established by the Sec-

retary for the farm for the current year times a payment rate equal to 20 per centum of the target price per bushel for wheat. In the case of the 1977 crop, disaster payments for prevented planting for wheat shall be computed as provided in this section as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973, and disaster payments for low-yield shall be made as provided in this section: *Provided*, That no disaster payments for low-yield for such crop shall be made under this section prior to October 1, 1977: *Provided further*, That in the event any producers have received disaster payments for low-yield for the 1977 crop under prior law, they may retain such payments and if such payments are less than the amounts to which they are entitled under this section, the Secretary is authorized and directed to pay to such producers such additional amounts as may be due them under this section. The total quantity on which a target price payment is due a producer for any crop shall be reduced by the quantity on which any disaster payment is paid to such producer for the crop. The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.".

ALLOTMENT AND SET-ASIDE

SEC. 402. Section 379b (a), (b), (f), and (h) of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1974 through 1981 crops of wheat.

SEC. 403. (a) Section 379b (c), (d), (e), (g), and (i) of the Agricultural Adjustment Act of 1938, as amended, effective for the 1974 through 1977 crops of wheat, is amended to be effective for the 1974 through 1981 crops of wheat.

(b) Effective for the 1978 through 1981 crops, section 379b(c) of such Act is further amended by—

(1) in subsection (c)(1), striking out the second and third sentences and inserting in lieu thereof the following: "If a set-aside of cropland is in effect under this subsection (c), then as a condition of eligibility for loans, purchases, and payments on wheat, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage (i) planted to wheat (including any set-aside or diverted acreage) in the preceding crop year, as adjusted by the Secretary to correct for abnormal factors affecting such acreage in the preceding year, or (ii) planted to wheat in the current crop year. The Secretary may limit the acreage planted to wheat on the farm to a percentage of the wheat planted to harvest in the previous year. Such limitation shall be applied on a uniform basis to all wheat-producing farms."; and

(2) in subsection (c)(3), striking out "1974 through 1977" and inserting in lieu thereof "1974 through 1981".

SEC. 404. Effective for the 1978 through 1981 crops, section 379c of the Agricultural Adjustment Act of 1938, as amended, is further amended to read as follows:

"SEC. 379c. (a) The Secretary shall proclaim the national wheat acreage allotment and any set-aside program not later than August 15 of each calendar year for the crop harvested in the next succeeding calendar year. The national wheat acreage allotment for such crop shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that he estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks are excessive or an increase in stocks is needed to assure desirable carryover, he may adjust the national wheat acreage allotment by the amount he determines will accomplish the desired increase or decrease in carryover stocks.

"(b) The Secretary shall determine farm acreage allotments in the manner provided in this paragraph. The Secretary shall allocate the national wheat acreage allotment to farms producing wheat on the basis of an allocation factor. Such allocation factor shall be determined by dividing the national wheat acreage allotment by the number of harvested acres as determined by the Secretary each year or in such previous years as determined by the Secretary for such crops: *Provided*, That in no event shall such allocation factor be more than 100 per centum or less than 80 per centum of the acreage of wheat harvested on the farm in the current crop year. The farm acreage allotment for wheat shall be determined by multiplying the allocation factor by the acreage of wheat harvested on the farm in the current crop year or in such previous years as determined by the Secretary: *Provided*, That the wheat acreage eligible for payment shall not be further reduced by application of the allocation factor if (i) the producers reduced the planted acreage of wheat on the farm from the previous year by at least the percentage recommended by the Secretary in announcing the national wheat acreage allotment, or (ii) if a set-aside program is in effect for wheat, the producers on the farm have complied with the provisions of such program. In carrying out the foregoing provision the Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat is less than for the preceding year, but the reduction is insufficient to exempt the farm from the allocation factor. In establishing the national allocation factor for wheat, the Secretary is authorized to make such adjustment as deemed necessary to take into account the extent of exemption of farms under the foregoing provisions. An acreage shall be considered harvested on the farm if it was planted to wheat but not harvested because of a drought, flood, or other disaster or condition beyond the control of the producer.".

NONAPPLICABILITY OF PROCESSOR CERTIFICATE REQUIREMENTS

SEC. 405. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period July 1, 1973, through May 31, 1982.

SUSPENSION OF MARKETING QUOTAS AND CONFORMING AMENDMENTS

SEC. 406. Sections 331, 332, 333, 334, 335, 336, 338, and 339 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through 1981 crops of wheat.

SEC. 407. Sections 378, 379, and 385 of the Agricultural Adjustments Act of 1938, as amended effective for the 1971 through 1977 crops of wheat, are amended to be effective for the 1971 through 1981 crops of wheat.

SEC. 408. Public Law 74, Seventy-seventh Congress (68 Stat. 905) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1978 through 1981.

YIELD CALCULATIONS

SEC. 409. Section 708, Public Law 89-321 (79 Stat. 1211), as amended, effective for the 1974 through 1977 crops of wheat, is amended to be effective for the 1974 through 1981 crops of wheat.

SEC. 410. Section 301(b)(13)(K) of the Agricultural Adjustment Act of 1938, as amended effective for the 1974 through 1977 crops, is amended to be effective for the 1974 through 1981 crops.

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 411. Section 408(k) of the Agricultural Act of 1949, as added by the Agricultural Act of 1970, as amended effective for the 1971 through 1977 crops, is amended to be effective for the 1971 through 1981 crops.

TITLE V—FEED GRAINS

LOAN RATE AND TARGET PRICE

SEC. 501. Section 105 of the Agricultural Act of 1949, as amended effective for the 1974 through 1977 crops, is amended to be effective for the 1974 through 1981 crops and such section is further amended—

(a) effective for the 1977 through 1981 crops, by amending subsections (a) and (b)(1) to read as follows:

"(a)(1) The Secretary shall make available to producers loans and purchases on each crop of corn at such level, not less than $2.00 per bushel for the 1977 crop and $2.00 per bushel for each of the 1978 through 1981 crops, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains in the United States: *Provided*, That if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for corn, the Secretary shall reduce the level of loans and purchases for corn for the next marketing year by the amount necessary to maintain domestic and export markets for grain.

"(2) The Secretary shall make available to producers loans and purchases on each crop of barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b), and on each crop of grain sorghums at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value and average transportation costs to market of grain sorghums in relation to corn.

"(b)(1) In addition, the Secretary shall make available to producers payments for each crop of corn, grain sorghums, and, if designated by the Secretary, oats and barley, computed by multiplying (1) the payment rate, times (2) the allotment for the farm for such crop (but in no event on a greater acreage than the acreage actually planted to such feed grains), times (3) the yield established for the farm for the preceding crop with such adjustments as the Secretary determines necessary to provide a fair and equitable yield. The payment rate for corn shall be the amount by which the higher of—

"(1) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(2) the loan level determined under subsection (a) for such crop

is less than the target price per bushel. The target price for corn shall be $2.00 per bushel in the case of the 1977 crop, $2.10 per bushel in the case of the 1978 crop, and for the 1979 through 1981 crops the target price shall be the target price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made ": *Provided*, That in the event the Secretary adjusts the level of loans and purchases for corn in accordance with the proviso in section 105(a)

(1) of this Act, the Secretary shall provide emergency compensation by increasing the target price for corn by such amount as may be necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided further*, That any such increase in the target price shall not be included in the payments subject to limitation under the provisions of Title I of the Agricultural Act of 1970, as amended.

The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information and data as he finds necessary and appropriate for the purpose and shall be limited to (i) variable costs; (ii) machinery ownership costs; (iii) general farm overhead costs allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop. The payment rate for grain sorghums and, if designated by the Secretary, oats, and barley, shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn. Effective only with respect to the 1978 and 1979 crops of feed grains, if the Secretary determines that because of drought, flood, or other natural disaster, or other conditions beyond the control of the producers, the total quantity of feed grains which the producers are able to harvest on any farm is less than the result of multiplying 50 per centum of the yield established by the Secretary for the farm for such crop during the current year times the acreage planted to harvest for such crop in such year, the Secretary shall make a farm disaster payment at a rate equal to 80 per centum of the target price for the crop to the producers of such crop for the deficiency in production below 50 per centum of the established yield on the acreage planted to harvest for the crop. Effective only with respect to the 1978 and 1979 crops of feed grains, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, he shall make a prevented planting payment on the smaller of (1) the acreage intended to be planted to feed grains or (2) the average acreage planted to feed grains for harvest (including acreage which the producer was prevented from planting to feed grains or other nonconserving crop) in the immediately three preceding years multiplied by 75 per centum of the yield established by the Secretary for the farm for the current year times a payment rate equal to 20 per centum of the target price per bushel for feed grains. In the case of the 1977 crop, disaster payments for feed grains shall be computed as provided in this section as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973 and disaster payments for low-yield shall be made as provided in this section: *Provided*, That no disaster payments for low-yield for such crop shall be made under this section prior to October 1, 1977: *Provided further*, That in the event any producers have received disaster payments for low-yield for the 1977 crop under prior law, they may retain such payments and if such payments are less than the amounts to which they are entitled under this section, the Secretary is authorized and directed to pay to such producers such additional amounts as may be due them under this section. The total quantity on which a target price payment is due a producer for any crop shall be reduced by the quantity on which any disaster payment is paid to such producer for the crop.".

(b) Effective for the 1978 through 1981 crops, by amending subsection (b) (2) and (3) to read as follows:

"(2) The Secretary shall proclaim the national feed grains acreage allotment for each feed grain crop not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year. The national feed grains allotments for such crops shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that he estimates will be utilized domestically and for export during the marketing year for such crops. If the Secretary determines that carryover stocks are excessive or an increase in stocks is needed to assure desirable carryover, he may adjust the national feed grains acreage allotment by the amount he determines will accomplish the desired increase or decrease in carryover stocks.

"(3) The Secretary shall determine farm acreage allotments for each crop of feed grains in the manner provided in this paragraph. The Secretary shall allocate the national feed grains acreage allotment to farms producing feed grains on the basis of an allocation factor. Such allocation factor shall be determined by dividing the national feed grains acreage allotment for each crop of feed grains by the number of harvested acres as determined by the Secretary each year or in such previous years as determined by the Secretary for each crop: *Provided*, That in no event shall such allocation factor be more than 100 per centum or less than 80 per centum of the acreage of each feed grain harvested on the farm in the current crop year. The farm acreage allotment for feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains harvested on the farm in the current crop year or in such previous crop years as determined by the Secretary: *Provided*, That the feed grain acreage eligible for payment shall not be further reduced by application of the allocation factor if (i) the producers reduced the planted acreage of feed grains on the farm from the previous year by at least the percentage recommended by the Secretary in announcing the national feed grain acreage allotment, or (ii) if a set-aside program is in effect for feed grains, the producers on the farm have complied with the provisions of such program. In carrying out the foregoing provision the Secretary shall provide fair and eqiutable treatment for producers on farms on which the acreage planted to feed grains is less than for the preceding year, but the reduction is insufficient to exempt the farm from the allocation factor. In establishing the national allocation factor for feed grains, the Secretary is authorized to make such adjustment as deemed necessary to take into account the extent of exemption of farms under the foregoing provisions. An acreage shall be considered harvested on the farm if it was planted to feed grains but not harvested because of a drought, flood, or other disaster or condition beyond the control of the producer.".

(c) Effective for the 1978 through 1981 crops, amending subsection (c) by—

(1) in paragraph (1), striking the second and third sentences and inserting in lieu thereof the following: "Any such set-aside shall be proclaimed by the Secretary not later than "November 15 of each calendar year for the crop harvested in the next succeeding calendar year. If a set-aside of cropland is in effect under this subsection (c), then as a condition of eligibility for loans, purchases, and payments on corn, grain sorghum, and if designated by the Secretary, barley, respectively, the producers on a farm must set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage (i) planted to such crops (including any set-aside or diverted acreage) in the preceding crop year, as adjusted by the Secretary to correct for abnormal factors affecting such acreage in the preceding year, or (ii) planted to such crops in the current crop year. The Secretary may limit the acreage planted to feed grains on the farm to a percentage of the feed grains planted to harvest in the previous crop year. Such limitation shall be applied on a uniform basis to all feed grain producing farms."; and

(2) in paragraph (3), striking out "1974 through 1977" and inserting in lieu thereof "1974 through 1981".

TITLE VI—COTTON

BASE ACREAGE ALLOTMENTS: SUSPENSION OF MARKETING QUOTAS AND RELATED PROVISIONS

SEC. 601. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938, as amended shall not be applicable to upland cotton of the 1978 through 1981 crops.

COTTON PRODUCTION INCENTIVES: LOAN RATE AND TARGET PRICE

SEC. 602. Section 103(e) of the Agricultural Act of 1949, as amended, is amended by—

(a) striking out "1971 through 1977" each place it occurs and inserting in lieu thereof "1971 through 1981";

(b) striking out "1974 through 1977" each place it occurs and inserting in lieu thereof "1974 through 1981"; and

(c) effective, beginning with the 1978 crop, amending paragraphs (1), (2), (3), and (4) (A) of subsection (e), as they appear therein, to read as follows:

"(e)(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1978 through 1981 crops of upland cotton to cooperators nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton micronaire 3.5 through 4.9) at average location in the United States the smaller of (1) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during the four-year period ending July 31 in the year in which the loan level is announced, or (2) 90 per centum of the average, for the first two full weeks of October of the year in which the loan level is announced, of the five lowest priced growths of the growths quoted for Strict Middling one and one-sixteenth inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average Northern Europe price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9)). The loan level for any crop of cotton shall be determined and announced not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. The rate of interest on loans to cooperators under the provisions of this paragraph shall be established quarterly by the Commodity Credit Corporation on the basis of the lowest current interest rate on ordinary obligations of the United States. Nonrecourse loans provided for in this subsection shall, upon request of the cooperator during the tenth month of the loan period for the cotton, be made available for an additional term of eight months: *Provided*, That such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period: *Provided further*, That when-

ever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(i) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available;

"(ii) If a special quota has been established under this subsection during the preceding twelve months, the amount of the quota net established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth above or the amount required to increase the supply to 130 per centum of the demand;

"(iii) As used in subdivision (ii) the term 'supply' means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four hundred and eighty-pound bales) in which the special quota is established plus production of the current crop plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established;

"(iv) When a special quota is established under the provisions of this subsection, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota; and

"(v) Notwithstanding the foregoing provisions of this proviso, a special quota period shall not be established that overlaps an existing special quota period.

Notwithstanding any other provision of law, the foregoing provisions of this subsection with respect to extension of the loan period and to proclamation of the special quota shall become effective upon enactment of this Act even though the cotton may be of a crop prior to the 1978 crop.

"(2) Payments shall be made for each crop of cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(A) the average market price received by farmers for upland cotton during the calendar year which includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(B) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound. The established price per pound shall be an amount equal to 110 per centum of the loan level determined under paragraph (1) of this subsection for such crop but in no event shall the established price be less than 51.0 cents per pound.

Effective only with respect to the 1978 and 1979 crops of cotton, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the smaller of (i) the acreage intended to be planted to cotton or other nonconserving crop in lieu of cotton) in the immediately preceding year multiplied by 75 per centum of the program yield established by the Secretary for the farm for the current year times a payment rate equal to 33⅓ per centum of the established price for the crop. If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the program yield established by the Secretary for the farm for such crop during the current year times the acreage planted to harvest for such crop in such year, the Secretary shall make a farm disaster payment to the producers at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop. Compensation made under the foregoing provisions of this paragraph for disaster loss with respect to prevented planting and low yield shall not be regarded as payment for purposes of section 101 of the Agricultural Act of 1970, as amended. In the event payments authorized in the first sentence of this paragraph are required to be made for any crop of upland cotton, the payment rate with respect to any producer who (i) is on a small farm (that is, a farm on which the acreage planted to cotton is ten acres or less, or on which the farm program payment yield times the acreage planted to cotton is five thousand pounds or less), (ii) resides on such farm, and (iii) derives his principal income from cotton produced on such farm, shall be increased 30 per centum.".

"(3)(A) In the event payments are required to be made for any crop of upland cotton under the first sentence of paragraph (2) of this subsection, such payments shall be made to producers on each farm on (i) the farm program acreage determined in accordance with subparagraph (D) times (ii) the farm program payment yield determined in accordance with subparagraph (E).

"(B) The Secretary shall establish for each of the 1978 through 1981 crops of upland cotton a national program acreage. Such national program acreage shall be announced not later than December 15 of the calender year preceding the year for which such acreage is established. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(C) The Secretary shall determine a program allocation factor for each crop of upland cotton for which payments are to be made as provided for in the first sentence of paragraph (2). The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres which the Secretary estimates will be harvested from such crop.

"(D) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined: *Provided*, That the cotton acreage eligible for payment on a farm shall not be further reduced by application of the allocation factor if the producers reduced the planted acreage on the farm from the previous year by at least the percentage recommended by the Secretary in announcing the national program acreage. In carrying out the foregoing provision, the Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to cotton is less than the preceding year but the reduction is insufficient to exempt the farm from the allocation factor. In establishing the allocation factor under subparagraph (C) the Secretary is authorized to make such adjustment as deemed necessary to take into account the extent of exemption of farms under the foregoing provisions.

"(E) The farm program payment yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years: *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.".

"(4)(A) The Secretary shall provide for a set-aside of cropland if he determines that the total supply of upland cotton will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans, purchases, and payment on upland cotton, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage as determined by the Secretary (but not to exceed 28 per centum), of the acreage planted to upland cotton on the farm in the year for which the set-aside requirement is established. The set-aside acreage shall be devoted to conservation uses in accordance with regulations issued by the Secretary which will assure protection of such acreage from wind and water erosion throughout the current calendar year; however, the Secretary may permit, subject to such terms and conditions as he may prescribe, all or any of the set-aside acreage to be devoted to sweet sorghum, hay and grazing or to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income. The Secretary may limit the acreage planted to cotton on farms by establishing a factor which shall be multiplied by the highest acreage planted to cotton on the farm (including any acreage not planted to cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in any one of the preceding five years. Such limitation shall be applied on a uniform basis to all cotton producing farms. Producers on a farm who knowingly plant cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans or payments with respect to that farm.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603. The tenth sentence of section 407 of the Agricultural Act of 1949, as amended effective for the period beginning August 1, 1971, and ending July 31, 1978, is further amended to be effective for the period begin-

ning August 1, 1971, and ending July 31 1982.

MISCELLANEOUS COTTON PROVISIONS

SEC. 604. (a) Section 408(b) of the Agricultural Act of 1949, as amended, is amended effective for the 1978 through 1981 crops by changing the second proviso to read as follows: "*And provided*, That for the 1978 through 1981 crops of upland cotton a cooperator shall be a producer who has set aside on the farm the acreage required under section 103(e).".

(b) Section 374(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "1977" in the last sentence and nserting in lieu thereof "1981".

(c) Sections 379 and 385 of the Agricultural Adjustment Act of 1938, as amended effective with respect to the 1971 through 1977 crops, are further amended to be effective for the 1971 through 1981 crops.

(d) Section 706, Public Law 89-321 (79 Stat. 1210), as amended effective with respect to the 1971 through 1977 crops, is further amended to be effective for the 1971 through 1981 crops.

(e) Section 408(1) of the Agricultural Act of 1949, as amended effective with respect to the 1971 through 1977 crops, is further amended to be effective for the 1971 through 1981 crops.

(f) Section 203 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1978 through 1981 crops.

(g) Section 101(f) of the Agricultural Act of 1949, as amended, is amended by striking out the words "Middling one-inch" appearing in the first sentence and inserting in lieu thereof "Strict Low Middling one and one-sixteenth inches".

(h) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1982 crop.

TITLE VII—RICE

ACREAGE ALLOTMENTS

SEC. 701. Section 352 of the Agricultural Adjustment Act of 1938, as amended by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is amended to be effective for the 1976 through 1981 crops of rice and is further amended by striking out "and 1977" in subsection (a) and inserting in lieu thereof "through the 1981", and by striking out "and 1977" in subsection (f) and inserting in lieu thereof "through 1981".

SUSPENSION OF MARKETING QUOTAS AND OTHER PROVISIONS

SEC. 702. Sections 353, 354, 355, 356, and 377 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through the 1981 crops of rice.

SEC. 703. Section 385 of the Agricultural Adjustment Act of 1938, as amended by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is further amended to be effective for the 1976 through 1981 crops of rice.

PAYMENTS AND LOANS

SEC. 704. The Agricultural Act of 1949, as amended, is amended as follows:

(a) Section 101(g), as added by the Rice Production Act of 1975 effective for the 1976 and 1977 crops of rice, is amended to be effective for the 1976 through 1981 crops and is further amended by—

(1) inserting at the end of paragraph (1) the following: "For the 1978 through 1981 crops the established price shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information and data as he finds necessary and appropriate for the purpose and shall be limited to (i) variable costs; (ii) machinery ownership costs; and (iii) general farm overhead costs allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.";

(2) inserting after the second sentence of paragraph (2) the following: "Loans and purchases for each of the 1978 through 1981 crops shall be established at such rate as bears the same ratio to the loan rate for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop. If the Secretary should determine that loans and purchases at the foregoing rate for any of the 1978 through 1981 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, he may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for such crop or crops at such level, not less than $6.31 per hundredweight nor more than the parity price thereof, as he determines necessary to avoid such consequences.";

(3) striking out "and 1977" in the third sentence of paragraph (2) and inserting in lieu thereof "through the 1981";

(4) striking out "and 1977" in paragraph (3) and inserting in lieu thereof "through the 1981";

(5) inserting immediately after the first sentence in paragraph (4) the following: "The payments for the 1978 through 1981 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying that portion of the allotment planted to rice by the yield established for the farm: *Provided*, That payments shall be made to cooperators planting no less than 90 per centum of the allotment on the basis of the entire amount of such allotment: *Provided further*, That an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, or other natural disaster, or a condition beyond the control of the producer shall be considered to be an acreage planted to rice.";

(6) striking the word "If" in the third and fourth sentences in paragraph (4) and insert in lieu thereof "Effective only with respect to the 1978 and 1979 rice crops, if"; and

(7) inserting immediately before the period in paragraph (13)(A) the following: "for each of the 1976 and 1977 crops, and beginning with the 1978 crop such limitation shall be reduced 5 per centum for each crop year from the limitation in effect for the previous crop year, except that the limitation shall not be reduced below that in effect for wheat, feed grains, and cotton for the same crop year".

(b) The last proviso in the first sentence of section 408(b) of the Agricultural Act of 1949, as added by section 303 of the Rice Production Act of 1975, is amended by striking out "and 1977" and inserting in lieu thereof "through the 1981".

TITLE VIII—PEANUTS

SHORT TITLE

SEC. 801. This title may be cited as the "Peanut Production Act of 1977".

PEANUT ACREAGE ALLOTMENTS AND POUNDAGE QUOTAS

SEC. 802. Subsections (a) and (e) of section 358 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through 1981 crops of peanuts.

SEC. 803. Effective for the 1978 through 1981 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections at the end thereof:

"(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided*, That such allotment shall be not less than one million six hundred and ten thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for peanuts for the following marketing year of the following amounts:

"Year:	*Tons*
1978	1,680,000
1979	1,596,000
1980	1,516,000
1981	1,440,000

If the Secretary determines that the minimum national poundage quota for any marketing year is insufficient to meet total estimated requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year may be increased by the Secretary to the extent determined by the Secretary to be necessary to meet such requirements.

"(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided*, That if peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

"(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined beginning with the 1979 crop for any farm shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year were less than the farm poundage quota: *Provided*, That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further*, That the grower must have planted in such preceding marketing year that part of the farm allotment estimated on the basis of the farm yield to be sufficient to produce the total farm poundage quota: *Provided further*, That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

"(p) For the purposes of this title—

"(1) 'quota peanuts' means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and seed and use on a farm.".

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENTS

SEC. 804. Effective for the 1978 through 1981 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(a) in subsection (a)—

(i) striking out "if he determines that it will not impair the effective operation of the peanut marketing quota or price support program"; and

(ii) striking out "may" each place that term appears and inserting "shall" in lieu thereof; and

(b) adding at the end thereof the following new subsection:

"(i) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receivng farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.".

MARKETING PENALTIES

SEC. 805. Effective for the 1978 through 1981 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(a) deleting from the first sentence of subsection (a) the language "75 per centum of the support price for" and inserting in lieu thereof the language "120 per centum of the support price for quota";

(b) inserting after the first sentence of subsection (a) the following new sentence: "The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (j) of this section";

(c) striking out "normal yield" in the ninth sentence of subsection (a) and inserting in lieu thereof "farm yield", as determined in accordance with subsection (m) of section 358 of this Act; and

(d) adding at the end thereof the following new subsections:

"(f) Only quota peanuts may be retained for use as seed or for other uses on a farm when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use of a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(g) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(h) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(i) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval prior to June 15 of the year in which the crop is produced.

"(j) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses plus (A) 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by the producer, or (B) 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, (C) 107 per centum of the loan value quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.".

REPORTS AND RECORDS

SEC. 806. Effective for the 1978 through 1981 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 807. Effective for the 1978 through the 1981 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding after the words "farm acreage allotment for such year" the following: "or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota".

PEANUT PRICE SUPPORT PROGRAM

SEC. 808. Effective for the 1978 through 1981 crops of peanuts, title I of the Agricultural Act of 1949, as amended, is amended by adding the following new section:

"PEANUT PROGRAM

"SEC. 108. Notwithstanding any other provision of law:

"(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts of each of the 1978 through 1981 crops at such levels as the Secretary finds appropriate taking into consideration the eight factors specified in section 401(b) of this Act, and any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, but not less than $420 per ton. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.

"(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts of each of the 1978 through 1981 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.

"(c)(1) In carrying out subsections (a) and (b) of this section, the Secretary may make warehouse storage loans available in each of the three producing areas (described in 7 CFR part 1446, section 1446.4 of the General Regulations Governing 1974 and Subsequent Crop Peanut Warehouse Storage Loans published by Commodity Credit Corporation) to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Such loans shall include, in addition to the price support value of the peanuts, such costs as such association may reasonably incur in carrying out such responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938, as amended.

"(2) The Secretary may require that each such association establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contract between handler and producer described in section 359(j) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any

loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.".

TITLE IX—MISCELLANEOUS COMMODITY PROVISIONS

SET-ASIDE ON SUMMER FALLOW FARMS

SEC. 901. Notwithstanding any other provision of law, for the 1971 through 1981 crops of wheat, feed grains, and cotton if in any year at least 55 per centum of cropland acreage in an established summer fallow farm is diverted to a summer fallow use no further acreage shall be required to be set aside under the wheat, feed grains, and cotton programs for such year.

LOAN EXTENSION AND SALES PROVISIONS FOR WHEAT AND FEED GRAINS

SEC. 902. The Agricultural Act of 1949, as amended, is amended by adding the following new section:

"SEC. 109. (a) Notwithstanding the provisions of section 401(b) of this Act or any other provision of law, the Secretary shall, with respect to any loan made under this title on any crop of wheat, corn, barley, oats, rye, and grain sorghum, provide that—

"(1) the borrower may, at the end of the initial period for repayment of the loan which shall not be less than eleven months, extend the period of repayment for an additional twelve months, and, if the period is so extended, the Secretary shall pay 1 cent per bushel per month storage costs of the commodity and charge no interest on the loan during such period of extension; and

"(2) the borrower may, at the end of the twelve-month extension period described in paragraph (1), extend the period of repayment for another twelve months, except that, if the market price of the commodity concerned is more than 75 per centum of the parity price for the commodity at the end of the twelve-month extension period described in paragraph (1), the borrower may extend the period of repayment under this paragraph only with the consent of the Secretary; any extension of the period of repayment under this paragraph shall provide that the Secretary shall pay 1 cent per bushel per month storage costs of the commodity and charge no interest on the loan during such period of extension.

"(b) Notwithstanding the provisions of section 407 of this Act or any other provision of law, the Commodity Credit Corporation may not sell any wheat, corn, barley, rye, oats, or grain sorghum owned or controlled by it for less than 150 per centum of the current loan level for such commodity; except that the provisions of this subsection shall not apply to—

"(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; and

"(2) sales or other disposals of such commodities under (A) the fifth and sixth sentences of section 407 of this Act; (B) the Act entitled 'An Act to authorize the sale at current support prices of agricultural commodities owned by the Commodity Credit Corporation to provide feed for livestock in areas determined to be emergency areas, and for other purposes', approved September 21, 1959 (73 Stat. 574), and (C) section 813 of the Agricultural Act of 1970.".

SPECIAL GRAZING AND HAY PROGRAM FOR WHEAT ACREAGE

SEC. 903. The Agricultural Act of 1949, as amended, is amended by adding the following new section.

"SEC. 110. Notwithstanding any other provision of law:

"(1) The Secretary is authorized to administer a special wheat acreage grazing and hay program (hereinafter in this section refered to as the 'special program') in each of the crop years 1978 through 1981. Under such program a producer shall be permitted to designate, under such regulations as established by the Secretary, a portion of the wheat, feed grain, or upland cotton farm acreage allotment for the preceding year or acreage planted for harvest, not in excess of 40 per centum thereof, or 50 acres, whichever is greater, which shall be planted to wheat (or some other commodity other than corn or milo) and used by the producer for grazing purposes or hay rather than for commercial grain production. A producer who elects to participate in the special program shall receive a payment as provided in paragraph (3) of this section.

"(2) Any producer who elects to participate in the special program under this section shall be required to designate to the Secretary the specific acreage on the farm which is to be used for the purposes set forth in paragraph (1) of this section. No crop other than hay may be harvested from acreage included in the special program.

"(3) The Secretary shall pay the producer participating in the special program an amount determined by multiplying the projected yield for wheat established for the farm times the number of acres included in the special program times $1. The producer shall not be eligible for any other payment or price support on any portion of the acreage allotment for the farm which the producer elects to include in the special program.

"(4) Acreage included in the special program is in addition to any acreage included in any acreage set-aside program otherwise provided for by law.

"(5) Acreage included in the special program shall be deemed to have been planted for harvest for the purposes of acreage history.

"(6) The Secretary is authorized to issue such regulations as may be necessary to carry out effectively the provisions of the section.

"(7) Provisions of this program shall be administered by the Secretary through the Commodity Credit Corporation using the funds of the Corporation.".

AMERICAN AGRICULTURE PROTECTION PROGRAM

SEC. 904. (a) Notwithstanding any other provision of the law, whenever the President of the United States or any other member of the executive branch of the Federal Government, either directly or indirectly, suspends or causes to be suspended the export sales of any commodity as defined in subsection (c) to any country or area with which the United States continues commercial trade, the Secretary of Agriculture shall, on the day the suspension is initiated, set the loan level for such commodity under the Agriculture Act of 1949, as amended, if a loan program is in effect for the commodity, at 100 per centum of the parity price for the commodity, as such parity price is determined on the day the suspension is initiated.

(b) The loan level set in subsection (a) shall remain in effect as long as the suspension described in subsection (a) remains in effect.

(c) For purposes of this section, commodity shall include any of the following: wheat, corn, grain sorghum, soybeans, oats, rye, barley, rice, flaxseed, and cotton.

FARM STORAGE FACILITY LOANS

SEC. 905. Section 4(h) of the Commodity Credit Corporation Charter Act (62 Stat. 1070, as amended; 15 U.S.C. 714b(h)) is amended by inserting immediately before the period at the end of the second sentence the following: ": *And provided further*, That to encourage storage for dry and high moisture forage, silage, or grain on farms, the Corporation shall make available during the period October 1, 1977, through September 30, 1981, storage facility loans not to exceed $50,000 to wheat, feed grain, rice, and soybean producers in amounts not less than 75 per centum of the total construction cost of such facility, including but not limited to the cost of structural and equipment foundations, electrical systems, grain handling systems, drying equipment, and site preparation, or in the discretion of the Corporation such loans may be made in such amounts not to exceed $50,000 to cover remodeling costs of existing storage facilities, as are set forth in regulations issued by the Secretary; the size of such facility for which a loan is obtained shall be based upon the amount of space required to store the quantity of the commodity estimated to be produced by the borrower during a two-year period, and such loan shall be for a period not to exceed ten years at an interest rate determined by the Secretary to approximately reflect the current cost of money to the Government but in no event more than 7 percent".

SOYBEAN PRICE SUPPORT

SEC. 906. The Agricultural Act of 1949, as amended, is further amended by adding a new section 304, as follows:

"SEC. 304. Notwithstanding any other provisions of this Act, the Secretary shall make available to producers loans and purchases on each crop of soybeans at such level as he determines appropriate in relation to competing commodities and taking into consideration domestic and foreign supply and demand factors: *Provided*, That notwithstanding the provisions of section 912 of the Agricultural Act of 1977, the Secretary shall not require a set-aside of soybean acreage as a condition of eligibility for price support for any commodity supported under the provisions of this Act.".

EXPORT SALES REPORTING

SEC. 907. Section 812 of the Agricultural Act of 1970, as amended, is amended by—

(a) striking out in the first sentence: ", on a weekly basis,";

(b) inserting after the first sentence: "Such reports shall be made on a weekly basis. In addition, reports on large sales shall be made to the Secretary by 3 o'clock post meridian, eastern time, on the business day following the day of the sale. Sales of one hundred thousand metric tons or more shall be considered to be large sales, but the Secretary shall have authority to designate sales of less than one hundred thousand metric tons as large sales.";

(c) inserting in the second sentence, after the words "compilation form", the words: "no later than"; and

(d) inserting after the existing second sentence: "Large sales shall be made public by the Secretary no later than the business day following the day of reporting.".

FILBERTS

SEC. 908. Section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by inserting after "oranges, onions, walnuts, dates," the following: "filberts,".

REPORT ON RECOMMENDATIONS FOR REVISED ALLOTMENT SYSTEM

SEC. 909. The Secretary shall collect and analyze currently available information pertaining to the use of bushels of wheat and feed grains and pounds of rice as the basis for assigning allotments to producers of such commodities. Within six months after enactment of this section, a report of the findings and analysis of the Secretary and any recommended changes in the allotment system for such crops shall be made to the House Committee on Agriculture and Senate Agriculture, Nutrition, and Forestry Committee.

SEC. 910. Section 201 of the Agricultural Act of 1949, as amended, is further amended by:

(a) striking out, in the first sentence, the word "and" after the word "honey,";

(b) inserting in the first sentence, the words ", sugar beets, and sugar cane" after the word "milk,", and

(c) adding a new subsection (d) as follows:

"(d) The price of the 1977 and 1978 crop of sugar beets and sugarcane, respectively, shall be supported through loans or purchases with respect to the processed products thereof at a level not in excess of 65 per centum nor less than 55 per centum of the parity price therefor: *Provided*, That the Secretary is authorized and directed to establish minimum wage rates for agricultural employees engaged in the production of sugar.".

STANDARD OF QUALITY

SEC. 911. Sec. 203(c) of the Agricultural Marketing Act of 1946 is amended by inserting immediately before the period at the end thereof the following: ": *Provided*, That within 30 days of enactment of the Agricultural Act of 1977, the Secretary of Agriculture shall by regulation adopt a Standard of Quality for ice cream which shall provide that ice cream shall contain at least 1.6 pounds of total solids to the gallon, and weighs not less than 4.5 pounds to the gallon, and contains not less than 20 per centum total milk solids, constituted of not less than 10 per centum milkfat. In no case shall the content of milk solids not fat be less than 6 per centum. They shall not, by weight, be more than 25 per centum of the milk solids not fat. Only those products which meet the standard issued by the Secretary shall be able to bear a symbol thereon indicating that they meet the USDA standard for 'ice cream'."

SET-ASIDE OF NORMALLY PLANTED ACREAGE

SEC. 912. Notwithstanding any other provision of law, whenever a set-aside is in effect for one or more of the 1978 through 1981 crops of wheat, feed grains, upland cotton and rice, the Secretary may require as a condition of eligibility for loans, purchases and payments that the acreage normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers, shall be reduced by the acreage of set-aside or diversion.

SEC. 913. (a) Notwithstanding the provisions of any other law, the Secretary of Agriculture may establish, maintain, and dispose of a separate reserve of wheat, corn, and other enumerated feed grains through storage contracts with producers as described in this section and in accordance with the provisions of this Act. Such reserves shall be no less than twenty-five million tons nor more than thirty-five million tons: *Provided*, (i) That such maximum amount may be adjusted by the Secretary as required to meet such commitments as may be assumed by the United States pursuant to an international agreement containing provisions relating to grain reserves; (ii) that the Secretary is authorized to proportion reserve stocks of grain to correspond to usual marketing demands; and (iii) that the aforementioned totals and proportions of stocks are to be considered norms or averages and shall not prohibit the accumulation or release of stocks as authorized under other provisions of this section. The Secretary shall not charge interest on a loan on grain held by a producer in such reserve.

(b) The reserve shall be constituted by offering to producers who have eligible commodities under a Commodity Credit Corporation loan or purchase agreement an opportunity to enter into a storage agreement of not less than three nor more than five years, and by providing for storage payments to producers of such amounts as the Secretary determines appropriate to cover the cost of storing the commodities held under these agreements. The grain initially stored under a producers storage contract shall have been produced by the producer and stored at his expense for the first eight months of the marketing year in which it was produced. Such producer agreements shall permit producers to cancel the agreement or redeem the commodity held under the terms of this section during such periods as the Secretary determines that the market price for that commodity exceeds 140 per centum of the then current loan rate for such commodity, and payments for storage shall cease during these same periods. The Secretary shall establish interest and storage penalties sufficient to offset any advantages which might accrue to producers due to premature redemption of loans (that is, redemption which occurs when the Secretary has determined the market price equals or is below 140 per centum of the then current loan rate), or any other actions in violation of the terms of this subsection.

(c) Storage contracts made under provisions of this Act shall contain a provision permitting cancellation by the Secretary of storage agreements, and cancellation of any Commodity Credit Corporation loans made under provisions of this section at such time as the Secretary determines that the market price for the commodity exceeds the higher of the following:

(1) 165 per centum of the then current loan rate for that commodity, or

(2) 130 per centum of the average market price for the preceding three marketing years.

Provided, however, That the quantity of the commodity covered by such cancellations shall be limited to the net quantites by which estimated domestic consumption and exports exceed estimated domestic production, imports, and carryovers for the marketing year.

(d) The Secretary may, at his option, reconcentrate all grains stored in commercial warehouses at such points as he deems to be in the public interest, taking into account factors including transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment. In the event of failure to cover his commitment with either the quantity or quality of grain specified, the holding producer shall be required to reimburse the government for any deficiencies in value and the holding warehouseman shall pay twice the amount of any such deficiencies in value.

(e) The net additional quantity of any commodity covered by such long-term storage contracts under this section in any marketing year shall not exceed the lesser of the following:

(1) the net additional estimated total carryover in excess of normal for the marketing year; or

(2) the amount the maximum reserve inventory determined for the given commodity in subsection (a) above exceeds the total stocks of such commodity held in the reserve at the beginning of the marketing year.

(f) Except as provided in subsection (g) herein, notwithstanding any other provision of law, the Commodity Credit Corporation shall not sell any wheat, corn, barley, rye, oats or grain sorghum owned or controlled by it for less than 150 per centum of the then current respective loan rates. The provisions of this subsection shall not apply to sales or other disposals of such commodities under (a) the fifth and sixth sentences of section 407 of this Act; (b) the Act entitled 'An Act to authorize the sale at current support prices of agricultural commodities owned by the Commodity Credit Corporation to provide feed for livestock in areas determined to be emergency areas, and for other purposes', approved September 21, 1959 (73 Stat. 574), and (c) section 813 of the Agricultural Act of 1970.

(g) The Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions entered into hereinunder.

(h) The Secretary shall use the Commodity Credit Corporation to the extent feasible to fulfill the purposes of this section; and to the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.

IMPORTED TOMATOES

SEC. 914. Section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence (1) by inserting after "eggplants" a comma and the following: "or regulating the pack of any container of tomatoes" and (2) by inserting a comma and "and in the case of tomatoes any provision regulating the pack of any container," after "provisions" wherever it appears, and in the fourth sentence by inserting a comma and "and with respect to imported tomatoes such restrictions on the pack of any container," after "classifications".

SEC. 915. Effective for the 1978 through 1981 crops section 301 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end thereof: "The Secretary is authorized to make price supports available under this title for the 1978 through 1981 crops of soybeans, flaxseed, dry edible beans, and gum naval stores, and for any other nonbasic commodity not designated in title II, except that such authority shall terminate with respect to any commodity, other than those listed in this provision, at the end of any crop year in which the net outlays exceed $50 million."

SEC. 916. (a) That section 3 of the Golden Nematode Act (7 U.S.C. 150b) is amended as follows: "The activities contemplated by this Act include cooperation with States and other agencies in making inspections, applying suppressive measures, enforcing quarantines, enforcing restrictions on the planting of potatoes (including seed potatoes), commercial crops, including turf and nursery stock, destroying such crops growing in soil found infested or exposed to infestation of the golden nematode and compensating persons engaged in commercial production of such crops, for financial losses resulting from any or all of the following: not planting such crops in compliance with regulations promulgated under this Act, in areas quarantined as a result of, infested by, or exposed to infestation of the golden nematode; destroying, in accordance with the provisions of this Act or regulations issued thereunder, such as a crop which is so infested, quarantined, or exposed; and incurring increased costs, loss of sales, and a decrease in land value, with respect to such crop farming activity, as a result of such infestation, quarantine, or exposure.".

(b) Section 5 of such Act (7 U.S.C. 150d) is amended by inserting "(including seed potatoes), turf and nursery stock" after "potatoes" each time it appears therein.

(c) The amendments provided by this section shall be applied for the benefit of any person who experiences financial losses in the commercial production of such crops, after January 1, 1977, as a result of the infestation, or the exposure to infestation, of the golden nematode or as a result of any quarantine imposed because of the golden nematode.

TITLE X—RURAL DEVELOPMENT AND CONSERVATION

MULTIYEAR SET-ASIDE

SEC. 1001. Section 1005 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973, is amended by—

(a) striking out "1977" and inserting in lieu thereof "1981";

(b) striking out "1978" and inserting in lieu thereof "1982"; and

(c) amending the fourth sentence to read as follows: "Grazing of livestock under this section shall be prohibited, except in areas of a major disaster as determined by the President if the Secretary finds there is a need therefor, as a result of such disaster.

CONGRESSIONAL APPROVAL OF WATERSHED PROTECTION AND FLOOD PREVENTION PROJECTS

SEC. 1002. The Watershed Protection and Flood Prevention Act, as amended, is amended as follows:

(a) Section 2(3) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

(b) Section 5(3) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

(c) Section 5(4) is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

CONGRESSIONAL APPROVAL OF RESOURCE CONSERVATION AND DEVELOPMENT PROJECT LOANS

SEC. 1003. The third sentence of section 32(e) of title III of the Bankhead-Jones Tenant Act, as amended (7 U.S.C. 1011(e)), is amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

CRITICAL LANDS RESOURCE CONSERVATION PROGRAM

SEC. 1004. Notwithstanding any other provision of law:

(a) The Secretary is authorized to formulate and carry out a program with owners and operators of land in the Great Plains area as described in section 16(b) of the Soil Conservation and Domestic Allotment Act to reduce runoff, soil and water erosion, and otherwise to promote the conservation of soil and water resources in such area through the conversion of cropland from soil depleting uses to conserving uses including the production of soil conserving cover crops.

(b) To effectuate the purposes of this program the Secretary may enter into agreements for a two-year period with an owner or operator as described in subsection (a) whereby the owner or operator shall agree to devote to a soil conserving cover crop a specifically designated acreage of cropland on the farm up to 50 per centum of the acreage which had been planted to any soil depleting crop or crops in any of the two years preceding the date of the agreement. The agreement shall be renewable for annual periods thereafter subject to the mutual agreement of the owner or operator and the Secretary. In such agreements the producer shall agree (1) to plant a legume, or if not adapted to such area, an annual, biennial, or a perennial cover crop, as specified in the agreement; (2) to divert from production such portion of one or more crops designated by the Secretary as he determines necessary to effectuate the purpose of the program; (3) not to harvest any crop from or graze the designated acreage during the agreement period, unless the Secretary determines that it is necessary to permit grazing or harvesting in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster, and consents to such grazing or harvesting subject to an appropriate reduction in the rate of payment; (4) to give adequate assurance, as specified by the Secretary, that the land was not acquired for the purpose of placing it in the program: *Provided*, That this shall not prohibit the continuation of an agreement by a new owner if an agreement has once been entered into under this Act and that the foregoing provision shall not prevent a producer from placing a farm in the program if the farm was acquired by the producer to replace an eligible farm from which he was displaced because of its acquisition by any Federal, State, or other agency having the right of eminent domain; (5) to forefeit all rights to further payments under the agreement and refund to the United States all payments received thereunder upon his violation of the agreement at any stage during the time he has control of the land if the Secretary determines that such violation is of such a nature as to warrant termination of the agreement, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the violation by the owner or operator does not warrant termination of the agreement; (6) upon transfer of his right and interest in the farm, during the agreement period, to forfeit all rights to further payments or grants under the agreement and refund to the United States all payments or grants received thereunder unless the transferee of any such land agrees with the Secretary to assume all obligations of the agreement; (7) not to adopt any practice specified by the Secretary in the agreement as a practice which would tend to defeat the purposes of the agreement; and (8) to such additional provisions as the Secretary determines are desirable to effectuate the purposes of the program or to facilitate the practical administration of the program, including such measures as the Secretary may deem appropriate to keep the designated acreage from eroding and free from weeds and rodents in accordance with good conservation systems.

(c) In consideration for such agreements the Secretary shall make an annual adjustment payment to the owner or operator for the period of the agreement at such rate or rates not in excess of $30 per acre as the Secretary determines to be fair and reasonable. The Secretary may use an advertising and bid procedure in determining the lands in any area to be covered by agreements and the payment rate to be made to the producers thereof. The Secretary and the owner or operator may agree that the annual adjustment payments for the agreement period shall be made either upon approval of the agreement or in such installments as they may agree to be desirable: *Provided*, That for each year any annual adjustment payment is made in advance of performance, the annual adjustment payment shall be reduced by 5 per centum.

(d) The Secretary may terminate any agreement under this program by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree with the owner or operator to such modification of agreements as he may determine to be desirable to carry out the purposes of the program or facilitate its administration.

(e) The Secretary may, to the extent he deems it desirable, provide by appropriate regulations for preservation of cropland, crop acreage, and allotment history applicable to acreage diverted from the production of crops to establish vegetative cover for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation or for participation in such program.

(f) In carrying out the program, the Secretary shall utilize the services of local county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, and the technical services of the Soil Conservation Service and soil and water conservation districts.

(g) In case any producer who is entitled to any payment or compensation dies, becomes incompetent, or disappears before receiving such payment or compensation, or is succeeded by another who renders or completes the required performance, the payment or compensation shall, without regard to any other provisions of law, be made as the Secretary may determine to be fair and reasonable.

(h) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under this program.

(i) The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this Act.

(j) There are hereby authorized to be appropriated for the period beginning October 1, 1977, and ending September 30, 1981, such sums as may be necessary to carry out the program provided for in this section. The Secretary is authorized to utilize the facilities, services, and authorities of the Commodity Credit Corporation in discharging his functions and responsibilities under this program, including payment of costs of administration: *Provided*, That the Commodity Credit Corporation shall not make any expenditures for such purposes unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this section.

RURAL WATER PROGRAM ASSESSMENT

SEC. 1005. It is hereby declared to be the policy of Congress that all levels of government as well as all citizens should become aware of the programs in effect in the United States which are concerned with water resources and may have an impact on food and fiber production and other aspects of life in rural areas so that—

(1) Federal, State, and local governments may have such information available when legislating on matters such as water disappearance, conservation, usage, allocation, collection, and storage:

(2) financial resources from the public and private sectors of the community may be better utilized in addressing problems which may arise because of water deficiencies in certain segments of the community or in geographical areas;

(3) analyses of the Nation's water resources programs and problems may generate economies, efficiencies, and effectiveness in policies in effect or that may be adopted; and

(4) a review of policies and a consideration of strategies and techniques for dealing with water deficiencies may evolve from the accumulation of this data base.

SEC. 1006. (a) The Secretary of Agriculture, using the authority set forth in sections 1005 through 1007 of this Act as well as existing authority, shall conduct a study for the purposes of identifying—

(1) and describing Federal, State, regional, and local programs which are concerned with assessing water tables, water usage, water resources, water sedimentation, water conservation, and water supplies which have an impact on food and fiber production and other aspects of life in rural areas;

(2) geographical areas which now have, or in the future may have, deficiencies in either the quantity or the quality of their water supply;

(3) and describing water conservation, storage, and allocation methods and procedures which are, or may be, utilized to reduce shortages or deficiencies; and

(4) the extent and manner in which information described in paragraphs (1), (2), and (3) is disseminated to interested persons.

(b) The Secretary—

(1) shall, in conducting the study, cooperate with the heads of other Federal agencies and of State and local governments to the maximum extent feasible in an effort to obtain all available information which pertains to the subjects of the study; and

(2) may obtain directly from any Federal agency information, suggestions, estimates,

and statistics for the purpose of this study; and each such Federal agency shall furnish such information, suggestions, estimates, and statistics upon request of the Secretary.

(c) The Secretary shall, not more than one hundred and eighty days after the date of enactment of this Act, transmit a report of the study to the Committee on Agriculture of the United States House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the United States Senate. Such report shall contain the findings and the conclusions of the Secretary along with any recommendations for administrative or legislative action which may be taken with respect to creating a more prominent role for the United States Department of Agriculture in dealing with the problem of insufficient water supply in rural areas of the United States.

SEC. 1007. Effective October 1, 1977, there is authorized to be appropriated in addition to those funds appropriated under existing authorities the sum of $160,000 for the purpose of carrying out the provisions of sections 1005 through 1007 of this Act.

RURAL COMMUNITY FIRE PROTECTION

SEC. 1008. Section 404 of the Rural Development Act of 1972 (7 U.S.C. 2654) is amended by adding at the end thereof the following new sentence: "There is further authorized to be appropriated to carry out the provisions of this title not to exceed $7,000,000 for each of the fiscal years ending September 30, 1978, September 30, 1979, and September 30, 1980.".

RURAL DEVELOPMENT ACT AMENDMENTS: SMALL FARM RESEARCH AND EXTENSION

SEC. 1009. Section 502 of the Rural Development Act of 1972 is amended by—

(a) amending subsection (c) to read as follows:

"(c) SMALL FARM RESEARCH PROGRAMS.—Small, farm research programs shall consist of research programs with respect to new approaches to initiate and upgrade small farmer operations through management techniques, agricultural production techniques, farm machinery technology, new products, new marketing techniques, and small farm finance.", and

(b) by adding at the end thereof a new subsection (d) as follows:

"(d) SMALL FARM EXTENSION PROGRAMS.—Small farm extension programs shall consist of extension programs with respect to improving operations of small farmers using, to the maximum extent practicable, paraprofessional personnel to work with small farmers on an intensive basis to initiate and improve management techniques, agricultural production techniques, farm machinery technology, new products marketing techniques, and small farm finance and to improve capabilities to utilize existing services offered by the United States Department of Agriculture and other public and private agencies and organizations.".

SEC. 1010. Section 503 of the Rural Development Act of 1972, as amended, is amended by—

(a) inserting in subsection (a) a comma and the phrase "except subsections (c) and (d) of section 502." following the phrase "this title";

(b) redesignating subsections (c), (d), and (e) as (e), (f), and (g), respectively;

(c) adding the following new subsections (c) and (d) to read as follows:

"(c) There are hereby authorized to be appropriated to carry out the purposes of subsections (c) and (d) of section 502 of this title not to exceed $20,000,000 for each of the fiscal years ending September 30, 1978, and September 30, 1979.

"(d) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (c) of this section shall be distributed by the Secretary as follows:

"(1) 4 per centum to be used by Secretary for Federal administration;

"(2) 19 per centum to be allocated to each State to carry out the programs authorized in subsection (c) of section 502 of this title, in such amount as determined by the Secretary;

"(3) 77 per centum to be allocated to each State to carry out the program authorized in subsection (d) of section 502 of this title in such amount as determined by the Secretary."; and

(d) deleting in subsection (f), as redesignated by subsection (b) of this section, the word "and" following "(b)" and inserting a comma and the phrase "and, (d)" following "(c)" in the first sentence.

SEC. 1011. Section 507 of the Rural Development Act of 1972 is amended by adding at the end thereof a new subsection (c) to read as follows:

"(c) 'Small farmer' means any farmer with gross sales from farming of under $20,000 per year.".

SEC. 1012. Title V of the Rural Development Act of 1972 is amended by adding at the end thereof a new section 509 to read as follows:

"SEC. 509. REPORTS.—The Secretary shall evaluate the effectiveness of the programs established under subsections (c) and (d) of section 502 of this title and make a report to the Congress no later than April 1 of each year on that evaluation and the operation of the programs during the preceding fiscal year.".

AUTHORITY TO MAKE DEFERRED LOAN PAYMENTS

SEC. 1013. The Consolidated Farm and Rural Development Act, as amended, is amended as follows:

(a) Section 309 is amended by adding in subsection (f)(3) between the words "any" and "defaulted" the words "deferred or".

(b) Section 309 A is amended by adding in subsection (g)(3) between the words "any" and "defaulted" the words "deferred or".

TITLE XI—PUBLIC LAW 480

SEC. 1101. Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by inserting in section 102 immediately before the first colon the words "and, when requested by the purchaser of such commodities, may serve as the purchasing or shipping agent, or both, in arranging the purchasing or shipping of such commodities".

SEC. 1102. Title I of such Act is further amended by adding at the end thereof the following new section:

"PURCHASE PROCEDURES—PUBLICATION OF FEES

"SEC. 112. (a) No purchases of commodities shall be financed under title I of this Act unless they are made on the basis of an invitation for bid publicly advertised in the United States and on the basis of bid offerings which shall conform to such invitation and shall be received and publicly opened in the United States. All awards in the purchase of commodities financed under title I of this Act shall be consistent with open, competitive, and responsive bid procedures as determined by the Secretary. Commissions, fees, or other payments to any selling agent shall be prohibited in any purchases financed under title I of this Act.

"(b) Notwithstanding any other provision of law, any commission, fee, or other compensation of any kind paid or to be paid by any supplier of a commodity or ocean transportation financed by the Commodity Credit Corporation under title I of this Act, to any agents, brokers, or other representatives of the importer or importing country, including a corporation owned or controlled by the importer or the government of the importing country, shall be reported to the Secretary of Agriculture by the suppliers of a commodity or ocean transportation. Such report shall identify the person or entity to whom the payment is made and the transaction in connection with which the payment is made. The Secretary of Agriculture shall maintain such information for public inspection and publish a report thereof annually and forward a copy to the Committee on Agriculture and the Committee on International Relations of the United States House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the United States Senate. Any supplier of a commodity or ocean transportation who fails to file such a report or who files a false report shall be ineligible to furnish commodities or ocean transportation, directly or indirectly, financed under this title for a period of five years.".

SEC. 1103. The first sentence of section 204 of the Agriculture Trade Development and Assistance Act of 1954, as amended, is amended by striking out "$600,000,000" and inserting in lieu thereof "$750,000,000".

SEC. 1104. Section 401 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking the period at the end of the last sentence thereof and inserting in lieu thereof a comma and the following: "unless the Secretary of Agriculture determines that some part of the supply thereof should be used to carry out urgent humanitarian purposes of this Act.".

SEC. 1105. The first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding the following immediately before the period: ": *Provided further*, That in the allocation of funds made available under title I of this Act, priority shall be given to financing the sale of food and fiber commodities".

SEC. 1106. Section 403 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by—

(a) adding "(a)" after "SEC. 403":

(b) and adding the following new subsection after subsection (a):

"(b) Notwithstanding any other provision of law, in determining the reimbursement due Commodity Credit Corporation for all costs incurred in connection with title II programs, commodities from Commodity Credit Corporation inventory, which were acquired under a domestic price support program, shall be valued at the export market price therefor, as determined by the Secretary of Agriculture, as of the time the commodity is made available under this Act.".

SEC. 1107. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1977" and inserting in lieu thereof "1979. New spending authority provided for title I of this Act by the amendment to this section made by the Agricultural Act of 1977 shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

USE OF NON-PRICE-SUPPORTED COMMODITIES UNDER PUBLIC LAW 480

SEC. 1108. It is the sense of Congress that there be no discrimination between "price-supported" and "nonprice-supported" commodities in the programing of commodities under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480).

SEC. 1109. (a) On or before January 31, 1978, and every second year after 1978, the Secretary of Agriculture, in consultation with the administrator of the Agency for International Development, shall prepare and transmit to each House of the Congress a hunger impact statement concerning domestic and international food assistance programs administered through the Department of Agriculture and such programs administered through the Agency for International Development. Such statement shall at least include, with respect to food assistance programs carried out, or to be carried out, within two years of the date on which such statement is transmitted, the following:

(1) a description of areas in which food assistance has been, or will be, provided, including income levels, nutritional characteristics, and food production in such areas;

(2) a description of the nutritional value of agricultural commodities which have been, or will be, distributed under such programs; and

(3) an evaluation of such programs, including the efficiency of administration and the effects of such programs with respect to nutritional improvement, if any, of individuals receiving benefits from such assistance.

(b) The Secretary may secure directly from any department or agency of the United States information necessary to enable him or her to carry out the provisions of this section. Upon request of the Secretary, the head of such department shall furnish such information to the Secretary.

TITLE XII—FOOD STAMPS

SEC. 1201. That this title may be cited as the "Food Stamp Act of 1977".

DECLARATION OF POLICY

SEC. 1202. It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining higher national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundance and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

DEFINITIONS

SEC. 1203. As used in this Act, the term:

(a) "Allotment" means the total value of coupons a household is authorized to receive during each month.

(b) "Authorization card" means the document issued by the State agency to an eligible household which shows the allotment the household is entitled to be issued.

(c) "Certification period" means the period for which households shall be eligible to receive authorization cards. In the case of a household all of whose members are included in a federally aided public assistance or general assistance grant, the period shall coincide with the period of such grant. In the case of all other households the period shall be not less than three months: *Provided*, That such period may be up to twelve months for any household consisting entirely of unemployable or elderly or primarily self-employed persons, or as short as circumstances require for those households as to which there is a substantial likelihood of frequent changes in income and/or household status, and for any household on initial certification, as determined by the Secretary.

(d) "Coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

(e) "Coupon issuer" means any office of the State agency or, subject to the prerequisite contained in section 11(d)(14) of this Act, any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated functional responsibility in connection with, the issuance of coupons to households.

(f) "Drug addiction or alcholic treatment and rehabilitation program" means any such program conducted by a private nonprofit organization or institution which is certified by the State agency or agencies designated by the Governor as responsible for the administration of the State's program for alcoholics and drug addicts pursuant to Public Law 92-255 "Drug Abuse Office and Treatment Act of 1972" as providing treatment that can lead to the rehabilitation of drug addicts or alcoholics.

(g) "Food" means (1) any food or food product for home consumption except alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption except as authorized pursuant to subsections (3), (4), and (5), (2) seeds and plants for use in gardens to produce food for the personal consumption of the eligible household, (3) in the case of those persons who are sixty years of age or over or who receive supplemental security income benefits under title XVI of the Social Security Act and the spouses of such persons, meals prepared by and served in senior citizens' centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishment (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly, (4) in the case of persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriatae State agency to perform such services at concessional prices, (5) in the case of narcotics addicts or alcoholics served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs, and (6) in the case of certain eligible households living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equipment for purposes of transportation, clothing or shelter and not firearms, ammunition, and other explosives) if the Secretary determines that such households are located in an area of the State where it is extremely difficult to reach stores selling food and which depend to a substantial extent upon hunting and fishing for subsistence.

(h) "Food stamp program" means the program operated pursuant to the provisions of this Act, except for the programs authorized under section 19 of this Act.

(i) "Household" means (1) an individual who lives alone or who, while living with others, customarily purchases food and prepares meals for home consumption separate and apart from the others, or else pays compensation to the others for such meals, or (2) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption or else live with others and pay compensation to the others for such meals. In neither event shall any individual or group of individuals constitute a household if they reside in an institution or boarding house. For the purposes of this section, residents of federally subsidized housing for the elderly and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution for the purpose of regular participation in a drug or alcoholic treatment program shall not be considered residents of institutions.

(j) "Reservation" means the geographically defined area or areas over which a tribal organization (as that term is defined in section 3(p) of this Act) exercises governmental jurisdiction.

(k) "Retail foodstore" means (1) an establishment or recognized department thereof or house-to-house trade route, over 50 per centum of whose food sales volume consists of staple food items for home preparation and consumption, such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy products, and the like, but not including accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices, (2) an establishment, organization, or program referred to in subsection (g), (3) a store purveying the hunting and fishing equipment described in subsection (g), and (4) any private nonprofit cooperative food purchasing venture including those in which the members pay for food purchased prior to the receipt of such food.

(l) "Secretary" means the Secretary of Agriculture.

(m) "State" means the fifty States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, and the reservation of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

(n) "State agency" means (1) the agency of State government, including the local offices thereof, which has the responsibility for the administration of the federally aided public assistance programs within such State, and in those States where such assistance programs are operated on a decentralized basis, the term shall include the counterpart local agencies administering such programs, and (2) the tribal organization of an Indian tribe determined by the Secretary to be capable of effectively administering a food distribution program under section 4(b) of this Act or a food stamp program under section 11(d) of this Act.

(o) "Thrifty food plan" means the diet required to feed a family of four persons consisting of a man and a woman twenty through fifty-four, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall (1) make household-size adjustments taking into account economies of scale, (2) make cost adjustments in the thrifty food plan for Alaska and Hawaii to reflect the cost of food in those States, (3) make cost adjustments in the thrifty food plan for Guam, Puerto Rico, and the Virgin Islands to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia, and (4) adjust the cost of such diet every January 1 and July 1 to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the six months ending the preceding September 30 and March 31, respectively.

(p) "Tribal organization" means the recognized governing body of an Indian tribe (including the tribally recognized intertribal organization of such tribes), as the term "Indian tribe" is defined in the Indian Self-Determination Act (25 U.S.C. 450b (b) and (c)), as well as any Indian tribe, band, or community holding a treaty with a State government.

ESTABLISHMENT OF THE FOOD STAMP PROGRAM

SEC. 1204. (a) Subject to the availability of funds appropriated under section 18, the Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a more nutritious diet through the issuance to them of an allotment. The coupons so received by such households shall be used only to purchase food from retail foodstores which have been approved for participation in the food

stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

(b) In jurisdictions where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any law, except that distribution may be made on a temporary basis under programs authorized by law to meet disaster relief needs or for the purpose of the supplemental food program, and shall be made on all or part of an Indian reservation upon written request to the Secretary by the appropriate tribal organization. In the event of distribution on all or part of an Indian reservation, the agency of the State government which has the responsibility for the administration of the federally aided public assistance programs in the area involved shall be responsible for such distribution, except that, if the Secretary determines that the tribal organization is capable of effectively and efficiently administering such distribution, then such tribal organization shall administer such distribution: *Provided*, That (i) the Secretary shall not approve any plan for such distribution which permits any household to participate simultaneously in the food stamp program and the distribution of federally donated foods mandated by request by a tribal organization and (ii) the Secretary is authorized to pay such amounts for administrative costs of such distribution mandated by request by a tribal organization as he finds necessary for effective administration of such distribution by a State agency or tribal organization.

(c) The Secretary shall issue such regulations and instructions consistent with this Act as he deems necessary or appropriate for the effective and efficient administration of the food stamp program and shall promulgate all such regulations in accordance with the procedures set forth in section 553 of title 5 of the United States Code. In addition, prior to issuing any regulation or instruction, the Secretary shall provide the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the regulation or instruction with a detailed statement justifying it.

ELIGIBLE HOUSEHOLDS

SEC. 1205. (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources held singly or in joint ownership are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet. Assistance under this program shall be furnished to all eligible households who make application for such participation.

(b) The Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

(c) The income standards of eligibility shall be the income poverty guidelines for the nonfarm United States prescribed by the Office of Management and Budget adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2971d), for the forty-eight States and the District of Columbia, Alaska, Hawaii, Puerto Rico, the Virgin Islands, and Guam, respectively: *Provided*, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands, or Guam exceed those in the forty-eight States in the contiguous United States: *Provided further*, That the income poverty guidelines for the period commencing July 1, 1978, shall be made as up to date as possible by multiplying the income poverty guidelines for 1977 by the change between the average 1977 Consumer Price Index and the Consumer Price Index for March 1978, utilizing the most current procedures which have been used by the Office of Management and Budget, and the income poverty guidelines for future periods shall be similarly adjusted.

(d) Household income for purposes of the food stamp program shall mean all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household, (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $30 in a quarter, (3) all educational loans, grants, scholarships, fellowships, veterans' benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped, (4) all loans other than educational loans on which repayment is deferred, reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household, and moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (5) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (6) moneys received in the form of nonrecurring lump-sum payments, including but not limited to income tax refunds, rebates, or credits, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (7) the cost of producing self-employed income, and (8) any income that any other law specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

(e) In computing household income the Secretary shall allow (1) a standard deduction of $60 a month for each household, except those in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands which shall be allowed a standard deduction determined by the Secretary in accordance with the best available information on the relationship of actual or potential itemized deductions claimed under the food stamp program in those areas to such deductions in the forty-eight other States and the District of Columbia. Such standard deductions, starting on July 1, 1978, shall be adjusted every July 1 and January 1 to the nearest $5 to reflect changes in the Consumer Price Index of the Bureau of Labor Statistics for items other than food for the six months ending the preceding March 31 and September 30, respectively. The Secretary shall allow additional deductions (2) equal to 20 per centum of all earned income (other than that excluded by subsection (d)), to any household receiving earned income in order to compensate for taxes, other mandatory deductions from salary, and work expenses, (3) for excess shelter costs to any household to the extent that the amount of actual shelter costs of such household are in excess of 50 per centum of its income after all other deductions have been subtracted, but such excess shelter deduction shall not exceed 75 in the forty-eight States in the contiguous United States and the District of Columbia, or in the case of Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands, an amount determined by the Secretary in accordance with the best available information on the relationship of actual shelter costs of food stamp recipients in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands, to such costs in all of the other States, and such excess shelter deduction shall not be applied in any State for the purpose of computing household income in order to determine eligibility pursuant to subsection (c); and (4) a dependent care deduction, but not to exceed $75 a month per household, for the actual cost of payments necessary for the care of a dependent when such care enables a household member to accept or continue employment or training or education preparatory to employment.

(f) Household income shall be calculated by the State agency for the purpose of determining household eligibility. The State agency in calculating household income shall take into account the income reasonably anticipated to be received by the household in the certification period for which eligibility is being determined and the income which has been received by the household during the thirty days preceding the filing of its application for food stamps so that the State agency may reasonably ascertain the income that is and will be actually available to the household for the certification period except that for (1) those households which by contract for other than an hourly or piecework basis, or by self-employment, derive their annual income in a period of time shorter than one year, income shall be calculated by being averaged over a twelve-month period and (2) those households which receive nonexcluded income of the type specified in subsection (d)(3), income shall be calculated by being averaged over the period which it is provided.

(g) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed $1,500, unless the household consists of two or more persons, in which case the household's resources shall not exceed $2,250, or unless, in a household consisting of two or more persons, one of those persons is age 60 or over, in which case the household's resources shall not exceed $3,000. The Secretary shall, in prescribing inclusions and exclusions from financial resources, follow the regulations in force as of June 1, 1977, and he shall, in addition, (1) include in financial resources any boats, snowmobiles, and airplanes used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes, and any licensed vehicle (other than one used to produce earned income) used for household transportation or used to obtain or continue employment or to transport disabled household members to the extent that the fair market value of any such vehicle exceeds $4,500 and (2) study and develop means of improving the effectiveness of these resource requirements in limiting participation to households in need of food assistance and shall implement and report the results of such study and his plans to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than June 1, 1978.

(h) The Secretary shall, after consultation with the official empowered to exercise the authority provided for by section 302(a) of the Disaster Relief Act of 1974, establish temporary emergency standards of eligibility for the duration of the emergency for households that are victims of a disaster which disrupts commercial channels for food distribution if such households are in need of temporary food assistance and if commercial channels of food distribution have again become available to meet the temporary food

needs of such households. Such standards as are prescribed for individual emergencies may be promulgated without regard to the procedures set forth in section 553 of title 5 of the United States Code.

ELIGIBILITY DISQUALIFICATIONS

SEC. 1206. (a) In addition to meeting the standards of eligibility prescribed in section 5 of this Act households and individuals who are members of eligible households must also meet and comply with specific requirements of this section to be eligible for participation in the food stamp program.

(b) No individual who is a member of a household otherwise eligible to participate in the food stamp program shall be eligible to participate for (1) three months after such individual has been found by a State agency after notice and hearing at the State level or after failure to appeal a local hearing to the State level to have fraudulently used presented, transferred, acquired, received, possessed, or altered coupons or authorization cards and/or (2) a period of not less than six and not more than twenty-four months as determined by the court after such individual has been found by a court of appropriate jurisdiction, with a State or a political subdivision thereof or the United States as plaintiff, to have been criminally or civilly fraudulent in the use, presentation, transfer acquisition, receipt, possession, or alteration of coupons or authorization cards, with each such period of ineligibility to take effect immediately upon the relevant administrative or judicial finding and remain in effect, without possibility of administrative stay, unless and until the finding of fraud is subsequently reversed by a court of appropriate jurisdiction, but in no event shall the period of disqualification be subject to judicial review.

(c) No household shall be eligible to participate in the food stamp program if it refuses to cooperate in providing information to the State agency that is necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility. Every household that is participating in the food stamp program shall report or cause to be reported to the State agency, on a form designed or approved by the Secretary, that shall contain a description in understandable terms in prominent and boldface lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible household, changes in income or household circumstances that the Secretary deems necessary in order to assure accurate eligibility and benefit determinations. The reporting requirement prescribed by this subsection shall be the sole such requirement for reporting changes in income or in household circumstances for participating households.

(d)(1) Unless otherwise exempted by the provisions of subsection (d)(2) of this section, no household shall be eligible for assistance under this Act if it includes a physically and mentally fit person between the ages of eighteen and sixty who (i) refuses at the time of application and once every six months thereafter to register for employment in a manner determined by the Secretary; (ii) refuses to fulfill whatever reasonable reporting and inquiry about employment requirements are prescribed by the Secretary; (iii) is head of the household and voluntarily quits any job without good cause, unless the household was certified for benefits under this Act immediately prior to such unemployment: *Provided*, That the period of ineligibility shall be sixty days from the time of the voluntary quit; or (iv) refuses without good cause to accept an offer of employment at a wage not less than the higher of either the applicable State or Federal minimum wage, or 80 per centum of the wage that would have governed had the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), been applicable to the offer of employment, and at a site or plant not then subject to a strike or lockout.

(2) A person who otherwise would be required to comply with the requirements of subsection (d)(1) of this section shall be exempted from such requirements if he or she is (A) currently subject to and complying with a work registration requirement under title IV of the Social Security Act as amended (42 U.S.C. 602) or the Federal-State unemployment compensation system; (B) a parent or other member of a household with responsibility for the care of a dependent child under twelve or of an incapacitated person; (C) a parent or other caretaker of a child in a household where there is another able-bodied parent who is subject to the requirements of this subsection; (D) a bona fide student enrolled at least half time in any recognized school, training program or institution of higher education (except that any such person shall be subject to the requirements of subsection (d)(1) of this section during any period of more than thirty days when such school or program is in vacation or recess and any such person enrolled in an institution of higher education shall be subject to the requirements of subsection (e)(3)(B) as well); (D) a regular participant in a drug addiction or alcoholic treatment and rehabilitation program if the chief administrative officer of the rehabilitation program has certified in writing to the State agency that the work registration requirement would interfere with rehabilitation; or (F) employed a minimum of thirty hours per week or receiving weekly earnings which equal the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), multiplied by thirty hours.

(3) To the extent that a State employment service is assigned responsibility for administering the provisions of subsection (d) it shall comply with regulations issued jointly by the Secretary and the Secretary of Labor, which regulations shall be patterned to the maximum extent practicable on the work incentive program requirements set forth in title IV of the Social Security Act (42 U.S.C. 630 et seq.) and shall take into account the diversity of the needs of the food stamp work registration population.

(e) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household if he (1) has reached his eighteenth birthday, (2) is enrolled at least half time in an institution of higher education, and (3)(A) is properly claimed or could properly be claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household or (B) during the regular school year (i) is not employed a minimum of twenty hours per week or is not participating in a federally financed work study program, (ii) does not have weekly earnings which at least equal the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), multiplied by twenty hours, (iii) is not registered for work amounting to at least twenty hours per week, (iv) is not the head of a household containing one or more other persons who are dependents of that individual because he supplies more than half of their support or (v) is not covered by an exemption from the work registration requirement contained in subsection (d) other than (d)(2)(C).

(f) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household unless he or she is (1) a resident of the United States and (2) either (A) a citizen or (B) an alien lawfully admitted for permanent residence as an immigrant as defined by sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)), (excluding, among others, alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country: *Provided*, That for purposes of determining the eligibility of any alien, there shall be imputed to such individual the income and resources of any person who, as a sponsor of such individual's entry into the United States, executed an affidavit of support or similar agreement with respect to such individual, for the duration of the assurances of support contained in such affidavit or agreement but for no longer than a period of three years after such entry; except that the preceding provisions of this subsection shall not apply with respect to any individual who is blind or disabled pursuant to title XVI of the Social Security Act, if such blindness or disability commenced after the date of such individual's admission to the United States); or (C) an alien who entered the United States prior to June 30, 1948, or such subsequent date as is enacted by law, has continuously maintained his residence in the United States since then, and is not eligible to citizenship, but who is deemed to be lawfully admitted for permanent residence as a result of an exercise of discretion by the Attorney General pursuant to section 249 of the Immigration and Nationality Act (8 U.S.C. 1259); or (D) an alien who has qualified for conditional entry pursuant to section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7)) because of persecution or fear of persecution on account of race, religion, or political opinion or because of being uprocted by catastrophic natural calamity; or (E) an alien who is lawfully present in the United States as a result of an exercise of discretion by the Attorney General for emergent reasons or reasons deemed strictly in the public interest pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)); or (F) an alien within the United States as to whom the Attorney General has withheld deportation pursuant to section 243 of the Immigration and Nationality Act (8 U.S.C. 1253 (h)) because of the judgment of the Attorney General that the alien would otherwise be subject to persecution on account of race, religion, or political opinion. No other aliens than the ones specifically described in paragraphs (B) through (F) of this subsection shall be eligible to participate in the food stamp program as a member of any household.

(g) No individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, as amended, shall be considered to be a member of a household for any month, if, for such month, such individual resides in a State which provides State supplementary payments (1) of the type described in section 1616(a) of the Social Security Act and section 212(a) of Public Law 93-66, and (2) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(h) No household that knowingly transfers assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for a period of up to one year from the date of discovery of the transfer.

SHELTER ALLOWANCE

SEC. 1207. In calculating the deduction for excess shelter costs contained in section 5(e) of this Act, the Secretary shall adjust such deduction every January 1 (commencing January 1, 1978) to the nearest five dollar increment to reflect changes in the shelter, fuel and utilities components of housing in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor for the twelve-month period ending the preceding September 30th.

ISSUANCE AND USE OF COUPONS

SEC. 1208. (a) Coupons shall be printed under such arrangements and in such denominations as may be determined by the Secretary to be necessary, and shall be issued only to households which have been duly certified as eligible to participate in the food stamp program.

(b) Coupons issued to eligible households shall be used by them only to purchase food in retail food stores which have been approved for participation in the food stamp program at prices prevailing in such stores: *Provided*, That nothing in this Act shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores.

(c) Coupons issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose and define their denomination. The name of any public official shall not appear on such coupons.

(d) The Secretary shall develop an appropriate procedure for determining and monitoring the level of coupon inventories in the hands of coupon issuers for the purpose of providing that such inventories are at proper levels (taking into consideration the historical and projected volume of coupon distribution by such issuers). Such procedures shall provide that coupon inventories in the hands of such issuers are not in excess of the reasonable needs of such issuers taking into consideration the feasibility with which such coupon inventories may be resupplied. The Secretary shall require each coupon issuer at intervals prescribed by the Secretary, but not less often than monthly, to send to the Secretary or his designee, which may include the State agency, a written report of the issuer's operations during such period. In addition to such other information deemed by the Secretary to be appropriate, he shall require that the report contain an oath, or affirmation, signed by the coupon issuer, or in the case of a corporation or other entity not a natural person, by an appropriate official of the coupon issuer, certifying that the information contained in the report is true and correct to the best of such person's knowledge and belief.

(e) The Secretary shall prescribe appropriate procedures for the delivery of coupons to coupon issuers and for the subsequent controls to be placed over such coupons by coupon issuers in order to insure adequate accountability.

(f) Notwithstanding any other provision of this Act, the State agency shall be responsible to the Secretary for any financial losses involved in the acceptance, storage, and issuance of coupons.

VALUE OF ALLOTMENT

SEC. 1209. (a) The value of the allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be equal to the cost to such households of the thrifty food plan reduced by an amount equal to 30 per centum of the household's income, as determined in accordance with section 5 of this Act, rounded to the nearest whole dollar: *Provided*, That for households of one and two persons the minimum allotment shall be $10 per month. The Secretary shall, six months after the implementation of the elimination of the charge for allotments and annually thereafter, report to the Congress the effect on participation and cost of this elimination.

(b) The value of the allotment provided to any eligible household shall not be considered to be income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of an allotment under this Act.

APPROVAL OF RETAIL FOODSTORES AND WHOLESALE FOOD CONCERNS

SEC. 1210. (a) Regulations issued pursuant to this Act shall provide for the submission of applications for approval by retail foodstores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the food stamp program and for the approval of those applicants whose participation will effectuate the purposes of the food stamp program. In determining the qualifications of applicants there shall be considered among such other factors as may be appropriate the following: (1) the nature and extent of the food business conducted by the applicant; (2) the volume of coupon business which may reasonably be expected to be conducted by the applicant food store; and (3) the business integrity and reputation of the applicant. Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval.

(b) No wholesale food concern shall be authorized unless the Secretary determines that its participation is required for the effective and efficient operation of the food stamp program. In addition, no firm shall be authorized as both a retail food store and as a wholesale food concern at the same time.

(c) Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide for safeguards which limit the use or disclosure of information obtained under the authority granted by this subsection to purposes directly connected with administration and enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(d) Any retail foodstore or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in section 14 of this Act.

REDEMPTION OF COUPONS

SEC. 1211. Regulations issued pursuant to this Act shall provide for the redemption of coupons accepted by retail foodstores through approved wholesale food concerns or through banks, with the cooperation of the Treasury Department, except that retail foodstores defined in section (3)(k)(4) of this Act shall be authorized to redeem their members' food coupons prior to receipt by the members of the food so purchased and private nonprofit organization or institutions which serve meals to narcotics addicts or alcoholics in drug addiction or alcoholic treatment and rehabilitation programs shall not be authorized to redeem coupons through banks.

ADMINISTRATION

SEC. 1212. (a) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons and the control and accountability thereof. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not less than three years, as may be specified in the regulations.

(b) Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participating in the food stamp program for a period of sixty days from the date of such removal.

(c) In the certification of applicant households for the food stamp program there shall be no discrimination by reason of race, sex, religious creed, national origin, or political beliefs.

(d) The State agency (as defined in section 3(p)(1) of this Act) of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State in every political subdivision: *Provided*, That the State plan of operation shall include each State's plan of operation for providing food stamps for households that are victims of a disaster; that such plan shall include, but not be limited to, procedures for informing the public about the program and how to apply for benefits, coordination with Federal and private disaster relief agencies and local government officials, application procedures to reduce hardship and inconvenience and deter fraud, and instruction of caseworkers in procedures for implementing and operating the disaster program. The Secretary shall establish a Food Stamp Disaster Task Force, to assist States in implementing and operating the disaster program, which shall be available to go into a disaster area and provide direct assistance to State and local officials. In the case of all or part of an Indian reservation, the State agency as defined in section 3(p)(1) shall be responsible for conducting such program on such reservation unless the Secretary first finds that the State agency as defined in section 3(n)(1) is not capable of administering such program on such reservation effectively in accordance with the purposes of this Act and further determines that the State agency as defined in section 3(n)(2) is capable of effectively and efficiently conducting such program, in light of the distance of the reservation from State agency-operated certification and issuance centers, the previous experience of such tribal organization in the operation of programs authorized under the Indian Self-Determination Act (25 U.S.C. 4) and similar Acts of Congress, the tribal organization's management and fiscal capabilities, and of the adequacy of measures taken by the tribal organization to insure that there shall be no discrimination in the operation of the program on the basis of race, color, sex, or national origin, in which event such State agency shall be responsible for conducting such program and submitting for approval a plan of operation specifying the manner in which such program will be conducted: *Provided*, That the Secretary, upon the request of the tribal organization, shall provide the designees of such organization with appropriate training and technical assistance to enable them to qualify as expeditiously as possible as a State agency pursuant to section 3(n)(2) of this Act: *Provided further*, That a State agency, as defined in section 3(n)(1) of this Act, before it submits its plan of operation to the Secretary for the Administration of the food stamp program on all or part of an Indian reservation, shall consult in good faith with the tribal organization about that portion of the State's plan of op-

erations pertaining to the implementation of the program for members of the tribe, and shall implement the program in a manner that is responsive to the needs of the Indians on the reservation as determined by ongoing consultation with the tribal organization. Such plan of operation shall provide, among such other provisions as may be required by regulation—

(1) that the State agency shall (A) inform low-income households about the availability, eligibility requirements, and benefits of the food stamp program, including but not limited to, notification to aid to families with dependent children, supplemental security income, and unemployment compensation recipients, distribution of application forms, and instruction in filling out such forms and on the documentation required pursuant to subsection (3), (B) not conduct any other outreach activities of a noninformational nature in those areas in which a federally funded community action program is in operation and conducting food stamp outreach, and (C) use appropriate bilingual personnel and printed material in the administration of the program in those portions of political subdivisions in the State in which a substantial number of members of low-income households speak a language other than English;

(2) that each household which contacts a food stamp office in person during office hours to make what may reasonably be interpreted as an oral or written request for food stamp assistance shall receive and shall be permitted to file on the same day that such contact is first made a simplified, uniform national application form for participation in the food stamp program designed by the Secretary, unless the Secretary approves a deviation from that form by a particular State agency because of the use by that agency of a dual public assistance food stamp application form pursuant to subsection (8) or because of the requirements of an agency's computer system. A duplicate of the form designed or approved by the Secretary and filled in by an applicant household shall be furnished to the head of each such household or to its representative pursuant to subsection (7). Each such form shall contain a description in understandable terms in prominent and bold lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible household. The State agency shall comply with the standards established by the Secretary for points and hours of certification, or for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with the elderly, physically or mentally handicapped, and persons otherwise unable, solely because of transportation difficulties and similar hardships, to appear in person at a certification office or through a representative pursuant to subsection (7), so that such persons may have an adequate opportunity to be certified properly;

(3) that the State agency shall thereafter promptly determine the eligibility of each applicant household by way of verification only of income other than that determined to be excluded by subsection 5(d) and such other eligibility factors as the Secretary determines to be necessary to implement sections 5 and 6 of this Act, so as to complete certification of and provide an allotment retroactive to the period of application to any eligible household not later than thirty days following its filing of an application;

(4) that the State agency shall insure that each participating household receives a notice of expiration of its certification immediately prior to or at the start of the last month of its certification period advising it that it must submit a new application in order to renew its eligibility for a new certification period and, further, that each such household that seeks to be certified another time or more times thereafter by filing an application for such recertification no later than fifteen days prior to the day upon which its existing certification period expires shall, if found to be still eligible, receive its allotment no later than one month after the receipt of the last allotment issued to it pursuant to its prior certification, but if such household is found to be ineligible or to be eligible for a smaller allotment during the new certification period it shall not continue to participate and receive benefits on the basis authorized for the preceding certification period even if it makes a timely request for a fair hearing pursuant to subparagraph (11);

(5) the specific standards to be used in determining the eligibility of applicant households which shall be in accordance with sections 5 and 6 of this Act and shall include no additional requirements imposed by the State agency;

(6) that (A) the State agency shall undertake the certification of applicant households in accordance with the general procedures prescribed by the Secretary in the regulations issued pursuant to this Act, (B) the State agency personnel utilized in undertaking such certification shall be employed in accordance with the current standards for a Merit System of Personnel Administration or any standards later prescribed by the United States Civil Service Commission pursuant to section 208 of the Intergovernmental Personnel Act of 1970 modifying or superseding such standards relating to the establishment and maintenance of personnel standards on a merit basis, and (C) the State agency shall undertake to provide a continuing, comprehensive program of training for all personnel undertaking such certification;

(7) that any applicant household may be represented in the certification process and that any eligible household may be represented in coupon issuance or food purchase by a person other than a member of the household so long as that person has been clearly designated in writing, as the representative of that household for that purpose by the head of the household or the spouse of the head and, where the certification process is concerned, the representative is an adult who has sufficient knowledge of relevant household financial resources and circumstances;

(8) that the application for participation for households in which all members are included in a federally aided public assistance or State and local general assistance grant shall be contained in the public assistance or general assistance application form. For new applicants, as well as for households that have recently lost or been denied eligibility for public assistance or general assistance, certification shall be based on information in the public assistance or general assistance case file to the extent that reasonably verified information is available in such case file.

(9) safeguards which limit the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act;

(10) that households in immediate need because of income below the standard deduction level set forth in section 5(e) receive food stamps on an expedited basis;

(11) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of the State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program or by a claim against the household for an overissuance: *Provided*, That any household that timely requests such a fair hearing because of individually noticed agency action reducing or terminating its benefits within the household's certification period shall continue to participate and receive benefits on the basis authorized immediately prior to the notice of adverse action until such time as the fair hearing is completed and an adverse decision rendered or until such time as the household's certification period terminates, whichever occurs earlier;

(12) for the prompt restoration to households of any allotment or portion thereof which has been wrongfully denied or terminated;

(13) for the submission of such reports and other information as from time to time may be required by the Secretary;

(14) for compliance with standards set by the Secretary with respect to points and hours of coupon issuance: *Provided*, That the State agency shall be primarily responsible for maintaining such coupon issuance points and shall not contract with or delegate to any other entity said responsibility unless it can demonstrate to the satisfaction of the Secretary either that contracting or delegation will result in reduced issuance costs or improved coupon issuance service to recipients;

(15) for indicators of expected performance in the administration of the program; and

(16) that the State agency shall prominently display in all food stamp and public assistance offices posters prepared or obtained by the Secretary describing the information contained in subparagraphs (A) through (D) and shall make available in such offices for home use pamphlets prepared or obtained by the Secretary listing (A) foods that contain substantial amounts of recommended daily allowances of vitamins, minerals, and protein for children and adults, (B) menus that combine such foods into meals, (C) details on eligibility for other programs administered by the Secretary that provide nutrition benefits, and (D) general information on the relationship between health and diet.

(e) To encourage the purchase of nutritious foods, the Extension Service of the Department of Agriculture, with the technical assistance of the Food and Nutrition Service, shall extend its expanded food and nutrition education program to the greatest extent possible to reach food stamp program participants. The program shall be further supplemented by the development of single concept printed materials specifically designed for persons with low reading and comprehension levels on how to buy and prepare more nutritious and economic meals and on the relationship between food and good health. Effective fiscal year 1979, the Secretary is authorized to allocate to the Extension Service such sums from the funds appropriated to carry out this Act as he determines necessary to implement this section.

(f) If the Secretary determines that in the administration of the food stamp program there is a failure by a State agency to comply with any of the provisions of this Act, the regulations issued pursuant to this Act, or the State plan of operation submitted pursuant to subsection (d), he shall immediately inform such State agency of such failure and shall allow the State agency a specified period of time for the correction of such failure. If the State agency does not correct such failure within that specified period, the Secretary may refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance forthwith by the State agency and, upon suit by the Attorney General in an appropriate district court of the United States having jurisdiction of the geographic area in which the State having jurisdiction of the geographic area in which the State agency is located and

a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(g) If the Secretary determines that there has been negligence or fraud on the part of the State agency in the certification of applicant households, the State shall, upon request of the Secretary, deposit into the Treasury of the United States a sum equal to the face value of any coupon or coupons issued as a result of such negligence or fraud.

(h) The Secretary, in conjunction with the Secretary of Health, Education, and Welfare, shall promulgate regulations permitting households in which all members are recipients of supplemental security income to apply for participation in the food stamp program by executing a simplified affidavit at the social security office and to be certified for eligibility utilizing information contained in files of the Social Security Administration.

(i) The Secretary, in conjunction with the Secretary of Health, Education, and Welfare, is authorized to prescribe regulations permitting applicants for and recipients of social security benefits to apply for food stamps at social security offices and be certified for food stamp eligibility in such offices in order that the application and certification for food stamp assistance may be accomplished as efficiently and conveniently as possible.

(j) Upon request by the State agency, subject to the prerequisite contained in subsection (d)(14), post offices in all or part of the State shall issue food stamps to eligible households in return for the full direct and indirect cost of this service and shall be subject to security requirements for the protection of food stamps established by the Secretary in conjunction with the Postmaster General that are tailored to each class of post office.

(k) Notwithstanding any other provision of law, the Secretary, in accordance with arrangements entered into with the Secretary of Health, Education, and Welfare, may pay (or upon the request of the highest officer of a State, shall, in such State, pay) qualifying households—

(1) of which every member is either over sixty-five or is eligible (A) for a supplemental security income benefit under title XV of the Social Security Act, or (B) for grants to the blind or disabled in Guam, Puerto Rico, and the Virgin Islands; and

(2) which is eligible to participate in the food stamp program;

an amount equal to the value of a coupon allotment to which the household is entitled under this Act. For the purposes of section 8(b) pertaining to benefits provided being excluded as income or resources under other laws, an amount paid under this subsection shall be treated as the value of the coupon allotment. In the administration of this Act, a household which receives payments under this subsection for any month shall not be issued a coupon allotment for such month. Payments under this subsection shall be made at such time or times as the Secretary determines by rule and shall be designated (on any voucher or other record of payment) as "Nutritional Supplement".

CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1213. Any approved retail food store or wholesale food concern may be disqualified for a specified period of time from further participation in the food stamp program, or subjected to a civil money penalty of up to $5,000 for each violation if the Secretary determines that its disqualification would cause hardship to food stamp households, on a finding, made as specified in the regulations, that such store or concern has violated any of the provisions of this Act or of the regulations issued pursuant to this Act. Such disqualification shall be for such period of time as may be determined in accordance with regulations issued pursuant to this Act. The action of disqualification or the imposition of a civil money penalty shall be subject to review as provided in section 14 of this Act.

DETERMINATION OF DISPOSITION OF CLAIMS

SEC. 1214. The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under the provisions of this Act or the regulations issued pursuant to this Act, including, but not limited to, claims arising from fraudulent and nonfraudulent overissuances to recipients. Such powers with respect to claims against recipients may be delegated by the Secretary to State agencies.

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 1215. Whenever an application of a retail foodstore or wholesale food concern to participate in the food stamp program is denied pursuant to section 9 of this Act, or a retail foodstore or wholesale food concern is disqualified or subjected to a civil money penalty under the provisions of section 12 of this Act, or all or part of any claim of a retail foodstore or wholesale food concern is denied under the provisions of section 13 of this Act, or a claim against a State agency is stated pursuant to the provisions of section 13 of this Act, notice of such administrative action shall be issued to the retail foodstore or wholesale food concern or State agency involved. Such notice shall be delivered by certified mail or personal service. If such store or concern or State agency is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate. If such a request is not made or if such store or concern or State agency fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such a request is made by such store or concern or State agency, such information as may be submitted by the store or concern or State agency as well as such other information as may be available shall be reviewed by the person or persons designated, who shall, subject to the right of judicial review hereinafter provided make a determination which shall be final and which shall take effect thirty days after the date of the delivery or service of such final notice of determination. If the store or concern or State agency feels aggrieved by such final determination, it may obtain judicial review thereof by filing a complaint against the United States in the United States court for the district in which it resides or is engaged in business, or, in the case of a retail food store or wholesale food concern, in any court of record of the State having competent jurisdiction, within thirty days after the date of delivery or service of the final notice of determination upon it, requesting the court to set aside such determination. The copy of the summons and complaint required to be delivered to the official or agency whose order is being attacked shall be sent to the Secretary or such person or persons as he may designate to receive service or process. The suit in the United States district court or State court shall be a trial de novo by the court in which the court shall determine the validity of the questioned administrative action in issue. If the court determines that such administrative action is invalid, it shall enter such judgment or order as it determines is in accordance with the law and the evidence. During the pendency of such judicial review, or any appeal therefrom, the administrative action under review shall be and remain in full force and effect, unless on application to the court on not less than ten days' notice, and after hearing thereon and a showing of irreparable injury, the court temporarily stays such administrative action pending disposition of such trial or appeal.

VIOLATIONS AND ENFORCEMENT

SEC. 1216. (a) Notwithstanding any other provisions of this Act, the Secretary may provide for the issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization cards are of the value of $100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization cards are of a value of less than $100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than one year, or both.

(c) Whoever presents or causes to be presented, coupons for payment or redemption of the value of $100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than five years, or both or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than one year, or both.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of section 2 of title 18, United States Code.

(e) Any coupon issuer or any officer, employee, or agent thereof convicted of failing to provide the report required under section 7(d) of this Act or of violating the regulations issued under section 7 (d) and (e) of this Act shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

(f) Any coupon issuer or any officer, employee, or agent thereof convicted of knowingly providing false information in the report required under section 7(d) of the Act shall be fined not more than $10,000 or imprisoned not more than five years, or both.

ADMINISTRATIVE COST-SHARING AND QUALITY CONTROL

SEC. 1217. (a) The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) outreach, (2) the certification of application households, (3) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (4) the issuance of coupons to all eligible households, and (5) fair hearings: *Provided*, That the Secretary is authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further authorized at his discretion to pay any State agency administering the food stamp pro-

gram on all or part of an Indian reservation pursuant to section 11(d) of this Act such amounts for administrative costs as he determines to be necessary for effective operation of the food stamp program.

(b) The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including but not limited to staffing standards such as caseload per certification worker limitations, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the various efficiency and effectiveness standards, including those established by the quality control system. If the Secretary finds that a State has failed without good cause to meet any of his standards, or has failed to carry out the approved State plan of operation under section 11(d) of this Act, he may withhold from the State such funds authorized under subsection (a) as the determine to be appropriate.

(c) Effective fiscal year 1979, the Secretary is authorized to adjust a State agency's federally funded share of administrative costs pursuant to subsection (a), other than the costs already shared in excess of 50 per centum as described in the exception clause of subsection (a), by increasing such share to 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) is less than ten, but greater than five, and, to 65 per centum, if the State agency's cumulative allotment error rate is less than five.

(d) Effective fiscal year 1979 and annually thereafter, each State not receiving an increased share of administrative costs pursuant to subsection (c) shall be required to develop and submit to the Secretary for approval, as part of the plan of operation required to be submitted under section 11(d), a quality control plan for the State which shall specify the actions such State proposes to take in order to reduce—

(1) the incidence of error rates and the value of—

(A) food stamp allotments for households which fail to meet basic program eligibility requirements;

(B) food stamp allotments overissued to eligible households; and

(C) food stamp allotments underissued to eligible households; and

(2) the incidence of invalid decisions in certifying or denying eligibility.

RESEARCH, DEMONSTRATION, AND EVALUATIONS

SEC. 1218. (a) The Secretary shall, by way of making contracts with or grants to public or private organizations or agencies, undertake research that will help improve the administration and effectiveness of the food stamp program in delivering nutrition-related benefits, including research on the value of utilizing data processing equipment and other computer technology in the administration of the program.

(b)(1) The Secretary is authorized to conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, including projects involving the payment of the value of coupon allotments in excess of the amount charged in the form of cash to eligible households all of whose members are either age sixty-five or entitled to supplemental security income benefits under title XVI of the Social Security Act, the use of countersignature of food coupons or similar identification mechanisms that do not invade a household's privacy, and the use of food checks or other voucher-type forms in place of food coupons. The Secretary may waive the requirements of this Act to the degree necessary for such projects to be conducted, except that no project shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to sections 5 and 7 of this Act.

(2) The Secretary shall implement a pilot project jointly with the Secretary of Labor in each of the fifty States and the District of Columbia appropriately divided between urban and rural areas, involving the performance of work in return for food stamp benefits. Under such pilot projects, any person who is subject to the work registration requirements pursuant to section 6(d) of this Act, and is a member of a household that does not have earned income equal to or exceeding the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, shall be ineligible to participate in the food stamp proggram as a member of any household during any month in which such person refuses, after not being offered employment in the private sector of the economy for more than thirty days after the initial registration for employment referred to in subsection 6(d)(1)(I) of this Act, to accept an offer of employment from a political subdivision or a prime sponsor pursuant to the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812), for which employment compensation shall be paid in the form of the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, with each hour of employment entitling the household to a portion of the allotment equal in value to 100 per centum of the Federal minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)); which employment shall not, together with any other hours worked in any other capacity by such person exceed forty hours a week; and which employment shall not be used by the employer to fill a job opening created by the action of such employer in laying off or terminating the employment of any regular employee not supported under this subsection in anticipation of filling the vacancy so created by hiring an employee or employees to be supported under this subsection: *Provided*, that all of the political subdivision's or prime sponsor's public service jobs supported under the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812) are filled before such subdivision or sponsor can extend a job offer pursuant to this subparagraph. The Secretary and the Secretary of Labor shall jointly issue reports to the appropriate committees of the Congress on the progress of such pilot projects no later than six and twelve months following enactment of this Act, and shall issue a final report describing the results of such pilot projects no later than 18 months following enactment of this Act.

(c) The Secretary shall develop and implement measures for evaluating, on an annual or more frequent basis, the effectiveness of the food stamp program in achieving its stated objectives, including, but not limited to, the program's impact upon the nutritional and economic status of participating households, the program's impact upon all sectors of the agricultural economy, including farmers and ranchers as well as retail foodstores, and the program's relative fairness to households of different income levels, different age composition, different size, and different region of residence.

(d) The Secretary in conjunction with the Secretary of Health, Education, and Welfare shall study and develop alternative poverty line definitions at different levels. The types and amounts of income and assets consistent with these poverty definitions shall be defined. In developing alternative poverty definitions, an examination of consumption and expenditure patterns, including both food and nonfood expenses, of families shall be conducted. Where statistically significant differences occur, the poverty line definitions may contain adjustments for family size and composition and geographic differences in the cost of living. The definitions may include the mechanism for updating the definition. The two Secretaries shall report to the Congress annually beginning April 1, 1978, on the progress of this study and development of activities. A final report shall be presented as soon as possible. This report shall include statistical information on the expenditure patterns of low-income families, the alternate poverty definitions and their impact upon the food stamp program in terms of cost and beneficiaries and other observations and recommendations which they deem appropriate.

(e) Notwithstanding any other provision of law, the Secretary shall, in consultation with the Secretary of the Treasury, conduct a study through the use of Federal income tax data of the feasibility, alternative methods of implementation, and the effects of a program to recover food stamp benefits from members of eligible households in which the adjusted gross income of members of such households for a calendar year (as defined by the Internal Revenue Code of 1954) may exceed twice the income poverty guidelines set forth in section 5(c) of this Act. Such study shall be conducted in rural and urban areas only on a voluntary basis by food stamp recipients. The Secretary shall, no later than twelve months and eighteen months from the date of enactment of this Act, report the results of the study to the Committees on Agriculture and Ways and Means of the House of Representatives and to the Committees on Agriculture, Nutrition and Forestry and Finance of the Senate, together with such recommendations as he deems appropriate.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1219. (a) To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of $5,847,600,000 for the fiscal year ending September 30, 1978; not in excess of $6,158,900,000 for the fiscal year ending September 30, 1979; not in excess of $6,188,600,000 for the fiscal year ending September 30, 1980; and not in excess of $6,235,900,000 for the fiscal year ending September 30, 1981.

Not to exceed one-fourth of 1 per centum of the previous year's appropriation is authorized in each such fiscal year to carry out the provisions of section 17, up to 10 per centum of which may be utilized for the purposes of section 17(d). Sums appropriated under the provisions of this Act shall, notwithstanding the provisions of any other law, continue to remain available until expended.

(b) In any fiscal year, the Secretary shall limit the value of those allotments issued to an amount not in excess of the appropriation for such fiscal year. If in any fiscal year the Secretary finds that the requirements of participating states will exceed the limitation set herein, the Secretary shall direct state agencies to reduce the value of such allotments to be issued to households certified as eligible to participate in the food stamp program to the extent necessary to comply with the provisions of this subsection.

COMMODITIES

SEC. 1220. Notwithstanding any provision of law, the Secretary may, during fiscal years 1978, 1979, 1980, and 1981 purchase sufficient agricultural commodities with funds appropriated from the general fund of the Treasury to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to distribution to institutions, supplemental

feeding programs wherever located, disaster areas, summer camps for children, the United States Trust Territories of the Pacific, and Indians, whenever a tribal organization requests distribution of federally donated foods pursuant to section 4(b) of this Act. Notwithstanding any other provision of law, the Secretary, in furnishing commodities to summer camps for children may furnish such commodities to any such camp in which the number of adults participating in camp activities as compared with the number of children under 18 years of age so participating is not unreasonable in light of the nature of such camp and the characteristics of the children in attendance. The Secretary shall, in carrying out supplemental feeding programs, pay to each State or local agency administering such program its administrative costs in any fiscal year, but not in excess of an amount equal to 10 per centum of the value of all of the commodities furnished recipients by such agency in such fiscal year. There are hereby authorized to be appropriated such funds as may be necessary to carry out the provisions of this paragraph. Authority provided in this section shall be carried out only with such funds as are appropriated from the general fund of the Treasury for that specific purpose, and in no event shall it be carried out with funds derived from permanent appropriations.

IMPLEMENTATION

SEC. 1221. (a) The Secretary shall implement this Act as expeditiously as possible consistent with efficient and effective administration of the food stamp program. Regulations governing the food stamp program promulgated by the Secretary pursuant to the Food Stamp Act of 1964, as amended, shall remain in effect until revoked, superseded, amended, or modified by regulations issued pursuant to this Act. As of October 1, 1977, or as soon thereafter as this Act becomes law, all funds and appropriations available to carry out the provisions of the Food Stamp Act of 1964, as amended, shall be available to carry out the provisions of this Act, and the Food Stamp Act of 1964, as amended, shall be repealed effective July 1, 1978. Coupons issued pursuant to the Food Stamp Act of 1964, as amended, and in general use as of the date of enactment, shall continue to be usable to purchase food, and all other liabilities of the Secretary, States, and applicant or participating households, under the Food Stamp Act of 1964, as amended, shall continue in force until finally resolved or terminated by administrative, or judicial action or otherwise.

(b) The Secretary shall, within six months of enactment of this Act, submit a quarterly report to the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture, setting forth the previous quarter's expenditure, by State, for the food stamp program. Such report shall also include the number of individuals on the program and the cost of administering the program at each State level and at the national level.

CONFORMING AMENDMENTS

SEC. 1222. Section 3(b) and section 4(c) of Public Law 93–86 are repealed.

SEC. 1223. The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92–603), is repealed.

SEC. 1224. Section 8(c) of Public Law 93–233 is amended by striking out "in the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section)" and inserting in lieu thereof "section 6(g) of the Food Stamp Act".

SEC. 1225. Section 8(f) of Public Law 93–233 is amended by striking out everything through "during such period," and inserting in lieu thereof "The amendment made by subsection (e) shall not".

TITLE XIII—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977

SEC. 1301. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act of 1977".

FINDINGS, PURPOSES, AND DEFINITIONS

Findings

SEC. 1302. (a) The Congress finds that—

(1) research, extension, and teaching in the food and agricultural sciences have made an indispensable contribution to agricultural productivity in the United States and are vital to the Nation's well-being;

(2) projected increases in the population of the United States, the worldwide population expansion, and food shortages due to short-term, localized, and adverse climatic conditions place increasing demands for agricultural products on the United States. United States agricultural production and utilization and the system for storing, transporting, and distributing agricultural foods, fiber, and wood products which will have to be met chiefly through the teaching, extension, and application of scientific and technological advances from agricultural research;

(3) the existing agricultural research system consisting of the Federal Government, the land-grant colleges and universities, other colleges and universities engaged in agricultural research, the agricultural experiment stations, and the private sector constitute an essential national resource which must serve as the foundation for any further strengthening of agricultural research in the United States:

(4) advances in the current state of the art in food and agricultural sciences and technology have become increasingly limited by the concentration upon the thorough development and exploitation of currently known scientific principles and technological approaches at the expense of more fundamental research needed to meet the needs of future generations for agricultural production;

(5) a strong research effort in the basic sciences, including biology, chemistry, and physics, will offer opportunities for breakthroughs in knowledge that can result in new varieties and substantial increases in productivity;

(6) to obtain the full benefits of agriculture and aquaculture, human nutrition and food consumption behavior must be better understood through long-term, comprehensive nutrition and related research;

(7) a strong applied research effort, aimed at the development of new and innovative agricultural technology and new crops and animals for use in both the United States and in subtropical, tropical, and arid climates, offers promise of further increases in agricultural productivity;

(8) agricultural research, extension, and teaching costs have risen more rapidly than appropriations and the level of Federal support for the food and agricultural sciences, including research conducted by the United States Department of Agriculture and research, extension, and teaching conducted by the colleges and universities, should be substantially increased;

(9) it is important to assure that the results of food and agricultural research be effectively communicated and demonstrated to farmers, processors, handlers, consumers, and all other users who can benefit therefrom;

(10) as the agricultural research effort of the Federal Government is expanded, and because energy, the weather, the environment, and social, political, and economic considerations have become essential and must be incorporated in planning for the food and agricultural sciences, there is a need for strengthening the planning, coordination, and conduct of Federal agricultural research;

(11) the production of healthy animals and plants is essential to insure a safe food supply for the Nation;

(12) the public wants plentiful supplies of safe and nutritious foods and other products and amenities of our lands and waters at reasonable prices;

(13) more intensive agricultural research and extension programs oriented to the needs of small farmers and their families are essential to the preservation of the family farm system, a vital component of the agricultural productive capacity of this country;

(14) expanding exports of agricultural commodities is essential for maintaining a positive balance of payments in international trade and a successful export program requires coordinated agricultural research support;

(15) the utilization of agriculturally renewable resources is vital to the economic security of the Nation;

(16) the demand for fiber and wood products to clothe and house the Nation will continue to climb and must be met through increased production and innovative uses of fiber and wood products, and associated waste materials;

(17) the educational programs in forestry carried out by the cooperative extension services are essential to meet the Nation's objectives in increasing timber productivity on private lands, insuring multiple use benefits from such lands (including timber production, wildlife, water, and recreation), providing adequate returns to landowners from forest products, and providing products to consumers at reasonable prices; and

(18) reduction of food, fiber, and wood products losses is a significant way to increase the supply of these products and to lower costs.

PURPOSES

(b) The purposes of this Act are to—

(1) firmly establish the Department of Agriculture as the lead agency in the Federal Government for the food and agricultural sciences, and to emphasize that research, extension, and teaching in the food and agricultural sciences are distinct missions of the United States Department of Agriculture;

(2) encourage and facilitate the development and maintenance of an overall national agricultural research policy upon which the unified Federal research efforts can be based;

(3) provide a mechanism for identifying the Nation's priorities for food and agricultural research, extension, and teaching to assure that high priority research is funded and that these activities are effectively planned, implemented, coordinated, and evaluated;

(4) facilitate cooperation and coordination in the implementation of ongoing agricultural research programs by Federal and State departments and agencies, State agricultural experiment stations, and colleges and universities engaged in such research;

(5) assure the continuation of the vital work of the existing agricultural research, extension, and teaching systems which now include the Department of Agriculture, the land-grant colleges and universities, and the State agricultural experiment stations:

(6) provide for research and extension on human nutrition and food consumption patterns in order to improve the health and vitality of the people of the United States;

(7) provide for expanded programs of animal disease and health care research, and associated research in the productive use of animal waste products in order to improve the health and productivity of domestic livestock, poultry, aquacultural species, and other animals essential to the Nation's food supply and the welfare of producers and consumers of animal products and the health

of horses; to minimize losses due to transportation and handling; and to protect human health through control of animal diseases transmissible to humans;

(8) provide for programs of new crop research in order to expand our use of varied soils and increase the choice of nutritional and economically viable crops that are appropriate for various soil conditions;

(9) establish a new program of research grants to be awarded on the basis of scientific competition from among the widest groups of scientific research workers and all colleges and universities with the aim of encouraging high-priority basic and applied research and promoting excellence in agricultural research;

(10) establish a new program of education grants and fellowships to be awarded on the basis of competition to strengthen training and research programs in the food and agricultural sciences;

(11) encourage and facilitate through research the development and implementation of more efficient and environmentally sound methods of producing, processing, marketing, and utilizing food, fiber, waste products, other nonfood agricultural products, and forest and rangeland products and amenities;

(12) provide for a program of facilities and instrumentation support for research in the food and agricultural sciences; and

(13) provide for investigation and analysis of the practicability, desirability, and feasibility of using organic waste materials to improve soil tilth and fertility.

Definitions

(c) For purposes of this Act the following definitions shall apply:

(1) the terms "basic research" and "applied research", when used for the purpose of classifying research projects or grants, have the following meanings:

(A) the term "basic research" means research with the primary goal of gaining knowledge or understanding of a subject;

(B) the term "applied research" means research in which the primary goal is a practical application of knowledge, to a recognized need;

(2) the term "Secretary" means the Secretary of Agriculture;

(3) the term "Department" means the United States Department of Agriculture;

(4) the term "State" shall mean any one of the fifty States, Puerto Rico, Guam, the District of Columbia, and the Virgin Islands;

(5) the term "cooperative extension service" means the organizations established at the land-grant universities under the Smith-Lever Act of May 30, 1914 (38 Stat. 372, as amended, 7 U.S.C. 341–349, and section 208(b) of the Act of October 26, 1974, D.C. Code, sec. 31–1609);

(6) the term "aquaculture" means the propagation and rearing of aquacultural species in controlled or selected environments;

(7) the term "aquacultural species" means any species of finfish, mollusk, or crustacean (or other invertebrate), amphibian, reptile, or aquatic plant;

(8) the term "extension" means the informal education process conducted by university personnel to extend information that will assist people in making informed decisions, and to identify problems so that research can be directed to finding solutions;

(9) the term "teaching" means the formal classroom and laboratory instruction and training conducted at universities in the area of food and agricultural sciences leading to baccalaureate and other recognized degrees;

(10) the term "State agricultural experiment station" means any institution eligible to receive funds under the Act entitled "An Act to establish agricultural experiment stations in connection with the colleges established in the several States under the provision of an Act approved July second, eighteen hundred and sixty-two, and of Acts supplementary thereto", approved March 2, 1887, as amended (known as the Hatch Act, 24 Stat. 440, as amended; 7 U.S.C. 361a–361i);

(11) the term "land-grant colleges and universities" means any institution eligible to receive funds under the Act entitled "An Act donating Public Lands to the several States and Territories which may provide Colleges for the Benefit of Agriculture and the Mechanic Arts," approved July 2, 1962, as amended (known as the first Morrill Act, 12 Stat. 503, as amended; 7 U.S.C. 301–305, 307, and 308), or the Act entitled "An Act to apply a portion of the proceeds of the public lands to the more complete endowment and support of the colleges for the benefit of agriculture and the mechanic arts established under the provisions of an Act of Congress approved July second, eighteen hundred and sixty-two", approved August 30, 1890, as amended (known as the second Morrill Act, 26 Stat. 417, as amended; 7 U.S.C. 321–326), including the Tuskegee Institute;

(12) the term "colleges and universities" means an educational institution in any State which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (B) is legally authorized within such State to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree or any other higher degree, (D) is a public or other nonprofit institution, and (E) is accredited by a nationally recognized accrediting agency or association;

(13) the term "food and agricultural science" means food and agriculture in their broadest aspects, including the social, economic, and political considerations of—

(A) agriculture, including soil and water conservation and use, the use of organic waste materials to improve soil tilth and fertility, plant and animal production and protection, and plant and animal health;

(B) the processing, distributing, marketing, and utilization of food and agricultural products;

(C) forestry including range management, forest and range products, multiple use of forest and range lands, and urban forestry;

(D) aquaculture;

(E) home economics, human nutrition and family life;

(F) rural and community development; and

(14) the term "agricultural research" means research in the food and agricultural sciences.

COORDINATION AND PLANNING OF AGRICULTURE RESEARCH, EXTENSION, AND TEACHING

SEC. 1303. The Department is designated as the lead agency of the Federal Government for agricultural research (except with respect to the biomedical aspects of nutrition concerned with human health or the prevention, diagnosis, or treatment of disease), extension and teaching in the food and agricultural sciences, and the Secretary, in carrying out his responsibilities, shall—

(a) establish jointly with the Secretary of Health, Education, and Welfare procedures for coordination with respect to nutrition research in areas of mutual interest;

(b) keep abreast of developments, in and the Nation's need for, research, extension, teaching, and manpower development in the food and agriculture sciences and represent such need in deliberations within the Department, elsewhere in the executive branch of the United States Government, with the several States and their designated land-grant colleges and universities, other colleges and universities, agricultural and related industries, and other interested institutions and groups;

(c) coordinate all research extension and teaching activity in the food and agricultural sciences, conducted or financed by the Department and, to the maximum extent practicable, by other agencies of the executive branch of the United States Government;

(d) in the exercise of the responsibility of coordination with other departments and agencies of the Federal Government, and in consultation with the Office of Science and Technology Policy and the Office of Management and Budget, utilize the Federal Coordinating Council for Science, Engineering, and Technology and such other mechanisms as he deems appropriate;

(e) assist in establishing coordination of State-Federal cooperative food and agricultural science research, extension, and teaching programs, funded in whole or in part by the Department, in each State through the administrative heads of land-grant colleges and universities and the State's directors of agricultural experiment stations and cooperative extension services, and other appropriate program administrators;

(f) assist in establishing coordination of food and agricultural science research, extension, and teaching programs, funded in whole or in part by the Department and conducted by colleges and universities, agricultural and related industries, and other interested institutions and groups;

(g) consult the Board provided for in section 1307 of this Act in the formulation of basic policies, goals, strategies, and priorities for prgrams of research, extension, and teaching in the food and agricultural sciences;

(h) review annually with appropriate agencies of the Department and other Federal departments and agencies, insofar as it is practicable, the agricultural research, extension, and teaching requirements of these agencies;

(i) report (as a part of the Department of Agriculture's annual budget submissions) to the House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Committee on Appropriations, action taken to support the recommendations of the Board provided in section 1307 of this Act;

(j) establish appropriate review procedures to assure that agricultural research projects are timely and properly reported, that there is no unnecessary duplication of effort or overlapping between research units (unless geographical, soils, climatic differences, or other factors indicate otherwise), that the results of completed research are promptly published, that research units cooperate fully in the use of available resources and skills when necessary, and to develop and encourage quick response and team research on broad problem areas requiring a wide range of skills or resources;

(k) establish Federal or cooperative multidisciplinary research teams on major agricultural research problems with clearly defined leadership, budget responsibility, and research programs;

(l) assure that promising potential products or processes resulting from the Department's agricultural research are developed to the point of practical application and use;

(m) disseminate information and the findings of agricultural research throughout the cooperative extension services of the several States and such other media as the Secretary may deem appropriate, consulting as necessary with other Federal departments and agencies; and

(n) in order to promote the coordination of agricultural research by the Department, conduct a continuing inventory of ongoing and completed research projects being conducted within or funded by the Department.

FEDERAL SUBCOMMITTEE ON FOOD AND RENEWABLE RESOURCES

SEC. 1304. Section 401(h) of the National Sciences and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651(h)) is amended by adding at the end thereof the following: "Among such standing subcommittees and panels of the Council shall be the Subcommittee on Food and Renewable Resources. The purpose of this subcommittee shall be to review Federal research and development programs relevant to domestic and world food and fiber production and distribution, to promote planning and coordination of this research in the Federal Government, and to recommend policies and other measures concerning food and agricultural sciences for the consideration of the Council. The subcommittee shall include but not be limited to representatives of each of the following departments or agencies: Department of Agriculture, Department of State, Department of Defense, Department of the Interior, Department of Health, Education, and Welfare, the National Oceanic and Atmospheric Administration, the Energy Research and Development Administration, the National Science Foundation, the Environmental Protection Agency, and the Tennessee Valley Authority. The principal representative of the Department of Agriculture shall serve as the chairman of the subcommittee.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1305. (a) To assist the Secretary in meeting the coordination and planning responsibilities provided in section 1303 and to assist the Board in meeting its advisory and reporting responsibilities as provided in sections 1307 through 1310, the Secretary shall establish a Joint Council on Food and Agricultural Sciences, hereinafter referred to as the "Joint Council", to be composed of representatives from the Department of Agriculture and those of its agencies with significant research and extension responsibilities, the Office of Science and Technology Policy, the land-grant colleges and universities, State agricultural experiment stations, State cooperative extension services, and those colleges and universities, other public and private institutions, producers, and representatives of the public who are interested in and have a potential to contribute, as determined by the Secretary, to formulation of national policy in the food and agricultural sciences. The Joint Council shall be chaired by the Assistant Secretary of Agriculture responsible for research, extension, and teaching. The primary purposes of the Joint Council is to foster coordination of the research, extension, and teaching activities of the Federal Government, the States, colleges and universities, and other public and private institutions and persons involved in the food and agricultural sciences. The Joint Council's responsibilities shall also be to—

(1) analyze and evaluate the economic, environmental, and social impacts of research, extension, and teaching programs in the food and agricultural sciences conducted in the United States;

(2) assist in developing, reviewing, and evaluating memoranda of understanding or other documents that detail the terms and conditions between the Secretary and the participants in programs under this Act and other Acts dealing with research, extension, and teaching in the food and agricultural sciences; and

(3) assist the Secretary in carrying out his responsibilities under this Act through planning and coordination efforts in the food and agricultural sciences and utilizing an effective system of regional and national planning, develop recommendations and reports that describe current and long-range needs, priorities, and goals in the food and agricultural sciences and recommend means to achieve these goals.

(b) While away from their homes or regular places of business in the performance of services for the Joint Council, members of the Joint Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(c) The Joint Council is authorized to form subcommittees or panels as required to meet is responsibilities.

(d) To assist the Joint Council in the performance of its duties, the Secretary is authorized to appoint—

(1) not to exceed fifteen full-time professional staff employees qualified in the food and agricultural sciences, not less than half for terms not to exceed four years, who shall be appointed at a rate of compensation not lower than the annual rate of basic pay in effect for grade GS–13 and not higher than such rate for grade GS–16; except that not more than five members of such staff shall receive the rate of pay for grade GS–16; and

(2) an Executive Director for such staff who shall perform such duties as the cochairman of the Joint Council may direct, and shall receive compensation at a rate not in excess of the rate for GS–18 of the General Schedule of section 5332 of title 5, United States Code.

SECRETARY'S REPORT

SEC. 1306. The Secretary shall submit to the President and the Congress by December 31 of each year a report on the Nation's agricultural research, extension and teaching activities, and such report shall include—

(a) a five-year national agricultural research, extension and teaching plan, updated annually, which shall cover all phases of the food and agricultural sciences and which shall indicate overall present and future agricultural research, extension and teaching and manpower development priorities which take into account both domestic and international needs;

(b) a review, covering the following three categories, of the agricultural research extension and teaching activities of the Department and their relationship to similar activities of other departments and agencies of the Federal Government, the States, and the private sector:

(1) a current inventory of such activities organized by statutory authorization and budgeted outlay;

(2) a current inventory of such activities organized by field of basic and applied science; and

(3) a current inventory of such activities organized by commodity and product category.

NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ADVISORY BOARD

SEC. 1307. (a) There is hereby established within the Department an Agricultural Research, Extension, and Teaching Policy Advisory Board (hereinafter referred to as the "Board"). The Board, in its report to the President and the committees of the Congress, required under this Act, and in assisting the Secretary in carrying out the provisions of this Act, shall have general responsibilities for preparing independent advisory opinions, initiating recommendations on, preparing reports on, and monitoring of the activities set forth in this Act and other Acts dealing with agricultural research, extension, or teaching activities (including the Hatch Act, the McIntire-Stennis Act, the Morrill-Nelson Act, the Bankhead-Jones Act, the Act of August 4, 1965 (Public Law 89–106), the Smith-Lever Act, and the Rural Development Act of 1972), including reviewing recommendations of existing advisory committees under those Acts.

MEMBERSHIP

SEC. 1308. (a) The Board shall consist of fifteen representatives appointed by the President, within ninety days from the date of enactment of this Act for such terms as he shall designate. The membership shall include persons eminently qualified by background and experience from the following types of organizations:

(1) national farm organizations;

(2) national forestry organizations;

(3) agricultural commodity associations;

(4) national organizations concerned with food distribution (wholesale, retail, or institutional);

(5) national food or natural fiber processing organizations;

(6) national organizations primarily concerned with transportation of food and agricultural products to domestic or foreign markets;

(7) national human nutrition organizations;

(8) national environmental organizations;

(9) national consumer organizations;

(10) national labor organizations primarily concerned with the production, processing, distribution, and transportation of food and agricultural products;

(11) private sector organizations involved in development programs and issues in developing countries; and

(12) the public at large.

(b) The Board shall be chaired by the Assistant Secretary of Agriculture responsible for research, extension, and teaching.

(c)(1) While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(2) Members of the Board shall serve without compensation from the Federal Government except for travel expenses described in paragraph (1) above.

SEC. 1309. (a) The Board's specific responsibilities shall include, but not be limited to—

(1) reviewing programs, policies, plans, and goals related to food and agricultural sciences of the Department of Agriculture and of related programs in other agencies and in the colleges and universities developed by the Secretary under this Act;

(2) providing a forum for the exchange of information on plans and programs of all Federal agencies sponsoring or conducting research, extension, and teaching programs related to food and agricultural sciences, including information to be provided by the Subcommittee on Food and Renewable Resources of the Federal Coordination Council for Science, Engineering, and Technology, established by section 1304 of this Act;

(3) reviewing and providing consultation on national policies, priorities, and strategies for food and agricultural research, extension, and teaching for both the short term and the long term for consideration by the Secretary, the Board for International Food and Agricultural Development, and other agencies and institutions conducting such programs; and

(4) assessing the overall adequacy and making recommendations to the Secretary with regard to the distribution of resources and the allocation of funds authorized by this Act.

(b) In formulating its recommendations to the Secretary, the Board may obtain the assistance of Department employees, and, to the maximum extent practicable and after appropriate consultations, obtain the assistance of employees of other Federal de-

partments and agencies conducting related research, extension, and teaching programs, and of appropriate representatives of universities, including State agricultural experiment stations, cooperative extension services, and other non-Federal organizations conducting significant programs in the food and agricultural sciences.

(c) (1) To assist the Board in carrying out its day-to-day responsibilities under this Act, the Secretary shall appoint, upon the recommendation of the chairman of the Board, an Executive Secretary of the Board, who shall perform administrative duties as the chairman of the Board may direct, and such person shall receive compensation at a rate not in excess of the rate for GS–18 of the General Schedule of section 5332 of title 5, United States Code.

(3) To further assist the Board in the performance of its duties, the chairman of the Board is authorized to appoint not to exceed ten full-time professional staff employees qualified in the food and agricultural sciences for a term of not to exceed four years at a rate of compensation not lower than the annual rate of basic pay in effect for grade GS–13 and not higher than such rate for grade GS–16: except that not more than three members of such staff shall receive the rate of pay for grade GS–16. It shall be a function of the staff, in support of the activities of the Board, to examine matters of policy regarding all aspects of agricultural research extension, and teaching and related matters.

(4) The Board may establish such panels as it deems appropriate to develop information, reports, advice, and recommendations for use of the Board to meet its responsibilities. Members of such panels may include members of the Board, Board staff members, individuals from the Department and other departments and agencies of the Federal Government, and individuals from the private sector who have expertise in the subject to be examined by the panel.

ANNUAL REPORT OF THE BOARD

SEC. 1310. No later than January 31 of each year, the Board shall submit a report on all actions taken to meet its responsibilities under this Act and on all activities which were financed under this Act during the preceding fiscal year. Such report shall be submitted to the President, the House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Committee on Appropriations. The report may include the separate views of members of the Board. The first report shall be due not later than January 31 following the first complete fiscal year after the enactment of this Act.

EXISTING RESEARCH PROGRAM

SEC. 1311. It is the intent of the Congress in enacting this Act to augment, coordinate, and supplement the planning, initiation, and conduct of agricultural research programs existing prior to the enactment of this Act, except that it is not the intent of Congress in enacting this Act to limit the authority of the Secretary of Health, Education, and Welfare under any Act which he administers.

PROGRAM OF COMPETITIVE GRANTS FOR AGRICULTURAL RESEARCH

SEC. 1312. (a) The Secretary shall establish a program of competitive grants for agricultural research.

(b) Grants made under this section shall be made in the following categories to individual scientists, to all colleges and universities, State agricultural experiment stations, private organizations, Federal agencies, or groups of such institutions based upon research proposals from individual scientists or groups of scientists:

(1) for the purpose of conducting basic research aimed at the discovery of new scientific principles and techniques that may be applicable in agriculture and forestry:

(2) for the purpose of conducting applied research aimed at the development of new and innovative products, methods, and technology in such fields as biological nitrogen fixation and photosynthesis that will improve and increase the productivity of agriculture and forestry resources;

(3) for the purpose of conducting basic and applied research in the field of human nutrition; and

(4) for the purpose of conducting research, development, and demonstration of new crops, including guayule and jojoba.

(c) In seeking proposals and in awarding agricultural research grants authorized under this section, the Secretary shall give priority to research in those fields of basic and applied science which offer promise of yielding advances and breakthroughs in new areas of knowledge which can be applicable to agriculture, human nutrition, aquaculture, and forestry. In the identification of such fields of science, the Secretary shall seek the advice and assistance of the Joint Council.

(d) In seeking research proposals and in performing peer review evaluations of such proposals under this section, the Secretary shall seek the widest participation of qualified scientists within the Federal Government, in all colleges and universities, in State agricultural experiment stations, and in the private sector.

(e) These research grants shall be made without regard to matching funds by the recipient or recipients of such grants.

SPECIAL RESEARCH GRANTS

SEC. 1313. In addition to any other grants made under Federal law, the Secretary is authorized to make grants for periods not to exceed five years' duration to land-grant colleges and universities, and to State agricultural experiment stations, and to all colleges and universities having a demonstrable capacity in agricultural research, as determined by the Secretary, to carry out research to facilitate or expand promising breakthroughs in research programs in areas of the food and agricultural sciences of importance to the Nation. Eligible institutions are limited to receiving one special research grant annually. These grants shall be made without regard to matching funds being provided by the States in which the recipients are located. The eligible institution shall bear overhead costs necessary to carry out the purposes of such a grant.

GRANTS FOR RESEARCH ON INDUSTRIAL HYDROCARBONS AND ALCOHOLS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS

SEC. 1314. The Secretary shall make grants under this section to colleges and universities for the purpose of conducting research related to (1) the production and marketing of coal tar, producer gas, and other coal derivatives for the manufacture of agricultural chemicals, methancl, methyl fuel and alcohol-blended motor fuel (such agricultural chemicals to include, but not be limited to, fertilizers, herbicides, insecticides, and pesticides), (2) the production and marketing of alcohol made from agricultural commodities and forest products as a substitute for alcohol made from petroleum products, and (3) the production and marketing of other industrial hydrocarbons derived from agricultural commodities and forest products. There is authorized to be appropriated for the purposes of carrying out the provisions of this section, $3,000,000 for the fiscal year ending September, 1978, and such sums as may be necessary for the four subsequent fiscal years ending September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, except that the total amount of such appropriations shall not exceed $24,000,000 during the five-year period beginning October 1, 1977, and ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year: *Provided*, That not more than a total of $3,000,000 may be awarded to the colleges and universities of any one State.

PILOT PROJECTS FOR THE PRODUCTION AND MARKETING OF INDUSTRIAL HYDROCARBONS AND ALCOHOLS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS

SEC. 1315. Title V of the Rural Development Act of 1972 is amended by adding at the end thereof a new section as follows:

"SEC. 510. (a) The Secretary is authorized and directed to formulate and carry out a pilot program for the production and marketing of industrial hydrocarbons derived from agricultural commodities and forest products for the purpose of stabilizing and expanding the market for such commodities and products and expanding the Nation's supply of industrial hydrocarbons.

"(b) The Secretary shall provide for four pilot projects for the production of industrial hydrocarbons and alcohols from agricultural commodities and forest products by guaranteeing loans not to exceed $15,000,000 per project to public, private, or cooperative organizations organized for profit, or nonprofit, or to individuals for a term not to exceed twenty years at such a rate of interest agreed upon by the borrower and lender.

"(c) No loan may be guaranteed under this section unless (1) research indicates the total energy content of the products and byproducts to be manufactured by the loan applicant will exceed the total energy input from fossil fuels utilized in the manufacture of such products and byproducts, or (2) such other conditions as the Secretary deems appropriate to achieve the purposes of this section are met.

"(d) In order to assure the recipients of loans made under this section with a dependable supply of agricultural commodities at a stable price for use in the pilot project provided for under this section, the Secretary is authorized to enter into long-term contracts, not exceeding five years, with the recipients of such loans. Such contracts shall guarantee the recipients of such loans a specified quantity of agricultural commodities annually at mutually agreed upon prices, but in no case shall the agricultural commodities be sold under any such contracts at less than the price support level prescribed for the commodity concerned unless the product is out of condition, unstorable, or sample-grade or lower, as prescribed in Department of Agriculture standards.

"(e) The Secretary shall supply from Commodity Credit Corporation stocks or, to such extent or in such amounts as are provided in appropriation acts, purchase such quantities of agricultural commodities as may be necessary to comply with the terms of agreements entered into under this section.

"(f) The provisions of this section shall be carried out through the Commodity Credit Corporation.".

RESEARCH FACILITIES GRANTS

SEC. 1316. (1) Paragraph (2) of section 3 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (7 U.S.C. 390b), is amended to read as follows:

"(2) the term 'eligible institution' means a department established under provisions of the Hatch Act of March 2, 1887, as amended, (7 U.S.C. 361a) and under the direction of a college or university established in any State in accordance with the Act entitled 'An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agri-

culture and mechanic arts', approved July 2, 1862 (7 U.S.C. 301); or a department otherwise established pursuant to standards prescribed by the State the purpose of which is to conduct agricultural research; such term also includes the Connecticut Agricultural Experiment Station at New Haven, Connecticut, and the Ohio Agricultural Experiment Station at Wooster, Ohio, and those colleges, universities, and other legal entities in each State now receiving, or which may hereafter receive, benefits under the Act of August 30, 1890 (known as the Second Morrill Act) including the Tuskegee Institute, or the Act of October 10, 1962 (known as the McIntire-Stennis Act); and".

(2) Such act is amended by striking out sections 4 through 11 (7 U.S.C. 390c–390g) and inserting in lieu thereof the following new sections:

"SEC. 4. (a) There is authorized to be appropriated for allocations to eligible institutions under this Act for the purposes of section 2, $15,000,000 for the fiscal year ending September 30, 1978, $19,000,000 for the fiscal year ending September 30, 1979, $23,000,000 for the fiscal year ending September 30, 1980, $27,000,000 for the fiscal year ending September 30, 1981, and $31,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may after the date of enactment of this Act be authorized by law for any subsequent fiscal year.

"(b)(1) The first $4,000,000 appropriated for research facilities pursuant to this section for any fiscal year shall be apportioned equally.

"(2) Any amount in excess of $4,000,000 appropriated under this section for any fiscal year shall be apportioned as follows: Each eligible institution shall be entitled to an amount which bears the same ratio to the amount of funds being allocated in such fiscal year under this paragraph as the amount received by such institution in the preceding fiscal year bears to the total amount received by all such institutions in such preceding fiscal year. The total amount received by eligible institutions in the preceding fiscal year shall be determined on the basis of funds received under section 3 of the Hatch Act of March 2, 1887, as amended (7 U.S.C. 361c), under section 3 of the Act of October 10, 1962 (16 U.S.C. 582a–2), and for institutions receiving benefits under the Act of August 30, 1890 including Tuskegee Institute, on the basis of funds received under section 2 of the Act of August 4, 1965 (7 U.S.C. 450i), during the fiscal years ending September 30, 1977, and September 30, 1978, and on the basis of funds received under section 1323 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 in subsequent years.

"(c) It shall be the duty and responsibility of the Secretary to administer the provisions of this Act under such rules and regulations as he may prescribe as necessary therefor.

"SEC. 5. As a condition for receiving funds apportioned under section 4, each eligible institution shall submit, in such form as the Secretary may require, specific proposals for planning, acquisition, construction, repair, rehabilitation, renovation, or remodeling of buildings, laboratories, and other capital facilities including the acquisition of fixtures and equipment including scientific instrumentation which are to become part of such buildings.

"SEC. 6. Any unused portion of the allotment to any eligible institution for any fiscal year shall remain available at the option of such institution for payment to such institution for a period of not more than five fiscal years following the fiscal year in which such allotment is first made available.

"SEC. 7. With respect to multiple-purpose physical facilities, the segment or portion thereof which is to be utilized for food and agricultural research shall be the basis for determination of fund support under this Act.

"SEC. 8. For each fiscal year that funds are made available for allocation the Secretary shall ascertain, at the earliest practicable date during such year, the amount of the allocation to which each eligible institution is entitled and shall notify each such institution in writing promptly thereafter as to the amount of such allocation.

"SEC. 9. (a) Any eligible institution authorized to receive payments under the provisions of section 4 of this Act shall have a chief administrative officer and a duly designated fiscal officer, who shall be the same persons who are responsible for receipt of payments under the Acts referred to in section 4(c), to whom payments can be directed by the Secretary. Such duly designated fiscal officer shall receive and account for all funds paid to such institution pursuant to the provisions of this Act, and shall submit a report, approved by the chief administrative officer of such institution, to the Secretary on or before the first day of December of each year. Such report shall contain a detailed statement of the amount received under the provisions of this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

"(b) If any portion of the allotted funds received by the duly authorized fiscal officer of any eligible institution shall by any action or contingency be diminished, lost, or misapplied, it shall be repaid by the institution concerned, and until repaid no part of any subsequent appropriation shall be allocated or paid to such institution.

"SEC. 10. The Secretary shall make an annual report to the Congress during the first regular session of each year with respect to (1) payments made under this Act, (2) the facilities, by institution, for which such payments were made, and (3) whether any portion of the appropriation available for allotment to any of the eligible institutions has been withheld and, if so, the reasons therefor.

"SEC. 11. Three per centum of funds appropriated under this Act shall be available to the Secretary for administration of this Act.".

(3) The title of such Act, the first section of such Act, and section 2 of such Act are amended by striking out "The State agricultural experiment stations" each time it occurs therein and inserting in lieu thereof "eligible institutions".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1317. (a) The Secretary shall conduct a comprehensive study of the status and future needs of agricultural research facilities and, within fourteen months from the date of enactment of this Act, submit to the President and the Congress a report on this study.

(b) To assist him in the preparation of this report, the Secretary may appoint a Committee on Agricultural Research Facilities. Such Committee shall consist of not to exceed thirteen persons with significant knowledge about the subject of the study, and the Secretary shall designate the Chairman and Vice Chairman of the Committee.

(c)(1) The report shall cover agricultural research facilities and materials including but not limited to facilities and materials such as buildings and farms, laboratories, plant, seed, genetic stock, insect, virus and animal collections, as well as lease and purchase items such as computers, laboratory instruments, and related equipment.

(2) The report shall include an analysis of the operation and impact of the Act entitled "An Act to assist the States to provide additional facilities for research at eligible institutions", approved July 22, 1963, as amended (7 U.S.C. 390–390k; 77 Stat. 90), and other relevant Federal statutes concerning research facilities acquisition and support programs, including those for forestry, plant, and veterinary research, food and fiber processing, and other agricultural research.

(3) The report shall include recommendations for a program designed to provide the United States with the most modern and efficient system of research facilities needed to advance agricultural research in all fields, and recommendations with regard to priority requirements for research instrumentation and facilities needing modernization, construction, or renovation in accordance with the requirements of State, regional, and national priority programs of research and based on the fullest utilization of human, monetary, and physical resources.

(d) While away from their homes or regular place of business in the performance of services for the Committee which the Secretary may establish under subsection (b), members of such Committee shall be reimbursed for travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

ANIMAL DISEASE RESEARCH; EXISTING RESEARCH INSTITUTIONS

SEC. 1318. (a) In order to carry out the purposes of this section, the Secretary is hereby authorized to cooperate with and assist the States in carrying out programs of animal disease research at eligible institutions in the manner hereinafter described in this section. Funds appropriated to carry out this section shall be used to meet direct expenses of conducting research, publishing and disseminating the results of such research, contributing to retirement of employees subject to the provisions of the Act approved March 4, 1940 (54 Stat. 39; 7 U.S.C. 331), administrative planning and direction, and purchasing needed equipment and supplies.

(1) For purposes of this section—

(A) the term "eligible institution" includes all colleges and universities having an accredited college of veterinary medicine or a department of veterinary science or animal pathology, or similar unit conducting animal disease research in the State agricultural experiment stations; and

(B) the term "animal disease research capacity" shall mean the capacity of an eligible institution to conduct research on animal disease as measured by a formula to be developed and applied by the Secretary with the advice of the Joint Council; the formula will provide a figure for each eligible institution which will be used in determining the institution's relative capacity to perform such research as a percentage of the total national capacity of all such institutions to conduct animal disease research.

(2) Funds appropriated to carry out this section shall be apportioned and distributed as follows:

(A) 4 per centum shall be retained by the Department for administration, program assistance to the States, and for program coordination;

(B) 48 per centum shall be apportioned by the Secretary to States having eligible institutions in the proportion that the value and income of domestic livestock and poultry in such State bears to the total value and income of domestic livestock and poultry in the United States; the amount apportioned a State under this paragraph shall be distributed by the Secretary to each eligible institution within such State in the proportion that the animal disease research capacity of each eligible institution bears to the total animal disease research capacity of all such eligible institutions in such State; the Secretary will determine the total value and income of, and the proportionate value and

income of, domestic livestock and poultry for each State from the latest inventory of all cattle, sheep, swine, and poultry published by the Department; and

(C) 48 per centum shall be apportioned and distributed by the Secretary to each eligible institution in the proportion that the animal disease research capacity of the institution bears to the total animal disease research capacity of all such institutions, as determined by the Secretary.

(3) When the amount available under this section for allotment to any eligible institution on the basis of livestock values and income exceeds the amount for which such institution is eligible on the basis of animal disease research capacity, the excess may be used for remodeling of facilities, construction of new facilities, or an increase in staffing proportionate to the need for added research capacity at the discretion of the Secretary.

(4) The sums distributed on the basis of proportionate value and income of domestic livestock and poultry and proportionate animal disease research capacity in the first appropriation to carry out this section and like sums appropriated in subsequent years shall be based on the latest available data on National and State livestock values and income and research capacities and any sums in addition to the initial appropriation level appropriated in subsequent years shall be distributed on the basis of domestic livestock and poultry values and income and animal disease research capacities in the years those additional sums are first appropriated.

(5) The Secretary shall establish necessary rules and implementing regulations for administration, including reporting requirements by institutions on the expenditure of Federal funds under this section.

FUNDS FOR RESEARCH ON SPECIFIC NATIONAL OR REGIONAL ANIMAL DISEASE PROBLEMS

SEC. 1319. (a) To further support animal disease and health care research, the Secretary may provide funds to eligible institutions as defined in section 1318 of this Act to support research on specific national or regional animal disease problems. Funds appropriated to carry out this section shall be used to pay costs of conducting research on specific national or regional animal disease and health care problems and to pay expenses which are related to such research and which are described in section 1318.

(b) Funds appropriated to carry out this section shall be allocated to eligible institutions for research as mutually agreed upon between the Secretary and eligible institutions.

GRANTS TO ESTABLISH SCHOOLS OF VETERINARY MEDICINE

SEC. 1320. (a) The Secretary shall conduct a program of grants to States for the purpose of meeting the costs of construction, employing faculty, acquiring equipment, and taking other action relating to the initial establishment and initial operation of a school of veterinary medicine, or the expansion of an existing school of veterinary medicine, as determined by the Secretary by regulations. This grant program shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding.

(b) Except for the States of Alaska and Hawaii to which this condition does not apply, the Secretary shall give preference in awarding grants to States which file, with their application for funds under this section, supportive assurances satisfactory to the Secretary that—

(1) the State has established, or has made a reasonable effort to establish, a veterinary medical training program with one or more States without colleges of veterinary medicine which consists of appropriate cooperative agreements providing for a sharing of curriculum and costs by the individual States; and

(2) the clinical training of the school to be established or expanded shall emphasize care and preventive medical programs for food-producing animals.

However, no State which the Secretary determines has made such a reasonable effort to establish appropriate cooperative agreements shall be denied a grant or otherwise prejudiced by virtue of its failure to establish such cooperative agreements.

(c) Funds appropriated to carry out this section for any fiscal year shall be apportioned and distributed as follows:

(1) Four per centum shall be retained by the Department for administration, program assistance to eligible States, and program coordination.

(2) The remainder shall be apportioned and distributed by the Secretary to those States which have applied for funds under this section on such basis as the Secretary may deem appropriate: *Provided, however,* That no less than 50 per centum of such funds shall be made available to such States which have accredited schools of veterinary medicine.

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCE EDUCATION

SEC. 1321. (a) The Secretary shall conduct a program of competitive grants for all colleges and universities for the purpose of furthering education in the food and agricultural sciences. These grants shall be made in the following two categories:

(1) Grants to strengthen programs of training and research for scientists at the graduate and postdoctoral levels at all colleges and universities. Awards in this category may include support for exploratory research by such scientists, for the acquisition of instruments, equipment, and facilities for research and training, and for other programs and activities aimed at meeting departmental, interdepartmental, or institutionwide training and research needs, or a combination thereof. Awards shall be made on a competitive basis and may cover periods not to exceed four years. Competition for such grants shall be open to all colleges and universities in the United States which have a capacity for teaching, research, and the dissemination of research results in the food and agricultural sciences or which are establishing such programs.

(2) Grants to strengthen undergraduate programs in the food and agricultural sciences at all colleges and universities. Awards in this category may be made with respect to any approach designed to improve such undergraduate programs through traditional or nontraditional courses, curriculums, or teaching modes. Awards shall be made on a competitive basis and may cover periods not to exceed two years. Competition for such grants shall be open to all colleges and universities or to groups of such institutions which individually or collectively have a capacity for teaching, research, and the dissemination of research results in the food and agricultural sciences or which are establishing such programs.

(b) The Secretary shall conduct a program of predoctoral and postdoctoral fellowships in the food and agricultural sciences. These fellowships shall be made in the following two categories:

(1) Predoctoral fellowships, each for a period of up to four years. The purpose of these fellowships is to provide training and increase research capabilities in areas of need as identified by each State. These fellowships shall be awarded on the basis of merit, as determined by ad hoc review panels established annually by the Secretary, to graduate students from each of the States, provided the following criteria are satisfied:

(A) that the student is enrolled in a graduate degree program in a college or university; and

(B) that the student intends to pursue or is pursuing a course of study in the food and agricultural sciences which is directly related to an area of need as identified by the Governor or chief executive officer of the State. At least three such fellowships shall be awarded to students from each State in every year.

(2) Postdoctoral fellowships, each for a period of from one to five years. The purpose of these fellowships is to attract highly promising investigators to research careers in the basic sciences underlying agriculture and to provide stipends and/or research support for their training and establishment as independent investigators. In making awards under this program, the Secretary shall give priority to individuals doing basic research at colleges and universities.

(c) The administration of funds authorized in section 22 of the Act entitled "An Act to provide for research into basic laws and principles relating to agriculture and to work for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935 (7 U.S.C. 329; 49 Stat. 439, as amended), as amended, is hereby transferred from the Secretary of the Department of Health, Education, and Welfare to the Secretary of Agriculture.

NATIONAL AGRICULTURAL RESEARCH AWARD

SEC. 1322. (a) The Secretary shall establish the National Agricultural Research Award for research or advanced studies in the food and agricultural sciences. Two such awards, one for each of the categories described in subsection (c), shall be made in each fiscal year.

(b) The awards shall not exceed $50,000 per year for a period of not to exceed three years to support research or study by the recipient.

(c) Awards under this section shall be made in each fiscal year in two categories as follows:

(1) to a scientist in recognition of outstanding contributions to the advancement of the food and agricultural sciences; and

(2) to a graduate student or postdoctoral research worker in recognition of demonstrated capability and promise of significant future achievement in the food and agricultural sciences.

(d) The Secretary may establish such nominating and selection committees, to consist of scientists and others, to receive nominations and make recommendations for awards under this section, as he deems appropriate.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES INCLUDING TUSKEGEE INSTITUTE

SEC. 1323. (a) There are hereby authorized to be appropriated annually such sums as Congress may determine necessary to support continuing agricultural research at colleges eligible to receive funds under the Act of August 30, 1890, as amended (7 U.S.C. 321–326 and 328), including Tuskegee Institute (hereinafter referred to as "eligible institutions"). Beginning in fiscal year 1979, there shall be appropriated under this section for each fiscal year an amount not less than 15 per centum of the total appropriations for such year under section 3 of the Act of March 2, 1887, as amended (7 U.S.C. 361c): *Provided,* That the amount appropriated in fiscal year 1979 shall not be less than the amount made available in the fiscal year ending September 30, 1978, to such eligible institutions under the Act of August 4, 1965 (7 U.S.C. 450i). Funds appropriated under this section shall be used for expenses of conducting agricultural research, printing, disseminating the results of such research, contributing to the retirement of employees subject to the provisions of the Act of March 4, 1940, as amended (7 U.S.C. 331), administrative planning and direction, and purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research. The eligible

institutions are authorized to plan and conduct agricultural research in cooperation with each other and such agencies, institutions, and individuals as may contribute to the solution of agricultural problems, and moneys appropriated pursuant to this authorization shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

(b) Beginning in fiscal year 1979, the funds appropriated under this section shall be distributed as follows:

(1) Three per centum shall be available to the Secretary for administration of this section.

(2) The remainder shall be allotted among the eligible institutions as follows:

(A) $100,000 to each eligible institution; and

(B) of the remaining funds, one-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State in which the eligible institution is located bears to the total rural population of all the States in which eligible institutions are located as determined by the last preceding decennial census; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State in which the eligible institution is located bears to the total farm population of all the States in which eligible institutions are located as the allotments to Tuskegee Institute and to Alabama Agricultural and Mechanical University shall be determined as if each institution were in a separate State.

(c) The director of the State agricultural experiment station in each State where an eligible institution is located and the chief administrative officer specified in subsection (d) of this section in each of the eligible institutions in such State shall jointly develop, by mutual agreement, a comprehensive program of agricultural research in such State, to be submitted for approval by the Secretary within one year of the date of enactment of this Act.

(d) Sums available for allotment to the eligible institutions under the terms of this section shall be paid to such institutions in equal quarterly payments beginning on or about the first day of October of each fiscal year upon vouchers approved by the Secretary. The President of each eligible institution shall appoint a chief administrative officer who shall be responsible for administration of the program authorized herein. Each eligible institution shall designate a treasurer or other officer who shall receive and account for all funds allotted to such institution under the provisions of this section and shall report with the approval of the chief administrative officer, to the Secretary on or before the first day of December of each year a detailed statement of the amount received under the provisions of this section during the preceding fiscal year, and of its disbursement on schedules prescribed by the Secretary. If any portion of the allotted moneys received by the authorized receiving officer of any eligible institution shall by any action or contingency be diminished, lost, or misapplied, it shall be replaced by such institution concerned and until so replaced no subsequent appropriation shall be allotted or paid to such institution. Funds made available to eligible institutions shall not be used for payment of negotiated overhead or indirect cost rates.

(e) Bulletins, reports, periodicals, reprints or articles, and other publications necessary for the dissemination of results of the research and experiments, including lists of publications available for distribution by the eligible institutions shall be transmitted in the mails of the United States under penalty indicia: *Provided, however,* That each publication shall bear such indicia as are prescribed by the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such publications may be mailed from the principal place of business of the eligible institution or from an established subunit of said institution.

(f) The Secretary is hereby charged with the responsibility for the proper administration of this section, and is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its provisions. It shall be the duty of the Secretary to furnish such advice and assistance as will best promote the purposes of this section, including participation in coordination of research initiated under this section by the eligible institution, from time to time to indicate such lines of inquiry as to him seem most important, and to encourage and assist in the establishment and maintenance of cooperation by and between the several eligible institutions, the State agricultural experiment stations, and between them and the Department.

(g) (1) On or before the first day of October in each year after the passage of this Act, the Secretary shall ascertain whether each eligible institution is entitled to receive its share of the annual appropriations under this section and the amount which thereupon each is entitled, respectively, to receive.

(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that any portion of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount shall be deducted from the next succeeding annual allotment to the institution.

(3) If the Secretary shall withhold from any eligible institution any portion of the appropriations available for allotment, the facts and reasons therefor shall be reported to the President and the amount involved shall be kept separate in the Treasury until the close of the next Congress. If the next Congress shall not direct such sum to be paid, it shall be carried to surplus.

(4) The Secretary shall make an annual report to the Congress during the first regular session of each year of the receipts and expenditures and work of the eligible institutions in all the States under the provisions of this section and also whether any portion of the appropriation available for allotment to any institution has been withheld and if so the reasons therefor.

(h) Nothing in this section shall be construed to impair or modify the legal relation existing between any of the eligible institutions and the government of the States in which they are respectively located.

EXTENSION EDUCATION; SMALL FARMS, NUTRITION, ENERGY CONSERVATION, WATER CONSERVATION, FORESTRY, AND ANIMAL DISEASES

SEC. 1324. Under existing authorities provided by the Act of May 8, 1914 (38 Stat. 372) (known as the Smith-Lever Act) as amended and the Act of August 30, 1972 (known as the Rural Development Act of 1972), using additional funds as may be authorized by this Act, the cooperative extension services shall, in addition to expanding efforts in other areas, give increasing attention to education programs for—

(a) meeting the needs of small farm operators, putting more emphasis on management skills and individual husbandry in the use of known practices, and further developing scientific and technological information to improve and preserve the family farm system in the United States;

(b) human nutrition, including food utilization for all segments of society;

(c) energy conservation, including techniques to accomplish such conservation and the need for such conservation on the part of individual citizens, households, businesses, and agricultural and industrial firms;

(d) water conservation, including the development and dissemination of scientific and technological information to improve methods, procedures and practices for conserving water (such as irrigation management, tail water reuse, desalination, and crop conversion);

(e) forestry and natural resources, including developing, transferring, and seeking the application of scientific and technological information to improve forest and other renewable natural resources management; special emphasis shall be given to opportunities for improving the productivity of small private woodlands; to modernizing wood harvesting and utilization; to developing and disseminating reliable multiple-use resource management information to all landowners and consumers, and the general public; to wildlife management, watershed management, and recreational management; and to cultural practices, including reforestation, protection, and related matters;

(f) animal disease and health care, including nutrition and related areas; and

(g) the use of organic waste materials to improve soil tilth and fertility.

COOPERATIVE EXTENSION AT 1890 LAND-GRANT COLLEGES INCLUDING TUSKEGEE INSTITUTE

SEC. 1325. (a) There are hereby authorized to be appropriated annually such sums as Congress may determine necessary to support continuing agricultural and forestry extension at colleges eligible to receive funds under the Act of August 30, 1890, as amended (7 U.S.C. 321–326 and 328), and Tuskegee Institute (hereinafter referred to as "eligible institutions"). Beginning in fiscal year 1979, there shall be appropriated under this section for each fiscal year an amount not less than 4 per centum of the total appropriations for such year under the Act of May 8, 1914, as amended (7 U.S.C. 343(c)): *Provided,* That the amount appropriated in fiscal year 1979 shall not be less than the amount made available in the fiscal year ending September 30, 1978, to such eligible institution, under section 3(d) of the Act of May 8, 1914, as amended (7 U.S.C. 343(d)). Funds appropriated under this section shall be used for expenses of conducting extension programs and activities, and for contributing to the retirement of employees subject to provisions of the Act of March 4, 1940, as amended (7 U.S.C. 331). No more than 20 per centum of the funds received by an institution in any fiscal year may be carried forward to the succeeding fiscal year.

(b) Beginning in fiscal year 1979, any funds appropriated under this section up to the amount appropriated in fiscal year 1978 for these eligible institutions, pursuant to section 3(d) of the Act of May 8, 1914, as amended (7 U.S.C. 343(d)), shall be allocated among the eligible institutions in the same relative proportion as for fiscal year 1978. Any funds appropriated in addition to the amount for fiscal year 1978 shall be distributed to the eligible institutions as follows:

(1) Four per centum of the sum appropriated each year shall be allotted to the Extension Service for administrative, technical, and other services, and for coordinating the extension work of the Department and the several States, territories, and possessions.

(2) Of the remainder so appropriated each fiscal year, 20 per centum shall be paid to the eligible institutions in equal proportions; 40 per centum shall be paid to the eligible institutions in the proportion that the rural population of the State in which the eligible institution is located bears to the total rural population of all the States in which eligible institutions are located, as determined by the last preceding decennial census; and the balance shall be paid to the eligible institutions in the proportion that the farm population of the State in which the eligible institution is located bears to the total farm population of all the States in which the

eligible institutions are located as determined by the last preceding decennial census. In computing the above distribution, the allotments to Tuskegee Institute and Alabama Agricultural and Mechanical University shall be determined as if each institution were in a separate State.

(c) The State director of the cooperative extension service and the administrative head of outreach of the eligible institution in each State where an eligible institution is located shall jointly develop, by mutual agreement, a comprehensive program of extension for such State to be submitted for approval by the Secretary within one year of the enactment of this Act.

(d) On or about the first day of October in each year after passage of this Act, the Secretary shall ascertain whether each eligible institution is entitled to receive its share of the annual appropriation for cooperative extension work under this section and the amount which it is entitled to receive. Before the funds herein provided shall become available to any eligible institution for any fiscal year, plans for the work to be carried out under this section shall be submitted by the proper officials of each institution and approved by the Secretary. Such sums shall be paid in equal quarterly payments on or about October 1, January 1, April 1, and July 1, of each year to the treasurer or other officer of the eligible institution duly authorized to receive the same, and such officer shall be required to report to the Secretary on or about the first day of December of each year, a detailed statement of the amount so received during the previous fiscal year and its disbursement on forms prescribed by the Secretary.

(e) If any portion of the moneys received by the designated officer of any eligible institution for the support and maintenance of cooperative agricultural extension work, as provided in this section shall by any action or contingency be diminished or lost or be misapplied, it shall be replaced by said institution and until so replaced no subsequent appropriation shall be apportioned or paid to said institution. No portion of said moneys shall be applied, directly or indirectly, to the purchase, erection, preservation, or repair of any building or buildings, or the purchase or rental of land, or in college course teaching, lectures in college, or any other purpose not specified in this section. It shall be the duty of said institutions, annually, on or about the first day of January, to make to the Governor of the State in which it is located a full and detailed report of its operations in extension work as defined in this section, including a detailed statement of receipts and expenditures from all sources for this purpose, a copy of which report shall be sent to the Secretary.

(f) If the Secretary finds that an institution is not entitled to receive its share of the annual appropriation, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the next Congress in order that the institution may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be carried to surplus.

(g) To the extent that the official mail consists of correspondence, bulletins, and reports for furtherance of the purposes of this section, it shall be transmitted in the mails of the United States under penalty indicia: *Provided, however,* That each item shall bear such indicia as are prescribed by the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such items may be mailed from a principal place of business of the eligible institution or from an established subunit of that institution.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1326. The Secretary shall transmit to the Congress not later than March 31, 1979, an evaluation of the economic and social consequences of the programs of the Extension Service and the cooperative extension services, including those relating to agricultural production and distribution, home economics, nutrition education (including the expanded food and nutrition educational program), community development and 4–H youth programs. No less than $1,500,000 and no more than $2,500,000 of the funds appropriated for the purposes of carrying out the extension programs of the Department shall be used for this evaluation.

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1327. The Secretary of Agriculture, subject to such coordination with other Federal officials and agencies as the President may direct, is authorized to:

(1) expand the operational coordination of the Department of Agriculture with agricultural research and extension activities around the world by exchanging research materials and results and by conducting joint or coordinated research and extension on problems of significance to agriculture in the United States;

(2) assist the programs of the Agency for International Development in agricultural research and extension in developing countries;

(3) work with developed countries on agricultural research and extension, including the stationing of United States scientists at national and international institutions in such countries;

(4) assist in strengthening research and extension capabilities among United States colleges and universities which are relevant to agricultural development activities overseas; and

(5) further develop within the Department of Agriculture highly qualified experienced scientists who specialize in international agricultural programs, to be available for the activities described in this section.

WEATHER AND WATER ALLOCATION RESEARCH STUDY

SEC. 1328. The Secretary shall conduct a comprehensive study of the effects of changing climate and weather on crop and livestock productivity and, within twelve months of the enactment of this Act, submit to the President and the Congress a report, together with pertinent recommendations, on this study. The study shall include—

(a) an assessment of what is occurring in this Nation's climate and weather and the possible impact of changes in this field on our total economy and on future food and feed availability and prices;

(b) a review of Federal and State water allocation policies; and

(c) a consideration of strategies and techniques for dealing with water shortages in the United States that could occur if current climate and weather conditions continue or become more severe.

ORGANIC FARMING STUDY

SEC. 1329. The Secretary shall conduct, and, within twelve months of the date of enactment of this Act, submit to the President and to the Congress a report containing the results of his recommendations concerning, an investigation and analysis of the practicability, desirability, and feasibility of collecting organic waste materials, including manure, crop and food wastes, industrial organic waste, municipal sewage sludge, logging and wood-manufacturing residues, and any other organic refuse, composting, or similarly treating such materials, transporting and placing such materials onto the land to improve soil tilth and fertility. The analysis shall include the projected cost of such collection, transportation, and placement in accordance with sound locally approved soil and water conservation practices.

PAYMENT OF FUNDS

SEC. 1330. Except as provided elsewhere in this Act or any other Act of Congress, funds available for allotment under this Act shall be paid to each eligible institution or State at such times and in such amounts as shall be determined by the Secretary.

WITHHOLDING OF FUNDS

SEC. 1331. Except as provided elsewhere in this Act or any other Act of Congress, if the Secretary determines that an eligible institution or State is not entitled to receive its allotment of an annual appropriation because of a failure to satisfy requirements of this Act or regulations issued under it, the Secretary shall withhold such amounts, the facts and reasons concerning the determination and withholding shall be reported to the President, and the amount involved shall be deposited in the miscellaneous receipts of the Treasury.

AUDITING, REPORTING, BOOKKEEPING, AND ADMINISTRATIVE REQUIREMENTS

SEC. 1332. (a) Assistance provided under this Act shall be subject to the recordkeeping and audit provisions of section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i; 79 Stat. 431).

(b) The Secretary shall provide that each recipient of assistance under this Act shall submit an annual report, at such times and on such forms as the Secretary shall prescribe, stating the accomplishments of projects (on a project-by-project basis) for which such assistance was used and accounting for the use of all such assistance. If the Secretary determines that any portion of funds made available under this Act has been lost or applied in a manner inconsistent with the provisions of this Act or regulations issued thereunder, the recipient of such funds shall reimburse the Federal Government for the funds lost or so applied, and the Secretary shall not make available to such recipient any additional funds under this Act until the recipient has so reimbursed the Federal Government.

(c) Grants or assistance authorized under this Act shall be limited to allowable overhead costs necessary to carry out the provisions of a grant, unless otherwise provided in this Act.

(d) Three per centum of the appropriations, unless otherwise specified under this Act, shall be retained by the Secretary for the administration of the programs authorized under this Act.

(e) The Secretary shall establish appropriate criteria for grant and assistance approval and necessary regulations pertaining thereto.

LIBRARIES AND INFORMATION NETWORK

SEC. 1333. (a) It is the policy of Congress to provide the mechanism and authorization to facilitate cooperation, coordination, and the more effective utilization of disparate agricultural libraries and information units, and to—

(1) assure that the needs related to agricultural research and education are effectively planned, coordinated, and evaluated.

(2) establish a structure for the coordination of libraries of colleges and universities, Department libraries, and their closely allied information gathering and disseminating units, and to work in close conjunction with private industry and other research libraries;

(3) provide effective access by all colleges and universities and Department personnel to literature and information services not now adequately provided; and

(4) strengthen or establish programs for training in information utilization, including research grants for librarians, information scientists, and agricultural scientists.

(b) Programs shall be carried out through cooperative agreements, grants, or contracts.

(c) There is hereby established within the National Agricultural Library of the Department a Food and Nutrition Information and Education Resources Center. Such Center shall be responsible for—

(1) assembling and collecting food and nutrition education materials, including the results of nutrition research, training methods and procedures, and other materials related to the purpose of this Act; and

(2) maintaining such information and materials in a library and providing for their dissemination on a regular basis to State educational agencies and other interested persons.

(d) Funds are authorized to be appropriated annually in such amounts as Congress may determine to support the purposes of this section. The Secretary is authorized to carry out this section with existing facilities through the use of grants, contracts, or such other means as he deems appropriate and to require matching of funds. No funds appropriated to support the purposes of this section shall be used to purchase additional equipment unless specifically authorized by law subsequent to the date of enactment of this Act.

AUTHORIZATION OF APPROPRIATIONS FOR EXISTING AND CERTAIN NEW AGRICULTURAL RESEARCH PROGRAMS

SEC. 1334. (a) Notwithstanding any authorization for appropriations for food and agricultural science research in any Act existing prior to the date of enactment of this Act, there is authorized to be appropriated for the purposes of carrying out the provisions of this Act, except sections 1314, 1315, 1316, 1326 and the programs provided for in subsections (b), (c), (d), and (e) of this section, and except that authorization for moneys provided under the Act of March 2, 1887 (commonly known as the Hatch Act) are excluded and are provided for in subsection (b), $505,000,000 for the fiscal year ending September 30, 1978, $575,000,000 for the fiscal year ending September 30, 1979, $645,000,000 for the fiscal year ending September 30, 1980, $715,000,000 for the fiscal year ending September 30, 1981, and $780,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year.

(b) Notwithstanding any authorization for appropriations for agricultural research at State agricultural experiment stations in any Act existing prior to the date of enactment of this Act, there is authorized to be appropriated for the purpose of conducting food and agricultural science research at State agricultural experiment stations under the Act of March 2, 1887, as amended (commonly known as the Hatch Act), $120,000,000 for fiscal year ending September 30, 1978, $145,000,000 for the fiscal year ending September 30, 1979, $170,000,000 for the fiscal year ending September 30, 1980, $195,000,000 for the fiscal year ending September 30, 1981, and $220,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may hereafter be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPROPRIATIONS FOR COMPETITIVE GRANTS

(c) There is authorized to be appropriated for the purpose of carrying out the provisions of section 1312 of this Act $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending September 30, 1980, $40,000,000 for the fiscal year ending September 30, 1981, and $50,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may after the date of enactment of this Act be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

(d) Notwithstanding any authorization for appropriations for the Cooperative Extension Service in any Act existing prior to the date of enactment of this Act, there is authorized to be appropriated for the purposes of carrying out the extension programs of the Department $260,000,000 for the fiscal year ending September 30, 1978, $280,000,000 for the fiscal year ending September 30, 1979, $300,000,000 for the fiscal year ending September 30, 1980, $320,000,000 for the fiscal year ending September 30, 1981, and $350,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may after the date of enactment of this Act be authorized by law for any subsequent fiscal year.

AUTHORIZATION OF APPROPRIATIONS FOT TEACHING IN FOOD AND AGRICULTURAL SCIENCES

(e) There is authorized to be appropriated for the purposes of carrying out the provisions of section 1321 of this Act $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending September 30, 1980, $40,000,000 for the fiscal year ending September 30, 1981, and $50,000,000 for the fiscal year ending September 30, 1982, and not in excess of such sums as may after the date of enactment of this Act be authorized by law for any subsequent fiscal year.

MISCELLANEOUS

SEC. 1335. (a) Section 3(c)(4) of the Act entitled "An Act to establish agricultural experiment stations in connection with the colleges established in the several States under the provisions of an Act approved July second, eighteen hundred and sixty-two, and of Acts supplementary thereto", approved March 2, 1887, as amended (7 U.S.C. 361c(c)(4); 24 Stat. 441, as amended) is repealed.

(b) Section 3(c)5 of such Act, as amended (7 U.S.C. 361c(c)(5)), is amended by adding at the end thereof a new sentence to read as follows: "These administrative funds may be used for transportation of non-Federal scientists to research meetings for the purpose of assessing research opportunities for a broad area and for research planning.".

(c) Section 3 of the Act of May 8, 1914, as amended (7 U.S.C. 343), is amended by adding thereto a new subsection (e) to read as follows:

"(e) Insofar as the provisions of subsections (b) and (c) of this section, which require or permit Congress to require matching of Federal funds, apply to the Virgin Islands and Guam, such provisions shall be deemed to have been satisfied, in fiscal years 1978 and 1979 only, if the amounts budgeted and available for expenditure by the Virgin Islands and Guam in such years equal the amounts budgeted and available for expenditure by the Virgin Islands and Guam in fiscal year 1977.".

TITLE XIV—AGRICULTURAL SOLAR ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1977

SEC. 1401. This title may be cited as the "Agricultural Solar Energy Research, Development, and Demonstration Act of 1977".

Subtitle I—Existing Programs

AGRICULTURAL RESEARCH

SEC. 1402. The Act of June 29, 1935 (popularly known as the Bankhead-Jones Act), as amended, is amended—

(1) by inserting after "electricity and other forms of power;" in the third sentence of section 1 (7 U.S.C. 427) the following: "research and development relating to uses of solar energy with respect to farm buildings, farm homes, and farm machinery (including equipment used to dry crops and provide irrigation);";

(2) by adding at the end of section 1 the following new sentence: "For purposes of this title, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Energy Research and Development Act of 1974, as amended,"; and

(3) by adding at the end of section 10 (7 U.S.C. 427i) the following new subsection:

"(f) Of the sums authorized to be appropriated for any fiscal year under subsection (a) of this section, $25,000,000 is authorized to be appropriated to carry out research and development relating to uses of solar energy with respect to farm buildings, farm homes, and farm machinery (including equipment used to dry crops and provide irrigation).".

AGRICULTURAL EXTENSION

SEC. 1403. The Act of May 8, 1914 (popularly known as the Smith-Lever Act), as amended, is amended—

(1) by inserting after "subjects relating to agriculture" in the first section (7 U.S.C. 341) the following: ", uses of solar energy with respect to agriculture,";

"(2) by adding at the end of the first section the following new sentence: "For the purposes of this Act, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Energy Research and Development of 1974, as amended.";

(3) by inserting after "demonstrations in agriculture" in section 2 (7 U.S.C. 342) the following: ", uses of solar energy with respect to agriculture,"; and

(4) by adding at the end of section 3(a) (7 U.S.C. 343(a)) the following new sentence: "Five per centum of the sums so authorized to be appropriated for each fiscal year is authorized to be appropriated to carry out cooperative agricultural extension work with respect to uses of solar energy.".

RURAL DEVELOPMENT

SEC. 1404. (a) Section 303 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923) is amended by inserting "(a)" immediately before the first sentence and by adding the following new subsections at the end of such section:

"(b) For purposes of this subtitle—

"(1) the term 'improving farms' includes, but is not limited to, the acquisition and installation of any qualified non-fossil energy system in any residential structure located on a family farm; and

"(2) The term 'qualified non-fossil energy system' means any system that utilizes technologies to generate fuel, energy, or energy-intensive products from products, other than fossil fuels, as included in the Federal Nonnuclear Energy Research and Development Act of 1974, as amended.".

(b) Section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by inserting after "poultry, and farm equipment" in clause (2) the following: "(including equipment which utilizes solar energy)"; and

(2) by adding at the end of such section the following new sentence: "For the purposes of this subtitle, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Research and Development Act of 1974, as amended.".

Subtitle II—Solar Demonstration Farms

SOLAR RESEARCH INFORMATION SYSTEM

SEC. 1405. The Secretary of Agriculture (hereinafter in this title referred to as the "Secretary"), through the Cooperative State Research Service and such other agencies within the Department of Agriculture as the Secretary considers appropriate, shall, by June 1, 1978, and by June 1 in each year thereafter, make a compilation of all solar energy research projects being carried out during such year and the results of such projects. In making a compilation under this section, the Secretary shall consult with the Energy Research and Development Ad-

ministration, other appropriate United States Government agencies, the Agricultural Institute of the National Academy of Sciences, and private and nonprofit institutions which are carrying out solar energy research projects. Such projects shall include, but shall not be limited to, heating and cooling methods for farm structures and dwellings (such as greenhouses and livestock shelters), storage of power, operation of farm equipment (including irrigation pumps, crop dryers, and electric vehicles), and development of new technology to be used on farms which are powered by other than fossil fuels or derivatives thereof.

ADVISORY COMMITTEE

SEC. 1406. In order to assist the Secretary in carrying out his functions under this subtitle, the Secretary is authorized to establish an Advisory Committee within the Department of Agriculture or utilize an existing Advisory Committee, if a suitable one exist, for such purposes.

SEC. 1407. The Chairman and members of any Advisory Committee established by the Secretary under section 1406 shall be appointed by the Secretary for such term as the Secretary may prescribe. The Committee shall consist of a number of members, as determined by the Secretary, fairly balanced in terms of points of views represented and functions to be performed. It is the sense of Congress that the advice and recommendations of any Advisory Committee used under this title should be the result of the Committee's independent findings and judgment.

SEC. 1408. Any Advisory Committee which the Secretary may use to assist him under this subtitle shall have the following functions, among other functions assigned to it by the Secretary. It shall—

(a) as soon as practicable after completion of a compilation under section 1405 meet with regional representatives of the State departments of agriculture—

(1) to determine and make recommendations concerning which solar energy research projects included in such compilation are, with respect to each State and region, useful and beneficial taking into consideration—

(i) the energy and agricultural needs and resources of such State or region;

(ii) the condition of soil and water resources in such State or region;

(iii) the needs of small farmers in such State or region;

(iv) the feasibility of using various energy systems in such State or region considering the climate, weather, wind velocity, number of farms (especially livestock farms), sizes of farms, and other factors which affect the usage of energy systems in such State or region;

(v) the practicability and expense of carrying out and demonstrating a project in such State or region; and

(vi) such other factors as the Committee may determine; and

(2) to review and evaluate each solar energy research project being carried out under sections 1414 and 1415 in each State and region with respect to—

(i) the results, progress, and effectiveness of such project;

(ii) the degree of local interest with regard to such project; and

(iii) the factors described in subparagraph (1);

(b) as soon as practicable after a meeting held under paragraph (a) and based on the determinations and evaluations made during such meeting, recommend to the Secretary solar energy research projects which the Committee determines should be started, continued, continued with modifications, or discontinued under sections 1414 and 1415 in such State or region during the fiscal year beginning after such recommendation;

(c) make recommendations to the Secretary regarding applications from State Departments of Agriculture for grants under section 1413; and

(d) prepare and submit an annual report to the Secretary and to each House of the Congress containing a detailed summary of the recommendations made under paragraph (b) and of the results of the evaluation carried out under paragraph (a)(2).

SEC. 1409. (a) Except as provided in subsection (b), members of the Committee shall serve without pay.

(b) Members of the Committee who are full-time officers or employees of the United States or Members of Congress shall receive no additional pay on account of their service on the Committee.

(c) While away from their homes or regular places of business in the performance of services for the Committee, members shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

SEC. 1410. (a) The Secretary shall provide an adequate number of employees from the Department of Agriculture to assist the members of the Committee in performing their duties.

(b) The Committee may procure temporary and intermittent services of experts and consultants to the same extent as is authorized by section 3109(b) of title 5, United States Code.

(c) Upon request of the Committee, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Committee to assist it in carrying out its duties under this subtitle.

SEC. 1411. Upon request of the Chairman of the Committee, each department, agency, and instrumentality of the United States shall furnish to the Committee such information as the Committee deems necessary to carry out its duties under this Act. The Committee may acquire, by purchase or otherwise, from the departments, agencies, and instrumentalities of the States and political subdivisions of States and from private and nonprofit institutions such information concerning solar energy research projects as the Committee deems necessary to carry out its duties under this title.

SEC. 1412. Any committee appointed by the Secretary under this section shall not continue in existence beyond September 30, 1981, unless extended by Act of Congress.

GRANT PROGRAM

SEC. 1413. (a) In order to promote the establishment, operation, and demonstration of solar energy research projects, the Secretary shall use 80 per centum of the funds authorized to be appropriated under this subtitle to make grants to State departments of agriculture for the purposes of establishing model farms under section 1414 and demonstrations of solar energy research projects under section 1415.

(b) Any State department of agriculture may submit to the Secretary an application to receive a grant under this subtitle at such times, in such form, and containing such information as the Secretary may, by rule, require.

(c) The Secretary may only make a grant under this subtitle to a State department of agriculture if such department—

(1) agrees to comply with the provisions of sections 1414 and 1415; and

(2) agrees to provide such fiscal control and fund accounting procedures as the Secretary deems necessary to assure proper disbursement and accounting of Federal funds which such department receives under this subtitle.

(d) Grants to carry out activities under this subtitle are for obligation in the fiscal year for which they are made available. Any grant made available to a State department of agriculture and not obligated by that department during the fiscal year for which it is made shall not be available for obligation in a subsequent fiscal year.

(e) Any State department of agriculture receiving a grant under this subtitle with respect to any fiscal year shall be eligible to receive grants under this subtitle with respect to subsequent fiscal years, except that if the department does not comply with the provisions of its agreement under subsection (c), the Secretary may not make a subsequent grant under this subtitle to the department until the department complies with such provisions.

(f) The Secretary shall determine the amount of a grant under this subtitle, except that with respect to any fiscal year, no State department of agriculture may receive more than 5 per centum of the funds authorized to be appropriated to carry out the provisions of this subtitle.

MODEL FARMS

SEC. 1414. (a) After receiving recommendations from the Secretary as to solar energy projects to be carried out in the State with grants made available under this subtitle each State department of agriculture receiving a grant under this subtitle for the fiscal year with respect to which such recommendations is made shall meet with its regional representative and, from among the projects included in such recommendations, shall select the projects to be carried out in that State during such fiscal year under this section.

(b) During the first fiscal year for which a State department of agriculture receives a grant under this subtitle the department shall establish (working with the Extension Service of the Department of Agriculture and with State agricultural experiments stations, agricultural institutes of higher education, and private and nonprofit institutions, which are loacted in the State and which carry out solar energy research projects in the State) a farm—

(1) which demonstrates all the solar energy-research projects selected to be carried out in the State under subsection (a);

(2) which is located in the State on land owned by the State; and

(3) which uses other farming practices, such as raising livestock and crops, in order to make such farm a model farm which uses new and improved methods of agriculture.

(c) Any livestock and crops produced on a model farm established under this section may be sold by the State department of agriculture which established such farm, and any funds received from such sales shall be paid to the United States Department of Agriculture for deposit into the miscellaneous receipts of the Treasury of the United States.

(d) Each State department of agriculture receiving a grant under this subtitle for any fiscal year shall, during such year—

(1) provide tours of the model farm established by it under this section to farmers and other interested groups and individuals and, upon request, provide such farmers, groups, and individuals with information concerning the operation of such model farm and the demonstrations, if any, established by it under section 1415;

(2) determine the costs of energy, the income, and the total costs of such model farm;

(3) submit a report concerning the use of equipment, income, costs, operating difficulties, and farmer interest with respect to such model farm and the demonstrations, if any, established by it under section 1415, along with any recommendations concerning continuation and modification of projects being carried out in the State under this section and section 1415, to its regional representative who shall submit the report at the next meeting held under section 1408(b).

DEMONSTRATION FARMS

SEC. 1415. (a) During each fiscal year after the first two fiscal years for which a State department of agriculture receives grants

under this subtitle, the department shall establish not less than ten demonstrations of solar energy research projects which the department selects from among the projects demonstrated on the model farm established by the department under section 1414. Such demonstrations shall be carried out on farms which are already operating in the State.

(b) A State department of agriculture shall enter into a written agreement with any person who owns a farm selected by the department and who is willing to carry out a demonstration under this section. Such agreement shall include the following provisions concerning solar energy research projects which the owner agrees to demonstrate on such farm:

(1) the owner shall carry out such projects on such farm for a period of five years;

(2) tools, equipment, seeds, seedlings, fertilizer, equipment and other agricultural materials and technology which are necessary to carry out such projects and which, on the date of such agreement, are not commonly being used on farms in such State, shall be provided by the department;

(3) during the five-year period, the department, with the assistance of the Extension Service of the Department of Agriculture, shall provide the owner with technical assistance concerning such projects;

(4) during the five-year period and for such other periods as the department deems necessary, the owner shall—

(A) keep a monthly record for such farm of changes, if any, in energy usage and costs, the amount of agricultural commodities produced, the costs of producing such amount, and the income derived from producing such amount, and of such other data concerning such projects as the department may require; and

(B) transmit to the department such monthly records, along with a report containing his or her findings, conclusions, and recommendations concerning such projects;

(5) during the five-year period, the owner shall give tours of such farm to farmers and other interested groups and individuals and provide them with a summary of the costs of carrying out such projects;

(6) all right, title, and interest to any agricultural commodity produced on such farm as a result of such projects shall be in the owner;

(7) at the end of the five-year period, the owner shall have all right, title, and interest to any materials and technology provided under paragraph (2); and

(8) such other provisions as the Secretary may, by rule, reqiure.

DEFINITIONS

SEC. 1416. For purposes of this subtitle—

(1) the term "institute of higher education" means an educational institution in any State which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (B) is legally authorized within such State to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (D) is a public or other nonprofit institution, and (E) is accredited by a nationally recognized accrediting agency or association;

(2) the term "solar energy" means energy derived from sources (other than fossil fuels) and technologies included in the Federal Nonnuclear Energy Research and Development Act of 1974, as amended;

(3) the term "region" means any of the four regions into which States are divided by the Secretary for the purposes of this title;

(4) the term "State" means any State of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Island; and

(5) the term "State agricultural experiment station" means a department which has been established under the direction of a college or university in any State in accordance with the Act entitled "An Act donating Public Lands to the several States and Territories which may provide Colleges for the Benefit of Agriculture and the Mechanics Arts", approved July 2, 1862 (12 Stat. 503; 7 U.S.C. 301–305, 307, and 308); or a department which is established pursuant to standards prescribed by the State and the purpose of which is to conduct agricultural research.

AUTHORIZATION OF APPROPRIATION

SEC. 1417. There is authorized to be appropriated $20,000,000 for this subtitle for the period beginning October 1, 1977, and ending September 30, 1981, and thereafter such sums as may be authorized by Congress.

SUBTITLE III—REGIONAL SOLAR ENERGY RESEARCH AND DEVELOPMENT CENTERS

REGIONAL CENTERS

SEC. 1418. In order to provide for research and development projects having a national or regional application, the Secretary of Agriculture shall establish in existing Federal facilities or in cooperation with State and local government agencies, including State departments of agriculture, colleges and universities, or other qualified persons and organizations including local nonprofit research groups, no less than three nor more than five regional solar energy research and development centers in the United States, to be variously located so as to reflect the unique solar characteristics of different latitudes and climatic regions within the United States. Funds used in the operation of such regional centers may be used for the rehabilitation of existing buildings or facilities to house such centers, but may not be used for the construction or acquisition of new buildings.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1419. There are authorized to be appropriated such funds as are needed to carry out the provisions of this subtitle.

TITLE XV—FEDERAL GRAIN INSPECTION

RECORDS

SEC. 1501. Section 12(d) of the United States Grain Standards Act (90 Stat. 2882; 7 U.S.C. 87a(d)) is amended by striking out "shall, within the five-year period thereafter, maintain complete and accurate records of purchases, sales, transportation, storage, weighing, handling, treating, cleaning, drying, blending, and other processing, and official inspection and official weighing of grain," and inserting in lieu thereof the following: "shall maintain such complete and accurate records for such period of time as the Administrator may, by regulation, prescribe for the purpose of the administration and enforcement of this Act,".

SUPERVISION FEES

SEC. 1502 (a) Section 7(j) of the United States Grain Standards Act (90 Stat. 2873; 7 U.S.C. 79(j)) is amended by—

(1) striking out "administrative and supervisory costs" in the second sentence of paragraph (1) and inserting in lieu thereof "50 per centum of administrative and supervisory costs"; and

(2) striking out "the estimated costs incurred by the Service (outside of the Washington office) relating to direct supervision of official agency personnel" in the first sentence of paragraph (2) and inserting in lieu thereof "50 per centum of the estimated costs incurred by the Service (outside of the Washington office) relating to direct supervision of agency personnel".

(b) Section 7A(1) of the United States Grain Standards Act (90 Stat. 2877; 7 U.S.C. 79a(1)) is amended by—

(1) striking out "administrative and supervisory costs" in the second sentence of paragraph (1) and inserting in lieu thereof "50 per centum of administrative and supervisory costs";

(2) striking out "section (7)(j)" in the third sentence of paragraph (1) and inserting in lieu thereof "section 7(j)"; and

(3) striking out "the costs incurred by the Service (outside of the Washington office)" in the first sentence of paragraph (2) and inserting in lieu thereof "50 per centum of the estimated costs incurred by the Service (outside of the Washington office)".

(c) Section 21 of the United States Grain Standards Act of 1976 (90 Stat. 2886) is amended by striking out "those Federal administrative and supervisory costs incurred within the Service's Washington office or not directly related to the official inspection or the provision of weighing services for grain" and inserting in lieu thereof the following: "those Federal administrative and supervisory costs related to the official inspection or the provision of weighing services for grain which are not required to be covered by fees as provided for in sections 7(j) and 7A(1) of this Act".

(d) The provisions of this section shall become effective October 1, 1977.

ESTABLISHMENT OF TEMPORARY ADVISORY COMMITTEE

SEC. 15.3. (a) In order to assure the normal movement of grain in an orderly and timely manner, the Secretary of Agriculture shall establish a temporary advisory committee to provide advice to the Administrator of the Federal Grain Inspection Service with respect to the implementation of the United States Grain Standards Act of 1976. The advisory committee shall consist of not more than twelve members, appointed by the Secretary, representing the interests of grain producers, consumers, and all segments of the grain industry, including grain inspection and weighing agencies. Members of the advisory committee shall be appointed not later than thirty days after the date of enactment of this Act.

(b) The advisory committee shall be governed by the provisions of the Federal Advisory Committee Act.

(c) The Administrator of the Federal Grain Inspection Service shall provide the advisory committee with necessary clerical assistance and staff personnel.

(d) Members of the advisory committee shall serve without compensation, if not otherwise officers or employees of the United States, except that members shall, while away from their homes or regular places of business in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5 of the United States Code.

(e) The advisory committee shall terminate eighteen months after the date of enactment of this Act.

(f) Effective October 1, 1977, there are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.

TECHNICAL AMENDMENTS

SEC. 15.4. The United States Grain Standards Act (39 Stat. 482–485, as amended; 7 U.S.C. 71, 74–79, 79a and 79b, 84–87, and 78a–78h) is amended as follows:

(a) Section 3 is amended by—

(1) striking out "grain sorghum" in subsection (g) and inserting in lieu thereof "sorghum";

(2) amending subsection (m) to read as follows:

"(m) the term 'official agency' means any State or local governmental agency, or any person, designated by the Administrator pursuant to section 7 of this Act for the conduct of official inspection (other than appeal inspection), or section 7A of this Act for the conduct of official weighing or supervision of weighing (other than appeal weighing);";

(3) inserting "for" immediately after "under standards provided" in subsection (x); and

(4) amending subsection (y) to read as follows:

"(y) the term 'supervision of weighing' means such supervision of the grain-weighing process as is determined by the Administrator to be adequate to reasonably assure the integrity and accuracy of the weighing and of certificates which set forth the weight of the grain and such physical inspection of the premises at which the grain weighing is performed as will reasonably assure that all the grain intended to be weighed has been weighed and discharged into the elevator or conveyance;".

(b) Section 3A is amended by inserting at the end thereof the following: "The Secretary may delegate authority to the Federal Grain Inspection Service to perform related functions for grain and similar commodities and products thereof under other statutes administered by the Department of Agriculture. Notwithstanding any other provision of law, the Secretary is authorized to appoint four individuals to positions of grade 16 of the General Schedule in the Federal Grain Inspection Service.".

(c) Section 4(a) is amended by—

(1) striking out "grain sorghum" and inserting in lieu thereof "sorghum";

(2) inserting a comma after "equipment calibration and maintenance"; and

(3) inserting "or procedures" after "standards" wherever it appears in paragraph (2) and striking out "procedures" after "weight certification".

(d) Section 7 is amended by—

(1) designating the third sentence in paragraph (2) of subsection (e) as paragraph (4) of subsection (e) and inserting it at the end of subsection (e);

(2) amending subsection (f) by—

(A) in the first sentence of paragraph (2), inserting "or State delegated authority pursuant to subsection (e)(2) of this section" immediately after "Not more than one official agency", inserting "inspection" immediately before "provisions of this Act", and striking out ", but this paragraph shall not be applicable to prevent any inspection agency from operating in any area in which it was operative on August 15, 1968";

(B) striking out "No" in the second sentence of paragraph (2) and inserting in lieu thereof "Except as authorized by the Administrator, no";

(C) designating the second sentence of paragraph (2) as paragraph (3) of subsection (f); and

(D) designating the third sentence of paragraph (2) as paragraph (4) of subsection (f);

(3) striking out "subsections (e) and (f)" in paragraph (1) of subsection (g) and inserting in lieu thereof "subsection (f)"; and

(4) adding at the end of subsection (i) a new sentence as follows: "All or specified functions of such inspections shall be performed by official inspection personnel employed by the Service or, except for appeals, by persons operating under a contract with the Service.".

(e) Section 7A is amended by—

(1) in subsection (b), inserting "at export elevators" immediately after "located other than" and inserting "or official weighing at the request of the operator of such facility," immediately after "provisions of this Act,";

(2) amending paragraph (2) of subsection (c) by—

(A) in the first sentence, inserting "or supervision of weighing" immediately after "to delegate authority to perform official weighing", inserting "official weighing or" immediately before "supervision of weighing, if such agency or person qualifies", and striking out "number" and inserting in lieu thereof "under";

(B) in clause (A) of the second sentence, striking out "at export elevators", and inserting "or supervision of weighing" immediately after "official weighing"; and

(C) inserting "official weighing or" immediately before "supervision of weighing" wherever this phrase appears in clause (B) of the second sentence;

(3) adding at the end of subsection (d) a new sentence as follows: "All or specified functions of such weighing shall be performed by official inspection personnel employed by the Service or, except for appeals, by persons operating under a contract with the Service.";

(4) striking out the second sentence of subsection (e);

(5) amending subsection (f) by—

(A) in clause (2), striking out "employ" and inserting in lieu thereof "permit", and inserting "and who are approved by the Administrator" immediately before "to operate the scales"; and

(B) in clause (3), striking out "employees of the facility" and inserting in lieu thereof "persons other than official inspection personnel", and striking out "employees to operate" and inserting in lieu thereof "such persons to operate";

(6) inserting "or supervision of weighing" immediately after "official weighing" in subsection (g);

(7) inserting "or local government agency" immediately after "No State" in subsection (i); and

(8) adding at the end of subsection (i) a new sentence as follows: "Not more than one official agency or State delegated authority pursuant to subsection (c)(2) of this section for carrying out the weighing provisions of this Act shall be operative at one time for any geographic area as determined by the Administrator to effectuate the objective stated in section 2 of this Act.".

(f) Section 7B is amended by—

(1) inserting "for the purpose of official inspection, official weighing, or supervision of weighing" immediately before "of grain located at all grain elevators" in subsection (a);

(2) at the end of subsection (a), inserting "Such regulations shall provide for the charging and collection of reasonable fees to cover the estimated costs to the Service incident to the performance of such testing by employees of the Service. Such fees shall be deposited into the fund created by section 7(j) of this Act."; and

(3) inserting "for the purposes of this Act" immediately after "no person shall use" in subsection (c).

(g) Section 8 is amended by—

(1) amending subsection (a) by—

(A) inserting ", other than appeal weighing," immediately after "supervision of weighing" in clause (1);

(B) striking out "of grain" in clause (2)(B) and inserting in lieu thereof "(including appeal weighing) of grain in the United States, or of United States grain in Canadian ports"; and

(C) in clause (3), inserting "or governmental agency" immediately after "(3) to contract with any person", and striking out "specified sampling and laboratory testing" and inserting in lieu thereof "specified sampling, laboratory testing, and similar technical functions"; and

(2) adding at the end of subsection, (e) a new sentence as follows: "The Administrator may compensate such personnel at any rate within the appropriate grade of the general schedule as he deems necessary without regard to section 5333 of title 5 of the United States Code.".

(h) Section 11 is amended by—

(1) inserting "official weighing or" immediately before "supervision of weighing" in paragraph (3) of subsection (b);

(2) in the first sentence of paragraph (5) of subsection (b), inserting "official weighing or" immediately before "supervision of weighing except", and inserting "director," immediately before "officer, employee,"; and

(3) inserting "or State agency delegated authority under this Act" immediately after "official agency" in subsection (c).

(i) Section 12 is amended by—

(1) inserting ", every State agency delegated authority under this Act," immediately after "official agency" wherever this phrase appears in subsections (a), (b), and (c); and

(2) striking out "delegate authority of this Act" in subsection (c) and inserting in lieu thereof "delegated authority under this Act".

(j) Section 13(a) is amended by—

(1) inserting ", or that any weighing service under this Act has been performed with respect to grain" immediately before the semicolon at the end of paragraph (6);

(2) striking out in paragraph (11) "5, 6, 7(f)(2), 7A, 7B(c), 8, 11, or 12" and inserting in lieu thereof "5; 6; 7(f)(2), (3), or (4); 7A; 7B(c); 8; 11; 12; or 17A";

(3) striking out "testing" in paragraph (12) and inserting in lieu thereof "weighing"; and

(4) in paragraph (13), striking out "the grain" and inserting in lieu thereof "grain", and inserting "the" immediately after "observing the loading of".

(k) Section 16 is amended by—

(1) striking out, in subsection (a), the second sentence and all that follows "or other person;" in the first sentence down through "by the Administrator." and inserting in lieu thereof the following: "and prescribe such rules, regulations, and instructions as the Administrator deems necessary to effectuate the purposes or provisions of this Act. Such regulations may require, as a condition for official inspection or official weighing or supervision of weighing, among other things, (1) that there be installed specified sampling, handling, weighing, and monitoring equipment in grain elevators, warehouses, and other grain storage or handling facilities, (2) that approval of the Administrator be obtained as to the condition of vessels and other carriers or receptacles for the transporting or storing of grain, and (3) that persons having a financial interest in the grain which is to be inspected (or their agents) shall be afforded an opportunity to observe the weighing, loading, and official inspection thereof, under conditions prescribed by the Administrator."; and

(2) striking out "additional" in subsection (f).

(l) Section 17A is amended by striking out "All persons registered" in paragraph (1) of subsection (b) and inserting in lieu thereof "All persons required to register".

(m) Section 17B is amended in clause (2) of subsection (b) by inserting "notwithstanding the provisions of section 812 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612(c)-3)," immediately after "(2)" and inserting "notice of" immediately after "Administrator or the Secretary of".

(n) Section 21 is amended by striking out "SEC. 21" and inserting in lieu thereof "SEC. 19".

SEC. 1505. (a) Section 8(b) of the United States Grain Standards Act of 1976 (90 Stat. 2874) is amended by—

(1) inserting in paragraph (3) "(which may include the application of statistical tolerances for expected variations)" immediately after "error rates of such agencies";

(2) striking out in paragraph (4) "eighteen months" and inserting in lieu thereof "thirty months"; and

(3) striking out in paragraph (5) "two years" and inserting in lieu thereof "three years".

(b) Section 27 of the United States Grain Standards Act of 1976 (90 Stat. 2889) is amended by—

(1) striking out all that follows "SEC. 27." down through "without a designation under the United States Grain Standards Act, as amended by this Act" and inserting in lieu thereof the following: "This Act shall become effective thirty days after enactment hereof; and thereafter no State or other agency or person shall provide official inspection or official weighing or supervision of weighing under the United States Grain Standards Act, as amended by this Act, at an export port location without a delegation of authority or other authorization under such amended Act, and no agency or person shall provide official inspection service or official weighing or supervision of weighing under such amended Act in any other area without a designation or other authorization under such amended Act";

(2) inserting "or other authorization under such Act" immediately after "may continue to operate in that area without a delegation or designation"; and

(3) striking out "and export elevators located at export port locations" in clause (3).

CONFLICT OF INTEREST

SEC. 1506. Section 11(b) of the United States Grain Standards Act (90 Stat. 2881-2882; 7 U.S.C. 87(b)) is amended by inserting in paragraph (5) thereof immediately following the first sentence, the following: "The Administrator shall, in making a determination under this paragraph, consider—

(A) the historical record of the organization and its employees with respect to integrity in the provision of inspection or weighing services;

(B) whether there exists a balance of buyers and sellers on the Board of Directors, or other governing body of the inspection service organized under a Board of Trade or private exchange;

(C) whether there exists an autonomous committee or other governing body to manage an inspection service provided by a Chamber of Commerce, Board of Trade, or private exchange; or

(D) such other criteria as the Administrator, after consultation with representatives of the grain trade industry, may decide is necessary and proper.

SEC. 1507. Amend section 27, clause (2) of Public Law 94-582 (90 Stat. 2867) by deleting the semicolon at the end of clause 2 and inserting the following: *Provided*, That the Administrator may allow such an affected agency or person to continue to provide official inspection or weighing if he determines that such continued operations are necessary or desirable in carrying out the requirements of the Act: *Provided further*, That whenever the Administrator makes such a determination he shall, within 30 days after making such a determination, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate detailing the factual bases for such determination.".

MISCELLANEOUS AMENDMENTS

SEC. 1608. The United States Grain Standards Act (39 Stat. 482-485, as amended; 7 U.S.C. 71, 74-79, 79a and 79b, 84-87, and 87a-87h) is amended as follows:

(a) Section 3(i) is amended by striking out "; or, upon request of the interested party applying for inspection, the quantity of sacks of grain";

(b) Section 5(a) is amended by inserting the words "or procedures" immediately following the word "standards" each place it appears therein;

(c) Section 6(a) is amended by striking out the words "factor information" and inserting in lieu thereof the word "criteria";

(d) Section 7(b) is amended by striking out the words "or quantity of sacks of grain,";

(e) Section 7A is amended by inserting in subsections (a), (b), and (e) the words "or procedures" immediately following the word "standards";

(f) Section 8(f) is amended by inserting "and weighing" immediately following the words "official inspection";

(g) Section 11(b)(4) is amended by inserting the words "or supervision of weighing" immediately following the words "official weighing";

(h) Section 13(a)(6) is amended by striking out the words "condition or quantity" and insert in lieu thereof "or condition";

(i) Sections 16(b) and 17B are amended by striking out the words "Committee on Agriculture and Forestry" each place they appear therein and inserting in lieu thereof "Committee on Agriculture, Nutrition, and Forestry"; and

(j) Section 17B(a) is amended by inserting the words "and weighing" immediately following "inspection".

SEC. 1609. The United States Grain Standards Act of 1976 (90 Stat. 2874 and 2889) is amended as follows:

(a) Section 8(b)(4) is amended by striking out the words "Committee on Agriculture and Forestry" each place they appear therein and inserting in lieu thereof "Committee on Agriculture, Nutrition, and Forestry"; and

(b) Section 27 is amended by (1) striking out "official inspection service or supervision of weighing" and inserting in lieu thereof "official inspection service, official weighing or supervision of weighing", and (2) inserting "or" immediately after the semicolon at the end of clause (2).

TITLE XVI—EFFECTIVE DATE

SEC. 1601. The Agricultural Act of 1977 shall become effective October 1, 1977, except for those provisions for which a later date is specified elsewhere in this Act.

Amend the title so as to read: "An Act to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "to establish more responsive programs for the benefit of farmers and consumers of farm products; to extend and improve the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, as amended; and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 7171) was laid on the table.

APPOINTMENT OF CONFEREES ON S. 275, FOOD AND AGRICULTURAL ACT OF 1977

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the Senate bill (S. 275) to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none, and, without objection, appoints the following conferees: Messrs. FOLEY, POAGE, DE LA GARZA, JONES of North Carolina, JONES of Tennessee, MATHIS, BOWEN, ROSE, RICHMOND, NOLAN, WEAVER, WAMPLER, SEBELIUS, FINDLEY, THONE and SYMMS; and, in addition, on issues involving Public Law 480—Title XI, International Research—Title XIII, and provisions of S. 275 on international reserves: Messrs. ZABLOCKI, PEASE, and BROOMFIELD.

There was no objection.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN SECTION NUMBERS, PUNCTUATION, TABLE OF CONTENTS AND CROSS REFERENCES IN ENGROSSMENT OF AMENDMENT TO S. 275

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendment to S. 275, the Clerk be authorized to make corrections in section numbers, punctuation, table of contents, and cross references.

The SPEAKER pro tempore Is there objection to the request of the gentleman from Washington?

There was no objection.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed and any amendments thereto on which there were separate votes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6111) entitled "An act to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6689) entitled "An act to authorize fiscal year 1978 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, to make certain changes in the Foreign Service personnel system, and for other purposes."

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 77. Joint Resolution to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes.

PROVIDING FOR PRINTING OF 2,000 COPIES OF REPORT TO ACCOMPANY H.R. 8444

Mr. FOLEY. Mr. Speaker, I offer a resolution (H. Res. 725) providing for the printing for the use of the ad hoc Committee on Energy of 2,000 additional copies of its report to accompany H.R. 8444, and ask unanimous consent for its immediate consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 725

Resolved, That there shall be printed for the use of the Ad Hoc Committee on Energy two thousand additional copies of its report to accompany H.R. 8444.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORT

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a privileged report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. KETCHUM. Mr. Speaker, reserving the right to object, I do so for the purpose of asking the distinguished gentleman what report we are talking about.

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Missouri.

Mr. BOLLING. Mr. Speaker, we are talking about the report on the rule which I anticipate will be granted in a relatively short time on the energy bill.

Mr. KETCHUM. Further reserving the right to object, I wonder if the gentleman might tell us what sort of rule he is anticipating.

Mr. BOLLING. If the gentleman will yield further, the rule that is anticipated is really very complicated. It is very hard for me to explain the whole rule and be sure that I have every bit of it said, but the matter will be considered in such a fashion that the only amendments that will be in order after it is under consideration will be the 20-odd amendments that are in the current bill that were adopted by the ad hoc Energy Committee and a substitute to be offered at the end of the bill, which will be a substitute on the Republican side and will, as I understand it, consist by specification of H.R. 8555. There will also be available to the minority side a motion to recommit with or without instructions.

In addition to that, there will be a number of other amendments which will be those that were agreed to, some in the Committee on Ways and Means, I believe, by committee action, and there will be some others that were agreed to informally in the ad hoc committee. There will be one or two others that will be agreed to, I guess we will have to say, formally in the Committee on Rules.

Mr. KETCHUM. Mr. Speaker, further reserving the right to object, I realize there has not been a vote on this rule yet, but what the gentleman is telling me, essentially, is that in this total war, as expressed by the President, the balance of the 435 Members of this House will have no opportunity whatsoever to add their input to providing us with a national energy policy. Is that essentially correct?

Mr. BOLLING. If the gentleman will yield further, I think I would put it in a rather different way. The consideration of this matter has been rather unique. I counted up the numbers of the Members who were involved in the four committees that were principally involved in original jurisdiction, and it came to something close to 170 Members of the House. There were additional Members who did not come from those committees of the original jurisdiction on the ad hoc committee, and a very large number of Members have participated in the actual drafting of this extraordinarily complicated matter. So it is not quite as simple as my friend, the gentleman from California (Mr. KETCHUM) would say.

Mr. KETCHUM. Mr. Speaker, further reserving the right to object, I would say to my friend, the gentleman from Missouri (Mr. BOLLING), that as a participant in the—for lack of a better term—construction of this very complicated piece of legislation and as a member of the Committee on Ways and Means, I do feel that just my participation or the participation of the other members of those committees really affords the other members, both Republicans and Democrats, no opportunity, which they so richly deserve, to help formulate a national energy policy.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I do so only to inquire of the Chair as to whether or not there will be further legislative business conducted today.

The SPEAKER pro tempore. The Chair will respond by saying that except for a unanimous-consent request to go to conference, a request that relates to privileges of Members, and perhaps requests relating to committees, there is no further legislative business on the schedule for today. No rules will be taken up this evening, and no bills will be voted on.

Mr. BAUMAN. Mr. Speaker, might the gentleman inquire as to what the program will be tomorrow, or will that question be answered later?

The SPEAKER pro tempore. It is beyond the province of the Chair to declare the entirety of the program for tomorrow beyond saying that it is the hope of the Chair that tomorrow the House will adopt the rule on the energy package to be considered in the House during the subsequent week, and that on tomorrow the House will also adopt a number of conference reports.

There are some 21 conference reports pending, among them a conference report creating a Department of Energy and another conference report extending the statute of limitations with respect to Indian claims.

There is the possibility of additional business, if time permits.

Mr. BAUMAN. Mr. Speaker, is there any action contemplated on the minimum wage bill?

The SPEAKER pro tempore. The Chair will say to the gentleman that it is the understanding and intention of the Chair that if time permits any action on the minimum wage bill, which has been on the schedule now for some time, the Chair would hope that it would be possible to reach the adoption of a rule on the minimum wage bill tomorrow. There is also the possibility, if time permits, to dispose of general debate or at least some of the general debate.

Mr. BAUMAN. Mr. Speaker, may I also inquire if we are still planning to adjourn at 3 o'clock, as has been the case in the past?

The SPEAKER pro tempore. The Chair would respond in the affirmative. The plan is to convene at 10 o'clock tomorrow and to adjourn at 3 o'clock tomorrow.

Mr. BAUMAN. Mr. Speaker, I thank the Chair for those responses, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. WIRTH. Mr. Speaker, reserving the right to object—and I shall not object—I do so in order to address a question to the distinguished gentleman from Missouri (Mr. BOLLING).

In the colloquy the gentleman had with the gentleman from California (Mr. KETCHUM) about the proposed rule, there was no specific reference made to the possibility of an amendment being offered on the question of the deregulation of natural gas, and I was wondering if the gentleman from Missouri might enlighten us as to the intent of the Committee on Rules at this point.

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Missouri.

Mr. BOLLING. Mr. Speaker, there is an ad hoc committee amendment on the subject of natural gas that will be offered, and there will also be made in order an amendment to be offered by the gentleman from Ohio (Mr. BROWN) on that subject.

Mr. WIRTH. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there

objection to the request of the gentleman from Missouri?

There was no objection.

CONFERENCE REPORT ON H.R. 5262, PROVIDING INCREASED PARTICIPATION BY THE UNITED STATES IN INTERNATIONAL FINANCIAL INSTITUTIONS

Mr. GONZALEZ submitted the following conference report and statement on the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank and the Asian Development Fund, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 95-544)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank and the Asian Development Fund, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—PURPOSE AND POLICY; DECLARATION OF CONGRESSIONAL INTENT IN RESPECT TO CONTINUED PARTICIPATION OF THE UNITED STATES GOVERNMENT IN INTERNATIONAL FINANCIAL INSTITUTIONS FOSTERING ECONOMIC DEVELOPMENT IN LESS DEVELOPED COUNTRIES

SEC. 101. (a) It is the sense of the Congress that—

(1) for humanitarian, economic, and political reasons, it is in the national interest of the United States to assist in fostering economic development in the less developed countries of this world;

(2) the development-oriented international financial institutions have proved themselves capable of playing a significant role in assisting economic development by providing to less developed countries access to capital and technical assistance and soliciting from them maximum self-help and mutual cooperation;

(3) this has been achieved with minimal risk of financial loss to contributing countries;

(4) such institutions have proved to be an effective mechanism for sharing the burden among developed countries of stimulating economic development in the less developed world; and

(5) although continued United States participation in the international financial institutions is an important part of efforts by the United States to assist less developed countries, more of this burden should be shared by other developed countries. As a step in that direction, in future negotiations, the United States should work toward aggregate contributions to future replenishments to international financial institutions covered by this Act not to exceed 25 per centum.

(b) The Congress recognizes that economic development is a long-term process needing funding commitments to international financial institutions. It also notes that the availability of funds for the United States contributions to international financial institutions is subject to the appropriations process.

TITLE II—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

SEC. 201. The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 27. (a) The United States Governor of the Bank is authorized—

"(1) to vote for an increase of seventy thousand shares in the authorized capital stock of the Bank; and

"(2) if such increase becomes effective, to subscribe on behalf of the United States to thirteen thousand and five additional shares of the capital stock of the Bank: *Provided, however,* That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are hereby authorized to be appropriated, without fiscal year limitation, $1,568,856,318 for payment by the Secretary of the Treasury.".

TITLE III—INTERNATIONAL FINANCE CORPORATION

SEC. 301. The International Finance Corporation Act (22 U.S.C. 282 et seq.) is further amended by adding at the end thereof the following new section—

"SEC. 11. (a) The United States Governor of the Corporation is authorized—

"(1) to vote for an increase of five hundred and forty thousand shares in the authorized capital stock of the Corporation; and

(2) if such increase becomes effective, to subscribe on behalf of the United States to one hundred and eleven thousand four hundred and ninety-three additional shares of the capital stock of the Corporation: *Provided, however,* That any commitment to make payment for such additional subscriptions shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the increase in the United States subscription to the Corporation provided for in this section, there is hereby authorized to be appropriated, without fiscal year limitation, $111,493,000 for payment by the Secretary of the Treasury.".

TITLE IV—INTERNATIONAL DEVELOPMENT ASSOCIATION

SEC. 401. The International Development Association Act, as amended (22 U.S.C. 284 et seq.), is further amended by adding at the end thereof the following new section:

"SEC. 16. (a) The United States Governor is hereby authorized to agree on behalf of the United States to pay to the Association $2,400,000,000 as the United States contribution to the fifth replenishment of the Resources of the Association: *Provided, however,* That such amounts for contributions are provided in appropriation Acts.

"(b) In order to pay for the United States contribution provided for in this section, there is hereby authorized to be appropriated, without fiscal year limitation, $2,400,000,000 for payment by the Secretary of the Treasury.".

TITLE V—ASIAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT FUND

SEC. 501. The Asian Development Bank Act, as amended (22 U.S.C. 285-285r), is further amended by adding at the end thereof the following new sections:

"SEC. 22. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to sixty-seven thousand and five hundred additional shares of the capital stock of the Bank: *Provided, however,* That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section. there are hereby authorized to be appropriated without fiscal year limitation $814,286,250 for payment by the Secretary of the Treasury.

"SEC. 23. (a) The United States Governor of the Bank is hereby authorized to contribute on behalf of the United States, $180,000,000 to the Asian Development Fund, a special fund of the Bank: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there are hereby authorized to be appropriated without fiscal year limitation $180,000,000 for payment by the Secretary of the Treasury.".

TITLE VI—AFRICAN DEVELOPMENT FUND

SEC. 601. The African Development Fund Act (22 U.S.C. 290g-4(a)) is amended by adding the following new section.

"SEC. 212. (a) The United States Governor is hereby authorized to contribute on behalf of the United States $50,000,000 to the African Development Fund, which would represent an additional United States contribution to the first replenishment. The Secretary of the Treasury is directed to begin discussion with other donor nations to the African Development Fund for the purpose of setting amounts and of reviewing and possibly changing the rating structure within the Fund: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the African Development Fund provided for in this section there are authorized to be appropriated without fiscal year limitation $50,000,000 for payment by the Secretary of the Treasury.".

TITLE VII—HUMAN RIGHTS

SEC. 701 (a) The United States Government, in connection with its voice and vote in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank, shall advance the cause of human rights, including by seeking to channel assistance toward countries other than those whose governments engage in—

(1) a consistent pattern of gross violations of internationally recognized human rights, such as torture or cruel, inhumane or degrading treatment or punishment, prolonged detention without charges, or other flagrant denial to life, liberty, and the security of person; or

(2) provide refuge to individuals committing acts of international terrorism by hijacking aircraft.

(b) Further, the Secretary of the Treasury shall instruct each Executive Director of the above institutions to consider in carrying out his duties:

(1) specific actions by either the executive branch or the Congress as a whole on individual bilateral assistance programs because of human rights considerations;

(2) the extent to which the economic assistance provided by the above institutions directly benefit the needy people in the recipient country;

(3) whether the recipient country has detonated a nuclear device or is not a State Party to the Treaty on Nonproliferation of Nuclear Weapons or both; and

(4) in relation to assistance for the Socialist Republic of Vietnam, the People's Democratic Republic of Laos and Democratic Kampuchea (Cambodia), the responsiveness of the governments of such countries in providing a more substantial accounting of Americans missing in action.

(c) The Secretaries of State and Treasury shall report annually to the Speaker of the House of Representatives and the President of the Senate on the progress toward achieving the goals of this title, including the listing required in subsection (d).

(d) The United States Government, in connection with its voice and vote in the institutions listed in subsection (a), shall seek to channel assistance to projects which address basic human needs of the people of the recipient country. The annual report required under subsection (c) shall include a listing of categories of such assistance granted, with particular attention to categories that address basic human needs.

(e) In determining whether a country is in gross violation of internationally recognized human rights standards, as defined by the provisions of subsection (a), the United States Government shall give consideration to the extent of cooperation of such country in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations including, but not limited to, the International Committee of the Red Cross, Amnesty International, the International Commission of Jurists, and groups or persons acting under the authority of the United Nations or the Organization of American States.

(f) In addition, where other means have proven ineffective in achieving the purpose of subsection (a), the United States Executive Directors of the institutions listed in subsection (a) are authorized and instructed to oppose any loan, any extension of financial assistance, or any technical assistance to any country described in subsection (a) (1) or (2), unless such assistance is directed specifically to programs which serve the basic human needs of the citizens of such country or unless the President verifies that the cause of international human rights would be more effectively served by actions other than voting against such assistance.

SEC. 702. Section 28 of the Inter-American Development Bank Act, as amended (22 U.S.C. 283y), section 211 of the Act of May 31, 1976 (22 U.S.C. 290g–9), and section 15 of the International Department Association Act, as amended (22 U.S.C. 284m), are repealed.

SEC. 703. (a) The Secretary of State and the Secretary of the Treasury shall initiate a wide consultation designed to develop a viable standard for the meeting of basic human needs and the protection of human rights and a mechanism for acting together to insure that the rewards of international economic cooperation are especially available to those who subscribe to such standards and are seen to be moving toward making them effective in their own systems of governance.

(b) Not later than one year after the date of enactment of this Act, the Secretary of State and the Secretary of the Treasury shall report to the President of the Senate and the Speaker of the House of Representatives on the progress made in carrying out this section.

SEC. 704. The President shall direct the United States Executive Directors of such international financial institutions to take all appropriate actions to keep the salaries and benefits of the employees of such institutions to levels comparable to salaries and benefits of employees of private business and the United States Government in comparable positions.

TITLE VIII—LIGHT CAPITAL TECHNOLOGY

SEC. 801. (a) The United States Government, in connection with its voice and vote in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank, shall promote the development and utilization of light capital technologies, otherwise known as intermediate, appropriate, or village technologies, by such international institutions as major facets of their development strategies, with major emphasis on the production and conservation of energy through light capital technologies.

(b) The Secretary of the Treasury shall report to the Congress not later than six months after the date of enactment of this section and annually thereafter on the progress toward achieving the goals of this title. Each report shall include a separate and comprehensive discussion, with examples of specific projects and policies, of each institution's activity in light capital technologies and of United States efforts to carry out subsection (a) with respect to each institution.

TITLE IX—HUMAN NUTRITION IN DEVELOPING COUNTRIES

SEC. 901. (a) The Congress declares it to be the policy of the United States, in connection with its voice and vote in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, the Asian Development Fund, and the Asian Development Bank, to combat hunger and malnutrition and to encourage economic development in the developing countries, with emphasis on assistance to those countries that are determined to improve their own agricultural production, by seeking to channel assistance for agriculturally related development to projects that would aid in fulfilling domestic food and nutrition needs and in alleviating hunger and malnutrition in the recipient country. The United States representatives to the institutions named in this section shall oppose any loan or other financial assistance for establishing or expanding production for export of palm oil, sugar, or citrus crops if such loan or assistance will cause injury to United States producers of the same, similar, or competing agricultural commodity.

(b) The Secretaries of State and Treasury shall report annually to the Speaker of the House of Representatives and the President of the Senate on the progress towards achieving the goals of this title.

TITLE X—EFFECTIVE DATE

SEC. 1001. This Act shall take effect on the date of its enactment, except that no funds authorized to be appropriated by any amendment contained in title II, III, IV, V, or VI may be available for use or obligation prior to October 1, 1977.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title, and agree to the same.

HENRY REUSS,
H. GONZALEZ,
JOSEPH G. MINISH,
WILLIAM S. MOORHEAD,
JERRY M. PATTERSON,
PAUL E. TSONGAS,
NORMAN D'AMOURS,
JOHN J. LAFALCE,
J. W. STANTON,
HENRY J. HYDE,
GARRY BROWN,
Managers on the Part of the House.

JOHN SPARKMAN,
HUBERT HUMPHREY,
FRANK CHURCH,
JOE BIDEN,
DICK CLARK,
CLIFFORD P. CASE,
JACOB JAVITS,
CHARLES H. PERCY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank and the Asian Development Fund, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

PURPOSE AND POLICY

The Senate amendment to H.R. 5262 contained a sense of Congress provision stating that United States participation in international financial institutions covered by the bill should not exceed 25 per centum of the total amount contributed to any such institution pursuant to any subscription agreement subsequent to enactment of the bill. The House bill contained no comparable provision. The House receded with an amendment providing that in future negotiations the United States should work toward aggregate contributions to future replenishments to the institutions covered by the bill not to exceed 25 per centum.

AFRICAN DEVELOPMENT FUND

The House bill authorized the appropriation of such sums as may be necessary to the African Development Fund consistent with and after consultation with other nations involved in the Fund, and called for discussions with other nations about changing the voting structure. The Senate amendment authorized a $50,000,000 contribution to the Fund and directed the Secretary of Treasury to discuss the setting of amounts and the reviewing of the voting structure of the Fund. The House receded to the Senate and agreed to the $50,000,000 authorization and a provision directing the Secretary of the Treasury to begin discussions with other donor nations to the Fund for the purpose of setting amounts for future replenishments and of reviewing and possibly changing the voting structure within the Fund. In reaching this agreement the conferees stated their expectation that total United States contributions to the African Development Fund would be in the area of $150,000,000 over the next three years.

THE LIFE PRESIDENT OF THE REPUBLIC OF UGANDA, AL-HAJJI FIELD MARSHAL DR. IDI AMIN DADA, VC, DSO, MG

The Senate receded to the House on the Senate amendment which expressed the Senate's sense of disgust for Idi Amin Dada, on the grounds that this provision was nongermane to the bill, and the Senate had previously passed a stronger condemnation.

HUMAN RIGHTS

The House bill provided that the United States representatives to the international financial institutions were required to vote against any assistance to nations which engaged in a consistent pattern of gross violations of internationally recognized human rights or which provided refuge to individuals committing acts of international terrorism by hijacking aircraft, unless the assistance is directed specifically to programs

which serve the basic human needs of the citizens of such country. The Senate amendment contained no comparable provision.

The Senate receded, with an amendment, to the House provision which requires the United States representatives to the international financial institutions, where other means have proven ineffective in advancing the cause of human rights, to oppose all assistance to countries which engage in consistent patterns of gross violations of internationally recognized human rights or which provide refuge to airline hijackers unless the assistance is directed specifically to programs which serve the basic human needs of the citizens of the country or unless the President certifies that the cause of international human rights would be more effectively served by actions other than voting against such assistance. The conferees stated their view that the term "oppose" can mean voting "no", voting "present", abstention, or any action other than voting "yes".

The Senate receded to the House by accepting a House provision which required the United States to use its voice and vote in the international financial institutions to channel assistance to projects which address the basic human needs of people in the recipient country.

The Senate receded to the House by accepting the expanded version of internationally recognized human rights which includes "prolonged detention without charges, or other flagrant denial of the right of life, liberty, and the security of persons".

The House receded to the Senate amendment changing the frequency of human rights reports to the Congress from semiannually to annually.

The Senate receded to the House in accepting the House version of the provision requiring that consideration shall be given to the extent of cooperation of a country in permitting unimpeded investigations of alleged human rights violations. The Senate amendment listed only the International Committee of the Red Cross as an "appropriate international organization." The House version, accepted by the conferees, adds Amnesty International, the International Commission of Jurists and groups or persons acting under the authority of the United Nations or the Organization of American States to this title.

The Senate receded, with an amendment, to the House in accepting the House version of a provision requiring the United States government to initiate consultation with other nations to develop standards for meeting basic human needs and protecting human rights. The conferees agreed to strike the phrase "beginning with the industrialized democracies" so that the consultation can be initiated with nations having all forms of government.

The Senate receded on its amendment which expressed support for the Helsinki Accords. The conferees concluded that the provision was nongermane and noted that both houses have previously passed similar language.

The Senate amendment repealed the human rights provisions in Section 28 of the Inter-American Development Bank Act, as amended, and section 211 of the Act of May 31, 1976, which applied only to the Inter-American Development Bank and the African Development Fund. The House receded to the Senate since human rights provisions are mandated on a uniform basis for all the international development institutions in the conference version.

The House receded to the Senate in accepting a provision requiring the United States Executive Directors to consider three additional factors in carrying out their duties—U.S. actions on bilateral assistance due to human rights considerations, the extent to which economic assistance directly benefits needy people, and whether a country has detonated a nuclear device or is not a State Party to the Treaty on Nonproliferation of Nuclear Weapons, or both.

NUCLEAR DEVICES

The Senate amendment contained a provision which repeals section 15 of the International Development Association Act as amended which required the United States representative to vote against any loan to any country which develops a nuclear explosive device unless the country becomes a party to the Nonproliferation Treaty. The House receded to the Senate because another section of the Senate bill requires the U.S. Executive Directors to consider this factor when considering loans or assistance to any country.

SALARIES

The Senate amendment directed the United States representatives to the international financial institutions to take appropriate actions to keep salaries and benefits of employees of the international financial institutions at levels comparable with the salaries and benefits of private business and United States Government employees in comparable positions. The House bill had no comparable provision. The House receded to the Senate.

HUMAN NUTRITION IN DEVELOPING COUNTRIES

The Senate receded, with an amendment, to the House provision which required the United States to vote against all loans for establishing or expanding production of palm oil, sugar or citrus crops if the United States is a producer of the same, similar or competing agricultural commodity. The amendment to the House provision adopted by the conferees requires the United States to oppose loans or other assistance for expanding production for export of these crops if such production will cause injury to United States producers of the same, similar or competing crops. The conferees stated their view that the term "oppose" can mean voting "no", voting "present", abstention, or any action other than voting "yes". The amendment also declares it to be the policy of the United States in connection with its voice and vote in the institutions to combat hunger and malnutrition in the developing countries with emphasis on assistance to those countries that are determined to improve their own agricultural production. The United States representatives must seek to channel assistance for agriculturally related development to projects that would aid in fulfilling domestic food and nutrition needs and in alleviating hunger and malnutrition in the recipient country. An annual report on progress toward achieving the goals of this title is required.

LIGHT CAPITAL TECHNOLOGY

The House bill required the United States representatives to the international financial institutions to promote the development and utilization of light capital technologies. The Senate amendment contained no comparable provision. The Senate receded to the House.

VIETNAM, LAOS AND CAMBODIA

The Senate amendment contained a provision requiring the United States representatives to the international financial institutions to vote against any loans or assistance to Vietnam, Laos or Cambodia. The House bill contained no comparable provision. The House receded to the Senate with an amendment striking the mandatory "no" vote and inserting among the factors which U.S. Executive Directors are to consider in carrying out their duties the responsiveness of these governments in providing a more substantial accounting of American MIA's. The Senate receded on its amendment which required a reduction in United States contributions to the international financial institutions equal in amount to any assistance given to these three countries.

REPORTS

The Senate amendment directed the President to report annually to the Congress on total United States loans and grants, including assistance from international financial institutions, to all countries, from July 1, 1945 to the present, including an estimate for the fiscal year in which the report is made. The House bill contained no comparable provision. The Senate receded to the House on the grounds that this information is currently available annually in other reports submitted to the Congress.

EFFECTIVE DATE

The effective date for funding in the House bill was October 1, 1977. The effective date in the Senate amendment contained the same date except that in the case of the African Development Fund it was October 1, 1978. The Senate receded to the House.

TITLE OF THE BILL

The House receded to the Senate amendment which changed the title of the bill from "An Act to provide for increased participation by the United States" in the institutions to "An Act to provide for continued participation by the United States."

HENRY REUSS,
H. GONZALEZ,
JOSEPH G. MINISH,
WILLIAM S. MOORHEAD,
JERRY M. PATTERSON,
PAUL E. TSONGAS,
NORMAN D'AMOURS,
JOHN J. LAFALCE,
J. W. STANTON,
HENRY J. HYDE,
GARRY BROWN,
Managers on the Part of the House.

JOHN SPARKMAN,
HUBERT HUMPHREY,
FRANK CHURCH,
JOE BIDEN,
DICK CLARK,
CLIFFORD P. CASE,
JACOB JAVITS,
CHARLES H. PERCY,
Managers on the Part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 6415, EXTENDING AND AMENDING THE EXPORT-IMPORT BANK ACT OF 1945

Mr. NEAL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6415) to extend and amend the Export-Import Bank Act of 1945, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and, without objection, appoints the following conferees: Messrs. REUSS, NEAL, TSONGAS, CAVANAUGH, HANNAFORD, EVANS of Indiana, VENTO, STANTON, and HYDE, and Mrs. FENWICK.

There was no objection.

ILLEGAL ALIENS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BURGENER) is recognized for 20 minutes.

Mr. BURGENER. Mr. Speaker, I am pleased to participate in this special order on the important topic of illegal aliens.

The problem of illegal aliens is a growing menace to our country. There are an

estimated 6 to 7 million illegal aliens presently in the United States—and there is a possibility that the number could be as high as 12 or even 20 million. In 1976 almost 1 million aliens were caught and sent back to their homelands. The border problem is serious. There may be an estimated 1 million illegal aliens entering the United States this year. This problem is adding an estimated $500 million annually to the tax bill of the American people. These illegals are holding jobs while many Americans are unemployed; they are collecting Federal benefits; they are involved in a series of criminal activities including the smuggling of illegal aliens. People are in the business of providing fraudulent documents so illegal aliens can remain in the United States.

There is growing media attention on this issue. A number of national magazines including U.S. News & World Report have carried featured articles on this topic. It has been covered on television programs. However, it is time to stop talking about the problem. It is time to do something about it—and action must be taken quickly. The Illegal Alien Control Act of 1977 is a comprehensive program to help curb the illegal alien problem.

First. It would upgrade our border patrol to more effectively control the influx of illegal aliens.

Second. It would establish a farm contract "guest labor" program similar to the bracero program which was terminated in 1964. This would allow aliens to be admitted to handle jobs in the agriculture field—"stoop labor" positions. These are jobs which Americans are not likely to accept.

Third. It would provide stricter penalties for fraudulent documents and allow the confiscation of vehicles used to smuggle illegal aliens into the United States.

Fourth. It would upgrade the social security card so it can become a more fraud proof document. This would not be a domestic passport or a national identification card.

We are merely asking that Americans bear the slight inconvenience of having a new social security card issued. It would not be the plain card we all have and the card which is so easy to duplicate or counterfeit. The new social security card would be laminated and so produced that any attempt to change or alter the card would be recognized immediately. We are going one additional step by providing for verification of the information supplied to the Social Security Administration. We want to guarantee that the individual who has a social security card and is using it for identification is the person entitled to hold that card.

One large operation in this country is the business of counterfeit documents especially social security cards. We need to protect the integrity of the social security account by detecting those who would abuse the social security card. Since social security cards are possessed by those employed in the United States, these cards—stolen or counterfeited—have become an important element to allowing illegal aliens to secure jobs in the United States, live in the United States, and receive a variety of Government benefits paid for by the U.S. taxpayer. We will not be able to resolve the illegal alien problem unless we deal with the problem of fraudulent identification.

I strongly support the Illegal Alien Control Act of 1977 as an important start to resolving our illegal alien problem. We need to take action before it gets worse.

ILLEGAL ALIEN CONTROL ACT OF 1977

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. KETCHUM) is recognized for 60 minutes.

GENERAL LEAVE

Mr. KETCHUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KETCHUM. Mr. Speaker, I am most pleased to have contributed to the Illegal Alien Control Act of 1977, and I appreciate this opportunity to state my views on the legislation.

I believe that our bill constitutes a positive, realistic approach aimed at stopping the stream of illegal aliens into the United States. Additionally, it addresses the impacts produced by illegals who are already in the country. First and foremost, it increases the size of the border patrol, and calls for utilization of available electronic sensing technology to detect illegal entry. Second, it provides a means for identification of illegal aliens by employers and public assistance officials. Third, it insures penalties for those who use fraudulent identification, as well as for those who assist illegals in entering the United States, or in obtaining employment and benefits. Fourth—and this is the item I would like to address in detail—it establishes a "guest worker" program enabling aliens to assume temporary, high-demand positions which cannot or will not be filled by the domestic work force. A typical example of this type of employment would be that of the agricultural worker.

As a farmer for over 30 years, I know full well the dilemma faced by growers at harvest time: crops will not wait while workers are rounded up. For reasons that can only be attributed to the American character, many of our own citizens are loathe to accept these positions. In 1942, we had in effect perhaps the very best program of "foreign assistance" ever enacted. Aliens were permitted to enter the United States for a limited period of time, harvest the crops needed, and go back to their own country with money for the native economy, and a learned skill to share. The program was terminated, to the detriment of all concerned, in my opinion. Our legislation parallels the thinking behind that program, permitting aliens to assume short-term, urgent-need positions if it has been determined that our own workers cannot or will not fill the need.

I would like to point out that there will be no impact upon our domestic labor force by this provision. As stated above, we must first determine that American workers cannot do the job.

Additionally, the "guest worker" program will have the benefit of keeping everything above board: No longer will aliens be forced to "sneak" into the United States to find work, and no longer will those individuals who prey upon illegals, exacerbating the problem, have a free rein. At this very moment, those who encourage illegal entry are responding to President Carter's "amnesty-for-aliens" suggestion. Instead of simply hauling illegals over the border in truckloads, they are now selling counterfeit-document proof of previous 5-year residency to incoming illegals. What does this mean? In essence, the incoming illegal has only to keep his bogus papers dry while crossing the river to achieve instant citizenship. Moreover, by legalizing the entry of alien workers on a temporary basis, we will be taking a major step toward reducing the incidence of border crime. My border-State colleagues know full well to what I am referring.

The bill has another distinct benefit, a benefit for the Mexican-American who has been an American citizen perhaps all of his life. At the moment, employers are reluctant to hire Spanish-surnamed individuals at all, because the hassle will be so great should the individual in question turn out to be an illegal. Consequently, Americans of Spanish heritage are being discriminated against. Our bill provides about as foolproof an identifcation system as possible for employers to follow. It does not force employers into unwanted "immigration authority" status, as do other pending bills. It provides that an employer who follows established procedure when hiring will incur no penalty should someone manage to "beat the system." By the same token, the bill does provide stiff penalties for those who knowingly aid and abet illegal aliens in achieving employment or public assistance.

The time has long passed for this type of legislation to come to fruition. The impacts produced by illegal aliens in this country are far-reaching, and responsibility for ending them rests squarely on the shoulders of the Federal Government. I believe that the Task Force on Illegal Aliens has addressed the problem head-on, and I shall certainly push hard for enactment of this bill.

My thanks again for the opportunity to state my views here today.

Mr. TREEN. Mr. Speaker, I wish to call my colleagues' attention to the problem of illegal aliens in this country and to urge support for the Illegal Alien Control Act of 1977.

At a time when the United States is experiencing economic difficulties through unemployment and increased welfare payments, the problem of illegal aliens is a very real issue. This problem can only become more serious if no action or the wrong action is taken.

The number of illegal aliens now re-

siding in this country is estimated at somewhere between 4 and 12 million. The border patrol can only respond to one out of three alarms it receives, and the INS estimates that for every alien apprehended, three to five more find their way into the United States. The current average figure of 6 to 7 million illegal aliens equals the number of unemployed American workers at the beginning of 1977.

American taxpayers are currently paying for social services as well as unemployment compensation and welfare for many illegal aliens. Illegal aliens may be costing our economy between $13 and $16 billion a year. This cost may be increasing by as much as $500 million a year. In addition, illegal aliens may be sending a minimum of $3 billion to a high of $10 billion out of the country each year. This amount of international income transfer is lost to the U.S. economy and negatively affects the U.S. balance of payments. Millions of dollars are also lost each year in income tax. Little or no tax is collected on earnings paid to illegal aliens since they usually do not file a tax return or they claim a number of dependents so large that no tax is withheld. Wages are sometimes not recorded, or are paid in cash to avoid IRS detection.

I believe the problem of illegal aliens coming into the United States is becoming a heavier and heavier burden on the American taxpayer and that legislation supportive of its prevention must be adopted through the Illegal Alien Control Act of 1977.

This bill would provide effective tools to enforce our present Immigration and Naturalization laws by increasing the border patrol to not less than 3,800—from about 2,000 at present—and utilizing available technology in electronic sensing devices to more effectively prevent the entry of illegal aliens into our country. It would allow the confiscation of vehicles or aircraft used to smuggle illegal aliens into the United States, thereby preventing the use of these vehicles over and over again in the smuggling operation. Criminal penalties will be strengthened for counterfeiting border crossing and alien registration cards or any other documents used for entry in the United States or for a stay in the United States. By strengthening these penalties, crimes related to illegal aliens and the "profit" of transporting them would be reduced.

By amending the Immigration and Nationality Act, penalties for aliens illegally entering the United States would be greatly increased in the amount of fines and in the length of imprisonment. Thus, this will serve as definite discouragement for aliens wanting to enter our country illegally.

The problem of fraudulent identification would be dealt with by providing for a more effective information system when applying for a social security card and, in this way, the SSA would be empowered to check out the accuracy of information provided by applicants in order to detect fraud.

A statement made in November of 1976 by Leonard F. Chapman, Jr., former Commissioner of the Immigration and Naturalization Service, should serve as a reminder of the need to do something soon about the problem. Mr. Chapman stated:

With six to eight million persons here illegally today, the problem is serious. But we are seeing only the beginning of a flood—a human tide that is going to engulf our country unless something is done to stop, or at least slow it. Without improved controls against illegal immigration, that is absolutely inevitable.

I strongly urge my colleagues to give support to this vital legislation.

TIME MAGAZINE ARTICLE SUPPORTS PRESIDENT CARTER'S DECISION NOT TO PERMIT THE LICENSING OF THE CYBER 76 COMPUTER SALE TO THE SOVIETS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, I was pleased to read Time magazine's support of President Carter's decision not to permit the sale of Control Data Corp.'s Cyber 76 computer system to the Soviet Union. The President spent a great deal of time in reviewing the facts associated with this proposed sale; it was a carefully arrived at decision. I believe it was in the interest of our national security.

With other Members of the House on a bipartisan basis and a broad range of editorial writers across the country, I opposed this sale, addressing myself to it in the RECORD of June 3, at pages 17481–2. I related specifically how I thought the computer could aid the Soviets and why it should not be licensed, as did our colleague from California, ROBERT DORNAN, who has consistently opposed this sale.

I subsequently received a July 12 letter from Mr. W. C. Norris, the chairman of the board of Control Data Corp., which has for years been active in the foreign sale of computers and to the Soviets. His letter took exception with the President's decision and with the points raised by Members of Congress and editorialists who opposed the sale.

I have responded to that letter, and together with the news account in Time magazine this week, I think an already convincing case has been made more so.

The CDC letter, my response to it, and the Time magazine commentary follow:

CONTROL DATA CORP.,
July 12, 1977.

Hon. JACK F. KEMP,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN KEMP: As you know, public opinion polls show that the credibility of both business and Congress is far too poor. We believe a major source of this problem is reports that are consistently inflammatory and in error relating to both the business community and our elected public officials. The news media treatment during the past six months of the latest eminently justified Congressional pay increases best illustrates my point.

Recently, you endorsed a letter to President Carter, at the request of Congressman Dornan, opposing the pending sale to the Soviet Union of a Control Data 7600 Computer.

Undoubtedly, you were not aware that there was incorrect and misleading information in the letter. Also incorrect were important parts of the information that appeared in the Congressional Record on April 4, May 19 and 24.

The Congressional Record of May 24 reported the Jack Anderson column which appeared in the Washington Post on that same date. It is important to know that the Anderson story was based primarily on information deliberately leaked from a classified government report and that it too was inaccurate, misleading and incomplete in that it presented only that portion of the data that would serve to strengthen opposition to the CYBER 76 sale.

Of grievous concern to Control Data was the false statement in the Anderson story that for a "few bucks, we're willing to give the Soviets the means to destroy us", and the derogatory statement made by Congressman Dornan (Congressional Record May 19) that we were giving the Soviets "the rope with which they will hang us". Control Data was unable to respond to these false and inflammatory allegations and to attempt to correct the misinformation until the hearing on June 27 by the Bingham Committee.

We greatly appreciated the opportunity to present our case which now is beginning to be nationally and fairly reported by the news media and others. A copy of the report by Mr. Cappo of the Chicago Daily News is attached, along with an Associated Press story and a Minneapolis Tribune editorial.

It is most regrettable that the sale of a single large computer could engender so much adverse publicity. Such inflammatory publicity, with its misleading implications, is detrimental to the credibility of both the Congress and the business community. Certainly there is a better way to resolve differences between government and business, either real or suspected. Control Data stands ready to cooperate to the fullest possible extent with you and the Congress on this and on any future issues. We would welcome the opportunity to provide you with *factual* information at your convenience. We are satisfied that once that is done you will use it in the public interest.

Sincerely,

W. C. NORRIS,
Chairman of the Board.

JULY 21, 1977.

Mr. WILLIAM C. NORRIS,
Chairman of the Board,
Control Data Corp.,
Minneapolis, Minn.

DEAR MR. NORRIS: Thank you for your letter of July 12th concerning the sale of Control Data Corporation's CYBER 76 computer to the Soviet Union.

My opposition to the sale of the CYBER 76 computers to the Soviet Union speaks for itself, as does the President's decision. The sale of so sophisticated a computer to the Soviet Union is not in our national interest. I am persuaded that the transfer of sophisticated technology (including, but not limited to, computers) to the Soviet Union unnecessarily eases the resource allocation problem the Soviet government faces between the military and other sectors of their economy. Without access to advanced technology from the industrialized nations of the West, the Soviet Union would have to further deplete their industrial manpower in favor of the military support infrastructure.

Technology transfer to the Soviets can come about in many ways ranging from the publication of scientific and engineering information in the technical literature to the providing of turn-key installations for the manufacture of advanced industrial products. In the case of the CYBER 76 sale, the technology transferred to the Soviets through obtaining a thorough working knowledge of the entire integrated system could only serve to improve some of the most dangerous areas of modern military technology now being developed by the Soviets including nuclear weapon bomb goemetry for advanced MIRVs,

the netting of air and missile defense radars, command and control, etc. I understand well that no single machine, including the CYBER 76 would in itself, provide such a capability, but with such a machine in Soviet hands, the day when the Soviet Union can achieve substantial improvements in the sophistication of its military technology can only be brought closer.

In opposing the sale of the CYBER 76 sale, I hold no ill-will against the Control Data Corporation. CDC is well known to me as a highly capable firm making a vital contribution to the defense of the United States. The control of the sale of products and services to a potential adversary has been a Federal government responsibility in varying degrees since 1917. The burden of such decisions is not one which private organizations should have to bear. I hope this letter provides you with a better characterization of my concerns in this matter.

Sincerely,

JACK KEMP,
Member of Congress.

COMPUTER GAMES

The Soviet Union likes to boast that it is the land of the future. Yet in the one technology most essential for industrial and scientific progress, the country is far behind. Western experts believe Soviet computer development trails the U.S.'s by three to ten years, depending on the segment of technology, and the gap is not closing.

The state of Communist computer technology has been the focus of an important, largely behind-the-scenes debate in Washington over the wisdom of selling later-model machines to the U.S.S.R. Because advanced computers are essential to the development of modern weaponry, the U.S. and its NATO allies have long prohibited their export to a potential enemy. Now the Administration has reaffirmed that decision by blocking the sale to the Soviets of an advanced $13 million computer called the Cyber 76.

CENTRAL BRAIN

The U.S.S.R. had been seeking to buy the Cyber 76 from its manufacturer, California-based Control Data Corp., for three years. The announced use: a United Nations-sponsored, worldwide weather-forecasting system. Control Data had eagerly sought the necessary Commerce Department export license. To allay fears that the computer might be diverted to military purposes, the company pledged that its own technicians would tend the machine, which would be programmed to cry foul at the first attempt to alter its mission.

Nonetheless, Defense Department scientists became increasingly alarmed at the prospects of a Cyber 76 sitting in Moscow—and with good reason. An earlier Control Data model—the Cyber 74—is the central brain of the U.S. defense system. Installed in the Pentagon, the National Security Agency and numerous secret locations, the 74s perform such tasks as interpreting data relayed back from surveillance satellites arcing over the Soviet Union, deciphering intercepted codes and analyzing tracking reports on Russian submarines.

Carter, who at first had been in favor of the Cyber 76 deal, began to have second thoughts, and they were soon passed along to Commerce. Result: export license denied.

It was a sound decision. Contrary to the rosy projections of some Western computer makers, the Soviet Union in the immediate future will probably not be a lucrative market for Western equipment, even if the NATO nations drop their sales restrictions. Not only does Moscow lack the hard currency for large-scale purchases of Western equipment, but it also is pumping big amounts ($10 billion during 1970–75) into the development of its own computer industry, which has an estimated 80 plants employing 300,000 people. One Western expert, Bohdan Szuprowicz, a Polish-born authority on Soviet computers who advises major U.S. companies, sees signs that Moscow has been assembling only a sample of the most advanced Western computers it is permitted to buy as patterns for its own models. Says he: "It appears as if someone behind the scenes orchestrated the import of the latest obtainable Western computers."

ESOTERIC DEVICES

Partly, the U.S.S.R.'s computer development lags because of its decision not to foster the kind of consumer society that has nurtured the rapid growth of the industry in the West. Of the large number of computers installed in the U.S. (300,000, v. an estimated 22,000 in the Soviet Union), fully three-quarters of them are engaged in commercial operations—everything from billing credit-card accounts and writing paychecks to sending flowers by wire and keeping baseball statistics up to date.

In the Soviet Union, by contrast computers are still regarded as esoteric devices to be used only for the highest-priority scientific, industrial and military purposes. A Western cybernetics expert in Moscow estimates that while an American has dealings linked with a computer at least ten times a day, the average Soviet citizen comes in contact with a computer perhaps once every six months, if then. Though the Soviet State Bank is the world's largest banking operation, it does not possess a modern computerized check-processing and accounting system. Stores do not use computers for charge accounts, since Soviet citizens are not permitted this capitalist excess, and they have not computerized other parts of their operation, like inventory control. Aeroflot, the Soviet national airline, in 1975 bought two Univac 1106 computers, worth about $5 million apiece, from the U.S.'s Sperry Univac to automate reservations on international flights; but the world's largest airline has not yet computerized its domestic reservation system.

Where Soviet computer technology lags most is in speed. Their Ryad model computers, the most advanced machines in general use in the Soviet Union, are close copies of the IBM 360 series, first introduced in the U.S. in 1964. The top design in the Ryad line, which has not yet gone into use, performs only 1.5 million operations per second, compared with up to 12 million for the Cyber 76. Even the latest Soviet computers are ten to twenty times slower than the present generation of U.S. computers.

Aiming to develop their own "number crunchers," as the fast new U.S. machines are called, Moscow is designing a large computer, specified the BESM–10. Supposedly, it will be capable of 15 million operations per second. But although it is supposed to come into use this year, it has not appeared so far, and some Western experts wonder whether the BESM–10 has run into problems. If so, the Cyber 76 could conceivably be used to help solve them. Says Szuprowicz: "It is very difficult to believe they would not get some helpful ideas from Cyber 76 once they had it installed on their territory."

One of the leading U.S. authorities on the present state of Soviet computers is Dr. Carl Hammer, director of computer sciences at Sperry Univac. Hammer, who often visits Russian cybernetic installations, believes the U.S.S.R. is nearly equal to the U.S. in the design and construction of computers. But it lags so badly in performance because of the Soviet failure so far to master "chip" technology—the ability to place large numbers of miniature circuits on tiny (usually ½ sq. in.) silicon chips or plates. While U.S. engineers can cram 10,000 to 50,000 components on one of these chips, the Russians have been able to place no more than 500 to 2,000.

GOOD LOGICIANS

In terms of human talent—"brainware" in the argot of computer men—Hammer believes Russian cyberneticists are often better logicians than their U.S. counterparts. However, they are oriented toward theoretical problems. At the big Soviet training institutes, students concentrate very little on the standard international computer language for commerce, known as COBOL (Common Business Oriented Language). Instead, they drill in ALGOL and FORTRAN, the two major scientific languages.

Soviet officials seem unhappy with their computer industry. Earlier this year, a vice chairman of the state planning committee complained in an article in *Pravda* that just about everything was wrong with the computer effort, including underutilization of machines, missing print-out attachments and poorly motivated technicians and managers.

The problems are the familiar ills that customarily plague Communist enterprises: top-heavy bureaucracy, lack of competition (the U.S. has more than 100 companies making computers), a work climate that inhibits innovation. These traits are bad enough in a less cerebral undertaking than computers, but in a field where experimentation is absolutely vital, the Communist system is especially stultifying.

To make up for its shortcomings, Moscow sometimes turns abroad for ideas and does not always use ethical methods to get them. Development of the Ryad series of computers began when KGB agents evidently spirited away an IBM 360 from West Germany in the late 1960s. In The Netherlands, where Moscow has set up a computer center, the Dutch government last year expelled the Soviet director on espionage charges. Suspicion about him arose after a Dutch employee at the center reported having been given a $4,500 bonus for explaining to the Russians how the Dutch police use their computer to identify wanted persons and stolen autos.

ASSISTANCE TO THE BLIND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois, Mr. CORCORAN, is recognized for 5 minutes.

Mr. CORCORAN of Illinois. Mr. Speaker, during the course of the last few weeks I have had an opportunity to examine some of the problems encountered by the blind in America, having attended a meeting of the Prairie State Chapter of the National Federation of the Blind in Coal City, Ill.

Following this meeting I studied the situation further, and became more convinced that national legislative action is sorely needed to resolve some of the present inequities. Since that time I have had the opportunity to submit testimony to the Subcommittee on Social Security of the Ways and Means Committee. During the time in which I delivered my testimony, I have also introduced a bill which would correct some of the shortcomings of the present law.

It is my hope that my colleagues in the House of Representatives will seriously consider this matter. At this time I would like to enter my statement before the Subcommittee on Social Security in the RECORD:

SUBCOMMITTEE ON SOCIAL SECURITY OF THE WAYS AND MEANS COMMITTEE

Mr. CHAIRMAN: I am pleased to have this opportunity to testify before your subcommittee on a matter which has been neglected for too many years.

The idea of extending the coverage given to the blind under Title II of the Social Security Act is not a new one. The 94th Congress directed its attention to assistance programs for the blind in approving the De-

velopmentally Disabled Assistance and Bill of Rights Act. However, there are serious deficiencies in the Social Security program which have not been corrected by this new law, and to resolve them, we in Congress must enact further legislation. The type of legislation which must be enacted by the House of Representatives has been approved by the Senate three times, most recently in 1972. It is time for us to take similar action.

The current law includes two troublesome parts. Let me first outline these present provisions, and then elaborate on their shortcomings.

First, to maintain the definition of this program as true disability insurance, a minimum work requirement is required before one becomes eligible for benefits. But at the present the requirements vary, depending on age and the onset of blindness, from a minimum of six quarters to a maximum of twenty-five quarters of work which is covered. Second, benefits received under this Title of the Social Security Act are terminated following the acceptance of employment by the blind, and cannot be received in the future as compensation for the same disability.

As I have stated, there are several problems with the present preconditions to receiving benefits. With respect to flexible work history standards, not only do these complex regulations impede the delivery of benefits as required by law, but they also contribute to the size and growth of paperwork and of the federal bureaucracy. Congress should recognize these problems with variable work standards, and act to simplify the requirement, to the benefit of both the recipients and the general taxpaying public.

This ties in with the topic of an editorial reply recently aired on a Chicago-area television station, WBBM-TV, in which it was pointed out that, in some cases, the flexible work requirement discriminates against those who would otherwise fall under the law as intended by Congress—but do not do so because of the age at which they joined the work force. This discrimination on the basis of age pervades the whole Social Security disability insurance program, and a good place to begin correcting this inequity is in the coverage extended to the blind.

Regarding the second provision, one of the basic needs of man is the respect of one's peers. In America, I am proud to say, this recognition is gained largely through the pursuit of excellence in our working lives. Depriving certain individuals of job opportunities results in a sense of hopelessness and alienation from society. The encouragement of the blind to pursue employment should be a basic tenet in the federal program, and the present law strongly discourages this by easily and permanently jeopardizing the receipt of disability benefits. By insuring the payment of benefits regardless of one's employment status, we in Congress can go far to better the lives of the blind.

Another point which is often overlooked when considering legislation pertaining to blind beneficiaries of the disability insurance program is that these people require special assistance in grocery shopping, having printed material read to them, being transported, and so on, each of which necessitates the employment of sighted individuals. This additional economic burden must be considered by the Congress in designing a program of assistance to the blind.

The matter of the cost of improving the present program has been raised, and for good reason. Fiscal control in the federal budget is high among my own priorities as a Member of Congress. Estimates provided in recent years by the Social Security Administration indicate that these improvements will cost the nation close to $500 million. This estimate, however, has been disputed by others familiar with the situation, and I tend to believe their assertions that the Social Security Administration's figure is rather exaggerated. In any event, I can assure my colleagues in the House that even should the long-term cost of the program be close to $500 million, this still is not a prohibitive cost considering the benefits which would be provided to this group of disabled citizens.

Recently I had the opportunity to meet with the members of the Prairie State Chapter of the National Federation of the Blind. Through this meeting, which was held in Coal City, Illinois, I became keenly aware of the reasons why the present program must be changed. The interest in revision of the law was displayed effectively, as was a slight tone of frustration. I believe alterations of the present law must be pursued with diligence by the House in response to this evident need.

Mr. Chairman, today I am introducing a bill which would correct the deficiencies I have mentioned. I wish to call the attention of my colleagues to the strong need for this bill to be enacted. My meeting in Coal City is an experience I will always remember; we in Congress must respond to the plaintive requests of those most unfairly treated by the present law, and we must do so soon. More than fifty of my colleagues have sponsored similar legislation at this time. I urge your subcommittee to consider this legislation, and press for its passage by the full committee and the House of Representatives. Thank you.

TAX AVERAGING EQUITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan, Mr. PURSELL is recognized for 5 minutes.

Mr. PURSELL. Mr. Speaker, during the past decade, we have all become increasingly aware of the innumerable discriminations which exist in this country. We have observed discrimination not only in our attitudes, but in our laws. While our awareness of these discriminations have stimulated changes in our outlook and laws, we still have a very long road to travel before we eliminate prejudice and discrimination from our society.

One area of our legal system has been particularly discriminatory toward women—our tax laws. Again, while we have rectified some of these injustices, we have yet to complete our task. Therefore, today I am introducing a bill which will help to ease some of the financial burden which many of our women—and some men—face with regard to income taxes—the Tax Averaging Equity Act.

First, let me emphasize that while both men and women who qualify under the provisions of the Tax Averaging Equity Act will benefit by it, the legislation was developed with the thought that it is primarily women who are discriminated against with regard to income tax averaging. In essence, my bill would amend the Internal Revenue Code to allow qualified individuals to disregard the income of a former spouse—whether divorced or widowed—in the computation of base period income for income averaging purposes. Under current IRS regulations, if a joint income tax return was filed by a married couple during what is considered the base period years by IRS, and the marriage is then terminated, it is possible that a person may have to pay taxes at a later date on income which was not actually earned by he or she.

This legislation is aimed at those women who have been career homemakers and are displaced from their family role without any source of financial security because of divorce or the death of their spouse. These women usually must seek employment, and if their income averages $3,000 per year over 4 base years and the tax computation year, they may be eligible for the benefits of income tax averaging when filing their income tax return.

However, if such a person filed a joint tax return with the former spouse, presently that person is liable for taxes on both their own income and the former spouse's income. In effect, the person—usually a woman—is liable for taxes on income not actually earned by her.

On the other hand, the former spouse—usually a man—who was the chief wage earner and according to IRS, the taxpayer, meets other criteria for filing an income averaged tax return within 4 tax years of the marriage's termination, is allowed to pay tax at the lower married filing jointly rate for the base years in which a joint return was filed. Further, all deductions and exemptions are awarded.

Quite frankly, I can see no justice, no equity, in such a tax law.

My bill would address this inequity by allowing the income of the former spouse to be disregarded for the purposes of income averaging. The financial and emotional burden during this period of readjustment is difficult enough without tax laws adding to the problems. While my bill addresses itself to only one phase of this burden, I feel it is significant to those affected by these laws. Therefore, it is my hope that the Congress will consider rectifying this inequity.

The text of my bill follows:

H.R. 8615

SHORT TITLE

SECTION. 1. This Act may be cited as the "Tax Averaging Equity Act".

PURPOSE

SEC. 2. That (a) subsection (c) of section 1304 of the Internal Revenue Code of 1954 (relating to failure of certain married individuals to make joint return, etc.) is amended by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following new paragraph:

"(4) Income and deductions of former spouses of certain individuals not taken into account.

"(A) in general. In the case of—

"(i) any qualified individual who is not married for the computation year but who was married for any base period year, or

"(ii) any qualified individual—

"(I) who is married for the computation year, and

"(II) who was married to any other spouse for any base period year,

the base period income of such individual for any base period year shall be determined without regard to paragraph (2).

"(B) Qualified individual defined.—For purposes of this paragraph, the term 'qualified individual' means any individual the base period income of whom (determined without regard to paragraph (2)) for any base period year is not more the 85 percent of the base period income which would result from combining his income and deductions for such year—

"(i) with the income and deductions for such year of the individual who is his spouse for the computation year, or

"(ii) if greater, with the income and deductions for such year of the individual who was his spouse for such base period year.

(b) Paragraph (2) of section 1304(c) of the Internal Revenue Code of 1954 (relating to minimum base period income) is amended by striking out "For purposes of this part," and inserting in lieu thereof "Except as provided in paragraph (4), for purposes of this part.".

SEC. 3. The amendments made by the second section of this Act shall apply to computation years ending after the date of the enactment of this Act, and to base period years applicable to such computation years.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut, Mr. SARASIN, is recognized for 5 minutes.

Mr. SARASIN. Mr. Speaker, on July 27, 1977, I was absent from part of the legislative afternoon session of the House. Had I been present, I would have voted in the following fashion:

Rollcall No. 469: H.R. 7171: Agricultural Act of 1977—the Jeffords amendment that sought to provide that food stamp households whose adjusted gross income is in excess of twice the poverty level, would have that excess, up to the amount of the coupon allotment, recovered by the Government, "No."

NATIONAL ORGANIZATIONS ENDORSE H.R. 7711, THE PRODUCT LIABILITY INSURANCE TAX EQUITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio, Mr. WHALEN, is recognized for 10 minutes.

Mr. WHALEN. Mr. Speaker, in the time since the Product Liability Insurance Tax Equity Act, H.R. 7711, was introduced on June 9, I have been contacted by dozens of national trade and professional organizations. Many were simply seeking information about PLITE and its potential impact on their members. But a number have already evaluated the bill and determined that it will be of significant assistance to those companies and individuals who would choose to self-insure for all or part of their product or professional liability risk.

Today I would like to share with you and my colleagues a sampling of some of the written comments I have received from national groups that support passage of H.R. 7711. In tomorrow's RECORD I will be inserting comments from individuals who have studied PLITE.

The National Small Business Association was the very first organization to support publicly this bill. On June 16 they sent the following letter to all Members of the House of Representatives:

NATIONAL SMALL BUSINESS ASSN.,
Washington, D.C., June 16, 1977.

DEAR REPRESENTATIVE: Congressman Charles Whalen and other members of the House of Representatives (Hon. Donald Pease, Hon. Edward W. Pattison, Hon. Joel Pritchard, Hon. Newton I. Steers, Jr., Hon. John LaFalce, Hon. J. William Stanton) have introduced a bill, H.R. 7711, entitled the Product Liability Insurance Tax Equity Act. This legislation is intended to end Federal tax discrimination against companies or individuals who self-insure for product or professional liability.

In hearings before Congressman John LaFal e's Small Business Subcommittee on Capital Investment and Business Opportunity, the National Small Business Association pointed out the inequities in existing tax law which worked to the detriment of the small business concerns who self-insure or who cannot obtain product liability insurance. Because of the multiple jurisdictions of Congressional Committees involved with the product liability problem, any solution could take many years. However, in the case of the proposed bill, which involves a problem created by an inequity in the Federal tax law, a solution must necessarily be handled at the Federal level. We, therefore, urge your support of H.R. 7711 in order for the small business community to obtain some protection in case of a claim against a product manufactured or distributed by a company. If small business firms are allowed to set-aside amounts in a reserve fund in case of a product liability suit, the chance of their going out of business would greatly diminish.

We urge your support and cosponsorship of Congressman Whalen's bill, H.R. 7711.

Sincerely,

HERBERT LIEBENSON,
Staff Vice President, Government Affairs.

Of course, PLITE pertains not only to businesses with product liability insurance problems, but also to those who suffer from professional liability risk costs. While several medical and legal societies are still studying PLITE, organizations of architects and engineers have already embraced it.

Just this week I received a letter from William A. Clevenger, president of the American Consulting Engineers Council. He writes:

While (PLITE) will not solve the professional liability problems for architects and engineers, it would be a tremendous assist in helping us "manage" our professional liability costs. Thus, we strongly support the Act.

We can no longer count on professional liability insurance as a business management tool to control costs in this area.

A letter from Jeff W. Napier, general counsel for the Boating Industry Associations helps set out exactly how PLITE would help manufacturers with product liability insurance problems. It also illustrates how the legislation would benefit consumers. Here is the relevant portion of Mr. Napier's letter:

Let me say first that we support this legislation wholeheartedly.

We believe that HR 7711 is the most financially efficient method of providing compensation to those legitimately injured by product manufacturer fault, on the one hand, while limiting the burden on product costs for such purposes to an absolute minimum. Additionally, the legislation will avoid the "panic pricing" system insurance companies use in setting product liability premium rates. Finally, this manner of self-insurance will provide an incentive to every manufacturer to police his own operations because of the loss experience he now directly bears.

I would note in passing that the burden on the U.S. Treasury from such self-insurance deductions should not be great since the deductions will be substitutes for currently deductible commercial insurance premiums and, secondly, the amounts deducted as self-insurance may be smaller than the outrageous product liability premiums currently charged by commercial insurers. . . .

Thank you for introducing this bill; it is just what is needed.

The Boating Industry Associations, by the way, includes the following national organizations: Boat Manufacturers Association, Outboard Motor Manufacturers Association, Trailer Manufacturers Association, and Marine Accessories and Services Association. Their national headquarters in Chicago sent a memorandum to all of their member companies, doing a very fine job of explaining how the Product Liability Insurance Tax Equity Act works. Here is how they describe it:

. . . This bill simply permits a manufacturer, or trade association on behalf of manufacturers, to set up a trust for the payment of product liability claims with the contributions to the trust deductible in the same manner as insurance premiums for product liability insurance. In essence, it makes private insurance pools through a trade association or individual self-insurance reserves tax deductible for the first time.

Should this bill pass, companies utilizing this system should enjoy substantial cost savings for whatever amount of self-insurance or risk pooling they undertake with or without commercial insurance because of the fact that they will avoid the considerable overhead (typically 40% of premiums) and "panic pricing" which are boosting the costs of commercial liability insurance coverages out of sight.

The National Machine Tool Builders Association is another supporter of H.R. 7711. In fact, they are among the most enthusiastic. They have correctly picked up on the fact that PLITE will be of assistance not only to those companies that have been forced to go without any commercial insurance, but also to those that must take increasingly large deductibles on their policies. Here is a portion of the letter I received from James H. Mack, public affairs director of the National Machine Tool Builders Association:

This legislation will be of great help to many of our smaller- and medium-sized members, for whom product liability insurance premiums have become excruciatingly high and in some cases unaffordable. In addition, the bill would alleviate the problem caused by ever increasing deductibles for product liability claims.

As already noted, the Product Liability Insurance Tax Equity Act offers relief to those with professional liability insurance problems. It does this by including in its coverage those who offer certain services to the public.

Consequently, some non-manufacturing industry groups also have expressed great interest in the legislation. To illustrate this point, here is the full text of a telegram I received from William J. Coopersmith, on behalf of the operators of over 100 roller skating rinks in the Middle Atlantic States.

Congratulations on the introduction of the Product Liability Insurance Tax Equity Act, H.R. 7711. This bill is without a doubt the most meaningful piece of legislation that has been introduced in Congress for many years. It will aid many businesses and industries that are presently faced with hardship conditions because of the high premiums charged by insurance companies. In behalf of the 105 operator members of the Eastern Regional Roller Skating Rink Operators As-

sociation, I extend our hearty thanks to you and our support for this legislation. I have made our feelings known to our local Congressman and have urged their support of your measure.

Finally, I would like to share with you a portion of the letter I received from John E. Williams, manager of Government affairs for the National Tool, Die, and Precision Machining Association.

I appreciate your forwarding a copy of HR-7711 which we find to be a quite comprehensive bill and one which will have the support of this association's twenty-two hundred members.

You may be especially interested in knowing that a number of our members in your district in Dayton are greatly enthused about the bill since they have been forced to "go bare" in terms of acquiring Product Liability insurance and, accordingly, are directly affected by the legislation you propose.

Mr. Speaker, there are many more associations that also are interested in the Product Liability Insurance Tax Equity Act. Therefore, from time to time, I will share their comments with you and our colleagues.

WAR ON US

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, today I presented a request for a rule that would allow full and free debate during consideration of the Energy Act of 1977, to the Rules Committee.

I offer this testimony for the RECORD:

STATEMENT OF HENRY B. GONZALEZ, TO THE COMMITTEE ON RULES

I am here to request that the Committee approve an open rule for the Energy Act, and a rule that allows ample time for debate.

Throughout my years in the House, I have opposed closed or modified rules that stifle or make impossbile full and free debate. In the first place, every member of this House has equal rights, and rules that are closed or restricted deny those rights. In the second place, not all wisdom resides in a given Committee, or in a given group of Committees—not even when that wisdom has been passed through the filter of an ad hoc committee, as in this instance. The House should not be restricted to the consideration of only such amendments as have won the blessing and imprimatur of the ad hoc committee—which, after all, never had a public hearing, and never had any debate except for a daily and private caucus.

The House only rarely considers bills as profoundly important as the Energy Act. This is a bill that will, if enacted, affect the life of every citizen in this country; it might create new industries in some areas but it assuredly will destroy industries elsewhere. It will make and destroy lives, hopes and fortunes. It will alter in an irreversible way the outlook and expectations of every citizen. In such an issue, every person ought to have the fullest possible representation through the actions of the House. That is possible only with an open rule, and only with ample debate.

A free people will not easily go where they are not willing to be led. It may be tempting for us to easily dispose of the great questions before us, but the questions are not easy, nor are the answers. If the solutions proposed are unacceptable to our citizens, then the only recourse is to go through more years of turmoil——or, far worse, to suppress the rights of people in one way or another, in one degree or another. And to the extent debate in the House is limited, the greater is the likelihood that our choices will either be wrong or unacceptable or both.

I come from a great energy producing State. It's true that Texas produces 40 per cent of all the energy used in this country. But Texas is also the greatest consumer of energy. I come from a district that is surrounded by oil and gas production—but it is also a district where natural gas and fuel oil have been in desperately short supply, and where prices to consumers have been at catastrophic levels for four long years. Therefore, I can tell you truthfully that I know what high energy prices are, and what they can do to people. I know what energy scarcity means, and what a true crisis is. And I know something about the production of gas and oil.

Being in the position that I am, I have no special brief for those who want to totally deregulate gas and oil prices, and none for those who want a complete regimentation of the energy marketplace. My deepest concern is for the people who are affected by these great economic forces that we are dealing with. I am of the opinion that neither the President's gas pricing proposal nor any other alternative that I have seen, really serves the needs and interests of the people of my district, my state, or for that matter, my country.

It is possible that something other than the status quo, and something better than either gas proposal we know of today, will be brought forward. But we will never know, if there is a closed or restricted rule governing this legislation.

I would argue for full deliberation, because we do not really know the extent of the energy crisis. We only know that domestic supplies of oil and gas are limited—not that we must accept a low or no-growth philosophy like that mandated in this energy program. Few know it, but there are immense amounts of oil and gas lying in Mexico. Is it possible that this would solve our dilemma? That is a question worth asking, for the possibility is real. But we are told that there is no time to ask—this is "the moral equivalent of war."

Not much of the mineral wealth of this planet has been discovered, let alone developed. Perhaps only ten percent of Mexico has even been explored—yet there are already indications that its oil wealth may approach that of Saudi Arabia. We can only guess at what supplies may be found elsewhere. In light of that, is it really necessary that we go into a program that means less for everybody?

I doubt the wisdom of that, for being from a place where poverty is no stranger, I know that a program of less for everybody invariably and inevitably means that those who have the least will suffer the most—for those who are poor and without influence cannot buy, if the prices are high, nor can they win the smiles and favors of regulators and bureaucrats, if rationing is the game. We should not lightly or hastily contemplate a program that is predicated on the notion of a sharply limited future, such as this one is.

Many parts of the energy program are commendable. Measures to improve home insulation are sensible and much needed. Promoting alternate sources of energy is likewise a good thing. But the keystone of this whole program is to create shortages and then distribute them throughout the country. That cannot work, not in a world where energy supplies seem to be far more abundant than is fashionable to admit, and not in a world where so much is so readily available.

The first question people ask about a war is against whom are we to fight. The unhappy answer seems to be that in the energy war, we are to fight against ourselves.

WHY THE UNITED STATES WILL NOT ATTAIN ENERGY SELF-SUFFICIENCY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. WAGGONNER) is recognized for 10 minutes.

Mr. WAGGONNER. Mr. Speaker, our increased dependence on foreign sources for the energy to power the American economy is a dangerous situation for the world's most powerful country to find itself in. Obviously, energy self-sufficiency is a desirable goal, but one that we are moving away from with disincentives and roadblocks for the energy producing industry.

In an excellent article by Dr. John J. McKetta, a noted and respected chemical engineer and environmental authority, the damage we have already done to ourselves by hampering energy production is vividly pointed out. As Dr. McKetta accurately states, "the problems of higher taxes, price controls, threat of excess profit penalties, embargoes on leasing and operating in favorable coastal areas, and rigid, excessive environmental requirements serve only as roadblocks to explore for new reserves or build new facilities."

What it boils down to is Government controls over private industry and rigid restrictions that virtually insure that we are headed for an energy crisis that is now almost unimaginable. Correcting these controls and restrictions is a burden that falls on this Congress. Without a sensible approach to an energy policy designed to increase U.S. domestic production, we will continue to move headlong toward disaster.

In what might come as a shock to the casual observer, Dr. McKetta outlines what is required to achieve energy self-sufficiency by the year 2000:

In order to meet the tremendous energy demand from a self-sufficient energy base by the year 2000 we would have to do the following and much more:

(a) Find 10 more Prudhoe Bays or four more states of Texas and produce them to capacity.

(b) Ban all new cars larger than 40 horsepower so that by 1985 half the cars on the road would be that size.

(c) Force a 20 percent improvement in building heating systems.

(d) Force a 15 percent improvement in energy efficiency by industry.

(e) Force a 15 percent improvement in the efficiency of converting electrical power.

(f) Totally develop all offshore oil and gas reserves on the outer continental shelves of both the east and west coasts.

(g) Increase coal production by a factor of 3.

(h) Convert all of California, Montana, and Idaho to geothermal steam electric (which would be like building 110 Hoover Dams at a cost of approximately $40 billion).

(i) Double the present rate of hydroelectric power generation. (80 percent of potential sites are located in parks, wilderness areas and scenic areas.)

(j) Produce 2 million barrels per day of shale oil by the year 2000.

(k) Add one conventional atomic power plant every 2 weeks from now to the year 2000.

He also offers some recommendations that should be considered as Congress formulates a national energy policy:

We must make these changes immediately or else we will face irreversible hardships and sacrifices by 1985:

(1) We must become reasonable about the environmental demands.

(2) We must cut out unnecessary governmental regulations.

(3) We must return to the free enterprise system and let the marketplace determine the price of energy.

(4) We must have a voluntary moratorium on catalytic convertors on tail pipes and all exhaust gas recirculation in automobiles (except in Los Angeles and the few cities that have the chimney effect in the downtown areas).

(5) We need to put lead back into the gasoline. This will save us approximately 12 or more percent of the crude oil that we now use to make non-lead gasoline.

(6) We must retain and enforce 55 m.p.h. speed laws.

(7) We must increase car pools and mass transportation five fold.

(8) We must be sensible about:

(a) encouraging businessmen to find new energies (especially more oil and more gas);

(b) tripling the use of coal by 1990;

(c) using nuclear energy widely and wisely;

(d) encouraging research and development on all fronts to help find additional energies;

(e) developing the use of all alternate energies (I believe however that it is pathetic to give the public the false hope that solar and geothermal energies will be the cure for our energy problem by 1985);

(f) conserving energies of all kinds;

(g) doing without unnecessary luxuries.

Just these few items would decrease the demand by 2 million barrels per day and increase the supply by 3.5 million barrels per day by 1985.

I urge our colleagues to consider these points. because they deserve our utmost attention before a new policy is adopted. Our responsibility to future generations of Americans must take priority over any transitory considerations we as individuals may now have. This Congress will set the direction for decades to come. And that direction will determine the future course of the United States as a world power.

The article follows:

WHY THE UNITED STATES WILL NOT ATTAIN ENERGY SELF-SUFFICIENCY

(By Dr. John J. McKetta, Texas Alpha 1936)

Many of you wishful thinkers have been led to believe we will have energy self-sufficiency by 1985. I predict that at the current rate of energy demand growth, the U.S. will have a severe recession brought about by the lack of domestic energy by 1985. In fact, there will be an energy shortage in the United States by 1985 that will make your hair curl. Most of this is because of the short-sightedness and lethargy of our congress in energy matters.

Our energy supply is in trouble. We just cannot meet the fantastic energy demands through the year 2000 without yearly increasing the energy imported from outside our borders. Today over 45 percent of oil used in the U.S.A. is imported. I believe that the problem of higher taxes, price controls, threat of excess profit penalties, embargoes on leasing or operating in favorable coastal areas, and rigid, excessive environmental requirements serve only as roadblocks in efforts to explore for new reserves or to build new facilities.

At a meeting in Washington, Senator Muskie told us, "We live in a mixed economy where private enterprise and market forces are supposed to do the job, but if they fumble the ball the Federal Government will intervene." He reminded us that the auto exhaust catalyst technology was greatly accelerated by the Federal law. Wouldn't it be wondeful if there were some reciprocal arrangement that if the Federal Government fumbled the ball, private industry could intervene!

IMPORTED ENERGY

In 1975 we paid other countries about 26 billion dollars for oil and over 2 billion dollars for natural gas. In 1976 we imported oil and gas at a 20 percent higher rate. You might think that at least that's progress. We haven't doubled the amount of imports. But in the larger sense, these figures don't spell progress at all—they spell failure—failure and potential disaster for a nation which simply should not spend that much money for imported energies.

Although we continue to be less dependent on imported oil than are Western Europe or Japan, that dependence is growing. Within a few years the amount of imports of Middle Eastern oil will take a huge jump. As you have been reading, our largest oil and gas supplier, Canada, wisely plans to eliminate all exports of petroleum to the U.S. in order to conserve supplies for her own domestic use.

This sickening increasing dependence on imported oil will mean only greater risks of another embargo, and more intimidation in the conduct of foreign policy, which jeopardizes our entire nation.

Many wishful thinkers believe that the OPEC (Organization of Petroleum Exporting Countries) price of oil will decrease by 1980. My own prediction is that the OPEC price will go as high as $20 per barrel of oil by 1980 if we do not develop an effective energy program here in the U.S.A.

How in the world could the wealthiest and most powerful nation on earth allow itself to be boxed into a corner like this? The reasons include the senseless, inflexible governmental regulations and the extreme demands of the environmentalists. We now have so many roadblocks to expanded production that the energy industry is practically inert because of governmental laws and red tape. Despite the continued warning from experts, the Federal Power Commission has been required for more than 20 years to keep the well-head price of natural gas at extremely low levels in order to hold down the prices for consumers. These controls decrease the incentives for the development of new domestic supplies so that, just as we predicted in the early fifties, there is much less natural gas than we need today. By keeping the prices of natural gas and domestic oil at ridiculously low levels, we are forcing consumers to buy more expensive foreign products from foreign oil and gas sources because we are producing so much less of our own oil and gas.

INCREASED USE OF COAL

The companies trying to use more coal are having troubles. While one branch of government is starting to order more plants to use coal, other branches take action that will eliminate a million tons from the market. Expanded production is being held up by rules limiting strip mining and a moratorium on leasing federal coal lands. While the domestic use of coal is limited by too strict clean air rules, at the same time the export of coal to Germany and Japan is being promoted by our government with the result that the eastern U.S. reserves are being used for foreign consumers who bid up the price, making the fuel more expensive to Americans. In the midst of this tremendous energy crisis it's difficult to believe that the coal production in the United States today is lower than it was 30 years ago. Most of this is because of F.P.C., E.P.A. and M.E.S.A. (Federal Power Commission, the Environmental Production Agency, and Mine Safety Act). Since E.P.A. and M.E.S.A. have come into existence in the early '70's, over 20 percent of our coal mines have been shut down.

It's necessary for us to triple the amount of coal that we use by 1990. We must find a way to produce this much coal and we must be allowed to consume this much coal if we wish to free ourselves of the increasing imports. The recent attempt by Congress to pass strip mining legislation that would create dis-incentive to production, unnecessarily add to costs, and adversely affect jobs illustrates again the wrong direction Congress takes for the energy policy.

NUCLEAR ENERGY

In the field of nuclear energy, the story is a sad one. This country was the pioneer in the development of nuclear power. Yet today we require up to 11 years to build a nuclear power plant in the United States while it takes only 4½ years in Europe or Japan. Why? Again, because of excessive governmental regulations!

Many of you will recall the story that way back in 1889 something was bothering Thomas Edison. He wrote an article for the Scientific American warning the public about what he perceived as a major public danger.

"My personal desire would be to prohibit entirely the use of alternating currents," Edison wrote. "They are as unnecessary as they are dangerous. I can therefore see no justification for the introduction of a system which has no element of permanency and every element of danger to life and property."

Now from the vantage point of our alternating current world 86 years later, it is apparent that this great person either was unexplainably wrong in principle, or he failed to anticipate the technology that put alternating current electricity into nearly universal use across the United States. We solved the alternating current hazard—we can solve the new hazards.

Nowadays people are worried about nuclear radiation risks and hazards just as Mr. Edison was worried 86 years ago about AC electricity. Everyone admits that radiation can be dangerous just as gasoline can be dangerous, automobile driving can be dangerous, and electricity can be dangerous. But reasonable people will take moderate risks for great benefits, small risks for moderate benefits, and no risks if there are no benefits. Our policy makers must learn that the world is risky and that the problem isn't whether something is safe, but what the risks are, and whether the benefits are worth those risks. If we could get governmental regulation founded on such a rational basis, we really would be a step ahead on the road to further progress through the benefits of modern science and technology.

Our nation and its laws should aim at devising the best possible means to manage the risks involved—rather than deceiving ourselves and the public into believing that risks can be banned by human force.

Rather than simply banning the material that may be dangerous, we need to answer more basic questions. What is the nature of the hazard? How serious is it? Can it be managed properly? In short, we must weigh the risks and our ability to manage them with the benefits. If the human need is great, such as with radioactive materials used for medical treatment, then a safe way for manufacture and use must be found. Risks are to be found everywhere in life.

CAN WE HAVE ZERO RISK?

E.P.A. uses statistics to prove that "even negative experiments do not guarantee absolute safety." Since when has it been a government function to "guarantee safety" to a 100-percent level? There is no activity of man, including the normal basic physiological functions, without risk. As some witty Irishman once said, "The path from the cradle to the grave is so beset with perils, 'tis a wonder that any of us live to reach the

latter." All that any of us have the right to expect, and all that the vast majority of us ask, is that government regulations help keep the risk within reasonable bounds, not that they "guarantee absolute safety"—there is no such animal!

Shouldn't we rather get a better perspective on relative hazards and devote more of our energies to stopping some of the more genuine menaces to the average citizen, such as our annual highway death toll, the rise of violent crime, increasing rates of rape, murder, etc.? If I should be injured in a collision with a drunken or reckless driver, or while helpless people should be robbed and perhaps murdered, it would be a small consolation to know that E.P.A. has "protected" us from the very slight chance that we might develop cancer from an additive which has been in general and beneficial use for many years with no discernible ill effect on the general public health! Let's get off cloud nine and down to earth about the real risks and chances involved in living in this imperfect world. When we consider zero risks let's remember that in the 18-year history of commercial nuclear plant operations (1958–1976), no accidents have occurred involving public injury or over-radiation. Yet in the same period in the United States alone 848,544 people have been killed by motor vehicles and more than 75 million have been injured by this highly popular invention. To my knowledge there is no popular movement to "ban the auto."

WHAT IS THE U.S. ENERGY PICTURE TODAY AND TOMORROW?

It's very difficult for the public to believe that there is an energy crisis because they have no trouble in getting all the gasoline they want at the gas pump. Unfortunately, no one tells the public that approximately half of the liquid products we use in the United States comes from outside our shores. Little do they know that the actual liquid production in the U.S.A. in 1976 was about 4 percent less than it was in 1975. In fact the production of oil in the United States has been decreasing year after year since 1970. The imported liquid, however, has increased approximately 40 percent over 1973. The cost of imported liquid was over $36 billion in 1976 compared to $6.0 billion in 1973. This is the sort of information that should be made available to the general public so that they know that even though the supply of gasoline is high the country will have great difficulty in paying for this imported liquid.

The real energy story can best be presented in the form of charts depicting the individual situations. Let's turn to Figure 1. Figure 1 shows the total energy used by the United States from 1956 through 1975. On the same chart is shown the total energy produced during these years. The area between these two lines shows the amount of energy we imported from 1956 through 1975. We imported about 20 percent of the total energy used in the United States in 1975.

The top line of Figure 2 shows the predicted total demand of all types of energy in the United States from 1970 to 2000. The second curve from the top indicates the maximum total energy the U.S. could have supplied during this period if proper recommended steps were taken beginning in 1970. The individual amounts of energy are shown as nuclear and hydroelectric, coal, oil from coal and shale, crude oil and natural gas liquid, gas from coal and shale, and natural gas.

The area shown between the two curves represents the increasing amount of imports each year. By the year 2000 we would need to import over 35 percent of our total energy if we can get enough tankers on the ocean to deliver this much energy and if we still have a source of that energy at that time. The total energy produced by the U.S. during this period was predicted using several assumptions: a) the maximum population will not exceed 271 million by the year 2000; b) inflexible governmental regulations will be decreased between now and 2000; c) less resistance will be offered by the extreme environmental demands; d) no new major energy usages, such as general weather control and defogging of the cities, between now and 2000.

Figure 2 indicates that 8 billion barrels of oil will be imported during the year 2000. This means we would need over 1,000 tankers of 1 million barrels net capacity (we have none yet of this size) continuously on the high seas to make this delivery. Incidentally, the 8 billion barrels per year of imports would cost over 200 billion dollars per year by the year 2000. This is the equivalent of 20 million new jobs at $10,000 per person/year.

The only thing wrong with Figure 2 is that it was prepared in January 1970 using the data through 1969. Now look at Figure 3 which shows the top two lines of Figure 2 showing the demand and supply for the total U.S. energies between 1970 and 1985. Now with the history of 1970 to 1975 behind us, it is easy enough to show the demand and supply curves (dashed) lines in Figure 3 which show that the U.S. energy picture is much more critical than we all thought several years ago. We were all optimistic early in 1970 that we would have a great supply of nuclear sources as well as a huge conversion of solids (coal, lignite, shale, etc.) into oil and gas. If all of the nuclear plants which are now in the planning or construction stage are completed by 1985 (many of these are now being held up in the courts for environmental, siting, and other reasons) only about hall of that predicted in 1970 could now be expected to be available in 1985. All of the predictors were overly optimistic on conversion of solids into oil and gas; now only about one-seventh of this source is expected to be available by 1985 as compared to that predicted in 1970.

WHY CAN WE NOT ACHIEVE ENERGY SELF-SUFFICIENCY BY THE YEAR 2000?

In order to meet the tremendous energy demand from a self-sufficient energy base by the year 2000 we would have to do the following and much more:

(a) Find 10 more Prudhoe Bays or four more states of Texas and produce them to capacity.

(b) Ban all new cars larger than 40 horsepower so that by 1985 half the cars on the road would be that size.

(c) Force a 20 percent improvement in building heating systems.

(d) Force a 15 percent improvement in energy efficiency by industry.

(e) Force a 15 percent improvement in the efficiency of converting electrical power.

(f) Totally develop all offshore oil and gas reserves on the outer continental shelves of both the east and west coasts.

(g) Increase coal production by a factor of 3.

(h) Convert all of California, Montana, and Idaho to geothermal steam electric (which would be like building 110 Hoover Dams at a cost of approximately $40 billion).

(i) Double the present rate of hydroelectric power generation. (80 percent of potential sites are located in parks, wilderness areas and scenic areas.)

(j) Produce 2 million barrels per day of shale oil by the year 2000.

(k) Add one conventional atomic power plant every 2 weeks from now to the year 2000.

So you see, you can expect to be living with an energy problem for the rest of your life. I see no way to get out of this horrible mess before the year 2000. We can alleviate this shortage slightly, but only if we establish an effective national energy policy now. This policy will bring about great personal sacrifices of people on every level. It will require billions of dollars (but much of this can be spent from the savings of money resulting from decreased imports because of the new energy policy). This will require the use of our own vast resources.

We need an energy policy with teeth in it. We need an energy czar who is really a czar; unbound by numerous senseless regulations and free of the accusations and bickering of the vote-conscious Congress members. Our national energy policy should include many items. We must make these changes immediately or else we will face irreversible hardships and sacrifices by 1985:

(1) We must become reasonable about the environmental demands.

(2) We must cut out unnecessary governmental regulations.

(3) We must return to the free enterprise system and let the marketplace determine the price of energy.

(4) We must have a voluntary moratorium on catalytic convertors on tail pipes and all exhaust gas recirculation in automobiles (except in Los Angeles and the few cities that have the chimney effect in the downtown areas).

(5) We need to put lead back into the gasoline. This will save us approximately 12 or more per cent of the crude oil that we now use to make non-lead gasoline.

(6) We must retain and enforce 55 m.p.h. speed laws.

(7) We must increase car pools and mass transportation five fold.

(8) We must be sensible about:

(a) encouraging businessmen to find new energies (especially more oil and more gas);

(b) tripling the use of coal by 1990;

(c) using nuclear energy widely and wisely;

(d) encouraging research and development on all fronts to help find additional energies.

(e) developing the use of all alternate energies (I believe however that it is pathetic to give the public the false hope that solar and geothermal energies will be the cure for our energy problem by 1985);

(f) conserving energies of all kinds;

(g) doing without unnecessary luxuries.

Just these few items would decrease the demand by 2 million barrels per day and increase the supply by 3.5 million barrels per day by 1985. This is the sort of action that could put the OPEC countries on their knees. They will discover that the largest consumer doesn't need them. But this will require a Congress and administration to set a policy with conviction and with the knowledge that they possibly may not remain in office very long because of unhappy constituents. But of course the future of our country must come first!

If we do not adopt the foregoing suggestions we will have extreme hardships and sacrifices by 1985. We will be in such a financial position that we will find it impossible to purchase the amount of energy that we need from outside our shores. This will bring about stricter governmental regulations, including strict fuel rationing for private and industrial purposes by 1985 or sooner. Then the governmental regulators will frantically be passing more regulations to save energy in many scatter-brained ways. In fact, I predict that by 1985 in this country the government will have on its payrolls tens of thousands of "regulators" who will appear unexpectedly at our door to insure that we maintain low temperatures in the winter and high temperatures in the summers in our homes, disconnect all clothes dryers and automobile air conditioners, drive on Saturday and Sunday only for emergency purposes, and other such measures. In addition I predict by 1985 that:

(1) The G.N.P. (gross national product) will be in a strong decline in the U.S.

(2) Unemployment will be as high as 14%.

(3) Prime interest rates will be as high as 15%.

(4) We will return to double-digit inflation.

(5) We will have a recession worse than any during the past 40 years.

CONCLUSIONS

What we are facing today are the issues that will determine what this country will be like for a generation or more to come. We have a choice; we can either continue to compound the errors of the past, or we can renew the foundations of our democratic system to begin to build wisely and soundly for our future, energy-wise, economy-wise, and all ways.

Congress must give us a better future, or as stockholders in this huge U.S. corporation, you and I should replace every senator and representative. Americans of strength and character must be willing to fight for their convictions. I urge you to stand up and be counted.

In closing, I should like to echo the words of my good friend Bob R. Dorsey. "I want to put in a word for patriotism. This term has been snickered at in this country in the recent past—maybe because we have become so burdened with national guilt that we find it difficult to profess national pride. All the same, I suggest that a healthy dash of patriotism today in our national melting pot could help us solve, not only our energy and environmental problems, but many of our other problems. I am not referring to the blind nationalism of fanatics or even the ritual symbols broken out for the bicentennial or the Fourth of July, laudable as the latter are. I am suggesting a thoughtful reflection on, and rededication to, the tremendous opportunities that the United States of America has offered generations of men, women and children to lead healthier, happier, and more rewarding lives than they would have anywhere else on earth."

(NOTE.—Dr. John J. McKetta, Texas Alpha '36, E. P. Schoch Professor of chemical engineering at the University of Texas at Austin, has been engaged in environmental work nearly all of his professional life. He is a charter member of the National Council for Environmental Balance. Dr. McKetta is also a member of the board of directors of 11 companies, a member of the National Academy of Engineering, co-editor of the Encyclopedia of Chemical Technology, and has authored or co-authored 17 technical books. In 1962 he was national president of the A.I.Ch.E., and in 1976 he received the Lamme Award from the A.S.E.E. as the outstanding engineering educator of 1976. After 15 years of administrative work at The University of Texas, including department chairman, dean of engineering, and executive vice chancellor of the University of Texas System, Dr. McKetta chose to return to classroom teaching. He admits that the two most important things in his life are his family and teaching.)

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. MCKAY is recognized for 5 minutes.

Mr. MCKAY. Mr. Speaker, on rollcall No. 468, the vote on an amendment to H.R. 7171, the Agricultural Act of 1977, by the gentleman from Idaho (Mr. SYMMS), I was unavoidably detained in my office. The intent of the amendment was to retain the purchase requirement provisions of the current food stamp program. Had I been present, I would have voted in favor of the amendment.

CHEMICAL EMERGENCY RESPONSE TEAM ACT OF 1977

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. HAMILTON) is recognized for 15 minutes.

Mr. HAMILTON. Mr. Speaker, this week I joined several of my colleagues in introducing the Chemical Emergency Response Team Act of 1977. This bill amends the Toxic Substances Control Act to improve the ability of the Federal and State Governments to respond to incidents of chemical contamination of the environment.

Over the past several years, accumulated evidence has indicated that our increasing exposure to chemical compounds considered toxic by the Department of Health, Education, and Welfare is endangering our environment and our health. Many Americans are already suffering the grim consequences of excessive exposure to such chemicals. Fluorocarbons propelling aerosol sprays may have increased the incidence of skin cancer by destroying the Earth's protective ozone layer. Vinyl chloride, today's most commonly used plastic, is toxic to the liver. PCB's—polychlorinated biphenyls—released in the manufacture and disposal of such products as power-generating equipment, electrical insulation, and printing inks, have contaminated our food, milk, and water, and have been found to cause miscarriages, birth defects, and skin disorders.

For years, hazardous chemicals were controlled to some extent through restrictions on pollutant discharges, human exposure to chemicals and the manufacture or distribution of certain substances. However, these restrictions proved finally to be insufficiently effective in protecting both human health and the environment from the consequences of long- and short-term exposure.

The Toxic Substances Control Act was a response to the need for increased protection and represented a systematic, comprehensive approach to the problem. Under the act, chemical manufacturers must give the Environmental Protection Agency at least 3 months' notice before beginning commercial production of a new chemical. The act requires premarket testing of the compound, and if EPA considers the chemicals dangerous, or if it believes that the hazards of the chemical have been insufficiently analyzed, it can keep the chemical off the market.

Despite the greatly enhanced power of the EPA to regulate toxic chemicals, chemical contamination of the environment and the resulting risk to human health still remain serious problems. This year alone there have been five serious contamination incidents affecting my district:

One. On February 18, 70 tons of carbon tetrachloride were spilled into the Ohio River, apparently by a plant in West Virginia. A second large spill occurred later that same month, threatening the safety of drinking water in many communities along the river.

Two. On February 22, a train derailment in Guilford, Ind., resulted in the puncture of a tank car containing acrylonitrile. Tests for contamination of the area continued for several months.

Three. For several days in March, unusual odors sickened employees at the Jeffersonville Census Bureau and the nearby General Services Administration office. It was later disclosed that lacquer and fertilizer fumes from local industry and tar fumes from nearby construction might have been the cause.

Four. On March 29, hexa- and octaclorocyclopentadiene were discovered in dangerous concentrations in the Louisville, Ky. sewer system. The ensuing shut-down of the sewage treatment plant for decontamination resulted in the dumping of raw sewage into the Ohio for several weeks. The proper disposal of the chemicals remained a problem for months after their initial discovery.

Fifth. For several months, students and teachers at the Rockcreek Elementary School in Columbus, Ind., complained of symptoms which apparently resulted from fumes and odors emanating from the industrial liquid waste disposal plant nearby. Public health officials and the EPA are still studyng the plant and the school, and expect to continue close monitoring of air, water, and the students' health.

In all the cases just described above, I was struck by the inability of Federal and State agencies, despite their great concern and best efforts, to swiftly clean up the contamination, locate its source, and, where possible, take steps to prevent its recurrence. The Chemical Emergency Response Team Act would strengthen the ability of Government to respond effectively to incidents like those we have experienced in the Ninth District of Indiana. The most important features of the bill include:

First. The establishment of an interagency team to respond rapidly to chemical contamination incidents that will or may result in unreasonable risk of injury to human beings or the environment.

Second. A survey of Federal, State, local and private capability to respond to chemical contamination incidents, addressing such questions as the availability of equipment and the adequacy of existing laws, and making recommendations to Congress for legislative action to correct deficiencies.

Third. The establishment of a coordinated reporting system that would provide the response team with timely information about contamination incidents.

Fourth. The development of a contingency plan for the response team's investigation, control and prevention of incidents and its coordination of the Federal, State and local response.

Fifth. A grant program to assist the States in developing similar contingency plans and in establishing prevention programs.

Mr. Speaker, we can continue to expect increasing numbers of chemcal contamination incidents, given the growing use of chemical compounds, the many unresolved technical questions associated with the disposal of chemical products, and the ever-present possibility of accident or human negligence. For this reason, I ask the support of my colleagues for swift consideration of the Chemical Emergency Response Team Act.

THE PLIGHT OF THE FRADKIN FAMILY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. GORE) is recognized for 10 minutes.

Mr. GORE. Mr. Speaker, I am pleased to continue today a project coordinated by Mr. DRINAN on behalf of Soviet Jewish families and individuals who are forcibly detained in the U.S.S.R. under that government's repressive emigration policy. Termed "Helsinki's Unfulfilled Promise," this program is a result of the Soviet Union's violations of the human rights provisions of the Helsinki Final Act. This project began last year, and it is appropriate that it be continued and expanded this session in line with the concern President Carter has expressed about violations of human rights in the Soviet Union and other nations of the world. Contrary to what the Soviets claim, this is not an unwarranted intrusion into a purely internal policy. The Soviet Union is a signatory of both the Helsinki agreement, which spells out basic human liberties each nation should honor, and to the Universal Declaration of Human Rights. We have a moral duty to challenge human rights violations and speak out on behalf of those opposing the Soviet emigration policy from within and on behalf of the families who are victims of this policy.

The family of Daniel and Sara Fradkin is one such family. They live in Leningrad with their two children, Wolf and Faina. Neither Daniel nor Sara has any relatives left in the Soviet Union. His father and brother live in Israel. Her parents and sisters live in Israel. Three times since 1972, Mr. Fradkin has applied for permission to emigrate to Israel. Three times permission has been denied, and the authorities say it will be 1980 before they will be given permission to rejoin their families. A former lecturer at the Institute of Electrical Communication, Mr. Fradkin now works as a postman. The only reason the Soviet authorities give for refusing his applications is that he had access to secret documents in 1963. This is the type of transparent excuse that is used often in order to justify a policy of harassment that borders on blatant anti-Semitism.

Mr. Fradkin's father, Rabbi Abraham Fradkin, writes from Israel:

> It's clear that these refusals are a gross injustice, a gross violation of human dignity. I'm a sick old man, and I'm addressing a request to you to exert every effort in order to help my son to leave the U.S.S.R. Just God shall help us.

Mr. Speaker, this very eloquent message from Rabbi Fradkin challenges all of us in this Congress to demonstrate our concern about his family and the other victims of Soviet human rights violations. I hope that someday soon Daniel and Sara Fradkin will be able to join their families, and I hope that my colleagues will continue to let the Soviet Government know of the United States concern about human rights.

NEW HOUSE PUBLICATIONS SYSTEMS TO SAVE MILLIONS IN TAX DOLLARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. THOMPSON) is recognized for 10 minutes.

Mr. THOMPSON. Mr. Speaker, during the past 3 months there has been an ongoing experimental test operation of electronic equipment for the editing and composing of House committee hearings. The new system, which was installed last April 20, is operated by the House information systems' staff—the House computer support organization under the Committee on House Administration—as a joint venture of the Official Committee Reporters' Office, some 19 committees of the House that have participated in the test, and the Government Printing Office. Much of the important work has been part of the function of the policy group on information and computers of the House Administration Committee under the brilliant leadership of the gentleman from North Carolina (Mr. ROSE).

I am pleased to advise our colleagues, Mr. Speaker, that after only 3 months of limited operation, savings in printing costs for committee hearings composed using this advanced equipment will equal the entire cost of setting up the system and purchase of the equipment, or some $638,200. For pages electronically composed in the future using this system, a savings of more than $73 a page in printing costs is expected. At the current rate of savings, we expect that total savings for this year alone in printing costs for House hearings will be more than $2 million.

But there are even other important considerations involved than just money savings. One of these is precious time. The average time required for printing transcripts of hearings by GPO has been reduced from more than 3 months to less than 20 days. In some cases the results have been phenomenal. The new system made it possible for the House Ad Hoc Committee on Energy to print its hearings in June within 4 working days after they were held, so that action could be expedited on the national energy legislation we will consider here next week. As the techniques are perfected and employees become more familiar with the system, it will be possible for GPO to produce the original page copy of hearings for printing the same day that hearing is held.

Mr. Speaker, I wish to thank each of the chairmen, printing clerks, and staff of the 19 House committees that have used the new system as well. Their cooperation has been most helpful in our test of the new system. Already they have used the system to produce more than 250 transcripts and to print more than 30 documents.

I cannot help but add one final comment. We have all witnessed a barrage of criticism of this great institution from the news media—and, sadly from some of our colleagues on the minority side of the aisle. In short, it has been open season on the House of Representatives and its membership. It will be interesting to note how the news media will report the subject of these remarks, Mr. Speaker, since they deal with positive, constructive activities of the House that result in considerable savings in tax dollars. If journalistic fairness is still alive as a basic principle of that great fraternity, I expect that we will at least receive equal treatment to balance all of the recent rock-throwing.

CUSTOMS PROPOSES STRICTER MAIL-OPENING RULES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

Mr. PREYER. Mr. Speaker, the 6-year-old practice under which the Customs Service has been able to open sealed international letter class mail with the cooperation of the Postal Service is currently under scrutiny by my Government Operations Subcommittee on Government Information and Individual Rights.

A number of disturbing irregularities and practices have come to our attention. At the same time, however, both the Postal Service and the Customs Service together with its parent Treasury Department, have been cooperative and forward-looking in their responses to the subcommittee.

In this connection and following discussions with the subcommittee, the Customs Service has proposed new regulations and policy which would to some extent tighten its mail-opening procedures. There were published in the Federal Register of Thursday, July 28, at page 38393. Public comments will be received until September 26.

While the subcommittee has not taken a position on these proposals and would not do so until after hearing testimony from Treasury and Customs witnesses in September, I do want to take public note of Customs' action in this problem area.

LEGISLATION TO REDUCE WORKDAY FOR OPERATING RAILROAD EMPLOYEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. STAGGERS) is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, in 1970, when Congress amended the hours of service law relating to the railroad industry, it was hoped that employees would henceforth be able to receive adequate rest, and errors resulting from fatigue would be reduced. Studies on the effect of fatigue show a direct correlation between excessive work hours and accidents. The safety statistics since the amendments became effective reflect that injuries and accidents on the railroads continue at an unacceptable level, while the length of the work assignments have not been substantially reduced by the carriers. Statistics compiled by DOT indicate that a substantial percentage of accidents are caused, at least partially, by employee error. In view of this situation, I feel a further reduction in the

number of hours of work is necessary to reduce accidents caused in part by a fatigued worker.

Congress again must meet its responsibility to the public. Therefore, on July 15, 1977, I introduced H.R. 8365, a bill which will reduce the workday for operating railroad employees to 10 hours per day.

The requirements in this legislation are comparable to the maximum hours of work permitted in other transportation industries. The operating employees of motor carriers are limited to 10 hours driving after at least 8 consecutive hours off duty. An airline flightcrew may not fly more than 8 hours during any 24 consecutive hours without a rest period equal to twice the number of hours in the air since the previous period.

Those who oppose shorter workdays may argue that train crews cannot get to their normal assignments and return within the time prescribed in this bill. Based upon the way the railroads have allowed the tracks to deteriorate, that may be true in some cases. This bill will give an incentive to the railroads to improve their tracks which result in the delays and slow orders.

PERSONAL EXPLANATION

(Mr. GILMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

(Mr. GILMAN. Mr. Speaker, during part of the legislative session on Wednesday, July 27, 1977, I was unavoidably absent on officials business at the State Department. Had I been present, I would have voted in the following fashion on amendments to H.R. 7171, the Agriculture Act of 1977: An amendment that sought to deny food stamp benefits to strikers except where they had been previously eligible, roll No. 467, "no," an amendment to the previous amendment that sought to exclude strikers whose household includes children under 16 years of age, roll No. 465, "no," an amendment to the previous amendment that sought to exclude strikers whose household includes children under 16 years of age, or disabled and elderly dependents, roll No. 466, "no."

HOME LOAN BANK POWER OVER CONVERSION OF FEDERAL SAVINGS AND LOANS LAPSED

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MIKVA. Mr. Speaker, I am introducing today legislation to prohibit the conversion of Federal savings and loan associations, which are owned by depositors, into share-owned associations. This action comes on the heels of the Comptroller General's opinion, as reported in the Wall Street Journal last Thursday, that the Federal Home Loan Bank Board's authority to allow shareholder-owned savings and loan associations terminated June 30, 1976. My bill would enforce that determination.

As a result of a conversion in my district, several constituents have alerted me to the way in which these conversions are undertaken: In most cases, a savings and loan conversion is accompanied by a capital accumulation drive. By coupling the conversion with a capital raising scheme, the savings and loan association often requires the wouldbe stockholder to invest a sum of money over and above his or her savings deposit. Unless this is done, the depositor receives no stock and eeffctively loses his or her right to ownership.

Thus, the real purpose of the requirement for additional capital is to impose limitations upon the depositors that cannot be met, allowing the savings and loan association to gain a windfall by assuming control of the stock. All too often, these conversions result in unjustifiable profits for a few insiders while the original depositors gain nothing or even lose control over their own money.

If the Comptroller General's opinion is correct, the 15 conversions since June 30, 1976 were approved illegally. Senator PROXMIRE has noted this situation and indicated that he will be introducing in the Senate legislation to resolve the confusion surrounding these conversions. I agree that it is time for Congress to act.

Mr. Speaker, I would like to urge my colleagues to support the prohibition of any future conversions of Federal savings and loan associations. If the Federal Home Loan Bank Board will not, then Congress should enforce the June 1976 termination of their authority to allow these windfall profit schemes. Saving and loan association depositors have a right to expect that their investment cannot be undercut.

The Wall Street Journal article follows:

HOME LOAN BANK POWER OVER CONVERSION OF FEDERAL S&LS LAPSED, SAYS U.S. AIDE

WASHINGTON.—The Federal Home Loan Bank Board's authority to let federal savings and loan associations be owned by shareholders rather than depositors lapsed June 30, 1976, the comptroller general said in a legal opinion.

Sen. William Proxmire (D., Wis.), who requested the opinion, immediately asked the bank board to stop processing S&L applications to convert from mutual to stock ownership. Mr. Proxmire, who is chairman of the Senate Banking Committee, said the opinion means the bank board "illegally" aproved 16 applications after its authority expired.

The comptroller general heads the General Accounting Office, a congressional watchdog agency, but he is also called on from time to time by Congressmen to render advisory opinions on legal issues. A Senate Banking Committee aide said the comptroller general's opinions "aren't legally binding but would tend to be given the greatest weight" by a court.

Sen. Proxmire has said he will press for legislation to prohibit mutual savings and loan associations from converting. In late May, he released a GAO report critical of the bank board's experimental program to allow such conversions. These conversions typically yield "millions of dollars in windfall profits" to the converting S&L's managers and directors, Mr. Proxmire believes.

Because many states allow state-chartered S&Ls to convert, supporters of conversion have argued that many federal S&Ls will drop their federal charters for state charters unless the federal government allows conversion as well.

A bank board spokesman said the board wouldn't have any immediate comment on the opinion. The comptroller general said in the opinion that he'd taken the board's legal arguments into account and rejected them. However, the comptroller general also noted that the board had raised several "forceful" policy arguments. "Prompt congressional action on the conversion issue would be desirable," the comptroller general concluded.

A bank board spokesman said that in fact, 15 conversions have been approved since June 30, 1976. According to the comptroller general, the "status" of institutions whose conversions were approved after the board's authority lapsed "may be called into serious question."

The 15 are: Metropolitan Federal Savings & Loan Association, Bethesda, Md.; Key Federal Savings & Loan Association, Randallstown, Md.; Civic Federal Savings & Loan Association, San Francisco; First Federal Savings & Loan Association of Sumner County, Wellington, Kans.; County Federal Savings & Loan Association of Westport, Conn.; Biscayne Federal Savings & Loan Association, Miami, Fla.; Uptown Federal Savings & Loan Association of Chicago; First Federal Savings & Loan Association of Beloit, Kans.; Valley Federal Savings & Loan Association of Hutchinson, Kans.; Citizens Federal Savings & Loan Association, Miami, Fla.; Union Federal Savings & Loan Association of Miami, Fla.; United Federal Savings & Loan Association, San Francisco; Skokie Federal Savings & Loan Association, Skokie, Ill.; Pan American Federal Savings & Loan Association, San Francisco; First Federal Savings & Loan Association of Fulton County, Rochester, Ind.

H.R. 8610

A bill to prohibit the conversion of certain depository institutions from the mutual to stock form of organization

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of paragraph (1) of section 402(j) of the National Housing Act is amended by striking out "Except as otherwise provided in this subsection, until June 30, 1976, the" and inserting in lieu thereof "The".

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. HANSEN) to revise their remarks and include extraneous material:

Mr. KEMP for 10 minutes today.

Mr. CRANE for 60 minutes August 4, 1977.

Mr. CORCORAN of Illinois for 5 minutes today.

Mr. PURSELL for 5 minutes today.

Mr. SARASIN for 5 minutes today.

Mr. WHALEN for 10 minutes today.

The following Members (at the request of Mr. LEFANTE) to revise and extend their remarks and include extraneous material:

Mr. ANNUNZIO for 5 minutes today.

Mr. GONZALEZ for 5 minutes today.

Mr. WAGGONNER for 10 minutes today.

Mr. MCKAY for 5 minutes today.

Mr. HAMILTON for 15 minutes today.

Mr. GORE for 10 minutes today.

Mr. THOMPSON for 10 minutes today.

Mr. PREYER for 5 minutes today.

Mr. STAGGERS for 5 minutes today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. WAMPLER to revise and extend his remarks at beginning of debate on title XIII.

Mr. THONE, at the conclusion of all debate on amendments to title XV.

Mr. GUDGER to revise and extend his remarks and include extraneous material immediately prior to the vote on the Wolff amendment in the Committee of the Whole today.

The following Members (at the request of Mr. HANSEN) and to include extraneous matter:

Mr. STEIGER.
Mr. CRANE in five instances.
Mr. COLLINS of Texas in two instances.
Mr. MARTIN.
Mr. WINN in two instances.
Mr. SHUSTER.
Mr. FORSYTHE.
Mr. MARLENEE.
Mr. RUPPE in two instances.
Mr. SYMMS in two instances.
Mr. HILLIS.
Mr. KASTEN.
Mr. HORTON in two instances.
Mr. EDWARDS of Oklahoma.
Mr. HANSEN in four instances.
Mr. RHODES.
Mr. ABDNOR.
Mr. COLEMAN.
Mr. DORNAN.
Mr. KETCHUM.
Mr. ASHBROOK in three instances.
Mr. CONTE.

The following Members (at the request of Mr. LEFANTE), and to include extraneous matter:

Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. MIKVA.
Mr. ASHLEY.
Mr. PATTISON of New York.
Mr. EDWARDS of California in two instances.
Mr. FRASER.
Mr. RODINO in two instances.
Mr. METCALFE.
Mr. RONCALIO in five instances.
Mr. DE LUGO in two instances.
Mr. LONG of Maryland in three instances.
Mr. MILLER of California.
Mr. KOSTMAYER.
Mrs. SCHROEDER.
Mr. OBERSTAR in three instances.
Mr. ROGERS.
Mr. MCDONALD in four instances.
Mr. MOTTL.
Mr. LONG of Louisiana.
Mr. APPLEGATE.
Mr. ROSE.
Mr. MURPHY of Illinois.
Mr. TEAGUE in two instances.
Mr. DOWNEY.
Mr. JOHN L. BURTON in two instances.
Mr. EILBERG.
Mr. CORNWELL.
Mr. NEAL.
Mr. SIMON in two instances.
Ms. OAKAR.
Mrs. SPELLMAN.
Mr. MAZZOLI.
Mr. LEVITAS.
Mr. LUKEN.
Mr. MCCORMACK in three instances.
Mr. CAVANAUGH.
Mr. HARRIS.
Mr. UDALL.
Mr. GEPHARDT in two instances.
Mr. KRUEGER.
Mr. EFTEL.
Mr. JONES of Oklahoma.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following title:

H.R. 692. To amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, and for other purposes;

H.R. 5864. To approve with modifications certain proposed amendments to the Federal Rules of Criminal Procedure, to disapprove other such proposed amendments, and for other related purposes;

H.R. 7553. Making appropriations for public works for water and power development and energy research for the fiscal year ending September 30, 1978, and for other purposes; and

H.R. 7932. Making appropriations for the legislative branch for the fiscal year ending September 30, 1978, and for other purposes.

ADJOURNMENT

Mr. LE FANTE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 36 minutes p.m.), the House adjourned until Friday, July 29, 1977, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2027. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 2-60, "To increase the poundmaster's fee for the seizure and impoundment of dogs found running at large, and to reduce the tag tax for dogs purchased or reclaimed from the pound," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2028. A letter from the Secretary of Labor, transmitting the biennial report on employment opportunities for groups with historically high incidences of unemployment, pursuant to section 4(d)(3) of the Fair Labor Standards Act of 1938, as amended (88 Stat. 74); to the Committee on Education and Labor.

2029. A letter from the Comptroller General of the United States, transmitting a report on the concept of "mission budgeting" (PSAD-77-124, July 27, 1977); to the Commitee on Government Operations.

2030. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Rodney O'Gilasain Kennedy-Minott, Ambassador-designee to Sweden, and by members of his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

2031. A letter from the Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of an increase in the funding level of the agency's fiscal year 1977 program in Mali, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on International Relations.

2032. A letter from the Secretary of Health Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act to strengthen and improve the program of Federal support for foster home care of dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REUSS: Committee of conference. Conference report on H.R. 5262 (Rept. No. 95-544). Ordered to be printed.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 8309. A bill authorizing certain public works on rivers for navigation, and for other purposes; with amendment (Rept. No. 95-545). Ordered to be printed.

Mr. BOLLING: Committee on Rules. House Resolution 727. Resolution providing for the consideration of H.R. 8444. A bill to establish a comprehensive national energy policy (Rept. No. 95-546). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THORNTON (for himself, Mr. BROWN of California, Mr. DOWNEY, Mr. EILBERG, Mr. HOLLENBECK, Mr. MCCORMACK, Mr. MURPHY of New York, Mr. NEAL, Mr. PREYER, Mr. PURSELL, Mr. VENTO, Mr. WALKER, Mr. WHITLEY, and Mr. CHARLES WILSON of Texas):

H.R. 8596. A bill to establish a uniform federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes; jointly, to the Committees on the Judiciary, and Science and Technology.

By Mr. ANNUNZIO (for himself, Mr. BOLAND, and Mr. MOAKLEY):

H.R. 8597. A bill to provide for the payment of losses incurred as a result of the ban on the use of the chemical Tris in apparel, fabric, yarn or fiber, and for other purposes; to the Committee on the Judiciary.

By Mr. APPLEGATE:

H.R. 8598. A bill to amend the Food Stamp Act of 1964 to make certain that future social security benefit increases will not have the effect of making any household ineligible for food stamps or of increasing the charges imposed therefor; to the Committee on Agriculture.

By Mr. CORCORAN of Illinois.

H.R. 8599. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind per-

sons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. DOWNEY:

H.R. 8600. A bill to amend title 5, United States Code, to revise the pay structure for Federal air traffic controllers; to the Committee on Post Office and Civil Service.

By Mr. ERTEL:

H.R. 8601. A bill to amend the Regional Rail Reorganization Act of 1973 to require Conrail to purchase materials mined, produced, or manufactured in the United States unless the Secretary of Transportation makes certain determinations; to the Committee on Interstate and Foreign Commerce.

By Mr. FASCELL:

H.R. 8602. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. FASCELL (for himself, Mr. ROSE, Mr. DERWINSKI, Mr. KREBS, Mr. KEMP, Mr. LEHMAN, Mr. NIX, Mr. EILBERG, Mr. STOCKMAN, Mr. WHALEN, Mrs. KEYS, Mr. IRELAND, Mr. ST GERMAIN, Mr. OTTINGER, Mr. PREYER, Mr. HYDE, Mr. KINDNESS, Mr. LENT, Mr. PRICE, Mr. MILLER of California, Mr. SIMON, Mr. FUQUA, Mr. WALGREN, Mrs. HECKLER, and Mrs. BOGGS):

H.R. 8603. A bill to require the Office of Management and Budget to provide information on the formulas and assumptions used in the distribution of domestic assistance; to the Committee on Government Operations.

By Mr. FISH:

H.R. 8604. A bill to amend the Railroad Retirement Act of 1974 to provide for the counting of certain military engagements for which ribbons were awarded toward the years of service requirements for eligibility for certain benefits under such act; to the Committee on Interstate and Foreign Commerce.

By Mr. FORD of Michigan (for himself, Mr. BADILLO, Mr. BONKER, Mr. HAMILTON, Mr. LE FANTE, Mr. LUKEN, Mr. NOLAN, Mrs. SPELLMAN, and Mr. VENTO):

H.R. 8605. A bill to amend the Toxic Substances Control Act to provide for a method of effectively responding to toxic chemical contaminations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FORSYTHE (for himself and Mr. LEGGETT):

H.R. 8606. A bill to establish a non-game fish and wildlife program; to the Committee on Merchant Marine and Fisheries.

By Mr. HORTON:

H.R. 8607. A bill to amend title 38 of the United States Code to provide for the payment of supplemental tuition allowances for certain veterans pursuing educational programs; to the Committee on Veterans' Affairs.

By Mr. JACOBS (for himself and Mr. TRIBLE):

H.R. 8608. A bill to amend the Motor Vehicle Information and Cost Savings Act to provide minimum fuel economy standards for every passenger automobile manufactured in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. KASTENMEIER (for himself and Mr. EDWARDS of Oklahoma):

H.R. 8609. A bill to amend title 39 of the United States Code to prohibit the Postal Service from limiting regular daily mail delivery to fewer than 6 days each week, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MIKVA:

H.R. 8610. A bill to prohibit the conversion of certain depository institutions from the mutual to stock form of organization; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MOTTL:

H.R. 8611. A bill to amend the Social Security Act to provide for a national catastrophic health insurance program, to amend the Internal Revenue Code of 1954 to provide for a tax on removal of natural resources from Federal lands to pay for such program, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. NEDZI:

H.R. 8612. A bill to amend title 38, United States Code, to provide for the payment of service pensions to veterans of World War I and the surviving spouses and children of such veterans; to the Committee on Veterans' Affairs.

By Mr. OBERSTAR:

H.R. 8613. A bill to amend the Federal Trade Commisison Act to provide that the dissemination of any advertisement for goods or services by a retailer which does not include a consumer information telephone number shall be an unfair or deceptive act or practice; to the Committee on Interstate and Foreign Commerce.

H.R. 8614. A bill to establish a national driver register to assist States in exchanging information regarding the motor vehicle driving records of certain individuals, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, and Public Works and Transportation.

By Mr. PURSELL:

H.R. 8615. A bill to amend section 1304 of the Internal Revenue Code of 1954 relating to income tax returns of married individuals; to the Committee on Ways and Means.

By Mr. QUIE (for himself and Mr. MOTTL):

H.R. 8616. A bill to amend the Internal Revenue Code of 1954 to provide an additional income tax exemption for a taxpayer, his spouse, or his dependent, who is disabled; to the Committee on Ways and Means.

By Mr. ROBERTS (for himself, Mr. HAMMERSCHMIDT, Mr. TEAGUE, Mr. SATTERFIELD, Mr. MONTGOMERY, Mr. CARNEY, Mr. BRINKLEY, Mr. WYLIE, Mr. HILLIS, and Mr. ABDNOR):

H.R. 8617. A bill to deny entitlement to veteran's benefits to certain persons who would otherwise become so entitled solely by virtue of the administrative upgrading under temporarily revised standards of less than honorable discharges for service during the Vietnam era, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. STUMP (for himself, Mr. RHODES, Mr. RUDD, and Mr. UDALL):

H.R. 8618. A bill to authorize the Secretary of the Interior to transfer franchise fees received from certain concession operations at Grand Canyon National Park, Ariz., to the Grand Canyon Unified School District, Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WHITEHURST (for himself and Mr. ROE):

H.R. 8619. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for State and local public utility taxes; to the Committee on Ways and Means.

By Mr. CHARLES WILSON of Texas (for himself, Mr. FASCELL, Mr. BINGHAM, Mr. CONTE, Mr. JOHN L. BURTON, Mr. LUKEN, and Mr. PEPPER):

H.R. 8620. A bill to authorize the Secretary of State to accept a statue or bust of George C. Marshall; to the Committee on International Relations.

By Mr. CHARLES WILSON of Texas (for himself and Mr. HALL):

H.R. 8621. A bill to provide for the tax treatment of interest on obligations issued by the Sabine River Authority of Texas; to the Committee on Ways and Means.

By Mr. CHARLES WILSON of Texas:

H.R. 8622. A bill to amend title II of the Social Security Act to provide that any individual who is over age 65 at the time of application for benefits thereunder may (if otherwise qualified) be paid such benefits from the month in which he or she attained that age; to the Committee on Ways and Means.

By Mr. BRODHEAD:

H.R. 8623. A bill to amend the Internal Revenue Code of 1954 to provide that certain civil and criminal penalties applicable to the unauthorized disclosure of any tax return or return information may be imposed only if such unauthorized disclosure is willful; to the Committee on Ways and Means.

By Mr. LONG of Maryland (for himself, Mr. VAN DEERLIN, Mr. BADILLO, Mr. BINGHAM, Mr. BLANCHARD, Mr. BOLAND, Mr. BONIOR, Mr. BRODHEAD, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CORNWELL, Mr. CORRADA, Mr. CONYERS, Mr. COTTER, Mr. DODD, Mr. DRINAN, Mr. EDGAR, Mr. EDWARDS of Oklahoma, Mr. EILBERG, Ms. FENWICK, Mr. FRASER, Mr. GEPHARDT, Mr. GIBBONS, Mr. HOLLENBECK, and Mr. HORTON):

H.R. 8624. A bill to discourage the use of leg-hold or steel jaw traps on animals in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Maryland (for himself, Mr. KASTENMEIER, Mr. LLOYD of California, Mr. MAGUIRE, Mr. MARKEY, Mr. MIKVA, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MOFFETT, Mr. MOORHEAD of Pennsylvania, Mr. MOSS, Mr. MURPHY of Illinois, Ms. OAKAR, Mr. OTTINGER, Mr. PATTERSON of California, Mr. PEPPER, Mr. PIKE, Mr. PURSELL, Mr. RANGEL, Mr. RICHMOND, Mr. RINALDO, Mr. RODINO, Mr. RUSSO, and Mr. ST GERMAIN):

H.R. 8625. A bill to discourage the use of leg-hold or steel jaw traps on animals in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Maryland (for himself, Mr. SARASIN, Mr. SCHEUER, Mr. SOLARZ, Mr. STEERS, Mr. VENTO, Mr. CHARLES WILSON of Texas, Mr. WAXMAN, Mr. WHITEHURST, Mr. YATES, Mr. ZEFERETTI, and Mr. JACOBS):

H.R. 8626. A bill to discourage the use of leg-hold or steel jaw traps on animals in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. MARLENEE:

H.R. 8627. A bill to expedite issuance of Federal permits and developments of a transportation system to move Alaskan crude oil to Northern Tier and other inland States, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, and Interior and Insular Affairs.

By Mr. ROONEY (for himself, Ms. CHISHOLM, Mr. RICHMOND, Mr. KEMP, Mr. MITCHELL of New York, Mr. RANGEL, Mr. LENT, Mr. STRATTON, Mr. DELANEY, Mr. LAFALCE, Mr. NOWAK, Mr. PIKE, and Mr. WOLFF):

H.R. 8628. A bill to authorize appropriations for the summer Olympic games, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROONEY (for himself and Mr. FLORIO):

H.R. 8629. A bill to extend commuter rail passenger service operated by the Consolidated Rail Corporation, to provide for the adequate insurance of risks incurred in the operation of such services, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RUPPE:

H.R. 8630. A bill to increase the tariff on imported copper and to exclude copper imports from the Generalized System of Preferences created by the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. VANIK:

H.R. 8631. A bill to amend the Tax Reduction and Simplification Act with respect to the treatment of intangible drilling costs for the purposes of the minimum tax; to the Committee on Ways and Means.

By Mr. LEACH (for himself, Mr. BROWN of Michigan, Mr. CONABLE, Mr. DERWINSKI, Mr. EVANS of Delaware, Mr. HYDE, Mr. MCCLORY, Mr. ROE, Mr. STEIGER, Mr. BEDELL, Mr. DE LUGO, Mr. HARRINGTON, Mr. LAFALCE, Mr. MURPHY of New York, Mr. MURPHY of Pennsylvania, Mr. PATTERSON of California, Mr. RICHMOND, and Mrs. SPELLMAN):

H.R. 8632. A bill to provide for additional assistance for the preservation of historic structures under title I of the National Housing Act, section 312 of the Housing Act of 1964, and the act of October 15, 1966 (80 Stat. 917); to the Committee on Banking, Finance and Urban Affairs.

By Mr. ROGERS (by request):

H.R. 8633. A bill to encourage the States to establish cost and quality standards, and to provide incentives to contain inflationary rises in hospital costs, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. STAGGERS (for himself and Ms. MIKULSKI):

H.R. 8634. A bill to amend the act of March 4, 1907, commonly referred to as the Hours of Service Act; to the Committee on Interstate and Foreign Commerce.

By Mr. JACOBS (for himself and Mr. TREEN):

H.J. Res. 559. Joint resolution proposing an amendment to the Constitution of the United States with respect to the compelling of testimony from a defendant in a criminal case in open court, a restriction on the use of prior convictions except when they are an element of the crime charged, and the right of a defendant in a criminal case to be informed of the evidence against him; to the committee on the Judiciary.

By Mr. ROBINSON (for himself, Mr. BYRON, Mr. FOUNTAIN, Mr. GILMAN, and Mr. NEAL):

H.J. Res. 560. Joint resolution to authorize and request the President to issue a proclamation designating May 13 of each year as American Business Day; to the Committee on Post Office and Civil Service.

By Mr. SYMMS (for himself, Mr. ARCHER, Mr. BURGENER, Mr. DEL CLAWSON, Mr. CLEVELAND, Mr. CRANE, Mr. DEVINE, Mr. DIGGS, Mr. DORNAN, Mr. EILBERG, Mr. ERLENBORN, Mr. FRENZEL, Mr. GOODLING, Mr. HOLLAND, Mr. HORTON, Mr. JENRETTE, Mr. KINDNESS, Mr. MCDONALD, Mr. MILLER of Ohio, Mr. MINETA, Mr. MITCHELL of Maryland, Mr. SISK, and Mr. WYLIE):

H. Con. Res. 314. Concurrent resolution to promote effective treatment of epilepsy; to the Committee on Interstate and Foreign Commerce.

By Mr. SYMMS (for himself and Mrs. CHISHOLM):

H. Con. Res. 315. Concurrent resolution to promote effective treatment of epilepsy; to the Committee on Interstate and Foreign Commerce.

By Mr. YOUNG of Florida:

H. Con. Res. 316. Concurrent resolution calling for full freedom and independence for the Baltic States; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. NEAL:

H.R. 8635. A bill for the relief of certain employees of the Department of Agriculture; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 8636. A bill for the relief of Aliahu Ben Eli; to the Committee on the Judiciary.

By Mr. MAZZOLI (by request):

H. Res. 726. Resolution to refer the bill (H.R. 8532) for the relief of McNamara Construction of Manitoba, Limited, of Willowdale, Ontario, Canada, to the Chief Commissioner of the Court of Claims; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

161. By the SPEAKER: Petition of Maine State Bar Association, Bangor, Maine, relative to establishment of a separate and independent Bankruptcy Court; to the Comittee on the Judiciary.

162. Also, petition of Philip De Velder, Alexandria, Va., relative to a proposed amendment to the Constitution of the United States regarding the filling of vacancies in the House of Representatives; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3744

By Mr. BOWEN:

Page 14, insert after line 4 the following:

BABYSITTERS

SEC. 10. (a) Section 13(a)(15) (29 U.S.C. 213(a)(15)) is amended by striking out "on a casual basis".

(b) The amendment made by subsection (a) shall take effect January 1, 1978.

By Mr. CAVANAUGH:

Page 5, strike out "November 1" each place it occurs in line 19 and insert in lieu thereof "September 10".

Page 5, line 21, insert after "period" the following: "and, for purposes of subsection (g), shall transmit such earnings to both Houses of Congress on the same day".

Page 9, insert after line 5 the following:

(e) Section 6 (29 U.S.C. 206) is amended by inserting at the end the following:

"(g)(1)(A) The minimum wage prescribed by subsection (a)(1) for the year beginning January 1, 1979, and for each year thereafter shall take effect as prescribed by that subsection unless, between the date of the transmittal under subsection (a) of the average hourly earnings on which such wage is to be based and the end of the first period of thirty calendar days of continuous session of Congress after the date on which such earnings are transmitted, either House passes a resolution stating in substance that the House does not favor the wage rate prescribed to go in effect for such year. If either House so passes such a resolution, the minimum wage rate for such year shall be the minimum wage rate in effect for the preceding year.

"(B) For purposes of this subsection—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(2) For the purpose of this subsection, 'resolution' means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: 'That the does not favor the minimum wage rate prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938 for the year beginning on , 19 .'. The blank spaces therein are to be filled appropriately.

"(3)(A) No later than the first day of session following the day on which earnings are transmitted to the House of Representatives and the Senate under subsection (a), a resolution shall be introduced (by request) in the House by the chairman of the Education and Labor Committee of the House, or by a Member or Members of the House designated by such chairman; and shall be introduced (by request) in the Senate by the chairman of the Human Resources Committee of the Senate, or by a Member or Members of the Senate designated by such chairman.

"(B) A resolution shall be referred to the Committee on Human Resources of the Senate and the Committee on Education and Labor of the House by the President of the Senate or the Speaker of the House of Representatives, as the case may be. The committee shall make its recommendations to the House of Representatives or the Senate, respectively, within 15 calendar days of continuous session of Congress following the date of such resolution's introduction.

"(4) If the committee to which is referred a resolution introduced pursuant to paragraph (3) (or, in the absence of such a resolution, the first resolution introduced with respect to the same wage rate) has not reported such resolution or identical resolution at the end of 15 calendar days of continuous session of Congress after its introduction, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(5)(A) When the committee has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution with respect to a wage rate, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

"(C) Immediately following the conclusion of the debate on the resolution with respect to a wage rate, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final approval of the resolution shall occur.

"(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a wage rate shall be decided without debate.".

"(E) This section is enacted by Congress—

"(i) as an exercise of the rulemaking power of the Senate and the House of Rep-

resentatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.".

H.R. 8444

By Mr. BROWN of Michigan:

Section 106(d) is amended to read as follows:

"(d) Civil penalty.—Any public utility which violates any requirement of a plan promulgated under subsection (a) or which fails to comply with an order under subsection (a) or (b) within 90 days from the issuance of such order shall be subject to a civil penalty of not more than $1,000 for each violation. Each day that such violation continues shall be considered a separate violation, and any penalty paid pursuant to this subsection may not be, directly or indirectly, charged to or collected from residential customers of such utility."

Amendment to title I, part I, subpart A: Strike line 22, page 12 through line 16, page 37.

Section 103(c)(3) is amended to read as follows:

"(3)(A) The Governor of each State (or his designee) shall not later than 270 days after the date of the enactment of this Act, prepare with respect to the service area of each utility in such State, convenient sources of comprehensive information concerning materials, contractors, financing, and consumer protection resources relative to the utility program.

(B) The Governor (or his designee) shall make such information available to the utilities in such State and to other persons. In the case of any utility's service area for which the Governor or his designee has not prepared and made available any such information within such 270-day period, the Administrator shall prepare and make available such information, as soon as practicable after such period.

(C) The information required under subparagraph (A) shall be prepared in a fair, open, and nondiscriminatory manner, and in preparing and making available such information, the Governor or his designee (or the Administrator) shall take such steps as may be necessary to (i) assure that residential customers are aware of the types of possible unfair, deceptive, or anticompetitive acts or practices of persons selling or installing residential energy conservation measures and institutions offering loans for the purchase and installation of such measures; and (ii) assure that information is provided concerning remedies available for injury resulting from actions described in clause (i) of this subparagraph."

By Mr. CONABLE:

SUBSTITUTION OF RATE REDUCTION AND INCREASE IN EARNED INCOME CREDIT FOR CRUDE OIL REBATES

Page 488, strike out line 18 and all that follows down through line 23 on page 512 and insert:

SEC. 2033. TEMPORARY INCOME TAX RATE REDUCTION FOR 1978.

(a) GENERAL RULE.—Section 1 (relating to tax imposed on individuals) is amended by adding at the end thereof the following new subsection:

"(f) RATE REDUCTION FOR 1978.—

"(1) IN GENERAL.—The Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), and (d) for taxable years beginning after December 31, 1977, and before January 1, 1979.

"(2) METHOD OF PRESCIBING TABLES.—The table prescribed by the Secretary under paragraph (1) wtih respect to subsection (a), (b), (c), or (d), as the case may be, shall be in the same form as the table contained in such subsection, except that—

"(A) in the case of—

"(i) subsection (a), (c), or (d), the 14, 15, 16, and 17 percent tax rates shall be reduced to 11, 13, 14, and 16 percent, respectively, and

"(ii) subsection (b), the 14, 16, 18, and 19 percent tax rates shall be reduced to 11, 14, 16, and 18 percent, respectively; and

"(B) the amounts set forth as the amounts of the tax shall be adjusted to reflect the reduction in tax rates."

(b) WITHHOLDING.—The tables prescribed under section 3402(a) of the Internal Revenue Code of 1954 which apply to wages paid during 1978 shall reflect the reduction in withholding amounts which the Secretary of the Treasury determines to be appropriate in light of the amendment made by subsection (a).

SEC. 2034. TEMPORARY INCREASE IN EARNED INCOME CREDIT.

(a) GENERAL RULE.—Subsection (a) of section 43 (relating to earned income credit) is amended by striking out "10 percent" and inserting in lieu thereof "15 percent".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1977, and before January 1, 1979.

By Mr. HOWARD:

On page 425, strike out line 14 and all that follows through line 10 on page 448 and insert the following:

Subpart B—Fuel Conservation Taxes; Highway and Mass Transportation Trust Fund

SEC. 2023. GASOLINE CONSERVATION TAX.

(a) GENERAL RULE.—Part III of subchapter A of chapter 32 (relating to petroleum products) is amended by redesignating subparts B and C as subparts C and D, respectively, and by inserting after subpart A the following new subpart:

"SEC. 4086. IMPOSITION OF TAX.

(a) IMPOSITION OF ADDITIONAL TAX.—In addition to any tax imposed by section 4081, there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of—

"(1) in the case of gasoline so sold during 1978, 2½ cents a gallon; or

"(2) in the case of gasoline so sold after December 31, 1978, 2½ cents a gallon.

"(b) TAX TO BE DEPOSITED IN TRUST FUND.—

"For provisions for depositing amounts of the tax imposed by this section in the Energy Conservation and Conversion Trust Fund, see section 2024 of the Energy Tax Act of 1977."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1978.

SEC. 2023A. DIESEL AND SPECIAL MOTOR VEHICLES FUELS CONSERVATION TAXES.

(a) IN GENERAL.—Chapter 31 (relating to special fuels) is amended by adding at the end thereof the following new section:

"SEC. 4042. IMPOSITION OF DIESEL AND SPECIAL MOTOR FUELS CONSERVATION TAXES.

"(a) DIESEL FUEL.—In addition to any tax imposed by section 4041(a), there is hereby imposed a tax of 4 cents a gallon (2 cents a gallon in the case of a sale or use in 1978) upon any liquid (other than any product taxable under section 4086)—

"(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

"(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

"(b) SPECIAL MOTOR FUELS.—In addition to any tax imposed by section 4041(b), there is hereby imposed a tax of 4 cents a gallon (2 cents a gallon in the case of a sale or use in 1978) upon benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4086 or subsection (a) of this section)—

"(1) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat; or

"(2) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under this section.

"(c) EXEMPTIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on any liquid sold for use or used if such sale or use is exempt from the tax imposed by section 4041 by reason of subsection (f), (g), or (h) of section 4041.

"(d) SALES BY UNITED STATES, ETC.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1978, except that no tax shall be imposed under section 4042 of the Internal Revenue Code of 1954 (as added by subsection (a)) with respect to the use by any person of any fuel sold to such person before January 1, 1978, if such sale would have been taxable under such section 4042 if it had occurred on January 1, 1978.

SEC. 2023B. FLOOR STOCKS TAXES; TECHNICAL AND CONFORMING AMENDMENTS.

(a) FLOOR STOCKS TAXES.—Subchapter G of chapter 32 (relating to exemptions, registration, etc.) is amended by inserting after section 4225 the following new section:

"SEC. 4226. FLOOR STOCKS TAXES ON GASOLINE.

"(a) GASOLINE CONSERVATION TAX.—

"(1) IMPOSITION OF TAX.—On gasoline (as defined in section 4082(b)) which, on a gasoline tax increase date, is held by a dealer for sale, there is hereby imposed a floor stocks tax at a rate equal to the difference between (A) the tax (if any) imposed by section 4086 on the sale of such gasoline by the producer or importer, and (B) the tax which would have been imposed by such section on such sale if that sale had occurred on such gasoline tax increase date. The tax imposed by this paragraph shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.

"(2) GASOLINE TAX INCREASE DATE DEFINED.—For purposes of this section, the term 'gasoline tax increase date' means January 1, 1978, and January 1, 1979.

"(b) OVERPAYMENT OF FLOOR STOCKS TAXES.—Section 6416 shall apply in respect of the floor stocks taxes imposed by this section, so as to entitle, subject to all provisions of section 6416, any person paying such floor stocks taxes to a credit or refund thereof for any of the reasons specified in section 6416.

"(c) MEANING OF TERMS.—For purposes of subsection (a), the terms 'dealer' and 'held by dealer' have the meaning assigned to them by section 6412(a)(2).

"(d) DUE DATE OF TAXES.—Any tax imposed by subsection (a) shall be paid at such time, not less than 90 days after the gasoline tax increase date in respect of which such tax

was imposed, as may be prescribed by the Secretary."

(b) DENIAL OF CERTAIN EXEMPTIONS AND REFUNDS.—

(1) Subsection (a) of section 4221 (relating to certain tax-free sales) is amended by adding at the end thereof the following new sentence: "Paragraph (2) shall not apply to the tax imposed by section 4086."

(2) Section 4293 is amended by striking out "section 4064" and inserting in lieu thereof "section 4042, 4064, or 4086."

(3) Paragraph (6) (C) of section 4221(d) (relating to use in further manufacture) and paragraph (3) (F) of section 6416(b) (relating to tax-paid articles used for further manufacture, etc.) are each amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(c) ALLOWANCE OF REFUNDS IN CASE OF CERTAIN USES.—Paragraph (2) of section 6416(b) (relating to tax payments considered overpayments in case of specified uses and resales) is amended—

(1) by inserting after "section 4041 (a)(1) or (b)(1)" the following: "or section 4042", and

(2) by adding at the end thereof the following new sentence:

"Subparagraph (A) shall not apply to any tax paid under section 4086 or 4042."

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 31 is amended by adding at the end thereof the following new item:

"Sec. 4042. Imposition of diesel and special motor fuels conservation taxes."

(2) The table of subparts for part III of subchapter A of chapter 32 is amended by striking out the last two items and inserting in lieu thereof the following:

"Subpart B. Gasoline conservation tax.
"Subpart C. Lubricating oil.
"Subpart D. Special provisions applicable to petroleum products."

(3) Subsections (a) and (b) of section 4082 are each amended by striking out "in this subpart" and inserting in lieu thereof "in this subpart and subpart B".

(4) Section 4083 is amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(5) Section 4101 is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, 4086, or 4091".

(6) The table of sections for subchapter G of chapter 32 is amended by inserting after the item relating to section 4225 the following new item:

"Sec. 4226. Floor stocks taxes on gasoline."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1978.

SEC. 2023C. REPAYMENT OF GASOLINE AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

(a) GENERAL RULE.—Subchapter B of chapter 65 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6430. REPAYMENT OF GASOLINE, DIESEL, AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

"(a) USE FOR FARMING PURPOSES.—

"(1) IN GENERAL.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any purchaser of such gasoline or fuel on a farm for farming purposes (within the meaning of section 6420(c)), the Secretary shall pay (without interest) to such purchaser an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) SPECIAL RULE.—If gasoline on which tax was imposed under section 4086, or any other fuel on the sale of which tax was imposed under section 4042, is used on a farm by any person other than the owner, tenant, or operator of such farm, such owner, tenant, or operator shall be treated as the user and purchaser of such gasoline or other fuel.

"(b) INTERCITY, LOCAL, AND SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (g), if gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which tax was imposed by section 4042 is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) LIMITATION IN CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of gasoline or fuel used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver).

"(c) USE IN AIRCRAFT AND CERTAIN OTHER NONTAXABLE USES.—

"(1) AIRCRAFT.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any person as a fuel in an aircraft, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 or such gasoline or fuel.

"(2) NONTAXABLE USES OF DIESEL OR SPECIAL MOTOR FUELS.—

"(A) IN GENERAL.—Except as provided in subsection (g), if tax has been imposed by subsection (a) or (b) of section 4042 on the sale of any fuel and the purchaser uses such fuel for a nontaxable use, or resells such fuel, the Secretary shall pay (without interest) to such purchaser an amount equal to the amount of tax imposed by subsection (a) or (b) of section 4042 on the sale of the fuel to such purchaser.

"(B) NONTAXABLE USE.—For purposes of subparagraph (A), the term 'nontaxable use' means any use (other than in an aircraft) of a fuel if a tax would not be imposed by subsection (a) or (b) of section 4042 on such use (determined as if not tax had been imposed by section 4042 on the sale of such fuel).

"(3) USE BY CERTAIN AIRCRAFT MUSEUMS.—Except as provided in subsection (g), if—

"(A) any gasoline on which tax was imposed by section 4086, or

"(B) any fuel on the sale of which tax was imposed under section 4042,

is used by an aircraft museum (as defined in section 4041(h)(2)) in a vehicle owned by such museum and used exclusively for purposes set forth in section 4041(h)(2)(C), the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(d) SPECIAL RULE AND DEFINITION.—

"(1) EXEMPT SALES.—No amount shall be payable under this section with respect to any gasoline or fuel which the Secretary determines was exempt from the tax imposed by section 4086 or 4042, as the case may be.

"(2) GASOLINE.—The term 'gasoline' has the meaning given to such term by section 4082(b).

"(e) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided by paragraph (2), not more than one claim may be filed under subsection (a), (b), or (c) by any person with respect to gasoline or any other fuel used during his taxable year. No claim shall be allowed under this section with respect to gasoline or any other fuel used by such person during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTION.—If $1,000 or more is payable under this section to any person with respect to gasoline or any other fuel used during any of the first three quarters of any taxable year, a claim may be filed under this section by such person with respect to gasoline or any other fuel used during such quarter. No claim filed under this subparagraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(f) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4042 or 4086 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds or overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect to any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(g) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payments shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—For allowance of credit against the tax imposed by subtitle A for certain uses of gasoline and other fuels, see section 39.

"(h) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(i) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b) ALLOWANCE OF CREDIT FOR CERTAIN USES.—

(1) IN GENERAL.—Subsection (a) of section 39 (relating to certain uses of gasoline, special fuels and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof

", and", and by adding after paragraph (4) the following new paragraph:

"(5) under section 6430 with respect to gasoline, diesel, and special fuels used during the taxable year (determined without regard to section 6430(g))."

(2) TECHNICAL AMENDMENT.—Subsection (b) of section 39 is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6430" and by striking out "or 6427(g)" and inserting in lieu thereof "6427(g), or 6430(g)".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following new item:

"Sec. 6430. Repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses."

(2) Section 6206 is amended—

(A) by striking out "AND 6427" in the section heading and inserting in lieu thereof "6427, AND 6430";

(B) by striking out "or 6427" each place it appears and inserting in lieu thereof "6427, or 6430";

(C) by striking out "or 4041" and inserting in lieu thereof "4041"; and

(D) by inserting after "under section 6427)" the following: ", or by section 4042 or 4086 (with respect to payments under section 6430)".

(3) Section 6675 is amended—

(A) by striking out "or" before "6429" in subsection (a);

(B) by inserting ", or 6430 (relating to repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses)" before "for an excessive amount" in subsection (a); and

(C) by striking out "or 6429" in subsection (b) and inserting in lieu thereof "6429, or 6430".

(4) Sections 7210, 7603, 7604(b), and 7610(c) are each amended by striking out "6429(g)(2)" and inserting in lieu thereof "6429(g)(2), 6430(f)(2)".

(5) Section 7604(c)(2) is amended by inserting "6430(f)(2)," after "6427(e)(2).".

(6) Section 7605(a) is amended—

(A) by striking out "6429(g)(2)" the first place it appears and inserting in lieu thereof "6429(g)(2), 6430(f)(2)"; and

(B) by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430(f)(2)".

(7) Paragraph (1) of section 7609(c) is amended by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430(f)(2)".

(d) EFFECTIVE DATES.—

(1) FOR SUBSECTIONS (a) and (c).—The amendments made by subsections (a) and (c) shall take effect on January 1, 1978.

(2) FOR SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending on or after January 1, 1978.

SEC. 2023D. TECHNICAL AMENDMENTS WITH RESPECT TO CERTAIN TRUST FUNDS.

(a) AIRPORT AND AIRWAY TRUST FUND.—Paragraph (3) of section 208(f) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(b) HIGHWAY TRUST FUND.—

(1) Pargraph (1) of section 209(c) of the Highway Revenue Act of 1956 is amended—

(A) by inserting "and" at the end of subparagraph (F),

(B) by striking out subparagraph (G),

(C) by redesignating subparagraph (H) as subparagraph (G), and

(D) by striking out "subparagraph (H)" in the last sentence and inserting in lieu thereof "subparagraph (G)".

(2) Paragraph (6) of section 209(f) of such Act is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1978.

SEC. 2024. ESTABLISHMENT OF HIGHWAY AND MASS TRANSPORTATION TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "Highway and Mass Transportation Trust Fund" (hereinafter in this subpart referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this subpart referred to as the "Secretary") to be equivalent to the amounts of the taxes received in the Treasury under—

(A) section 4086 of the Internal Revenue Code of 1954 (relating to gasoline conservation tax),

(B) section 4042 of such Code (relating to diesel and special motor fuels conservation taxes), and

(C) section 4226(a) of such Code (relating to gasoline floor stocks taxes),

reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes.

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in paragraph (1) received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) ESTABLISHMENT OF ACCOUNTS.—

(1) IN GENERAL.—There are hereby established within the Trust Fund the following two accounts:

(A) the Highway Account, and

(B) the Mass Transportation Account.

(2) TRANSFERS TO ACCOUNTS.—Of each amount transferred to the Trust Fund under subsection (b)(1), the Secretary shall place—

(A) 50 percent of such amount in the Highway Account, and

(B) 50 percent of such amount in the Mass Transportation Account.

(d) MANAGEMENT OF TRUST FUND.—

(1) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund (and of each Account contained therein) during the preceding fiscal year and on its expected condition and operations during the fiscal year and the next 5 fiscal years after the fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) INVESTMENT.—

(A) IN GENERAL.—It shall be the duty of the Secretary to invest such portion of any account in the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund may be sold by the Secretary at the market price.

(C) INTEREST OF CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in any account in the Trust Fund shall be credited to and form a part of such account.

SEC. 2024A. EXPENDITURES FROM TRUST FUND FOR CERTAIN PURPOSES.

(a) IN GENERAL.—Amounts in any Account of the Trust Fund shall be available, as provided by appropriations Acts, for making expenditures for the purposes applicable to such account under this section. Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

(b) HIGHWAY ACCOUNT.—For purposes of this section, amounts in the Highway Account may be used only for highway purposes as provided in title 23, of the United States Code.

(c) MASS TRANSPORTATION ACCOUNT.—For purposes of this section, amounts in the Mass Transportation Account may be used only for expenditures relating to mass transportation made pursuant to the Urban Mass Transportation Act of 1964.

By Mr. KETCHUM:

On page 391, strike all after line 14 through line 22 and insert the following:

"(1) 1978—In the case of a first purchase of lower tier crude oil of any classification during any calendar month in 1978, one half the excess (if any) of:

"(i) the ceiling price for such month of upper tier crude oil of the same classification, over

(ii) the ceiling price for such lower tier crude oil."

"(2) 1979—In the case of a first purchase of lower tier crude oil of any classification during any calendar month in 1979, the excess (if any) of:

"(1) the ceiling price for such month of upper tier crude oil of the same classification, over

"(ii) the ceiling price for such lower tier crude oil."

By Mr. ROSE:

On page 323, after line 21, add a new section as follows, and renumber succeeding section accordingly:

SEC. 638. Preservation of competition. No rule or regulation issued under the authority of the Emergency Petroleum Allocation Act of 1973, P.L. 93-159, as amended, shall have the effect of prohibiting or preventing new competitors from entering the crude oil marketing sector of the petroleum industry.

This section shall be effective immediately.

On page 1973, strike out line 17 through line 4 on page 196 and insert:

SEC. 410. INCREMENTAL PRICING OF NATURAL GAS.

(a) GENERAL RULE.—(1) Not later than 90 days after the date of the enactment of this Act, the Commission shall, by rule, provide that, to the maximum extent practicable, the amount by which the average cost of natural gas delivered after such date of enactment to any pipeline company exceeds the product of the average cost of natural gas delivered to such company during the 12-calendar-month period ending immediately before the date of the enactment of this Act, multiplied by

the inflation adjustment, shall be initially allocated to the rates and charges of such pipeline company applicable to sales of natural gas to—

(A) Boiler fuel users served by such pipeline company, and

(B) local distribution companies for resale to boiler fuel users served by such local distribution company,

until the rates or charges applicable to such low-priority users, served by such pipeline company or such local distribution company, equal 120 percent of the average refiner acquisition cost of imported oil (as determined by the Commission) to such boiler fuel users.

(2) Not later than 90 days after the date of the enactment of this Act, the Commission shall, by rule, provide that, to the maximum extent practicable, the dollar amount allocated to any local distribution company pursuant to subparagraph (B) of paragraph (1) shall be allocated by such local distribution company to the rates and charges of such company applicable to sales of natural gas to boiler fuel users.

(3) The rule required to be prescribed under paragraph (1) shall, to the maximum extent practicable, provide that after the rates and charges of a pipeline company applicable to sales of natural gas to—

(A) boiler fuel users served by such pipeline, and,

(B) local distribution companies for resale to boiler fuel users served by such local distribution company, equal 120 percent of the average refiner acquisition cost of imported oil (as determined by the Commission) to boiler fuel users, served by such pipeline company and such local distribution companies, further increases in the average cost of natural gas delivered to such pipeline company shall be allocated to the rates and charges of such pipeline company applicable to sales of natural gas to all customers of such pipeline company.

(b) DEFINITIONS.—For purposes of this section—

(1) the term "boiler fuel user" means any person who uses natural gas as a fuel for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity, whether or not alternate fuel capability has been installed, in an amount greater than 1500 Mcf on a peak day.

(2) The term "pipeline company" means any person engaged in the business of transporting natural gas by pipeline other than as a local distribution company.

(3) The term "local distribution company" means any person engaged in the business of transportation and local distribution of natural gas and the sale of natural gas for ultimate consumption.

By Mr. WAGGONNER:

Amendment No. 1 Transfer of Crude Oil Equalization Taxes to Social Security Trust Fund.

Page 488, strike out line 18 and all that follows down through line 16 on page 504 and insert:

Subpart B—Transfer of Crude Oil Equalization Taxes to the Federal Old-Age and Survivors Trust Fund

SEC. 2033. TRANSFER OF CRUDE OIL EQUALIZATION TAXES TO THE FEDERAL OLD-AGE AND SURVIVORS TRUST FUND

(a) IN GENERAL.—Subsection (a) of section 201 of the Social Security Act is amended by striking out the period at the end of clause (4) and inserting in lieu thereof "; and" and by inserting after clause (4) the following new clause:

"(5) the taxes received in the Treasury under section 4986 of the Internal Revenue Code of 1954 (relating to crude oil equalization taxes) with respect to such taxes imposed during calendar year 1978 reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes."

(b) ADMINISTRATIVE COSTS.—Subparagraph (A) of section 201(g)(1) of such Act is amended by inserting ", and subchapter A of chapter 45 of such Code" after "Internal Revenue Code of 1954" where it appears in clause (i), and where it first appears in the matter following clause (ii).

(c) CONFORMING AMENDMENT.—Subsection (a) of section 201 of such Act is amended by striking out "clauses (3) and (4)" each place it appears and inserting in lieu thereof "clauses (3), (4), and (5)".

(Amendment No. 2.)

Page 504, strike out line 21 and all that follows down through line 23 on page 512.

(Amendment No. 3.)

On page 180, strike out line 8 and all that follows down through line 21 on page 217.

By Mr. YOUNG of Texas:

After section 789 add the following new subpart:

Subpart F

SEC. 790. (a). In the interest of promoting maximum recovery and eliminating waste, there is hereby created a category known as "marginal wells," and, for purposes of energy production policy, oil produced from these wells shall be treated as "new crude petroleum" as defined under Sec. 212.72 of title 10 of the Code of Federal Regulations, as in effect on January 31, 1975, and shall not be subject to the pricing restrictions otherwise applicable to "old crude petroleum" as defined under Sec. 212.72 of title 10 of the Code of Federal Regulations, as in effect on January 31, 1975.

(b) For purpose of this section, the term "marginal well" shall mean any oil well which is incapable of producing its maximum capacity of oil except by pumping, gas lift, or other means of artificial lift, and which well so equipped is capable, under normal unrestricted operating conditions, of producing such daily quantities of oil as herein set out, as would be damaged, or result in a loss of production ultimately recoverable, or cause the premature abandonment of same, if its maximum daily production were artificially curtailed. The following described wells shall be deemed "marginal wells":

(1) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum capacity for production often ten barrels or less, averaged over the preceding thirty consecutive days, producing from a depth of two thousand (2,000) feet or less.

(2) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity of production of twenty barrels or less, averaged over the preceding thirty consecutive days producing from a horizon deeper than two thousand (2,000) feet and less in depth than four thousand (4,000) feet.

(3) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift and having a maximum daily capacity for production of twenty-five barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than four thousand (4,000) feet and less in depth than six thousand (6,000) feet.

(4) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity of production of thirty barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than six thousand (6,000) feet and less in depth than eight thousand (8,000) feet.

(5) Any oil well incapable of producing its maximum daily capacity of oil except by pumping, gas lift, or other means of artificial lift, and having a maximum daily capacity for production of thirty-five barrels or less, averaged over the preceding thirty consecutive days, producing from a horizon deeper than eight thousand (8,000) feet.

(6) Any oil well having a maximum daily capacity for production of thirty-five barrels or less, averaged over the preceding thirty consecutive days, which produces both salt water and oil and in which the ratio of salt water to oil is not less than nine parts of salt water to one part of oil.

The words, "gas lift", when used in this section shall mean gas lift by the use of gas not in solution with oil produced.

And renumber subsequent sections accordingly.

By Mr. FORD of Michigan:

Amendment to the committee amendment beginning on page 169.

At the end of the committee amendment on page 180, insert the following new section:

SEC. 5. APPLICATION OF DAVIS-BACON ACT.

The Federal employee or officer primarily responsible for administering any program established under any provision of, or amendment made by, title I of this Act which provides for Federal funding shall take such steps as are necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of work on any construction utilizing such funds will be paid at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a–276a–5, known as the Davis-Bacon Act); and the Secretary of Labor shall have with respect to the labor standards specified in this section the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

By Mr. JONES of Oklahoma:

Page 469, line 19, after the item relating to section 4988 insert the following new item: "Sec. 4989. Plowback credit against tax."

Page 473, strike out line 12 and all that follows through line 15 and insert in lieu thereof the following:

"(1) LIABILITY FOR TAX.—The person entitled to the deduction under section 611 for depletion with respect to the controlled crude oil shall be liable for the tax imposed by section 4986(a) on the first purchase thereof to the extent of such person's economic interest in such oil.

Page 473, strike out line 23 and all that follows through line 8, page 474 and insert in lieu thereof the following:

"(B) ALTERNATIVE METHOD OF COLLECTING TAX.—The Secretary may by regulations provide for the collection of the tax imposed by section 4986(a) from the first purchaser or a subsequent purchaser, user, or exporter of the controlled crude oil to which such tax applies.

Page 485, line 16, strike out the quotation marks and after such line insert the following:

"SEC. 4989. PLOWBACK CREDIT AGAINST TAX.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed to each person liable for the tax imposed by section 4986(a) for calendar year 1978, as a credit against such tax paid or incurred by such person for such year, an amount equal to 90 percent of the plowback investment of such person for such year.

"(b) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of credit allowed under subsection (a) to any person for calendar year 1978 shall not exceed the sum of the amounts determined under paragraph (2) for each calendar month ending in such year.

"(2) AMOUNT FOR EACH MONTH.—The amount determined under this paragraph with respect to any person for any calendar month is an amount equal to—

"(A) the amount of the tax imposed by section 4986(a) paid or incurred by such person for such month, multiplied by

"(B) a percentage determined by multiplying one-half of 1 percent by the number of calendar months in the period beginning with the month of January 1978 and ending with the month to which such percentage applies.

"(c) PLOWBACK INVESTMENT.—For purposes of this section, the plowback investment of any person for calendar year 1978 shall be the excess of—

"(1) an amount equal to the qualified investment of such person for such year, over

"(2) an amount equal to the plowback threshold of such person for such year.

"(d) PLOWBACK THRESHOLD.—

"(1) IN GENERAL.—For purposes of this section, the plowback threshold of any person for calendar year 1978 is an amount equal to the sum of the amounts determined under paragraph (2) for each property with respect to which the deduction for depletion under section 611 is allowable to such person for such year.

"(2) AMOUNT FOR EACH PROPERTY.—

"(A) IN GENERAL.—The amount determined under this paragraph with respect to the property of any person for calendar year 1978 is an amount equal to 25 percent of the gross income of such person from such property (within the meaning of section 613(a)) for such year.

"(B) LIMITATION BASED ON 75 PERCENT OF TAXABLE INCOME.—The amount determined under this paragraph for any property for calendar year 1978 shall not exceed an amount equal to 75 percent of the taxable income of such person from such property for such year. For purposes of the preceding sentence, the taxable income from a property shall be determined by taking the taxable income from such property (within the meaning of section 613(a)) for such year, computed with the allowance for depletion and without any deduction for any qualified investment with respect to such property made in such period.

"(e) QUALIFIED INVESTMENT.—For purposes of this section, the qualified investment of any person for calendar year 1978 is the amount paid or incurred by such person for such year (with respect to areas within the United States) for—

"(1) intangible drilling and development costs described in section 263(c);

"(2) geological and geophysical costs;

"(3) drilling any nonproductive well;

"(4) the construction, reconstruction, erection, or acquisition of—

"(A) any depreciable asset used for the exploration for, the development of, or the production of crude oil or natural gas, or

"(B) any pipeline used for gathering crude oil or natural gas from wells in a field (or under a lease) to the point at which the first purchase of such crude oil or natural gas occurs;

"(5) the secondary or tertiary recovery of crude oil or natural gas; or

"(6) the acquisition of on-shore crude oil or natural gas leases.

"(f) DENIAL OF DOUBLE BENEFIT FOR QUALIFIED INVESTMENT.—

"(1) EXPENSES.—If credit is allowed under subsection (a) to any person for any expenditure for calendar year 1978—

"(A) which is not chargeable to capital account, and

"(B) which is allowable as a deduction under chapter 1 for any taxable year,

the amount of the deduction for each such expenditure which would (but for this paragraph) be so allowable shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(2) DEPRECIABLE EXPENDITURES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure which is of a character subject to the allowance for depreciation, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(3) DEPLETABLE EXPENDITURES.—

"(A) Expenditures to which cost depletion applies.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure to which the allowance for cost depletion under section 612 applies, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(B) EXPENDITURES TO WHICH PERCENTAGE DEPLETION APPLIES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure of a character subject to the allowance for cost depletion with respect to any property to which the allowance for percentage depletion under section 613 applies, the aggregate amount of percentage depletion deductions which would (but for this paragraph) be allowable with respect to such property for each of the first five taxable years ending after calendar year 1978 shall be reduced by one-fifth of an amount which bears the same ratio to the credit allowed under subsection (a) to such person for calendar year 1978 as the amount of such expenditure bears to the amount of qualified investment of such person for such calendar year. For purposes of the preceding sentence, in the case of any expenditure which resulted in a reduction in basis under subparagraph (A), if, in any taxable year, percentage depletion under section 613 is elected with respect to the property to which such expenditure applies, the reduction in aggregate amount of deductions which would but for this sentence occur under this subparagraph for any taxable year shall be adjusted to take into account the amount of deduction denied under subparagraph (A).

"(g) GEOLOGICAL AND GEOPHYSICAL COSTS.—For purposes of this section, the term 'geological and geophysical costs' means any amount paid or incurred for the purposes of ascertaining the existence, location, extent, or quality of any deposit of crude oil or natural gas."

Page 488, after line 17, insert the following new subsection:

(c) Effect of Crude Oil Equalization Taxes on Crude Oil Pricing.—For purposes of the Emergency Petroleum Allocation Act of 1973 as amended, the tax imposed by section 4986 (a) shall not be considered an element of the ceiling price applicable to the first sale of crude oil under section 4(a) of such Act.

Page 489, line 22, strike out "section 4987 (c)" and insert in lieu thereof "sections 4987 (c) and 4989".

Page 492, strike out lines 13 and 14 and insert in lieu thereof the following: "schools, and churches), 4987(c)(1) (relating to credits or payments to refiners who use crude oil), or 4989 (relating to plowback credit against tax),"

FACTUAL DESCRIPTION OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House Rule X. Previous listing appeared in the CONGRESSIONAL RECORD of July 14, 1977 (p. 23002).

H.R. 2901. February 1, 1977. Armed Services. Authorizes the Secretaries of the various military departments to program for inpatient and outpatient care in facilities of the uniformed services in areas having a large concentration of retired members of the uniformed services and their dependents regardless of the present requirement that a critical shortage of community facilities must exist in order to program such care.

H.R. 2902. February 1, 1977. Armed Services. Authorizes the recomputation at age 60 for the retired or retainer pay for members or former members of the uniformed services whose retired or retainer pay was computed on the basis of pay scales in effect prior to January 1, 1972, in order to reflect any retired or retainer pay increases for other members which was based on changes in the Consumer Price Index since that date.

H.R. 2903. February 1, 1977. Armed Services. Amends the Career Compensation Act of 1949 to equalize the retired pay of specified officers of the various military departments who retired prior to October 1, 1949, under specified legislation and officers who retired, under the same Acts and which the same service, after September 30, 1949 and before June 1, 1958.

H.R. 2904. February 1, 1977. Education and Labor. Establishes a National Clearinghouse on exceptional children to disseminate to the public information pertaining to the education of exceptional children.

Authorizes the Commissioner of Education to make grants to the States for the purpose of initiating, expanding and improving educational services to exceptional children in conformance with a State plan. Authorizes training grants for personnel working in exceptional child education and grants for research and demonstration programs relating to the education of exceptional children.

H.R. 2905. February 1, 1977. Interstate and Foreign Commerce. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to increase penalties and to impose mandatory minimum sentences for the commission of certain crimes involving drugs.

Sets forth procedures and standards for: (1) pretrial and post-trial release of persons charged with or convicted of certain crimes involving drugs; and (2) pretrial release and treatment of narcotics addicts charged with noncapital Federal crimes.

Amends the Controlled Substances Act to subject to forfeiture all money used, or intended for use, in manufacturing, distributing, or acquiring controlled substances in violation of Federal law.

H.R. 2906. February 1, 1977. Interstate and Foreign Commerce. Establishes a Controlled Substances Administration and transfers to such Administration all Federal programs for the regulation of controlled substances now being enforced by various Federal agencies.

H.R. 2907. February 1, 1977. Interstate and Foreign Commerce. Amends the Controlled Substances Act to impose increased penalties for the distribution, or the possession with the intent to distribute, of heroin by any person who is not an addict.

Stipulates that any sentence imposed for such a violation may not be suspended, nor may probation or parole be granted.

Authorizes pretrial detention of a person charged with such an offense and sets forth the requirements and procedures for pretrial detention.

H.R. 2908. February 1, 1977. Interstate and Foreign Commerce. Amends the Interstate Commerce Act to direct the Secretary of Transportation to require each common carrier by rail to place light-reflecting paint or reflection markings on all its locomotives and cars in order to promote safety at rail-highway crossings.

H.R. 2909. February 1, 1977. Merchant Marine and Fisheries. Allows foreign vessels to transport passengers between ports or places

in the United States if the Commissioner of Customs determines that such itinerary includes at least one foreign port and is not in direct competition with United States-flag vessels.

H.R. 2910. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to allow a limited income tax credit for the tuition paid to a private, nonprofit elementary or secondary educational institution for the education of a dependent.

H.R. 2911. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to allow an income tax deduction for agency fees, court costs, attorneys' fees and other necessary costs and fees incurred in the adoption of a child.

H.R. 2912. February 1, 1977. Ways and Means. Authorizes the Secretary of the Treasury to create a volunteer program to provide tax counseling assistance to the elderly.

H.R. 2913. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to exclude from the excise tax on communications, service charges properly attributable to State and local taxes on communications.

H.R. 2914. February 1, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act by removing the limitation upon the amount of outside income which an individual may earn while receiving benefits.

H.R. 2915. February 1, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) and Title II (Old-Age, Survivors', and Disability Insurance) of the Social Security Act to extend Medicare hospital coverage to include drugs. Establishes a Formulary Committee within the Department of Health, Education, and Welfare to prepare and maintain a listing of qualified drugs.

H.R. 2916. February 1 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to provide payment for optometrists services and eyeglasses under the supplementary medical insurance program.

H.R. 2917. February 1, 1977. International Relations. Prohibits, except in cases of extreme emergency, sales and assistance under the Agricultural Trade Development and Assistance Act of 1954 to any country which does not make reasonable and productive efforts to alleviate the causes of the need for such assistance, especially family planning programs to stabilize population growth.

H.R. 2918. February 1, 1977. Ways and Means. Amends for the Internal Revenue Code to allow an income tax deduction for the amounts paid to meet the educational expenses at a higher education institution or a trade or vocational school for the taxpayer, his spouse, or any individual for whom the taxpayer is entitled to a personal exemption.

H.R. 2919. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to provide a $5,000 tax exclusion for persons aged 65 or over for amounts received as an annuity, pension, or other retirement benefit.

H.R. 2920. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to require that in the case of an individual whose income tax prepayments exceed such individual's liability for the income tax with respect to any taxable year, interest shall be allowed and paid at a rate of five percent upon the excess portion of each such tax prepayment.

H.R. 2921. February 1. 1977. Ways and Means. Amends the Internal Revenue Code to provide a limited exclusion from gross income of interest on savings deposits paid or accrued by an individual taxpayer.

H.R. 2922. February 1, 1977. Judiciary Penalizes certain activities relative to commerce in the following: (1) stolen airline tickets; (2) counterfeit, forged, or altered airline tickets; and (3) equipment for forging or counterfeiting airline tickets.

H.R. 2923. February 1, 1977, Judiciary. Grants a Federal charter to the National Opportunity Camps.

H.R. 2924. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to provide identical income tax rates for single persons and married couples filing joint returns.

H.R. 2925. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to impose a graduated excise tax on the profits on natural gas sales attributable to lifting the price controls on interstate sales under the Emergency Natural Gas Act. Imposes the tax on the beneficial owners of the well head property.

H.R. 2926. February 1, 1977. Judiciary; Armed Services. Makes it unlawful for any individual or entity to solicit to enroll or enroll any member of the armed forces in any labor organization or for any member of the armed forces to join, or encourage others to join any labor organization. Sets forth penalties for violations of this Act.

H.R. 2927. February 1, 1977. Post Office and Civil Service. Designates Presidential Election Day a legal public holiday.

H.R. 2928. February 1, 1977. Veterans' Affairs. Permits certain veterans with service-connected disabilities, regardless of disability rating, who are retired members of the uniformed services to receive compensation concurrently with retired pay, without deduction from either.

H.R. 2929. February 1, 1977. Ways and Means. Amends Title XVI (Supplemental Security Income for the Aged, Blind, and Disabled) of the Social Security Act to eliminate the present definition of child. Removes references to "child" in determining income for purposes of benefits.

H.R. 2930. February 1, 1977. Post Office and Civil Service. Authorizes the Civil Service Commission to conduct experiments with a variety of workday and workweek configurations in cooperation with and at the request of Federal agencies for a period of three years.

H.R. 2931. February 1, 1977. Post Office and Civil Service. Renders inapplicable any provision of or regulation under State and local law which relates to health insurance plans to the extent that such law or regulation is inconsistent with any contractual provision of a Federal employee health benefits plan.

H.R. 2932. February 1, 1977. Public Works and Transportation. Directs the Administrator of the General Services Administration and the Secretary of Defense to develop energy conservation guidelines for Federal buildings, federally assisted buildings, and Federal procurement. Authorizes increased Federal assistance to buildings constructed or rennovated with solar energy or other energy-conserving equipment.

H.R. 2933. February 1, 1977. Ways and Means. Amends the Internal Revenue Code to restrict the application of the tax penalties for taxpayers cooperating with international boycotts so that they apply only to anti-Israel, or anti-Jewish boycotts.

H.R. 2934. February 1, 1977. Veterans' Affairs. Authorizes the Administrator of Veterans' Affairs to assist certain totally disabled veterans, including hemiplegics, in acquiring suitable housing units with special fixtures.

H.R. 2935. February 1, 1977. Veterans' Affairs. Authorizes the Administrator of Veterans' Affairs to assist certain totally disabled veterans, including hemiplegics, in acquiring suitable housing units with special fixtures.

H.R. 2936. February 1, 1977, Public Works and Transportation. Amends the Federal Aviation Act of 1958 to direct the Civil Aeronautics Board, in determining the compensation for any local service air carrier for mail for 1966, to apply a specified rate schedule and to disregard any decrease in the Federal income tax liability resulting from any net operating loss carryback. Requires the Board to recompute such compensation if such a decrease was previously taken into account.

H.R. 2937. February 1, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend until September 30, 1978, the period of time during which funds allotted to States for the construction of treatment works shall remain available.

H.R. 2938. February 1, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend until September 30, 1978, the period of time during which funds allotted to States for the construction of treatment works shall remain available.

H.R. 2939. February 1, 1977. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 2940. February 1, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 2941. February 1, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 2942. February 1, 1977. Judiciary. Specifies the tax treatment of a certain individual under the Internal Revenue Code.

H.R. 2943. February 1, 1977. Judiciary. Declares certain individuals eligible for naturalization under the Immigration and Nationality Act.

H.R. 2944. February 1, 1977. Judiciary. Declares that a certain individual be considered the natural-born alien son of two citizens of the United States.

H.R. 2945. February 1, 1977. Judiciary. Provides that a certain individual be considered an immediate relative for purposes of the Immigration and Nationality Act.

H.R. 2946. February 1, 1977. Judiciary. Confers jurisdiction upon the District of Columbia Superior Court to render judgment on the personal injury claim of a certain individual against the District of Columbia.

H.R. 2947. February 1, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 2948. February 1, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 2949. February 1, 1977. Judiciary. Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 2950. February 1, 1977. Judiciary. Specifies the treatment of a certain individual's death for purposes of a veterans' life insurance policy.

H.R. 2951. February 1, 1977. Judiciary. Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 2952. February 1, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States.

H.R. 2953. February 1, 1977. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 2954. February 1, 1977. Judiciary. Provides that a certain individual be allowed to remain in the United States until January 1, 1978.

H.R. 2955. February 2, 1977. Banking, Finance, and Urban Affairs. Amends the Housing and Community Development Act of

1974 to provide supplementary community development block grant assistance to communities with high unemployment. Provides for the allocation of such funds.

H.R. 2956. February 2, 1977. Appropriations. Makes appropriations for the purpose of administering the provisions of the Museum Services Act and for the purpose of making grants under such Act.

Appropriates funds for the making of payments by the Secretary of the Interior to local governments based upon the amount of public land located within the boundaries of such local government.

H.R. 2957. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to exempt aircraft used primarily for agricultural operation from the excise tax imposed on the use of civil aircraft.

Provides for the refund of the tax on gasoline and aircraft to the aerial applicator who is the ultimate purchaser thereof.

H.R. 2958. February 2, 1977. Judiciary. Revises the additional penalty imposed upon persons convicted of committing a Federal felony with the use of, or while illegally carrying, a firearm. Prohibits reduction of, or granting parole with respect to, a term of imprisonment so imposed.

H.R. 2959. February 2, 1977. Armed Services. Amends the Strategic and Critical Materials Stock Piling Act to direct the Secretaries of the Army, Air Force, and Navy to require the Administrator of General Services to establish a program which: (1) will provide for the acquisition of strategic and critical materials from foreign countries through the barter of goods owned by the United States; and (2) will insure the active cooperation and participation of each appropriate department and agency having custody of goods suitable for barter.

H.R. 2960. February 2, 1977. House Administration; Post Office and Civil Service. Authorizes the Secretary of the Interior to erect a memorial in honor of the men who signed the Declaration of Independence in Constitution Gardens in the District of Columbia.

H.R. 2961. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to exempt aircraft used primarily for agricultural operation from the excise tax imposed on the use of civil aircraft.

Provides for the refund of the tax on gasoline and aircraft to the aerial applicator who is the ultimate purchaser thereof.

H.R. 2962. February 2, 1977. Judiciary. Amends the Immigration and Nationality Act to allocate the colonies of foreign states a greater number of the visas available to such foreign state if denial of admittance to an immigrant born in such colony resulting from quota limitations pertaining to such colony would result in severe hardship to the family of such immigrant.

H.R. 2963. February 2, 1977. Ways and Means. Amends title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act by removing the limitation upon the amount of outside income which an individual may earn while receiving benefits.

H.R. 2964. February 2, 1977. Ways and Means. Amends the Social Security Act to provide that an individual who would be fully qualified at age 62 for benefits under the Old-Age, Survivors, and Disability Insurance program may qualify for disability benefits under such program if such individual has 40 quarters of coverage, regardless of when such quarters were earned.

H.R. 2965. February 2, 1977. Interstate and Foreign Commerce. Requires the Federal Trade Commission to create the Office of Consumer Redress to establish programs, and to aid and cooperate with State programs for the administration and adjudication of controversies involving consumers.

H.R. 2966. February 2, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to terminate Federal Power Commission authority to regulate sales of new natural gas and sales of natural gas to certain high priority customers.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas as boiler fuel.

H.R. 2967. February 2, 1977. Education and Labor. Amends the Labor-Management Reporting and Disclosure Act of 1959 to weight the votes of local labor organization officers according to the number of members represented whenever such officers elect officers of intermediate labor organizations.

H.R. 2968. February 2, 1977. Education and Labor. Amends the Labor-Management Reporting and Disclosure Act of 1959 to prohibit consolidation of a local labor organization with another like organization without prior approval of its members.

H.R. 2969. February 2, 1977. Post Office and Civil Service. Revises provisions prohibiting Federal, Postal Service, and District of Columbia employees from engaging in political activities.

Establishes the Board on Political Activities of Federal Employees to decide cases regarding violations of this Act. Sets forth procedures to be followed in such cases.

Directs the Civil Service Commission to conduct a continuing program to inform all employees of their rights of political participation under the Act and to educate employees with respect to those activities which are prohibited.

Creates a specific criminal offense for extorting political contributions from Federal personnel.

H.R. 2970. February 2, 1977. Banking, Finance and Urban Affairs. Amends the Federal Credit Union Act with regard to assets, loans, membership, management, including officers and directors, and required reserves. Reorganizes the National Credit Union Administration and establishes a Presidentially appointed, Senate-confirmed Board, the National Credit Union Administration Board, to manage the Administration. Creates the National Credit Union Central Liquidity Facility to maintain the liquidity of credit unions, and to provide for the orderly transfer of funds between and among credit unions and other financial institutions.

H.R. 2971. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to provide identical income tax rates for single persons and married couples filing joint returns. Limits the earned income that must be reported by a married individual filing a separate return to the amount actually earned by that individual.

H.R. 2972. February 2, 1977. Post Office and Civil Service. Designates the anniversary of Martin Luther King Junior's birth, January 15, as a legal public holiday.

H.R. 2973. February 2, 1977. Post Office and Civil Service. Designates the anniversary of Martin Luther King Junior's birth, January 15, as a legal public holiday.

H.R. 2974. February 2, 1977. Post Office and Civil Service. Designates the anniversary of Martin Luther King Junior's birth, January 15, as a legal public holiday.

H.R. 2975. February 2, 1977. Post Office and Civil Service. Designates the anniversary of Martin Luther King Junior's birth, January 15, as a legal public holiday.

H.R. 2976. February 2, 1977. Post Office and Civil Service. Designates the anniversary of Martin Luther King Junior's birth, January 15, as a legal public holiday.

H.R. 2977. February 2, 1977. Armed Services. Excludes industrially funded personnel from the computation of the end strength for civilian personnel within the Department of Defense for any fiscal year.

H.R. 2978. February 2, 1977. Ways and Means. Amends the Social Security Act to provide that, if the delivery day for benefit checks under Titles II and XVI falls on a Saturday, Sunday or legal public holiday, benefit checks for such month shall be mailed for delivery on the first day preceding such designated day which is not a Saturday, Sunday or legal public holiday, without regard to whether the delivery of such checks is made in the same calendar month for which such benefit checks are issued.

H.R. 2979. February 2, 1977. House Administration. Authorizes and establishes procedures for public financing of primary and general election campaigns of candidates for election to Congress.

H.R. 2980. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to allow a limited income tax credit for the tuition paid to a private, nonprofit elementary or secondary educational institution for the education of a dependent.

H.R. 2981. February 2, 1977. Education and Labor; Judiciary. Exempts from the maximum hour and overtime pay provisions of the Walsh-Healey Act (pertaining to public contracts) transportation employees of regulated private carriers of property by motor vehicle.

H.R. 2982. February 2, 1977. Ways and Means. Amends the Tariff Schedules of the United States to suspend for two years the customs duty imposed upon the importation of synthetic tantalum/columbium concentrate.

H.R. 2983. February 2, 1977. Armed Services. Makes it unlawful for any individual or entity to solicit to enroll or enroll any member of the armed forces in any labor organization or for any member of the armed forces to join, or encourage others to join any labor organization. Sets forth penalties for violations of this Act.

H.R. 2984. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to exempt light farming and livestock trailers from the highway motor vehicle excise tax.

H.R. 2985. February 2, 1977. Public Works and Transportation. Authorizes a taxpayer, under the Internal Revenue Code, to elect to treat qualified architectural and transportational barrier removal expenses which are paid or incurred during the taxable year as expenses which are not chargeable to capital account. Deems such expenses so treated as allowable tax deductible expenditures.

H.R. 2986. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to permit individuals to deduct contributions to a qualified fund, where the beneficiary is a dependent of the taxpayer, and where the distributions from the fund are to be made only to defray the cost of room, board, and tuition at an institution of higher education.

H.R. 2987. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to permit individuals to deduct contributions to a qualified fund, where the beneficiary is a dependent of the taxpayer, and where the distributions from the fund are to be made only to defray the cost of room, board, and tuition as an institution of higher education.

H.R. 2988. February 2, 1977. Post Office and Civil Service. Increases to 90 days the period before an election during which a Member of, or Member-elect to, Congress may not make a mass mailing as franked mail if such individual is a candidate in such election.

H.R. 2989. February 2, 1977. Public Works and Transportation. Authorizes the Secretary of the Army, acting through the Corps of Engineers, to construct a lock and dam project on the Mississippi River near Alton, Illinois.

Withdraws the authority of the Secretary of the Army to study or to undertake the deepening of the navigation channels on the Mississippi River above Chicago, Illinois.

H.R. 2990. February 2, 1977. Rules. Establishes a Joint Committee on Intelligence Operations to exercise exclusive legislative

and oversight jurisdiction over the foreign intelligence activities and operations of specified Federal agencies and departments. Requires the Director of Central Intelligence to keep the Joint Committee informed with respect to all foreign intelligence activities and operations of certain Federal intelligence agencies.

H.R. 2991. February 2, 1977. Post Office and Civil Service. Amends the Legislative Reorganization Act of 1946 to establish the rates of pay for Members of Congress, Delegates to the House of Representatives, the Resident Commissioner from Puerto Rico, the House and Senate leadership, and the Vice President at the rates in effect for such positions on September 30, 1976.

Stipulates that basic pay rates for certain executive, legislative, and judicial positions may not be increased until the President determines that there are in effect codes of conduct applicable to every individual in such a position.

H.R. 2992. February 2, 1977. Education and Labor. Authorizes the appropriation of such sums as may be necessary for fiscal year 1978 for carrying out the provisions of titles I to VII of the Comprehensive Employment and Training Act of 1973, including: (1) comprehensive manpower services; (2) public service employment programs; (3) the Job Corps; and (4) emergency job programs.

H.R. 2993. February 2, 1977. Interior and Insular Affairs. Requires that electric power in the southwestern power area be sold at agreed points of delivery and at uniform, nondiscriminatory rates.

Stipulates that agreed points of delivery shall not be changed unilaterally by the Secretary of the Interior.

H.R. 2994. February 2, 1977. International Relations. Prohibits the settlement of a debt owed to the United States by a foreign country in an amount less than the full value of the debt, unless approved by Congress by concurrent resolution.

H.R. 2995. February 2, 1977. Post Office and Civil Service. Extends to former employees of county soil conservation committees who are employed by any Federal agency, specified civil service compensation, leave, and seniority benefits afforded to former employees of such county committees who are employed by the Department of Agriculture.

H.R. 2996. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to limit the application of the tax reform act's elimination of the sick pay exclusion for persons who have not retired on total disability, to taxable years beginning after December 31, 1976.

H.R. 2997. February 2, 1977. Interstate and Foreign Commerce. Amends the Controlled Substances Act to provide that the possession of specified amounts of marihuana for private use, or the distribution or transfer of such amounts without profit for private use, shall not be a crime against the United States.

Subjects an individual to a civil penalty of not more than $100 for public possession of less than one ounce of marihuana if such possession is not with the intent to transfer or sell such marihuana for profit.

H.R. 2998. February 2, 1977. Judiciary; Education and Labor. Amends the Civil Rights Act of 1964 to prohibit discrimination based on affectional or sexual preferences in: (1) public accommodations; (2) public facilities; (3) public education; (4) federally assisted opportunities; (5) equal employment opportunities; (6) housing; and (7) educational programs receiving Federal assistance.

H.R. 2999. February 2, 1977. Public Works and Transportation. Authorizes the Secretary of the Army, acting through the Chief of Engineers, to undertake the phase I design memorandum stage of advanced engineering and design for the channel deepening for navigation project at Gulfport Harbor, Mississippi.

H.R. 3000. February 2, 1977. Judiciary; Rules. Requires that the public be given an opportunity to participate in the rulemaking proceedings of a Federal agency.

Requires that proposed rules be submitted to Congress for disapproval before they become effective.

H.R. 3001. February 2, 1977. Education and Labor. Directs the Secretary of the Interior and the Secretary of Agriculture to jointly extend the Youth Conservation Corps to provide year-round employment for 40,000 young adults.

H.R. 3002. February 2, 1977. Public Works and Transportation. Requires each airport authority of specified airports to file a Noise Exposure Study with each political subdivision within the "impact area" of such an airport. Stipulates that each such airport shall be regulated, by a Community Noise Impact Board with respect to: (1) the times during which takeoffs and landings may occur; (2) takeoff and landing procedures; (3) jet and propellor use not necessary to flight; (4) allocation of runway use; and (5) the types and numbers of aircraft permitted to use the airport.

H.R. 3003. February 2, 1977. Education and Labor. Amends the Olders Americans Act of 1965 to allow States to distribute Federal funds for the establishment of projects to provide home-delivered meals to qualified homebound elderly persons.

Directs the Commissioner of the Administration on Aging to conduct a demonstration project involving at least three States to determine the feasibility of using the meals system designed by the National Aeronautics and Space Administration for the elderly as a component of, or substitute for, regular nutrition projects assisted under such Act.

H.R. 3004. February 2, 1977. Education and Labor. Amends the Older Americans Act of 1965 to allow States to distribute Federal funds for the establishment of projects to provide home-delivered meals to qualified homebound elderly persons.

Directs the Commissioner of the Administration on Aging to conduct a demonstration project involving at least three States to determine the feasibility of using the meals system designed by the National Aeronautics and Space Administration for the elderly as a component of, or substitute for, regular nutrition projects assisted under such Act.

H.R. 3005. February 2, 1977. Education and Labor. Amends the Older Americans Act of 1965 to allow States to distribute Federal funds for the establishment of projects to provide home-delivered meals to qualified homebound elderly persons.

Directs the Commissioner of the Administration on Aging to conduct a demonstration project involving at least three States to determine the feasibility of using the meals system designed by the National Aeronautics and Space Administration for the elderly as a component of, or substitute for, regular nutrition projects assisted under such Act.

H.R. 3006. February 2, 1977. Education and Labor. Amends the Older Americans Act of 1965 to allow States to distribute Federal funds for the establishment of projects to provide home-delivered meals to qualified homebound elderly persons.

Directs the Commissioner of the Administration on Aging to conduct a demonstration project involving at least three States to determine the feasibility of using the meals system designed by the National Aeronautics and Space Administration for the elderly as a component of, or substitute for, regular nutrition projects assisted under such Act.

H.R. 3007. February 2, 1977. Veterans' Affairs. Repeals the requirement that, under specified circumstances, the Administrator of Veterans' Affairs make advance payments of the initial educational assistance or subsistence allowance to eligible veterans or persons. Sets a new condition on the making of educational assistance payments by requiring that before they can be paid the Administrator must receive certification, from the eligible person and from the educational institution, that such person has actually attended the course in question during the month to be paid for. Holds such veteran or person liable for overpayments if he fails to pursue a course paid for.

H.R. 3008. February 2, 1977. Interstate and Foreign Commerce. Authorizes the Federal Energy Administrator to establish an energy stamp program to assist low-income households in meeting monthly fuel costs.

H.R. 3009. February 2, 1977. Public Works and Transportation. Increases the percentage of grants for local public works under the Local Public Works Capital Development and Investment Act of 1976 which is to be allocated to States and local governments having unemployment rates in excess of the national average.

Grants priority within high unemployment areas to local governments which have not previously received funds but which have unemployment rates equal to or greater than local governments in the area that have received funds.

Increases the amount authorized to be appropriated for fiscal year 1977 to carry out the Local Public Works Capital Development and Investment Act of 1976.

H.R. 3010. February 2, 1977. Interstate and Foreign Commerce. Amends Title XIX (Medicaid) of the Social Security Act to provide payment for podiatrist's services under the medical assistance program.

H.R. 3011. February 2, 1977. Armed Services. Includes, for the purpose of computing military nonregular retirement pay, service in State militia units between 1930 and 1941 if such unit was restricted to individuals not of the Caucasian race and was ordered to active duty during World War II.

H.R. 3012. February 2, 1977. Post Office and Civil Service. Repeals the Postal Reorganization Act. Reenacts provisions relating to the postal service which were in effect immediately prior to the enactment of such Act.

H.R. 3013. February 2, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that the remarriage of a widow, widower, or parent, child, or wife shall not terminate his or her entitlement insurance benefits or reduce the amount thereof.

H.R. 3014. February 2, 1977. Ways and Means. Amends Title IV (Aid to Families with Dependent Children) of the Social Security Act to provide 100 percent Federal reimbursement for increases in a State's aid to families with dependent children payments which reflect rises in the cost of living since 1973 or are due to increased caseload. Makes such reimbursement contingent upon the State providing cost-of-living adjustments in such payments, implementation of a program of aid to dependent children of unemployed fathers, and agreement by the State not to impose any new restrictive requirements under its approved State plan.

H.R. 3015. February 2, 1977. Ways and Means. Includes in prohibited price discrimination the failure to impose differentials in price between purchasers in different functional classes. States that the character of the selling of the purchaser, not the buying, shall determine the classification of customers.

H.R. 3016. February 2, 1977. Banking, Finance and Urban Affairs. Authorizes the Secretary of the Treasury to make emergency

relief grants to local governments for the purposes of paying the salaries of firefighting personnel who would otherwise be discharged from their positions because of economic factors. Forbids discrimination in any activity or program funded under this Act.

H.R. 3017. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to exempt nonprofit volunteer firefighting or rescue organizations from the excise tax on sales of special fuels, automotive parts, petroleum products, and communication services.

H.R. 3018. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to authorize any taxpayer to elect to have any portion of any overpayment of tax or any contribution in money which the taxpayer forwards with the return for such taxable year be available, as the taxpayer may designate on such return, for the National Endowment for the Arts or the National Endowment for the Humanities.

H.R. 3019. February 2, 1977. Public Works and Transportation. Amends the Local Public Works Capital Development and Investment Act of 1976 to increase the amount authorized to be appropriated under such Act.

H.R. 3020. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Titles XVIII (Medicare) and XIX (Medicaid) of the Social Security Act to authorize payment of funds in accordance with an assignment from the person or institution providing the care or service involved if such assignment is made to a governmental agency or entity or is established by the order of a court.

Increases the penalties for defrauding the Medicare and Medicaid programs.

Requires the Secretary of Health, Education, and Welfare to suspend any physician or practitioner from participation in the Medicare or Medicaid programs whenever such individual is convicted of a criminal offense related to their involvement in such programs.

H.R. 3021. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Titles XVIII (Medicare) and XIX (Medicaid) of the Social Security Act to authorize payment of funds in accordance with an assignment from the person or institution providing the care or service involved if such assignment is made to a governmental agency or entity or is established by the order of a court.

Increases the penalties for defrauding the Medicare and Medicaid programs.

Requires the Secretary of Health, Education, and Welfare to suspend any physician or practitioner from participation in the Medicare or Medicaid programs whenever such individual is convicted of a criminal offense related to their involvement in such programs.

H.R. 3022. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Titles XVIII (Medicare) and XIX (Medicaid) of the Social Security Act to authorize payment of funds in accordance with an assignment from the person or institution providing the care or service involved if such assignment is made to a governmental agency or entity or is established by the order of a court.

Increases the penalties for defrauding the Medicare and Medicaid programs.

Requires the Secretary of Health, Education, and Welfare to suspend any physican or practitioner from participation in the Medicare or Medicaid programs whenever such individual is convicted of a criminal offense related to their involvement in such programs.

H.R. 3023. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Titles XVIII (Medicare) and XIX (Medicaid) of the Social Security Act to authorize payment of funds in accordance with an assignment from the person or institution providing the care or service involved if such assignment is made to a governmental agency or entity or is established by the order of a court.

Increases the penalties for defrauding the Medicare and Medicaid programs.

Requires the Secretary of Health, Education, and Welfare to suspend any physician or practitioner from participation in the Medicare or Medicaid programs whenever such individual is convicted of a criminal offense related to their involvement in such programs.

H.R. 3024. February 2, 1977. Banking, Finance and Urban Affairs. Amends the National Housing Act to direct the Secretary of Housing and Urban Development to give special emphasis to insuring mortgages covering medical practice facilities which are to be used primarily for the purpose of providing preventive, diagnostic, and treatment services to elderly outpatients.

Amends the Housing and Community Development Act to entitle a grant recipient to an additional grant for the construction or maintenance of a senior center providing recreation, health, and nutritional services regardless of whether such centers offer housing facilities.

H.R. 3025. February 2, 1977. Banking, Finance and Urban Affairs. Requires the multifamily housing facilities for the elderly be equipped with an adequate emergency power equipment before federal mortgage insurance, loans, grants or other assistance is extended. Authorizes the Secretary of Housing and Urban Development to finance the cost of providing such equipment.

H.R. 3026. February 2, 1977. Banking, Finance and Urban Affairs. Amends the Housing Act of 1937 and the National Housing Act to provide that future social security benefit increases shall be disregarded in determining eligibility for admission to or occupancy of low-rent public housing or the rent which an individual or family must pay for such housing and eligibility for other Federal housing subsidies.

H.R. 3027. February 2, 1977. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare to formulate and administer a fuel stamp program under which, at the request of any State chief executive, an eligible household within such State shall have the opportunity to offset a portion of its fuel bill with coupons amounting to an allotment of $25 monthly.

H.R. 3028. February 2, 1977. Interstate and Foreign Commerce. Directs the Secretary of Housing and Urban Development to (1) solicit and review plans for the development of campus-style residential and health care projects for the elderly; and (2) make interest subsidy payments to developers of plans selected from those submitted.

Amends the National Housing Act to authorize the Secretary to insure and to make commitments to insure mortgages on properties being developed under this Act.

Requires the evaluation of projects developed under this Act by a committee of members of both Houses of Congress, representatives of the medical profession, and administrators of health-care facilities.

H.R. 3029. February 2, 1977. Public Works and Transportation. Amends the Urban Mass Transportation Act of 1964 to authorize the use of funds made available under such Act for the payment of operating subsidies in areas other than urbanized areas.

Directs the Secretary of Transportation to require that projects receiving Federal financial assistance under such Act be planned and operated to allow effective use of mass transportation services by elderly and handicapped persons. Directs the Secretary to establish a National Advisory Council on Accessibility of Mass Transportation to consult with the Secretary on all matters relating to mass transportation for such individuals. Authorizes the conversion of specified loans under such Act and the Housing Amendments of 1955 into grants.

H.R. 3030. February 2, 1977. Ways and Means. Amends Title XVI (Supplemental Income for the Aged, Blind, and Disabled) to require the Secretary of Health, Education, and Welfare to pay a special housing allowance to each eligible individual whose housing expenses exceed 25 percent of income or $1,200 a year, whichever is less.

H.R. 3031. February 2, 1977. Merchant Marine and Fisheries. Amends the Merchant Marine Act, 1936, to revise the definition of "foreign trade" for purposes of meeting eligibility requirements to receive Federal guarantees for financing United States-flag vessels under such Act to exclude from such definition vessels providing primarily liquid and dry bulk cargo carrying services between foreign ports.

H.R. 3032. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to reduce certain individual income taxes by lowering the tax imposed on income within different brackets while maintaining the same threshold amount of tax for each bracket. Increases the corporate surtax exemption to $100,000.

H.R. 3033. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to require an automatic cost-of-living adjustment in the income tax rates, for the amount of the standard deduction, personal exemption, and depreciation deduction, and the rate of interest payable on certain obligations of the United States.

H.R. 3034. February 2, 1977. Education and Labor. Amends the Education Amendments of 1972 to exempt any educational institution not receiving direct Federal financial assistance from the sex discrimination prohibition of such Amendments.

Defines Federal financial assistance as used in this Act and specifically excludes from such definition Federal assistance made available directly to students.

H.R. 3035. February 2, 1977. Post Office and Civil Service. Repeals the Postal Reorganization Act. Reenacts provisions relating to the postal service which were in effect immediately prior to the enactment of such Act.

H.R. 3036. February 2, 1977. Judiciary. Makes it a Federal crime to use or carry a firearm during the commission of certain State crimes of violence. Imposes a minimum sentence of ten years for a first offense and 25 years for a second or subsequent offense.

Increases the terms of imprisonment for the use or carrying of a firearm during the commission of a Federal felony.

H.R. 3037. February 2, 1977. Interstate and Foreign Commerce. Prohibits franchisors from prematurely cancelling or failing to renew motor fuel franchises unless written notification is provided and the franchisee has failed to comply with reasonable terms of the agreement.

Specifies that refiners may not increase the percentage of gasoline distributed through refiner operated retail outlets for a two-year period. Directs the Federal Trade Commission (FTC) to report to Congress on methods to promote competition in the marketing of gasoline.

Requires the FTC to prescribe rules for determining octane ratings of gasoline and to display requirements for such ratings.

Prohibits specified unfair practices in the marketing of automotive gasoline.

H.R. 3038. February 2, 1977. Merchant Marine and Fisheries; Public Works and Transportation. Establishes a fund for the purpose of paying for otherwise uncompensated losses resulting from oil pollution.

Imposes, within certain monetary limits, joints, several, and strict liability on the owners and operators of each pollution

source. Requires petroleum facilities and certain vessels to maintain evidence of financial responsibility in an amount equal to applicable liability limits.

Sets forth procedures for identifying and publicizing pollution sources.

H.R. 3039. February 2, 1977. Interior and Insular Affairs. Authorizes appropriations to the Nuclear Regulatory Commission for fiscal year 1978 for salaries and expenses.

H.R. 3040. February 2, 1977. Ways and Means.

Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that the remarriage of a widow or widower shall not terminate his or her entitlement to widow's or widower's insurance benefits or reduce the amount thereof. Stipulates that the benefits of a child of an individual entitled to benefits shall not be terminated upon marriage of such child if such child is disabled.

H.R. 3041. February 2, 1977. Interstate and Foreign Commerce.

Establishes within the Department of Health, Education, and Welfare an Office of Rural Health. Authorizes the Director of such office to award grants, contracts, loans, and loan guarantees for projects to assist in the study and development of rural health care delivery models.

H.R. 3042. February 2, 1977. Ways and Means.

Amends title II (Old-Age, Survivors and Disability Insurance) of the Social Security Act by removing the limitation upon the amount of outside income which an individual may earn while receiving benefits.

H.R. 3043. February 2, 1977. Ways and Means.

Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to entitle an individual otherwise eligible, to widower's or widow's benefits at age 50. Eliminates the special dependency requirements for entitlement to widower's insurance benefits. Directs that individuals eligible for widow's or widower's benefits shall no longer be required to accept rehabilitation services.

H.R. 3044. February 2, 1977. Ways and Means.

Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that an individual who would be fully qualified at age 62 for benefits under such Title may qualify for disability benefits under such program if such individual has 40 quarters of coverage, regardless of when such quarters were earned.

H.R. 3045. February 2, 1977. Education and Labor. Amends the National Labor Relations Act to provide that the duty to bargain collectively includes bargaining with respect to retirement benefits for retired employees.

H.R. 3046. February 2, 1977. Merchant Marine and Fisheries. Extends the coastwise shipping laws of the United States, with respect to the transportation of crude oil, residential fuel oil, unfinished oils, and finished petroleum products, to the Virgin Islands.

H.R. 3047. February, 2, 1977. International Relations. Amends the Trading With the Enemy Act to prohibit authorization of a trade embargo with Vietnam except with respect to war and other materials defined by the Mutual Defense Assistance Control Act of 1951 and regulation thereunder.

H.R. 3048. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to allow limited income tax credits for the installation of solar heating and cooling in any building, and insulation in residences.

H.R. 3049. February 2, 1977. Ways and Means. Amends title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to revise the eligibility requirements for disability insurance benefits for blind persons. Revises the method of computing the primary insurance amount for blind persons under such Act.

H.R. 3050. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to allow certain taxpayers to elect not to include certain sales of magazines in gross income where the magazines are returned within three months after the close of the taxable year, were sold for display purposes only, and the taxpayer is legally obliged to accept their return.

H.R. 3051. February 2, 1977. Ways and Means. Amends the Tariff Schedules of the United States to permit the duty-free importation of any aircraft engine being overhauled within the United States if duty was paid on such replacement engine pursuant to a previous importation.

H.R. 3052. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to extend the coverage for dental services to include any services performed by a properly licensed dentist and to authorize payment under such program for all inpatient hospital services furnished in connection with dental procedures requiring hospitalization.

H.R. 3053. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to extend the coverage for dental services to include any services performed by a properly licensed dentist and to authorize payment under such program for all inpatient hospital services furnished in connection with dental procedures requiring hospitalization.

H.R. 3054. February 2, 1977. Judiciary. Bars suits alleging personal liability of any Federal employee engaged in health care for a negligent or wrongful act or omission occurring within the scope of employment.

Repeals with respect to health care functions, the prohibition against government liability for certain international torts.

Grants under certain circumstances a 30-day grace period for filing an administrative claim to a plaintiff whose suit arising out of medical malpractice or negligent operation of a motor vehicle by a Federal employee is removed to Federal court.

H.R. 3055. February 2, 1977. Education and Labor. Establishes within the Department of Labor a Medical Review Board of three practicing physicians to review occupational disease claims against the United States. Requires the Board to determine the relationship between the duties of the Government employee/claimants and the respective diseases or illnesses at issue. Sets forth standards by which the Board shall determine whether such disease or illness arose out of or was caused by employment.

H.R. 3056. February 2, 1977. Judiciary. Amends the Immigration and Nationality Act to authorize the Attorney General and the President to admit certain refugees to the United States. Permits such refugees to become permanent residents of the United States upon approval of the Immigration and Naturalization Service two years after admission.

Excludes from admission into the United States aliens who have engaged in the persecution of individuals.

H.R. 3057. February 2, 1977. Ways and Means; Government Operations. Establishes a Task Force on the Taxation of Real Property by State and Local Governments to study and evaluate such taxation, its effects on middle and fixed income taxpayers, and the feasibility of using Federal taxation and other methods to reduce the dependence of State and local governments on such taxation.

H.R. 3058. February 2, 1977. Ways and Means. Government Operations. Establishes a Task Force on the Taxation of Real Property by State and Local Governments to study and evaluate such taxation, its effects on middle and fixed income taxpayers, and the feasibility of using Federal taxation and other methods to reduce the dependence of State and local governments on such taxation.

H.R. 3059. February 2, 1977. Ways and Means. Amends Title II (Old-Age, Survivors', and Disability Insurance) of the Social Security Act: (1) to eliminate special dependency requirements for entitlement to husbands' and widower's insurance benefits; (2) to reduce from 20 to 15 the duration-of-marriage requirement for divorced wives; (3) to provide benefits for certain divorced husbands; (4) to provide benefits to husbands who have minor children in their care; and (5) to provide benefits for widowed fathers with minor children on the same basis as benefits for wives, widows, and mothers. Permits the payment of old-age insurance to a married couple on their combined earnings.

H.R. 3060. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to: (1) reduce individual and corporate income tax rates; (2) allow a limited income tax deduction by certain domestic corporations for dividends paid; (3) allow a tax credit for new savings deposits; and (4) allow a deduction for a portion of a property's cost in lieu of a deduction for depreciation.

H.R. 3061. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to: (1) reduce individual and corporate income tax rates; (2) allow a limited income tax deduction by certain domestic corporations for dividends paid; (3) allow a tax credit for new savings deposits; and (4) allow a deduction for a portion of a property's cost in lieu of a deduction for a depreciation.

H.R. 3062. February 2, 1977. Banking, Finance and Urban Affairs. Amends the Housing Act of 1959 to authorize the secretary of Housing and Urban Development to make loans for rental or cooperative mobile home projects for elderly or handicapped families.

H.R. 3063. February 2, 1977. Ways and Means; Interstate and Foreign Commerce. Substitutes a "Pay-As-You-Go, Social Security and Prosperity Insurance" for the present Old-Age, Survivors, and Disability Insurance program under the Social Security Act. Revises eligibility requirements and benefit amounts. Imposes a uniform tax on personal and corporate incomes to be collected by the Internal Revenue Service to fund the program.

Directs the Secretary of the Treasury to prepare and offer for sale "United States Social Security bonds."

H.R. 3064. February 2, 1977. International Relations. States that the place of birth of an individual issued a United States passport shall not be disclosed in the passport.

H.R. 3065. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to repeal the taxpayer's age requirement (65 years) and the dollar limitation on the adjusted sales price ($35,000) for the exclusion from gross income of gain realized on the sale of the taxpayer's principal residence.

H.R. 3066. February 2, 1977. Government Operations. Prohibits the purchase or operation by the Federal Government of any motor vehicle by the Federal Government not of a type generally available in Government motor pools on the date of the enactment of this Act. Prohibits the use of Government motor vehicles by Government officials between such official's home and place of employment. Prohibits the issuance of any motor vehicle for the exclusive use of any Government official or employee not designated in this Act.

H.R. 3067. February 2, 1977. Interstate and Foreign Commerce. Amends the Public Health Service Act to authorize and direct

the Secretary of Health, Education, and Welfare to make grants to designated State agencies to meet part of the costs involved in planning, establishing, maintaining, coordinating, and evaluating programs for comprehensive services for school-age girls, their infants and children.

Specifies the requirements for State plans to qualify for Federal aid under this Act.

H.R. 3068. February 2, 1977. Banking, Finance and Urban Affairs. Amends the Housing Act of 1937 to reduce the amount of rent required to be paid by elderly families residing in dwelling units assisted by federal contributions.

H.R. 3069. February 2, 1977. Armed Services. Makes it unlawful for any individual or entity to solicit to enroll or enroll any member of the armed forces in any labor organization or for any member of the armed forces to join, or encourage others to join any labor organization. Sets forth penalties for violations of this Act.

H.R. 3070. February 2, 1977. Banking, Finance and Urban Affairs. Prescribes procedures and standards governing the disclosure of customer records by depository institutions to Federal agencies.

H.R. 3071. February 2, 1977. Public Works and Transportation. Requires each State, as part of its highway safety program, to enact legislation requiring the use of safety belts in motor vehicles weighing 6,000 pounds or less. Directs the Secretary of Transportation, upon a determination that a State is not implementing such a safety belt use law, to reduce the amount of Federal-aid highway funds apportioned to such State.

H.R. 3072. February 2, 1977. Education and Labor. Directs the Secretary of Labor to (1) allot grants to regional employment councils to assist second career programs for unemployed and underemployed persons age 40 and older and (2) conduct research, by means of contracts and grants, to facilitate such persons entering and remaining in the labor force.

H.R. 3073. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to allow a limited tax credit in an amount of $250 for each individual who is at least 65 years of age before the beginning of the taxable year, whose principal place of abode during the taxable year is the principal residence of the taxpayer, and who is not a lodger with the taxpayer.

H.R. 3074. February 2, 1977. Government Operations. Amends the Budget and Accounting Act, 1921, to require all departmental budget requests made to the Office of Management and Budget with respect to any fiscal year be submitted to the Congress along with the President's budget for such year. Requires officials requested by the appropriate committees of the Congress to testify before such committees on the President's budget and on such departmental budget requests.

H.R. 3075. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to allow a limited deduction for adoption expenses.

H.R. 3076. February 2, 1977. Education and Labor; Ways and Means. Establishes a National program of child adoption and care services. Directs the Secretary of Health, Education, and Welfare (1) to establish a National Registry of Adoptable Children; and (2) to establish a National Data Bank of Adoption Information and Resources for the purpose of disseminating information on sources of funding for prospective adoptive parents and on adoption agencies. Sets forth requirements for all State child welfare organizations which receive Federal assistance.

H.R. 3077. February 2, 1977. Ways and Means. Amends the Internal Revenue Code to authorize the Secretary of the Treasury to disclose, upon written request, taxpayers' mailing addresses to the National Institute for Occupational Safety and Health solely for the purposes of conducting mortality studies of worker populations and the referral of injured workers for medical care and treatment.

H.R. 3078. February 2, 1977. Ways and Means. Amends Title XX (Grants to States for Services) of the Social Security Act to repeal Federal child day care requirements, and to require adherence of child day care plans to published State standards of such care.

H.R. 3079. February 2, 1977. Interior and Insular Affairs. Authorizes the Secretary of the Interior to establish the Agricultural Hall of Fame National Cultural Park in Kansas.

H.R. 3080. February 2, 1977. Interior and Insular Affairs. Declares that the United States quitclaims all interest in coal and mineral rights in certain land to the owner of that land.

H.R. 3081. February 2, 1977. Judiciary. Provides that a certain individual be conditionally admitted to the United States for permanent residence.

H.R. 3082. February 2, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual for damages suffered as a result of arbitrary and erroneous actions by a Federal agency.

H.R. 3083. February 2, 1977. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

Directs the payment of a gratuity to a certain individual.

H.R. 3084. February 2, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to certain individuals in full settlement of such individuals' claims against the United States.

H.R. 3085. February 2, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3086. February 2, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R 3087. February 2, 1977. Judiciary. Authorizes the admission of certain individuals to the United States for permanent residence.

H.R 3088. February 2, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States.

H.R. 3089. February 2, 1977. Judiciary. Directs the Attorney General to cancel any orders and warrants of deportation, warrants of arrest, and bond, which may have been issued in the case of a certain individual.

H.R. 3090. February 2, 1977. Judiciary. Provides that a certain individual be conditionally admitted to the United States for permanent residence.

H.R. 3091. February 2, 1977. Armed Services Declares that the rules governing eligibility for admission to the United States Military Academy shall not apply to a certain individual.

H.R. 3092. February 3, 1977. Interior and Insular Affairs; Small Business. Amends the Small Business Act to encourage the Small Business Administration to make loans to enable small business concerns to obtain contracts and permits to operate concessions within any area of the National Park System. Establishes the National Park Service Concession Fund in the Treasury of the United States.

Amends the Concessions Policy Act to direct the Secretary of the Interior to insure full and open competition in entering into contracts and permits with concessioners of facilities for visitors to the National Park System.

H.R. 3093. February 3, 1977. Ways and Means. Amends the Tariff Schedules of the United States to extend until July 1, 1979, the suspension of the customs duty on copying lathes used for making rough or finished shoe lasts.

H.R. 3094. February 3, 1977. Ways and Means. Amends the Internal Revenue Code to increase each of the standard personal exemptions to $1,000.

H.R. 3095. February 3, 1977. Ways and Means. Amends the Internal Revenue Code to provide a limited income tax credit for the purchase and installation of qualified insulation and heating improvements in the taxpayer's principal residence.

H.R. 3096. February 3, 1977. Ways and Means. Amends the Internal Revenue Code to provide a limited income tax credit for the purchase and installation of qualified insulation and heating improvements in the taxpayer's principal residence.

H.R. 3097. February 3, 1977. Ways and Means. Amends the Internal Revenue Code to provide a limited income tax credit for the purchase and installation of qualified insulation and heating improvements in the taxpayer's principal residence.

H.R. 3098. February 3, 1977. Judiciary. Amends the Bankruptcy Act to include among debts which have priority specified debts to consumers based on deposits of money made in connection with the purchase, lease, or rental of goods or services for personal or household use not delivered on the date of bankruptcy or on account of a cause of action based on the breach of an implied or express warranty in connection with such goods or services.

H.R. 3099. February 3, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 to make any recommendations of the President relating to the salaries of Members of Congress purely advisory.

Amends the Legislative Reorganization Act of 1946 to require that the annual rate of pay for Members of Congress and the House and Senate leadership be the rate payable for such positions on the date of enactment of this Act unless otherwise established by law.

H.R. 3100. February 3, 1977. Government Operations; Rules. Requires the President to submit to Congress plans to reform once every ten years the regulatory activities of specified Federal agencies according to a staggered schedule set forth in this Act. States that if Congress fails to enact comprehensive regulatory reform legislation dealing with such plan within a specified period the applicable agency shall cease to exist.

H.R. 3101. February 3, 1977. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 to make the provisions, formerly applicable to persons between 40 and 65 years of age, applicable to anyone 40 years of age or older.

H.R. 3102. February 3, 1977. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 to make the provisions, formerly applicable to persons between 40 and 65 years of age, applicable to anyone 40 years of age or older.

H.R. 3103. February 3, 1977. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 to make the provisions, formerly applicable to persons between 40 and 65 years of age, applicable to anyone 40 years of age or older.

H.R. 3104. February 3, 1977. Public Works and Transportation. Authorizes the Secretary of Transportation, pursuant to the approval of State programs for the completion of the Interstate Highway System, to enter into contractual arrangements on behalf of the United States for the payment of the princi-

pal and interest on State bonds or obligations issued for such purpose.

H.R. 3105. February 3, 1977. Judiciary. Includes in prohibited price discrimination the failure to impose differentials in price between purchasers in different functional classes. States that the character of the selling of the purchaser, not the buying, shall determine the classification of customers.

H.R. 3106. February 3, 1977. Education and Labor. Directs the Coordinating Council on Juvenile Justice and Delinquency Prevention to organize and convene a National Conference on Learning Disabilities and Juvenile Delinquency.

Directs the Conference to formulate methods of disseminating extant knowledge and the results of ongoing research related to learning disabilities and handicaps to appropriate agencies and individuals.

H.R. 3107. February 3, 1977. Education and Labor. Directs the Coordinating Council on Juvenile Justice and Delinquency Prevention to organize and convene a National Conference on Learning Disabilities and Juvenile Delinquency.

Directs the Conference to formulate methods of disseminating extant knowledge and the results of ongoing research related to learning disabilities and handicaps to appropriate agencies and individuals.

H.R. 3108. February 3, 1977. Education and Labor. Directs the Coordinating Council on Juvenile Justice and Delinquency Prevention to organize and convene a National Conference on Learning Disabilities and Juvenile Delinquency.

Directs the Conference to formulate methods of disseminating extant knowledge and the results of ongoing research related to learning disabilities and handicaps to appropriate agencies and individuals.

H.R. 3109. February 3, 1977. Judiciary. Repeals the provisions of the Immigration and Nationality Act which require alien children adopted by United States citizens to reside in the United States for two years in the legal custody of such citizens before being eligible for United States citizenship by naturalization.

H.R. 3110. February 3, 1977. Ways and Means. Amends the Internal Revenue Code to allow an income tax deduction for agency fees, court costs, attorney's fees and other necessary costs and fees incurred in the adoption of a child.

H.R. 3111. February 3, 1977. Education and Labor; Banking, Finance and Urban Affairs. Amends the Fair Labor Standards Act of 1938 to authorize the Secretary of Labor to investigate any proposed business closing of relocation and to provide assistance to certain employees and local governments affected by such action.

Denies specified tax benefits to a business closing or transferring an operation upon certain findings by the Secretary.

Establishes a National Employment Relocation Administration within the Department of Labor and a National Employment Relocation Advisory Council.

H.R. 3112. February 3, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title II (Old-Age, Survivors, and Disability Insurance) and Title XVIII (Medicare) of the Social Security Act to specify the types of treatment, persons covered, and amount of coverage which will be provided with respect to treatment procedures and programs for end stage renal disease.

H.R. 3113. February 3, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to provide payment for rural health care services including physicians extender care services under the supplementary medical insurance program.

H.R. 3114. February 3, 1977. Agriculture. Establishes a temporary advisory committee to advise the Administrator of the Federal Grain Inspection Service. Amends the United States Grain Standards Act of 1976 to repeal the requirement that the State and other official agencies designated to perform inspection or weighing functions pay fees to the Administrator to cover certain supervisory costs.

Directs the Secretary of Agriculture to establish a single system of recordkeeping by grain storage or handling facilities which will meet the requirements of Federal law and the regulations of the Commodity Credit Corporation.

H.R. 3115. February 3, 1977. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 3116. February 3, 1977. International Relations. Amends the Arms Exports Control Act to require the President to transmit certain information to Congress with respect to any proposed major arms sale to a non-NATO country.

Prohibits the issuance of any letter or offer for such sale if the Congress disapproves such letter by concurrent resolution, within the first period of 30 days of continuous Congressional session after receipt of Presidential certification of such offer.

H.R. 3117. February 3, 1977. International Relations. Amends the Arms Export Control Act to require the President to transmit certain information to Congress with respect to any proposed major arms sale to a non-NATO country.

Prohibits the issuance of any letter of offer for such sale if the Congress disapproves such letter by concurrent resolution, within the first period of 30 days of continuous Congressional session after receipt of Presidential certification of such offer.

H.R. 3118. February 3, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 and the Legislative Reorganization Act of 1946 to specify when an adjustment in the rate of pay for Members of Congress proposed during any Congress shall take effect.

H.R. 3119. February 3, 1977. Banking, Finance and Urban Affairs. Amends the Federal Credit Union Act with regard to assets, loans, membership, management, including officers and directors, and required reserves. Reorganizes the National Credit Union Administration and establishes a Presidentially appointed, Senate-confirmed Board, the National Credit Union Administration Board, to manage the Administration. Creates the National Credit Union Central Liquidity Facility to maintain the liquidity of credit unions, and to provide for the orderly transfer of funds between and among credit unions and other financial institutions.

H.R. 3120. February 3, 1977. Judiciary. Provides that a certain individual be conditionally admitted to the United States for permanent residence.

H.R. 3121. February 3, 1977. Interior and Insular Affairs. Conveys all interest of the United States in certain real property in New Mexico to a certain individual.

H.R. 3122. February 3, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States.

H.R. 3123. February 3, 1977. Judiciary. Relieves a certain individual of all liability to the United States for overpayment or erroneous payment of expenses incurred incident to reassignment.

H.R. 3124. February 3, 1977. Merchant Marine and Fisheries. Directs the Secretary of Commerce to confer certain decorations upon a certain individual.

H.R. 3125. February 7, 1977. Veterans' Affairs. Requires the Administrator of Veterans' Affairs to pay (in addition to any already paid) a monthly pension of $150 to each veteran of World War I who meets specified service requirements, or to the surviving spouse of each such veteran, or when there is no surviving spouse, to the child or children of each such veteran.

H.R. 3126. February 7, 1977. Banking, Finance and Urban Affairs. Establishes the Federal Savings and Loan Insurance Corporation as a corporation independent of the Federal Home Loan Bank Board.

Establishes a Presidentially appointed Board of Trustees to govern the Federal Savings and Loan Insurance Corporation.

Revises various administrative procedures of the Federal Home Loan Bank Board.

H.R. 3127. February 7, 1977. Agriculture. Amends the Consolidated Farm and Rural Development Act to authorize the Secretary of Agriculture to make and insure loans under such Act for the solar heating or cooling of residential structures on family farms.

H.R. 3128. February 7, 1977. Banking, Finance and Urban Affairs. Authorizes the administrators of specified Federal housing programs to increase the amount of loans made on single- or multi-family dwelling units by up to 20 percent where such increase reflects the cost of solar energy equipment.

Amends the National Housing Act to authorize home improvement loans for the cost of acquisition and installation of solar energy systems.

Amends the Housing and Community Development Act of 1974 to authorize the use of community development block grants for payments to assist in the acquisition and installations of solar energy equipment.

H.R. 3129. February 7, 1977. Veterans' Affairs. Guarantees automatically any loan to a qualified veteran for the purchase and installation of solar heating and/or cooling in a dwelling which he owns and occupies.

H.R. 3130. February 7, 1977. Agriculture. Requires, under the Federal Meat Inspection Act, that imported meat and meat food products made in whole or part from imported meat be labeled "imported" or "imported in part" at all stages of distribution until reaching the ultimate consumer.

Prohibits the importation of any dairy product into the United States unless it has been inspected and found to be wholesome and unless the foreign farms and plants in which such products were produced comply with all inspection, grading and other standards prescribed by the Secretary of Health, Education, and Welfare.

H.R. 3131. February 7, 1977. Government Operations. Amends the Reorganization Act of 1949 to extend the President's authority to submit Executive branch reorganization plans to Congress to December 31, 1980. Requires the approval of both Houses of Congress within 60 days after the date on which such plan is transmitted to Congress to give such plan effect. Gives the Senate and House of Representatives Committees on Government Operations 45 days to consider such plan at which time such Committees must report their recommendations of such plan or be discharged from further consideration thereof.

H.R. 3132. February 7, 1977. Public Works and Transportation; Ways and Means. Directs the Secretary of the Army to promulgate regulations establishing a user charge for shallow-draft cargo vessels for the use by such vessels of any navigation project on any inland waterway of the United States.

Amends the Federal-Aid Highway Act of 1976 to extend the time during which the

National Transportation Policy Study Commission has to submit its final report to Congress regarding its study of the transportation needs of the United States.

Amends the Internal Revenue Code to impose a tax on the sale of fuels used by shallow-draft vessels used in commercial inland waterway transportation.

H.R. 3133. February 7, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to revise the eligibility requirements for disability insurance benefits for blind persons. Revises the method of computing the primary insurance amount for blind persons under such Act.

H.R. 3134. February 7, 1977. Merchant Marine and Fisheries; Public Works and Transportation. Amends the Ports and Waterways Safety Act of 1972 to impose additional tanker design, construction, and operation requirements in order to improve tanker safety. Establishes procedures for oil spill liability and compensation determinations. Imposes strict liability upon owners and operators of vessels and offshore oil facilities for oil spill damages, including cleanup costs.

H.R. 3135. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to increase from $1,000,000 to $10,000,000 the maximum size of small issues of industrial development bonds on which the interest qualifies for a tax exclusion.

H.R. 3136. February 7, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to terminate Federal Power Commission authority to regulate sales of new natural gas and sales of natural gas to certain high priority customers.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas as boiler fuel.

H.R. 3137. February 7, 1977. House Administration. Requires Federal agencies to publicly report to Congress all expenditures made for or on the behalf of a Member of Congress or a congressional employee with respect to the travel of such person and requires the committee of Congress which approved such travel to reimburse such agency for such expenditure.

H.R. 3138. February 7, 1977. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to allow air carriers to offer reduced-rate transportation on a space-available basis to persons 65 years of age or older or 21 years of age or younger, and to handicapped persons and necessary attendants of such handicapped individuals.

H.R. 3139. February 7, 1977. Post Office and Civil Service. Extends to former employees of county soil conversation committees who are employed by any Federal agency, specified civil service compensation leave, and seniority benefits afforded to former employees of such county committees who are employed by the Department of Agriculture.

H.R. 3140. February 7, 1977. Armed Services. Sets forth procedures which the Secretary of Defense or the Secretary of a military department must follow before a military base or installation is closed or the number of civilian personnel positions at such a facility is reduced below a specified level.

H.R. 3141. February 7, 1977. Armed Services. Sets forth procedures which the Secretary of Defense or the Secretary of a military department must follow before a military base or installation is closed or the number of civilian personnel positions at such a facility is reduced below a specified level.

H.R. 3142. February 7, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to terminate Federal Power Commission authority to regulate the sale or delivery of natural gas by producers of new natural gas.

H.R. 3143. February 7, 1977. Ways and Means. Amends the Internal Revenue Code of 1954 and Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to authorize individuals who are enrolled in a private retirement plan to voluntarily exempt themselves from the Old-Age, Survivors, and Disability Insurance program.

H.R. 3144. February 7, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to establish a Long-Term Care Services program to provide home health, homemakers, nutrition, long-term institutional care, day care, foster home, and outpatient mental health services. Specifies that these services shall be delivered by community long-term care centers under the direction and control of a State long-term care agency.

H.R. 3145. February 7, 1977. Judiciary. Amends the Immigration and Nationality Act to subject any person who pays any compensation to an illegal alien to a criminal fine.

H.R. 3146. February 7, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to provide payment for outpatient prescription drugs under the supplementary medical insurance program.

H.R. 3147. February 7, 1977. Agriculture. Excludes from eligibility for food stamps under the Food Stamp Act of 1964 any household whose principal wage earner is on strike for the duration of such strike. Excepts a household from this exclusion if it was participating in the food stamp program immediately prior to the start of such strike, or if any of its members is subject to an employer's lockout.

H.R. 3148. February 7, 1977. Agriculture. Excludes from eligibility for food stamps under the Food Stamp Act of 1964 any household whose principal wage earner is on strike for the duration of such strike. Excepts a household from this exclusion if it was participating in the food stamp program immediately prior to the start of such strike, or if any of its members is subject to an employer's lockout.

H.R. 3149. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to extend to two and one-half years the maximum period which may elapse between the sale of a residence and the construction of another in order that gain from such sale will not be recognized for Federal income tax purposes.

H.R. 3150. February 7, 1977. Judiciary. Sets forth rights of Federal court and grand jury witnesses with respect to contempt.

Requires that witnesses compelled to testify before a Federal court, Congress, or executive agency be given transactional immunity.

Specifies guidelines regarding the size of grand juries, disclosure of and access to grand jury testimony, rights of grand jury witnesses, and grand jury jurisdiction. Grants rights and powers to grand juries including authority to conduct independent inquiries.

Entitles defendants charged with nonpetty offenses to a preliminary examination, to be filed by a Federal district judge.

EXTENSIONS OF REMARKS

SOLAR ENERGY DEVELOPMENT—AVIATION HALL OF FAME

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Thursday, July 28, 1977

Mr. TALMADGE. Mr. President, Dixie Business magazine, which is published by Mr. Hubert Lee in Decatur, Ga., recently had articles concerning solar energy development in Georgia and new additions to the Aviation Hall of Fame in Dayton, Ohio.

I bring these articles to the attention of the Senate and ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

ELECTRICITY FROM SOLAR HEAT BY GEORGIA POWER

A multimillion dollar experimental project utilizing solar energy to generate electricity for a new industry is underway at Shenandoah, Ga.

Alexander A. Simon, president of Shenandoah, announced the new industry is a West German based knitwear firm, Wilhelm Bleyle, K.G.

The solar-produced electricity will provide lighting and other base electric loads for the Bloyle plant.

Steam not used for the production of electricity will provide for the heating, cooling and process steam requirements.

Shenandoah, a planned community initiated in 1974, will provide five acres for solar collectors and generation facilities.

U.S. Energy Research and Development Administration (ERDA) will build the solar collectors and entire solar-powered electrical generating station.

Walt Hensley, Georgia Power Vice President, said experimentation to generate electricity from the sun to power in industry is a virtually untapped field.

Others participating in the original site proposal were Westinghouse, Heery & Heery and Ga. Tech.

Walt Hensley said that ERDA's acceptance of the Georgia Power-Shenandoah proposal is definitely good news for the Georgia consumer.

"This proposed research actually is part of Georgia's response to President Carter's appeals to face the energy problems in a forthright manner," Hensley said.

"Georgia's energy will be greatly improved through successful research in alternate energy sources.

"Some Georgia homes," Hensley added, "are already using the sun to heat water and perform other household chores."

A real breakthrough in today's energy situation however using the soon to provide electrical power has yet to appear.

In the light of this ERDA announcement, that breakthrough should be a strong possibility, Hensley concluded.

Concentration-type collectors will be used.

Some 2,500 square meters of collecter mirrors will tract the Sun's location and heat the oil to 600 degrees.

Heat collected from the solar system will produce steam to drive two turbines to generate electricity for the plant. The exhaust heat from the turbines will then be piped into the knitwear mill to heat or cool the building and to provide steam for pressing the clothing made there.

Engineers estimate the plan will get 60 to 70 percent of the total energy needs from the sun.

Georgia Power will provide distribution facilities and engineering services. ERDA will provide money for the generating and heat recovery system (services).

Georgia power will operate the system.

Walt Hensley said the participants plan to

complete the solar energy by April, 1981.

Ray Moore is public relations for Shenandoah, Ga.

PEACHTREE FEDERAL

U.S. Senator Herman Talmadge said he was "Hopeful that there would be more private investment in solar energy in the near future, since it is one of the nation's most powerful sources," as he cut the ribbon on May 14, 1977 at the new Peachtree Federal Savings & Loan association solar energy office in Atlanta.

This initiative is vital to our energy conservation program.

Sunlight is free and while the investment is considerable at this time for solar energy equipment, this resource represents one of the best paths open to us to resolve our fuel dilemma.

It is my sincere hope that many, many others will follow the leadership that we have seen here today.

Davis C. Edwards, president of Peachtree Federal, said the institution made its decision to construct the structure based on a desire to conserve our natural resources and a social responsibility to do something about the energy crisis.

Lewis C. Kravtiz, president of the DeKalb County Chamber of Commerce, DeKalb County Commissioners Manuel Maloof and Liane Levetan, Mary Ann Summers and Ron Farley of Rep. Elliott Levitas staff were among the dignitaries there.

A cutaway model built by Lee Goodson and Carl Sherrill, architectural students at Ga. Tech, was in the lobby of the 2,500 square foot building.

AVIATION HALL OF FAME TO ENSHRINE FIVE

Lawrence D. Bell, who built B-29 Bombers at the Bell Bomber Plant at Marietta, Ga., during World War II, along with Will Rogers, James S. McDonnell, Walter H. Beech and Alan B. Shepard, Jr. will be enshrined in the Aviation Hall of Fame in Dayton on July 23, 1977.

Charles A. Lindbergh, who flew the Atlantic solo 50 years ago, was enshrined in 1967—along with Gen. Hap Arnold, Gen. James H. (Jimmy) Doolittle and Gen. Carl A. Spaatz.

Larry Bell's Bomber Plant at Marietta was closed down at the end of World War II. The B-29 had been built under a Boeing License.

Lockheed took over the old Bell Bomber Plant on January 15, 1951 at the beginning of the Korean War to modify B-29s. Lockheed then built the B-47 under license from Boeing and then the C-130, C-141, C-5A and the JetStar.

Walter Hershel Beech (1891-1956), cofounded Travel Air Mfg. Co. and later Beech Aircraft Company.

James Smith McDonnell, who founded McDonnell Aircraft Corporation, now McDonnell Douglas Corporation with the merger of Douglas Aircraft Corp. Donald Willis Douglas was named the A Great American for 1967 by the editors of Dixie Business, on nomination of C. E. Woolman. Donald Douglas was enshrined in the Aviation Hall of Fame in 1969, along with Grover Loening and Wiley Hardeman Post.

C. E. Woolman will be considered for enshrinement in 1978, along with Dr. Charles Kettering.

Will Rogers (1879-1935) for his outstanding contributions to early aviation, who promoted aviation at every opportunity.

Alan Bartlett Shepard, Jr., for his being the first American launched into space, and the fifth to walk on the moon while Commander of Apollo XIV space aircraft.

A gala dinner was held in Atlanta on April 30, 1977 to honor the 50th Anniversary of Charles Lindbergh's historical solo flight across the Atlantic on May 20, 1927.

The $199 a plate dinner was held at Epps Air Service Hanger DeKalb-Peachtree Airport.

Mrs. Anne Cox Chambers, ambassador to Belgium, David Garrett, president of Delta Air Lines, and Jane Yarn, were co-chairmen of the dinner, the first of seven over the nation to raise $5 million to establish fellowships and grants in aeronautical research, exploration, conservation and wild-life preservation.

Gov. George Busbee paid tribute to the Lone Eagle.

Peeve Lindbergh Brown, daughter of the famous aviator, thanked the 500 who attended the dinner.

Atlanta committee members include Mrs. Tench Cox, III, Mrs. Robert Griffin, Jr., Mrs. Dan Sage, Jr., Mrs. Allison Thornwell, Jr., Mrs. Rufus Chambers, Mrs. Thomas Asher, Mrs. Church Yearley, Mrs. John Ridley, Mrs. Mobley White, Miss Arden White, daughter of Bovo White, whose plane is in the Smithsonian along with Lindbergh's.

Mrs. A. D. Adair, Jr., Mrs. Julian Carr, Mrs. Cecil Alexander, Mrs. Thomas Williams and Mrs. Carl Knobloch.

Gen. James H. (Jimmy) Doolittle and Neil A. Armstrong are national chairmen.

Lowell Thomas, Virgil Kauffman, Frencis L. Kellogg, C. E. Meyers, S. Dillon Ripley, Juan Trippe and Forwood C. Wiser are national chairmen.

Arthur Godfrey heads the entertainment committee.

Mrs. Angier Biddle Duke and Mrs. Claude Foussier are co-chairmen of the women's committee.

AMENDMENT TO FOOD STAMP ACT OF 1964

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. APPLEGATE. Mr. Speaker, today I am introducing a bill that I hope will eliminate some of the major inequities facing those citizens who live on fixed and low incomes.

As you know, whenever a cost-of-living increase for social security recipients goes into effect, such as the recent July 1, 1977, increase, there are many individuals who face a reciprocating loss in the amount of a second type of benefits, such as food stamps.

In effect, this offsetting provision does not amount to any gain for the person, and many times, even an amount less than the original total of both benefits may result.

Mr. Speaker, this is just not fair to these people. While the cost-of-living increase helps them, the reduction they face in other benefits hurts them.

My bill will eliminate this trade-off between social security benefits and food stamp benefits so that affected individuals can start to see a gain in their financial situation. I think this is an important step in seeing that people who duly qualify and deserve these types of benefits receive their fair share.

Mr. Speaker, it would be my hope that the Committee on Agriculture would act quickly on this bill or any of those similar to it to eradicate this inequitable provision.

The bill follows:

H.R. —

A bill to amend the Food Stamp Act of 1964 to make certain that future social security benefit increases will not have the effect of making any household ineligible for food stamps or of increasing the charges imposed therefor

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new subsection:

"(e) In applying the standards prescribed under subsection (b) for purposes of determining the eligibility of any household to participate in the food stamp program (and in determining under section 7 the charges to be imposed upon any household for the coupon allotment issued to it), where any member of such household is entitled to monthly benefits under title II of the Social Security Act, there shall be excluded from the income of such household any part of any such benefit which results from (and would not be payable but for) a cost-of-living increase in such benefits occurring after the date of the enactment of this subsection pursuant to section 215(i) of such Act, or any other increase in such benefits, enacted after such date, which constitutes a general benefit increase within the meaning of section 215(i)(3) of such Act.".

SEC. 2. Section 7(b) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "In determining a household's income for purposes of this subsection, amounts representing increases in monthly social security benefits shall be excluded in the manner and to the extent provided in section 5(e).".

SEC. 3. The amendments made by this Act shall apply with respect to months after the month in which this Act is enacted.

PRESIDENT CARTER TAKES CONSTRUCTIVE STEP

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. SIMON. Mr. Speaker, there is no question that we must do more to strengthen understanding between countries and understand the cultural differences that exist, as well as the cultural ties we have. Congress has explicitly talked about this and acted in this direction in a variety of ways though in the last few years, our appropriations in this area have gradually diminished.

A positive step was taken recently, however, thanks to the leadership of the Commission on Security and Cooperation in Europe and a few members on that Commission and to the good judgment used by President Carter.

On June 29, 1977, President Carter sent the following letter to the Chairman of our Commission, our colleague from Florida, Representative DANTE FASCELL:

THE WHITE HOUSE,
Washington, D.C., June 29, 1977.

Hon. DANTE B. FASCELL,
U.S. House of Representatives,
Washington, D.C.

TO CONGRESSMAN DANTE FASCELL: Thank you for your letter of June 2 in which you and Senator Pell urge strengthening of US foreign language and area studies programs in accordance with our CSCE commitments. As I indicated recently in connection with National Foreign Language Week, I am particularly aware of the importance of linguistic skills and of adequate foreign language

instruction. In no small measure friendly and peaceful relations among nations depend on improved communications between their individual citizens, and fluency in another language is one way of achieving improved communication.

I am particularly concerned with the decline in foreign language and area studies in the US which you outline in your letter. It appears that this decline is due to complex factors which cut across various economic, social, and educational issues. For this reason, I believe that Congressman Simon's suggestion to establish a short-term Commission to study this issue and to prepare a plan of action for dealing with the problem is most appropriate. I plan to ask Commissioner of Education Boyer to get in contact with you, Congressman Simon, and other interested Congressional leaders and government agencies regarding establishment of the Commission on foreign language and area studies.

I would hope that the establishment of this Commission would lead not only to improvement in our own foreign language and area studies, but would also be seen as a further indication of our willingness to carry out our commitments relating to the Helsinki Final Act to the fullest extent possible.

Sincerely,

JIMMY CARTER.

All the members of the Helsinki Commission can be proud of this potential contribution that they have made. Particularly to be commended are the Chairman of the Commission and Senator CLAIBORNE PELL and Representative MILLICENT FENWICK, who led the way on this. Let me express my appreciation also to Spencer Oliver and the members of the Helsinki Commission staff for their good work.

This is but one of a number of contributions that the Commission on Security and Cooperation in Europe has made. I am pleased and honored to serve on the Commission and particularly pleased to see the leadership in areas like this.

THE CHEYENNE FRONTIER DAYS STAINED BY HATE PROPAGANDA

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RONCALIO. Mr. Speaker, the "Daddy of 'Em All" Rodeo festivities of Cheyenne Frontier Days was marred yesterday by the appearance of hateful literature placed on the car windshields of rodeo patrons.

The anti-Semitic, anti-black harangues were distributed by the avowedly racist "Knights of the Ku Klux Klan". I have seen much hateful literature during my lifetime, but the handbills that appeared on the rodeo grounds in Cheyenne yesterday, were as raw and repulsive as any I have ever seen.

I hope that the many thousands of visitors to Cheyenne who enjoyed the greatest rodeo on Earth will have the good sense not to pay any attention to this hateful material that was distributed by the Patriots Insight group, box 141, Indian Hills, Colo. 80454.

These kinds of bitter, distasteful, smear campaigns have no place on the American scene. They are an abomination.

NEUTRON BOMBS: DETERRENT OR DILEMMA?

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mrs. SCHROEDER. Mr. Speaker, on Tuesday I published in the RECORD some remarks on the House's acceptance of a Senate amendment to the public works appropriations bill that would give the Congress the opportunity to veto a favorable decision by the President to produce enhanced radiation devices for deployment in Europe.

Such neutron "bombs" apparently are planned as a hedge against a Soviet armored blitz. The radiation they produce is trumpeted for its ability to penetrate armor that is relatively resistant to blast and heat effects. In my remarks I pointed out that the estimated $3 billion that would be spent just to deploy the 155-millimeter and 8-inch shells over the next decade could be better utilized upgrading our conventional antiarmor capability.

Such an approach has several advantages. Most importantly it would avoid the serious risks involved in the possibility of crossing the nuclear threshold. Second, there is good reason to believe that conventional weaponry could be a more useful and credible deterrent. This consideration relates to the serious problems posed by command and control factors in the use of nuclear weapons. Yesterday I received the August issue of the Retired Officer magazine. In that issue an article titled "Tac Nukes in NATO: Deterrent or Dilemma?" written by Col. E. Asa Bates, U.S. Air Force retired, clearly points up the seriousness of the command and control factor and its impact on the credibility of any tactical nuclear deterrent. I am including the text of that section of the article with the hope that my colleagues will seriously ponder its implications. The text follows:

COMMAND, CONTROL AND COMMUNICATIONS

Command, Control and Communications are the connecting links between the national command authorities and those operational military forces that are responsible for targeting and firing theater nuclear weapons. The ultimate purpose of Command, Control and Communications is to provide commanders the means to apply force with restraint. But is it possible?

U.S. nuclear warheads in Europe designated for employment by Allied forces are under the physical custody of U.S. forces on the Continent. Final authority for the release of U.S. warheads for either U.S. or Allied use rests with the President. A request to employ nuclear weapons may originate from either a NATO Commander or from a member government. It is delivered to NATO governments and to the NATO Council. The views of governments are transmitted to the nuclear power concerned. The final decision is sent back to the military commanders, to Allied governments and to the NATO Council.

The Supreme Allied Commander Europe, (SACEUR), is in a unique position to speed the process. He wears two hats, one as Allied Commander and one as C-in-C of all U.S. forces in Europe. Therefore, he makes his recommendations to the political authorities and at the same time recommends release of nuclear weapons through the Joint Chiefs of Staff to the President. The President is obligated to consult with Allies, before approval of release, only if circumstances permit. Technically, no NATO body nor the President (or for British weapons, the Prime Minister) can order the Supreme Allied Commander (SACEUR), with his international hat on, to fire a nuclear weapon (although the President can unilaterally direct him to do so as the U.S. Commander in Europe). The time consumed in this procedure during exercises is necessarily classified. But the potential of assuring prompt and unanimous NATO decisions on the use of nuclear weapons under actual crisis conditions could become nebulous and complex. For the U.S. to by-pass NATO to go nuclear in Europe would demand an awesome decision.

U.S. Army Field Manual 100–5, published in July 1976 provides a hypothetical chart which shows that it might take up to 24 hours to convey the request and release up and down the chain of command to fire a nuclear package of missiles and cannon. The Corps Commander in Germany would have to send his request through four layers of headquarters: Central Army Group, Allied Forces Central Europe, Supreme Headquarters, Allied Powers, Europe and the NATO Military Committee in an advisory capacity only, before it reaches Allied National Command Authorities and the President. The order to fire the nuclear weapons would presumably retrace the same chain, reaching Corps H.Q. an estimated 14 hours after the original request. The chart reflects another 10 hours to reach the combat artillery unit. Even assuming that this time sequence could be halved in a best case scenario situation, recent studies warn that, before such time has elapsed, an invading Warsaw Pact force might have penetrated well beyond the current NATO positions along the East German border.

MEMORIAL TO PETER McCARTHY

HON. PETE V. DOMENICI

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Thursday, July 28, 1977

Mr. DOMENICI. Mr. President, today marks the sixth anniversary of the death of an Albuquerque, N. Mex. Boy Scout, Peter McCarthy, who died while saving the life of another scout. He and the other scouts of Troop 442 were rafting on the Green River of Utah, when they met with tragedy. The boating party encountered rapids and fallen trees in the river; the rafts were overturned in the rushing waters.

Most of the scouts were able to reach the shore immediately, but Peter and another scout were swept downstream by the strong current. Peter's friend, who had lost his lifejacket, was being dragged into deeper water, when Peter called out, getting him to cling to his life jacket.

They both floated downstream together for 3 or 4 hours, when Peter began to lose consciousness. They attempted to reach the bank, and Peter's friend was able to reach the bank and climb to safety. Although he was an excellent swimmer, Peter's weakened condition prevented him from reaching shore. His body was later recovered downstream by another group of scouts.

Peter was subsequently awarded the Crossed Palms by the Boy Scouts for his heroism. Today I would like to posthumously recognized Peter for being a courageous and unselfish person, who gave up his life while saving that of his companion. I ask my colleagues to join with me in offering our prayers for Peter's parents, family, and friends. We can share their sense of loss and their sense of pride as we pay tribute to this brave young man.

REQUIRING A CONSUMER INFORMATION TELEPHONE NUMBER ON ALL ADVERTISEMENTS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. OBERSTAR. Mr. Speaker, today I am introducing legislation which would amend the Federal Trade Commission Act to provide that the dissemination of any advertisement for goods or services by a retailer which does not include a consumer information telephone number shall be an unfair or deceptive act or practice.

Each year, according to a study by the President's Commission on Law Enforcement and Administration of Justice, consumer frauds cost an estimated $1.35 billion. Perhaps the most common, and most avoidable and preventable of frauds, is the "bait and switch." This type of fraud involves advertising or offering for sale goods or services knowing that such goods will not be sold as offered or advertised. It is this type of fraud that my bill will attempt to eliminate.

Another serious problem faced by the American public is the fact that too many advertisements do not contain useful information about the product offered for sale. Business spent over $32 billion on advertising last year. Yet the paradox is that despite such massive expenditures, advertising provides consumers with little useful information. The public's need to know about products remains largely unfulfilled.

Congress recently has taken steps to alleviate this situation, requiring businesses to disclose key facts, establishing standards, or providing information directly.

The obvious question to be raised is: Should advertising be asked to perform an information function? In answering that question, one important observation should be made—the need to improve the flow of information to consumers. The answer, of course, is: yes.

The consumer's problem is not information; he gets plenty of that through advertising. The problem is getting the proper information data that most advertisements omit. By requiring a consumer information telephone number to be maintained by businesses, many questions and problems consumers have will hopefully be answered and resolved. This is a positive step in the direction of fulfilling consumers' information needs.

ANTIDEFENSE LOBBY: KEEPING OPEN INDIRECT U.S. AID TO THE COMMUNIST REGIMES IN AFRICA AND ASIA (H.R. 7797)

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. McDONALD. Mr. Speaker, our responsibilities to the Constitution and to our constituents requires us to be aware of special interest groups pressing for legislation which may benefit their own cause, but which may be highly detrimental to the best interests of our country.

Take for example the issue of whether America should provide either direct or indirect assistance to the new Communist regimes that in 1975 and 1976 took control of Angola, Mozambique, Vietnam, Cambodia, and Laos. The "governments" which control these countries took power after a protracted struggle involving cold, ruthless terrorism against the unarmed civilians of those countries. That terrorism, now "state terrorism" of an intensity that would delight Leon Trotsky, continues as the mechanism of control over the demoralized populations.

Angola, conquered for the MPLA by the Soviet Union's Cuban surrogates, carries out harsh suppression against the villagers of southern and eastern Angola who support the UNITA and FNLA movements. Mozambique, where the FRELIMO Marxist-Leninists were able to exterminate their internal opposition guerrillas prior to the fall of Portugal to a leftist military junta, is rushing forward into a strictly orthodox Communist system. Vietnam, first having taken time to hold a census and update its secret police files, is carrying out mass deportations of persons who fled from the Communists to the cities of South Vietnam.

And Cambodia; are there words sufficient for the torment of Cambodia?

Nevertheless, an organization of groups who have supported the long struggle of the Soviet-backed Marxist terrorist movements in Africa and Asia has mounted an all-out pressure drive to block amendments that would bar money taken in taxes from American citizens and contributed to international financial and other agencies from being given to the new Communist terrorist regimes. This organization, the Coalition for a New Foreign and Military Policy—CNFMP—has circulated a call for a last minute drive to block amendments restricting aid to Angola, Mozambique, Vietnam, Laos and Cambodia.

Dated July 21, the call stated:

> Finally, here is new confirmation that your efforts do indeed make a difference! Several key Senate staffers told us this morning that many people responded to the Coalition's recent emergency post-card mailing on the infamous Dole Amendment (barring U.S. support for IFI loans to Indochina). They said that for the first time, mail in support of U.S. post-war assistance for Vietnam balanced the usual letters from the right wing. As a result, the House-Senate Conference Committee meeting on the IFI authorization bill (H.R. 5262) last Tuesday changed Dole's mandatory no vote and equivalent fund withdrawal language to an innocuous provision to consider responsiveness of the Indochina governments in providing MIA information.

Noting that the CNFMP expected an amendment barring indirect U.S. aid to be offered for attachment to H.R. 7797 now reported out of House-Senate conference, they said such amendment could pass "in part because Senators have heard from very few constituents who support such assistance. They have been made very aware of conservative opinion against it."

In the absence of sentiment from the American taxpayer that their money should go to the Communist terrorist regimes, the CNFMP has called on its clique of professional activists to grind out the illusion of such support.

The coalition call was signed by Christine Root, a professional lobbyist for the Washington Office on Africa, founded by the American Committee on Africa—ACOA—the principal support group for the Soviet backed terrorists in southern Africa; John McAuliff, former head of an organization of radical Peace Corps veterans, the Committee of Returned Volunteers, who has been working for the American Friends Service Committee in support of the Indochinese Communists since 1973 and who has come to Washington especially to work on "Indochina legislation" with the CNFMP; Bruce Cameron, Americans for Democratic Action—ADA—legislative coordinator for the Human Rights Working Group of the CNFMP; and Brewster Rhoads.

The call concludes with a plug for an upcoming friendshipment conference to be held September 24–25 in New York City.

Representatives of groups forming the triple coalitions friendshipment—economic aid to the new Communist regimes in Southeast Asia—National Council for Universal and Unconditional Amnesty—NCUUA—amnesty for deserters; and the CNFMP met at Yale law school on July 9, 1977, to outline legislative action tactics.

Participating organizations included the Stockholm peace appeal, an operation of the CPUSA-run U.S. section of the World Peace Council; Women's International League for Peace and Freedom—WILPF—American Friends Service Committee; Clergy and Laity Concerned—CALC—and the CPUSA-dominated Connecticut Peace Action Coalition.

Principal speakers included Cora Weiss, head of friendshipment which states it works at the direction of the Vietnamese Communist government; veteran CPUSA "peace activist" Sid Taylor; Hugh B. Hester; Stewart Meacham, an AFSC leader; and Don Luce of CALC and friendshipment.

The July 9 meeting also laid the groundwork for upcoming campaigns against the remaining free countries in Southeast Asia. Thailand and Malaysia, for the past 2 years subject to increasing terrorist attacks by Communist forces, were specifically targeted, as well as the Philippines and Indonesia.

Those will become the new areas for terror and subversion. The current question is whether the American taxpayer will undertake to subsidize the Communists gains in Asia and Africa to date.

A NATIONAL SERVICE DRAFT—PART III

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. STEIGER. Mr. Speaker, this is the last of three insertions of a paper presented by Dr. Richard V. I. Cooper at the recent West Point senior conference on national service. Dr. Cooper, of the Rand Corporation, is one of the Nation's top experts on military manpower questions.

Today's segment of the paper, "A National Service Draft?", includes his discussion of compulsory national service, and his conclusions. Cooper suggests several problems with compulsory national service: First, "the equity question concerning how national service workers would be distributed among the various national service jobs;" second, "a national service draft would be enormously expensive;" third, it "would be likely to displace some currently employed workers;" and fourth, it "could cause possibly severe economic dislocations."

Dr. Cooper further suggests that "imposition of compulsory national service would seem to directly contradict the long-held principle of individual freedom." It is his conclusion that "the volunteer force has worked and, with continued top level management attention, it can probably continue to work for the remainder of this century."

His presentation is an excellent one. Those interested in the issue of the volunteer force versus national service can gain excellent background and insight by reading his paper. I commend it to the attention of all who read the RECORD:

IV. COMPULSORY NATIONAL SERVICE

As described in Section II, a national service draft would serve two principal purposes. It would help to supply the manpower required to staff the nation's armed forces; and it would provide a means for utilizing the remainder of young men (and possibly young women) in nonmilitary functions designed to benefit the national purpose. Because of the enormous impact that a compulsory national service policy would thus have on defense in particular and society in general, the discussion below briefly addresses some of the benefits and problems that might result if such a policy were implemented.

BENEFITS OF COMPULSORY NATIONAL SERVICE

Support for a compulsory national service program is both philosophical and practical in nature. On the philosophical side, national service is seen by some as a vehicle for encouraging a new "sense of commitment" to the country—a hoped for result of the direct labor contribution that each young national service participant would make. In other words, some view compulsory national service as a vehicle for combating the erosion of "national purpose" that has supposedly taken place during the past 10 to 15 years. Ideally, this would be accomplished in part through the "meaningful" activities that would comprise a national service program. Youth would be more effectively brought into the mainstream of American society; and society in general would become better acquainted with the aspirations, needs, and ideas of youth. National service is also seen as a means for encouraging a certain "socialization" process among the nation's youth—specifically, a mixing of individuals from different backgrounds and with different interests that might not otherwise take place under a strictly market economy.

Proponents of national service, of course, do not expect these things to happen overnight or that national service would be the sole means for achieving these objectives. Rather, national service is seen as the beginning of a long evolution toward a more effective interaction between the individual and society.

In addition to the philosophical base of the argument, there is a more practical side to the case for national service. Specifically, one only has to look at the very high youth unemployment rates—approaching 30 percent or more for certain minority groups—to see the economic rationale for compulsory national service. Not only would a national service draft reduce youth unemployment rates directly, but a possible side benefit would be decreased future unemployment rates for national service participants—a result of the skills and maturity presumably gained during their period of service. Thus, compulsory national service is seen as a tool for making youth more "employable."

Although the above objectives are clearly laudable, it is important to recognize that they are a possible outcome of compulsory national service, not a certainty. Indeed, a national service draft could do far worse than the current system in achieving these objectives. For example, resentment among those subject to a national service draft might reduce rather than increase the "sense of commitment" to the country. Alternatively, a national service program may have little or no downstream effect on unemployment rates.

PROBLEMS WITH COMPULSORY NATIONAL SERVICE

In addition to the uncertainty regarding the benefits to be derived from compulsory national service, implementation of such a policy also raises some possibly severe problems as well. First, there is the equity question concerning how national service workers would be distributed among the various national service jobs—especially between military and nonmilitary assignments—given that the distribution of individual preferences would be unlikely to match the distribution of jobs. For example, it is hard to argue that cutting down a tree in Wyoming as part of the forestry service is equivalent to cutting down a tree on the border between North and South Korea in the military. In general, then, an excess supply of applicants for nonmilitary assignments would be expected.

This problem could be solved by a random selection process, though history tells us that the better qualified would stand a better chance of their preferred choices. Alternatively, a pay or period-of-service differential could be introduced. Military pay might be set at a level higher than for other national service jobs, or other jobs might have a three-year commitment as opposed to two years of military duty.[1] In any case, it is clear that without some such differential, compulsory national service once again introduces the equity problem that was inherent under the selective service draft, but eliminated by the AVF.

Second, a national service draft would be enormously expensive. Total program cost would depend on a number of factors, including the number of young Americans serving in the program (which in turn depends on disqualification rates and the extent to which young women would participate), the length of the service commitment, the pay for national service, the costs of accession and training, and the costs of administering the program.

Although it is difficult to pinpoint the exact costs of a national service draft, Table 3 illustrates some of the potential magnitudes. For example, assuming that about 2 million young men become 18 years old every year, that between 75 and 90 percent of all those coming of age would be found eligible for national service,[2] and that military force readiness requirements dictate two years as the minimum length of service, the numbers of young men in national service at any point in time would be between 3 and 3.5 million. Thus, depending on how many women would participate, the total number of national service members would be between 3 and 7 million. Assuming further that the pay for national service would be in the neighborhood of between $2.30 and $2.50 per hour,[3] the total salary cost for a "men only" national service program would be between $14 billion and $20 billion, as shown in Table 3.

[1] President John F. Kennedy, for example, proposed that a three-year period of service in the Peace Corps might serve as an exemption from the two-year minimum military service. Although this proposal was never implemented, it is illustrative of how a period-of-service differential might be applied.

[2] It is unlikely that the disqualification rate for a national service program would be below those rates experienced during the selective service draft, since the same rationale (e.g., force readiness, etc.) could not be used to exclude the large numbers of individuals that were in fact disqualified for physical or mental reasons during the draft. Moreover, viewed as a social policy, national service might have its greatest positive impact on those that would have been disqualified under a selective service draft.

[3] It is interesting to note that even if the 1971 first-term pay increase had not been implemented, existing Federal law would have resulted in regular military compensation of about $4,960 per year for the first two years of military service in fiscal 1976—about $2.38 an hour. To expect that pay could be reduced much below this level, which was viewed as a poverty wage during the 1971 AVF debate, is at best unrealistic.

COST OF COMPULSORY NATIONAL SERVICE: MEN ONLY

Cost element	Minimum			Maximum		
	Number (thousands)	Average cost (per year)	Total cost (billions)	Number (thousands)	Average cost (per year)	Total cost (billions)
Salary [1]	3,000	$4,750	$14.25	3,600	$5,200	$18.72
Accession/separation	1,500	1,000	1.50	1,750	2,000	3.50
Training	1,500	1,500	2.25	1,750	3,000	5.25
Administration [2]	150	12,500	1.88	700	15,000	10.50
Total			19.88			37.97

[1] Annual salary minimum based on minimum wage of $2.30 per hr; maximum based on wage of $2.50 per hr. Number based on cohort of 2,000,000 young men; minimum number based on disqualification rate of 25 percent and 2-yr service tour; maximum number based on disqualification rate of 10 percent and 2-yr service tour.

[2] Minimum based on 1 administrator (supervisors, clerical, etc.) per 20 service members; maximum based on 1 administrator per 5 service members.

The second cost element, accession and separation, would probably amount to between $1.5 and $3.5 billion per year, assuming that the sum of accession and separation costs (e.g., travel, processing, etc.) average between $1,000 and $2,000 per individual. Depending on how much training would be supplied,[4] total training costs exclusive of national service members' own salaries would probably amount to somewhere between $2 billion and $5 billion per year.

Perhaps most difficult to estimate are the costs of administration. If only one administrator (e.g., supervisors, clerical support, etc.) is needed per 20 service members, administration costs could run less than $2 billion per year.[5] Alternatively, these costs might run more than $10 billion per year, assuming one administrator per five service members.

Together, the total cost of a "men only" national service draft would seem to be somewhere between $20 billion and $40 billion per year, with the "best guess" probably being in the neighborhood of $30 billion per year. Netting out the $5 to $6 billion per year associated with those currently serving in their first two years of military service, a national service draft would thus add about $25 billion to the Federal budget, assuming that women were not allowed to serve (an unlikely event), that there were no pay or period-of-service differentials, and that the minimum period of service was two years. Relaxing these conservative assumptions so that women would be eligible but not required to serve and that there would be some modest pay or service commitment differential would probably drive the total program cost up to at least $150 billion dollars per year—half the size of the entire fiscal 1976 defense budget.

Third, a national service draft would be likely to displace some currently employed workers. Moreover, because national service workers would tend to be less educated, less trained, and less experienced, the individuals most likely to be displaced from their current employment would be the black, the poor, and the undereducated—those with the most difficulty in finding alternative employment offers. Thus, a national service program might reduce unemployment among the nation's youth, but it might increase unemployment among other hard-to-employ segments of society.

Fourth, the removal of 1½ to 3 million young men and women from the workforce and/or student rolls for two or more years each could cause possibly severe economic dislocations. For example, since 1.0 to 1.5 million graduating high school seniors go on to college each year, compulosry national service would create difficult transition problems for the nation's colleges, universities, and trade schools. In addition, the high youth unemployment rates during the 1970s are clearly cause for concern, but the fact that 80 percent or more of those in the youth workforce find employment means that a national service draft would deprive the economy of many productive workers.

Besides the economic and equity problems, there is some question about how well a national service program would work since the "need" for this type of conscription is not certain to be well recognized by those forced to bear the burden. One only has to look back to the Vietnam War to see the effects of an unpopular war or the lack of a national commitment on the ability to successfully maintain conscription. Thus, whereas the importance of defense may be well recognized by the American population—thus providing a certain credibility for a military draft when needed—drafting for "non-essential" purposes might seriously dilute support for a nonmilitary draft. In other words, the same arguments used to support a military draft—e.g., a youthful fighting force and the necessity of defense—cannot be used to justify conscripting young men and women for nonmilitary purposes.

The use of compulsory national service also raises a number of philosophical and legal problems, including the problems resulting from the use of coercion to allocate labor resources in a free society. In this regard, a Senate speech by Robert Taft of Ohio just before World War II is particularly relevant:

"The principle of a compulsory draft is basically wrong. If we must use compulsion to get an Army, why not use compulsion to get men for other essential tasks? Why not draft labor for [essential] occupations at wages lower than the standard? . . . In short, the logic of the bill requires a complete regimentation of most labor and the assignment of jobs to every man. This is actually done in the communist and fascist states which we are now apparently seeking to emulate."

In other words, the imposition of compulsory national service would seem to directly contradict the long-held principle of individual freedom. Indeed, for this reason, it is not clear whether a nonmilitary draft is even constitutional.

CONCLUSIONS

The preceding discussion has made the major points. First, the volunteer force has worked and, with continued top level management attention, it can probably continue to work for the remainder of this century. Thus, a draft—whether compulsory national service or otherwise—is not needed to staff the Armed Forces. Second, although the objectives of compulsory national service are in many ways desirable, the uncertainties regarding whether these objectives could be achieved through a national service draft and the very real problems associated with such a policy probably preclude its usefulness for achieving U.S. military, social, and economic objectives—especially given the success of the All-Volunteer Force.

Compulsory national service is therefore not needed to support U.S. military forces and, despite the other possible benefits from compulsory national service, there are probably far better means for dealing with the issues and problems that have been raised during the debate about national service.

[4] Although King estimates that national service training might be held to $600 per service member, past experience in the military shows that $600 buys little in the way of actual training. Thus, if national service is to provide much in the way of job training, it is clear that much more than $600 per participant would be required. Alternatively, if only a small amount is spent on training, the downstream reduction in unemployment that is desired from a national service program would be difficult to realize. In other words, you get what you pay for.

See William R. King, "Achieving America's Goals: All Volunteer Force or National Service?"

[5] Note that the number of administrative personnel required might be reduced by using some national service members for administrative support.

HOSPITAL COST CONTROLS WILL LEAD TO RATIONING

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. CRANE. Mr. Speaker, this week the Health Subcommittee of the Ways and Means Committee is marking up H.R. 6575, President Carter's proposal to place a 9-percent cap on hospital revenues and severely limit capital expenditures for hospital expansion and new equipment. In order for the hospitals to comply with the provisions of this bill, it is inevitable that the availability of hospital services and the volume of admissions will be restricted. In other words, the President's proposal will lead to the rationing of health care, a practice which is a fact of life in Great Britain under the national health service program.

I had the opportunity to view the British health system 2 years ago, and was appalled at what I found. Because the annual expenditures for health care are budgeted by the government, which has promised free care for everyone, physicians face an unlimited demand for services and a shortage of facilities and supplies. Long waiting lists for necessary surgery have resulted, leading to the prolonged suffering and, in some cases, needless deaths of patients. I fear that the same situation will develop here if we attempt to strangle our hospitals with cost containment regulations.

As an example of the chaos which could result should patients be forced to wait for hospital care, I am inserting a recent article from the Waukegan (Ill.) News-Sun:

HOUSEWIFE HIJACKS HOSPITAL BED TO GET OPERATION

NORTHAMPTON, ENGLAND.—Housewife Rita Ward, who took over a hospital bed to demand immediate removal of her painful gallstones, today snuggled down between the sheets and announced: "I've won—they're going to operate."

Mrs. Ward startled nurses and patients Saturday by walking into a ward at Northampton General Hospital, climbing into an empty bed and refusing to move.

She has suffered from the stones for 18 months and had been told she would have to wait at least a year for an operation under Britain's free national health service.

She decided she could not wait.

"Now they've told me I can have the operation later this week," Mrs. Ward said. "I know I jumped the queue and other people need operations too, but I was in too much pain to wait. If other people are in as much pain as I was and they can find a spare bed, then I say good luck to them."

WHY IS CRBR A SCAPEGOAT?

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. TEAGUE. Mr. Speaker, in preparation for our upcoming vote on the Clinch River breeder reactor, I believe it would be useful for my colleagues to have a comprehensive tabulation of existing and prospective breeders throughout the world.

The chart I have included for this purpose also provides a history of breeder development beginning with the first breeder set in operation in 1946 by the United States.

There are seven nations in the world today who have breeders operating, under construction, or planned. These seven countries represent the major in-

dustrial powers of the world. In light of this reality, the recommended deferral of the Clinch River breeder reactor to avoid proliferation is not only a unilateral policy decision, but when considered as a deterrent to plutonium development, a futile gesture.

This list of who's who in breeders clearly indicates that the recommended action to defer Clinch River will retard further U.S. development of the breeder, but cannot banish breeder technology from this planet.

A vote against the CRBR is a vote against U.S. technological development.

WORLD-WIDE FAST BREEDER REACTOR PLANTS

Name	Country	Power (megawatts) Thermal	Electric	Pool or loop	Initial operation
Decommissioned:					
Clementine	United States	0.25		Loop	1946
Experimental breeder reactor-1.	do	1	.02	Loop	1951
BR-1/BR-2	U.S.S.R.	0.1		Loop	1956
LAMPRE	United States	1		Loop	1961
Fermi	do	200	60.9	Loop	1961
SEFOR	do	20		Loop	1969
Operable:					
BR-5/BR-10 [1]	U.S.S.R.	[1] 5/10		Loop	[1] 1959
Dounreay fast reactor.	United Kingdom.	72	14	Loop	1959
Experimental breeder reactor-II.	United States	62.5	18.5	Pool	1963
Rapsodie	France	[2] 20/40		Loop	[2] 1966
BOR-60	U.S.S.R.	60	12	Loop	1969
BN-350	U.S.S.R.	1000	[3] 150	Loop	1972
Phenix	France	567	250	Pool	1973
Prototype Fast Reactor.	United Kingdom.	600	250	Pool	1974
Joyo	Japan	[4] 100		Loop	1977
KNK-II [5]	West Germany	58	20	Loop	[5] 1977
Under construction or hardware committed:					
BN-600	U.S.S.R.	1470	600	Pool	1978
Fast flux test facility.	United States	400		Loop	1979
Prova elementi di combustible.	Italy	140		Modified pool.	1980
SNR-300	West Germany.	770	312	Loop	1981
Clinch River breeder reactor.	United States	975	350	Loop	1984
Planned:					
Super-Phenix	France	2,900	1,200	Pool	1982-3
Monju	Japan	714	300	Loop	1984
Commercial fast reactor.	United Kingdom.	3,230	1,320	Pool	1984-5
SNR-2	West Germany.	5,000	1,200-2,000	Loop	1985-6

[1] Initially operated at 5 MW thermal as BR-5; upgraded to BR-10 (10 MW thermal) in 1973.
[2] Initially operated at 20 MW thermal; power increased to 40 MW thermal in 1970 with "Fortissimo" core.
[3] Also produces the equivalent of 200 MWe as process steam for desalination.
[4] To be operated initially at 50 MW thermal.
[5] Operated 1971 thrugh 1974 as a thermal reactor, KNK-I.

AUTO INDUSTRY PROFITS AND AUTO EMISSIONS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. BROWN of California. Mr. Speaker, as the Clean Air Act Conference Committee attempts to resolve its differences, it is important to recognize the background of the debate over auto emission standards. The auto industry, as it is accustomed to doing, has raised the specter of mass unemployment and economic disruption if it does not get its way again on auto emission standards. Meanwhile, the major auto companies are enjoying record sales, earnings, and profits.

The reality of the situation is that neither the House nor the Senate bills, currently being resolved in conference, contain any new emission requirement for the upcoming model year. The debate is actually over future model years, and what steps will be required in the years to come to control the emissions from automobiles, which are the single largest source of pollution for most of the Nation.

Mr. Speaker, I hope my colleagues on the conference committee will look behind the rhetoric of the automobile industry and their partisans, and vote out the strongest possible automobile emission standards. I am confident that the full House would stand behind this decision by the conferees.

In order to elaborate on these comments, I would like to insert in the RECORD two articles from the July 28 issue of the Wall Street Journal, which appeared side by side in this edition.

The articles follow:

GM SALES, NET SET HIGHS IN QUARTER AND 1ST HALF, TOPPING EXPECTATIONS—STRONG VOLUME FOR MEDIUM, LARGE AUTOS CONTINUED; RECORD FORD PROFIT SEEN

DETROIT.—General Motors Corp. reported that second quarter earnings and sales were the highest for any quarter in its history.

Paced by continued strong sales of medium-sized and large cars, the No. 1 auto maker earned $1.1 billion, or $3.82 a share, up 21 percent from previous record net income of $909 million, or $3.16 a share, in 1976's second quarter. Sales rose 19 percent to $14.88 billion, from $12.53 billion.

The earnings were slightly higher than Wall Street analysts had expected. Estimates for the quarter ranged from $3.60 a share to $3.80 a share.

Second quarter results brought GM's six-month earnings to a record $2 billion, or $3.96 a share, up almost 18 percent from the $1.71 billion, or $5.94 a share, earned the year earlier. First half sales also set a record, rising about 19 percent to $28.43 billion from $23.95 billion the year before.

OTHER REPORTS ARE DUE

The two other major U.S. auto makers are expected to report second quarter earnings this week. Analysts predict that Ford Motor Co., which like GM has benefited from the strong demand for larger cars, also will post a second quarter record. Estimates of Ford's second quarter earnings range from $4.25 a share to $4.60 a share, or between 13 percent and 22 percent higher than last year's restated $3.76 a share. The 1976 figure is adjusted to reflect a five-for-one stock split earlier this year.

Chrysler Corp., heavily committed to small-car production, made fewer cars in the second quarter than a year earlier and analysts expect operating earnings to be down 18 percent to 30 percent from last year's $2.08 a share.

American Motors Corp., as previously reported, earned $1.6 million, or six cents a share, on sales of $580 million, in its fiscal third quarter, ended June 30. AMC had a $3.9 million loss on sales of $601.8 million the year earlier.

In a statement attributed to Thomas A. Murphy, chairman, and Elliott M. Estes, president, the company noted that "unprecedented demand" in the second period pushed deliveries to dealers of GM cars and trucks to 2.6 million units, up 8 percent from the year earlier and 7 percent above the previous record second quarter of 1973.

PROFIT MARGINS COMPARED

As it has in recent periods, though, GM attempted to play down the size of its earnings. The company said its profit margin in the second quarter trailed past periods. Net income as a percentage of sales in the second quarter was 7.4 percent, slightly ahead of the 7.3 percent profit margin the year earlier, but below the 8.3 percent level of 1973's second quarter. The company said that increased labor and material costs held down the margin.

In their statement, Mr. Murphy and Mr. Estes said that current economic indicators show a "firm base for continued progress in 1977." The two reiterated their prediction that total car sales in the U.S. in 1977 will be about 11.3 million, 11 percent above the 10.1 million sold last year, and just below the record 11.4 million cars sold in 1973.

Auto analysts expect GM to benefit from continued strong new-car sales. They estimate that the auto maker will have record earnings in both the current quarter and for all of 1977.

GM's results also are expected to be helped by price boosts on 1978 models, due out later this year. GM already has indicated that it may boost prices on those models an average 6 percent, or $350 a car.

WARNING IS REITERATED

In its earnings statement, however, GM reiterated its warning that auto production could be disrupted if Congress doesn't soon set relaxed emissions standards for 1978-model cars. GM said that if new standards aren't set by Aug. 8, when the company plans to begin producing 1978 models, "plant closings would have to be scheduled immediately. Parts plants would be affected first and all automobile production and assembly for the U.S. market would be scheduled to be terminated by mid-September."

It's an open question whether any disruptions will ever occur, though. Both houses of Congress already have passed measures revising the tougher 1978 auto-emission standards currently mandated. A conference committee currently is trying to work out a final bill, before Congress breaks for its summer vacation Aug. 5.

CONFEREES EASE RULE ON FACTORY BUILDING IN DIRTY-AIR AREAS

WASHINGTON. — House-Senate conferees agreed to relax existing restrictions on building new factories in urban areas with dirty air, but with a catch displeasing to the auto industry.

The Environmental Protection Agency currently restricts new factory construction in areas where the air is more polluted than federal health standards allow. The EPA requires that before a new plant can be built, an old one must be closed down or cleaned up. The rule has been criticized widely as hampering economic growth, and Congress has been under pressure to relax it.

Both the House and Senate versions of the pending clean air bill would give state antipollution authorities a way out of the EPA "trade-off" rule. House and Senate conferees, who are reconciling differences between the bills, agreed on a formula to let states avoid the federal trade-off requirement by drawing up plans that promise to meet air-quality health standards by 1982, or by 1987 at the latest.

Moreover, the House bill contains a provision allowing states, as part of their clean-up plans, to adopt California's auto-exhaust pollution standards, which are stricter than the national standards. The conferees agreed to give that option to all states having dirty-air areas, as long as they give two years' advance notice.

The auto industry currently makes about 10% of its cars with pollution controls intended to meet the California standards. The industry fought hard against letting these standards spread to other states, arguing it would complicate production and marketing.

Rep. John Dingell (D., Mich.) tried to persuade the conferees to defer consideration of this plan until they start arguing about the hotly controversial proposed change in the future timetable for national auto emission standards, but he was voted down.

The conferees may reach that part of the bill today or tomorrow, under strong pressure from the White House and congressional leaders to agree on that national timetable. Both the House and Senate versions of the bill would let Detroit continue to meet 1977 emission standards in producing 1978-model cars, averting the tighter standards required by existing law. But the Senate bill would require a faster cleanup schedule for post-1978 models than the House measure would.

The conferees have only a short time to change the law. Congress plans to start a month-long summer recess Aug. 5, while some auto makers want to start producing 1978-model cars a few days later. President Carter has warned that failure to reach final agreement on the clean air bill could force the auto industry to close down.

Sen. Edmund Muskie (D., Maine), the conference chairman, said yesterday the conferees have a target of trying "to finish this bill this week."

NEW FOOD STAMP LEGISLATION

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. DE LUGO. Mr. Speaker, as one who participated in getting Congress to extend the food stamp program to the Virgin Islands, I wish to commend my colleagues' approval of the new food stamp legislation embodied in title XII of H.R. 7171.

There are two key provisions of this title which are particularly applicable to the Virgin Islands. The first is the elimination of the purchase requirement, and the second is the creation of a Virgin Islands standard deduction.

The Virgin Islands is a high cost area. Our cost of living is 25 percent higher than that of the mainland. The recent economic problems in the island have placed 7,000 families on the food stamp program. Yet because of our high costs, and low incomes, there are some people at the lowest economic level who cannot generate enough income to qualify. Elimination of the purchase requirement will include these people and again reorient the program so that its emphasis is toward helping the poor.

Besides being a humanistic approach to helping our poor, the elimination of the purchase requirement would save approximately $36 million in administrative costs, reduce fraud, and increase the efficiency of the program. It is rare that we have an opportunity to do something so humanistic, and yet which actually increases governmental efficiency. I commend my colleagues for their action.

The second aspect of this legislation which I believe will be beneficial to the islands is the setting of a standard deduction which accurately reflects the costs in the islands.

The original language of the bill had a standard deduction of $35 for each of the Territories, but it was based only on figures for Puerto Rico. I was able to convince my colleagues on the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition that the situation in the Virgin Islands is sufficiently different with respect to costs from Puerto Rico and Guam to necessitate an individualized standard deduction. I am pleased that my colleagues have ratified this concept with their approval of this title.

Hopefully, at one point, when our economic conditions change, the need for the food stamp program will be drastically reduced. Until that day, however, we do need a healthy and responsive program. I believe that the provisions of this bill accomplish this aim.

THUNDERBIRD CRASH AT CHEYENNE, WYO., MARS FRONTIER DAYS CELEBRATION

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RONCALIO. Mr. Speaker, an Air Force officer was killed yesterday in Cheyenne, Wyo., while trying to land his Thunderbirds aerobatic team jet during a rainstorm.

Cheyenne citizens have been proud and deeply appreciative of Thunderbird pilots over the past many years, as they have contributed so much to the success of Cheyenne Frontier Days celebrations. This tragic experience was a particularly difficult one for Wyoming's citizens. We are very, very sorry for the family of the deceased pilot, Capt. Charles M. Carter, who, by the following account, is one of the heroes of the Vietnam war, having survived 352 combat flights.

Following is the item from the Washington Post regarding this unfortunate incident:

PILOT KILLED IN JET CRASH

CHEYENNE, WYO.—A jet belonging to the Air Force's Thunderbirds aerobatic team overshot a runway at the Municipal Airport and crashed near the Frontier Days rodeo ground during a rainstorm today, killing the pilot and injuring a groundskeeper.

A Pentagon spokesman in Washington identified the dead pilot as Capt. Charles M. Carter, 33, of San Antonio, Tex., a veteran of 352 combat flights in Vietnam.

According to witnesses, the T–38 slammed into the field during a rainstorm, then slid into a nearby stock pen, killing several rodeo animals. The groundskeeper, who was not immediately identified, was struck by flying debris from the crash.

PRESIDENT CARTER'S SPECIAL DISCHARGE REVIEW PROGRAM

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. HILLIS. Mr. Speaker, on March 28, 1977, the Department of Defense announced the implementation of the President's special discharge review program. This program is designed to upgrade certain discharges for Vietnam-era veterans. In taking this action, the President was said to be acting in the spirit of compassion and forgiveness by recognizing the fact that the Vietnam war was a special war and therefore its veterans deserve special consideration.

After having the opportunity to review the specifics of the President's program, I became concerned that thousands of military deserters would soon become eligible to full entitlement to VA benefits as a consequence of their upgraded discharges. This view was shared by many Members of the House and Senate. It became apparent that the Congress was not going to allow the President to proceed without a fight when, in early April, several measures were introduced which were designed to deny VA benefits to any veteran whose discharge was upgraded solely on the basis of the special discharge review program. None of these bills were designed to prevent the actual upgrading of the discharges, however. It was felt that the President was correct in seeking to assist those veterans who received less-than-honorable discharges find meaningful employment, but that the granting of VA benefits was unnecessary and unjustified.

Reacting to growing pressure to prevent military deserters from becoming eligible for VA benefits, the House Veterans' Affairs Committee formed a special subcommittee to conduct hearings on the matter. This subcommittee, of which I am a member, held 4 days of hearings giving every organization which desired the opportunity time to express its views. As a result of these hearings, new and better legislation was introduced in a continuing effort to draft a fair measure

which would not prevent Vietnam veterans with undesirable discharges from applying for VA benefits under the criteria which existed prior to the President's program.

In the other body, the Veterans' Affairs Committee also became active on the issue and reported S. 1307, which is similar to several of the bills introduced in the House. It is obvious that opposition to the President's program is widespread and continues to grow.

Today, the special subcommittee of the House Veterans' Affairs Committee recommended a new measure to the full committee that is a combination of months of work and a concerted effort to develop the best possible compromise which will not preclude the veterans who apply for an upgraded discharge under the President's program from receiving a clean bill of health from the military, but will not automatically entitle them to VA benefits either. This measure will be introduced today by Chairman RAY ROBERTS with the cosponsorship of almost the entire special subcommittee. This new measure forces DOD's Discharge Review Board to make a separate determination whether it would have granted an upgrading of the less-than-honorable discharge under generally applicable standards in existence prior to March 28, 1977. Furthermore, the measure insures that anyone who was absent without authority for a continuous period of 180 days will not be eligible for VA benefits by including this group of veterans in the definition of a deserter.

There are two more important features of the bill which should be made mention of and brought to the attention of the House. The first is that veterans with a service-connected disability will be allowed to receive medical care under the VA's Department of Medicine and Surgery, even if they are denied all other VA benefits due to the nature of their service. This provision does not apply to deserters, however. The second important feature of the measure is the provision which expresses the sense of the Congress that the President should extend the provisions of his special discharge review program, as amended by the act, to veterans of all wars.

It is my hope that the Congress will be able to send this compromise measure to the President in the near future. It would be a mistake for the Congress to allow deserters to become eligible for VA benefits when budget considerations have forced many important legislative proposals to be postponed which were designed to improve benefits now available to veterans who served honorably.

OIL AND GAS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. COLLINS of Texas. Mr. Speaker, yesterday, under a special order, I delivered a speech on the House floor concerning the national energy plan, and placed in the RECORD an accompanying chart. In an apparent typesetter's error on page 25303 of the July 27 RECORD, a major inaccuracy was presented.

The estimated 1985 crude-oil production figures should have shown 3.3 billion under complete deregulation and 2.2 billion under the national energy plan; however, a most serious error showed 4.5 billion under the national energy plan, rather than the 2.2 billion correct figure which I placed in the RECORD. Apparently an inadvertent confusion with the 1985 estimated import figure of 4.5 was made. Since this error made the chart appear to show precisely the reverse of what the study's actual conclusion was—namely, that the national energy plan will result in less oil production and supply—I wish to take this opportunity to set the RECORD straight.

The corrected portion of the chart should now read as follows:

1985 crude-oil production (3.6 today):	
Complete deregulation	3.3
National energy plan	2.2

LIGHT CAPITAL TECHNOLOGY IN FOREIGN AID

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. LONG of Maryland. Mr. Speaker, on June 30, 1977, I had the opportunity to address the Washington chapter of the Society for International Development on a topic of the greatest importance to billions of the world's poor: light capital technology in foreign aid. The text of the address follows:

LIGHT CAPITAL TECHNOLOGY IN FOREIGN AID

I'm speaking in a complicated field and much of what I say will seem simplistic. But in order to do anything, one has to simplify; action itself is simplification. So, at the risk of being the John Wayne of foreign aid, I am going to share some of my thoughts on light capital technology and foreign aid.

Many of you have thought about this, perhaps more deeply than I; but perhaps some of you have not. One often has to say things that everybody knows in order to establish rapport—to get across that he understands certain things that his audience already appreciates itself.

The United States has spent a third of a trillion dollars on foreign aid, counting the interest on the money borrowed; most of this aid is wide of any mark of improving the lot of the world's poor through economic development.

REASONS FOR AID'S FAILURE

A first reason for aid's failure is that much of the aid has gone not for economic development but for luxury consumption and for competitive arms buildups. In the ten years from 1968–1977 while the U.S., the multilateral banks, and all other aid donors were giving India $14.9 billion in foreign aid, India was spending over $24 billion on its military establishment.

Bad policy has been compounded by bad politics. Influential people have benefitted from aid. In this country, corporations, and their co-conspirators among unions, sell their products subsidized by foreign aid at the expense of U.S. taxpayers. In developing nations, elites siphon off profits by building or owning port developments, dams, airport highways, or simply by stealing.

Where aid has gone to economic development, it has been perverted, partly because of economists' lack of understanding of the development process. As I reflect over the role of professional economists in getting foreign aid going, I, as a professional economist, simply have to blush. Economists were ignoring the principles of economics that they taught in their own classrooms, namely that the factors of production should be combined in proportions appropriate to their relative abundance and scarcity.

Books by Rostow and others made development look like a simple matter of increasing the amount of capital, just stepping on the accelerator; little matter what kind of aid as long as the additional amount was enough to get a "take-off," one of the most egregious simplifications in the checkered history of economic doctrine. How many thousands of times that term, "take-off," has been repeated in development writings!

A favorite thesis of development literature has been that the poor have too little income to spare the savings needed for capital development. Further, because the poor are so desperate for economic goods, most of the increase in production would be soaked up by necessary consumption rather than by going to further saving and capital formation. There was—and still is—a failure to perceive that the poor nations (quite aside from having an astonishing proportion of conventional, rather than necessary consumption) have a large source of capital that doesn't need to come from prior savings but can come from unutilized or underutilized labor time.

Karl Marx called capital congealed labor time. I was taught to ridicule that simplification, but its truth has become evident, at least in the development area. Napoleon described war as a simple art: "all is in the execution." The not-so-simple are of development is in knowing how to congeal labor into capital.

The bad economics has come from the failure to perceive that sophisticated capital formation is not appropriate to poor countries with vast underutilized labor because it requires too much capital to employ many workers, because there is not the skilled labor to run sophisticated equipment or keep it in repair, because the equipment is too expensive to replace, and because it can have the effect of disemploying large numbers of rural laborers or of failing to absorb growing labor forces.

THE TIME IS RIPE FOR A NEW VIEW OF AID

Why is a new view of foreign aid and light capital development in order? Why are we moving away from the "trickle-down" view of development? Various reasons:

First, the world is in the midst of an egalitarian upheaval. In all societies, everywhere, including the West, people are demanding a more even distribution of income, regardless of the impact on political, social, and economic institutions. If the poor can not be made richer, the rich are to be made poorer.

Second, "trickle-down" development has failed, or more accurately, it costs too much capital for the benefit that trickles down.

For example, a June, 1976, loan by the International Development Association to Afghanistan for livestock development is estimated to have a foreign capital cost of about $15,000 per family (a $15 million IDA loan with $2 million in additional local costs to benefit 1050 sheepherders). At this cost, to benefit all of Afghanistan's approximately 3 million rural families would require $45 billion in foreign capital—in that tiny country alone. Calculation on the back of an envelope will tell you that there are 300 million poor families in the non-Communist developing world, and to reach them all with this kind of IDA loan would require approximately $4.5 trillion—over 15,000 times what

would be realistically forthcoming annually from the U.S. in both bilateral and multilateral economic aid.

To aid all the world's poor at this cost, even with the help of other aid donors, would require decades, if not centuries, during which time, of course, the number of poor would be multiplying because of population growth—outpacing most, if not all, of the development. If we continue with policies that imply large capital inputs per person, we shall not even be able to keep up, much less catch up, with, rural and urban poverty in poor countries.

Anyone who looks at the sidewalks of Bombay or at the countryside outside the cities in any poor nation can see that heavy capital development strategies have. if anything, created extreme concentrations of wealth in poor nations while at the same time disemploying, or failing to employ, thousands and millions. Our foreign aid, originally thought of as a strategy for heading off communism may, by widening the already glaring disparities between the rich and the poor, have in fact been a boost to communism.

Third, growing numbers, in Congress and in the development field, have had a chance to get out there and see what works and what does not. The realization has dawned that light capital technoicgy is how development occurred in now-developed nations during their early years when capital was scarce and expensive and labor, abundant and cheap. One reason why light capital technology has not been followed in recent development programs is that foreign aid has made it appear to poor countries that capital did not need to be economized on, because it would be loaned at gift rates of interest. If our own high powered economists can have been so wide of the mark, surely non-sophisticated people in poor countries were entitled to see matters with less than perfect clarity.

Fourth, the time is ripe for a new look at foreign aid because the light capital view of development fits the political facts of life in aid-giving countries. The blue collar worker in any Congressman's audience, and I talk to him by the thousands, knows that there is a shortage of capital in the United States. He knows this from the high interest rates he must pay when he borrows, if he can borrow at all. He knows this from our huge unmet needs for:

Slum rehabilitation and middle class housing;

Mass transit;

Energy development;

Comprehensive health care;

Education for everyone—including the poor, the handicapped, and the gifted;

Reducing pollution of air and water;

Flood control (I have seen estimates that it would cost ¼ of a trillion dollars just to handle our flood control problem); and

Easing the plight of the aged, growing in number and, in their own view, in destitution.

If one adds all those programs together, one comes up with trillions of dollars of unmet capital requirements here in the U.S.

In view of our own needs and the trillions of dollars it would require to apply sophisticated capital development to benefit all of the world's desperately poor, we have four choices of strategy:

1. Giving up on aid. There are many who would like to scrap the whole aid program. In fact, if you put foreign aid up to a referendum in the United States, it would lose by about 90%.

2. Settling for a permanent condition of token aid to poor lands, and that is basically what we are doing. Our aid program is basically symbolic.

3. Trying to make aid effective enough to cover the great masses of the world's poor with less capital per worker.

4. Showing the poor how to create the capital from their own idle labor time, with just enough materials to make this possible.

The latter two strategies I want to develop a little further, because these are the strategies of light capital technology.

OUTLINES OF A PROGRAM IN LIGHT CAPITAL TECHNOLOGY

The contribution of the U.S. and other aid donors to light capital technology can be in the area of knowledge and ideas instead of in massive capital transfers. Light capital technology should not be corrupted by large infusions of money before it has had a chance to prove its own self-generating capability.

Sophisticated capital technologies need not be displaced either immediately or possibly ever. Light capital technologies can be developed in the rural areas and inserted into the interstices of the urban economies of poor countries simultaneously with infrastructural development, roads, irrigation, schools, and so forth. As light capital technology proves itself, the idea can spread from its not unimpressive beginnings, and generate its own future capital.

I took a course in physics a long time ago, and I do not recall very much of it. But there is impressed in my memory the sight of a lump of sugar held over a glass of water, just touching the tip to the surface, and then liquid rising against gravity, soaking the the whole lump. That is capillary action and the "soaking up" approach is the way development must proceed instead of concentrating on the "trickle-down" approach in which we have been operating so far. Another "John Wayne-ism" perhaps, but I like it.

According to the A.I.D. "Proposal for a Program in Appropriate Technology," and other accounts, there are six national appropriate technology organizations in Africa, appropriate technology units in the central ministries of Pakistan, India, and Bangladesh, a new national appropriate technology organization in Honduras which A.I.D. plans to support, I understand, and many other organizations involved in some way with light capital technology.

Other aid organizations and international institutions—such as the Peace Corps, the World Bank, the Inter-American Development Bank, the International Labor Organization and other UN bodies, the Canadian aid agency—all are increasing attention to light capital activities. Numerous books and articles—Schumacher's Small is Beautiful, and Nicholas Jequier's Appropriate Technology: Problems and Promises—are appearing and a flood of writings on the subject is on the way.

One of the great problems ahead in getting light capital technologies accepted is that bureaucrats and agencies once opposed to the idea are inevitably going to redefine it and say that light capital technology is what they have been doing all along. That is what happened to Christianity. The early Christians were tortured and butchered; every conceivable monstrosity was perpetrated on them. When finally Christianity was accepted by the barbarians, it was made into a barbarian religion. More people were tortured and butchered all in the name of the gentle Christ, than was probably true of any other religion in history. I do not want to see that happen to appropriate technology. But already I see signs. Read the reports prepared by the multilateral development banks.

First, all the banks insist on using the term "appropriate technology" which makes redefinition easier. The word "appropriate" is itself a "cop-out." You can do almost anything and call it appropriate. I prefer the phrase "light capital technology;" at least you can get your teeth into it.

Second, they use the terms "small" and "medium-scale" to conjure up the idea of Small is Beautiful. But what is small? One bank cited as an illustration of appropriate technology a number of loans to "small and medium-scale industries." The average loan was over $290,000 and the cost per job created was $22,000.

Third, the banks' reports imply, through a number of examples, that using light capital technology would make it impossible to export certain products. This implies that light capital technology is less efficient and higher cost than more modern technology; when, on the contrary, light capital technology embodies the basic principle of economics—that the factors of production should be combined in relation to their relative scarcity and abundance. Because that is the cheapest way to do it.

No mater what they claim, politicians are not really innovators. They are too busy to think, and besides, one must have a following before one can get anywhere. Nothing is more disconcerting for a leader than to say "come one" and then look around and see nobody there. So usually, we politicians have to take other peoples' ideas and develop them. But in the U.S. movement towards light capital technology, Congress can lay a rather rare claim to a modest innovative leadership.

The House under Clem Zablocki originated and, with my strong support, authorized a program for A.I.D. to spend $20 million through FY 1978 on intermediate or light capital technology. Yesterday, over one and one-half years after this program was authorized, Appropriate Technology, International—the organization created to carry out this program—finally was authorized to receive $1 million of that $20 million in start-up funds to open an office; although it has taken 1 month for A.I.D. to go through the paper work for A.T.I. to get the Federal Reserve letter of credit that would give it real dollars to spend and A.T.I. still does not have that letter. Until A.T.I. receives the money, it cannot hire staff and start operations. This exasperating delay and a recent article in the New Republic reveal substantial bureaucratic resistance to light capital technology within A.I.D.

Today, the House-Senate Conference on the multilateral bank authorization bill agreed to my suggested language which requires the U.S. to "promote the development and utilization of light capital technologies" by all the multilateral development banks.

A similar amendment to the Inter-American Development Bank Authorization Act has been in effect since May, 1976, and has been credited by a Senate Foreign Relations Committee staff report, with galvanizing the banks and bringing them to place more emphasis on these (light capital) techniques than their internal debates might have otherwise allowed.

The Long amendment to the Foreign Relations Authorization Act for FY 1978 requires the U.S. to place "important emphasis" on light capital technology in its participation in, and preparation for, the U.N. Conference on Science and Technology for Development. At first, I propose the phrase "major emphasis on light capital technology," but the State Department objected to that, saying that its hands would be tied. They suggested the word "appropriate." That would have let them do anything they wanted to do. I insisted (successfully) that we get the word "important" in.

The FY 78 Energy Research and Development Administration Authorization Bill includes a program in appropriate energy technologies for the U.S. I was able to get some funds for this program through my Interior Appropriations Subcommittee in Subcommittee markup. The Interior Appropriations Bill, as approved by the Conferees, includes $3 million for this program.

Also in the field of energy, the FY 78 economic aid authorization bill, as passed by the House, includes $10 million earmarked

for "renewable energy sources for rural areas." As I pointed out in an article in April in the Spring issue of International Security Journal of Harvard, it is small-scale, decentralized, light capital energy technologies that the poor countries need, not nuclear power or other large-scale generating projects.

The Community Services Administration, the successor to the Office of Economic Opportunity, has allocated $3 million for the creation of the National Center of Appropriate Technology in Butte, Montana. Senator Mansfield had some interest in this project.

The Congress, through its power of the purse, can edge future programs in the direction of light capital technology. This, as Chairman of the Foreign Operations Appropriations Subcommittee, I have been endeavoring to do, adhering to the Golden Rule: "Gold makes the rules." This can be done variously. We can say to countries, "If you are not interested in doing anything for your poor, we shall take our very limited aid funds and put them in other parts of the world where there is will and sincerity for doing what is claimed to be the main objective of foreign aid." Whether we do this depends, of course, on how much we really want to. There is no question in my mind that it can be done. Friction will arise, but after all the bad feeling and social strife that we have sown through past aid programs, the friction we might cause with certain elites in endeavoring to do something right for a change might be more than compensated by our actually improving the lives of the poor in certain countries. For if Congress continues to pass out billions of dollars—

For selling American weaponry;

For paying rent for military bases;

For enabling big corporations to sell their sophisticated products, at the American taxpayers' expense, at higher prices than they can get in this country;

For enabling poor countries to pay back high-interest loans made for bad projects by New York banks;

For supporting corrupt or brutal right-wing dictatorships under the banner of heading off communism;

All without encouraging light capital technology and economic development;

then our aid will have continued to be a half-hearted program for achieving poorly thought-through foreign policy objectives or for carrying out a crude mercantilism, rather than for achieving what foreign aid was originally conceived to do—help the poor of the world to a better life and calm the bitter struggle being waged with communism for the hearts and minds of mankind.

STATE COST CONTROL PLAN FOR HOSPITALS ACT OF 1977

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. ROGERS. Mr. Speaker, since April 25, 1977, when the Honorable DAN ROSTENKOWSKI, chairman of the Health Subcommittee of the Ways and Means Committee, and I introduced H.R. 6575, the Hospital Cost Containment Act of 1977, a number of different proposals to contain hospital costs have been introduced. On July 18, 1977, a new proposal was introduced in the Senate by Senators RICHARD S. SCHWEIKER and THOMAS J. MCINTYRE. Their proposal, S. 1878, the State Cost Control Plan for Hospitals Act of 1977 would establish in each State a Hospital Review Commission which would implement a permanent program to control hospital costs through prospective rate and budget review and approval.

Because Members of the House of Representatives do not have this proposal before them, Senator SCHWEIKER asked that I introduce their bill. I am pleased to do so today.

INEQUITIES FORCE WOMEN TO FACE SOCIAL INSECURITY

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mrs. PETTIS. Mr. Speaker, last week the Social Security Subcommittee began hearings on legislation designed to make the social security system more equitable. I recently came across the article below which, in my view, provides a concise summary of the problems in this area which must be addressed. As Ms. Eisler concludes:

Our lawmakers now have a chance to pay more than traditional lip service to the American housewife.

I would urge that in our efforts to insure the financial viability of the system, we do not lose sight of this goal.

The article follows from the July 22, 1977, Los Angeles Times:

INEQUITIES FORCE WOMEN TO FACE SOCIAL INSECURITY—PROGRAM SUPPOSED TO PROTECT ALL WORKERS FAILS TO PROVIDE FOR MILLIONS OF EX-WIVES AND WIDOWS

(By Riane Tennenhaus Eisler)

In recent years, many American women have been abruptly ousted from the ranks of the middle class and shoved into sudden—and very real—poverty. Who are these unfortunate women? They are former wives, now separated, divorced or widowed.

Behind their plight lies a number of factors. Divorce courts are awarding support payments that are smaller and paid over shorter periods than was the case just a decade ago—a shift that has been ascribed, erroneously, to the push for women's equality. Deepening the problem for women who have spent years as housewives is the likelihood that those who do manage to find jobs will earn only 60% of what a man can make on the labor market.

Contributing to their impoverishment is our discriminatory Social Security system. Indeed, the poorest single segment of society is made up of widowed, single and divorced women aged 65 or over.

As it stands now, Social Security, which is supposed to protect all workers, fails to provide adequately for millions of women who have devoted their lives to marriage and family.

For example, a widow is not eligible to receive Social Security benefits until she is 60 years old—even if her deceased husband was the sole breadwinner. This law leaves many widows without support at a time when they may need it most. Furthermore, numerous older women, unable to find jobs after lifetimes as homemakers, are penalized by Social Security laws for following the only other course open to them: remarriage. If they take another husband before turning 60, they lose all widow's benefits, and only half accrue to them if they remarry after 60.

The plight of the older divorcee is even worse. Under current Social Security law, a divorced homemaker is not entitled to any benefits based on her ex-husband's earnings unless the couple had been married at least 20 years—and even in that event she cannot qualify until she is 62. This rule applies even to a divorced woman with children, whose former husband is disabled and cannot provide any support.

All these regulations ignore that marriage is, among other things, an economic partnership. While contributing valuable services to the maintenance of the family, homemakers enable their spouses to devote themselves to full-time jobs in the workaday world. Yet the wages earned by the partner outside the home (usually the man) are credited solely to him for purposes of Social Security insurance when, in effect, the couple have agreed to split his wages while sharing her contribution of maintaining the home.

Some lawmakers have proposed bills that would recognize this concept of income-splitting by establishing separate Social Security wage scales for homemakers. Several such measures were discussed earlier this week when the House Ways and Means subcommittee on Social Security held hearings on equal treatment of men and women. However, since subcommittee members have already indicated that their overriding concern for the rest of the present session will be to finance the perilously dwindling Social Security fund, all that proponents of equal treatment can realistically hope for is a commitment to study the feasibility of recognizing income-splitting between spouses.

But while Congress considers proposals to make Social Security laws fairer and more realistic, the Supreme Court has dealt a severe blow to the move to legally acknowledge the homemaker's economic contribution. This setback occurred in a recent case, Mathews v. de Castro.

Helen de Castro, 56, the mother of a disabled child, had been married more than 20 years at the time of her divorce. Ms. de Castro could not qualify for benefits on her own, and since she was not yet 62 years old, she could not draw old-age benefits on the basis of her ex-husband's earnings. However, the Social Security Act has a provision which states that a wife is entitled to benefits before age 62 if she has a dependent child in her care and a husband who is retired or disabled. So, at the time that her ex-husband retired and applied for his benefits, Ms. de Castro also applied for benefits under this provision. She was turned down because the rule permitted payments to wives—but not ex-wives.

To deny her payment solely because she was divorced, Ms. de Castro maintained, violated the equal-protection clause of the Constitution. A federal court in Chicago agreed, but the Department of Health, Education and Welfare appealed the decision, and the Supreme Court overturned it.

The underlying reason for the high court's decision, apparently, was concern for fiscal economy. But is it economically sound to force ever-increasing numbers of middle-class homemakers—and their children—onto the welfare rolls? Considering the exorbitant cost of the welfare bureaucracy, this approach hardly produces a net savings. Furthermore, the real cost—the human cost—we pay for such an attitude is lowered self-esteem and personal alienation among millions of citizens who come to believe that society is indifferent to their plight.

Clearly, the issue involves costs less than it does social priorities. Each year a million American families break up in divorce; one of every six children is raised by a divorced

or widowed mother. At long last all homemakers—married, widowed or divorced—should be rewarded, not punished, for their years spent as wives and mothers.

By amending the Social Security Act to allow for income-sharing and give the American homemaker benefits in her own right, Congress would be taking a step in the right direction. As a start, coverage might be provided to all married women who file joint federal income-tax returns with their husbands; this would guarantee Social Security benefits for wives who do not work outside the home while providing fairer retirement payments to employed women who earn far less than their husbands.

Our lawmakers now have a chance to pay more than traditional lip service to the American homemaker. Perhaps our society errs in granting dignity and social recognition to its members by attaching a dollar value to their careers, but as long as we do so, we had better put up for mothers and homemakers—or shut up and stop pretending to venerate them.

NATIONAL DRIVER REGISTER

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. OBERSTAR. Mr. Speaker, the National Driver Register—NDR—was created by Congress in 1960 to provide a central index of drivers who have had their driver licenses suspended or revoked. The NDR was established, because highway safety administrators felt there was a pressing need for some type of central organization which would allow quick and easy access by driver license officials to driver records from every State in the Union.

The NDR was instituted to encourage States to submit their records of suspensions and withdrawals to a master computer index. The reports are fed into the central computer and made part of a permanent file. Consequently, when a driver applies for a license, a State licensing official can send an inquiry to the NDR to see if the driver has had his license suspended or revoked in another State. This system ideally precludes the licensing of a potentially dangerous or problem driver; however, the system has fallen short of its goal.

The NDR is a voluntary program, with States supplying driver license records and making inquiries if they wish to do so. Written correspondence has been the principal means of communication between the NDR and an inquiring State. As a result, the identification process has been painfully slow.

In 1960, the NDR recorded revocations only for drunk driving or convictions with a fatality. Several changes were made in the years after 1960. In 1961, Congress amended the NDR to include records of suspensions and cancellations of driver licenses. In 1966, Congress further amended the NDR allowing the recording of virtually every kind of driver license denial or withdrawal. The 1966 amendment also authorized Federal departments and agencies to send inquiries to the NDR concerning Federal employees who operate motor vehicles as a part of their employment. The NDR now responds to inquiries, and keeps records of license denials, withdrawals, and restorations.

There has been tremendous growth in the use of the NDR. In 1961, there were 41,294 inquiries for driver records. In 1962, the number jumped to 766,868, and to 15 million in 1971. Today the number of inquiries is close to 25 million. The master record index has grown proportionately, from 197,912 in 1961, to 5,577,544 in 1976.

There are an average of 9,300 file additions, 94,000 inquiries, 850 identifications, and 650 file corrections and rescissions made daily.

The NDR has been a useful tool and more is being demanded of it every day. However, there are some disappointing facts about the NDR. When the legislation was originally enacted, the NDR requested that participating States develop their own computer programs which would eventually plug-in to a national, on-line computer set up. By 1977, several States had developed the requested programs, but the NDR had not established a computer system to accommodate the individual State computers. Consequently, some States, Florida for instance, have discontinued making inquiries when someone applies for a license, because of the NDR's inadequate technological capability.

Since the program is voluntary, a number of States do not actively participate in the NDR. California, for example, reports driver records, but does not make inquiries to the NDR when a driver applies for a license. As a result, it is now possible for individuals whose driver licenses have been suspended in their home States to apply for and hold licenses from several other States. Currently, less than 50 percent of the States query the NDR prior to issuing a permanent license. It is estimated that there are approximately 10 million people driving today who have invalid licenses, many of whom have had their licenses suspended or revoked in one State, but continue to drive, because they were able to get a license in another State.

Another shortcoming of the NDR is the limitation on the type of violation that can be kept on the NDR's records. Only suspensions and revocations are recorded in the NDR's master file. Convictions for serious moving violations, including driving while intoxicated, are not recorded.

A major concern has been the limited accessibility of driver records. Currently, only State driver license officials and certain Federal agencies have legal access to the NDR. Under the 1966 amendments all Federal agencies were allowed access to the NDR; but only the Department of Transportation, the Marine Corps, NASA, and the Forest Service are currently making use of the NDR. Because of Federal Privacy Act conflicts, employers of drivers cannot currently use the NDR. Perhaps the most important group not having access to the NDR is the Bureau of Motor Carrier Safety which conducts studies of fatalities for the Department of Transportation and monitors and recertifies commercial drivers.

Mr. Speaker, my bill mandates State participation in the NDR. With all States in full participation, the dangerous driver with licenses from more than one State will be deterred. States will send records of all NDR qualifying violations and every State will inquire when an application is made for a license or renewal of a license.

My bill will upgrade, modernize, and expand the NDR so that it will provide the necessary safeguards to meet today's growing demands on driver licensing officials.

A necessary precondition for mandatory participation will be the upgrading of the existing NDR computer system. If all 50 State participate, the NDR's already inadequate computer system and mail delivery program will become totally inadequate. To provide a rapid response communication program, an upgraded on-line computer system will have to be installed. The current response delay of 1 to 10 days will then be eliminated.

The costs for the on-line NDR computer system will be shared by the Federal and State governments. A major share of costs will be supplied by the States, who will be compiling the data, formulating it, and transmitting it to the register. Hardware, software, programing, Federal housing facilities, and operating costs will be borne by the Federal Government.

The next step in improving the NDR will be the expansion of the types of violations kept in NDR files. The NDR will now be permitted to include drivers who have had their driving privileges canceled in the past 7 years. Also, those convicted of driving while intoxicated or impaired by alcohol or a controlled substance will be recorded. These additions will aid driver licensing officials by locating conviction records which did not result in revocation or suspension.

Authorized access to the NDR will also be expanded. All newly authorized users, except Federal agencies, will be required to inquire through State driver license administrators, thus maintaining a single State-to-NDR access point. Data obtained from the NDR can only be used for the same purposes for which the States driver records are used. All information released will be in strict compliance with Federal privacy laws.

Authorized inquiries will be expanded to include police traffic related inquiries. Due to an unusually high correlation between poor driving records and flying records, the Federal Aviation Administration will be allowed access to NDR records for inquires on aircraft pilot license applicants and licensed pilots.

Employers and prospective employers will, through the State driver licensing agencies, have access to the NDR. Authorized access to NDR records by prospective employers will be useful aid to trucking companies, intrastate bus lines, and businesses which employ large numbers of drivers. Access will allow them to determine if an applicant has had a license withdrawn and help an employer

determine whether or not a particular applicant should be hired.

The Bureau of Motor Carrier Safety will be allowed access to the NDR in situations pertaining to interstate carriers. The BMCS monitors and recertifies commercial drivers and will be greatly aided by having access to the type of information contained in the NDR.

Participation by Federal agencies will be required. All Federal licensing efforts will be centralized and subject to all applicable Federal standards.

There have been dramatic changes on our Nation's highways since the inception of the NDR. There have been tremendous increases in the number of drivers and the number of fatalities. Yet the NDR is still programed to meet the demands of the sixties. For this reason a National Driver Register Commission will be created to insure that the NDR progresses with the demands for our Nation's growing number of drivers and also to insure that the NDR progresses technologically.

The NDR Commission will be made up of 15 members, 10 of whom shall be driver license officials. They will provide expert advice and insights from the people who deal daily with the problems of highway safety and driver licensing. The remaining members will be individuals whose education, training, and experience specially qualify them to serve on the commission.

Members will be in office for 3 years. The turnover of members will never be more than five in any given year, a process which will allow the commission a smooth transition plus the added advantage of always having 10 experienced members.

The commission is authorized to review, recommend, and evaluate all rules, regulations, and policy documents pertaining to the register. Their findings will be conveyed to the Secretary of Transportation by means of an annual report.

TRIBUTE TO THE WATKINS FAMILY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RODINO. Mr. Speaker, an event in my district this weekend prompts me to take time to share with my colleagues some thoughts on the virtues of the American family as one of the foundations of our culture.

On Friday, Saturday, and Sunday, the Watkins family, which numbers 250 people from several different States, is celebrating its fifth annual family reunion in Newark. New Jersey claims 75 members of this proud family and my own district has 40 members. I am honored to have such an affair take place in my home town because of what it means to all of us.

We all realize that America's strength lies in the integrity of its institutions, and one of this country's most fundamental institutions is the family. At the birth of our Nation, the family lent strength to the individuals who made America their home. Our Nation's history has shown the vital importance of continuing the family traditions which provide the moral fiber of our Nation.

The Watkins family deserves our recognition and praise for its fine example of a family which cherishes its roots and is concerned about maintaining a tradition of closeness. In appreciation of the Watkins family, I salute this weekend's reunion and I join in the celebration of the American family.

NONGAME FISH AND WILDLIFE CONSERVATION ACT OF 1978

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. FORSYTHE. Mr. Speaker, I am introducing today with the chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment, BOB LEGGETT, the Nongame Fish and Wildlife Conservation Act of 1978 to assist States in developing and implementing comprehensive plans for nongame fish and wildlife conservation.

The esthetic, "nonconsumptive" enjoyment of fish and wildlife in the out-of-doors is one of the most important uses of these resources. There are wildlife inhabitants in our backyards, cities, farms, wild areas, and every kind of water area. They lend essential character to the lives of all Americans.

Surveys indicate that bird watchers and nature photographers are about as numerous as hunters and they spend more time afield. Public demand for recreational and educational wildlife experiences continues to increase. This universal worth of wildlife defies measurement.

Similarly incalculable is the value of wildlife's biological role in natural ecosystems. Each living thing has a function. Often we see specific interactions in terms of human interests, such as the abatement of insect pests by songbirds or the suppression of crop-damaging rodents by predators. But more subtle processes are at work. Wildlife species help maintain and improve soil, distribute seeds, and do the thinning and disturbing that various species of plants require. They also are indicators of environmental change and thus can provide a valuable "early warning system" for environmental distress or damage.

In most States license money and taxes on firearms, fishing tackle, and other hunting and fishing equipment are the only sources of funds for the purchase and management of wildlife habitat. As a result, State wildlife agencies have responded primarily to the needs of the hunters and fishermen who financially support the agencies. Frequently, nongame species have had only incidental attention.

We presently are in the same position with nongame wildlife, as far as funding is concerned, as we were over 30 years ago with hunted wildlife. States are searching for new sources of funding as public demand for expanded wildlife programs increases. States are trying to supplement their traditional funding sources through voluntary conservation stamp purchases, personalized license plates for automobiles and general fund appropriations.

The Pittman-Robertson and Dingell-Johnson Acts served as catalysts for the remarkable success of States in solving the problems facing game species, and establishing modern professional management programs for these species. A similar program for nongame fish and wildlife would bring home to the various State legislatures the need and desirability of explanding State fish and wildlife management efforts. The bill I am introducing today provides such a program.

This legislation will establish a new and separate funding source, authorizing the Secretary of the Interior to distribute funds to the States to develop and implement comprehensive wildlife programs. The Federal Government would fund up to 90 percent of the cost of developing plans for States applying within the first 3 years of the program and up to 75 percent to States applying thereafter. The Secretary would also be authorized to fund up to 75 percent of the cost of those State nongame fish and wildlife programs which are consistent with plans approved by the Secretary. Programs which a State might undertake with this money include those concerning habitat acquisition and management, census and monitoring programs, law enforcement and many other activities.

Federal agencies would be authorized to enter into cooperative agreements with the States to carry out the activities provided for in the legislation and would be required to review their programs to determine whether they could be reasonably modified to include nongame wildlife conservation.

REV. HARVEY E. WALDEN

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. MURPHY of Illinois. Mr. Speaker, this Sunday, July 31, 1977, Chicago's Grant Memorial African Methodist Episcopal Church will celebrate the 90th birthday of Rev. Harvey E. Walden. Rev. Walden is now in his 62d year in the ministry, the past 30 of which he has served as pastor of Grant Memorial.

Rev. Walden has compiled an extraordinary record of achievement as both a minister and a Chicago civic leader. He served as committee chairman for the site selection of Dunbar Trade School at 30th and King Drive; cofounded Schoop School in Morgan Park; founded and erected the Harvey E. Walden Community Center at 4019

South Drexel Boulevard; and helped organize the Morgan Park Savings and Loan Association. In addition, Rev. Walden has provided leadership under which Grant Church has accumulated more than $800,000 in assets.

Mr. Speaker, I would like to take this opportunity to acknowledge Rev. Walden's outstanding service to his parishioners and to the people of Chicago. I wish him every happiness on his 90th birthday, and join with the members of Grant Church in honoring him on this memorable occasion.

POLL RESULTS RELEASED

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. WINN. Mr. Speaker, today I am making public the results of my spring questionnaire. This survey was sent to 170,000 postal patrons in the Third District of Kansas, and I was pleased by the response of the thousands who took time to voice their opinions.

There is a very significant message in these results. I asked my constituents if they have confidence in Congress ability to deal effectively with the problems of today's society. Over three-fourths of those responding answered that they did not.

This result was not entirely unexpected, especially since several other public opinion polls in recent months have turned up similar results. However, I believe it underscores the urgent need for further congressional action on the substantive, rather than the political, issues.

My constituents, like most of their fellow countrymen, are deeply troubled by many problems. When I solicited their opinions on the three most important problems in the Nation, they listed energy, ever-spiralling inflation, and the excessive Federal bureaucracy more frequently than any others. These are the issues to which we in Congress must address ourselves. To do less would be to shirk our duties of elective office.

Mr. Speaker, I submit for the RECORD the results of my spring questionnaire. I hope each Member will take a few minutes to study them:

SPRING QUESTIONNAIRE RESULTS

1. Would you favor legislation which would return control of the Postal Service to Congress? Yes, 52.1 percent; no, 47.9 percent.

2. Should the federal penalty for marijuana possession be reduced to a misdemeanor with only a small fine and no criminal record? Yes, 49.3 percent; no, 50.7 percent.

3. Would you support a proposal to set a limit on: a. the number of terms Senators and Representatives can serve? Yes, 66.1 percent; no, 33.9 percent.

b. The age of Senators and Representatives? Yes, 62.5 percent; no, 37.5 percent.

4. Would you favor the abolition of the Electoral College, and subsequently, the direct election of the President and Vice President? Yes, 67.2 percent; no, 32.8 percent.

5. Do you think the military strength of the United States is adequate in light of evidence of growing global Soviet influence? Yes, 32.8 percent; no, 67.2 percent.

6. U.S. arms sales to foreign countries, particularly those in the Middle East, have risen substantially during the past few years. Considering the security needs of these nations, do you think: (Choose one.)

a. the present policy should be continued? 46 percent.

b. Congress should move to substantially reduce the level of foreign arms sales? 54 percent.

7. Do you have confidence in Congress' ability to deal effectively with the problem of today's society? Yes, 23.3 percent; no, 76.7 percent.

8. Now that we have seen how public financing works in Presidential elections, would you favor a similar plan for the financing of Congressional races? Yes, 43.8 percent; no, 56.2 percent.

9. Should the food stamp program be limited to those families with incomes at, or below, the official poverty line? ($5,700 for a family of four.) Yes, 83.7 percent; no, 16.3 percent.

10. Should a federal program be established to help doctors cope with the increasing costs of medical malpractice insurance? Yes, 37.6 percent; no, 62.4 percent.

11. Would you favor the permanent deregulation of natural gas prices in the interstate market? Yes, 39.8 percent; no, 60.2 percent.

12. What are the most important problems facing our nation today?

Energy, inflation, excessive bureaucracy.

SOCIAL GEOGRAPHY

HON. EDWARD W. PATTISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. PATTISON of New York. Mr. Speaker, I wish to recommend to all Members of Congress the following article by James Flanigan, acting executive director of the Rensselaer County Chapter of the New York State Association for Retarded Children, Inc. of Troy, N.Y.

SOCIAL GEOGRAPHY

During the past twenty years we Americans have developed a tendency to use geographic locations as symbols of our social problems. Selma, Montgomery and Little Rock became symbols of the civil rights movement. Berkeley, Columbia and San Francisco State were symbolic of campus unrest. Woodstock became famous as the place where the counterculture got it all together and Altamont became famous as the place where it all came apart. Watts, Kent State, Grant Park and The Watergate have all taken on special meaning as a result of the events which occurred there. In 1971 two places in New York State were added to this list: Attica and Willowbrook.

At first glance the similarity between Attica, a prison, and Willowbrook, a State School for the mentally retarded, might seem somewhat remote. However, both in their own way have become symbolic of the tremendous faith we have placed in our institutions and of the failure of those institutions to deliver. Three very similar reasons can be identified as contributing to the failures of Attica and Willowbrook;

Size—There is a point at which people stop being people and become numbers. One of the first questions I am asked by traditionalists in the mental hygiene system is "how many beds do you have?" Not, "how many people live here?" It is as if the thing that really counts is the bed rather than the person who sleeps there. From this point it is a very simple step to justify a system that makes people fit into beds, buildings and institutional models, instead of adapting the environment to suit the people who live there. And when people don't fit we can always drug them, shock them, isolate them or restrain them to make them fit.

Isolation—I have always been fascinated at the number of institutions we have placed at the tops of mountains, and I have often wondered if this was done because the air was clean and the view was nice or to spare the people in the valley from having to deal with the problems that lie behind the walls of the institution. While Attica was not located at the top of a mountain, it was located hundreds of miles from New York City, where most of the inmates' families lived, in an area where it was almost impossible to find minority group employees who could relate to the large number of minority group prisoners. The further we locate an institution from society, the longer the trip back will be.

Depersonalization—In a setting where everybody is mentally ill, everybody is retarded or everybody is a convict, it is not hard to produce people with "institutional personalities". Sometimes the easiest way to cope with your surroundings is to become the 75th person on a ward of 150. You may not be making progress, but you're not making any trouble either. One of the most common problems found in people leaving institutions, regardless of their nature, is a belief that they have no control over their own fate.

In New York State our first responses to the shocks of Willowbrook and Attica were cosmetic. Our prisons were re-named correctional facilities. Our State Schools for the Retarded became Developmental Centers and our Mental Hospitals became Psychiatric Centers.

With this step out of the way the real job of changing our system began. This started with a re-definition of who should have to live in institutions. The re-defining process is still going on. In the mental health field many more people are treated in their own communities, rather than being removed and forced to make a difficult re-entry into society. Psychiatric professionals have become reluctant to remove from society people who are no threat to themselves or others.

Large numbers of mentally retarded people have been returned from institutions successfully into local communities. Most live in group homes or with families. Some people in the field still talk about "people who must be institutionalized." Generally, they are talking about people who are very low in intellectual functioning or multiple handicapped. What these people fail to realize is that an institution becomes an institution not because of the services provided there, but because of its size. The services needed by a profoundly handicapped or multiply handicapped person can be provided in smaller more humane settings. Gradually, many professionals have come to realize that there is no reason why a handicapped person has to live in the same group of buildings as several thousand other people with similar disabilities.

The movement away from institutions has been much slower in the corrections field. Tougher drug laws and economic hard times have contributed to a growing prison population. However, progress has been made in areas such as work release programs and training in decision making.

At this point you may ask yourself: "so why am I being told all of this?" Mainly because the alternatives to huge, isolated, de-

personalized institutions lie in your back yard.

Having lived through more than my share of community resistance to the opening of group homes, I have come to realize the massive job of public education that must be done. In a similar vein, it is important to examine our attitudes about hiring or working next to a former prisoner or mental patient.

Many of us will have to re-think our concepts of who will live, work and play in our community. We may even have to broaden our definition of our fellow man. It will not be easy. I am sure more than a few readers are touched by a fear of the vast unknown as you read this. However, our alternative is to once again, as a society, turn our backs on the people who need us most. If we decide to turn our backs, we must also ask ourselves how many more symbolic places will we eventually put on our map of social problems.

TRIBUTE TO MAJ. GEN. L. PIERCE HODNETTE, JR.

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. FLOWERS. Mr. Speaker, the people of my hometown of Tuscaloosa, Ala., have been shocked and saddened by the sudden death of a most distinguished American—Maj. Gen. L. Pierce Hodnette, Jr.

At the time of his death General Hodnette was serving as assistant chief of staff for operation of the Supreme Headquarters Allied Powers, Europe, with headquarters in Mons, Belgium.

He had an outstanding career in the Air Force, serving tours of duty in France, England, Norway, South Korea, Japan, and Vietnam. During his last assignment in Vietnam he flew 209 combat missions.

We extend our deepest sympathy to his widow, Mary, his three children, and his mother. The Hodnette family represents the very finest in American tradition life.

To acquaint my colleagues and others with the life and accomplishments of General Hodnette, I offer the following editorials from the Tuscaloosa News and the Graphic, our hometown newspapers, for inclusion in the RECORD:

[From the Tuscaloosa News]

UNTIMELY DEATH SHOCK

When Pierce Hodnette was elected president of the student body at Tuscaloosa High School, his leadership ability was demonstrated. But few among his classmates could imagine he would become an outstanding military leader at that time.

His untimely death last week was a shock here and in other parts of the nation where his military service record was known and appreciated.

Maj. Gen. L. P. Hodnette Jr. was the son of a distinguished career military officer. Following in his father's footsteps in service to his country was a natural course.

General Hodnette was a graduate of the Naval Academy and later entered the Air Force. He had a number of assignments of increasing responsibility before he became deputy to Gen. Alexander Haig in the Supreme Headquarters, Allied Powers, Europe.

He was a credit to this community and to his country.

[From the Graphic]

HODNETTE'S DEATH IS A LOSS

Our town was saddended by the death last week of Major General Lovic Pierce Hodnette Jr., who had grown up in Tuscaloosa. He was a young man who had gone far in his dedicated military career. His death was a loss for the United States, Alabama and Tuscaloosa.

George S. Shirley, president of The First National Bank of Tuscaloosa, was a contemporary and close friend of Pierce Hodnette. Mr. Shirley described him as a brilliant student and made this comment on his longtime friend: "The nation has suffered a great loss in the death of a man of great strength, courage and character, whose love and dedication to the military was tremendous."

The major general, son of the late Col. L. P. Hodnette, and Mrs. Grace Hodnette, who lives at 1614 Alaca Place, was clearly destined for even higher office. He went from ensign in the Navy, fresh out of the Naval Academy, Annapolis, then to second lieutenant in the Air Force to major general in 26 years.

He was graduated from Tuscaloosa High School in 1944, along with friends including Mr. Shirley, Bobby Drew, Chris Kyle and Bobby Dugins, all of Tuscaloosa, and Dr. Jimmy Sewell, now residing in Mobile.

Following graduation he attended the University of Alabama until he received an appointment to the Naval Academy, entering in 1946. He was commissioned in 1950 as a Navy ensign, but switched to the Air Force and took flight training as a second lieutenant, going on to fly the most modern jet fighters. The Air Force Academy was not in existence then.

His was a spectacular and highly successful career in the military, which his father before him had loved. Mr. Shirley and other friends recalled that Pierce always had intended to pursue his chosen career.

He had only recently been assigned to the staff of Gen. Alexander Haig, NATO commander in Brussels, Belgium, following NATO duty in Oslo, Norway, where he and his lovely wife, Mary, and family lived for several years. Earlier he had served two tours of duty in Korea during the conflict. He was a wing commander in England for a lengthy period and was promoted to brigadier general and assigned to the Pentagon. His promotion to major general came last year.

Pierce Hodnette's service to country, state and hometown was outstanding. His death at age 50 cut short a brilliant career, and, indeed, this is the nation's loss.

THE INVASION OF CZECHOSLOVAKIA, AUGUST 21, 1968

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. MOTTL. Mr. Speaker, in the written laws of a particular Western Hemisphere country, the civil and political rights of its people are clearly spelled out. Guaranteed to its people is the right of free expression; the right to freedom from fear; the right to an education; the right to religious freedom; the right of assembly; the right to participate in public affairs; and the right to a private life, family, and home. These basic rights, all clearly written on paper, should sound quite familiar to each of us.

Yet, my colleagues, in this same country, thousands upon thousands of citizens are prevented from working in their professions for the sole reason that their views differ from the official ones.

In this same country, hundreds of thousands of citizens live in peril of losing their jobs and their pursuit of happiness if they express their opinions. Many young people, for example, are prevented from pursuing higher education because of their views or even because of their parents' views.

In this same country, the Government manages all of the mass media devices. No political, philosophical, scientific, or artistic work can deviate from the official framework of political ideology or esthetics. Open discussion of intellectual and cultural matters is denied.

In this same country, the activities of priests are limited. Citizens who practice their religious faith either by word or action face the possibility of losing their jobs.

In this same country, all institutions and organizations are subordinate to the political directives of the ruling party apparatus. There is little to protect the economic and social interests of its people.

The question, then, that each of us must ask is: How can a country which claims to uphold such basic human rights at the same time clearly violate those rights? The country in question is Czechoslovakia, where my father and grandparents on my mother's side were born.

It is especially significant, at this time, to elaborate upon the situation existing in Czechoslovakia. Nine years ago this August 21, an outlandish invasion of Czechoslovakia led by the Soviet Union took place. At that time, our colleagues in Congress quickly and strongly protested this Soviet-led action with passage of Senate Resolution 450 and House Resolution 718. We must still commemorate and condemn this invasion and the resulting violation of human rights as have been described.

I, along with my fellow Czechoslovakians, feel it is important to speak out on this violation of these basic rights which exist only on paper. And it is important for us to continue to speak out against the violations of human rights; to speak out in defense of our brothers and sisters of our respective heritages such as in Czechoslovakia. It is important to them, who look to the United States and its leaders for encouragement, inspiration, and hope for their individual freedom and national independence. I ask each of you, in solidarity, to reconfirm with me our commitment to the ideals of freedom for all people.

THE COPPER TARIFF ACT OF 1977

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RUPPE. Mr. Speaker, I am introducing today a bill which I have entitled the Copper Tariff Act of 1977. I am most concerned that our desire to

help developing nations may have led us to place in grave jeopardy an industry which contributes $3.5 billion annually to our national economy and directly employs 79,500 Americans.

Last October my neighbors in the copper country of Michigan's Upper Peninsula shared with me their concern about cutthroat competition from foreign copper producers who have no obligation, as do American producers, to pay their miners a fair and living wage or to safeguard the quality of their environment. They pointed out to me that the triggering point for the tariff on copper is an obsolete 24 cents per pound and that severe pressure from foreign commodity sellers had forced U.S. producers to cut their price of copper by 4 cents per pound and had led the White Pine Copper Co. to shut down for 18 days to work off its copper inventory. Over 1,500 miners remain on layoff status because of the continuing weakness of the copper market.

I promised my constituents that I would ask this Congress to double the copper tariff and to raise the triggering point for its invocation to 70 cents per pound, which represents the United States cost of production for copper. Today I honor that pledge. This bill amends schedule 6 of the Tariff Schedules of the United States—19 U.S.C. sec. 1202—by doubling—across the board—the customs duties assessed on the copper content of imported metals and metal products. It also increases the 24 cents trigger point—established in 1962 when the schedules were first published—to 70 cents. Finally, this bill closes a loophole created by the Trade Act of 1974 by excluding the copper content of these metals and metal products from the generalized system of preferences designed to suspend tariffs in favor of "developing nations," among which are our four major copper-producing rivals.

Mr. Speaker, I urge my colleagues to consider what is now happening to our copper industry. Since early July of this year, our copper companies have been forced to cut their prices first to 68 cents per pound and now to 65 cents per pound—a full 5 cents per pound below the average U.S. cost of production. Copper companies have only one recourse: they are shutting down mines. Anaconda, for example, just announced that the Victoria, Nev., underground mine will suspend operations indefinitely September 1, which will not only throw Nevada miners out of work but will also hurt employment at mills and smelters in Montana.

These miners are unemployed, Mr. Speaker in part because our tariff, inadequate and obsolete as it is, has not been collected. First we let it be temporarily suspended from 1966 to 1975 letting in most non-Communist foreign copper ores duty free. Then we circumvented it with our generalized system of preferences under the Trade Act of 1974.

We have before us, Mr. Speaker, not a simple matter of an industry seeking shelter from the legitimate fires of marketplace competition. The copper mines in Africa and South America are owned by third world governments who are primarily concerned with keeping employment up and using copper to balance imports of oil and industrial goods. They may be quite content to operate at a net loss, especially when that loss is underwritten so handsomely by the World Bank, to which we are the major contributors. As Richard L. Knight, a group vice president at the Anaconda Company puts it, "We've gone from an industry ruled by supply and demand to an industry ruled by social, political, and balance-of-payments considerations."

Mr. Speaker, we have the right and duty to show our concern for the employment of our copper miners and the strength of our domestic copper industry. I ask that my colleagues give this bill their careful consideration.

ISSUES FOR DECISION: THE USE OF PLUTONIUM

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. BROWN of California. Mr. Speaker, earlier this year 21 eminent scientists and economists conducted a study entitled "Nuclear Power Issues and Choices," which was sponsored by the Ford Foundation and administered by the Mitre Corp. Among others, the study members included: Prof. Kenneth Arrow, Noble Prize winning Harvard economist; Mr. Spurgeon Keeney, Jr., present Assistant Director of the Arms Control and Disarmament Agency; Dr. Harold Brown, former president of Caltech and now Secretary of Defense; Dr. Carl Kaysen, former director of the Institute for Advanced Study; Dr. Wolfgang Panofsky, director of the Stanford Linear Accelerator; and Mr. John Sawhill, president of New York University. Their report strongly supported the continued use of light water reactors. The major policy recommendations, contained in a summary entitled "Issues for Decision," concerned the use of plutonium. They concluded that plutonium recycle in light water reactors should be deferred and the breeder program should deemphasize commercialization. In particular, they recommend that the Clinch River Breeder Reactor Project should be terminated since it is unnecessary and could be canceled without harming the long-term prospects of breeders.

Their conclusions follow:

ISSUES FOR DECISION

The United States faces a number of early decisions having an important bearing on the future of nuclear power and on the worldwide risks in the nuclear fuel cycle. These decisions, which are closely interrelated, must be considered in the context of the economic, energy supply, social costs, and international security issues discussed above. From this broader perspective we have examined the pending decisions: whether to proceed with plutonium reprocessing and recycle; how to conduct a breeder program most appropriate to long-term energy needs; how to manage and dispose of nuclear waste; when and how to expand enrichment capacity; and how to develop a nuclear export policy which minimizes threats to international peace and stability.

The significant common thread in these decisions is the question of whether plutonium should be introduced into the nuclear fuel cycle. We have concluded that there is no compelling reason at this time to introduce plutonium or to anticipate its introduction in this century. Plutonium could do little to improve nuclear fuel economics or assurance here or abroad. This conclusion rests on our analysis of uranium supply, the economics of plutonium recycle in current reactors, and the prospects of breeder reactors. In the longer term, beginning in the next century, there is at least a possibility that the world can bypass substantial reliance on plutonium. If this is not the case, the time bought by delay may permit political and technical developments that will reduce the nuclear proliferation risks involved in the introduction of plutonium.

PLUTONIUM REPROCESSING AND RECYCLE

The principal immediate issue affecting nuclear power is whether the United States should proceed with the reprocessing and recycle of plutonium. Until recently, it was generally assumed that spent fuel from light-water reactors (LWRs) would be reprocessed to recover the plutonium produced during operation and that the plutonium and any unused uranium-235 would be recycled as fuel in LWRs. The expectation was that this process would take place on a commercial scale as soon as the nuclear power industry had expanded to the point to justify the large facilities needed for economic operation. The decision whether to license this activity is now before the NRC. Statements by both candidates during the 1976 Presidential campaign indicated, however, that these assumptions are being challenged on a bipartisan basis and that a consensus is emerging not to proceed at this time with reprocessing.

In a major statement on nuclear policy on October 28, 1976, President Ford announced that "reprocessing and recycling of plutonium should not proceed unless there is sound reason to conclude that the world community can overcome effectively the associated risks of proliferation." This does not, however, constitute a decision on reprocessing but rather an identification of the issue. Although the Administrator of ERDA was directed not to assume that reprocessing would proceed, he was also directed "to define a reprocessing and recycle program consistent with our international objectives." During his campaign, President Carter stated in San Diego on September 25 that he would "seek to withhold authority for domestic commercial reprocessing until the need for, the economics, and the safety of this technology is clearly demonstrated."

The risks associated with reprocessing and recycle of plutonium weigh strongly against their introduction. The use of plutonium in the commercial fuel cycle would expose to diversion and theft material directly usable for weapons. With widespread adoption of the plutonium fuel cycle, there would be increased pressures for independent national reprocessing facilities. The proliferation of such facilities would reduce the time necessary for a national decision to develop weapons.

Despite these widely recognized problems, it has been argued that the economics of reprocessing and recycle of plutonium in LWRs is so compelling as to make their introduction inevitable. Although plutonium and unburned enriched uranium have substantial value, the recovery of these materials from the highly radioactive wastes in spent fuel has proven to be much more difficult and expensive than anticipated. As reprocessing and recycle have moved closer to commercial

practice, cost estimates have escalated rapidly. The first two U.S. commercial reprocessing ventures failed, one for economic and the other for technical reasons. The Allied Chemical plant at Barnwell, South Carolina, the only remaining U.S. commercial venture in this field, is likely to incur substantial losses and is seeking government support. European ventures are not yet operating on a commercial basis and are unwilling to contract except on a cost-plus-fee basis.

The most recent government analysis of reprocessing and recycle shows at best a 1 or 2 percent reduction in the cost of electricity in the latter part of the century. These estimates, however, are based on assumptions that appear to underestimate some elements of plutonium fuel cycle costs. Our own analysis of the costs indicates that any net economic benefit during this century is questionable.

Even if plutonium recycle proves of little economic importance, some countries may consider the plutonium inventory in spent fuel reassuring in view of the uncertainties in future uranium supply. In the case of the U.S. program, however, recovery of plutonium and unburned enriched uranium from spent fuel would only reduce uranium fuel requirements by some 20 percent. The incremental value of recycle would be largely irrelevant if access to reasonably priced supplies of fuel can be assured. Specific measures to accomplish this are discussed below.

It has been argued that early reprocessing of LWR fuels is important to build up plutonium inventories for future breeders. Our analysis indicates that the time when breeders may be economically competitive is sufficiently distant that the present value of establishing plutonium inventories now for future breeders is very small and thus recovery of plutonium is not economically justified for many years. Furthermore, spent fuel can be stored retrievably, so that the plutonium could be recovered if plutonium breeder reactors are actually deployed in the future.

An incentive to defer reprocessing and recycle also comes from the complexity it introduces into the waste management problem. Wastes are converted in these operations from relatively easy to manage spent fuel to a number of new forms—high level waste, acidic liquid waste, cladding hulls, process trash contaminated by plutonium, and others. As experience with reprocessed military and civilian wastes has shown, these operations introduce opportunities for waste management failures. While it has been commonly believed, particularly abroad, that reprocessing to remove plutonium decreases the long-term hazards of waste, we have concluded that any reduction in long-term risk is small in comparison with the more immediate risks potentially arising in reprocessing and in the use of plutonium in the active fuel cycle.

On the basis of our analysis of plutonium reprocessing and recycle, we have concluded that the international and social costs far outweigh economic benefits, which are very small even under optimistic assumptions. We believe therefore that a clear-cut decision should be made by the U.S. government to defer indefinitely commercial reprocessing of plutonium. Although the question of plutonium reprocessing and recycle is now before the NRC, we believe that, in view of the important international implications, the President should make the decision to defer plutonium reprocessing. If a decision to postpone this technology indefinitely is articulated and carried out effectively, it can have a major influence on the assessment of costs and benefits of reprocessing and recycle by other countries that are, or soon will be, facing similar decisions. Conversely, a U.S. decision to go ahead with reprocessing or actions that appeared to foreshadow such a decision would accelerate worldwide interest in the plutonium fuel cycle and undercut efforts to limit nuclear weapons proliferation. For this reason, we conclude that the government should not take over or subsidize the completion and operation of the Barnwell facility.

THE BREEDER REACTOR PROGRAM

The priority and timing of the plutonium breeder is inevitably a central budget and policy issue since the commitment to this program currently dominates federal energy research and development activities. The plutonium breeder, which produces more plutonium than it consumes in operation, can in principle improve the utilization of uranium by a factor of as much as 100. When used in light-water reactors (LWRs), current estimated uranium reserves would provide only one-tenth the energy of coal reserves; in breeders, these same uranium reserves could in principle provide ten times the energy of coal reserves. The breeder thus opens up a vast additional energy resource and answers the criticism that nuclear power will price itself out of the market as soon as low-cost uranium is exhausted.

The Liquid Metal Fast Breeder Reactor (LMFBR) has become the centerpiece in the U.S. energy research and development program. The LMFBR program is focused on the early commercialization of a power plant to compete with the current generation of LWRs. ERDA has estimated that this program will cost at least $12 billion to complete, assuming utilities will be able and willing to start buying breeders within ten years without government subsidies.

The plutonium breeder involves a full commitment to the plutonium fuel cycle and would introduce tremendous quantities of plutonium into national and international commerce. In these circumstances, the pressure for indigenous plutonium reprocessing facilities would grow rapidly and be difficult to oppose. The breeder would thus greatly complicate the proliferation problem and increase the possibility of theft or diversion of material suitable for weapons. The economics of the breeder have generally been considered so persuasive that this serious disadvantage has until recently been largely dismissed in government planning.

Past government policy on the LMFBR has been predicated on a belief that nuclear power would exhaust reserves of low-priced uranium in a few decades, making breeder introduction economically attractive by the early 1990s. Our analysis, however, indicates that the early economic potential of the breeder has been significantly overstated. The LMBFR, as presently envisaged, will have higher capital costs than the LWR and must therefore operate at a significantly lower fuel cycle cost to be economically competitive. There appears to be little prospect that these fuel cycle costs can be reduced to a point that would give the LMFBR a significant economic advantage over the LWR in this century or the early decades of the next century. The current assessment of uranium reserves probably substantially understates the supplies that will become available; uranium, at prices making light-water reactors competitive with breeders, will be available for a considerably longer time than previously estimated. New enrichment technologies may also extend these supplies. Moreover, coal available at roughly current costs will look increasingly attractive if the costs of nuclear power rise. Finally, demand projections on which breeder economic assessments have been made in the past were unrealistically high and have already been substantially reduced. These considerations lead us to the conclusion that the economic incentive to introduce breeders will develop much more slowly than previously assumed in government planning.

This conclusion applies to other countries, as well, provided that they have access to low-enriched uranium to meet their nuclear fuel requirements. Moreover, the contribution of breeders to energy independence is questionable for most countries since the complexity and scale of the breeder fuel cycle would make an autonomous breeder system too costly for all but the largest industrial economies. Therefore, the prospect of a large export market for breeders in this century is illusory.

Despite this negative assessment, we believe that a breeder program with restructured goals should be pursued as insurance against very high energy costs in the future. This situation could develop if additional uranium reserves do not become available, environmental problems place limits on the utilization of coal, and other alternative energy sources do not become commercially viable at reasonable prices in the first decades of the next century. The present U.S. program, directed at the early commercialization of the LMFBR, is not necessary to the development of the breeder as insurance. The ultimate success of the breeder may even be compromised by telescoping development stages to meet an early deadline, freezing technology prematurely. We believe therefore that the breeder program should deemphasize early commercialization and emphasize a more flexible approach to basic technology. In such a program, with a longer time horizon, the Clinch River project, a prototype demonstration reactor costing $2 billion, is unnecessary and could be canceled without harming the long-term prospects of breeders. In fact, premature demonstration of a clearly noncompetitive breeder could be detrimental to its ultimate prospects.

Although long lead times are required for a project as complex as the breeder, we believe that the decision on commercialization, now set for 1986, can safety be postponed beyond the end of the century. The cost, if any, of such postponement will be small, and there is a strong possibility that postponement will help in restraining large-scale, worldlife commerce in plutonium and buy time to develop institutions to deal with this problem. The option of bypassing the plutonium breeder altogether should not be prematurely foreclosed since there is at least a possibility that the plutonium breeder may never become necessary, or even economically competitive, compared to other energy sources that may become available in the next century.

SAME OLD IDEOLOGICAL HOOCH

HON. MICKEY EDWARDS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. EDWARDS of Oklahoma. Mr. Speaker, the Soviet news agency Tass has published a recent speech by Communist Party chief, Leonid Brezhnev. Mr. Brezhnev apparently took great pains to project an image of sweet reasonableness by "resolutely condemning the illegal repressions" of Joseph Stalin. Mr. Brezhnev promised they would never be repeated.

Yet, lest we forget, a certain contradiction exists between the melodious sounds made by the Soviets to woo world opinion, and the harsh repression they inflict on their own people. Washington Post reporter Peter Osnos reported from Moscow in June that there is now in

Russia "an ominous atmosphere of repression more pronounced in many ways than at any time this decade."

And, U.S. lawyer Edward Bennett Williams, spurned by the Soviets in his attempt to defend dissident Aleksandr Ginzburg, has called the Brezhnev administration "the most repressive in the history of the world."

In a recent column John Lofton has carefully documented much of this latest wave of repression and I commend it to my colleagues:

SAME OLD IDEOLOGICAL HOOCH

(By John Lofton)

WASHINGTON.—That Leonid Brezhnev is a real slick operator, isn't he? Or at least, he must think he is.

About a week and a half ago, prior to the beginning of this week's 35-nation meeting in Belgrade, Yugoslavia, to review the results of the two-year-old Helsinki agreement, the Soviet news agency Tass published a text of a recent speech made by the top Soviet Communist party boss. In his address, Mr. Brezhnev, who began his career in the 1930s by helping Joe Stalin starve, kill or deport an estimated 10 million Ukranian peasants, denounced Stalin's "illegal repressions."

Mr. Brezhnev, whose greatest transgression Newsweek's former Moscow bureau chief, John Dornberg, says was "placing the ghost of Stalin in the niche left by Khrushchev's fall," blasted his old boss, "resolutely condemning" Uncle Joe's repressions characterizing them as contravening Soviet constitutional provisions, and saying such practices "should never be repeated."

Now, all of this is, of course, a lot of eyewash. Because the fact is that in recent months the repression in the U.S.S.R. has reached a point where Stalin must be smiling in his grave. As Washington Post reporter, Petre Osnos, reported from Moscow earlier:

"The Soviet leadership's efforts to eliminate dissent have increased substantially in 1977, with notable success, creating an ominous atmosphere of repression more pronounced in many ways than at any time this decade."

What is so striking about the current Kremlin crackdown, says Osnos, "is the scale of the current drive and some of its especially sinister overtones: charges of treason against certain dissidents . . . suggestions of anti-Semitism, and a palpable eagerness to demonstrate contempt for President Carter's statements in support of human rights with a stepped-up policy of suppression, regardless of the effects on Detente."

Analyzing the current situation in the U.S.S.R., Soviet historian Roy Medvedev, in a paper privately making the rounds in Moscow writes: "These are not routine actions of the KGB, but were sanctioned at the highest party level."

Andrei Sakharov, a nuclear physicist in the forefront of the Soviet human rights movement, says:

"In Moscow and in the provinces, a strong new wave of repression is under way. We know for the most part what is happening in Moscow and the area nearby. The majority of those who are left from the Helsinki Group are either arrested or under strong pressure. We know that in the Ukraine, four members of the Helsinki Group have been arrested and that, in Georgia, two have been arrested. Beyond the people we know about, the campaign of harassment and repression is spreading to people about whom we know very little.

"There are many arrests in the Baltic states. People who spent 25 years in labor camps are being arrested again. This news for us is very threatening. It's a very tense time now."

Thirteen months ago, the Helsinki Group was formed by 11 Soviet citizens who organized to reach out to governments and people in Europe and North America with information on the state of human rights in the U.S.S.R. Of the original 11, only five are still free to continue their work. The others have been arrested.

Aleksandr Ginsburg, Professor Yuri Orlov (founder of the Helsinki Group) and Anatoli Schekaransky are being held in Soviet prisons, incommunicado and under the threat of prosecution for espionage, illegal currency dealings, subversive agitation or disseminaton of anti-Sovet propaganda.

Asked by Aleksandr Solzhenitsyn to defend Ginzburg, U.S. lawyer Edward Bennett Williams has been denied a visa by the Soviet government. Williams calls the Brezhnev's administration "the most repressive in the history of the world."

In a just-released report from the original Moscow Helsinki Group, itself released by the U.S. Congressional commission which monitors the Helsinki agreement, the Moscow group reports that beside its own members, waves of arrests have swept over others in the U.S.S.R. who are trying to monitor these accords.

Two members of the Ukrainian Helsinki Watch have been arrested as well as several Helsinki monitors in Georgia. In many cases the police searches that preceded or accompanied these arrests became occasions for planting incriminating evidence. Much legally compiled information about the Soviet government's noncompliance with Helsinki was also taken away by "investigators."

The 80-page report details many violations of human rights—of ethnic minorities, of high-school students, of Jews barred on fraudulent pretexts from rejoining their families abroad, of dissidents forcibly committed to psychiatric care, searched by police, arrested and held in solitary confinement. "The facts," says this report, "depict a disregard for the principles of the Helsinki accords."

In his chapter in the book, "The God That Failed," a moving story of six intellectuals who embraced Communism but eventually rejected it, Arthur Koestler denounces the Soviet Communist party, saying it always has a new supply of labels on its black market in ideals.

Koestler writes: "They deal in slogans as bootleggers deal in faked spirits; and the more innocent the customer, the more easily he becomes a victim of the ideological hooch sold under the trademark of peace, democracy, progress or what you will."

Well, Leonid Brezhnev is still attempting to peddle this "ideological hooch." I just hope that none of our representatives in Belgrade this week, and in the coming months, are swallowing it. We'll see.

CONSULTING FIRM REFUTES AIR-BAG CLAIMS BY NHTSA

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. SHUSTER. Mr. Speaker, Economics & Science Planning, a Washington consulting firm which has done substantial research in automobile safety at my request, has analyzed the statements by Ms. Joan Claybrook, Administrator of the Natural Highway Traffic Administration (NHTSA) in her letter of July 21, 1977, concerning the air-bag controversy.

Following is their review:

ECONOMICS & SCIENCE PLANNING,
Washington, D.C., July 26, 1977.

Hon. BUD SHUSTER,
U.S. House of Representatives, Washington, D.C.

DEAR MR. SHUSTER: We have reviewed the July 21, 1977 response by NHTSA (Ms. Joan Claybrook) to Representative John Moss, and have the following comments:

From the NHTSA letter:

"Secretary Adams promulgated the passive restraint standard because it would save some 9,000 lives and tens of thousands of injuries each year . . ."

The estimate of 9,000 lives saved is based on three erroneous inputs:

1. The estimate of air bag effectiveness (66 percent) is far too high, and is not substantiated by field or laboratory data.

2. The estimate of belt effectiveness on which the comparison was based is too low (60 percent instead of 67.9 percent).

3. The estimate of belt usage on which the comparison was based is far too low (20 percent, vs the 44.2 percent experienced for 1975 models in towaway accidents.)

From the letter:

"The figure that Representative Shuster quotes from the NHTSA study of seat belt effectiveness (44 percent) is for 1974 and 1975 cars, most of which had seat belt interlock systems. The same study showed the use of lap and should belts in 1973 cars was only 6.3 percent. Thus, Representative Shuster took a very specific and limited seat belt use statistic and catapulted it into a general rule."

The NHTSA study *in fact* shows, for 1973 cars, lap belt usage of 29.7 percent and lap-shoulder belt usage of 6.0 percent, for a total of 35.7 percent—not 6.3 percent as stated. Lap belt usage is important, because the lap belt is a most significant mitigant of death and injury.

The figure of 44 percent belt usage is not that for 1974 and 1975 models, but for the 1975 models only. Only the limited number of 1975 cars manufactured before October 29, 1974 had seat belt-starter interlocks, and many of those were disconnected.

The three-point harness was adopted as standard in 1974 and later models. Other improvements in belt fit and comfort can be expected to substantially increase belt usage. Thus it is not at all unreasonable to estimate that by the time air bags could be put into general use—1984—that belt usage will be at least that experienced in 1975 models. (By 1984, most of the pre-1975 models will have been retired from the fleet.)

From the NHTSA letter:

"Representative Shuster also asserted that Agency's data show air bags to be inferior to today's safety belts and that the Agency has misled the public about them. Even a contortionist would have to stretch to draw such a conclusion. The fact is, air bags are four times as effective in preventing fatalities as safety belts as now used by the driving public."

Even a contortionist would have to stretch to draw such a conclusion. The NHTSA number of reported fatalities with air bags is four, out of an NHTSA-reported number of 181 towaway or bag-deployment accidents in air-bag equipped cars. Even assuming the number of towaways was underreported by a factor of 3.1 (giving a new figure of 560 towaways), the air bag shows a fatality rate in towaway accidents of 0.00714, almost three times that of 0.002433 experienced by wearers of belts (lap and lap-shoulder) in towaway accidents.

From the letter:

"Representative Shuster's differing conclusions [about air bag effectiveness] derive from extrapolations of the field experience of about 12,000 cars. Although this field experience provides valuable information as to the practicability and reliability of air bags, all

knowledgeable parties agree the fatality data are insufficient to permit drawing statistically supportable conclusions. Only one-hundred-fifty crashes were of a type and severity such that the air bag deployed. There were four fatalities, at least three of which could not have been prevented by any type of restraint systems."

NHTSA here indicates a clear preference for relying on laboratory experience, which provides no fatality data, rather than 24,000 or 34,000 car-years of field experience with airbags, which provides inacceptably high fatality results.

The fact that the air bags deployed in only 150 crashes is of itself serious cause for concern, because the air bag prevents injuries only when it deploys. Belts, on the other hand, prevent injuries only when they are worn. If the number of towaway accidents, reported plus unreported, is 560, air bags deployed in only 27 percent of towaway accidents—a rate substantially less than the belt use rate of 44 percent in 1975 cars. If the number of towaways was less than 560, the fatality rate is even worse than 3 times that of belts. If the number of towaways is much greater than 560, the fraction of crashes in which the air bag protects is much less than that in which belts protect at 44 percent usage.

If three out of four air bag fatalities occurred in crashes in which no restraint system could be effective, one must ask why such a high proportion is experienced with air bags and not with seat belts. Is it lack of data or poor luck.

From the letter:

"The Economic [sic] and Science Planning (ESP) study of field experience relied on by Representative Shuster used the number of reported "tow-away accidents as the basis for estimates of the effectiveness of air bags in the General Motors 1974–1976 fleet. This is improper. . ."

The statement is flatly erroneous. ESP, in the estimates, adjusted the number of towaway accidents upward from the reported number (178) to a number of 560, corresponding to NHTSA's Office of Statistics and Analysis estimate of 2.33 percent towaways per car year for the 24,000 car years of air bag experience. ESP assumed that no fatalities went unreported. However, as NHTSA indicates in its enclosure, "A possibility of bias in these estimates exists in that injuries that have occurred in the air bag fleet may not have been reported. . ." ESP adjusted the injury (not fatality) figures upward by a total of 23, on the assumption that unreported injuries occurred in unreported towaways at the same rate as in reported towaways.

AGE DISCRIMINATION AND MANDATORY RETIREMENT

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. KOSTMAYER. Mr. Speaker, since the House will soon be considering H.R. 5383, the bill amending the Age Discrimination in Employment Act, I wish to share with my colleagues a column which appeared recently in the New Hope Gazette in my district.

My colleagues may be aware H.R. 5383 raises from 65 to 70 years the upper age limit for protection under the Age Discrimination in Employment Act of 1967 and thereby provides employees in the private sector an additional 5 years protection against mandatory retirement. The bill also ends mandatory retirement in Federal employment as well as age discrimination in Federal hiring and advancement.

Mr. Speaker, I support this legislation although I am disappointed the upper limit for protection was not eliminated altogether. People should have the right to retire at an age mutually agreeable to employer and employee, but I do not feel retirement should be mandated because of age. There are too many individuals in the midst of productive careers who should not be retired, but who can and should be able to contribute their valuable energies to their Nation and their community.

As a case in point I offer this article by Charles Shaw, editor of the Gazette, who relates his personal experience as a retiree. Reprinted in the Gazette, the article, authored by Mr. Shaw first appeared in the Philadelphia Evening Bulletin.

Mr. Speaker, H.R. 5383 is important legislation for our Nation. I ask my colleagues to consider the example of Charles Shaw, and approve this legislation which would be a major step forward in ending the waste of the talents, abilities, and experience of the millions of older persons who are willing and able to continue working.

[From the New Hope (Pa.) Gazette, July 7, 1977]

"ONLY IN NEW HOPE"

(Column by Charles Shaw)

This is old age plus one year . . . and I quit.

A year ago on June 25, I reached my 65th birthday, which is, by dictionary definition, the beginning of "the last period of human life," known as "old age."

I wrote a story for The Bulletin about what it feels like to become an Old Man; I wrote that I felt no different from the way I felt before I reached that milestone; I asked that I not be treated like a freak, that I not be patronized; I insisted that "I still find pleasure in everything that has given me pleasure throughout my life."

I meant everything I said; but, at the same time, I was whistling past the graveyard.

So I resigned from Old Age.

BACK TO WORK

I retired from retirement and went back to work. So I can look at Old Age from the standpoint of both a retiree and a worker. As I wrote last year, I am not a typical Old Man, but there is no typical Old Person. In so far as I am similar to others of my own age, I can tell you that Old Age in America is no picnic—not because of infirmities, not because of lessened mental abilities but because of a feeling that your usefulness has ended.

In spite of increased life expectancy at birth—from 43.7 years when I was born in 1911 to more than 72 years today—the end of one's 65 years is considered the end of one's worth by most businesses. It's easier to figure our pensions and other retirement benefits, I guess, when you pick one magic number and, disregarding individuals, establish that as the age for compulsory retirement, as the time to say, "Well done, thou good and faithful servant . . . now get lost."

The stories of men and women like Casals, Picasso, Ruth Gordon—even Colonel Sanders—who remained constructively active long after they were 65 are many. I am no Casals, not even a Colonel Sanders; I was a pretty good journalist but not a great one. But I know that I am a better journalist today than I was in "the prime of life," and the only reason is that I am older, therefore more experienced, more knowledgeable and perhaps wiser, less likely to get over-excited over little things and more likely to recognize what is truly important.

KEENER PLEASURES

A year ago, in retirement, I wrote, "Many of my pleasures are keener today: conversations with people of all ages, especially the young; the observation of Nature in all her beauty, her serenity and her violence; the joy of reading and studying and the continuing investigation of the Mysteries; the sight of a good painting, good sculpture; the sound of music, from rock to Bach, the view of fine drama; the sight of a beautiful woman."

All true. But what I didn't write about was an emptiness that comes from a feeling of no longer being needed, of no longer contributing to anything else than oneself, the emptiness that comes from having to tell people what you used to be, not what you are. You would say, "I used to be with CBS" or "I used to work for The Bulletin," and the response would seem to be, "So what? What are you doing now?"

STRETCHED WAISTLINE

I did read, I did talk, I did take walks in the woods, I did look at art and I did admire women. I did a lot of food shopping, and I did a lot of cooking, and I bought a lot of house plants. From never more than 150 pounds, I shot up to more than 180; my waistline stretched more than four inches; climbing steps, I'd have to stop after each flight to catch my breath.

Two months after I passed through the portals of Old Age, I received a phone call from Ralph Samuel, the publisher of The New Hope Gazette, of which I had been editor from 1963 to 1967. His editor was leaving, and he asked me if I would return.

My conditioned impulse was to reply, "No way. I'm retired and enjoying all this leisure time after a long life of hard work." But as he spoke, I felt a load being lifted from my heart . . . God, somebody wanted me, somebody thought I could be useful. I had value again; there was justification to life.

I asked for a decent interval (an hour) to consider the offer. It was a Tuesday afternoon, and I was living in Mansfield, Ohio. I gathered together all my belongings. I was in New Hope three days later and back on the job one day after that.

A LUCKY ONE

I was a lucky one: Samuel needed an editor immediately; he knew me; I knew the job and the area. Had I put all of my professional life in a computerized corporation, I'd still be adding to my waistline in Mansfield, Ohio.

Today, at 66, I work harder than I did at 52, I write almost every word that goes into the paper, with occasional help only from a couple of "stringers," I carefully edit (often rewrite) every news release and other contributions, I take all the paper's pictures, develop the film and make the prints; I write all the headlines, lay out every page (up to 32 a week) and do preliminary make-up of those pages, I go to one or two night meetings a week, review plays and art shows, try to do at least one lengthy interview or other feature story a week and handle correspondence and filing without a secretary.

A year ago I was convinced that I had to be in bed by 10 P.M. and that I couldn't rise before 10 A.M. Now I'm in the office before 8 and often up until midnight. My weight's down to its pre-retirement 150 pounds, and my waistline is less than 32 inches. My hillside house is reached by a steep path about 100 yards long, and I make it without pause and with considerable ease.

ACQUIRED JUDGMENT

The paper increases in circulation and revenue, and readers tell me they like it. I've accomplished a few things without being as angry as I once was. I still believe what I wrote last year:

"There is one thing about age; it does provide experience which can, or ought to, temper judgment. Some people refer to that acquired judgment as 'wisdom' and the irony is that just as one is at an age at which he could have acquired that 'wisdom' he is consigned by his fellow Americans to the garbage dump of retirement."

So, what do we ask in our Old Age? Simply that we be treated as individuals, not as statistics. Let those who wish to retire do so, but don't force us to quit if we can still do our jobs—especially if we can do them better than ever.

If we are soft in the head, terminate our employment because of that, not because we are of a certain advanced age.

If we are too arthritic or physically limited otherwise to operate machines, let that and only that be the reason for termination.

Society may have become so complex that it has to be computerized; but if we neglect consideration of the individual members of an increasingly large segment of society—those over 65—we are endangering the essence of America.

We who are about to die are still useful. We demonstrate that in great ways—like Casals and Picasso—and in small ways. We have talent, and talent is like oil; the world has lots of it but not so much that we can waste any of it.

Why not tap the vast reserves of talent owned by those over 65? Keep giving us work to do—not "busy work" but useful, productive activity.

We really don't want to "go gentle into that good night."

PRIME MINISTER'S VISIT

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. LONG of Maryland. Mr. Speaker, a valued constituent, Dr. Barry S. Lever, from Pikesville, Md., has written a thoughtful comment on the Middle East situation on the occasion of Prime Minister Menachem Begin's visit to the United States. Dr. Lever's views merit the attention of my colleagues:

ON BEGIN'S VISIT

Menachem Begin, the new Prime Minister of Israel, has now arrived in the United States for talks with President Carter. As his visit starts, it might be well to review the positions of the Arabs and the Israelis as well as assess the United States role as attempted mediator in the ongoing search for peace. If progress toward peace is to be made, it is essential to understand the basic attitudes of each side and the perceptions they have of each other, as well as the role each views the United States to play.

The basic Arab positions can be examined in light of the five wars that they have waged against Israel over the past 29 years. Further insights can be obtained by studying the ongoing propaganda campaigns that the Arab governments direct at their own citizens, and toward world public opinion.

In summary, the State of Israel is perceived by the Arabs as illegal, an American puppet satellite imposed on the region. The Arabs feel that Israel, a country about the size of New Jersey, has no claim, right, historical affinity, or ties to the land. The Israeli State is viewed as thwarting the great Pan-Arab dream. That dream is unbroken Arab control of the strategic land mass stretching from the Atlantic Ocean across the Southern and Eastern Mediterranean to the Persian Gulf. The Arabs picture the 3 million Israelis as the one stumbling block in the way of the ambitions of 150 million Arabs. Israel's continued existence is extremely frustrating to the Arabs since they are twenty nation states and armed with all the weapons that unlimited oil money can buy. Most important of all, the topic of Israel's destruction is the only thing about which the Arabs seem to agree, thereby, continuing the illusion of a united Arab nation. No negotiation, no recognition, and no compromise is the Arab policy. Israel, the Jewish State, will eventually be eradicated no matter how long it takes.

In contrast, the Israelis and the World Jewish Community perceive the State of Israel as the third Jewish Commonwealth to flourish on this same piece of land. The deed to the Jewish People for this land is recorded in the universal books of civilized man, the Five Books of Moses, the writings of the Prophets of Israel, and the other sacred scriptures. These Texts are known in their translations in almost every human language, and are considered holy by the major faiths. These Books trace the birth of the Jewish People with God's promise of the land to Abraham, Isaac, and Jacob (Israel) and their descendents. The history of the Jewish People, their involvement with the land and Jerusalem its capital, is probably the longest continuous historical record of any nation's ties to one piece of geography in all of human history.

The Jewish People, regardless of religious observance, remember through their common history and traditions, their unbreakable ties to this land. Its past is their heritage, they have redeemed it from ruin and continue to defend its presence, all the while toiling to upbuild its future. It is the setting upon which the Jewish People will yet make additional great contributions to the Family of Man. To be allowed to flourish in peace on their land is their greatest desire.

The Jewish World perceives the hostile acts of the Arabs, their unwillingness to negotiate or to recognize Israel as a permanent member of the Middle East as a sign that they will do all they can to eliminate Israel. The Arabs claim that peace would be at hand if only Israel would return "occupied Arab territory" and allow the creation of a Palestinian State. However, to Israel and her friends this claim is phoney. Prior to 1967, the Arabs completely controlled the territory they now want returned, and at no time was a Palestinian entity, tied to Jordan, or independent of it, ever created. None was ever formed because this was never the real goal of the Arabs.

* * * * *

This historical record further indicates to the Arabs that no Arab government, no matter how moderate the U.S. Government chooses to view it, will ever be pressed to negotiate with Israel. It also strengthens the perception of the Arabs that Israel is only a puppet of the United States. A puppet whose chief supporter and master will somehow force concessions that its new won "friends" and keepers of the world's oil supply desire.

Israel has always perceived the United States to be a friend committed to her survival. But, unfortunately, the present U.S. Administration seems to be following these same futile historical precedents, thereby, endangering Israel's negotiating stance. Naturally, the United States has a vital interest in achieving a stable Middle East environment in order to protect a major source of the Western world's oil. However, it must recognize that hasty action and overlooking realities will not solve the problem. The reality is that the Arabs have not in the past, and are not now prepared to negotiate the type of peace Israel prays for, and the United States envisions. This fact has been stated openly and directly by the major Arab Leaders.

A rush to impose final borders and agreements may prove fatal not just for the democracy of Israel, but to the entire region, its people and its resources. By indicating that a modified "Rogers Plan" is still the basis of U.S. policy, conveys to the Arabs an impression that could be disastrous. Namely, that unless Israel agrees, the United States, hungry for oil, can and will cajole, pressure, and deliver Israel into an agreement inimical to her own self-defense and best interests. Not only will real peace negotiations not occur under those circumstances, but by doing this the United States Government will only signal an image of a weak America open and vulnerable to the politics of oil blackmail.

In reality the State of Israel cannot be delivered!!! These 3 million Israelis have long memories. They are the survivors and descendents of Arab persecutions and riots, East European pogroms, the Nazi Holocaust, British duplicity during the mandate period, and unyielding Russian vindictiveness. These Jews have demonstrated that in spite of the five wars, the thousands of terrorist attacks against them, and the July 4, 1976 Entebbe Raid that they will not roll over and play dead for anyone. There is a 3,000 year continuum of Jewish History on this same piece of land, and any attempt to extirpate the Zionist State of Israel from the map of the Middle East may culminate in engulfing more than just Israel's territory.

Only when the Arab Leadership really understands these facts, and what they mean for the future, can the first seeds for a sincerely negotiated peace between the protagonists begin to grow.

ALCAN ISSUE AN OPPORTUNITY FOR THE NATION

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. SIMON. Mr. Speaker, one of the decisions which the President has to make, and which Congress and, perhaps, some other Federal agencies may be involved in, is how we get natural gas from Alaska to the mainland.

For a variety of reasons, which the Federal Power Commission and others have enunciated, the sea route seems to me both impractical and undesirable.

Of the two remainisg routes, the one that faces the fewer legal hurdles and fewer impediments otherwise, is the Alcan route. Our family has driven the highway to Alaska, and it makes eminent good sense to me, both from an environmental point of view and from the viewpoint of easy access to the gas line, for the gas line to go along the Alaskan highway.

As of this point, this is the route also favored by the Canadian Government. It promises cheaper delivery, a better distribution to the Midwest, indirectly providing some release to our northeast-

ern neighbors, and in general would appear to be the sound way to go.

I hope we don't have excessive delay on this matter and that once the decision is made, we move ahead to meet the Nation's energy needs.

SUGAR: SWEET AND SOUR

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. HANSEN. Mr. Speaker, yesterday, I was leadoff witness before the Ways and Means Committee Subcommittee on Trade in support of my resolution to curb sugar imports.

This measure will provide needed relief for the Nation's ailing sugar industry by obligating the President to impose quotas as recommended by the United States International Trade Commission.

The Trade Commission has reviewed the problem of surplus sugar and low prices and strongly recommended to President Carter specific courses of action to reduce imports of sugar. The President, obviously acting under pressures on the administration from many economic sources with interests in preserving foreign sugar markets in the United States, chose to reject the recommendations of the USITC and instead impose a subsidy program which at best is only tokenism. This now makes necessary the action proposed in my resolution.

There are powerful commercial interests which threaten the American producer, processor, and consumer. A good case in point is the high-level involvement in Latin American trade talks by J. Paul Austin, chairman of Coca-Cola Co. of Atlanta, Ga., the Nation's largest purchaser of sugar.

A comparison of earnings found in the Wall Street Journal of July 20, 1977, shows a first quarter gain of 28 percent or 82 cents by the Coca-Cola Co. of mid-America while the Michigan Sugar Co., one of U.S. beet operations running at capacity, was forced to slash its quarterly dividend to 10 cents a share.

There are several solutions to this problem which are being considered at various levels of the Government. The final answer, however, must be one which will relieve and protect both our producers and consumers. This can only be achieved by this type of action mandated in my resolution.

Mr. Speaker, to fully outline the circumstances, conflicts, and courses of action for solving the sour economic dilemma of our sweetest commodity, I submit for the RECORD my testimony before the subcommittee, followed by a news article from the August 8 edition of Spotlight, the text of my resolution to curb sugar imports, and an editorial from today's Washington Post:

ECONOMIC DILEMMA OF U.S. SUGAR INDUSTRY

Mr. Chairman, I wish to thank you and the members of this Subcommittee for taking the time from your busy schedules to review my Resolution. As you know, the domestic sugar industry is in a serious condition and positive action is necessary if we are to prevent disaster.

Such a disaster would cause havoc on both the producer and the consumer and hence has potentially great impact on everyone in the nation. Each Congressman has a vital interest in this problem which I hope will not be taken lightly.

We in the United States depend on foreign sources for nearly 50% of our petroleum supplies—an alarming vulnerability. No less shocking is the fact that we also depend on foreign sources for nearly 50% of our sugar supply—a basic and necessary commodity in maintaining the American way of life.

The glaring difference between oil and sugar, however, is an aggressive sugar importing business which has created glut on the market depressing the price and threatening to destroy the domestic producer and processor. Without a domestic sugar industry, the nation would be totally at the mercy of the foreign sugar interests which could ultimately be disastrous to the consumer in terms of high prices and uncertain supplies.

The United States International Trade Commission has reviewed this situation and strongly recommended to President Carter specific courses of action to reduce imports of sugar. The President obviously acting under pressures from many sources close to the Administration, chose to reject the recommendations of the USITC, and instead called for a 2-cent per pound subsidy. This action was deemed illegal by the Comptroller General of the United States and others, and the Administration then switched to a temporary open-ended subsidy guaranteeing 13.5 cents per pound pending a possible international trade agreement. In the meantime imports for the first quarter of this year have increased 20%. This erratic and uncertain policy makes necessary the action proposed in my resolution.

Restricting sugar imports is not an easy matter as the President obviously knows. Powerful commercial interests are involved. Large domestic consumers lobby strongly for cheap or subsidized sugar. A good case in point is the high level involvement in Latin American trade talks by J. Paul Austin, Chairman of Coca Cola Company of Atlanta, Georgia, the nation's largest purchaser of sugar. Under the open-ended subsidy plan, Coke can buy sugar currently for 9.95 cents instead of the government guaranteed 13.5 cents. Thus, a taxpayer actually subsidizes the Coca Cola Company by over 3½ cents per pound—and that's the real thing.

I might note a recent comparison of earnings as reported in The Wall Street Journal of July 20, 1977. The Coca Cola Company of mid-America showed a first quarter gain of 28 percent or 82 cents a share while the Michigan Sugar Company, one of the United States beet operations running at capacity, was forced to slash its quarterly dividend to 10 cents a share.

Another element of the powerful commercial interests is the big Washington, D.C. lobby of prestigious citizens who have made their fortunes working for foreign sugar quotas in the United States. Some of these individuals are now in fact serving in high positions in government including the State Department. These vested interests have strong influence on government policy, legislation and the Presidential decisions. In fact, one question which should be asked and answered is just how much American money is invested in foreign sugar production in competition with the domestic producers.

The third element of powerful commercial interests which threatens the American producer, processor and consumer involves those in government who are concerned with foreign trade and foreign policy areas—people so preoccupied with a desire to open trade with Cuba that they exert great pressure against efforts to curtail imports as a threat to their successes. Any concern for our domestic industry apparently takes a back seat to their desires for trade ties with Cuba—an unfortunate attitude considering Castro's Communist inspired exporting of terrorism in various parts of the world.

I might note that I have strong evidence that Cuban sugar has never been completely excluded from American markets despite the official trade bans in effect.

This nation's foreign policy has yet to prove its friendship for the interests of the American farmer who continually loses out to the importer. It could not be more fitting that the Congress of the United States mandate that this be done through the passage of legislation such as House Concurrent Resolution 231.

I believe the conditions are right for the members of this body, whether they represent producers, processors, or consumers, to take a stand for America. A number of members on both sides of the aisle seem to agree and have joined as cosponsors or pledged support for taking the permanent and proper corrective action proposed in the resolution before us.

This is also true among members of the other body where my resolution has now been introduced with a significant number of key cosponsors. Nothing less than this resolution will really solve the problem by: (1) giving necessary relief to the producer and processor, (2) assuring a steady supply and reasonable prices to the consumer, and (3) protecting the taxpayer from the unnecessary burden imposed by the costs of unneeded subsidies.

The de la Garza amendment to the Agriculture legislation now being considered by the House, is perhaps better than no solution at all, but it does not do what eventually must be done to solve the problem. This can only be achieved by the action mandated in this resolution and I heartily commend it to this subcommittee for your support and early favorable action.

Thank you again for your timely consideration of this important legislation.

COKE RIPS OFF TAXPAYER, ANGRY CONGRESSMAN SAYS

WASHINGTON.—Rep. George Hansen (R-Idaho) announced July 22 that congressional hearings are scheduled for next week on his resolution to overturn the Carter Administration's "scandalous new sugar policy which has taken Coca-Cola out of the ice box and put it into the pocketbook of every taxpaying citizen."

Hansen introduced on May 26 a privileged House Resolution to overturn President Carter's decision to reject a recommendation by the International Trade Commission (ITC) for reducing foreign sugar imports.

The ITC recommended that sugar imports be curbed as a solution to surplus and low-price problems plaguing American farmers. Hansen's resolution has been scheduled for hearings by the House Ways and Means Committee on July 27.

"The President, under strong influence by lobbyists and administration officials with vested interests in the sugar importing business and in renewed Cuban trade agreements, decided against import limitations and for a subsidy which was only token aid for domestic interests," Hansen said. "This subsidy was a windfall to the nation's largest commercial purchaser of sugar, the Coca-Cola Company of Atlanta, Ga., and similar interests.

"This action was immediately and broadly criticized as ineffective and an evasion of

constructive action and since termed illegal by the comptroller general of the United States and other high officials," Hansen said.

"This prompted a quick switch to an open-ended subsidy which can double or triple the assault on taxpayers to support Coca-Cola and other large sugar-using interests. This means the federal government provides a subsidy for the difference between the current U.S. market price of 9.95 cents per pound and the 13.5 cents guaranteed by the President."

Hansen's resolution will stop this "scandalous waste of taxpayer's money" and force the proper solution to the problem which is to stop the excessive imports, he said.

Importing 50 percent of the oil is causing great national concern and importing 50 percent of the sugar unnecessarily is equally dangerous, he said.

The Hansen resolution was introduced in the Senate by Robert Dole (R-Kan.) with 15 cosponsors and has prospects of early action.

H. CON. RES. 231

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That the Congress does not approve the action taken by, or the determination of, the President under section 203 of the Trade Act of 1974 transmitted to the Congress on May 4, 1977.

ROWLAND EVANS AND ROBERT NOVAK—BITTER SUGAR FOR THE COCA-COLA CONNECTION?

Political schizophrenia has led two members of President Carter's cabinet to take one position in private and another in public on increasingly troublesome sugar policy, raising questions about the impact here of a single corporation: the Coca-Cola Co.

Atlanta-based Coca Cola, which buys 10 per cent of all home-grown or imported sugar in the United States, profits heavily from current low prices. It supports the administration's two-penny domestic-grower subsidy, viewed as hopelessly inadequate by American growers, so strongly that Chairman Russell Long (D-La.) of the Senate Finance Committee calls it "a Coca-Cola program."

That claim carries special significance in Jimmy Carter's Washington. Coca-Cola gave the President his Attorney General (Griffin Bell, senior partner in the Atlanta law firm representing Coca-Cola) and his Deputy Secretary of Defense (Charles Duncan, Coca-Cola board of directors). Budget Director Bert Lance as an Atlanta banker had strong business and social links with the Coca-Cola hierarchy.

Nobody is charging conflict of interest. But congressional opponents of the administration's sugar policy fear the Coca-Cola connection means Carter may not be getting the full story on sugar policy from his cabinet—which would be a clear breakdown of "cabinet government." What gives their fears substance is a July 7 confidential memorandum to the President.

The memorandum was drafted by domestic policy adviser Stuart Eizenstat and his deputy Lynn Daft. While lamenting an unexpected further decline in sharply falling sugar prices, the memo nevertheless defended the administration's two-penny domestic subsidy. Growers view that as worthless against cheap sugar imports and want import restrictions instead. The Eizenstat-Daft memo warned the President against congressional efforts "to cripple the program or replace it with a more protectionist program."

"As a result of these congressional actions," the President was told, "we have met with [Agriculture Secretary] Bob Bergland, [trade negotiator] Bob Strauss and [Assistant Secretary of State] Julius Katz to reassess our options. This group has concluded that the policy you announced in early May [the two-penny grower subsidy followed by a still elusive international sugar agreement] remains the best option and that we should redouble our efforts to avoid any congressional action that would undermine its chances."

In his heart, however, Bergland's concept of a "best option" differed. Exactly six days later, testifying before a Senate finance subcommittee, Bergland used language seemingly designed to tear the two-penny program to shreds.

"Things are coming apart at the seams," he told the senators. "We understand that . . . from our vantage point in the Department of Agriculture, we will never support a policy that will consciously or subconsciously allow the disintegration of the domestic sugar industry."

At that point, Sen. Long lashed out at the "Coca-Cola program" that was destroying Louisiana cane and Western beet growers.

Furthermore, Bergland's true sentiment about "the best option" makes twins of him and Bob Strauss. Testifying on July 20 to the House Banking Committee, Strauss declared:

"Secretary Bergland and I and the members of the Economic Policy Group [headed by Treasury Secretary W. Michael Blumenthal] . . . think it is proving to be wholly ineffective."

Strauss then made an even more dramatic departure from Eizenstat's memo. Asked whether he agreed with Comptroller General Elmer Staats's ruling that the two-penny subsidy is illegal, Strauss called Staats "dead right on that, and we have always been concerned that that was going to be where we end up . . . and it would not surprise me one bit if the Justice Department upheld it."

There would, however, be a problem there. Since Attorney General Bell ran the law firm that represents Coca-Cola (King and Spalding, now headed by presidential intimate Charles Kirbo), an appeal by the administration to him from Staats's ruling would invite conflict-of-interest problems. The appeal would go to Deputy Attorney General Peter Flaherty.

Congress, however, may seize upon the administration's lamentable confusion and place sugar under a mandatory price-support system with import restrictions. If so, the President may be spared immediate further agony over sugar that has resulted from disjointed "cabinet government": Blumenthal fighting for free trade, Bergland angling for supports and quotas, Strauss battling for anything that works, White House economic advisers plotting to continue low-price sugar to help check inflation.

The President seems willing to accept confusion as the price of diversity. The worrisome aspect is added by the Coca-Cola connection. Whether or not this is an unjustifiable suspicion in hypersuspicious Washington, the confidential memo to the President can only promote those worries.

CHINESE AMERICAN CITIZENS ALLIANCE TO HOLD CONVENTION IN SAN FRANCISCO

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. JOHN L. BURTON. Mr. Speaker, in honor of the Chinese American Citizens Alliance's 34th National Biennial Convention of the grand lodge to be held in San Francisco, Calif., August 3–6, 1977, I would like to say a few words to my fellow Members about the strong and effective public leadership and service this organization has contributed not only to the Chinese community but also to our Nation at large.

The Chinese American Citizens Alliance was formed in 1895 as a chapter of the Native Sons of the Golden State, to promote liberty, equality, and justice for all. It was incorporated in 1912, and its goals remain the same today: To gain civil rights and social justice for all Chinese Americans. The alliance takes a strong interest in the election process, and their political power is particularly strong in the San Francisco community. The grand lodge has also been very much involved with the problems of unemployment, voter education, social welfare, and fraternal and social activities which affect Chinese Americans.

To quote from a speech given by Judge Harry Low last year in San Francisco—

Chinese American Citizens Alliance's area of influence is part of a greater picture. We represent a proud, industrious people, dedicated and loyal to the United States of America, an integral part of a multi-cultured nation in a shrinking, changing world. What C.A.C.A. does, can and will add dimension to this greater picture which is the vivid pictorial of human history. Certainly, this picture is an unfinished portrayal of mankind. C.A.C.A. has and can continue to contribute to this composite, not to just add some gloss, not to just add some glib and not to just add an olly blot to blur or conceal any contributions. Any inaction by C.A.C.A. will cause our influence and leadership to pass to those whose purposes or contributions, if any, are less in tune to the cardinal principles of the Alliance: Sincere public service with good fellowship.

I join with my colleague, Congressman PHILLIP BURTON, in wishing the alliance a successful and productive grand lodge convention. We are very proud to be associated with this worthy organization.

WHY ISRAEL RESISTS CARTER'S MIDEAST PEACE PLAN

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. CRANE. Mr. Speaker, in view of last week's historic visit between President Carter and Israel's newly elected Prime Minister Menachem Begin, I would like to insert in the RECORD the following timely and perceptive analysis of the Middle East conflict. The article appears in the July 23, 1977, issue of Human Events:

WHY ISRAEL RESISTS CARTER'S MIDEAST PEACE PLAN

When Israel's Prime Minister Menachem Begin meets with President Jimmy Carter later this week, the likelihood of both leaders ironing out a solution to the Middle East conflict acceptable to all parties is slim, according to informed sources. The reason: both view the problem from totally different perspectives.

From President Carter's vantage point, Is-

rael is largely to blame for what he perceives as its rigid, uncompromising insistence on maintaining control of the occupied territories and its refusal to support the concept of a Palestinian homeland, even if "tied in" to Jordan, a moderate, Arab nation.

But Israel's new conservative head of state, a sort of Ronald Reagan of the Middle East, is a skeptic about the Administration's initiatives. As a staunch anti-Communist who served time in Siberian concentration camp in the early 1940s, Begin believes that Carter's policies will lead to Soviet control of the Holy Land. He warns that the establishment of a Palestinian State on the West Bank of Jordan would quickly fall prey to Russian maneuvering.

Speaking on "Issues and Answers" in May, Begin noted that at a recent conference in Moscow, Cuban dictator Fidel Castro and the Palestinian Liberation Organization's Marxist chieftain, Yasser Arafat, who would almost certainly become the ruler of a new Palestinian State, were both received by the Soviet's Big Three at the time, Brezhnev, Podgorny (subsequently ousted as president) and Gromyko. It was no coincidence, said Begin, that the two were greeted together because "Moscow wants to take the free world by two moves—one in Africa with the help of the Cubans and one in the Middle East with the help of those who call themselves Palestinians."

Begin continued: "Now please note that Moscow already rules Ethiopia, South Yemen and Somalia, and has bases in Libya, Syria and Iraq. Should the free world allow another base here in the heart of the Middle East? I think it would be folly."

Begin says he will come to the negotiating table with the Arabs without setting preconditions, but it would be a shocking reversal of form if he accepts the creation of a Palestinian State.

As Begin looks at things, Arafat is a strong admirer of the Soviet Union, receives arms and aid for his terrorist activities from both the Soviets and the Communist Chinese, and has never renounced the July 1968 Palestinian National Charter which, in Article 9, says that "Armed struggle is the only way to liberate Palestine." Palestine, of course, includes most of Israel.

To Begin and other Israeli leaders, Arafat disclosed his militant colors when he appeared before the United Nations Assembly in November 1974. Not only did he call for PLO rule over Israel, but he specifically supported Communist regimes in various parts of the globe. He backed Hanoi's aggressive designs on both Cambodia and South Vietnam and put in a plug for North Korea.

Following his major address, he hardly disabused the notion that he is a willing operative of the international Communist apparatus. Departing Kennedy Airport after leaving the U.N., Arafat, accompanied by a Cuban delegate to the world body, landed in Havana where Castro gave him a warm and impressive welcome.

Notwithstanding Begin's own feelings, many observers in this country are sympathetic to the creation of a Palestinian State, because they believe the Jews have mistreated the Arabs, ruthlessly driven them from their homes during the various Arab-Israeli wars, and created a horrible Palestinian refuge problem that desperately needs to be solved. But Begin seems particularly opposed to any state ruled by the Sovietized Arafat. Moreover, he would probably echo the line of one Israeli who has asked:

"If Israel's refusal to set up a West Bank Palestinian State were really at the crux of the controversy, as many Americans believe, then why, prior to 1967, didn't the Arabs lift a single finger to create a state when they had complete dominion over the entire area? While others might reply that prior to 1967 the Arabs still hoped to eliminate the state of Israel, Begin believes Arabs such as Arafat still lust to eliminate Israel, but through the new stratagem of a Palestinian State.

In addition to the differences of opinion Begin and Carter are likely to have over this thorny area, further problems are expected in reaching an agreement for the return of the other occupied territories.

While Begin has indicated a willingness to return parts of the Sinai to Egypt and the Golan Heights to Syria, he is virtually certain to balk at relinquishing land which he perceives would compromise Israel's right to secure and defensible borders—as the famous 1967 United Nations resoluiton, which calls for the withdrawal of Israeli armed forces from the "occupied" territories, also provides for.

Thus, aside from refusing to yield the West Bank to Arafat, Begin opposes surrender of the tiny Gaza Strip to Egypt, which, if in Arab hands, could place PLO terrorists within striking distance of Israeli population centers.

The settlement proposal backed by the U.S. is that in return for Israel's substantial withdrawal to its pre-1967 borders and its agreement to aid in setting up a Palestinian homeland on the West Bank, the Arab countries would be forced to "normalize" their relations with Israel. Normalization, according to the Carter plan, would include Arab recognition of Israel's right to exist, the institution of commercial and cultural exchanges, and the initiation of open borders.

Whereas the majority of Americans might wholeheartedly support such a plan, despite Begin's opposition, President Anwar Sadat of Egypt, who has been leading the moderate Arab forces, played into Begin's hands when he virtually chucked such a solution out the window. "If we resurrected Jesus Christ and the Prophet Mohammed together," Sadat declared earlier this month, "they would not be able to persuade Moslem or Christian Arabs to open the border with Israel after 29 years of hatred, four wars and rivers of blood and massacres."

Sadat amended his statement last week, but not by much. He now says that Egypt would be willing to establish diplomatic and trade ties, but only five years after a peace treaty is signed. Indeed, Sadat stressed that Egypt would not end its state of war with Israel until the very last Israeli soldier has left occupied Arab land.

Even if the Arabs accepted Carter's normalization concept in its entirety, Begin still sees the Carter peace package as leaving Israel extremely vulnerable. Under the package, in Begin's view, Israel would be required to relinquish virtually every military advantage it has won and give birth to a new danger, the Palestinian State. Whereas the current borders leave Israel's aircraft out of the range of Egyptian missiles and its population safe from Egyptian artillery, the Carter borders would make both vulnerable. In exchange, all the Arabs would have to do is temporarily agree to diplomatic relations, something that could be reconsidered quickly enough.

What if the U.S. were to guarantee Israel's security through a treaty? The Congress would probably balk at such a move, while Israel would be extremely wary. Recent Communist gains in Indochina and Africa, with barely a reaction from the U.S. government, plus Carter's eagerness to withdraw U.S. troops from South Korea, have hardly bolstered confidence in America's resolve. Yet if no substantial concessions are to come from Israel, the Arabs, both extreme and moderate, will react in such a way as to enhance the prospects for a new war.

For President Carter, it seems, the road to a Middle East peace will not be smooth.

HIGH QUALITY FUEL FROM PLANT AND ANIMAL WASTES

HON. DAVID L. CORNWELL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. CORNWELL. Mr. Speaker, before becoming a Member of Congress, I was a small businessman in the wood manufacturing industry. For years, we were plagued with the problem of disposal of our wood wastes. We explored many alternatives, but at the time found all to be economically unfeasible. In the early 1970's, I made a trip to Europe to study not only woodworking technology, but also how Europeans dealt with their waste-disposal problems. I found that they had very little waste, having used it in particle board, firelog production and boiler fuel. I insert into the RECORD this most interesting article from the August 1 Business Week. It points out what an alternative to our perplexing energy problem might be if we are only a little more aware and more concerned about conservation of all natural resources.

The article follows:

WHY BIOCONVERSION IS BECOMING SO MARKETABLE

One day last month, two trailer trucks pulled into Woodex Inc.'s Brownsville (Ore.) plant and dumped 63,000 lb. of soggy Maryland hardwood bark and scraps. Woodex executives then showed a group of potential clients how the sodden raw material could be transformed into high-quality boiler fuel. Just a few days later, up the Willamette Valley in Albany, an Energy Research & Development Administration (ERDA) pilot plant operated by Bechtel Corp. produced its first six barrels of oil from three tons of waste wood chips.

The demonstrations are both indicative of a quickening pace in the field of biomass conversion, or bioconversion as it is becoming known—the process of extracting usable energy from plant and animal wastes. Once a stepchild to high-technology solar and nuclear energy development, bioconversion is gaining research support and has finally found its way into the marketplace. Besides fuels, bioconversion can produce basic petrochemicals, thus relieving pressure on oil and gas feedstocks. Most researchers are concentrating on processes that yield a net energy gain, and supporters say that the approach could eventually supply more than one-quarter of all the world's energy needs.

But bioconversion is not being sustained by its promise alone. ERDA funding for the technology was only $5.1 million in fiscal 1976. President Carter has asked nearly four times that much, $19.5 million, for fiscal 1978.

APPEALING TECHNOLOGY

To encourage more of that kind of support, a Bio-Energy Council has just been formed. Chaired by Russell W. Peterson, former chairman of the Council on Environmental Quality, the council includes key executives from Atlantic Richfield, General Electric, and Weverhaeuser.

Bioconversion is attractive because much of the technology is well-proven and because it can work on both small- and large-scale projects. Also, bioconversion feeds upon renewable resources, is often nonpolluting, and in many cases serves the double function of waste removal and energy production.

In essence, the process recaptures from organic matter the chemically trapped solar

energy that all living things store within them. Most plants, for instance, use sunlight to synthesize the chemicals they require for growth. When plant tissue is then subjected to a bioconverting heat or pressure process, these chemicals are broken down into useful forms of fuel such as alchohol or other hydrocarbons. The applications can range from something as simple as burning wood to produce heat and light to the experimental use of halobacteria—an exotic marine organism—to convert sunlight into heat energy in solar cells.

"Bioconversion is well within our nation's capacity to develop, both technologically and financially," says Senator Pete V. Domenici (R–N.M.), a booster in Congress. Most scientists would agree. "Biomass conversion to natural gas—a dark horse in the energy race—could utilize all agricultural wastes," claims chemical engineer James L. Gaddy of the University of Missouri.

The lumber and wood-products industry is a natural center for bioconversion activity. Weyerhaeuser Co. alone leaves 5 million tons of wood wastes in the forest each year and is eager to exploit that resource. "We are looking for forest residuals as an energy source," says Robert L. Jamison, energy management director.

Woodex and its parent company, Bio-Solar Research & Development Corp. in Eugene, Ore., are seemingly well-positioned to exploit the wood-waste market. Nearby sawmills could act as a prime source of raw material for the process, selling their scrap to Woodex in Brownsville, then buying it back as boiler fuel.

Conversion is accomplished by reducing the wood's moisture content by as much as 75% and then pulverizing the desiccated remainder into powder. Next, at pressure of more than 100,000 psi, the powder is compressed into dogfood-sized pellets. "We are making an instant coal rather than compressed wood, and this is the art," says Bio-Solar President Rudolf W. Gunnerman, who also holds the patent for the process. Gunnerman explains that the pellets are physically altered so that carbon—not just crude fiber—is available for burning. And since the pellets burn clean, Woodex was able to save one customer, a mental hospital, $200,000 on pollution-control equipment when it stopped using coal for its boilers. Seven companies are now licensed to use the process.

AIDING THE CITIES

The ERDA project at Albany will test the oil-production capabilities of a wide range of waste organic material, not just wood chips. According to Elmore Holerman Jr., resident manager for Bechtel's waste-to-oil plant, the process begins with the drying and pulverization of the chips. The powder is then mixed with oil to create a gummy mass, heated to 750F, and pumped into a pressurized catalytic reactor, where it combines with carbon monoxide to form oil that has about half the heating value of good crude. "The best use of this process would be to take pure waste that is now being dumped or burned," says Holerman. "We may even get paid to get rid of garbage or rye grass."

Bioconversion of municipal wastes also has received continuing attention. One approach is pyrolysis, or heat decomposition, which has been applied around the country with varying degrees of success. Monsanato Co., for instance, failed to meet a contract requirement with Baltimore and wound up paying $4 million in penalties earlier this year.

Yet Union Carbide Corp., which was rebuffed by New York's Westchester County, is pushing ahead with its Purox pyrolysis system in West Virginia. So far, the company has spent $15 million perfecting the process at a pilot plant in South Charleston, with a capacity for handling 200 tons of solid waste a day. There, shredded trash is magnetically stripped of metal, and the resulting mulch is fed to a furnace, where pure oxygen is added. The methanol gas produced has only a third of the heating value of natural gas, but refinements may make it suitable for use as a chemical-feedstock alternative to ethylene.

Deere & Co. uses a pyrolytic plant at its Horicon (Wis.) factory, where manufacturing wastes are turned to gas that then feeds the company's paint-drying ovens. And this month a $14.2 million pyrolysis plant in San Diego, Calif.—funded in part by ERDA and operated by Occidental Petroleum Corp.—will start producing 200 bbl. of fuel a day, plus some metals, from about 200 tons of waste. San Diego Gas & Electric Co. will buy the fuel.

ENERGY FROM MANURE

Another conversion process, anaerobic digestion, makes use of the fact that various bacteria in an oxygen-free environment turn cellulose into gas. This summer ERDA will let a multimillion-dollar contract to advance the art. Whoever wins will be expected to process 40 tons of cattle manure a day and to lay the foundation for commercial-scale digesters within five years.

The technology of digestion is simple and time-tested. Manure is placed in a tank or trench with the appropriate bacteria, the air is removed, and the manure is then heated up to 167F. The bugs will go to work, and the result is methane gas. In an advanced adaptation of anaerobic digestion, researchers at the University of Pennsylvania are using mutuant bacteria to transform cellulose into glucose, which can then be fermented into butanol, acetone, and carbon dioxide.

Dynatech R/D Co., a Cambridge (Mass.) engineering and consulting company, says its research confirms that anaerobic digestion also works for city wastes. Says Vice-President Ralph L. Wentworth: "We have demonstrated that you could establish a bacteria colony, feed if continuously on solid ground-up waste, and have it thrive."

Silviculture. Still another candidate for anaerobic digestion is kelp, a large, fast-growing seaweed, which, when dried, can yield 6 cu. ft. of pipeline-quality methane per pound of kelp. To see if kelp farms anchored off the coast of California would make feasible energy plantations, ERDA and the American Gas Assn. are spending $5 million on a project being run by General Electric Co.'s Re-Entry & Environmental Systems Products Div. Next spring project officials will try to grow a quarter-acre plot of kelp on platforms set 60 ft. below the surface of the water off Santa Catalina Island. Pumps will bring nutrients up from the ocean floor 1,300 ft. below.

The project, which will employ several subcontractors—plus the expertise of Wheeler J. North, a California Institute of Technology kelp authority—would involve harvesting the plants every six months. The 4-ft. lengths of seaweed would then be transferred ashore, where they would be ground to the consistency of pickle relish and fed to an anaerobic digester.

Dry-land cultivation of bioconversion crops has possibilities as well. Last year Mitre Corp. conducted an ERDA-financed study of silviculture, or forest-energy plantations. Among the conclusions: Wood is already competitive with coal as a fuel in many areas, the production of ammonia from wood is almost commercially feasible, and, within a decade, methanol production will become cost-competitive.

Despite such advances, bioconversion's future rests with its luck in Congress and the presumed rising cost of more conventional energy systems. It must also overcome problems of transportation, and as yet, its potential cost-effectiveness is by no means clear. "We look at biomass conversion as an energy source for the future, not for any time soon," remarks Nello Del Gobbo, an ERDA program manager.

Meanwhile, SRI International (formerly Stanford Research Institute) will soon publish an eight-volume survey of bioconversion processes and their present and potential use in 3,000 American communities. The report is likely to be bullish on the technology's prospects, with the usual caveats. "It will never save the country," says John A. Alich Jr., director of SRI's energy planning department. "But it will provide a few percent of our energy needs by the year 2000." As energy experts know, even a few percentage points stand to make bioconversion a billion-dollar industry.

GAO RECOMMENDS PRIVATE INVOLVEMENT IN LASER FUSION PROGRAM

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. TEAGUE. Mr. Speaker, shortly after ERDA was formed, GAO released a report on fusion and laser isotope separation as two new technologies with important consequences for our Nation's energy future. One of the observations of the report, "Efforts To Develop Two Nuclear Concepts That Could Greatly Improve This Country's Future Energy Situation," was that the present program at ERDA was being pursued mostly at the weapons laboratories, while a lot of laser expertise was in private industry. They recommended that private involvement in the program was crucial for the private production of energy. The following excerpt from the report details GAO's observations and recomendations for the laser fusion program:

EARLY PRIVATE INVOLVEMENT IN NATIONAL LASER FUSION PROGRAM IS DESIRABLE

In fiscal year 1975, ERDA expects to spend about $3 million of its $53.9 million budget for laser fusion development at about 40 universities and private firms. Nearly all of this estimated $3 million will be used for support work in the laser fusion programs at the three ERDA weapons laboratories.

DMA officials told us that private industry should participate in developing laser fusion technology. They said, however, that the limited funds for ERDA's laser and electron beam fusion efforts and the limited DMA staff directing the efforts have precluded direct funding of large laser fusion programs at universities and private laboratories.

Officials of the three private laser fusion laboratories expressed concern that the ERDA laser fusion program was being conducted in weapons laboratories which undertook weapons projects that were based on national needs, like defense, rather than on the need for an economical product. They believed that the ERDA laser fusion program needed people with expertise in developing programs which judge a project's feasibility primarily on economic grounds. In their opinion, this meant involving private industry.

ERDA officials disagreed and pointed out that the weapon laboratories were successfully engaged in research and development for a variety of civilian energy and other applications, e.g., Departments of Transportation and Agriculture, in which economic considerations are important. However, ERDA agreed that private involvement was necessary.

KMSF, Batelle, and University of Rochester officials believe that, although some ERDA laboratories are expert in developing economically justified projects, Los Alamos and Livermore weapons designers are not. Many of the Livermore and Los Alamos personnel working on laser fusion are or were weapons designers. These industry officials also said that industry was prevented from becoming heavily involved in laser fusion because much of the critical information was classified. ERDA officials stated they were aware of the classification problem and were attempting to alleviate this problem by declassifying some information and making it available to the private organizations. ERDA, however, cannot declassify direct weapons expertise and information relevant to laser fusion because of weapons proliferation and national security considerations.

In August 1974 AEC declassified a considerable portion of the weapons-related information from its laser fusion program. In addition, during September 1974 AEC invited representatives from this country's industrial and academic laser fusion community to a meeting at Sandia at which AEC laboratory officials briefed them on the status of AEC's program. This briefing included recently declassified information on laser fusion.

ERDA's laser fusion plan calls for developing larger and larger lasers. This is because ERDA believes that a laser fusion powerplant will require extremely powerful lasers. Because ERDA expects such large lasers to cost from about $4 million to $35 million each and to take several years to design and fabricate, ERDA is devoting more than half of its laser fusion to laser development.

All three private organizations developing laser fusion believe that significant thermonuclear burn can be demonstrated by much less powerful lasers than those the ERDA laboratories consider necessary. Officials of KMSF told us that, since lasers one-tenth to one-third as powerful were sufficient for commercial laser reactor systems, they believed that ERDA's program could move faster and cost less with less powerful lasers. Although Battelle and the University of Rochester are not predicting the size of the lasers needed for a laser reactor system, the managers of their programs believe that lasers approximately one-tenth as large as those ERDA is projecting for significant thermonuclear burn can achieve the same milestone.

ERDA laboratory officials say their belief that large lasers are necessary is supported by their experience in the nuclear weapons development field and their large computer calculation capability which permits them, among other things, to simulate fusion experiments. However, there is not enough experimental data for either the ERDA laboratories or the private laboratories to prove which approach is correct.

KMSF thinks that its accomplishments support its belief. The most significant of these accomplishments was in May 1974 when, according to KMSF, it produced a considerable number of fusion-created neutrons by compressing pellets of special fuel with a laser. Neither the ERDA laboratories nor the other two private organizations claim to have reached this point. ERDA does not see the production of these neutrons as bearing greatly on the ultimate goal of economical laser fusion. Although creating these neutrons is a notable achievement, ERDA says, it should not be misconstrued as resolving the technical uncertainties of laser fusion.

AEC representatives and consultants from the laser fusion programs at the AEC laboratories visited the KMSF laboratories on May 23, 1974, to review KMSF's research program and to analyze the data supporting its claim. In its report on this visit, AEC concluded that—

"The achievement of laser-initiated compression is an impressive accomplishment demonstrating both the validity of the concept and the ability of the KMSF staff. The magnitude of the achievement is consistent with the laser system and target designs being used at KMSF and is consistent with the expectations of qualified observers of the KMSF program even though it falls short of laser-fusion breakeven by nine orders of magnitude. For the overall laser-fusion effort in this country, the goals remain the demonstration of significant thermonuclear burn, scientific breakeven, and net energy gain. In order to reach these more significant goals, major advances in optics, laser design diagnostics, and perhaps even pellet design will be needed. The compression experiments of KMSF provide encouragement for the ultimate success of laser-fusion."

KMSF has made two proposals to AEC for financial support of its laser fusion program. AEC turned down the first proposal—dated June 6, 1974—because:

"* * * judged in the context of all AEC-supported laser fusion work, the KMSF proposal does not appear to us to add a sufficient increment of technical benefit to justify the $7 million requested."

In August 1974 KMSF offered three alternative proposals for varied time frames and amounts ranging from 4 months and $1.5 million to 1 year and $3.5 million. KMSF officials said they had little hope that AEC would provide funding for KMSF's laser fusion program.

On February 5, 1975, ERDA awarded a $350,000 contract to KMSF, for KMSF to use its facilities to run a series of selected laser target interaction experiments.

In addition to KMSF's proposal, ERDA has also received proposals from Battelle, the University of Rochester, and others. ERDA planned to award contracts totaling about $2 million to one or more of these organizations in fiscal year 1975. However, as part of the Federal effort to curb inflation, ERDA deferred spending this $2 million until fiscal year 1976.

A Senate member of the Joint Committee on Atomic Energy recently stated, regarding ERDA's laser fusion program, that:

"There has been scant encouragement to industry to pursue laser fusion research and development. Any Government program that rapidly builds up expenditures towards a quarter-billion-dollar figure should have room for complementary or parallel programs in private industry."

ERDA's decisions on funding the private organizations are partially dependent upon recommendations solicited from a special panel which was set up on September 15, 1974. This panel is to review and report to ERDA the potential payoffs and the technical status of laser fusion efforts in Government and non-Government areas. In addition, the panel is to recommend:

Appropriate roles for the Government and the private sector in a national laser fusion program.

Appropriate interaction between the public and the private sectors.

Research and development strategy and appropriate support, if any, by ERDA and private firms.

As of January 31, 1975, the panel's final report was completed and was being administratively reviewed. ERDA expects to release the report soon.

CONCLUSION

Improving the U.S. energy situation is a national goal. Fusion power, if successfully developed, would play an important role in helping to alleviate our energy problems.

In keeping with national policy, it has been the role of the Government to (1) take the lead in developing complex, potentially viable, and expensive technologies beyond the reach of private industry and (2) encourage the private sector to assume an increasing share of the development costs for such technologies. This policy was used in connection with commercializing the currently operating fission reactors. Commercial fusion power will largely depend on whether its economic advantages can be demonstrated to the private sector.

ERDA has directly funded several private magnetic confinement programs aimed at developing commercial fusion reactors. It plans to spend about 18 percent of its fiscal year 1975 magnetic confinement budget at places other than the four major ERDA laboratories. About 6 percent of EPDA's fiscal year 1975 laser fusion budget will be spent at private organizations. Nearly all of these funds are for work that will support the three ERDA weapons laboratories' programs.

ERDA recognizes the need for increased industrial participation in its laser fusion program. As previously pointed out, it recently established a panel to review and recommend the appropriate level of Federal support it should directly give to industry for laser fusion development.

Early involvement of the private sector in developing and demonstrating the economic feasibility of laser fusion could help this Nation reach its laser fusion goals more quickly.

OLDER AMERICANS LONG-TERM CARE ACT

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. FRASER. Mr. Speaker, yesterday, I introduced the Older Americans Long-Term Care Act to expand and improve alternatives to nursing home care. Our plan would create a network of home services to help older people stay out of nursing homes and in their own homes as long as possible.

The program is designed to spare older Americans the indignity of welfare, while requiring all recipients to make a fair contribution toward the costs of services.

The act creates a new delivery system for long-term care by establishing community long-term care centers through which the services needed by each older person in the community would be monitored and coordinated.

The existing service delivery system labels older people as either "healthy" and not in need for services or "sick" and needing hospital or nursing home care. I believe we must begin to view the aging process as a continuum which requires different supports at different stages of the process. Only through a comprehensive, well-coordinated system of services can we meet the needs of older people during their aging.

SERVICES

The Older Americans Long-Term Care Act requires community centers to provide a number of services to older people in their homes in addition to traditional home health services. Further, the centers will arrange for nursing home care when individuals require care beyond the capability of home services.

Specifically, the act requires homemaker services for simple chores, household management tasks, and essential transportation and shopping. Nutrition services would provide congregate and home-delivered meals in addition to an

evaluation of the nutritional needs of each recipient. Day care and foster home services would provide care and companionship that is seldom available to older people who live alone. Community mental health center outpatient services, along with professional and legal counseling, would offer the help older people often need in coping with the psychological, social, occupational, and financial problems that aging often brings.

A State long-term care agency would develop a sliding-scale fee schedule for these services to approximately relate charges to the income and family size of the recipient.

When home care is no longer feasible, our bill would help defray the cost of long-term nursing home care for the individual through the use of a fee schedule again based on ability to pay. Residents with no dependents would pay 75 percent of all annual income—not assets—in excess of $3,000 during the period of their institutionalization. Residents with spouses or dependents would pay 25 percent of combined annual income in excess of $6,000. No resident would be required to pay more than the cost of his or her own care.

These rates would require residents to make a substantial contribution toward the cost of nursing home care, while allowing them to retain a modest income. Older Americans would no longer be compelled to thoroughly deplete all their resources to qualify for help in paying for their care. Similarly, they would no longer be forced to live in poverty to obtain nursing home care for their spouses.

The Federal Government would cover the difference between the cost to the nursing home and the amount the individual would be required to pay. However, funding for nursing home care would not be available until after the home services provisions of the bill would take effect to insure that incentives are on the side of the home care.

VOLUNTARY STATE PARTICIPATION

State participation would be voluntary. States would be eligible for a Federal grant to cover 75 percent of the program cost, upon submission of a State plan to the Department of Health, Education, and Welfare. Each State would contribute the remaining 25 percent of the cost.

ADMINISTRATIVE STRUCTURE

Under our plan, States would have maximum flexibility in structuring their programs to meet the specific needs of their own populations. The program in each State would be administered by a State long-term care agency, established or designated by the Governor. This agency would in turn establish or designate the community long-term care centers throughout the State. State agencies would be responsible for reimbursing the community centers, making grants to encourage the creation and improvement of services, and monitoring and evaluating the effectiveness of the overall State program.

The community long-term care centers would be required to inform every person over age 65 in their designated area of the availability of services, enrolling those individuals in the program, and determining the appropriate services for each recipient.

Community centers would provide home services directly through their own facilities and staff or would have the option of contracting with other agencies for provision of various services. However, the community center would be responsible for seeing that each person enrolled was receiving a comprehensive and coordinated set of services. Our aim is to eliminate fragmentation of services and instead, to form a sensible, overall program for each individual. The act does provide that if a community center contracts with an agency that offers all of the home services required under the program, they could hold that agency responsible for a recipient's overall program. We include this to insure that existing home service agencies are incorporated into the new system without disrupting the established expectations and services delivered to current recipients.

Supervision and accountability would be provided by a community center board, a majority of whose members would be over 65. These boards would be charged with continuing evaluation of the quality and adequacy of services.

NEED

Medicaid now fails to fulfill the pressing need for long-term care outside the nursing home. Although home health care became a required medicaid service in 1970, the program's home health expenditures in 1975 were only $70 million. Furthermore, only eight States now use the medicaid provision for limited homemaker services.

Similarly, long-term care is far beyond the scope of the medicare program. Medicare benefits are considered adjuncts to the acute care hospital system and are not designed for long-term care. Under medicare, skilled nursing care in the home is available only if preceded by at least 3 days of hospitalization. Medicare supplementary medical insurance provides for only 100 home health visits per year. According to a report of the House Select Committee on Aging, 54 percent of the Nation's counties do not even have one medicare-certified home health agency.

Clearly, the long-term care needs of older people are not exclusively health-related. We cannot pretend to meet then through health programs serving the older population. Our plan would preempt the limited home services currently provided by both the medicare and medicaid programs in addition to title XX and the Older Americans Act.

By creating a new funding source and a variety of options for long-term care, some health-related and some not we enable every older American to enjoy a much greater degree of freedom and independence. An April 1977 report from the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health, Education, and Welfare concluded that "people still end up in institutions, because they need assistance with activities of daily living or a place to live." A recent study conducted in my home State of Minnesota shows that on the basis of medical need, 18 percent of the people in nursing homes could be cared for outside of the institution in community-based programs. Under our proposal, older Americans will never be forced to take refuge in a nursing home when other forms of long-term care are more appropriate.

I urge my colleagues to give this proposal careful consideration.

NEWSPAPER GUILD SUPPORTS COMPETITION REVIEW

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. UDALL. Mr. Speaker, at their recent national convention held in Honolulu, the Newspaper Guild adopted a resolution endorsing my bill, H.R. 6098, which would establish a commission to review a number of key American industries, including newspapers, as to the degree of competition within that industry.

I was moved to include newspaper publishing in this bill, because of the alarming trend toward concentration of newspaper ownership in the Nation.

Mr. Speaker, I would at this time like to insert the Newspaper Guild's resolution in the RECORD:

AN INDUSTRY IN CHAINS

The once-independent newspaper is going the way of the corner grocery store.

Sixty percent of U.S. newspapers today are owned by chains, twice the percentage that were under chain control in 1960. A total of 168 chains control 71 percent of U.S. daily newspaper circulation. The 25 biggest chains alone control more than 50 percent. A similar situation prevails in Canada among five Canadian chains—Thomson, FP Publications, Southam, and Irving in the English language area, and predominantly in the French language area, Power Corporation-Desmarais group.

With fewer and fewer large independent papers left to gobble up, chains are now swallowing chains. In the past year alone, Booth, Speidel and four other chains disappeared into larger corporate maws.

At the same time, the trend toward monopoly on the local level continues unabated. Today, 97.5 percent of the 1,500 U.S. cities with daily newspapers have no newspaper competition.

These two trends have combined to threaten as never before the diversity of news and opinion—a diversity the Guild has traditionally striven to preserve as an essential ingredient of a truly free and representative press.

In an effort to explore that threat and perhaps to stem it, in the U.S., Rep. Morris Udall (D-Ariz.) has included newspapers among U.S. industries whose structure and operations would be studied by a proposed Competition Review Commission. The Commission would be created by H.R. 6098 to determine the extent and nature of competition in the industries under study, evaluate the degree of concentration and ascertain the effect of that concentration on employment, price levels, profit levels, efficiency, innovation, the quality of goods and services and the economy as a whole.

The Commission would recommend possible policy changes to promote and protect competition. Udall has suggested that the

Commission might, for example, propose a change in estate-taxation laws, one of the major contributors to the vulnerability of independent newspapers to chain acquisition.

Similar activity is required in Canada, and the Guild urges the launching of a campaign to that end.

The Convention applauds the inclusion of newspapers in the proposed study and urges Congress to adopt the Udall bill. Without some form of governmental remedy, the trend toward newspaper concentration appears inexorable.

THE SNAIL'S PACE OF INNOVATION

HON. RALPH H. METCALFE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. METCALFE. Mr. Speaker, recently the Honorable Joan Claybrook, Administrator of the National Highway Traffic Safety Administration, addressed the Automotive News World Congress. I am inserting a copy of Ms. Claybrook's statement in the RECORD for the perusal of my colleagues:

THE SNAIL'S PACE OF INNOVATION

(By Joan Claybrook)

Good morning. It is a pleasure to accept the invitation of the Automotive News World Congress to attend and address this conference which brings together manufacturers, dealers, suppliers, designers, safety engineers and policymakers. Together you are the nucleus of skills and authority whose day-to-day decisions affect every man, woman and child in America.

It is not surprising that an industry which is involved in the almost daily production of vehicles is prone to tout the benefits of its products and tone down, if not ignore, their hazards. As the auto industry's merchandising evolved, the message to the consumer also evolved—from the now-quaint slogan in the Twenties that "It'll get you there and bring you back" to the emphasis on style, power and comfort that were emblazoned through advertisements and promotional material in the post-World War II period.

But there was another level of awareness within the automobile industry, in some university research circles, and later among a growing number of consumers. There were costs to the automobile beyond the sales price of the new cars that were serious and significantly preventable. The emergence of that concern reached Congress in the mid-Sixties as the human and property wreckage of deaths, injuries and air pollution mounted throughout the nation. One result was the auto safety act of 1966.

Legislative concern with the automobile did not crest with that historic 1966 legislation. Hearings at the Congressional and State level, media reports, litigation, non-industry research findings, and candid declarations by some auto industry insiders led to increased consumer consciousness and further support for additional consumer protection laws. They include the 1970 air pollution law, the 1972 Motor Vehicle Information and Cost Savings Act, the 1974 amendments, and the 1975 Energy Policy and Conservation Act.

There was one central message to all these health and pocketbook protection laws—that the American people have a right to the auto industry's most reasonable efforts to reduce the frightful human and economic costs associated with the imbalanced engineering of motor vehicles. These laws call for engineering that makes the automobile more tolerant in crashes, for an automobile more readily controllable to avoid crashes, for a more cost-efficient automobile to reduce energy waste, pollution and other unnecessary operating and maintenance costs. In essence,these laws called for preventive engineering which, in many of its most important consequences, is like preventive medicine.

It is important for you to view these laws from a consumer perspective, for they are designed to serve you and your families as well as other Americans. Who can deny the legitimate interest of Government, through duly considered and enacted laws and regulations, in reducing automotive casualities, waste and fraud that have been so repeatedly documented? Who can deny, particularly in the light of the disclosures during the last fifteen years, that the auto industry has a realistic capability, if not the will, to do so much better than it has done for the consumers of the country?

As Administrator of the National Highway Traffic Safety Administration, I have sworn to uphold the laws which the Department of Transportation enforces in the area of auto safety and economy. Secretary Brock Adams stated his belief with serious clarity last month when he said: "The need for improved vehicle safety is obvious. Each day there are an average of 130 deaths from motor vehicle accidents in the U.S. . . . We are determined that the car of the future shall be a 'socially responsible' vehicle which combines the best our technology can offer in both safety and economy."

The laws which are to achieve this objective have both mandatory and stimulatory provisions. The framers of these laws knew that a variety of approaches would be needed to stem the tide of about 50,000 fatalities, 4 million injuries and tens of billions of dollars in damage and waste every year. The most visible approach is, of course, the mandatory safety or fuel efficiency standard to be met by a certain date. Less well known are the stimulatory provisions which are designed to accelerate a higher quality of competition, a more informed consumer public and more research and development for the benefit of consumers.

There are numerous forces to be encouraged for the "socially responsible" vehicle beyond the law's mandate, important and basic as that must continue to be. And many segments of the auto industry can contribute to these forces beyond top management as important and basic as it must continue to be.

To begin with there are the assembly line workers and inspectors who can contribute more of their knowledge and experience about vehicle design, defects, and deterioration. The President of Volvo, Pehr G. Gyllenhammar, in reviewing his company's recent workplace reorganization, declared: "It is almost alarming to realize how much know-how and capability has been locked up in the work force, unavailable to managers who simply didn't realize what an important resource it was."

By their worker suggestion awards, auto companies have recognized the hidden lodes of ingenuity among their employees. That same ingenuity can do more than improve productivity and expand job enrichment; it can increase the flow of ideas that make for more consumer-efficient and safe vehicles. More than one vehicle recall campaign has had its origin in the moral concern and knowledge of assembly line workers. It is good management to encourage open channels of communication of these concerns and lessen the pressures to "keep the line moving" at whatever costs to consumers down the road.

The engineering societies, especially the Society of Automotive Engineers, have an important role to fulfill since its members are so often employees of the auto industry. To be sure, scientists and engineers and technicians can show greater initiative inside their companies to prod management toward renovation and innovation. Given the difference between their private grumbles and their public statement about the pace of needed change, these technologists could benefit from a more open environment in their workplace. The SAE can be one of their instruments to generate serious critiques and proposals about vehicles in public forums as well as sober assessments about decision-making in auto company hierarchies. The growing recognition by General Motors and others that more worker involvement at the plant level can be beneficial for company performance should be expanded to include the engineers and scientists who can be the first to propose vehicle improvements or to spot vehicle hazards.

Humane initiatives inside the auto industry are more likely to proliferate if consumer constituencies become more informed about what they are receiving when they buy an automobile and what they could receive if engineering talents were more applied to consumer needs. Witness the debate on passive restraint systems. The insurance industry is nearly unanimous in its advocacy of these life and dollar saving innovations; the United Auto Workers President, Douglas Fraser, has endorsed passive restraints, and many consumer and health groups have urged their adoption. Emergent auto safety technology has become too compelling to consign it to the shelf as was attempted during most of the Nixon-Ford Administration. The eight-year holiday, or shall we call it a de facto moratorium on safety standards, is over. President Carter and Secretary Adams have repeatedly emphasized their determination to enforce the health and safety laws and auto safety statutes will certainly be no exception.

Long delayed and long overdue public demands for more energy efficient, pollution-free and safer vehicles are setting the stage for a comprehensive remodeling of the automobile. It is a stage ripe for corporate statesmanship, not for tight-lipped corporate intransigence muttering tired anti-government slogans. There is a job to be done for the American people. Whether it is auto safety or energy efficiency or air pollution, an ounce of prevention at the plant is worth a pound on the highway. The auto industry is the custodian of that power of prevention and the trustee for its wide application. Simply knowing that the purely economic costs of automobile crashes are coming close to the retail sales of new cars is enough to provide an appreciation of the economic magnitude of this tragedy.

Vehicle sales are at record highs and, for the most part, so are profits. What is more, industry projections for next year are quite optimistic, notwithstanding still higher retail prices. The generous investment tax credit and the accelerated depreciation provisions of the tax code provide enhanced incentives for innovative investments through these indirect taxpayer subsidies.

The era of innovation must replace the era of warmed-over soup in automotive design, especially innovation for the consumer. In industrial automation, styling and promotion, the auto industry has been quite innovative. But this has not been the case with the subject of all these efforts—the operating motor vehicle itself.

There is simply too much evidence in the historical record over the years showing the industry's snail's pace of innovation to require much repetition here.

But some reminders are necessary if only

to provide the perspectives on past delays that could serve to heighten a sense of responsible urgency among all groups who have a duty to do the right things more promptly.

First, it is important to distinguish between innovation that is needed to fulfill the consumer health and safety rights and that kind of innovation which merely refines the engineering of the high compression engine.

Second, innovation becomes more necessary as the passing years expand the gap between the growth of problems and the unused ability to solve these problems. Alfred North Whitehead put it with characteristic wisdom: "Duty," he said, "arises from the power to alter the course of events." This is not 1940 when Los Angeles was just beginning to experience photochemical smog from the automobile's exhausts; this is not 1950 when auto crash-casualties were viewed as solely due to the "nut behind the wheel"; this is not 1960 when a glutted oil industry was holding down domestic production through State production controls; this is not 1970 when an Administration looked at the auto crisis burgeoning on many consumer and environmental fronts with cool indifference if not outright hostility. This is 1977—a time of computers and space vehicles, communications satellites and early solar energy . . . and of motor vehicles that would not surprise your great grandfather.

As several auto executives have been saying in recent speeches, the times are changing, consumer expectations are rising higher and going deeper. Yours is no safety pin industry with an essentially completed technology. Yours is an unfinished technology which desperately needs what you can give it—heavy infusions of engineering progress.

I recall an observation made in 1964 by Donald Frey, then a Vice President of Ford Motor Company. Here are his words: "I believe that the amount of product innovation successfully introduced into the automobile is smaller today than in previous times and is still falling. The automatic transmission was the last major innovation of the industry."

Henry Ford, II, was conveying a similar theme at that time in uttering these memorable words:

"When you think of the enormous progress of science over the last two generations, it's astonishing to realize that there is very little about the basic principles of today's automobile that would seem strange and unfamiliar to the pioneers of our industry . . . What we need even more than the refinement of old ideas is the ability to develop new ideas and put them to work."

Anyone who has talked with Edward Cole or John DeLorean, recently departed executives at General Motors, knew how often these men were frustrated in the Sixties and Seventies by the slow pace of engineering change.

Consider, for example, that the farmost significant safety system developed since World War II in the crashworthy area is the air bag and it, with the exception of a few thousand cars, is still not available to the American consumer. And as has so often been the case with the auto industry, it took an auto supplier to credibly bring this innovation to public attention.

There is yet another comparison which the domestic auto manufacturers do not receive happily but it is a fact. Smaller foreign car makers have consistently out innovated the U.S. car manufacturers in recent decades. Whether in introducing three point belts, radial tires, disc brakes, or stratified charge engines into mass production, the smaller foreign manufacturers were first, and the domestic manufacturers followed, sometimes many years later. The NIH (Not Invented Here) syndrome is still prevalent today.

It was not always this way. At the turn of this century, rapid innovation in domestic automobile design, production and distribution occurred during a period that covered approximately two decades. Then the industry settled into a long span of evolutionary development of the reliability themes established in the 1920's and early 1930's. The curve of innovation dropped significantly in the post-World War II period as the industry moved into what one commentator called the "juke box era of automotive design." Style, colors, frills, horsepower, and bellicose car names dominated the scene. While scholars and magazine writers were describing the lavish sums and manpower spent on styling work, the Automobile Manufacturers Association was telling the public that its members were spending between 5 and 6 million dollars a year on all safety research ranging from brakes to handling to lighting to crash protection. This asserted expenditure occurred in 1958 and amounted to far less than one penny out of every $20 in industry gross sales that year. A Ford Motor Company representative proudly revealed that his company spent a total of $333,000 on second-collision research that year—at a time when Ford was considered the industry leader in such research.

There is a more recent standard of comparison to judge the auto industry's unwillingness to develop consumer-sensitive engineering. Taylor Co., and Menasco, working for the Insurance Institute for Highway Safety, developed bumper designs to withstand low speed crashes without increasing weight. Other work done for the NHTSA experimental safety vehicle program by Calspan and Minicars, primarily research organizations, resulted in combining safety advances with lightweight cars. The auto companies had said that such advances were not feasible or practical. In fact, Ford and GM weighed in with their best experimental safety automobiles in 1972 tipping the scales at almost 6000 pounds!

Even when Government safety standards were issued, some manufacturers employed designs which all but undermined the effective use of the safety device. Recall how many years motorists had to contend or ignore the spaghetti shoulder harnesses or bumpers which weighed over a hundred pounds. It is difficult to believe that these and other similar auto company failures were due to anything other than stubborn unwillingness to forge the solutions. It could not have been inability, inasmuch as their resources were far greater than those commanded by the relatively tiny firms that showed the way.

Between 1970 and 1974, the industry's reported overall average research and development expenditures added up to 3.6 percent of their total sales for that period. Much of these R&D funds were used to advance productivity in vehicle production which has occurred without improving consumer safety or operating efficiency. R&D figures and their specific components, given traditional industry secrecy, are inaccessible to public analysis. Until they are available, the judgment must rest on that old saying: "The proof is in the pudding." It is to be expected that the industry is spending more on safety research than in prior decades, under the prod of the various laws. But the results on today's cars do not seem commensurate when top management moves to block performance standards that would make their research successes, such as air bags, a reality in cars. I sometimes wonder how those engineers inside General Motors feel when they see the reliable operation of air bags in 10,000 1974, 1975 and 1976 automobiles stalled by the post-Cole GM management's decision to oppose the Federal Government's passive restraint standards. It must be like a medical scientist perfecting a lifesaving vaccine and having someone block its distribution to the consumer.

Given the accumulated backlog of unmet necessities and wasteful spending over the years, the disadvantageous comparison of the auto industry's R&D with industries such as electronics, business machines and chemicals is not insignificant. Take the current downsizing program, costing huge amounts for retooling. That will only take us back to the early 1960's in size and weight—hardly a period of automotive size deprivation. Downsizing would not have been necessary if cars were not upsized in previous years, not to give motorists more room, but to provide greater overhangs as a way of proving the advent of a new model year with a bigger than ever model. The auto companies have a way of recovering from some of their own indiscretions in the name of "progress." That kind of "progress" could have been avoided in the first place by common concern for consumer justice. There is a lot of makeup activity that the auto companies owe consumers. The auto industry should now become a growth industry to accomplish these unmet necessities.

I ask for a new spirit of "can doism" by the auto companies in safety and fuel and repair efficiency—a spirit nourished by consumer information, product innovation and inter-company competition. This spirit requires men and women in the auto industry who crave to save lives at least as much as they crave to sell cars and who go home in the evening thinking about ways to design their cars to save consumers money over the lifetime of the vehicle.

There was a glimmer of this spirit in the early history of the air bag. Remember 1968 when Eaton Corporation, a major auto supplier, seriously predicted that air bags could be ready in "three or four years." In 1970, General Motors, through President Edward Cole, promised standard equipment air bags on one million 1974 model cars. In 1971, Mr. Cole predicted air cushion restraint devices would be in all 1976 GM models. But in 1977, there are no vehicles being produced with air bags. Now the Government has given the auto industry the most generous lead time of four years to begin installation of the passive restraint in full size cars. Unanswered is the question of why the domestic auto industry, fully able to install these remarkable safety devices in most cars at least three years ago, instead continued to install shoulder harnesses which they had fought against so bitterly ten years ago.

While we press to catch up with installation of the obvious and presently available advances which should have been accomplished yesterday, there is a pressing agenda ahead. We should look forward as the horizon is etched with optimistic signs: Instead of crash survivability at 30 mph into a fixed barrier, protection should be available at 50 or 60 mph. Instead of 27.5 mpg, it is not unrealistic to seek forty or fifty. And the automobile should be designed to prevent or diminish thousands of pedestrian injuries yearly when struck at very low speeds by sharp edges or projections on the outside of the vehicle.

The motor vehicle industry has two choices. It can use its clout, in the form of lawyers and lobbyists, to delay, to obstruct, and to try avoiding the inevitable. Or it can use the most generous lead time now available to improve fuel economy and install air cushions, to do the job right and to face up to its responsibilities to meet the challenge of saving lives and reducing needless waste.

DR. HERMAN GOLDBERG'S ADDRESS TO THE NATION'S FIRST GRADUATES IN VOLUNTARY TRANSFER PROGRAM

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. HORTON. Mr. Speaker, 12 years ago, in 1965, a voluntary urban-suburban pupil transfer program was begun in Rochester, N.Y.'s metropolitan area for the purpose of encouraging desegregation of both city and suburban school districts. The first suburban district to participate in this program was that of West Irondequoit, N.Y. Since 1965, the voluntary urban-suburban transfer program has grown to include a large number of suburban districts hosting more than 800 inner-city pupils in their education programs. On Tuesday evening, June 28, the class of 1977 of West Irondequoit High School was graduated. Members of this class include a number of young men and women from city neighborhoods who began their studies at West Irondequoit as first graders in 1965. This graduation ceremony was the first in the Nation to include graduates who have completed a full 12-year cycle of education as part of a voluntary urban-suburban pupil transfer program.

The success of this program should not only be attributed to the pupils involved, but also to their parents, many of whom served tirelessly on the parent advisory committee; Dr. Norman N. Gross, the project director; Dr. William J. Early, superintendent of the West Irondequoit Central School District; Richard N. Stacy, principal of West Irondequoit High School; and all of the teachers in the West Irondequoit Central School District. Special mention should be made of Mr. Stanley Marcus, who until his tragic death just 7 days prior to the graduation served as chairman of the advisory committee.

The graduation exercises took on even more significance because the speaker at the ceremony was Dr. Herman Goldberg, Associate Commissioner for Equal Education Opportunity. In addition to being recognized nationally in the field of desegregation and equal education opportunity, it was Dr. Goldberg who, as superintendent of schools in the city of Rochester during the 1960's was responsible for helping to stimulate the urban-suburban transfer program in the Rochester area.

At this point I would like to share with my colleagues Dr. Goldberg's remarks to the West Irondequoit graduating class of 1977:

THE CITY LIMITS: FRONTIER OF THE '70s

Tonight is an occasion for celebration. A time for all of us to join together in a moment of joy. And I am honored and warmly touched that you have invited me here to celebrate with you.

Opportunities to feel good are to be treasured and enjoyed, not analyzed. But I hope I can contribute something to the pleasure of this occasion by looking backward a little over the years which have brought us all together in this ceremony.

I know there is quite a mixture of feelings here tonight. You, the 1977 graduating class of Irondequoit High School, are looking back over the 12 years which are almost all you can remember of your life and thinking: "At last." And the mothers and fathers here tonight, reflecting on those 12 years, are asking themselves how they could have flown by so quickly. And we also have a third perception, that of Principal Stacy, Superintendent Early and the teachers and staff of your school. I'll venture more than one member of that group is thinking: "I've done my best, God help them now." And meaning it fervently and reverently.

I've been a graduate, I've been a parent, and I've been a teacher and a school administrator at many graduations. And let me say that repeated exposure to these feelings confer no immunity. This ceremony always uncovers my deepest hopes about the renewal of human life and the society in which we live.

Tonight I am having yet another experience. I am here not as a graduate, parent, or teacher, but as an official of the Federal Government and carrying a message to you from the President of the United States and I'd like to read it to you now.

(Presentation by Herman R. Goldberg, U.S. Associate Commissioner of Education and former Superintendent of Schools, Rochester, N.Y., for the Class of '77 of West Irondequoit High School, the first integrated senior class to graduate since the start of the 1965 Urban-Suburban Transfer Plan, Eastman Theater, Rochester, N.Y., June 28, 1977.)

THE WHITE HOUSE,
Washington, June 24, 1977.

I am pleased to join with the people of West Irondequoit and Rochester, New York, in marking with special congratulations the graduation of the 1977 Class of West Irondequoit High School.

The young men and women of this pioneer class, now taking the traditional step into young adulthood, have already made an inspiring contribution to the maturity of our nation. You have shown that neighbors working together can clear away the barriers which threaten to fragment our society.

The spirit of cooperation you have demonstrated in creating an integrated student body in West Irondequoit is the essence of the democracy we claim to be.

I commend you for the splendid example you have set for all your fellow citizens and send you my warmest best wishes for the years ahead.

JIMMY CARTER.

I was faced with a dilemma. A tough choice. Do I hand this message to Principal Stacy or to Superintendent Early. I have decided what to do, but I want to tell you how I arrived at my decision. It was based on the relative importance of the principalship and the superintendency in the eyes of the public.

To help me decide, I recalled an event that happened to me some years ago when I was superintendent. My telephone rang at home in the middle of the night. It was 2 o'clock. An angry father was calling demanding to know where his daughter was. He had insisted that she be home from the high school dance no later than 12:30 and here it was 2. I told the father that I was sorry, but that I had no idea where his daughter might be. I then suggested that he call the high school principal, and he responded very indignantly with, "What? Me disturb him at this hour?"

So we can easily see that the message from the President must go to Principal Stacy as he is flanked by Board President McGrath and Superintendent Early and it is with great pride and also with thanks to Presidential Assistant Midge Costanza and Congressman Frank Horton, who helped me obtain the message, that I ask all three of you to come forward so that I may present the congratulations of President Carter to you now.

A fellow superintendent recently put it best when he said, "The Class of '77 is a witness to history." This class has at least two directions: It is the first Irondequoit graduating class in our Nation's third century, and it is a class whose members have spent their entire elementary and secondary school careers in one or more critical periods in the nation's history.

When you entered first grade 12 years ago, America was still feeling the effects of the assassination of John Kennedy. As the members of the Class of '77 grew older and climbed through the grades, they were witnesses to the years with the "long, hot summers" as the nation inflicted serious wounds upon itself.

Later came the trauma of Vietnam, and the Class of '77 watched as a nation muddled through self-evaluation. Students, but a few years older, questioned the way of America and a few translated their questioning into violence.

You were here as man first stepped onto the moon. As the feat was repeated in ensuing years, you cheered your country for its achievement, a country soon to be challenged by political corruption and double-digit inflation. And now in the closing days of your school careers, your futures are clouded by the disturbing realities of the energy shortage.

The outside environment of the Class of '77 has been distracting. Yet most of its members have made the most of the opportunities which have been presented to them.

This year's class should not accept the events of the past dozen years as its total heritage. The Class of '77 indeed will have its choices as did the Classes of '67 or '57 or '47. This class will make its choices, perhaps from the lessons it has learned from history and an intelligent analysis of future needs and events.

Historian Bruce Catton has said, "History after all is the story of people; a statement that might seem too obvious to be worth making if it were not for the fact that history is so often presented in terms of vast incomprehensible forces moving far under the surface, carrying human beings along, helpless, and making them conform to a pattern whose true shape they never see. The pattern does exist, often enough, and it is important to trace it. Yet it is good to remember that it is the people who make the pattern, not the other way around. This is the challenge of the Class of '77. You soon will be making the pattern for future generations, including the Class of '87.

I am here with you witnessing and taking part in an event of some significance to our times and to the history of our Nation—the graduation of Irondequoit's first integrated urban-suburban class. It may be news to you, in fact it sounds outlandish to hear yourselves called history makers, but you are—the first such class in the nation. And I predict that you will one day see widespread the effects of what you began here. I also predict your class will continue to make history, because you are the keepers of very special knowledge. You have learned and you have demonstrated that good will can penetrate the most elaborate political and social barriers societies can construct. This simple homily, which is widely preached, yet is regarded with the awe accorded miracles when demonstrated in the lives of saints, is a truth with the power to confound the most sophisticated and cynical critics of our American experiment in democracy. And with more Americans like you it can restore this Nation to its historical role of moral leadership in the world's affairs.

What is it I'm making all this fuss about? The barrier I'm talking about, the one which was breached by twenty-five determined

youngsters twelve years ago, is the city limits of Rochester, New York.

Now, the growth of cities was something the Nation was proud of. For most Americans it was understood to be the natural, healthy, progressive development of a civilized society. Rochester was the first great western city, springing up in a generation where the Erie Canal crossed the Genesee. During most of our history most Americans lived on farms or in rural towns. The path of progress was toward the cities. The generation gap was the choice between "honest" toil on the land and the chance to make it under the city lights.

The line around Rochester and other American cities is no Berlin wall. There is no barbed wire, no watchtowers. Most people wouldn't even know when they were crossing it. Yet the city limits is becoming a dividing line between two kinds of life in America. One generous, open and affluent and the other increasingly pinched, deprived and desperate.

Rochester is not one of America's desperate cities and West Irondequoit is not a smug suburb. But even here, between these two unusually fortunate and enlightened communities one can see signs of the great schism which threatens America's great metropolitan areas. The big difference is that here you have done something about it.

Just how did this invisible line, truly known only to surveyors, become so firmly fixed that it affects the way people live? No such firm line existed during most of the history of Rochester and Irondequoit. The land where Benjamin Franklin High School stands in Rochester was once Irondequoit. The strip of land along the river from Rochester to Lake Ontario was once Irondequoit—before the gift of Durand-Eastman Park to the city.

According to Dr. Joseph Barnes, City Historian, Rochester annexed land from Irondequoit in 1874, 1908, 1914, 1916, 1923 and 1926. Then in 1927 the state constitution was amended taking the power to legislate annexations from the state legislature and requiring that a proposed annexation be approved by a majority vote of the citizens to be annexed. This amendment, called the Popular Sovereignty Amendment, essentially stopped the territorial growth of cities in the state.

Previously, a community lying next to a city would expect to be annexed as its population and need for water, sewers, lights and other urban services grew. And with the services annexation brought came the costs of supporting those services plus hospitals, museums, libraries, parks and other urban life needs. Now we have a static situation: cities surrounded by communities becoming urban but not becoming part of a city.

Most citizens of Rochester were truly surprised and shocked in 1964 when they saw other citizens take to the streets in desperate protest. It was the first many had known that there was something the matter with the qualiy of life for some in their community which had been called "the home of quality products," and "the finest place in America to live and raise children."

But some of the 1964 Irondequoit High School graduates knew something was wrong. Your school used to have what I think was a lovely custom. Each Christmas the graduating class of the previous June would get together with their former teachers for an informal class reunion. With their first experiences outside their home, community, and school still fresh in their minds, indeed still upon them, the graduates would discuss what they had learned in school and how it was serving them in college, in jobs, or, in 1964, in the armed forces.

Several of the graduates agreed that while they were well prepared to study, to find solutions to problems, to read and to write they felt themselves ignorant and confused in the social turmoil surrounding them. They had discovered that they really didn't know much about how other Americans, that is those outside Irondequoit and similar suburban communities, lived, felt, and thought. And they had also found that other Americans really knew very little about them. I don't know which was more disturbing to these young men and women—to find their own preconceptions faulty or to find themselves the stereotyped victims of another's preconceptions.

What these graduates perceived at Christmas of 1964 was a gap in their knowledge and their experience. What they may or may not have known was that this gap was a chasm widening between nearly all the cities and all the suburbs in America. The life they had been leading up until the time they graduated from high school was a very close copy of the American dream. They wished they had learned more of the American reality.

I was Superintendent of the Rochester schools at that time. Some weeks after that 1964 reunion I received a call from Eric Stettner, President of the West Irondequoit Board of Education, who told me that the Board of Education and Superintendent Earl Helmer had been strongly impressed by the observations of the 1964 Irondequoit graduates. In essence what was proposed to me was a plan for beginning to bridge that chasm which was separating the people of the City and their neighbors in Irondequoit. They asked if there were parents in Rochester who might wish for their children the opportunity to attend school in an excellent, suburban, academically oriented school district.

Now that is not the most graceful question you can put to an urban superintendent of schools. I might have resented it, but I was too aware that there were many such families, living in the center of the city, fighting for better schools for their children but seeing painfully slow progress under the pressure of mounting responsibilities for the schools (and all the city's services, I might add) and shrinking revenues to pay for it. I thought we were making progress, but I also knew that many of the families who supported what we were trying to do were concerned about the education their children were getting right then and would welcome the change to have a child in a suburban school.

There were endless details in getting official approvals and making the arrangements to move a six-year-old child across Ridge Road on his or her way to school. I hope many of you remember that first day of first grade here in September, 1965, when you started this adventure together.

Not all of the children starting school that day are here graduating tonight. In fact less than half of this entire graduating class started school in West Irondequoit.

Just like everyplace else in this Nation, people have moved away from Irondequoit and others have moved in. I find it an interesting and important fact that forty-two percent of the students from Rochester who began school here 12 years ago are receiving their diplomas tonight while for your class as a whole the percentage of those who began school in West Irondequoit 12 years ago is 43 percent.

That is, almost exactly the same proportion of students who live in Rochester and students who live in Irondequoit have transferred to other schools. And this proportion, by the way, compares roughly with what we know of the nationwide rate of family mobility.

These figures do not upset the guiding assumption of the Urban-Suburban program that people living in the inner city and people living in Irondequoit have pretty much the same expectations as to what a public school should be. No significant number of Rochester parents and students seeking this suburban opportunity decided somewhere along the 12-year line that it wasn't worth the trouble. And the West Irondequoit Schools did not renege on their offer even as pressures mounted. President McGrath and his Board members and Superintendent Early deserve our strong commendation for their strong continuity of support for this vital program initiated by their predecessors.

That is as far as we should be willing to go in congratulating ourselves on the "results" of this pioneering effort. To talk of "results" implies a controlled experiment, and this program was not conceived as an experiment. It was offered as an educational opportunity; an activity which would continue only if it was found to be worthwhile.

Today there is a great deal of interest among educators in just the sort of program which has been operating here. The interest rises from an issue that has assumed tremendous importance in the United States today. As you may know, The U.S. Supreme Court has called for urban-suburban school links in the case of Wilmington/New Castle County, Delaware, but denied the call for similar linkage in the case of Indianapolis/Marion County, Indiana, on the basis of situations which are different in the eyes of students of such matters, but nevertheless leaving the future unclear to most school people, parents and students.

However, I can say with confidence, as I have said consistently as an educator and government official, that school segregation by race is contrary to the United States Constitution and that it is not only our duty but it is essential to our welfare and integrity as a Nation to protect the constitutional rights of all citizens. I also believe, along with those 1964 Irondequoit graduates, that a student educated in racially, economically or culturally isolated conditions in America today is not well prepared to partake of, enjoy and contribute to the richly varied ways of life this Nation and this world offer.

This is almost a classic principle of education—to increase one's own understanding and self-knowledge by learning about other cultures, other places and other times. Right here in Irondequoit High School you have for some time had as classmates students from foreign countries as part of the American Teen-Age Diplomat Program. And I understand that a number of you have spent time in countries around the world in a reciprocal part of the program. It is not too unreasonable to assume that some similar type of exchange might be useful to bridge the growing gap between groups within our own society.

It is up to you, the Class of '77, to determine whether or not your education here serves you well as you enter into the exciting days ahead. Will your fellow students, your co-workers, your friends, your families, and your neighbors be more interesting to you because of what you have learned about and from the people with whom you went to school? Will they find you an accepting and responsive person? Will some of the thoughts, feeling and actions from those of different backgrounds be less puzzling and less threatening to you? If the answers seem affirmative to even a slight degree your schooling will have made a great contribution to the richness and happiness of your life.

And if, when you undertake the responsibilities of adult life, and your actions affect the lives of others, you'll know better how your thoughts and actions will be understood by others. How they will respond will make more effective what you do and help provide both groups, working together, the kind of leadership and support our Nation needs in every endeavour—in government, in commerce, in industry, in community affairs, and in all the professions, including education.

And I need not tell you that I and the teachers and parents here tonight sincerely hope this will indeed be the outcome for each of you.

There are more than 17,000 high schools in our nation. Every one of these high schools is holding a graduation at about this time of year with a speaker invited to bring a special message to each senior class. This means that there are more than 17,000 speakers most of whom think seriously about the impact of what they plan to say and strive to find those words that may be remembered.

Now, if Art Buchwald had been your speaker tonight and had asked what you might have remembered about his graduation talk, he would be pleased if you said, "He made us laugh."

If Ralph Nader was in this spot he would smile if you remembered that he made you think and, perhaps, a little bit nervous.

But, I have been with you on your special night and I want you to know that I would be gratified if you would remember that because you are such very special people, I tried to make you hopeful.

God bless you all!

WHEELER SUCCEEDS KNOTT ON NATIONAL TRUST STAFF

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. MARTIN. Mr. Speaker, I wish to congratulate my good friend and able administrator Douglas P. Wheeler on having been appointed executive vice president of the National Trust. His long and successful service with the Department of Interior imminently qualifies Doug for his new position. I wish to share an article appearing in Preservation News that announces Doug's appoint:

WHEELER SUCCEEDS KNOTT ON NATIONAL TRUST STAFF

A former high-level official in the U.S. Department of the Interior has been named executive vice president of the National Trust.

Douglas P. Wheeler, deputy assistant secretary for fish, wildlife and parks from 1972 until January, succeeds Lawson B. Knott, Jr., who is retiring. Wheeler, who is now on the National Trust staff as special assistant to the president, becomes executive vice president on May 11.

National Trust President James Biddle announced to the staff his appointment of Wheeler on February 28. It was approved by the executive committee of the National Trust Board of Trustees at their meeting on March 8. Biddle said that Wheeler will bring to the Trust "an excellent combination of talents in preservation and administration."

In announcing Wheeler's appointment, Biddle took special note of the contributions of Lawson Knott to preservation generally and to the National Trust in particular since his appointment in January 1974. "Preservation and the Trust have grown immensely in the past three years," Biddle said, "and that growth has in no small measure been aided by Lawson Knott." Biddle also cited Knott's "advocacy of our cause" on Capitol Hill and with the National Conference of State Historic Preservation Officers examples of the mark Knott will leave.

Wheeler, 35, is a native of Long Island and was graduated from Hamilton College in Clinton, N.Y., in 1963. He received his law degree from the Duke University School of Law in 1966 and practiced law in Charlotte, N.C., until 1969.

He worked in the Office of Legislative Counsel of the U.S. Department of the Interior from 1969 until 1972 when he was appointed deputy to Nathaniel P. Reed, assistant Secretary for fish, wildlife and parks, by Secretary Rogers C. B. Morton. As such he was responsible for a broad range of programs including those of the National Park Service. Wheeler frequently attended meetings of the Advisory Council on Historic Preservation representing his department.

Wheeler is a former vice president of the Capitol Hill Restoration Society in Washington and is currently a member of the board of directors and chairman of the historic preservation committee of the group. He lives on Capitol Hill with his wife, the former Heather A. Campbell, and two young sons.

In an interview with Preservation News, Wheeler said he saw his role as one "to develop the obvious resources and talents of the National Trust on behalf of private action for the built environment." He added that he was "surprised to learn the breadth of National Trust capabilities" and thought that the Congress and the public needed to know more about the Trust's role.

"The Trust is uniquely well-qualified," he added, "to forge a vital preservation partnership between the public and private sectors."

STRIKING THE VAN POOLING SECTION FROM THE ENERGY BILL

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. HORTON. Mr. Speaker, when H.R. 8444, the "National Energy Act," comes to the floor next week, I intend to offer an amendment striking from the bill section 701. That section establishes a Federal van pooling program. My amendment is printed in today's RECORD.

In the Government Operations Committee and again in the Ad Hoc Energy Committee, I offered an amendment to strike this provision. In both forums, the amendment was defeated by a close vote. In the Energy Committee, my proposal received more support from majority members than any other minority initiative on which a roll call vote was taken.

I have urged the Committee on Rules to provide, in the rule under which the energy bill will come to the floor, for consideration by the entire House of my amendment to strike the van pooling section. I think that all Members ought to have an opportunity to judge this part of the President's national energy plan on its merits.

Let me explain just briefly why I am opposed to this program. I will make only four points:

First. Establishing a van pooling program would create a new, special benefit for Federal employees, and would be subsidized by the taxpayers. Van pooling may be a fine idea, and encouraging, promoting, and consulting on it seems to me an appropriate role for the Federal Government. Buying vehicles for bureaucrats to drive to work, on the other hand, doesn't strike me as a good idea.

Second. No one has yet performed a survey to determine whether a market exists for a van pooling program. Since the bill requires the program not to compete with existing public or private transportation services, the market could be very slim.

Third. No one knows how much this scheme would cost. The section which I propose to strike would authorize the appropriation of $75 million for the purchase of vans, with no guarantee that the Government would ever recoup any of the money. The expense of buying the vans, as well as all other costs which are readily allocable to the program, is supposed to be paid by riders of the vehicles. A major component of the rider charges, however, is the salaries of employees who administer the enterprise, and no one can predict how many people will be needed for this job. GSA estimates 12 for the entire nation. Projections based on the experience of the one private van pooling organization for which we have figures, though, indicate that 60 would be a rockbottom minimum.

Fourth. The proposal contains a potential for creating enormous amounts of paperwork in establishing and administering the program. As chairman of the Commission on Federal Paperwork, I have become extremely concerned about this aspect of Federal programs. Let me tell you, any system which involves 6,000 vans and, assuming 10 riders per vehicle, 60,000 Federal employees, all going back and forth to and from Federal buildings all over the country every day, is bound to pose a massive paperwork tangle.

In summary, Mr. Speaker, there are many good reasons for opposing section 701 of the energy bill, and I hope the Members will support my amendment to strike the section when the bill reaches the House floor.

The following is the text of the amendment I intend to offer to H.R. 8444:

Strike out line 5 on page 377 and all that folows, up to and including line 25 on page 386; re-letter succeeding subparts accordingly.

NOW THE ABORTION DEBATE CENTERS ON THE POOR

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. EDWARDS of California. Mr. Speaker, in light of the fact that the House will again be voting on the language of the Hyde amendment to the Labor/HEW appropriation bill, I would like to share with my colleagues an article recently written for the Los Angeles Times by our fellow Representative, ANTHONY C. BEILENSON:

NOW THE ABORTION DEBATE CENTERS ON THE POOR

(By ANTHONY C. BEILENSON)

Reasonable men and women may differ, I suppose, over the legalistic logic of last month's Supreme Court rulings that States need not pay for abortions under the Medicaid program and that publicly-owned hospitals may constitutionally refuse to permit the performance of abortions—even when such a hospital is the only health care facility in the area.

But there can be no argument over the tragic and outrageous results of the majority's decisions. Thousands of poor women

will again be forced to attempt self-induced abortions or seek out back-alley abortionists, and thousands of children will be born annually to women who will need continuing public assistance to care for those children. In brief, there will be more illegitimate and unwanted children, more child abuse, more forced marriages (and eventual divorces), more late and dangerous abortions, fewer resources available for abortion prevention (contraceptive) services, and more people on welfare.

Mr. Justice Marshall said as much in the dissenting opinion by stating that the regulations upheld by the Court "brutally coerce poor women to bear children whom society will scorn for every day of their lives," and pointed out that the effect of the holdings "will fall with great disparity upon women of minority races," who obtain nearly twice as many abortions as white women and are more heavily dependent upon public medical care.

A great irony of its recent decision is that while in 1973 the Court held that states could not deny women the right to choose whether or not to have an abortion, it now finds that states may "make a value judgment favoring childbirth over abortion" and implement that judgment by the allocation or withholding of public funds. We thus have the Court enunciating a constitutional right that applies, in practice, only to women who are not on welfare. Wealthy women, of course, always had the ability to procure abortions even in the days when they were not legal; so now, in effect, we are in many ways reverting to the pre-1973 period by again making safe abortions unavailable to those who cannot afford them.

The Court, as it often does, has acted in the absence of legislative direction. The responsibility now lies directly with the Congress and the legislatures of the several states to face this issue squarely and responsibly—and provide that Medicaid funds be made available to pay for abortions.

Unfortunately, Congress has chosen otherwise. Three weeks ago, by a vote of 201–154, the House of Representatives passed the so-called Hyde Amendment, prohibiting the use of Medicaid monies for abortions. This legislation discriminates against poor women in at least two ways: it denies them access, only in the case of abortion, to the same kind of legal medical care as is available to more affluent women; and it says, in effect, that although pregnancy is a condition which requires medical treatment whether it is continued or terminated, there exist two categories of poor, pregnant women and hereafter only those in the group continuing their pregnancies will be assisted.

The state should remain neutral and not take sides in a personal decision protected by the Constitution. Those who honestly believe the government should not be involved in the abortion issue must realize that prohibiting funding for abortion, while continuing funding for prenatal care, clearly suggests that one course of action is preferable to the other and destroys any sense of neutrality. Since abortion is legal for all women, it should make no difference to the government which course a poor woman pursues. Payment for abortion does not constitute encouragement of it; it simply provides for equal access and treatment under the law.

It is deplorable that a small but vocal minority has been able to coerce enactment of legislation so blatantly discriminatory as the Hyde Amendment, and it is incumbent now upon the Congress to reverse its stand and speak for the majority of the American people—who in fact agree with the Court's earlier ruling that it is every woman's right to decide these questions for herself, and who believe that the poor have this right as well as the wealthy.

Abortion is a very human, very personal question. It must be answered by the woman involved, and not by the government. It is also peculiarly a woman's problem, and I do not presume to speak for the women who will some day have to face this question and answer it for themselves. I am confident of one thing, however: they ought to be able to make the choice themselves and not have the state dictate it for them.

I am dismayed by the hypocrisy of those who believe that they have the right to impose on a woman the one solution they think is right—but who do not have to lead that woman's life, or raise and provide for her children.

I am dismayed by the hypocrisy of the Right-to-Lifers, who also oppose those services which would result in fewer abortions: birth control, sterilization and sex education in the schools.

And I am dismayed by the hypocrisy of the politicians who believe in a woman's freedom of choice in this matter but, during their election campaigns, promised the small, but militant, Right-to-Life groups in their districts that they would vote against public funding of abortions. They remind me of the three state senators who, during our four-year battle to pass the Therapeutic Abortion Act in California a decade ago, told me privately of the illegal abortions they had procured for their girlfriends—and then voted, each of them, against the bill.

This regressive and punitive action which Congress has taken will be felt most harshly by two groups of women—the poor, and the young.

The elimination of Medicaid funding of abortions will create a situation very similar to that which existed prior to the 1973 Supreme Court decision. Women with means will continue, as always, to obtain safe, legal abortions, while hundreds of thousands of women on welfare throughout the country will effectively be denied safe and properly performed abortions, and will again be forced to attempt self-induced abortions or seek out back-alley abortionists. Thousands of others will refuse to take the risk involved and will turn to the State to pay for their pregnancies, childbirth and the costs of maintaining their children and themselves on welfare.

The Medicaid program currently pays for about 300,000 abortions a year (or three out of ten abortions in the U.S.) at a cost of approximately $50 million per year. A large number of women who are denied Medicaid abortions will undoubtedly carry their pregnancies to term, resulting in thousands of additional unwanted children—in this case, most of them potential welfare recipients. The cost of this forced childbearing by the poor will have to be borne by the taxpayer, and will be considerable: the Department of Health, Education and Welfare estimates that for each pregnant woman eligible for Medicaid who is forced by legal restrictions to carry her pregnancy to term, the federal, state and local costs of maternity and pediatric care, as well as public assistance, will be approximately $2200 for the first year of the child's life alone—or a total cost to the government of more than $500 million annually. This is some ten times the amount the government now pays for abortions for poor women.

What all this boils down to is a public policy of telling poor women that we prefer them to have unwanted children—and we are prepared to pay the costs, even though they are much, much greater than the cost of an abortion. And, it means that many thousands of welfare families will never be able to achieve financial independence because they cannot control the number and spacing of their children as can families of means.

Perhaps the most troubling aspect of the Court's decisions and Congress' recent actions is the danger which it presents to the health and well-being of millions of teenagers in this country. Pregnancy among teenagers has reached incredible proportions—more than a million each year, over ⅔ of them unintended. An unwanted pregnancy, followed by unwanted birth, sets in motion a series of events for these young women—such as an early end to their education and very limited economic opportunities—that is extremely difficult to change.

One of the things we must be most concerned about is helping young people avoid the consequences of unwanted and undesirable childbearing.

Teenage mothers account for almost 50% of illegitimate children born in this country. Teenagers often do not know or will not admit that they are pregnant until fairly late into their pregnancies; they are often afraid or unwilling to discuss their situation with their parents, and they are responsible for a growing epidemic of unwanted and illegitimate children.

One third of all Medicaid abortions are performed on teenagers. Making abortions even more difficult for teenagers to acquire will result in more broken families, more illegitimate and unwanted children, more forced marriages (and eventual divorces), and—since it is only when she has a child that a young woman becomes a welfare recipient—a great many more people on welfare.

There are many other unfortunate consequences of teenage pregnancy. Babies of young teenagers are two to three times more likely to die in their first year than other babies; the maternal death rate is 60% higher for young teenagers than other mothers; more than twice as many teenage mothers become school dropouts as other teenagers; teenage mothers face a far greater likelihood of unemployment and welfare dependency than other women their age; teenage marriages are three times as likely to end in divorce as are marriages between young people in their twenties (50% of teenage brides are divorced within 6 years). Nor do teenagers resort to abortion promiscuously: great numbers of sexually active teenagers fail to use contraception to prevent unwanted pregnancies due only to ignorance or to the inaccessibility of family planning services. About 2,000,000 unmarried young women between the ages of 15–19 need contraceptive services, but less than ⅓ of them currently receive services from organized family planning programs.

In passing the restrictions on public funding for Medicaid abortions we must ask ourselves: do we really want to enact an official government policy which would force these young girls, by taking away their Medicaid benefits, either to bear and be responsible for children they do not want or to seek unsafe abortions? We simply cannot ignore the effect of such a policy's enactment on thousands of young women—not only during their pregnancies but for many years to come. We cannot ignore the fact that the original and overriding purpose of the Medicaid program is to give indigent Americans a chance to break out of the poverty cycle; yet forcing young women into welfare dependency by having children they do not want certainly flies in the face of that goal.

As any other sensitive person, I am troubled by abortion—but not nearly so troubled as a woman who has an unwanted pregnancy.

Several million American women have personally resorted to abortion to avoid an unwanted pregnancy, and there is no reason to believe that these women are any less moral than the rest of us. No one is for abortion in theory; no one prefers it as an alternative means of birth control. But the difference between theory and reality is great and, for many different compelling reasons of their own, women for hundreds upon hundreds of years have resorted to abortion when the circumstances in which they found

themselves dictated that personal choice to them.

All American women must be free to have the ability to make the difficult decisions on abortion for themselves—in consultation with their families, their physicians, and in accordance with their own ethical and religious beliefs.

It is imperative that the Congress now find the courage to do what a majority of its members know to be right: make the Constitutionally guaranteed right to an abortion again a reality for all women in this country. If we do not act to reverse our present position, many state legislatures will be encouraged also to act, to deny the use of their public monies for paying for Medicaid abortions.

The real challenge to the Congress is to give leadership and support to the development of preventive programs which will expand access to family planning services, develop safer and more effective methods of contraception, and deal realistically and effectively with teenage sexuality—thus enhancing the ability of women to prevent unwanted pregnancies in the first place, so that most abortions will not be needed. But in working toward that goal, we must not, in the meantime, create inequities in access and treatment, nor abrogate by policy the rights of any American women to make this difficult decision for themselves.

WHAT CAUSED THE NEW YORK LOOTING?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. CRANE. Mr. Speaker, in her July 22 Chicago Tribune column, "N.Y. Looters Burned Out Some Social Theories Too," Joan Beck views the New York looting spectacle from a different perspective. Her incisive observations on the corrosiveness of our welfare system and its lack of deterrent effect are worthy of our careful consideration. Her call for a reexamination of our definitions of poverty and morality is a reflection on the failure of our handout programs to combat the former and strengthen the fiber of the latter. The New York City looting was not carried out solely by the needy struggling to feed their families. Ms. Beck's theory as to what the New York City melee represented must be studied by each of my colleagues as we consider compensating the victims and punishing the perpetrators of these crimes:

N.Y. LOOTERS BURNED OUT SOME SOCIAL THEORIES TOO

"I'm on welfare. I'm taking what I need. What are you bothering me for?"

New York City is still sweeping up shattered glass and shuttering gutted stores and counting burned-out social theories in the wake of last week's looting riots. Neither the stores nor the theories will be easy to restore.

Initial reaction of social theories to the pillage were generally knee-jerk cliches about racial outrage and society not doing enough for the hungry, hopeless poor. But the 1960s theories don't fit the 1977 blackout pictures, as the looters themselves made clear.

Those muscular young males hefting furniture down the street or loading vans backed up to appliance stores or setting fires to merchandise they didn't want showed no signs of starvation; they are as capable physically of improving a neighborhood as destroying it.

The looters' faces were not filled with rage, but glee. They weren't looking for food as much as for fun. And while it would be comforting to think they stole a storeful of Bibles' and prayer shawls because they had urgent spiritual hunger for them, it's difficult to believe.

"It's Christmastime. It's Christmastime. It's shopping with no money required."

There was also nothing racist about the plundering. The black, white, and Hispanic looters were indistinguishable, except sometimes by age and energy, from the blacks, whites, and Hispanics they looted. Often, the pillaged were almost as poor as the pillagers.

"It's really sort of beautiful. Everybody is out on the streets together. There's sort of a party atmosphere."

The carnival carnage in the blackout is a vivid and painful reminder that we need to look again at prevailing theories about crime and poverty and reassess the effectiveness of the welfare system as a preventive and as a remedy for both. This is particularly urgent as the Carter administration ponders the package of welfare reforms the President expects to send to Congress soon.

If New York City offers higher welfare benefits than other areas, why hasn't it helped more? How much is enough? [One recent report argues that by statistical definition, poverty shouldn't even exist in New York now—that enough welfare programs are available to push everyone above the official poverty level.]

Or, if "poverty" involves more than cash and kind income, and includes attitudes, lifestyles, the uses of time and energy, and the rearing of children, what then? How do we cope with the mentality of poverty?

And what happens when the ever-increasing costs of a welfare system reach the point of no return, when high taxes for benefits and municipal services drive taxpaying workers and job-providing business away, as is happening in New York? How close are we to a social overload that will blow the system, not just temporarily, but irreparably?

"God gave us this opportunity to get what we needed."

If one cause of the New York looting riots is the rise in entitlements, how will the rage for more and more ever be satisfied? How will government mediate all the conflicting claims for entitlement—including the conviction of workers, who must pay for all the claims direcly or indirectly, that they are entitled to the fruits of their labors?

It's been easy in the past to ignore the victims of crime, to brush aside the protest of the trashed in concern for trashers. But surely protection of person and property are obligations of government long before any dubious commitment to ending poverty. And those pillaged small business owners, who provided some stability and jobs, are entitled to more than a 5–7 percent loan.

That leaves the question of morality. "No other living person has the right to decide what is moral [right or wrong] for you," declares a new book, "Looking Out for No. 1," rapidly moving up on best seller lists. The same kind of do-it-yourself morality is also being taught in an increasing number of ethics courses in elementary and high schools. So it's hardly surprising so many New York City looters were able to look TV cameras straight in the eye and insist they weren't doing anything wrong at all.

"HAM" OPERATOR SAVES SHIP

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. LEVITAS. Mr. Speaker, in an era which the news media would have us all believe is full of nothing but ill will and evil deeds, it is refreshing to take note of an act of a good samaritan which typifies the countless acts of humaneness and devotion that occur daily in the world.

I would like to cite a recent example carried in the July 18 issue of the Atlanta Constitution, the story of a student ham radio operator at Georgia Tech who picked up a distress call from a Panamanian freighter in the Caribbean and helped guide the U.S. Coast Guard to an 11-man air-sea rescue.

This type of concern and assistance by "ham" radio operators is not unusual. It is not just a hobby. It is a communications mode that can save lives and help in disaster relief.

A striking element of the story, to me, is that the Georgia Tech student in this instance was an exchange student from West Germany. There is no doubt in my mind, incidentally, that the work of ham radio operators all over the world is an important factor in improving international relations and goodwill.

It is a little known fact that virtually all current commercial radio techniques were developed and pioneered by radio amateurs.

The article follows:

"HAM" OPERATOR SAVES SHIP

(By T. L. Wells)

On his last night in the United States, a German exchange student using a ham radio at Georgia Tech picked up a distress call from a Panamanian ship and helped guide the Coast Guard to an 11-man air-sea rescue.

Christoph Janker, 17, was operating the radio early Sunday morning when he received a call from a 95-foot Panamanian vessel, the "Rhinoceros," which was sinking about 220 miles south of Jamaica in the Caribbean.

"The captain said they had a water leak," Janker said in a telephone interview. "The water was coming in faster than they could pump it out."

Janker, a high school exchange student from Ravensburg, West Germany, said he first picked up the call at 4:20 a.m. Sunday.

He called the Federal Communications Commission, which notified the Miami Coast Guard station.

A Coast Guard spokesman described the craft as "a small freighter" and said it was probably headed to the Panama Canal Zone.

He monitored the airwaves until noon, when the ship quit transmitting messages.

The Coast Guard spokesman said an Air Force C130 Hercules dropped rubber rafts to the floating crew around noon.

"When I heard the last transmission, he (the captain) said they did not have any rafts because they had lost theirs," Janker said.

The Coast Guard spokesman said the 11 were picked up by the American freighter "Aquarius" at 6:49 p m.

Janker, who plans to return to Germany to begin studying medicine, said he often spent time at the Georgia Tech radio club, talking with ham operators around the world.

HELSINKI'S UNFULFILLED PROMISE

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. LUKEN. I rise today to join my many colleagues in protesting the existence of "Helsinki's Unfulfilled Promise."

One particular case has been brought to my attention by the gentleman from Massachusetts (Mr. DRINAN). It is the case of Mr. Lev Blitshtein, of Moscow.

Mr. Blitshtein was a chief administrator in the Ministry of Meat and Dairy Production. In August 1974, he and his family applied for permission to leave the Soviet Union. They were refused visas in January 1975, because of "secret work" with which Mr. Blitshtein was involved through his position. While Mr. Blitshtein did seem well acquainted with the fields of agriculture and meat production, my information points out that this information was not secret.

At that point, Mrs. Blitshtein asked for emigration visas for herself and their son, Boris, but were refused because Soviet officials told the family that "it is not humane to separate families," and hinted that the Blitshteins should divorce.

Mrs. Blitshtein did divorce her husband so that she and her son could leave, with the hope of reuniting elsewhere with her husband. Even after this drastic action, Lev Blitshtein was again refused permission to emigrate, violating the Helsinki Agreement, which affirms the right of the unification of families.

Mr. Blitshtein's son, Boris, wrote of his concern for his father:

My father has had no work since we first applied to leave. I fear that anything may happen to him.

It has also been brought to my attention that Lev Blitshtein has staged a hunger strike in Moscow, and has been joined by his son, Boris, who fasted in New York City. It is this kind of desperation that induces me to speak out for the human rights of Lev Blitshtein, and the many Soviet citizens who share his plight.

LOUIS "BILL" HONIG

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. JOHN L. BURTON. Mr. Speaker, recently, Louis "Bill" Honig, a close personal friend, died at age 65. He was an active San Francisco civic leader, philanthropist, and executive.

Bill Honig was an early opponent of the war in Vietnam and an aggressive fighter for human rights. In 1972 he authored a novel on Vietnam entitled "For Your Eyes Only: Read and Destroy." Bill Honig was a moving force behind several important and creative organizations in San Francisco, including KQED-TV, the Fromm Institute, the Family Club, Concordia-Argonaut Club, and Ramparts magazine. Bill was also an early supporter of the State of Israel and led an Israel bond drive in San Francisco.

Bill Honig was chairman of the board of Foote, Cone, Belding and Honig in San Francisco. Under his management and leadership, the firm grew to become the largest advertising agency in the West. A native of San Francisco, Bill graduated from the University of California at Berkeley in 1933.

He is survived by his wife, Miriam, children Louis Honig, Jr., Ann Nadel, and Sue Weinstein, sister, Beth David, and eight grandchildren.

Louis Honig's death is a great loss to the city of San Francisco. We shall all miss him. His many achievements in our community, as well as in the business world, stand as testimony to his dedication and energy.

I am sure the Members join me in offering condolences to his family.

IS CARTER TAKING AIM AT GUN RIGHTS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. ASHBROOK. Mr. Speaker, the long-awaited Carter offensive against the right to keep and bear arms appears about to begin. According to a story in today's Christian Science Monitor, within the next 2 weeks the administration is expected to unveil its proposal aimed against the handgun.

The Carter initiative is reported to contain a ban on the sale, manufacture, and assembly of the so-called Saturday Night Special. Other features include a cooling-off period between the sale and delivery of a handgun and a major increase in the license fee for gun dealers.

The stage has already been set for this action. Carter advisers have been working closely with gun control leaders. Charles Orasin, executive director of the antigun group, the National Council to Control Handguns—NCCH—calls the relationship an "unprecedented dialog." Hamilton Jordan, top Presidential adviser, recently wrote the NCCH the following:

I am sure that you will find that the administration's efforts in the area of gun control will move in the direction which your organization advocates.

Strong grassroots opposition killed restrictive gun control legislation in the 94th Congress. Apparently the citizens of this Nation will have to stand up again in order to protect their second amendment rights.

The article follows:

CARTER GUN-CONTROL LEGISLATION: A PREVIEW

(By Peter C. Stuart)

WASHINGTON.—The long official silence here on handgun control appears about to be broken—with a bang—by the Carter administration.

Sometime within the next two weeks the White House is expected to propose legislation curbing the nation's fast-growing and loosely regulated arsenal of private handguns, according to persons consulted in drafting the bill.

The recommended bill, submitted to the President by the Department of Justice a week ago, is hailed by one gun-control leader familar with it as "excellent."

Mr. Carter, who has lowered his silhouette on handgun controls since ringingly endorsing them during the campaign, is expected to accept most of the recommendations.

The legislation's provisions are closely guarded, but are reported by those close to their preparation to include:

A ban on the manufacture, assembly, and sale of the cheap, poorly constructed, and easily concealed handguns known as "Saturday night specials," shown to be used in roughly one-half of the nation's handgun crimes.

This central feature is said to be patterned after the ban approved by the House Judiciary Committee last year (and in similar form by the Senate in previous years).

A "cooling off" period between sale and delivery of a handgun; a ban on private citizens buying more than one handgun per month; a steep hike in the current $10 license fee for gun dealers to weed out edge-of-the-law suppliers—all House committee bill provisions of proven political acceptability.

A fixing of some sort of enforceable responsibility upon a handgun owner whose firearm changes hands through private sale, exchange, loss, or other noncommercial transfer.

Such a presidential proposal would fall short of the sweeping (and highly controversial) restrictions urged by some more extreme gun-control advocates—such as a ban on the production and sale of all nonsporting handguns, or confiscation of existing handguns.

"I am sure," chief presidential assistant Hamilton Jordan wrote recently to one gun-control group which favors a gradualist approach (the National Council to Control Handguns), "that you will find that the administration's efforts in the area of gun control will move in the direction which your organization advocates. . . ."

An aide of one congressional gun-control leader who prefers farther-reaching handgun controls, Rep. Abner J. Mikva (D) of Illinois, concedes that it would be politically "unrealistic" for Mr. Carter to issue a hard-line proposal on this touchy issue.

"The key," he says, "will be how it is presented and how visible the administration becomes in supporting it."

But the Carter administration—the first since Lyndon B. Johnson's to flatly endorse handgun controls—already has achieved one dramatic departure in firearms-policy formation.

While the Nixon and Ford staffs are known to have consulted gun manufacturers and the National Rifle Association, Carter advisers have worked closely with gun-control leaders.

One of them, Charles J. Orasin, executive director of the National Council to Control Handguns, calls the new relationship "an unprecedented dialogue."

With handgun-control proponents now occupying the White House and speaker's chair in the House of Representatives (Rep. Thomas P. O'Neill Jr. of Massachusetts), and much of the legislative spadework completed last year, gun-curb lobbyists such as Mr. Orasin say Carter legislation could win prompt action in Congress.

HELSINKI'S UNFULFILLED PROMISE: VENIAMIN BOGOMOLNY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RODINO. Mr. Speaker, I feel compelled to join my colleagues in speaking

out on behalf of the Soviet Jewish families and individuals who have been denied permission to emigrate to Israel. Despite a pledge to abide by the Helsinki Final Act, the Soviet Government has continually violated the human rights provisions in that act.

One case in point is Veniamin Volkovich Bogomolny, a Soviet Jew, who first applied for an exit visa in November 1972. In April 1973, Bogomolny learned that although his immediate family would be allowed to emigrate, his application had been rejected on the so-called grounds of "national security." Soon after his request had been denied, Bogomolny's telephone was disconnected by government officials in an attempt to isolate him from his friends. When he was assaulted and his apartment ransacked in 1975, his complaint to the authorities was ignored. Despite threats on his life, the Soviet Government has refused to acknowledge his troubles or allow him to leave the country. In order to survive Bogomolny is forced to live in semiseclusion.

In the past 5 years, many of Bogomolny's friends, who applied for visas with him in 1972, subsequently have been allowed to emigrate. Bogomolny's family is still longing for him to join them in Israel. Yet, this innocent young man, for no other reason other than that he is Jewish, is forced to remain in the U.S.S.R. and be subjected to a life of isolation, interrogation, and harassment.

Mr. Speaker, we have a commitment to carry out our obligations under the Helsinki agreement and to recognize those who do not honor it. The treatment of Veniamin Bogomolny clearly seems to be in violation of the treaty, and for the United States to ignore such instances would compromise our own commitment to human rights and liberties for all people.

PERSONAL FINANCIAL STATEMENT

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. KASTEN. Mr. Speaker, I am today inserting in the RECORD a consolidated financial statement which describes my assets, liabilities, net worth, income, and taxes paid in 1976:

CONSOLIDATED FINANCIAL STATEMENT OF CONGRESSMAN BOB KASTEN, DEC. 31, 1976

ASSETS

Savings account	$894.58
Checking account	482.04
Automobile (1975 Ford Granada)	3,800.00
Real estate-residential (Washington, D.C.)	62,500.00
Common stock:	
Shoney's Big Boy—300 shares	4,650.00
Columbia Pictures—506 shares	3,921.00
Leeds Shoes, Inc.—1,100 shares	110.00
Life Investors—387 shares	2,759.31
City Investing—2 shares	26.50
Household goods and other personal property	15,000.00
U.S. Civil Service retirement Fund	6,693.77
Burleigh Associates	5,000.00
Town and Country Shop	20,000.00
Life insurance (cash value)	3,988.01
Total assets	129,825.71

LIABILITIES

Mortgage on real property (Washington, D.C.)	54,367.07
Unsecured loan	11,000.00
Automobile loan	3,176.00
Secured loan	9,950.00
Total liabilities	78,493.07
Net worth	51,332.64

INCOME

Salary	44,600.00
Honoraria	1,700.00
Interest (savings account)	45.58
Dividend income	80.67

TAXES PAID

Federal	6,422.00
State of Wisconsin	2,257.98
Other	658.80

THE HUMANITY OF THE UNBORN

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. MAZZOLI. Mr. Speaker, I commend to the attention of this body the following editorial by our distinguished colleague, the Honorable HENRY HYDE, which appeared in the July 25 Washington Post.

The abortion issue is difficult and it is certainly controversial.

However, I am in total agreement with Congressman HYDE's position on this complex subject. His stance is correct and, in my judgment, it is the appropriate posture for a humane and civilized society to take with regard to the taking of human life:

THE HUMANITY OF THE UNBORN

(By HENRY J. HYDE)

The pages of The Washington Post (and most newspapers, for that matter) have been crowded with editorials, cartoons and columns deploring congressional action withholding federal funds for abortions. One would think that those of us who are trying to preserve the right to life of the unborn are heartlessly cruel zealots, unthinking and uncaring about the human problems involved in unwanted pregnancies.

It is more than a matter of emphasis (pregnant woman vs. unborn child). It is rather a question of fundamental values, the nature of human life itself and the government's essential role in protecting the innocently weak and defenseless against those who hold the power of life and death over their lives.

First and foremost, it is essential to focus on just what an abortion is: the killing of human life. If I believed that the unborn was less than human, that the fetus was some sort of tumor—a collection of randomly multiplying cells—then all the reasons for killing it would make some sense. But medical science tells us the unborn is human life. An editorial in the September 1970 California Medicine, the official journal of the California Medical Association, says:

"Since the old ethic has not yet been fully displaced it has been necessary to separate the idea of abortion from the idea of killing, which continues to be socially abhorrent. The result has been a curious avoidance of the scientific fact which everyone really knows, that human life begins at conception and is continuous whether intra- or extra-uterine until death. The very considerable semantic gymnastic which are required to rationalize abortion as anything but taking a human life would be ludicrous if they were not often put forth under socially impeccable auspices."

If abortion is a good, or even a neutral act, then some rational argument can be made on its behalf. On the other hand, if it is the killing of an innocent (although possibly inconvenient) human life, then have we really moved very far from Dachau?

That the unborn is a human life is a biological fact, not a theological one. Dr. Bernard Nathanson, former director of the Center for Reproductive and Sexual Health in New York, which is described as "the first—and largest—abortion clinic in the Western World," has had an interesting change of heart and, although he still supports abortion in some cases, his comments are worth pondering:

"We must courageously face the fact—finally—that human life of a special order is being taken. And since the vast majority of pregnancies are carried successfully to term, abortion must be seen as the interruption of a process that would otherwise have produced a citizen of the world. Denial of this reality is the crassest kind of moral evasiveness."

The argument is often made that the so-called Hyde Amendment denies to poor women the ability to obtain an abortion readily available to middle-class and wealthy women. The ability of women to pay for their abortions doesn't make the killing of their unborn children any more proper. The real question Congress must face is whether the taxpayers shall pay for the killing.

TAKING EXCEPTION

To those who say we are seeking to impose our religious concepts upon others, I can only say that the commandment against killing has been a part of the criminal law of every civilized state for centuries. Religion indeed says "Thou shalt not kill," but it is biology, not religion, that teaches us that a fetus is human life—not potential human life, but human life with potential!

Abortion is violence. There ought to be human answers to the human problems of unwanted pregnancies. The woman's "right to choose" ought to remain fully valid *until* she conceives—and then there is a victim whose "right to life" deserves consideration. Actually, birth is simply a change of address.

I should like to share with you the views expressed nearly 40 years ago during World War II by Dr. Joseph D. DeLee, a leader in modern obstetrical practice, which was printed in the 1940 edition of the Yearbook of Obstetrics and Gynecology:

"At the present time, when rivers of blood and tears of innocent men, women and children are flowing in most parts of the world, it seems almost silly to be contending over the right to life of an unknowable atom of human flesh in the uterus of a woman.

"No, it is not silly. On the contrary, it is of transcendent importance that there be in this chaotic world one high spot, however small, which is safe against the deluge of immorality and savagery that is sweeping over us. That we, the medical profession, hold to the principle of the sacredness of human life and of the rights of the individual, even though unborn, is proof that humanity is not yet lost . . ."

SMALL BUSINESSES AND INDIVIDUALS ENCOURAGED TO PARTICIPATE IN SOLAR R. & D.

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. McCORMACK. Mr. Speaker, as part of the Energy Research and De-

velopment Administration's effort to involve individuals and small businesses in solar R. & D. the ERDA has announced plans to award more than $800,000 for research projects in solar heating and cooling systems.

The grant money will be parceled out among 14 small businesses, 4 individuals, and 2 universities.

In our national effort to explore and perfect use of new energy sources it is important that we consider and utilize the talent and expertise of individuals and small businesses whose innovation and knowledge are frequently overlooked.

The ERDA statement, providing information on this subject, is as follows:

TWENTY SELECTED TO DEVELOP SIMPLE SOLAR HEATING AND COOLING SYSTEMS

Fourteen small businesses, four individuals and two universities have been chosen by the Energy Research and Development Administration (ERDA) to design and develop simple, innovative solar heating and cooling systems.

The twenty were selected by ERDA for negotiations for research development and design projects involving passive and hybrid solar systems. In a passive system, heat or cooling is transferred through a building by natural convection, conduction, or radiation. A hybrid unit is one that is primarily passive but uses a minimum of automatic controls, fans or pumps to improve circulation.

According to Dr. Henry Marvin, Director of ERDA's Division of Solar Energy, these research projects make up one phase of an overall program aimed at developing better, more economical solar components and systems for heating and cooling buildings.

The twenty projects were chosen from 120 submitted to ERDA's Division of Solar Energy in response to a Program Research and Development Announcement (PRDA EG-77-D-29-0005) issued last March.

"As part of ERDA's effort to encourage small businesses and individuals to participate in its plan for the research and development of improved solar technology, responses to this solicitation were accepted only from universities, small businessmen, and private citizens", said Dr. Marvin.

A total of more than $800,000 for research projects is expected to be awarded to the following:

Ames Design Collaborative, Ames Iowa; "Experimental and Theoretical Study of the Thermal Performance of a Hybrid Solar Residence for the Farm of Today and Tomorrow at Living History Farms, Urbandale, Iowa"

The Architectural Alliance, Minneapolis, Minnesota; "Lindeberg Residence"

Banwell, White and Arnold, Incorporated, Hanover, New Hampshire; "White Mountain School Faculty Housing and Dormitory"

Earth Integral of Living Systems, Winters, California; "Suncatcher Monitoring Project"

Elkonix Corporation, Burlington, Massachusetts; "Passive Solar Collector/Connector Incorporating Energy Storage"

Energy Engineering Group, Incorporated, Idaho Springs, Colorado; "Experimental Investigation of the Trombe Wall Passive Solar Energy System

Foster-Miller Associates, Incorporated, Waltham, Massachusetts; "Development of a Passive Heating and Cooling System Using a Pumped Heat Pipe"

Mr. Harold R. Hay, Los Angeles, California; "Low-Cost Passive Design"

Institute of Energy Conversion, University of Delaware, Newark, Delaware; "The Application of Phase Change Materials in Passive Solar Systems"

Kalwall Corporation, Manchester, New Hampshire; "Low Cost Modular Passive Solar Furnace System Development"

Living Systems, Winters, California; "An Integrated Passive Heating and Cooling System"

Londe-Parker-Michaels, Incorporated, St. Louis, Missouri; "Retrofit of an Existing Masonary Home for Solar Passive Space Heating: A Demonstration and an Experiment"

Miami University, Oxford, Ohio; "Analysis of Performance of Passive Solar Heated Patoka Nature Center"

Mr. Norman B. Caunders, Weston, Massachusetts; "Evaluation of the Costs and Performance of Five Ways of Solar Heating"

Princeton Energy Group, Princeton, New Jersey; "Passive Water-Wall and Focusing Roof Aperture Solar Heating and Building Experiments"

The Solar Room Company, Incorporated, Taos, New Mexico; "Performance Analysis of a Double Polyethylene Inflated Hybrid Solar Space Heating System"

Ueland and Junker, Architects and Planners, Philadelphia, Pennsylvania; "Solar Atrium: A Hybrid Solar Heating and Cooling System"

Mr. Ralph E. Watts, Idaho Falls, Idaho; "Air Jet Design and Monitor Hybrid Air Collection System"

Wessling Consulting, Albuquerque, New Mexico; "Passive Retrofit Research on an Existing Dwelling"

Ying Manufacturing Corporation and Earth/Life System Design, Gardena, California; "Passive Nocturnal Cooling Building Research"

GENERAL ASSEMBLY OF PENNSYLVANIA MEMORIALIZES CONGRESS TO LIBERALIZE SOCIAL SECURITY EARNINGS PROVISION

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. EILBERG. Mr. Speaker, the General Assembly of Pennsylvania has unanimously adopted Senate Concurrent Resolution 208, memorializing the Congress to liberalize the excess earnings provision of the Social Security Act.

In adopting this resolution, the general assembly has made clear the depth of its concern for retired people who, in the language of the resolution, "have already paid their dues to the Nation's economic well-being." I am pleased, Mr. Speaker, to place in the RECORD the full text of this resolution:

RESOLUTION

Whereas, Many retired people receive only Social Security benefits; and

Whereas, Some people also have substantial investment income, in addition to Social Security; and

Whereas, People under the age of 72 without other income desiring to increase their standard of living are penalized when the individual earns over $3,000 a year because Social Security benefits are reduced; and

Whereas, In contrast, people over the age of 72 and those with substantial income from sources other than wages are not penalized; and

Whereas, Something more should be done for these citizens who have already paid their dues to the Nation's economic well-being; therefore be it

Resolved, (the House of Representatives concurring), That the General Assembly of the Commonwealth of Pennsylvania memorialize the Congress of the United States to change the Federal law to liberalize the excess earnings provision of the Social Security Law; and be it further

Resolved, That copies of this resolution be transmitted to the presiding officers of each House of the Congress of the United States and to each Senator and Representative from Pennsylvania in the Congress of the United States and the President of the United States and to the Federal Council on Aging.

WE MUST NOT SELL OUT TAIWAN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. McDONALD. Mr. Speaker, it appears that the number of countries in the world today who can still feel we will honor our treaty obligations to them is growing smaller. Daily, we appear to be discarding or moving away from our former allies and closer to our avowed enemies. One of the most clear cut cases in that respect is our disengagement from support of Taiwan in our efforts to "normalize"—whatever that means—our relations with Communist China. Administration spokesmen pontificate about various nations violating human rights, but insist on continuing to cuddle up to one of the world's greatest alltime violators of human rights—Red China. History may well record that U.S. foreign policy underwent a fit of insanity during this period. One can only hope that the patient will recover and that we will not sacrifice our years of friendship with Free China in chasing the will-o'-the-wisp of "normal relation," if such a thing is ever possible with a Communist nation. Recently, Allan Brownfeld wrote a column on this subject which made the case for maintaining relations with Taiwan very well. It is inserted at this point as it appeared in the Lima News on July 18, 1977. I commend it to the attention of my colleagues:

WE MUST NOT SELL OUT TAIWAN

(By Allan C. Brownfeld)

Secretary of State Vance is now planning his trip to Taiwan in August and, as he does, pressures are mounting for the U.S. to abandon Taiwan and "normalize" its relations with Communist China.

One indication of how strongly the Communist Chinese feel on this question came in an unusually tough statement from Vice Premier Li Hsien-nien, who met on July 4 with Adm. Elmo Zumwalt while he was visiting China.

Vice Premier Li said the following: "As to when and in what way the Chinese people are to liberate their sacred territory of Taiwan, that is entirely China's internal affair, which brooks no interference."

Writing from Peking, Ross Munro of the Toronto Globe and Mail noted, "The statement was another Chinese rebuff of U.S. probes for some sort of direct or indirect assurance from Peking that it does not intend to use military force to reunite Taiwan with the mainland."

After his meeting with Vice Premier Li, Admiral Zumwalt said that he "detected no flexibility" in the Chinese position in regard to Taiwan. One week earlier, Secretary Vance had urged China to join the U.S. in mutual efforts to normalize relations, but added that the U.S. "places importance on the peaceful

settlement of the Taiwan question by the Chinese themselves."

Vice Premier Li appeared to be responding to the Vance statement when he declared that the U.S. must take the following steps of disengagement from Taiwan: "Severance of diplomatic relations, withdrawal of its troops, and abrogation of the defense treaty—and none of the three can be dispensed with."

The idea of the men in Peking determining U.S. policy is itself a shocking presumption on their part. Unfortunately, there is some evidence that the Carter administration is in the process of submitting to their demands.

In a major speech concerning U.S. Asia policy delivered to the Asia Society on June 29, Secretary Vance appeared to be paving the way toward a fruitful visit to Peking in August. Some observers found it significant that the speech omitted mention of American guarantees for Taiwan, although State Department officials stress that there has been no change in the status of the American Security Treaty with Taiwan.

Yet, one Taipei newspaper declared, "The Secretary of State's address could be construed as a calculated insult to this country. Secretary Vance is associating himself with the Machiavellianism of Richard Nixon. He is not standing on the Carter platform of morality and human rights."

Already, the U.S. seems to be taking steps away from its commitment to Taiwan. The U.S. had reduced its military forces on Taiwan from 10,000 at the time of the Shanghai Communique in 1972 to 1,400 at the present time. The Military Assistance and Advisory Group has been reduced to 35 members, largely concerned with the cash sales of military materiel.

When the Carter Administration may be toying with the idea of abandoning the U.S. commitment to Taiwan, there are powerful pressures at work which would make this a costly political decision. The State Department has been receiving cables from its embassies all over non-Communist Asia reflecting concern on the part of our Asian allies that the U.S. is withdrawing from its commitments in the region.

Beyond this, support in the Congress for Taiwan is perhaps as strong as ever. On a recent visit to Taipei, Sen. John Sparkman, D-Ala., chairman of the Senate Foreign Relations Committee, asserted that the U.S. "will not alter its relations with the Republic of China" while seeking normalization of relations with Peking. Senator Sparkman noted, "It seems to me that it is both unwise and unnecessary" to accept Peking's terms to establish normal relations. Many other's in the House and Senate—from both parties—have echoed this view.

There are also many in the U.S. who argue that the Carter administration's embrace of Peking is in direct contradiction to its human rights policy. Professor David N. Rowe of Yale University states, "If President Carter really does mean not to 'embrace' dictatorships, he should immediately cancel Secretary of State Vance's plan to visit Peking in August to advance normalization of relations with the Red regime there. Or is the Carter administration in reality so afraid of the Soviet Communists . . . its seems to embrace the Chinese Communist dictatorship?"

Quietly, the Carter administration has been taking a variety of actions against the Republic of China. The State Department has discouraged any American companies from participating in any oil and gas exploration off the coast of Taiwan and has requested that the termination of a $917,000 contract between the Republic of China and M.I.T. stating that the program "is not in the furtherance of this foreign policy . . . of the U.S." If we were not preparing to abandon Taiwan, what is the purpose of such actions?

Even those on Taiwan who disagree with the Nationalist government are shocked at the heavy-handedness of what appears to be U.S. policy. One of Taiwan's anti-government politicians said: "You gave us to Chiang Kai-Shek and now someday you are going to turn us over to the Communists. Carter talks about morality. He should know we want to be independent. It is going to be a sad day for the Taiwanese."

Hopefully, those Americans concerned with keeping our commitments will see to it that that sad day never arrives.

"THE CARTER ADMINISTRATION'S COCA-COLA SUGAR PROGRAM—OPEN GOVERNMENT?"

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. SYMMS. Mr. Speaker, coming from a sugar producing district in Idaho I have witnessed first hand what has been happening to sugar producers—both cane growers in the South and beet growers in the West—under the policies of the Carter administration. It seems, Mr. Speaker, that the "cabinet concept" of executive branch government may have broken down as evidenced by a confidential memorandum to the President from advisor Stuart Eizenstat dated July 7, 1977. The Eizenstat memo states that Agriculture Secretary Bob Bergland and trade negotiator Bob Strauss continue to support the present administration sugar program of a two-penny subsidy for domestic growers as opposed to countervaling duties or import quotas against foreign subsidized sugar.

Yet, in testimony before a Senate finance subcommittee, Secretary Bergland indicated that the present program, in his opinion, was not working and that domestic growers were being ruined. Mr. Strauss had voiced similar opinions. But apparently this information has been covered up and kept from the President.

All of this was reported in the Evans and Novak column in today's Washington Post. I continue to be amazed, Mr. Speaker, by the almost daily revelations of suppression and coverups in the Carter administration. In recent weeks we have had revealed to us a coverup in ERDA estimates of natural gas supplies that could result from deregulation of prices, Mr. Carter's blatant about face in his position of gas deregulation from that taken during his campaign, the suppression of ERDA publications on nuclear energy, and indications of administration involvement in the suppression of a defense report by the Library of Congress' Congressional Research Service that contradicted administration statements about the growth of Soviet military power vis-a-vis the United States.

Now we have the latest revelation about the sugar program and the Coca-Cola connection. I urge my colleagues to read the following Evans and Novak article:

BITTER SUGAR FOR THE COCA-COLA CONNECTION?

Political schizophrenia has led two members of President Carter's cabinet to take one position in private and another in public on increasingly troublesome sugar policy, raising questions about the impact here of a single corporation: the Coca-Cola Co.

Atlanta-based Coca-Cola, which buys 10 per cent of all home-grown or imported sugar in the United States, profits heavily from current low prices. It supports the administration's two-penny domestic-grower subsidy, viewed as hopelessly inadequate by American growers, so strongly that Chairman Russell Long (D-La.) of the Senate Finance Committee calls it "a Coca-Cola program."

That claim carries special significance in Jimmy Carter's Washington. Coca-Cola gave the President his Attorney General (Griffin Bell, senior partner in the Atlanta law firm representing Coca-Cola) and his Deputy Secretary of Defense (Charles Duncan, Coca-Cola board of directors). Budget Director Bert Lance as an Atlanta banker had strong business and social links with the Coca-Cola hierarchy.

Nobody is charging conflict of interest. But congressional opponents of the administration's sugar policy fear the Coca-Cola connection means Carter may not be getting the full story on sugar policy from his cabinet—which would be a clear breakdown of "cabinet government." What gives their fears substance is a July 7 confidential memorandum to the President.

The memorandum was drafted by domestic policy adviser Stuart Eizenstat and his deputy Lynn Daft. While lamenting an unexpected further decline in sharply falling sugar prices, the memo nevertheless defended the administration's two-penny domestic subsidy. Growers view that as worthless against cheap sugar imports and want import restrictions instead. The Eizenstat-Daft memo warned the President against congressional efforts "to cripple the program or replace it with a more protectionist program."

"As a result of these congressional actions," the President was told, "we have met with [Agriculture Secretary] Bob Bergland, [trade negotiator] Bob Strauss and [Assistant Secretary of State] Julius Katz to reassess our options. This group has concluded that the policy you announced in early May [the two-penny grower subsidy followed by a still elusive international sugar agreement] remains the best option and that we should redouble our efforts to avoid any congressional action that would undermine its chances."

In his heart, however, Bergland's concept of a "best option" differed. Exactly six days later, testifying before a Senate finance subcommittee, Bergland used language seemingly designed to tear the two-penny program to shreds.

"Things are coming apart at the seams," he told the senators. "We understand that . . . from our vantage point in the Department of Agriculture, we will never support a policy that will consciously or subconsciously allow the disintegration of the domestic sugar industry."

At that point, Sen. Long lashed out at the "Coca-Cola program" that was destroying Louisiana cane and Western beet growers.

Furthermore, Bergland's true sentiment about "the best option" makes twins of him and Bob Strauss. Testifying on July 20 to the House Banking Committee, Strauss declared: "Secretary Bergland and I and the members of the Economic Policy Group [headed by Treasury Secretary W. Michael Blumenthal] . . . think it is proving to be wholly ineffective."

Strauss then made an even more dramatic departure from Eizenstat's memo. Asked

whether he agreed with Comptroller General Elmer Staats's ruling that the two-penny subsidy is illegal, Strauss called Staats "dead right on that, and we have always been concerned that that was going to be where we end up . . . and it would not surprise me one bit if the Justice Department upheld it."

There would, however, be a problem there. Since Attorney General Bell ran the law firm that represents Coca-Cola (King and Spalding, now headed by presidential intimate Charles Kirbo), an appeal by the administration to him from Staats's ruling would invite conflict-of-interest problems. The appeal would go to Deputy Attorney General Peter Flaherty.

Congress, however, may seize upon the administration's lamentable confusion and place sugar under a mandatory price-support system with import restrictions. If so, the President may be spared immediate further agony over sugar that has resulted from disjointed "cabinet government": Blumenthal fighting for free trade, Bergland angling for supports and quotas, Strauss battling for anything that works, White House economic advisers plotting to continue low-price sugar to help check inflation.

The President seems willing to accept confusion as the price of diversity. The worrisome aspect is added by the Coca-Cola connection. Whether or not this is an unjustifiable suspicion in hypersuspicious Washington, the confidential memo to the President can only promote those worries.

Mr. Speaker, it is amazing that in the administration of Jimmy Carter, who campaigned as a "friend of the farmer", that we would see what appears to be blatant conflicts of interest like this at the expense of our domestic sugar producers. One wonders what the response of the national media would be to this if it were to occur in a Republican administration, maybe if Mr. Carter continues in his superficial style the media will start exposing this credibility gap.

WORK FOR FOOD STAMPS

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. COLEMAN. Mr. Speaker, the inconsistencies of the debate against this and other amendments offered to reform the food stamp program are becoming more than a mere mortal can bear.

On the one hand we are told that food stamp recipients are fully capable of judging nutritional foods to purchase and that they are capable of managing family budgets without any assistance from the Government. Yet, now on the other hand, we are being told these same people are not capable of working to make a living or to even compensate the society at large for the free food stamps they have been given.

One or the other of these arguments is not fact. Those of us who supported the Findley amendment assumed that food stamp recipients can make judgments, can be responsible and therefore, do have social responsibilities just as those citizens who pay for this progam but never depend on its benefits.

The purpose of this amendment as I understand it, is not to degrade anyone. It is not designed to punish or abuse anyone. It is designed to provide some small amount of social equity.

The able-bodied recipients of food stamps have some obligation to return some of the social benefits they derive from this program. No one seeks repayment from those physically or mentally unable to repay.

Further, it is my impression that many people in our society who need food stamps would see this "work for food" adjustment to the program as one that would remove some of its welfare stigma. Many people, we have been told over and over these past few days, will not use the food stamp program because it is too much like welfare. With the addition of the "work for food" amendment, the program will no longer be pure welfare. It will be a program that extends a helping hand when it is needed and with the expectation that able-bodied recipients incur some obligation to be met by working for the public good.

One additional observation about the potential effect of this amendment should be made. I believe that many food stamp recipients might find that this work requirement would enable them to make contacts that could help them find their way out of dependency. Contact with public workers and officials could lead some welfare recipients to find training services or work opportunities that might help permanently remove them from the food stamp program.

I can see little in this amendment that is risky or dangerous to those using the program or those paying for the program through their taxes.

PROPOSED COMPUTER LAW

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. ROSE. Mr. Speaker, on July 19, 1977, I introduced legislation with Representative ROBERT DRINAN to provide effective prosecution of electronic burglars who use computers and computer technology to steal or manipulate information, financial instruments, and other property. The measure is a companion to S. 1766, the Federal Computer Systems Protection Act of 1977, introduced by Senator RIBICOFF, chairman of the Senate Government Affairs Committee.

If adopted, this bill would be the first law enacted by the Congress to specifically control crime by computer or computer-related crime. Present Federal criminal law as reflected in title 18 U.S.C., contains some 40 sections under which the Government can prosecute computer-related crime. But all 40 of the Statutes were written to combat abuses other than computer crimes and, as a result, Federal prosecutors have been handicapped by laws that did not envision the technical aspects of computer crime. Computer criminals currently operate in an environment and under conditions in which successful detection and prosecution of their crimes is very difficult.

The incidence of white-collar computer crimes is becoming more pervasive and costly each year. In three separate reports on computer crime and related subjects, the General Accounting Office outlined the variety of crimes being committed. In one case involving computer supply systems, an employee used a computer terminal to determine the location and availability of supply items desired by outside conspirators. The perpetrator then programed the computer system to prepare fraudulent requisition documents and "sold" the items to his fellow conspirators.

Many computer crimes involve systems that make direct payments to individuals or businesses. For example:

A Government employee who had helped automate an accounting system introduced fraudulent payment vouchers into the system. The computer issued checks payable to fictitious companies set up by the employee. Officials estimate that $100,000 was paid for goods that had never been delivered.

A supervisory clerk responsible for entering claim transactions to a computer based social welfare system found she could introduce fictitious claims on behalf of accomplices and they would receive the benefits. She was able to process over $90,000 in claims (authorities believe it might have been up to $250,000) before she was discovered through an anonymous telephone tip.

The Government's ability to prosecute computer crimes is severely limited. The GAO reported, for example, that a major computer crime conviction had been won in one well-known case only because the perpetrator had used an interstate telephone line to penetrate the computer system of a Federal contractor. Had the telephone been used intrastate rather than interstate, Federal prosecutors said, the Wire Fraud Statute—18 U.S.C. 1343—under which the indictment was brought, might have been inadequate. In the same case, part of the indictment was dismissed because electromagnetic impulses which transmitted valuable data were determined not to be "property" as defined in the Interstate Transportation of Stolen Property Statute—18 U.S.C. 2314.

In another attempted prosecution, the Government lost the case because of the definitional difficulties in establishing whether checks issued by a computer on the basis of fraudulent or manipulated data were actual forgeries.

Mr. Speaker, my bill would amend title 18 of the United States Code in such a way as to make virtually all unauthorized use of Federal computers and computers used in interstate commerce a Federal offense punishable by as much as 15 years in prison or $50,000 fine, or both.

The legislation was drafted by the Senate Government Affairs Committee in consultation with Justice Department officials, computer security scientists and persons expert and actively involved in the criminal justice system. All have concluded that this measure, if adopted, will be applicable in virtually every case involving computer crimes.

It is important to remember that as we become more dependent upon computers and computer networks to relay, process and store information, computer systems will become increasingly intricate and complex. The opportunities for crime in this area will become greater with less chance for prosecution under existing laws. Legislation such as I am proposing is necessary to deter computer crime and provide the legal framework to protect our society from the newest and most sophisticated of criminals: computer thieves.

I invite all interested Members to cosponsor this essential legislation by contacting either myself or Rick Kastens of my staff at 5–2731.

THE NEED FOR HOME HEALTH SERVICES

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Ms. OAKAR. Mr. Speaker, I would like to bring to the attention of my colleagues the following article from the Cleveland Press by Rusty Brown, concerning home care for cancer patients. This article illustrates very vividly the necessity for a broad range of home health services not only for cancer patients, or any other persons with dibilitating illnesses, but for still another segment of our society in great need of these kinds of services—our elderly. The article points out the need to deemphasize institutionalization, and in order to do that we have to provide home health care services. Certainly this is true for our elderly. Today there are an estimated 125,000 persons in nursing homes who could, with the help of a good home health care program, live in their own environment.

Our health insurance programs particularly medicare, need to be adjusted to allow for this kind of care. As of now, medicare covers less than one-third of our older Americans health needs.

I believe that my colleagues will find this article interesting and enlightening. So many of us have had to face the painful problem of caring for a terminally ill person or a frail elderly relative. If these kinds of services are made available to families, perhaps they will not have the difficulties or the painful choices about institutionalizing a loved one, that we have had in the past.

The article follows:

HOME CARE GAINS FOR CANCER PATIENT

(By Rusty Brown)

Among the awful things about cancer is that it can go on so long.

The victims are far from well, but they aren't in constant need of a hospital bed either—or, all the expensive lifesaving equipment of today's advanced health institution.

This presents a dilemma to both patients and families. Should they ask to stay at home? Are their families emotionally put together to cope with the slow deterioration of this lingering anguish?

Should they go to a hospital or nursing home and lose precious days and hours with their loved ones?

Apparently, most do. A recent study of Ohio's cancer patients shows only one in five dies at home. Sixty-five percent die in hospitals and 15 percent die in nursing homes.

Dr. Walter J. Ports of Metropolitan General Hospital and one of the study's four Cleveland researchers says, "I have no figures to prove it yet, but I feel there is a growing number of cancer patients who would prefer to stay at home if at all possible. And more and more families who want to take care of their loved ones at home."

Cleveland State University nursing professor Mary Ann Rose, who also worked on the study, points out that an unknown number of the 65 percent who died in hospitals could have been admitted in the last days of their illness.

"They may have been cared for many weeks at home before that and our data wouldn't reveal this," she says.

Psychologist Savine Weizman, who originated group sessions for people with cancer to discuss common fears and problems, says, "They want to be with the people they love—and in familiar surroundings. But they don't want to be a burden on their family either."

It is obvious the solution is some sort of professional home care to supplement what the family can do.

Traditionally, such care was associated with wealthy dowagers who had white-clad private-duty nurses to wheel them places and put them to bed.

Now there's an effort to provide a broader range of home nursing care with greater and lesser degrees of medical expertise.

For instance, there are private agencies such as Quality Care of Cleveland, which opened here 18 months ago. It is part of a national organization that has established itself in 37 metropolitan areas in seven years.

Registered nurse Becky Snitzmier, Quality Care nursing supervisor, says, "A startling fact recently published by Blue Cross is that one of four hospital patients needn't be there. Their needs could be met with some level of home care."

"That's where we can help," she adds. "We provide several levels of health care: registered nurses, licensed practical nurses, home health aides or companions. They can be hired for five hours a day, or 24 hours a day. A registered nurse costs $8 an hour, a licensed practical nurse, $6, and a home health aide or companion, $4 to $4.50 an hour.

Some hospitalization plans now cover all or part of these expenses. Medicare does not cover nursing care. About 25% of Blue Cross contracts provide home health care coverage.

Blue Cross currently is providing all patients at Deaconess and Hillcrest Hospitals with the opportunity for intermittent home nursing care in a pilot program.

Home health services can be claimed as a medical deduction on income taxes.

Routine functions for home health aides include meal preparation and helping the patient with grooming, eating and moving about. An aide also notes temperature, pulse and respiration rates, if needed.

"We work with the patient's doctor, of course, and take recommendations from him," said Ms. Snitzmier.

"The patient's medical needs are a prime concern, of course, but we also pay just as much attention to his emotional needs.

"We give emotional support to the family as well.

"Even though they have decided to keep the ill member at home, having someone there with medical knowledge and experience is a comfort. It gives them a sense of security."

Says Dr. Weizman, "Dying is such a lonely experience. It's easier to face with your family around you."

CLINCH RIVER AND NONPROLIFERATION DIPLOMACY

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. NEAL. Mr. Speaker, following the August recess, the House will be asked to consider the question of commercializing the plutonium-fueled breeder reactor. A vote to continue funding for the Clinch River project would serve only to undercut the President's nonproliferation program before it has had time to be tested.

The administration's major diplomatic effort to persuade other nations to avoid premature commercialization and join us in the international nuclear fuel cycle evaluation program—INFCEP—will culminate in a general meeting of all participants in the autumn.

Secretary Vance's letter to the Speaker on the INFCEP effort appeared in the June 15 RECORD. A followup on the current status of the program is outlined in a letter from Under Secretary Joseph Nye to the Environmental Policy Center. The letter follows:

JULY 18, 1977.

MS. JANET HEIBER,
Environmental Policy Center,
Washington, D.C.

DEAR MS. HEIBER: This is in response to your inquiry on the status of the International Nuclear Fuel Cycle Evaluation proposed by the President in his April 7 Statement on Nuclear Power Policy.

As you are aware, we envision that this Evaluation will study current generation reactors, including ways of assuring a reliable supply of nuclear fuel and means of solving the spent fuel storage problem, as well as studying breeders and other future generation reactors and fuel cycles with emphasis on cycles that utilize non-sensitive fuel. The call for this Evaluation is predicated on our belief that we do not need at this time to rush ahead into the widespread separation and industrial use of weapons-usable plutonium. We believe that we have sufficient time for a pause to examine whether there exist viable alternatives to such an economy, which would present less risk of proliferation.

The President discussed the Evaluation with foreign heads of state at the London Economic Summit in May. We have also had discussions in various forums with some thirty other nations and international organizations, suppliers and consumers alike, and are presently proceeding to gain international consensus on a detailed approach. We are encouraged at the response we have received thus far from these nations and organizations, and would hope to have a gen-

eral meeting of all participants in the early fall.

A factor that will bear significantly on the chances of success of the Evaluation are decisions we make domestically on the U.S. nuclear program. In this regard, the President has proposed to reduce the funding for the existing U.S. breeder program and to redirect it toward evaluation of alternative breeders, advanced converter reactors, and other fuel cycles, with emphasis on non-proliferation and safety concerns. He has also proposed canceling the construction of the Clinch River Breeder Reactor Demonstration Project. These actions, we are convinced, would not seriously affect long-term energy supplies in the United States. On the other hand, if the Congress were to alter these Presidential decisions, this would raise doubts about the sincerity of our non-proliferation policy and call into question our credibility with respect to our asking other nations to pause and re-examine their plutonium option.

Please let me know if I can be of further assistance to you.

Sincerely,

JOSEPH S. NYE,
Deputy to the Under Secretary of State for Security Assistance.

FINANCIAL STATEMENT

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. DOWNEY. Mr. Speaker, in keeping with a practice I began in 1975, I am publishing my financial statement for 1976. I believe that public officials have an obligation to make a full financial disclosure in order to have on the public record the sources of all income, and taxes paid so that no question as to self-enrichment or conflict of interest can ever arise.

My financial statement as of December 31, 1976 follows:

Income for 1976

Salary—U.S. House of Representatives	$44,600.00
Other income:	
Honoraria	597.00
Second Congressional Association [1]	147.00
Interest income	11.00
Total	775.00
Total income 1976	45,355.00
Adjustment to income:	
Congressional reimbursements: travel, stationery, district office, district office telephone	11,612.00
Congressional (reimbursable) expenses: travel, stationery, district office, district office, telephone, cost of living in D.C., miscellaneous	15,116.00
Other (nonreimbursable) Congressional expenses (automobile expenses)	2,400.00
Total adjustment	5,904.00
Line 15: adjusted gross income	39,451.00
Itemized deductions:	
Medical	$84.00
Taxes	6,607.00
Interest Expenses	169.00
Contributions	380.00
Miscellaneous Congressional Expenses	2,296.00
Total	9,536.00
Personal exemption	750.00
Total	10,286.00
1976 taxable income	29,165.00
Federal Income Tax Paid	8,881.00
New York State Income Tax Paid	3,685.00

[1] The Second District Congressional Association is a non-profit membership fund which holds monthly meetings to keep members and the public informed about national issues and happenings in the Congress.

Funds raised are used to increase the services and information I am able to provide my constituents.

The December 31, 1976 Statement of the Second District Congressional Association follows:

Income:	
Dues	$3,090.00
Luncheons	1,582.50
Miscellaneous	60.01
Total	4,732.51
Expenses:	
Office supplies	1,072.64
Mobile Office	228.75
Luncheons	1,938.05
Bank Charges	35.75
Miscellaneous	1,171.96
Petty Cash	138.36
Total	4,585.51
Balance for 1976	147.00

Statement of net worth, December 31, 1976

Assets:	
Cash value, congressional retirement system	6,697.77
Personel Property (approximately)	5,000.00

Liabilities: None.

I have no outside business interest, and no connection with any business entity, except in an honorary capacity, that does business with the Federal Government, or subject to Federal regulatory agencies.

FOOD STAMPS

HON. ALLEN E. ERTEL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. ERTEL. Mr. Speaker, yesterday, the House defeated an amendment to the Food Stamp Act of 1977 which would have barred strikers from receiving food stamps. Like many of my colleagues, I recognize that there may be some justification for denying food stamps to those who voluntarily engage in work stoppages. But in singling out strikers for special treatment—in this case, less favorable treatment—we involve ourselves in a hopeless series of problems and inconsistencies.

Presumably, crime is at least as voluntary an act as going on strike. Yet, if we prohibit strikers from receiving food stamps, we are forced into the untenable position of making the families of prisoners eligible for food stamps but denying them to the families of strikers. Mr. Speaker, neither the family of the striker, nor the family of the prisoner is responsible for his or her actions. To place hardship on these families, because of the actions they could not influence is both cruel and unreasoned. Furthermore, Mr. Speaker, not every employee off work because of a strike is doing so voluntarily. An individual opposed to the strike may very well be off work because the strike has closed down his or her place of employment. Why should this person and his or her family be denied the benefits of food stamps?

Mr. Speaker, the food stamp program is designed to provide low-income and elderly people with an adequate diet. This year's legislation includes an income ceiling and requires able-bodied individuals to search for work. These are requirements that are fair and equitable, and they should be rigorously enforced. Denying food stamps to strikers, on the one hand, is a somewhat confused attempt to use agricultural policy in dealing with labor disputes. Those involved in labor disputes deserve no special consideration. However, an amendment which denies them eligibility for food stamps is one which also denies them what every citizen deserves —equal treatment under the law.

NATIONAL ISSUES UNIFY, SPLIT 10TH DISTRICT ADULTS, STUDENTS

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. MIKVA. Mr. Speaker, the generation gap may be closing as indicated by the agreement between my adult and high school constituents on some critical national issues. Differences still exist, however, in the two groups' opinions on other pressing topics, according to the results of a multi-issue questionnaire distributed to each household and in 13 high schools in the 10th Congressional District.

Adults and their high school offspring agree on the seriousness of this country's energy situation, but have some differences on the way to achieve energy goals. More students than adults favor imposition of a tax on "gas guzzling" automobiles combined with a tax rebate for fuel-efficient cars. Neither group likes the idea of a standby gasoline tax to be imposed when the country does not meet our energy needs.

On an issue of particular concern to me, handgun control, almost 68 percent of both the adult and high school respondents said they favor a ban on the manufacture, sale, and distribution of handguns except for the police, military, and licensed pistol clubs. The question reflected the provisions of a bill I have introduced that is before the House Judiciary Committee's Subcommittee on Crime.

A major question dealt with national spending priorities and asked respondents to rate each area as to whether they would like to have more Federal funds, less, or the same amount spent in future fiscal years. The adults and high school students agreed in indicating their pref-

erence for a shift to domestic spending, both indicated they would like to see the amount of foreign aid cut. The largest number of adults listed energy research as their top priority for increased Federal funding and public assistance as the area that most of them indicated they would like to see cut.

The largest percentage of high school students chose pollution control as the area they would like to give more Federal backing, followed closely by energy research and conservation. Foreign aid was the area that the largest number high school students selected for budget trimming.

On two of our most controversial national issues, the two groups generally agreed on abortion but split sharply on election day voter registration. Seventy-five percent of the adults and 54 percent of the students opposed a constitutional amendment to prohibit abortions. Sixty-five percent of the adults indicated opposition to election day voter registration, but more than 66 percent of the students supported such a procedure.

There was also an interesting difference in the attitudes of the two sets of respondents regarding the general direction of the country. The largest group of adult respondents said they believe that the United States is headed in the wrong direction. The high school students split almost evenly among those who think the country is headed in the right direction, wrong direction, and those who are not sure where the country is going.

More than 15,000 adults and 3,000 high school students completed the questionnaire and I believe their responses provide valuable insight to some of the key issues facing Congress, such as the energy question that we will be facing in the next few weeks.

The complete questionnaire results follow:

RESULTS OF 10TH CONGRESSIONAL DISTRICT, 1977 CONSTITUENT QUESTIONNAIRE

[To control Government spending, I am constantly faced with decisions about which program should be funded and which should not. Since our resources—your tax dollars—are limited, I must say no to many programs that cost too much. Below is a list of items that make up the Federal budget, along with the percentage of the total budget now being allocated to that item. For each item, please indicate whether you think the item should receive more of the budget, less of the budget or remain the same.]

[In percent]

	More	Less	Same	No response
I. Budget:				
National defense (26 percent)	20.0	36.0	36.0	8.0
Social Security (20 percent)	21.7	26.1	44.0	8.2
Health (Medicare, medicaid research, training, construction) (9 percent)	32.4	26.3	32.7	8.6
Public assistance (including SSI, food stamps, school lunch and nutrition, housing) (6 percent)	9.0	60.7	22.6	7.7
Income security (unemployment, railroad and Federal employee retirement) (6 percent)	8.0	45.1	38.0	8.9
Veterans benefits (4 percent)	14.0	22.0	55.0	9.0
Education (2 percent)	44.7	15.9	31.4	8.0
Foreign aid (2 percent)	4.7	59.7	28.1	7.5
Revenue sharing (2 percent)	20.7	26.7	42.5	10.1
Conservation, natural and water resources (2 percent)	48.0	11.0	33.0	8.0
Employment and job training (1 percent)	34.0	21.2	36.6	8.2
Social services (vocational rehabilitation, aid to handicapped, elderly etc.) (1 percent)	40.0	11.0	40.7	8.3
Energy research (1 percent)	66.1	7.1	20.2	6.6
Pollution control (1 percent)	44.7	14.3	33.1	7.9
Law enforcement (1 percent)	49.3	8.8	34.3	7.6

	Yes	No	Not sure	No response
II. Government and congressional reform:				
1. Should the President, Members of Congress, and high Government officials be required to make complete disclosure of their sources of income?	83.4	12.7	3.1	.8

	Agree	Disagree		
2. This year, Congress put a limit on outside earnings for Members of Congress. Do you agree or disagree that there should be such a limit?	62.7	29.0	7.7	.6

	Yes	No		
3. Currently, Presidential elections are federally financed in order to limit private contributions and the resulting influence of the contributors. Should this kind of financing reform be extended to congressional elections?	56.9	32.0	10.0	1.1
4. To encourage greater voter participation, proposals have been to simplify voter registration by allowing a person who shows proper identification to register and vote at the polling place on election day. Do you favor such proposals?	28.4	65.3	5.3	1.0
5. Do you favor abolishing the Electoral College and replacing it with the direct popular election of the President and Vice-President?	73.5	20.6	5.2	.7
6. Sunset legislation has been proposed that would terminate Federal agencies automatically after a fixed number of years, unless each agency could prove that its continued existence was in the public interest. Do you favor such legislation?	93.0	2.3	4.0	.7
7. Do you think there is serious danger of conflict of interest when an individual in private industry serves on a Federal agency that regulates that industry, and then moves back to the industry when his or her Government service ends?	68.1	20.2	10.4	1.3

	Right	Wrong	Not sure	No response
III. General:				
1. In general, how do you feel about the direction this country seems to be headed?	29.5	40.2	25.5	4.8

	Yes	No		
2. Would you favor a constitutional amendment to prohibit abortions?	17.3	75.1	6.8	.8
3. Do you think that Federal employees should be allowed to participate in election campaigns, provided that safeguards exist to protect them from any political pressure?	45.5	45.0	8.3	1.2
4. Should there be a Federal law to ban the manufacture, sale and distribution of hand guns except for the police, military, and licensed pistol clubs?	67.7	26.0	5.6	.7
5. Should the B-1 manned bomber project continue to be funded?	34.8	34.5	28.7	2.0

	A	B	C	
6. Which do you favor in dealing with the problems of the railroads (A) Leave railroads to private enterprise even if this means an end to most passenger service; (B) Continue Federal subsidies to the railroads; (C) Takeover of the railroads by the Federal Government.	37.9	40.2	18.0	3.9
7. Which statement is closest to your view about national health insurance? (A) Congress should pass comprehensive national health insurance covering all illnesses and all Americans; (B) Congress should confine itself to catastrophic national health insurance covering only a small percentage of the most costly illness; (C) We should continue to rely solely on current medical care programs and on the private insurance industry.	34.4	32.6	28.8	4.2

	Yes	No	Not sure	No response
IV. Foreign affairs:				
1. Should there be Federal legislation to prohibit American companies from complying with the Arab boycott?	36.2	37.5	23.8	2.5
2. Do you think that the United States should establish high tariffs or quotas on imports to protect some U.S. manufacturers and American jobs, even if such action increased costs to American consumers?	30.6	55.2	12.3	1.9
3. Do you think that the United States should play a leading role in encouraging human rights throughout the world, even when such encouragement may be resented by some of our allies?	51.9	36.5	10.0	1.6
4. Do you think there should be a general reduction in the sale of American arms abroad?	61.5	25.4	11.4	1.7
5. Do you favor negotiations between the United States and the Soviet Union for mutual arms reduction?	81.7	13.2	4.1	1.0
V. Energy:				
1. Do you think the effective date of the Federal air pollution standards for new automobiles should be delayed beyond this year?	41.3	49.0	8.4	1.3
2. Do you favor requiring large oil companies to sell their interests in alternate sources of energy such as coal and uranium?	38.1	43.6	16.1	2.2
3. As a way of encouraging energy conservation, do you favor a stiff tax on gas guzzling automobiles along with a tax rebate for those who purchase the most fuel efficient autos?	46.8	44.2	7.1	1.9
4. As part of an energy conservation program, do you favor a standby gasoline tax of 5 cents per gallon each year that our gasoline conservation goals are not met, with with a maximum tax of 50 cents per gallon over a 10-yr period?	32.9	54.3	10.8	2.0

RESULTS OF 10TH CONGRESSIONAL DISTRICT, 1977 CONSTITUENT QUESTIONNAIRE—Continued

[In percent]

	Moderate	Tougher	Not sure	No response
5. Generally speaking, do you favor an energy conservation program that is largely moderate in nature with a few tax incentives, or one that is much tougher with strict standards and bigger tax penalties?	46.9	41.4	7.8	3.9
	Very serious	Fairly serious	Not serious	
6. How serious do you think the energy crisis is?	49.3	39.4	9.6	1.7

	More	Less	Same	No response
I. Budget:				
National defense (26 percent)	27.3	28.1	37.5	7.1
Social Security (20 percent)	34.4	16.0	42.4	7.2
Health, medicare, medicaid, research, training, construction (9 percent)	53.8	9.1	29.2	7.9
Public assistance (including SSI, food stamps, school lunch and nutrition, housing) (6 percent)	30.5	20.7	41.8	7.0
Income security (unemployment, railroad and Federal employee retirement) (6 percent)	20.6	23.0	48.4	7.9
Veterans benefits (4 percent)	20.3	19.1	53.3	7.3
Education (2 percent)	61.4	6.3	24.8	7.5
Foreign aid (2 percent)	9.8	42.0	40.4	7.8
Revenue sharing (2 percent)	18.6	24.5	48.2	8.7
Conservation, natural and water resources (2 percent)	65.0	4.7	22.4	7.9
Employee and job training (1 percent)	40.4	11.1	41.3	7.2
Social services (vocational rehabilitation, aid to handicapped, elderly, etc.) (1 percent)	50.4	6.3	36.3	7.0
Energy research (1 percent)	65.2	4.7	22.9	7.1
Pollution control (1 percent)	68.8	4.8	20.4	6.0
Law enforcement (1 percent)	51.6	7.9	33.3	7.1

	Yes	No	Not sure	No response
II. Government and congressional reform:				
1. Should the President, Members of Congress, and high Government officials be required to make complete disclosure of their sources of income?	64.1	16.1	18.1	1.6
	Agree	Disagree		
2. This year, Congress put a limit on outside earnings for Members of Congress. Do you agree or disagree that there should be such a limit	53.9	28.3	16.5	1.2
	Yes	No		
3. Currently, Presidential elections are federally financed in order to limit private contributions and the resulting influence of the contributors. Should this kind of financing reform be extended to congressional elections?	38.7	29.2	29.2	2.8
4. To encourage greater voter participation, proposals have been made to simplify voter registration by allowing a person who shows proper identification to register and vote at the polling place on election day. Do you favor such proposals?	66.4	20.6	11.1	2.0
5. Do you favor abolishing the Electoral College and replacing it with the direct popular election of the President and Vice President?	57.2	20.0	20.8	2.0
6. Sunset legislation has been proposed that would terminate Federal agencies automatically after a fixed number of years, unless each agency could prove that its continued existence was in the public interest. Do you favor such legislation?	52.0	9.9	36.1	2.0
7. Do you think there is serious danger of conflict of interest when an individual in private industry serves on a Federal agency that regulates that industry, and then moves back to the industry when his or Government service ends?	44.6	21.5	31.9	2.0

	Right	Wrong	Not sure	No response
III. General:				
1. In general, how do you feel about the direction this country seems to be headed?	34.0	33.6	31.2	1.2
	Yes	No		
2. Would you favor a constitutional amendment to prohibit abortions?	22.3	53.8	23.1	.8
3. Do you think that Federal employees should be allowed to participate in election campaigns, provided that safeguards exist to protect them from any political pressure?	50.8	22.8	24.4	2.0
4. Should there be a Federal law to ban the manufacture, sale and distribution of hand guns except for the police, military, and licensed pistol clubs?	67.5	21.0	10.3	1.2
5. Should the B–1 manned bomber project continue to be funded?	36.0	36.9	25.0	2.1
	A	B	C	
6. Which do you favor in dealing with the problems of the railroads (A) Leave railroads to private enterprise even if this means an end to most passenger service; (B) Continue Federal subsidies to the railroads; (C) Takeover of the railroads by the Federal Government.	12.8	57.6	26.4	3.2
7. Which statement is closest to your view about national health insurance? (A) Congress should pass comprehensive national health insurance, covering all illnesses, and all Americans; (B) Congress should confine itself to catastrophic national health insurance, covering only a small percentage of the most costly illnesses; (C) We should continue to rely solely on current medical care programs and on the private insurance industry.	50.6	22.3	21.5	5.6

	Yes	No	Not sure	No response
IV. Foreign affairs:				
1. Should there be Federal legislation to prohibit American companies from complying with the Arab boycott?	33.5	20.5	41.7	4.3
2. Do you think that the United States should establish high tariffs or quotas on imports to protect some U.S. manufacturers and American jobs, even if such action increased costs to American consumers?	31.5	39.8	24.7	4.0
3. Do you think that the United States should play a leading role in encouraging human rights throughout the world, even when such encouragement may be resented by some of our allies?	47.2	28.0	20.8	4.0
4. Do you think there should be a general reduction in the sale of American arms abroad?	61.8	17.9	15.9	4.5
5. Do you favor negotiations between the United States and the Soviet Union for mutual arms reduction?	65.2	15.8	14.6	4.5
V. Energy:				
1. Do you think the effective date of the Federal air pollution standards for new automobiles should be delayed beyond this year?	19.8	61.3	14.6	4.3
2. Do you favor requiring large oil companies to sell their interests in alternate sources of energy such as coal and uranium?	44.3	20.2	30.4	5.1
3. As a way of encouraging energy conservation, do you favor a stiff tax on "gas guzzling" automobiles along with a tax rebate for those who purchase the most fuel efficient autos?	49.2	31.5	13.8	5.5
4. As part of an energy conservation program, do you favor a standby gasoline tax of 5 cents per gallon each year that our gasoline conservation goals are not met, with a maximum tax of 50 cents per gallon over a 10-yr period?	25.9	45.5	23.1	5.5
	Moderate	Tougher		
5. Generally speaking, do you favor an energy conservation program that is largely moderate in nature with a few tax incentives, or one that is much tougher with strict standards and bigger tax penalties?	35.3	36.1	22.2	6.3
	Very serious	Fairly serious	Not serious	
6. How serious do you think the energy crisis is?	44.3	40.8	9.0	5.9

LEARNING HOW WE CAN CONSERVE ENERGY

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. McCORMACK. Mr. Speaker, the success of the national conservation effort will ultimately depend on every citizen's initiative to conserve energy within his or her own lifestyle.

The American consumer has both the opportunity and the responsibility to conserve energy, without deprivation, in numerous ways. However, as a prologue to conservation, individuals must know how much energy the equipment and appliances in their homes, offices and businesses use.

Although none of us have difficulty determining how much gasoline our automobile consumes, most of us cannot determine what part of our total monthly utility charge is allocated for heating water, air-conditioning, cooking, or refrigeration.

In an attempt to clarify utility costs applicable to the homeowner, Texas A. & M. University has printed a simple breakdown of these costs in their newsletter, Texas Energy and Mineral Resources, vol. 3, No. 5.

I believe this is the kind of practical information that often eludes us and I would like to share it with my colleagues at this time:

WHERE DOES YOUR HOME ENERGY DOLLAR GO?

Home utility bills which typically exceed $100 a month in many parts of the nation are causing families to become serious about home energy conservation.

Large and small household appliances, heating and cooling systems and lighting are the energy users, but how much energy goes for what? As a first step in conserving energy at home, families should become familiar with figures.

Review your family's energy-consuming equipment and activities. Then refer to the following table, compiled from utility company tests and industry statistics, to see how much energy each activity consumes. The table shows the typical cost of each activity.

The typical energy costs were computed using 3.5 cents per kilowatt-hour and 17 cents per therm, typical rates for many parts of the United States. If you know your local rates, you can get a better picture. Local rates can be obtained by contacting your local utility company. One kilowatt-hour is 1,000 watts of electricity used for 1 hour, and one therm of natural gas is approximately the heat energy produced by 100 cubic feet of natural gas.

Activity, with estimated use in kwh or Th and energy cost at 3.5 cents/kwh or 17 cents/Th.

LIGHTING

General household, 3 kwh/ day, 10.5 cents/day.

Outdoor gas light, single mantle, ½ Th/day, 8.5 cents/day.

FOOD PREPARATION

Dishwasher, electricity for normal cycle, 1 kwh/load, 3.5 cents/load; electricity required for hot water, 3 kwh/load, 10.5 cents/load; gas required for hot water (hot water consumption—15 gals.), ⅛ Th/load, 3 cents/load.

Freezer—frostless, 15 cu. ft., 5 kwh/day, 17.5 cents/day.

Freezer—manual defrost, 15 cu. ft., 3 kwh/day, 10.5 cents/day.

Microwave oven, 5 min., 1/10 kwh/use, .35 cents/use.

Oven, electric, self-cleaning feature, 6 kwh/clean, 21 cents/clean.

Oven, gas, self-cleaning feature, ½ Th/clean, 8.5 cents/clean.

Range, electric, 1 kwh/meal, 3.5 cents/meal.

Range, gas—total usage, pilot light usage (800 Btu/hr), ⅕ Th/day, 3.5 cents/day.

Refrigerator—frostless, 16 cu. ft., 5 kwh/day, 17.5 cents/day.

Refrigerator—frostless, 20 cu. ft., 6 kwh/day, 21 cents/day.

Refrigerator—partial auto., 12 cu. ft., 3 kwh/day, 10.5 cents/day.

Refrigerator—manual, 10 cu. ft., 2 kwh/day, 7 cents/day.

Refrigerator—gas, ½ Th/day, 8.5 cents/day.

Waste disposer, 1/100 kwh/load, 0.035 cents/load.

LAUNDRY

Clothes dryer, electric, 3 kwh/load, 10.5 cents/load.

Clothes dryer, gas—total usage, ¼ kwh +1/16, with electric ignition, Th/load, 4 cents/load; (if with pilot, 650 Btu/hr), ⅛ Th/day, 3 cents/day.

Washing machine, cold water (50 gals.), ¼ kwh/load, 1 cent/load; electricity used for hot water; 6 kwh/load, 21 cents/load; or gas required for hot water, ⅓ Th/load, 5.5 cents/load.

Water heater, electric (will heat about 52 gals. of water), 13 kwh/day, 45.5 cents/day.

Water heater, gas (will heat about 100 gals. of water—includes pilot usage of 750 Btu/hr), 1 Th/day, 17 cents/day.

COMFORT

Air Conditioner, central, electric (36,000 Btu/hr, EER=7), 5 kwh/hr, 17.5 cents/hr.

Air Conditioner, central, gas, total usage (36,000 Btu/hr, C.O.P.=0.5), 1½ kwh plus ¾ Th/hr, 17 cents/hr; pilot usage (1,000 Btu/hr), ¼ Th/day, 4 cents/day.

Air Conditioner, room (12,000 Btu/hr, EER=8), 1½ kwh/hr, 5 cents/hr.

Floor, wall heater, gas, total usage, ⅓ Th/hr, 5.5 cents/hr; pilot usage (1,000 Btu/hr), ¼ Th/day, 4 cents/day.

Furnace, gas, central forced air, total usage (100,000 Btu/hr rating), ½ kwh plus 1 Th/hr, 19 cents/hr; pilot usage (1,000 Btu/hr), ¼ Th/day, 4 cents/day.

Portable heater, electric, 1,500 watt, 1½ kwh/hr, 5 cents/hr.

ENTERTAINMENT

Radio-photograph, 1/10 kwh/hr, .35 cent/hr.

TV—black and white, ¼ kwh/hr, 1 cent/hr.

TV—color, ⅓ kwh/hr, 1 cent/hr.

TV—instant-on feature, from 4–43 kwh/mo., 14 cents–$1.50/mo.

COAST GUARD RESCUE AT GRAND MARAIS, MINN.

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. OBERSTAR. Mr. Speaker, I would like to share with my colleagues one of the most personally rewarding experiences I have had since becoming a Member of Congress.

The Subcommittee on the Coast Guard and Navigation last year approved an amendment I offered to the fiscal year 1977 Coast Guard budget to authorize the remanning of the Coast Guard Search and Rescue Station at Grand Marais, Minn. The station had been closed in 1973.

On May 27 of this year, I had the pleasure of attending very colorful and joyful rededication ceremonies at the station, to which a crew of seven and a 40-foot utility boat were assigned.

On June 13, less than 3 weeks ago after the rededication, the Coast Guard rescued two Grand Marais boys, Dan McNelly, 14, and Robert Quaife, 12, after their canoe had capsized in the frigid Lake Superior waters of Grand Marais Harbor.

The water temperature in the harbor at that time was 43 degrees; life expectancy in that water is no more than one-half hour. As the result of the immediate and able response of the Coast Guard, the boys were in the water for only 10 minutes.

I join with the people of Grand Marais and all people who enjoy recreational boating along the North Shore of Lake Superior in commending the men of the station for their performance which has averted what could have been a major tragedy to two Grand Marais families and to the entire community of Grand Marais. Although Congress provided the funds to reman the station, there would be no protection for North Shore boaters without the competence and dedication of Chief Gary Fox and his associates at Grand Marais Coast Guard Station.

I would also like to thank my colleagues from New York (Mr. MURPHY) chairman of the Committee on Merchant Marine and Fisheries and Mr. BIAGGI, chairman of the Subcommittee on the Coast Guard and Navigation, and our former full committee chairman, the Hon. Leonor K. Sullivan, now retired from Congress. Their support and leadership played an essential role in securing legislative authorization for remanning the station and ultimately in the saving of the young boys' lives.

Mr. Speaker, I submit for the RECORD and the consideration of all my colleagues the letter I received from the grandfather of Robert Quaife, expressing his appreciation for the remanning of the station. I also include a newspaper account of the rescue which appeared in the Cook County News-Herald on June 16, 1977:

GRAND MARAIS, MINN.,
June 28, 1977.

HON. JAMES OBERSTAR,
Representative, Eighth Congressional District of Minnesota, Washington, D.C.

DEAR MR. OBERSTAR: Thank you for your efforts in the re-establishment of the United States Coast Guard unit at the Grand Marais North Superior Station. Already their value and worth has been proven for the community and North Shore area, in the rescue of two young boys who overturned in a canoe on Lake Superior.

One of the boys was my grandson, and I am grateful that the Coast Guard was available. Their quick work in response to this call surely averted what would have been a tragedy.

The Coast Guard has a fine group of boys there.

Yours sincerely,

MAURICE D. QUAIFE.

COAST GUARD PLUCKS BOYS FROM CHILLY BAY

Two Grand Marais boys can be especially thankful that Coast Guard Station North Superior was re-opened this year.

Dan McNelly, 14, and Robert Quaife, 12, were plucked by the Coast Guard from the chilly waters of Lake Superior Monday after-

noon, June 13, only minutes after their canoe capsized. Dan is the son of Mr. and Mrs. Chester McNelly, and Robert is the son of Mr. and Mrs. Steve Quaife.

The youths were traveling in the Grand Marais Harbor when their canoe overturned. Dan's brother, who was on shore at the time of the mishap, ran to the Grand Marais power plant to get help.

The Coast Guard was called by the power plant at 2:05 p.m., and at 2:07 the station's 40-foot utility boat was underway.

It took but three minutes for Coxswain John Brecke to maneuver the vessel along side the boys to make the rescue. At 2:18 p.m., the youngsters were under a hot shower at the Coast Guard Station, and were soon picked up by their parents.

Water temperature in the harbor Monday was estimated to be 43 degrees. Life expectancy in water that cold is a half hour or less. However, arms and legs can go numb and become useless in much less time. The boys were in the water for an estimated ten minutes.

Chief Gary Fox said the boys were clinging to the canoe, which he said was the proper thing to do, rather than try to swim to shore.

While they had seat cushions on board, the boys were not wearing life jackets. Coast Guard officials cautioned that such jackets should be worn at all times, especially while on Lake Superior.

The canoe, which was motorized, tipped over when they turned to avoid hitting a large stick in the water.

"It was really cold," Robert recalled later, "it was like ice water." He said they hung onto the cushions and tried to climb on top of the canoe to get out of the water as much as possible.

"I don't think I could have held on much longer, because it was so cold," Robert added. "When I heard the Coast Guard boat coming, I was hoping they would come even quicker."

The boys were brought to the North Shore Hospital following their rescue.

It was only last May 20 that two young women from Thunder Bay were not so lucky. They drowned near Hovland when their canoe capsized. Authorities blamed the extremely cold water of the big lake as the chief cause of death of the young women.

The Coast Guard's 40-foot utility boat arrived in Grand Marais on May 17.

REVERSE DISCRIMINATION

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. SYMMS. Mr. Speaker, Alan Bakke, a white applicant to the University of California medical school at Davis, has been rejected in favor of less qualified minority-group applicants. He has rightly claimed "reverse discrimination." His case will be heard by the Supreme Court this fall. Those who have spoken out for the university's position of using such discrimination include, without exception every Government agency, including HEW, the Civil Service Commission, and the U.S. Commission on Civil Rights. Why?

Because it is the nature of bureaucracy, whatever the form of the political system. The bureaucrats who occupy Government agencies have their own self-interests at heart and that of their beneficiaries and allies. They are not sensitive to or concerned about justice or equity, only self-preservation of themselves and their supporters. This explains their constant use of a double standard.

Unable or unwilling to compete at the desired higher levels of society, special interests seek to gain control of the power of the state as a means of advancing their specific desires at the expense of others. Such groups in the United States have steadily taken the offensive over past decades and gained their bureaucratic positions of State power, directly or indirectly. However, in the case at hand they have come full circle, passing from the offensive to the defensive in a frantic effort to conserve their interests. Having identified "progress" strictly upon the observable advancement of their interests, any challenge to their privileged use of power is viewed as reactionary and unprogressive in absolute terms. It is, in reality, unprogressive only in terms relative to themselves. It is a perversion of justice and liberty when Government action is embraced as the instrument of progress.

It is not unfair to say that bureaucrats are little more than professional rulers. In the Soviet Union or Red China this class is known as the Communist Party, and in the United States and Europe it is known as the civil service.

Today, bureaucrats originate legislation which enlarges the scope of their governmental power, offering them identifiable gains and benefits without fear of incurring the costs. And they can always rely on their allies among the liberal academics—such as those at the University of California medical school at Davis—to support them with much scholarly pomp and argument because State-run academia is itself bureaucratic and possessed of the same nature.

Simply put, it is unlikely that a people under a democracy or even a constitutional republic when matched against a bloated internal bureaucracy, can expect any more liberty or control over their own lives than was available under feudal serfdom—as Mr. Alan Bakke will undoubtedly discover this fall.

AMENDMENT TO H.R. 3744

HON. JOHN J. CAVANAUGH

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. CAVANAUGH. Mr. Speaker, in yesterday's CONGRESSIONAL RECORD, an amendment which I plan to offer during the consideration of H.R. 3744, which would amend the Fair Labor Standards Act, was printed. However, there are several technical changes in that amendment which I would like to call to the attention of my colleagues. The changes appear on pages 1 and 5, and I am herewith submitting for the consideration of my colleagues the corrected amendment:

AMENDMENT TO H.R. 3744, AS REPORTED OFFERED BY MR. CAVANAUGH

Page 5, strike out "November 1" each place it occurs in line 19 and insert in lieu thereof "September 10".

Page 5, line 21, insert after "period" the following: "and, for purposes of subsection (g), shall transmit such earnings to both Houses of Congress on the same day".

Page 9, insert after line 5 the following:

(e) Section 6 (29 U.S.C. 206) is amended by inserting at the end the following:

"(g)(1)(A) The minimum wage prescribed by subsection (a)(1) for the year beginning January 1, 1979, and for each year thereafter shall take effect as prescribed by that subsection unless, between the date of the transmittal under subsection (a) of the average hourly earnings on which such wage is to be based and the end of the first period of thirty calendar days of continuous session of Congress after the date on which such earnings are transmitted, either House passes a resolution stating in substance that the House does not favor the wage rate prescribed to go in effect for such year. If either House so passes such a resolution, the minimum wage rate for such year shall be the minimum wage rate in effect for the preceding year.

"(B) For purposes of this subsection—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(2) For the purpose of this subsection, 'resolution' means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: 'That the does not favor the minimum wage rate prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938 for the year beginning on , 19 .' The blank spaces therein are to be filled appropriately.

"(3)(A) No later than the first day of session following the day on which earnings are transmitted to the House of Representatives and the Senate under subsection (a), a resolution shall be introduced (by request) in the House by the chairman of the Education and Labor Committee of the House, or by a Member or Members of the House designated by such chairman; and shall be introduced (by request) in the Senate by the chairman of the Human Resources Committee of the Senate, or by a Member or Members of the Senate designated by such chairman.

"(B) A resolution shall be referred to the Committee on Human Resources of the Senate and the Committee on Education and Labor of the House by the President of the Senate or the Speaker of the House of Representatives, as the case may be. The committee shall make its recommendations to the House of Representatives or the Senate, respectively, within 15 calendar days of continuous session of Congress following the date of such resolution's introduction.

"(4) If the committee to which is referred a resolution introduced pursuant to paragraph (3) (or, in the absence of such a resolution, the first resolution introduced with respect to the same wage rate) has not reported such resolution or identical resolution at the end of 15 calendar days of continuous session of Congress after its introduction, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(5)(A) When the committee has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution with respect to a wage rate, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is

agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

"(C) Immediately following the conclusion of the debate on the resolution with respect to a wage rate, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final approval of the resolution shall occur.

"(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a wage rate shall be decided without debate.".

"(E) This section is enacted by Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(11) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.".

SCHROEDER-JONES PLOWBACK AMENDMENT

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. JONES of Oklahoma. Mr. Speaker, when the House considers H.R. 8444, the National Energy Act, we will offer an amendment to title II, the crude oil equalization tax, to provide for a "plowback" of some of the funds collected through this tax to producers of oil and gas. The proposal is a simple one. During 1978, producers would be permitted to earn back a small portion of the crude oil equalization tax they paid if they make additional investments in the exploration and production of oil and gas. The portion of the tax which would be earned would be one-half percent in the first month of 1978, increasing one-half percent each month thereafter. The percentage would be 6 percent in December 1978.

Before producers could qualify for this plowback, they would first have to invest at least 25 percent of their gross production income in exploration and production activities. Once this threshold is reached, they could earn a credit against the equalization tax equal to 90 percent of their future expenditures. This 25-percent threshold corresponds to historic spending trends among producers, and insures that they will spend the normal amount of their own funds in exploration and production before they are eligible for the credit. Producers would not get a credit unless they spend additional money to increase crude oil or natural gas supplies. Only a 90-percent credit is provided, so producers must risk some of their own money.

Producers would not be permitted to have double tax benefits under this provision. Normal income tax credits would be disallowed to the extent of the credit.

Our amendment addresses the issue of furthering the incentives to find and produce new sources of oil and natural gas. It is a reasonable approach we hope all of our colleagues could support, and at this time, we wish to ask the Chair's permission to have the entire amendment printed in the RECORD.

The amendment follows:

AMENDMENT TO H.R. 8444, AS INTRODUCED, OFFERED BY MR. JONES OF OKLAHOMA AND MRS. SCHROEDER

Page 391, line 4, after the item relating to section 4988 insert the following new item:

"SEC. 4989. Plowback credit against tax."

Page 394, strike out line 18 and all that follows through line 21 and insert in lieu thereof the following:

"(1) LIABILITY FOR TAX.—The person entitled to the deduction under section 611 for depletion with respect to the controlled crude oil shall be liable for the tax imposed by section 4986(a) on the first purchase thereof to the extent of such person's economic interest in such oil.

Page 395, strike out line 5 and all that follows through line 15 and insert in lieu thereof the following:

"(B) ALTERNATIVE METHOD OF COLLECTING TAX.—The Secretary may by regulations provide for the collection of the tax imposed by section 4986(a) from the first purchaser or a subsequent purchaser, user, or exporter of the controlled crude oil to which such tax applies.

Page 406, line 18, strike out the quotation marks and after such line insert the following:

"SEC. 4989. PLOWBACK CREDIT AGAINST TAX.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed to each person liable for the tax imposed by section 4986(a) for calendar year 1978, as a credit against such tax paid or incurred by such person for such year, an amount equal to 90 percent of the plowback investment of such person for such year.

"(b) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of credit allowed under subsection (a) to any person for calendar year 1978 shall not exceed the sum of the amounts determined under paragraph (2) for each calendar month ending in such year.

"(2) AMOUNT FOR EACH MONTH.—The amount determined under this paragraph with respect to any person for any calendar month is an amount equal to—

"(A) the amount of the tax imposed by section 4986(a) paid or incurred by such person for such months, multiplied by

"(B) a percentage determined by multiplying one-half of 1 percent by the number of calendar months in the period beginning with the month of January 1978 and ending with the month to which such percentage applies.

"(c) PLOWBACK INVESTMENT.—For purposes of this section, the plowback investment of any person for calendar year 1978 shall be the excess of—

"(1) an amount equal to the qualified investment of such person for such year, over

"(2) an amount equal to the plowback threshold of such person for such year.

"(d) PLOWBACK THRESHOLD.—

"(1) IN GENERAL.—For purposes of this section, the plowback threshold of any person for calendar year 1978 is an amount equal to the sum of the amounts determined under paragraph (2) for each property with respect to which the deduction for depletion under section 611 is allowable to such person for such year.

"(2) AMOUNT FOR EACH PROPERTY.—

"(A) IN GENERAL.—The amount determined under this paragraph with respect to the property of any person for calendar year 1978 is an amount equal to 25 percent of the gross income of such person from such property (within the meaning of section 613(a)) for such year.

"(B) LIMITATION BASED ON 75 PERCENT OF TAXABLE INCOME.—The amount determined under this paragraph for any property for calendar year 1978 shall not exceed an amount equal to 75 percent of the taxable income of such person from such property for such year. For purposes of the preceding sentence, the taxable income from a property shall be determined by taking the taxable income from such property (within the meaning of section 613(a)) for such year, computed with the allowance for depletion and without any deduction for any qualified investment with respect to such property made in such period.

"(e) QUALIFIED INVESTMENT.—For purposes of this section, the qualified investment of any person for calendar year 1978 is the amount paid or incurred by such person for such year (with respect to areas within the United States) for—

"(1) intangible drilling and development costs described in section 263(c);

"(2) geological and geophysical costs;

"(3) drilling any nonproductive well;

"(4) the construction, reconstruction, erection, or acquisition of—

"(A) any depreciable asset used for the exploration for, the development of, or the production of crude oil or natural gas, or

"(B) any pipeline used for gathering crude oil or natural gas from wells in a field (or under a lease) to the point at which the first purchase of such crude oil or natural gas occurs;

"(5) the secondary or tertiary recovery of crude oil or natural gas; or

"(6) the acquisition of on-shore crude oil or natural gas leases.

"(f) Denial of Double Benefit for Qualified Investment.—

"(1) EXPENSES.—If credit is allowed under subsection (a) to any person for any expenditure for calendar year 1978—

"(A) which is not chargeable to capital account, and

"(B) which is allowable as a deduction under chapter 1 for any taxable year,

the amount of the deduction for each such expenditure which would (but for this paragraph) be so allowable shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(2) DEPRECIABLE EXPENDITURES—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure which is of a character subject to the allowance for depreciation, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(3) DEPLETABLE EXPENDITURES.—

"(A) EXPENDITURES TO WHICH COST DEPLETION APPLIES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure to which the allowance for cost depletion under section 612 applies, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(2) DEPRECIABLE EXPENDITURES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure which is of a character subject to the allowance for depreciation, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(3) DEPLETABLE EXPENDITURES.—

"(A) EXPENDITURES TO WHICH COST DEPLETION APPLIES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure to which the allowance for cost depletion under section 612 applies, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(g) GEOLOGICAL AND GEOPHYSICAL COSTS.—For purposes of this section, the term 'geological and geophysical costs' means any amount paid or incurred for the purposes of ascertaining the existence, location, extent, or quality of any deposit of crude oil or natural gas."

Page 409, after line 19, insert the following new subsection:

(a) EFFECT OF CRUDE OIL EQUALIZATION TAXES ON CRUDE OIL PRICING.—For purposes of the Emergency Petroleum Allocation Act of 1973 as amended, the tax imposed by section 4986 (a) shall not be considered an element of the ceiling price applicable to the first sale of crude oil under section 4(a) of such Act.

Page 410, line 23, strike out "section 4987 (c)" and insert in lieu thereof "sections 4987 (c) and 4989".

Page 413, strike out lines 13 and 14 and insert in lieu thereof the following:

"schools, and churches), 4987(c)(1) (relating to credits or payments to refiners who use crude oil), or 4989 (relating to plowback credit against tax),".

U.S. CHAMBER OF COMMERCE SURVEY

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. RHODES. Mr. Speaker, in his zeal to whomp up a bandwagon image of overwhelming support for the Consumer Protection Agency, President Carter stated on June 1 that only Washington lobbyists opposed the measure.

He went on to report that 100 business firms supported the bill, and that they represented a groundswell of grass roots support.

As the hero in Dragnet used to say, "Just give us the facts, ma'am." The U.S. Chamber of Commerce has conducted a survey of its membership, which covers a broad spectrum of American firms, large and small.

To date they have received letters from 15,000 of them who oppose this unnecessary bill that the President and would-be appointees to this superfluous agency are trying to stampede through Congress.

Among the dissenters are 170 firms in my home State of Arizona, nearly twice the backers that Mr. Carter claimed to have.

To set the record straight, I insert in the RECORD at this point the names of these companies that do not want Uncle Sam to create another burgeoning bureaucracy, and who oppose further incursion into the marketplace by those who think only they know best what American consumers should be allowed to buy and use.

The names are as follows:

ARIZONA

Circle K Corporation, Phoenix, Arizona 85001

Timothy J. Walsh, Walsh Bros., P.O. Box 1711 (1636 N. Central Ave.), Phoenix, Arizona 85001

James Q. Anderson, First Federal Savings, 3003 N. Central, Phoenix, Arizona 85002

James Soudriette, The Galaxy Organization, 11 West Jefferson St., Phoenix, Arizona 85003

Jack Camper, Phoenix Chamber of Commerce, 805 N. 2nd St., Phoenix, Arizona 85004

Robert P. Cowie, Lasher-Cowie Agency, Inc., 1807 N. Central Ave., Phoenix, Arizona 85004

Hale Gammill, Sears Arizona School of Driving, 301 East Roosevelt, Phoenix, Arizona 85004

Curtis Gielow, President, Multihealth Corporation, 1427 N. Third St., Phoenix, Arizona 85004

Lee T. Hanley, Coldwell Banker Commercial Brokerage, 2346 N. Central, Phoenix, Arizona 85004

Herbert R. Herington, Metal Treating Institute, 1800 N. Central Ave., Phoenix, Arizona 85004

Martin J. Jacobs, Phoenix Personnel Service, 1525 N. Central Ave., Phoenix, Arizona 85004

David C. Lincoln, Lincoln Laser Co., 625 S. 5th St., Phoenix, Arizona 85004

Patrick Malone, Malone Security Service, Inc., 327 East McDowell, Phoenix, Arizona 85004

Ed Survaunt, CAMSCO, 1810 S. 19th Ave., Phoenix, Arizona 85005

Eddie Reyes, Electrical Equip. Co., 205 So. 29th St., Phoenix, Arizona 85006

A. R. Campbell, Phoenix Brick Yard, 1814 S. 7 Avenue, Phoenix, Arizona 85007

Ivan D. Johnson, Arizona Cable Television Association, 1812 West Monroe, Suite 212, Phoenix, Arizona 85007

Art-Press Printers, Inc., 1221 West Pierce, Phoenix, Arizona 85007

Frank T. Reuter, Reuter Equipment Company, 1802 W. Jackson St., Phoenix, Arizona 85007

Jim Silvins, Arizona Licensed Beverage Association, 2310 N. 15th Ave. Suite No. 11, Phoenix, Arizona 85007

Earl Cain, Lawn & Garden Supply Co., 2222 N. 27th Avenue, Phoenix, Arizona 85009

H. E. Dreiseszun, Sun Ray of Arizona, 2002 N. 23rd Ave., P.O. Box 6722, Phoenix, Arizona 85009

C. W. Fisher, President, Fisher Heat Treating, Inc., 2405 W. Mohave, Phoenix, Arizona 85009

Howard E. Kraft, Climate Control Inc., 2222 No. Black Canyon Highway, Phoenix, Arizona 85009

Doug Lindsay, V.P., D. W. Jaquays Co., 1219 S. 19th Ave., Phoenix, Arizona 85009

Doug Lindsay, Legislative Rep., Arizona Equip. Distr., 1219 S. 19th Ave., Phoenix Arizona 85009

Raymond J. Ruff, Ruff-Phillips, Inc., 3883 West Lower Buckeye Road, Phoenix, Arizona 85009

Thryle H. Stapley, The O. S. Stapley Company, 3020 W. Windsor Avenue, Phoenix, Arizona 85009

Ted Valdez, Valdez Transfer, Inc., 422 So. 33rd Ave. Phoenix, Arizona 85009

Gary L. Cuthbertson, Gary Outdoor Adv., P.O. Box 16125, Phoenix, Arizona 85011

Mike Armstrong, First Federal Savings, 3003 N. Central Ave., Phoenix, Arizona 85012

James P. Dille, Diversified Trans. Services, 6536 N. Central Phoenix, Arizona 85012.

David C. Lincoln, VIKA Corp., 55 E. Thomas Rd., Phoenix, Arizona 85012

M. R. West, M. R. West Marketing Research Inc., 221 E. Indianola, Phoenix, Arizona 85012

Clive N. Jordan, Park Central Properties, 3121 N. 3rd Ave., Phoenix, Arizona 85013

George Kennedy, New York Life No. 2034, 100 W. Clarendon, Phoenix, Arizona 85013

Thomas L. Wasson, First Federal Savings, 5037½ N. 7th Ave., Phoenix, Arizona 85013

Dean Coulter, Coulter Cadillac, Inc., 1188 E. Camelback Road, Phoenix, Arizona 85014

William A. Hauprich, Burns Harrelson Burns, 5045 N. 12th St., Phoenix, Arizona 85014

Linda Daid, John D. Noble & Assoc., 5800 N. 19th Ave., Phoenix, Arizona 85015

Robert A. Evans, Evans Fine Floors & Furnishing, Inc., 1650 W. Camelback Rd., Phoenix, Arizona 85015

Kenneth E. Harshman, John D. Noble & Assoc., 5800 N. 19th Ave., Phoenix, Arizona 85015

Harvey Hawthorne, Childress Buick Co., 2223 W. Camelback Rd., Phoenix, Arizona 85015

J. F. Hughes, 2213 W. Keim Dr., Phoenix, Arizona 85015

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Rick Rutherford, John D. Noble & Assoc., 5800 N. 19th Ave., Phoenix, Arizona 85015

Michael Sgrillo, John D. Noble & Assoc., 5800 N. 19th Ave., Phoenix, Arizona 85015

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Ernie Modzelewski, 910 W. El Camino, Phoenix, Arizona 85021

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Leroy Bridges, Arizona Farm Bureau Federation, 2618 S. 21 St., Phoenix, Arizona 85034

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Henry Triesler, Precision Grinding, Inc., 1411 East Hadley, Phoenix, Arizona 85034

John T. Van Der Werf, Border Products Corp., 4120 East Madison, Phoenix, Arizona 85034

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Roy E. McAfee, President McAfee Consolidated, P.O. Box 2187, Mesa, Arizona 85204

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Leonard Sabel, President, Apache Trailer Sales, Inc., 2844 Miracle Mile, Tucson, Arizona 85705

Gerald J. Gonda, Tri-Tronics, Inc., 7060 E. 21st Street, Tucson, Arizona 85710

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Duane B. Anderson, M. M. Sundt Construction Co., 4101 E. Irvington, Tucson, Arizona 85726

Thomas T. Clark, Jr., Tucson Newspapers, Inc., 4850 So. Park Ave., Tucson, Arizona 85726

W. E. Naumann, M. M. Sundt Construction Co., 4101 E. Irvington Rd. P.O. Box 27507, Tucson, Arizona 85726

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Mack Ward, RPH Page Drug Co., Inc., P.O. Box 1957, Page, Arizona 86040

Vincent B. Bartholomew, Tarr, McComb & Ware, Inc., P.O. Box 31, 547 Sixth St., Prescott, Arizona 86301

Jane Carter, Jane Carter's Camera Center, Prescott, Arizona 86301

M. Hammer, Prescott Generator Exc., 705 E. Sheldon, Prescott, Arizona 86310

Rex V. Becker, Mohave Savings & Loan, P.O. Box 391, Kingman, Arizona 86401

Ruth J. Bruckmuller, Kingman Travelodge, 1001 Andy Devine, Kingman, Arizona 86401

Donald N. Welks, Mohave Music Center, 3145 Stockton Hill Rd., Kingman, Arizona 86401

John F. Conrad, Ford Motor Co., Box 1035, Kingman, Arizona 86402

Herbert F. Ellermann, Century 21 Storms Real Estate, Inc., P.O. Box 1206, Kingman, Arizona 86402

Catherine T. Lasater, Mt. Bell Tel. Co., 16 W. McDowell, Arizona

YUGOSLAV TERRORISM AND U.S. SECURITY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. DORNAN. Mr. Speaker, on July 21 I read into the CONGRESSIONAL RECORD a newspaper article which analyzed the implications of the recent Chicago murder of Dragisha Kasikovich, the editor of a Yugoslav newspaper whose opposition to the Tito regime was well known to both his friends and enemies. The newspaper analysis surmised that the murder was the work of the Yugoslav secret police who have been credited with similar murders of their West European opponents.

I have recently read another analysis of the Kasikovich murder by Dr. Slobodan M. Draskovich, noted professor of economics, who is editor of Srpska Borba, "Serbian Struggle," a weekly newspaper published in three editions—American, European, and Australian—and circulated in 40 countries. He is also the author of two books, "Tito, Moscow's Trojan Horse," Regnery, 1947, and "Will America Surrender?" Devin-Adair, 1973.

Dr. Draskovich is no false alarmist. His analysis of the extent of Yugoslav terrorism is based on decades of personal experience and firsthand knowledge. Dr. Draskovich holds a law degree from the University of Belgrade and a Ph. D. from the University of Munich. During the war he was held prisoner by the Nazis for 4 years in Italy and in Germany. After the war he remained in Europe in a vain attempt to stem the tide of communism which swept over his native land. But his battle against communism did not cease with his arrival in the United States in 1947. He has testified on numerous occasions before congressional committees on the strategy of world communism.

It is a frightening story which Dr. Draskovich tells and one which no thinking American should ignore. I commend it to my colleagues.

The article follows:

YUGOSLAV TERRORISM AND U.S. SECURITY

(By Dr. Slobodan M. Draskovich)

The recent brutal murder of newspaper editor Dragisha Kasikovich in Chicago, has not only shocked public opinion, but has raised the question of the nature of the murder. One version is that the exceptional violence and brutality of the murder which ended not only the life of a grown man, but also of an innocent child, indicates a crime of passion, of personal hatred and vengeance. Others are convinced that the murder is political.

Brutality in itself does not preclude political motives. In this case, it may well fit in the plans and intentions of the perpetrators. And the assumption that we are faced with a crime executed by the agents of the communist regime of Yugoslavia, is much more than an idle conjecture.

Violence, terror and assassinations are not only standard procedures and methods of communist struggle against their opponents, but the Yugoslav communist regime has, in this respect, perhaps the worst record of all communist regimes.

The establishment of a communist regime in Yugoslavia in the wake of World War II also brought about a sizable emigration to all free lands, especially the United States, of people who would not reconcile with communism. The very existence of that emigration and its vocal, articulate and convincing opposition to communism, expressed through a number of newspapers. books and other publications, has been from the very beginning a source of embarassment and a thorn in Tito's side.

RUTHLESS TERRORISM

Initially, while the regime struggled to consolidate itself, it was content to rule by ruthless terrorism inside Yugoslavia. (The Minister of Interior, Alexandar Rankovich, stated that in the first ten years of the regime, every fifth citizen of that unfortunate country had been jailed for some time under whatever charges.)

Later, when the "resistance of the old bourgeoisie" was broken, a new problem arose, that of the increasing dissatisfaction of the people, especially the youth, which could not accept the lies of official propaganda and started increasingly to listen to the press coming from the free world. The bloody student demonstrations in Belgrade (June 3–10, 1968) came as a shock to the regime which had considered the battle as won once and for all.

In March 1969 a well-known Serbian emigrant, who had fought in the ranks of General Mihailovic in World War II, Andra Loncaric, was assassinated in Paris. A few months later, a newspaperman, Ratko Obradovich, was murdered in Munich.

It is noteworthy that as early as May 1969, the Yugoslav official press bragged that "the Yugoslav secret police do not exercise their activities exclusively on domestic soil". To this effect, the periodical "Ekonomska Politika" (No. 893 of May 12, 1969) quoted a high official of communist Yugoslavia, Duka Matosic, member of the Committee for Foreign Affairs of the Croatian legislature: "We have demonstrated, especially the security service of Croatia, that we can settle accounts with the hostile activity of the emigration right where it is necessary."

According to TIME magazine (November 21, 1969): "Tito . . . has begun slipping paid informants and assassins across the border with groups of ordinary workers who arrive daily in major West German cities. Western experts estimate that some 1,000 informants are keeping their eye on Yugoslav workers, and that about 100 others are in West Germany to handle more sensitive assignments. Whatever their number, the agents work efficiently. In Munich alone during the past years, there have been six unsolved murders and several mysterious disappearances."

MISSING LINK

This situation could not fail to embolden the Yugoslav secret police to continue its criminal activities abroad.

On December 15, 1969, a murder was committed in Nassjo, Sweden, which supplied the missing link to the chain of murders perpetrated by the agents of the Yugoslav secret police. The victim was a Serbian emigre from Yugoslavia, Sava Cubrilovic, 42, who was writing well-documented and forceful articles on Yugoslav policies and the true conditions in communist Yugoslavia. The murderer was known, Milan Sop-Djokic, an agent of the Yugoslav secret police, UDBA. The Swedish police established that he escaped by automobile to Denmark, where he boarded a plane straight to Belgrade. When the airport police of Kastrup (Copenhagen) radioed to the airplane of the Yugoslav airline JAT that they had a murder suspect aboard, who was sought by the Swedish police, and invited them to return to Kastrup, the call was ignored.

The importance of this case did not escape the attention of the international correspondent Victor Zorza (London), whose article on the subject was published in many newspapers throughout the world, including the Washington Evening Star (of January 4, 1970).

Considering that this crime indicated a growing boldness of the Yugoslav secret police, I wrote to Attorney General John N. Mitchell on January 10, 1970, to alert him to the danger of the spread of Yugoslav communist terrorism. I also wrote to the Secretary General of the United Nations Organization, U Thant, and the Swedish Prime Minister, Olof Palme. To my knowledge, nothing was done to deter the international criminal activities of the Yugoslav secret police.

In 1974 a new wave of assassinations took place: on July 9, 1974, a 79 year old former diplomat and politician, Jakov Ljotic, was assassinated in Munich; on March 8, 1975 a former Chetnik commander, Bora Blagojevic was murdered in Brussels; on May 13, a newspaperman, who had escaped communist Yugoslavia a few years before, Peter Valich, was assassinated, and so, in August 1976, was a well-known businessman, Miodrag Boskovic (in Brussels).

CHICAGO 1977

And finally, on June 19, 1977, Dragisha Kashikovich was murdered in an exceptionally bestial manner, right here in the U.S., in Chicago.

It is impossible to assess the meaning and scope of this murder without taking into account the general framework and backdrop of the activities of the Yugoslav secret police, i.e. the policies of communist Yugoslavia, its international position and the role it is playing in international affairs.

Yugoslavia is a communist country, which means that in all major issues (as e.g. Korea, Budapest (1956), Czechoslovakia (1968), Vietnam, Angola, the Middle East, etc.) it has acted as a communist country, in solidarity with the world-wide communist international movement.

As a typical communist country, Yugoslavia regards terrorism not as an evil to be eradicated, but as a weapon to be used against the free world, especially the U.S., which is constantly portrayed as the chief source of oppression and imperialism in the world.

Communist Yugoslavia's task is made easier owing to the fact that it has for years been pampered and given privileged treatment by the West as an alleged communist maverick, an "independent country". The fantastic propaganda campaign in favor of communist Yugoslavia has enabled its regime to render unique services to the cause of world communism, most notably in the Third World movement. Hailed as Tito's great diplomatic and political achievement and service to the free world, this is in fact a dangerous international "popular front".

General Alexander Haig, commander-in-chief of the Allied forces, seems to be perfectly well-informed when he issued a warning a few days ago to the effect that "I do not expect . . . a classic Soviet attack on the Western frontiers of Europe. I fear much more the development of an ambiguous and dangerous situation on our flanks and periphery . . . I fear particularly the danger which could result in revolution in the Third World."

DANUBE—A RED RIVER

In spite of all insistent wishful stories about Tito's resistance to Brezhnev's advances, the fact is that Yugoslav naval facilities are increasingly being used by the Soviet Mediterranean Squadron (New York Times of February 7, 1977) and the Danube is rapidly becoming a red river, since "more and more boats, barges and tugs flying the flag of the Soviet Union or those of its allies, are plying the river" (N.Y. Times, April 25, 1977).

In essence, those who speak of the danger that Yugoslavia may return to the Soviet bloc are talking about an impossibility, since communist Yugoslavia has never left the communist international movement, nor stopped contributing to its strategies for conquering the world.

In the United States, the Yugoslav communist offensive has particularly and with considerate success been directed against the Serbian Orthodox Church, where it has produced a split which is about to be terminated before U.S. courts, with the victory of the faction under control of the communist authorities of Yugoslavia.

But that will not satisfy Tito. The growing dissatisfaction of the people, the uncertainty and apprehension for the future, which assumes panic-like proportions, the growing inability of the communist leaders to cope with the problems of the country, impel them to step up their terrorist activities to silence their opponents in the U.S. and at the same time to weaken the strongest country in the world.

In this they are encouraged by the obsequious attitude of the West, such as the choice of Yugoslavia, one of the worst offenders in the area of human rights, to be the host for a conference on human rights. Among other exploits, Yugoslavia conspicuously offered (in September 1976) hospitality and protection to the leading terrorist of our time "Carlos" (Ilich Ramirez Sanchez), ignoring the requests of France and Western Germany for his extradition.

Watching carefully and assessing realistically all the signs of the faltering of our will to defend ourselves and assert the U.S. in the world and at home, communist Yugoslavia, as an agent of international communism, is always ready to do its communist duty, by all possible means, including that of terrorism. The disruption of law and order, the loss of hope in the victory of the U.S. and freedom in the world, and readiness to make all concessions "in order to save peace", the spreading of general insecurity and inclination to reconcile with terrorism as a "fact of life", are goals which every communist, Stalinist or "with a human face", international or "national", "Eurocommunist", etc. is serving, regardless of all their internal feuds and conflicts, real and staged.

AMBASSADOR SILBERMAN

The international and the domestic aspect of Yugoslav terrorism in the United States are inseparable. Former U.S. ambassador to Yugoslavia, Lawrence Silberman, gave an outstanding example of proper and judicious behavior when he denounced in no uncertain terms the arbitrary treatment inflicted upon a U.S. citizen by Yugoslav authorities. He did not proclaim any "Silberman doctrine", but simply stated that which is the very foundation of all U.S. foreign policy: that it must be guided by U.S. national interests and not be governed by endeavors of pleasing a very difficult partner who is not inclined to be friendly to the United States.

While ambassador Silberman has since resigned, his stand is undoubtedly not only refreshing, but fundamentally correct. It expresses an attitude which can both serve us well in our international relations and act as a deterrent to improper Yugoslav activities in the U.S.

As for the domestic U.S. problem of Yugoslav terrorism in this country, it must be viewed in the context of the grand international communist strategy of bringing the U.S. to its knees not by the use of nuclear weapons, but by a fierce, unrelenting and ruthless use of all the means of political warfare, in which terrorism plays an increasing role. If we understand this, and only if we do, shall we be able to find the ways and means of stemming and reversing the tide.

In the meantime, it must be borne in mind that the terrorism of communist Yugoslavia has crossed the Ocean. Recently, an American Serb was murdered for displeasing the Yugoslav communist regime. Tomorrow, if we continue ignoring the concerted activities of communist agents in the U.S., such as murders or "widespread Soviet eavesdropping on our conversations across the U.S.", no American of any origin will be safe from communist secret police agents in the land of the free and the home of the brave.

RURAL AMERICA NEEDS HEALTH CARE TOO

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. ABDNOR. Mr. Speaker, one of the greatest problems confronting the small towns of rural America is obtaining and maintaining adequate health care delivery systems. Headlines in metropolitan newspapers tell of "doctor surpluses," but believe me, in rural America—in States like South Dakota—there is no doctor surplus. There is an acute doctor shortage.

In South Dakota our residents know what it is like to drive 50 miles to see a doctor and the fact that they do not have to drive farther is thanks to the dedication of the doctors, nurses, and other health care professionals who have chosen to live in our small towns. As the following article from the Kadoka, S. Dak., Press notes, small town hospitals like Kadoka's are not "aid stations."

The article follows:

SMALL TOWN HOSPITALS LIKE KADOKA'S ARE NOT AID STATIONS

(By Bernie Hunhoff)

Philip and Kadoka, two towns located 20 miles apart on the South Dakota prairie, have the only hospitals between Pierre and Rapid City.

Townspeople in both communities consider themselves lucky to have hospitals, but they are concerned that the day could come when they'll lose them.

Inflation, difficulties in attracting health professionals and more stringent government regulations are all taking their toll, according to civic leaders in the two towns.

Kadoka is a community of 800 persons located midway between Pierre and Rapid City. Situated along Interstate 90, it does a thriving tourist trade during the summer and has a solid business district. Philip, 20 miles northwest of Kadoka, draws few tourists but its businessmen have built a surprisingly strong town in which bank debits (per capita) are among the highest in the nation.

Dr. Lowell Swisher, Kadoka's only physician, grew up on a ranch outside of town. He became interested in a medical career during his high school days. Unable to commute to school from his grandfather's ranch, the young Swisher boarded during the week with the town doctor, N. J. Sundet. "I probably wouldn't have gone to medical school without his influence," Dr. Swisher recalled.

Following medical school and a stint in the service, Dr. Swisher returned to practice with Dr. Sundet, whom the 13-bed hospital is now named after.

Dr. Swisher hasn't regretted coming home to Kadoka. "I guess I've always enjoyed a small community where you know everybody. I don't like the humdrum of the big city. A lot of people in this day and age get fed up with the city and decide to move out here to avoid it. I wasn't avoiding it. I was never in it. I knew it wasn't for me."

In his 15 years of practice, however, Dr. Swisher says medicine has changed. "The red tape and the paperwork is just taking more and more time to do. As a result, it's taking more and more time to take care of the same number of patients and I'm afraid it's going to get worse."

The town hopes to find a young physician to assist Dr. Swisher in the area's clean air and easy-going lifestyle will aid their search.

Civic leaders in Philip also hope to hire another doctor to aid their longtime physician, Dr. G. J. Mangulis who has been practicing medicine in the town more than 20 years.

Dr. Mangulis, noted there are three major reasons why hospitals are needed between Pierre and Rapid City. "Number one," he said, "You can't predict when a woman will need obstetrical care. Second, when accidents occur you need immediate attention. It's quite important to have a hospital to give immediate care. Thirdly, it is a great convenience. Many people would be reluctant to go somewhere else. Having a hospital here gives them a morale boost because they know they get much more individualized care."

The 20-bed hospital and 30-bed nursing home at Philip are now owned by the Lutheran Hospitals and Homes Society of America, a non-profit organization that operates 93 hospitals and homes in 13 Midwestern States.

Hospital administrator Robert Shannon, who was assigned to the Philip hospital by the Society in 1975, believes that inflation, staffing problems and government regulations "could ultimately leave the people of this area without any hospital."

"I think health care is one of our critical needs right now," said Shannon, a Minnesota native. "People come to town to look at machinery, to buy their groceries and, if necessary, to stop by the doctor's office.

"If the hospitals and clinics in Kadoka and Philip had to close, people around here might have a drive as far away as Rapid City or Pierre to see a doctor."

And there are times, he explained, when they simply couldn't make it to Rapid City. For example, a Philip woman went in labor last Spring on the same day that a storm dumped ten inches of snow on the town.

She was able to reach the hospital. However, complications developed and Dr. Mangulis knew a Cesarean was necessary. He hadn't performed such an operation in 17 years, but travel was impossible so he did it. Today the mother and her new baby daughter are alive and well in Philip.

"Some people have the idea that small hospitals don't have to be anything but an aid station," Shannon said. "This case last Spring proves they should be more than that. Ninety miles in the middle of nowhere is certainly no place to have an aid station in a situation like a snowstorm."

"The small hospital's ability to treat an emergency case until the patient can be shipped to another facility is vitally important. We have to get the patient stabilized so he can make the trip to a larger hospital for longterm treatment."

Shannon and his Kadoka counterpart, Nona Prang of the N. J. Sundet Memorial

Hospital, certainly have the backing of their respective business sectors.

Marvis Hogen, a Kadoka hardware store operator and a state legislator, remembers the history of health care in his community and he wants to see past tradition continue.

"Self-reliant people, unhampered by government, built this hospital and saved who knows how many lives," Hogen said. "This facility would never have been created and never would have continued if we had the federal regulation problems back then."

Hogen believes Kadoka has been fortunate in its ability to maintain virtually uninterrupted health care. Since its founding in 1906, he said, it has almost always had a doctor and at least a limited staff of medical people.

Dr. Sundet, who practiced medicine in the community from 1939 until his death in 1972, converted a private residence into a hospital in the 1940's. Several years later the entire community backed a fund-raising drive that ended in the construction of the current facility.

A Rapid City Journal news reporter, writing of the hospital's grand opening in 1951, noted, "They (the people of Kadoka) are especially proud of the fact that they met the challenge of a distinct hospital without governmental subsidy . . ."

Since the construction of the hospital, the town has also added a 35-bed intermediate care nursing home adjacent to the hospital and clinic. Kadoka Mayor Vernon Uhlir, a motel owner, says the building of those structures has had an immeasurable effect on the entire area and he is concerned that the current trend is toward centralization of medical centers and "doing away with the smaller hospitals."

"That isn't going to help people here who might need immediate medical treatment," Uhlir said. "In some cases, they might not make it if they had to be hauled 100 miles."

The Philip hospital was built in 1955 with a community fund drive similar to Kodoka's. It was named after Hans Peterson, an area rancher who willed much of his estate to the construction of a hospital. The community later gave the facility to the Lutheran Society.

Merchants in Philip are also solidly behind their health care organization. "It means an awfully lot of jobs, a large payroll and, most importantly, it means saving people's lives," said Charles Ekstrum, president of Philip's First National Bank.

"Health care is vital to any community. The towns that survive are the ones that have total health care," Ekstrum added.

Chip Kemmitz, a Philip attorney, believes the very population of the town depends on the hospital, clinic and 30-bed nursing home. "I'm sure that many of our retired people would have to look for a place that offered closer medical care if anything were to happen to our hospital."

The Kadoka and Philip health facilities serve a large area. Patients come not only from the small surrounding towns of Belvidere, Cottonwood, Cactus Flat, Wall, Murdo, White River and Milesville. Some come from the Pierre and Black Hills area.

Dr. Robert Hayes, a part-time physician at Wall who spends most of his time directing the University of South Dakota School of Medicine's physician extender project, sends many of his Wall area patients to Kodoka or Philip when they need hospitalization.

"Communities of this size are indeed fortunate to have hospitals and to have doctors that are excellent" said Dr. Hayes, who sometimes fills in for the local doctors when they take infrequent vacations or attend a medical seminar.

"We probably once had too many hospitals in South Dakota. But we don't any longer. I would hate to see us lose any more of them."

ST. LOUIS REDISCOVERS ITS PAST AS A NEW SPIRIT RISES

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. GEPHARDT. Mr. Speaker, early this week the New York Times carried an article describing a "new spirit of St. Louis." As the article so well emphasizes St. Louisans have developed a growing awareness of the city's remarkable history and are becoming increasing enthusiastic about saving the many landmarks of its past.

For too many years, urban residents—with the support of Federal policies—were interested in tearing down the old and replacing it with everything shiny and new, the hallmark of urban renewal. Fortunately, the 1970's have been marked by a growing appreciation for our man-made environment—the historically and architecturally significant structures which were built decades ago in the great cities of our Nation. A new kind of revitalization effort—through preservation and restoration of such valuable resources—is dominating the urban scene and is proving to be effective in restoring the health of the Nation's cities.

The Times article describes this type of effort in St. Louis. I encourage my colleagues to read about one city's experience in rediscovering and restoring its past. The article follows:

[From the New York Times, July 25, 1977]

ST. LOUIS REDISCOVERS ITS PAST AS A NEW SPIRIT RISES

(By William K. Stevens)

ST. LOUIS.—The house at 2635 Locust Street, where the young T. S. Eliot lived and formed impressions that would later help shape his desolate vision of "The Waste Land," is now a parking lot.

The house at 5135 Kensington Avenue, the address where Judy Garland trilled her romantic songs in "Meet Me in St. Louis," is boarded up, the paint on its dormers peeling, its gate ajar and its yard choked with undergrowth. A faded sign on the door warns, "Condemned. Unfit for Human Habitation."

Around the corner from the apartment building at 4633 Westminster Place, where Tennessee Williams lived and supposedly set "The Glass Menagerie," smiling streetwalkers crook their fingers at prospective customers.

And the front of the ramshackle brick flat at 2658 Delmar, where Scott Joplin wrote his famous ragtime music, is decorated with broken glass and empty gin bottles; and the sour smell of poverty is strong under the locust trees in the steamy summer of 1977.

POPULATION LOSS REPORTED

As in any big city, not all of St. Louis is in a state of decay. It still boasts strong, well-kept neighborhoods. But it is sometimes said here that St. Louis reached its peak of influence and accomplishment with the World's Fair of 1904 and then began a 70-year-old slide into decadence.

Now that slide may be nearing bottom. The Census Bureau reported a few weeks ago that from 1970 to 1975, St. Louis lost population faster than any other major city, shrinking by 15.6 percent and dropping from 19th place to 24th. Local analysts quarrel with the precise figures, but not the basic trend. The St. Louis metropolitan area, though considerably healthier than the central city, was reported to have lost 1.7 percent of its population and dropped from 10th to 11th rank.

Even as the population contracts, however, the city is proclaiming a new spirit of St. Louis. It is rediscovering its colorful past as perhaps never before. It is polishing the images of its heydey and putting them on display in a gleaming new downtown.

Four blocks from the dilapidated Scott Joplin flat, in bright, yellow surroundings in the 19th-floor observatory bar atop a modern, circular hotel, the tinkly, syncopated Joplin rags live. The way "Professor" Trebor Tichenor plays them—lovingly, delicately, with his derby at a tilt and his head cocked intently toward the piano keyboard—they are a lighthearted memorial.

Over the professor's shoulder as he plays, the city's emerging skyline shimmers in the early evening sun. Aqua and ivory towers, many of them products of the 1970's, set themselves off against Eero Saarinen's graceful steel Gateway Arch on the Mississippi.

LIVELY NIGHTLIFE DISTRICT

Down among those 20th-century towers, bars, restaurants and even offices have sprung up in old, restored warehouses. Turn-of-the-century nostalgia abounds. Ragtime and Dixieland music are easy to find. The Joplin apartment is to be preserved. Laclede's Landing, an 11-block slice of the commercial riverfront, where century-old buildings survive from the city's greatest period of expansion, is being restored as an entertainment restaurant and nightlife district. Night life itself is reviving. New hotels are opening. Convention business and tourism are thriving.

And for two weeks starting July 24, the city's newly opened $25 million convention center will house a "Meet Me in St. Louis" festival whose specific purpose is to regenerate the spirit of the 1904 World's Fair, the fair that gave the world ice cream cones, hot dogs and iced tea, that partly inspired the Judy Garland movie and showcased the Joplin rags.

The city's boosters point to a new sense of excitement in town. "St. Louis is on its way to new days of glory," The Globe-Democrat trumpeted a few days ago. Critics say, however, that it is merely a diversion from a more fundamental social and economic reality.

St. Louis and its metropolitan area, they say, are losing the industry that must provide jobs for the remaining population. Further, it is pointed out, much of the middle ring of the metropolitan area, the part between downtown and the prosperous suburbs, remains a true wasteland, the home of what threatens to become a permanently deprived underclass afflicted by unemployment, poverty, and crime.

A MANUFACTURING CENTER

In this, St. Louis is like the cities of the industrial crescent to the Northeast, cities whose vitality has been sapped by the decline of manufacturing and the move of industry to states where labor is cheaper and costs are lower. As with the cities in the crescent, manufacturing has been the cornerstone of the St. Louis economy. McDonnell Douglas, General Motors, Ford, Chrysler, Monsanto, Pet, Ralston-Purina and Anheuser-Busch are probably the best-known names but there are many others.

"The basic problem is similar to the one you find everywhere," says Dr. Norton E. Long, an urban economist from the University of Missouri's St. Louis branch. "Downtown brick and mortar don't turn the city around. There is no basic attempt to deal with the city's economy."

Local industry hunters are at work, and there has been an influx of corporate headquarters. But the fact is that from 1969 to 1974 St. Louis lost 306 job-producing manufacturing establishments, the number dropping from 1,699 to 1,393. The metropolitan area lost 15, dropping from 3,121 to 3,106.

Similarly the central city's population declined from a peak of 857,000 in 1950 to 525,000 in 1975, according to the census estimates. The population of the metropolitan area is estimated at 2.35 million to 2.44 million. It appears to have remained essentially stable since 1970.

In its glory days, shrinkage, stagnation and decay were the last things on the minds of St. Louisans. A century ago it was the nation's fourth largest city, and the boosters of that day predicted it would easily eclipse Chicago.

HERITAGE OF CONFIDENCE

Economic and geographic imperatives were to decree otherwise. St. Louis nevertheless approached the 20th century strong and confident. It already had its Mark Twain heritage and its rough, tough river-town image. German immigrants put it on the map as a center of culture and enlightenment. Carl Schurz and Joseph Pultizer made it a journalistic heavyweight.

But by the early years of this century, according to some analyses, decline had already set in. St. Louis was to produce a remarkable number of writers and poets—not only Eliot and Williams and Sally Benson ("Meet me in St. Louis"), but Fannie Hurst, Sara Teasdale, William Inge and Eugene Field. As an urban entity, however, it became vaguely associated mostly with beer, baseball and somnolent summers.

After World War II, St. Louis mocked efforts to deal with urban decay perhaps more cruelly than did some other cities. Gaslight Square, an entertainment district in restored buildings in the city's Central West End, became a chic, lively attraction in the 1960's. Crime killed it. Today it is a ruin, a study in futility, enough to make a lover of cities cry.

The Pruitt-Igoe project, once designed as a national model for public housing, became instead a model for disaster. Its most notorious section is gone, a weedy field strewn with broken concrete in its place.

The "New Spirit of St. Louis" has been proclaimed before, and some St. Louisans may be skeptical this time.

NEW LIST OF VIRTUES

Still, it seems true, as the boosters say, that St. Louis can be considered a good place to live—if you're middle class, regularly employed and don't live in the crumbling part of town. Community leaders are beginning to talk about the virtues of not having to cope with growth, of being a medium-sized metropolis where it is easy to get around.

It is also true that the Central West End, where literary history is mostly concentrated, is enjoying a resurgence. Real estate values have tripled there during this decade, it is said, as young families seeking good values have moved into the old homes of 70 years ago and restored them. Similar resurgence is taking place in other pockets.

And it is true that there does seem to be a spirit of fun and exuberance downtown. You can see it aboard the Goldenrod Showboat moored at the levee. Or at Muddy Waters or Kennedy's Second Street Company or the other new saloons (that is what they're still called here) that are opening amid functioning factories and warehouses off the cobbled streets of Laclede's Landing.

At Kennedy's in a high-ceilinged old warehouse with period fans rotating overhead, some of the young crowd comes to eat and drink and mingle and listen to Dixieland. There, the other night, a young man came in with a rather plain young woman. They sat, and before the waitress could come, two much better-looking women sat down at an adjoining table. The young man's eyes riveted on them, so obviously that his date turned around to look. The pain reflected in her face told the story.

What would T. S. Eliot, poet of failed love, selfish lust and general desolation, have to say about that? Or, more generally, about contemporary St. Louis and the rest of urban America?

The second question was posed to Dr. William C. Hamlin, chairman of the English Department at the University of Missouri, St. Louis.

"I think he'd say, 'Well, I told you so,'" he answered.

MODERN SUNBATHS: THE KURDS IN TURKEY

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mrs. SPELLMAN. Mr. Speaker, since his election, President Carter has spoken out for the human rights of peoples throughout the world. He has sought to encourage both friend and foe to give recognition to those rights which we in the Congress recognize are due to all mankind.

I applaud the President for his courage in supporting this concept, and I have worked to support him in the Congress. To the poor and downtrodden throughout the world, the United States, until recent years, served as a spokesman for the values inherent in our own Declaration of Independence and the Bill of Rights. The declaration of our endorsement of the human rights struggle clearly indicates that we once again bear the mantle of freedom, and that persons from every part of the globe are looking to us for leadership.

One such region of the world, with which many of my colleagues are familiar, is that of the Kurdish-inhabited districts in eastern Turkey. The Kurds have been subject to terror on a massive scale and with almost complete disregard of their human rights. The brutality exercised against this minority of 8 million people is agonizing, and I wish to call this tragedy to the attention of the American people.

Therefore, Mr. Speaker, I would like to submit an article, entitled, "'Modern Sunbaths': The Kurds in Turkey," which appeared in the April 4, 1977, publication of Der Spiegel. I hope my colleagues will take time to read of this tragedy being perpetuated and to speak out in behalf of these people:

"MODERN SUNBATH": THE KURDS IN TURKEY

"Mountainturks" are called the Kurds in Turkey, an eight-million-strong, unwanted minority. The Kurdish youth could become for Turkey, what the Basques are for Spain.

"You know already that we do not like the Kurds", barked NCO Mehmet Caldi at the inhabitants of the village Yelesdere, "therefore we do not help you. Kick the bucket!"

Twenty villagers stood opposite the raging Turk—here the only survivors of the earthquake of the 24th of November last year, which turned their village, formerly inhabited by 200 people, into ruins and rubble.

They were waiting for 5 days and when the soldiers finally came, the villagers asked for blankets food and clothing. But NCO Caldi's order issued by the province governor of the east-anatolian region Van read differently: he was to drive away members of civilian relief groups of the Turkish Teachers' Trade Union Töb-Der who set off on donkeys and horses one day after the earthquake to bring food. Because the teacher unionists are suspected "of communist and Kurdist propaganda".

That supplies scarcely arrived in the earthquake area, and that, in case where central Turkish authorities were called in, that out of the 10,000 earthquake victims in 200 destroyed villages, many died out of cold and hunger, that observers are said to have seen assistance goods in the Turkish occupied part of Cyprus instead of in Eastern Turkey, all this embittered the afflicted persons. "Mass murder" complained demonstrating Kurdish farmers of the region Van, "cannot only be done by bombs".

The eight-million people strong Kurdish minority in Turkey makes up 15 percent of the total Turkish population but contrary to Soviet Armenia, Syria, Iraq and Iran where it is estimated that another 6 million are living, the Kurds in Turkey are not even existent under the term of an ethnic group; they are called "mountain-turks" ever since the rigorous turkification politics of Kemal Attatürk. Because for the father of modern Turkey there were "only Turks".

For those Kurds living in the southeastern part of the country in a relatively self-contained development area it was a breach of promise. The British and French, together with Attaturk's troops, drove them away, for that, after the Peace Treaty of Serves in 1920, an autonomous Kudistan was promised to them and the Kurds of Syria and Iraq. Whenever uproars reminded of the promise, they were suppressed in blood, around 1925 when 15,000 Kurds were shot dead, hanged, drowned. "Where the bayonets reign" exulted at that time a Turkish newspaper, "there exists no kind of problem".

Thousands of Kurds were deported to the western regions of Turkey, Kurdish schools were closed, the use of the Kurdish language forbidden. And until today it is forbidden to the Kurds of Turkey to embrace their History and Culture. Whoever hears Kurdish songs, reads, distributes or prints Kurdish * * * code, be sentenced to jail for up to 12 years for "violation of the national consciousness".

The present rightist National-Front government of Suleyman Demirel gives itself a lot of trouble so that the Kurds, no longer able to place themselves under the Prophet's banner as 52 years ago, can be fought as reactionaries by a secular government.

The younger generation reads Lenin and Mao and not a few of those who dream of "Azabi bo Kurdistan" freedom for Kurdistan, want a struggle for independence of the Angola pattern.

"The Kurds" says author Jürgen Roth from Frankfurt, who, while doing research for Amnesty International, was arrested in Kurdistan last November and later deported, "can become for Turkey, what the Basques are for Spain".

"The feudalistic conditions in east-anatolia made it difficult for political resistance for a long time. In over 800 villages only one Aga (big landowner) rules at a time. In Urfa, near the Syrian borders, one Aga, member of Demirel's Justice Party, calls ten villages his own. Over one third of the Kurdish families are without land.

Exhausting fieldwork, malnutrition and insufficient medical supplies rarely allow the Kurds of east-anatolia to reach an age over 45. Only 5 percent of all the villages have a doctor or an ambulance man, two-thirds of the population have to walk or ride a distance of 150 kms to find a doctor: half of the children die before reaching school age.

60,000 children of the Kurdish region attend no lessons whatsoever because there are no teachers; the illiteracy rate in Turkey is 45 percent, with the Kurds it is 75 percent. It is very rare that a Kurdish offspring can make it to the secondary school, and then he will be up against discrimination. A pupil in a secondary school: "The teacher always

tells me 'you are a clever pig, but a dirty Kurd'."

Next to the social and economic disadvantages of the Kurds—investments are made only where the financial expenditure of the West is of benefit to Turkey—the farmers suffer increasingly in the last years under raids of the Turkish 'Jandarma'-Commandos, special units of the rural constabulary trained for guerilla warfare which, since the suppression of the Kurdish revolt in Iraq, are reinforced and mobilised on the frontier between Turkey and Iraq. And so in September 1975 the military and the Jandarma took the occasion of a quarrel between a public prosecutor and the leader of the Kurdish Jirki tribe, to occupy villages and the small town of Beytishebap near the Hakkari mountains. 2,000 men advanced in, 500 persons were outlawed: after that 18,000 Kurds fled to the mountains. Although the area was declared a 'restricted zone' and entry refused to journalists, the reporter of the Istambul daily newspaper 'Hurriyet' Asis Korkmas succeeded in getting in touch with and talking to those who had fled and photographed them.

On the 18th of October he left Beytishebap and shortly before Silvan was stopped by the Turkish secret police MIT: colonel Faik Kellican, MIT-Chief in Diyarbakir, ordered him to hand over the films and tapes. Korkmas refused—farmers found him later in his car, dead.

The last village raid took place on the 8th of March in the village Meseli, province of Siirt: the inhabitants were rounded up by the Jandarma allegedly because they were housing smugglers; peasant woman Safiye Ayhan was shot dead. The village stands empty, the inhabitants are in the mountains.

Amnesty International compiled information on how cruelly the Turkish Kurds are tortured: For example, on the 27th July, 75 commandos forced their way into the village of Hivris. The inhabitants had to assemble in the village square and eat kilos of salt. When the commandos could not find out where a wanted smuggler was, they burned the beard of the village elder.

Bastinado and electroshocks, for which the victims are dragged to the Jandarma lorry and are given electroshocks on the tongue with the help of the car battery, are frequently applicable torture methods, so is the "modern sunbath" of the Jandarma Commander in Chief, second lieutenant Ahmet Gürel in Uludere: for hours on end men who have been whipped are laid naked on burning white tin roofs and have to look directly into the sun. If they blink once or try to close their eyes, the Jandarma beat them.

Kurdish women, who do not even venture to look at strangers and who are brought up with an extreme sense of shame, are abused in front of their husbands and children. In Silaye one year ago, a girl who was raped by a Jandarma shot herself.

With this background of repression and terror more and more pupils and students get together to discuss "Rë bo Azabi" "the way to freedom."

It is not the way of their fathers who, intimidated by the massacres of the twenties and thirties, would have perhaps contented themselves if they were allowed to speak their language freely. The leftist Kurdish youth, ideologically supported by social individual trade unions like the Teachers' Trade Union, threaten with a guerilla warfare in the event they are not granted the same rights and chances as the rest of the Turks.

The young ones stir up feelings of pride in the older people by bringing Kurdish books and tapes with recorded Kurdish songs into the villages. The police react with raids, round-ups in Cafes, record shops and private rooms. Even the troops which arrived in Lice after the September 75 earthquake, looked around in the ruins of the houses for Kurdish works and records instead of helping.

CITIES MAKE A COMEBACK

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. GEPHARDT. Mr. Speaker, an optimistic forecast for the great cities of our Nation was described in a recent article by Neal R. Peirce.

Mr. Peirce reports a growing interest in urban living because of its advantages in terms of cost, energy usage, and facilities for work and play. This trend toward revitalization of urban neighborhoods holds the key to saving our older cities which have suffered from decline in population and revenue base.

A report like Mr. Peirce's column will be encouraging to all of us who are seeking revival of our great cities. I want to share the article with my colleagues and insert it in the RECORD:

[From the Washington Post, July 7, 1977]

NEAL R. PEIRCE—CITIES MAKE A COMEBACK

TUCSON.—The inner cities of America are poised for a stunning comeback, a turnabout in their fortunes that could be one of the most significant developments in our national history.

The recovery from decades of middle-class desertion, housing abandonment and intolerable levels of poverty and crime will not be a smooth or tidy process. The cities' renewal may trigger social discord as the affluent and the poor fight for their share of the urban turf. And there surely will be backwaters of urban desperation for years to come.

But talks with a cross-section of the nation's mayors, meeting here at the annual U.S. Conference of Mayors, plus grass-roots reports from many cities, present a phalanx of evidence that the critical mass needed for city recovery has finally fallen into place.

The chief ingredients accelerating middle-class return to the cities are the energy crisis, the explosion of the post-World War II baby boom into the new household market, changing lifestyles and mounting dissatisfaction with suburban life—especially among young people.

All this is complemented by out-of-sight single-family home costs, the economies of restoration over new construction, shifts in federal policy away from the pro-suburb bias of the last three decades, the strong and growing national neighborhood movement and a pronounced decline in urban crime. The result: a new hope in the city that breeds fresh investment and confidence.

The Nation's capital, where federal payrolls fuel a vigorous economy, is the vanguard of the back-to-the-city movement. Young, upwardly mobile singles and couples—whites and blacks alike—are penetrating one inner-city neighborhood after another, even some wracked by the riots of 1968.

But Washington is not alone. In Baltimore and other cities, housing abandonments are dropping off—often to the vanishing point. In Chicago's middle-class areas, Mayor Michael Bilandic says, there's a sudden upsurge in property values, far beyond what the market would normally justify. Other cities reporting the same resurgence include Boston, Louisville, Pittsburgh, Houston, Portland, Seattle, New Orleans, Atlanta and New York.

Even in heavily black Gary Ind., Mayor Richard Hatcher notes an incipient middle-class return. In Detroit, considered a classic urban "basket case," Mayor Coleman Young reports that "for the first time in years, you find white middle-class people mingling with the blacks shopping for houses in the better neighborhoods."

The cities are now well past the first wave of renovation in blue-chip areas like Washington's Georgetown, Brooklyn's Park Slope, Philadelphia Society Hill and New Orlean's French Quarter. Now the upswing is spreading to hundreds of less-fabled neighborhoods—often because of their architectural distinction or premier locations. Residential restoration is no longer limited to townhouses; it's expanding into old warehouses, factories and wharf and tenement buildings, the urban residue of the industrial revolution.

Read Census Bureau reports alone and you'de never believe a revival was under way. The Census's 1970 to 1975 population-shift estimates showed a continued, massive hemorrhaging of city populations: St. Louis losing 1 out of every 6 residents; Cleveland 1 out of 7; Minneapolis, Detroit and Buffalo 1 of 8; New York 1 of 19. The 1975–76 center-city loss was estimated at an incredible 2 million people.

But mayors dispute the Census estimates and insist their cities are at least holding their own in population. They may or may not be right, but total population may not matter so much. Demographer George Grier has discovered, in a study for the Washington Center for Metropolitan Studies, that while Washington lost 55,000 population between 1970 and 1975, the number of households remained virtually constant. But in contrast to the larger family units they replace, such new households are small—consisting of never-married singles, new divorced people, couples (married or not) who are delaying parenthood.

Boston, Seattle and New York studies suggest the same; smaller households, made up of children of the baby boom that helped trigger the post-war rush to suburbia, now returning to the city. Fiscally, that's good news for cities, because the returnees enrich the tax base without costing much in schools, welfare or other services.

Indeed, the cities need attract only a modest percentage of the record number of new households now in formation to compete—as urbanologist Paul Porter puts it—"even with their strongest suburbs as a place to live."

The Hartford City Institute reports the city-bound flow of middle-class immigrants "is still a trickle, but a growing one that might become a flood." Hartford Councilman Nicholas Carbone says it's made up "first" of the youth, who find the suburbs boring and that the city's where the action is. The youth have guts, they're less prejudiced than we are and they'll move into integrated neighborhoods. They're followed by the liberal part of the establishment that's gone, through middle-aged menopause and is also enchanted with this new lifestyle."

The cities also argue economy: Rehabilitation costs generally run only 50 to 60 per cent of the price of new construction because the work is less extensive and doesn't involve site preparation. Rental and purchase prices—until a city becomes too popular—are well below suburbia's Mortgages are becoming easier to obtain as legal and community pressures beat down redlining and as lending institutions from mortgage pools for inner-city rehabilitation and purchase. Recent revisions to the federal tax code favor rehabilitation and historic preservation.

Only six years ago, Columbia Professor Eugene Raskin wrote that cities "are physically obsolete, financially unworkable, crime-ridden, garbage-strewn, polluted, torn by racial conflicts (and) wallowing in welfare, unemployment, despair and corruption." He suggested they were "unsalvageable" and "deserved extinction."

Eat your heat out, Mr. Raskin. There's a new day dawning.

GAS DEREGULATION: A NECESSARY COMPONENT OF THE NATIONAL ENERGY ACT

HON. ROBERT (BOB) KRUEGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. KRUEGER. Mr. Speaker, next week the House will consider important energy legislation reported from several House committees. I welcome the fact that this step will lead to implementation of a national energy policy for the first time in the history of our country. Unfortunately, however, I must report that some parts of the energy bill do not merit approval by the House.

The most glaring deficiency in the National Energy Act is its failure to provide for increased energy production, and the best example of this failure is the bill's natural gas pricing section. The House Commerce Committee's Subcommittee on Energy and Power approved an alternative policy calling for the deregulation of natural gas, which in the long run would be far cheaper than the administration's proposed extension of Federal gas price controls. Unfortunately, the administration's suggestions were accepted by the full Commerce Committee and the ad hoc committee in lieu of the subcommittee's recommendation.

The Commerce Committee report on H.R. 6831 contains additional views on the natural gas pricing section submitted by me and seven of my Democratic colleagues on the committee. All of us favored deregulation over the administration's natural gas proposal, and I would like to read our remarks into the RECORD at this time. In addition, I hope that all Members of the House will consider our position, and vote to deregulate natural gas prices during House consideration of the Energy Act next week:

ADDITIONAL VIEWS OF MESSRS. KRUEGER, GAMMAGE, PREYER, MURPHY, SANTINI, SATTERFIELD, ROONEY AND WIRTH

Section D of this bill will worsen rather than alleviate our natural gas crisis. Given the experience of last winter the fact of our declining gas supplies and the ample debate on this topic, one would expect better natural gas legislation to emanate from this committee. Instead, the Congress is served up part D of this act, a congeries of mismatched parts which represents only a delaying action in the long struggle to bring commonsense back to our national energy policy. Like the mule, this policy can have no pride of ancestry nor hope of posterity. It is the sterile offspring of economic naivete and political expedience. Congress must address, not avoid, our national energy problems. To do so, section D requires replacement or substantial revision. When the full committee reversed by a 22–21 vote the proposal of the subcommittee to remove Federal price controls from newly discovered natural gas, it adopted a short-term palliative and an easy political solution; but it avoided once again addressing directly our need for internal domestic gas supplies to fuel our hoped-for domestic economic recovery.

HISTORY

In 1938, Congress passed the Natural Gas Act to regulate interstate gas pipelines, natural monopolies which no one State had the power to regulate. The Congress determined that the natural gas pipeline companies carried on a business which was "affected with a public interest" and, as such, were subject to regulation by the Federal Government. At the same time, recognizing that the natural gas industry was not monolithic, but that it was composed of three segments—producers, pipelines, and distributors—the Congress chose to apply its regulation only the pipeline company, exempting from Federal controls the production of natural gas at one end of the pipeline and the distribution of the gas at the opposite end of the pipeline. This approach made eminent sense. Because any distribution system lay completely within a State or local jurisdiction, that system, in itself a monopoly, could be regulated most efficiently at the State or local level. The production of natural gas, on the other hand, was not a monopoly, since thousands of producers competed for sales to the pipelines. Also, the production of gas was already regulated by the various States in which the production took place. Thus, there was no regulatory gap for the Federal Government to fill at this end of the pipeline, and only the interstate pipelines became subject to Federal regulation under the Natural Gas Act.

In 1954, however, the Supreme Court held that the Natural Gas Act, in vesting the Federal Power Commission with the responsibility to regulate gas sales for resale in interstate commerce . . . Justice William O. Douglas, in an eloquent dissent, cautioned his colleagues that regulation of producer sales "involves considerations of which we know little and with which we are not competent to deal," but his good advice went unheeded by his colleagues on the court. The Nation became set on a course of Federal regulation of producer sales of natural gas which has resulted in the present supply-demand disequilibrium.

In the years following the *Phillips* decision, the FPC attempted by trial and error to determine a method of regulating producer sales of natural gas. First, it attempted to regulate producers on a case-by-case basis but this resulted in a 20-year backup of rate cases. Then the Commission endeavored to regulate by an area-rate method, in which gas prices varied depending upon the part of the country in which the gas was produced. Although this method was less cumbersome than the case-by-case approach, it was arbitrary and unjust because the gas production cost bears less relationship to geography than it does to geology. Two relatively near-gas reservoirs could require drastically different production methods and costs, while other reservoirs hundreds of miles apart might entail similar production methods and costs.

Therefore, in 1973, the FPC established a uniform national rate for natural gas sold into the interstate market, in hopes of minimizing producer uncertainty and maximizing supplies. The Commissioners realized what students of political economy had pointed out since Government regulation first began: regulation of a commodity at a price less than that commodity's replacement cost encourages consumption of the commodity and discourages its production. Total gas reserves had declined from their 1967 peak and, increasingly, new natural gas was entering the unregulated intrastate natural gas market where producers were ensured a sufficient rate of return and absence of paperwork requirements. The national rate concept was as far as the Commission could go in recognizing the basic laws of economics while remaining faithful to its mandate of cost-based pricing under the Natural Gas Act, as interpreted by the *Phillips* decision. By 1975, however, the national rate for new natural gas had reached only 52 cents, meaning that natural gas was priced at roughly one-third of its replacement cost. In addition to its bargain prices, gas became more attractive as a fuel because of its superior burning qualities, yielding a higher temperature flame with considerably less adverse environmental impact than substitute fuels. Because the Clean Air Act penalized industries and utilities for emitting particulates and other pollutants resulting from the coal combustion process, many businesses turned to burning natural gas, which was both cleaner and cheaper. The artificially low regulated price, far below the replacement cost of the fuel, gave these users no signal that they were making wasteful use of a valuable commodity which was in increasingly short supply.

Meanwhile, prices in the unregulated intrastate market increased reflective of the higher replacement cost and environmental premium inherent in the use of natural gas instead of coal or oil. The intrastate market did not act to "bleed off" existing interstate supplies, but it increasingly attracted the lion's share of new gas production and producers began to drill and explore in response to the intrastate gas price, rather than in response to the regulated interstate price. The interstate gas market, considerably larger than its unregulated counterpart, was being starved of supply because of its unrealistically low regulated price. The interstate pipelines were not allowed to bid competitive prices for new gas supplies, with the result that these pipelines—and their customers—simply had to do without adequate gas supplies.

ACTION IN THE 94TH CONGRESS

No legislator relishes the idea of increasing the price of a regulated commodity, but by 1975 the 94th Congress could no longer ignore the natural gas crisis. Supplies in the interstate market had reached a new low, and curtailment projections for the winter months were greater than 2 trillion cubic feet (tcf). In October, 1975, the Senate voted 58–32 to lift Federal price controls on producer sales of new natural gas.

In February, 1976, the House unexpectedly opted by four votes for an ephemeral compromise deregulating small producers and increasing the regulation of major producers, and no conference was held to bridge the gulf between the House language and the Senate bill. Stalemate in the Congress meant another year under the logically bankrupt system of Federal price controls.

THE INTRASTATE MARKET

Meanwhile, the intrastate natural gas market had an adequate supply of natural gas for its consumers, albeit at a higher price than in the regulated interstate market. By 1976, the intrastate market consumed roughly 40 percent of the gas used in the United States each year. Although the needs of intrastate consumers were being met, total use of natural gas in this market has declined slightly in recent years, as price-sensitive industrial and utility users switched to substitute fuels when gas prices increased. Thus, in contrast to the regulated interstate market, price signals in the unregulated market told these marginal users that they were making nonproductive use of a commodity in short supply, thereby inducing them to switch to a more suitable fuel. Low priority users in the interstate market,

who paid the regulated gas price as did high priority users in the interstate market, who paid the same regulated gas price as did high priority residential and small commercial consumers, continued to burn the fuel without regard to its increasing scarcity.

Although most of the gas burned in the intrastate market was industrial and utility usage, residential consumers were assured of an adequate supply to heat their homes and continued employment. Also, residential consumers in the intrastate market were investing in exploration for and production of new natural gas supplies by paying today's replacement costs for the natural gas they consumed. Although the individual homeowner's fuel bill had increased, the residential gas consumer in the intrastate market still paid only $2 per million Btu's while the electric utility customer paid from $5 to $8 for the same amount of energy. Prices in the intrastate market have generally stabilized at $2 per mcf over the past year, and some prices have actually declined when spot surpluses of gas developed in the intrastate market. This is the best argument for deregulation of the entire national gas market, for it indicates that an unregulated gas market induces supply-demand equilibrium and that prices stabilize and even decline once this equilibrium is reached.

The tragedy of extending price controls into the intrastate market, which the administrator proposal would do, is that our most useful barometer of energy price performance under true market conditions will be lost. We should emulate, rather than eliminate, this example of the advantages of the free market.

THE CRUNCH

The gas supply crunch came, as many said it would, last winter when factories, schools and commercial establishments served by the interstate market were forced to close due to severe weather and high demand for natural gas. One million jobs were lost temporarily as factories closed for lack of fuel. The economic damage caused by the gas crisis has never adequately been determined nor can it be. Still more difficult to quantify, however, was the damage done to our self-respect and self-confidence. The administration sponsored, and Congress adopted, the Emergency Natural Gas Act of 1977, which, despite some imperfections, helped get us through this very difficult period.

GREAT EXPECTATIONS

Supporters of deregulation anticipated enactment of gas deregulation legislation in the 95th Congress for three major reasons. First, the winter's experience provided us with an example of what the future might hold unless controls were removed to elicit greater gas production. Second, a number of House members who opposed deregulation in the previous Congress had indicated their decision to change their position after closer study of the Smith substitute exposed it as an unworkable policy. And third, and most important, a new President had been elected after promising during the campaign to deregulate new gas prices.

THE NATIONAL ENERGY ACT

Part D of H.R. 6831 deals these hopes a severe blow. Instead of natural gas deregulation, the administration-sponsored legislation, now approved by this committee, advocates increased Federal price controls over new gas and extends Federal jurisdiction into the intrastate market with no prospect of the termination of price controls of any time in the future. The price offered for new natural gas is unrealistically low, presently $1.60 with a promise of $1.75 sometime during calendar year 1978. This bill actually rolls back prices, since new gas in the intrastate market currently sells at $2 per mcf. Production will decline as a result of passage of this bill because producers have been exploring and drilling in response to the $2 intrastate price, which will now revert to $1.60.

Perhaps the least desirable of all aspects of this proposal is its restrictive and unrealistic definition of new natural gas. New natural gas is defined as gas produced from new wells, the surface location of which is at least 2.5 miles from an existing well and which is produced from a previously undiscovered reservoir. Gas produced from a new well the surface location of which is less than 2.5 miles from a producing well may receive the new gas price, provided that it is produced from a previously undiscovered reservoir and the completion location of the well is located 1,000 feet deeper than any existing well within the 2.5 mile limit. This complex and cumbersome definition will result in a great deal of confusion and very little, if any, increased supply. The 2.5 mile figure bears no relationship to the business of natural gas production and, in fact, results from a compromise between those who have some knowledge of the industry and those who desired a 5-mile limit as reflected in the earliest drafts of this legislation. When questioned about the 2.5 mile figure, Dr. Schlesinger termed it a "judgment call" and other administration witnesses offered no greater insight as to why this arbitrary figure was chosen. Knowledgeable supporters of the administration's plan consider the new gas definition an embarrassment.

SUBCOMMITTEE ACTION

The Energy and Power Subcommittee of the full Commerce Committee rejected this proposal in favor of H.R. 2088, the Krueger-Brown deregulation bill, which now has 80 members of the House as cosponsors. The Krueger-Brown bill deregulates only new gas supplies, maintaining premanent controls over gas presently flowing in the interstate market and controls any new gas produced from offshore federal lands for the next 5 years. The Krueger-Brown proposal also establishes an agricultural priority for gas use and eliminates price redetermination clauses in intrastate contracts.

COMMITTEE ACTION

Full committee consideration of the National Energy Act began on a bad note. The committee's deliberations, already hampered by a tight schedule imposed by the Speaker, were further complicated by parliamentary maneuvers which precluded perfecting any amendments to the bill. The committee was thus faced with a virtual up-or-down decision on the administration's natural gas package versus the deregulation bill approved by the subcommittee. The unperfected administration bill won on two narrow votes, 22–21 and 23–20, and now lies before the House for decision.

WHY DEREGULATION IS A MORE EFFECTIVE ALTERNATIVE

Deregulation of new natural gas prices provides us the best means of achieving supply-demand balance in the future. Interstate and intrastate buyers will be able to bid at parity for new supplies of gas, and the higher price paid for new gas will induce marginal industrial users to convert to alternate fuels. The higher price for new supplies of gas will also stimulate rather than impede the development of substitute supplies, such as syngas and more exotic substitutes, but the residential consumers will be protected because pipelines will mix the higher cost gas with a pool of lower-cost presently flowing gas, leaving little, if any, price increase to be passed on to high priority consumers. In addition, the incremental pricing provision contained in the Wirth-Krueger-Brown proposal offered in committee requires that low priority industrial users absorb the increased cost of new gas, holding harmless existing residential consumer rates.

DEREGULATION IS CHEAPER

The price paid the producer at the wellhead accounts for less than one-third of the average residential bill in the interstate market. Consider the example of residential customers in New York City in 1975. Of $3 per mcf that a residential user paid for gas delivered to his household, $2.30 went to the distribution company inside the city, to amortize pipeline costs; 40 cents went to transport the gas from the producing area to New York; and only 30 cents went to the producer. Part of the consumer's bill includes fixed charges for pipeline maintenance and amortization, and these costs are spread over the volume of gas in the pipeline, whether it is full or half-empty. Deregulation thus would decrease one part of the residential consumer's bill, since it would result in a greater volume of gas flowing through presently underutilized pipelines. Therefore, the fixed costs could be apportioned to a larger quantity of gas and a greater number of buyers.

During committee consideration of this proposal, we were assaulted with various studies of the price impact of natural gas deregulation under the Krueger-Brown bill. A few of the studies were well done; most were irresponsible and politically inspired. There is not ample time to discuss the various pitfalls of such studies here, but the errors most often made were: (1) a failure to estimate the cost of gas substitutes required because of shortages resulting from continued regulation; (2) an unwillingness to recognize that additional gas supplies would result from prices higher than the administration's $1.75 figure; (3) the assumption that presently flowing interstate gas would qualify for the new gas price under deregulation whereas, in fact, such gas would continue under FPC control; and (4) extremely conservative estimates of cost of continued gas supply at current prices for the next several years. The best deregulation study we have seen was that performed by our colleague Mr. Stockman. It succumbed to none of the previously mentioned errors and found that deregulation would save American consumers $48 billion between now and 1990. The Brookings Institution in its new study "Setting National Priorities: the 1978 Budget" stated the case succinctly:

The natural gas shortage is a case study of the potential for disruption when the need for adjustment to higher energy costs is camouflaged and response delayed. Because natural gas prices have been held down, more has been consumed, leaving less available for the future. The lower prices have also meant that less of the resource base has been explored and developed. The decline in available reserves has forced some consumers to do without. Future demand for natural gas has been increased by the lower prices because long-lived gas-specific capital equipment has been installed. Thus, serious disequilibrium now exists between the amount of gas demanded and the amount the industry is capable of supplying, not only at its current controlled price, but at its long-run equilibrium price as well. This disequilibruim is superimposed over what appears to be the rising costs of gas, which will not level off until either the delivered cost of gas is greater than that of alternative fuels so that consumption shifts to other fuels, or new gas sources (perhaps synthetic gas or imported natural gas) become economic at the higher domestic natural gas price.

Optimal adjustment toward a long-run equilibrium in the natural gas market would affect both production and consumption. Deregulation of natural gas that had not previously been consigned to interstate markets would be one means to achieve this adjustment. On the supply side, deregulation would prompt new exploration and more intensive development of known reservoirs. At a higher price, the amount of gas marketed

would also be increased because the amount wasted, used in the field, or used for producing petroleum would fall owing to its higher prices it would induce would encourage the development of synthetic natural gas and the expansion of liquefied natural gas imports at rates that would minimize total energy costs to the economy.

Despite the harmful effect on some consumers, gradual decontrol of natural gas would reduce the cost of energy to the economy, not increase it. In essence, the higher prices and fuel switching occasioned for some consumers would make gas supplies available to those for whom the alternatives are worse. The inefficiencies and inequities of the present system are disguised, but its benefits to some are large and obvious. In contrast, decontrol would bring obvious losses to some but widely dispersed and less readily visible benefits to the economy generally. On the whole, the economy would benefit from the more efficient use of energy and other resources that decontrol would bring.

The Administration and Library of Congress studies fell prey to all four errors in reaching their adverse deregulation impacts of $71 and $77 billion respectively. We are still awaiting atonement and propitiation, but none has been forthcoming.

RESOURCE BASE

Another canard supplied us by the opponents of deregulation during the course of debate on this bill was the myth of the declining resource base. The Administration contended, upon submission of its proposal, that there was no reason to increase gas prices above $1.75 because a declining resource base precluded the discovery of significant supplies of additional gas at prices higher than this figure. Also, the Administration contended that all drilling rigs were in use so none would be available to produce any new gas which might be found at a higher price. The drilling equipment supply industry testified before the Energy and Power Subcommittee on more than one occasion that new rigs will be produced in direct proportion to any increased demand for them, and in any case, more than 1,000 new rigs are scheduled for completion in the next 12 months. In light of this expert testimony, we believe that the Administration's contention of drilling-rig scarcity can be set aside.

FEA's contention that there is little more gas to be found has been dealt a mortal blow by its own sibling, the Energy Research and Development Administration (ERDA). Their MOPPS study of gas supplies available under different pricing scenarios indicates a substantial supply response to prices for gas higher than $1.75. At a recent Science and Technology Committee hearing, an ERDA official predicted that the nation would be awash with natural gas at a price of $3 per mcf. Although we do not advocate or expect prices at this level, the example serves to prove the Administration's contention incorrect.

The notion that we are completely running out of oil and gas has been going on for many years, and has consistenly been wrong. We are now running out of these fuels. We are running out of them if they are to be produced at artificially low prices and under regulatory conditions that make difficult their recovery.

In the last 10 years we have discovered Prudhoe Bay, Alaska, the largest proven reserves in the Americas, exceeding the east Texas field and Maricaibo Bay, Venezuela. In the last 5 years England brought in its North Sea reserves, which amount to two-thirds of the United States' proven reserves. In the last year Mexico has found reserves that appear to be larger than either of these. Suppose exploration for these reserves had stopped 10 years ago, because a couple of administration energy advisers had concluded that no more reserves exist to be found? The administration policy is predicated on the assumption that no more reserves remain to be discovered. It is that policy, and not our Nation, that is bankrupt. The conclusion we have reached is that there is ample gas to be had if we will allow producers adequate incentives to find it.

CONCLUSION

A gas deregulation amendment will be considered on the House floor and should be adopted in lieu of part D of this act.

Frankly, we can see no reason to continue and expand natural gas controls when the Congress has from the people a mandate to reduce rather than increase Federal regulation. Last year producers of natural gas in the interstate market received $5 billion for their gas, which constituted 15 percent of the Nation's energy supply. But the new Department of Energy has a budget of $10 billion to regulate those sales, and it has produced negligible energy. We obviously suffer from an acute case of misplaced priorities.

The administration plan jettisons nearly 40 years of regulatory and judicial experience under the Natural Gas Act because it recognizes that aspect of our energy policy as an irremediable failure; however, the administration would replace that failure with another regulatory scheme hoping that history will not repeat itself, failing to recognize that it is the concept, rather than the specific policy, of Federal regulation of gas prices which is unworkable and counterproductive. This Nation has reached a crossroads in determining the course of our future energy policy, and the only chance of success lies with deregulation of natural gas prices. We urge this course upon our colleagues in the House, as the only way to redress the serious supply-demand imbalance which has inhibited our economic growth and stifled business initiative. Admission of error in the policies of the past is a small price to pay for fashioning a wiser public policy to serve our needs in the future.

ROBERT KRUEGER.
BOB GAMMAGE.
RICHARD PREYER.
JOHN M. MURPHY.
JIM SANTINI.
DAVID E. SATTERFIELD III.
FRED B. ROONEY.
TIMOTHY E. WIRTH.

JACK ANDERSON: SANCTIMONIOUS LIAR

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 1977

Mr. McDONALD. Mr. Speaker, Jack Anderson has inherited from his late mentor, Drew Pearson, the reputation of being the most sanctimonious liar in public life. Anderson, who pretends to be the conscience of America, shows no conscience in his smearing of those whose work or views displease him.

Last week Anderson devoted a smear column to me, a member of my staff, Louise Rees, and her husband, John Rees. Mrs. Rees, an expert on revolutionary terrorism and the groups supporting it, came to my staff after working for the House Committee on Internal Security, where she was responsible for some of the excellent research and investigative analysis done by that committee on terrorism. For this work against terrorism, Jack smeared Mr. Rees as a "snoop."

At one time Mrs. Rees worked with her husband in the publication of a fortnightly newsletter called Information Digest. John Rees has published Information Digest for the past 10 years. As noted in a memorandum filed by Mr. Ree's attorney in Federal district court, the Information Digest is concerned with "extremism, public disorder, and terrorism, with terrorism defined as violence against civilians for the purpose of intimidation to achieve a political goal. Digest articles, accordingly, have often focused on the background, grievances, goals, operations, and real capabilities of social movements and political groups. * * * The publication does not focus on the private acts of individuals, but only on their activities as related to the groups of which they are members."

Information Digest is distributed to individuals, official agencies persons in the academic community, as well as a number of newspapers and magazines which either use Information Digest articles verbatim or rewrite them in their own style. I have provided this background on my employee, her husband and on his newsletter because Jack Anderson has falsely presented them in sinister, mysterious, clandestine terms.

Far from being mysterious and clandestine, John Rees has advised me that he has never refused to give copies of the Information Digest to anyone who has asked for them for any legitimate reason. I myself have sent copies of Information Digest reports to persons who have had an urgent interest in the contents, in the same manner as I may refer an article from any other publication I read.

Among the media personalities who have had copies of the Information Digest in the past is Les Whitten, Jack Anderson's partner, who was given copies of the Information Digest and information in condensed form from it by John Norpel and Alfonso Tarabochia while both were employees of the Senate Subcommittee on Internal Security. And on occasion, Anderson has used facts developed by the Information Digest on violent groups to spice up his otherwise dingy column.

Anderson used his column attacking me to defend the Socialist Workers Party (SWP) and the Clamshell Alliance. Yet it is the Clamshell Alliance, whose small leadership cadre includes an admitted saboteur of a nuclear powerplant under construction, which for months plotted the mass violation of law and public order at Seabrook, N.H.

The Socialist Workers Party, which Anderson described as "non-violent," is in fact the American section of the Trotskyite Communist Fourth International, which is actively engaged in terrorism in Latin America, Western Europe, and the Middle East. When Anderson's employee, one Krafowitz, called my office before writing the article, a member of my staff, Herbert Romerstein, advised him that I had put an extensive series of reports in the RECORD documenting the Socialist Workers Party's membership in the Fourth International, documenting that while the SWP believes that terrorism is not at this time an appropriate revolutionary tactic for use in

the United States, it does not rule out using its "option" for terror tactics under future conditions. I also documented the existence of a faction within the SWP which supports the use of terrorism now as a tactic in this country. Anderson chose to ignore these facts and whitewash the SWP.

Anderson's employee asserted that Mrs. Rees had "penetrated" organizations to get material for articles published in her husband's newsletter, Information Digest. My staff member pointed out to Krafowitz that if this were true it sounded like a standard journalistic practice since in recent years major newspapers had had their reporters "penetrate" a wide range of organizations ranging from bogus abortion clinics to unorthodox religious groups like the Unification Church, to violent subversive totalitarian groups such as the American Nazi Party.

Krafowitz asked if it were proper for a person like Mrs. Rees to have a job in a congressional office. He was told, "Of course she should; she is a good American and a defender of American freedom."

My staff asked Krafowitz in return whether it were a proper journalistic procedure to burglarize a Senator's office to copy his files or to wiretap a hotel room where a man was consulting with his lawyer. Krafowitz vehemently affirmed these practices were unethical. When asked if he would work for someone who had done both these things Krafowitz said "No." Informed that Jack Anderson had done both these things, Krafowitz said he had no knowledge of the facts. My staff referred Krafowitz to Les Whitten, Anderson's long-time associate, and asked Krafowitz whether he would continue to work for the unethical Anderson. Krafowitz said he had better not answer such a question and ended the conversation.

For the benefit of my colleagues and the public, including Mr. Krafowitz, the incidents referred to were the Dodd case and the Goldfine case.

In 1965, James Boyd came to Jack Anderson, then a reporter for Drew Pearson, with allegations of misconduct on the part of Senator Thomas Dodd of Connecticut. In his book, "Above the Law," Boyd described how his dealings with Jack Anderson caused him to burglarize Senator Dodd's office. Boyd wrote:

The further I proceeded in relating the individual episodes the more apparent became the need for documentation. "I believe what you tell me," Anderson would say, "but we can't go to press on that basis. Some of this we can print, based on your testimony and the others; but for most of it I need proof of some kind that I can show to Drew and our lawyers."

For months the key to Dodd's office, which lay beside my telephone, had been a daily reminder of what was ahead. Now that moment had come. To invade Dodd's office and remove his files was an ugly business. Anderson always stopped short of recommending it; but there was no other way to get the proof. I was aware of the ethical questions involved, if not the legal. What about Dodd's right to privacy, the inviolability of a Senator's official papers, the precept that the end does not justify the means? But I concluded that traditional concepts of civil liberties, developed with reference to the rights of private citizens versus the state, had little relevance when applied to elected officials versus the public. I reasoned that an elected official, by his very calling, renounces much of his right to privacy. Certainly he had no right to conceal his conduct in office from his constituents, in whose name he acts. The office he holds belongs to the people and his actions in it are to a large extent public property. If the functions of a public office are misused, the public has a paramount right to know about it. When an erring Senator will not open his records voluntarily—and Senate committees and the Justice Department refuse to subpoena them—then the public has no way to acquire the information that rightfully belongs to it unless an individual with inside knowledge takes the burden upon himself. Such a burden may or may not involve a technical violation of the law, depending on the conflicting interpretations of lawyers. Should one shrink from this debatable violation when to do so means that massive wrongdoing will continue and go undetected? I concluded that this was a unique situation for which I knew of no precedents. Rightly or wrongly, I judged that the larger ends of justice would be served by my trespassing in Dodd's office and removing all files containing evidence of misconduct.

The stolen documents, according to Boyd, were brought to Opal Ginn, another Pearson employee, for copying. Once Boyd decided to do the burglary, Jack Anderson provided him with a pep-talk and expert advice. Boyd wrote:

On Saturday, while waiting for the late afternoon, when our entry into Dodd's office would be the least subject to detection, we went to see Jack Anderson for a final huddle. Jack was now recuperating at his Bethesda home. Clad in sky-blue pajamas, he was painfully hobbled but his demeanor was that of a patriotic archbishop blessing the troops as they left for the battlefield.

"What you are doing is morally right and I don't think it can, therefore, be legally wrong," he began softly. "In good conscience, I can't urge you young people to take this risk—that's entirely up to you. But I must warn you of the consequences. If you're caught at it today, you may be ruined. And even if you don't get caught and we get all the documents and are completely successful in exposing Dodd, it will all come out when you testify, as you well know, and it will follow you all through life. People won't want to hire you. You may be all through in Washington because so many here will identify with Dodd. He'll pressure the Senate and the Justice Department to go after you, make no mistake about that, and it will be touch and go.

"But if you do take this chance"—now the old missionary ardor sounded in his voice—"Drew and I will never abandon you, and we have fifty million readers. We'll protect the documents, and we'll print all the stories, down to the last sordid detail. If they want to prosecute you, they'll have to prosecute Drew and me, too, because we'll demand to be tried as accomplices. And every day in our column we'll ask the country 'Why are they not prosecuting all the Senators and high officials who leak official papers and classified documents to the press to serve their own ends?' And we'll name them, day by day. We'll make this a test case to prove whether or not the free press in this country has a right to get the facts about that gentlemen's Cosa Nostra they call the Congress!"

As Jack escorted us to the door, his air of militant evangelism gave way to a reflective look that seemed to embrace recollections of fire escapes, stake-outs, and hairbreadth getaways.

"Those doors in the Senate Office Building," he said expertly, "don't they have inside locks that can't be opened from the outside?"

"Yes, I think they do." I said.

"Well, the minute you get in Dodd's office lock all the doors from the inside. If anyone tries to get in, tiptoe up to the door and listen carefully. They'll have to go back to the police office to get help. Wait until you hear the footsteps die away in the hall, then run for it with the documents the quickest way out. If you think you've been detected, come right here with the documents. They'll be safe here. This house is never empty. If all goes well, call me, but keep your comments guarded. Always assume that the phones are tapped, especially mine."

The burglary was successful, as was the destruction of Senator Dodd. But, as we look back at Watergate, which also started with a burglary, the question arises, "Is Jack Anderson less guilty than those who have served prison terms for their involvement in Watergate?"

The Goldfine case took place in 1958. Goldfine was the subject of a congressional investigation regarding influence peddling. He came to Washington to testify, bringing with him his public relations man, Jack Lotto. He had met with his attorney, Roger Robb, in Lotto's hotel room. At one point, they discovered a microphone in the room. They traced the wire to the next room, where they found Jack Anderson and Baron Shacklette, an investigator for the committee that had subpenaed Goldfine.

Pearson described the situation in his diary, which was later published under the title "Drew Pearson Diaries, 1949–1959." Pearson wrote:

July 7: I was about to go up to look at the farm early this morning when Jack called me. Jack seldom gets up early so I suspected there was some trouble. There was. He said that he had been in the Carlton Hotel next to the room of Jack Lotto, public relations man for Goldfine, when someone had reached under the door and hooked the microphone which he and Baron Shacklette were using. Lotto had called a press conference and, with Roger Robb present, had staged this for the press. Afterward they banged on Jack's door and he finally persuaded Shacklette to admit them. Goldfine's attorneys were barred, but the press was admitted and Shacklette explained that insomuch as the Goldfine forces were investigating members of the Harris committee, he in turn was watching the Goldfine forces. Obviously, it didn't make many headlines, but it was the best explanation of a very embarrassing situation.

Robb, we found later, had paid a local Washington detective $500 to look for microphones and he, in turn, had been tipped off by someone in the hotel. What makes it particularly bad is that Jack had registered in the room under an assumed name. Actually, Shacklette registered for him but this doesn't look any better.

I rushed a statement to the press associations before leaving the farm, in which I paraphrased Ike's statement on Sherman Adams: "Jack Anderson, of course, has been imprudent. But I need him."

July 8: Lunched with Marcus Cohn and Leonard Marks. They were quite pessimistic about the general reaction to the incident. What has made it bad is the charge that some of the documents were stolen. Jack assures me that this was not the case and I believe him. However, Miss Paperman made a hysterical charge that some papers which she had left in her closet were ransacked and looted.

* * * * *

The chief detective, Sergeant Edgar Scott, had demanded that Lotto, Miss Paperman,

Jack, and Shacklette take lie detector tests. I issued a statement that I would be happy to take one, since Jim Hagerty had called me a liar, but I don't want Jack taking one. Number one, lie detector tests are not court evidence, and, number two, the big question is what questions are asked on such a test.

Pearson's "Diary" continued on July 10, 1958:

The police are pushing Jack for a lie detector test. It has become evident that this is a public relations game, not a serious hunt for evidence. The police have already handed in their report that there is no evidence and that the case should be dropped. They have been quite suspicious of Miss Paperman. Harris told me also that he thought the Paperman charges were phony. Jack filed an affidavit with the police that he had taken no papers; he has not refused to take a lie detector test, but he wants to know the questions which would be asked, etc.

The man at the Carlton who arranged for Jack to get the room next to Lotto has been hauled in by the police and grilled at length. He seems to be a very unstable witness.

On October 3, Pearson wrote:

Jack had a long session before the grand jury. They found one of his fingerprints on the documents which Miss Paperman claims were stolen. Jack seemed to have done pretty well in his testimony. Afterward, the district attorney admitted that this was a sort of political case but assured him that there would be no political indictment.

Pearson's fingerprint on the stolen document makes it clear why he was reluctant to take a lie detector test. Subsequent events showed that Goldfine was guilty of the charges against him. The charges against Anderson were quietly dropped. The question remains, however, "Since the liberals always tell us that the guilty have the same legal rights as the innocent—why was Anderson allowed to violate Goldfine's rights?"

With this evidence on the record, I would like to ask Anderson's reporter Krafowitz the same question he was asked by my staff member. Should you work for a man like Jack Anderson, who regularly violates journalistic ethics?

In November 1975, Jack Anderson was on trial in a libel suit brought by Edward L. Carey, former Counsel for the United Mine Workers. Although Anderson was acquitted on a technicality, the state of our libel law being what it is, he admitted under oath that his column about Carey was untrue.

Anderson was asked, "My question is in the December 15 article, when you ran Mr. Carey's denial, you repeated the lie that Carey had removed boxfuls of records from Tony Boyle's office. Is that true?" Anderson answered, "Yes, we repeated that statement." He was asked, "Repeated that lie?" He answered, "We repeated that statement, and the reason that we repeated it was because we had to explain what Mr. Carey was denying."

The Anderson column had charged that while the United Mine Workers was under Federal investigation, Carey the attorney had removed incriminating files from the office of UMW President Tony Boyle. At the same time, the UMW had reported to the police that their office had been burglarized. The police report introduced during the trial showed that no files had been stolen, only office equipment. Carey denied that he had removed any files. Anderson had written in a second column, after repeating the allegation. "Our report was based on information supplied by eyewitnesses and we will not retract."

Anderson admitted during the trial that they had no eyewitnesses. Anderson's only source of information was a woman who had once been employed by the United Mine Workers and had been fired in a dispute with Carey. She had told Anderson's reporter that her father-in-law had told her the story. During the trial he denied it under oath.

This is the usual Jack Anderson style. He tells a lie, repeats it in a further column, and claims to have eyewitnesses when none exist.

During the same trial, Anderson admitted under oath that he had obtained and printed secret grand jury minutes. This, too, is vintage Jack Anderson. He thinks that he has a right to steal grand jury minutes, classified documents, and a Senator's private papers. Anderson's friend, James Boyd, called his book "Above the Law." Jack Anderson should use that title for his autobiography.

Anderson deserves an award—an award of the basest metal—as the most sanctimonious liar in public life.

HOUSE OF REPRESENTATIVES—*Friday, July 29, 1977*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let the peace of God rule in your hearts.—Colossians 3: 15.

Eternal Father, we thank Thee for the rest of the night and for the dawning of a new day. May the coming hours be bright with Thy presence and may we do our work faithfully with love and joy in our hearts. In these decisive days help us to realize that Thou art with us seeking to lead us in wise ways toward worthy ends.

Grant unto us the spirit to work for human rights in our country and in our world, to seek to minister to the needs of our people, and to set examples of moral character which can lift our Nation to higher planes of patriotic living. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Is there objection to the approval of the Journal?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

The question is on the approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 342, nays 18, answered "present" 1, not voting 72, as follows:

[Roll No. 479]

YEAS—342

Addabbo	Breaux	Cornell	Fascell	Hughes	Marlenee
Akaka	Breckinridge	Cornwell	Fenwick	Hyde	Marriott
Alexander	Brinkley	Crane	Findley	Ireland	Mathis
Allen	Brodhead	Cunningham	Fish	Jeffords	Mattox
Ammerman	Brooks	Daniel, Dan	Fisher	Jenkins	Mazzoli
Anderson, Calif.	Broomfield	Daniel, R. W.	Fithian	Jenrette	Meeds
Anderson, Ill.	Brown, Ohio	Danielson	Flood	Johnson, Calif.	Meyner
Andrews, N.C.	Broyhill	Davis	Florio	Johnson, Colo.	Michel
Andrews, N. Dak.	Buchanan	de la Garza	Flowers	Jones, N.C.	Mikulski
Annunzio	Burgener	Delaney	Flynt	Jones, Okla.	Mikva
Archer	Burke, Calif.	Dellums	Foley	Jones, Tenn.	Milford
Ashbrook	Burke, Fla.	Derrick	Ford, Tenn.	Jordan	Miller, Calif.
Ashley	Burleson, Tex.	Derwinski	Fountain	Kasten	Miller, Ohio
Aspin	Burlison, Mo.	Devine	Fowler	Kastenmeier	Mineta
AuCoin	Burton, Phillip	Dickinson	Fraser	Kazen	Minish
Bafalis	Butler	Dicks	Frenzel	Kelly	Mitchell, N.Y.
Baldus	Byron	Dingell	Frey	Kemp	Moakley
Barnard	Caputo	Dodd	Fuqua	Ketchum	Moffett
Baucus	Carr	Dornan	Gammage	Keys	Mollohan
Bauman	Carter	Downey	Gaydos	Kildee	Montgomery
Bedell	Cavanaugh	Drinan	Gephardt	Kindness	Moore
Benjamin	Cederberg	Duncan, Oreg.	Gibbons	Kostmayer	Moorhead, Calif.
Bennett	Clausen, Don H.	Duncan, Tenn.	Gilman	Krebs	Moorhead, Pa.
Bevill	Clawson, Del	Eckhardt	Ginn	LaFalce	Moss
Biaggi	Clay	Edgar	Goldwater	Lagomarsino	Mottl
Bingham	Cleveland	Edwards, Ala.	Gonzalez	Latta	Murphy, Ill.
Blanchard	Cochran	Edwards, Calif.	Goodling	Le Fante	Myers, Gary
Blouin	Cohen	Edwards, Okla.	Gore	Leach	Myers, John
Boggs	Coleman	Eilberg	Gradison	Leggett	Natcher
Boland	Collins, Tex.	Emery	Grassley	Lehman	Neal
Bolling	Conable	Erlenborn	Gudger	Lent	Nedzi
Bonker	Conte	Ertel	Guyer	Levitas	Nichols
Bowen	Corcoran	Evans, Colo.	Hagedorn	Lloyd, Tenn.	Nix
	Corman	Evans, Ind.	Hall	Long, La.	Nolan
		Fary	Hamilton	Long, Md.	Nowak
			Hammer-schmidt	Lott	O'Brien
			Hanley	Lujan	Oakar
			Harkin	Luken	Oberstar
			Harris	Lundine	Obey
			Harsha	McClory	Ottinger
			Hefner	McCormack	Panetta
			Hightower	McDonald	Patten
			Hillis	McEwen	Pattison
			Holland	McFall	Pease
			Hollenbeck	McHugh	Pepper
			Holt	Madigan	Perkins
			Holtzman	Maguire	Pettis
			Howard	Mahon	Pike
			Hubbard	Mann	Poage
			Huckaby	Markey	Preyer
				Marks	

Price	Sharp	Ullman
Pursell	Shuster	Van Deerlin
Quayle	Sikes	Vanik
Quie	Sisk	Volkmer
Quillen	Skelton	Waggonner
Regula	Skubitz	Walgren
Reuss	Slack	Walsh
Rhodes	Smith, Iowa	Watkins
Rinaldo	Smith, Nebr.	Waxman
Risenhoover	Snyder	Weaver
Roberts	Solarz	Whalen
Robinson	Spellman	White
Rodino	St Germain	Whitehurst
Roe	Staggers	Whitley
Rogers	Stangeland	Wiggins
Roncalio	Stanton	Wilson, C. H.
Rooney	Stark	Wilson, Tex.
Rosenthal	Steers	Winn
Rostenkowski	Stokes	Wirth
Roybal	Stratton	Wolff
Rudd	Studds	Wydler
Russo	Stump	Wylie
Ryan	Symms	Yates
Satterfield	Taylor	Yatron
Sawyer	Thompson	Young, Alaska
Scheuer	Traxler	Young, Fla.
Schroeder	Treen	Young, Mo.
Schulze	Trible	Zablocki
Sebelius	Tsongas	Zeferetti
Seiberling	Tucker	

NAYS—18

Brown, Mich.	Hansen	Sarasin
Coughlin	Jacobs	Steiger
D'Amours	Lloyd, Calif.	Stockman
Evans, Del.	McCloskey	Walker
Forsythe	Murphy, N.Y.	Weiss
Glickman	Pritchard	Wilson, Bob

ANSWERED "PRESENT"—1

Hawkins

NOT VOTING—72

Abdnor	Evans, Ga.	Pressler
Ambro	Flippo	Rahall
Applegate	Ford, Mich.	Railsback
Armstrong	Giaimo	Rangel
Badham	Hannaford	Richmond
Badillo	Harrington	Rose
Beard, R.I.	Heckler	Rousselot
Beard, Tenn.	Heftel	Runnels
Beilenson	Horton	Ruppe
Bonior	Ichord	Santini
Brademas	Koch	Shipley
Brown, Calif.	Krueger	Simon
Burke, Mass.	Lederer	Spence
Burton, John	McDade	Steed
Carney	McKay	Teague
Chappell	McKinney	Thone
Chisholm	Martin	Thornton
Collins, Ill.	Metcalfe	Udall
Conyers	Mitchell, Md.	Vander Jagt
Cotter	Murphy, Pa.	Vento
Dent	Murtha	Wampler
Diggs	Myers, Michael	Whitten
Early	Patterson	Wright
English	Pickle	Young, Tex.

So the Journal was approved.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROPOSED ADJOURNMENT FROM FRIDAY, AUGUST 5, 1977, TO WEDNESDAY, SEPTEMBER 7, 1977

(Mr. ROSTENKOWSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROSTENKOWSKI. Mr. Speaker, I have at the desk a privileged resolution providing for the August recess which by law has to be voted on. I might also point out that it is a nondebatable item.

ADJOURNMENT FROM FRIDAY, AUGUST 5, 1977, TO WEDNESDAY, SEPTEMBER 7, 1977

Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 317) and ask for its immediate consideration.

The SPEAKER. The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 317

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Friday, August 5, 1977, and that when the Senate adjourns on Saturday, August 6, 1977, they stand adjourned until 12 o'clock meridian on Wednesday, September 7, 1977.

The SPEAKER. Pursuant to Public Law 91–510, the vote on this House concurrent resolution must be taken by the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 320, nays 54, not voting 59, as follows:

[Roll No. 480]

YEAS—320

Addabbo	Derwinski	Jones, Okla.
Akaka	Dickinson	Jones, Tenn.
Allen	Dicks	Jordan
Ammerman	Dodd	Kastenmeier
Anderson, Calif.	Dornan	Kazen
Anderson, Ill.	Downey	Kelly
Andrews, N.C.	Drinan	Kemp
Andrews, N. Dak.	Duncan, Oreg.	Ketchum
Annunzio	Edgar	Keys
Applegate	Edwards, Ala.	Krebs
Armstrong	Edwards, Calif.	Krueger
Ashley	Edwards, Okla.	LaFalce
Aspin	Eilberg	Le Fante
AuCoin	English	Leggett
Bafalis	Erlenborn	Lehman
Baldus	Ertel	Levitas
Barnard	Evans, Colo.	Lloyd, Calif.
Baucus	Evans, Del.	Lloyd, Tenn.
Beard, R.I.	Evans, Ga.	Long, La.
Bedell	Fary	Long, Md.
Benjamin	Fascell	Lott
Bennett	Findley	Lujan
Bevill	Fish	Luken
Biaggi	Fisher	Lundine
Bingham	Fithian	McClory
Blouin	Flood	McCloskey
Boggs	Florio	McCormack
Boland	Flowers	McDade
Bolling	Flynt	McDonald
Bonker	Foley	McEwen
Bowen	Ford, Tenn.	McFall
Breaux	Forsythe	McHugh
Breckinridge	Fountain	McKay
Brinkley	Fowler	Madigan
Brodhead	Fraser	Maguire
Brooks	Frenzel	Mahon
Broomfield	Frey	Mann
Brown, Ohio	Fuqua	Markey
Broyhill	Gammage	Marks
Burgener	Gaydos	Marlenee
Burke, Calif.	Gephardt	Marriott
Burke, Fla.	Giaimo	Mathis
Burleson, Tex.	Gibbons	Mazzoli
Burlison, Mo.	Ginn	Meeds
Burton, John	Glickman	Meyner
Burton, Phillip	Goldwater	Michel
Butler	Gonzalez	Mikulski
Byron	Goodling	Mikva
Carter	Gore	Milford
Cavanaugh	Gradison	Miller, Calif.
Cederberg	Grassley	Mineta
Chisholm	Gudger	Minish
Clausen, Don H.	Hagedorn	Mitchell, N.Y.
Clawson, Del	Hall	Moakley
Clay	Hamilton	Moffett
Cleveland	Hanley	Mollohan
Cochran	Hansen	Montgomery
Coleman	Harkin	Moore
Collins, Ill.	Harris	Moorhead, Pa.
Conte	Hawkins	Moss
Conyers	Hefner	Murphy, Ill.
Corman	Heftel	Murphy, N.Y.
Cornell	Hightower	Murphy, Pa.
Crane	Holt	Myers, Gary
D'Amours	Holtzman	Myers, John
Daniel, Dan	Horton	Natcher
Daniel, R. W.	Howard	Nedzi
Danielson	Huckaby	Nichols
Davis	Hughes	Nix
de la Garza	Hyde	Nolan
Delaney	Ireland	Nowak
Dellums	Jenkins	O'Brien
Derrick	Jenrette	Oakar
	Johnson, Calif.	Oberstar
	Johnson, Colo.	Obey
	Jones, N.C.	Ottinger
	Panetta	Russo
	Pease	Ryan
	Pepper	Satterfield
	Perkins	Sawyer
	Pettis	Scheuer
	Pike	Schroeder
	Poage	Sebelius
	Preyer	Seiberling
	Price	Sharp
	Pritchard	Sikes
	Pursell	Skelton
	Quie	Skubitz
	Quillen	Slack
	Railsback	Smith, Iowa
	Rangel	Snyder
	Regula	Solarz
	Reuss	Spellman
	Rhodes	St Germain
	Richmond	Staggers
	Rinaldo	Stangeland
	Risenhoover	Stanton
	Roberts	Stark
	Robinson	Steed
	Rodino	Steers
	Roe	Steiger
	Rogers	Stokes
	Roncalio	Stratton
	Rooney	Stump
	Rosenthal	Symms
	Rostenkowski	Taylor
	Roybal	Thompson
	Rudd	Treen

Tsongas	Ullman	Van Deerlin
Vanik	Vento	Waggonner
Walgren	Walker	Walsh
Watkins	Waxman	Weaver
Weiss	Whalen	White
Whitehurst	Whitley	Wiggins
Wilson, Bob	Wilson, C. H.	Wilson, Tex.
Wirth	Wolff	Wylie
Yates	Yatron	Young, Alaska
Young, Fla.	Young, Mo.	Zablocki
Zeferetti		

NAYS—54

Archer	Evans, Ind.	Lent
Ashbrook	Fenwick	Mattox
Bauman	Gilman	Miller, Ohio
Blanchard	Guyer	Moorhead, Calif.
Bonior	Hammer-schmidt	Mottl
Brown, Mich.	Harsha	Neal
Buchanan	Hillis	Quayle
Caputo	Hollenbeck	Sarasin
Carr	Hubbard	Schulze
Cohen	Jacobs	Shuster
Conable	Jeffords	Studds
Corcoran	Kasten	Traxler
Cornwell	Kildee	Trible
Coughlin	Kindness	Tucker
Cunningham	Kostmayer	Volkmer
Devine	Lagomarsino	Winn
Dingell	Latta	Wydler
Duncan, Tenn.	Leach	
Emery		

NOT VOTING—59

Abdnor	Hannaford	Rousselot
Alexander	Harrington	Runnels
Ambro	Heckler	Ruppe
Badham	Holland	Santini
Badillo	Ichord	Shipley
Beard, Tenn.	Koch	Simon
Beilenson	Lederer	Sisk
Brademas	McKinney	Smith, Nebr.
Brown, Calif.	Martin	Spence
Burke, Mass.	Metcalfe	Stockman
Carney	Mitchell, Md.	Teague
Chappell	Murtha	Thone
Collins, Tex.	Myers, Michael	Thornton
Cotter	Patten	Udall
Dent	Patterson	Vander Jagt
Diggs	Pattison	Wampler
Early	Pickle	Whitten
Eckhardt	Pressler	Wright
Flippo	Rahall	Young, Tex.
Ford, Mich.	Rose	

Mr. HILLIS changed his vote from "yea" to "nay."

Mr. D'AMOURS changed his vote from "nay" to "yea."

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. Without objection a motion to reconsider is laid on the table.

Mr. ASHBROOK. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. BOLLING. Mr. Speaker, I move to reconsider the vote whereby House Concurrent Resolution 317 was agreed to.

Mr. ASHBROOK. Mr. Chairman, pursuant to clause 1, rule XVI, I demand that the motion be reduced to writing.

MOTION OFFERED BY MR. BOLLING

The Clerk read as follows:

Mr. BOLLING moves to reconsider the vote whereby House Concurrent Resolution 317 was agreed to.

Mr. ASHLEY. Mr. Speaker, I move to lay the motion to reconsider on the table.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. ASHLEY).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Two hundred and forty-two Members are present, a quorum.

So the motion was agreed to.

COMBINED SURFACE TRANSPORTATION PROPOSAL

(Mr. HOWARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOWARD. Mr. Speaker, today I am introducing a bill with the cosponsorship of the following of my colleagues: Mr. JOHNSON of California, Mr. SHUSTER, Mr. ROBERTS, Mr. CLEVELAND, Mr. ANDERSON of California, Mr. DON CLAUSEN, Mr. ROE, Mr. HAMMERSCHMIDT, Mr. RONCALIO, Mr. WALSH, Mr. MCCORMACK, Mr. GOLDWATER, Mr. BREAUX, Mr. HAGEDORN, Mr. OBERSTAR, Mr. MYERS of Pennsylvania, Mr. AMBRO, Mr. NOWAK, Mr. EDGAR, Mrs. LLOYD of Tennessee, Mr. FARY, Mr. HEFNER, Mr. CORNWELL, and Mr. APPLEGATE.

This legislation—with an energy tax amendment I have prepared—should go far toward meeting our highway and mass transportation objectives.

The Surface Transportation Assistance Act of 1977 represents an unprecedented effort to confront, head-on and in a single bill, the most fundamental problems plaguing both our highway and public transportation programs.

The bill substantially expands authorizations for both programs, refines priorities in terms of safety and efficiency, and provides a credible response to needs long evident to the public.

It therefore presents a unique opportunity to translate proposals to increase the tax on motor vehicle fuels into program improvements that will make the best and most logical use of the funds derived from such an increase.

Consider the highlights of the bill and its benefits to both urban and rural America:

For highways, an increase of roughly $3 billion per year in construction and safety categories.

This would include nearly $2 billion a year to cope with the near catastrophic condition of bridges, both on and off Federal-aid systems.

Also included is an annual billion dollar increase for reconstruction of primary and secondary highways so long neglected during emphasis on the Interstate System.

Increases would be provided for safety programs of the Federal Highway Administration and the National Highway Traffic Safety Administration, and for safety construction.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. ZEFERETTI. I yield to the gentleman from New Jersey.

Mr. HOWARD. I thank the gentleman for yielding.

To continue, Mr. Speaker, the Federal match would be increased to 90 percent for bridges and the FHWA and NHTSA safety programs, and to 80 percent for primary and secondary highways.

For public transportation, a 10-year program of $4.2 billion annually, $1.180 billion over current levels.

This includes significant increases in funds for urban and rural areas, also enabling the latter to use funds for operating assistance.

Categories would channel funds into purchases of buses, rail cars, system modernization, and new starts.

That is only a piece of the picture. An increase in the fuel tax is absolutely essential.

In the highway field, the Subcommittee on Surface Transportation which I chair has long been confronted by two stubborn realities:

First, the highway trust fund revenues are inadequate to minimum needs. The 100,000-plus deficient bridges in this country, which would cost $23 billion to reconstruct or replace, amply document that fact.

For public transportation, the need is for increased funding, and a reliable, long-term, dedicated source of revenue enabling communities to carry out improvements on a predictable, orderly, systematic, and economical basis.

If urban mass transportation is going to come ever into its own, we will have to accord it the same mechanism enjoyed by the highway program.

I, therefore, have drafted an amendment to the energy bill to increase the motor fuel tax by 5 cents per gallon. Half would go for highways, half for a trust fund for public mass transportation.

This is no last-minute innovation in response to the energy bill. This has been my stated objective throughout my subcommittee's consideration of needs in both highway and transit areas.

So, regardless of whether the energy tax had been proposed, Congress ultimately and inevitably would confront the measures I propose just as we cannot escape the needs which they address.

REINBERGS RECEIVE EXIT VISAS

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, I want to take just a brief moment to express my pleasure over the news which I have received today from the Soviet Union. Eugene and Sophia Reinberg were notified that they may leave for Israel on August 17. This will be a happy occasion because they will be reunited with their only child, Yuri, who has anxiously been awaiting their arrival for the past 2 years. The Reinbergs have been living in Leningrad, but are looking forward to starting new lives for themselves in Israel. During the past years, I have written Eugene and Sophia continually to assure them their cause was just and that they had not been forgotten. I began work on this case in March 1976 at which time I wrote Secretary Brezshnev and other Russian officials. In September 1976 Yuri Reinberg visited me from Israel and at that time I called his parents in Leningrad and had a marvelous conversation with them. My letters continued to the Reinbergs and to Russian authorities almost monthly and on three separate occasions—April 28, 1976, January 1, 1977, and June 1, 1977—I spoke about the Reinberg family on the floor of the House.

I am pleased that the Soviet authorities finally recognized the merits of this case and are allowing the Reinbergs this opportunity. The reunification of separated families is important to me and I shall continue my efforts on their behalf. I will speak out because I believe that all of the nations which signed the Helsinki Final Act, including the Soviet Union, have pledged themselves to reuniting families separated by political boundaries. I want to be sure that this is carried out in every possible instance.

PROVIDING FOR TWO ADDITIONAL POSITIONS ON THE CAPITOL POLICE

Mr. ANNUNZIO. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 661) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 661

Resolved, That, in addition to the number of positions on the Capitol Police, and of personnel detailed to the Capitol Police from the Metropolitan Police of the District of Columbia, existing on the date of the adoption of this resolution, there are hereby authorized to be established two positions on the Capitol Police for duty under the House of Representatives. Such positions shall be as follows:

(1) one position of general counsel to the chief of the Capitol Police, at a per annum gross rate of compensation which is equal to the rate in effect from time to time for HS level 10, step 1, of the House Employees Schedule; and

(2) one position of deputy chief of the Capitol Police, at a per annum gross rate of compensation of—

(A) $33,901, if the individual appointed to such position has been an officer or member of the Capitol Police for less than five years;

(B) $34,903, if such individual has been an officer or member of the Capitol Police for at least five years but less than ten years;

(C) $35,905, if such individual has been an officer or member of the Capitol Police for at least ten years but less than fifteen years;

(D) $36,907, if such individual has been an officer or member of the Capitol Police for at least fifteen years but less than twenty years; and

(E) $37,909, if such individual has been an

officer or member of the Capitol Police for at least twenty years.

SEC. 2. (a) Each appointment to a position authorized to be established in the first section of this resolution shall be made by the Capitol Police Board, subject to the prior approval of the Committee on House Administration, without regard to political affiliation and solely on the basis of fitness to perform the duties of the position.

(b) The appointment of any individual to the position authorized to be established in paragraph (2) of the first section of this resolution shall be made from among qualified officers and members of the Capitol Police.

SEC. 3. Effective May 1, 1977, and until otherwise provided by law, the per annum gross rate of compensation of the Chaplain of the House of Representatives shall be equal to the rate in effect from time to time for HS level 8, step 4, of the House Employees Schedule.

SEC. 4. Until otherwise provided by law, there shall be paid out of the contingent fund of the House of Representatives such sums as may be necessary to carry out the provisions of this resolution.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Tne Clerk will read.

The Clerk concluded the reading of the resolution.

The SPEAKER. The gentleman from Illinois (Mr. ANNUNZIO) is recognized for one hour.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. ANNUNZIO. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding to me.

Mr. Speaker, this is a resolution which was passed unanimously by the House Administration Committee and which has the full support of the minority side.

Mr. ANNUNZIO. Mr. Speaker, at the outset, I want to commend the distinguished gentleman from Ohio (Mr. DEVINE) the ranking member on the Subcommittee on Personnel and Police, a former member of the FBI, for the outstanding assistance and cooperation that the gentleman has rendered in providing a fine security system for the benefit of Members of the House and the great number of visitors to our Nation's Capitol.

Mr. Speaker, paragraph (1) of the first section of the resolution authorizes the establishment of a position of general counsel to the Chief of the Capitol Police, at an annual salary which is equal to the rate in effect from time to time for an HS level 10, step 1 of the House employees schedule—presently $26,385 annually.

Mr. Speaker, the role of the Capitol Police is becoming increasingly complex. Each day the police are expected to make on-the-spot decisions which are later subject to review by the courts.

In the past, the U.S. attorney's office, the Department of Justice, the Corporation Counsel of the District of Columbia, and in some instances the legal counsels of several committees, have been helpful in advising the Chief of the Capitol Police force on legal problems. However, the legal needs and problems of the Capitol Police are not the responsibility of any of these agencies or persons, and none is in a position to view the entire operation of the Capitol Police force.

Presently, the Capitol Police force has no person trained to deal with legal matters. In the past, the burden has fallen directly on either the Chief or his staff. Yet neither the Chief nor his staff has the time or legal training necessary to deal effectively with the ever increasing number of legal questions which they must face day to day.

The committee felt that it would be desirable to have a counsel to the Chief and to the Police Board, who would be directly responsible to them in matters pertaining to the operation of the Capitol Police force. This has been a common practice among law enforcement agencies for quite some time.

Paragraph (2) of the first section of the resolution authorizes the establishment of a position of Deputy Chief. The position will be established on the roster of the police force paid by the House.

In April of 1977, a vacancy was created by the death of Deputy Chief Herman W. Xanders, a member of the Metropolitan Police force asigned to the Capitol Police force. To temporarily fill the vacancy, the Chief of the Capitol Police and the Police Board designated Inspector James T. Trollinger as Acting Deputy Chief.

Inspector Trollinger has come up through the ranks of the Capitol Police. He is a graduate of the FBI school and the Federal Law Enforcement Training Center. Furthermore, he has a degree in police science, and over 27 years experience on the Capitol Police force.

The promotion of Inspector Trollinger will result in a decrease in the overall salary expense of the Capitol Police force by approximately $8,000 annually. And it will reduce a number of Metropolitan Police officers who are assigned to the Capitol Police. In addition, the promotion of a member of the Capitol Police force to this high-ranking position will greatly boost the morale.

Actually, the cost for the creation of both of these positions will not necessitate a request for any new money.

Although the current authorization provides for the assignment of 50 Metropolitan Police officers to the Capitol Police, under present policy, a total of 10 positions which have been vacated by retirements have been left unfilled. This has resulted in a decrease of more than $300,000 annually in salary costs, and replacements are not contemplated for any future similar vacancies. It is projected that by the end of 1977, the decrease in salary costs should reach approximately $400,000 annually.

SECTION 2

Section 2 requires that appointments to the above positions be made by the Police Board with the prior approval of the Committee on House Administration, and that appointments to the position of deputy chief be made from qualified persons within the ranks of the Capitol Police force.

SECTION 3

Section 3 of the resolution provides for pay comparability between the Chaplain of the House of Representatives and the Chaplain of the Senate.

The Reverend Edward J. Latch, present Chaplain of the House, has not received a salary adjustment since July of 1969. His present annual salary is approximately $2,300 below that paid his Senate counterpart. The resolution provides that the annual salary of the Chaplain of the House be equal to the rate in effect from time to time for HS level 08, step 04 of the House schedule, which is presently $22,088. The increase in cost will be approximately $2,320 annually.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and on a division (demanded by Mr. ASHBROOK) there were—ayes 142, noes 3.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 383, nays 2, not voting 48, as follows:

[Roll No. 481]

YEAS—383

Addabbo	Broomfield	Danielson
Akaka	Brown, Mich.	Davis
Alexander	Brown, Ohio	de la Garza
Allen	Broyhill	Delaney
Ammerman	Buchanan	Derrick
Anderson, Calif.	Burgener	Derwinski
	Burke, Calif.	Devine
Anderson, Ill.	Burke, Fla.	Dickinson
Andrews, N.C.	Burleson, Tex.	Dicks
Andrews, N. Dak.	Burlison, Mo.	Dingell
	Burton, John	Dodd
Annunzio	Burton, Phillip	Dornan
Applegate	Butler	Downey
Archer	Byron	Drinan
Armstrong	Caputo	Duncan, Oreg.
Ashbrook	Carr	Duncan, Tenn.
Ashley	Carter	Eckhardt
Aspin	Cavanaugh	Edgar
AuCoin	Cederberg	Edwards, Ala.
Bafalis	Chisholm	Edwards, Calif.
Baldus	Clausen, Don H.	Edwards, Okla.
Baucus		Eilberg
Bauman	Clawson, Del	Emery
Beard, R.I.	Clay	English
Bedell	Cleveland	Erlenborn
Benjamin	Cochran	Ertel
Bennett	Cohen	Evans, Colo.
Bevill	Coleman	Evans, Del.
Biaggi	Collins, Ill.	Evans, Ga.
Bingham	Collins, Tex.	Evans, Ind.
Blanchard	Conable	Fary
Blouin	Conte	Fascell
Boggs	Corcoran	Fenwick
Boland	Corman	Findley
Boiling	Cornell	Fish
Bonior	Cornwell	Fisher
Bowen	Coughlin	Fithian
Breaux	Crane	Flood
Breckinridge	Cunningham	Florio
Brinkley	D'Amours	Flowers
Brodhead	Daniel, Dan	Flynt
Brooks	Daniel, R. W.	Foley

Ford, Mich.	Lundine	Rose
Ford, Tenn.	McClory	Rosenthal
Forsythe	McCloskey	Rostenkowski
Fountain	McCormack	Roybal
Fowler	McDade	Rudd
Frenzel	McDonald	Russo
Frey	McEwen	Ryan
Fuqua	McFall	Santini
Gammage	McHugh	Sarasin
Gaydos	McKay	Satterfield
Gephardt	Madigan	Sawyer
Giaimo	Maguire	Scheuer
Gibbons	Mahon	Schroeder
Gilman	Mann	Schulze
Ginn	Markey	Sebelius
Glickman	Marks	Seiberling
Goldwater	Marlenee	Sharp
Gonzalez	Marriott	Shuster
Goodling	Mathis	Sikes
Gore	Mattox	Sisk
Gradison	Mazzoli	Skelton
Grassley	Meeds	Skubitz
Gudger	Meyner	Slack
Guyer	Michel	Smith, Iowa
Hagedorn	Mikulski	Smith, Nebr.
Hall	Mikva	Snyder
Hamilton	Milford	Solarz
Hammer-schmidt	Miller, Calif.	Spellman
	Miller, Ohio	St Germain
Hanley	Mineta	Staggers
Hansen	Minish	Stangeland
Harkin	Mitchell, N.Y.	Stanton
Harris	Moakley	Stark
Harsha	Moffett	Steed
Hawkins	Mollohan	Steers
Heckler	Montgomery	Steiger
Hefner	Moore	Stockman
Heftel	Moorhead, Calif.	Stokes
Hightower		Stratton
Hillis	Moorhead, Pa.	Studds
Holland	Moss	Stump
Hollenbeck	Mottl	Symms
Holt	Murphy, Ill.	Taylor
Holtzman	Murphy, N.Y.	Thompson
Horton	Murphy, Pa.	Thornton
Howard	Myers, Gary	Traxler
Hubbard	Myers, John	Treen
Huckaby	Myers, Michael	Trible
Hughes	Natcher	Tsongas
Hyde	Neal	Tucker
Ireland	Nedzi	Udall
Jeffords	Nichols	Ullman
Jenkins	Nix	Van Deerlin
Jenrette	Nolan	Vander Jagt
Johnson, Calif.	Nowak	Vanik
Johnson, Colo.	O'Brien	Vento
Jones, N.C.	Oakar	Volkmer
Jones, Okla.	Oberstar	Waggonner
Jones, Tenn.	Obey	Walgren
Jordan	Ottinger	Walker
Kasten	Panetta	Walsh
Kastenmeier	Patten	Watkins
Kazen	Pease	Waxman
Kelly	Pepper	Weaver
Kemp	Perkins	Weiss
Ketchum	Pettis	Whalen
Keys	Pike	White
Kildee	Poage	Whitehurst
Kindness	Preyer	Whitley
Kostmayer	Price	Wiggins
Krebs	Pritchard	Wilson, Bob
Krueger	Pursell	Wilson, C. H.
LaFalce	Quayle	Wilson, Tex.
Lagomarsino	Quie	Winn
Latta	Quillen	Wirth
Le Fante	Railsback	Wolff
Leach	Regula	Wydler
Lederer	Reuss	Wylie
Leggett	Rhodes	Yates
Lehman	Richmond	Yatron
Lent	Rinaldo	Young, Alaska
Levitas	Risenhoover	Young, Fla.
Lloyd, Calif.	Roberts	Young, Mo.
Lloyd, Tenn.	Robinson	Young, Tex.
Long, La.	Roe	Zablocki
Long, Md.	Rogers	Zeferetti
Lott	Roncalio	
Lujan	Rooney	

NAYS—2

Jacobs	Pattison

NOT VOTING—48

Abdnor	Brown, Calif.	Early
Ambro	Burke, Mass.	Flippo
Badham	Carney	Fraser
Badillo	Chappell	Hannaford
Barnard	Conyers	Harrington
Beard, Tenn.	Cotter	Ichord
Bellenson	Dellums	Koch
Bonker	Dent	Luken
Brademas	Diggs	McKinney
Martin	Rahall	Simon
Metcalfe	Rangel	Spence
Mitchell, Md.	Rodino	Teague
Murtha	Rousselot	Thone
Patterson	Runnels	Wampler
Pickle	Ruppe	Whitten
Pressler	Shipley	Wright

So the resolution was agreed to.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

TEMPORARY EXTENSION OF CERTAIN FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AND RELATED AUTHORITIES AND OF NATIONAL FLOOD INSURANCE PROGRAM

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate joint resolution (S.J. Res. 77) to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. BROWN of Michigan. Mr. Speaker, reserving the right to object, I do so for the purpose of asking the gentleman from Ohio (Mr. ASHLEY) to explain the purpose of this Senate joint resolution.

Mr. ASHLEY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Speaker, this Senate Joint Resolution 77 would extend to September 30, 1977, the authority of the Secretary of Housing and Urban Development to: First, insure mortgages on loans under certain HUD–FHA mortgage or loan insurance programs contained in the National Housing Act; second, administratively to set interest rates for FHA-insured mortgage loans; third, to enter into new flood insurance contracts; and fourth, to extend certain authorities under title V of the Housing Act of 1949 with respect to the Farmers Home Administration's rural housing program.

On June 27, 1977, the House passed a similar extending resolution providing for a 30-day extension of these authorities. The conferees on H.R. 6655, the proposed Housing and Community Development Act of 1977, have been unable to date to resolve the differing versions with regard to the community development block grant program. Most of the other matters have been resolved to the satisfaction of the House conferees but the remaining differences on the formula allocation of community development block grant funds has presented us with a real deadlock.

Mr. Speaker, this 60-day extending resolution takes us through the end of September since next week the House conferees will be unable to meet because of the consideration of the House on the energy bill and the summer recess beginning August 6. The House will resume sitting on September 7, and hopefully by that time we will be able to resolve our difference with the Senate.

I would urge the immediate adoption of this resolution to enable the Secretary of HUD to carry out her responsibilities under the National Housing Act, the Federal flood insurance program, and the rural housing programs of the Farmers Home Administration.

Mr. BROWN of Michigan. Further reserving the right to object, Mr. Speaker, I do so for the purpose of stating that I concur in what the gentleman from Ohio (Mr. ASHLEY) has said.

As he indicated, the House in its basic housing legislation extended these authorities and then back on June 27 we extended the authorities for 30 days since the conference with the other body had not been completed. That conference still has not completed its work. These authorities will expire as of the end of this month. It therefore is necessary that we extend them again, and since the August recess will intervene, we thought it best to do it for 60 days rather than 30 days; and I concur with the request of the gentleman from Ohio.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES 77

Joint resolution to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AUTHORITIES

SECTION 1. (a) Section 2(a) of the National Housing Act is amended by striking out "August 1, 1977" in the first sentence and inserting in lieu thereof "October 1, 1977".

(b) Section 217 of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(c) Section 221(f) of such Act is amended by striking out "July 31, 1977" in the fifth sentence and inserting in lieu thereof "September 30, 1977".

(d) Section 244(d) of such Act is amended by striking out "July 31, 1977" in the first sentence and inserting in lieu thereof "September 30, 1977".

(e) Section 809(f) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(f) Section 810(k) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(g) Section 1002(a) of such Act is amended

by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

(h) Section 1101(a) of such Act is amended by striking out "July 31, 1977" in the second sentence and inserting in lieu thereof "September 30, 1977".

EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

SEC. 2. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "August 1, 1977" and inserting in lieu thereof "October 1, 1977".

EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM

SEC. 3. Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

EXTENSION OF RURAL HOUSING AUTHORITIES

SEC. 4. (a) Section 513 of the Housing Act of 1949 is amended by striking out "July 31, 1977" where it appears in clauses (b), (c), and (d) and inserting in lieu thereof "September 30, 1977".

(b) Section 515(b)(5) of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(c) Section 517(a)(1) of such Act is amended by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

(d) Section 523(f) of such Act is amended by striking out "August 1, 1977" and inserting in lieu thereof "October 1, 1977", and by striking out "July 31, 1977" and inserting in lieu thereof "September 30, 1977".

Mr. ASHLEY. Mr. Speaker, I move the previous question on the Senate joint resolution.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read the third time and was read the third time.

The SPEAKER. The question is on the passage of the Senate joint resolution.

The question was taken; and on a division (demanded by Mr. ASHBROOK) there were—ayes 109, noes 5.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 383, nays 2, not voting 48, as follows:

[Roll No. 482]

YEAS—383

Addabbo	Annunzio	Bauman
Akaka	Applegate	Beard, R.I.
Alexander	Archer	Bedell
Allen	Armstrong	Beilenson
Ammerman	Ashbrook	Benjamin
Anderson, Calif.	Ashley	Bennett
	Aspin	Bevill
Anderson, Ill.	AuCoin	Biaggi
Andrews, N.C.	Bafalis	Bingham
Andrews, N. Dak.	Baldus	Blanchard
	Baucus	Blouin
Boggs	Frenzel	Michel
Boland	Frey	Mikulski
Bolling	Fuqua	Mikva
Bonior	Gammage	Milford
Bonker	Gaydos	Miller, Ohio
Bowen	Gephardt	Mineta
Breaux	Giaimo	Minish
Breckinridge	Gibbons	Mitchell, N.Y.
Brinkley	Gilman	Moakley
Brodhead	Ginn	Moffett
Brooks	Glickman	Mollohan
Broomfield	Goldwater	Montgomery
Brown, Mich.	Goodling	Moore
Brown, Ohio	Gore	Moorhead, Calif.
Broyhill	Gradison	
Buchanan	Grassley	Moorhead, Pa.
Burgener	Gudger	Moss
Burke, Calif.	Guyer	Mottl
Burke, Fla.	Hagedorn	Murphy, Ill.
Burleson, Tex.	Hall	Murphy, N.Y.
Burlison, Mo.	Hamilton	Murphy, Pa.
Burton, John	Hanley	Myers, Gary
Burton, Phillip	Hansen	Myers, John
Butler	Harkin	Myers, Michael
Byron	Harris	Natcher
Caputo	Harsha	Neal
Carr	Hawkins	Nedzi
Carter	Hefner	Nichols
Cavanaugh	Heftel	Nix
Cederberg	Hightower	Nolan
Chisholm	Hillis	Nowak
Clausen, Don H.	Holland	O'Brien
	Hollenbeck	Oakar
Clawson, Del	Holt	Oberstar
Clay	Holtzman	Obey
Cleveland	Howard	Ottinger
Cochran	Hubbard	Panetta
Cohen	Huckaby	Patten
Coleman	Hughes	Pattison
Collins, Ill.	Hyde	Pepper
Collins, Tex.	Ichord	Perkins
Conable	Ireland	Pettis
Conte	Jacobs	Pike
Corcoran	Jeffords	Poage
Corman	Jenkins	Preyer
Cornell	Jenrette	Price
Cornwell	Johnson, Calif.	Pritchard
Coughlin	Johnson, Colo.	Pursell
Crane	Jones, N.C.	Quayle
Cunningham	Jones, Okla.	Quie
D'Amours	Jones, Tenn.	Quillen
Daniel, Dan	Jordan	Railsback
Daniel, R. W.	Kasten	Rangel
Danielson	Kastenmeier	Regula
Davis	Kazen	Reuss
de la Garza	Kelly	Rhodes
Delaney	Kemp	Richmond
Dellums	Ketchum	Rinaldo
Derrick	Keys	Risenhoover
Derwinski	Kildee	Roberts
Devine	Kindness	Robinson
Dickinson	Kostmayer	Rodino
Dicks	Krebs	Roe
Dingell	Krueger	Rogers
Dodd	LaFalce	Roncalio
Dornan	Lagomarsino	Rooney
Downey	Latta	Rose
Drinan	Le Fante	Rosenthal
Duncan, Oreg.	Leach	Rostenkowski
Duncan, Tenn.	Lederer	Roybal
Eckhardt	Leggett	Rudd
Edgar	Lehman	Russo
Edwards, Ala.	Lent	Ryan
Edwards, Calif.	Levitas	Santini
Edwards, Okla.	Lloyd, Calif.	Sarasin
Eilberg	Lloyd, Tenn.	Satterfield
Emery	Long, La.	Sawyer
English	Long, Md.	Scheuer
Erlenborn	Lott	Schroeder
Ertel	Lujan	Schulze
Evans, Colo.	Luken	Sebelius
Evans, Del.	Lundine	Seiberling
Evans, Ga.	McClory	Sharp
Evans, Ind.	McCloskey	Shuster
Fary	McCormack	Sikes
Fascell	McDade	Sisk
Fenwick	McDonald	Skelton
Findley	McEwen	Skubitz
Fish	McFall	Slack
Fisher	McHugh	Smith, Iowa
Fithian	Madigan	Smith, Nebr.
Flood	Maguire	Snyder
Florio	Mahon	Solarz
Flowers	Markey	Spellman
Flynt	Marks	St Germain
Foley	Marlenee	Staggers
Ford, Mich.	Marriott	Stangeland
Ford, Tenn.	Mathis	Stanton
Forsythe	Mattox	Stark
Fountain	Mazzoli	Steed
Fowler	Meeds	Steers
Fraser	Meyner	Steiger
Stokes	Vanik	Wilson, Bob
Stratton	Vento	Wilson, C. H.
Studds	Volkmer	Wilson, Tex.
Stump	Waggonner	Winn
Symms	Walgren	Wirth
Taylor	Walker	Wolff
Thompson	Walsh	Wydler
Traxler	Watkins	Wylie
Treen	Waxman	Yates
Trible	Weaver	Yatron
Tsongas	Weiss	Young, Alaska
Tucker	Whalen	Young, Fla.
Udall	White	Young, Mo.
Ullman	Whitehurst	Young, Tex.
Van Deerlin	Whitley	Zablocki
Vander Jagt	Wiggins	Zeferetti

NAYS—2

Hammer-schmidt	Thornton

NOT VOTING—48

Abdnor	Flippo	Pease
Ambro	Gonzalez	Pickle
Badham	Hannaford	Pressler
Badillo	Harrington	Rahall
Barnard	Heckler	Rousselot
Beard, Tenn.	Horton	Runnels
Brademas	Koch	Ruppe
Brown, Calif.	McKay	Shipley
Burke, Mass.	McKinney	Simon
Carney	Mann	Spence
Chappell	Martin	Stockman
Conyers	Metcalfe	Teague
Cotter	Miller, Calif.	Thone
Dent	Mitchell, Md.	Wampler
Diggs	Murtha	Whitten
Early	Patterson	Wright

So the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR THE CONSIDERATION OF H.R. 8444, NATIONAL ENERGY ACT OF 1977

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 727 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 727

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 2(1) (5) and (6) of rule XI and sections 303(a) and 402(a) of the Congressional Budget Act of 1974 (Public Law 83–344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8444) to establish a comprehensive national energy policy, and all points of order against sections 771, 2022, and 2033 of said bill for failure to comply with the provisions of clause 5, rule XXI, are hereby waived. The first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one legislative day, to be equally divided and controlled by the chairman and ranking minority member of the Ad Hoc Committee on Energy, the bill shall be considered for amendment under the five-minute rule by parts instead of by sections, and each part shall be considered as having been read for amendment. No amendment to the bill shall be in order except pro forma amendments for the purpose of debate and except the following amendments, which shall be in order without the intervention of any point of order, which shall not be subject to amendment except for amendments recommended by the Ad Hoc Committee on Energy or as specified in this resolution

but which may be debated by the offering of pro forma amendments:

(1) The amendments recommended by the Ad Hoc Committee on Energy, which amendments shall be considered as read, and it shall be in order to consider en bloc the amendments recommended by the Ad Hoc Committee on Energy now printed in the bill on page 183, line 11 through page 184, line 19, on page 185, line 8 through line 14, on page 186, line 7 through line 14, on page 189, line 10 through line 12, on page 207, line 14 through line 15, and on page 208, line 4 through page 209, line 2, and an amendment inserting on page 188, line 11, the word "domestic" before the word "crude"; and then it shall be in order to consider en bloc the amendments recommended by the Ad Hoc Committee on Energy now printed in the bill on page 209, lines 3 and 4, on page 209, line 12 through page 210, line 6, on page 210, line 7, on page 210, lines 16 through 18, on page 211, line 6, on page 211, lines 23 through 25, on page 212, lines 4 through 6, and on page 212, lines 16 through 18, and said amendments considered en bloc shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole;

(2) An amendment printed in the Congressional Record of July 28, 1977, by Representative Ford of Michigan to the Ad Hoc Committee on Energy amendment beginning on page 169, line 3;

(3) An amendment printed in the Congressional Record of July 27, 1977, beginning on page 25321, by Representative Brown of Ohio, to part IV, title I, which amendment shall be in order only after disposition of the amendments to that part recommended by the Ad Hoc Committee on Energy printed in or adopted to the bill.

(4) An amendment if offered by Representative Moffett to strike out the provisions of part IV, title I, and insert in lieu thereof the provisions of the bill H.R. 8037, which amendment shall be in order only after disposition of the amendments to that part recommended by the Ad Hoc Committee on Energy printed in or adopted to the bill;

(5) An amendment striking out section 548 of H.R. 8444 if offered by Representative Flowers;

(6) An amendment printed in the Congressional Record of July 28, 1977, by Representative Howard, as a substitute for the Ad Hoc Committee on Energy committee amendment printed in the bill beginning on page 425;

(7) An amendment printed in the Congressional Record of July 28, 1977, by Representative Ketchum;

(8) An amendment printed in the Congressional Record of July 28, 1977, by Representative Jones of Oklahoma;

(9) An amendment numbered 1 printed in the Congressional Record of July 28, 1977, by Representative Waggonner;

(10) An amendment printed in the Congressional Record of July 28, 1977, by Representative Conable.

Notwithstanding the provisions of the preceding sentence, it shall also be in order to consider (a) an amendment printed in the Congressional Record of July 28, 1977, by Representative Young of Texas; (b) an amendment striking out section 701 of H.R. 8444 if offered by Representative Horton; and (c) an amendment in the nature of a substitute for H.R. 8444 consisting of the text of the bill H.R. 8555 if offered after the last part of the bill H.R. 8444 has been considered and all perfecting amendments thereto disposed of, and all points of order against said amendment in the nature of a substitute for failure to comply with the provisions of section 303(a) of the Congressional Budget Act of 1974 (Public Law 93-344) and clause 5, rule XXI, are hereby waived, and said amendments made in order by this sentence shall not be subject to amendment except amendments offered by direction of the Ad Hoc Committee on Energy and except pro forma amendments for the purpose of debate.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois (Mr. ANDERSON), and pending that, I yield myself such time as I may consume.

Mr. Speaker, I am soon going to ask unanimous consent to correct some errors in language, but before that I will explain why we had some errors. The Rules Committee managed to file its report, I guess, a few seconds before 12 midnight, under the unanimous-consent agreement that the House gave it earlier in the evening. We actually finished the rule about 10:30, and of course there was a good deal of paperwork to go on from there. Somewhere between the Rules Committee and the Printing Office we lost the motion to recommit, and we also have a date that needs to be changed.

Mr. Speaker, I ask unanimous consent that on page 4, line 7, to strike "July 28" and insert "July 29".

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. ALLEN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. BOLLING. I ask unanimous consent that on page 5, at the end of line 13, to add the following sentence:

At the conclusion of consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. ALLEN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

AMENDMENT OFFERED BY MR. BOLLING

Mr. BOLLING. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLLING: On page 4, line 7, strike out July 28 and insert July 29.

The SPEAKER. The question is on the amendment offered by the gentleman from Missouri (Mr. BOLLING).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOLLING

Mr. BOLLING. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLLING: On page 5, line 13, add the following sentence: "At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions."

PARLIAMENTARY INQUIRY

Mr. BROWN of Michigan. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. Does the gentleman from Missouri (Mr. BOLLING) yield for a parliamentary inquiry?

Mr. BOLLING. Mr. Speaker, I would be glad to yield.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

Mr. Speaker, what was the order of business at the time the gentleman offered the amendment to the rule?

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) had the floor. He offered an amendment.

Mr. BROWN of Michigan. Mr. Speaker, I was not sure whether or not the Chair had decided to take up the rule at that time because the gentleman's unanimous-consent request was made after we started consideration of the rule. Is that correct?

The SPEAKER. The rule is pending at the present time. The gentleman has asked unanimous consent for a couple of technical amendments, which the gentleman from Tennessee (Mr. ALLEN) objected to.

The gentleman from Missouri then offered an amendment, which he has authority to do as manager of the resolution and the House has agreed to the first of those.

Mr. ALLEN. Mr. Speaker, I withdraw my objection.

The SPEAKER. The question is on the second amendment offered by the gentleman from Missouri (Mr. BOLLING).

The amendment was agreed to.

Mr. BOLLING. Mr. Speaker, I thank the gentleman from Tennessee (Mr. ALLEN) for his cooperation.

Mr. Speaker, this is a very complicated rule on a very complicated subject which came to the Committee on Rules in a very complicated way. All of the Members of the House know that the process by which the House has dealt with the President's energy message is without precedent in the House. The Speaker referred the message to a number of committees. The committees of original jurisdiction gave thorough consideration to the proposals. They then were rereferred en bloc, in effect, to an ad hoc committee. The ad hoc committee recommended a number of amendments which now appear in the reported bill H.R. 8444. Along the way, other amendments were proposed by Members of both parties, and they were ultimately accepted to be made in order in the Committee on Rules.

The process is clear to anyone who wishes to read the rule. The matter will be taken up by parts, not by sections. The parts will be considered as read.

The first amendments will be those offered by the ad hoc committee, of which there are approximately 20. There are another 10, 11, or 12 by individual Members, which are made in order and will be offered, or may be offered, by individual Members.

The process is restrictive, but an effort was made to be as fair as possible on the

major issue. For example, there will be a vote on the very controversial question of to regulate or not to regulate natural gas.

There will be votes on the other great controversies, as far as I know, that were germane to the various bills. There will be a vote on the gasoline tax that is proposed. Votes may occur on either one or two proposals that have been made on the gasoline tax. There will be votes on a whole series of other amendments that deal with a variety of difficult problems.

I believe this rule is fair, because in the process of considering it the Committee on Rules decided to include additional amendments that had not originally been thought probable to be considered. The Committee on Rules provided also to the minority not only a motion to recommit with or without instructions, but also a substitute at the end of the bill.

When the rule was reported, it was reported by a voice vote, and I do not believe significant objection was heard. The ranking member of the committee, the gentleman from Tennessee (Mr. QUILLEN), described the rule as fair in his discussion, although he did indicate that he would obviously have preferred an open rule.

I believe that, given all the circumstances and considering the enormous complexity of the issue and the complexity of the consideration, we have crafted a rule that makes sense and that will allow the House effectively to work its will on the major issues and on some of the minor issues.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I will be glad to yield to my friend, the gentleman from Arizona.

PARLIAMENTARY INQUIRY

Mr. RHODES. Mr. Speaker, I have asked the gentleman from Missouri (Mr. BOLLING) to yield for the purpose of propounding a parliamentary inquiry to clarify the minds of the Members as to the situation we now have regarding the rule after the unanimous-consent requests were apparently agreed to.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. RHODES. Mr. Speaker, as I understand it, the second unanimous-consent request had to do with adding language that was inadvertently left out of the rule providing for a motion to recommit with or without instructions?

The SPEAKER. The gentleman is correct.

Mr. RHODES. Mr. Speaker, it is my further understanding that the gentleman from Tennessee (Mr. ALLEN) did initially object to the unanimous-consent request but later withdrew his objection, and the unanimous-consent request of the gentleman from Missouri (Mr. BOLLING) was agreed to. Is that the understanding of the Chair?

The SPEAKER. The gentleman is correct.

Mr. BOLLING. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The Chair recognizes the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent at this time that in addition to the 1 hour of debate provided for in this resolution, House Resolution 727, the time for debate be extended for an additional 30 minutes.

Mr. Speaker, there is some precedent for this. Before the Chair puts the request, I would like to state very briefly that there is some precedent on very important resolutions for an extension of the normal amount of time that is used for debate. Just a couple of weeks ago the gentleman from New York (Mr. WEISS) made a similar request at the time we were considering a resolution for the Select Committee on Intelligence.

Very frankly, I have had more requests for time on this rule from my side of the aisle than I can accommodate within the 30 minutes that has been allotted to the minority. Because of the great importance of this issue and because it is important that all Members fully understand what is involved in the resolution, I repeat my unanimous-consent request.

Mr. Speaker, I ask unanimous consent that the time for debate on this resolution be extended for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BOLLING. Mr. Speaker, I reserve the right to object.

Mr. Speaker, I am somewhat startled by this request. There was during consideration of the rule in the Committee on Rules no mention of extending the time. I was not told that the gentleman was going to make this request, and I think that this really does set a very bad precedent. I really do not understand the process.

Mr. ANDERSON of Illinois. Mr. Speaker, if the gentleman will yield, the gentleman from Illinois was not aware that so many Members desired to speak on the rule until he came to the floor this morning. The gentleman from Illinois could not have given the gentleman the information yesterday.

Mr. BOLLING. Mr. Speaker, further reserving the right to object, I have handled some difficult rules; and I am always besieged by Members who want more time than there is available.

It seems to me that this is a very poor time to begin to reinforce this precedent.

Mr. ANDERSON of Illinois. Mr. Speaker, if the gentleman will yield on his reservation of objection, I would simply say in reply that this is probably—and I think it is a fair inference from what the distinguished gentleman from Missouri (Mr. BOLLING) said in his explanation of the rule a few moments ago—the most unique rule that we have ever had here on the floor.

Mr. BOLLING. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Chair will state that an additional 15 minutes will be allotted to each side.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, whenever there is a closed or modified closed rule like this one before the House which has been dictated by the majority leadership for the sake of expedience and expedition, the debate on the rule offers little more than an escape valve for the minority party to let off steam. While we wish it could be otherwise—that we could more constructively channel our energies into some substantive changes in the legislation that the rule makes in order—particularly in a bill like this which literally cries out for the type of additional energy our minority steam could produce—we are acutely aware of the odds we are up against. Our appeals for a little more fairness, a little more openness, a little more balance, always seem to fall on deaf ears on the other side of the aisle. In short, we are stuck with the futility and frustration of being in the minority under a procedure such as this.

I think my colleagues on both sides of the aisle are aware of my traditional support for open rules. But in this case, I happen to agree with my ranking minority colleague on the Rules Committee that we would be here until Christmas if we opened this bill completely to amendments. Nevertheless, I had hoped that the majority would have given greater consideration and deference to the serious and important alternatives offered by the minority members on the various standing committees as well as on the Ad Hoc Committee on Energy. And yet, this rule makes in order some 23 amendments offered by the majority party on the ad hoc committee, an additional 7 amendments offered by various individual members of the majority party, and only 4 amendments proposed by the minority, plus a substitute bill. Add that all up and you get 30 majority party amendments and 5 minority party amendments being made in order under this rule—quite a bit more than the two-thirds majority party share of our total membership.

But even if the majority could claim that they had gone half way in meeting our requests—which they cannot—it does little good to throw a drowning man a 10-foot rope when he is 20 feet out from shore. And I would submit that analogy does not just apply to the minority; it applies to the type of comprehensive national energy policy we are trying to achieve with this legislation. This bill, as it now stands, only goes half way toward meeting the energy goals we must achieve if we are to save this country from drowning in an energy crisis of calamitous proportions. While it addresses the need for energy conservation, it virtually ignores the need for increased energy production.

Mr. Speaker, why is it then whenever we come to a debate on a major issue of such extreme national importance for the future of our country, with such far-reaching implications for our economy and the daily lives of our citizens—why is it we must rush to judgment without adequate hearings, deliberations, or opportunity to vote on alternatives? The best response I have gotten to this ques-

tion whenever I have posed it is, "It is the majority party of this Congress and this administration that bear the responsibility for setting national policy." Now, I do not dispute the right of the administration to submit its policy recommendations to the Congress; and I do not dispute the right of the majority leadership of this Congress and the majority members of the committees to make their recommendations to the Congress. But the Constitution vests the final legislative policy decision with a majority of the Members of Congress, regardless of party. Majority rule does not mean domination by the majority party leadership, or even by the majority party caucuses of the various committees. It means the free exercise of judgment by a majority of the Members of Congress.

Mr. Speaker, as one who serves on both the Ad Hoc Energy Committee and the Rules Committee, I find myself very much in sympathy with a minority party colleague on the ad hoc committee when he complained about being confronted with a voluminous amendment offered by the majority which he had not an opportunity to read, let alone digest. As he put it, "If I'm going to be run over by a railroad, I'd at least like to see what hit me." The consideration of this energy bill has been a pell-mell railroad job from start to finish. And what disturbs me the most about all this is not so much the fact that some of us feel like we have been run over by a locomotive we did not see, but that the majority leadership has seemed more obsessed with insuring that the train runs on time than interested in its final destination. My major impression from this whole bizarre experience is that the engineers of this nonstop legislative express are less interested in what kind of energy policy we come up with than they are in simply getting something labeled "energy bill" through expeditiously, regardless of its real benefits and consequences. To them it is apparently enough to say to the American people, "We passed an energy bill," rather than to say, "We've helped solve our energy crisis."

In the Rules Committee markup on this rule there were some seven motions offered from the minority to make in order important amendments proposed by minority members in testimony before our committee. Seven amendments would not seem to be too much to ask for. And yet, in all but one instance—one the issue of being able to strike the Government van-pooling section—those minority motions were turned back on almost straight party-line votes. On the other hand, two amendments were made in order under this rule which we had not even heard testimony on—presumably just because they were proposed by majority party members. I am referring to the Howard amendment on the gas tax and the Moss-Moffett amendment on cost-based pricing of natural gas. I hope the Members of this body will have a better idea of what those amendments would do when they vote than we did when we voted on them. The train was passing through a very dark tunnel when those amendments were made in order and nobody knew where we were headed.

Mr. Speaker, I do not intend to take further time on this rule to go into the details of the various amendments we would have liked to have offered to this legislation—amendments which would have gone a long way towards increasing the production of energy in this country. I will leave those details to the authors of those amendments if they wish to discuss them. And I will not take the time under this rule to explain my substitute bill, which is in order, and which is cosponsored by all 13 Republican members of the ad hoc committee. There will be ample time during general debate and the amendment process to spell out the details of that substitute.

Having vented my steam, I will conclude by saying that I reluctantly support this rule because I know it is the best we can get under the circumstances. My support for this rule obviously should not be interpreted as support for H.R. 8444 as reported by our various committees. I hope to convince my colleagues later on that our substitute is a far superior product that will achieve the goals we set forth in this legislation.

But having reached this point in the legislative process, I think we must now go forward and do the best we can under this very limited and restrictive procedure. An open rule is not a realistic alternative at this point, and I frankly do not see how we would get a fairer shake from the Rules Committee on the amendments they denied if this were, by some miracle, to be sent back to the committee. I therefore urge adoption of the rule so we can proceed to general debate and the amendment process next week.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I thank the distinguished gentleman from Missouri (Mr. BOLLING) for his courtesy in yielding me this time.

Quite frankly, Mr. Speaker, I felt, when I came to the Congress, that I came here to represent the people of the Fifth Congressional District of Tennessee. I felt that my vote and that my voice would be equal to that of any other single individual on all matters of legislation that would affect my constituents. However, in reading this rule, I find that, not having been appointed to the Ad Hoc Committee on Energy, I have had no voice whatever in framing the legislation that will be considered.

The only amendments, except the amendments offered by the ad hoc committee that will be considered, or which can be considered, will be those that are printed in the RECORD to be offered by Representative FORD of Michigan, by Representative BROWN of Ohio, by Representative MOFFETT, by Representative FLOWERS, by Representative HOWARD, by Representative KETCHUM, by Representative JONES of Oklahoma, by Representative WAGGONNER, by Representative CONABLE, by Representative YOUNG of Texas, and by Representative HORTON.

My name is not among those listed. So I am going to be denied the opportunity to have any input or constructive suggestion to make with regard to one of the most far-reaching pieces of legislation that will have been considered by this House since during the last war. Every citizen of every congressional district is going to be directly affected in his pocketbook, in his way of life, by this bill; yet those of us whose names are not mentioned or who did not have the opportunity to serve on the ad hoc committee will be denied the opportunity to make even a suggested change. Indeed, when we come to the amendment offered by the ad hoc committee, which will be a lone amendment involving a number of subjects, we will be denied the right to even ask for a division of the question.

Everyone who is familiar with my record knows that I perhaps have given as much attention to the subject of trying to help in solving this energy problem as any Member of this House. Quite frankly, I feel sorely disappointed. I feel that I have been in effect insulted, and the people of my district insulted, that I shall not be able to offer any constructive suggestion in the formulation of this legislation that will affect the people of my district the same as it will the people of districts of those who serve on the ad hoc committee.

Not even the members of the committees that have primary original jurisdiction in this matter individually can offer amendments unless their names are mentioned here. All of the rest of us are relegated to the category of second-class Congressmen or Representatives.

It is my purpose and intention, so far as I can in good conscience, to support the President in not only a worthwhile, but a most urgent objective. That is to bring about conservation and energy, and to provide more abundant energy for the people of this Nation. But I do not think that all wisdom resides in just these few Members of the House named in this rule. I think there are a number of other Members of this House who could offer constructive suggestions. But, oh, no. Under this rule we are second-class Congressmen unless our names are mentioned herein. Even if one is on the ad hoc committee, that Member cannot individually offer an amendment, although one has considered the matter very carefully.

For these reasons I ask the Members to vote against the previous question and send this matter back to the Committee on Rules, so that it can come out under an open rule where every Member can offer amendments.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Speaker, I too wish to thank my colleague and friend, the gentleman from Missouri, who I know has devoted a lot of time and effort not only to this rule but also to the total energy package.

However, as a freshman I too must, perhaps not to the extent expressed by the gentleman from Tennessee who has just previously spoken, say that I also have frustrations. One of the things in the last 7 months that I think I have learned up here is that in our consideration of legislation we must realize that we have a changing society and one of

the principal purposes of our being here is to be able to or to attempt to channel that change.

This energy package has been spoken of as being one of the most far-reaching changes to be made in this Congress for a great many years, so it is a little frustrating to a person who has not participated to any extent up to this period either in the development of the package as a member of a legislative committee or the ad hoc comittee or the Committee on Rules. It is frustrating to see that our ideas will not be subject to consideration for changes that could be made in the amendments or the bill itself.

It is a little alarming to me to believe that only the ideas of those who have served in the participation to date are those that are valid, and that the others who have not participated do not have ideas worthy of consideration.

I myself feel that the rule should be changed, that part should be changed to permit amendments to the amendments. I believe that should be permissible.

I notice in the total energy package that I think most of the areas have been covered and I wish to commend the committees for doing that.

I myself may not ever have an amendment that I wish to propose on this floor for anything, but I do believe that there are those who are here who have not participated to this date who may have, and who may have an idea that will be very constructive for the total package, and I would like to have an opportunity to hear that idea and to vote on that idea. Under the proposed rule I will not be able to do that. For this reason I believe that the rule is defective.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the rule.

The Rules Committee met yesterday, hammering out the rule until past 10:30 last evening. It is not what this Member would like. It is not what some of the other Members would like. But it is a fair rule in that it allows amendments and votes on certain amendments that were offered in the ad hoc committee and it allows a Republican substitute to be heard and fully debated under pro forma amendments.

But even with the rule, which I support, when we get down to the provisions of the bill and debate on the floor, I point out that the proposed increase in the gasoline tax is a fraud on the American people and I shall do everything in my power to see that that provision of the bill is eliminated.

An amendment is in order for a vote on that provision. I think the conversion and the conservation approach in this measure is only halfway correct. I think we ought to go further. I think we should go into increased production, domestic production in this country to produce more oil and energy for the benefit of the taxpayers of this country.

We all know that our electric bills are too high. We all know that the people who need automobile transportation to travel to and from work cannot afford to pay an increase in the gasoline tax, and therefore the bill itself has many features which need to be corrected.

But overall, after participating in the debate on the rule, I feel that it is a fair rule and, Mr. Speaker, I urge the adoption of the rule.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, the gentleman has made a statement that he feels the rule is fair. I wonder if the gentleman would concede that the fairness he perceives is in the fact that this is about the best rule that the Rules Committee is likely to give at least for the moment to those in the minority and to those on the majority side who would wish to have an open rule.

Mr. QUILLEN. I thank the gentleman from Maryland for his question. He is absolutely right. It is fair in the phraseology and the way I presented it and fair in what the minority could get.

Mr. BAUMAN. The gentleman would prefer an open rule that would allow Members to offer amendments; would he not?

Mr. QUILLEN. Mr. Speaker, I so said that in committee yesterday. I think the open-rule approach would permit the Members to fully debate the measure; but likewise under an open rule the measure would continue for several weeks.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I am not going to take my time to discuss this rule. It will have, I think, sufficient discussion during the next half-hour or hour. I want to use my time to talk about this bill, because I think it is mislabeled. To call this an energy bill is a mistake. It is a misnomer. This is a tax bill, pure and simple.

I have in my hands a document prepared by the Committee on the Budget for the chairman's recommendations in the second concurrent budget resolution we will be taking up in September. It contains the figures on the taxes to be raised under this bill.

I want to give this House and the American people some idea of the tax burden that is requested of them in this bill; then they can decide in their own minds whether or not this is an energy bill. The bill itself will show that there is very little new energy to be generated, other than on the floor of this House, by its passage.

The country is crying out for more energy and new sources of energy. This is what my mail shows. I do not find many of them pleading for the new taxes they are going to get under this bill.

Now, what are they going to have exacted from them in new taxes? Well, in 1978, new tax revenues will be $3,713 million.

In 1979: $11,631 million.
In 1980: $18,176 million.
In 1981: $21,382 million.
In 1982: $12,083 million.
In 1983: $8,989 million.
In 1984: $8,457 million.
And in 1985: $8,766 million.

Now, I ask, is this the way President Carter is going to balance the budget by 1981? If so, let him tell the American people this is the way he plans to do it. Let him not try do it under the guise that he is giving them something to cure our energy problem, because the facts are not there.

I want the Members to pay attention, as I know they will, as this bill is being debated as to how much new energy is being created. They are throwing a lot of press at the people throughout the Nation to get this bill passed, but the truth is they are not giving them any new energy.

I especially object to the new taxes on gasoline in this Carter proposal. As it will come before us, there will be 4 cents per gallon tax at the pump and 7 cents per gallon hidden tax at the wellhead. This makes a total increase of 11 cents per gallon and the American people should not be asked to assume such a burden. I, also, object to the fact that agricultural users will not—I repeat, not—be exempt from this tax. This Carter tax package should be defeated.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. DEL CLAWSON), a Member of the committee.

Mr. DEL CLAWSON. Mr. Speaker, at the outset, let me say that I was one of the minority that opposed this rule in the Committee on Rules. I feel the rule should be defeated in order to give Members, whether on the majority side or the minority side, the opportunity to offer their amendments; so I have prepared a substitute resolution. The substitute resolution provides for certain obvious opportunities to be given to the Members of both the minority and the majority.

The substitute incorporates some of the provisions of the resolution that was voted out of the Committee on Rules. It also provides for one legislative day of debate.

It provides for reading of the bill by parts, instead of sections.

The substitute bill H.R. 8555 will be made in order, because the substitute needs to have a waiver of points of order against it.

Amendments, all amendments of Members that are printed in the RECORD not later than Monday, August 1, 1977, will be in order to be offered when the bill is debated under the 5-minute rule.

The substitute resolution also provides for one motion to recommit, with or without instructions.

My recommendation then is that we vote down the previous question, and in voting down the previous question we then immediately adopt this substitute.

The House can proceed then to debate the bill, and all of the Members who have amendments printed in the RECORD, as indicated—those amendments that were denied by the Rules Committee to Members of the House on both the majority and minority sides—can then be made in order if they are printed in the RECORD by Monday. In order to do that, we will have to have the previous question voted down. I think it should be voted down

overwhelmingly in order to give the Members that opportunity. A motion to strike also, naturally, will be in order.

This concession was made by the Rules Committee to the Republican substitute and is no concession at all, in my opinion, because the substitute is not about to be adopted in this Congress, and it has to be voted up or down in its entirety. No part of it can be handled separately. That does not then give the Members of this House an opportunity to decide on which amendments could or should be adopted that might be a part of the program that the majority of the Members of this House would like to see incorporated into an energy package. That means the kind of programs that certainly would increase production; the kind of programs that would also give an opportunity to the people who want to decontrol the regulatory burdens on gas and fossil fuels. They would be given an opportunity to offer many of the amendments that are supported by, I believe, the majority on both sides of the aisle.

So, there is no reason why we should not allow these amendments to see the light of day and be discussed and debated, so that Members of the House can decide right here whether or not the subject amendments should be a part of the national energy policy of this country. Allowing the Republican substitute was meaningless. It was not even a sop, in my opinion, to allow the minority to offer its amendment in the form of a substitute, because it is not about to be accepted.

The political facts of the situation are that this Congress and this administration are not going to permit a Republican substitute to become legislation. Even thinking such a thought is idle fancy.

So, when we have to vote the total package up or down, we are not getting anyplace. We need to do exactly what I have described. The Members have heard the arguments against the legislation, against the bill, and certainly this House and its Members have a right, and should have a right, to decide the question on all of these amendments.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I certainly want to endorse the substitute the gentleman from California has offered. Earlier in debate on the rule, the Members heard some reference to protecting the minority rights. In fact, what we are attempting to do by offering the Clawson substitute is to protect the majority rights, because only if this rule is adopted and we vote down the previous question can we be sure that all amendments that are printed by next Monday will be in order, and the House will be able to work its will.

We have no idea where the majority lies. That will be clear only when we are allowed an open rule. We do know that we are straitjacketed into voting on many of these major issues under this rule. Certainly, if we could debate the farm bill for 6 legislative days over a period of 3 weeks, this House is mature enough to handle the right to debate the major issues of this energy bill. Its effects will be felt perhaps for the remainder of this century. We should debate it fully and freely.

Mr. DEL CLAWSON. The gentleman's comments are absolutely right. Vote down the previous question and adopt the substitute.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, this rule is fatally defective. In view of its content, it seems to me that to be properly postured it should commence: "The Constitution of the United States, the laws of the United States, the rules of the House of Representatives to the contrary notwithstanding, resolved:" Then, the rule should continue.

Mr. Speaker, even before I get into a discussion of the substantive shortcomings of the rule, let me point out to my colleagues the precedents for disregarding the rules of the House we are setting if this rule is adopted. First, the proposal waives the protections afforded by rule XI, most importantly clause 6, which prohibits consideration of any measure on the floor unless the report thereon has been available for 3 days, excluding Saturdays, Sundays, and holidays.

Secondly, the resolution specifically denies to any Member the never questioned and fundamental right to have any section or portion of the bill read. If ever this protection was important and needed, it is with respect to the National Energy Act.

I can say without equivocation that I know of no Members of this body who would even contend that he or she is knowledgeable or even familiar with all of the provisions of this legislation or the effect of the ad hoc committee's amendments. This shortcoming is compounded by the lack of availability of a report and the prohibiting of the reading of the bill. In short, this rule guarantees that this body will legislate in the dark and will adopt an energy program, the content of which is only superficially known.

At this time I would like to commend the gentleman from Tennessee (Mr. ALLEN) for his remarks, because even though I serve on the ad hoc committee, and even though I will be serving in this body when this legislation is considered, I do not feel an awfully lot better off than he feels.

What was contemplated when this resolution establishing the ad hoc committee was adopted?

The gentleman from Texas (Mr. WRIGHT) said, when he spoke on the resolution:

> Thereupon the ad hoc committee would have the privilege of deliberating, consulting, and considering the issues. The ad hoc committee would then perfect at its option *any* amendments which its members might desire to offer on the floor of the House." (Emphasis added)

This would indicate that there would be great flexibility in the ad hoc committee for consideration of amendments, which would really make this a comprehensive program.

And the gentleman from Michigan (Mr. DINGELL) said, in the same colloquy on the resolution:

> This procedure should insure that *all Members, not just those on the ad hoc committee,* will have an opportunity to offer amendments." (Emphasis added)

And I would point out that during the deliberations of the ad hoc committee, it was that same gentleman from Michigan who, every time an amendment was offered which had not been agreed upon in the majority caucus, reserved a point of order and, in most cases, the point of order was pursued and was sustained, so that even in the ad hoc committee very few amendments could not be considered.

These gentlemen said we would have great flexibility which, obviously, the resolution contemplated, and assured us there would be substantial participation by both the ad hoc committee and Members of the House in the writing of the final legislation.

But what has been the result, if this resolution is adopted? Not only is membership participation prohibited, but let us look at the subjects and proposals outlawed from consideration by this rule.

The SPEAKER pro tempore. The time of the gentleman from Michigan (Mr. BROWN) has expired.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, I do not have time to go through all of the things that should be part of a comprehensive energy package, but let me hit a few of them. First, let me point out a gross break with tradition and the rules, a bill reported by the Banking, Housing, and Urban Affairs Committee although incorporated in and before the House as a part of H.R. 8444 will not even have an opportunity to be considered on the floor of the House; I repeat, a bill from our committee, not just a Member's proposal, but a committee proposal.

But to move on to other areas omitted, the rule does not permit consideration of the crude oil equalization tax, the business use tax for oil and gas, residential tax credits, weatherization programs, gas guzzler tax and tax rates, investment tax credit provisions, utility rate policy, home heating oil rebate and per-taxpayer payments, the Banking Committee's utility program, coal conservation, FEA burdens on persons, and goals of the program. Consideration of none of these things is permissible under this rule.

Mr. Speaker, the leadership need not fear the exercise of its will by the membership; neither need it lack the ambition to tolerate full and free debate; and, finally it need not exercise the club and clout of leadership power. I would conclude, as did the gentleman from Texas (Mr. WRIGHT), our majority leader, when the resolution establishing the ad hoc committee was considered on the floor of the House, since his words seem more appropriate now than then, by repeating the prayer the gentleman recited that day, and it goes like this:

> From the cowardice that shrinks from new truth,
> From the laziness that is content with half-truth,

From the arrogance that thinks it knows all truth,
Oh, God of truth, deliver us.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. KRUEGER).

Mr. KRUEGER. Mr. Speaker, I appreciate the opportunity to speak on this rule.

I appeared last night before the Committee on Rules and asked, in particular, that when legislation regarding natural gas came up, the House have several options open to it.

I understand that it was the intention of the members of the Committee on Rules to allow an amendment to deregulate new natural gas which had been offered in the Committee on Interstate and Foreign Commerce—that amendment having been offered jointly by the gentleman from Colorado (Mr. WIRTH), the gentleman from Ohio (Mr. BROWN), and myself—to be made in order to be offered by the gentleman from Ohio (Mr. BROWN). I understood also that an amendment offered initially by the gentleman from Texas (Mr. ECKHARDT) in the ad hoc committee was to be made in order.

What I sought was the option, after those amendments were offered, for the House to get a kind of reading of where we stood and then to have the option to see whether perhaps something else might at that point be offered if the House were very close but not quite decisive in either direction. But the Committee on Rules turned that suggestion down, for reasons that I do not understand.

I suppose the judgments that come from the Committee on Rules come somewhat as ex cathedra judgments, rather than judgments accompanied by explanations. At any rate, that suggestion was turned down, and with it was turned down the opportunity for flexibility and compromise.

The present rule makes only a very limited number of amendments in order. Primarily, they are amendments drafted by the ad hoc committee.

The problem there is that the ad hoc committee amendments, as it turns out, were drafted with specific preconceptions in mind, and, therefore, we do not have the open, broad horizons we sought from the ad hoc committee but, rather, we have only some very narrow constraints and some very limited modifications to be allowed.

It seems to me that, on what will perhaps be the most significant single issue we face this year, the major energy bill, the House should have the chance not only to work its will but to formulate policy on the floor, as a result of give and take, as a result of speaking and responding, and, in short, to be able to formulate policy through compromise here rather than simply to be engaged in a kind of shooting war in which one takes either one position that has been offered in advance or another position that has been offered in advance.

It is that opportunity for fine and careful compromise to be negotiated on the floor that has been denied us by the rule that has emerged from the committee.

Mr. OTTINGER. Mr. Speaker, will the gentleman yield?

Mr. KRUEGER. I will yield to the gentleman very briefly.

Mr. OTTINGER. Mr. Speaker, it is my understanding that the rule makes in order not only H.R. 8555, which is the Krueger-Brown amendment, but also a motion to recommit, which could contain the kind of flexible response to what has happened on the floor that the gentleman speaks about.

Mr. KRUEGER. Mr. Speaker, if the gentleman will permit me to respond, let me thank the gentleman for raising his question.

The motion to recommit is, of course, confined to the minority party, and those of us who are in the majority party are not necessarily of a unanimous mind, all 290 of us, on this or any other bill. Thus, the individual Members of the gentleman's own majority party are denied an opportunity to offer anything under this rule. It is only the minority party that has been given that opportunity.

It is for that reason that I am disappointed with the rule, because I think it denies us that chance for compromise that would enable us to work out our differences here. The rule instead says that we will not have negotiations at the table, but we will have 2 warring parties.

In short, it seems to me that the rule encourages partisanship at a time when we do not desire partisanship. It encourages narrowness of focus at a time when we should look for breadth of vision. It encourages us to act in a political rather than a statesmanlike fashion.

For that reason, Mr. Speaker, I would urge that the rule from the Committee on Rules be defeated, and that we come back with something that would be broader, nonpartisan, and more statesmanlike. If we do that, I think we will have a more humane rule, one that shows greater respect for intellectual differences of opinion, and for proper, orderly process of discussion.

When I came to this body in 1975, there was a broad hope of bringing in more "sunshine," and more open rules. I now find that the lights are going out all over the House; the windows are closed; and our hopes for sunshine have been buried. This is not a rule encouraging sunshine, light, and open intellectual discussions. It brings only confinement and narrowness. That may be the best way to run a railroad, if we wish to railroad legislation, but it is not, in my judgment, the best way to run a House.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Speaker, with reluctance, I rise to speak in opposition to this rule. Ordinarily, I do not advocate the defeat of a rule for I do not believe that the House should be denied the opportunity to work its will, in behalf of the Nation, on legislation. In this case, even though the National Energy Act is a major bill, I sincerely believe that it is a bad, woefully inadequate proposal. And, I believe that the rule controlling the consideration of the bill is so restrictive as to deny the House its rightful opportunity to correct deficiencies in the energy bill and generally work its will by majority vote.

This rule, restricting as it does the amendments that can be offered to H.R. 8444, is particularly unfortunate because it prohibits the House from freely amending the bill and thereby excludes the opportunity for this body to pass truly representative, national energy legislation. The title of H.R. 8444 is the National Energy Act of 1977. The provisions of H.R. 8444, however, are not balanced and not reflective of the national consensus of what should be done. This rule insures that several deficiencies and flaws cannot be remedied and it insures that H.R. 8444, while it will indeed have national impact, will not be a nationally representative piece of legislation.

Specific deficiencies in the bill are: First, insufficient emphasis on the production of new energy supplies; second, increased governmental involvement in and regulation of private enterprise in the face of clear evidence that current Federal interference is greatly responsible for our current energy situation; third, increased taxation that not only will not encourage conservation but will also hit hardest those Americans who can least afford it; fourth, no resolution of the outright conflict between the mandatory requirements of the Clean Air Act Amendments Act of 1977 and the coal conversion requirements of H.R. 8444; fifth, the bill insures that the Nation cannot meet national energy goals, such as reduction of energy imports. This problem has been confirmed by the reports of the Office of Technology Assessment, the General Accounting Office, the Library of Congress, and others; and, as a result, the bill insures that a fraud will be perpetrated on the American people in that they have been led to believe the legislation will solve most of our energy problems. The truth is this legislation insures a continuation of the energy crisis and may even make it worse.

Let me remind you, the minority was prevented participation during ad hoc deliberation. With this rule before us, not only will the minority be prevented participation, but now so will all Members.

This rule, concessions notwithstanding, stifles debate, stifles the legislative process, stifles the will of the majority of this body.

I urge a "no" vote on the previous question and adoption of the substitute offered by my colleague from California, Mr. DEL CLAWSON.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. EDWARDS).

Mr. EDWARDS of Oklahoma. Mr. Speaker, there is more than one issue before us today.

There is, of course, an energy bill that is both far-reaching and philosophically debatable. I personally find it a very poor piece of legislation. For example, during the debate in the ad hoc committee I offered an amendment that would state that it was the goal of the energy bill and the goal of the committee to bring about an increase in the domestic production of oil and natural gas to the extent requested by the Presi-

dent in his energy message. The committee voted that amendment down. But it did vote for an amendment providing for a Federal study of the use of the bicycle, to reduce energy consumption. That is the kind of energy bill we have before us.

But, Mr. Speaker, I understand that others in this body will disagree with my assessments, so I want to point out that the issue most immediately before us is the rule. I find the rule rather demeaning to the Members of the House. It can be called a "modified rule" or whatever we want to call it, but the truth is that it is a very tightly drawn and very narrow, essentially closed rule that effectively denies Members on both sides of the aisle the opportunity to seriously consider one of the most important pieces of legislation that this body has considered in many years.

Mr. Speaker, as a member of the ad hoc committee I know the limited consideration which that committee gave to the issues in this energy bill, and I know the expertise and the strong feelings held by Members who were not on that committee, including my very distinguished colleague, the gentleman from Oklahoma (Mr. JONES); the gentleman from Texas (Mr. KRUEGER); and others in this body who have much to offer to this debate. The House would gain much from a fair and open debate on this bill.

Mr. Speaker, it is a disservice to the people of this country to consider this major issue under such a restricted rule. I therefore urge my colleagues to vote it down and let the Committee on Rules bring to this floor a rule that permits the open consideration that this bill requires and deserves.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker and Members of the House, I rise in support of the rule.

I would like to try to put in context, at least the context in which I and several others see it, what the Committee on Rules has done.

The exclusion from consideration of the minimum tax question on individual oil producers with regard to income shelters by intangible drilling deductions is a very serious exclusion and an unfortunate one.

Mr. Speaker, when we look at the list of amendments that were approved, for consideration I think any objective analysis would conclude that the vast majority of the amendments are anticonsumer and even pro-oil company amendments that were made in order in the rule.

I believe we are all familiar with what the minimum tax issue involves. The minimum tax is a 15 percent tax on income that is otherwise void of taxation, because it is exempted for tax purposes, such as allowing an oil man to write off immediately in this instance the cost of successful wells—and I emphasize "successful wells"—while other businesses must capitalize their capital expenditures.

This is one of the unfairest preferences in our Tax Code.

Last year as we all recall, the Congress passed a strengthened minimum tax free income aimed primarily, the legislative history will show, at oil men who were paying little or no income taxes.

There is no doubt that our constituents, regardless of where they are in this country, are fed up with a tax preference and tax loopholes that accomplish little and give massive boondoggles to people who really do not deserve them. This is precisely what we are doing in the energy bill, I might add, by allowing a proposal to exempt individual oil producers from the minimum tax on income.

Let us keep in mind, Mr. Speaker, that we are talking here not about a small amount of money, but about $30 to $80 million in tax benefits for some of the wealthiest nontaxpayers in the country.

The House certainly has the right and the responsibility to consider this and vote it up or down, but we are not going to discuss it, and will not consider it and vote on it because the Committee on Rules did not think it was important, apparently, to have it on our agenda for next week.

Mr. Speaker, I might add, as a member of the ad hoc committee, I felt it very important to move along on this bill. I remember quite vividly the Republican President that we last had, ripping the pages off a calendar and urging us to move forward and scolding the heavily Democratic majority in the Congress for not moving fast enough. I would hope my Republican friends and colleagues keep in mind when we proceed on the energy bill the fact that their last President urged us to move swiftly.

On the whole I believe the committee did a commendable job. Those of us on the panel who were most concerned about the impact on the consumers raised questions in the committee such as our concern with the $1.75 on natural gas, as being not too low but too high. We also were concerned with some of the provisions on the coal conversion sections. We had a great deal of apprehension about many of the provisions, but we went along in the spirit that we certainly had to move forward and that it was something that the Nation needed. It is true that some of the proposals were rather far reaching, almost esoteric to the average citizen, but important as we go down the road toward 1985, 1990, and the year 2000. So we came out with a bill that I think is worthy of support, and I stand before you supporting a rule that I think is worthy of support, but I rise primarily to say that it is unfortunate that this possible $80 million tax break will not even be considered when the full House debates this bill next week.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER. Mr. Speaker, the rule is a bad rule. The only opportunity this House has to attempt to give all of the Members a chance to work their will is to vote down the previous question. I hope that will be done. I plead with my ranking minority member of the ad hoc committee to join in that effort because, to do otherwise, it seems to me, leaves the House absolutely helpless.

The gentleman from Tennessee, the gentleman from Texas, the gentleman from California (Mr. STARK), the gentlewoman from Kansas (Mrs. KEYS), the gentleman from Indiana (Mr. JACOBS), all of those who testified before the Committee on Rules on behalf of amendments that they asked for were turned down and they will not be given a chance to offer them. But what, ironically, makes it even worse, it seems to me, is that if you look at the amendments, with all due respect to my dear friend, the gentleman from Missouri (Mr. BOLLING), you will see that the Committee on Rules did allow one amendment by my colleague who just spoke who did not even talk before the committee, but he got his amendment in.

Then we are going to have a vote on Davis-Bacon—Davis-Bacon? I hardly classify that as a major item of interest in energy policy.

We are going to have a vote on an amendment by our beloved colleague and very effective spokesman, the gentleman from Louisiana (Mr. WAGGONNER), which was not offered in the Committee on Ways and Means, that has to do with financing Social Security out of the crude oil equalization tax. We are going to have amendments that were not offered in the ad hoc committee by our colleague, the gentleman from New Jersey (Mr. HOWARD), which is an alternative to the gas tax. All of those are amendments that, frankly, leave me absolutely cold in terms of attempting to determine national energy policy.

What this House is going to do apparently this afternoon is decide the most profoundly important, most far-reaching policy issues that will confront the United States of America for the next 10 years on the basis of vanpooling, Davis-Bacon, and social security. It is an outrage, and I hope the previous question is defeated.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Speaker, a few short months ago the President of the United States stood just behind me and declared a war on energy problems. He enlisted the support of the entire United States and all of its citizens to help fight that war. Those people have a right to expect that their elected Representatives will be here fighting that war on their behalf.

I suppose that I should be grateful that I am one of those select individuals who will be permitted to offer an amendment to the bill when it comes before the House under this rule. I am grateful for that small favor, but I really stand foursquare behind the gentleman from Tennessee (Mr. ALLEN) in his outrage at being denied the opportunity to thoroughly discuss and debate this issue. Four hundred thirty-five Members should be allowed input into the development of this policy, but the argument will be made that if we do that we will be here all summer.

I submit that we were just here for 10 days with an open rule on the agriculture bill, and the House worked its will. I submit that no less consideration should be given to this bill.

I find myself amazed—no, outraged that the leadership of my own party would roll over and play dead on this rule and call it fair. It is not fair to the

Members of the minority party, nor is it fair to the Members of the majority party, who would like to participate in the debate.

Mr. HAMMERSCHMIDT. Mr. Speaker, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I thank the gentleman for yielding.

Mr. Speaker, I want to associate myself with the remarks of the gentleman in the well, as well as the remarks made previously by the gentleman from Wisconsin (Mr. STEIGER) and the gentleman from Tennessee (Mr. ALLEN).

Mr. Speaker, I oppose this rule.

Mr. KETCHUM. I thank the gentleman for his comments.

But maybe—just maybe—the reason we are rolling over is because we are permitted to consider as a substitute with no amendments, mind you, the Constructive Republican Alternative Program—for which there is an acronym that I will let the Members figure out for themselves which aptly describes that program—and I shall vote against it.

We are being denied an opportunity to really work our will on perhaps the most important subject that will come before this Congress in the next 10 years.

Mr. Speaker, I yield back the remainder of my time.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES.)

Mr. RHODES. Mr. Speaker, this is not the energy bill that I would like to have. I think the Republican sustitute which will be offered is far superior. I intend to support the rule because it does make that Republican substitute in order.

I have to admit that if I could write the rule it would be an open rule, but on the other hand I have got to look at the records and remember that in December 1973 we tried to pass an energy bill, and we were here until the day before Christmas, but we did not get the bill passed. We tried to pass it again in 1976, and we still did not get it passed. And I am not sure if we brought this bill out under an open rule we could pass it by Christmas of this year.

I do think it is important to pass some sort of energy legislation. The people of the country expect it and we need it.

The bill certainly is not going to be perfect. It is going to have a wellhead tax, and I am sorry there will not be a vote on that. There will be an opportunity to vote on the gasoline tax and a lot of things in the bill which I think are wrong, and there will be an opportunity to vote for the Republican substitute.

We cannot have everything. There are only 144 of us. We have to do the best we can. I think we have, and I intend to support the rule.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Speaker, I must disagree with my distinguished minority leader.

One thing I have learned in the short time I have been here is that a closed rule or a modified closed rule such as this is in reality an inglorious way of saying a gag rule. We are being gagged. Are we going to roll over and play dead because we are gagged or are we going to ungag ourselves, defeat the rule and have a chance to amend the bill?

Mr. Speaker, I would point out that some 20 amendments were not allowed and have brought to the Rules Committee and many more were not brought to them as Members knew it would be fruitless. I had three that were presented and were refused. The bill is not a "more energy" bill, it is an "energy less" bill, a tax bill, a bill that does nothing for production but will cause consumer energy costs to go up. Many of these problems could be rectified if we had an open rule and could offer amendments. This is not the case though as this bill is being railroaded through. It is being steamrollered through. There is no chance to stop it through the amendment process. There is a reason for this.

Either this bill cannot stand the light of day because it is so poorly drafted or it is so poor in concept, or we cannot be trusted to work our will on an important bill like this, the most important matter we shall consider in this Congress.

We could be trusted and could take an hour on the great golden nematode amendment on the farm bill this week that affected only two people in the entire United States, but we could take time or be trusted to offer amendments on the energy bill.

This rule reflects on the integrity of the House and the integrity of each Member in question. I ask the Members to stand up for the democratic legislative process, to stand up for the integrity of the House of Representatives, and to tell the Rules Committee: "No, we are not going to be gagged. We want an open rule. We want to have our chance to work our will and give the people of America a real energy bill and not something railroaded through."

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I rise to discuss the rule making in order the consideration of H.R. 8444, the National Energy Act. I am disappointed that this most important legislation will not go to the floor under an open rule—or at least a more open rule—or at least a rule which would have made in order all the amendments I requested.

H.R. 8444 is the product of a most unusual legislative process. The Energy and Power Subcommittee hearings on this bill were compressed into a matter of 4 weeks and markup by the subcommittee was held immediately after these hearings without much time for the Members to consider and absorb the vast amount of testimony received during subcommittee hearings. Directly following subcommittee markup, the full committee began consideration of this legislation without hearings. The full Commerce Committee markup was completed in slightly more than 1 week.

The ad hoc committee consideration of this bill was even more abbreviated. In a period of 3 days, the Commerce Committee bill and the bills of all other committees to which the National Energy Act was referred were joined in a 580-page bill covering more than 100 legislative proposals. No hearings were held by the ad hoc committee on this 580-page document and there was no opportunity for affected parties on all sides of the issues to present their views as to how these parts did or did not fit together. All policy decisions made at the ad hoc committee were made in advance behind closed doors by a caucus of the Democrat members of the committee without the opportunity for minority to really influence their before-the-debate decision.

Mr. Speaker, such an important piece of legislation deserves more careful and less partisan consideration. As the bill is now drafted, major defects have not been addressed because of the time constraints that have been placed on those who have dealt with this legislation. Major policy decisions by the administration were also made in a vacuum and as a result, portions of the legislation now before us will not achieve their desired goal. In the coal conversion part in particular, many basic problems have not yet been resolved. The most basic questions concern whether or not conversions to coal will be environmentally acceptable and whether the coal industry can expand production fast enough to meet the President's goals. In addition, the whole question of crude oil pricing is not addressed by this bill.

Mr. Speaker, legislation of this nature usually goes to the floor under an open rule. The reasons given for this modified closed rule is that the House could not complete action on this legislation before the recess if an open rule should be granted and that the bill is so intricately intertwined that an open rule would lead to chaos on the floor.

If this bill is so intricately intertwined, I am at a loss to explain why the ad hoc committee was able to reconcile the various parts of this legislation in only 3 days without the benefit of hearings.

I have serious reservations about the closed nature of this rule; we do need to get on with the process of trying to put together an effective energy policy—a task that Congress has been working on for over 4 years now. But why did we delay before and hasten so now?

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Speaker, ideas have consequences. This bill is based on a bad idea. It is a bad bill. It comes to the House with a bad rule and the consequences will be bad for the country.

I think as Members of this body we have a responsibility to think about some good ideas. One of those would be to maximize freedom, maximize the opportunity for Americans to produce and have a little faith in free men working through free institutions to solve the problems of the country.

It is my opinion from this good idea, we might find some good consequences for our country.

The Government pessimists, and I would include President Carter in this, have always thought with an inventory clerk mentality saying we are at the

bottom of the barrel, we are out of oil and gas.

I am saying to this House, what has happened to the miracle of the American dream? Why do we not allow this energy problem to be solved where it should be solved, and that is in the marketplace, with free men working through free institutions, allowing the creativity of our citizens to innovate new ways to the production of energy.

The solution of the energy problem is in repeal—repeal, repeal. Repeal of what? I say let us repeal the price regulations on oil and gas.

Let us repeal the regulations of producing coal.

Let us repeal the restrictions on offshore oil.

Let us repeal the regulations that interfere with building nuclear plants.

Let us repeal the disincentive to discovery of new energy sources.

Let us repeal the problem that has been caused by a glut of Government.

Let us vote "no" on the resolution of more Government, and try freedom.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I would hope there is nothing more pressing than the issue before us. I heard the comment made a few minutes ago that if we allow an open rule on this issue, we will be here until Christmas.

Now, I know there are U.S. Air Force planes warming up at Andrews Air Force Base to fly off to the conference in Belgrade and South America, London, Rome, the Far East all beckon.

But, I think we can finish this issue next week, in 1 week. The Lord only took 6 days to create the entire firmament. And only then He rested. I do not think this is an issue beyond the capability of resolution by elected representatives if they are allowed, in an open fashion, to work their will.

Someone once said "Here, sir, the people govern." Who are the people who govern us? Is it the majority of the Rules Committee? Is it only the leadership on the majority side? Is it a coalition of the leadership on both sides? Each of us was sent here to represent our people, and no other issue will be more important in this Congress than this one. We ought to have the right to deliberate in an open and free fashion and the rule denies us that right.

I urge the Members to vote down the previous question and support the substitute which then could be offered by the gentleman from California.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, I am troubled, as others are, that we are considering a major segment of any energy policy that has not even an amendment for consideration. That is the deregulation of Federal price controls over oil in this country.

Chase Manhattan studies show that domestic crude production under decontrol would be 11 million barrels per day, excluding the North Slope, and over 13 million barrels per day including the North Slope, if we had decontrol. If we had decontrol, we could generate the capital needed to develop our domestic energy resources. We could shut off the excess demands for imported oil which are driving this country this year to a $29 billion balance-of-payment deficit.

Ladies and gentlemen, that means inflation for the future of this country. That means less jobs, less economic activity. We can do it, but we have been gagged in the ability to even offer decontrol, which would do all these things for this country.

I join my colleagues in urging a vote against the previous question.

Mr. VANIK. Mr. Speaker, the Rules Committee has completed its difficult task of fashioning a rule for the orderly debate of H.R. 8444, the National Energy Act. Although I support the rule presently before us, I can do so only with grave reservations. Specifically, this rule provides no opportunity for the House to express its will on section 2071 of H.R. 8444. This section provides a permanent exemption from the minimum tax for a small group of privileged taxpayers.

Under present law, independent producers of oil and natural gas are exempt from the minimum tax for 1977. This provision was adopted in the Tax Reduction and Simplification Act of 1977 to provide the industry and the tax-writing committees of the Congress with an opportunity to review the impact of the minimum tax on oil drilling activity.

The present energy bill, H.R. 8444, removes the special 1 year limitation and provides a permanent exemption of intangible drilling costs from the minimum tax. This provision represents a shocking attack on the tax code by a select group of individuals, 5,000 in number. For 1977, this special exemption for drillers will cost the Treasury $19 million, but this revenue loss will grow to $74 million in 1985. Between now and 1985, the revenue loss from this provision is estimated at $373 million, but I believe it will be closer to half a billion dollars.

There is no justification for making this exemption a permanent figure in the Tax Code. The arguments that this tax provision is needed to stimulate domestic oil production are simply misguided.

The tax reform legislation currently being prepared by the Carter administration can have no pretense of reform if this special favoritism is not removed from the Tax Code. The administration cannot afford to be held hostage to a small clique of special interests whose only concern is a tax-free ride.

Mr. GRASSLEY. Mr. Speaker, that the House of Representatives should at this time even be considering the rule for the bill H.R. 8444, the National Energy Act, represents a gross aberration of the legislative process. Even more appalling to me personally is the type of closed rule which will permit only a very few amendments to the bill.

It seems that 2 years ago we were scheduled to debate another major legislative matter regarding our national energy policy. At that time there was an open rule so that all points of view could be heard.

We have needed a comprehensive national energy policy for the past 25 years. During that period of time the Democratic leadership in the Congress either could not or would not take the necessary action. Now there is a rush to judgment and I fear that we will be proving the truth of the old maxim, "Act in haste; repent in leisure." There is no reason on earth for this bill, or the rule making consideration of it in order, to be brought up today.

The whole way this matter has been handled is a farce. The deliberations of the Ad Hoc Energy Committee did not provide a much needed forum for prolonged and in-depth debate as to what direction our national energy policy should take. The same could be said for the debate and consideration which took place in the Rules Committee yesterday. It would be funny were the consequences of what is about to happen not so tragic.

If this rule is adopted our final chance to engage in a meaningful discussion on energy in the House of Representatives will be lost. Make no mistake about it, this is the Democrat energy plan, this is the Democrat rule. But this is not the way the democratic process should work. But I guess that is the way things work on the Democrat legislative railroad.

GENERAL LEAVE TO EXTEND

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on this matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I take this additional time because I would not want my earlier remarks to indicate in any way that I am for the bill that the rule would make in order. I am not for H.R. 8444. I am for a Republican substitute that has been endorsed by all 13 members of the Ad Hoc Energy Committee, a bill which is known as H.R. 8555.

That substitute has been demeaned, I regret to say, by some on this floor this afternoon as not even a sop; as even worse than that, in language which I would not even repeat.

Let me point out in the brief time I have what that substitute would do. I intended to do this next week, but I think that in view of what has been said, I had better indicate now how important it is to have the right to offer that substitute under this rule. It would not have a gasoline tax. It would adopt a crude oil pricing scheme that would free up so-called upper tier oil, so it could float to the world market price. It would have the effect of improving supplies so that by 1985 we would be producing 2 million additional barrels of oil in this country.

It would remove Federal controls on the price of natural gas. It would put the burden of proof on the FEA, on the Government, rather than on the backs of business, in cases involving mandatory conversions from natural gas and oil to coal. It would establish a trust fund from that crude oil that would assist the

States diminishing revenues from motor fuel tax funds. It would help build mass transit and encourage the development of synthetic fuels.

All this is in contrast, I might add, to the Rube Goldberg scheme of the administration of substituting for a $50 rebate, which was thrown out some months ago, and now is a $22 rebate.

I think the substitute makes sense. I think the people on this side of the aisle, and I think the people on the other side of the aisle who want to clean up this energy bill, who want to adopt a sensible energy policy that will mean something toward solving the energy crisis in this country, want to have the opportunity next week, when that substitute is offered, to clean up this bill and do a responsible thing that would be good for the country. That is why I am supporting the rule.

The SPEAKER pro tempore. All time of the gentleman from Illinois (Mr. ANDERSON) has expired.

Mr. BOLLING. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, the temptation is very real to take more of the 25 minutes or 30 minutes that is left on this side than I will take. Actually, I am going to be relatively brief. But there is a little temptation to answer some of these things which have been said. Sometimes I wish that I could see what it would be like if some of my younger friends on the Republican side had the responsibility of being in the majority. I am not sure it would be worth it for the country, but it would be an education. Sometimes I wonder why it is that those of us who work for years to get a policy of almost any kind adopted, when we think there is a policy, a chance to make a beginning, are described as people who gag the right of the people. But I am not going to talk very much on that. I have done all of the talking on that subject that I will do.

Mr. Speaker, this intricate process involved a little bit less than 200 Members of the House who are members of the various committees directly involved in the consideration of the matter. There was an opportunity for every Member to have all kinds of input at every stage of the way. The Committee on Rules met late last night to hear those who would come to ask for an opportunity to offer amendments.

If I may switch quickly, I have had the responsibility, at the request of the Speaker, of presiding over most of the major energy bills that have been considered in this House in the last 4 or 5 years. I think it is safe to say that each one was a near disaster, and each one was a near disaster because it was possible for those who disagreed with the legitimate position of another group to destroy the viability of the legislative process. And with this process, at the beginning in the committees of original jurisdiction, next in an ad hoc committee to reconcile and, where impossible to reconcile, fairly structure the conflict and, finally, in the Committee on Rules, whose job is to structure the conflict, we produced this approach. It is desperately—desperately—important that the United States begin to have a comprehensive energy policy. It is long overdue. We must begin and, in the judgment of those who have dealt with this matter for the longest possible time, this rule, this process gives us the best chance to begin.

I urge support for this rule. Let us begin to have an energy policy, at least.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. BOLLING. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 231, nays 156, answered "present" 1, not voting 45, as follows:

[Roll No. 483]

YEAS—231

Addabbo	Edwards, Calif.	Mattox
Akaka	Eilberg	Mazzoli
Alexander	Ertel	Meeds
Ambro	Evans, Colo.	Meyner
Ammerman	Evans, Ga.	Mikulski
Anderson, Calif.	Evans, Ind.	Mikva
	Fary	Miller, Calif.
Anderson, Ill.	Fascell	Mineta
Andrews, N.C.	Fisher	Minish
Annunzio	Fithian	Mitchell, Md.
Applegate	Flood	Moakley
Ashley	Florio	Moffett
Aspin	Flowers	Mollohan
AuCoin	Foley	Montgomery
Badillo	Ford, Mich.	Moorhead, Pa.
Baldus	Ford, Tenn.	Moss
Barnard	Fowler	Mottl
Beard, R.I.	Fraser	Murphy, Ill.
Beilenson	Fuqua	Murphy, N.Y.
Benjamin	Gaydos	Murphy, Pa.
Bennett	Gephardt	Myers, Michael
Bevill	Giaimo	Natcher
Biaggi	Gibbons	Neal
Bingham	Glickman	Nedzi
Blanchard	Gore	Nichols
Boggs	Gudger	Nix
Boland	Hamilton	Nolan
Bolling	Hanley	Nowak
Bonior	Harris	Oberstar
Bonker	Hawkins	Obey
Bowen	Hefner	Ottinger
Brinkley	Heftel	Panetta
Brodhead	Hightower	Patten
Brooks	Howard	Pattison
Brown, Calif.	Hubbard	Pease
Burke, Calif.	Ireland	Pepper
Burlison, Mo.	Jenkins	Perkins
Burton, Phillip	Johnson, Calif.	Pike
Byron	Jones, N.C.	Preyer
Carr	Jones, Okla.	Price
Cavanaugh	Jones, Tenn.	Quillen
Chisholm	Jordan	Rangel
Clay	Kastenmeier	Reuss
Collins, Ill.	Keys	Rhodes
Conable	Kildee	Risenhoover
Conyers	Kostmayer	Rodino
Corman	Krebs	Roe
Cornell	LaFalce	Rogers
Cornwell	Le Fante	Roncalio
D'Amours	Lederer	Rooney
Daniel, Dan	Lehman	Rose
Danielson	Levitas	Rosenthal
Davis	Lloyd, Calif.	Rostenkowski
de la Garza	Lloyd, Tenn.	Roybal
Delaney	Long, La.	Russo
Dellums	Long, Md.	Ryan
Derrick	Luken	Santini
Dicks	Lundine	Scheuer
Diggs	McCormack	Schroeder
Dingell	McFall	Seiberling
Dodd	McHugh	Sharp
Downey	McKay	Sikes
Drinan	Maguire	Simon
Duncan, Oreg.	Mahon	Sisk
Eckhardt	Mann	Skelton
Edgar	Markey	Slack
Solarz	Tucker	Wilson, C. H.
Spellman	Udall	Wilson, Tex.
Staggers	Ullman	Wirth
Stark	Van Deerlin	Wolff
Steed	Vanik	Yates
Stokes	Vento	Yatron
Stratton	Waggonner	Young, Mo.
Studds	Walgren	Young, Tex.
Thompson	Weaver	Zablocki
Thornton	Weiss	Zeferetti
Traxler	Whalen	
Tsongas	Whitley	

NAYS—156

Allen	Gammage	Moore
Andrews, N. Dak.	Gilman	Moorhead, Calif.
	Goldwater	
Archer	Gonzalez	Myers, Gary
Armstrong	Goodling	Myers, John
Ashbrook	Gradison	O'Brien
Bafalis	Grassley	Oakar
Bauman	Guyer	Pettis
Bedell	Hagedorn	Poage
Blouin	Hall	Pritchard
Breaux	Hammer-schmidt	Pursell
Breckinridge		Quayle
Broomfield	Hansen	Quie
Brown, Mich.	Harkin	Railsback
Brown, Ohio	Harsha	Regula
Broyhill	Heckler	Rinaldo
Buchanan	Hillis	Roberts
Burgener	Holt	Robinson
Burke, Fla.	Holtzman	Rudd
Burleson, Tex.	Horton	Sarasin
Butler	Huckaby	Satterfield
Caputo	Hughes	Sawyer
Carter	Hyde	Schulze
Cederberg	Ichord	Sebelius
Clausen, Don H.	Jacobs	Shuster
	Jeffords	Skubitz
Clawson, Del	Johnson, Colo.	Smith, Iowa
Cleveland	Kasten	Smith, Nebr.
Cochran	Kazen	Snyder
Cohen	Kelly	Stangeland
Collins, Tex.	Kemp	Stanton
Conte	Ketchum	Steers
Corcoran	Kindness	Steiger
Coughlin	Krueger	Stockman
Crane	Lagomarsino	Stump
Cunningham	Latta	Symms
Daniel, R. W.	Leach	Taylor
Derwinski	Lent	Treen
Devine	Lott	Trible
Dickinson	Lujan	Vander Jagt
Dornan	McClory	Volkmer
Duncan, Tenn.	McCloskey	Walker
Edwards, Ala.	McDade	Walsh
Edwards, Okla.	McDonald	Watkins
Emery	McEwen	White
English	Madigan	Whitehurst
Erlenborn	Marks	Wiggins
Evans, Del.	Marlenee	Wilson, Bob
Fenwick	Marriott	Winn
Findley	Martin	Wydler
Fish	Mathis	Wylie
Fountain	Milford	Young, Alaska
Frenzel	Miller, Ohio	
Frey	Mitchell, N.Y.	

ANSWERED "PRESENT"—1

Michel

NOT VOTING—45

Abdnor	Forsythe	Rahall
Badham	Ginn	Richmond
Baucus	Hannaford	Rousselot
Beard, Tenn.	Harrington	Runnels
Brademas	Holland	Ruppe
Burke, Mass.	Hollenbeck	Shipley
Burton, John	Jenrette	Spence
Carney	Koch	St Germain
Chappell	Leggett	Teague
Coleman	McKinney	Thone
Cotter	Metcalfe	Wampler
Dent	Murtha	Waxman
Early	Patterson	Whitten
Flippo	Pickle	Wright
Flynt	Pressler	Young, Fla.

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. Richmond, for, with Mr. Abdnor against.

Mr. Hannaford for, with Mr. Beard of Tennessee against.

Mr. Harrington for, with Mr. Coleman against.

Mr. Brademas for, with Mr. Forsythe against.

Mr. Carney for, with Mr. McKinney against.
Mr. Cotter for, with Mr. Rousselot against.
Mr. Ginn for, with Mr. Ruppe against.
Mr. Baucus for, with Mr. Spence against.
Mr. Wright for, with Mr. Thone against.
Mr. Koch for, with Mr. Wampler against.
Mr. Jenrette for, with Mr. Young of Florida against.

Until further notice:

Mr. John Burton with Mr. Chappell.
Mr. Dent with Mr. Flippo.
Mr. Early with Mr. Flynt.
Mr. Holland with Mr. Hollenbeck.
Mr. Metcalfe with Mr. Pickle.
Mr. Leggett with Mr. Rahall.
Mr. Murtha with Mr. Whitten.
Mr. Waxman with Mr. Shipley.
Mr. St Germain with Mr. Runnels.

Mr. HEFTEL and Mr. RISENHOOVER changed their vote from "nay" to "yea."

Messrs. HARKIN, RINALDO, and SATTERFIELD changed their vote from "yea" to "nay."

Mr. MICHEL. Mr. Speaker, I have a live pair with the gentleman from Texas (Mr. WRIGHT). If he had been present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The question was taken.

Mr. STEIGER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 238, nays 148, answered "present" 1, not voting 46, as follows:

[Roll No. 484]

YEAS—238

Addabbo	Danielson	Heftel
Akaka	Davis	Hillis
Alexander	de la Garza	Horton
Ambro	Delaney	Howard
Ammerman	Dellums	Hubbard
Anderson, Calif.	Derrick	Ireland
	Dicks	Jenkins
Anderson, Ill.	Diggs	Jenrette
Andrews, N.C.	Dingell	Johnson, Calif.
Annunzio	Dodd	Jones, N.C.
Applegate	Downey	Jones, Okla.
Ashley	Drinan	Jones, Tenn.
Aspin	Duncan, Oreg.	Jordan
AuCoin	Eckhardt	Kastenmeier
Badillo	Edgar	Keys
Baldus	Edwards, Ala.	Kostmayer
Barnard	Edwards, Calif.	Krebs
Beard, R.I.	Eilberg	LaFalce
Beilenson	Ertel	Le Fante
Bennett	Evans, Colo.	Lederer
Bevill	Evans, Ga.	Lehman
Biaggi	Evans, Ind.	Levitas
Bingham	Fary	Lloyd, Calif.
Blanchard	Fascell	Lloyd, Tenn.
Boggs	Findley	Long, La.
Boland	Fisher	Long, Md.
Bolling	Fithian	Lundine
Bonior	Flood	McCormack
Bonker	Florio	McDade
Bowen	Flowers	McFall
Brinkley	Foley	McHugh
Brodhead	Ford, Mich.	McKay
Brooks	Ford, Tenn.	Maguire
Brown, Calif.	Fountain	Mann
Burke, Calif.	Fowler	Markey
Burlison, Mo.	Fraser	Martin
Burton, Phillip	Fuqua	Mattox
Byron	Gaydos	Mazzoli
Cavanaugh	Gephardt	Meeds
Chisholm	Giaimo	Meyner
Clay	Gibbons	Mikulski
Collins, Ill.	Glickman	Mikva
Conte	Gore	Miller, Calif.
Conyers	Gudger	Mineta
Corman	Hamilton	Minish
Cornell	Hanley	Mitchell, Md.
Cornwell	Harris	Moakley
D'Amours	Hawkins	Moffett
Daniel, Dan	Hefner	Mollohan
Montgomery	Rhodes	Stokes
Moorhead, Pa.	Rinaldo	Stratton
Moss	Risenhoover	Studds
Mottl	Rodino	Thompson
Murphy, Ill.	Roe	Thornton
Murphy, N.Y.	Rogers	Traxler
Murphy, Pa.	Roncalio	Tsongas
Myers, Michael	Rooney	Tucker
Natcher	Rose	Udall
Neal	Rosenthal	Ullman
Nedzi	Rostenkowski	Van Deerlin
Nichols	Roybal	Vanik
Nix	Russo	Vento
Nolan	Ryan	Waggonner
Nowak	Santini	Walgren
Oberstar	Scheuer	Waxman
Obey	Schroeder	Weaver
Ottinger	Seiberling	Weiss
Panetta	Sharp	Whalen
Patten	Sikes	White
Pattison	Simon	Whitley
Pease	Sisk	Wilson, C. H.
Pepper	Skelton	Wilson, Tex.
Perkins	Slack	Wirth
Pike	Smith, Iowa	Wolff
Preyer	Solarz	Yates
Price	Spellman	Yatron
Quillen	Staggers	Young, Tex.
Rangel	Stanton	Zablocki
Regula	Stark	Zeferetti
Reuss	Steed	

NAYS—148

Allen	Frenzel	Mathis
Andrews, N. Dak.	Frey	Milford
	Gammage	Miller, Ohio
Archer	Gilman	Mitchell, N.Y.
Armstrong	Goldwater	Moore
Ashbrook	Gonzalez	Moorhead, Calif.
Bafalis	Goodling	
Bauman	Gradison	Myers, Gary
Bedell	Grassley	Myers, John
Benjamin	Guyer	Oakar
Blouin	Hagedorn	Pettis
Breaux	Hall	Poage
Breckinridge	Hammer-schmidt	Pritchard
Broomfield		Pursell
Brown, Mich.	Harkin	Quayle
Brown, Ohio	Harsha	Quie
Broyhill	Heckler	Roberts
Buchanan	Hightower	Robinson
Burgener	Hollenbeck	Rudd
Burke, Fla.	Holtzman	Sarasin
Burleson, Tex.	Huckaby	Satterfield
Butler	Hughes	Sawyer
Caputo	Hyde	Schulze
Carr	Ichord	Sebelius
Carter	Jacobs	Shuster
Cederberg	Jeffords	Skubitz
Clausen, Don H.	Johnson, Colo.	Smith, Nebr
	Kasten	Snyder
Clawson, Del	Kazen	Stangeland
Cleveland	Kelly	Steers
Cochran	Kemp	Steiger
Cohen	Ketchum	Stockman
Collins, Tex.	Kildee	Stump
Conable	Kindness	Symms
Corcoran	Krueger	Taylor
Coughlin	Lagomarsino	Treen
Crane	Latta	Trible
Cunningham	Leach	Vander Jagt
Daniel, R. W.	Lent	Volkmer
Derwinski	Lott	Walker
Devine	Lujan	Walsh
Dickinson	Luken	Watkins
Dornan	McClory	Whitehurst
Duncan, Tenn.	McCloskey	Wiggins
Edwards, Okla.	McDonald	Wilson, Bob
Emery	McEwen	Winn
English	Madigan	Wydler
Erlenborn	Mahon	Wylie
Evans, Del.	Marks	Young, Alaska
Fenwick	Marlenee	Young, Mo.
Fish	Marriott	

ANSWERED "PRESENT"—1

Michel

NOT VOTING—46

Abdnor	Ginn	Railsback
Badham	Hannaford	Richmond
Baucus	Hansen	Rousselot
Beard, Tenn.	Harrington	Runnels
Brademas	Holland	Ruppe
Burke, Mass.	Holt	Shipley
Burton, John	Koch	Spence
Carney	Leggett	St Germain
Chappell	McKinney	Teague
Coleman	Metcalfe	Thone
Cotter	Murtha	Wampler
Dent	O'Brien	Whitten
Early	Patterson	Wright
Flippo	Pickle	Young, Fla.
Flynt	Pressler	
Forsythe	Rahall	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.
Mr. Wright for, with Mr. Michel against.
Mr. Coleman for, with Mr. Abdnor against.
Mr. Forsythe for, with Mr. Beard of Tennessee against.
Mr. Brademas for, with Mr. Hansen against.
Mr. Baucus for, with Mr. Rousselot against.
Mr. Richmond for, with Mr. Spence against.
Mr. Cotter for, with Mr. Thone against.
Mr. Ginn for, with Mr. Wampler against.
Mr. Harrington for, with Mr. Young of Florida against.

Until further notice:

Mr. Koch with Mr. Chappell.
Mr. Leggett with Mr. Flippo.
Mr. John Burton with Mr. Flynt.
Mr. Dent with Mr. McKinney.
Mr. Early with Mr. O'Brien.
Mr. Hannaford with Mr. Pickle.
Mr. Metcalfe with Mr. Pressler.
Mr. Murtha with Mr. Railsback.
Mr. Patterson of California with Mr. Ruppe.
Mr. Rahall with Mr. Runnels.
Mr. St Germain with Mr. Carney.

Mr. MICHEL. Mr. Speaker, I have a live pair with the gentleman from Texas (Mr. WRIGHT). If he had been present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. Without objection, a motion to reconsider is laid on the table.

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. BOLLING. Mr. Speaker, I move to reconsider the vote by which House Resolution 727 was agreed to.

Mr. PEPPER. Mr. Speaker, I move to lay the motion to reconsider on the table.

The SPEAKER. The question is on the motion offered by the gentleman from Florida (Mr. PEPPER).

The question was taken; and on a division (demanded by Mr. BAUMAN) there were—yeas 107, nays 29.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 254, nays 120, answered "present" 1, not voting 58, as follows:

[Roll No. 485]

YEAS—254

Addabbo	Barnard	Brodhead
Akaka	Beard, R.I.	Brooks
Alexander	Bedell	Brown, Calif.
Allen	Beilenson	Burke, Calif.
Ambro	Bennett	Burke, Fla.
Ammerman	Bevill	Burlison, Mo.
Anderson, Calif.	Biaggi	Burton, Phillip
	Bingham	Byron
Anderson, Ill.	Blanchard	Cavanaugh
Andrews, N.C.	Blouin	Chisholm
Andrews, N. Dak.	Boggs	Clay
	Boland	Conable
Annunzio	Bolling	Conte
Applegate	Bonior	Conyers
Ashley	Bonker	Corman
Aspin	Bowen	Cornell
AuCoin	Breaux	Cornwell
Badillo	Breckinridge	D'Amours
Baldus	Brinkley	Daniel, Dan

Danielson	Keys	Reuss
Davis	Kostmayer	Rhodes
de la Garza	Krebs	Rinaldo
Delaney	LaFalce	Risenhoover
Dellums	Le Fante	Roberts
Derrick	Lederer	Rodino
Dicks	Lehman	Roe
Diggs	Levitas	Rogers
Dodd	Lloyd, Calif.	Roncalio
Downey	Lloyd, Tenn.	Rooney
Drinan	Long, La.	Rose
Eckhardt	Long, Md.	Rosenthal
Edgar	Lundine	Rostenkowski
Edwards, Ala.	McCormack	Roybal
Edwards, Calif.	McFall	Santini
Eilberg	McHugh	Sarasin
English	McKay	Scheuer
Ertel	Maguire	Schroeder
Evans, Ga.	Mahon	Seiberling
Evans, Ind.	Mann	Sharp
Fary	Markey	Sikes
Fascell	Marks	Simon
Fisher	Martin	Skubitz
Fithian	Mathis	Slack
Flood	Mattox	Smith, Iowa
Florio	Mazzoli	Solarz
Flowers	Meeds	Spellman
Foley	Meyner	Staggers
Ford, Mich.	Mikulski	Stark
Ford, Tenn.	Mikva	Steed
Fountain	Miller, Calif.	Steers
Fowler	Mineta	Stokes
Fraser	Minish	Stratton
Fuqua	Mitchell, Md.	Studds
Gaydos	Moakley	Stump
Gephardt	Moffett	Thompson
Gibbons	Mollohan	Thornton
Glickman	Montgomery	Traxler
Gore	Moorhead, Pa.	Tsongas
Gudger	Moss	Tucker
Hall	Mottl	Udall
Hamilton	Murphy, Ill.	Ullman
Hanley	Murphy, N.Y.	Van Deerlin
Harkin	Murphy, Pa.	Vanik
Harris	Myers, Michael	Vento
Hawkins	Natcher	Volkmer
Heckler	Neal	Waggonner
Hefner	Nedzi	Walgren
Heftel	Nichols	Watkins
Hightower	Nix	Waxman
Hollenbeck	Nolan	Weaver
Holtzman	Nowak	Weiss
Horton	Oberstar	Whalen
Howard	Obey	White
Hubbard	Ottinger	Wilson, C. H.
Huckaby	Panetta	Wilson, Tex.
Ichord	Patten	Wirth
Ireland	Pattison	Wolff
Jenkins	Pease	Wylie
Jenrette	Pepper	Yates
Johnson, Calif.	Perkins	Yatron
Jones, N.C.	Pike	Young, Mo.
Jones, Okla.	Preyer	Young, Tex.
Jones, Tenn.	Price	Zablocki
Jordan	Quayle	Zeferetti
Kastenmeier	Rangel	
Kazen	Regula	

NAYS—120

Archer	Duncan, Tenn.	Latta
Armstrong	Edwards, Okla.	Leach
Ashbrook	Emery	Lent
Bafalis	Erlenborn	Lott
Bauman	Evans, Colo.	Lujan
Benjamin	Fenwick	McClory
Broomfield	Findley	McCloskey
Brown, Mich.	Fish	McDade
Brown, Ohio	Frenzel	McDonald
Broyhill	Frey	McEwen
Buchanan	Gammage	Madigan
Burgener	Gilman	Marlenee
Burleson, Tex.	Goldwater	Marriott
Butler	Gonzalez	Milford
Caputo	Goodling	Miller, Ohio
Carr	Gradison	Mitchell, N.Y.
Carter	Grassley	Moore
Cederberg	Guyer	Moorhead, Calif.
Clausen, Don H.	Hagedorn	Myers, Gary
Clawson, Del	Hammer-schmidt	Myers, John
Cleveland	Harsha	Oakar
Cochran	Hillis	Pettis
Cohen	Hughes	Poage
Collins, Tex.	Hyde	Pritchard
Corcoran	Jacobs	Pursell
Coughlin	Johnson, Colo.	Quie
Crane	Kasten	Robinson
Cunningham	Kelly	Rudd
Daniel, R. W.	Kemp	Satterfield
Derwinski	Ketchum	Sawyer
Devine	Kildee	Schulze
Dickinson	Kindness	Sebelius
Dingell	Krueger	Shuster
Dornan	Lagomarsino	Smith, Nebr.
Snyder	Taylor	Whitley
Stangeland	Treen	Wiggins
Stanton	Trible	Wilson, Bob
Steiger	Vander Jagt	Winn
Stockman	Walsh	Wydler
Symms	Whitehurst	Young, Alaska

ANSWERED "PRESENT"—1

Michel

NOT VOTING—58

Abdnor	Ginn	Richmond
Badham	Hannaford	Rousselot
Baucus	Hansen	Runnels
Beard, Tenn.	Harrington	Ruppe
Brademas	Holland	Russo
Burke, Mass.	Holt	Ryan
Burton, John	Jeffords	Shipley
Carney	Koch	Sisk
Chappell	Leggett	Skelton
Coleman	Luken	Spence
Collins, Ill.	McKinney	St Germain
Cotter	Metcalfe	Teague
Dent	Murtha	Thone
Duncan, Oreg.	O'Brien	Walker
Early	Patterson	Wampler
Evans, Del.	Pickle	Whitten
Flippo	Pressler	Wright
Flynt	Quillen	Young, Fla.
Forsythe	Rahall	
Giaimo	Railsback	

Messrs. CRANE, KINDNESS, EDWARDS of Oklahoma, WYDLER, GOODLING, SYMMS, STANGELAND, LAGOMARSINO, ASHBROOK, GUYER, MARLENEE, and JOHN T. MYERS changed their vote from "yea" to "nay."

Mr. QUAYLE changed his vote from "nay" to "yea."

Mr. MICHEL. Mr. Speaker, I have a live pair with the gentleman from Texas (Mr. WRIGHT) the distinguished majority leader. Had he been here he would have, I am sure, voted "yea." I voted "nay." I withdraw my vote and vote "present."

So the motion was agreed to.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate disagrees to the amendment of the House to the bill (S. 275) entitled "An act to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes," agree to a conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TALMADGE, Mr. EASTLAND, Mr. MCGOVERN, Mr. ALLEN, Mr. HUMPHREY, Mr. DOLE, Mr. YOUNG, and Mr. CURTIS to be the conferees on the part of the Senate.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. May the Chair announce the schedule for the remainder of the day. We will bring up the rule on H.R. 3744 to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate. On completion of the rule, we will take the special orders, and that will be the completion of business for the week.

PROVIDING FOR CONSIDERATION OF H.R. 3744, FAIR LABOR STANDARDS AMENDMENTS OF 1977

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 715 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 715

Resolved, That upon the adoption of this resolution is shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3744) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that Act, to provide for an automatic adjustment in such wage rate, and to repeal the credit against the minimum wage which is based on tips received by tipped employees. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against said amendment for failure to comply with the provisions of clause 7 of rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes for debate only to the able gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, this is the usual rule, an open rule with 1 hour of general debate, on the minimum wage amendments.

The two salient provisions of this bill are, first, the minimum wage is raised from a present rate of $2.30 an hour to $2.65 an hour beginning January 1, 1978. Thereafter there is a raise each year according to a formula prescribed in the bill. For the next year, that is beginning January 1, 1979, based on the average industrial wage the increase shall be 52 percent of the average industrial wage. Effective January 1, 1980, the increase will be 53 percent of the average industrial wage and after that each year there shall be a 53-percent increase of the average industrial raise, which shall fix the amount of the increase in the minimum wage.

The only other provision that might be mentioned is in respect to tips, which is somewhat controversial. The present law allows the employer to have credit for 50 percent of the present current minimum wage, which is $2.30 an hour. That means the employer would get credit for each employee's tips, paying him the minimum wage for half the minimum or $1.15.

Under the formula provided in this bill,

instead of the amount of credit being 50 percent of the minimum wage accredited the employer, there will be a fixed amount. Between 1978 and 1981 there will be a reduction of 5 cents each year, so by 1981 the amount the employer will be able to get credit for toward payment of the minimum wage will be $1 an hour.

Those are the two salient provisions of the bill.

Mr. Speaker, may I just add this personal note. There are always those who are against the minimum wage. I found that out rather painfully in 1938 when I ran the first time for U.S. Senator from Florida. I was attacked with remarkable bitterness and almost vengeance by those who said I was a traitor to the South because I was advocating the proposed minimum wage at that time. Do Members know how much it was? Twenty-five cents an hour.

They said it was going to ruin the South. It came to be one of the best things the South ever had happen to it. It not only raised the standard of living of the recipients of that minimum wage but in addition to that it gave purchasing power to the South that encouraged industry and agriculture and manufacturers—the whole economic process.

Now, we come to the necessity of going further forward in giving a decent recognition to the right of the poorest paid of our people to receive a decent minimum wage. Here, instead of having to legislate on the matter periodically by the calendar, a formula has been established by which the minimum wage shall be increased according to a percentage of the increase in the average industrial wage.

So this is a meritorious measure, Mr. Speaker. I hope the rule will be adopted.

Mr. LATTA. Mr. Speaker, as has been pointed out by the very able gentleman from Florida, this rule provides for 1 hour of general debate for consideration of H.R. 3744, the fair labor standards amendments, more commonly known as the minimum wage bill.

As has been noted, the rule makes the committee substitute in order as an original bill for the purpose of amendment.

The rule also waives points of order against the committee substitute for failure to comply with the germaneness rule. This waiver is necessary because the committee substitute amends several sections of the Fair Labor Standards Act, which were not amended by the introduced version of the bill.

H.R. 3744 amends the Fair Labor Standards Act of 1938 to increase the minimum wage from the current $2.30 to $2.65 in 1978 and provides for automatic annual adjustments by "indexing" to $2.89 in 1979 and $3.15 in 1980.

The bill also reduces the allowable "tip credit" against the minimum wage from 50 percent of the minimum wage to a $1 constant in 1981 and fails to address the youth unemployment situation.

Mr. Speaker, in listening to the presentation of this bill before the Committee on Rules, I began to wonder who is really going to benefit and who is going to suffer. I feel the low-income people this is designed to benefit will suffer increased unemployment. Perhaps big labor will benefit. Every time we pass this kind of bill, big labor comes along and gets higher wages and benefits, so I can see the reason why big labor is always for these minimum wage bills.

In the last several days the newspaper stated that the Secretary of Labor opposed the change in the tip credit, which is different from the earlier position of the administration. Apparently, they are still making up their minds downtown what they are for and what they are against in this bill.

Hopefully, during the recess the people back home, especially in small business, who will be adversely affected by the change in the tip credit, will speak out and let Members of Congress know where they stand on this bill.

Mr. Speaker, with that, I yield 5 minutes to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Speaker, I would like to examine very briefly with the House some of the history behind the minimum wage law in the context of what we are contemplating to do in this particular bill.

Back in the thirties, when there was a great deal of support for this idea, it was predicated on fear of the depression. There was a great deal of fear at that time that wages might be ratcheted downward. As a result, we took action with a view to establishing a base wage. We have successfully built on that.

I find, in the context of the historical reasons for the minimum wage, something of a paradox in today's discussion of indexing those wages upwards. We are turning around the initial premise of the bill. If indexing the bill downward in the thirties was bad, indexing upward would be equally bad in the seventies.

But to get to the point the ranking minority member made, about the sponsors, the great movers and shakers behind the minimum wage law, it has always struck me that those in organized labor were the chief people who were the motivating forces behind the passage of this kind of legislation; yet they are the ones virtually untouched by it. It is not the 22 million people in the unions who are affected; rather, it is addressed to the 75 million who are outside. On the one hand, this is a commendable expression of compassion and concern.

On the other hand, when one looks at the most favorable analysis of how this is going to benefit those at the lowest poverty levels, one realizes, in fact, that it is a smokescreen.

It is self-serving because what it does for those who are within the unions is to pressure their wages upward. Secondly, it has an enormously adverse impact on employment. Every time we increase the minimum wage, it creates job security for those fortunate enough to be in unions. So, I think the union motivation is clear.

But, I think we have to measure the social consequences, too. We have recently seen the horrible demonstration by people without hope, without job opportunities, in New York City. In no way do I mean to excuse those people for the acts they committed when the lights went out, but on the other hand, the Members heard Jesse Jackson explain to us, "What could you expect?" The problem is not confined to New York. When people do not have jobs and have no prospects for jobs, there is a problem. If Members would look at the study made by Prof. Yale Brozen at the University of Chicago, after we raised the minimum wage law to $1.65, they will note we threw a million people out of work.

In addition to that, if Members will examine which part of the job sector was most adversely affected, it was the teenagers, those in the 16- to 19-year age bracket; and more specifically, minority teenagers; and more specifically still, black teenagers. Looking at the unemployment rates today, we have a rate in the neighborhood of 7.3 percent. The unemployment rate for all teenagers is a little over 18 percent, but the unemployment rate for black teenagers is over 40 percent.

Members can check, but when we increased the minimum wage in 1956, 1966, and 1967, there was a dramatic escalation in the unemployment rate for black teenagers on each occasion. As a result, I would argue that if there were no other violent negative economic impact from increasing the minimum wage, there is a violent social impact.

We are paying for it already, and I predict that if we continue, and particularly if we index the minimum wage, and especially if we go along with this proposal to reduce tip credits, we are going to aggravate the awful cost to this society. I think, for these reasons and because of the economic impact resulting from throwing these people out of work and then trying to compensate by creating a job program run by Government, thus further injuring capital formation in the private sector, this body should vote no on this rule. And if the rule unfortunately should go through, then I think a vote against the legislation is justified.

Mr. SYMMS. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Idaho.

Mr. SYMMS. I compliment the gentleman from Illinois for having a very profound and intellectual approach to the problem of the minimum wage law. Unfortunately, the people who support a minimum wage law—who do so in good faith—are in fact hurting the very people they set out to help. I have often told some of my constituents who sometimes think it might be a good idea and that it would help the unfortunate, that the real wages in this country come from productivity.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. LATTA. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. SYMMS. If wealth could be increased through minimum wage laws, then we could go to some country such as India and raise the minimum wage to $5 an hour and there would be instant

prosperity. But, it just does not work that way because increases in real wages come from productivity.

Mr. CRANE. I could not agree more with the gentleman. I think that if one wants to carry this to its most absurd point, we could grant people a minimum wage of $100 or $1,000 per hour. Everyone knows the impact this would have in ratcheting up all other wages. Ultimately, it redounds to the disadvantages of the very people who think they are the beneficiaries, the ones in the unions, because they are also consumers and they will pay higher prices.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Speaker, I heard on the news last evening that the Secretary of Labor, in testifying, said that this will cost 90,000 jobs. But he said, "Don't worry about those 90,000 jobs because we are making it up with hundreds of thousands of public service jobs."

My question is this: That may be true. But what happens to the 90,000 jobs? Who pays for the public service jobs?

Mr. CRANE. The consumers and taxpayers.

Mr. LATTA. Mr. Speaker, I yield 7 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, the rule that we have before us providing for the consideration of H.R. 3744 is an open rule, and for that reason I do not oppose the rule per se. I am somewhat disappointed, however, that in spite of the fact that the gentleman from Kentucky (Mr. PERKINS), the chairman of our committee, and the gentleman from California (Mr. PHILLIP BURTON), who is managing the bill before the Committee on Rules, as I recall, asked for a 2-hour rule—and I supported the amount of time that was requested, the 2-hour rule—we have before us a rule for only 1 hour of general debate on this very important topic.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I will be happy to explain that. The chairman of the Committee on Rules was very thrifty with the time.

Mr. CRANE. Mr. Speaker, I thank the gentleman for his explanation as to why there was a 50-percent reduction in our minimum time when we are considering the minimum wage. This is a very important subject and one that is highly controversial, any time we are considering raising the minimum wage. And I think we could easily have used the full 2-hour rule. I am disappointed that the rule is only 1 hour. I expect, however, that can be made up for in the generous use of the 5-minute rule during the amending process.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

Mr. Speaker, as a matter of record, though, on July 19 the chairman of the committee, the gentleman from Kentucky (Mr. PERKINS), wrote the chairman of the Committee on Rules and requested only 1 hour.

Mr. ERLENBORN. I thank the gentleman. I was referring to what I recall—and I could be corrected if I am wrong—that in the oral presentation in the Committee on Rules the amount that was discussed was 2 hours.

There are three major controversial areas in this minimum wage bill which we will be considering. The first is indexing the minimum wage in the future so that the Congress will not have to turn its attention to this question again. Second is the lack in the bill of any provision for a youth differential or youth opportunity wage. And the third is the change in the proposed bill on the treatment of tips for tipped employees.

During the consideration of the bill I will be offering an amendment relative to the indexing of the minimum wage in the future. My observation is that we have been elected to consider legislation from time to time to make value judgments in light of the circumstances as they exist from time to time. The adoption of an automatic formula for increasing the minimum wage will be doing our job for us in the future. In other words, instead of doing the job that we are elected to do in the future, we are going to have the operation of a mindless, thoughtless rule that, regardless of the economic conditions existing from time to time, will provide for changes annually in the minimum wage. I think it is also an adoption by this Congress, should we do it, of a concept that inflation is here for the indefinite future and we might as well relax and enjoy it; and we are going to provide for an automatic increase in the minimum wage on January 1 of each year after the formula takes over.

This philosophy, if we do adopt it, will be reflected in what is demanded by employees generally in the economy. They will expect annual increases in their wages, at least commensurate with the amount of increase provided for the minimum wage earners.

As for the tip credit, as I explained in the Committee on Rules, what is called the tip credit, which appears to be some sort of a favor granted to the employers, is merely a limitation on what the employer should be able to deduct. What we are talking about here is wages of employees.

For tipped employees, those wages really are a combination of two things: The amount paid by the employers, plus the amount they earn in tips. Rather than providing that the full tip is to be counted toward the minimum wage, the law now limits the deduction for tips to 50 percent of the minimum wage, but the employee is guaranteed the minimum wage. This bill will phase that tip credit down to $1 and freezes it at $1 for the indefinite future.

In the not too far distant future, when we get to a $4 minimum wage, that will mean we will have a 25-percent-tax credit instead of a 50-percent-tax credit. As the wage goes up, the percentage of the tip credit will be reduced.

We heard very eloquent testimony by tipped employees before our Committee on Education and Labor from witnesses who said, "Please don't do us this so-called favor, because if you are going to force the cost of meals and restaurants up, we will have fewer customers."

These waitresses said, "If you are going to cause the cost of meals in restaurants to increase, our employers are going to have fewer customers."

Fewer customers will mean fewer tips, and their wages will be reduced actually.

We are talking about tipped employees who are making $6, $8, or $10 an hour. They do not need this sort of treatment, as compared to those who are actually working for the employer's wage alone.

The most important deficiency in this bill is the lack of any accommodation for hiring teenagers. I am going to join with the gentleman from Wisconsin (Mr. CORNELL), the gentleman from Illinois (Mr. SIMON), and the gentleman from Illinois (Mr. ANDERSON) in offering a youth opportunity wage amendment. It will build upon the student differential now in the law. It will make that student differential workable.

Now full-time students may be hired at a wage rate which is 85 percent of the minimum wage for part-time work. The youth opportunity wage amendment will provide similar treatment for the first 6 months of employment to those who are under the age of 19.

There is broad bipartisan support for this sort of a provision to encourage the hiring of this most disadvantaged group of young people who are suffering from an extremely high unemployment rate.

Mr. RONCALIO. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Speaker, let me ask the gentleman this:

What age would be the youngest at which they could be employed if they are full-time students?

Mr. ERLENBORN. If they are full-time students, they would be subject to the applicable child labor laws, but they could be hired at 85 percent of the minimum wage rate as long as they are full-time students.

As far as those who are not students are concerned, it would apply to those teenagers up to the age of 19 for the first 6 months of employment, and during that time they could be hired at 85 percent of the minimum wage rate.

Mr. Speaker, I hope that when this bill is considered, that amendment will be adopted.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. STANGELAND).

Mr. STANGELAND. Mr. Speaker, thank you for this opportunity to express my views on H.R. 3744.

For years proponents of increases in the minimum wage have stated that in-

creases are necessary in order to maintain a decent standard of living for workers. While I am for a decent standard of living for the American worker, I believe the facts show that increases in the minimum wage often hurt, more than help workers.

Recent evidence shows that increases in the minimum wage create unemployment and inflation. The minimum wage hurts those groups that are the most economically disadvantaged—primarily women, the elderly, the mentally and physically handicapped, young people, and racial minorities. When the minimum wage goes up, if these groups are not productive enough to merit these increased wages, they will in most cases be replaced by more cost-effective procedures or equipment. This situation increases operating costs for businesses which either have to pass these costs on to the consumer, in the form of higher prices, or cut back on production. Smaller businesses may be forced out of business entirely.

Productive people are unemployed and higher prices confront consumers with increases in minimum wages. Recently proposed changes in the minimum wage law include indexing future increases, and new limitations on overtime and tip credits. These changes could mean the loss of 58,000 jobs in Minnesota—12,000 jobs for adult women, 1,200 jobs for blacks and other young male minorities, and 2,000 jobs for older workers. This would also mean a 3.1-percent increase in consumer prices.

This fact is well substantiated when I look at what happened in Minnesota, at the time when we in that State passed minimum wage. In my own community, small cafes that employed as many as six to eight high school girls on a part-time basis, closed up booth service in favor of counter service and switched strictly to a husband and wife situation. Other small business either curtailed their business and eliminated positions for young students or sought to hire older and more productive people.

My Seventh Congressional District has the largest number of resorters in Minnesota. These resorters were a prime source of employment for girls of high school or early college age. When minimum wage took effect the resorters stopped hiring these age groups and went to older persons. Again, because of more productivity and permanence.

I cannot, in good conscience, support a proposal that is so damaging to the economic well-being of the American worker and the American economy. I hope this committee bears this in mind as it considers H.R. 3744.

Mr. Speaker, this concludes my remarks.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I will reserve my time until September, when hopefully we will debate this bill, and I do this in the interest of expediting matters.

Mr. Speaker, I yield back the balance of my time.

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. DANIELSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 331, nays 44, not voting 58, as follows:

[Roll No. 486]

YEAS—331

Addabbo	Corcoran	Hagedorn
Akaka	Corman	Hall
Alexander	Cornell	Hamilton
Allen	Cornwell	Hanley
Ambro	Coughlin	Harkin
Ammerman	Cunningham	Harris
Anderson, Calif.	D'Amours	Harsha
	Daniel, Dan	Hawkins
Anderson, Ill.	Danielson	Heckler
Andrews, N.C.	Davis	Hefner
Andrews, N. Dak.	de la Garza	Heftel
	Delaney	Hightower
Annunzio	Dellums	Hillis
Applegate	Derrick	Holtzman
Ashley	Derwinski	Howard
Aspin	Dickinson	Hubbard
AuCoin	Dicks	Huckaby
Badillo	Diggs	Hughes
Baldus	Dingell	Hyde
Barnard	Dodd	Ichord
Beard, R.I.	Downey	Ireland
Bedell	Drinan	Jacobs
Bellenson	Duncan, Oreg.	Jenkins
Benjamin	Duncan, Tenn.	Jenrette
Bennett	Eckhardt	Johnson, Calif.
Bevill	Edgar	Johnson, Colo.
Biaggi	Edwards, Ala.	Jones, N.C.
Bingham	Edwards, Calif.	Jones, Okla.
Blanchard	Eilberg	Jones, Tenn.
Blouin	Emery	Jordan
Boggs	English	Kasten
Bolling	Erlenborn	Kastenmeier
Bonior	Ertel	Kazen
Bonker	Evans, Colo.	Kelly
Bowen	Evans, Ga.	Kemp
Breaux	Evans, Ind.	Keys
Breckinridge	Fascell	Kildee
Brinkley	Fenwick	Kostmayer
Brodhead	Findley	Krebs
Brooks	Fish	Krueger
Brown, Calif.	Fisher	LaFalce
Brown, Mich.	Fithian	Lagomarsino
Brown, Ohio	Flood	Le Fante
Broyhill	Florio	Leach
Buchanan	Flowers	Lederer
Burgener	Foley	Leggett
Burke, Calif.	Ford, Mich.	Lehman
Burke, Fla.	Ford, Tenn.	Lent
Burlison, Mo.	Forsythe	Levitas
Burton, John	Fountain	Lloyd, Calif.
Burton, Phillip	Fowler	Lloyd, Tenn.
Byron	Fraser	Long, La.
Caputo	Frenzel	Long, Md.
Carter	Frey	Lott
Cavanaugh	Fuqua	Lujan
Cederberg	Gammage	Luken
Chisholm	Gaydos	Lundine
Clausen, Don H.	Gephardt	McCloskey
	Giaimo	McCormack
Clay	Gibbons	McDade
Cleveland	Gilman	McEwen
Cochran	Glickman	McFall
Cohen	Gonzalez	McHugh
Collins, Ill.	Gore	McKay
Conte	Gradison	Madigan
Conyers	Gudger	Maguire
Mann	Pease	Steers
Markey	Pepper	Steiger
Marks	Perkins	Stockman
Marlenee	Pettis	Stokes
Marriott	Preyer	Stratton
Martin	Price	Studds
Mathis	Pritchard	Stump
Mattox	Pursell	Thompson
Mazzoli	Quie	Thornton
Meeds	Rangel	Treen
Meyner	Regula	Trible
Mikulski	Reuss	Tsongas
Mikva	Rinaldo	Tucker
Milford	Risenhoover	Udall
Miller, Calif.	Rodino	Ullman
Miller, Ohio	Roe	Van Deerlin
Mineta	Rogers	Vander Jagt
Minish	Roncalio	Vanik
Mitchell, Md.	Rooney	Vento
Moakley	Rose	Volkmer
Moffett	Rosenthal	Waggonner
Mollohan	Roybal	Walgren
Moore	Ryan	Walsh
Moorhead, Calif.	Santini	Watkins
	Sarasin	Waxman
Moorhead, Pa.	Sawyer	Weaver
Moss	Scheuer	Weiss
Murphy, N.Y.	Schroeder	Whalen
Murphy, Pa.	Schulze	White
Myers, Gary	Sebelius	Whitley
Myers, John	Seiberling	Wiggins
Myers, Michael	Sharp	Wilson, Bob
Natcher	Sikes	Wilson, C. H.
Neal	Simon	Wilson, Tex.
Nedzi	Sisk	Wirth
Nichols	Skubitz	Wolff
Nix	Slack	Wydler
Nolan	Smith, Iowa	Wylie
Nowak	Smith, Nebr.	Yates
Oakar	Snyder	Yatron
Oberstar	Solarz	Young, Alaska
Obey	Spellman	Young, Mo.
Ottinger	Staggers	Young, Tex.
Panetta	Stanton	Zablocki
Patten	Stark	Zeferetti
Pattison	Steed	

NAYS—44

Archer	Dornan	Montgomery
Armstrong	Edwards, Okla.	Poage
Ashbrook	Goldwater	Quayle
Bafalis	Goodling	Rhodes
Bauman	Grassley	Roberts
Broomfield	Guyer	Robinson
Burleson, Tex.	Hammer-schmidt	Rudd
Butler		Satterfield
Carr	Ketchum	Shuster
Clawson, Del	Kindness	Stangeland
Collins, Tex.	Latta	Symms
Conable	McClory	Taylor
Crane	McDonald	Walker
Daniel, R. W.	Mahon	Whitehurst
Devine	Michel	Winn

NOT VOTING—58

Abdnor	Harrington	Railsback
Badham	Holland	Richmond
Baucus	Hollenbeck	Rostenkowski
Beard, Tenn.	Holt	Rousselot
Boland	Horton	Runnels
Brademas	Jeffords	Ruppe
Burke, Mass.	Koch	Russo
Carney	McKinney	Shipley
Chappell	Metcalfe	Skelton
Coleman	Mitchell, N.Y.	Spence
Cotter	Mottl	St Germain
Dent	Murphy, Ill.	Teague
Early	Murtha	Thone
Evans, Del.	O'Brien	Traxler
Fary	Patterson	Wampler
Flippo	Pickle	Whitten
Flynt	Pike	Wright
Ginn	Pressler	Young, Fla.
Hannaford	Quillen	
Hansen	Rahall	

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Mr. Horton for, with Mr. Coleman against.

Mr. McKinney for, with Mr. Rousselot against.

Mr. Young of Florida for, with Mr. Hansen against.

Until further notice:

Mr. St Germain with Mr. Chappell.

Mr. Brademas with Mr. Flippo.
Mr. Hannaford with Mr. Pickle.
Mr. Ginn with Mr. Murtha.
Mr. Baucus with Mr. Early.
Mr. Carney with Mr. Koch.
Mr. Wright with Mr. Rahall.
Mr. Cotter with Mr. Runnels.
Mr. Dent with Mr. Abdnor.
Mr. Patterson of California with Mr. Evans of Delaware.
Mr. Boland with Mr. Flynt.
Mr. Harrington with Mr. Hollenbeck.
Mr. Holland with Mr. Badham.
Mr. Metcalfe with Mrs. Holt.
Mr. Mottl with Mr. Mitchell of New York.
Mr. Richmond with Mr. O'Brien.
Mr. Rostenkowski with Mr. Pike.
Mr. Russo with Mr. Beard of Tennessee.
Mr. Murphy of Illinois with Mr. Quillen.
Mr. Shipley with Mr. Railsback.
Mr. Skelton with Mr. Pressler.
Mr. Traxler with Mr. Jeffords.
Mr. Whitten with Mr. Ruppe.
Mr. Thone with Mr. Wampler.
Mr. Spence with Mr. Badham.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT ON MONDAY, TUESDAY, AND WEDNESDAY, AUGUST 1, 2, AND 3, 1977, DURING 5-MINUTE RULE

Mr. SCHEUER. Mr. Speaker, I ask unanimous consent that the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce may be permitted to sit on Monday, Tuesday, and Wednesday next during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I think we ought to set some kind of rule now for next week. If we are going to be asked to debate the energy bill next week and we are going to have the usual 25 committees sitting at the same time, that is doing a disservice to the House and to the people, so we should decide that now.

Therefore, Mr. Speaker, I am asking the Republicans on this side to stand up and object as I object.

The SPEAKER pro tempore. Objection is heard.

LEGISLATIVE PROGRAM FOR WEEK OF AUGUST 1, 1977

(Mr. RHODES asked and was given permission to address the House for 1 minute.)

Mr. RHODES. Mr. Speaker, I take this time to inquire of the distinguished gentleman from Illinois (Mr. ROSTENKOWSKI) as to the program for the balance of the week and for next week.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. I thank the gentleman for yielding.

Mr. Speaker, in answer to the question of the minority leader, I would like to read the program for next week.

On Monday the House meets at noon. We will call the Consent Calendar but there are no bills under suspension.

We are going to consider H.R. 8444, the National Energy Act, under a modified open rule, with 1 legislative day for general debate only.

On Tuesday the House meets at 10 a.m. We will call the Private Calendar, and there are no bills under suspension.

We will consider H.R. 8444, the National Energy Act, and will continue consideration until 7 p.m.

At that particular time the Committee will rise and the House will take up the conference report on H.R. 7555, the Labor-HEW appropriations bill. We will continue consideration of the Labor-HEW appropriations bill until it is concluded.

On Wednesday and for the balance of the week the House will meet at 10 a.m. each day to further consider H.R. 8444, the National Energy Act, and we hope to complete consideration.

We will rise each day at 7 p.m., and the House will consider conference reports until approximately 8 p.m., with the exception of Tuesday.

Conference reports may be brought up at any time. Any further program will be announced later.

Mr. RHODES. May I ask the distinguished acting majority leader a question. I have the impression, which the tentative seven gives, that on the completion of the National Energy Act, the House will then adjourn for the August recess. Is this correct? That will complete the business of the week, the completion of the National Energy Act?

Mr. ROSTENKOWSKI. At this point that is the intention of the leadership.

Mr. RHODES. May I ask, the gentleman says "at this point," is there any intention on the part of the leadership to schedule any further business?

Mr. ROSTENKOWSKI. Not at this time.

Mr. RHODES. I thank the gentleman from Illinois.

REQUEST FOR PERMISSION TO DISPENSE WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. ASHBROOK. Mr. Speaker, I object.

The SPEAKER pro tempore. The gentleman objects to the request to dispense with the business in order under the Calendar Wednesday rule on Wednesday next?

Mr. ASHBROOK. That is correct, Mr. Speaker, I object.

ADJOURNMENT TO MONDAY, AUGUST 1, 1977

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

RESULTS OF 15TH ANNUAL PUBLIC OPINION POLL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina, (Mr. BROYHILL) is recognized for 5 minutes.

Mr. BROYHILL. Mr. Speaker, it is a pleasure for me to share with my colleagues the results of my 15th annual public opinion poll. Ever since coming to the Congress in 1963, I have sought to keep informed of my constituents' views on key issues facing the Congress. My annual questionnaire has been a principal means of surveying public opinion in the district. The results this year have been especially helpful to me as I have worked to represent the views and interests of the residents in North Carolina's 10th District.

I was delighted that over 15,000 persons responded to my questionnaire. This year's poll contained 11 questions covering a broad range of domestic and international issues.

The issue which elicited the strongest response dealt with whether members of the armed services should be allowed to form or join labor unions. Over 95 percent of those responding were opposed to union activity among the Nation's military personnel. I have, therefore, introduced legislation which would make it illegal for members of the armed services to join labor unions.

Those who responded to this year's poll were also overwhelmingly of one mind on the issue of public financing of congressional elections. Eighty-two percent of those responding opposed the concept of Federal tax dollars being used to fund congressional campaigns. I think these statistics are very significant in light of the strong campaign by organized labor and other groups to encourage support for public financing.

Interestingly, the question which drew the most evenly divided response was that which asked whether there should be a limitation on the number of consecutive terms a Member of Congress could serve. Approximately 48 percent of those responding favored such a limitation, and 45 percent were opposed.

North Carolina is one of 20 States which have right-to-work laws prohibiting compulsory union membership. Of those responding to my questionnaire, nearly 79 percent opposed any Federal legislation which would infringe on North Carolina's authority to retain its right-to-work law. I think it is clear that my constituents value the freedom of association which North Carolina's right-to-work law guarantees, and op-

pose any Federal intervention in this area.

Recognizing the closeness of last November's Presidential election, I asked my consitituents whether or not they favored abolishing the electoral college system. Slightly over 70 percent of those who answered this question were in favor of basing the Presidential election solely on the Nation's popular vote.

Since the President had just introduced his energy package, I sought my constituents' views on three energy topics. Over 71 percent of the respondents favored tax credits for home insulation improvements. I was a principal sponsor of legislation providing tax credits for homeowners who make their residence more energy efficient. Naturally, I am pleased that the energy package, as reported from committee, contains this important provision.

Better than 75 percent of those who answered my questionnaire were opposed to the Presidents' proposal to increase the Federal tax on gasoline, even if the revenues were to be used for energy research and development. Clearly, residents of my district feel there are better ways to cope with the energy crisis than raising taxes, as the President insists on doing.

Since there have been numerous studies which have reported energy savings from increased use of nondisposable beverage containers, I asked my constituents whether they favored a ban on disposable bottles. Better than two-thirds of those answering this question were in favor of banning disposable bottles.

In the area of national defense, I asked whether or not my constituents would support instituting the draft if it were necessary to maintain adequate military manpower levels. A resounding "yes" was the response of nearly 85 percent of those polled, indicating clearly that my constituents favor whatever steps are necessary to insure this Nation's ability to defend itself.

I also asked my constituents their opinion of reducing troop levels in Korea and Western Europe. Less than 40 percent of the respondents favored reducing troop strength in Korea, while almost 50 percent were opposed. Similarly, 34 percent favored reducing troop levels in Western Europe, while nearly 53 percent were opposed. I think it is reasonable to conclude from these statistics that a solid majority would not support the President's decision to remove all troops from Korea.

I also asked my constituents if they favored my continuing to send them a questionnaire. An incredible 96 percent of those who responded answered "yes." I believe this is indicative of the fact that those whom I represent want me to be aware of their views, and I intend to continue seeking their views on a regular basis. I also believe the responses indicate that my constituents are aware and concerned about issues before the Congress. Certainly, I am grateful to each and every one of those who took the time and effort to share their views with me. Their response is a fine example of government in action.

THE PLIGHT OF THE ABRAMOVICH FAMILY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, we are told that the lives, occupation, religion, and welfare of Pavel Peretzovich Abramovich, his wife, Martha, and their son, Felix, are the "internal affairs" of the Soviet Union. We are told by Mr. Brezhnev that the Soviet Russian imperial policy does not "tolerate interference in our internal affairs by anyone and under any pretext." Further we are told that in the U.S.S.R. "there are no oppressed, exploited classes; there are no oppressed exploited nationalities."

Why then have we, as Members of Congress, inaugurated such efforts as last Congress' "Orphans of Exodus," and this year's "Helsinki's Unfulfilled Promise."? Although we would like to believe that the Soviet Union, as a signatory of the Helsinki Accords, no longer denies human rights to the 260 million persons in the Soviet Union, the facts speak differently.

I have the honor to speak today on behalf of the Abramovich family. Pavel Abramovich, formerly a respected electronic engineer, first applied for a visa, in February of 1971, to emigrate with his wife and son to Israel. Six years later they are still being denied that right for reasons of "state interest." What made Pavel Abramovich a matter of "state interest?" Simply applying for a visa. Not only was his visa denied, but he was fired from his job and has been refused all work since. Abramovich now lists his occupation as a Hebrew teacher. This change in occupation would be unremarkable in any place except the Soviet Union, where it is impossible to obtain textbooks, training, or the official recognition accorded teachers of other foreign languages. Considered the tongue of anti-Soviet "Zionists," Hebrew is offered only to a few Russians who are studying ancient languages. There is no education for future rabbis in the Soviet Union, and for most, Hebrew is forbidden. Pavel Abramovich one of a small band of heroic figures in Moscow as he is a Hebrew teacher. Most Hebrew teachers in the Soviet Union are self-taught, and all are dedicated to a future in Israel, the land where their beloved language will be finally put to use.

Throughout the long wait for permission to emigrate, Pavel has demonstrated amazing courage and strength on behalf of other Soviet Jews. He has publicly renounced his Soviet citizenship, claiming instead, Israeli citizenship. He has sent appeals to the United Nations Human Rights Commission, issued press statements, and been arrested on several occasions for demonstrating in protest of treatment afforded Jews in Russia. His home has been raided and personal property confiscated by Soviet authorities. During these raids his typewriter and books on Jewish history were confiscated and, as recently as December of 1976, his home was searched and his tape-recordings of Jewish songs and Hebrew lessons were taken.

Last May, Abramovich and 20 other activists were visited by agents of the KGB, who warned them that unless they found work within a short time period they faced arrest for "parasitism." Parasitism is the Russia's "Catch 22." When a person is fired from a job because of activities against the "state interest," most job opportunities are subsequently closed to them and they are then accused of "parasitism." Adding to the tragic plight of the Abramovich family is Pavel Abramovich's grave illness. I would like to quote from a letter written by Pavel's mother, Mrs. Dora Abramovich, an old age pensioner in Moscow, to Brezhnev:

> In 1972, my son started suffering from a grave illness—tuberculosis of both eyes, and now he is still under observation. It is now six years since my son applied for emigration and it is now six years since he left the 'closed institution' where he worked. For the last 4, 5 years he has not been working in his profession. I am asking now: How many times should these numbers be multiplied in order that my son could, at last leave?

For those who may doubt and scorn our efforts to make known the plight and suffering of persons in the Soviet Union, let me share the following, written by Alexander Solzhenitsyn:

> Human nature is full of contradictions and puzzles. One of these is: How comes it that people crushed by the burden of sheer slavery and cast into the depths, nevertheless find in themselves the strength to rise and free themselves, first in the spirit, then in the flesh—whereas those who soar unhindered over the pinnacle of freedom suddenly lose the taste of freedom and the will to defend it, and begin, hopeless and disoriented, almost to long for slavery?

COVERUP BREAK DOWN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, as Attorney General Griffin Bell said, the Korean scandal has, at the very least, "cast a cloud over Congress." I firmly believe we must act expeditiously to determine any wrongdoings, and will certainly support efforts to do just that.

Recently, several courses of action have been proposed. I, for one, have supported the appointment of a Special Prosecutor. However, my good friend and colleague from Illinois, BOB MICHEL, advanced an idea several years ago, right after the Watergate scandal, and it may very well still be applicable today. BOB MICHEL suggested a permanent investigatory committee be set up, headed by whichever party in Congress was different from the President's party. The merit of this type of proposal is obvious, and I commend my colleague for his idea. Congress should give it serious consideration.

Undoubtedly some people back home in Illinois think so too, as evidenced by a hard-hitting editorial in the Peoria Journal Star. Thinking it might be of some interest to my colleagues, I ask

unanimous consent that the text of the editorial, "Cover-Up Breaking Down," be printed in the RECORD immediately following my remarks. Thank you.

The editorial follows:

"COVER-UP" BREAKING DOWN

We have had the unprecedented situation of late where Patrick Buchanan, whom we contract because he's about as far Right as any columnist around—and Mary McGrory, who is about as far Left as any—both have written to blast the "cover-up" of many months of the Korean scandal.

A week ago, McGrory wrote: "You don't have to be a Republican to think a special prosecutor for the Korean scandal might be a good idea. Just because John Connally is for it is no longer sufficient reason to be against it.

"The way things are going, both in the Justice department and the House ethics committee, we could be well into the next century before we find out anything.."

That's a hint of how the heat finally built up from both left and right, flaming highest when the House Ethics committee canned its chief investigator, and now has come the surprise appointment of Leon Jaworski to that job—in an effort to quiet the uproar.

It ought not succeed . . . but it might.

The truth is the press was almost as sluggish as the politicians to push on the Korean bribe investigation but—as we forecast a couple of years ago—the press corps has a tougher time forgetting the special rules that were invented for Watergate. The press and Congress that made those new rules and invented a philosophy to justify them are, to some extent stuck with them, now.

The question now is whether they are going to slide off those rules by just bringing back an old Watergate name—Jaworski.

It's the same guy . . . but it's not the same treatment.

Jaworski, like Cox before him, was named special prosecutor because he was Lyndon Johnson's lawyer and friend and not another Republican investigating a Republican president. In addition, the staff was not only also Democratic, but a long list of McGovernites, famed Nixon-haters.

It is not the same thing when you come to investigate a Democratic Congress and you decide to do it with a Democratic staff for a Democratic-run committee with Johnson's old lawyer as chief prosecutor. It's Jaworski in the opposite position that he was in during Watergate as well as a different job. His Watergate investigations were properly—and by law—secret, with evidence presented to a grand jury. There was nothing secret about the committee investigations which were held before TV cameras . . . because of the nation's "need to know."

Will those rules be switched, now, too? And the continued suppression of facts carried out behind the mask of a familiar name? Jaworski's?

Maybe not. Maybe the press corps will have trouble juggling the rules as freely as the politicians—but I'd hate to bet on it.

One thing ought to be clear in all this: that it is one thing to have a Democratic Congress investigate a Republican President, and a friend of Lyndon Johnson be special prosecutor of a Nixon on behalf of the Justice department . . . and it is something else, and a real problem, to have a Democratic President and Justice Department investigate a Democratic Congress—or to have that Congress investigate itself, by hiring Lyndon's old buddy.

As it happens, our own representative, Robert Michel, anticipated such a problem and proposed on the heels of Watergate when "reform" laws were being discussed, that the ultimate reform action would be to establish a permanent investigating committee for government operations headed by whichever party in Congress was different from the President's party.

He said that Watergate showed how zealously an opposition party could investigate any sign of misconduct, and such an arrangement should be made a permanent feature. (Gerald Ford, a Republican was president at the time. The proposal would have changed nothing, then. It was farsighted.)

Subsequent events have shown, in turn, that similarly zeal is hard to find when there are first sex scandals and then bribe problems in the Congress, itself.

Michel was right.

There ought to be a funded Congressional investigating committee, and it should always be staffed and headed by the opposition party, whichever one that might be.

But these guys will do anything to avoid that—even to ultimately playing this one case straight

That would protect them for future cases.

Michel's proposal would not protect them.

It would protect us.

Bring it up again, Bob. Maybe the press, at least, will listen this time.

C. L. DANCEY.

MR. FASCELL INTRODUCES H.R. 8603

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 5 minutes.

Mr. WHALEN. Mr. Speaker, the gentleman from Florida (Mr. FASCELL) yesterday introduced H.R. 8603, a bill to require the Office of Management and Budget to provide information on the formulas and assumptions used in the distribution of domestic assistance. I am pleased to be a cosponsor of this bill.

This legislation would guarantee that Congress and the public would know exactly what criteria the executive branch uses when it determines how funds are to be allocated among local jurisdictions. Congress has, in recent years, relied more and more on complex statistics and formulas to funnel Federal assistance to those areas where the need is greatest. Billions of dollars now change hands on the basis of such data as population statistics, unemployment percentages, per capita income, and local tax rates. Slight changes in any of these numbers, or a reworking of a formula, or an assumption made by an agency, can result in one community losing or gaining millions of dollars in Federal funds.

The more Congress relies on these data, the more it becomes our duty to make certain that our intent is carried out by those in the executive branch. Several Members of Congress, in both Houses, have noted that the Economic Development Administration recently disregarded congressional intent and chose not to accept unemployment figures from State and local governments. Many small communities, including some in my district, were thereby left out of the $4 billion public works jobs program. This is exactly the kind of abuse that H.R. 8603 is designed to prevent.

Better information on the criteria used for allocating Federal funds will serve as a reminder to Congress that the programs we devise are affected by the accuracy of the statistics upon which these programs are based. Thirty billion dollars, according to one estimate, changes hands on the basis of the unemployment rates alone. Congress has recognized the need for more accurate unemployment statistics. Many Members will recall that a year ago this Chamber passed legislation originated by our former colleague from Delaware, Mr. du Pont, to create a National Commission on Employment and Unemployment Statistics. As a cosponsor of that bill, I was disappointed to learn that the Commission has yet to meet. Though a chairman for the Commission has been nominated, the other eight members of the panel have yet to be announced. It is my hope that the White House will move soon on these nominations.

Finally this legislation will help us find more equitable and more precise formulas for distributing Federal funds. That there is a need for better formulas there can be no doubt. Recently the General Accounting Office issued a report that showed that while the antirecession assistance program is helping many of the Nation's communities, "a better formula for distributing antirecession funds is essential for the program to be more effective." By requiring the Office of Management and Budget to state the formula used, Congress and the public will be made more aware of the funding process, and more alert to ways of improving it.

For these reasons, Mr. Speaker, I urge speedy action on this legislation.

CAPTIVE NATIONS WEEK, 1977

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, the 1977 Captive Nations Week observance was a successful and sustained one. The Bicentennial congressional document, "The Bicentennial Salute to the Captive Nations," was widely distributed both here and abroad, and numerous references have already been made to this concise and impressive addition to our national archives.

As this and subsequent reports on the week will show, Americans in all sections of the country as well as friendly allies viewed it morally important to observe this significant week. The various types of observance emphasized that human rights as a policy guide will come to naught unless it is primarily applied to the totalitarian Communist world in which all the captive nations are situated.

In selected manner, Mr. Speaker, I wish to submit the full text of the Presidential proclamation of Captive Nations Week; the proclamation of Gov. Raul H. Castro, of Arizona; that by Mayor Abraham D. Beame of New York City; the inspiring statement of President George Meany of the AFL–CIO, who is also honorary chairman of the National Captive Nations Committee; the message sent to all Senators and Representatives by Dr. Lev E. Dobriansky

of Georgetown University, who is NCNC's chairman, and an editorial "Captive Nations Week Observance" and also a short article "Captive Nations Week" that appeared in the July 14 issue of the Philadelphia organ, America:

THE WHITE HOUSE,
July 20, 1977.

CAPTIVE NATIONS WEEK, 1977

(By the President of the United States of America)

A PROCLAMATION

Since 1959 the Congress, by joint resolution (73 Stat. 212), has authorized and requested the President to designate the third week in July as Captive Nations Week.

Our own country was established on a profound belief in national self-determination. Throughout our history we have sought to give meaning to this principle and to our belief in liberty and human rights.

In recognition of this commitment, now, therefore, I, Jimmy Carter, President of the United States of America, do hereby designate the week beginning July 17, 1977, as Captive Nations Week.

I call upon the people of the United States to observe this week with appropriate ceremonies and activities, demonstrating America's support for those who seek national independence, liberty, and human rights.

In witness whereof, I have hereunto set my hand this twentieth day of July, in the year of our Lord nineteen hundred seventy-seven, and of the Independence of the United States of America the two hundred and second.

JIMMY CARTER.

CAPTIVE NATIONS WEEK

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom loving peoples in the captive nations look to the United States as the citadel of human freedom and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86–90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities and expressing their sympathy with and support for the just aspirations of captive peoples;

Now, therefore, I, Raul H. Castro, Governor of the State of Arizona, do hereby proclaim the week of July 17 through 23, 1977 as Captive Nations Week and call upon the citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of the captive nations.

MAYOR BEAME PROCLAIMS WEEK OF JULY 17 AS "CAPTIVE NATIONS WEEK"

Mayor Abraham D. Beame proclaims the week of July 17, 1977 as "Captive Nations Week" in New York City in ceremonies scheduled for 3:00 p.m. today (Thurs., July 21) in the Blue Room at City Hall. Accepting the proclamation is Dr. Ivan Docheff, Chairman, Captive Nations Week Committee of New York. Attending will be representatives of the Assembly of the European Captive Nations.

PROCLAMATION

The third week of July has been established by unanimous vote of the Congress as Captive Nations Week, inviting all our citizens to observe such week with appropriate prayer and ceremonies to express sympathy and support for the continuing aspirations of captive peoples.

The freedom of the individual is the cornerstone of the American system of government. Supporting the freedom of others has always been a basic principle of our society.

New York City, where so many first experienced individual freedom after fleeing totalitarian systems, continues to maintain a special commitment to those still living in captive nations.

Now, therefore, I, Abraham D. Beame, Mayor of the City of New York do hereby proclaim the week of July 17–23, 1977, as "Captive Nations Week" in New York City, and call upon all our citizens to rededicate themselves to the cause of freedom for all and continue their support of peaceful efforts to liberate oppressed and subjugated people all over the world.

STATEMENT OF GEORGE MEANY, PRESIDENT, AFL–CIO, CAPTIVE NATIONS WEEK, JULY 17–23, 1977

There is no more important and burning issue today than that of human rights. The foundation of civilization and the progress of mankind rest upon individual freedom and political democracy.

Heartened as we are over the emergence of Portugal and Spain as free nations and peoples, trade unionists everywhere are deeply saddened by the continued sway of military dictatorships controlled either by Communist or Fascist elites in both hemispheres.

Hypocrisy too often prevails at international assemblies, as representatives of the most repressive regimes declare their devotion to human rights and human progress, without effective challenge by free nations of the world. In the face of such callous perversions, silence destroys truth and blights the hopes of those in chains and serves the cause of tyranny.

The plight of the self-delusion of much of the West, its blindness or indifference to peoples of Central and Eastern Europe, as well as the Soviet Union itself, dulls the conscience and weakens the security of freedom where it still exists.

Therefore, on the occasion of the Captive Nations Week 1977, the AFL–CIO calls for renewed and much stronger advocacy and action for human freedom. The free nations of the world, and their representatives in international organizations, must be summoned to a combined and concerted effort to assert the cause of human rights and liberties as the dominant issue of our times and to focus the searchlight of world concern on the victims of oppression.

NATIONAL CAPTIVE NATIONS COMMITTEE, INC.,
Washington, D.C., July 11, 1977.

July 17–23 will mark the 19th Observance of Captive Nations Week, which Congress with great foresight provided for in its passage of the Captive Nations Week Resolution that President Eisenhower signed into Public Law 86–90 in July, 1959. With human rights in the ascendancy of our concerns, we appeal to you to participate in this nationwide observance by speaking out in behalf of the human rights of all the captive nations, especially those in the Soviet Union.

The official document you have received, "The Bicentennial Salute to the Captive Nations," shows in striking manner the basic human rights continuity in structured captive nations thought. The volume contains all the essentials on the significance and import of the Week. The current Congressional Record reprint, "Human Rights An Old Hat For Captive Nations," which also has been sent to you, analytically demonstrates that for all the generic categories of human rights—personal, civil and national—the captive nations issue has always been prominently and inextricably intertwined with that of human rights. Indeed, in the aggregate, no part of the world represents a graver denial of human rights, including the right to national independence, than the totalitarian world imprisoning the captive nations.

As the Belgrade conference progresses, the Week is an excellent occasion for us to make these telling points: (1) Basket One in the Helsinki Accords is more important and fundamental than Basket Three for the principle of national self-determination is what captive nations and the generic, national category of human rights are all about (2) The unparalleled case of the religious genocide by Moscow of the Ukrainian Orthodox and Catholic Churches in Ukraine deserves top priority in any discussion of human rights (3) The absurdity of Byelorussia and Ukraine, the latter the largest non-Russian nation in Eastern Europe, not being signatories to the Helsinki Accords should be rectified and (4) Let's focus on and bring to the court of world opinion the real forces of Soviet Russian imperialism, colonialism, Russification and economic exploitation of the non-Russian nations within the USSR. A true belief in human rights logically demands this.

In the House, on July 20, Representatives Daniel J. Flood and Edward J. Derwinski will have a special order for the event. As in the past, we look forward to a colloquy in the Senate on human rights and the captive nations. Your support of the Week will be greatly appreciated. With all best wishes,

Sincerely,

Dr. LEV E. DOBRIANSKY,
Georgetown University.

CAPTIVE NATIONS WEEK OBSERVANCE

This Sunday July 17, 1977 will mark the 19th annual observance of "Captive Nations Week," which the U.S. Congress with much foresight provided in Public Law 86–90.

This is a unique legislation in any country of the free world, inasmuch as it takes official notice of the 22 captive nations, held in slavery by Communist Russia. Since the resolution was enacted on July 17, 1959, several other nations have become captives of Communism, namely, Cuba in the Western Hemisphere, and South Vietnam, Cambodia and Laos in Asia, and Angola in Africa.

The problem of the captive nations has been closely connected or, rather, should be connected with U.S. foreign policy. Regrettably, all previous U.S. Presidents underplayed the issue of the captive nations for fear of "irritating" the Kremlin which, as could be expected, was and still is furious that the U.S. Congress enacted the resolution.

Things seem to have brightened a great deal with the ascendancy to the American Presidency of Jimmy Carter. He is the first world leader to put the issue of human rights in proper perspective. He promised respect for human rights during his election campaign, continued stressing the issue after his election, and made it an integral part of U.S. foreign policy.

Annual observances of "Captive Nations Week" are important events, because they remind the American people—and their elected officials—that there are million peoples enslaved in the captive lands.

Ukraine is one of the largest captive nations in the USSR, and the oppression in Ukraine is extremely heavy and barbaric, bordering on outright ethnocide and geno-

cide. Such outstanding Russian dissidents as Prof. Andrei D. Sakharov, Lyudmila Alekseeva, Vladimir Bukovsky and others state openly that Moscow fears the possible secession of Ukraine from the USSR, hence persecution of Ukrainians by the Soviet government is relentless, systematic and brutal, as demonstrated recently by the barbaric sentences imposed on Mykola Rudenko and Oleksiy Tykhy in Donetsk.

In stressing the national aspect of dissent in Ukraine, "The Washington Post" on July 6, 1977, stated:

"Mykola Rudenko and Oleksiy Tykhy, newly sentenced to harsh camp-and-exile terms in Soviet Ukraine, are dissidents with a difference. They demanded not just that the Kremlin live up to the human rights guarantees it accepted in the Helsinki agreement. They also demanded that Moscow respect the Helsinki guarantees for "national minorities." That the Soviet Union, like any other totalitarian states, fears a contagion of individual rights is well known. No less important is its resistance to meaningful "national" rights for the 100-plus ethnic or national groups within its borders. Russians, or Great Russians, are a minority in the country they largely control. Of the others, Ukrainians are the largest (50 million), richest, most sensitively located and historically the most assertive . . ."

This, in essence, is the very kernel of what dissident in Ukraine means. Hence, the annual observance of "Captive Nations Week" is a reminder of peoples like Ukrainians who are fighting for their national freedom and independence.

Every year, since 1959, Ukrainian communities in the U.S. have been taking part in these annual observances, coordinated by the National Captive Nations Committee (NCNC), headed by President Prof. Lev E. Dobriansky, as well as by the UCCA.

Be sure to take part in such observance in your community this year.

CAPTIVE NATIONS WEEK

(By L. Shan-sky)

In July 1977, the 18th Anniversary of the Captive Nations Week Resolution will be celebrated in the United States. On the 1st of July, 1959, immediately after the United States Congress passed the Captive Nations Week Resolution, President D. Eisenhower signed it into Public Law 86-90. One of the paramount objectives of Captive Nations Week was the education of the American people regarding the captive nations, especially those in the USSR. In the past 18 years some progress has been made in this respect, but we would be deluding ourselves to think that the task is even close to completion. If this were so, the U.S. policy toward the USSR would be sensibly different. Much remains to be done to overcome and eradicate numerous strands of protracted ignorance and even obscurantism in many sectors of our country.

It cannot be said that the Captive Nations resolution and proclamation was favorably received by the "beautiful people" in the United States. We mustn't forget that in the thirties and in the forties literally millions of Americans allowed themselves to be manipulated by the small group under tight control from the Kremlin headquarters. They chanted in unison slogans devised in Moscow; abandoned them for diametrically opposite slogans on signal from Moscow; lustily crusaded for prescribed causes through organizations formed for the purpose by Communists or infiltrated and captured by Communists. Professing themselves "liberals," they meekly followed totalitarian leadership into the most illiberal movements. "The Red Decade" (a title of a book by Eugene Lyons) was in full swing. Looking back at these developments, Mr. Lyons wrote in his new preface to the second edition of his book (New York, 1971): "Never before—or since—had all areas of American society been so deeply penetrated by a foreign nation and a foreign ideology. Never before had the country's thinking, official policies, education, arts, and moral attitudes been so profoundly affected by the agents, sympathizers and unwitting puppets of a distant dictatorship." Add to this a widespread Russophilia, "cult" of Russian literature, music, arts, ballet, etc. which still persists in our country to the detriment of all other national cultures, including the Anglo-Saxon, and one can understand that the reception of a revolutionary Captive Nations Resolution could not be easily received only 20 years after the end of the "Red Decade." Accordingly, not a few newspapers, commentators and scholars criticized both the resolution and the proclamation.

Here we should remind our reader of the sorrowful fact that the nationality problem in the USSR, the most acute problem of the yesterday's and today's Soviet politics (the Captive Nations Resolution became a red nightmare to the Soviet leaders, as it can be proven by the reactions of Khrushchev, Podgorny, Suslov and others), has always been too much neglected in the United States and, as a result, the Americans have been saturated with the Russian official interpretation, and refer to the USSR as "Russia" and to everyone living within its boundaries as "Russian." It seems as if a veritable spiritual "iron curtain" has been imposed which hides from the Americans the truth about the USSR.

Communists and their fellow-travellers spread outside the USSR the myths of "ethnic democracy" and "friendship of nations" in the USSR. The Russians are, and have always been, masters in creating effects that are meant to prove that there exist in the USSR certain rights which, in fact, do not exist. "Ethnic democracy" and "friendship of nations" do not exist in the USSR, as do not exist "freedom of religion," "economic equality," etc. Privileged classes of high partymen, military and police leaders, and scientists rule over the "proletariat."

Captive Nations Resolution and Captive Nations observances aimed at dispelling the fog of Soviet propaganda. It was not easy. A number of arguments against the Captive Nations Resolution was similar to those which habitually was used by Moscow's propaganda. So, e.g., Henry N. Taylor in the Scripps-Howard newspapers questioned (as Khrushchev did) the inclusion of Ukraine, Georgia and other non-Russian nations in the resolution. The only difference between Taylor and Khrushchev was this: Khrushchev perfectly understood the basic importance . . .

INJURY TO DOMESTIC MUSHROOM INDUSTRY: THE NEED FOR KOREA TO KEEP ITS WORD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, twice in the past 2 years, the U.S. International Trade Commission has found that the domestic mushroom industry is being injured by imports of mushrooms, primarily from Taiwan and South Korea. The administration has attempted to deal with the problem by obtaining pledges from those two countries to restrain the shipments of mushrooms to the United States.

Recently, at the request of Representatives RAYMOND F. LEDERER and RICHARD T. SCHULZE, Ways and Means Trade Subcommittee members met with representatives of the domestic mushroom industry which is largely composed of small farmers and businessmen from eastern Pennsylvania. The domestic producers and canners explained that the relief provided by the administration was not proving effective.

Therefore, on May 31, 1977, the subcommittee's ranking minority member, Representative WILLIAM STEIGER and I wrote to Ambassador Robert Strauss, the Special Trade Representative, asking what the administration was doing to insure that the relief proposed for the domestic industry was indeed being implemented. We have just received a letter from the Ambassador detailing the present situation and explaining what is being done to assist the domestic industry.

In reviewing Ambassador Strauss' letter, I am concerned about the relative failure during the past year on the part of the Republic of Korea to abide by its assurances to our Government. Specifically, in September 1976, the Deputy Special Trade Representative received oral assurances from Korea that its exports of mushrooms to the United States would not exceed 18.5 million pounds—drained weight—during the 1976–77 marketing year. In fact, during that period of July 1, 1976, to June 30, 1977, Korea exported some 21.3 million pounds of mushrooms to the United States.

It seems to me that it would be hard to lose track of 2.8 million pounds of mushrooms, and I cannot help but feel that the Korean Government failed to implement effectively its word with the United States. Ambassador Strauss' letter explains what steps are being taken during the new marketing year of 1977–78 and I hope that the Korean Government will indeed help insure that there are no further disruptive increases in the volume of exports to the United States.

The Trade Subcommittee intends to monitor this situation very closely.

Following is Ambassador Strauss' letter:

THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS,
Washington, D.C., July 7, 1977.

Hon. CHARLES A. VANIK,
Chairman, Subcommittee on Trade, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. VANIK: This is in response to the Subcommittee's May 31 letter concerning imports of mushrooms and the assistance being provided to the domestic mushroom industry.

In September 1976, President Ford directed our Office to seek assurances from the Governments of the Republics of China (Taiwan) and Korea to moderate their mushroom exports to the United States. The President also directed our Office to request the U.S. International Trade Commission (USITC) to conduct a second escape clause investigation under section 201 of the Trade Act. Ambassador Clayton Yeutter, the Deputy Special Trade Representative at that time, received assurances from the Republic of Korea that U.S. imports of mushrooms from that country would not exceed 18.5 million pounds (drained weight) during the 1976–77 marketing year (July 1, 1976–June 30, 1977). The Republic of China agreed to limit its exports of mushrooms to the United States to 19.0 million pounds during the period January 1, 1977–May 31, 1977 (January–June on a U.S. import basis).

These assurances received from the Governments of the Republics of China and Korea were provided orally so that I cannot provide the Committee on Ways and Means with their exact wording as requested. I have, however, enclosed copies of the reporting cables the Yeutter negotiating team sent to our Office following completion of the September 1976 negotiations in Taipei and Seoul.

Regarding your request for data on monthly imports on mushrooms from Taiwan and Korea, I have attached a table showing monthly imports from both countries during the period July 1974 through mid-June 1977.

U.S. imports from Taiwan totaled approximately 19.4 million pounds for the period January through mid-June 1977, 0.4 million pounds above the agreed six-month level. U.S. imports from Korea totaled approximately 21.3 million pounds for the period July 1976 through mid-June 1977, nearly 3 million pounds in excess of the agreed level. We do not have estimates of imports for the remainder of calendar year 1977, and such figures would not relate to the term of export assurances provided to the U.S. Government because the export assurances by Taiwan and Korea are on a marketing year basis rather than on a calendar year basis.

In March 1977, we received assurances from the Governments of the Republics of China and Korea that U.S. imports of mushrooms after June 30, 1977 from these two countries would not increase at a rate that would disrupt the U.S. market. Both governments also agreed to consult and cooperate with the U.S. Government should problems of market disruption arise. The Republic of China provided written confirmation of its intentions in the attached exchange of letters. The Republic of Korea gave its assurances orally. While we have not estabilshed a definition for disruption of the domestic mushroom market, we would consider imports to be disruptive if any of the following developments occurred: (1) a significant deviation from export forecasts by the exporting countries, (2) a sharp short-term increase in volume of mushroom imports from either country (such as occurred in the summer months of 1976 with respect to both Taiwan and Korea), or (3) a large import increase from either Taiwan or Korea in relation to apparent U.S. consumption of canned and frozen mushrooms in one marketing year.

Our Office shares your concern regarding the effectiveness of the assistance provided by the President to the domestic mushroom industry. The slight overrun by Taiwan was expected due to differences in definitions between its export classifications and U.S. import classifications (e.g. straw mushrooms). We have been particularly concerned about the overshipment of Korean mushrooms during the current marketing year (July 1976–June 1977). We have consulted with the Korean Government on numerous occasions since February and were informed that the government authorized only 18.5 million pounds of mushrooms for export to arrive in the United States during the 1976/77 marketing year.

Our investigations indicate that unauthorized mushroom exports from Korea are being transshipped to the United States through Canada and possibly other third countries, and that such transshipments may account for the discrepancy between authorized Korean exports and U.S. imports of mushrooms from Korea.

It is our view that the Korean Government is attempting to comply with the assurances given to Ambassador Yeutter in Seoul regarding their mushroom exports to the United States during the 1976/77 marketing year. Recently for example, the Government has begun controlling some exports to Canada which are suspected to be destined for the United States. We expect that it will attempt to comply with the assurances given to our Office in March that their mushroom exports to the United States for the marketing year 1977/78 will be on the order of 20 million pounds.

The Korean Government has proposed implementation of an export visa monitoring system by the U.S. Customs Service in order to identify the sources of this transshipment problem. Our Office is requesting the Customs Service to implement such a system by July 1, 1977. An effective visa monitoring system should improve prospects for more effective restraints.

If you have any further questions, please do not hesitate to contact me or my staff.

Sincerely,

ROBERT S. STRAUSS.

LEGISLATIVE RESPONSIBILITIES FOR NUCLEAR ENERGY MATTERS

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE. Mr. Speaker, the chairmen of the Science and Technology Committee, Mr. TEAGUE; the International Relations Committee, Mr. ZABLOCKI; and Mr. MCCORMACK joined me as chairman of the Armed Services Committee on July 26, 1977, in the introduction of a bill, H.R. 8542, which would abolish the Joint Committee on Atomic Energy and reassign certain functions formerly held by the joint committee to the committees of the House and Senate which have jurisdiction of these matters under the rules of the two Houses of Congress. The cosponsors of this legislation include the chairmen of three committees which have taken over the functions of the Joint Committee on Atomic Energy in accordance with the rules change of the House (H. Res. 5) adopted on January 4, 1977.

Since the Joint Committee on Atomic Energy and its several functions and responsibilities were created by statute, the sponsors of H.R. 8542 believe that the committee should be abolished and its functions and responsibilities transferred by statute.

Before I summarize the high points of this legislation, I would like to recite a bit of the history of the joint committee from the standpoint of the only remaining member who was there at the creation.

In 1945, the predecessor of the Armed Services Committee, which was the Committee on Military Affairs, and of which I was a member, began consideration of the first piece of legislation on atomic energy. Thus, 32 years ago and only 2 months after the first nuclear weapon was used, my colleagues and I, as the responsible committee for nuclear matters, started the development of legislation for the control of all uses of nuclear energy. The legislation we developed and the Congress enacted, the Atomic Energy Act of 1946, has served this Nation well from the standpoint of national security and peaceful uses of nuclear energy. In fact, many of the applications serve this Nation in both respects. An outstanding example of an application with such dual assets is, of course, the generation of energy. No service or resource in our present industrial society impacts so broadly on the health, welfare, and security of our Nation as does the adequate supply of energy. The generation of energy by nuclear reactions—fission now and we hope fusion in the future—provides a virtually limitless source of energy.

The accomplishments of the joint committee, and the Congress in its support to the committee, rightly provide a source of pride and satisfaction. Without question, the accomplishments have provided our Nation with the security it now enjoys. Direct contributions in this respect derive from our nuclear weapons program and our naval nuclear power program. One cannot underestimate the contribution of the nuclear program relative to the health and welfare of our citizens in many other respects. I have already mentioned the contribution to our basic energy resources. In addition, nuclear energy has made major contributions to our Nation in the fields of medicine, agriculture, and industry. The advancement of space exploration, which was made possible by nuclear energy, is beyond estimation. We will continue to realize even greater benefits from such applications of nuclear energy. The same is true from such applications as in industry and agriculture with such uses of nuclear radiation as in the preservation of foods, providing benefits to all of mankind.

The safe and effective leadership the joint committee has provided in cooperating with other nations of the world in the peaceful uses of nuclear energy is another accomplishment we should all take pride in.

But now we have come to the end of the era of congressional management of the many uses of nuclear energy by a joint congressional committee. The legislation we have joined in sponsoring has as its purpose the orderly distribution of the joint committee functions in accordance with the individual rules of the House and Senate.

The legislation we have proposed provides for the transfer of the various responsibilities specified in the Atomic Energy Act of 1954, as amended, to the responsible committees of the House and Senate. The rules of the House and the jurisdiction of committees are unchanged except with respect to the joint committee The proposed legislation also sets down the executive agency responsibilities to the various cognizant committees of the Congress. These matters, such as the provision of current pertinent information on nuclear energy matters, are of critical importance to the Congress and vital to the effective exercise of congressional responsibilities.

The purposes of specific sections of the proposed legislation are:

Section 301 abolishes the Joint Committee on Atomic Energy and indirectly amends the rules of the Senate and House and all laws, regulations, and Executive orders which refer to the Joint Committee on Atomic Energy by substituting by reference the committees of the Senate and the House of Representatives which have jurisdiction over the subject matter. Section 301 transfers the files of the Joint Committee on Atomic Energy to the committees of the House and Senate which have jurisdiction over the subject matters to which the files relate.

Section 302 repeals certain sections of the Atomic Energy Act which describe certain powers, duties, and functions of the joint committee. This section also repeals certain sections of the Atomic Energy Community Act of 1955, the Congressional Budget Act of 1974, and the Legislative Reorganization Act of 1970 which will be superseded by this bill.

Section 303 would require the Energy Research and Development Administration, the Nuclear Regulatory Commission, the Department of Defense, and the Department of State to keep the committees of the Congress fully and currently informed with respect to nuclear energy matters within those departments which are within the committees' jurisdiction. This section would also require any Government agency to furnish any information requested by the committees with jurisdiction with respect to activities or responsibilities of an agency in the field of nuclear energy.

Section 304 would authorize congressional committees having jurisdiction of the development, utilization, or application of nuclear energy to utilize the services, information, facilities, and personnel of any Government agency which has activities or responsibilities in the field of nuclear energy. In accordance with existing rules, the bill would require that the utilization of personnel be on a reimbursable basis and subject to prior written consent of the Committee on House Administration or the Committee on Rules and Administration of the Senate.

We have included in this proposed bill what we believe are the best principles included in a Senate bill developed by Senator JACKSON, S. 1153. We did not include the large number of specific amendments to numerous laws. We thus avoid major surgery to such legislation as the Atomic Energy Act which has a legislative history exceeding three decades. This policy of not amending specific sections of the Atomic Energy Act was followed when the Energy Reorganization Act of 1974 was drafted, and again in the drafting of legislation which will create a Department of Energy. In the view of the cosponsors of this legislation, any legislative amendments to the Atomic Energy Act which may be required should be sponsored by the committees of the House or Senate responsible for the particular matter involved.

It is the view of the sponsors of this legislation that enactment of the basic aspects of the bill we are proposing will orderly consummate the transition of the functions formerly carried out by the joint committee and facilitate the efficient conduct of the related functions of the Congress in respect to these matters.

FLORIDIAN PROPOSES SMALL-BUSINESS PROGRAM

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, a very business-wise and distinguished friend of mine, who has assisted small-business owners in the sale of their companies as a lawyer for over 20 years, who has represented large companies in diversification programs, who as an SEC attorney advised many Federal district judges on chapter X reorganizations, and who has gathered experience in many other area of such expertise, is my longtime friend, Mr. Arthur Burck of Palm Beach, Fla.

Because of an encouraging remark received during recent Senate testimony, as well as to fulfill an urgent speaking engagement before the Lafayette Club in Minnetonka Beach, Minn., Mr. Burck committed to paper a proposal for the more efficient capitalization of small businesses, which he maintains, are now suffering from a shortage of capital funds and are in danger of being replaced by larger and larger conglomerates.

I would like to call the attention of our colleagues to his eloquent and creative proposal.

The article follows:

WHITHER OUR WITHERING SMALL BUSINESS?

(By Arthur Burck)

Delivered June 30, 1977 before Minnesota Executives Organization, Inc., Lafayette Club, Minnetonka Beach, Minn.

America needs a continual flow of creative enterpreneurs ready to challenge new horizons, but in recent years the obstacles too often have been insurmountable. Starved of capital, deprived of incentives, submerged in bureaucratic red tape and surrounded by the burgeoning bigness of the corporate giants, the small business sector has become a victim of the upheavals and recessions of the 1970's.

All of us have a stake in the revival of the small business community; to paraphrase John Donne, whenever a promising small company needlessly languishes and dies, "The bells toll for thee." Why? Minnesota's William Norris, Chairman of Control Data, put it pithily: "Technological innovation is the wellspring of new jobs, and smaller companies are the best innovators."

The greatness of American industry has been based in large part on the creativity of entrepreneurs who start small but whose companies eventually become leaders. Xerox, Polaroid and Texas Instruments are just a few examples of companies that were in infancy 25 years ago, and a graphic illustration is that the vast bulk of today's listings in Moody's Industrial and OTC manuals were not then included. The prolific capability of our economy to spawn new enterprise is shown by the fact that Control Data, Minnesota's largest industrial corporation measured by assets, didn't even exist 25 years ago; indeed, half of the 18 Minnesota companies listed among Forbes' 800 largest were small business in the 1930's.

Small companies and individual inventors were responsible for a remarkable percentage of the important inventions and innovations of this century; these include the airconditioner, power steering, xerography, cyclotron, cotton picker, heliocopter, FM circuits, automatic transmissions, zipper, Polaroid camera, cellophane, continuous hot-strip rolling of steel, and the oxygen steel-making process. The Jewkes study of invention showed that of 61 basic inventions examined only 16 resulted from organizational research by large companies.

It is therefore a matter of national urgency that the small entrepreneur, while not yet extinct, has become an endangered species in the 70's.

THE CAPITAL PROBLEM

The principal cause is that the flow of capital to smaller companies dried up to a trickle in recent years. In the credit crunch of the early 70's small companies were the first to feel the impact of curtailed bank lending; the situation worsened when the economy slid into recession and available funds flowed to more credit-worthy risks—the larger companies. In the meantime public equity capital disappeared amid the slipping stock market of 1973: in 1972 small companies raised $918 million in 418 underwritings; by 1975 the figures had shrunk to $16 million in four underwritings. At the same time private venture capital also withdrew.

As a consequence, countless small businesses were either stillborn, died of malnutrition, are still undernurtured or have been forced to merge with large companies where the atmosphere is often incompatible with entrepreneurism.

Many factors underlie the capital shortages. Like others in the economy such as the unemployed, small companies have become victims of the lingering malaise of inflation and recession.

Moreover, fundamental changes have affected the basic structure of the capital markets. For example, today's stock market is dominated by institutional investors that usually limit investments to select big companies, ignoring the secondary and speculative issues. Also, recent legislation has hurt investment in smaller issues; the pension funds seem to think that the ERISA investment restrictions require they stick to the blue chips. Moreover, the underwriting mechanism for small issuers has become dismantled after years of disuse. Indeed, the continual concentration of Wall Street into a small number of large firms raises questions concerning ability to serve small issuers and local markets.

PRIVATE VENTURE CAPITAL, NOT "PUBLIC" STOCKHOLDERS, IS MOST DESIRABLE SOURCE

In a way, many view the collapse of the distribution mechanism for small public issues as a blessing in disguise. The stocks of risky small companies became a periodic vehicle for legalized robbery of millions of unwary American investors who were victimized by stock salesmen and the volatile swings of thin and artificial markets. Amid the irrational markets of 1946–7, 1953–4, 1956–7, 1959–61, 1967–9 and 1971–3, countless billions of dollars of investors' savings went down the drain, and this lingering disenchantment is perhaps a main reason individual investors today still avoid equity issues.

Moreover, of the 13,000 companies having publicly-traded stocks, the overwhelming majority are smaller companies of the type that do not lend themselves to public trading—they never should have "gone public" in the first place, but owners succumbed to pressures of greedy underwriters or passing fads. These small companies today are paying the penalty in many ways: (1) the costs, bother and disclosure incident to maintaining a meaningless public status; (2) the depressed prices of most of these thin issues; (3) the injuries to public holders incident to "going private"; (4) when holdings are dispersed and prices are low, the invitation to corporate predators on the prowl to implement unwanted bargain takeovers—a practice that is growing.

We must learn from the tragic lessons of the past, and therefore it would be a mistake to facilitate revival of "going public" as the basis for alleviating the capital shortage; in this respect I disagree with the recent report of the SBA Task Force on Venture and Equity Capital. History amply demonstrates that the public investor simply is incapable of coping with such investments until companies reach some stage of maturity.

Nor should we broaden the role of the government in making direct grants to small business. One current program involves government grants, under the auspices of the National Science Foundation, of $25,000 each to 40 small businesses for specific research

projects. While this is an interesting "seeding" experiment and is unquestionably justified under present conditions, the danger is that handout programs can spread and in time get out of hand.

In view of the above factors, it is apparent that the most desirable source for capital is an amorphous group we shall call private venture capitalists: organizations, SBIC's (licensed small business investment companies), professionals, wealthy individuals and others who are capable of analyzing such investments.

Huge pools of incipient venture capital now lie stagnant. For example, in a place like Palm Beach most of my neighbors have the degree of wealth that should find advantage in putting some funds in speculative investments where rewards can be high. The venture capital professionals have also remained on the sidelines. Now let's examine why.

IMPACT OF CONFISCATORY CAPITAL-GAINS TAXES

Perhaps the major dam that is now holding back these pools of pent-up capital is the progressive increase in capital-gains taxes that has more than doubled the rate for many investors during the past seven years—total gains taxes (including city and state) can now reach as high as 56% in exceptional cases.

Put yourself in the shoes of an ex-venture capitalist. Why should he gamble on untried or small ventures where the risk of loss is great but where any gain is absorbed by taxes at present confiscatory rates? He finds bargains galore in less risky established companies. Even some government-licensed SBIC's are investing in established going businesses—a sterile use of government-furnished capital.

These improvident tax changes not only drive investors away from the market but also shrink the supply of entrepreneurs, present and future. First, with respect to present entrepreneurs, when they reach the point where they need to "cash out" or achieve liquidity, the tax laws push them into mergers with corporate giants having quality blue chip stocks for tax-free exchanges that avoid the confiscatory capital-gains taxes. In this way entrepreneurism becomes shackled by the bureaucracy that is inherent in bigness.

The reshuffling of incentives can also be expected to curb the supply of future entrepreneurs. Once upon a time there was incentive for ambitious employees of large firms to leave and start up their own businesses, just as William Norris did when he left Sperry Rand to start Control Data in the 50's. At that time income taxes on salaries reached 70%, and even 90% in the early post-war years; by contrast, 25% was the maximum tax on their company's growth. However, in recent years when the capital-gains rate has more than doubled, the maximum rate on salaries was reduced to 50%. With current tax alternatives there is little incentive to leave the shelter of large companies where in recent years salaries have skyrocketed—over a thousand executives are now paid a package over $500,000 a year and many get more. Why leave such security to gamble everything, and then if one succeeds, face a capital-gains tax about the same percentage?

To be sure, in the past entrepreneurism has brought huge rewards to its successful practitioners. A few years ago the IRS estimated that there were 175,000 millionaires. Most achieved such status through entrepreneurial activity, and most of the rest—the second or third generation millionaires—can trace their fortunes to an entrepreneurial father or grandfather.

Many are disturbed that entrepreneurs can command such rewards, and so it is understandable that populist feelings are behind moves to increase the capital-gains tax—or indeed to abolish entirely the advantage. However, if that is the course our government elects to follow, there should be clear understanding that the state must then be the supplier of capital—in short, socialism.

EXTENT GOVERNMENT SHOULD HELP SMALL BUSINESSES?

National policy should channel more capital—through incentives, not handouts—to deserving small and medium-sized businesses. What oil is to the Arabs, capital is to America: our most valuable economic asset, which must be husbanded and fully utilized.

Nevertheless, encouraged perhaps by the fact that for the first time our nation has a successful small businessman as President and mindful of the reality that 10 million small businesses are a potent political force, supplicants for federal largesse are many and varied, often proposing an assorted bag of disguised handouts and subsidies. For example, the SBIC's want to borrow money from Uncle Sam at a 3% interest rate to lend to small businesses at their going rates. With more justification, they also want the government to guarantee 75% of SBIC investments in new companies just starting up, help that would seem desirable in view of the vital national need served by such seed money that otherwise would be unavailable.

Somewhere in between is an array of across-the-board tax breaks, such as lower tax rates on a graduated basis, that would inure to all small businesses, good or bad. Proponents for such indiscriminate largesse point out that the big companies have their array of tax advantages, but do two wrongs make a right? Similarly, the special tax credits recently enacted to benefit small businesses hiring additional employes are of dubious value despite the overall cost to the rest of the taxpayers of $3 billion annually. The mere fact that a business hires additional people will in most instances not bring it into the limited category of innovative, expansion-minded businesses where the national interest dictates special help.

Some nice philosophical questions are raised as to how extensive the range should be of the recipients of these government goodies. Some would say that aid should be given not to all small businesses but only to the innovative, the creative, the expanders—in short, to entrepreneurs. They point out that smallness is not necessarily always a virtue and preserving all small business would only preserve a lot of waste; also that the small "family" business while sacrosanct in the view of many, are in many instances the preserves of gross inefficiencies and special privilege. They emphasize that the overwhelming bulk of small business can be, in any objective appraisal, characterized as a vast, dreary wasteland.

On the other hand, the defenders of broad-scale largesse think it unfair to favor only the innovative, fast-growing companies and to ignore the "average guy"; helping everyone is "important for non-economic, individual opportunity, libertarian, diversity, life-style reasons" is the way one spokesman puts it.

It goes without saying that restoration of capital-gains taxes to the levels of yesteryear would be of help—but not enough. Proof that more help is needed is implicit in the history of the nation's 275 SBIC's. When the Small Business Act of 1958 was enacted, hopes were high that here was the final solution for the financing problems of small businesses. Now, 19 years later we know that the program has at best been a limited success: a palliative but not a cure.

Many reasons are advanced in explanation, but fundamentally it boils down to one hard reality: most SBIC's simply don't make enough money. This in turn points up another reality: the inevitable portfolio losses are not offset by sufficient gains. In other words, investing in small companies is a rough and tough business—cruelly so—even for the experts. The experience of 19 years demonstrates that these professionals need help, and if that is so, certainly other investors are in the same boat.

TWO SAMPLE TAX DEFERRAL DEVICES COULD PROVIDE NEEDED CAPITAL

Two simple tax deferral devices could bring all the needed capital. The first would be external—delaying taxes to be paid by investors. The second would be internal—delaying taxes to be paid by the company.

TAX DEFERRAL FOR INVESTORS

The proposal now advanced is that investors be permitted, perhaps within certain limits, to sell investments where there are unrealized gains and to invest the proceeds in qualifying small businesses without paying the gains tax at that time; the tax would not become due until sale of the small business investment. In other words, the capital gains tax would be deferred. For example, suppose an investor sells $100,000 worth of 3M stock on which there is a $90,000 gain. If within a prescribed period the investor buys $100,000 in stock in a qualifying small business company, the gains tax would be deferred until disposal of the small business shares. Thus, if he sold the small business shares at some later date for $150,000, there would be a gains tax due on $140,000 thereof. On the other hand, if the small business investment does not pan out so that he sells for only $20,000, there would be a gains tax only on the $10,000 in excess of his original cost on his 3M stock.

This proposal is not as revolutionary as it may seem on the surface because there is ample precedent for deferring recognition of gain:

It happens every day in tax-free acquisitions where the seller who exchanges for another stock defers payment of gains taxes until he sells the successor stock. For example, earlier this year General Electric paid $2.2 billion in its stock to acquire Utah International, whose former holders will face no gains tax unless and until they sell their General Electric stock. If the tax policy of the government can lend its aid to General Electric in such a transaction, it is by no means revolutionary to suggest it could lend a similar helping hand to struggling small businesses.

We see similar principles at work when a homeowner sells his house; if within 18 months he buys a replacement house, gains taxes are deferred.

Such reform would further another objective that has long perplexed economists: how to free up the countless billions of dollars of sterile capital that is tied up in stocks acquired long ago at prices a fraction of today's worth. Usually, holders of low-basis securities "sit tight" because of the gains tax penalty. If holders in this predicament were permitted to unlock these sterile investments by channelling proceeds into small businesses, the resulting flow of capital would fuel the growth of countless new enterprises.

So that existing SBIC's are not disadvantaged by such benefits given to new investors—after all, most SBIC's just don't have that type of gain to shelter—the deferral provision could extend to investments in the stock of SBIC's. That would enable the SBIC's to broaden vastly their equity base, a move that could bring the SBIC's out of their doldrums.

TAX DEFERRAL FOR COMPANY

Another type of deferral benefit needed by a fast-growing business is the privilege of deducting ALL—or most—of the cost of plant, machinery and equipment instead of the usual practice of deferring through depreciation schedules. In other words, here is a way a company can self-finance its ex-

pansion by delaying payment of income taxes until some later day.

A graphic illustration of how such a device can enable a small company to compete against efficient giants was provided me when I visited Volvo in Sweden on a merger I was espousing. Digging into Volvo's financial statement, I found that a new plant was completely expensed in one year, and treated as a "reserve." Gunnar Engelau, Volvo's Managing Director, explained it as follows: "Our government permits us to write off 100% in recognition that this is the only way we as a small company can finance new automated plants that will permit us, with high Swedish wage scales, to compete against the huge foreign car companies. Our government is astute—they know they'll get it back in taxes many times over in the prosperity and employment that our expansion will generate. And in time they will get it back from us because of the higher taxes we'll eventually pay—after all, when one uses up a tax benefit such as this, one doesn't have it for later use."

For the same reasons we have little to lose—and much to gain—by permitting 100% write-off of some annual amount—say $300,000—by a small business.

BURDENSOME BUREAUCRACY AND PAPERWORK

There is urgent need for relief from the overregulation that buries small business in paperwork and bureaucracy. Paperwork is a burden for all businesses, small and large, but the burden for the small firm can be almost unbearable.

Aside from the sheer volume and complexity of the paperwork, there are the intermittent dealings with governmental bureaucracy, dealings that have multiplied lately with increased concern about the environment, retirement plans and factory health and safety. The regulations are written by lawyers, and it sometimes seems that lawyers write only for other lawyers. Unfortunately, the small businessman is seldom a lawyer and often can ill afford legal aid.

NEED TO MAKE ESOP'S A WORKABLE MECHANISM FOR EMPLOYEE OWNERSHIP

In the evolution of every business there inevitably comes a time when ownership, in whole or in part, must change. Looking ahead, the problem of liquidity for founders—as well as investors—looms of even greater importance because of the eventual impact of the Tax Reform Act of 1976 that not only increases estate taxes after a certain point but also levies capital-gains taxes on unrealized appreciation. The double burden will in time require the sale of most growing businesses to pay these taxes. The problem is: to whom?

Events of recent years have demonstrated that "going public" is not the solution for the overwhelming majority of small or medium-sized businesses. The alternate mechanism has been sale or merger. Here again the record of the past decade shows that acquisition is not the desired solution for many businesses.

In recent years a new development has emerged that holds promise of opening up an important new avenue for ownership changes: the ESOP (employe stock ownership plan) whereby stock is channelled into beneficial ownership by employes of the issuer, spurred by tax incentives. The ESOP is not a general panacea, but for many small and medium-sized companies it can serve as an invaluable—and in some cases the only—vehicle for spreading stock ownership. Quite obviously, businesses are served if stock is owned substantially by employes rather than by disinterested outsiders.

The problem is that to make ESOP's work there must be some mechanism to facilitate the financing of the program, which may include the purchase of securities by ESOP's, and sometimes the sale by ESOP's of such securities to outsiders. Banks and existing financial institutions often do not fill the need. Perhaps some government institution, either new or perhaps an expanded SBA, should be established to facilitate the flow of such capital. In most instances a mere guarantee would suffice so that existing financial institutions could then take over.

CREATING INCENTIVES TO SAVE

Another related proposal is to give each individual a lifetime exemption from capital gains up to a certain amount—say $50,000. The fact that so much of capital gains today represents inflation is in itself a good reason, as a matter of basic fairness. However, there might be social consequences of an enduring nature in such a bold move. Theoretically it would give every American a chance to become a capitalist from his savings, be they meager or be they large. We all know that one of the overriding problems of the nation is that most of our capital is now held by the very wealthy—an imbalance that portends continuing friction and immense social problems. The proposed move would not only give incentive to save, but also to invest such savings in quest of appreciation—an objective the NYSE has long espoused.

But let us return to the instant problem of small businesses. Countless people who are qualified to start small businesses simply are unable to accumulate the needed seed money for "start-up" expenses. It must not be forgotten that before outside investors or lenders can become interested, the entrepreneur usually must have something underway—and that invariably means funds he himself has accumulated.

NEED TO STRUCTURE ECONOMY SO THAT GIANTS DO NOT OVERWHELM

Also menacing the small business sector is the ever-increasing concentration stemming from the excessive merger activity of the corporate giants. The writer testified on the subject on May 5, 1977 before the Senate Subcommittee on Antitrust and Monopoly, at the Subcommittee's request.

Almost daily the newspapers report the mounting merger activity of the giants in gobbling up not only countless small and medium companies but also other giants. Acquisition targets in 1976 included over 100 big companies, about 40 with price tags in the range of $100 million to $2.2 billion.

The voracious appetite of corporate giants is by no means a recent development. In the past 25 years thousands of viable companies have been swallowed up by large companies in questionable mergers. For example, 110 of FORTUNE's 500 disappeared through merger in one short period 1962–68. A third of the top 1,000 mauufacturers of 1950 were already acquired by 1968. During the 20 years ending 1968, the top 200 companies made at least 3,864 acquisitions.

As a consequence, our economy has become concentrated to a degree that is deeply disturbing. According to the FTC, the 100 largest manufacturers have a greater share of manufacturing assets than the 200 largest in 1950, and the top 200 control the same share the 1,000 largest held in 1941. The percentage of manufacturing employes working for the top 500 companies jumped from 44 percent in 1955 to 72 percent in 1970.

It is against this backdrop that we must view the problem of enabling our small business sector to survive and prosper, a task that continually becomes more difficult in view of the inexorable trend to giantism. Mergers of course are indispensable to the proper functioning of a flexible capitalism, but clearly the giants have been abusing the privilege with promiscuous and questionable mergers. It is a sad commentary that while small companies have been dying because of lack of tax incentives, the merger activity of the gigantic companies has in large part been fueled by tax benefits: tax-free exchanges of stock and the deductibility of interest on the borrowings that finance these mammoth acquisitions.

Indeed the giants are stalking each other in what William Norris characterized as the activity of the "robber barons of today." "Any company today is vulnerable to a takeover, unless it is GM or AT&T" is the way the current situation was summed up by John Nevin, president of Zenith Radio.

Whether or not we agree with the wisdom of these activities, it is clear that the giants are not violating any laws—indeed they are often taking advantage of incentives conferred by the tax laws.

Nevertheless, if independent companies are to survive and prosper with this rogue legislation is needed to curtail the merger elephant stomping in their midst, obviously activity of the large companies. Our economy continually generates good small companies that need to be sold, and the nation would be served if these opportunities were channelled away from the giants to the medium and smaller companies. This would help restore the balance by giving emerging medium-sized companies an opportunity to strengthen themselves so as to be able to compete better against the existing order.

It is not only smaller companies that would benefit from such legislation; restraints may well be the ultimate salvation of the giants themselves. Why can present trends hurt the giants? Unquestionably excessive concentration is an invitation to socialism or other extremism. Even in civilized Great Britain, when some combinations got too big the state took over. Nor should we overlook that Karl Marx, in predicting that capitalism would be "its own grave-digger," cited the very reasons we are considering: the incessant urge to accumulate and the corresponding concentration of production in fewer hands.

Now, let's conclude with a more optimistic note. Giantism by its very nature opens up manifold opportunities for the quick and the alert. Not only do the giants lack incentive to obsolete their existing businesses and facilities through innovative new developments, but also the static bureaucracy leaves many openings for nimble entrepreneurs to launch new businesses. So long as small businesses do not dance with the elephants, they can find many delectable crevices. And what often starts as gadfly activity can eventually open up entire new industries.

The stage is therefore set for proliferation of new ventures—if entrepreneurs are given a reasonable chance to launch and expand innovative businesses. It will take wisdom and courage on the part of legislators to implement a thorough-going restructuring of our economy. This will not be an easy task in view of the huge war chest for lobbying that the corporate giants can marshall. Even such an innocuous piece of legislation as last year's Merger Notification Act was stymied in the legislative hopper for 20 years. On the urgent present issues, can we afford to wait?

RECAPITULATION OF PROPOSALS FOR LEGISLATIVE ACTION

1. Huge pools of sterile capital lie dormant in stocks and properties where there are large unrealized gains. If owners could sell and reinvest the proceeds in small businesses and defer capital-gains taxes until a subsequent sale of the successor investment, abundant capital would become available.

2. To provide seed money for starting a new business, two programs are proposed: (a) every citizen should be granted a lifetime exemption from capital-gains taxes of $50,000, thereby spurring the accumulation of modest capital; (b) the government should guarantee 75% of "start-up" investments made by SBIC's.

3. To facilitate the internal financing of growing small businesses, companies should be permitted to defer taxes by writing off

immediately capital expenditures for plant and equipment up to $300,000 per annum.

4. Capital formation for all businesses—not only those that are small—is being choked by the confiscatory capital-gains rates that have been imposed in recent years, and the burden is especially heavy on the upwardly-mobile group of entrepreneurs and executives who pay higher gains taxes than ordinary investors. Revision of these tax laws is essential to maintain the capital flow needed to sustain the free enterprise system.

There are a number of other problem areas where legislation is urgently needed:

1. Overregulation buries all businesses in paperwork and bureaucracy, a burden for the small firm that can be almost unbearable.

2. Founders and investors eventually need liquidity. The ESOP is a promising new vehicle for enabling sale in whole or in part to employes, thereby promoting a "peoples capitalism." However, help is needed to make ESOP's workable.

3. The small business sector is menaced by the ever-increasing concentration stemming from the excessive merger activity of the corporate giants.

The writer's qualifications to speak on these issues are based on work on the top-level problems of over a thousand businesses in many capacities:

As an expert in acquisitions and mergers, the writer for 20 years has primarily represented owner-entrepreneurs in the sale of their companies.

He also has in-depth experience with large companies. He has represented many large companies in diversification programs. He has negotiated transactions with 10 of the top 106 companies in FORTUNE's 500.

As an expert in corporate reorganizations in an earlier phase of his career, he, as an SEC attorney, served as the adviser to scores of federal district judges concerning the problems of companies undergoing Chapter X reorganization.

As a lawyer with a leading wall street law firm that represented the NYSE, he was exposed to a wide variety of corporate and financial problems.

As a department head of a New York law firm that specialized in tax problems of smaller businesses, he acquired familiarity with tax incentives.

FLORIDA STATE UNIVERSITY LOOKS TO THE FUTURE WITH NEW PRESIDENT BERNARD F. SLIGER AND U.S. SECRETARY OF LABOR RAY MARSHALL

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I have the pleasure today of bringing to the attention of our colleagues two addresses given recently at Florida State University upon the very memorable occasion of Dr. Bernard F. Sliger's accession to FSU's presidency. Both president Sliger and the Honorable Secretary of Labor, Ray Marshall, spoke on that occasion about the role of modern institutions of higher learning in our changing society. In their treatment of this difficult subject, like point and counterpoint, these two excellent and thought-provoking speeches were complementary to each other—one focusing on the preparation of the working citizen for the job market where unemployment is a constant threat, and the other addressing itself to the role of free and creative thought in the quality of work performed and in the enjoyment of life.

Faced with the challenge of a period of retrenchment in today's growth of our educational system, it seems that President Sliger is entering his new office with a very innovative, highly constructive outlook which seeks to combine the two aims of academe: reflection and practical fitness. Of special importance in the modern age, of course, will be the ability of a university to reach those who can already look back upon a substantial career, but who see a need to do something more, and who wish to be retrained, as well as those who have already worked in a fast developing field, and who wish to step back and satisfy their curiosity about recent work in that field in the hypothetical, ordered context of a college class or laboratory. It is such flexibility and openness to the requirements of our quickly moving and liberal age which will continue to make Florida State the great and essential institution of human knowledge which it is, and which, to a greater degree, it promises to be in the future under President Sliger's able leadership.

I commend to my colleagues attention the outstanding and eloquent addresses of President Sliger and Secretary Marshall:

THE PRESIDENTIAL ADDRESS

(By Bernard F. Sliger)

The university is one of the few social institutions whose role has remained intact from its origins in the Middle Ages. Some people have objected to this on the grounds that the universities have not kept pace with the technological developments of society. Others, like Paul Goodman, have grasped its deeper meaning. Goodman writes, "It is remarkable how from the beginning were perfected the only two possible types of schooling: *Either a youth says Show me How, and finds a teacher who will show him*—this is in principle the professional school of Bologna; *or a thinker professes a truth he knows and a fascinated youth latches onto him and asks What and Why*—this is in principle the school of liberal arts in Paris. Ever since, the thousands of *studia generalia* have combined both principles."

Perhaps the university has withstood the test of time so well because the ideal nature of man and the university are delicately and intricately intertwined. Adlai Stevenson expressed this concept beautifully when he said, "The idea which underlies . . . any university . . . is that the highest condition of man in this mysterious universe is the freedom of the spirit. And it is only truth that can set the spirit free."

By tradition and purpose, the American university is committed to seeking out and supporting the truth; to pursuing new knowledge for its own sake; to preserving this knowledge; and to communicating it to succeeding generations. The actualization of these functions through conscientious and determined effort are what enables the university to earn its highly esteemed place in our culture.

Florida State University ranks high among the class of institutions bearing the meritorious name—university. The performance of our diverse roles of teaching, public service, training, and basic and applied research are indications of our strength and recognized excellence.

A second reason why the university has survived so well is its ability to meet the needs of so many segments of society. Originally serving only the elites, the contemporary university serves all classes of society regardless of social or economic background.

The university's involvement in our culture has increased enormously in the recent past. Knowledge and learning now occupy a central role in the conduct of modern society. The outputs of the university as producer and distributor of knowledge are demanded by more people and institutions than ever before. In a Brookings Institution study, Edward Denison concluded that advances in knowledge and lengthier education of the work force have accounted for the greatest part of the economic growth in our country in the past 50 years.

In the first half of the 19th Century, Ralph Waldo Emerson envisioned the American scholar using his knowledge through direct participation in the affairs of society. Indeed, this vision has been achieved beyond Emerson's wildest dreams.

Today, the campus is drawn to city hall and the state capitol as never before, and the university partnerships with industry and the federal government have long been established. It has been said that the University is responsible in large part for the well-being of our nation through the training of highly skilled personnel and the generation of new ideas.

The benefits of the university flow to society in general by providing new technologies through research, improvements in the quality of life, higher levels of productivity, cultural activities, and a better informed electorate. These benefits are termed "externalities" by economists and it is their existence which justifies public expenditures on higher education.

In addition to financial support, society unselfishly offers unconditional moral and emotional support so the university can steadfastly maintain its integrity, objectivity, and freedom; so the university can be free to criticize and challenge; so it can advance knowledge and pursue the truth without regard to the pressing demands of the moment. The vigorous performance of these functions may, in fact, be the most useful service the university can render in advancing the general welfare.

The relationship between the university and society is a mutually supportive one, with each serving the other, sometimes slavishly, yet maintaining their own identities and values. It is this relationship the Florida State University has with society that enables it to excel.

A further reason for the university's survival is its dynamic, evolving nature which continuously responds to the ever-changing needs of our civilization. The adaptive character of the university is essential; it changes as conditions change.

It has often been said that a major test of the university is how rapidly and judiciously it can adjust to new developments both internally and externally. A perusal of Florida State University's history and development provides convincing evidence that we pass with top grades.

There are a variety of issues facing public universities today, including the role of governing boards and system-wide coordination; affirmative action; recruitment and retention of minority students; encroachment of the federal bureaucracy in university affairs; sources of funding and unionization. These are challenges for which we are seeking solutions.

But, perhaps the biggest challenge is one on which our actual survival hinges and that is our ability to respond to newly emerging demographic trends and resultant adjustments in society.

The end of an era of rapid growth in higher education has been reached. Both an anticipated decline in the 18 to 24 year old population and a tight labor market that is unable to absorb the increased number of college graduates are leading demographers

to predict a decline in higher education enrollment after 1980, which is expected to have a profound effect on the form and function of post-secondary education.

With state funding based on enrollments, the future may appear to be gloomy for us. As Charles Dickens suggested, however, the worst of times can also be the best of times depending on one's viewpoint. With enrollment already beginning to shift, the flexible character of the university is coming into play. Instead of a dying institution, we are facing a new, exciting and changing one.

The number of older people returning to our nation's universities for higher education has more than doubled since 1970. The Census Bureau estimates that students 25 years and older will account for 40 percent of the campus population by 1980, thus cushioning the effect of the decline in the traditional college-age group.

In fact, demographic trends imply a change in the character of academe. Institutions where most people are young, are becoming "gerontocracies" in which the attitudes of older generations may come to dominate. The universities need to respond to the diverse needs of these new and both serious and demanding students by providing greater and more flexible opportunities for regular and special education. Existing programs must be modified and new ones created. The university, with its dynamic nature will respond, not necessarily by taking on new functions but rather in terms of new directions and focus.

Concomitant with a tighter labor market and the increasing costs of higher education is the demand for vocational training as a substitute for college. Critics cite the prediction that by 1980 less than 20 percent of the job opportunities will require a college degree and there is a widespread advocacy of foregoing college altogether.

Vocational training may indeed afford easier access to entry level jobs, but we are living in a time of enormous uncertainty where new vocations and occupations are springing up almost overnight and traditional ones are taking on new roles. Vocational education can play an important role in linking the world of education with the world of work; it cannot take the place of a liberal education which teaches students the thinking processes, flexibility and adaptability so necessary to meet changing conditions. A creative curriculum which offers the best of each world provides the optimal preparation both for earning a living and for making life worth living. John Stuart Mill was far ahead of his time when he wrote: "Education makes a man a more intelligent shoemaker . . . not by teaching him how to make shoes, but . . . by the mental exercise it gives and habits it impresses."

It is imperative that we not lose sight of the fact that our culture cannot remain viable and vital without a broadly and liberally educated citizenry. This country needs our colleges and universities. As our nation moves from the industrial age into the post-industrial age the critical need is for people to solve the increasingly complex problems that our technological, legalistic and media-tied society faces; people who have developed an intellectual potential, a strong perception of themselves and an understanding of external forces through liberal, humanistic education.

Those of you who have been waiting to hear me talk about what I plan to do at Florida State University should not be disappointed. The future of the university rests only partially in the hands of the President. The real test of a university's future lies in the hearts and minds of its faculty and students.

The ability of our university to adapt to changing conditions has been harshly tested in the recent past. The reasons are widely known. We have experienced severe financial distress due to double digit inflation and recession. Investment in higher education has become a lower priority for the state and federal funding for graduate education has also declined.

We have been faced with a squeeze on the number of positions, fewer dollars to pay for expenses, enormously increased utility bills and two "dry" budget years. The test is not over. We are still being asked to do more with less and to compete with other institutions in the State University System for funds.

We shall continue to work for that share of state funds appropriate to meet our graduate mission, for the recognition from the federal government that a university of our quality deserves, and for the support and financial assistance of the private foundations.

We must move forward with our scholarly endeavors, allocating our scarce resources as efficiently as possible and enlisting the cooperation of all members of our academic community to meet our goals. We must discover and utilize new and innovative methods of teaching; we must seek out better ways to apply the reserve of both research and good will that our faculty has created; and we must extend our hands forward to all of those who will work with our faculty in solving the pressing needs of our university.

In meeting these challenges we can avail ourselves of the opportunity to draw closer together; to develop a more secure image of ourselves as an institution; and to make the name of the Florida State University a symbol of scholarly achievement, of the pursuit of excellence, and of an institution that houses a proud faculty and a vibrant student body.

Robert M. Hutchins once described the modern university as a series of separate schools and departments held together by a central heating system. Clark Kent has said that the Berkeley where heating is less important and the automobile more so, he thought of it as a series of individual faculty entrepreneurs held together by a common grievance over parking. I used to think that it was the air conditioning that held the university together. But in my new role as President I have learned that some are too hot, others say they are too cold and some simply do not comment. While I am tempted to attribute the unifying role at this university to its computer center (a sign of changing technology, perhaps), what truly holds the university together is its tolerance for dissent and the common desire on the part of all of its members to be one of the finest institutions in the nation.

Robert Goheen has thoughtfully said, ". . . a university is very easy to disrupt. It is held together neither by steel cables nor enforceable laws. All that holds it together normally are good will, tolerance, and a common respect both for reason and for reasonableness. . . . These binding threads can be all too readily snapped, unless many courageously make the effort to sustain, protect and advance the institution in which they have a share and a stake."

In creative dissent there is inherently much that divides, but there is much that is added in the byplay of conflicting ideas. Because of this I am secure in the knowledge that we shall come together; but in our quest for the truth we cannot and should not lose sight of our own humanity. Because it is in its service to humanity that the university truly serves its most noble function.

PRESENTATION BY THE HONORABLE RAY MARSHALL, SECRETARY OF LABOR, AT FLORIDA STATE UNIVERSITY

PROCEEDINGS

Thank you. President Sliger and distinguished guests, it is an honor and privilege for me to be here to participate in this inauguration. I'm not sure what's expected of an inaugural address. One thing is clear, that much of what has already been said has captured the personality and character of Bernie Sliger. I congratulate him on his selection as president of this great institution. But since I've known him a great deal longer than I've known your institution, and I know him much better, I congratulate those of you who had the good sense to make the selection.

I can think of few people who possess the characteristics that were outlined by the selection committee for a president of a great university, and few people possess the vision, integrity, intellectual and leadership qualities of Bernie Sliger.

I'm confident that this great university will continue to grow in national and international stature under his leadership. And that this university will continue to make a major contribution to public policy, to the needs of the people of Florida, and to the needs of the people in the country.

I think that there's only one thing that I would add to the long list of attributes that previous speakers have listed about Bernie Sliger, and that is not only will he be an outstanding leader, but he will do it with good humor. And he will do it with sensitivity to the needs of other people. And to the needs of the state of Florida and the nation. I agree, also, that the theme, the union of education and society, is entirely appropriate in Bernie Sliger's case. Because he personifies what seems to me to be the best qualities of an outstanding scholar and educational institution in the sense that even though he is thoroughly familiar with the theoretical and the abstract, he sees the need to and has constantly employed his intellectual abilities and personal qualities in the public service, and in the service of other people.

And I think this has not always been the case. And that education has been in trouble in many cases, simply because it has not been true that people have been concerned about the union of education and society. I therefore commend you, Bernie, on your inaugural theme.

Perhaps I'm more sensitive to it than most, since as Secretary of Labor, I see the consequences of what happens when there is no connection between education and society. What I'm referring to is unemployment, which can be painful, wrenching experience, whether you're a high school graduate or a Ph.D. This is a difficult time to take over the reins of a major university, because higher education is in the midst of a period of retrenchment. On the Federal and on the state level, the funds just aren't there for widespread expansion, large scale hiring, or the development of many new programs and curriculum.

But budgetary problems are not the only constraints facing higher education. There are political problems as well. Within recent memory, higher education, and indeed education as an institution, was an institution whose value in our society was unquestioned. High unemployment and a variety of related factors have eroded this sense and this value placed by people on higher education and education generally, as well as this good will, as we've all experienced.

Colleges and universities, like many other American institutions from the Presidency on down, are now facing intense scrutiny from an increasingly skeptical general public. Part of the disillusionment with higher education is an understandable reaction to the unrealistic expectations that were placed on it until recently. A college education, no matter what the subject, no matter what the school, was thought to be an automatic guarantee of upward social mobility. A graduate degree was thought to be virtually synonymous with a prestigious job. During the 1950's and '60s, we tended to measure the quality of education solely in terms of input. Academic budgets were compared and schools and graduate programs were ranked

accordingly. It was axiomatic that the more an institution spent, the better education its students received.

Equally fundamental was the principle that the more distinguished faculty members a school had, the better education it provided. Neither of these, obviously, were true. It would be a good world in our academia if we could measure the input by the output. But we cannot do it. And we therefore have to be concerned about better measurements of the basic purposes of an educational institution.

What no one seemed to be concerned about was measuring higher education in terms of output. Not the number of graduates that a university produced, but what its graduates had learned, and how the university had shaped their thinking. Somewhere along the gleaming new buildings and the ever increasing academic budgets, the basic purposes of education became lost.

I think in those days one could truly say that the American higher education system had become divorced from society. It was a closed system which was not preparing its students for life or for work. All too often higher education tended to stifle creativity, rather than enhance it. Like any hierarchial institution, higher education became seduced by the cult of expertise. The situation was akin to decreeing that there was just one way to write a novel, or paint a picture.

It was no small wonder that the people who run society tended to become increasingly disenchanted with education. At one end of the spectrum were the academic critics and researchers who claimed that the quality of education measured by such things as budgets and teacher credentials, had little effect on social mobility. At the other end of the spectrum, there were those who wanted to abandon most traditional theories of education and make institutions of learning little more than vehicles for social change.

Like most ideological debates, there was some truth in everyone's position. But the most prudent path lay somewhere in the middle. Academic critics were a welcome antidote to the belief that education alone could bridge the rigid lines of social class in this country. The advocates of social change were right in recognizing that the university must reflect some awareness of its role in the larger society. But there were also important fallacies on both sides.

The academic critics offered little more than a gospel of hopelessness to replace our earlier faith in the therapeutic wonders of education. The advocates of social change could never clearly define what sort of change they wanted or how they intended to impose it on millions of Americans who seemed quite content with the status quo.

I think that the net effect of this questioning of the basic purposes of education has been healthy. It looks as if the ivory tower mentality of higher education is gone for good. Having seen its brightest graduates suffer from the economic doldrums of the 1970's, higher education has begun to see the connection between the world of learning and the world of work. I don't think that academia will lose sight of this connection for a long time to come.

There's another part of the ivory tower mentality that I will not miss either. This is the curious academic notion that considers anyone who can actually do something to be suspect. I don't want to repeat the old saw that those who can do, and those who can't teach, but there were many times when it seemed like an accurate reflection of the life on college campuses. This disdain for practical skills masked a very destructive bias against manual work. On one hand it led us, for more than a generation, to scorn those occupations where people work with their hands. It is a strange society which has a glut of Ph.D.'s, but a shortage of plumbers and electricians.

It is equally strange that it has become permissible for some of our brightest students to retreat to small farms in Vermont, but it would be scandalous if any of those young men and women entered an apprenticeship in the building trades. Now, it seems to me that John Gardner put this as succinctly as anybody could. That we cannot disdain work, and we cannot disdain philosophy, or the ivory tower. To quote John Gardner, he said, "The society which scorns excellence in plumbing, because plumbing is a humble activity, and tolerates shoddiness in philosophy, because it is an exalted activity, will have neither good plumbing nor good philosophy. Neither its pipes nor its theories will hold water."

[Laughter.]

Without cheapening the traditional value of liberal arts education, I think that we have finally reached a period where colleges and universities are aware of the need for their graduates to have useful skills when they seek a job. This doesn't mean that all students should substitute accounting for Shakespeare, because there's more to an education, of course, than preparation for work. We should also be training intelligence, and preparing people for life.

But it does mean that college graduates should recognize that the world does not owe them a living, just because they've accumulated 120 credits. In a sense, higher education has entered the era of zero-based budgeting. Higher education must justify itself like any other American institution; without abandoning its traditional liberal arts orientation higher education must become integrated with society, rather than trying to remain aloof from practical affairs.

If anything, my almost five months in Washington have underscored the value of an extensive academic education, for those who find themselves deeply involved in the world of practical affairs. One of the hard truths of life in Washington, and perhaps in the world, is that all too often there's no time for reflective thinking. The pressure of political and administrative deadlines has its impact on innovative thinking. That's why in many instances it's necessary to call upon ideas and insights that one formulated in more leisurely times to help shape administrative decisions in the world of work.

An inaugural, like the Queen's Jubilee, or any other celebration occasion, is a time for reaffirmation of faith. I'm here, in part, to affirm my faith in higher education and its future. The challenges that higher education faces today are different from those faced in earlier ages. There are no easy answers. But I believe that the potential is there for new and substantive union between education and the larger society. And I'm absolutely confident that Bernie Sliger will help lead you in that direction.

Thank you.

[Applause.]

(End of proceedings as recorded.)

NLRB DELAY: THE NEED FOR LABOR LAW REFORM

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MIKVA. Mr. Speaker, Congress passed the Wagner Act in 1935 to afford all workers the right to organize and bargain collectively through a representative of their own choosing. Through the years, the key to this guarantee has been a secret ballot or "representation" election held among eligible employees.

Unfortunately, this country's national labor policies have often been frustrated by the very laws that established these policies, and by a few individuals who have exploited the loopholes in the statutory language. The representation election is an example of a provision which has been abused by employers interested only in obstructing the National Labor Relations Act.

The case of Duncan Foundry and Machine Works, Inc., located in Alton, Ill. (see 75LRRM1416, 2781), indicates how the representation election provisions can be used to deny workers the right to choose whether or not to be represented. In mid-1966, the workers at Duncan Foundry voted in favor of representation by the United Steelworkers, and the union was certified by the NLRB. By raising objections to the proceedings, the company was able to delay the process for over 1 year—long enough to call into question the union's majority status and force a new election.

In January of 1967, a strike was called to protest the company's antiunion efforts. The company petitioned for another election and then dragged out the hearings for several months by raising superficial challenges to prevent striking employees from voting. Both the hearing officer and the National Labor Relations Board rejected the company's arguments. Yet these dilatory tactics were able to delay the election for 4 more months until January 26, 1968.

Again, the employees voted to be represented by the union. The company remained determined to stall, and appealed once again on the same ground that had been previously rejected. This time it took the Board until July 1969 to deny the company motion. As a result of the company's action, an additional 1½ years passed after the second election before the union was finally certified as the employees' bargaining representative.

Nevertheless, Duncan Foundry's management continued to refuse to bargain. The company challenged the union's status, arguing that it had discovered new evidence.

The Board rejected this argument in August 1970 and ordered the company to bargain collectively with the United Steelworkers of America. However, because Board orders are not self-enforcing, the company once again challenged this decision, and it was necessary for the Board to ask the U.S. court of appeals to enforce the order.

Finally, on April 6, 1972, nearly 6 years after the employees first petitioned to hold an election the court of appeals ordered the company to bargain.

Duncan Foundry's conduct illustrates how a company can frustrate the purpose of representation elections by challenging each and every step in the process without incurring any penalties for their obstructionism.

The Labor Reform Act of 1977 expedites elections and hearings on election challenges, and imposes penalties on employers who refuse to bargain in good faith. In the 1930's, employers hired strikebreakers to keep out the unions. In the 1970's, employers hire attorneys, but the purposes are the same. The Labor Reform Act is essential if the modern techniques for denying workers the right to freely choose to organize are to be controlled. I hope my colleagues will re-

assert this basic principle of labor law and support H.R. 8410.

BILL TO ESTABLISH AN ADMIRALTY ISLAND NATIONAL PRESERVE IN THE STATE OF ALASKA

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, I am today reintroducing a bill to establish an Admiralty Island National Preserve in the State of Alaska.

This bill is similar to H.R. 5605, which I introduced on March 24, 1977, in response to requests from the people of the village of Angoon, the only community on Admiralty Island. I am reintroducing the bill today because a number of my colleagues on the Committee on Interior and Insular Affairs have asked to join in cosponsoring this measure.

Mr. Speaker, Admiralty Island is one of the most magnificent areas of the many magnificent areas on the remaining Federal lands in Alaska. Those members of the Subcommittee on General Oversight and Alaska Lands who visited southeastern Alaska during our field trips and hearings earlier this month can certainly testify to that. The island, containing about a million acres of deep forest, sparkling salmon streams, snow-crowned mountains and superb recreational and esthetic values, also supports a considerable variety of wildlife, including many brown bears, and American bald eagles. In fact, it is estimated by knowledgeable persons that there are more bald eagles on Admiralty Island alone than in all the "lower 48" States.

Mr. Speaker, Admiralty Island is one of the areas in the Tongass National Forest in southeastern Alaska which would be designated as a wilderness area under provisions of H.R. 39, the Alaska National Interest Lands Conservation Act, which is currently pending before our Subcommittee on General Oversight and Alaska Lands. Admiralty Island, however, differs from the other areas in that bill, in that the Tlingit people who live on the island, in the village of Angoon, are chief advocates of designating the island as a wilderness area. The provisions of H.R. 5605 and the bill I introduce today embody their desires.

When our subcommittee was in southeast Alaska earlier this month, Members had an opportunity to visit Angoon and to meet with the people there. I believe that we came away impressed anew with the sincerity of their desire to protect the lands and waters of the island, upon which they have always relied for subsistence.

Mr. Speaker, when I addressed the House on March 24, concerning Admiralty Island, I spelled out in some detail the history of official indifference shown toward the people of Angoon by the U.S. Forest Service, and the developments under the Alaska Native Claims Settlement Act which have led to litigation involving Angoon's people, the Native people of Sitka and Juneau, the Departments of the Interior and Agriculture, and others. I will not take the time of the House to reiterate that story now. But I do wish to reemphasize what I said earlier, that it is not the purpose of those of us who are sponsoring this legislative proposal to interfere with any pending litigation, or to influence the orderly workings of the judicial process. Nor do we wish to do anything to dissuade any of the parties to these disputes from working to achieve a voluntary settlement through negotiations.

On the contrary, Mr. Speaker, I believe that one of the most hopeful developments affecting Admiralty Island has been the agreement between the Native corporations for Angoon and Juneau, which, if agreed to by the Secretaries of Interior and Agriculture, would lead to the end of the current litigation between these two Native corporations. I was privileged, with other members of our subcommittee, to be present in Angoon when the agreement was signed by the officials of the respective corporations. I can think of no more encouraging development than for these Native groups to resolve their disputes among themselves. Negotiations between Angoon and Sitka have been under way, and it is my hope that these will continue and lead to a similar agreement to resolve that dispute.

With this in mind, Mr. Speaker, I am proud to once again have an opportunity to lay before our colleagues of the Congress these imaginative and worthwhile proposals of the people of Angoon concerning the protection of Admiralty Island.

LEAVE OF ABSENCE

By unanimous request, leave of absence was granted to:

Mr. SPENCE (at the request of Mr. RHODES), for today on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. STOCKMAN) to revise and extend their remarks and include extraneous material:

Mr. BROYHILL, for 5 minutes today.
Mr. CRANE, for 5 minutes today.
Mr. RAILSBACK, for 5 minutes today.
Mr. WHALEN, for 5 minutes today.
Mr. KEMP, for 10 minutes today.

The following Members (at the request of Mr. KOSTMAYER), to revise and extend their remarks, and to include extraneous matter to:

Mr. WAGGONNER, for 10 minutes, today.
Mr. FLOOD, for 5 minutes, today.
Mr. MOSS, for 10 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. VANIK, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

The following Members (at the request of Mr. STOCKMAN) and to include extraneous matter:

Mr. ANDERSON of Illinois.
Mr. LENT.
Mr. CRANE.
Mr. ASHBROOK in four instances.
Mr. MARTIN.
Mr. MICHEL.
Mr. DERWINSKI.
Mr. KEMP in two instances.

The following Members (at the request of Mr. KOSTMAYER) and to include extraneous matters:

Mr. WON PAT.
Mr. JONES of Oklahoma.
Mr. RICHMOND.
Mr. ZABLOCKI in two instances.
Mr. DODD.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. FLORIO.
Mr. OBERSTAR.
Mr. KILDEE.
Mr. TEAGUE.
Mr. BRECKINRIDGE.
Mr. MURPHY of New York.
Mr. AMBRO in two instances.
Mr. GAYDOS.
Mr. ROONEY.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 77. Joint resolution to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes.

ADJOURNMENT

Mr. KOSTMAYER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 53 minutes p.m.), under its previous order, the House adjourned until Monday, August 1, 1977, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2033. A letter from the Comptroller General of the United States, transmitting a report that the impoundment of funds for the Intense Neutron Source Facility project by the Energy Research and Development Administration constitutes a deferral of budget authority which has not been reported to the Congress by the President, pursuant to section 1015(a) of Public Law 93-344 (H. Doc. No. 95-199); to the Committee on Appropriations and ordered to be printed.

2034. A letter from the Secretary of the Navy transmitting a draft of proposed legislation to amend chapter 3 of title 37, United States Code, to provide a subsistence allowance for members of the armed forces enrolled in certain officer candidate programs, and for other purposes; to the Committee on Armed Services.

2035. A letter from the Assistant Secretary of Commerce for Administration, transmitting notice of a proposed new records system,

pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2036. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by William B. Jones, Ambassador-designate to Haiti, and by members of his family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

2037. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on International Relations.

2038. A letter from the Secretary of Commerce, transmitting the annual report on the administration of the Marine Mammal Protection Act during the period ended March 31, 1977, pursuant to section 103(f) of the act; to the Committee on Merchant Marine and Fisheries.

2039. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting revised summary statistical tables to accompany the previously submitted 1976 survey of the costs of construction of publicly owned wastewater treatment facilities needed to carry out the provisions of the Federal Water Pollution Control Act, pursuant to sections 205(a) and 516(b) of the act; to the Committee on Public Works and Transportation.

2040. A letter from the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), transmitting a report on Department of Defense procurement from small and other business firms for October 1976–February 1977, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EILBERG: Committee on the Judiciary. H.R. 7769. A bill to authorize the creation of a record of admission for permanent residence in the cases of certain refugees from Vietnam, Laos, or Cambodia (Rept. No. 95–547). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means, H.R. 8423. A bill to amend titles II and XVIII of the Social Security Act to make improvements in the end stage renal disease program presently authorized under section 226 of that act; with amendment (Rept. No. 95–549). Referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. ULLMAN: Committee on Ways and Means. H.R. 8422. A bill to amend title XVIII of the Social Security Act to provide payment for rural health clinic services; with amendment (Rept. No. 95–548, pt I). Referred to the Committee on Intertsate and Foreign Commerce for a period ending not later than September 19, 1977 for consideration of such portions of the bill within the jurisdiction of that committee under cl. 1(1) of rule X, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of North Dakota:

H.R. 8637. A bill designating the park established pursuant to the act of April 25, 1947, (61 Stat. 52), as the Theodore Roosevelt National Park; to the Committee on Interior and Insular Affairs.

By Mr. BINGHAM (for himself, Mr. ZABLOCKI, Mr. FINDLEY, Mr. WHALEN, Mr. STUDDS, Mr. FOWLER, Mr. CAVANAUGH, Mr. BEILENSON, and Mr. WINN):

H.R. 8638. A bill to provide for more efficient and effective control over the proliferation of nuclear explosive capability; to the Committee on International Relations.

By Mr. BOLAND:

H.R. 8639. A bill to amend the Wool Products Labeling Act of 1939 with respect to recycled wool; to the Committee on Interstate and Foreign Commerce.

By Mr. BRINKLEY:

H.R. 8640. A bill to establish an arbitration board to settle disputes between organizations of supervisors and other managerial personnel and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

By Mr. PHILLIP BURTON (for himself, Mr. UDALL, Mr. KASTENMEIER, Mr. KAZEN, Mr. BINGHAM, Mr. SEIBERLING, Mr. RUNNELS, Mr. ECKHARDT, Mr. BYRON, Mr. TSONGAS, Mr. CARR, Mr. MILLER of California, Mr. FLORIO, Mr. KREBS, Mr. KOSTMAYER, Mr. RAHALL, Mr. JOHN L. BURTON, Mr. DELLUMS, Mr. EDWARDS of California, Mr. ROYBAL, Mr. STARK, Mr. PATTERSON of California, Mr. WAXMAN, Mr. WON PAT, and Mr. MURPHY of Pennsylvania):

H.R. 8641. A bill to add certain lands to the Redwood National Park in the State of California, to strengthen the economic base of the affected region, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CARR:

H.R. 8642. A bill to abolish the Joint Committee on Atomic Energy and to reassign certain functions and authorities thereof, and for other purposes; to the Committee on Rules.

By Mr. CRANE:

H.R. 8643. A bill to provide for equity and freedom of association in labor-management relations and for other purposes; jointly, to the Committees on Agriculture, Education and Labor, Interstate and Foreign Commerce, and the Judiciary.

By Mr. EVANS of Delaware (for himself, Mr. WYLIE, Mr. SCHULZE, Mr. WALKER, Mr. SYMMS, Mr. CUNNINGHAM, Mr. HYDE, Mr. SHUSTER, Mr. MOTTL, Mr. ROUSSELOT, Mr. MCDONALD, Mr. GUYER, Mr. COLLINS of Texas Mr. KINDNESS, Mr. DEVINE, Mr. STANTON, Mr. DAN DANIEL, Mr. PATTISON of New York, Mr. KEMP, Mr. GRASSLEY, Mr. TREEN, Mr. EILBERG, Mr. STOCKMAN, Mr. LOTT, and Mr. MICHEL):

H.R. 8644. A bill to insure equal protection of the laws as guaranteed by the 5th or 14th amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. EVANS of Delaware (for himself, Mrs. HOLT, Mr. LAGOMARSINO, Mr. RUDD, Mr. LATTA, Mr. BEARD of Tennessee, Mr. BAUMAN, Mr. ARMSTRONG, Mr. QUAYLE, Mr. BROWN of Michigan, Mr. TAYLOR, Mr. FRENZEL, Mr. VANDER JAGT, and Mr. DORNAN):

H.R. 8645. A bill to insure equal protection of the laws as guaranteed by the 5th or 14th amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. FISH (for himself, Mr. MCEWEN, Mr. RICHMOND, Mr. RUNNELS, and Mr. LUJAN):

H.R. 8646. A bill to amend the Immigration and Nationality Act to facilitate the admission of aliens for temporary employment; to the Committee on the Judiciary.

By Mr. HILLIS:

H.R. 8647. A bill to amend chapter 55 of title 10, United States Code, to establish a ceiling for payments to physicians under CHAMPUS, and for other purposes; to the Committee on Armed Services.

By Mr. HOWARD (for himself, Mr. JOHNSON of California, Mr. SHUSTER, Mr. ROBERTS, Mr. CLEVELAND, Mr. ANDERSON of California, Mr. DON H. CLAUSEN, Mr. ROE, Mr. HAMMERSCHMIDT, Mr. RONCALIO, Mr. WALSH, Mr. MCCORMACK, Mr. GOLDWATER, Mr. BREAUX, Mr. HAGEDORN, Mr. OBERSTAR, Mr. GARY A. MYERS, Mr. AMBRO, Mr. NOWAK, Mr. EDGAR, Mrs. LLOYD of Tennessee, Mr. FARY, Mr. HEFNER, Mr. CORNWELL, and Mr. APPLEGATE):

H.R. 8648. A bill to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. RUDD (for himself and Mr. DEVINE):

H.R. 8649. A bill to amend the Fair Labor Standards Act of 1938, as amended, to expand employment opportunities for youth; to the Committee on Education and Labor.

By Mr. SEBELIUS (for himself, Mr. PHILLIP BURTON, Mr. BEDELL, Ms. HOLTZMAN, Mr. LAGOMARSINO, Mr. MURPHY of New York, Mr. OTTINGER, Mr. ROE, Mr. SEIBERLING, Mr. SKUBITZ, Mr. UDALL, Mr. VENTO, Mr. WAXMAN, Mr. WINN, Mr. WON PAT, and Mr. WRIGHT):

H.R. 8650. A bill to provide for the preservation of natural diversity, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SEIBERLING (for himself, Mr. BINGHAM, Mr. BYRON, Mr. CORRADA, Mr. GUDGER, Mr. MILLER of California, Mr. NOLAN, Mr. TSONGAS, and Mr. VENTO):

H.R. 8651. A bill to establish Admiralty Island National Preserve in the State of Alaska, as a unit of the national park system, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WALKER (for himself and Mr. SCHULZE):

H.R. 8652. A bill to amend the Internal Revenue Code of 1954 and the Social Security Act to provide an exemption from coverage under the social security program, through a tax refund procedure, for employees who are members of religious faiths which oppose participation in such program, and to provide a similar exemption on a current basis (pursuant to waiver certificates filed in advance) for employers engaged in farming and their employees in cases where both are members of such faiths; and to make the existing exemption for self-employed members of such faiths available to certain additional individuals; to the Committee on Ways and Means.

By Mr. WON PAT:

H.R. 8653. A bill to promote the economic development of American Samoa; to the Committee on Interior and Insular Affairs.

By Mrs. COLLINS of Illinois:

H.J. Res. 561. Joint resolution to provide for the designation of September as National

Sickle Cell Month; to the Committee on Post Office and Civil Service.

By Mrs. BURKE of California (for herself, Mr. CHARLES H. WILSON of California, Mr. OTTINGER, Mr. DELANEY, Mr. MITCHELL of Maryland, Mr. HALL, Mr. PHILLIP BURTON, Mr. CLAY, Mr. NIX, Mr. MOSS, Mr. STRATTON, Mr. MOAKLEY, Mr. CHARLES WILSON of Texas, Mr. CORMAN, Mr. FRENZEL, Mr. WINN, Mr. CORRADA, Mr. EDWARDS of California, Mr. PANETTA, Mr. DIGGS, Mr. ERTEL, Mr. JOHNSON of California, Mr. HANNAFORD, Mr. SIMON, and Mr. MURPHY of Pennsylvania):

H. Con. Res. 318. Concurrent resolution calling for the support of the city selected to represent the United States before the International Olympic Committee in its bid to host the 1984 Summer Olympic Games; jointly, to the Committees on International Relations, and Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

237. The SPEAKER presented a memorial of the Legislature of the Commonwealth of Pennsylvania, relative to liberalization of the earnings provisions of the Social Security Act; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. OTTINGER introduced a bill (H.R. 8654) for the relief of Elsie Stevens; which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

163. By the SPEAKER: Petition of the council of the city and county of Honolulu, Hawaii, relative to sugar payments; to the Committee on Agriculture.

164. Also, petition of the executive board, Palm Beach County Municipal League, Boca Raton, Fla., relative to inclusion of the Loxahatchee River in the National Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

165. Also, petition of the Borough Council, Spring Grove, Pa., relative to the proposed "Consumer Communications Reform Act of 1977"; to the Committee on Interstate and Foreign Commerce.

166. Also, petition of the Florida State Lodge of the Fraternal Order of Police, Tampa, Fla., relative to the indictment of former FBI Special Agent John J. Kearney; to the Committee on the Judiciary.

167. Also, petition of the Broward County Chiefs of Police Association, Fort Lauderdale, Fla., relative to the indictment of former FBI Special Agent John J. Kearney; to the Committee on the Judiciary.

168. Also, petition of the 362nd Fighter Group Association, New Orleans, La., relative to veterans hospitals; to the Committee on Veterans' Affairs.

169. Also, petition of the Florida State Lodge of the Fraternal Order of Police, Tampa, Fla., relative to social security coverage for police officers and firefighters; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3744

By Mr. MILFORD:

Page 11, line 20, strike out "and" and insert in lieu thereof ", (3), and".

H.R. 8444

By Mr. HOWARD:

On page 425, strike out line 14, through line 10 on page 448 and insert:

Subpart B—Fuel Conservation Taxes; Highway and Mass Transportation Trust Fund

SEC. 2023. GASOLINE CONSERVATION TAX.

(a) GENERAL RULE.—Part III of subchapter A of chapter 32 (relating to petroleum products) is amended by redesignating subparts B and C as subparts C and D, respectively, and by inserting after subpart A the following new subpart:

"Subpart B—Gasoline Conservation Tax

"Sec. 4086. Imposition of tax.

"SEC. 4086. IMPOSITION OF TAX.

(a) IMPOSITION OF ADDITIONAL TAX.—In addition to any tax imposed by section 4081, there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 5 cents a gallon.

"(b) TAX TO BE DEPOSITED IN TRUST FUND.—

"For provisions for depositing amounts of the tax imposed by this section in the Highway and Mass Transportation Trust Fund, see section 2024 of the Energy Tax Act of 1977."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1979.

SEC. 2023A. DIESEL AND SPECIAL MOTOR VEHICLE FUELS CONSERVATION TAXES

(a) IN GENERAL.—Chapter 31 (relating to special fuels) is amended by adding at the end thereof the following new section:

"SEC. 4042. IMPOSITION OF DIESEL AND SPECIAL MOTORS FUELS CONSERVATION TAXES

"(a) DIESEL FUEL.—In addition to any tax imposed by section 4041(a), there is hereby imposed a tax of 5 cents a gallon upon any liquid (other than any product taxable under section 4086)—

"(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

"(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

"(b) SPECIAL MOTOR FUELS.—In addition to any tax imposed by section 4041(b), there is hereby imposed a tax of 5 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4086 or subsection (a) of this section)—

"(1) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat; or

"(2) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under this section.

"(c) EXEMPTIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on any liquid sold for use or used if such sale or use is exempt from the tax imposed by section 4041 by reason of subsection (f), (g), or (h) of section 4041.

"(d) SALES BY UNITED STATES, ETC.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1979, except that no tax shall be imposed under section 4042 of the Internal Revenue Code of 1954 (as added by subsection (a)) with respect to the use by any person of any fuel sold to such person before January 1, 1979, if such sale would have been taxable under such section 4042 if it had occurred on January 1, 1979.

SEC. 2023B. FLOOR STOCKS TAXES; TECHNICAL AND CONFORMING AMENDMENTS

(a) FLOOR STOCKS TAXES.—Subchapter G of chapter 32 (relating to exemptions, registration, etc.) is amended by inserting after section 4225 the following new section:

"SEC. 4426. FLOOR STOCKS TAXES ON GASOLINE.

"(a) Gasoline Conservation Tax.—On gasoline (as defined in section 4082(b)) which, on January 1, 1979, is held by a dealer for sale, there is hereby imposed a floor stocks tax at a rate equal to the difference between (1) the tax (if any) imposed by section 4086 on the sale of such gasoline by the producer or importer, and (2) the tax which would have been imposed by such section on such sale if the sale had occurred on January 1, 1979. The tax imposed by this subsection shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.

"(b) OPERATION OF FLOOR STOCKS TAXES.—Section 6416 shall apply in respect of the floor stocks taxes imposed by this section, so as to entitle, subject to all provisions of section 6416, any person paying such floor stocks taxes to a credit or refund thereof for any of the reasons specified in section 6416.

"(c) MEANING OF TERMS.—For purposes of subsection (a), the terms 'dealer' and 'held by dealer' have the meaning assigned to them by section 6412(a)(2).

"(d) DUE DATE OF TAXES.—Any tax imposed by subsection (a) shall be paid at such time, not less than 90 days after the gasoline tax increase date in respect of which such tax was imposed, as may be prescribed by the Secretary."

(b) DENIAL OF CERTAIN EXEMPTIONS AND REFUNDS.—

(1) Subsection (a) of section 4221 (relating to certain tax-free sales) is amended by adding at the end thereof the following new sentence: "Paragraph (2) shall not apply to the tax imposed by section 4086."

(2) Section 4293 is amended by striking out "section 4064" and inserting in lieu thereof "section 4042, 4064, or 4086".

(3) Paragraph (6)(C) of section 4221(d) (relating to use in further manufacture) and paragraph (3)(F) of section 6416(b) (relating to tax-paid articles used for further manufacture, etc.) are each amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(c) ALLOWANCE OF REFUNDS IN CASE OF CERTAIN USES.—Paragraph (2) of section 6416(b) (relating to tax payments considered overpayments in case of specified uses and resales) is amended—

(1) by inserting after "section 4041(a)(1) or (b)(1)" the following: "or section 4042", and

(2) by adding at the end thereof the following new sentence:

"Subparagraph (A) shall not apply to any tax paid under section 4086 or 4042."

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 31 is amended by adding at the end thereof the following new item:

"SEC. 4042. Imposition of diesel and special motor fuels conservation taxes."

(2) The table of subparts for part III of subchapter A of chapter 32 is amended by striking out the last two items and inserting in lieu thereof the following:

"Subpart B. Gasoline conservation tax.
"Subpart C. Lubricating oil.
"Subpart D. Special provisions applicable to petroleum products."

(3) Subsections (a) and (b) of section 4082 are each amended by striking out "in this subpart" and inserting in lieu thereof "in this subpart and subpart B".

(4) Section 4083 is amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(5) Section 4101 is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, 4086, or 4091".

(6) The table of sections for subchapter (G) of chapter 32 is amended by inserting after the item relating to section 4225 the following new item:

"SEC. 4226. Floor stocks taxes on gasoline."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1979.

SEC. 2023C. REPAYMENT OF GASOLINE AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

(a) GENERAL RULE.—Subchapter B of chapter 65 (relating to rules of special application for abatement, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6430. REPAYMENT OF GASOLINE, DIESEL, AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

"(a) USE FOR FARMING PURPOSES.—

"(1) IN GENERAL.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any purchaser of such gasoline or fuel on a farm for farming purposes (within the meaning of section 6420(c)), the Secretary shall pay (without interest) to such purchaser an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) SPECIAL RULE.—If gasoline on which tax was imposed under section 4086, or any other fuel on the sale of which tax was imposed under section 4042, is used on a farm by any person other than the owner, tenant, or operator of such farm, such owner, tenant, or operator shall be treated as the user and purchaser of such gasoline or other fuel.

"(b) INTERCITY, LOCAL, AND SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (g), if gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which tax was imposed by section 4042 is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of Section 4221(d)(7)(C)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 of 4042 on such gasoline or fuel.

"(2) LIMITATION IN CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of gasoline or fuel used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is least 20 adults (not including the driver).

"(c) USE IN AIRCRAFT AND CERTAIN OTHER NONTAXABLE USES.—

"(1) AIRCRAFT.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any person as a fuel in an aircraft, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) NONTAXABLE USES OF DIESEL OR SPECIAL MOTOR FUELS.—

"(A) IN GENERAL.—Except as provided in subsection (g), if tax has been imposed by subsection (a) or (b) of section 4042 on the sale of any fuel and the purchaser uses such fuel for a nontaxable use, or resells such fuel, the Secretary shall pay (without interest) to such purchaser an amount equal to the amount of tax imposed by subsection (a) or (b) of section 4042 on the sale of the fuel to such purchaser.

"(B) NONTAXABLE USE.—For purposes of subparagraph (A), the term 'nontaxable use' means any use (other than in an aircraft) of a fuel if a tax would not be imposed by subsection (a) or (b) of section 4042 on such use (determined as if no tax had been imposed by section 4042 on the sale of such fuel).

"(3) USE BY CERTAIN AIRCRAFT MUSEUMS.—Except as provided in subsection (g), if—

"(A) any gasoline on which tax was imposed by section 4086, or

"(B) any fuel on the sale of which tax was imposed under section 4042,

is used by an aircraft museum (as defined in section 4041(h)(2)) in an aircraft or vehicle owned by such museum and used exclusively for purposes set forth in section 4041(h)(2)(C), the Secretary shall pay (without interest) to the ultimate purchase of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(d) SPECIAL RULES AND DEFINITION.—

"(1) EXEMPT SALES.—No amount shall be payable under this section with respect to any gasoline or fuel which the Secretary determines was exempt from the tax imposed by section 4086 or 4042, as the case may be.

"(2) GASOLINE.—The term 'gasoline' has the meaning given to such term by section 4082(b).

"(e) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided by paragraph (2), not more than one claim may be filed under subsection (a), (b), or (c) by any person with respect to gasoline or any other fuel used during his taxable year. No claim shall be allowed under this section with respect to gasoline or any other fuel used by such person during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTION.—If $1,000 or more is payable under this section to any person with respect to gasoline or any other fuel used during any of the first three quarters of any taxable year, a claim may be filed under this section by such person with respect to gasoline or any other fuel used during such quarter. No claim filed under this subparagraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(f) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4042 or 4086 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds or overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(g) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payments shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—For allowance of credit against the tax imposed by subtitle A for certain uses of gasoline and other fuels, see section 39.

"(h) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(i) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b) ALLOWANCE OF CREDIT FOR CERTAIN USES.—

(1) IN GENERAL.—Subsection (a) of section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", and", and by adding after paragraph (4) the following new paragraph:

"(5) under section 6430 with respect to gasoline, diesel, and special fuels used during the taxable year (determined without regard to section 6430(g))."

(2) TECHNICAL AMENDMENT.—Subsection (b) of section 39 is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6430" and by striking out "or 6427(g)" and inserting in lieu thereof "6427(g), or 6430(g)".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following new item:

"Sec. 6430. Repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses."

(2) Section 6206 is amended—

(A) by striking out "AND 6427" in the section heading and inserting in lieu thereof "6427, AND 6430";

(B) by striking out "or 6427" each place it appears and inserting in lieu thereof "6427, or 6430";

(C) by striking out "or 4041" and inserting in lieu thereof "4041"; and

(D) by inserting after "under section 6427)" the following ", or by section 4042 or 4086 (with respect to payments under section 6430)".

(3) Section 6675 is amended—

(A) by striking out "or" before "6429" in subsection (a);

(B) by inserting ", or 6430 (relating to repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses)" before "for an excessive amount" in subsection (a); and

(C) by striking out "or 6429" in subsection (b) and inserting in lieu thereof "6429, or 6430".

(4) Sections 7210, 7603, 7604(b), and 7610 (c) are each amended by striking out "6429 (g)(2)" and inserting in lieu thereof "6429 (g)(2), 6430(f)(2)".

(5) Section 7604(c)(2) is amended by inserting "6430(f)(2)," after "6427(e)(2),".

(6) Section 7605(a) is amended—

(A) by striking out "6429(g)(2)" the first place it appears and inserting in lieu thereof "6429(g)(2), 6430(f)(2)"; and

(B) by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430(f)(2)".

(7) Paragraph (1) of section 7609(c) is amended by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430(f)(2)".

(d) EFFECTIVE DATES.—

(1) FOR SUBSECTIONS (a) AND (c).—The amendments made by subsections (a) and (c) shall take effect on January 1, 1979.

(2) FOR SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending on or after January 1, 1979.

SEC. 2023D. TECHNICAL AMENDMENTS WITH RESPECT TO CERTAIN TRUST FUNDS.

(a) AIRPORT AND AIRWAY TRUST FUND.—Paragraph (3) of section 208(f) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(b) HIGHWAY TRUST FUND.—

(1) Paragraph (1) of section 209(c) of the Highway Revenue Act of 1956 is amended—

(A) by inserting "and" at the end of subparagraph (F),

(B) by striking out subparagraph (G),

(C) by redesignating subparagraph (H) as subparagraph (G), and

(D) by striking out "subparagraph (H)" in the last sentence and inserting in lieu thereof "subparagraph (G)".

(2) Paragraph (6) of section 209(f) of such Act is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1979.

SEC. 2024. ESTABLISHMENT OF HIGHWAY AND MASS TRANSPORTATION TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "Highway and Mass Transportation Trust Fund" (hereinafter in this subpart referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this subpart referred to as the "Secretary") to be equivalent to the amounts of the taxes received in the Treasury under—

(A) section 4086 of the Internal Revenue Code of 1954 (relating to gasoline conservation tax),

(B) section 4042 of such Code (relating to diesel and special motor fuels conservation taxes), and

(C) section 4226(a) of such Code (relating to gasoline floor stocks taxes),

reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes and further reduced by that portion of such taxes which is attributable to fuel used in aircraft (to the extent that payments are not allowable under such Code with respect to such fuel).

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in paragraph (1) received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) ESTABLISHMENT OF ACCOUNTS.—

(1) IN GENERAL.—There are hereby established within the Trust Fund the following 2 accounts:

(A) the Highway Account, and

(B) the Mass Transportation Account.

(2) TRANFERS TO ACCOUNTS.—Of each amount transferred to the Trust Fund under subsection (b)(1), the Secretary shall place—

(A) 50 percent of such amount in the Highway Account, and

(B) 50 percent of such amount in the Mass Transportation Account.

(d) MANAGEMENT OF TRUST FUND.—

(1) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund (and of each Account contained therein) during the preceding fiscal year and on its expected condition and operations during the fiscal year and the next 5 years after the fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) INVESTMENT.—

(A) IN GENERAL.—It shall be the duty of the Secretary to invest such portion of any account in the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund may be sold by the Secretary at the market price.

(C) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in any account in the Trust Fund shall be credited to and form a part of such account.

SEC. 2024A. EXPENDITURES FROM TRUST FUND FOR CERTAIN PURPOSES.

(a) IN GENERAL.—Amounts in any Account of the Trust Fund shall be available, as provided by appropriations Acts, for making expenditures for the purposes applicable to such account under this section. Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

(b) HIGHWAY ACCOUNT.—For purposes of this section, amounts in the Highway Account may be used only for highway purposes as provided in title 23 of the United States Code.

(c) MASS TRANSPORTATION ACCOUNT.—For purposes of this section, amounts in the Mass Transportation Account may be used only for expenditures relating to mass transportation made pursuant to the Urban Mass Transportation Act of 1964.

SENATE—*Friday, July 29, 1977*

(Legislative day of Tuesday, July 19, 1977)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

"Our God our help in ages past,
Our hope for years to come
Our shelter from the stormy blast
And our eternal home."

—ISAAC WATTS, 1719.

As of old our fathers turned to Thee in prayer so we lift our morning prayer to Thee for wisdom and strength to match the needs of this hour. Grant us a holy reverence for all that is best in the past; but deliver us from the idolatry of worshipping fixed images of antiquity. With all the people of this good land we would commit ourselves to Thee, to share with Thee in the ongoing creative processes of history. Keep us in tune with Thy spirit that we may perceive what Thy word has yet to reveal. And show us how events, wisely handled, may lead us forward in the march for a new order of human life like unto Thy kingdom. Arm us with the weapons of the spirit that evil may be destroyed, injustice removed, peace established, and the law of love rule all men's hearts, for Thine is the kingdom and the power and the glory forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 29, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Thursday, July 28, 1977, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, as my friend, the majority leader, knows, these matters are cleared. There is no objection to proceeding to their consideration in executive session nor to their confirmation.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

FEDERAL HOME LOAN BANK BOARD

The second assistant legislative clerk read the nomination of Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, the President has sent the Senate the name of Robert McKinney to be a member and probably Chairman of the Federal Home Loan Bank Board. This is a position of great importance in this country.

The Home Loan Bank Board has supervision over all the savings and loans which finance a great deal of the Nation's homebuilding, and make homeownership a reality for millions. This is a position which has been highly controversial over the past several years.

The savings and loan industry is a fine industry that has done a great deal for housing. There have been a series of problems, however, with the industry, particularly with the Home Loan Bank Board supervision of the industry.

For this reason, Mr. President, and because of the background Mr. McKinney has, I decided to oppose his nomination. I opposed him in committee. I intend to oppose him on the floor. There is no question he is going to be confirmed. He was supported in the committee 12 to 3 and I am sure he will be overwhelmingly supported on the floor of the Senate.

But I think it is my duty as chairman of the committee, and one who sat through every minute of 2 full days of hearings, to explain to the Senate why I am opposed to this nomination.

Mr. McKinney came before us for 5½ hours the first day for a very vigorous interrogation. The second day, we had witnesses both for and against Mr. McKinney. We went into very considerable detail about his background and the problems of the Home Loan Bank Board.

Mr. President, this is an industry which, as I say, has the principal responsibility in this country of providing financing for homeownership. The savings and loans are given a particular advantage over commercial banks. They are allowed to pay a quarter percent more in interest on savings deposits, for one reason, and that is because the savings and loans are expected to put a substantial portion of their money into housing. Housing is heavily dependent upon the availability of financing. If savings and loans put less into housing it suffers.

Mr. McKinney is head of a savings and loan institution in Indianapolis. He is also head of a law firm that does virtually all the legal business of that savings and loan. He is also chairman of a corporation that sells building supplies to a number of people in Indianapolis, including some of the customers of the savings and loan.

It is clear that the record of Mr. McKinney's savings and loan should be pertinent to the kind of attitude he has with respect to housing. Mr. McKinney's savings and loan has put more than twice as much of their earning assets into nonhousing areas as the average savings and loan in this country.

It is clear he is hardly the kind of man, on the basis of the record, who would as chairman of the Home Loan Bank Board fight to persuade savings and loan's to put more into housing.

In the second place, there has been a very serious concern on the part of many people in this country about redlining, about the attitude on the part of the savings and loan which has persuaded them to refuse to lend money to inner city areas or to lend money even to borrowers in those areas who have a record of repayment of their debts, a record of stable earnings, equal to or better than people outside of those areas.

We found that even where there are sound structures that the savings and loans in some cases have refused to make loans in the inner city areas.

There have been some cities which have broken this pattern. Philadelphia is the best example. Fifteen Philadelphia institutions decided voluntarily to see if they could break away from this kind of situation. They made loans in the inner city based on the soundness of the property and based on the credit record of the people who were borrowing, and they demonstrated this kind of lending can be done and done profitably. The record in defaults is about the same as in the conventional area.

Mr. McKinney's record of lending in the redlining area is controversial. He argues it is not very bad, others argue that it is bad.

A study by the Indianapolis Star, a conservative paper which is supportive of Mr. McKinney, indicates his record was poor. That was the way they characterized it in their study of his record as far as redlining is concerned.

Again, Mr. President, as head of the Home Loan Bank Board, Mr. McKinney will be the country's No. 1 man in overcoming redlining. With his record, what can we realistically expect?

Another issue that has concerned this industry, concerned the finance industry generally, is the issue of self-dealing, the issue of conflict of interest.

We have found, both in banks and savings and loans, that more than half of the bank failures have been because of conflicts of interest, because of self-dealing, because there is a tendency for loans to be made to the directors, or the businesses owned by the directors, that are not arm's length dealing, soft loans, which do not turn out well. We found that both in savings and loans and in banks that this is a principal cause, in fact, more than half of the failures of both savings and loans and banks have been because of this conflict of interest.

Mr. McKinney has, I must stress, a record of high competence, although he does wear these various hats and has potential conflicts of interest.

It has been clear, and the committee very carefully and thoroughly investigated him, he has no record of abusing the various positions he holds. But here is a man, Mr. President, who, as I say, is head of a savings and loan, is senior partner in a law firm that does the legal work for that savings and loan, is head of a building supply corporation that supplies some people who borrow from the savings and loan, although on a somewhat limited scale.

Therefore, he is in a classic position of a potential conflict of interest. What makes it difficult to have him serve as Chairman of the Home Loan Bank Board is that when he was asked by the Home Loan Bank Board how he felt about conflict-of-interest regulations which would eliminate some of these potential conflicts of interest, his response was vigorously negative. He said that they should not do that.

He pointed out, for example, that he had a realtor on his board. Obviously, he is wearing two hats and had an interest in the savings and loan making loans on property that he was trying to sell, which would be to his benefit, but the loans might be unsound.

Mr. McKinney himself is a senior partner in a law firm that deals with Mr. McKinney's own savings and loan. So he naturally felt that these conflicts of interest should not be eliminated directly.

Then the Home Loan Bank Board proposed a softer anti-conflict-of-interest regulation. They proposed disclosure of the potential conflicts of interest. And what was the McKinney response? He opposed that, too.

So here we have a man who has a record which is at best indifferent so far as redlining is concerned, is opposed to vigorous conflict-of-interest regulations, is weak in the area of providing housing. We are asked to approve his nomination as head of the Home Loan Bank Board, which regulates this industry.

As I say, on the basis of his character, which is excellent; on the basis of his competence, which is unquestioned, the committee has decided to go ahead, by an overwhelming vote, and I have no question that Congress will. But this Senator will not. I vigorously oppose this nominee.

Mr. President, I think it is time that if we say we are opposed to the revolving door—that is, people coming in from industry to regulate the industry they come from—we should indicate that we mean what we say.

President Carter, in the course of his campaign, over and over again said that he was against this kind of soft regulation, against regulation by industry people who would go into the regulatory body from the industry and come back to it.

I should like to make one more point: Here is a regulatory body which, more than any other in the country, has a record of close contact, day-to-day contact, overwhelming contact, with the industry. Common Cause, in the calendar year 1976, scrutinized the logs—that is, the phone calls, visits, outside contacts of all the independent regulatory bodies. They made a study then of the contacts that these bodies had with industry, with consumer groups, with the press, personal and social, and so forth.

And who had the worst record of excessive industry contact? You guessed it—the Home Loan Bank Board had the worst record of any regulatory body. Seventy-eight percent of all their contacts were with industry. Twenty percent were personal or social. None was with consumers. Only 1 percent was with other groups, such as the press, foreign groups, and so forth. The next worst record was 55 percent with industry.

So here we have a situation in which the Home Loan Bank Board, peculiarly, has a record over the years of being in very close touch with the industry; and we are now approving the nomination of a man who will regulate that Board, who comes from the industry, whose full orientation has been with the industry, and who will be exposed continuously and overwhelmingly as Chairman of the Home Loan Bank Board, to industry attitude, industry approval, industry desires.

Mr. BAKER. Mr. President, will the Senator yield for a moment?

Mr. PROXMIRE. I yield.

Mr. BAKER. Mr. President, I ask the distinguished Senator how much longer we might proceed with this. We have a previous unanimous-consent order for special time for remarks by the distinguished Senator from Arizona.

Mr. PROXMIRE. I am through.

Mr. BAKER. There are others on the floor who are going to speak.

I ask the majority leader if it is possible, as soon as the Senator from Wisconsin has finished, to set aside this matter temporarily and proceed to the special orders.

Mr. ROBERT C. BYRD. I should like to do that, with the indulgence of the distinguished Senator. I had no idea that this discussion would take so long. Last night, I assured the distinguished Senator who now has the floor that if he were here at 10:30 this morning, he could speak. I understood there would be a brief discussion, but I did not realize it would go on this long.

I do not think we should impinge on the order of the Senator from Arizona, who obtained his order with the understanding that he would be the first Senator recognized after the standing orders recognizing the two leaders. But we have gone into executive session, and I do not think that the orders for the leaders should govern the debate on a nomination.

So if the Senator would acquiesce in our setting aside this matter——

Mr. PROXMIRE. I said I would speak 10 minutes. I have spoken 9½ minutes, and I can conclude now.

I recognize, however, that Senator SARBANES, who is very interested in this nomination, may want to speak about it. I believe that Senator LUGAR, who is a strong supporter, and Senator BAYH, another supporter of the nomination, may wish to speak. So it may take a little while before we finish.

Mr. ROBERT C. BYRD. The Senator is correct, and he is precise in his computation of the time he has used. Other Senators may wish to speak on the nomination. After the Senator finishes, may we set it aside?

Mr. PROXMIRE. At this point, I am happy to yield the floor to the majority leader to proceed in any way he wishes.

Mr. BAYH. Mr. President, will the majority leader yield?

Mr. ROBERT C. BYRD. I yield.

Mr. BAYH. After the distinguished Senator from Arizona has concluded with the special order, will we then return to the disposition of this nomination?

Mr. ROBERT C. BYRD. Yes, we will return to it.

Mr. BAKER. I would be happy to cooperate in that respect. I have not used any of my standing order time. I hope we will set this matter aside now, so that the distinguished Senator from Arizona can proceed with his special order.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Wisconsin for his courtesy.

I ask unanimous consent that the Senator from Ariozna may proceed now, as in legislative session, under the order for recognition.

The PRESIDING OFFICER. (Mr. LEAHY). Without objection, it is so ordered. The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, I thank the majority leader for his thoughtfulness, and I thank my friend from Wisconsin for his kindness.

I must apologize, but we are having hearings on the B–52 modification and the cruise missile, and I think it is important that I be at that meeting. So I will proceed.

Mr. TOWER. Mr. President, will the Senator yield me 30 seconds?

Mr. GOLDWATER. I yield.

Mr. TOWER. Mr. President, I ask unanimous consent that Pam Turner and Pat Abshire, of my staff, may have the privilege of the floor during the consideration of and votes on S. 926.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES SHOULD "COOL IT" IN FOREIGN RELATIONS

Mr. GOLDWATER. Mr. President, after studying the foreign policy initiatives of this administration and observing the extremely difficult problems they have encountered throughout the world, I would like to offer a bit of advice to President Carter. I believe and I respectfully suggest that it is time for our Government to "cool it" in the field of foreign relations until such time as circumstances and conditions lend themselves to reasonable adjustment.

If there is one thing, other than a heavy emphasis on human rights, that characterizes American efforts in foreign affairs, it is an unseemly haste; an almost feverish eagerness to reach settlements and agreements within certain time periods. I suggest that the problems which beset foreign affairs throughout the world today do not lend themselves to easy solutions and certainly not to handling on the basis of deadlines and timetables.

Mr. President, I certainly am not against an attitude of urgency in addressing foreign problems which seriously and immediately threaten the cause of peace. But I believe that haste, for the mere sake of reaching settlements in complicated disputes, can do more harm than good. I suspect that the overeager attempts on the part of President Carter and his advisers are creating an impression in many areas that our Government wants agreements at any price and this can spell nothing but deep trouble for the United States.

Now, let us look at some apparent results of the administration's overanxious efforts to bring about agreements. In Panama, the haste for settlement has led that Government to put a $5 billion price tag on terms that the administration feels are reasonable in the adjustment of control over the canal. In the Middle East, the Israelis have gone ahead with moves aimed at consolidating and legalizing their control over the West Bank of the Jordan. I do not know what conclusions might have been reached in the conversations between President Carter and Israeli Prime Minister Menachim Begin last week but it seems reasonable to assume that something transpired to lead Mr. Begin to assume he could get

away with his West Bank maneuver without too much trouble from Washington. This may have been a miscalculation, but even so, I believe it is important to consider what may have caused him to take this drastic action.

In our relations with Castro's Cuba, I suspect that our moves toward recognition there have led that Communist country to believe our eagerness would permit an agreement even while Castro continues his program of aggression and continues to send more troops to Angola and other parts of Africa. In Rhodesia, we can only guess at what might have motivated Prime Minister Ian Smith to call for a special election and practically thumb his nose at American efforts to bring about majority rule. Perhaps the strictures of United Nations Ambassador Andrew Young and statements by President Carter played an important part in forcing Smith to dissolve his Parliament and call elections he hopes will show support for his own version of black rule in that country.

And of course, the administration's obvious desire to normalize relations with Red China at the earliest possible moment undoubtedly is what sustains Peking in the belief that we will ultimately sacrifice the Republic of China and abrogate our long held commitments to the government on Taiwan. I do not see how the rulers on the mainland could reach any other conclusion after President Carter sent his own son to China with a private message for the Communist rulers and decided to send his Secretary of State to Peking in a further effort to speed the movement toward first, a normalization of relations, and ultimately the full recognition of the Communist government as the true government of China. This perhaps is the first area in the world where the administration should put on the brakes and "cool" its feverish haste. There are many reasons having to do with our own strategic interests and with the interests and security of our allies in the Far East why this should be done. However, I believe the most important reason is contained in President Carter's own commitment to the concept of human rights. How any President sincerely dedicated to this principle can move toward recognition of a regime which has done more to violate human rights than any other nation in the world I cannot understand. There is no question that Red China stands alone in this notorious respect and I believe that any recognition of it by the United States would finally compromise any pretense President Carter may have for devotion to what I believe is a very sound policy.

And, Mr. President, I have to conclude also that President Carter's great eagerness for a SALT agreement was a major factor in his decision to junk the B–1 bomber in favor of the cruise missile. And I fully expect that the Russians, sensing this eagerness, will now proceed to try to get us to modify or limit the range of the cruise missile in any forthcoming SALT agreement.

Mr. President, these are only a few of the consequences I see stemming from this rush for settlement in all areas of the world. There is no need to rush into these problems, especially when most of the solutions that have been offered find little support either with the American people or in Congress. I believe the time has come, as I said in the beginning, to "cool" our feverish foreign policy initiatives. I respectfully suggest that my President start to direct more of his energy to the pressing domestic problems which confront the country and to do less meddling in other parts of the world.

I yield the floor.

ORDER OF BUSINESS

The PRESIDING OFFICER. The question recurs on the pending nomination.

Mr. BAKER. Mr. President, before we resume consideration of that matter, I wonder if I could ask of the Presiding Officer if there is any time remaining from the time allotted to the distinguished Senator from Arizona. I understand that he might yield part of that time to the Senator from Kansas.

The PRESIDING OFFICER: We are in executive session, and when we resume legislative session, the Senator's time will resume.

Mr. ROBERT C. BYRD. Mr. President, may I state that the Chair has misunderstood the distinguished minority leader. He was asking if the Senator from Arizona had any time remaining under his order, in which case he would ask unanimous consent that the Senator from Kansas have the remainder of that time.

The PRESIDING OFFICER. I am sorry, the distinguished majority leader is correct. The Chair did misunderstand the inquiry of the distinguished minority leader. The Senator from Arizona has remaining 7 minutes.

Mr. BAKER. Mr. President, I ask unanimous consent that the remaining time provided for the speech of the Senator from Arizona be yielded to the distinguished Senator from Kansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kansas.

KOREAN INFLUENCE-PEDDLING IMPUGNS THE INTEGRITY OF THE FOOD-FOR-PEACE PROGRAM

Mr. DOLE. Mr. President, since the money for the alleged Korean influence-peddling was apparently derived from Public Law 480—food-for-peace—rice "sales commissions" and considering that such so-called "sales commissions" were, no doubt, covered in the price of the rice that was financed by the U.S. Government at taxpayer expense, the need for corrective changes in the operation of the program can wait no longer.

ATTENTION CALLED TO ISSUE IN 1975

During the Senate Agriculture Committee hearing on grain inspection irregularities and problems in June of 1975, I raised the issue of alleged influence on Members of Congress by Tongsun Park, a Korean national, and a possible relationship of his activities to shipping interest and the rice trade. I further suggested that the "best way to put some of these stories to rest," or to expose whatever may be there, is to have the facts from the Department of Agriculture.

INVESTIGATION BEGAN

In December of 1975, the Office of Investigation, USDA, began an investigation of allegations of abuse of the Public Law 480, title I, rice program by Tongsun Park, and of congressional pressure on certain Public Law 480 recipient countries, and program administrators to obtain favored treatment for a large rice exporter and a certain shipping agent. The results of the USDA investigation were furnished to the Department of Justice where the investigation continues. As currently indicated in the news media, the allegations of wrongdoing are substantial, shocking, and abhorrent.

NEED FOR CORRECTIVE ACTIONS URGENT

It has been 17 months since the initial USDA investigation began. The problem areas have been identified and those who have impugned the integrity of the program are known. This Senator, who has been a strong supporter of the Public Law 480 program since it was signed by President Eisenhower in 1954, regrets seeing this program abused and its good name marred by wrongdoers. Therefore, I have proceeded not only to ask the Attorney General of the United States to reassess the appointment of a special prosecutor to pursue the allegations, but I have also offered certain amendments to the Senate farm bill which, if they become law, will help prevent the kind of program abuses that have occurred and which will increase exporter participation in the Public Law 480, title I program thereby lowering the cost of the program to the U.S. taxpayer.

PUBLIC LAW 480 AMENDMENTS TO THE 1977 FARM BILL

The amendments that I have offered to the Talmadge/Dole farm bill of 1977 and their purposes are as follows:

My first amendment authorized the Commodity Credit Corporation, upon request of the purchaser (Public Law 480 country) to act as its agent in arranging the purchase and shipment, or both, of title I commodities.

Purpose: This amendment would permit any Public Law 480 country that might ever again be placed under congressional pressure to favor any particular U.S. shipping agent to request the USDA to perform these functions for them as is now done under title II. This is not an amendment to put the shipping agent of integrity out of business. Any agent who receives his contract in a fair manner, who has no conflicting interests, and who renders good professional services need not fear that the Public Law 480 country will cancel his services and turn to the USDA.

My second amendment modifies title I commodity purchasing procedures by requiring that all food commodities financed under title I be purchased on the basis of a public tender, publicly opened in the United States, and prohibits the payment of any commissions to any selling agent in connection with purchases of food commodities financed under title I, unless the Secretary of Agriculture waives this requirement.

Purpose: There have been allegations of abuse where rice sales negotiations were permitted. Also, according to a recent Washington Post story, Internal Revenue Service records show that between 1972 and 1975 Grover Connell of Connell Rice & Sugar Co., Westfield, N.J., paid Tongsun Park over $8 million relating to Public Law 480 rice sales, although during that period Mr. Park was not declared to the USDA as a "sales agent." These funds, which no doubt were covered in the price of the rice financed by the U.S. taxpayer, were then used, it is alleged, for questionable purposes on Capitol Hill.

My amendment will put rice purchases on top of the table where they can be publicly observed and will prevent payment of commissions which would be unearned, in any event, if public tenders are held.

My third amendment asks the President for a study of the payment of ocean freight differentials required by the Cargo Preference Act (Public Law 664).

Purpose: To determine whether the USDA or the Commerce Department should pay the $70 to $80 million required in funds and to otherwise study the operations of this aspect of the Public Law 480 program. The study should, of course, focus on any abuse of the payment of ocean freight differentials.

My fourth amendment mandates the revision of title I regulations within 6 months after enactment of the farm bill and revision at each 2-year interval thereafter. The regulations would include, but not be limited to, prohibitions against conflicts of interest between: First, recipient countries and their agents; second, suppliers of commodities; third, suppliers of ships; and fourth, other shipping interests. The regulations are to be designed to increase the number of small businesses and cooperatives exporting under the program. In this regard, unless waived by the Secretary, the financing of any commodity exported during any fiscal year by an individual, cooperative, firm, or subsidiary, or affiliate thereof, shall be limited to no more than 25 per centum by volume of the planned programing of the commodity under the act for that fiscal year.

The record over the past few years will indicate that in some instances one firm shipped as high as 50, 60, 70 percent of rice, for example.

Purpose: On March 8, 1976, the USDA published in the Federal Register proposed rules for eliminating the conflicts of interest that my amendment addresses. Only now—16 months later—have the proposed amendments been published a second time in the Federal Register. The regulations that govern public law operations have still not been updated. The Office of the General Counsel, USDA, in the opinion of this Senator, needs to devote more resources to this matter to not only revise the Public Law 480 regulations under which program abuses have occurred but also to keep them updated and responsive to the needs of the program.

My amendment not only requires this but it goes one step further—it would prevent the domination of rice exports under the Public Law 480 program by a single rice exporter and would increase export participation in the program by small business and cooperatives. The title II program allocates 25 percent of commodities purchased for export under that program to small businesses and the administration plans to increase the allocation to 50 percent. In earlier years 20 to 25 firms exported rice under the Public Law 480 title I program. This competition insured that the U.S. Government would not be overfinancing rice under the program. This has not been true in recent years.

The PRESIDING OFFICER (Mr. MELCHER). The time of the Senator from Kansas has expired.

Mr. DOLE. May I have 1 additional minute?

Mr. BAKER. Mr. President, I ask unanimous consent that the Senator from Kansas may proceed for 1 additional minute.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, will the distinguished minority leader recouch the request to take it out of his time under the order?

Mr. BAKER. Mr President, let me solve two problems at the same time.

I withdraw that request and put this request.

I ask unanimous consent that out of the time that might otherwise be available to me under the standing order, which is not now available to me, I may be permitted to yield 1 minute to the distinguished Senator from Kansas and 5 minutes to the distinguished Senator from Michigan as in legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the majority leader for drawing my attention to that and agreeing to the request.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, Connell Rice and Sugar Co. has dominated Public Law 480, title I rice exports. A USDA study shows that this single firm exported the following percentages of rice: Fiscal year 1970—80 percent; fiscal year 1971—62 percent; fiscal year 1972—64 percent; fiscal year 1973—72 percent; and 1974—54 percent. This firm currently exports over 50 percent of all Public Law 480 rice, and over 80 percent of Public Law 480 rice originating from California. It seems to me this is an area that we need to consider.

There have been virtually no direct export sales by cooperatives or small businessmen of title I rice in recent years. The bulk of it is exported by Connell who purchases it from certain private rice millers and certain cooperatives, marks the price up and exports it with U.S. Government financing.

Virtual monopolization of the Public Law 480 rice export sales has been of concern to USDA officials for many years, but effective countermeasures to encourage increased participation have been slow in developing. A number of USDA audit reports state the need to increase competition in Public Law 480 rice sales.

My amendment would eliminate conflict of interest situations and would increase direct export participation in the title I rice program by small businessmen and cooperatives.

My fifth provision, cosponsored by Senator EASTLAND, requires that for the purpose of financing by CCC bagged commodities shall be considered "exported" upon delivery at port and upon presentation of a "dock receipt" in lieu of an "onboard bill of lading."

Purpose: This amendment has many of the same aspects of my fourth amendment. That is, it is designed to increase direct export participation by small business firms and cooperatives who export commodities such as rice, flour, dry peas, lentils and beans in bags. Many of these firms, especially the smaller ones, do not have ocean transportation departments. Therefore, without such capabilities they are effectively precluded from Public Law 480 export participation. Under present USDA regulations the exporter must have an "onboard bill of lading" before he can be paid for the commodity that he has delivered to the designated port. Under the proposal offered by Senator EASTLAND and me the supplier who delivers bagged Public Law 480 commodities in good, sound condition to a designated U.S. port at the designated time and receives a "dock receipt" confirming its arrival would be eligible for payment if all other program requirements had been met.

From that point on it would be handled by the Public Law 480 recipient country's shipping agent or freight forwarder who would be experts in ocean freight matters.

This proposal is precisely how millions of dollars worth of commercial transactions are handled daily whenever FAS—free-alongside-ship—sales are made. The requirement of an "onboard bill of lading," in effect, precludes the making of FAS sales under title I and instead, in effect, requires FOB—free-on-board—sales.

In a letter to the acting general sales manager on May 16, 1977, Mr. D. J. Nelson, regional director of the Office of Audit, USDA, said this concerning free-on-board payments:

FREE ON BOARD (F.O.B.) BASIS FOR PAYMENT

The office of the general sales manager has not implemented our recommendation to permit suppliers to receive payment on a basis other than delivery "free-on-board" ship (FOB). Under current title I procedures, suppliers offer rice delivered to the port "free-alongside-ship" (FAS), but receive payment only after presenting on-board bills of lading. Our 1975 audit report concluded that this requirement discouraged many small rice mills from participating directly in title I sales because of the risk of late payments resulting from vessel loading delays. As an alternative, we recommended that the regulations be amended to allow smaller firms to receive payment on a basis other than FOB vessel documents (a partial advance either FOB mill or FAS port basis with the balance due upon completion of loading).

OGSM rejected this recommendation claiming that it represented a "radical departure from normal trade practice." Indeed, OGSM stated that other changes in the system should be sufficient to promote greater participation.

During the course of our current review we noted some improvement in the distribution of Title I rice sales since the 1975 audit report. For example, in fiscal year 1974 the top three exporters accounted for 97 percent of the title I rice sales; in fiscal year 1976 and the transition quarter the top three accounted for 78.7 percent. However, this figure has fluctuated from year to year so any improvement in the short run cannot necessarily be attributed to changes in the rice marketing procedures. While the measures undertaken by OGSM in response to our prior audit report have improved the existing title I rice marketing system, there is still a tendency for a few large exporters to receive a major share of the rice sales. Without a revision in the FOB payment provision, it is doubtful that rice mills will further increase their participation in title I rice sales. This was confirmed by a spokesman for the rice millers association.

Export participation, and consequently competition, would increase if this amendment becomes law. It would open the program up in a practical way to the smaller exporters of these commodities, the smaller flour millers, the smaller rice millers, and the smaller handlers of dry peas and beans.

The Rice Millers Association, comprised of nearly 40 firms, have stated in a letter to the USDA that this single action would do more than anything else to increase competition and participation in the Public Law 480 rice program. The Miller's National Federation and the dry pea and lentil commission support application of FAS sales procedures to the title I, Public Law 480 program.

CORRECTIVE ACTIONS OPPOSED

Some of the opponents of my last two amendments when they were offered by a house colleague claimed that the procedures required would not be "traditional." We have seen the abuses that took place under "traditional" procedures. Corrective action is in order. They claim that to provide the small businessman a break as envisioned by these amendments would be less "efficient" and "more costly." I disagree. If more exporters participate in the Public Law 480 program the competition will be keener, the foreign recipient countries will get the best price possible and the possibility of overfinancing by the U.S. Government will be reduced.

APPEAL FOR SUPPORT

I urge the administration to support the corrective actions proposed in these amendments.

I also appeal to the farm bill conferees to support these amendments which offer the best opportunity at this point to restore the integrity of the Public Law 480 program.

SENATE AGRICULTURE COMMITTEE HEARINGS REQUESTED

Later we will have an opportunity for further corrective actions. I have recommended to Chairman TALMADGE that the Senate Committee on Agriculture, Nutrition, and Forestry conduct a hearing on this matter as was done concerning the grain inspection irregularities. The chairman has responded to my recommendation expeditiously and in a positive manner. Details of the proposed hearings are being worked out.

My final provision, which I have cosponsored with Senator EASTLAND, is explained in my remarks.

All these matters will be in the conference, and I urge the conferees of the farm bill to give careful attention, and I also add that I have urged and I suggested to Senator TALMADGE that we have hearings in this area, not to get into the Korean scandal itself, but to try to figure out ways to correct the program to prevent further abuses.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan.

PRESIDENT CARTER'S CARGO PREFERENCE PLAN

Mr. GRIFFIN. Mr. President, during the past 5 years, there have been repeated attempts in Congress to guarantee that a fixed minimum percentage of the oil that is imported into this country will be carried in U.S.-flag ships.

Although such proposals have differed as to detail, they all have had two things in common—they would have saddled American consumers with staggering increased costs for petroleum products, and they all failed to be enacted.

In 1972, cargo preference for oil was defeated on the Senate floor. Thereafter, in 1974, a bill was passed by both Houses after lengthy debate, but then was vetoed by President Ford. Later, in the 94th Congress, legislation was again introduced but no action was taken.

This year, we are again being asked to enact cargo preference legislation for oil. If enacted, it would be enormously costly to consumers and to American economic and foreign policy interests. But this year, there is a difference—the President in the White House supports this unwise concept, despite the firm and reasoned opposition of many of his closest advisers in the administration.

Surely, we in Congress have an obligation to look carefully and thoroughly at this controversial issue, especially since the legislation of the proposal is a new one from others that we have considered previously, and we ought to closely scrutinize the rationale behind the administration's position on this issue.

Certainly we need to know more than we learned yesterday morning at a rump hearing of the Commerce Committee which was being held at the same time that the same committee was meeting to mark up airline deregulation legislation.

At the hastily arranged hearing yesterday morning, there was only one witness—Robert J. Blackwell, Assistant Secretary of Commerce for Maritime Affairs. Of course, it was altogether appropriate to take the testimony of Mr. Blackwell. But I was shocked to hear that no other witnesses are to be afforded the opportunity to testify.

I stated then, and I state again now to the Senate, that I believe there should be a careful and full examination of the cargo preference proposal—and committee hearings should include testimony from the Secretaries of Defense, State, and Treasury, as well as from our Special Representative for Trade Negotiations. In addition, ample opportunity should be provided for the appearance of witnesses representing farm, environmental, consumer, and other groups that will be affected by this proposal.

There have been published reports that most of the administration officials who, among others, were intimately involved in counseling the President on cargo preference advised against it—and that to large extent, their warnings were ignored.

Among those reports was a column that appeared Wednesday in the Washington Star by Jack W. Germond and Jules Witcover. Quoting from several memorandums that were directed to the President by his advisers, Messrs. Germond and Witcover point to serious problems in the areas of the economy, foreign policy, and national security that would result should Mr. Carter get his way on the cargo perference legislation.

For example, Treasury Secretary Blumenthal forecast increased costs through higher oil prices of up to $884 million—averaging out to as much as $11,000 per job for the relatively small number of jobs that would be created by enacting this legislation.

Reportedly, the President was warned that his own Council of Economic Advisers "estimates net impact on the economy as a whole would be a decrease in total employment and GNP."

As a member of the Foreign Relations Committee as well as being a member of the Commerce Committee, I am very disturbed that enactment of the cargo preference legislation would invite protectionist retaliation by other nations and put the United States in violation of more than 30 treaties of friendship, commerce, and navigation with other countries. The President's push for this cargo preference legislation also flies in the face of his own pledge at the London summit to reject the protectionist approach.

In his testimony yesterday morning, Mr. Blackwell leaned heavily on national security as a justification for this legislation. But I understand that the State and Defense Departments of the Carter administration agree that this legislation would do nothing to advance national security interests and may indeed inhibit them.

President Ford cited such reasons—economic, foreign policy and national security—in wisely vetoing cargo preference legislation in 1974. I believe those reasons continue to be valid today.

During the 1974 debate on cargo preference, I made these observations:

This bill is a rip-off, so far as the consumer is concerned. Furthermore, it does nothing to bolster national security. At any time the foreign oil tap is turned off, a fleet of empty tankers will not be of much help in heating our homes or keeping American industry in operation.

Moreover, this bill will not increase energy supplies one iota. On the contrary, to subsidize a U.S. tanker fleet is more likely to encourage further dependence on imports of foreign oil. The money that is to be spent under this legislation could be put to much better use by encouraging production of more energy from domestic sources.

I believe those comments are even more to the point today.

As we face what President Carter describes as an energy crisis, so grave that it requires wartime-type sacrifices, it totally escapes me how we could be resolving the energy crisis by investing a billion dollars in greater dependence on foreign oil.

Furthermore, there could be little doubt that the scaled-down cargo preference proposal we are now asked by the President to enact so swiftly, would be but a beginning. Who can really assure us that in years to come, there would not be increasing pressures to hike the preference percentage for American oil tankers.

And let there be no doubt, also, that if this bill were enacted there will be pressures to expand the program in the future to cargo preference for goods other than petroleum.

I submit that this is very risky business.

As one Senator, I do not believe our responsibility in this body is to help the President keep his campaign promises—unless those promises are worthy of keeping.

If cargo preference is in the national interest, the administration should not hesitate to send the Secretaries of Defense, State, and Treasury up to the Hill to testify. Furthermore, there should be no reluctance on the part of the majority party controlling the committees of the Senate to listen to the views of other interested persons.

Mr. President, I ask unanimous consent that the article to which I have referred by Messrs. Germond and Witcover, as well as related articles which appeared in this morning's Wall Street Journal and in the July 1977 issue of the Ripon Forum, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Star, July 27, 1977]

CARTER SHIFT ON CARGO BILL: A CLEAR POLITICAL NECESSITY

(By Jack W. Germond and Jules Witcover)

Internal White House memoranda suggest that President Carter has rejected the advice of most of his economic advisers in order to keep a political commitment to maritime interests that were major contributors to his campaign last year for the Democratic presidential nomination.

The issue is the so-called cargo preference bill, a prime target of the maritime industry for years, that would require that a fixed percentage of all oil imports be carried by American flag tankers.

There are legitimate substantive arguments that can be made for cargo preference, as well as against it, and White House advisers insist that these were determinative in Carter's decision. But the incident also makes it plain that Jimmy Carter is less insulated from political hardball than his above-it-all posture might lead one to believe.

The President endorsed the bill after receiving memos from both Stuart Eizenstat, his chief adviser on domestic policy, and Robert S. Strauss, his special representative on trade negotiations, that were plainly lukewarm about the merits of the legislation but quite definite about the political necessity for backing it.

"Politically, something in the way of a cargo preference is going to be very hard to resist," Strauss wrote Carter on June 24. "Other options don't serve or satisfy the political need, and might even be counterproductive. The unions certainly feel that the administration is committed to a Cargo Preference Policy."

And Eizenstat, in a memo summarizing the internal discussion of the issue—almost everyone in the administration except Commerce Secretary Juanita Kreps was against it—described cargo preference as "a flawed concept" but nonetheless "the only immediately available alternative that can significantly strengthen the maritime industry."

"In light of your commitment to the industry and the likelihood that rejection of cargo preference will be seen as a broken promise, we support the limited cargo preference option outlined above," the domestic adviser wrote June 23.

Under that paragraph, Carter wrote a longhand note: "OK—Strauss get minimum—J."

None of the memoranda was so crass as to mention the money the maritime industry gave to the Carter campaign last year, and administration officials say the contributions never figured in discussions of the bill.

But reports filed with the Federal Elections Commission indicate the amount was substantially over $100,000, including contributions from maritime unions, industry officials and company political action committees. One fundraiser sponsored here June 30, 1976, by the Marine Engineers Beneficial Association alone yielded at least $65,000.

(The maritime industry has never been shy about spending money on politicians. A Common Cause study showed, for example, that two major unions gave $996,000 to Senate and House candidates in 1976.)

But the memorandum sent to Carter by Eizenstat traced to the presidential commitment not to the dollars but to two statements he made as a candidate.

At one meeting with officials of the National Maritime Union, Carter suggested that as President he could persuade the American people to accept help for the industry "if it did cost two cents a gallon more or one cent a gallon more" on gasoline. "I believe that the American people would say, well, you know that's reasonable," Carter said then.

In his memo to Carter, Strauss wrote: "This memorandum is not an attempt to justify cargo preference over other options. It is intended to provide you with a least possible option at an initial (underlined) relatively modest cost. There are other memoranda presently before you relating to inflationary and trade aspects. I would be glad to discuss these options with you personally if you desire. It is my personal opinion that we have a day or two 'bad story' situation following any available option."

The "minimum" that Strauss negotiated would assure American-flag ships, which now carry only 3.5 percent of oil imports, of 9.5 percent by 1982, far less than the 30 percent share by 1980 in the industry's original bill. But those familiar with the issue concede that the vital thing for the industry is establishing the precedent of cargo preference in the law, and their expectation is that maritime interests will be back year after year seeking to raise that 9.5 percent share.

"What we have determined," Strauss told Carter, "is that establishing the concept of cargo preference is more important than the percentage."

And Eizenstat reported that a union representative indicated "that such a severely reduced percentage would be acceptable because it would, at least, recognize the concept of cargo preference." And that concept, of course, could mean huge increases in the business of both the builders and operators of U.S. ships.

Eizenstat estimated the cost to the public of the limited preference plan endorsed by Carter as only $75 to $100 million a year, a small fraction of that involved in the original plan for a 30 percent preference. But cost was only one factor in the strong opposition the proposal evoked within the administration.

In his memo, Eizenstat cited the opposition of, among others, Treasury Secretary Michael Blumenthal, Charles Schultze, chairman of the Council of Economic Advisers, and Richard Cooper, undersecretary of state for economic affairs, whom he described as feeling that "no version of cargo preference is acceptable."

"They feel that the principles involved—our commitments to free trade and to the fight against inflation—cannot be breached," the memo said. "They argue that the economic costs of cargo preference outweigh its benefits. Moreover, they feel that even a modest cargo preference bill entails a dangerous precedent that may later be extended by Congress or imitated by other nations."

And in a companion memo, Blumenthal summarized the non-economic objections this way: "Would be contrary to London summit pledge to reject protectionism, would reverse U.S. policy favoring free competition, could trigger emulation by others and would violate U.S. treaties with more than 30 countries."

The Treasury secretary proposed alternatives, such as increased operating subsidies for American shipping, which he said could create 5,000 seagoing jobs without increasing the cost of oil and contributing to inflation.

But Kreps, the only Cabinet-level supporter of cargo preference involved in the internal discussions, said in her memo to Carter that it was the only option "acceptable to the maritime interests who think there is a presidential commitment and to the congressional advocates of cargo preference." And Eizenstat agreed that there was only an up or down choice possible.

"We agree with Secretary Kreps," his memo said, "that from a political standpoint, (the alternative plan for more subsidies) does not merit serious consideration. The proposed subsidy is a potentially expensive on-budget item with uncertain benefits. And because the proposal would tend to benefit the large oil companies, the maritime community would tend to view it as an insult rather than as a substitute."

Thus, the picture is one of a problem with no happy solutions—and a political commitment clearly tipping the balance.

Unsurprisingly, White House officials discount the preponderance of advice against cargo preference, which included in the end, in additon to Blumenthal, Cooper and Schultze, both Budget Director Bert Lance and Secretary of State Cyrus Vance, who personally urged the President not to approve the plan. "The President," said one adviser, "doesn't treat recommendations on a majority-rules basis." And another said Carter "feels very strongly on the question of repatriation of American shipping."

Another factor, also political, obviously played a part—the possibility that if Carter did not agree to the modified preference, then Congress would approve the 30 percent bill or something like it and force him to the awkward choice of going whole hog or vetoing the only thing the maritime industry really wants.

What is most puzzling about the whole episode perhaps is just why Carter felt so rigidly committed to cargo preference when the things he said about the issue were at least ambiguous enough to give him an out.

In another case, on natural gas deregulation, candidate Carter made a specific commitment in writing that he has now chosen

to interpret as not binding because he didn't specify just when he would want to deregulate.

One Carter political adviser insisted that the difference was that the President had learned in office that "national security" would be threatened by deregulation and thus was justified in backing away from the promise. But the skeptics, among the Republicans and elsewhere, are going to say that the difference was the money from the maritime industry.

Moreover, if conditions changed on gas deregulation, they also have changed in the shipping industry. Indeed, the beginning of the flow of oil from Alaska is being described as a bonanza for U.S. tanker fleets because the Jones Act requires that all tonnage moved from one American port to another be carried in American flag vessels.

Whatever the motives involved, what is clear is that our notoriously nonpolitical President is quite capable of playing the game like any other politician.

[From the Wall Street Journal, July 29, 1977]

CARGO PREFERENCE DECISION WAS NARROWLY POLITICAL

(By Albert R. Karr)

WASHINGTON—An aide to Sen. George McGovern once related how he gave his boss a cogent memo on the economic drawbacks of a bill to guarantee U.S.-flag tankers a share of oil import shipments as maritime unions wanted. Then he watched as "the politics took over." The union-backed South Dakota Democrat voted for the measure (though it didn't become law).

This is the sort of automatic support that maritime unions often find in Washington. So it should come as no surprise that President Carter's recent decision to back legislation assuring U.S. tankers—and the union members who work and build them—a limited share of oil cargoes was steeped in union-conscious politics. But some memorandums which went to Mr. Carter from top aides prior to that decision show just how narrowly political this particular decision-making process was on the so-called cargo preference plan.

The memos include ones from Stuart Eizenstat, Mr. Carter's top domestic policy adviser; Robert Strauss, his special foreign-trade negotiator, and Michael Blumental, his Treasury Secretary and head of the President's Economic Policy Group. In the memos, discussions of different ways to help the maritime industry are liberally sprinkled with references to Mr. Carter's campaign promises to the maritime unions and with warnings that any alternatives to cargo preference wouldn't be acceptable to the merchant marine, its unions and their many friends in Congress.

The maritime unions had been frustrated by President Ford's 1974 veto of a measure that would guarantee U.S.-flag tankers 30% of American oil imports. (They carry only about 3.5% now, and the Carter decision would give them 9.5% by 1982.) So in 1976, the unions pressed hard for a cargo-preference commitment from candidate Jimmy Carter.

Basically, (they got what they wanted. In May of last year, Mr. Carter said that if elected President, he'd seek a "national cargo policy which would assure our U.S.-flag merchant marine a fair share of all types of cargo." Jesse Calhoon, head of all Marine Engineers Beneficial Association (MEBA), and other maritime people say that as support for oil cargo-preference they quickly raised an estimated $200,000 for Mr. Carter's primary election campaign.

Once-elected, Mr. Carter promptly got a chance to make good. Rep. John Murphy (D., N.Y.), the new chairman of the House Merchant Marine Committee, reintroduced the Ford-vetoed cargo preference bill, with the same 30% guarantee.

It was a tough issue for the President. Set against his campaign pledge were the admonitions of his leading economists, State and Defense Department officials and others that cargo preference was ill-advised, protectionist, special-interest legislation; a costly way to promote a few jobs; antagonistic to free trade, and disruptive of U.S. relations with other maritime nations. Only the Commerce Department, influenced by its industry-promoting Maritime Administration, and the union-sympathizing Labor Department backed cargo preference.

Mr. Carter gave the word that he didn't care for the Murphy bill. He had his aides seek other ways to help the merchant marine—new subsidies, for instance. But officials repeatedly concluded that maritime interests and their congressional backers would accept nothing but oil cargo preference. Finally, Mr. Carter sought help from Mr. Strauss, a former Democratic National Chairman and a savvy politician.

Mr. Strauss strongly influenced the eventual decision. His memo to the President said his soundings found that union leaders and maritime-minded legislators viewed the administration as "committed to a cargo preference policy." He said that some kind of cargo preference would "politically . . . be very hard to resist," while other options, politically, "might even be counterproductive."

The capper: Mr. Strauss wrote that he and Mr. Eizenstat had talked with Sen. Russell Long (D., La.), a staunch maritime supporter, convincing him that the "concept of cargo preferences is more important than the percentage," and leaving the Senator "in the political posture of 'anything you fellows can satisfy Jesse Calhoun with, I will take and support.' "

(The Strauss memo spelled Mr. Calhoon's name wrong, but it had him figured out correctly otherwise. Asked about the Carter decision, Mr. Calhoon says he considers it "adequate." Considering that U.S.-flag tankers will be busy carrying oil from the new Alaska pipeline and in other ways, "we're very happy" with the President's ruling, Mr. Calhoon says.)

The memo from Mr. Blumenthal's Economic Policy Group, after noting that group's doubts about such a guarantee, said that Mr. Carter's campaign statements were understood by maritime people and their backers in Congress as "commitments to support cargo preference."

When it came to ticking off the pros and cons of each possible aid to the marine interests, Mr. Blumenthal's list of arguments for cargo preference was led by: "This is acceptable to maritime interests." One reason given: It would add 2,100 to 4,600 seagoing jobs, and maybe 13,500 jobs in ship yards.

Finally, a memo from Mr. Eizenstat reported failure in searching for an alternative acceptable to "the maritime industry and its many congressional supporters," who cited "their understanding of your campaign promise"; these leaders would accept "sharp cutbacks in percentages and timetables" for cargo preference. however.

The Eizenstat memo termed cargo preference "a flawed concept," but said it was the only available way to help the merchant marine. It concluded: "In light of your commitment to the industry, and the likelihood that rejection of cargo preference will be seen as a broken promise, we support the limited cargo preference option."

After which the President wrote, at the end of the memo, "OK—Strauss get minimum."

Several days later, the Maritime Administration announced the President's decision giving as its "fundamental justification" the assurance that U.S.-flag tankers would be available "in the interest of security" in war or other "national emergencies."

[From the Ripon Forum, July 1977]

CARGO PREFERENCES CARTER'S MILK FUND?

Despite the Carter Administration's oft-repeated declarations of political rectitude, the Administration seems knee-deep in a series of questionable transactions that could dwarf the Milk Fund Scandal of 1972. That scandal, one of the least seemly of the various episodes grouped under Watergate, involved the bartering of campaign contributions by dairy interests for Nixon Administraton moves to raise dairy price supports.

The Milk Fund Scandal led to the indictment and near political ruin of the most charismatic Treasury secretary since Alexander Hamilton. It also contributed to the Nixon Administration's downfall, although impeachment articles related to the Milk Fund Scandal were dropped from the House Judiciary Committe's report to protect prominent Committee Democrats who had reaped huge contributions from the dairy interests.

The Milk Fund episode may be penny ante politics compared to a scandal enveloping the Carter Administration concerning the obscure issue of "cargo preference." The beneficiaries of the Nixon action to raise price supports included tens of thousands of generally moderate income dairy farmers. President Carter's decision to support cargo preference legislation will benefit a much smaller and much better heeled group, already heavily-subsidized U.S. shipowners and shipbuilders and their allies in the maritime unions.

The cargo preference position recently adopted by Carter would require that between 4.5 and 9.5 percent of foreign oil shipped to the United States come on American flag ships. By some calculations, Carter's decision will cost the American consumer over $7 billion by 1982. Administration economist Jerry Jasinowski, whose weighty credentials include the authorship of the Humphrey-Hawkins bill, insists that Carter's action will cost the American consumer only a little over a billion dollars.

Whatever the dimensions of the ripoff of the American consumer sanctioned by Carter, the only basis for his decision was political—as consumer advocate and former Maritime Administrator Nicholas Johnson has charged. In addition to soaking the American consumer, Carter's decision also has triggered severe apprehensions among our European allies, particularly Great Britain. Along with Scandinavian governments, the British feel the action violates free trade guarantees made by Carter at the recent London Summit Conference.

Underlying the Administration's cargo preference decision is the huge debt Jimmy Carter owes the maritime unions for his election victory. In fact, clandestine actions by the maritime unions may have torpedoed Ford's comeback surge. The chronology of events in the cargo preference story follows this sequence:

Gerald Ford as House minority leader was the recipient of campaign contributions from two maritime unions, the Seafarers Union and the Marine Engineers Beneficial Association. While a member of Congress, Ford was a consistent supporter of maritime industry causes, including cargo preference.

In the 1974 congressional elections, the maritime unions shelled out over $1.5 million to candidates sympathetic to their position on cargo preference.

After Congress had approved cargo preference legislation, President Ford pocket vetoed the bill on December 30, 1974 on grounds that it would prove enormously inflationary.

In the spring of 1976, Jimmy Carter met privately with Jesse Calhoon, powerful president of the Marine Engineers Beneficial Association. Following the meeting, Carter sent Calhoon a letter endorsing increased subsidies for the U.S. merchant marine and stating that the American fleet "should be manned by civilian seamen trained in industry schools." As Dan Rather pointed out October 3, 1976 on "Sixty Minutes," the interpretation of 'industry schools" is union schools, schools like the Calhoon School of Marine Engineering—as opposed to the Merchant Marine Academy. Calhoon's union has, Rather's report suggested, waged a consistent effort to close down the Merchant Marine Academy and to exclude its graduates from jobs on union ships.

On June 4, 1976, a week and a half after Carter's letter to Calhoon, Carter's campaign received in a single day a total of $25,000 from maritime officials, nearly all associated with the Maritime Engineers Beneficial Association (MEBA). On June 30, 1976, Jesse Calhoun sponsored a fundraiser for Carter in Washington. Well over $150,000 was raised that day for Carter, by then the near-certain Democratic presidential nominee.

In the summer of 1976, one or more maritime union informants went to Special Prosecutor Charles Ruff with allegations that Gerald Ford had converted maritime union contributions to his personal use while still a congressman.

Just as Carter's lead was beginning to disintegrate in the fall, maritime union officials began to leak stories about Ford's problems with the special prosecutor. In late September, press reports about this investigation of Ford placed the President on the defensive and undercut Ford's strongest political advantage, his reputation for personal integrity. One can only speculate as to the political impact of this decelerating force on the Ford campaign, but it may have produced a net shift of 3–4 percent of the November vote.

Fearing that Carter as President might reverse his campaign position on cargo preference, maritime industry and union officials organized a massive media blitz to plug cargo preference legislation. Hired to direct this advertising was Gerald Rafshoon, who had organized Carter's campaign advertising and who now serves as a private consultant to President Carter.

In early July of this year, the White House announced Carter's support for cargo preference. The President's decision came over the objection of the State Department, the Defense Department, the Treasury Department, and the Office of Management and Budget.

If these events had revolved around Richard Nixon rather than Jimmy Carter, there is little doubt they would have provoked strong suspicion. Yet, in some ways, the events may be more troubling than those various crimes lumped together as "Watergate." Repugnant as the various Watergate outrages were, they clearly had a very marginal impact on the 1972 election results, most probably shaving Nixon's landslide margin. The spurious charges sent the special prosecutor almost certainly were decisive, on the other hand, in Carter's Electoral College victory and probably were crucial to his popular vote margin as well.

The issue then is whether Gerald Ford was merely the victim of bad timing or of something far more sinister. Several serious questions remain unanswered:

(1) In his secret meeting with Calhoon, what if anything did Jimmy Carter promise him in return for MEBA's political support?

(2) Did maritime union officials inspire the investigation of Ford by the special prosecutor?

(3) If so, did they do this with the knowledge or acquiescence of Carter campaign officials or of Jimmy Carter himself?

(4) Was Carter's decision to support cargo preference designed in part to seal the lips of maritime union officials?

It is doubtful if the Justice Department, which has been repoliticized at its top levels since Carter assumed the Presidency, can be expected to pursue this issue with vigor. This subject, far more than the probe of South Korean influence peddling, would seem to warrant the appointment of a special prosecutor. Although the appointment of such an official is not an expedient answer to every case of political malfeasance, it is dictated in this instance by the pervasive impact of the maritime unions within both the executive and legislative branches. Congress handling of the Korean influence peddling scandal has demonstrated the limitations of any in-House cleaning activity.

Furthermore, public scrutiny of the manipulation of Congress by massive maritime industry campaign contributions would seem long overdue. Even before cargo preference became such a key topic, the American taxpayer was being billed for hundrds of millions of dollars annually to subsidize the U.S. merchant marine. Yet, this dollar cost pales beside the perversion of our political process which the industry's practices have fostered.

FEDERAL HOME LOAN BANK BOARD

The Senate continued with the nomination of Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board.

The PRESIDING OFFICER. The question recurs on the nomination of Robert M. McKinney, of Indiana. The Senator from Indiana.

Mr. LUGAR. Mr. President, I rise to support the nomination of Robert McKinney, of Indiana, for a good number of reasons, many of which have been developed in extensive hearings of the Banking, Housing, and Urban Affairs Committee.

Our chairman, the distinguished Senator from Wisconsin, has given very strong endorsement, in which I concur, of the character of Robert McKinney, and the fact that he was found, I think, unanimously by our committee to have had extraordinary executive ability, great initiative in the world of business, and great initiative, in my judgment, as a citizen of the city of Indianapolis and of the State of Indiana.

I think without question he has demonstrated the capacity for leadership and in an emergency to lead the Board and he has, in fact, demonstrated, in my judgment, a great deal of initiative in the areas which are in controversy. I shall address these brief remarks to those two areas which were in controversy before our committee.

First of all, it was acknowledged that Mr. McKinney had potential conflicts of interest and even during our hearings the chairman, the distinguished Senator from Wisconsin, indicated that Mr. McKinney had in fact shown considerable sensitivity to the potential for conflicts of interest, had not in fact demonstrated conflicts of interest but had potential for conflicts of interest. A majority of the members of the committee felt that, in fact, the record showed that Mr. McKinney had shown leadership as early as 1968, as the minutes of his own institutions indicated, making certain that there were not conflicts of interest among those responsibilities he had in business nor with regard to State and Federal regulatory situations in which they might be involved. I think that is important. It came long before leadership in the industry as a whole in this regard. But very clearly that is a point that has been examined, and the record has been laid before us in two very extensive meetings of the committee as well as a third markup session of some 2 hours' duration. I simply commend to the Members of this body that record, which I think shows remarkable sensitivity to the problems that have swirled around the business and politics in this country in which Mr. McKinney's record is clear and a good one.

A second area of the controversy was in the so-called redlining area. The question was raised, has Mr. McKinney or the First Federal Savings and Loan which he heads, been guilty of redlining? Some allegations were made by witnesses that he had been less sensitive to this area. To my knowledge, no allegations were made that he had engaged in redlining and, as a matter of fact, the record which is now extensive shows unusual vigor by First Federal in making loans in the inner city of Indianapolis. Throughout those hearings I pointed out from my own experience as mayor of Indianapolis, for 8 years during the time that Mr. McKinney showed unusual leadership and vigor in our community.

In fact, the First Federal has been very helpful in working with neighborhood associations, with the city of Indianapolis, and with a great many persons who in fact testified in his behalf; and I cite specifically Dr. Frank Lloyd and State Senator Julia Carson of the city of Indianapolis, who offered strong testimony about his interest in the cause of civil rights and his sensitivity to housing programs for poor people, black people, and other minorities in our city.

Quite the contrary from the charge of redlining levied against Mr. McKinney by inference, the record shows that strong leadership was offered by him and by his associates.

For these reasons it seems to me that his record is a clear one and a good one; and by a vote of 12 to 3, the members of the Banking, Housing, and Urban Affairs Committee concurred in this nomination, offering at least our heavy endorsement.

I wish to say that on a personal basis I have found Mr. McKinney to be a man whom you can trust, who I believe will offer extraordinary leadership in the future in the life of this country, and, very specifically, very well qualified for the important job for which he has been nominated by the President of the United States.

Mr. President, I yield the floor.

Mr. BAYH. Mr. President, it is a privilege for me to have the opportunity to join with my colleagues in expressing my enthusiastic support for this nomination.

I suppose all of us feel a degree of provincial pride in our hearts when a fellow citizen of our State is recommended for a high position such as this, and indeed that is a part of the feeling that I have, pride that the State of Indiana can

produce a man of this character to serve our country. But my support of the nominee goes beyond the traditional kind of pride one has in his State and the citizens of his State.

I have known Bob McKinney for a long time. He has been a successful businessman and a dynamic community leader, as well as a good and trusted friend.

In my judgment, there is no question that he will make an excellent chairman of the Federal Home Loan Bank Board. I think he will breathe new life into that institution, which, in my opinion, has been content with the status quo for far too long.

It is significant, Mr. President, that I am not the only Hoosier supporting Mr. McKinney's nomination. Some people might be inclined to say, "Well, Bob and Birch have been friends for a long while; they have been political allies," and, indeed, that is true. But I think it is important for the record to show that all segments of his home community are united behind Robert McKinney, regardless of party affiliation. It is significant that my colleague, Senator LUGAR, who, I think it is fair to say, has never benefited from Mr. McKinney's political support, has eloquently stated his respect for him in the committee and here on the floor. Representative ANDY JACOBS joined Senator LUGAR and me in testifying in favor of the nomination. Civil rights leaders in our community, including State Senator Julia Carson and Sam Jones, the director of the Indianapolis Urban League, communicated their unqualified endorsement to the Banking Committee. So too did Dr. Frank Lloyd, a leading minority businessman and physician.

The point is, Mr. President, that those of us who know Bob McKinney will have no doubts that he will do an excellent job in his new position and perform a great service to the country.

Mr. President, I think it is fair to say that this has been one of the more controversial nominations to come before the Senate this year. Before it was even announced allegations abounded in the press that Mr. McKinney had engaged in redlining and was insensitive to conflicts of interest. For this reason, the nomination was given the most careful possible scrutiny by the committee. Mr. McKinney testified for 5 hours before the committee. He answered scores of written questions. He met with members of the committee privately, and even participated in a debate in one of the member's offices, I understand.

The records of the First Federal Savings & Loan were examined in detail by a number of congressional staff members, GAO and Federal examiners. Rarely has such a complete record been made on a nomination. As the committee vote indicates, Mr. McKinney passed this test with flying colors.

Specifically, Mr. McKinney made it very clear that First Federal Savings had not engaged in the practice of redlining. He demonstrated that First Federal had been the leader among Indianapolis lending institutions in making inner city loans and had accepted over 80 percent of all inner city loan applications. Although records were produced to indicate there were few loans in certain census tracts over short periods of time, these records did not prove a pattern of discrimination.

Further, Mr. McKinney demonstrated he was extremely sensitive to the potential of conflict of interest. He has conducted his business career in a very careful manner to avoid such conflicts. Even those who have chosen to oppose the nomination agree that Mr. McKinney is a man of impeccable integrity, and that he has conducted his business relationships in a manner which is beyond reproach.

As has been said earlier, the thrust has been on the potential for conflict, but it seems to me we might grade a man even higher if he was associated in a business relationship in which there was a potential for conflict and yet there was no conflict. It seems to me that brings out the true character of the man.

At the committee meeting in which the McKinney nomination was voted upon, Mr. President, much was said about the proper standards for judging a nominee to a position on the Federal Home Loan Bank Board. Several Members felt that the standards should be higher for a nomination to a regulatory agency than it should be for a Cabinet or White House post where the nominee serves under the direction of the President.

As one who has had more than a passing interest in the qualifications of judicial nominees, let me say I agree with this analysis completely. An appointment to an independent regulatory agency is closely related to a nomination to the judiciary. It should be given careful consideration. The Senate should assure itself that the nominee meets the highest standards of integrity, expertise and concern for the welfare of the Nation.

Mr. President, I am here because I firmly believe that Bob McKinney meets those tests. Far from lacking sensitivity to the issues affecting our communities and banking industry, Mr. McKinney has been a leader in conducting his business in an exemplary manner, addressing the problems of the city and this country. As I indicated earlier, Mr. President, as chairman of the First Federal Savings & Loan, Mr. McKinney did not engage in redlining. On the contrary, he directed First Federal into programs to solve inner city problems. This bank was a leading institution working with the Greater Indianapolis Housing Development Corp., as former Mayor Lugar, now Senator Lugar, our colleague, emphasized earlier.

This nonprofit organization was formed to rehabilitate housing in the inner city and the McKinney bank worked closely with this organization. It worked with loan applicants to purchase HUD repossessed loans, and was a leader in the HOAP lending program. Further, First Federal was a prime mover in establishing an NHS project in Indianapolis. I have great difficulty in understanding how anyone could say this record does not indicate a sensitivity to urban problems. I think the record is replete with evidence to the contrary.

This is not the end of McKinney's involvement with community affairs, Mr. President. Among the many positions he has held are those of college trustee, counsel for the Governor of Indiana, treasurer of the Indiana Toll Road Commission, and director of the Legal Aid Society, Community Service Council, and the Indiana Capital Improvements Board. Further, he found time to serve as Indiana chairman of the presidential campaigns of John F. Kennedy, EDMUND MUSKIE, and Jimmy Carter.

Clearly, Mr. President, Robert McKinney has demonstrated that he is concerned with the problems facing his city. He is an active, involved, community leader in the finest tradition of our democracy.

Mr. President, I would also like to note that in his statement to the Banking Committee Mr. McKinney said that the great challenge before the Federal Home Loan Bank Board is to direct the savings and loan industry in the battle to save our inner cities. This, Mr. President, is a welcome perception. If there is anything clear from Bob McKinney's record, it is that he is not one to walk away from a challenge.

While some believe that members of the board should not have any direct relationships with the savings and loan industry, Mr. President, I think when we have a leader like Bob McKinney, experience in the industry will be a plus and provide extra tools with which he may perform his task.

He understands the strengths and weaknesses of the savings and loan business. He is dedicated to enlisting the savings and loans in our efforts to solve the problems of the inner city and, in my judgment, he will carry out the broad and badly needed changes in the board and in the industry.

Such changes will more easily be implemented and more readily accepted if the people in the savings and loan industry know that they are dealing with a man in charge who understands their concerns, speaks their language, and is determined to see that this industry plays a broader role in meeting the social problems which confront urban America.

So, Mr. President, I hope my colleagues will join us in support of Bob McKinney, for one reason: because in my heart I believe he will bring the strong leadership to the Federal Home Loan Bank Board which so many observers have been calling for for years.

Mr. SARBANES. Mr. President, before commenting on Mr. McKinney directly, I would like to make a few observations about the "advice and consent" responsibility of the Senate and the role of the Federal Home Loan Bank Board and its chairman.

I make a distinction in terms of the burden that must be met by nominees before the Senate for confirmation depending on the nature of the position for which they have been chosen. On the one hand are the Cabinet or subcabinet posts where the nominee is clearly to be a part of the President's policy team—the President will be setting the policy and his appointees in the line departments will be implementing it. Such ap-

pointees are considered a part of the President's official team and, following confirmation, they serve at the President's pleasure and can be dismissed by the President at any time. In those instances, it is my view that a presumption exists that the President is entitled to his man or woman unless there are disqualifying attributes with respect to the individual.

At the other end of the spectrum are appointments to the judiciary, which is an independent branch of Government, co-equal with the legislative and executive branches, and where, once confirmed, the judges serve for life. In those instances the President's nomination represents not only the means by which the nomination is placed before the Senate, but also indicates his best judgment which, of course, merits the most serious consideration.

I believe however that a heavier burden must be met by judicial nominees because the Senate's judgment ought not to accord deference to the President's desire to have "his person" as in the case of an executive department position. In fact, independence of judgment is one of the most important qualities we seek in the members of the judiciary.

Somewhere in between these two examples and in my view shading toward the judiciary, are the independent regulatory agencies which have quasi-judicial functions. Such agencies promulgate rules and standards, regulate private activity and are charged with acting on behalf of the public interest. The Federal Home Loan Bank Board is, of course, such an independent agency.

This status of the Bank Board is underscored by the fact that no more than two of its three members may be from the same political party. The appointees receive fixed terms of four years. If a position becomes vacant it is filled for the balance of the term in order to maintain the staggered rotation and the independence that flows from that arrangement. It is also the assumption that removal from the Board would have to be based on cause, although I do not believe that assumption has ever been tested. The terms of service on this Board as with other similar regulatory agencies contrasts sharply, therefore, with the executive departments where the nominees serve at the President's pleasure.

Bearing this distinction in mind, I would like to touch on the extraordinarily important role of the Federal Home Loan Bank Board. As outlined by the Board its purpose is to encourage thrift and economical home ownership through supervision of the Federal Home Loan Bank System, the Federal Savings and Loan System, and the Federal Savings and Loan Insurance Corporation. The FHLBB supervises and regulates savings and loan associations, which specialize in lending out money on homes and are the country's major private source of funds to pay for buildings and buying homes. The Board operates the Federal Savings and Loan Association Corporation, which protects the savings of more than 60 million Americans with savings accounts in FSLIC-insured savings and loan associations. The Board also directs the Federal Home Loan Bank System, which, like the Federal Reserve System for banks, provides reserve credit and the assurance that member savings and loan associations will continue to be a source of economic financing for homes.

In addition to pointing out the importance of the FHLBB its status as an independent agency must also be underscored. The Board was established as an independent agency in 1932 but lost this independence from 1939–55. In the Housing Act Amendments of 1955 its independence was reestablished and in its report on that legislation the Committee on Banking and Currency set forth its reasoning as follows:

> This bill would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency and establish the Board as a separate independent agency in the executive branch of the Government. The name of the Board would be changed to Federal Home Loan Bank Board.
>
> The Home Loan Bank Board was the first of the existing agencies established by the Congress to assist in the financing of home construction and purchase. From its creation, in 1932, until 1939 the Board was an independent agency. In 1939, it was made a part of the then Federal Loan Agency. In 1942, it became a part of the agency which is now the Housing and Home Finance Agency. The Board now operates under the general supervision and coordination of the Housing and Home Finance Administrator.
>
> The Board is essentially a regulatory agency. It exercises administrative, legislative, and judicial powers somewhat analogous to those performed by the Federal Deposit Insurance Corporation and the Federal Reserve Board. It is, therefore, incongruous that it should be subject to the authority of the Housing and Home Finance Administrator to transfer funds and functions to other agencies within his jurisdiction as is now provided by law. Most, if not all, comparable regulatory agencies have independent status, reporting directly to the Congress and to the President.

So a very conscious decision was made in 1955 focusing on the question of the independent status of the Home Loan Bank Board and concluding that it should function as an independent agency.

One of the major responsibilities of the Board is to appoint public interest members to the 12 regional Federal Home Loan Banks that belong to the system. Therefore, the memberhip and composition of the Board is important not only to the direct functioning of the Federal Home Loan Bank Board but has significance with respect to the operation of the boards of directors of the 12 regional boards which are members of the Federal Home Loan Bank system.

I do not think I have to go into the dimensions of the money that is involved in the savings and loan industry and therefore subject to the jurisdiction and the regulation of the Federal Home Loan Bank Board, but it is obviously enormous and very important to the operation of the home mortgage financing system in this country.

The Chairman of the Board is especially important because Reorganization Plan No. 6 of 1961, effective August 12, 1961, transferred to the Chairman of the Board a number of functions that had previously been under the Board as an entity. These included appointment and removal of personnel employed under the Board subject only to the requirement that the division heads of the major administrative units under the Board would be subject to approval of the entire Board; the distribution of business among such personnel and among administrative units of the Board; the direction of personnel who perform, or who supervise the performance of any function of the Board; the preparation, review, and presentation of the budget estimates; et cetera. This reorganization plan obviously placed very extensive powers in the hands of the Chairman.

Furthermore, we are presently confronted with a situation in which there is another vacant seat on this Board, which has not been filled for quite a period of time. The nomination for that vacancy has not been sent to the Senate so we do not know what the entire composition of this Board is going to be. We are being asked to confirm this nomination without being told who will fill the other vacant position. This makes it impossible for us to judge how balanced and fair the entire Board will be.

Given this framework in which to consider Mr. McKinney I now turn to him as an individual. It is not necessary to denigrate Robert McKinney personally to have grave difficulties with his nomination to be Chairman of the Federal Home Loan Bank Board. This is not a line department where the nominee serves at the pleasure of the President and is part of his team. This is an extremely important independent agency with vast responsibilities affecting vital interests of the American people. I believe in considering this nomination we are entitled, indeed required, to demand an affirmative standard of performance on the part of the nominee.

Applying such a standard I have concluded that Mr. McKinney falls short. He comes out of the very industry which the Board is charged with regulating. While I do not think that fact in and of itself is a disqualification, I do think it places an additional burden on the nominee to produce a past record which reflects strong public interest commitments which we can be confident will be reflected in his decisions as Chairman of the Board charged with regulating his industry.

I think it is very clear that Mr. McKinney has not heretofore been either a regional or national leader of the savings and loan industry in trying to get the industry to respond to the criticisms which have been made of it, in trying to get it to change its ways and to develop a more aware and responsive social conscience on the critical issues before us. This failure to lead the industry is reflected in both the redlining and the conflict of interest questions which have been raised regarding this nominee and which the able chairman of the Banking, Housing and Urban Affairs Committee has detailed today.

It is not necessary to get into an argument of whether Mr. McKinney's conduct in these areas has been worse than

the average person in the industry. That is not the question. What is clear is that Mr. McKinney has not been a leader in the industry with respect to either of these issues.

In both areas very sharp criticisms have been made of his record and of course countered by him and his supporters. I believe it is clear that even if you resolve these disputes most favorably to Mr. McKinney he does not rise above the average and yet it is proposed to make him the Chairman of the Board which is charged with setting standards for the industry and with charting its direction and course. I do not think he brings a record of affirmative leadership in the industry on behalf of the public interest that warrants his confirmation to be Chairman of the Federal Home Loan Bank Board.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board.

The nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. LUGAR. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of James K. Robinson, of Michigan, to be U.S. attorney for the eastern district of Michigan.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC FINANCING OF SENATE ELECTIONS

(Statement Submitted on Cloture Motion—S. 926)

Mr. MATHIAS. Mr. President, I am casting my vote today to invoke cloture on the debate on S. 926, the Senate campaign financing bill.

The need for reform of campaign fundraising is clear enough and the debate has gone on long enough. Substantial parts of this legislation have been passed by the Senate in the past. We now have a good financing system for Presidential elections, a strong system of campaign reporting requirements, and a code of conduct for our inoffice performance. This campaign financing bill is the best way to complete the picture on election reform.

It is not a new proposal. Theodore Roosevelt in a state of the Union address more than 70 years ago, provided a convincing argument for public funding of Federal campaigns:

> It is well to provide that corporations shall not contribute to presidential or national campaigns and furthermore to provide for the publication of both contributions and expenditures. There is, however, always danger in laws of this kind, which from their very nature are difficult of enforcement: The danger being lest they be obeyed only by the honest, and disobeyed by the unscrupulous, so as to act only as a penalty upon honest men. There is a very radical measure which would, I believe work a substantial improvement in our system of conducting a campaign.

That "radical measure" proposed by Theodore Roosevelt is now a vitally necessary one. What he said about corporations 70 years ago—when progressive Republicans led the way to sound reform—applies today not only to business but to all other special interest groups. In the last elections, special interest groups were barred by the Federal Elections Campaign Act from contributing to the Presidential campaigns, so they diverted their cash to campaigns for the House and Senate. In the 1976 elections those groups poured more than $20 million into congressional campaigns. In 1974 they spent only $12.5 million on Congress. A rush is on to invest in the legislative branch.

I am voting for cloture so that the Senate can finish the job of making our election laws effective and equitable. We can make each voter the millionaire's equal in influencing national policy.

There is one aspect of this bill which merits attention by all those who believe, as I do, that democracy flourishes best when it is open to new ideas. The provisions in S. 926 concerning Independent and third party candidates may not be ideal. An election reform bill should have two purposes—to eliminate the influence of big money on elections and to increase the competitiveness of campaigns for public office. Candidates whose currency is a supply of good ideas and a sensitivity to the needs of the people should be encouraged to enter the process, even if they wish to do so outside of the Republican and Democratic parties. I support the committee's bill, however, because I believe that our experience with campaign financing will be so positive that broader provisions can be added in the future.

My vote for cloture today is based on my belief that election reform will give the American people a renewed confidence in their elected officials. We should no longer delay that result.

Mr. HART. Mr. President, S. 926 will greatly improve the quality of Senate elections and enhance public confidence in our political system. It has three basic objectives: to reduce the dependency of Senate candidates on special interest campaign contributions and to increase the role of private citizens; to increase competition in races for the Senate; and to reduce the enormous advantage that wealthy candidates enjoy over nonwealthy candidates.

Mr. President, in the past several years we have debated reforms of our campaign laws on four separate occasions. One of the primary motivating forces behind this reform legislation is the public's growing disapproval of the major role that interest groups play in political campaign funding. A recent Harris poll found that 74 percent of the people believe that "special interest groups get more from the Government than they do." In examining the 1976 contributions received by congressional candidates from political action committees and other special interest groups, there are good reasons for this concern.

Special interest group contributions during those 1976 elections reached a record $22.6 million—almost triple the contributions made by such groups in 1972. Labor committees contributed $8.2 million of this total; $7.1 million was contributed by businesses; while "ideological" groups accounted for $1.2 million. In addition, the number of interest groups that make political contributions has doubled since 1972. In 1974, only about 100 corporations had formed political action committees; but by 1976, the number had increased to 450.

Under the present system incumbents spend about twice as much on their campaigns as challengers, and special interest groups contribute more than three times as much money to incumbents as to challengers. It is not surprising, therefore, that incumbents continue to get reelected more than 95 percent of the time.

Mr. President, there is widespread agreement that the use of public funds in the 1976 Presidential election worked well, sharply curtailing the influence of special interests while allowing vigorous competition. During that election, some 32 million Americans helped finance the campaign through the $1 checkoff on their income tax returns. The Federal Election Commission has reported that the average private individual contribution matched during the Presidential campaign was $26.86. By contrast, in the 1972 Presidential election, the Nixon campaign received $20 million from only 153 contributors, a full one-third of all contributions received by the Nixon-Agnew ticket.

Mr. President, as the role of special interest groups in congressional campaigns expands, the interests of the average American citizen are in danger of being greatly overshadowed This situation promises to get worse unless reforms are enacted. The solution is clear, public financing worked well in the 1976 Presidential elections, and it will go a long way toward improving the quality of Senate elections.

Under S. 926, it will be to a candidate's advantage to attract as many small, individual contributions as possible be-

cause each of these contributions will be matched by public funds. This matching provision will lessen a candidate's dependence on special interest contributions. Further, wealthy candidates who choose to participate in the public financing system would be permitted to spend unlimited amounts of their own money. In this regard, it is important to note that all of the candidates in last year's Presidential race opted to use public funds and, therefore, voluntarily chose to limit expenditure of personal funds.

Mr. President, the problems plaguing our congressional election system are not going to disappear. By delaying campaign financing reform, we have done a great disservice to the American people. Public financing of elections is one of the most secure investments that the American taxpayers can make in the future of this nation. Public financing will not resolve all the problems of special interest money in campaigns, but it will greatly increase competition in Senate elections. At the very least, it is an appropriate and effective response to the anger of American citizens who have watched the ever-increasing infiltration of special interest money into recent congressional campaigns.

Mr. HASKELL. Mr. President. Since Federal campaign finance reform began in earnest little more than a century ago, it has progressed at a veritable snail's pace. When it has progressed at all, it has been in reaction to a persistent problem.

From one of the earliest reforms in 1867, prohibiting the levying of assessments against Navy yard employees for political purposes, to the far-reaching reforms in place for the 1976 Presidential election, we have waited for abuse to surface and fester before a remedy was enacted.

Today we stand midstream in one of the most revolutionary changes ever proposed for the American political system. We are at the threshold of taking campaign financing away from the special interest groups, the well-financed lobbies and the rich benefactor and placing it where it should be—in the hands of the individual taxpayer.

At issue is influence. And whether influence can be purchased by the rich, the powerful, and the well-connected.

In the jargon of economists, special interest group contributions to political campaigns is a "growth industry." Interestingly enough, while the last 4 years have focused more and more public attention on the dangers of special interest financing, corporate and association political action committees, labor unions and others have nearly tripled their contributions to Federal political candidates. The number of these groups in this period has doubled. In 1972, $8.5 million was given to candidates for Congress. By 1976, the total had mushroomed to $22.6 million. Influence has become big business.

All candidates for political office who receive a major monetary contribution must ask themselves what that money represents. While it may not purchase a specific vote, it does, I believe, create a generally favorable atmosphere for the donor. I concur with my colleague RUSSELL LONG that the line is very fine between campaign contributions and bribes.

I have long advocated ending the special power of campaign contributors. We have before us today in this body an effective remedy, one which is long overdue. A remedy which has already proven that an obscure, nonoffice holder can be elected President of the United States without selling a single ambassadorship or special favor. This remedy will insure that a seat in the U.S. Senate will not be a commodity, for sale to the highest bidder.

The individual American taxpayer, by virtue of the $1 checkoff on his or her income tax form, will voluntarily fund a major portion of congressional and Presidential campaigns. The Campaign Financing Reform Act we have before us will not be an unfair burden on the Treasury.

Should the 30 million taxpayers who checked off the box for the 1976 election continue to do so through 1980, we will have adequate funds available to provide the necessary matching grants for the 1978 congressional and the 1980 Presidential and congressional campaigns.

This legislation is not a panacea which will correct all inequities in our system of elections. Its goals are clear and attainable. First, it will substantially reduce the influence of special interest contributors. Second, it will encourage more competitive races for Congress, providing adequate "startup" funds for a candidate to begin a campaign. Third, it will make it more difficult, but unfortunately not impossible, for wealthy candidates to buy a seat in the Congress.

The total cost of the program for a congressional election is less than one twenty-fifth the cost of a single Trident submarine.

The matching funds concept embodied in this bill encourages a candidate to seek a wide base of financial support. Only those contributions of $100 or less would be matched. Those accepting matching funds would be subject to spending limits. The net effect with a spending ceiling would be more imaginative campaigning and less likelihood for a campaign to be bought through a media blitz.

Under our present system, the power of the incumbency in the area of fundraising is very nearly supreme. In the past decade, for every dollar raised by a challenger, an incumbent, with the help of special interests, has raised three. The incumbent-challenger ratio of special interest dollars in some cases is as high as 7 to 1.

The American people, by recent polls, overwhelmingly support public financing of campaigns as a means to help even the score between incumbents and challengers. The Senate itself has shown overwhelming support for the legislation we are debating. Yet the will of the majority has been frustrated by a filibuster of the minority.

It is time for us to get things in our own house in order now that we have changed the process for Presidential elections. In effect we have given the American people half a loaf. As a result of this body's indecision, we allowed more special interest money to flow into congressional campaigns in 1976 than ever before, having curbed its influence in Presidential politics.

Let us get on with the will of the majority and insure that 1978 will be as significant to congressional politics as 1976 was for Presidential politics.

Mr. CRANSTON. Mr. President, the distinguished majority leader appeared on ABC's "Issues and Answers" last Sunday. The discussion covered a number of issues of great interest to the Senate and I ask unanimous consent that the text of the program be printed in the RECORD at the conclusion of my remarks.

Perhaps of great interest was Senator BYRD's strong endorsement and support of a thorough, expeditious, and impartial investigation by the Justice Department and by the Ethics Committees of both the Senate and the House of improper South Korean influence buying. I am sure it is a statement that all of us on both sides of the aisle can join in. It is most unfortunate—and a betrayal of high trust—if any Members or former Members of Congress have engaged in unethical or illegal actions. However, the public has the right to know the correct answers to the questions which have been raised. We all have the responsibility to assure that no rumors of covert activities remain unaccounted for with the resulting erosion of public confidence in Congress as an institution.

So I applaud and join in the majority leader's endorsement of a full and complete investigation of the South Korean matter.

Second, the interview demonstrated to the American public something we have been witnessing on the Senate floor this week—namely the majority leader's full and complete commitment to the passage of the public financing bill.

I hope our colleagues will take particular notice of Senator BYRD's words when he said:

. . . we are not going to stop with just one effort to shut off the filibuster; we are going to try again and again and again and again . . .

In other words, Mr. President, if we fail to achieve cloture today, then we will continue to vote each day until we achieve it.

Mr. President, if it is the Senate's will to reject public financing, so be it. But I believe the Senate should have the opportunity to bring this bill to a vote—and I urge the opponents of public financing to let us do so.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ISSUES AND ANSWERS

Mr. CLARK. Senator Byrd, welcome back to ISSUES AND ANSWERS.

The investigation of South Korean influence buying in Congress got back on course in the House this week as former Watergate prosecutor Leon Jaworski agreed to take on the job and head up the probe into involvement by House members.

There has been very little activity yet in the Senate, or your Ethics Committee has begun a very low-keyed investigation. As Majority Leader, are you going to support a more active Senate inquiry to find

out whether any Senators were involved in the Korean scandal?

Senator BYRD. As Majority Leader, I will support the Ethics Committee. I appointed Senator Stevenson to be chairman of that committee.

I appointed Mr. Ribicoff and Mr. Morgan to be the other two Democrats on that committee and I have every confidence in the integrity of those three members to pursue whatever thread of evidence, if there is such, to its end.

Mr. CLARK. The Senate really doesn't appear to be in a position at this stage to conduct much of an inquiry and your Ethics Committee really has no professional staff of investigators. Aren't you going to have to at least hire some investigators, if only to convince the American people that there are no Senators involved in any serious way?

Senator BYRD. The Ethics Committee is on top of the matter. It has been following the information. I have every confidence that the Senate Ethics Committee will stay on top of the matter and will pursue it to any ends that appear to be necessary.

Mr. CLARK. But will you and the Democratic leadership of the Senate be willing to provide any support that the Ethics Committee feels it needs to get to the bottom of this?

Senator BYRD. Absolutely. I have assured the Chairman of the committee that I stand behind him and that he should pursue whatever threads, if there be such. I have no evidence that any Senator is involved, but the Ethics Committee is looking at the matter, and it has all information available to it, and it will stay on top of the matter.

I think we should also keep in mind that the Justice Department is probing the matter thoroughly. I have every confidence in the Justice Department, that it will pursue its probe thoroughly, fairly, and impartially.

There is another thing I think we should say, here, and that is that the prosecutorial agency of the government is the Justice Department, and it is investigating for possible prosecutions of alleged crimes. The probes in the House and Senate will be dealing with the conduct of Senators and will be investigating to see whether or not there have been any violation of ethical codes of conduct. I have every confidence that both Houses will do that, especially now that Mr. Jaworski has been named as Chief Counsel.

Mr. REYNOLDS. Mr. Jaworski, of course, won't have anything to do with the Senate inquiry, though, will he?

Senator BYRD. No.

Mr. REYNOLDS. The only possible connection so far and it is very tenuous—is the appearance on that list that was on Tongsun Park when he tried to come back into the country, it was taken from him by the Customs agent, the appearance on that list of the names of four members of the Senate, members of the Intelligence Oversight Committee.

Senator Stevenson, the man you appointed to be chairman of the Ethics Committee, has said that he has been assured by them that they never received anything of value from Tongsun Park.

Well, is that an adequate assurance that everything is fine? I mean, doesn't that suggest that maybe something ought to be investigated further?

Senator BYRD. Any questions concerning the Ethics Committee's conduct of any probe should be submitted to the chairman. The chairman is fully aware of the list. He brought to my attention the list. That list is in the hands of the Justice Department. I think we have to be careful of lists of names. I understand there are as many as five lists of names, but what those lists mean, then the Justice Department will have to determine, and the Ethics Committees of the two Houses will have to determine.

Mr. REYNOLDS. While it is important, Senator, obviously that there not be an overreaction to this, don't you think that you and the Democrats are in danger of letting yourselves in for some pretty good thumping by the Republicans next year if you give the impression in any way of going slow on this investigation?

Senator BYRD. I am not going to give that impression, nor is the Senate Ethics Committee going to give that impression. If there is something there, let's find it, and that is the attitude of the chairman of the Senate Ethics Committee. If there is nothing there, then let's find that out, also.

Now, I am well aware of what is going on at the Justice Department. I know that the probe is thorough, and it is being conducted expeditiously. It is impartial, and it is fair, and I have every confidence that Judge Bell intends to follow the threads wherever they lead. And the same confidence I have in the Senate Ethics Committee.

Mr. REYNOLDS. Senator, since you are familiar with the progress of the investigation of the Justice Department, how would you characterize this, as a major scandal?

Senator BYRD. No, not as of now. But that is not to say it should not be pursued to its end.

I understand that the Justice Department will complete the development of its evidence soon and I think that is about all I should say. We must keep in mind that the Justice Department is the prosecutorial branch. The Congress does not investigate for crimes, for alleged crimes. The Congress investigates for the violations, ethical violations of conduct and the Congress cannot prosecute, but it can punish its members; it can censure them; it can expel them and I have a feeling that the matter is overblown because it appears in the public mind to be based on the number of persons whose names have appeared on some lists. Tungson Park was a man who I assume was trying to impress his government with the influence that he had in this country. He may have been double-dealing with his own government and so it is up to the Justice Department to determine the significance of any names on lists and to pursue all leads, do it impartially, do it fairly and do it expeditiously.

I have confidence, based on my information, that the Justice Department is doing that, and the same responsibility lies with the Ethics Committees of the two Houses and I have confidence that insofar as the Senate is concerned, the Senate Ethics Committee is on top of the matter; it has my full support and it will continue to have my full support and confidence.

Mr. CLARK. Senator Byrd, you say you have every confidence in the Justice Department. This is, of course, a Justice Department headed by a Democrat and a Democratic Administration just as the Democrats made much of the fact during the Watergate that the Justice Department was headed by a Republican.

The Republican leadership in Congress, both Howard Baker in the Senate and John Rhodes in the House, have been calling for a special prosecutor to head up the Korean investigation. Might not that be the best way to move to at least ease any concern that the Democratic leadership in Congress is less than enthusiastic about pursuing the inquiry?

Senator BYRD. No. No, I see no need whatsoever for a special prosecutor here. I think we have to keep in mind this distinction: The prosecutorial agency of the government lies in the executive branch. In the case of Watergate, it was a situation in which the prosecutorial agency was investigating the branch of government of which it was a part and there was evidence there that the investigation was not impartial and was not going forward in a proper manner.

In that kind of situation, where the executive branch is investigating itself for the purpose of determining whether or not there is evidence on which to prosecute for alleged crime, then there is need for a special prosecutor.

Here, in this situation, the Congress is not investigating itself for the purpose of prosecuting for crimes. It doesn't have that constitutional role. We have an independent branch of the government, the Justice Department, in the executive branch, investigating an independent branch of the government, the Congress, with the intention of prosecuting for any alleged crimes. So there is no evidence that the Justice Department, a separate branch of the government, is not pursuing this fairly, impartially and expeditiously, so there is absolutely no need for a special prosecutor in this kind of situation.

Mr. CLARK. Senator, to turn to another phase of the Korean problem, the Carter Administration let it be known this weekend that it will ask Congress for another two billion dollars in military aid for South Korea to provide additional weapons as American troops are withdrawn there.

Are the charges of Korean influence-buying in Congress in the past going to make it difficult to get Congress to appropriate this sort of money now?

Senator BYRD. I think it is conceivable that it might be more difficult, yes.

Mr. CLARK. Can you offset that in the Senate? You say it could be more difficult. Do you have some sort of a campaign to get the Senators in line behind the President's proposal to withdraw troops from Korea?

Senator BYRD. No, I do not have—I do not confuse the two. I separate the two in my own thinking, but I say it is conceivable that that kind of psychology might have a bearing.

ANNOUNCEMENTS

Mr. REYNOLDS. Senator, I would like to ask you about the problems Bert Lance seems to be having these days, Director of the Office of Management and Budget, having some financial difficulties of his own because the requirement that he get rid of his stock in the Bank of Georgia, the stock has gone down in value and now there have been some recent revelations and the Senate has delayed at least for the moment granting him the extension that both he and the President want for the sale of his stock.

Do you think there should be now a full-blown investigation of Bert Lance and his financial problems in relation to his governmental responsibilities?

Senator BYRD. I think it would be a little premature for me to say that at this moment. The Government Affairs Committee in the Senate will continue its hearings into that matter tomorrow, and I believe that we ought to await developments before commenting further in that regard.

Mr. CLARK. And, Senator, another subject: There is apparently in the Senate this week going to be a revival of the old battle over public financing of Senate campaigns and in this one you were eyeball to eyeball with Senator, your Republican counterpart. He is threatening opening a filibuster if this comes up in the Senate again; there will be a Republican filibuster. Do you have a strategy for breaking that filibuster before that August sixth vacation break?

Senator BYRD. In the first place, I have announced a week in advance that there will be a cloture vote next Friday. That puts all Senators on notice so that they will be in attendance.

Secondly, I have announced that I will not introduce the closture motion until Wednesday, which will allow two full days of debate before the cloture motion is even introduced.

Some Senators are reluctant to vote for cloture on the first cloture vote.

Mr. CLARK. A cloture, we should explain, is a device for breaking a filibuster.

Senator BYRD. A filibuster.

Because they say there hasn't been enough debate prior to a vote. In this instance there will be four full days of debate before that cloture vote and finally I have this to say: If that vote fails, there will be another vote and then there will be another vote and then there will be another vote.

In other words, we are not going to stop with just one effort to shut off the filibuster; we are going to try again and again and again and again so I would hope the Senators would invoke cloture, shut off the filibuster on the first vote so the Senate can get this matter behind it which is a very important matter, and get on with other business. And on the actual debate itself over public financing, Republicans generally feel very strongly about this, that it is a waste of taxpayers' money, and unfair to third parties, to minority parties, and so on.

Mr. CLARK. You have been down this road before and lost. Are you really going to win this one? Do you have some fresh ammunition?

Senator BYRD. Public financing has passed the Senate at least twice. I believe that public financing could have as positive an effect on the American electoral process as a sound energy program can have on the American economy.

What public financing really does is this: It expands the democratization of the process. It brings the average citizen into participation. It gives the average citizens as clear a voice as has the corporation president or the union president or the counsel for our special interest groups and I recognize that there is opposition to public financing, but the alternative to that is the expansion of the role and influence of special interest groups in our electoral process, and I don't think that is good.

Mr. REYNOLDS. Senator, you are going to spend this week arguing about public financing of the campaigns and elections. That gives you only another week before the August recess. You have got quite a bit to do, haven't you?

Senator BYRD. Yes, we have, but we have done quite a bit, and I am cautiously optimistic we will be able to break the filibuster.

I think, when the people understand that this is an effort to increase the confidence in the American political system and to enhance the perception of the integrity of the government, they will want to do this. We have been moving in this direction now since 1971. We have provided for public disclosure of contributions and expenditures; we have provided for public financing of presidential primaries and general elections, and this is a further step in the process to increase that confidence, to increase the participation of the little man, the average citizen and to give him a clear voice and to diminish the role of special interest groups in the decisions that affect the American people daily.

Mr. REYNOLDS. Senator, what is your view of the final language that is going to come out of the Congress regarding abortion? Do you think it will be the Senate language, where medically necessary, permitting abortion, or will it be the flat ban that the House seems to favor?

Senator BYRD. I can't answer that question. If I had to guess, today, I would assume it would be something near the Senate language.

Mr. CLARK. And, Senator Byrd, we should explain the Senate language as much more permissive than the House language on abortion.

Senator BYRD. It is somewhat more permissive.

Mr. CLARK. So you think, in effect, the Senate is going to succeed to some degree in imposing its will on the House on this one?

Senator BYRD. As I say, I can't anticipate what the final action of the conference will be.

Mr. CLARK. You asked President Carter this week to drop his plan for the time being at least to sell very sophisticated airborne radar equipment to the Iranians. These are radar actually radar systems intended for battle use.

Is the President going to accept your proposal and give up his plan, do you think?

Senator BYRD. I don't know that he will give up his plan, but I talked with him again on yesterday about the matter, and he indicated to me he was working on it, meaning that he understood our legislative, parliamentary situation, which really boxes us out of public debate and adequate consideration by both Houses of the sale.

Mr. CLARK. But aside from the tactical picture in the Senate which you are concerned about, are you also opposed to selling this system to the Iranians?

Senator BYRD. I presently am. I have told the President that I would keep an open mind on the matter. I am very conscious of the fact that he is as interested in this nation's security as I am, that he has weighed all of the arguments, and I will continue to listen to the arguments. Presently I have serious reservations that deal with the security risks that are involved. They deal with the stability of the region and the fact that the introduction of this highly sophisticated system could be a destabilizing factor in the region and cause other countries to want to purchase more arms, and I think I have justification for being opposed, but I do want to keep an open mind.

The main purpose of my letter at this point was to attempt to get the President to see what our parliamentary situation is and see if this notice couldn't be withdrawn for a while. After all, the first operational system is not due in Iran until 1981. We don't expect to have our own system operational until later this year, so I don't think it is critical that the sale go forward at this time.

May I go back to the public financing question just briefly. There is the impression abroad that this is a rip-off of the taxpayers.

It does not come—the public financing will not come out of general revenues. It comes from the $1.00 voluntary check-off on personal income tax returns.

Mr. CLARK. But it would cost something like $20 million at the minimum, would it not?

Senator BYRD. Within a period of two years for the Senate, that is the estimate. But it is voluntary on the part of the taxpayer to make his check-off; it is voluntary on the part of the candidates. They can opt to go the public financing way, or they can opt not to do so, and I think it gives the average citizen the feeling that he is participating more in the process, and, as I say, it removes the growing influence of special interest groups.

In the Presidential campaign last year, we saw the experiment, and it worked, and, as a result of less money going from special interest groups into the Presidential campaign, that special-interest money gravitated to the Congressional campaign, so that within two years the amount of special-interest moneys going into Congressional campaigns virtually doubled, so I think this is another step that we have to take in increasing public confidence in the political system.

Mr. REYNOLDS. Senator, you are mindful, and you are certainly well known for your insistence on the prerogatives of the Senate and the independence of the Senate, and so forth. I wonder why, in the debate over the neutron bomb, you decided to go along with the President to give him—vote to give him the funds to develop a weapons system that he had not yet decided to deploy.

Senator Case, as I recall during that debate, said you were abdicating your responsibility.

Senator BYRD. He didn't say I was abdicating my responsibility . . .

Mr. REYNOLDS. He said the Senate is abdicating its responsibility.

Senator BYRD. Well, the Senate didn't abdicate its responsibility. We had a lengthy debate on the neutron warhead. We debated before the Independence Day holiday, we came back after the holiday and debated it further.

Mr. REYNOLDS. Then you gave the blank check to the President.

Senator BYRD. Not a blank check. I support the idea of the neutron warhead. I won't get into the details of that here, but what I did do, I came in with an amendment at the end that was co-sponsored by Senator Baker, to preserve an institutional role for this Congress in this decision.

Mr. REYNOLDS. But isn't there an institutional role for this Congress anyway? Isn't there already a role mandated by statute for the Senate?

Senator BYRD. Well, what I was doing was to preserve that institutional role and the amendment carried.

Mr. CLARK. Senator, we are just about out of time.

We will ask you one more quick question.

Would you like to make a prediction as to how well Democrats are going to do in next year's Senate elections?

Are you going to pick up some more seats?

Senator BYRD. If the record of this Congress can be gotten across to the American people, yes, we will pick up seats. We will at least hold our own because it is a record of productivity.

Mr. CLARK. Will you pick up more seats if you have public financing by then?

Senator BYRD. I would hope so because again I would hope we would increase the participation of the voters at the polls.

Mr. CLARK. Senator, we are now out of time.

Thank you very much for being with us on Issues and Answers.

CLOTURE MOTION

The PRESIDING OFFICER. The hour of 11:30 having arrived and 1 hour having passed since the Senate convened, the clerk will state the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate upon S. 926, a bill to provide for the public financing of primary and general elections for the United States Senate.

Robert C. Byrd, Dick Clark, Alan Cranston, Edward M. Kennedy, John Glenn, Wendell Anderson, Patrick J. Leahy, John Culver, Gary W. Hart, Spark M. Matsunaga, Joseph R. Biden, Jr., John Melcher, Howard M. Metzenbaum, George McGovern, Daniel K. Inouye, Walter D. Huddleston, Paul S. Sarbanes, John A. Durkin, Birch Bayh, Adlai E. Stevenson.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The second assistant legislative clerk called the roll, and the following Senators answered to their names.

[Quorum No. 20 Leg.]

Abourezk	Hansen	Muskie
Allen	Hart	Nelson
Anderson	Haskell	Nunn
Baker	Hatch	Packwood
Bayh	Hatfield	Pearson
Biden	Hathaway	Pell
Brooke	Hayakawa	Percy
Bumpers	Heinz	Proxmire
Byrd, Harry F., Jr.	Helms	Randolph
Byrd, Robert C.	Hollings	Ribicoff
Cannon	Huddleston	Riegle
Case	Humphrey	Roth
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Church	Javits	Schmitt
Clark	Johnston	Schweiker
Cranston	Kennedy	Scott
Culver	Laxalt	Sparkman
Danforth	Leahy	Stafford
DeConcini	Long	Stennis
Dole	Lugar	Stevens
Domenici	Magnuson	Stevenson
Durkin	Mathias	Stone
Eagleton	Matsunaga	Talmadge
Eastland	McClure	Thurmond
Ford	McGovern	Tower
Garn	McIntyre	Wallop
Glenn	Melcher	Weicker
Goldwater	Metcalf	Williams
Gravel	Metzenbaum	Young
Griffin	Morgan	Zorinsky
	Moynihan	

The PRESIDING OFFICER. A quorum is present.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the bill—S. 926—to provide for the public financing of primary and general elections for the U.S. Senate, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from North Dakota (Mr. BURDICK), and the Senator from Arkansas (Mr. MCCLELLAN) are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK) would vote "yea."

I further announce that, if present and voting, the Senator from Arkansas (Mr. MCCLELLAN) would vote "nay."

Mr. STEVENS. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Nebraska (Mr. CURTIS) are necessarily absent.

I further announce that the Senator from Oklahoma (Mr. BARTLETT) is absent due to illness.

The yeas and nays resulted—yeas 49, nays 45, as follows:

[Rollcall Vote No. 318 Leg.]

YEAS—49

Abourezk	Glenn	Melcher
Anderson	Gravel	Metcalf
Bayh	Hart	Metzenbaum
Biden	Haskell	Moynihan
Bumpers	Huddleston	Muskie
Byrd, Robert C.	Humphrey	Nelson
Chiles	Inouye	Pearson
Church	Jackson	Pell
Clark	Kennedy	Proxmire
Cranston	Leahy	Randolph
Culver	Magnuson	Ribicoff
DeConcini	Mathias	Riegle
Durkin	Matsunaga	Sarbanes
Eagleton	McGovern	Sasser
Ford	McIntyre	Sparkman
Stevenson	Williams	Zorinsky
Stone		

NAYS—45

Allen	Hatch	Percy
Baker	Hatfield	Roth
Brooke	Hathaway	Schmitt
Byrd, Harry F., Jr.	Hayakawa	Schweiker
Cannon	Heinz	Scott
Case	Helms	Stafford
Chafee	Hollings	Stennis
Danforth	Javits	Stevens
Dole	Johnston	Talmadge
Domenici	Laxalt	Thurmond
Eastland	Long	Tower
Garn	Lugar	Wallop
Goldwater	McClure	Weicker
Griffin	Morgan	Young
Hansen	Nunn	
	Packwood	

NOT VOTING—6

Bartlett	Bentsen	Curtis
Bellmon	Burdick	McClellan

The PRESIDING OFFICER. On this vote, the yeas are 49, the nays are 45. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is not agreed to.

Mr. TALMADGE. Mr. President, I yield to the distinguished majority leader.

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER (Mr. FORD). The cloture motion, having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate upon S. 926, a bill to provide for the public financing of primary and general elections for the U.S. Senate.

Robert C. Byrd, Dick Clark, Alan Cranston, Edward M. Kennedy, Gary Hart, Mike Gravel, Adlai E. Stevenson, John A. Durkin Spark M. Matsunaga, Wendell R. Anderson, James Abourezk, Joseph R. Biden, Jr., Howard M. Metzenbaum, Claiborne Pell, Patrick J. Leahy, Harrison A. Williams, Jr., John Glenn, Gaylord Nelson, Walter D. Huddleston, William Proxmire.

The PRESIDING OFFICER. The Senate is not in order. I ask the Senators to clear the aisles and take their seats so the clerk may be heard. The Chair asks the Senators to take their seats or retire to the cloakroom for conversations.

COMMITTEE MEETING

Mr. ROBERT C. BYRD. Mr. President, the minority leader and I have given consent for the Research and Development Subcommittee of the Committee on Armed Services to meet during the afternoon in room 224 of the Russell Senate Office Building, to conduct its hearings in connection with the cruise missile and other important defense matters.

PRESIDENT'S WITHDRAWAL NOTIFICATION OF PROPOSED AWACS SALE TO IRAN

Mr. ROBERT C. BYRD. Mr. President I want to briefly review the events which culminated in President Carter's statesmanlike decision Thursday to temporarily withdraw the notification of the proposed sale of the Airborne Warning and Command System to Iran—a decision I have previously commended.

The Senate was faced with a situation which made it particularly difficult to give the issue the serious consideration it merits. This experience has also served to point out what I, and others, believe are deficiencies in the existing law governing the congressional consideration of arms transfers. It is important, in my view, that Congress be involved in these decisions which may be of major consequence to our foreign and defense policy.

The notification of the proposed AWACS sale was made on July 7, pursuant to the requirements of the Arms Control Export Act. However, in this case the Senate did not return from its nonlegislative work period until July 11. Under existing law, Congress has 30 days during which the sale may be prohibited by means of a concurrent resolution. On July 15, a group of 16 Senators introduced a resolution objecting to the sale of the 7 AWACS to Iran, and it was referred to the Committee on Foreign Relations.

On July 18, the Subcommittee on Foreign Assistance of the Committee on Foreign Relations held its first hearings on the proposed sale. Senators CULVER and EAGLETON and Mr. Richard Gutmann testified at that hearing and raised a number of serious issues and concerns regarding the sale.

That hearing served to focus attention on a report by the General Accounting Office which had only become available on July 15. That report cited a number of problems with the proposed sale, contained some new assessments, and concluded that the justification presented to Congress in support of the sale was inadequate.

The GAO report also drew attention to a risk assessment by the Director of Central Intelligence. That assessment served to strengthen a concern many of us already had—a concern about the security risks involved and the possibility of the Soviet Union gaining access to the AWACS and its technology.

On July 22, the CIA Director, Admiral Turner, along with representatives of the Department of State and Department of Defense testified before the subcommittee.

At that time there were only 2 weeks remaining before the statutory August congressional recess. It did not appear to me that all of the questions had been satisfactorily answered nor were they likely to be during the time remaining. I knew that many senators other than the members of the subcommittee had concerns about the proposal; yet the schedule facing the Senate would have made it difficult for the matter to receive the extensive debate it deserved.

Therefore, on July 22, I wrote to President Carter, describing to him the parliamentary dilemma facing the Senate and expressing some of my own strong reservations about the proposed sale. I emphasized the need to delay action on the proposal and urged him to withdraw the notice. I also sent a copy of my letter

to the Chairman of the Committee on Foreign Relations, Mr. SPARKMAN.

Early this week the administration made known its intention to proceed forthwith on the proposed sale. On Tuesday, July 26, I made a statement in the Senate expressing my disappointment in the administration's decision and urging that it be reconsidered.

On July 25, the Subcommittee on Foreign Assistance had held another hearing on the subject and on July 27 that subcommittee joined in urging the President to consider temporarily withdrawing the notice to allow time for both the executive branch and the Congress to consider further these important issues. In a letter to the President, the Chairman of the Subcommittee, Mr. HUMPHREY, also urged that certain assurances concerning the proposed sale be made to the Congress.

I had written to the Committee on Foreign Relations urging that, if the notice were not withdrawn, the committee approve a resolution disapproving the sale.

Thursday morning, I appeared before the committee to restate my views and to urge the committee to vote a disapproval resolution if the notice were not withdrawn. At that time, the distinguished minority leader, Mr. BAKER, joined in supporting that position.

Later in the day, the House International Relations Committee voted for a disapproval resolution. Shortly before the Senate committee was scheduled to vote, the President announced that the notice would be temporarily withdrawn.

In a subsequent telephone conversation and in a subsequent letter I commended the President on this action, and I believe that the Congress will now have the opportunity to consider carefully the issues that have been raised in connection with the proposed sale. The assurance the President has given to the Subcommittee on Foreign Assistance in recent days may help to satisfy some of the concerns expressed by some senators.

I am hopeful that in the weeks ahead we can resolve other remaining questions. As I have previously stated, the delivery of the AWACS to Iran would not take place until 1981. I do not believe that this delay in action by the Congress will create any serious problems in that regard. If the President resubmits the notice in September, as he apparently intends to do, I am certain that it will receive the attention that it deserves.

Mr. President, I ask unanimous consent to place in the RECORD my letter to the President of July 22.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE MAJORITY LEADER,
Washington, D.C. July 22, 1977.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I urge withdrawal of the notice of the proposed sale of seven E–3 aircraft (Airborne Warning and Control System—AWACS) and related equipment to Iran. As you know, this notification was submitted to the Congress on July 7, pursuant to the Arms Control Export Act. Under such notification, Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution.

I point out the particular circumstances which make it difficult for Congress to act within the statutory 30-day period. The Senate did not return from its non-legislative work period until July 11, and a resolution of disapproval was introduced on July 15. The Senate has been faced with a very demanding legislative schedule for the past two weeks and has only two weeks remaining prior to the statutory August recess. Hearings on the proposed sale have been held this week in both Houses, with further hearings scheduled next week.

In view of the limited time remaining, and the schedule facing the Senate, it will be impossible for the Senate to give the proposal the careful and serious consideration it deserves. Next week, the Senate is likely to consume a large amount of time in considering the legislation providing for public financing of Congressional elections.

I know you are aware that there is considerable controversy within Congress over the proposed AWACS sale and it would be likely to provoke extensive debate within the Senate. I want to convey to you my own serious reservations about the sale. I am particularly concerned about the security risks involved, and I know this concern is felt by many of my colleagues in the Senate and by the Director of Central Intelligence. I believe we would be taking an unnecessary risk of compromising the highly sophisticated technology which is critical to our own national defense.

One factor that especially troubles me is that if the Soviet Union gained access to the AWACS and its technology (by accident, defection, diversion of technical manuals, or through intelligence activities) it could accelerate Soviet development of defenses against low-flying aircraft and missiles. This could cut years off the time the Soviets would need to develop a defense against the cruise missile. In view of your recent action discontinuing production of the B–1 and moving ahead with the cruise missile—an action I strongly support—this takes on added importance.

In the past five years we have sold more than $11 billion worth of arms to Iran, making that country by far the biggest recipient of U.S. arms. Iran already possesses large quantities of some of our most sophisticated military equipment.

I am also concerned that the sale would be contrary to our interest in a stable military balance and in limiting arms proliferation in the area. Although I understand that the AWACS is technically a support system, it would create a new and significantly increased combat capability for advanced weapons systems, such as the F–14, which the Iranian Air Force has. The AWACS capability to greatly multiply the offensive power of these aircraft is likely to cause neighboring nations to seek new weapons in response.

Another factor which concerns me is that this proposal may undercut the credibility of your announced policy on arms sales, which included the pledge that we would not introduce into a region "newly developed, advanced weapons systems which would create a new or significantly higher combat capability."

There are other problems which I find troubling, including the fact that NATO does not yet possess the AWACS. Further, the sale to Iran would require substantial American technical support in Iran, where we already have a large number of American citizens, many of whom are involved in military programs.

All of these problems, coupled with the legislative schedule facing the Senate, point to the need to delay action on this matter. I hope, therefore, that you will request the Secretary of Defense to withdraw the notice of the proposed sale.

Respectfully,

ROBERT C. BYRD,
Majority Leader.

AGRICULTURAL ACT OF 1977

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 275.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives insisting upon its amendment to the bill (S. 275) to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TALMADGE. I move that the Senate disagree with the amendment of the House and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. FORD) appointed Mr. TALMADGE, Mr. EASTLAND, Mr. MCGOVERN, Mr. ALLEN, Mr. HUMPHREY, Mr. DOLE, Mr. YOUNG, and Mr. CURTIS conferees on the part of Senate.

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senators there will be at least one more rollcall vote today, and I should explain what it is about. Under the law, a rollcall vote is required on the adjournment resolution for the August period. I want to talk with the Speaker of the House just a bit before I call up that resolution. The resolution is over here from the House, and I would like to have a little session with him first. But there will be necessitated by virtue of the law another rollcall vote, and I would hope that both cloakrooms will alert our respective colleague. I hope that will not take too long, but I do want to talk to the Speaker.

Mr. President, if I may be recognized just for a moment.

The PRESIDING OFFICER. The Senator may proceed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for not to exceed 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate

proceed to the consideration of Calendar Order No. 311, with the understanding that it will not require more than 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the bill by title.

Mr. ROBERT C. BYRD. I do this at the request of Mr. LEAHY.

The legislative clerk read as follows:

A bill (S. 1678) to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consider the bill.

The Senate proceeded to consider the bill which had been reported from the Committee on Agriculture, Nutrition, and Forestry with an amendment to strike all after the enacting clause and insert the following:

USE IN A MANNER INCONSISTENT WITH LABELING—DEFINITION

SECTION 1. Section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(ee) TO USE ANY REGISTERED PESTICIDE IN A MANNER INCONSISTENT WITH ITS LABELING.—The term 'to use any registered pesticide in a manner inconsistent with its labeling' means to use any registered pesticide in a manner not permitted by labeling: *Provided*, That the term does not include (1) applying a pesticide at any dosage, concentration, or frequency less than that specified on the labeling, (2) applying a pesticide against any target pest not specified on the labeling if the application is to the crop, animal, or site specified on the labeling, (3) employing any method of application not prohibited by the labeling, or (4) mixing a pesticide wtih a fertilizer not prohibited by the labeling.".

USE OF DATA TO SUPPORT REGISTRATION

SEC. 2. (a) Section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) amending subparagraph (D) of subsection (c)(1) to read as follows—

"(D) if requested by the Administrator, a full description of the tests made and the results thereof upon which the claims are based, except that no data generated, collected, or developed by, or at the expense of, and originally submitted in support of an application by, any applicant or registrant (hereinafter in this subparagraph referred to as the 'original data submitter') shall, without the written permission of the original data submitter, be considered by the Administrator in support of the approval of an application for registration submitted by any other person (hereinafter in this subparagraph referred to as the 'applicant') within the seven-year period commencing on the date the data were first submitted to the Administrator, unless the applicant has submitted to the Administrator an offer to compensate the original data submitter for the use of such data, which offer shall be accompanied by evidence of delivery to the original data submitter of such offer. The terms and amount of compensation may be fixed by (i) agreement between the original data submitter and the applicant, or (ii) failing such agreement, binding arbitration under this subparagraph. If, at the end of ninety days after the date of the receipt by the original data submitter of the offer to compensate, the original data submitter and the applicant have neither agreed on the amount and terms of compensation nor on a procedure for reaching an agreement on the amount and terms of compensation, either person may initiate binding arbitration proceedings by requesting the Federal Mediation and Conciliation Service to appoint an arbitrator from the roster of arbitrators maintained by such Service. The procedure and rules of the Service shall be applicable to the selection of such arbitrator and to such arbitration proceedings, and the findings and determination of the arbitrator shall be binding and conclusive. The parties to the arbitration shall share equally in the payment of the fee and expenses of the arbitrator. If at any time the Administrator determines that an original data submitter has failed to participate in a procedure for reaching an agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning compensation under this subparagraph, the original data submitter shall forfeit his or her right to compensation for the use of the data in support of the application. Notwithstanding any other provision of this Act, if at any time the Administrator determines that an applicant has failed to participate in a procedure for reaching an agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning compensation under this subparagraph, the Administrator shall deny the application or cancel the registration of the pesticide in support of which the data was used without further hearing. Before the Administrator takes action under either of the preceding two sentences, the Administrator shall furnish to the affected person notice of intent to take action and allow fifteen days for the affected person to respond. If a registration is denied or cancelled under this subparagraph, the Administrator may make such order as the Administrator deems appropriate concerning the continued sale and use of existing stocks of such pesticide. Registration action by the Administrator shall not be delayed pending the fixing of compensation;"; and

(2) amending subsection (c)(2) by—

(A) inserting "(A)" immediately after "(2)";

(B) inserting immediately after "kind of information" in the second sentence the following: "in accordance with subparagraph (B) of this paragraph,";

(C) striking out "subsection (c)(1)(D) of this section and" from the third sentence; and

(D) adding a new subparagraph at the end thereof as follows:

"(B) ADDITIONAL DATA TO SUPPORT EXISTING REGISTRATION.—

"(i) If the Administrator determines that additional data is required to maintain in effect an existing registration of a pesticide, the Administrator shall notify all existing registrants of the pesticide to which the determination relates and provide a list of such registrants to any interested person.

"(ii) Each registrant of such pesticide shall provide evidence within ninety days after receipt of notification that it is taking appropriate steps to secure the additional data that is required. Two or more registrants may agree to jointly develop, or to share in the cost of developing, such data if they agree and advise the Administrator of their intent within ninety days after notification. Any registrant who agrees to share in the cost of producing the data shall be entitled to examine and rely upon such data in support of maintenance of such registration.

"(iii) If, at the end of sixty days after advising the Administrator of their intent to develop jointly, or share in the cost of developing data, the registrants have not further agreed on the terms of the data development arrangement nor on a procedure for reaching such agreement, any of such registrants may initiate binding arbitration proceedings by requesting the Federal Mediation and Conciliation Service to appoint an arbitrator from the roster of arbitrators maintained by such Service. The procedure and rules of the Service shall be applicable to the selection of such arbitrator and to such arbitration proceedings, and the findings and determinations of the arbitrator shall be binding and conclusive. All parties to the arbitration shall share equally in the payment of the fee and expenses of the arbitrator.

"(iv) Notwithstanding any other provision of this Act, if the Administrator determines that a registrant has failed to take appropriate steps to secure the data required under this subparagraph within the time required by the Administrator, or determines that a registrant has failed to participate in a procedure for reaching agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning a joint data development arrangement under this subparagraph, the Administrator shall cancel such registrant's registration of the pesticide for which additional data is required without further hearing: *Provided*, That the Administrator shall first furnish to the affected person notice of intent to cancel and allow fifteen days for such person to respond. If a registration is canceled under this subparagraph the Administrator may make such order as the Administrator deems appropriate concerning the continued sale and use of existing stocks of such pesticide.

"(v) Any data submitted under this subparagraph shall be subject to the compensation provisions of section 3(c)(1)(D) of this Act. Whenever such data is submitted jointly by two or more registrants, an agent shall be agreed on at the time of the joint submission to handle any subsequent data compensation matters for the joint submitters of such data.".

(b) The amendment to section 3(c)(1)(D) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, made by this section shall apply with respect to all applications for registration or reregistration approved on or after the date of enactment of this Act.

SIMPLIFIED REGISTRATION PROCEDURES; EXEMPTION FROM REQUIREMENTS FOR SUBMISSION OF DATA

SEC. 3. Section 3(c)(2) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is further amended by adding two new subparagraphs at the end thereof as follows:

"(C) SIMPLIFIED PROCEDURES.—The Administrator shall, by regulation, prescribe simplified procedures for the registration of pesticides, which shall include the provisions of paragraph (2)(D) of this subsection.

"(D) EXEMPTION.—No applicant for registration of a pesticide who proposes to purchase a registered pesticide from another producer in order to formulate such purchased pesticide into an end-use product shall be required to—

"(i) submit data pertaining to the safety of such purchased product; or

"(ii) offer or pay reasonable compensation otherwise required by paragraph (1)(D) of this subsection for the use of any such data.".

MINOR USE REGISTRATIONS

SEC. 4. Section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act, as redesignated by section 2 of this Act, is further amended by inserting immediately before "Except as provided by section 10" the following: "The Administrator, in establishing standards for data requirements for the registration of pesticides with respect to minor uses, shall make such standards commensurate with the anticipated extent of use, pattern of use, and the level and degree of potential exposure of man and the environment to the pesticide. In the development of these standards, the Administrator shall consider the economic factors of potential national volume of use, extent of dis-

tribution, and the impact of the cost of meeting the requirements on the incentives for any potential registrant to undertake the development of the required data.".

WAIVER OF DATA REQUIREMENTS PERTAINING TO EFFICACY

SEC. 5. Section 3(c)(5) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new sentence as follows: "In considering an application for the registration of a pesticide, the Administrator is authorized to waive, as the Administrator's discretion, data requirements pertaining to efficacy.".

REGISTRATION UNDER SPECIAL CIRCUMSTANCES

SEC. 6. Section 3(c) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new paragraph as follows:

"(7) REGISTRATION UNDER SPECIAL CIRCUMSTANCES.—Notwithstanding the provisions of subsection (c)(5) of this section—

"(A) The Administrator is authorized to conditionally register or amend the registration of a pesticide if the Administrator determines that (i) the pesticde is identical or substantially similar to any currently registered pesticide and use thereof, or differs only in ways that would not significantly increase the risk of unreasonable adverse effects on the environment, and (ii) approving the registration or amendment in the manner proposed by the applicant would not significantly increase the risk of any unreasonable adverse effect on the environment. An applicant seeking conditional registration or amended registration under this subparagraph shall submit such data as would be required to obtain registration of a similar pesticide under subsection (c)(5) of this section: *Provided*, That if the applicant is unable to submit an item of data because it has not yet been generated, the Administrator is authorized to register or amend the registration of the pesticide under such conditions as will require the submission of such data not later than the time such data is required to be submitted with respect to similar pesticides already registered under this Act, as amended, or under this Act prior to the enactment of the Federal Environmental Pesticide Control Act of 1972.

"(B) The Administrator is authorized to conditionally amend the registration of a pesticide to permit additional uses notwithstanding that data concerning the pesticide may be insufficient to support on unconditional amendment, if the Administrator determines that (i) the applicant has submitted satisfactory data pertaining to the proposed additional use, and (ii) amending the registration in the manner proposed by the applicant would not significantly increase the risk of any unreasonable adverse effect on the environment. An applicant seeking amended registration under this subparagraph shall submit such data as would be required to obtain registration of a similar pesticide under subsection (c)(5) of this section: *Provided*, That if the applicant is unable to submit an item of data (other than data pertaining to the proposed additional use) because it has not yet been generated, the Administrator may amend the registration under such conditions as will require the submission of such data not later than the time such data are required to be submitted with respect to similar pesticides already registered under this Act, as amended, or under this Act prior to the enactment of the Federal Environmental Pesticide Control Act of 1972.

"(C) The Administrator is authorized to conditionally register a pesticide containing an active ingredient not contained in any currently registered pesticide for a period reasonably sufficient for the generation and submission of required data (which are lacking because a period reasonably sufficient for generation of the data has not elapsed since the Administrator first imposed the data requirement) on the condition that by the end of such period the Administrator shall have received such data and that the data do not meet or exceed risk criteria enumerated in regulations issued pursuant to this Act, and on such other conditions as the Administrator may prescribe: *Provided*, That a conditional registration or amendment under this paragraph shall be granted only if the Administrator determines that use of the pesticide during such period will not cause any unreasonable adverse effect on the environment, and that use of the pesticide is required in the public interest.".

CLASSIFICATION PRIOR TO REGISTRATION

SEC. 7. Section 3(d)(1)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting a new sentence immediately after the first sentence thereof as follows: "Registered pesticides may be classified prior to reregistration.".

AUTHORITY OF ADMINISTRATOR TO CERTIFY APPLICATORS

SEC. 8. Section 4(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting in paragraph (1) immediately after "(1) FEDERAL CERTIFICATION.—" the following: "In any State for which a State plan for applicator certification has not been approved by the Administrator by October 20, 1977, the Administrator, at the request of the Governor of such State, shall, if practicable, conduct a program for the certification of applicators of pesticides. In any State in which the Administrator conducts a certification program, the Administrator is authorized to require any person engaging in the professional application, sale, offering for sale, holding for sale, or distribution of any pesticide one or more uses of which have been classified for restricted use to maintain such records and submit such reports concerning the professional application, sale, or distribution of such pesticide as the Administrator may by rule prescribe.".

ALTERNATIVE TO CANCELLATION

SEC. 9. Section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting in the last sentence immediately after "In taking any final action under this subsection, the Administrator" the following: "may consider restricting a pesticide's use or uses as an alternative to cancellation and".

CANCELLATION OF CONFIDENTIAL REGISTRATION

SEC. 10. Section 6 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding a new subsection at the end thereof as follows:

"(f) CONFIDENTIAL REGISTRATION.—

"(1) The Administrator shall issue a notice of intent to cancel a registration issued under section 3(c)(7) of this Act at the end of the period provided for satisfaction of any condition imposed, if such condition has not been met: *Provided*, That the Administrator may permit the continued sale and use of existing stocks of a pesticide whose conditional registration has been canceled under this subsection to such extent, under such conditions, and for such uses as the Administrator may specify if the Administrator determines that such sale or use is not inconsistent with the purposes of this Act and will not have unreasonable adverse effects on the environment.

"(2) A cancellation proposed pursuant to this subsection shall become final and effective at the end of thirty days from receipt by the registrant of the notice of intent to cancel unless during that time a request for hearing is made by a person adversely affected by the notice. In the event that a hearing is requested, a hearing shall be conducted pursuant to subsection (d) of this section: *Provided*, That the only matters for resolution at that hearing shall be whether the condition or conditions have been satisfied within the time provided and whether the Administrator's determination with respect to the disposition of existing stocks is consistent with the Act. In the event a hearing is held, a decision after completion of such hearing shall be final.".

TRADE SECRET AMENDMENTS

SEC. 11. Section 10 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) inserting in subsection (b) immediately after "Notwithstanding any other provision of this Act" the following: "and subject to the limitations in subsections (d) and (e) of this section"; and

(2) adding three new subsections at the end thereof as follows:

"(d) LIMITATIONS.—

"(1) All information concerning the objectives, methodology, results, or significance of any test or experiment performed on or with a registered or previously registered pesticide or its separate ingredients, impurities, or degradation products, and any information concerning the effects of such pesticide on any organism or the behavior of such pesticide in the environment, shall be available for disclosure to the public: *Provided*, That this paragraph does not authorize the disclosure of any information which—

"(A) discloses manufacturing or quality control processes;

"(B) discloses the details of any methods for testing, detecting, or measuring the quantity of any deliberately added inert ingredients of a pesticide; or

"(C) discloses the identity or percentage quantity of any deliberately added inert ingredient of a pesticide,

unless the Administrator has first determined that disclosure is necessary to protect against an unreasonable risk of injury to health or the environment.

"(2) Information concerning production, distribution, sale, or inventories of a pesticide which is otherwise entitled to confidential treatment under subsection (b) of this section may be publicly disclosed in connection with a public proceeding to determine whether a pesticide, or any ingredient of a pesticide, causes unreasonable adverse effects on health or the environment, if the Administrator determines that such disclosure is necessary in the public interest. If the Administrator proposes to disclose information under this paragraph, the Administrator shall notify, in writing and by certified mail, the submitter of such information of the intent to release such information. The Administrator may not release such information, without the submitter's consent, until the thirtieth day after the submitter has been furnished such notice.

"(e) DISCLOSURE TO CONTRACTORS.—Information otherwise protected from disclosure to the public under subsection (b) of this section may be disclosed to contractors with the United States and employees of such contractors if, in the opinion of the Administrator, such disclosure is necessary for the satisfactory performance by the contractor of a contract with the United States for the performance of work in connection with this Act and under such conditions as the Administrator may specify.

"(f) PENALTY FOR DISCLOSURE BY FEDERAL EMPLOYEES.—(1) Any officer or employee of the United States or former officer or employee of the United States who, by virtue of such employment or official position, has obtained possession of, or has access to, material the disclosure of which is prohibited by subsection (b) of this section, and who knowing that disclosure of such material is prohibited by such subsection, willfully dis-

closes the material in any manner to any person not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000 or imprisoned for not more than one year, or both. Section 1905 of title 18 of the United States Code does not apply with respect to the publishing, divulging, disclosure, or making known of, or making available, information reported or otherwise obtained under this Act.

"(2) For the purposes of this section, any contractor with the United States who is furnished information as authorized by subsection (e) of this section or any employee of any such contractor, shall be considered to be an employee of the United States.".

CIVIL PENALTIES

SEC. 12. Section 14(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) striking out the last sentence in paragraph (3);

(2) redesignating paragraph (4) as paragraph (5); and

(3) inserting after paragraph (3) a new paragraph (4) as follows:

"(4) DETERMINATION OF PENALTY.—In determining the amount of the penalty the Administrator shall consider the appropriateness of such penalty to the size of the business of the person charged, the effect on the person's ability to continue in business, and the gravity of the violation. Whenever the Administrator finds that the violation occurred despite the exercise of due care or did not cause significant harm to health or the environment, the Administrator is authorized to issue a warning in lieu of assessing a penalty.".

STATE COOPERATION, AID, AND TRAINING

SEC. 13. Section 23 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended to read as follows:

"SEC. 23. STATE COOPERATION, AID, AND TRAINING.

"(a) COOPERATIVE AGREEMENTS.—The Administrator is authorized to enter into cooperative agreements with States and Indian tribes—

"(1) to delegate to any State or Indian tribe the authority to cooperate in the enforcement of this Act through the use of its personnel or facilities, to train personnel of the State or Indian tribe to cooperate in the enforcement of this Act, and to assist States and Indian tribes in implementing cooperative enforcement programs through grants-in-aid; and

"(2) to assist State and Indian tribal agencies in developing and administering State or Indian tribal programs for training and certification of applicators consistent with the standards the Administrator prescribes.

"(b) CONTRACTS FOR TRAINING.—In addition, the Administrator is authorized to enter into contracts with Federal, State, or Indian tribal agencies for the purpose of encouraging the training of certified applicators.

"(c) INFORMATION AND EDUCATION.—The Administrator may in cooperation with the Secretary of Agriculture, utilize the services of the Cooperative State Extension Services to inform and educate pesticide users about accepted uses and other regulations made pursuant to this Act.".

EXTENSION OF SCIENTIFIC ADVISORY PANEL

SEC. 14. Section 25(d) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new sentence as follows: "The advisory panel established by this subsection shall terminate on January 1, 1981.".

EFFECTIVE DATES

SEC. 15. Section 4 of the Federal Environmental Pesticide Control Act of 1972, as amended, is amended by—

(1) striking out in subsection (b) the colon immediately after the second "thereunder" and all that follows down through the end of the subsection and substituting in lieu thereof a period; and

(2) in subsection (c), striking out paragraph (2), and redesignating paragraphs (3), (4), and (5) as (2), (3), and (4), respectively.

PROFESSIONAL APPLICATORS—DEFINITION, AUTHORITY FOR INSPECTION, ACCESS TO RECORDS, UNLAWFUL ACTS, AND PENALTIES

SEC. 16. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) adding a new subsection to section 2 as follows—

"(ff) PROFESSIONAL APPLICATOR.—The term 'professional applicator' means an applicator who applies pesticides for hire.";

(2) amending section 8(b) by—

(A) inserting "professional applicator," immediately after "any producer, distributor, carrier, dealer,"; and

(B) inserting ", or professionally applies" immediately after "sells or offers for sale, delivers or offers for delivery";

(3) amending section 9(a) by inserting "use by a professional applicator or for" immediately after "or other place where pesticides or devices are held for" wherever such phrase appears therein, and inserting "or held for professional application," immediately after "labeled, and released for shipment,";

(4) amending section 12(a)(1) by—

(A) striking out the words "or receive and (having so received) deliver or offer to deliver, to any person—" and inserting in lieu thereof the following: "apply for hire, or receive and (having so received) deliver or offer to deliver—";

(B) in clause (B), inserting "or application" immediately after "its distribution or sale"; and

(C) in clause (C), inserting "or application" immediately after "its distribution or sale";

(5) amending section 13(a) by striking out the words "or sold" and substituting therefor ", sold, or applied for hire";

(6) amending section 14(a)(1) by inserting "professional applicator," immediately after "Any registrant, commercial applicator,"; and

(7) amending section 14(b)(1) by inserting "professional applicator," immediately after "Any registrant, commercial applicator,".

PESTICIDES AND DEVICES INTENDED FOR EXPORT

SEC. 17. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) in section 2(q), striking the period at the end of clause (G) and inserting a semicolon in lieu thereof, and adding a new clause (H) as follows:

"(H) in the case of a pesticide not registered in accordance with section 3 of this Act and intended for export, the label does not contain, in words prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or graphic matter in the labeling) as to render it likely to be noted by the ordinary individual under customary conditions of purchase and use, the following: 'Not Registered for Use in the United States of America'."; and

(2) in section 17(a), striking out "section 8 of this Act" and substituting "sections 2(p), 2(q), 7, and 8 of this Act".

REGISTRATION OF ESTABLISHMENTS

SEC. 18. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) amending section 2 by—

(A) in subsection (w), inserting "or active ingredient used in producing a pesticide" immediately after "or device" wherever such term appears therein; and

(B) in subsection (dd), inserting "or active ingredient used in producing a pesticide" immediately after "or device";

(2) amending section 7 by—

(A) in subsection (a), inserting "or active ingredient used in producing a pesticide subject to this Act" immediately after "any pesticide subject to this Act";

(B) in subsection (c)(1), inserting "or active ingredients used in producing pesticides" immediately after "pesticides"; and

(C) in subsection (d), inserting "other than the names of the pesticides or active ingredients used in producing pesticides produced, sold, or distributed at an establishment" immediately after "pursuant to subsection (c)";

(3) amending section 17(a) by—

(A) inserting "or active ingredient used in producing a pesticide" immediately after "no pesticide or device"; and

(B) inserting "and active ingredients used in producing pesticides" immediately after "such pesticides and devices".

AUTHORIZATION OF APPROPRIATIONS

SEC. 19. Section 27 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by striking out "and for the period beginning October 1, 1976, and ending March 31, 1977, the sum of $23,600,000", and inserting in lieu thereof the following: "and for the period beginning October 1, 1976, and ending September 30, 1977, the sum of $46,636,000, and for the period beginning October 1, 1977, and ending September 30, 1978, the sum of $54,500,000, and for the period beginning October 1, 1978, and ending September 30, 1979, such sums as may be necessary, but not in excess of $70,000,000".

STUDY

SEC. 20. The Administrator of the Environmental Protection Agency shall perform a study examining the feasibility of assessing and collecting fees from persons applying to register, or amend the registration of, pesticides to cover the costs incurred by the Environmental Protection Agency in processing such applications pursuant to the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended. The Administrator shall complete this study and submit a report setting forth the findings of the study and recommendations for the implementation of these findings to the Senate Committee on Agriculture, Nutrition, and Forestry and the Committee on Agriculture of the House of Representatives, not later than nine months after the date of enactment of this Act.

REVISION OF FIFRA TABLE OF CONTENTS

SEC. 21. Subsection (b) of section 1 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended to read as follows:

"(b) TABLE OF CONTENTS.—

"Section 1. Short title and table of contents.
"(a) Short title.
"(b) Table of contents.
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"(b) Administrator.
"(c) Adulterated.
"(d) Animal.
"(e) Certified applicator, etc.
"(1) Certified applicator.
"(2) Private applicator.
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"(g) Desiccant.
"(h) Device.
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"(j) Environment.
"(k) Fungus.
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"(m) Inert ingredient.
"(n) Ingredient statement.
"(o) Insect.
"(p) Label and labeling.
"(1) Label.
"(2) Labeling.
"(q) Misbranded.
"(r) Nematode.
"(s) Person.
"(t) Pest.
"(u) Pesticide.
"(v) Plant regulator.
"(w) Producer and produce.
"(x) Protect health and the environment.
"(y) Registrant.
"(z) Registration.
"(aa) State.
"(bb) Unreasonable adverse effects on the environment.
"(cc) Weed.
"(dd) Establishment.
"(ee) To use any registered pesticide in a manner inconsistent with its labeling.
"(ff) Professional applicator.
"Sec. 3. Registration of pesticides.
"(a) Requirement.
"(b) Exemptions.
"(c) Procedure for registration.
"(1) Statement required.
"(2) Data in support of registration.
"(3) Time for acting with respect to application.
"(4) Notice of application.
"(5) Approval of registration.
"(6) Denial of registration.
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"(d) Classification of pesticides.
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"(2) Change in classification.
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"Sec. 4. Use of restricted use pesticides; certified applicators.
"(a) Certification procedure.
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"(2) State certification.
"(b) State plans.
"(c) Instruction in integrated pest management techniques.
"Sec. 5. Experimental use permits.
"(a) Issuance.
"(b) Temporary tolerance level.
"(c) Use under permit.
"(d) Studies.
"(e) Revocation.
"(f) State issuance of permits.
"(g) Exemption for agricultural research agencies.
"Sec. 6. Administrative review; suspension.
"(a) Cancellation after five years.
"(1) Procedure.
"(2) Information.
"(b) Cancellation and change in classification.
"(c) Suspension.
"(1) Order.
"(2) Expedite hearing.
"(3) Emergency order.
"(4) Judicial review.
"(d) Public hearings and scientific review.
"(e) Judicial review.
"(f) Conditional registration.
"Sec. 7. Registration of establishments.
"(a) Requirements.
"(b) Registration.
"(c) Information required.
"(d) Confidential records and information.
"Sec. 8. Books and records.
"(a) Requirement.
"(b) Inspection.
"Sec. 9. Inspection of establishments, etc.
"(a) In general.
"(b) Warrants.
"(c) Enforcement.
"(1) Certification of facts to Attorney General.
"(2) Notice not required.
"(3) Warning notices.
"Sec. 10. Protection of trade secrets and other information.
"(a) In general.
"(b) Disclosure.
"(c) Disputes.
"(d) Limitations.
"(e) Disclosure to contractors.
"(f) Penalty for disclosure by Federal employees.
"Sec. 11. Standards applicable to pesticide applicators.
"(a) In general.
"(b) Separate standards.
"Sec. 12. Unlawful acts.
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"(b) Exemptions.
"Sec. 13. Stop sale, use, removal, and seizure.
"(a) Stop sale, etc., orders.
"(b) Seizure.
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"(2) Private applicator.
"(3) Hearing.
"(4) Determination of penalty.
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"Sec. 16. Administrative procedure; judicial review.
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"Sec. 17. Imports and exports.
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"(c) Importation of pesticides and devices.
"(d) Cooperation in international efforts.
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"Sec. 18. Exemption of Federal agencies.
"Sec. 19. Disposal and transportation.
"(a) Procedures.
"(b) Advice to Secretary of Transportation.
"Sec. 20. Research and monitoring.
"(a) Research.
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"(c) Monitoring.
"Sec. 21. Solicitation of comments; notice of public hearings.
"Sec. 22. Delegation and cooperation.
"(a) Delegation.
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"Sec. 23. State cooperation, aid, and training.
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"Sec. 24. Authority of States.
"Sec. 25. Authority of Administrator.
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"(b) Exemption of pesticides.
"(c) Other authority.
"(d) Scientific advisory panel.
"Sec. 26. Severability.
"Sec. 27. Authorization for appropriations.".

Mr. LEAHY. Mr. President, the United States has long recognized the need to regulate pesticides. The reason is clear. The word ending "cide" means "killer." This clearly suggests that the products are dangerous to something. This recognition stimulated original passage of the Federal Insecticide, Fungicide and Rodenticide Act in 1947. At the same time we have recognized that these "economic poisons" are important in the production of food and fiber and in the maintenance of public health through sanitation. For these reasons we have striven to develop a balance between the two objectives, protecting the environment and human health from pesticides while maintaining availability of chemicals to assure society of their benefits.

In 1972 the Federal Environmental Pesticide Control Act significantly amended the basic law. These amendments provided several new aspects to the law but most important they continue the two objectives that I have noted.

However, in the 5 intervening years we have found that the amendments have not been implemented and our basic objectives have not been realized. Congress has reviewed this legislation repeatedly. In 1975 a major effort was made to resolve the problems, however, this effort apparently fell short.

Early this year the Senate Committee on Agriculture had a hearing in regard to the extention of the EPA authority to administer FIFRA. At that hearing it became apparent that problems with the law persisted and that they could only be resolved with legislative action.

These principal problem areas included the registration process, the provision for data compensation in the registration process, the extent and determination of trade secrets, the availability of pesticides for minor uses, the question of inconsistent use with labeling, the determination of who is a seller or a producer of pesticides as these relate to pesticide applicators, the general availability of pesticides given the regulations that EPA is promulgating, the appropriateness of their determinations, specifically as to alternate use patterns, and the process of re-registration and classification of pesticides.

The committee therefore separated the FIFRA portion from the farm bill and scheduled additional hearings. Chairman TALMADGE subsequently requested assistance from EPA in drafting legislation to find solutions to the problems which they supplied.

In June, the Subcommittee on Agricultural Research and General Legislation held 2 additional days of hearings. EPA presented their proposed bill at that time. The subcommittee also heard from the industry, agricultural groups, environmentalists, and others.

In these hearings witnesses repeated their earlier concerns and also raised several other issues. The subcommittee responded to each of these issues in drafting S. 1678 and reported the bill as amended unanimously. The bill was further reviewed by the full committee and was also passed unanimously.

This bill will greatly facilitate registration process to assure that pesticides are available. It will also assist in the reregistration process which is now 5 years behind schedule. In getting these processes back on track we are assuring that human health and the environment are protected and that there is an available supply of necessary pesticides.

I want to discuss a number of the provisions of this measure.

TRADE SECRETS/DATA COMPENSATION

The intertwined issues of trade secrets and data compensation are very complex. There must be a balance between a data developer's right to recoup the costs of generating data and the public's right to know the basis of the agency's determination of safety while simultaneously protecting a competitive situation among all pesticide producers. The committee wrestled with this problem, and feels it has struck a delicate balance between such demands. The approach taken, first, limits the definition of trade secret, and then, it provides a system of compensation for an applicant's use of another company's data.

The term "trade secret" is redefined to include manufacturing or quality control processes, details of any methods for testing, detecting, or measuring the quantity of any deliberately added inert ingredients and the identity or percentage of any deliberately added inert ingredient.

The term "trade secret" however does explicitly exclude safety and efficacy of the pesticide if such data does not disclose any of the information protected.

The provision protects both the public's right to know and the manufacturer's right to legislate trade secrets. It also provides a parallel definition to the one in the Toxic Substances Control Act, which controls all toxic substances except pesticides. The adoption of such a provision would, therefore, provide the same trade secret definition for all toxic chemicals and pesticides.

However, by making the health and safety data open to public scrutiny we are not allowing free use of that data by competitors. If a registrant wishes to use the data generated by another company to support their registration then he must pay compensation for the data if such data was submitted to EPA less than 7 years before that time. The committee believes that this procedure will allow the registration process to function because an agreement must be made, either voluntarily or through mandatory binding arbitration. Such a mechanism protects the data developer's right to recover his data generation costs while guaranteeing small companies entry to the market and protecting them against an unfair competitive situation.

USE INCONSISTENT WITH LABELING

The 1972 act makes the label a very important factor in the enforcement process. Uses that do not comply with the label are determined to be illegal. Unfortunately, labels have been developed over many years and the labels in use today precede the change, and use patterns historically have not always followed labeling. Therefore this stricter interpretation has caused a significant hardship to many applicators and users of pesticides. Further, EPA's administratively permissible label deviations—PEPS—were cumbersome and confusing.

In response to this problem the committee has adopted four changes in the definition of "use inconsistent with the label." These include:

First, the use of pesticide at a rate, frequency, or concentration less than specified on a label.

The second area that is exempted from the general prohibition on inconsistent uses is the use of the pesticide on a target pest not on the label, if the crop site or animal that the pesticide is used on is listed on the label.

A third would be to permit the use of any method of application not specifically prohibited on the label. This will greatly ease problems of using new application technology, including application, because many labels predate the very rapid and important expansion of this industry.

Finally, mixing of pesticides with fertilizers will be permitted unless expressly prohibited on the label.

Each of these will facilitate the application and use of pesticides without causing any increased health or environmental problems.

Another area of concern with respect to enforcement of label restrictions is the question of application at higher concentrations than those specified on the label. Of particular concern here is the use of ultra low volume spraying by air and ground making higher concentrations of active ingredient to dilutent necessary. EPA expressed grave concern about the problems of toxicity and efficacy associated with such methods. The committee agreed that information about field worker safety, drift, and phylotoxicity should be answered in the registration process. Labels that specify dosage per acre rather than exact mix on a per acre basis are already adapted to the aerial application. In addition, the general streamlining of the registration process should permit registration amendments which respond to the needs of aerial application where appropriate safety information is submitted.

The number and complexities of questions involved suggest that this is an area that cannot be exempted in a carte blanche manner. However, this is an area that all parties should cooperate in looking for workable solutions.

CONDITIONAL REGISTRATION

There has been some concern expressed about the conditional registration provision of the bill. Specifically this concern focuses on the advisability of permitting conditional registration for a new chemical. FIFRA's thrust is that a pesticide should be approved only after its total safety is established. The new section 3(c)(7)(C) would allow a new pesticide to be registered although every current information requirement has not been fully completed.

The committee considered the need for such a provision very carefully. Conditional registration of a new chemical would be reserved to the truly exceptional case. The bill incorporates several safeguards to assure that this will be the situation.

First, a conditional registration can never be granted unless the product has passed every test that was required by EPA except a test requirement imposed too recently to have been met.

The Agency does change its data requirements. What provides an appropriate basis on which to reach scientific conclusions about toxicity today, the scientist may wish to augment tomorrow. More reliable testing methods are developed. Redundancy of tests intending to establish the profile of risk a chemical may present will provide an increment of additional reliability to the conclusions that can be reached. New requirements do not invalidate conclusions reached before the requirement has been conceived and imposed by EPA. A new pesticide may enter the regulatory process at a time these requirements are changing. This amendment recognizes that in fact some cases the safety of such a product could be more clearly established than that of the existing registered products.

Second, as with all other registrations, the Administrator has to find the pesticide would not have an unreasonable adverse effect on the environment.

Finally, a more stringent test also applies. The administrator must be shown evidence sufficient to find that this confidential registration is "in the public interest."

I would like to illustrate this point further. Suppose we have a serious pest problem for which this new pesticide would be an alternative to other chemicals. The Administrator is sure that this pesticide is as safe as any pesticide already registered for that use. In fact, he almost certainly knows more about it, and probably knows that it is safer.

His choice is then to permit a product that he knows a great deal about to be used on a conditional basis or to permit extensive use of a product that is already registered. However, in the best case there may be gaps in the safety data which supports the registration. Even more troubling, the data on hand may raise serious doubt about the safety of this latter product. Clearly the objectives of the Act are best served with the added flexibility to permit a new product to be used which will meet the stringent test of being "in the public interest." However, I want to stress this use of conditional registration would only be in exceptional cases.

PROFESSIONAL APPLICATORS

As I believe all members of my committee have found in recent days, the structural pest control industry has one of the most efficient communications networks of all the interest groups who have participated in the process of amending FIFRA. Other Senators are doubtlessly also receiving mail from "exterminators"—a term the NPCA is at pains to avoid in preference to "pest control operators." Some further explanation of the committee's consideration and disposition of issues raised by this industry is

certainly called for in view of the stream of correspondence to Senators asserting that section 16 of the bill "will badly hurt" the pest control industry. I certainly want to give what reassurance I can to my constituents who are engaged in this valuable business.

The subcommittee heard the testimony of the National Pest Control Association on June 8, 1977. Dr. Phillip J. Spear, its acting executive director testified that the association urgently asked for amendments in two areas: "Definitions to distinguish use from distributor and sale, and practical definition of the term 'use in a manner inconsistent with the label'." The NPCA testimony elaborated on the first issue:

> Use versus Sale. We strenuously object to EPA's interpretation that A pest control operator who supplies the pesticides which he applies commercially is not only selling a service—the application—but is also distributing a product—the pesticides. This is not the historical interpretation of states which have traditionally regulated pesticide applicators. More importantly, it does not reflect the intent of Congress as expressed in the legislative history of Amended FIFRA.

Similar testimony was presented by Mr. Robert M. Russell of the Rollins-Orkin Exterminating Co. Mr. Russell, who recommended changes in the same two areas of the Act as Dr. Spear, described the specific change he sought on the distributor issue as follows:

> 1. We do need some clarification on our structural pest control position under FIFRA and EPA. Our industry considers that under FIFRA, we are "Certified Applicators" to use or direct the use of restricted use pesticides. The Association of American Pesticide Control Officials supports our contention that we are users.
>
> The Agency, by some stretch of the interpretation calls us "distributors" and "sellers." We willingly take the responsibility of the function we perform but are most reluctant to bear additional responsibilities because of an agency interpretation. We respectfully ask that this point be clarified so that we may efficiently go about our business as users of pesticides.

Thus, the committee was not asked explicitly to reduce the regulatory requirements to which the structural pest control industry is subject. And, apart from general statements about a good safety record in the industry, NPCA did not advance specific reasons why any specific provisions for Federal pesticide regulatory law should not apply to its members.

At the subcommittee business meeting on June 22, we considered the extent to which we would accommodate the desire of the structural pest control industry to make a clear statutory distinction between users and sellers of pesticides. EPA has interpreted the term distributor in the act to include the PCO who delivers pesticide to site as part of his service on the theory that his fee necessarily reflects the purchase of chemicals supplied on the site. Some PCO's are concerned that this may make them liable for sales tax in certain states or other retail licenses. The Agency representatives stated that they had no objection to such a distinction as long as the result was not an exemption from inspectional authority of FIFRA section 9 for purposes of taking samples of pesticides being sold as part of the service, or an exemption from the duty to make business records available on request to a duly authorized EPA official under section 8(b) of the act, or to hold applicators who offer their services for hire to the higher standard of care reflected in the penalty provision of section 14(a) of the act, as opposed to the lower category of fines in section 14(b) which apply to homeowners and other persons not in the pesticide business.

The Agency argued that the certification provisions in section 4 of the Act, which apply only to the user of restricted pesticides, may be avoided by an unscrupulous operator who intends to avoid liability for 14(a) penalties in the event of a misuse and would be punished only by a warning no matter how serious his violation. Furthermore, such a person could obtain restricted use pesticides in violation of the act, but without the opportunity to examine his business records or sample pesticides kept on his premises there would be little deterrent to such violations. A relative handful of such fly-by-night operators exist in this as in most industries. Documented cases of carelessness and deliberate misuse of poisons exist, and injury and death have resulted.

To protect the generally high regard in which the structural pest control industry is held by its customers, the regulatory provisions of section 16 seem to me to be a reasonable burden for responsible elements of the industry to accept. That most States have sound and vigorous programs to regulate persons engaged in the business of applying pesticides means that PCO's and other applicators in those States will not be subject to any greater degree of regulation as a consequence of enactment of this provision. Indeed, State inspectors will frequently conduct their duties in the future in satisfaction of the Federal law as well as State authority pursuant to the committee's action in adopting an additional amendment to S. 1678 to provide for delegation of use enforcement in section 23 of FIFRA. In States which have weak use enforcement programs the applicator will be subject to no more stringent provisions than those which will be applied in neighboring States, although the enforcement official with whom he deals will be an EPA rather than a State employee. Most importantly from the standpoint of our responsibilities to the general public, all Americans will be accorded a uniform measure of protection from the abuses and injuries we and the NPCA want to prevent.

Section 16 of S. 1678 does not authorize EPA to enter the premises of the customer of the applicator.

Section 16 will not allow EPA to require new forms or reports from the applicator: it does allow EPA to examine and copy such records as the applicator himself may choose to maintain.

Section 16 does not make an applicator who follows end-use directions in mixing pesticides a "producer" subject to establishment registration or product registration requirements of FIFRA.

Section 16 does create a new class of persons subject to various FIFRA provisions. Most of the persons in this new class are already subject to these same provisions of the law at present. Some professional applicators will also be commercial applicators pursuant to section 4. The approach taken by this amendment does not extend EPA's regulatory authority under the FIFRA with the exception of those pest control operators who in the past have not provided the pesticide they applied, but received it directly from the person contracting for their application service. However, these applicators often receive and store the pesticides for their clients. In weighing the various points the committee determined that it is appropriate that such applicators be subject to the more comprehensive provisions of the FIFRA.

It should also be pointed out that a farmer who trades services with his neighbor—including the application of pesticides—would still be a "private applicator" under section 2(e)(2) of the FIFRA and in no way would be considered to be a "professional applicator"—unless he goes into the business of pesticide applications on a for-hire basis.

I have engaged in this rather lengthy discussion of section 16 because the National Pest Control Association, having requested that FIFRA make a distinction between users and sellers of pesticides, has sent a newsletter to each of its member companies encouraging them to:

> Write both of the U.S. Senators in your State and the U.S. Congressmen from your State. Tell them, briefly, on your business stationery that: (1) you appreciate the good definition of "use inconsistent with the label" in Section 1 of S. 1678, (2) Section 16 of S. 1678 will badly hurt you and your industry, and (3) We need Congress to instruct EPA that sale and distribution of pesticides is different from use of pesticides.

I hope, Mr. President, that the foregoing will be useful to Senators in understanding the concerns that are balanced by the committee in its consideration of the issues on which the pest control industry seeks clarification, the lack of clarity with which those changes were described, and what section 16 does and does not do.

REGISTRATION OF ESTABLISHMENT

I am sure we are all aware of the disastrous "Kepone" incident in Hopewell, Va. In 1976 the Agricultural Research and General Legislation Subcommittee, under the leadership of my distinguished colleague, Senator ALLEN, held investigative hearings into the whole incident. One of the findings of these hearings was that the Life Science Products Co. which produced Kepone was not registered with the EPA because of a loophole in the law. S. 1678 contains a provision which will plug the loophole by requiring that manufacturers of active ingredients of pesticides must register certain information with EPA. EPA will then make this information public and will send it to the appropriate Federal, State, and local health and safety agencies.

EXPORT LABELING

Another gap in our pesticide policy concerns exports. Presently, pesticide's produced for export are exempted from the provision of FIFRA. This exemption may have been placed in the law for good reason, however, there is growing concern among the leaders of the less developed countries that their people are being exposed to health and safety risks determined by the industrialized countries to be excessive for their own people. The labeling requirement for pesticides intended for export is a partial response to this concern.

The amendment requires that pesticides sold abroad would conform to the same labeling standards as those required for pesticides used in the United States. Those pesticides not registered for use in the United States would be required to state so on the label. This proposal does not restrict the export pesticides, including those not registered for use in the United States, but it does help assure that foreign officials are aware of the status of pesticides imported into their country.

USE PATTERNS

The committee also has stressed the need for the Agency to look carefully to use patterns. All uses of the product do not represent the same risks to the environment or human health. Each use must be individually considered. The determination of making the product a restricted use product, or of canceling the registration entirely should be based on the end use. This is imperative to achieve the dual objectives of reaping the benefits of these important pesticides and of protecting health and the environment.

In conclusion, the bill that we have passed responds to the problems that I have outlined. It provides the Agency with flexibility and tools to implement the act and to achieve congressional intent. On behalf of the Committee on Agriculture, Nutrition and Forestry, I am pleased to present this bill to the Senate and to extend the recommendation of the committee that it be passed. I would note that all of the legislative features were ordered out unanimously. We firmly believe that the bill is not only needed, it is necessary to fulfill Congress' original intent.

Finally, Mr. President, I would like to sincerely thank all those who guided and helped with legislative effort. I would especially like to thank the ranking Republican Senator on the subcommittee, Senator LUGAR, for his dedication, hard work, and assistance in formulating this measure. I also thank Chairman TALMADGE and Senator DOLE for their invaluable guidance to me. I would also like to commend the staff who worked on S. 1678, especially Dale Standsbury and Mike McLeod of the committee, Bill Lesher of Senator LUGAR's staff and Liam Murphy of my own staff.

Mr. LUGAR. Mr. President, pesticides play a critical role in our society, especially in the production of our Nation's food and fiber. The amount of active pesticide ingredients currently used for agricultural purposes is about 700 million pounds, according to USDA unofficial estimates. This represents over one-half of all the active pesticide ingredients sold last year.

The use of pesticides in agriculture increases total food and fiber production by about 10 percent—a substantial amount by anyone's standards. Unfortunately, some of these pesticides are potentially very harmful to the environment and human health if used or applied improperly. Recognition of the benefits and risks is why we must have government involvement in the regulation of pesticides. On one side, we must assure that our farmers are able to use pesticides to provide us with an abundant food supply. Yet, on the other side, we need to protect the environment as well as the health and safety of our citizens.

EPA cannot strike a reasonable balance at this time because certain parts of the present FIFRA law make the achievement of this goal impossible. The crux of the problem is the current complexity of the law. The objective has been forgotten as the EPA has become embroiled in unnecessary procedures and paperwork. There are thousands of individual pesticides that, under the 1972 amendments, must be reregistered and classified by October 21, 1977. EPA cannot meet these deadlines. S. 1678 will break this logjam by simplifying the administration of FIFRA. It will allow safe and effective pesticides to be marketed and used.

This legislation will also resolve many very thorny issues that have been especially troublesome to everyone concerned with pesticides. But in addition it will continue, in fact enhance, the capability of the Agency to achieve the objectives of protecting public health and the environment.

The difficulty in resolving these issues is evidenced by the fact that Congress has struggled with the FIFRA legislation ever since the major change in the law of 5 years ago—without success. These efforts, however, did provide a helpful foundation for our effort. Many hours were spent by Senator LEAHY, myself, and many others during consideration of S. 1678, as we wrestled with the options to find a balanced approach to the problems. I believe we have at last found a workable combination. The following are a few of the most crucial problem areas that S. 1678 addresses.

GENERIC REGISTRATION

One of the most important issues considered is the registration process. As FIFRA is now written, the Administrator is compelled to make an individual finding of no "unreasonable adverse effects" for each individual pesticide product. This means that the Administrator must individually review and assess the approximately 45,000 products currently on the market. However, these thousands of pesticides are formulated from a relatively few technical products. It makes far more sense to make the safety finding on the technical products rather than individual labels. This is what S. 1678 does in section 3.

A corollary benefit to the generic approach is the simplification of data citation and compensation difficulties now being experienced by some registrants. Because each application for registration is treated de novo under the present procedures, all registrants must cite all pertinent data relating to both chronic and acute effects of the ingredients in products for which registration is sought. This procedure places a considerable burden on the small formulator, in particular, since he develops no long-term data on his own.

Most of the witnesses from industry, user groups, and environmental organizations support the generic approach. No witnesses testified in opposition to the concept.

I believe that the simplified registration procedures provided for in S. 1678 will benefit the Agency from an administrative standpoint; will benefit industry in simplifying data citation procedures and confining data disputes about the most costly data to technical producers; and will benefit users and the public and environment at large because registration decisions can be made more efficiently and rapidly.

CONDITIONAL REGISTRATION

Another serious stumbling block in the present law which would be rectified by S. 1678 is EPA's inability to issue registrations on a conditional basis. The present law makes clear that products registered under the 1947 act can stay on the market until the Agency takes an affirmative cancellation action to remove them. This is true where data gaps have been discovered. However, there is no existing authority for the Agency to permit new registrants—even new registrants who wish to sell products identical to those already marketed—in the absence of complete data validation. A "double standard" has arisen in which already registered products enjoy a competitive advantage over those who wish to enter the market by mere virtue of the date of their registrations.

I am convinced that the equities of the situation demand a conditional registration policy, and thus strongly support section 5 of S. 1678 which provides for conditional registrations. Under section 5, three types of conditional registrations are authorized which are registration of: First, old pesticides and uses; second, old pesticides with new uses; and, third, new pesticides and uses.

Virtually all witnesses supported the concept of treating like products alike until the reregistration process is complete. The environmental defense fund objects to the conditional registration of new uses of old chemicals and of new chemicals. I understand the apprehension expressed by environmental concerns, but am persuaded by the lengthy Agency testimony that the potential incremental risk of a new use of an old chemical will be carefully scrutinized, and that conditional registrations of new chemicals will be granted only under limited circumstances, and only after a specific finding that the public interest would be served by the registration.

The Chemical Specialities Manufacturers Association objected to this public interest finding, but I see no reason for permitting the conditional use of a new chemical before all requisite data are submitted unless the public interest would be served. The National Agricul-

ture Chemicals Association supported the conditional registration of new chemicals but did not advocate the proposals pertaining to old chemicals. In the interest of equity and elimination of the "double standard," it seems that applicants of old chemicals are in fact the most likely candidates for conditional registration, and should be permitted market access via this mechanism.

PESTICIDE USE INCONSISTENT WITH LABELING

The literal interpretation of the definition of "use inconsistent with labeling" has led to some administrative judgments that do not add to the fulfillment of the intent of FIFRA, and at the same time have created unnecessary burdens for farmers. In this regard, S. 1678 makes four very important exceptions in section 1 to a use inconsistent with labeling. The four exceptions are: first, applying a pesticide at any dosage, concentration, or frequency less than that specified on the labeling; second, applying a pesticide against any target pest not specified on the labeling if the application is to the crop, animal, or site specified on the labeling; third, employing any method of application not prohibited by the labeling; and fourth, mixing a pesticide with a fertilizer, if such mixing is not prohibited by the labeling.

While these four exceptions might appear insignificant to some nonfarmers, I believe they are of extreme importance. I say this because we must be sensitive, at all times, to how those producing our food and fiber have to cope with the laws and regulations we write. For example, mixing a pesticide with a fertilizer might not be a matter of great concern to those of us sitting here, but to the farmer trying to get his spring crops planted in a timely fashion, it is of critical importance.

MINOR USES

The Subcommittee on Agricultural Research and General Legislation incorporated an amendment proposed by the Department of Agriculture which would permit the EPA Administrator to consider the anticipated extent of a pesticide's use in registration decisions. This amendment would explicitly state the Administrator's prerogative to examine intended use in reaching a finding of absence of "unreasonable adverse effect" and is intended to facilitate registrations of so-called minor use pesticides.

The EPA has testified that it has no objections to the amendment, claiming that intended use is already a criteria for judging the registrability of pesticides. This amendment, however, is no magical answer to the minor use problem. Many minor uses are for food crops, and thus require that the pesticide meet certain tolerances under the Federal Food, Drug, and Cosmetic Act prior to its application. The subcommittee adopted the amendment after being assured by EPA spokesmen that data to support tolerances must demonstrate that the residue remaining on the crop can be detected at particular levels, and that those amounts are toxicologically acceptable for the human diet. Thus, this bill does not direct the Agency to accept less than adequate information for minor use pesticides; however, it will encourage the Agency to intensify work with the State agricultural experiment stations and USDA to bring about equitable solutions in the minor use area.

DATA LICENSING AND PUBLIC DISCLOSURE

In deciding whether or not to act favorably on an application for registration of a pesticide product, the safety and efficacy test data concerning the product or its active ingredients must be analyzed. Test data are normally developed and submitted to the Agency by the firm which first develops a pesticide chemical. Once the data are in the Agency's possession, two questions arise: under what circumstances should another firm be able to rely on the data in obtaining a registration, and to what extent should the data be available for public inspection?

When FIFRA was amended in 1972, the question of one firm using the data submitted by another firm was actively considered. The major data-producing firms argued at that time for an "exclusive use" provision. The use of an exclusive period was rejected in favor of an approach which allowed all test data—except for that determined to be "trade secret" under section 10—to be relied upon by a subsequent applicant if the latter offered to pay reasonable compensation to the former. If the parties could not agree on the amount of reasonable compensation, the amount was to be determined by the Agency after a hearing. In 1975 the law was again amended to provide that the data subject to the use restrictions was limited to data first submitted to the Agency on or after January 1, 1970, and it was made clear that registration action by the Agency was not to be delayed pending compensation determinations.

There have been difficulties implementing the reasonable compensation procedures embodied in section 3 (c) (1) (D) of the current law. Until recently, the Agency did not have a usable catalog of the data in its files, thus complicating the citation of data by applicants and making it difficult to know precisely which data had been relied on in approving an application.

Moreover, several of the major data-producing firms took the position that a great deal of the test data they had submitted was protected under the trade secrecy provisions of section 10 of the act. Thus, in their view, the data was not subject to use by others without their consent, at least if the data had been submitted in 1970 or later. The Agency, on the other hand, took the position that safety and efficacy data were not protected by section 10 and were available for use by others. This issue is now in litigation. All parties with significant interest in the matter have testified that legislative clarification of the "exclusive use" and "trade secret" issues is crucial if the registration of pesticides is to proceed in a sensible fashion. The suggested remedies varied greatly, as might be expected.

On the subject of use of data in registrations and compensation for that use, EPA requested the deletion of the prohibition in section 3(c) (1) (D) on consideration of data which is represented to be protected as being a trade secret. Agency representatives stated that the trade secrecy claims of the large data-submitting firms, and the ensuing litigation over the meaning of trade secrets had, for all practical purposes, tied up their registration process. The Agency also pointed out that it lacked the expertise necessary to establish the proper amount of compensation.

Two major trade associations—the National Agricultural Chemicals Association and the Pesticide Formulators Association—took a quite different position. With respect to the data originally submitted to support applications for registration of new pesticides or new uses of existing products, they advocated an "exclusive use" period of 10 years, after which the data would be usable by other applicants without restriction or compensation.

For so-called "defensive data"—data which the Agency requires to be submitted for the purpose of demonstrating the propriety of continued registration of an existing product—the NACA/PFA proposal would have all existing registrants agree in advance to jointly fund the cost of the required testing, with costs to be shared on an agreed basis, or if no agreement was reached then either equally—as NACA would have it—or in an amount determined by binding arbitration—the PFA approach.

Witnesses representing small pesticide firms opposed the NACA/PFA approach, indicating that an exclusive use period would be anticompetitive and might force them out of the pesticide business. The Department of Justice also strongly opposed any exclusive use approach on antitrust grounds.

I appreciate the concerns of the data generators. There are costs involved and they deserve just compensation. Only if data generators are encouraged to undertake research and testing of new compounds can we be assured of the continued development of more effective and safer pesticides. As a small businessman, however, I also know that Government regulations often have unequal impact upon small businesses unless care is taken. Government regulations which are meant to help often end up hurting small businesses most.

The approach adopted in S. 1678 draws on the various suggestions in the approaches proposed by witnesses. It includes provisions which are responsive to the broad range of concerns expressed by a variety of witnesses from both private and public sectors. It would amend section 3c) (1) (D) to omit the present language that allows trade secrecy claims by data submitters to prevent the Administrator from considering data in support of another firm's application. The bill also reaffirms the decision of 1972 that all safety and efficiency data must be available for use by firms other than the original submitter, in order to avoid duplicate testing and undesirable anti-competitive effects.

I recognize, however, that the law must provide for incentives to the major pesticide producers for the conduct of further

testing and research, with regard to both existing pesticides and promising new chemicals which may be safer and more specific in their activity. I believe that compensation for reliance by others on test data which supports registration decisions, as provided in S. 1678, is the only way to accomplish this. Determining the amount and terms of such compensation are matters that do not require active governmental involvement, however. The compensation payable should be determined to the fullest extent practicable, within the private sector. S. 1678 adopts procedures calling for binding arbitration to resolve compensation issues which cannot be settled by negotiation between the interested parties. The arbitrator would be appointed by the Federal Mediation and Conciliation Service.

The compensability period authorized in S. 1678 would commence with the date the data was originally submitted to the Agency and would end 7 years later. Any registration granted during that time to another firm which was supported by the data in question would give rise to a right of compensation to be paid by the registrant to the data submitter. The period would run from the date of submission of the data, rather than from the date when a registration relying on it was first issued, because of the substantial administrative difficulties associated with the latter approach.

Recognizing that so-called defensive data—data required by the Agency to settle questions concerning the safety or efficacy of products already on the market—presents unique problems, a specific provision is included to deal with them. Whenever the Administrator notifies existing registrants of the need to submit data concerning existing products, the registrants must take steps to demonstrate a commitment to submit it. If they fail to do so, the registrations of the products in question will be canceled. The existing registrants may jointly fund the research, and once again binding arbitration would be used to resolve cost-sharing disputes. The approach adopted would encourage the prompt undertaking of defensive testing by making it impossible for firms to continue to market products where data gaps exist unless they promptly begin their own tests or agree to share in the cost of testing being done by another registrant.

Applicants who in the past obtained registrations in reliance on other firms' test data did so on the basis of existing law concerning the method of establishing reasonable compensation. S. 1678 would not disrupt these business expectations; existing law would apply, and the Agency would determine what amounts are to be paid, with right of court appeal.

The Administrator may cancel a registration if the registrant fails to enter into arbitration, fails to honor a compensation agreement or arbitrator's decision, or fails to make appropriate arrangements for the development of required defensive data.

Another important issue addressed in S. 1678 is the availability to the public of the safety and efficacy data upon which the Administrator bases his decisions concerning pesticide registration, classification, suspension, and cancellation. The lack of an explicit provision on this matter in existing law has led to great difficulties in the administration of FIFRA.

Everyone acknowledges that the public is entitled to know the basis of EPA's determination of safety. However, there is no agreement about the means and extent of disclosure. The pesticide manufacturing industry suggests that only a detailed summary of the data should have to be disclosed. The industry argues that if the test reports are fully disclosed to the public, the reports could be used to support registration applications in other nations.

This argument, while initially attractive, loses much of its force when the differences in laws, data requirements, and pest and site conditions prevalent in other countries are considered. In many countries, the detailed summaries which industry is willing to disclose might themselves suffice for registration purposes. In countries with stringent registration requirements, even the test reports which EPA normally uses for registration might not suffice. The argument also loses credibility when we recognize that many of the major pesticide companies are multinational corporations.

S. 1678's provisions on this issue parellel those in the Toxic Substances Control Act passed by the last Congress. The amendments to FIFRA provide that once a registration has been issued, the public may examine and copy all data concerning the hazards the pesticide might pose, as well as data concerning the efficacy, characteristics, and behavior of the pesticide. Appropriate exceptions to the routine public disclosure requirement would preserve the right to trade secret treatment of a firm's confidential manufacturing and quality control processes, as well as the identity of the various inert ingredients which are used to formulate end-use products and testing methods by which the inert ingredients can be analyzed.

As I noted, these provisions closely parallel the very recently enacted Toxic Substances Control Act, which governs the treatment of the test data pertaining to most chemicals other than pesticides and drugs. While the Constitution does not require consistency, it seems to me to be a desirable objective for both legislation and action by regulatory bodies.

RESEARCH INTO ALTERNATIVES

The Subcommittee on Agricultural Research and General Legislation heard testimony regarding the need for greater research into alternatives to the current chemical-intensive pest control methods. Alternatives such as integrated pest management, IPM, promise advantages in reducing the chemical burden in the environment, decreasing reliance on petrochemicals which affects the overall energy picture, and savings for the farmer who can most economically control pests through IPM techniques.

The Subcommittee on Agricultural Research and General Legislation intends to hold further hearings on IPM, possibly this fall. We will be examining current research programs and looking toward future research and education in this area.

In this regard, however, we recognize that there might be an inherent conflict for EPA to assume the lead in promoting pest control methods, whether chemical or biological, due to the regulatory mandate of EPA. Current law and administrative practice recognize that basic responsibility for promotion and regulation of pest control techniques should be divided distinctly between the USDA and EPA, respectively. Thus, I urge the USDA to devote more of its resources for research to reduce our need for use of pesticides in the future. It is important to note that the passage of S. 1678 is only a short-run solution, and that more research is a primary way in which we can come to grips with these control issues in the long run.

PROPER ADMINISTRATION AND OVERSIGHT

One cannot legislate effective administration into a bill such as this. The detailed language often does more harm than good. In a real sense, one hand of government must trust the other.

Due to the very technical nature of regulating the use of pesticides, it is necessary for FIFRA legislation to give EPA latitude in its administration. This bothers me in some ways. EPA's record over the last 5 years has been less than satisfactory—even though many of the problems are due to the weakness of the FIFRA law itself. S. 1678, however, leaves EPA with no excuse. It is a bill that can be administered effectively if proper management is provided and commonsense becomes the rule, rather than the exception, in their decisionmaking.

In this regard I guarantee that we will carefully monitor FIFRA's administration. With S. 1678 there should be no reason why the health and safety of our citizenry cannot be safeguarded, while at the same time, the farmers of this Nation are assured of an ample supply of safe and efficacious pesticides to produce the abundant supply of food and fiber the American people expect and deserve.

Mr. LEAHY. Mr. President, I call up my amendment at the desk this morning.

The PRESIDING OFFICER. Will the Senator send a copy to the desk?

Mr. LEAHY. Mr. President, we will call up another amendment.

UP AMENDMENT NO. 704

Mr. ALLEN. Mr. President, I call up my amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes an unprinted amendment No. 704.

Mr. ALLEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 30, line 19, insert the following:

DELEGATION AND COOPERATION

SEC. 13. Section 22 of the Federal Insecticide, Fungicide, and Rodenticide Act, as

amended, is amended by adding at the end thereof a new subsection (c) as follows:

"(c) State Primary Enforcement Responsibility—To carry out the purposes of this Act, the Administrator shall delegate to the States the primary responsibility for the enforcement of the provisions of this Act concerning pesticide use violations. Whenever the Administrator determines that a State to which such responsibility has been delegated is not carrying out the regulation and enforcement of such provisions in a manner consistent with this Act, he shall notify the State. Such notice shall specify those aspects of the administration of the State program that are determined to be inconsistent with this Act. The State shall have 90 days after receipt of the notice to correct any deficiencies. If after that time the Administrator determines that the State program is inconsistent or inadequate, he is authorized to rescind any delegation to the State made under this subsection. Nothing herein shall limit the authority of the Administrator to enforce this Act, where he determines that conditions exist which require action by the Administrator.

Mr. ALLEN. Mr. President, the proposed amendment provides explicitly that States shall have the primary enforcement responsibility for pesticide use violations under FIFRA. Federal enforcement of use violations would be permitted only when it is definitely determined that States to which such responsibility has been delegated are not carrying out the regulation and enforcement of such provisions in a manner consistent with the Federal Insecticide, Fungicide, and Rodenticide Act. This amendment does nothing more than to reiterate, in explicit statutory language, the intent of Congress in its enactment of the 1972 amendments to FIFRA.

Section 4 of FIFRA, as amended in 1972, provides that the States would adopt plans for the use of pesticides by certified applicators subject to approval by the EPA Administrator. Pursuant to section 4, the Administrator adopted regulations which established guidelines for these State certification plans which require the States to satisfy basic requirements necessary for the effective enforcement of pesticide use violations. The majority of States today have already adopted such plans, which have been approved by the EPA Administrator. In many cases these plans provide for more restrictive regulation of pesticide use than required by the Federal standards established under FIFRA. The proposed amendment would therefore permit the States to operate under these approved plans without necessary or redundant enforcement actions by Federal authorities under FIFRA.

Accordingly, I urge my colleagues to approve this amendment since: First, it simply puts in writing what we attempted to accomplish in 1972; and second, it would allow the States to carry out their approved plans on the one hand and leave EPA to carry out its own responsibilities under FIFRA with respect to those matters more appropriately left to central, Federal administration.

Mr. LEAHY. Mr. President, I appreciate the Senator's responsible approach to meeting concerns that have arisen as a result of the adoption of section 16, creating a category of "professional applicators." Enforcement of that and other FIFRA provisions depends on cooperation between EPA and the States.

The Environmental Protection Agency will, as I read the Senator's amendment, have ample opportunity to monitor the performance of the States in the area of pesticide use enforcement, including the opportunity to conduct its own inspections for verification that the State program fulfills the objectives of the Federal law.

EPA and several States have already concluded cooperative enforcement agreements which spell out in detail the actions that will be taken by States in their primary enforcement role. This amendment should add impetus to these efforts. Some States will need to modify section 4 approved plans if they are limited to certified applicators and restricted use pesticides in order to embrace the wider scope of use enforcement for which they will be responsible under this provision.

I am happy to accept the Senator's amendment on behalf of the committee, and am confident that the States and EPA will move rapidly to implement a cooperative approach to enforcement which recognizes the primary role States can play in this important area.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 604

Mr. KENNEDY. Mr. President, I call up amendment No. 604 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes amendment numbered 604.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 22, line 22 after the period insert the following: "Notwithstanding the foregoing provisions of this subparagraph, no registration of a pesticide may be amended to permit an additional use of such pesticide if the Administrator has issued a notice stating that such pesticide, or any ingredient thereof, meets or exceeds risk criteria associated in whole or in part with human dietary exposure as enumerated in regulations issued pursuant to this Act, and during the pendency of any risks and benefits analysis initiated by such notice, if (I) the additional use of such pesticide involves a major food or feed crop or (II) the additional use of such pesticide involves a minor food or feed crop and the Administrator determines that there is an available and effective alternative pesticide which does not meet or exceed such risk criteria.".

On page 25, line 21 after the word "Act" insert: "if (A) the Administrator, at any time during the period provided for satisfaction of any condition imposed determines that the registrant has failed to initiate and pursue appropriate action towards fulfilling any condition imposed or (B)".

On page 26, line 14, after the word "whether" insert: "the registrant has initiated and pursued appropriate action to comply with the condition or conditions within the time provided or whether".

On page 26, line 19, strike quotation marks and insert after the period the following: "Notwithstanding any other provision of this section a hearing shall be held and a determination made within seventy-five days after receipt of a request for such hearing".

Insert at the end of section 20 a new section 21 as follows:

"SEC. 21. Section 26 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding a new section 26.

"SEC. 26. ANNUAL REPORT.

"The Administrator shall submit an annual report on or before February 15 of each year except that the first report shall not be due until February 15, 1979. The report shall include the total number of applications, for conditional registration pursuant to section 3(c)(5)(B) and 3(c)(5)(C), and with respect to those applications approved, the Administrator shall report his findings in each case, the conditions imposed, and any modification of such condition in each case, and the quantities produced of such pesticides.".

Renumber sections accordingly.

"REREGISTRATION

"SEC. 8. Section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"'(g) REREGISTRATION OF PESTICIDES.—The Administrator shall accomplish the reregistration of all pesticides in the most expeditious manner practical provided that to the extent appropriate any pesticide which results in a post harvest residue in or on food or feed crops shall be given priority in the reregistration process.'".

Mr. KENNEDY. Mr. President, I rise with pleasure to comment on S. 1678 pending before us today. We can all take pride in these amendments to the Federal Insecticide, Fungicide, and Rodenticide Act, which I believe will facilitate the Environmental Protection Agency's ability to regulate fairly and effectively the use of pesticides for the benefit of the farmer and the consumer without placing any undue burdens on the pesticide industry.

I particularly commend my colleague from Vermont, Mr. LEAHY, for his outstanding work in the drafting of this legislation.

Of particular significance in the bill as reported is the provision for public disclosure of the safety testing data on pesticides submitted to the EPA by industry. While providing for sufficient protection of "trade secret" information relating to individual pesticide products, this provision will allow for public scrutiny of the EPA's regulatory effort. And I submit that the EPA needs all the help it can get in performing this very difficult regulatory task.

As chairman of the Subcommittee on Health and Scientific Research, I am gravely concerned over the regulation of pesticide use in the interest of protecting the public health. I would point out that a number of these toxic chemicals, used daily in our homes and on our farms, are suspected of having the potential for causing such tragic effects as cancer, birth defects, genetic mutations, and interference with biological reproduction.

Residues of these chemicals are on and in the vegetables, fruits, grains, meat, and milk we all consume daily.

An intensive inquiry, conducted over the past year and a half by the staffs of the Subcommittee on Administrative Practice and Procedure and the Subcommittee on Health, which I chair, found that the EPA's regulation of pesticides was fundamentally deficient. After reviewing the overwhelming evidence presented in a report earlier this year by the staff of the Subcommittee on Administrative Practice and Procedure, I concluded that the EPA had largely failed in its responsibility to assure the safe use of pesticides.

Further, recent hearings conducted by the Subcommittee on Health and Scientific Research revealed that human breast milk is widely contaminated with residues of pesticides. Many of these pesticides have been shown to cause cancer in animals. Many cause birth defects and other toxicities.

Mr. President, we are not talking here about scattered and isolated evidence of the contamination of this essential human food. We are talking about 60 to 80 percent of nursing mothers in this country. And we are talking about an infant population which is more susceptible to the effects of these pesticides than any other population.

Perhaps the most disturbing revelation of the hearings was that the EPA's investigation into the nature and prevalence of pesticide contamination of mother's milk is just beginning. Thus far, the EPA has looked for, at most, only 10 to 20 of the 1,400 active ingredients used in the 40,000 pesticides already on the market.

One of the most important, if not the most important, provisions in the Federal Insecticide, Fungicide, and Rodenticide Act, as amended in 1972, required the EPA to reregister and reevaluate the safety of all 40,000 pesticides already on the market to insure that these chemicals do not pose any unreasonable adverse effect on the public health and the environment. Yet, we find that after more than 4 years, the EPA's reregistration program is barely underway.

It is for these reasons, Mr. President, that I have discussed this pending legislation at length with the Committee on Agriculture, Nutrition, and Forestry, and I wish to call to the attention of the Senate and the EPA certain additional provisions included in the amendment I have submitted. These provisions must be included in S. 1678 if we are to assure adequate protection of the public health.

The first provision in my amendment addresses that section of S. 1678 which would allow the EPA to "conditionally register" additional uses on foods and feeds of pesticides that have yet to be reregistered and fully reevaluated for safety. The provision reads as follows:

Notwithstanding the foregoing provisions of this subparagraph, no registration of a pesticide may be amended to permit an additional use of such pesticide if the Administrator has issued a notice stating that such pesticide, or any ingredient thereof, meets or exceeds risk criteria associated in whole or in part with human dietary exposure as enumerated in regulations issued pursuant to this Act, and during the pendency of any risks and benefits analysis initiated by such notice, if (I) the additional use of such pesticide involves a major food or feed crop or (II) the additional use of such pesticide involves a minor food or feed crop and the Administrator determines that there is an available and effective alternative pesticide which does not meet or exceed such risk criteria.

Mr. President, the importance of this provision with respect to public health cannot be overemphasized. It assures that there can be no major increase in the use of pesticides suspected of causing such adverse effects as cancer, birth defects, genetic mutations, and interference with biological reproduction until the Administrator has determined whether those effects present unreasonable risks. In addition, it prohibits any minor increase in the use of a suspect pesticide if there is an available alternative. I submit that these provisions are vital to the protection of the public health, since any increase in the use of these suspect pesticides while they are under review would result in increased exposure to the public.

The second provision of the amendment which I have submitted would strengthen the provision in S. 1678 for cancellation by the Administrator of any conditional registration of a pesticide. It reads as follows:

If (A) the Administrator, at any time during the period provided for satisfaction of any condition imposed determines that the registrant has failed to initiate and pursue appropriate action towards fulfilling any conditions imposed or (B)—

S. 1678 as reported provides for the Administrator to cancel a conditional registration if any condition imposed has not been met at the end of the period granted for satisfaction of the condition. My amendment provides the administration with the necessary additional authority to cancel such a conditional registration if he finds at any time during the period granted that the registrant is not pursuing appropriate action to fulfill the conditions. It is the intent of this language that the Administrator will seek periodic reports from the registrant on the progress made in fulfilling the conditions imposed.

The third proposal in my amendment would insert language necessary for the hearing provisions in S. 1678 on cancellation of a conditional or amended registration to conform with the language of the preceding provision. And it reads as follows:

The registrant has initiated and pursued appropriate action to comply with the conditions within the time provided or whether—

With respect to the provisions in S. 1678 for cancellation of a conditional or amended registration of a pesticide, I also propose that there be a limit on the time in which the Administrator must make his determinations. That provision reads as follows:

Notwithstanding any other provision of this section a hearing shall be held and a determination made within 75 days after receipt of a request for a hearing.

This provision is necessary to assure that the determination on whether to cancel a conditional or amended registration will be made expeditiously.

The fifth provision in my amendment to S. 1678 reads as follows:

The Administrator shall submit an annual report on or before February 15 of each year except that the first report shall not be due until February 15, 1979. The report shall include the total number of applications, for conditional registration pursuant to Section 3(c)(5)(B) and 3(c)(5)(C), and with respect to those applications approved, the Administrator shall report his findings in each case, the conditions imposed, and any modification of such condition in each case, and the quantities produced of such pesticides.

Mr. President, I believe that such a report is absolutely essential if the Congress is to oversee the EPA's performance in the granting of conditional or amended registrations of pesticides. It is especially important because the committee bill permits the EPA to conditionally register pesticides suspected of causing harmful chronic effects, as well as additional uses of thousands of pesticides already on the market which have yet to be intensively reevaluated for safety. I believe that Congress must keep a close watch on the number of these registrations granted as well as the rationale and justification for them.

I consider the last provision in my amendment to S. 1678 every bit as important as the preceding five, for while it does not provide the EPA with a deadline for completing the reregistration of the 40,000 pesticides now in use, it does put the Agency on notice that Congress expects completion of this task as soon as practicable. And it requires that priority be given to those pesticides which contaminate food and feed. It reads as follows:

(g) Re-registration of Pesticides—the Administrator shall accomplish the re-registration of all pesticides in the most expeditious manner practical provided that to the extent appropriate any pesticide which results in a post harvest residue in or on food or feed crops shall be given priority in the re-registration process.

I urge the Senate to adopt my amendment which I believe to be essential in order to safeguard the public health.

It is my intention to work closely with the Committee on Agriculture, Nutrition, and Forestry and with the Subcommittee on Agricultural Research and General Legislation to assure that the EPA fairly and effectively regulates the use of pesticides in accordance with the mandates of the Congress. Furthermore, as chairman of the Subcommittee on Health and Scientific Research, I intend to continue our intensive inquiry into the EPA's effort to regulate pesticides.

Mr. LEAHY. Mr. President, I am pleased to accept Senator KENNEDY'S amendments on behalf of the committee. I believe that they will strengthen the conditional registration provision of our bill.

The Senator's amendments to the provision which allows conditional registration of "old" pesticides for new uses will help protect against increased adverse effect on health and environment. Under S. 1678 as written now, a pesticide now on the market could be conditionally reg-

istered for a new use if such new use did not significantly increase the adverse effects on the environment. Amendment No. 604 would further provide that if such pesticide is "suspected" of adverse effects to the environment then a conditional registration for use would be provided only under limited circumstances.

The pesticide is in this "suspected" category immediately upon issuance of a notice stating that the pesticide or any of its ingredients meets or exceeds risk criteria associated in whole or in part with human dietary exposure to the pesticide and enumerated in regulations in the act. The pesticide remains in this "suspected" category while a risks and benefits analysis is being made and until the Administrator issues a notice of intent to register or cancel the pesticide registration.

While the pesticide is in this "suspected" category conditional registration for expanded use or major food or feed crops would not be allowed. However, a conditional registration would be allowed for expanded use on minor food or feed crops if the Administrator determines there is no available, effective, and "nonsuspected" alternative pesticide and such use does not significantly increase the adverse effect to the environment.

Mr. President, I move the Senate accept this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

UP AMENDMENT NO. 705

Mr. LEAHY. Mr. President, I call up UP amendment No. 705, which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY) proposes an unprinted amendment No. 705.

Mr. LEAHY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, and I shall not object, but what is it?

Mr. LEAHY. I apprise the Senator from Michigan this is the Federal Insecticide, Fungicide, and Rodenticide Act, and the amendment I have called up has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

S. 1678

On page 24, line 18, beginning with the word "In", strike out all down through "pesticides." in line 23, and insert in lieu thereof the following: "In any State for which a State plan for applicator certification has not been approved by the Administrator by October 20, 1977, the Administrator, in consultation with the Governor of such State, shall conduct a program for the certification of applicators of pesticides. Prior to the implementation of the program, the Administrator shall publish in the Federal Register for review and comment a summary of the Federal plan for applicator certification and shall make generally available within the State copies of the plan. The Administrator shall hold a public hearing at one or more locations within the State if so requested by the Governor of such State during the 30 days following publication of the Federal Register notice inviting comment upon the Federal plan. The hearings shall be held within 30 days following receipt of the request from the Governor.".

Mr. LEAHY. Mr. President, this is a perfecting amendment to section 8 that Federal certification of applicators of restricted use pesticides may be carried out in the State which does not have its own approved certification plan. As now written in S. 1678 EPA may only set up such a program "at the request of the Governor of such State." However, there are possibly times when the Governor might not be able to do this, or given his specific political situation, might be very hesitant to request EPA to carry out this function in his State. We do not feel EPA should usurp the State's power but we don't want to leave farmers and others at the mercy of political uncertainties. For this reason we provide that the EPA establish a program in consultation with the Governor and through a process which solicits public comment.

I would like to clarify another point in respect to this section of the bill. Under this section the Administrator, in those States where he is conducting a certification program, has the authority to require those who engage in the distribution or sale of restricted use pesticides keep records and make reports about such actions as the administrator may require. This is similar to provisions now found in many State laws and plans and which is expressly authorized to States under the current FIFRA law. However, this authority is not extended to requirements for those dealing with nonrestricted use pesticides.

Mr. President, I ask on behalf of the committee that this amendment be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

Mr. DOLE. Mr. President, the regulation of pesticides has grown into one of the most difficult and controversial issues confronting the Committee on Agriculture, Nutrition, and Forestry.

The issue has had a torturous history in recent years. Administration of the Federal Insecticide, Fungicide and Rodenticide Act, which dates back to 1947, was transferred from the Department of Agriculture to the Environmental Protection Agency in 1970. This transfer resulted in understandable confusion, and brought about a temporary disruption in administrative procedures.

The matter was further complicated in 1972 when Congress enacted amendments to FIFRA which created broad new authorities in the areas of pesticide registration and permissible use. This expansion of regulatory authority resulted in additional problems which Congress attempted to ease by passage of additional FIFRA amendments in 1975.

Unfortunately, the 1975 amendments have not resolved all the problems. Farmers and ranchers, together with pesticide manufacturers, formulators and professional applicators, continue to voice general disapproval of the manner in which EPA administers FIFRA. Critics point out that the registration and reregistration process has come to a virtual standstill. Dozens of new pesticides, which are urgently needed to meet pest control needs, are tied-up in redtape and unavailable for use. Dozens of additional pesticides, which have been in use for many years and are demonstrably safe, are similarly tied-up in the reregistration process.

In consideration of these problems, the subcommittee on Agricultural Research and General Legislation held hearings on pesticide regulation on June 8 and 9. The subcommittee, with outstanding work by Senators LUGAR and LEAHY, received testimony from more than 25 witnesses representing a broad spectrum ranging from individual farmers to large chemical manufacturers. The provisions of S. 1678 are based on the insights and information gathered during the hearings.

This legislation, which reauthorizes FIFRA for 2 years, is designed to facilitate the pesticide program in a number of ways.

In the first instance, S. 1678 authorizes a "generic" approach to registration which will permit a shortened registration procedure for new product applications which are identical or similar to previously registered pesticides. Moreover, the bill authorizes the conditional registration of pesticides during the period in which data needed for complete registration is being generated.

In addition, S. 1678 goes a long way toward easing the present prohibitions against the use of a pesticide in a manner inconsistent with its labeling. The bill also deletes many of the requirements relating to the submission of data on the efficacy of pesticides.

Finally, S. 1678 redefines the rules requiring that an applicant for registration of a pesticide pay compensation if he relies on the test data submitted by another applicant. Similarly, the rules relating to "trade secret" information are also redefined. These provisions are necessary to end the squabbling and litigation that has plagued the pesticide industry in recent years.

Mr. President, the need to assure the availability of pesticides for agricultural production, public health, food safety and other reasons is recognized by all. These important objectives have been jeopardized by the legal and administrative problems in the pesticide program. I believe that the legislation now under consideration will permit the realization of these objectives. The provisions of this bill will, at long last, make the pesticide program workable. I therefore urge its adoption.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of the substitute, as amended.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass?

So the bill (S. 1678), as amended, was passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

USE IN A MANNER INCONSISTENT WITH LABELING—DEFINITION

SECTION 1. Section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(ee) TO USE ANY REGISTERED PESTICIDE IN A MANNER INCONSISTENT WITH ITS LABELING.—The term 'to use any registered pesticide in a manner inconsistent with its labeling' means to use any registered pesticide in a manner not permitted by labeling: Provided, That the term does not include (1) applying a pesticide at any dosage, concentration, or frequency less than that specified on the labeling, (2) applying a pesticide against any target pest not specified on the labeling if the application is to the crop, animal, or site specified on the labeling, (3) employing any method of application not prohibited by the labeling, or (4) mixing a pesticide with a fertilizer not prohibited by the labeling.".

USE OF DATA TO SUPPORT REGISTRATION

SEC. 2. (a) Section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) amending subparagraph (D) of subsection (c)(1) to read as follows—

"(D) if requested by the Administrator, a full description of the tests made and the results thereof upon which the claims are based, except that no data generated, collected, or developed by, or at the expense of, and originally submitted in support of an application by, any applicant or registrant (hereinafter in this subparagraph referred to as the 'original data submitter') shall, without the written permission of the original data submitter, be considered by the Administrator in support of the approval of an application for registration submitted by any other person (hereinafter in this subparagraph referred to as the 'applicant') within the seven-year period commencing on the date the data were first submitted to the Administrator, unless the applicant has submitted to the Administrator an offer to compensate the original data submitter for the use of such data, which offer shall be accompanied by evidence of delivery to the original data submitter of such offer. The terms and amount of compensation may be fixed by (i) agreement between the original data submitter and the applicant, or (ii) failing such agreement, binding arbitration under this subparagraph. If, at the end of ninety days after the date of the receipt by the original data submitter of the offer to compensate, the original data submitter and the applicant have neither agreed on the amount and terms of compensation nor on a procedure for reaching an agreement on the amount and terms of compensation, either person may initiate binding arbitration proceedings by requesting the Federal Mediation and Conciliation Service to appoint an arbitrator from the roster of arbitrators maintained by such Service. The procedure and rules of the Service shall be applicable to the selection of such arbitrator and to such arbitration proceedings, and the findings and determination of the arbitrator shall be binding and conclusive. The parties to the arbitration shall share equally in the payment of the fee and expenses of the arbitrator. If at any time the Administrator determines that an original data submitter has failed to participate in a procedure for reaching an agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning compensation under this subparagraph, the original data submitter shall forfeit his or her right to compensation for the use of the data in support of the application. Notwithstanding any other provision of this Act, if at any time the Administrator determines that an applicant has failed to participate in a procedure for reaching an agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning compensation under this subparagraph, the Administrator shall deny the application or cancel the registration of the pesticide in support of which the data was used without further hearing. Before the Administrator takes action under either of the preceding two sentences, the Administrator shall furnish to the affected person notice of intent to take action and allow fifteen days for the affected person to respond. If a registration is denied or cancelled under this subparagraph, the Administrator may make such order as the Administrator deems appropriate concerning the continued sale and use of existing stocks of such pesticide. Registration action by the Administrator shall not be delayed pending the fixing of compensation;"; and

(2) amending subsection (c)(2) by—

(A) inserting "(A)" immediately after "(2)";

(B) inserting immediately after "kind of information" in the second sentence the following: "in accordance with subparagraph (B) of this paragraph,";

(C) striking out "subsection (c)(1)(D) of this section and" from the third sentence; and

(D) adding a new subparagraph at the end thereof as follows:

"(B) ADDITIONAL DATA TO SUPPORT EXISTING REGISTRATION.—

"(i) If the Administrator determines that additional data is required to maintain in effect an existing registration of a pesticide, the Administrator shall notify all existing registrants of the pesticide to which the determination relates and provide a list of such registrants to any interested person.

"(ii) Each registrant of such pesticide shall provide evidence within ninety days after receipt of notification that it is taking appropriate steps to secure the additional data that is required. Two or more registrants may agree to jointly develop, or to share in the cost of developing, such data if they agree and advise the Administrator of their intent within ninety days after notification. Any registrant who agrees to share in the cost of producing the data shall be entitled to examine and rely upon such data in support of maintenance of such registration.

"(iii) If, at the end of sixty days after advising the Administrator of their intent to develop jointly, or share in the cost of developing data, the registrants have not further agreed on the terms of the data development arrangement nor on a procedure for reaching such agreement, any of such registrants may initiate binding arbitration proceedings by requesting the Federal Mediation and Conciliation Service to appoint an arbitrator from the roster of arbitrators maintained by such Service. The procedure and rules of the Service shall be applicable to the selection of such arbitrator and to such arbitration proceedings, and the findings and determinations of the arbitrator shall be binding and conclusive. All parties to the arbitration shall share equally in the payment of the fee and expenses of the arbitrator.

"(iv) Notwithstanding any other provision of this Act, if the Administrator determines that a registrant has failed to take appropriate steps to secure the data required under this subparagraph within the time required by the Administrator, or determines that a registrant has failed to participate in a procedure for reaching agreement or in an arbitration proceeding as required by this subparagraph, or failed to comply with the terms of an agreement or arbitration decision concerning a joint data development arrangement under this subparagraph, the Administrator shall cancel such registrant's registration of the pesticide for which additional data is required without further hearing: Provided, That the Administrator shall first furnish to the affected person notice of intent to cancel and allow fifteen days for such person to respond. If a registration is canceled under this subparagraph, the Administrator may make such order as the Administrator deems appropriate concerning the continued sale and use of existing stocks of such pesticide.

"(v) Any data submitted under this subparagraph shall be subject to the compensation provisions of section 3(c)(1)(D) of this Act. Whenever such data is submitted jointly by two or more registrants, an agent shall be agreed on at the time of the joint submission to handle any subsequent data compensation matters for the joint submitters of such data.".

(b) The amendment to section 3(c)(1)(D) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, made by this section shall apply with respect to all applications for registration or reregistration approved on or after the date of enactment of this Act.

SIMPLIFIED REGISTRATION PROCEDURES; EXEMPTION REQUIREMENTS FOR SUBMISSION OF DATA

SEC. 3. Section 3(c)(2) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is further amended by adding two new subparagraphs at the end thereof as follows:

"(C) SIMPLIFIED PROCEDURES.—The Administrator shall, by regulation, prescribe simplified procedures for the registration of pesticides, which shall include the provisions of paragraph (2)(D) of this subsection.

"(D) EXEMPTION.—No applicant for registration of a pesticide who proposes to purchase a registered pesticide from another producer in order to formulate such purchased pesticide into an end-use product shall be required to—

"(i) submit data pertaining to the safety of such purchased product; or

"(ii) offer or pay reasonable compensation otherwise required by paragraph (1)(D) of this subsection for the use of any such data.".

MINOR USE REGISTRATIONS

SEC. 4. Section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act, as redesignated by section 2 of this Act, is further amended by inserting immediately before "Except as provided by section 10" the following: "The Administrator, in establishing standards for data requirements for the registration of pesticides with respect to minor uses, shall make such standards commensurate with the anticipated extent of use, pattern of use, and the level and degree of potential exposure of man and the environment to the pesticide. In the development of these standards, the Administrator shall consider the economic factors of potential national volume of use, extent of distribution, and the impact of the cost of meeting the requirements on the incentives for any potential registrant to undertake the development of the required data.".

WAIVER OF DATA REQUIREMENTS PERTAINING TO EFFICACY

SEC. 5. Section 3(c)(5) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new sentence as follows: "In considering an application for the registration of a pesticide, the Administrator is authorized to waive, at the Administrator's discretion, data requirements pertaining to efficacy."

REGISTRATION UNDER SPECIAL CIRCUMSTANCES

SEC. 6. Section 3(c) of the Federal Insecticide, Fungicide, and Podenticide Act, as amended, is amended by adding at the end thereof a new paragraph as follows:

"(7) REGISTRATION UNDER SPECIAL CIRCUMSTANCES.—Notwithstanding the provisions of subsection (c)(5) of this section—

"(A) The Administrator is authorized to conditionally register or amend the registration of a pesticide if the Administrator determines that (i) the pesticide is identical or substantially similar to any currently registered pesticide and use thereof, or differs only in ways that would not significantly increase the risk of unreasonable adverse effects on the environment, and (ii) approving the registration or amendment in the manner proposed by the applicant would not significantly increase the risk of any unreasonable adverse effect on the environment. An applicant seeking conditional registration or amended registration under this subparagraph shall submit such data as would be required to obtain registration of a similar pesticide under subsection (c)(5) of this section: Provided, That if the applicant is unable to submit an item of data because it has not yet been generated, the Administrator is authorized to register or amend the registration of the pesticide under such conditions as will require the submission of such data not later than the time such data is required to be submitted with respect to similar pesticides already registered under this Act, as amended, or under this Act prior to the enactment of the Federal Environmental Pesticide Control Act of 1972.

"(B) The Administrator is authorized to conditionally amend the registration of a pesticide to permit additional uses notwithstanding that data concerning the pesticide may be insufficient to support an unconditional amendment, if the Administrator determines that (i) the applicant has submitted satisfactory data pertaining to the proposed additional use, and (ii) amending the registration in the manner proposed by the applicant would not significantly increase the risk of any unreasonable adverse effect on the environment. Notwithstanding the foregoing provisions of this subparagraph, no registration of a pesticide may be amended to permit an additional use of such pesticide if the Administrator has issued a notice stating that such pesticide, or any ingredient thereof, meets or exceeds risk criteria associated in whole or in part with human dietary exposure as enumerated in regulations issued pursuant to this Act, and during the pendency of any risks and benefits analysis initiated by such notice, if (I) the additional use of such pesticide involves a major food or feed crop or (II) the additional use of such pesticide involves a minor food or feed crop and the Administrator determines that there is an available and effective alternative pesticide which does not meet or exceed such risk criteria. An applicant seeking amended registration under this subparagraph shall submit such data as would be required to obtain registration of a similar pesticide under subsection (c)(5) of this section: *Provided*, That if the applicant is unable to submit an item of data (other than data pertaining to the proposed additional use) because it has not yet been generated, the Administrator may amend the registration under such conditions as will require the submission of such data not later than the time such data are required to be submitted with respect to similar pesticides already registered under this Act, as amended, or under this Act prior to the enactment of the Federal Environmental Pesticide Control Act of 1972.

"(C) The Administrator is authorized to conditionally register a pesticide containing an active ingredient not contained in any currently registered pesticide for a period reasonably sufficient for the generation and submission of required data (which are lacking because a period reasonably sufficient for generation of the data has not elapsed since the Administrator first imposed the data requirement) on the condition that by the end of such period the Administrator shall have received such data and that the data do not meet or exceed risk criteria enumerated in regulations issued pursuant to this Act, and on such other conditions as the Administrator may prescribe: *Provided*, That a conditional registration or amendment under this paragraph shall be granted only if the Administrator determines that use of the pesticide during such period will not cause any unreasonable adverse effect on the environment, and that use of the pesticide is required in the public interest.".

CLASSIFICATION PRIOR TO REGISTRATION

SEC. 7. Section 3(d)(1)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting a new sentence immediately after the first sentence thereof as follows: "Registered pesticides may be classified prior to reregistration.".

REREGISTRATION

SEC. 8. Section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(g) REREGISTRATION OF PESTICIDES.—The Administrator shall accomplish the reregistration of all pesticides in the most expeditious manner practical: *Provided*, That to the extent appropriate, any pesticide which results in a postharvest residue in or on food or feed crops shall be given priority in the reregistration process.".

AUTHORITY OF ADMINISTRATOR TO CERTIFY APPLICATORS

SEC. 9. Section 4(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting in paragraph (1) immediately after "(1) FEDERAL CERTIFICATION.—" the following: "In any State for which a State plan for applicator certification has not been approved by the Administrator by October 20, 1977, the Administrator, in consultation with the Governor of such State, shall conduct a program for the certification of applicators of pesticides. Prior to the implementation of the program, the Administrator shall publish in the Federal Register for review and comment a summary of the Federal plan for applicator certification and shall make generally available within the State copies of the plan. The Administrator shall hold a public hearing at one or more locations within the State if so requested by the Governor of such State during the thirty days following publication of the Federal Register notice inviting comment upon Federal plan. The hearings shall be held within thirty days following receipt of the request from the Governor." In any State in which the Administrator conducts a certification program, the Administrator is authorized to require any person engaging in the professional application, sale, offering for sale, holding for sale, or distribution of any pesticide one or more uses of which have been classified for restricted use to maintain such records and submit such reports concerning the professional application, sale, or distribution of such pesticide as the Administrator may by rule prescribe.".

ALTERNATIVE TO CANCELLATION

SEC. 10. Section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by inserting in the last sentence immediately after "In taking any final action under this subsection, the Administrator" the following: "may consider restricting a pesticide's use or uses as an alternative to cancellation and".

CANCELLATION OF CONDITIONAL REGISTRATION

SEC. 11. Section 6 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding a new subsection at the end thereof as follows:

"(f) CONDITIONAL REGISTRATION.—

"(1) The Administrator shall issue a notice of intent to cancel a registration issued under section 3(c)(7) of this Act (A) the Administrator, at any time during the period provided for satisfaction of any condition imposed determines that the registrant has failed to initiate and pursue appropriate action toward fulfilling any condition imposed or (B) at the end of the period provided for satisfaction of any condition imposed, if such condition has not been met: *Provided*, That the Administrator may permit the continued sale and use of existing stocks of a pesticide whose conditional registration has been canceled under this subsection to such extent, under such conditions, and for such uses as the Administrator may specify if the Administrator determines that such sale or use is not inconsistent with the purposes of this Act and will not have unreasonable adverse effects on the environment.

"(2) A cancellation proposed pursuant to this subsection shall become final and effective at the end of thirty days from receipt by the registrant of the notice of intent to cancel unless during that time a request for hearing is made by a person adversely affected by the notice. In the event that a hearing is requested, a hearing shall be conducted pursuant to subsection (d) of this section: *Provided*, That the only matters for resolution at that hearing shall be whether the registrant has initiated and pursued appropriate action to comply with the condition or conditions within the time provided or whether the condition or conditions have been satisfied within the time provided and whether the Administrator's determination with respect to the disposition of existing stocks is consistent with the Act. In the event a hearing is held, a decision after completion of such hearing shall be final. Notwithstanding any other provision of this section a hearing shall be held and a determination made within seventy-five days after receipt of a request for such hearing.".

TRADE SECRET AMENDMENTS

SEC. 12. Section 10 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) inserting in subsection (b) immediately after "Notwithstanding any other provision of this Act" the following: "and subject to the limitations in subsections (d) and (e) of this section"; and

(2) adding three new subsections at the end thereof as follows:

"(d) LIMITATIONS.—

"(1) All information concerning the objectives, methodology, results, or significance of any test or experiment performed on or with a registered or previously registered pesticide or its separate ingredients, impurities, or degradation products, and any information concerning the effects of such pesticide on any organism or the behavior of such pesticide in the environment, shall be available for disclosure to the public: *Provided*, That this paragraph does not authorize the disclosure of any information which—

"(A) discloses manufacturing or quality control processes;

"(B) discloses the details of any methods for testing, detecting, or measuring the quantity of any deliberately added inert ingredients of a pesticide; or

"(C) discloses the identity or percentage quantity of any deliberately added inert ingredient of a pesticide,

unless the Administrator has first determined that disclosure is necessary to protect against an unreasonable risk of injury to health or the environment.

"(2) Information concerning production, distribution, sale, or inventories of a pesticide which is otherwise entitled to confidential treatment under subsection (b) of this section may be publicly disclosed in connection with a public proceeding to determine whether a pesticide, or any ingredient of a pesticide, causes unreasonable adverse effects on health or the environment, if the Administrator determines that such disclosure is necessary in the public interest. If the Administrator proposes to disclose information under this paragraph, the Administrator shall notify, in writing and by certified mail, the submitter of such information of the intent to release such information. The Administrator may not release such information, without the submitter's consent, until the thirtieth day after the submitter has been furnished such notice.

"(e) DISCLOSURE TO CONTRACTORS.—Information otherwise protected from disclosure to the public under subsection (b) of this section may be disclosed to contractors with the United States and employees of such contractors if, in the opinion of the Administrator, such disclosure is necessary for the satisfactory performance by the contractor of a contract with the United States for the performance of work in connection with this Act and under such conditions as the Administrator may specify.

"(f) PENALTY FOR DISCLOSURE BY FEDERAL EMPLOYEES.—(1) Any officer or employee of the United States or former officer or employee of the United States who, by virtue of such employment or official position, has obtained possession of, or has access to, material the disclosure of which is prohibited by subsection (b) of this section, and who knowing that disclosure of such material is prohibited by such subsection, willfully discloses the material in any manner to any person not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000 or imprisoned for not more than one year, or both. Section 1905 of title 18 of the United States Code does not apply with respect to the publishing, divulging, disclosure, or making known of, or making available, information reported or otherwise obtained under this Act.

"(2) For the purposes of this section, any contractor with the United States who is furnished information as authorized by subsection (e) of this section or any employee of any such contractor, shall be considered to be an employee of the United States.".

CIVIL PENALTIES

SEC. 13. Section 14(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) striking out the last sentence in paragraph (3);

(2) redesignating paragraph (4) as paragraph (5); and

(3) inserting after paragraph (3) a new paragraph (4) as follows:

"(4) DETERMINATION OF PENALTY.—In determining the amount of the penalty the Administrator shall consider the appropriateness of such penalty to the size of the business of the person charged, the effect on the person's ability to continue in business, and the gravity of the violation. Whenever the Administrator finds that the violation occurred despite the exercise of due care or did not cause significant harm to health or the environment, the Administrator is authorized to issue a warning in lieu of assessing a penalty.".

DELEGATION AND COOPERATION

SEC. 14. Section 22 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new subsection (c) as follows:

"(c) STATE PRIMARY ENFORCEMENT RESPONSIBILITY.—To carry out the purposes of this Act, the Administrator shall delegate to the States the primary responsibility for the enforcement of the provisions of this Act concerning pesticide use violations. Whenever the Administrator determines that a State to which such responsibility has been delegated is not carying out the regulation and enforcement of such provisions in a manner consistent with this Act, he shall notify the State. Such notice shall specify those aspects of the administration of the State program that are determined to be inconsistent with this Act. The State shall have ninety days after receipt of the notice to correct any deficiencies. If after that time the Administrator determines that the State program is inconsistent or inadequate, he is authorized to rescind any delegation to the State made under this subsection. Nothing herein shall limit the authority of the Administrator to enforce this Act, where he determines that conditions exist which require action by the Administrator.".

STATE COOPERATION, AID, AND TRAINING

SEC. 15. Section 23 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended to read as follows:

"SEC. 23. STATE COOPERATION, AID, AND TRAINING.

"(a) COOPERATIVE AGREEMENTS.—The Administrator is authorized to enter into cooperative agreements with States and Indian tribes—

"(1) to delegate to any State or Indian tribe the authority to cooperate in the enforcement of this Act through the use of its personnel or facilities, to train personnel of the State or Indian tribe to cooperate in the enforcement of this Act, and to assist States and Indian tribes in implementing cooperative enforcement programs through grants-in-aid; and

"(2) to assist State and Indian tribal agencies in developing and administering State or Indian tribal programs for training and certification of applicators consistent with the standards the Administrator prescribes.

"(b) CONTRACTS FOR TRAINING.—In addition, the Administrator is authorized to enter into contracts with Federal, State, or Indian tribal agencies for the purpose of encouraging the training of certified applicators.

"(c) INFORMATION AND EDUCATION.—The Administrator may, in cooperation with the Secretary of Agriculture, utilize the services of the Cooperative State Extension Services to inform and educate pesticide users about accepted uses and other regulations made pursuant to this Act.".

EXTENSION OF SCIENTIFIC ADVISORY PANEL

SEC. 16. Section 25(d) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding at the end thereof a new sentence as follows: "The advisory panel established by this subsection shall terminate on January 1, 1981.".

EFFECTIVE DATES

SEC. 17. Section 4 of the Federal Environmental Pesticide Control Act of 1972, as amended, is amended by—

(1) striking out in subsection (b) the colon immediately after the second "thereunder" and all that follows down through the end of the subsection and substituting in lieu thereof a period; and

(2) in subsection (c), striking out paragraph (2), and redesignating paragraphs (3), (4), and (5) as (2), (3), and (4), respectively.

PROFESSIONAL APPLICATORS—DEFINITION, AUTHORITY FOR INSPECTION, ACCESS TO RECORDS, UNLAWFUL ACTS, AND PENALTIES

SEC. 18. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) adding a new subsection to section 2 as follows—

"(ff) PROFESSIONAL APPLICATOR.—The term 'professional applicator' means an applicator who applies pesticides for hire.";

(2) amending section 8(b) by—

(A) inserting "professional applicator," immediately after "any producer, distributor, carrier, dealer,"; and

(B) inserting ", or professionally applies" immediately after "sells or offers for sale, delivers or offers for delivery";

(3) amending section 9(a) by inserting "use by a professional applicator or for" immediately after "or other place where pesticides or devices are held for" wherever such phrase appears therein, and inserting "or held for professional application," immediately after "labeled, and released for shipment,";

(4) amending section 12(a)(1) by—

(A) striking out the words "or receive and (having so received) deliver or offer to deliver, to any person—" and inserting in lieu thereof the following: "apply for hire, or receive and (having so received) deliver or offer to deliver—";

(B) in clause (B), inserting "or application" immediately after "its distribution or sale"; and

(C) in clause (C), inserting "or application" immediately after "its distribution or sale";

(5) amending section 13(a) by striking out the words "or sold" and substituting therefor ", sold, or applied for hire";

(6) amending section 14(a)(1) by inserting "professional applicator," immediately after "Any registrant, commercial applicator,"; and

(7) amending section 14(b)(1) by inserting "professional applicator," immediately after "Any registrant, commercial applicator,".

PESTICIDES AND DEVICES INTENDED FOR EXPORT

SEC. 19. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) in section 2(q), striking the period at the end of clause (G) and inserting a semicolon in lieu thereof, and adding a new clause (H) as follows:

"(H) in the case of a pesticide not registered in accordance with section 3 of this Act and intended for export, the label does not contain, in words prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or graphic matter in the labeling) as to render it likely to be noted by the ordinary individual under customary conditions of purchase and use, the following: 'Not Registered for Use in the United States of America'."; and

(2) in section 17(a), striking out "section 8 of this Act" and substituting "sections 2(p), 2(q), 7, and 8 of this Act".

REGISTRATION OF ESTABLISHMENTS

SEC. 20. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by—

(1) amending section 2 by—

(A) in subsection (w), inserting "or active ingredient used in producing a "pesticide" immediately after "or device" wherever such term appears therein; and

(B) in subsection (dd), inserting "or active ingredient used in producing a pesticide" immediately after "or device";

(2) amending section 7 by—

(A) in subsection (a), inserting "or active ingredient used in producing a pesticide sub-

ject to this Act" immediately after "any pesticide subject to this Act";

(B) in subsection (c)(1), inserting "or active ingredients used in producing pesticides" immediately after "pesticides"; and

(C) in subsection (d), inserting "other than the names of the pesticides or active ingredients used in producing pesticides produced, sold, or distributed at an establishment" immediately after "pursuant to subsection (c)";

(3) amending section 17(a) by—

(A) inserting "or active ingredient used in producing a pesticide" immediately after "no pesticide or device"; and

(B) inserting "and active ingredients used in producing pesticides" immediately after "such pesticides and devices".

AUTHORIZATION OF APPROPRIATIONS

SEC. 21. Section 27 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by striking out "and for the period beginning October 1, 1976, and ending March 31, 1977, the sum of $23,600,000", and inserting in lieu thereof the following: "and for the period beginning October 1, 1976, and ending September 30, 1977, the sum of $46,636,000, and for the period beginning October 1, 1977, and ending September 30, 1978, the sum of $54,500,000, and for the period beginning October 1, 1978, and ending September 30, 1979, such sums as may be necessary, but not in excess of $70,000,000".

STUDY

SEC. 22. The Administrator of the Environmental Protection Agency shall perform a study examining the feasibility of assessing and collecting fees from persons applying to register or amend the registration of, pesticides to cover the costs incurred by the Environmental Protection Agency in processing such applications pursuant to the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended. The Administrator shall complete this study and submit a report setting forth the findings of the study and recommendations for the implementation of these findings to the Senate Committee on Agriculture, Nutrition, and Forestry and the Committee on Agriculture of the House of Representatives, not later than nine months after the date of enactment of this Act.

ANNUAL REPORT

SEC. 23. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended by adding a new section 28 as follows:

"SEC. 28. ANNUAL REPORT.

"The Administrator shall submit an annual report on or before February 15 of each year except that the first report shall not be due until February 15, 1979. The report shall include the total number of applications, for conditional registration pursuant to section 3(c)(5)(B) and 3(c)(5)(C), and with respect to those applications approved, the Administrator shall report his findings in each case, the conditions imposed, and any modification of such condition in each case, and the quantities produced of such pesticides.".

REVISION OF FIFRA TABLE OF CONTENTS

SEC. 24. Subsection (b) of section 1 of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, is amended to read as follows:

"(b) TABLE OF CONTENTS.—

"Section 1. Short title and table of contents.
"(a) Short title.
"(b) Tabel of contents.
"Sec. 2. Definitions.
"(a) Active ingredient.
"(b) Administrator.
"(c) Adulterated.
"(d) Animal.
"(e) Certified applicator, etc.
"(1) Certified applicator.
"(2) Private applicator.
"(3) Commercial applicator.
"(4) Under the direct supervision of a certified applicator.
"(f) Defoliant.
"(g) Desiccant.
"(h) Device.
"(i) District court.
"(j) Environment.
"(k) Fungus.
"(l) Imminent hazard.
"(m) Inert ingredient.
"(n) Ingredient statement.
"(o) Insect.
"(p) Label and labeling.
"(1) Label.
"(2) Labeling.
"(q) Misbranded.
"(r) Nematode.
"(s) Person.
"(t) Pest.
"(u) Pesticide.
"(v) Plant regulator.
"(w) Producer and produce.
"(x) Protect health and the environment.
"(y) Registrant.
"(z) Registration.
"(aa) State.
"(bb) Unreasonable adverse effects on the environment.
"(cc) Weed.
"(dd) Establishment.
"(ee) To use any registered pesticide in a manner inconsistent with its labeling.
"(ff) Professional applicator.
"Sec. 3. Registration of pesticides.
"(a) Requirement.
"(b) Exemptions.
"(c) Procedure for registration.
"(1) Statement required.
"(2) Data in support of registration.
"(3) Time for acting with respect to application.
"(4) Notice of application.
"(5) Approval of registration.
"(6) Denial of registration.
"(7) Registration under special circumstances.
"(d) Classification of pesticides.
"(1) Classification for general use, restricted use, or both.
"(2) Change in classification.
"(e) Products with same formulation and claims.
"(f) Miscellaneous.
"(1) Effect of change of labeling or formulation.
"(2) Registration not a defense.
"(3) Authority to consult other Federal agencies.
"(g) Reregistration of pesticides.
"Sec. 4. Use of restricted use pesticides; certified applicators.
"(a) Certification procedure.
"(1) Federal certification.
"(2) State certification.
"(b) State plans.
"(c) Instruction in integrated pest management techniques.
"Sec. 5. Experimental use permits.
"(a) Issuance.
"(b) Temporary tolerance level.
"(c) Use under permit.
"(d) Studies.
"(e) Revocation.
"(f) State issuance of permits.
"(g) Exemption for agricultural research agencies.
"Sec. 6. Administrative review; suspension.
"(a) Cancellation after five years.
"(1) Procedure.
"(2) Information.
"(b) Cancellation and change in classification.
"(c) Suspension.
"(1) Order.
"(2) Expedite hearing.
"(3) Emergency order.
"(4) Judicial review.
"(d) Public hearings and scientific review.
"(e) Judicial review.
"(f) Conditional registration.
"Sec. 7. Registration of establishments.
"(a) Requirements.
"(b) Registration.
"(c) Information required.
"(d) Confidential records and information.
"Sec. 8. Books and records.
"(a) Requirements.
"(b) Inspection.
"Sec. 9. Inspection of establishments, etc.
"(a) In general.
"(b) Warrants.
"(c) Enforcement.
"(1) Certification of facts to Attorney General.
"(2) Notice not required.
"(3) Warning notices.
"Sec. 10. Protection of trade secrets and other information.
"(a) In general.
"(b) Disclosure.
"(c) Disputes.
"(d) Limitations.
"(e) Disclosure to contractors.
"(f) Penalty for disclosure by Federal employees.
"Sec. 11. Standards applicable to pesticide applicators.
"(a) In general.
"(b) Separate standards.
"Sec. 12. Unlawful acts.
"(a) In general.
"(b) Exemptions.
"Sec. 13. Stop sale, use, removal, and seizure.
"(a) Stop sale, etc., orders.
"(b) Seizure.
"(c) Disposition after condemnation.
"(d) Court costs, etc.
"Sec. 14. Penalties.
"(a) Civil penalties.
"(1) In general.
"(2) Private applicator.
"(3) Hearing.
"(4) Determination of penalty.
"(5) References to Attorney General.
"(b) Criminal penalties.
"(1) In general.
"(2) Private applicator.
"(3) Disclosure of information.
"(4) Acts of officers, agents, etc.
"Sec. 15. Indemnities.
"(a) Requirement.
"(b) Amount of payment.
"(1) In general.
"(2) Special rule.
"Sec. 16. Administrative procedure; judicial review.
"(a) District court review.
"(b) Review by Court of Appeals.
"(c) Jurisdiction of district courts.
"(d) Notice of judgments.
"Sec. 17. Imports and exports.
"(a) Pesticides and devices intended for export.
"(b) Cancellation notices furnished to foreign governments.

"(c) Importation of pesticides and devices.
"(d) Cooperation in international efforts.
"(e) Regulations.
"Sec. 18. Exemption of Federal agencies.
"Sec. 19. Disposal and transportation.
"(a) Procedures.
"(b) Advice to Secretary of Transportation.
"Sec. 20. Research and monitoring.
"(a) Research.
"(b) National monitoring plan.
"(c) Monitoring.
"Sec. 21. Solicitation of comments; notice of public hearings.
"Sec. 22. Delegation and cooperation.
"(a) Delegation.
"(b) Cooperation.
"(c) State primary enforcement responsibility.
"Sec. 23. State cooperation, aid, and training.
"(a) Cooperative agreements.
"(b) Contracts for training.
"(c) Information and education.
"Sec. 24. Authority of States.
"Sec. 25. Authority of Administrator.
"(a)(1) Regulations.
"(2) Procedure.
"(3) Congressional committees.
"(b) Exemption of pesticides.
"(c) Other authority.
"(d) Scientific advisory panel.
"Sec. 26. Severability.
"Sec. 27. Authorization for appropriations.
"Sec. 28. Annual report.".

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate resumed the consideration of S. 926.

Mr. HATFIELD. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. S. 926 is before the Senate.

Mr. HATFIELD. I thank the Chair. Mr. President, the Senate has now completed 4 days of debate on S. 926. Our discussion has been useful. The longer it has gone on, the more defects we have exposed in the bill. By the time debate has been completed, both the Senate and the American people will be fully convinced that as a measure of election reform this bill is a sham.

As the Senate has just determined, the time for ending debate has not yet come. Not only are numerous amendments pending on both sides of this question, the sponsors have still yet to define the problem they hope to remedy. With exquisite ease, they have bandied about the term "special interests" and all the innuendoes and illogical inferences it spawns.

Mr. RANDOLPH. Mr. President, will our able colleague yield to me?

Mr. HATFIELD. I am happy to yield.

Mr. RANDOLPH. Mr. President, this is not a matter of great substance, but I have long thought I would call to the Senate's attention the misleading manner in which the Chair calls for a vote on cloture.

The Presiding Officer states: "Is it the sense of the Senate that debate on the bill shall be brought to a close?"

We are, however, not closing debate. We are limiting debate. There is then 100 hours available for the discussion of the subject: 1 hour to each Senator, not to be transferred to another Senator. That is the factual situation.

In rule 22, section 2, the Presiding Officer, when using the words "close debate" should actually ask: Is it the sense of the Senate that the debate shall be brought to a point of limitation?

I emphasize that cloture is the limitation of debate and not the close of debate.

I thought it appropriate, since the Senator from Oregon has mentioned cloture in the discussion of the pending measure, to bring this fact to our attention.

I thank the Senator for yielding.

Mr. HATFIELD. I thank the Senator from West Virginia for his contribution.

The sponsors have implied that citizen contributions have bought undue influence and unfair access in this body. And the special interests are behind it all. On Tuesday, I asked them who the special interests were and what kinds of influence had been bought. That, after all, is the linchpin of their case. I did not receive an answer—I suspect because no answer can be given. I will ask the sponsors the same questions again and again throughout this debate because without that knowledge the Senate cannot vote on this bill. But I am no more optimistic than I was on Tuesday that my inquiries will receive a response.

The sponsors of this measure are men of great integrity. I appreciate that they genuinely think they are giving the American people campaign reform. I do not impugn their motives in this matter. I vigorously impugn their case. It is based on the weakest kind of circumstantial evidence. It deserves to be thrown out of this chamber. The sponsors have not come close to meeting their burden of proof. In the ten and one-half years I have served in the Senate, never have I seen less hard evidence presented to justify a major piece of legislation.

The sponsors' arguments sound much like motherhood and apple pie. Who among us is against honest elections? Who among us is against undue influence? Who among us favors corruption? Yet, making these arguments does not establish the sponsors' case. No, Mr. President, for that case to succeed, they must answer these questions. Who among us has been bought off by our campaign contributors? Who among us has dealt the people out and the special interests in? Who among us has sold legislative votes for financial reward? That is the evidence we are looking for. That is the evidence we are asking for. That is the evidence the sponsors have clearly failed to produce. Until they come forward with it, we will not end debate on this legislation.

Yesterday, the specter of special interests was raised once again—not on the Senate floor, but by the President of the United States. In his press conference, Mr. Carter contended that S. 926 represents an effective means of dealing with the so-called special interests problem.

Mr. President, if this were a time for campaign rhetoric, I could accept Mr. Carter's remarks. But this is not such a time and the President is a careful student of Government. I am certain that he is aware of the Supreme Court's decision in Buckley against Valeo. I feel confident that he knows the Court held that independent spending by any person or group of persons cannot be fettered by law. Since the President knows that, I cannot comprehend his misleading description of the bill. But, even support from the President of the United States cannot change the law surrounding this legislation. Even support from the President does not alter this bill's many defects. Even support from the President cannot convert a bad measure into a good measure. Therefore, even support from the President will not save this unfortunate and unwise bill.

In the debate thus far, we have established that S. 926 is wholly ineffective to deal with the so-called special interests. In fact, we have shown that as against small private contributors those interests would actually be strengthened. We have exposed how the sponsors would attempt to break faith with the American taxpayers by financing this bill with funds set aside for other purposes. The sponsors have personally proven their lack of convictions on this measure by refusing an opportunity to extend it to primary campaigns.

Many additional areas remain to be discussed. Many additional defects are yet to be exposed. Many additional examples of unfairness and inequity are yet to be surfaced. In the days to follow, we plan to do just that. The Senate is correct that the time is not ripe to end a debate which has been so fruitful to date and which promises so much to come.

Mr. SCHMITT. Mr. President, with the just concluded vote on cloture with respect to S. 926, the public financing bill, we have entered a new phase in our debate and consideration of this measure and of this extremely important issue.

Let me say, Mr. President, that it is, I think, an indictment of the self-styled "Fourth Estate," the press, that their portion of the gallery is essentially empty. It is also an indictment of the so-called "Fourth Estate," the press, that an editorial such as appeared in the Washington Star of today would actually appear—an article that so completely misses the point of this campaign that one could wish there were some way of compelling press attendance at these sessions.

Obviously I do not advocate such compulsion, but nevertheless, I do wish they would listen for just 2 or 3 hours, or 1 hour, and I think that in the course of that hour they would hear what the real issues are.

We are obligated to Senator CLARK for

making this editorial available to us, apparently, as his name appears upon it. Let me quote the first paragraph of the editorial:

> The basic question involved in the current debate on campaign financing is this: Should congressional campaigns be financed largely by $1 contributions from American taxpayers or by contributions from special interests?

Mr. President, I submit that that is not the basic question. The basic question, in this Senator's opinion, is, Are we going to take a very fundamental step that changes the electoral process in this country, so that in fact special interests have greater influence on our electoral process? That is the basic question, not the question phrased by the editorial in the Washington Star.

Mr. President, in the absence of the attention of the Fourth Estate, many of us are attempting to contact our constituencies throughout this country, and in particular in our home States, to try to influence them on what are the issues related to public financing. If I may, let me summarize the feelings that I have so transmitted to the people of New Mexico.

Public financing of congressional campaigns is probably the least understood and the most potentially damaging political legislation that Congress has faced this session. The concept strikes at the heart of our democratic traditions in government.

The people, not the Government itself, should control the recreation of the Government. Public financing, however, would put the Federal Government squarely in the business of controlling its own perpetuation. Incumbents and a new bureaucracy would largely control the outcome of elections. Disguised as reform, this legislation would actually strengthen the influence of special interest groups, and limit the individual's right to participate in elections by providing a cap on the total amount of money that he could contribute with respect to a candidate. It would also discourage challengers from seeking office by allowing them to spend only what the incumbents spend.

Probably the most disturbing aspect of this legislation is that it would protect the incumbent. An incumbent has all of the inherent advantages of office, such as ease in raising the campaign contributions required to match the Federal dollars.

At best, the challenger and the incumbent would receive the same funds under this provision of the law, provided the challenger could reach the limits of private funding available to the incumbent. In addition, the incumbent has the advantages of franked mail and media coverage. Thus a challenger must be permitted, I believe, to spend more than an incumbent just to catch up, if in fact the challenger is to conduct a viable campaign.

Finally, public financing simply guarantees more Federal intervention and restriction on our lives. It denies an individual what I believe is that individual's constitutional right to support the candidates of his choice. It allows the individual no control of how his tax contribution is spent. It gives the Federal Election Commission indirect control over how a candidate campaigns.

As a whole, it would create a "big brother" for Federal congressional elections.

Congress probably should not even be considering whether or not the taxpayer—Congress employer—should be required to finance congressional campaigns.

Since Congress is making this decision, the American people should have the opportunity to make their views known and to protect their right to fully participate in the elective process.

Mr. President, I think it would be useful, in this transition stage of our debate on this issue of public financing, to go back about 190 years and explore what our founders had to say on some issues which relate to our considerations here today.

I might say sometimes we think we are talking about new issues when we bring various bills before this body and before the Nation. However, in general I believe it is possible to find, particularly in this Republic of ours, that those who have gone before us have discussed many, if not most, of the problems which confront us today.

Mr. President, in a very fine set of volumes called "Great Issues in American Life," provided to me many years ago through the kindness of the senior Senator from Minnesota when he was Vice President of the United States, I have found it possible to go back into the history of this country and see what our founders and predecessors have thought. I believe it is extremely interesting to look at these documents which have come forward through time, through over 200 years, and view them in perspective of what utterances we have made which may survive a comparable period of time.

Mr. President, I submit that within the debate which is occurring in the Senate this week and next week, we will find a few speeches, a few statements, which will, in fact, survive in a set of volumes such as the annals of America are put together in 200 years from now. I cannot predict which ones they are, but the issue is so momentous that I am absolutely confident it will be treated by such a compilation.

Let me read from volume 1 very briefly the following:

> The fundamental dependence of government on the people has been emphasized in America since the 17th century. William Penn put it with memorable succinctness in 1682.
>
> "Governments, like clocks," he declared, "go from the motion men give them, and as governments are made and moved by men so by them they are ruined, too. Wherefore governments rather depend upon men than men upon governments."
>
> John Winthrop, 50 years before, had declared flatly that "No commonwealth can be founded but by pre-consent."
>
> And a century after Penn's time the Founding Fathers were saying the same thing, "All men are created equal, the Declaration of Independence asserts, and are furthermore endowed with certain rights that cannot be taken from them." Nevertheless, as the Declaration concedes, these rights can be hindered and obstructed, and, therefore, in order to secure them, "governments are instituted among men."

Referring to the Declaration of Independence, it goes on to say and governments—and this is an important point—derive their just powers from the consent of the governed.

Mr. President, with this bill we would institute a change in these very fundamental words of the Declaration of Independence, an implicit change, and that is that governments derive their just powers from the consent of the governed, and the Federal bureaucracy would be the change.

As will be documented and has been documented by others, and later in my own presentation, the Federal bureaucracy under the bill before us, S. 926, will receive vast powers not only over who runs for the U.S. Senate, but how that individual will campaign.

Mr. President, this question of special interests, as I mentioned yesterday, was discussed by our forefathers, the founders of this country. I mentioned yesterday Federalist Paper No. X, written by James Madison, and will quote again the first sentence in that paper, and at a later time get into it in more depth:

> Among the numerous advantages promised by a well constructed union, none deserves to be more accurately developed, than its tendency to break and control the violence of faction.

To Madison and his contemporaries, faction was a synonym for special interest, and it was hoped by those gentlemen and others in the country at that time that by forming a union consisting of a sufficient number of units, or States, the influence of faction on one of those units would be submerged in the overall influence of the union itself. Federalist Paper No. X goes to great length to justify that assumption about the formation of a republic. As Senators may recall, these papers were written to justify the ratification of the Constitution of the United States of America.

But we have seen throughout our history that this hope that the Republic, the Union, would submerge the influence of faction was not entirely realized. As a matter of fact, in various periods of our history, faction from various sources, the influence of factions or special interests from various sources, business, labor, and others, has had a tremendous influence on the makeup, the deliberations, and the legislation passed by this body and our sister body, the House of Representatives.

What can we do now, in the 20th century, and as we look toward the 3d century of our national existence, to find ways to remove this very basic flow in our governmental process? I submit that the passage of S. 926 is not the appropriate thing to do, because, as the Senator from Missouri (Mr. DANFORTH) has said so well today and so well yesterday, and as others have reinforced, the unfortunate effect of S. 926 will be to increase the influence of factions, of special interests, and increase it in a way that is outside the control of the political process itself.

We saw, with public financing of Presidential elections, as was discussed at great length yesterday, that organized labor spent millions of dollars in behalf of the campaign of President Carter out-

side the normal campaign mechanisms, the normal campaign financing that was available under the public financing provisions of the Federal election law for Presidential campaigns.

Mr. President, Thomas Jefferson, on the occasion of Shays' rebellion in Massachusetts in 1786, wrote to Edward Carrington, when Jefferson was in Paris, about the problems surrounding that small "rebellion" in Massachusetts, as it was called at that time. He said:

I am persuaded, myself, that the good sense of the people will always be found to be the best army. They may be led astray for a moment, but will soon correct themselves. The people are the only censors of our governors, and even their errors will tend to keep these to the true principles of our institutions.

I am afraid, Mr. President, that through the measure that is before us, if it became law, we would find that two additional entities, other than the people, would become the censors of our Governors, that is, of ourselves in the Senate. Those entities would be Congress and, again, the Federal bureaucracy; because this law does in fact insert the Federal bureaucracy very much in front of the people in determining who shall run for office and how his campaign will be conducted.

Mr. President, a very great scholar, Alexis de Toqueville, a Frenchman who studied the Government of our country in the early 1800's, saw with much greater perception than even his contemporaries in this country the strengths of our form of democracy, of the representative democracy commonly referred to as a Republic. Quoting again from volume 1 of "Great Issues in American Life: the Annals of America," de Toqueville saw the system in operation a half century after the promulgation of the Declaration of Independence, judged it to be profoundly democratic, and said:

In America, the people appoint the legislative and executive power and furnish the jurors who punish all infractions of the laws. The institutions are democratic not only in their principle but in their consequences, and the people elect their representatives directly and for the most part annually in order to insure their dependence. The people are therefore the real directing power, and although the form of government is representative, it is evident that the opinions, the prejudices, the interests, and even the passions of the people are hindered by no permanent obstacles from exercising a perpetual influence on the daily conduct of affairs.

Again, Mr. President, there is a change represented by the proposed legislation before us. We are in fact establishing permanent obstacles in the path of the people's sovereign right to appoint the legislative and executive power.

Mr. President, the broad historical context of the issue before us is, I think, extremely important. We should never forget that others have gone before us and others will come after us; and whatever we do in an issue of such gravity as changing our electoral process must be done with both the past and the future as part of our consideration.

I would like to proceed at this point with an examination of the present—that is, the measure relating to public financing of Senate general elections, and the report language that has been submitted to this body to justify the passage of this measure.

Quoting from the committee report, as I shall at several points, let me begin on page 4 with the following. The report says:

In 1976 the Nation experienced the successful implementation of public financing of Presidential primaries, conventions, and general elections with corresponding limitations on the exepnditures which could be made in those campaigns.

Mr. President, by what measure was that a successful implementation? It appears from estimates and actual records that have been compiled, that were discussed yesterday, that President Carter's supporters outside the campaign were able to outspend those of President Ford by maybe as much as 50 percent.

I am not sure that is a successful implementation of public financing. Those supporters represented special interests, I might add.

(Mr. ZORINSKY assumed the Chair.)

Mr. SCHMITT. On the other side of the coin there was a period during the Presidential primaries when President Ford, for what may have been in his mind, or anybody else's, valid reasons, actually held up funds to be distributed to his primary opponents.

I will not argue or discuss the merits of that action by the President at that time. However, it is an example of how once the power over finances has been transferred into the federal system, into the Federal Government, there are opportunities for abuse.

It has been suggested—and again I will not presume to judge—that minor candidates for the Presidency, without any hope of winning or even any hope of influencing the campaigns of their more successful opponents by receiving Federal funding, public financing, wasted the tax money not only of their supporters, but of those who did not support them.

Finally, on this point of the successful implementation of public financing of Presidential elections, I come back to that very fundamental, philosophical point that I must admit disturbs me more than any other in this whole issue. That is that with that act, the Presidential financing, and with passage of S. 926, will put the executive branch of this Government, through the Federal Election Commission, directly in the process of perpetuating itself.

That is a fundamental, philosophical change in how this Republic runs. I, for one, am not willing to allow that change to occur without considerable debate.

Mr. President, to continue to look at the report of the Committee on Rules and Administration, I quote again from page 4:

As the 1976 general election campaigns of the two major party presidential nominees were financed entirely with public funds, large contributions from interest groups (e.g., political action committees established by various business, labor, ideological, and issue-oriented organizations) and individual donors were not a significant factor in those campaigns.

They were not a significant factor in those campaigns.

If we did not establish yesterday that there were millions of dollars spent outside the normal campaign process, and if there is anyone who would say that those millions of dollars were not a significant factor, then I believe we have lost the semblance of being a deliberative body.

It is very clear that those millions of dollars spent by organized labor and other special interest groups in the Carter campaign, far more than in the Ford campaign, were a significant factor.

I quote again:

Public financing will encourage broader public participation through the tax checkoff and the concept of matching small individual contributions with public funding.

First of all, Mr. President, that is participation without control. It is participation without consent. In addition, it will not encourage broader public participation directly in the campaigns of candidates whom the public might support.

Instead, by putting a cap on the spending of individual candidates we are limiting their ability to go to the mass of the public and collect the small contributions which we all feel, I believe, are the most important contributions any candidate can receive.

I hope that point is clear because it has been distorted, I believe, by some of the proponents of this bill. It is extremely important that more and more American citizens participate with their vote and with their money in the political process.

I think most of the Members of this body would be happy to see even lower limits on the contributions of various groups, PAC groups, if you will, and others, to the campaigns, if we could also work out mechanisms by which there would be an even broader participation by the individual American.

I believe we can do that. I think Senator PACKWOOD has an excellent suggestion for a tax credit, and I believe there are other possibilities we can also discuss in the course of this debate.

We have to realize that if we put a cap on the amount of money that a candidate can spend, and, therefore, raise, we are, in fact, limiting his ability to collect from those small contributors we all would like to see participate more fully. This, I believe, would be a mistake.

The committee report also says:

The Committee on Rules and Administration is of the view that the upcoming 1978 congressional elections presents the most opportune time to initiate the further extension of public financing to all Federal elections.

Mr. President, I do not see why that is the most opportune time. I have searched the report, I have searched my own mind, and I see no reason why a change as fundamental as this must occur in the 1978 congressional elections. At some point I hope the proponents of the bill will explain to me and others why it is so urgent to make such a fundamental change, particularly one with the deficiencies which are being pointed out daily.

The committee also says that in so doing the committee recommends that it be extended initially only to general elections, deferring the question of possible application to primaries to a later date.

As we discussed in the course of the debate the extension of S. 926 to the primaries, an amendment offered by the Senator from Oregon (Mr. HATFIELD), it was made, I believe, very clear that special interests against which this bill supposedly is aimed are going to be just as active in primaries, in fact more active with the passage of this bill, than they are in the general elections.

There is nothing to say that special interests are not going to invest the moneys they invested in the last election outside of the normal political campaign financing; that they are going to go do something else with that money. Of course they are not. They are going to invest it in primaries.

I believe one of the greatest dangers is that in those States where the primary occurs very close to the general election, we will find again the influence of those special interest dollars spent in elections, outside the normal processing of campaign financing, will have an even greater influence than they have before on the election of specific candidates.

Mr. President, the committee follows that statement on deferring the question of possible application to primaries to a later date with the following statement:

This would enable the Congress and the Commission, which must administer the law, to review its operation, as has been done in the Presidential elections, prior to further extension.

Right there, we can see clearly that it is not the intent of the proponents of this measure or these changes to stop with this bill. We also see that they are so uncertain of this change in our electoral process that they must experiment, that they are not sure that this is the right thing to do. And I do not blame them for not being sure.

In the process, they are planning to experiment with the most sacred institution of our Republic—that is, the election of Congress. I admit to being a little bit parochial about Congress, being a Member of the institution; nevertheless, Congress is the one place where not only the people are represented but the States are represented. It is the embodiment of the Federal system, of the Republic. It is where our Founding Fathers hoped that we could deal with the problem of faction and of special interest, but deal with it in a way that is consistent with our fundamental election process.

Mr. President, the report also tries to justify not including Members of the House as part of this bill. It says:

S. 926 does not contain a proposal for public financing of elections to the House of Representatives, as the Committee is of the view that this is a matter which should be initially determined by the House.

I submit that both House and Senate elections be a national matter and not just a matter for the House or the Senate to determine alone. I strongly recommend that, as this debate proceeds, as I am sure it will, we also be discussing the effect of campaign financing, public financing, on House elections as well as on the elections relative to this body.

Mr. President, as a final illustration of the inadequacies of the committee's report in justifying the bill before us, let me make one final quotation in the RECORD.

Existing law permits citizens to designate $1 on their tax returns ($2 for joint returns), to be taken out of taxes paid—

and they emphasize——

not an additional tax, to the Presidential Election Campaign fund

and so on.

That is a very misleading thing, to say that the pbulic will not have to pay an additional tax to support public financing of congressional elections.

In fact, the cost of administering the bureaucracy that this bill would entail to regulate public financing in campaigns that may be, sometimes, 70 or 80 campaigns around this country, will, in fact, be an additional tax on the body politic. I do not think that we should proceed in this debate to assume otherwise.

There has been an estimate of $900,000 as being adequate to run the regulatory agency that is going to oversee these elections. For the life of me, I cannot believe that $900,000 is going to be sufficient for the Federal Election Commission to undergo the kind of regulation that this act would entail.

Mr. President, I close my remarks, before yielding to the distinguished Senator from Indiana, by saying, once again, that the issue is the issue of special interests. The issue is how we can remove the influence of special interests from our election process. This bill will not do it. I think that case has been made very clearly by many others—and, I hope, by myself.

What can we do? Let us not just be negative. Let us not be nay-sayers. Let us start to think, in the course of this debate, of what can be done to solve the problem that James Madison thought was going to be solved by the establishment of this Repbulic.

I think one step has already been taken. That is, we have limited the degree to which special interests or groups of individuals, factions, and individuals themselves, can contribute to a congressional campaign. I support that. I think that was the right thing to do.

I think it was also a correct interpretation of the Constitution in Buckley against Valeo that we could not prevent expenditures outside the normal campaign process. Therein lies our dilemma. If a special interest—business, labor, the environmentalists, the National Rifle Association, or any other—can spend whatever they can finance outside the normal campaign of a candidate, such as labor did with President Carter, what can we do to mitigate the effects of that spending? I submit what we can do is everything possible to increase the numbers of individual Americans who contribute their $5 or $10 or their $100. I think the proposal of the Senator from Oregon (Mr. PACKWOOD) for an expanded tax credit for such contributions is an excellent step in that direction.

I think there are a number of other measures that we can take, not only as representatives of the people, but also when we are candidates, to encourage the average American to contribute to our campaigns. It is far better to have a large number of $5 contributions than to have a very small number of $1,000 contributions. It is not only better for the Republic, it is better politics.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, I wanted to observe, and I hope the Senator has noted this, that with the last rollcall vote and the absentees, the bill on which the cloture motion is being made does not have a majority of the Senators in favor of it.

Senator BENTSEN told me before he left for Texas that we can count on him to vote against cloture, and if he had been here he would have voted against cloture. That makes 46. I do not think anyone has any doubts where Senator CURTIS would have been if he had been here. That would make it 47. We will contact him by telephone to be certain.

I have no doubt but what Senator MCCLELLAN would have voted against this bill and against cloture. That makes 48.

If we look at the other three absentees, I believe all but perhaps Senator BURDICK would have voted against cloture and against the bill.

I predict there will be more votes against the bill and against proceeding with it rather than fewer, as time goes by. The impression I gain is that here is an effort being made to impose gag rule on the Senate for a bill that cannot even muster a majority vote in the Senate.

I applaud the Senator for his fine statement. I believe we ought to keep in mind that free debate serves a purpose. We were led to believe that the Senate was overwhelmingly for this bill and committed to it before it was introduced.

I believe the good and worthy effects of free debate in the Senate are perhaps demonstrated at their best by what happened on the last vote. All one has to do is analyze the absentees to see that the Senate is not for this bill, and it deserves to be further debated. I applaud the Senator for the statement he has made on that subject.

Mr. SCHMITT. I thank the Senator. The vote is extremely encouraging to those of us who feel this type of legislation is a mistake. I believe it ought to be very eye opening to what I referred to earlier as the forces which are not present.

Mr. CLARK. Will the Senator yield further at that point?

Mr. SCHMITT. I yield.

Mr. CLARK. By that exchange, it is assumed that everyone who votes against cloture is automatically against the pending legislation? I assume the Senator from Louisiana has often voted against cloture when in fact he may have preferred the measure. I do not believe the two are necessarily interchangeable.

Mr. SCHMITT. I would agree with the Senator from Iowa under other circumstances, but I believe this issue has at-

tracted the Members of this illustrious body on the issue itself and not on the issue of whether one should vote for cloture or not.

Mr. CLARK. If the Senator holds to that view, he has to hold to the view that the major sponsors and the cosponsors of this legislation are no longer in favor of it. I might mention, for example, that Senator SCHWEIKER, of Pennsylvania, is a major sponsor of this legislation and was a major sponsor of the legislation which passed the Senate in 1974. I am not sure that he would appreciate having it concluded that he is now against this legislation on the merits. Or Senator HEINZ or Senator JAVITS or other people who are sponsors of the bill which is before us.

I believe they would argue they would like to see more debate, perhaps, but certainly not that they could be counted now as opponents of this legislation.

Mr. SCHMITT. The Senator is absolutely correct. I would not presume to imply that any individual Senator has changed his position. However, I would say that in the course of this debate and the issues being raised, a good number of Senators are starting to have very uneasy feelings. I believe Senator DANFORTH yesterday, and others—Senator STEVENS and Senator PACKWOOD—have made it very clear that as we have moved more deeply into this very fundamental issue, there are concerns about the piece of legislation before us, and some of the principles in that legislation. In fact, some Members have reversed their position. I am not going to presume the Senator from Pennsylvania or any other Senator in this body would change their mind and vote against or for this particular piece of legislation. However, I think it is important that they do feel concerned enough to vote for the continuation of debate.

Mr. GRIFFIN. Will the Senator from New Mexico yield?

Mr. SCHMITT. I yield to the Senator from Michigan.

Mr. GRIFFIN. I was interested in the comment of the Senator from Iowa. I would have to agree with him: I do not think a vote of a Senator on cloture always, necessarily, reflects his feelings or how he would vote on the merits. I have been very concerned, listening to the comments in the cloakroom and hearing some of the reports, that the White House is calling various Senators and pressing them hard, saying, "Even though you are against the bill on the merits, would you please vote with us for cloture?"

I wonder if there is any truth to that?

Mr. CLARK. I have no idea. I must say that this Senator has voted for cloture on many occasions when he did not support the legislation. I do not happen to be an obstructionist. I think that when something of this nature has been debated, for example, for a week, a Senator might well decide that he would like to see the issue voted on the merits rather than on how long somebody can hold a measure up.

I say further—if the Senator will just yield for another 30 seconds, because I am using, in effect, his turn on the floor.

Mr. SCHMITT. Surely.

Mr. CLARK. It does seem to me that it is going to be very difficult to explain endlessly how Senators could commit themselves in campaigns and public statements and questionnaires, over and over, as being in favor of public financing of campaigns or being in favor of this bill, and then never allow it to come to a vote. I suspect that is going to change. It is going to be very difficult to argue that after 5 days, after 6 days, after 7 days. It seems to me that, at some point, we are going to have to come to a meeting of consciences. If one favors public financing of campaigns, he might at least like to see whether or not it has the votes.

Senators may decide they do not like this bill for one reason or another and vote against it. That is fine. But it does seem to me awfully difficult for people consistently to make public statements, in campaigns and elsewhere, that they are for public financing of campaigns and then come down here to the floor and refuse to even allow it to be voted on. That, it seems to me, is going to be the interesting thing to watch in the week ahead.

Mr. LONG. Will the Senator yield at this point?

Mr. SCHMITT. I shall yield in just one moment.

I think it is important to recognize that the purpose of the debate of this week and our intention to continue it is not, in the long run, to hold up a vote on the merits of this measure. It is to insure that the third party in this debate is, in fact, a part of this debate. That is the public.

It is our feeling—at least, it is my feeling, and I believe it is the feeling of many of my colleagues—that the public has not had the opportunity, because of a certain degree of stonewalling on the part of the fourth estate, to understand what the implications of this measure are. In particular, as I quoted the Washington Star editorial of this afternoon, that the Senator from Iowa so kindly made available to us, there is clearly, even within that fourth estate, a gross misunderstanding of the basic issue that is being debated here.

I read the first paragraph again:

> The basic question involved in the current debate on campaign financing is this: Should congressional campaigns be financed largely by $1 contributions from American taxpayers or by contributions from special interests?

I submit that that is not the basic question. The basic question is, again, are we going to make fundamental changes in our electoral process that are actually going to enhance the interests of special interests in the electoral process and that are going to enhance the already favorable situation that faces incumbents?

I know the Senator from Louisiana and I shall probably debate on another occasion whether the bill actually does that. But the most critical aspect is, as the Senator from Missouri, who has arrived on the floor, pointed out so eloquently yesterday, what happens to the role of special interests. It is not mitigated by this legislation. It is going to be enhanced.

I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, perhaps I overstated the case. If so, I shall let time tell. But I think it is safe to say that, on the last vote, there would not have been a majority of the Senate for cloture. The only way we could have mustered a majority for cloture would have been to have the Vice President present to break the tie, if we had had 100 Senators here.

There are Senators, in my judgment—in fact, to my certain knowledge at least one Senator, and I think more—who voted for cloture on the last vote, but who are not for this bill. Entreaties from the President, pressures from the executive branch, and perhaps from other groups, including lobbyists who adorn the reception room at this moment, are trying to make Senators vote for cloture, even though they may be against the bill. That effort is being made, too.

So, while it is true that there may be some who are against cloture and are for the concepts of the bill, and also some who voted for cloture on this last vote who are not for this bill, as the debate goes forward, that vote will be exposed. It is also worth keeping in mind, from the point of view of those of us who are against this bill, that there are some of us who are for the concept of public financing, properly applied, but who are against this bill because we think it moves us in the wrong direction.

It does not improve matters at all. The effort to legislate this matter under gag rule is something that we very much deplore. We think that a measure that moves in the direction of public financing ought to be something that could muster support on both sides of the aisle. It ought to be something that can muster the support of a great majority of people in all sections of the country. We do not see that in this bill.

On yesterday, I pointed out the things that I think are wrong about the bill. I am sure other Senators have enlightened us on that cause. I am somewhat proud, as one who participated in writing the first campaign financing bill, to say that the effort that was made on that occasion showed the contribution of a great number of people, some of whom started out opposed to the whole idea, but who made very noteworthy contributions to it. As the thing evolved over a period of years, they helped us with their suggestions and their speeches to explore the kind of thing that one would have to concern himself about with regard to that matter, and made a better bill.

There is a difference between someone saying that he favors the concept of public financing and saying that he favors what we have in this bill. There is just a great deal of difference. In my judgment, to try to legislate, out here on the Senate floor, in the fashion that is being proposed, to try to impose gag rule on the Senate, to try to twist people's arms and force people to do other than what their conscience dictates, is not the kind of thing that helps the government. It does not help the public interest, and it does not help the Senate.

Mr. CLARK. Will the Senator yield at that point?

Mr. LONG. I do not have the floor.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. CLARK. Will the Senator from New Mexico yield to me for a question of the Senator from Louisiana?

Mr. SCHMITT. I will.

Mr. CLARK. As the Senator has quite accurately indicated, he is the father of public financing of presidential elections; and certainly was the moving force in that effort. I certainly agree with him that one can be for the concept of public financing and be against this legislation. My question is simply this: What kind of public financing does the Senator from Louisiana think would be appropriate for congressional elections?

Mr. LONG. I have an amendment at the desk which indicates the direction in which I think the matter should go. In due course, I may call it up. I should prefer that even that amendment should be given more thorough consideration. In other words, I am satisfied that, while that is the best I can suggest at the moment, 99 Senators could probably each find a way that they might improve on what I am suggesting. I am sure some Senators could.

I have made suggestions that I think would be a more appropriate way to do business. I have indicated what I think is wrong about the bill before us. At the moment, I think it would be far more constructive to put this bill back in the committee or refer it to another committee and let that committee make its suggestion.

For example, we on the Committee on Finance initiated the first public financing bill. We would still have jurisdiction of it as long as it stays within the context of the checkoff on the income tax return. We have some good members of that committee, who have participated in this type of thing down through the years. In due course, we would enjoy an opportunity to make our contribution.

We cannot do it now. There are other things that take precedence over that. We have the energy bill coming over from the House in a few days. We are, right now, working on the social security and public welfare bill. But before this Congress is out, we would welcome the opportunity to look at this issue and make our suggestions, just as I am sure there are other Senators, who do not even serve on the Rules Committee, who would like to.

That committee is composed of some very talented and able men. I believe it would give us a better bill than that which is before us once they have had the opportunity to see what the Senate thinks about it.

I know that when I was trying to push a campaign financing bill from the Finance Committee, there were a lot of good ideas gained from Senators on this, which was subsequently a part of the legislation that finally became the law as it exists today.

I would hope that approach would be the case.

There is another thing that is wrong with this bill that certainly should be corrected and I predict if public financing ever takes place it will be corrected. That is, that we will not be spending a lot of money on these candidates whose candidacy is serious to no one but themselves.

I notice over in England they have a system where if a person runs for office and he fails to get more than 5 percent of the votes, he has to forfeit a bond. In other words, he has to put up a bond when he imposes himself on the public for their attention to indicate that he has sufficient potential to justify having his name on that ballot.

In the event he fails to get 5 percent of the vote, he has to forfeit the bond.

So at least that tends to keep down some of these frivolous candidates. I am not saying they are frivolous in their mind, but they are to the point of view of everybody but themselves.

That is one of the simple things that ought to be a part of this.

I have suggested in the amendments I have offered, the direction in which I think the matter ought to go. But I do think we would be far better off if that matter could be so considered that when it comes to the floor the committee can report that all the views that had been expressed in the course of this debate—and if they want to drag it out, it can be a very long one—have been considered, thoughtfully considered, and the committee reaction to them.

The thing that happens when we vote cloture that does not happen in ordinary legislation, when one votes cloture the people who are pressing for the legislation feel they have the votes and all they have to do is move to table amendments or strike them down, and they really do not have to give serious consideration to anybody's amendments from that point forward.

I have seen the Senate legislate under cloture when as fast as its amendments would be offered, very thoughtfully considered amendments, the manager of the bill, without even attempting to meet the argument for a moment, would simply move to table. So that we would have amendment after amendment, carefully and conscientiously proposed by Senators, that would be stricken down, and successively, one right behind the other. Not one single moment of explanation as to why that amendment should not be agreed to.

On something this important and this significant, in my judgment, it would be a bad mistake for the Senate to impose cloture. So I hope very much that the Senate will sustain its judgment.

I applaud the Senator for the very fine speech he is making to bring in information, because that is what we need, a lot more information on this subject.

Mr. SCHMITT. I thank the Senator. I hope he will have the opportunity to propose his amendment and have debate on it so we all can understand it.

I am sure there will be differences of opinion, just as there always are, but that is the purpose of examining these issues as closely as I think we should.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield with the understanding he does not lose his right to the floor?

Mr. SCHMITT. I am happy to yield to the Senator.

The PRESIDING OFFICER. The Senator from West Virginia.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, if the Senator would allow me at this time, I would like to introduce the resolution which provides for the August adjournment. It requires a rollcall vote under the law. That rollcall vote will occur immediately, since it is not debatable, so I would inquire if the Senator would be prepared to yield that long at this point with the understanding he would regain the floor after the rollcall vote.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Reserving the right to object.

Mr. LONG. Reserving the right to object, what is this all about?

Mr. ROBERT C. BYRD. Mr. President, under the law, in order to go out for August, the Congress is required to vote no later than July 31 on the concurrent resolution, adjournment of the Congress for that period of August.

A rollcall vote is required under the law on this resolution. I was going to call it up for a rollcall vote, if the Senator would not mind yielding the floor for that purpose at this time.

Mr. SCHMITT. If the majority leader would allow me, I will suggest the absence of a quorum so I can be absolutely sure this is cleared on this side.

Mr. ROBERT C. BYRD. Yes.

Mr. SCHMITT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. SCHMITT. Mr. President, reserving the right to object, and I will not object——

Mr. ROBERT C. BYRD. Mr. President, no reservation can be made.

The PRESIDING OFFICER. A reservation cannot be made on this question.

Mr. ROBERT C. BYRD. The Senator either objects or does not object.

Mr. President, I ask the distinguished Senator if he will yield at this time, to allow me to offer the adjournment resolution, on which no debate is allowed, with the understanding that he will not lose his right to the floor and with the understanding that the continuity of his remarks will not be broken in the RECORD.

Mr. SCHMITT. I am happy to yield.

Mr. ROBERT C. BYRD. I thank the distinguished Senator.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

ADJOURNMENT OF THE TWO HOUSES FOR THE AUGUST RECESS

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a concurrent resolution.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The assistant legislative clerk read as follows:

H. CON. RES. 317

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Friday, August 5, 1977, and that when the Senate adjourns on Saturday, August 6, 1977, they stand adjourned until 12 o'clock meridian on Wednesday September 7, 1977.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I cannot assure the Senate that this will be the last rollcall vote today. I hope that conference reports will come over from the other body. It is possible that there could be a rollcall vote on such. I do not know that there will be any vote on amendments to the public financing bill; it is possible that there could be. So I cannot assure Senators that there will not be further rollcall votes today.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution. The yeas and nays are automatic under the law, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from North Dakota (Mr. BURDICK), the Senator from Iowa (Mr. CULVER), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Washington (Mr. MAGNUSON) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT) is absent due to illness.

The result was announced—yeas 86, nays 2, as follows:

[Rollcall Vote No. 319 Leg.]

YEAS—86

Abourezk	Eastland	Lugar
Allen	Ford	Mathias
Anderson	Garn	Matsunaga
Baker	Glenn	McClure
Bayh	Gravel	McGovern
Biden	Griffin	McIntyre
Brooke	Hansen	Melcher
Bumpers	Hart	Metcalf
Byrd, Harry F., Jr.	Haskell	Metzenbaum
Byrd, Robert C.	Hatch	Morgan
Cannon	Hatfield	Muskie
Case	Hathaway	Nelson
Chafee	Hayakawa	Nunn
Chiles	Heinz	Packwood
Church	Hollings	Pearson
Clark	Huddleston	Pell
Cranston	Inouye	Randolph
Danforth	Jackson	Ribicoff
DeConcini	Javits	Riegle
Dole	Johnston	Roth
Domenici	Kennedy	Sarbanes
Durkin	Laxalt	Sasser
Eagleton	Leahy	Schmitt
	Long	Schweiker
Scott	Stevenson	Wallop
Sparkman	Stone	Weicker
Stafford	Talmadge	Williams
Stennis	Thurmond	Young
Stevens	Tower	Zorinsky

NAYS—2

Helms	Proxmire

NOT VOTING—12

Bartlett	Culver	Magnuson
Bellmon	Curtis	McClellan
Bentsen	Goldwater	Moynihan
Burdick	Humphrey	Percy

So the concurrent resolution (H. Con. Res. 317) was agreed to.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

Mr. SCHMITT. I yield to the Senator from Missouri.

Mr. DANFORTH. Mr. President, on the theory that repetition is at least worth something, and because I really do not believe that there is widespread understanding among some of the opinionmakers in our country as to the real issue involved in this bill, I would like to underscore the first two paragraphs of the editorial in the Washington Star which was placed on our desks this morning. The first two paragraphs of this editorial read as follows:

> The basic question involved in the current debate on campaign financing is this: Should congressional campaigns be financed largely by $1 contributions from American taxpayers or by contributions from special interests?
>
> Stated another way: Should members of Congress be beholden to the American public or to business and union interests that are able to contribute large amounts of cash to campaigns?

Mr. President, that is precisely the issue before the Senate. That is precisely the issue before the country. The only problem with the editorial is that it resolves the question in the wrong way.

The biggest issue before us is the role of special interests in financing elections. But under the public financing law which is now before us nothing is done to restrict special interests spending. Indeed under the case of Buckley against Valeo constitutionally nothing can be done to restrict special interest spending.

What this bill before us does is the opposite of limiting the role of special interests. The bill enhances, increases, magnifies, and distorts the role of special interests in financing a senatorial campaign. And it does it because what the bill would do would be to place a lid on what a candidate's own committee can do on his behalf and, therefore, reduce and minimize the role of the small contributor in supporting a campaign without doing anything at all to limit the role of special interests.

So, if you were for expanding the role of the small contributor, if you were for participation of the little guy in elections, the ordinary citizen in elections, the position to take is to support the position of Senator PACKWOOD providing tax credits for the small contributor. If, on the other than, you want to enhance the role of big business, big labor, and the big sugar daddies in political campaigns, then if you want to do that, you should support the bill that is now before us.

I thank the Senator for yielding.

Mr. SCHMITT. I thank the Senator for his remarks which underscore and italicize the remarks that some of us made earlier relative to that editorial.

I think one of the most important things for us to search for in the course of this debate and in the course of the next several years is the way in which this very difficult problem of minimizing the influence of special interest can in fact be resolved.

I shall have more remarks on that issue later.

I yield to the Senator from Missouri.

Mr. LUGAR. Mr. President, I thank my distinguished colleague, the Senator from New Mexico, for yielding to me for remarks that will cover the general territory of this bill and, at the same time, introduce for consideration of my colleagues four amendments. I shall not call them up today. I, rather, want to take this time to discuss their implications in order that this Chamber will be better prepared to deal with them appropriately and, hopefully, favorably, as the debate proceeds.

I call to the attention of my colleagues the fact that this debate in which we are now engaged on public financing has been characterized by some people in the media and other people outside the media, for that matter, as a filibuster, a suggestion that in some way the delay of vital legislation is occurring through the willfulness of some who simply wish to talk the issue to death.

I would argue quite to the contrary, that I favor a participation by great numbers of people in the financing of political campaigns. The distinguished Senator from Oregon (Mr. PACKWOOD) has in fact presented a way in which that can be handled, in which free men and women in this country can designate precisely to whom they want to have their gifts go when it comes to political contribution. I hope we shall come to the debate of that particular measure in due course.

But, for the moment, we are dealing with S. 926, the Public Financing of Senate General Elections Act, and it seems to me that it is important to note that some very significant things have occurred during this debate.

Specifically, on July 27, 1977, last Wednesday, the distinguished Senator from Oregon's amendment that this act should cover primary elections was debated and voted upon and was not accepted by this Chamber by a vote of 37 to 56.

I believe that most students of constitutional government, quite apart from election procedures, would agree that was a very significant vote and a very important debate that preceded it.

As a matter of fact, many proponents of this general measure have argued in the past that it was vital that primaries be covered in addition to general elections, that there could not be equity in the hybrid form of elections we have in this country unless primaries were covered.

Why? Because in some States the primary is the election. We have 50 different situations in Senate elections. It makes no sense to be talking about general elections alone if some of the general elections are uncontested.

It makes no sense, in fact, to talk about general elections at all in some States in which one of the major parties, in this case the Republican Party, is disqualified even from receiving funds for its candidates due to the poor showing in previous elections or the lack of the fact the election was contested.

But amazingly enough, all of that was blurred in that particular vote. I cite the fact that this entire debate is being characterized as something of a nondebate by the fact that the issue of the Hatfield amendment was not even the subject of any of the three major television broadcasts that evening. It was deemed such an inconsequential affair. Supposedly, this whole area is a nonissue. It may be that a great number of people in the country have already decided by common consent that this bill ought to pass, as is, and, therefore, attempts to amend it, even to debate it, are not given credence.

I cite for the record the fact that the NBC Nightly News on the evening of July 27 gave 31 seconds to the Jeffersonville, Ind., police issue. They are giving out an inordinate number of traffic tickets to raise money for their raise. That was worth 31 seconds.

The Hatfield amendment and all of the preceding debate got nothing at all.

I think that there is something wrong about that. That is why we are engaged in this debate, and why we are going to pursue it until the country takes seriously the fact that election laws are in process of being changed significantly, that power relationships in this country are about to be changed significantly, in which the relationship of parties is in the process of being changed significantly.

We think that is wrong and we are inclined to continue to say that with some vehemence simply because we believe at some point the media in this country will carry this story. They will begin to perceive the difficulties of this particular bill and then begin to look at what we really need to think about if we are genuinely interested in reform in this country.

(Mr. SARBANES assumed the chair.)

Mr. SCHMITT. Will the Senator yield?

Mr. LUGAR. I am happy to yield to the Senator from New Mexico.

Mr. SCHMITT. I just point out, as I pointed out after the cloture vote, that once again we are dealing with an empty press gallery. So we have not quite made it yet.

I think it is important that the remarks we make here are transmitted by ourselves now to our constituencies and see if it is not possible, at least in the countryside, outside of Washington, to get this issue before the public.

The Senator is absolutely correct. This issue is not being brought before the public by the media, by the national media, except in grossly distorted form, such as this editorial which the Senator from Missouri has already commented on that appeared in the Washington Star this afternoon.

I thank the Senator.

Mr. LUGAR. I thank the Senator for his observation.

I would simply point out that once again the editorial he has cited is another which simply takes for granted that S. 926 is a piece of heaven-sent legislation, that without amendment ought to be passed. We just simply have to point out the problems of this legislation and how little it does to measure up to the great hopes of the American people for genuine reform in campaign finance.

I cite a piece of evidence which has been widely used in this debate, but it is important simply to meet this issue. The Gallup poll of May 5, 1977, asked the American public the general question, Are you in favor of public financing for congressional campaigns?" And in a national sample of 1,550 adults, 57 percent said that they thought it was a good idea, 32 percent thought it was a poor idea, and 11 percent had no opinion.

Let us examine that because, essentially, this is the fundamental piece of data relied upon by the proponents of this bill.

First of all, they are making the specious claim that the bill we are considerin is a good example of public financing.

I want to argue as these remarks proceed how little it fulfills those objectives. But let us face the fact that a large number of people in this country, apparently 57 percent to 32 percent, like the general idea of public financing, the thought that there ought to be widespread contributions.

Stated another way, and I think getting at the heart of the matter, is the fact that certain special interests in this country through campaign financing procedures have too much of a hold on various Senators and that these holds come during campaigns, primary campaigns, general election campaigns, that somehow a Senator who has received money in a campaign contribution is likely to be more interested in that point of view, and a lot of people in the general public do not like that idea, and I do not like that idea, either.

First of all, I would say from my own personal experience with this body that I have seen very little evidence that any Senator's vote, under any circumstance, might have been influenced by a campaign contribution.

I find the whole idea to be repugnant on the face of it.

But secondly, it just seems to me important to say that with regard to campaign finance, we have got to find a system that still preserves the freedom of choice of an American to contribute to a candidate that he or she likes.

There is no particular purpose to be served by suggesting that, as a taxpayer, I ought to be financing a lot of people whose ideas I find to be anathema. That clearly is not public financing in the sense I think that most Americans want to see it.

I do not think most Americans have any idea of the contents of this bill, that any qualifying candidate immediately receives $250,000 to start a campaign for the U.S. Senate from all of the checkoffs of people around the country.

Let me just suggest, and in due course I want to cite some figures as to what Americans have felt about this checkoff system, that already a majority of people who have said, "Yes," or "No," on their Internal Revenue Service forms have said, "No," that they did not want to contribute at all even to the ballyhooed Presidential election situation, often cited as a great success story. Overwhelming numbers said, "No" on both the 1974 and 1975 forms.

They have not yet been asked the question about the Senate, but I see no evidence whatsoever that they would say anything but "No" again, by tens of millions.

Clearly, Americans do not want to be forced involuntarily to contribute to campaigns of people willy-nilly, without an idea where they stand and who they are and what sort of people they are. Americans, I believe, want a system in which it is possible to contribute and in which there are incentives to contribute to campaigns, to become involved in politics with people with whom they aline themselves in their thoughts, whom they find inspiring, who have the characteristics of statesmanship. I think that is what we have to look at and against which we should measure any idea of campaign financing.

With regard to my own constituents in the State of Indiana, thus far, the latest count I have on this particular issue indicates that I have received 68 communications—that is, cards, letters, telegrams, any indication—from people who are in favor of this bill, S. 926. From those opposed to this bill, I have received 1,756 communications. It is not even a close issue.

I should like to add one more footnote to this thought, and that is that I have received 577 communications from people who are asking me to vote for cloture. Presumably, many of these people favor the bill. I suppose it is a fair inference that if they want me to vote to cut off all debate, their minds were made up a long time ago.

It is interesting that only 68 people have taken time to spell out why they think this bill is meaningful and good, when the whole campaign of those who apparently favor this bill is simply to take the position that this debate is a general frustration, and 577 have asked me to vote for cloture.

I have written to all 577 and indicated that if ever debate was needed and cloture was not needed, it is in this instance.

Clearly, most of those constituents writing to me have no idea of the contents of this bill, and cloture would deprive them and my colleagues on this floor from some idea of what is in this bill.

However, even after I have talked about the 577 and the 68, by a majority of 3 to 1, my constituents do not want any part of S. 926. They would be outraged if I were not sensitive to their thoughts about this issue.

I will admit, Mr. President, that I have communicated with my constituents by radio and by television and by press releases, so that they are going to be informed. Whether they get that news in any other way, they are going to know—at least in Indiana—what is in this bill. I commend that situation to each of my colleagues.

If, in fact, we are not going to have coverage of the monumental issues involved here, it is incumbent upon Members of this body to make certain that the citizens we represent do know what is about to befall them.

Why, in general, do we oppose S. 926? First of all, I have touched on the freedom of choice issue, and it is an important one. In this country, we still have the right to vote for people for whom we want to vote; and in a very real sense, that is the reason why we are talking about campaign financing.

Dollars contributed to a campaign are votes. A dollar put into a campaign of a candidate who uses that dollar efficiently is an effective instrument. As a matter of fact, in the State from which I come, the State of Indiana, the amount of money spent in terms of dollars was less than the number of votes cast on both sides, Democratic and Republican, in the last election. This is not to say that the expenditure of $1 in most States is going to be productive of one vote. The fact is that these dollars are important weapons. They are votes.

I could take dollars willy-nilly from everybody in this country and apply them all around. We are casting votes for people. There are effective power changes through this instrument.

What we are saying—those of us who oppose S. 926—is that it is unconscionable to take money from people to cast it in behalf of others, without any freedom of choice by the citizens involved in this. As a matter of fact, it seems to me that this point really has no refutation.

People say, "After all, money is involuntarily spent for a lot of things in this country." Some people do not like the defense budget; other people do not like social security; and, by and large, somehow we spend it, and you have to sort of live with it. But usually we have limited that argument when it comes to the most classic case, and that is the selection of people who will govern us.

Somehow or other, we do not use that kind of argument willy-nilly—at least to this point and this respect—with the exception of the oft-cited Presidential campaign of 1976. I suspect that much has been made of what occurred in that type of financing, but I want to touch upon that for just a moment.

Mr. SCHMITT. Mr. President, will the Senator yield for a question, first?

Mr. LUGAR. I yield.

Mr. SCHMITT. On the issue of financing, I notice that by the table in the committee report, for the Senator to have qualified in the last election as a minor candidate, he would have had to raise almost $100,000—$99,900. Can the Senator make any estimate of when he would have reached that limit in the course of his campaign? These are dollars from contributors of $100 or less.

Mr. LUGAR. The Senator raises a very poignant consideration, because these experiences still are very close to me.

Mr. SCHMITT. If it is difficult for the Senator to talk about this poignant situation, I will withdraw the question.

Mr. LUGAR. It is difficult, but I shall, in any event, describe my plight.

The fact is that, through the defeat of the Hatfield amendment, we have already eliminated the primaries altogether from this consideration. So to take the graphic case of the primary elections and the senatorial situation in Indiana last year, I had to start from scratch in raising money to win a primary.

It was a contested primary in which a very distinguished former Governor of our State, Edgar Whitcomb, was one of the competitors, and a grocer from Valparaiso, Mr. Costas, was another.

It was by no means clear that I would win that primary. At least, I did not feel that degree of confidence; nor was confidence shared by the press or other people in my party. As a result, I tried to raise money for a six-media area primary campaign, which means the need to raise money for television commercials, both production and dissemination, in six areas, plus the amounts needed for a considerable amount of travel during the 4 months that preceded the early May primary election in Indiana.

To summarize, I had to raise more than $190,000 during that particular primary campaign, and I spent almost all of that, as I recall, within $4,000, by May.

Mr. SCHMITT. So the Senator was not putting any money away for matching.

Mr. LUGAR. I could not possibly put money away. I was raising money right through the night of the primary election, simply to pay for the television commercials and the radio broadcasts and other things we were attempting to do, which means I would have come through that primary with no money that would have been eligible for the match, no money at all.

As a matter of fact, the next 2 or 3 weeks had to be spent to make certain we had the bills covered from the primary, and that was a very tough task because people were tired after the primary. The Republican Party was exhausted from its three-candidate statewide affair. There was no money sitting out there of any quantity. Mr. President, $100 or less or $100 or more were gone.

To answer the Senator's question as to when we reached $100,000, I would suspect that another 60 days went by, including many receptions and many local and county affairs, so that I cannot imagine we would have qualified for the first dollar of the matching situation for at least 60 days into that campaign and, of course, the campaign had turned into a different sort of campaign; that is, as far as my opponent in the fall, it was conceivable that the money might not have been available for quite a long time after that. That was, the nature of the campaign was, such that it assisted us.

Mr. SCHMITT. Does the Senator have any information on when his incumbent opponent would have reached the point of where he would have had matching funds available?

Mr. LUGAR. My incumbent opponent began to raise money in 1975 and, perhaps, before then, for this race. He was successful in raising a large sum of money, as a matter of fact, and I presume it was his intention to have all of that in hand. But he was frustrated in that ambition because a campaign opponent filed against him, Representative Hayes in the Eighth District of Indiana. Even then my opponent husbanded his funds. But, finally, facing a very tough challenge, he began to spend them and, to the best of my knowledge, spent all of them, well over $300,000, before the primary election was concluded.

So I suspect in that regard due to the fortuitous circumstances of that opposition he was in about as bad a shape as I was at that time. We were both completely out of money and no prospects financially at all for fighting the fall campaign.

Mr. SCHMITT. You would have to say that might have been an unusual situation for an incumbent, three-term incumbent, as I recall, to face that level of primary opposition?

Mr. LUGAR. Yes, I would think the situation was an unusual one. I suppose, while we are on that general subject, the situation was even more unusual in that my opponent, as published by Common Cause, and these figures picked up again in the Congressional Quarterly, received more money from special interest, business, and labor in total than any other candidate in the Senate in the entire United States of America in 1976.

I think this is an interesting point because so much is being made of special interests. Here is a man who received more money from special interests than any other person running for office last year for the U.S. Senate, and still would have had real problems. In my judgment, he would never have qualified for very much matching funds because all the money came in large amounts, with the exception of very small bits and pieces along the way.

Maybe he would not have been precluded from having much of a campaign at all, but the fact is that with all of that special interest money, and a record amount really—and Indiana is not the largest State in the Union, we had about 2¼ million votes cast, and a good many had more than that—I suppose I need to make the point that with all of that special interest money in there it did not do him any good. He lost by 407,000 votes, 59 percent to 41 percent.

Now, those who are making a big case about special interest money have to look at the facts on occasion, and the facts are clearly that special interest money does not equate to victory even with an incumbent. There are other qualities.

I know the Senator from New Mexico had a similar situation, and I would ask him to describe what special interest money meant in his campaign.

Mr. SCHMITT. It obviously was not successful in determining the outcome of the campaign. But my situation was such that my incumbent opponent did not have a primary—he had a primary oppo-

nent but one who was not well-financed, was not thought to be a problem, and my opponent reacted in the same way. So the ability to qualify for matching money in the case of my opponent in New Mexico would have been very different from mine.

I faced the same situation the Senator from Indiana faced since after the day of the primary I had to start over again in terms of financing, whereas that would not have applied to my opponent.

I figure it would have taken about the same 60 days, well into August if not September, before I would have reached a point where I would have qualified had I been a minor candidate. I think that is the important point: that this bill, as it now stands is discriminatory and it is discriminatory in very strange and weird ways. We are putting in the hands of a Federal bureaucracy the power to determine when the qualification occurs, and how to discriminate between candidates and I think that is one of the most fundamental flaws of the bill we are considering.

I thank the Senator for his comments.

Mr. LUGAR. I thank the Senator for his questions.

The Senator from New Mexico and I were in conversation with one of our colleagues a few moments before this colloquy began, and our colleague asked, "Why are you in favor of a situation—" or to state it another way, "Why are you opposed to S. 926 that might be very helpful to people who are challengers, who are in a minority party situation?"

I replied to him—and this reply is one I would like to bring before this body—that essentially the large sums of money in most Senate campaigns are not the sums of money that are being covered by this bill. Clearly the money that was contributed to the Lugar for Senate committee or to the Hartke for Senate committee in the State of Indiana, these funds have been detailed. The Federal Election Commission can tell you dollar for dollar how much was spent at each point along the trail.

What I would like to say is simply that this is the tip of the iceberg of money spent in politics. Why do I say that? Well, I saw during the campaign in which I was just involved what purported to be internal communications—by that I mean pamphlets published by employee organizations, sometimes labor unions, sometimes the educational association; on occasion, but on many fewer occasions, publications of stockholders of businesses. They were communicating with each other about the election.

All of those communications are not covered. In short, a labor union, a group of stockholders, a group of anybody covered by the Federal election law can communicate with one another, and they do so by the hundreds of thousands of dollars in a State election. They do so, according to the National Journal article of March 19, 1977, by the millions of dollars at the national level. That is the significant special interest money that is beyond the pale of this legislation. This legislation does not touch special interests, in fact.

If a labor union, if a corporation, if an educational association, is a special interest, these people can continue to publish and to send letters and, in fact, to make television programs, to make radio spots, all under the guise of communicating with one another.

They did so throughout 1976 and presumably, will continue to do so. The small amounts of money this bill involves, and they are all small relative to the amount of money in politics, these sums are not nearly so influential as the proponents of the bill purport them to be.

If we were serious, really serious, about special interest money, we would take a look at all the money that is spent in election campaigns, at all the brochures, at all the phone banks, at all of the registration devices whereby people are isolated to be registered, herded to the polls, rung up by all sorts of people, all of whom do not claim to be Republicans, Democrats, or in any other way affiliated, but simply say they are communicating with one another.

This bill does not touch that, and that is why it is a mockery to suggest that this is a control of special interest money. The fact is that current election law limits the amount of money a special interest can put on the barrelhead in an up front way, and those sums have been limited, very substantially limited, and many would feel too severely limited, so that the freedom of speech of labor unions, of educational associations, of business employees, has, in fact, been limited by this. But that is another argument and another bill.

We are talking now about a so-called attempt to bring about public financing, and I am suggesting that in a realistic look at moneys in campaigns, one would appreciate how much is totally beyond the pale of this bill.

I want to make two points with regard to incumbency and reform, and I quote from a letter sent to each of us in this body by the Women's Campaign Fund. It is dated July 26, 1977, and the first paragraph says:

> We are writing to express several concerns of the National Women's Political Caucus and the Women's Campaign Funds in relation to those you are considering to provide for public financing of U.S. Senate campaigns and amend the Federal Election Campaign Act of 1971.

The critical paragraph is paragraph 4. and they suggest that "We are, therefore. concerned," and they underline this sentence, "We are, therefore, concerned the present $5,000 limit placed on political action committee donations in the primary and the general elections not be lowered."

Let us catch the nuance of this. The National Women's Political Caucus is concerned that the limit of $5,000 may in fact not be enough and they suggest that early seed money given in carefully selected races could be of critical importance to establish a funding floor for women candidates giving them an opportunity to gain an earlier credibility that will allow them to compete for the dollars and votes for their opponents.

In essence, they are suggesting, as many have who are women, who are members of minority groups in this country, who for that matter are minority Republicans, trying to gain some sort of a threshold situation, that right now the limits are severe ones for anyone trying to buck the system. They are pleading with us not to create further limits on what would have to be called a special interest contribution, a political action committee contribution.

The women are saying, "We want the PAC's to be able to give at least the $5,000. This is absolutely critical to unleashing more money."

Along the same line comes a letter from the League of Conservation Voters Campaign Fund. These are people involved in environmental situations. They set forward as their No. 1 specification for our consideration:

> No. 1, set spending limits high enough so that challengers, even in the most expensive districts, can still spend enough money to mount an effective campaign. Remember the challenger must pay for many services that the incumbent gets for free. We suggest limits of $150,00 per House selection and—

catch this—

> $500,000 or 25 cents times voting age population, whichever is greater, per Senate election.

The League of Conservation Voters are suggesting that the limits of this bill are far too low for successful challenges. That is someone who is deeply concerned in the environmental area.

I think it is just very interesting that when people who are interested in reform, and I am interested in reform and most of us on this floor are interested in reform, very rapidly we find that the limits now imposed are extraordinarily severe, and let me just simply say the limits suggested by S. 926 compound that problem. They simply do not have a relationship to the amounts of money needed by a challenger, whether it be a conservationist, or woman, or black, or a Republican, to get the job done.

I think that we are going to have to take a harsh look at the actual nitty-gritty of the figures of this situation that have been highly glossed over by those who want to rush to vote, to rush to cloture, to end debate, to terminate the consideration of this bill. We are talking about public funds and we are talking, worse still, about the limiting of entry to our political system, not the opening up of it but the limiting of entry. This is an incumbents' bill, as stated many times but only too true.

I want to suggest today for consideration of my colleagues four amendments that I will offer in due course. I do not plan to call them down today and I do not plan to ask for a vote or any formal consideration. I do ask for the thoughtful time and effort that it takes to focus on how these four amendments might be helpful if we are to have S. 926 or a reasonable facsimile thereof.

The first amendment that I am going to suggest, which has a number of 539, changes the effective date of this legislation from 1977 to 1983.

Why would I want to make a change of 6 years in the application of any of this? For one very good reason, and that is I believe the American public will find it unconscionable if we vote for ourselves

in any campaigns that we might be involved $250,000 of campaign fund money as a starter, plus the formula per number of eligible voters in our States that the law provides for. Specifically in my State, it would be well over $600,000 of potential finance for a general election campaign.

I think this is a point that most citizens in this country may have missed but I hope will be picked up, and that is that this body is being asked seriously to vote moneys for our own campaigns, and I suggest that if we are to consider this legislation seriously we want to make certain that we do not vote it into the election campaign of any incumbent now sitting in this Chamber.

Already it would appear to me that waves of criticism have cascaded across Congress, much of it I believe unfair, but waves indeed, with regard to the pay raise. Let me just say the pay raise in relationship to the sums of money we are talking about here is chicken feed. These are huge sums of money. They are of value to us. Anyone in this Chamber knows that. We know how hard you have to scrape to raise $250,000.

And we are about to say, albeit through so-called reform legislation, that we vote ourselves $250,000 off the bat and additional sums, whatever the final formula comes out to be per voter in our State, so that we can campaign successfully for reelection.

It just seems to me, even a Senator who strongly believes in this bill, whatever merit it must have, would be strongly put off, I would hope, in voting for these funds for his campaign.

So, amendment No. 539 has a very simple purpose, but it is an important one. It gets to the heart of the incumbency issue.

The Americans for Democratic Action have pointed out, at least they believe the advantages we already have as incumbents are worth approximately $488,000 a year.

Some of these cannot be separated from the duties that we perform. We all write letters. We give speeches. We entertain constituents. But the fact is these are inseparable from successful campaigning. Many political scientists have pointed out that an incumbent who really does a good job of answering the mail, returning to his home district with frequency, entertaining constituents well, voting on every issue, and attending all committee meetings is unbeatable. The facts of incumbency are here for those who handle it well. All I am suggesting is the Americans for Democratic Action actually reduce this to a figure of $488,000 and I would suggest that that was some time ago and they may have understated it, inflation being what it is.

The facts of life are that incumbency was perceived by most people running in the 1976 elections to be a very strong factor.

The Federal Election Commission poll has been cited in committee hearings and touched upon in general debate, but I simply want to read it because it is so devastating on this point.

The question was, did it actually increase the advantage of incumbents?

Forty-six percent of all the people who ran last year who were polled—850 people were polled—strongly agreed that incumbency gave a great advantage. Another 26 percent agreed. So that 72 percent, altogether, felt that incumbency made a big difference. That is among incumbents and challengers both.

And here is the heart of the matter: The next question was, Did the FEC Act encourage other people to run, because it put them all on an equal footing? Well, 46 percent disagreed strongly, 18 percent disagreed less strongly, and 16 percent agreed in a way.

In short, the bills we have already brought to the floor, which we are in the process of trying to amend here, are perceived by both incumbents and challengers to be strong pro-incumbent, and strongly not in favor of other people getting in.

But we are about to vote for ourselves, in addition to the advantages already enjoyed by incumbents, $250,000 for our next campaign, plus additional matching funds. That is going to be a discouragement.

Let me cite from my own experience the fact that in 1974, when I ran for the U.S. Senate unsuccessfully, I had at that point the option of raising over a million dollars in our campaign, which I did—closer to $1.2 million—in an unsuccessful campaign. I was a challenger. I was able to raise more money than the incumbent. That was the only hope of winning in that particular situation.

It has been said, you see, that we are trying to gain equity and trying to gain fairness, but politics on the whole is an unfair situation. Things are never equal across the board. Money is only one part of that.

The fact is that in 1974, the parties were not equally advantaged. Most political scientists believe that a strong cascade of anti-Watergate sentiment punished many Republican candidates generally. That was unfair if true, but it was probably a greater impact than campaign financing on the outcome of the election.

If we were to go through the logic of this thing, the fact is that rarely are candidates equally well known at the beginning of an election campaign. Some candidates who are unknown are going to have to spend very large sums to gain recognition. They may be severely limited by a formula. They will clearly be severely limited by a formula if, in fact, the incumbent opponent has no problems in getting campaign financing, and is equal to all the esprit de corps of the challenger coming on.

So I ask for careful consideration of my amendment No. 539, which would pass all the application of this measure back at least 6 years, so that each one of us would at least have to run for reelection on our own power.

The second amendment I shall offer, in due course, is No. 540. This changes the expenditure ceiling formula to reflect differences in the lengths of general election campaigns.

Our research has indicated that most States have very different lengths of campaigns. They are surprisingly different. For example, we found that the primary date in the State of Alabama is May 4, which is 181 days before the general election, whereas in the State of Alaska, which comes right behind it in the alphabet, the primary is on August 24, just 70 days before the general election.

The question arises that this bill provides $250,000 for each election, quite apart from the length of the general election campaign. With the defeat of the Hatfield amendment we have already stricken out consideration of primary elections, which I believe was unwise; we ought to have taken the whole cloth. But a majority of this body, for some strange reasons, decided we would take just a part of the cloth.

In the case of a State such as Colorado, for instance, that could mean only a 56-day election campaign period. Should the same $250,000 be placed in the campaign coffers of both of the major challengers and an independent who might qualify in Colorado for 56 days, as is allotted to the State of Illinois, which has 229 days from a March 16 primary to the November election?

We think not. As a matter of fact, we believe that the fairest way of resolving this problem and this is what my amendment 540 provides—is that we take a mean of all of the general election campaigns. We have found that to be 120 days. That would mean that if a primary election was held in a State exactly 120 days before the general election, then the formula would be funded 100 percent; but if in fact the primary election is just 60 days before the general election, we believe that the money ought to be reduced by one-half, with a ratio of 60 to a divisor of 120.

Or, to take the Illinois situation, in that case, a 229-day situation, we believe that funds ought to be increased substantially by a formula of 229 divided by 120; in short, that we ought to tailor, since we are going to take general election campaigns only, the sum of money which is appropriate to the length of the campaign.

Those of us who have been involved in general election campaigns will appreciate that every day of the campaign is costly. It simply is not true that a 40-day campaign is as costly as a 220-day campaign, and if we are to bring about a certain degree of equity, we believe it makes good sense to simply recognize the variety of State laws and primary and general election situations that we have, and provide, at least in the formulas and in the changes, that degree of equity. That is provided by my amendment No. 540, which I am hopeful will be thoughtfully considered by my colleagues.

Amendment 541, which I shall call up and bring to the attention of this body in due course, provides for a very fundamental change in the way in which we find how many Americans are going to support any and all of this. At present, as most taxpayers know, there is on the first page of the Internal Revenue Service tax return form a question that asks whether you want to be involved in the

checkoff for the presidential campaign, and the last two, that is, the 1974 and 1975 forms, have had a place to say "yes," and also gave you a chance to say "no."

It is interesting that of all the taxpayers who have answered that question, only 27 percent have said "yes," even though it was explained on the tax form that that dollar had already been taxed from that American taxpayer; it was simply a question of whether he wanted to allocate a dollar already taxed from him or from her to the Presidential campaign. And yet, given a no-cost feature, only 27 percent of the American taxpayers said "yes."

Well, in fact, that is a diversion of money that belongs to the Treasury. It could have been spent on defense; it could have been spent on health care; it could have been spent on any number of other things. It was taken away from those situations and spent on the Presidential campaign.

The gist of my amendment No. 541 is to repeal that rather involuntary sending around of money that only 27 percent of the Americans approved of anyway, and to give an opportunity to the taxpayers who really feel strongly about their need to participate in these campaigns to indicate they would like $1 more put on their tax bills for the benefit of Senate candidates campaigning in this country. Let us put it on that basis.

If, in fact, there is such widespread desire for public financing in this country of this sort of character, let us let people indicate that in a very easy way. Almost all of us as taxpayers have to fill out that form. Very readily we can check whether we want to pay $1 more for Senate candidates or not. In the event a great number of people do not decide to do that, I would suggest that this whole scheme is likely to collapse of its own weight.

The amazing thing, I believe, is that 6 million Americans, as best we can tell, are already making contributions to candidates of their choices in political campaigns. That has been derided by many who have said only 2 or 3 percent of Americans are making contributions. That is about 6 million Americans, representing a lot of contributions.

As I will argue in behalf of the amendment of the distinguished Senator from Oregon, if, in fact, we are serious about widespread contributions, then we will give tax credits to people who make small contributions, if, in fact, that is our purpose, and I think it is a reasonable one, to spread out the financing, to get us all involved.

We will make those contributions voluntarily to candidates of our choice and receive a credit for a certain amount of those contributions, as opposed to what is almost a withholding tax situation, of which a very small minority of the Americans approve even though they know it will not cost them anything.

I believe this is a serious issue which the proponents of this bill are going to have to face. The fact is that it is not demonstrable at all that a majority of Americans want to contribute to the election campaigns of Senators. It is not demonstrable at all. My guess is if we went out on the streets of Washington, D.C., this afternoon and stopped the first 100 people, asking, "Would you give $1 for any U.S. Senator's reelection campaign?" the number of people who answer in the affirmative will be very small.

Maybe we can increase that degree of participation. The proponents of this bill are suggesting "We do not really raise that question. We just take the money and tell the American public it is for a good purpose, that it will somehow diminish special interest," which, without further argument, they believe they will accept.

I am trying to argue this afternoon the special interests will still be there. They will still be communicating with one another. As the National Journal pointed out, they will still probably be spending as much as $8.5 million, which they spent last year in the Presidential campaign, with none of it reported. It did not have to be reported.

Somehow we have to get the idea through our heads that there is a lot of money in political campaigns, and very little of it has anything to do with all the regulations we are talking about now. That is what the special interest money argument is really about.

If we were to go after that, we would curtail freedom of speech. We would directly violate the first amendment. I am not in favor of doing that. Why, in fact, should we be involved in this argument today, trying to convince ourselves that somehow we are curtailing special interests, when we are curtailing many legitimate contributions while the special interests proceed without any curbing whatsoever?

This, of course, has led me to oppose the bill, and to suggest that we ought to beef up the way in which interested Americans really become involved through offering tax credits.

A fourth amendment that I shall offer is amendment No. 597. It is a very simple amendment, but it gets to the heart of our constitutional system in this country, our Federal system of the relationship of States and the Federal Government.

I have noticed in other articles about the so-called campaign and election reform legislation that President Carter has suggested to some that a compromise might be struck on the so-called instant registration voter bill. That, as my colleagues know, is a scheme for the same-day registration of voters who might come to the polls.

There has been widespread criticism, understandably, of such a scheme on the basis of potential fraud. I have offered some criticism. I can cite unhappy instances from elections in my home State, from elections, as a matter of fact, in the city where I served as mayor for 8 years. Anyone arguing that there would not be fraud in same-day voter registration is seriously in error.

In 1966 I was involved as a campaign manager for someone running for Congress from the inner city of Indianapolis. I interviewed people who described how they knew of people who voted as many as seven times in Indianapolis. That is not too many years down the trail.

In 1967 when I was trying to run for mayor, we tried to construct defense against that type of thing, to hold it down to a dull roar. The fact is that in some cities and some States of this Union the possibilities if not probabilities of voter fraud are very substantial.

The President has apparently recognized that, to his credit. He said we must preserve the diversity of these 50 States.

In short, as I understand his suggestion to the proponents of the instant voter registration bill, he thinks it ought to be adopted only where a State government indicates that that should be the pattern.

In other words, in this country, by and large, we have left to the various 50 States the rules of the ball game with regard to the conduct of elections. That is one reason, as we discussed earlier this afternoon, we have a variety of dates on which we have primaries in this country. It is not by accident. Various State legislatures, various traditions of our peoples, sometimes affected by the weather, by crops, by commerce, have decided to hold elections at different times. We recognize that in the diversity of our plural system of decisionmaking.

I am going to suggest in my amendment No. 597 that the bill, S. 926, to provide for public financing of primary and general elections for the U.S. Senate, should occur in any State which, through specific legislation, has accepted the provisions of this bill. In short, let us leave it to the 50 States. Those that find some merit in this sort of thing, perhaps in instant voter registration, other so-called reforms, may adopt it, maybe with pride. But other State legislatures will perhaps take a different viewpoint.

I believe it will be healthy to have those debates. I commenced these remarks this afternoon by pointing out that the Hatfield amendment on Wednesday, July 27, 1977, was a very important amendment with regard to this whole idea, and it was not even covered on a national television program. As a matter of fact, this entire debate, quite apart from the Hatfield amendment, which was a climax of a certain portion of it, has been barely noticed at all.

I am certain that if this sort of legislation arose in the Indiana General Assembly it would be covered, it would be observed. As a matter of fact, hundreds if not thousands of people would not only be aware of the situation, but they would be at the State capitol offering their viewpoints with regard to it. I believe that is important.

One of the greatest mistakes we could make in this body is simply to pass upon fundamental legislation affecting our political parties and our method of campaign financing in almost a vacuum, without coverage, without notice, without citizen participation.

So for all these reasons I am going to ask, in due course, for favorable consideration by proponents of this legislation and opponents alike. I have proceeded, as most of my colleagues, I am certain, in a constructive way. I have indicated at the outset that I opposed the bill. I think generally it is miscast.

I intend to suggest four ways in which, if it is to become the law of the land, it

seems to me that it will be better law. I have tried to move in a constructive fashion and to discuss, as best I can, my general reading of the lay of the land and the specific ways in which we might ameliorate this distress.

Mr. President, it seems to me, at this stage in our debate, that we should take time to see precisely where we are and where we are headed; that we take a look at each paragraph and each page of this bill. It is going to vitally affect not only our political lives but, more importantly, the politicial vitality of the country.

I am grateful for the sincerity of the proponents, who are for public participation and for cutting special interests. But I hope that they are mindful of the fact that special interests will continue. Public participation must still be stimulated. I am hopeful we shall look now toward tax credits or another alternative that does not stifle that degree of competition and that, in fact, enhances the interest of Americans in participating as voters and as debaters and campaigners and those who are willing to give at least modest amounts of money to an election campaign.

I want at this point to yield to my distinguished colleague, the Senator from Oregon.

(Mr. HUDDLESTON assumed the chair.)

Mr. HATFIELD. Mr. President, I rise to make a few observations and to commend the Senator from Indiana for a number of reasons.

I think that the Senator from Indiana has carried on this debate, this discussion, in a very constructive manner. We read a lot about this subject. It is mostly on the question of whether there is a filibuster going on or not. I think if one wants to make an accurate and proper delineation between what we call extended discussion and filibuster, one has a good example in this particular debate now, the evidence produced by the Senator from Indiana.

That, simply, is that I think that, in a filibuster, it has been historically true that this body has heard a lot of irrelevant discussion. I can remember, as a boy growing up, reading about the filibusters in the Senate when they were reading from recipe books and from telephone books and anything else, just to stall and take up time. I defy anyone on this floor, or elsewhere on the American public scene, to make that kind of accusation about the quality and character of this discussion that has been engaged in by the opponents of this measure—and the proponents as well.

I think it has been a high-level discussion and debate, in that it has been constructive in offering alternatives, offering amendments, offering ways, even, to improve upon a bill that some of us on the opponents' side cannot support from the basic principle of public financing, yet recognize that perhaps our view will not prevail in the end; therefore, we would like at least to get an equitable, fair, and good bill out.

The Senator from Indiana has carried on in that particular vein. I think the four amendments that he has offered and that he has discussed in preliminary fashion today illustrates not only his desire but the desire of all that I know on the opponents' side to maintain a high level of discussion and debate on this issue. That is for a number of reasons, which the Senator from Indiana so eloquently pointed out. The Senator from Indiana comes to the U.S. Senate from a very outstanding career as the mayor of one of the outstanding cities in this country, Indianapolis.

I do not think there is any public office more on the day-to-day firing line than that of mayor of a large city. Large cities have problems that are exacerbated, oftentimes, by the neglect of the rural areas, which increases the in-city migration. There are many other problems which are just inherent to a large city, where there is a gathering of people and a concentration of population. A mayor, therefore, of any large city, particularly one who has demonstrated in his career that he is sensitive and open and a mayor who is responsive to the people, like the former mayor of Indianapolis, the Senator from Indiana (Mr. LUGAR), has a special and unique way of keeping in touch with the pulse and opinion of the people. We who are Senators are, supposedly, insulated to some degree, with a 61year term, and represent a State.

As a representative of a State, you are removed, as I am, some 2,800 miles from that State. It is increasingly difficult, as I am sure the Senator from Indiana has found, to maintain sound, good, and effective communication with the constituency he represents, especially in comparison to when he was in city hall. People could come down and knock on his door just by getting off at the closest bus stop. People could call him without a long distance toll. People knew where he lived, the neighborhood he lived in, and called on him even after hours, on the front doorstep.

This is the life of the mayor of a city. He is accessible. He is closest of all political officeholders that I know of to the people. So when the former mayor of Indianapolis, presently a U.S. Senator (Mr. LUGAR), indicates what the people are thinking, what their feelings are, I think we should listen with great attention.

I want to thank the Senator for this particular contribution he has made today. Contributions have been made by each individual who has risen on the floor to speak.

I note the Senator from California (Mr. HAYAKAWA) who spoke yesterday on this subject, a man who comes from an educational background. He is in his first term in the Senate, therefore much closer to an election constituency relationship, having just been elected last year.

I think their statements are both examples of how these two men, have brought to our attention probably a greater sensitivity and understanding of what the people really feel about this subject than the rest of us here, who have either been here for years or who have not served in local governments or on a university campus, where, again, a professor has such close ties with his constituents.

Mr. LUGAR. Will the Senator yield for a brief comment?

Mr. HATFIELD. Yes.

Mr. LUGAR. I am intrigued by the Senator's mention of the mayoral situation and grateful for the general comments he made about my experience and service there. During the course of my remarks, in reference to my amendment No. 597, I pointed out that if this same bill were being considered in the Indiana State capitol, not only would the galleries be filled, but, as a matter of fact, so would the papers, so would the television stations. Enormous public interest would focus on this and I suspect the bill would not go very far, as a matter of fact, so much of the focus would be negative.

If we really want to see intense grassroots reaction, perhaps the Senator from Oregon will conjure up in his imagination what a debate in the city hall of Indianapolis would be like, in which members of the city and county councils come before their fellow citizens and suggest that each of them has a campaign, each of them, every 4 years, is running in constituencies there in our unified government that covers each one of them—about 30 or 35,000 people. If they were to ask the public in Indianapolis to put X number of dollars up front as soon as they qualify in a primary and then take a look at the total number of voters in their district and apply a formula, I cannot imagine that anyone in this body seriously believes that such an ordinance would pass in any city hall in this country. The reason it would not pass is that the citizens would be there. They would know the nature of the debate and the nature of what we are talking about.

The only possibility that S. 926 has of passing is that this body is so remote from the citizens of the United States, word of this debate is so remote, as a matter of fact, from the general consciousness of the public, that all of this might occur in a vacuum and in isolation from the citizens around us. The citizens in the gallery today can only be a very, very small part of the body politic of our country. They are going to have a heavy burden, I think, carrying this message back to the grassroots.

But in this body if we are honest about it and think of ourselves as if we were city councilmen, or even State legislators, really arguing this in front of our constituents, maybe we would come to a sobering realization about what an "Alice in Wonderland" this whole thing is.

I appreciate the intriguing observation of the Senator from Oregon that has stimulated me to make these additional comments.

I yield the floor.

Mr. HATFIELD. I thank the Senator for his additional comments.

I would like to further observe along this line, if we go back and look at the history of much of our reform and progressive legislation, one cannot help but be made aware that this occurred within the States. It occurred within the cities. It occurred within local areas of government.

In fact, we go back and understand more fully when we look at this kind of

record why the Federal system was created, that it was created specifically for that kind of purpose of experimenting before a national policy or a national bill might be adopted.

I think it is very interesting about this particular issue. We like to pride ourselves in the story that we have been a leader in progressive, forward-looking, reform legislation.

I recited before and I need not continue to do so on the floor, but that included such things as being the first or second State in the Union in adopting initiative referendum recall, direct election of U.S. Senators, migratory labor legislation, civil rights legislation, progressive income tax—we were the first State, in fact, to have a progressive income tax—and many other things, and the people of Oregon have had a chance to speak on this issue.

This is where we really get a test to the people, not by what we read in polls, polls that can be very misleading by the way they word the question, but where the people have a chance to vote up or down on the question, "Do you want to publicly finance State and local elections?"

The people of Oregon had this opportunity to vote on this subject in 1976 and in so doing they expressed themselves by 72 percent of the vote saying, "No, we do not want a public financing bill," that had passed the Oregon Legislature and been referred to the people. Only 28 percent said, "Yes," they did.

That is not an exception, I think, because if we look at the Nation as a whole, the highest percentage of those who ever checked the box for the Presidential campaign fund was 27 percent. So that presently is well in line, what the people of Oregon did specifically on the question of public financing of State elections, in comparison to what the people nationally have done by the checkoff provided them under the 1042 income tax return.

Consequently, I think the Senator from Indiana again very accurately points up that the people themselves, when we can get the question presented to them, can be depended upon to respond, I think, on the negative side, and I think in relation to that question the Senator from Missouri already pointed out. But I think, in listening to the Gallup question presented to them, it gave the people the impression that public financing was to be in lieu of private financing, whereas we know this bill is really an addition to the present private financing.

I think in the Washington Star, it exemplifies this kind of misconception of what this bill does when it says, "Should congressional campaigns be financed largely by $1 contributions from American taxpayers or"—or, as an alternative—"by contributions from special interests?"

Then it says further, stated another way:

> Should Members of Congress be beholden to the American public or to business and union interests that are able to contribute large amounts of cash to campaigns?

It is presented in an either/or. That is, of course, what I believe brings forth a distortion of what has been proposed to represent the public view on the whole issue through the Gallup poll which gave the impression, "Is it going to be by public financing or by private contribution?"

I think the Senator has already pointed up to us very eloquently today the importance of carrying this debate on for sufficient time to not only consider amendments and alternatives and ways to strengthen or improve the bill, even if we are opposed to the basic principle. which is our responsibility, but also to give the American people time to let this sink down through the encumbrances of poor reporting or lack of reporting and through the recess period particularly.

If anyone has had any doubt to the contrary, I want to disabuse them of that doubt now to say that it is my determination to do everything I can legitimately to carry this debate on unresolved in final decision until the recess so that people will have a chance not only to become acquainted with the issue, but let our Members get home to their constituencies and let the people have direct access to discuss this issue with them, and then let them come back after the August recess and we can reshape a final conclusion, unless the proponents want to withdraw the bill before the recess.

I thank the Senator from Indiana.

AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1978—CONFERENCE REPORT

Mr. EAGLETON. Mr. President, I submit a report of the committee of conference on H.R. 7558 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7558) making appropriations for the Agriculture and Related Agencies programs for the fiscal year ending September 30, 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 21, 1977.)

Mr. EAGLETON. I thank the Chair.

Mr. President, the conferees on H.R. 7558, the agriculture appropriations bill for 1978, met last Thursday, and after 5 hours of deliberations agreed to a very reasonable compromise on the bill. The conference committee was marked by a very amicable spirit of compromise and cooperation on the part of all of the House conferees and staff, and I wish to compliment them on their excellent handling of the bill.

Mr. President, the conference agreement includes new budget authority of $12,559,378,000, advance contract authorization of $190 million, funding of $50 million for fiscal year 1977, a direct and insured loan level of $7,066,000,000, and a guaranteed loan level of $1,900,000,000. Mr. President, I ask unanimous consent that a table showing the specific amounts in the conference agreement, as well as the differences between the House and Senate versions, appear at the conclusion of my remarks.

Mr. President, I do not intend to go into the details of the bill at this time. The action of the conference committee is well detailed in the conference report and the statement of the managers, both of which appeared on pages 24457–24463 of the RECORD of July 21, 1977, and also as House Report No. 95–520. I ask unanimous consent that I may insert in the RECORD a summary highlighting many of the key programs and the conference agreement relating to them.

I would like to call my colleagues' attention to two key provisions in the bill. The first relates to saccharin. As you know, Mr. President, the House inserted language that would have prevented any imposition by the Food and Drug Administration of a saccharin ban prior to September 30, 1978. The Senate struck that from the bill, and the conferees agreed to the Senate position. The conferees were convinced that the saccharin bills of the House and Senate legislative committees have progressed even further than when this bill was considered by the Senate. The Commissioner of the FDA has assured us that no ban will be placed on saccharin prior to October 1, 1977. That, coupled with the personal assurances of the legislative subcommittee chairmen that the bills will be promptly brought to the House and the Senate Chambers in order that Congress may work its will, was the decisive factor in the conferees' agreeing to strike out the House provision.

The final matter pertains to language added on the floor of the Senate that would have limited payments to any one sugar producer to $50,000. At the same time this matter was being discussed, the House was voting on various amendments to the farm bill that would have accomplished the same effect. None of the amendments was adopted by the House. After that vote was concluded, the Senate conferees believed that they had little choice but to recede and strike the limitation from the bill.

There is one further matter that was inadvertently left out of the conference report. The Senate report recommended that up to $1 million of the funds in the bill for the Farmers Home Administration be used for planning and evaluation of housing programs. The House report did not address this item. The conferees agreed to the Senate language on this matter.

Mr. President, I would like to add a brief note of thanks to the staff of the Agriculture Appropriations Subcommittee. About halfway through the consideration of this bill, the committee and the Senate suffered the tragic loss of Dudley Miles, a talented and highly professional chief clerk of the subcommittee. Through the efforts of the remainder of the subcommittee staff, and in particular the very capable assistance of

Mr. Stephen Kohashi, the minority staff assistant, the committee was able to complete its work on the bill.

Mr. President, I ask unanimous consent that highlights of the actions taken by the conference committee and a comparative statement of new budget authority be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HIGHLIGHTS OF THE ACTIONS TAKEN BY THE CONFERENCE COMMITTEE ON H.R. 7558, FISCAL YEAR 1978 AGRICULTURE APPROPRIATIONS BILL

FEDERAL GRAIN INSPECTION SERVICE

The Senate receded to House reduction of $2.7 million for staffing since the Administration advised that staff requirements needed to implement the U.S. Grain Standards Act had been reduced.

AGRICULTURAL RESEARCH SERVICE

Provides $330,609,000 for the Agricultural Research Service compared with $369,312,000 provided by the Senate and $309,495,000 provided by the House. This total includes $15 million for the Competitive Grant Research Program of which $5 million will be for human nutrition research.

In addition, funds for the following facilities were provided:

	Millions
Dairy Forake Research Center, Wisconsin (planning)	$1.1
Human Nutrition Laboratory North Dakota (construction of addition)	3.5
Soil and Water Laboratory, Purdue University (planning)	.4
El Reno Research Center, Oklahoma (construction of replacement facility)	1.5
Nutrition Laboratory, Tufts University (planning)	2.0
Construction of Soil and Water Laboratory, Beckley, West Virginia (reprograming of available funds)	1.5
Plant Stress and Moisture Laboratory (feasibility study)	.1

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Provides $441,204,000 for the activities of the Animal and Plant Health Inspection Service compared with $471,420,000 provided by the Senate and $429,225,000 provided by the House.

This amount includes increases over the budget request for control of the following pests and diseases:

	$ Millions
Fire ants	1.0
Brucellosis	7.0
Citrus blackfly	1.5
Range caterpillar	.5
Pseudorabies	1.0

FARMERS HOME ADMINISTRATION (FMHA)

(1) Provides for increase to the loan levels requested in the budget as follows:

Rural Housing:	*$ Millions*
Low-income (Section 502)	239
Moderate-income (Section 502)	53
Guaranteed	200
Production Credit Ownership	100
Operating	200

(2) Provides for increases in staffing by 300 positions and $4 million.

(3) Maintains the Rural Development Service as a separate organizational entity.

(4) Provides $5 million for Section III Rural Development Planning Grants.

(5) Includes bill language providing for utilization of staff (FmHA, ASCS, and SCS) at county offices on a nonreimbursable basis.

(6) Provides for the initiation of a planning and evaluation program of the FmHA housing programs within the funds available to FmHA.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

For the Agricultural Conservation Program, the Conferees provided $25 million of liquidating cash to be available for FY 1977 and an additional $50 million for drought and flood-damaged areas for FY 1977.

The Conferees provided $15 million for the Forestry Incentives Program and directed the Department to fully utilize carryover funds relating to this program.

FOOD AND NUTRITION SERVICE

(1) Provides for an increased appropriation of $304,443,000 as proposed by the House in lieu of an increased transfer from Section 32 as proposed by the Senate.

(2) Provided $155,000,000 for the Special Milk Program as proposed by the House in lieu of $168,000,000 as proposed by the Senate.

(3) Provides that the Elderly Feeding Program funds be available for cash payments as well as commodity donations.

(4) Provides for the establishment of a Food Programs Administration account as proposed by the Senate.

FOREIGN AGRICULTURAL SERVICE

Provides $45,665,000 for the activities of the Foreign Agricultural Service compared with $47,040,000 provided by the Senate and $43,100,000 provided by the House. Of the funds provided, $22,835,000 will be available for Foreign Market Development, an increase of $2,000,000 over the budget request.

FOOD AND DRUG ADMINISTRATION

The total provided for the Food and Drug Administration is $282,908,000. Included in this amount is $1,000,000 to be used for additional research on artificial sweeteners.

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate Bill
TITLE I—AGRICULTURAL PROGRAMS									
PRODUCTION, PROCESSING AND MARKETING									
Office of the Secretary	$2,321,000	$2,496,000	$2,440,000	$2,496,000	$2,496,000	+$175,000		+$56,000	
Departmental Administration	14,818,000	14,292,000	14,276,000	14,292,000	14,276,000	−542,000	−$16,000		−$16,000
Economic Management Support Center	2,923,000	3,006,000	3,006,000	3,006,000	3,006,000	+83,000			
Office of the Inspector General	19,526,000	28,058,000	20,093,000	28,458,000	20,204,000	+678,000	−7,854,000	+111,000	−8,254,000
Transfer from food stamp program	(8,231,000)		(8,231,000)		(8,231,000)		(+8,231,000)		(+8,231,000)
Total, Office of the Inspector General	(27,757,000)	(28,058,000)	(28,324,000)	(28,458,000)	(28,435,000)	(+678,000)	(+377,000)	(+111,000)	(−23,000)
Office of the General Counsel	9,321,000	9,461,000	9,383,000	9,461,000	9,450,000	+129,000	−11,000	+67,000	−11,000
Federal Grain Inspection Service:									
Salaries and expenses	1,397,000	13,595,000	10,944,000	13,595,000	11,000,000	+9,603,000	−2,595,000	+56,000	−2,595,000
Inspection and Weighing Service	11,307,000					−11,307,000			
Total, Federal Grain Inspection Service	12,704,000	13,595,000	10,944,000	13,595,000	11,000,000	−1,704,000	−2,595,000	+56,000	−2,595,000
Agricultural Research Service:									
Research	281,909,000	319,719,000	304,495,000	362,812,000	324,859,000	+42,950,000	+5,140,000	+20,364,000	−37,953,000
Special fund (reappropriation)	(1,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(+1,000,000)			
Scientific activities overseas (special foreign currency program)	7,500,000	7,500,000	5,000,000	6,500,000	5,750,000	−1,750,000	−1,750,000	+750,000	−750,000
Total, Agricultural Research Service	290,409,000	327,219,000	309,495,000	369,312,000	330,609,000	+40,200,000	+3,390,000	+21,114,000	−38,703,000
Animal and Plant Health Inspection Service:									
Disease and Pest Control	185,623,000	189,238,000	188,438,000	229,339,000	199,623,000	+14,000,000	+10,385,000	+11,185,000	−29,716,000
Meat and Poultry Inspection	236,679,000	242,081,000	240,787,000	242,081,000	241,581,000	+4,902,000	−500,000	+794,000	−500,000
Total, Animal and Plant Health Inspection Service	422,302,000	431,319,000	429,225,000	471,420,000	441,204,000	+18,902,000	+9,885,000	+11,979,000	−30,216,000
Cooperative State Research Service	129,022,000	136,687,000	137,950,000	151,483,000	143,150,000	+14,128,000	+6,463,000	+5,200,000	−8,333,000
Extension Service	241,906,000	242,471,000	252,971,000	256,971,000	257,221,000	+15,315,000	+14,750,000	+4,250,000	+250,000
National Agricultural Library	6,193,000	6,880,000	6,819,000	6,880,000	6,877,000	+684,000	−3,000	+58,000	−3,000
Statistical Reporting Service	35,738,000	37,508,000	36,600,000	37,508,000	36,996,000	+1,258,000	−512,000	+396,000	−512,000
Economic Research Service	27,994,000	29,405,000	28,642,000	30,905,000	29,864,000	+1,870,000	+459,000	+1,222,000	−1,041,000
Agricultural Marketing Service:									
Marketing Services	54,437,000	50,927,000	46,379,000	50,927,000	46,484,000	−7,953,000	−4,443,000	+105,000	−4,443,000

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate Bill
Payments to States and possessions	$1,600,000	----------	$1,600,000	----------	$1,600,000	----------	+$1,600,000	----------	+$1,600,000
Total, Agricultural Marketing Service	56,037,000	$50,927,000	47,979,000	$50,927,000	48,084,000	−$7,953,000	−2,843,000	+$105,000	−2,843,000
Packers and Stockyards Administration	6,079,000	6,152,000	6,146,000	6,252,000	6,252,000	+173,000	+100,000	+106,000	----------
Farmer Cooperative Service	2,724,000	2,920,000	3,048,000	3,770,000	3,370,000	+646,000	+450,000	+322,000	−400,000
Total, production, processing and marketing	1,280,017,000	1,342,396,000	1,319,017,000	1,456,736,000	1,364,059,000	+84,042,000	+21,663,000	+45,042,000	−92,677,000
FARM INCOME STABILIZATION									
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	157,410,000	160,407,000	161,019,000	161,838,000	161,838,000	+4,428,000	+1,431,000	+819,000	----------
Transfer from Commodity Credit Corporation	(74,958,000)	(76,415,000)	(76,415,000)	(76,415,000)	(76,415,000)	(+1,457,000)	----------	----------	----------
Total, salaries and expenses, ASCS	(232,368,000)	(236,822,000)	(237,434,000)	(238,253,000)	(238,253,000)	(+5,885,000)	(+1,431,000)	(+819,000)	----------
Dairy and beekeeper indemnity programs	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	----------	----------	----------	----------
Total, Agricultural Stabilization and Conservation Service	161,460,000	163,457,000	165,069,000	165,888,000	165,888,000	+4,428,000	+1,431,000	+819,000	----------
Federal Crop Insurance Corporation:									
Administrative and operating expenses	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	----------	----------	----------	----------
Federal Crop Insurance Corporation Fund	(9,384,000)	(11,088,000)	(11,283,000)	(11,413,000)	(11,413,000)	(+2,029,000)	(+325,000)	(+130,000)	----------
Subscription to capital stock	90,000,000	----------	----------	----------	----------	−90,000,000	----------	----------	----------
Total, Federal Crop Insurance Corporation	(111,384,000)	(23,088,000)	(23,283,000)	(23,413,000)	(23,413,000)	(−87,971,000)	(+325,000)	(+130,000)	----------
Commodity Credit Corporation:									
Reimbursement for net realized losses	899,053,000	1,234,342,000	524,342,000	524,342,000	524,342,000	−374,711,000	−710,000,000	----------	----------
Limitation on administrative expenses	(41,220,000)	(39,800,000)	(39,800,000)	(39,800,000)	(39,800,000)	(−1,420,000)	----------	----------	----------
Total, farm income stabilization	1,162,513,000	1,410,799,000	701,411,000	702,230,000	702,230,000	−460,283,000	−708,569,000	+819,000	----------
Total, title I, new budget (obligational) authority, agricultural programs	2,442,530,000	2,753,195,000	2,020,428,000	2,158,966,000	2,066,289,000	−376,241,000	−686,906,000	+45,861,000	−92,677,000
TITLE II—RURAL DEVELOPMENT PROGRAMS									
RURAL DEVELOPMENT ASSISTANCE									
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	----------	----------	----------	----------
Insured loans	(3,196,000,000)	(2,996,000,000)	(3,284,000,000)	(3,504,000,000)	(3,379,000,000)	(+183,000,000)	(+383,000,000)	(+95,000,000)	(−125,000,000)
Guaranteed loans	(500,000,000)	(700,000,000)	(1,000,000,000)	(900,000,000)	(900,000,000)	(+400,000,000)	(+200,000,000)	(−100,000,000)	----------
Reimbursement for interest and other losses	175,429,000	327,402,000	327,402,000	344,402,000	344,402,000	+168,973,000	+17,000,000	+17,000,000	----------
Total, Rural Housing Insurance Fund	(3,886,429,000)	(4,038,402,000)	(4,626,402,000)	(4,763,402,000)	(4,638,402,000)	(+751,973,000)	(+600,000,000)	(+12,000,000)	(−125,000,000)
Agricultural Credit Insurance Fund:									
Insured real estate loans	(520,000,000)	(518,000,000)	(520,000,000)	(670,000,000)	(620,000,000)	(+100,000,000)	(+102,000,000)	(+100,000,000)	(−50,000,000)
Soil conservation loans	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)	----------	----------	----------	----------
Operating loans	(625,000,000)	(625,000,000)	(750,000,000)	(900,000,000)	(825,000,000)	(+200,000,000)	(+200,000,000)	(+75,000,000)	(−75,000,000)
Emergency loans	(100,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(+100,000,000)	----------	----------	----------
Reimbursement for interest and other losses	141,189,000	164,735,000	164,735,000	164,735,000	164,735,000	+23,546,000	----------	----------	----------
Total, Agricultural Credit Insurance Fund	(1,413,189,000)	(1,534,735,000)	(1,661,735,000)	(1,961,735,000)	(1,836,735,000)	(+423,546,000)	(+302,000,000)	(+175,000,000)	(−125,000,000)
Rural water and waste disposal grants	275,000,000	200,000,000	250,000,000	250,000,000	250,000,000	−25,000,000	+50,000,000	----------	----------
Very low-income housing repair grants	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	----------	----------	----------	----------
Rural housing for domestic farm labor	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	----------	----------	----------	----------
Mutual and self-help housing	9,000,000	----------	9,000,000	9,000,000	9,000,000	----------	+9,000,000	----------	----------
Rural Development Insurance Fund:									
Reimbursement for losses	47,484,000	75,547,000	75,547,000	75,547,000	75,547,000	+28,063,000	----------	----------	----------
Water and sewer facility loans	(750,000,000)	(600,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	----------	(+150,000,000)	----------	----------
Industrial development loans	(350,000,000)	(350,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(+650,000,000)	(+650,000,000)	----------	----------
Community facility loans	(200,000,000)	(200,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(+50,000,000)	(+50,000,000)	----------	----------
Total, Rural Development Insurance Fund	(1,347,484,000)	(1,225,547,000)	(2,075,547,000)	(2,075,547,000)	(2,075,547,000)	(+728,063,000)	(+850,000,000)	----------	----------
Rural community fire protection grants	3,500,000	----------	3,500,000	3,500,000	3,500,000	----------	+3,500,000	----------	----------
Housing technical and supervisory assistance grants	----------	----------	----------	1,000,000	----------	----------	----------	----------	−1,000,000
Rural development planning grants	----------	----------	----------	10,000,000	5,000,000	+5,000,000	+5,000,000	+5,000,000	−5,000,000
Salaries and expenses	175,836,000	181,684,000	182,600,000	201,184,000	185,184,000	+9,348,000	+3,500,000	−2,584,000	−16,000,000
Transfer from loan accounts	(5,500,000)	(5,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(−2,000,000)	(−2,000,000)	----------	----------

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—Continued

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
TITLE II—RURAL DEVELOPMENT PROGRAMS—Continued									
RURAL DEVELOPMENT ASSISTANCE—Continued									
Total, salaries and expenses	($181,336,000)	($187,184,000)	($186,100,000)	($204,684,000)	($188,684,000)	(+$7,348,000)	(+$1,500,000)	(+$2,584,000)	(−$16,000,000)
Rural development grants	10,000,000		10,000,000	10,000,000	10,000,000		+10,000,000		
Total Farmers Home Administration	849,938,000	961,868,000	1,035,284,000	1,081,868,000	1,059,868,000	+209,930,000	+98,000,000	+24,584,000	−22,000,000
Rural Development Service	1,475,000	1,663,000		1,663,000	1,663,000	+188,000		+1,663,000	
Rural Electrification Administration:									
Rural electrification and telephone revolving fund:									
Electric loans	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)				
Telephone loans	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)				
Total, loans	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)				
Capitalization of rural telephone bank	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)				
Salaries and expenses	22,299,000	22,567,000	22,551,000	22,567,000	22,567,000	+268,000		+16,000	
Total, Rural Electrification Administration	22,299,000	22,567,000	22,551,000	22,567,000	22,567,000	+268,000		+16,000	
Total, rural development assistance	873,712,000	986,098,000	1,057,835,000	1,106,098,000	1,084,098,000	+210,386,000	+98,000,000	+26,263,000	−22,000,000
CONSERVATION									
Soil Conservation Service:									
Conservation operations	223,144,000	229,060,000	226,051,000	229,060,000	229,060,000	+5,916,000		+3,009,000	
River basin surveys and investigations	15,362,000	15,006,000	15,420,000	15,506,000	15,506,000	+144,000	+500,000	+86,000	
Watershed planning	11,651,000	10,647,000	11,778,000	10,647,000	11,847,000	+196,000	+1,200,000	+69,000	+1,200,000
Watershed and flood prevention operations	160,039,000	138,992,000	148,677,000	158,992,000	156,492,000	−3,547,000	+17,500,000	+7,815,000	−2,500,000
Resource conservation and development	30,679,000	23,283,000	30,964,000	31,033,000	31,033,000	+354,000	+7,750,000	+69,000	
Great Plains conservation program	21,639,000	21,704,000	21,704,000	21,704,000	21,704,000	+65,000			
Total, Soil Conservation Service	462,514,000	438,692,000	454,594,000	466,942,000	465,642,000	+3,128,000	+26,950,000	+11,048,000	−1,300,000
Agricultural Stabilization and Conservation Service: Agricultural conservation program—									
Advance authorization (contract authority)	290,000,000	190,000,000	190,000,000	190,000,000	190,000,000	−100,000,000			
Fiscal year 1977 supplemental (contract authority)		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
Liquidation of contract authority	(205,000,000)	(190,000,000)	(190,000,000)	(305,000,000)	(190,000,000)	(−15,000,000)			(−115,000,000)
Fiscal year 1977 supplemental (liquidation of contract authority)		(125,000,000)		(125,000,000)	(75,000,000)	(+75,000,000)	(−50,000,000)	(+75,000,000)	(−50,000,000)
Forestry incentives program	15,000,000		15,000,000	7,500,000	15,000,000		+15,000,000		+7,500,000
Water Bank Act program	10,000,000		10,000,000	10,000,000	10,000,000		+10,000,000		
Emergency conservation measures	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000				
Total, Agricultural Stabilization and Conservation Service	325,000,000	200,000,000	225,000,000	217,500,000	225,000,000	−100,000,000	+25,000,000		+7,500,000
Total, conservation	787,514,000	638,692,000	679,594,000	684,442,000	690,642,000	−96,872,000	+51,950,000	+11,048,000	+6,200,000
Total, title II, new budget (obligational) authority, rural development programs	1,661,226,000	1,624,790,000	1,737,429,000	1,790,540,000	1,774,740,000	+113,514,000	+149,950,000	+37,311,000	−15,800,000
Fiscal year 1977 supplemental		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
TITLE III—DOMESTIC FOOD PROGRAMS									
Food and Nutrition Service:									
Child nutrition programs	1,792,032,000	1,281,173,000	1,500,848,000	1,183,901,000	1,488,344,000	−303,688,000	+207,171,000	−12,504,000	+304,443,000
Transfer from sec. 32	(1,039,000,000)	(1,319,000,000)	(1,014,557,000)	(1,319,000,000)	(1,014,557,000)	(−24,443,000)	(−304,443,000)		(−304,443,000)
Total, child nutrition programs	(2,831,032,000)	(2,600,173,000)	(2,515,405,000)	(2,502,901,000)	(2,502,901,000)	(−328,131,000)	(−97,272,000)	(−12,504,000)	
Special milk program	155,000,000	35,000,000	155,000,000	168,000,000	155,000,000		+120,000,000		−13,000,000
Special supplemental food program (WIC)	250,000,000	250,000,000	250,000,000	247,000,000	247,000,000	−3,000,000	−3,000,000	−3,000,000	
Food stamp program	5,514,400,000	5,673,804,000	5,673,804,000	5,627,000,000	5,627,000,000	+112,600,000	−46,804,000	−46,804,000	
Food donations program	27,109,000	9,946,000	31,726,000	31,400,000	31,400,000	+4,291,000	+21,454,000	−326,000	
Elderly feeding program	22,000,000	30,830,000	30,830,000	30,000,000	30,000,000	+8,000,000	−830,000	−830,000	
Food Program Administration				65,853,000	64,951,000	+64,951,000	+64,951,000	+64,951,000	−902,000
Total, title III, new budget (obligational) authority, domestic food programs	7,760,541,000	7,280,753,000	7,642,208,000	7,353,154,000	7,643,695,000	−116,846,000	+362,942,000	+1,487,000	+290,541,000
TITLE IV—INTERNATIONAL PROGRAMS									
Foreign Agricultural Service	39,950,000	43,040,000	43,100,000	47,040,000	45,665,000	+5,715,000	+2,625,000	+2,565,000	−1,375,000
Public Law 480:									
Title I—Credit sales	680,465,000	276,865,000	276,865,000	276,865,000	276,865,000	−403,600,000			
Title II—Commodities for disposition abroad	488,790,000	646,020,000	646,020,000	646,020,000	646,020,000	+157,230,000			
Total, Public Law 480	1,169,255,000	922,885,000	922,885,000	922,885,000	922,885,000	−246,370,000			

	New budget authority					Conference compared with—			
	Enacted fiscal year 1977	Estimates fiscal year 1978	House fiscal year 1978	Senate fiscal year 1978	Conference fiscal year 1978	Fiscal year 1977 enacted	Fiscal year 1978 estimate	House bill	Senate bill
TITLE IV—INTERNATIONAL PROGRAMS—Continued									
Sales manager	($3,273,000)	($3,474,000)	($3,474,000)			(−$3,273,000)	(−$3,474,000)	(−$3,474,000)	
Total, title IV, new budget (obligational) authority, international programs	1,209,205,000	965,925,000	965,985,000	$969,925,000	$968,550,000	−240,655,000	+2,625,000	+2,565,000	−$1,375,000
TITLE V—RELATED AGENCIES									
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Food and Drug Administration:									
Salaries and expenses	250,019,000	275,743,000	273,019,000	275,743,000	276,243,000	+26,224,000	+500,000	+3,224,000	+500,000
Buildings and facilities	3,125,000	3,515,000	6,665,000	6,665,000	6,665,000	+3,540,000	+3,150,000		
Total, Food and Drug Administration	253,144,000	279,258,000	279,684,000	282,408,000	282,908,000	+29,764,000	+3,650,000	+3,224,000	+500,000
INDEPENDENT AGENCIES									
Commodity Futures Trading Commission	13,085,000	13,096,000	13,096,000	14,521,000	13,196,000	+111,000	+100,000	+100,000	−1,325,000
Farm Credit Administration:									
Limitation on administrative expenses	(8,776,000)		(8,776,000)	(9,509,000)	(9,509,000)	(+733,000)	(+9,509,000)	(+733,000)	
Total, title V, new budget (obligational) authority, Related Agencies	266,229,000	292,354,000	292,780,000	296,929,000	296,104,000	+29,875,000	+3,750,000	+3,324,000	−825,000
RECAPITULATION									
Title I—Agricultural programs	2,442,530,000	2,753,195,000	2,020,428,000	2,158,966,000	2,066,289,000	−376,241,000	−686,906,000	+45,861,000	−92,677,000
Title II—Rural development programs	1,661,226,000	1,624,790,000	1,737,429,000	1,790,540,000	1,774,740,000	+113,514,000	+149,950,000	+37,311,000	−15,800,000
Fiscal year 1977 supplemental		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
Title III—Domestic food programs	7,760,541,000	7,280,753,000	7,642,208,000	7,353,154,000	7,643,695,000	−116,846,000	+362,942,000	+1,487,000	+290,541,000
Title IV—International programs	1,209,205,000	965,925,000	965,985,000	969,925,000	968,550,000	−240,655,000	+2,625,000	+2,565,000	−1,375,000
Title V—Related agencies	266,229,000	292,354,000	292,780,000	296,929,000	296,104,000	+29,875,000	+3,750,000	+3,324,000	−825,000
Total, new budget (obligational) authority	13,339,731,000	12,917,017,000	12,658,830,000	12,569,514,000	12,749,378,000	−590,353,000	−167,639,000	+90,548,000	+179,864,000
Fiscal year 1977 supplemental		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
Transfer from sec. 32	1,039,000,000	1,319,000,000	1,014,557,000	1,319,000,000	1,014,557,000	−24,443,000	−304,443,000		−304,443,000
Total obligational authority	14,378,731,000	14,236,017,000	13,673,387,000	13,888,514,000	13,763,935,000	−614,796,000	−472,082,000	+90,548,000	−124,579,000
Consisting of:									
1. Appropriations	13,048,731,000	12,727,017,000	12,468,830,000	12,379,514,000	12,559,378,000	−489,353,000	−167,639,000	+90,548,000	+179,864,000
2. Reappropriations	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	+1,000,000			
3. Contract authorizations	290,000,000	190,000,000	190,000,000	190,000,000	190,000,000	−100,000,000			
Fiscal year 1977 supplemental		50,000,000		50,000,000	50,000,000	+50,000,000		+50,000,000	
4. Direct and insured loan level	6,433,000,000	6,181,000,000	6,796,000,000	7,316,000,000	7,066,000,000	+633,000,000	+885,000,000	+270,000,000	−250,000,000
5. Guaranteed loan level	850,000,000	1,050,000,000	2,000,000,000	1,900,000,000	1,900,000,000	+1,050,000,000	+850,000,000	−100,000,000	
Memoranda:									
1. Appropriations to liquidate contract authorizations	205,000,000	190,000,000	190,000,000	305,000,000	190,000,000	−15,000,000			−115,000,000
Fiscal year 1977 supplemental		125,000,000		125,000,000	75,000,000	+75,000,000	−50,000,000	+75,000,000	−50,000,000
2. Appropriations, including appropriations to liquidate contract authority	13,253,731,000	12,917,017,000	12,658,830,000	12,684,514,000	12,749,378,000	−504,353,000	−167,639,000	+90,548,000	+64,864,000
3. Transfers from sec. 32	1,039,000,000	1,319,000,000	1,014,557,000	1,319,000,000	1,014,557,000	−24,443,000	−304,443,000		−304,443,000
4. Transfers from Commodity Credit Corporation	74,958,000	76,415,000	76,415,000	76,415,000	76,415,000	+1,457,000			

Mr. EAGLETON. Mr. President, I yield to my distinguished colleague from North Dakota, Senator YOUNG, and then, in turn, I shall yield to my distinguished colleague, Senator DOLE of Kansas.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. YOUNG. Mr. President, this bill has been very well handled by the distinguished Senator from Missouri (Mr. EAGLETON), as chairman of the subcommittee, and the ranking Republican member, Senator BELLMON.

Senator BELLMON could not be here today, and he asked me to have inserted in the RECORD a statement he had prepared which he would have made had he been here.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR BELLMON

As noted by the distinguished Senator from Missouri, Chairman of the Agriculture Appropriations Subcommittee, the details of the Conference Committee action on this bill are specified in the Conference Report. I would like to briefly note only two points about the measure we have before us today.

The first is the budgetary impact of the bill. As ranking minority member of the Budget Committee, I have been very cognizant of the fiscal constraints which have have guided the Appropriations Committee's consideration of this measure. The Agriculture and Related Agencies Appropriations Bill for Fiscal Year 1978 provides funding for a wide variety of activities, encompassing seven functional categories. Included in this bill are appropriations for the P.L. 480 program in the International Affairs section, as well as funding of the Food Stamp program, an Income Security item and, of course, while sometimes overshadowed by other more expensive programs, this bill also provides funding of all the agriculture function appropriations.

I believe it is significant to note that despite the broad range of activities and needs reflected in this measure, the bill as reported by the Committee of Conference is within the allocations of the First Concurrent Resolution. In terms of budget authority, the Conference agreement is $0.4 billion under the allocation of the First Concurrent Resolution after adjustments for the FY 1977 Supplemental. Outlays under the Conference agreement are $0.9 billion less than the target figure, however, this difference is primarily due to a $700 million decrease in the estimated food program entitlement requirements, over which the Appropriations Committees exercise little or no control.

At this point I request to have printed in the Record a table comparing the totals of the House, Senate and Conference versions of the bill with the Subcommittee allocation under the First Concurrent Resolution. (Table attached.)

The Senate Budget Committee has begun consideration of the Second Concurrent Resolution and I anticipate that there will be several adjustments made to the various functional targets to reflect the new budget authority reflected in this bill as well as expected supplemental requirements.

The second point that I want to touch upon is the funding of the Brucellosis eradication program in the Animal and Plant

Health Inspection Service, for which $53 million is recommended in F.Y. 1978. It is a relatively small item but one which is indicative of the need for responsible and long-range analyses of program issues as a necessary component of budgeting.

Brucellosis is a chronic infectious disease affecting both man and livestock. Its principal impact has been in dairy and beef operations as well as in the pork industry; estimated losses from this disease could exceed a billion dollars annually if it were not controlled.

The U.S. Department of Agriculture's 40-year Brucellosis eradication effort is an example of a program inadequately and haphazardly funded, which could never be successful. The Federal Government has poured in excess of $600 million into this program since 1935, and this has been nearly matched by State and local sources.

Though there remains little technical doubt that this disease can be eradicated, as has been done in a number of other countries, the program in the United States seems doomed to struggle along from year to year.

The Senate this year came to grips with this difficult problem and provided full funding of the first year of a ten-year eradication effort. The cost of this undertaking amounted to $71 million in FY 1978 with the total ten-year cost of $512 million. While committing the Federal Government to a near doubling of the program costs over the next few years, this would finally allow the achievement of the eradication goal by 1988 which has only been talked about for the last 40 years. It would also relieve the ever-growing cost of continuing indefinitely a painfully inadequate control program.

Unfortunately, the Senate position did not prevail in Conference, and only $7 million of the $23.5 million increase was agreed to. I am informed that the amount is barely sufficient to begin a ten-year eradication effort; however, failure to provide the balance of the Senate increase will cost the taxpayers an additional $4 to $5 million in the long run as well as delay rapid elimination of the disease from several states. The funds dropped in Conference will prevent USDA from increasing badly needed indemnities to dairy and purebred cattle producers who have been especially hard hit by the disease as well as preventing expansion of the vaccination program.

These cuts are penny wise and pound foolish. Under the guise of "prudent budgeting" a needed program is crippled and future-year costs are increased. I hope next year this bill will fully fund the needed second increment of this program.

I believe that the budget process demands far more from us than just to determine what we can reduce and cut, in any one fiscal year, for our actions all have out-year cost implications. Much of the funds provided in this bill are investments, programs which will bring many times their costs in benefits in two, or five or twenty-five years. It is absolutely imperative that while maintaining a close scrutiny on current expenditures, we must not lose sight of the purposes of these programs and the future-year impacts of our decisions.

People ask why we fund agricultural research or why we support agricultural producers when we have a huge surplus of wheat. The point is not only that the surplus which is burdensome today, could very easily be wiped out in a year of adverse weather, but also that we must provide for ourselves, and the world, adequate food and fiber for the next decade or through the next generation.

I am pleased that reflected in this measure are significant steps toward a stronger and more viable agriculture program for our nation. We have provided funding for a new competitive research grant program which will foster work by our best scientists in meeting long-term agricultural needs. We have increased funding for the small watersheds program (P.L. 566) by $17.5 million to address the growing demand for soil and water conservation, and we have added a provision which will allow the Department of Agriculture to better manage and utilize its personnel, to note just a few.

May I say that in large measure the distinguished Senator from Missouri is responsible for the progressive and far-reaching tone and substance of this bill. At the start of our deliberations some six months ago, he promised a thorough review and examination of each item in the bill. He has kept his word. I would also like to thank him for his patience and help during the consideration of the measure. It has been truly a pleasure to work with him.

I would also like to note the contribution of the Clerk of the bill, Mr. Dick Lieberman and to his assistants, Mr. Ken Auer and Ms. Irma Hanneman, who, though new to their positions, have ably served the Subcommittee, since the passing of the late Dudley Miles, who laid the groundwork for our consideration of this bill.

H.R. 7558 AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS BILL, FISCAL YEAR 1978

[In millions of dollars]

	President's budget	House bill	Senate bill	Conference action	Adjusted subcommittee allocation
Budget authority	14,236	13,678	13,872	13,768	[1] 14,200
Outlays	13,300	13,236	13,714	13,492	14,400

[1] Allocation adjusted to reflect $710,000,000 Commodity Credit Corporation repayment in fiscal year 1977 supplemental.

Note: Sec. 32 budget authority and outlays are included. Outlays from prior year budget authority are also included.

Mr. YOUNG. Mr. President, I have a few comments on my own. The total amount of this bill may seem big, $12.749 million, but most of this has little relation to the agriculture sector or is of little direct help to farmers.

For example, there is $5.6 billion for food stamps—a good provision but it is to help others than farmers; $2.5 billion for child nutrition, another good one but again of little direct benefit to farmers and a little over $900 million for Public Law 480. So that means about $9 billion of the $12 billion odd are for people other than farmers.

I say again the committee has done an excellent job in handling this legislation, and I hope the conference report will be approved.

Mr. EAGLETON. Mr. President, I am pleased at this time to yield to my distinguished colleague from Kansas (Mr. DOLE).

The PRESIDING OFFICER. The Senator from Kansas.

SUGAR SUPPORTS IN HOUSE FARM BILL

Mr. DOLE. Mr. President, many of my colleagues and I have been greatly concerned over the President's proposed program.

The Senator from Kansas expressed his concern by offering an amendment to the agriculture appropriation bill when it was before this body. The purpose of that amendment was to limit payments to producers to $50,000 per producer, which seemed to this Senator to be a rather reasonable amount of Government payment to any producer. It was consistent with general farm legislation with reference to wheat and feedgrain payments.

The conferees, in their wisdom, saw fit to eliminate that amendment, and I, at the time, had some reservations about the conference action. But since that time there have been developments on the House side which, I believe, would indicate that that limitation is no longer needed, but I would suggest that we were concerned for a couple of reasons: First, we felt there should be some program to address the crisis facing sugar producers; and, second, the dumping of sugar into the U.S. market.

PRESIDENT DID NOT ACCEPT STUDY RECOMMENDATION

In spite of the recommendation of the U.S. International Trade Commission—USITC—to limit imports of foreign produced sugar to 4.275 million tons in order to prevent injury to the domestic sugar industry, the administration took no action, except to propose an inadequate 2 cents per pound subsidy payment to farmers. Aside from the inadequacy of the administration's program to address the crisis facing sugar producers, the Comptroller General of the United States has indicated that the President's proposed sugar program may be illegal.

PERSISTENT OPPOSITION TO PRESIDENT'S PLAN PRODUCED RESULTS

Recognizing the inadequacy of the President's sugar program and taking into account the sugar producers' condemnation of that plan, I have offered legislation which would have limited payments to $50,000. In addition, I introduced a resolution to override the administration's program and mandate implementation of the USITC recommended import quotas. This persistent opposition to the administration's poorly conceived and legally questionable program has helped create the climate for successful House action on sugar.

HOUSE ACTION COMMENDABLE

I have assured Congressman KIKA DE LA GARZA, sponsor of the House sugar amendment, that his proposal is a good concept. His amendment would give producers better income from a supported market than the inadequate 2-cent subsidy proposed by the administration. The support program will insure 55 to 65 percent of parity market price support, which means a minimum of about 14 cents per pound. In order to implement the support program in the House bill, the President will need to address the problem of sugar being dumped into the U.S. market.

As ranking Republican on the Senate Agriculture Committee, I believe I can support Mr. DE LA GARZA'S amendment during conference consideration of the farm bill which starts on Monday, and because of these developments, and because of what I consider to be a sound amendment offered by the House, and yesterday by an overwhelming rollcall vote adopted by the House, with overwhelming support from Democratic and Republican House Members, we now will go to conference where I hope that, with the support and cooperation of the administration and the conferees of the

House and Senate, we can end the farm bill conference with a good, sound sugar program.

So, in retrospect, the elimination of the amendment offered by this Senator earlier really makes no difference.

Mr. EAGLETON. Mr. President, I thank my distinguished colleague for his remarks, and I thank my distinguished colleague from North Dakota (Mr. YOUNG).

Mr. President, I move that the conference report be adopted.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference was agreed to.

The PRESIDING OFFICER. The clerk will report the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "; in addition to appropriations provided herein, the Secretary may transfer up to $1,500,000 for salaries and expenses of personnel on detail to his office".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"That $8,975,000 of this appropriation shall remain available until expended for plans, construction, and improvement of facilities without regard to the foregoing limitation: *Provided further*,".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 71 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$11,847,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 75 to the aforesaid bills, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "of which $25,000,000 shall be available immediately upon enactment,".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 91 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"FOOD PROGRAM ADMINISTRATION

"For necessary administrative expenses of the Domestic Food Programs funded under this Act, $64,951,000 to remain available until expended: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 shall be available for employment under 5 U.S.C. 3109."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 93 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$276,243,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 98 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert:

"(A) None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on permanent positions below the level set herein for the following agencies: Farmers Home Administration, 7,440; Agricultural Stabilization and Conservation Service, 2,473; and Soil Conservation Service, 13,955.

"(B) The Secretary of Agriculture is authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided for "Domestic Food Programs" in this Act: *Provided*, That such transferred balances shall be available only for the same purposes, and for the same periods of time for which they were originally appropriated.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 99 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"Notwithstanding any other provision of law, employees of the agencies of the Department of Agriculture, including employees of the Agriculture Stabilization and Conservation County Committees, may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are otherwise fully utilized.".

Mr. EAGLETON. Mr. President, I move that the Senate concur en bloc in the amendments of the House of Representatives to the amendments of the Senate numbered 2, 17, 71, 75, 91, 93, 98, and 99.

The PRESIDING OFFICER. Without objection, the question is on agreeing to the motion of the Senator from Missouri.

The motion was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senators and for both cloakrooms, there will be no more rollcall votes today.

PUBLIC FINANCING OF SENATE ELECTIONS

The Senate continued with the consideration of S. 926.

Mr. HANSEN. Mr. President, I am very much impressed with the remarks just made on this matter.

I think the entire country will, as it becomes aware of what is taking place, feel a deep sense of debt and gratitude to the distinguished Senator from Indiana and to the distinguished minority floor leader of this bill who speaks so knowledgeably in opposition to this legislation.

I appreciate the candor of the Senator from Oregon in spelling out precisely in clear, unmistakable terms exactly what we are engaged in.

There is no doubt at all that oftentimes bills are brought up on this floor, action is taken on them hastily, without any general public awareness of what is taking place. Then we find out to the great chagrin of most of the citizens of the United States, and specifically from our own constituents, that they do not like what has taken place at all.

I think about the manner in which the occupational safety and health administration bill was enacted into law. I was here at the time, and I voted for that bill, and I regret it. I was not aware of what was in it. I was engaged in other activities, as most Members are unless a particular piece of legislation happens to be within the jurisdiction of a particular committee upon which they serve. The chances are the average Member cannot hope to have a very significant, indepth comprehension of a piece of legislation unless he has heard from members of his constituency or unless he has a staff member who has studied it and called it to his attention.

I make that point because it rather precisely reflects, I think, what took place when we passed OSHA. As I recall, there may have been three votes against it. As I look back in retrospect, there should have been four. As I have said, I, too, should have voted against it.

At long last now, the present administration is saying that it is taking a very marked change in attitude toward the enforcement of that law. Some of the things which were very objectionable to the average citizen, to the average businessman in the country, and which we tried to do something about, were not changed in the law.

But it is interesting to note now that the Carter administration, responding to a clear mandate from the public, and understanding the early insensitivity of the administrators of that law, is seeking to change the thrust and the manner in which it is being administered, so as to no longer, or at least in much less degree, continue with those enforcement practices which were so reprehensible to most Americans.

I shall be talking about the Public Financing of Elections Act later, but I just want to make the point, because it seems relevant to understand what often takes place, and I think that can best be illustrated for my purposes in talking of OSHA. The way that bill first came into being was to incorporate into law, by reference, a number of other codes: electrical codes, fire codes, safety codes, building codes, manufacturing codes.

The law never spelled out at any time what each section of the law was, but by reference these other codes were incorporated into it. It did not take long for most citizens to realize they did not like having a Federal bureaucrat walk into their plant or on their farm or business, unannounced, and start making an inspection.

As I recall, in the State of Idaho, one of the business operators brought suit in Federal district court contending that his constitutional rights had been violated by virtue of the unauthorized intrusion into his private affairs that re-

sulted from the presence of the OSHA inspector.

As I further recall, the Federal district court upheld the aggrieved businessman in the State of Idaho and said that, indeed, the constitutional protections, the rights of privacy and of protection against unwarranted intrusions into private lives of people had been violated by the OSHA inspector.

It was this sort of activity that irritated businessmen and individuals throughout the entire 50 States, wherever they happened to be engaged in employing other people to help them do a job.

Senator CURTIS and I tried to bring on the floor copies of the law and to illustrate in detail what we were talking about. We found out that much of the law was not even printed. We could not get copies of it because these other codes that had been incorporated into it were never printed separately.

Senator CURTIS asked the Library of Congress if he could bring all the codes that applied to OSHA to the floor of the Senate, and the Library of Congress told the then junior Senator from Nebraska that most of the codes could be released to him, so that he could bring them to the floor in order to illustrate visually, for the benefit of Senators, what a voluminous law this was. But then they added, "We cannot let you take all the books that apply or all the codes that apply from the Library of Congress because some of them are in such short supply that, according to our rules, they may not be removed from the Library of Congress."

That really was the frosting on the cake, so far as Senator CURTIS and I were concerned; because what we had been told, in effect, was, "Here is a law that is going to be enforced." I make the statement that no two inspectors, unless there was collusion between them, possibly could expect to go into a place of business and find the same failure on the part of a businessman to comply with the law. I think two inspectors would be hopelessly unable to go into a place of business at separate times and write up the violations of law they might have observed, because it was that sort of law.

However, the Library of Congress could not give all the books to Senator CURTIS to bring to the floor of the Senate because some of them were in such short supply they could not be taken from the library. So, here is an instance in which we were expecting bureaucrats to enforce a law that was not even printed. As I say, as I look back, I wish I had not voted for that law.

I think we have in the bill before us a proposal that people do not understand, and which goes far beyond what most people think we are talking about. Up to this point, they have been exposed generally only to those features of the bill in which some Members of the Senate find merit.

The purpose of this debate is to call attention to what actually is contained in the bill, to give the public time to understand what we are talking about, time to talk with each other, time to talk with Members of Congress, in the hope that when we return after the recess, we will have been enlightened by our constituents so as to enable us more fairly and honestly to represent them in voting on this issue.

Mr. President, I take this opportunity to express my total opposition to S. 926, the Public Financing of Senate General Elections Act. I am opposed to the entire concept of public financing of Federal elections, whether on the Presidential or congressional level.

Since Congress first legislated in the area of public financing of presidential elections, I have wondered how long it would be before we got around to financing our own reelections. It appears the time has come and we are once again trying to legislate millions of taxpayers dollars into another area were Federal funds do not belong.

It has been noted that human nature being what it is, it is virtually impossible to separate the job of changing the rules of the political game from the desire to manipulate the results of the game. As the regulations become more complex, more decisions need to be made and greater are the chances for abuse.

Extension of Federal financing to cover congressional elections raises innumerable moral, philosophical and constitutional questions. We have so convinced ourselves that Federal legislation is the answer to all the country's troubles we have forgotten there are separate roles for the Government and for the citizenry. Congress is legislating itself into an isolated area from which it will become increasingly difficult to emerge. With enactment of the ethics code we limited ourselves financially, restricting our freedom of communication and contact with our constituents, and now we are considering government subsidies of our own reelections. The logical extension of this legislative trend will no doubt be further stipulations connected with receipt of Federal money until the Government will soon be making decisions as to who may actually run in a Federal election.

Mr. President, as former Senator Eugene McCarthy very accurately noted:

> Having the Government control the process by which the Government itself is chosen goes against common sense and against every tradition of democracy.

Although the basic concept and philosophy of public financing of congressional elections are reason enough to reject this legislation, there are too many practical drawbacks which are more than indicative of the folly of this proposal. The facts speak for themselves.

Mr. President, let me reiterate the numerous objections so eloquently raised by the distinguished Senators GRIFFIN, BAKER, and HATFIELD in their minority report on S. 926.

INTEGRITY OF ELECTIONS

Mr. President, I believe we, as a body, are continuing to over react to scattered cases of impropriety. We have experienced a few unfortunate incidences over the past few years such as Watergate and now the Korean scandal, not to mention an ongoing problem of credibility among our constituents. The people of America have put up with an awful lot from this body, but it is not so much what we have done, as what we have not done. Our failings are ones of omission rather than of commission. I believe we misread public disappointment in our ability to legislate effectively in the face of increasing economic and energy problems. Our response was to enact the ethics code believing we could thus quiet growing public discontent. I will not deny there are some who will betray the trust of the American people. But we cannot legislate ethics anymore than we can legislate an end to alleged conflicts of interest. And that is exactly what S. 926 has as its stated purpose. The underlying assumption is that our public officials are beholden to special interest groups.

As stated in the minority report:

> This attitude does disservice to that vast majority of Senators and Congressmen whose integrity is unimpeachable.

I cannot agree more. I am beginning to resent, and I am sure some of my colleagues are, this constant abuse we heap upon ourselves and the denegration of the general character of the Members of this body. It is unfortunate but there will always be a few who will violate the public trust. But sweeping legislative remedies which reach far into the private sector and affect every individual citizen is not the answer. Yet that seems to be the modus operendi of this body.

Mr. President, I submit public financing adds nothing in protecting the political system from possible contribution abuses.

EXPENDITURE CEILINGS

Mr. President, we all realize the cost of conducting a political campaign is increasing at a phenomenal rate. It is understandable that we all might wish this were not the case. However, there cannot be a ceiling on candidate expenditures. This was made quite clear in the Court's decision of Buckley against Valeo. At the time, the Supreme Court ruled that candidate expenditures could only be limited constitutionally if spending ceilings are a condition of receiving public funds. However, as the minority report points out, accepting public funds thus amounts to an agreement to restrict political communication. It is therefore against the public interest. Campaign expenditures are simply a form of free expression protected by the First Amendment. We cannot regulate or subsidize our campaigns without qualifying and regulating the first amendment. A ceiling on all individual's personal campaign expenditures amounts to a restriction on free political expression. It is that simple. The greater the limitations imposed, the more difficult it becomes for an individual to disseminate his or her views.

SPECIAL INTERESTS

Mr. President, one of the main arguments cited by proponents of public financing is the mistaken assumption that influence of special interest groups and unions will be lessened. In reality, the opposite has already proven to be the case. Alan E. Norris of Ohio noted:

> What really has happened with public financing is that the taxpayer has now relieved unions of the burden of supporting Democratic candidates directly, leaving them free to go on spending unlimited sums in indirect support of these same candidates.

This procedure enables unions to strengthen their hold on Democratic officeholders.

For example, in 1976 both Gerald Ford and Jimmy Carter had $23 million in taxpayer's money to spend on their campaigns—that was the spending ceiling. But according to the New York Times, unions spent an additional $18 million communicating with their members in support of candidate Carter.

Candidate Ford did not receive comparable help from the business community since it is illegal for corporations to spend money on political campaigns. And so, incredibly, the net effect of the new public financing law was to give Carter an almost 2 to 1 dollar advantage over Ford.

Indirectly, it was the Supreme Court decision which held that limitations on truly independent expenditures respecting candidates or issues are unconstitutional, which has led to this situation. Thus, a candidate who has accepted public funds and must therefore observe an expenditure ceiling is severely constrained in his ability to react or respond to an organization which might spend large sums of money in his opposition.

This bill fails miserably if its purpose is to limit the influence of special interest groups and unions. Mr. President, as our distinguished colleague from Texas (Mr. TOWER) has noted, this legislation only encourages them to increase their level of independent campaign activity, which under existing law must be done with neither the consent nor the knowledge of the candidate or his campaign committee. Therefore, this type of activity is not subject to public scrutiny or control.

Some of the biggest and most corrupt political contributions are not cash donations, but services. Proponents of this legislation would have us believe a $1,000 cash contribution is suspect while services rendered, valued at $1 million in the form of special interest mailing, telephone polling and staff work are not suspect. Mr. President, I submit there is no logic in this premise.

One of the most obvious inequities of this legislation is its failure to close one of the biggest loopholes available to the unions. Many Americans are not aware of the fact that labor unions may use the special reduced and taxpayer subsidized third class mail rate even for political mailings. In 1976, this taxpayer subsidy to labor's direct mailing reached an estimated $3 million.

Mr. President, I commend to my colleagues for their information and edification an excellent article in a recent issue of the National Journal by Mr. Michael J. Malbin. Mr. Malbin notes:

Virtually every newsletter mailed to (union) members in September and October included material praising Carter or criticizing Ford, usually with a picture of Carter on the cover. Almost none of this was reported to the FEC, presumably because the material appeared in regular publications that normally report on union business.

Mr. Malbin further noted that in 1976, labor groups contributed $8.2 million to congressional candidates. That is about $17,500 per congressional district. But even more incredibly, members of these labor groups boast of their efforts expended in the area of volunteer services rendered, far and beyond cash contributions.

Mr. President, these are not projections of possible future campaign abuses. These are the hard facts about our last national campaign. Yet this legislation does nothing to prevent these practices in the future. I seriously question the credibility of those who would have us believe this bill constitutes campaign reform at any level. This legislation is shot full of loopholes.

PUBLIC OPINION

Mr. President, as this legislation is so obviously lacking in any meaningful reform proposals, I can only assume the bill is but one more reaction to what is mistakenly read as the public sentiment on congressional abuses. Let me cite an interesting study which was jointly conducted by an organization known as the Decision Making Information and by Hart Research Associates. As most of my colleagues probably know, one of these groups is employed most often by Republican candidates and the other is employed most often by Democratic candidates. I believe therefore, we may safely assume some degree of nonpartisan objectivity in the results. Of these political candidates who were polled on the effectiveness of election law reform, most of them gave high marks in the strict reporting requirements, but most also believed the laws help incumbents and major party candidates more than challengers and independent or third party candidates. Over 50 percent favored a return to pre-1971 election laws.

So much for the political candidates.

As for the average American, his commitment to the concept and the reality of public financing is highly questionable. Barely 27 percent of all our taxpayers opted to avail themselves of the $1 checkoff now on tax forms for the Presidential campaign. Only one fourth of our taxpayers chose this method of financing Federal elections. An optimist might look at this particular glass and say it is one-quarter full. But I say the glass is three-quarters empty. Not only that, but almost 41 percent of our taxpayers very deliberately indicated on their returns that they did not wish to avail themselves of the $1 check off.

Interestingly enough, only one State has conducted a referendum on the issue of public financing. The proposal was overwhelmingly rejected in the State of Oregon by a vote of more than 6.5 million to 2.6 million.

TRUE COSTS

Mr. President, the most obvious reason to reject this legislation is, of course, the cost involved. The Federal Election Commission has testified at least $900,000 is required for operating expenses alone. It is estimated that by the end of 1980 the Presidential Election Campaign Fund will be in the red anywhere from $1.8 to $19.8 million. The deficit will have to be made up either by appropriated funds or an increase in checkoff rates on the tax forms.

Furthermore, Mr. President, the Senate version of cost estimates involved fails to take into account campaigns for the House of Representatives.

INCREASED BUREAUCRATIC REDTAPE

Mr. President, we recently held a colloquy in this Chamber on the growing trend of Government intervention into our private lives.

Despite promises to reorganize, and to cut back on Federal programs, the bureaucracy continues to grow, touching every aspect of our daily lives. I submit this public financing legislation only adds to the problems we already have. Provisions of the bill greatly complicate the current FEC regulations and FEC Commissioners, themselves are concerned about implementation. As an example, reporting requirements of part I conflict with those outlined in part II. Undoubtedly, the FEC will then find it necessary to issue further clarifying regulations. In theory, this legislation was drawn up to enhance the integrity of our electoral process. In reality, as pointed out in the minority report, the bureaucratic hassles created may very well threaten the very system it is allegedly trying to protect.

MINORITY PARTY DISCRIMINATION

Mr. President, this legislation discriminates against minor party and independent candidates. As the two major parties are given a greater advantage by funding discrimination, the practical effect will be to literally freeze the political status quo and restrict public participation to the two major parties. This legislation clearly requires independents and minor party candidates to reach a contribution threshold before they are eligible for public funds. They are eligible then for funds only on a matching basis. At the same time, both block grants and matching funds are available to major party candidates. Mr. President, this formula raises serious questions in some of our States. In Louisiana the Republican Party does not qualify as a major party. Our own distinguished colleague from the State of Virginia (Mr. BYRD) will be inexcusably discriminated against should this legislation go into effect.

As has already been pointed out, this bill is truly an incumbent's dream. As noted in the minority report, the congressional office is worth almost a half million dollars in a campaign year to an incumbent. Obviously, the only way to overcome the privileges of the office is to provide the challenger with more money or resources. This is highly unlikely. The incumbents can afford to be magnanimous up to a point by voting large sums of campaign subsidies for their challengers in the name of fairness and equity. However, as David Broder recently and accurately pointed out:

Most incumbents could consider it a bargain if, for $50 thousand of tax subsidy, they could guarantee that their opponents could not spend more than $150,000 in an effort to beat them. That is just about the best insurance policy any incumbent could buy.

Mr. President, the unfortunate political abuses during the 1972 campaign are cited time and again as a compelling reason for enacting campaign reform laws. However, Senator Eugene McCarthy accurately addressed these questions in testimony before the Senate Committee on May 6. As he noted:

The string of abuses known as Watergate was detected, prosecuted and punished under statutes that had nothing to do with contribution ceilings or Government subsidies.

Every major offense of those involved in the Administration was a crime before the Federal Election Commission Act was passed. Bribery, wiretapping, bugging, burglary, perjury, subornation of perjury and obstruction of justice were crimes long before the FEC Act was passed. Their most serious offenses did not involve the corruption of money, but rather the corruption of power and the use of government power.

Senator McCarthy further contends that instead of limiting the power, the Federal Election Campaign Act has increased it by giving to incumbents the right to appoint and control the Federal Election Commission.

Mr. President, the minority report suggests an alternative public financing plan originally proposed by Senator PACKWOOD. If we must get into this area of campaign regulation, I suggest my colleagues seriously consider Senator PACKWOOD's proposal as a viable alternative. The Packwood plan relies on a formula of tax credits, is candidate and party specific so it avoids the discrimination which we find in the pending legislation against minor parties and independent candidates, and it provides the taxpayer with a freedom of choice in his giving tax dollars. I maintain, however, that a ceiling on contributions allowed and very stringent disclosure requirements will be more than sufficient in achieving the stated goals of this bill.

Mr. President, I yield the floor.

Mr. HOLLINGS assumed the chair.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess awaiting the call of the Chair.

The motion was agreed to, and at 4:05 p.m., the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 5:10 p.m., when called to order by the Presiding Offier (Mr. MATSUNAGA).

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., AND SENATOR HANSEN ON TUESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the recognition of Mr. HARRY F. BYRD, JR., and Mr. HANSEN, which have been previously entered for Monday, be vitiated, and those same orders transferred to Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Energy and Natural Resources.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:53 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its clerks, announced that:

The House has passed the bill (S. 275) to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes, with an amendment; the House insists upon its amendment and requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and Mr. Foley, Mr. Poage, Mr. de la Garza, Mr. Jones of North Carolina, Mr. Jones of Tennessee, Mr. Mathis, Mr. Bowen, Mr. Rose, Mr. Richmond, Mr. Nolan, Mr. Weaver, Mr. Wampler, Mr. Sebelius, Mr. Findley, Mr. Thone, and Mr. Symms were appointed managers of the conference on the part of the House; and, in addition, on issues involving title XI, title XIII, and provisions of S. 275 on international reserves, Mr. Zablocki, Mr. Pease, and Mr. Broomfield.

The House disagrees to the amendment of the Senate to the bill (H.R. 6415) to extend and amend the Export-Import Bank Act of 1945; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and Mr. Reuss, Mr. Neal, Mr. Tsongas, Mr. Cavanaugh, Mr. Hannaford, Mr. Evans of Indiana, Mr. Vento, Mr. Stanton, Mr. Hyde, and Mrs. Fenwick were appointed managers of the conference on the part of the House.

The House has passed the following bill and agreed to the following concurrent resolution in which it requests the concurrence of the Senate:

H.R. 7819. An act to complement the Vienna Convention on Diplomatic Relations; and

H. Con. Res. 317. A concurrent resolution providing for an adjournment of the House from August 5 until September 7, 1977 and an adjournment of the Senate from August 6 until September 7, 1977.

At 1:29 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the House has passed without amendment the joint resolution (S.J. Res. 77) to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

At 2:19 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the Speaker has signed the enrolled joint resolution (S.J. Res. 77), supra.

The enrolled joint resolution was subsequently signed by the President pro tempore.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on Agriculture, Nutrition, and Forestry:

With an amendment:

S. 1462. A bill entitled "Emergency runoff retardation and soil-erosion prevention program" (title amendment) (Rept. No. 95-372).

By Mr. BAYH, from the Committee on the Judiciary:

With amendments:

S.J. Res. 71. A joint resolution to authorize and request the President to issue annually a proclamation designating September of each year as "National Sickle Cell Month" (title amendment) (Rept. No. 95-373).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Wesley David Lane, of Minnesota, to be U.S. marshal for the district of Minnesota.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, July 29, 1977, he presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 77. Joint resolution to provide for a temporary extension of certain Federal Housing Administration mortgage insurance and related authorities and of the national flood insurance program, and for other purposes.

HOUSE BILL REFERRED

The following bill was read twice by its title and referred to the Committee on Foreign Relations:

H.R. 7819. An act to complement the Vienna Convention on Diplomatic Relations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. GRAVEL:

S. 1961. A bill to amend the Internal Revenue Code of 1954 to allow a deduction with respect to the exhaustion of geothermal steam and geothermal resources; to the Committee on Finance.

By Mr. HUDDLESTON:

S. 1962. A bill to amend subsection (a) of section 315 of the Communications Act of 1934 in order to exempt legally qualified candidates for the offices of President and Vice President of the United States from the equal-time requirements under such subsection; to the Committee on Commerce, Science, and Transportation.

By Mr. HUMPHREY:

S. 1963. A bill for the relief of Miss Sunil Aiyadurai; to the Committee on the Judiciary.

By Mr. HATHAWAY (for himself and Mr. MCINTYRE):

S. 1964. A bill to amend the Emergency School Aid Act to extend to Franco-Amer-

icans the same benefits afforded other minority groups under that Act, and to incorporate cultural preservation activities into the purposes of that Act; to the Committee on Human Resources.

By Mr. RIEGLE:

S. 1965. A bill for the relief of Lidia Sojka; to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 1966. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Human Resources, the Committee on Banking, Housing and Urban Affairs, and the Committee on Finance, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRAVEL:

S. 1961. A bill to amend the Internal Revenue Code of 1954 to allow a deduction with respect to the exhaustion of geothermal steam and geothermal resources; to the Committee on Finance.

Mr. GRAVEL. Mr. President, today I introduce a bill which would allow as a tax deduction an amount equal to 22 percent of the gross income from a geothermal steam and geothermal resources property. This bill would also permit the deduction as an expense the intangible drilling and development costs in the case of wells drilled for geothermal steam and associated geothermal resources, as defined in the Geothermal Steam Act of 1970.

The purpose of this legislation is to provide incentives for investment in the development of geothermal resources. At the present time there is uncertainty as to the tax treatment of production from geothermal resources because of the nonacquiesence by the Commissioner of Internal Revenue in court decisions favorable to the industry. This uncertainty deters investment and, until resolved, will seriously impede the development of a strong geothermal industry. This bill will eliminate the uncertainty and strongly encourage the development of this clean energy source.

The geothermal industry is at a stage of development comparable to that of the oil and gas industries 30 to 40 years ago. Approximately 50 wells were drilled in 1975 and approximately 75 were drilled in 1976. It has been predicted that under an aggressive exploration and drilling program the geothermal industry could replace 1 million barrels of oil per day by 1985. However, in order to achieve that goal there would have to be at least 800 exploratory wells and 6,000 development wells drilled at a cost of at least $500,000 per well. Without these additional incentives it is unreasonable to believe that this total can be achieved.

The Federal Energy Administration, in a letter dated June 13, 1975, stated that income derived from geothermal development should be accorded the same tax treatment as income derived from oil and gas exploration and development. This is even more true today during this time of energy crises and congressional consideration of available remedies.

Because of the small amount of activity in geothermal development taking place at the present time, the estimated loss of revenue will range from approximately $15 million in fiscal 1977 to $20 million in fiscal 1980. To the extent that the incentives provided are significant in encouraging future development, the ultimate revenue to be derived from the new industry will far exceed the estimated cost.

The Senate Finance Committee approved for inclusion in the Tax Reform Act of 1976, a bill similar to the one I introduce today. As a fledgling industry geothermal energy must compete with the lowest cost alternative energy available to electrical power utilities. In the West, where geothermal resources are most prevalent, the alternative is low-cost, strip-mined coal. Coal, of course, is entitled to depletion and has other tax incentives. It would seem anomalous not to provide some form of comparable incentive to encourage the development of clean geothermal resources. I would hope that my colleagues would join me in helping to foster this new energy source which holds the promise of providing many of our States with another source of clean energy.

Mr. President, I ask unanimous consent that the text of the bill be inserted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) (1) part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 192. BUSINESS DEDUCTION WITH REGARD TO GEOTHERMAL ENERGY PRODUCTION

"(a) IN GENERAL.—There shall be allowed as a deduction in computing the taxable income of a holder of an economic interest in a geothermal energy property an amount equal to 22 percent of the gross income from the geothermal energy property for the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property.

"(b) LIMITATION.—The deduction allowed under subsection (a) may not exceed 50 percent of the taxpayer's taxable income from the geothermal energy property for the taxable year, computed without regard to the deduction allowed by this section.

"(c) SPECIAL RULES.—

"(1) LEASES.—In the case of a lease, the deduction allowed under subsection (a) shall be equitably apportioned between the lessor and lessee.

"(2) LIFE TENANT AND REMAINDERMAN.—In the case of property held by one person for life with remainder to another person, the deduction allowed under subsection (a) shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant.

"(3) PROPERTY HELD IN TRUST.—In the case of property held in trust, the deduction allowed under subsection (a) shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each.

"(4) PROPERTY HELD BY ESTATE.—In the case of an estate, the deduction allowed under subsection (a) shall be apportioned between the estate and the heirs, legatees, and devisees on the basis of the income of the estate allocable to each.

"(d) DEFINITIONS.—For purposes of this section—

"(1) GEOTHERMAL ENERGY.—The term 'geothermal energy' means any product included in the term 'geothermal steam and associated geothermal resources', as defined in section 2(c), of the Geothermal Steam Act of 1970 (30 U.S.C. 1001(c)), and shall include natural methane gas contained in, or produced in association with, any such product.

"(2) GEOTHERMAL ENERGY PROPERTY.—The term 'geothermal energy property' means property from which the taxpayer extracts geothermal energy.

"(3) GROSS INCOME FROM THE PROPERTY.—The term 'gross income from the property' means the gross income from extracting geothermal energy from the property, excluding any value in respect of transportation from the well site.

"(4) PROPERTY.—The term 'property' has the same definition it has under section 614(a). For purposes of applying such section 614(a) with respect to this section, a well producing geothermal energy shall be considered to be a gas well.

"(e) APPLICATION WITH SUBCHAPTER 1.—No deduction shall be allowed under section 611 with respect to production of geothermal energy.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section.".

(b) CLERICAL AMENDMENT.—The table of parts for such part VI is amended by adding at the end thereof the following new item:

"SEC. 192. BUSINESS DEDUCTION WITH REGARD TO GEOTHERMAL ENERGY PRODUCTION.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 57(a)(8) (relating to items of tax preference) is amended by inserting immediately after "section 611" the following: "or the business deduction for geothermal energy production allowable under section 192".

(2) Section 62(6) (relating to definition of adjusted gross income) is amended by striking out "and the deduction allowed by section 611." and inserting in lieu thereof a comma and "the deduction allowed by section 192, and the deduction allowed by section 611."

(3) Section 263(c) (relating to deduction for intangible drilling and development costs in the case of oil and gas wells) is amended—

(A) by adding at the end thereof the following new sentence: "Such regulations shall also grant the option to deduct as expenses intangible drilling and development costs in the case of wells drilled for geothermal steam and associated geothermal resources, as defined in section 2(c) of the Geothermal Steam Act of 1970 (30 U.S.C. 1001(c)), to the same extent and in the same manner as such expenses are deductible in the case of oil and gas wells.", and

(B) by amending the caption of such section to read as follows:

"(c) INTANGIBLE DRILLING AND DEVELOPMENT COSTS IN THE CASE OF OIL AND GAS WELLS AND GEOTHERMAL ENERGY WELLS.".

(4) Section 613A(b)(1) (relating to limitations on percentage depletion in case of oil and gas wells) is amended—

(A) by inserting immediately after the

comma in subparagraph (A) the following: "and",

(B) by striking out "and" in subparagraph (B), and

(C) by striking out subparagraph (C).

(5) The last sentence of section 617(a)(1) (relating to deduction and recapture of certain mining exploration expenditures) is amended to read as follows: "In no case shall this subsection apply with respect to amounts paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas (other than geothermal energy) or of any mineral with respect to which a deduction is not allowable under section 613 or section 192.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply for taxable years beginning after December 31, 1976.

By Mr. HATHAWAY (for himself and Mr. MCINTYRE):

S. 1964. A bill to amend the Emergency School Aid Act to extend to Franco-Americans the same benefits afforded other minority groups under that act, and to incorporate cultural preservation activities into the purposes of that act; to the Committee on Human Resources.

THE FRANCO-AMERICAN CULTURAL HERITAGE PRESERVATION ACT OF 1977

Mr. HATHAWAY. Mr. President, I am pleased to introduce today the Franco-American Cultural Heritage Preservation Act of 1977.

This measure has a two-fold purpose. First, it broadens substantially the goals and purpose of the Emergency School Aid Act. Second, it explicitly allows Franco-Americans to be eligible for benefits accompanying those broadened goals.

This legislation was first enacted in 1972 and was intended to assist students who were members of certain designated minority groups. Its goal to eliminate minority group segregation and discrimination, and to overcome educational disadvantages which accompany such conditions.

Section 702 of that act, the so-called findings and purposes section, reads as follows:

SEC. 702. (a) The Congress finds that the process of eliminating or preventing minority group isolation and improving the quality of education for all children often involves the expenditure of additional funds to which local educational agencies do not have access.

(b) The purpose of this title is to provide financial assistance—

(1) to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools;

(2) to encourage the voluntary elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students; and

(3) to aid school children in overcoming the educational disadvantages of minority group isolation.

To implement the purposes of this act, local education agencies are encouraged to apply for grant assistance to conduct remedial services, teacher training, development of new curricula and so on.

While all of these purposes were valid in 1972 and continue to be valid today, there is an additional dimension to the problems faced by ethnic groups which deserves the concerted attention and action of the Senate. That dimension is the need to preserve and foster unique cultural contributions and heritages of particular ethnic groups.

This is an equally valid purpose to those originally included in the act, and, I think, becomes more valid as the isolation of various groups is limited or eliminated.

Intregrating and assimilating of minority groups into the mainstream of our society and insuring equal oportunity for all is and always has been an extremely important goal of our constitutional structure and society. But at the same time, this effort by members of minority groups should not destroy an appreciation for the attributes and values of their forebears. We have to balance the two and must insure that as the children of second, third, fourth, and subsequent generation American participate fully and equally in our society, they do not ignore or disdain the values of their forebears.

Consequently, the bill I introduce today would broaden the purposes of this act to include fostering of cultural heritage preservation activities.

Further, this bill would amend the definition of minority groups eligible under the terms of the act to explicitly include Franco-Americans.

In order to give my colleagues an idea of the sorts of activities and functions which such an amended act would encourage through local educational agencies, I ask unanimous consent, Mr. President, that my remarks delivered at the Acadian Village Festival on July 10, 1977, in Van Buren, Maine, be printed in the RECORD along with the text of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Franco-American Cultural Heritage Preservation Act of 1977."

SEC. 2. Section 702(a) of the Emergency School Aid Act is amended by inserting after "isolation" the following: "preserving minority group cultural values".

SEC. 3. Section 702(b) of such Act is amended by—

(1) striking out "; and" in paragraph (2) and inserting in lieu thereof a comma.

(2) striking out the period at the end of paragraph (3) and inserting in lieu thereof the following: "; and".

(3) inserting at the end thereof the following new paragraph:

"(4) to preserve and foster values of cultural heritage and ethnic identity."

SEC. 4. Section 706(a)(1)(c) of such Act is amended by inserting at the end thereof the following:

"(iv) to preserve and foster unique minority group characteristics and contributions of a cultural, historical, linquistic, or artistic nature, or"

SEC. 5. (a) section 720(9)(A) of such Act is amended by inserting after "Portuguese," the following: "Franco-Americans."

(b) Section 720(9)(B) of such Act is amended by inserting before the period at the end thereof the following: ", and the term 'Franco-American' means a person in whose family the dominant language is French."

REMARKS OF SENATOR WILLIAM D. HATHAWAY

It is a pleasure to be here this evening. I congratulate everyone connected with arranging the Acadian Village Festival and I'm sorry I missed the first two days.

Special congratulations are owed to Mrs. Frances Levasseur, who has worked continuously to bring the idea of the Acadian Village to life.

A few short years ago, Mrs. Levasseur, with the help of her friends and neighbors, began the long, hard job which has resulted in the unique historical and cultural asset of the Acadian Village.

She realized that there was a new generation which needed to know where they came from and how their ancestors lived.

The Village, with its homes, general store, chapel, black-smith shop, post office, barns, and community center will show the people of Van Buren, Madawaska, and the entire St. John Valley what it was like to live here two and three centuries ago.

It will stand as a symbol of the community which has existed here for over three centuries, and as a living monument for all who have lived and worked here and have raised their families here. It also stands as a monument to the indominatible spirit of the Acadian people, of which many in this room are proud representatives. In fact, I understand over 80% of the residents of this area can trace their ancestry to the original inhabitants.

Long before our popular culture became interested once again in its Roots, and centuries before Alex Haley was born, the Acadian people have understood the importance of staying in touch with one's past, of maintaining common goals and pursuits, and of preserving a rich cultural heritage.

You have succeeded in these difficult tasks against extreme odds and extraordinary adversity.

In fact, without this strong commitment to each other, you would not have been able to survive the shocks and turmoil which history has inflicted on your people.

The word "Acadia", or more properly Acadie (Ah-kah-dee') derives from a Mic Mac Indian word (akade) meaning a place where fish, birds, fur bearing animals and forests of valuable trees abound.

In 1524, the explorer Jean Verrazano described "a land called Acadie because of the beauty of its trees."

With this sort of advertising, Henry the IV of France issued a patent to Pierre du Gast to exploit this potentially rich area. In 1604, an expedition of 79 men set out for Acadie.

In the summer of 1604, this expedition settled on St. Croix Island in Passamaquoddy Bay.

Samuel Champlain was among that group of 79 men who were ravaged by severe storms and scurvy during that first hard winter, which must have made all of them wonder about the appropriateness of the name of the region.

In the summer of 1605, they sought a more hospitable climate, and went as far south as Cape Cod, but ended up returning to Port Royal.

A short time after this, Henry revoked the du Gast patent and the settlers went back to France.

But others returned to take their place, and by 1701 there were 1,450 Acadians, 466 inhabitants of Port Royal and the rest spread over the large interior—including 50 at the River St. John.

Until 1713, when the Treaty of Utrecht gave the English sovereignty over this area, control had seesawed between the French and the English.

In 1755 after 200 Acadians were caught fighting for the French, the scurrilous English Governor, Charles Lawrence of Novia Scotia, demanded that the Acadians swear loyalty to the English government.

On July 3, 1755, in a preview of events to take place 21 years later, the Acadians presented their memorandum of objections to the Governor's Council at Halifax.

This led to his order exiling them. In a human tragedy of epic proportions, later immortalized by Longfellow's *Evangeline*, families were split up. They were subjected to the cruelest conditions of captivity, disease and death.

Of the 10,000 or so first put under arrest, 2,000 escaped into the forest, and many of these began a journey which led them to this valley.

Those who suffered exile endured deplorable conditions. They were sent to the English colonies from Massachusetts to Georgia, and most were treated like slaves or worse.

For example, 750 were sent to Philadelphia, where this human cargo waited three months in the harbor. Small pox killed over 230 of them. 650 went to a watery grave in the icy Atlantic. Others went to England for a time. A group found their way to Louisiana.

But despite these hardships, the survivors stayed together and helped each other through these trying times. They have stood as a powerful symbol of the unconquerable nature of the human spirit and will, and as an example for oppressed peoples everywhere.

So, the Acadian Village you have constructed, and the antiques and artifacts contained in it, are much more than historical curiousities.

They are reminders of the strength and self sufficiency of the Acadian people; reminders of your ancestors' refusal to bow down to a distant monarch; and reminders of a small settlement refusing to be dominated by a large empire.

It is quite clear that Acadians still possess all these qualities in large measure, but reminders are helpful lest future generations forget.

Thank you.

By Mr. ANDERSON:

S. 1966. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Human Resources, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Finance, jointly, by unanimous consent.

Mr. ANDERSON. Mr. President, I am today introducing S. 1966, the National Employment Priorities Act of 1977. A different version of this bill has been introduced in the House of Representatives as H.R. 76 by Mr. FORD of Michigan and others.

The National Employment Priorities Act is designed to provide assistance to workers, businesses, and communities that are adversely affected by the arbitrary and unnecessary closing or relocation of industrial plants and other businesses. This legislation is based on the premise that such closing and transfers may cause irreparable harm, economically and socially, to workers, communities, and the Nation.

When an industrial plant has ceased to be economically viable there is little that can, or should be done. But the closings and transfers that are of concern in this bill are not those required by economic forces. What is of concern in this bill are closing and transfers motivated not by the failure of the existing plant to operate profitably, but by the expectation that somewhere else even greater profits might be found.

The problem in such instances is that in the calculations of the firms involved, the only cost factors considered are those of the firm itself. But there are other costs associated with a plant transfer that ought also be taken into account. When a plant transfers it often leaves hundreds or thousands of workers without jobs. In Minnesota some years ago a heavy machinery plant moved to another State and left 2,000 workers behind. In Virginia a few years ago a plant employing nearly one-fifth of the population of a town decided to move its production of television components to Portugal. Michigan has been particularly hard hit by closings and transfers of plants. For example, in 1971 the Federal Mogul Co. in Detroit signed a contract with the United Auto Workers and 6 months later announced it would be moving to Alabama. A spokesman for the company was quoted as saying they were moving "not because we are not making money in Detroit, but because we can make more money in Alabama." In 1973 a firm in Lansing, Mich., put 300 workers on the unemployment rolls when it moved to Arkansas. The reason for the move was simple: lower wages in Arkansas. In Arkansas the company expected to pay production workers wages which would total less than $5,000 for a year's work. Hawaii has faced much of the same problem as runaway pineapple corporations shift production to Taiwan or the Phillippines to avoid the more costly wages and working conditions of the United States.

The costs of a plant transfer go beyond the extreme stress placed upon the workers immediately dispossessed of their livelihood. Even with the unemployment insurance and other welfare benefits which we provide those thrown out of work their total purchasing power will decline. This decline means those who provided goods and services for these workers, will economically suffer as well. When the transfer is a large enough portion of a town's population, the community itself will be economically devastated.

The local and State governments in the area also will pay a double price for the plant transfer. First, the governments involved will lose revenue because of the reduced taxes paid by the workers and by the plant. Second, the costs of government will rise as the unemployed seek public assistance of one kind or another. Everyone in the community and the State will shoulder part of the costs of the plant transfer to pay the increased taxes needed to provide the public assistance to the unemployed. When such plant closings and transfers are numerous or concentrated in one community, the disinvestment produced can feed upon itself to develop the social pathology we find in some of our largest cities where subcultures of unemployment, welfare, crime, and despair have developed that encourage the further flight of businesses from the cities.

There are several other costs involved in a plant transfer that are also seldom taken into account. When a firm or firms abandon an area in such numbers that eventually population is lost, the community that remains is lost, the community that remains is often left with a physical plant of roads, schools, public buildings, and transit systems that are now excessive in comparison to the needs of the remaining population. This underutilization of a community's infrastructure is inefficient and costly.

At the same time, the business transfers into a new area, while it may be cheap in the costs figures of the company involved, will trigger increased governmental costs in the new community as it must erect new roads, schools, sewers, and other new public services to meet the increased demand.

S. 1966 attempts to get these other costs, real costs both in dollars and in social dislocation, taken into account in plant transfers and shutdowns. It also seeks to prevent transfers or shutdowns in marginal cases by providing technical and economic assistance to firms to remain where they are. If the transfer or shutdown does occur S. 1966 seeks to soften some of the impact by providing transfer possibilities for the workers involved, job placement, and retaining benefits. It provides transition aid to the local community for 2 years by making up some of the lost tax revenue caused by a closing or transfer. The main thrust of the National Priorities Employment Act, however, is not on picking up the pieces after the damage is done. It is aimed at preventing the transfer of firms where the operation is economically viable and the transfer unjustified. This is enforced by authorizing a temporary denial of certain Federal tax benefits to business which relocate contrary to the standards of the bill.

Following is a brief summary of the provisions of S. 1966:

SUMMARY

Title I: Contains the general provisions including a declaration of policy and purpose and the definitions. Affected firms are defined as those employing 100 workers or more.

Title II: Provides for the establishment of a National Employment Relocation Administration in the Department of Labor, headed by an Administrator appointed by the President and approved by the Senate. Provides for Administration functions and duties.

Title III: Provides that if 10% or 25 of the employees, whichever is greater, of an establishment suffer unemployment as a result of a transfer or closing, the firm must notify the N.E.R.A. and the employees not less than one year in advance of the action except where there is good cause that the firm could not anticipate the closing or transfer. Provides that if requested by 10% of the employees, a labor organization, or the Secretary of Labor, the N.E.R.A. will investigate the closing or transfer. The N.E.R.A. will provide a report on the economic justification of the proposed closing, the potential economic and social loss to affected employees, the potential economic, social and environmental loss to the affected communities, and what actions may be taken in response to the closing or transfer.

Title IV: Provides for job placement and retraining benefits to affected employees.

Title V: Provides that when the community involved has an unemployment rate of 6% or above, the community will receive a grant of 50% of lost revenue from the departed facility the first year and 25% of lost revenue the second year.

Title VI: Provides that in the case of a business proposing a closing or transfer in an area with an unemployment rate above 6% that the N.E.R.A. may furnish technical assistance and financial assistance in the forms of guarantees and loans to make the operation economically viable at its present location.

Title VII: Provides that affected employees shall have the opportunity to transfer to a new plant with no reduction in economic benefits for not less than one year. Provides that in the event of a transfer that the new plant must offer economic benefits to all employees equal to those of the old location for a period of not less than three months. Provides that none of these provisions supercede a collective bargaining agreement.

Title VIII: Provides that if the transfer of operations was not justified or the provisions of Title VII were not met that certain tax provisions, including the investment credit, the accelerated depreciation range, the foreign tax credit, the deferral of taxes on foreign income, and deduction of expenses of the transfer, shall be denied the firm for a period of ten years.

Mr. President, legislation I am introducing today, the National Employment Priorities Act of 1977, is similar in several aspects to legislation introduced in previous years by Vice President MONDALE. I am pleased to add my name to that of WALTER MONDALE's in support of this legislation and I urge its prompt consideration in the 95th Congress.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that a bill introduced by the Senator from Minnesota (Mr. ANDERSON), relative to aiding employees, communities, and businesses for unjustified dislocations, be jointly referred to the Committees on Human Resources, Banking, Housing, and Urban Affairs, and Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 533

At the request of Mr. JAVITS, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 533, the Human Resources Development Act.

S. 1158

At the request of Mr. THURMOND, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1158, to amend the Internal Revenue Code.

S. 1191

At the request of Mr. MCGOVERN, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1191, the National Preventive Medicine, Health Maintenance, and Health Promotion Act.

S. 1503

At the request of Mr. THURMOND, the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 1503, relating to the ban on the use of the chemical Tris.

S. 1590

At the request of Mr. DOMENICI, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 1590, a bill to incorporate the American Ex-prisoners of War, Inc.

S. 1642

At the request of Mr. CRANSTON, the Senator from Vermont (Mr. STAFFORD), the Senator from Georgia (Mr. TALMADGE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Florida (Mr. STONE), the Senator from New Hampshire (Mr. DURKIN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from South Carolina (Mr. THURMOND), and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of S. 1642, the Veterans and Survivors Pension Adjustment Act of 1977.

S. 1644

At the request of Senator PACKWOOD, the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alaska (Mr. GRAVEL), the Senator from Maine (Mr. HATHAWAY), the Senator from Kansas (Mr. DOLE), the Senator from Vermont (Mr. LEAHY), the Senator from Michigan (Mr. RIEGLE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Mississippi (Mr. EASTLAND), the Senator from North Carolina (Mr. MORGAN), the Senator from Idaho (Mr. CHURCH), the Senator from Minnesota (Mr. ANDERSON), the Senator from New Jersey (Mr. WILLIAMS), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Pennsylvania (Mr. HEINZ), the Senator from South Carolina (Mr. THURMOND), the Senator from Alaska (Mr. STEVENS), the Senator from Texas (Mr. TOWER), the Senator from California (Mr. HAYAKAWA), the Senator from Vermont (Mr. STAFFORD), and the Senator from New York (Mr. JAVITS) were added as cosponsors of S. 1644, a bill to give tax equity to parents without partners.

S. 1693

At the request of Mr. CRANSTON, the Senator from Vermont (Mr. STAFFORD), the Senator from Georgia (Mr. TALMADGE), the Senator from Florida (Mr. STONE), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from South Carolina (Mr. THURMOND), and the Senator from Wyoming (Mr. HANSEN), were added as cosponsors of S. 1693, the Veterans Health Care Amendments Act of 1977.

S. 1775

At the request of Mr. CRANSTON, the Senator from Vermont (Mr. STAFFORD), the Senator from Georgia (Mr. TALMADGE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Florida (Mr. STONE), the Senator from New Hampshire (Mr. DURKIN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from South Carolina (Mr. THURMOND), and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of S. 1775, a bill to amend the Veterans' Administration Physician and Dentist Pay Comparability Act of 1975, approved October 22, 1975, as amended, in order to extend certain provisions thereof, and for other purposes.

S. 1819

At the request of Mr. DECONCINI, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 1819, the Criminal Diversion Act of 1977.

S. 1923

At the request of Mr. ROTH, the Senator from Idaho (Mr. CHURCH) was added as a cosponsor of S. 1923, to amend the Consolidated Farm and Rural Development Act and title V of the Housing Act of 1949.

SENATE JOINT RESOLUTION 56

At the request of Mr. HUMPHREY, the Senator from Minnesota (Mr. ANDERSON), the Senator from Kentucky (Mr. FORD), and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of Senate Joint Resolution 56, the rural telecommunications policy resolution.

SENATE JOINT RESOLUTION 60

At the request of Mr. STONE, the Senator from Alaska (Mr. GRAVEL), the Senator from Florida (Mr. CHILES), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from New York (Mr. JAVITS) were added as cosponsors of Senate Joint Resolution 60, to establish a White House Conference on Energy Conservation.

SENATE RESOLUTION 237—SUBMISSION OF A RESOLUTION TO REFER A BILL TO THE COURT OF CLAIMS

(Referred to the Committee on the Judiciary.)

Mr. MATSUNAGA submitted the following resolution:

S. RES. 237

Resolved, That the bill (S. 1959) entitled "A bill for the relief of Paul E. Zirkle" now pending in the Senate, together with all the accompanying papers, is referred to the Chief Commissioner of the United States Court of Claims. The Chief Commissioner shall proceed according to the provisions of sections 1492 and 2509 of title 28, United States Code, and report back to the Senate, at the earliest practicable date, giving such findings of fact and conclusions that are sufficient to inform the Congress of the nature and character of the demand as a legal or equitable claim against the United States or a gratuity, and the amount, if any, legally or equitably due from the United States to the claimant.

AMENDMENTS SUBMITTED FOR PRINTING

PUBLIC FINANCING OF SENATE ELECTIONS—S. 926

AMENDMENTS NOS. 645 THROUGH 689

(Ordered to be printed and to lie on the table.)

Mr. LONG submitted 45 amendments intended to be proposed by him to the bill (S. 926) to provide for public financing of primary and general elections for the U.S. Senate.

AMENDMENT NO. 690

(Ordered to be printed and to lie on the table.)

Mr. HUDDLESTON submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 691

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON (for himself, Mr. BENTSEN, and Mr. HARRY F. BYRD, JR.,

submitted an amendment intended to be proposed by them jointly to the bill (S. 926), supra.

AMENDMENT NO. 692

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON (for himself and Mr. MORGAN) submitted an amendment intended to be proposed by them jointly to the bill (S. 926), supra.

AMENDMENT NO. 693

(Ordered to be printed and to lie on the table.)

Mr. DECONCINI submitted an amendment intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 694 AND 695

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 696 AND 697

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted two amendments intended to be proposed by him to the bill (S. 926).

AMENDMENTS NOS. 698, 699, AND 700

(Ordered to be printed and to lie on the table.)

Mr. HAYAKAWA submitted three amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 701 AND 702

(Ordered to be printed and to lie on the table.)

Mr. LEAHY submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 703 AND 704

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENT NO. 706

(Ordered to be printed and to lie on the table.)

Mr. LAXALT. Mr. President, as reported by the Committee, S. 926 extends to State and national party committees the use of special reduced third-class mail rates for political mailings.

In keeping with the will of the committee and the apparent will of this body to continue the subsidy for certain special interests including labor organizations, a subsidy to which I am opposed, my amendment extends the subsidy to any political committee registered with the FEC.

The amendment is proposed in the interest of simple equity. A political advantage of this nature, which is subsidized by the American people, should be equally available to all Americans.

AMENDMENT NO. 707

(Ordered to be printed and to lie on the table.)

Mr. LAXALT. Mr. President, the purpose of my amendment is to eliminate a political advantage enjoyed by certain special interests at taxpayers' expense. Existing law permits labor organizations to use the special reduced third-class mail rates for their political mailings. Corporate entities, however, while no greater a special interest than "big labor," may not use the special reduced rates.

While it may be desirable to extend this privilege to all political committees, regardless of their affiliation, I believe the public interest is best served by limiting its availability to a few needy interests. My amendment would deny both labor organizations and corporations reduced postal rates with respect to any mailings in connection with candidates for any public office. The other beneficiaries of the reduced rate, such as philanthropic, scientific, and similar organizations, would not be affected.

Mr. President, this postal subsidy to labor cost American taxpayers some $3 million for the 1976 campaign; further more, the Postal Service is currently threatening another increase. These factors alone argue for the elimination of the subsidy. However, should my amendment be defeated, I will propose another amendment to extend the reduced rate to all political committees. My reasoning in that instance is if the costs of the subsidy are to be absorbed by all Americans, so should the benefits be available to all Americans.

In sum, Mr. President, I urge that the Senate remedy the existing inequity, most preferably through a savings to the American taxpayer.

AMENDMENT NO. 708

(Ordered to be printed and to lie on the table.)

Mr. LAXALT. Mr. President, in my view, full public disclosure is the heart of electoral reform. This concept should apply equally to candidates and those special groups which support them. In its present form, S. 926 fails miserably in providing the public with the information necessary to determine which special interest is supportive of a candidate.

For example, by conservative estimates, organized labor contributed $11 million to the Carter-Mondale campaign. Yet, most of this spending escaped public scrutiny because of a substantial loophole in reporting requirements.

Existing law, unchanged by S. 926, provides that communications "primarily devoted to subjects other than express advocacy of the election or defeat of a clearly identified candidate" need not be reported to the Commission. Furthermore, communications expressly advocating the defeat or election of a candidate need only be reported when the costs exceed $2,000. In practice this means that corporations and unions can, in a newsletter or similar communication ostensibly devoted to other purposes, slam or praise a candidate, and that action need not be reported. Likewise, the $2,000 threshold permits many communications, exclusively devoted to a candidate to pass unnoticed.

My amendment, Mr. President, would close both of these loopholes. Any communication, or portion thereof, the costs of which exceed $250 advocating the election or defeat of a candidate would be reported to the Commission.

Mr. President, I believe that given sufficient information the public will be afforded the opportunity to minimize the influence of special interests.

AMENDMENT NO. 709

(Ordered to be printed and to lie on the table.)

Mr. LAXALT. Mr. President, among the enforcement procedures of the FEC is the power to initiate civil actions. While this may be a necessary course where there has been knowing and willful violation of the act, it is clearly a case of overkill in other areas. My amendment would make conciliation the sole method of enforcement when there has been an involuntary failure to meet the reporting requirements.

As noted in the committee report, "the vast majority of campaigns during the 1976 elections were burdened by the large number of reports required to be maintained and submitted to the Commission." While seeking to alleviate this burden, the committee did not remove the ultimate sanction available to the Commission in enforcing these requirements. Campaign treasurers would still, needlessly in some instances, labor under threat of civil action.

Mr. President, my particular concern is the all too frequently used "Request for Additional Information"—FEC form 12, revised April 1977—sent by the Commission to correct the report of receipts and expenditures. In the heat of a campaign, the treasurer of a campaign committee can unintentionally either omit or incorrectly provide some of the detailed information required by the Commission. While I do not begrudge the Commission's access to all necessary information, surely an involuntary omission or error by a campaign treasurer should not constitute grounds for a civil suit.

Furthermore, Mr. President, if my reasoning is sound with respect to this particular reporting requirement, I believe that it is equally applicable to such other reports as the Commission may require. That is, the involuntary failure to properly complete any report required by the Commission should be remedied through conciliation and without the threat of civil action. The amendment would also help minimize any potential harassment of candidates by the Commission. Finally, I emphasize that my amendment would, in no respect, undermine the power of the Commission to initiate a civil action where it was believed that the reporting error was knowing and willful.

Mr. President, I urge my colleagues to adopt this amendment and thereby ease the administrative burden borne by candidates and campaign committees.

AMENDMENTS NOS. 710 AND 711

(Ordered to be printed and to lie on the table.)

Mr. CANNON submitted two amendments intended to be proposed by him to the bill (S. 926), supra.

AMENDMENTS NOS. 712 THROUGH 744

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted 33 amendments intended to be proposed by him to the bill (S. 926), supra.

FOREIGN ASSISTANCE APPROPRIATIONS—H.R. 7797

AMENDMENT NO. 705

(Ordered to be printed and to lie on the table.)

Mr. SCHWEIKER submitted an amendment intended to be proposed by him to the bill (H.R. 7797) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1978, and for other purposes.

NUCLEAR NONPROLIFERATION ACT—S. 897

AMENDMENT NO. 745

(Ordered to be printed and referred to the Committee on Foreign Relations and the Committee on Governmental Affairs, jointly.)

Mr. GLENN. Mr. President, I am pleased to submit today an amendment, in the form of a substitute, to S. 897 the Nuclear Nonproliferation Act of 1977. This amendment is the result of the efforts of many people, including my distinguished cosponsors Senators PERCY, RIBICOFF, and JAVITS. I am particularly gratified at the unofficial indications of administration support for the fundamental provisions of this amendment. We have labored long and hard over the past 2 years to produce a nonproliferation bill worthy of the name.

We have, up to now, been unable to move a bill completely through the legislative process. I am optimistic about the chances for such legislation in this Congress, however. In addition we have an administration which has shown itself to be completely committed to finding a solution to this problem of nuclear proliferation—a problem which represents a grave and urgent threat to world peace—and have had excellent cooperation from administration representatives in working out the details of this amendment.

The amendment I am submitting today represents a balance between positive incentives and sanctions for other countries to adopt our nonproliferation objectives. To those countries genuinely concerned about nuclear fuel supply we offer the prospect of guaranteed nuclear fuel availability, not only on the familiar bilateral basis, but, additionally on an internationally administered basis. At the same time we serve notice that recipient nations must satisfy strict export control criteria in order to receive the benefits of nuclear energy through cooperation with the United States.

This amendment does not purport to be a perfect solution to our exceedingly difficult problem. The ultimate solution must come from a realization by all members of the community of nations that unbridled trade in nuclear commodities by any nation poses grave risks for all nations. For this reason we have provided ample room in our legislation for diplomatic initiatives to continue. It is my sincere belief that this legislation enhances that effort and will speed up the timetable of agreement among nations.

Mr. President, I ask unanimous consent that the full text of the amendment be printed in the RECORD, along with the section-by-section analysis.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 745

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Nuclear Non-Proliferation Act of 1977."

STATEMENT OF POLICY

SEC. 2. The Congress hereby finds and declares that the proliferation of nuclear explosive devices or the direct capability to manufacture or otherwise acquire such devices poses a grave threat to security interests of the United States and continued international progress toward world peace and development. Recent events emphasize the urgency of this threat and the imperative need to increase the effectiveness of international safeguards and controls on peaceful nuclear activities to prevent proliferation. Accordingly, it is the policy of the United States to—

(a) actively pursue through international initiatives mechanisms for fuel supply assurances and the establishment of more effective international controls over the transfer and use of nuclear equipment, material, and nuclear technology for peaceful purposes in order to prevent proliferation, including the establishment of common international sanctions;

(b) take such actions as are required to confirm the ability of the United States to act reliably in authorizing the export of nuclear reactors and fuel to nations which share our nonproliferation policies;

(c) strongly encourage nations which have not ratified the Treaty on the Non-Proliferation of Nuclear Weapons (the "Treaty") to do so at the earliest possible date;

(d) aid foreign nations in identifying and adapting appropriate technology for energy production and, in particular, to provide alternative options to nuclear power in aiding such nations to meet their energy needs, consistent with the economic and material resources and environmental protection of those nations; and

(e) cooperate with other nations in protecting the international environment from radioactive, chemical, or thermal contamination arising from nuclear acitivities.

STATEMENT OF PURPOSE

SEC. 3. It is the purpose of this Act to promote the policies set forth above by—

(a) establishing a more effective framework for international cooperation to meet the energy needs of all nations and to ensure that the worldwide development of peaceful nuclear activities and the export by any nation of nuclear materials and equipment and nuclear technology intended for use in peaceful nuclear activities do not contribute to proliferation;

(b) authorizing the United States to take such actions as are required to ensure that it can act reliably in authorizing the export of nuclear reactors and fuel to nations which share our non-proliferation policies;

(c) providing incentives to the other nations of the world to join in such international cooperative efforts and to ratify the treaty;

(d) ensuring effective controls by the United States over its exports of nuclear equipment and materials, and nuclear technology.

DEFINITIONS

SEC. 4. As used in this Act:

(a) The term "Administrator" means the Administrator of Energy Research and Development.

(b) The term "Commission" means the Nuclear Regulatory Commission.

(c) The term "Director" means the Director of the Arms Control and Disarmament Agency.

(d) The term "nuclear materials and equipment" means source material, special nuclear, material, production facilities, utilization facilities, and items or substances determined to have significance for nuclear explosive purposes pursuant to subsection 109 b. or e. of the 1954 Act.

(e) The term "physical security measures" means measures to prevent the theft or sabotage or unauthorized use of source or special nuclear material.

(f) The term "safeguards" means a system of controls designed to ensure that any materials, equipment, components, or substances subject thereto are not used to further any military purposes, including use in or development of any nuclear explosive device.

(g) The term "sensitive nuclear technology" means any information (including information incorporated in a production or utilization facility or important component part thereof, or in a nuclear-related substance) which is not available to the public and which is important to the design, construction, fabrication, operation or maintenance of a uranium enrichment or nuclear fuel reprocessing facility, or a facility for the production of heavy water, but shall not include Restricted Data controlled pursuant to chapter 12 of the 1954 Act.

(h) The term "1954 Act" means the Atomic Energy Act of 1954, as amended.

(i) All other terms used in this Act shall have the meanings ascribed to them by the 1954 Act, the Energy Reorganization Act of 1974, and the Treaty.

TITLE I. UNITED STATES INITIATIVES TO PROVIDE ADEQUATE NUCLEAR FUEL SUPPLY

SEC. 101. The United States, as a matter of national policy, shall take such actions and institute such measures as may be necessary and feasible to assure other nations and groups of nations that may seek to utilize the benefits of atomic energy for peaceful purposes that it will provide a reliable supply of nuclear fuel to those nations and groups of nations which adhere to policies designed to prevent proliferation. Such nuclear fuel shall be provided under agreements entered into pursuant to section 161 of the 1954 Act or as otherwise authorized by law. The United States shall strive to ensure that it will have available the capacity to carry out this policy on a long-term basis. The United States shall, on a timely basis, authorize the export of nuclear materials and equipment when all the applicable statutory requirements are met.

SEC. 102. The Administrator is directed to initiate construction planning and design, construction, and operation activities for expansion of uranium enrichment capacity, as elsewhere provided by law.

SEC. 103. The President shall promptly undertake a study to determine the need for additional United States enrichment capacity to meet domestic and foreign needs and to promote United States non-proliferation objectives abroad. The President shall report to the Congress on the results of this study within twelve months after the date of enactment of this Act.

SEC. 104. (a) The President shall institute prompt discussions with other nations or groups of nations to develop international approaches for meeting future worldwide nuclear fuel needs. In particular, the President is authorized and directed to seek to negotiate as soon as practicable with nations possessing nuclear fuel production facilities or source material and such other nations as may be deemed appropriate with a view toward the timely establishment of binding, international arrangements providing for:

(1) the establishment of an international nuclear fuel authority ("INFA") with responsibility for allocating agreed upon

quantities of fuel resources to ensure fuel supply on reasonable terms in accordance with agreements between INFA and supplier and recipient nations;

(2) a set of conditions as called for in subsection (d) of this section under which international fuel assurance under INFA auspices will be provided to recipient nations, including conditions which will ensure that the transferred materials cannot or will not be used for nuclear explosive devices;

(3) the establishment of repositories under effective international auspices and inspection for the storage of spent nuclear reactor fuel;

(4) the establishment of arrangements under which nations placing their spent fuel in such repositories would receive appropriate compensation for the energy content of such spent fuel if recovery of such spent fuel is deemed necessary or desirable;

(5) appropriate financial arrangements regarding transactions carried out under INFA; and

(6) sanctions for violations of the provisions of or for abrogation of such binding international arrangements.

(b) Pending the establishment of INFA, the President shall implement such measures as are necessary to make available, for contribution to an international stockpile established pursuant to an international arrangement, an amount of uranium enriched to less than 20 percent in the isotope 235 sufficient to produce up to 100,000 MWe years of power from light water nuclear reactors. The President shall submit to the Congress no later than six months after the date of enactment of this Act proposals for the establishment of an initial international arrangement to guarantee the supply of such fuels to nations that adhere to strict policies designed to prevent proliferation.

(c) The President shall, in the report required by section 103, also address the desirability of and options for foreign participation, including investment, in new United States uranium enrichment facilities. This report shall also address the arrangements that would be required to implement such participation and the commitments that would be required as a condition of such participation. This report shall be accompanied by any proposed legislation to implement these arrangements.

(d) The fuel assurances provided by this section shall be exclusively for the benefit of nations that adhere to policies designed to prevent proliferation. In negotiating the international arrangements called for in this section, the President shall, in particular, seek to ensure that the benefits of such arrangements are available to non-nuclear-weapon states only if such states accept IAEA safeguards on all their peaceful nuclear activities, do not manufacture or otherwise acquire any nuclear explosive device, do not establish any enrichment or reprocessing facilities on a national basis, and place any such existing facilities under effective international auspices and inspection.

(e) The report required by section 601 shall include information on the progress made in any negotiations pursuant to this section.

SEC. 105. The President shall take immediate initiatives to establish an intensive international fuel cycle evaluation involving other nuclear supplier and recipient countries to reevaluate all aspects of the nuclear fuel cycle, with emphasis on alternatives to an economy based on the separation of pure plutonium or the presence of highly enriched uranium and methods to deal with spent fuel storage. The President shall submit a special report to the Congress no later than one year after enactment of this Act, detailing the progress of the international nuclear fuel cycle evaluation.

TITLE II. UNITED STATES INITIATIVES TO STRENGTHEN THE INTERNATIONAL SAFEGUARDS SYSTEM

SEC. 201. The United States is committed to a strengthened and more effective International Atomic Energy Agency (IAEA) and to a comprehensive safeguards system administered by that agency to deter proliferation. Accordingly, the United States shall seek to act with other nations to—

(a) continue to strengthen the safeguards program of the IAEA and, in order to implement this initiative, contribute funds, technical resources, and other support to assist the IAEA in effectively implementing safeguards;

(b) ensure that the IAEA has the resources to carry out the provisions of Article XII of the Statute of the IAEA;

(c) improve the IAEA safeguards system (including accountability) to ensure—

(1) the timely detection of a possible diversion of source or special nuclear materials which could be used for nuclear explosive devices;

(2) the timely dissemination of information regarding such diversion; and

(3) the timely implementation of internationally agreed procedures in the event of such diversion;

(d) ensure both that the IAEA receives on a timely basis the data needed for it to administer an effective and comprehensive international safeguards program and that the IAEA provides timely notice to the world community of any evidence of a violation of safeguards agreements to which it is a party;

(e) encourage the IAEA, to the maximum degree consistent with the statute, to provide nations which supply nuclear materials and equipment with the data needed to assure such nations that bilateral commitments applicable to such supply are being adhered to.

SEC. 202. The Energy Research and Development Administration, in consultation with the Commission, shall establish and operate a safeguards and physical security training program to be made available to persons from nations or groups of nations which have or may be expected to develop or acquire nuclear materials and equipment for use for peaceful purposes. Any such program shall include training in the most advanced safeguards and physical security techniques and technology, consistent with national security interests of the United States.

SEC. 203. The Department of Commerce (acting through the National Bureau of Standards), the Energy Research and Development Administration, and the Commission shall, in consultation with the Department of State and the Arms Control and Disarmament Agency, work cooperatively to establish a program to develop reference methods and standards for measurement of nuclear materials and other substances needed to ensure that consistent and compatible measurements can be made at all points of the nuclear materials safeguards system of sufficient accuracy to meet the requirements of the system. These standards and services may be made available to the IAEA for such safeguards purposes and to nations and groups of nations selected for such assistance by the above named agencies in accordance with the 1954 Act.

SEC. 204. The United States shall seek to negotiate with other nations and groups of nations to:

(a) adopt general principles and procedures, including common international sanctions, to be followed in the event that a nation violates any material obligation with respect to the peaceful use of nuclear materials and equipment or nuclear technology, or in the event that any nation violates the principles of the Treaty, including the detonation by a non-nuclear-weapon state of a nuclear explosive device; and

(b) establish international procedures to be followed in the event of diversion, theft, or sabotage of nuclear materials or sabotage of nuclear facilities and for recovering nuclear materials that have been lost or stolen, or obtained or used by a nation or by any person.

TITLE III. EXPORT ORGANIZATION AND CRITERIA

GOVERNMENT-TO-GOVERNMENT TRANSFERS

SEC. 301 (a). Section 54 of the 1954 Act is amended by adding a new subsection d. thereto as follows:

"d. The authority to distribute special nuclear material under this section other than under an export license granted by the Nuclear Regulatory Commission shall extend only to small quantities of special nuclear material (in no event more than five hundred grams per year of the uranium isotope 233, the uranium isotope 235, or plutonium contained in special nuclear material to any recipient): (1) which are contained in laboratory samples, medical devices, or monitoring or other instruments; or (2) the distribution of which is needed to deal with an emergency situation in which time is of the essence.";

(b) Section 64 of the 1954 Act is amended by inserting the following immediately after the second sentence thereof: "The authority to distribute source material under this section (other than under an export license granted by the Nuclear Regulatory Commission), shall in no case extend to quantities of source material in excess of 3 tonnes per year per recipient."; and

(c) Chapter 10 of the 1954 Act is amended by adding a new section 111 as follows:

"SEC. 111. The Nuclear Regulatory Commission is authorized to license the distribution of special nuclear material and source material by the Energy Research and Development Administration pursuant to sections 54 and 64 of this Act, respectively, in accordance with the same procedures established by law for the export licensing of such material by any person."

TECHNOLOGY TRANSFERS

SEC. 302. Subsection 57 b. of the 1954 Act is amended to read as follows:

"b. It shall be unlawful for any person to directly or indirectly engage in the production of any special nuclear material outside of the United States except (1) as specifically authorized under an agreement for cooperation made pursuant to section 123, or (2) upon authorization by the Administrator of Energy Research and Development after a determination that such activity will not be inimical to the interest of the United States: *Provided*, That any such determination by the Administrator shall be made only with the concurrence of the Department of State and after consultation with the Arms Control and Disarmament Agency and the Nuclear Regulatory Commission under mutually agreed-to procedures which shall be established within not more than ninety days after the date of enactment of this proviso. Any trade secrets or proprietary information submitted by any person seeking an authorization under this subsection shall be afforded the maximum degree of protection allowable by law.".

(A) SUBSEQUENT ARRANGEMENTS

SEC. 303. (a) Any proposed subsequent arrangement under an agreement for cooperation (other than an agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c. of the 1954 Act), shall be negotiated by the Administrator with the concurrence of the Secretary of State and in consultation with the Director and the Secretary of Defense; Provided, That any such proposed subsequent arrangement regarding arrangements for the storage or disposition of irradiated fuel elements or approvals for the transfer, for which prior approval is required under an agreement for cooperation, by a recipient of source a special nuclear material, production or utilization facilities, or nuclear technology shall be negotiated by the Secretary of State, with the technical assistance and concurrence of the Administrator and in consultation with the Director and the Secretary of Defense. After consultation with the Commission, any such pro-

posed subsequent arrangement shall be published in the Federal Register, and shall not take effect for 15 days after publication, together with written determination of the Administrator or the Secretary of State, as the case may be, that such arrangement will not be inimical to the common defense and security. Whenever the Director determines that proposed subsequent arrangement is significant from the proliferation standpoint, he shall prepare an unclassified Nuclear Proliferation Assessment Statement regarding the adequacy of the terms and conditions of the proposed arrangement and the implications of the proposed arrangement for preventing proliferation. For the purposes of this section, the term "subsequent arrangements" shall include: United States Government contracts for the furnishing of nuclear materials and equipment; approvals for the transfer, for which prior approval as required under an agreement for cooperation, by a recipient of any source or special nuclear material, production or utilization facility, or nucelar technology; authorization for the distribution of nuclear materials and equipment pursuant to the 1954 Act; arrangements for physical security; arrangements for the storage or disposition of irradiated fuel elements; arrangements for the application of safeguards with respect to nuclear materials and equipment; or any other arrangement which the President finds to be important from the standpoint of preventing proliferation.

(b) With regard to any source or special nuclear material exported by the United States or produced through the use of any nuclear materials and equipment or sensitive nuclear technology exported by the United States—

(1) the Secretary of State may not enter into any subsequent arrangement for the retransfer of any such material to a third country for reprocessing, for the reprocessing of any such material, or for the subsequent retransfer of any special nuclear material resulting from the reprocessing of any such material, until he has provided the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate with a report containing his reasons for entering into such arrangements and a period of 15 days has elapsed;

(2) the Secretary of State may not enter into any subsequent arrangement for the reprocessing of any such material in a facility not in commercial operation prior to the date of enactment of this Act or for the subsequent retransfer to any non-nuclear-weapon state of any special nuclear material resulting from the reprocessing of any such material, unless in his view such reprocessing or retransfer will take place under conditions that are designed to insure reliable detection of any diversion and which would provide timely warning to the United States of such diversion well in advance of the time at which the non-nuclear-weapon state could transform diverted material into a nuclear explosive device; and

(3) the Secretary of State shall attempt to insure, in entering into any subsequent arrangement for the reprocessing of any such material in any facility that was in commercial operation prior to the date of enactment of this Act, that such reprocessing shall take place under conditions comparable to those which he finds satisfy the standards set forth in paragraph (2).

SEC. 304. (a) Chapter 11 of the 1954 Act is amended by adding a new section 126 as follows:

"SEC. 126. EXPORT LICENSING PROCEDURES.—

"a. No license may be issued by the Commission for the export of any production or utilization facility, or any source material or special nuclear material, no exemption from any requirement for such an export license may be granted by the Commission, and the Energy Research and Development Administration shall not distribute any source or special nuclear material under section 54 or 64 of the 1954 Act until the Commission or the Administration, as the case may be—

"(1) has been notified by the Secretary of State that it is the judgment of the executive branch that the proposed export, exemption, or distribution will not be inimical to the common defense and security, or that any export in the category to which the proposed export belongs would not be inimical to the common defense and security because it lacks significance for nuclear explosive purposes. In submitting any such judgment, the Secretary of State shall specifically address the extent to which the export criteria then in effect are met. In the event he considers it warranted, the Secretary may also address the following additional factors, among others:

"(A) that issuing the license, granting the exemption, or authorizing the distribution will materially advance the non-proliferation goals of the United States by encouraging the recipient nation to adhere to the Treaty, or to participate in the undertakings contemplated by section 403 or 404(a) of the Nuclear Non-Proliferation Act of 1977;

"(B) that failure to issue the license, grant the exemption, or authorize the distribution would otherwise be seriously prejudicial to the non-proliferation objectives of the United States;

"(C) that the recipient nation or group of nations has agreed that conditions substantially identical to the export criteria set forth in subsection 127a. will be applied to the proposed United States export or distribution by another nuclear supplier nation or group of nations and that in his judgment those conditions will be implemented in a manner acceptable to the United States;

The Secretary of State shall provide appropriate data and recommendations, subject to requests for additional data and recommendations, as required by the Commission or the Administrator, as the case may be;

"(2) finds that the criteria in subsection 127a. or their equivalent, and any other applicable statutory requirements, are met; *Provided*, That failure to meet provisions of paragraphs 4 and 5 of that subsection shall not prevent continued cooperation with any group of nations under an agreement for cooperation as authorized in accordance with section 124 of this Act if the Secretary of State notified the Commission that such group of nations has agreed to negotiations as called for in section 404(a) of the Nuclear Non-Proliferation Act of 1977;

"b. (1) In the event the Commission, after receiving the executive branch judgment that the issuance of the proposed export license will not be inimical to the common defense and security, does not issue the proposed license because it is unable to make the statutory determinations required under this Act, the Commission shall publicly issue its decision to that effect, and shall submit the license application to the President. The Commission's decision shall include an explanation of the basis for the decision and any dissenting or separate views. If, after receiving the proposed license application and reviewing the Commission's decision, the President determines that withholding the proposed export would be seriously prejudicial to the achievement of United States nonproliferation objectives, or would otherwise jeopardize the common defense and security, the proposed export may be authorized by Executive order; Provided, That prior to any such export, the Persident shall submit the Executive order, together with his explanation of why, in light of the Commission's decision, the export should nonetheless be made, to the Congress for a period of sixty days of continuous session (as defined in subsection 130(i)) and shall be referred to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate, but any such proposed export shall not occur if during such sixty-day period either House passes a resolution stating in substance that it does not favor the proposed export. Any such Executive order shall be considered pursuant to the procedures set forth in section 130 of this Act for the consideration of Presidential submissions;";

(1) In the event that the Senate or the House of Representatives passes a joint resolution stating in substance that one or more additional export criteria are to be adopted by the United States, the Commission or the Administration, as the case may be, shall suspend licensing or authorizing any export that would be directly affected by the terms of such joint resolution for a period of 30 days of continuous session of Congress (as defined in subsection 130(i) of htis Act).

"(2) Any such joint resolution reported by the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives shall be considered by the Senate or the House of Representatives, respectively, under procedures identical to those provided for the consideration of resolutions pursuant to subsections 130(a) through (g) of this Act."

(b) Within one hundred and twenty days of the effective date of this section, the Commission shall, after consultations with the Secretary of State, promulgate regulations establishing procedures (1) for the granting, suspending, revoking, or amending of any nuclear export license or exemption pursuant to its statutory authority; (2) for public participation in nuclear export licensing proceedings when the Commission finds that such participation will be in the public interest and will assist the Commission in making the statutory determinations required by the 1954 Act, including such public hearings and access to information as the Commission deems appropriate; (3) for a public written Commission opinion accompanied by the dissenting or separate views of any Commissioner, in those proceedings where one or more Commissioners have dissenting or separate views on the issuance of an export license; and (4) for public notice of Commission proceedings and decisions, and for recording of minutes and votes of the Commission.

(c) The procedures to be established pursuant to subsection (b) shall constitute the exclusive basis for hearings in nuclear export licensing proceedings before the Commission and, notwithstanding section 189 a. of the 1954 Act, shall not require the Commission to grant any person an on-the-record hearing in such a proceeding.

SEC. 305. Chapter 11 of the 1954 Act is amended by adding a new section 127 as follows:

"SEC. 127. CRITERIA GOVERNING UNITED STATES NUCLEAR EXPORTS.—

"a. The United States adopts the following criteria which, in addition to other requirements of law, will govern exports for peaceful nuclear uses from the United States of source material, special nuclear material, production or utilization facilities, and any sensitive nuclear technology:

"(1) IAEA safeguards as required by Article III (2) of the Treaty shall be applied with respect to such material or facilities proposed to be exported, to any material or facilities previously exported and subject to the applicable agreement for cooperation, and to any special nuclear material used in or produced through the use thereof.

"(2) No such material, facilities, or sensitive nuclear technology proposed to be exported previously exported by and subject to the applicable agreement for cooperation, and no special nuclear material produced through the use of such materials, facilities, or sensitive nuclear technology will be used

for any nuclear explosive device or for research on or development of any nuclear explosive device.

"(3) Adequate physical security measures will be maintained with respect to such material or facilities proposed to be exported and to any special nuclear material used in or produced through the use thereof.

"(4) No such materials, facilities, or sensitive nuclear technology proposed to be exported, no such materials or facilities previously exported and subject to the applicable agreement for cooperation, and no special nuclear material produced through the use of such material, will be retransferred to the jurisdiction of any other nation or group of nations unless the prior approval of the United States is obtained for such retransfer. The United States may approve such retransfer only if the nation or group of nations designated to receive such retransfer agrees that it shall be subject to the conditions required by this subsection.

"(5) No such material proposed to be exported or previously exported and subject to the applicable agreement for cooperation and no special nuclear material produced through the use of such material will be reprocessed, and no irradiated fuel elements containing such material removed from a reactor shall be altered in form or content, unless the prior approval of the United States is obtained for such reprocessing or alteration.

"(6) No such sensitive nuclear technology shall be exported unless the foregoing conditions shall be applied to any nuclear material or equipment which is produced or constructed under the jurisdiction of the recipient nation or group of nations by or through the use of any such exported sensitive nuclear technology.

SEC. 306. Chapter 11 of the 1954 Act is amended by adding a new section 128 as follows:

"SEC. 128. ADDITIONAL EXPORT CRITERION AND PROCEDURES.—

"a. The United States adopts the following additional criterion as a condition of continued United States export of source material, special nuclear material, production or utilization facilities, and any sensitive nuclear technology to non-nuclear-weapon states:

"No such export shall be made unless IAEA safeguards are maintained with respect to all peaceful nuclear activities in, under the jurisdiction of, or carried out under the control of such state at the time of the export.

"The President shall seek to achieve adherence to the foregoing criterion by recipient non-nuclear-weapon states.

"b. The criterion set forth in subsection a. shall be applied as an export criterion with respect to any application for the export of materials, facilities, or technology specified in subsection a. which is filed after 18 months from the date of enactment of this section, or for any such application under which the first export would occur at least 24 months after the date of enactment of this section, except as provided in the following paragraph;

"(1) If the Commission or the Administration, as the case may be, is notified that the President has determined that failure to approve an export to which this subsection applies because such criterion has not yet been met would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security, the license or authorization may be issued subject to other applicable requirements of law; *Provided*, That no such export of any production or utilization facility or of any source or special nuclear material intended for use as fuel in any production or utilization facility which has been licensed or authorized pursuant to this subsection shall be made until the first such license or authorization with respect to each non-nuclear-weapon state which has failed to meet such criterion is submitted to the Congress (together with a detailed assessment of the reasons underlying the President's determination, the judgment of the executive branch required under section 126 of this Act, and any Commission opinion and views) for a period of sixty days of continuous session (as defined in subsection 130(i) of this Act) and referred to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate, but such export shall not occur if during such sixty day period either House passes a resolution stating in substance that such House does not favor the proposed export. Any such license or authorization shall be considered pursuant to the procedures set forth in section 130 of this Act for the consideration of Presidential submissions;

"(2) If either House of Congress passes a resolution of disapproval pursuant to paragraph (1), no further export of materials, facilities, or technology specified in subsection a. shall be permitted for the remainder of that Congress, unless such state meets the criterion or the President notifies the Congress that he has determined that significant progress has been made in achieving adherence to such criterion by such state or that United States foreign policy interests dictate reconsideration, and neither House of Congress, pursuant to the procedures of paragraph (1), passes a resolution stating in substance that such House disagrees with the President's determination;

"(3) If neither House of Congress passes a resolution of disapproval with respect to a license or authorization submitted pursuant to paragraph (1), the criterion set forth in subsection a. shall not be applied as an export criterion with respect to exports of materials, facilities and technology specified in subsection a. to that state; *Provided*, That the first license or authorization with respect to that state which is issued pursuant to this paragraph after twelve months from the elapse of the sixty-day period specified in paragraph (1) and the first such license or authorization which is issued after each twelve month period thereafter shall be submitted to the Congress for review pursuant to the procedures specified in paragraph (1); *Provided further*, That if either House of Congress passes a resolution of disapproval during any review period provided for by this paragraph, the provisions of paragraph (2) shall apply with respect to further exports to such state.".

SEC. 307. Chapter 11 of the 1954 Act is amended by adding a new section 129 as follows:

"SEC. 129. ACTIONS TRIGGERING IMMEDIATE TERMINATION OF SUPPLY.—

"(a) No nuclear materials and equipment or sensitive nuclear technology shall be exported to:

(1) any non-nuclear-weapon state that, at any time after the effective date of this Act, is found by the President to have—

(A) detonated a nuclear explosive device;

(B) terminated or abrogated IAEA safeguards;

(C) materially violated an IAEA safeguards agreement; or

(D) engaged in activities involving source or special nuclear material and having direct significance for the manufacture or acquisition of nuclear explosive devices, and has failed to take steps which, in the President's judgment, represents sufficient progress toward terminating such activities; or

(2) any nation or group of nations that, at any time after the effective date of this Act, is found by the President to have—

(A) materially violated any guarantee it has given under an agreement for cooperation with the United States; or

(B) to have assisted, encouraged, or induced any non-nuclear-weapon state to manufacture or otherwise acquire any nuclear explosive device;

unless the President determines that cessation of such exports would be seriously prejudicial to the achievement of United States non-proliferation objectives or otherwise jeopardize the common defense and security: *Provided*, That prior to the effective date of any such determination, the President's determination, together with a report containing the reasons for his determination, shall be submitted to the Congress and referred to the Committees on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate for a period of sixty days of continuous session (as defined in subsection 130(i) of the 1954 Act), but any such determination shall not become effective if during such sixty-day period either House passes a resolution stating in substance that it does not favor the determination. Any such determination shall be considered pursuant to the procedures set forth in section 130 of this Act for the consideration of Presidential submissions.

CONGRESSIONAL REVIEW PROCEDURES

SEC. 309. Chapter 11 of the 1954 Act is amended by adding a new section 130 as follows:

"SEC. 130. Congressional Review Procedures.—

"(a) Not later than the first day of session following the day on which any Presidential submission subject to the procedures of this section is transmitted to the House of Representatives and the Senate, a resolution, as defined in subsection (h), shall be introduced (by request) in the House by the chairman of the International Relations Committee, or by a Member or Members of the House designated by such chairman, and shall be introduced (by request) in the Senate by the chairman of the Foreign Relations Committee, or by a Member or Members of the Senate designated by such chairman.

"(b) The resolutions introduced pursuant to subsection (a) shall be referred to the Committee on International Relations of the House and the Committee on Foreign Relations of the Senate, respectively, by the Speaker of the House of Representatives or the President of the Senate, as the case may be.

"(c) Such committees shall make their recommendations to the House and Senate, respectively, within 45 calendar days of continuous session of Congress following the date of such resolutions' introduction: *Provided*, That if the committee to which a resolution introduced pursuant to subsection (a) is referred has not reported such resolution at the end of such 45-day period, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(d) When the committee has reported, or has been deemed to be discharged from further consideration of, such a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(e) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally

between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

"(f) Immediately following the conclusion of the debate on such resolution, and a single quorum call at the conclusion of debate if requested in accordance with the rules of the appropriate House, the vote on final approval of the resolution shall occur.

"(g) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to such a resolution shall be decided without debate.

"(h) For the purpose of subsections (a) through (g) of this section, 'resolution' means a resolution of either House of Congress, the matter after the resolving clause of which is as follows: 'That the ——— does not favor the ——— transmitted to the Congress by the President on ——, 19—.' The blank spaces therein are to be filled appropriately.

"(i) For the purpose of this section—

"(1) continuity of session is broken only by an adjournment of Congress sine die, and

"(2) the days in which either House is not in session because an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(j) This section is enacted by Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by subsection (h) of this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House."

SEC. 308. (a) Section 109 of the 1954 Act is amended to read as follows:

"SEC. 109. COMPONENT AND OTHER PARTS OF FACILITIES.—

"a. With respect to those utilization and production facilities which are so determined by the Commission pursuant to subsection 11 v. (2) or 11 cc. (2) the Commission may issue general licenses for domestic activities required to be licensed under section 101, if the Commission determines in writing that such general licensing will not be inimical to the common defense and security.

"b. The Commission is authorized and directed to determine which component parts as defined in subsection 11 v. or 11 cc. of the 1954 Act and which other items or substances are especially relevant from the standpoint of export control because of their significance for nuclear exolosive purposes. Except as provided in section 126 b., no such component, substance, or item which is so determined by the Commission shall be exported unless the Commission issues a general or specific license for its export, after finding that (1) IAEA safeguards as required by article III (2) of the Treaty shall be applied with respect to such component, substance, or item; (2) no such component, substance, or item will be used for any nuclear explosive device or for research on or development of any nuclear explosive device; and (3) no such component, substance, or item will be retransferred to the jurisdiction of any other nation or group of nations unless the prior consent of the United States is obtained for such retransfer; and after determining in writing that the issance of each such general or specific license will not be inimical to the common defense and security.

"c. The Commission, within not more than one hundred and twenty days after the date of the enactment of this section, shall publish regulations to implement the provisions of this section. Among other things, these regulations shall provide for the prior consultation by the Commission with the Department of State, the Energy Research and Development Administration, the Department of Defense, the Department of Commerce, and the Arms Control and Disarmament Agency.

"d. The Commission shall not issue an export license under the authority of subsection b. if it is advised by the executive branch, in accordance with the procedures established under subsection 126 a, that the export would be inimical to the common defense and security of the United States.".

(b) The President, within not more than one hundred and twenty days after the date of the enactment of this section shall publish procedures regarding the control by the Department of Commerce over all export items, other than those licensed by the Commission, which could be, if used for purposes other than those for which the export is intended, of significance for nuclear explosive purposes. Among other things, these procedures shall provide for prior consultations, as required, by the Department of Commerce with the Department of State, the Arms Control and Disarmament Agency, the Nuclear Regulatory Commission, and the Energy Research and Development Administration.

TITLE IV. NEGOTIATION OF FURTHER EXPORT CONTROLS

SEC. 401. Section 123 of the 1954 Act is amended to read as follows:

"SEC. 123. COOPERATION WITH OTHER NATIONS.—No cooperation with any nation or regional defense organization pursuant to section 53, 54a, 57, 64, 82, 91, 103, 104, or 144 shall be undertaken until—

"a. the proposed agreement for cooperation has been submitted to the President, which proposed agreement shall include the terms, conditions, duration, nature, and scope of the cooperation; and shall include the following requirements: (1) a guaranty by the ccoperating party that safeguards as set forth in the agreement for cooperation will be maintained with respect to all nuclear materials and equipment transferred pursuant thereto, and with respect to all special nuclear material used in or produced through the use of such nuclear materials and equipment, so long as the material or equipment remains under the jurisdiction or control of the cooperating party, irrespective of the duration of other provisions in the agreement or whether the agreement is terminated or suspended for any reason; (2) in the case of non-nuclear-weapon states, a requirement, as a condition of continued United States nuclear supply under the agreement for cooperation, that IAEA safeguards be maintained with respect to all nuclear materials in all peaceful nuclear activities within the territory of such state, under its jurisdiction, or carried out under its control anywhere; (3) except in the case of those agreements for cooperation arranged pursuant to subsection 91 c., a guaranty by the cooperating party that any material to be transferred pursuant to such agreement, and any special nuclear material produced through the use of any material, production facility, or utilization facility transferred pursuant to such agreement, and any sensitive nuclear technology transferred pursuant to such agreement, will not be used or any nuclear explosive device, or for research on or development of any nuclear explosive device, or for any other military purpose; (4) except in the case of those agreements for cooperation arranged pursuant to subsection 91 c. and agreements for cooperation with nuclear-weapon states, a stipulation that the United States shall have the right to require the return of any nuclear materials and equipment transferred pursuant thereto and any special nuclear material produced through the use thereof if the cooperating party detonates a nuclear explosive device or terminates or abrogates an agreement providing for IAEA safeguards; (5) a guaranty by the cooperating party that any material or any Restricted Data transferred pursuant to the agreement for cooperation and, except in the case of agreements arranged pursuant to subsection 91 c., 144 b. or 144 c., any production or utilization facility transferred pursuant to the agreement for cooperation or any special nuclear material produced through the use of any such facility or through the use of any material transferred pursuant to the agreement, will not be transferred to unauthorized persons or beyond the jurisdiction or control of the cooperating party without the consent of the United States; (6) a guaranty by the cooperating party that adequate physical security will be maintained with respect to any material transferred pursuant to such agreement and with respect to any special nuclear material used in or produced through the use of any material, production facility, or utilization facility transferred pursuant to such agreement; (7) except in the case of agreements for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c., a guaranty by the cooperating party that no material transferred pursuant to the agreement for cooperation and no material used in or produced through the use of any material, production facility, or utilization facility transferred pursuant to the agreement for cooperation will be reprocessed or otherwise altered in form or content without the prior approval of the United States or stored in any facility that has not been approved in advance by the United States; and (8) except in the case of agreements for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c., a guaranty by the cooperating party that any special nuclear material, production facility, or utilization facility produced or constructed under the jurisdiction of the cooperating party by or through the use of any sensitive nuclear technology transferred pursuant to such agreement for cooperation will be subject to all the requirements specified in this subsection. The President may exempt a proposed agreement for cooperation (except an agreement arranged pursuant to section 91 c., 144 b., or 144 c.) from any of the requirements of the foregoing sentence if he determines that inclusion of any such requirement would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security. Except in the case of those agreements for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c., any proposed agreement for cooperation shall be negotiated by the Secretary of State, with the technical assistance and concurrence of the Administrator, and after consultation with the Commission shall be submitted to the President jointly by the Secretary of State and the Administrator, accompanied by the views and recommendations of the Secretary of State, the Administrator, and the Director, who shall also provide to the President an unclassified Nuclear Proliferation Assessment Statement regarding the adequacy of the safeguards and other control mechanisms and the peaceful use assurances contained in the agreement for cooperation to ensure that any assistance furnished thereunder will not be used to further any military or nuclear explosive purpose. In the case of these agreements for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c., any proposed agreement for coopera-

tion shall be submitted to the President by the Administrator or, in the case of those agreements for cooperation arranged pursuant to subsection 91 c. or 144 b. which are to be implemented by the Department of Defense, by the Secretary of Defense;

"b. the President has approved and authorized the execution of the proposed agreement for cooperation and has made a determination in writing that the performance of the proposed agreement will promote, and will not constitute an unreasonable risk to, the common defense and security;

"c. the proposed agreement for cooperation (if not an agreement subjection to subsection d.), together with the approval and determination of the President, has been submitted to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate for a period of thirty days of continuous session (as defined in subsection 130 (i)); *Provided, however,* That these committees, after having received such agreement for cooperation, may be resolution in writing waive the conditions of all or any portion of such thirty-day period;

"d. the proposed agreement for cooperation, (if arranged pursuant to subsection 91 c., 144 b., or 144 c., or if entailing implementation of section 53, 54a, 103, or 104 in relation to a reactor that may be capable of producing more than five thermal megawatts or special nuclear material for use in connection therewith) has been submitted to the Congress, together with the approval and determination of the President and any required Nuclear Proliferation Assessment Statement prepared by the Director of the Arms Control and Disarmament Agency, for a period of sixty days of continuous session (as defined in subsection 130(i) of this Act) and referred to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate, but such proposed agreement for cooperation shall not become effective if during such sixty-day period either House passes a resolution stating in substance that the Congress does not favor the proposed agreement for cooperation. Any such proposed agreement for cooperation shall be considered pursuant to the procedures set forth in section 130(i) of this Act for the consideration of Presidential submission.

"e. following submission of a proposed agreement for cooperation (except an agreement for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c.) to the Committee on Foreign Relations of the Senate and Committee on International Relations of the House of Representatives, the Nuclear Regulatory Commission, the Department of State, the Energy Research and Development Administration, the Arms Control and Disarmament Agency, and Department of Defense shall, upon the request of either of those committees, promptly furnish to those committees their views as to whether the safeguards and other controls contained therein provide an adequate framework to ensure that the export of any nuclear materials or equipment as contemplated by such agreement will not be inimical to or constitute an unreasonable risk to the common defense and security.".

SEC. 402(a). In addition to other requirements of law, no source or special nuclear material shall be exported under any agreement for cooperation (except an agreement for cooperation arranged pursuant to subsection 91 c., 144 b., or 144 c. of the 1954 Act) for the purpose of enrichment (as described in paragraph aa. (2) of section 11 of the 1954 Act) unless such enrichment is specifically permitted by the applicable agreement for cooperation;

(b) In addition to other requirements of law, no major critical component of any uranium enrichment, nuclear fuel reprocessing, or heavy water production facility shall be exported under any agreement for cooperation (except an agreement for cooperation pursuant to subsection 91 c., 144 b., or 144 c. of the 1954 Act) unless such agreement for cooperation specifically designates such components as items to be exported pursuant to the agreement for cooperation. For purposes of this subsection, the term "major critical component" means any component part or group of component parts which the President determines to be essential to the operation of a complete uranium enrichment, nuclear fuel reprocessing, or heavy water production facility.

SEC. 403. The President shall take immediate and vigorous steps to seek agreement from all nations and groups of nations to commit themselves to adhere to the following export controls with respect to their peaceful nuclear activities and their participation in international nuclear trade:

(1) No nuclear materials and equipment and no sensitive nuclear technology within the territory of any nation or group of nations, under its jurisdiction, or under its control anywhere will be transferred to the jurisdiction of any other nation or group of nations unless the nation or group of nations receiving such transfer commits itself to strict undertakings including, but not limited to, provisions sufficient to ensure that:

(a) no nuclear materials and equipment and no technology in, under the jurisdiction of, or under the control of such recipient, in the case of a non-nuclear-weapon state, is used for nuclear explosive devices for any purpose or for research on or development of nuclear explosive devices for any purpose, except as permitted by the Treaty;

(b) IAEA safeguards will be applied to all peaceful nuclear activities in, under the jurisdiction of, or under the control of, such recipient, in the case of a non-nuclear-weapon state;

(c) adequate physical security measures will be established and maintained by such recipient on all of its nuclear activities;

(d) no nuclear materials and equipment and no technology intended for peaceful purposes in, under the jurisdiction of, or under the control of such recipient shall be transferred by the recipient to the jurisdiction of any other nation or group of nations which does not agree to stringent undertakings meeting the objectives of this section;

(e) such recipient will not assist, encourage, or induce any non-nuclear-weapon state to manufacture or otherwise acquire any nuclear explosive device;

(2)(A) No material within the territory of any nation or group of nations, under its jurisdiction, or under its control anywhere will be enriched (as described in paragraph aa.(2) of section 11 of the 1954 Act) or reprocessed, no irradiated fuel elements containing such material which are to be removed from a reactor will be altered in form or content, and no fabrication or stockpiling involving plutonium, U–233 or uranium enriched to greater than 20 percent in the isotope U–235 except in a facility under effective international auspices and inspection, and any such irradiated fuel elements shall be transferred to such a facility as soon as practicable after removal from a reactor consistent with safety requirements. Such facilities shall be limited in number to the greater extent feasible and shall be carefully sited so as to minimize the proliferation risks associated with such facilities. In addition, there shall be conditions to limit the access of nonnuclear-weapon states other than the host country to sensitive nuclear technology with such facilities.

(B) Any facilities within the territory of any nation or group of nations, under its jurisdication, or under its control anywhere for the necessary short-term storage of fuel elements containing plutonium, U–233 or uranium enriched to greater than 20 percent in the isotope U–235 prior to placement in a reactor or of irradiated fuel elements prior to transfer as required in subparagraph (A) shall be placed under effective international auspices and inspection; and

(C) Any international shipment of significant quantities of source or special nuclear material or irradiated material shall be conducted under international safeguards;

(3) Adequate physical security measures will be established and maintained with respect to all nuclear activities within the teritory of each nation and group of nations, under its jurisdiction, or under its control anywhere.

SEC. 404. (a) The President shall initiate an immediate program to renegotiate agreements for cooperation in effect on the date of enactment of this Act, or otherwise to obtain the agreement of parties to such agreement, to the undertakings that would be required for new agreements under this Act;

(b) The President shall annually review each of requirements (1) through (8) set forth for inclusion in agreements for cooperation under section 123a of the 1954 Act and the export control goals set forth in section 403 to determine whether it is in the interest of United States non-proliferation objectives for any such requirements or export controls which are not already being applied as export criteria to be enacted as additional export criteria and be subject to the procedures of section 128 of the 1954 Act;

(c) If the President makes such a determination to propose the enactment of any such requirements or export controls as additional export criteria or to take any other action with respect to such requirements or export control goals for the purpose of encouraging adherence by nations and groups of nations to such requirements and export controls, he shall submit such a proposal together with an explanation thereof to the Congress as part of the annual report required by section 601;

(d) If the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, after reviewing the President's annual report and any accompanying proposed legislation, determines that it is in the interest of United States non-proliferation objectives to take any action with respect to such requirements or export control goals, it shall report a joint resolution to implement such determination. Any such joint resolution shall be considered in the Senate and the House of Representatives, respectively, under procedures identical to those provided for the consideration of resolutions pursuant to subsection 130 (d) through (g) of this Act.

SEC. 405. Subject to the provisions of section 404 of this Act, the amendments to section 123 of the 1954 Act made by this Act shall not affect the authority to continue cooperation pursuant to agreements for cooperation entered into prior to the effective date of this Act.

SEC. 406. No court shall have any jurisdiction under any law to review the adequacy of the performance of any Nuclear Proliferation Assessment Statement called for in this Act.

TITLE V. UNITED STATES ASSISTANCE TO DEVELOPING COUNTRIES

SEC. 501. The United States shall endeavor to cooperate with other nations, internatonal institutions, and private organizations in establishing programs to assist in the development of nonnuclear energy resources, and shall seek to achieve from all industrialized nations and groups of nations commitments to aid developing countries to meet their energy needs through the development of such resources and the application of nonnuclear technologies consistent with the economic position, material resources and

environmental protection of those countries. In providing such assistance to developing countries, the United States shall give priority to parties to the Treaty.

SEC. 502. (a) The United States shall initiate a program to cooperate with developing countries for the purpose of:

(1) meeting the energy needs required for development of such countries;

(2) reducing the dependence of such countries on petroleum fuels, with emphasis given to utilizing solar and other renewable energy resources; and

(3) expending the energy alternatives available to such countries;

(b) Such program shall include cooperation in evaluating the energy alternatives of developing countries, facilitating international trade in energy commodities, developing energy resources, and applying suitable energy technologies. The program shall include both general and country-specific energy assessments and cooperative projects in resource exploration and production, training, research and development;

(c) As an integral part of such program, ERDA, under the general policy guidance of the Department of State and in cooperation with the Agency for International Development and other Federal agencies as appropriate, shall initiate, as soon as practicable, a program for the exchange of U.S. scientists, technicians, and energy experts with those of developing countries to implement the purposes of this section;

(d) For the purposes of carrying out this section, there is authorized to be appropriated a total of $10 million to the Energy Research and Development Administration, including such sums which have been authorized for such purposes under previous legislation.

SEC. 503. Not later than 12 months after the date of enactment of this Act, the President shall report to the Congress on the feasibility of expanding the technical exchange program established pursuant to Section 502(c) into an international cooperative effort to include a scientific peace corps designed to encourage large numbers of technically trained volunteers to live and work in developing countries for varying periods of time for the purpose of engaging in projects designed to aid in meeting the energy needs of such countries through the search for and utilization of indigenous energy resources and the application of appropriate technology, including the widespread utilization of renewable and unconventional energy technologies. Such report shall also include proposals for other mechanisms to conduct a coordinated international effort to develop, demonstrate and encourage the utilization of such technologies in developing countries.

CHAPTER VI. EXECUTIVE REPORTING

SEC. 601. (a) The President shall review all activities of Government departments and agenceis relating to preventing proliferation and shall make a report to Congress in January of 1979 and annually in January of each year thereafter on the Government's efforts to prevent proliferation. This report is to include but not be limited to—

(1) a description of the progress made toward—

(A) negotiating the initiatives contemplated in sections 104 and 105 of this Act;

(B) negotiating the international arrangements or other mutual undertakings contemplated in sections 401 and 403 of this Act;

(C) promoting adherence to the Treaty, and discouraging or prohibiting nuclear exports to non-nuclear-weapon states that are not parties to the treaty or have not entered into comparable agreements with respect to safeguards and forsaken the development of any nuclear explosive devices;

(D) strengthening the safeguards of the IAEA as contemplated in section 201 of this Act; and

(E) renegotiating agreements for cooperation as contemplated in section 404a of this Act;

(2) an assessment of the impact of the progress described in paragraph (1) on the non-proliferation of goals of the United States; an explanation of the precise reasons why progress has not been made on any particular point and recommendations with respect to appropriate measures to encourage progress; and a statement of what legislative modifications, if any, are necessary in his judgment to achieve the nonproliferation goals of the United States; and

(3) a determination as to which non-nuclear-weapon states with which the United States has an agreement for cooperation in effect or under negotiation, if any, have—

(A) exploded a nuclear device of any kind;

(B) refused to accept the safeguards of the IAEA on all of their peaceful nuclear activities; or

(C) refused to give specific assurances that they will not engage in the development of any nuclear explosive device, and a classified section discussing any information available to the President on effects by new nuclear weapon states to develop nuclear explosive devices.

(b) Within not more than one year after the date of enactment of this Act, the President shall submit a report to the Congress containing an analysis of each civil agreement for cooperation negotiated pursuant to section 123 of the 1954 Act, including a discussion of the scope and adequacy of the requirements and obligations relating to the safeguards and other controls contained therein.

SEC. 602. (a) The annual reports to the Congress by the Commission and the Energy Research and Development Administration which are otherwise required by law shall also include views and recommendations regarding the policies and actions of the United States to prevent the proliferation which are the statutory responsibility of those agencies. The Administration's report shall include a detailed analysis of the implications of advanced enrichment and reprocessing techniques for the proliferation of nuclear explosive devices and of alternative nuclear fuel cycles which do not involve access to weapons usable materials. This part of the report shall include a comprehensive version which includes classified information and a summary unclassified version.

(b) The reporting requirements of this chapter are in addition to and not in lieu of any other reporting requirements under applicable law.

(c) The Department of State, the Arms Control and Disarmament Agency, the Department of Commerce, the Energy Research and Development Administration, and the Commission shall keep the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives fully and currently informed with respect to their activities to carry out the purposes and policies of this Act and to otherwise prevent proliferation.

(d) Any classified portions of the reports required by this Act shall be submitted to the Senate Foreign Relations Committee and the House International Relations Committee.

SEC. 603. All orders, determinations, rules, regulations, permits, contracts, agreements, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective in the exercise of functions which are the subject of this Act, by (i) any agency or office, or part thereof, in exercising the functions which are affected by this Act, or (ii) any court of competent jurisdiction; and,

(2) which are in effect at the time this Act takes effect;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed as the case may be, by the parties thereto or by any court of competent jurisdiction.

SEC. 703. Nothing in this Act shall affect the procedures or requirements applicable to agreements for cooperation entered into pursuant to sections 91 c., 144 b., or 144 c. of the 1954 Act as it was in effect immediately prior to enactment of this Act.

SECTION-BY-SECTION ANALYSIS

STATEMENTS OF POLICY AND PURPOSE (SECS. 2 AND 3)

Finding that nuclear proliferation is a grave and urgent threat to world peace, the bill sets forth five aspects of U.S. policy: to establish more effective international fuel supply arrangements and controls on the use of nuclear technology, to enhance the efficiency of the U.S. licensing process, to encourage non-NPT nations to ratify the Treaty, to aid foreign nations in developing all appropriate energy options, and to protect the international environment from nuclear contamination. The statement of purpose, which parallels section 2, also calls for effective non-proliferation controls over U.S. nuclear exports.

Title I—United States initiatives to provide adequate nuclear fuel supply

This title contains a number of provisions designed to provide incentives for nations to adhere to strict non-proliferation policies through the provision of nuclear fuel assurances. Specifically, the section states that the United States will strive to ensure that it has the capacity to provide a reliable supply of nuclear fuel on a long-term basis, and directs ERDA to proceed with the construction of previously authorized additional enrichment capacity. In addition, the bill states that the United States will license nuclear exports on a timely basis consistent with other statutory requirements. The President is directed to report to Congress in one year on his estimates of future domestic and foreign uranium enrichment requirements, and on the desirability and feasibility of inviting foreign participation in U.S. enrichment plants.

The President is directed to initiate prompt discussions with other nations on methods to meet future worldwide fuel needs, and specifically to seek to negotiate with those nations which possess nuclear fuel facilities to establish an international nuclear fuel authority (INFA) which would serve as a reliable distributor of nuclear fuel. The bill enumerates the basic elements of any such agreement, and provides that the benefits of INFA shall accrue only to these non-nuclear-weapon states that accept full scope safeguards, do not develop nuclear explosive devices, and place all their enrichment and reprocessing facilities under international auspices.

Pending the establishment of INFA, the bill calls for the President to submit a proposal within 6 months for the establishment of initial U.S. fuel guarantees through the setting aside of excess U.S. enriched uranium. Finally, this title calls for the President to pursue the international fuel cycle evaluation which he has already initiated with other major nuclear suppliers.

Title II—United States initiatives to strengthen the international safeguards system

This title states that the U.S. is committed to a strong International Atomic Energy Agency (IAEA) and to a comprehensive IAEA safeguards system, and that the U.S. will continue to provide technical and financial support to that end. The bill sets forth certain specific goals for strengthening the safeguards system: ensuring that IAEA safeguards are adequate to provide timely detection and reaction to any diversion of

nuclear materials, ensuring that IAEA has sufficient access to safeguards data, and encouraging the IAEA to provide information on its inspection arrangements and results to the supplier of the material in question. The bill directs ERDA to establish a safeguards and physical security training program for foreign nationals, and calls for an interagency group to develop improved safeguards measurement standards. Finally, the bill calls for negotiations with other nations to adopt common procedures to be followed in the event of a nuclear diversion or bomb detonation or in the event of subnational nuclear theft or sabotage.

Title III—Export organization and criteria

This title amends the procedures to be followed by NRC in licensing nuclear exports, by executive agencies in their various export approval functions, and by Congress in its review of various nuclear matters. In addition, title III sets forth a series of export licensing criteria, and a list of serious violations of international non-proliferation standards which could precipitate a severance of U.S. nuclear supply.

The bill clarifies ERDA's authority to transfer nuclear materials on a government-to-government basis by requiring NRC to license all transfers of more than small quantities. The bill also clarifies the existing limitation on the dissemination of nuclear technology to ensure that ERDA must authorize such dissemination unless it is specifically permitted under an agreement for cooperation with the recipient nation, and that ERDA must obtain State Department concurrence and consult with other relevant agencies prior to giving any such authorization.

Section 303 of the bill addresses the procedures for subsequent arrangements, which are the specific contracts and other arrangements required to implement an agreement for cooperation. The bill leaves this function in ERDA with the exception of requests for U.S. approval on the retransfer or reprocessing of United States-supplied materials, which is vested in State. In all cases both ERDA and State must give final approval. ERDA will retain the responsibility for the technical aspects of such arrangements. The Director of ACDA may prepare a nuclear proliferation assessment statement on significant subsequent arrangements. The bill requires proposed subsequent arrangements to be published in the Federal Register 15 days prior to becoming effective, and requires notification to Congress of any pending requests for approvals related to the reprocessing of United States-supplied material. Finally, the bill provides that the reprocessing of United States-supplied material in a nonnuclear-weapon state may only be approved if the Secretary of State is satisfied that it will be done under conditions which would allow timely warning of any diversion of bomb material, and that the United States should attempt to achieve similar controls over reprocessing in nuclear weapon states.

This title also requires the NRC to determine which items and substances that are currently licensed by the Commerce Department are important from the proliferation standpoint, and requires NRC to handle the licensing of those exports in the future under controls similar to those set forth for regular nuclear exports. In addition, the Department of Commerce is required to establish consultation procedures to monitor any other exports which might be important re: proliferation.

EXPORT LICENSING PROCEDURES

The bill sets forth detailed procedures for the NRC to follow in the consideration of nuclear export license applications. Similar procedures will apply to government-to-government transfers by ERDA. The executive branch must formulate a position on each nuclear export (advance approval may be given for certain classes of insignificant exports) and NRC may not issue a license if the executive branch asserts that it would be inimical to the common defense and security. The bill ensures that NRC will have access to whatever data and recommendations it needs from the executive branch. If the executive branch gives its approval, the NRC must then find that all export licensing criteria in effect at the time of the export have been met. The bill does not alter the existing additonal requirement for NRC to make an independent judgment on whether the export would be inimical to the common defense and security.

In the event that the NRC either denies an export license or fails to take any action after a reasonable period of time, the President may determine that the export is vital to the achievement of our non-proliferation objectives or to the common defense and security and authorize the export by Executive order. Any such Presidential decision to override the NRC—which is designed to occur only in extraordinary cases—would be submitted to Congress for sixty days and would be subject to Congressional veto.

The bill also requires the NRC to promulgate regulations for public participation in NRC proceedings and for appropriate notice and publication of NRC actions. Although these regulations would be subject to court review, the bill precludes case-by-case challenges of the right to a public hearing when NRC follows its established procedures. Finally, in order to minimize uncertainty in the licensing process as a result of Congressional actions, the bill provides that if one House had passed legislation to impose additional licensing criteria, the NRC shall delay the approval of any exports which would be directly affected by such legislation for a period of 30 days.

EXPORT LICENSING CRITERIA

The bill establishes six initial criteria, effective immediately, which will govern all nuclear exports for peaceful purposes (the bill does not address exports under our military cooperation agreements):

(1) IAEA safeguards must be applied to all future and past U.S. exports of material and facilities, and to any special nuclear material (potential bomb material) which is produced through the use of U.S. exports;

(2) No further or past U.S. exports of material, facilities or technology may be used for any nuclear explosive device or for research on or development of any nuclear explosive device;

(3) Adequate physical security measures must be maintained on all future U.S. exports.

(4) No future or past U.S. exports of materials or facilities or special nuclear material produced through the use of our nuclear fuel may be retransferred to another nation without prior U.S. approval, and that approval may be granted only if the third party agrees to adhere to our non-proliferation controls with respect to the retransfer;

(5) No future or past U.S. exports of material or special nuclear material produced through the use of U.S. material may be reprocessed without prior U.S. approval;

(6) All of the above controls must be applied to any materials of facilities which the recipient constructs or produces through the use of any United States supplied sensitive nuclear technology (i.e., enrichment, reprocessing, or heavy water technology).

This set of "Phase I" licensing criteria is designed to clarify and codify the controls and approval rights which we have under existing agreements. In order to avoid an immediate moratorium on U.S. nuclear exports, the phase I criteria do not require adherence to any new conditions and there is an exemption for our Euratom and IAEA agreements concerning the 4th and 5th criteria pending renegotiation of those agreements.

In addition to the phase I criteria, the bill prohibits exports to nations which refuse to place all of their nuclear facilities under safeguards ("full-scope safeguards") as of 18 months after the date of enactment (phase II). Only a handful of countries have refused to meet this requirement, which is vital to an effective non-proliferation system. The 18-month delay is designed to allow time for negotiations, and the President may delay this requirement for any particular country in extra-ordinary circumstances, subject to Congressional veto. There will be annual Congressional review of any exceptions which are allowed. If Congress vetoes a proposed exception, no exports to the country in question will be allowed for the remainder of that Congress unless the country meets the full-scope safeguards requirement or the President and the Congress agree that changed circumstances or U.S. foreign policy interests require a resumption of exports.

ACTIONS TRIGGERING IMMEDIATE TERMINATION OF SUPPLY

In addition to the regular export licensing criteria, the bill sets forth the following prohibited acts which would precipitate an immediate export cut-off: If any non-nuclear-weapon state is found by the President to have: (1) detonated a bomb, (2) terminated or abrogated IAEA safeguards, (3) materially violated an IAEA safeguards agreement or (4) taken steps toward bomb development and refused to terminate such activities; and if any nation, nuclear or non-nuclear, is found by the President to have: (1) materially violated a guarantee which it has given to the United States, or (2) assisted, encouraged, or induced any non-nuclear-weapon state to manufacture or otherwise acquire a nuclear explosive device. The export cut-off required by this section may be waived in extraordinary circumstances by the President subject to a Congressional veto.

CONGRESSIONAL REVIEW PROCEDURES

The bill establishes expedited Congressional review procedures—taken directly from the reorganization act—to be applied in those cases where a Presidential waiver, proposed new agreement, or other Presidential submission will take effect in 60 days subject to a Congressional veto. As in the reorganization statute, this procedure provides for one-house vetoes. In the two instances where Congressional action would involve statutory changes, joint resolution procedures are provided.

Title IV—Negotiation of further export controls

Title IV sets forth the complete set of controls which the U.S. should obtain from recipient nations with respect to the use of U.S.-supplied materials, facilities, and technology. These conditions apply to all new agreements for cooperation and in all renegotiated existing agreements.

All new or amended agreements must include the Phase I and Phase II export criteria plus the following: (1) a guaranty that safeguards will be maintained on U.S. exports and special nuclear material derived from those exports in perpetuity—regardless of whether the agreement is terminated or expires; (2) a guaranty that U.S. exports and derived materials will not be used for *any* military purpose; (3) a stipulation that the U.S. will have the right to require the return of U.S. exports and derived material if the recipient detonates a nuclear device or terminates or abrogates IAEA safeguards; (4) United States prior approval rights on retransfer and reprocessing of special nuclear material produced with foreign fuel in U.S. reactors; (5) a guaranty that U.S. exports and derived material will be stored in facilities acceptable to the United States; and (6) a requirement for full physical security measures.

In addition to these requirements on all regular nuclear exports, the bill clarifies that

no nuclear material which is exported under the agreement may be enriched by another country, and no "major critical components"—i.e., a reprocessing or enrichment plant—may be transferred under an agreement, unless the agreement specifically authorizes such activities. None of our existing agreements for peaceful nuclear trade authorize such activities.

In addition to these requirements, the bill clarifies the procedures for the negotiation of agreements for cooperation. State will have the lead in such negotiations, with the technical assistance and concurrence of ERDA, and other interested agencies and the NRC must be consulted. ACDA is required to prepare a nuclear proliferation assessment statement on all new and amended agreements. The President may waive any of the requirements for new or amended agreements and each proposed agreement must lie before Congress for 60 days subject to a Congressional veto (unless it only permits minor transfers in which case Congress has a 30-day review without veto procedures).

The other goals set forth in title IV call for negotiations to achieve the following nonproliferation controls worldwide:

(1) agreement among each nuclear supplier will require commitments on its exports comparable to U.S. supply guidelines; specifically, the bill cites full-scope safeguards, a cut-off in the event of bomb detonation, adequate physical security on all nuclear activities, adherence in turn to these supply guidelines in the recipient's own nuclear trade, if any, and a prohibition on the recipient acting to assist another nation to manufacture or acquire a nuclear explosive device;

(2) all nuclear fuel cycle activities would be conducted under international auspices as follows: no enrichment or reprocessing, and no fabrication or stockpiling involving sensitive nuclear materials would be permitted except in facilities under effective international auspices and inspection, and such facilities would be limited in number, carefully sited, and under conditions which will limit access of non-nuclear weapon states (other than the host country) to sensitive nuclear technology associated with such facilities; all facilities for the necessary short-term storage of nuclear materials—i.e., at a reactor site—involving sensitive nuclear materials would be placed under effective international auspices and inspection; and international shipments of significant quantities of nuclear material would be conducted under international safeguards; and

(3) Adequate physical security measures will applied to all nuclear activities worldwide.

The bill requires the President to seek to renegotiate all of our agreements to bring them into conformance with the new agreement requirements, and to report annually to Congress on his progress in those negotiations and the efforts to achieve the other goals. If the President determines that any of the new or amended agreement requirements or any of the other goals should become additional export criteria, or if he determines that any other action should be taken to encourage adherence to these nonproliferation controls, he may submit a legislative proposal to that effect. After reviewing the President's annual report and any such legislative proposal, if the Senate Foreign Relations Committee or the House International Relations Committee reports any legislation with respect to the agreement requirements or the other goals, such legislation will be considered under expedited procedures.

Title V—United States assistance to developing countries

This title calls for a U.S. program of assistance to developing countries in cooperation with other industrialized nations, to develop non-nuclear energy resources and technologies. Specifically, the program—which would be administered under the technical management of ERDA with policy guidance from the State Department and in full cooperation with AID and other interested agencies—would be designed to meet the energy needs of other nations, reduce their dependence on petroleum fuels (with emphasis on solar and other renewable energy resources), and expand the energy alternatives available to such countries. The program would involve evaluation, the facilitation of international trade, and development and applications activities, including country-specific energy assessments and cooperative exploration, training, and research projects. NPT parties would be given priority in receiving assistance.

Finally, title V calls for the establishment of a technical exchange program, involving the exchange of U.S. scientists and technicians with those of developing countries. The President is directed to conduct a one-year study on the feasibility of expanding this technical exchange program into an international scientific peace corps and on other mechanisms for a coordinated international energy development effort.

MISCELLANEOUS PROVISIONS

Title VI of the bill calls for the submission of various reports, with principal emphasis on an annual Presidential report describing the non-proliferation activities of the executive branch and assessing U.S. progress in the various negotiations mandated by the bill. In addition, the first report must include an analysis of all existing agreements for cooperation with respect to the adequacy of the non-proliferation conditions in those agreements.

The bill provides that no court will have any jurisdiction to review the adequacy of any nuclear proliferation assessment statement, and there will be accompanying report language stating that any suit on the grounds that a requirement for such a statement had not been performed because the content of the statement was inadequate, would constitute a review of the adequacy of the statement and would not be within the court's jurisdiction.

NOTICES OF HEARINGS

ADMINISTRATIVE CONFERENCE ACT

Mr. ABOUREZK. Mr. President, I wish to announce that the Subcommittee on Administrative Practice and Procedure of the Senate Judiciary Committee will hold hearings on S. 1792, a bill to amend the Administrative Conference Act. Mr. Robert A. Anthony, chairman of the Administrative Conference will testify.

The hearings are scheduled for August 2, 1977, in room 6202 of the Dirksen Senate Office Building, and will begin at 10 a.m.

Any person wishing to appear and testify or to submit a statement should contact the subcommittee staff in room 162, Russell Senate Office Building, telephone 224–5617.

ENERGY CONSERVATION

Mr. JOHNSTON. Mr. President, the Subcommittee on Energy Conservation and Regulation of the Senate Committee on Energy and Natural Resources will hold a hearing on Monday, August 1, 1977, to consider mandatory energy conservation legislation that would prescribe minimum fuel economy standards for new automobiles.

At this hearing representatives of the auto industry will appear to present testimony on this issue.

The hearing will commence at 8 a.m. in room 3110 of the Dirksen Senate Office Building. Questions about the hearing should be directed to Jim Bruce or Ben Cooper of the committee staff at 224–9894.

NOMINATIONS

Mr. JACKSON. Mr. President, I wish to announce for the information of the Senate and the public that the Senate Committee on Energy and Natural Resources will hold a hearing on Tuesday, August 2, 1977, at 8 a.m. in room 3110, Dirksen Senate Office Building on the nominations of Mr. Charles Curtis and Ms. Georgiana Sheldon to be members of the Federal Power Commission.

For further information regarding this hearing, you may wish to contact Mr. Grenville Garside, staff director of the Committee at 224–7155.

CANCELLATION

Mr. JACKSON. Mr. President, I wish to announce for the information of the Senate and the public that the hearing scheduled by the Senate Energy and Natural Resources Committee to consider the nomination of Mr. James R. Schlesinger to be Secretary of the Department of Energy for 9 a.m. on Tuesday, August 2, in room 3110, Dirksen Senate Office Building, has been canceled.

ADDITIONAL STATEMENTS

MANDATORY RETIREMENT

Mr. DOMENICI. Mr. President, last January when I introduced S. 481—a bill to remove the upper age limitation from the Age Discrimination in Employment Act of 1967—I hoped for prompt action, but I feared there might be prolonged delays. Since that time the concept of abolishing mandatory retirement has come alive and legislative proposals designed to achieve that goal are working their way through the legislative process in both the House and the Senate.

The House Education and Labor Committee unanimously approved H.R. 5383 on July 14, 1977. This bill, which is now pending in the Post Office and Civil Service Committee, would raise the upper age limitation in the Age Discrimination in Employment Act to 70, end mandatory retirement in the Federal civil service and prohibit involuntary retirement in the private sector of our economy below the age of 70. Action by the full House is expected in the not too distant future.

In recent weeks the tempo of activity has quickened. Four bills, in addition to S. 481, were introduced in the Senate and the Human Resources Committee's Subcommittee on Labor has just completed 2 days of hearings on these proposals. It was my pleasure to testify before this subcommittee, and I ask unanimous consent that the text of my testimony be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. Mr. President, yesterday the legislature of the State of Maine took a giant step forward by overriding a gubernatorial veto of a bill that would abolish mandatory retirement for State employees. One legislator was quoted as saying, "We pray the seed for national action was planted here." Mr. President,

I concur completely with the sentiments he expressed.

When I introduced S. 481 in January I hoped for prompt action. We have come a long way in the last 6 months and I hope that we will complete action on this legislation at the earliest possible date.

EXHIBIT 1

STATEMENT BY SENATOR PETE V. DOMENICI REGARDING MANDATORY RETIREMENT

Mr. Chairman, thank you for giving me this opportunity to testify before the Subcommittee on Labor on S. 481, a bill to amend the Age Discrimination in Employment Act of 1967 (ADEA) by removing the upper age limitation. I introduced this bill on January 28th and it has now been cosponsored by Senators Church, Hansen, Hatfield, Matsunaga, Melcher and Riegle.

The importance of prompt and favorable action on this measure cannot be stated too strongly. A number of factors are at work today that make it imperative that we enact legislation to clarify the intent and expand the scope of the ADEA: These points include:

(1) The way the current law reads, we have actually institutionalized discrimination against workers over the age of 65. An employer with two potential employees—one aged 66 and one aged 63—would actually be in violation of the law if he hired the older individual.

(2) To further complicate the matter, a number of recent court decisions have narrowed the coverage of the existing act to such a point that it might well be rendered moot.

(3) The majority of retirees do not have private pensions to supplement their Social Security benefits—and the earnings limitation makes it difficult for them to significantly increase their retirement income.

(4) If the low birth rate continues, there will be a steady increase in job opportunities for older workers. Thus there is a clear need for more flexible retirement system, in both the public and private sectors of our economy, to meet our future manpower needs.

(5) Greater freedom of choice in determining an individual's exit from the labor force could ease the financial pressures on the hard pressed Social Security Trust Funds as well as Medicare, Medicaid, Food Stamps, and other public assistance programs.

(6) Mandatory Retirement is, for many people, a cruel, capricious, and arbitrary form of age discrimination that can no longer be justified or defended.

Mr. Chairman, when the Age Discrimination in Employment Act was originally enacted in 1967 the Congress was acting out of the best of intentions. But it has been diffidently enforced by the Department of Labor, resisted by both Labor and management, and for many years supported in a rather lukewarm fashion by middle age and older workers.

When Senator Fong first introduced in the 93rd Congress an age discrimination bill similar to S. 481, he was putting forth an idea whose time had not yet come. Recent economic, social, and demographic changes have revolutionized our perception of mandatory retirement and I now believe it is not only desirable but possible to enact legislation such as S. 481.

S. 481 addresses itself to Section 12 of ADEA which reads, "The prohibitions of this Act shall be limited to individuals who are at least forty years of age, but less than sixty-five years of age." My bill would eliminate the upper age limit so that the protection of the Act would be extended to all workers over the age of 40. Such action would bring us a giant step closer to realizing the spirit and the goals which we have articulated in the ADEA, the Older Americans Act and the Age Discrimination Act of 1975.

In addition, Mr. Chairman, it would reassure older Americans that our society needs them and wants them to remain as vigorous, contributing, functioning members of their community. On an individual basis, it would preserve or restore to older workers a sense of self worth and dispell the feeling that his or her life no longer has purpose or meaning.

As the Ranking Minority Member of the Senate Special Committee on Aging I have had an opportunity to explore in depth many of the societal changes that have occurred in our nation during the 20th Century. In 1900 only about 1 in 35 Americans lived to reach the age of 65. Mandatory retirement did not exist so much older workers continued on the job until death or disability intervened. Today one out of 10 Americans is 65 years of age or older. Improved health care, better nutrition and a steadily rising standard of living have helped Americans to live longer. It is the duty of the 95th Congress to give older Americans an opportunity to live better. The quality of life can be as important and perhaps even more important than the quantity of life, that is what we are talking about today.

Mr. Chairman, the House Education and Labor Committee and its Employment Opportunities Subcommittee are to be commended for acting expeditiously on H.R. 5383. This bill would end mandatory retirement in the Federal Civil Service, raise the upper age limit on ADEA from 65 to 70, and end involuntary retirement in the private sector below the age of 70. The House bill, which is now pending in the Post Office and Civil Service Committee which has concomitant jurisdiction, goes a long way towards purging mandatory retirement from our socio-economic system. But as pleased as I am with overall thrust of H.R. 5383 as reported from the Education and Labor Committee, I still must urge this Committee to eliminate altogether the ADEA upper age limitation. Raising the upper age to 70 does make the Act cover more people and discriminate against fewer people—but that does not make it less capricious, less arbitrary, less unreasonable or fairer. This approach follows the rationale employed by Chancellor Bismarck when he implemented the first modern mandatory retirement/social security program. Bismarck selected age 70 as the starting point for retirement benefits—an age reached by few Germans in the 19th Century. Former HEW Secretary, Wilbur Cohen, has stated that the selection of age 65 for use in the Social Security Act was not based on a "scientific, social, or gerontological basis". Age 65 was selected within the framework of the political decision making process—raising it to 70 on the same basis would have little merit.

Mr. Chairman, in closing let me briefly list the major reasons why I am urging this subcommittee to completely remove the upper age limitation from the Age Discrimination in Employment Act of 1967:

(1) Mandatory retirement discriminates against millions of Americans by denying them equal employment opportunities.

(2) An arbitrary chronological age is a poor indicator of a person's ability to perform a job.

(3) Involuntary retirement can adversely affect the psychological, emotional, and physical well being of older persons—a point substantiated by the American Medical Association's Committee on Aging.

(4) Compulsory retirement may deprive an individual of the ability to earn adequate pension and Social Security benefits.

(5) Mandatory retirement works to the disadvantage of those women who did not enter the work force until their children were grown or after they were widowed or divorced. They often find it difficult if not impossible to accumulate adequate pension and Social Security benefits.

(6) When a person is forced to retire he or she may find that age discrimination makes it extremely difficult for them to find another job.

(7) Mandatory retirement deprives our Nation of the skills, talents and experience of thousands of productive Americans each day.

(8) Involuntary retirement increases the cost of numerous governmental programs, and adds to the drain on the various Social Security Trust Funds.

(9) In 1974 a Harris poll indicated that 40 percent of our 20 million retirees would prefer to be working. Thus we have denied these 8 million individuals the freedom of choice to which they are entitled.

(10) Compulsory retirement is not applied equally to all segments of our economy. Many of the professions, the self-employed, and so forth are free from this type of discrimination. Thus mandatory retirement weighs most heavily upon low and middle income individuals.

Mr. Chairman, I have selected several articles which address various aspects of this problem and I would ask that these items be printed in the hearings record at the conclusion of my remarks.

Earlier in my statement I referred to the fact that medical and nutritional advances throughout the 20th century have enabled Americans to live longer and healthier lives. Our task today is to improve the quality of life for our 22 million senior citizens—a task we can begin to achieve by the prompt enactment of S. 481.

PROJECT LIVING SPEAKS UP FOR CANCER PATIENTS

Mr. HUMPHREY. Mr. President, recently, in testimony and in floor debate, I have urged adequate funding for the National Cancer Institute. I have strongly urged my colleagues to support research into the causes, treatment and prevention of cancer. I have stressed the progress achieved through Government leadership and support.

Those advances in treatment mean an increased life expectancy and even cure for thousands of cancer victims. An estimated 3 million Americans alive have now or have had cancer. The challenge is to make the time won from that disease useful and fulfilling.

Amending the Civil Rights Act to prohibit discrimination against the physically handicapped serves that purpose, and I support such legislation, as well as enforcement of the pertinent provisions of the 504 regulations.

The cancer patient faces other impediments to resuming his place in our society and economy. I want to share with my colleagues a letter and enclosures I received from William Kip of Project Living, because they summarize, as well as I know how, issues and problems which must be addressed if the victims of cured or arrested cancer are to live lives as normal and rewarding as possible.

Mr. President, I ask unanimous consent that Mr. Kip's letter and enclosures be printed in the RECORD.

There being no objection, the letter and enclosures were ordered to be printed in the RECORD, as follows:

JULY 25, 1977.

DEAR SENATOR HUMPHREY: I think you should be aware of the financial deprivation and social dislocation that most young cancer patients have to undergo.

Medical advances have prolonged their lives, but society has not dealt with their non-medical problems engendered by their disease. The vast majority of cancer patients under thirty-five have the diseases, leukemia, Hodgkin's disease, lymphomas, etc. that re-

spond well to chemotherapy. As you probably know, chemotherapy, as the primary mode of treatment, controls these diseases, but with rare exceptions, does not cure. Therefore, most younger cancer patients must create productive, fulfilling lives despite their daily confrontations with paralyzing uncertainty and a culture that worships youth, vitality and longevity. Most younger cancer patients face their conditions with courage, but the economic barriers confronting them not only dishearten them but add an unnecessary burden to their already difficult lives.

Many younger cancer patients are not established financially when they receive their initial diagnosis. Finding a decent job and establishing a career becomes quite difficult for a number of reasons. Most are not strong enough to work at physically demanding jobs. Those who qualify educationally for professional jobs face tremendous competition from a vast pool of equally qualified peers who do not have a history of cancer.

This competitive disadvantage is not a question of blind prejudice. Younger cancer patients on chemotherapy modalaties tend to have recurrences of their diseases. Their medical treatment is usually conducted during business hours, which means that a special work schedule has to be arranged for them. In addition, intense forms of chemotherapy can lessen the patient's work productivity by draining energy and causing greater susceptibility to minor infection.

Medical insurance is another major problem. Although employers may hesitate to place a cancer patient on their group health insurance plan, the problem is usually more complicated. Many young cancer patients qualify for Social Security disability or S.S.I. payments. The income derived is minimal, but the recipient qualifies for Medicaid and sometimes Medicare. This health insurance coverage is critical given the high medical costs of treatment for cancer and the patient's inability to qualify for private health insurance.

Should a young cancer patient be fortunate enough to obtain a job and be placed on a group health insurance plan, he or she would be precluded from coverage for their cancer for periods ranging from eleven to twenty-four months due to the "preexisting condition" exclusion clauses contained in almost all health insurance policies. Many members of Project Living are forced to stay on the S.S.I. or the Social Security rolls because they cannot risk losing their Medicaid or Medicare coverage. Thankfully, they receive excellent medical care due to this coverage, but they are forced to live on doles ranging from $120 to $230 a month. They are literally serfs to their cancer.

Sincerely,

WILLIAM KIP,
Director, Project Living.

PROJECT LIVING

We are a volunteer alliance of young adults with cancer and of other interested individuals. We will be exploring ways to improve the quality of living for young adults with cancer. This exploration will benefit cancer patients of any age since our goal is to create a compassionate understanding of all cancer patients.

Membership in Project Living is free. It requires only that you support our common goal in spirit and request membership. Anyone who uses any of our services we hope to be providing in the near future automatically becomes a member. Membership will entitle you to receive our newsletter (when published) which will provide information of interest to young adults with cancer and of concern to individuals of any age.

Although membership in Project Living is free, we do have a unique membership fee that has nothing to do with money. We are asking, as your fee, that you assist us in trying to reach our common goal by giving us feedback through constructive positive or negative criticism of our program. This includes helping us whenever it applies to you personally.

For example, you could share experiences about specific difficulties encountered by young adults with cancer (or any person with cancer). Some sample topics might be about the difficulties encountered:

1. In making social contacts with others your age.
2. In completing your high school or college education.
3. In getting health insurance coverage on your own after being treated for cancer.
4. In obtaining a job or holding onto one during treatment.

As a volunteer, non-profit organization without steady income, we do have expenses for postage, paper, printing, etc., for which we look in the most part towards strictly voluntary donations from our membership. This is done to give us a source of independent funds allowing us to maintain our autonomy and existence while we continue our search for sufficient funding from foundations. Making a voluntary donation is a personal decision for each Project Living member and is not a requirement for obtaining or maintaining membership in Project Living.

If you wish to become a member of Project Living or get more information about us, then write us at the address below:

Project Living, Room 217, c/o Fordham University, Campus & Lincoln Center, 113 West 60th Street, New York N.Y. 10023, 212–956–2770 or 212–956–2457.

The media has devoted considerable attention recently to the subject of "living with cancer". The title is informative. It implies that the most dramatic recent development in medical research has been a great increase in the number of cancer patients who live for significantly longer periods after their initial diagnosis than ever before. This is due primarily to the development of highly effective modalities of chemotherapy. This significant medical advance has often increased the social and economic problems of cancer patients. It is on these types of "non-medical" issues that Project Living will focus exclusively. The following are some important reasons as to why these problems develop:

1. Chemotherapy involves extremely potent toxic medicine which often causes severe side effects, thus necessitating close, almost constant, medical surveillance;

2. The expense of chemotherapy can devastate patients financially should they not have high quality medical insurance;

3. Chemotherapy is disruptive to the patient's normal pattern of social and economic life because:

a. The patients often experience severe side effects, keeping them homebound for at least the beginning of a chemotherapy cycle;

b. Usually from two to four weeks, the cycle frequently consists of alternating periods of medication and absence of medication, which goes on from months to years;

c. The patient often feels alienated from relatives, friends, and acquaintances because he or she feels irritable and depressed while undergoing a cycle of medication and during a non-medicated period is often anxious about the next cycle of medication;

d. Obtaining a job is even more difficult. In a highly competitive job market and with some exaggerated fears, employers have no incentive to take a chance on job applicants who are being treated for cancer, or who have had a history of cancer. In addition, there are realistic schedule problems. Since most chemotherapy is conducted in hospital out-patient departments during business hours, it is not easy to be hired when a minimum of a few afternoons a month is required for medical treatment;

e. Retaining a job is often difficult because of occasional periods of severe fatigue, a higher rate of absenteeism due to the reduced ability to resist infection, frequent out-patient visits, and occasional in-patient hospital visits;

f. The dramatic advances in longevity resulting from chemotherapy have only occurred in the last few years thus many cancer patients do not have any realistic projection of how long they might be expected to live. It will be a number of years before patients undergoing the new highly experimental modalities of chemotherapy will have survived long enough for a valid statistical projection of morbidity and mortality rates, thus;

g. Their physical suffering, emotional alienation, financial and job problems are compounded by an almost daily reminder of their own mortality in a society that worships youth, vitality and longevity.

There problems are even more intense for the young adult cancer patient of student age. They are almost entirely dependent, emotionally and financially, upon their families at an age when they would normally be approaching financial and emotional independence. Their career goals are distorted because medical treatment frequently impedes educational progress while the uncertainty of their physical survival or future vitality makes it impractical to incur the expense of graduate or professional training. Their social life is curtailed at an age when friendships, group activities and dating would normally play a major role in their psycho-social development.

A dilemma compounds these difficulties. Young cancer patients need fulfilling interesting lives to help them cope with the physical and mental anguish caused by such a devastating course of medical treatment. Nevertheless, it is the very social, educational, and economic dislocations caused by their medical treatment which hinder them in their pursuit of full active lives.

At present, the social, economic and educational needs of young career patients undergoing prolonged chemotherapy are not being met. Health professionals and social workers are aware of these unmet needs, but they are limited in their response because of large caseloads, limited time and restricted financial resources. In an era when a sluggish economy is forcing the retrenchment of social and health programs, the solution may lie in the formation of an alliance between cancer patients and non-afflicted volunteers to explore ways to improve the quality of living for young adults with cancer. There are many cancer patients who are symptom free or physically active and who would welcome the opportunity to work with and benefit from Project Living.

We have already spoken to a sufficient number of young adult cancer patients to provide a tentative outline of our program:

I. Enabling the patient to become aware of overlooked sources of economic assistance such as disability payments, SSI, and veterans benefits.

II. Assistance in education planning:

A. For high school students—to facilitate a combination of home tutoring and limited or sporadic attendance in school so that the student may graduate with his or her classmates.

B. For college students—assistance in transferring to a local college with a minimum of disruption should the student be forced to leave a distant college to return home for extensive medical treatment. Also, to help the student deal with his college administration should medical treatment or side effects force the dropping of courses or the incurring of "incompletes."

III. Sponsor social events to help our membership in breaking down their social isolation.

IV. Documentation of the extent of the problem. Educating the public school officials, health professionals and employers—pointing out to them that many of these impediments can be overcome or minimized.

BROADCASTING AND THE SEPARATE TRADITIONS OF FIRST AMENDMENT THEORY

Mr. HEINZ. Mr. President, few people in our country will argue with the statement that our lives are strongly influenced by television and radio programs. Our children spend more of their early life watching TV than in any other waking activity; the latest figures show that they spend an average of 23 hours per week in front of the television.

Prior to the 1950's, Americans kept abreast of the latest news, trends, and opinions primarily through newspapers and magazines. Though many families gathered each evening around the radio, print media was still the preeminent source of information, entertainment, and hence, influence in the country.

Now, the sudden and wide-ranging impact of TV on our national psyche raises many profound questions. To examine some of them, the National Association of Broadcasters recently sponsored an essay contest on the issue of "the first amendment and the electronic media." The purpose of the contest was to stimulate analysis and discussion of the rights of the public and the responsibility of broadcasters under the first amendment.

The winner of the contest was Marilyn A. Lashner of Temple University in Philadelphia, Pa. Not only has Ms. Lashner shown great wisdom in attending Temple University, she has also written a most thought-provoking examination of a topic of profound importance to this country. I commend her essay to my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

BROADCASTING AND THE SEPARATE TRADITIONS OF FIRST AMENDMENT THEORY

The electronic press—while being hailed as equal to the printed press in importance to American society—is saddled with governmental requirements that restrict its freedom in ways consistently upheld as unconstitutional when applied to the printed press. Since 1791 when freedom of speech and press gained Constitutional sanction, these guarantees have been revered by Americans as being the indispensable requirements for democratic society. But these guarantees have not been static; in the course of history, the simple words have been interpreted and reinterpreted, defined and redefined, idealized an compromised—each time in the light of contemporary social, psychological, political and economic experience. What we term First Amendment theory is the contellation of interpretations, definitions, prescriptions and proscriptions which articulates the American commitment to freedom of expression. This essay will analyze the trends in First Amendment theory which have permitted two separate and conflicting traditions of press policy: a laissez-faire policy for print and a restrictive policy for broadcasting. It will address the charge that many aspects of broadcast regulation, though upheld by the courts as consistent with First Amendment theory, have in fact compromised the rights of both journalists and the public and thus have served to repress the very freedoms the First Amendment was designed to protect.

THE ENIGMA OF THE FIRST AMENDMENT

The First Amendment simply states: "Congress shall make no law . . . abridging the freedom of speech, or of the press. . ." But the amendment, while guaranteeing freedom of expression, is set forth in language that is at once vague and specific. It specifically names Congress as the addressee of the protection but is vague as to the recipient; it is rigid as to the guarantee but vague as to the substance of the guarantee. This failure to define the major concepts has caused a swell of confusion. Today scholars are still asking: Freedom of the press for whom? From whom? Where? When? To what degree? Which press? What speech? Is the right absolute or qualified? Does it guarantee publisher's autonomy or the people's right to know or the people's right of access? Is it oriented toward issues or toward persons? Is its purpose to free the publisher from the government or to free the people from the publisher? Does it confer special privileges on the press that are not conferred on ordinary citizens? Does it differentiate between expression on public and on private property? And most germane, does it guarantee different freedoms for broadcasting than it does for the printed press?

TWO TRADITIONS OF FIRST AMENDMENT INTERPRETATION

Broadcasting in the United States has been variously described as "the almost press," "the half-opened media," "distant cousins," and as having second-class status under the First Amendment. What is common to these observations is disapproval of public policy which forces broadcasting to straddle two conflicting lines of First Amendment interpretation. On the one side is the laissez-faire commitment to free expression where government maintains complete separation from functions of the press. On the other side is the governmentally supervised affirmative approach where government licenses, oversees, evaluates, requires and punishes.

The laissez-faire interpretation—rooted deep in the Libertarian philosophy of Milton, Locke, Mill and Supreme Court Justices Holmes, Brandeis, Black and Douglas—gives trust to man's reason and to his ability to seek out truth in the marketplace of ideas. In this context—which we shall call the Journalism Tradition—freedom of the press means editorial autonomy, no governmental restraint prior to dissemination but post-dissemination punishment for transgressions committed. Here is the arena where broadcast journalists march side-by-side with print journalists to fight the battles of prior restraint, subpoenas, gag rules, defamation, invasion of privacy, obscenity, newsman's privilege, contempt citations, and government secrecy.

The printed press functions entirely within this Journalism Tradition, but broadcasting is required additionally to function within a newer affirmative interpretation which sanctions government involvement. Grounded in fear of the technological revolution, in a less optimistic view of man and society, and in doubts about the efficacy of the Libertarian philosophy, this affirmative interpretation reflects the twentieth century commitment to social responsibility and a new perspective to First Amendment theory that identifies the people's right to know as the paramount guarantee. Under this interpretation, the rights of broadcasters are secondary to those of the public, and the government asserts its social responsibility to "maintaining and enhancing" free expression by implementing measures designed to neutralize the potentially tyrannizing affects of scarce resources, big business, new technology, depersonalized living and monopoly. Freedom of the press in this context—which we shall refer to as the Regulation Tradition—means government oversight where, in the name of protection, economic and editorial freedoms are compromised by an authoritarian system of rules and regulations enforced by a hierarchy of punitive sanctions.

JOURNALISM TRADITION VERSUS REGULATION TRADITION

We speak, then, of two traditions under First Amendment theory: the Journalism Tradition and the Regulation Tradition—the former governing the affairs of both broadcasting and print, the latter governing only broadcasting, each upheld by the Supreme Court as clearing the barriers of the First Amendment. At times the basic assumptions of these traditions coincide. Both profess a commitment to First Amendment values of "uninhibited, robust, wide-open" debate on public issues. In ideal, if not in practice, both are rooted in the principle of localism—newspapers by historical accident, broadcasting by design. Both are committed to the profit motive. And both profess commitment to self-regulation and to professionalism.

But there are five major areas where the assumptions of these separate traditions clash, where the values inherent in one tradition deny the values inherent in the other. Essentially grounded in economic theory, these differences are:

(1) Concept of Unlimited Resources vs. Doctrine of Scarcity

(2) Resource Allocation by Market Controls vs. Resource Allocation by Government Decision

(3) Laissez-faire vs. Government Licensing

(4) Private Ownership vs. Public-trustee Principle

(5) Journalistic Autonomy vs. Government Management of Information. It is at these tension points where the assumptions of the Regulation Tradition articulate what amounts to the essence of broadcast public policy in the United States. Consequently, it is here where the wide-spread criticism and concern as to broadcasting's eroding First Amendment rights is focused.

CONCEPT OF UNLIMITED RESOURCES VS. DOCTRINE OF SCARCITY

The essential resource in publishing is paper whereas the essential resources in broadcasting is the electromagnetic spectrum. In economic terms, these essential resources are similar in that each is limited in amount and has potential for scarcity. But spectrum space is obviously and immediately limited and scarce whereas the finiteness of paper is less evident. In an effort to deal with the scarcity issue made abundantly apparent by intolerable interference, Congress in 1925 passed a resolution declaring the ether as "the inalienable possession of the people of the United States" and embarked on a policy of controlling and limiting its use. Though economists criticize the premise that scarcity is a phenomenon unique to spectrum space, and even though in practice there are today more broadcasting stations than newspapers in this country, the Doctrine of Scarcity as the reason for licensing remains the keystone of the Regulation Tradition.

RESOURCE ALLOCATION BY MARKET CONTROLS VS. RESOURCE ALLOCATION BY GOVERNMENT DECISION

Publishing operates according to a free-enterprise system where the ordinary pricing mechanism determines the economic value of essential resources and ultimately resource allocation. On the other hand, Congress has chosen to remove broadcasting from the dynamics of the free market in favor of a system of nonmarket allocation which preserves government ownership of spectrum space while removing true economic value from frequencies. According to public interest standards, the government administers spectrum assignments at no substantial cost to the user—a system which, according to one economist, tends to promote political influence and windfall profits while denying the usual advantages of free enterprise: precise monetary measures of cost-benefit, flexibility and resource efficiency.

LAISSEZ-FAIRE VS. GOVERNMENT LICENSING

Except for general public interest regulation such as anti-trust and civil rights laws, the laissez-faire assumption of the Journalism Tradition rejects government regulation and oversight whereas the licensing assumption of the Regulation Tradition permits infiltration of government into most precincts of broadcasting affairs. Federal licensing of radio stations has been practiced in this country since 1912. Whereas the earliest broadcasting legislation was interpreted as doing little more than mandate the issuance of licenses, later legislation granted to the FCC the discretionary power to license against a standard of "public interest, convenience and necessity." Based on this power, regulation has extended over the past two-thirds century to such areas as engineering specifications, network arrangements, multiple and cross-media ownership, business practices, commercial advertising, employment practices, procedures for accountability, and—most important from a First Amendment standpoint—program content.

PRIVATE OWNERSHIP VS. PUBLIC-TRUSTEE PRINCIPLE

The public-trustee principle is the heart of the Regulation Tradition. It is an ingenious construct which combines public ownership, private use, government licensing, nonmarket allocation of spectrum space, free expression, and public interest obligations. Publishers, operating in the open-market system, own their enterprise and their resources and, except for anti-trust considerations, are free to use them and to transfer them at will. Such is not the case with broadcasters. On the theory that the public owns the air-waves, the broadcaster is considered a "public-trustee" and as such is permitted private gain from use of public property so long as he uses that property in the public interest. The license is nothing more than a franchise to use the assigned portion of the spectrum for a particular period in a particular way, and transfer procedures are rigid and subject to review.

JOURNALISTIC AUTONOMY VS. GOVERNMENTAL MANAGEMENT OF INFORMATION

In the American experience, journalistic freedom subsumes two parameters: no restraint prior to dissemination and subsequent punishment for unprotected speech. While the economic assumptions of the Journalism Tradition forge a system where predissemination journalistic autonomy is guaranteed, the Regulation Tradition's public-trustee principle—with its emphasis on public interest obligations—invites prior governmental intrusion into program content. Though the Communication Act expressly forbids censorship, proscriptive and prescriptive rulings directed at programming have supported, in fact, a pattern of information management carefully designed to avoid the appearance of blatant censorship. With punitive sanctions as leverage, no prior restraint has given way to a framework of prior standards in which journalistic autonomy has become "journalistic discretion," and FCC definitions of obscenity and other types of unprotected speech are more restrictive than the established Supreme Court definitions.

Proscriptive content intrusion has focused on such areas as false and misleading advertising, deceptive program materials, excessive commercial practices, obscenity, indecency, violence, children's programming, and more. However, it is the prescriptive rulings focusing on programming balance, responsiveness to local needs, and fairness in political and public affairs programming which have generated the most severe First Amendment criticism. Of these, Section 315 political broadcasting requirements and the Fairness Doctrine, clearly articulated as "the single most important requirement" and as the "sine qua non" for license renewal, have received the most vocal atttention. Both require the broadcaster to conform to prescribed standards of content selection, emphasis, orientation, time and cost considerations; and failure to comply has been cause for governmental sanction ranging from fine to refusal to renew the license.

CONCLUSIONS

To function, as do broadcasters, under two separate traditions of First Amendment theory is analogous to dual citizenship whereby allegiance is confused and the individual is beleaguered with competing reporting forms, obligations and standards. To the extent that broadcast policy continues to support conflicting traditions, the broadcaster and the public must suffer—as ultimately must our republic. For the First Amendment goal of producing an informed electorate required at the very least the free flow of ideas, an independent press insulated from government, and respect for the citizen as rational, able and well-motivated. What we now have in broadcasting is an affront to the press, the citizens and to the ideal of free expression. First, we have a managed press where broadcasters in pursuit of self-preservation are forced to compromise and retreat and where blandness, sameness and triviality oft-times become attractive for their safeness from government reprisal. Secondly, in place of trust in citizen's reason, broadcasting today operates in a spirit of paternalism directed toward a naive, inept public which must be protected, carefully briefed and properly exposed to "fair" pictures of reality. If the Libertarian ideal sees truth as emanating from the free market of competing ideas, by contrast, the Fairness Doctrine—the functional embodiment of the public-trustee principle—imposes on the public the government's and the broadcaster's definitions of "controversial issues," "public importance," and "opposing points of view." Thus, in the name of "fairness," an elitist perception of truth and reality substitutes for honest truth—at once homogenizing controversy while limiting the horizons, demeaning the dignity and eroding the rights of the citizenry.

Logic demands a new broadcast policy orientation. Given the Supreme Court's premise "that a free press is a condition of a free society," and given research showing television to be the dominant medium for news information, it follows that a vigorous and free electronic press is a prime requisite for a vigorous republic. To the extent that broadcasting policy mitigates or eliminates the clash points of the discordant First Amendment traditions, to the extent that the Regulation Tradition is brought closer to the Journalism Tradition, we can expect a more vigorous, more responsible, more honest press. Habit and an entrenched policy must not continue to deny the American people their basic rights. Over the years, First Amendment theory has demonstrated remarkable resilience. The time is ripe for another great challenge.

GRAIN RESERVE SUPPORTED BY SOUTH DAKOTA NEWSPAPER

Mr. McGOVERN. Mr. President, bountiful wheat and feed grain crops this year in the Midwest and elsewhere have brought the concept of a national grain reserve into sharp focus both in farm publications and the daily press. The House of Representatives is completing action on this year's farm bill and a conference with the Senate should be convening shortly.

The July 22, 1977, edition of the Sioux Falls Argus Leader contains a lead editorial entitled "Big Wheat Crop Points Up Need for Grain Reserve," citing both pragmatic and humanitarian benefits from the establishment of such a reserve. So long as reserves are isolated from the market and the farmer is assured that they will not be dumped on the market to depress prices, there are strong arguments for the establishment of a reserve. For the information of other Senators, I ask unanimous consent that the editorial to which I have referred be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BIG WHEAT CROP POINTS UP NEED FOR GRAIN RESERVE

Near record wheat crops in prospect in the United States and an excellent crop in the Soviet Union point up a price problem for the American farmer and also concern about establishing a grain reserve for future contingencies.

The United States expects to harvest about 2,043,689,000 bushels of wheat this year, slightly below last year's record crop of 2,147,000,000. Prior to 1975, production had been controlled in this country for many years. When controls came off, American farmers planted more acres. They harvested 2,133,000,000 bushels in 1975, compared to 1,796,187,000 bushels in 1974. As of June 1 this year, there was a carryover of 684,000,000 bushels off the farm, and 425,000,000 bushels on the farm.

South Dakota expects to harvest 65,160,000 bushels of wheat this year. That is 65 per cent greater than 1976, which was a drought year. The state had previously harvested 65-million bushel plus crops in 1967, 1968 and 1971, with 73.8 million bushels in 1967 the state record.

Russia's excellent harvest this year will remove one large potential buyer for the American crop. The crop outlook in Europe is also favorable.

Bread for the World, which describes itself as a "Christian citizens' movement in the U.S.A." is urging Congress and President Jimmy Carter to establish a grain reserve, as a safeguard against future famine and also protection for the agriculture of the less developed countries which feel the impact of a grain glut even more strongly than the American farmer. This is a commendable goal.

The Carter administration has announced its intention to create a national farmers-owned grain reserve. The U.S. Senate has included grain reserve legislation in its omnibus farm bill. There is no comparable provision in the House measure. The Senate and the administration are thinking in terms of a small initial U.S. reserve of approximately 8 million tons of wheat.

An amendment introduced in the House by U.S. Rep. James Weaver, D-Ore., and others provides for substantially higher reserve levels (25 million to 35 million tons) than does the administration or the Senate.

A reserve, set aside when the harvest in this country is excellent, is a desirable concept. Whether the reserve should be at minimum or higher levels is a problem for Congress. Obviously, the combination of a market glut in wheat and the accompanying low prices is both good and bad news for the American farmer. The dilemma compounds the policy problem for Carter and Congress.

This country has traditionally helped other countries in a food emergency, when people are faced with famine. A reserve would be useful. Beyond that, this country should lend its efforts to encouraging underdeveloped nations to feed themselves. Extension agents and agricultural know-how are better United States exports than either dollars or wheat for countries faced with the problem of feeding themselves.

CARTER'S MIDEAST POLICY

Mr. ABOUREZK. Mr. President, President Carter's policy concerning Israel has occupied much of our attention recently, not only because of Prime Minister Begin's U.S. visit, but also because of Mr. Begin's more recent revelation that he has legalized three existing settlements on the West Bank. Actions like this pose an extremely serious threat to a convening of a Geneva Conference in October, which is only a very preliminary step toward a resolution of the Middle East conflict.

The settlement issue is one more obstacle in getting all the parties together in Geneva, and that job is difficult enough, without Mr. Begin exacerbating it by sanctioning additional villages on the West Bank. That is why I was interested to see the Washington Post editorial of July 28 and the article by Mr. Edward R. F. Sheehan. Because we cannot afford to underestimate the importance of President Carter's policy toward Israel or the role of the United States in the resolution of the conflict, I ask unanimous consent that these two articles be printed in the RECORD.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

ISRAEL'S CHALLENGE TO CARTER

The Israeli Government's decision to legalize three previously illegal settlements on the West Bank is more than "deeply disappointing," as the State Department declared. It is reckless, provocative and indefensible. It amounts to a frontal assault on the American effort to arrange a settlement by inducing Israel to exchange war-won territory and a place for the Palestinians, for contractual acceptance by its Arab neighbors. Coming on the heels of Prime Minister Begin's warm reception in Washington, the decision conveys the unmistakable aura of sticking a thumb in Jimmy Carter's eye.

Mr. Begin's view that the West Bank is "liberated" territory, Israel's by holy scripture, and not occupied territory, is well known. It is also wholly unrealistic and incompatible with any serious effort to work out a lasting settlement in the Middle East. For the purposes of American diplomacy, it cannot be controlling. It is Mr. Begin's problem, religious and political, to solve as best he can. Last week in Washington he chose to muffle disagreements with the United States on this substantive issue and others. Mr. Carter did not press him, at least publicly. To the extent that Mr. Begin chose to mistake the President's discretion for consent, or weakness, that was a mistake. Legalization of three West Bank settlements and loud Israeli demands to plant more pose a challenge the Carter administration can no longer ignore.

Edward Sheehan, in an article on the opposite page today, suggests that Mr. Begin may wish to absorb the West Bank and, if the Arabs overly protest, to wage preemptive war. We do not subscribe to this scenario but it seems to us undeniable that the latest Israeli move adds plausibility to it. Certainly it puts the whole credibility of the administration's Mideast diplomacy on the line.

President Carter has been, we believe, amply attentive to Israel's legitimate security needs. He has offered Israel generous and effective alternatives to the permanent retention of territory. These include arms guarantees, interim security borders beyond the political borders, limitations on a Palestinian "homeland," relations of a new sort with its neighbors and, of course, American friendship and commitment. So the United States does not have to apologize to Israel for asking it, in a negotiated peace put into effect over a period of years, to withdraw to something reasonably close to the 1967 lines.

Now that the Israelis have forced the issue, we are led to conclude that it is a good and necessary one to fight out with them. The time is right: It is early in both the Carter and Begin administrations and if either is serious about peace, this issue has to be resolved. Good feeling of the superficial and misleading sort achieved by Mr. Begin here last week is not merely worthless. It becomes positively perilous if it encourages Israel to proceed in ways that could fatally foreclose all hope for a comprehensive Arab-Israeli settlement.

CARTER'S ILLUSORY MIDEAST POLICY

(By Edward R. F. Sheehan)

United States policy in the Middle East has assumed dream-like dimensions. There exists an almost phantasmagoric contradiction between American theory and practice in the Arab-Israeli conflict.

The theory, pronounced consistently by President Carter since he took office, is commendable. He has spoken lucidly of Israeli withdrawal to the 1967 frontiers and the creation of a Palestinian "homeland"—in exchange for which the Arabs must confer full peace on Israel. Already, to an extent few of us thought possible only six months ago, the Arabs have expanded their definition of peace in keeping with Carter's wish.

For example, on July 16, speaking not to Western journalists but to his own people before the Arab Socialist Union over Cairo Radio, President Sadat declared: "We are ready to end the state of war politically and legally. . . . For the first time in its history Israeli's legal existence within its borders will be recognized. The real challenge is to exploit this positive atmosphere to move toward real peace." In this context, Sadat now offers Israel normal relations, not during the "next generation" but within five years of a negotiated peace treaty.

Having come this far, Carter at present is in the process of demolishing his own policy. Plagued by the pressures of domestic politics and the protestations of Israel's American constituency, the President has openly contributed to Prime Minister Menachem Begin's public-relations triumph in Washington—fostering the illusion that Israel and the United States agree on goals at Geneva. Privately, Carter made it clear to Begin that the American and Israeli positions on territory and the Palestinians are wide apart, but publicly he seemed to endorse Vice President Mondale's ecstatic declaration that Israeli-American relations have never been more harmonious, and he has cast Sadat and the other Arab moderates into a crisis from which they may not recover.

There is, as the result of the positions enunciated by Begin in Washington, particularly on the Palestinians, no basis for going to Geneva. And yet the President seems resolved to convene the peace conference and to persuade the Arabs to attend, in the Micawberish hope that once the parties get there some miracle will happen. Or—more likely—that the parties will talk interminably, that the very event of Geneva will buy more time and, incidentally, produce a foreign-policy "victory" this year that Carter so ardently covets.

If such is Carter's strategy, it is, it seems to me, illusory and possibly disastrous. No one can hope that the vital issues of the Arab-Israeli conflict can be significantly composed before the conference, but at least there must be some propinquity between the American and Israeli positions if the conference is not to collapse. For example, Israel must agree to negotiate seriously on withdrawal from the West Bank and Gaza, and she must agree to Sadat's minimal demand, that moderate members of the PLO attend the conference, if not in a separate delegation then as part of a state delegation.

It is, however, vain to expect that Begin will bend unless he is subjected to intense American pressure. The entire history of American-Israeli relations illustrates that Israeli concessions will come only under the threat of sanctions. Carter's peace plan will become a hollow word game unless it is enforced, unless theory is linked to practice, unless the laudable American legal position is functionally applied.

We are in grave danger of repeating the errors that helped to produce the October war. In the several years before that conflict, we exhorted the Israelis to be reasonable and gave them guns to resist our exhortations. Israel, the argument went, needed "confidence" to negotiate, but she took the guns and rejected our advice.

Now the President promises never to withhold military aid as a means to prevail on Israel to accept the American concept of peace. Israel already possesses such military power that she can wage a war of perhaps several weeks without resupply; there is no real basis for anxiety for her security for the next several years. Three billion dollars of American military aid is in the "pipeline"; Israel will have received at least $10 billion worth of American armor before the end of this decade. And yet, instead of linking the delivery of future armor to concessions for peace, we persist in the fatuous policy that more guns will produce more "confidence" and that "confidence" will produce concessions.

There is a theory, propounded by some Israeli doves, that Begin does not wish to go to Geneva at all, that by appearing to be reasonable but in fact setting conditions that make Geneva impossible, he will shift the onus of failure to the Arabs. Then he will be free, backed by the military means he has received from the Americans, to proceed with his plans to absorb the West Bank. Should the Arabs stir, he will wage a preemptive war that he hopes will consolidate Israeli conquests. Such a scenario, it seems to me, is not implausible. Moreover, such a war would dissolve the American entente with the moderate Arab governments, radicalize Araby anew and destroy the peace process for a decade.

It may be that—having soothed the Israelis and reassured them of his friendship—Carter nurses a secret strategy in his breast that he will pursue with pressure in August and September. Perhaps, during his imminent journey to the Middle East, Secretary of State Vance will find a formula for resolving the crucial question of Palestinian representation at Geneva that is palatable to the Arabs and that satisfies us. Perhaps, at that point, "technical difficulties" will occur in the transmission of new arms to Israel. Perhaps, at that point, Begin will get the message and begin to bend. Unless this is the President's intention, then his peace plan is theater and we had best brace ourselves for a new catastrophe.

SETH TILLMAN

Mr. BAKER. Mr. President, it is with a distinct sense of regret that I share with my colleagues the information that Seth Tillman, a senior staff member of the Foreign Relations Committee, is resigning from that staff after 16 years of service to the U.S. Senate. Mr. Tillman, who is a graduate of Syracuse and the Fletcher School of Law and Diplomacy, has served as an assistant professor of political science at MIT and came to the Senate as a Fletcher Congressional Fellow, first in the office of Congressman John Lindsay and later with the distinguished Senator J. W. Fulbright.

I first met Mr. Tillman in 1975 when I, as a newly selected member of the Foreign Relations Committee, traveled with him to the Middle East to familiarize myself with the possibilities and prospects for a peaceful resolution of the conflict in that troubled land. The depth of his knowledge of the issues and the area contributed immeasurably to my understanding of the difficult problems to be encountered in realizing the legitimate aspirations of the parties involved. As the situation has evolved over the past several years, he has continued to enhance my knowledge and understanding of those critical issues.

I am not unique in that respect, Mr. President, for I know that many of my colleagues on the committee, and in the Senate, have traveled with and have sought guidance from Seth. I am certain that they, as have I, have profited for doing so.

Recently it was my pleasure to serve with the distinguished Senator from South Dakota (Mr. McGOVERN) on the U.S. delegation to the 31st General Assembly of the United Nations. Seth accompanied us in our sojourn in New York, and his contribution to our service on the delegation reflected, as usual, the highest degree of professionalism. But for his interest and assistance, the insights and perceptions that we acquired of the U.N. and the United States participation in the U.N. would have been much diminished.

I feel certain that those of my colleagues who over the years have taken an active interest in the role of the Senate in the development of foreign policy share my esteem and high regard for Seth Tillman. His departure is the Senate's loss, but we wish him every success as he undertakes his new endeavors and trust that he will continue to contribute to the public fund of knowledge on the complex issues of the foreign policy of the United States.

THIRD CENTURY DINNER SALUTES SENATOR CURTIS

Mr. HANSEN. Mr. President, I recently had the distinct pleasure to attend a function at the Dirksen Building which would have filled Everett McKinley Dirksen with pride. As one colleague exclaimed, "It was a triumph for good government." Entitled "Perspectives For The Third Century," a theme evolved by the U.S. Citizens' Congress during America's 200th birthday, the dinner reception was attended by Members of the Senate, generals, admirals, diplomats, and men and women of note in all walks of life. The program featured a triumvirate of milestones.

First there were awards of thousands of dollars to the victorious essayists who competed in a comprehensive search for new and vital ideas to meet current and future problems facing our Nation. This was followed by the presentation of three scrolls of honor to Americans from the Nation's Capital, Arizona and Pennsylvania. There was the presentation of an illuminated scroll to "Three Wise Men From The East," His Excellency Ardeshir Zahedi, Ambassador of Iran, His Excellency Sahabzada Yaqub-Khan of the Islamic Republic of Pakistan, and His Excellency Ashraf Ghorbal of the Arab Republic of Egypt, represented by Charge d'Affaires Mohamed Shaker. The evening was climaxed with a tribute to our own esteemed Senator from Nebraska, the Honorable CARL T. CURTIS—marking his forthcoming retirement.

I want to commend the distinguished leader, Rabbi Baruch Korff, for his patriotism and devotion to the cause that binds us all together. He is the founder of the U.S. Citizens' Congress and its foundation. I congratulate Mrs. Gabriele Pitcairn Pendleton and Adm. Elliott B. Strauss, president and chairman, respectively, of the U.S. Citizens' Congress, and the leaders of this effort in all 50 States who give of their time and resources. I ask unanimous consent that the proceedings of the evening, entitled "Perspectives For The Third Century," be printed in the RECORD.

There being no objection, the proceedings were ordered to be printed in the RECORD, as follows:

PROCEEDINGS

Adm. ELLIOTT B. STRAUSS. I am pleased to welcome you to "Perspectives For The Third Century" at the Dirksen Building of the United States Senate. There are so many dignitaries that it is virtually impossible to refer to you all by name and still have time left for the program which you have come to attend.

In a minute, I'll ask you to rise and sing the national anthem. At the last dinner we held, the orchestra didn't appear on time and I got to lead in the singing of the national anthem by myself. Treasury Secretary Simon, who was our guest of honor, was understandably very rude about my voice.

We have an accomplished singer here tonight, Margaret Sparks, and an accomplished pianist, Neil Price, who will lead us in the national anthem.

STAR SPANGLED BANNER

May we now pledge allegiance to the flag.

PLEDGE OF ALLEGIANCE

Please remain standing as the Rt. Rev. Willard D. Pendleton of the Swedenborgian Church gives the invocation.

Bishop WILLARD D. PENDLETON. Almighty and Everlasting God, the Maker of heaven and earth, the Redeemer and Savior of the world: We ask that in our deliberations this day we may be mindful of Thy Divine covenant for, as the prophet Isaiah said, "Thou art our Father; we are the clay, and Thou our Potter; and we are all the work of Thy hand" (Isaiah 64: 8).

What we seek is the vision to do Thy will. This requires patience, courage and understanding; for what is man but a being whom Thou has endowed with the unique ability to distinguish between good and evil, right and wrong. It is in the exercise of this precious gift that our humanity resides, and it is basic to all those uses of life which as human beings we are called upon to perform.

As members and friends of this Congress, therefore, it is well if we pause for the moment to reflect upon our responsibilities as citizens of this great country, and as citizens of the many local communities which are represented here. On every level of civic, social and professional life, we are called upon to reject evil, that is, what is selfish; and to do what is good, that is, what is of use to the neighbor in sight of God.

So it is that we are reminded today of the immortal words of the prophet Micah who almost three thousand years ago addressed himself to the question of what is involved in human responsibility. He said: "God hath shown thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God" (Micah 6: 8).

Admiral STRAUSS. Thank you, Bishop Pendleton.

Since this was also a general meeting of the members of the United States Citizens' Congress, it is fitting that I, as Chairman of the Board, provide you with a report of our stewardship.

During preparation of this account of our stewardship it occurred to us, paraphrasing a great statesman, that USCC has done so much with so little for so many. Inventory-taking has helped us better comprehend the significance of our commitment. This would not have been possible, however, without your dedication and zeal.

1. The USCC researched, composed and distributed an extensive "Voluntary Code of Ethics" for the media which had a moderate impact. Newspapers, television and radio stations now tend to more frequently correct slanted news and otherwise heed the public on issues.

2. The USCC sponsored the Bicentennial "Salute To Leadership" programs, a series of convocations marking the 200th anniversary of our nation, which focused on the faith and enterprise of our Founding Fathers.

3. The USCC was a prime mover in the human rights campaign when nearly two years ago it publicly invited Nobel Laureate and Soviet dissident Dr. Andrei D. Sakharov, through diplomatic channels and personal contact, to travel to the United States for a Bicentennial Salute expressing American solidarity with Russia's oppressed people.

4. The USCC inspired many in the nation with the publication of its "Bicentennial Manifesto." Guided by the Constitution of the United States, the "Manifesto" detailed the erosion of the ideals of our Founding Fathers and proposed an 8-point program for the preservation of the Republic. The "Manifesto" was widely published and circulated throughout the country.

5. The USCC newsletter has brought keen analyses to millions of Americans since the publication of its first issue nearly three years ago. It is read with anticipation throughout the nation and official Washington, and in world capitals.

6. In addition to its publications, the USCC has kept the public informed as to national issues and world developments and its philosophy of government through lectures and radio and television appearances from coast to coast. In the last nine months of 1976 alone, USCC officers and directors were featured on 19 radio and 14 television programs, 20 campuses and Citizens' Congress convocations, covering 32 cities across the nation. Interviews with USCC directors and officers have appeared in hundreds of newspapers and magazines.

7. The USCC, in cooperation with like-minded Americans, raised public interest in the frightful common-site picketing bill and misguided electoral reform. The USCC is now engaged in a concerted effort to strengthen America's defenses, maintaining a vigilance against piecemeal capitulation to domestic socialism and foreign intrigue.

8. The USCC recently founded the United States Citizens' Congress Education Foundation to more fully carry on the educational purposes for which the USCC was founded. The Foundation's goal is to tap, crystallize and focus on the creative genius of the American public through a four point program of public policy research, public speaking, educational scholarships and student internships.

This resume only capsules some of our many projects and does not include day-to-day activities, such as legislative confer-

ences, seminars, behind the scenes parleys and observation of government processes.

I now take great pleasure in presenting Mrs. Gabriele Pitcairn Pendleton, President of the United States Citizens' Congress, who will give you an account of the program which brings you here tonight.

Mrs. GABRIELE PITCAIRN PENDLETON. Thank you very much, Admiral Strauss. Your Excellencies, worthy Co-chairmen, Senator Curtis and Secretary Butz, Members of the Congress, Rabbi Korff, Father de Rocquois, my own Bishop Pendleton, guests at the head table, and fellow Americans:

This dinner marks a significant plateau in "Perspectives For The Third Century." "Perspectives" was designed to stimulate broad participation in America's search for new and vital ideas to meet current and future problems in Government, in Energy, Transportation, Economics, Inflation and National Defense.

More than 200 Americans from academia, industry and labor have submitted their essays. The Panel of Judges headed by Secretary Earl Butz studied and evaluated all entries. The Panelists include: William F. Buckley, Jr.; Admiral Arleigh Burke, former Chief of Naval Operations and recipient of the President's Medal of Freedom; Dr. Roger O. Egeberg, former Special Assistant to the Secretary of H.E.W.; Mrs. Virginia Knauer, Former Special Assistant to the President; Mr. William Seidman, former Assistant to the President for Economic Affairs; Dr. Herbert Stein, former Chairman of the President's Council of Economic Advisors; The Honorable Frank Zarb, former Administrator of the Federal Energy Administration; and Dr. S. Fred Singer, Department of Environmental Sciences, University of Virginia. Will the judges please rise?

These men and women have made their selections for second and third prizes of $2,000 and $1,000 respectively, as well as 20 entries at $100 each. The Coordinators, consisting of The Honorable Edward W. C. Russell, Admiral Strauss and myself, and the Panel of Judges, acting in accordance with rule 5 of the contest, have concluded that no entry meets the required standards of excellence for the first prize award. The contest coordinators, therefore, have extended the deadline to September 1, 1977, in the hope that an essay worthy of first prize will be submitted.

I now call on the Chairman of the Panel of Judges, Secretary Butz, to make the presentations. Secretary Butz.

SECRETARY EARL L. BUTZ. Thank you very much, Mrs. Pendleton, guests. There's so much top brass here tonight I hesitate to identify each. Let me say "Fellow Taxpayers." I guess I should single out the top crusts here at the head table. Somebody has defined "top crust" as a bunch of crumbs held together by their dough. If this were a political table that would be all right. Mrs. Pendleton, as you read off the list of judges I thought it had a pretty heavy flavor of the group that was turned out last November in this town. But I notice my good friend Senator Alan Cranston over there who still identifies himself as a Democrat, and some other Democrats. Therefore, it is a bi-partisan meeting. Is that correct?

Anyway, we're glad to have you all here this evening. My function right now is to present some money, always a very pleasant function. This prize money, I may say as you probably suspect, was put up initially by Mrs. Pendleton, a very generous person, and a very generous supporter of the United States Citizens' Congress and the Citizens' Congress Education Foundation. And also by Rabbi Korff, who has turned over the royalties from his book to this function. I'm not quite sure how it divides but these are the two essential sources of money for these prizes. I think we ought to give the two principal donors a very substantial hand. Will you stand up please. Rabbi.

In keeping with Mrs. Pendleton's instructions to keep this brief, I now call up the ones to receive the checks. Those that are not here will have the checks mailed to them.

Mr. George Vurdelja, please step forward to receive second prize. While George is coming, I want to say that he's a Senior at Michigan State University, majoring in Social Science and Economics and presently is interning as a research assistant at the American Enterprise Institute in Washington.

I'm very pleased, George, to present to you a check for $2,000 for your essay "Democracy and Freedom in America's Third Century." George, our congratulations to you.

Now we have to split one because it was co-authored by Dr. John Houlihan and Dr. David Madacsi. Dr. Houlihan is Assistant Professor of Physics at Pennsylvania State University and Dr. Madacsi is Assistant Professor of Physics at the University of Connecticut. And their essay is titled "Energy in the Coming Century," a very important subject. The $1,000 is then split in two ways. That's $500 for each of you gentlemen.

We have next a series of five checks for $100 each for the five fourth prize winners who are here. The remaining fifteen will be mailed.

Mr. Charles Hearn, Mr. Abraham Kalish, Mrs. Mary Lee King, Mr. Scott Lessne and Mr. Albert Wetzel, will you step forward please.

Mrs. PENDLETON. Thank you, Secretary Butz. To the judges, the coordinators, directors of the Education Foundation, the officers and directors of the United States Citizens' Congress, and the essayists, I extend my heartfelt appreciation. I am grateful for the opportunity to serve this great Movement, and I feel ever so indebted to our founder and mentor, Rabbi Baruch Korff, for his patriotism and dedication. Please stand up, Rabbi Korff.

With two such great personages as Senator Curtis and Secretary Butz as Co-chairmen, both of whom made history that helped this nation weather many storms (this is not to say that they did not at times create hurricanes of their own), it is difficult to allocate responsibilities for the evening. Each of them is capable of carrying the evening on his own, in fact, many evenings. Still, consistent with the program yet to be unfolded, I first call on Senator Curtis.

Senator CARL T. CURTIS. Mrs. Pendleton, Ladies and Gentlemen, friends all: One of my colleagues asked me, "Do you require your staff to read your speeches after they appear in the Congressional Record?" I said, "Require them to read them? I require that they memorize them."

Well, I was going through that procedure, an ordeal for them, of practicing one of my speeches, and I asked the question, "Do you think I should put more fire into my jokes?" "No," they said. "You should put more of your jokes in the fire." So I'm going to abandon the time-honored custom of telling a joke about everybody I introduce. It's my privilege to introduce members of groups, and the first is the head table. On my right—it's hard to get to my right—Mrs. Jack Londen. You're going to hear more about her a bit later. My Administrative Assistant, Don Shasteen, Mrs. Mohamed Shaker, Mrs. Elliott Strauss, Father de Rocquois, and the wife of the Ambassador, Mrs. Yaqub-Khan. The next person I will introduce is the father of my two grandsons, my son, Tom Curtis. And Mrs. Pendleton, we'll have you stand up. Senator Baker is scheduled to be here. Mrs. Earl Butz, wife of the Secretary. And our friend, the Ambassador of Iran, Ardeshir Zahedi. And Rabbi Korff. And that humorist from Indiana, Earl Butz. Ambassador Yaqub-Khan of Pakistan. Next, my dearest friend, my most severe critic, the woman I love, Mrs. Curtis. Admiral Elliott Strauss, Chairman of the Citizens' Congress. And the mother of my two grandsons, Mrs. Carl T. Curtis, Jr. His Excellency Mohamed Shaker, Charge d'Affaires of the Arab Republic of Egypt. Senator Cranston had to leave. Mr. Jack Londen. Bishop Willard D. Pendleton of the Church of the New Jerusalem. And Mr. Zlatan Stamenic and Mrs. Donald E. Shasteen.

I think you have already had introduced the founder and directors of the United States Citizens' Congress Education Foundation, but I'll call them off anyway. Rabbi Korff, Earl Butz, Mrs. Pendleton, The Honorable Elbridge Durbrow, The Honorable Robert G. Stephens, Jr., General James C. Fry, Admiral Strauss, Admiral Dietrich and Mr. Garth Pitcairn.

The President of the United States Citizens' Congress is Mrs. Pendleton. I'd like to introduce Mr. Stanley M. Baer, the Treasurer. Admiral Strauss is the Chairman of the Board of Directors. Other directors here are: Mrs. Anna Clinkscales, Mrs. Edward W. C. Russell, Dr. S. Fred Singer, Atty. Edward Cooperstein, Mr. Lloyd R. Johnson, Ms. Carolyn Herfurth. The editor of *WE, THE PEOPLE*, Ralph de Toledano. And Mr. Barry Cooperstein, the Executive Director.

Now next I was to introduce my colleagues from the United States Senate. You know they all believe in the two-party system. They all go to two parties every night. And that's the reason some of them dropped in early and some will be here later.

And even though they adhere to the two-party system, they are all good fellows. I assure you that they supply you with bumper stickers that last longer than their promises. The list that accepted, and many of them dropped in here, some will be in later are: Senators Baker, Bellmon, Brooke, Cranston, Griffin, Hansen, Hatch, Helms, Hayakawa, Javits, Long, McClure. Representatives James R. Mann of South Carolina, Senators Robert Morgan, Daniel Moynihan, Harrison Schmitt, William Scott of Virginia. Everybody has two Senators but you're only allowed one Congressman. Because of that, I have the best—Congresswoman Virginia Smith of Nebraska, my Congresswoman. Senator John Sparkman, Senator Richard Stone, Congressman Charles Thone and Mrs. Thone, Senator Strom Thurmond, Senator Tower, Senator Zorinsky and Mrs. Zorinsky.

Now we have a scroll to present, and I shall call on Rabbi Korff to present it.

Rabbi BARUCH KORFF. Mr. Zlatan Stamenic, would you step forward please. Mr. Zlatan Stamenic. And you might listen to this man's saga of having been thrown from pillar to post, finding refuge in this repository of freedom. Your Scroll of Honor reads:

ZLATAN STAMENIC

Enemy of oppression and fighter against tyranny, he took up arms against the Nazis when they invaded his native Serbia. Sacrificing status and wealth, he joined other Serbian patriots in desperate guerilla war. Three times arrested, he escaped death and returned to the battle. In the early postwar era, he joined forces with the Peasant International to oppose the Communist tyranny which had replaced Nazism in Eastern Europe. In 1961, his dream of freedom brought him to the United States of America where, beginning humbly, he availed himself of the opportunities this country provides to the resourceful and the self-reliant, rising rapidly to a position of prominence in the Washington community.

We honor this man on the eve of "Perspectives For the Third Century" and express to him the gratitude of the United States Citizens' Congress.

Presented on this, the twenty-third of May, nineteen hundred and seventy-seven at the Dirksen Building of the United States Senate, Washington, D.C.

Senator CURTIS. The next person to receive a scroll is Mrs. Doris Londen. She was born on a Nebraska farm—I don't know when it was. I think about 1950—where she

was raised and attended school. She went to Barnes Business School in Denver, Colorado, and worked in Denver as a secretary. In 1951 she married Jack Londen, and in 1962 they moved to Arizona. The Londens have four sons: Jack, a graduate of Harvard and currently a Yale Law student; Tom, a senior at Arizona State University; Larry, a ministerial student at Manhattan Christian College in Manhattan, Kansas; and Ron, a journalism student at the University of Arizona.

In addition to her family and political activities, Doris is a member of the Symphony Guild, Phoenix Art Museum, Mental Health Auxiliary, YWCA Triangles, and the Assistance League. She is past president of the Phoenix Musical Theatre and the Children's Theatre Star Starters. An active member of the First Christian Church, she is past president of its Women's Fellowship, and is a Bible School teacher. And she was born in Holridge, Nebraska.

Rabbi Korff, you may present the scroll.

Rabbi KORFF. I must say that on my frequent trips to California, I had the good fortune of being invited to stop over in Arizona as guest of Mr. & Mrs. Palmer Wood. Their gracious hospitality I still recall with affection. And there I met Mr. & Mrs. Londen. Mrs. Londen does not aspire to be the Governor of Arizona, but her husbands does. And, maybe, through her good graces, he'll make it.

DORIS MAY LONDEN

"A woman of valor who can find?
Her price is far above rubies." (Proverbs)

As a wife she inspires chaste family life whose hallowing influence is the center of her spiritual endeavors. As a mother she exemplifies an ancient percept: "It is the mother through whom God's blessings are vouchsafed to a home." As churchwoman, philanthropist and civic leader, she joyfully shares her spiritual and material blessings, ever zealous of the covenant that binds man one to the other. With devotion, deep and profound, she gives meaning to life, to labor, to prayer, to hope.

We honor this woman on the eve of "Perspectives For The Third Century" and express to her the gratitude of the United States Citizens' Congress.

Presented on this, the twenty-third day of May, nineteen hundred and seventy-seven at the Dirksen Building of the United States Senate, Washington, D.C.

Senator CURTIS. I would love to introduce everyone in the audience. That cannot be done. But I have two friends here that arrived from Nebraska for this occasion, longtime, dear friends, political supporters. Mr. and Mrs. Maurice Hevelone. Will you stand, please.

And the room is filled with men who have served in our armed forces, many in high rank. Again we can't introduce them all, but there's one Nebraskan I cannot pass up. Will General Albert Wedemeyer stand up?

Now we have another scroll to present to the Right Reverend Willard Dandridge Pendleton. Will he come forward.

Rabbi KORFF. The Bishop is quite surprised. The only way we could get him here was by promising him the invocation. We didn't know he would deliver a sermon.

THE RIGHT REVEREND WILLARD DANDRIDGE PENDLETON

"Set my prayer before Thee in the morning,
And my prayer at eventime."

His will and scholarship guided the General Church of the New Jerusalem (Swedenborgian) and his love reverberated throughout the Cathedral sanctuaries, filling the faithful with reverence for God and man. As a teacher, priest and Bishop for nearly a half century, he has given of himself unstintingly so that this nation under God may continue to protect and defend its traditions of freedom and unquenchable belief in the individual conscience.

We honor this man on the eve of "Perspectives For The Third Century" and express to him the gratitude of all who share in the sanctity of man.

Presented on this, the twenty-third day of May, nineteen hundred and seventy-seven at the Dirksen Building of the United States Senate, Washington, D.C.

Senator CURTIS. Many of you will remember three dark days in March when the nation held its breath while terrorists held captive 149 hostages, here in your capital. Even the President of The United States, who at the time received the Prime Minister of Great Britain, cancelled the 19-gun salute for fear that it might provoke the terorists. Being what we are, a democratic republic, we are not immune from atrocities. This is the nature of freedom. You don't hear of terrorists in the Soviet Union or in Communist China. This is part of the price of freedom in an open society.

Three wise men from Iran, the Islamic Republic of Pakistan, and the Arab Republic of Egypt, armed only with the spirit of their conviction, faced the terrorists in a chronicle of heroism. Recognition of such valiant deeds underscores "Perspectives For The Third Century." We therefore chose this evening to honor these three men: His Excellency Ardeshir Zahedi, His Excellency Sahabzada Yaqub-Khan, and His Excellency Ashraf Ghorbal, who is now in Cairo and is represented by Charge d'Affaires His Excellency Mohamed Shaker.

I again ask Rabbi Korff to join me in making the presentations to the three wise men from the East.

Rabbi KORFF. This is a joint presentation of the United States Citizens' Congress and the Congress of the United States. May I ask the Senators and Congressmen who are here to please step forward for the presentation.

Senator Curtis received a letter which represents the spirit of the three Ambassadors. The letter is from Ambassador Zahedi of Iran:

My Dear Senator Curtis, I cannot begin to tell you how deeply moved I was to receive your very warm and thoughtful letter.

Since this hostage situation in Washington was resolved back in March, I can honestly say that I have received an unending stream of telephone calls, telegrams and letters from people all over the United States. Many of course were from friends but even more came from members of the general public whom I had never had the good fortune to meet. All of them together made me appreciate so much that splendid magnanimity of spirit which I believe is so characteristic of your great nation. You have always given so much to others while expecting little, if any, gratitude in return. And yet when I, as a foreigner, was able to contribute something, I found myself literally overwhelmed with expressions of praise and congratulations.

Mr. Ambassador, and your colleagues, we want to overwhelm you. This is the spirit of America. One ounce of goodness is returned a thousandfold. The original of this scroll will be in the Halls of Congress. Each of the Ambassadors will get a photographic copy, signed by the Senators.

His Excellency Ardeshir Zahedi.
His Excellency Ashraf. A. Ghorbal.
His Excellency Sahabzada Yaqub-Khan.

"Let not the wise man glory in his wisdom
Neither let the mighty man glory in his might.
Let not the rich man glory in his riches;
But let him that glorieth glory in this,
That he understandeth and knoweth Me,
That I am the Lord Who exercises mercy, justice and righteousness on the earth;
For in these things, I delight, saith the Lord" (Jeremiah 9:23-24)

On the 10th and 11th of March, 1977, three wise men from Iran, The Arab Republic of Egypt and the Islamic Republic of Pakistan taught all mankind by precept and example a lesson that is akin to God and will endure time. At great risk to themselves they salvaged one hundred and forty-nine hostages in our Nation's capital and gave a new lease on life to both captors and captives.

We honor these three brave men on the eve of "Perspectives For The Third Century" and express to them the gratitude of the United States Congress, the Citizen's Congress and the people of America.

Presented on this, the twenty-third day of May, nineteen hundred and seventy-seven at the Dirksen Building of the United States Senate, Washington, D.C.

Senator CURTIS. On behalf of the recipients, H. E. Ardeshir Zahedi will respond.

H. E. ARDESHIR ZAHEDI. My dear friends: It is terribly difficult for me to express not only my own feelings which come from my heart, but to do so also on behalf of my two colleagues from Pakistan and Egypt. I have been privileged and honored to study in this wonderful country of yours. I have had the opportunity and privilege not only to live with your families, and in a fraternity house, but also to work in different parts of this great nation. Every day I have been in this country has been a lesson for me of what kind of a people you are and of what a wonderful heart you have. And yet, in the last 25 years when I have been here as a student, as a visitor, as Ambassador, as a Foreign Minister, on each of these occasions, I have found something new about your people. You have been so generous and so kind in the last 30 to 35 years which I have personally witnessed. There are so many countries in the world, if you look at the map. Japan would have had a different map today if it were not for your generosity. Again, in Western Europe, the situation is the same as we can see from the examples of Czechoslovakia and Hungary, and in the East, from what we have witnessed in Korea and Vietnam. In my own country, I have been honored when I finished my study, and returned here for more knowledge and perspective.

It was a program started in 1951 known as the "Truman Point 4." You not only helped us economically, militarily, and have given us technical assistance, but you also graciously helped us again in those days when the Northwestern part of my country was occupied by the Communist powers and under a puppet government, and with your help and that of the people of Azabayedjan and Shah's determination and leadership, we have been able to free that part of my country, which we always remember and for which we shall always be grateful.

As a young boy, when I went to school here one of the things which I learned, and I was taught, and I shall never forget, was these words: "Above all nations is humanity." You are known and you are respected as a country that is the hero of anti-colonialism and anti-imperialism. And yet, with all these things you have done, you have never given a chance to any of those nations—and of this, particularly, I can speak on behalf of my people, my sovereign and my country—you have never given us a chance to say "thank you" for what you have done for us. Whatever help you have given has always been with no strings attached. And here, two colleagues of mine and myself, we have been rather lucky to do a little which the other day I called "a drop into the sea." When I compare your generosity, your understanding and your kindness, when I compare it to what we have done, it is really a drop into the sea. Thus again, it has taught us that when there is unity, when there is teamwork, when there is understanding, when there is a belief in God—no problem cannot be solved. I want, on behalf of my colleagues and myself, to tell you that we are grateful, in different parts of the globe, for what you have done in the past and what you are doing in the present. A great nation which

would take more than six hours by jet to cross from the east to the west, a nation in which you have different religions, different nationalities and different colors, you have stood for God and under one flag, which is the flag of the United States. And this is a great place which you have and you should be proud of it.

The other day I was reading a poem by one of our great Iranian poets who is supposed to have lived a few hundred years ago. And I think I shall read that poem which shows the character of the people of this great nation. (Sadi b. 1213–d. 1295).

All Adam's sons are scions of one another.
Each of the same composition as others.
So while one encounters pain and grief
The other will find no relief.
You who are indifferent of others' pain
Should not be worthy to claim Adam's name.

This, I think, shows the character of this great, wonderful nation, this great people whom we have had the opportunity and privilege to live among and whose hospitality we have enjoyed. So may I tell you that God blesses you, and tell you that we shall always look up to you to lead us for a better life, democracy, freedom and humanity, and also be proud of what you have done for others and what you have achieved in this world.

Thank you very much.

Senator CURTIS. Mr. Ambassador, we know that your words came from the heart, and the response of this audience shows to you our heartfelt thanks and admiration for you and your colleagues who have been honored tonight.

There are four Nebraskans I'd like to have stand up. Mr. and Mrs. Frank Scott, now of Washington, and Mr. and Mrs. Norman Williams who came in from Omaha.

I want you to know that I am not responsible for the continuation of this program after I introduce Secretary Butz. I disclaim all responsibility. I did not know that I was to be honored at this affair until I was called a little after five o'clock tonight.

The man I'm about to introduce was quite a boy growing up in Indiana. One day his mother called the local doctor. Mrs. Butz said, "What'll I do? Earl just swallowed a shotgun clip." But the doctor said, "That's totally impossible." She said, "You don't know our Earl." "Well," he said, "I'll come right out." She said, "What shall I do in the meantime?" He said, "Keep him quiet and don't point him at anybody!"

As a professor of agriculture and economics, he was very practical. One of his students aspired to be a writer. He asked, "Professor Butz, what could I write that would last forever?" Secretary Butz answered, "Sign a mortgage." As a lecturer to his classes he was without equal. One day he was talking on integrity and wisdom in business, when a student said, "What is integrity?" And he said, "Integrity is this. If you promise your customer you will deliver a product by a certain day, you will deliver it if it bankrupts you." "Well," the student said, "What is wisdom?" He answered, "Wisdom is not making any such promises."

I cannot add luster to the name of Earl Butz, one of the ablest men who has served in any Cabinet position during the years I've had the privilege to be here, an outstanding Secretary of Agriculture, a son of the Hoosier State, a great speaker and a great humorist. Earl Butz.

Secretary BUTZ. Thank you very much Senator Carl Curtis. When I hear a humorous presentation like that, I am always reminded that great toastmasters are born, not made. That's why I believe in birth control. Seriously, the second part of this program is dedicated to two things. One is the Education Foundation of the United States Citizens' Congress. The second is some tributes to a great Senator who is about to enter his 40th year of representation on this Hill. You had in the material on your tables, information on the United States Citizens' Congress Education Foundation, and I hope you take a little time to have a good hard look at it, because this Citizens' Congress is embarking upon an educational program that is significant as America enters her third century. I have lived one third of the first two centuries of America. And just to tell you the arithmetic, that makes me 67. And I don't feel particularly old. Somebody asked me, "Don't you feel bad about being 67?" And I said, "Heck no! The alternative is not attractive. I'm glad I made it."

It was just a little before the turn of the first century in our history, Horace Greeley was writing in the New York Tribune saying, "Go West, young man. Go West." His appeal was to seek one's fortune on the untamed frontiers of Western United States. Those frontiers are gone now. No more can you go West in the sense that Horace Greeley meant when he wrote in the New York Tribune. The geographic frontier is gone. He spoke of a horizontal frontier. He spoke of one that had finite limitations. The modern frontier in America, as we enter the third century of our existence, is a far more fascinating frontier than Horace Greeley ever dreamed of. It's a frontier of the mind. It's a frontier of science. It's a frontier of exploration. It's a frontier of innovation. It's a vertical frontier, in sharp contrast to the horizontal frontier that Horace Greeley spoke of.

It's a frontier with no limit. It's a frontier that will always be untamed, for each new discovery opens up two new lines of investigation. That's the thrilling part of this frontier in America as we enter our third century. That's why I think it's particularly important that we give serious consideration to support organizations such as the United States Citizens' Congress Education Foundation, whose very purpose is to explore that vertical frontier, the frontier of the mind, the training and discipline and motivation of young minds in America. That's what we're here to do tonight. If ever there was a time when we needed this kind of motivation in this country, it's now. It's now when so many people have lost confidence in the very virtues of the democratic political processes in America—the very things that Ambassador Zahedi spoke so eloquently about just a few moments ago. Mr. Ambassador, I know those comments came from your heart, and we appreciate hearing them the more from one outside our nation. They mean so much more than coming from one born in this nation.

A little while back, I was scheduled to speak to a group of youngsters. I think it might have been the 4–H conference in Chicago. I was looking for a theme to use in my opening comments. I found it in the opening paragraph of a high school valedictory address given a couple years ago by a graduating senior at some little high school in Mississippi. I don't know the name of the high school and I've forgotten the name of the young lady who wrote it. But in her opening paragraph, she said, "The trouble with America is not nearly so much the noise of the bad, as it is the silence of the good." What a powerful message she had! The trouble with America is not nearly so much the noise of the bad, as it is the silence of the good.

Then she went on to write, "Let no one ever record that America perished because no one cared."

I sat here as Ambassador Zahedi was speaking a moment ago, pouring out the thoughts of his own heart as one from outside our beloved land, assessing some of the fundamental virtues of this land, wishing that more of us who were born to this, more of us who had the advantages of this, would not take it for granted; wishing that more of us would not hear so much the noise of the bad, but would make articulate the silence of the good. That, I think, is the challenge that comes in the United States Citizens' Congress Education Foundation. There is some literature at your table about it, and I think it's important that we support it.

It was my privilege for three years to be Assistant Secretary of Agriculture during the Eisenhower years. I sometimes went to Cabinet meetings and, for an Assistant Secretary, got rather well acquainted with President Eisenhower. Two or three years after he left the Presidency, one June, I was attending the National Strategy Conference at the United States War College at Carlisle Barracks, Pennsylvania. General Eisenhower drove up from his farm in Gettysburg. There were a half dozen of us sitting around a table having a Coke. The discussion dealt with national power. That was the subject of the seminar. General Eisenhower spent his life dealing with national power—as a General in the Army, as Commander of the Allied Expeditionary Forces in World War II, as the first Commanding General of NATO, and as President of the United States.

General Eisenhower said, "I have a very simple formula for national power. National power equals three terms. It equals military power, times economic power, times spiritual power. You will note I use the 'times' sign, not the 'plus' sign. When you use the times sign in any equation, if any one term drops to zero, the whole equation drops to zero. Therefore, it's important that we keep all three components of that power formula strong and healthy and vigorous. I'm not greatly concerned about military power," he said. "We can develop a lot of military power. In World War II peace-loving Detroit became the world's greatest arsenal in just a few months. We retooled to produce tanks instead of trucks. I'm not greatly concerned about economic power because we're geared for production if we turn ourselves on." The General said, "I am concerned about spiritual power in this country. I'm concerned about national will. I'm concerned about the deterioration of the very faith we have in ourselves. I'm concerned about the erosion of our faith in America as a nation of destiny. I'm concerned that we're losing some of the zeal and fervor that our forefathers had as they founded this nation. And that's the weak thing in my formula for national power."

I guess it must have been 12 or 15 years ago that I heard him say that, but I think it's as true today as it was then. So it's to the dedication of the restoration of that kind of power that we launch the United States Citizens' Congress Education Foundation, in the hope that it will help spread, not alone among the youth of the Land, but among all of us in the Land, a fundamental faith in the virtues of those principles that made America great.

So I hope that you will look at the literature before you as you take it home this evening, and feel that you, too, would like to become a part of the United States Citizens' Congress. It's young. It's just being launched. But I am sure that it will make a tremendous contribution to the future of this nation.

Now you notice on your programs there are two or three other sharp talks, and I'm going to indulge the privilege of the Chairman. Chairman Long, I'm not sure what the rules are on the Senate side. It's a three minute thing, I think, and I will allow myself one or two minutes here.

Just a word about the gentleman we honor tonight, Senator Carl Curtis. Let me give you my summary, first. If there were more Carl Curtis' on this Hill the United States Gov-

ernment would be a much better government. A man who for nearly two fifths of a century served his nation in the Capital has served it well. A man of principle, a man of integrity, a man of conviction, a man who has courage to stand up for what he believes in, even though it may not be popular at the moment. There are too few of us who do that, it seems to me. A man who does a great deal to build strength under that third component of General Eisenhower's power formula, spiritual power, national will, a fundamental belief in the things that made this country great. Senator Curtis demonstrates that very nicely.

As I look at the life he has lived in which he served his country well, I'm reminded again that the Lord gave each of us three precious gifts. He gave each of us first a human life, all our own, unique, not one like it any place on the face of the earth, nor will it ever be duplicated. All science will never learn how to duplicate that human life the Lord gave you to mess around with any way you want to—and some people really mess with it, to be sure. But the question is, "How do you use it?" That's the first thing the Lord gave Senator Curtis. The second thing He gave each of us was a human mind. That marvelous something that has in it the power of creation, that can put together two or more completely unrelated ideas and come out with a brand new idea that nobody ever had before. Far more marvelous than the most complicated computer that IBM can manufacture—a human mind. The third thing the Lord gave each of us was a little span of years in which to use that human life and human mind. Not much, 60, 70, 80, sometimes 90 years, just a little chunk of eternity, not very much of it.

In the final analysis, time is the really scarce resource we have. If we don't somehow grow in the moments we spend together here tonight, we can never call it back and run it through again. We only get one chance at it, that's all. When I look at the life of service that Carl Curtis has rendered this nation in these 40 years on this Hill, I have to conclude that he has used well, he has used to great advantage, he has used in the service of all of us, those three gifts the Lord gave him—his human life, his human mind, and a little span of years in which to use them. I think it's appropriate that this group recognize that kind of service here tonight. To do that, we have two of his colleagues here who are prepared to say a word about him. First, I call on Senator Howard Baker from the great State of Tennessee, the Senate Minority Leader, a very distinguished Senator himself, one of whom I could have said many of the things I've said about Carl Curtis. Senator Baker, will you please step forward and take the rostrum.

Senator HOWARD BAKER. Mr. Secretary, distinguished ambassadors, head table guests, ladies and gentlemen:

I don't know when I've had an opportunity or an undertaking that I've enjoyed more than the chance to say a few words about Carl Curtis. I want you to watch him. He doesn't know what I'm going to say and he's apprehensive already, because we've served a long time together and we've come to know each other fairly well.

On the 10th day of January, 1977, my friend Carl Curtis, the Senior Senator from Nebraska and the Dean of the Republicans in the United States Senate, announced to the distress and chagrin of all of us on both sides of the aisle, that after 16 years in the House of Representatives and 24 years as our colleague in the Senate, he would retire at the completion of his term in 1978. Carl, if there's anything we can't stand it's a man who quits in the middle of the game.

Carl Curtis is a man that we'll all miss, as we will miss Mildred, who has contributed so much to his stamina, his effectiveness as a Senator, as a great person in her own right. Carl will have served longer in Congress than all but 21 other people since the country first began sending its citizens to the Congress of the United States in 1789. He came to Washington with his ideas and ideals well established and he's remained true to them throughout his years of service. He came to Washington with a sound understanding of what this Republic was all about and the way it was supposed to operate. And if down through the years he's made more colleagues of like mind, the country might not be quite so deeply in his debt. And if Carl Curtis had had his way, we would not be in debt at all because he believes that the government should spend only those revenues it's willing to raise, and no more.

My friends, I'm glad to see that that has an especial appeal to you assembled here. I notice the look of approbation and approval on the face of the distinguished Chairman of the Finance Committee here, who's going to speak in a few minutes, and I can assure you that he was not confused and I am not confused, but some, I suspect, sometimes are confused by the simplicity of that argument—that we shouldn't spend more than we collect. Carl reminded me once of a saying that one of our recent colleagues, Senator John Williams of Delaware, said when someone said, "Senator Williams, why don't you and Senator Curtis support this proposal?" Whatever it was, it had a multi-billion dollar price tag on it. And John Williams looked up and said, "Well, I'll tell you why. Because the United States of America has $400 billion less than no money at all, that's why we don't support it." Carl Curtis has been true to that feeling, that responsibility for the fiscal integrity of the government of the United States and indeed, the people of this nation, for all the years that he has served this country in both Houses of the Congress.

So it is, my friends, that we will have an especial feeling of loss in our hearts as Carl Curtis finishes this career and returns to Nebraska, no doubt to contemplate in the quietude of that place what his next career will be. Because you see, I'm sure that Carl has only just begun his contribution to this country. Sixty-seven years may well mark just the midpoint in that contribution to the nation. So, friends, I'm here not so much to bid Carl "adieu" and to congratulate him on service well done, but rather to say, as I'm sure all of you would agree, "Carl, we look forward to your further contribution to this country and we expect a great career from you after you leave the Senate." Ladies and gentlemen, thank you very much.

Secretary BUTZ. Thank you very much, Senator Howard Baker, for those very good words. Carl is the ranking Minority Leader of the Senate Finance Committee. Howard Baker, I think it's out of that Committee that come these deficits, is that right? But not from Carl and not from the Chairman. We have the Chairman of the Senate Finance Committee here tonight. A 29-year veteran of this body where we meet, from a distinguished family from the great State of Louisiana, a distinguished Senator, and a great American. Senator Russell Long.

Senator RUSSELL LONG. Thank you so much, Secretary Butz. First I think I'd better get one point straight with you before we go any further. The Senate Finance Committee on which Carl and I serve is not the one that spends the dough. We're the ones who try to raise enough to keep up with what the other fellows spend, and I'm here to tell you that that's some chore. You'd be amazed at the imagination of some of those who like to spend money.

Now when I first came here 29 years ago, that was the last day of the 80th Congress, and Peter Marshall was the Chaplain of the Senate. He delivered some very famous sermons and he made some very famous prayers before the Senate during his time as Chaplain. And the one he said to the Senate that appealed to me most was one of his shortest. He just stood there one morning and said, "Lord, please help us stand for something, lest we fall for anything." And I guess that's one of the big faults of most people that serve in the Congress. Most of them never stand for anything. They first advocate one thing, then something else; vote on one side, then the other side; tend to move with the pressures of what the public fancies at the moment and never maintain much of a steady course, so when they're through, you never know exactly what those people stood for. You can't say that of Carl Curtis. Carl Curtis is one man who knew what he wanted to do when he came here. He worked for it, he fought for it, and he stood steadfastly for the kind of things that he thought were important to this country.

When I first came, I know, "conservatism" was not a very popular word. In fact, some of us didn't know the right definition of the word. Over a period of time, I've come to learn from Carl Curtis that a conservative is not just one who's against something or one who's opposed to doing things that would be good for many people in this country, but a conservative is one who wants to keep the good things we have, and Carl has steadfastly fought for that. Oh, it's true that Carl has fought to do things, to provide for individual retirement accounts for people, he's fought to help people strengthen their inner fiber, he's found inequities in the Social Security program and moved to correct them, helping more than 100,000 widows and aged people and more than 100,000 children who were the victims of inequity and injustice in the system. He's done all that, but that's not what he's going to be remembered for. What Carl is going to be remembered for is for being an implacable foe to every unsound and crackpot scheme that somebody could bring before the Congress. Now I can't fault anybody for having some ideas about ways that the government could spend more money and do more good for people, but when we have our government $700 billion in debt you have to wonder where in the world it would be if you didn't have someone like Carl Curtis who's fought against a deficit every year for the 40 years he's been here. And the deficit that we have now is none of his doing.

We have a Committee that communicates, where we hear the other fellow and we try to persuade him to our views. I must say that during the many years that I've served on the Committee with Carl Curtis, I've found that his views are so persuasive that every now and then I see myself being described as a conservative and sometimes even as a reactionary, because Carl gets through to people, and he has persuaded people that if you're going to have a good country and a strong country, you've got to enthrone the work ethic, you've got to give people credit for the good work they do and you must reward them for it. And when the proposal came even from his own President, that the welfare programs be drastically expanded to include at least twice the number in the program that in the long run would have worked out to perhaps quadrupling the welfare costs in this country, Carl Curtis, true to his tradition, not only wouldn't support it but moved against it. He made the case against it to the extent that he persuaded almost every Republican on the Committee not to support their own President on that particular point. He said that if a Republican President would recommend putting more people on welfare, the Democrats could never vote against it. He even persuaded the majority of us Democrats to vote against that sort of proposal. So he has done a tremendous job in keeping this country on the course that its Founding Fathers

put it, and he's had a lot of help along that line. His wife, Mildred, has inspired him, she's encouraged him, so much so that Carl Curtis has more get up and go about him, he has more scrap and more fight in him—to use my Uncle Earl's term—he has more snap in his garters than he had when he came here 40 years ago.

And furthermore, Carl's a good friend. When some of us have taken a real beating for fighting for things that we thought were in the best tradition of America and worth preserving, and we got the worst of it from some of those in the press and elsewhere, Carl always had encouraging words to cause those of us who feel that these things are worth preserving to take heart and to fight on. We can be sure that when Carl retires from the Senate, it won't be the end of Carl's long, indefatigable effort to save this country and make it strong. That's just one more chapter! Thank you very much.

Secretary BUTZ. Thank you very much, Senator Russell Long, for those very fine comments. I now call to the podium Mrs. Pendleton and Mrs. Strauss who have a presentation that they wish to make. And will Mildred Curtis please rise.

Mrs. CURTIS. Mrs. Pendleton and Mrs. Strauss, thank you for your generosity and the great honor you have paid my husband and myself. My thanks to everyone.

Secretary BUTZ. Thank you very much, Mrs. Pendleton and Mrs. Strauss, and Mildred, thank you. Now if Rabbi Korff and Senators Baker and Long and Senator Curtis will come up, we'll have a caucus meeting here.

Rabbi KORFF. The Senator so much loves the Capitol, we'd like to give him the Capitol Building. But instead we present to him a silver replica of the Capitol. Please step over here, Secretary Butz.

Secretary BUTZ. Listen, I'm not a Senator. I'm just a taxpayer.

Rabbi KORFF. We would like all the Senators and Congressmen who are here to please come forward for the presentation of the scroll.

THE HONORABLE CARL T. CURTIS

United States Senate

"In your glory, I am honored; In your knowledge and understanding, I am fulfilled."

His distinguished career in the House of Representatives (1938–1954) and the United States Senate (1954–1978) has been acclaimed as a barometer of legislative integrity.

Reared in Midwestern culture, he emerged as a beacon of individual freedom and economic stability, ever mindful of the traditions that made our country the citadel of the free world.

Beloved of his constituents and respected by the Congress to which he dedicated his life, he has turned politics into statesmanship, acting without fear or favor, in the best interest of this Republic.

Our prayers go with him and his faithful wife, Mildred, on his forthcoming retirement from the United States Senate.

Presented on this the twenty-third day of May, nineteen hundred and seventy-seven at the Dirksen Building of the United States Senate, Washington, D.C.

And I might say, today is the Pentacost. You may see me fraternize with the Islamic Republic of Pakistan, the Islamic Iran, the Islamic Egypt. But I am a Jew, of course. And today is my Pentacost, the Feast of Weeks, marking the time when Moses received the Ten Commandments on Mount Sinai. I can't present you with the Tablets, Carl Curtis, but I can give you this scroll instead.

Senator CURTIS. It is with a sense of humility and a feeling that I do not deserve what has happened, that I say thank you from the bottom of my heart, to my colleagues that are here, and to my dear friend, my Chairman Russell Long, and my very able friend, the Minority Leader, Mr. Baker, and my special thanks to you, Rabbi Korff, and to the United States Citizens' Congress, and everyone who's participating tonight. Thank you very much.

Now quite frankly, I think these eulogies should come to an end. Somebody's going to appear and think we should conduct the Last Rites and we aren't quite ready for that. So, in a lighter vein, I want to tell you how it happened I got into politics. My mother wanted me to be an opera singer. I was the youngest of eight children and that was her hope and her ambition. We lived in the country. The crops weren't very bountiful. But they hired the very best voice teacher they could get. And the time arrived for my first performance. The old opera house of Minden was filled. Now half of them were my relatives, but they were all there anyway. And I was to sing "Carry Me Back To Old Virginia." I got up to sing and there was a dear lady in the front row. As I started to sing, she started to cry. And as I would sing forth "Carry Me Back To Old Virginia" the tears just rolled down her cheeks and she just sighed. Well, after it was over, I went over to her and I said, "I take it that you're from Virginia." She said, "No, I'm a musician!"

And right then and there I gave up a very promising career in opera and entered politics. But, really, as a very small boy, I was fascinated by the books I read and I always wanted to be a pirate. And, I thought, being a pirate would be about the most thrilling thing you could have. Well, the years rolled by and I finally became a lawyer, and was admitted to the bar. And my dad said, "Well, son, you made it, didn't you?"

Two generations ago, a young man past 21 years of age decided he wanted to leave Sweden. He had dreamed and read about the United States and that's where he wanted to go. His parents didn't want him to. They forbid him to go, and he said, "I'm going anyway." "Well," they said, "if you do go, we're through with you, we're cutting you off. That's the end." Well, he went anyway. On the boat coming to America, he met a young girl. Her name was Mary Johnson. His was Carl Swanson. Carl Swanson said to Mary that he was running away from home. His parents were disowning him, cutting him off. He was going to the United States and he guessed he would change his name. He asked her to suggest a name. She suggested Curtis. He thought that was a good idea, and so Carl Swanson became Carl Curtis. He got to this country. He didn't know anyone. He followed the girl and her family to Illinois and he married her. Mary Johnson was my grandmother and she named my grandfather. But in doing it she did me a very bad favor, or lack of a favor, a very great injustice. You know, Nebraska is pretty much of a Scandinavian state, and in 1938 when I was elected to Congress, and oh how hard I worked, I looked at the election returns the next morning and Mr. Johnson had been elected Lt. Governor, Mr. Johnson had been elected Attorney General, Mr. Swanson was State Treasurer and Mr. Swanson was Auditor of Public Accounts. One or two of the other officers had Scandinavian names and the votes just rolled in for them. And I thought, "Gee, look what my grandmother did to me. Threw all the votes right out the window." And I've had to work for mine ever since.

I want to tell you, though, I've got a confession to make. When I was 18 years old—in those days you couldn't vote until you were 20—I'd always been fascinated by politics. When I was 18 years old, they were having a local election for mayor and members of the school board. And I went down to the voting booth. They said, "Sign here." I signed. They handed me a ballot. I almost got into the booth when they said, "Hey, come back here. How old are you?" "Well," I said, "I'm old enough to vote." "Oh no you're not," they said. So they made me give it back. But I assure you, I never attempted to vote illegally until I was 18 years old. Then in 1938 came my campaign for the House of Representatives. It didn't look like I had a chance. And out in the corner of Nebraska, with Kansas to the South and Colorado to the West, is the Haigler Ranch. The owner of that ranch was Mr. Eli Kruse, a fine old gentleman. When I filed for Congress he didn't think I had a chance at all, but as the campaign went on he got very enthusiastic about it. And the Haigler Ranch, the house and all the buildings, were in Nebraska, but the land extended into Kansas and Colorado. And toward the end of the campaign, he decided I had a chance to be elected. And so election day arrived. He spent all day in the nearby village campaigning for me and hauling voters to the polls. Under our Nebraska law the polls are open until eight o'clock at night, and just a little bit before 8:00 he remembered that he had three men out in the field picking corn and they hadn't voted.

(This was in the old days before mechanized corn pickers. These men went along and took the ears of corn from the stalks and threw them in the wagon.) And these men were out there picking corn and he drove his Dodge over those corn rows, bouncing along, and called to them, "Tie up your teams and come with me!" It was getting late. They protested. They tried to tell him they didn't want to go. "No, hurry up and get in the car," he said. He started to drive again, across the rows toward the local schoolhouse. They tried to talk to him. He said, "Keep still, keep still. It's hard to drive here!" They said, "Where are you going?" He said, "We're going to the polls to vote." They tried to say something. He said, "Keep still, we just have a few minutes." So he drove up to the schoolhouse, looked at his watch, and just a minute or two before eight o'clock they started to protest. "No," he said. "They're about to close the polls! Go in there and vote!" They said, "We don't know, you don't know . . ." He said, "It doesn't make any difference what you know. Just go in there and vote for Carl Curtis." He pushed them in there. They came out and said, "Mr. Kruse, we voted. But we tried to tell you we live in Colorado!"

So, on this happy occasion, I found it necessary to tell you publicly that I never attempted to vote illegally until I was 18 years old, and I never voted any illegal votes until my first race. Well, again I thank you for an honor undeserved. It's been a happy time here, a wonderful evening, and I thank you all!

Rabbi KORFF. Ladies and gentlemen, before the conclusion of the evening, there is a man with whom I have a spiritual, academic, as well as a divine kinship. At times he is misunderstood because of the company he keeps, particularly when he travels by air. I would very much like to see unanimity of this gathering expressed in a standing ovation for Earl Butz.

Secretary BUTZ. Well, thank you very much, Rabbi. We have now come to the end. Rabbi, I think there's something sinister and ulterior about having a man named Butz as the tail-end speaker on the program here tonight. It's been a wonderful program. Mr. Ambassador, your remarks were very appropriate and very much appreciated, and very much to the point. And again, all America is grateful to the three of you for the tremendous job you did at great personal risk at a very trying moment. Senator Curtis, I want to remind you, as a taxpayer, there's 20 months left and I expect you to work hard those 20 months.

The benediction will be given by Father Reginald de Rocquois, the Pastor of the Church of the Epiphany, Washington, DC. Father de Rocquois.

FR. REGINALD DE ROCQUOIS. We thank God Almighty and we pray together for the people of America, for the progress of our citizens and we ask the courage to persevere for the good of our wonderful country. In the name of the Father, the Son, and the Holy Spirit. Amen.

AGRICULTURAL RESEARCH

Mr. HUMPHREY. Mr. President, I would like to share with my distinguished colleagues some of the highlights of a report recently published by the Office of Technology Assessment, "Organizing and Financing Basic Research to Increase Food Production."

This report comes at a time when the United States has lost its preeminent position in basic research to increase food production.

Most of the Members of this Chamber know of the importance of research to the productivity of any sector of our economy. The results of agricultural research could help expand American fam income while playing a role in solving world food problems.

This OTA assessment is critical of the general level and thrust of agricultural research. The report calls for strengthening our research effort and redirecting our research policies.

The current shortcoming that we have in agricultural research is a direct consequence of a combination of overconfidence, as a result of huge food surpluses of the past two decades, and an accompanying lack of budgetary commitment of the importance of research by the executive and congressional branches. The report states:

> Increases in appropriations . . . in the past two decades have not equaled the inflationary increases in research costs. Practical problems associated with increased food production have increased during this period rather than declined. As a conseqeunce, the scientific talent available for this research has declined sharply.

The report was based on an OTA analysis assisted by an 11-member advisory panel.

The advisory panel addressed three areas of high-priority basic agricultural research—photosynthesis, biological nitrogen fixation, and cell culture studies—that "offer unusual promise of high potential payoff over a moderate to long-term period."

If photosynthesis, the process by which green plants produce their own food, could be made just 1 percent more efficient, the study reports, crop yields could easily double.

Natural nitrogen fixers, such as free-growing blue-green algae in rice paddies, continually fertilize crops, replenishing the soil's nitrogen supply by biologically producing ammonia. Research on nitrogen fixation aims at reducing the need for synthetic fertilizers, which requires extensive use of energy.

Cell culture studies offer new insights into the study of photosynthesis, nitrogen fixation; and the development of genetically "ideal" crops.

An expanded program could revitalize U.S. basic research in agriculture, the report indicates, by expanding scientific efforts in the three high-priority areas and by offering incentives to new or young scientists to develop their own skills in these areas.

Because the photosynthetic and nitrogen fixation processes are interrelated, and because perfected techniques in cell culture are vital to the research in these areas, the advisory panel urged "maximum flexibility in allocating any increased funding among the three areas."

The scientists found that about $15.6 million is being spent annually on these three high-priority areas. They estimated that an additional $12.45 million could be used effectively the first year in expanded programs.

The OTA report suggests that these programs be increased $4 million to $6 million a year for a 6-year period as more scientists are attracted into research in these areas.

Turning to the means for organizing an expanded research program to enhance food production, the OTA report suggests that the Federal Government either create an Office of High-Priority Basic Research or expand existing agencies. The report says that a competitive awards program could be administered either by the U.S. Department of Agriculture—USDA—the National Science Foundation—NSF—or be allocated to universities and colleges in each State on a formula basis.

However, the study found both university and Federal agency scientists anxious to avoid "formula" allotment, fearing that funds might be diverted to immediate problems, rather than long-term basic research. The scientists favor a competitive grants program that includes a peer review mechanism with funds awarded on the basis of scientific merit and appraisals of past performance. The OTA analysis indicates that the USDA be made the responsible agency for such a program.

Confined to USDA, an expanded agricultural research program could be administered by an existing agency such as the Cooperative State Research Service or by creating a new Office of Basic Research Grants to Increase Food Production. A new office would offer broader visibility and prevent domination of grants by a single agency or confusion with other competitive grants, currently not distinguished from basic research grants.

The OTA report does not address problems of additional financial support for basic research in other high-priority areas relating to food production. The report suggests that the merits of these areas should be evaluated by the administrator of the research program, with assistance of an advisory committee.

Congress is beginning to fill unmet needs in key areas of agricultural research. The agricultural appropriation bill for fiscal 1978 for the first time earmarks funds for basic research in the biological sciences which underpin food production. These funds are to be awarded on a competitive grants basis, as the OTA assessment suggests. This breakthrough in the funding of basic research to increase food production resulted from the unique OTA style of involving diverse affected groups and making information available as the assessment progresses. Assistance was sought from executive as well as legislative branch sources, industry as well as interest groups.

Mr. President, I ask unanimous consent that the summary of this timely report be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

EXECUTIVE SUMMARY

In early 1975 the Office of Technology Assessment (OTA) received requests from Senator Hubert Humphrey and Representative Olin Teague for an independent assessment of the current status of research and development in food and agriculture. At that time a number of other agencies and committees were engaged in reviewing and evaluating food, agriculture, and nutrition research.

OTA's Food Advisory Committee reviewed the scope and preliminary findings of the studies in progress and counseled OTA to focus its food and agriculture research and development activities on two areas: (1) Implications of Increased Support of Research on Major Food Crops in Developing Countries, and (2) the area addressed in this report, Organizing and Financing Basic Research to Increase Food Production.

In the past ten years, four different scientific groups have reviewed the agricultural research conducted by the U.S. Department of Agriculture (USDA) and the State Agricultural Experiment Stations. All recommended an expansion in research programs, and three of the groups emphasized the need to accelerate basic research in the sciences which undergird food production.

THE NEED FOR BASIC RESEARCH

Basic research for increasing food production includes areas possessing exceptional opportunity for discovery of knowledge vital to the understanding of biological processes in plants and animals. Food and agriculture research in the search for new technologies within the boundaries of existing scientific knowledge. If basic research remains static, food and agriculture research is subject to diminishing returns and eventual exhaustion.

Basic research to increase food production has primarily been carried on by scientists in the Agricultural Research Service of USDA and in State Agricultural Experiment Stations (SAES) who also adapt research and development. Increases in appropriations for these scientists in the past two decades have not equaled the inflationary increases in research costs. Practical problems associated with increased food production have increased during this period rather than declined. As a consequence, the scientific talent available for this research has declined sharply.

Several recent reports issued by the National Academy of Sciences (NAS) and the National Science Foundation (NSF) listed the areas of basic research offering the greatest potential returns in the near future from accelerated programs. Three areas with outstanding potential returns are listed in all of these reports. They are photosynthesis, biological nitrogen fixation, and cell culture studies.

ACHIEVING RETURN ON INVESTMENT

Studies of U.S. agricultural research productivity show annual rates of return of 30 to 40 percent. On the basis of past studies and the potential payoff from accelerated basic research to increase food production, it is highly probable that an investment of $300 million to $500 million over a 10-year period would yield returns of $1 billion to $2 billion over the next 20 years.

Food and agricultural research funds are appropriated for specific USDA projects and

for major functional areas at State Agricultural Experiment Stations. Funds for these stations are allocated on a formula basis. No funds are appropriated specifically for basic research in the biological sciences.

Both university and Federal agency scientists agree that the creation of new Federal agencies to conduct basic research would not be cost effective. There is also substantial agreement that the use of a formula for the allocation of funds for high-priority basic research would not be cost effective.

The most effective means of allocating additional funds for this high-priority research appears to be through a competitive grants program. These grants should be available to qualified scientists, on the basis of peer review, in USDA research agencies, State Agricultural Experiment Stations, public and private universities, and nonprofit research institutions. This approach broadens research opportunities beyond the traditional USDA/SAES complex.

ADMINISTERING BASIC RESEARCH GRANTS

The administration of high-priority basic research to increase food production could be assigned to either USDA or NSF.

Basic research, applied research, and developmental technology are inter-related. There is merit in supporting accelerated basic research through USDA, the Federal agency which has the responsibility for both applied research and technology development.

There are several alternative means within USDA for administering a competitive grants program for high-priority basic research. It could be administered under Public Law 89-106, if amended to permit scientists in the Agricultural Research Service to participate in the grants. No other authorizing legislation would be required.

Congress, if it wished, could mandate a specific administrative structure within USDA or NSF for the administration of this high-priority basic research.

FUNDING NEEDS

The USDA's Agricultural Research Policy Advisory Committee and the State Agricultural Experiment Stations recommended expanded research on the 117 most important problems as identified at the 1975 Kansas City Conference on Research To Meet U.S. and World Food Needs. The committee did not distinguish between basic and applied research and recommended increases totaling $215 million over a 4-year period.

The NAS World Food and Nutrition Study issued in June 1977 proposes a first-year appropriation of $60 million in Federal funds for a new high-priority basic and applied research competitive grants program. The report suggests that these funds be increased 10 percent each year for a 5-year period.

An OTA advisory panel found that about $15.6 million annually is being spent on current research in the three high-priority areas of photosynthesis, biological nitrogen fixation, and cell culture studies. It estimated that in the first year of an expanded basic research program in these three areas, an additional funding of $12.25 million plus $200,000 additional administration expenses appeared cost beneficial.

The panel proposed that after starting at a minimum of $12.45 million the first year the program should be increased $4 to $6 million a year for a 6-year period, as more scientists are attracted into research in these areas. The panel did not address the problem of desirable financial support for basic research in other high-priority areas, although it recognized that other areas should be included. Thus, their conclusions should not be viewed as limiting the competitive grant program to $12.45 million.

The merits of including other research areas as high-priority basic research areas should be evaluated by the administrator of the high-priority basic research program with the advice and counsel of an advisory committee.

OPTIONS FOR CONGRESS

One option for Congress would be to continue funding food and agriculture research at the current level.

A second option for Congress would be to appropriate funds specifically for basic research to be administered by the Secretary of Agriculture under Public Law 89-106, with or without minor amendments.

A third option for Congress would be to mandate administrative changes in USDA, creating an office of competitive grants and authorizing a long-term program of high-priority basic research to increase food production.

A fourth option for Congress would be to authorize and finance an NSF program for expanded basic research to increase food production.

An appendix, prepared by OTA's ad hoc advisory panel, provides supplementary technical analysis upon which the OTA report draws. Any reference to this material should cite the panel.

FINANCIAL STATEMENT

Mr. WEICKER. Mr. President, in the interest of full financial disclosure, I ask unanimous consent that the joint financial statement of assets and liabilities of my wife and myself, as of December 31, 1976, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WIENDIECK & Co.,
CERTIFIED PUBLIC ACCOUNTANTS,
Greenwich, Conn. 06830.

Hon. LOWELL P. WEICKER, Jr.,
Senator from Connecticut,
Washington, D.C.

DEAR SENATOR WEICKER: Pursuant to your request we have prepared the enclosed joint statement of assets and liabilities for you and Mrs. Weicker as of December 31, 1976. Where applicable this statement is based on estimated values as more fully explained in the accompanying notes.

The items contained therein were determined in accordance with generally accepted auditing standards and the application of such other auditing procedures as we considered necessary in the circumstances.

In our opinion the aforementioned statement presents fairly your assets and liabilities at December 31, 1976.

Respectfully submitted,

WIENDIECK & Co.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	Value
Cash	$16,779
Marketable securities (Schedule 1 and Note 1)	91,121
Cash value of life insurance	4,250
Automobiles	6,500
Household furnishings, paintings, jewelry, personal property	70,000
Accumulated deductions for Civil Service retirement	27,029
Real Estate:	
Residence (Greenwich, Conn.) pledged on mortgage note	250,000
Residential property (Alexandria, Virginia) pledged on mortgage note	175,000
Contingent asset (Notes 2 and 3)	
Refund of income taxes	5,522
Total Assets	646,201

LIABILITIES

Accounts payable	9,500
15% tideover checking account loan (monthly payments of $417 plus interest)	4,583
7½% demand loans (monthly interest-voluntary reductions) (Note 1)	49,000
7½% mortgage, maturing in 1998, secured by residence (annual amortization and interest payments amount to $8,868)	94,544
8¾% mortgage, maturing in 2004 secured by residential property in Alexandria, Virginia (annual amortization and interest payments amount to $8,969)	93,314
9¼% 90 day renewable note	7,600
8% promissory note due May 1, 1979 secured by residential property in Alexandria, Virginia	30,000
8% demand loan	28,500
8½% demand note	10,000
9.6% employees credit union loan	3,060
Total Liabilities	330,101
Excess of Assets over Liabilities	316,100

The Notes to the Statement of Assets and Liabilities are an integral part of this statement.

MARKETABLE SECURITIES

Stocks:	Shares	Market value
American Brands, Inc	100	$4,575
American Express Company	100	4,063
Caterpillar Tractor Co	100	5,800
Friendly Ice Cream Corp	310	4,960
General Signal Corporation, Common	133	6,966
Halliburton Co	75	4,884
Harnischfeger Corp	331	5,958
Heublein, Inc	195	8,141
International Business Machines	18	5,024
Maryland Cup Corporation, Common	240	6,900
Massey Ferguson Ltd	100	2,175
Merch & Co., Inc., Common	75	5,109
Pacific Power & Light	110	2,654
		67,209

Bonds:	Face Value	
A.R.A., Services, Inc. 4⅝% Conv. Deb. Due 1996	$3,000	2,123
Heublein, Inc. 4½% Conv. Deb. due 1977	9,000	7,200
Maryland Cup 5⅛% Conv. Deb. due 1994	7,000	5,460
U.S. Treasury Notes Ser. D. 9% due May 15, 1977	9,000	9,129
		23,912
Total		91,121

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

NOTE 1.—Marketable Securities

The amounts shown represent the market value at December 31, 1976 as represented by the quoted closing or latest bid prices. All of these securities were pledged as collateral for the dmand loans as of December 31, 1976.

NOTE 2.—

Senator Weicker is a beneficiary of certain trust funds which produced an income of $9,440 in 1976. In one instance he has the power of appointment but cannot inherit the principal. In connection with the other trusts, he does not have the power of appointment. One trust fund permits him to take down 10% annually which amounted to $11,000 in 1976. The value of this trust on December 31, 1976 was $100,083.

Contingencies within certain other trust preclude the actuarial determination of a present value. He is not a trustee and has no control over investments of any trust.

NOTE 3.—

Mrs. Weicker is a beneficiary of a trust established for her mother and aunt which provides income of roughly $1,100 a year to her. Upon her monther's death, Mrs. Weicker would inherit one-third of her mother's interest. As of December 31, 1976, the value of Mrs. Weicker's one-sixth share amounted to approximately $29,600.

TOWARD AN URBAN GROWTH POLICY

Mr. HUMPHREY. Mr. President, I am pleased to present to my colleagues today a progress report on the development of an urban growth policy for the United States. All Senators are aware of my feelings that such a policy has been needed for some time. Just as we are implementing policy in an effort to come to grips with our energy problems, so also we need a firm, well-thought-out policy to marshal our resources for resolving the pressing problems of our urban communities.

Legislation for development of a national urban growth policy began with the passage of the Housing and Urban Development Act of 1970. Section 702 of that act calls for the development of a national growth policy and section 703 calls for an urban growth report to be submitted by the President to Congress every 2 years. Since 1970, three such reports have been completed but none has really dealt with the policy formulation outlined in section 702. Because of the neglect of the goals outlined in the legislation, I have been publicly critical of both the effort and the results of these reports.

However, preparation for the 1978 report appears to have changed substantially from that of past years. The Department of Housing and Urban Development, acting on behalf of the White House and other Federal agencies, has just completed 10 citizens forums on urban growth—in each Federal region in the country. This is the first time, to my knowledge, that views from a broad section of citizens on urban growth matters have been solicited by the Federal Government.

As expected, the views were many and widely varied. For example, in the Northeast and industrial Midwest, concerns for economic development of struggling cities, jobs, and neighborhood preservation were paramount. In Denver, the focus was on the great pressure being exerted on small towns due to the demand for the development of coal fields as a major energy resource. The estimate is that about 400 individuals and organizations submitted comments and some 2,500 people either observed or participated in workshops. While I was somewhat disappointed with the turnout at these forums, I am pleased that HUD will, in addition, be soliciting comments from a wide range of other sources.

Input to this report will be provided by meetings between HUD representatives and members of the National Forum on Growth Policy, an ad hoc umbrella organization of public interest groups and professional organizations which have demonstrated ongoing concern over the need for an urban growth policy. Additionally, coming up soon are a series of corporate forums organized by HUD and designed to tap the ingenuity and resources of the Nation's corporate leadership for the report. Also, as I understand it, special working sessions are being organized which will solicit the views of the poor, minorities, and other disadvantaged people regarding their needs.

Last year, I participated in a conference of the National Association of Home Builders which was a warmup to Habitat: The United Nations Conference on Human Settlements. One of the fundamental purposes of Habitat was to emphasize the fact that the world is rapidly urbanizing and that the pressures on communities in all parts of the world are intense and new means must be found to deal with them. One universal response, adopted by nations of vastly different philosophical orientation, was that new approaches must be found to guide growth, provide for development, and meet human needs. The Conference recommended that each nation develop an urban growth policy as a first step toward meeting these escalating urban problems. I wholeheartedly endorse that approach and am encouraged that the administration, through citizen forums and other meetings, appears to be getting on with the job of developing an efficient policy for urban growth.

Mr. President, the road to evolving an urban policy will not be an easy one, just as the approach to energy policy has not been easy, but it is one road we must take. I hope the 1978 urban growth report will be a major step in that direction; certainly the process that is being followed is a vast improvement over past efforts.

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD the notification and attachment I have just received.

There being no objection, the notification and attachment were ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA,
Washington, D.C., July 27, 1977.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 77-50, concerning the Department of the Air Force's proposed Letter of Offer to Korea for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $134.5 million and support costs of $29.8 million for a total estimated cost of $164.3 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director,
Defense Security Assistance Agency.

Attachment.

[Transmittal No. 77-50]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prespective Purchaser: Korea.

(ii) Total Estimated Value (millions):

Major defense equipment [1]	$134.5
Other	29.8
Total	164.3

(iii) Description of Articles or Services Offered: Eighteen (18) F-4E aircraft, associated support equipment and spare parts.

(iv) Military Department: Air Force.

(v) Sales Commission, fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress.

[1] As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

PRESIDENT PATS' APPEAL TO THE FREE WORLD

Mr. DOLE. Mr. President, I rise to call the attention of my distinguished colleagues in the Senate to three letters received very recently in the West from the Soviet-occupied Estonia. They are appeals to the free world by the late President Pats of Estonia, who was incarcerated by the Soviets in June of 1940, and whose place and manner of death the Soviet regime refuses to reveal to this day.

In June 1940, the Soviet Union invaded and occupied the Republic of Estonia, as well as the neighboring republics of Latvia and Lithuania. Within 2 months, these independent Republics were forcibly and brutally annexed to the U.S.S.R. Tens of thousands of people from all walks of life were arrested and sent to concentration camps in remote areas of the Soviet Union. Among those arrested and deported was the President of Estonia, Konstantin Pats.

His final appeals to the free world, written by hand, reached the West through a long and hazardous route, and are a clear and terrible indictment of the cruelty and disregard of the Soviet regime for human rights and a legitimately elected head of a free and independent government. They are unmistakably in the handwriting of President Pats and bear his signature and fingerprints. They have been personally authenticated as such by Ernst Jaakson, Consul General of Estonia, in New York.

President Pats never voluntarily resigned from the Office of President of the Republic of Estonai, as these letters prove, despite the fact that Soviet authorities published such fabricated announcements in 1940. As usual, the Soviets were twisting the truth to legitimize their aggression and deny the constitutional rights of a free people and Government.

I ask, Mr. President, that the texts of these historical letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

LETTERS

COMPATRIOTS: I greet you in our fighting homeland, also in Russian prisons, abroad and in your places of banishment, and wish you all the best and a steadfast spirit and strength in your justified resistance. Soon we will all be free.

I also send greetings to the steadfast heroes of resistance of the Lithuanian and Latvian peoples and to all refugees.

I am proud, our steadfast people, be courageous and confident, and try to achieve our great goal, namely that our homes should remain free in our free homeland.

K. PATS.

Since the year 1940, I am being held without a court order, without any charges as a prisoner in Russia in a hospital for the Jewish poor, where I, as president of the Republic of Estonia, am being subjected to degradation in every way and my life threatened. As a result of my advanced age and undescribably difficult conditions of life my health has deteriorated here very much. It is difficult to describe all that how ruthless force has been used here against me, all my personal belongings which I had along with me have been taken away, I have even been refused the use of my own name. Here I am only No. 12. I don't even have permission to correspond with my family and to receive any help from them. The food here is bad, I have become weak, my hearing and eyesight have weakened. My protests that I am being held here without any lawful basis are being disregarded. For my self protection I do not even have that support which in other places is offered by societies for the prevention of cruelties to animals. I will be soon 80 years old, there are few days of life left for me. Having been born free, I would also want to die in freedom.

No sentence has been passed upon me. I have lived as a free human being and I wish to end my days of life in freedom. I am still the President of the Republic of Estonia and I have the right (word illegible) to expect corresponding treatment as my home country is a free and independent state. I hope that a just public opinion will extend its protection also to my human rights and will help to bring about my release from this terrible place of imprisonment where brute force and unlimited injustice reign. I am here as President of the Republic of Estonia.

K. PATS.

To the Secretary General of the United Nations:

I turn to the United Nations and the entire civilized world with the request to help the people of Estonia, Latvia, and Lithuania against whom the Russian occupants are using ruthless force and who therefore could perish.

I declare the annexation of the Baltic States which was carried out in the year 1940 a brutal violation of international law and a falsification of the free will of the annexed peoples.

Save these peoples from complete annihilation and allow these peoples freely to decide their own fate. Establish an agency of the authority of the United Nations in the Baltic States so that the citizens of the Baltic States could under their supervision and control freely express their true will through a vote of the people.

May Estonia, Latvia, and Lithuania be free and independent states.

K. PATS.

OUR CITIES NEED A NATIONAL DOMESTIC DEVELOPMENT BANK

Mr. HUMPHREY. Mr. President, the fiscal position of many of our cities is grave. A recent survey by the Joint Economic Committee revealed that between fiscal years 1976 and 1977, cities with high unemployment and decreasing populations have found it necessary to reduce their capital expenditures by 13 percent. This includes reductions for such essential items as public transportation, bridges, roads, and sewers.

I have long been a strong advocate of a National Domestic Development Bank as a solution to the long-term credit problems of our cities. Such an institution would provide long-term loans at affordable interest rates to municipalities, quasi-public agencies, and certain private businesses.

Without external assistance, many of our cities simply will not be able to break out of the depression which presently consumes them. We must act now, before the downward trend in their finances and physical stock is irreversible.

Mr. President, on July 28 Representative MOORHEAD and I held a hearing on this before the subcommittee of the Joint Economic Committee which we chair. The testimony we received makes a clear case that urgent action on the financial problems of our cities is essential and that the National Domestic Development Bank proposal is a necessary and sensible response to this problem.

One of our excellent witnesses, Dr. Richard Nathan of the Brookings Institution, testified that if the economic stimulus package for cities is reduced, it could cause "a precipitous drop in funds available to some of the Nation's most troubled big city governments." Further, he feels that despite large increases in Federal aid to cities, these are targeted to short-term projects and operating budgets and not to their enormous long-term needs. Dr. Nathan concluded that there is a serious need for an alternative source of long-term credit which our cities can rely upon and he strongly endorsed the legislation which I have introduced.

Mr. President, in the next few days I will be presenting summaries of all the testimony received at our hearing. I think it is vital that all my colleagues be aware of the continuing financial peril of many of our cities and the views of the experts with regard to it.

Mr. President, I ask unanimous consent that a copy of S. 1396, the National Domestic Development Bank Act, which I have introduced in the Senate, and which Representative WILLIAM MOORHEAD has introduced in the House, be printed in the RECORD, along with a section-by-section analysis of the bill, a brief outline of its functions, and the prepared statement of Dr. Richard Nathan.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FUNCTIONS OF THE NATIONAL DOMESTIC DEVELOPMENT BANK

The National Domestic Development Bank is a mechanism for:

(1) attracting new capital to the public borrowing market;

(2) providing an alternate source of capital funds if cities choose to use it;

(3) lowering the costs of public borrowing;

(4) providing technical assistance in borrowing to local and state officials;

(5) coordinating Federal assistance programs;

(6) stimulating private investment in economically depressed areas; and

(7) aiding the capital funding needs of basic public utilities.

Borrowers from the Bank would include:

Local governments, cities, towns, counties, townships;

Multi-jurisdictional authorities and commissions;

Regional governments;

State governments;

Private, quasi-public, non-profit, profit motivated entities in economically depressed areas certified for assistance by the Council of Economic Advisors;

Public utilities.

Loans would be made for long terms (40 to 60 years) for public developments and 20-year terms for private economic development purposes.

Interest rates on loans will be set by the Bank to approximate those prevailing for municipal bonds at any particular time.

The key provision is how the Bank obtains its funds:

The Bank issues bonds on the national capital markets at rates comparable to Treasury securities or perhaps somewhat higher to take account of the greater risks since the Bank is not the Treasury Department.

The interest on these bonds is taxable. The consequence is that sources of capital—such as pension funds, retirement funds, and Keogh plans—will be encouraged to purchase these bonds. They have tended not to purchase municipal securities on any large scale because they could not benefit from the tax exemption feature. Only high income investors could use the tax exemption feature to increase their over all return.

When the Bank lends these funds, the Treasury will provide the difference, if there is any, between the rate paid by the Bank and the rate paid by the borrower.

SECTION-BY-SECTION SUMMARY—NATIONAL DOMESTIC DEVELOPMENT BANK ACT

Sec. 2. Sets forth the Findings of Congress which make this bill necessary; that there is an unprecedented demand for community facilities to provide for our growing population and that an alternative method for financing these facilities is imperative. It states that the purpose of the Act is to create a National Domestic Development Bank System.

Sec. 3. Contains definitions of terms used in the Act.

Sec. 4. Establishes the Bank as a body corporate and reserves the use of the name "National Domestic Development Bank".

Sec. 5. Grants the Bank the general powers of a corporation.

Sec. 6. Provides for an initial fifteen (15) member Board of Directors, to be appointed initially by the President, with the following composition.

1 representing Federal Reserve System

4 representing departments and agencies of the Federal Government

4 representing the public generally (appointed by the President with advice and consent of the Senate)

2 State governors (nominated by the National Governors Conference)

2 elected officials of county government (nominated by the National Association of County Officials)

2 elected officials of city government (nominated by the National League of Cities)

Subsequently, the representatives of state and local governments will be elected from those nominated by stockholders of the Bank.

Sec. 7. Authorize $500,000 for organizational and initial operating expenses.

Sec. 8. Outlines the special authority of the Bank:

(a)(1) To purchase obligations of state and local governments issued to finance community facilities or public works of any type

(2) To make or guarantee loans to

(a) State and local governments

(b) Nonprofit and quasi-governmental entities for financing projects supported by state or Federal programs or otherwise having the attributes of public facilities.

(3) To make loans for economic development in areas needing government assistance.

(4) To make loans to businesses in sectors needing government assistance.

(b) To reject any projects inconsistent with comprehensive planning for the communities being served.

(c) To loan money for up to forty (40) years for public facilities and twenty (20) years for economic development projects.

(4) To set interest rates competitive with rates on municipal bonds.

(e) To loan the entire cost of a project which is partly financed by a Federal assistance program, taking back obligations from both the local and the Federal government for their respective shares so that only the amount of the local shares will be counted for its debt limit.

(f) To provide a financial and technical advisory staff for each active metropolitan region.

(g) To impose appropriate fees and charges.

Sec. 9. Provides that the Bank's lending activity will be carried out through regional operating divisions supervised by a three (3) member panel appointed by the Board of Directors. Each region will also have an advisory committee of 18 to 25 persons broadly representatives of governments, and economic groups within the region.

Sec. 10. Authorizes assembly of a staff to give technical and economic advice including preliminary assistance with applications to the Bank and general advice during the construction period. In addition the Bank may undertake research and facilitate information exchange among Bank customers.

Sec. 11. Provides for one class of common, voting stock with a $100 par. Dividends in any one year may not exceed six percent (6%) of the value of stock outstanding and must be paid out of net earnings.

Sec. 12. Capitalizes the Bank at $3.5 billion to be provided from the sale of common stock and, if necessary, by purchases by the Treasury Department of the Bank's obligations in yearly amounts of $300 million. Each public borrower must subscribe to purchase common stock in an amount equal to $.50 multiplied by the population within the jurisdiction, in increments of 1/20th of the face amount of a loan.

Sec. 13. Authorizes the Bank to sell bonds on the national market in an amount up to 50 times its stated capital to raise monies necessary to finance projects which are applied for by the users of the Bank. These bonds may be guaranteed by the Government National Mortgage Association and pledge the full faith and credit of the United States.

Sec. 14. Authorizes annual federal payments to the Bank in an amount sufficient to make up the difference between interest paid by the Bank on its obligations and the interest received from its loans to local governments.

Sec. 15. Provides for federal insurance of Bank loans, by the Department of Housing and Urban Development and authorizes appropriations of $10 million to establish a revolving fund for this purpose.

Secs. 16 and 17. Provides for an annual audit by the General Accounting Office and a yearly report by the General Accounting Office to the Congress.

Sec. 18. Amends the Internal Revenue Code to exclude from gross income 50% of the amounts received as dividends by a stockholder during any taxable year.

Sec. 19. Makes the bonds of the Bank lawful investments.

Sec. 20. Authorizes the Secretary of the Treasury to prepare and print the Bank's bonds.

Sec. 21. Provides that the United States is not liable for debts, defaults or actions of the Bank other than those specified in the Act.

Sec. 22. Orders that an annual report be submitted to the President and the Congress.

Sec. 23. Contains technical amendments to Federal banking statutes.

Sec. 24. Provides that any invalid provision of this Act may be severed and that the remainder continues in full effect.

Sec. 25. Authorizes to be appropriated without fiscal year limits such funds as may be necessary to carry out the purposes of the Act.

S. 1396

A bill entitled the "National Domestic Development Bank Act"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Domestic Development Bank Act".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds and declares that—

(1) population increases and rising demands for a safe and prosperous life have created an unprecedented demand for (A) basic community facilities, such as streets, schools, hospitals, housing, water, sewer, waste disposal, and mass transit facilities and parks and playgrounds, (B) economic development in urban ghettos, disaster areas, and labor surplus areas, as well as in new towns and new cities; and (C) economic health of basic sectors of the economy which provide essential services and goods to the public;

(2) the existing institutional structure for providing funds—the municipal bond-Federal grant arrangement—cannot provide at reasonable cost the amounts necessary to satisfy these growing demands. The financial needs of our growing communities require the full mobilization of skills and resources in all levels of government, Federal, State, and local, as well as in the private sector; and

(3) the most effective use of funds can only be made when information and technical expertise regarding engineering requirements, financial and economic factors, Federal programs and funding levels, and comprehensive area problems and planning are readily available from a single source.

(b) The purpose of this Act is to establish a national domestic development bank system which will provide an alternative source of funds for community facilities and economic development, which will involve national investment markets and all groups of investors, and which will furnish information to coordinate Federal, State, and local programs with local problems and governments.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "bank" means the National Domestic Development Bank established by section 4;

(2) "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands, or any agency or instrumentality thereof;

(3) "local government" means any county, municipality, or other political subdivision of a State, or any agency or instrumentality thereof, or any school or other special district created by or pursuant to State law, and

(4) "obligation" means any bond, note, debenture, or other instrument evidencing debt.

ESTABLISHMENT OF BANK

SEC. 4. (a) There is hereby created a body corporate to be known as the National Domestic Development Bank, which shall have succession until dissolved by Act of Congress. The bank, which shall not be an agency of the United States Government, shall maintain such offices as may be necessary or appropriate in the conduct of its business. For the purposes of jurisdiction and venue, the bank shall be deemed a citizen and resident of the District of Columbia.

(b) No individual, association, partnership, or corporation, except the bank, shall hereafter use the words "National Domestic Development Bank" as the name or a part hereof under which he does business.

GENERAL POWERS

SEC. 5. The bank shall have, in addition to the special authority conferred by section 8 of this Act, the power—

(1) to sue and be sued, and complain and defend, in its corporate name and through its own counsel;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal, by the board, such bylaws, rules, and regulations as may be necessary for the conduct of its business;

(4) to conduct its business, carry on its operations, have offices, and exercise the powers granted by this Act in any State without regard to any qualification or similar statute in any State;

(5) to lease, purchase, or otherwise acquire, and own, hold, improve, use, or otherwise deal in and with, any property, real, personal, or mixed, or any interest therein, wherever situated;

(6) to accept gifts or donations or services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the bank;

(7) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

(8) to appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, and to require bonds for them and fix the penalty thereof; and

(9) to enter into contracts, execute instruments, incur liabilities, and do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

BOARD OF DIRECTORS; MANAGEMENT

SEC. 6. (a) The bank shall have a board of directors which shall initially consist of fifteen members to be appointed by the President of the United States as follows:

(1) one member to be appointed from the Federal Reserve System;

(2) four members to be appointed from among the heads of departments and agencies in the executive branch of the Government;

(3) four members to be appointed from among those who represent the public generally, one of whom shall be appointed, by and with the advice and consent of the Senate to serve as president of the bank and chairman of the board of directors;

(4) two members who are Governors of States from among nominees of the National Governors' Conference;

(5) two members who are elected officials of county governments from among nominees of the National Association of County Officials; and

(6) two members who are elected officials of city governments from among nominees of the National League of Cities.

(b) (1) Directors appointed under clauses (1), (2), and (3) of subsection (a) of this section shall serve at the pleasure of the President or until their successors have been appointed.

(2) One director initially appointed pursuant to each of clauses (4), (5) and (6) shall be designated by the President of the United States to serve until the first annual meeting of the stockholders, and one director appointed pursuant to each such clause shall be designated by the President of the United States to serve until the second annual meeting of the stockholders. Vacancies occurring pursuant to this paragraph at the time of each such annual meeting shall be filled by election by the stockholders at such meeting from among nominees as proprovided in subsection (a) of this section. Directors elected pursuant to this subsection shall serve for terms of two years. The board may appoint a member to serve for any unexpired term of any such director.

(c) The board shall hold regular bimonthly meetings and shall hold other meetings at the call of the chairman. A majority of the board shall constitute a majority for the transaction of business. Any vacancy in the board shall not affect its powers or duties.

(d) Any director who is an officer or employee of the United States shall serve without additional compensation for his services as a director.

(e) The management of the bank shall be vested in the president of the bank, subject to such policies as the board of directors shall prescribe from time to time.

INITIAL EXPENSES

SEC. 7. In order to facilitate the formation of the bank, the Secretary of the Treasury is authorized to pay initial organizing and operating expenses. There is hereby authorized to be appropriated a sum not to exceed $500,000 for this purpose.

SPECIAL AUTHORITY

SEC. 8. (a) Subject to the provisions of this Act, the bank is authorized—

(1) to make commitments to purchase, and to purchase, service, and sell, on terms and conditions determined by the bank, any obligation (or participation therein) of a State or local government issued to finance in total or in part the construction, or reconstruction to energy efficient standards, of basic community facilities or public works of any type;

(2) to make or guarantee loans to State and local governments to finance the construction or reconstruction to energy efficient standards of basic community facilities and public works of all types (including loans to nonprofit or quasi-governmental organizations and entities to finance the construction of housing, medical facilities, and other facilities which are supported by Federal or State programs and are determined by the bank to have the attributes of public facilities); and

(3) to make loans for the purpose of creating jobs and facilitating economic development in geographical areas whose population consists of a high proportion of unemployed or low income individuals and families; that suffers a natural disaster; or that is in need of direct investment to further the national public interest; and

(4) to make loans for the purpose of financing continued operation of businesses and construction of energy efficient systems in sectors of economic activity which are found by the bank to need low cost capital in order to further the national public interest.

(b) The bank shall develop criteria to assure that projects assisted by it are not inconsistent with comprehensive planning for the development of the communities in which they will be located, or disruptive of Federal programs which authorize assistance for the development of like or similar categories of projects, or inconsistent with Federal policies directed at the protection of the environment.

(c) A loan made or guaranteed under this section may not exceed the total capital cost of the project to be financed, and shall be made for a term determined by the bank; except that the term of a loan made under paragraph (2) of subsection (a) shall not exceed the life of the project or forty years, whichever is less, and the term of a loan made under paragraph (3) of subsection (a) to a private person for a project consisting primarily of profitmaking facilities shall not exceed twenty years.

(d) All obligations purchased and loans made pursuant to this section shall bear interest at a rate determined by the bank which shall be low enough to be competitive with municipal bonds, but in no event greater than one point over the average rate on Treasury borrowings of similar maturity.

(e) In any case in which the bank undertakes to provide assistance to a State or local government under subsection (a) for the construction of a project for which a department or agency of the Federal Government (under another law of the United States) will also provide funds—

(1) the assistance provided by the bank under subsection (a) may be in the full amount needed by the State or local government to finance such construction (including the amount of the funds which will be provided by such department or agency), with the funds to be provided by such department or agency with respect to such construction thereupon becoming payable (notwithstanding any contrary provision in the law under which they are payable) to the bank in lieu of being paid directly to such government; and

(2) the bank may accept in return (A) an obligation or obligations of such State or local government covering only the difference between such full amount and the amount of the funds which are payable with respect to such construction by such department or agency, plus (B) a commitment from such department or agency to pay the funds which are to be provided by it and are payable to the bank as described in paragraph (1), in order to insure that such State or local government will not have to include within its debt limit that portion of the indebtedness incurred for the financing of such construction which is attributable to funds provided by the Federal Government.

(f) The bank is authorized to establish a financial aid and technical advisory staff for any metropolitan area upon a determination by the board that the amount of the bank's activity in such area is sufficiently large to support a full financial and technical advisory staff. The staff shall process applications and requests for assistance from that area and shall assist applicants in obtaining such assistance.

(g) Except as otherwise specifically provided in this Act, the bank may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations.

REGIONAL OPERATING DIVISIONS

SEC. 9. (a) The bank shall establish regional operating divisions. Each division shall be charged with responsibility for assessing borrower eligibility and making loans within its region or geographical area. To the maximum extent feasible, the boundaries of the regions or geographical areas respectively represented by the several regional operating divisions shall be the same as the boundaries of th areas respectively served by the regional offices of the various Federal departments and agencies.

(b) Each regional operating division shall transact all of the bank's business within its region with the assistance of the metropolitan area advisory staffs.

(c) Each regional operating division shall be supervised by a three member panel appointed by the board. In addition, an advisory committee of not less than eighteen nor more than twenty-five persons representing all governments and all socioeconomic levels within the division's region shall be appointed by the board to develop policies and guidelines for the division's activities.

TECHNICAL ASSISTANCE

SEC. 10. (a) the bank shall have, in addition of a staff adequately equipped in the field of development banking, personnel qualified to give advice in the following fields (and any other categories of advice appropriately related to the bank's activities):

(1) the Federal Government, particularly the organization and operation relating to State and local governments;

(2) all phases of all Federal grant-in-aid programs;

(3) methods of administering the development and operation of community facilities; and

(4) technical data and requirements in fields appropriately related to the bank's activities, including the following:

(A) roads, hospitals, schools, and airports;

(B) urban mass transit systems and bridges;

(C) housing, municipal buildings, and parks;

(D) courthouses;

(E) water and sewage facilities and air pollution controls; and

(F) commercial developments.

(b) The bank shall give any necessary technical assistance under this section to applicants for assistance under section 8. No fees for preliminary advice shall be charged; however, after an application has been accepted for processing, the bank may charge reasonable fees for continued assistance under this subsection.

(e) The bank is also authorized to undertake research and information gathering, and to facilitate the exchange of advanced concepts and techniques relating to municipal growth and development among State and local governments.

STOCK

SEC. 11. (a) The bank shall have one class of common stock, which shall have voting rights and have a par value of $100 per share. Stock shall be sold to investors throughout the country.

(b) All moneys received by the bank in return for its common stock shall be accumulated in a stated capital account. All net earnings from the operations of the bank shall annually be transferred to its general surplus account. Such dividends as may be declared shall be paid by the bank to the holders of its common stock and shall be charged against the general surplus account, but in any one fiscal year dividends shall not exceed 6 per centum of the par value of the common stock issued and outstanding and shall be payable out of the net earnings of the bank for that year.

CAPITALIZATION OF THE BANK

SEC. 12. The bank's stated capital shall be limited to $3,500,000,000, which shall be raised, insofar as it is feasible, by the sale of the bank's common stock, and the remainder shall be provided as follows:

(1) The Secretary of the Treasury is authorized to purchase obligations of the bank in the amount of $300,000,000 a year for a period of ten years. If the Secretary finds it is necessary for the successful operation of the bank to waive the payment of interest and principal for any given year such interest shall then be added to the principal of the obligation. The bank is authorized to include appropriate provisions in the instruments evidencing the obligations provided for in this paragraph. Each purchase of obligations by the Secretary under this paragraph shall be upon such terms and conditions as to yield a return at a rate not less than a rate determined by the Secretary, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities. The Secretary may sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this paragraph.

(2) The Secretary of the Treasury is additionally authorized to purchase debentures of the bank in the amount of $300,000,000 on emergency call of the bank.

(3) Each public borrower from the bank at the time of receiving loans shall be required to purchase stock until it holds an amount of stock equivalent of $0.50 per capita for each person within its jurisdiction or for each person expected to be served by the facility or facilities involved. The borrower shall purchase stock equal to one-twentieth of the amount of his loans until he reaches the $0.50 per capita maximum requirement. For the purposes of paragraphs (1) and (2) of this section, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. All redemptions, purchases, and sales of obligations or debentures under such paragraphs shall be treated as public debt transactions of the United States.

OBLIGATIONS OF THE BANK

SEC. 13. (a) The bank is authorized to issue and have outstanding obligations (including but not limited to the obligations and debentures described in section 12) having such maturities and bearing such rates of interest as may be determined by the bank. Such obligations may be redeemable at the option of the bank before maturity in such manner as may be stipulated therein. The amount of the bank's indebtedness outstanding at any one time should be limited to fifty times the bank's paid-in stated capital.

(b) The Government National Mortgage Association (hereafter referred to as the "Association") is authorized, upon such terms and conditions as it may deem appropriate, to guarantee the timely payment of principal of and interest on such obligations (other than obligations and debentures described in section 12) as shall be issued by the bank. The Association shall collect from the bank a reasonable fee for any guaranty under this subsection and shall make such charges as it may determine to be reasonable for the analysis of any obligation proposed to be issued by the bank. In the event the bank is unable to make any payment of principal of or interest on any obligations guaranteed under this subsection, the Association shall make such payment as and when due in cash, and thereupon shall be subrogated fully to the rights satisfied by such payment. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.

FEDERAL PAYMENTS TO THE BANK

SEC. 14. (a) With respect to such amounts of loans of the bank as may be specified in appropriation Acts, the Secretary of the Treasury is authorized to make, and to contract to make, annual payments to the bank in such amounts as are necessary to equal the amount by which the dollar amount of interest paid by the bank on account of its outstanding obligations exceeds the dollar amount of interest received by the bank on account of obligations purchased or loans made by it pursuant to section 8.

(b) There are authorized to be appropriated to the Secretary of the Treasury such sums as may be necessary to carry out his functions under this Act, including such sums as may be necessary to make the annual payments required by contracts entered into by the Secretary of the Treasury pursuant to subsection (a) of this section.

FEDERAL INSURANCE OF OBLIGATIONS TO THE BANK

SEC. 15. (a) The Secretary of Housing and Urban Development (hereinafter in this section referred to as the "Secretary"), upon application by the bank, is authorized to insure any loan made by the bank under section 8(a) (including, for purposes of this section, any obligation purchased as provided in paragraph (1) thereof), and to issue a commitment for the insurance of any such loan prior to the date of its execution or disbursement thereon upon a determination that all of the applicable criteria established by or under this Act will be met with respect to such loan.

(b) The insurance of any loan under subsection (a) and any payments pursuant thereto shall be made on such terms and conditions, and in such manner and form, as the Secretary shall by regulations prescribe, and shall provide for the payment in full to the bank of the outstanding principal balance of the loan together with any unpaid interest, upon default by the borrower, in accordance with procedures set for forth in such regulations.

(c) The Secretary is authorized to charge and collect premiums for insurance under this section. Such premiums shall be fixed at the lowest possible levels which are determined by the Secretary to be reasonable and sufficient to keep the insurance program under this section in a sound and secure condition and maintain the fund established by subsection (d) at a level adequate to meet all anticipated losses, but in any event shall be lower for loans made under paragraphs (1) and (2) of section 8(a) than for loans made under paragraph (3) for such section.

(d)(1) There is established a revolving fund to be used by the Secretary in carrying out its function under this section. All premiums charged as provided in subsection (c), and all other receipts under the insurance program, shall be deposited in the fund. All payments with respect to insurance under this section shall be made from the fund. Moneys in the fund not needed for the payment of current operating expenses or the payment of insurance under the program may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States.

(2) There is authorized to be appropriated as initial capital for the revolving fund established by paragraph (1) the sum of $10,000,000.

(e) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Secretary shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 16. (a) The financial transactions of the bank shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the bank and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

(b) The expenses of any audit performed under this section shall be borne out of appropriations to the General Accounting Office, and appropriations in such sums as may be necessary for this purpose are authorized. The bank shall reimburse the General Accounting Office for the full cost of any such audit, and the General Accounting Office shall deposit sums received as reimbursed into the Treasury as miscellaneous receipts.

AUDIT REPORT TO CONGRESS

SEC. 17. A report of each audit of the bank for any fiscal year shall be made by the Comptroller General to the President and to the Congress not later than six months following the close of such fiscal year. The report shall set forth the scope of any such audit and shall include a statement (showing intercorporate relations) of assets and liabilities; a statement of capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the Congress informed of the operations and financial condition of the bank, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit. A copy of each report shall be furnished to the Secretary of Housing and Urban Development, the Secretary of the Treasury, and the bank.

TAX EXEMPTION

SEC. 18. (a) The bank, its property, its franchise, capital, reserves, surplus, security holdings, and other funds, and its income shall be exempt from all taxation now or hereafter imposed by the United States or by any State or local taxing authority: except that (1) any real property and tangible personal property of the bank shall be subject to Federal, State, and local taxation to the same extent according to its value as other such property is taxed, and (2) any and all obligations issued by the bank shall be subjected both as to principal and interest to Federal, State, and local taxation to the same extent as the obligations of private corporations are taxed.

(b)(1) Subsection (a) of section 116 of the Internal Revenue Code of 1954 (relating to partial exclusion from gross income of dividends received by individuals) is amended to read as follows:

"(a) EXCLUSION FROM GROSS INCOME.—

"(1) DOMESTIC CORPORATIONS.—Gross income does not include amounts received by an individual as dividends from domestic corporations (other than the National Domestic Development Bank), to the extent that the dividends do not exceed $100.

"(2) NATIONAL DOMESTIC DEVELOPMENT BANK.—Gross income does not include 50 per centum of the amounts received by an individual during any taxable year as dividends from the National Domestic Development Bank.".

(2) Such section 116 is further amended by striking out "Subsection (a)" in subsection (b) and inserting in lieu thereof "Subsection (a)(1)".

NATURE OF STOCK AND OBLIGATIONS

SEC. 19. (a) All obligations issued by the bank shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under authority or control of the United States or of any officer or officers thereof. All stock and obligations issued by the bank pursuant to this Act shall be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission, to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States.

(b) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the bank, for its own account or as fiduciary, and such banks shall be reimbursed for such services in such manner as may be agreed upon; and the bank may itself act in such capacities, for its own account or as fiduciary, and for the account of others.

PREPARATION OF OBLIGATIONS

SEC. 20. In order to furnish obligations for delivery by the bank, the Secretary of the Treasury is authorized to prepare such obligations in such form as the board may approve, such obligations when prepared to be held in the Treasury subject to delivery upon order by the bank. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith, shall remain in the custody of the Secretary of the Treasury. The bank shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such obligations.

UNITED STATES NOT LIABLE

SEC. 21. Except as otherwise specifically provided in this Act, the United States shall not be liable for any debts, defaults, acts, or omissions of the bank.

ANNUAL REPORT

SEC. 22. The bank shall, as soon as practicable after the end of each fiscal year, transmit to the President and the Congress an annual report of its operations and activities.

AMENDMENTS RELATING TO FINANCIAL INSTITUTIONS

SEC. 23. (a) The sixth sentence of the seventh paragraph of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended by inserting "or obligations of the National Domestic Development Bank," immediately after "or obligations, participations, or other instruments of or issued by the Federal National Mortgage Association or the Government National Mortgage Association,".

(b) Section 5200 of the Revised Statutes (12 U.S.C. 84) is amended by adding at the end thereof the following new paragraph:

"(14) Obligations of the National Domestic Development Bank shall not be subject to any limitation based upon such capital stock and surplus."

(c) The first paragraph of section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by inserting "or in obligations of the National Domestic Development Bank," in the second proviso immediately after "any political subdivision thereof;"

(d) Paragraph (2) of section 14(b) of the Federal Reserve Act (12 U.S.C. 355) is amended by inserting "or any obligation of the National Domestic Development Bank" immediately before the period at the end thereof.

SEPARABILITY

SEC. 24. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 25. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out the purposes of this Act.

TESTIMONY BEFORE THE JOINT ECONOMIC COMMITTEE

TARGETING DEVELOPMENT FUNDS ON URBAN HARDSHIP

This testimony covers three main subjects—first, it reviews recent trends in Federal aid for cities and defines the need for a development financing mechanism similar to that under discussion today; second, it outlines some of the ways in which the cities most in need of support from a National Development Bank might be defined, and third, it presents our views on some of the main issues that need to be taken into account in the design of such a Bank.

Two main themes emerge in the first part of our testimony. First, the 1978 Federal budget provides an unprecedented—and largely unrecognized—level of support for cities experiencing what we define as significant urban "hardship" conditions. Second, the form in which this aid is provided makes it inappropriate as a source of financing for large, long-term development projects designed to broaden the local tax base and create new and permanent jobs in sizable numbers.

FEDERAL AID FOR CITIES ON A SHARP UPSWING

Partly by accident and partly by design, the Federal government will be spending unprecedented amounts of money in "hardship" cities in fiscal year 1978. The Carter Administration's budget revisions proposed approximately $82 billion in Federal aid to states and localities in FY 1978, a 15 percent increase over the Ford Administration's initial budget for 1978. The biggest increases are in programs that assist local governments, especially those designed to aid the nation's economic recovery—Public Service Employment, Local Public Works, and Countercyclical Revenue Sharing. Congress has completed action on these programs and the allocation of funds has begun; $1 billion has also been appropriated for a major youth employment effort, along with additional new funds for the expansion of other employment programs. The major increases in funding under these employment programs, which are focused on unemployed and disadvantaged persons, together with the targeting of funds under the Local Public Works and Community Development Block Grant programs, result in major increases in the amount of Federal support for cities. While all major cities receive sizable increases, cities which are experiencing particularly severe problems will be the primary beneficiaries of this increased Federal spending.

DATA FOR FIFTEEN LARGE CITIES

An indication of the magnitude of Federal support to cities is provided in table 1, which presents estimates of Federal grants to fifteen cities in FY 1978. These cities cited here were selected to concentrate on urban hardship areas, and at the same time to include some better off cities for comparative purposes, e.g. Phoenix, Dallas, Houston, Los Angeles and Denver. The fifteen cities, all above 350,000 population, are ranked in Table 1 according to their composite "urban conditions index" ranking (discussed below), with St. Louis having the highest—worst—index rating and Phoenix the lowest—best—rating.

The figures shown in columns 2–5 of table 1 are for Public Service Employment allocations, second-round planning targets under the new Local Public Works program, estimates of Counter-cyclical Revenue Sharing allocations, and allocations under the House formula for the Community Development Block Grant Program. These data are allocations rather than projected outlays or drawdown rates, hence they may overstate the amount of funding that will show up on city books from these programs in 1978. We have assumed that other grants received by these cities have remained level—in effect, that the cities studied have received no increases in other Federal aids since the adoption of general revenue sharing. While it must be emphasized that these data are allocations rather than outlays, it should be noted that cities will be in a position to commit funds up to these levels in 1978, and may, if energetic spending practices are pursued, spend the full amount in fiscal 1978. We therefore feel that these represent a reasonable statement of Federal grant flows.

TABLE 1.—ESTIMATED FEDERAL GRANTS TO 15 CITIES, FISCAL YEAR 1978

[In thousands of dollars]

City	Urban conditions index	Public service employment allocation	Local public works, round II planning targets	Countercyclical revenue sharing (estimate)	Total stimulus	CDBG allocations, House formula	Other grants	Total grants
St. Louis	351	20,607	15,514	5,265	41,386	32,983	35,131	109,500
Newark	321	23,226	14,516	5,248	43,990	16,978	17,160	78,128
Buffalo	292	22,281	13,495	3,122	38,898	21,928	20,121	80,947
Cleveland	291	21,988	9,551	3,411	34,950	35,334	40,097	110,381
Boston	257	27,607	15,963	4,112	47,682	25,235	47,969	120,885
Baltimore	226	31,275	19,574	8,094	58,943	28,564	93,887	181,394
Philadelphia	216	54,899	54,734	16,772	126,405	63,852	137,877	328,134
Detroit	201	50,313	26,805	13,683	90,801	57,778	162,563	311,142
Chicago	201	88,782	37,483	12,123	138,388	116,800	52,538	407,726
Atlanta	118	23,177	7,205	1,427	31,809	14,125	13,060	58,994
Denver	106	12,055	8,527	1,706	22,288	11,572	30,287	64,147
Los Angeles	74	101,019	45,794	8,476	155,289	51,010	95,513	301,812
Dallas	39	10,477	0	0	10,477	15,223	16,465	42,165
Houston	37	21,341	8,650	864	30,855	23,674	31,866	86,395
Phoenix	20	28,940	15,335	1,299	45,574	10,031	15,306	70,911

Sources follow on next page.

TABLE 1.—ESTIMATED FEDERAL GRANTS TO 15 CITIES, FISCAL YEAR 1978—Continued

SOURCES

PSE: DOL allocation estimates for 1978. Baltimore and Cleveland allocations based on estimated allocations as if separate prime sponsor.
LPW: Planning targets for applicants and areas under Public Works Employment Act of 1977 (EDA, June 9, 1977).
CCRS: Estimated based on assumption of share of payment period 5 remaining constant in periods 6 to 9. Period 6 to 9 payment totals contained in CBO cost estimate accompanying House Committee Report on Intergovernmental Antirecession Act of 1977 (Report 95–277, May 9, 1977). Local shares computed from ORS Antirecession Fiscal Assistance to State and Local Governments: Quarter 5 (July 8, 1977).
CDBG: HUD estimates for allocations under House formula.
Other grants: Average of Federal revenues received in 1972–73 and 1973–74 as reported in Bureau of Census City Government Finances in 1972–1973 and City Government Finances in 1973–74, table 7. See discussion in footnote pp. 3 and 6 of this testimony.

RATES OF INCREASE AVERAGE 135 PERCENT 1975–78

Table 2 [1] compares these 1978 allocations to payments to these same governments during 1974–75, the latest year for which Census data are available. The average rate of increase in Federal payments over these three years is 135 percent—or over twice the rate of growth in all Federal grants-in-aid to States and localities during this period. This compares with a GNP of 27.3 percent and an inflation rate for state and local purchases of 24.9 percent between the first quarter of 1974 and the last quarter of 1976. Increases in Federal support are largest in Newark, St. Louis, and Buffalo, which our prior research has identified as the three most distressed urban areas among the fifteen cities selected.

[1] The figures reported in Table 2 for "Other grants" are average of revenues received from the Federal government in 1972–73 and 1973–74 as reported in Census publications. These figures include receipts from programs folded into CETA and CDBG; however, it should be noted that these folded-in programs continued in some cases to pay out substantial sums. For example, payments continued, largely under "Urgent Needs" (primarily urban renewal) provisions of the CD legislation, for the programs folded-in to CDBG, in addition to the new CDBG payments. According to the OMB February budget revisions, outlays for these folded-in programs amounted to $1.45 billion in FY 1976 and were estimated to be $1.16 billion for FY 1977. The impact of some folded-in programs being included in the 1972–74 base is further diluted by growth in other grants which occurred during this period and by the fact that we have made no attempt to adjust these projects for inflation. For seven cities whose 1977 budget documents contain detailed Federal aid estimates, our estimate of "Other grants" are approximately equivalent to their projected Federal assistance (excluding the ESP and CDBG programs listed separately here) or understate the amounts that cities expected to receive. For one city (Atlanta), the projections made by the city were smaller than this Census-derived proxy number. In this case, the "Other grants" figure has been reduced to reflect city estimates.

Using this projection method, Federal aid to Newark increased four-fold over the past three years, two and one-half times for St. Louis and by 154.2 percent for Buffalo. The immediate policy implications are clear. When the Congress turns next year to the question of whether and when to allow the Economic Stimulus Package to turn off, you will face conditions in which such a decision could cause a precipitous drop in the funds available to some of the nation's most troubled big city governments.

TABLE 2.—COMPARATIVE GROWTH OF FEDERAL GRANTS AND PROJECTIONS OF LOCAL EXPENDITURES, 1975–78

[Dollar amounts in thousands]

City	Urban conditions index	Projected budget growth (percent)	Estimated total grants, 1978	Grants from Federal Government, 1974–75	Percent increase
St. Louis	351	33.0	$109,500	$31,483	247.8
Newark	321	50.1	78,128	15,624	200.0
Buffalo	292	31.5	80,947	31,844	154.2
Cleveland	291	21.3	110,381	47,733	131.2
Boston	257	42.6	120,885	66,782	81.0
Baltimore	226	26.1	181,394	108,015	67.9
Philadelphia	216	42.9	328,134	130,820	150.8
Detroit	201	38.1	311,142	166,183	87.2
Chicago	201	29.1	407,726	166,129	145.4
Atlanta	118	49.8	58,994	38,548	53.0
Denver	106	60.9	64,167	49,519	29.6
Los Angeles	74	44.7	301,812	115,052	162.3
Dallas	39	80.1	42,165	24,292	73.6
Houston	37	55.8	86,395	45,869	88.4
Phoenix	20	67.8	70,911	36,556	94.0

Sources: Estimated total grants: See table 1. 1974–1975 grants: Bureau of Census, "City Government Finances in 1974–75," table 7. Projected budget growth: Average annual growth from 1970–71 to 1974–75 in direct general expenditure for operation, and interest on general debt and net long term general debt retired and payments to own retirement system, as reported in Bureau of Census, "City Government Finances," selected years, tables 5 and 7. We wish to acknowledge assistance in the collection and evaluation of grant and budget data from Charles F. Adams, Jr. and Arthur A. Morton.

The increase in Federal grants shown in Table 2 outstrips, by a considerable margin, the growth in municipal expenditures during this same period. While it is not clear yet what exactly happened to the finances of these cities between 1975 and 1978, we can safely say that this growth in Federal support is substantially greater than even the most liberal assumptions about city budget growth. The second column of Table 2, for example, indicates projected increases in city operating budgets for 1975–78 if they had continued to expand at the same rate during this period as during the preceding five years. For all but two cities, the growth in Federal grants exceeds this projected growth in expenditures. Stated another way, the relative importance of Federal aid in the budgets of many of the larger and distressed cities of the nation has risen substantially in the past three years.

CLEVELAND, A GOOD EXAMPLE

The city of Cleveland provides a good illustration of what has been happening. The 1977 appropriations ordinance provides for total expenditures of $349 million. Of this total, approximately $200 million is appropriated for either debt service or from "operating funds" of activities that are generally self-supporting—the operation of city utilities, parking lots and the public auditorium. The city's general fund appropriation is $122 million, representing an increase of 2.3 percent over 1976 and of 15.6 percent over 1975. Reference to Table 2 indicates that the city is projected to receive approximately $110 million in Federal aid allocations which are treated separately in the City budget. This amount of assistance is equivalent to 90 percent of Cleveland's 1977 General Fund expenditures in 1978, again exclusive of Federal aid.

BUT AID WON'T GET AT LONG-TERM DEVELOPMENT NEEDS

Our second conclusion about the Federal aid picture for cities in 1978 is less optimistic. In spite of this increase in Federal assistance, many cities will find it difficult to use these funds to address longer-term problems of tax base deterioration and job loss. The bulk of Federal funds are targeted toward support of city operating budgets, as in the case of Public Service Employment or Counter-cyclical Revenue Sharing, or will be used to fund shorter-term capital projects primarily from applications already on file, as under the Local Public Works program.

CDBG NOT SUITED TO MEET LONG-TERM CAPITAL NEEDS

The primary source of Federal support for a city wishing to try to finance major redevelopment is the Community Development Block Grant (CDBG) program, which we have concluded is largely inappropriate for large, long-term capital development purposes. The findings of our monitoring study for the first two years of local experience under this block grant for community development indicate that it has been largely used for the continuation of urban renewal projects and other activities under the "folded-in" categorical programs; neighborhood conservation; or for general development activities, such as the construction of public facilities or the repair of streets.[2] Most of the activities supported with CDBG funds have been small in scale and short-term in financing. Relatively little attempt has been made, either directly or indirectly through the leveraging of private funds, to support major long-term redevelopment activities. Table 3 indicates the incidence of leveraging through the first two years for the sixty-two jurisdictions in the Brookings sample for the monitoring study of the CDGB program. As is obvious from the table, most attempts at leveraging were directed at housing, rehabilitation, rather than industrial or commercial development. Furthermore, the total amount of funds devoted to the attraction of private capital has been relatively limited to date.

[2] Richard N. Nathan, Paul R. Dommel, Sarah F. Liebschutz, Milton Morris and Associates *"Block Grants for Community Development"* (U.S. Department of Housing and Urban Development, 1977), Chapter 7.

TABLE 3.—USE OF CDBG FUNDS FOR LEVERAGING BY BROOKINGS SAMPLE JURISDICTIONS, 1ST 2 PROGRAM YEARS

Time period	Program category of leveraging projects for sample units: Housing rehabilitation	Commercial assistance	Industrial development
Attempted both years	23	10	4
1st year only	2	1	2
2d year only	10	7	2
No attempt	27	44	54
Total units	62	62	62

Source: Field research data.

There are two primary reasons that account for this minimal use of CDBG funds for major redevelopment purposes and limit its potential for such uses in the future. Funds come only one year at a time. Jurisdictions can only assume that funds will be available for the length of the program's appropriation. Thus, there is uncertainty associated with future funding, an uncertainty that may be increased by HUD's recently announced intention of tying CDBG funding more closely to the provision of low- and moderate-income housing, a goal which many support and which Secretary Harris has announced she will press.

The second factor underlying this short-term bias under CDBG is political: the mandates of local politics in many cities dictate that funds be spread more or less evenly among all claimants. Our preliminary results from the first two years of CDBG, for example, suggest that program benefits are becoming dispersed both geographically and economically; concentration of funding on one particular function or area is apparently becoming increasingly difficult.

The combination of these two factors create considerable incentives for cities to utilize CDBG funds for short-term, geographically dispersed projects. Assembling the amount of funding required to finance site acquisition, relocation, clearance, and infrastructure development for a large commercial or residential project is extremely difficult, if not impossible, in the face of these conditions and incentives.

The CDBG renewal legislation currently being considered by a conference committee contains a number of features which may make longer-term redevelopment somewhat easier in the large cities. A number of big cities confronting substantial urban "hardship" conditions will be receiving significant increases in funding under the "dual formula" contained in both House and Senate bills. In addition, the elimination of the "full faith and credit" and grant reservation requirements under section 108 of the act (authorizing loan guarantees for land acquisition) should make the use of this guarantee authority more practical. Both the House and Senate bills authorize "Action" grants for urban development explicitly targeted at providing funds for the front-end investment necessary to attract private development.

While these changes will make the financing of major projects with CDBG funds easier, we do not feel that they are of sufficient scale to permit reliance on CDBG as the major instrument through which the Federal government assists large long-term urban redevelopment. Both the House and Senate bills contain limitations on the level of borrowing that can be guaranteed for land acquisition under section 108 and require that recipients pledge future grants as security against repayment; the Senate version contains the further proviso that these loans be repaid in six years. Likewise, the new "Action" grants appear to be intended for use as a supplement to enable communities to resolve particular problems rather than as a general resource for large long-term redevelopment projects.

A major conclusion of our urban research has been that Federal policies and programs should target urban assistance to the neediest communities. Likewise, one of the central purposes of this testimony is to urge that a National Development Bank have a significant portion of its programs targeted to needy cities. Our research, and the research of others, gives us confidence that these communities can be identified on a basis that makes such targeting possible.

The evolution of the Community Development Block Grant demonstrates this point. As first enacted, the CDBG program had a decided spreading effect. The formula entitlement system provided funds to nearly 600 jurisdictions; discretionary grants added several thousand additional recipients.

As already indicated, an important change that will target CDBG funds according to need is now working its way through Congress. This is the adoption of a "dual formula" system which directs more funds to older, declining cities. This targeting concept warrants further elaboration in connection with the development of specifications for a National Domestic Bank.

TARGETING URBAN AID

Cities with problems cut across simple distinctions based on size, region, or that between central cities and suburbs. We have identified three factors as indicators of urban problems—(1) socioeconomic; (2) the age of a city; and (3) the growth or decline of its population. In our study of the CDBG program we used these three factors in a composite index to measure urban conditions and compare central cities and large suburban cities (i.e. those over 50,000 population)—a total of 489 cities.[a] These same factors are incorporated in the revised CDBG allocation system now in a House-Senate conference.

For a socio-economic indicator, we use poverty. Poverty-impacted communities tend to spend a higher proportion of their budgets on services for the poor while deriving relatively fewer tax dollar from this group.

For community age, we use an age-of-housing factor which is a proxy for the age of the city and thus an indirect measure of overall physical development needs.

Population growth or decline is also a critical dimension of community need. Declining cities are found in all regions but disproportionately in the Northeast and North Central regions. They also tend to have slower rates of growth of their fiscal resource base as shown in table 4.

[a] Urban conditions index equals percent pre-1939 housing over mean percent pre-1939 housing times percent poverty over mean percent poverty divided by 100 plus rate of population change over 100 plus median rate of population change.

TABLE 4.—CHARACTERISTICS OF CITIES ABOVE 50,000 GAINING AND LOSING POPULATION, 1960–70

Population change, 1960–70	Population change, 1960–70 (percent)	Black population, 1970 (percent)	Per capita income: Amount, 1970	Per capita income: Percent change, 1960–70	Median house value: Amount, 1970 (thousands)	Median house value: Percent change, 1960–70
Population loss (n=150)	−6.7	17.3	$3,062	57.0	$15.9	32.5
Population gain (n=339)	20.5	10.2	3,354	61.7	18.8	38.2

Source: Calculated from U.S. Bureau of the Census, County and City Data Book, 1962 (Government Printing Office, 1962), and County and City Data Book, 1972 (Government Printing Office, 1973).

COMPOSITE URBAN CONDITIONS INDEX

Of the 489 cities ranked with this three-factor index, 40 percent are above the mean—have an index rating of 100 or greater. There are varying degrees of hardship among these cities. In our analyses we have focused on the 123 cities 50 percent or more above the mean. These 123 cities represent 25 percent of all cities studied. Of these 123 cities, a disproportionate number are in the Northeast and Mid-West. Two-thirds of the cities with an index above 150 are in this Northeast Quadrant. It is also important to note that eleven suburban cities are among these 123 top cities on the index.

In terms of size, the incidence of hardship is greatest among the very largest cities. While 25 percent of all cities above 50,000 population are found at the higher level, 45 percent of the cities above 500,000 population are in this group. At the same time, it should be noted that fifteen of the nation's largest cities do not fall into this higher index group. Table 5 shows forty-four cities with populations of 100,000 or more in 1970 that are among the 123 upper-scale cities.

TABLE 5.—CHARACTERISTICS OF 44 CITIES WITH POPULATIONS ABOVE 100,000 FOUND MORE THAN 50 PCT ABOVE THE MEAN OF THE COMPOSITE URBAN CONDITIONS INDEX

	Urban conditions index	Population 1970	Region	Percent pre-1939 housing 1970	Percent poverty 1970	Percent population change 1960–70	Percent population change 1970–73	Percent nonwhite and Spanish 1970
St. Louis, Mo	351	622,236	NEQ	73.9	19.7	−17.0	−10.9	42.3
Providence, R.I	333	179,116	NEQ	80.7	17.8	−13.7	−5.1	10.8
Camden, N.J	333	102,551	NEQ	70.0	20.8	−12.5	−2.5	46.4
Newark, N.J	321	381,930	NEQ	68.4	22.1	−5.7	−4.6	62.2
Buffalo, N.Y	292	462,768	NEQ	85.7	14.8	−13.1	−8.1	21.9
Cleveland, Ohio	291	750,879	NEQ	73.3	17.0	−14.3	−9.7	40.9
Trenton, N.J	288	104,786	NEQ	81.0	16.3	−8.2	(1)	40.7

TABLE 5.—CHARACTERISTICS OF 44 CITIES WITH POPULATIONS ABOVE 100,000 FOUND MORE THAN 50 PCT ABOVE THE MEAN OF THE COMPOSITE URBAN CONDITIONS INDEX—Continued

	Urban conditions index	Population 1970	Region	Percent pre-1939 housing 1970	Percent poverty 1970	Percent population change 1960–70	Percent population change 1970–73	Percent nonwhite and Spanish 1970
New Orleans, La	274	593,471	S	49.4	26.2	−5.4	−2.6	49.8
Pittsburgh, Pa	260	520,117	NEQ	74.4	15.0	−13.9	−8.1	20.8
Savannah Ga	260	118,349	S	39.9	25.8	−20.7	−10.9	46.6
Chattanooga, Tenn	257	119,082	S	48.3	24.5	−7.8	+41.0	36.0
Boston, Mass	257	641,071	NEQ	77.2	15.3	−8.1	(1)	20.8
New Haven, Conn	252	137,707	NEQ	69.2	16.5	−9.4	−4.5	30.7
New Bedford, Mass	246	102,477	NEQ	80.8	15.1	−.7	−.7	4.8
Paterson, N.J	228	144,824	NEQ	70.5	16.3	.8	−1.3	35.7
Cincinnati, Ohio	226	452,524	NEQ	59.3	17.1	−10.2	−5.6	28.7
Jersey City, N.J	226	260,545	NEQ	78.9	13.5	−5.7	−3.2	28.2
Baltimore, Md	242	905,787	S	60.0	18.0	−3.5	−3.1	47.9
Hartford, Conn	223	158,017	NEQ	67.0	16.2	−2.6	−5.9	36.6
Albany, N.Y	221	115,781	NEQ	74.7	13.2	−10.7	−3.4	12.5
Youngstown, Ohio	220	140,909	NEQ	67.4	13.8	−15.5	−5.0	28.3
Cambridge, Mass	219	100,361	NEQ	79.7	12.8	−6.8	−1.8	10.5
Birmingham, Ala	218	300,910	S	42.7	22.5	−11.7	−2.7	42.6
Philadelphia, Pa	216	1,950,098	NEQ	69.5	15.1	−2.6	−4.2	35.6
Scranton, Pa	213	102,696	NEQ	86.6	11.4	−7.1	−3.3	1.0
Syracuse, N.Y	210	197,297	NEQ	70.8	13.5	−8.7	−6.4	12.2
Rochester, N.Y	205	296,233	NEQ	79.5	12.0	−7.0	−6.5	19.2
Chicago, Ill	201	3,369,357	NEQ	66.5	14.3	−5.1	−5.2	41.5
Detroit, Mich	201	1,513,601	NEQ	61.8	14.7	−9.4	−8.0	46.2
Berkeley, Calif	197	116,716	W	57.1	18.1	4.9	−3.4	37.0
Louisville, Ky	195	361,958	S	53.2	17.0	−7.4	−7.1	24.4
San Francisco, Calif	188	715,674	W	66.9	13.6	−3.3	−4.0	42.6
New York City	180	7,895,563	NEQ	62.1	14.7	1.5	−2.9	33.3
Duluth, Minn	176	100,578	NEQ	72.6	11.4	−5.9	−2.9	1.5
Oakland, Calif	176	361,561	W	53.3	16.2	−1.6	−3.4	50.6
Minneapolis, Minn	174	434,400	NEQ	68.1	11.5	−10.0	−12.2	7.2
Springfield, Mass	170	163,905	NEQ	64.4	12.4	−6.1	+3.2	16.1
Canton, Ohio	167	110,053	NEQ	66.2	12.2	−3.1	−3.2	14.2
Erie, Pa	158	129,231	NEQ	66.8	11.0	−6.7	+.3	6.8
Worcester, Mass	156	176,572	EQ	74.4	+9.9	−5.4	−1.3	3.3
Washington, D.C	155	756,510	S	47.0	16.3	−1.0	−3.0	74.3
Salt Lake City, Utah	155	175,885	W	52.1	13.8	−7.2	−1.1	9.6
Spokane, Wash	154	170,516	W	53.6	13.5	−6.1	+1.6	3.8
Dayton, Ohio	154	243,601	NEQ	52.1	13.7	−7.4	−12.3	31.7

[1] Same.

Source: Calculated from: 1960 and 1970 population data from U.S. Bureau of the Census, "County and City Data Book 1972," table 6, (Washington, D.C., 1972) and "County and City Data Book 1962," table 6 (Washington, D.C., 1962), 1973 population data from U.S. Department of the Treasury, Office of Revenue Sharing, "General Revenue Sharing Fund Data, Elements, Entitlement Period 6" (Washington, D.C., 1976).

To summarize, this composite "urban conditions index" shows that urban problems cut across regions, although the concentration of distressed cities is in the Northeast and Mid-West. Central cities are in greater distress than suburban cities, but some suburbs also face difficult problems, e.g. Camden, New Jersey (index rating 333). Finally, a high proportion of the very large cities are found at the upper end of the index but there are also a number of large Sunbelt cities that are relatively well off, as shown in Table 6.

TABLE 6.—SELECTED SUNBELT CITIES WITH POPULATIONS ABOVE 100,000 FOUND BELOW THE MEAN OF THE COMPOSITE URBAN CONDITIONS INDEX [1]

	Urban conditions index	Population, 1970	Region
El Paso, Tex	79	322,261	S
Memphis, Tenn	75	623,530	S
Los Angeles, Calif	74	2,809,596	W
Fort Worth, Tex	64	393,476	S
Jacksonville, Fla	60	528,865	S
Sacramento, Calif	58	257,105	W
Tulsa, Okla	49	330,350	S
Raleigh, N.C	48	123,793	S
Greensboro, N.C	40	144,076	S
San Diego, Calif	39	697,027	W
Dallas, Tex	39	844,401	S
Houston, Tex	37	1,232,802	S
Phoenix, Ariz	20	581,562	W
San Jose, Calif	10	445,779	W
Anaheim, Calif	4	166,408	W

[1] The 15 cities listed represent only a portion of cities over 100,000 population whose index fall below the mean. There are a total of 78 such cities.

Source: Calculated from: 1960 and 1970 population data from U.S. Bureau of the Census, "County and City Data Book 1972," table 6 (Washington, D.C., 1972) and "County and City Data Book 1962," table 6 (Washington, D.C., 1962).

OTHER CHARACTERISTICS OF HARDSHIP CITIES

As stated earlier, the characteristics used to classify cities on this index are poverty, age of housing, and population change. There are also important related characteristics. For both income and housing values, the cities higher on the index tend to have a lower per-unit resource base, and the gap between those higher and lower on the scale is growing, particularly in housing values upon which the local property tax is based.

PER CAPITA INCOME

In 1970, the 123 cities 50 percent or more above the index mean had a per capita income level $529 below the rest of the cities and a 3.7 percentage point slower rate of income growth between 1960 and 1970 as shown in table 7.

TABLE 7.—PER CAPITA INCOME AND MEDIAN HOUSING VALUES FOR 123 CITIES 50 PERCENT OR MORE ABOVE THE HARDSHIP INDEX AND FOR 366 CITIES BELOW THAT LEVEL

City category	Median house value (thousands)		Percent increase 1960–70	Per capita income		Percent increase 1960–70
	1960	1970		1960	1970	
Index ranking above 150 (n=123)	$11.2	$14.7	31.2	$1,825	$2,869	57.2
Index ranking below 150 (n=366)	13.7	19.5	42.3	2,112	3,398	60.9

Source: Calculated from: 1960 and 1970 data from U.S. Bureau of the Census, County and City Data Book 1972, table 6 (Washington, D.C., 1972) and County and City Data Book 1962, table 6 (Washington, D.C., 1962).

HOUSING VALUE

The differential for housing values in table 7 is even greater. The absolute difference in the median housing value for 1970 was $4,800; between 1960 and 1970 housing values in the top 123 cities grew at a rate 11 percentage points slower than the values in the other 366 cities studied. Thus, in terms of two important resource bases—income and housing values—the cities with the higher index rankings (i.e. most adverse) tend also to have a lower per-unit tax base, and furthermore that base is growing at a much slower rate than that of the better off cities.

LOCAL SPENDING

When one applies these two resource base indicators against expenditure patterns, the situation is much the same. Table 8 compares spending on common municipal functions between the two groups, using Census of Governments data for 1962 and 1972.

As shown in table 8, the cities at the upper part of the hardship scale, in the aggregate, had slightly lower per capita expenditures in 1962, but the situation was significantly reversed in 1972. The per capita expenditures of the less well off cities went up at a rate 7 percentage points faster than the spending of the other cities. In part, these greater per capita expenditures are a reflection of decreasing population. Thus, while the declining cities at the upper end of the hardship scale tend to have a lower per unit resource base, they tend to have greater per capita common function expenditures and they have collectively experienced a faster per capita rate of growth of spending.

TABLE 8.—COMPARISON OF PER CAPITA SPENDING ON COMMON MUNICIPAL FUNCTIONS, 1962–72

City	1962	1972	Percent increase
Index ranking above 150 (n=123)	$67.16	$141.27	103
Index ranking below 150 (n=366)	68.18	133.63	96

Source: Calculated from U.S. Bureau of the Census, "1972 Census of Governments," "Finances of Municipalities and Township Governments", vol. 4, No. 4, table 22 (Washington, D.C., 1972); 1962 Census of Governments, vol. 4, table 22 (Washington, D.C., 1962).

CITY-SUBURB DISPARITIES

We have also done a second and related index based on socio-economic indicators that measures disparities between central cities and their surrounding suburbs.[4] Using this central city-suburban disparities index, cities rating 100 in the terms shown in table 9 have essentially the same socioeconomic conditions as their suburbs. Cities over 100 are worse off than their suburbs. Of the fifty-five large central cities with significant suburban populations examined forty-three had index rankings greater than 100, two were at 100, ten were below 100, meaning that in these latter cases the central city was better off than its suburbs. There were fourteen cities over 200, representing what can be considered significant socioeconomic disparities between the central city and its suburbs. Of these fourteen "worst off" cities, eleven are in the Northeast Quadrant with only Baltimore, Atlanta and Richmond outside this region. Conversely, of the ten central cities found to be better off than their suburbs (index under 100), all were in the Sunbelt—South and West—except Omaha.

Putting together both the composite "urban conditions index" and this socioeconomic disparities index, we find a striking convergence. Of the fourteen "worst off" cities on the socioeconomic disparities index, nine also have a composite urban conditions rating above 200 (100 percent above the mean). See table 9. On the other hand, of the "10 best" cities on the disparities index, seven have an urban conditions rating of less than 100. Only one of the ten is significantly above the mean. In sum, there is substantial overlap of both inner-city hardship, as measured by the composite urban conditions index, and central city-suburban disparity.

[4] "Understanding Central City Hardship", *Political Science Quarterly*, Vol. 21, no. 1, Spring 1976, pp. 47–62. The six factors used in this analysis were unemployment, dependency, education, income, crowded housing and poverty. Dependency is persons less than eighteen or over sixty-four years of age as a percentage of total population; education is the percentage of persons twenty-five years of age or more with less than twelfth-grade education; crowded housing is the percentage of occupied housing with more than one persons per room; poverty is the percentage of families below 125 percent of the low-income level. The ratios for each indicator were mathematically standardized to avoid giving undue weight to any of the six factors. The mathematical equations used for the analysis and standardizing the data are presented on pp. 61–62 of the article cited.

TABLE 9.—INDEX OF CENTRAL CITY HARDSHIP RELATIVE TO BALANCE OF SMSA FOR CITIES WITH A DISPARITY RATING OVER 200 AND UNDER 100

Central city	City-suburban disparity index	Urban conditions index	Population, 1970	Region
Over 200:				
Newark	422	321	381,930	NEQ
Cleveland	331	291	750,879	NEQ
Hartford	317	223	158,017	NEQ
Baltimore	256	224	905,787	S
Chicago	245	201	3,369,357	NEQ
St. Louis	231	351	622,236	NEQ
Atlanta	226	118	497,421	S
Rochester	215	205	296,233	NEQ
Gary	213	132	175,415	NEQ
Dayton	211	154	243,601	NEQ
New York	211	180	7,895,563	NEQ
Detroit	210	201	1,513,601	NEQ
Richmond	209	137	249,431	S
Philadelphia	205	216	1,950,098	NEQ
Under 100:				
Omaha	98	83	346,929	NEQ
Dallas	97	38	844,410	S
Houston	93	36	1,232,802	S
Phoenix	85	19	581,562	W
Norfolk	82	104	307,951	S
Salt Lake City	80	155	175,885	W
San Diego	77	39	697,027	W
Seattle	67	100	530,831	W
Fort Lauderdale	64	10	139,590	S
Greensboro, N.C	43	40	144,076	S

Sources: Disparity index calculated from data in U.S. Bureau of the Census, " County and City Data Book, 1972" (Washington, D.C., 1972), tables 2, 3, and 6.

III

The material presented in Parts I and II of this testimony lead us to make a number of suggestions about the design of a National Development Bank. Most such proposals involve sets of functions grouped together, and frequently described in terms of the "windows" that would be established as part of this new financing mechanism.[5] While we do not intended this list to be exhaustive, there are a number of possible windows which we think could be established as part of a new Domestic Development Bank:

(1) A Major Projects Window which would particularly deal with the long-term development needs of large urban areas with hardship conditions as identified in the analysis above.

(2) A General Support Window which would make loans to State and local governments on a broader basis than the current market for municipal bonds. The Bank (through the Treasury) would sell taxable bonds and then re-lend to States and localities at an interest rate equal to or somewhat below the tax-exempt rate. This would not eliminate the right of State and local governments to sell tax-exempt bonds.

(3) A Housing Support Window to make loans to State and local housing authorities.

(4) A Rural Financing Window which would assist State and regional institutions that would, in turn, provide financial assistance for rural development projects.

(5) A Small Projects Financing Window which, also working through the States, would assist local communities and private developers in smaller communities and for smaller projects than would be eligible for assistance at the Major Projects Window.

A MULTI-FACETED APPROACH

This kind of a multi-faceted approach would in our view involve various kinds of assistance—direct subsidies in some cases, but not in others—and would operate on a basis that would assist both local governments (for infrastructure and related purposes) and private developers, especially private developers involved in hybrid public-private development undertakings.

At the recent Brookings Round Table conference on urban development banking, developer James Rouse stressed the need for assistance for large projects:

"It is much more in the national interest to plan on a community scale rather than a subdivision scale.

"This is not possible with the mechanisms available in the United States today, either private or public. The quantity of money required and the length of time over which it must remain invested, and the return and the risk, which is a hangover from the recession and the failure of Title VII, is such that the big financial institutions, big insurance companies and funds, are not going to put $150 million into a single project. The quantity of money is greater than that community, however good the prospect, is going to be able to find."

Rouse said this was particularly needed in large, older cities,

"In general we have not been able to do what the older city requires, which is also to develop on a community scale rather than on an urban renewal project scale. Thus, we have not been able to deal with the essential problems of the inner city, with the systems by which people live. This calls for the integration of the things that people do in such a way that a real community emerges."

Another participant, Patrick Henry of the Cleveland Foundation, provided a useful illustration. Explaining the overall Cleveland situation, he said,

"Cleveland is now demolishing more than 2,000 dwelling units a year. In 1974, 1975 and 1976, there were less than 100 new building-permit applications for one and two-family houses. The housing stock is almost entirely frame.

"There are 150,000 or more jobs downtown. With such an economic base, it is not a city that is about to shut down. However, the housing opportunities are getting farther and farther away and becoming more and more expensive."

Henry also described the large University Circle area (near Case-Western Reserve) where a major project is being planned:

"The area just off the University Circle area is bottoming out. Real estate is 'coming on line,' as everyone says in this business. However, we do not have a land acquisition mechanism for intervening at this time to create what the developers keep telling me they want, i.e. a friendly development climate . . . This must include a will to control property and property uses before you ask the developer to come in."

Another participant, Warren Lindquist, stressed packaging and banking functions:

"The Bank could act as a packager to see

[5] A recent Round Table discussion on the subject of "Urban Development Bank" held at Brookings on March 21, 1977 revealed both a high level of uncertainty and difference of opinion as to the role such a new financing institution should pay. "Round Table Discussion on Urban Development Banking," Transcript (Brookings, March 1977: processed).

to it that other existing programs are included in the overall financing package that would utimately be developed. I would also like to make it clear that we are talking about a development bank, and not a bail-out bank. This is a Bank to encourage and accomplish development. In this connection, development can mean rebuilding within the city to the extent that we have obsolete areas in the city and obsolete structures that would not support the kind of activities that will have to be established to regenerate the cities."

PRINCIPLES

The principles that we see as involved in the design suggestions here for a Domestic Development Bank are:

(1) Targeting assistance (i.e. the largest direct subsidies) on the most needy areas.

(2) Stressing large projects, which presently cannot be undertaken and which have two main facets: (a) they create jobs; and (b) they improve the local tax base.

(3) Promoting public-private cooperation.

(4) Relying on State governments (and regional combinations of governments) for smaller projects.

(5) Setting up a new institution which would bring fresh energy to the solution of development problems.

THE MAJOR PROJECTS WINDOW

The Major Projects Window is most related to the research we have been doing on urban problems and programs. We have several suggestions as to how this section of a National Development Bank could operate.

In order to have and follow clear Congressional intent, we believe there should be specific tests of admission for the areas and projects that can be assisted at the Major Projects Window. Three tests we suggest relate to: (1) type of jurisdiction, (2) size of project and (3) the needs of the community. In regard to type of jurisdiction, a jurisdiction to be eligible might, for example, have to be classified as a central city of a Standard Metropolitan Statistical Area (SMSA), or, if it is not a central city, have a population of 50,000 or more.

We also think it would be possible to devise a relative-size test. This could be along the lines of saying that the projected full cost of a Major Project (or small group of projects) would have to have a total cost greater than 2 percent of the annual spending (both operating and capital) of the jurisdiction in which it is located.

The third test suggested relates to economic and social conditions. We believe it is possible now to use available indices of the social and economic conditions of large local governments to identify communities which have a high level of socio-economic need. Table 5 uses such an index to classify urban conditions. We do not suggest that this is the specific index that should be used, rather that a satisfactory measure along these lines could be developed.

In every case we envision that there would have to be carefully defined discretion to the Directors of the Bank. However, we do not think it would be wise to give the Bank full discretion on Major Projects lending. These policy questions—namely who should benefit, how much, and why?—are policy issues that ought to be determined in the legislative process.

Once a jurisdiction and/or project passes the tests of admission, we envision that the Bank would scrutinize these projects and determine their "bankability". They would not necessarily be funded once admitted, but they could not be funded unless admitted.

We also see considerable merit in the proposition embodied in the Humphrey proposal for a Domestic Development Bank—namely the idea that it should be a new and independent entity rather than being assigned as a function to an existing institution, such as the Federal Financing Bank or one of the affected Cabinet departments. It is our opinion that having a new institution would give prominence to this function and bring new energy to bear in government for its successful implementation.

SMALL BUSINESS ADVOCACY AND REPRESENTATION

Mr. McINTYRE. Mr. President, I am pleased to be able to join as a cosponsor with Committee Chairman NELSON on the joint resolution S.J. Res. 69, calling for each executive agency to designate a small business advocate and the bill to increase small business representation on advisory councils.

The issue before us is quite clear. We must insure that our 13.9 million small businesses are adequately represented in all Government agencies, not just the Small Business Administration, which already is an advocate for small business.

Second, we must insure that advisory councils to Government agencies have small business representation on them to insure that the advice given our Government officials from outside the Government takes into consideration the views of small business.

It is our goal, Mr. President, to make sure that all Government agencies in Washington have officials who would be able to make their voices known and heard on behalf of small business. They would operate as advocates to cut down Government paperwork, excessive Government regulation, increase procurements for small business, and operate as general ombudsmen to solve small business problems.

With advice from outside, as provided in the bill to increase small business representation on advisory councils, their job should become easier.

These two pieces of legislation are part of the Small Business Committee's drive to increase awareness of small business throughout the Government, including the Congress. What we need to do over the long run is insure that Government policies consider, foster and improve the lot of small business in the United States.

For too long, small business has been neglected. Tax structures have worked against small business. Government regulations have hampered small business growth, and Government procurement has been designed to favor the biggest businesses over small business.

Mr. President, these two measures are only the first steps in a long march for a better deal for small business.

ACTION NEEDED TO SOLVE THE BRIDGE CRISIS

Mr. SASSER. Mr. President, there is a transportation crisis in this country which has received very little attention.

I am referring to the bridge crisis.

The bridge crisis is a national problem. It affects the quality of life in both rural and urban America.

It has been estimated that there are more than 100,000 bridges in this country which are inadequate and unsafe. In my State of Tennessee alone, there are 2,152 bridges which are deficient or obsolete.

Estimates of the cost of replacing or rehabilitating these bridges run as high as $23 billion nationally. And these costs will surely increase if action is not taken soon to solve these problems.

Mr. President, I would like to call to the attention of the Senate the fact that the Department of Transportation appropriations bill of 1978 which recently passed the Congress addresses this very problem.

The report, which accompanied the Senate version of the bill, stated that $500,000 would be made available from the safer off-system roads appropriation for initiation of an inventory of structurally deficient and functionally obsolete bridges.

I want to commend the chairman of the Transportation Appropriations Subcommittee, Senator BAYH, and the other members of the subcommittee for recognizing the special needs which exist.

We must begin to take the appropriate steps for alleviating these problems.

We must recognize that it will cost a great deal of money to repair and replace these unsafe bridges.

If we are to have a balanced transportation system in this country, we must bite the bullet and provide the necessary funds.

There are several bills which have been introduced which deal with this problem. I am hopeful that the appropriate congressional committees will investigate the national bridge crisis and report legislation which will meet the needs.

Today I have called upon the President to review the problem and direct the Secretary of Transportation to develop proposals for solving this crisis.

I ask unanimous consent that my letter to the President be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., July 28, 1977.

THE PRESIDENT OF THE UNITED STATES,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: There are more than 100,000 bridges in this country which are inadequate and unsafe—a fact which, I believe, constitutes a transportation crisis of tremendous magnitude.

In Tennessee alone, there are 1,646 bridges which are functionally obsolete and another 506 which are structurally deficient.

This is a problem which affects both the rural and urban areas of this country.

I want to call to your attention that the report accompanying the Transportation Appropriations Bill which recently passed the Senate directed that $500,000 be taken from the Safer Off-System Roads Program for initiation of an inventory of structurally deficient and functionally obsolete bridges.

I hope that you will direct the Secretary of Transportation to expedite this inventory so that this information can be made available as rapidly as possible to the Congress and the Administration as a guide for preparing the appropriate legislative programs needed to solve this crisis. I would also urge that you direct the Secretary of Transportation to immediately begin to formulate a strategy for implementing a national bridge repair and replacement program.

Mr. President, solving the bridge crisis will be expensive. However, the longer we wait, the more it will cost. I hope that you will take a personal interest in this problem and provide the leadership for meeting this challenge.

Sincerely,

JIM SASSER,
U.S. Senator.

Mr. SASSER. Mr. President, the National Association of Counties should be commended for their work in this area.

On Tuesday of this week, NACO passed a resolution concerning the Nation's bridge crisis.

I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ON THE NATION'S BRIDGE CRISIS

Whereas, approximately three out of four of our nation's bridges were constructed prior to 1935 and share the same age and inadequate and unsafe condition;

Whereas, there are now at least 39,900 bridges on the federal aid system and 65,600 off the system in need of repair and replacement, and thousands of others requiring immediate attention;

Whereas,

Funding available for federal aid system bridge repair and replacement totals $180 million;

Funding needed for federal aid system bridges conservatively totals $12.4 billion;

There are no special federal funds available for repair and replacement of off-system bridges; and

Funding needed for off-system bridges conservatively totals $10.6 billion;

Whereas, structurally deficient bridges produce massive traffic bottlenecks contributing to overall traffic system delays, increased energy consumption and air pollution, and serious economic consequences for commerce in affected communities;

Whereas, dramatically increasing numbers of branch rail line abandonments and simultaneous increases in legal truck weight limits are increasing the cost of transporting agricultural products from farm to market, minerals and energy sources such as coal, and other bridge uses such as manufacturing;

Whereas, future bridge construction materials will become more expensive and scarce, resulting in future construction problems and costs;

Whereas, deficient bridges constitute a major threat to the lives and physical safety of school children and our citizenry;

Whereas, there are numerous aspects to this bridge crisis, including inspection, record-keeping, load limit enforcement, technological, maintenance, insurance cost, liability, public information and funding needs;

Whereas, responsibility for correction of the numerous and varied problems and needs is shared by federal, state and local governments, and the private sector;

Therefore Be It Resolved that the National Association of Counties urges that:

Congress immediately adopt a major cooperative program of federal, state, county and city action in conjunction with coordinated efforts by all affected private groups to correct this National Bridge Crisis. This program should include:

Greatly increased federal funding for critically deficient bridges both on and off the federal-aid highway system, at a 90% federal funding level;

Distribution of federal funds for on and off-system bridges (excluding Interstate) based on lineal lane feet of existing bridges;

Provisions that an equitable share of funds will be spent on bridges determined by locally elected officials to be of greatest need;

Provisions for local officials to participate in determining what standards are needed to meet local needs;

An accelerated R & D program to provide new methods and materials for bridge construction and maintenance, such as new non-destructive de-icing compounds not destructive to bridge surfaces and undercarriages nor to the environment;

Flexibility in use of funds to meet the appropriate need whether it be structural repair, new decks, complete replacement with a minimal facility or major realignment and replacement, for inspection programs or safety improvements such as approaches;

Creativity in finding ways to speed program approval and construction or replacement to achieve the twin goals of (1) increasing transportation efficiency and safety and (2) expanded employment;

Authority for the Secretary to waive requirements of highway law unnecessary for non-major projects;

Increased emphasis by state and local governments on maintenance and inspection of bridges to identify and correct deficiencies uncovered in inspections and to minimize future deterioration of currently adequate bridges;

Improved enforcement policies and actions to prevent overloading of bridges beyond their structural capacity;

A coordinated program to increase public awareness of our nation's bridge crisis.

Mr. SASSER. Mr. President, 100,000 unsafe bridges do constitute a crisis. We must come to grips with this problem as a national transportation priority.

THE ETHICS OF FULL EMPLOYMENT

Mr. HUMPHREY. Mr. President, I have often asserted that achieving full employment is an ethical issue, a moral imperative of a just society. But somehow, the eyes of policymakers waiver down to the "bottom line" where costs are contrasted with benefits. And too frequently, the two figures, computed in dollars, are the product of a mechanical and ad hoc economic voodoo which does not dig to the core of the choices before us.

And the choices are critically important. Shall we pursue full employment with vigor and imagination? Or shall we concede failure before starting? Is there a right to employment in the United States which we in Congress are obliged to facilitate, or should Government assure only our daily bread and water, leaving those least fortunate in periods of abnormally high unemployment to fend for themselves in finding decent work, however unavailable it might be? You all know my view on these questions.

Because the area of ethics in public policy is usually too casually discussed, I would like to share with my colleagues an excellent and systematic exposition of the ethical need for a full employment strategy in this country. Mr. David L. Harris recently completed his masters degree at the Committee on Public Policy Studies at the University of Chicago. As part of his directed project, he prepared a paper, portions of which bring together an insightful perspective on the full employment choices with which this Chamber and the Nation are faced.

Mr. Harris, in an initial section deleted to save space in the RECORD, cogently argues for an explicit distinction between measurable and foreseeable economic costs of policy alternatives, and human subjective costs. Economic costs can be assigned a dollar figure and be empirically defended. They include induced inflation, or higher budgetary outlays, considerations with which we are well acquainted.

Equally as important, but frequently hidden, are the human costs and benefits which have no firm dollar figure. The additional people who we know will be victims or perpetrators of crimes because society cannot generate enough jobs. The people with no effective ability to fulfill basic freedoms, because they have no economic security. The people who suffer from fractured self-images as a result of exclusion from the economic mainstream, and impose their frustrations on their children.

In a poignant "worst case analysis," Mr. Harris asks, what if the critics of the Humphrey/Hawkins Full Employment and Balanced Growth Act of 1977 are completely right? Should it still be enacted? Critics, of course, charge the legislation will cause higher rates of inflation, a highly uncertain prognosis at best. Mr. Harris concludes that, in that event, society must choose either to share the cost of inflation, or to burden a select minority with the entire cost of unemployment.

Now, of course Mr. Harris and I doubt that such a choice must be made, since the evidence supports the proposition that high unemployment and underutilized resources are the most fertile conditions for inflation. But is it not a simple and just conclusion that, should the choice exist, the continuation of high unemployment is more than we can collectively tolerate with a clear conscience?

The case for fully employing our people is strong, as Mr. Harris convincingly argues. While most of the cost of being out of a job is borne by the person who is without work, we all suffer from wasted labor. Somebody is paying for the minimal consumption of people who are eating, but are not producing, and that somebody likely is working and being taxed. As Mr. Harris observes, recent years have seen extraordinary deficits, as welfare has skyrocketed and the income tax base had eroded. But if the economy had been fully employed, we would have had surpluses, which could have retired some of the national debt, provided expansion of overdue social initiatives, or been returned to the income earners in the form of lower taxes.

I ask those who doubt that the time is now to move ahead with full employment: Why? Why must we wait a day longer?

Mr. President, I ask unanimous consent that sections II and III of Mr. Harris's paper, "Jobs and Freedom: An Ethical Look at the Full Employment and Balanced Growth Act of 1977," be printed in the RECORD.

There being no objection, the sections of the paper were ordered to be printed in the RECORD, as follows:

"JOBS AND FREEDOM: AN ETHICAL LOOK AT THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1977"

(By David L. Harris)

II

America's commitment to jobs

The "Full Employment and Balanced Growth Act of 1977," commonly referred to as the Humphrey-Hawkins Bill, can be thought of as an extension of the Employment Act of 1946. As World War II was drawing to a close, there was great concern over a return to the high unemployment levels of the thirties. The Employment Act of 1946 originally calling for "full-employment" finally passed "declaringing the continuing policy and responsibility of the Federal Government . . . to promote maximum employment, production and purchasing power."[1] This law established the yearly Economic Report of the President, the Council of Economic Advisors, and the Joint Economic Committee of the Congress. It did not create a right to a job, but established a commitment and responsibility on the part of the government to pursue maximum employment, production, and purchasing power. However, most important is the failure to specify practically what affirmed in principle. There is no definition of the term "*maximum* employment," and further there are no penalties for the President should he fail to achieve the goals of the Act. There was no criteria established to determine whether a president's program is the right one at the right time.

Besides the official minor changes in the Law over the years there have been important unofficial changes which, some would argue, defeat the intentions of the Congress. Officially, the date of the President's Report, the structure of the CEA and the name and structure of the JEC have been amended by legislation. More important perhaps were the unofficial changes which have been matters of interpretation. "Full employment" was originally defined as 3 percent of the civilian labor force. This has risen as of 1973 to 4.9 percent. Also, since the Act calls for both "Maximum employment, . . . *and* purchasing power" (emphasis supplied) the trend has been to tolerate higher levels of unemployment to slow inflation.[2] It is against this backdrop that the new legislation should be seen.

Bill 50

The Humphrey-Hawkins bill (S. 50 and H.R. 50) was originally introduced into the 94th Congress as the "Equal Opportunity and Full Employment Act." This version would have established local planning councils and would have provided a job guarantee creating a legal right to a job.[3] A new version of the bill was introduced in March 1976 as the "Full Employment and Balanced Growth Act." It was reintroduced into the 95th Congress in January, 1977.

The stated purpose of the bill as it now stands is "to provide an open process under which annual economic goals are proposed, reviewed and established. . . ."[4] Its inheritance from the employment Act of 1946 can be seen in its amendment to that Act to read "to promote *full* employment, production and purchasing power." (emphasis supplied) To accomplish such intentions the Full Employment and Balanced Growth Act has several major provisions:

A. Establishment of a goal of 3 percent adult unemployment (defined as non-teenage workers) to be reached as promptly as possible, but within no more than 4 years after the enactment of the Act.

B. Requirement that the President annually submit a Full Employment and Balanced Growth Plan along with the Economic Report, which

(1) reviews economic conditions affecting trends in levels of employment, production, and purchasing power;

(2) sets annual numerical goals for employment, production, and purchasing power which are consistent with full employment and balanced growth;

(3) sets a numerical long-term full employment goal; and

(4) recommends the policies, programs, and legislation needed to attain these goals.

C. And in general the establishment of an institutional framework whereby the President, the Federal Reserve Board, and Congress can coordinate national economic policy to achieve the goals set forth in the Act.[5]

The bill is considered by some to be primarily a public service jobs bill since the provision is made that to achieve its goals the government should provide jobs as "employer of last resort." This view is predicated on the belief or fear that the economy will not provide enough jobs to reach the stated goal of 3 percent unemployment regardless of the targeted and aggregate monetary and programmatic stimulus measures utilized. While this is not the intention of the bill, it is a possible outcome and must be considered in any evaluation of costs and benefits.

The basic intention is to provide a mechanism for attending to the goal of full employment. The questions regarding specific policies and economic forecasting are left unanswered. Also mute are competing economic theories regarding causes of unemployment, inflation, and economic boom or bust. The Act does provide for countercyclical, regional, structural, and youth employment policies, thus recognizing a need for targeted programs as well as aggregate fiscal policies.[6] Also recommended are anti-inflation policies, including programs to increase supplies of resources in structurally tight markets, systems to monitor processes in individual sectors, stock piling of critical material in short supply, more rigorous enforcement of anti-trust law, and other legislative and administrative action required to promote price stability.[7] Nevertheless, the bill represents only a shell within which policy may be formed. The major requirement is that adult employment be reduced to 3 percent in four years.

Unemployment and inflation

The central issue dividing those for and against the bill is the relationship between unemployment and inflation. The desirability of low unemployment is often balanced against our fear of inflation. Just how unemployment and inflation are related is not clear. Views range from the direct inverse function of the Phillips' curve, to complete rejection of any trade-off between unemployment and inflation. The first view holds that high unemployment is associated with low inflation and vise versa. The second view attributes inflation to external factors like oil prices and productivity rates.

There is support for both sides. For example, in the short run, one can compare unemployment and inflation for any year since 1952 and find when one is up the other is down. However, if one examines the average inflation and unemployment over the last 25 years, a curious observation is possible. By dividing the period into two periods, roughly 1952 to 1964, and 1965 to 1976 we find the average unemployment for the first period to be 5.00 percent while inflation averaged only 1.31 percent; for the second period unemployment averaged 5.19 percent while inflation averaged a whopping 5.06 percent.[8] This suggests that unemployment should be rejected as the central cause of inflation even though its short term fluctuation leads or follows the rise or fall of inflation. Those who wish to reject the notion of the Phillips' curve are also prone to point to the recent experience of "stagflation" in which we experienced high unemployment and high inflation at the same time.

Costs and benefits

The inflation/unemployment controversy as well as the lack of specific programatic stipulations in the bill, create some difficulty in assessing the probable impact on the economy and in estimating budgetary costs.[9] Since no program mix is specified, economic analysis can only provide illustrations of possible effects of enacting the bill. The actual costs and extent of programs necessary will depend on the measures chosen and their effectiveness on the general economy. This provides opponents and proponents with wide latitude in painting their respective scenarios of the consequences of the legislation. One would do well, therefore, to probe for specific program models underlying particular arguments for or against the bill.

The Congressional Budget Office produced a study paper attempting to analyze the economic impact and budgetary costs of the Humphrey-Hawkins bill, by projecting several possible program mixes. In most ways it is a very fair-handed treatment. According to this analysis, the bill is cited as depending on two different factors:

(1) The underlying strength of private demands in the economy that determine how much unemployment there would have been without passage of S. 50;

(2) The particular policy mix selected to reduce unemployment to the 3 percent range.[10]

The study concludes, "that enactment of S. 50 could result in lower unemployment, but at the risk of substantially higher inflation."[11] The study does concede however, that the best of both worlds is possible. "A set of simulations by CBO shows that reaching a 3.5 percent overall unemployment rate instead of 5.0 percent by 1980 might add roughly 2 percentage points to the inflation rate by 1982. In the long run, on the other hand, it is possible that careful development of employment programs targeted at pockets of high structural unemployment could reduce these inflationary risks . . . Further, vigorous pursuit of anti-inflation measures might increase the feasibility of achieving a 3 percent unemployment goal in a non-inflationary environment.[12] In terms of the whole economy, proponents of S. 50 argue that inflation "is a problem which may arise at any stage of the business cycle, in either a tight or a slack labor market. . . ."[13] Their principle is clear, "The battle for sustained full resource use (labor) and the battle for reasonable price stability should be conducted simultaneously: the two are not in conflict; and neither should be sacrificed to the other.[14] Opponents are obviously not quite convinced.

The budgetary costs of a policy mix which relies heavily on public employment range from $16 billion to $33 billion.[15] Net budget costs taking into account savings from lower unemployment insurance payments and increased revenue from taxes range from $7 billion to $14 billion. For costs of policies that are successful in lowering unemployment through targeted assistance and monetary policy, making public service jobs unnecessary estimates range from $8 billion to $16 billion. The net budget costs for this case are negligible at plus or minus $2 billion. It should be expected therefore that budgetary costs could fall somewhere between these extremes depending on the success of non-public service employment policies.

In assessing the benefits of the passage of S. 50, there are two factors upon which the effects of the bill turn. The first is the level of inflation experienced and the second is the degree of reliance on public service jobs to meet the goal of full-employment. If a high

Footnotes at end of article.

level of inflation occurs under the President's policies the effect will be regressive taxation over the whole economy and a loss of comparative advantage in trade. Those most hurt by inflation will be low and middle income people who are fully-extended in their expenditure rates, and banking institutions who are under contracts of fixed percentage interest rates. While this situation places pressure on a large sector of the economy, employed persons who would otherwise be unemployed will enjoy substantially higher purchasing power albeit at inflated prices. Should inflation fluxuate at lower levels, otherwise unemployed persons will be better off while the rest of the economy's costs are at a minimum. If it is necessary to rely on public service jobs to a large degree, the net budgetary costs could be somewhat higher.

Even though many consider public service jobs as something less than "real" jobs, it must be remembered that besides transferring budget costs from transfer payment categories to public service salaries, some amount of work will be accomplished in terms of making the cities cleaner, improving public safety, and increasing services to communities. Should reliance on public service jobs not be necessary, budgetary cost would be, as we have seen, minimal.

The possibilities then are benefits to the unemployed either at low levels of inflation or low budget costs or benefits to the unemployed at the cost of either higher inflation, large government expenditures or both. The problem is that no forecasting method can tell us what inflation or budgetary costs we may expect. The most certain fact is that based on recent trends, the enactment of S. 50 will provide substantial benefit to the unemployed over what they might otherwise expect.

III

Economic or human values

It has been clear that some of the foregoing arguments and approaches have sought economic solutions while others have sought human solutions. In specific cases one must use his or her own judgment, since opinions of emphasis depend upon one's own point of view. Nevertheless, some striking features of the argument should be pointed out. Of great importance are the technical aspects of the issue. Just what will it cost and just how much inflation will it mean? We have seen that the answers to these questions are uncertain. It could cost a lot or very little, it could mean high inflation or practically none. How then does one decide?

Engraved in stone on one of the buildings at the University of Chicago is the saying, "Without measurement, there is no science." Herbert Stein, the economist, has added "Without forecasting, there is no economics." [16] With reliable forecasting the solution here may appear quite simple. Choose the level of counter unemployment programs which would provide the greatest benefit without being too costly. Even in such an ideal world, however, the real problem becomes apparent. Even if we could say exactly how much or how little inflation would result, when does it become too costly to lower unemployment further? How does one weigh the benefits to the otherwise unemployed against the costs of inflation and/or budget expenditures?

Human rights

The U.S. Government was founded on the principle of human rights. The Constitution included a Bill of Rights setting forth specific rights by law. Most recently President Carter renewed the nation's commitment to the principle of human rights by his stand regarding Russian dissidents and South African blacks. What about the so-called "right to employment"?

Footnotes at end of article.

Modern jurists have divided the notion of rights into two basic categories. The first set of political and spiritual rights include, the right to freedom of religion, freedom of thought and speech, the right to vote, and rights relating to a fair trial. These rights we are most familiar with. The second set of rights are social and economic rights. They include the right to education, the right to social participation, and the right to employment. This second set of rights condition the first set. That is to say, "All men and women have a right to those economic, social, educational and cultural means that are needed in order to actualize their spiritual and political liberties." [17] Human rights are in some ways conditional, i.e. the freedom of speech does not include the right to yell "fire" in a crowded public building. The problem has been to determine ways for all citizens to exercise their social and economic rights without violating other rights in the process. It is relatively easy to declare political rights. It is quite another thing to guarantee economic and social rights. Yet "without a minimum standard of education and economic security, political and civil freedoms can be more formal than real." [18]

Thus, one can add, "The right to a job is the foundation for the exercise of most other rights in America." [19] We will see below that jobs provide more than money. Though some argue that it would be less costly to simply provide for surplus labor through income support measures like unemployment insurance and a negative income tax, it will be shown that jobs provide much more than simple "economic security."

Human costs

Sigmund Freud described psychological health as the ability "to work and to love." While leisure is a goal we all pursue, the failure to find employment is often translated into psychological ill health. Robert Coles points out that most people "find it almost impossible to talk about themselves without reference to the work they do." [20]

When one is without a job, one's self-image suffers. In a society where people are identified with their jobs, lack of a job often means lack of self-worth. This makes employment not a matter of money as much as a matter of self-respect. In the words of one youth:

"The worst time is when I'm looking at myself and I feel lousy so lousy I want to smash a window. If I had a job, I wouldn't be standing there in the first place. Who wants to have that kind of time on his hands? I hate myself: then I hate everyone else. I guess I wish I'd been one of those brainy ones who got a scholarship to college. But college graduates are having their troubles, too. It's a rotten deal when you can't find a job and don't earn your own money. Who wants to draw unemployment money, then borrow from the parents? I feel myself getting younger by the day—becoming a kid, feeling sorry for myself, and getting lazier by the minute. No good. After a while you're ready to return to elementary school." [21]

Such regression or simple depression becomes a severe social loss when translated into the large numbers of unemployed youths.

Another human cost is the growth of crime due to a high incidence of unemployment. The National Commission on the Cause and Prevention of Violence noted that unemployment and subemployment pull many individuals into criminal activities. [22] For some individuals it may be a question of opportunity; for many it is a question of survival. Vernon Jordan of the National Urban League put it this way, "it means that people who are poor, who are out of work, who see no prospects, will find any means to survive even if it means breaking laws. If you do not offer a man productive employment and self-respect and the opportunity to earn his way, he will seize whatever means available to him, regardless of legality. There is a direct correlation between joblessness, . . . and the rising crime rate." [23] Just what this costs in loss of property, health and lives is difficult to assess.

But it would seem that even a conservative accounting of costs due to crime would tip the balance of decision in favor of the Humphrey-Hawkins bill in spite of possible inflation and/or budget expenditures. It seems quite near-sighted to opt for lower inflation at the expense of human lives and property loss, or to opt for lower expenditures for public service jobs at the expense of increased criminal justice demands and security expenditures. Clearly idleness and exclusion from participation in society provides ample opportunity for illegal and often violent attempts to share in the fruits of our society. It should come as no surprise that white collar crime is not an option for those without jobs.

Unemployment entails great loss in terms of human value, as well as some sacrificed economic value. Mental illness, loss of skills, lack of self-respect, and the increased incidence of crime are all social costs which in one way or another bear on the whole society.

Our affirmation of human rights which includes the right to employment, mandates substantial effort toward some kind of full employment economy. The indirect costs of failure to move in this direction are debilitating to the whole society. The loss of human resources and the costs of crime may be isolated through discrimination but they cannot be avoided. Isolation of the problem in our city neighborhoods and insulation from its pain and corruption only deepens the problem. Without jobs there are no alternatives to increased expenditures for transfer payments, and an already overburdened criminal justice system. In the past, excluded people could leave their homes for the frontier. This country has historically been "the land of opportunity" for countless migrants. With the passing of the frontier these opportunities have faded. In a society of ever increasing interdependency, failure to provide opportunities for useful employment becomes a self-destructive crime of the greatest magnitude. From the aspect of human value, protracted involuntary unemployment represents a denial of human rights and an imposition of large indirect costs which ultimately the whole society must pay.

If the worst happens

Two issues must be considered: what would be the total costs of an extensive public service jobs program, and a high inflation rate. First of all, it is not clear that public service jobs will be the end result of the Humphrey-Hawkins bill. As Helen Ginsburg puts it:

"A genuine full employment policy is not simply a public service job program. Such a program cannot by itself guarantee each individual the right to a job. Although a greatly expanded public service jobs program could be and should be a step on the road to full employment and a vital role in a full employment, economy, a full employment strategy requires much more than the creation of public service jobs. It would make little sense, for example, to continue to pursue policies that create unemployment and then create a few public service jobs to compensate partially for the wrong policies." [24]

Even if public service jobs are not real jobs, it appears that such a program would provide far more benefits than costs, especially in the long run. The immediate benefits of the work done would be accompanied by skill development as well as increased

self-respect if properly carried out. Increased self-reliance would mean decreased demand and lower cost for many services in poor communities. Decreases in crime would mean real savings in terms of life and property far exceeding net budget costs. Figures for these effects should be projected. But the indeterminate nature of figuring values for lives saved for example preclude such efforts. These benefits and savings should simply be considered against the costs projected above. They are external to the basic cost/benefit analysis and represent net increases in benefits and net savings in costs. Any guess will do since the effect will be in favor of the bill.

In looking for the causes of inflation, an increasing number of economists are taking serious looks at productivity. It is clear that sacrifice of employment to stem inflation means an equal sacrifice of productivity. Evidence is growing that loss of productivity may result in increased inflation when allowance is made for lag times in the contraction and expansion of goods. "The empirical evidence since 1952 has provided indications that an economy moving toward or coming close to reasonably full resource use tends to be less inflationary than one in the process of stagnation or recession." [25] As evidence, reference is made to charts of the relative trends in economic growth, unemployment, and prices, 1972–1976. What is shown is that when production is up, prices are down. It is even possible to show higher increases in prices during periods of higher unemployment. The most striking feature however, is that prices tend to fluctuate more widely in response to higher or lower levels of production than they do to changes in the unemployment rate.[26] This suggests that unemployment may have served as a kind of scape goat for inflation, and that increased production may be the best tool for fighting inflation.

Be that as it may, if high inflation does occur, what would be the cost? Conventional arguments hold that inflation hurts everyone. However, this is not the whole story. It hurts some more than others. Least hurt are sectors whose income is tied to prices. Salesmen, real estate brokers and others in some cases enjoy comparative advantages when their product prices or the housing values increase faster than the rate of inflation. Next, persons with cost of living increases suffer a marginal decrease in purchasing power. Persons who suffer the most are those on fixed incomes. Here a real disadvantage is experienced which becomes exacerbated over time.

Businesses experience similar differences in effect. Businesses which enjoy cartel characteristics such as the oil industry, insurance companies, or health delivery simply pass on whatever increased cost may occur. The allegation is that during times of high inflation, cost arguments are used to justify additional increases. In any case, inflation causes little pain here. Marginally effected businesses are the small companies and regulated industries which must bear the rising costs prior to achieving price increases or rate hikes. The most severely affected businesses are banks and security markets where contracts involve fixed rates of interest. Every one percent increase in the inflation rate is a one percent decrease in realized profit. Net advantages average 1–3 percent so that increased inflation can mean not only erosion of profits but real net losses. Some attempts have been made to fix interest rates to a floating inflation rate but there has been still opposition due to the unpredictability of interest costs without fixed rates.

The issue is, do the benefits of self-respect, increased purchasing power, and indirect savings weigh more than the costs to those persons on fixed incomes and the banking interests. Clearly, there would need to be sources of relief in extreme cases, but generally the marginal decrease in purchasing power due to inflation seems less than the substantial difference between employment and unemployment, even though the former involves a large segment of the population and the latter a smaller one. To hold otherwise is to say it is better that some should suffer greatly in order that most will be a little better off. As for banks, with particular relief perhaps the adjustments necessary for maintaining income will be made over time. This can be seen in recent adjustments during past inflationary periods. Clearly, while there are difficulties for banks and similar institutions during times of high inflation, they do have the power to adjust, whereas the unemployed are powerless to change the situation. Therefore, even if high inflation would be experienced, the benefits of low unemployment exceed the costs to those most affected. Perhaps historically high unemployment policies have been pursued to lower inflation because banks and fixed income people enjoyed a political advantage to unemployed persons. That is hardly an ethical basis for policy determination.

Full-employment economy

A feature which approaches indisputable status in favor of a full-employment economy for the long term is the fiscal burden of unemployment for Federal, State, and local governments. Annually, as part of the Economic Report of the President, a table is prepared comparing the actual receipts and expenditures of government to those which would have been in a full-employment economy. The figures are startling. In 1975 for example the Federal government actually took in 283.5 billion dollars and paid out 356.9 billion dollars, leaving a deficit of 73.4 billion dollars. The combined deficit for Federal, State, and local governments was 63.5 billion dollars. But, in a full employment economy, the difference between expenditures and receipts results in a surplus of 29.9 billion dollars. This means that unemployment is costing the taxpayer 93.4 billion dollars.[27] This represents 17% of the total government expenditures in 1975! In a full-employment economy all governments could operate on balanced budgets and make tax cuts between 10% and 20%. It could mean new schools, fire stations, public transportation, and cleaner air and water without higher taxes. In 1974, the full-employment combined surplus was even more than the 29.9 billion dollars of 1975. In 1974 we would have had 28.6 billion dollars for improving the quality of life in America.

Conclusion

Everyone agrees that low unemployment is a desirable goal. The fear is that to achieve that goal we must pay the price of inflation and/or costly government expenditures for public service employment. There is no guarantee that higher unemployment will guarantee lower inflation or lower government expenditures. The experience of stagflation is too recent and vivid, and the savings of killing public service expenditures may simply mean increases in categorical expenditures of income maintenance programs in order to stem social unrest. I have tried to explicate some of the broader benefits to be gained from pursuit of full-employment policies, and to expose the nature of the costs if the worst fears are realized. It should be clear that there is little justification in policies which result in enforced idleness and an ever increasing tax burden on those who work. Shortsighted self-interest by employed tax paying citizens has resulted in an increasing segment of society denied participation in the economic life of the culture.

The choice is one between continued exclusion of the few or cooperation by all. If change comes, it must come from those who now work, who pay taxes and have the power to affect the legislation. There is no option for the unemployed. Failure to adopt the Humphrey-Hawkins bill will mean higher taxes to support the poor, increased crime, more broken unproductive lives, and an increasing erosion of the quality of American life. Perhaps we will experience higher inflation or have to rely on public service employment to achieve the goal of full-employment, but the chance of these costs against the certain costs of doing nothing, strongly favor passage of the bill. The course is clear. The burden of proof rests on the opponents of the Humphrey-Hawkins bill to provide a better alternative. Unless one can be supplied, only a measure of compromise should delay the passage of the bill to increase employment and get the American people working together. The longer we delay the more distant becomes any hope of solution.

FOOTNOTES

[1] U.S. Laws, Statutes, *Employment Act of 1946*, Public Law 304—79th Cong., 2d sess. (15 U.S.C. 1021), 1946.

[2] Moses Lukaizer, "The Idea of Full Employment: An Historical Perspective on Policy," *Civil Rights Digest*, Winter-Spring, 1976, p. 11.

[3] U.S. Congress. House. *Equal Opportunity and Full Employment Act*, as introduced January 14, 1975, 94th Congress, 1st sess., H.R. 50.

[4] U.S. Congress. House. *Full Employment and Balanced Growth Act of 1977*, as reintroduced January 4, 1977, 94th Cong., 1st sess., H.R. 50, p. 6.

[5] *Ibid., sec.* 103, 104, 202, 306.

[6] *Ibid.*, Title II.

[7] *Ibid.*, Section 107.

[8] Calculated from Bureau of Labor Statistics figures.

[9] U.S. Congress, Congressional Budget Office, "An Economic Analysis of the Full Employment and Balanced Growth Act of 1976," a study by Nancy S. Barrett and Michael S. Owen at the request of the Joint Economic Committee, March 21, 1976, p. 2.

[10] CBO, *op. cit.*, p. v.

[11] *Ibid.*

[12] *Ibid.*, pp. v–vi.

[13] Hubert H. Humphrey and Augustus F. Hawkins, "Toward Goals for America," The Humphrey-Hawkins bill "Full Employment and Balanced Growth Act of 1977" (S. 50 and H.R. 50) A Discussion of the Issues (Pamphlet) (Washington, D.C.: 1977), p. 40.

[14] *Ibid.*

[15] CBO originally projected a top end of $44 billion. However, this assumed "adult" to include 18 and over.

[16] Herbert Stein, at Brookings Institute lecture April 25, 1977.

[17] Douglas Stern, "Rule of Law and Politics in a Revolutionary Age," *Soundings*, Vol. II, No. 4, Winter, 1968, O. 377.

[18] "The Spirit of the New Delhi Congress," Newsletter of the International Commission of Jurists No. 6, March–April 1959, p. 13, contained in previously noted article, p. 376.

[19] Bernard E. Anderson, "Full Employment and Economic Equality: Jobs and Minority Progress," *Civil Rights Digest*, Winter–Spring, 1976, p. 21.

[20] Robert Coles, "Work and Self-Respect", Daedolus, Fall, 1976, p. 37.

[21] *Ibid.*, p. 38.

[22] National Commission on the Causes and Prevention of Violence, *To Establish Justice, to Insure Domestic Tranquility* (Washington, D.C., 1969) pp. 27–37.

[23] U.S. Congress. Joint Economic Committee—*Thirtieth Anniversary of the Employment Act of 1946—A National Conference on Full Employment*. Hearings 94th Cong., 2nd sess., 1976, Prepared Statement by Vernon E. Jordon Jr., p. 17.

[24] Helen Ginsburg, *Unemployment, Subemployment and Public Policy* (New York: Center for Studies in Income Maintenance Policy, New York University, 1975) pp. 128–129.

[25] Humphrey, "Toward Goals for America", p. 37.

[26] *Ibid.*, pp. 41–46.

[27] *Economic Report of the President, 1976*, p. 55.

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THE FAIR DEBT COLLECTION PRACTICES ACT: A COOPERATIVE EFFORT

Mr. RIEGLE. Mr. President, I am extremely pleased to report that the Committee on Banking, Housing, and Urban Affairs has without objection ordered the Fair Debt Collection Practices Act—amending H.R. 5294—reported to the Senate floor with the recommendation that it be passed.

My pleasure with this action stems not only from my role as principal author of this legislation, but also from the broad-based and bipartisan support which this important and necessary legislation has attracted. While one would of course expect consumers to endorse this bill, it is most noteworthy that among the many ardent supporters are State law enforcement officials, the FTC, and both national organizations which represent independent debt collectors.

The reason for this widespread support is simply explained: The Fair Debt Collection Practices Act is consensus legislation which was drafted in consultation with all parties of interest. The Consumer Affairs Subcommittee, after extensive hearings in May, counseled with State and Federal law enforcement officials, consumer groups, and debt collectors. The result is effective, reasonable, and workable legislation which will achieve its objective of stopping collection abuses while also permitting ethical debt collectors to do their jobs effectively.

Unfortunately, there is a small but vocal element in the debt collection industry that long ago decided it would oppose any legislation no matter how reasonable or necessary. The charges this

group has leveled are not only factually erroneous, but also refuted by the overwhelming majority of the profession.

Rather than address these doomsday predictions, I would like simply to quote from the letter sent to all members of the Banking Committee by the president of Associated Credit Bureaus, a national representative of the industry.

I am pleased to tell you that Associated Credit Bureaus, Inc., through its Executive Committee has unanimously voted to support the [legislation] before you. We feel this is a good piece of legislation and one that will enable reputable, ethical debt collectors to operate without any serious probems. At the same time, we feel it will eliminate those unethical practices which have unfairly harassed consumers in the past. Thus, we strongly urge passage of the [legislation] without further amendment.

Mr. President, the Fair Debt Collection Practices Act is significant because it is effective, reasonable, and workable legislation. It is also significant because it demonstrates that business, Government, and consumers can get together and in a cooperative spirit agree on legislation which is in the national interest.

IS THE SENATE BEHIND THE PRESIDENT?

Mr. PROXMIRE. Mr. President, the President of the United States is one of the very few men in the world who has the power to focus the attention of all Americans and all citizens of the world on a small handful of issues. The President must select these issues with the utmost care; he must be absolutely convinced that the matters he chooses are of enormous importance.

President Carter has chosen to bring to the world's attention the need to protect human rights and to root out those that would, for one selfish reason or another, deny individuals their fundamental rights as human beings.

In making his selection, Mr. Carter has chosen an issue that has been dear to the hearts of Americans since the founding of the country. In 1776 those struggling to build a new nation on the highest of principles dedicated themselves to the self-evident truths—"that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness."

President Carter has traveled across the country discussing the urgent need to assure that all peoples of the world—not just Americans—enjoy the very basic rights that our Founding Fathers insisted must be preserved by any government that seeks to be legitimate. The President is not asking that the people of the world be given a comfortable home, a high standard of living, or any of the many other luxuries Americans enjoy. He is asking only that very basic rights are respected, such as their right to live and the right to speak without fear of repression.

Mr. President, now that Mr. Carter is focusing the attention of the world on the very serious problem of the invasion of human rights, now that he is urging other nations to end the oppressive policies which are destroying the lives of their own people, what is the Senate doing?

Well, Mr. President, I hate to admit it, but the Senate is turning its back—as it has for the past 28 years—on one of the most important international human rights documents of the century.

Mr. President, there can be no greater slap in the face of the President or in the face of Americans than the Senate's continued refusal to ratify the Genocide Convention. The very least we can do to help protect human rights and show the world that the Senate stands with the American people, not against them, in their concern with the basic rights of all men, is to promptly ratify the Genocide Convention.

DEATH OF ARCHBISHOP COLEMAN CARROLL

Mr. CHILES. Mr. President, "the priests and faithful of the archdiocese have lost a dedicated shepherd. The oppressed have lost a powerful friend."

Those heartfelt words refer to the Most Reverend Coleman F. Carroll, archbishop of Miami, who passed away Tuesday at age 72. I certainly share those sentiments as expressed by the Most Reverend Edward A. McCarthy, who succeeds Archbishop Carroll.

Funeral services for the archbishop are being held today in Miami, and our prayers are with him and all those who share his loss.

Archbishop Carroll was a man of the people. His love led him to befriend refugees and feed people. On holidays he traditionally went to Camillus House, a center for Miami's street people, where he would personally serve meals. He was known for his efforts to promote racial harmony. He has provided great help for refugees from Cuba.

He made a powerful impression. A tall, sturdily built man, he had a tough, conservative philosophy and was an outspoken clergyman with a quick Irish wit. He wielded tremendous impact in anything he became involved in.

Archbishop Carroll, born in Pittsburgh, had two brothers who also joined the priesthood. They became known as the family of priests.

The archbishop was ordained in June 1930, and began parish work, taking time out for his doctorate of canon law at Catholic University in Washington, D.C. Later, he taught philosophy and ethics at Mount Mercy College in Pittsburgh for 10 years. In 1949 he organized St. Maurice Parish in Forest Hills, Pa., and in 1951 was named pastor of Sacred Heart Church in Pittsburgh.

Archbishop Carroll was named bishop of Pittsburgh in 1953 and then in 1958 became the first bishop of the newly created Miami diocese which was formed by splitting America's oldest Catholic diocese—St. Augustine.

In 1968 the south Florida area became an archdiocese, encompassing the counties of Dade, Broward, Palm Beach, Hendry, Collier, Glades, Martin, and Monroe. The 130 parishes in those eight counties serve more than 700,000 Catholics.

The archbishop was sometimes called controversial because he was willing to deal openly with the concerns and problems of religion, church, and society, usually in his forceful style.

This I know: this world has been well served by his passing this way over the past 72 years. But we will continue to benefit from his good works in the years to come.

NATIONAL FOREST TIMBER SALES

Mr. KENNEDY. Mr. President, in recent weeks there has been a good deal of discussion in the pages of the RECORD concerning the relative merits of sealed versus oral bidding methods for sales of national forest timber. The focus of the discussion is S. 1360, a bill by Senators CHURCH and MELCHER, which would effectively exempt much of the West from the sealed bidding requirements of the National Forest Management Act of 1976.

The requirement that sealed bidding be the norm for sales by the Forest Service of national forest timber reflected Congress concern that oral bidding—the method which has previously been used extensively in the West—made collusive bidding easier to engage in and more difficult to detect. Sealed bidding is the usual practice followed in sales of Government property, and Congress saw no reason why western timber should be treated differently. Moreover, the regulations eventually adopted by the Forest Service pursuant to the NFMA require that only 25 percent of the timber need be sold by sealed bid. And, where a dependent community may be adversely affected, even this minimal requirement may be waived.

Supporters of S. 1360 allege that even the 25-percent sealed bidding requirement has created severe problems in the West. They say that small sawmills are now unprotected against large timber companies who will outbid them on timber lots in regions far from those companies' normal operating areas. They say that the economic life of communities that are dependent on the timber industry will be disrupted, because sawmills in those areas cannot be assured of an adequate supply of timber to meet their operating needs. And they say that collusive bidding has not been a problem in the West, and that, in any event, sealed bidding will not prevent collusion from occurring.

On the issue of protecting dependent communities and local timber industries, I have seen no persuasive evidence that section 14(e) has or will cause any long-term disruptions. Under sealed bidding it is true that only one bid can be submitted. Yet in oral bidding any bidder can proceed to the limits of his financial capability, or beyond it if he so chooses. Thus, neither bidding system offers any guarantee that timber will be milled in a dependent area unless a specific regulation defines the area and holds the timber in it.

I fail to see, therefore, how a return to oral bidding is going to provide any greater degree of protection to dependent areas. Moreover, Senators should be aware that existing Forest Service regulations already provide several real options that bidders, communities, or the

Forest Service now have which would afford the needed protection without any changes in the existing law:

First. Under 223.7 an unsuccessful bidder or community which believes either that it is dependent or that loss of a sale will affect jobs or close a mill may protest the award of the sale to the high bidder. This has been done only once since 1960.

Second. If the unsuccessful bidder believes a monopoly by a bidder may threaten other mills in the area or result in timber being removed from the area it may protest the award to the high bidder.

Third. A formal request under 16 U.S.C. 583 (b) and (d) may be filed for a community unit to allocate defined Federal timber to a defined market area. Bidding would be restricted to mills in the area.

Fourth. The Secretary, may, on his own motion, increase the use of oral bidding (as the new regulations provide) if, in his judgment, this will protect a dependent community. Up to 100 percent may be oral bidding.

Fifth. Where special needs for small business are defined, a greater volume of sales can be placed under set-asides as provided by the 1958 law. Competitive bidding is then restricted to small firms and may also be restricted to small firms in the dependent community.

If dependent areas are already protected, why, then, is a return to total oral bidding procedures needed? If, as the Justice Department maintains, sealed bidding makes collusion more difficult to engage in and easier to prove, why should we not adhere to this practice in sales of a public resource as important as national forest timber?

Proponents of S. 1360 indicate that collusion in western timber sales is not a problem, and that even if it were, sealed bidding would not prevent it. The Senate should also be aware, however, that an official of the National Forest Service, who until his retirement was head of the Pacific Northwest region, took a decidedly different view. In a series of memorandums to the Chief of the Forest Service in Washington, Regional Forester T. A. Schlapfer and his associates argued without success for permission to implement sealed bidding requirements similar to the ones the Forest Service itself has now instituted pursuant to the National Forest Management Act. While overwhelming industry opposition eventually killed the proposal, I believe that Mr. Schlapfer's comments on the problems of collusion in the Pacific Northwest and on the merits of sealed bidding in dealing with it will be of interest to all Senators. I ask unanimous consent that the memorandums be printed in the RECORD.

There being no objection, the memorandums were ordered to be printed in the RECORD, as follows:

U.S. FOREST SERVICE,
Portland, Oreg., November 17, 1975.

To: Industrial Forestry Association; Western Forest Industries Association; North West Timber Association; Northwest Pine Association.

GENTLEMEN: The following recent developments have made it appropriate for us to carefully examine the Region 6 bidding policy as currently enunciated in FSM 2431.55.

1. The criminal conviction of five companies and two individuals in this Region for violation of antitrust laws by collusive bidding in connection wtih oral auction timber sales.

2. The considerable amount of bidding being encountered with auction sales that would appear to have no reasonable relationship to market conditions which could be anticipated in the foreseeable future.

It is being repeatedly suggested that the above developments would not likely occur if sealed bidding was used. We are inclined to agree. However, insofar as possible, we want to maintain a bidding policy that will give established mills in an area a reasonable opportunity to meet significant outside competition in the open.

To meet the above described objectives and also to reduce our sales action workload, it is our plan to revise instructions in FSM 2431.55. A copy of the proposed revision is enclosed for your information. It is our intention to issue the enclosed revision for use by January 1, 1976. If you have comments concerning the revision, they should be furnished well before that date.

Sincerely,

C. G. JORGENSEN,
Director.

Enclosure.

DECEMBER 1975.

TITLE 2400—TIMBER MANAGEMENT

2431.55—Sealed Versus Auction Bidding. The principal basis for oral auction bidding is to make it possible for local established mills to meet strong outside competition in the open for significant volumes of timber. Oral auction bidding will not normally be used with sales that meet any of the following conditions:

1. All sales under 2,000 M board feet.

2. Sales that equal or exceed 2,000 M board feet, if only token bidding from outside competition has occurred in an area for the last three or more such timber sales.

3. A majority of the established local operators have requested use of sealed bids with all sales.

4. When a sale is reoffered after all bids have been rejected. (FSM 2431.72a)

Exception may be made to the above conditions only where there is good reason to believe that use of sealed bids would be contrary to the public interest or where application of such a policy would be discriminatory to a particular group or size of operators.

FOREST SERVICE,
Portland, Ore., April 5, 1976.

Reply to 2430 Commercial Timber Sales.
Subject Region 6 Proposed Bidding Policy.

Chief: This is in response to George Leonard's verbal request that we submit our proposed bidding arrangement to you for review and approval.

Our proposal is attached. We request your approval so we can implement it not later than July 1. Our proposal is to test an alternative bidding arrangement for one year. At the end of the year's test, a decision will be made as to future use.

I urge that we take timely action. Nearly one year has elapsed since the trial on the North Santiam case. The Justice Department is actively investigating other cases in the Region. One case already has involved grand jury action. We cannot afford to be caught without having taken any action in event there is another conviction.

Last November we made a proposal to industry for judicious use of a mixture of sealed and oral auction, using a suggested set of criteria to determine when sealed bids would be used. We received overwhelming objections from industry. Only a few people favored our proposal. Since then we have had many discussions with industry groups trying to find a workable solution. Generally, industry has not made any constructive suggestions. They do not recognize that there is a problem.

When we learned that you were going to discuss the bidding subject at the Madison meeting, we postponed our actions waiting to see the results of the meeting. In essence, nothing of significance happened. If anything, the water was muddied, as some industry people now feel that you are not going to support any change in our bidding practice.

We are firmly convinced that we have to make a change in order to improve our image of protecting the public interest. A Salem newspaper has written several critical editorials. These are attached for your information. We could not find another article that contained a story that Mr. Miller, the Government's principal witness at the North Santiam trial, is considering suing the Forest Service to force us to make changes in bidding. His attorneys have talked to us to get background on the situation. I believe they are just waiting to see if we do anything.

Mr. Jorgensen has informally explored the attached proposal with the industry associations. He told them that he was going to recommend the procedure for line consideration. He had meetings scheduled with industry to discuss the concept in more detail, but cancelled the meetings when he learned that you wanted to review the proposal before we go any further.

Thus, industry has some knowledge of our thinking so the proposal will not be a surprise to them. They are also aware of the fact that you have asked OGC for a legal opinion on the extent of Forest Service responsibilities with regard to prevention of collusion. If OGC advises that we have no legal responsibility beyond reporting indicators of collusion, industry is going to insist that our efforts be limited to monitoring.

I believe this is a situation where we have to make our decision based on the public interest, even though we do not have industry's support. Monitoring alone has not been successful in the past, and we do not think it will be in the future. There are situations in the Region where many people believe that collusion exists, yet we have never been able to get any evidence to support corrective action.

The local Department of Justice people believe strongly that we should go to sealed bidding. They believe we are putting too much emphasis on our community stability policy as the reason for continuing oral auction to permit the local mills the opportunity to meet outside competition. Possibly you may wish to ask the Department of Justice for their recommendations.

One item in our proposal that is somewhat flexible is the percent of sales to be sold by the alternative bidding method. We need a big enough sample so that we have a valid test. We used judgment in arriving at the 25 percent level. We will give further study to a statistical analysis to see if a smaller test would be valid. In any event, the test should be broad and cover all variations in the Region, in contrast to testing on only a few units.

Please give our proposal your favorable and prompt consideration.

T. A. SCHLAPFER,
Regional Forester.

Enclosure.

REGION 6 RECOMMENDED BIDDING AND MONITORING SYSTEM

BIDDING

A one-year test will be made of an alternative bidding arrangement. At the end of the year an analysis will be made of the results and consequences, and a new decision will be made as to whether to continue, increase, drop, or amend the alternative bid-

ding arrangement. Because of the variability in situations and conditions throughout the Region, it is planned to sell 25 percent of the sales on each Forest (with the exception of the Colville where a mixture of sealed and oral auction is being used) by the alternative method. Sales will be picked at random to avoid not only bias, but also to avoid pressures that would develop if the sales were picked on a judgment basis. It is planned that when a Forest prepares their six months sale announcement, they will apply a system of random numbers or other random selection to determine which sales on the list are to be sold under the alternative arrangement. This will be announced as a part of the six-months sale plan.

The alternative bidding system will operate as follows:

Qualifying sealed bids will be required. The bids will be opened and posted. A determination will be made of the two high sealed bids. Only the two highest bidders will be permitted to participate in the auction. Auction bidding will start at the highest bidder's sealed bid rates. The final high bidder will be determined by the usual auction process.

In addition to the basic system explained above, the following rules will apply for certain situations:

1. If there is only one bidder, the sale will be awarded to him at his sealed bid offer.
2. In event of tie sealed bids by the top two bidders or by the second and third bidders, all bids will be rejected and the sale will be reoffered on a straight sealed bid basis. This is necessary to avoid any allegations that the two tie bidders may have colluded.
3. If the sale is a set aside sale, only the two highest small business bidders may participate in the auction.

MONITORING

A simple monitoring system will be employed as a screening devise to determine where further analysis should be made. Again, because of the difference in the number of sales and bidders by Forests, a different process will be used on the East Side and West Side of the Region.

Mr. KENNEDY. Mr. President, finally, as one who is deeply concerned about the increasing concentration that is occuring in many segments of American industry and about the anticompetitive practices that have been used to achieve it, I am extremely reluctant to allow a wholesale return to oral bidding practices in the West without strong justification for doing so. That justification, to my mind, has not been shown. The fact is, simply put, that competition for existing stocks of national forests timber is bound to increase as overall demand for timber increases and private sources are depleted.

I think that it is the obligation of Congress to insure that national forest timber is available at a fair price to all who want to bid on it, and to do so without causing unwarranted disruption in dependent communities. Section 14(e) of the NFMA, together with the Forest Service regulations, are likely to achieve both these objectives. They should be given an opportunity to work.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

William H. Shaheen, of New Hampshire, to be U.S. attorney for the district of New Hampshire for the term of 4 years vice William J. Deachman III, term expired.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, August 5, 1977, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ORDER TO AMEND TIME LIMITATION AGREEMENT—S. 1380

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that with respect to the time agreement entered into previously on S. 1360, a bill to establish an advisory committee on timber sales procedure, the name of Mr. CHURCH be substituted for the name of Mr. BUMPERS as one of the Senators in control of the debate on the passage of the bill.

THE PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR COMMITTEES TO FILE REPORTS UNTIL 7 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to have until 7 p.m. today to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR COMMITTEE ON GOVERNMENTAL AFFAIRS TO FILE REPORT BY OCTOBER 31, 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be given until October 31 to report to the Senate with recommendations on whether it is desirable to permit Senators to mail franked mail with a simplified form of address pursuant to section 306 of Senate Resolution 110.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT CALENDAR

Mr. ROBERT C. BYRD. Mr. President, there is one measure on the Unanimous Consent Calendar which has been cleared for passage by unanimous consent, I believe yesterday or the day before. I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 340.

The PRESIDING OFFICER. Without objection, it is so ordered.

DONALD S. TOWLES

The resolution (S. Res. 232) to pay a gratuity to Donald S. Towles, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Donald S. Towles, widower of Barbara D. Towles, an employee of the Senate at the time of her death, a sum equal to two months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PUBLIC FINANCING OF SENATE ELECTIONS

Mr. ROBERT C. BYRD. Mr. President, one of the most important goals of any change in our election laws, or in laws regulating campaigns for office, must be to facilitate and encourage participation in the political system by our citizens.

Unfortunately, voter participation in elections is disappointingly low. The highest voter turnout in this century was 65 percent of those eligible to vote, and that was back in 1908. In the last election, the turnout rate was only 55 percent of the voting age population. Only a fraction of those who vote actually participate in campaigns—by volunteering their services, or making campaign contributions.

Our country has changed a good deal since 1908, and so have political campaigns.

Each step in the process of bringing election laws up to date with the times has been carefully considered. I believe that each of the reforms of the last decade has had a beneficial impact on the political system. Political campaigns are today more open, more broad-based in their support than they were 70 years ago or 10 years ago.

An important step remains to be taken: extension of partial public financing to congressional general elections. I hope that this Congress will take that step.

It is a particularly important step to take in view of the troublesome fact that, although voters today are more educated and more accessible to candidates than ever before, their willingness to participate in the electoral process continues to decline.

I believe—and I hope—that enactment of public financing for congressional campaigns will begin to reverse that trend. Passage of this bill will promote more open elections, free of domination—or the hint of domination—by special interests and will encourage increased participation in the electoral process by the average voter.

These two factors—reducing the influence or apparent influence of special interests, and increasing individual participation—go hand in hand. The bill

would accomplish these objectives in several ways:

First. By providing candidates with partial financing of campaigns from a checkoff fund, their need to obtain large contributions from private sources is reduced.

Second. By providing that only contributions from private individuals, and not those from organizations, are eligible for matching funds, the bill emphasizes the role of the individual voter.

Third. By providing that only individual contributions up to $100 are eligible for matching, the bill creates an incentive to draw the average voter into the campaign process.

Most importantly, perhaps, this bill help to increase the trust of the American people in the electoral system. The average voter feels disenfranchised by the present system of campaign financing.

It is time for Congress to listen to the people—and I include those who do not speak on election day. Our Government is only as healthy and as strong as public support will permit it to be. It is urgent that we draw as many people as we can back into the electoral process, that we remove the barriers to participation which have developed with the changing times. Let us remind the people, once again, that this is their Government.

Mr. BAKER. Mr. President, while the distinguished majority leader and I may disagree on the means of achieving the end to which he refers, that is, greater citizen participation in the election, we certainly agree that there should be greater participation.

I cannot help at this late hour, just before this session of the Senate has ended, pointing out a contrary view that was brought to my attention recently when a friend of mine was campaigning in my State.

He had the opportunity to see some old friends sitting on a park bench outside the courthouse. He walked up and said, "Hello, my name is John Jones and I would like you to vote for me." The old fellow looked up and said, "I never vote. It just encourages them." [Laughter.]

ORDER FOR RECESS UNTIL 3 P.M., MONDAY, AUGUST 1, 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 3 p.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR CERTAIN TECHNICAL AND CLERICAL CORRECTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized in the engrossment of S. 1678 to make any necessary technical and clerical corrections.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 3 P.M., MONDAY, AUGUST 1, 1977

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 3 p.m. on Monday.

The motion was agreed to; and at 5:20 p.m. the Senate recessed until Monday, August 1, 1977, at 3 p.m.

NOMINATIONS

Executive nominations received by the Senate July 29, 1977:

FEDERAL POWER COMMISSION

Georgiana H. Sheldon, of Virginia, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1979, vice James G. Watt, resigned.

Charles Brent Curtis, of Maryland, to be a member of the Federal Power Commission for the term expiring June 22, 1982, vice William L. Springer, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 29, 1977:

FEDERAL HOME LOAN BANK BOARD

Robert H. McKinney, of Indiana, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1981.

DEPARTMENT OF JUSTICE

James K. Robinson, of Michigan, to be U.S. attorney for the eastern district of Michigan for the term of 4 years.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

BARTLESVILLE CENTER IMPROVES REREFINING OF USED MOTOR OIL

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. JONES of Oklahoma. Mr. Speaker, I have had the pleasure of visiting the Energy Research and Development Administration Research Center in Bartlesville, Okla., on several occasions, and I am most impressed with this facility's outstanding research being pursued by a highly dedicated staff.

I want to share with my colleagues an article describing the motor oil rerefining research project which the center has undertaken. Rerefining oil is just one of the many ingenuous and forward-looking energy projects being conducted by the Federal Government which will obviously pay off in meeting our energy demands in the next century.

However, in the short run, we are going to have to rely on the traditional fossil fuels of oil, gas, and coal. And we must expand domestic production of these fuels in order to reduce our reliance on foreign imports so that we have a stronger position in foreign policy and are not at the mercy of cartel nations which can wreck our domestic economy.

For this reason, I have offered an amendment in the Ways and Means Committee which I hope to offer on the House floor that will plowback a part of the crude oil equalization tax to development and exploration of new oil and gas supplies, thereby increasing our drilling activity and helping us in the next two decades to reduce the percentage of imports we need in our daily energy consumption.

Following is the article on the Bartlesville ERDA Center's motor oil rerefining project which was published in the Tulsa Tribune on July 21, 1977:

BARTLESVILLE CENTER IMPROVES REFINING OF USED MOTOR OIL

NEW YORK.—Instead of going up in smoke or down the drain, your car's dirty motor oil soon might be "rerefined" through an environmentally safe process which will help conserve dwindling reserves of crude oil.

"We think, based on limited economic studies, that we can make good quality lubricating oil from used oil at a better price than with virgin oil," said C. J. Thompson, a chemist at the Energy Research and Development Administration's research center in Bartlesville, Okla.

The crude oil eventually saved by the process could run more than one million autos or heat 650,000 homes each year, he said.

For years, used motor oil has been collected and rerefined. But the process produced an acidic sludge which fouled waters and killed fish near the plants, Thompson said. Protests helped reduce the number of rerefining firms from 150 several years ago to about 30 today.

Other factors in the dramatic decrease in rerefining, according to a spokesman for the Association of Petroleum Re-Refiners in Washington, were economic and legal.

"A lot of rerefiners' raw material is being burned as fuel, and that is wasteful of a vital resource and puts lead in the atmosphere at excessive levels," said Duane Ekedahl.

In addition, Ekedahl said, changes in tax laws and a requirement that rerefined oil be clearly labeled as such hurt the industry. So more and more used motor oil is dumped or is used to heat institutions such as schools or hospitals.

Industry officials say this is wasteful because for every gallon of dirty oil that is not rerefined into lubricating oil, a gallon of crude oil must be drastically and expensively refined. The refining process for motor oil uses more crude and more energy than the process that produces heating oil.

According to federal figures, only about 8 per cent of used motor oil is rerefined. About 43 per cent is burned, 18 per cent is used to "wet down" dusty country roads and most of the other 31 per cent is either poured down storm sewers or dumped on land.

"The stuff is being scattered all over the countryside," Thompson said.

But he and his coworkers believe that as much as 30 per cent of the used oil eventually can be reprocessed and used as replacement oil in vehicles. Within 10 years, one billion gallons of lubricating oil a year could be produced through refining, Thompson said.

Rerefined oil now can be bought by the consumer for 25- to 35-cents per quart. Thompson estimates that the cost of oil produced by the new process will fall somewhere between 35 cents per quart and the cost of virgin oil, which ranges from about 60 cents per quart to over $1.

The new process involves heating the used oil to remove some of the water and other liquid impurities. A nonacidic solvent which uses alcohol and other substances removes the other impurities. The result is then subjected to conventional lubricating oil steps such as distillation, color and odor improvement and inclusion of additives.

Thompson said researchers have been working on the process for five years.

The product is being tested in a two-year program at Iowa State University. About two dozen state vehicles are using conventional motor oil, the rest are using rerefined oil.

Preliminary results from the first 10 months of the test show that rerefined oil works as well as, if not better than, conventional oil in auto and truck engines, Thompson said.

By 1980, ERDA hopes to construct a demonstration plant to test the new system on a large scale, Thompson said, but he already is virtually certain that the process will be successful.

"We are making a quality engine oil, and we're doing it significantly cheaper (than with virgin oil)," he said. "I believe the industry will be turned around in a few years."

Ekedahl said the rerefining industry supports ERDA's work.

"We are very, very positive about the work that has been done generally by that lab," he said. "They have been one of the most knowledgeable government labs."

Large oil firms say they support anything that will stretch reserves of crude oil. But firms contacted in a spot survey said they have no operations of their own dedicated to rerefining of motor oil.

Gulf Oil Corp., however, filters used motor oil from its delivery trucks and mixes it on a 1 to 20 basis with diesel fuel. In addition to stretching fuel, company officials said, the new mix emits a cleaner exhaust.

Mobil Oil Corp, markets a "synthesized motor oil" which is based on crude oil but is chemically altered to help reduce engine friction. The firm says its product improves gasoline mileage by an average of about one-half mile per gallon and, of course, helps preserve crude oil stocks. But the product costs three times more than conventional lubricating oil and more energy is needed to produce it.

Atlantic Richfield Co. recently announced development of a pitch-black motor oil fortified with graphite. It, too, results in a moderate improvement in gasoline mileage.

MINIMUM WAGE LEGISLATION

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. RICHMOND. Mr. Speaker, I rise in support of H.R. 3744, a bill which makes severely needed improvements in current federal minimum wage legislation. I encourage my colleagues to support the recent compromise reached on an increase in the minimum wage level and urge them to oppose any crippling amendments to this bill.

The present minimum wage of $2.30, provides a minimum wage worker with an income of $5,000, which is lower than the established poverty level. Since 1974, when the wage of $2.30 was adopted by Congress, this country's low-wage workers have had their purchasing power seriously diminished by rapid increases in the cost of living. This legislation, which would establish a new wage of $2.65, would help these low-wage earners recoup some of the damages suffered over the past several years and could possibly reduce dependence on food stamps and other programs intended to supplement the incomes of our lowest paid workers. Essentially, the Congress would be taking an important step in guaranteeing a decent and healthy standard of living for all of our workers.

By including a provision for systematic, annual increases in the minimum wage, we are also including some measure of assurance that the wages of our lowest-paid workers in the future would be commensurate with changes in the economy. Traditionally, the individuals covered by the Fair Labor Standards Act have had to bear the brunt of the inflationary spiral because their incomes remained stable while costs have soared.

Finally, I would like to express my disapproval of efforts to establish a subminimum wage for youth. Proponents of this theory argue that the minimum wage stands in the way of maximum employment opportunities for young people and minorities. However, there has never been any evidence to substantiate this claim. As a supporter of jobs programs for the Nation's young people and a sponsor of legislation to provide increased employment opportunities for middle-aged and older workers, I could never support a concept which displaces one group of workers at the expense of another. I share the conclusion reached by several of my colleagues, and the coalition for a fair minimum wage, that what young people, and for that matter all workers, need is more jobs at a fair minimum wage.

FOREIGN STEEL IMPORTS, THEIR IMPACT AND FALLOUT

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. GAYDOS. Mr. Speaker, on July 1, 1977, the American Iron and Steel Institute in cooperation with the United Steelworkers of America held a joint news conference in Pittsburgh, Pa., to discuss the impact steel imports are having on the domestic industry, its markets and employees and the Nation's economy.

The principal speakers at this conference were Lloyd McBride, new president of the USWA, and Thomas C. Graham, president and chief executive officer of Jones & Laughlin Steel Corp.

These gentlemen made some enlightening remarks about steel imports and their effect. I am inserting excerpts from their statements into the RECORD. I urge my colleagues to give these observations their full attention:

LLOYD MCBRIDE, PRESIDENT, USWA

The problem of steel imports is . . . persistent . . . the effects on the American economy are devastating. The primary concern of our union is jobs . . . One million tons of imported steel represents the export of 6,000 full-time job opportunities . . . The record 18.3 million tons of steel imported in 1971 represented the export of 108,000 full-time job opportunities . . . the 14.2 million tons imported last year (1976) represented the export of some 84,000 job opportunities.

. . . our union has filed more applications for (trade adjustment) assistance than the members of any other union—a total of more than $50 million—and our union has had the most plants certified for such assistance. But I also point out we have had more applications denied than we have had certified . . . I admit being No. 1 in applications, certification and assistance paid is a dubious honor but it does drive home the effect of steel imports upon members of our union . . .

Some layoffs because of imports are temporary. Some are permanent. J&L . . . recently went out of the stainless rod, bar and wire business at its Warren, Michigan plant (terminating 550 employees) . . . Bethlehem Steel Corp. has had to shut down its structural steel operations at Lackawanna, N.Y., and Phoenix Steel in Phoenixville, Penna., has closed its structural steel department . . These actions affect more than 2,000 employees. We have just had members at Kaiser Steel in Fontana, Calif., and U.S. Steel's National-Duquesne Works in McKeesport, Penna., become eligible for some form of assistance . . .

. . . we are losing the manufacturing base that is our hallmark of progress. We are declining as an industrial nation and dangerously on our way to a service economy . . .

. . . We . . . believe that world trade is essential for the economic and cultural improvement of all countries, but in this context the others are not shy about imposing trade restraints or quotas or other controls, and neither should we. We have been the victims of unfair trade practices perpetrated by government-owned or government-subsidized steel industries. Before it is too late, our government must act to correct this situation by adopting a trade policy that preserves the jobs of American workers and the industrial health of America.

THOMAS C. GRAHAM, PRESIDENT, J. & L. STEEL CORP.

In 1976, more than 14 million tons of steel—more than double J&L's annual shipments—were imported into the U.S. . . . 14 million tons represent many thousands of lost jobs to American workers, roughly four billion dollars in lost revenues to domestic steel companies and a multi-billion dollar contribution to our balance of payments deficit.

This year we're projecting the import figure will reach 17 million tons—or about 16 percent of the apparent supply of steel in this country.

In the first four months of this year, the U.S. imported more than 4.4 million tons of finished steel. That's an 11.6 percent increase over the same period last year.

The steel industry believes it can show much of this foreign steel is being dumped in the U.S. . . . it is being sold for less than the cost of making it, at prices impossible for American steelmakers to match.

The reason most foreign steel companies are ready and willing to sell products in this country at a loss can be summed up in three words: foreign government support . . . Most Japanese steel plants were built with capital

supplied by 80 percent long term debt and 20 percent sharehold equity. This was possible because the government-backed Bank of Japan is willing to take the risks this kind of leveraging entails.

Japanese mills also have long-term contracts for supplies of iron ore, coking coal and other raw materials, and those fixed obligations as well as interest on loans make it impossible to cut production. They are also obliged as a matter of national policy to keep their employees working.

To stabilize their highly leveraged position and maintain a high level of operations, Japanese producers rely on extremely aggressive countercyclical export programs. Each downturn in domestic demand is met by a sharp surge in export activity.

By developing steelmaking capacity—and shipping the excess production to the U.S.—foreign countries are robbing the American steel industry of badly needed capital for necessary expansion programs and they are exporting much of their unemployment to our shores.

In the long term, we believe that international discussions can define acceptable trading practices and can establish a workable set of ground rules for steel exporters around the world . . . In the short term, we believe import quotas will be necessary to prevent severe damage to America's steel industry . . .

We regard ourselves as free traders. However, fair trade must be a prerequisite to free trade . . . The existing collection of government subsidies, and other incentives that encourage the use of our domestic marketplace as a dumping ground do not reflect fair trade. Unless this is changed, the American steel industry and the jobs of thousands of steelworkers will be in serious jeopardy.

Mr. Speaker, America cannot afford to lose its basic steel industry. It cannot afford to become dependent on foreign suppliers for steel as it has for oil. Labor and management in the domestic steel industry have joined hands against a common threat. Can the Congress and the executive branch of the United States do less?

ERDA STUDY FAVORABLE TO PLUTONIUM WAS EMBARGOED

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. TEAGUE. Mr. Speaker, an extensive environmental impact statement on reprocessing and recycle in the light water reactor fuel cycle was prepared by ERDA and due for release and public comment in February of this year. However, the 500-page document was embargoed and its findings moot.

In light of the far-reaching decision we will soon make on the Clinch River breeder reactor, it is critical that all information related to the reprocessing and recycle of spent fuel be made available.

I wish to offer a summary of ERDA's findings that appeared in the May 1977 issue of Power Engineering:

MYSTERIOUS ERDA 1554–D

ERDA–1554–D is the Draft Environmental Impact Statement on Reprocessing and Recycle in the Light Water Reactor Fuel Cycle. The study was done and the Statement prepared by the Savannah River Laboratory under contract from ERDA.

This EIS is an intriguing document for several reasons. Bear in mind that it evaluates the impacts of reprocessing and recycle of light water reactor fuel, that it was dated for February 1977 release for public review and comment, but that this distribution was halted—"embargoed" was the term we heard. It was difficult to obtain a copy of 1554–D.

Here is a perfectly good EIS being withheld from public knowledge at a time when much of the world is agonizing over the Administration's March statements that President Carter intends to forbid reprocessing and plutonium recycle.

This raises the question: Why was ERDA–1554–D prepared in the first place? The answer is found on the first page of the document's foreword. "This environmental impact statement provides a generic discussion of the environmental effects of closing the fuel cycle for LWRs by recovering uranium and plutonium from the spent LWR fuels for possible recycling.

"It is intended to be used by ERDA in making decisions concerning reprocessing and recycling facilities and programs consistent with ERDA's Reprocessing Evaluation Program initiated pursuant to the President's (former President Ford) Nuclear Policy Statement of October 28, 1976."

In brief, Mr. Ford asked ERDA to take another careful look at reprocessing and recycle. So, ERDA began an extensive evaluation program, including assessment of the risks of proliferation and sabotage as things look today.

The purpose of ERDA–1554–D is to provide a foundation for making decisions about reprocessing and recycle. This is a significant point. The findings of ERDA–1554–D were ready for distribution in February. A reading of this EIS discloses that its findings were not reflected in the reprocessing/recycle statements the Administration made in March.

ERDA–1554–D spelled out in its 500 pages that reprocessing LWR fuel and recycling uranium and plutonium would have no more adverse environmental effects than would any of the 15 alternative LWR fuel cycle options. The options studied included no recycle, the recycle of uranium only, postponed reprocessing, co-reprocessing, and so on.

The Administration's choice, no recycle (throwaway fuel cycle) until 2000, is disadvantageous compared to the recycle option. It uses 334,000 metric tons more of uranium (U_3O_8), commits 10,000 more acres of land to fuel cycle activities, has 20 theoretical additional radiological effects on workers, increases calculated accidental occupational deaths by 400, and costs $18 billion more. It does reduce theoretical radiological effects on the general public by 100, from 2500 down to 2400.

As for safeguards, the EIS notes that their purpose is to mitigate risk to the public resulting from sabotage or malevolent use of nuclear materials. The EIS deals principally with plutonium. In 64 tightly written and impressive pages it indicates where safeguards stand today and what is being developed. The 30-year history of safeguards concerns and activities is reviewed.

The EIS concludes that the hierarchy of existing and oncoming measures will achieve the objective of no significant increased public risk. It states, ". . . there is no safeguards-related reason to delay the development of LWR fuel cycle facilities to demonstrate reprocessing, including plutonium conversion and storage, mixed oxide fuel fabrication, and waste management functions."

While ERDA–1554–D is so interesting because it was withheld, it is important to note that there are several NRC fuel cycle studies that have favorable conclusions about the tail end of the fuel cycle.

After NEPA became law in 1970, the old AEC studied the fuel cycle and in 1972 issued "Environmental Survey of the Nuclear Fuel Cycle." It dealt only with the uranium cycle, and it established a technical basis for writing EIS for nuclear facilities. From this came the Final Fuel Cycle Rule in 10 FR51, and WASH 1248, "Environmental Survey of the Uranium Fuel Cyle," April 1974.

In July 1976, a court ruled that the fuel cycle rule was not adequately supported for recycle and waste management. Further studies and hearings were carried out, and more documents were published: "Final Generic Environmental Statement on the Use of Recycle Plutonium in Mixed Oxide Fuel in LWR's," in August 1976, "Environmental Survey of the Reprocessing and Waste Management Portions of the LWR Fuel Cycle," in October 1976, and its supplement containing public comment, questions, and responses in March 1977.

Their documentation is massive, their conclusion is that fuel cycle impacts are small. It will be interesting to see if the Administration has equally impressive evidence supporting its no-recycle position.—F. C. Olds, Senior Editor.

BUREAUCRATIC JARGON MAKES OVERSIGHT DIFFICULT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ASHBROOK. Mr. Speaker, it is the constitutional and moral obligation of a Member of Congress not only to vote on appropriations, but also to keep an eye on the use of money after it is appropriated. By the same token, it is the constitutional and moral obligation of those officials charged with handling Federal money to give us information on such expenditures in plain English and with a view to letting us know whether the expenditure in question is worth while or not.

With the above obligations in mind, I would like to describe the sort of response I all too often get when investigating the use of public money.

On June 13 of this year, I wrote to the Director of the Arts and Humanities staff of the Office of Education, asking for abstracts or short descriptions of three arts contracts which had been awarded by his staff. He responded that "abstracts were not required in the original proposal and were, therefore, written by Office of Education staff based on the proposal." Here is a sample of the abstracts:

Funds are requested in this project to enable Columbus City School District to conduct pilot projects aimed at vertical and horizontal expansions of the Columbus IMPACT model. The major goal of IMPACT in Columbus is the development of positive attitudes toward education on the part of both pupils and teachers through a deep infusion of arts into the curriculum. The component of the pilot project aimed at a horizontal expansion of IMPACT in Columbus will be in seven elementary school (sic).

Does anyone believe that the above exercise in arrogant professional slang tells me anything at all that I need to know as a Representative inquiring about the use of public funds? Possibly the Office of Education feels that its staff has more important things to do than explain the use of contract money which, in this case, involves a mere $10,000. But

millions of working people and retired people in this country must support themselves and their families on less than $10,000 annually. I feel that I deserve a straight, English-language answer concerning the handing out of a sum of money greater than the annual income of many of my constituents.

Professional slang is just another of the many problems besetting those of us in Congress who try to determine how well money is being spent. But that is not entirely the fault of the bureaucrats. If the bureaucracy is not responsive to our inquiries, it is largely because too few Members of Congress seem interested in insisting on straight answers about the use of public funds.

REMEMBER CAPTIVE NATIONS WEEK?

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. DERWINSKI. Mr. Speaker, as you know, last week was Captive Nations Week, a week set aside each year to commemorate the valor and recall the suffering of those who have fallen under Communist tyranny in Eastern Europe and elsewhere. The distinguished minority whip, Mr. MICHEL, recently published an excellent piece in the Chicago Tribune reflecting on the fact that this year the Captive Nations proclamation was issued by the President almost as an afterthought and consigned to oblivion by the media. Mr. MICHEL makes some important points in his analysis of what Captive Nations Week could have been.

At this time I would like to insert in the RECORD, "Remember Captive Nations Week? Mr. Carter Did—Barely," Chicago Tribune, July 29, 1977:

REMEMBER CAPTIVE NATIONS WEEK?
MR. CARTER DID—BARELY
(By Robert H. Michel)

WASHINGTON.—On Wednesday, July 20, President Jimmy Carter proclaimed Captive Nations Week. If you are not aware that he did so, don't feel ashamed. There were no headlines, no five-minute spots on the television evening news. Perhaps a small piece in the back pages of most newspapers—that's all there was to it.

The next day the President delivered a major address on Soviet-American relations. The words "captive nations" appear nowhere in the text.

It is a sad commentary on both the administration and the media that such a proclamation could have been issued so casually and so late, and reported so little. "Human rights" is a nice-sounding abstraction: "captive nations" makes us look a bit closer at the fate which has befallen a specific group of millions of human beings for over 30 years.

I thought of this as I read a recent article in Time magazine: "G.I. Watch on Deadly Border." The story told of what Time calls "the hideous fence system" set up by East Germany [needless to say, at the direction and with the approval of the Soviet Union], to keep Germans from fleeing to the West. "A deep concrete-lined ditch . . . a minefield . . . a close-meshed wire fence that begins three feet underground . . . and rises ten feet above the earth . . . antipersonnel mines . . . automatic firing machine guns that are triggered by an electronic eye and set up to hit, variously, at knee, head, or chest level . . . hungry police dogs . . ." That is what denial of human rights means in specific terms.

And it is precisely a lack of specificity that troubles me when the President speaks of human rights. Earlier in his administration, he wrote a letter to Soviet dissident Andrei Sakharov, assuring him of the administration's commitment to human rights. It was a human—and humane—gesture, one that focused attention on one human being rather than on some abstraction.

How wonderful it would have been if the President had used Captive Nations Week to send a letter to just one person suffering deprivation of human rights. Has Mr. Brezhnev's blustering brought an end to something far more important than "personal diplomacy"—i.e, personal concern on the part of the President?

Some say that the President, to be consistent in his human rights stance, must condemn denial of rights in friendly nations with the same force and frequency as denial of rights in Communist nations. The idea is absurd. Take all the violations of freedom in all the Latin American countries, South Korea, and any other non-communist nation you might care to name, put them all together and they don't add up to an infinitesimal portion of what has been and is being done to victims of communism in Eastern Europe, Cambodia, and South Viet Nam.

This doesn't mean we ignore violations of human rights in friendly nations. It means we concentrate most of our energy on the one ideology which, whenever it gains power, always engages in wholesale violations of human rights: communism.

This is not Cold War rhetoric. It is common sense. It is also the experience of this cruel and bloody century.

UNIONIZATION OF THE MILITARY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. CRANE. Mr. Speaker, it was with considerable distress that I read the report in the July 19 issue of the Washington Post that Secretary of Defense Harold Brown had suggested to the Senate Armed Services Committee that rules and regulations controlling unionization of the military be established in preference to banning such unionization altogether. To me, such a recommendation is sheer nonsense; not only does it overlook the fundamental difference between the armed services and other walks of life but it ignores the pattern demonstrated wherever collective bargaining rights have been granted to any group of public employees. As a recent study done by the Public Service Research Council clearly indicates, the average number of public sector strikes per year nearly quadrupled in States which passed collective bargaining laws, suggesting that it is naive to assume the same thing won't happen if the Armed Forces are permitted to unionize—regulations or no regulations.

Inasmuch as fighting and dying are not activities that most Americans would prefer to engage in, especially if they have families or other commitments, it should be obvious to all that the armed services cannot operate on anything other than strict adherence to orders. The system will not operate effectively if individual members can question commands, challenge work requirements or conditions or seek relief from discipline through a group outside the command structure. Warfare, particularly modern-day warfare, is likely to require more than an 8-hour day and it may necessitate the loss of coffee breaks, the tolerance of uncomfortable and even dangerous working conditions, and the sublimation of individual freedom of action to the demands of national security. Even admitting that such matters should be the subject of negotiation between commanders and their personnel is laying the foundation for eventual defeat on the battlefield.

This may sound alarmist but let's look at the practical aspects. Even if there were no resort to the ultimate union weapon, the strike, massive work slowdowns or sick-ins of the type occasionally employed by police and firemen, could have disastrous consequences. In the age of nuclear warfare, with reaction time measured in minutes, not months, we cannot afford a slackening of our deterrent capability for any reason.

Realistically, however, the ultimate weapon of any union is the strike and, as I indicated at the outset, its potential usage cannot be discounted. In fact, the president of the American Federation of Government Employees—AFGE—Kenneth Blaylock, has indicated that, if AFGE organizes the military, it will do so under its constitution which does not have a no-strike clause. As Blaylock has explained, "We took that out many years ago."

Even the enactment of a statuory prohibition against strikes within the context of a unionization plan would not give assurance strikes would not occur. In Michigan, for instance, there were 410 illegal public sector strikes in the 9 years following passage of collective bargaining legislation that denied the right to strike compared to only one illegal strike in the 7 years prior to passage of such legislation. And then there was the postal strike of 1970, technically illegal but nonetheless a strike. Even David Cortright, a 1960's antiwar activist and one of the leading proponents of military unionization, has admitted:

No matter what the union may have in mind, (former AFGE President Clyde) Weber has admitted the decision to unionize the rank-and-file could start a process over which the union might not have full control.

Cortright, in an interview with the Army Times, also added that,

Once stimulated, the expectations of enlisted people could very quickly exceed bureaucratically imposed bounds and that the result . . . could be a breakdown in military discipline.

Besides the chance of a strike, with its potentially devastating effects, there are a great variety of other reasons why military unionization could weaken our national defense posture. Paramount among these is inefficiency. As the distinguished senior Senator from North Carolina (Mr. HELMS) has pointed out:

The military might of our nation would find itself subtly undermined by the Armed Forces becoming transformed by the mentality of a bureaucracy.

As anyone who has dealt with our burgeoning bureaucracy knows, this could only mean miles of additional red-tape and paperwork, both of which are at odds with the goal of an efficient, streamlined military.

Another consideration is that personnel costs would likely skyrocket under a unionization plan at the expense of badly needed weapons research and development. Even without the administrative and personnel headaches brought on by unionization, personnel costs accounted for 58.1 percent of the defense budget this fiscal year—fiscal year 1977—to permit unionization, however limited, would increase that figure dramatically.

But perhaps the most compelling argument against military unionization is the result of such unionization in countries where it has been tried. Holland is a prime example. There, the Armed Forces are highly unionized and, as news correspondent Arnold de Borchgrave has reported, they are generally considered to be the least efficient in NATO. Writing for Newsweek, De Borchgrave put it this way:

For some years, the Dutch Army has been widely known as the flakiest in Western Europe. . . . Dutch officers have little authority thanks to the VVDM, a left-wing soldiers' union operating quite openly inside the armed forces.

Lack of authority is not the only problem that can result from unionization; foreign manipulation may be another. According to De Borchgrave:

Recently, I talked to a number of high ranking military officers in West European capitals, and they are convinced that the disintegration of the Dutch Army is part of a coordinated attempt by the Soviet KGB and the Warsaw Pact intelligence agencies to weaken the armies of Western Europe.

To be sure, European countries, five of which have military unionization, are not completely comparable models for the United States. Troop strengths, land areas and defense commitments vary widely. Nevertheless, the example of unionization in Holland certainly portends grave difficulties should such a plan be adopted here in the United States. Nor is there any other example of unionized Armed Forces that suggests otherwise; on the contrary, Gen. George Brown, Chairman of the Joint Chiefs of Staff, and other military leaders are on record as saying that a high price has been paid by every country that has tried military unionization.

Admittedly, a unionized military force has yet to be tested on the battlefield, but given the information we have coupled with the fact that modern warfare leaves all-too-little room for mistakes and second chances, putting it to the test seems an unacceptable risk. After all, the stakes involve America's survival as a nation and the continuation of individual liberty for our people.

Considering all these arguments, it should not be surprising that many groups, and a large majority of individual Americans, are opposed to unionization of the military. Among the groups opposed are the Veterans of Foreign Wars, the National Association of Uniformed Servicemen, the Jewish War Veterans, and the American Legion. Furthermore, Clark Mollenhoff, writing in the November 21, 1976, issue of the Des Moines Register, points out that even George Meany, president of the AFL–CIO, is opposed to unionization of the military and has been since the Vietnam conflict, Mr. Meany's reason—it would create "an inherent conflict of interest."

In addition, it should be noted that a March 1976 survey done by Decision-Making Information of Santa Ana, Calif., indicated that 82 percent of all Americans and 76 percent of all union members were opposed to unionizing the military. Judging from my mail the past few days, those percentages have not eroded; if anything I would guess they may have increased.

The question then is—given all these factors how do we keep a unionized military from becoming a reality? At present, nothing prevents a serviceman from joining a union although a 1969 Pentagon directive does enjoin military commanders from negotiating with any serviceman's union. Moreover, there is no regulation preventing union organizers from soliciting for membership on a military installation. In short, under the current setup, only bargaining with servicemen's unions is prohibited, not the unions themselves.

To correct these problems and to nip any move toward unionization and collective bargaining in the bud, Congress should act swiftly to pass legislation (H.R. 2479) introduced by the distinguished gentlemen from Mississippi (Mr. MONTGOMERY) and Tennessee (Mr. BEARD) that bans membership in Armed Forces unions and bars solicitation of servicemen by unions desiring to represent them in their dealings with the military establishment. While providing a stiff fine and/or jail term for servicemen joining unions seeking to represent them in their dealings with the military and for unions who solicit servicemen with that in mind, this bill does not prevent a serviceman from joining a union—or any other organization—whose activities are unrelated to his membership in the Armed Forces. Thus, a constructive balance is struck between first amendment guarantees of freedom of association and article I, section 8 provisions giving Congress the power to (1) "provide for the common defense and general welfare of the United States," (2) "to raise and support armies," (3) "to provide and maintain a Navy," and (4) "to provide for calling forth the militia to execute the laws of the union, suppress insurrections and repel invasions." Given the rapid buildup of Soviet armed forces and strategic nuclear capability, we cannot afford the luxury of allowing our national defense posture to be further compromised by unionization of the Armed Forces or any other letdown in defense preparedeness. In other words, H.R. 2479, banning unionization of the military, should be passed as soon as possible.

DELHOM SERVICE LEAGUE SEMINAR

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. MARTIN. Mr. Speaker, once again the Delhom Service League, Inc., located in my congressional district, is sponsoring their annual September seminar. There will be exhibits of North Carolina historical and contemporary studies of the Charlotte Mint Museum's collection of historical prints, paintings and related ceramic materials. Mrs. Howard E. Strock is chairperson of the September seminar and she is to be commended for the long hours and dedicated service she has contributed to this outstanding art show. I wish to share with my colleagues an article printed in Antiques which details the exhibits of this year's show:

SEPTEMBER SEMINAR

The lecturers on ceramics include Robert Copeland, director of Spode, a master potter and historian, who will talk on Staffordshire pottery for the American market, 1650 to 1850; Bradford L. Rauschenberg, "Comparative Study of Forms and Glazes in American Pottery" and "Pottery Made in England for the American Market"; Susan Myers, "Handcraft to Industry, Philadelphia Ceramics in the First Half of the Nineteenth Century"; Charles G. Zug III, "Early Traditional Potters of North Carolina" and "North Carolina's Original Jugtown, Alkaline-glaze Tradition of Lincoln and Catawba Counties"; Daisy Wade Bridges. "Sadler Tiles in Colonial America"; Miss Delhom, "A Research Study in Paintings, Prints, and Related Ceramic Material"; Gary Stradling, "Design Origins of Nineteenth-century American Pottery and Porcelain"; Carl C. Dauterman, "Soup Tureens"; and Ann Mardis, lecture and demonstration of forms and glazes in American pottery.

On Sunday September 18 there will be a tour that will include a visit to see the soup tureens at the Campbell Soup Company Museum in Camden, New Jersey, and also to the Camden County Historical Society. For further information and a brochure wire to Pennsbury Manor, Morrisville, Pennsylvania 19067.

September 20, 21, and 22 are the dates of the September Seminar at the Mint Museum of Art in Charlotte, North Carolina, where lectures on the ceramics topic will be given: Arlene Palmer, "Pottery at the Winterhur Museum"; Marjorie Adams, "Lafayette Commemorative Wares"; and Daisy Wade Bridges, "Carolinas' Last Royalty."

For further information about the September Seminar write to M. Mellanay Delhom, Mint Museum of Art, P.O. Box 6011, Charlotte, North Carolina 28207.

In conjunction with the seminar the Mint Museum will present between July 31 and October 30 three exhibitions. One, entitled Carolinas' Last Royalty, comprises about seventy-five eighteenth-century paintings and prints portraying Queen Charlotte and George III, together with related ceramic-decorated with portraits of the royal pair. The seventy-eight-page catalogue of this show contains eighty-five black and white illustrations. It may be obtained for $6.50 plus $1.00 for postage from the Mint Museum of Art.

Also on view during that same period will be a display of about one hundred examples of ceramics from the Potters Museum in Seagrove, North Carolina, and another display which includes about fifty pieces of pot-

tery from the Jugtown Collection in Jugtown, North Carolina. There are no catalogues of these two exhibitions.

IMPROVED WATER MANAGEMENT THROUGH EDUCATION

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. FLORIO. Mr. Speaker, those of us who have taken on the responsibility of government in New Jersey quickly recognize the many and varied problems we face in the most densely populated urban State in the Union.

Scholars often point to northern New Jersey as an area which contains case studies of every conceivable type in the world. Because of its geographic location, New Jersey was one of the first States in our Union to feel the impact of industrialization and growth. Its Passaic River was chosen by Alexander Hamilton as a prime site for industrial growth.

This environment has contributed more than its share to the economic well-being of my great State, and it still continues to do so. But, the Passaic River, while only 80 miles long, is still today one of the most polluted rivers in our Nation.

We are, however, indeed fortunate to have had elected as chairman of the 208 Policy Advisory Committee of the Northeast—New Jersey—water quality program under Public Law 92–500 the Honorable Thomas H. Cooke, Jr., a former director of the Essex County Board of Chosen Freeholders. Tom Cooke is eminently qualified to head up this important committee, which is composed of businessmen, environmentalists, labor, municipal representatives, and many others. I believe this 208 study area contains more people than any other in the United States and covers four urban river systems—the Passaic, the Hackensack, the Rahway, and the Elizabeth Rivers. Recently, Mr. Cooke addressed the Essex County Education Committee's Environmental Education Section.

Mr. Speaker, I take pleasure in adding his speech entitled, "Improved Water Management Through Education" in the RECORD, as follows:

SPEECH BEFORE ESSEX COUNTY EDUCATION COMMITTEE

I am pleased to meet with the Essex County Environmental Education Committee of the Essex County Education Association to discuss county problems as a former Freeholder and as the Chairman of the Northeast 208 Policy Advisory Committee. I share with this group a commitment to the improvement of our urban environment and to education as the tool for achieving that goal.

Here in Essex County we have trouble cities, vanishing open space, a need for energy, mass transit, better housing, more jobs, and renewed faith in government. For years government was caught in a maze of indecision. A prime example has been the many years of dealing with the Army Corps of Engineers plans for the Passaic River, their most recent plan was called Plan II–B. For over 35 years, the Corps made plans for this river without paying any attention to all levels of government and especially to the people living here.

While the Corps was planning 8 to 30 foot high walls, towns like Livingston, which understood flood plain management acquired land which was placed in parkland and open space.

The Essex County Park System began to develop a linear park for the same purpose and also developed this Center for Environmental Studies, which is daily contributing to a better understanding of the natural environment. However, during the same time period, development was taking place in the flood plains of the Central Basin, where we now experience excessive flooding because planners and developers did not have the foresight to recognize the hazards of flood plain development.

When the Corps came to present its plan, we recognized the detrimental effect it would have both environmentally and economically to Essex County.

On September 8, 1976, Plan II–B was presented to the Congress by the Corps of Army Engineers as part of the Water Resources Development Act of 1976. For months we tried to deal with the Corps to obtain a better plan; however, after countless meetings, we knew there was only one recourse, and that was to mobilize the people and speak up before the Congress. I was determined that government must be returned to the people and that in my position as an Essex County Freeholder, I would do all possible to insure that all opponents to the Corps plan—not only from Essex County, but all—would have an opportunity to be heard. We were given one-half hour to present our case, and as chairman of that delegation, I made sure that everyone spoke and that all testimony and accompanying documentation was placed in the record of the hearing to be considered ultimately by the full House and Senate Public Works Committees. Within an hour we knew that we had won our cause to prevent the walling-in of the Passaic River, and then within another hour we were beginning the long process of finding another answer to the question of how do we develop a flood accommodation program for the Passaic River.

Again, I led the group of citizens and government officials in the development of a "General Consensus Statement" which includes in the planning solid adherence to the National Environmental Policy Act and the Federal Water Pollution Control Act Amendments of 1972 (Public Law 92–500), which gives the citizens back their control of their government. Then follows a list of possible alternatives which are to be explored. Heading this list is the non-structural flood control approach, so often recommended by your watershed association, the Passaic River Coalition, which worked endlessly with Essex County and others to bring the truth about the Corps plan to the attention of the people.

When the opportunity came this spring to be Chairman of the Northeast 208 Policy Advisory Committee, which relates to water quality planning for the Passaic, Hackensack, Rahway, and Elizabeth Rivers, I knew that there existed the possibility of developing plans which would not only protect the environment but have the potential of restoring our badly polluted river systems. But in addition to these laudable goals, P.L. 92–500 also contains a mandate which calls for citizen participation at the beginning.

Think of that—many State officials become somewhat concerned when the citizen is looking over his shoulder. But again following the success we have thus far had with citizen participation in flood control, I believe I could lead the PAC toward reaching the goals set forth by the Congress, which would reap high benefits to our urban region. Water is a precious natural resource, and we have to begin to treat it as such.

So far we have formalized a list of problems that will be considered by the project staff which is functioning under the N.J. Department of Environmental Protection, Division of Water Resources. The list represents real problems—eutrophication of lakes, improvement of water quality in the headwaters, land use—non-point source study, development of the Newark Watershed lands—to name but a few.

Solutions to these problems will be tough, but we will know in this planning process that the public will be reviewing every step of the way. At our two most recent meetings, for example, questions have been raised regarding population projections—that will be a difficult nut to crack, but we will reach some conclusion—most probably after heated discussion of parameters to be considered, values of the various members of PAC, and the variables which must be considered to serve these urban communities we find in northeastern New Jersey.

One thing I can promise this group, which is so vitally concerned with the environment, we will not deliver a plan which contains the old line growth with no end in sight. We will come up with a plan which has public support, and will show how environmental planning should be done while at the same time respecting the rights and values of the majority of our citizens.

Both my work on Plan II–B and with the 203 PAC have made me place a greater emphasis on the value of water quality. For years our cities have been reaching westward here in New Jersey to obtain their water supply. However, my home town of East Orange long ago recognized how critically short we could be for our supply of clean water. East Orange contains the most valuable water resource supply right here in Essex County. The future growth and development of East Orange as a city with a high quality environment will depend heavily on the ability not only to maintain the East Orange Water Reserve but to manage it properly as a source of water supply.

At this time, I believe the East Orange Water Reserve lands are the only such reservoir of open space for such purposes so close to its base of need. Just think from an environmental and economic viewpoint what this means to our citizens. It is part of my plans for the City of East Orange to fully recognize the potential of these lands for future generations, and I look to all of you in this room for input toward establishing the most environmentally and economically sound approach possible.

Water resource management is most complicated, and I would not impose to lecture to you here tonight regarding the many problems we face. My key point is to introduce you to the mechanism of public participation—citizenship from the grassroots to the New Jersey State House to the Congress of the United States to the White House. We have rights and responsibilities with regard to environmental quality, and we must insure that we are heard. We need to teach citizenship in the classroom and we ourselves learn how planners plan, how laws and rules and regulations are made and enforced, and how government functions.

Attend Freeholder meetings: participate in your local municipal government—I cannot stress enough the importance of the citizen element and relating it back to education. The informed citizen gets the job done. The 208 PAC is a group of diversified people from northeastern New Jersey—environmentalists, government officials, industry, labor, builders, water companies, and many others. Water quality is our prime directive, but I know that we will get into the total picture, and most important of all, I have already noticed that the majority want to improve the way of life here in New Jersey. We all have far to go to learn all there is about our environment here in the Passaic River Valley, but I am confident that with active citizen participation, with their facts in order, we will accomplish what Russell Train once termed as a "God awful" problem to clean up—the polluted Passaic River.

MINIMUM WAGE LEGISLATION

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. MILFORD. Mr. Speaker, minimum wage legislation now pending before Congress would have a severely negative effect on many of the seasonal recreational and theme parks located throughout this country.

Section 13(a)(3) of the Fair Labor Standards Act presently exempts seasonal amusement and recreational parks—such as King's Dominion and Six Flags Over Texas—from the minimum wage and overtime provisions of the act. Because of this exemption, these recreational parks have been able to employ over 60,000 high school and college youths during the summer months, while at the same time keeping their operating costs at levels that permit them to offer amusement and recreation at reasonable prices to 38 million Americans who visit these parks each year.

Section 7 of H.R. 3744 would remove this exemption for amusement parks if they are owned by or affiliated with other unrelated businesses that collectively have revenues of over $100 million. Apparently this provision was intended to deal with certain agribusiness conglomerates. Unfortunately, it would also apply to seasonal recreational parks—resulting in an adverse and undesirable impact of the summer employment opportunities for thousands of youths and on the costs to millions of Americans who visit these parks every year.

As a result, I plan to offer an amendment to this bill which would eliminate from the coverage of section 7 seasonal recreational parks that are presently exempt. The net effect of this corrective amendment would be to continue the present exemption as it now stands in the law.

By way of background, let me tell you a little about Six Flags Over Texas, which is in my district. The park hires 2,400 seasonal employees every summer. Out of these 85 percent are between the ages of 16 and 18. I might add here that every summer, there is a line several blocks long in front of the Six Flags employment office made up for those young people who are eager to work in the park. For the 2,400 available jobs, this year there were 9,000 applications.

It is easy to understand this interest. Although the beginning wage for an individual who has never worked at Six Flags starts at $2.05 an hour, the park's management has provided abundant opportunities for young people to advance according to their position, tenure, and degree of responsibility. In addition to a talent recognition program, they have a management development program designed to promote employees to leadership positions.

Along with a good work environment, these young people also enjoy a healthy social environment. The park has built a new swimming pool for their use as well as a baseball diamond.

They provide trips to other theme parks for their employees, book special after-hours concerts of big-name entertainers, and sponsor "flings"—parties put on for the benefit of employees after park hours. They have also instituted a scholarship program where they award 20 to 40 scholarships of $500 each every year to employees, based on outstanding performance.

It is my belief that Six Flags has made a tremendous contribution to the lives of these youngsters, and it would be a tragedy if they were forced to have to change their employment practices as a result of this legislation.

There are 21 similar seasonal recreational parks throughout the country out of which approximately 13 would be affected by this legislation. Most are operated independently of their conglomerate ownership, which means that they are not subsidized in any way and must stand or fall on their own.

Faced with a mandated wage in excess of current levels, these parks would have to turn to the hiring of more mature individuals in order to justify payment of higher hourly rates as well as reduce the size of their seasonal labor force. There would be increased automation, removing a great deal of the human element. It would also mean an increase in prices of admission.

For these reasons, I hope you will join me in supporting a corrective amendment to section 7 of this bill.

FARM BILL

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. HARKIN. Mr. Speaker, I want to take this opportunity to publicly thank all those farmers and their wives in Iowa's Fifth Congressional District who have given me the benefit of their advice, their wisdom, and their experience, as we worked here in Washington over the past year to develop the new farm bill, approved by the House yesterday.

They wrote me letters. They called me on the telephone. They met with me in areawide farm meetings at every step in the legislative process, to discuss this legislation with me as it was developed.

Last March, when two other Members and I sponsored the Washington Farm Convention, nearly 200 of them even flew out here to Washington—at their own expense—to meet with urban Members of Congress and to make their case for much needed reforms in farm policy. For many of those urban Members, it was their first opportunity to sit down and have a face to face discussion with Midwest farmers about farm problems. Many of those Members have told me those meetings made a difference in their support of the farm bill.

We have a better farm bill today, because of their efforts. Their advice made a big difference.

It was on their advice that I authored the amendment, which was adopted, raising target prices and loans for corn this year to $2 a bushel. The original version of the House bill called for a $1.85 target price and a $1.75 loan level.

It was on their advice that I offered the amendment to scrap this year's crop disaster program. Instead, this year's crop disaster losses will be covered by the farm bill's much improved new disaster program, previously set to take effect next year.

This change will mean an additional $31.67 an acre in additional crop disaster payments to the average Iowa farmer who loses his total corn crop due to the drought.

For many farmers, that will mean the difference between being wiped out, and being able to survive for another year.

Fifth District farm families have had significant input into this farm bill. Their advice has been well taken, and some of their suggestions have been adopted by the full House of Representatives.

I want the RECORD to show their work and their counsel have been greatly appreciated.

FEDERAL COURT WANTS 4-YEAR-OLDS BUSED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ASHBROOK. Mr. Speaker, on May 6, 1977, the U.S. District Court for the District of Massachusetts ordered that kindergarten assignments in the Boston public schools be made under the supervision of the court experts. These experts promptly tried to translate "supervision" into "dictation." According to a statement prepared by the Boston School Department—

> On May 31, 1977, the superintendent of schools learned *through a memorandum of a Schools Department staff* (my italics) that the court experts had developed a tentative assignment plan for kindergarten for the 1977–78 year which appeared to involve the closing of kindergarten 1 classes in some 24 schools and the involuntary transportation of a very large number of 4-year-olds to kindergarten 1 classes. Although the Court experts did not furnish the superintendent with any written memorandum of their tentative plan, the superintendent was requested to provide comments within 24 hours.

The Boston superintendent has prepared an alternative plan "which limits to the greatest degree possible, the involuntary transportation of these very young children."

There comes a point, Mr. Speaker, at which we must cease to talk about intellectual disagreement and begin using words like tyranny. When a Federal judge uses the authority of the U.S. Government to impose the busing of children barely old enough to leave home at all, it is time for Congress to call a halt.

The framers of the Constitution did not intend for any branch of Government to set itself up, as Federal courts have tended to do, as the sole authority on that document. In article III, they gave Congress the right and therefore the duty to act as a check on such usur-

pations of authority by Federal courts as that in Boston:

The Supreme Court shall have appellate jurisdiction, both as to Law and Fact, *with such Exceptions and under such Regulations as the Congress shall make.* The italics are mine.

In granting the above authority to the Congress, the framers were not bestowing a privilege. They were assigning a responsibility. In accordance with this responsibility, I urge the Judiciary Committee to immediately consider bills, such as my own H.R. 153, which would extinguish the ability of Federal courts to require attendance at a particular school by any student because of race, color, creed, or sex.

BALANCE(S) OF POWER: PART VI (V)—THE NAVAL BALANCE: U.S. NAVAL MISSION

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. BRECKINRIDGE. Mr. Speaker, the ongoing debate over U.S. naval force structure has aired many views on the doctrines which should shape future U.S. naval power in the face of Soviet naval trends.

The Congressional Budget Office at the end of last year prepared a report recommending that Congress "reorient the Navy's budget toward sea control rather than power projection forces," and in so doing, in effect recommended a reorientation of national strategy enunciating a doctrine of implicit surrender.

Today's insertion in the naval balance sequence of my continuing balance(s) of power series, is taken from James D. Hessman's article in Sea Power, January 1977, "Sea Control or Power Projection?" In it he criticizes the assumptions of the CBO report as creating a "false option fallacy." In outlining the key concepts of sea control and power projection and in summarizing the arguments offered in support of each priority, Hessman suggests that to consider the two roles as mutually exclusive is to deceive ourselves that naval deterrence comes cheap.

I commend this article to the readership of the CONGRESSIONAL RECORD, which urges Congress to determine what forces are in fact necessary to serve U.S. objectives.

Mr. Hessman's article follows:

SEA CONTROL, OR POWER PROJECTION?

(By James D. Hessman)

The Congressional Budget Office last month released a lengthy (78 pages, with appendices), scholarly, seemingly impartial, but somewhat ambivalent study of U.S. naval force alternatives which could either:

(1) Sink the Navy's proposals for another Nimitz-class nuclear carrier, the Aegis nuclear strike cruiser, and other ships; or

(2) Give added credence to the rationale for such ships and insure their eventual procurement.

The study—"Planning U.S. General Purpose Forces: The Navy"—is one of a series of budget issue papers which are intended, in the words of CBO Director Alice M. Rivlin, to help Congress determine the "appropriate character and size" of the nation's general purpose forces through an examination of the "conceptions of how and where" such forces would be used "and assessments of the capabilities of likely adversaries."

The specific purpose of the Navy general forces study is to help Congress develop a "mission-oriented Navy budget." To that end, the study examines the relative utility and survivability of either a "sea control" Navy or a "power projection" Navy in what is variously described as a "Case I" or "major force sizing scenario"—a "worldwide war with the Soviet Union focusing on the European theater."

NO RECOMMENDATIONS, MANY CONCLUSIONS

The study includes no firm recommendations for Congressional action per se. But it does reach a number of conclusions (not labeled as such) which, if accepted by Congress in toto, could result, depending on the legislative mood, in either a considerably upgraded—and considerably expensive—shipbuilding program, or the scrapping of some of the highest cost ships (the carriers and strike cruisers, specifically) when the Navy would need for an effective power projection role in future conflicts.

Following, with emphasis added throughout, are a few of those conclusions, developed from an examination of what the study's author, Dov S. Zakheim, describes as the "fundamental" issue: "whether the United States wishes to buy naval forces designed to approach and attack the USSR or its allies in the face of heavy defenses, or whether we wish instead to concentrate effort on ensuring that we can keep the sea lanes open against Soviet opposition."

"If Congress elects to fund further increases in the Navy's force level . . . it will face choices concerning the mix of warships that should be added. . . . Decisions about this mix . . . will depend on assessments of the relative importance of the Navy's two major missions: sea control, the ability to keep the sea lanes open to friendly shipping; and power projection, the capability of exerting sea-based military force against objectives on the shore."

"A general purpose fleet geared primarily to sea control would forego any attempt at power projection against the Soviet Union. . . . Further procurement of major projection-oriented warships such as carriers, strike cruisers, and large destroyers would not be needed."

"A 'power projection' Navy would . . . stress the procurement of carriers and supporting vessels to attack land-based military objectives. *A program geared to enhancing significantly the Navy's capability to perform this mission would call for the procurement of three aircraft carriers, six Aegis-carrying strike cruisers, and 14 DD 963 [Spruance-class] destroyers in the fiscal year period 1978–82. The cost of these ships alone would approximate $13.5 billion."*

"Neither mission [sea control or power projection] would be crucial to the Allied effort if the land battle is fought with nuclear weapons, or if a conventional war is over before sea-based replenishment becomes relevant."

"Sea control . . . becomes more critical as the war's duration increases. . . . Power projection . . . appears to be a less feasible task. . . . [Moreover,] *attack of such Soviet targets as can be reached from the sea would not be likely to affect the outcome of the war in Central Europe significantly."*

"A 'sea control' Navy would seek to project power only in low-threat Third World scenarios; *because the current fleet retains 12 carriers, it would not require further carrier construction. Aegis . . . would also not be required. . . . The funds freed by the decision not to procure these major systems would exceed $7.0 billion."*

A HEDGE AGAINST TOTAL DEFEAT

If the unlabeled conclusions do not convince Congress that it would be better to fund the Navy's sea control forces at the expense of power projection, a general purpose force matrix included in the study might provide the convincing argument. That matrix indicates that, in a Europe/USSR or "special case". Europe/USSR-Mediterranean conflict scenario, the Navy's power projection forces would have a "low probability of success." Only in a "Third World/Non-USSR" scenario, in fact, would power projection forces have a "high" probability of success, in the opinion of the report's author.

Sea control forces, on the other hand, would have a "high" probability of success ("only over [the] long term," however) in either of the Europe/USSR scanarios, and a "very high" probability in the Third World/non-USSR scanario. Considering that a sea control force could also, if necessary, be used for the power projection mission in the latter scenario, the inevitable conclusion would seem to be that Congress would be well advised, through its control of the pursestrings, to orient the Navy's budget (and, at the same time, national strategy) toward sea control rather than power projection forces. Further buttressing that rationale are two additional arguments included in a section concerning the importance of sea control in an "extended conflict":

(1) "If the United States had no capability to fight a protracted war"—an insufficient sea control fleet, in other words—"it might well be forced to choose between nuclear war and surrender, should the initial course of conflict favor the Soviet Union."

(2) "Additionally, sea control may also serve as a hedge against total defeat, even if the war in Europe is lost. Preventing further Soviet expansion outside Europe's borders, and ultimately ending the war on favorable terms [how an extended conflict could be ended "on favorable terms" if Europe is, indeed, lost is not explained] may well require control of the world's oceans."

LIGHTNING CONFLICT: TWO VIEWS

The practicality of spending any money even for the apparently favored sea control forces, however, is also called into question by the paper's emphasis that such forces could be successful in a European scenario only over the long term. "Sea control, while still important, may be less so if the war is a short one—a lightning conflict of a few days or weeks," the CBO study points out. "Such an outcome could result from the fact that both sides employ nuclear weapons, or from the collapse of forces on either or both sides, or from a negotiated settlement. In these cases, convoys would make less difference to Allied success than they would in a longer war. . . . [For that reason,] present planning places primary emphasis on prepositioning and airlift for NATO's initial defense."

Considering the ever increasing mobility and blitzkreig strike capabilities of the USSR's ground and tactical air forces, there is growing doubt in the West about the plausibility of an extended conflict scenario. Senators Sam Nunn (D-Ga.) and Dewey Bartlett (R-Okla.), both of whom are members of the Senate Armed Services Committee, issued a joint statement in mid-November, following a two-week tour of NATO installations and a round of meetings with senior NATO officials, seriously questioning the Alliance's current defense planning, which assumes NATO would have about three week's warning before the start of a conflict in Europe and would be able to fight a holding action for another two months, or until reinforcements could arrive from the United States in decisive numbers.

"The Soviets have provided their nonnuclear forces deployed opposite West Germany an ability to initiate a potentially devastating invasion of Europe with as little as a few days' warning," the two legislators said in the joint statement, adding that, "if current trends continue," the USSR and its Warsaw Pact allies "soon may be invited by NATO weaknesses to launch a major conventional invasion of Western Europe which would alter the world balance of power in a matter of hours before any nuclear weapons are fired."

Accepting the premises given, the collective wisdom of the CBO study and the Nunn-Bartlett statement might be summarized as follows: Funds appropriated for the Navy's power projection forces would be wasted, because such forces would be virtually useless in a European war, and in a "Third World" conflict the power-projection role could be adequately filled, as a collateral duty, by sea control forces. Funds appropriated for sea control forces might also be wasted, however, because the most likely European conflict would not last long enough for such forces to have any decisive bearing on the outcome (but they would be useful in a Third World conflict situation).

ASSUMPTIONS AND EQUATIONS

Few, if any Western defense analysts would seriously question the Nunn-Bartlett assessment of NATO's worsening plight. The Soviet Union has in fact strengthened its European Central Front forces immensely over the past several years, at a time when NATO's own defense efforts have slackened across the board. NATO is also in perhaps its politically weakest position in over two decades, with Great Britain virtually bankrupt. Portugal still recuperating from a near-Communist takeover, Italy a political question mark, Greece and Turkey at odds over Cyprus and other matters, and France possibly out of the picture entirely.

Same analysts would simultaneously reject or heavily discount the CBO study, however, because of, among other things: (1) the false option on which it is based; (2) the several unwarranted and undocumented gratuitous assumptions underlying much of its critical rationale; (3) the author's apparent unfamiliarity with a pragmatic equation governing defense economics; and (4) a glaring philosophical omission.

Considering first the false option: The CBO study implies, without specifically saying so, that Congress has the choice of funding *either* a sea control fleet, *or* a power projection fleet. Those are not necessarily the only options. Congress could also, of course, appropriate whatever funds are necessary to enable the Navy to carry out both the sea control and the power projection missions—and should certainly do so, provided both missions are necessary and consistent with overall national requirements, and could not be carried out more economically by other means.

That both missions are necessary is indisputable. The CBO study itself, although it quite reasonably suggests that "the scenario in which these missions are meant to be carried out" must be considered in determining force funding, vigorously confirms that "Both missions apply at all times, in all situations, and to all geographic areas which the National Command Authority deems vital to American security."

That the United States has the economic, material, and manpower resources to fund the Navy to carry out both missions is also indisputable. The Soviet Union, operating from a much lower economic base, now spends, according to all knowledgeable authorities, $10 billion or more per year more on defense than does the United States—because of the USSR's favorable geographic position and the advantage it would have from a first strike option, the net effect of its higher defense spending is, of course, much greater.

What the United States, like its NATO allies, might not have is the political backbone to spend more on defense. In mid-1974 Deputy Secretary of Defense William P. Clements, Jr., told the Seapower Subcommittee of the House Armed Services Committee that "it will possibly require funding levels in the order of $8.9 billion (fiscal year 1976 dollars) in the annual SCN [Shipbuilding and Conversion, Navy] appropriations account to achieve the necessary Navy size for the mid-1980s."

Since Clements made that statement, the Soviet naval threat has increased substantially, the Navy's active fleet inventory (473 ships in late December) has continued to decline, and, primarily because of inflation, the cost of building ships has soared astronomically. There has been, at the same time, no evidence offered to date to indicate any lessening of the Navy's "rock bottom" fleet requirements, which have been variously estimated at anywhere from 600 (the current working target) to 850 ships (the 1980 goal suggested by then Chief of Naval Operations Admiral Thomas H. Moorer in earlier testimony, on 23 January 1969, before the same Seapower Subcommittee). All factors considered, it would now take about $12–13 billion per year, or about twice the current funding level, to rebuild the Navy to its minimum requirement dual-purpose—sea control and power projection—capabilities.

NAVY GENERAL PURPOSE FORCE MATRIX

Fleet composition	Europe/USSR	Europe/USSR-Med	Third world/non-USSR	Scenario
Sea control	Long, conventional	Long, conventional	Conventional	War for which most relevant
	High	High	Low	Threat level
	High [1]	High [1]	Very high	Probability of success
Projection	Long [2] conventional	Long [2] conventional	Conventional	War for which most relevant
	Very high/ saturation	High	Low	Threat level
	Low	Low	High	Probability of success

[1] Only over long term.
[2] Long only if insufficient sea control asserts in fleet to allow for immediate utilization of projection units.

A FEW PERTINENT QUESTIONS

Almost as damaging to the paper's credibility as the false option fallacy are the previously mentioned gratuitous assumptions used to fortify and substantiate the author's conclusions. A few of those assumptions, and some comments and/or questions concerning each:

"Attack of such Soviet targets as can be reached from the sea would not be likely to affect the outcome of the war in Central Europe significantly." Why not? Would the outcome be affected any more, or any less, if those same targets were attacked from the land? And do the targets have to be Soviet targets—i.e., targets within the USSR's own homeland? Could no carrier air be used—as effectively as land-based air—against Warsaw Pact targets closer to the Central Front and even, if there were a ground conflict, against new and relatively undefended enemy targets on what is now NATO territory? The CBO study concedes that the Navy's power projection forces are also "meant to enhance the efforts of U.S. and Allied land-based forces in achieving their objectives." Considering the Nunn-Bartlett warning, would it be wise to reduce or eliminate what might well be the only major Central Front air and missile reinforcements immediately available? Finally, the study also concedes that carriers "could launch aircraft from the comparative safety of the English Channel"—but then immediately argues that such use of carriers might not be "cost-effective for a task that could be equally well performed from East Anglian bases less than 100 miles further away." But that argument ignores the unique mobility of carriers, which, unlike the "East Anglian bases," might also be deployed on short notice to the Mediterranean, Norwegian or Barents Seas, or virtually any other conflict area in the world.

"Because the current fleet retains 12 carriers, it would not require further carrier construction." Carriers have, at most, a 25- to 30-year useful life span. Even for reduced "Third World" power projection purposes a minimum of 12 carriers are needed, as the Vietnam War proved. The CBO study points out that, by the time a carrier funded in fiscal year 1978 could enter the fleet, the ship it would replace would be 36 years old. Several new carriers are already needed, therefore, merely to replace ships now operational and maintain a 12-carrier force—which the CBO study agrees is what the National Security Council says is needed "into the foreseeable future."

"Further procurement of . . . carriers, strike cruisers, and large destroyers would not be needed" in a sea control fleet. Such ships would be most effectively used for power projection. They might also, however, depending on the scenario, have to be used for sea control purposes as well, if only to protect the specifically assigned sea control forces from Soviet air and/or missile attacks, from land- or sea-based platforms. The CBO study, again, points out that the Soviet Naval Air Force already has four hundred 1,500-mile range Badger missile bombers operational, and that they are being augmented by the newer, longer-range (2,750 to 6,000 miles—estimates vary widely), and more highly capable Backfire bombers now coming into the Russian inventory in large numbers. A handful of carriers and Aegis strike cruisers would be much more effective than the Navy's entire sea control fleet against Badgers, Backfires, and the anti-ship missiles now an integral part of the armament on almost all Soviet ships.

DEFENSE ECONOMICS

There is also a matter of defense economics—the pragmatic equation alluded to earlier. It is generally agreed that it costs more to successfully defend a given target than it does to successfully attack the same target. It is also agreed that, despite its profligacy in the defense spending area, even the USSR's resources are not unlimited—they have been, in fact, already strained to the utmost because of the unnaturally (and unnecessarily) high levels of Soviet naval/military expenditures over the past several years.

Much of that Soviet spending, particularly in the naval area, has been geared to counter the admittedly superior USN power projection forces. If those forces were to be reduced, the Soviet Union would have that much more to spend on its already massive land and air forces.

The same type of tradeoff holds true for an actual combat situation. Any forces which would not have to be held back to defend the Soviet homeland would be available for Warsaw Pact offensive purposes. The mere existence of U.S./NATO power projection forces—whether land-, sea-, or air-based—acts as a restraining influence on any potential enemy by tying up, for defensive purposes, manpower and materials which would otherwise be used to augment his offensive capabilities.

And that, in turn, brings up the CBO paper's philosophical omission. The paper ignores—but Senators Nunn and Bartlett do not—the very concept of deterrence: *to stay strong enough not only to defeat an enemy attack, but to prevent that attack from ever starting.* If, as the two senators allege, "the Soviet Union . . . may be invited" by current NATO weaknesses "to launch a major conventional invasion of Western Europe," one must ask how much more tempting that invitation might seem if the United States were to further weaken itself and its allies by reducing the Navy's power projection forces.

It is impossible to say with any reasonable certitude precisely how much Congress should appropriate to insure the Navy can carry out both of its major missions. Whatever is the minimum amount necessary will be money exceedingly well spent, however, because there's another important lesson in defense economics which has been learned (and, unfortunately, too quickly forgotten) several times in this century: The money spent to deter war—even if the ships, tanks, aircraft and other weapons bought are never used—is only a minute fraction of what must be spent if deterrence fails and a war does start.

DIMINISHING OPTIONS

Despite the above criticism, it should be noted that the CBO study is, or could be, a most useful document, and not only for devil's advocate purposes. Unlike less thorough and less credible efforts, it unflinchingly faces the full spectrum of the Soviet conventional arms buildup and gives an honest assessment of the huge cost outlays which would be necessary for the United States to rebuild its naval inventory.

The real option which Congress faces is not between sea control or power projection forces for the Navy. It is between facing reality, or playing politics. If Congress faces up to the facts of the awesome Soviet conventional purpose forces buildup so well documented on page after page of the CBO study, it will have no choice but to fund the Navy for both major missions.

But if it looks only at the costs which would be involved—and particularly at the $7.0 billion which would be "freed" by a decision "not to procure these major systems"—the end results could be catastrophic. It is dangerously coincidental that the $7.0 billion represents the upper edge of the $5–7 billion which the Democratic campaign platform last year said could be cut from U.S. defense spending.

Previous Congresses, paying more attention to costs than to capabilities, must take much of the blame for the present limited-option situation facing both the Navy and the nation.

If the new Congress does not better the record of its predecessors, there soon may be no options left at all.

OSHA REFORMS IGNORE AGENCY'S VIOLATIONS OF FOURTH AMENDMENT

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. HANSEN. Mr. Speaker, there has been much talk concerning the promises by the Secretary of Labor, Ray Marshall, and OSHA director, Dr. Eula Bingham to reform OSHA's badly tarnished public image by eliminating the agency's Mickey Mouse standards and instituting a more human approach when dealing with the public. Unfortunately, there is no mention of any action concerning OSHA's most blatant problem—violation of the fourth amendment of the U.S. Constitution. The growing list of Federal and State court cases attest to the fact that OSHA is in fact in continual violation of the fourth amendment.

Mr. Speaker, syndicated columnist John Lofton, Jr., recently voiced his concern over this situation in an editorial for the United Features Syndicate which I highly recommend to my colleagues. The article follows:

OSHA REFORMS IGNORE AGENCY'S VIOLATIONS OF FOURTH AMENDMENT

(By John D. Lofton, Jr.)

WASHINGTON.—Speaking recently to the City Club of New York, discussing counterproductive government regulations, Commerce Secretary Juanita Kreps assured her audience that the Occupational Safety and Health Administration is being brought under control. Mrs. Kreps says: "Already we have wiped the foam off OSHA's mouth and wrestled it into a straitjacket."

OSHA boss Dr. Eula Bingham agrees. Announcing that her agency has launched a program to get rid of unecessary, "so-called 'Mickey Mouse' rules," she declares: "Our task is to make life safer for employees, not to make life harder for employers." Dr. Bingham is particularly proud that OSHA has abolished a rule that cited businessmen for not having proper coat hooks in toilet stalls.

She also questions an OSHA rule prescribing the exact height above the ground at which fire extinguishers must be installed, asking:

"Does it really make sense to require that the fire extinguisher in a basketball team's locker be the same height as the fire extinguisher in a jockey's room?"

Emphasizing that henceforth OSHA will concentrate on "serious dangers," Dr. Bingham's boss, Labor Secretary Ray Marshall, vows that OSHA is "indeed going after the whales instead of the minnows."

Now, all of this is well and good. But the only problem is that in its enthusiasm to reform itself, OSHA is doing nothing whatsoever about the most "serious danger" OSHA itself poses to the constitutional rights of American businessmen, and that is: the agency's asserted right to inspect private businesses, unannounced, without a search warrant. For those—like the folks at OSHA—who may have forgotten the wording of the Fourth Amendment, it reads:

"The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized."

Any idea that the Fourth Amendment is narrowly limited to where individuals live was dispelled last month when the Supreme Court ruled 7 to 2 that Constitution safeguards "individuals from unreasonable government invasions of ligitimate privacy interests" outside as well as inside "the four walls of the home." Writing for the majority, Chief Justice Warren Burger declared that "there is no evidence at all" that the Founding Fathers intended to exclude from the Fourth Amendment's protection all searches outside the home. This was a "fundamental purpose" of the amendment, he said.

So why does OSHA say it is "essential" that it have the authority to conduct warrantless searches? Dr. Bingham explains it to me in a letter:

Throughout the legislative history of the OSHA Act, Congress repeatedly stated that this authority was necessary "because prior notice of impending inspections under other Federal safety and health laws had virtually destroyed the government's ability to secure meaningful protection for endangered workers. Experience has confirmed Congress' judgment, since over 70 percent of OSHA's routine random inspections—those made without any accident report or complaint—reveal hazards significant enough to require correction, and which might be easily concealed if a plant manager knew in advance that an inspector was about to arrive.

"If the Secretary were required to obtain a warrant each time an employer refused an inspector's entry, the Act's ban on advance warnings would quickly be reduced to empty words."

Well, now. This argument is hardly compelling. To require an OSHA inspector to have a search warrant before he is to search a business would in no way tip off the plant manager anymore than the act of a judge giving a cop a search warrant to bust in on a suspected drug dealer tips off the suspected dealer. The element of surprise in both cases would still be maintained.

What OSHA undoubtedly fears—and correctly so—is that most, indeed the overwhelming majority, of its requests for warrants would not be granted since there would be no valid reason to assume a violation. As T. Daniel Sanger, a federal OSHA compliance officer in Idaho, has written to Rep. George Hansen, R.-Idaho, the head of a group called STOP–OSHA:

"In the past, these inspections have been made on a random basis with no probable cause for selecting a particular business other than the fact that it might appear in a telephone directory. Often these inspections are nothing more than 'fishing trips' which allow OSHA to look for possible violations that it has no prior knowledge of."

What underlies OSHA's asserted right to conduct warrantless searches of private businesses is a presumption of guilt, not innocence. When earlier this year a three-judge federal court in Idaho ruled that OSHA inspections were unconstitutional, AFL–CIO President George Meany, foaming at the mouth and himself in bad need of a straitjacket, bellowed that this decision was "totally contrary to the long-established principle that no employer has any constitutional right to kill or injure workers." So there you have it. Any employer who objects to the government inspecting his premises without a warrant is assumed to be killing or injuring workers. Preposterous!

Monroe Freedman, the former dean of the Hofstra Law School and a member of the National Board of the ACLU, has observed that in the First Amendment area involving so-called "commercial speech," business people are "the liberal's Jews and gypsies—a despised minority of subhumans who are not entitled to share in the same liberties that

we otherwise declare to be essential rights of every member of a free society." How true. And Dean Freedman might have added that when it comes to businessmen and the Fourth Amendment, this is also the case.

OSHA should get out of the warrantless inspection game and start treating American businessmen as if they had the same constitutional rights as common criminals.

THE NECESSITY FOR THE B–1 BOMBER

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. LENT. Mr. Speaker, recently station WPIX in New York City broadcast an editorial concerning President Carter's decision against production of the B–1 bomber. The editorial sums up clearly and succinctly the reasons why President Carter made the wrong decision, and points out the serious threat to our national security brought about by that erroneous decision. I commend to my colleagues the WPIX editorial:

THE B–1 BOMBER

President Carter surprised almost everyone with his decision not to go forward with the production of the B–1 bomber. In his defense, it should be said that United States forces are so overwhelming that the addition or subtraction of one strike force is not crucial to our safety at this time. Our fleet of Poseidon submarines alone can devastate 4800 target cities, virtually obliterating the vast majority of them, and added to that are other submarines, land based missiles and an airborne fleet of bombers. That three part, or triad, system has been at the center of our defense policy, and is intact today, but to maintain it requires the B–1 bomber.

The problem and the reason that the Management of WPIX believes that the Congress should override the President's decision and go forward with the B–1 lies in the future. If there is to be an arms limitation agreement with the Soviet Union, the centerpiece of it will be a limitation on the range of the Cruise missile, which is the weapon they most fear. For us to be able to accept a short range Cruise, we must have the means of launching them from well within the Soviet Union, and that requires the B–1.

It is all well and good for the President to talk of converting the old B–52s into platforms to launch the Cruise, but the fact is that there is next to no chance that the old planes can penetrate the Soviet air defenses. The B–1 can, and makes it possible for us to use the range of the Cruise missile as a bargaining chip for comprehensive agreement.

The President seems to be trying to set a good example for the Soviets to follow by not going forward with the development of a major new weapon in the hope that they will respond in kind. Every President must learn for himself that the Soviets don't react that way. They will go ahead with their Backfire bomber and with developments to change the range of their missiles from intermediate to intercontinental without our being able to detect the difference, and our good example will return to haunt us.

One can understand that the B–1 decision is difficult because it involves great sums of money. But it also involves maintaining the integrity of our long standing policy of three separate and distinct means of responding to nuclear attack. It also profoundly affects our ability to negotiate an arms agreement.

With the human rights initiative causing the Soviets to take a harder line in dealing with the United States and with the breakdown in SALT negotiations, we believe it is imperative that the Congress override the President and provide funds for limited production of the B–1 bomber.

What's your opinion? We'd like to know.

DEMOCRATS' MEDICARE POLICY: CUT BENEFITS FOR DISABLED AMERICANS, PLENTY FOR ALIENS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ASHBROOK. Mr. Speaker, the Department of Health, Education, and Welfare has informed the Ohio Department of Public Welfare that it must cut a substantial number of people, most of them elderly and living primarily off social security, from its medicare program. There is not enough money to provide medical care for these people who have paid taxes and had social security money deducted from their paychecks all their working lives. But there is plenty of money for a vast and ballooning program of medical coverage for any alien who has lived his whole working life abroad, but who has been here for 30 days as a permanent resident. We do not even require him to state any intention of becoming a citizen.

One of my constituents writes, "I only receive the reduced social security and the small industrial compensation—I am a 100 percent total disabled man." Nevertheless, due to liberal priorities, he must cease to receive medicare benefits. His mistake, it would appear, was to live, work, and pay taxes in this country during his working life. It is these earnings which make him ineligible for medicare. Had he been an alien with his assets abroad, he could have probably kept his coverage.

The provision of medical care for our own people should be our first priority. In a time when the average workingman's family can be ruined by a major illness, we have no right to offer free medical care to anyone who has just reached our shores. As San Francisco columnist Guy Wright puts it:

The irony is obvious. For the typical American citizen, medical costs are nightmarish. A simple checkup is a luxury he defers. Major sickness means bankruptcy.

Yet an alien shows up here and the ink is barely dry on the entry stamp in his passport before he is eligible for all the free medical care he needs.

The fake morality of liberalism guides the policy of the Democrats. We have seen Mr. Carter cut programs at home in a vain effort to balance the budget, while at the same time continuing and often expanding foreign aid programs. We should not be surprised if this fake morality also dictates cutting medicare benefits to Americans while offering them to newly arrived immigrants who do not indicate any desire to become American citizens.

I favor kindness to others, but not at the expense of our obligations to our own citizens. I stand for a policy, both at home and abroad, which takes care of our own people's well-being before we extend charity to others.

A REASONABLE CHARGE FOR WATERWAY USERS

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. DUNCAN of Oregon. Mr. Speaker, the Northeast Ordinance of 1787 declared that our inland waterways should be forever free from tax, impost, or duty. This policy was essential in assuring the construction of canals back in the 1800's, when the barge industry was in its infancy in this country.

Since that time, the barge industry has prospered, providing a low-cost, fuel-efficient transportation alternative to inland trade and industry. This has been accomplished in large part because the waterway system has been maintained and operated by the Federal Government.

I am persuaded that the time has come for the barge industry to help defray the costs of construction and upkeep. Any changes paid by the industry, however, should not be at a level likely to cause serious economic dislocation or to shut down some inland waterways. For these reasons, I support the legislation cleared by the Ways and Means Committee which would impose a fuel tax on commercial vessels on the inland waterway system of 4 cents a gallon beginning on October 1, 1979, and going up to 6 cents a gallon in 1981. I call on my colleagues to do the same, and ask in the meantime for unanimous consent to include in the RECORD an article from the Los Angeles Times outlining the waterway user charge question. This same article has appeared in other papers throughout the United States, including the Oregonian of Portland, Oreg.

[From the Los Angeles Times, July 3, 1977]

BARGES OPEN COUNTRY BUT FACE FEE THREAT: LEWISTON, IDAHO: GATEWAY TO THE SEA

(By David Johnson)

PORTLAND.—Bargeman Lew Russell, the chill wind blowing in his leathery face as he cruised up the Columbia River, recalled recently how it was back in '32 when he started running sternwheelers from here to Umatilla, Oreg., 200 miles upriver.

The boxy craft, he said, bore 300 tons of grain in their holds and some carried 20 or more passengers in their upper decks. It was hard work, with undersized engines fighting to control the craft through fast currents and high winds.

Some adventurous spirits, Russell recalled, would run their boats all the way up the Snake River to Lewiston, Ida., 374 miles upstream. Rocks sometimes punched holes in the hulls of the wooden vessels as they shot the rapids, holes the bargemen would struggle to repair as they sailed.

Since June 1975, however, travel by water between Lewiston and the Pacific has been a relatively easy journey. On that date the last three of eight locks and dams needed to make, the Idaho city a seaport were completed.

Farmers from Idaho to the Dakotas are generally ecstatic about Lewiston being a gateway to the ocean because competition between barge operators and the railroads has meant lower transportation charges. And the less farmers pay to ship grain the more money they make.

These lower charges are possible largely because the locks and dams the barge operators use were built and are operated and maintained by the taxpayers.

The public investment in the eight locks to Lewiston, some of which were built in the 1930s, is $385 million, according to the Pacific Northwest Waterways Assn.

Barge operators use these and all other locks and dams in the nation's extensive inland waterways system free of charge. That is a major factor in the low prices charged shippers by barge operators. The bargemen boast that they handle "16 percent of the nation's freight for 2 percent of the freight bill."

For decades the railroads, no strangers to subsidies themselves, have complained to Congress that free use of the locks and dams system gives the barge operators an unfair advantage.

Legislation backed by the railroads that would either tax barge operators for these facilities or impose a user fee has invariably died in committee.

But this year the political waters so long charted and safe for the bargemen are changing.

On June 22 the Senate passed 71–20 a bill that would charge barge operators 100 percent of the operation and maintenance costs of inland waterways development and 50 percent of new construction begun in 1984 or later. Both fees would be phased in over five-year periods.

The bill, introduced by Sen. Pete Domenici (R.-N.M.), now goes to the House where Ways & Means Committee chairman Al Ullman has asked the speaker to delay action on the user fee system until Ullman can study it to determine whether it is, in reality, a tax and therefore should go to Ways & Means.

The railroad industry has forged an alliance with conservation and public interest groups that oppose inland waterway projects as environmentally damaging and uneconomical. Some of these groups have received financial aid from the Council for a Sound Waterways Policy, an organization funded almost entirely by the railroads.

A spokesman for the Assn. of American Railroads said this coalition has given the railroads "a credibility we never had before" in seeking to impose the user fees on competition.

The Carter Administration strongly endorses user fees for barges and favors the segmented user fees concept, under which charges would be based on the cost of operating and maintaining each existing segment of the inland waterways system and the cost of future development. The charges would be assessed on a ton-mile basis to barge operators for each segment they used.

Such a policy, Transportation Secretary Brock Adams said earlier this year, would prevent construction of lock and dam systems which are not economically viable.

Imposing user fees on barges has become a serious prospect lately because President Carter has announced his "very firm intention" to veto any bill providing for expansion of a key Mississippi River lock and dam at Alton, Ill., unless user fees are adopted nationwide.

The question of a user fee for barges goes back to the Northwest Ordinance of 1787, which provided that inland waterways "shall be common highways and forever free . . . without any tax, impost or duty therefor."

In the early 1800s, when construction of canals began in earnest, most were funded through private or state-supported mechanisms. To protect investors in these projects, the barge operators won legal concessions limiting competition by railroad. For example, at one time the predecessor of the New York Central Railroad was barred from carrying certain freight on tracks near the Erie Canal except when the canal froze over in winter.

Extensive federal involvement in inland waterways began in the 1920s and was spurred by the job-stimulating New Deal era programs of the 1930s.

Such public works construction has remained popular with Congress ever since because of the jobs it creates and because the resulting competition between rail and barge traffic generally means lower fares for shipping bulk commodities.

Lock and dam projects are often cited by critics as a primary example of "pork barrel" programs which help legislators get reelected by improving their image in their home districts.

The seeming economies in transportation resulting from canal projects are illusory, according to the Public Interest Economics Center in Washington, which is receiving $35,000 from a railroad group to study the matter.

Writing in the May issue of the Sierra Club Bulletin, which did not disclose this financial tie, center official Lee Lane said the $400 million taxpayers spend annually to subsidize the inland waterways system "allows barge operators to price their services below actual costs. This is not possible for railroads . . . Along many routes, railway shipment would be preferable were it not for the waterway subsidy.

". . . By subsidizing barge traffic in those instances where railroads would serve as well or better, the government in effect is increasing the total cost of transportation."

Lane argues that "if the companies that use the canals had to pay for their construction and operation, fewer would be built."

Indeed, the barge operators agree that imposition of segmented user fees covering the full cost of operation and maintenance would no doubt shut down some inland waterways.

Figures developed by the Assn. of American Railroads from federal budget data indicate it would cost $56.07 in user fees for each mile that a loaded 1,500-ton barge moved on the Arkansas-Verdigris Waterway, which has made Tulsa, Okla., a seaport.

The cost per mile for a 1,500-ton barge on the newly developed Willamette River at current freight levels, which are expected to grow, would be $175.11 per ton mile. These high costs result from the extensive dredging and lock and dam construction needed to make a marginal waterway navigable.

In contrast, on the essentially free-flowing lower Mississippi such fees would be just 20 cents per mile for a fully loaded barge.

Here, on the Columbia River in Oregon between The Dalles and Pasco, the cost would be $8.10.

Thomas Garside, group vice president for Crowley Maritime Corp., a major barge operator, said here that such statistics are unfair.

"We (barge operators) were here long before the dams, and the first priority for building the dams was hydroelectric power, second was water storage, and towboats and barges are way down the list," Garside said.

David Wright, president of National Maritime Service Co. of St. Louis, contends "the waterways were developed to benefit the regions, not the barge operators."

Wright also argues that user fees for barge operators would have a double effect on transportation costs.

"Even with user fees we'd remain competitive with the railroads," he said, "because they would raise their rates. We've had a 25-year price war with the railroads and they're charging less to haul grain in some areas now than they were 25 years ago."

Wright concedes, "It is hard to justify the present (no fee) system. But all you have to do to get us to go for user fees is to require the railroads to charge the same prices on all routes."

George Staudt, general manager of a merchandising firm, noted that it costs his company $3.30 per ton to ship wheat by barge from Lewiston to the coast, compared to $6.80 by rail. He said that between Spokane and Seattle, a comparable distance but with no competing barge traffic, the railroads charge $8.60 per ton.

Imposition of user fees has become a serious prospect ever since the railroads and environmental groups got wind of a plan by the Army Corps of Engineers to quadruple the capacity of Lock and Dam 26 at Alton, Ill., on the Mississippi River without seeking congressional authorization. The corps planned to rebuild the lock and dam under a clause allowing it to maintain and repair facilities.

The expansion, which President Carter says he will veto unless it is tied to user fees, would cost $400 million, according to corps estimates. But a memo obtained from corps files in a lawsuit indicates that the estimate is far too low.

Lock and Dam 26 is important because it is the passageway between the Lower Mississippi and the extensively developed waterways of the Upper Mississippi, Ohio and Illinois rivers.

Tricia Record, the Sierra Club Midwest representative and a former chairman of the railroad-funded Council for a Sound Waterways Policy, also warns that further development of the waterways above Alton, Ill., will destroy 60,000 acres of wetlands vital to fish and waterfowl propagation.

John W. Lambert, president of Twin City Barge & Towing Co. of St. Paul, disputes this view. He contends that waterways development has created hundreds of thousands of acres of backwater wetlands that previously did not exist and that fish population and species variation have actually increased since development of the river began.

The barge operators say they are fighting against an "unholy alliance" between the railroads and environmental groups.

Ms. Record said neither she nor the Sierra Club had accepted any funds of expense money from the Council for a Sound Waterways Policy.

She added that "we arrived at our own conclusions" opposing waterways development without user fees "independently and for our own reasons."

The council operates out of a vacant office in the Western Railroads Assn. headquarters in Chicago.

The council has helped fund the Environmental Policy Center in Washington, D.C., and the Coalition on American Rivers, an Urbana, Ill., conservation group.

Another railroad group has also funded the Public Interest Economics Center, an organization created to "provide some public interest input into economic decision-making."

Center official Lane said the group accepted $35,000 or about 10 percent of its funding from the railroads because "we have adopted waterway user fees as a political goal."

John Marlin, director of the Coalition on American Rivers, which gets $5,000 per month from the council, said he finds criticism of this funding ironic.

"Environmental groups are always being accused of not having the nation's business and economic interests at heart," Marlin said. "So here when we have an issue where we're allied with business we think it's totally appropriate to accept money from them where we have mutual interests in an area we were already involved in."

ILLEGALLY DISCHARGED EMPLOYEES: THE NEED FOR LABOR LAW REFORM

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. KILDEE. Mr. Speaker, employees who are unlawfully denied collective bargaining are denied democratic participation in their employment relations. Yet, increasingly workers are finding that the collective bargaining obligation envisioned in the National Labor Relations Act (NLRA), enacted over 40 years ago, is not effective when an employer chooses not to comply. The employer can refuse to negotiate and illegally discharge employees with hardly a worry about punitive sanctions. The ability to ignore the ineffective penalties of the NLRA is used as a license for union busting. The employer can break the law and get away with it.

Take the case of the Tiidee Products Company in Dayton, Ohio. There, in September 1967, the employees chose the International Union of Electrical, Radio, and Machine Workers—IUE—as their collective bargaining representative. The vote was 19 to 5. Tiidee officials reacted by first closing the plant for several days and then filing objections to the election with the National Labor Relations Board—NLRB. The NLRB ruled against the company, certified the union as the employees' bargaining agent, and ordered negotiations to begin.

The company refused to negotiate and fired 11 of the union's strongest supporters. This touched off more than 3 years of legal proceedings. First, the Trial Examiner of the NLRB ruled against the company. The Board then sustained the ruling (194 NLRB 1234). Tiidee appealed to the District of Columbia Court of Appeals, which upheld the Board. Finally, on December 8, 1970, the Supreme Court denied certiorari, refusing to review the decision.

In all, the company lost four times. The penalty? The usual in this type of case. Tiidee was ordered to reinstate the 11 employees, to pay them back pay, discounted by any substitute income earned, and to negotiate with the union. Of the 11 employees, 10 chose not to return to Tiidee. They had been forced to find other employment during the 3-year period of litigation. Although a union negotiating committee was reconstituted, it was short-lived. The company harassed two principal members of the committee so much, they quit in disgust. With their departure the union died and no contract was negotiated.

In effect, the company broke the law and was found guilty, but got rid of "troublesome" employees and destroyed the union. The cost? A small amount of backpay settlements.

Prophetically, the court of appeals, in ruling against Tiidee, had observed: "The employer may reap a second benefit from his original refusal to comply with the law: he may enjoy lower labor expenses after the order to bargain, either because the union is gone or because it is too weak to bargain effectively" (426 F. 2d 1243).

It follows then that an order to an employer to bargain and to reinstate employees with backpay is an ineffective and unfair remedy. The aggrieved parties are not properly compensated and the lawbreaker is not adequately penalized.

At least two changes in the NLRA proposed by the Thompson-Williams labor Reform bill would deal with these problems. One would award double backpay to employees illegally discharged during an organizing campaign or prior to the signing of an initial contract. The other change would authorize the Board to order a party who illegally refuses to bargain to compensate the other side through a "make-whole" remedy. The measure of compensation would be based on the average wage settlement negotiated by workers at plants where collective bargaining proceeded lawfully.

These changes hopefully would take the profit out of violating the law and properly compensate the victimized parties.

CONFERENCE REPORT ON PUBLIC WORKS—ERDA APPROPRIATIONS

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. DUNCAN of Oregon. Mr. Speaker, I cannot remember a vote for a bill that I have cast with greater reluctance than this one on the conference report on public works appropriations for fiscal year 1978. I had no trouble supporting the House bill in Committee on the floor. While the conference report does fund Oregon's Lake Applegate project, it does not fund other water projects that have been endlessly studied, approved and authorized by both Houses of Congress and, in many instances, have run the gamut of the courts.

The Congress is not infallible. It is possible that one or two of these projects is ill-advised. Possible, but not likely for these projects could hardly have been subjected to more searching scrutiny.

More importantly, I feel that we have forgotten the lessons of history and are in danger of repeating our past mistakes. During the droughts of the 1930's, most of the Western United States disappeared in dust clouds. We had failed to protect our environment. The U.S. Government responded with a great public works program that continues today. These eight projects are the newest progeny of that historic initiative.

With these projects, we rebuilt the Western United States. We provided water for agriculture and hydroelectric power for industry and we turned the dust bowl back into a productive environment. Now, the West is again faced with severe drought but this legislation indicates that we have not learned the lesson of the 1930's. In the name of saving the environment, we may well destroy it and in the process recreate the social problems of depression and unemployment and hunger which the dust bowl and the drought brought with them.

I also have reservations about the deletion of the breeder reactor program. I doubt that our restraint will set an example that other nations can or will follow. It seems to me that we have more control if we continue to develop our own technology.

ALASKAN NATURAL GAS AND THE MIDWEST

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. OBERSTAR. Mr. Speaker, I was delighted with the approval by the Canadian National Energy Board of an overland pipeline to carry Alaskan natural gas to the contiguous 48 States. This decision by the Canadian equivalent of our Federal Power Commission, is almost certain to be supported by the Canadian Cabinet, and it opens the way for bringing abundant supplies of Alaskan natural gas to energy-starved sections of our country at prices which are economically sustainable. Certainly we should not be deterred from seizing the opportunity to begin construction of a pipeline through Canada under the conditions proposed by the National Energy Board.

The conditions include a diversion of the pipeline route to Dawson in the Yukon Territory for later connection with a McKenzie Delta pipeline along the Dempster Highway, and payment of the indirect socioeconomic costs of pipeline construction north of the 60th parallel. The conditions appear reasonable and unlikely to significantly increase the cost of Alaskan gas to American consumers. The additional transportation cost of the Dawson diversion would amount to only a few cents per million cubic feet, even so the transportation cost of the overland pipeline route would be about 30 cents per mcf less than the alternative of waterborne transportation of liquefied natural gas to the west coast.

Mr. Speaker, the decision of the Canadian N.E.B. is extremely good news to those of us who have been concerned about natural gas shortages—especially those of us from the Midwest. I urge the President and those members of his administration who are responsible for our Nation's energy policy to take immediate steps to open negotiations with the Canadian Government on an informal basis to prepare the way for a prompt recommendation of an overland pipeline by the President and approval by the Congress prior to the adjournment sine die of this session.

Nothing on our agenda is more urgent than the energy problem and no single step that the administration and the Congress could take would do more to alleviate this problem than the prompt approval of an overland transportation system for Alaskan natural gas.

Mr. Speaker, I include in the RECORD at this point various news stories describing developments of the matter over the Fourth of July weekend:

[From the New York Times, July 5, 1977]

CANADA ENERGY UNIT BACKS $8.6 BILLION GAS PIPELINE

(By Robert Trumbull)

OTTAWA.—The National Energy Board of Canada announced its approval today of an application by a Canadian-American consortium, Foothills Pipes (Yukon) Ltd., to build an $8.6 billion natural gas pipeline across western Canada to connect with the proposed Alcan project in Alaska, giving American consumers access to large reserves of the fuel at Prudhoe Bay.

The decision, which is expected to be endorsed by the Canadian Government next month, is in accord with the findings of an environmental task force that advised President Carter last week to accept the Alcan route rather than several alternative proposals for bringing Alaskan natural gas to users in the lower 48 states.

A debate on the proposal in the Canadian Parliament, which received the board's report tonight, will be the next step toward a final decision by Prime Minister Pierre Elliott Trudeau's cabinet. This decision is expected in time to meet the deadline of Sept. 1 set by the Congress for President Carter to choose a route utilizing the gas from northern Alaska.

RULINGS BY BOARD USUALLY ACCEPTED

Decisions by the National Energy Board, an industry regulating body corresponding to the Federal Power Commission in the United States, normally are accepted by Ottawa. Because of the economic implications of a new northern pipeline, and the heated controversy surrounding the project, the action announced by the board today is said to be the most far-reaching since its founding in 1959.

In selecting the Alcan project, the Canadian board turned down the more ambitious and controversial plan of a largely American controlled group of United States and Canadian companies to drive a pipeline 2,600 miles from Prudhoe Bay across the northern Yukon, down to the Mackenzie River Delta in the Northwest Territories and along the Mackenzie Valley to Alberta.

While rejecting the Mackenzie route and others on economic and environmental grounds, the Canadian decision left open an option of tapping known gas reserves in the delta later by augmenting the Alcan line with a spur running along the Dempster Highway in the Northwest Territories.

"A crucial question in regard to any land bridge for the transmission of the United States gas [from Alaska] through Canada is whether the project has the potential for bringing [Mackenzie] delta gas to Canadian markets, and the foothills [Yukon] project has such a potential in the form of a Dempster link," the report declared.

EL PASO GAS FACES SETBACK

If both Ottawa and Washington accept the Alcan route, as is now expected here, it would be a blow to the plan of the plan of the El Paso Natural Gas Company for an all-Alaska pipeline from Prudhoe Bay to Valdez, where the gas would be liquefied and shipped south in tankers, a complex and expensive procedure that has alarmed environmentalists because of the hazard involved in sending tankers through constricted waters.

Whatever pipeline is ultimately approved by the two governments—and the choice of Alcan is regarded here as a virtual certainly as far as Canada is concerned—it will be the biggest construction project ever undertaken in this country. The 672 miles of 48-inch and 42-inch pipe, to be completed by 1984, would channel approximately 2.4 billion cubic feet of gas a day toward hungry southern markets.

The foothills consortium includes Foothills Pipelines Ltd. of Calgary, the Westcoast Gas Transmission Company of Vancouver, B.C., and the Northeast Pipeline Corporation of Salt Lake City. The American member would build the Alaska section of the Alcan line.

In its decision, issued in three volumes aggregating more than 2,000 pages of double-spaced typescript after two years of hearings, the board declined to recommend the elimination or phasing out of natural gas exports to the United States to conserve domestic supplies. Americans buy 1 trillion cubic feet of Canadian natural gas a year.

While accepting the recommendation of a one-man commission that a MacKenzie Delta pipeline be delayed, the board did not go as far as the commissioner, Justice Thomas Berger of the British Columbia Supreme Court, who wanted such a project barred for 10 years. The board held that MacKenzie Delta gas reserves, estimated at 5.3 trillion cubic feet, would be needed for the Canadian marekt "during the first half of the 1980's."

JUDGE HAD SOUGHT A DELAY

Justice Berger had urged the 10-year delay to allow time to develop the economy of the Indians and Eskimos living in the affected region, who have been divided in their reaction to a pipeline through part of their fishing, hunting and trapping areas. Native groups have demanded, meanwhile, that their land claims be settled before a pipeline is laid down.

The National Energy Board maintained, however, that the effects on native life and on the delicate Arctic environment cited by opponents of a pipeline would be minimal along the Alcan route.

In approving the Alcan proposal, and excluding the several other applications received, the board recommended that the Government withhold permission for the construction to proceed pending the fulfillment of various conditions.

Besides corporate changes assuring that domestic companies would own the voting stock in the Canadian component firms of the consortium, the group is required to conduct feasiblity studies for the proposed pipeline along the Dempster Highway to the MacKenzie Delta by Jan. 1, 1984.

"A necessary complement to . . . the construction of a Dempster link would be a rerouting of the Alaska Highway via Dawson, Yukon," an official summary of the decision stated, adding: "Such a diversion would reduce the cost of transportation of delta gas by some 12 cents per million cubic feet, while increasing the cost of transmission of [Alaska] gas by 6 cents per million cubic feet, or less."

The board's experts estimated that the cost projections by Foothills (Yukon) might be exceeded by 20 percent to 30 percent, possibly bringing the expenditure to well over $10 billion. The prospect that the project will go ahead, bringing vast amounts of money into the country, is expected to bolster the sagging Canadian dollar, now hovering at more than 5 cents below its former parity with its American counterpart.

[From the Wall Street Journal, July 5, 1977]

ALCAN ROUTE FAVORED FOR NORTH SLOPE GAS BY CANADA UNIT, MATCHING CHOICE IN U.S.

(By John Urquhart)

Canada's National Energy Board has conditionally ruled in favor of a pipeline proposed by the Alcan Pipeline consortium to transport natural gas from Alaska's Prudhoe Bay to the lower 48 states via Canada.

The Ottawa decision matches a recommendation on the preferred gas-line route made Friday to President Carter by a task force of federal agencies.

A three-man Canadian panel, headed by Jack Stabbock, vice chairman of the energy board, rejected a rival proposal by the Arctic Gas consortium to transport Alaskan and northern Canadian gas to the south in a single pipeline.

The decision, after more than a year of public hearings, is still subject to ratification by the Canadian government. However, Alcan would appear to have an almost insurmountable advantage in the pipeline competition.

Alcan is sponsored in the U.S. by Alcan Pipeline Co., a unit of Northwest Pipeline Corp., Salt Lake City.

In Canada the consortium is backed by Alberta Gas Trunk Line Co., Calgary, Westcoast Transmission Ltd., Vancouver, and Foothills Pipe Lines (Yukon) Ltd., Calgary. Foothills (Yukon) is a joint venture of Alberta Gas Trunk and Westcoast.

The Canadian government has said it will decide by Sept. 1 which pipeline route it favors.

In Ottawa, after release of the board's report, Alastair Gillespie, Canadian energy, mines and resources minister, said the government hasn't reached a decision on the pipeline route and is waiting for two further reports on the issue.

Asked if Arctic Gas still had a chance for approval, Mr. Gillespie said "I think you would have to say that particular proposal has been dealt a body blow."

President Carter is expected to recommend a preferred route to Congress by Sept. 1. Congress then will have 60 days to act on the recommendation.

In Washington, a spokesman for the White House energy office said the administration hadn't any immediate comment on the Canadian pipeline recommendation.

John G. McMillian, chairman and chief executive officer of Northwest Pipeline, said yesterday that the Canadian board's recommendation "reaffirms the conclusions of several U.S. government agencies that an overland pipeline for delivering Alaskan gas would be the most environmentally and economically preferred system." He added that all companies associated with the Alcan pipeline "are extremely gratified and elated," by the panel's decision.

"We have always felt that the Arctic gas project posed serious economic, environmental and human-rights problems for Canada and that Alcan's overland route, following existing highways and utility corridors in Alaska and Canada, would minimize environmental and socio-economic impacts," Mr. McMillian said.

LESS ENVIRONMENTAL DAMAGE

President Carter's environmental advisers said the route proposed by Northwest Pipeline would cause significantly less damage to the environment than two competing proposals.

The advisers—from several agencies including the Interior Department, the Environmental Protection Agency and the White House Council on Environmental Quality—said that routes of El Paso Co. and Alaskan Arctic Gas Pipeline Co. would result in major environmental damage.

In El Paso, Texas, an El Paso Co. spokesman said the company didn't have any comment on the Canadian decision "because we haven't seen the full decision." He added that it probably would have a reaction sometime today.

Vernon Horte, president of Canadian Arctic Gas, declined to comment immediately.

The Northwest Pipeline proposal, referred to as the Alcan route, calls for a 4,800-mile pipeline that would parallel the existing Alaska oil line from Prudhoe Bay to Fairbanks and then run along the Alcan Highway through Canada. Some of the gas would be routed to the U.S. West Coast through a western leg pipeline, but most of it would go through Alberta and Saskatchewan to U.S. markets in the Midwest and East.

The task force report to Mr. Carter also covered economic and other ramifications of the pipelines. It said "there is good reason to anticipate that an economically viable transportation system can be privately financed."

Whichever route is selected, "a new consortium (of sponsoring companies) is likely to emerge" and the ability to finance the line privately would improve. Alcan estimates that its project would cost $6.7 billion. Arctic Gas figures $8.8 billion and El Paso $6.6 billion.

"HIGHER NET BENEFITS"

The task force said that in analyzing the benefits of the projects and costs of delivering the gas to consumers, the Alcan proposal would result in "higher net benefits" to the nation than the other projects.

The task force also concluded that there is a "high probability" of cost overruns and construction delays for all three routes, but they aren't of sufficient magnitude to make the projects too costly. The task force estimated cost overruns could total 37% for the Arctic Gas project, 32% for Alcan and 31% for El Paso.

The task force also said it concurs with a Federal Power Commission recommendation to delay a decision on construction of a western leg of the pipeline to the U.S. West Coast until its need is better assessed.

Canada's energy board attached several important qualifications to its ruling, including a condition that the Alcan pipeline be rerouted to pass near Dawson City, Yukon.

Such a route change would allow for construction of a relatively inexpensive link for Canada's Mackenzie Delta gas to the Alcan pipeline following a route parallel to the Dempster Highway.

The Dawson diversion would increase the cost of Prudhoe Bay gas six cents or less per 1,000 cubic feet compared with the project without the diversion, the panel said.

However, it would reduce the cost of transporting Canadian gas about 12 cents per 1,000 cubic feet.

Transmission costs for Alcan decline slightly over time, but the energy board estimates the cost in 1984 of Alaskan gas transported to the Canadian-U.S. lower border (the 49th parallel) to be $1.68 Canadian per 1,000 cubic feet including the cost of the Dawson diversion. In 1987, the cost drops to $1.50 per 1,000 cubic feet.

Despite the added transportation cost, the Canadian panel estimated that the Alcan route would be significantly cheaper than the competing Alaska-pipeline-tanker route proposed by El Paso Co.

The panel said Alcan must agree to provide capacity in its 48-inch diameter mainline for Canadian gas.

It also required that changes be made in the corporate structure of the Canadian sponsors of the pipeline and that up to $200 million be made available to the Canadian government to pay for socio-economic indirect costs of the pipeline in the Yukon and Northwest Territories.

Robert Blair, president of Alberta Gas Trunk, said "generally speaking, we can meet the conditions" set by the National Energy Board.

Mr. McMillian said he thought all of the board's conditions would be acceptable to U.S. authorities.

He added that the U.S. regulatory authorities had been made aware of studies involving a rerouting of the Alcan pipeline. He said the modifications will be officially filed with U.S. regulatory agencies.

Alcan's proposal calls for a mostly 48-inch pipeline that would have an initial capacity of 2.4 billion cubic feet per day, with expansion up to 3.4 billion cubic feet per day. Originally it was planned to carry only Alaskan gas.

Each of the Canadian sponsors of Alcan had planned to build separate sections of the line. Foothills (Yukon) was expected to build the sections in the Yukon Territory and in southwestern Saskatchewan, Alberta Gas Trunk, sections in Alberta, and Westcoast, sections in British Columbia.

"MAPLE LEAF" LINE REJECTED

Alberta Gas Trunk, Westcoast and a second joint venture, Foothills Pipe Lines Ltd., had proposed a separate pipeline, the "Maple Leaf" line, to deliver only Mackenzie Delta gas following a route along the Mackenzie Valley at a cost of $4.6 billion.

The National Energy Board rejected the Maple Leaf application, however, saying it wasn't economical, based on existing proved reserves of 5.3 trillion cubic feet in the Mackenzie Delta.

The board said the Dempster Highway link, which Foothills has under study as an alternative in case more gas isn't found in the delta, probably would be a more economical connection if new discoveries in the delta and the adjoining Beaufort Sea aren't greater than 15 trillion cubic feet.

The board said that, as a condition of its ruling, Foothills (Yukon) must provide further studies of the Dempster Highway link and it must apply to build at least a 30-inch-diameter pipeline by July 1, 1979.

Foothills has estimated the cost of a 30-inch pipeline from the delta to Dawson at between $1 billion and $1.2 billion.

Prudhoe Bay's proved reserves of natural gas are estimated at 24 trillion cubic feet and ultimate potential resources are put at 40 trillion cubic feet.

As for the financing of the Alcan pipeline; the energy board recommended a corporate restructuring to relieve some of the financing risks on Alberta Gas Trunk Line and Westcoast Transmission.

It said subsidiaries of Foothills (Yukon) should be set up to build the Alberta and northeastern British Columbia sections of the Alcan pipeline. These subsidiaries could be 51%-owned by Foothills (Yukon) and 40%-owned by Alberta Gas Trunk or by Westcoast.

The board estimated cost overruns for the Alcan pipeline at between 20% and 30% above the consortium's official cost calculations.

REJECTED PROPOSAL OUTLINED

The rejected proposal, by Arctic Gas, calls for an $8.8 billion, 48-inch-diameter pipeline, about 2,480 miles long, from Prudhoe Bay to the Canada-U.S. lower border through Canada's Mackenzie Valley into the Midwest. The Arctic Gas consortium is sponsored by 16 U.S. and Canadian companies.

The U.S. companies are: Panhandle Eastern Pipeline Co., Texas Eastern Transmission Corp., Pacific Gas & Electric Co., Columbia Gas Transmission Corp., Michigan-Wisconsin Pipeline Co., Natural Gas Pipeline Co. of America, Northern Natural Gas Co., and Pacific Lighting Gas Development Co.

The Canadian companies are: Gulf Oil Canada Ltd., a subsidiary of Gulf Oil Corp., Imperial Oil Ltd., a subsidiary of Exxon Corp., Shell Canada Ltd., a unit of the Royal Dutch/Shell Group, Alberta Natural Gas Co., Consumers Gas Co., Northern & Central Gas Corp.; TransCanada Pipelines Ltd., and Union Gas Ltd.

Arctic Gas also has one associate (non-voting) member, Canada Development Corp., which is state-controlled.

[From the Washington Star, July 5, 1977]

CANADIAN BOARD URGES ROUTE FOR ALASKA GAS FLOW

(By Peter Ward)

OTTAWA.—A Canadian land bridge along the Alaska Highway has been recommended for bringing Prudhoe Bay natural gas to the "lower" 48 states and gas could be flowing by 1982.

The decision announced yesterday by Canada's National Energy Board, equivalent to America's Federal Power Commission, makes it virtually certain that before Sept. 1 Prime Minister Pierre Trudeau will offer President Jimmy Carter use of Canadian territory to transport Alaskan gas to the energy-starved central United States.

Once final construction approval in Ottawa and Washington has been given, the NEB recommends that Canada could increase natural gas exports to the United States almost immediately.

This would be subject to the promise that extra Canadian gas sales would be replaced by Alaskan gas once it is available. The move could ease the Midwest gas shortages as early as next winter.

The NEB recommendation effectively kills the Mackenzie Valley pipeline proposal of the Arctic Gas Pipeline group, a consortium of primarily U.S. oil and pipeline companies which has spent $150 million studying economic and engineering aspects of pipelining Alaskan gas south.

Foothills Pipeline Co., the outside contender, another consortium dominated by Canadian interests, won out with the NEB primarily because the cost of a Mackenzie line was judged too great in social and environmental terms. The NEB did not give Foothills blanket approval for building a pipeline along the Alaska Highway, though, because it has demanded a slight route adjustment to make eventual pipeline linkup easy for Canadian natural gas in the Mackenzie Delta.

The condition will add six cents per thousand cubic feet to the cost of getting Alaska gas south, but it will chop 12 cents a thousand off the eventual cost of transporting Mackenzie Delta gas south.

In addition, Foothills will be required to post a $200 million bond to cover necessary expenses in minimizing the social and environmental impact on Canadian Yukon Indians and Eskimos. The NEB report, coming two months after the Berger report, which condemned the Mackenzie Valley route for a pipeline, makes it certain the Trudeau government will go the Alaska Highway route.

Trudeau has promised Carter a decision by Sept. 1 on whether a Canadian route for Alaskan gas will be available, and the Canadian government plans a debate in the House of Commons before a decision is transmitted to the White House. The NEB's recommendation removes a great deal of political heat from the Trudeau government.

The Arctic Gas-Mackenzie Valley proposal would have required financial guarantees from the Canadian government. The Foothills-Alaska Highway proposal does not. Foothills is expected to seek guarantees from the U.S. government. Foothills estimates the Alaska Highway line can be built for $8 billion, but the NEB says in its report that the estimate is undoubtedly low.

The cost could be pushed to $15 billion before the main line from Prudhoe Bay south and the required spur line to the Mackenzie Delta both are built. The ability of Foothills to finance such a mammoth construction project—largest in Canadian history—has been doubted by critics, but now with NEB approval registered, financing should be possible. Doubts would then center on whether native land claims in the Yukon could be settled fast enough to permit construction in time for gas to be flowing by 1982.

The NEB, though, says the Alaska Highway option offers the quickest, if slightly more expensive, way of bringing Prudhoe Bay gas south. For Canada, the changes demanded in the original Foothills proposal solve several economic problems. With an obligation for construction of the spur line to the Mackenzie Delta built into the approval, the jobs of more than 2,000 natives working on oil and gas exploration in the Mackenzie Delta are safe.

PERSONAL EXPLANATION

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. MURPHY of New York. Mr. Speaker, when the House considered the

HEW-Labor Appropriations bill June 17, I was unable to be present due to a long-standing engagement.

If I had been in attendance I would have voted for the Hyde amendment to this legislation. I was paired incorrectly on this vote and am therefore on record as opposing this amendment.

The abortion question is one of the most controversial and emotional issues facing us today. While I have the sincerest sympathy for those women who are faced with unwanted pregnancies, I believe that abortion is not the answer. The solution lies in better education as to the prevention of unwanted pregnancies not in using abortion as a form of birth control.

I believe that each of us is vested with certain legal and human rights at conception. The rights of the unborn child must be protected just as society protects the rights of other groups who are unable to do so for themselves; children, the aged, and the infirm.

Again, if I had been present June 17, I would have registered my support of the Hyde amendment. I regret that an error was made in pairing me on this amendment and I hope that my intentions in this matter are now clear.

ELIMINATE THE EPA

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. CRANE. Mr. Speaker, the history of the Environmental Protection Agency in the past 7 years provides excellent testimony to the fact that federally authorized agencies are irresponsible, wasteful, ineffective, and above all, a burden to the American people. The Government used the ecological revivalism of the late sixties as a pretext for creating the EPA and thus providing itself with a means of exercising greater Federal authority over our everyday lives. We were told that the move was made in order to shift regulatory authority from established agencies into more "disinterested hands" and that the EPA would effectively cope with environmental problems. What we have today, however, is a Frankenstein's monster, a body which has mushroomed into the Nation's largest regulatory agency which impinges daily upon the lives of American citizens. The EPA engenders far more problems than it solves and those regulations which it imposes are usually unworkable and irrational.

The inefficiencies of this organization are staggering. As a result of its bloated size, it is impossible for EPA to cope with all the laws that it attempts to administer. Industry and agriculture lament constantly that the majority of EPA requirements have been excessive, nonproductive, conflicting, or too subject to change. In addition, the actual effectiveness of EPA in improving health and reducing deaths—its very raison d'être—has been questioned in wide ranging circles.

One further example of administrative bungling in EPA involves the past requirement that cars be built with catalytic converters in order to clean up automobile exhaust. These gadgets were intended to convert the sulfur in gasoline into a sulfuric-acid mist which would be released at ground level. However, this latter substance is one of the most toxic agents contributing to air pollution. Here, then, is an instance where the EPA corrected one problem by creating another more hazardous situation.

EPA methods of operation are too often unreasonable, arbitrary, and unscientific. In fact, the Agency has tried to cover up its inefficiencies with lies and deceit. In one case involving EPA and the regulation of pesticides, the Senate Subcommittee on Administrative Practice and Procedure found that "EPA has misled Congress, the General Accounting Office, and the public regarding the pesticide programs." Thus the EPA's decision to accept uncritically the studies and test data from the pesticide industry as well as its failure to regard warnings from experts, reveals a dangerous set of attitudes and values which are prevalent in this organization.

The list of EPA's misuse of its regulatory function and of its incessant interference with State and local governments is long and shocking. On numerous occasions, the EPA has done nothing but obstruct progress and complicate problems. In discussing the importance of sewage treatment plants, William L. Forestall, editor in chief of American City and Country, stated that the EPA "has done more to slow down construction of sewage treatment plants and environmental facilities than all of the industrial magnates Nader's raiders like to point to with undisguised glee." In so doing, the EPAcrats have thrown tons of paperwork at local government officials, they have controlled the flow of Congressionally authorized funds until there was virtually nothing available, and they have been overzealous in punishing those who fail to comply fast enough with their regulatory demands.

To make matters worse, there is now a shift of emphasis at EPA; whereas the agency used to be satisfied with merely setting limitations, it now has initiated a vigorous and unrelenting campaign of enforcement. Such enforcement is destroying small business and is having odious repercussions for the large corporations. EPA and OSHA alone have forcefully shut down 350 foundries and innumerable small businesses without either substantially improving air quality or reducing work-related injuries. In addition, the EPA has been responsible for much unemployment and energy waste.

One example of EPA's arrogance was its threat to close down a Gary, Ind., United States Steel plant in August 1976. It issued an ultimatum stating that the company either pay $2,300 per day until it completed the EPA required cleanup, or face the immediate shutdown of its last big open hearth furnace. United States Steel, in defiance of such unreasonable demands, decided in favor of the latter option, thus causing 500 employees to lose their jobs. The EPA knew beforehand what the results would be, yet it forced the showdown on grounds of principle. When steel prices were later increased, the first cries were heard from these very forces in Washington which had provoked the issue.

Energy waste, delays, and cost increases have also been the result of EPA's unreasonable demands and regulations. For example, separate studies show that in order to meet 1983 pollution control requirements, the steel industry will be forced to consume 10 to 11 percent more energy. Further, EPA doubletalk has caused dramatic slowdowns in the process of industrial expansion. The EPAcrats have stated that no major industry can be built in an area labeled as "dirty" nor in an area where air is especially "clean." Technicalities such as these have stymied nationwide construction efforts for indeterminable lengths of time. Antitrucking legislation proposed by EPA could double the costs of diesel engines and according to one source, would mean that "extensive engine component retrofitting may be required for trucks already in use—fuel consumption will probably increase—and heavy trucks could possibly become an endangered species by 1981."

The EPA demonstrated an ignorance of economics on several occasions. For example, it disregards the simple law of diminishing returns by failing to see that the energy required to remove 99.8 percent of the particulates from smokestacks is four times greater than that needed to remove merely 98 percent of the particulates. Nevertheless, EPA still demands the removal of that extra 1.8 percent, regardless of the additional costs. The results of this pompous intransigence are that the consumer must eventually bear these extra costs, while small businesses are driven to bankruptcy.

Estimates of what EPA may cost America in the future are astonishing. Fortune magazine wrote:

> If the cost of conforming to the air pollution regulations have been understated to the same extent as water pollution-control costs appear to have been, the cumulative costs of pollution abatement could lie in the trillion dollar range by the middle of the eighties—comparable to the outlays for defense or education.

This could only mean a reduced standard of living and the dissolution of small business—something Americans will never stand for but may have to face should EPA be allowed to continue its totalitarian policies.

The EPA endangers our occupations, level of income, and most precious of all, our liberties. In the years between 1971 and 1975, EPA regulations have directly caused the unemployment of 13,000 people and indirectly contributed to the unemployment of an additional 33,000 individuals. General Motors believes that by 1978, its customers will have to spend as much as $1,225 extra per vehicle due to Federal standards. And, worst of all, the EPA employs undemocratic practices by encouraging ecofreaks to spy and report on the pollution violations in their neighborhoods.

This country does not need the kind of arrogance, usurpation of power, prob-

lems, and deceit which emanate from the EPA. If its 7-year history is even superficially examined, it becomes clear that the EPA is a large instrument designed by the Federal Government to eat away at our liberties and control our lives. Environmental concerns are much better off when left up to the State and local authorities who know best where and how to tackle their problems. The EPA is antithetical to this Nation's best interests and should be eliminated as soon as possible.

DISCRIMINATION IN U.S. VISA POLICY: AN EXILE SPEAKS OUT

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. DRINAN. Mr. Speaker, according to an unnecessary and anachronistic section of the U.S. Immigration and Nationality Act, anyone who is now or has been in the past associated with an allegedly "Communist" or "anarchist" group is automatically denied permission to enter the United States. This law is violative of the freedom of travel and emigration provisions of the Helsinki agreement and repugnant to America's commitment to the unfettered exchange of ideas and the right to travel and emigrate freely, without fear of discrimination based solely on political beliefs.

I have introduced legislation to repeal those sections of the immigration law which mandate the denial of visas to individuals due to their past or present association with Communist or anarchist organizations or views. This bill, H.R. 6308, would retain the Attorney General's discretionary authority to exclude from the United States all those who might pose a legitimate threat to our Nation's security or who have demonstrated an inclination to violate our laws. Only the automatic exclusion of "aliens who are anarchists" and "aliens who are members of or affiliated with the Communist party" would be affected. To date, 20 Members of Congress have cosponsored H.R. 6308. The enactment of this legislation would place the United States in compliance with the Helsinki Final Act and would end the discriminatory denial of visas to individuals who hold certain political beliefs.

One such individual is Mr. Cedric Belfrage. Mr. Belfrage edited a weekly magazine called the National Guardian, which supported the 1948 Presidential candidacy of Henry Wallace of the Progressive Party. In 1953, Mr. Belfrage asserted his constitutional right and invoked the fifth amendment when called to testify before the Senate Permanent Investigations Committee, chaired by Senator JOSEPH MCCARTHY. For these reasons, and no others, Mr. Belfrage was deported in 1955 and has since been denied permission to enter the United States.

In the August edition of Progressive magazine, Cedric Belfrage discussed his arbitrary and senseless exclusion from the United States and analyzed the outrageous provisions of the immigration law which prevent him and his wife from returning to the United States. As the Belgrade Conference to review compliance with the Helsinki agreement proceeds, I believe it is essential for us to repeal these exclusionary provisions which have denied entry into the United States to Mr. Belfrage and so many others. The continued unnecessary and arbitrary denial of visas for political reasons will surely compromise our Nation's ability to call upon the Soviet Union and other countries to honor the Helsinki accord's freedom of travel and emigration guarantees.

Mr. Belfrage's essay follows:

ON POLITICAL EXILE

(By Cedric Belfrage)

(EDITOR'S NOTE.—Cedric Belfrage was born in England and entered the United States as a journalist at the age of twenty-one in 1926. In 1948 he founded and until 1955 edited The National Guardian, a radical newsweekly that supported Henry Wallace's Progressive Party Presidential candidacy. It was the forerunner of The Guardian, still published in New York.

In 1953, Belfrage was called before the Senate Permanent Investigations Subcommittee, chaired by Senator Joseph McCarthy, and invoked the Fifth Amendment when asked whether he had been a member of the Communist Party. Belfrage was arrested and held for deportation. In August 1955 he was deported to his native Britain, and has been barred from the United States since then except for four thirty-day visits permitted under a "waiver of inadmissibility." For some years he has lived in Mexico.

In 1974 the State Department advised Senator Alan Cranston of California: "Mr. Belfrage is ineligible to receive a visa under Section 212(a)(17) of the Immigration and Nationality Act because of his deportation in 1955 . . . [He] could overcome his ineligibility under Section 212(a)(28) only through the presentation of evidence to establish that he is and has been for a period of five years a defector from the Communist Party. . . ."

Belfrage comments: "The only organization with which I was involved from 1948 to 1955 was The National Guardian, a journal supporting but wholly independent of the Progressive Party of that period. I have no intention of establishing defector status' from any organization in which I was or wasn't involved.")

THE EXILE'S OBSESSION

CUERNAVACA, MEXICO.—Political exiles from the United States are radicals who lived in that country but whose mothers erred geographically in giving them birth. Had I been able to kick mine from within the womb into a London-to-New York boat ride in 1904, I wouldn't be here now. Mary's marriage to me is the reason why she too, properly U.S.-born, lives in exile. There are quite a few citizen exiles in her situation, the law offers them the alternative of divorce.

Some of these U.S. residents sent "back where they came from" had a bad break. I met them all across Europe, from Manchester to Moscow, in my first years after being thrown out. There were those who had to remake their lives in a country they left as babies, where they didn't even know the language. In some dumping grounds they found speech even less free than in McCarthyite America, and in some their lives were in peril. Lack of cash or contacts, visa or exit-visa barriers, prevented them from moving on.

These exiles would return, if they could, to the country they never stopped thinking of as home. But so would many of us on whom fortune has smiled in our exile. Here, for example, we are blessed with things we didn't have at home: perpetual sunshine and roses, real tomatoes to eat, real air to breathe. Also non-molestation by the political police, though this would stop abrutply if we did not respect our obligation as guests to stay out of the political life around us. And there's the rub: We hanker to participate, having formed the habit in the United States. Some of our American friends who visit us pronounce us daft. Anyway, they insist, in today's weak and splintered U.S. Left, we would feel equally or more frustrated.

In exile, the persistent obsession is more than a personal wish to return. It is that I will live to see Uncle Sam recover his sense of humor, and that I, humblest of stepnephews, might be instrumental in this.

DIAGNOSING UNCLE

I think the sense of humor is the precious thing Uncle lost when he embarked on his crusade against "communist" countries and "communists" at home. Not that Uncle didn't always suffer from paranoia: Long ago he smelled conspiracies against him by witches, Papists, Freemasons, Voltairean atheists and Illuminati, abolitionists, you name it. After World War I it was "Bolsheviks," identifiable by their Russian accents and their tendency to join trade unions. When I arrived in the 1920s, one swore one wasn't an anarchist or bigamist to get in. Then came "moral turpitude." The plot-hatchers were always "alien," a term combining a sinister ring with suitable breadth for the law-and-order forces in a country whose only surviving natives were in reservations. But until "communists" were elected as chief conspirators, U.S. intellectuals could still laugh at their country's own follies: witness, for example, H. L. Mencken in my first years in the United States.

I think Uncle has partially recovered of late, but he still has along way to go. You can see it better from outside. For example, today's cartoon in my Mexican newspaper shows a giant Uncle with one foot extended from Florida to his naval base at Guantanamo, telling a small, bearded Cuban: "No relations with you till you get out of Africa."

The evidence that particularly concerns us is the McCarran-Walter immigration law, passed at the height of Joe McCarthy's rampage and still on the books. Few Americans are even aware of it: Even some of our progressive friends say incredulously, "But that's all over long ago." However, countless aliens who would and could visit the United States if the law did not bar them are very much aware. Their number runs into more tens of thousands than anyone could count without reference to the Black Book kept at every U.S. port of entry.

THE LAW

The McCarran-Walter Act was the enabling law for my "trial," in which the Immigration Service played judge, jury, and prosecutor, for my imprisonment without charges, and for my deportation as a "communist." Before the "trial" I had experienced two inquisitorial committee subpoenas and various other harassments. The proof of "communism," which as such was no crime anyway, was invocation of the Fifth Amendment—to avoid the alternatives of informing or inviting a conviction for contempt or perjury and to stand up for the Constitution against an Establishment that betrayed it. My weekly *National Guardian* made it obvious to any halfwit that I wasn't a communist, and I swore an affidavit to that effect, but I was required to prove the negative, a feat that would have checkmated the Holy Father himself.

What all these persecutions made clear was that the U.S. Government didn't give a whoop

whether one was a communist or not. The word encompassed anyone said to "advocate force and violence," which was interpreted to mean any resister of the Cold War and inquisition. If you weren't U.S.-born, you had had it.

Plans verging on the miraculous were attributed to these addicts of violence. In a Soviet air raid they would, said *The New York Herald Tribune*, "by various spiderlike ruses garrot defense wardens with the 'cheesecutter.' " U.S. droughts were caused by communist planes with "long nets stretched between them to turn back the clouds" (*Memphis Commercial Appeal*). A church convention repudiated the Revised Standard Version of the Bible because "some of the translators might have communist backgrounds" (*Los Angeles Examiner* headline. "HINT RED LINK IN BIBLE"). Senator Alexander Wiley, the *Denver Post*, and a Lutheran leader, respectively, revealed these as among the communists' "most diabolic conspiracies": "flooding the United States with Christmas-tree ornaments," "flooding newsstands with 'girly' magazines," exposing GIs to appalling immoral practices in dope pushing, prostitution, and shacking up."

No wonder that when a plane from London dropped me at a New York airport in 1960 as a transit passenger with a through ticket, Washington couldn't risk my crossing from plane A to plane B and again sent me back where I came from. There was a similar performance in Puerto Rico in 1962. By the time I appeared in the Panama Canal Zone, no vagary of the Washington paranoiacs could surprise me—but, notorious violence-advocate that I was, I was welcomed to approach within bomb-lobbing range of the super-strategic canal locks. They had the Black Book in Puerto Rico but not in the Canal Zone.

We chickens whose necks were being wrung tried our best, though from a less than ideal position, to see the humor in all this. If any others tried, they kept it to themselves. From the great American intellectual establishment, laughter was even rarer than protest.

Two decades have not sufficed to grace the U.S. politico-cultural-press intelligentsia with a sense of humor about McCarthyism. Having overwhelmingly connived with it by deed or default, they poke gingerly into it for fear it may snap back at them, and mutter about the victims having been "Stalinists." Politicians who were McCarthy's mentors or collaborators or successors still ride high, their inquisitorial atrocities politely forgotten.

AN ANACHRONISM

Anyone who wants the depressing details of Section 212 of the McCarren-Walter Act—McCarthyism in its purest form—can presumably get them from Washington. From my own experience and massive correspondence I know that its paragraphs, subparagraphs, and subsubparagraphs have an exasperatingly anachronous ring not only for the affected "communists" and "advocates of violence," but for members of Congress and for the U.S. consuls who have to administer it. The consuls, beefing about all the zany paperwork involved, now must refer "communist" visa applications to the State Department, which in due course may or may not grant a "waiver of inadmissibility" for a documented purpose and a limited area and time. The members of Congress write to complaining constituents that they'll look into the matter, and the State Department obliges with reprints of Section 212 and reminders that Congress, which made the law, can unmake it.

What is happening now is that "known communists" like myself (that is, according to FBI dossiers) are as likely or unlikely to receive "waivers" as merely "suspected" communists, who are the vast majority of applicants. Everybody concerned knows that communists nowadays are the mildest of all Left sects, but the law is stuck with this label for the prime plotters against Our Way of Life. Subparagraph 212(a)(28)(G) excludes from the United States aliens "having in their possession for the purpose of circulation . . . any written or printed matter . . . advocating . . . violence. . . ." The most cursory students of McCarthyism knows that this refers to Marxist books. Everyone on or near the Left has Marxist books, which they probably "circulate," whether purposefully or not.

Last February President Carter stood up and called the McCarran-Walter Act "one of the ways in which we are ourselves culpable" of denying human rights. Various newspapers responded with the strong editorials they should have run in 1952, but didn't. Carter hasn't acknowledged my commendatory messages but with 75,000 letters a week, I can see his problem.

If this relic concerns you who are reading, don't waste time writing to the State Department. Its job is to carry out the law, however crazy. Representative Robert Drinan has introduced legislation to change the law and, according to *The New York Times*, so have Senator Edward Kennedy and the veteran witch hunter Senator John McClellan (the sinner that repenteth?).

They and your own members of Congress are the ones to tell that you think it's time the United States reasserted the Constitutional rights of freedom to speak and exchange ideas, regardless of the label attached to the speaker or where he happened to be born. At the very least, the immigration law requires some new definitions to keep its administrators from climbing the walls.

NEED FOR ACTION ON CLIMATE BILL

HON. JEROME A. AMBRO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. AMBRO. Mr. Speaker, I want to very respectfully bring to your attention the bill H.R. 6669, which provides for a national climate program. This bill was reported by the Committee on Science and Technology on May 6, 1977, and granted an open rule on June 16. The bill and its identical companion (H.R. 6670) together have 29 sponsors including myself. The same language was introduced in the Senate by Senator Humphrey with 11 cosponsors, as S. 1652. Of course, our committee held extensive hearings in this Congress and the last before reporting the bill. The Senate has held extensive hearings on the subject. There appears to be no opposition to the bill but it cannot seem to get time on the busy schedule of the House.

Now this is somewhat ironic in view of what the House has been busy with. Among other matters the House has considered clean air and, of course, energy. Yet, one of the most important considerations in deciding energy policy is the consideration of what the burning of fossil fuels will do to the climate by injecting massive amounts of CO_2—carbon dioxide—into the air. In short, it appears that CO_2 from coal and petroleum burning may change the Earth's climate drastically and that the world's granaries, fisheries, and shorelines could be substantially altered by the year 2050. At present these possibilities are not confirmed. That is, there are weak spots in the logical chain which connects burning of fossil fuels with drastic climatic impacts 70 years from now. But we do know that CO_2 in the atmosphere is increasing and will continue to increase. And we do know that the concentration of CO_2 in the air is an important determinant of climate. And we do know that climate affects food production. So we do know enough to say without doubt that the climatic impact of CO_2 from fossil fuels may be serious enough to turn us off this energy path.

Now, Mr. Speaker, all these facts were brought out in the hearings before our committee. They have been further enunciated and emphasized in a study carried out by the National Academy of Sciences. I am inserting an article that appeared in the Wall Street Journal on July 25, 1977, which describes the NAS study. The important conclusion of the study that I draw is that if the effects of CO_2 are as bad as they might be, then we are going to have to find alternate energy sources rather quickly. If the CO_2 effects are not bad, well then we can continue as the President has suggested. But we need to find out soon.

Now the bill H.R. 6669 would have the President establish just the kind of program we need to determine much more precisely the effects and impacts of CO_2 in the atmosphere. I really do believe the House should consider this bill—it has an importance that is deep and fundamental. If we pass this bill we will be congratulated for at least laying the basis for the kind of long range climate program that we have lacked. Indeed the "energy crisis" is an example of the lack of such a far-ranging program for energy. If we do not even consider the bill we could be very justly criticized for not doing our job.

Mr. Speaker, I respectfully urge you to find time for this bill on your schedule.

The article follows:

[From the Wall Street Journal, July 25, 1977]

CARBON DIOXIDE BUILDUP COULD CAUSE GLOBAL CLIMATE CHANGES, STUDY WARNS

WASHINGTON.—Carbon dioxide is building up in the earth's atmosphere and unless halted could cause global climate changes, warns a study by a committee of the National Academy of Sciences.

The carbon dioxide is being released by the burning of coal, oil and natural gas, the report said, and the amount will gradually increase in coming decades and cause significant climate changes by the middle of the next century.

The consequence of the carbon dioxide buildup is an increase in the average temperature of the earth that could eventually result in a warming of ocean water, a rise in sea level, changes in rainfall patterns and movement of agricultural zones and desert areas.

The report said the climatic effects of carbon dioxide release "may be the primary limiting factor on energy production from fossil fuels," which are coal, oil and gas. The study by the scientific body could have grave implications for President Carter's plans for use of energy from coal on a massive scale. Because supplies of oil and gas are dwindling Mr. Carter proposes a switch to coal in coming decades.

The study stopped short of recommending a slowdown in the move toward coal use,

however, and didn't endorse any alternative fuel sources such as solar or nucelar power.

"DON'T GET COMMITTED" TO COAL

Indeed, the academy committee's chairman, Roger Revelle, of both Harvard University and the University of California at San Diego, said at a press conference that "in my opinion it is perfectly all right to use coal the next few decades provided we don't get committed to it." But, he added, "We have to be prepared to go to sources other than coal within 50 years."

In that line, the panel didn't go as far as a group of scientists and others did earlier this year in a report sponsored by the Ford Foundation. That group cautioned that the carbon dioxide buildup "argued against putting complete reliance on coal power at this time."

The National Academy of Sciences study was conducted by a geophysics committee of the National Research Council, an arm of the academy. The committee included experts on climate and energy from various universities and from the Commerce Department's National Oceanographic and Atmospheric Administration.

The study said its conclusions "should lead neither to panic nor to complacency" but to a "lively sense of urgency" in studying various remaining uncertainties about climate and the carbon dioxide phenomenon. It asked for creation of a national body as a bridge between scientists and federal agencies so they could further "assess the seriousness of the matter." If the preliminary estimates of climate change are validated after further study, "a reassessment of global energy policy must be started promptly," the report stated.

Since the Industrial Age began around 1860, the report said, carbon dioxide has been increasing in the atmosphere. The accumulated carbon dioxide acts like a greenhouse, letting solar light hit the earth but absorbing some heat and preventing it from radiating out into space.

Forests, plants and oceans absorb carbon dioxide but their capacity is limited. The scientists estimated that perhaps half the carbon dioxide released from burned fuel remains in the atmosphere for hundreds of years or more.

Carbon dioxide is produced by the burning of fuels that contain carbon. The problem is considered to be more severe from coal, because it contains more carbon than oil or gas and because supplies of oil and gas are dwindling. Scientists say there isn't any way to prevent the carbon dioxide release.

The report is significant because it is from an establishment scientific body and counters political arguments about seriousness of carbon dioxide buildup. Scientists have been reporting the phenomenon for years, but top government officials, such as White House Energy Adviser James Schlesinger, have been saying study on the matter is incomplete and shouldn't influence President Carter's push for coal. Mr. Carter, however, did ask Congress for money for the government to study the problem.

The academy report states flatly that carbon dioxide has increased in the atmosphere by 11.5 percent to 13.5 percent since 1860. It has risen about 5 percent since 1959 alone, based on measurements by scientists at isolated areas on Hawaii and the South Pole. Based on generally accepted energy use estimates, the report projects that the carbon dioxide concentration in the atmosphere at the end of this century will rise about 25 percent from the 1860 level, will double by the year 2050 and will increase fourfold to eightfold by 2150.

Mr. Revelle said the estimates are that the year 2050 level of carbon dioxide will cause an average rise in the world's temperature by three degrees centrigrade or five degrees Fahrenheit, with temperature changes three times that amount at polar areas because of various climatic complexities.

CLIMATE CHANGES

By 2150, if fossil fuels, mainly coal, continue as the mainstays of world energy supplies the earth's average temperature would increase by six degrees centrigrade (or 11 degrees Fahrenheit) from today's levels, with rises of three times that in polar regions. Such a boost would far exceed temperature changes in the 10,000 years since the last Ice Age, the report said.

Among the likely climatic changes from such temperature increases, according to the report, are:

Warming of ocean waters, which would reduce the amount of sea ice, cause a rise in the sea level and move marine life toward the poles.

An increase in the temperatures at the polar ice caps, which probably wouldn't melt them but would cause increased annual snowfall in Antartica and Greenland. That would cause the ice to thicken, increasing stresses at the base of the ice caps, which might result in slides of ice masses into the oceans. Melting of that ice might cause a rise in sea level of about five meters—over 16 feet—within 300 years.

Poleward movement of agricultural zones. Higher altitudes would benefit from longer frost-free growing seasons, but summer temperatures might become too high for good crop production in existing farm belts. "The corn belt in Iowa might move into Canada," said Mr. Revelle. Rainfall on the earth also would increase.

Deserts and semiarid regions would be severely altered, but it isn't clear if they would expand or contract or move toward or away from the poles.

COMMENDATION FOR COLORADO STATE LEGISLATURE

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. HANSEN. Mr. Speaker, I commend the recent action of the Colorado State Legislature in passing H.B. 1586, a bill amending the Colorado Occupational Safety and Health Act.

The large margin with which the bill passed the legislature is significant in identifying the people's desire for reform of OSHA's unconstitutional practices. H.B. 1586 provides that unless the Federal Occupational Safety and Health Act provides otherwise, before any inspection may be made by COSH, the division of labor must give advance notice of the inspection or obtain a warrant.

The action of the Colorado State Legislature is indeed commendable in that they were quick to recognize the desires of the public and act accordingly. I include a copy of H.B. 1586 for the RECORD:

H.B. 1586

Be it enacted by the General Assembly of the State of Colorado:

Section 1. 8–11–106, Colorado Revised Statutes 1973, as amended, is amended to read:

8–11–106. Powers of inspectors to enter and inspect buildings—notice or warrant. The division has the power to enter and inspect any factory, mill, workshop, office, bakery, laundry, store, hotel, schoolhouse theatre, moving picture house, place of public assemblage, carnival, amusement park, or other public or private works where labor is employed or machinery used. A representative of the employer and a representative authorized by his employees shall be given an opportunity to accompany the director during the physical inspection of any workplace for the purpose of aiding such inspection. Where there is no authorized employee representative, the director shall consult with a reasonable number of employees concerning matters of safety and health in the workplace. Any person, firm, partnership, corporation, trust, or trustee, or agent thereof, who in bad faith refuses reasonable access to his premises to any inspector or employee of the division is guilty of a misdemeanor and, upon conviction thereof, shall be punished in accordance with selection 8–1–116. Unless the Federal "Occupational Safety and Health Act" or rules and regulations promulgated thereunder provide otherwise, before any inspection may be made under this section, the division shall give reasonable advance notice or shall obtain an appropriate warrant; except that in areas of construction or excavation or in areas in which an accident has occurred within the last ninety days which resulted in an injury or death such notice or warrant is not required.

Section 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Mr. Speaker, although Colorado Governor Richard Lamm vetoed this legislation stating that Federal laws prohibit advance notice and do not provide for obtaining warrants. "To enact a law that on its face is inoperable doesn't seem appropriate," stated Lamm.

Mr. Speaker, it becomes increasingly evident from actions such as those in Colorado that the majority of Americans are against warrantless inspections from OSHA or anyone else. I believe that the Congress should heed the growing public mandate and act accordingly, and soon.

AMERICAN SAMOA DEVELOPMENT FUND ACT

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. WON PAT. Mr. Speaker, today I have introduced legislation calling for the establishment of an American Samoa economic development fund.

The measure seeks $3 million in Federal funding to support the program which is aimed at providing badly needed "seed" money to develop local businesses in Samoa.

My colleagues will be pleased to know that an identical program has been in operation in Guam for years and it is highly successful. For this reason, I am pleased to introduce similar legislation to aid the residents of American Samoa.

The bill is being introduced at the request of the American Samoan Delegate-at-Large, the Honorable A. F. Lutali who is to be congratulated for recognizing the need for such legislation.

The U.S. Government has an obligation to the people of American Samoa and the passage of this measure will be

an important step forward toward meeting this obligation.

Thank you.

THE PRICE OF FOLLY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. MICHEL. Mr. Speaker, we all recall the cries and howls of outrage that were heard in New York City over a year ago when it was discovered that most Americans believed the financial problems of New York were directly traceable to policies of fiscal insanity dreamed up by city officials. Despite the overwhelming evidence to the contrary there are still those who believe that America owes New York City something more than the bailout remedies already given. Former Senator James L. Buckley, in an article in the New York Times, demonstrates beyond any doubt that the current suffering of the people of New York City was brought upon them not by the Federal Government but by the waste and fiscal irresponsibility of New York officials over a 20-year period. The inability to face reality, the unwillingness to admit grave faults, the tendency to lash out at those in and out of Congress who state the undeniable truth that those who governed that city brought havoc upon its people—all these have been heard before and will be heard again. James L. Buckley sets the record straight.

At this point, I would like to insert into the RECORD, "Moynihan's Message," New York Times, July 29, 1977:

MOYNIHAN'S MESSAGE

(By James Buckley)

Such is the grace of Daniel Patrick Moynihan's style, and so refreshing his many insights, that even my brother Bill, who devoted three columns to the Senator's recent position paper on the problems of New York, was beguiled into acquiescing in Mr. Moynihan's central thrust, to wit: "I have reached the conclusion that our decline has come about as the . . . direct and palpable consequence of the policies of the Federal Government."

The message is clear. The fault, dear Brutus, lies not in ourselves, but in the Feds. From which it follows that the solution to the immensely serious problems now faced by this city and state are to be found not in Albany or City Hall but in Washington.

Senator Moynihan obliges us not only by identifying the villain in the piece but by specifying the time frame within which the villainies were performed: "There is no way to avoid the proposition that New York's troubles became severe only when the great upsurge in Federal spending occurred in the late 1960's and early 1970's."

It was his graceful admission that these Federal excesses were championed "in overwhelming degree [by] New York as a political entity" that so caught my brother's fancy. But, unfortunately, the record suggests that we were heading for very deep trouble long before the late 1960's, and that the major fault remains with policies adopted far closer to home.

Mr. Moynihan's principal point seems to be that "the overall pattern of Federal taxation and Federal expenditure" has resulted in an inordinate drain on New York resources.

He also delivers a whack or two at Federal environmental and free-trade policies that he claims are biased against New York. But surely, New York's situation in these respects isn't unique among the industrialized, urbanized states.

And whereas Mr. Moynihan admits that we have suffered—excessively—from excessive "Good Government," he nonetheless chooses to ignore the following facts:

It wasn't Washington that dictated the level of welfare benefits (30 percent higher than the six next most generous states) that drew so many of the nation's poor to New York in the 1950's and 60's.

It wasn't Washington that induced New York City to retain rent-control laws that have led to the abandonment of hundreds of thousands of housing units and the savaging of the city's tax base.

It wasn't Washington that caused New York to gold-plate its services, or pioneer moral-obligation debt financing, or run up state and local taxes to levels 50 percent higher than those obtaining in the neighboring industrial states with which New York must compete.

It wasn't Washington that mandated municipal employee pension and fringe benefits so far in excess of the national average that they add more than an additional billion dollars to New York City's budget.

It wasn't the explosion of Federal spending in the late 1960's that caused New York City to lose one out of six manufacturing jobs in the period from 1950 through 1964; nor was this spending the cause of all those accumulating problems that led The New York Herald Tribune, in 1965, to publish a series of articles titled "A City in Crisis."

Yes, Federal environmental and trade policies do compound some of the city's current problems. But environmental laws that didn't take full effect until the 1970's can hardly be blamed for the economic problems generated a decade earlier; nor can free-trade policies be blamed for New York City's loss of the thousands of garment-industry jobs that emigrated not to Taiwan or Korea but to North Carolina and Georgia.

No doubt about it—New York faces enormous problems, and the recent blackout reminds us of how very serious so many of them are.

But they will not be solved by encouraging the illusion that they are primarily of someone else's making.

I agree that the heavy burden of Federal regulation and taxation has added greatly to our difficulties; but I know of no public good that is served by encouraging self-deception as to their principal cause.

We will only return our city and state to their old places in the sun if we view our situation objectively and muster the political fortitude to adopt the necessary corrective measures.

This we can accomplish—provided the political leadership is there to show the way.

IMPACT OF MINIMUM WAGE BILL ON SMALL BUSINESS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ASHBROOK. Mr. Speaker, a selected survey of small business members has been conducted on the impact of the minimum wage. The questions asked include how the present minimum wage law has affected them and how H.R. 3744 would affect them.

The initial returns of that survey are now in. The responses show that H.R. 3744 would have a severe negative impact. Many small businesses would be forced to delay hiring new employees, reduce the number of current employees and cut the hours of employees still on the payroll.

If H.R. 3744 is enacted, 76 percent of respondents indicated they would hold off on hiring new employees. Forty percent said they would reduce the number of employees while 41 percent would cut the number of hours per week that employees work. Another 46 percent anticipate investing in laborsaving equipment. Sixty-nine percent would absorb all or part of the increased cost by cutting into profits.

This survey provides further indication of the adverse consequences H.R. 3744 would have on small business and the economy as a whole. It would make it even more difficult for the small businessman to eke out a living.

Congress should stop giving just lipservice to the importance of small business. It is time to give the small businessman a break for a change. H.R. 3744 should be defeated.

Following are the results of the questionnaire:

QUESTIONNAIRE ON THE EFFECTS OF THE FEDERAL MINIMUM WAGE ON SMALL BUSINESS

(First 459 responses received July 25, 1977)

I. INFORMATION ABOUT YOU AND YOUR BUSINESS

A. Type of business (Check one) a. 2% Agriculture; b. 0 Mining; c. 4% Construction; d. 17% Manufacturing; e. 7% Transportation-Communications; f. 9% Wholesale trade; g. 45% Retail trade; h. 11% Finance, insurance, real estate; i. 5% Service (i.e. Hotels)

B. State in which located (please use 2-letter abbreviation).

C. Zip Code.

D. Congressional District or name of Representative.

E. Number of Employees: a. 21% 0–9; b. 20% 10–19; c. 35% 20–49; d. 16% 50–99; e. 7% 100 & up.

F. Does the Federal Minimum Wage law apply to your business?

a. 90% yes; b. 6% no; c. 4% don't know.

If yes, how many of your employees are at the Minimum Wage Level? a. 78% 0–9; b. 9% 10–19; c. 9% 20–49; d. 2% 50–99; e. 2% 100 & up.

II. EXPERIENCE WITH THE CURRENT MINIMUM WAGE LAW

When the Federal Minimum Wage was increased from $2.10 to $2.30 an hour on January 1, 1976 (or from $2.20 to $2.30 an hour on January 1, 1977, for newly covered employees) did your overall operating costs increase?

a. 31% no, operating costs did not increase.
b. 40% yes, up 1% to 5%.
c. 23% yes, up 6% to 10%.
d. 4% yes, up 11% to 15%.
e. 2% yes, up 15% and more.
(69% had operating cost increases.)

If yes, what actions did you take to cope with the new situation:

A. Passed on some or all of the increased costs through price increases:

a. 44% no, price not increased.
b. 39% yes, up 1% to 5%.
c. 13% yes, up 6% to 10%.
d. 3% yes, up 11% to 15%.
e. 1% yes, up 15% and more.

(56% raised prices.)

B. Held the line on some or all of the increased costs by:

Cutting back on the number of hours per week that each employee worked? a. 45% yes; b. 55% no.

Reducing the number of employees: a. 39% yes; b. 61% no.

Holding off hiring new employees? a. 75% yes; b. 25% no.

Putting part of the burden on your customers by reducing services (such as free delivery, credit, requiring more self-service by the customer, etc.)? a. 33% yes; b. 67% no.

Absorbing the increased costs by cutting into profit margins? a. 47% yes; b. 36% partly; c. 17% no.

C. When the Federal Minimum Wage was increased from $2.10 or from $2.20 to $2.30 an hour, did you:

Find that it became more attractive to invest in labor-saving machinery and equipment? a. 50% yes; b. 50% no.

Find that it might be necessary to increase wage rates of above-minimum wage employees to keep a comparable "spread" in wages of different kinds of help? a. 84% yes; b. 16% no.

III. WHAT YOU ANTICIPATE FROM AN AMENDED MINIMUM WAGE LAW

President Carter has announced agreement with organized labor and congressional leaders to raise the minimum wage from $2.30 to $2.65 an hour on January 1, 1978, with automatic annual increases in the future. If such an agreement is enacted into law, would your overall costs increase?

a. 13% no, operating costs would not increase.
b. 30% yes, up 1% to 5%.
c. 33% yes, up 6% to 10%.
d. 11% yes, up 11% to 15%.
e. 7% yes, up 15 % and more.
f. 6% don't know.
(81% expect increased costs.)

If yes, what actions would you take in adapting to the new situation:

A. Pass on some or all of the increased costs through price increases:

a. 13% no, would not increase prices.
b. 35% yes, up 1% to 5%.
c. 26% yes, up 6% to 10%.
d. 6% yes, up 11% to 15%.
e. 4% yes, up 15% and more.
f. 15% don't know.
(71% expect to raise prices.)

B. Hold the line on some or all of the increased costs by:

Cutting back on number of hours per week that each employee works? a. 41% yes; b. 37% no; c. 22% don't know.

Reducing the number of employees? a. 40% yes; b. 36% no; c. 24% don't know.

Hold off hiring new employees? a. 76% yes; b. 12% no; c. 12% don't know.

Put part of the burden on your customers by reducing services (i.e., a shift to self-service). a. 28% yes; b. 52% no; c. 20% don't know.

Absorb the increased cost by cutting into profits? a. 26% yes; b. 43% partly; c. 31% no.

C. If the Federal Minimum Wage is changed, as proposed in the currently pending legislation:

Would you anticipate investing in labor-saving machinery or equipment? a. 46% yes; b. 35% no; c. 19% don't know.

Would you find that it might be necessary to increase wage rates of above-minimum wage employees to keep a comparable "spread" in wages of different kinds of help? a. 83% yes; b. 11% no; c. 6% don't know.

IV. AUTOMATIC ANNUAL INCREASES OR INDEXING

The Minimum Wage bill under current consideration proposes automatic annual increases of up to 53% of the average hourly manufacturing wage. Would you support legislation proposing such a system? a. 1% yes; b. 94% no; c. 5% don't know.

V. THE "TIP CREDIT" PROVISION

Under current policy, employers may claim an allowance of up to 50% of the Minimum Wage for tips actually received in arriving at a cash wage of a tipped employee. The Minimum Wage bill under consideration proposes the repeal of the "tip credit" provision. Does your business use the "tip credit" provision? a. 4% yes; b. 96% no.

If yes, would repeal of the "tip credit" cause: A price increase? a. 30% yes; b. 27% no; c. 43% don't know.

A shift to customer self-service? a. 14% yes; b. 51% no; c. 35% don't know.

A reduction in other services to compensate? a. 18% yes; b. 39% no; c. 43% don't know.

VI. YOUTH DIFFERENTIAL

There has been discussion concerning the establishment of a youth differential in the current Minimum Wage legislation under consideration. If a youth differential or below-minimum wage differential were established, to what degree would you anticipate this affecting your decision to hire young people on a full or a part-time basis? a. 30% no effect; b. 43% moderate effect; c. 27% major effect.

VII. YOUR OVERALL JUDGMENTS ABOUT MINIMUM WAGE LAWS

A. Which of these three statements best describes your opinion of the effect of Federal Minimum Wage laws on *employees:*

a. 4% they help by raising real earnings.
b. 42% the effects are canceled out by price increases.
c. 54% they hurt, by increasing unemployment.

B. Which of these three statements best describes your opinion of the effect of the Federal Minimum Wage laws on *employers:*

a. 4% they help, by providing a widely-known set price for hourly help.
b. 17% they have little or no effect—tend to cancel out.
c. 79% they hurt employers by forcing payment of artificially high wages for help.

FUEL COSTS, SHORTAGES NO DETERRENT TO TRAVEL BY BICYCLE

HON. FRED B. ROONEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ROONEY. Mr. Speaker, as the Congress prepares to debate far-reaching legislation to overcome the Nation's serious energy problems, it is appropriate that increased attention is being focused on the bicycle as an effective fuel-saving transportation vehicle.

Its additional advantages further recommend the bicycle to be included in any national program to help the Nation save fuel.

The bicycle has always enjoyed great popularity with Americans of all ages who ride for fun, recreation, good health, and economical transportation. These attributes are now enhanced further by the fact that the bicycle is a form of transportation that does not use any fuel.

Some of our colleagues in Congress and a large number of congressional staff regularly ride bicycles to and from work. I believe we should encourage all Americans to reexamine the bicycle as a transportation vehicle. Not only will it contribute to the highway national goals, but it will provide manifold other benefits. The affirmations of bicycles are well known, but here are a few that point up its unique fitness to serve in the present energy emergency:

First. The bicycle does not require any fuel and does not pollute the air;

Second. The initial cost of a good quality bicycle is relatively low, in comparison to the years of useful life and miniscule cost per mile to operate;

Third. The bicycle is easy to store and does not aggravate traffic congestion;

Fourth. After one learns the "rules of the road," it is comparatively safe and simple to ride and operate a bicycle;

Fifth. If a bicycle is purchased through a retailer who will preassemble the bicycle prior to initial use, the cost of annual maintenance, allowing for the usual periodic servicing, is negligible;

Sixth. Besides being used for transportation, it is healthy to ride a bicycle. Bicycle riding has been acknowledged to be one of the best forms of exercise;

Seventh. Additionally, it can be used for recreation leisure time activities by the individual or the entire family;

Eighth. Bicycles can be easily purchased and serviced anywhere in the United States;

Ninth. There is little depreciation of a bicycle's value since there are no dramatic style or model changes which would create a condition of obsolescence; and

Tenth. Riding a bicycle has long been socially acceptable as adult transportation. It can save money for families who are presently using one, two, or more automobiles, and, more importantly, a bicycle that uses no fuel is the perfect hedge against rising fuel costs and fuel shortages.

COMMEMORATING THE 50TH ANNIVERSARY OF THE BLESSED SACRAMENT CHURCH

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 29, 1977

Mr. ZABLOCKI. Mr. Speaker, I have recently had the pleasure of participating in the 50th anniversary celebration of the Blessed Sacrament Church in Milwaukee. It is indeed a privilege for me to represent the parishioners of the Blessed Sacrament Congregation in the Fourth Congressional District of Wisconsin and an honor for me to be counted among its membership for many years.

On Sunday, June 26, 1977, exactly 50 years after cornerstone-laying ceremonies for the original Blessed Sacrament Church Building were conducted, hundreds of members and friends of the congregation met in the present edifice to celebrate Mass in observance of this most hallowed occasion. Following the services, the Golden Jubilee Dinner Program was held at the DeSales Prep Seminary High School. I was privileged to address my fellow parishioners at this

event. Among others sending their congratulations and best wishes to the Blessed Sacrament congregation were the Most Reverend William E. Cousins, Archbishop of Milwaukee, who also presided at the Mass, and President Jimmy Carter, who expressed his desire to join with the parishioners in "prayers for the continued spiritual strength for all Americans."

In light of the great contribution the members of the Blessed Sacrament congregation have made to the spiritual and material welfare of the people of Milwaukee and the devoted religious guidance they continue to demonstrate under the leadership of their pastor, Father Max L. Adamski, I would like to share with my colleagues and with the American people a brief, historical account of the origin and development of Blessed Sacrament Church. It is indeed fitting that we pause to reflect on the 50-year history of Blessed Sacrament Church, for it is a story of devotion and love of both God and country, reflecting the high ideals of our great Nation and helping to support the foundation on which it has been built.

The 50 year history of Blessed Sacrament Church at S. 41st St. and W. Oklahoma Ave. in Milwaukee is a story of hard working, family folk, great home lovers and zealous Roman Catholics.

It is also a history, to some extent, of immigrants who fled European oppression to a haven in America, as did the English colonists, because of their inherent love of freedom of speech, worship and assembly.

Keenly aware of the necessity of providing additional churches in the expanding southwest area just outside the city limits of Milwaukee, Archbishop Sebastian G. Messmer on March 2, 1926, sent a letter to Father Bernard M. Kobelinski in which he appointed him organizer and pastor of the contemplated Blessed Sacrament Church.

Archbishop Messmer had received a petition, signed by 30 persons, requesting the creation of the new parish in the vicinity of Jackson Park.

Jackson Park was then known as "Devil's Woods." It was full of dense underbrush, wild flowers and many snakes. Forest Home Ave., along the park, was the only paved road in the area. The thoroughfare was constructed of red bricks. Oklahoma Ave. was a narrow, one-way "side" road.

When Father Kobelinski received Archbishop Messmer's letter to organize Blessed Sacrament Church, he had just completed an extensive trip through Europe following his studies in Philosophy in Rome, where he received a degree of Doctor of Philosophy. He was then 33 years old.

Born in Milwaukee on Jan. 21, 1893, Father Kobelinski was ordained to the Holy Priesthood on June 16, 1918, and was assigned by Archbishop Messmer as assistant to Father Waclaw Kruszka, pastor of St. Adalbert's Church, S. 20th and W. Becher Sts.

The site chosen for the contemplated Blessed Sacrament Church was part of the farm owned by Wilhemine Caroline Fischer, whose frame farmhouse still stands on the Alverno College campus—on S. 43rd St., a quarter mile south of Oklahoma Ave. The farmland then was still part of the old Town of Greenfield.

When it rained, it was next to impossible to get nearer to the church site than Forest Home Ave. A lake on the church site had to be drained. The area was so low that no excavation was needed. The whole basement of the original church was above ground, and there was no city water, no gas, no electricity.

The leveling of the church grounds and filling around the church cost almost $2,000. To acquire the needed water, Father Kobelinski was compelled to have a well dug, 265 feet deep. Ten years later—in 1936, to be exact—the well was still available in the boiler room of the original church.

Father Kobelinski called the first organizational meeting of Blessed Sacrament Parish on Sunday, March 7, 1926, at St. Adalbert's Church Hall. The meeting was opened by Father Kruszka, who introduced the founder of the new congregation.

The organizers chose S. 41st St. and W. Oklahoma Ave.—then 36th Ave. and Oklahoma Ave.—as the site of the new church in preference to another location on Oklahoma Ave., west of Forest Home Ave.

Father Wobelinski immediately appealed to the handful of pioneer parishioners to place their great assignment under the protection of the Lord Jesus in the Blessed Sacrament.

Stanley Gorski was elected secretary of the new parish and Frank Lewandowski was chosen as the first parish treasurer. Alois Nowak and Joseph Stanioch were elected to serve with Gorski and Lewandowski on the building committee. Church councilors were W. Polinski, W. Smerlinski and J. Furtok. The committee examining parish books included S. Drow, J. Ratkowski and W. Skalicki.

Father Kruszka blessed the site of Blessed Sacrament Church on March 13, 1926. He also preached while standing on an old truck. Some time later the foundation was dug.

When the cornerstone dedication ceremonies were held on that glorious, sunny Sunday, June 26, 1927, the steps leading to the new edifice were already in place, but the structure was far from completion.

The ceremonies, attended by more than 3,000 men, women and children, began with a Solemn High Mass at a magnificent temporary altar erected on the field adjoining the church under construction.

The late Father Ladislaus Jurasinski, then pastor of St. Stanislaus Church, S. 5th and W. Mitchell Sts., was celebrant of the Mass that began at 10 a.m. The late Father Leonard C. Sarnowski, who years later became pastor of Blessed Sacrament parish, assisted him as deacon and the later Father Julius Makowski served as subdeacon.

Father Kruszka, who spared neither time nor money in helping establish the new congregation, preached the sermon. Hundreds of worshippers received Holy Communion at this historic field Mass.

Msgr. B. E. Goral, pastor of St. Hyacinth's Church, S. 15th and W. Becher Sts., officiated at the cornerstone blessing, which followed the Mass. The choir of St. Adalbert's Church sang at all of the religious ceremonies under the direction of A. Kaminski.

Many visiting priests and scores of seminarians from St. Francis Seminary attended the dedication services.

The platform on which Father Jurasinski celebrated Mass was erected on the church tract by Joseph Sharafinski, now 81, a widely known carpenter and home builder of Blessed Sacrament parish. To this day, he has vivid memories of the glorious, historic ceremonies during which some people fainted from the heat and many others held open umbrellas to shield themselves from the hot sun.

George Hubman, now 89, and his wife, Clara, 82, are believed to be the oldest living charter couple of the parish. They were among those who participated in the cornerstone laying ceremonies of the original Blessed Sacrament Church June 26, 1927. Hubman retired as a postal clerk in 1950.

After the cornerstone dedication, construction work continued at a rapid pace. The church and school building was blessed on Sunday, Nov. 20, 1927, by Archbishop Messmer.

The Solemn High Mass was celebrated by Father Rudolph Kielpinski, pastor of St. Casimir's Church, and the sermon was preached by Father B. E. Celichowski, pastor of SS. Cyril & Methodius Church. A dinner in the church hall followed the religious services.

Special buses brought worshippers to the first services in the new church from the end of the then Holton-Mitchell street car line at the railroad overhead bridge on Forest Home Ave.

Mark F. Pfaller, a widely known architect, drew the plans of the 1927 church-school building and directed its construction. The general building contract was awarded to the firm of Pacholski & Doligalski, builder of a number of churches and other large structures.

Father Kobelinski, who later was elevated to monsignor, was fortunate in obtaining financial cooperation in the trying days of organizing the new parish and building its church and school building.

For example, Father Kruszka, a fiery orator and prolific writer, gave Father Kobelinski a personal check for $1,000 and his parish, St. Adalbert's, donated $10,000. Known during his lifetime as a champion of the Polish people and the Polish language in this country, Father Kruszka a native of Poland, died Nov. 30, 1937, at age 69, as he had repeatedly wished—"with his boots on." He died a poor man as a result of his generosity to other pastors, poor students, newlyweds, immigrants and sick persons who had come to his rectory door for financial aid. He was at work in his parish school when he collapsed and died.

The first child baptized in the new church was Robert Jakubowski, son of John and Helen (nee Bronikowski) Jakubowski, on Aug. 2, 1927. The first nuptial ceremony, on April 27, 1927, united Paul Jankowski and Anastasia Redzinski, in marriage. The first funeral service recorded is that of Eugenia Nowikowski on Dec. 22, 1927.

In the wake of its glorious beginning, Blessed Sacrament Congregation, like so many other institutions and individuals, found many lean years ahead as the result of the 1929 stock market crash and the ensuing Depression 1930s.

In his financial statement for 1933, Father Kobelinski reported that the parish's net worth was $29,450.16, while its total debt amounted to $106,793.

He made this plea to the parishioners:

"My Dear People, I can do nothing without your cooperation and help. Though the times are still hard, yet there has been some improvements in the last few months . . . I hope that during this year (1934) you will be just a little more generous towards God's cause; and I am sure His blessing will follow you through life. I am confident that you will do your best to help us maintain your parish . . ."

Father Kobelinski's parishioners, in trying to meet current expenses in the Depression 1930s, sponsored bazaars, picnics, carnivals, dances, and other social and theatrical events. The fact that Blessed Sacrament Church survived and continued to grow is a tribute to his leadership and his pioneer parishioners. Father Alphonse Popek, now a monsignor and pastor of Our Lady, Queen of Peace Church, was the parish's first assistant pastor.

Father Kobelinski left Blessed Sacrament Church May 30, 1940, to become pastor of St. Stanislaus Church, where he worked until his sudden death on Jan. 15, 1958.

Father Leonard C. Sarnowski became the second pastor of Blessed Sacrament Parish. Under his leadership, the parish school and enrollments increased steadily. He directed

and personally supervised the building of a new convent for the teaching Sisters of Notre Dame in the parish.

After completion of the convent, Father Sarnowski made plans for the expansion of the church and school building. When the preliminary expansion plans were under way, Father Sarnowski became suddenly ill. He died May 23, 1950.

Alois Antczak, widely know parishioner and building contractor, built the church and school addition in 1950–'51. He also built the Blessed Sacrament Convent.

Pending the appointment of a new pastor, Father Thaddeus T. Dolata, who was an assistant to Father Sarnowski, served as acting pastor.

Msgr. Ladislaus F. Bednarski assumed the duties as pastor of Blessed Sacrament Church on Sept. 30, 1951, when the late Archbishop Moses E. Kiley dedicated the expanded facilities. A former professor of the Latin, Greek and Polish languages at St. Francis Seminary, Msgr. Bednarski served as pastor of St. Adalbert's Church in South Milwaukee from December, 1937, until his appointment to the pastorate of Blessed Sacrament Congregation.

Under Msgr. Bednarski's stewardship, the main floor of the original Blessed Sacrament Church was enlarged to accommodate a seating capacity of 850. The remodeling included an oak paneled sanctuary, three new liturgical altars, new confessionals and pews, and a public address system.

Added to the school were six modern classrooms to seat the 720 children then in attendance. Four offices for both parish and school were also included in the addition. An auditorium in the basement was enlarged. Rooms were also set aside for the choir and the CYO and kitchen. Provided also were lavatory and wardrobe facilities. Simultaneously, the entire church-school building was redecorated.

However, an amazing growth in the membership of the congregation soon taxed the enlarged church and additional classrooms.

Consequently, Msgr. Bednarski recommended to the parishoners in the 1952 annual report of the parish: "In the near future we must build a new church and convert the present church accommodations into classrooms."

With the approval of Archbishop Albert G. Meyer, construction of the new church and rectory began Sept. 27, 1954. Plans called for an upper and lower church with a seating capacity of 1,900. They were prepared by the architectural firm of Herbst, Jacoby & Herbst. The general building contract was awarded to the firm of H. Schmitt & Son, Inc. More than a score of other contracts were given to subcontractors for such work as plumbing, plastering, electrical installations, windows, heating, painting and marble.

The groundbreaking ceremonies took place Sept. 28, 1954.

When Auxiliary Bishop Roman A. Atkielski dedicated the cornerstone of the new Blessed Sacrament Church on June 12, 1955, a box was sealed with the stone.

It contained such items as the parish annual report of 1954, a copy of the "Silver Jubilee Story of Blessed Sacrament Church," marking the 25th anniversary of the parish in 1952, a copy of the then current issue of the Catholic Herald-Citizen and newspaper articles relating to the construction of the new church and the cornerstone laying ceremonies.

The box also contained a scroll bearing the names of all the clergymen who participated in cornerstone ceremonies.

Members of the parish building committee credited with the construction of the new church were Bernard Phillips, Max Janczak, Leo A. Fendryk, Judge Frank E. Gregorski, and Edward Majchrzak. The parish's bonded construction indebtedness was underwritten by B. C. Ziegler and Company of West Bend, Wis., for a period of 15 years.

When the new church of traditional design, costing $750,000, was completed, it stood majestically, as an architectural jewel, on the southeast corner of Oklahoma Ave. and 41st St. in a neighborhood of fine homes.

The new edifice featured a 70 foot masonry tower and a window wall of stained glass, 55 feet long and 37 feet high on the west side, described by its designers at the time as "the largest stained glass window in the world." This and other stained glass windows of the new church were designed by Heinz Brummel of the architectural firm of Herbst, Jacoby & Herbst and built by the Conrad Pickel Studio, Inc., near Waukesha.

The huge glass mural—dedicated to the Virgin Mary—portrays the story of salvation in uninterrupted sequence, covering the entire story of Christ and the founding of His church. Artist Brummel attempted to express himself in his own way with many new symbols, rather than follow stylized figures of the past. In designing his vast work of art, he sought beauty and simplicity.

Two areas of worship were provided for in the new edifice, with the lower church seating 905 persons and the upper church, including the balcony and choir loft, seating 950. The exterior walls, as well as the interior walls, are predominantly red brick. Emphasis was brought to such features as the main entrance by the vertical pier of Italian serpentine marble which rises from the grey granite steps to the copper roof.

Archbishop Meyer was celebrant of the dedication services in the new church on Sunday, July 1, 1956. Msgr. Leo Kierstein served as archpresbyter. Fathers Edmund B. Burczyk and J. Swierczynski were chaplains to the archbishop, and Father Robert Sampon was master of ceremonies.

Assisting Archbishop Meyer in the solemn High Mass that followed the dedication services were Msgr. Bednarski, celebrant; Father Walter Orzechowski, deacon; Father Donald Daleke, subdeacon, and Father Joseph Strenski, master of ceremonies.

A "Dedication Ball" was held Sunday night, July 1, 1956, in the Blessed Sacrament Parish Hall.

The arrangements for the Dedication Services marking the completion of the new church and rectory were made by Msgr. Bednarski and the Blessed Sacrament Advancement Association. Officers of the association were Bernard Phillips, president; Mrs. Ann Makowski vice-president; Mrs. Virginia Van Heesch, secretary; William Brooks, treasurer, and Mrs. Julia Dworschak, historian. The group sponsored a profusely illustrated Dedication Album, which was written and edited by Edward S. Kerstein, a Blessed Sacrament parishioner since 1941. He also wrote and edited the Silver Jubilee Story of Blessed Sacrament Congregation.

The new rectory, designed in a contemporary manner and constructed of red brick, was built adjacent to the new church. It consists of the congregation's offices in the basement as well as a large meeting room, laundry and storage rooms.

On the first floor of the rectory is the pastor's office, study and bedroom; living room, dining room and kitchen. On the second floor are studies, bedrooms and baths for the assistants to the pastor as well as guest rooms for visiting priests.

The old church was converted into eight classrooms, providing the parish school a total of 22 classrooms for the enrollment of more than 1,100 pupils. When the conversion took place, the parish's Masses and other religious services were temporarily held in the basement auditorium of the old church-school building until the lower new church was ready for "occupancy" Jan. 1, 1956. The new rectory became occupied late in 1955.

Msgr. Bednarski served as pastor of Blessed Sacrament Congregation until his death Feb. 11, 1959, at age 66. He had been named Domestic Prelate by Pope Pius XII on July 6, 1954.

Msgr. Edmund B. Burczyk became the fourth pastor of Blessed Sacrament Parish on March 20, 1959.

Born in Milwaukee on Jan. 10, 1899, he was ordained a priest at St. Francis Seminary on Feb. 2, 1924. After serving successively as assistant pastor at St. Raphael's Church in Madison and at St. Hedwig and SS. Cyril & Methodius Parishes in Milwaukee, he was appointed a professor at the old Pio Nono High School in St. Francis on Sept. 15, 1927. In October, 1934, he was given an additional assignment as administrator of St. James Parish in Oak Creek (now Franklin).

Msgr. Burczyk was transferred to the pastorate of St. Ignatius Church in Milwaukee on June 5, 1940. He became pastor of St. Hedwig Church in Milwaukee on Aug. 6, 1952, and served there until his appointment to the pastorate of Blessed Sacrament. He was renowned as an orator and a master of the English language. Under his stewardship, Blessed Sacrament continued to flourish and reduce its indebtedness.

Msgr. Burczyk died Jan. 1, 1969, nine days before his 70th birthday anniversary, after a long illness. He had been named a Domestic Prelate on April 3, 1959.

Father Max L. Adamski was named to succeed Msgr. Burczyk as the fifth pastor of Blessed Sacrament Congregation early in 1969, and his fine stewardship is cherished by the parishioners as they observe the Golden Jubilee of their church.

Father Adamski was born Oct. 8, 1909, in Milwaukee and graduated from St. Vincent de Paul Parochial School in 1924, Marquette University High School in 1928 and Marquette University in 1932. He completed his theological studies at St. Francis Seminary, where he was ordained a priest June 6, 1936. He was the son of Martin and Josephine (Ciezki) Adamski, who were parents of eleven children.

He served as an assistant pastor at Mary Czestochowa Parish from 1936 to 1952, and then was appointed pastor of St. Mary's Church in Fox Lake, Wis., in 1952, serving in that capacity until 1956.

Father Adamski in 1956 was called upon to organize St. Roman Congregation on the far South Side at S. 19th St. and W. Bolivar Ave. and become its first pastor. Under his direction a beautiful church was built and the new parish prospered in an area where many new homes and apartment buildings were constructed and occupied by St. Roman parishioners.

Father Adamski's transfer in 1969 from St. Roman Church was bereaved by its parishioners and most welcome by parishioners of Blessed Sacrament Church because of his genuine dedication to his priestly duties and outstanding capabilities as a church administrator, as well as his attributes of humility and earthy sense of good humor.

During his eight years as Blessed Sacrament Church pastor thus far Father Adamski undertook needed renovations of the old school building and its auditorium. Shortly after assuming the pastorate, he confronted the deterioration of the church's 70 foot masonry tower. The red bricks of the tower became loosened, as a result of the elements of changing weather, and some had fallen to the ground, jeopardizing passersby as well as some of the church's stained glass windows.

To restore the tower to its original strength and appearance, it would cost $100,000. Instead of undertaking such an expense it was decided to replace the original tower with a

smaller one at a cost of only $30,000, which included a new roof and cross. This decision resulted in a saving of $70,000 and the elimination of a hazard, which could reoccur, if the 70 foot tower was completely rebuilt and then deteriorated again due to climate changes that prevail in Milwaukee.

This became evident because parts of the church building itself required tuckpointing to prevent bricks from becoming so loosened that they might fall and jeopardize the lives of passersby.

Under Father Adamski's stewardship, the parish in 1970 also installed an air-conditioning system at a cost of $20,000 to cool the upper and lower churches during hot summer weather. And in the harsh, bitter winter of 1976–77, the heating system necessitated repairs of about $8,000 because a boiler in the school building "exploded" shortly after the pupils concluded their classes for the day and had left for their homes. The parish's monthly heating bill in winter averages about $2,000 as a result of the rising cost of oil and gas, which are variously used to heat the school, church and rectory.

The parish committee assisting Father Adamski in overseeing the receipts and disbursements for 1976 consisted of Max Janczak, secretary; Raymond Markowski, treasurer; Thomas Tramontin, trustee, and Marion Wachowiak, auditor.

Fathers David C. Filut and Thomas R. Lijewski serve as parish priests with Father Adamski in this Golden Jubilee year. Msgr. John Schulien and Father Richard Cerpich serve as Sunday assistants.

Father Adamski celebrated the 40th anniversary of his ordination to the priesthood at impressive ceremonies in Blessed Sacrament Church on May 23, 1976. A concelebrated Mass was followed by a social and reception in the parish hall.

Father Adamski's credo throughout his long service in the vineyard of the Lord is fittingly expressed in these words:

To the higher shrine of love divine,
my lowly feet have trod:
I want no fame, no other name,
than this . . . A Priest of God.

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